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The Economist

1962 - Febuary 3, 10

CC II - Nos. 6180, 81

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The Economist

FEBRUARY 3, 1962

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Mr Erroll washes his hands
NO POLICY FOR MERGERS

Economic policy re-examined
THE PULL OF DEMAND

How the Germans did it
BOOM, RUHR STYLE

New thinking on the banks
REVOLUTION: STAGE TWO



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In The Economist this Week — February 3, 1962

HOME

HAPPY FAMILIES

There is no clear economic or technical case for anybody to object to the ICI-Courtaulds merger in advance: but it is not only on those grounds, but on moral and social ones too, that monopolistic tendencies have to be judged, if there is such a thing as the public interest. A pragmatic Tory Government is short on these criteria (p. 393).

Mr Gaitskell's torpedoing of Mr Wyatt's frail Lib-Lab bark may not have scuttled the vessel: voters in hopeless Labour but hopeful Liberal constituences may take the helm themselves (p. 401).

The anomalous *ménage à trois* of Probate, Admiralty and Divorce in the High Court does not look like being soon dissolved (p. 401).

SCRABBLE

Events have overtaken the speed at which official economic thought functions in Britain. The response of the economy to measures that served their turn in the past is unpredictable and may be the reverse of what is needed now; the first of two articles (p. 394).

Private engineering employers are paying more service to the pay pause than are most nationalised ones (p. 399).

London has a valuable lesson in transport and traffic planning to learn from its bogged-down tubeless Mondays (p. 412)—and from Glasgow's steady plod towards dry ground from a similar morass (p. 413).

SNAKES AND LADDERS

Further expansion of the banks depends on their coaxing depositors more sweetly (p. 435).

The House of Lords has ruled hire-purchase contract penalties unenforceable: finance companies are re-reading their small print (p. 440).

Mr Thorneycroft's apparent appeasement of noise-haters means more, not less, night jet flights from London (p. 441).

Parliamentary questions are today an important (if not exclusive) means of bringing ministers to account—as they were a century ago (p. 407).

BEGGAR MY NEIGHBOUR

An agricultural monopoly which might come into being despite the cries of wounded British farmers is a world wheat cartel proposed by French common marketeers (p. 405).

Agricultural marketing boards often tend to monopoly: so far, with humiliation, one of them has failed to achieve it (p. 405).

Lack of competition has been brought to its logical conclusion in Ulster's high-priced coal trade (p. 414).

INTERNATIONAL

ODD MEN OUT

The passing of a watery resolution condemning Dr Castro ought not to mislead the members of the Organisation of American States into thinking that they have dealt with the Cuban problem adequately (p. 396).

President Sukarno has always insisted on setting a higher priority on the solution of the New Guinea problem than on the mitigation of Indonesia's economic difficulties. The local communists are happily waiting for collapse to result (p. 429).

As a result of the Naples conference of the Christian Democrat party, **Signor Nenni** and his followers are no longer to be regarded as political untouchables (p. 425).

King Hussein, rejoicing in the birth of a son, has put in new and inexperienced men to face the problems of reform at home and of isolation abroad (p. 405).

There is no uniform correlation between the "responsibility" of members of the **United Nations** and their willingness, or ability, to pay for the organisation (p. 406).

HOW TO MARRY A MILLIONAIRE

Britain may gather some useful hints from **west German economic expansion** since the war, especially now that it seems to be slowing down. Further expansion may depend on the speed with which the labour force is reinforced from the farms (p. 397).

Meanwhile, President Kennedy is arguing that his **Trade Expansion Act** is essential if the United States is to retain its leadership in a changing world economy (p. 418).

The United States has decided to have the best of both military worlds, with the result that the cost of **America's defence** is rocketing (p. 417). It is good sense to publicise its efforts in space even if they fail (p. 420).

Mr Kennedy may be drinking milk for economic reasons, but he is no milksop politically (p. 419).

ORPHEE

The **Russian Jove** has sent his Mercury to meet his western counterparts in Paris (p. 399); a further shake-up of the Olympian hierarchy may occur in March (p. 401), but the suggestion that he is going to dethrone Herr Ulbricht, king of the east German Hades, is not yet supported by the evidence (p. 400).

Orpheus has been playing an unofficial lute in Bonn more harmoniously than usual (p. 400).

THE BLACKBIRD JUNGLE

Paramount: Nobody really believes that Dr Verwoerd intends more than a publicity move by his proposals to set up an "independent" Negro "homeland" in **the Transkei**; and there is a drift towards extending the apparatus of authoritarianism still further in order to muzzle the unconformist press (p. 426).

Twentieth Century Fox: Sir Edgar Whitehead is to be commended for his latest anti-colour bar declarations; the local African nationalists should agree to some sort of co-operation with him lest they provoke the white Rhodesians into abandoning him in favour of less wily and realistic leaders (p. 402).

Rank Organisation: Portuguese offences smelled high enough to ensure overwhelming repugnance (though not with Soviet noses) by the United Nations in the debate on Angola. Everyone was unhappy about Ruanda-Urundi (p. 432).

Bwana Brothers: The Lagos conference of African states displayed some of the faults, as well as the virtues, of the British tradition of compromise and pragmatism (p. 431).

Detailed contents on page 393

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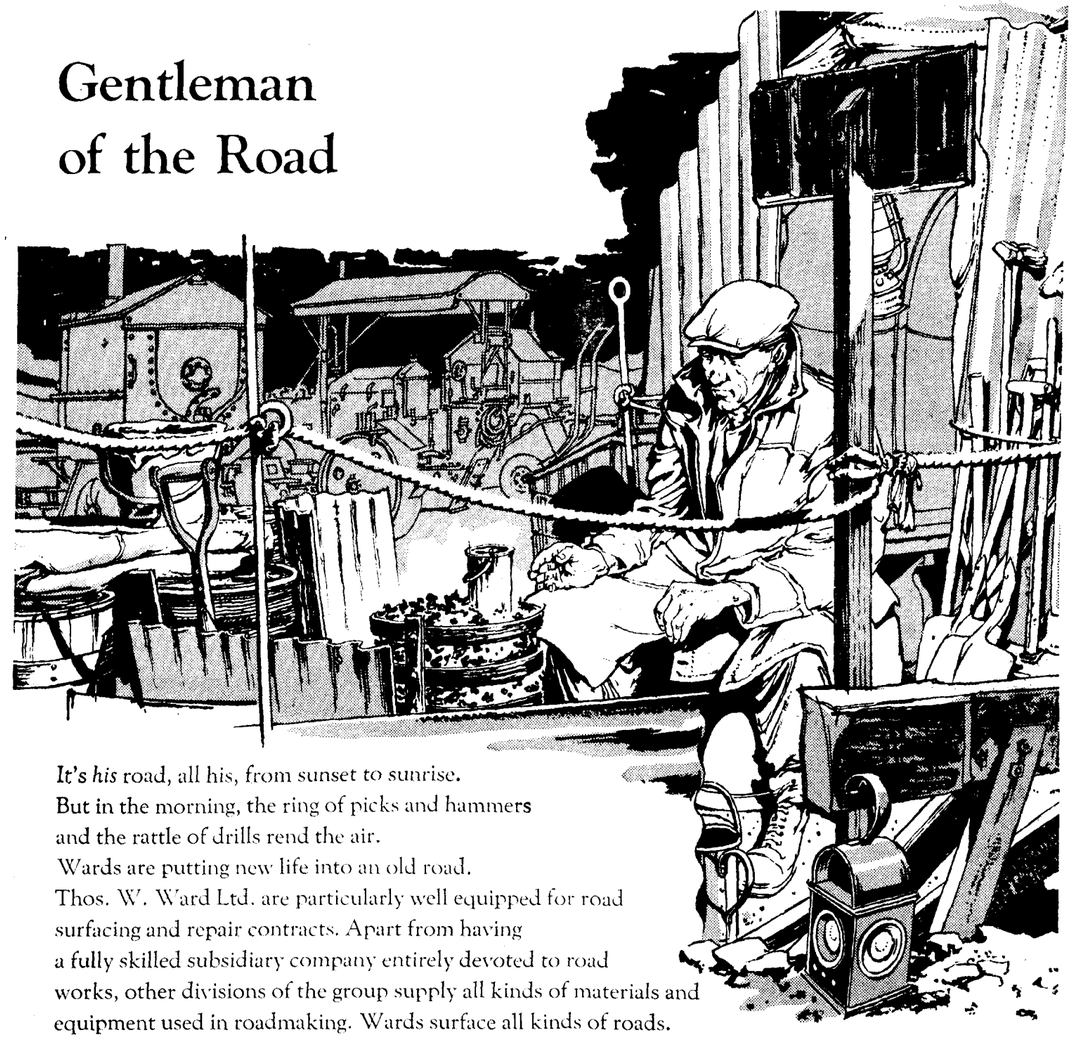
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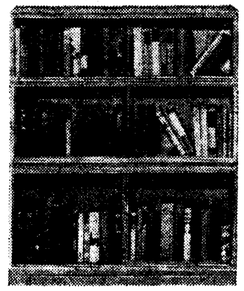
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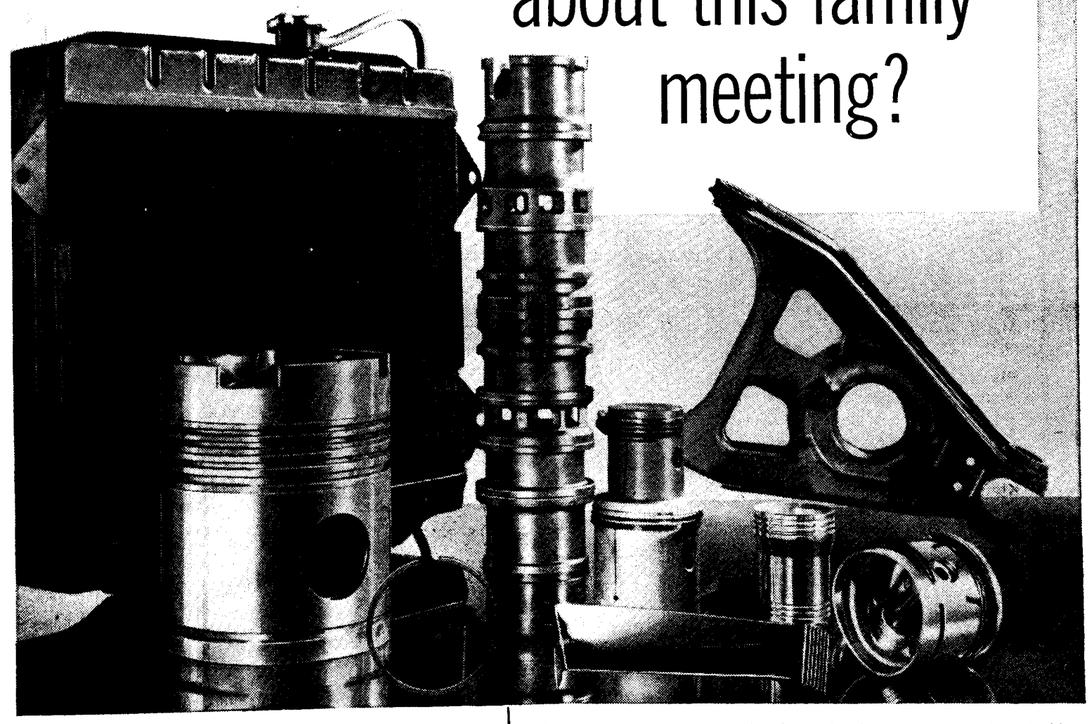
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"You make it sound like a funeral, Dad. Plumbago's also just another name for natural graphite"
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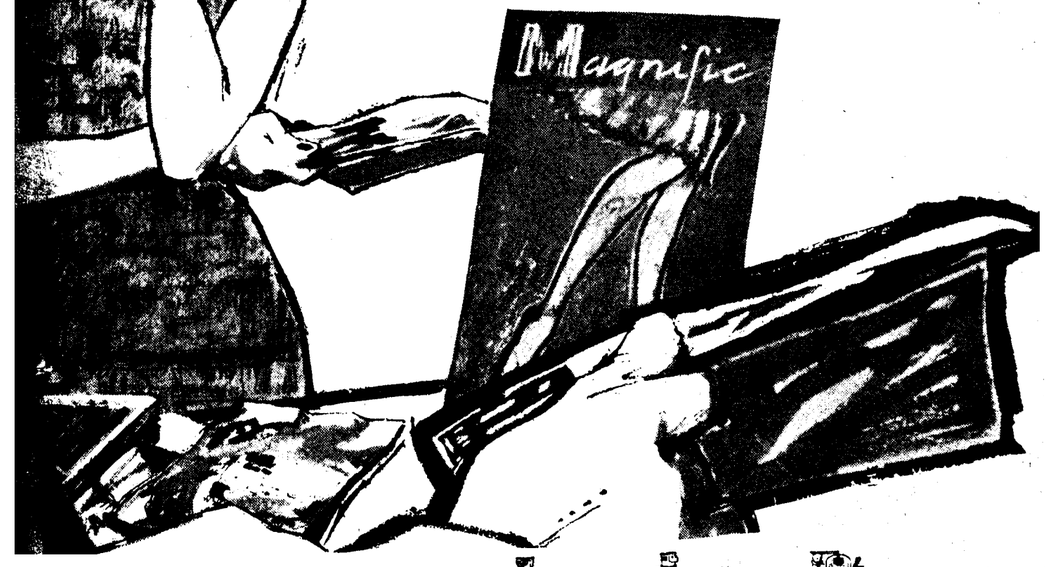
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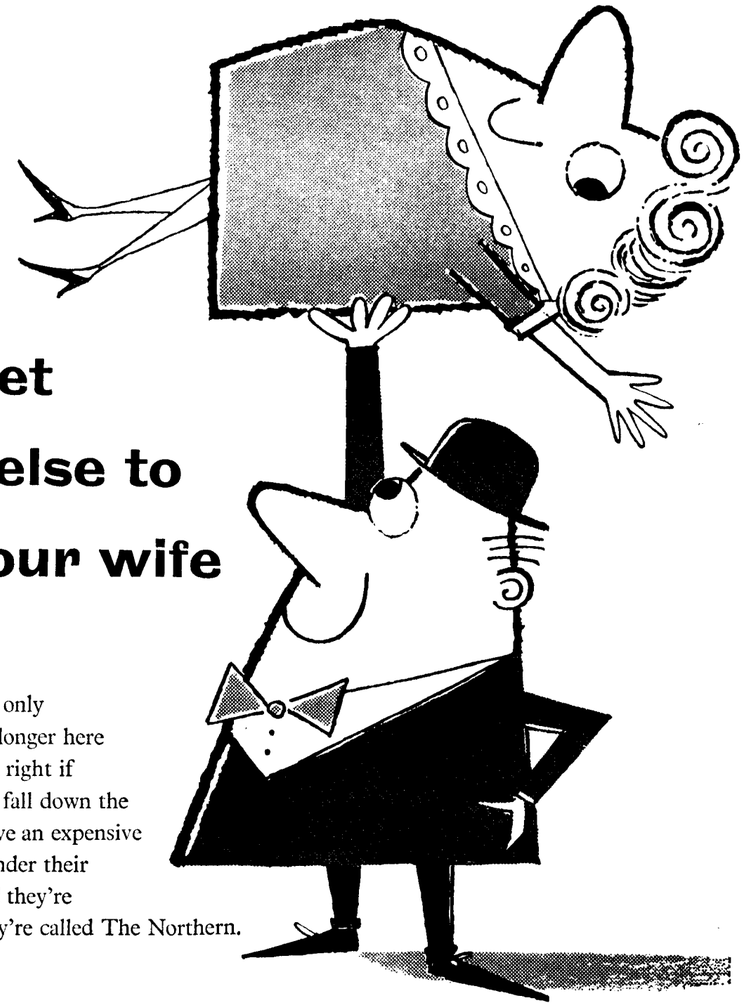


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VOLUME CCII · NUMBER 6180

No Policy for Mergers

NO economist could pretend that there are any conclusive economic arguments, in the current state of this art-cum-science, against a merger between Imperial Chemical Industries and Courtaulds. The "technological considerations" into which Mr Erroll sought to delve last week afford no oracular guiding light. Nobody—ICI and Courtaulds not excluded—knows enough about the effects of bigness and vertical integration in a modern science-based industry to say with any real certainty that they would conduce to promote greater business efficiency in the production of man-made fibres in Britain than would freedom to buy the intermediate materials for any or all of these fibres in a market that is for the present in surplus.

The Government's commitment to empiricism in examining monopoly and restrictive practices would in any case have given it excuses for deciding (as Mr Erroll announced on Tuesday) not to decide whether this merger would or would not be in the national interest. Such empiricism—monopoly's not good or bad, but thinking (by the Monopolies Commission afterwards) makes it so—is built into British political attitudes towards the restraint of competition. Not into Conservative attitudes alone, either: Labour made it the core of the Monopolies and Restrictive Trade Practices Act of 1948, defends big trade unions against any scrutiny at all, and has had kind words for cartels arraigned before the Restrictive Practices Court. The Government's entranced indecision before the prospect of ICI's gobbling up Courtaulds is only the latest demonstration of the basic inadequacy of this whole political attitude, which sounds so sensible and constantly turns out to be so ineffectual.

It arises perhaps from the mistaken assumption—which economists are guilty of encouraging—that political objections to monopoly can be altogether based on evidential grounds, economic or technical. The United States—which is often accused in Europe of having an exaggerated animus against monopoly, because it has a policy that quite often works—seldom falls into this trap. Its legal prejudice, *per se*, against anything calculated to restrain competition, is avowedly based, in the last resort, on social and even moral grounds ; the economic efficiency that it believes competition generally promotes is the secondary justification, not the first. Primarily, American attitudes towards monopoly (public as well as private) are based upon a distrust of concentrations of economic power, irresponsible in that they are not finally accountable to the public. This does not make American anti-trust legislation emotional and ineffective: it makes it at times even embarrassingly effective. It is no accident that the only British procedure in this field to have achieved even formal success, that of the Restrictive Practices Court, does lean towards the *per se* outlawry of restrictive agreements, holding them wrong unless, under specified heads, they can be proved to be right. But a similar proposition towards single firm monopoly is not one that can ordinarily be demonstrated in logic: either you feel it or you do not.

The present British Government, elected to represent a country where political democracy is still suffused with respect for established hierarchies of one kind or another, does not feel it. Starting from the assumption that bigness will only become bad when it can be proved to have been bad, it can form no opinions about the future results of the engrossing behaviour of business men. No doubt it was embarrassed by the project for an ICI-Courtaulds

merger, the more so when it found that the eminent business men in whose wisdom it at first counselled Parliament to trust were calling each other fools or liars (a spectacle that may yet have more effect on the end of the affair than most of us have yet reckoned on—as perhaps the Tory backbench disquiet may indicate). But it did not feel competent to decide, on the evidence, whether this merger was in fact in the public interest or not, and did not feel that any clear principle was involved.

This, rather than the mechanics of any possible intervention, lies behind the Government's refusal to intervene. Both companies could, as it is, be said to fall within the purview of the Monopolies Commission, which is indeed ordinarily asked to say whether conditions existing in an industry "operate or may be expected to operate" against the public interest. And any hint of Government uneasiness or disapproval, on grounds of the national interest, would certainly have had some considerable effect upon the attitudes of the directors and shareholders concerned. The idea of a quick inquiry—to find out the "facts of the case," or to take Parliament off the boil?—was never a good one. But had the Government been prepared to form an opinion, it would have had no difficulty in making that opinion prevail. It was not ready to do this; and one suspects that it will go on finding reason for not making up its mind about mergers. Tory ministers still do not stand for *laisser faire* in the sense of securing the largest practicable limits of effective competitive enterprise and choice; they tend to believe instead, as perhaps they always have done, in *laisser faire* for the biggest and best business men to pursue their expert objectives as they think most appropriate. What is good for the private barons may be good for the country; Mr Erroll washes his hands. Sometimes indeed this may be right; but the Tories have no public test, political or moral as well as economic, to judge by. It is almost symbolic that, in this property-owning democracy, the last people formally to be consulted about this transaction will be the shareholders of ICI.

THE PULL OF DEMAND

ECONOMIC POLICY RE-EXAMINED — 1

At both the beginning and the end of his "General Theory" Maynard Keynes reverted to his favourite theme that the world was ruled by little else than the "gradual encroachment" of economic ideas. The danger arose when "practical men, who believe themselves to be quite exempt from any intellectual influence" were in fact the slaves of the ideas of a few years back, which changing circumstances had rendered defunct. The object of these articles is to suggest that just such a thought-block may have arisen today about what the Treasury habitually calls (it uses the words again in its official *Bulletin* this week) the "excessive pressure of domestic demand upon resources"; that, for the second time since Keynes wrote, practical men and civil servants and politicians in power today may be being ruled by ideas that were rightly conceived for circumstances fifteen years back.

The coincidence of a fifteen-year gestation period is revealing. It took almost exactly fifteen years after 1931 before Keynes's own ideas on how to beat a slump percolated through to become the official policy of a British government; unfortunately, when they were applied in 1946-47 it was in conditions when the slump they were designed to fight had been replaced by a roaring boom. Many of the ideas that influence top civil servants and Tory politicians today were born during the period of reaction against the disasters and absurdities that then followed; and, as it happens, the fifteenth anniversary of the most spectacular of those absurdities now lies immediately before us. Fifteen years ago next week, at the end of a long and polemical parliamentary debate, Mr Shinwell suddenly announced that, because the country's stocks of coal had run out, large parts of British industry would have to close down until the weather improved.

Everybody knew what was wrong with Britain's economic policy at that time: the Labour government had allowed demand to rise in excess of the maximum possible level of production. Writers of the time—including *The Economist*—also had a clear definition of what excess demand then meant; it meant that demand was so voracious that the economy was constantly bumping along with an insufficient margin of stocks. This produced three main evil effects. First, its short-term effect on production: all over the country, cold weather or not, factories were liable to find themselves under-employed because the day's supply of steel or components or raw materials had not yet arrived. Secondly, the longer-term effect on production: because raw materials were scarce they had to be rationed, and it was impossible for efficient firms to increase their output by more than inefficient ones, since they could not get any extra raw materials. Thirdly, the effect on the country's precautionary defences against intermittent break-down: with stocks so desperately low, any minor additional interruption to supply, such as a wildcat strike or a spell of cold weather, was elevated from being a small-scale inconvenience into being a major national disaster.

At this stage, therefore, the last few hundred million pounds worth of domestic demand were actually serving to reduce real national income and production, not to increase it. Excess demand in this strictest sense began to fade out soon after the start of the 1950s. Something of a watershed was reached in 1954 when a month-long strike at London docks, which everybody (including the Government and the strikers) had expected might bring the country to its knees, in fact left industrial production broadly unaffected. Unfortunately in the next year, two of the other problems which economists had previously associated with "excess demand" reappeared: in 1955 a deficit re-emerged in the balance of payments and there was a quickening of the upward thrust of prices. The Government therefore assumed, and in the particular circumstances of 1955 possibly rightly, that the right thing to do was to restrict demand. It has gone on restricting demand whenever a balance of payments difficulty or an inflation in costs and prices has reappeared.

But under the new conditions—where any reduction in demand is now likely to push production down, not up—a whole new series of calculations has to be made before deciding whether the right course is, in fact, to restrict demand. These calculations are not easy to make. But it is a pity that in recent years there has sometimes appeared to be a complete official thought-barrier against any attempts to make them. This article will suggest the calculations that ought to be made about the relation of internal demand to the balance of payments. The even more complicated question about the relation of internal demand to price inflation will be discussed in a subsequent issue.

One should begin by stating basic principles, for it is these that are most easily disregarded—and, indeed, often cause the biggest shock as soon as anybody points them out. The first thing for a country to get clear in any year is what size of balance of payments surplus or deficit it wishes to aim at. This is not a simple matter of saying "big surplus good, any deficit bad." Logically, the question whether a country would be wise to run a balance of payments surplus (and thus lend abroad) or a balance of payments deficit (and thus borrow abroad) should depend on whether the profitability secured by investing the last pound of investible funds—or what economists call the marginal productivity of capital—looks like being higher abroad or at home.

If a calculation on these lines suggests that a country should allow its balance of payments deficit to be increased or its balance of payments surplus to be reduced in any year, it must take steps to increase its net borrowing or reduce its net lending abroad. The obvious way to do this is by increasing its internal interest rates relative to those in foreign countries. Quite often, this is the right thing to do, at least in the short term. But—here the present official view of economic objectives is right—there are two possible short-term limitations, and one very obvious long-term caveat, to this policy. The short-term barriers are, first, if interest rates then have to rise so high that they have undesirable effects upon the internal economy (effects so undesirable that they cannot be countered by appropriate tax changes); or, secondly, if foreigners have become so worried about one's balance of payments deficit that they will not lend to one even at higher interest rates. Both these barriers can sometimes exist, even though they tend to be exaggerated.

The long-term caveat, however, is much more important. If a country goes on borrowing more and more abroad at higher and higher interest rates, then it is going to have to finance a higher and higher current deficit in future as those interest payments fall due. A country which is borrowing in this way will have to export a higher proportion of its national product (or import a smaller proportion of it) in future if its current balance of payments problem is even to stand still. Nobody denies that Britain is in at least this position today; probably, indeed, it is in a position where the long-term balance of payments needs to be strengthened by a bit more even than this. And, because Britain is bound to import more raw materials as production goes up, it is also common ground that the strengthening of the balance of payments must be effected by securing a permanent increase in exports. The argument is how that permanent increase within an expanding economy can be obtained.

It is here that the thought-block appears. Logically, the only circumstance (save, again, 1947-like circumstances) when cutting internal demand can be an effective recipe for *permanently* increasing exports within an expanding economy is a rather special one; when there are a mass of British-produced goods which are at present sold at home but which could more profitably be sold abroad once manufacturers had gone out and looked for export markets and set up sales organisations in them. This circumstance may sometimes obtain; but all too often it is confused with the situation where a cut in demand, by making it less easy to sell some goods at home, can cause manufacturers temporarily to sell their goods on rather unprofitable terms in export markets.

The medium-term mess in which such a policy lands a country has become increasingly apparent. First, it means that Britain is deliberately running its economy on a basis where export sales become the marginal sales for each manufacturer—where exports are the sales that he wants to cut out when home demand improves again (as it is bound to improve again sometime, unless the standard of living is to stand still). Secondly, when the Government is successful in deliberately directing the cut in demand to industries which "could export a bit more of their produce," it is deliberately imposing a disincentive to invest (and to hire labour) discriminatorily upon them; then it wonders why, when foreign or home demand revives, these are precisely the industries which have insufficient capacity to meet the new demand. These two errors have bedevilled the whole of British balance of payments policy for the past six or seven years.

In the long term, the only way to secure a permanent increase in British exports, far from squeezing potential export industries and making it unprofitable to invest in them, must be to make it actively profitable to sell abroad a new slice of our national production. This could presumably be done in one of two ways; either by devaluing the currency (thus increasing the sterling profits to be earned by exporting), or by reducing British costs per unit of output relatively to the costs per unit of output of our main competitors in export markets (and relatively, too, to foreign demand). If relative British costs per unit of output could be cut only by actually reducing wage rates, as might be true if foreign demand and foreign costs were going down during a slump, then there might be a case for saying that the second course would cause even greater social strains than the first. But, in fact, the signs suggest that foreign demand and foreign costs are going up. Probably, therefore, all that Britain needs to do to secure a new relative advantage is to see that its wage and salary costs do not go up by more than its output does (thus keeping its costs per unit stable); of course, if wage and salary costs went up by even less than booming output (thus actually reducing costs per unit of output) that would, from the point of view of the export drive, be better still.

This provides the present case for the wages pause. But it does not provide a case for a tough budget; indeed, except under certain quite specifiable conditions, it can provide the reverse. The devices of a tough budget—whether they be increases in indirect taxation, or in direct taxation, or cuts in social services—serve in the first place to hold down output; unless they somehow manage to hold costs down by even more, they thus make exporting rather less profitable (in actual

cash terms, even if not relatively to home sales) than before. Most of those who believe in still restricting demand implicitly assume that a tough budget, by moderating the pull of demand, would in fact reduce costs by more than output. But this will, in fact, be true only in certain very special and definable circumstances: a subsequent article will examine them, and discuss whether they seem likely to be the circumstances to be expected in 1962-63.

Pan-American Eggs

The search for a formula to isolate Cuba has distracted Latin Americans from their own problems

REFLECTED in the distorting mirrors of the Punta del Este conference, the Latin American republics presented strangely flattened images of themselves. For ten hard-working days, from January 22nd, the foreign ministers of the Organisation of American States met at this pleasant Uruguayan seaside resort to talk about Cuba. The turbulence of separate and effervescent societies has been obscured by the one-dimensional purpose of the meeting ; the only aspect of themselves that nineteen Latin American countries, of immense variety and jealous individuality, were called upon to reveal was the extent of their willingness to make a tough gesture of disapproval towards Dr Fidel Castro.

For the purpose of the conference, the Latin republics were roughly graded into hard and soft eggs—in other words, those who urged a complete break with Cuba and those who saw little sense or utility in such a step. On Tuesday night, after a prolonged and intense argument over its precise wording and implication, the conference passed, by exactly the two-thirds majority required, a compromise formula that, being hard and soft in parts, pleased nobody very much. It secured the ministers' release from the hall of mirrors, but left the impression that they might have done better never to venture in.

The formula (one among several, less controversial, resolutions) states that since marxism-leninism is incompatible with the inter-American system, Cuba is thereby excluded from participation. To plumb what this means in practice is to enter new depths of obscurity. Already Cuba is excluded from the defence discussions, and has no share in the economic aid programmes or the infant common trade policies. Eleven Latin American countries have already broken off diplomatic relations with Cuba ; the rest are still under no compulsion to do so. Cuba has very little trade with any of its Latin neighbours ; presumably its residual trade with the United States will still, for the time being, continue. The Latin members of the OAS are chained together by their hunger for American dollars, their suspicion of American dominance, and not much else. They are countries that tend to dislike their immediate neighbours, and to view more distant nations with indifference.

The practical loss to Cuba from being excluded from inter-American discussions seems minimal—quite apart from the doubt whether such exclusion is, in fact, legal under the organisation's present rules. On the other hand, the psychological impact of the snub will be effectively cancelled out by the fact that the " big three "—Brazil, Argentina and Mexico, who together account for two-thirds of Latin America's area and three-fifths of its population—refused with Chile, Bolivia and Ecuador to support even the milk-and-water resolution that finally collected the mandatory fourteen votes.

Ineffectual as it looks, this pot-shot at a joint inter-American attitude to Cuba carries on the policy that was started at San José in August, 1960—and which was interrupted in April, 1961, by the United States' tragi-comic attempt to deal with the Castro problem in a different way on its own. From Washington's point of view there has been some progress. At San José, in spite of United States' pressure, the OAS condemned Cuba only by implication. This time, the most vocal and implacable advocate of tough diplomatic action (including total economic and political sanctions) was not the United States itself but a group of Central American republics, backed lustily by Colombia and Peru. The leaders of the smaller Central American republics are liable to feel more alarmed about Dr Castro because their own countries are not only geographically closer to the Caribbean upheaval, but also have much more in common with pre-Castro Cuba than have most of the southern republics. Moreover, several of them may have felt the more vulnerable because they have so little to offer as an alternative to fidelismo.

BRAZIL and Mexico led the group most resolute against the irreparable step of blackballing Cuba. Argentina and Chile urgently sought a compromise. Uruguay wavered this way and that. Haiti added a touch of farce by switching, temporarily, from the hard group to the soft because it felt it was not getting enough money out of the Alliance for Progress. None of the delegates expressed any approval of the course of events in Cuba, but several of them agreed with the Brazilian foreign minister that it was unwise to shut the door on all chance of mediation.

Their reluctance to break off relations with Cuba has been generally interpreted as their fear of hostile domestic reaction. This, like so much else at Punta del Este, is an over-simplification. Certainly, those republics not under so tight a feudal grip as, say, Nicaragua or Paraguay had to take into account the effect of anything they did on aggressive left-wing groups at home. As a background to the conference there have been pro-Castro demonstrations in Bolivia, Brazil, Peru, Chile and Mexico ; while in Argentina there have been angry mutterings from right-wing elements in the armed services. But by far the most serious reaction was in Venezuela, which broke with Cuba in November ; last week, in several days of street fighting in Caracas, more than 30 people were killed and many hundreds injured.

But it is not only politically embarrassing for many of the Latin American leaders to stand up and be counted as anti-Cuban ; when this is linked to a promise of economic aid it is also distasteful, and brings back sour memories. Latin Americans, who have had a longer period of unbroken

independence than any African country, or most Asian countries, can accept political arm-twisting with considerable cynicism. It is not that they have less pride than others, but that they are more mature and more sure of themselves. They have, in the past, shruggingly respected Washington's susceptibilities in the cold war, only regretting that they themselves made so little profit out of the clash of interests. But in the last year or two there has been encouraging evidence of a change in American tactics towards the less committed world, and particularly towards Latin America. The suggestion of a reversion to older and cruder pressures may have sent cold trickles down the spine.

Probably the most regrettable feature of the Punta del Este meeting has been the loaded hinting, by the congressional members of the United States delegation, that the Alliance for Progress might be in jeopardy. In his budget message, President Kennedy estimated that the United States would hand out more than $1 billion in loans and grants to Latin America in the year beginning next July. But during the OAS conference, the point was made that the American Congress might think twice about appropriating this money if the Latin Americans failed to take a strong line over Cuba. This may have been mere tactics, and congressional rather than Administration tactics. But one feature of the alliance was to be that aid would be continuous and assured over a period. Another was to be that the conditions of aid would be related to the purpose of social and economic betterment.

Mr Kennedy did insist from the start that the countries to benefit from the economic alliance should only be those whose ruling classes had shown themselves ready to give up some of their wealth and privileges. The legislation authorising the programme specified a series of self-help criteria, including basic social and economic reforms. Since this is the sort of arm-twisting that fulfils a purpose germane to the programme itself, it is a pity that it should be relaxed by the suggestion that political conformity over the Cuban quarrel offers an alternative qualification for aid, or that lack of conformity is a bar to it.

Several of Latin America's leaders have shown little sign of having understood or accepted the social implications of the aid programme. When the chairman of the Uruguayan National Council welcomed Mr Rusk, the Secretary of State, to the conference he joked bitterly about the delays in getting any American money ; in fact, the fault lay with the procrastination of Uruguay's parliament in approving their own master plan, a precondition for this American aid. And last week Mr Teodoro Moscoso, the American official in charge of the programme at the Washington end, spoke out against the failure of the Latin American governing class to play its part in the bargain:

> The people of Latin America are determined to . . . obtain social and economic justice and if they can't get it under their present governments they will turn to Castroism. . . . Unfortunately the leader class has not yet recognised this.

Mr Moscoso was making the one point that is fundamentally relevant to the present complex of inter-American relations. The labyrinthine course of the Punte del Este discussion was a diversion, and not a rewarding one.

Boom, Ruhr Style

France sets the fashion in economic policies. But the west German economy, now entering a new phase, is also worth study

FOR some eight years there has been talk of the German " miracle " coming to an end. As the *Bundesbürger* have restored their shattered homes and attained affluence, there have been many signs of the feverish drive to work giving way to a greater wish for leisure and a measure of *Gemütlichkeit*. German industrialists have been complaining loudly that their costs are rising and profits falling as the troubles of full employment close in. Again and again the gloomy prophecies have been confounded by new and remarkable statistics of expansion. But in 1961 the Cassandras have been supported by two new hard facts. The wall across Berlin cut off, in one swoop, the westward flow of managers, workers and students who have been feeding the west German boom and draining the meagre strength of east Germany ; and last spring the Bundesbank plucked up sufficient courage to respond to persistent pressure from abroad and revalue, though slightly, the mark. Imports were modestly encouraged, exports discouraged and the boom gently checked. For some nine months now industrial production has all but stood still. It seems a good moment to glance back at the forces behind the long German expansion. What set them going ? How strong are they still ?

Though Paris has lately set the fashion for the British in their search for dashing models of economic growth, the German economy remains a useful yardstick for comparison with ours. War and migration have left the west German economy strikingly similar to ours. Its population of some 53 million is almost exactly the same size and as thick upon the ground as in crowded Britain. Last year the west German national product about reached the British level. In 1959 exports plus imports in each country were equivalent to some 30 per cent of gross national product. With a far stronger industrial base than France, and a bigger export trade, west Germany is at the same time Britain's first competitor, and most inviting market, among European countries. The one striking difference in the past decade has been that the west German economy, which started much poorer than our own, has been expanding more than three times as fast.

At first sight the cut of German policy looks massively different from the current Paris-London line. Planning is a distinctly improper word in Bonn. Wages have been rising by an average of 8 per cent a year for the last three years ; hours worked have been on average shorter than in Britain for some years. These rising wages and improved working conditions have been the reward of rising productivity. Shorter hours worked (meaning not so much costly overtime) reflect the fact that the labour force has grown faster and been more mobile. There has never been any question of a dividend freeze (indeed, the tax on distributed profits is lower than that on undistributed ones). Market interest rates have

been consistently higher than in Britain, because the gap between bank rate and bank lending rates is much larger in Germany than here. All this can be made to look like a remarkable tribute to the sorts of policy *The Economist* has continually urged upon British chancellors.

If the parallel is perhaps a little specious, it is because, while there has been no formal dividend freeze in west Germany, there were also hardly any dividends in the first few years of recovery. Owners, like workers, were content to take little out of their undertakings ; nearly everything they earned was put into re-equipment. This habit of modest withdrawals and dogged ploughing-back is much older than Germany's postwar problem and has persisted after it. When tax incentives for investment (such as depreciation allowances) were cut down in 1957, it was because they had become superfluous aids. Planning has not been needed in west Germany because the central aim of planning—rapid growth—has been achieved without it.

WHAT is true, however, is that the German miracle was originally based on a very large-scale squeeze indeed, the currency reform of 1948. As a result, Germany, much earlier than some other European countries, saw its liquidity brought into reasonable relationship with the national output. In the currency reform the occupying powers amputated Germany's bulging limb of wartime money in one blow. Wages were slashed. The result was that German industrial profit margins widened rapidly as reconstruction got under way. Liquid supplies of cash were small, but the incentives to invest and save were very great. Exports were intensely competitive because export industries were the profitable things to build up ; in the years after 1948 German consumers had not enough money to buy many German-made luxuries, while export markets had. For a while large-scale dollar aid was given to German reserves of foreign exchange to get the economy under way. As productivity and exports rose the payments position righted itself, and wages began a steady rise which still continues.

Two classic policies were then applied to harness the individual energies of Germans. Dr Erhard's programme of unilateral tariff-cutting swung Germany, highly protected since 1879, into the ranks of the low-tariff nations, and exposed German industry to a new fierce breath of competition. At the same time direct taxes were cut in budget after budget. Almost every year in the early nineteen-fifties depreciation allowances for industry were increased and direct taxation in some way cut. Even when the time came to spread the cream more widely, welfare payments tended to take incentive forms. New pensions and sick pay are partly tied to earnings. Wives are encouraged to work by being taxed separately from their husbands.

The German boom derived its initial thrust from forces that had no counterpart in Britain—the 12 million refugees and the abnormally high yields obtainable on investment in a phase of reconstruction. But it retained its impetus long after the first effort of reconstruction was over. Why ?

One reason seems to have been the sheer habit of growth. Expansion and high investment took firm root as habits. The psychology of expansion which the French instilled into their business men by a deliberate planning effort caught on in west Germany in the boom years of the early nineteen-fifties and has not seriously faltered since. Much of Britain's problem today is, like Germany's in 1948, the problem of shifting into a new high gear of expansion. Once the initial acceleration can be achieved, the momentum of expansion may be easier to maintain.

The structure of German industry also helps to explain Germany's continuous expansion. Because the German industrial revolution took place—late in the last century—in the age of electricity and chemicals, German industry has been better placed to take the opportunities of this century than British industry, with its roots in the earlier age of steam and cotton. The division of Germany enhanced the predominance of the capital goods industries in the German economy. The strength of machine tools, parts of heavy engineering, and steel, has stood west Germany in good stead in the developing postwar world. It lies behind the fact that almost every wave of west German expansion has been led, not by consumption, as in Britain, but by exports and orders for capital equipment. Above all, the facts that industrial rebuilding took place at a time when the export market was stronger than the domestic one, and that virtually all German industry was forced by its war losses to make a fresh start, for which it had to find new money in a rigorously competitive capital market, have made its growth industries export-orientated ones.

The strengthening of the key investment industries, which also look like the best export bets, and the creation of a habit of growth among industrialists are two tasks for Mr Lloyd's planners in this country. But it will be ironic if the British manage at last to jack their economy out of its lethargy just when the German boom is slowing down. For Germany the spectacular achievements of the nineteen-fifties—with industrial production growing by some 8 to 12 per cent several years in succession—are things of the past. All the indications are that the present pause will be followed by a more gradual expansion.

How fast this is may well turn on the skill with which German industrialists manage to find new sources of labour to replace the flow from the east. With trade union support they are already recruiting heavily in Italy, Greece and Spain, and are even going as far afield as the Dutch Antilles, the common market's Caribbean associate. But it is German agriculture, with its antiquated methods, that offers much the biggest reserve of men. In the past ten years more than a million men have left west German farms to work in industry. But more than three million remain, far more than an efficient agriculture should need. In Britain industry grew up within the structure of the crafts, leaving a legacy of restrictive practices and rivalries ; the main untapped reserve of labour appears to be underemployed labour in industry itself. In Germany the invisible reserve is tied up in a protected agriculture, operating often in tiny units and with medieval methods.

Bold action to bring Germany's farm protection down could thus be the key to the next phase, not only of European integration, but of Germany's own industrial growth. West German industry has already benefited from the stimulus of tariff-cutting both in and outside the common market. In the next phase, while Britain is responding to the industrial challenge of the common market, Germany has the chance to raise its national wealth rapidly by an overdue revolution on the farm.

NOTES OF THE WEEK

WAGES

Nationalised Inflation?

THE events of the week have revived memories of a familiar adage: this country contains a large number of privately owned industries which are subject to strong government control, and a small number of publicly owned industries which are subject to no government control whatsoever. The four vital wage claims at present under way involve the engineering industry, British Railways, the Coal Board and London Transport. The engineering employers are to face a one-day token strike on Monday in protest against the rejection of a wage claim for £1 a week and a 2-hour reduction in hours. The 3 million engineering workers—or those of them who obey the call to strike—will probably be joined by their colleagues in government industrial establishments: in London, anyway, this might mitigate the effects of an unofficial Tube strike that day. But the employers are standing firm by their refusal of the claim: they concede that some prosperous firms in prosperous areas could afford to pay more, but refuse to countenance an across-the-board increase for all workers.

The nationalised employers, however, seem to be teetering on the brink of giving all-round increases, in their unprofitable services as well as their profitable ones, in their labour-surplus areas as well as their labour shortage areas—and above-the-pause increases at that. On Wednesday Dr Beeching sent the rail union leaders away to think about some new ideas: the impression has been given that the basis of these is that negotiations should be about how much more than 2½ per cent the men will get. As *The Economist* went to press it looked as if the Coal Board was preparing to give the Government an even more specific jolt. Lord Robens had already offered the miners almost half of what they had asked for ; and the presumption immediately after his further meeting with them on Thursday morning (if only because by lunch time the unions were not yet squalling with protests) was that he might now step his offer up further.

The public has not yet been told what London Transport intended to offer to its busmen on Wednesday, because Mr Cousins was away from work with 'flu. But this trend towards creeping sabotage of the wages pause must now raise the question whether right wing Conservatives, whose gloomy cries about the "country having been ruined by nationalisation" have in the past seemed so exaggerated and so boring, may not have had a point after all. All round the country the nationalised industries are still operating many uneconomic services which, on grounds of sheer unprofitability, private enterprise would have closed down (or at least put on to an entirely different system of pricing and operations) long ago. The nationalised boards are thereby tying up many scarce labour and other resources in many of the wrong places and jobs. If, on top of this burden on the national economy, they are now to break all prospect of stopping national cost inflation—out of a good-hearted impulse to buy the friendship of the unions with money which they themselves have not earned—this raises very big new issues indeed. The Government has a plain duty to step in and see that bodies which consider themselves free from control by the market are subject to some other form of direct control instead. And, in wages policy, the time to do that is now.

Fingers Off Triggers

ONE of the most interesting features of this year's wages struggle has been that both union and Labour party leaders have plainly realised how unpopular strikes can make them. Mr Gaitskell went out of his way last weekend to deplore the first of London's series of Monday transport strikes. Mr Smith of the postal workers, in at last calling off the pointless post office go-slow on Wednesday, quite plainly had his members' public image mainly in mind. Mr Cousins, who three months ago was breathing fire and brimstone about the need for solidarity at the Labour party's annual conference, wisely persuaded his London busmen not to join the unofficial Monday transport strikes. And in Monday's debate on arbitration, held while the one-day strikes were on, the burden of Labour speeches was not a clarion call for support of striking workers, but a plaintive and never-ending accusation that the trouble was all the Government's fault.

The debate took the usual disordered form for parliamentary wrangles nowadays (52 Labour interruptions in the course of seven Conservative speeches), but only one Labour argument seems to have really annoyed Tory MPs when they read about it later in Hansard. This was when one Labour member accused the Government of deliberately stirring up strikes in the knowledge that they would be to its electoral advantage ; Tories have got used to Mr Lloyd being called every name under the sun, except that of electoral asset. Moreover they still do not really expect him to be one ; and although they will stand by the Cabinet if it decides to act firmly, there is still gloomily little sign that they will really revolt if it slides away from strikes into some Beeching-like settlement.

EAST-WEST

Mercuries

MORE than mere coincidence can be assumed to lie behind the three meetings this week at which Russians and Americans have discussed the "flow of communications" between their countries. On Monday President Kennedy's press secretary, Mr Salinger, talked to his Russian opposite number, Mr Kharlamov, in Paris ; on Tuesday Mr Kennedy himself gave lunch to Mr Alexei Adzhubei, the editor of *Izvestia* (not to say the son-in-law of Mr Khrushchev), who interviewed Mr Kennedy at length as recently as November ; on Wednesday Russian and American officials met to discuss an extension of the four-year-old treaty that governs the exchange of exhibitions, official magazines, visiting firemen and so on.

So far the only result of these meetings is an arrangement that Mr Salinger will visit Moscow in the spring, and a suggestion, apparently still to be approved by the great men, that Mr Kennedy and Mr Khrushchev might make a series of television appearances on each other's screens. Perhaps to show that Barkis is willing, one small American radio network will broadcast Radio Moscow's news in English, without comment, next week. It looks as if Mr Kennedy and Mr Khrushchev are moving towards a tentative agreement to do two things. One is to exchange views at regular intervals, more intimately than is possible through ambassadors, but not so intimately as to cause political difficulties at home ; Mr Robert Kennedy, for instance, is apparently too exalted to play Mercury just yet. The second is to continue, and perhaps extend, the arrangements that have recently given public opinion in each country a glimpse of the other side's point of view.

If Mr Khrushchev wants to promote a civilised dialogue between Russia and the United States, the question remains what his motives are. One theory being studied with respect in Washington is that 1962 may bring a prolonged period of armed truce in the Berlin crisis, in which there will be no international agreement about the city's future, but neither side will do anything to make matters worse. (This means, in particular, that Russia would not sign a peace treaty with east Germany while the truce continued.) During such a pause, the improved traffic in ideas and information that Mr Kennedy and Mr Khrushchev are now seeking to cultivate would be distinctly useful. It would help to calm the nerves, and mollify the temper, of people in both America and Russia who might otherwise push their leaders into precipitate action. By letting Mr Kennedy and Mr Khrushchev

chat, regularly though indirectly, it would also enable them to avoid misunderstandings about what the other was up to—and thus help to preserve the present delicate equilibrium.

Pluto

A MORE dramatic interpretation of what lies behind the recent lull in the cold war was offered by Mr Isaac Deutscher in last Sunday's *Observer*. Mr Deutscher suggests that Mr Khrushchev may be about to abandon Herr Ulbricht, the ruler of east Germany and the chief surviving deity of the Stalinist underworld in eastern Europe. By disinteresting himself and withdrawing the Russian divisions from east Germany, the argument runs, Mr Khrushchev might hope to achieve a lasting relaxation of tension in Europe, and thus divert substantial resources from his army to industry and agriculture.

How gratifying, indeed, if the Russians left Herr Ulbricht to his fate ; though the almost certainly unpleasant nature of that fate, and the upheaval that would follow in the rest of eastern Europe, make it difficult to see how this would encourage the relaxation of tension Mr Khrushchev is said to want. But the real difficulty is to find evidence that Mr Khrushchev plans so improbable a move. There is some ground for thinking that the Russian leadership, or a faction in it, toyed with the idea of pulling out of Germany immediately after Stalin's death in 1953. Mr Deutscher argues that nothing less than an intention to return to the ideas of 1953 could explain the attack Mr Khrushchev launched last October on the "anti-party" group in Russia and their allies abroad. But it is equally possible that Mr Khrushchev thought this attack necessary, not because of something he intends to do, but because of the "anti-party" group's opposition to what he has done already—at home in agriculture, and abroad in hinting at compromise over Berlin.

Billet Doux to Bonn

Diplomatic notes between Russia and the West rarely arouse such contradictory reports or provoke so much discussion as the document handed to the west German ambassador in Moscow on December 27th, and since published in Bonn. This is more moderate, more urbane and more shrewd than the usual run of Russian notes. The following summary may show why it has been possible to describe it both as a repetition of familiar themes and as the beginning of a new Russian policy on Germany ; as an attempt to divide Germany from its allies, and as a sensible gesture to the West.

THE Soviet memorandum (it was unsigned and has been described in Moscow as unofficial) begins by declaring that Russia and west Germany are the greatest states of Europe, so their relations must be important to anyone who wants a peaceful future. The two countries have different views on many important international questions, but they share a common interest in preserving peace. Both have suffered from the two terrible wars which Germany started, but the past must not be allowed to stand in the way of better relations in future.

The peace settlement (the memorandum continues) has not been completed. Europe is divided. "A few neutral states in Europe form oases" between the two military blocks. This situation is not our fault, argue the Russians. The Warsaw pact was formed long after Nato, in response to it. And it is the western powers that block disarmament, a German peace treaty and a solution for west Berlin, "on which, in the matter of its constitution as a free city, a decision must soon be made."

Then follow the arguments that have led the memorandum to be branded as an attempt to divide the West. "Some politicians, in countries allied with the Federal Republic, argue that to make concessions means to loosen the bonds that tie Germany to Nato." And certainly, "without the German pillar, the whole Nato structure would totter. A neutral west Germany—let alone a neutral reunited Germany with a small military expenditure and a powerful economy—is not what is wanted in the capitals of the western powers. Thus tension is kept up, not in the interests of Germany, but to maintain their (the allies') interests and keep the Federal Republic on their side."

What, continues the document, are the real interests of west Germany ? It joined Nato in the hope of "driving back socialism." But in fact, because of the Nato alliance, "the division of the country is deeper and the reunification of Germany incomparably more difficult and pushed into the far distance." Anyone who still hopes "to swallow the Democratic Republic, and thus strengthen the capitalist west German state" is living in a dream. The Nato policy has "strengthened Germany's position in relation to the western powers, but decisively weakened its political position in relation to the eastern powers." Which weighs heaviest, the gain or the loss ? German politicians must decide whether they care most about "solving the German national problem or fulfilling the 'collective tasks' of Nato, i.e. the policy of anti-communism."

Then follow two home runs. "Anyone who thinks the stubbornness with which France tries to tie west Germany to Nato is only due to a specially warm affection for west Germany is making a mistake." Leading French politicians, and especially General de Gaulle, want to control Germany and keep it tied to them. Nor, the argument goes on, is Britain enthusiastic to arm Germany for war against Russia, or to revive a strong Reich. It wants to arm west Germany "to weaken its west German competitor." Even President Eisenhower explained to Mr Khrushchev that if the Americans had not rearmed west Germany it would have "improved its position in world markets at the expense of the Nato allies." Nato was formed in the hope of rolling back socialism. But the policy of strength has obviously failed. There is a balance of forces in the world. And this makes war (and military alliances) obsolete.

This is the long introduction to some familiar themes of Russian policy. If war is in no one's interest, the time has come to get rid of the "leftovers from the last war." The "delayed signature of a German peace treaty and the tensions created by the unsolved west Berlin question" trouble the life of the west German people.

"Russian-west German relations are still very much imprisoned in the past," the memorandum continues. Both sides would do better to put them on a peaceful footing. Russia, of course, is not going to become friendly with west Germany at the expense of others (meaning the Democratic Republic). Indeed, if the west German government is interested in German unity it must "negotiate with the DDR."

But if Russia is not going to jettison its allies, neither need west Germany. "We do not want west Germany to exchange Nato for the Warsaw pact." Membership of Nato or neutrality "is up to the west German government." But friendship with other states should not compel Russia and west Germany to be enemies. They could still develop friendly relations on matters which do not hurt others—like trade, where Russia, needing machinery and offering raw materials, is complementary to the west German economy, not competitive like the common market countries.

The theme of burying the leftovers of the last war is then taken up in detail. Nobody wants to hurt the interest of the people of west Berlin. They can keep communications with anyone they please, and have close political, economic and cultural ties with the Federal Republic. But the occupation regime must end ; Berlin must cease to be a source of trouble ; the sovereign rights of the DDR must be respected. As things are the people are leaving, and "nobody—no single clever capitalist—will take steps towards an increase of production, so long as Berlin remains a frontline town. The wall has reduced the tension in Berlin," but it has not wholly solved the problem. "Because of the attitude of the western powers and the Federal Republic, we do not exclude the possibility of being forced in the end to sign a peace treaty with east Germany alone. But at the same time as, or even before, the signature of such a treaty, an agreement on west Berlin acceptable to both sides could be worked out."

Peaceful coexistence must be the aim. "If it is not possible to improve relations between our countries suddenly, let us do it step by step."

There remains a third, and far more depressing, possibility: that the coming months will bring neither the abandonment of Herr Ulbricht by the Russians, nor a prolonged truce over Berlin, but a sudden revival, after a pause, of Mr Khrushchev's threat to sign a separate peace treaty with east Germany. The interesting Soviet memorandum described on the opposite page, and an article by Mr Polyanov in *Izvestia* on January 25th, both specifically reserved this possibility. Just a year ago, it should be remembered, there were similar hopes of a period of calm discussion between Moscow and the new Administration in Washington ; but it all ended with the wall built and tanks facing each other across it. Given the right opportunity (perhaps a right-wing revolt against General de Gaulle's government, which would throw the West into temporary disarray) Mr Khrushchev might well be on the move again.

SOVIET UNION

Beware the Ides

BY mid-March the veils surrounding recent Soviet moves may be partly lifted. The session of the central committee, which is to open on March 5th, may provide answers to some of the questions that are being asked about what is happening in the Kremlin. Officially, the meeting will be concerned with agriculture. But in recent years party gatherings ostensibly devoted to agriculture—a serious and sensitive subject, after all—have not uncommonly turned out to be concerned with other things as well. A central committee meeting is, in fact, two conferences. At one, the members of the committee are joined by various regional notabilities and all sorts of agricultural experts ; its proceedings get wide publicity. The other, for committee members only, discusses all the important issues of the moment ; the fact that it has taken place is revealed only after the event, through the publication of resolutions—sometimes, startling ones.

At present there is no lack of subjects for discussion. All the issues left unresolved, or half resolved, by the party congress last October have to be tackled. It has to be decided how the campaign against the "vestiges of the cult of personality," which was heralded at the congress, is to be carried on in practice. The treatment meted out to the "anti-party group" and its figurehead, Mr Molotov (now reported to be ill) will depend on this decision. The party congress apparently ended in a compromise. It would not be surprising if the Soviet leadership, elected only last October, were to be reshuffled again in March.

Foreign policy comes next. The Russian leaders have their minds to make up about the not unconnected issues of its relations with the capitalised West and the communist East. The Moscow meeting coincides with a party congress in Peking. Both sides will have to decide whether to let the present breach between them become recognised in an open schism, or whether yet another attempt should be made to heal it at an international meeting. March may prove a momentous month for the world communist movement.

LIB-LAB

Orpington Rebuffs?

MR WOODROW WYATT'S proposal for a Lib-Lab pact, first put forward last November, has now made more headlines than ever before after his article in last week's *New Statesman*. But it seems unlikely at the moment to get any further. Mr Gaitskell's prompt repudiation of the plan rested on two principal and convincing arguments. First it would cause massive dissension inside the Labour party. Second, there is no guarantee that Liberal voters, in seats where they were deprived of a candidate, would vote Labour just because Mr Grimond told them to. The only sure beneficiaries of a pact would be certain Liberal candidates, who no doubt would pick up Labour votes in seats where a Labour candidate withdrew. Mr Wyatt's argument that there is nothing so very shocking about his suggestion, since it was through a Lib-Lab pact that the Labour party first got its chance in 1906 and won 29 seats, only underlines one of the dangers for Labour in his scheme. What the Liberals need more than anything else is a breakthrough on the parliamentary front, and the pact could present them with just this. Labour might well be hastening on its own funeral.

ORPINGTON — VOTE AND POLL

(Percentage of poll)

	(1) Actual vote, 1959	(2) Daily Mail Poll	(3) Column 2 without "Don't Knows"*
Conservative ...	56·6	35·9	44·0
Labour	22·2	10·7	13·1
Liberal	21·2	34·8	42·6
Independent....	...	0·2	0·3
"Don't Know"	...	18·4	...

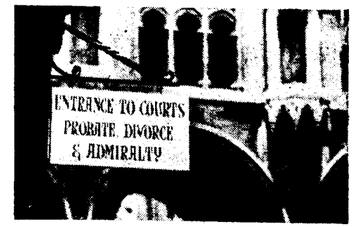
*i.e., after redistributing "don't knows" in the same proportion as those who say they have made up their minds.

Nevertheless, if Labour loses the next election, one suspects that some sort of a pact may emerge—although probably only in an informal way. Labour might then gradually stand aside in some seats where it is now very much the "third party" candidate, and where its candidature merely serves to keep the Tory in. The Kent constituency of Orpington, where a by-election is impending, is a case in point. As our table shows, the Conservatives had a majority there equal to 34·4 per cent of the poll over Labour at the last general election. Now a *Daily Mail* public opinion poll (see column 3 of our table) suggests that the Tories might at present have only a very marginal majority of 1.3 per cent over the Liberals. Compared with 1959 the *Daily Mail* poll therefore suggests that there has been a swing from Conservative to Liberal of 12-13 per cent and from Labour to Liberal of 9 per cent.

When the Liberals temporarily won Torrington in a mid-term by-election during the last Parliament, they picked up a swing of about 13½ per cent from the Tories (compared with their last appearance there in 1950) but no swing at all from Labour (whose share of the poll actually went up). If Orpington therefore threatens the Tories with "another Torrington" it will not be because disgruntled Tories are flocking to the Liberals in even greater hordes than in 1958 ; the desertion from their banner this time seems in fact to be slightly less. It will be because more Labour supporters are now deciding that, in constituencies like Orpington, a vote for Labour is a wasted vote. This is likely to be a growing political factor, which both the major parties will have to face.

LAW COURTS

Odd Trinity



THERE has long been a good case for saying that the Probate, Divorce and Admiralty Division of the High Court—A. P. Herbert's unholy trinity of "the wrecks of wills, marriages and ships"—should be broken up. But expectations that the recent death of Lord Merriman—president of the combined court since 1933—would be chosen as the occasion for this are now fading. It seems that, apart from an interchange of judges between the Queen's Bench and Divorce Divisions, the system will continue as before.

Why ? The only common factor between these three disparate jurisdictions is a foundation of Canon or Roman law, and the shifts required seem fairly obvious. The principal purpose of the Probate Division is to give valid title to the property of the dead. On average 200,000 grants are made every year, but only one hundred or so are disputed. The proper place to deal with such cases is the Chancery Division, which already functions as the interpreter of wills and administrator of the assets. In the Admiralty Division—which is confined to cases where maritime law applies, but covers aircraft as well as ships—only about 300 writs are issued each year ; and of these less than half get to trial. There is no backlog of work, cases have to be disposed of promptly as ships are held up pending a decision, and costs in proportion to the sums involved are low. The Admiralty Division is therefore rarely criticised, yet its present marriage with Probate and Divorce is anomalous. It belongs naturally in the Queen's Bench Division, which deals

with other commercial causes. Specialisation — which certainly is needed in Admiralty cases, partly because they may have a strong international flavour (foreign ships are often involved) and because nautical assessors from Trinity House may need to be used to help with technicalities —could still continue there.

Divorce jurisdiction was taken away from the ecclesiastical courts in 1854 and joined to Probate and Admiralty in 1873. The court deals with nullity, separation decrees, restitution of conjugal rights, and declarations of legitimacy, as well as divorce. It used to be claimed that this work was of such social importance that it should be confined to high court judges, but less of this argument has been heard recently. Indeed the majority of divorce work is now done by special commissioners who are normally, but not always, county court judges. In 1958 8,176 divorce cases were taken in London, and 16,268 outside, most of the cases being heard by the commissioners. The Divorce Division of the High Court should be abolished altogether, and the work given to special commissioners. Despite the strong arguments for reform, the Lord Chancellor seems unlikely to give heed to them. The Evershed Committee in 1953 also favoured doing nothing on the ground that the degree of disturbance to the judges and system would not be justified by the benefits gained. Reformers have heard this argument before.

SOUTHERN RHODESIA

Whitehead's Burden

UNLIKE all the African states guided to independence so far, Southern Rhodesia is completely controlled by its own white community. In the rest of (British) east and central Africa, African nationalists seeking the political kingdom have rightly seen that their strongest weapon has been the British Government's willingness to leave. But no mother country far away has had anything effective to do with Southern Rhodesia for nearly forty years. Now, for the first time in Africa, black men, relying entirely upon their own resources, are campaigning to wrest power from a governing white minority.

Wrongly, the Zimbabwe African People's Union (Zapu) is acting as if, by using the same methods of strike and boycott that have been so effective elsewhere, it can force the British Government to step in and suspend the Southern Rhodesian constitution. It is impossible to imagine circumstances in which this might happen. For this reason, Zapu should abandon its policy of total non-co-operation and at least agree to fight for the fifteen seats (in a house of 65) granted to Africans under the new constitution piloted through by Sir Edgar Whitehead; alternatively, Zapu should allow a centre party to do this job—and not dissuade voters from registering. Such a policy would not debar Zapu from continuing the extra-parliamentary opposition which, in the absence of universal suffrage, it has every right to put up; but it might prevent bloody exchanges before the transfer of power by channelling the forces of revolution into a fiery (but non-violent) political battle.

When that battle is over, the new government (Zapu-controlled or not) will need Southern Rhodesia's 220,000 whites; the more so because Southern Rhodesian Africans will demand a maintenance of the modern economy which the presence of those whites has engendered. So as not unduly to embitter them in advance, Zapu has a responsibility to at least play the constitutional game opened up by Sir Edgar—who, as prime minister, has most courageously and commendably declared an intention of sweeping away every colour bar in Southern Rhodesia (except the electoral one); true, African intransigence has pushed him part of the way.

More sophisticated tactics on Zapu's part might appeal to the African intellectuals who have joined it (Southern Rhodesia's first two African doctors are among its leaders). Such tactics would also help Sir Edgar against his own right wing—and, if Sir Edgar is the man who banned the National Democratic Party, Zapu's predecessor, he is also the man who promised on Tuesday, to end the racial division of land. A government to the right of Sir Edgar would make violence in Southern Rhodesia almost unavoidable; a genuine extension of land to Africans, an improvement in urban African living standards, and an opposition to the right of Zapu might help to avoid it.

EUROPE

Parry and Thrust

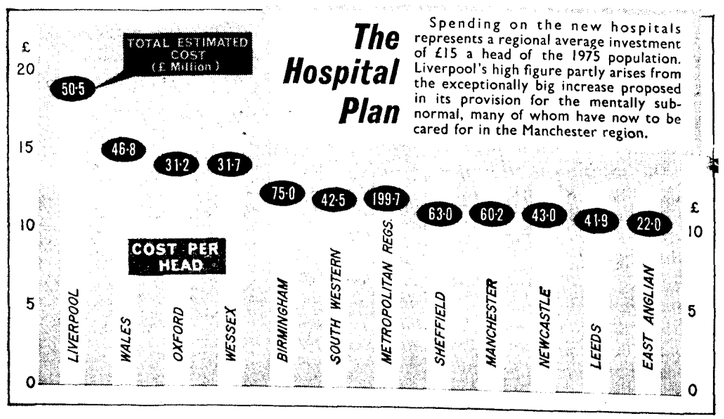
THE Government made two moves this week, one offensive, the other defensive, in response to the worrying delay in the negotiations with the common market. The defensive move has been in the lobbies at Westminster. Don't count on Britain joining by the end of the year, the lobby correspondents have been told: the common market issue may still be with us by the time the next election comes round. Anxious to avoid a damaging disappointment later on, and to keep the Tory troops in good trim, the Government is taking precautions against over-optimism in case the pace in Brussels continues to be slow.

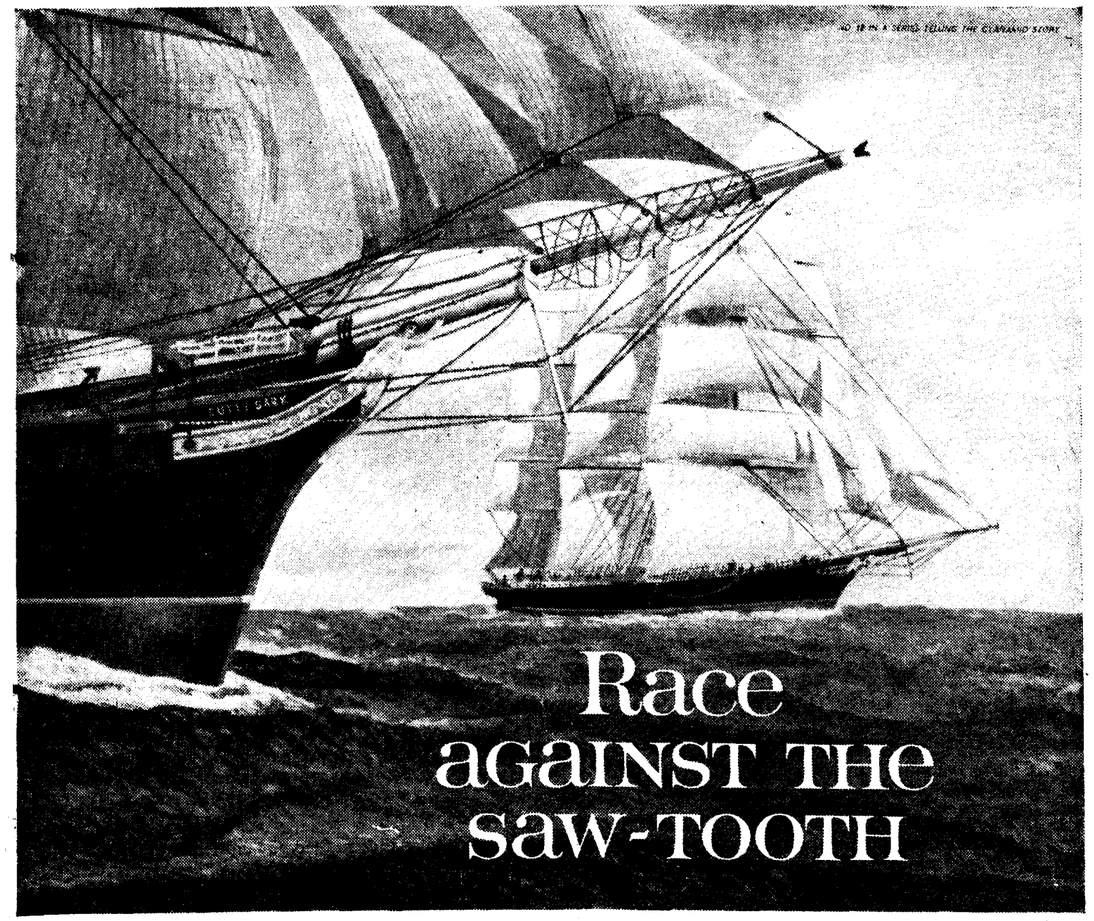
The offensive move has been made in Brussels; on Wednesday Mr Heath paid a flying visit to hustle the negotiations along. On Tuesday the British delegation had produced more definite proposals for the association of certain Commonwealth countries, and a more definite admission that certain others may have to be treated differently, than have hitherto been made. Next day, at Mr Heath's suggestion, the senior officials went into restricted session —expelling the customary clutter of interpreters and junior diplomats—in the hope that discussion would become more intimate and get closer to the point. Some kind of effort to make better use of the time spent talking in Brussels was certainly necessary. Each side seems to have been waiting for the other to broach the critical topics, and on each side there has been a mounting, if politely concealed, impatience with the other. The British, with the Commonwealth watching every visible move, are naturally reluctant to stick their necks out. But, with domestic critics yapping at its heels, it is the British Government that has the biggest political interest in all speed.

NUCLEAR TESTS

End of Line

AFTER three years and three months, the three-power Geneva talks on banning nuclear tests have reached what really seems to be the end of the line. The Russian record since these talks began on October 31, 1958 (against a background of heavy Soviet testing) has provided melancholy support for those who are sceptical about the value of negotiating with Russia at all.





THE "CUTTY SARK" BY COURTESY OF WHITBREAD AND COMPANY

Full sails. A spanking pace, homeward bound. Fliers like these would make the markets early. Beetles and weevils would have less chance to gnaw their way through the grain cargo. Steam has replaced sail, but the race against the saw tooth goes on. The saw-toothed grain beetle (Oryzaephilus surinamensis) and other insects still infest stored grain: for every ten bags of cereals harvested, one is lost through insect damage.

Transport today is faster, but the beetles and weevils are still there. That is, they were there until a few weeks ago, when the 'Jedmoor' docked in London. Her cargo of Australian wheat had been treated with Malathion, a safe insecticide made by Cyanamid. The Grain Elevators Board of New South Wales had earlier tested Malathion-treated wheat; after three months of storage — no pests. (Untreated wheat showed heavy infestation.) After six months, still no damage. In Britain, Malathion is recommended by the Ministry of Agriculture, Fisheries and Food for the control of saw-toothed grain beetle and other pests. Applied in such low concentrations as one pound to fifty tons of grain, Malathion effectively prevents infestation.

Cyanamid's Malathion is just one example of modern research helping to feed the world's growing population. Cyanamid's research expenditure runs at £10,000,000 a year. It is the kind of research that perfects new chemicals for industry, finds new drugs in the battle against disease, helps the farmer to market grain that is clean and wholesome, helps to save that precious extra 10 per cent of grain to feed the world.

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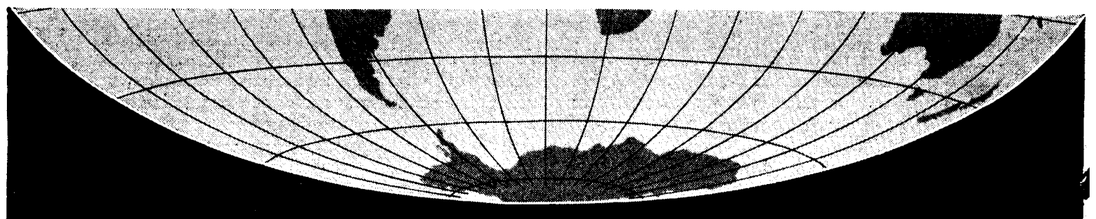
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Although the Russians began by demanding a test ban without international inspection, they soon accepted inspection in principle. Throughout 1959 and 1960 the Americans and British pressed them to turn principle into practice. Slowly Mr Tsarapkin was brought to accept successive elements in a system of inspection that came close to meeting the western requirements. In December, 1960, Russia was still going along with a unanimous vote in the United Nations Assembly that demanded effective international inspection of a test ban. But last year the Russians turned about and demanded "troika" control of the inspectorate. Next, while launching their new series of giant explosions, they turned against any international inspection, and against any test agreement in advance of a general disarmament agreement. When the 1961 UN Assembly called for an internationally inspected ban, the Soviet block and Cuba stood out.

On Monday Mr Tsarapkin insisted that the only basis for further discussion at Geneva was the Soviet proposal of November 28th, which rejected international inspection altogether. He denounced the western suggestion that a test ban should get high priority in the general disarmament talks due to open on March 14th. Equally he denounced the idea of continuing to discuss tests through informal contacts at Geneva or through normal diplomatic channels, and accused the Americans and British of "wrecking" the conference, which he declared to be "finished." It is still the western intention to press the test ban question in the coming disarmament talks; but there can be few illusions about the chances. The clock, or rather calendar, has been put back three years.

JORDAN

Young Entry

With a son from his British born wife, promptly dubbed crown prince of Jordan, and a brand new government of young, inexperienced men, King Hussein has flown in the face of all conventions this week. The infant boy, Prince Abdullah (born January 30th), is the first in Hashemite history to be placed in the line of succession without Hashemite blood from both parents. But pride in the firstborn son, much more intense among Arabs than in our own sex-equalised society, would dictate that no honour be denied to him. Today he is the well-omened offspring of a manifestly happy marriage. The future is too uncertain, and present problems too great, for theories about succession to have real urgency.

Of more immediate concern is King Hussein's change of government on January 27th. This was a clean sweep. Out went all the old politicians; and in came a junior eleven of rather young under-secretaries. Only the new prime minister, 48-year-old Mr Wasfi Tell, had held any high post previously. This bringing of youth to the fore is the King's reply to his countrymen's growing contempt for the waffling of office-dulled ministers. Although the retiring prime minister, Mr Bahjat Talhuni, was a man of some courage and stature, his colleagues had grown timorous of taking responsibility. This led to abuses and laxity in the whole field of government. There had also been general dismay at Syria's utter disdain for the king's too overt piping of the Fertile Crescent theme. Doubts may well have arisen whether Mr Talhuni, an old school Jordanian reared in a pro-British climate, was the best man to go, as projected, on a goodwill visit to Syria.

Mr Tell is of different vintage. It is true that, as Cairo has been at pains to point out, he served in the British army during the second world war. Subsequently, however, he identified himself more closely with the cause of the Palestinians than did many of his fellow Transjordanians, and held no important post until brought into office in 1959 as the protégé of the late ill-fated prime minister, Mr Hazza Majali. Since then he has been solidly a king's man and, as such, a staunch "Fertile Crescenter" when lately ambassador to Iraq. There may be a touch of excessive self-confidence in him. With his team of eleven novices he will have his work cut out to promote both reform at home and better relations abroad.

AGRICULTURE

World Food Cartels?

Some French officials have recently been proffering for "discussion" a suggestion that the common market's agricultural policy might eventually be merged into a common world agricultural policy, beginning with a common policy for wheat. The horrified British, who would lose by this scheme, are at the moment unwilling to believe that anybody else would ever accept this plan. But mightn't they? The idea is that the present mess of national support schemes for wheat might eventually be shunted into a conglomeration whereby all governments and a central international cartel should agree to buy wheat at, say, the present American support price. This is at present broadly equal to the French support price, but below most other countries' off-farm prices for soft wheat (except Australia's). Farmers in these other countries would thus get lower prices than now for wheat sold on their home markets (to their finance ministers' relief); but they would get more for wheat sold for export, because the central international cartel would sell wheat only at this support price —especially, of course, to the one big free market importer of wheat left in the world, namely Britain. Such a scheme could theoretically put up Britain's import bill for wheat by something like £50 million a year. If the scheme eventually spread to all other agricultural commodities, on the basis of present French or American support prices, it could put up Britain's total import bill by up to £400 million a year.

Moreover one other pressure might work in favour of introducing such schemes. Almost certainly any new "world support prices" would be pitched high enough to produce a surplus of food above what could be sold at the cartel's prices. But it would then be much easier to introduce give-away schemes to poor countries. At present if America gives away wheat to India, Canada and Australia may object that this deprives other exporters like them of a commercial market. But if Canada and Australia sold their wheat to an international cartel first, this difficulty disappears: of course, the cartel would have to finance the losses it made on its Asian give-aways—but it would no doubt do this partly by screwing up its commercial selling price (i.e. mainly its selling price to Britain) and partly by funds voted to it out of the budgets of countries participating in the cartel (the countries concerned would call these "aid" payments, and feel very generous in voting them). So underdeveloped countries, as well as exporting ones, might come to like the idea very much.

One last awful vision appears. Suppose Britain does not go into the common market because it feels that it has a duty to sustain Commonwealth farmers by buying their cheaper wheat and other foodstuffs. Suppose, then, that Commonwealth producers join some such worldwide cartel schemes, so that it does not matter to them to whom they sell; indeed so that Britain's complaints that it ought to be allowed to buy Commonwealth foodstuffs cheaply as before would come to seem a disruptive nuisance. One can imagine Mr Diefenbaker in a few years' time rampaging across the prairies saying that Britain should learn the habit of international co-operation. He had always believed, he might say, that Britain should have followed the enlightened policy of going into the common market. . . .

MARKETING BOARDS

Tomato Sauce

A month ago, 60 of the 5,500 registered producers of tomatoes and cucumbers turned up at their annual general meeting and voted to deprive the members of their marketing board of all but 1d. each of their annual salaries. The result of this *coup d'état* may not be precisely what we liberals had hoped. Until now, the Tomato and Cucumber Board has been, from the consumer's point of view, one of the least obnoxious of all marketing boards: it is concerned only with advice, publicity, market intelligence and research and does not, therefore, interfere with ordinary market forces (except as a chorus to the thin wailings of the National Farmers' Union against the "insufficiency" of tariffs on imports of Dutch and Canary fruit). To this state of grace, however, the board has never been altogether amenable. It has always wanted to exercise the monopolistic powers enjoyed

by other marketing boards, but was defeated in a poll in 1960 on this issue by the producers themselves. Last month's revolt against it sprang partly from producers who resented that defeat (and who blame it for the welcome reduction in the number of British tomato producers from 8,000 to 5,500 in six years, in which many small and inefficient growers have been squeezed out); and partly from the opponents of all marketing boards, among whom a new (and much publicised) source of irritation was the recent handing over of £6,000 in compensation to a resigning chairman.

Last week, the board met to decide whether to carry on at a salary of 1d. each a year. It decided not to, but also decided that a new board should try to replace King Log by King Stork. Lacking any machinery for resigning *en bloc*, each member has now tendered his resignation to his sponsoring body (a branch of the NFU in most cases); an interim executive committee has been set up; and new elections to the board are to be held soon, at which the NFU will advise its members to vote only for those candidates pledged to seek powers that will "protect the producers"—which means monopolistic marketing powers.

The Government should not allow such powers to be confirmed. Indeed, the best thing for the country now might be for the whole board to be dismantled. If Britain goes into the European common market, a new situation will face the tomato industry; further sections of it will have to be closed down if they cannot stand up to Dutch competition. Probably the Government might then, rightly, agree to set up a compensation fund to help redundant growers to move into other and more economic fields; some body would be needed to manage any such compensation scheme, but it should not have the same sort of constitution as a marketing board.

The UN's Financial Laggards

LORD HOME said at Berwick on December 28th that 82 governments were "in serious arrears" with their payments to the United Nations. Oddly, his rather stringent definition of "serious arrears" seems to put Britain among the 82. And the published accounts do not uphold his general contention that the "irresponsible" newly independent countries are the worst defaulters.

Arrears on the regular UN budget are hardly alarming. By the New Year 86 per cent of the 1961 dues had already been paid in, a better showing than the corresponding figure a year ago. But the UN has been receiving less than three-quarters of the special dues assessed for UNEF (its international force on the Egypt-Israel border), and less than two-thirds of the much larger dues for its Congo operation. The Soviet block and most Arab states regard both these categories of special dues as illegal; in the case of the Congo, Belgium, France, Italy, Portugal, Spain and South Africa have also been among those withholding contributions. It is the accumulated deficit of more than $80 million on the Congo and UNEF accounts that has produced the crisis from which the UN now hopes to escape by selling its new bond issue.

At the New Year sixteen nations were fully paid up on all their obligations: Australia, Burma, Canada, Ceylon, Denmark, Ireland, Ivory Coast, Japan, Luxemburg, Netherlands, New Zealand, Norway, Sweden, Thailand, Turkey and the United States (which had also made large voluntary contributions).

In descending order, there followed:

(a) Members accepting Congo and UNEF dues, but late with various payments for 1961: Britain owing a quarter of its Congo dues for January-October, 1961, and India a tenth of its 1961 regular dues (India's account showed UNEF arrears too, but these and Britain's Congo arrears have yet to be offset against these countries' claims for repayment by the UN of their expenditures incurred in assisting its two military operations); Central African Republic, Finland, Gabon, Iran, Malaya, Mali, Somalia, Tunisia, owing Congo dues; Liberia, owing UNEF dues; Dahomey, owing its regular dues; Cameroun, Iceland, Israel, Malagasy, Nigeria, Pakistan and Senegal, each behind with two or all three of the accounts for 1961.

(b) Members that had paid no Congo dues: Austria, Belgium, Brazil, Ecuador, France, Indonesia, Italy, Jugoslavia, Philippines, Portugal, Salvador, South Africa.

(c) Members paying neither Congo nor UNEF dues, but up to date with regular dues: Czechoslovakia, Dominican Republic, Iraq, Mexico, Peru, Saudi Arabia, Spain, Sudan, Togo, Venezuela, Volta.

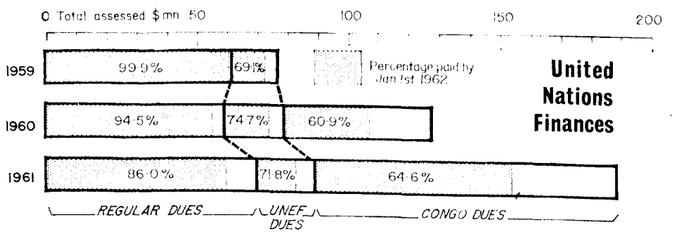
(d) Members paying for neither Congo nor UNEF, and late with all or part of their 1961 regular dues: the Soviet block (except Czechoslovakia and Hungary), Afghanistan, Argentina, Cambodia, Chad, Chile, Colombia, both Congos, Costa Rica, Cyprus, Egypt, Ethiopia, Ghana, Greece, Guinea, Jordan, Lebanon, Libya, Nepal, Nicaragua, Niger, Panama, Syria.

(e) Members that had paid neither Congo nor UNEF dues, nor regular dues for 1961 or 1960: Bolivia, China, Cuba, Guatemala, Haiti, Honduras, Hungary, Morocco, Paraguay, Uruguay and Yemen.

In this last group Haiti had the distinction of having paid nothing toward its 1959 regular dues.

Political attitudes thus join with lax or cumbrous procedures in national public finance to make some strange bedfellows, especially among the worst defaulters; and, although the English-speaking and Scandinavian countries show up particularly well and the smaller Latin American states particularly badly, no clear general pattern emerges. Western and Afro-Asian members can be found either high or low in the scale of punctiliousness, according to taste.

As President Kennedy reminded Congress in a message last Tuesday, the new $200 million UN bond issue, being repayable from the regular budget, provides a means of getting members to pay a fairer share of UN costs on pain of eventually losing their right to vote in the Assembly. It seemed curious that Mr Heath did not make the same point during the lively exchanges that followed his announcement in the Commons on Monday that the Government intends to buy some of the bonds. The British purchase, Mr Heath said, would not exceed $12 million; he did not mention a minimum figure. As Britain is assessed to contribute 7.6 per cent of the regular UN budget, a firm undertaking to buy not less than $15 million of bonds would have been in proportion; the guardedness of the British response has made a poor impression in Washington, where Mr Kennedy has asked Congress to approve the purchase of $100 million worth of the bonds. Denmark, Norway and Sweden, whose combined national incomes are less than a third of Britain's, have promised to buy more than $10 million.



BOOKS

John Citizen and the Minister

Questions in Parliament.
By D. N. Chester and Nona Bowring.
Oxford University Press. 335 pages. 35s.

QUESTION time is one of Parliament's best-known institutions. It is the opportunity for any backbencher to interrogate the highest minister in the land, and to the man in the street, therefore, question time is closely associated with the rights of the humblest of Her Majesty's subjects to seek redress through Parliament.

One would expect this theme to be amply documented, and parliamentary literature certainly abounds in relevant material. But now for the first time knowledge in this field has been systematised, and our debt to Mr Chester and Mrs Bowring is great. The absence hitherto of any formal treatise is perhaps the less surprising in that question time in its present form is largely a product of the twentieth century. It is of note that the first edition of Erskine May treated questions to ministers not as procedure in its own right, but as an exception to the rules of debate.

To what do we owe the modern significance of question time? As the opportunities of private members in the late nineteenth century became more and more restricted by the increasing claims of the executive on parliamentary time, so greater reliance came to be placed on procedural devices, of which the parliamentary question was foremost. Indeed, at the start of the twentieth century, questions had come to take such a share of parliamentary time that the Leader of the House, A. J. Balfour, brought in a drastic scheme to curtail them. This was eventually modified; but it had been touch and go. The authors describe Mr Balfour as "a not unqualified admirer of Question time," and it is an interesting example of his ministerial prescience that he wanted to move question time to 7.15 p.m.—too late for many first editions of newspapers to carry. Nevertheless, it is to Mr Balfour that question time today owes its form. The procedures now current were established in 1902 and have persisted with modification to this day, supplemented, of course, by what is best described as a formidable corpus of parliamentary "case-law."

Unqualified praise is due to the authors for the skill with which they have drawn the constitutional and historical threads of their subject together; yet the true excellence of their work lies in a somewhat different direction. For they have succeeded in giving us a quantitative and qualitative survey of question time over the years from which the inquiring reader will learn a great deal that is surprising, novel or of political significance. For instance, with the ever-growing scope of governmental legislation one would expect the volume of parliamentary questions asked to rise considerably. This has not happened. Why? If one ignores the claims on time of the supplementary question, three facts seem to stand out. As fast as governmental responsibilities have grown, there has been an extension of statutory machinery to deal with individual grievances. Again, while nationalisation might have extended the scope of parliamentary questions, many administrative details are in fact not admissible functions of ministerial responsibility. Furthermore, overriding all is the enormous increase in the flow of letters between constituents and their members, and between members and ministers. Indeed, the parliamentary question, like the iceberg, rests on an unseen mass—in this case, correspondence.

Parliament, as we know, is not an assembly of exceptional people, though it has always contained many exceptional persons. Similarly, Parliament is not an assembly of pertinacious questioners. True, some are or have been very pertinacious: for example, the celebrated Colonel Harry Day of Southwark, who sought to emulate the Irish members of old, and who evoked from his colleagues whenever he rose the parliamentary cry of "Another Day!" But most members ask very few questions, and some none at all. Indeed, assiduity at question time is far from being necessary for parliamentary success. A popular preconception demolished here is the belief that the Left is more inquisitive than the Right. MPs are MPs: they ask more questions in opposition than in government. Such differences as there are between parties are statistically negligible.

While questions are treated seriously and expeditiously by departments, the student of politics knows that they are not generally regarded as a major challenge to policy or administration. It is a poor minister who cannot ride out question time. Not every supplementary is deadly. If a minister knows his facts, shows some sense of humour and remembers that it sometimes pays to answer the questioner rather than the question, he will usually satisfy the House. And yet it is the fact that questions are asked, and can be asked, that matters. Now and again there comes the exception: some questions change policies, even shake governments. There are, it is true, infelicitous questions and tedious supplementaries; but if question time disappeared, an important instrument for ensuring the accountability of policy and administration would go.

The Man Who Filled Vacuums

Dag Hammarskjöld
By Joseph P. Lash.
Cassell. 304 pages. 21s.

THE mystery of Dag Hammarskjöld's death in Rhodesia last September is now being investigated. Was he a mystery in life too? Some of his admirers wrapped

The Economist
FEBRUARY 1, 1862

THE VOICE OF PARLIAMENT

A combination of circumstances, principally historical, have greatly changed the ideas of the present generation from those entertained by our forefathers as to the functions and purposes of Parliament,—as to the work to be imposed upon it and the benefits to be expected from it. And the change is scarcely, we apprehend, in a sound or a serviceable direction. . . . Passing new laws, unless new laws are imperatively wanted, is a mischievous and not a meritorious employment of the time of Senators. Parliament has duties to perform,—more ancient, more necessary, and usually more beneficial, than legislative ones. Nay, we may go further, and venture on what some may deem a paradox:—it is doubtful whether the *talk* of Parliament be not often far more useful than its *action*. The House of Commons is the arena where the voice of the nation can be authoritatively heard; where the wishes and opinions of the people are, through their representatives, made known to their rulers; where—through the process of debate, often through the process of tedious and clumsy conversation—the public sentiment is expressed, ventilated, enlightened, and to a certain extent formed. . . . It tells the nation whom it ought to trust. It tells the Ministers whom they ought to listen to. It tells the Government what the people think of *them*, and what they desire for themselves. Talk, which has results such as these, may well be more valuable than any action. But Parliament has other work to do. It has to *question* Ministers; to ask an explanation of *this* dubious-looking transaction; to denounce that scandalous appointment; to drag to light one Galway job, or another Dover intrigue; to require justice, or at least a hearing, for such or such a case of *prima facie* administrative oppression:—it has to let the Government feel that it is vigilantly *watched*, and will be called to a severe account. . . . If Parliament does this work conscientiously—with sternness and with equity as well—it may be effecting more good and preventing more evil than if it passed twenty laws.

him in a fog of unsought reverence. Some of his opponents accused him of megalomania and Machiavellianism. Yet one of this book's merits is that it brings out the man's essential consistency and—the word may seem surprising—straightforwardness.

His reputation for intellectual subtlety, for being personally withdrawn, for a searching concern with fundamental beliefs, was well enough earned. But his bent was analytical, not mystical. First in economics and later in diplomacy, he would dissect each problem minutely, spurning intuitive short cuts. He always drove his remarkable brain hard, drawing on an equally remarkable physical endurance, and could take account of an unusual number of individual trees without losing sight of the whole wood. In the Swedish finance ministry, in the OEEC, and in the United Nations, his talent for computing helped rather than hindered him in judging what would be politically possible. If he was a genius, it was in Carlyle's sense.

Mr. Lash, a New York journalist who has watched the United Nations for over ten years, naturally concentrates on Hammarskjöld's role as Secretary-General; but no reader should pass over his long and revealing chapter on the earlier career of a man strongly marked by national and family influences. He shows how, in a family with three hundred years' record of public service, no real contradiction arose when Dag and his brother Bo, sons of a father with a formidable reputation as an arch-conservative, plunged into the work of building a welfare state in the 1930s. Later, he notes the personal rapport between Hammarskjöld and Chou En-lai—two patricians, both serving dramatically new causes—when they met in 1955.

Ironically, it was the Chinese communists who opened the door to the habit-forming process of "leaving it to Dag." The Assembly had given him the first of the vague mandates that were later showered upon him, asking him to try to free the American airmen then imprisoned in China by "the means most appropriate in his judgment." His decision to go to Peking in person was much criticised, and if it had proved fruitless his later role would have been sharply circumscribed. Instead, from then on it was progressively enlarged.

If he had been less willing to fill vacuums, would fewer of them have been left to him to fill? The evidence is to the contrary. Long before his appointment in 1953, his predecessor, Mr Trygve Lie (to whom Mr Lash is less than generous) had rejected the idea that the Secretary-General ought to remain politically inactive even when the Assembly and Council were visibly failing to ward off a threatening danger. Each of Mr Lie's interventions displeased one or other of the great powers; and ultimately, like Hammarskjöld, he suffered total ostracism and foul abuse by the Russians, although in 1946 Mr Gromyko, of all people, had been the first to champion his right to a political role. But the vacuums continued to appear, and Mr Lie could not interpret his duty in a way that would have allowed him to remain comfortably passive.

Hammarskjöld took office with—indeed, was acceptable because of—a reputation for prudent skill in avoiding controversy. But the persistent vacuums sucked him, too, into battle (as they are now sucking in his even more deceptively mild-mannered successor, U Thant). His analytical approach helped him to concentrate his efforts on the sectors where progress was practicable; unlike Mr Lie, he wasted none of the limited authority of his office on direct assaults on broad issues over which the powers could not be budged. His legalistic ingenuity helped him to cover his flanks each time he advanced; at times, his baffled critics felt that there was nothing unprecedented for which he could not conjure up a precedent. From 1957 on, he not only steadily elaborated the United Nations' executive functions but also codified their enlargement in a series of closely reasoned statements of principle. He did not seek personal power; indeed, he often urged Assembly and Council to lessen his responsibilities by giving the Secretariat clearer instructions. But, as the number of smaller member nations grew, so grew the idea that the Secretary-General, and the United Nations as an organisation, are in a particular sense their instrument and shield in a world in which the great powers can appeal to sheer strength. Hammarskjöld evoked this idea when Mr Khrushchev was raging against him, and won what amounted to impressive votes of confidence.

Mr Lash's highly readable, sometimes moving, but not unduly coloured, account of these processes carries the main story up to last summer, and includes a short epilogue written after Hammarskjöld's death. Wisely, he has made little attempt to prophesy. Today, it is not only from Moscow that attacks are being launched against the whole concept of UN initiatives that displease one of the powers. But Mr Lash has already been justified in his underlying belief that what Hammarskjöld built was too solid to be shattered merely by the death of the master builder.

The Jungle Wasn't Neutral

The War Against Japan. *Vol. III.*

By S. Woodburn Kirby.

Her Majesty's Stationery Office. 578 pages. 63s.

JAPAN'S "Ha-Go" offensive in Arakan, which opened its so-called attempted invasion of India in 1944, started when Sakurai's main striking force of 5,000 Japs marched in close formation, sixteen abreast, through the middle of the British front line in a valley stretching about 400 yards across—and without anybody particularly noticing them. One famous British county regiment, among others that night, did report with interest "a large number of men, talking in a strange language, with mules, moving north"; but it presumed that they must "be an Indian artillery ammunition party which had lost its way." Quite a lot of the beastly wet, muddled war in Burma was like that; it is a pity that this official history of the 1943-44 campaign is not sufficiently hard-faced to recognise it. As is usual with British accounts, it gets very cross with Stilwell for trying to cuss the British troops under his command beyond the point of endurance; but Stilwell knew well (none better after his experience with the American Marauders and with his sometimes impossible Chinese) that disaster overtook any army in the east whenever it passed a strange and possibly movable psychological breaking point, a point where hard-pressed allied troops suddenly sat down and fell sick, and hard-pressed Japs sat down and actually died.

The genius of Slim was that he mobilised this psychological breaking point against the enemy. He at last hammered home the fact that when a body of Japs, carrying three weeks' supply of ammunition and rice, appeared behind the British lines, this did not mean that the British were cut off; it meant that in three weeks' time the Japs would be, and that they would be likely to break just as quickly as the British would have done without proper supplies. And so it proved, first in the Battle of the Admin Box at Sinzweya in the Arakan (which this official history mysteriously and unpronounceably renames the Battle of the Ngakyedauk Pass); and later in the much bigger battle of the Imphal plain.

Unhappily, but almost inevitably, Wingate is finally devalued in this history—if only by the device of publishing in full the insulting, self-ambitious, and often wildly false-forecasting memoranda he wrote to Slim. Wingate had the great gift of making men feel proud to serve in his company, but by 1944 his main driving purpose was too often to get as many resources as possible wastefully diverted to be under his own control. Moreover the "penetration group" tactics he wished to impose upon the British army were those that had won the Japanese victories until Sinzweya, but which were to lose the Japanese the Burma war as soon as the "stand-fast" lesson of Sinzweya had been learned.

Paradoxically, however, although nobody seems to have realised this, the one really new implication of this official history is that perhaps, by accident, it was Wingate who won the Burma war after all. Previously, everybody had supposed that his first Chindit operation was a complete military failure. Now it appears that it was the ease with which his tiny group slipped through the Chindwin defences that persuaded a reluctant Imperial Headquarters at Tokyo that it must shorten its defence line by going forward to Imphal; thus it was that it took the crass decision to throw its armies (carrying the usual three weeks' supply of rice and ammunition) over the mountains to die. As the Japanese 33rd Division came leapfrogging along the Tiddin Road, its General Yanagida suddenly realised that the cut off British and Indian detachments had learned the lesson to stand fast, and he sent back to his Army Headquarters, even in that first week, the brilliant and obviously correct advice that the Imphal offensive had better be called off. His Army HQ responded by sacking him.

To the north of the Imphal plain, things were following a more usual Burmese pattern. Both sides managed to deliver their battle plans to the other side by mistake (the British through a misplaced aeroplane drop and the Japs by an errant messenger on a pedal cycle); moreover the British, through a series of transport and communications muddles, had not got their defences organised properly in the most important place. The great tactical mystery here—which this official history does little to explain—has always been why the Japanese 31st Division kept on butting its head against Kohima, after General Sato had discovered that the British and Indians were standing so bravely there; he could and should have skirted round it and driven straight to the much more important base of Dimapur—and to probable victory. In the intervals of maligning the memories of Stilwell and Wingate, it is right to remember that there are many thousand British and Indian soldiers, alive today, who can thank their stars that there were much greater mistakes made in high places on the other side of the hill. In some ways the photographs of the Japanese leaders concerned—some of them incredibly Victorian-looking, some others coltish and bullet-headed—are the most revealing part of this book.

Act Three

Greek Civilisation: *From Euripides to Alexandria.*

By André Bonnard.

Allen & Unwin. 288 pages. 35s.

THIS is the last volume of three (though, misleadingly, it does not say so on the cover or the title-page: all three volumes are published with the same title on the back). It is a series of studies of particular men, mostly writers; but the choice and the treatment of the subjects reflect the late Professor Bonnard's personal tastes and enthusiasms. His left-wing sympathies hardly emerge, except in a passionate hatred of slavery and some exaggeration (but not much) of its deleterious effects. He was no friend to religion in any form. Above all, he loved poetry, and could forgive anyone for his ideas, however unsympathetic, if he wrote well: he has little good to say about Plato's philosophy, but no one has praised his style more enthusiastically. He was interested in science and technology, where the Greeks showed up only moderately, but avowed a complete ignorance of mathematics, where they were brilliant.

The purpose of the book is to show the decay of classical Greece and the emergence of completely different attitudes and interests in the Alexandrian period. Hence some curious choices of subject, if one considers their absolute importance; but they all serve the author's theme. Aristotle appears only as a biologist; Xenophon and (most oddly) the new comedy are not mentioned at all; pages are spent on the revolting but tedious crimes of the early Ptolemies. Professor Bonnard is always at his best when he is inspired by good writing, with the curious exception of his chapters on Euripides, which are high-flown rather than illuminating. But on Plato as a writer, on Theocritus and on the mixture of good and bad in some of the minor writers, Bonnard is excellent: it must be some time since anyone has taken the trouble, in a book for general readers, to illustrate the movement of taste and ideas by expounding at length the merits and defects of Apollonius Rhodius and Longus. The book ends with a noble passage in praise of Epicurus.

These three books are very well worth reading. Bonnard was a man by himself, and his enthusiasm for Greek writing is delightful; but, apart from that, it is useful for English readers, who tend to regard the ancient Greeks as senior members of the Commonwealth, to see them through differently-focused French-Swiss eyes. The translation by R. C. Knight is first class; the book is well produced and has a number of pleasant illustrations, though some of them seem curiously irrelevant. Why, for example, the picture of a depressed-looking Marabou stork?

Neglected Dramatist

The John Fletcher Plays.

By Clifford Leech.

Chatto & Windus. 189 pages. 18s.

THE fifty-two plays in the 1679 Beaumont and Fletcher Folio are possibly the most neglected of once popular plays in the history of English drama. Not that there has been an absence of criticism, or of essential bibliographical and linguistic work distinguishing the respective parts played in the collaboration by Fletcher, Beaumont, Messinger and others. It is merely that in the Restoration period, according to Dryden, "their plays are now the most pleasant and frequent entertainments of the stage; two of theirs being acted throughout the year for one of Shakespeare's or Jonson's," and now we may look in vain for productions even of *Philaster, A King and No King, Thierry and Theodoret* or *The Maid's Tragedy*, apart from the enterprise of amateur societies.

In this admirable study Professor Leech has firmly decided to treat Fletcher as the controlling presence in the Folio, and has limited his approach to a consideration of only a handful of the plays in an effort to define the characteristics of his dramatic style. Shaw called Fletcher 'Tussaud Laureate.' The impression is shared by many critics. T. S. Eliot (not even giving Beaumont and Fletcher an essay to themselves) writes that the blossoms of their imagination draw "no sustenance from the soil, but are cut and slightly withered flowers stuck into sand." L. C. Knights has stressed the false and superficial elements in the plays: they are decadent, he claims, because they exploit rather than explore emotion. Professor Leech's book should be taken as a serious rejoinder to such attitudes, though he does not waste time in describing the critical situation in order to press his disagreement. This is a calm and thorough work, exercising sympathy and arousing interest without displaying that unwarranted enthusiasm that one so often finds when a critic attempts some sort of rehabilitation. Thus, although there have been some weighty American studies recently on these plays, and there is also a lively little book by William Appleton, it is Professor Leech's work that will send the reader (and one hopes the producer) to the plays themselves.

Fletcher, we come to feel, had an acute theatrical imagination. His sensationalism appears rather as an inability to construct a whole in depth in the Shakespearean manner. He therefore employs his invention in each situation as it occurs to him, and moves from moment to moment in the play extracting shrewd insight from what on the surface looks merely bizarre. Professor Leech illustrates his intellectual curiosity, his grotesqueness, the frequent excellence of language, and places him in the drama of the period with firm tact and skill. We are made to feel that there is more here than

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MERCURY BOOKS

private entertainment for the Jacobean gentry, more than mere fodder for the dull romances of the Restoration stage: it is the work of a poet lightly exploring the fantastic possibilities in human relationships. "He angled in a dark lake," writes Professor Leech, "but the fish he brought up were live."

Essays in White and Red

Civil War in Russia.

By David Footman.

Faber (1961). 328 pages. 35s.

FOR three years after October, 1917, the fate of the revolution was in the balance. Time and again it seemed that the bolsheviks would not be able to resist the advance of successive White armies. How and why did they triumph in the end, thus changing the course of world history? Much has been written on this. Communists, at first, provided a great deal of original material that was later moulded into stereotyped stalinist shape. Russian emigres gave their own version, or rather versions, of the reasons for their defeat. Mr Footman's purpose was to provide an objective picture on the basis of the conflicting evidence.

Having carefully sifted the wealth of available material, he has selected the crucial episodes of the conflict. After a brief introduction, tracing the course of the war and giving the grounds for his selection, he takes the reader along the shifting fronts of the civil war from the Don, through the Urals to Siberia and then back to the south. His method was partly imposed by his subject. In a single volume it was impossible to write a detailed, comprehensive history of such a complicated, and not exclusively military, conflict. But Mr Footman's method has its drawbacks. By sketching successive parts of a vast canvas, he does not always enable the ordinary reader to follow the whole picture. And lastly, he does not quite answer the key question about the reasons for the bolsheviks' victory.

To attribute it to bolshevik "ruthlessness," or to the skill and determination of Lenin and Trotsky, is certainly not adequate. In a brief conclusion, Mr Footman quotes Trotsky's saying—that "in the unstable poise of a scale only a small weight is enough to decide"—and suggests that the party may well have been that weight. In that case, it may have been worth while to place more emphasis on the part played by the bolshevik party in defence of its revolution. The interesting chapter on the Red Army has too little weight in the general balance of the book. Probably reacting against stalinist propaganda, Mr Footman has viewed most of the war from the loser's angle, not the winner's.

Some of the reasons for the defeat of the Whites appear in the carefully documented descriptive passages. The vagaries of some Socialist Revolutionaries and Mensheviks show that there was no middle road in this conflict. The opponents of bolshevism were, willy nilly, thrown into the arms of the defenders of the Tsarist order. The author is at his best when describing individual episodes, such as the abortive British expedition to Archangel or the strange vagaries of the Czech Legion. Best of all is the final saga of Makhno, the anarchist peasant guerilla leader, who fought with the bolsheviks and then against them. Mr Footman may not have written the history promised in the title, but he has written vivid and interesting essays in white and red.

Outside Advice

The Organisation from Within

By Cyril Sofer.

Tavistock Publications. 191 pages. 25s.

ONE of the troubles facing social scientists is where to find their opportunities for research in a world not yet convinced of the value of social science, at least outside the United States. In this country the Tavistock Institute of Human Relations has tried to find a way of solving this by seeking to combine therapy with research. Dr Cyril Sofer's book is an example of this double process. He provides three case histories of his work as a social consultant. He was asked by an industrial firm to assist in the selection of a senior manager, by a medical research unit to advise on the problems of working within the normal framework of a hospital, and by a technical college to lead a research project into the function of a department of management and production engineering.

What emerges from his story is that as an objective outsider Dr Sofer was in each case able to give valuable assistance to the people concerned—by getting down to a precise definition of the problem they were up against, and suggesting how it could best be tackled within the context of each particular organisation. For example, he was able to show the industrial firm how the selection of a senior manager was dominated by the conflict between the needs of the firm for high grade personnel, and the desire of the board to keep all top posts among the original founding family. So far so good. What Dr Sofer does not show is that his particular therapeutic approach (rather than common sense) enables him to be of such help. Indeed the case histories revealed that his method of working brought its own complications. In each case, after some initial hostility, his temporary employers became very dependent on him, as in individual psychotherapy, and were reluctant to let him go.

While Dr Sofer's work undoubtedly provided him with excellent opportunities for studying organisations from the inside, it raises the following question. Do we, in fact, want a state of affairs to develop in which people are made to feel: here is a human problem, let us call in the expert on human relations? In the United States, large organisations, particularly in industry, have gone a long way towards basing their administration on the latest developments in social psychology. The disadvantages of such an approach have been clearly illustrated by William H. Whyte. Dr Sofer is in danger of creating for us his version of the Organisation Man.

No Day-Dream

Castle in Italy

By Lina Waterfield.

Murray. 277 pages. 28s.

THE title is romantic, calling up the echo "Castle in Spain," the very essence of day-dream. The *fortezza* at Aylla certainly was romantic, and so was Poggio Gherardo, the other Italian home of Lina Waterfield; so, too, was Fyvie Castle, in Aberdeenshire, where some of her childhood was spent. Many of the ingredients of her autobiography are undeniably romantic, for she was an exceptionally beautiful girl, high-spirited, unusually intelligent, connected with a number of interesting people. She made a romantic and idyllically happy marriage. She also became a power to reckon with in Mussolini's Italy, for she was very well informed, a woman of complete integrity, and quite intrepid as a journalist. But, remarkable as her chronicle is, the tone is not in the least romantic nor, although she looks back over nearly ninety years, is it at all nostalgic.

Reminiscences of childhood, amusing stories about famous people, accounts of undertakings that demanded great courage and resource, they are all set down with the minimum of fuss. The autobiography does, indeed, suffer a little from the lack of high-lighting. Another woman might have made the same material sound far more dramatic. Mrs Waterfield does permit herself occasionally to regret her stoic disinclination to react demonstratively in emotional moments. This reserve governs the whole ordering of her story; and though her reticence makes for a certain monotony, no attentive reader could fail to recognise, through the very simplicity of the style and the complete lack of affectation, the author's fineness as a person.

OTHER BOOKS

THE AMERICAN DEGREE. By Bernard Mellor. 2nd edition. *Hong Kong University Press. London: Oxford University Press.* 65 pages. 7s. 6d.

This is a most useful evaluation, helpful not only to the intending student but also to anyone who wants factual information about America's multitudinous universities, about the courses they offer, the quality of their degrees and the cost of attending at least some of these establishments.

SOCIAL SECURITY IN BRITAIN: *A History*. By Harold E. Raynes. 2nd edition. *Pitman*. 272 pages. 30s.

THE CORRESPONDENCE BETWEEN RICHARD STRAUSS AND HUGO VON HOFFMANNSTHAL. *Collins*.

This correspondence, which was reviewed in our issue of December 23, 1961, was translated by Ewald Osers and Hanns Hammelmann.

LETTERS

Mental Hospitals

SIR—The hospital plan for England and Wales emphasises that short-stay patients suffering from mental illness should be treated in psychiatric units attached to general hospitals, and a footnote to your table showing the proposed number of hospital beds in 1975 states that there will be 12,000 of these psychiatric beds. Yet in that year there will still be no fewer than 108 mental hospitals, of which 25 will have 1,000 to 2,200 staffed beds, and will treat medium-stay and long-stay patients.

The division of patients into short-stay, medium-stay and long-stay categories is misleading and is not one that can be accurately forecast in respect of patients seen for the first time. Presumably, therefore, all patients mentally ill for the first time will be treated in the general hospital psychiatric unit. What then will be the future function of the mental hospital? There is a grave danger that once again it will be mainly custodial.

The Mental Treatment Act of 1930 enabled patients to submit voluntarily to treatment, without being certified: the presence of these short-stay, less severely ill patients led to an improvement in standards both of accommodation and of staffing, and to the starting of open door admission units.

All these improvements have become even more marked with the procedure for informal admission under the recent legislation. The presence of patients suffering from minor mental illness and of patients whose illness has a good prognosis, together with new methods of treatment and the bigger turnover of patients—all this provided a stimulus to the whole hospital and benefited particularly the long-stay wards.

Now it seems to be proposed that this group of patients, usually so rewarding to treat, will no longer come direct into the mental hospital. One fears that in consequence the chronically ill and the demented old people will form the bulk of the admissions. The removal of the early case will withdraw the interest and stimulus from those who care for the long-stay cases, and the danger arises that the work will be insufficiently interesting to attract staff in the numbers and quality that these cases nevertheless require.—Yours faithfully,

Bexley Hospital M. RADZAN

Broiler Fowls

SIR—Your statement in the issue of December 30th that the broiler industry in this country has developed without protection does not withstand close scrutiny.

First, there is a tariff of 3d. per lb. on all imported poultry of non-Commonwealth origin. Although this is a low rate compared with duties on many other foods, it nevertheless does provide some protection.

Secondly—and far more important—the importation of frozen chickens from countries with large outputs—chiefly the United States, Poland and Hungary—is prohibited, under the Poultry (Carcases) Landing Order. These regulations have no relation to the balance of payments and their ostensible purpose is to exclude poultry from countries afflicted by fowl pest. Despite this restriction, outbreaks of this disease still occur quite frequently and, on a pro rata basis, the experience and incidence in this country do not compare favourably with the United States. In recent years, it has become increasingly obvious that the official landing restrictions have become, basically and mainly, a protective mantle against the possibility of large-scale importations from the United States and other cheap sources of supply.

If American frozen broilers could be sold in this country, a price reduction of between 10-15 per cent could be achieved at the retail level, notwithstanding the 3d. per lb import duty. Production costs in the United States are still well below the levels achieved here. This is hardly surprising, in view of the fact that the British industry is based, almost entirely, on imported and therefore more expensive feeding stuffs.

The advent of the British broiler industry, with its considerable capital investment in processing and distribution facilities, has created a number of vested interests, including the suppliers of feeding stuffs. In the absence of protection, the British industry would not have reached its present size but, on the other hand, the consumer would have benefited by way of lower prices—Yours faithfully,

Caterham, Surrey PETER KAUFMAN

Moving the Cash

SIR—In connection with the important problem of the safe transfer of money between banks and business organisations, recently underlined by the publicity given to bank robberies, Mr Millard (January 13th) makes an interesting comment on the position of the insurance companies as the people who really "carry the bag" in this matter of carrying the cash. His suggestion that the insurance companies should organise their own safe conduct service is one possible approach. But even simpler and safer would be a change by which the need for these large transfers of cash could be largely eliminated. A system of meeting payrolls by bank cheque, as in America, or by more extensive use of post office cheques, as on the Continent, could achieve this. Admittedly, a change in British law would be required. But surely, at a time when even a decimal currency is being considered, it would not be asking too much to abolish restrictions on payroll cheques dating from mid-19th century truck payment abuses.

Curiously enough, this is one of the rare areas where international payment mechanisms seem to be ahead of domestic ones. Gold, if it has to be moved from country to country, normally does so by a short trip from one part to another of the vaults of the Federal Reserve Bank of New York. Eyebrows were raised recently when the Government of Thailand decided that it wanted to have the satisfaction of physically holding the gold and therefore went to the expense and risk of having it shipped to Thailand—thus returning to the outmoded practices of payment so widely adopted for domestic transactions.—Yours faithfully,

New Vernon, NJ EDWARD SYMONDS

London Airports

SIR—The current failure of Gatwick Airport is due to poor approaches to a much greater extent than so far reported. Intending air travellers mostly use public services because it is expensive to garage private cars for a long period. London Airport provides bus services to the centre exclusive to air travellers; Gatwick, further in mileage, is represented as equal in time, but this calculation depends on use of the Brighton railway, overcrowded throughout the holiday period, and on the uncertain chance that extra carriages, often insufficient in number, may be attached at Gatwick. Coaches from London Airport cover a wide area of the west country; those passing Gatwick a comparatively narrow belt as far as the south coast. Most seriously, London Airport has good bus connections in the two remaining directions, north and south; Gatwick has no direct connections at all east and west, and the greatest need is for adequate bus/coach services in one direction to Tunbridge Wells, Tonbridge, and Maidstone, in the other to Dorking, Guildford, and Reading.

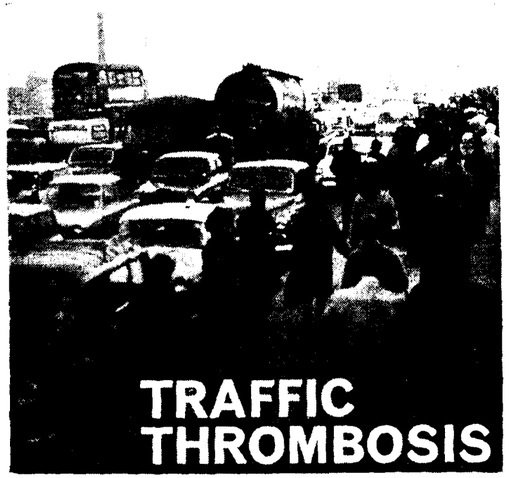
The limiting factor is that Gatwick lies just within the London Transport area, which, owing to a historical accident, bulges in the south to an artificial line far outside "London" as defined for any other purpose. Lack of adequate road communications across this line is a nuisance to several places, of which Gatwick is only one.

The rigidity of one nationalised organisation now hinders another. If the London Transport area were cut back at least as far as the A25 road, commercial companies would be free to compete for licences for the potentially valuable Gatwick airport business, and the airport would then have a much better chance of prosperity.—Yours faithfully,

Sevenoaks DOUGLAS W. FRANKLIN

HOME REPORT

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



FROM OUR SPECIAL CORRESPONDENT

LONDON was allowed to make an unmitigated fool of itself last Monday, and for the sake of town and traffic planning in the next decade this was a splendid idea. The Ministry of Transport and Scotland Yard will not have the same chance to conduct so massive and uninhibited an experiment again. Henceforward they will be obliged to do something on strike Mondays, and the effect of even the timidest measures will help to conceal, once more, some of the realities that Londoners this week were digesting for themselves.

In the short run (which probably means the next batch of Mondays) there are four major lessons to be learned. First, in a transport strike and particularly a tube strike (for which also read local congestion as traffic increases) the most important single factor is public information: about the transport facilities that actually are available, the routes that have become totally congested, and any special measures that the police may be organising at particular points. These change constantly from hour to hour and the radio is the only way to make them known. On Monday morning the BBC broadcast two announcements, both very early, which did little to ensure that the tubes and electric trains in service were properly used (e.g., 20 trains continued to run on the Central tube line and 19 on the Northern). This is precisely the job that local radio could do very well. Possibly the police themselves had little useful information about routes to give over the air; if so, the sooner they put helicopters to work in sorting out traffic the better.

Secondly, parking. The one bit of news that was known in advance was that there would be free parking in the central area throughout the day. This was an open invitation to every one of the 300,000-400,000 car owners who normally use public transport to try their luck, irrespective of whether their own trains were running or not. This swelled the incoming tide (at about 1.5 persons per vehicle) and parked, and double-parked, cars restricted movement throughout central London. Some zoning ought to be reimposed: it should not be thought a great hardship for a motorist to walk his last quarter of a mile, particularly if this reduces traffic over the Thames bridges.

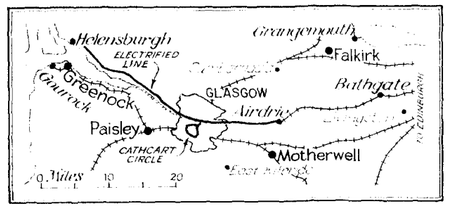
The third point appears to have been grasped by the authorities in their plans for next week. The flow system (using two or three lanes of the road for the preponderant traffic stream) is sensible, provided parking and delivery rounds are banned along these clearways. More one-way traffic may eventually be feasible, but it demands a far greater knowledge of London's street system than the suburban motorist plainly possesses. This ignorance had at least one good effect on Monday: it left the side streets free for ambulances and taxis.

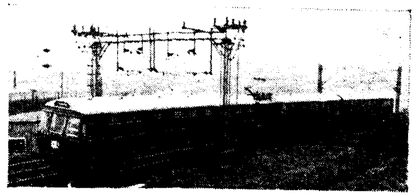
Fourthly, the value of the bus in congested, slow-moving traffic is highly questionable. Many central buses were running half-empty (except from rail terminals) simply because they were caught in jams; and their size and inability to diverge from the set route helped to add to congestion at the big intersections. It is conceivable that London would actually have done better with fewer buses (i.e., if some garages had gone on strike) on certain routes: those that did run would then have been fuller and the road space left free by the others would have helped the private cars to manœuvre more freely. Buses normally cope with no more than 17 per cent of London's commuter traffic: one doubts if they really did appreciably better last Monday.

The longer-term answers should be even clearer now. They are none of them new; the only problem has been to get public opinion to look at them at all. The police are calling for more staggered hours and for up to 20 per cent of office staffs to work at home next Monday. Staggered hours are not as impossible as many employers like to make out: between 1957 and 1960 50,000 workers had their hours changed from the maximum peak periods. It is a beginning. The chief permanent improvement here would be to get the bulk of routine goods deliveries in the office areas over by 9 a.m.—some trades already do this. Why not more? The point about working at home is that a proportion of London office staffs (20 per cent is a nice round figure to aim at) ought to be working at home all the year round: that is to say, in office buildings in their own suburbs and in new and developing towns throughout the south-eastern area. A payroll tax in central London, or a special rate on offices levied by the Greater London Council, is the most discriminating way to weed out the inessential operations.

WITH parking the emphasis has to be on providing more off-street parking in the central area (with tough requirements for new office blocks) and on making the motorist pay stiffly for occupying kerbside space (meters) and adding to London's traffic at all. Mr Marples was saying the right things on these points last month. But the motorist must also have an incentive to behave rationally. If he stops on the periphery of the inner ring and takes public transport into the centre, he must be sure of good parking facilities first. Cannot something be done in places like Hammersmith and Battersea? The local councils do not seem to think so, but possibly the borough mergers and a touch of the whip from the GLC will shake them up. And on the outer ring it is still far from certain that public transport is quick enough or capacious enough to encourage the motorist to entrust himself to it. When it comes to apportioning space (e.g., should disused railway lines be reactivated with modern equipment or turned into motorways?) one's preference would be to encourage the railway at distances of over five miles. Or do we wait a decade for the hovercraft? These are all London's peculiar headaches, but, as the following article shows, there are other cities that are beginning to realise they have serious troubles of their own.

After the Blue Trains





FROM A CORRESPONDENT IN GLASGOW

IN the narrow, tightly-packed Clyde valley through which Glasgow impels its incessant, turgid and frustrated traffic, the idea of an integrated public transport system has seemed both sane and inevitable, except when the local transport authorities have bent their imperial minds to working out the details. Much of the Inglis report of October, 1951, has remained, with one major and signal exception, a neglected blueprint. Its traffic calculations were made before the family car decisively emerged in central Scotland in the mid-1950s (although car-ownership in Glasgow itself is still below the national average), but its recommendations for the commuter have a continuing ring of sense about them. Now the regional concept, dusted off and smartened up, may get its second chance.

The breakthrough that has started the first faint stirrings inside Glasgow's city administration has been the delayed but now hopefully remunerative arrival of the Blue Trains, the electrified suburban service between Helensburgh and Airdrie which the Inglis report primarily called for. British Railways has spent £16 million on this line; and at last, after a series of explosions and an embarrassed reversion to steam working, the trains are using their speed, passenger capacity and reduced fares to cream off commuters from Glasgow's own buses and Scottish Omnibuses.

Passengers on the line have risen to 250,000 a week, compared with 90,000 in 1960, and receipts to over £17,000 a week from £7,000; at one station, it is claimed, the rise is over 6,000 per cent. A second electrification south of the river on the short Cathcart circle line is imminent, and if the customers keep coming BR is likely to pluck up courage and electrify a further line from Gourock to Motherwell.

This development, if it is persisted in, must eventually be a powerful argument to the bus operators to think seriously of running services to railhead stations around Glasgow's periphery and cutting down certain services into the centre of the city. This would help, in turn, to relieve some traffic congestion in one of the slowest-moving town centres in the country; and on some of the reduced bus routes a more rational operation should be worked out between Glasgow Transport and Scottish Omnibuses. At present Scottish Omnibuses can only pick up passengers on outward routes and set them down on inward routes within Glasgow's arbitrary city limits: this makes sense for genuine long-distant traffic, but not on short-distance suburban services.

In the hey-day of its tramcars (the last of which are soon to disappear for good) Glasgow ruled the transport world far beyond its borders. Now it is hemmed in upon itself, and the reverberations of thwarted ambition and warring imperialisms have taken a long time to die down. Last month, with the Blue Trains upon her, Glasgow's independently-minded Lord Provost, Mrs Jean Roberts, persuaded her corporation to set up a special committee to improve public transport inside the city. Only the dimmest councillors have failed to conclude that little real purpose will be served unless the committee aims at creating some sort of central Scotland passenger transport board.

THE truth is that regional planning now involves the large unit of central Scotland, in place of the purely Clyde valley concept of recent tradition. Glasgow has been acutely aware of its own central problems since a beginning was made to the twenty-year plan to redevelop 29 districts of the city at a cost so enormous that no one has ever dared to add it up. This plan is designed both to oust the slums and relieve much traffic congestion by providing a modern street system, based on inner and outer ring roads and on the improved Clyde crossings at the Whiteinch tunnel and the still-distant Carnoustie Street bridge.

But now the city itself is being dispersed into new and satellite towns throughout the Forth-Clyde region. There are prospects of new light industry once the Motherwell strip-mill starts producing later this year. East Kilbride has been built since the war; a further 200,000 Glaswegians are to go to Cumbernauld and Livingston new towns and to other, older burghs. The British Motor Corporation's plant is going up at Bathgate. Falkirk and Grangemouth could finally merge into a big city complex.

It happens that the Scottish Office (which took over the Ministry of Transport's responsibilities in 1956) has begun to lay down the road network for this new development. In the past five years almost £50 million has been spent on major road-works (including £17.5 million on trunk roads) and this expenditure should double over the next five years under a new system of priorities worked out at St. Andrew's House. The trunk roads system linking Edinburgh and Glasgow with the Borders, with Stirling, and with each other is showing signs of modernisation: the Clyde tunnel and the Forth and Tay road bridges are becoming established fact. Transport outside the cities is at last being given the opportunity to move smartly now that the roads are being tackled on a regional basis.

Mrs Roberts's special committee is to review Glasgow's own transport under three heads: (1) the best use of all forms, (2) to provide better linking facilities between the railways and the short (14-station), narrow-tunnel Glasgow underground, and (3) to consider what extra transport is required. The municipal departments will produce their briefs, but the real sting is in the intention to hold talks with the British Transport Commission and Scottish Omnibuses.

The sort of report that is needed should look at the short-haul suburban services as an integrated rail and road system. This means insisting on such things as joint timetables, properly designed suburban and peripheral terminals (with parking capacity), and above all transfer tickets for through-booking by bus and train. It should look at long-distance rail and bus traffic in the light of cheap air travel to London, Europe (and other parts of Scotland) from Turnhouse and Abbotsinch (replacing Renfrew) airports. Glasgow will not need the four main-line termini it now has, and perhaps not even the three that Inglis suggested: the extra capacity could be used to improve suburban services and diesel services through central Scotland where necessary.

As for the middle-distance buses (running from three separate centres) Glasgow's highways committee has just revived an old plan to deck over the Clyde from bank to bank above the navigable limit at the Broomielaw for one large bus terminal and car park. This will cost £5½ million, but it is probably the cheapest and certainly the easiest way of getting space in the heart of the town. Sooner or later someone in Glasgow will have to start moving heaven and earth, let alone the Clyde, to set its normal traffic to rights.

Factories in Flats

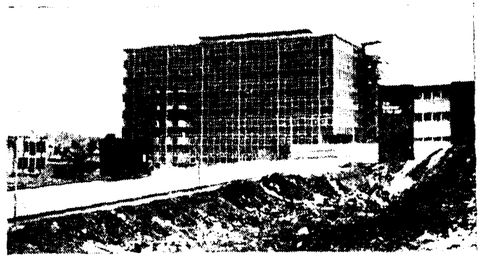
FROM A CORRESPONDENT IN BRIGHTON

BRIGHTON'S first communal factory looks like something out of a town planner's dream. But for many of the small manufacturers whom it is intended to rehouse it presents a nightmare challenge: a hazardous jump from the past into the present. Some of them feel it is a challenge they cannot take up.

New England House was given the blessing of the Board of Trade primarily as a means of catering for small concerns from back streets scheduled for bulldozing or areas where manufacturing is prohibited under the new town plan. Most of these firms are family businesses, either owning their ramshackle premises or paying miniscule rents for workshops they have occupied for years.

The communal factory, housing two dozen enterprises under a single roof, has distinct planning advantages. It is a "tidy" answer to the problem of small, scattered firms. In a town like Brighton, with growing traffic congestion, it is a step towards removing delivery vehicles from narrow side-streets. Instead, it makes it possible to provide a single, easily controlled route to the main communications. (Both the railway goods yard and the main road to London are only a few yards from New England House.) Moreover, for the local authority with the responsibility of compensating disturbed businesses, it vastly reduces the initial expense and promises handsome profits in the future. When New England House is fully occupied it will bring in £30,000 a year.

It has cost £377,000 to provide its 143,000 sq ft of factory floor space. The keynote of the whole project is flexibility, with space allocated in units measuring 30 ft by 45 ft. Main services are available at the top of the eight-storey building, and tenants will have to pay to run them to their workshops. By today's values, the standard rents —available on 21-year leases—are not excessive. For the first three storeys (each of which, because of the factory's hillside position, offers road-level loading bays) the rate will be 7s. per sq ft. The fourth to eighth floors, served by lifts, will be let at 6s. per sq ft. There will also be a small service charge for communal facilities, such as window cleaning and the upkeep of staircases and lifts.



Small man's nightmare?

THERE is no shortage of would-be tenants from outside the Brighton redevelopment area, but before outsiders can be let in the displaced local firms must be given first refusal. As an added concession, these are being offered special low rents of 5s. 3d. and 4s. 3d. per sq ft—but only on seven-year leases.

Independence means a great deal to many old-established little firms. Some are opposed to the very idea of becoming corporation tenants; others feel they cannot afford even the reduced rents. Many of those prepared to take a chance fear that at the end of a short lease they may have to renew at rents even higher than the outsiders are paying.

Only about three-quarters of the factory space has so far been let to local firms. Of those that are going in, only a small number have claimed priority rents on a short lease: the others have chosen to sign for 21 years. Among those that do think it worth while are a clothes manufacturer, who will occupy an entire floor with 200 workers, a window-blind maker and a shoe manufacturer.

Brighton corporation says encouragingly that savings can be made both in space and staff. But one small printer, who has owned and occupied his premises for three decades, reckoned it would cost him £30 a week in rent and rates if he moved to New England House. And what sort of economies was he expected to make with a staff of a dozen? Like a number of others, he has plumped for full compensation and is seeking new premises for himself. For the corporation it is one subsidised tenant the fewer.

Coals to Ulster

FROM A CORRESPONDENT IN BELFAST



NORTHERN IRELAND is perpetually irritated over coal. But some Ulster people have more reason to nag about prices than others. Industry, for example, gets a fuel subsidy of nearly £1 million a year to help manufacturers meet the higher costs of coal and other fuel. Housewives are less fortunate: yet they do at least have a champion in Mr Edmund Warnock, a former attorney-general and now the most rebellious member of the parliamentary Unionist party.

Now Mr Warnock has ridden forth again. He told the Minister of Commerce that he should "immediately and forcefully" protest to the Minister of Power in London and to the National Coal Board about the proposed increase in the price of domestic coal in Ulster to "ensure that the already overburdened householders in Northern Ireland should not be required to bear this additional burden." If satisfaction could not be got, Mr Warnock declared, domestic coal should be subsidised out of the money that Mr Selwyn Lloyd promised to pay back to Northern Ireland from last July's increase in purchase tax.

Ulster householders do indeed feel they are unfairly treated over coal prices. The cheapest grade of coal costs £10 a ton, which is nearly £2 more than in, say, Liverpool. Moreover, Ulster does not get the benefit of the coal board's summer prices designed to encourage stockpiling for the winter. The chief reason for Ulster's difficulty was explained by the Robson committee on coal distribution costs in 1958. "There is little or no competition in the Northern Ireland coal trade," the Robson report said, ". . . . it would be to the consumers' advantage if the more efficient firms were to enter into vigorous competition with others . . . thereby helping to keep down the costs." There is, of course, more than one form of fair competition.

Thus Nationalist MPs at Stormont have been demanding that Ulster should break through the United Kingdom restrictions on importing cheap foreign coal: recently they suggested that coal should be bought from South Africa at £6 10s. a ton. In particular, they cite Dublin's recourse to the United States and Poland two years ago, which forced the National Coal Board to lower its prices in the Irish Republic. As a result southern Irish consumers got British coal at £2 a ton less than Ulster consumers.

Manfully, the coal merchants in the Republic agreed that this blessing should be widely dispersed, irrespective of politics: they found, in fact, that there was no law to prevent them sending NCB coal into Northern Ireland. Housewives across the border in Derry, Fermanagh, Tyrone and South Down were happy to take advantage of the NCB's cheap export prices; their only complaint was of unneighbourly profiteering by the cross-border carriers. Some supplies went as far inland as Ballymena in Antrim.

This trade seems to have kept up ever since last summer, when the NCB, after complaints by Unionist MPs at Westminster, increased the price of coal in the Irish Republic by 35s. a ton. All the same it was judged a hard blow by those who believe enterprise to be a fine thing.

Chemicals from Oldbury

...and Susan Yeoman's nightie

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The Albright & Wilson Group



Nyhavn Canal, Copenhagen—just 20 minutes from a Bank of America office. Photo by Philip Lustig.

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AMERICAN SURVEY

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

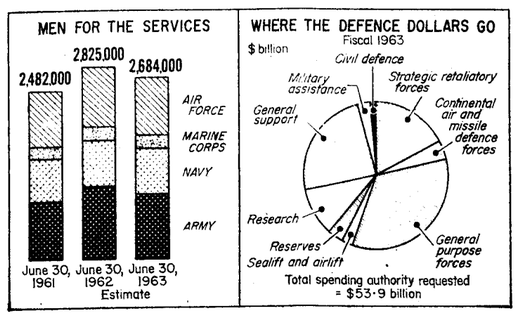
Defence in Glass Houses

WASHINGTON, DC

In the President's Budget for the coming year a new peak of armaments is being added to a range already Himalayan. America's nuclear strength is much greater than Russia's and America also has more bombers and warships. But the Secretary of the Army, Mr Stahr, has said that both nuclear and conventional strength must be increased further because such military power coupled with iron will is the only language that communists understand. Last week, however, the Under Secretary of Defence, Mr Gilpatric, expressed the fear that the Russians might feel so overwhelmed as to be provoked into some dangerous sortie. The enemy, he seemed to think, ought to be made to feel inferior, but not too inferior. This apparent ambivalence makes American policy towards the communist world hard to expound and helps to explain why speeches by generals and admirals that are ghost-written by professional speech-writers in the Department of Defence are censored by professional speech-readers mainly in the Department of State.

The chief reason for the rising cost of defence is that the government has settled the debate about whether to rely on massive retaliation or to prepare to win limited wars by coming out in favour of both. This is what Americans had been told previously that they could not afford. But when nuclear weapons will be used and when they will not cannot be known in advance. There is, it appears, in the experts' minds a spectrum of possible communist onslaughts that ranges from subversion to large-scale military attack. The United States cannot counter subversion with atomic weapons, but beyond that it will use whichever weapons suit its purpose best.

Military forecasting is the most difficult of all forms of prediction. The Secretary of Defence, Mr McNamara, has issued a warning that the sum proposed for defence for the fiscal year 1963, which begins next July, may not be enough if the situation in Berlin has got worse instead of better by the end of June. Much also depends on what the United States thinks that Russia will do next. For instance, Mr McNamara said in a long statement on his budget that the existing system of air defence, which costs $2 billion a year to maintain, was designed primarily for defence against mass attack by a large force of manned bombers which unaccountably the Russians did not build in the end. In spite of this Russian failure to live up to the expectations of the western planners, he is now assuming "as in fact we must," that the Soviet Union will eventually build a large force of intercontinental ballistic missiles and that the air defence system must be altered accordingly. Peering further into the uneasy future, Mr McNamara said that the time will also inevitably come when the United States will have to try to be on guard against unfriendly satellites as well as against hostile missiles.



The grand design now is that the strategic retaliatory forces will be reserved for Armageddon and the general purpose forces will be used for any war short of it. The Secretary of Defence said that hitherto the American Air Force had concentrated too much on the problems of a short nuclear war and that the Army had thought in terms of a longer, large-scale conventional war but was not equipped to fight it, having over-supplies of some kinds of equipment and grave shortages of others. The hope, it may be assumed, is that more balanced as well as more massive military strength will make the United States more confident, and therefore more flexible, in its diplomatic dealings with Russia, since it will henceforth possess military alternatives. Apparently it is just such flexibility that the American right wing indignantly rejects, calling it a "no-win" policy.

Armageddon, should it ever come, will be fought with nuclear missiles and bombs, each capable of destroying a modern city or a missile base, according to which target is chosen. The missiles would be fired from underground vaults and from submarines at sea and the bombs would be carried to their targets in some twelve hundred aircraft, half of which will continue, as they are now, to be on a fifteen-minute alert around the clock. Congress pressed $515 million on Mr McNamara last year, urging him to buy B-52 bombers. But he felt that the sum would not buy enough of them to be significant, and for it he could have more missiles or Polaris-equipped submarines, with a better chance than bombers have of surviving long enough to strike back after a Russian attack. But in the next few years he will spend a billion dollars or so on experiments with the high and fast B-70, an aircraft which he thinks might be useful for assessing damage done to the enemy and for supplying the American missilemen with information about fresh enemy targets. He is evidently not prepared to gamble on Armageddon lasting only a few hours.

The general purpose forces will be armed with more of the conventional weapons, as well as with tactical nuclear weapons, and supported by 824 ships, including an eighteenth aircraft-carrier, as well as aircraft. There is a modification of the earlier notion of "pentomic divisions," away from unlimited war. The pentomic units were visualised as highly mobile and self-sufficient and so able to sustain themselves and to continue fighting in an environment that had become a nuclear desert. This nightmarish concept has evidently ceased to be fashionable and Mr Khrushchev's brandishing of megaton bombs is regarded almost indulgently, as evidence of a Russian cultural lag in military matters. But the Berlin crisis last year did uncover the fact that eleven American divisions were ready for combat instead of the sixteen regarded as the minimum essential for the conditions of the cold

war (and then only if the other partners in the North Atlantic Treaty Organisation pulled their full weights). Sixteen regular divisions are to be provided by slightly increasing the size of the standing Army and cutting fat from logistic support.

The Army and tactical Air Force come under a new strike command. All the military spies are put under one management, called the Defence Intelligence Agency, and the so-called "special forces," the guerillas and the counter-guerillas, the psychological warfare experts and the regional and language experts, under another. The task of the special forces is to cope, in Latin America, south-east Asia, central Africa and the Middle East, with what Mr McNamara calls "political assassinations, robbery, arson, subversion and bribery," and what Mr Khrushchev calls "popular revolts and wars of national liberation."

Hitherto the Army, Navy and Air Force have managed to preserve their sovereignties and have fought one another fiercely for supremacy while civilian Secretaries of Defence looked on almost helplessly. But the services are apparently resigning themselves, though grudgingly, to Mr McNamara's new order because he seems to be letting them have, if not all they could possibly want in the way of new weapons and money, at any rate considerably more than they got when the President of the United States was a general. In return, Mr McNamara looks like exercising his powers more fully than his predecessors did and over a much more centralised as well as a larger military machine. The Joint Chiefs of Staff were intimately involved as never before in the preparation of the defence budget and had scores of meetings with Mr McNamara, together and individually. But his urgent call for unified planning by the services suggests that the United States may be moving in the direction of a single Chief of Staff, in spite of deep-rooted and traditional opposition to such centralisation.

Mr McNamara says that the United States intends to continue the struggle of the cold war in all its forms until the communist leaders "both Russian and Chinese" become convinced that they are endangering themselves as well as their opponents by their aggressive policies. He evidently does not believe that the communist leaders will be convinced soon, for he spoke about replacing "soft" missiles with "hard" missiles, protected under concrete, as the next phase and looked beyond those "next few years" to the coming need for "new strategic retaliatory systems."

Shelters against radioactive fall-out and the new fifteen-minute warning system based on radar stations in Britain, Alaska and Greenland only emphasise that it is impossible in this day and age to provide an absolute defence for the continental United States and that missiles will always get through. After the era of the missile comes that of the attacking satellite. This is indeed terror on a Himalayan scale. No wonder that Mr Gilpatric said that there was a great need to get away from "the conception of a race, a competition, a struggle always to be ahead." Unfortunately, trying to catch up with and then surpass the United States is a constant preoccupation of the Russians, who in the matter of arms control have shown little genuine inclination to follow the advice of Bernard Shaw and to discuss the subject "quietly and cautiously, as becomes people who all dwell in the same glass house."

Bargaining for Expansion

IN his request to Congress for a new **Trade Expansion Act** to enable America "to meet the challenge and opportunities of a rapidly changing world economy" President Kennedy lists four fundamentally **new developments** which have made obsolete the 28-year-old Reciprocal Trade Agreements Act since it was last renewed in 1958.

1. **The growth of the European Economic Community** has produced a common market nearly as large as America's own but one with which, for internal reasons, it is impossible to negotiate reciprocal tariff reductions on the old, slow, item-by-item basis. Today America's best customers are in western Europe but the United States may lose its share of that market if it cannot bargain for reductions in EEC's external tariff. The main reason why Mr Kennedy wants the new trade legislation this year is because he hopes through it to bring pressure on EEC before its policies have crystallised. Many Congressmen, however, would prefer to wait and see if the community develops in a way which makes the new legislation necessary.

2. **The recent deficits in the international balance of payments** of the United States make it essential that Americans export more in order to offset the dollar drain of their military spending abroad and of other foreign aid.

3. **The need to accelerate America's own economic growth,** and in particular to provide more jobs for Americans, can be met in part by selling more in Europe's rapidly growing market where the demand is largely for the type of goods produced by America's most efficient and expanding industries. If these industries are prevented by tariff barriers from increasing their share of the European market they will be tempted to export capital and employment by setting up more plants in Europe. More foreign trade will also help to prevent inflation at home.

4. **The Communists' economic offensive** in the less-developed areas of the world must be contained by giving these countries new outlets for their raw materials and manufactured goods.

THUS Mr Kennedy argues that America's efforts to maintain the leadership of the free world depend on the Trade Expansion Act which he begs Congress to treat as a national not a partisan measure. Certainly the divisions on it will be on regional and industrial rather than on political lines; but equally certainly the divisions will be sharp.

The President wants power for the next five years:—

1. to reduce existing tariffs by 50 per cent in bargaining with any country.

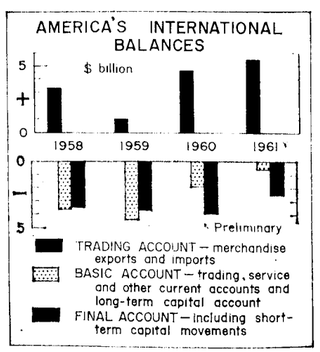
2. to reduce or eliminate entirely tariffs in bargains with the common market countries on those groups of products in which 80 per cent of world trade is in the hands of the EEC and the United States together. These are mainly industrial goods and accounted for nearly $2 billion worth of American exports to present and prospective EEC countries in 1960 and for about $1.4 billion of imports from those countries.

In both cases the reductions would take place gradually over a period of five years and would be negotiated on broad categories of goods, not on individual items—on organic chemicals as a group, for example; reductions would only be granted in return for equivalent concessions on the same or different groups of products by the other party to the bargain.

3. to reduce or eliminate all restrictions on imports of tropical agricultural products, provided the EEC does the same. These are the staple exports of many less developed countries; increased sales of these products would enable them to finance more of their needs themselves. Trade with Latin America, Japan and other countries outside the common market would also be expanded by the American negotiations with EEC because concessions obtained in this way would be extended to others under the most-favoured-nation principle. The President is determined that America's trading partnership with the EEC shall be non-discriminatory.

4. to assist companies, farmers and workers who suffer from increased imports as a result of the tariff reductions; in fact imports compete directly with only 1½ per cent of America's industrial output. In the past such assistance has been provided by a complicated system of peril points and escape clauses; these would be continued but on a broader basis and with more discretion for the President. Mr Kennedy also wants to provide unemployment and relocation allowances and retraining for workers who are jobless as a result of imports, and technical advice, tax benefits and loans for businessmen or farmers who are adversely affected by imports.

He emphasises that this help would be temporary, to enable the people concerned to readjust their activities to new conditions. The proposal will help to reconcile trade unionists to the tariff legislation but the businessmen who object to foreign competition are usually those who are inefficient and inadaptable and who cannot face economic life without protection.



President as Politician

IN spite of Democratic promises during the election campaign, no new civil rights legislation was submitted to Congress last year and it has been very widely assumed that the President would continue to avoid giving offence to the Southerners, whose votes he needs for his trade programme and for other legislation with high priority. The Republicans have been making the most of this embarrassing chink in Mr Kennedy's armour. But last week Mr Mansfield, the Democratic leader in the Senate who a few days earlier had declared that he could see no civil rights legislation on the horizon, found himself introducing a Bill, drafted in the Department of Justice, to prevent southern Negroes from being disfranchised by arbitrary tests of literacy. It provides that six years of education at a tax-supported or private accredited school shall be adequate proof of literacy for a vote in federal elections—those in which the President and members of Congress are chosen.

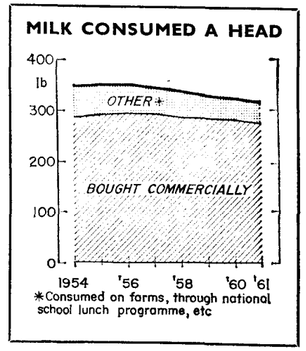
There is also a sting in the Bill's tail for Governor Rockefeller. One section provides that Americans who can read Spanish, but not English, may not be disfranchised. The biggest number of Spanish-speaking Puerto Ricans is found in New York City, where it is believed that about 200,000 of them were unable to vote last year because of a state law which requires voters to be literate in English. Should the Bill pass, these Puerto Ricans may show their gratitude by voting for a Democratic Governor this autumn and against Mr Rockefeller's re-election. The Administration has also let it be known that it will support the outlawing of the poll tax on voters which lingers on in five southern states.

Unless the Administration puts its full strength behind these measures, southern intransigence may hold them up. But Mr Kennedy has carefully chosen to stress voting rights, which are far less controversial in the South than schools or housing or jobs. Conservative Republicans who normally co-operate with conservative Southerners will have to part company with them on this issue. They would have been wise to do so last week in the vote in the House Rules Committee on the creation of a new cabinet-level Department of Urban Affairs and Housing. Instead they played into the hands of the President, who was able to express surprise at their lack of interest in the plight of the cities. By confirming that he means to appoint a Negro as the first Secretary of the new department he put additional pressure on Republicans from the big cities with large Negro populations to support the scheme, which he is resubmitting as a reorganisation plan; it goes into effect within sixty days unless it is voted down in either House. However the vote goes, Mr Kennedy stands to gain in the big cities where he won—and the Republicans lost—the last election. He will either have his department and his first Negro member of the Cabinet or an election issue this autumn.

Sacred Cow

IN the farm message which he sent to Congress this week the President asked for tight controls over the agricultural surpluses which are proof of a misuse of resources and which are such a burden on the Budget. The primary causes are the terrifying productivity of American farmers and the political sacredness of the farm vote, but the changing diet of Americans plays its part. Even milk is not immune. Last week Mr Kennedy, sipping a glass, tried to reverse the drift away from milk on the part of the greatest milk-drinkers in the world. He praised it as delicious and nutritious, promised that it would be served with all meals at the White House, guaranteed that it did not contain dangerous amounts of radioactive fall-out and even ventured to cross swords with the doctors who advise adults to avoid milk as a possible contributory cause of heart trouble. But even Mr Kennedy did not tackle the 2 million or more Americans who have given up milk in the past two years because they think it is fattening.

Last year the consumption of milk and its products fell by about 3 billion pounds while production reached a new record, thanks to increases in the support price under both the Eisenhower and the Kennedy Administrations and to the low prices of feed and of beef cattle. Much of the surplus was turned into cheese, butter and dried milk, whose prices are all supported; this cost the government $300 million in 1961, compared with half that in 1960, and will cost around $500 million this year. Dried milk is a mainstay of the food-for-peace programme and in a perfect world the surplus of milk would be used to feed its 650 million hungry children instead of being pressed on reluctant American adults. But the United States is already giving away food worth $2 billion a year and Mr Kennedy cannot ignore the effect of any increase in this upon his future Budgets and upon the taxpayers.

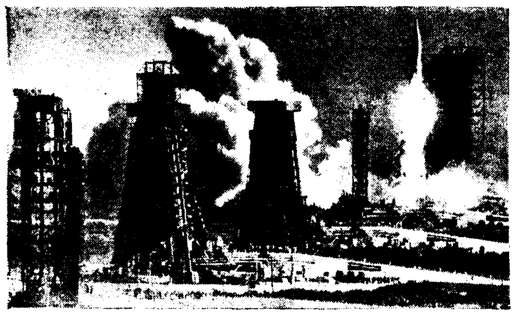


In his message the President proposed to Congress that dairy-farmers should be given a choice between continued high price supports, accompanied by restrictions on their sales, and continued freedom to sell, but with a sharp reduction in support prices. These would be fixed at levels that would hold the costs of the dairy-products programme to no more than $300 million a year. But the dairy-farmers will continue to be cushioned until the end of what is, after all, an election year. Mr Kennedy is asking Congress to extend the present support price from April 1st (when, under the present law, it is scheduled to fall) until December 31st. On this he can count on the co-operation of Congress.

No Go

PERHAPS the assemblies of stars cast their shadows ahead. The conjunction this weekend, to the dismay of Hindus and Buddhists, of eight astrologers' planets is as good an explanation as any other of the Americans' extraordinary bad luck with the conjunction of the artificial craft which they had planned to send into space last week. On January 24th, a collection of five satellites carried on a single rocket, known as Composite I, went wrong about 50 miles up, the rocket's second stage proving too feeble, and fell into the Caribbean. On January 26th, a space vehicle designed to take television pictures of the moon and land instruments on its surface, called Ranger III, went astray by 20,000-odd miles because its rocket pushed it too fast. It subsequently failed to take even long-range pictures of the moon because an antenna was pointing in the wrong direction.

On Saturday, January 27th, this star-crossed series of disappointments culminated in the last-minute cancellation of the attempt to send Colonel Glenn along the earth-circling path already pioneered by two Russians. The sky suddenly clouded over. The photograph of Colonel Glenn's face after he had been encapsulated for five hours, strapped back to earth and face to the skies, showed what the private agonies of the mind can do even to a man as toughened as he is. The attempt to put an American into orbit, already postponed six times, will be renewed on February 13th.



One reaction outside the United States has been to criticise the Americans for giving so much publicity to experiments in which there was inevitably a risk of failure. The answer is that they have undoubtedly earned more respect by handling matters in this way than if they had kept the whole thing secret until they had a success to boast of. The crowds who followed the events of January 24th-27th caught a glimpse, in the maze of gantries and launching pads, of the effort and money the United States is putting into its space programme. The willingness to let the public know about failures as well as successes is what marks off the open society from the cloak-encircled activities of authoritarian governments. And it will do earth-bound people no harm to see what happens to an astronaut before the camera captures him, wrapped in smiles, on his triumphant return.

Wall Street's Far-flung Journal

FROM A SPECIAL CORRESPONDENT

THIS weekend the Dow Jones Company's new Sunday newspaper, the *National Observer*, makes its first appearance. The decision of the publishers of the *Wall Street Journal* to establish their new publication in Washington rather than in New York may have been influenced by the widely-felt need for a strong conservative voice in the nation's capital. But the location—like the project itself—can also be seen simply as a further example of the realistic attitude toward the business of journalism that has made the *Journal* itself an extraordinary success—both professionally and financially—in an era of fading newspapers. One reason for the *Journal's* success was, in fact, its early recognition of the importance of Washington as a news centre and of the need for competent reporting of the proliferating activities of the federal government. Today it often devotes more news space to material from Washington than to that from the country's financial capital, New York, and a far greater proportion than any other periodical, including the *New York Times*.

Its thorough coverage of Washington is only one facet, however, of the *Journal's* excellent reporting of business and finance, to which its attention is mainly directed. Its original, detailed and independent coverage contrasts sharply with most metropolitan newspapers, whose financial pages tend to be superficial, uniform and subservient to the interests of corporate advertisers. Together with the *New York Times* and a very few other newspapers, the *Journal* offers some positive evidence against the attitude, which is alarmingly prevalent in the American press, that "good journalism is not good business." And only the *Journal* has been able to turn to its advantage that central fact of economic life which has decimated the press: the arrival of mass marketing and the revolution it has caused in advertising.

Collectively, newspapers constitute the largest mass medium even though their share of all expenditures on advertising has declined somewhat since the advent of television. But individually the newspapers found that, when the large-scale advertising expenditures on which they depended began to be apportioned almost solely on the basis of the size of audience commanded, the mass marketing bonanza had its disadvantages. Newspapers competing within the same geographical areas found that substantial increases in circulation were very expensive to achieve; costs rose and even the mergers of competing newspapers did not avoid the tendency to cheapen the product in order to gain an even larger audience at less expense.

Certain newspapers, most notably the *New York Times*, have been able to attain "mass" status while maintaining their quality appeal to a specialised "class" audience. And some "mass" papers have either never wholly abandoned their "class" appeal or are returning to it after having tested (unprofitably) the limits of their mass appeal. The significance of the *Wall Street Journal* is that it has been enormously successful while other newspapers have been having hard times. Its total circulation has risen to 820,000 from 707,000 at the beginning of last year. It therefore rivals the *Chicago Tribune* and the *New York Mirror*, both of which have daily circulations of between 800,000 and 900,000. Both, however, have lost circulation rather than gained it in recent years. Since the *Journal's* distribution does not rely on news-stand sales but is 98 per cent by subscription (on which the renewal rate is 68 per cent with 86 per cent on established annual subscriptions), there is little doubt that in the near future it will become the country's second-largest daily newspaper, surpassed only by the 2 million-copies-a-day *New York News*.

The key to its rapid rise, in a period when other newspapers have been lucky to keep pace with the increase of population in their own areas, is that the *Journal* is published and distributed from seven printing plants scattered throughout the country. Material from fourteen domestic bureaux and from correspondents in the United States and abroad is edited centrally in New York and the entire content of the paper is transmitted to the printing plants each day. Since advertising can be purchased separately in each edition, there is some variation in number of pages and fullness of detail, but the front page, the editorial page and most news stories are identical in all editions—even sometimes to typographical

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errors. The paper will soon open its eighth printing plant, in Riverside, California, and there will use a new technique: facsimile transmission, by means of a television-type cable, of whole pages of the paper from its present West Coast plant in San Francisco.

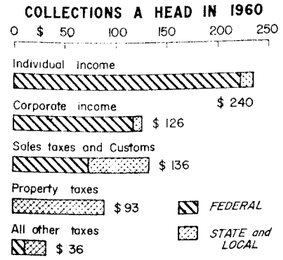
The *Journal's* system of telegraphic transmission, which made possible its national distribution, unique in America except for the *Christian Science Monitor*, evolved gradually over a period of years. The newspaper itself originated many years ago as an offshoot of the Dow Jones News Service which is still widely in use and shares the staff and facilities of the *Journal*. Both were founded in the eighteen-nineties and for many years confined themselves entirely to the stock market. The circulation of the *Journal* grew to 50,000 in the bull market of the nineteen-twenties and an almost entirely autonomous "Pacific Coast Edition" was created in San Francisco. But after the stock market crash of 1929 the combined circulation of the two editions dropped below 30,000 and stayed there until 1941. No doubt the resurgence of the stock market during the nineteen-fifties, which has tripled the number of shareholders in the United States, helped the *Wall Street Journal* to its present success. But the newspaper has so broadened its coverage to include business in general, government, politics, labour, and even occasionally the arts and literature, that its name, with its narrow connotations, has been more of a hindrance than a help.

The *Journal's* horizons began to broaden in the nineteen-thirties when a succession of competent reporters made its Washington coverage so excellent that Franklin Roosevelt once stunned a news conference by admitting that he not only read, but respected the *Wall Street Journal* for its lucid reporting of the New Deal. One of its reporters, Mr Bernard Kilgore, became managing editor of the paper in 1941 (at the age of 32) and president of Dow Jones in 1945. Under his leadership, circulation of the paper multiplied tenfold in less than a decade and has doubled again to its present level. The concept of a truly national newspaper emerged: the Pacific Coast edition was made nearly identical with the New York one, editions in Chicago and Dallas were added in the nineteen-fifties, and printing plants were built in Massachusetts, Washington, DC, and Cleveland, Ohio. Through this system of national distribution the *Journal* has now acquired a mass circulation while preserving its "class" appeal by means of a content that is truly national in scope and impressively high in quality. In the advertising industry it is a highly prized and highly priced medium both for corporate advertising and increasingly for consumer-oriented appeals.

It is conservative and "pro-business" in its editorial policies and coverage, but it has kept its news columns relatively—and surprisingly—independent, compared with most financial reporting. One of its editors won a Pulitzer prize last year for his articles concerning the personal transactions of the president of the Prudential Life Insurance Company. These dealings were questionable enough to cause his subsequent resignation. Editorially, the *Journal* espouses a simon-pure (sometimes simple simon pure) doctrine of *laisser faire* that leads it to depart from the orthodox conservative line by advocating, for instance, absolutely free trade between nations and the abandonment of all "fair trade" laws (for the maintenance of minimum prices). It tends to be suspicious of all politicians, regardless of whether they are Republican or Democratic, and was noticeably cool to both Mr Eisenhower and Mr Nixon during their campaigns for the Presidency. One little known fact which may help to explain how a paper called the *Wall Street Journal* can be so independent is that its controlling editorial group is largely composed of Midwesterners—most of them, in fact, graduates of a very small college, De Pauw University, in Greencastle, Indiana.

An American's Taxes

In the 1960 fiscal year a total of $113 billion was collected in taxes in the United States, according to the Bureau of the Census, with an additional $41 billion coming from other sources of governmental revenue. State and local taxes yielded $36.4 billion and federal taxes $77 billion. Divided among individual Americans, the total came to $630.22 each, $427.85 in federal taxes and $202.37 in state and local ones, just over £225 a head; the equivalent collection from the average Briton is roughly £120 a year, but his annual income is only about half as much.



GE's Trials

THE big manufacturers of electrical equipment hardly have time nowadays to bother with turbines and switch-gear; they are too busy defending themselves. Most of the trouble stems from the conviction of 29 of the companies last February on criminal charges of conspiring to fix prices. Then they were fined, in all, just under $2 million and a number of their officials were sent to prison. But this was not the end of the story; the Department of Justice can bring civil suits to ensure that the wrong-doing is not repeated. Most of the firms involved are considering signing so-called consent decrees, in which they would make promises of good behaviour in future. But GE has refused. The response of the Department of Justice has been to ask the courts to order the firm to refrain from fixing prices not only on its heavy electrical equipment but also on the whole range of its products.

The department argues that this probably unique step is necessary because of GE's "proclivity" for breaking the anti-trust laws; it notes that the company has been involved in more anti-trust cases than any other—36 of them since 1941 (19 are those in which the firm was found guilty last February). In all GE has been convicted 29 times and entered into 7 consent settlements in the past twenty years. The significance of a broad court order is that, if one is issued, the punishment for any violation could be very much heavier than the $50,000 fine which is the maximum under the anti-trust laws. A single infraction might cost the firm $1 million. GE maintains that the department wants to order it not to do things which it has no intention of doing and insists that it will fight the order.

But on another front GE and the Westinghouse Electric Corporation, another big firm, have had to knuckle under. Early last month they reluctantly gave Senator Kefauver's antitrust subcommittee detailed figures on their profits and losses, by manufacturing divisions, between 1955 and 1960. The alternative might have been citations for contempt for the presidents of both companies. The committee's aim is to discover if there is truth in the allegation that "conglomerate mergers"—large diversified firms—keep profits and prices high on products whose sales are closely controlled (such as electric light bulbs) in order to be able to cut prices on other goods (such as appliances) that are manufactured by a number of small competitors. In addition to these worries, the convicted manufacturers of heavy electrical equipment are bracing themselves for the claims for triple damages being brought by past purchasers of such goods. These claims now number about 200 and total hundreds of millions of dollars.

A prospect of progress



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THE WORLD OVERSEAS

Miracle at Naples

FROM OUR SPECIAL CORRESPONDENT

A YEAR ago it would have seemed impossible that Italy's great Catholic party, with its dual personality facing simultaneously right and left, could make a decisive move in either direction without causing a violent convulsion. In July, 1960, it moved to the right and a convulsion followed, but each time its leaders have tried to push it to the left an intangible inhibiting force has paralysed them before they could achieve their end. This week in Naples the miracle occurred.

Quietly and almost painlessly, under the admirably skilful management of the party secretary, Signor Aldo Moro, the Christian Democrats have given themselves a new, unequivocal left-of-centre platform. In so doing they have found a new leader and a new style. Four-fifths of the party, with varying degrees of conviction, have consented to the elaboration of a new party line—a social and economic programme resting upon a fully-fledged development plan, specifically designed to attract the support of the Socialists, whom, until very recently, the Christian Democrats claimed to consider beyond the democratic pale. Some twenty per cent of the Christian Democrat party openly objects to the new line on the ground that it could favour the advent of communism by democratic means. Should the Socialists, they argue, become strong enough to form a majority either with the Communists or with the Christian Democrats themselves, who can doubt that they would revert to their old alliance? But these critics, who found a brilliant spokesman in the outgoing defence minister, Signor Giulio Andreotti, had no concrete alternative to the new line to offer.

The centre position, which has been the party's traditional stand since 1947, was abandoned by this congress, not because of the refusal of the Social Democrats and Republicans to work any longer with the Liberals (which in any case makes the present centre coalition unworkable), but because Signor Moro convinced the congress that the outlook and policy of the (right-wing) Liberal party were incompatible with the aims of Christian Democracy. The party secretary paid a tribute to the Liberals as allies whose past help had been precious in the defence of freedom, but declared that the Christian Democrats could no longer go side by side with them. It is Signor Moro's merit, and a measure of his capacity for leadership, that he has persuaded his party to accept the new line, not as a tactical measure rendered necessary by the situation in parliament, but as a fundamental choice arising out of the nature and inspiration of Christian Democracy. Since Signor Dossetti, who before his retirement from national politics in 1951 was closely associated with Signor Fanfani on the left wing of the Christian Democrats, no Christian Democrat politician has dared to theorise on the affinity between Christian Democracy and socialism. Signor Moro asks his party to seek the help of the Socialists not, as yet, in the form of an organic alliance, but as a necessary element in the parliamentary basis of a government capable of coping with the tremendous social problems arising from the pace of economic change in Italy.

Signor Moro gave three reasons why the party should make this change. First, because the Liberals are reverting to conservative principles which will not wash in a modern industrial society. Secondly, because the Socialists are coming round to democratic forms of government and should be helped in this direction. Thirdly, because industrial expansion aggravates the unbalanced distribution of wealth in Italy, creating problems which call for the immediate intervention of the state. A fourth reason, not mentioned in Naples, was none the less felt there. The church hierarchy has ceased to interfere in the detail of Christian Democrat affairs. The policy initiated more than thirty years ago by Pius XI appears to have been silently dropped. The Christian Democrats are on the way to recovering their original autonomy with one fundamental difference. The old Popular party, their predecessor, had a predominantly rural backing; the present generation of Christian Democrats is making a tremendous effort to adapt the party to a changed condition in which industry has replaced agriculture as the chief source of the nation's wealth.


Persuader: Aldo Moro

The delegates at Naples had expected to hear details of the party's economic plan and to compare these with the outline of a scheme recently published by the Socialists. But Signor Moro gave only a few general hints. Evidently he did not wish the congress to shelter behind the party's plan, offering it to the Socialists with an ultimatum to take it or leave it. His aim was to make the congress approve the policy behind the plan—a policy of approach to the Socialists—and to elect a party council and executive with a composition designed to convince the Socialists that the Catholics are in good faith in proposing a new left-centre line.

The proceedings at Naples were overshadowed by the fear that the outcome might resemble the famous Socialist congress at Venice in 1956, when the delegates voted for Signor Nenni's policy of getting closer to the Catholics but elected a council hostile to this line. There was something alarming at Naples about the very number of supporters of the new line. Apart from a few unexpected and confessedly reluctant converts, like Signor Pella, it is alleged that a number of people have joined the majority with the intention of disrupting it from inside. Of the four-fifths who support Signor Moro, one in three, it is thought, should be classed as doubtful.

If there are wreckers among the majority, this will very soon be apparent, for within a week the party has the ordeal of a government crisis to face. The resignation of Signor Fanfani's government has, in fact, been held back only to allow the congress to express its view. [*The congress ended on Thursday with the expectation, though not the certainty, that Signor Fanfani would form the next government.*]

SOUTH AFRICA IN EXILE

FROM OUR CORRESPONDENT IN SOUTH AFRICA

Devise and Rule

World opinion, it seems, has Dr Verwoerd's government (though not Lord Montgomery) on the hop; "self-government" for the Transkei is one result

IF white South Africans really believed that four million Africans in the "Bantu homelands" were to be given independence in the foreseeable future, Dr Verwoerd's announcement on January 23rd, that the Transkei was to be granted "self-government," would have caused some alarm. But few people think that much more than a system of rudimentary self-rule is envisaged. The Transkei, 16,500 underdeveloped square miles in the eastern Cape, supports about a million and a half people; another million or so have left to work in the towns and cities of the Republic. It is one of eight separate African tribal areas (together, 13 per cent of the area of the country), that the government says will be self-governing one day. But two-thirds of South Africa's eleven million Africans live in the "white" 87 per cent of the country; they are officially expected to look to the "Bantustans" as their political homes where they can "develop along their own lines."

In spite of an unusually heavy propaganda barrage—Dr Verwoerd spoke of a "new South Africa"—few see any "Bantu homeland" getting authority over foreign affairs, defence, and justice, which are reserved for the South African government in the Transkei plan. But, with all the sham, the plan is an active response to the pressure of world opinion. Last week the prime minister appealed to the West to give his proposals a fair look. Favourable overseas opinion has been avidly sought. One government newspaper hoped that critics in the United Nations might now be silenced; another speculated that if as much were to be given to non-whites in South West Africa, that issue might assume a "totally different" character.

It is important to appreciate how far Afrikaner Nationalism has felt compelled to move since 1948, when talk of political rights for Africans was laughed to scorn as sentimental humanitarianism.



Today Dr Verwoerd and his colleagues concede that it is impossible to withhold political rights from non-whites indefinitely; they speak of self-determination for black men in much the way they have always done for whites. The prime minister says his policy is differentiation, not discrimination. Window-dressing or not, it is significant that pressure of world and local opinion has


Transkei authority sitting at Umtata

pushed the Nationalists so far as even to pretend that they will treat black and white alike as long as they live in separate areas.

The political rights and status of the millions of Africans who do not now, and probably never will, live in their "own areas," but are part of the South African community, remain, of course, unchanged: according to apartheid, these people are not entitled to any rights because they live in "white areas." So the Progressive party has, along with other critics, dismissed the whole undertaking as bluff—an attempt to provide the government with some moral background to white domination. The United party, by contrast, says it will support the government, short of an actual grant of independence, which would fragment the country and perhaps lead to war between the new black states and white South Africa.

Nationalist newspapers and the national radio are full of self-congratulation upon a "bold and daring" advance; and of self-satisfaction at proof of the government's good intentions. But, privately, Nationalist backwoodsmen say that the government is nearly as bad as the liberals in promising "the kaffirs" all these things. This is the traditional Nationalist school of thought: the Verwoerd government is likely to come under increasing criticism from some of its own supporters for undue "liberalism."

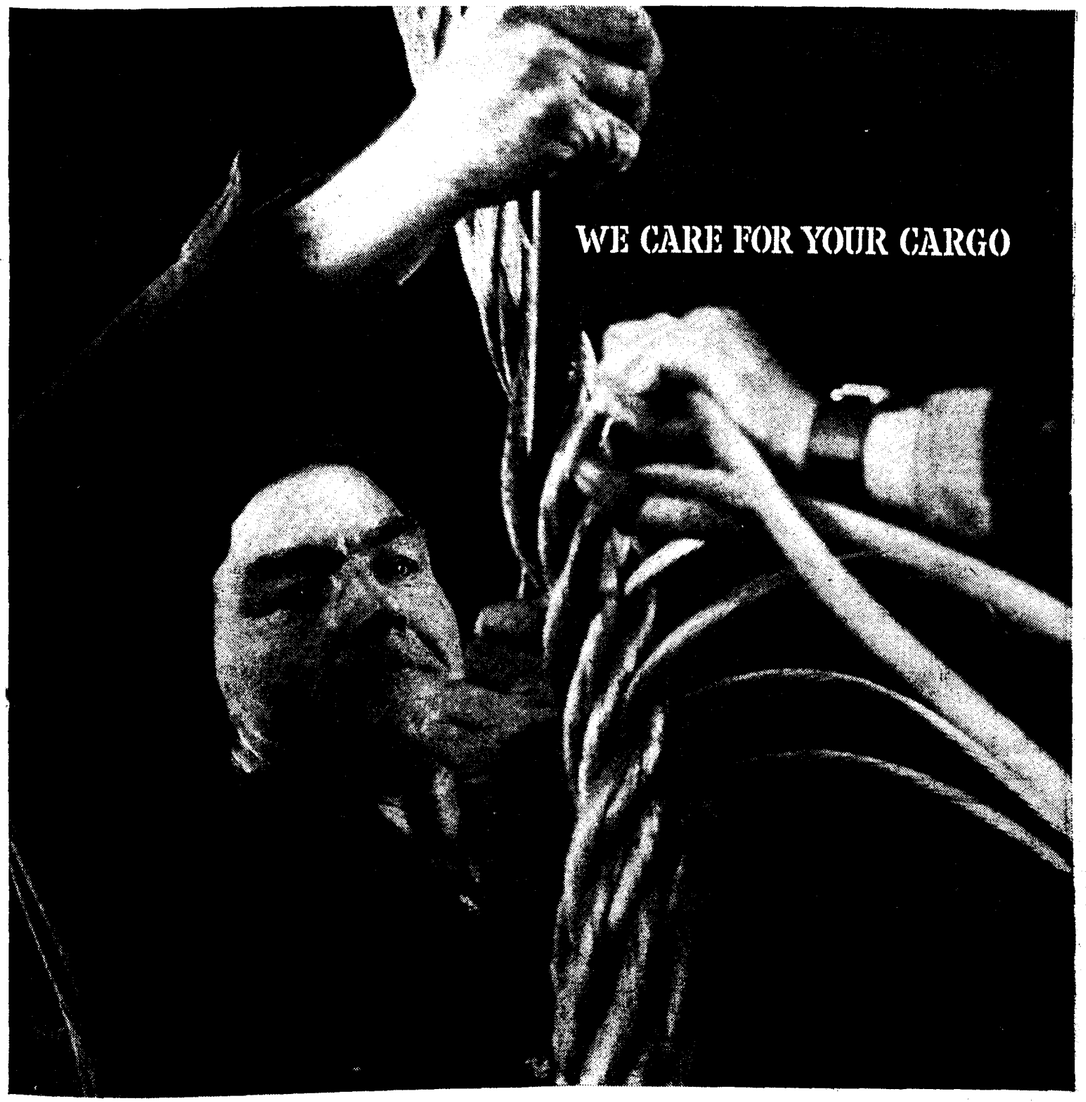
The African reaction to the Transkei plan has been mixed. There has been warm commendation from most of the chiefs, but rejection of a "phoney" scheme by individuals. The Paramount Chief of Tembuland says he favours separate development and self-government, but not in the way Dr Verwoerd proposes. Urbanised Africans reject the whole principle of "Bantustan." Dr Nkomo of Pretoria says that power will remain in the hands of stooges and government appointed chiefs. Other African politicians, however, feel that the government may have started a process over which it could lose control.

Nearly all South Africans agree that money must be spent on the economic development of the territory. The government says it has a five-year plan to spend more than £57 million. But white capital and entrepreneurs are to be kept out, or channelled through a Bantu development corporation. What is really needed is an imaginative programme of industrialisation to dovetail with the South African economy. Industries on the borders will, it is felt, leave the Transkei economically unviable and therefore politically dependent. The assumption is that some day the Bantu homelands are going to be so attractive that most black men will want to work and live there.

A Rude Device

The South African press may be forced to adopt "self-control" to avoid state control

THREE principal reasons are being given for the South African government's supposed intention of restricting the English-language press. First, the Nationalists have convinced themselves that the world's condemnation of their racial policy is based on reports and assessments in the English-language newspapers; for

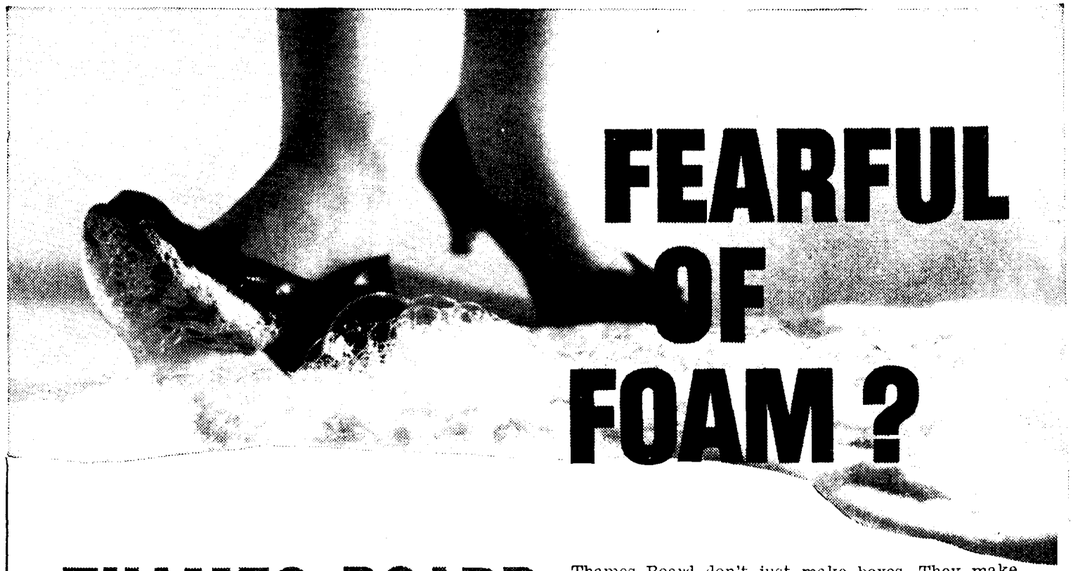


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A Quatermassian cloud

Mr. P. sells liquid detergents in bulk. And containers for transport were his problem. Traditional containers were safe—but not exactly cheap. Other, more economical forms? At the very thought, less courageous spirits might have had nightmares of gallons of liquid detergent breaking loose on a rainy day amid a Quatermassian cloud of foam.

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fourteen years these newspapers have been accused of fouling their own nest and stabbing their country in the back. Second, the English-language press is still a bulwark against total Nationalist domination of South Africa, and it has thus far been moderately successful in pointing out to a section of the English-speaking people and a minority of Afrikaners the worst excesses, perils and frauds of apartheid. The third, and in some ways the most important, reason is the influence that English-language newspapers exercise directly, albeit involuntarily, on the thinking and sometimes the actions of the non-whites—most of whom are wholly dependent on English papers for their news and political comment.

Unwilling for tactical reasons (both international and domestic) to institute blatant press control, successive Nationalist administrations have tried to intimidate English-language newspapers without taking any direct steps to restrict their freedom of comment. In fact, of course, newspapers are already liable to restrictions by the ordinary laws of the land, like the Criminal Law Amendment Act with its severe penalties for incitement, and the Public Safety Act with its sweeping powers of censorship in times of emergency. All the same, the feeling persists in Nationalist quarters that more should be done.

It was this feeling which, more than 11 years ago, led to the appointment of a press commission to inquire into the functioning of newspapers. The initial instalment of its long-awaited report is at last in the government's hands, and it is thought that the commission might advocate the setting up of a body to exercise some long-range, albeit "benevolent," control over newspapers. This would be in line with the thinking of some journalists. Six or seven years ago the idea of a voluntary press council was canvassed; the council would be set up by newspapers on their own terms and largely to forestall government action. But the idea was dropped primarily because of opposition from Afrikaans newspapers and lack of enthusiasm among a section of the English-language press.

Recently, however, after a deputation from the newspaper industry had discussed with the prime minister his statement in parliament that newspapers should exercise self-control if they wished to avoid state control, the idea of a voluntary press council was raised again. Alarmed by the threats to press freedom implicit in the government's statements, the industry has drawn up a code of conduct for newspapers and suggested that a board of reference should be established to watch over the press and deal with complaints. (The text of the draft code and of the board's constitution and functions was published on January 21st.)

The board would, among other things, be empowered to reprimand proprietors, editors and journalists for infringing the code, and to compel editors to publish corrections. One clause in the draft code reads:

> Comment should take due cognisance of the complex racial problems of South Africa and should take into account the general good and safety of the country and its peoples.

This wording, it is pointed out, is open to widely differing and dangerous interpretations. But it has been suggested that acceptance of the code and of the jurisdiction of the board should be voluntary, although it is uncertain whether this would satisfy the government.

In fact, no certainty exists that any part of the proposals will satisfy the government in its present mood. Although the new minister of information, Mr Waring, is on record as favouring a "code of conduct" and "some form of discipline in the profession," the report of the press commission is to be handled not by him, as was generally anticipated, but by Senator Jan de Klerk, the minister of the interior. Senator de Klerk belongs to the extreme right wing of the party and shares the view of many extremists that the unfavourable image of South Africa in the outside world and among English-speaking South Africans has been largely produced by the "irresponsible" English press.

Opinion among practising newspapermen against the whole idea of a voluntary press council and a code of conduct has hardened since the prime minister's own mouthpiece, *Die Transvaler*, recently conducted a vicious campaign against the English-language press. Unless there was a change in the spirit of English newspapers, said *Die Transvaler*, the public demand for government action would become "irresistible."

"The opportunity which the prime minister gave the press to discipline itself is becoming dangerously restricted because of the pressure of public opinion and nothing else," it added. The reason for this "upsurge of opinion" is given as

> the fact that a white nation with two languages feels its security threatened and neither can nor will tolerate that such safety be exposed to any danger which can be avoided. In the actions of the English press such a danger is seen.

The more moderate wing of the Nationalist party, as represented by *Die Burger* in Cape Town, has never associated itself with this demand for press control. But *Die Transvaler's* demand that the English press should "change its spirit and become truly South African," combined with its charge that the English press is imperilling the safety of the state, constitute the most sinister evidence yet that the government is in fact contemplating possibly drastic action.

The lunatic fringe of the Nationalist party has from time to time demanded rigorous press censorship and even the closing down of the English newspapers. Like the government itself, it has come to equate South Africa's welfare with the wellbeing of the party. From there it is only a short step to equate criticism with treason, and this, many newspapermen feel, is the stage the Verwoerd government has just about reached.

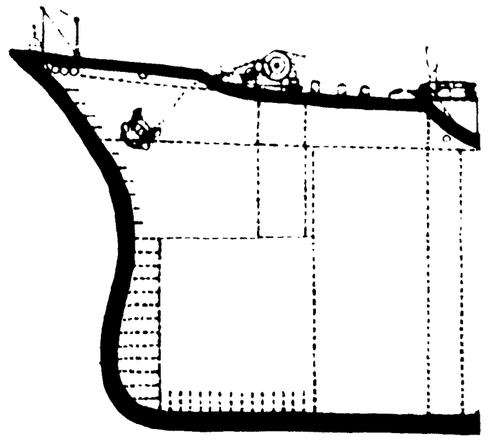
Dr Sukarno's Economic Worries

FROM OUR SPECIAL CORRESPONDENT IN JAKARTA

The mood of President Sukarno of Indonesia, which of course sets the mood for the country, is prickly, headstrong, taut, anxious and contradictory. He has driven the Dutch into concessions and compromise over West New Guinea—an issue that always exhilarates him. But he is also being nagged by the harsh facts of economics—a matter that always bores him.

His justifiably high hopes over West New Guinea have in fact been secured at a price that imperils his creaking national economy. The clumsy attempt to assassinate him when he was on tour on January 8th, in retrospect, helped to inflate the great Sukarno legend, but it has also left him shaken and alarmed. So when the informers brought him lists of political "suspects," he played safe and threw them into prison. However, Dr Sukarno has never been a cruel man and he later transferred them to comfortable quarters in the cool forests of Tjipajung, where their wives visit them and where, like a former occupant, the American mercenary airman, Mr Pope, they can admire the mountain scenery and play tennis. For good measure, and in all objectivity, President Sukarno also arrested two of the Titus Oates informers.

These curious shifting reactions have naturally unsettled the moderate advisers surrounding him, who brood over the possibility that their own names may appear on the next list of suspects. Each list, in turn, tends to weaken Dr Sukarno's confidence in his security organisation. To inflame this corrosive mood of anxiety and mis-

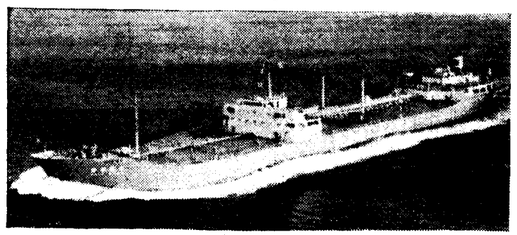


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trust at the top is clearly a major communist aim at the moment. The prime planner, it is said, is modest Comrade Sudisman, not party chairman D. N. Aidit.

In the more prosaic field of economic survival, the price of rice continues to soar. The fixed official price is four rupiahs a litre for government servants and others who draw a portion of their salary in rice, contrasted with fifty rupiahs or more on the open market, where the majority must buy if they can. (A normal ration of rice is about 15 litres per stomach per month.) This means that large families must subsist chiefly on tapioca, coconut and bananas—exotic but, as regular fare, unsatisfying. Diplomatists and other foreign residents must import their own flour. Bread was as scarce last week as rubies, and the huzza-ed arrival of magical bags of flour and tins of kerosene, during capricious black-out rehearsals in the city, was evocative of the lifting of the siege of Ladysmith.

Inflation is cantering, if not galloping; the estimated currency supply last month was 70,000 million rupiahs, against 60,000 million in mid-1961 and 45,000 million in December, 1960. All consumer goods are in short demand. Falling exports are drained off to meet orders for Soviet arms. British war material supplies are so small that the decision to suspend them did not embarrass Indonesian army plans and served only to weaken such goodwill and influence as Britain enjoys in Jakarta.

The Soviet MIG-17s are a formidable striking force; and only the type of western mind which believed in 1940 that the Japanese could not fly would doubt the ability of Indonesian pilots. But the quality of much of the communist war material is indifferent. Small arms are of late second world war vintage, and mostly too bulky and heavy for the tough, blooded, but physically small Indonesian infantry to use efficiently in jungle conditions. Of the two ancient submarines already supplied by Moscow from Polish mothballs, one suffered a mysterious explosion while engaged in surface manoeuvres and was hauled off ignominiously to the naval repair shops at Sourabaya.

THE redoubtable General Nasution remains firmly in control of the defence forces. He had one putative rival, Air Marshal Suryadarma, who has many communist party friends and contacts and whose wife has strong communist party sympathies. General Nasution, with the advice and support of army officers, prudently intervened to displace Air Marshal Suryadarma personally as head of the army purchasing mission that visited Moscow last year. Now that the air marshal has been relieved of his post as chief of the air force, following the naval brush off West New Guinea, his latent threat to General Nasution has presumably been removed. This command change in no way reflected presidential dissatisfaction with the air marshal's susceptibility to communist views, but undoubtedly the consequences of his abrupt removal will be borne with more fortitude by General Nasution than by the communist party.

In summary, there is cautious but general agreement in Jakarta that an all-out, large-scale invasion of West New Guinea is improbable—if only because it is becoming palpably unnecessary. There are formidable difficulties of logistics as well, but it should not be forgotten that these could be emotionally disregarded in a moment of impulse. Every year Dr Sukarno has insisted solemnly that West Irian must be liberated. Every year foreign experts have given solemn warning that Indonesia's national economy can scarcely escape collapse and explosion. West Irian "liberation" is now in sight. But the prospects of an improvement in the state's grave economic plight continue to recede. The two problems were always separate and distinct. The picture of Dr Sukarno as a dictator seeking to distract attention from impending bankruptcy at home by plotting adventures abroad has never been accurate. The truth is simply that he has always insisted on giving the territorial problem priority over the economic problem. Success in one direction, as the local party comrades are happily aware, will not help in the other. At best, it will be a damned close-run thing.

Monrovians Muddle Through

FROM A SPECIAL CORRESPONDENT

LAGOS

MOST conferences owe something of their flavour to the host country. The meeting of twenty heads of independent African states which ended in Lagos on Tuesday was marked by the spirit of compromise, pragmatism, and a Fabian pace of advance usually associated with Nigeria. From these solid virtues the conference derived its successes. But there is another side to a coin minted in the British tradition: Nigeria is a fine exponent of the noble art of muddling through. A vague complacency and a lack of purposeful preparation explain the failure of the conference to entrench the initiative established at the Monrovia conference in May, 1961. Two countries absent from the Monrovia conference —Congo (Leopoldville) and Sudan—agreed to come to Lagos. But the five Casablanca states—Ghana, Guinea, Mali, United Arab Republic, Morocco—who, together with the Algerian provisional government, have their own charter for African unity, established in Casablanca in January, 1961, did not send representatives.

It had been hoped that tactful diplomacy might encourage the dissolution of the Casablanca group into a wider pan-African framework. These high hopes were dashed on the rock of Algeria, although Morocco, Mali and Ghana each had private reasons as well for avoiding Lagos. The handling of this issue was a tactical blunder on the part of the Nigerian government. Even assuming that the Casablanca group used the Algerian issue as an excuse not to attend a conference they could not dominate—a doubtful assumption almost universally accepted in Lagos—intelligent diplomacy would have ensured that no such excuse would be afforded them. Tunisia, Sudan and Libya withdrew after they had failed to get the Algerians invited. The decision not to invite the Algerians was taken under pressure from the twelve conservative French-speaking states who make up the "Brazzaville group." A more skilful Nigerian government might have settled the matter through diplomatic channels in advance.

Ethiopia and Somalia were deeply and vocally disappointed; there were some irritated anti-Arab outbursts from Nigerians, and, said a French-speaking head of state, "we will not be dictated to by white Africans." None of these varied reactions goes very deep; and it is now almost universally (and optimistically) assumed that everyone will join when the positive results of this conference begin to bear fruit.

Indeed, if implemented, these are impressive. An organisation of African states (another OAS?) is envisaged as a permanent framework for functional co-operation. It would have a consultative assembly of heads of state meeting every three years and a permanent council of ministers to supervise the work of a secretariat. Disputes between African states would be settled by a permanent tribunal. Special attention was paid to the possibility of an African common market, on which agreement has been reached in principle. This was regarded as an essential part of Africa's response to the European common market. The finance ministers are to study the effects of the EEC on the economies of African states. The institutions envisaged are based on a Liberian scheme. If they are taken seriously—much will depend upon the eight absentees—there are some interesting possibilities.

The Commission for Technical Co-operation south of the

Sahara (CCTA) could be a nucleus for pan-African economic co-operation. South Africa has already privately indicated its intention to withdraw from CCTA at the annual meeting which opens in Abidjan on February 5th; Britain and France are expected to follow suit. They may be invited, possibly along with the United States, to attend future meetings as observers. Thus reformed, CCTA could be the ideal instrument for co-operation between the independent African states who will direct it. The United Nations Economic Commission for Africa, under the direction of newly-appointed Robert Gardiner (a Ghanaian) is likely to command African confidence.

On the anti-colonial front the general mood of the Lagos conference was that the struggle against imperialism is best conducted by solid advances towards African unity rather than by Casablanca-type resolutions of militant intention. The main Lagos resolution calls upon Britain, France and the United States to exert pressure on South Africa and Portugal. Significantly, the resolution on Algeria was mild. Undramatic pragmatism was the chief feature of the debates. Emphasising respect for one another's sovereignty, the participants drew many analogies from the UN and the Commonwealth. By implication the conference condemned the activities of the Casablanca group, which has been accused of inciting subversion in other African states. But on the whole acrimony was avoided.

Mr Adoula, the prime minister of the Congo—confident and clear thinking—achieved a personal success at the conference and the policies of his government were whole-heartedly endorsed. Nigerian-Congolese *rapport* was marked at all levels, differences of language apparently presenting but a small obstacle to animated conversation. The success of the conference may be ascribed to its scrupulous avoidance of those political issues which might prove contentious. It is impossible to say whether these could have been avoided if all 28 states had attended. Would the Casablanca states have been prepared to sit in conference with the French advisers brought along by the Brazzaville states? Would they, like the Brazzaville states, have acted as an exclusive caucus within the conference? The next conference of independent African states meets at Tunis in April. Lagos and Casablanca will presumably try again—at Addis Ababa if not at Tunis.

Two African Debates

FROM A CORRESPONDENT IN NEW YORK

DISCUSSION of Angola, deferred without protest from the first to the second part of the 16th United Nations Assembly, has been going on since January 15th at a snail's pace in an almost empty house. Portugal's delegate, unmoved and apparently immovable, restated its lofty indignation at the whole "illegal" discussion on the first day of debate, and left the hall. The black-out on news from Angola being apparently complete, speeches have largely been reduced to reminders of last year's violent events, and to quotations from the UN investigating committee's report or from the eye-witness accounts, lately released, of missionaries who left the territory last July.

On the very first day of the debate, Poland and Bulgaria introduced a resolution which went about as far as it could go in championing Angolan independence, condemning Portugal, and urging the imposition of sanctions designed to penalise the culprit and to embarrass its Nato allies. This attempt to seduce the Asians and Africans overshot the mark. In their view African problems are the business of Africans, and others should wait for them to take the lead. After considerable caucusing, a second and more restrained resolution was put forward by 42 Afro-Asian delegations.

While the communist states' draft "resolutely condemns the mass extermination of the native population of Angola," the Afro-Asian text "deeply deprecates the repressive measures and armed action." The Polish-Bulgarian resolution "recommends to all states to deny to the government of Portugal any support and assistance, including assistance in the form of arms and war material, as well as to put an end to any export to Portugal of arms or any kind of war material." The Afro-Asian resolution simply "requests member states to use their influence to secure compliance of Portugal with the present resolution" and to "deny to Portugal any support and assistance which may be used by it for the suppression of the people of Angola." Finally, where Poland and Bulgaria "suggest to the Security Council to consider in urgent manner and under Articles 41 and 42 of the Charter the application of sanctions against Portugal," the Afro-Asians only ask the council "to keep the matter under constant review."

Among the sponsors of the more moderate proposal was Mongolia. This newly admitted Soviet protégé is now, it seems, a recognised member of the Afro-Asian group in the Assembly. Nobody, however, has suggested that Mongolia is "uncommitted." The appearance of its name on one resolution while Poland and Bulgaria championed the other led to interesting speculation about the disposition of these two proposals when the time comes for a vote. The Soviet Union would presumably have to vote for both resolutions, unless it manœuvred the withdrawal of the Polish-Bulgarian draft. Of the two, the Afro-Asian proposal—which has been endorsed by Canada, and spoken of quite kindly by the British delegate—would roll up a much more impressive total. In any case, the Russians will just have to put the best face possible on a situation created by again having over-played their hand with the newly independent states. Those hot heads have turned out to be cooler than was supposed.

[*The Afro-Asian resolution was carried by 99 votes to 2 (Spain and South Africa), France abstaining and Portugal and Iceland absent, on January 30th. The communist draft was defeated, only 26 voting for, 43 against.*]

IN the simultaneous debate on the future of Ruanda-Urundi, the Afro-Asians have found themselves painfully divided. The UN has expressed itself rather strongly in the past on the need for this Belgian trust territory, formerly attached to the Congo, to emerge as a "single, but composite, independent state." Neither Ruanda, nor Urundi, as separate entities, can possibly be viable in the opinion of the Assembly's fourth (trusteeship) committee.

Elections held in Ruanda and in Urundi, and a plebiscite in Ruanda, all under UN supervision, have had anything but the desired result of promoting unity. By large majorities Ruanda has chosen to be a republic and Urundi to remain a monarchy. The elected representatives of each have told the current Assembly that their respective peoples cannot and will not accept political union. The UN commission for Ruanda-Urundi (made up of a Haitian, an Iranian and a Togolese) and the Belgian government both agree that unification is impossible in present circumstances.

With the end of the trusteeship due within six months, the Assembly is faced with nothing but uncomfortable alternatives. It can bless the separate independence of two feeble states and chance the possibility of an early need for a UN rescue operation. It can postpone independence until such indefinite time as political unity is acceptable to both parties. It can seek to impose political unity against the expressed will of the Ruanda-Urundi peoples. The first possibility is a very poor risk, and the other two fly straight in the face of basic United Nations principles.

The spectre of the Congo haunts the whole uneasy discussion, and some delegations see a family likeness between Katanga and Ruanda.

A sarong takes shape in Manchester



PR184H

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THE BUSINESS WORLD

Banking Revolution: Stage Two

COINCIDENTALLY, several big English deposit banks are now coming under new management—four of the seven will soon have a new chairman, and three a new chief general manager. They and the older hands face a task that is less obvious but fundamentally more demanding than the exciting challenge to which the banks rose three and a half years ago. They then used their new freedom with unexpected zest. They re-established themselves in the lending business; they regained self-confidence; and they made their mark on a new public. These were vital achievements. But they did not, of themselves, provide a basis for a follow through: freer lending provided a big initial thrust rather than continuing motive power, which in the long run can come only from an increase in the banks' deposits.

In the three years from mid-1958 the banks did manage to defy this law: they raised their advances by more than 75 per cent on the basis of an increase in deposits of less than 10 per cent. They could do this by unloading more than half of the huge investments in gilt-edged securities which had been forced upon them during all the years when their primary lending function was kept under official constraint. By mid-1961 this massive switch in the banks' main assets had reduced the ratio of investments to below 14 per cent and brought the ratio of advances near to 50 per cent—the point at which bank managements would begin to apply the brakes even with no jogging from the authorities. In the last six months this double pressure has had a marked effect, achieving a reduction in advances of nearly £300 million, and bringing the ratio down five points to just under 44 per cent. The banks have made a good contribution to the Chancellor's deflationary package; and if national production is indeed to resume its upward course this year, the tight hold on bank lending should presumably be relaxed. But how are the banks themselves to finance this?

The Bank of England, admittedly, holds 3 per cent of their resources in special deposits; but much as the bankers may wish for an early release, not many of them really expect it—for this control seems to be as stuck to the up escalator as the misnamed regulator imposing a surcharge on indirect taxes. Nor can the banks expect any other large increases in liquid assets: *pace* Lord Cromer, the impact of the Government's activities on the capital market is now deflationary rather than inflationary: although the budget estimates of an overall surplus are most unlikely to be reached, the actual deficit will almost certainly be more than covered by the substantial inflow from both National Savings and from sales of gilt-edged. So the banks at last come square up against their enduring problem, which the special cushion of investments enabled them to duck in 1958: how to get sufficient new resources for expansion. It is in fact becoming clear that to hold their own in the competitive lending business they must hold their own too in the equally competitive business of borrowing.

This need to compete for deposits is still disputed by many bankers, who have been taught by the theorists that however it may seem to one particular bank, the amount of deposits available to the banks as a whole is determined in the last resort by the base of cash and liquid assets made available by the central bank and the Government; and that competition for deposits will simply mean that the banks pay more for the same amount. But this "fixed pool" theory is inadequate. It ignores the leaks direct into the Exchequer, through investment in Treasury bills, tax reserve certificates, gilt-edged securities or deposits in Trustee savings banks—all of which reduce the Government's need to finance itself from the banking system and thereby chip away the credit base of the clearing banks. It ignores the growing activities of the merchant banks. It ignores, finally, the existence of foreign money, which can increase or decrease the pool of clearing bank deposits. Thus in the past few years the clearing banks would have gained both in liquidity and deposits if the inflows of foreign funds had gone directly to them rather than into other, more attractive outlets.

BY what means then can the banks broaden their resources? There is little disagreement about the desirability of broadening the banking habit, and there have been some signs recently that the bankers are getting less complacent about the pace at which this is to be brought about. A major effort is being made to publicise the scheme for direct credit transfers, and it is now up to traders to do their part by including details of their bank accounts on their invoices, without which the public cannot make any sensible use of the facility. Together with Britain's highly used cheque system this does provide a fuller service than is in practice available in most other countries. But in their efforts to draw in new customers the banks have so far made disappointing progress with the wage earner—the recent amendment of the Truck Acts to permit payment of wages by transfer direct into a bank account has yielded little fruit.

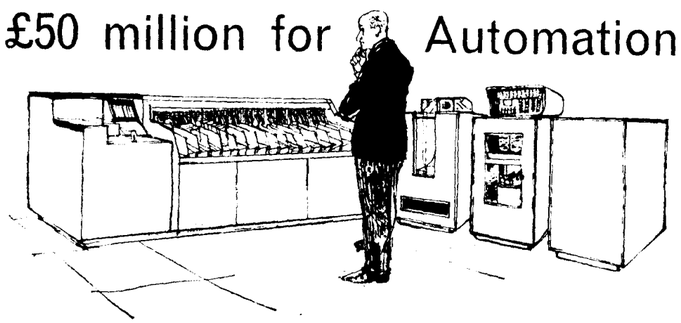
Two obstacles here are location of premises and banking hours. Banks are sometimes few and far between in growing areas. The omission is being made good—the Midland alone opened sixty new offices in 1961. But a still more radical effort is needed, and this could easily be financed by an

equally radical effort to make the most economic use of their highly valuable—and grossly undervalued—existing sites. So far the bankers have only nibbled at this great opportunity. They tell themselves that they are not property developers: but this is just why they should call in those who are.

But, wherever the banks are situated, they will not do business while they are closed. The banks cannot hope to reach their new class of customers in their old Victorian hours. It is perhaps at this point that they suffer most from the competition of the Post Office and of the Trustee Savings Banks. These banks pay their depositors 2½ per cent on their ordinary accounts and soon hope to offer them a limited cheque service, though important details have still to be agreed by the clearing banks—which would have to clear the cheques. The only recent move on clearing bank hours has been to shift forward the Saturday opening by half-an-hour to 9-11.30—which has been predictably unpopular with the public. There now seem to be moves afoot to implement the long discussed proposal of opening on one evening a week—but bankers fear that pressure from the staff might force them to trade this for a five-day week, with no Saturday opening at all. In that case they would surely have to consider special arrangements for cashing cheques at agencies in large stores, and other expedients of this kind. The Post Office, of course, is open all day on Saturday. The banks must decide how much they are willing to spend to meet competition for the small man's money.

They have one unique attraction—the possibility of overdrawing. It is this, together with their general financial service, that has long persuaded the middle class to tolerate

£50 million for Automation?



AUTOMATION came to British banking last July when Barclays started to process the accounts of twelve London branches on an electronic computer. By the time similar methods have been adopted right through the banking system, perhaps 200 computers will be at work, together with 100 electronic cheque sorting machines, and innumerable television and teleprinter links together costing perhaps £50 million and running to £12 million for each of the biggest banks. And this, the biggest refit in the banks' history, will have to be accomplished in relatively few years if the banking system is not to be choked by the rising flood of paper which at the present rate, according to Lord Monckton, will double within fifteen years.

There is a marked difference in the speed with which the banks have grasped the possibilities of automation. Barclays' lead in electronic book-keeping was quickly followed by Martins and the Bank of Scotland. Lloyds, on the other hand, has probably led with the electronic sorting of cheques. The other big banks, National Provincial, Midland and Westminster give the impression of heartily wishing the naughty word "automation" had never been heard. They each have computers on order, along with Coutts and National Commercial Bank of Scotland who, being smaller, can be forgiven for hesitating before taking the plunge, but some of these orders were not placed until the Barclays computer was already operating.

It takes a bold management to face not only the cost, but also the wholesale reorganisation of working methods involved in bank automation. Computers are not built in sample sizes where they can be quietly tested in the corner of a large branch bank. The average price is around £100,000, and such a machine is capable of carrying out the entire account posting operation for far more customers than the average branch possesses. To employ it economically involves linking together several branches by telegraph and teleprinter links at a cost of another £150,000 to a centralised book-keeping centre where the computer is installed. This in itself involves a break with tradition that several banks have taken only with reluctance. At the recent symposium organised by the Institution of Electrical Engineers, some of the banks' misgivings came to light and they were not all based on sentimental attachment to tradition. They were worried about the reliability of the relay systems which would automatically transfer data from branch to book-keeping computer centre and back to branch again. They were concerned about the accuracy with which the machines' "language" could be printed in magnetic ink on cheques and documents. The entire system revolves around the accuracy of this printing, which appears to fall some way short of ideal.

These misgivings over small but crucial details arise because no experimental work has been done in this country on the kind of automation the banks require, for this is different from any other form of automation in volume, content, accuracy and speed. Whose fault is this? The banks have had least trouble with their computers because they are buying established types already proved by other users. But nobody outside a bank wants an electronic document sorter and the banks complain, not quite reasonably, that no British company has shown any interest in building one. All the cheque sorters and several of the computers on order by the banks are American designed and their price has been inflated to double what it is in the United States by the need to re-engineer them to work in sterling and for banks with a greater number of branches than the average American bank.

Such troubles might have been avoided if the banks had followed the procedure normal in the electronics industry and placed development contracts for experimental machines. The banks argue they have never done this before, but neither have they been customers for pieces of capital equipment which industry does not normally manufacture for sale off the shelf. Experimental running of such a prototype—possibly on behalf of all the banks—would have shown up difficulties about quality of cheque paper, about magnetic ink, automatic printers and the like, which are now causing several expensive American-imported cheque sorters to deteriorate doing dummy runs in separate banks, while their owners try to correct snags that ought properly to have been foreseen five years ago when the decision to standardise on magnetic ink "language" was first taken. The banks, who are so free with their advice to the rest of the economy, do not come out too well—with one or two exceptions—from their own first brush with this new technology.

the other disadvantages of a clearing bank account such as inconvenient hours and a charge for running a current account rather than interest on the balance. How much the banks have to do about these disadvantages to attract new customers therefore depends in part on what kind of lending service they can offer them. It was on this side that the banks made the biggest innovations in 1958, with formalised personal loan schemes and, indirectly, through participations in hire purchase. It is important that the real lesson of these experiments is not misread. The hire purchase companies in which the banks invested have proved notably less expert in their business than some bankers who chose the arm's-length approach in 1958 expected; this shows the need for bringing more banking principles, not fewer, into hire purchase.

Experience with personal loans has been incomparably better. There have been some difficulties over repayments, mostly concentrated in branches with an incautious manager, but for the most part these difficulties have meant delay and trouble in collection rather than outright loss. Those bankers who were basically lukewarm about undertaking this kind of operation anyway now conclude that their initial misgivings have been proved right. But if the banks mean to make their mark in retail lending, which they may have to do if they are to get the retail deposits, they must adapt themselves to it; and since they already have major interests in hire purchase they should obviously bring the two sides of the business closer together—as some banks are tentatively beginning to do.

Important scope exists therefore for the banks to improve their general service. But to be sure of attracting sufficient deposits they cannot avoid the central question of the deposit rate. On current accounts, they can probably still rely on the advantages of their general banking service to the customer to avoid paying him any interest—though the banks have already shown themselves prepared in many cases to shade their charges here. For deposit accounts, however, the banks, paying 2 per cent below Bank rate, are nowadays quite uncompetitive except when Bank rate is as high as 7 per cent. At present, deposits at seven days' notice can earn over 6 per cent in the local mortgage market, a full two points above the banks. The small man can get 3¾ per cent tax paid from leading building societies. At 4 per cent gross, the banks' deposit rate is exactly the same as that now paid by banks in the United States on deposits secured for twelve months or more—as much below the local Treasury bill rate as the American rate is above it. Indirectly, the English banks may admittedly keep an interest in money that is withdrawn into one of their own hire purchase subsidiaries which pay Bank rate or more for three months' money; but this is no adequate

	DEPOSIT GROWTH COMPARED			INVESTMENTS ADVANCES	
	Gross deposits Mid-Jan., 1962	Percentage change on Jan., 1958	Jan., 1961	Ratios to gross deposits Mid-Jan., 1962	
	£ million			Per cent	
Barclays	1,782	20·8	7·1	15·5	42·9
Midland	1,630	12·5	0·9	13·9	45·2
Lloyds	1,358	11·8	5·4	16·8	44·2
Westminster	1,015	17·4	4·0	13·7	42·1
Nat. Provincial	923	14·3	1·7	11·9	45·4
Martins	367	15·5	3·8	13·0	43·1
District	269	9·0	3·0	13·1	45·5
Eleven Clearing Banks	7,716	15·0	3·9	14·4	43·8

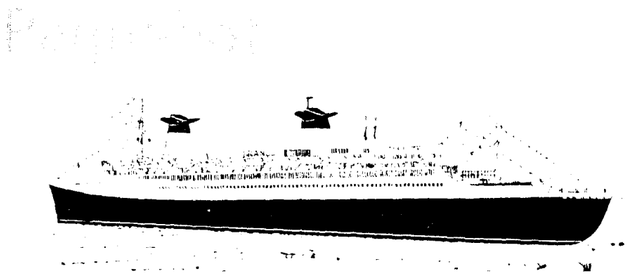
recompense to the banks. They should follow banks in other countries by taking deposits for varying terms at varying, competitive rates. There need be no question of raising the basic rate for seven-day money.

There seems little doubt that the banks could increase their resources in this way. But would they be allowed to use them? Obviously there is nothing to be said for paying more for deposits that are immediately sequestered into special accounts at the Bank of England. This consideration is very prominent in bankers' minds, and it is an example of how special deposits, although quite small in proportion, have a stultifying effect on bold and independent action among the banks. Some drastic rethinking, therefore, must also still be done by the financial authorities. The old arguments against the "squeeze by request" apply in much the same way to the "squeeze by special deposits." To discriminate against one particular set of lenders, namely the clearing banks and the Scottish banks, is both unfair and inefficient—one cannot expect commercially run institutions to maintain their drive if a ceiling on their business is placed on them from outside, and such discrimination must itself narrow the part that the controlled sector plays.

IF the authorities really believe that the banks can never be left to the play of market forces, even as influenced by the official hand, then there will in the end be little point in leaving the commercial banks as private institutions. In France, where the big banks and also the big insurance companies are publicly owned, their activities are closely linked with the *Commissariat du Plan*, and the existence of a channel of finance amenable to detailed central control is plainly a great help (some Frenchmen say an indispensable need) in making planning successful. This detailed control has its own logic in one scheme of things, though it might not commend itself to either the Tory Government or the Bank of England.

Nor is the special deposits scheme anything other than a bad compromise between control and free enterprise. Its one positive achievement, to cut into bank liquidity, has not had the immediate results that were expected of it: not until fifteen months after the first imposition of special deposits in April, 1960, did bank advances fall, and in the meantime the authorities actually helped the banks out of their liquidity difficulties to save them from precipitate action. Now that the big cushion of the banks' bond holdings is gone, it can be held that the banks are as responsive to normal methods of official control as they are to special deposits; and certainly these normal methods, operating on the gilt-edged market and the long-term interest rate, must themselves be more efficacious in the new investment climate, in which fixed interest securities again have a definite attraction.

The constant contingent threat that is implicit in the special deposits scheme fortifies every instinct for conservatism and cartel-mindedness among the commercial bankers. With their new possible opportunities in Europe, the big English banks could stand on the verge of a major new expansion. It will not come to them automatically. On the contrary, one wonders whether without major changes the pace of present expansion can even be maintained. Deposit banks the world over have felt the pinch of competition from newer lenders. Are the English banks alone to refuse to meet that competition through handicaps of their own, and their official masters', making?



France

BY OUR SPECIAL CORRESPONDENT

"WHAT a joy" someone said as we cruised round the Canaries ten days ago "to rediscover a ship." It could have been a reaction from one who resented too long being an airborne package and had lost himself once again in the dreamlike existence of a large luxury liner. *France* may well be the last of its kind—even the sunshine of the tropic of Cancer was not so strong as to put all thoughts of economics out of one's mind. How would four five-day ships make out on the Europe-New York run, when three were already finding difficulty enough? How would one aged and another ageing "Queen" withstand new competition from such a soignée and seemingly economic ship? Was not the maiden voyage of *France* with a full complement of passengers to New York this very Saturday itself a vindication of Cunard's decision not to proceed with the Q3? The *United States* and *France*, working on agreed alternate schedules, could carry two thousand passengers in each direction in a week; two Boeings could do the same work in the same time, but they would cost £6 million, whereas *France* alone is costing the Compagnie Générale Transatlantique 320 million new francs (about £23 million), quite apart from government aid to the builders, which cost another 20 per cent.

It seems that the motto of *France* is to be *cordon bleu*, not *ruban bleu*. The French Line is not going to waste money on empty prestigious efforts to set up new transatlantic records. It is concentrating rather on selling French style and much of this will knock the customer's eye out. Furnishings, materials, lighting, tapestries and murals provide continued diversion with rarely an opportunity for serious æsthetic dispute. Among all this richness, one has to search for the Picasso plates that would make a dramatic mark of their own in less exciting surroundings. The best of French interior decoration has been lavished on *France*. Every chair is a joy to look at and not one threatens danger to a slipped disc. Each nylon carpet has its own beauty of style (non-static, too, for every metre has been sprayed with an anti-static material). Some of these light pastels are going to need refurbishing long before the dun furnishings of older style liners have lost the remnants of their faithful clientèle. But customers looking for a concentration of modern, workable beauty will find it gloriously displayed in this ship. It is here, not in worthless extra speed, that prestige lies.

One could argue long about the ranking of the public rooms. The first-class dining room is finely conceived, but perhaps just a shade obvious since it has to cater also for showing off the women's dresses. The Atlantic bar, ingeniously constructed on split levels, is more refinedly French in decoration and will afford a splendid spectacle as *France* sails down the Hudson River. In your correspondent's view, the most remarkable architecture and decoration is to be found in the theatre, the work of M. Georges Peynet. The French Line describes this as the most splendid theatre afloat; but there are few theatres ashore that could excel its elegant yet economic design. It holds 650, with the stalls reserved for tourist class and the circle for first class. The underprivileged, therefore, are not forced into the cinema at times when the lordly ones are engaged at shuffleboard. They share with them—indeed, they have the better of the seats.

THIS principle of sharing, in fact, runs through the ship, in a way that is impossible in a three-class ship. Tourist passengers have a whole promenade deck to themselves, little different from the veranda deck that the first class passengers enjoy. They share the shop, which ingeniously joins the two decks by staircase, and a cabaret. Their public rooms may be short of *grande luxe*, but they are certainly *luxe*. They have a better swimming pool. Their cabins are admirably arranged, with air conditioning, thermostatic control of temperature, indirect lighting, and excellent plumbing, including a simple but most effective shower the mixing valve of which works with absolute precision so that scalding or freezing is one's own stupidity, not some inescapable mechanical malevolence. For the very grand in their suites, the discovery of such joys on board ship may not have meant much; for the modest traveller on the Atlantic, they are going to mean a great deal.

Does this sound too lyrical? New decoration in a hundred materials is not the whole way of French life. There is, one is assured, French cuisine. Here it must be truthfully, if sadly, reported that this shaking-down cruise revealed a number of things that needed to be shaken down—not indeed in the five-star regions of the first-class salon, but in the humbler *prix fixe* character of the tourist eating arrangements. French Line officials were as quick to spot these deficiencies as the clientèle, but it was odd to notice that the French tourists took what they were given, often cold and late, whereas the English expected something much better. British cruising addicts could not recall being served factory-made ice cream four nights running or being refused scrambled eggs for breakfast. Bravo for P and O, one thought, and down with snobbism about French food.

HOW the economics of *France* will work out is still to be discovered. To the lay eye, this seems an economical ship—certainly by comparison with *Normandie*. But any new ship would have benefited from the march of naval architecture and marine engineering since 1936. Certainly *France* suffers from none of the vibration that plagued *Normandie* before she went into service. It can carry more passengers, but also carries nearly a quarter less dead weight; its service speed is the same, at 30 knots or better, but it consumes nearly 50 per cent less fuel to produce the same 160,000 horsepower. Some of this economy is common to any modern ship—for example, water distillation to avoid the carrying of dead weight fresh water. But it still looks impressive in action on this scale. And the new style smoke stacks are a complete success, in cleanliness and appearance.

To the inevitable question: "Would you build *France* now?", M. Anduze-Faris, president of CGT, returned the expected answer. Any new ship, liner or carrier, is an act of faith. The risks were there to be run, and he would run them, unfrightened by the changes in economics and transport that have occurred in the five years since the decision was taken to build *France*. There was no doubt in France then about the wisdom of a single large ship. In this country the doubts have recently become decisive. History may well record that it was left to the French and the Americans to serve out the working life of that peculiar combination of transport and refuge from life which constitutes a luxury liner, and that this was one business in which the British feeling for tradition did not get the better of economics. Cold thoughts, engendered by the return to English winter; the bananas and poinsettias of Tenerife already seem a million leagues away.

BUSINESS NOTES

IN THE MARKETS

Courtaulds Closes the Gap

HAVING weakened on the prospect of last Monday's railway strikes around London, the equity market was in better heart after they occurred; it began looking forward, along with the government statisticians, towards a recovery in trade and seemed prepared to shrug off the threat of labour disputes to come. As a result, the *Financial Times* index, which had fallen just below 300 before the weekend, recovered to 304.1. But as measured by *The Economist* indicator, which fell 3.6 points to 357.0, leading equities did not fully recover their earlier losses; the indicator, however, does not now include Courtaulds. Doubts were still being expressed in the market whether this recovery will have any more impetus than its predecessors and whether, indeed, any firm view can be taken about equities before the Chancellor's budget proposals. The stock market fears that any weakening by the government on wages will mean a toughening in fiscal policy.

The spotlight in the market has remained focused on ICI and Courtaulds. The cheer that the Courtaulds' directors promised for Courtaulds' profits and the gloom they predicted for ICI's profits did not make their full impact on prices until after the weekend. ICI fell and on Thursday stood at 54s. 6d., imputing a bid value of 43s. 7½d. to Courtaulds, which stood at 42s. 6d. A number of cross-currents underlaid these movements. Some investors were selling ICI on the view that its growth in the sixties cannot possibly match its performance in the fifties and some were buying Courtaulds in the hope that, if ICI's bid failed, its shares could sustain their present value. The first action, though probably right in essence, may have been a little premature as ICI has still to reveal what sort of future it thinks it has and the second gives perhaps overdue weight to profit estimates that, however reasonably framed, are more than a little conjectural.

The closing of the gap made its own impact in giving fresh currency to the idea that to succeed ICI might have to raise its bid again—to, say, one for one. On this assumption, however improbable it looks in the light of Mr Paul Chambers's earlier words, a gamble in Courtaulds was not unattractive. Some certainly took it. Everything has run Courtaulds' way in the last few days; but no one can be confident of the outcome; even if the government's back remains turned on the battle, which is beginning to look less certain, the outcome still depends on Courtaulds' shareholders. ICI's shares have already taken their knock; can they move up again after the directors have produced their own forecasts? Courtaulds' directors may have some reserve ammunition in the shape of dividend forecasts to fire off; but have they boosted the shares as high as their own merits justify?

The City in the City

ALTHOUGH the discount market was forced on a large scale into the Bank this week, talk was still widespread about an early reduction in Bank rate. This helped sentiment in the gilt-edged market where in fairly active trading conditions prices advanced slowly at first and then went ahead quite sharply on some institutional buying on Wednesday. This formed a favourable background for the first issue by the City and Corporation of London since 1956 and its £12 million offer of a 6¼ per cent stock, 1971-72, at 97 was oversubscribed on Thursday. The Corporation of London is naturally a prime name in the market for local authority stocks and hence it was a sensible issue to bring forward to test the market's reaction to a reduction in the coupon on new local authority issues from 6½ to 6¼ per cent. The reduction was inevitable, for the three recent local issues of 6½ per cent stocks were at 99½ and they now command a small premium. With the 6½ per cent stocks so close to par, the only room for manœuvre was in a lower-couponed stock. At a gross redemption yield of £6 13s. 1d. per cent, the new London stock actually offers about 2s. more than the trio of stocks did, but its running yield of £6 8s. 10d. per cent is about 2s. less. As only £10 is payable on application and as the next call is not until March 6th, the issue offers a speculation on a reduction in Bank rate. A coupon of 6¼ per cent gives the authorities some room for refinement in the terms of the local authority issues that may follow.

THE EXCHANGES

From Bank Rate to OAS

STERLING has again been in continuous demand in the exchange markets, and was firm even on Thursday morning immediately before the Bank rate announcement. Expectations of a Bank rate reduction are still widely held, but exchange operators no longer see sufficient advantage in holding off the market in anticipation. Sterling is now being bought strongly from both New York and the Continent. In the United States some operators may have been influenced by Mr Dillon's revelation that the net payments deficit in the last quarter of 1961 was "well over $1 billion"—though for the year as a whole the basic deficit, excluding movements of short term capital, shrank further to $600 million. Speaking to the joint economic committee of Congress, Mr William Martin is reported to have said that the Federal Reserve is planning a "big move" in the international money market to counter speculation against the dollar.

Funds continue to stream out of Germany, and some of these are being seen in London, though despite a fall in the forward swap rate against the dollar to the annual equivalent of 2$\frac{9}{16}$ per cent, a transfer on a covered basis is still barely worth while. The Bundesbank lost the equivalent of a further DM 475 million in foreign exchange in the week to January 23rd, bringing the outflow in the first three weeks of the year to nearly DM 3 billion or $750 million—well above any loss that has ever been experienced by Britain. At DM 25½ billion (just under $6½ billion) total reserves are now some DM 5 billion below mid-1961, the whole of the fall being in the foreign exchange element: gold stocks are actually up a little on balance. To a substantial extent these massive movements in Germany's official reserves represent simply a switch of ownership of assets in foreign money markets from the Bundesbank to the commercial banks.

The Bundesbank has now felt able to remove one of the special controls through which it attempted to drive the banks into becoming net exporters of money. It has abolished the discriminatory reserve requirements on deposits taken from non-residents. Apparently the central bank feels that the outflow of funds has now gone so far as to strain the German capital market and interfere with its aim of lowering domestic interest rates. But the authorities still maintain their other curbs on an inflow, forbidding the banks to sell Treasury paper to non-residents or to pay interest on their deposits.

The gold market has been rather quieter this week, following the sudden revival of interest which may have owed much to the activities of the French secret army—at one stage General Salan is reported to have appealed to his supporters in France to go out and buy gold. On Tuesday this week the franc suddenly came under pressure, but this was entirely the result of technical end-month influences, and the rate recovered sharply in mid-week. Thus the franc retains its remarkable immunity from the political troubles—right wing bombs, it seems, are different.

THE ECONOMY

Opportunity Knocking

After looking at the changes in the national economy since July, the Treasury is able to report in its *Bulletin for Industry* that domestic demand has slackened a little and "more resources are therefore now available for an expansion of exports." This is no more than a message of hope. The gross domestic product, if it changed at all, fell slightly in the third quarter of last year and the only elements of demand that continued upwards were public consumption and fixed investment. There was quite a sharp decline in the rate of stockbuilding and personal consumption was cut back a little. But exports of goods and services also edged downwards and it was moderation in the import bill that brought about a small improvement in the current balance. The Treasury, moreover, has to report that "the trade figures suggest the improvement has not continued into the fourth quarter."

On the income side in the third quarter, company profits fell for the second time running after allowing for seasonal factors, to a level 7½ per cent below a year before. On the other hand, wages and salaries were still rising, although only gently, having gone up 0.5 per cent above the second quarter. Personal disposable income, however, was much the same or even a little less in money terms and since consumer expenditure rose in value, although not in volume, there was apparently some fall in personal saving. This is particularly striking because hire purchase debt and bank overdrafts were reduced in these months: but the rate of saving had been exceptionally high in the preceding three months and it was still over 10 per cent of disposable income in the third quarter.

Since last summer, industrial output has fallen back, there has been some rise in wage rates, retail spending revived at the end of the year and retail prices were 4½ per cent higher than a year earlier. Costs, however, have been "about held" in recent months, according to the Treasury, and it is on the continued stability of costs that officials pin their hopes. No new medicine is prescribed and two questions are still wide open. Can British manufacturers take advantage of their stronger export competitiveness? Can output be stepped up without incomes rising more rapidly?

EXCHEQUER ACCOUNTS

Surplus into Mirage?

The tax influx in the first weeks of the revenue season has been smaller, not larger, than a year ago; and the earlier shortfall in the Exchequer accounts compared with budget estimates has been carried further. It now seems certain that the Chancellor will not get the exceptional overall budget surplus which his July surcharge was calculated to bring; this is partly the result of the heavy supplementary estimates for agriculture and other departments, but the shortfall on the revenue side stems directly from the deflationary impact of the April and July budgets themselves. It is in inflationary years, one should remember, that impressive "improvements" in the Exchequer accounts are chalked up.

The inflow of income tax in the four weeks to January 27th was £506 million, compared with an inflow of £537 million in the first four weeks of 1961. Receipts of all inland revenue have totalled £611 million, £15 million less than in 1961. This shortfall could be simply the result of postal delays. But at a time when, on past experience, around two thirds of the year's inland revenue is in, receipts are now only £199 million up on the year against an expected increase for the fiscal year of £386 million.

While revenue is lagging, Exchequer spending is now well ahead of the budgeted increase for the full year; it has so far increased by £340 million compared with the expected full-year increase of only £215 million. In these circumstances there seems virtually no chance of the above-line balance improving by the expected £359 million (without allowing for the revenue surcharge) beyond the 1960-61 surplus of £147 million. The improvement on the year at present is £57 million. Nor is there any indication of the below-line deficit contracting by more than the expected £34 million. By January 27th it had in fact risen by £84 million.

STOCK EXCHANGE

Should Brokers Advertise?

This question has been well aired again this week following the news that the London office of Merrill, Lynch, Pierce, Fenner & Smith, the New York stockbrokers, has obtained a Board of Trade licence to deal in securities. Formerly it had been a member of the Association of the New York Stock Exchange Member Firms having representation in the United Kingdom; now it has resigned and is no longer bound by the rules and customs of the London Stock Exchange which have always been rigidly observed by the association. This means that Merrill, Lynch will be free to advertise in this country and it intends to launch an initial campaign soon, offering investors in this country "services and information similar to those already available to all Merrill, Lynch customers in the United States." For the time being at least this will be directed towards offering facilities in dealing in American securities for British investors. But Continental stocks are also likely to be included; Merrill, Lynch already has ten offices on the Continent. At the moment there is no intention of dealing in British stocks for British investors, although a dealer's licence would leave Merrill, Lynch free to do so.

The reaction of the London Stock Exchange has been cautiously non-committal but schemes for corporate advertising by the London Stock Exchange for attracting business and for prestige are still under active consideration. It remains to be seen whether such schemes could possibly have the same impact as advertising appeals by individual firms of brokers. Such advertisements, the Council has consistently argued, might be detrimental to small firms though they would undoubtedly benefit big ones. Behind such arguments the feeling lingers that stockbroking is a profession and cannot therefore be linked with anything so commercial as advertising. But no professional qualifications are required for becoming a stockbroker and this view of stockbroking is falling steadily behind the times. So, perhaps, is the view that advertising is totally inadmissible for the professions as a whole.

HIRE PURCHASE LAW

Unenforceable Penalties

Many unkind things are said about the legal aid scheme and it is worth noting that the appellant in *Bridge* v *Campbell Discount Co. Ltd.* was legally aided in the Court of Appeal and in the House of Lords. The Lords' judgment in this case has given the quietus to one of the most criticised features of hire purchase agreements—the clause intended to secure for the hire purchase company, on the premature ending of the agreement, a fixed proportion of the hire purchase price (in Bridge's case, two thirds) in addition to the return of the article hired, and regardless of its second-hand value.

The issue was confused here by doubt whether the hirer, in saying he could pay no more and voluntarily surrendering the Dormobile (instead of, less straightforwardly, waiting for the company to take action), had exercised his right of termination. The House of Lords differed from the Court of Appeal and decided that he had not exercised any right; he had merely broken the contract. The legal purist might question this premise, but since it enabled their Lordships to hold unanimously that the two-thirds clause was a penalty, and therefore unenforceable, rather than an (enforceable) genuine pre-estimate of damage, the layman will respectfully approve if, in fact, this has involved any stretching of the point.

There has already been a movement by the hire purchase companies away from what is now unquestionably a penalty clause, towards a more rational measure of damages—the hire purchase price less both the instalments paid and the realised second-hand price. After the Bridge decision it is difficult to imagine any circumstances in which the old-type clause could be enforced to the benefit of a company relying on it.

AIRCRAFT NOISE

Sound and Fury

The airlines have managed to present Mr Thorneycroft as the defender of peaceful nights for those who live near London Airport; in fact he is nothing of the sort. Far from cutting jet flying at night, he is about to permit a substantial increase, perhaps as much as 40 per cent. During the four years that jet aircraft have been operating, none has been allowed to land or leave from Heathrow between 11 pm and 7 am unless it made a great deal less noise than the average jet. This amounts to a ban on big jets at night; small ones like BEA's Comets and more recently the Caravelles have managed to conform to the noise regulations by climbing lightly laden and exceptionally steeply out of the airport. Other big airports like New York have much the same rules; neither there nor at London is there any restriction on night flights of propeller aircraft.

By allowing more jet flights this summer up to a limit of 1,500 landings and departures—subject to observance of the prescribed noise limits—the Ministry of Aviation is pushing the wedge farther but not as far as the airlines would like. Their summer schedules provide for a 77 per cent increase in jet night flights, more than the Ministry considers that local residents will stand and it has suggested that the rest be switched to Gatwick. The airlines have reacted to this as to a red rag; they suspect that they are being manœuvred to Gatwick to reduce its vast deficit—as a diversionary airport it has to maintain top international standards on virtually no traffic. Only British United Airways is regularly based at Gatwick; other international airlines like BEA or Air France would have to duplicate staff at Gatwick and at Heathrow. The rearrangement of the Ministry's departure buildings at Heathrow so that, inexplicably, they are said to be capable of handling far fewer people than in the past is simply regarded, like the suggestions about night flights, as another move in the Heathrow-Gatwick tug of war. But it may also mean that the Ministry is prepared to look more favourably on suggestions from airlines, notably BEA, to build their own terminal buildings for their own passengers.

BIDS AND DEALS

Fairey Rejects New Offer

Fairey shareholders have just cause to be thankful to Bristol Aeroplane and Westland Aircraft as their bids have effectively trebled the price of Fairey shares from the 1961 low of 10s. 7½d. This week, after a month's deliberation, Bristol and Westland, as expected, raised their bid; but there was again a swift rejection from the Fairey directors, advised by S. G. Warburg. The revised offer of one Bristol 10s. share and one Westland 5s. share for one Fairey 10s. share compares with the original offer of two Bristol and two Westland for three Fairey and with Bristol at 14s. 6d. and Westland at 15s. 6d. raises the imputed value on Fairey from 20s. to 30s. The offer will be underwritten for cash, which is expected to provide about 28s. a share. An important element in the revised offer is the promise that Fairey shareholders will also receive any compensation moneys arising from the expropriation of the Great West Aerodrome; if the claim is fully successful Fairey has estimated that the compensation would amount to 7s. 10d. a share. The new offer is also attractive in terms of income, effectively offering 20 per cent against the forecast of 15 per cent by Fairey for 1961-62; though it has to be noted that on the basis of estimated earnings a dividend of 20 per cent could well be matched by Fairey in 1962-63.

Once again the main argument of the Fairey directors for rejecting the bid is concerned with asset values; these, excluding the compensation claim, amount to 47s. 4d. per share, which is well above the value of the latest offer. The Fairey directors repeat their earlier undertaking that if the forecast of gross profits of not less than £800,000 is not realised in 1962-63 they will "invite the views of shareholders on a distribution of assets." The directors add that in the event of such a distribution they could by a process of realisation of and quotation for the separate units in the group establish a value for Fairey well in excess of the imputed bid price. Moreover, they emphasise again that the acceptance of the offer will bring shareholders right back into the aircraft industry, though this argument does not carry so much weight now as shareholders are offered a cash alternative. Clearly shareholders will be best advised to sit tight and await both the formal offer and the detailed comments of the Fairey directors, which will include an estimate of the current year's profits which, it is claimed, shareholders will find "satisfactory."

WHEAT

Thrashing Out a New Agreement

A conference began this week and will continue to sit throughout February to find a successor to the fourth international wheat agreement which expires at the end of July. As hors d'œuvre, governments have now had several weeks to digest the unpalatable facts contained in the international wheat council's latest review before its publication. The price of Canadian wheat has virtually touched the "ceiling" under the agreement of $1.90 a bushel and Canada reported to the conference that by July its stocks of wheat would be reduced to the lowest desirable level. Canada is therefore thought likely to press for higher maximum prices. But the authors of the IWC report did not believe that the setback in production last year was more than a temporary halt in a long-term trend. Unless "important changes in prospect" are realised, the council forecast that the advanced countries of the world would not be able to absorb as food or feeding-stuffs their increased wheat production. Less developed countries, who cannot always pay cash for their imports offer the only outlet for this surplus. The council expected world trade to rise beyond 42 million tons in the current season, but half of it will be under bilateral trading arrangements. However, President Kennedy's new farm programme in the form announced last week would certainly rank as an important change in national wheat policies.

Evidently, a solution to the problem of grain surpluses will eventually be found outside the wheat agreement. But by plugging away in its annual report at well-known distortions of trade, the council is bringing that day forward. The new international wheat agreement has to regulate the commercial half of the wheat trade. The first defect of the existing agreement is that it is based on a grade of Canadian wheat which, until the drought of last year, Canada had not produced in commercial quantities for several years. The heart of the current agreement is that importing members shall buy from exporters a stated percentage of their commercial purchases of wheat when prices are between $1.50 and $1.90 a bushel. It has been suggested that these percentages be raised. But if sufficient producers now outside the agreement chose to join, the provision would become meaningless, and an international agreement, after all, should aim to be as international as possible.

CAR EXPORTS

Italy Toes the Line

The long-heralded ending of Italian import quotas for British cars is one sign that Italy is becoming reluctantly reconciled to life in a freer-trading world. Its own car manufacturers, headed by Fiat, have not exactly welcomed the flow of imported cars into what was virtually their own preserve, and they are not without political influence. Even now that the quotas have gone, the home industry is pretty well protected: import duties on cars from common market countries range from 27 per cent on those with engines of less than 1½ litres to 21 per cent for those of over four litres, while for cars from other countries the rates range from 38.4 per cent to 31.4 per cent. On top of this duty, importers have to pay a "compensation tax" to offset the turnover tax that Italian firms pay. Last year the compensation tax rose from four per cent to eight per cent; in the face of protests from all importers, who point out that this is more than Italian makers are likely to pay

in turnover tax, the government promised to reduce it to 6½ per cent last September—but it is still eight per cent. Italian makers receive a repayment of turnover tax on their exports at the rate that importers pay.

British cars have been selling well in Italy for the last year; in 1961 registrations may reach 22,000, five times as many as in 1960. About two-thirds of these, however, are the Austin A40s assembled by Innocenti; as these are imported in the form of parts, they were not affected by the quota restrictions. Ford with the Anglia is the other British maker to sell in substantial numbers; its price having been cut substantially, as in France, it has become the most popular of the cars that are imported whole. Stocks of British cars seem to have risen substantially last year; shipments of 12,400 complete cars—nearly three times the 1960 total—compare with sales of 7,000-8,000. But this is natural enough when a market is being opened up, and some of these cars appear to have got no farther than the bonded stores of Italian ports. Now that they have won their freedom, British makers can show whether the appeal of their cars has been more than that of a novelty. Given the monopoly of the low-priced car market that Fiat has possessed, they should find a niche for their cars. But until they get in under the common market tariff, their business can scarcely be very extensive or profitable.

RIO TINTO-CON. ZINC

Marriage of Equals

In principle, the soundness of the proposed merger between Rio Tinto and Consolidated Zinc cannot be questioned and should certainly appeal to the majority of their shareholders. Rio Tinto has a problem of continuity caused by the prospective decline in the uranium industry—at least temporarily—after 1966 or such time as other contracts now being negotiated run out. Because of the collapse in lead and zinc prices, Consolidated Zinc is over-extended by its commitments in aluminium. Negotiation of the merger was expeditious, despite the complexities normally encountered in the affairs of mining groups. It appears that after careful investigation by the boards of directors the two groups emerged "just about equal." Near equality is evidently conducive to swift agreement.

A new holding company will be formed with the title (surely to be slimmed later?) of Rio Tinto-Zinc Corporation. Stockholders in Rio Tinto will receive 41 10s. shares in the new company for every 20 10s. shares held; Consolidated Zinc's shareholders will receive 58 of the new units for every 20 £1 shares held. Rio Tinto's shareholders will therefore receive a fraction over 50 per cent of the holding company's equity. On current market values the terms favoured Consolidated Zinc, whose shares stood only 10 per cent higher than Rio Tinto's units, though the 41 : 58 valuation puts them 40 per cent higher. The market response was therefore predictable; Rio Tinto fell 3s. 1½d. to 40s. 7½d., while Consolidated Zinc rose 6s. to 54s., leaving the latter still slightly undervalued in relation to Rio Tinto. However, in deference to the improved investment status the combined group will undoubtedly enjoy, the net effect of the price adjustments was a slight rise in their joint market valuation.

ASSETS AND EARNINGS

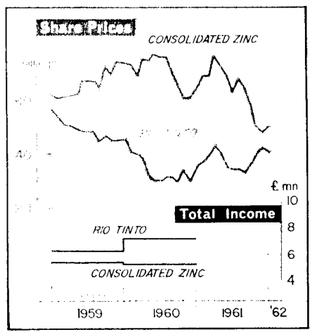
Years to Dec. 31	Consolidated Zinc		Rio Tinto	
	1959	1960	1959	1960
	£ mn.	£ mn.	£ mn.	£ mn.
Net fixed assets ...	16·6	21·8	7·5	8·2
Investments*	8·1	9·6	20·8	19·0
Liquid assets	8·1	1·7	4·7	4·1
Net assets	34·9	35·8	30·2	29·8
Reserves	17·2	18·0	20·3	19·8
Preference capital .	7·6	7·6	2·7	2·7
Ordinary capital ..	10·2	10·2	7·3	7·3
Gross income	5·4	5·3	6·3	7·2
Depreciation	1·3	1·5	1·9	2·3
Tax	1·2	1·1	1·2	1·6
Equity earnings ...	2·5	2·1	2·0	2·2
Ordinary dividends	1·2	1·2	1·1	1·2
Cash flow (including divs.).	4·0	3·8	3·7	4·3

* At cost, less amounts written off.

The widespread interests of the two groups dovetail together to an extraordinary degree. There is little overlapping, though there are points of contact. Both groups are active in the exploration of further mineral deposits in Australia and Canada. The motivation is not rationalisation so much as the clear-cut advantage of greater size, spread and stability. The four main supports of the new group will be Rio Tinto's uranium and African copper and Consolidated Zinc's aluminium and lead-zinc-silver production.

It will be a unique group by any standard and shareholders will not overlook the added security of investment mainly in the older dominions. The group will also be fairly well integrated. Consolidated Zinc is already a substantial industrial company in its own right, producing zinc pigments, sulphuric acid, chemicals and fertilisers. It holds 30 per cent of the equity of British Titan Products. Aluminium is notably an integrated industry, and Rio Tinto has made significant progress towards participating in commercial development of uranium. Between them, the two groups will also bring into the new company a whole range of subsidiary mining interests and projects which are now being evaluated. Though in 1960 54 per cent of its group profit came from copper and 37 per cent from uranium, Rio Tinto has a useful stake in gold, emeralds, pyrites, thorium and building materials. Consolidated Zinc has a side-stake in rutile, zirconium and beryllium. Both have an interest in oil. Rio Tinto exchanged Kern Oil for 3 million ordinary shares in British Petroleum last March.

This merger seems to have averted the



prospect of skimpy dividends or capital issues on a weakened market for shareholders in Consolidated Zinc. Although the group raised £10 million in 1960 by an issue of loan stock with a conversion option mainly to the British South Africa Company, its cash flow last year could not possibly have been as high as the £3.8 million available in 1960, of which £1.2 million was distributed in ordinary dividends. It has to finance with Kaiser a half share of the £A130 million aluminium development scheme in Australia and New Zealand scheduled for completion in 1966. On the other hand, Rio Tinto is just beginning to receive a trickle of dividends from its uranium investment in Canada. But by 1966 it is said that Rio Algom, in which Rio Tinto holds 53 per cent of the equity, will have amassed about $150 million.

Unless British tax rules are made more lenient with regard to special tax concessions granted overseas, suitable investments would have to be found for most of the earnings from this source. Because of the unexpectedly early end of the uranium contracts and the uncertainties of exploration, doubts must have existed that Rio Tinto could bring enough projects to the profit-earning stage by 1966 to maintain earnings in the event of a sharp fall in uranium dividends when the major contracts expire. The merger can therefore remove the cause of the recent undervaluation of Consolidated Zinc's shares in relation to its potential and a potential cause of undervaluation of Rio Tinto that might have induced bids from other quarters.

SUPERSONIC ENGINES

Look to Your Laurels

The competition in aero-engines from a relative newcomer, Bristol Siddeley, means that Rolls-Royce will have to look to its laurels. Having had its system of vertical take-off adopted by the RAF in preference to that of Rolls-Royce (though the

2 out of 3
machine-tools
in use in the U.K. are over-age

The quickening pace of technical progress, the growing menace of international competition, are making nonsense of yesterday's industrial economics. Today's standards of efficiency are so demanding that even if a 10-year-old machine is still running as well as its maker intended, it may yet be running at a loss.
In this new order of things, investment in re-tooling has become an essential part of industrial planning. This is why Engineering Finance Limited introduced its machine life finance scheme whereby major items of plant and equipment can be bought on credit and paid for over periods up to ten years—possibly even more—depending on their useful working life.
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latter may yet make a come-back) Bristol Siddeley is now much fancied to provide engines for the French-designed supersonic Caravelle and for several other high-speed aircraft under discussion in Europe. The engine that the company would provide is, however, that designed for the RAF's controversial TSR2 bomber and foreign customers are aware that the TSR2 stands in some danger of being cancelled. It is difficult for Bristol Siddeley to persuade them that even if the aircraft goes, the engine will survive. This is an instance where the Government needs to know clearly how it will act if it is in fact decided to scrap the TSR2. Assurances given to Bristol Siddeley and indirectly to its potential foreign buyers are based on promises that the aircraft will be built but it would obviously be of much more use to the company to be given an assurance that the engine would be built whatever happened to the aircraft. The British aero-engine industry, as represented by Rolls-Royce and Bristol Siddeley, is in much better shape than the aircraft manufacturers and its products find a readier market abroad. Government policy may, therefore, have to allow for the building of engines for which there is no British aircraft available. And this, in turn, demands much closer integration between the British and European aircraft industries and their respective governments.

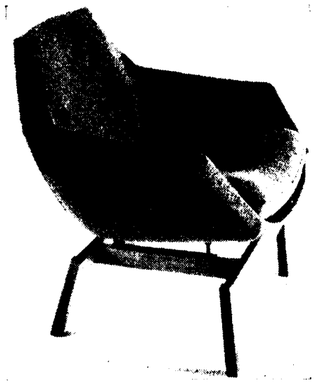
LLOYDS PERMANENT

Future Indefinite

THE final report of Mr Dennis Leigh, appointed by the Chief Registrar of Friendly Societies a year ago to examine the affairs of Lloyds Permanent Building Society, shows that the reconstituted board

FURNITURE

Keener Buyers with Better Taste



STOCKBROKER - traditional, shoddy - contemporary and Tottenham Court Road Scandinavian once more vie for attention at the Earls Court Furniture Show, with much more prominence given, this time, to the latter style. The fact that all three are sometimes seen on the same stand presents the main difficulty of the industry : unless people buy enough of one type or style of furniture to keep the manufacturer in steady production, he is obliged to offer a wider variety, thereby forfeiting the advantages of concentration on a standard product. Not indeed that most manufacturers think that way round ; even those that pioneered mass production have got into the way of increasing rather than cutting down their number of lines, so that even the biggest factory in the country, that of Harris Lebus at Tottenham, may produce only a few hundreds of any particular piece of furniture.

Standardisation is, nevertheless, the byword of the more enterprising manufacturers, particularly the greater standardisation of components, planned so as to give the greatest possible variety of end-product with a limited number of parts. Fortunately well-designed furniture in the best modern idiom lends itself to this treatment, as firms like Stag have shown. It is cheering when good design makes good economics ; even without direct proof it seems true to say that the most profitable kind of firm is one of medium or medium-large size—50 to 100 workers makes this category in what is still partly a backyard industry—making a limited range of furniture. The severe shrinkage which the industry has undergone in the past ten years—from 3,000 firms to 1,800—has resulted in a greater emphasis on firms of this size, at the expense of smaller ones, rather than a concentration into really large units.

Further steps towards improved efficiency and greater exploitation of new cheap materials, such as plastics, are hampered by the industry's continued uncertainty as to whether or not it is on the verge of a big breakthrough into the consumer market of the kind experienced by electrical durables during the fifties. Though furniture manufacturers' total turnover increased from about £100 million in 1950 to £129 million in 1960, their volume of production grew during that period by only 7 per cent. The difference is largely made up by the increase in prices which, though steadier in the past eighteen months, are currently about 14 per cent higher than they were in 1954.

In 1959, before the reintroduction of credit restriction, it looked to some as though the hoped for breakthrough had arrived. Furniture benefited temporarily from three-year hire purchase agreements ; now, retailers and manufacturers alike are looking forward not only to the freeing of credit again as soon as possible but also to the time, in the near future, when people will have finished paying for the furniture they bought in 1959.

Clogged by the uncertainties of credit buying, certain manufacturers decided they must introduce a stronger stimulus into the market than the retailers' powers of persuasion. In the past few years they have tended more and more to do their own selling in the form of advertising and publicity of branded products—the use of brand names being itself an innovation for most of them, adopted after the initial success of firms like Gomme (G-Plan) and Parker-Knoll. Indirect publicity, through the medium, for instance, of women's magazines, has also had tangible effects—retailers report that their customers are much more conscious now than they were even two years ago of exactly what they are buying and more demanding about materials and finish—more so, indeed, than some manufacturers had bargained for. In spite of an appreciable reduction in the proportion of business done on HP there is evidence that people, when they do buy furniture, are more likely now to choose better quality and more expensive pieces. Instead of getting down to the mass market, the better manufacturers are, to a limited extent, drawing it up to their level. No one in the trade is getting very worked up about this but it does help to explain why the Board of Trade's figures of orders on hand at the end of November last year, a time when no one was particularly conscious of better business, stood at £11.7 million, compared with £9.1 million a year before—not far off the level of the record year, 1959.

Manufacturers have perhaps been over-concerned with the problem of fluctuating demand to the extent that few of them seem able or ready to adjust their delivery dates to the state of the market. This is bound to be a problem in what is still, in a modified way, a "made to order" business ; but some exhibitors at Earls Court should be asking themselves why is it they are quoting delivery times of up to twelve weeks for some furniture. Quick delivery would certainly play its part in encouraging customers.

For trading with Africa



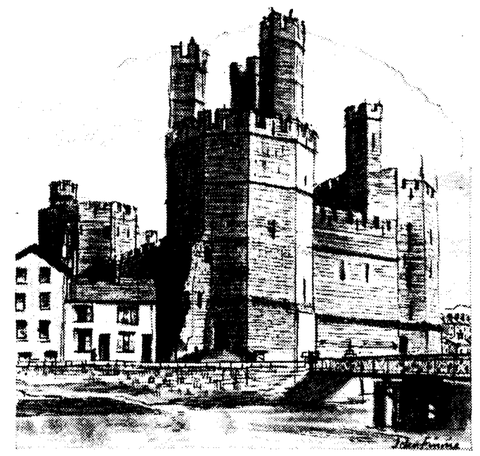
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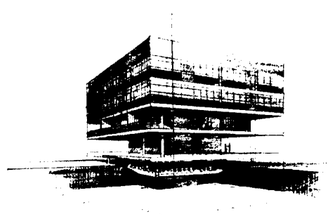
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of directors under the chairmanship of Mr Eric Partridge, MP, has gone some way towards putting the finances of the society back on a sound footing. The report is accompanied by accounts for the year 1960 with approximate figures for June 30, 1961: by this time total mortgages had fallen to £3,088,000, compared with £3,994,000 at the end of 1959. A recent sample showed that almost one-fifth of mortgages were in arrears but there have been comparatively few serious defaults among owner-occupier borrowers and their number is now being reduced. The society has issued writs for £90,445 against Mr Robert Jones, the former chairman of the society, in respect of sums lent to Freehold Land Finance Company which were later credited to his own mortgage account, and for £39,700 against Freehold Land Finance Company for moneys expended in discharging Freehold Land's liabilities and in the use of the society's property.

Mr Leigh sees no reason why the society should not be administered as economically as other societies: the bulk of the society's mortgages are earning 8 per cent, which is 1½ per cent above the current normal rate while the directors have cut the rate of share interest so that there is a margin for building up reserves. The snag is that any sizeable reinforcement of reserves will take time; the total available for general reserve is only £31,000—a long way short of the minimum of £100,000 required before the society's shares could qualify as trustee investments. Mr Leigh does not believe that Mr Partridge's hopes, voiced in November, that the Registrar would lift his ban on advertising for, or accepting, new deposits, are likely to be met "for some time to come." The repayment of money lent by shareholders and depositors might well, moreover, require ten years to complete. Not surprisingly, Mr Leigh therefore appears to lean towards another solution—the transfer of Lloyds Permanent's engagements to another society. The security on most of Lloyds Permanent's mortgages is not as strong as leading societies would insist on in their own lending, but it is not so weak as to rule out the possibility that one of them might consider taking over Lloyds Permanent's engagements.

BUILDING

Roof First



Four up, and the top floor is finished



The block completed

INNOVATIONS in building come but once a year. The "Jackblock" method of building tall blocks that Richard Costain (Construction) announced last week shows that the British industry is not entirely moribund. Essentially this is an elaboration of the by now established "lift slab" technique, where the concrete floors of a building are cast on the ground and then raised into place by hydraulic jacks. But with the Jackblock system the complete building will gradually rise from the ground: the first step is to cast the concrete roof on the ground, then to start lifting the roof and building the walls that support underneath. The main structure of the building consists of a core formed from concrete blocks, and it is this part that is raised by the hydraulic jacks as it is completed. Starting with the roof, supported on the jacks, the first stage in building the core is to raise all but one of the jacks and then insert a concrete block above this one jack. Then every other jack is lowered in turn, and a block inserted above it, until the building is one block high; the jacks are then raised—except one—and the process repeated, until the roof has been lifted one storey high. Then the top floor will be cast on the ground—all floors are cantilevered out from the core—and the side walls of this storey erected. Now the process can be repeated, and another floor built, while the internal work on the top floor goes on as it rises. When it is four floors up, after about four weeks, the top floor will be finished.

The first building to use this technique will be a 17-storey block of flats in Coventry that Costain is building for Coventry corporation. Work will start this month on the foundations, and jacking should begin in three months. The attraction of this system is that all building work can be done under the cover of the block's own roof; and though the jacks represent an investment of £17,000, they save the use of a crane and hoists. Until a building has been erected, no positive idea about the cost of the method can be had. But the chances of economies from being able to have men working on each stage of a floor all the time, instead of having to bring the different trades into a building in relays, should reduce cost. So should the ability to work under cover, free from the usual weather delays. But innovations need development, and with building methods this means putting up a building. So one cannot expect the first attempt to show all the advantages of the method: its value may be as much in sorting out any drawbacks.

BUTTER

In the Melting Pot

THE battle for the butter market has begun again with the Government assuming the role of a referee afraid to make an unpopular decision. Any decision will be unpopular in one quarter or another. New Zealand refuses to agree to any ceiling on its exports of butter to this country. The polite fiction of limitation of imports from traditional suppliers to this country and curbs on the more flagrant dumpers has strengthened the price of New Zealand butter by £35 to £285 a ton. But the interim agreement that came into effect retrospectively from the beginning of September will expire in March. However, last minute compromises are the rule, not the exception, in discussions of trade in agricultural produce, so it came as no surprise that exporters failed to agree to its extension at their recent meeting in Geneva.

The allegiance of exporters to the short-term agreement was tenuous in the extreme. One country apparently failed to sign it, but diplomatically reduced its exports to the required figure. Eire, however, stuck its neck out and promptly had it chopped off through the imposition of an anti-dumping duty that priced Irish butter out of this market. At the end of last year, the British Government was able to adopt a scheme conveniently suggested by GATT officials to enforce the short-term solution of the problem. It possibly hoped that the latest meeting would produce a similar opportunity to shirk full responsibility for regulating imports but on this occasion the secretary of GATT has not obliged.

The point that exporters can agree upon is that without limitation of exports, prices will melt after March. Stocks have remained high throughout the winter in this country and there is every prospect of a further large surplus available for export in many producing countries this year.

DISCOUNT HOUSES

Lombard Street Reports

THE chairmen of the discount houses are no more forthcoming about their own business operations than are the clearing bankers, and the three end-year statements to shareholders of the Union Discount, the National and Alexanders add little of general interest to what outside observers had been able to deduce. They refer to the losses suffered after the 2 per cent rise in Bank rate in July, to the subsequent partial recovery, and to the general rise in commercial bill holdings. This is in fact believed to include a substantial element of trade bills, which command a premium of ¼-⅛ per cent over bank acceptances, and can, with the right drawer, be highly attractive to a discount house.

The statement that will inevitably receive the closest scrutiny is that by Commander Lovel W. Coke of the National. He confirms that the National's particular difficulties were due to a continuation of the switch into higher yielding stocks, which had been pursued at "considerable cost" in 1960.

> In the first half of 1961 we continued this procedure. The effect of this, although beneficial, was largely offset by the further all-round rise in interest rates.

But Commander Coke looks to ultimate benefit on redemption of the securities, and says that the average life of the company's bonds is "well under three years." No provision for depreciation is therefore considered necessary; the National indeed has its own practice of writing up the book value of securities bought at a discount to take credit for their approach to redemption at par.

Property Owning Democrats

INDIVIDUALS in Britain in 1960 had accumulated wealth to the value of £55½ billion gross, or £51½ billion after deducting debts, according to new figuring by the Inland Revenue department. The chart shows that about one-fifth of this estimated wealth represented land and buildings, another one-fifth stocks and shares in public and private companies; and, of the total, women owned two-fifths and men three-fifths.

These estimates of capital holdings have been made from estate duty returns for a single year, extended to include small estates below the exemption limit of £3,000. On the rather large assumption that these estates formed a representative sample, they were grouped according to age and sex of the deceased and rated up by mortality rates to measure total personal wealth. This method has been used before by academic and official research workers—by Mrs Kathleen Langley, for instance, who estimated that private capital in 1950 amounted to some £32 billion, leaving aside estates of under £100. But this is the first time that such calculations have borne the stamp of a government department. Unfortunately, this still gives no more than a cloak of accuracy; nevertheless, the board, with its access to fuller information, is far better equipped than any outsider to have a shot at such estimation, and earns commendation for its efforts.

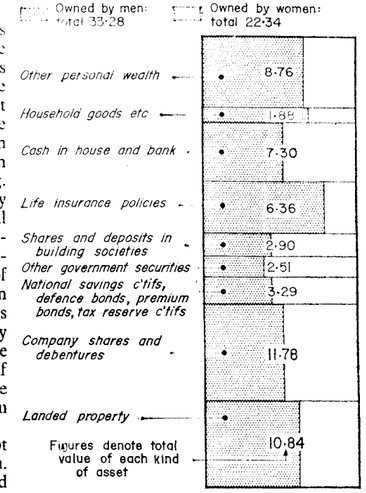
The errors in using death as a means of sampling the population may be quite considerable. Certain assets, such as cash and household goods, are sure to be underestimated; others escape the net entirely. On the other hand, a life insurance policy is entered as the sum assured, above the surrender value which it is worth in the hands of the living. Yet the value put on life insurance by this method falls far short of the total sum assured by life and industrial companies, mainly because certain life policies under £3,000, like other items of such amount, may not appear at all in these statistics because of exemptions through the Married Women's Property Act. The figures for life insurance are particularly suspect; the board itself points out that an estimate based on the value of the life funds would have been more realistic.

It would be wrong, therefore, to accept these figures with any full precision. But if they are not too blurred, it would seem that women have more money than men in small savings, in building societies, in the Post Office and Trustee Savings banks and perhaps a little more in quoted stocks and shares. But they own only about 40 per cent of landed property, little more than a third of money invested in private companies and less than a third of household goods. One of the most interesting estimates that comes out of this exercise, and probably among the more reliable, is that there are around 600,000 men and 600,000 women who invest in ordinary shares quoted on the stock exchange.

The table gives some idea of the average size of different kinds of property. In the first two columns the estimated value has been divided by the number of individuals believed to hold such assets; in the last two columns the value is spread over the adult population, including non-holders, to show the relative importance of different kinds of savings. Thus the average holding of ordinary shareholders appears to be around £6,000; but since only one in thirty people invests, this form of saving is equivalent to only about £200 per adult, about three times as important as a form of savings as national savings and premium bonds taken together.

THE BRITISH PEOPLE'S WEALTH

Estimates for 1960 in £ billion



Total gross personal wealth 55·62

AVERAGE SIZE OF CERTAIN ASSETS

(£)

	Average Holding Men	Average Holding Women	Average per Head Men	Average per Head Women
National savings and premium bonds	338	362	69	75
Defence bonds and tax reserve certificates	896	822	19	24
Ordinary shares—unquoted	4,366	2,489	98	56
quoted	6,029	6,178	229	205
Money on mortgage of real estate	2,325	1,800	16	11
Shares and deposits in building societies	1,428	1,232	78	87
Money on bonds and other securities	457	288	38	23
Household goods, etc.	149	101	80	30
Insurance policies	782	249	319	59
Cash—in the house	36	21	8	3
in PO and Trustee Savings banks	277	340	64	78
on deposit	614	722	65	50
on drawing account	515	366	98	54

TOYS

No Child's Play

For parents, uncles and godmothers the most serious annual aspect of the toy trade is over for another ten months, but for the manufacturers and trade buyers now is the time of grim-faced activity. Geared to the fact that in such a faddy business manufacturers like to have a good idea of the year's demands before they launch into production, the British Toy Manufacturers Association's annual fair has opened at Brighton. The Harrogate toy fair, mainly for wholesalers, was held a fortnight ago. Already a number of American firms have shown their interest in the British market by participating in the toy exhibition at the US Trade Center. Another, the Lionel Corporation, has announced with Lines Brothers—the biggest British manufacturers, who also own Hamleys — their arrangement for the manufacture under a royalty agreement in this country and at Lines's Calais factory of a "science series" of constructional toys under the name Triang-Lionel.

Toys, indeed, is hardly the word for these and many other products of what shows increasing signs of becoming a science-based industry. Science in its more fictional form provides the inspiration for space travel equipment and ingeniously animated robots, while the technologists of the future, with their feet firmly on the ground, are propelled in the direction of applied science by means of elaborate "do-it-yourself" kits.

Perhaps working on the principle that extreme sophistication is the best answer to the growing volume of cheaply produced toys from the Far East, some American manufacturers, in particular, are going to new lengths. (At the same time, business becomes a patriotic duty by stimulating a science-bias in the young.) The best of these products, though not cheap, have far more to them than the old-fashioned science sets containing a few shillings-worth of chemicals. The components for what used to be called a crystal radio are being offered in package form; one exhibitor at the Trade Center sells an "electronics lab," retailing in the States for nearly $30 in its most elaborate form, supplied with the separate items for making, among other things, a television silencer and "six different transistor radios." Sensing devices are the basis of the considerably less elaborate "electronics engineering" equipment now introduced by Triang-Lionel. This combine also offers a series of "plastics engineering" sets selling at prices from 39s. 6d. to 6 guineas, with which a child can actually carry out the different moulding processes. If the ideas—and the prices—catch on quite a lot of children will be several pegs up, technologically speaking, on their parents.

EUROPEAN CHEMICALS

A New Look

Entry into Europe poses new problems not only for British industry but for the magazines that serve it. Temple Press, now part of Mr Cecil King's magazine empire, has reacted to these new demands with *European Chemical News*, a lively technical and economic weekly focused on developments throughout the chemical and allied industries in Europe. Its first issue, published a fortnight ago, displayed an impressive coverage, presented in short news and background items rather than the long and detailed technical analyses that are more frequent in trade magazines.

One of its more impressive features is a table of comparative "local delivered prices" for chemical products across Western Europe. These are not as complete as it would like—for example, it is proving hard to collect representative prices for chemicals in the German market, which is at once secretive and chaotic—but the array is already more comprehensive than anything published anywhere else. And unfortunately, the only implication that can be drawn from these first, incomplete comparisons is that Britain still has to pay relatively high prices for its chemicals. The first ECN price table lists a range of 92 chemical products, with prices for most of them in Britain, France and Italy, for some in Belgium, and for a few in Germany. Of the 92 the British price was highest in 39 cases, often by quite a wide margin. Last week's issue gave prices for 102 products of which the British price was highest in 32 cases.

This new chemical trade paper has come into being at a time of turbulence in the chemicals industry (its own reaction to the ICI-Courtaulds struggle is to emphasise the value of Courtaulds' marketing strength in textiles, and the present difficulties of producers of chemical intermediates that cannot command outlets for their materials). Its own price comparisons suggest that with the entry of the British chemical industry into the common market it will have a good deal more turbulent changes to record.

CAR PARKING

Simplicity Pays

American realism and know-how are the ingredients that Meyers Bros. Parking System will bring to the new company it has formed with City Centre Properties and Hambros Bank to build multi-storey garages in Britain. Meyers is the controlling shareholder in the new company, Meyers Bros. Parking System, which starts operations with the existing garage in Aldersgate built by Mr Alexander Kaye—who becomes a joint managing director of the company. It is already negotiating for 22 sites in Britain and Ireland and has plans to build more in France and Belgium. Meyers claims that it can offer parking at rates much below those now commonly charged in Britain; certainly at Aldersgate, which was designed without its help but where it has advised on detail layout and operating methods, the charge of £60 a year for long-term contract parking is substantially below that of other garages in central London.

The secret of Meyers' low charges does not lie in any unique method of building garages, but in designing each garage to suit the needs of the site and the type of users it will attract, and in operating them with a small staff. The structure of the garages is kept simple and flexible—the minimum of pillars to restrict the parking layouts that can be employed, for example. Ramps for getting the cars upstairs are used wherever land is available; cars go up in lifts on only the most restricted or expensive sites. Gadgets like intercom systems and even closed-circuit television allow the manager to keep a close control over the activities of the staff and the state of the stock, as well as saving men's time. So do the firemen's poles Meyers uses sometimes: men can descend one floor three seconds faster by pole than by lift, it finds.

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AID

More for Pakistan

The meetings in Washington of the "Aid India" and "Aid Pakistan" clubs—both have the same members—appear to have gone smoothly. India has come away with a pat on the back for progress so far achieved, and a promise of a further meeting in May to discuss its needs for aid for the second year of its third five-year plan. Members have, however, agreed that these are likely to be a good deal more than the $930 million offered last June; and they asked the World Bank to try and enrol new members for the club—there are some conspicuous omissions from Europe.

TWO YEARS' AID FOR PAKISTAN ($ million)

	Commitments June, 1961	Additional commitment January, 1962	Total
Canada	18·0	20·0	38·0
France	10·0	15·0	25·0
Germany	25·0	55·0	80·0
Japan	20·0	25·0	45·0
United Kingdom	19·6	28·0	47·6
United States	150·0	350·0	500·0
World Bank and IDA	77·4	132·0	209·4
	320·0	625·0	945·0

The Pakistan consortium, somewhat unexpectedly, produced more tangible results—the World Bank has been impressed with Pakistan's management of its affairs. Last June Pakistan asked for aid totalling $945 million to fill the hole its planners had left in the foreign exchange needs for the second and third years of its (second) five-year plan; year 2 ends this July. Pakistan was then offered $320 million; now the consortium has agreed to enter into additional commitments to provide the extra $625 million to bring the total for the two years to the requested $945 million. Of this total, Britain had offered $42 million last June for the first two years of the plan and promised an additional $28 million last week. It asked that drawings on this aid should be spread over the remaining years of the current plan. To avoid embarrassment at future meetings of the consortium Britain has warned Pakistan that, because of its own balance of payments difficulties, it will not be able to increase its aid for the whole of the five-year plan beyond the $70 million already offered. Britain's aid offers to India for the first two years of its current plan so far amount to $250 million, out of a total offered by the consortium of $2,225 million.

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MARKETING RESEARCH

Business Compendium

One way of inducing order is to lump everything into broader and broader categories. This is rather what the British Institute of Management has done in its "Survey of Marketing Research in Great Britain." Marketing research—of which the familiar "market research" is only a part—appears to cover by definition the whole commercial bag of tricks, from "purchase of companies" to packaging. Faced with such profusion, 179 of the 265 companies asked funked replying to the questionnaire. Nevertheless, the analysis of the 86 answers received does give a broad indication of how research minded, outside the production field, British business is. It also suggests in what directions interest is concentrated.

The consumer goods manufacturers surveyed spent on average over three times as much on marketing research as the makers of industrial products—£66,000 a year each compared with £20,600. Nearly all the consumer goods firms ran some sort of research department of their own, while only 29 out of the 38 industrial manufacturers did so. This follows logically from the types of research that seem most popular—such as product testing, and the almost universal interest in "acceptability of new products" shown by the makers of consumer goods. For all firms, the heaviest concentration is on the various aspects of market research, though when it comes to export markets the consumer goods manufacturers again seem the keenest. Yet only 26 per cent of the industrial and 42 per cent of the consumer goods firms said they were researching into the suitability of their products for the export market, while at home such important subjects of study as distribution costs and future personnel requirements appear comparatively neglected. It seems that firms shirk particulars when looking into the future, for in contrast the vaguer kind of crystal-gazing, under the heading "long-range forecasting" is fairly popular, being indulged in by 74 per cent of the industrial and 65 per cent of the consumer firms. But at least this is probably a harmless indulgence: something like half the manufacturers do not act upon the recommendations contained in marketing research reports.

SHORTER NOTES

A Cotton Board delegation that has been visiting India and Pakistan to persuade manufacturers to limit their exports of yarn to Britain has not been successful. No restrictions were placed on yarns under the pact limiting exports of other cotton manufacturers from Commonwealth countries. But when the pact was recently renewed provision was made for restriction of yarn imports if they increased substantially. When the original agreement was made in 1958, imports of yarn were less than 15 million lb a year. In 1961, imports rose to 44 million lb.

★

Philip Hill Investment Trust is raising £5 million by a one-for-eight rights issue at 20s. a share. With the existing 5s. shares standing at 27s. the rights are worth about 9d. a share and the prospective ex rights yield is 2.4 per cent on the ordinary dividend, which for the year to March 31st is being maintained at 12½ per cent to comply with the Chancellor's wishes. In view of the "opportunities for profitable investment which continue to arise" the directors feel that new capital should be raised since existing resources are fully invested.

★

Under pressure of its estimated trade deficit of US $450 million for 1961, Argentina has imposed stiff deterrents to imports. The customs surcharge on luxury and non-essential goods has been increased from 150 per cent to 250 per cent, and a surcharge of 40 per cent has been placed on all types of machinery, previously free of import duty.

COMPANY AFFAIRS
Comments on pages 467 and 470 on :
United Steel · Turner and Newall · Dorman Long · British Oxygen · South Durham · Aveling-Barford · Cable and Wireless

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 468 and 469

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 471

COMPANY MEETINGS

NATIONAL PROVINCIAL BANK LIMITED

HIGHLY SATISFACTORY RESULTS

1961—A YEAR OF IMPORTANT ECONOMIC DEVELOPMENTS

MR D. J. ROBARTS ON GOVERNMENT'S ANTI-INFLATIONARY MEASURES

The 129th Annual General Meeting of National Provincial Bank Limited will be held on February 22nd at the Head Office, 15 Bishopsgate, London, E.C.2.

The following is the statement by the Chairman (**David John Robarts, Esq.**) which has been circulated with the Report and Accounts for the year ended December 31st, 1961:

Statement of Accounts. The Balance Sheet and Accounts of the Bank together with the Directors' Report are before you.

It will be seen that the liabilities of the Bank to its Current, Deposit and other Account holders at £946,557,603 exceed last year's figures by £15,686,910.

The total of our liquid assets—Cash, Money lent at Call and Short Notice, Bills and Re-financeable Credits—represents 36.6 per cent of our deposit liabilities. This compares with 33.6 per cent twelve months ago.

As a result of the further call made during the year, our Special Deposit with the Bank of England, £26,300,000, represents 2.8 per cent of our deposit liabilities as at December 31, 1961.

Investments in securities of, or guaranteed by, the British Government continue to be shown at a figure which is below their market value. The Balance Sheet value of £104,387,360 gives a ratio of 11.0 per cent to Deposits as against 14.5 per cent last year. We hold no undated Government securities and the majority of our holdings mature within ten years.

Our Advances stand at £441,902,278, which represents 46.7 per cent of our Deposits. The corresponding figures at December 31, 1960, were £415,568,727 and 44.6 per cent.

Profit and Loss Account. The account shows a net profit for the year of £4,256,388 compared with £3,565,996 for 1960.

Together with the amount brought in of £1,214,667 there is a balance for disposal of £5,471,055. An interim dividend of 7 per cent has been paid on the capital as increased by the issue of 3,003,760 £1 shares distributed and credited as fully paid to Shareholders in the ratio of one additional £1 share for every seven held at January 30, 1961. This took £1,030.290, leaving available £4,440,765.

It is now proposed to deal with this balance as follows:

To pay a final dividend of 7 per cent	£1,030,290
To appropriate to Reserve Fund	£2,000,000
This will leave to be carried forward	£1,410,475

The proposed final dividend of 7 per cent makes, with the interim dividend of 7 per cent paid in July last, a total dividend of 14 per cent in respect of the year 1961.

Subsidiary Companies. The Balance Sheet of Coutts and Company as at December 31st last and the Profit and Loss Account for the year ended December 31, 1961, accompany our own Report and Accounts together with a Consolidated Statement of Assets and Liabilities of North Central Finance Limited and its subsidiary companies as at September 30, 1961. Following the Bank's successful offer for the issued capital of the Isle of Man Bank Limited, the Balance Sheet as at December 31, 1961, and the Profit and Loss Account for the year ended December 31, 1961, of that bank are also included.

Head Office Premises. After most careful consideration, your Directors have decided that the time has come to rebuild the Head Office of the Bank. The main portion of this building is nearly 100 years old and, although it has been substantially modified over the years, it cannot now be regarded as making full and economic use of the large and most valuable site which it occupies. Shareholders will remember that we purchased the freehold of Gresham House in 1959, and the tenancies are arranged in such a way that we shall be able to obtain vacant possession of most of the building in the Autumn of 1964.

Building operations will start on the Gresham House site before the rebuilding of 15 Bishopsgate and 20/22 Old Broad Street commences, and the work will be phased in such a way as to enable the majority of the Head Office Departments to continue to function from the present address. The rebuilding project, when completed, will provide one large building covering the whole area of the Gresham House and Bishopsgate and Old Broad Street sites. This will house the Head and City Offices of the Bank, provide for future expansion and permit certain departments, which are at present expensively housed in other parts of the City, to be accommodated in the main building. In addition, there will be a substantial amount of space available for letting.

Taking into account both the rents which we anticipate receiving and saving, and the greater efficiency of operating in a modern building, your Directors are satisfied that the scheme is sound and well justified.

Some inconvenience will inevitably be caused to our present tenants in Gresham House, and this we much regret. We hope, however, to be able to offer to them much superior accommodation in modern offices when our new building is completed.

Management and Staff. At the end of 1961 Mr F. Keighley retired from the position of Chief General Manager of the Bank, after a most distinguished career. Mr Keighley entered banking at Leeds in 1915 as an apprentice with the Union of London and Smiths Bank, which was subsequently amalgamated with the National Provincial Bank of England.

In 1926 he came to the Advance Department in London, where he quickly established a high reputation with his work on many important and difficult problems which beset banking in the late 'twenties and early 'thirties. He was appointed successively an Assistant Controller, Inspector of Branches, Controller, Joint Chief Controller and General Managers' Assistant. Early in 1951 Mr Keighley became an Assistant General Manager and later that year a Joint General Manager.

He became Chief General Manager of the Bank in 1956 and was elected Chairman of the Chief Executive Officers' Committee of the London Clearing Banks in January, 1960.

We owe Mr Keighley a great debt of gratitude for his splendid work for the Bank which has extended over nearly 47 years.

I am glad to say that we are not to lose Mr Keighley's wise counsel as he has been elected a Director of the Bank and I will be asking you to confirm this appointment at the Annual General Meeting. Mr Keighley will also continue to represent the Bank on the boards of North Central Finance Limited and the Isle of Man Bank Limited.

Mr W. Lynn has been appointed to succeed Mr Keighley as Chief General Manager. During the course of his career Mr Lynn has held many important appointments and he has been a Joint General Manager since 1953. We are confident that in Mr Lynn we have a Chief Executive Officer who is admirably equipped to carry the heavy responsibilities involved.

At the end of June Mr H. C. Pearson, a Joint General Manager, retired after more than 44 years of distinguished service with the Bank. He was elected a Director of the Isle of Man Bank Limited and has subsequently been appointed Chairman on the retirement of Mr J. R. Quayle.

Mr R. F. Smith and Mr W. B. Davidson have been appointed Joint General Managers.

The very satisfactory results which have again been achieved would not have been possible without the great efforts of our loyal and efficient staff. Once again, on behalf of the Shareholders and Directors of the Bank, I would like to express our gratitude to them for their excellent work during the past year.

On the 7th June there occurred a tragic event which I record with profound sorrow. Mr H. Hartley, Manager of our Newcastle upon Tyne Branch, was shot dead in his room by an assailant who had sought an interview with him. Mr Hartley was a most loyal and efficient officer of the Bank and we were deeply shocked that he should be brutally murdered while carrying out his duties for the Bank. Our sincere sympathy goes out to his widow and sons.

The question of the security of our staff is one that is constantly before us and we are always seeking to improve our arrangements. I am satisfied that we have taken all possible precautions for the safety of the members of our staff and we shall continue to give very high priority to this important matter.

North Central Finance Limited. Our thanks and congratulations are due to the Chairman and Directors of our subsidiary, North Central Finance Limited. In a most difficult year they have achieved an increase in net profit of approximately £200,000 to £661,374. In view of the troubled time through which the whole of the hire purchase business of the country has been passing, this is a most praiseworthy performance and reflects highly efficient management.

A YEAR OF NOTABLE DEVELOPMENTS

The past year has been filled with events of great importance to the economy and so to the banking system of the United Kingdom. For the first time for ten years the Chancellor of the Exchequer produced a Budget which was, for practical purposes, in overall balance and the indications point to a reasonable realisation of his estimates. This is a most important matter because it goes to the root of inflation—the disease which has beset the country ever since the end of the Second World War.

Over the previous decade deficits in the national accounts had accumulated to the amount of £2,524 million and the National Debt rose by £2,330 million. To the extent that such huge deficits are not matched by genuine savings and higher productivity, the effect can only be inflationary. It would seem that a large part—more than £1,000 million—of these deficits has, in fact, been financed by increases in the note issue. One cause of the deficits has been the need to finance the nationalised industries. The British Transport Commission alone has made losses totalling some £475 million and in addition it now appears that £650 or £700 million of the debt of that body will have to be written off.

So the decade was clearly a period of serious inflation, the symptoms of which were recurring crises in our balance of payments position. The country's reserves are so small in relation to its liabilities and to the value of trade transacted in sterling that any adverse movement in trade or any weakening of world confidence in the stability of sterling has an overwhelming effect.

Such crises are also most damaging to business in the United Kingdom, necessitating, as they do, the imposition of restrictions on bank credit and, indeed, making all forms of credit harder and more expensive to obtain. In these circumstances planning ahead by businesses, particularly by those of small or medium size, becomes extremely difficult.

The 1961 Budget came too late to prevent the balance of payments crisis which came upon us last summer and which necessitated the "little budget" of July.

The measures then taken were more severe than appears to have been generally recognised. Bank rate was increased from 5 per cent to 7 per cent and the clearing banks had to deposit a further 1 per cent (making 3 per cent) of their deposits from the public with the Bank of England, thus depriving them of the power to lend that proportion of their funds to their customers. At the same time the banks were asked to restrict advances connected with personal consumption in the private sector of the economy. Such measures were by no means new. They had been used on several previous occasions in the past decade when a balance of payments crisis occurred. But this time there is a fundamental difference in that they have been accompanied by vigorous fiscal action in raising purchase tax and certain customs and excise duties. At the same time Government expenditure at home and overseas has been drastically reviewed. Such action is far more valuable than the exhortations to industry which have accompanied Government measures in the past unsupported by fiscal action.

The past year has been an eventful year also in regard to the foreign exchanges and foreign financial relations generally. The inflow of short-term funds attracted to London by the high money rates prevailing here, which was still continuing at the beginning of the year, was sharply reversed in March after the revaluation of the German and Dutch currencies. There followed a heavy drain on sterling due to the removal of hot money for speculation in other currencies on top of the current losses caused by the serious deficit in our balance of payments. The immediate impact was masked by the so-called Basle Agreement under which the principal European central banks agreed, in the interest of currency stability, to hold the sterling funds transferred to them without calling for repayment. This arrangement helped to meet the strain of the massive withdrawal of funds from London but it was, by its very nature, a temporary accommodation by the other central banks. Accordingly, in August the Government arranged to draw £536 million from the International Monetary Fund, which enabled the funds taken in by the European central banks under the Basle Agreement to be repaid. Meanwhile, the measures announced by the Chancellor of the Exchequer to strengthen sterling proved effective in stopping the outflow from London and £150 million of the drawing from the IMF has since been repaid. This was highly desirable as the drawing of £536 million had left the IMF with an insufficient margin of resources—particularly in European currencies—to meet all eventualities. A number of plans had been proposed to strengthen the powers and resources of the Fund and the one that emerged from the annual meeting of the members at Vienna in September proposed that the Fund should be empowered to borrow from countries with surplus reserves in order to give temporary assistance to other countries. This proposal was approved in principle and the detailed arrangements necessary are now being formulated.

GOVERNMENT'S ECONOMIC POLICIES

The decision of Her Majesty's Government to apply for entry, under suitable conditions, to the European Economic Community gives hope of closer integration with Europe in economic matters and, if President Kennedy can carry through his far-reaching proposal for more liberal tariff policies and perhaps some closer association between the United States of America and the countries of Europe, the vista is opened of a vast increase of international trade which should immensely increase the strength of the whole free world.

The year has therefore been marked by a number of developments aimed at securing closer financial and economic co-operation between the United Kingdom and Western Europe and eventually also the United States. These developments are all much to be welcomed as there is no future for any country in isolationism.

It is therefore all the more important that the Government should pay particular attention to the presentation of its economic policies. Those whose business regularly takes them abroad are continually finding that foreign financial authorities take a more pessimistic view of the future of sterling than we do ourselves. Needless to say we have ourselves been largely to blame for this, for we have, in the past, shown little sign of solving our balance of payments problem—possibly, and even probably, because governments have been too slow to take anti-inflationary measures and too quick to abandon them. But the present Government has decided to apply remedies which seem to be more appropriate to the disease and, moreover, has on the whole shown a clear determination to persevere with them. This being so, it should take more care about the presentation of its case and particularly in foreign countries. It can never, of course, prevent its political opponents from criticising its measures nor can it silence those correspondents who like to exaggerate this country's internal difficulties. But it should not be beyond the competence of the Government to counter this adverse comment. One of the most effective ways of doing this would be to avoid at all costs giving the impression of vacillation and of willingness to abandon a treatment just when it is showing signs of being effective.

Our balance of payments position and so our reserve position are both slightly improved, but, bearing in mind the outstanding credit from the International Monetary Fund, this process has a long way to go before we can afford to relax. Nevertheless, if the present sound money policy is continued, inflation and recurring crises in our balance of payments will become no longer the serious menace to all our activities which they have been in the years since the last war and, most important of all, the deficits on our trade balance can be held Moreover, the halting of inflation will not prevent industrial expansion—indeed, to judge from the records of countries which have dealt with this problem, it is a necessary prerequisite of such expansion.

ALLIED RETAIL TRADES (LONDON)

THE CHAIRMAN'S STATEMENT

INCREASED TURNOVER AND PROFITS

The Fourteenth Ordinary Annual General Meeting of Allied Retail Trades (London) Limited was held in London on January 26th, **Mr W. Harold Martin,** chairman, presiding.

The following is an extract from his circulated statement for the year to October 1, 1961:

The group retail turnover was £3,810,528, an increase of £544,939 and more than a quarter of a million in excess of last year. We continue to expand and I have little doubt that the turnover next year will be in advance of £4 million.

I am pleased to report an increased profit at £181,032 as against £162,602 last year, an increase of £18,430, or some 11.4 per cent over last year.

During the year under review we purchased eight established branches and secured tenancies and opened nine new branches.

We have decided to recommend a final dividend of 15 per cent on the increased capital making a total of 21 per cent.

Our turnover during last year gradually increased throughout the year and shows every sign of continuing to do so. Therefore, provided nothing in the political world adversely affects our general position, we can look forward to a prosperous year with considerable confidence.

The report and accounts were adopted.

JOHN SUMMERS & SONS LIMITED

NEVER IN BETTER SHAPE

HIGHER PRODUCTION AND SALES BUT UPWARD TREND IN PROFITS CHECKED

INCREASE OF CAPITAL APPROVED

MR RICHARD F. SUMMERS ON THE OUTLOOK

The annual general meeting of John Summers & Sons Ltd., was held on February 1st at the Iron and Steel Institute, 4, Grosvenor Gardens, London, SW, **Mr Richard F. Summers,** chairman, presiding.

The following is the chairman's statement circulated with the report and accounts:

The year ended September last produced some marked changes in the economic outlook of the country and of the steel industry. In my last statement I indicated that there were signs of these changes on the horizon, and it was not long before we began to feel their effects.

It is unfortunate that the upward trend in profits which has been a feature for a considerable number of years has been checked, and that this year's figure shows a reduction of just over £1,000,000, but in view of all the circumstances I feel that the results should not be looked upon as unsatisfactory, for it must be remembered that in common with other steel makers we were adversely affected by an increase in the price of coal which became operative in September, 1960, an increase in wages which took effect from November, 1960, and finally the imposition of a duty of £2 a ton on fuel oil in the Budget in April.

The combined effect of these and one or two other items was to add something like £2,000,000 to our production costs. It is true that the Steel Board did agree to an increase of 1 per cent in the selling price in June last, but this only resulted in augmenting our receipts for the last financial year by some £130,000. Fortunately, however, despite a number of complications in the changeover from old to new methods of production, and one or two other difficulties which we encountered during the year, we did in fact increase our deliveries of finished steel by 27,000 tons.

A SATISFACTORY ACHIEVEMENT

In the circumstances I think we may consider this as a satisfactory achievement, for it must be remembered that we were passing through a year of intense competition both at home and abroad. There had been a very large increase in stocks of finished steel, and 123,000 tons of sheets were imported. These imports implemented commitments which had been entered into by some of our larger customers at a time when trade was booming and the motor and other sheet consuming industries were operating at a very high level. Unfortunately these imports and the withdrawal from stocks reduced the demand on home suppliers just at a time when their capacity was on the increase.

In trying to assess how in spite of these adverse factors we were able to produce and sell more of our sheets than in the previous year I can only assume that the majority of our customers, who have been dealing with us for very many years, were reasonably satisfied with the quality of our product and with our service. Undoubtedly we also benefited from the fact that we were able to offer a wide range of sheet and coil, covering not only the traditional qualities, but also our special sheets with various coatings—galvatite, zintec and stelvetite.

Modern trends in building construction are tending to require the use of more and more sheet steel, not only for external cladding and internal partitioning, but also for ducting for air conditioning, central heating and other services. This is encouraging; our coated sheets are particularly suitable to fulfil these needs, and I feel sure that we may look forward to a growing demand for them in the future.

FINANCE—INCREASE OF CAPITAL

I do not think I need comment on any of the items in the Balance Sheet or Profit and Loss Account as I feel that all the important points are clearly explained in the Report and notes on the Accounts. I would however wish to say something with regard to cash requirements and the capital structure of the Company. The developments at Shotton are now virtually completed, and there are at the moment no further large scale plans envisaged for those Works, but, as I mentioned last year, we are replacing a large part of the Shelton Works at a cost of approximately £18,500,000, a step which we considered essential if they were to remain competitive.

In the past we have financed a very large proportion of our capital expenditure out of our own resources, and it would be our intention as far as possible to continue this same policy in the future, but of course the extent to which we can do so must depend on the level of earnings over the next two or three years, for we are not unmindful of the interests of our shareholders, who quite naturally would expect us to pursue a reasonable dividend policy. Whilst we have arrangements for overdraft facilities with our Bankers and there is no immediate urgency, the Directors consider that in view of the overall commitments of the Company it may well be advisable at some appropriate time to raise some further capital. It is therefore proposed to hold an Extraordinary General Meeting after the close of the Annual General Meeting to seek authority to increase the Nominal Capital of the Company from £24,250,000 to £30,000,000.

On a major issue such as this we are naturally keeping in close touch with our Financial Advisers who have recommended the proposed increase in the Authorised Capital to which I have just referred, and they will advise us in the light of prevailing economic conditions when they think it appropriate for us actually to raise the new money, and the form the issue should take. I can assure you however that the Directors will not without further reference to Shareholders use any of this Authorised, but Unissued, Capital in a manner likely to affect the general nature of the business or the control of the Company.

I should like to point out, that even with this proposed increase in the Authorised Capital, the total will be comparatively small compared with the real value of the assets now employed in the business as a result of the way in which the Company has expanded since the end of the war. Capacity has been increased from 650,000 tons to approximately 2 million tons of ingots a year, and some £70 million has been expended on capital projects. If we had to start today from scratch to build a Works to make this amount of steel and convert it into the various products which we now manufacture it would undoubtedly cost two or three times as much.

FUTURE PROSPECTS, COMPETITION

Whilst the large capital expenditure at Shotton is virtually completed, we shall naturally be continually on the look out for any modern developments or additions which will increase our efficiency or help us to produce more economically. The introduction of oxygen in iron and steel making is just one of the matters which is being kept closely under review. We are undoubtedly in a highly competitive era, and the new strip mills coming into production in this country and

elsewhere make it essential for us to do everything we can to maintain and improve our competitive power.

We have always striven to operate our Company economically, and we believe that for its size the overhead charges are low, but this does not mean that we are necessarily satisfied; we shall go on looking to see where further economies can be made without impairing the efficiency of our organisation. Owing to the magnitude and complexity of some of the work that has been carried out, particularly during the last two or three years, it has been impossible entirely to prevent some temporary dislocations, with resultant increases in production costs. Now however that this work is finished and most of the initial difficulties have been overcome, even if the future order position may not for the time being allow us to take full advantage of the increased capacity, we are hopeful that provided we are not subjected to any financial impositions beyond our control our production costs will continue to show further improvement.

PRODUCTION RECORDS BROKEN

I am encouraged in making this statement by the fact that in November, 1961, production records were broken at Shotton in our blast furnaces, melting shop and rolling mills, which enabled us to achieve record deliveries. These record outputs and deliveries had a favourable effect on production costs, and have given a good start to the current financial year. It is disappointing that for the time being at any rate it looks as though market conditions may not allow us to continue operating at this level.

It seems clear now that the forecasts that the country would require an ingot output of 28 million tons by 1962 have turned out to be far too optimistic, and I think it may be some little time before this level of steel production will be required, with the result that we should not be justified in expecting our Company or the industry as a whole to be able to work to full capacity in the immediate future. If I am correct in this assumption then it is going to be the most economically operated Company that is likely to show the best results, and I am confident that now that the Works at Shotton have been completely modernised the Company's prospects should compare most favourably with any similar undertaking. The rate of our operations must of course depend on the requirements of our customers and their ability to increase the export of their products, and also on Government action with regard to hire purchase restrictions and Purchase Tax, which have such a big influence on the level of sales of consumer goods in the home market.

SELLING CONDITIONS

We realise that as far as selling is concerned the conditions that have prevailed virtually since the war have gone and are unlikely to return; therefore a much more intensified campaign is required in all markets. In view of this we have strengthened our selling organisation so that we may be in a position not only to look after our regular customers, but to go out and find new ones both at home and abroad. So far as export business is concerned it must be remembered that until quite recently there have been restrictions on the export of sheet steel, with the result that we have not been able to give our foreign buyers all that they would have liked.

Now we are faced with strong competition from foreign steelworks in practically all our traditional overseas markets. To meet this competition and to regain our proper share of the business the most intensive effort will be required. We feel sure that regular visits to our overseas customers by our selling and technical representatives will prove the most effective approach, and we intend to see that this policy is actively carried out.

COMMON MARKET

It now seems more or less taken for granted that Great Britain will at some time in the not too distant future join the Common Market, and there has been much discussion and speculation as to how this will affect the steel industry and its customers. I think it is true to say that the general view held by the industry is that it would be in the interests of the nation that we should join, and that if we did the steel industry would be able to compete successfully with the continental producers.

Discussions have been going on for some time as to what changes would be necessary if and when we join. It is clear that fairly drastic alterations would be required in a number of respects, especially with regard to pricing arrangements. Also consideration will have to be given as to how the Iron and Steel Board, the Restrictive Trade Practices Act and the central buying of certain raw materials by the British Iron and Steel Federation would be affected. These matters are at the moment being carefully considered by the Federation, and we are of course giving attention to our own position and trying to assess what alterations we shall require to make in our arrangements and organisation.

SUBSIDIARY COMPANIES

Shelton Iron & Steel Limited.—I explained last year why we felt it necessary to rebuild a large part of the Shelton Works, and events since have confirmed the wisdom of this decision, for it is even clearer now that in a few years' time the demand for many of the traditional products which Shelton are rolling today will have virtually disappeared. Good progress has been made on the preparation of the site, and a large part of the machinery is in the course of manufacture. Advantage has been taken of all the latest developments both of construction and design, and we are very hopeful that when the Works is completed it will represent the last word in what a modern small steelworks ought to be, with low production costs and capable of expansion if circumstances in the future should warrant it. The decision to modernise these Works has been very well received in the locality, and it is most gratifying to see the enthusiasm with which the officials there are tackling this development, which is of course vastly greater in its scope than anything with which they have had to deal in the past.

The financial results at Shelton, as at Shotton, were adversely affected by the increased costs of fuel and wages, and in common with other section rollers their order load fell away in the latter part of the year. In view of the difficulties the management need not be dissatisfied with the ultimate results.

Castle Fire Brick Company Limited.—I am glad to be able to report that all our Brick Works, both those making refractory materials and those supplying building and facing bricks, have been operating at full capacity throughout the year, and were successful in achieving a record profit. Last year we decided that wherever possible we would concentrate our production in fewer Works and install new machinery and labour saving devices; during the year satisfactory progress has been made along these lines. We are pressing on with this policy and look forward to further improvements in the future. We must congratulate the management of the Brick Works on their record year.

BOARD OF DIRECTORS

As stated in the Directors' Report Mr J. H. Pearce indicated his wish to retire in December last. He became a member of the Group when we took over the Wolverhampton Corrugated Iron Company in 1917, and was appointed a Director of the parent Company in 1931. All through these years his great knowledge of the industry was of inestimable value to the Company, and his charm of manner and scrupulous integrity made him a very popular figure with all those with whom he came in contact. We are very grateful to him for his friendship and his contribution to the Company's progress. We wish him well in his years of retirement.

CONCLUSION. TRIBUTE TO STAFF

In retrospect, last year was not an easy one for the reasons I have already mentioned, but a great deal of hard work was put in, and I wish to congratulate the Engineers and technicians who were responsible for the final stages of the developments at Shotton, and who succeeded in keeping interference with output down to a minimum. Praise must also go to the production people who did a fine job, at times under very difficult conditions.

The year however was not without its brighter side because we did in fact ship more finished steel than in the previous one, and the reduction in our trading profit of some 8 per cent, whilst to be regretted, is considerably less than some forecasters seem to have feared would be the case. As far as the future is concerned it is not easy to make any accurate prediction as to what the position over the next few months is likely to be.

It is difficult to see any spectacular improvement in demand in the immediate future, and we know that during the year the capacity for the production of flat rolled products will be increased, but earlier I referred to the fact that contrary to the general trend we had increased our deliveries last year and I suggested two or three reasons which I felt might have contributed towards this achievement. I see no reason why these factors should not continue to have an influence on the position during the current year, in which case I would expect that we should get at least our fair share of whatever business is available.

NEVER IN BETTER SHAPE

It is very easy when everything is going smoothly and well to believe that such circumstances will continue indefinitely. Conversely it is not easy during times of slack demand to realise that better times must surely lie ahead. Anyway, the Company has never been in better shape to cope with whatever problems it may have to face. Last year clearly demonstrated that we possess certain valuable advantages. We have first class equipment and loyal and efficient employees who have given the Company excellent service in the past, and on whom I know we can rely to do the same in the future.

The report and accounts were adopted and at a subsequent extraordinary general meeting the proposed increase of capital was approved.

COLVILLES LIMITED

STEEL PRODUCTION REACHES LOWER LEVELS

EFFECTS OF GOVERNMENT MEASURES

UNCHANGED PRICES IN FACE OF INCREASED COSTS CUT PROFITS

SIR ANDREW McCANCE'S REVIEW

The Thirty-first Annual General Meeting of Colvilles Limited was held on February 2nd at Glasgow.

The following is the circulated statement by **Sir Andrew McCance, DSc, LLD, FRS, DL,** chairman and managing director, for the year to September 30, 1961:

The strong demand for steel at the commencement of 1961 showed signs of weakening as the year progressed. Production by the end of the financial year in September had fallen to markedly lower levels. What might have continued as a relatively slow rate of decline was accelerated into a more rapid change by the measures the Government found it necessary to introduce to curb the increasing inflation which had become more and more serious as the year proceeded. These measures have had a marked effect on demand and at the present time production is only about 70 per cent of that at the beginning of the year. It is to be hoped that during the early part of 1962 indications of a recovery in the state of trade will be observable.

THE DIRECTORATE

I have received an intimation from Sir Frederick Rebbeck that he does not wish to offer himself for re-election at the end of his present term as a director. Sir Frederick has been a member of the Board for nearly 25 years and we are very sorry to lose his services as we have received from him always the most helpful advice and guidance.

Mr James Gibson has found it necessary for health reasons to relinquish his position as a special director. He has been associated with the company for 55 years and we greatly regret losing the benefit of his wide experience in steel manufacture.

I have pleasure in stating that the Board have appointed as special directors of the company Mr W. Banks, General Manager of Ravenscraig Works, and Mr. A. Young, General Manager of Clydebridge and Clyde Iron Works. They will both bring a wide experience of works management to bear on the operational control of our new developments.

With the large-scale developments now nearing completion much additional work has been thrown on the staff and employees in the Colville organisation. The Board are very appreciative of the excellent response which they have made to these new commitments and of the attention which they have given to the business of the company during a difficult time.

ACCOUNTS

The expenditure on capital account this year of £33,095,100 brings the total assets above £100,000,000 for the first time in the history of the company. This expenditure has been met by drawing on the Government loan to the extent of £15,000,000 and by raising approximately £15,000,000 from the market by means of a rights issue. This explains the large increase in the cash in hand which stands in the consolidated balance sheet at £8,762,000. The group however has still £61,000,000 to spend, of which £27,000,000 is committed in respect of contracts, so further drawings from the Government loan will be required.

I hope that the publication of the rate of interest (6¼ per cent) and the amount of interest paid (£516,010) will make it clear that the Government's contribution to the financing of the strip mill project was in no sense a subsidy and not on the charitable basis alleged in certain quarters.

On the profit side, the striking feature is that in spite of an ingot production of 2,041,947 tons, only slightly different from the production of 2,056,467 tons last year, the trading profit has fallen to £10,892,508—a drop of £2,654,332 from the record figure of last year. This drop is in spite of the benefit of economies arising this year from improved plant and methods. The charge for taxation has been significantly reduced through the operation of investment allowances.

GROWTH OF COSTS

Without question, the reduction in profit was caused by continued increases in the costs of production during the year and by the reluctance of the Iron and Steel Board to pay adequate regard to those increases and to the responsibility which they carry when determining the selling prices of steel products. Against increases justifying a 3 per cent addition to prices, an increase of only 1 per cent was granted in July and this has caused a marked reduction in our trading surplus. Smaller margins reduce our ability to finance developments and in the long term will reduce our capacity to provide more employment.

The considerable expenditure on development has made it necessary to transfer £3,000,000 to the general capital reserve and it was thought advisable to add £2,000,000 to the general reserve.

The Board recommend that a final dividend of 10 per cent should be paid, making a total of 16 per cent for the year.

STRIP MILL DEVELOPMENT

The various sections of our 68" strip mill scheme have kept reasonably in step with the scheduled construction programme. Delivery of the main mill components has been in accordance with planned arrangements, but delays have taken place with some secondary electrical equipment, and a rearrangement of construction programmes has been necessary.

Some of these delays have been also due to labour disputes and so-called unofficial strikes. Most of the demands put forward in justification of these strikes are unrealistic—like the demand that Saturday should be a free day and Sunday work at double time rates should take its place. The impression remains that such demands are put forward knowing they will be refused: they serve the purpose of making difficulties and of impeding progress and Britain has suffered heavily in recent years from such tactics.

The Ravenscraig slabbing mill, which should have gone into operation in December 1961, is now expected to start in February 1962.

The strip mill should be in a position to start during the second half of 1962. The training of personnel is in active progress at the present time and this will ensure that the mill starts up with adequate and well-trained crews. It is a pleasure to acknowledge the assistance in personnel training which we have received from the Republic Steel Corporation in America and from our strip mill colleagues in the United Kingdom and abroad. All have been most generous with their help.

COLD REDUCTION MILL

Excellent progress has been made with the cold reduction mill at Gartcosh, which commenced production in December. We were offered and accepted an order to cold-roll hot strip from Russia for re-export to that country and this will help to improve the production load on our mill for the time being.

A team of technical managers has returned from a study tour of the plant and methods used for continuous galvanizing and their recommendations regarding the plant to be installed at Gartcosh will come up for consideration at an early date.

During the construction of the L-D plant at Ravenscraig, a patch of unexpected unsoundness was discovered in the site necessitating much additional piling. This difficulty has now been satisfactorily surmounted and progress is proceeding normally.

Negotiations for the installation of a second liquid oxygen plant of 200 tons per day capacity are under way with the British Oxygen Co. Ltd., who will operate the plant, and construction will be so timed that the additional output will be available when required. It will bring the total oxygen capacity at Ravenscraig to 400 tons per day.

DEVELOPMENT—OTHER SCHEMES

The 4-high plate mill at Clydebridge Works has proceeded according to the construction plan in spite of interruptions due to sporadic strikes which our sub-contractors have experienced. When completed, the capacity of this mill will enable a concentration of our plate rolling facilities to be carried out and bring about definite economies in production costs.

The new sinter plant at Clyde Iron Works is operating and the increase in the proportion of conditioned sinter added to the blast furnace burden has brought about a welcome reduction in the coke consumption.

After preliminary trials, orders were placed for the plant to apply oil injection to a blast furnace at Clyde Iron Works and it is now operating. If successful its use will be extended. This should achieve a reduction in our requirements of coking coal which has become increasingly expensive in Scotland in comparison with the price in other districts and in other countries.

In 1947 when the pits were taken over Scottish coal was competitive in cost and price with coal from other districts. In spite of the huge sums of money spent on mechanisation during the intervening years, the output per man employed was no better in 1960 than it was in 1947. This failure to improve productivity lies at the root of the economic troubles in the Scottish coalfields.

The universal beam mill at the works of the Lanarkshire Steel Co. Ltd. commenced operations in July this year. This mill has proved completely successful and the universal beams we are now able to roll have met with a ready welcome from all our customers. In this mill the rolling operation is fully automatic and investigation is under way to convert the cutting and assembly of the universal beams for customers' orders to a similar degree of automation. Meantime the state of trade for heavy sections has followed the pattern of other heavy steel products and the absence of major construction schemes in the Scottish area is also having its effect on the demand.

The hot blast cupolas at the works of the Fullwood Foundry Co. Ltd. are now in production although the completion of this scheme took longer than anticipated owing to delays in the delivery of components. It is too early yet to indicate the extent of the economies which will result from this plant, but the Board of the company have no doubt that when in full operation it will prove a real acquisition. I am glad to report further progress in the export business of this company.

DEMAND FOR SPECIAL STEELS

The demand for special steels which are mainly consumed by the motor industry, came under the same influences as heavy steel products and the output of The Clyde Alloy Steel Co. Ltd. during the past year has suffered some diminution. The company however had the advantage this year of operating the Hallside Works where new methods to facilitate production have been introduced.

New methods however take time to achieve their full advantage as operators have to acquire skill in their use and initial troubles with machines affected the first half of this year. These have now been overcome and there is every indication that the Hallside Works will amply succeed in the purpose for which it was reconstructed.

The remaining development in progress is the construction of the 80-ton electric furnace which should be in production towards the end of 1962. A substantial extension to the light casting department at Craigneuk Works was undertaken some years ago and a steady increase in production has followed its completion. In spite of the uncertain level of general trade, the production of light steel castings during the past year has achieved new records and this department has operated at almost its capacity during most of the past year. In the heavy foundry section, while the pressure of demand has not been so great and margins have suffered, a satisfactory level of production has been maintained.

BLANCHLAND FLUOR MINES

At our smaller subsidiary, Blanchland Fluor Mines Ltd., steady underground exploration has been proceeding for some years, and it is gratifying to record that large additional reserves have been located. There is every indication that the fluor is of excellent quality and a flotation plant for the production of high purity fluor is under consideration as there is an increasing demand for this grade at home and abroad.

As reported in 1959, the development of a limestone quarry at Shapfell was undertaken and the scheme is now well advanced in construction. The plant will be of the most modern type and in the layout attention has been paid to everything that would facilitate the efficient mechanised production and transport of limestone. This quarry will start operations during the early summer months. The Board have agreed to form a subsidiary company called Shapfell Limestone Ltd. to supervise and operate this extension. As finance for the scheme will come from the parent company as a development loan, it has been decided that Shapfell Limestone Ltd. will have a nominal capital of £100, all shares being allocated to Colvilles Ltd.

THE FUTURE

The efforts of the Board for some time have been directed towards modernising plant and methods for the purpose of bringing down production costs. As the older plant is reduced and a larger share of production comes from plant of recent design, opportunities for reducing costs become fewer and the possible savings are not so great.

When that stage is reached further increases in production costs whether due to fuel, wages, taxation charges, or other causes, cannot be balanced by production economies and must be reflected in increased selling prices or reduced margins. Policies which do not recognise this state of affairs stand condemned.

COMMON MARKET PROBLEMS

Unfortunately a reorientation away from the simpler association of costs and prices to less practical if more erudite economic theories seems to be fashionable at the moment and dangers to our trading results are already threatening. This is all the more to be regretted at a time when application by Britain to join the Common Market has been made.

On this matter some observations are necessary. There seems to be an idea, for instance, that the lower average rate of expansion during the past ten years in Britain's industrial production of 2.9 per cent per annum—the lowest of all European countries—will receive an immediate fillip when we come within the Common Market whose average increase during the same period was 6.4 per cent per annum, with Germany heading the list at 12.5 per cent. Such a conclusion is unwarranted. We can never move any faster no matter with whom we are associated until the basis of our own economy has been improved and until the mistake of placing heavy burdens on industrial costs has been recognised and put right.

The recent tax on fuel oil of 45s. per ton hits the steel industry particularly hard, coupled as it was with a refusal to give an opportunity to reduce costs by the use of imported coal. The chances of export orders for steel are further impaired when British coal has been sold to continental countries at prices substantially less than those charged to steel works at home.

BURDEN OF LOCAL RATES

Following the revaluation of our works, local rates paid by the Colville group have been increased by approximately £600,000 this year and when derating ceases, the aggregate increase will be £1,600,000 per annum, or more than 20s. per ton of steel despatched. Bearing in mind that in a works like Ravenscraig covering a large area we produce at our own cost all the electricity to light our roads which we maintain in repair at our own expense, that we are responsible for the supply of all the industrial water we use, and that we maintain a security force to guard the plant, it seems very unfair that the full extent of local rates should be charged to us.

Over the years the export record of the steel industry has been good. Such accumulating burdens however must gravely impede the progress of the export drive and weaken the efforts now being made throughout the country to correct the lack of balance in our external trade.

PROSPECTS

Regarding future prospects, when the large development schemes are completed and come into production they will bring about in time a considerable increase in the annual turnover. Given normal conditions of trade, with reasonable selling prices, the company can expect to derive substantial benefit from these extensions to its business activities.

A YEAR OF SIGNIFICANT NEW DEVELOPMENTS

Mr R. G. Soothill, Chairman of Turner & Newall Limited

The forty-second annual general meeting of Turner & Newall Ltd. will be held on February 22, 1962, at the Chartered Accountants' Hall, Manchester, when it is expected that **Mr R. G. Soothill**, the Chairman of the Company, will preside. The consolidated trading profit for the year ended September 30, 1961, was £14,778,690 (including £1,074,343 in respect of British Industrial Plastics Ltd. and Stillite Products Ltd. acquired during the year), compared with £13,636,555 for the year ended September 30, 1960. Mr Soothill's Statement to the Shareholders has been circulated to them with the Report and Accounts. The following is a condensed version of the Statement:

I wish to refer, with deep regret, to the death of Mr C. H. Glassey which occurred on July 3, 1961. He had been appointed to be a Director of Turner & Newall Ltd. on the acceptance of the offer made to the shareholders of British Industrial Plastics Ltd., when the latter company became a subsidiary. His death was a very sad blow to us all and represents a severe loss to British Industrial Plastics Ltd. and to the plastics industry as a whole.

REVIEW OF OPERATIONS

The financial year under review opened with activity in general trading fully equal to that experienced in the preceding year. This satisfactory trading level continued until the summer of 1961, when the effects of recent Government policy began to make themselves felt. As a result, the last quarter of the financial year was characterised by greater difficulty in maintaining the previous figures of turnover in the home companies and by continued pressure on profit margins. Overseas, the experience of our manufacturing companies as a whole was not unsatisfactory, while our mining operations yielded improved results. The net result of a varied experience shows a slight increase in the profit level achieved by Turner & Newall Ltd. without its recent acquisition of British Industrial Plastics Ltd. and Stillite Products Ltd., while the latter two companies have made an added contribution very much in line with what was anticipated.

The year has been unusually interesting in that it has seen the successful development of a number of significant schemes to the stage at which concrete results have been achieved. The following summary will illustrate the wide extent to which the financial resources of Turner & Newall Ltd. are being further deployed.

In the early part of 1961 we made an offer for the ordinary shares of British Industrial Plastics Ltd., which was supported by the Board of that company. The offer was accepted by the required majority of those to whom it was made, and British Industrial Plastics Ltd. subsequently became a wholly owned subsidiary of Turner & Newall Ltd. In addition, during the past financial year, we purchased Stillite Products Ltd., which manufactures mineral wool in various forms.

Looking overseas, a company has been formed in Australia to be known as Hardie-Ferodo Pty. Ltd., in which our good friends, James Hardie Asbestos Ltd., will be majority shareholders, but in which we shall have a substantial minority interest. The new company will manufacture and market in Australia friction materials for the automotive industry and for general engineering purposes.

After friendly and cordial discussions with the Premier of Eastern Nigeria and members of his Government, we reached agreement with them leading to the formation of Turners Asbestos Cement (Nigeria) Ltd., which is now erecting near Enugu a new factory for the manufacture of asbestos-cement products.

We believe that the problems now facing the Republic of South Africa will be overcome and have not allowed the present situation there to turn us from our policy of deliberate and steady expansion. We have recently announced our decision to expand our asbestos-cement manufacturing activities by transferring our operations to a new and larger factory in Durban. This development will be carried out by Turners Asbestos Products (Pty.) Ltd., a subsidiary of your company in which there is now a minority South African shareholding.

In conjunction with Cement Ltd. of Dublin a plant to make asbestos-cement pipes is to be established in Eire. Turner & Newall Ltd. will hold one-third of the capital of this newly-formed company—Asbestos Cement Pipes Ltd.

I am sure that when you take into consideration all our new projects both at home and overseas you will agree that during the past year your Company has achieved much forward movement.

The establishment of new interests outside the United Kingdom in no significant way diminishes the capacity or the firm intention of Turner & Newall Ltd. to play its proper part in increasing the export of British-made goods. All our home manufacturing companies are continuing to pay the greatest attention to this task and in spite of unabated competition their combined export turnover this year has again shewn an increase. The task is not an easy one, but we are confident that our technical position and marketing experience will enable us to continue this progress and, in particular, we look on the possible entry of this country into the European Economic Community as an extension of the trading opportunities available to us.

MINING COMPANIES

Southern Africa

The combined results of our mining companies in Southern Rhodesia, the Republic of South Africa and Swaziland, were very satisfactory during the year ended March 31, 1961, both turnover and profit showing increases. It is impossible to forecast the nature and extent of problems which may lie in the future, but at the present time there is no reason to expect any substantial change in our mining situation. Price competition has increased, but we are in a position to face this with reasonable equanimity.

Canada

The impact of price competition is also very apparent in the Canadian asbestos mining scene and Bell Asbestos Mines Ltd. cannot escape its consequences, but operations continue on the enlarged scale referred to in my last Statement and, unless the competitive picture grows worse, there is no reason to suppose that the long-continued prosperity of this company will suffer any serious setback.

MANUFACTURING COMPANIES LOCATED IN THE UNITED KINGDOM

Turner Brothers Asbestos Co. Ltd. and associated companies

Total production and sales of Turner Brothers Asbestos Co. Ltd. again achieved new records. A slight decline in demand for some asbestos products for the motor trade was more than offset by an increase in the company's export trade to a new record level, despite keenly competitive trading conditions in European markets, where the largest increase in export turnover was nevertheless achieved.

In the fields in which its specialised insulation materials are employed, J. W. Roberts Ltd. achieved improved results, to which increased sales of its asbestos and glass reinforced technical plastics made a substantial contribution. Nearly half of this company's turnover was earned in export markets.

At Glass Fabrics Ltd., progress continued to be made in the technical problems relating to glass textile manufacture. In spite of a temporary check in the national demand for glass reinforced plastics, sales of glass textile products expanded during the year and demand was buoyant at the close.

Ferodo Ltd.

A small increase in turnover has been achieved in the past year in spite of the reduced level of activity in the motor industry. This results from successful trading in the home automotive replacement market, the cushioning effect of the company's diverse activities outside the automotive field, and another record year for overseas business.

Attention has been concentrated on the technical development of the brake pads used in disc brakes and on the expansion of the necessary production facilities. The winning car, whether British or Continental, in every major international event but one throughout the season, was fitted with our brake linings, an achievement which helps to sustain "Ferodo" as the best known brake lining in the world. Construction of the new factory for Ferodo Ltd. at Caernarvon (at a cost of approximately £2,500,000) is approaching completion.

Turners Asbestos Cement Co. Ltd.

During the year, demand for industrial, domestic and agricultural building materials has been well maintained and Turners Asbestos Cement Co. Ltd. has secured its full share of the market. This company supplies, under its trade marks "Everite" and "Turnall," not only the well known asbestos-cement roofing sheets but also many other asbestos-cement materials for building work, and pipes for carrying water, for sewage and for drainage. It offers a wide range of materials which provide the fire protection and thermal insulation which the architect requires.

Capital development continues; extensions are currently in hand at three of the company's factories and work is well advanced on the construction of the company's seventh factory, which is a new £1 million plant at Ditton in Lancashire.

The Washington Chemical Co. Ltd.

Newalls Insulation Co. Ltd. and Stillite Products Ltd.

Turnover in the chemical products of The Washington Chemical Co. Ltd. did not quite reach the level of last year's record figures. Extensions to the factory at Washington, Co. Durham, were well advanced by the end of the year, while additions to the research block will be completed in the current year.

In spite of the keenest competition, the contract turnover of Newalls Insulation Co. Ltd., differed little from last year's peak level. Profit margins in the insulation industry have been heavily cut, but Newalls Insulation Co. Ltd. receives the continued support of its customers, both at home and abroad. The company's range of manufactures of insulation products now includes "Newtherm" calcium silicate and glass fibre which supplement the magnesia and amosite asbestos range.

The acquisition of Stillite Products Ltd. will be of considerable assistance in the utilisation and marketing of fibrous types of insulation.

British Industrial Plastics Ltd.

This group of companies, which covers the broad field of the plastics industry, experienced a satisfactory year in which, despite more difficult trading conditions at home and overseas, turnover was maintained although profits were somewhat lower than the record level of the previous year. The moulding powders and specialised resins made by B.I.P. Chemicals Ltd. and sold under the trade marks "Beetle" and "Melmex" continue to be leaders in their markets; the plants which produce them are now being rebuilt and modernised to enable us to meet the steady growth in demand which we anticipate.

The engineering companies, B.I.P. Engineering Ltd. and B.I.P. Tools Ltd., both continue to be extremely active and both increased their turnover. The capacity of both companies is being increased.

The production and sale of polyester resin glass fibre reinforced sheets have expanded rapidly. These sheets, which are marketed under the "Filon" trade mark, are available in a fully comprehensive range of profiles and have established an excellent reputation throughout the building industry. An increase in production capacity is at the planning stage.

The plastics moulding side of the B.I.P. Group, which includes "Gaydon" tableware, has been reorganised during the past year so as to concentrate trade moulding at Streetly and consumer goods moulding at Maryport.

MANUFACTURING COMPANIES LOCATED ABROAD

United States of America

Keasbey & Mattison Co., which now operates plants in six locations in the United States of America, had a rather more difficult year because of the less buoyant trading conditions and considerable pressure on selling prices throughout the American economy. Turnover was maintained but there was some reduction in profit figures because of lower margins and of the starting-up costs connected with the new pipe plant in Texas, which commenced operations in July. Trading conditions for the future promise to be rather better than those recently experienced.

Canada

The turnover of Atlas Asbestos Co. Ltd. increased significantly during the year under review. This increase was almost entirely due to the rapid expansion in the sales of asbestos-cement pipes, which are being produced in steadily increasing volume.

In recent months arrangements have been made, by the formation of a new trading company, Ferodo (Canada) Ltd., to relieve Atlas Asbestos Co. Ltd. of the specialised problems involved in the marketing of brake linings.

India

The prosperity of Asbestos Cement Ltd., which manufactures asbestos-cement building materials, is largely dependent on availability of asbestos fibre, its principal raw material, and this, in turn, depends upon the amount of foreign currency which the Government of India releases for the purpose.

In spite of mounting difficulty in this respect, and of the problems of distribution arising out of an over-burdened railway system, both turnover and net profit have increased.

There has also been a gratifying increase in both turnover and profits of Asbestos, Magnesia & Friction Materials, Ltd., whose operations at Ghatkopar continue to grow. Plans for a substantial enlargement of capacity, particularly for brake linings, are now coming to fruition.

The Republic of South Africa

I have referred earlier in this Statement to our plans for the expansion of Turners Asbestos Products (Pty) Ltd. Inevitably the current political uncertainty has held back the general economic development of the Republic of South Africa and consequently demand has been lower, competition greater, and the company's turnover and profit adversely affected—though only to a quite modest extent.

Federation of Rhodesia and Nyasaland

Political uncertainty has also reduced the turnover and profits of Turners Asbestos Products (Pvt.) Ltd., but the company is in an excellent position to improve its results just as soon as the political problems are overcome.

GENERAL

Dividend on Ordinary Stock

Your Board has pleasure in recommending a final dividend of 8 per cent on the Issued Ordinary Stock of the Company, making, with the interim dividend already paid, a total distribution of 12 per cent for the year. This is the same rate of dividend as for the previous year, but it is, of course, now payable on capital as increased by the issue of shares in part payment for the ordinary capital of British Industrial Plastics Ltd.

General Outlook

Stockholders will readily understand that, at the time of writing this Statement, uncertainty as to the short term economic outlook, in the United Kingdom and elsewhere, makes it impossible safely to estimate what our own experience will be in the financial year ending September 30, 1962. With its widespread interests, Turner & Newall Ltd. cannot detach itself from the fortunes of markets overseas or from the experiences of a wide variety of industries at home. Nevertheless, in both mining and manufacturing, our operating companies are, I believe, in a condition to meet all competition with confidence and, if the economic climate develops favourably during the course of the present financial year, we can hope for further satisfactory results even though the immediate picture may be somewhat less favourable. We shall, of course, continue our firm endeavour to increase our share in the total trade available, both at home and overseas.

THE TURNER & NEWALL GROUP

THE BRITISH OXYGEN COMPANY LIMITED

REVENUE WELL MAINTAINED

CHAIRMAN'S REVIEW OF PROGRESS

Extracts from the statement by **Mr J. S. Hutchison, C.B.E.M.C.**, the chairman, circulated with the Annual General Meeting notice, which was held on February 9th, 1962:

BOARD

I am glad to be able to announce that Lt.-General Sir John G. Cowley, K.B.E. C.B. A.M., who retires as Master-General of the Ordnance on February 6th will join our Board thereafter and his appointment will come before you for approval at the annual meeting. His wide experience should enable him to take an important part in our councils.

PROFITS

The general picture of home trading was one of moderate sales expansion, and of further growth in costs particularly in the second half-year. Home profits were £7,033,598 against £7,385,743, before charging depreciation of £3,093,005 (£2,842,768).

Sales by our overseas companies were adversely affected by political and economic influences in some countries, and there was a general increase in costs. Profits were £6,802,339 against £6,877,221, before charging depreciation of £2,433,277 (£1,904,255).

FINANCE

Our programme of future capital expenditure may exceed the £40m. quoted a year ago. It covers, in roughly equal amounts, the expansion requirements of our general home business, the replacement of some of our older assets, the provision of special plants for the supply of industrial gases in tonnage quantities to the steel and chemical industries, and our needs for overseas development. Some additional finance will be required for this during the current year and we have arranged with our bankers for the amount we expect to need.

Additional permanent finance is likely to become necessary at a later stage, and this depends not only on completion of plans but on their timing. I expect to be able to state the position more definitely a year hence.

UNITED KINGDOM TRADING

Gases.—Sales advanced all round, with nitrogen and hydrogen making a better showing than expected, and argon and propane well ahead, helped by new arrangements for bulk supply in liquid form.

Tonnage oxygen.—**We are now supplying the steel industry with tonnage oxygen from plants having a total capacity of 1,830 tons per day. These plants were built in our own workshops, with the exception of one made by a competitor which we agreed to take over from a customer and use along with our own plant to provide supplies on a more comprehensive basis. During** [illegible] **plant** [illegible] **capacity to 2,400 tons per day, and by the end of 1963 will reach 3,800 tons per day.**

Gas equipment. Sales were fully maintained despite severe competition, and included the first two of our very large computer controlled plants, our latest machines now installed or [illegible] and operating in every way up to expectations. At the other end of the scale, our newly introduced small Pug cutting torches have been an immediate success, with sales in the first few weeks running substantially above estimate.

Electric welding.—The market for electric welding products is fiercely competitive, with production capacity substantially in excess of demand. Techniques are changing rapidly and much technical skill has to be employed to keep in the van of progress.

Manual electrode and equipment sales were, however, practically maintained. Lower sales of automatic equipment were offset by improved semi-automatic sales where we gained a lead by using our versatile Lynx equipment in the new dip transfer process for welding 16/22 gauge sheet with thin wire, using CO_2. But there is little sign of expansion in the market, and our growth will depend on maintenance of technical leadership.

CHEMICALS DIVISION

Sales increased and profits were better than expected, although lower than last year. Melamine sales declined a little owing to competition from new capacity in all producing countries. We expect this situation to continue for a time but we look for improved demand in due course. Sales of Vandike vinyl acetate emulsions, on the other hand, improved substantially. In this most competitive business we have to be quick to develop new brands and to find new outlets.

The carbide and acetylene factory at Londonderry has completed a first full year's operation but the off-take of acetylene by our principal customer was less than had been expected, and, although there was steady improvement during the year, we finished up with a loss instead of the profit expected from fuller working. Sales have continued to rise, but we have now to face the unlooked-for burden of the 2d. per gallon tax on oil imposed in the last budget.

OVERSEAS

It gave us the greatest pleasure to welcome here for a conference in June, on the occasion of our 75th anniversary, the chairmen and chief executives of all our overseas companies. This was a unique occasion and proved to be of great interest and value to everyone who took part, strengthening greatly the ties and family spirit throughout the group.

Last year Commonwealth Industrial Gases Limited was adversely affected in sales and profit by the economic measures enforced by the Australian Government. Prompt action was taken to meet the new situation, and the year ended with better results than at one time had been expected. The improvement continues and results may be fully restored this year.

In India sales were helped again by the increasing rate of industrialisation, but profitability was modified by higher costs. We plan to extend our industrial gas capacity and to enlarge electric welding and equipment manufacture and, although there is growing competition, we expect to find full employment for our many units.

African Oxygen Limited had another good year. Extensions of industrial gas and electric welding capacity are in progress and we shall start manufacture of some lines of user equipment.

In East Africa and the Rhodesias sales and profits were good and would almost certainly have been better but for the political unsettlement.

Our other overseas companies, working in fluctuating markets and political conditions, progressed steadily.

RESEARCH

Research continues, guiding and improving our present activity, and pointing the way for the future. Our programmes cover many subjects and are under constant and critical review to ensure that we keep in the forefront of scientific development. Recent work on super-insulants is now being applied in the handling and storage at extremely low temperatures of hydrogen, helium and other gases in liquid form, with marked reductions in the evaporation losses hitherto experienced with these expensive products. Our recent purchase of Dupree Swift and Company Limited, manufacturers of special vessels for handling and storing cryogenic liquids, adds to our development in a field of growing importance.

TECHNICAL DEVELOPMENT

Our technical development staffs are now grouped together in new premises and are responsible for the applied work that links basic discovery and marketable products. An example is the introduction of the Eagle computer-controlled flame cutting machine which is far ahead of corresponding American, Russian and Continental work of this kind, and is arousing widespread interest. Again, in electric welding, the new Subarc machine for automatic vertical welding of thick plates has been introduced with marked technical and economic success. Our position in automatic welding is increasingly recognised on the Continent, and leading manufacturers in Germany and France are now licensed to produce our patented electrodes. Our technical development work is wide in scope and plays a most important part in our service to customers. It will, I hope, be a means of extending our influence under Common Market conditions.

PROSPECTS

There have been great changes in the British industrial scene in a short time. Reductions in tariffs, the abolition of price agreements, technological progress and the transfer of production overseas, have sharpened competition, narrowed profit margins, and made it necessary to rationalise in many directions. One trade after another has sought to face the new situation by amalgamations and diversification, and many of our fundamental industries, already operating on bare profit margins, see little prospect of improvement under present conditions.

Is this then to be the state of preparedness for the Common Market with all the upset, as well as opportunity, it will hold? Are we as a nation confidently placed for entry to it if the negotiations succeed? The plain answer is that we are not, and that urgent steps are necessary to correct our recurring economic crises and to give constructive encouragement where it is most needed. We cannot afford to continue any longer with supposedly corrective measures that restrict essential and non-essential industry alike, or impose measures and taxes that increase the cost of living and generate further wage and salary demands. These in their turn push up costs and reinforce the inflationary spiral.

There is need to establish priorities. As I see it, apart from the obvious need for Government to contain its expenditure within budget income, this means stabilising the cost of living, encouraging essential industry, discouraging non-essential activities.

In our own affairs it is particularly difficult this year to assess the factors that will determine our results. Industrial gases will benefit from the price increase announced last May, and mainly introduced in October, and sales should advance again this year. Improved production and distribution arrangements should help to control increasing costs. The large increase in our tonnage oxygen capacity will bring its costs and, with steelmaking less active, revenue may be slower to grow than was expected. Chemicals, equipment of all kinds, new processes and applications, should do better.

There is an improving trend overseas but new economic or political features can be upsetting.

I believe that our profits are likely to be maintained in the current year, but that the figures would respond to any betterment in home trading conditions, or any easing of political or economic tensions overseas.

Copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22, Ryder Street, S.W.1.

PEACHEY PROPERTY CORPORATION LIMITED

The Annual General Meeting of the Peachey Property Corporation Ltd. was held on January 30th in London. The following are extracts from the statement by **Mr G. F. Farrow**, Chairman and Managing Director.

PROFIT GROWTH

★ Only three years have elapsed since the merger of the two main companies into the Group as now constituted and the increases in profits from slightly over £200,000 for 1959 to nearly £690,000 in 1960 and now to over £1,000,000 for 1961 fully indicate the investment and trading growth within the Group. Gross rents and services for the same period have increased from £1,081,000 in 1959 to £1,541,000 in 1960 and now to £1,888,000 in 1961. I believe that it is particularly important for shareholders to appreciate that the bulk of the increase in profit over last year arises from investment income. The Group profit for 1961 increased by no less than £325,000 over that for 1960.

PROPERTY PURCHASES

★ Due to competition and extremely high prices, your Board decided to bide its time on purchases, with the result that only a small amount of property was acquired during the financial year under review. However, despite sales, the Group has been able to maintain the total property figure in the Balance Sheet. I am pleased now to be able to report that since the close of the financial year the Group has purchased or contracted to purchase property for both trading and investment purposes for nearly £2,000,000.

CAPITALISATION OF RESERVES

★ The capital reserves of the Company now stand at a substantial figure in relation to the issued share capital. The true position of the shareholder should be better reflected by the nominal value of his holding than it is at present and the nominal value of each share held increased from 2s. to 5s. each, involving the utilisation of £3,150,000 of capital reserves to increase the issued capital from £2,100,000 to £5,250,000, and to consolidate and divide such capital into 21,000,000 Ordinary shares of 5s. each instead of the existing 21,000,000 Ordinary shares of 2s. each. Each shareholder's holding will remain numerically the same but will consist of shares of a nominal value of 5s. instead of 2s. each.

DIVIDEND FORECAST

★ With the further 15 per cent payment now proposed, dividends aggregating 38½ per cent will have been paid for this year. It would appear that the profits for 1961/62 should exceed those for the present year under review. I am therefore confident in forecasting, subject to unforeseen circumstances, a minimum dividend of 40 per cent (16 per cent on the proposed new capital) out of those profits. It is therefore proposed to pay an interim dividend of 15 per cent, less tax (6 per cent on the proposed new capital) on March 31st next.

FUTURE PROSPECTS

★ Your Board intends within the foreseeable future to hold and maintain a more balanced and diversified portfolio of property and with this end in view will take advantage of any suitable opportunities to develop and increase the Group's holdings of commercial property in association with The London Assurance. Preliminary negotiations for commercial sites have already commenced and it is hoped that some of these will mature in the near future.

The report and accounts were adopted and the Board's new capital structure proposals approved.

DIRECTORS

George Francis Farrow (*Chairman and Managing Director*)
Eric Merton Miller (*Deputy Managing Director*)
Norman Knight Hutchinson
Ronald Leslie Foy Farrow
Roger Arthur Pinsent Johnson
John Charles Jordan
Sidney Spears, F.C.A. (*Secretary*)

ISSUED CAPITAL

658,989 5 per cent Cumulative Preference Shares of £1 each	658,989
21,000,000 Ordinary Shares of 5s. each	5,250,000
	£5,908,989

TANGANYIKA CONCESSIONS LIMITED

CAPTAIN CHARLES WATERHOUSE'S REVIEW

The Annual General Meeting of Tanganyika Concessions Limited was held on January 25, 1962, at the Head Office of the Company, Tanganyika House, Salisbury, Southern Rhodesia, **Captain The Right Honourable Charles Waterhouse, MC, DL,** The Chairman, presiding.

The Chairman addressed the Meeting as follows:

Your Company's financial year which ended on July 31, 1961, yielded a consolidated profit after taxation of £3,296,325. This figure may be compared with that of £4,451,766 for the year to July 31, 1960, the decrease being due to the smaller dividend paid by the Union Minière for the year to December 31, 1960.

Last year the Board recommended a final dividend of 2s. 3d. and I shall ask you to confirm their recommendation that the final dividend should be reduced to 1s. 9d. for the year under review. With the interim dividend of 1s. 6d. paid last June we arrive at a total dividend of 3s. 3d. for the year as against 3s. 9d. for the preceding year. In making this recommendation the Board, having regard to current events, are maintaining the conservative dividend policy which they have pursued in recent years.

When I addressed you at the Annual Meeting twelve months ago I stressed the overriding importance to our Company of the maintenance of law and order in the Katanga and expressed the belief that given a fair chance by the absence of hostile intervention from outside the Congo, the Katanga would continue its economic course.

The belief I then expressed has, I think, been borne out by the event. In spite of troubles early in 1961 in other parts of the Congo, the southern areas of the Province of Katanga, in which your interests lie, remained virtually undisturbed and production in the Union Minière mines and works continued according to schedule. Even the military operations by United Nations troops of August 28th and September 13th did not materially disturb mining routine, a clear proof, if proof were needed, that the local inhabitants are law-abiding citizens and that President Tshombe's government was working efficiently. It was at this juncture, September, 1961, that Mr Hammarskjold, unhappy at the course of events, decided to see for himself. He sacrificed his life while carrying out his duties. Had he survived and had an opportunity of personal contact with President Tshombe there is every reason to think that subsequent events would have been very different.

INTERVENTION OF UNO

This is not an occasion on which to attempt an assessment of the value of the intervention of the United Nations Organisation in the Congo as a whole. It may be fairly argued that large areas of the northern and western districts have reaped material benefits and that the presence of United Nations representatives prevented the establishment in them of a communist regime under Russian influence in 1960. It is, however, a fact that Katanga was at peace when the United Nations contingent were moved to that area. That those forces conducted themselves very much as units of an occupying army and thereby earned the resentment and even hatred of the civilian population, both African and European, is unhappily beyond dispute. This lack of understanding and accord was the root origin of the difficulties which led to the major offensive launched by the United Nations in December.

The contest then joined was of a completely new order. Not only was the fighting severe and casualties comparatively heavy, but sections of the foreign troops at times threw aside discipline and many innocent non-combatants lost their lives, including several senior members of the staff of the Union Minière. I should like, on your behalf, to offer sincere sympathy to the relatives of those who died in our service.

The fighting was specially fierce round the Lubumbashi smelter and some damage was done to that installation, which has been occupied by Ethiopian troops and consequently operations have been stopped since then. The mine at Kipushi was out of action for some days and the central block of Union Minière offices was also damaged.

All this took place in and around Elisabethville and once battle had been joined such events can be understood but it is difficult to find any reason or justification for the aerial bombardment of the railway sidings at Jadotville, 80 miles away. Much less can one understand the air attack on the Luilu works and the destruction of the oil tanks at Kolwezi, some 200 miles to the west and completely outside the trouble area. Compensation should be paid for this wanton damage inflicted by those whose duty it was to preserve order and to confine rather than to spread destruction.

POLITICS AND INDUSTRY

Our role is industrial and not political but politics nowadays are so vital a factor in industry that they may become the controlling influence. Such appears to be the case in the Congo today. Insofar as our advice has been sought our representatives have consistently advocated discussion and conciliation as a preliminary to the formation of a State embracing all Provinces of the Congo, including the Katanga. We welcome the friendly personal atmosphere in which the recent negotiations between Mr Adoula and President Tshombe at Kitona are reported to have been conducted and hope a mutually satisfactory conclusion may be reached. Unfortunately outside influences appear to have been at work and it is difficult to escape the conclusion that there are elements in the world today which are bent on the destruction of the Katanga under its present leadership and which would like to see it and its mines put out of action as a step towards the ejection of Europeans and especially of western influences from Africa as a whole.

Neither your Company nor the Union Minière have any reason to be ashamed of their record in Central Africa. Since the first decade of the century we have invested vast sums and have a right to expect a fair return on the investment. Africa as a whole is crying out for fresh capital and all those truly interested in the continent must agree that such capital is less likely to be forthcoming if existing enterprises are to be put in jeopardy and pioneers of the past pilloried today as exploiters of a "vested interest."

What of the future? The possibilities should be clearly envisaged, for the issue concerns not only the Katanga and the Congo but the world at large. It is reasonable to expect that the bitterness and dissension of recent months may be allowed to cool and the political structure to adjust itself, that the Union Minière will continue its work, producing raw materials for world markets, providing new capital for development, furnishing the exchequer with a considerable proportion of the money necessary to run the country, and offering citizens of the Congo State opportunities to earn in healthy surroundings. This surely is a prospect for which all men of good will should work and some events since Christmas give grounds for increasing confidence.

UNION MINIÈRE

Last October the Board of the Union Minière du Haut-Katanga decided that the results of operations during 1961 justified the payment of an interim dividend of 600 francs per *part sociale* during January, 1962, but indicated that it was not possible then to name a date for payment. The foreign exchange required has not yet been made available. Moreover, the dislocation and damage arising from the December fighting have added fresh problems. The Board of the Union Minière have therefore annulled the earlier resolution to pay the interim dividend, so that the position may be further examined. The dividend to be paid by Tanganyika Concessions Limited to which I shall ask you to agree today is based on the Company's results for the year ended July 31, 1961, and is therefore unaffected by this change.

As I have already said, copper production for the year has been satisfactory. The preliminary figure of output to December 31, 1961, was 293,500 metric tons, as compared with an actual production of 300,675 metric tons for the year to December 31, 1960. Copper prices on the London Metal Market varied between £248 17s. 6d. per long ton on May 24th and £216 12s. 6d. on January 12, 1961, which again compare with a high of £279 10s. and a low of £218 during the year 1960.

THE BENGUELA RAILWAY COMPANY

Let me now turn to the affairs of the Benguela Railway. During 1961 Angola had its major trials. Civil disturbances fostered by outside influences broke out in March but the timely action of the Angolan Government confined the troubles to a comparatively small area in the north of the country. Throughout 1961 the operation of the Railway was uninterrupted and the satisfactory results for the first nine months of the year tabulated in my review are a fair reflection of the workings for the whole year.

Gross receipts are likely to be fully up to the 1960 level but working expenses will be somewhat heavier. The actual profit earned during 1961 will, therefore, be less than that of 1960, but there is every reason to expect that the dividend of 12½ per cent paid last year will be maintained.

The Chairman of the Benguela Railway Company, Dr. Alexandre Pinto Basto, visited the line last autumn and the Managing Director, Dr. Manuel Fernandes, returned from a tour of inspection just before Christmas. Both were impressed by the work and spirit of the staff, were satisfied with general conditions and noted that rolling stock, permanent way and workshops are being maintained in the high state of efficiency which is normal on the line.

COMMONWEALTH TIMBER INDUSTRIES LIMITED

The Box factory and saw mills in the Port Elizabeth area of the Republic of South Africa owned by your subsidiary company, Commonwealth Timber Industries Limited, continue to be well emp'oyed, though profit margins remain small. An increase in the price of citrus boxes over the current season will be of assistance, as will the larger output of structural timber obtained as a result of the supply of a greater volume of larger diameter logs under the Company's timber contract with the Forestry Department of the Republic Government.

Work in connection with the erection of the new particle board plant by Novobord (UK) Limited at Thetford, in Norfolk, is progressing satisfactorily

I should like, on your behalf and on that of the Board, to express thanks for the loyal and admirable work carried out by the staffs of Tanganyika Concessions Limited and of its associated Companies. I think you would wish me to send a special message of appreciation to the staffs, European and African, of the Benguela Railway Company and of the Union Minière du Haut-Katanga, many of whom during the year have passed through periods of severe strain and of great anxiety in connection with their duties to their respective companies.

The Report and Accounts were adopted and the payment of the final dividend was approved. Dr. Alexandre Pinto Basto, Mr. Thomas Patrick Murray Cochran, Sir Mark Turner and Mr. Harry Frederick Oppenheimer were re-elected to the Board. It was decided that the place of Mr. Robert Clarke Hutchinson, who also retired by rotation, should remain vacant for the time being.

THE NATIONAL BANK OF KUWAIT LIMITED

Established 1952

Under Charter granted by H.H. Shaikh Abdulla Al Salim Al Subah, Amir of the State of Kuwait

STATEMENT OF CONDITION at 31st DECEMBER, 1961

LIABILITIES		Kuwaiti Dinars
Capital, Authorised, Issued and Paid Up		1,965,000
Statutory Reserve	111,000	
General Reserve	3,289,000	3,400,000
Profit and Loss Account		101,601
		5,466,601
Current, Deposit and Other Accounts (including Inner Reserves and Provisions)		76,266,285
Proposed Dividend		393,000
Confirmed Credits, Acceptances and Guarantees on behalf of Customers, as *per contra*		8,406,272
		K.D. 90,532,158

ASSETS	Kuwaiti Dinars
Cash and Current Accounts with Banks	3,092,075
British Government Treasury Bills	5,250,000
British and Other Government Securities (at under market value at 31st December, 1961)	9,009,625
Deposit Accounts with Bankers	47,100,000
Advances to Customers, Bills Discounted and Other Accounts	16,924,186
Sundry Unquoted Investments, at or under cost	575,000
Land and Buildings, *less* amounts written off	175,000
Liability of Customers for Confirmed Credits, Acceptances and Guarantees, as *per contra*	8,406,272
	K.D. 90,532,158

PROFIT AND LOSS ACCOUNT for the year ended 31st DECEMBER, 1961

	Kuwaiti Dinars
Transferred to Statutory Reserve	111,000
Transferred to General Reserve	589,000
Proposed Dividend of 20 per cent.	393,000
Balance carried forward	101,601
	K.D. 1,194,601

	Kuwaiti Dinars
Profit after charging all expenses, making provisions for contingencies and writing down assets	1,109,945
Balance brought forward from previous year	84,656
	K.D. 1,194,601

1 Kuwaiti Dinar = £1 Sterling

London Correspondents:
Midland Bank Limited
Barclays Bank Limited
Lloyds Bank Limited
National Provincial Bank Limited
Westminster Bank Limited
Chartered Bank
Eastern Bank Limited
Chase Manhattan Bank

New York Correspondents:
Irving Trust Company
Chase Manhattan Bank
Bank of America (International)
Morgan Guaranty Trust Company
Manufacturers Hanover Trust Company
First National City Bank of New York

Correspondents in all principal countries

A COMPLETE BANKING SERVICE FOR TRANSACTIONS WITH KUWAIT

The Union Discount Company of London, Ltd.

ERIC O. FAULKNER, M.B.E., *Chairman*
MARK R. NORMAN, O.B.E., *Deputy Chairman*
The Hon. Sir GEOFFREY C. GIBBS, K.C.M.G. DAVID JOHN ROBARTS The Hon. DAVID J. SMITH J. IVAN SPENS, O.B.E. JOHN THOMSON

BALANCE SHEET AS AT 31st DECEMBER, 1961

LIABILITIES

1960 £		£	1961 £
7,500,000	CAPITAL (in £1 Units of Stock): AUTHORISED		7,500,000
6,652,800	ISSUED		6,652,800
3,347,200	RESERVE		3,347,200
10,000,000			10,000,000
543,877	PROFIT AND LOSS: Balance carried forward		600,784
10,543,877			10,600,784
278,671,881	LOANS secured on Assets of the Company	276,792,367	
18,152,994	DEPOSITS, OTHER LIABILITIES AND RESERVE FOR CONTINGENCIES	17,833,987	
100,107	DEPOSITS BY SUBSIDIARIES	100,107	
254,678	PROPOSED FINAL DIVIDEND, *less* Income Tax	254,678	
297,179,660			294,981,139
£307,723,537			£305,581,923

Notes: (1) There is a contingent liability in respect of Bills Re-discounted (excluding Treasury Bills) of £25,383,985 (1960 £27,754,155).
(2) The amount now recoverable in respect of income tax suffered in excess of taxation upon profits to date has been included in Loans and Amounts Receivable.

CURRENT ASSETS

1960 £		£	1961 £
6,214,325	CASH AT BANKERS AND IN HAND		6,151,845
	BILLS DISCOUNTED, *less* rebate and reserve:		
149,747,700	British Government Treasury Bills	141,177,000	
29,397,120	Commercial and Other Bills	37,317,043	
179,144,820			178,494,043
	SECURITIES at less than Market Value:		
111,174,131	British Government, British Corporation, Public Board, Dominion Government and Corporation	108,740,060	
	Unquoted:		
4,480,252	British Corporation and Public Board Mortgages	4,551,682	
115,654,383			113,291,742
6,509,902	LOANS AND AMOUNTS RECEIVABLE		7,444,186
307,523,430			305,381,816

FIXED ASSETS

100,107	SHARES IN SUBSIDIARIES at cost The net assets of Subsidiaries at 31st December, 1961, are represented by Deposits with the Company (*per contra*).	100,107
100,000	FREEHOLD PREMISES, including Furniture and Fittings, at cost, *less* amounts written off	100,000
£307,723,537		£305,581,923

E. O. FAULKNER, *Chairman.*
M. R. NORMAN, J. IVAN SPENS } *Directors.*
C. G. SEVASTOPULO, *Secretary.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

1960 £		£	1961 £
575,924	PROFIT FOR THE YEAR, after providing for amortisation of premiums on securities, rebate and taxation, and after making a transfer to Reserve for Contingencies		566,262
	Notes: (1) The Accounts of Subsidiaries show neither profit nor loss for the year 1961 (1960 same). (2) The Directors' emoluments for the year were: Directors' Fees £11,500 (1960 £10,811) including Chairman's Remuneration £2,500 (1960 £2,500).		
	Deduct Dividends paid and proposed per £1 Unit of Stock, *less* Income Tax:		
	Interim of 1s. 3d. paid 5th August, 1961	254,677	
	Final of 1s. 3d.	254,678	
509,355			509,355
66,569			56,907
477,308	*Add* Balance brought forward from previous year		543,877
£543,877	Balance carried forward 31st December, 1961		£600,784

39, CORNHILL, LONDON, E.C.3

THE UNION DISCOUNT COMPANY OF LONDON

SATISFACTORY RESULTS IN DIFFICULT YEAR

MR ERIC O. FAULKNER ON SUCCESS OF BOARD'S POLICY

The annual general meeting of The Union Discount Company of London Limited will be held on February 28th in London. The following is the circulated statement of the Chairman, **Mr Eric O. Faulkner, MBE**: It has been a difficult year for your Company because for the second time in 4 years we have had to contend with an unusually high Bank Rate.

When the rates at which Discount Houses borrow money from the banks veer sharply upwards as a consequence of an increase in Bank Rate, such as was experienced in July when it rose by 2 per cent to 7 per cent, they inevitably suffer substantial losses on the bills they are holding. In addition the market value of their bonds falls heavily and suddenly.

It is at such moments that the state of their reserves must tell, and it is satisfactory to be able to report that, thanks to steps taken in past years, your Company was able comfortably to meet the "crisis" conditions of the summer. It has also of course received some relief from the reduction of Bank Rate to 6 per cent, before the end of the year.

The turnover in Treasury bills was a little less than last year, due mainly to smaller amounts of such bills being on offer and our year-end holding was therefore a little lower. This reduction was however partly offset by a rise in the total of Commercial bills discounted. There was only a slight reduction in our portfolio of bonds which is as usual shown at less than market value.

POSITION OF STRENGTH

The maintenance of our business in so difficult a year at the level which these figures reflect indicates the confidence which your Board and Management feel in our strength. There is, however, no room for complacency; it is much in our mind that in the present unstable state of the economy and with the Pound still vulnerable, we must continue to be prepared for sharp fluctuations in money rates from time to time.

While, therefore, we hope for an easier year in 1962, it will continue to be the essential basis of our policy that the volume of our business in general and the size of our bond portfolio in particular must be regulated by the adequacy of our reserves to meet the most arduous conditions which might be imposed upon us.

Your Board hopes that Shareholders will feel that the profits shown, though a little lower than last year, and well below those of our record year of 1959, are satisfactory considering the circumstances of the second half of the period in which they were earned.

I am sad indeed to have to report the death of Mr M. C. D. King, one of our Assistant Managers. He is greatly missed by all of us here and by his many friends in the Money Market.

Our Manager, Mr F. W. Arnold, had the honour of being elected Chairman of the London Discount Market Association during the year.

Once again I am delighted to have the opportunity of expressing our deep gratitude to our Management and Staff for their successful work in a trying year, and to our many friends for their continuing confidence in us.

WATNEY MANN
Limited

The Annual General Meeting of Watney Mann Limited was held on January 26th in London, Mr. S. H. Combe, M.C., Chairman, presiding.

The following are extracts from his statement circulated with the Accounts for the year to September 30, 1961:—

FINANCE

A scheme of arrangement to substitute for twenty-eight issues of Preference Stock, Loan Stock and Debentures of Subsidiary Companies, an issue of Debenture and of Loan Stock of the Parent Company has received the sanction of the Court. All the Stockholders of the subsidiaries will receive an increase in their income and hold more marketable securities of higher quality.

Group profit before taxation at £7,871,802 shews an increase of £887,492. The profit attributable to the members amounts to £3,910,996—an increase of £329,038. In view of the present financial climate, however, your Directors feel bound to recommend a final dividend the same as that for last year, namely, 12 per cent.

Under the Profit Sharing Bonus Scheme the Staff and Employees of the Group will each have received 32 days' pay. Governed as it is by the rate of dividend declared on the Company's Ordinary Stock, this remains unaltered.

With outstanding commitments for capital expenditure of £3m., it is no longer possible to finance our expansion from our own resources. Your Board are therefore making arrangements to raise sufficient cash to meet present requirements by an issue of Debentures.

TRADE

The year has been one of consolidation. The structure of our Free Trade Sales organisation has been recast into five zones, each under a Sales Manager, and centred on London, Manchester, Northampton, Norwich, and Trowbridge. This has been made necessary, not only by the heavy demand for Draught Red Barrel and for our four national bottled beers, but also because of the importance we attach to promoting the sales of local beers.

The provision of adequate production capacity, particularly for Draught Red Barrel, has involved considerable capital expenditure on the breweries of Phipps at Northampton, Ushers at Trowbridge, and Wilsons at Manchester. Some of the benefits of this reorganisation are reflected in the Accounts for the year; further expenditure in the near future is expected to bring a further increase in profits.

WATNEY MANN (NORWICH) LTD.

Since the end of the year we have completed negotiations to purchase a brewery in Norwich from Morgans Brewery Company Limited. Brewing in Norwich will enable us to offer even better service than before to our bottlers and to our other outlets in this area. Arrangements have also been made for Draught Red Barrel, Watneys Brown Ale, and Red Barrel Ale in bottle to be sold where demanded in Steward & Patteson's and Bullard's houses. The creation of Watney Mann (Norwich), the company formed to carry on this trade, and the acquisition of Coca-Cola Eastern Bottlers at the same time is a logical continuation of our policy of relieving the pressure on our production capacity by decentralisation, and these companies should prove a valuable addition to the Group.

PUBLIC HOUSES

The efforts we have made in the last few years to improve the amenities of our houses seem to be earning their reward. In our opinion "the local" has never before been so widely accepted as a pleasant place in which to meet friends and to drink, eat, and relax in leisure time.

During the year we opened 17 new houses of which nine were on entirely new sites and eight were houses rebuilt on old sites. In addition extensive alterations were completed at 27 houses.

MOTELS, GARAGES AND FILLING STATIONS

The Group's policy of widening its service to the public has been implemented by the formation of two new companies—Watney-Lyon Motels Limited to consolidate our interests in motels and Swift Garages Limited to centralise the management of all the existing and potential garages and filling stations within the Group.

WINES AND SPIRITS

Once again I can report an increase in the turnover and profits of our Wine and Spirit subsidiaries. The rise in turnover was at the same rate as in previous years—a most noticeable feature was the considerable increase in the sales of Continental table wines.

We have made further successful efforts during the year to promote the sales of our own brands; amongst other things we inaugurated a series of wine tastings for the public in our houses.

Our sales of Squires Gin, both of the original and of the new straw-coloured brand recently introduced and appropriately called "Cornhill," have been very satisfactory.

COCA-COLA SOUTHERN BOTTLERS LTD.

Coca-Cola Southern Bottlers Limited, our subsidiary company formed to acquire the franchise for bottling and distributing Coca-Cola in the southern counties of England, is now making a satisfactory contribution to Group profits. Sales are rising rapidly and have so far overtaken the productive capacity that the need for a fifth factory is now urgent. New premises are being sought so that this can be brought into operation in the spring of 1963.

The report was adopted and the conversion of the £1 Ordinary Stock units of the Company into four shares of 5s. each was approved.

RANKS LIMITED

EMPHASIS ON QUALITY AND SERVICE

MERGER WITH HOVIS-McDOUGALL

Extracts from the Review of the Chairman, The Lord Rank, J.P., presented at the 29th Annual General Meeting held on 31st January in London

"As always we have continued to place great stress on the standard of quality and service," comments Lord Rank in reviewing the Group's activities in the year to September 2, 1961.

I am happy to have an opportunity to welcome new shareholders to an enterprise whose products now include virtually every foodstuff made wholly or partially from wheat. Companies in our group manufacture flour both for the baker and for the housewife; many varieties of bread, confectionery, biscuits, health foods, rusks and animal feeding stuffs. Through our mills, bakeries and factories, we are now represented in every town of any size all over the British Isles.

CAPITAL EXPENDITURE

There has been further progress in the concentration of flour milling into a smaller number of fully modernised units working nearer to full capacity than was practicable with the larger number of smaller mills in operation. This has involved capital expenditure on reconstruction and re-modelling of well-situated older mills and it has involved some sacrifice of capital value on the closing of mills before they were worn out. Other aspects of capital expenditure have been the expansion by the acquisition of further companies engaged in the food trade; during the year 63 businesses engaged in activities similar, or ancillary to those of the group have been acquired at a cost of £1,181,997.

At the date of the balance sheet there were commitments for capital expenditure amounting to approximately £3,900,000.

SATISFACTORY MILLING RESULTS

With so many flour millers holding such strong opinions, I should like to repeat what I said last year, that it is indeed a tribute to the goodwill and common sense which have prevailed under the changed conditions of the industry that the trade as a whole has operated in a satisfactory manner. In the nature of things, with varying prices of wheat, there are fluctuating results throughout the year, but in general terms I can say that the milling results have been satisfactory. Your Group has continued to reap the benefit of concentration and reorganisation referred to.

PROGRESS IN BAKERY MODERNISATION

We have continued our policy of modernising existing bakeries in very much the same way as with the flour mills; this policy has enabled us to close out-dated bakeries.

Acquisitions during the year have been made after the most careful thought and planning, having regard to the location of our own mills and sources of supply and to distribution of population now and prospectively.

BLUE CROSS ANIMAL FEEDING STUFFS

This year, as well as other recent years, has been a period of expansion and development in the application of science to the feeding of livestock. We have made further progress in feeding stuffs sales, and it is creditable that this has been achieved in the face of keen competition. Our close scientific control and expert advice to the farmer has been a strong factor in this.

RANKS (IRELAND) LIMITED

The conduct of milling in the Republic of Ireland presents a difficult problem. The native wheat crop creates a field of variation almost unknown throughout the world and with the uncertain factor as to how much will be suitable for manufacturing into saleable flour the directors of Ranks (Ireland) Limited, in conjunction with the other millers in the Republic, have always endeavoured to co-operate with the Government in finding a way of meeting these difficulties.

The results of the trading have, however, shown a considerable recovery after the poor results of the previous year.

MANAGEMENT AND STAFF

Mr D. W. Nutting, appointed Secretary of Ranks Limited last year, has this year become a Director of Joseph Rank, Limited, and his place as Secretary of that company has been taken by Mr B. B. Mill, D.F.C. Mr Charles Norman, C.B.E., has retired from the active management of the Animal Feeding Stuffs Division, but I am happy to say he is continuing as a full time director of Joseph Rank, Limited. Mr W. H. Denning has succeeded to the management of the Animal Feeding Stuffs Division.

To all employees I and my colleagues desire to record our thanks for the spirit of progress and co-operation which has existed throughout this year, as heretofore, and which we are sure will continue in the future.

The schemes for the recruiting and training of future managers have already shown good results.

CONCLUSION

Throughout the Group we have a continuing development programme, and as always we have continued to place great stress on the standards of quality and service. Wherever we have control over costs we are continually making efforts to reduce these by the introduction of new methods.

We have therefore made, and are making, considerable investment in modernisation and we face the years ahead confident that this will keep the Group in the forefront in the various fields in which we operate. The current year has started well and we look forward to another satisfactory year.

THE FINANCIAL YEAR
(Ended September 2, 1961)

Trading profit (subject to Depreciation, Interest and Taxation)	**£12,044,951**
Depreciation	**£3,404,537**
Interest	**£625,259**
Taxation	**£4,020,354**
Group Taxed profits (£69,173 more than a year ago)	**£3,994,801**

The final dividend is 9 per cent making 14 per cent for the year.

Merger with Hovis-McDougall Limited and change of name to RANKS HOVIS McDOUGALL LIMITED

Lord Rank referred to the announcement that the offers to acquire all the issued capital of Hovis-McDougall Limited had been accepted by the holders of over 90% of both the Ordinary and the Preference capital of that Company.

Lord Rank explained that the offers had, therefore, become unconditional subject only to The Stock Exchange granting permission to deal in and quotation for the shares of Ranks Hovis McDougall Limited to be issued pursuant to the offers and to the requisite resolutions to give effect to the merger arrangements, including the change of name of the Company to RANKS HOVIS McDOUGALL LIMITED, being passed at meetings following the Annual General Meeting.

At subsequent class and extraordinary Meetings of Ranks Limited the above-mentioned resolutions were duly passed.

Members of Hovis-McDougall Limited who have not already accepted the offers may do so until further notice.

BIRD & CO. (AFRICA) LIMITED

The forty-fourth Annual General Meeting of Bird & Company (Africa) Limited will be held on February 24th at Tanga, Tanganyika.

The following are extracts from the circulated statement of the chairman, **Sir Charles Ponsonby, Bart, TD, DL**:

The Net Profit before taxation is £210,486 compared with a Profit of £393,879 for the previous year.

Dividends totalling 10 per cent have been declared for 1960/61, compared with 17½ per cent plus a bonus of 2½ per cent for the previous year. There may be disappointment at the result for 1960/61, but it will be recalled that I sounded a note of warning with my last Statement. Drought conditions in late 1960 and early 1961 were serious, and crops fell short of estimates. In addition, since January, 1961, prices have declined seriously and on average the Company is receiving, at the time of writing, about £16 per ton less for sisal than at that time. Tea prices have also tended to fall.

Furthermore, in reducing the dividend, the Directors considered it advisable to conserve cash resources as far as possible to cover normal rotational costs, replacement of machinery, and contingencies. This is especially necessary when there has so far been no sign of recovery in the price of sisal.

SISAL

At the beginning of 1961 the price of 3L sisal, now regarded as the standard grade, was quoted at £99 per ton, c.i.f. UK. Unfortunately it has declined steadily until the price at the time of writing is £78.

This has come at a time when growers' costs of production have been steadily rising, and the sisal grower is not in the fortunate position of being able to pass on increased costs to buyers.

A consistent rainfall makes all the difference to production. As a result of the serious drought during the year 18,105 tons were produced against an original estimate of 20,000 tons. A drought such as that recently experienced affects production for a year or two, and it would be optimistic to say that recovery will fully take place in 1962.

Whilst this statement was in preparation, the news arrived of torrential rainfall throughout Tanga Province with a serious hold-up in production. It is hoped that the ultimate benefit of the rain will be to enable production to be stepped up to a more reasonable level in 1962.

TEA

The crop of made tea for the year was 482,956 lbs. against an estimate of 500,000 lbs. It is reasonable to estimate a production of about 450,000 lbs. for 1961/62, rising to over 600,000 lbs. in 1962/63, and about 1 million lbs. in 1963/64.

There is no reason to doubt the completion of our first objective of 2,000 acres of planted tea by 1964/65. This will require additional factory accommodation, but given stable prices and stable labour conditions, we can look forward to Kwamkoro Estate being the valuable proposition that was originally envisaged.

Some reorganisation of manufacturing methods has resulted in improved quality and consequently satisfactory sales prices in recent months; indeed they compare favourably with those of similar good types of Legg Cut Teas in South India

RADIO RENTALS LIMITED

EXPANSION OF BUSINESS CONTINUES

MR P. PERRING-THOMS ON GROUP'S STRONG COMPETITIVE POSITION

The twenty-fifth Annual General Meeting of Radio Rentals Limited was held on January 31st in London, **Mr P. Perring-Thoms** (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The year 1961 is one to be remembered by the Television industry in that it marked the Twenty-fifth anniversary of the inauguration of Television in this country by The British Broadcasting Corporation. It is also twenty-five years since your Company, Radio Rentals Limited, was formed.

TRIBUTE TO STAFF

Surveying the developments and progress that have been made since 1930, I know that these would not have been possible without the able assistance of all staff employed within the Group. Twenty-five years ago they numbered under 300; we now employ over 5,300 and it will, I am sure, interest you to know that in spite of loss of staff during the war, to date presentations of gold watches have been made to 63 men and women, who have served the Company for twenty-five or twenty years respectively. It is our constant endeavour to encourage good employee relationship throughout the Organisation and in this connection we have recently improved the Company's Pension Scheme and have contracted out most of our employees from the State Graduated Scheme introduced in April, 1961.

I, and my colleagues on the Board, desire to pay tribute to all our employees and I feel sure that it will be the unanimous wish of the Shareholders that I, on your behalf, extend to them our very best thanks for their faithful service throughout the years and particularly during the year under review which has been a difficult one not only for our Group but for the industry as a whole.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Group Trading Profit for the year ended August 31, 1961, amounted to £6,612,458, an increase of £776,490 over the previous year.

After charging all expenses and the sum of £805,652 for Taxation compared with £728,124 for the previous year, the net profit of the Group is £1,570,401, which is very similar to that of last year. After deducting pre-acquisition profits and outside shareholders' interests the amount available for appropriation is £1,647,128 (£1,673,880).

The Directors have transferred the sum of £300,000 to General Reserve so bringing it up to a total of £3,500,000 in the Consolidated Balance Sheet. This Reserve has been built up out of profits to be available for any emergency in an industry which, as we all know so well, is subject to rapid and sometimes spectacular change.

Whilst your Directors do not foresee undue difficulties in providing for any change in the existing 405-line standard in Television that may be recommended by the Pilkington Committee and accepted by the Government, they consider it right and proper to make provision for any unforeseen development which may take place. Therefore, in addition to the transfer to General Reserve, the Directors have transferred the sum of £700,000 to Contingencies Reserve to meet the possibility that in the future certain television sets may have to be scrapped before their full cost has been depreciated, or the possibility that the rate of depreciation may have to be accelerated.

The Dividends on the Preference Shares have been paid. As regards the Ordinary Shares, your Directors recommend the payment of a final dividend of 10½d. per share, making with the interim dividend of 3d. a share paid in June, 1961, a total distribution for the year of 1s. 1½d. per share. This compares with a total distribution of 1s. per Ordinary Share for the previous year.

AUSTRALIA

In the Accounts under review the results of fourteen months' trading of the Australian subsidiary, Radio Rentals Pty. Limited, have been included. As a result of development costs having been written off during that period, this company has not materially contributed to the profits of the Group, but I am pleased to be able to report that it continues to develop satisfactorily and I reiterate my Statement of last year that it is an important part of the expansion of our Group.

REFRIGERATORS

In my Statement last year I mentioned the pilot scheme for the rental of Refrigerators. We have made reasonable progress in this connection and look forward with confidence to further expansion of this side of our business. It is the policy of the Board continually to investigate other fields where renting and servicing could be carried out profitably.

FUTURE PROSPECTS

Since the close of our financial year on August 31st last, the number of new subscribers obtained to date is comparable with the number for the same period last year. I regard this as satisfactory, especially in view of the increased competition, and the fact that many of our competitors have been able to purchase surplus stock at bargain prices for renting. Because the Group manufactures all its Television and Radio Sets through Baird Television Limited we have temporarily lost the advantage that normally accrues to us by making our own products for rental. However, I am pleased to say that the heavy stocks held by manufacturers and retailers have now been considerably reduced. We are continuing to expand by opening new branches, so providing more outlets for the products of the Group.

In conclusion I would say that we are well placed to take full advantage of any improvement in general trading conditions in that we have the organisation, experience and resources available. Therefore, although costs are continuing to rise and competition is keen, which inevitably brings about a drop in the profit per subscriber, with the continued growth of subscriberage, I look forward to the future with confidence.

The Report and Accounts were adopted.

MONTAGUE BURTON LIMITED

RECORD TRADING PROFIT IN 60th YEAR
COMMON MARKET OPPORTUNITIES WELCOMED
MR LIONEL JACOBSON'S STATEMENT

The Thirty-second Ordinary General Meeting of Montague Burton Limited was held on January 30th at the Registered Office of the Company.

Mr R. M. Burton (the Deputy Chairman) presided.

The Secretary (Mr H. V. Evans, FCA, FCCS) read the notice convening the meeting and the report of the auditors.

The following is the statement by the chairman circulated with the report and accounts:

This year is a landmark in the history of the Company in that it is my privilege to report on the results for the 60th year of trading.

I have pleasure in stating that the Group has again improved on the figures for the previous year and returned a record trading profit of £4,438,950 which compares favourably with £3,914,492 for last year. Providing that you approve the dividend now recommended there will be left an amount of £1,146,869 to add to Group reserves.

In previous years I have emphasised how rapidly this Group reacts to the pattern of the National economy. This year was no exception; turnover in the first six months showed a marked increase but tended to level out towards the close of the year. A moderate increase in distribution costs was accompanied by the adoption of the 42-hour week throughout the fourteen Works of the Group. The combined efforts of management team and labour force failed to avoid a minor decline in works output and there was an attendant rise in costs. Despite these adverse factors increased turnover enabled your Group to absorb them and maintain the upward trend of profitability.

We have the support of a very loyal public which we believe to be the outcome of offering the best possible value in a garment which is a combination of the customer's individual requirements and the style conception of a team of designers who travel the world to keep ahead of current style trends. This emphasis on style, coupled to the customer's individual need, places a heavy burden on the manufacturing side of the organisation. Every suit made to measure has, over the entire 60 years of this organisation, been individually hand-cut by a cutter apprenticed and experienced in the trade.

Trade to date has been maintained and your directors adopt a cautious but confident view with regard to the immediate future.

CURRENT EFFORTS

Currently, our efforts are concentrated on maintaining the outstanding position that the Burton Company commands, whilst simultaneously we are endeavouring to expand the capacity of the Associated Companies. The problem of the Common Market has not escaped our attention, and in fact has occupied much of our time. Should the national decision be taken to join, personal enquiry into trading conditions and terms in Europe leave us confident of our ability to compete in that area. It will undoubtedly be some time yet before the position is clear cut but in the meantime I feel that you might like to know that my colleagues have paid several visits to the Continent and we look forward to the opportunity that such a challenge would present.

On June 12, 1961, I announced that instructions had been given for a complete revaluation of freehold and leasehold properties now appearing in the Group accounts at £14,320,267, after depreciation. Messrs Healey & Baker valued these properties on September 1, 1961, at £47,073,450 excluding the value of leasehold properties where the lease expires within 75 years. There is, therefore, a surplus of assets over book values of £32,753,183, to be added to capital reserve already standing in the accounts now presented at £4,928,025.

It is, therefore, now proposed to issue as fully paid from these reserves three Ordinary non-voting class "A" shares for each Ordinary and "A" Ordinary share now held. The result will be to increase the issued Ordinary Capital of the Group to £17,833,304. This should not, of itself, be taken as an indication of larger future dividends.

NEW CAPITAL

The expansion of this Group since 1946 has been financed from its own internal resources. New capital introduced even then was negligible. Expansion of the last few years has been rapid as evidenced by the increase in trading profits and dividends.

Acquisition of properties; trading interests and manufacturing units; rebuilding and credit operations have since 1953 cost approximately £16,000,000. The entire chain has been modernised and works maintained in a high state of efficiency. The market value of Group shares improved approximately 15 times over the same period.

We have over this period of expansion enjoyed the full and understanding co-operation of the Group Bankers, but, having regard to the opportunities which we believe the future will present and to our current financial position it is clear that we must bear in mind the introduction of new capital. We have not as yet decided which form this is to take, and your directors feel they would prefer the economic situation to clarify before reaching a final decision.

THANKS TO DIRECTORS AND STAFF

My warm thanks are again due to my colleagues and the personnel of the entire Group for their willing support in what has again been a successful year. It is perhaps opportune for me, at the conclusion of this sixtieth year of our history, to express a particular word of appreciation for the spirit of co-operation which exists throughout the factories and shops of the Group. This co-operation has made it possible during recent years to improve the benefits and welfare activities for which we have long had an excellent reputation. It is felt that the annual cost of Bonus Schemes, Pension Benefits, Christmas and Long Service Awards amounting this year to £761,000 is both deserved and appreciated.

The Report and Accounts were unanimously adopted. The Directors retiring in accordance with the Articles of Association were re-elected to the Board. The Auditors, Messrs Price Waterhouse & Co. and Messrs Volans, Leach & Schofield continue in office.

The Meeting concluded with a vote of thanks to the Chairman.

APPOINTMENTS

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited for the post of LECTURER OR ASSISTANT LECTURER IN ECONOMICS. Salary in scale £1,050 x £50–£1,400 x £75–£1,850 p.a. (Lecturer); £800 x £50–£950 p.a. (Assistant Lecturer), with F.S.S.U. and Children's Allowances. Applications should reach the Registrar, The College, Keele, Staffs., from whom further particulars and application forms may be obtained, not later than March 3, 1962.

THE UNIVERSITY OF SUSSEX

Applications are invited for the CHAIRS OF ECONOMICS, GLOGRAPHY AND FRENCH from 1962.

The salary will be not less than £2,600 p.a. plus family allowance and F.S.S.U benefits.

Further particulars may be obtained from the Registrar, University of Sussex, Stanmer House, Stanmer, Brighton, to whom applications should be sent by February 28, 1962.

UNIVERSITY OF ABERDEEN

DEPARTMENT OF AGRICULTURE

Applications are invited for appointment as JUNIOR OR SENIOR RESEARCH FELLOW for two years at an annual salary of £950 to £1,200, depending on qualifications and experience. The Fellow appointed will be expected to review, from an economic standpoint, scientific literature on Pig Production Problems.—Further particulars are available from the Secretary, Marischal College, Aberdeen, with whom applications (two copies) should be lodged before February 5, 1962.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF ORGANISTION OF INDUSTRY AND COMMERCE: LECTURESHIP

Applications are invited for the post of LECTURER in the above Department. In addition to undergraduate and post-graduate work in Industrial Organisation, the department conducts advanced courses and research in Management Studies.

Candidates should hold good qualifications in Psychology, Economics, Commerce, Industrial Sociology or an allied field; a basic training in psychology is desirable and industrial experience would be an advantage.

Salary Scale £1,050 x £50 to £1,250; Bar; £1,300 x £50 to £1,400 x £75 to £1,850 per annum, with placement according to qualifications and experience, and with superannuation benefit and family allowance where applicable.

The successful candidate will be expected to take up duty as soon as possible after April 1, 1962, and not later than October 1st.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of three referees, should be lodged not later than February 10, 1962.

CHARLES H. STEWART,
Secretary to the University.

January, 1962.

CAMBRIDGE UNIVERSITY

Applications are invited for the position of ASSISTANT IN RESEARCH in the Department of Estate Management. Applicants should be qualified to undertake research in economic, legal or social problems related to the use, tenure, or development of land. Salary scale, £750-£1,000.—Further information may be obtained from the Secretary of the Board of Estate Management, 18a Silver Street, Cambridge. Closing date for applications, March 1, 1962.

CITY OF LIVERPOOL EDUCATION COMMITTEE

COLLEGE OF TECHNOLOGY

BYROM STREET, LIVERPOOL, 3

Principal: S. A. J. Parsons, B.Sc.(Econ.), M.I.Mech.E., M.I.Prod.E., M.B.I.M.

Applications are invited for the following appointments:

(A) HEAD OF THE DEPARTMENT OF NAVIGATION, GRADE IV.

Duties to commence on September 1, 1962. Salary: £2,250 x £60 to £2,430 per annum.

(B) HEAD OF THE DEPARTMENT OF INDUSTRIAL ADMINISTRATION AND LIBERAL STUDIES, GRADE III.

The successful applicant will be required to lecture on "Management Principles and Practice."

Duties to commence on April 1, 1962, or as soon as possible thereafter.

Salary: £2,050 x £60 to £2,230 per annum.

Application forms (returnable by February 12, 1962) and further particulars from the Director of Education, 14 Sir Thomas Street, Liverpool, 1.

THOMAS ALKER,
Town Clerk.

UNIVERSITY OF GLASGOW

RESEARCH FELLOWSHIP IN MATHEMATICS

Applications are invited for a RESEARCH FELLOWSHIP IN MATHEMATICS. Salary scale: £800-£950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than February 28, 1962, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

WOOLWICH POLYTECHNIC

LONDON, S.E.18

Principal:
Harold Heywood, D.Sc., Ph.D., A.C.G.I., Wh.Sch., M.I.Mech.E., M.I.Chem.E.

Applications invited for a Senior Lecturer in Economics. Applicants should have high academic qualifications in Economics and/or teaching will be an added advantage. The duties of the post will involve teaching Economics (Principles and Applied) to Final B.Sc.(Econ.) and post-graduate management students. The successful applicant will be encouraged to undertake research into various aspects Business Economics.

Salary £1,800 – £2,000, plus London Allowance £75 – £90.

Particulars and application form from Clerk to Governors, to be returned by February 16, 1962.

For further appointments and other classified advertisements see pages 473 and 474

UNIVERSITY COLLEGE OF SWANSEA

DEPARTMENT OF ECONOMICS

Applications are invited for the post of RESEARCH ASSISTANT in connection with studies in the History and Organisation of British Overseas Trade. Applicants must be graduates in Economics or Economic History. Salary in the range £500 — £700 per annum together with F.S.S.U. Benefits. Duties to commence April 1, 1962, or as soon as possible thereafter.

Further particulars can be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by *Saturday February 24, 1962.*

COMPANY AFFAIRS

After last week's shake out in the London stock market equities have been in much better form this week but gains have not been sufficient to offset earlier losses and over the week The Economist *indicator lost* 3.6 *points to* 357.0. *Gilt-edged stocks too have been brighter on hopes of an early cut in Bank rate and the "shorts" have attracted bank buying. In equities brewery shares were particularly weak at the end of last week on reports of a fall in beer consumption but they steadied later and tobacco shares have recovered some of their earlier sharp falls. Steel shares have moved erratically but fell back on Wednesday following the annual meetings of South Durham and Dorman Long.*

Dour Prospects for Steel

THE impact of under-capacity working on the current profits of the steel industry and the possibility of some revival in demand has elicited further comments from the spokesmen of the industry in the supplementary remarks they made to shareholders at this week's annual general meetings. There was little of cheer in Sir Walter Benton Jones' last statement as chairman of United Steel for he warned shareholders that there was likely to be a surplus of capacity for "some time to come." But he expected some recovery in the level of production before the end of the financial year. Uncertain prospects form the background to the directors' decision to defer part of the company's development programme. Expenditure which under the original scheme would have reached a peak in the current year is now expected to total about £20 million, as it did in 1960-61, and it will fall below this level in 1962-63. Thus for "the time being" Sir Walter expects that the reduced rate of expenditure can be financed by the company's own resources and bank facilities. Yielding 6 per cent at the current price of 40s. 6d. the £1 shares may hold out the prospect of some recovery in the months ahead.

The demand for steel is not likely to improve until the current financial year, ending on September 30th, is well advanced and the chairman of South Durham, Mr B. Chetwynd Talbot, is content to say that "the view is widely held that it may well be the second half of the year before substantial increase in demand manifests itself" without indicating whether he agrees with this view or not. But he added that he thought decisions about steel prices, as a result of the current negotiations with the Iron and Steel Board, will be made before very long. If it is thought that this review will lead to higher steel prices then anticipation of the increase could be the first influence in checking the current de-stocking. But, as Mr Chetwynd Talbot said, the existing price structures will rule for much of the current financial year when production will be at a reduced level. South Durham's results will depend not only on an early increase in steel prices but on a return to fuller capacity working. These uncertain prospects are reflected in the yield of 10.8 per cent offered by the £1 shares at 18s. 6d.

The chairman of Dorman Long, Mr E. T. Judge, was equally cautious, for his supplementary remarks at the annual general meeting refrained from specific comments about the prospects for recovery later in the year. Instead, he confined himself to the immediate and depressing facts. In the last few weeks, Dorman Long has been forced to close some plants and to lay off some labour, and while the structural fabricating shops have remained fairly busy the "present low order books" in structural engineering generally, Mr Judge says, look "ominous." Like other steel producers, Dorman Long has had to rephase its development programme, spreading expenditure over a longer period than was originally intended. Temporary borrowing facilities will take care of finance "for the time being," but Mr Judge recognises that eventually recourse will have to be made to long term finance. At 24s. the £1 shares yield 8¼ per cent.

Richard Thomas and Baldwins' decision to dismiss 1,500 men at its Ebbw Vale strip plant and to close one of the three blast furnaces there has been followed by news that its small Stourvale sheet-coating plant will be shut down. These moves show that the industry is trying to cut costs to match the fall in demand. RTB insists that the changes at Ebbw Vale are not intended to reduce output further, despite the approaching completion of the Spencer strip works nearby; by using sintered ore in the two blast furnaces remaining, as much iron can be made as the three blast furnaces produce today.

Turner and Newall

EXACTLY a year ago Turner and Newall announced its intention of drawing on its huge cash resources by its combined share and cash bid for British Industrial Plastics. Nevertheless at September 30th last the group still held about £25 million in liquid form and capital commitments of £4 million are handsomely covered by the current cash flow of £8 million a year. The bulk of this sum is committed to the completion of the new Ferodo factory at Caernarvon and the construction of a £1 million factory for asbestos cement. Overseas there are reports of new ventures in Australia, Nigeria and Dublin and the expansion of asbestos cement manufacturing activities in South Africa but there is nothing in Mr

Years to Sept. 30	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Trading profit	12·9	11·9	11·9	13·6	14·8
Gross profit	13·4	13·2	12·9	14·8	16·1
Net equity earnings	6·0	6·0	7·1	7·6	7·7
Retained cash flow	7·6	7·4	8·3	7·8	8·2
Net fixed assets	30·2	32·0	34·3	35·4	44·9
Net current assets	41·0	42·9	45·2	48·9	43·4
Net liquid assets	30·1	29·6	30·0	33·8	24·6
Net equity assets	64·2	68·8	74·0	78·3	82·2
	%	%	%	%	%
Ord. earnings	23·0	21·8	23·9	27·9	25·5
Ord. dividends	7·5	7·5	10·0	12·0	12·0
Gross profit/net equity assets	20·9	19·2	17·4	18·9	19·6

Price (£1 shares): 54s. 4½d. Earnings yield: 9·40%, equal to 10·6 years' earnings.
Dividend yield: 4·4%.

R. G. Soothill's statement to suggest to shareholders that the liquid resources (equivalent to about 10s. 3d. a share) are to be invested to boost the group's earning capacity.

The inclusion of profits of £1,074,000 from British Industrial Plastics and Stillite (makers of mineral wool) raised consolidated trading profits from £13,637,000 to £14,779,000 in the year to September 30th. The group's traditional manufacturing and mining operations added only £68,000 extra to profits. It is a familiar story: fiercer competition and continued pressure on profit margins. But with the recession in the motor industry covering much of the financial year even the small increase in profits is not to be despised. In fact a fall in demand for some asbestos products at home was more than offset by an increase in exports. Ferodo, manufacturing brake and clutch linings, also achieved record sales abroad while a healthy replacement demand cushioned the effects of the turndown in the motor industry at home. As expected, the demand for asbestos cement from the building industry was well maintained and its uses and applications continue to grow. Sales of chemical products were hit by keen competition in the export markets and profit margins were cut. BIP's first trading year in the new group was not an easy one but the chairman is confident that collaboration between this and the older sections of the group's business will "undoubtedly strengthen our activities in fresh as well as existing fields of manufacture."

For the current year Mr Soothill is reticent about the group's prospects in view of the "uncertainty as to the short term economic outlook" but he says that "the immediate picture may be somewhat less favourable." Not surprisingly the £1 shares are close to their 1961-62 low and at 54s. 4½d. yield 4.4 per cent. This is below the average yield on leading industrials of just over 5 per cent and reflects expectations of normal growth to match Turner and Newall's past record.

Continued on page 470

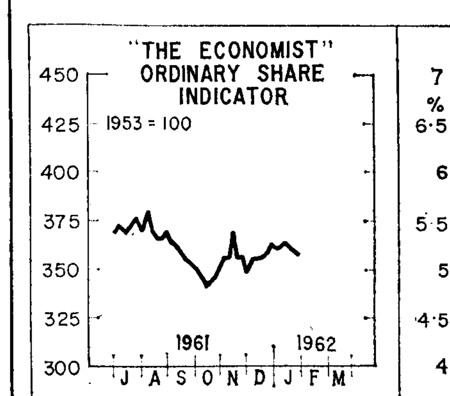
STOCK PRICES AND YIELDS

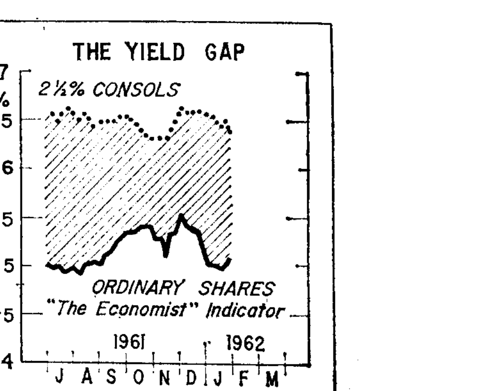
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Prices, 1961/62 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Jan. 24, 1962	Price, Jan. 31, 1962	Net Red Yield, Jan. 31, 1962 §	Gross Red. Yield, Jan. 31, 1962
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3% 1955-65	91⅛	91 7/32	4 11 6	5 15 10 l
99⅛	97¼	Convers. 4½% ....Asst'd. (m)	97 5/16	97 5/16	3 19 9	6 6 10
96⅞	93¾	Exchequer 3% 1962-63	96 9/16	96 19/32	4 6 4	5 12 7 l
101 5/16	98⅝	Treasury 5½% 1962	100 5/16	100 5/16	2 7 0	5 1 4
93 29/32	90¼	Exchequer 2½% 1963-64	93 19/32	93 19/32	4 8 5	5 10 8 l
99 19/32	96⅝	Conversion 4¾% 1963	98 13/16	98 29/32	3 11 0	5 11 9
98 9/32	94½	Conversion 4½% 1964	97 7/16	97 15/32	3 15 0	5 14 1
101 5/16	96	Exchequer 5½% 1966	98 9/32	98⅜	3 11 8	5 19 1
83⅛	78 3/16	Funding 3% 1959-69	83 1/16	83⅛	4 14 5	6 1 9 l
89¾	84¾	Funding 4% 1960-90	89 3/16	89 3/16	3 11 6	5 5 9 l
80½	74⅝	Savings Bonds 3% 1960-70	79	79 1/16	4 16 7	6 2 10 l
85 7/16	80¾	Savings Bonds 2½% 1964-67	85⅜	85 7/16	4 15 10	5 18 3 l
72 11/16	66¼	Savings Bonds 3% 1965-75	70⅝	70⅝	4 16 3	6 4 9 l
84 11/16	78⅞	Funding 3% 1966-68	83¾	83⅞	4 15 1	6 0 10 l
86 5/16	80¼	Conversion 3½% 1969	84⅞	84 15/16	4 12 9	6 2 2
97½	92¼	Victory 4% 1920-76	92¼*	92⅜*	3 11 11	5 4 3‡
93 5/16	87	Conversion 5% 1971	90 13/16	91⅛	4 4 8	6 5 11
95 11/16	88½	Conversion 5¼% 1974	92¼	92 5/16	4 1 2	6 4 8
73⅛	66	Treasury 3½% 1977-80	69¾	69 15/16	4 12 3	6 6 9 l
72¼	65	Treasury 3½% 1979-81	68 11/16*	68⅞*	4 12 3	6 6 6 l
97 9/16	88½	Funding 5½% 1982-84	90¼	90⅜	4 0 11	6 6 10 l
59½	51½	Redemption 3% 1986-96	54½	55⅛	4 8 3	6 5 1 l
88¼	79¼	Treasury 5% 1986-89	83 3/16	83 11/16	4 2 3	6 7 7 l
63 1/16	55	Funding 3½% 1999-2004	57⅝	58⅛	4 6 2	6 7 9 l
94⅝	81⅝	Treasury 5½% 2008-12	86 1/16	84 1/16	4 2 1	6 11 0 l
65⅜	56½	Consols 4% ....after Feb. 1957	59 1/16	59 9/16	4 2 3	6 14 4 l
59¼	50½	War Loan 3½% ....after 1952	52¾	53 5/16	4 1 0	6 12 10 f
59	50½	Conv. 3½% ....after Apr. 1961	52 15/16	53⅜	4 1 5	6 14 2 f
50⅞	43¼	Treasury 3% ....after Apr. 1966	45⅝	46⅛	4 0 9	6 12 11 f
44	36½	Consols 2½%	38½	39	3 18 9	6 8 10 f
43½	36½	Treasury 2½% ....after Apr. 1975	38½	39	3 19 7	6 11 1 f
91⅞	85¾	British Electric 4½% 1967-69	90⅛	90¼	4 5 7	6 2 5 l
75 11/16	70⅛	British Electric 3% 1968-73	74⅞	74⅞	4 17 1	6 5 11 l
70⅝	64½	British Electric 3% 1974-77	69⅝	69 11/16	4 14 8	6 4 11 l
81⅞	74⅞	British Electric 4¼% 1974-79	80⅛	80¼	4 5 8	6 5 2 l
73½	67	British Electric 3½% 1976-79	70 13/16	71	4 11 9	6 6 2 l
84⅞	78¾	British Gas 4% 1969-72	82 13/16	82⅞	4 10 2	6 4 9 l
82	76	British Gas 3½% 1969-71	81 13/16	80 9/16	4 13 0	6 3 3 l
59⅜	51¾	British Gas 3% 1990-95	54¾	55¼	4 9 2	6 5 7 l
75 11/16	70⅛	British Transport 3% 1968-73	74⅞	74⅞	4 17 1	6 5 11 l
80⅞	74	British Transport 4% 1972-77	77¾	77 15/16	4 8 6	6 5 2 l
61 7/16	53¾	British Transport 3% 1978-88	57 7/16	57⅞	4 12 7	6 6 5 l

Prices, 1961/62 High	Low	DOMINION AND CORPORATION STOCKS	Price, Jan. 24, 1962	Price, Jan. 31, 1962	Red. Yield, Jan. 31, 1962
					£ s. d.
82¼	76½	Australia 3¼% 1965-69	80	80	6 12 0 l
101	92¾	Australia 6% 1974-76	97½	97½	6 7 0 l
72½	64	Ceylon 4% 1973-75	65½	64	8 15 0 l
101¼	92¾	New Zealand 6% 1976-80	96⅜	94¼	6 9 0 l
80½	70½	Rhodesia and Nyasaland 6% 1978-81	75	74	8 16 0 l
82½	73	South Africa 3½% 1965-67	82½	82¾	7 14 0 l
59	53½	Southern Rhodesia 4½% 1987-92	56½	56¾	8 8 0 l
84⅝	76½	Agricultural Mortgage 5% 1959-89	78⅜	78½	6 11 0 l
89	82¼	Birmingham 4¼% 1967-70	86⅛	86¼	6 7 0 l
92¾	86½	Bristol 5% 1971-73	89¼	89¾	6 5 0 l
93	86½	Corporation of London 5¼% 1976-79	88¼	88¼	6 8 0 l
48¾	41	L.C.C. 3% ....after 1920	43⅞	44¼	6 16 0 f
89⅛	80¾	L.C.C. 5% 1980-83	84½	84⅞	6 8 0 l
93	84¼	Middlesex 5¼% 1980	88¾	88¾	6 9 0 l

Prices, 1961/62 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Jan. 24, 1962	Price, Jan. 31, 1962	Yield, Jan. 31, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
91/-	64/-	6½ a	6½ b	Barclays £1	90/6	87/9	2·96	...
100/3	74/3	8 a	8 b	District £1	96/3	94/9	3·38	...
80/-	58/7½	5 a	6 b	Lloyds £1	74/-	72/6	3·03	...
26/4½	18/7½	7 a	8 b	Martins 5/-	21/6*	21/3	3·53	...
94/6	67/3	7⅛ a	7½ b	Midland £1	90/9*	89/9	3·34*	...
97/3	73/-	7 a	7 b	Nat. Provincial £1	94/3*	92/6	3·03	...
95/6	58/9	6⅔ a	7 11/12 b	Westminster 'B' £1	85/9*	85/-	3·44	...
44/9	35/3	4 a	8 b	Australia & N.Z. ....£1 p.p.	44/3	44/-	5·45	...
52/-	41/-	6 b	4 a	Bk. Lond. & S. Amer. £1	45/-	45/-	4·44	...
£25 15/16	£21 3/16	$2·05c	$2·05c	Bank of Montreal $10	£24 1/16	£23 7/16	2·97	...
30¾	25¼	8 c	9 c	Bank of New S. Wales £20	27¼	27⅜	5·26g	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	35/3	35/-	5·71	...
60/7½	46/7½	7½ b	7½	Chartered £1	54/6	56/6	5·31	...
£21	£14⅝	5/- a	10/- b	Hongk'g. & Shang. $25	£18¾	£19¼	3·90	...
70/3	49/9	7½ a	9 b	Nat. Com. Bk. Scot. ..10/-	57/3	55/6	2·97	...
£29 5/16	£25 15/16	$2·32½c	$2·37½c	Royal Bk. Canada $10	£27 3/16	£27 3/16	2·97	...
41/6	32/-	10 b	5 a	Stand. Bk. S. Africa £1	38/6	38/-	7·89	...
170/-	95/-	22½ c	22½ c	Hambros ....£1 f.p.	170/-	163/9	2·75	...
92/-	59/6	5 b	2½ a	Schroders £1	91/3	89/9	1·67	...
60/6	45/6	6¼ a	6¼ b	Union Discount £1	55/-*	54/6	4·59	...
27/4½	11/7½	18 c	Nil c	Bowmaker 5/-	12/9	13/3	...	1¼
23/6	11/9	19 c	5 a	Lombard Banking 5/-	13/6	13/6	...	1
21/9	12/9	5 a	2½ b	Mercantile Credit 5/-	16/4½	16/4½	2·29	...
52/6	33/-	22½ b	4 a	United Domins. Tst. 5/-	42/1½	40/4½	3·28	¾
				BREWERIES, Etc.				
15/4½	11/-	...	...	Bass, M. & B. 5/-	15/3	15/-	3·67*	2
41/1½	31/-	8½ b	6 a	Distillers 10/-	37/10½	37/7½	3·85	2
26/9	13/-	4 a	8 b	Flowers 5/-	20/6	19/9	3·04	2
60/6	47/-	8 a	14 b	Guinness 10/-	48/-	48/6	4·54	1¾
15/6	12/-	...	8 b	Ind Coope T.A. 5/-	14/9	13/7½*	4·40*	...
15/-	10/-	5 a	7½ b	United Breweries 5/-	14/1½	14/10½	4·20	...
108/9	76/9	6 a	12 b	Watney Mann £1	107/9	104/3	3·45	2
37/9	26/-	27 c	9 a	Whitbread 'A' 5/-	34/9	33/3	4·06	1¾
				BUILDING, PAINT, Etc.				
54/-	44/10½	5⅔ b	3 a	Associated Portland £1	53/-	54/-	3·09	2½
28/1½	19/10½	7¼ b	4 a	British Plaster Bd. ..10/-	23/1½	23/1½	5·41	2¼
26/10½	15/6	10 b	6 a	Richard Costain 5/-	16/4½	16/1½	4·96	2¾
13/-	9/4½	10	5 b	Crittall Mfg. 5/-	10/11½	10/6¾	7·10	2
18/6	10/-	6 a	14 b	International Paints ..4/-	11/3	10/9¾	7·40	1½
66/9	40/6	21⅞ c	25 c	Rugby Portland 5/-	59/3	61/3	2·04	3¼
167/1½	118/6	7½ a	17½ b	Wall Paper Defd. £1	135/3	134/3	3·72	2¼
				CHEMICAL				
29/3	20/3	14 b	6 a	Albright & Wilson ...5/-	23/3	21/9	4·60	2½
22/-	14/10½	4 a	7½ b	Borax Defd. 5/-	16/7½	16/10½*	3·41	3
58/9	30/7½	7 b	4 a	Fisons £1	35/3	34/6	6·38	1½
81/6	54/4½	7½ b	6¼ a	I C I £1	57/7½	55/-	5·00	2
26/10½	14/6	10 b	5 a	Monsanto 5/-	17/-	16/6	4·55	2½
				DRAPERY & STORES				
36/-	24/-	8 b	4 a	Boots Pure Drug 5/-	28/6	27/9	2·16	
107/-	58/6	7½ a	20 b	Montague Burton ...10/-	98/9	100/-	2·75	2¼
75/0¾	47/7½	5⅚ a	13⅓ b	Debenhams 10/-	57/9	58/6	3·28	2¼
59/4½	45/-	25 b	12½ a	G.U.S. 'A' 5/-	55/1½	55/7½	3·37	1½
46/9¾	33/4½	16⅔ b	13⅓ a	House of Fraser 5/-	39/3	39/-	3·85	2
21/1½	14/3	7⅓ b	5 a	Lewis's Invest. Tst. 4/-	15/3	15/-	3·29	1¼
106/9	85/1½	32½ b	15 a	Marks & Spencer 'A' .5/-	94/3	95/6	2·49	2¼
53/10½	34/10½	20 b	10 a	United Drapery 5/-	47/4½	47/1½	3·18	1½
52/1½	48/9	10⅚ a	25 b	Woolworth 5/-	49/9	49/7½*	3·61	1¾
				OIL				1½
51/3	32/-	†6·94b	†2·78a	British Petroleum £1	33/9	33/3	9·55	2¼
49/6	30/6	†6⅞ b	†2½ a	Burmah Oil £1	31/-	30/9	9·96	1¼
£15 1/16	£10⅝	23·87c	11⅛ a	Royal Dutch ....20 fl.	£12½	£12 11/16	3·71	2¾
34/10½	27/-	†20·8c	†10 a	Shell Transport 5/-	27/9	28/-	6·06	3
41/3	23/9	...	...	Ultramar 10/-	24/9	25/-	... d	...
				ELECTRICAL & RADIO				
48/6	28/3	10 b	5 a	A.E.I. £1	31/9	30/9	9·76	1
15/5¼	9/7½	...	15 c	Brit. Electronic Inds. ..5/-	12/3	11/10½	6·32	¼
62/3	49/-	9½ b	4 a	B.I.C.C. £1	61/3	62/-	4·35	2
14/8¼	11/3	5 a	7½ b	Crompton Parkinson .5/-	14/8¼	14/3	4·39	2½
89/6	54/-	7½ a	15⅚ b	Decca Record 10/-	80/-	81/6	2·86	1¾
52/-	35/-	5 a	12½ b	E.M.I. 10/-	43/-	42/6	4·12	2
45/6	25/9	8 b	5 a	Elliott-Automation ...5/-	42/2¼	42/11¼	1·51	2
40/6	22/6	3 a	7 b	English Electric £1	25/-	23/9	8·42	1½
39/6	23/3	3 a	7 b	General Electric £1	29/-	28/6	7·02	¾
72/9	47/-	8⅛ b	4⅜ a	C. A. Parsons £1	53/6	53/3	4·69	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle £1	46/6	45/6	4·29	2¾
70/-	45/3	25 c	25 c	Thorn Electrical 5/-	68/-	68/-	1·84	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox £1	23/-	21/9	...	1
48/9	30/4½	4 a	7 b	John Brown £1	36/10½	34/3	6·42	2¾
8/6	4/2¼	9 b	3 a	Cammell Laird 5/-	5/6	5/-	12·00	1
33/9	22/4½	20 b	10 a	Internat. Combust. ..5/-	26/3	25/10½	5·80	1½
9/1½	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/9	4/7½	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter £1	37/7½	37/4½	6·42	2¼
17/4½	10/6	5 c	5 a	John Thompson 5/-	13/-	12/7½	1·98	...
34/4½	21/8¼	†2½ a	†6¼ b	Coventry Gauge 10/-	32/4½	31/7½	4·52	2¾
79/9	51/6	†6 b	†2½ a	Alfred Herbert £1	72/6	70/-	3·97	1¾
78/-	41/-	12½ b	5 a	Allied Ironfounders ...£1	46/-	45/3	7·73	1½
110/-	81/10½	10 b	5 a	Averys £1	93/9	93/6	3·21	2½
36/10½	17/-	7⅔ b	4 a	B.S.A. 10/-	18/4½	18/3	6·39	2¼
14/9	9/-	8½ b	4½ a	George Cohen 5/-	10/3	9/9	6·67	1¾
44/4½	29/-	17½ b	10 a	Davy-Ashmore 5/-	31/6	31/6*	4·37	2¼
108/7½	70/-	11 b	5 a	Guest Keen £1	77/7½	77/10½	4·11	3½
31/-	18/3	12 b	4 a	Head Wrightson 5/-	21/-	19/9*	4·05	2½
100/9	68/3	5 a	7 b	Metal Box £1	82/6	82/6	2·91	2¼
22/6	14/-	4 a	10 b	Ransome & Marles ...5/-	16/9	16/6	4·24	3
50/6	34/6	7 b	3 a	Renold Chains £1	46/-	46/-	4·35	2
85/6	54/-	7 a	7 b	Tube Investments £1	62/7½	61/1½	4·58	3
38/4½	25/6	7½ b	2½ a	Vickers £1	30/3	29/9	6·72	1¾
84/6	58/-	3¾ a	10 b	Ward (Thos. W.) £1	65/6	65/6	4·20	3
30/-	18/-	22½ b	5 a	Woodall-Duckham ...5/-	20/6	20/6	5·12**	2¾
				FOOD & TOBACCO				
34/-	17/4½	10 c	10 c	Allied Suppliers 10/-	22/10½	21/10½	4·57	2¼
15/-	7/9¾	12½ b	10 a	Assoc. British Foods ..1/-	10/7½	11/1½	2·02	2
74/-	54/3	8 b	4 a	Bovril £1	59/-	59/6	4·03	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/9	11/10½	3·77	3½
19/3	12/6	10 b	2½ a	International Tea 5/-	14/6	14/-	4·46	1½
107/9	65/-	10⅚ b	5 a	J. Lyons 'A' £1	77/9	77/9	4·07	1¼
35/6	25/9	5 a	9 b	Ranks 10/-	31/-	32/6	4·31	2¼
14/0¾	10/4½	7½ b	2½ a	Spillers 5/-	10/10½	11/7½	4·30	2
50/-	38/7½	10·9c	10·7a	Tate & Lyle £1	47/4½	49/9	4·82**	2
20/10½	14/10½	9 b	5 a	Unigate 5/-	16/9	16/7½	4·21	2
73/-	52/9	†21⅔ c	†11⅔ a	Brit. Amer. Tobac. .10/-	55/6	55/-	6·43	2¾
51/6	34/7½	15 b	5 a	Gallaher 10/-	39/3	38/9	5·16	2
71/9	58/-	14 b	8½ a	Imperial Tobacco £1	61/6	59/-	7·63	1¾
				INSURANCE				
15½	11 5/16	†55 b	†50 a	Britannic 5/-	14 7/16	14 7/16	2·92	...
86/3	60/6	25 b	20 a	Commercial Union ..5/-	61/6	64/-	3·52	...
35¼	17⅞	†41·17c	†41·17c	Equity & Law Life ...8/6	34⅜	33 13/16	0·84	...
90/6	51/10½	20 b	10 a	General Accident 5/-	90/6	90/3	1·66	...
60/6	42/7½	40 b	35 a	Guardian 5/-	48/-	49/3	2·71**	...
40 13/16	21⅞	110 b	80 a	Legal & General 5/-	40 5/16	40 3/16	1·18	...
146/-	100/-	11½ b	8½ a	Northern & Empl. £1	144/9	145/3	2·75	...
272/6	156/3	†70 b	†20 a	Pearl 5/-	217/6	216/3	3·40	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A' 4/-	25 5/16	25 5/16	2·69	...
49/3	38/10½	...	...	Royal 5/-	45/7½	46/1½	3·25**	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	109/9	107/9	3·48	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor 5/-	16/-	15/9¾	6·32	¾
86/6	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	84/3	83/10½	1·19	7¾
48/6	35/6	11 c	5 a	Rolls-Royce £1	40/10½	40/10½	5·38	2¼
10/-	5/6	12 c	4 c	Rootes Motors 'A' ...4/-	6/1½	6/-	2·67	...
88/9	52/2¼	5 a	11 b	A.C.V. £1	74/9	74/1½	4·32	2
101/-	77/3	20 c	20 c	Leyland Motors £1	79/9*	78/6	5·10	2
18/6	14/-	12½ c	8 a	Bristol Aeroplane ..10/-	14/6	14/4½	8·70	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley £1	22/7½	23/4½	9·07**	1¼
41/3	28/10½	†4 a	†5½ b	Dowty Group 10/-	35/4½	35/-	4·43	2¼
29/3	21/6	15⅚ c	5 a	Dunlop Rubber 10/-	28/6	28/1½	5·63	2
72/-	49/9	2½ a	11¼ b	Joseph Lucas £1	66/4½	66/6	4·14	2¼
33/-	15/9	30 c	Nil a	Pressed Steel 5/-	21/-	20/6	...	1¼
46/3	29/3	15 c	12½ c	Triplex Holdings ...10/-	36/6	36/3	3·45	2¼
				MINES				
160/9	110/-	50 b	40 a	Anglo-American 10/-	142/6	141/3	6·37	1½
66/9	41/9	6¼ b	18¾ b	Consolid. Gold Fields. £1	59/-¶	57/3	8·73	2½
108/9	72/6	15 a	20 b	General Mining £1	96/3	92/6	7·57	2
68/6	40/-	120 b	40 a	Union Corporation ..2/6	56/9	55/-	7·27	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	17/-	17/3	23·19	1½
125/-	73/9	70 a	100 b	Free State Geduld ...5/-	86/3	87/6	9·71	1½
54/3	37/6	25 a	25 b	Hartebeestfontein ..10/-	42/3	41/6	12·05	1½
64/6	41/10½	50 a	60 b	President Brand 5/-	51/6	51/3	10·73	1½
157/6	101/3	90 a	120 b	Western Holdings ...5/-	120/-	120/-	8·75	1¼
28/6	15/9	...	8⅓ a	Winkelhaak 10/-	17/6	17/6	...	8½
75/3	52/3	36⅔ b	13⅓ a	Chartered 15/-	53/3	53/9	13·95	2
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer. .10/-	56/3	55/6	14·41h	1¾
11/7½	7/10½	4 11/16 a	9 b	Rhod. Selection Tst. ..5/-	10/6	10/-	6·84h	2
30/9	15/3	15 a	17½ b	Tanganyika Cons. ...10/-	19/-	18/6	17·57	1¼
81/6	46/-	13¾ b	3¾ a	Consolidated Zinc £1	49/6	53/-	6·60	1¾
159/4½	110/-	150 b	100 a	De Beers Defd. Reg. .5/-	137/6	137/6	9·09	1¾
$159½	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$137½	$140½	1·90	...
18/9	10/9	27½ b	7½ a	London Tin 4/-	18/3	17/10½	7·83	1¼
45/-	30/-	20 c	27½ c	Rio Tinto 10/-	41/3	40/-	6·88	1½
44/3	17/9	52½ c	45 a	Tronoh 5/-	29/9	27/6*	9·55	1
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/-	12/9	12/1½	6·19	1¼
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A' £1	66/-	65/-	3·69	2
24/9	17/9	...	10 a	Thomson Org'n. 5/-	22/9	22/6	5·33**	2
66/3	43/6	8¾ b	5 a	Bowater Paper £1	45/9	46/-	5·98	1½
56/6	40/-	16 c	5 a	Albert E. Reed £1	43/-	42/3	7·57	1½
54/3	37/-	8½ b	4 a	Spicers £1	40/9	40/9	6·13	1¾
68/9	46/6	10 b	4 a	Wiggins Teape £1	52/3	51/9	5·41	2
		%	%	**MISCELLANEOUS**				
31/-	21/6	20 b	10 a	Assoc. British Picture .5/-	23/-	23/3	6·45	2¾
34/6	26/9	40 b	20 a	Assoc. Television 'A' .5/-	32/6*	32/-	9·38	1¾
52/9	41/4½	14 b	16 a	Beecham Group 5/-	51/-	49/3	3·05	1¾
54/3	31/1½	6⅔ b	3⅓ a	British Match £1	32/10½	33/4½	5·99	2
28/4½	14/-	4 a	6⅔ b	British Oxygen 5/-	14/9	14/6	3·68	1¾
13/-	7/10½	7 b	3 a	British Ropes 5/-	8/9	9/-	5·56	2¼
70/-	44/9	15 b	7½ a	De La Rue 10/-	57/-	56/-	4·02	2
50/-	31/9	20 c	7½ a	Gestetner 'A' 5/-	43/6	40/6	2·47	3¼
73/9	51/3	6 a	9 b	Glaxo 10/-	53/6	54/6	2·75	3¼
57/6	42/-	3 a	12 b	Harrisons & Cr. Defd. .£1	43/6	46/3	6·49	2½
55/6	34/-	40 b	5 a	Hoover 'A' 5/-	39/3	35/-	6·43	2¼
28/-	18/3	5 a	12½ b	Ilford 5/-	19/-	18/3*	4·79	2
114/6	56/3	4 a	7¼ b	I.C.T. £1	113/9	109/3	2·06	2½
78/9	37/6	12½ c	12½ c	National Canning £1	43/7½	43/7½	5·73	1
39/10½	29/6	10 b	6 a	Powell Duffryn 10/-	39/7½	38/6	4·16	2¼
36/6	24/7½	5 a	17½ b	Radio Rentals 5/-	34/-	34/-	3·31	2¾
38/-	18/9	7½ a	15 b	Rank Organisation ...5/-	34/-	35/-	3·21	2½
41/10½	30/1½	16½ b	7½ a	Schweppes 5/-	36/6	36/6	3·29	1¾
40/3	27/6	20½ a	25 c	Sears 'A' 5/-	38/5¼	38/6¾	3·24	2¼
28/4½	21/3¾	11½ b	8½ a	Thomas Tilling 4/-	25/8¼	24/-	3·33	2
78/-	54/6	4 a	8 b	Turner & Newall £1	56/-	54/7½	4·39	2
55/-	32/6	15½ b	9·47a	Unilever £1	44/6	43/6	2·82	3¼
12⅝	8¾	13 b	8 a	Unilever N.V. ....12 fl.	11¼	11 3/16	2·22	3¼
22/6	13/9	10 b	5 a	United Glass 5/-	17/5¼	17/6	4·29	2½
42/1½	29/-	†10⅚ b	†4⅙ a	United Molasses 10/-	32/3	31/9	7·71	1
				SHIPPING				
46/3	27/3	13½ b	6½ a	Brit. & Com'wealth. 10/-	31/6	31/9	6·30	2
20/-	13/3	8 c	6 c	Cunard £1	16/-	17/9	...	...
24/9	16/3	17 c	7 c	France Fenwick £1	17/7½	17/7½	7·94	½
50/6	27/10½	10 c	10 c	Furness Withy £1	30/-	30/-	6·67	1
15/-	7/6	17½ c	Nil a	London & Overseas ..5/-	8/6	8/6	...	...
48/6	27/-	8 b	3 a	P & O Defd. £1	27/9	27/9	7·93	1
17/9	10/10½	2½ c	2½ c	Reardon Smith 10/-	11/6	11/6	2·17	...
25/-	10/10½	8 c	5 c	Royal Mail £1	12/3	12/3	8·16	...
				STEEL				
81/3	42/-	10 b	6 a	Colvilles £1	47/1½	45/7½	7·01	2½
43/7½	23/1½	3½ a	6½ b	Dorman Long £1	25/4½	24/-	8·33	2¼
49/10½	29/10½	3½ a	7½ b	Lancashire Steel £1	31/4½*	30/7½	7·18	3
42/-	17/7½	4 a	6 b	South Durham £1	18/10½	18/1½	11·03	1¼
47/8¼	26/9	5 a	5 b	Steel Co. of Wales £1	29/4½	28/4½	7·05	2
57/4½	34/9	5 a	10 b	Stewarts & Lloyds £1	35/4½	35/7½	8·42	2
68/7½	41/6	6 a	9 b	John Summers £1	45/10½	45/7½	6·58	2
55/7½	36/9	4·8 a	7½ b	United Steel £1	41/7½	40/4½	6·09	1½
63/6	38/6	6¼ a	8¾ b	Whitehead £1	39/6	38/6	7·79	2
				TEXTILES				
42/7½	23/10½	7½ b	5 a	English Sewing Cotton £1	27/1½	27/-	9·26	1½
31/10½	19/4½	10 b	5 a	Fine Spinners £1	20/10½	23/6	12·77	2
70/4½	42/-	7½ a	17½ b	Lancashire Cotton £1	45/-	45/3	11·05	1¼
47/6	26/3	5⅚ b	3¾ a	Courtaulds £1	41/10½	43/1½	4·45	1¾
8/9	5/7½	4 a	9⅓ b	Illingworth Morris ...4/-	6/10½	6/7½	8·05	1¾
76/6	62/-	8 a	13 b	West Riding Worsted .£1	75/6*	75/6	5·56	2½
37/3	26/3	7½ b	2½ a	Woolcombers £1	29/9	30/-	6·67	2
20/7½	12/1½	3 c	6 c	Bradford Dyers £1	14/1½	14/1½	8·50	1¼
16/2¼	10/9	7½ a	13¾ b	Calico Printers 5/-	10/10½	11/9	8·51**	3¼
55/10½	38/6	...	3¾ a	Coats, Patons & B. £1	40/6	40/9	6·13**	2
13/7½	9/3	3 a	10 b	Jute Industries 10/-	9/7½*	9/7½	13·50	2¼
35/3	22/6	10 c	10 c	Tootal £1	23/1½	25/9	7·77	1¼
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ a	25 b	Alliance Trust 5/-	67/3	67/3	2·79	1¼
57/10½	42/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	53/9	53/3	4·69	1½
20/-	12/7½	10 c	10 c	Cable & Wireless 5/-	16/10½	16/6	3·03	1¾
65/9	47/-	20 c	23⅓ a	City Centre Props. ..5/-	55/3	55/6	2·28**	2
95/6	64/3	7½ b	3½ a	City Lond. Real Prop. .£1	79/6	79/6	2·77	1
100/7½	72/6	7·04a	9·04b	Hudson's Bay £1	78/9	80/-	4·02	1¾
36/3	22/3	4 b	2 a	Land Securities 10/-	30/6	29/9	2·02	1
38/3	26/6	12 1/12 c	6⅔ a	Lond. Cnty. Freehld. 10/-	32/6	33/3*	3·64	1
				TEA & RUBBER				
47/6	40/-	†25 b	†2½ a	Cons. Tea & Lands ...£1	41/-	40/-	22·45	1
35/6	28/9	†3 a	†11 b	Jokai (Assam) £1	31/3	31/6	14·51	2½
11/-	7/6	...	...	Nuwara Eliya £1	7/9	7/6	...	...
6/10½	3/10½	29⅙ b	12½ a	Highlands & Lowlands 2/-	5/0¾	5/4½	15·50	1½
7/4½	4/7½	35 b	7½	London Asiatic 2/-	4/9	5/1½	16·59	2
93/-	64/6	37½ b	10 a	United Sua Betong ...£1	76/3	76/9	12·38	1½





NEW YORK PRICES AND INDICES

	Jan. 24 $	Jan. 31 $		Jan. 24 $	Jan. 31 $		Jan. 24 $	Jan. 31 $
Atch. Topeka	26⅝	26⅞	Boeing	53¼	56⅛	Int. Harvester	53¼	53⅛
Can. Pacific	24¾	24¾	Celanese	39¼	39⅜	Inter. Nickel	77¼	80
Pennsylvania	17⅛	18	Chrysler	55	56	Inter. Paper	33½	33⅞
Union Pacific	33¼	33¾	Col. Palmolive	49¼	48¾	Kennecott	83¼	82½
Amer. Electric	65⅞	65	Crown Zeller	50½	51½	Monsanto	47⅛	48⅞
Am. Tel. & Tel.	129¾	128	Distillers Seag.	44	44⅝	Nat. Distillers	28	28½
Cons. Edison	77½	76¾	Douglas	34⅞	36	Pan-American	21½	21¾
Int. Tel. & Tel.	53¾	55	Dow Chemical	67⅞	67¾	Procter Gamble	82⅝	82¾
South'n. Nat. Gas	45½	45⅞	Du Pont	230	229¼	Radio Corpn.	53¾	56¼
United Corpn.	8	8	East. Kodak	105½	104⅜	Sears Roebuck	77⅛	75⅝
Western Union	37	38⅝	Ford Motor	104	106⅜	Shell Oil	37¼	39⅜
Alcoa	59¾	59¾	Gen. Electric	72⅜	75	Socony-Mobil	51½	52¾
Aluminium	26⅝	27¼*	General Foods	83½	87¼	Stand. Oil Ind.	53⅜	53½
Amer. Can	44	45½	General Motors	55⅝	57⅛	Stand. Oil N.J.	50⅝	53
Am. Smelting	60½	64	Goodyear	42¾	43⅜	Union Carbide	117¾	114⅞
Am. Viscose	54½	54⅜	Gulf Oil	40¾	41	U.S. Steel	74⅜	72½
Anaconda	50⅞	50	Heinz	62	63¼	West. Electric	36⅛	37⅜
Beth. Steel	40⅞	41⅞*	Int. Bus. Mach.	550	542	Woolworth	88¼	84¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 3	75·22	2·81	34·10	4·73	64·40	3·10	87·67	4·11
" 10	72·88	2·90	33·84	4·77	62·54	3·19	87·87	4·09
" 17	72·16	2·93	33·78	4·78	62·13	3·21	87·57	4·12
" 24	72·27	2·92	33·60	4·80	62·13	3·22	87·77	4·10
" 31	72·77	2·91	33·90	4·76	62·29	3·23	87·46	4·13

425 Industrials :—High, 76·69 (Dec. 12, 1961). Low, 60·87 (Jan. 3, 1961).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Jan. 24	Jan. 31	GERMANY	Jan. 24	Jan. 31	HOLLAND	Jan. 24	Jan. 31
	Frcs.	Frcs.		%	%		%	%
Air Liquide	1,035	1,125	A.E.G.	481	483	A.K.U.	393¼	399⅝
Banque de Paris	500	523	Bad'che. Anilin	491	485	Bijenkorf	1,202	1,180
Citroen	173	187·5	Bayer	629½	620	Heinekens	620	635
C. F. Petrole	269·5	299·9	Commerzbank	603	593	Interunie (Fl.50)	Fl.224·5	Fl.223·5
Cie. G. d'Elect.	1,105	1,161	Deutsche Bank	536	651	K. N. Hoogoven	750½	762½
Machines Bull	635	725	Hoechst Farb.	515	512	Kon. Zout-Ket.	1,043	1,160
Pechiney	260	275	Kundenkredit	524	520½	Philips	956	960½
Printemps	617	690	Lowenbrau	1,225	1,220	Robeco (Fl.50)	Fl.246·5	Fl.245·5
Rhone-Poulenc	444	490	Mannesmann	258	254½	Rotterdam Bk.	368	370½
S.I.M.	372	374·5	Siemens	721	741	Thomassen & D.	689½	690
Saint-Gobain	421	460·1	Thyssen-Huette	233½	233	Valeurop	Fl. 79·5	Fl. 79·5
Usinor	218	222·5	Volkswagen	759	750	Zwanenberg	1,007	1,010
Index	95·1	99·7	Index *Herstatt Index*	115·19	114·60	Index	368·40	376·25
Dec. 30th, 1960=100.			*Dec. 31, 1959=100.*			1953=100.		
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	39¾	39¾	Ampol Pet.	12/1	11/10	Ajinomoto	589	554
Aluminium	27⅞	28¾	Ass. Pulp & P.	35/3	34/9	Fuji Iron	53	53
Bell Tel.	56¼	56⅜	Aust. Con. Inds.	71/-	70/6	Hitachi	109	115
Can. Brewer's	57⅜	57¾	Aust. Oil & Gas	62/6	67/3	Honda Motor	274	318
Can. Imp. Bank	67¾	67	Brit. Tobacco	25/7	25/7	Kirin Brewery	687	683
Can. Pac. Rly.	25⅞	26	Broken Hill Pty.	66/3	66/6	Mitsub. Chem.	104	87
Hiram Walker	54⅜	56¼	G. J. Coles	14/2	14/2	Mitsub. Elect.	99	103
Imperial Oil	49¼	48¾	Felt & Textiles	8/8	9/-	Mitsub. Heavy	98	105
Noranda Mines	58⅜	59	I.C.I. A.N.Z.	42/3	40/9	Nippon Elect.	398	395
Shawinigan Wtr	23⅝	24⅜	Myer Emporium	31/-	32/6	Sony	926	890
Steel of Canada	79¾	79½	Ready Mix Con.	17/4	17/-	Toyo Rayon	166	178
Trans.Can.Pipe	26½	26¾	Woolworth	16/9	16/7	Yawata Iron	57	61
Toronto Ind. Index	599·79	607·15	Sydney Indust. Index	308·56	305·44	Dow Jones Average	1504·01	1511·14
1933=100.			*1937/39=100.*					

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Conversion 6% 1972.

** Yields based on assumed dividends :—Bass, Mitchells & B., 11%. Calico Printers, 20%. City Centre Prop., 25⅓%. Coats, Patons & B., 12½%. Guardian, 26⅔%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Midland Bank, 15%. Royal Insurance, 30%. Tate & Lyle, 12%. Thomson Organisation, 24%. Woodall-Duckham, 21%.

British Oxygen

THE full report from British Oxygen suggests that the pressure on margins, which was growing in 1961, will become even more severe this year. Shareholders might have been looking for some improvement in the year to September 30th next, if only because of higher prices for industrial gases introduced in October and of the marked rise in fixed and working assets employed by the group, which more than absorbed the £12½ million rights issue in October, 1960. But all that the chairman, Mr J. S. Hutchison, says is that profits are likely to be maintained in the current year, though he adds that they would respond to "any betterment in home trading conditions or any easing of political or economic tensions overseas."

The group's capital expenditure may, however, eventually amount to more than the £40 million envisaged a year ago. The growth in capital expenditure comes at an awkward time, for under-capacity working in the steel industry will put a brake on the increase in revenue from BOC's heavy investment in tonnage plant. The cash flow may therefore be inadequate to meet BOC's financial needs. Immediately, the banks will help, but Mr Hutchison says that additional permanent finance may become necessary at a later stage. Presumably any new issue by BOC will have to wait for clear signs of recovery in the

Years to Sept. 30	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	42·5	49·0	54·8	59·8	62·5
Trading profit	9·2	11·3	12·9	14·3	13·8
Gross profit	6·0	7·2	8·6	9·5	8·6
Net equity earnings	2·4	2·8	3·9	4·4	4·6
Retained cash flow	4·6	5·9	6·5	7·4	7·9
Net fixed assets	37·4	40·7	42·5	44·9	55·5
Net current assets	12·3	12·8	15·0	15·9	19·4
Net liquid assets	2·1	2·0	6·2	4·7	4·8
Net equity assets	29·8	31·7	34·6	37·3	52·2
	%	%	%	%	%
Ord. earnings	16·2†	19·1†	24·8†	27·8†	18·1
Ord. dividend	6·3†	7·1†	9·1†	10·2†	10·2
Gross profit/sales	14·0	14·6	15·7	15·5	13·8
Gross profit/net equity assets	20·1	22·7	24·8	26·2	16·4
Net earnings net equity assets	8·1	8·8	11·2	12·4	8·8

† Adjusted for scrip issue

Price (5s. shares): 14s. 6d. Earnings yield: 6·2%
Dividend yield: 3·7% equal to 16 years' earnings.

demand for steel. By then, however, the demand for tonnage oxygen may have abated; Mr Hutchison says:

> Much of the immediate potential for oxygen in steel-making in the UK is now provided for, and there may be levelling off in new business of this kind over the next two or three years. Other tonnage uses are slow to develop, although they may become important later, and there is intense competition for available plant business which is at present predominantly for export.

The ordinary dividend of 10½ per cent is equivalent to the 16 per cent paid in 1959-60 before the rights and scrip issues and is covered 1¾ times. The shares now stand at 14s. 6d., barely above their lowest point for 1961-62, and yield 3.7 per cent. This is in accord with the past facts of expansion by the British steel industry and BOC. But does it not assume too readily that the future will be equally as bright? It seems possible that BOC will be earning a lower rate on the capital it employs not merely in the current year but in some of the years to follow. BOC must, moreover, raise new money if not this year, then next. The stock market, certainly, has changed its view about BOC's growth prospects. The question is: has it changed this view radically enough?

Cable and Wireless (Holding)

THE preliminary results of Cable and Wireless (Holding) contained no surprises. The ordinary dividend has been maintained at 10 per cent on the increased capital. The growth in C & W's income, one of the biggest investment trusts in this country, was not so rapid in 1961 as in 1960; net earnings after tax rose by 14 per cent from £1,022,000 to £1,161,000 compared with an increase of 21 per cent in 1960. As in the past C & W has retained a bigger proportion of its earnings than is usual for an investment trust and the dividend is covered 1¼ times; this in fact understates the cover as earnings on C & W's 50 per cent stake in the unquoted Cables Investment Trust, whose book value was written up in 1960 by £4,665,000 to £6 million, are not consolidated.

Investments at book value rose last year from £22.9 million to £25.4 million, reflecting the investment of the proceeds of the rights issue, while at market values they rose from £42.3 million to £49.1 million. At the end of 1960 only 2½ per cent of C & W's portfolio was in fixed interest securities, but when the 1961 accounts are published next week they may well show a slightly higher proportion. Investment trust managers are showing signs of some disenchantment with low yielding equities—none more so than the Scottish American Investment which in the last two years has cut the percentage of its funds in equities from 88½ to 73 per cent. Its chairman, Mr Arthur Blair, says that industry is finding it difficult to earn profits in Britain and in the United States and this provides an unfavourable background for equity investment. If this is so, the 5s. shares of Cable and Wireless at 16s. 6d. yielding only 3 per cent may not be wildly attractive, particularly if there is to be no scrip issue this year. The yield on C & W is in line with the returns offered by other leading investment trusts, but this trust is more deeply committed to equities than most others and its gearing is lower.

Aveling-Barford

AFTER seven lean years of falling profits Aveling-Barford, manufacturers of road and building equipment, enjoyed a rise of 52 per cent in gross profits in 1959-60: the year to September 30, 1961, was much less spectacular as the burden of bank overdrafts, reflecting higher stocks, raised the interest charge from £36,000 to £102,000 and left gross profits almost unchanged at £700,000, against £696,000, even though trading profits before all charges had risen by 13 per cent. However, the chairman, Mr Edward Barford, seems confident about the future and his statement should do much to allay any concern about a balance sheet which reveals an increase in bank overdrafts from £948,000 to £1,910,000 in spite of the rights issue that raised over £1.1 million in May. Much of the money has been absorbed by stocks, which rose from £4,247,000 to £6,029,000, but net fixed assets are also higher at £2,174,000, against £1,565,000.

Mr Barford says that the immediate prospects for the two principal manufacturing subsidiaries are hopeful and though sales of light constructional equipment were hit by the little budget the outlook is now brighter. Overseas subsidiaries are penetrating new markets and apparently making good progress, and the shortage of components which hindered domestic production in 1959-60 now appears to be less critical. Mr Barford says that the accumulation of stocks reflected this earlier shortage as well as the higher level of activity and the near-completion of contracts at the end of the financial year. He expects stocks and bank overdrafts to be considerably reduced and capital commitments at end-September amounted to only £125,000. For the first three months of the current year sales were slightly higher and profits for the full year are expected to be at least up to the level of those in 1960-61.

Last May ordinary shareholders received a one-for-fifteen scrip issue as compensation for the enfranchisement of the "A" shareholders and there was a one-for-one rights issue of 5s. shares at par. The interim payment of 7½ per cent on the smaller capital and the final of 10½ per cent make the total equivalent to 14 per cent on the bigger capital, compared with 9.8 per cent in 1959-60. The cover has fallen from 2.2 to 1.6 times; the 5s. shares at 12s. 6d. yield 5½ per cent, compared with 6¼ per cent a year ago.

The Economist Indicator (1953 = 100)

1961/62	Indicator	Yield %	1961/62 High	1961/62 Low
Dec. 27	359·2	5·35		
Jan. 3	363·6	5·01		
,, 10	361·8	5·01		
,, 17	364·4	4·97	427·2 (May 10) 1961	342·7† (Oct. 18) 1961
,, 24	360·6	5·01		
,, 31	357·0	5·07		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Jan. 11	302·8	5·21	6·50	12,694
,, 26	299·9	5·26	6·50	13,181
,, 29	300·6	5·25	6·50	14,687
,, 30	302·8	5·21	6·46	12,039
,, 31	304·1	5·19	6·41	11,755

High, 365·7 (May 15, 1961). Low, 284·7 (Oct. 16, 1961).
† July 1, 1935 = 100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended January 27, 1962 there was an "above-line" surplus (after allowance for sinking funds) of £118,641,000 compared with a surplus of £105,081,000 in the previous week and a surplus of £146,047,000 in the corresponding period of last year. There was a net receipt "below-line" of £84,093,000 leaving a total cumulative deficit to date of £686,351,000 compared with £659,133,000 in 1960-61.

£'000	Estimate 1961–62	April 1, 1960, to Jan. 28, 1961	April 1, 1961, to Jan. 27, 1962	Week ended Jan. 28, 1961	Week ended Jan. 27, 1962
Ordinary Revenue					
Income Tax	2,728,500	1,533,633	1,631,707	184,053	185,387
Surtax	210,000	107,500	120,500	10,800	12,400
Death Duties	240,000	185,500	206,500	4,100	4,400
Stamps	94,000	72,600	78,700	1,100	1,300
Profits tax, EPT and EPL	325,500	226,000	286,600	4,300	5,200
Other Inland Rev. Duties	...	150	...	50	...
Total Inland Rev.	3,598,000	2,125,383	2,324,007	204,403	208,687
Customs	1,550,000	1,219,626	1,340,782	28,342	30,279
Excise	960,000	748,160	774,700	15,170	12,825
Total Customs and Excise	2,510,000	1,967,786	2,115,482	43,512	43,104
Motor Duties	155,000	107,093	89,217	9,586	3,201
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	31,600	33,300	5,100	...
Sundry Loans / Miscellaneous	205,000	40,673 / 98,383	206,226	... / 1,415	6,469
Total	6,508,000	4,370,918	4,768,232	264,016	261,461
Ordinary Expenditure					
Debt Interest	660,000	544,927	579,097	...	...
Payments to N. Ireland Exch.	92,000	69,751	76,417	5,067	5,528
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	6,904	7,240	8	11
Supply Services	5,186,902	3,947,165	4,237,981	112,534	137,081
Total	5,961,902	4,568,747	4,908,017	117,609	142,620
Sinking Funds	40,000	29,677	30,202	360	200
"Above-line" Surplus or Deficit	227,506	169,987	146,047 Cr.	146,641 Cr.	
"Below-line" Net Expenditure*		431,627	516,364	49,647	84,093
Total Surplus or Deficit	659,133	686,351	195,694	202,734	
Net receipts from:					
Tax Reserve Certificates		106,711	122,545	–36,812	–42,678
Savings Certificates		52,300	*16,800*	300	600
Defence Bonds		89,226	20,073	2,391	211
Premium Savings Bonds		47,350	33,700	1,700	1,200
Total		295,587	159,518	–32,421	–40,667

* Net issues of £25 million to the Civil Contingencies Fund in 1961–62 compared with net issues of £5 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Jan. 28	3,330·0	2,000·6	178·7	...	5,509·3
Oct. 21	3,270·0	1,997·8	183·1	...	5,450·9
,, 28	3,280·0	2,003·2	211·5	...	4,594·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
,, 11	3,290·0	1,990·7	216·9	...	5,497·6
,, 18	3,310·0	1,976·2	250·6	...	5,536·8
,, 25	3,330·0	2,016·1	205·3	...	5,551·4
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4
,, 9	3,370·0	2,083·8	222·2	...	5,676·0
,, 16	3,370·0	2,148·9	235·2	0·8	5,754·9
,, 31	3,400·0	2,205·3	205·1	...	5,810·4
1962					
Jan. 6	3,380·0	2,163·3	339·7	...	5,882·9
,, 13	3,300·0	2,151·6	334·8	2·5	5,788·9
,, 20	3,250·0	2,147·4	326·4	...	5,723·8
,, 27	3,190·0	2,163·1	217·9	1·8	5,572·8

THE MONEY MARKET

THE discount houses raised their agreed bid by a further 4d. to £98 13s. 10d. at last Friday's Treasury bill tender, following an increase of 8d. in the previous week. The average rate of discount fell by 1s. 4.29d. to £5 4s. 10.06d. per cent, bringing the fall over the two weeks to 3s. 7.97d. per cent. The market received 61 per cent of its application last Friday compared with an average allotment of 68 per cent a week earlier.

This sharp fall in the bill rate encouraged the feeling in the City that a fall in Bank rate was close. This week, however, the Bank of England's open market policy has become markedly more vigorous. On Monday one or two houses were forced to borrow a small amount at Bank rate, and on Tuesday a large amount had to be taken by seven or eight houses out of the twelve.

In New York this week the US Treasury increased the number of Treasury bills on offer by $100 million in an attempt to push up rates and narrow the covered margin, then around ¼ per cent, between British and United States Treasury bills. The rate for three months bills in fact rose from 2.688 to 2.705 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates:** Bank bills:	
Deposit rates (7 days' notice):		60 days	5 1/2–5 9/16
Banks	4	3 months	5 1/2–5 9/16
Discount houses	4–4 1/4	4 months	5 1/2–5 9/16
Local Authorities	6 1/2	6 months	5 1/2–5 5/8
Call money:		Fine trade bills:	
Clearing banks' minimum	4 3/8	3 months	6 3/4–7 1/2
Day-to-day	4 3/8–5 1/4	4 months	6 3/4–7 1/2
		6 months	7–8

NEW YORK

	%		%
Official Discount rate: (from 3 1/2%, 11.8.60)	3	**Treasury bills:** January 22	2·688
		,, 29	2·705

PANK OF ENGLAND RETURNS

(£ million)	Feb. 1, 1961	Jan. 24, 1962	Jan. 31, 1962
Issue Department:			
Notes in circulation	2,196·2	2,295·3	2,292·6
Notes in banking dept.	54·2	30·1	32·8
Govt. debt and securities	2,248·0	2,324·0	2,340·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·6	15·0	14·5
Special deposits	155·9	236·5	236·5
Bankers	247·6	244·3	256·8
Others	66·4	69·0	70·4
Total	483·5	564·7	578·2
Securities:			
Government	378·6	463·6	446·8
Discounts and advances	49·5	69·5	97·2
Other	18·8	19·0	18·9
Total	446·9	552·1	562·8
Banking department reserve	54·9	30·9	33·7
	%	%	%
"Proportion"	11·3	5·4	5·8

Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on January 24th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91 Day Bills: Average Rate of Allotment	Allotted at Max. Rate
1961	*91 day*		s. d.	%
Jan. 27	220·0	428·5	83 3·70	26
Oct. 27	250·0	431·2	114 6·57	66
	91 day *63 day*			
Nov. 3	200·0 60·0	412·7	108 6·10	63
,, 10	230·0 40·0	458·9	108 5·49	44
,, 17	220·0 50·0	430·2	107 9·71	56
,, 24	220·0‡ 60·0	471·8	107 9·40	42
Dec. 1	220·0 50·0	461·3	107 1·08	44
,, 8	230·0 30·0	455·3	106 5·34	46
,, 15	210·0 50·0	371·6	106 4·83	37
,, 22	210·0 50·0	379·0	107 3·18	52
,, 29	250·0	396·0	108 0·72	51
1962				
Jan. 5	240·0	406·9	108 7·81	38
,, 12	240·0	409·4	108 6·03	25
,, 19	240·0	388·1	106 2·35	63
,, 26	240·0	399·8	104 10·06	61

‡ On January 26th tenders for 91 day bills at £98 13s. 10d. secured 61 per cent, higher tenders being allotted in full. The offer for this week was for £200 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits January 31	Market Rates: Spot January 25	January 26	January 27	January 29	January 30	January 31
United States $	2·78–2·82*	2·81 11/16–3/16	2·81 11/16–3/16	2·81 11/16–3/16	2·81 11/16–3/16	2·81 1/8–1/4	2·81 1/8–1/4
Canadian $	...	2·93 3/16–5/16	2·93 13/16–15/16	2·93 13/16–15/16	2·93 13/16–15/16	2·94 1/8–1/4	2·94 1/4–3/8
French Fr.	13·622–14·027	13·77–78	13·77 1/4–3/4	13·77–78	13·77 1/4–3/4	13·79 3/8–7/8	13·78–78 1/4
Swiss Fr.	11·94–12·54 7/8	12·13 3/4–14	12·13 5/8–7/8	12·13 5/8–7/8	12·13 3/4–14	12·13 5/8–14 1/4	12·13 7/8–14 1/8
Belgian Fr.	137·96–142·05	139·92 1/2–97 1/2	139·90–95	139·92 1/2–97 1/2	139·92 1/2–97 1/2	140·00–05	139·92 1/2–97 1/2
Dutch Gld.	9·983 1/2–10·28 1/2	10·14 1/4–1/2	10·14 1/4–1/2	10·14 1/4–1/2	10·15–15/4	10·15 1/2–3/4	10·15 7/8–16 1/8
W. Ger. D-Mk.	11·037–11·365	11·23 5/8–7/8	11·23 1/4–1/2	11·23 1/4–1/2	11·23 5/8–7/8	11·23 5/8–7/8	11·23 5/8–7/8
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	1745 1/2–3/4	1745 1/2–3/4	1745–45 1/2	1745 1/2–46	1746 1/4–3/4	1746–46 1/4
Swedish Kr.	14·27 1/2–14·70	14·52–52 1/4	14·51 3/8–5/8	14·51 1/4–1/2	14·51 3/8–5/8	14·51 3/8–5/8	14·50 7/8–51 1/8
Danish Kr.	19·06 1/2–19·62	19·35 1/8–3/8	19·35 1/4–1/2	19·35 1/4–1/2	19·35 1/4–1/2	19·35 1/4–1/2	19·35 7/8–36 1/8
Norwegian Kr.	19·71–20·30 1/2	20·03 7/8–04 1/8	20·03 7/8–04 1/8	20·03 7/8–04 1/8	20·03 7/8–04 1/8	20·04–04 1/4	20·03 7/8–04 1/8

* Official Limits

One Month Forward Rates

United States $	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	3/4–5/8c. pm
Canadian $	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm
French Fr.	2 1/8–1 5/8c. pm	2 1/8–1 3/8c. pm	2 1/8–1 3/8c. pm	1 3/4–1 1/4c. pm	2–1 1/2c. pm	1 3/4–1 1/4c. pm
Swiss Fr.	4–3 1/2c. pm	4–3 1/2c. pm	4–3 1/2c. pm	4–3 1/2c. pm	4–3 1/2c. pm	4–3 1/2c. pm
Belgian Fr.	38–28c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm
Dutch Gld.	3 3/8–2 7/8c. pm	3 3/8–2 7/8c. pm	3 3/8–2 7/8c. pm	3 1/4–2 3/4c. pm	3 1/4–2 3/4c. pm	3 1/2–3c. pm
W. German D-Mk.	3 5/8–3 1/8pf. pm	3 5/8–3 1/8pf. pm	3 5/8–3 1/8pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm

Three Months Forward Rates

United States $	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm
Canadian $	11/16–19/16c. pm	11/16–19/16c. pm	11/16–19/16c. pm	11/16–19/16c. pm	13/16–15/16c. pm	13/16–15/16c. pm
Swiss Fr.	10 3/8–9 7/8c. pm	10 3/8–9 7/8c. pm	10 3/8–9 7/8c. pm	10 1/2–10c. pm	10 3/4–10 1/4c. pm	10 1/2–10c. pm
W. German D-Mk.	9 5/8–9 1/8pf. pm	9 5/8–9 1/8pf. pm	9 5/8–9 1/8pf. pm	9 1/2–9pf. pm	9 1/2–9pf. pm	9 3/8–8 7/8pf. pm

Gold Price at Fixing

Price (s. d. per fine oz.)	250/3	250/2 1/4	...	250/2	250/11	250/11 1/4
,, ($,, ,, ,,)	35·16 1/2	35·16 1/2	...	35·16 1/2	35·16 1/2	35·16 1/2

UK External Trade

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

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

BRITISH

Prices and Wages	This week	External Trade	This week
Manpower and Output	Jan. 13th	Industrial Profits	Jan. 27th

OVERSEAS

Western Europe	Dec. 23rd	United States	Jan. 6th

	Unit	Monthly averages 1959	Monthly averages 1960	Monthly averages 1961	1960 Oct.	1960 Nov.	1960 Dec.	1961 Aug.	1961 Sept.	1961 Oct.	1961 Nov.	1961 Dec.
VALUE												
Imports:												
Total	£ million	331·9	378·4	366·5	378·7	419·8	383·3	358·8	343·1	378·0	373·0	338·3′
Food, drink and tobacco	,,	126·5	128·8	123·6	139·9	149·5	132·2	113·9	123·1	136·2	128·8	119·9
Basic materials	,,	77·6	88·6	88·4	81·9	94·7	91·5	87·0	71·9	79·8	74·6	73·8
Fuels	,,	38·9	40·2	40·3	38·4	45·5	39·6	38·7	35·3	40·0	40·3	37·3
Manufactures	,,	87·6	120·7	118·9	117·0	128·4	117·8	117·8	111·3	120·6	127·9	104·9
Exports of UK produce:												
Total	,,	277·5	296·2	306·9	258·9	344·0	306·0	305·2	260·5	319·4	319·4	298·5
Manufactures—Total	,,	234·5	250·0	259·8	213·3	287·9	252·2	259·6	215·7	265·8	266·1	244·7
,, Metals	,,	37·8	39·3	39·5	36·3	46·5	37·7	35·9	30·7	41·2	41·1	38·0
,, Engineering products	,,	122·4	131·0	139·5	104·6	147·0	132·7	148·3	112·0	139·9	140·8	128·5
,, Textiles	,,	20·7	21·7	20·8	20·1	24·1	21·3	19·1	18·1	20·8	21·5	19·4
Re-exports	,,	10·9	11·8	13·2	12·1	11·8	12·1	13·4	12·5	13·0	12·9	12·9
Balance of trade (exports less imports)	,,	−43·5	−70·4	−46·4	−107·7	−64·0	−65·2	−40·2	−70·1	−45·6	−40·7	−26·9
VOLUME (1)												
Imports:												
Total	1954 = 100	122	138	135	...	141[5]	...	128[4]	...	137	135	125
Food, drink and tobacco	,,	118	121	...	...	129[5]	...	115[4]	...	...	...	...
Basic materials	,,	101	110	...	...	110[5]	...	94[4]	...	...	...	...
Fuels	,,	143	157	...	...	162[5]	...	155[4]	...	...	...	...
Manufactures	,,	150	201	...	...	199[5]	...	187[4]	...	...	...	...
Exports:												
Total	,,	116	122	126	...	125[5]	...	119[4]	...	131	131	121
Manufactures	,,	117	124	...	...	124[5]	...	121[4]	...	...	...	...
BY AREA												
Imports:												
USA	£ million	30·9	47·1	40·2	57·4	60·5	49·7	36·2	40·9	53·6	42·8	38·4
Canada	,,	26·0	31·2	29·1	32·8	34·8	31·6	31·5	27·5	29·7	33·2	31·1
Latin America	,,	26·8	26·0	23·2	25·6	21·5	22·7	21·8	18·4	18·9	17·4	20·0
West'n. Europe—Common Market	,,	46·6	55·2	56·5	53·5	58·9	52·0	56·3	53·7	58·3	64·4	48·6
,, ,, Free Trade Association (3)	,,	39·0	46·7	46·2	47·1	50·2	49·0	47·2	46·3	45·3	46·5	40·4
Soviet Eastern Europe	,,	9·7	11·6	13·0	15·3	13·5	14·8	16·7	14·9	17·6	14·5	11·4
Other Non-Sterling	,,	32·7	34·3	35·1	31·1	43·1	41·4	28·5	27·8	33·6	34·6	33·6
Sterling area	,,	120·2	126·3	123·2	115·9	137·3	122·1	120·6	113·6	121·0	119·6	114·4
Exports of UK produce:												
USA	,,	30·3	27·1	23·4	23·2	27·4	23·9	25·2	23·7	27·3	27·5	27·0
Canada	,,	17·3	17·9	18·5	13·4	25·5	16·8	18·7	12·3	17·2	20·8	14·8
Latin America	,,	12·9	14·3	13·9	13·4	15·8	15·1	12·7	12·2	15·5	15·9	13·6
West'n. Europe—Common Market	,,	38·8	43·3	51·1	44·3	45·7	43·7	46·4	44·7	58·6	52·4	55·6
,, ,, Free Trade Association (3)	,,	32·0	35·8	40·1	37·1	42·0	37·4	34·2	36·8	47·0	41·7	41·3
Soviet Eastern Europe	,,	5·1	6·4	8·8	3·9	7·5	5·4	9·7	7·7	9·6	9·3	8·7
Other Non-Sterling	,,	29·4	32·5	34·3	25·6	36·2	35·4	33·9	28·6	31·1	34·6	32·4
Sterling area	,,	111·7	119·0	116·8	98·0	143·9	128·3	124·4	94·5	113·1	117·2	105·1
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	356·3	342·0	327·5	397·4	360·7	274·7	350·6	269·1	332·0	318·3	357·7
Meat	,,	67·6	69·3	61·1	71·6	74·7	56·0	51·4	53·6	52·9	39·8	50·1
Sugar, unrefined	,,	201·8	183·3	172·4	180·0	143·3	165·0	172·1	148·2	204·0	161·5	188·7
Raw cotton (2)	,,	22·5	22·5	18·4	11·7	19·6	27·2	16·0	10·9	15·5	13·7	20·2
Raw wool, sheep's and lambs' (2)	mn. lb.	58·6	49·8	49·4	30·2	48·7	56·1	32·0	18·9	32·1	35·7	48·9
Rubber, natural and synthetic (2)	'000 tons	17·0	16·2	16·2	15·5	19·6	21·0	18·9	12·2	13·5	15·0	12·3
Softwood	'000 stds.	121·7	150·0	134·2	179·3	173·9	154·5	202·3	171·1	158·1	143·9	113·8
Woodpulp	'000 tons	185·4	225·4	215·1	215·1	268·7	237·3	193·0	196·3	202·8	214·0	201·8
Crude petroleum	mn. galls.	847	963	1,059	1,035	1,126	942	1,065	895	1,093	1,072	...
Exports of UK produce:												
Coal, including bunkers	'000 tons	343	455	476	474	507	392	382	469	620	429	498
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	25	29	28	21	22	24	22	20
,, ,, ,, wool	'000 sq. yds.	8,536	8,089	7,528	6,767	9,243	7,521	7,964	6,211	7,361	7,176	6,636
Passenger cars and chassis	number	47,414	47,491	30,897	24,937	35,993	29,224	27,988	28,180	33,791	32,226	38,203
Commercial vehicles and chassis	,,	10,619	12,127	13,913	9,490	14,311	14,207	11,428	10,914	12,188	12,586	11,595
Agricultural tractors	,,	9,474	11,951	11,790	10,354	11,771	10,549	11,470	10,163	11,464	9,720	10,190
Machinery—electrical	£'000	5,706	5,257	5,506	4,332	6,016	5,857	4,758	4,199	5,105	5,001	5,511
,, other	,,	47,264	52,948	61,374	45,828	61,244	57,059	56,925	53,605	61,318	64,990	59,604
Chemicals, elements and compounds	,,	5,862	6,442	6,422	6,246	7,030	6,594	5,620	5,885	6,634	6,634	6,740

(1) Trade with the Channel Islands is included in the total import and export indices only. (2) Retained imports. (3) Including Finland. (4) Average for third quarter. (5) Average for fourth quarter.

APPOINTMENTS

ECONOMICS

WITH STATISTICS SOCIOLOGY PSYCHOLOGY

A degree in one of these disciplines and, if possible, some related experience in analytical work, together with an ability to work hard, will qualify you for an interesting post in

THE RANK ORGANISATION

Write, with a full note of your qualifications and experience so far, to The Personnel Adviser (E102), The Rank Organisation, 11 Belgrave Road, London, S.W.1.

THE IRISH MANAGEMENT INSTITUTE

invites applications

for a new position

Deputy Head of its Management Development Unit

The person appointed will engage in the organisational and instructional activities of the Management Development Unit (MDU) which is the educational arm of the Institute. Salary of the order of £2,000 per annum will be paid.

Candidates should preferably be in the age-group 28-35, have had business experience and, with training, be capable of instructing in and developing the principles of marketing at management level, in line with the needs of Irish business. The post will carry opportunities for further study in marketing at home and abroad.

A university degree is desirable

The Institute also offers an appointment for a period of from one to two years as

Research Assistant

The person appointed will be responsible, under the Head of the MDU, for carrying out a research survey in depth of Irish managerial resources, which is being undertaken by the Institute.

The salary will be not less than £750 per annum.

Candidates should have a university degree and preferably be in the age-group 24-30. Experience in research is desirable.

Applications, giving full details, should be submitted not later than February 9th to: The Director, Irish Management Institute, 12 Leeson Park, Dublin 6.

THE UNIVERSITY OF ALBERTA, CALGARY

invites applications for a position in the Department of Political Economy as follows:

An Assistant or Associate Professor of Economics, at a salary between $7,500 and $10,000, depending upon experience and qualifications. The applicant should be prepared to instruct in money and banking and public finance, or international trade.

Appointments will be effective September 1, 1962. Applications for the position above should include a recent photograph, or snapshot, a curriculum vitae, transcripts of record from universities where degrees were obtained, and the names of three references, and should reach the Department before March 15, 1962.

SECRETARY required, Knightsbridge district, for Managing Director of British agency of major German industrial concern. Must be of British origin but fluent German speaker. Good salary for suitable applicant for this permanent position.—BOX NO. 1586.

SKELMERSDALE DEVELOPMENT CORPORATION

Skelmersdale, Lancashire, has been designated as a new town to take overspill population from Liverpool and Merseyside. The development corporation will require these officers:

CHIEF FINANCE OFFICER, who should be a Chartered Municipal Treasurer, Chartered or Incorporated Accountant or Certified Accountant, or have equivalent qualifications. Wide and varied experience in commerce or in public service is required.

Salary £2,700-£3,400. Contributory pension scheme.

CHIEF ENGINEER, who should be a corporate member of the Institution of Civil Engineers and/or the Institution of Municipal Engineers. Applicants should have wide experience of large-scale engineering works especially in the fields of sewerage and road construction.

Salary £2,700-£3,400. Contributory pension scheme.

Applications, giving date of birth, education, qualifications and experience, and the names of two referees, should be made by March 9, 1962, to the Chairman, Skelmersdale Development Corporation, c/o The Secretary, Ministry of Housing and Local Government, Whitehall, London, S.W.1.

AREA POLITICAL EDUCATION OFFICER required for political organisation. Applicants should preferably be University graduates between 25 and 45. Commencing salary, according to experience and qualifications, not less than £750.—Write to Conservative Political Centre, 32 Smith Square, London, S.W.1.

NORTHAMPTON COLLEGE OF ADVANCED TECHNOLOGY

ST. JOHN STREET, E.C.1

DEPARTMENT OF MANAGEMENT AND SOCIAL SCIENCES

To be appointed as soon as possible after April 30, 1962.

Reader in Industrial Sociology. Outside consultancy is encouraged subject to College commitments.

Salary scale: £2,145 by £60 to £2,520.

Further particulars and forms of application obtainable from the Secretary, St. John Street, E.C.1.

J. S. TAIT, B.Sc., Ph.D., M.I.E.E., M.I.Mech.E., Principal.

EXPORT MARKETING TO EUROPE

Company interested in expanding its export sales with special emphasis on the new Europe, require a young man who could work out a sensible marketing approach to this problem.

This position is not for a man to work with many in a large company, but for someone who is interested in an individual approach, working in a smaller company.

Graduate in either economics or commerce, or with equivalent qualifications. Preferably with some experience in industry or commerce. Age group 25-30 years.

Starting salary around £1,200 p.a.

Applications giving details of qualifications and experience to Box No. 1587.

Australian High Commissioner's Office, London

Applications are invited for the position in the Trade Office of:—

INVESTMENT OFFICER

SALARY: £1,927-£2,083.

DUTIES: To direct the publicity programme aimed to encourage capital investment in Australia.

QUALIFICATIONS: University degree in Commerce or Economics. Knowledge of Australian economic conditions and development potential desirable.

CONDITIONS: The successful applicant will be based in London and appointed to the permanent staff, subject to six months' probation. A superannuation scheme applies.

APPLICATIONS: Application forms can be obtained from and should be returned to the Recruitment Officer, Australia House, Strand, W.C.2, by 24th February, 1962.

RESEARCH INFORMATION WRITER

CENTRAL OFFICE OF INFORMATION requires a Senior Information Officer (unestablished) to act as head of a small unit writing reference information papers for overseas use on British home affairs, mainly on governmental and social topics. Candidates should have a university degree, a wide knowledge of current affairs, research experience and some administrative capacity; they should be able to present factual information concisely and accurately and be prepared to submit examples of written work. Salary £1,573-£1,937.—Write, giving age, full details of experience and qualifications, to Manager (PE/3977/PC), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

UNIVERSITY OF NIGERIA, NSUKKA

Applications are invited for the following posts in the COLLEGE OF FINANCE, commencing September, 1962.

1 Senior Lecturer
1 Lecturer

Qualifications: A good Honours Degree and/or Professional qualifications; for Senior Lecturers at least five years' experience in teaching in an Institution of University status and for Lecturers some teaching experience, preferably at a University, in Accountancy, Banking and in Commercial subjects.

Salary Scale:
Senior Lecturer, £2,275 x £75 — £2,575;
Lecturer, £1,200 x £75 — £1,650 (bar) — £1,725 x £75 — £2,175.

Point of entry according to qualifications and experience.

Superannuation arrangements similar to F.S.S.U. will be made. Passages on appointment, leave after each tour of approximately 21 months and on normal termination of contract for appointee, wife and up to five children under the age of 11. A normal contract is for three years in the first instance. Children's, car, outfit and baggage allowances. Part-furnished accommodation at rent not exceeding 7.7 per cent of salary. Applications (six copies), naming three referees, to be received by February 15, 1962, by London Representative, University of Nigeria, 33 Craven Terrace, London, W.2.

For further appointments and other classified advertisements see pages 466 & 474

THE UNIVERSITY OF MANCHESTER

Applications are invited for two posts at the grade of ASSISTANT LECTURER IN ECONOMICS in the Faculty of Economic and Social Studies. Salary scale £800 x £50 to £950 per annum; membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than February 17, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

PROFESSIONAL ACCOUNTANTS MINISTRY OF AVIATION

A number of vacancies have arisen for Chartered Accountants, or Certified Accountants who have had suitable professional experience, and are willing to travel within the United Kingdom. Starting salary (London) £996 to £1,588 according to age and experience, rising to a range maximum of £1,812.

Application to Ministry of Aviation, F.S.T. 1D/23, Room S.34, Shell Mex House, Strand, W.C.2.

CONSTRUCTORS JOHN BROWN LIMITED

require a

MATHEMATICIAN, AGE 25/35

with a good degree in Mathematics and suitable industrial experience.

He will work in association with process plant design teams, and duties will include formulating engineering problems mathematically, the application of statistical and numerical techniques, and channelling work to the appropriate computing centre.

This is a permanent senior post carrying a good salary, and there is a Pension Scheme with Life Assurance benefits.

Please apply, giving brief details, to:
The Personnel Manager,
Constructors John Brown Limited,
CJB House, Eastbourne Terrace,
Paddington, LONDON, W.2.

quote reference No. N9522

BBC requires Thai Programme Organiser (British subject). Duties include planning and production of broadcast programmes and supervision and co-ordination of duties of programme staff concerned with translation and broadcasting of news bulletins, talks, commentaries and feature programmes in Thai. Essential qualifications include definite interest in and knowledge of international affairs with special reference to South-East Asia, organising ability, sense of news values and wide cultural background. Experience of journalism, production and planning of broadcast programmes, ability to write for broadcasting, recent knowledge of Thailand are considerable advantages. Knowledge of Thai desirable but successful candidate must, in any case, be willing to study the language in order to become reasonably fluent. Salary £1,575 (possibly higher if qualifications exceptional) rising by five annual increments to £2,000 p.a., max. Requests for application forms (enclosing addressed envelope and quoting reference 62.G.43 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

QUALIFIED ACCOUNTANT

A vacancy exists for a Chartered or Certified Accountant to be responsible to the Chief Accountant of a Company operating a large haulage fleet and shipping and forwarding services.

The post offers considerable opportunities for initiative and there will be scope for assuming greater responsibilities in the future.

The Company has progressive policies and good conditions of employment.

Applicants should be between 26 and 32 years of age. Some years of commercial experience is essential and some knowledge of mechanised accounting methods is desirable.

Applications in writing, marked 2K2, should be addressed to:—

The Personnel Officer,
London Carriers Ltd.,
Surrey House, Scarbrook Road,
Croydon, Surrey.

IRELAND AND THE COMMON MARKET

A large and progressive Irish Company, manufacturing industrial products used extensively by consumer goods industries is planning to build up a substantial export trade to Continental Europe.

The company requires a YOUNG, ENTERPRISING ABLE AND ENERGETIC MAN to open up the European market for its products. Fluency in the French language is essential and of least some German. Experience is desirable but not absolutely essential. The applicant must have the ability to obtain during his training period a complete grasp of production techniques and costings so that he can exercise full initiative in marketing the company's products. The right man will have no difficulty in commanding a generous salary. Applications for this important position with full details of age, qualifications and experience of any, should be sent in confidence to:—

THE ECONOMIST INTELLIGENCE UNIT OF IRELAND LTD.,
37 Fitzwilliam Square, Dublin, 2,
who are acting in this matter for the company in question.

BIRMINGHAM REGIONAL HOSPITAL BOARD

REGIONAL TRAINING OFFICER

This appointment is required for the organisation of the training of administrative and clerical staffs of the hospital service in the region and in particular for oversight of trainees selected under the centrally organised training scheme. Later the duties of the post may be extended to cover training of other staff. Candidates (both from within and outside the hospital service) should show that they have suitable educational and other qualifications to enable the duties of the post to be adequately discharged. Salary at the assistant secretary grade (at present £52 (at x £78 (2) — £1,872). Apply naming three referees, to Secretary, RHB, 10 Augustus Road, Birmingham, 15, by February 28th.

For other appointments see pages 466 & 473

UNIVERSITY OF GHANA

DEPARTMENT OF ECONOMICS

Applications are invited for the posts of (a) SENIOR LECTURER (considerable teaching or research experience essential), and (b) LECTURER or ASSISTANT LECTURER (special interest in Economic Theory required).

Salaries: Senior Lecturer, £G1,750 x £G75 — £G2,200; Lecturer, £G1,050 x £G50 — £G1,400 x £G75 — £G1,850; £G1,900; Assistant Lecturer, £G900, £G950. 20 per cent addition for non-Ghanaians. Entry at appropriate point. Appointment normally five years in first instance. Outfit allowance £G60. Car allowance £G150 p.a. Family allowance for non-Ghanaians for each child in West Africa £G50 p.a. or, if under age of 21 and being educated outside West Africa, £G100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.

Applications (four copies) with full details of qualifications, experience, etc., and naming three referees, to be sent before March 1, 1962, to the Registrar, University of Ghana, P.O. Box 25, Legon, Ghana, or to the Assistant Registrar (London), University of Ghana, 18 Gordon Square, London, W.C.1, from either of whom further information may be obtained.

UNIVERSITY OF NIGERIA, NSUKKA

Applications are invited for the following vacancies in the FACULTY OF ARTS, commencing September, 1962.

ENGLISH
2 Lecturers.

ECONOMICS
1 Senior Lecturer or Lecturer in Economic Statistics.

GEOGRAPHY
2 Lecturers with special qualifications in Cartography or Economic Geography or Urban Geography or Political Geography.

LANGUAGES
1 Professor } each with specialised know-
1 Lecturer } ledge of French and German.

HISTORY
1 Lecturer Modern.
1 Lecturer Medieval.

SOCIOLOGY
1 Professor.
1 Senior Lecturer
1 Lecturer.

SOCIAL STUDIES
1 Lecturer in Educational Philosophy.

Qualifications: A good Honours Degree, and for Senior Lecturerships at least five years' experience in teaching in an Institution of University status, and for Lecturers some teaching experience, preferably at a University.

Professors must have the ability to expand and develop newly established departments.

Salary Scale:
Professor, £3,000;
Senior Lecturer, £2,275 x £75 — £2,575.
Lecturer, £1,200 x £75 — £1,650 (bar) — £1,725 — £2,175.

Point of entry according to qualifications and experience.

Superannuation arrangements similar to F.S.S.U. will be made. Passages on appointment, leave after each tour of approximately 21 months and on normal termination of contract for appointee, wife and up to five children under the age of 11. A normal contract is for three years in the first instance. Children's, car, outfit and baggage allowances. Part-furnished accommodation at rent not exceeding 7.7 per cent of salary. Applications (six copies), naming three referees, to be received by February 15, 1962, by London Representative, University of Nigeria, 33 Craven Terrace, London, W.2.

APPOINTMENT REQUIRED

ECONOMIST (Oxford graduate with experience of industrial and financial research) seeks position with progressive firm. Box 1585.

BUSINESS AND PERSONAL

EASTERN EUROPE

We invite enquiries from Companies seeking expansion of their interests into the countries of Eastern Europe. Our study group will provide detailed statistical information and allied services. Please write to EAST EURO RESEARCH 47 Worcester Road Sutton Surrey.

SALVAGE OF THE ABU SIMBEL TEMPLES

GOVERNMENT OF THE UNITED ARAB REPUBLIC
MINISTRY OF CULTURE AND NATIONAL GUIDANCE

In compliance with UNESCO's appeal the Government of the United Arab Republic hereby announces that Tenders will be invited for the Project of Saving the two Temples of Abu Simbel from being inundated at the filling of the Reservoir of the High Dam now under construction near Aswan.

The Temples have elaborately decorated facades and contain several large halls and rooms all excavated out of sandstone rock *in situ*. The Project will comprise the separation from the rock of two large sandstone blocks each containing one of the Temples and their subsequent elevation by means of hydraulic jacks to a level above the future Reservoir water level.

The works to be carried out under the Contract will comprise:

1. Construction of and dewatering inside a cofferdam of about 400 m. length and about 44 m. height.
2. Excavation, without the use of explosives, of about 350,000 cu. m. of rock situated above, around and underneath the Temple blocks.
3. Strengthening of the rock by anchor bars and prestressed steel cables in drill holes of about 30,000 m. length.
4. Encasement of the Temple blocks by about 50,000 cu. m. of reinforced concrete structures, partly prestressed.
5. Vertical lifting, about 65 m. of the Temple blocks by the use of hydraulic jacks with a total capacity of about 350,000 tons.
6. Re-construction, simultaneously with the lifting, of about 250,000 cu. m. of supporting concrete structures.
7. Re-establishment around the Temples in their elevated position of a sandstone hill, similar to the existing hill and containing about 6 million cu. m. of rock fill, covered with about 30,000 cu. m. of concrete or masonry.

Construction work is scheduled to start in March, 1963. Preparations for the lifting shall be completed in March, 1966, and the lifting to the final level shall be completed by the end of 1967.

Contractors who are interested in tendering are requested to present their names and credentials with information regarding competence and experience to the Consulting Engineers of the Ministry.

Messrs. Vattenbyggnadsbyran (VBB)
29, Humlegardsgatan, *Stockholm*, Sweden

not later than February 10, 1962.

In March, 1962, these Contractors, or groups of Contractors, will receive additional information enabling them to study the Project and visit the Site. Of those who in April, 1962, are still interested a selected number will be invited to submit their Tenders before August 1, 1962. Final Tender Documents will be available from May 1, 1962.

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

INVEST IN
HAMPSHIRE COUNTY COUNCIL
No Costs
6½% **Repayable after two years at lender's option 2-10 Years**
Details from: COUNTY TREASURER, THE CASTLE, WINCHESTER.

EXPERT INVESTMENT ADVICE is available (for a reasonable fee) to those who cannot see their way in 1962. Portfolios analysed and reviewed.—Box 389, c/o The Central News, Ltd., Pemberton House, East Harding Street, E.C.4.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1923). The next examinations will be held from the 22nd to 25th May, 1962. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2/4 Chiswick High Road, London, W.4.

EDUCATION AND COURSES

SECRETARIAL TRAINING, especially for University graduates and other students. Sevenoaks and Harrogate. Brochure courses. Write Organising Secretary, Dipdocs, 158 Holland Park Avenue, W.11. PARK 1694.

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METROPOLITAN COLLEGE, ST. ALBANS

or call at 46 Queen Victoria Street, London, E.C.4. Established 1910.

B.Sc. (ECON.)
LONDON UNIVERSITY

E.C.C. founded in 1885, successfully prepares students for this Degree (obtainable without residence) which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts. Prospectus giving details of Courses for other London Degrees, G.C.E., Law Examinations from Regional University Correspondence College, 60 Burlington House, Cambridge.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.(Econ) (Hons) if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London Univ. B.Sc. Economics Exams., 1958/60. Tuition also for G.C.E., Law, Statistical, other exams. Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17

WOLSEY HALL, OXFORD

UNIVERSITY OF EDINBURGH
Residential Course for Business Managers

The eighth RESIDENTIAL COURSE FOR BUSINESS MANAGERS will be held in the university from July 2 to 20, 1962. The aim is to encourage the development of a broader understanding of business problems and of the environment in which business operates and thus to assist in the transition from specialised to general management.

In addition to syndicate work and case-studies, seminars will be led by practising business and professional men as well as university teachers drawn from several departments, including commerce, political economy, accounting and psychology.

To encourage the exchange of knowledge and experience among members of the course, the number admitted will be strictly limited. There are no formal educational requirements. The fee for the course, including residence, is 90 guineas. Early application should be made: the closing date is March 9, 1962.

Post-Graduate Course in Management Studies

The full-time course of study leading to the award of the university's post-graduate Diploma in Management Studies commences on October 9, 1962. It is intended for young business managers who are likely to be promoted to more senior posts, and it is particularly suitable for those with a scientific or technological training who are taking on managerial responsibilities. The course extends over the three terms from October to June, but members may return to their companies during the two vacations.

The Department of Scientific and Industrial Research has accepted this course as suitable for the tenure of its advanced course studentships. Interested candidates are recommended to read the booklet "D.S.I.R. Studentships and Fellowships," January, 1960, obtainable from H.M.S.O., price 1s. 6d.

Candidates for admission should normally be university graduates, but suitably qualified non-graduates may also apply. Entrance standards are high, and only a limited number of places is available. Application for admission should be made as early as possible.

Further particulars and nomination forms for both these courses may be obtained from Professor Norman Hunt, 29 George Square, Edinburgh, 8.

Bachelor of Commerce Degree

The attention of those intending to enter upon a career in business is drawn to the Bachelor of Commerce (B.Com.) Degree course in this University. This is a three-year curriculum designed for those who intend to take up administrative posts in industry, commerce and government, and for those preparing to teach business subjects. It includes the following subjects: Political Economy, Economic History, Accounting, Organisation of Industry and Commerce, Mercantile Law; optional subjects include Languages, Banking, Industrial Law, Psychology, Statistics, etc. Further particulars may be obtained from the Director of Studies in Commerce, University of Edinburgh, 29 George Square, Edinburgh 8, and forms of application for admission from the Matriculation Office, University of Edinburgh, Old College, South Bridge, Edinburgh 8. These should be returned not later than May 1, 1962.

January, 1962

CHARLES H. STEWART,
Secretary to the University

FINANCIAL NOTICE

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the year 1961 compared with the year 1960 have been issued.

	1961 Tons	1961 Escudos	1960 Tons	1960 Escudos
Kilometres run		8,060,922		7,912,909
Passenger Traffic:				
Journeys	—	12,867,000	—	15,639,000
Luggage	1,334	1,395,000	1,641	2,072,000
Local Traffic:				
Minerals	381,961	42,932,000	440,147	48,102,000
Other	681,330	84,951,000	627,704	79,751,000
Transit Traffic:				
Minerals	620,411	334,784,000	643,887	328,579,000
Other	142,500	105,960,000	109,173	86,514,000
Miscellaneous:				
Receipts	—	15,888,000	—	17,765,000
Total	1,827,539	598,777,000	1,822,555	578,422,000
Working Expenses in Africa		340,153,000		304,894,000
Net Operating Receipts		258,624,000		273,528,000

Tanganyika Concessions Limited owns all the Debentures and 90 per cent of the equity of the Benguela Railway.

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'EDITH' purchases and holds minority shareholdings in private companies and small public companies where shareholders have to make provision for Estate Duty and do not wish to lose control

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and branches

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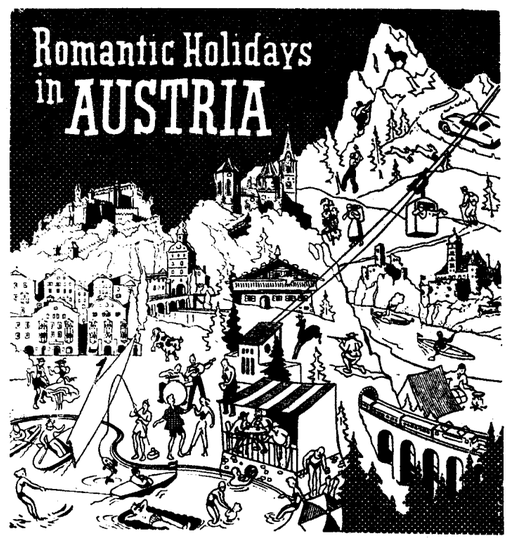
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ANSBACHER
AND COMPANY

117 BISHOPSGATE LONDON EC2

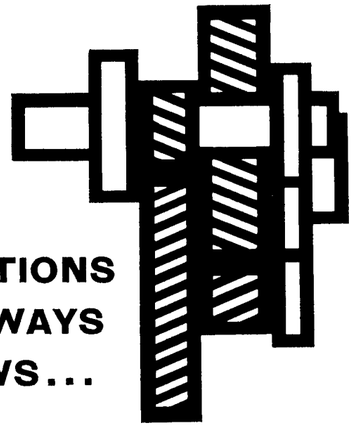
Telephone AVENUE 1030 *Telex* LONDON 28521

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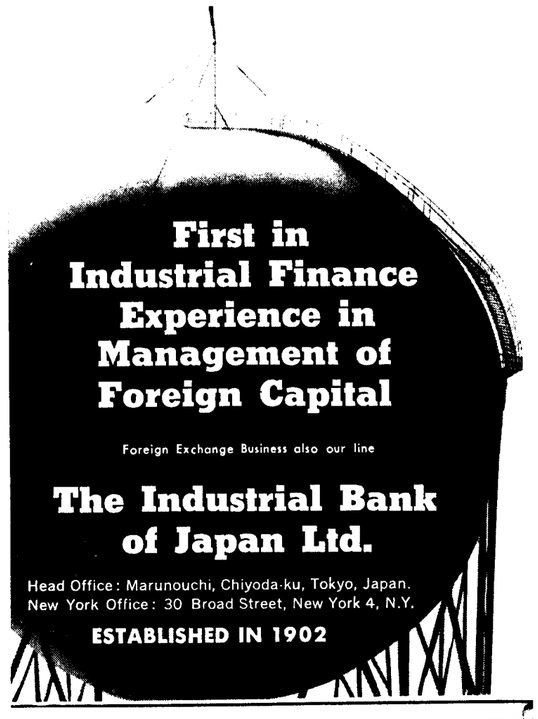
and very much in the industrial news is Torque-Arm, the shaft-mounted gearbox by Fenner. Torque-Arm has overthrown base-plates, couplings and alignment problems wherever revolutions are reduced. Make Torque-Arm the talking point in your next transmission *coup d'état* . . .

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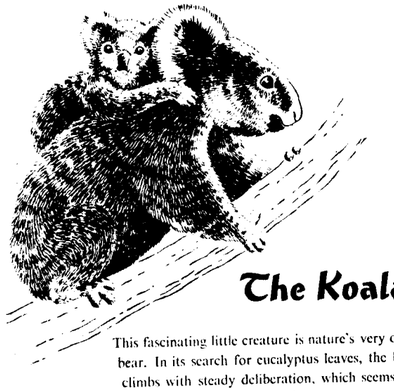
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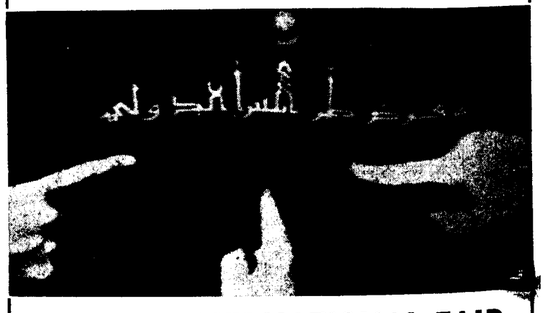
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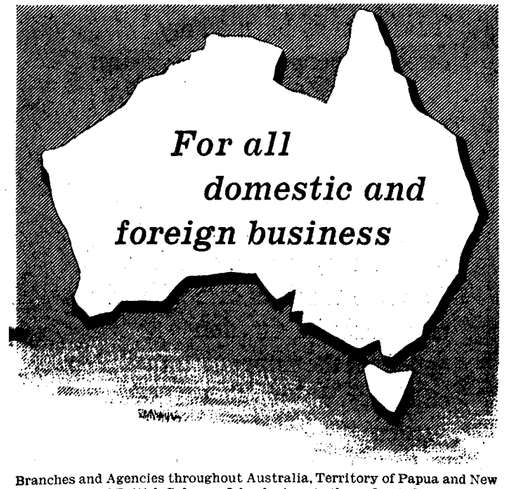
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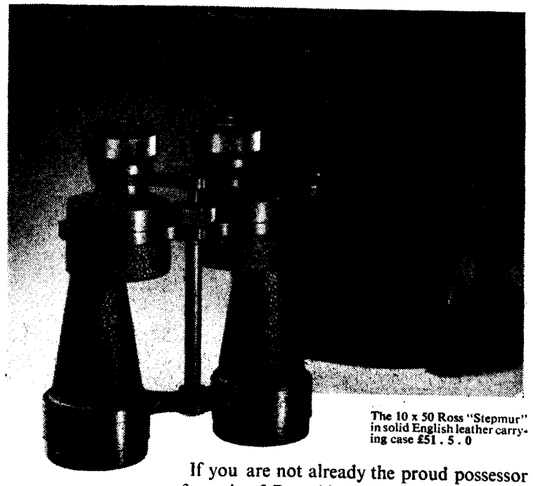
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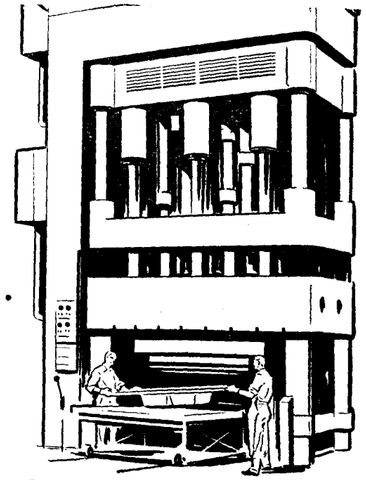
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A MUCH WHITER PAPER

The Government has said some of the right and sensible things about wages, salaries and profits

New defences for the dollar

East-West: Tick, Tock
Off-White Indian Elephant
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In The Economist this Week — February 10, 1962

INTERNATIONAL

MUSCOVY DOVES

Though the Russian-American exchanges on Berlin are moving at a ponderous gait and yielding few results, Russia's diplomatic campaign to get on better terms with Western governments is arousing interest—and Western preparations to resume nuclear testing strike a sourly urgent note (p. 494).

Bonn is in several minds about how to respond to the Russian overtures (p.533).

Congo Moneybags

The Union Minière holds the key to the **Congo's** future. Can a scheme be devised to channel a fair share of its profits to the Leopoldville government? (p. 498).

Mark Antony in Africa

Mr Sandys has either to bury the **Central African Federation** or induce Sir Roy Welensky to loosen it up (p. 500).

A pamphlet from a conservative MP paints a gloomy outlook for **Kenya** (p. 500).

Communism's Southern Neighbours

India's critics feel it gets the best of too many worlds. The citizens of the world's largest democracy have their own worries about their country's place in world affairs (p. 495).

Tibetans are again resisting the Chinese communists (p. 505).

In **Persia** Dr Amini's government has survived the eruption and repression of student discontent, but has less popular support than ever (p. 538).

TO UNITE?

A **Malaysian** federation may have to be constructed in two stages (p. 534).

A **Pan-African** conference in Addis Ababa has thrown up the idea of regional confederation for east Africa—which may not fit in with Ghana's grand ideas for a United States of Africa (p. 537).

The collapse of the **West Indies Federation** leaves a dangerous vacuum (p. 500).

The **European** Six have still to agree how to unite politically (p. 508).

The British Government shares Mr Khrushchev's restrictive view of the **United Nations** (p. 506).

TO GOVERN?

Signor Fanfani now has the tricky task of choosing a cabinet and drafting a programme that will satisfy both right-wing Christian Democrats and Signor Nenni (p. 503).

Finland has managed a swing to the right in a way that pleases Russia (p. 506).

President de Gaulle's television broadcast was designed to reassure both the **French** people and the **Moslem** rebels of his determination to reach a settlement (p. 503). But as the government confronts the *plastiqueurs*, French loyalties are under grave strain (p. 528).

DEFENDING THE DOLLAR

To counter the short-term capital movements that are the main current source of strain on the dollar, the American Administration is planning new operations in the foreign exchange market. The new approach is venturesome, though it may bring risks (p. 541).

President Kennedy's remedies for **agricultural** over-production are drastic, but Congress may accept some of them (p. 515).

By imposing sanctions on **Cuba** the Administration hopes to induce Congress to be generous to other Latin-American countries (p. 516).

President Kennedy thinks the public has a right to know what is in the **strategic stockpile** (p. 517).

HOME

GUIDING LIGHTS

The Government's badly-written white paper on wages, salaries and profits is a much better beacon than most commentators have made out (p. 493).

Target figures for cuts in Government expenditure may be very well in their way: but that may not be the way to put the budget on to a better long-term footing (p. 503).

Dr Beeching and Lord Robens have obeyed the Government's latest tug at the reins; and the prospect of lengthy strikes is still uncertain (p. 500).

REIGN OF CHAOS

Cargo-handling at British docks **is grossly** inefficient—a legacy from the industrial revolution which the multiplicity of employers has not helped: the main trouble is the generally casual nature of dock employment (p. 496).

Before Dr Charles Hill can tackle the slum problems of Britain (as he wants to, and should) he will have to have up-to-date, and probably depressing, information (p. 504).

The Ministry of Aviation is adept at botching its costing (p. 551).

CASH NEXUS

ICI, with profits down, bid still at four for five, but offer an attractive alternative (p. 546).

Continuous brewing offers economies to brewers, without narrowing the choice to drinkers (p. 542).

TRIBAL FRICTIONS

It is all very well—or very ill, if you happen to be a Tory—to shoot down the Prime Minister; he is not the man he was, and he has unpopular policies to father on his party: but who is to take his place? (p. 499).

Britain's joining Euratom may be a boon to the Atomic Energy Authority; but a boomerang for atomic engineers (p. 544).

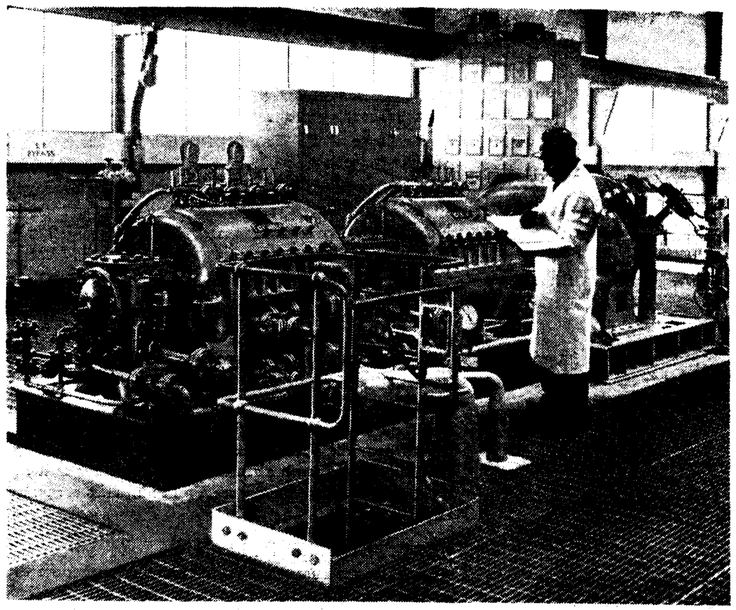
The heavy Sundays of the newspaper industry—on both sides of the Atlantic—are on the move (p. 504).

MIXED BAG

The Royal Academy's current exhibition highlights the shortcomings of provincial art galleries (p. 523).

Even St Augustine might have approved of prostitute's advertisements (p. 506).

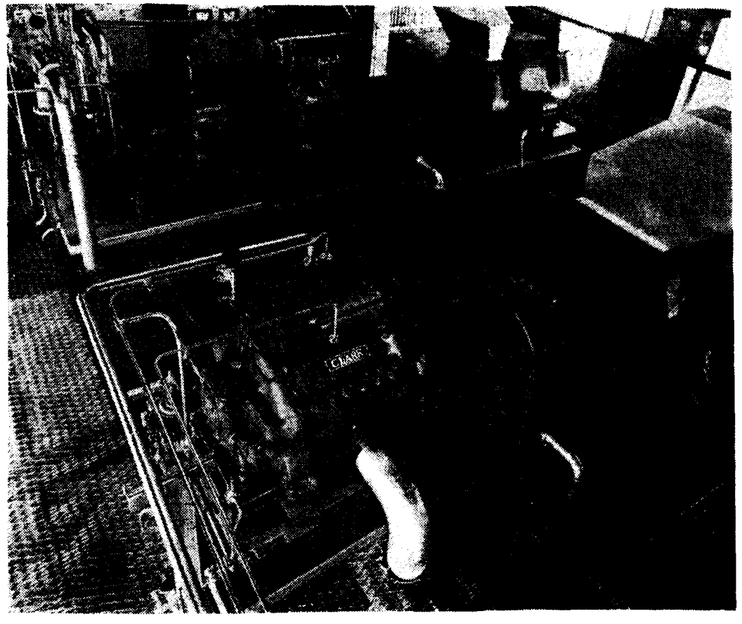
Detailed contents on page 493



FOR ICI AT WILTON—

Twin strings of Clark compressors, each consisting of two multi-stage centrifugal units, handle 5597 cfm each of low pressure hydrocarbon gas at the No. 3 olefine plant of Imperial Chemical Industries, Ltd., Wilton, England. Drivers are H.S.B.T. expansion turbines, each developing 1900 bhp at 9000 rpm. Discharge pressure is 222 psia with suction conditions near atmospheric. Confidence in the complete interchangeability of Clark compressor parts is expressed in the fact that one of these strings was produced in Olean, New York, U.S.A. and the other was manufactured under license in Great Britain.

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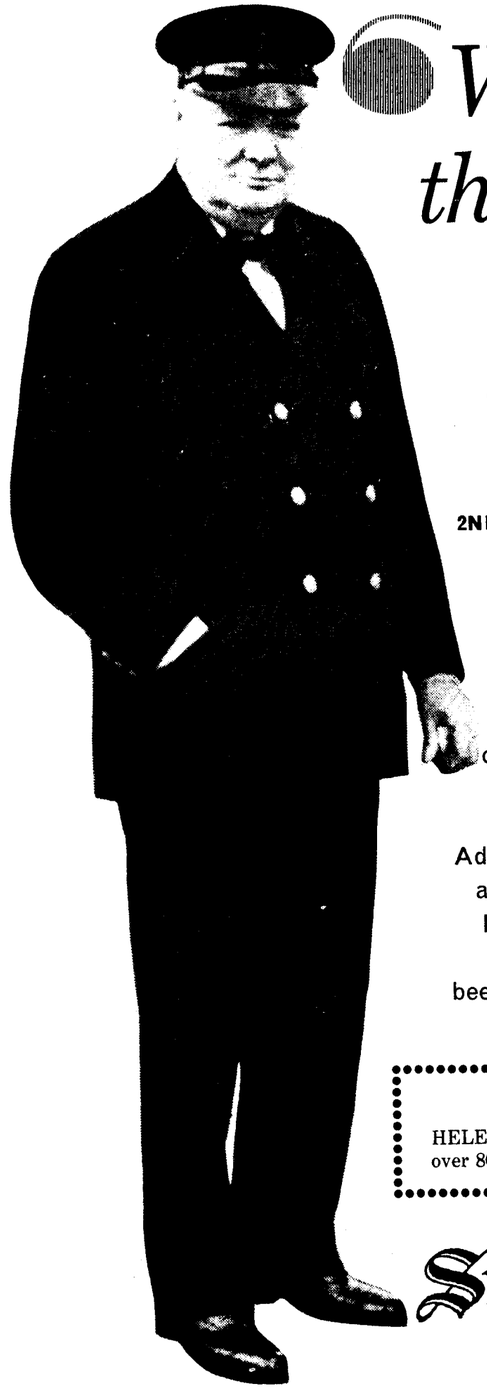
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Much has been written of the disagreements between Churchill and his generals during World War II. But his relationship with the Admirals of our sea-going fleets was hardly happier. 'Who's playing these sorts of games with the Navy?' one Admiral rumbled angrily. In his second instalment, Captain Roskill describes the flood of Churchillian signals to the exasperated Admirals, the tragedy of the Russia-bound convoy PQ.17, and the order that the King George V should pursue the Bismarck, even if it meant running out of fuel and being towed. Based on many documents that have hitherto been kept secret, 'Churchill and his Admirals' was written specially for the Sunday Telegraph by Captain Roskill.

2ND INSTALMENT OF SEVENTY YEARS OF SOCIAL GRACE

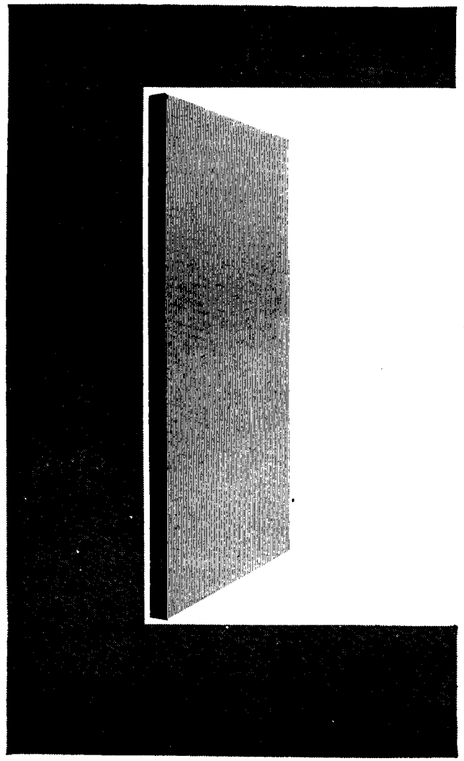
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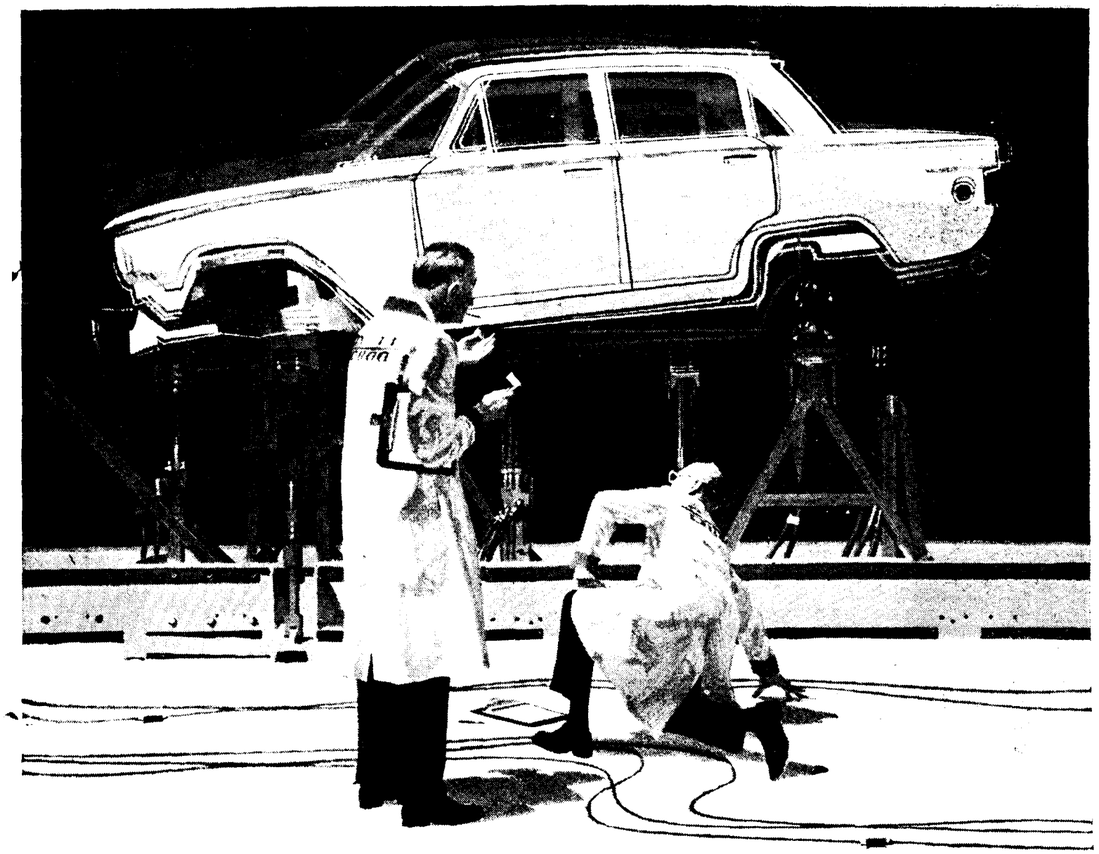


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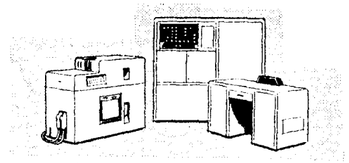
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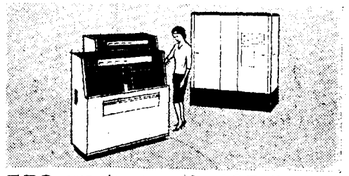
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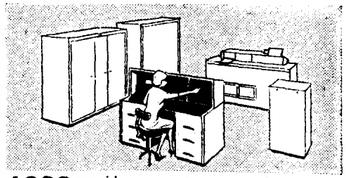
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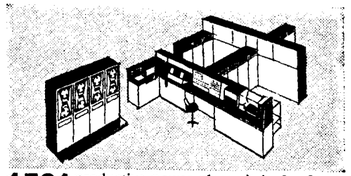
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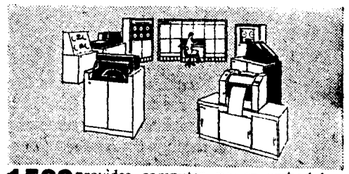
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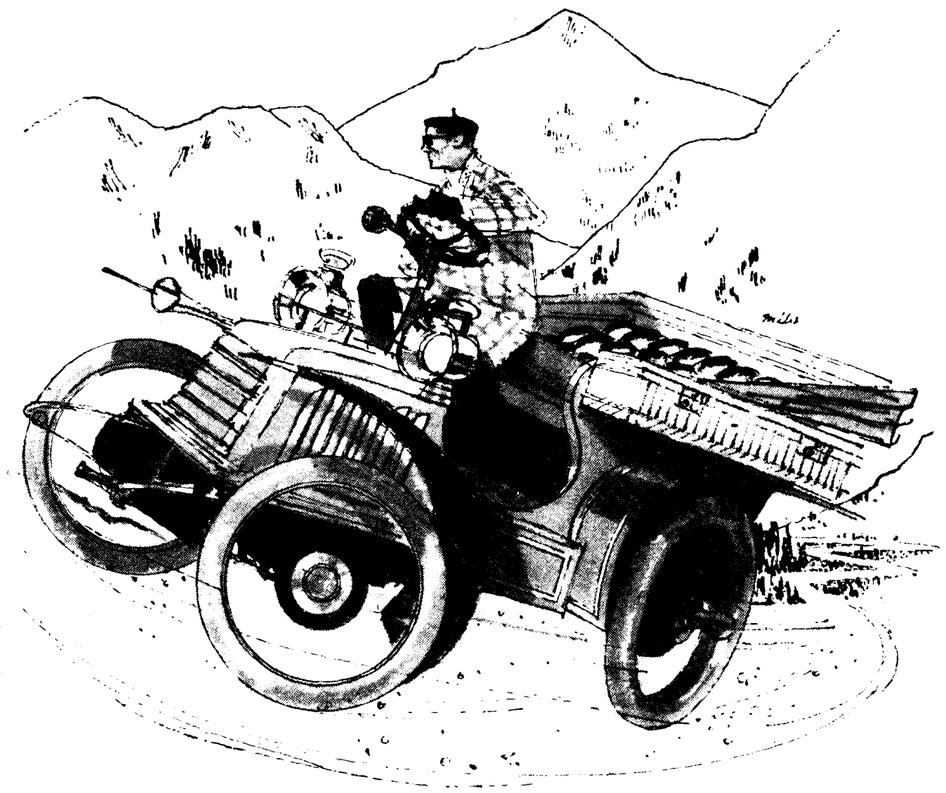
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Atlas Copco compressed air equipment and Sandvik Coromant drill steels are being used to drill the Alpine granite from the Italian side. And this is only one of the many major engineering projects in which Atlas Copco and Sandvik Coromant equipment has played a part. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

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The Economist

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A Much Whiter Paper

THE Government's white paper on "Incomes Policy: The Next Step" (Cmnd 1626, published on Friday of last week) is much the best statement of basic economic common sense that it has yet produced. It is a pity that Dr Beeching and Lord Robens, both to be founding members of Mr Lloyd's National Economic Development Council, do not seem to have read it ; that several publicists and reporters—especially the BBC television news bulletins last week—so badly misrepresented it ; and that its impact upon opinion has so far been determined more by its literary style (which is obfuscating and turgid) than by its underlying economic merits (which are considerable).

For here, at long last, the Government intimates that it intends to set a target for increases in national production each year ; and that it proposes to collect together and publish at regular intervals factual information for arbitrators and wage bargainers about how far it is being attained. If the new publication of "factual information" is organised at all efficiently, it should make quite clear to the public, as each wage dispute approaches, what size of wage increase will be plain sabotage to the nation's future standard of life. Nobody should underestimate the possible long-term importance of this ; a regular publication of this sort could at last provide the continuing tool, so long needed, to mobilise public opinion against cost inflation. The Government's best course—although Mr Lloyd does not appear to have thought of this—might be to employ some professional journalist or even advertising copywriter, rather than a civil servant, to summarise bluntly the main lessons explicit in each dollop of "factual information" as it appears. Let the new official guiding light be made to blaze forth fiercely, instead of being politely edited away each time under a bushel of bare (and misunderstood) statistical tables and of circumlocutory bureaucratese.

Behind, unhappily, just such a screen of bureaucratese the rationale for the proposed guiding light, set out in Cmnd 1626, seems at last to be on almost wholly the right lines. The white paper proclaims that the main factor which arbitrators should take into account is that the "amount actually paid" in wages and salaries must not rise by more than output per head ; this means that basic wage and salary rates must rise by even less, because (here comes some of the bureaucratese) it is "necessary to have regard to the likelihood, judged from past experience, that basic rates will in practice be supplemented in certain employments by local or special payments." Some workers will have a case for above-average increases, particularly "where the building up of manpower in one industry relatively to others, or the prevention of a threatened decline, is plainly necessary" (although such increases should sometimes be "related to particular areas or grades" rather than spread across the board). But other "arguments which have in the past been widely used to justify higher wages and salaries" now need to go out of the window.

The trade unions are told bluntly that it is no good basing each year's bout of wage bargaining on the rise in the cost of living since the last bargaining bout ; this rise in the cost of living, in itself, will have been mainly due to the above-output rises in wages secured during the previous bout, and there is no case at all for making this rise self-perpetuating. The same argument applies to claims based on "comparisons with levels or trends of income in other employments." If electricity workers have succeeded in getting an inflationary increase, this does not make it "only fair" that gas or other workers should get inflationary increases

too; it makes it much more dangerous that they should. Perhaps most courageously of all, the white paper proclaims that arguments arising "from the trends of profits of productivity in a particular industry cannot in present circumstances be regarded as providing of themselves a sound basis for an increase."

It is a pity that the words "in present circumstances" have been inserted here. The principles on which arbitrators should judge claims in expanding industries are continuing and consistent. Some rises in productivity in a particular industry may be due to workers "accepting more exacting work, or more onerous conditions, or a renunciation of restrictive practices"; the white paper rightly agrees that there can be a case for above-average wage increases when new agreements genuinely ensure that one of these "direct contributions" will be made. But sometimes a rise in productivity will be due to the employment of more machines; if all the money earned by these machines (and needed for the amortisation of them) is promptly sucked away into higher wages for the workers concerned, a special barrier will be put in the way of increased mechanisation in British industry.

Other above-average increases in profits in particular industries may occur when the business concerned happens to have discovered a newly booming market. In these cases, the need is that new resources of capital and labour should be sucked into producing for this market. Normal bidding up for resources will then ensure that wages in this boom industry will rise by the natural force of the market (and this, together with the downward thrust on prices exerted by increasing supply and competition, will soon bring large profit margins down); the white paper does not oppose (and rightly cannot oppose) orthodox free market rises in wages and falls in prices of this sort. But if, as soon as an industry of high profitability appears, wages are immediately raised by national agreement above the free market level, so that profit margins in new boom industries are not allowed, even temporarily, to be any higher than in average or declining industries, all incentive for firms to expand their production in the new boom industries disappears. That would thwart the movement from low productivity industries to high productivity industries, which is one of the main movements through which Britain can and must hope to increase its standard of life.

In his heart everybody—every MP or publicist or chairman of a nationalised board or reasonably intelligent trade union leader—must know that these principles in Cmnd 1626 are right. There really is no excuse now for those who, for catchpenny political reasons, try to shuffle away from them. The general defensive reaction on the left has been to complain that the principles of Cmnd 1626 could serve to increase profits at the expense of wages. In one circumstance, that could be true: if the Government underestimates the amount by which total national production will manage to rise, and if total national wage increases have therefore been tied to a guiding light which fortunately proves to have been too pessimistic, then aggregate profits will rise excessively. But in that case, reiterates the Chancellor, in one of the most specific sentences of Cmnd 1626, "appropriate corrective action" will be taken. What this means is that profits will be prevented from taking a rising proportion of national income by the device of changes in profits tax. Everybody knows that this is no empty threat; profits tax has been increased five times in the last eleven Conservative budgets, and almost always in circumstances providing far less economic justification for a rise than these hypothetical circumstances would do.

There is no similar tax which can be applied discriminately to money wages: so the Chancellor delivers a longer and more involved homily to wage and salary earners. Imagine a judge, faced by two defendants. To Defendant A he says: "If you transgress, I can and will hang you." To Defendant B, he says: "I have no appropriate mechanism for hanging you if you transgress, but I intend to try to mobilise public opinion against you if you do so. Let me therefore explain in detail what forms such transgressions could take." Defendant B's counsel, Mr Woodcock and Mr Gaitskell, then emerge from the courtroom saying that the judge has been quite unfair to spend so long in ticking off Defendant B, when he devoted only one sentence to telling Defendant A where he got off. This is an exact analogy with a lot of the twaddle which has been talked, in far too many places, about Cmnd 1626 this week. If any substantial proportion of any nation really believes that the sort of incomes doctrine expressed in Cmnd 1626 is unfair to trade unionists, then that nation has lost its head. The next few weeks will show whether the British people have done so: the test will be whether the country will at last stand firm, offering no further concessions, in the face of any threat of major industrial strikes.

Tick, Tock

East-West exchanges seem to be taking on an intriguing new rhythm

Like a pendulum, Russian policy on Berlin just now seems to be fixed at one end, and swinging free at the other; like a pendulum, it is also a reminder that time is passing, and no agreement is yet in sight. The fixed end can be seen in the formal (one might nearly say ritual) discussions between Mr Gromyko and Mr Llewellyn Thompson, the American ambassador in Moscow, who held their third meeting on February 1st. Mr Gromyko is sticking like a limpet to the Russian claim that west Berlin must become a demilitarised city-state or, alternatively, that Russian troops must join the western garrisons. Mr Thompson, for his part, continues to insist that the proper subject for conversation is the means by which the western position in the city can be guaranteed. This is, for the moment at any rate, a dialogue between hi-fi records. To judge by Thursday's announcements in London and Washington about possible nuclear tests at Christmas Island, harsher voices may soon break in.

The other end of the pendulum, by contrast, is swinging free and far, and is penetrating some interestingly cobwebbed corners. Directly or indirectly, Mr Khrushchev has made separate approaches in the last few weeks to Dr Adenauer, through the now dog-eared memorandum of December 27th; to Mr Macmillan, in a letter he is reported to have sent to the Prime Minister; and, through his son-in-law, Mr Adzhubei, to President Kennedy. The ferment set working in west German political life by the December 27th memorandum is described by our Bonn correspondent on page 533. It may well have been increased by a broadcast on February 2nd by Mr Galkin, a Russian historian, who, praising the "spirit of Rapallo," recalled that in 1922 Germany had to choose between a far-reaching settlement with the Soviet Union and "final enslavement" by the western powers; any similarity with 1962 (or 1939), Mr Galkin did not say, was strictly coincidental. The day after this broadcast, an article in *Izvestia* said that Moscow should talk directly to Bonn about Berlin, since the Germans were the most directly concerned.

Mr Khrushchev may have two motives in pursuing this campaign. One would be to persuade the principal western leaders that, even though the present negotiations on Berlin seem to have got stuck in a cul-de-sac, this is no reason why east-west relations should not remain civilised—and even, in other matters (say trade), productive. The other may be a hope that, through this series of bilateral approaches, he may gradually succeed in widening the scope of the Berlin discussions to include the other matters that urgently interest him in central Europe: the recognition of existing frontiers, the limitation of armaments (most of all in Germany), and so on. In either case, the objective would be an agreement, whether tacit or explicit, that accepted the *status quo* in the middle of the Continent. If Mr Khrushchev cannot get this by talking to the Americans, he may think (not entirely wildly, maybe) that he can get it by talking to others. He may not; but it may still do more good than harm that he should try.

Off-White Elephant

India, about to elect a new parliament, is the largest nation ever to practise political democracy

On the epic battlefield of Kurukshetra, around five thousand years ago, the god Krishna turned up in the guise of a charioteer. He found one of the warring princes, Arjuna, in hesitant mood. Although the epic of the Mahabharata is often called India's Iliad (its great war involves a captive princess and a good deal of divine intervention), Arjuna was not just sulking like an Achilles; he was beset by philosophical doubts liker to Hamlet's. Krishna therefore employed much spiritual eloquence in urging him to go out and fight. Non-violence is not the only strand in Indian tradition.

Many westerners, and some Indians, were shocked by the military occupation of Goa in December because they saw it as a fateful turning away from the Gandhian path of *ahimsa*. In fact India has never been fully committed to that path. When Gandhi originally introduced his concept of non-violence into the struggle for Indian independence in 1922, the other leaders of the Congress, including Mr Nehru, made it clear that they accepted it as a political strategy suited to their then needs, not as an absolute dogma. Their personal respect for Gandhi was increased by his total personal commitment to *ahimsa;* but they reserved the right to differ.

In the exaltation of independence, however, Mr Nehru and some of his colleagues tended for some years to address the world in terms that suggested a superior Indian morality—and earned the "holier than thou" jibe. The postwar West was particularly pained by their strictures on the new alliances which it was anxiously building up in fear of the communist powers. Mr. Dulles's dictum that "neutralism is immoral" was one reaction; another was the counter-charge that India, while championing self-determination for European colonies, was unmoved by the plight of Hungarians or Tibetans, and was itself engaged in military repression in Kashmir and Nagaland.

Historical perspective suggests that India, in this phase, fell heir to a role in the world that derives at least as much from the West as from the East. A succession may be traced from Mr Gladstone through Woodrow Wilson to Pandit Nehru, each in turn feeling an urge to address homilies to a sinful world, each open to the riposte that he did not always practise what he preached. One may speculate about whom this mantle will next fall upon. Long before the occupation of Goa, Mr Nehru for his part had seemed to be tiring of the role.

If, after Goa, the Indian elephant looks less immaculately white, are its relations with the other creatures, great or small, in the international zoo likely to be more comfortable, or less? Some will doubtless feel relief that the beast's reputed sanctity has gone for good. Others seem to fear that it will throw off all inhibitions and turn rogue—if not now, then later, when Mr Nehru has been succeeded by some less prudent and less masterful mahout.

In some resentful eyes, India is regarded as having it all too good. Its people enjoy the liberties of a democratic system without contributing to the democracies' common defence against totalitarianism. Playing both sides of the street, it secures massive economic aid from both western and communist sources without paying any political price to either. In the case of Goa, in this respect unique among the vestigial colonial cases, India was overwhelmingly stronger than the colonial power; yet it could appeal to the general fund of sympathy for the oppressed underdog, and was sure of the support of Afro-Asian votes in the United Nations Assembly and of the veto-wielding Russians in the Security Council.

Similarly, India can count on a Soviet veto to shield it from any adverse Council ruling on Kashmir. While thus immune from any UN inhibition on its own actions, India is prominently involved in UN interventions elsewhere. In its quarrel with China, it can count on benevolent neutrality from Russia, and doubtless, if the Chinese threat became really dramatic, on a full-scale western rescue operation. Meanwhile the gospel of non-alignment, of which India is far the most important practitioner, has conquered most of the Afro-Asian world, won footholds in other continents, and had a marked impact on the policies of the great powers.

Few Indians would agree, however, that their position at present is so enviable. While appreciative of foreign aid (and less disposed than before to hail the Soviet fraction of

it more gladly than the preponderant western contribution), they point out that all the aid and all their own impressive efforts to break out of poverty and achieve self-sustaining economic growth are still barely enough to enable them to beat the rising flood of population. They are forgivably proud of their operation of the largest democratic system in human history, of the fact that an electorate of over 200 million is about to go freely to the polls for the third time ; but they see little reason for complacency about it.

MOST of the other new nations of Asia and Africa have failed to establish democracy. India's vast size and extreme diversity add to the strains that bear on such a political experiment in any under-developed country. Even though the Congress party, in the coming elections, may again win half the votes, three-quarters of the seats in the national parliament, and control of all the state legislatures, the juggernaut is cracking as well as creaking, riven by countless local and factional differences as well as by those between its left and right wings.

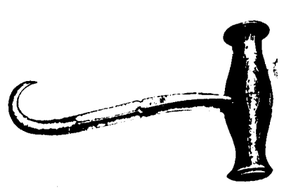
Beyond their own frontiers, Indians are certainly glad to find their non-alignment now widely accepted or at least deferred to ; but they are troubled to see alignments multiplying among the non-aligned. India was at first reluctant even to attend last September's Belgrade conference. It has opposed Chinese and Indonesian calls for a second Afro-Asian "summit" conference on the lines of the one held at Bandung in 1955 (in which China played a starring role). It put its weight firmly behind Mr Hammarskjöld in the Congo, despite the criticisms of the Casablanca group of African states and other partisans of Mr Gizenga. The Indian quarrel with Pakistan affects its relations with other Moslem countries ; the quarrel with China has reached a stage at which Mr Nehru is now a target for personal abuse in the Peking press. Even its relations with Nepal are now openly strained.

India's extensive involvement in the world arena has, in fact, as the experience of other nations would suggest, earned it as many reproaches and cares as bouquets and easy victories. From time to time isolationist voices are raised in India itself, demanding less far-flung activity. (India still contributes troops to the UN force on the Egypt-Israel border, as well as to that in the Congo ; and it provides chairmen for the international commissions in Laos and Vietnam, as well as an increasing number of key personnel for UN operations.) A leader other than Mr Nehru, who has often frankly confessed his personal liking for the international arena, might have somewhat scaled down India's external involvement. But the involvement would still have been—and will long continue to be—extensive, as long as India's sheer mass gives it an outstanding position among the nations. The elephant may no longer look quite so white to some of its former devotees. All the signs indicate that it is a deeply worried creature, in no mood to play the carefree rogue. But it is still an elephant.



Dock Dilemmas

The Rochdale inquiry into the inefficiency of Britain's port facilities faces a mammoth task



BRITAIN is totally dependent on sea transport, but the process of transferring objects into and out of ships here is carried out with almost ludicrous inefficiency. In March of last year a committee under the chairmanship of Lord Rochdale started examining the state of affairs in sixteen of the nation's most vital ports. What are the main problems that confront it, and what should some of its recommendations be ?

The docks industry is far from being homogeneous. The techniques of handling bulk raw materials—sugar, flour or rubber—are totally different from those of handling cargoes consisting of small pieces of machinery, boxes of tomatoes, or bus chassis ; while there are criticisms enough of the inadequacies of (for example) grain silos in certain ports, the problem here is comparatively a minor one. Oil or iron ore, delivered straight to a seaside refinery or steelworks, seems to be handled as efficiently in Britain as anywhere. Where it is possible to foresee a steady flow of goods of one type, efficient handling is merely a question of paying for and installing a specialised terminal—the British Railways depot at Hither Green, handling whole wagon-loads of vegetables and perishable goods straight from the Continent, is an example of a progressive and efficient new installation for a year-long flow of one kind of goods. Whole ports are specially equipped to handle fish ; whole wharves in London are designed to unload cargoes of meat or of bananas. There is no reason to believe that these are inefficient.

The real trouble is that certain British ports must handle vast quantities of miscellaneous cargo, travelling to the least predictable destinations: their sprawling inefficiency, built into the nature of the cargo they handle, is increased by the historical development of the towns in which they stand. Road access to the many ports built before the internal combustion engine is totally inadequate. Constructed in the early days of industrial expansion, manned from communities whose whole fate is tied up with the docks, and now squeezed into riverside strips whose expansion is prevented—and whose site-values are raised—by the pressure of the surrounding city, these areas are the ingrowing toenails of the economy.

The tempting solution is for the docks to uproot themselves from their traditional settings, and start up again elsewhere. There has, indeed, recently been a trend in this direction (although the promised new docks of the Port of London Authority at Tilbury are perhaps not as far away from the built-up areas as they should be). Shoreham in Sussex and Lowestoft on the east coast are small harbours whose traffic has increased, and which might well give good service with a little expansion. But the existing ports do represent vast

investments; far better use could be made of the facilities that already exist—including the questionable facility of the highly conservative dock labour force. The men's obstinate devotion to tradition leads at its most dramatic to protracted strikes, and at its most destructive to a refusal to use modern handling machinery without imposing ludicrous manning scales. But they in turn can point with a sure finger to other bottlenecks that only increase their frustration and conservatism.

Far more, for example, could be done to ease congestion on the inadequate roads into the dock areas. The port authorities themselves cannot build access roads, and one of their complaints is that it is difficult to persuade exporters to make better use of the railways. (One of British Railways' brightest new ventures has been the export expresses that run straight from manufacturing areas into the docks.) Much more cargo could be moved into the docks before the final day for loading: in London recently 47 per cent of cargo was reaching the docks in the last two days of the receiving period, and 13 per cent was arriving on the day after the closing date.

The Port of London Authority has attempted to persuade shippers to send their goods—in advance if need be—to central collecting depots ; but one depot was closed because it was not used, and the one remaining is under-used and runs at a loss. Central collection could, however, take place outside the immediate dock areas, where road access is easier and site values are lower ; and at the centres goods could be loaded on to pallets or containers, thus making it possible to standardise loading equipment. The potential advantages (including a quicker turn-round for lorries) seem enormous ; they need far wider publicity.

BEFORE such a central arrangement could be made effective, however, it would be necessary to rationalise the structure of the competing firms that handle cargo. In London, where the physical control of the port is in the hands of the port authority, and where the control of the labour force is vested in the dock labour board, more than 200 firms are registered as employers of labour ; the spark that set off the last major unofficial strike of dockers in London was an absurd dispute over a tiny firm whose tiny wharf received no more than one lighter full of strawboards a month. Such people—it is no fault of their own—are casual employers, just as those who work for them are casual employees: small wonder that the docks are constantly beset with squabbles about pay, working conditions, manning scales and a host of technical issues involving labour-management relations. A recent and most welcome statement from the national joint council for the port transport industry, signed by both the chairman of the port employers and by Mr Cousins for the Transport and General Workers' Union, spoke of the need to "decasualise" labour relations in the docks: casual employers can be as inefficient as casual workers, and that can be very inefficient indeed.

But it is on the workers' resistance to improvements in work techniques that the main spotlight, and odium, necessarily fall. At present fewer than a quarter of the country's 70,000 dock workers are employed on a weekly basis: in London there are 10,000 weekly workers out of a total of 27,800-odd employees. It is among the casual workers that the basic discontents arise—and the outsider cannot wonder at it. The dock labour scheme, which ensures a minimum income of £7 8s. 6d a week, can permit men to earn up to £30 in good times. It is certainly better than the old days, when a man might get nothing at all some weeks. But the very principle of casual employment might be designed to encourage work-spreading and resistance to labour-saving techniques ; and the men's basic conservatism is immensely strengthened by the system of recruitment, which in practice often means that new recruits to the dock labour board's register are relatives of men already in this job.

The men's first fear is that, if many more of them were employed regularly by one employer on a weekly basis, the burden of uncertain employment and earnings would fall more heavily on the few remaining casuals. But the advantages to the employers of having a larger permanent labour force, which could then be properly trained in the use of mechanical handling equipment, should certainly make it worth their while to pay large sums for the right to introduce this fundamental improvement: on the west coast of the United States the longshoremen have wrung $5 million a year out of the employers in exchange for the virtual abandonment of all the restrictive rules whereby the union has hampered the modernisation of the ports, which gives some idea of how much the American employers reckon they may be able to gain by improving work methods.

But it will never be possible to have an even flow of cargo, and an even demand for labour, in the ports throughout the year. If the workpeople are to accept that the occasional burden of unemployment falls only on a few, those few must be guaranteed a far higher level of fall-back pay than they at present receive. What is more, steps will have to be taken to see that the risk of not working is evenly spread among them. The employers, shippers and shipping companies could help to make this possible by forecasting the traffic for a given week, and thus predicting the weekly labour requirement (there seems no special reason why men should turn up at all during a week when they are not going to be needed).

Such an advance would, of course, entail far closer cooperation between employers than has hitherto existed (or, ideally, a sharp reduction in, and increase in the size of, the firms registered as employers). A plan for decasualisation along these lines would go far to remove the workpeople's fear and distrust of efficient machinery for handling cargo: they should also be better inclined to cooperate in modernisation—and even, eventually, to agree to shift working—if they were no longer subjected to the indignity and inefficiency of the twice-daily "call" at the dock gates. The principle of decasualisation has at last received the backing of the chiefs of both sides in the industry, and the formal blessing of the Minister of Labour. The dockers' current pay claim is being somewhat gingerly handled by both sides in view of hoped-for changes in the pattern of employment. The virtue of the comprehensive Rochdale approach is that it can make recommendations not only in this field, but also right along the line of port working

RE-EXAMINATION DEFERRED

The second article on "Economic Policy Re-examined", following last week's piece on "The Pull of Demand", has been held over—probably until next week.

methods. Customs procedures and the insane complexities of the bill-of-lading are examples of inefficiencies in need of reform ; the shipping people could do worse than to take some modest tips in some of these fields from their rivals in the airlines.

The airports, of course, have the inestimable advantage of having started recently, from scratch—and from having been helped to do so by the Government. Even the Federation of British Industries, in its report to the Rochdale committee, toyed with and only mildly rejected the idea that Government money should be spent on a once-for-all improvement of the country's ports, while the Dock and Harbour Authorities' Association has now as good as asked for a modernisation subsidy. New training schemes and new compensation payments for dockers would be necessary if re-equipment is to be carried out relatively painlessly. Lord Rochdale was the begetter, and has been a spectator, of the reorganisation of the Lancashire textile industry ; perhaps a dose of the same medicine (improved in the light of experience) would serve for this other legacy from the world's first industrial revolution.

Congo Bingo

The key to the Congo problem is Katanga's wealth. An agreed and guaranteed division of revenues through a trustee outside the Congo might be the answer

WHAT to do about the Congo ? is not a question that invites useful answers, but here is one for a try: Let the British, American and Belgian governments, through their business contacts, persuade the Union Minière company to sign an agreement with Mr Adoula and Mr Tshombe whereby the mineral revenue due to each party is shared out in agreed proportions. To make sure such an agreement, once made, was observed, Union Minière could make payments to an international trustee—the World Bank, say—which would then pay to each his due. Talks between Mr Adoula's central government and the company have already begun in Leopoldville, but, on Tuesday, a director of Union Minière said in Elisabethville that taxes had been paid to the Katanga government since independence, " and we shall continue to do so as long as it is the constituted authority."

But a lot of the " constituted authority " of the Katanga government derives from the use it has been able to make of Union Minière's wealth and administrative ability. The apparatus by which the Katangans support their claim to be an independent state ; their weapons and foreign soldiers ; not least the international lobbying that goes on on their behalf—all would have been impossible without money. There is evidence that the lobbying activity around the world is mounting. Through industrial connections in Europe and America, efforts have been made to influence the Swedish and Irish governments towards withdrawing their countries' contingents from the United Nations force in the Congo. Pressure against United States support for the UN operation in the Congo is building up through America's own well-financed Katanga lobby.

The picture within Katanga can be drawn more clearly. There is a famous phrase about the earth around Elisabethville —that it is " scandalously wealthy." It produces 8 per cent of the world's copper, 60 per cent of its cobalt and 4 per cent of its zinc—leaving uranium and other minerals aside. In 1959 Union Minière paid £21 million in taxes, duties and dividends to the Congo government (then Belgian). This kind of money has since been paid to the Katanga government, and it amounts to 80 per cent of Mr Tshombe's entire budget. This is not the whole measure of the company's value to the Katanga economy ; Union Minière is a generator of local spending, a builder of houses, schools and hospitals, administrator of a virtual company state. Yet the Katangan infrastructure that supports it was built up, in the decades before independence, by contributions from the whole Congo economy. Now Southern Katanga, with less than a million people, has captured the copper goose that used to lay for the whole country (population 14 million).

This, of course, is what the argument has been about all along. Even before independence Mr Tshombe argued for provincial autonomy on the ground that provinces should control their own mines. And since independence the copper coin has had two sides: heads, Mr Tshombe takes over the mines and Leopoldville loses ; tails, the mines take over Mr Tshombe—and Leopoldville loses. When local directors of Union Minière argued, as they did in the time of Mr Lumumba, that they could not allow the chaos to spread to Elisabethville, their arguments could be understood. And when, as they still do, they argued that they had to do Mr Tshombe's bidding to save the company, they could be at least half believed. (This is especially true of export duties, which, they say, Mr Tshombe insists must be paid before anything is allowed out.)

FOR these reasons, legality has had little to do with where the money has gone. According to a prior agreement with Belgium, the government of the Congo was to inherit a sixth of the shares in Union Minière after independence ; in fact, because of the post-independence disorder, the agreement was never ratified and the shares are still being held in Brussels pending new general Congo-Belgium financial negotiations. Such negotiations might begin quite soon. But dividends have been paid to Elisabethville, and to outside shareholders (including Tanganyika Concessions, which holds about a seventh of the shares). Previously, about a half of Katanga's produce was transported along the " Royal Route " across the Congo to the port of Matadi. Now, more economically, it takes the Benguela railway, which is 90 per cent owned by Tanganyika Concessions, to Lobito ; or through Rhodesia to Beira in Mozambique. (Discussions about diverting some traffic—and therefore some export duties—back to the " Royal Route " have begun.) Previously taxes and excise duties went to Leopoldville and, according to the *Loi Fondamentale* they still should. But now Mr Tshombe collects.

There is no need, however, to insist on former legalities, or the settlement of old scores, in new arrangements. The Leopoldville government put in a bill just before Christmas for all the money paid to Elisabethville so far. If Union Minière could be made more malleable by not being forced to pay twice, then it may be wise for Mr Adoula to settle for, say, only half the amount legally due to him. Equally, Mr Tshombe still has physical control over the mines ; and in new arrangements Leopoldville may not be able to insist on getting all—though Mr Adoula, doubtless, would prefer to leave Mr Tshombe just enough to run a province without running a private army as well.

This is the kind of negotiation that the Belgian prime minister, Mr Spaak, together with the Americans, is believed to be urging on Union Minière—but the company itself shows signs of being divided between those in Brussels who see the sense of coming to terms with Mr Adoula and a few apparent *ultras* in Elisabethville, whose interests are emotional as well as economic. Here is where Britain, with its Tanganyika Concessions interest, could soberly throw in its weight and, perhaps, make a positive contribution to a peaceful settlement in the Congo.

FOR the British Government's touch in the Congo has not been sure. American policy, on the other hands, seems to be coming off. Some time ago, the State Department saw the need for resisting Mr Tshombe's separatist ambitions if the country was ever to be made stable, and if the communist-supported Mr Gizenga was to be kept under control. Now Mr Gizenga and his erstwhile Stanleyville regime seem to be in eclipse. On January 30th, the Russian move for a Security Council debate on the Congo, which might have revived passions calculated to destroy the delicately constructed political balance in the country, was rebuffed. In the voting, even Ghana and the United Arab Republic (once vocal supporters of Mr Gizenga as Mr Lumumba's heir) abstained. Since then Mr Adoula has visited the General Assembly ; established good relations with U Thant and, sensibly, with Mr Spaak ; and, on Tuesday, received assurances of support during a lunch with Mr Kennedy at the White House.

There have also been encouraging reports of co-operation between United Nations officials and the Katangese, and of a supposed willingness on the part of Mr Tshombe to reintegrate the province under the agreement signed (with American encouragement) at Kitona just before Christmas. But Mr Tshombe has gone on stalling about the things he then agreed to do to dismantle his separatist apparatus. Is Katanga playing 'possum ? As in a game of Bingo, a properly negotiated agreement about the future disposal of its mineral revenues, including the use of an outside trustee to guarantee it, could fill in the last square on the card and, for the West and the Congolese (not to mention the UN), be the chance to complete the game.

NOTES OF THE WEEK

CONSERVATIVES

The Grumbles Grow

SIR HARRY LEGGE-BOURKE'S attack on the Prime Minister, despite its excitable puffing up by many newspapers, has petered out, as it was always clear it would. Not a single other member of the Conservative parliamentary party has come out in public support of Sir Harry, and the condemnation of his tactics (if not of the substance of some of his remarks) is as unanimous in private. Instead there are signs of the forming of one of those public squares that have served the Tories so well in postwar crises. What might have been the beginning of a sustained and damaging campaign of denigration of the Prime Minister has been reduced to the level of a petulant protest.

Yet Sir Harry's outburst should not be dismissed as merely the isolated growlings of an eccentric blimp. It is symptomatic of the usual mid-term frustrations of a governing party at this stage of a Parliament ; and those frustrations are taking the usual forms. Witness the familiar cry that what the Conservative party really needs is a super public-relations officer (a cry that was also heard in 1956-58) ; the impending drift of some brighter sparks out of political life (the Solicitor-General's elevation to the judicial bench will rob the Government of one of the best behind-the-scenes liberalising influences on legislative matters it had); as well as these mutterings that the Prime Minister is losing his touch (mutterings which in early 1956 played at least some part in driving Sir Anthony Eden over a famous brink). Mr Macmillan is a very long way from Sir Anthony's state of approaching breakdown in 1956, but his once effortless sense of political control and vivacity is not quite what it was. This became rather soberly evident in Parliament this week.



Symptomatic Sir Harry

No Crown Prince

MONDAY'S parliamentary debate on Lord Home presented the Prime Minister with an admirable opportunity for rallying the party and raising its drooping spirits. The old Mr Macmillan would certainly have taken it: the new one tried to do so but manifestly failed. The content of what he said was better than its delivery, and he fortunately refrained from giving any hostages to fortune by rounding on the United Nations to get the plaudits of some of his backbenchers ; but this was not the rumbustious speech of a man set on restoring his ascendancy over the party. Much has been written about Mr Macmillan's remarkable powers of recovery ; on this occasion they were not seen.

At the moment the Prime Minister's great strength—the result largely of his own engineering—is the absence of any obvious successor. With no crown prince, there can be no palace revolution ; it therefore looks more than likely that he will still lead the party at the next election. This is not to say that his troubles are over. The two most searching tests of his leadership are rapidly approaching. He will have to sell the Cabinet's liberal proposals on Rhodesia to a reluctant party, and carry his supporters with him into Europe. Both policies will involve a recognition of Britain's diminished position in the world, which Conservatives find highly unpalatable. In pursuing them Mr Macmillan will have to appeal to the head rather than the heart of the party, always a dangerous operation where the Tories are concerned. But it is on his success here, not on the ups and downs of day to day parliamentary life, that history—as opposed to contemporary political columnists—will judge him.

RHODESIA

The Undertaker?

DR BANDA, of Nyasaland, is fond of saying, "The federation is dead. All it needs is the undertaker and the burial certificate." The man who may turn out to be the undertaker is Mr Duncan Sandys, the Commonwealth Relations Secretary, who flew to Salisbury on Tuesday for what may be a long session of heart-to-heart talks with Sir Roy Welensky, the federal prime minister. Mr Sandys's job is no less than to decide whether or not the federation has a future: to report back quickly if he decides it has not; or to stay and win Sir Roy's agreement to any formula that may be invented for keeping it going.

Without much doubt he is taking with him a new constitutional plan that would give Africans a majority in the legislature of Northern Rhodesia. One of his problems is how to convince Sir Roy that such a plan is in the federation's interests. The British Government, despairing a little, seems to be taking hope from Sir Edgar Whitehead's new turn of speed in leading white Rhodesians towards the elimination of race discrimination (except electorally) in Southern Rhodesia. Thus it will be possible for Mr Sandys to argue that Sir Edgar's work, plus electoral arrangements for Northern Rhodesia acceptable to the Africans, plus a dramatically de-whitened federal government (shorn of many of its powers), just might win over Dr Banda and Mr Kaunda to an attempt to keep the federation going. This is remarkably like the Monckton formula. If Sir Roy will not have anything so liberal, Mr Sandys will have to report failure; and the crisis about the future of the federation will be on.

Perhaps there is only a faint hope indeed that this formula would save the federation; but the only other way, to maintain it by force, would be in the end hopeless. In the past, when Sir Roy and his party have talked of a last-ditch struggle (it happened between last February and last June), it has been London, not Salisbury, that has wilted. If history were to repeat itself this year and Mr Sandys were to be talked round to the wrong conclusions by Sir Roy, then "undertaker" would indeed be the word.

KENYA

Vultures

PROPHETS of African disaster have it easy when it comes to Kenya. The conference to decide on a new constitution and a date for independence opens in London on Wednesday. And after independence? Mr Philip Goodhart, a Conservative MP back from a tour of Kenya, has produced a pamphlet* in which he says that, at best, the British and Asian communities will be subject to increasing harassment, the tribes will pursue traditional ways in increasing isolation, and there will be some downturn in economic activity. At worst, Mr Goodhart fears, the British and the Indians will be attacked, killed, or driven out; there will be major tribal warfare; the economy will crash to subsistence levels; and government in the Western sense will largely disappear.

On top of this kind of foreboding, the Colonial Secretary, Mr Maudling, will have to cope next week with the clutchers after bits of an independent Kenya—the Somalis, the Masai, the Arabs in the coastal strip, and the vultures among Kenya's own politicians. With Tanganyika independent and Uganda due for independence in October, Mr Maudling can hardly hold Kenya back for long—perhaps not beyond this year. With the British Treasury in its present mood he can only with difficulty make the promises he certainly ought to make of massive compensation for white Kenyans if they get into trouble.

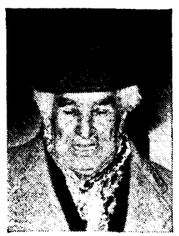
Is it going to be quite as bad as this? Mr Goodhart says he may be proved wrong by the unpredictability and "a certain unexpected niceness" to be found among the inhabitants of Kenya. Equally necessary will be a strong central government (however unpalatable this may sound to some people) in the new Kenya. The pessimists may yet be confounded.

* In the Shadow of the Spear. Hampton Hall Press. 2s.

WEST INDIES

Caribbean Breakage

THREE months before it was due to become independent, the Federation of the West Indies has fallen apart. Announcing this to the Commons on Tuesday, the Colonial Secretary explained that since Jamaica and Trinidad are now determined to get out, the British Government, with the approval of the other island colonies, had no sensible alternative but to dissolve the rump of the federation, and start again. This was his conclusion from his visit there last month. Jamaica and Trinidad are both seeking independence on their own, and expect to get it this year. Mr Manley, the Jamaican prime minister, is now in London and has got his date, August 6th. Dr Eric Williams, Trinidad's prime minister, is unlikely to be far behind. What happens to the eight remaining clumps of islands is very hard to say. Various permutations are being suggested. To sweep the crumbs together would make the Caribbean tidier. But none of these suggestions answers the overwhelming problem of how such tiny, backward units can manage on their own, together or singly.



Busta: fiery voice

The ten island colonies decided to join up in 1958. But in Jamaica there were always misgivings, which later found a fiery voice in Sir Alexander Bustamante. Jamaicans, poor themselves, were horrified at the thought of having to pay the bills of the other islanders, and Mr Manley, despite his fight for a looser form of federation, was unable to convince them differently. They decided by a referendum in September to secede. Trinidad took the same decision in December, suggesting that any island of the eastern Caribbean could, if it so wanted, latch itself on to the future unitary state of Trinidad and Tobago. The invitation was not phrased tactfully; all the same, some of the islands may accept it. Dr Williams also looked forward, in general terms, to some kind of general Caribbean economic link.

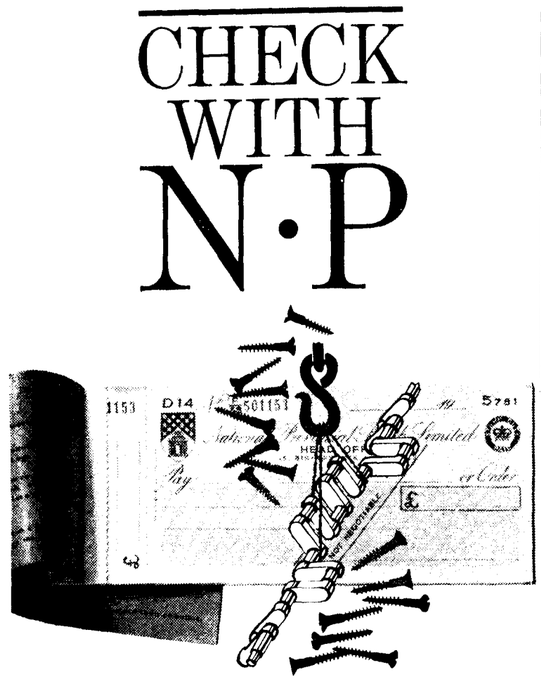
Preoccupied with African affairs, the Colonial Office pursued a policy of hoping for the best. But even if London had been more alert and more generous, it was only Mr Manley's powers of persuasion that could have saved the floundering federation. If the Jamaicans had suspected that Britain was trying to push them into an association, their rebelliousness would only have increased. There are now the seeds of an anarchical, or Castro-like, situation in several of the islands. But it is still probably in Jamaica, with its overcrowding, its unemployment, and its economy dominated by outside interests, that the ground is the most fertile.

STRIKE THREATS

End of the Rein

THE Government has plainly decided that it had better not start an open fight with Dr Beeching and Lord Robens, but that it should hold them at the end of the present length of rein which these two gentlemen have already unhappily managed to gather in to themselves. When the railway unions returned to the Transport Commission this week, Dr Beeching duly raised his offer above 2½ per cent, as he had already virtually promised to do. But, plainly acting under a warning from the Government, he went up only as far as 3 per cent; and he intimated that any further increases after April—about which he had previously been issuing other winks and nods—might take the form only of "productivity agreement" increases and increases to special grades of railwaymen in areas where more recruitment is needed.

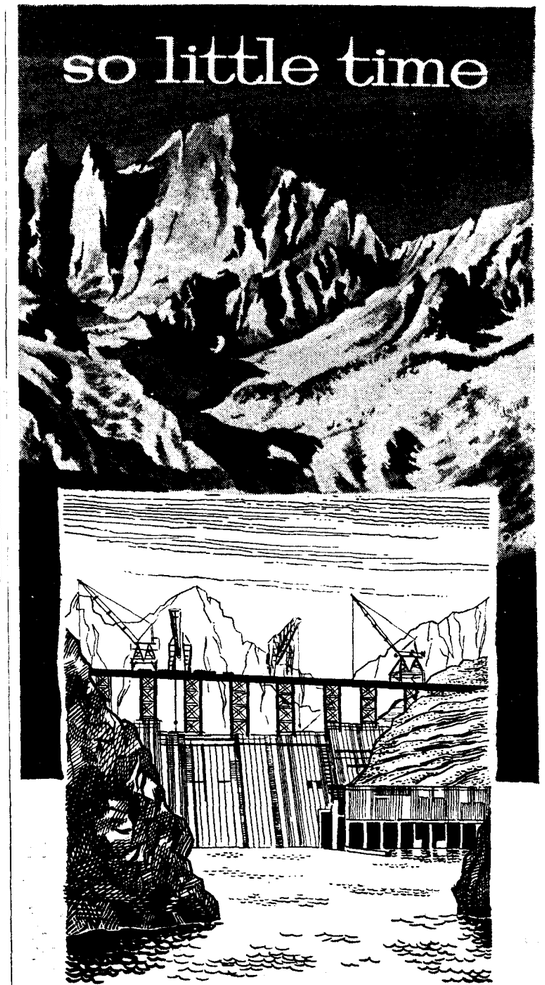
It is, of course, on these latter that his offer should have been solely concentrated in the first place. Rumbling with anger, the railway unions rejected his new proposal and have asked for a meeting with the Prime Minister; the interesting thing is that they have not immediately called a strike. But the leaders of all three railway unions know that a strike would be hideously expensive to their funds and wildly unpopular with the public; they suspect therefore that it would very probably fail. Two of the three unions, if left to themselves, would almost certainly accept the present offer, without a strike. in



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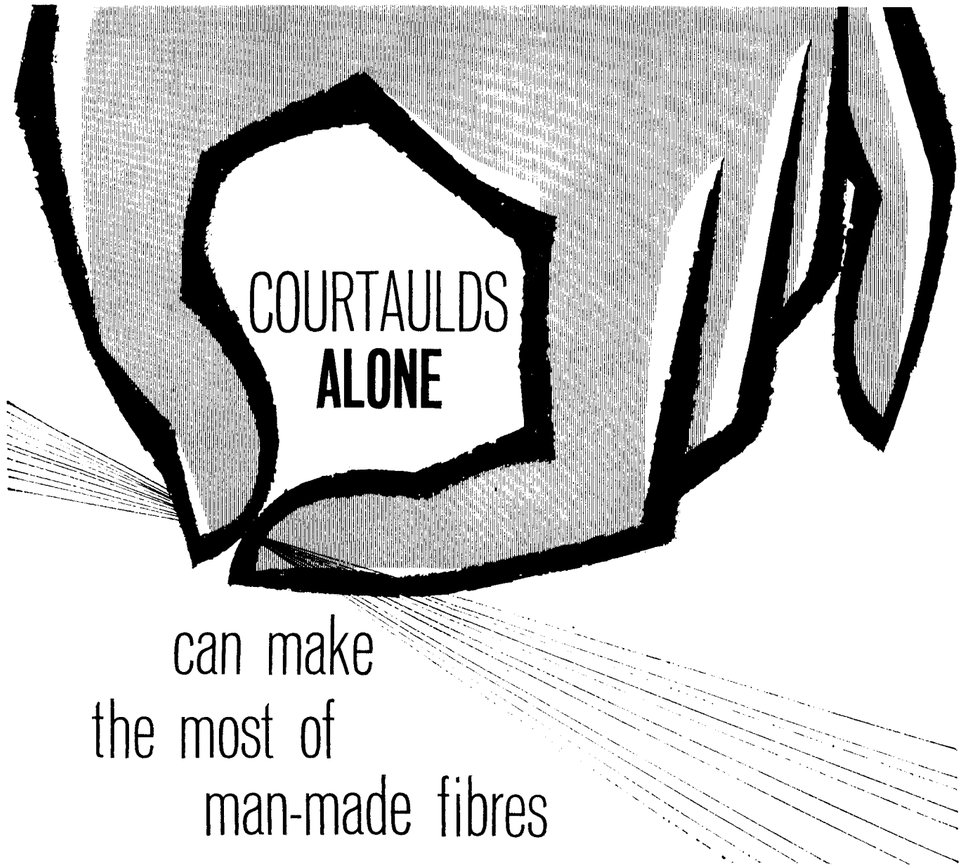


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the end; but the big National Union of Railwaymen is under extreme pressure from militants on its executive to show what the militants call "its full industrial strength." If the Prime Minister stands firm—as surely he must—there is likely to be a bitter internal struggle about whether the NUR should strike, and if so whether it will be with its two partners or alone.

Meanwhile both the Minister of Fuel and the Chancellor of the Exchequer have pretended to the Commons that Lord Robens's offer of 4 per cent to his day-wage miners is "not inconsistent" with the pause, although it quite plainly is. On Tuesday Lord Robens told the miners flatly that they could not have any more, and they departed with their next step uncertain.

The third leg of what some had expected to be a triple alliance of strikers this winter lies in the engineering industry, where the unions' one-day strike call on Monday had a resounding response: except in the naval dockyards, where there is a strong tradition of staying at work, about nine out of every ten engineering workers appear to have taken the day off. But there is all the difference in the world between taking a day off to go fishing and coming out on a lasting strike: on Thursday the Confederation of Engineering and Shipbuilding Unions decided that they would hold a ballot before calling a lengthier stoppage, although meanwhile they will take another Monday off in three weeks' time.

GOVERNMENT EXPENDITURE

A Target to Forget?

THE vote on account for government spending in the new financial year ought normally to be laid before Parliament in the next two weeks, and surely cannot decently be delayed by more than about three. If Mr Lloyd is to fulfil his promise of last July—that he would "do his utmost" to keep the rise in supply expenditure in 1962-63 down to 2½ per cent in real terms—he will have to make sizeable immediate cuts in the social services. *The Times* has now joined the chorus which thunders that he should. Otherwise, it said this week:

> his new economic policy, on which the future of the Government rests, will be riddled. ... The Government have insisted that large sections of the nation must take the medicine; they cannot make an exception for themselves.

It would be nice to get back to the language of reasoning, instead of incantation, about this. The question is not whether Mr Lloyd should swallow his own medicine; it is, more probably, whether he should again this year make the British people pay more for theirs.

There were three reasons why Mr Lloyd's "pledge" about government expenditure last July was peculiarly gawky. First, as the British people's annual income goes up by 2½ per cent or whatever there are some things for which its demand should expand more than proportionately, others less than proportionately. Nobody can pretend that Mr Lloyd's pledge last July stemmed from a careful calculation about which category the particular goods and services that are provided through government expenditure should belong in 1962-63. He just uttered the mystical average figure for national income growth that he first thought of. Secondly, the worst way to control government expenditure is to concentrate on hitting a certain target figure by transient short-term cuts instead of ploughing forward relentlessly to secure lasting long-term economies.

Thirdly, when Mr Lloyd made his statement last July he could not possibly know whether by April of 1962 his general budget policy would need to counter any excess degree of demand inflation within the economy. Our own judgment at present—admittedly a controversial one—is that it need not. In these circumstances it is legitimate to question whether emotive immediate cuts in the social services would really make Mr Lloyd's main task this year, which is containing cost inflation through the pay pause, any easier. In budgetary policy, three decades after Keynes, one really cannot support this strange new itch to replace the economics of intelligent current planning by the economics of following some sort of ju-ju man's slogan thought up nine months before the event.



FRANCE

Waiting With Godot

GENERAL DE GAULLE did not announce the conclusion of peace with the Algerian nationalists in his television address on Monday. To that extent he may have disappointed those Frenchmen who, like Mr Samuel Beckett's tramps, expected Godot to arrive with a message of salvation. But others may have realised that it was not in their president's character to spring surprises in this fashion, and that he is, in fact, waiting as anxiously as any of them for the outcome of the secret negotiations with the Algerian leaders.

His speech took the usual form of an appeal to Frenchmen and Frenchwomen to look past ephemeral difficulties to the glorious morrow. In turn France's history, France's present achievements, France's international importance, France's atomic armament, France's eternal greatness, were evoked, and the march past of these familiar banners took up half his time. But, as usual, the last parts of the oration were the most important: this was when General de Gaulle threw down his challenge to the OAS (the right-wing underground) and expressed his hope of achieving "the best" solution of the Algerian problem.

What this solution is thought to be, should soon be known. The French government is preparing to publish its proposals, so that the French themselves, the Algerians, and the rest of the world can see how "generous, realistic and constructive" they are, and what assurance they offer of a "fruitful and friendly relationship" with an "Algerian Algeria." What General de Gaulle has made clear is that he takes Algerian self-determination, and independence, for granted. He added that "the greater part" of the French armed forces was to be withdrawn to Europe before the end of the year, and he dismissed the OAS as a gang of criminals whom the police could cope with. The Algerians were warned, in the gentlest fashion, that without solid guarantees for the European population and French interests in the Sahara, peace could not come. But essentially the speech was an attempt to assure both the Algerians and the French that a settlement will not be jeopardised by any weakness towards the Right or insistence on untenable conditions. Whether the rebel leadership will be satisfied remains to be seen.

ITALY

Signor Fanfani's Task

AT LAST Signor Fanfani has got his mandate for an "opening to the left." The Christian Democrats' new national council, elected on the last day of their party congress in Naples last week, contains a large majority of those in favour of forming a centre-left coalition with the support of the Socialists. Exhilerated, no doubt, by his success, Signor Fanfani handed in his resignation on February 2nd, without waiting to submit to a debate in the Chamber which was due to reassemble four days later. President Gronchi's ritual round of consultations was interrupted last weekend by an attack of influenza. When *The Economist* went to press, Signor Fanfani was still being confidently tipped as successor to himself, but President Gronchi had not yet officially relieved him of his suspense.

Assuming, however, that he is nominated as Italy's next prime minister, Signor Fanfani will not then by any means be out of the wood. He will still have to form a cabinet composed of the kind of men whom the Socialists feel able to support if not positively, at least negatively (by abstention). Above all, he will have to draw up a government programme that is broadly acceptable to the Socialists. Signor Nenni, himself, and his fellow "autonomists" within the Socialist party, have already welcomed the decisions of the Naples congress; if and when Signor Fanfani presents his new cabinet to the Chamber, most of

them would favour supporting him with a positive vote, instead of a mere abstention. But Signor Nenni, mindful of his left wing, has felt obliged to announce that if his party is to support Signor Fanfani, it must be upon the "basis of a concrete programme." Signor Fanfani, for his part, is also anxious to produce a definite programme. But it would have to be a programme designed to overcome the doubts and misgivings not only of his own right wing, but also of all those Christian Democrats who, although not actively hostile to the opening to the left, are still very much in two minds about it. Clearly Signor Fanfani will have his work cut out.

GERMANY

Swabian Pause?

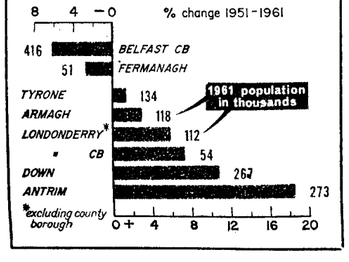
Do British industrialists feel a touch of *Schadenfreude* at the threats of strike and lockout in engineering industries in south-west Germany? What a relief, they may be tempted to think, if competitors in Württemberg and Baden are plagued by the German equivalent of Mr Carron. It would be a mistake to let the feeling go too far. West Germany's astonishing labour peace is an ingredient in German (and, therefore, western) political health. British exporters are getting their share of the high purchasing power of the German market. But while it would be churlish to wish industrial strife on Germany, the British can legitimately take comfort when German wages rise, giving a further impetus to consumer demand, and easing Mr Lloyd's battle to make British costs competitive.

In recent years the rise has been fast and persistent. But this year German employers, whose profit margins have been shrinking as wage increases have outpaced productivity, are in a mood to call a halt. When the engineering union in Baden-Württemberg put in for the usual 10 per cent rise plus six days of additional paid holiday, the employers countered with an offer of a mere three per cent increase plus only three days' extra holiday; anyway, the employers point out, existing agreements to cut working hours from January 1st already mean an effective wage increase of a further 3.5 per cent.

Threats of strike action from the union, backed by 86 per cent of its members, and of lockouts from the employers' side, have followed. But it is by no means certain that either will resort to such extremes. On Monday Herr Kiesinger, the chief minister of Baden-Württemberg, persuaded the two sides to meet again; both apparently have second offers up their sleeves. The Bonn government, for its part, is not obliged, like Mr Selwyn Lloyd, to hold the wages line even at the price of industrial strife. Dr Adenauer, now back in the saddle after a bout of illness, would probably prefer to keep the west German industrial image bright and clean

ULSTERMEN

In Northern Ireland, unlike the Irish Republic, the natural increase of the population this century has outweighed the loss from migration, and according to the 1961 census the population is now 1,425,000, as numerous as it was in 1861. The redistribution since the 1951 census has been towards the north-east and away from rural areas such as Fermanagh; the apparent exception is Belfast, where in fact people have moved to new housing estates on its outskirts.



SUNDAY PAPERS

Which Avant-Garde?

The "quality" Sunday newspapers have entered a period of fierce competition. Both the *Sunday Times* and the *Observer*, their horns locked in conflict, have been able to inform their readers with perfect truth of increased circulations last year compared with 1960. But the half-yearly breakdown of figures from the Audit Bureau of Circulations tells a more revealing story.

	('000s) July–Dec., 1960	Jan.–June, 1961	July–Dec., 1961
Observer ...	738·1	728·0	715·2
Sunday Times	1,001·1	1,022·9	967·1

As the table shows, the *Sunday Times* sale fell by 55,000 copies in the second half of last year (compared with the *Observer's* fall of 12,000) and both papers have appreciably lost ground since the comparable months of 1960. The reverse in the *Observer's* sale coincided with the emergence of the *Sunday Telegraph* last February; but the *Sunday Times*, despite the fact that its right-of-centre, predominantly Tory, middle-class readership now had two papers to choose from, rather surprisingly did not feel the draught until later in the year. It may be that it is only since about midsummer that family selectivity has really begun, and among a type of readership with which the *Observer* is not so closely identified. The *Sunday Telegraph's* "certified" circulation for the first twelve months of its existence was (rather vaguely) "in excess of 700,000." For the first five months (February to June) the paper claimed 716,000; its downward turn looks rather less marked than its chief rival's.

Thomson House's counterstroke, the free colour section to make the *Sunday Times* "the complete Sunday newspaper," was launched last weekend. Mr Thomson, in a bland television interview that evening, confessed himself disappointed with its content, but its potentialities (assuming the advertising revenue comes in) are already apparent. Curiously enough, just as Mr Thomson was taking up American Sunday newspaper technique, the *Wall Street Journal* began to march American Sunday newspapers in the opposite direction. In both size (32 pages) and appearance, its new Sunday venture, the *National Observer*, turns out to be a take-off of the old-fashioned British "quality." It relies, however, exclusively on comment: in this sense, it is cast more in the mould of the *Christian Science Monitor* than any other American paper. The progress of avant-gardism on both sides of the Atlantic promises to be intriguing.

As expected, all the British Sunday sales fell off in the second half of last year (the *News of the World*, despite its time-dishonoured formula, by as much as 90,000), with two exceptions. These were the *People* (up by 8,000) and the *Sunday Express* (up by 800,000). The *Express* has plainly succeeded in retaining the bulk of the unduplicated readership of the late *Sunday Dispatch*. But mergers of this kind, as the *Daily Mail* is discovering and as the *News Chronicle* discovered earlier, sometimes look less successful after a year or two.

SLUM CLEARANCE

Bulldozer Hill?

Dr Hill wears all sorts of hats. There is the Ministry of Housing and Local Government; there is Welsh affairs; and this week it emerged that he is still responsible for the co-ordination of Government information services, a task in which he has just been allocated the spare-time assistance of Mr Barber, the Economic Secretary to the Treasury. Now he is after another: it can best be described as Minister for the Reconstruction of the North, and it is not at all a bad idea. On Tuesday he proclaimed himself the champion (before the Multiple Shoe Retailers' Association) of tearing down and rebuilding "on a pretty big scale" all decaying town centres. And in last Friday's housing debate he promised a special drive to clear the worst slums, in and around Manchester, Liverpool and Birmingham, rather quicker than the existing programme would do. These are the right noises to make. The reconstruction of Britain's seedier city centres and the replacement of the Dewsburys (all towns with too many outside lavatories) should be one of the real social priorities of our time, a priority from which

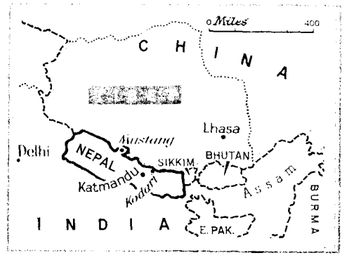
only the absurd muddle of rent control and housing finance policy has held Britain back.

The first task for Dr Hill is to define the precise range of the slum clearance problem itself. The figures cited in the debate were based on the 1955 estimate of 850,000 unfit houses in England and Wales (then 6½ per cent of the total stock), plus 150,000 in Scotland (10 per cent). Slum clearance in England and Wales has been running at 60,000 a year, but half a million of the houses condemned in 1955 are still inhabited. As fast as official slums are removed, the total of unfit houses is replenished from among the most decayed and ill-used of the four million homes which were built before 1875 but which are still occupied today. The hard core of the problem is essentially a localised one in big and medium-sized towns. The case for drastic action can only be strengthened by a more exact reassessment of what needs to be done. Those local authorities that blanch at the idea of any extra contribution from their own housing accounts should take another look at their rent levels. Last year, 51 out of 83 county boroughs were charging less than 25s. a week for a three-bedroom postwar house. In Scotland, the latest increases in Glasgow (which will bring in an extra £1 million a year) still leave the average council rent at 12s. 3d. a week.

TIBET

The Resisters

Whatever the precise truth about Tibetan refugees in Nepal, it is clear that the rebellion in Tibet against the Chinese communists (both as Chinese and as communists) is far from over. The Nepalese end is admittedly obscure. Officials in Katmandu first said on February 1st, then denied on February 4th, that unidentified aircraft had been dropping supplies to the refugees, who belong to the martial Khamba people. There are more than 10,000 Khambas in the Mustang area, where, at an average altitude of 15,000 feet, they evade the tiny Nepalese army. The air drop report suggested that the Nepalese were afraid the Chinese might assume a right of pursuit into the Mustang area. In view of the delicate state of Nepal's relations with India, such anxiety would be understandable.



There is no evidence that the Khambas now in Nepal are slipping into Tibet to resume the fight. If they did, however, they would find themselves in company. According to Tibetan refugees lately arrived in India, guerrilla warfare is still going on in the north-east, the west and the south-east of the country. In the north-east, Tibetan resistance interrupted the construction of the Lhasa-Lanchow railway late last year until the Chinese attacked from the air. As for the Khambas, some 2,000 of them are still said to be fighting in western Tibet. There is no reason to doubt such reports. Stories of the Khamba uprising similarly came from refugee sources in 1956, and were confirmed when the Dalai Lama fled Tibet in 1959.

The Economist

FEBRUARY 8, 1862

J. S. MILL AND THE AMERICAN WAR

Of all political thinkers of our day and country, Mr Mill is the one whom we most honour and esteem; in whom the philosophic instinct is most remarkably developed; who sees further and deeper than almost any other man into the great social questions of the age; whose subtle and vigorous intelligence almost always guides him right, and who, when led astray, is led astray by the very warmth of his own feelings—by aspirations after human progress which make him over sanguine as to probabilities and over credulous as to means. . . . The views of such a man on any subject are always entitled to the most respectful and attentive hearing, for they will always represent some conception which wise and good men may take up and defend. But at the same time, and for the same reason, when such a man goes wrong, his *egarements* are peculiarly mischievous. . . . On this account we have perused with care an article which Mr Mill has just published in "Fraser's Magazine": and we confess it has filled us with the deepest amazement and regret. The side he takes has been determined by his strong anti-slavery feelings—his sincere pity for the slave, his more vehement abhorrence of the slave-owner; and, having taken his side, he goes in for it like a man in earnest. Nothing staggers him. His habitual clearness and fairness seem utterly *fogged*. He ceases to be a philosopher, and becomes a partisan. . . . Mr Mill's argument to prove that the North is really fighting against negro slavery, and that their failure will be the triumph and perpetuation of that heinous system—fallacious although we deem it—we cannot deal with at this moment. But his views as to how the South can both be conquered, and be maintained at once in democratic freedom and in actual dependence, call for a few comments. . . . Does he really conceive that a conquered and hopeless minority will ever work harmoniously, or work at all in the same Parliament, with a triumphant and secure majority? Does he fancy that a *headlessed* minority of eight millions will ever acquiesce in such a despairing inferiority in all the aims and purposes of a common citizenship? . . . And . . . can he, a philanthropist, a philosopher, a lover of progress and of civilisation, look with the least complacency on the spectacle of a nation, constituted on so false and so unfair a basis?

COMMUNIST BLOCK

Peaceful Co-existence Again

While Mr Khrushchev remains silent, and Moscow finds it necessary to reassure the world about his whereabouts and his health, his colleagues show no sign of wearying in their ideological conflict with Peking's Albanian proxies. So far the Russians have still not directly implicated the Chinese; but when an article in *Izvestia* last week said that the Albanians "only parrot the ideas of others" about peaceful co-existence, it was getting near the knuckle. Throwing inhibition aside, this same article robustly attacked the Albanians as "lacklustre theoreticians" and "dyed-in-the-wool dogmatists" who have slid into "the bog of opportunism" and adopted a most tendentious attitude towards Moscow's attempts to ease international tension.

Alarmed, perhaps, by Peking's increasingly venomous attacks on President Kennedy and every aspect of American policy, the Russians have been harping with unusual vehemence on the futility and impossibility of war. They have also been at pains to deny Albanian charges that their German policy is inconsistent and pusillanimous. But in a speech at a conference on Marxist theory and the social sciences (summarised in *Pravda* on February 4th) Mr Suslov, that enigmatic intellectual and party theorist, emphasised that although "reasonable compromises" are possible in political relationships between states, any peaceful co-existence or compromise in the ideological sphere is impossible. Conceivably, this harking back to the compromise formula on peaceful co-existence that the Chinese accepted at the Moscow conference in 1960 is an attempt to throw a line across the widening gulf between Moscow and Peking.

Mr Suslov also emphasised that revisionism, as propagated by the Jugoslavs, remained the main danger to the socialist camp. He argued, rather obscurely, that dogmatism of the Albanian variety created a favourable breeding-ground for revisionism. Mr Suslov's remarks might not have been entirely unconnected with the increasing friendliness lately shown by Mr Khrushchev towards Belgrade. In the present state of the quarrel inside the com-

munist block, Mr Khrushchev, a practical man, may well have his reasons for a few friendly gestures to the Jugoslavs; while Mr Suslov, as a keeper of orthodoxy, may be concerned to see that these are not misunderstood.

PROSTITUTION

Not Importunate



THE recent decision of the Court of Criminal Appeal (*Weisz v. Monahan*, January 31, 1962) that it is not illegal for a prostitute to advertise her services by a notice in a shop window is, while hardly an occasion for wild rejoicing, logical enough. The defendants had set up a notice board in their shop window, where one of the notices bore the legend: "Model Susan: 40-28-40. Full personal service. Corrective Treatment" and followed by a Ladbroke telephone number. The Street Offences Act (1959) forbids a common prostitute to loiter or solicit in a street (s. 1) and it was alleged that the shopkeeper was aiding and abetting her. She clearly could not be said to be "loitering," and the court held that "soliciting" involved the physical presence of the prostitute and conduct by her amounting to importuning or pressure on prospective customers. On the same day a similar appeal concerning the advertising of the services of a male prostitute was also allowed. (*Burge v. D.P.P.*) These cases are clearly distinguishable from *Smith v Hughes* [1960] 1 W.L.R. 830, where a prostitute was convicted of soliciting, although she was doing so from a balcony in Curzon Street.

Even the Attorney-General concurred in the decision in the Weisz case, but hinted ominously that such advertising might constitute an offence under some other legal provision. What might this be? A prosecution might be brought for knowingly living on the earnings of prostitution under s. 30 of the Sexual Offences Act (1960). This offence is committed if a man (the Act specifies "a man") is paid by a prostitute for services supplied to her for the purposes of prostitution, which he would not supply but for the fact that she was a prostitute. Alternatively a charge might be brought under the Obscene Publications Act for publishing an obscene article, but on the face of it there is nothing obscene about a notice in a shop window. (*The Ladies Directory*, which was condemned in the Shaw case, was illustrated.) It could, however, be argued that informatory postcards have a tendency to "deprave and corrupt." Finally, a prosecution might be brought for a conspiracy to corrupt public morals, the new offence which was created by the House of Lords in the Shaw case, and is capable of almost indefinite extension.

Such prosecutions are not desirable. The purpose of the Street Offences Act was to make the streets pleasanter places for the vast majority of Britons who are not prostitutes' customers, by sweeping prostitutes underground. It has achieved that purpose. Once the element of nuisance to ordinary people has been removed, it would be logical to go further only if one wants to make prostitution itself illegal, only if one wants to make the police the public's spiritual directors instead of merely guardians of the peace. Rightly or wrongly, but probably rightly, the overwhelming weight of western tradition is against such a course. It was St Augustine, who was not exactly a Benthamite liberal, who in the *City of God* counselled against the Roman state's suppression of harlots "lest the whole world be convulsed with lust."

FINLAND

Houdini

MANACLED, bound, and dropped into the river in a sack, Finland regularly manages to climb out again, red at the wrists but otherwise unharmed. The parliamentary election held last Sunday and Monday —earlier than usual, as a result of the Russo-Finnish crisis in November—has brought a distinct shift to the right. Yet, such are the oddities of the Finnish scene, the outcome may well be acceptable to the Soviet Union: which is the essential condition of Finland's freedom. The communists have lost their position as the biggest party in the 200-seat parliament, and the left-wing faction of the divided Social Democrats has been virtually wiped out. The chief gainers are the parties just right of centre—the Agrarians (from whose ranks President Kekkonen comes) and the liberal Finnish People's party. In all, the four non-socialist parties will now command a comfortable majority.

This suggests the possible shape of Helsinki's next cabinet. In theory, the most stable government for Finland would be a coalition of the Agrarians and the surviving, more moderate group of Social Democrats. Between them, they represent an alliance of town and country and straddle the middle of the political spectrum. But the leaders of these moderate Social Democrats are the most outspokenly anti-communist politicians in Finland, and are therefore anathema to Mr Khrushchev. Since the last such coalition broke up in 1958, having run into the reef of Russian opposition, the country has been ruled by minority cabinets of Agrarians. To broaden this foundation, President Kekkonen may now call in members of the other non-socialist parties, together, perhaps, with one or two Social Democrats not on Mr Khrushchev's proscribed list. The President himself has gained enormously in popularity since he succeeded in persuading the Russians to drop their demand for military consultations in November, and is now assured of another six-year term of office. This week's election may enable him, in addition, to construct the first government based on a solid parliamentary majority in over three years. If so, the picture of Finland as a nation tied hand and foot to Russian whims—a picture common among some myopic westerners—will once more have proved an illusion.

UNITED NATIONS

Accentuate the Negative

WHAT emerged with painful clarity from Monday's debate in the Commons was that the Government has no positive United Nations policy. Everybody in the wide world has an undoubted right to criticise the UN; but the Foreign Secretary, whose Berwick speech was the target for the Opposition motion of censure, has a clear duty to see that his criticism of an organisation which he is pledged to support is constructive. Mr Gaitskell accurately commented on Monday that Lord Home's speech had contained "no practical suggestions whatever" for strengthening the UN. Mr Harold Wilson, echoing Mr Hammarskjöld, pointed to the two basic attitudes toward the organisation—the static and restrictive, and the dynamic concepts—and bracketed Lord Home with the Russians as favouring the restrictive approach. If confirmation of this diagnosis were needed, the Prime Minister's speech provided it.

Mr Macmillan dubbed the Security Council "impotent," but deplored the development of the Assembly and declared that "the UN can never be made to work" until the Council was able to operate "as a team." He spelt out, in fact, more plainly than Lord Home had done what was the underlying logic of the Berwick speech: that the whole UN effort should be shelved until such time as a concert of great powers could be brought into being as a "cabinet of the world."

It is this dream of a return to a world run by a snug little club of top people—a club which apparently has an armchair all ready for Mr Khrushchev as soon as he can be taught to lower his voice to the appropriate murmur—that seems to be leading the Government even further away from reality, and away from the mass of nations that nowadays demand a voice in world affairs. As Mr Prentice remarked in a thoughtful speech from the Labour benches, to attack former colonies for their views on colonialism and to attack the UN, on which the new nations base their hopes, constitute together an infallible recipe for losing the cold war.

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January 4th 1962



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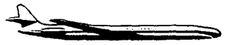
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SUMMER 1962

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EUROPE

Parisian Strip

In his television broadcast, General de Gaulle appeared as keen as ever for some kind of political co-operation between European states. But it is still uncertain whether the Six can agree on the form a union should take. Doubts were raised by a new outburst of disagreement at a meeting of the Six on January 18th. For some eighteen months the "Europeans" on the Continent have been struggling to adapt President de Gaulle's highly personal concept of *l'Europe des patries* to make it serve, rather than sabotage, European unity. The Bonn declaration last July, which proposed a Union of European Peoples, and the work since then of a committee of experts under the French diplomat, M. Fouchet, have provided evidence of progress. But at the meeting in January, as a Dutch leak informed the world, a revised French draft was rejected indignantly by the other five countries. The plan, according to the Dutch, virtually went back on all the patient compromises of the past six months.

The dispute has not led to a total breach. At subsequent meetings, which apparently went well, counter drafts have been produced by France's partners. The two versions will be discussed at a meeting on February 20th. But though much common ground has been found, the French plan has revived old suspicions and old differences. For a long time the Dutch, and at times other members of the common market, have feared that the French want to make the new political machinery a further obstacle to the British. Fears that new defence arrangements in Europe might weaken Nato have still to be appeased.

The "Europeans" are worried, too, lest the proposed new forms of political co-operation weaken the existing communities in Brussels. Should a strong secretary-general give a "community" flavour to their proposed coalition of sovereign states? It may be that French concessions and persuasions will once again succeed in damping down the doubts. But so far the wine the Europeans have zealously poured into the Gaullist water has hardly coloured the mixture at all.

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LETTERS

Export Profits

SIR—I think you omit a notable factor from those aiding "the German miracle" (February 3rd), as also from those that might contribute to a significant rise in British exports. From the outset of the re-establishement of sound currency in Germany in 1948, and in France more recently, exporters were officially permitted to do what they liked with a substantial proportion (or all) of their proceeds in foreign exchange. Since 1939 British exporters have never been given the faintest sniff of such an incentive to export; at home they have been subjected, as individuals or companies, to increasingly discriminatory and penal taxation on such proceeds; while, by both official and trade union actions, their costs have steadily been raised. Accordingly the expectancy of export profitability in UK industry today is poor beside that of French, German and others among the Six. I think it crazy that our authorities continue to advertise to the outside world their distrust of their own citizens' and companies' judgment about the worthwhileness of holding sterling rather than dollars, marks, francs, gulden, etc.

I admit to much misgiving about the present and future conduct of our economic affairs. But I have as much, if not more, misgiving about that of other systems and currencies. And I am sure that on balance we would gain much from a decision to permit UK exporters to do what they liked with most, or a big part, of their proceeds in foreign exchange. I cannot imagine why we have for so long ignored this obvious incentive to export. I think the Americans are being driven to employ it. Why not we, forthwith?—Yours faithfully,

London, W2 GRAHAM HUTTON

No Policy for Mergers?

SIR—He who laughs last, laughs proverbially longest! While you were right to point out in your article (February 3rd) that ICI shareholders would be the "last people formally to be consulted," you omitted that such last consultation will determine the issue—and in both senses of the word "issue." Unless they agree to the issue of fresh capital, Mr Paul Chambers and the ICI board will have failed in the main issue.

Surely you were wrong, incidentally, to have omitted the word "yet" (or "as yet") from many sentences where its rightful inclusion would have spoiled the strength of the argument. You pillory the Government in reality only [in] that it has made up its mind, e.g. ". . . not *yet* to decide whether this merger would or would not be in the national interest." Again, "It did not feel competent on the evidence *as yet* to decide whether this merger was in fact in the public interest."—etc.

You omitted also to point out that while Mr Erroll refused to give judgment on a hypothetical case, with not yet established facts, he made it very clear that he was watching the situation and would not hesitate to require ICI later to divest themselves of Courtaulds' shares were the event to happen and were the facts to justify such a judgment.—Yours faithfully,

House of Commons, SW1 JAMES PITMAN

University Teachers

SIR—That part of your leading article of January 27th which refers to university salaries is, to put it mildly, very odd. You begin by assuming that CAT salaries were raised because more teachers need to be attracted to the CATs, whereas they were to a considerable extent consequent upon the Burnham award to schoolteachers. You then proceed to advocate cutthroat differentials by subject, when nearly everyone in the universities objects to differential scales, even those teachers who benefit by them. You further assume that more teachers do not need to be attracted to university teaching, when every university is finding it difficult to get the right sort of person: it is not uncommon for posts to have to be advertised and re-advertised in order to get the sort of man needed, and in some cases the job has had to be re-tailored to fit the only candidate considered to be of the proper calibre. You also assume that recruitment is easy in some subjects, when, in fact, most subjects face recruitment problems: in both arts and science there is the occasional subject which finds little or no difficulty, but this does not occur on the scale you seem to imagine.

The only part of your remarks with which I heartily agree is that which states that university lecturers should not get a 17½ per cent increase: you are right—it should be about 30 per cent.—Yours faithfully,

KENNETH UNWIN
Association of
London, W2 University Teachers

Licensing Laws

SIR—Your suggestion (on January 27th) that the "absurd criterion of need should be done away with" in granting new off-licences and that supermarkets should be able to get them on demand is not, I hope, meant to be taken seriously. If supermarkets could have off-licences for the asking, then any other tradesman, whether grocer, tobacconist, barber, bootmaker or baker, must also be able to get them. In fact, why have a licensing system at all?

The answer is that we have a licensing system—we need certain practical and common-sense safeguards in selling and serving alcoholic liquor—as a protection against insobriety and alcoholism. France, with greater and often-lauded freedom, has an alarming record of alcoholism. The United Kingdom has a moderate degree of freedom and an exceptionally low rate of alcoholism. On the whole, we have struck about the best balance in the world in this matter of maximum freedom compatible with a fair and, in the long term, improving sobriety record.

"Proof of need" is essential to our system of licensing. Without it, every "reasonably respectable" tradesman would have to stock a few bottles on the chance that he might be asked for them, with the result that the sale and service of liquor would be without any effective control. The harm caused by such a breakdown would be as serious for this country again as it was in like circumstances in the past.

The suggestion that county court judges should take over from licensing benches is particularly preposterous. Licensing benches have a far better knowledge of the relevant conditions in the district. Unless the county court judges were to be laden down with detailed instructions and their numbers increased several times over, to investigate applications as thoroughly as they are gone into now, the licences might just as well be doled out over the counter at the post office or police station.—Yours faithfully,

L. R. N. PERCEY
The Licensed Victuallers' Defence League, London, EC4

A Gulf Between

SIR—I was rather surprised to notice in your issue of December 30, 1961, on page 1304, under the heading "Kuwait's Holdings Abroad," the wrong words "Arabian Gulf" instead of the correct name Persian Gulf. I was totally at a loss to understand how this misnomer had appeared in your highly-valued and deeply informed paper, which I am sure has also aroused the astonishment of every literate compatriot of mine.

Of course, I must mention this point here that we are religious brethren of the Arabs with whom we are eager to have the most cordial relations, but we can never by any stretch of imagination accept the name of Persian Gulf to be wrongly called Arabian Gulf. Place-names which have been in existence from prehistoric times and have been shown on maps and recorded in geographical books the world over, for centuries past, have gained a sanctity and eternal entity which the whims and caprices nor the ambitions of certain emergent elements beyond our borders can slightly alter.

It is, therefore, neither fair nor right that a world-renowned paper with an exalted standing of knowledge and cultural accomplishments as *The Economist* should allow proper names to be wrongfully altered, apparently for showing regard towards the susceptibilities of inventors of this historically baseless nomenclature.—Yours faithfully,

ALI HEMAMI
Teheran

BOOKS

Eupeptic Chancellor

High Tide and After: *Memoirs 1945-60.*

By Hugh Dalton.

Muller. 467 pages. 40s.

AUTOBIOGRAPHY, Lord Dalton rightly emphasises, in his preface to this third volume of his memoirs, is an exercise in egoism and he is not to be blamed for indulging it. His own doings and feelings in politics since 1945 and in government until 1951 are too tangled with his ripe personality to make acceptable history, but they provide plenty of highlights on the course of Labour governments and policies—accompanied by the inevitable artificial glosses that one has learned to expect from this perplexing baritone of a character. *The Economist* had its fights with Hugh Dalton in the two years when he was Chancellor. It would go back on none of these criticisms now, least of all in the case it argued from the first against ultra-cheap money, and repeated on the appearance of his revised "Principles of Public Finance" late in 1954.

To go over the ground again in detail, however, would surely be unnecessary. Lord Dalton puts all the familiar arguments. He claims that he had full official support for his attack on "the great phalanx of the 3 per cents" (including Keynes's support). He recalls the cheers for his "proud day for patriots" when "Daltons" were issued. His denunciations of the baleful financial Bourbons, conspiring with persons of "unrepresentative quality" to defeat his cheap money policies, have, even at this distance, some echo of their first vibrant ring.

Many people will find this book almost nauseatingly self-regarding. In Lord Dalton, the narcissus streak has always been prominent; he can stand off at considerable distance and admire the effect that he has produced. The things that go right are always splendid; the things that go wrong too often perversities of fate or of colleagues; never, even in 1947, of the policies that he himself had pursued. The warnings are faithfully on the record; the sleepless nights worrying about getting the dollar loan and then worrying about its disappearance are described; his arguments with Attlee and his cabinet about defence, manpower and exports show a direct concern over crucial questions, free from rodomontade, that does him credit. In the same way, contrasting vividly with bombastic budgeting in November 1947, the essential rightness of his decision to resign on his foolish indiscretion elevates his reputation far above the cheap level which too often seemed to satisfy him.

There is plenty of ripe gossip to savour here. No excess of sympathy for colleagues burdens his pages. Of Morrison, he repeats a remark: "Ernie can't pronounce the names either. But he does know where the places are." Of Chuter Ede: "I had not thought that this old boy had so much bile in him." Of Bevan: "He never seemed to have much judgment when his own egoism was involved." Of Shinwell: "He is an awkward colleague always thinking about himself, tensely self-centred but unco-operative with colleagues, and terribly long-winded in Cabinet and in Committee, with a big chip on his shoulder always visible." Of Cripps: "At least he had courage and clarity. But I still had doubts about his judgment and his ability to measure consequences." Of Gaitskell: "Towards this most exceptional young man I decided that I would do my best to deflect the leadership." Of Attlee and other colleagues in 1947: "Several times I came near to resigning over the import programme. Cripps was my only firm ally. None of the others, Attlee, Morrison or even Bevin, would always face the plain facts of arithmetic. And, over food, Strachey wasn't always a reliable colleague."

It was, as Dalton said, "a pig of a year." That, one recalls, was what it felt like in the country, too; and the doubts that people had about the government's performance, from the winter fuel crisis through the suspension of convertibility in August up to the budget imbroglio in November, seem well justified by the accounts of this chief participant. They leave a good deal of mystery too. Why was the impact of this clever and in some ways cultivated man so limited? His inherent streak of vulgar vanity made him plenty of enemies; but his own work of construction, in retrospect, was not important enough to earn him lasting respect. Technically competent in his budgeting, he had found no time for real innovation. His own big venture, cheap money, he depreciated to the level of a circus. His reform for the Bank of England was botched because he mesmerised himself with the legal forms and concerned himself hardly at all with the part that a central bank should play in a modern society.

He remains a singular first person, loving trees and the youngsters in the Labour Party—and stepping down in good time to give them room—disclaiming pomposity yet capable of writing: "That afternoon I had announced in the House the calling of the Three per cents, and the day before a number of German war criminals had been executed at Nuremberg. So history was on the move." His gifts and energies have made their mark on the

British economy; under better control and personal judgment they might have made a decisive mark. Friends and critics alike join in wishing this remarkable character well in his struggle for life at this moment.

Ariadne and the Arabs

The Changing Patterns of the Middle East, 1919-1958

By Pierre Rondot.

Chatto & Windus. 221 pages. 25s.

IN the winter of 1956-57, while Britain and France were licking the wounds of their Suez misadventure, the United States set out to fill what it believed was a "power vacuum" created by the elimination of British and French influence in the Middle East. This was a strangely misguided assessment of the situation. The Arabs, intent on their long search, first for independence and then for unity, were in no way looking for a new political overlord. The Middle Eastern stage was already crowded by the converging and conflicting passions of its players, while the Soviet Union stood by as prompter. Since the collapse, forty years before, of the Ottoman Empire, the swirling streams of Arab nationalism had added new depth and new complexities to a pattern already disordered. A gulf of misunderstanding had driven its way between the Arab and the western world.

Colonel Pierre Rondot, in his bold outline of the forces that have shaped the Middle East today, brings order to disorder. He picks up the story from the end of the Turkish empire and carries it along until 1958, when the Iraqi revolution lost Britain its staunchest supporter and stung the United States, at last, into action of a sort. His intimate knowledge and his remarkable understanding of the sources of pressure enable him to guide the reader through all the complexities with rare simplicity. His clarity of thought and language is well served by his translator, Mrs Mary Dilke. Avoiding the wiggling lines of his chronicle, he sweeps along with broad, impressionist strokes, stopping from time to time to draw conclusions or to gather his design together.

Since he sticks rigidly to the essentials of his narrative, Colonel Rondot does not take time off to explore British or French motives in the Middle East. But he does show how, in the beginning, the British were more alert than the French to the pace and direction of the nationalist fervour. The French interpreted their mandate in Syria and Lebanon as a long-term exercise in education; they applauded the ideas of the intellectual precursors of Arab nationalism, but soon found themselves overtaken by events. The British went farther, seeking out the traditional and tribal leaders and trying to identify their own interests with more aggressive nationalist aspirations. But they, too, eventually found themselves overtaken and hopelessly on the wrong side in the clash between tradition and progress. The end of the line was the fatal inspiration of the Baghdad Pact.

From the mid-1930s the Arabs were judging all external events by three criteria: the dislodging of foreign forces, the rejection of foreign influence and the fight against Zionism. Anglo-Saxon concern, first with the war against Germany and, later, with the struggle against communism, seemed, and still seems, to most Arabs irrelevant side-issues. They remain convinced that the fight for independence and the search for unity are the major movement of this era. The west, unhappily torn in conscience over Israel, and unwilling for a long time to accept the full consequences of the Egyptian revolution, could not compete with the Soviet Union, which could smugly profit from repeated western errors. Now, two years later than the end of Colonel Rondot's chronicle, things are no longer so easy for the Russians—but they still have made no serious false move in the Middle East.

Everything is clear in Colonel Rondot's account, except, possibly, the way he has arranged his material. His starting point is also his finishing point: the bloody inauguration, in July 1958, of a republic in Baghdad. He sketches what was going on all over the Arab world at this time; then, at greater length, shows what led up to it all. Flashbacks are nearly always irritating, and, by the time the book was published in England, the plunge straight into 1958 had become a bit arbitrary. For the same reason, the epilogue, which carries the story along to the end of 1958, has the perverse effect of making the finished work seem more out-of-date than it otherwise would. In a changing world, no substantial political guide can be quite up-to-the-minute.

Colonel Rondot provides an outline. It is possible to feel that he should have filled in certain episodes more fully than he has, or that some of his lines of thought are open to argument. In particular, he seems to have been inclined to make light of the bitter antagonism and fear that Israel feels for Egypt. But, carping apart, this is still the best introduction yet to current Middle East politics. In his own words, Colonel Rondot has provided an Ariadne's thread to a disconcerting and perilous maze.

What Can Ail Thee?

Claude Barrès: *A Hero in Revolt.*

By Pierre Lyautey, translated by Humphrey Hare.

Macmillan. 222 pages. 25s.

WHEN he was fifteen, Claude Barrès went to visit his father at the front in the phoney war of 1939: "he drove the family Chrysler about the lines, driving well, but dangerously fast." Later, as the German troops advanced, he drove the same car towards the south, accompanied by his mother and the Duchess de Lévis-Mirepoix. Victor Hugo, Fenimore Cooper and Defoe were the books of his youth; all his life culture, aristocracy and bloody war remained his romantic three elements. In the enforced aimlessness of training in Britain for the invasion of Europe, he fell automatically into fighting, drunkenness and casual lovemaking. After the war he tried journalism, but could find no satisfaction there; returning to the paratroops, and on a troopship bound for Indochina, he wrote: "This is where my freedom lies." On his first visit to Algeria he despised the local bourgeois Europeans, and had an aristocratic disdain for their "ruthless determination to preserve their social status." Visiting British troops in Malaya during his service in Indochina, he was fascinated by the methodical attention they gave to the construction of field lavatories.

Barrès died in Algeria, under a burst of rebel bullets near the Tunisian frontier in 1959. His life, well translated, is written by the nephew and executor of the great Marshal Lyautey, who occupies a position in French colonial history similar to that of Lord Lugard in the story of Britain in Africa. The author, himself once an officer of *goums*, is a Commander of the Legion of Honour and was six times mentioned in dispatches; six of his works have received awards from the Académie Française. Barrès was the grandson of Maurice Barrès, philosopher of French nationalism, and was literate in a way inconceivable in a British officer; he too was mentioned in dispatches (twelve times), and received the Legion of Honour and the Médaille Militaire. There is more than a casual affinity between the author and his hero; the tone sometimes hovers too near to worship for the non-French reader's comfort of mind.

This short book consists very largely of letters from and to its hero, brief and graphic accounts of his battles, and frequent citations for his gallantry. The quality it reveals is that of a picaresque honesty, a brilliant hopefulness that life will continue tomorrow, that somehow a place will appear between battles that is as graceful as the beach at Cavalière and as rich in sun-tanned Parisiennes. But this doom-laden hedonism does not last out Barrès's life: towards the inevitable end he found himself impelled to work out a cause to be doomed for, and the sour touch of reality curdles his dreams. In Algeria, he convinced himself: "The enemy was not an enemy at all, it was a population which had become hostile under threat of extortion and assassination"—the carefully preserved "social status" of the Europeans of Algeria now forgotten or put aside. The rising of May 13, 1958, and the return to power of that fellow aristocrat of literature and of arms, General de Gaulle, stirred the loyalties of Barrès. The Algerian peasants are regrouped under the "protection" of the army, their misery prompting the romantic thought that: "In the Middle Ages, peasants all over Europe had taken similar refuge in the shadow of the castle." Barrès had seen the defeat of 1940, the defeat of Indochina, the aimless slaughter of Korea. Perhaps it was merciful that this knight of lost causes did not see the coming end of his last and equally hopeless crusade.

The Phenomenal Rabbit

Mussolini

By Laura Fermi.

Chicago University Press. 488 pages. 42s.

Benito Mussolini

By Christopher Hibbert.

Longmans. 382 pages. 25s.

REVIEWERS seldom bless the all-too-frequent coincidences that bring two books on the same subject to their desks at the same time. But in the present case they, and their readers, may well be grateful. For, although he misleadingly subtitles his work "a biography," Mr Hibbert has in fact written an excellent account of the last days of Mussolini; and Mrs Fermi has painted a no less excellent picture of the Duce's rise and days of glory, devoting little more than a quarter of her space to the course and origins of the second world war, which caused his fall. The two books are complementary.

Mr Hibbert writes very gracefully; he is a master of anecdote and broad narrative; the characters are so well described that they fill his pages with life and movement. But by professing to write a biography the author has laid himself open to the charge of not being master of his subject. It is ridiculous, for example, to allude to the Concordat only once, in a half-sentence, or, for that matter, to compress twenty years' rule into nineteen pages. It is no more than a slip of the pen to write Pietro Gobbi for Pietro Gobbetti, but it is a pity that Mr Hibbert believed Mussolini's tale of having attended Pareto's lectures at Lausanne—Mrs Fermi shows that he almost certainly did not. Indeed, Mr Hibbert leans too heavily on fascist sources throughout. For most of the time he is content to portray his subject without much comment and with no analysis, in the hope, presumably, that the facts will speak for themselves. It is a misguided hope. Mr Hibbert's Mussolini remains a vividly painted, jerkily animated, wholly two-dimensional cardboard character. And at times the author clearly exceeds his warrant. Mussolini is called brave, compassionate and a good conversationalist. There is no reliable evidence that he was any of these things.

Mrs Fermi's book has most of the merits and some of the demerits that Mr Hibbert's lacks. She writes in English, so that her language has that curious deadness which afflicts all but the most gifted of those who employ, however correctly, a tongue not native to them. She does not tell a story with Mr Hibbert's verve, and her photographs are not nearly so revealing.

But Mrs Fermi knows her country, and has obviously taken great pains. She takes the reader patiently through Mussolini's life, stopping from time to time either for a set piece, like the description of the signing of the Lateran pacts, or to bring out the significance of what she is narrating. As a result we come very close to answering, at least provisionally, the question that Mussolini himself propounded: "When I am gone I am confident that the historians and the psychologists will ask how a man had the power to lead such a people for so long." He was, it seems, before anything else a poseur; not a dynamic actor like D'Annunzio, from whom he learned so much (Mrs Fermi calls the poet the "choreographer of Fascism"), but a performer with an extraordinary ability to sense the next part in which the public would be happy to see him when his current engagement ended. Thus, between 1911 and 1936, he was in turn socialist, patriot, anti-bolshevik crusader, catholic, promoter of agriculture, empire-builder. He had the true journalist's instinct for profitable, vulgar, eloquent words; his excellent memory, wide reading, striking appearance and remarkable vitality did the rest; he was able to pose successfully for years as an all-wise, hard-working superman. But Hitler showed him up: the stronger will, the real political genius dominated Mussolini, and drew him down into disaster. In the war it was no longer possible to solve problems by satisfying the Italians' taste for flamboyance. In 1919 one of his socialist enemies had said of him "he is a rabbit; a phenomenal rabbit: he roars. People who see him and do not know him mistake him for a lion." By 1945 the people knew him.

Neither Mr Hibbert nor Mrs Fermi seems to be sure about the Duce's violin-playing. So it may be worth mentioning that Fritz Kreisler is on record as finding it merely funny.

South Pacific

Islands of the South Pacific

By Harry Luke.

Harrap. 274 pages. 25s.

SCATTERED as they are across millions of square miles of ocean, the islands of the South Pacific do not lend themselves easily to a single purview. There are so many thousands of them, each group with its separate history, racial make-up and international tie-up (only two groups are independent, Samoa but recently and Tonga British protected; the rest are the wards or property of a number of different powers). It would need a life time to know them. But this, more or less, is what Sir Harry Luke has had. Since 1903 he has voyaged, on and off, between the most and the least of these territories and in the thirties was Governor of Fiji and High Commissioner for the Western Pacific. To an eye for vivid detail and an ear for a good story is added a down to earth knowledge. The outcome is a usefully informative and delightfully anecdotal book.

Nearly everyone has his fancy for this or that South Seas island, whether Gauguin's Tahiti or R.L.S.'s Samoa, or Robinson Crusoe's Juan Fernandez or Darwin's Galapagos Islands ("the origin," he recorded,

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"of all my views"). Sir Harry brings them all into topical factual focus; he is just as apt in describing flora and fauna or the anatomy of pidgin English as in weaving the dramatic narrative of European discovery and Christian proselytising into a general survey of modern social conditions and island legislatures.

The islanders' most striking characteristic seems to be their adaptability. "In once darkest Melanesia," so Sir Harry observes, "the descendants of people who were still eating one another up to the middle of the nineteenth century are now interested in vitamin capsules." One must hope that they are not suffering from a genuine deficiency in diet. The naturally refined Polynesians of the eastern region—Samoa, Tonga, Cook and Line islands, etc.—embraced with comparative ease the best of what the white man taught them without departing too much from custom. Tonga, under Queen Salote, seems a place of real sweetness and light. But the Fijians (Melanesians) have also been remarkably clever in giving their ancient system—a blend of the feudal and the communal—a sensible modern twist. Indeed, island life, except where corrupted by tourism, provides many happy examples of how to advance politically without scrapping too many traditions.

The book contains fascinating maps, but the photographs are too small to show the marked physical contrasts between the three great seafaring races that are native to the islands: Polynesian (a pale skinned Caucasian type of person), Melanesian (black African) and Micronesian (brown Asian).

To Inherit the Earth?

Man and Dolphin

By Dr J. C. Lilly.

Gollancz. 240 pages. 30s.

THIS book should not be dismissed out of hand; Dr Lilly's theory that dolphins with their man-sized brains might have man-sized intellects has caught the imagination of scientists in the United States in such a way that the dolphin has come to symbolise the good and compassionate and it has been seriously suggested that when man has exterminated his species with nuclear war, the gentle, playful dolphins will inherit the earth. Dr Lilly, a neurophysicist of repute, is interested in discovering whether this is scientifically possible. Studies with small mammals, including monkeys, have convinced him that these can learn so much and no more, and their learning capacity is linked to the size of their brain. The 1,500 gramme brain of man appears to be the minimum size required for rational reasoning, which Dr Lilly defines for convenient shorthand as the ability to talk. A few creatures besides man have brains of this size or even bigger—the whale family and the elephants—and the object of Dr Lilly's research is to discover whether the possession of big brains means that these animals have the same intellectual capacity as man, or an even greater. If, he argues, it is possible to establish communication with these animals, to teach them to speak as a human baby learns to talk, the case is as good as proved.

Whales and elephants being a bit large to have about the house, Dr Lilly has concentrated his researches on the dolphins, which come in fairly handy sizes and have the advantages of brains only slightly larger than a man's—the experiment would become unnecessarily difficult if man found that he was trying to establish communication with a mammalian genius. His laboratory in the Virgin Islands, built with his own money, is now supported by the US Office of Naval Research and the National Science Foundation. In this book Dr Lilly merely outlines his thesis and some of the rudimentary experiments that convinced him that the dolphin merited intensive study. He is prepared for the possibility that his researches may prove to be in fact unique in creation and the dolphin nothing more than a remarkably clever animal with a gift for mimicking human sounds—which the bird-brained budgie can do better. But the immensely sophisticated structure of the dolphin's brain suggests, on present evidence, that it should be capable of doing better than this.

The Great Inquest

The Making of Domesday Book

By V. H. Galbraith.

Oxford University Press. 242 pages. 35s.

DOMESDAY BOOK studies are a yardstick by which the development and progress of English scholarship in medieval history can be measured. Professor Galbraith's work reverses the views and conclusions made famous nearly seventy years ago by the polemical acid of J. H. Round and the *allegro con brio* of F. W. Maitland. He has related the surviving sources to one another and, with extraordinary skill and ingenuity, traced the processes by which the results of the great inquest were collected and drawn up into their final form: Domesday Book and Little Domesday which covers Norfolk, Suffolk and Essex. The past generation of scholars believed that the survey was intended above all to establish liabilities for geld, the great tax on land characteristic of later Saxon England, and that the returns which reached Winchester from the shires were made on a geographical basis, hundred by hundred, vill by vill and only later converted into the descriptions of fiefs which we find in Domesday Book. Professor Galbraith's case is that the survey was from the start, and was meant to be, an inquest of feudal tenures scarcely concerned with geld at all. "The Normans were never so 'feudal' as when they arrived in England."

Few will quarrel with the author's account of the surviving records, but doubts begin to gnaw as soon as he draws historical conclusions from them. If the Normans, to quote Professor Galbraith again, "thought less of the ancient counties and hundreds than of honours or baronies or fiefs held directly of the crown," why did the survey group all its materials under the shires? To find out the total holding of any single magnate the king's clerks would have had to search Domesday Book county by county and start adding up. For the sake of his argument Professor Galbraith has ignored what every student in Anglo-Norman history knows: that all the more important tenants-in-chief had lands in more than one shire. Domesday Book enabled the king's agents to see at one glance who the greater and lesser men in each county were and how the old obligations, particularly the geld, fell upon the new masters of England who had to shoulder them. Professor Galbraith's book thus does not settle old controversies but on the contrary breathes new fire and life into them, and that is perhaps its chief merit.

U-Boats in the South

War in the Southern Oceans, 1939-45

By L. C. F. Turner, H. R. Gordon-Cumming and J. E. Betzler.

Oxford University Press. 304 pages. 60s.

THE first fact to be remembered about South Africa's share in the last war is incontrovertible: it is that, when the Mediterranean was closed to Britain in 1940, it could not have carried on the Middle East campaigns without the Union's co-operation. The scale of the help afforded cannot be better demonstrated than by quoting the statement in this book that in 1942 no fewer than 3,858 merchant ships (excluding coastal traffic) entered Union ports. Nor were the Germans slow to realise the importance to world strategy of the great concentration of shipping that passed through the focal area off the Cape of Good Hope. For about the first two years their attacks were made by warships and disguised raiders; and the authors have here brought together a fuller account of the depredations in the south Atlantic and Indian Ocean than can be found anywhere else. After the surface raiders had been defeated, largely by the strategy of striking at their supply ships, the naval commands had to cope with a heavy onslaught by German and Japanese submarines, which were not overcome until Britain (with South African help) was able to introduce an almost universal convoy system. This book, excellently mapped and illustrated, gives the full details of a campaign which, because it was so remote from our shores, has attracted far less attention than the Atlantic battle. In fact, during the first six months of 1943 a greater tonnage was lost in the Indian Ocean than in the north Atlantic. Incidentally the authors give a very fair and balanced account of the notorious *Laconia* incident in September 1942; and it interesting to note that they place the responsibility for the bombing of the U-boats during their rescue work squarely on the American air base on Ascension Island.

In the main the story here told is of two British naval commands: that of the south Atlantic, which moved from Freetown to Capetown in March 1942, and that of the East Indies at Colombo, which worked in close association with the Eastern Fleet after it had been formed. Although the ocean-going warships controlled by those commands were predominantly British, the South African Defence Forces provided many of the local defence vessels (such as minesweepers), and also some sea and air escorts when the convoy strategy came to be applied in the theatre. They also generously lent anti-submarine vessels to the Mediterranean command at a time when they were desperately needed.

The authors end with a pertinent reminder that "the rapid regrouping of world power in the years since 1945 has changed the whole superficial appearance of high-level strategy, but the importance of the Cape of Good Hope in world politics is no less than ever it was." Today the future of the naval base at Simonstown appears to be uncertain, and with South Africa outside the Commonwealth the security of Britain's sea communications may have been struck a heavy blow.

Moroccan Dossier

Political Change in Morocco

By Douglas E. Ashford.

Princeton University Press. London: *Oxford University Press.* 443 pages. 68s.

THIS survey of Morocco in its first years of independence (1955-1959) is offered as a "case study" for the student of comparative politics. This is perhaps fair warning that its formidably clinical language is only for the hardiest reader. With the honourable exception of its opening historical chapters, which are agreeably concise and straightforward, the work is more of a dossier than a clearly articulated book. Accepted as such, it provides in unstinting detail abundant facts and figures about Morocco's political parties, civil service, trades unions, tribes and various social movements. Such minutiae on Morocco are not available elsewhere. Even so, it is not quite exhaustive. In a chapter on Moroccan citizenship and its attendant rights and privileges the Jewish minority gets no mention. And foreign policy is only casually discussed.

Dr Ashford is mainly concerned with the development of political organs and general political consciousness in the newly independent country. Some of his most interesting comments apply to such social experiments as literacy drives, the training of administrators, attempts to form rural communes overriding mere tribal parishes and to channel student enthusiasm into a patriotic road building project. (The country students responded, but the haughty town boys did not.) In the central problem of governing and making their country tick over, the Moroccans, he finds, suffered singular disabilities but enjoyed one considerable asset. The disabilities were those of profound inexperience—a result of the Istiqlal's (nationalists') refusal to hold executive office under the protectorate. The asset, of course, was their king. In those first fumbling years when novice Moroccan governments merely carried on in the French way (because they knew no other; it was also rather convenient) only appeals from the king could quell popular discontent. There was no real national unity. The country and town were at loggerheads. The town zones—ex-French and ex-Spanish—were out of step. An inevitable right-left cleavage eventually split the Istiqlal and, with it, the labour movement. Although the late King Mohammed V took more and more power on himself in order to cover these breaches and in doing so aroused new controversy, this controversy was muted. For the country at large was not ready for attacks on the monarchy.

The student of comparative politics may consider that the presence of a king who regularly rushes in as a kind of political life-saver tends to stunt political development and prevent political leaders from attaining their full stature. This is arguable. On the other hand, when a country is in transition and has not yet achieved real cohesion, there is much to be said for having a big national figure who remains above party politics—as King Mohammed scrupulously did.

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Strong Medicine for Farmers

WASHINGTON, DC

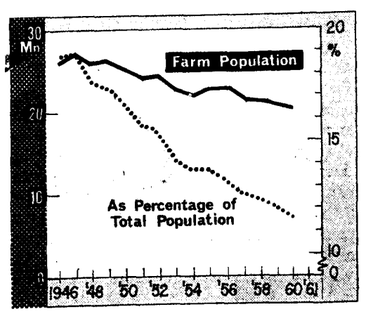
PRESIDENT KENNEDY has delivered a bitter pill to Congress. sweetened by just a little sugar coating, to try to cure American farmers of the ailments which stem from embarrassing over-abundance. His latest agricultural message calls on Congress to enact production controls of unprecedented rigidity in an effort to whittle down the ever-mounting surplus of farm commodities. The sugar coating consists of a recommendation that government subsidies should go up a bit so that farm income will not fall as production does. This might seem to be a course far more sensible than the pattern which has prevailed throughout the postwar era: rising agricultural output helped along by constant technological advances that increase the amount grown on each acre of farm land, steadily climbing government expenditures to support the prices of these crops, declining farm income as production keeps well ahead of demand. In fact, Mr Kennedy's prescription for tighter controls seems obvious in view of Congress's refusal to take the alternative route of gradually ending all subsidies and all controls and of establishing a "free market" in which only the most efficient farmers would survive. This latter course was implicit in the agricultural proposals put forward by President Eisenhower and rejected by Congress with monotonous regularity. Yet Congress is by no means certain to force farmers to swallow Mr Kennedy's medicine in whole or in part.

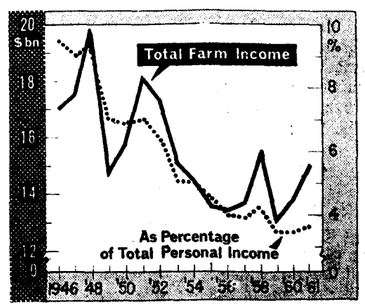
The very idea of governmental regimentation for the farmer runs counter to the still persistent Jeffersonian myth of the independent yeoman farmer as the self-reliant backbone of the Republic, even though in fact he has long been more dependent upon government aid than has any other segment of the economy. More important, the President's programme appeals to neither the left wing nor the right wing of the farm movement. The left-wing National Farmers' Union applauds high subsidies to support prices but, along with most farmers, it abhors the production controls that Mr Kennedy insists must accompany them. The right-wing American Farm Bureau Federation, biggest and most vocal of all the country's agricultural organisations, will use its mighty lobbying muscles to fight any plan that does not envision an end to all government controls and subsidies and a return to a "free market" economy. Although the Farm Bureau departs from its usual conservatism to support freer world trade, its officials have warned the President that they will have little time to back his bid for greater powers to cut tariffs if they use up all their efforts fighting his farm programme. And in an election year Republican help in Congress for the Administration's farm Bill will be a very scarce commodity.

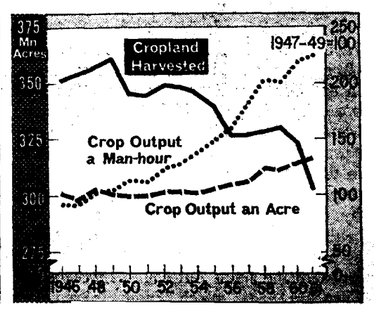
Yet, even though the President's new proposals face formidable obstacles on Capitol Hill, the situation is not nearly so sombre for the Administration as it was last year when Mr Kennedy's farm programme never so much as advanced to the stage of being debated on the floor. Actually, there is no great philosophical difference between the 1961 and 1962 Bills. Both were based on the argument that the government must adjust the imbalance between the supply of and demand for farm commodities by imposing fool-proof controls on production. The great difference between the two plans is in the technique to be followed.

Last year's programme would have transferred the real responsibility for devising plans for supporting the prices and controlling the production of each commodity from Congress to Mr Orville Freeman, the Secretary of Agriculture, with Congress merely exercising veto power over his plans. When, as almost anyone might have predicted, Congress refused to go along with this quixotic attempt to overhaul farm policy over night, the Administration hastily gave ground and had to be satisfied with temporary new programmes for wheat and maize that only slightly altered the *status quo* by tightening production controls moderately. Blessed with the experience of a none too happy year in Washington, Mr Freeman and his advisers have now adopted a more realistic and less revolutionary approach. No longer challenging Congress's basic responsibility for writing farm legislation, the Administration is asking it to approve long-range plans for controlling—effectively, it is hoped—the production of maize and other feed grains, dairy products and wheat.

The essence of the new programme can be found in these words of Mr Kennedy's farm message: "our two goals—improving (farm) income and reducing (government) costs—can both be achieved only if farm output can be reduced below needs for several years and then allowed to increase at a rate equal to the growth in demand." In other words, production would be controlled enough not only to stop the government-held surplus from increasing, but also to reduce it substantially from its current $5.5







billion level by making it necessary to draw on the surplus to meet current demand. Full enactment of the new programme, the Administration estimates, would cut more than $430 million next year from the $2.5 billion that would otherwise be spent for price supports and storage of agricultural commodities.

Specifically, the existing voluntary controls over production of maize and other feed grains, which involve compensating farmers who agree to retire land from production, would be replaced by a mandatory system under which growers of feed grains would be allocated maximum acreages for planting for the first time since 1958. The total acreage permitted to be planted to wheat would be reduced and a limit would be placed for the first time on the amount of wheat which could be sold for export and for human consumption at home. The production and sale of dairy products, now completely free of restrictions, would be reduced forcibly; if milk farmers sold more than a specific quota assigned them they would be subject to a heavy penalty. In addition, Mr Freeman would institute pilot projects that would lead ultimately to the conversion of 68 million acres of land now used for crops into grazing areas, forests and recreational lands. At the same time, the rates at which prices of wheat, dairy products and feed grains were supported would climb for the second time in as many years.

THE severity of the controls proposed by the President shows that the Administration's farm planners have given up whatever hope they ever had of disposing of any substantial portion of the American surplus through exports to Europe. Certainly, the apparent reluctance of the common market to lower its tariff walls to allow the entrance of American farm produce has had its impact on domestic policy in Washington. Officials now believe, moreover, that in the near future increased farm production in Europe, stimulated by heavy government subsidies coupled with the prospect of continued tariff protection, may actually reduce the volume of $1.1 billion worth of agricultural products sold by the United States to countries in the common market last year.

Furthermore, little is heard today of the argument, so popular among liberal Democrats before their party regained control of the White House a year ago, that the farm surplus could be reduced significantly by expanding the flow of food and fibre to under-developed countries in return for non-convertible currency as part of the "food for peace" programme. There has been in recent weeks one of those public disputes within the Administration that Washingtonians so adore, involving Mr George McGovern, the administrator of this programme, who called for expansion of overseas shipments, and Mr Freeman, who contradicted this view. But this was no more than a sham battle; the White House and the Budget Bureau had decreed that total spending for farm programmes must decline rather than increase, and that ended any prospect of a dramatic stepping-up of "food for peace."

As for this year's farm struggle in Congress, Mr Kennedy will have to rely heavily on the votes of big city Democrats who often prove to hold the balance of power on agricultural questions in the House of Representatives. These urban Congressmen are generally allergic to high farm price supports and particularly hostile to the President's call for higher subsidies for feed grains, since these would almost surely be felt finally by the consumer in the form of higher prices for meat in the butcher's shop. But they may be won over by the promised decline in farm spending by the government, since theoretically the city dweller would benefit from this as a taxpayer even though he would pay more as a consumer. If the members for the big cities support it, probably the Farm Bill could survive a test on the House floor. Then the Senate, which almost always is friendlier to Administration programmes than the House, would be likely to concur.

The big problem for Mr Kennedy is therefore how to get the programme out of the Agriculture Committees and on to the floors of the House and Senate. Last week the initial reaction to the new plan from the coalition of Republicans and conservative southern Democrats who control both committees was less choleric than might have been expected. But the Farm Bureau Federation and the other agricultural pressure groups have not really launched their campaign against the Administration as yet. The task of forcing the farm medicine down Congress's throat will fall to the amiable Mr Freeman, who is gaining a reputation as one of the most skilful legislative lobbyists in the Cabinet. As of now, nobody is prepared to bet either way as to whether the fund of good will which Mr Freeman has built up on Capitol Hill will be enough to get even a sizeable portion of the new Kennedy farm plan through Congress.

Screen of Cigar Smoke

THE United States, which failed to persuade the Latin American countries last week that they should impose economic sanctions on Cuba, has gone ahead on its own. On Wednesday an embargo was placed upon the import of all goods of Cuban origin, although an outward trickle of medicines and certain foodstuffs will be permitted to continue. The amount of trade is pathetically small compared with imports from Cuba of $528 million in 1958, the year before Dr Castro seized power, and exports to Cuba of slightly more. Last year the United States bought about $35 million worth of goods from Cuba, almost entirely tobacco for high-grade cigars, with a little industrial molasses and a few vegetables. Recently Cuba has been spending about $100,000 a month in the United States on medical supplies and food. Small as Cuba's exports to the United States have become, last year they provided almost a third of its dollar exchange; the rest came from other non-communist countries, from the Soviet Union and from wages and fees, about $10 million in all, paid by the United States at the Guantanamo naval base.

Dr Castro demanded indignantly how Cuba could pay for American medicines when it cannot sell its tobacco to the United States, but the Administration insists that such dollar earnings have been used to finance subversive activities in other Latin American countries. It hopes that Cuba's other non-communist customers can be induced to follow America's example, but it has already had a cold shoulder from the Canadians. They do not care for such strong hints and they point out that in any case they sell much more to Cuba than they buy from it—about three times as much last year.

The Administration took action, not under the Trading with the Enemy Act, which would have involved cutting off telephone and air communications with Cuba and the freezing of individual Cubans' bank accounts, but, ironically, under authority granted by Congress in the Foreign Assistance Act. No doubt the Administration hopes that this punitive gesture will mollify members of Congress who have been frustrated by their inability to punish Dr Castro for his impertinent Marxism and who are indignant because six Latin American countries, including the three largest, refused to vote for the expulsion of Cuba from the inter-American system. (Under pressure from his right wing Dr Frondizi of Argentina may have to change his stand.) Ever since the Secretary of State's return the Administration has been working overtime to gloss over this rebuff which it would perhaps have done better not to have risked, both for the sake of hemispheric unity and for the sake of the appropriations for the Latin American Alliance for Progress which Congress is being asked to approve this year.

Republicans Hang Together

BY bombarding Congress with requests for legislation President Kennedy is not only appeasing those Democrats who accuse him of lacking enterprise and drive but is also hitting the Republicans where it hurts them most. If he forces them to vote, especially on his welfare proposals—on the new Department of Urban Affairs, aid for education, improvements in public assistance, medical benefits for old people—he will also force the Republicans to demonstrate publicly their inability to agree on such matters. Already this inability has frustrated a suggestion that the party should produce its own legislative programme as a constructive alternative to President Kennedy's. In spite of warnings from the more progressive Republicans that the party must approach today's problems positively, that it is "agin' everything" was the main impression given last week by its leading spokesmen, even by the supposedly liberal Governor Rockefeller of New York. They were addressing a series of dinners all across the country, linked by closed circuit television, to raise funds and open the campaign which will end on November 6th with the election of 435 members of the House of Representatives, 37 Senators and 35 State Governors.

Success in these elections, as a starting point for victory in the 1964 presidential contest, depends, according to Republican officials, on improved organisation, on more Republican salesmen, regardless of what they sell, particularly in the big cities. These were where Mr Kennedy found his majority in 1960 and a recent report showed that in these cities Republican workers, especially paid full-time ones, are almost unbelievably thin on the ground. The Republicans have little prospect of actually winning in these urban centres but they hope to reduce the huge Democratic majorities which offset Republican votes in suburban and rural areas and thus enable the Democrats to carry statewide contests.

Since congressional and state elections are fought largely on local and personal issues, organisation may indeed be more important than policy for the Republicans next November, even though it is in the cities that the party suffers most from the refusal of its reactionaries to support social welfare programmes. And if, as may well be the case, it is the liberal Republicans who achieve the victories, if Mr Nixon becomes Governor of California and Mr George Romney Governor of Michigan, then by 1964 they may be able to check the trend to the right which has so much to do with the present ineffectiveness of their party.

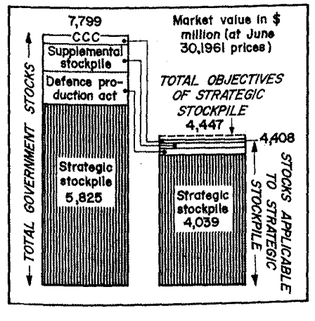
Stocks Out of Hand

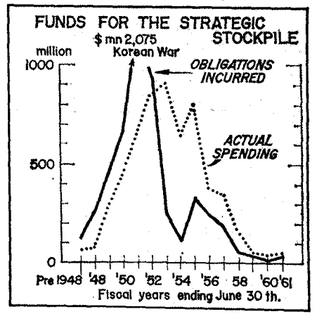
IT is surprising that President Kennedy was surprised at the size of America's stockpile of strategic materials, for reports on this emergency reserve are published every six months; these give the total value of the commodities in hand and an account of the progress being made towards the final objectives, although details of the actual amounts of the various commodities appear only in a secret supplement. Much of this secrecy has become unnecessary and most, if not all, of the information will come out as part of the complete exploration of the subject which Mr Kennedy has asked Senator Symington to undertake, beginning next month, so that the public may know the truth about this huge investment. Other congressional committees are trying to cash in on any political advantage which the investigation may have. But so far there is little expectation that any serious scandals will be revealed even though the President did talk of the stockpile as "a potential source of excessive and unconscionable profit."

Begun in 1939, resumed in 1946 and greatly expanded in 1950, the stockpile was designed to provide a five-year reserve of essential materials, particularly those from overseas, which were likely to be in short supply in wartime. In 1958, when it became accepted that the next war would be nuclear, the position was reviewed; the period to be provided for was cut to three years and more consideration was given to supplying the necessities for recovery after an attack—machine tools, processed materials, etc. Many experts feel that more emphasis should now be placed on this aspect of the stockpile and that to plan for a three-year war is totally unrealistic—a three-week one is thought more likely. President Kennedy has now ordered yet another reassessment.

This reduction in the period covered and changes in technological requirements are the main reasons why the amounts of many of the 76 items in the stockpile today are far more than is consistent with current objectives. The surplus will go on growing, for the government is still committed to making purchases through contracts under the Defence Production Act of 1950, intended to encourage increased output of critical materials—aluminium, for example, of which there is already much too much in the stockpile; strategic materials are also still coming into the supplemental stockpile and the Commodity Credit Corporation's store under the arrangements for getting rid of surplus farm products by bartering them abroad. But buying for the strategic stockpile itself, very small in any case in recent years, has now been stopped except for three items which are still in short supply; these are understood to be diamond dies, jewel bearings and chrystoltile asbestos.

Much as the President would like to liquidate some of this excessive investment, he must recognise that there is little he can do in this respect without disrupting world prices or adding to the difficulties of domestic producers and of those countries which rely economically on one or more of these strategic materials. He has promised to take account of both these factors, to the relief of the commodity markets which as a result have received his move comparatively calmly. Moreover, Congress has to approve all sales from the strategic stockpile and has practically never given the necessary permission; possibly, however, the coming hearings may make it more amenable in this respect.







Hats in the Ring



FROM A CORRESPONDENT IN TEXAS

THREE recent congressional by-elections in Texas have all sent Democrats to Washington, and ones who seem likely to support the Administration on most issues, though the two who were elected last month—Mr Purcell from Wichita Falls and Mr Roberts from Mr Rayburn's old Fourth District—are neither of them as dedicated to the New Frontier as Mr Gonzalez, the liberal who stood successfully in San Antonio in November. But the growing Republican party in this traditionally Democratic state has no cause to hang its head; its candidate against Mr Gonzalez polled 45 per cent of the total vote, a remarkable achievement in liberal San Antonio, with its substantial Negro and Mexican minorities, and another Republican won 38 per cent of the vote in Wichita Falls, which is strong Democratic territory. The Republicans, who hold only one of the state's seats in the House of Representatives, plan to enter candidates in at least 15 of the 23 congressional races next November. But there will be a clue to how fast their numbers are growing in May when, under the law, the party has to hold a primary election to determine its candidates for all the offices at stake next autumn. This is because the Republicans polled so many votes—over 200,000—in 1960.

There is only one Republican candidate for Governor, Mr Cox, but five major candidates will dispute the Democratic nomination. Until last week it seemed fairly certain that this preliminary round would be won by Mr John Connally, who was rewarded with the post of Secretary of the Navy when his old Texan associate, Senator Johnson, became Vice President of the United States last year. But two last-minute hats have been thrown into the ring—that of Mr Daniel, the present Governor, a formidable vote-getter who has decided that he would like an unprecedented fourth term even at the cost of offending the Vice President, and that of former General Walker, whose inarticulate crusade against communism will appeal to the discontented on the extreme right. It is rumoured that the General is being supported financially by Mr H. L. Hunt, one of the state's richest and most reactionary oilmen. The two other Democrats are Mr Wilson, the conservative state attorney general, who is fighting against the Vice President's remote control of Texan politics and for his own political life, and Mr Yarborough, a young liberal whose hopes depend on whether he can win the support of other liberals and that of organised labour. If no candidate secures an absolute majority there will be a run-off between the top two in June; the three most likely to reach this stage seem to be Mr Daniel and Mr Connally, both of whom will be appealing to voters right across the political spectrum, and Mr Yarborough.

As in the other one-party states of the South, political battles in Texas have been fought within the Democratic party; nomination has been tantamount to election. These political battles have been waged less on issues than on personalities; in the main, political rewards have been based on longevity rather than ability; and the one-party State Legislature has been an incoherent mass of diverse and disorganised Democrats. Many of the party's leaders voted for Mr Eisenhower for President in 1952 and 1956 rather than for the comparatively liberal Democrat, Mr Stevenson. Now, however, the growing attraction of the Republican party in the state for extreme conservatives is having repercussions in Democratic circles. One reason—apart from gratitude—that the Vice President is supporting Mr Connally's bid for office is the desire to prevent a wholesale exodus of conservatives from the Democratic party, which would leave the state organisation in the hands of the liberals. Mr Connally, a smooth political manipulator like his patron, has close connections with the big financial and industrial interests in the state and his highly geared organisation is said to be the most comprehensive ever put together for a state election. (The other reason for Mr Johnson's support of Mr Connally is that the Vice President still cherishes presidential ambitions for 1968 and wants to have the Governorship in friendly hands.)

The nominal head of the Democratic liberals is Senator Yarborough, who is not related to the young aspirant for the Governorship. For a time the Senator encouraged rumours that he might enter this race himself, partly because he fears that Mr Connally's election might disorganise the liberals, partly because he has long been at odds with the Vice President, particularly over the plums of patronage which are the cement that holds a political organisation together. Senator Yarborough did not take himself out of the race until he received assurances from the Administration that he would receive more consideration in Washington in this respect. If Senator Yarborough had entered the primary and won the nomination there would have been a rush of Democratic conservatives into the Republicans' arms.

AGAINST this confused Democratic background the Republican party in Texas has been growing in confidence and vitality. In many ways it resembles a kind of Foreign Legion. It is full of rebellious souls who were easy to recruit because of their discontent; even its candidate for Governor this time is a convert from the Democrats. Moreover, the party literally gains much of its strength from "foreigners"—recently arrived white-collar immigrants from the upper Middle West and the Northeast. Until recently the party seemed to exist mainly to dispense patronage when the Republicans captured the White House. But now it is attracting large numbers of the young executives and technicians who man the middle and upper echelons of the state's growing industry and who have no loyalty to the Democratic party; to them that party has meant only increased taxes and expanding welfare programmes.

The big break-through for the Republicans came early last year when Mr John Tower, a young professor, captured the Senate seat which had been Vice President Lyndon Johnson's. Strangely this victory was due to the co-operation of Republican conservatives and Democratic liberals. Many of the latter voted for Mr Tower (or abstained) because they thought him less objectionable than the equally reactionary, inarticulate multi-millionaire who was the Democratic candidate. Mr Tower is a follower of Senator Goldwater and shares his fervid opposition to practically every aspect of the welfare state as well as his advocacy of a "stronger" American position on international affairs.

Senator Tower expresses the raging conservative mood among the well-to-do in Texas and he has given the Republican party the prestige and the confidence to conduct a spirited movement at state and local levels. Young Republicans have been travelling all over the state appealing to conservative Democrats to join the party where their conservatism can be truly effective; the Republicans argue that Texan conservatives cannot hope to influence the Democratic party as a whole, since it is essentially "left-wing." The greatest publicity has been given to a series of "resignation rallies" at which repentant Democrats renounce the party of their ancestors. Two Republicans have also been sent to the lower House of the State Legislature—the greatest number since the

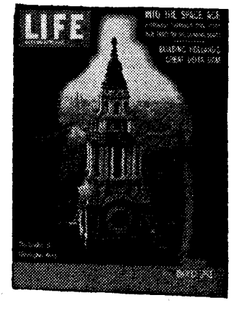


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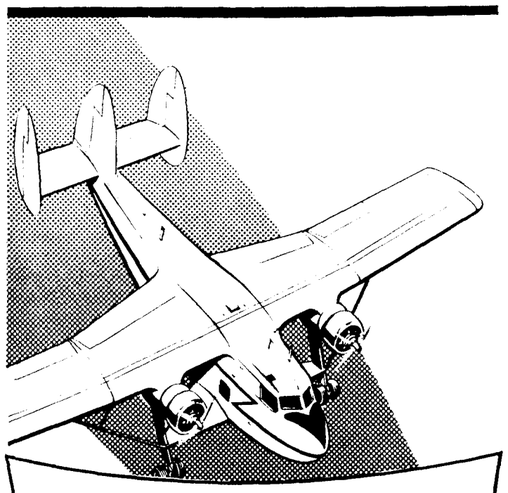
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days of Reconstruction after the Civil War. The party is strong and growing in the larger cities and towns ; it is wealthy and energetic ; above all, it is convincing many conservatives that it is now respectable to be a Republican in Texas. But the professional organisers will admit privately, if not publicly, that a genuine two-party state will take years of hard work to achieve. Mr Cox is not given much of a chance in November, whoever the Democratic candidate is.

Slimming by the Book

FROM A SPECIAL CORRESPONDENT

RECENTLY the Food and Drug Administration, as the watchdog of the public's health and nutritional well-being, seized 1,600 copies of a book called " Calories Don't Count " from a Brooklyn warehouse of the United Whelan Drug Store chain—along with 58,000 capsules of safflower oil. " Calories Don't Count," which has been something of a best seller in America, propounds the theory that " You need to eat fat if you are to be slim." The author, Dr Taller, a gynaecologist, argues that the more fat is consumed, the more is burned up. However, not any old fat will do, and animal fat is taboo, as with most diets. Unsaturated vegetable fats do the trick, the book claims, and particularly the oil of safflower, a large thistle-like plant grown in the western part of the United States.

Weary of meticulous calorie-counting and the rigours of semi-starvation, American women have fallen eagerly upon a menu that stresses the weight-reducing efficacy of fried chicken and shrimp, egg mayonnaise, stuffed peppers and cheesecake ; that warns dieters not to leave the table hungry ; and that bans entirely the kind of foods that the average slimmer gets weary of: apples, vegetables, jellies and skim milk. Unfortunately, at least one careful follower of the diet, which includes the downing of the daily quota of safflower oil, put on four pounds in a week ; others may have had the same experience and may have complained to the Food and Drug Administration.

At all events, the FDA alleges, first that " Calories Don't Count " has been offered to the public as a promotional tie-in to encourage the purchase of safflower oil ; and, second, that the latter is not an effective means of controlling weight. The book is involved only because it has been used as the basis of allegedly false and misleading claims for the capsules. This is not the first time that the FDA has seized a book ; some time ago it proceeded against another best-seller, " Folk Medicine," which prescribed honey and vinegar as a cure for most ills and which was being sold in combination with these specifics. The degree of Dr Taller's complicity, if any, in a deception, if any, that has been perpetrated on the public is a matter which the courts will have to decide. But there are at least grounds for suspecting that he may have been engaging in a gigantic leg-pull. He lists fourteen points of a programme for systematic weight reduction. One is: " Walk at least one hour a day." Bearing in mind the normal habits of Americans, which do not include walking if this can be avoided, Dr Taller might have started and ended right there.

Poverty Amid Plenty

IN the most affluent society in the world about 7.4 million people are receiving public assistance. The federal government pays over half the bill, which will amount to about $4.7 billion in the coming fiscal year, through grants which must be matched, in varying degrees, by the state welfare programmes. This system goes back to the Social Security Act passed in the middle of the nineteen-thirties and has been little changed although the shape of the problem has altered profoundly: much less poverty is caused by unemployment and much more by personal inadequacy or social misfortune. The whole system is now under fire, partly from people on the right who, like the citizens of Newburgh, New York, think that the assistance rolls should be cut ruthlessly and partly from those on the left who feel that much more should be done to aid the unfortunate. By encouraging the states to spend more on helping people to become independent, the Administration hopes to satisfy both groups though, as the President warned Congress, the cost is bound to rise in the short run ; another $193 million in federal money will be needed in the coming fiscal year. Even the conservatives in Congress seem sympathetic. The real question is whether the State Legislatures are prepared to do their share.

Given that the problems of the destitute are often personal and complex, rather than simply economic, the key need is for many more social workers and diagnostic and remedial services. The Administration would like to pay three-quarters of such costs (rather than half) and to contribute more money to the training of personnel, in order to speed up the work of rehabilitation ; in time this should lighten the assistance rolls. Liberals will also be glad that the President is asking Congress to make permanent the present programme of temporary federal aid to dependent children whose fathers are unemployed. Until last year men who were out of work had to desert their families to make them eligible for help and, where local authorities have not taken advantage of the new programme, families are still being stricken off the rolls because the father has been found in the home. Such families are to be encouraged to strive for independence by providing money for day-care centres for children so that the mother can take a job. Another reform long pressed by social workers is that the residence requirements of the states should be fixed at no more than a year and preferably abolished altogether. The trouble here is that some states are more generous than others to the needy.

Apart from the hope that fraud will be reduced by employing more social workers, right-wing critics will be pleased by the blessing for state schemes of work-relief. Many taxpayers feel that able-bodied men who receive assistance should make a return to the community. Mr Kennedy insisted, however, that if the federal government is to help to foot the bill work relief must be regarded not as a penalty, but as an opportunity for men to keep their working skills in trim or to learn new ones.

SHORTER NOTES

Mergers—even in the hard-pressed airline industry—are easier to announce than to carry out. A fortnight ago American Airlines and Eastern Airlines, the second and third largest of the domestic operators, revealed that a merger had been arranged ; if it goes through the result will be the biggest airline in the world, with routes from Mexico City to Montreal and from San Francisco to Puerto Rico. But a week later there was a cautionary tale from two other would-be partners, Continental and National Airlines, who have decided that they cannot make a go of it. The belief is that the heads of the two companies could not agree on which of them would run the new concern.

* * *

The activities connected with water and its supply in the United States are immense—$230 billion are likely to be spent on them in the next 22 years—yet until now no university has offered a degree in hydrology, the science of water. Water specialists have had to learn their trade by experience or after graduation in allied disciplines such as engineering, geology and meteorology. But now the University of Arizona has announced the country's first curriculum in hydrology, leading to the bachelors', masters' and doctors' degrees, and Columbia University in New York City started a graduate programme in hydro-geology last autumn.

PROJECT 304

The story of the great
Shell Chemicals
Sculpture Competition
by A. N. Other-Carter



Chapter One: Mr. Carter's Inspiration

I well remember the day the whole thing began. A few of us were sitting over our coffee in the Emulsions Lounge at Shell Chemicals when the talk turned to the public image of us.

'I wonder what the public image of us is,' said Carter, one of our scientists.

'Oh, what does it matter as long as we do our jobs?' grunted another scientist, a chemist called Carter (in fact all the Shell Chemicals people in this story will be called Carter, to avoid heart-burnings). 'Well, I must get back to my Hilger Standard Polarimeter and continue my investigations into the structure of the products obtained by condensing sugars with ethanolamines.'

'You're right, you know,' said Carter, a Polyglycols man, to Carter, when Carter had left us. 'I don't believe the public has a clear picture of us. I expect they think we're in some little shed behind a refinery.'

'Oh, I don't know,' chimed in Carter from Ketones, 'I met a chap in a pub last night, it slipped out that I was in Shell Chemicals, he said 'Oh yes, you're the people that make TEEPOL 514, an anionic wetting agent, and NONIDET, a nonionic wetting agent, both very useful in textile scouring. I've always wondered what's the difference between anionic and nonionic.'

'By jove!' said Carter, from Advertising, 'that's interesting. What was this chap?'

'He was a textile scourer,' said Carter.

One of our directors, called Mr. Carter, had been listening silently to all this. 'I think what we need is a great competition for a sculpture depicting *The Spirit of Shell Chemicals*,' he said.

I was electrified. Immediately I thought of *Isobel* . . .



Do not miss Chapter Two: 'The Great Conference'

For any information about chemicals contact the Information Officer, Shell Chemical Company Limited, 170 Piccadilly, London W.I.

HOME REPORT

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

Provincial Primitives?



FROM OUR SPECIAL CORRESPONDENT

According to how they set their sights, visitors may come away from the winter exhibition at the Royal Academy disappointed that some of the greatest masters are seen only at second best, or impressed and delighted with the selection of primitive paintings as well as many of the examples of British minor painters such as a choice Stubbs and two excellent Wilson Steers. Whichever view is taken, however, sympathy must go out to the foreign visitor who, lured into this exhibition of over four hundred works from sixty-five provincial galleries by its catchy title "Primitives to Picasso," darted from an Alan Davie to a Patrick Heron, ejaculating to his companion: "Picasso?" In fact, there is only one smallish, very early and quite uncharacteristic painting by Picasso, belonging to Glasgow. To the best of one's knowledge, only two other examples, and these of a similar kind, could have been produced from the provinces.

Poor representation of twentieth-century foreign art is only one of the deficiencies of these museums' collections. Certain important artists of other schools are virtually unrepresented in public collections outside London, and it would be hard to find many signs that the museums are keeping pace with the most recent developments in British art. Yet on several scores, these galleries are better able to enter the art market than ever before. In many towns ratepayers have put up the annual purchase grant, small though it may still seem in art-starved eyes; the taxpayers' grant to the Victoria and Albert Museum for special purchases by provincial museums has been sharply increased, from £2,000 in 1958 to £25,000; and valuable help is given by the Gulbenkian Foundation.

Indeed, the exhibition at the Royal Academy has a prosperous air in that two-thirds of the paintings and sculpture on view have been acquired in the last twenty years. But of the 128 works obtained since 1950 only about fifty have been bought by the galleries unaided. Getting on for twenty have been presented or bequeathed by individual people or firms, another eight by corporate benefactors such as the Contemporary Arts Society or Friends of the Gallery, nearly forty have been acquired through the National Art-Collections Fund and the remainder with the assistance of the Gulbenkian Foundation, Treasury, Victoria and Albert Museum, Ministry of Education or Arts Council.

	Annual attendance	Purchase grant from rates (£s)	Capital fund
Birmingham ...	700,000	12,000	Yes. Annual contribution (max. ¼d. in £) from rates
Bristol	250,000	3,000–4,000	Private bequest yields £1,000 p.a.
Glasgow	350,000	5,000	Some private bequests
Leeds	160,000	3,000	None
Liverpool	150,000	4,000	Private fund yielding minimum of £7,000 p.a. up to 1967–68
Manchester	100,000*	5,000	None
Newcastle	145,000	1,250	Private bequest yields £1,367 p.a.
Plymouth	100,000	1,850	None
Southampton...	40,000	500†	Private bequests yield £4,850 p.a.
York.....	40,000	1,000	None

* Permanent collection only † For ceramics only

This untidy profusion of purchasing props is no bad thing in itself, but it does raise once again the question of whether the provinces are looking after themselves as well as they should. Support given to art varies considerably from one town to another, as even the few and variously qualified figures in the table show. The apparent stinginess shown by ratepayers in certain cities may seem surprising; why does Birmingham stand out as a shining example compared with Manchester?

Equally puzzling as local differences is the seemingly general apathy towards contemporary art in the provinces. Why has the buying of modern pictures and sculpture, for private as well as public collections, not become a status symbol among well-to-do industrialists in the north and midlands? They have not always been behind the times in art: a hundred years ago the provinces welcomed the Pre-Raphaelites and were delighted to buy their works. (And the evidence of some even more judicious buying—the Impressionists—is there, too.) The hard-headed Bradford woollen manufacturer of today may well feel that he is keeping his feet on the ground in resisting abstract art; but why should it have caught on in the United States and not here?

If the answer is that the interest of the local collection is not sufficient to spark off enthusiasm, what is to be done? In a world in which art prices have gone slightly mad and in which even the purchase grant of the more art-conscious citizens of Birmingham cannot buy much by established artists, it is obviously impossible to provide collections all over the country of an equally good standard. Some kind of regional network, repeatedly advised by Lord Bridges, is the obvious solution. The art student, or art lover, may not be able to make frequent visits to the national collections; but he must be prepared to travel a little. Either galleries within a particular region should specialise in particular schools of art or, better still, the best of the collections should be concentrated together in one centre. A get-together on art is surely not impossible, even if it means swallowing a little civic pride. Galleries should be encouraged, and given any necessary legal powers, to sell when they have too many examples of one artist or school. Above all, ratepayers need to be more generous in their budget and in unshackling their local art director from the artistic approval of a committee of civic worthies whose knowledge may be very questionable.

A special report on the provincial collections can be expected this year from the Standing Commission on Museums and Art Galleries. The current exhibition at Burlington House should stimulate plenty of interest in the commission's recommendations.

Outcasts of the Island

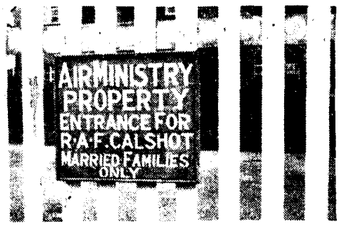
FROM OUR SPECIAL CORRESPONDENT

THE 60-odd families dispossessed of their volcanic island, Tristan da Cunha, have moved from their overcrowded and unsuitable temporary refuge at Pendell, in Kent, to permanent tenancy of part of Calshot RAF camp on Southampton Water. This has been greatly to the indignation of those who would rather have seen them set down on one of the Hebrides, Shetlands or Orkneys. The opinion has been pretty freely aired that the Colonial Office, in whose care the Tristanians have been since the disaster, has done worse than any volcano in depriving these hardy people of their communal isolation. It is an opinion in keeping with a newspaper attitude which the Tristanians have come to resent: that they are freaks to be housed in an artificial environment simulating as closely as possible their old conditions.

In fact the Colonial Office has behaved with reasonable humanity (some would say too much: on its own admission, its care that everything possible should be done for the islanders has resulted in a loss of personal initiative). Its aim has been to bring about the integration of these particular British subjects into the larger body of their compatriots. Most of the exotic suggestions have not been concrete (for instance, no land has been offered officially in the Outer Isles, and nobody in the Colonial Office has seen more than newspaper reports of the rumoured gift of an island in the Bahamas).

The younger Tristanians are an adaptable bunch, and many of them have a larger experience of the world outside Tristan than has the average young British habitué of caff and coffee-bar. Their difficulties in fitting into an industrial society will be few; indeed, most of them are already working and earning. But the old people are naturally less willing to cast off their way of life: they have few skills beyond boat-building and the ability to launch a skiff in a hard sea, and they do not easily learn new ones.

It is mainly for their sakes that the Colonial Office has gone along with sentimentality as far as it has in keeping the Tristanians together as a single community, and it is this which has been the greatest problem in their resettlement. Many places could offer sixty houses; but none of them had sufficient opportunities for relatively unskilled employment. Many more could offer jobs, but found it impossible, even by jumping housing queues, to put all the families together.



WHAT was hoped for was generous action from some local authority, in need of such benefits as the islanders could bring it, in building houses specially for them. Calshot camp was therefore seen initially as another temporary refuge until something better could be arranged. In the event, however, the Tristanians who went to look over the camp decided that they liked it enough to stay there, and the others did not disagree.

Calshot is not the sort of place that would appeal to everybody. It is bleak, both bare and cluttered as only a military camp knows how to be, and its atmosphere, like that of all such places, is one of indefinable impermanency. But from the islanders' point of view it has many advantages. The sea, or at least wide water with fish and ships, is a step away; the surrounding country is pleasant and underpopulated; and there is sufficient work nearby (though not at Fawley refinery two miles away, where the requisite skills are far from simple). About half the men are now in employment.

The bungalows are like all military bungalows; but much has been done to make them comfortably habitable. Between £200 and £300 has been spent on the furnishing of each, and they are well-carpeted and curtained, warmed on free coal, and an enormous improvement on the conditions at Pendell where, according to one of the islanders, they were housed ten to a bungalow in some cases. For this, the Tristanians' gratitude is touching.

The Colonial Office has not added up all its sums yet, but the cost of the whole rescue and rehabilitation operation will, at the end, be somewhere in the region of £60,000, apart from the furnishing of the houses. More money has come from relief funds, and many of the services which would otherwise have had to be paid for have been done by volunteers. The salaries of the administrator and the other colonial officers connected with the operation have been met from the original Tristan administration fund.

Smethwick Shivers



FROM A CORRESPONDENT IN BIRMINGHAM

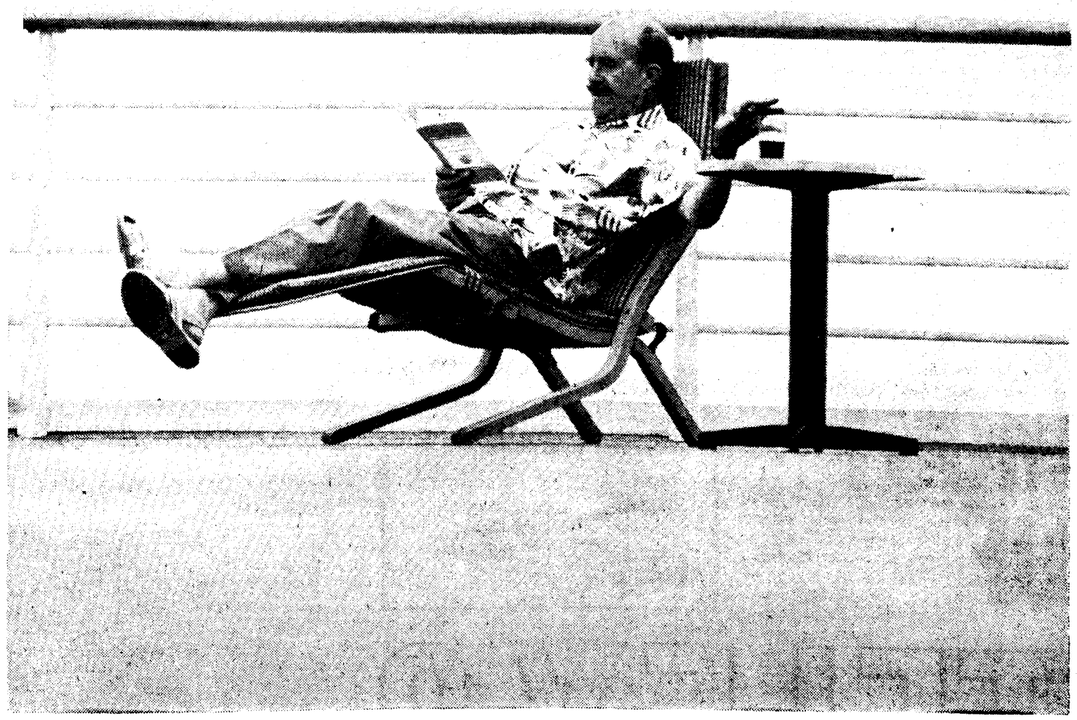
SMETHWICK, a name on the map to most people outside the Black Country, clings to the western boundary of Birmingham like a Midland Salford of 73,000 people; even its postal numbers are Birmingham 40 and 41. But for all that it has its local pride, securely based in Domesday Book and the industrial revolution. Boulton and Watt's Soho Foundry in Smethwick made engines for the *Great Eastern* and now produces weighing machines; Smethwick provided ironwork and glass for the Crystal Palace.

Last summer it reached the national headlines with its threatened rent strike by council flat tenants who objected to a Pakistani neighbour; the colour controversy, assiduously fanned by local spokesmen, now notorious, has flickered feebly again with the smallpox scare in the letter columns of the intriguingly-named *Smethwick Telephone*. But Smethwick now faces a more urgent problem. By next July about 2,600 workers may have been dismissed from two of the town's traditional factories. Cycles and railway rolling stock tempt few investors these days.

From its 1955 peak output of over 3,500,000, the cycle industry has declined rapidly, and production last year was probably little more than half that figure. Exports have fallen roughly proportionately, for all the striking success in the United States market last year.

Smethwick has two cycle factories, both part of the British Cycle Corporation, which is part of Raleigh Industries, which is part of Tube Investments. Last April TI announced a major reorganisation within Raleigh, concentrating cycle production at Nottingham, and leaving scooter and moped production at the Downing Street works in Smethwick. At the end of November, to the shocked surprise of the unions, the closing of Downing Street by March 31st this year was announced, making 1,500 workers redundant, with a streamlining of the labour force at the British Cycle Corporation's Phillips works in Bridge Street, which makes components. Keeping Downing Street open would be "economic suicide," Raleigh said, especially since demand for "motorised products" had not materialised in Britain; at the same time, 9,000 cycles and 600 mopeds a week would be turned out until the factory closed.

Similiar decline has brought increasing redundancy at the Birmingham Railway Carriage and Wagon Works, which last year found itself in the unenviable position of having to hand back to London Transport an order worth £2,500,000 because it could



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not carry it out economically. Shop stewards at the factory have been saying for several weeks that it will close completely by the end of July or early August, when the current order for the British Transport Commission is completed.

Although the management has said it is "doing its utmost" to obtain more orders, none has yet been announced. In small numbers of 50 or 100, employees have been made progressively redundant over the last few months. The present labour force is about 1,100, many of whom have known no other employer; it is the "man-and-boy-these-last-50-years" kind of factory.

THERE has been plenty of activity on Smethwick's behalf. The local trades council has painted lurid pictures of a "ghost town"; it has harried the local MP, Mr Patrick Gordon Walker, who for his part has seen both the Minister of Labour and the President of the Board of Trade, London Transport and the BTC. The district committee of the Confederation of Shipbuilding and Engineering Unions has campaigned up to national executive level.

There has been little more than sympathy for the Smethwick men at national level. Mr Hare told Mr Gordon Walker that the displaced cycle workers should have no difficulty in finding other work locally, though admitting it might take longer than it would have done some time ago. The executive of the confederation told the Birmingham district committee, who requested a national conference of affected unions, that it could not be expected to resist every closure, that (in the words of Mr Harold Poole, the president) they could not be expected to rob Peter to pay Paul, and the Midlands was not an area where there was no alternative work available.

Meanwhile local Ministry of Labour figures show 509 unemployed in Smethwick (396 men, 113 women), and local officials are quoted as saying that probably no more than 100 of the redundant men will be able to find jobs in Smethwick. In fact, for a neatly-parcelled, small-scale example of the cutting-back of declining industries and the problems of redeployment of labour which must follow, the student economist or sociologist could scarcely improve on Smethwick in the next few months.

Expanding Oxford

FROM A CORRESPONDENT IN OXFORD

TO translate current discussion about university expansion into bricks and mortar is hard work full of snags and risks. This is most obviously so with the new universities at York, Norwich and Brighton. It is less obviously but equally true of the two older universities, both of which are founding new men's undergraduate colleges for the first time since the nineteenth century: Churchill College at Cambridge and St. Catherine's College at Oxford.

The starting point for both colleges was the general recognition during the 1950s of an urgent need for increased output of science graduates. The composition of this output, and its final allocation between teaching, research, industry and administration, are not, as Professor Jewkes has pointed out, questions capable of automatic solution. But the need itself was already clear in 1952 when Mr Alan Bullock, then a Fellow of New College, Oxford, was appointed to the vacant Censorship of St Catherine's Society, a non-collegiate body of about 300 students which traces its modest origins back to 1868.

WITHIN four years the Censor produced his plan for a new men's undergraduate college, using the existing society as its nucleus, which would devote about half its places to science and mathematics. An influential group of dons gave the plan academic backing; Merton College promised a site in Holywell Meadow; and an initial appeal for financial support made in 1958 led to the subscription of over £600,000, largely from British industrial firms. This was obtained despite other current appeals, including one by Churchill College for £3 million. The University Grants Committee promised a further £250,000, and the university's Hebdomadal Council appointed a subcommittee, on which the outside sponsors of the college were represented, to watch over its development. This marked the end of phase one.

In phase two, through which the college is still passing, there seem to have been three main problems: raising more money, choosing an architect and putting his building up, and expanding the body of fellows. More than £2 million has now been obtained, including the donation of over £170,000 by the American millionaire Dr Rudolph Light, a former St Catherine's student, and of $250,000 for research fellowships by the Ford Foundation. However, the college could clearly do with still more funds as plans develop and costs creep up. Its members talk of another half million, but it is probable they will need a million. Their Danish architect, Arne Jacobsen, whose choice raised patriotic murmurs in Britain, regards the college as a "prestige job" and such jobs are not the cheapest.

The policy is right, but parts of the structure may be uncompleted at first from lack of funds, unless the college's financial barometer unexpectedly rises. Difficulty in meeting Jacobsen's exacting standards and delay caused by bad weather also make it uncertain how much will be ready for occupation by opening day in October.

St Catherine's other main current task has been to expand its body of fellows from the nucleus provided by the existing tutors of St Catherine's Society. Three things are clear about this process. The college is retaining Oxford's traditional stress on teaching, and hence on tutorial fellowships. Second, it is keeping the balance of fellows and undergraduates fairly even between arts and science. Third, though laying stress on the need for research fellows, and for the association of distinguished outsiders with the college through supernumerary and visiting fellowships, it has made no provision for a class of research studentships such as exists, for instance, at Nuffield and St Antony's colleges (which have no undergraduates). The traditional Oxford gap between the senior and junior common room thus remains.

These decisions are deliberate; on each Churchill has taken a contrary view. It will be interesting to see how St Catherine's policy works out as it moves after October into phase three of its development, as a working institution.

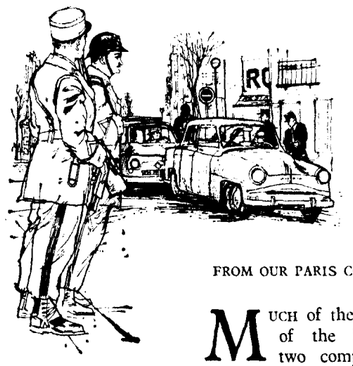
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THE WORLD OVERSEAS



FACES OF FRANCE



FROM OUR PARIS CORRESPONDENT

MUCH of the image is in the eye of the beholder, who has two completely contradictory pictures of France to choose from. One picture shows a prosperous nation of holidaymakers with no greater cares than the twist-versus-jive struggle or the height of the waistline in the spring collections. Sun-tanned thousands stream back from winter sports. Production is booming, business is good. At the ministry of finance, M. Baumgartner has bequeathed well-filled coffers to his youthful successor. All this seems to justify General de Gaulle's message that everything is for the best

If the spotlight is switched to other scenes—to policemen directing traffic in Paris with sub-machine-guns in their hands, to the armoured units of gendarmes that wait on the alert in the suburbs—it picks out a quite different picture. Both are true, within their limits; each is incomplete. The following notes try to illustrate some of the symptoms and causes of the disquiet that certainly exists despite the absence of any major social discontent.

Hoax or Hydra? Last week the police forces in Paris were strengthened to 25,000 men and the government was able to claim the capture of some important henchmen of the OAS (*Organisation de l'Armée Secrète*). It is too early to say what will be the effect of this new police offensive. On previous occasions, notably after the abortive attempt on General de Gaulle's life, the claims that the OAS in France had been beheaded proved premature. Indeed, one of the psychologically most disturbing factors was the contrast between official assertions and reality. Last month, each government declaration of confidence and resolution was echoed by the daily explosion of *plastique* in provincial towns and in various parts of Paris, including the Quai d'Orsay. Communists were no longer the main targets; the flats of liberal and even conservative editors were attacked as well.

This is psychological warfare. Casualties are few, the damage mainly material, but an impression is created that the underground is omnipresent and the authorities impotent. Officials found two excuses for the government's initial lack of results: these handy bombs are easily hidden; and specialists, coming from Algeria, are able to enlist recruits among the disgruntled poujadists or fascist youth. The ease of this recruiting raises the question of the deterrent.

All, all, honourable. The French courts have shown remarkable indulgence towards offenders who justify their crimes through their attachment to *Algérie Française*. Many men who vanished while under suspended sentence are now on the general staff of the Secret Army. This caution on the part of the judiciary, combined with the government's appearance of indecision, had its inevitable consequence. On January 26th, three men who had been threatened by the Secret Army refused jury service at Nimes, and the trial had to be put off. The government reacted swiftly. Several cases were transferred to a special military tribunal and, last week, a *plastiqueur* was actually sentenced to six years in jail.

It should not be concluded that military justice is always swift and severe. On January 16th, another Parisian military tribunal gave its verdict in the case of three officers accused of torturing a Moslem woman to death. The gruesome indictment was public; the trial was heard *in camera*; the three men were acquitted. It is enough to add that these three officers could not even plead superior orders or invoke the complicity of higher ranking officers. Such complicity has prevented all other cases of torture from being brought to trial.

Policeman's Lot. It used to be fashionable to say that the army was suffering from a bad conscience. Now the fashionable malaise concerns the conscience of the police. For years the police have been fighting against the Arabs; now they have to turn against the Secret Army as well. For an even longer time they have been told that the chief enemy was on the left; since 1947, anti-communism has been a main qualification for recruits. Now the police are told that the opponent is on the right. To complicate matters still further, they are ordered not to forget that the struggle is on two fronts. Communism is the permanent danger; the Secret Army is a transient one. To the ordinary policeman it must all seem rather confusing.

There are, however, deeper reasons for the uneasiness and hesitation among magistrates, officers and policemen. Occupation, resistance and liberation undermined the simple rules of discipline. For years afterwards efforts were made to explain that wartime conditions were the exception. Then came the change of regime in 1958 and many may have concluded that it is most comfortable to sit on the fence. With many of its former fellow plotters now on the other side, the regime provides a precedent against itself.

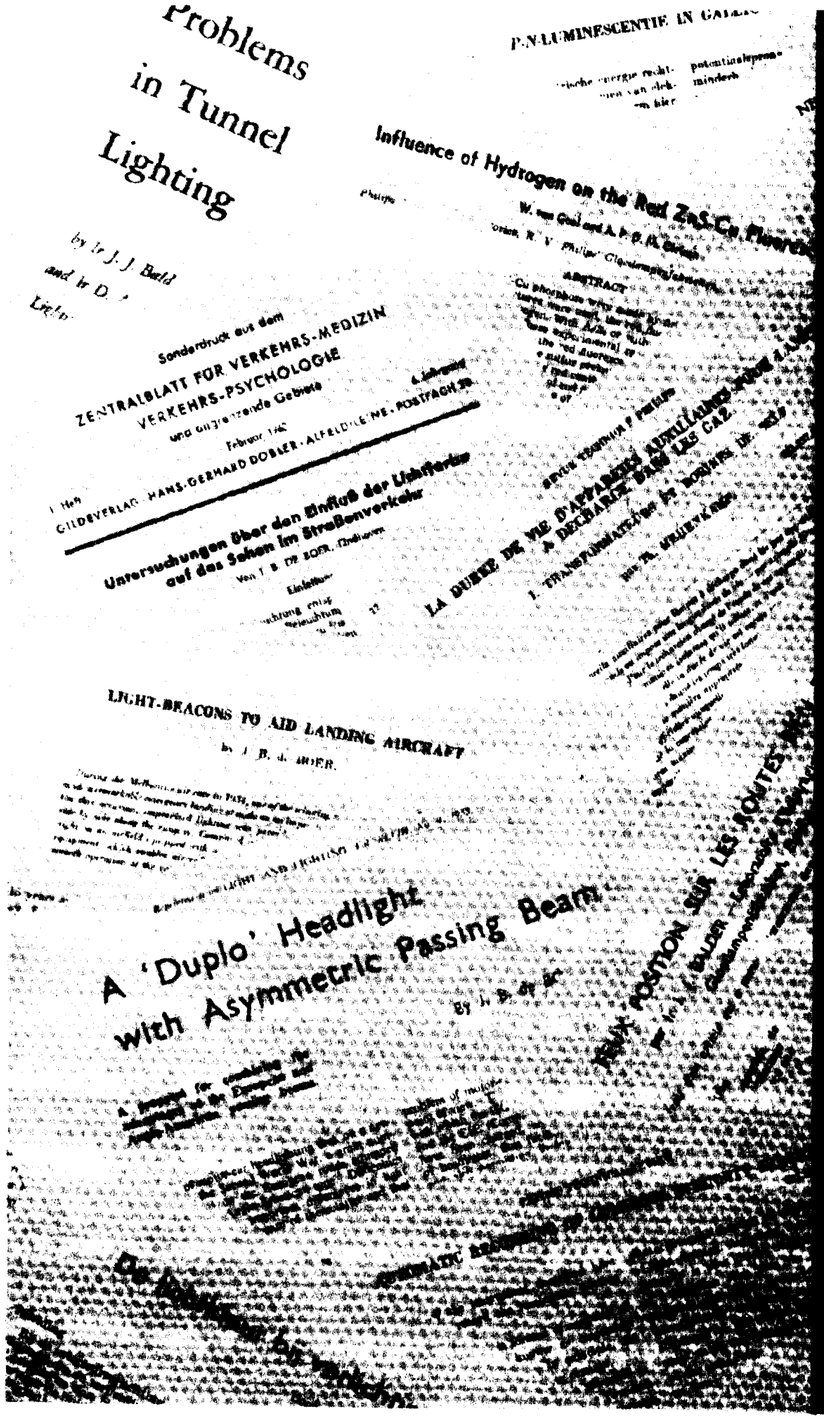
Suspicions about the government's ability, or willingness, to cope with the situation, increasing terrorism and rumours of a *Putsch* to come have led political and union leaders to meet and talk about filling the void, about self-defence, even about the succession.

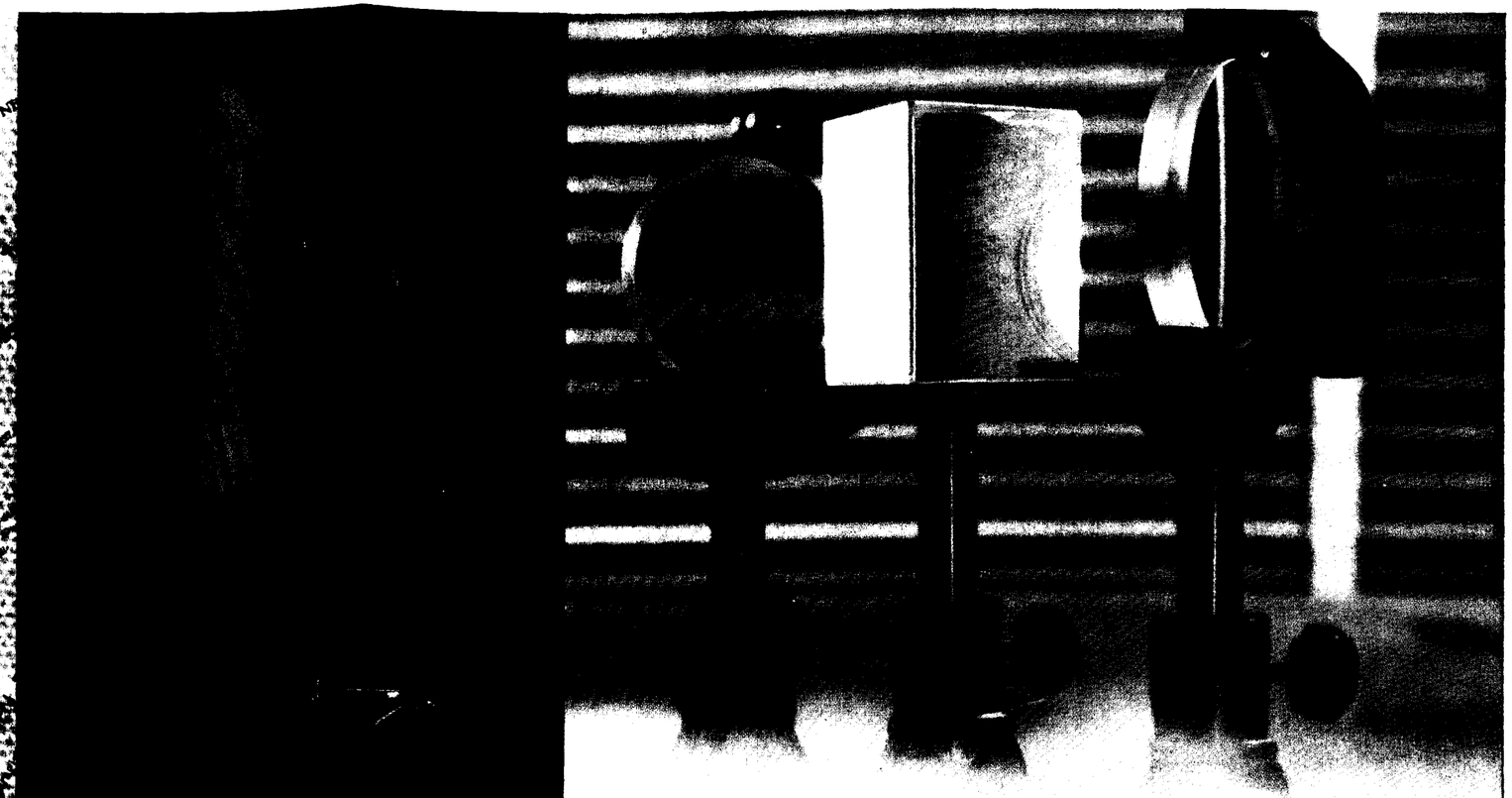
Old Dilemma: "Without the communists, the Left is nothing; with the communists . . . the army will never tolerate it." This sentence, attributed to General de Gaulle, sums up a great deal in the French situation. It explains the ambiguous relationship between General de Gaulle and his armed forces. It reveals one of the reasons for the impotence of the French Left. M. Mollet, the socialist, who shares the view that the threat of a popular front could provoke the army into action, has recently been busy



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regrouping. He has met M. Pinay, the conservative, as well as Radical, Catholic and trade union leaders, to see whether, if a vacuum arose, a coalition could be formed to fill it. At the same time, he has been trying to form a more active alliance of the non-communist Left against the Secret Army; without, so far, much success.

M. Pinay, whom many tip for the succession, has no special reason to broadcast his views on Algeria from his retirement. General de Gaulle's illustrious precedent demonstrated the political efficacy of ambiguous silence.

Recent demonstrations against the Secret Army have confirmed two things: that the communists can no longer bring as many people into the streets as they used to be able to do; and that no mass demonstration can be staged without them. The combination of these two lessons with the activity of the OAS has somewhat decreased the reluctance to work with communists. The Left still stands divided, but whether the communists will continue to be kept in isolation may now depend on events.

Waiting for What? Stories of an impending peace or an impending revolt are plentiful. The Secret Army, which dominates the life of the European population in Algeria, has no real roots in France. The fight against the Secret Army, for what it is worth, is waged by the police forces, mainly the cloak and dagger men. Meanwhile the French army carries on the Algerian war, and each fortnight brings reports of, say, 600 Algerian casualties. The wiser among the Secret Army strategists want to delay major action until the exiled Algerian leaders return to Algiers to take over; they would then try to get the armed forces to join them in the struggle against the "common enemy."

In prosperous France there is no scope for a massive fascist movement. All the question marks, however, lead one back to the problem of the army. The questions are not new. The government's present display of precautions suggests that the next few weeks may provide the answers. It is then that the true face of modern France may be seen.

Germans Think About Moscow

FROM OUR BONN CORRESPONDENT

LOCKED and unattended, a train composed of eight azure coaches, each inscribed "Germany's Way" in letters of gold, stands on a weed-grown siding near the Rhine, a couple of miles from Bonn central station. A fading sticker on the last carriage tells what lies behind the boarded window. It is an itinerant show:

> An exciting report on the rise of our nation. A mirror of the world in which we live. The first comprehensive exhibition giving a unique survey of the past, the present and the now forming future. Visitors do not require a platform ticket. Admission free.

Newer stickers on the carriage doors announce that the exhibition is *geschlossen*. For good? Or just having a breather? From time to time some riverside walker turns aside to ponder the vivid derelict. Is this, he may well be asking himself, a symptom of national apathy? Of impotence? Or just of despair of correctly divining the auguries? Perhaps the sponsors (the federal press and information office) feel that those intriguing exhibits concerning the shape of the future should be kept shunted out of sight while the two global giants continue to make friendlier faces at each other, and while Dr Adenauer and his uneasy coalition government are making up their minds how to react collectively to the latest Soviet overtures.

After a fortnight's hibernation ordered by the doctor, the old Chancellor reimposed his authority on the restive Bonn scene at the beginning of the week. First, there was his deputy, Herr Erhard, to congratulate upon his birthday (at 65, Herr Erhard is the Chancellor's junior by 21 years). It must have been a faintly awkward encounter for both, considering past vexations and current reports of moves to obstruct Herr Erhard from the succession to Dr Adenauer (might it be next year?) in favour of Herr Krone, the former parliamentary leader of the Christian Democrats and now minister without portfolio. But, having deposited his ambiguous present, a clock, on Herr Erhard's desk, Dr Adenauer was soon on his way from the ministry of economics to the Palais Schaumburg and his overriding love, the conduct of foreign policy. The first cabinet minister he called in was Herr Schröder, who succeeded Herr von Brentano at the foreign ministry in October in deference to the Free Democrats, advocates of a less crustacean approach to the Soviet-ordered world.

HERR SCHRÖDER had not been paralysed into inactivity by the Chancellor's absence. He had already summoned the German ambassadors to the Soviet Union, the United States, Britain, France, Italy, the United Nations and the North Atlantic Treaty Organisation to attend a conference in Bonn this weekend, at which foreign policy is being reviewed in the light of the new Soviet approaches. Herr Schröder had also had a long talk with the four leading Free Democrats who have been exhorting the government to seize the opportunity provided by the Soviet memorandum handed to Dr Kroll in Moscow on December 27th for an attempt to ease the tension between Bonn and Moscow. They are Herr Mende (the party chairman, who refused to take cabinet office under Dr Adenauer), Herr Scheel (minister for co-ordinating development aid), Herr Dehler (a former chairman of the party, noted for independent thinking and a plain tongue) and Herr Achenbach (a strongly nationalist member of the Bundestag foreign affairs committee, who was too closely associated with the Nazi occupation of France for many people's liking). It was rumoured at the beginning of the week that these four, along with other Free Democrat deputies, had accepted an invitation for an evening's talk with Mr Smirnov at the Soviet embassy. This, it now seems, is not true; and if it ever was, it was because the Free Democrats had assumed that some Christian Democrat and Social Democrat deputies would be doing the same thing. The two latter parties, however, have flatly declared that the time is not opportune to discuss the new Soviet proposals at that level.

In the course of a long talk with Dr Adenauer on Tuesday, Herr Mende restated the arguments that he and his colleagues had presented earlier to Herr Schröder for responding civilly and constructively to the Soviet memorandum. They are not as unqualified as Herr Mende's much-quoted remark—"I don't subscribe to the theory that ambassadors should be deaf and dumb"—had first led the public to suppose. Herr Mende advocates direct talks between west Bonn and Moscow—but only with the full connivance of the western allies, and only if the United States government's present soundings get nowhere. Should the highly dangerous deadlock continue, it would be irresponsible, Herr Mende contends, not at least to try to ease it by taking advantage of the good relationship which the west German ambassador in Moscow, Herr Kroll, has established with Mr Khrushchev.

Dr Adenauer, himself as mistrustful as ever of Soviet intentions, is planning to hear the views of a number of officials and politicians during the next few weeks. There are indications that he will find the bulk of opinion in approximate agreement with Herr Mende. The foreign ministry is divided several ways; at any rate, Herr Kroll has admirers there as well as detractors. As for the Christian Democrats, both Dr Krone, who was quick to point out suspicious discrepancies in Soviet propaganda about west Germany, and Herr von Brentano, who uttered the warning that it would be "dangerous and wrong" for Bonn to engage in bilateral talks with Moscow, are beginning to sound a little less

outraged at the idea. The Berlin Christian Democrat, Herr Gradl, has expressed the belief that there is more behind the memorandum than tactics and propaganda, and that the Russians genuinely want to improve relations with west Germany.

Professor Meyer, who was west German ambassador in Delhi from 1952 to 1957, has spoken for the majority of Social Democrats in counselling direct talks so long as Germany's partners agree and are kept fully informed. And it need scarcely be added that that militant pacifist convert, Dr Niemöller, president of the Evangelical Church in Hesse, has been exhorting a world seemingly bent on suicide to give up "the superstition that the differences between East and West are irreconcilable." But up to now his is the only voice that has been heard in public proposing that the aim of talks with Russia should be to establish a neutral, reunited Germany, romantically "bridging East and West." Dr Niemöller apart, none of the advocates of direct exploratory talks has so much as even hinted that the time may have come for Bonn to loosen any of its military, economic and political ties with the West. There is, indeed, nothing in the memorandum, or in the various Soviet elaborations that have followed it, to suggest that the Russians are ready to change their east German and Berlin policies for the sake of amicable relations with west Germany. Nor, as Herr Erhard has pointed out, are west German industrialists much impressed—at any rate for the time being—by the memorandum's reference to the "ocean of new possibilities" in trade with the eastern block. Only 4.7 per cent of west Germany's total foreign trade is conducted with the eastern block, and most firms could give up their eastern orders without inconvenience.

But it is the condition of the 17 million Germans living beyond the Elbe-Werra line, and the quality of their rulers, that is the chief hindrance to any increase of west German confidence or of readiness to make sacrifices for the sake of the general peace. Nothing could persuade the Germans more thoroughly that the division of their country is shamefully wrong than the character and conduct of the Ulbricht regime. Happily there are some signs, tenuous as they are, that this is being recognised in Moscow. Mr Khrushchev has been showing so little concern lately for Herr Ulbricht's feelings that the east German information services have been having to censor Soviet pronouncements. Thus the pace-setting east German daily *Neues Deutschland* omitted from its summary of the Soviet memorandum to Bonn the significant passage (so different from the paper's strident line):

> All conditions exist for the development of good neighbourly relations between the Soviet Union and west Germany. The necessity for establishing such relations accords with the fundamental interests of our peoples.

Once again those political pundits in Bonn who have long maintained that when Dr Adenauer goes Herr Ulbricht will go too are nodding their heads sagely. But perhaps that is looking too far into the future. At the moment of writing it seems that Dr Adenauer is being talked into agreeing that the Soviet memorandum shall be answered; and the reply would set forth once again the German thesis that self-determination for all Germans is the pre-requisite of satisfactory German-Soviet relations. The Soviet proposal for direct talks is likely to be ignored, but not explicitly rejected.

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Malaysia in Two Bites?

FROM OUR SPECIAL CORRESPONDENT IN SINGAPORE

DEMOCRACY was getting in the way of progress in Borneo last week. The Greater Malaysia Show, which was put on the road with a brassy flourish of trumpets a couple of months ago, looked like stalling in a Borneo bazaar or a head-hunters' long-house.

There was a brave and articulate assembly of delegates from Sarawak, Brunei and North Borneo, with Malayan and Singapore allies, in the bunting-hung Victory Theatre here for the fourth and final meeting of the Malaysia Solidarity Consultation Committee. But hearty adjectives masked cautious sentiments and, for all the exultant shouts, the anxious theme was: "Don't rush it!" The prospects, at curtain-call, were that Greater Malaysia would require two bites instead of one.

The Sarawak leader, Mr Yeo Cheng Hoe, appealed for "more time," because "our people are now divided and confused," and gave a blunt warning that, if Malaysia were "rushed through, there could be a repetition of that unhappy episode in Sarawak's history when the Rajah ceded the country to the British government." Mr Donald Stephens of North Borneo admitted that racial feeling against Malaysia was rising, and counter-propaganda was needed to allay "Chinese fears of becoming second-class citizens." Dato Ali of Brunei, stressing his territory's independence from Britain, was piously hopeful, and tactfully abstained from any reference to the unfortunate impression which some arrogant and inefficient "advisers" from Malaya have already left in the Borneo sultanate.

The plain fact is that Malaya and Singapore can hardly afford to wait for the innocent natives of the Borneo territories to shed their doubts and fears, accept the strange doctrine that their lot, whatever their present naive delusions, is not a happy one, and that fatter pigs, whiter rice and better fortune generally await their democratic decision to join the new state of Greater Malaysia. The noble Dyaks, crocodile-hunters and former head-shrinkers themselves, may brain-wash easily enough, but the local Chinese, inherently and innately suspicious of a change to greater Malayan control, are united in a solid block of sophisticated opposition to the project. They are, indeed, adopting the last desperate stratagem of democracy: spending money to resist the change. (For example, in North Borneo they have started a newspaper, the *Borneo Times*, solely to put a case against Malaysia.)

This embarrassing opposition confronts Tunku Abdul Rahman of Malaya and the prime minister of Singapore, Mr Lee Kuan Yew, with a hard decision. Should they abandon all pretence of democratic processes and go ahead with virtual annexation of the Borneo territories? Or should they build Greater Malaysia in two stages—Singapore and Malaya today, the Borneo territories tomorrow?

Mr Lee can probably command a safe referendum victory on merger in Singapore, despite the opposition—and doubtless bloody violence—of the Barisan Socialis breakaway extremists. (The Barisan Socialis boycotted last week's meeting of the Solidarity Committee.) Even if Mr Lee should lose a hard-fought vote, the Tunku, moving in to "protect" the lives and interests of the Malayan minority in Singapore, could suspend the present Singapore constitution by withdrawing his representative on the Singapore Security Council and, with the tacit agreement of Mr Lee, in effect absorb the restless, explosive, unpredictable island.

The Tunku has already accepted the lesser of two evils by consenting to embrace Singapore along with the Malayan makeweights in Borneo. After that hard but graceful swallow of old prejudices, he can probably bring himself, in expedience and realism, to yet another choice of the lesser of two evils. Merger deferred

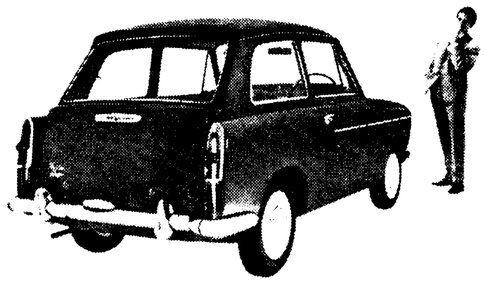


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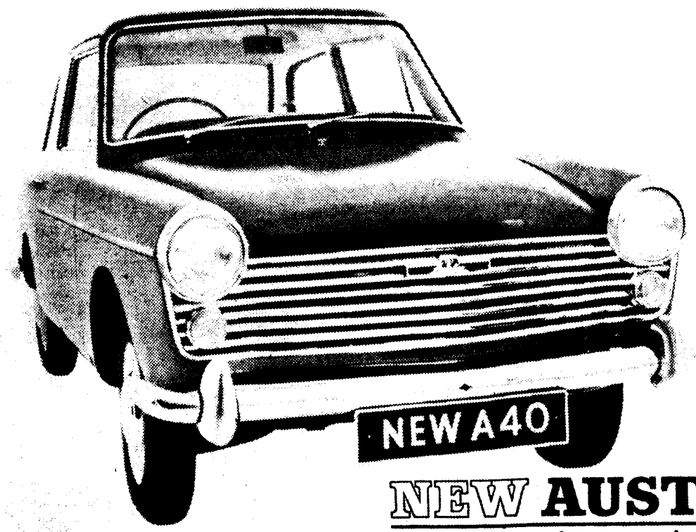
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will not just make Mr Lee's heart sick; it will also kick him out of office. Then the fears that induced the Tunku's first change of heart will become ugly facts indeed.

Suggestions—perhaps unworthy—are heard that Britain would not be desolated by a delay in the transfer of Sarawak and North Borneo from their existing Crown colonial status to partnership in the brave new South-East Asian state. This breathing-space, so the tongues wag, might be useful at a time when the future of the Singapore and Hongkong bases and the possible substitution of carrier-borne marine commandos are question-marks on the Far Eastern horizon.

Inche Yusof bin Ishak, Malayan delegate at the Solidarity Committee rally in Singapore, probably made the most prudent, realistic and truly Oriental reference to the difficulties and delays ahead. "Realisation of the State of Malaysia is only a matter of time," he observed equivocally. In the East, time is, of course, always a relative matter. Malaysia's hour, it now seems, will strike more surely and enduringly if it strikes twice—first, for Singapore and Malaya; secondly, for the uneasy and reluctant Borneo territories.

Africa: Southward March

FROM OUR SPECIAL CORRESPONDENT IN ADDIS ABABA

ONE of the more curious of African paradoxes is a Pan-African conference in Addis Ababa. "The "freedom fighters" graciously thank His Imperial Majesty for welcoming them to the imperial capital; then they switch over to their best nationalistic oratory to condemn the "bloodsucking parasitic imperialists." A land whose men have adopted the topee and jodhpurs as a national costume, and which provides as conference receptionist an ambassador's daughter educated at Cheltenham Ladies' College, may not seem the likeliest place for a conference planning "the total emancipation of Africa."

But all the delegates to the Pan-African Freedom Movement for East Central and South Africa conference this week took these slight incongruities without blinking. Indeed, the series of conferences held here since the United Nations economic commission for Africa made Addis Ababa its headquarters, and since the magnificent new African Hall was built here, has had an important effect on Ethiopia—one of which the emperor seems to approve. The Unesco conference on education, for instance, inspired some self-criticism of the limited Ethiopian school programme.

The point of this week's conference was not, however, to educate Ethiopia. It was to make as practical plans as possible for the liberation from white supremacy of all southern Africa by a date much earlier than 1970—the one suggested recently by the "Monrovia" heads of state. With independence for all east Africa within eighteen months almost assured, the emphasis has shifted south. The old Pafmeca founded by Mr Julius Nyerere four years ago has been enlarged into Pafmecsa, covering all southern Africa. At the same time, but for different reasons, it has spread north to embrace Somalia, Ethiopia and the Sudan.

The atmosphere has been one of confident militancy. The days of universal professions of "non-violent action" seem to be past. The Pan-Africanist congress delegate from South Africa, Mr Peter Molotsi, said that for leaders "lunging into the last phase of the liberatory struggle" it was unrealistic to champion non-violence as laid down in the Pafmeca constitution. The Uganda chief minister, Mr Benedicto Kiwanuka, remembering his years as a sergeant-major, gave Portugal a year's notice to start preparing Angola and Mozambique for freedom. "It does not matter what means we use, but they must be liberated," he said. As for white Rhodesians, they must yield or quit—"there is plenty of land in Australia." Mr Nelson Mandela, a bearded lawyer and an heroic figure from the South African political underworld, said that his African National Congress would continue non-violent strikes but would fully understand if the people turned towards the sort of sabotage that began in the main towns in December.

It is not clear what detailed plans the eighteen Pafmecsa countries are making to destroy the "Verwoerd-Salazar-Welensky axis," and the attempts of the champions of white supremacy to maintain an industrial empire "from Katanga to Capetown." Their main points of strategy will not be revealed. But it is known that the South Africans want equipment rather than conspicuous volunteers; Mr Kenneth Kaunda wants money either to organise an election campaign or a general strike (depending on whether the new Northern Rhodesian constitution proves acceptable or not) and the Southern Rhodesians want scholarships for exile students. In response to these requests a freedom fund and a refugee fund are being set up, and the permanent secretariat in Dar es Salaam is being strengthened.

More important in the long term, of course, is what these nationalist leaders intend to construct when they have destroyed the old colonialist fabric. There has been a good deal of talk about political union. The emperor began it by speaking of "a regional federation of east and central Africa." The Ethiopian chief delegate strengthened the point by saying that political union was necessary if the countries of east Africa hoped to diversify their economies, integrate their development programmes and exploit their mineral resources and the potential of their rivers.

The difficulty of achieving union has not blunted the general optimism. The accommodation of a sultan, a kabaka and an emperor inside one state is not regarded as a great problem. When the Zanzibaris point out that a customs union with mainland east Africa would deprive the islands of a third of their revenue, they are assured of compensation. But none of this will happen overnight. The early steps seem to be agreement to avoid setting up competitive industries, to establish a customs union and to pool defence forces. Ethiopia, which spends about 40 per cent of its budget on defence and internal security, could benefit greatly.

THESE conferences have established a convention that it is bad taste to air brotherly quarrels which detract from the image of African unity. Any protests the Somalis may have had about Ethiopian or Kenyan attitudes towards Somalis were politely hushed in the Ethiopian capital—especially with a Kenyan, Mr Peter Koinange, as secretary-general. Even when an angry word flew—as when the Afro-Shirazi delegation called the Arab administrators in Zanzibar "foreign insignificant minority elements" and Mr Oginga Odinga attacked the Kenya African Democratic Union as "a misguided tribalist organisation, a complete negation of African nationalism"—the other side did not answer back. This may not be the best way of resolving internal differences, but it stops controversy from confounding the attempts at broader planning.

The most worried men at the conference were observers from Ghana and Guinea. They see the growth of a regional federation in eastern Africa as a threat to Pan-African unity (and perhaps to their pre-eminence in promoting it?). Mr John Tettegah, Ghanaian ambassador-at-large, declared, "So long as we remain balkanised regionally or territorially we shall be at the mercy of colonialism and imperialism." He proposed an American-type constitution for the united states of Africa that would provide for common economic planning, a joint military command and a common foreign policy; he added that this union need not impinge on any country's sovereignty.

The idea of many Pafmecsa delegates is to build from the ground upwards, rather than from the roof down. Several would privately suggest that the Ghanaian plan is up in the air, whereas

regional federation is well founded. Publicly they assure Accra that Pafmecsa is conceived "within the framework of the All-African People's Conference." But this divergence of view over whether regionalism or Pan-Africanism comes first may prove a more important division than any that sets the Monrovia group apart from the Casablanca powers.

Persia's Gamble Against the Clock

FROM OUR MIDDLE EAST CORRESPONDENT

TEHERAN

ALTHOUGH Dr Ali Amini, the Persian prime minister, weathered last month's storm of student violence—and its ruthless suppression by a paratroop battalion—the disturbances have left the government with less public support than ever. It is generally accepted that Dr Amini was right in insisting that influences outside the university helped to stir up the students, and that paid gangs of hooligans, who notoriously play a squalid but important part in Teheran politics, took part in the street fighting. But it is equally clear that the paratroops got out of hand in putting down the riot; the government has tacitly admitted this by replacing the battalion commander. The prime minister has denied that he knew beforehand of the orders given to the troops, and there is good reason to believe him. Who, then, pressed the button? If that responsibility could be established, an important piece of the Persian jig-saw would fall into place.

At the height of the excitement, some 300 people were arrested: of these, more than two-thirds have by now been released. Dr Amini, supported by Dr Arzanjani, the minister of agriculture, lashed out in all directions—at the feudalists, the National Front, the Communists and the "Al Capones." This last reference was presumably to General Teymour Bakhtiar, who, when he was chief of security, reinforced his police by gangs of thugs and managed to amass a fortune for himself. After the riots General Bakhtiar was sent out of the country by the Shah; he is at present in Europe.

After an exchange of correspondence with the rector of Teheran university, Dr Amini seems to have made his peace with the scholars. The rector and his deans have withdrawn the resignations that they tendered in protest against the behaviour of the paratroops, and it is hoped to reopen the university before the end of the month. A lot of repair work has still to be done, and much equipment has still to be replaced. The government is also insisting that the university authorities set up a student guard to keep order in future. But who will the guards be? The method of selecting them seems likely to provoke heated debate among the students.

Teheran has regained its calm, but an end to Persia's troubles is remote. Dr Amini's government is pledged to a programme of radical reform by evolutionary methods. This includes the break-up of the big estates in favour of peasant ownership, and an extensive programme of industrial development. These changes imply a political and social transformation of the country. In time they would break the power of the traditional landowning class and produce thousands of articulate administrators and technicians in town and country. The experience of other countries suggests that at least a generation will have to pass before the programme is completed.

Except for the Shah himself (and his courtiers inspire little confidence) and the followers of Dr Amini, few Persians are prepared to wait this long. The breach between the prime minister and the National Front (the main opposition force) now seems irreparable. A policy of economic austerity and the dragging of government feet in bringing the corrupt to justice (most of the senior officials arrested on charges of corruption still await their trial) sharpen the quarrel; but the real issue is over elections. The National Front wants them now, Dr Amini refuses to hold them until the electoral law has been changed. This issue has not only widened the gulf between the government and the front. It has also given the front, formerly a loose and shapeless alliance of nationalist groups, a cohesion which it has never had since Dr Mossadegh went into pyjamaed retirement.

The National Front wants elections as a means to power. But what it would do if it got power is still anybody's guess. It holds together on the election issue; but, if elections were no longer an issue, it would probably fall apart. Uncommitted Persians differ about the desirability of parliamentary government at the present stage. Some argue that free and honest elections would result in the return of the more responsible representatives of the landowners and of the National Front, with perhaps a sprinkling of communists giving a strong majority for radical but gradual reform along lines laid down by Dr Amini. Others fear that the extremists of all parties would get in, with a small but determined communist group holding the balance and making the practice of government impossible. The past performance of the Teheran *majlis* suggests that the pessimists have good grounds for their apprehension; even if "responsible elements" were returned, how many would remain responsible and for how long?

There are those who are urging accelerated reform—or revolution—; there are others who do not want any reform at all. These are mainly the big landowners, whose strongholds are the court and the army. They do not represent the whole landowning class, perhaps not even a majority; but they are there, in high positions.



Survivor: Dr Amini

Dr Amini claims that the land reform will save the landowning class (for which he is promptly attacked from the left). But there are many landowners who have no use for this form of salvation.

Land reform is starting in the district of Maragheh, in Azerbaijan. In repeated statements designed to placate the landowners, and, perhaps, to impress outsiders by the prudence with which reform is being put into effect, the minister of agriculture has declared that the Maragheh "pilot project" is experimental. Any mistakes made will be rectified by changes in the law, and taken into account when the reform is applied elsewhere. For this very reason, some of the Maragheh landowners are already up in arms. "If you want to experiment," they ask, "why start on our lands? Why not make your mistakes on crown or government land instead?"

Although their motives are not unselfish, the Maragheh malcontents have a point. In the Qazvin area, for instance, where the Shah has already distributed large tracts of crown property, the lot of the peasantry has improved little, if at all. Farming is wretchedly inefficient. Since bread is a staple, wheat has to be grown however small the holding. The situation is getting worse as time passes and the sons of the family grow up and there is no land for them. On most such farms a time is reached when the younger sons drift off to the nearest town, which has little but casual labour to offer them. The government's answer to such problems is to form co-operatives. If enough officials, competent, honest, imaginative and patient, can be found to run the co-operatives the reform may succeed, given time. But Persia may have neither the men nor, more urgently, the time.

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THE BUSINESS WORLD

New Defences for the Dollar

SPURRED by a big increase in its payments deficit as officially—and exaggeratedly—recorded, the United States is planning two further defensive moves to protect the dollar in 1962. One of them is highly intriguing. Mr Dillon last week declared that the Administration would not oppose "an increase in the discount rate to achieve a higher level of short-term rates"; secondly, the impact of these higher rates internationally is to be reinforced by new moves in official intervention in the foreign exchange markets, notably in the forward exchange markets. The tentative steps in this direction that have been taken in the past few months by the United States Treasury itself are now to be supplemented by the Federal Reserve Board acting on its own account.

The possibility of manipulating forward exchange rates in order to guide the flow of international funds has exercised the minds of monetary theorists from Keynes onwards. Hitherto monetary authorities have been distinctly cautious in putting these ideas into practice. In Britain the Exchange Equalisation Account does operate in forward markets, but its intervention is limited, spasmodic and discreet: it is traditionally wary of operating too far "against" the market trend and would consider it positively dangerous to let its aims—and thus its position in the market—become known. On the Continent, official intervention in the open market for forward exchange has also been rare, but in both Germany and Italy the central bank has recently provided special forward swap facilities for one important sector of the domestic market, the commercial banks. The new moves now being developed by the United States are novel in the sense that they aim at a systematic—and openly proclaimed—intervention in the forward exchange markets. And since it is the essence of American policy to act in these markets in close co-operation with the local monetary authorities (i.e., they would not sell sterling forward at a time when this would embarrass the Bank of England) their initiative could conceivably lead to wider and more concerted official intervention generally, with the monetary authorities acting in concert to counter unwanted flows of short-term funds.

These steps make sense for the United States just now, because the main element in its deficit is the outflow of short-term capital. In 1961, the basic deficit on all other transactions was reduced to $600 million, from $2 billion in 1960 and double that in 1959. But the "net" deficit, which the United States records as the outflow of gold plus the increase in foreign-owned dollar balances, was still $2.5 billion; and in the fourth quarter, although the combined trade, government and long-term capital accounts were better than in the third quarter—when this basic deficit had temporarily widened—a steep increase in the recorded outflow of short-term capital widened the so-called net deficit to "an annual rate of $5 billion." Nor did this outflow reflect a concomitant flight from the dollar. It appears, for example, that some $150 million was attracted by Canadian banks and agencies in New York and promptly reinvested in that market: yet this $150 million which never left New York swells the net deficit—multiplied by four, of course, to get the annual rate. The great increase in international financing through the Euro-dollar market and in other ways has indeed made nonsense of conventional ways of measuring the movement of funds—it has, for example, added greatly to short-term US claims on foreigners. It is good to see that Mr Dillon is now making an "intensive study" of this important question of presentation.

At the same time, the American authorities are seeking to check the true outflow of funds. In recent months both the Federal Reserve Board and the Treasury have been working on "operation nudge" for the short-term rate, with some success. Officials now acknowledge that "crash action" in the form of a new rise may be necessary to fortify the external account. But they insist that this will not mean a commensurate rise in longer-term rates, which could stifle economic growth. And it is in order to minimise the domestic impact that the American authorities are putting their new emphasis on foreign exchange tactics. Most transfers of funds internationally are secured against the exchange risk by a forward exchange swap; and by working on the cost of that swap, as well as on American short-term interest rates themselves, the American authorities are bringing influence to bear on covered interest arbitrage from both sides.

LAST spring the United States authorities began operating in foreign exchange markets for the first time in a generation. Their initial move was in German marks; the Treasury put part of the proceeds of a German debt repayment into its reactivated stabilisation fund. This was used partly in the spot market, to help get the dollar off the floor. But the main emphasis of the operations has throughout been on the forward swap rate, in an attempt to bring down exceptionally high forward discounts on the dollar (premiums on the mark), which made it too expensive for Germans to secure cover for a transfer of marks to New York (unless they enjoyed the Bundesbank's official facilities), and which actually made it worth while for Americans to leave their marks in Germany

at no interest and buy their dollars forward at a discount. Mr Alfred Hayes of the New York Federal Reserve (which acts as the Treasury's agent) last week revealed that by the end of June last it had "provided" forward marks (i.e. contracted to supply marks against dollars) to a total of more than one billion marks. As it happened, these forward commitments were unwound without difficulty in the wake of the Berlin crisis—which pushed funds out of Germany into Switzerland.

At this stage the US Treasury duly turned its attention to the high premium on the Swiss franc, and it broke new ground by borrowing from an overseas government to build up an operating fund. In October it borrowed 200 million Swiss francs ($46 million) in a three months' credit granted through the Swiss National Bank. About half this credit was repaid in January, and the remainder was renewed for a further three months. In its latest venture, the Treasury has this week announced a three months' credit of $25 million in lire granted through the Bank of Italy: the Treasury has already been operating in lire in co-operation with the Italian authorities, helping to lift the dollar off the floor in Milan.

But the resources of the United States Treasury are limited not only in foreign exchange but also in dollars. Less than half of the $350 million in the exchange stabilisation fund has been available for transactions in Europe, the remainder being committed in stabilisation agreements with Latin American countries and the Philippines. The Treasury's Swiss and Italian borrowings, in turn, come under the debt ceiling. The decision to bring in the Federal Reserve appears to have been taken to provide greater resources, rather than greater freedom of action. Officials claim they have no set figure of how much will be available through the Federal Reserve. They point out that it could range well above $1 billion if conditions dictate, though they plan a modest start, believing that a little can go a long way (as the Treasury has to some extent shown) and also contemplating foreign borrowing in appropriate circumstances. It is still unresolved whether the Federal Reserve Board's activities will completely replace the Treasury fund; probably both will continue to be used, as the stabilisation fund offers the opportunity of masking transactions for periods longer than can be managed by the board—which expects to disclose transactions monthly, though it will probably still hide the details of currency transactions.

The success of this open experiment in one of the more neglected applications of Keynesian theory may be important for future currency management in the world. The forward exchange market, like any market in expectations, is particularly sensitive and not always rational. If dealers know that an official fund has major open commitments, this fact itself will influence them—and it may obsess them. To operate "with" the market is easy, as the Americans found in the German market after the Berlin turn-round. In Switzerland their success has been only partial—after an initial fall in the cost of the dollar swap this has now returned to its interest parity. In this case determined tactics by a larger official fund should make their impact. But at a time of real distrust, official operations designed to lift the dollar to a smaller forward discount might have to be very large indeed—and their very size might then frighten the market. Such possibilities have hitherto kept forward operations by the less venturesome European stabilisation funds within fairly small limits. The Americans, who are after bigger game, will have to exercise boldness and prudence in a fine blend.

On the Brew

A YEAR ago a number of head brewers still saw little commercial prospect for continuous brewing. Today, partially continuous brewing is already in practice and the industry recognises that fully continuous brewing on a commercial scale is technically possible. The system best known and most fully tested in this country is based on experimental work carried out by the British Brewing Industry Research Foundation and further developed by a consortium made up of the federation, the APV company of Crawley, Guinness and Courage Barclay and Simonds. The first development plant installed at Guinness's Park Royal brewery, for stout, and the second at Courage's Park Street brewery, for lager, have been used for research into production-scale problems. More recently similar plants have been installed by Watney Mann and by Peter Walker (a member of the Ind Coope Tetley Ansells group); these are working as production plants and the wort that they produce for fermentation is being used in beer sold to the public. The system used by these four breweries is continuous only up to the point where boiled and hopped wort is produced. But there would be no great technical difficulty in linking this stage with a continuous fermentation plant, and at least one of the four has successfully developed continuous fermentation equipment.

Brewers are aiming at the fully continuous process, from mashing through boiling to fermentation, for only at this last stage do the economies become most obvious. In the conventional batch process of brewing beer, the mash tuns, coppers and hopbacks used in mashing and boiling can normally be used several times in 24 hours; but the fermenting vessels are occupied by one batch of beer for four or five days, and beer may have to be left in maturing tanks for up to several weeks. One factor impeding the development of a fully continuous process is the brewer's traditional caution, though the industry is not grudging on research and development, on which it spends around £1 million a year. Another is that the Excise has not yet accepted any method of automatically gauging the gravity and metering the flow of the unfermented wort; some method will be needed before fully continuous brewing can start, but some promising equipment is now being tested. The other important impediment is legal rather than technical. At least eleven patents, some dating back to before the turn of the century, are registered for continuous fermentation. Last July the Dominion Breweries of New Zealand, which has been making use of the Morton Coutts process for continuous fermenation for some time, registered a series of patents in this country, which apparently sought to tie up continuous fermentation so comprehensively as to cover anything that any other brewer can do. Whether the patents

are precise enough to stand up to legal argument remains to be seen. Before long, some British brewer is likely to take the plunge, at the risk of litigation, with his own patented system.

Once the patents problem is overcome it will not be long before a fully continuous plant is in operation. This does not mean that brewers will scrap existing batch plants, on which they have spent a great deal of money since the end of the war. But continuous brewing offers tangible advantages in the construction of new breweries, in flexibility in production and in decentralisation. The capital cost of a conventional ale brewery, capable of producing 200,000 barrels a year, is put at £5 a barrel, £4 for plant and £1 for building; it is hoped, perhaps optimistically, that the capital cost of a fully continuous brewery of the same size would be £2 a barrel. The saving in such plant, built in stainless steel and instrumented throughout, would be impressive. The economies arise mainly because such a brewery would take up little space. A fully continuous brewhouse, capable of producing 50,000 barrels of ale a year, could be constructed in a building of two storeys on an area no bigger than a tennis court. Moreover, while a conventional brewhouse has to carry great weights (a single big fermenting vessel when full may weigh, for example, over 600 tons) and absorbs a great deal of space in storage between successive processes, a continuous brewhouse requires a comparatively lightly framed building with storage simply for raw materials and finished products. Indeed, beer might not have to be stored at the brewery at all, being taken off immediately to stores and bottling depots.

For lager, savings in capital costs would be even more dramatic, if it could be firmly established, as one patent claims, that a continuous fermentation process can eliminate the "lagering" time, which by Continental standards is not less than six weeks. Such a saving would be particularly important for British brewers; excise duty, which forms a substantial part of the price of beer, is charged on the unfermented wort and brewers are out of pocket for the cost of the duty all the time the beer is maturing. A fully continuous brewhouse capable of producing an acceptable lager without the need for prolonged maturing time, might cost as little as £2 a barrel, if it could be developed; the cost of a conventional 200,000-barrel plant, allowing for storage, is something like £12-£13 a barrel (£10 a barrel of it on plant).

Capital charges do not, however, loom large in the total costs of an ale brewery, amounting roughly to 5 per cent excluding duty and to 10 per cent including duty; a lager brewery involves a higher cost of servicing. To be acceptable to the brewers, the fully continuous process will have to offer something more than a saving in capital costs. It may save a little labour, calling for a smaller but more highly qualified staff. It does offer extraordinary savings in time; a continuous brewhouse can convert raw materials into finished beer in a quarter of the time taken in a conventional brewery. All the materials can be mechanically handled and fed continuously into the process, thus saving costs—particularly for hops. The process also offers the brewer very close control over the quality of his product, an important point for national brewers who have to produce a broadly identical beer at a number of local breweries. In parallel with the development of continuous brewing, much effort has been devoted recently to the specialised instrumentation needed, and brewing engineering companies will soon be able to offer fully-instrumented "package" breweries, either for batch or continuous brewing. The latter carry automatic safety devices at each stage; vital feeds are duplicated; and two or more identical plants are likely to be installed in parallel, not only for greater security but also for greater flexibility in production.

WITH such advantages, continuous brewing opens up new possibilities for the export brewer. Instead of engaging in the costly exercise of shifting masses of water halfway across the world, he could, in the market areas of his own choice, erect new breweries requiring little space or labour but capable of producing a beer of export strength and staple quality. At home, too, continuous brewing offers possibilities of greater decentralisation and savings in transport costs. Concentration of the brewing industry into big and less vulnerable groups has led to the closing of some breweries, but it has

No Heel Taps

THE first stage in brewing is to infuse roughly ground malt in hot water ("mashing") so as to break down the starch and to extract all the sugar; in the "mash-tun" the porridge of malt and hot water is soaked and sprayed with further water ("sparging"). The resulting solution ("wort") is boiled in a copper (or "kettle") with hops, from which preservative resins and bittering substances are extracted. After the spent hops have been trapped in a "hopback," the wort is then cooled, usually in a "paraflow." Yeast is then added and the wort is left to ferment in a vat. In this country, excise duty is charged at the point where the wort is transferred into the fermenting vessel. Lager brewing is a more complicated process, requiring several boilings and a longer period of maturity for the fermented beer than is usual for British-type ales.

Continuous brewing gives the same basic treatment to the raw materials automatically and non-stop, the aim being to deliver a continuous flow of fully fermented beer ready for consumption. The apparatus used may bear a superficial resemblance to conventional "batch" vessels, but it does in fact involve a break with the traditional equipment and techniques which are essentially the same as they were four hundred years ago.

Continuous brewing requires a precise automatic control of weights, flow and temperature; the automatic measurement and control of specific gravity; and, in this country, automatic gauging and sampling for excise purposes. In the continuous process, malt is fed at a controlled rate into a miniature mill and the resulting grist is passed by a weigh feeder to a small vessel in which it is automatically mixed with water entering at a controlled flow and temperature. There is no need for a mash-tun. The conversion and extraction of the malt can take place in passage through a system of heated pipes in which the optimum temperature can be established and maintained exactly. From there the water and grist can be passed to an automatic filtering and sparging vessel in which the residual extract is washed from the spent grain. The wort can then be run off continuously through a gravity controller to a heat exchange boiler and then on to a hop extraction vessel. The hop extraction may either involve passing the liquid successively through batches of hops or spraying the liquid through hops which are continuously fed on to a moving belt. The hopped wort is then passed out to a paraflow cooler and through a metering and sampling device into a continuous fermentation vessel, from which the beer can be run off either into casks or tankers or piped to the bottling store.

not brought about a general concentration of production into a few large-scale plants. It is likely, indeed, that production will remain dispersed. The cost of moving beer over any appreciable distance operates against excessive centralisation ; another factor is the supply of water. Brewers may use up to ten gallons of water for every gallon of beer that they produce, and in certain areas they would not be allowed to increase their consumption much above its present level. Transport and water may thus force the brewers to think in terms of dispersed production ; it follows that possibilities of brewing in twenty or thirty automatic, fully continuous breweries instead of three or four conventional ones cannot be ignored. Bottling is already widely dispersed ; looking a long way ahead, some brewers cannot see why continuous plants should not be erected next door to the bottling depots. Through mergers and take-overs, this industry is buying a measure of decentralisation and at the same time tightening its grip on the tied trade. But the greatest technical economies may come through decentralising production in fully continuous plants.

Behind centralisation and decentralisation lies another question, important alike to the consumer and the brewer: will continuous brewing affect the strength, quality and flavour of British beers and produce a greater uniformity between brands ? Brewing is an art. To perfect and maintain the individuality of a particular beer, the industry will argue passionately, calls for experience and judgment far more subtle than any number of scientific facts and formulae. Science offers the brewer methods by which he can either improve and better protect the quality of his beer, or economise at some expense of quality if he should want to. The scientist provides the means ; how they are used depends on the brewer. Clearly, continuous brewing might tempt brewers to adopt a policy of greater uniformity. On the other hand, it could be used as a method of improving quality and extending the production of national brands, and at the same time producing the regional and local beers that are at the heart of the British brewing tradition. At the moment, most big brewers are sensitive to the consumer's idiosyncratic attitude towards the beer he drinks. It may seem odd that a brewery should spend time and money producing ten or fifteen types of beer instead of trimming production down to one or two brands ; but brewers know they have to hold the goodwill of a large group of consumers which might be lost if they ignored or tried to strait-jacket the ordinary drinker's preferences. Hence, though continuous brewing offers the temptation of greater standardisation, the brewers may resist it. Continuous brewing, in fact, offers them a means of production as flexible as their traditional processes and holds out prospects of important economies. It will not revolutionise the industry overnight : but revolution was never a mark of the British brewer.

Britain into Euratom?

Some difficulties for nuclear engineering companies will arise if we do

SOME time in the summer, if negotiations for Britain's entry into the common market continue to go according to plan, the question will be raised of this country's joining Euratom. This time, the Atomic Energy Authority will not be able to tip the scales against membership as it was five years ago—there is no intention of joining some institutions of the Six and not others. Euratom, however, is an atomic energy organisation that actually owns plants and lets contracts, and can profoundly influence the course of nuclear research by giving or withholding funds. The effects on Britain of joining Euratom will not be quite the same as those of joining other parts of the common market. Very briefly, membership might prove a boon for the Atomic Energy Authority and a boomerang for companies involved in atomic engineering.

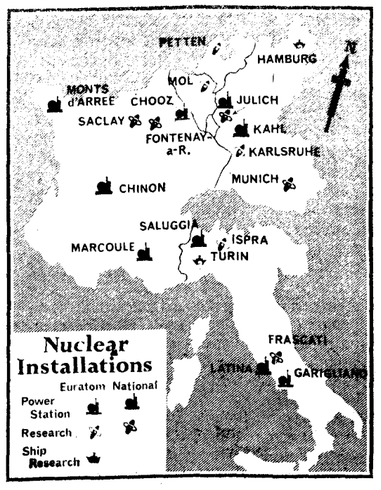
Euratom in real life is a different beast from the Euratom that appeared on paper in the original Treaty of Rome ; its features are softer and its tone less autocratic. The Euratom of the treaty was to be a supra-national body with considerable powers to prevent the production of nuclear weapons in western Europe by rationing and controlling their source material—uranium—and also to control the development of nuclear power through its grip on uranium supplies and its ownership of key production plants. That conception was never realised ; the Euratom that is emerging with shape and stature in Brussels is an international, largely non-political, research organisation filling the gaps in Europe's nuclear research between the programmes of individual countries and generally working for sensible commercial development of nuclear power. The roles of politicians and scientists in the organisation have been reversed ; the scientists run Euratom today and the last figure of political stature in the organisation, its president, M. Etienne Hirsch, has recently been removed to make room for a man said to be more interested in atomic fission than European fusion.

There are two reasons for the change. One is the attitude of France ; the other is plentiful uranium. France has persisted throughout in going its own way, conforming with Euratom regulations when they suited French policy and amiably shouldering them aside when they did not. When France made plain its government's determination to make nuclear weapons, a quick scissors-and-paste job had to be done on the Euratom treaty to accommodate this. Today, France refuses to allow Euratom inspectors into plants like the Marcoule nuclear power station and its ancillary plutonium extraction plant (the French equivalent of Windscale and Calder Hall) because the French argue—though Euratom disagrees—that these are military installations. The fear of a widespread shortage of all fuels, including uranium, was one of the driving motives that brought Euratom into being. It was assumed that western Europe would need a large nuclear power programme and might have difficulty in buying enough uranium to fuel it. The idea was that Euratom would negotiate uranium supplies for its six members and ration these out. But these shortages soon gave way to surpluses of coal, oil and uranium with falling prices all round ; so the need for a large-scale nuclear power programme disappeared too, and with it the joint services that Euratom might have provided.

For all their practical effect, large parts of the Euratom treaty could be regarded as having lapsed quietly—although it might be argued otherwise in Brussels. What remains is the rump of the original scheme—co-operative research—and on this the Euratom administration in Brussels is feeling its way towards the best method of getting things done. Superficially, it may seem to have achieved notably little ; in fact since Euratom came into existence in 1958, it has been laying the foundations for a research structure upon which a European nuclear energy industry can be built. None of this has been missed by the Atomic Energy Authority, cannily playing possum in London, but it is unlikely that the British atomic contractors fully realise what may happen to them when this country joins Euratom.

The consequences stem from the kind of research that Euratom supports and the way this support is given. Each member country (with the exception of Luxemburg) has its own independent national programme of atomic research ; in addition, it contributes to the upkeep of Euratom, whose five-year research budget expiring at the end of this year amounts to $215 million. (It is asking for $480 million for the next quinquennium.) Euratom is spending this money by sponsoring projects that member countries are not prepared to undertake and by supporting particular pieces of research that are of interest to all six members. Its object is to see that, somewhere in the Community, work is being done on all important aspects of nuclear physics, which can then be drawn on by industry as or if required. Wherever possible, Euratom prefers to place research contracts with existing laboratories in the member countries (occasionally outside them) rather than to set up laboratories of its own, so that each member can expect to get back some of its contribution to the upkeep of Euratom in contracts to do work for Euratom.

This aspect of Euratom's work must have considerable appeal for the UK Atomic Energy Authority at this time. The AEA's work in the future will be at lower tempo than in the past—indeed, magnificent research facilities are in danger of being under-employed if not literally idle. Its reactor research station at Winfrith Heath is one such case. And it so happens that the AEA's first taste of working to a Euratom research contract is on the same site, where Euratom has a sizeable stake in the research project known as Dragon (a high-temperature gas-cooled reactor for the 1970s, a sort of Mark III Calder Hall). The Dragon contract was part of Euratom's plan to fill obvious gaps in Europe's research programme. For much the same reason, it has taken over the Italian centre at Ispra and converted it into an institution doing research on power reactors cooled with organic liquids instead of gas or heavy water, on which plenty of work is already being done elsewhere ; a limited amount of work is sponsored on even more esoteric types of reactors in Holland. There are several new reactor types on foot in Britain that might interest Euratom ; if they do, Euratom would not find the AEA too proud to share work with it.



IF this were to happen, where would British atomic construction stand ? It has been conditioned to take basic scientific data passed down from the Atomic Energy Authority and to translate this, with appropriate flourishes, into engineering drawings of nuclear power stations to be sold to the Central Electricity Generating Board. It is an industry that has not been encouraged to think for itself, and on occasion when it has tried, has been slapped down on the ground that the AEA knows best—as indeed it should since it controls all the major facilities for finding out. Atomic construction on the Continent is more precocious. It may not have Britain's experience of building large nuclear power stations, and some odd goings-on in at least one French nuclear power station suggest that the British consortiums could teach their Continental colleagues a great deal about work on site. But it has been accustomed to working closely with scientists on development ; even the French Atomic Energy Commission, which has some resemblance to the AEA, leans more heavily on industry than the British authority has ever done.

Consequently, many Euratom research contracts are placed direct with industry, which is extending all the time its knowledge of advanced atomic technology. Contracts for research into thermonuclear fusion are, indeed, generally placed with national laboratories, and industry is not concerned with the kind of salvage operation that Euratom performs periodically when the smaller member countries find that in their enthusiasm to build a national nuclear research centre they have forgotten how much these expensive status symbols subsequently cost to run. One aspect of the immense stimulus that Euratom can give to the nuclear engineering industry is its ship research programme. Euratom is financing two design studies by industry, one in Germany, one in Italy, into small, protoype nuclear powered ships and if the designs look promising, it might order both ships to be built for experiment. British companies will remember that they bore the full cost of what proved to be abortive tenders for an atomic ship without a " thank-you " for their pains.

When Britain joins Euratom, the consortiums may find themselves at a competitive disadvantage. When Euratom places research contracts in Britain it will wish to place them with whoever is best situated to carry them through ; and that is likely to be the Atomic Energy Authority. Under present arrangements, British atomic companies would stand no chance of getting contracts from Euratom, and this must qualify their ability to compete with those industries on the Continent that do. This is not an argument against going into Euratom ; but it does suggest that some re-organisation of Britain's domestic atomic industry will be necessary if we do.

BUSINESS NOTES

ICI—COURTAULDS

A Telling Counterblow

EFFECTIVELY, ICI has raised its bid for Courtaulds without actually doing so. The paradox is explained by the fact that while the ICI directors have stood pat on their offer of four for five in ordinary shares they have now offered Courtaulds' shareholders the alternative of a convertible loan stock. For every £10 of Courtaulds' ordinary shares the offer is either £8 of ICI's ordinary shares or £25 of a 6½ per cent convertible unsecured loan stock 1972-77. The stock is convertible into 32 units of ICI ordinary stock in 1963, 31 units in 1964 and 30 units in 1965, representing prices equivalent to 62s. 6d., 64s. 6d. and 66s. 8d. respectively; conversion on the first date would thus produce the same amount of ICI stock as would be obtained from accepting the straightforward share exchange. ICI is to call an extraordinary general meeting to authorise the additional capital necessary to implement the offer. It is able to contemplate the issue of about £200 million in the new convertible stock because its capital gearing is low; the new stock would be covered about four times by the combined net assets and over six times by the combined current earnings of ICI and Courtaulds. The butt of the pistol peeps out of ICI's pocket in the announcement that while the formal documents will be posted on February 14th the closing date is March 8th and ICI reserves the right not to extend the loan stock offer beyond that date.

From ICI's point of view, the offer of a convertible saves Mr Chambers the embarrassment of having to announce a late extra final final bid. For Courtaulds' stockholders, it imputes a value of 50s. to their shares, on the fair assumption that the loan stock will command par in the market. The rise in the market price of Courtaulds on Thursday to 44s. 1½d., when ICI fell to 55s. 3d., was well timed. A full year's income on the convertible loan stock would be equivalent to £16 5s. per £100 of Courtaulds' ordinary stock; this compares with £10 of ordinary dividends for the year to March 31st. More than this, it provides an effective counter to any forecast of higher dividends by Courtaulds for 1962-63 or perhaps even 1963-64. The alternative, moreover, lessens the fear that the ICI stock issued in exchange for Courtaulds would hang over the stock market in a depressing mass. Although convertible loan stocks have lost some of their enchantment, this will please the institutions that were fully alive to the possibility of having too much ICI stock. Nor will they be displeased to have an income of 6½ per cent up to 1972 at least and possibly up to 1977 if the conversion offers failed to prove attractive. The stock provides a bridge over which Courtaulds' stockholders can walk without much danger. Unless Courtaulds now promises the distribution of some of its cash assets, it will have difficulty in keeping its shareholders to the path of independence. After hours on Thursday the jobbers seemed to be assuming that Courtaulds' stockholders would take the loan stock, for they marked Courtaulds up to 48s. and left ICI unchanged.

In a Glass Darkly

THE loan stock offer is backed by a long statement which refurbishes many of the old arguments but admits that ICI's profits fell sharply in 1961; this it tries to explain away and it promises, not too specifically, better profits to come. Having seen ICI's estimates for 1961, Mr Frank Kearton of Courtaulds was on safe ground in staking his reputation that ICI's profits must have fallen by "not less than 25 per cent" last year; in fact, gross profits fell by 30 per cent from £88 million to £62 million, and this despite the achievement of a record volume of business (physical, presumably, and not in cash terms?). The cover on the maintained dividend of 13½ per cent, paid on the capital as increased by last year's rights issue, appears to have fallen from 1.9 to approximately 1.4 times. The directors attribute the sharp drop in profits to big falls in chemical prices, to the deliberate adjustment of prices to competitive levels in anticipation of Britain's entry into the common market and to difficult and competitive conditions in domestic and overseas markets.

Answering the ostensible precision of the Courtaulds profit forecasts, the ICI directors fairly say they would consider it "quite irresponsible to influence stockholders by detailed forecasts of profits two or three years ahead"; profits, they point out, can be affected by factors outside a company's control such as political events, labour conditions and by the success or failure of plans to raise living standards. But after taking this point, they do not abstain from painting a brighter picture of ICI's prospects than last year's results would lead anyone to expect—and far brighter, naturally, than the picture that Courtaulds has been busily sketching in black crayon. They expect 1962 to be a better trading year than 1961 (could it be worse?); given the expected improvement in the second half of the year, profits, they say, will be "appreciably higher than those of 1961." They expect, too, that the record profit of £88 million will be exceeded "within the next two or three years," giving point to the conversion rights in the loan stock. Looking further ahead, "any surplus capacity for individual products will be of brief duration" and ICI's sales should rise by at least 80 per cent within the next decade. They see no reason, indeed, why ICI should "not maintain the same rate of growth, with a substantial increase in profits, during the present decade as it did during the last." The directors do not attempt to spell this out in terms of returns on capital employed.

So far as estimates can be made, the ICI directors believe that the profits of Courtaulds in a merged group would be sufficient to cover the dividends payable on any ordinary shares to be issued, even without taking any account of additional profits they expect from the merger, which they put at not less than £2½ million per annum "soon" and £10 million "within a decade." The loan stock would cost more than a comparable issue of ordinary shares, at the current dividend, but interest on the loan stock is allowable for profits tax so the net additional payment for the company would be "comparatively small."

Industrially Speaking

IN giving their views about the man-made fibres industry fresh currency, Mr Paul Chambers and ICI cover a great deal of old ground which has been examined and commented on—almost to the point of exasperated exhaustion—by the two combatants and outside observers. Some new points of emphasis, as opposed to a brand new set of facts, have emerged. The basic ICI view is that the British man-made fibres industry can only be competitive if the maximum of integration, both vertical and horizontal, is secured so as to avoid duplication in research and development; to meet the demands of the market by combining changes both in the nature of the polymer and in the fibre-making process; to plan correctly the large capital investments needed; and to put the maximum push behind the commercial development of a new fibre. ICI admits that Courtaulds is right to buy its raw materials in the cheapest market; but it still argues that without a link with a polymer producer Courtaulds could not get all the supplies it wants at the right time and at the right price. ICI claims, for example, that it sells nylon polymer to BNS at a cheaper price than its competitors can land the polymer for sale in this country. In answer to the suggestion that the purpose of the merger is to protect its own investment in nylon and Terylene polymer plants it points out that these plants are at present working profitably and at full capacity. Nor is Mr Chambers impressed by arguments based on the fact that some of the patents are running out, replying, in effect, that what will be important in the competitive struggle ahead is not so much the possession of a particular patent as the accumulation of technical know-how from past developments.

What ICI tries hard to do is to refute the implication underlying many of Courtaulds' statements—that it has been a dummy in the development and exploitation of man-made fibres. Hence it makes great play of its success with Terylene, claiming that its sales and profits are still rising, and saying that its failure with "Ardil" should be compared with Courtaulds' lack of success with "Fibrolane" rather than its achievement with "Courtelle." To the arguments about being "better" are added some about being "bigger." By weight, Courtaulds produces about 80 per cent of the British man-made fibres (including rayon) and ICI about 16 per cent; by sales value the proportions are 65 : 35; excluding rayon, ICI claims, the proportion is reversed in its favour to 60 : 40. As the bidding company, ICI dare not knock Courtaulds' achievements and forecasts too hard; but it could score a point by asking how, in view of world overcapacity for rayon and the possibility of tariff reductions, the forecast increase in Courtaulds' rayon profits will be achieved.

THE ECONOMY

On the Upswing?

FROM the end of last year to the end of this the National Institute of Economic and Social Research expects home output to rise by about 3¼ per cent—that is, to make good the slight dip in late 1961 and to rise by 1½-2 per cent beyond the higher level reached last spring. This is a shade more optimistic than most forecasters were at the turn of the year, perhaps mainly because the institute's optimism about exports in 1962, which had flagged a little though not disappeared three months ago, is now quite as strong as it was last summer. It does not, on the other hand, expect imports to rise much faster than home output: so its forecast of a 6 per cent rise in exports during 1962 offers the expectation of a current balance of payments surplus of £50-75 million. The institute, too, notes the consistent credit in the balancing item, and believes that the genuine deficit in the basic balance this year (i.e. debiting long-term capital) may be relatively small.

Some salient figures from the institute's forecasting are set out in the table (these simply translate its ideas about percentage changes into money figures for consolidation, and should not be taken as any firmer than the percentages). It does not expect the turn in stockbuilding to come until the second half of the year (so that some reduction may now be occurring in stocks of imported materials); and it reckons that the fixed investment boom is now clearly over (though a high level of capital expenditure is likely to be maintained). Its forecasts are based on the postulates that credit restrictions will not be relaxed even if Britain's short-term economic climate improves: that 10-12 million workers may get increases of 4-5 per cent in wage rates in 1962, moving the wage index up about 3½ per cent by the end of the year, and disposable incomes up by 4-4½ per cent;

THE INSTITUTE'S FORECASTS FOR 1962

£ million at 1954 prices, seasonally adjusted, quarterly average

	1961 II	1961 IV Provisional	1962 IV Forecast	% changes forecast: 1961 II to 1962 IV	% changes forecast: 1961 IV to 1962 IV
Expenditure at market prices:					
Consumption	3,694	3,630	3,695	0	+ 1¾
Durables	*336*	*250*	*275*	*18*	*+10*
Non-durables	*3,358*	*3,380*	*3,420*	+ 1¾	+ 1¼
Public authorities	793	815	835	+ 5¼	+ 2½
Fixed investment	931	965	975	+ 4¾	+ 1
Private	*435*	*465*	*455*	+ 4½	− 2¼
Public	*318*	*325*	*340*	+ 7	+ 4½
Dwellings	*178*	*175*	*180*	+ 1	+ 3
Exports	1,195	1,175	1,245	+ 4¼	+ 6
Stockbuilding	+71	−10	+40	..	..
Total	6,684	6,575	6,790	+ 1½	+ 3¼
Factor cost adjustment	*685*	*650*	*660*	+ 3½	− 1½
Total expenditure at factor costs	**5,999**	**5,925**	**6,130**	+ 2¼	+3½
Supplied by:					
Imports	1,385	1,380	1,435	+ 3½	+ 4
Home output	4,614	4,545	4,695	+ 1¾	+ 3¼

and that with manufacturers unable to raise prices much, consumer expenditure may rise about 1½-2 per cent (no more than recovering to the level before the Chancellor's measures in July).

It expects spending on durables to rise more than this, by about 10 per cent during 1962; but discounts the expectations of a 9 per cent increase in home sales that the car manufacturers gave it in November. In fact, by the turn of the year the motor forecasters were themselves more cautious, with guesses ranging from a nil to an 8 per cent increase: but the institute's own guess that sales may actually be lower in 1962 than 1961 implies much less eagerness now to spend on cars than on other durables, which runs rather counter to the latest samplings of consumers' spending intentions.

NED, So Far

APART from the Chancellor, the Minister of Labour and the President of the Board of Trade, the National Economic Development Council is to have 17 members, counting Sir Robert Shone *ex-officio* as director of the planning office. This week the names of all but the TUC members were announced. Lord Robens and Dr Beeching represent the nationalised industries; Mr F. A. Cockfield, Mr. A. R. M. Geddes, Mr C. E. Harrison, Mr E. J. Hunter, Mr J. M. Laing and Mr J. N. Toothill, private industry. The six private employers, who have been asked individually to serve by the Chancellor and not formally nominated by trade associations, will be balanced by six trade unionists nominated by the TUC. Sir Oliver Franks and Professor H. Phelps Brown (who is one of the dying Council on Prices, Productivity and Incomes) have been appointed as independents. At the second level, in the "office," Sir Donald MacDougall has been appointed as economic director and Mr Frank Pickford to head its administration.

IN THE MARKETS

Scramble for Gilt-edged

THE dominant feature of the London stock markets this week has been a surge of demand for gilt-edged. Equities have remained quiet and still show no decided trend—despite a marked upturn on Wall Street, where the Dow Jones industrial average rose from 700 to over 715 in the week to Wednesday. Over the same period *The Economist* indicator of London equities rose by only two points to 359.0.

Just why gilt-edged should seem so much more desirable this week than they did last is not clear. The underlying mood of the market has been favourable to gilt-edged for some months, and the ending of the official tap in 5½ per cent Treasury 2008-12 in mid-January gave clear scope for a rise. For no apparent reason the market suddenly became quiet—decisions by institutional investors may still take weeks to reach—and a block of this stock that had been laid in by a large firm of jobbers was available to meet the demand. But this was soon exhausted, and when a large order reached the market on Monday the jobbers raised their prices sharply. This set off further buying, and brought little selling until Wednesday, when prices at first eased

	Jan. 3, 1961	Aug. 4, 1961	Jan. 2, 1962	Feb. 1, 1962	Feb. 8, 1962
Treasury, 5½% 1962	100$^{17}/_{32}$	99$^{1}/_{32}$	100$^{1}/_{32}$	100$^{1}/_{16}$	100$^{1}/_{32}$
Exchequ. 5½% 1966	98$^{7}/_{8}$	96$^{5}/_{32}$	98$^{3}/_{16}$	98$^{1}/_{32}$	98$^{1}/_{2}$
Savings 2½% 1964/67	82$^{7}/_{16}$	80$^{3}/_{16}$	84$^{7}/_{16}$	84$^{5}/_{32}$	85$^{1}/_{2}$
Conversion 5% 1971	90$^{1}/_{2}$	86$^{31}/_{32}$	90$^{13}/_{32}$	90$^{31}/_{32}$	91
Fund. 5½% 1982/84	95$^{1}/_{32}$	87$^{7}/_{8}$	90$^{9}/_{32}$	90$^{1}/_{16}$	90$^{5}/_{32}$
Fund. 3½% '99/2004	63$^{3}/_{32}$	55	57$^{1}/_{32}$	57$^{29}/_{32}$	59$^{19}/_{32}$
Treas. 5½% 2008/12	93$^{1}/_{4}$	82$^{1}/_{4}$	83$^{3}/_{16}$	84$^{3}/_{4}$	87$^{21}/_{32}$
War Loan 3½%	58$^{29}/_{32}$	49$^{27}/_{32}$	51$^{3}/_{4}$	52$^{13}/_{16}$	54$^{11}/_{16}$

All prices are shown net of accrued interest.

—but then went ahead again on the strength of new buying at the close, some of it on foreign account. On Thursday the market rose further, taking the unchanged Bank rate in its stride. The driving force behind the current upward movement is based essentially on long-term considerations, about equities and the uncertain industrial outlook. Bank rate considerations are secondary, which is shown by the emphasis on the long rather than the short end of the market.

This unusual phenomenon of a dearth of gilt-edged sellers has produced some sharp price movements. By Thursday's close net prices of long-dated and undated stocks were up by around two points on the week, and

the newly free Treasury 2008-12s by nearly three full points, bringing the gross redemption down to £6 6s. This is now very near the yield on the new and shorter tap stock, the 5½ per cent Funding 1982-84, whereas when Treasury 2008-12s came off tap three weeks ago they offered a margin of 6s. The result is that the 1982-84s, which the government broker has kept broadly steady through the rise, are already looking cheap and attracting the first "reverse switches" from the 2008-12s.

Much earlier than seemed likely, it is already exerting a check on the long-term market. The authorities now have to decide whether to keep it distinctly cheap, and hold the market down, or raise the tap price in the market's wake and thus give scope for a bigger rise. The present mood at the Bank may favour the second course: it is not necessarily the right one for a year when the pound needs every support it can get.

THE EXCHANGES

Investment Funds for London

WHILE the gold market has quietened down considerably, demand for sterling has persisted and even strengthened further in the past week. The spot rate on New York has risen further to $2.81\frac{7}{8}$, and if the Exchange Account had not taken dollars off the market the rate might have gone through the ceiling of $2.82. Sterling has also registered gains against the leading Continental currencies. In January, the net intake of gold and convertible currencies was shown at £33 million—and the authorities have been known to put something by at such times, in particular against forward commitments. The disclosed increase more than covers the net outflow of £18 million shown in December, when funds were being withdrawn for window dressing.

The inflow of investment funds appears to have quickened in the past week, and has helped to stoke up the gilt-edged market. Interestingly, foreign operators are showing no strong liquidity preference in their sterling investment. Thus in the local authority mortgage market they have shown little interest in seven-day deposits—so that the rate here has actually risen a little to $6\frac{3}{8}$ per cent—but have concentrated on maturities of at least three months. This is logical enough on the view that Bank rate may come down and that sterling is safe for the time being.

The huge outflow of $750 million from the Bundesbank in the first three weeks of January was checked in the last week of the month. In December and January together, the Bundesbank's reserves still fell by DM 1½ billion ($375 million). Only a small portion of this is believed to have come to London, and it is not clear where the rest has gone (into Euro-dollars, yes—but who are the borrowers?). Part of the answer is that this is essentially a paper switch: dollar assets lost by the Bundesbank have been taken up by German commercial banks, under cover of a forward swap provided by the Bundesbank at the cost of ¼ per cent premium. Thus even though the Bundesbank has nominally reduced the portion of dollars in its external reserves, its "dollar risk" has not been reduced in the same degree, because of the exchange guarantee it is providing on money no longer in its own name.

AUSTRALIA

The Opposition's Clothes

THE Australian government this week swung its economic policy into reverse. The December elections reduced its working majority in the lower house to two votes, and new elections are expected later this year. So Mr Menzies has scooped the opposition. The new measures are designed to stimulate the economy, now flagging under the impact of last year's credit restrictions. In all, *says our correspondent in Sydney*, they will pump about £A75 million into the economy in the remaining four months of the financial year. But included among the stimulants is the announced intention to re-impose import controls "where necessary"; a "competent economic adviser" attached to the Tariff Board will advise the government when quantitative restrictions are necessary. Possible examples mentioned by Mr Menzies are "certain motor vehicle components, certain chemicals, textiles, and paper products, and categories of timber." Import duties are already high, and quotas have not been removed from wool textiles and man-made fibres.

Internationally, these restrictions must appear particularly objectionable, and openly protectionist, because Australia's trading account has rarely been healthier.

UK EXPORTS TO AUSTRALIA

	1959 £ m.	1960 £ m.	1961 £ m.
Chemicals	24·1	24·8	20·8
Motor components	16·5	22·5	10·0†
Paper manufactures	7·2	7·2	5·0†
Textiles*:			
Cotton	9·6	9·7	7·0
Man-made fibres	3·9	4·4	3·1
Wool	1·5	2·0	1·7
Total	223·4	259·9	201·7

* Excluding made-up goods. † January–September only.

It moved into surplus last May, and in the first seven months of the financial year from mid-1961 the surplus has reached £A131 million, compared with a deficit of £A169 million in the same period of the previous financial year. Admittedly, the net inflow on capital account has fallen sharply, partly because of repayments of foreign credits by importers and the granting of credit for wheat sales to China. Even so, the reserves stand at just over £A600 million—equal to six months' supply of imports—compared with £A376 million at the end of December, 1960. So, with his big trade surplus, Mr Menzies had plenty of room for manoeuvre before he need have worried that a revived import boom might endanger his balance of payments. Indeed, the one certain way to stimulate imports into Australia is to talk about controls. Mr Menzies is well aware of this; he has promised "special temporary measures" if importers try to jump the gun. January's high import bill of £A82 million suggests that they might have already started.

The fiscal stimulants are:

1. A rebate of 5 per cent on this year's income tax, which will cost the Treasury some £A30 million.
2. Further grants of £A25 million to the state governments for public works and housing.
3. An investment allowance of 20 per cent on new plant and equipment.
4. An increase in the basic unemployment benefit.
5. A reduction in the sales tax on cars from 30 to 22½ per cent.

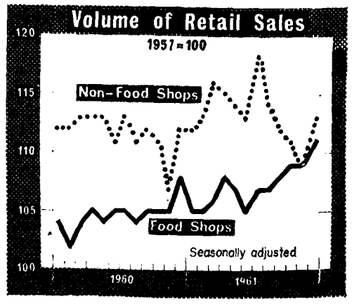
The regular budget is due in August—and the election could be before or after.

CONSUMER SPENDING

Picking Up?

THE Board of Trade has confirmed that shopkeepers had yet once more, a "best ever" Christmas; its figure for seasonally adjusted sales (1957 = 100) is finally put at 118, unchanged from the original estimate. Still a little uneasy, however, about seasonal adjustment for that month, the Board points out that it would be unwise "to assume that the high December level will necessarily be maintained in the coming months."

According to these calculations, the value of sales by both food and non-food shops increased by about the same amount (3½ per cent) in December, but the volume of business went up more in non-food shops. For the first time since July, there was some improvement in sales by durable goods shops, but the rise of 3 per cent, after taking seasonal factors into account, still left them 20 per cent below their peak. Credit sales of household goods shops went up rather more than might be expected, in line with



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PASSPORTS TO EASTERN TRADE



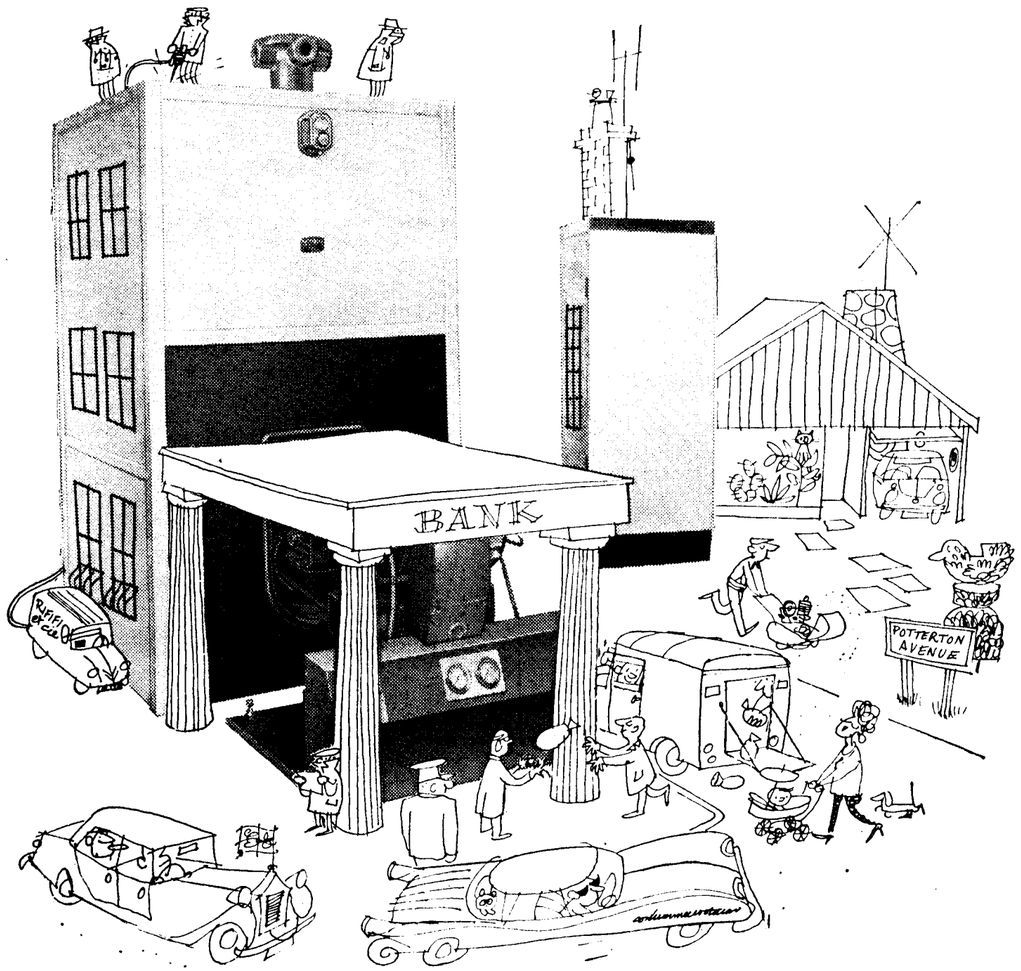
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the total business of these shops. But outside ordinary retail trade, new credit business fell by nearly one-quarter between November and December, more sharply than is usual; as a result, total instalment debt was reduced again, although by only £4 million over the month.

Figures collected by Hire Purchase Information show that hire purchase sales of new cars rose in January by just over 3,000 to 10,257. This was a larger number of contracts than were made last year; but credit sales of used cars were some 16,000 short of the January, 1961, figure. New and used car contracts together were 9 per cent below a year before and 18 per cent below January 1960.

BUILDING

The Trials of a Boom

The tiresome problems of an industry that is working to capacity and is a subject of the government's attempts to regulate the economy form the theme of this year's report from the National Federation of Building Trade Employers. For the second year running, it complains of the difficulty of quoting a firm price for a tender when the price of materials or wages may rise before it is finished. Its efforts have by now been rewarded by getting some makers of building materials to agree to sell at fixed prices, too; but it has been unable to persuade the Ministry of Works to agree to a shortening, from the present two years, of the period over which the price in a tender has to be guaranteed as firm. The Ministry has rightly argued that to do so would undermine the whole system which it laboured so hard to establish.

Despite the builders' complaints, their costs seem to have risen rather less than their prices over the past two years. The Ministry of Works index of building costs rose from 113 at the end of 1959 to 120 at the end of 1961, after the October wage increase; but the index of building prices that Professor C. F. Carter publishes in *The Builder* rose from 112 to 125 over the same period. The Federation does complain that the Ministry's cost index—which, until the wage increase, had risen only three points since 1959 or one point since 1958—was "not in accordance with the experience of practical builders." No doubt a practical builder who looked only at the prices of materials and labour would feel this way; but much of the explanation of the stability of costs is the great improvement in productivity that the industry has achieved over this period. The Ministry of Works calculates that net output per man-month has risen nearly 13 per cent since 1959, and that materials input per man-month has gone up by ten per cent. So rapid an increase shows that the industry has something to be proud of—and illustrates the advantages of a high level of activity.

AIRCRAFT CONTRACTS

Blue Steel Blues

The years have hardened Sir Edmund Compton, Comptroller and Auditor General, against the shock of learning that aircraft projects have exceeded original estimates five-fold in five years. The latest case is Hawker Siddeley's Blue Steel, a baby rocket carrying an H-bomb, a junior Skybolt to be taken by V-bomber to within a couple of hundred miles of its target and then released to complete the journey under its own power. When first ordered in 1955, its cost was tentatively put at £12½ million; towards the end of 1960, this had risen to £60 million; Sir Edmund gives no inkling of what has happened since. But the figures he gives suggest that the cost of developing this tiny weapon is not much less than the amount spent on the huge Blue Streak to date, with all its test facilities and rocket ranges.

This is not an isolated case; all the missiles that have undergone inquisition by Sir Edmund have exceeded estimates, some by more and some by less than Blue Steel. Indeed the Ministry of Aviation (and the Ministry of Supply before it) have argued publicly and privately that guesses about the likely cost of a radically new project are not worth making. It is not humanly possible, so it is said, to estimate in advance the cost of an original missile that may take ten years to develop. If this is so, why attempt to do it? If senior civil servants lend authority to calculations which they admit to be without meaning, the whole process of Government accounting is brought into disrepute—which is precisely what has happened in those cases over which the Ministry of Aviation has control.

All missile projects have involved considerable basic research which, as every scientist knows, is difficult to cost for more than a short period ahead; exploring the unknown is not easily brought within normal accountancy.

A Note of Realism

The Ministry of Aviation seems to make a bigger mess of its cost estimates than most Government departments faced with similar long-term projections. The Department of Scientific and Industrial Research discovered several years ago that accurate budgets could not be drawn up for research beyond twelve months and the DSIR now works on a moving 5-year plan in which it accurately costs the first year and drafts estimates of progressive uncertainty for the remaining four. Could not the Ministry of Aviation adopt a similar procedure? Is it strictly true that the Treasury would never sanction new projects without some preliminary estimate of the probable size of the total bill? Experience must have taught the Treasury that any figures given at the start of such work have little meaning. Moreover the present system is invidious because it implies that excess cost may be due to contractors' inefficiency, whereas often it is caused by quite other factors. Hawker Siddeley has been indicted for mismanaging Blue Steel at certain stages, but the company would deny that this is the only, or even the main, reason for the rise in cost. The development cost of Blue Steel in fact compares favourably with similar projects in the United States that had to be cancelled long before completion—it is likely to compare well with its successor, Skybolt, which is turning out to be a pale shadow of the weapon originally promised in everything but its astronomical cost.

This system of picking costs with a pin makes mockery of the work of Government watch-dogs like Sir Edmund Compton; when the Ministry of Aviation blandly describes its estimates of cost as "necessarily conjectural," how is he to sense whether the excess over estimates is due to muddle, inefficiency and wrong design or whether it genuinely arises from circumstances that cannot be controlled? A committee recommended to the Government before Christmas that future development contracts should be placed piecemeal as work progresses, so that a project could be stopped at any stage when costs looked like exceeding the military value of a finished weapon. This advice is being followed with varying enthusiasm, although it is said to be unpopular with the aircraft industry. The value of the system depends, however, on making a fresh assessment of the project at each stage of its development. This, in retrospect, seems to be the great strength of the French government in relation to its aircraft industry. The British aircraft industry is currently holding up the French example as the epitome of sensible and consistent government support for aircraft development. It might remember that successive French governments have cancelled many more aircraft than they have ordered.

FORD

Detroit Style

The reorganisation of Ford's British company into five "profit centres" seems one of the first-fruits of the purchase of the minority shareholdings by Ford America last year. The new form of organisation is that which has been used for some years past in the American parent; its introduction to Britain is, Ford says, a recognition of the growth of the company to a size where it cannot be run as one unit, and the need to improve quality and reduce costs to compete effectively in the common market. The essence of the scheme is that each "profit centre" is responsible for one part of the manufacturing process—the hot metal division covers the blast furnace and foundry; then there are the chassis, transmission and engine division, the metal stamping and body division and the assembly division. Finally comes the sales

division. Each of these divisions will be a self-contained accounting unit, buying and selling from the other divisions. This elaboration of cost-accounting methods is liked by Ford for the extra incentive it gives each division to improve its "profitability." To the outsider, its economic effect may appear to depend pretty much on how the transfer prices from "centre" to "centre" are set, and on how real any assumed freedom for each to buy from outside rather than from one another or established suppliers turns out to be.

Though any firm like Ford must have a good idea of how its costs compare with those of bought-out parts, this sort of decentralisation helps to make the contrast clearer to the staff—and perhaps get consideration of it carried further down the line. It does not, however, mean that central direction disappears; the independence of the divisions is limited to the functions that each can perform separately, and policy on all such basic matters as models and prices will be set at the top. But the divisional organisation should shorten the chain of command, and reduce the number of people who have to be consulted about a decision.

One expected effect of Ford America's full ownership that has not yet become outwardly apparent is co-ordination with Ford Germany (though there are rumours, denied by Ford, that the whole European sales policy is now set in Cologne). For the moment the two subsidiaries produce competing ranges of cars, even though they are sold—as they have been for some time past—through the same dealer network in Europe. If there are two factories of the same company, supplying the same market, one might assume that they would make cars that complemented one another. When model planning is so long-term a process, it would take a long time to work this out; but unless it had such thoughts in its mind, one wonders why Ford America wanted the minority shareholdings.

BIDS AND DEALS

Fairey Bountiful

THE latest circular from Fairey suggests that there is now little chance that the revised Bristol-Westland offer, now worth 30s. on the basis of share prices or alternatively 28s. in cash, will be acceptable to shareholders. Having been advised by their directors, who in turn have sought advice from S. G. Warburg, to reject this offer they now have the prospect of a distribution of part of the company's assets, amounting to at least 12s. 6d. a share, dangled in front of them. Of this at least 6s. 6d. will be in cash; in addition the shares in Siebe Gorman (which was acquired in 1960 for £1,350,000) will be distributed one-for-one and will have a stock market quotation again. The directors once more emphasise the inadequacy of the bid in relation to asset values. If 12s. 6d. is subtracted both from the cash bid of 28s. and the current net asset value of 47s. 4d. per Fairey share the value of the Bristol-Westland offer is 15s. 6d. for assets worth about 34s. 10d. a share. Fairey moreover will match the offer of Bristol-Westland to pass on to shareholders any compensation received in respect of the expropriation of the Great West Aerodrome; this has been estimated at 7s. 10d. if the claim is fully met.

Fairey directors stand pat on their forecast of a 15 per cent dividend for the current year and again for 1962-63, so shareholders would also do better in income, assuming a 5 per cent return on the cash and share distribution. The proposed distributions involve a scaling down from £800,000 to £650,000 in the forecast of gross profits for 1962-63 but the directors will consider a further distribution of assets if this estimate is not reached. The main question for shareholders is what the shares will be worth after the distribution: a price of around 22s. does not seem unreasonable, at which they would yield 7 per cent. Adding back the 12s. 6d. this puts a value of around 34s. 6d. on the shares, without taking any account of the aerodrome claim. The shares in fact remained practically unchanged at 32s. after the circular was published, for many recent buyers were taking useful profits. The manner in which Fairey has fought back will not be lost on Courtaulds' shareholders.

WHAT MIGHT HAVE BEEN

Among many revelations by Lord Dalton in his last volume of memoirs, reviewed on page 509, are some official intentions about appointment of the Governor of the Bank of England in 1949—the first new appointment after nationalisation. When Lord Dalton resigned in 1947 he left a note to Sir Stafford Cripps:

> It was made quite clear to Mr Cobbold—by Lord Catto *on my instructions*—when he was reappointed Deputy Governor at the time of the nationalisation of the Bank, that he must not regard this as giving him any expectation to succeed to the Governorship.
>
> Of the present Court of the Bank, only Lord Piercy, in my opinion, is worthy of serious consideration. . . . Among the bankers the best man would be Sir Clarence Sadd [vice-chairman of the Midland Bank], who combines practical experience with a broadminded political approach.

Lord Dalton goes on to point out that when Lord Catto resigned in 1949 Mr Cobbold succeeded him—"but only after Cripps had unsuccessfully invited a leading industrialist, Sir John Hanbury Williams, who had by then become a member of the Court."

FOOTBALL POOLS

Pools and the Post

A MONTH'S working to rule in the Post Office had little effect, it seems, on the steady delivery of football coupons to and from Liverpool. The pools play an important part in the Post Office's finances for in the 1960-61 financial year they accounted for about 8½ per cent of all inland mail. On the assumption that half the 848 million pools letters posted were completed pools coupons enclosing postal orders with an average poundage of 3d. each, over £5 million came into the Post Office from the postal order poundage alone. Clearly this is a business which the Post Office can ill afford to lose.

Not all pools coupons go through the post, but it was not until the Post Office employees worked to rule that many punters became aware of the existence of pools collectors. They are not employed directly by the pools firm but by a concessionaire appointed by the firm for a certain area. The size of the concession depends upon population densities; in some instances the concession will cover two or three counties and in others only part of a big city. The concessionaires, who usually work full time, receive 6d. in the pound on all money staked and employ area managers, generally on a salary basis; these in turn enroll collectors, very often pensioners, who receive in the case of Littlewoods 3s. in the £1 on the money they collect. All the leading firms have used collectors for years but so far only on a relatively small scale, partly perhaps because the pools have no wish to antagonise the Post Office and partly because punters often are reluctant to let it be known how much they stake each week or that they even "do the pools."

Even after paying a total commission of 3s. 6d. in the pound Littlewoods still believes that the collecting system cuts down its costs, for not only are its coupons delivered by hand but since punters can pay cash to the collector this avoids one of the major problems, the sorting of postal orders. For the punter there is the saving of poundage and postage and in many cases a weekly queue at the post office. The weekly collections keep the concessionaires, managers and collectors closely in touch and this reduces the chances of default, for which in the case of collected coupons the liability rests with the concessionaire.

The possibilities of an extension of this scheme would appear to be attractive at least in thickly populated areas, especially as the new Betting Act allows collectors to call and collect at factories and offices. It seems clear that the pools firms would look favourably upon any increase in business done in this way. But they would be reluctant to bypass the Post Office altogether, for fear that if the Government's postal revenue from the pools went down the direct pools tax, currently 33 per cent of gross stakes, might go up.

PROBLEM NO. 4.



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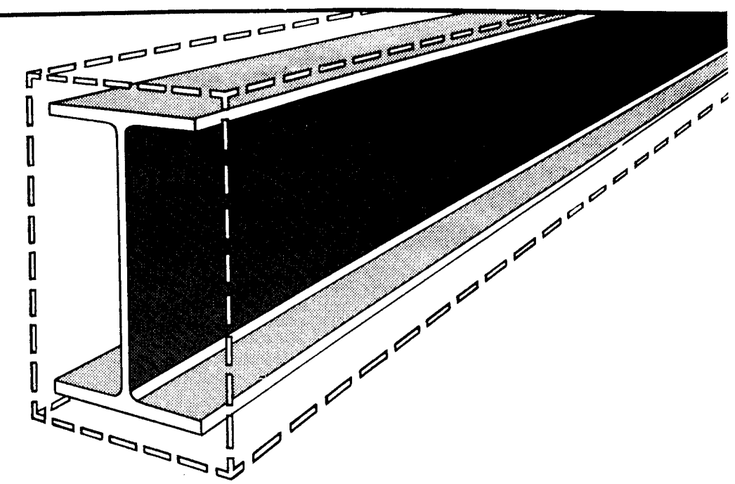
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CRC 47

STEELWORK



Other trades help to cut the cost

Light-weight encasement, now available, lessens the dead weight to be carried.

B·C·S·A

Previous 'cuts' mentioned in this series:

Steel is saved by the more efficient beams and columns, now available.

Steel columns encased in concrete can now be of lighter section.

Beams with normal connections to columns can now be lighter.

STEEL STRENGTH SECURITY

BRITISH CONSTRUCTIONAL STEELWORK ASSOCIATION, ARTILLERY HOUSE, ARTILLERY ROW, WESTMINSTER, S.W.1

INDUSTRIAL PROFITS

Steel Profits Down: Other Profits Up

A TOTAL of 103 company reports for January is well below the average monthly figure—partly the result of certain changes in the industrial groupings in our analysis. Rubber and tea plantation companies and finance companies engaged solely in hire purchase are now excluded. "Property" and "entertainment" companies now form two new groups; the printing and newspaper companies are being separated from the paper making companies; and the "miscellaneous" group has been split broadly between manufacturing and distributive companies.

Steel companies have always dominated the analysis for the first quarter of the year, and their influence on the January figures is even more striking. Total trading profits of

PROFITS AND RETURNS

(£ million)

Companies reporting in January,	TOTAL Prev. Year	TOTAL Latest Year	EXCLUDING IRON & STEEL Prev. Year	EXCLUDING IRON & STEEL Latest Year
Trading profit	290·4	274·9	125·5	138·6
Gross profit*	203·4	177·8	86·4	93·8
Net earnings*	109·9	95·5	41·6	44·1
Net dividends	36·4	38·8	19·2	21·6
Times covered	3·0	2·5	2·2	2·0
Net assets	980·0	1101·7	450·7	508·1
	%	%	%	%
Gross profit/net assets	20·8	16·1	19·2	18·5
Net earnings/net assets	11·2	8·7	9·2	8·7

* After deducting non-recurring credits.

the 103 companies fell by 5½ per cent; but the profits of the iron and steel group fell by 17 per cent, and if these are excluded the profits of the other groups rose by 10½ per cent. A single month's figures cannot be representative for industrial profits which reflect largely a trading year to September 30th last. Increases came mainly from companies closely in touch with the consumer, such as Watney Mann and Montague Burton; profits of the Granada Group rose by as much as 150 per cent. Other companies to report satisfactory increases were ICT and ACV. Apart from the steel companies, smaller profits were earned by Lancashire Cotton, Jute Industries and British Oxygen. Even with the steel companies excluded, the rise in trading profits produced a comparatively small increase in net equity earnings and an even more modest increase in dividend payments. The table also shows that returns on capital employed continued to fall. The indications are that with profit margins still under pressure this decline will persist for some time. Prospects of further increases in ordinary dividends would be remote even without the Chancellor's call for restraint. It is not therefore surprising that investors are turning their attention increasingly to the gilt edged market, and those who are still buying equities are looking for a strong management record, of which one sign is a rising, or at least a stable, rate of return on capital employed.

PRICE-CUTTING

Best of Both Worlds

IN the complex love-hate relationship between manufacturers and price-cutters two elements stand out. The first is that in order to make the most of the public's bargain hunting instincts the discounter needs the authenticity of well-publicised brand names at obviously (though sometimes only slightly) reduced prices. The second is that well-known manufacturers are often only too glad to use the cut-price stores as anonymous bulk outlets instead of lowering official prices for their acknowledged products. These goods are then sold under special brand names side by side with the often identical well-known brand, only with a rather larger mark-down.

This type of merchandising is a familiar technique in food supermarkets and has begun to be used by Tesco in their Leicester "discount-supermarket" on quick-selling clothing items such as stockings. But it is doubtful how far it can be extended to bigger purchases, such as household appliances, where the guarantee of a familiar name is far more important. Nor can the discounters hope to go very far with sales of the larger appliances as long as their margin-cutting policy is too drastic to allow credit sales, though they do excellent business with irons, electric fires, toasters and even vacuum cleaners, now for many people below the hire purchase line.

It will therefore be especially interesting to watch the progress of Rolls Razor's prospective chain of cut-price electric shops, the first of which opens at East Ham at the end of this week. It looks as if this company may be in the fortunate position of having it both ways. The already familiar Rolls Colston dishwashers and Rolls Razor radiators and washing machines will be sold at their usual prices—the first time that they will be available through a retail outlet. At the same time other small appliances—irons, toasters and heaters—will be introduced under the Rolls trade-mark, but these will in fact be manufactured by other firms. And side by side with these, though as a less important aspect of the business, Rolls is retailing other manufacturers' appliances at cut prices—and managing to offer HP terms on the big items even with their reduced margins. What Rolls is in fact doing is to drive home the point that its regular prices are still competitive with cut prices for a number of other brands. How far other firms are really going to be willing to abet Rolls in this, even when it provides an outlet for excess capacity, is an intriguing speculation.

PETROL

Competition Wholesale

PRICE-CUTTING at the retail level in post-war years, has come as a comparative novelty to the petrol trade, but it has never stopped so far as the users of commercial vehicles, who buy in bulk, are concerned. The virtual breakdown of the rules that used to limit this trade has, however, by now aroused the ire of the garage trade, which feels that it is losing business. The definition that a commercial user had to meet to get his petrol direct from the oil company at a discount from the normal retail price used to be owning five or more vehicles, of five cwt or over and licensed for commercial use. But competition for sales has now reached the point where almost anyone who installs his own petrol tank and carries on some sort of business can expect to get his petrol cheap. And the amount of the discount he can expect has risen. Although it varies with the size of the delivery he can accept—and the strength of the competition in that part of the country—many commercial buyers are paying less for their petrol than the retailer does. This does nothing to improve the latter's opinion of the oil companies—and feeds his suspicions that he will be the last person in the trade to benefit from any lowering of selling prices, though he stands in the front line of competition.

This sort of resentment has been fed by the realisation that some of the major oil companies are supplying petrol to the distributors retailing cut-price petrol. Esso has mentioned publicly that it supplies one or two such firms, and Shell does not maintain the prices that independents charge on resale. Octane, one of the main price cutters, states that it obtains petrol from one of the majors—which insists on strict anonymity. The commercial argument for supplying the distributor of cut-price petrol more cheaply than a garage is the same as those for competing over fleet user discounts: the sales are largely additional ones and so are profitable at a smaller margin. The cut-price distributor may have an extra appeal: he often takes the petrol away in his own tankers, and buys in bigger quantities than any retailer can do. But unless he is able to distribute petrol more cheaply than the oil company, he still needs more than a quantity discount in price compared with a retailer if his dealers are to sell for 3d. a gallon below the normal price without cutting their margins—as is true of Octane retailers at least.

COPPER

Bolder Tactics

RHODESIAN copper shares are mainly a political counter; copper markets are currently something of a tactical battleground. In October, when cash copper fell to £220 a ton, it was stoutly defended by Rhodesian Selection Trust which bought several thousand tons of metal. This hazardous exercise was crowned with success. The price was bounced back again to about £230 a ton, its average level for a large part of last year, and needed only the occasional nudge from RST to keep it

there. Not everyone expected that this price could be sustained if strikes threatened in Chile and the United States could be averted. Recent agreements have brought this possibility much closer to achievement, and some speculators had sold copper forward in the expectation of lower prices. But RST has now had the confidence to counter attack by buying copper at well over £230 a ton.

Helped by reports of labour disputes in Rhodesia, cash copper rose to £237 a ton last week, and the less stout-hearted "bears" were forced to run for cover. The temporary squeeze on spot supplies of copper produced an unusually large discount of 50s. a ton on forward copper. A large part of the metal traded outside the United States is priced by London Metal Exchange quotations. Therefore, according to the American brokers, Merrill Lynch, by investing in "as little as 10,000 tons" of copper (worth £2½ million) prices for about 200,000 tons of output have been set at "rather favourable levels."

It is not known how much bought-in copper RST has already resold. Presumably, it did find buyers for a significant portion. One side of the operation has been the reduction of stocks held in LME warehouses, which had been depressing the market. These, mainly consisting of fine refined copper, have been reduced from 22,600 tons in October to 13,900 tons. Some of the metal has apparently been taken to be electrolytically refined. The premium on electrolytic copper would only defray part of the cost of the operation. Despite the expansion in the United States, where consumption of copper last year practically regained its 1956 peak, consumption outside America has apparently failed to increase further in 1961 and stocks of copper therefore remain high despite the producers' output restrictions.

Producers got slightly less for their copper in the last quarter of 1961 than in the preceding three months. But the quarterly figures of the RST group of mines show an improvement in earnings because of a reduction in operating costs and provisions. A setback in Chibuluma's production in the six months to December 31st is expected to be made good by the end of the financial year. Roan Antelope's output in this period dropped by 2,300 to 39,400 tons and its profits before tax declined from £2,668,000 to £1,960,000. Average costs per ton increased by £7½ to £169½ a ton though Mufulira's costs declined by £2½ a ton. A fall of 30 per cent in Roan's net profit for the year was forecast in the statement on the share exchange offer from RST.

JUTE

Hangover in Hessian

JUTE has many uses—and just as many competitors. If it disappeared, it would probably be fairly soon forgotten by consumers. Jute goods would simply be replaced by paper sacks, foam underlays, felt-based linoleum and rayon backed carpets. The jute trade has recently been strangled by successive crop failures which closed mills and drove up prices. Time will obviously be needed for recuperation, but some people who earn their living from jute do not appear too anxious to ensure its recovery. Pakistan, the only large exporter of raw jute, has plenty of fibre to sell this year. But perhaps because it is beguiled by the high prices received in earlier seasons, it now wishes to sell at prices that manufacturers think unreasonable. A tug-of-war is therefore in progress with little trade passing.

Some shippers appear to have been exporting at prices below the controlled minimum under pain of having further supplies cut off. But prices are still about £15 to £30 a ton higher than three years ago. Good quality jute is still scarce. London Jute Association firsts at £120 a ton would be reckoned expensive in a normal season. Spinners are not buying because they believe that the controlled minimum price for current transactions will be lowered and that the basic minimum export price set by Pakistan for the season (£100 a ton for firsts) might have to be abandoned. For Pakistan to make such a concession in mid-season would be unique.

Machinery used in the manufacture of jute goods is fairly flexible and can handle jute of differing qualities. But despite the steeper fall in the price of lower grades of jute, manufacturers are only slightly less perturbed about the price of these grades that are in plentiful supply, though after last year's protracted decline in the manufacture of jute goods, orders have recovered. It is claimed, however, that in some goods demand is not what could have been expected had there not been the fireworks that have occurred in jute in the past two years.

Workers in the Dundee jute industry have chosen this critical time to deny jute its convalescence. Strikes and go-slows were used at the end of last year in support of a pay claim. The unrest solidified into a ban on overtime which persisted until the beginning of this week. It might be succeeded next week by the popular one-day strike. Overtime working is not necessarily a sign of high prosperity in the jute industry. Machines are serviced by their operators after working hours. The cleaning has recently been done during normal working hours, inflating the backlog of orders for jute manufactures and, it is said, losing some business to foreign competitors.

CHEMICALS

An Example to the Industry

AT a time when the chemical industry is afflicted by overcapacity and falling profits the news that Lankro Chemicals, one of its liveliest and most efficient units, was slipping under the wing of Shell Chemicals could be expected only to elicit a tired sigh. Instead, the arrangement could serve as a model of how to get the best of several worlds. Shell is to buy 20 per cent of the issued capital of Lankro. No strings attached; no Shellman on the board. Few large firms could have resisted the temptation to meddle with the running of even so well-managed a firm as Lankro; it is a pleasant surprise to find Shell capable of such lightness of touch.

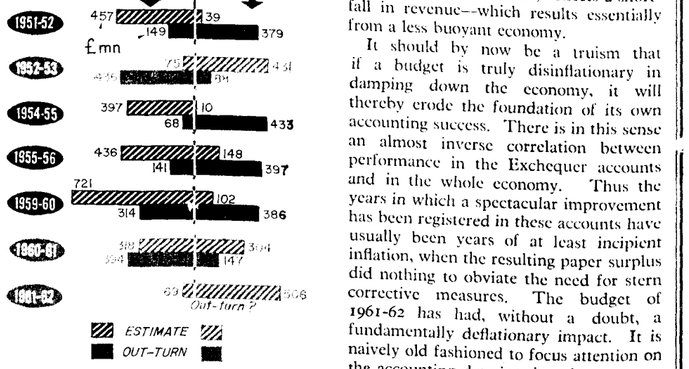
Lankro was started by Dr F. H. Kroch, a German refugee, in 1937 to make pigment finishes and auxiliary chemicals for leather dressing. Now Lankro's assets are worth perhaps £5 million and it makes a wide variety of specialised chemicals; its turnover has increased tenfold in the last decade to £6 million in 1961, of which leather chemicals now account for only 5 per cent. The expansion has been generated entirely from Lankro's own resources (of which perhaps the most resourceful is Dr Kroch himself).

Lankro's success attracted the attentions of several big chemical producers. But Shell and Lankro have long been among each others' biggest customers, and Shell's was the approach that Dr Kroch favoured. The resulting arrangement was his idea and it argues well of Shell that it agreed immediately. Shell gains an investment in an efficient and flexible unit while Lankro is protected against the attentions of other giants, and acquires capital for further expansion and a backing that will be useful in the hurly-burly of the common market. The alliance provides one answer to the problems of being too big for efficiency or too small to survive. When Lankro seeks a stock exchange quotation later, as it plans to do, it will be possible to see how much investors like the solution.

Deflationary Shortfall

BRITAIN will not, after all, this year mark up the first overall budget surplus since the days of Sir Stafford Cripps. This is now virtually certain, and is bringing adverse comment from Westminster, the City and financial observers overseas. How significant is it? The higher bills for agricultural subsidies and other supplementary estimates—this week's batch brings the total to £221 million, and the Treasury hints that underspending on other services is likely to be less than in previous years—do reflect unplanned additional burdens on the economy. But more than half the apparent shortfall so far in the budget accounts proper (i.e. above the line) reflects a shortfall in revenue—which results essentially from a less buoyant economy.

It should by now be a truism that if a budget is truly disinflationary in damping down the economy, it will thereby erode the foundation of its own accounting success. There is in this sense an almost inverse correlation between performance in the Exchequer accounts and in the whole economy. Thus the years in which a spectacular improvement has been registered in these accounts have usually been years of at least incipient inflation, when the resulting paper surplus did nothing to obviate the need for stern corrective measures. The budget of 1961-62 has had, without a doubt, a fundamentally deflationary impact. It is naively old fashioned to focus attention on the accounting deterioration alone.



COLOUR FILM

Ilford Tries Again

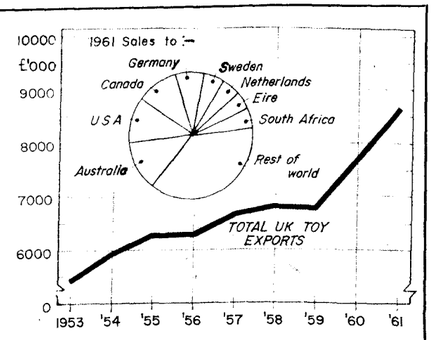
IT has taken four years for the marriage between Ilford and ICI to bear fruit—which is surprising, as anyone would have sworn that they were both heavy with child when it was first announced. ICI had all but produced a colour negative system from its Dyestuffs Division; samples had gone out for testing, but the problems of manufacturing the film and selling it still remained. Ilford led the market for black and white photography and had a colour reversal film out since 1948; but this had never done well. (Reversal film is used to make transparencies; negative film to make prints.) It seemed that each could supply the other's deficiencies, and in 1958 ICI bought a one-third share in Ilford for £4.8 million. In return for royalties on sales of colour products ICI handed over its work on the colour negative system and agreed to help with further research. There is good precedent for this. The two biggest firms in the colour film market, Kodak and Agfa, benefit from association with chemical groups that make dyestuffs.

In 1958 Ilford's net profit before tax was £1.7 million, earned on £9.8 million of capital employed. In 1961 the figures were £1.3 million on £15.1 million. This drop in profitability reflects the amount that Ilford have had to spend on research and new plant. The market for colour films is very competitive, and at present dominated by Kodak; Ilford has learned from bitter experience that it is not possible to enter this without considerable preparation.

In 1958 the company modified its colour reversal film and reissued it as Ilfachrome. Sales of this film never approached those of the market leaders. A colour negative film was issued as Ilfacolor in 1960, but it was hardly in the shops before it was withdrawn at the end of the year. Now three new colour films are to be issued in April: the colour reversal and negative films, modified to make them faster, and a ciné film. These stops and starts have made dealers chary, although Ilford commands considerable goodwill as the only wholly English firm in this market. Perhaps its latest businesslike idea of putting the film on the market at prices that are as much as 25 per cent below those of other manufacturers will provide the spark of success that has so far been lacking.

The Toy Trade

OVERSEAS interest in British toys is increasing: exports have risen sharply in the last two years, even to countries with prosperous toy industries of their own such as the United States and Germany. The British Toy Fair in Brighton which ended this week included for the second time, some foreign exhibitors and a record number of overseas buyers attended, including groups from Africa and Russia.



SHORTER NOTES

New orders for machine tools in November followed much the same trend as in the preceding months: there was some increase in orders at home compared with the earlier months of the year though the level remained 10 per cent below November 1960. Export orders, which have fluctuated more widely, were 12 per cent higher than a year before, in line with the average increase for the rest of the year.

★

Bailey (Malta) has awarded the contract for the development of its ship repair yard jointly to G. Wimpey and Co. and Royal Netherlands Harbour Works Co. The contract is worth nearly £2 million and covers the enlargement of docks four and five and the boiler wharf, construction of a plate shop and erection of a tank cleaning farm. It will take about two years to complete.

★

Despite a slight fall in the volume of crude steel and rolled steel produced in the year to September 30, 1961, the net earnings of August Thyssen-Huette, the West German steel group, rose from DM 46.5 million to DM 54 million. The dividend has been maintained at 12 per cent on the ordinary capital as increased from DM 444 million to DM 450 million.

★

Last July Lindustries, the textile and industrial holding company, forecast a final dividend of 8 per cent but in the event only 6 is being paid, to make a total of 10 per cent for the year to September 30, 1961, compared with 12 per cent in 1959-60. The directors say that all sections of the business suffered more severe falls in profits in the second half of the year than had been anticipated and as a result trading profits fell by 29 per cent from £1,381,000 to £983,000 over the year as a whole.

★

Despite a fall in royalty income the consolidated profits of "Chartered," the British South Africa Company rose from £13,549,000 to £13,570,000 in the year to September 30, 1961. A bigger tax charge made slight inroads on net profits but the ordinary dividend was maintained at 7s. 6d. per share.

COMPANY AFFAIRS
Comments on pages 566, 567 and 570 on :
Imperial Tobacco — Ind Coope, Tetley Ansells
F. W. Woolworth — General Electric
John Brown — Heineken
Bowmaker — Wagon Finance
Steel Prospects — Polycell
STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 568 and 569
MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 571

COMPANY MEETINGS

THE ROYAL BANK OF SCOTLAND

CONTINUED EXPANSION OF BUSINESS

GOVERNMENT'S EFFORTS TO WITHSTAND INFLATIONARY PRESSURES

PROPOSED NATIONAL ECONOMIC COUNCIL WELCOMED

NEED FOR SPEEDIER GROWTH OF SCOTTISH ECONOMY

THE DUKE OF BUCCLEUCH ON THE COMMON MARKET

The Annual General Court of Proprietors of The Royal Bank of Scotland will be held on February 27th in Edinburgh.

The following is the circulated statement of the Governor of the Bank, **His Grace The Duke of Buccleuch and Queensberry, KT, PC, GCVO, LLD.**

I regret that I have once again to commence my review of our affairs and the events of the past year on a note of sadness for I have to record, with deep sorrow, the death in July last of Sir William Crawford Currie, who had been one of our Extraordinary Directors since 1950. He was Deputy Chairman of Williams Deacon's Bank Ltd., a post which he had held for ten of the twenty-two years he had served on the Board of that Bank. He was a man of great charm, with wide business experience and an unrivalled knowledge of the shipping industry, to which he rendered outstanding service during his life. He will be deeply missed by all his colleagues in the Group.

The net profit for the year was £1,094,816, a rise of some £61,000 (5.8 per cent) on the previous year's figure. This, I feel, can be regarded as a satisfactory result, especially as it was achieved in face of rising costs and after providing for additional profits tax imposed in 1961. We brought forward a balance of £161,347 which gives a total of **£1,256,163** available for distribution.

DIVIDENDS

In July, before the Chancellor introduced his "Little Budget," we declared an interim dividend of 9 per cent. This was ½ per cent more than the rate of interim dividend for 1960. In considering the final dividend we had to have regard to the Chancellor's statement at the end of July in which he said that a further general increase in dividends in the coming year would not be justified. We are, therefore, recommending a final dividend of 10 per cent, the same rate as the final dividend for 1960. We are also recommending the transfer of £200,000 to our Published Reserve Fund which will leave a balance of £171,713 to be carried forward.

The main figures in our Balance Sheet do not differ much from those of the previous year.

Our Advances at £62,781,000 were approximately £260,000 less than at the end of December 1960. Among the influences making their impact in this particular field of our operations were the measures of restraint introduced by the authorities at the end of July—an additional call for Special Deposits, the raising of Bank Rate once more to the crisis level of 7 per cent and a Bank of England "directive," a form of control which, in July, 1958, we thought was being discarded. I welcome the steps that are now being taken to devise a long-term economic plan with the objective of removing the strains which have caused us to be plagued with crises as frequently as we have in recent times. It is imperative that something be done to make it possible for a sound and steady growth in our economy to be maintained. I must also say that, while admitting the necessity, in the difficult situations which have arisen, for the imposition of restraints on credit, I regard it as unfair that the Joint Stock Banks should have been singled out and asked to bear the whole burden of these restraints without imposing similar restraints on other lending institutions. It may also be pertinent to ask whether it is necessary, now that a return has been made to controlling the level of Bank advances by the technique of the "directive," to retain the Special Deposits Scheme.

LEVEL OF DEPOSITS

Our Deposits of £135,151,000 are marginally down on the previous year's figure. I am happy to state that, in respect both of turnover and the number of accounts, the Bank has continued to progress, but we are just a little concerned that there should be such a static look about our deposits. The level of a Bank's deposits is affected by seasonal and other influences, which can cause them to move at times against the general trend in the Banking system as a whole. We have, however, to probe deeper to find an explanation for the poorer performance, in recent years, of Bank Deposits in Scotland as compared with England. A comparison of the trends in the two countries brings out the disturbing fact that, over the past decade, Bank Deposits in England have expanded at a faster rate than in Scotland. A contributory cause is felt to be the relatively greater strength of the Trustee Savings Banks in Scotland and another—more marginally perhaps—the loss of banking deposits through the absorption of Scottish businesses by English concerns, but I am sure, as I have said before, that it is fundamentally a reflection of the slower growth of the economy in Scotland as compared with England. We know that the basic cause of this lies in the structure of the Scottish economy, which has been engaging the attention of the Scottish Council (Development and Industry) and other bodies for some time. Last year I commented upon the Symposium held in 1960 by the Committee of the Scottish Council (Development and Industry) set up under the Chairmanship of Mr L. A. Elgood, to enquire into the natural resources of Scotland and their potentialities for development. The papers submitted at the Symposium, which have now been published, brought out evidence that Scotland is not lacking in resources available for development. The Committee, I understand, is to issue its full report, with recommendations in April.

POTENTIAL GROWTH

In November last, another Committee, set up by the same Council with Mr J. N. Toothill, CBE, as its Chairman, reported optimistically on the potentialities for growth which exist in the Scottish economy, provided the right climate can be created and sufficient encouragement given for the adoption of economic policies that will promote and generate growth. At the root of the problem, as the Report of the Committee bears out, is the fact that Scotland has more than its proportionate share of the older and declining industries and not enough of the newer and growing industries. If Scotland is to be capable of maintaining a viable economy in the future, this is certainly something which must be remedied, but it is easier to state the problem than to suggest a cure. The Scottish Council (Development and Industry) has achieved a considerable measure of success in attracting new industries to Scotland but, such are the dimensions of the problem, that the impression this has made upon it has been relatively small. "The need," as Mr Toothill's Committee says, "is for a plan which will tackle the problem quickly and resolutely." The Committee has suggested a plan which is now under consideration by the Scottish Office, the Scottish Council and other bodies, and it is to be hoped that when action is taken—and some action should be taken without undue delay—it will receive the fullest co-operation of everyone who is in a

position to make a contribution to the solution of the problem.

BALANCE SHEET FEATURES

Returning to our Balance Sheet, it will be noted that there was during the year an expansion of just over £500,000 in our note circulation, bringing the total of notes outstanding at December 31st up to nearly £18,636,000.

Our holdings of British Government Securities at the end of the year amounted to £22,717,000 valued, in conformity with our customary practice, at or under market value. This is an increase of just over £2,000,000 as compared with the 1960 figure.

Our liquidity remains satisfactory. The ratio of the liquid items to Deposits and Notes in Circulation was 38.87 per cent.

Our Published Reserve Fund has been increased by £350,000 by the accretion in the value of our holdings in our Associated Banks representing the amounts which they have added to their Published Reserves as follows:

Williams Deacon's Bank Ltd.	£250,000
Glyn, Mills & Co.	100,000
	£350,000

If, therefore, the proposal to allocate a further £200,000 from our own profits for the year is approved, this will raise the Fund to £9,150,000.

Williams Deacon's Bank Ltd. and Glyn, Mills & Co. have both reported higher profits, records in each case. The consolidated profit of the Group at £1,633,641 is up by approximately £96,500 as compared with the 1960 profit.

The Deposits of the Group at the end of the year were £340,500,000, a decrease of slightly over £8,000,000 from the total of the previous year.

The aggregate Advances of the Group at approximately £147,500,000 showed a drop of over £7,000,000 on the December 1960 figure.

NEW BRANCHES

Williams Deacon's Bank have continued their policy of extending their Branch system to areas where they were nor previously represented and during the year new Branches were opened at Alvaston (Derby) and Wolverhampton. Additional Branches are to be opened this year at Brighton, Winchester, Swindon, Gloucester, St. Helier (Jersey), Handforth (Cheshire), Allestree (Derby), Mapperley (Nottingham) and Sheffield University.

We ourselves have intensified our drive to modernise our Offices in order to provide more comfortable working conditions for our Staff and improve the facilities for our customers. A great deal has been accomplished in recent years. The accommodation at Head Office in Edinburgh, at our Chief Office in London and at our Drummonds Branch has been enlarged and many other Offices completely renovated.

The large-scale redevelopments being undertaken in our towns and the developments projected for the future are under constant vigilance in case they should make it necessary or desirable for us to alter the location of Branches. Furthermore, the establishment of new towns is not being allowed to pass unnoticed and we have opened, and will continue to open, new Branches where we feel this policy is justified. At the beginning of September we opened a new Branch in London close to Victoria Station, in a district where considerable rebuilding is taking place. We also opened a second Branch in Perth and a Sub-Branch to Alloa at the Police College, Tulliallan.

I would also like to refer to the Drive-in facilities at our Drummonds Branch in London, which are now in operation. I do not consider that the provision of drive-in facilities is to be recommended as a general policy but, in built-up areas, where there are no, or inadequate, parking facilities as is the case in parts of the West End of London, drive-in facilities can, as has been proved at Drummonds, be a great convenience to customers.

Another matter under constant examination is "electronics." The expanding use of banking services, including the credit transfer scheme inaugurated last year, emphasises the need to adopt the most efficient techniques for handling the growing volume of transactions. In conjunction with our Associated Banks we are at present conducting a comprehensive study with a view to selecting the most suitable installation to serve our special requirements.

ECONOMIC SCENE

In looking back over 1961, the most important developments were the measures introduced by the Government in July. The urgency for action to restrain inflationary pressures and strengthen the balance of payments was clearly revealed in the early months of the year when currency developments abroad contributed to a reversal of the flow of short-term capital which, in the latter part of 1960, had been protecting Britain's reserves from the full impact of the deficit on current and long-term capital account.

The steps taken to meet the crisis which had developed by July were designed to provide a breathing space for the formulation of longer term policies to promote balanced economic growth.

These temporary measures included arrangements to borrow a substantial sum from the International Monetary Fund, a sharp increase in Bank Rate, new fiscal powers to increase duties and purchase tax, the restraints upon Bank credit and the controversial policy for a pause in increases in wages, salaries and dividends.

At the same time, steps were taken to review critically every aspect of public expenditure in order to ensure that future rises do not exceed the growth of national resources and to concentrate expenditure on strengthening national efficiency. These proposals must command wide support, as must the powers granted to the Government last year to vary some taxes between Budgets and thus reduce its dependence upon monetary measures for making shorter term adjustments in the economy.

The Government's demand for a pause in increases in wages, salaries and dividends has undoubtedly helped to slow down the upward pressure on costs in recent months. This, however, is no more than a "stop-gap" measure. There still remains the objective of devising a long-term policy which will limit future increases in money incomes to increases in production. The crux of the problem may well prove to be the division amongst industries and occupations of such increases in income as may be justified. I therefore welcome the setting up of the National Economic Development Council and of the recently announced intention of the Trades Union Congress to join it.

FINANCING EXPORTS

The urgent need for the generation of a higher volume of exports has stimulated close examination of the financial services available to our exporters, with a view to ensuring that in this respect they are not at a disadvantage compared with their competitors abroad. This examination has led to some important developments. Early in the year the insurance cover available through the Export Credits Guarantee Department was extended and the Bank of England introduced a scheme to provide the Banks with re-finance facilities if required in order to ensure the availability of Bank finance for medium-term export credits. Exporters of capital goods complained, however, that they also suffered because of the higher rates of interest charged in this country under existing conditions and the difficulty they had of quoting fixed rates of interest as a result of the practice in this country of aligning rates for credit to Bank Rate. In an endeavour to overcome these disadvantages, the Banks and Insurance Companies agreed last month upon a scheme under which the Banks will provide finance for export contracts at a fixed rate of interest of 5½ per cent for terms between three and five years and the Insurance Companies for longer periods at a fixed rate of 6½ per cent, and while the reception accorded to this scheme has been a trifle disappointing, it should be of considerable help.

In a year in which our export performance has given such cause for concern it is gratifying to note that there has been no falling off in the demand for Scotch Whisky and in 1961 exports were again higher by approximately £9 million in value, of which over £4.8 million was attributable to an increase in exports to the United States of America.

On the other hand, the Scottish Woollen industry had a difficult year in the export field, largely by reason of the high tariff rate imposed upon imports of woollen goods into the United States of America from the beginning of the year when the previous quota arrangements were abolished.

Last year I referred to the gloomy outlook for the shipbuilding industry and it is reckoned that more than one-third of the capacity of Scottish yards was not used in the past twelve months. Orders for merchant ships, increased towards the end of the year but returns for 1961, as a whole, show that while some yards have about two years' work on hand, others have much less. Those which have done best in the way of modernising and re-equipping their yards are said to have received the greater part of the new orders. With the increase in new orders in the last quarter, the total for the year for British shipyards was rather higher than in 1960 but returns show that gross tonnage under construction was at its lowest level since the war. In the keenly competitive position which seems likely to continue, advantages will lie with those yards which have done most in improving their production techniques.

The steel industry has also had rather a poor year and is still operating well below full capacity.

COMMON MARKET

No account of the past year would be complete without reference to the Government's negotiations for joining the European Economic Community and the fundamental implications that membership would have for this country in the years ahead.

Major adjustments in our overseas trade and in our economic life in general will be inevitable as a consequence of the Common Market, whether we join or not, and many of our producers, particularly those in agriculture, will face difficult problems. Already the growing

unity of Western Europe is imposing a new pattern of international relationships which will progressively affect our own.

It may be that the adjustments we would need to make, as members of the Community, could provide the stimulus and impose the discipline which would help to overcome our basic economic problems—our restrained rate of increase in production and our recurrent balance of payments difficulties. But it is also important to us that measures for encouraging and developing strength and unity in Europe should at the same time be directed towards the wider horizon of liberal trade policies. Our particular interest in this is, of course, our trade with the Commonwealth—to say nothing of the wider political and social Commonwealth aspects—for although the Commonwealth's share of our total trade has lessened in recent years it still accounts for more than two-fifths of our exports and the Commonwealth's ability to import remains in large measure dependent upon its European markets.

We cannot foresee at this stage what the outcome of the negotiations will be. The present members of the Community have been facing great difficulties in harmonising their own economic systems in conformity with the terms of the Treaty of Rome, and provision for our essential interests—in agriculture for instance—will not be easy for them.

SCOTLAND'S POSITION

It is, nevertheless, only prudent that we should be doing what we can to prepare ourselves to meet the challenges and take advantage of the opportunities that membership of the Common Market would bring. If we do this there seem to be good reasons to hope that Scotland would be able to face the consequences at least as well as other parts of the United Kingdom. The economic circumstances of recent years, which have conditioned Scottish industry and agriculture to cater for the needs of changing circumstances, our emphasis upon high quality products and skilled workmanship and, perhaps, even our location in relation to the wider European market, are factors which encourage confidence in this.

EXECUTIVE APPOINTMENTS

The load of work on the Senior Executives of any large organisation is bound these days to be an increasingly heavy one. Banks, with their wider responsibilities as one of the principal instruments of Government economic policy, in addition to their constant search for greater efficiency in a highly competitive world, are no exception.

I am sure you will be pleased, therefore, to learn of the creation of additional Assistant General Manager posts; one at Head Office has been filled by the appointment of Mr James Thomson, lately the Secretary of the Bank, and one in Glasgow, by the appointment of Mr A. P. Robertson.

This will help to develop further the capacity of the top Executive to tackle the problems that lie ahead. In particular, the creation of an Assistant General Manager post in Glasgow shows the great importance which the Bank attaches to the West of Scotland.

I should like in conclusion to express our warm appreciation of the contribution by the General Manager, Mr W. R. Ballantyne, the Assistant General Managers and all our Staff to the satisfactory results in another difficult year.

F. W. WOOLWORTH AND CO., LIMITED

The following are extracts from the statement by Mr. F. L. Chaplin (Chairman) circulated to Stockholders:

CONSOLIDATED PROFIT AND LOSS

The consolidated net profit before taxation amounted to £32,586,783, as compared with £31,303,554 for 1960, an increase of £1,283,229 or 4.1%. The increase in taxation of £1,296,745 is greater than the increase in profits before tax, mainly as a result of the further rise of 2½% in the rate of Profits Tax over the full year.

The profit after taxation at £14,984,734 shows a slight reduction of £13,516, but the net surplus for the year at £15,184,181 is £519,412 more than in 1960.

The Directors have transferred £2,500,000 (as against £2,000,000 in 1960) to General Reserve and the balance carried forward has been increased by £2,130,041 to £7,609,548. The proposed final dividend at 1s. 3d. per unit is the same as for 1960.

CONSOLIDATED BALANCE SHEET

The value of fixed assets before Provision for Depreciation has increased over 1960 by £8,566,938 and the net increase after Depreciation amounted to £6,907,093.

Net current assets at £14,765,904 show a reduction of £1,167,934.

SALES

During the early part of 1961 sales were disappointing as compared with 1960 but they gradually improved, and with a satisfactory Christmas trade, having regard to the weather conditions in certain parts of the country, turnover for the year proved to be a new record in the history of the Company, despite the fact that there were two less shopping days in 1961 as compared with 1960.

ADVERTISING

During the year we continued advertising in the Press and on Television. We believe that this service has been of benefit to our customers and we are promoting a similar campaign during the current year.

FOOD BUYING FACILITIES

It is our belief that as far as possible the housewife likes to do all her shopping under one roof and with this in mind we have in recent years extended facilities for buying food in our stores. We now have twenty-four stores equipped with the latest refrigeration machinery for handling and retailing fresh meat under the most hygienic conditions. From its inception this service has been well received and ever-increasing sales testify to the appreciation shown by our customers. Delicatessen also is an important factor of our food service and in the grocery sections of our stores we have increased and are increasing the range to cater adequately for the public's requirements.

DEVELOPMENT PROGRAMME

During the year your Directors approved development projects the total cost of which, together with projects previously approved and not yet completed, will amount to approximately £28,000,000 which will be spread over the next few years.

STAFF

I should like to take this opportunity of expressing to all employees of the Company our sincere appreciation of their loyal and devoted service throughout the year.

THE FUTURE

We know that we are going to be faced with a material increase in overhead expenses and that the constant squeeze on profit margins is likely to persist. We also know that we shall have to meet more and more intensive competition. Our future profits depend on the extent to which we can continue to increase our turnover.

Our ambitious programme for future store development when completed will enable us to give better service to more customers and I have every confidence in the ability of our team of buyers to continue to put on our counters first-class merchandise at competitive prices. We are keeping abreast of the constant changes in consumer demand brought about by social changes and higher average incomes and we are continually striving to upgrade as well as improve the quality and presentation of the items in our vast range.

BOWMAKER LIMITED

FACTORS AFFECTING THE YEAR'S RESULTS

PROBLEMS CREATED BY GOVERNMENT'S POLICY

The thirty-fourth annual general meeting of Bowmaker Limited will be held on February 26th in London.

In the course of his circulated statement, the Chairman, **Sir Arthur Morse, KBE.**, said he regretted that the trading of the group for the year ended October 31, 1961, had resulted in a loss of £1,358,189 after making full provision for bad and doubtful debts; in consequence no dividend could be paid on the ordinary share capital.

He added: I warned shareholders in my letter of June 30, 1961, that normal provisions, together with the exceptional provisions required in the accounts of one of the subsidiary companies, might absorb the amounts available for ordinary dividends. In the light of the circumstances ruling at that time, we felt justified in thinking that the group results for the whole year might disclose a small net surplus, or at worst a break even position.

There are various reasons why our calculations have, in the event, proved incorrect, at least two of which could not have been anticipated at the time. The measures adopted by the Chancellor of the Exchequer in his "Little Budget" added—because of the increase in bank rate—some £300,000 to the cost of our borrowing. Bank rate has since been reduced to 6 per cent, a level which although unduly high, does permit of a reasonable margin of profit with the increased hiring charges now in force.

Further, severe measures of credit restraint were introduced, as well as additional taxation. All were necessary to meet the alarming deterioration in the economic position of the country. How far the "credit squeeze" was responsible for the fall in retail sales of motor vehicles is open to argument; the fact remains that from August, 1961, onwards there was a sharp fall in the demand for cars, and in consequence less demand for hire purchase facilities.

At the same time, the fall in the value of second-hand vehicles and domestic equipment which had been going on for some time was aggravated, thus increasing the loss on repossessions. Similar considerations, of course, apply to various items of domestic equipment. As a result our provisions for bad and doubtful debts, conservative as we believed them to be at the time, have since proved insufficient.

UNDERLYING CAUSES FOR PRESENT SITUATION

In view of the regrettable outturn of the past year, I think it appropriate to give my views on what the future may hold for the company. At the same time, I will explain what, in my opinion, are the underlying causes responsible for the present situation.

It is necessary to go back to the end of October, 1958, when all Governmental restrictions on hire purchase were abolished: this led to a tremendous enlargement in hire purchase debt from £450 million to a peak figure of £1,000 million by 1960, a rapid and unhealthy growth which was I fear encouraged by the offer in many cases of terms which carried a greater than normal element of risk.

Competition became intense and much substandard business was accepted by most companies: even so, losses might have been less but for the sudden reimposition of Government controls in 1960. This reduced retail sales and resulted in a heavy fall in value of second-hand vehicles, further aggravated by the greater availability of new motor cars as a result of a reduction in exports. Even greater falls occurred in the second-hand value of other consumer durables which are normally the subject of hire purchase contracts. Strikes, short time working and some unemployment also contributed to the inability of some hirers to honour their obligations.

Many agreements were broken; the vehicles and other merchandise thrown back on our hands could only be realised at a loss. The work involved in dealing with this heavy volume of bad debts and defaults greatly increased operating costs.

THE FUTURE OUTLOOK

Now, as to the future, the hiring rates now in operation are profitable and the terms as to deposits and rental period should minimise losses because additionally we are being as selective as possible in the acceptance of new business.

Sir Arthur then referred to the steps being taken to integrate the three principal hire purchase companies of the group in this country, with a view to improving efficiency and achieving substantial economies by the merging of branches and departments.

Sir Arthur added:

But the future of hire purchase in this country must depend, like every other activity, upon the extent to which we can increase productivity and exports, avoid recurrent balance of payments crises and the alternate policies of "stop" and "go" which have so bedevilled our business of recent years.

We appear as yet to have found no solution for the difficulties which arise when unhealthy expansion of the economy is permitted, leading to inflation and overfull employment and overfull pay packets encouraging the public to undertake commitments which they can only meet if those conditions continue; then, when we run into balance of payment difficulties, restraints are imposed, causing some unemployment, short time working and loss of overtime; thus commitments which appeared reasonable when entered into, cannot be honoured in the changed conditions.

One cannot be very optimistic in the short run, but hire purchase has still a vital role to play in the economy and given reasonable conditions, your company will again give a good account of itself after the disasters of the past year.

It would be rash of me to make any prophecy about the results for the current year, but we have dealt drastically with bad debts and defaults; some, but not all of the benefits of integration will be realised in the period; we look for an upturn in business in the spring and I hope that when we meet again in a year's time, we shall have a much better report to make to you.

The Chairman then reviewed the balance sheet and accounts, the results and prospects of the operating subsidiary and associated companies and various domestic matters.

BLACK-CLAWSON INTERNATIONAL LIMITED

SUBSTANTIAL ORDER BOOK

MR K. F. LANDEGGER REVIEWS A MAJOR PROBLEM

The thirteenth annual general meeting of Black-Clawson International Limited will be held on March 2nd in London.

The following is the circulated statement of the chairman, **Mr K. F. Landegger:**

The Accounts for the year ended September 30, 1961, show an improvement over those for the year to September, 1960. The profit, before taxation, for the year ended September 30 last is £314,158 (1960—£258,527) after charging depreciation of £97,090 (£88,537) and Debenture stock interest of £36,000 (£36,000). We have provided out of these profits £173,728 (£147,989) for taxation.

An interim dividend of 4 per cent (less income tax) which absorbed £26,950 was declared and paid in May 1961, and your Board recommend a final dividend of 6 per cent (less income tax) making a total of 10 per cent for the year.

HIGHER TURNOVER

As you are aware, our business consists to a large extent of the manufacture to specification of substantial pieces of machinery. The engineering and manufacturing of a complete paper machine may extend over a period of 12 to 15 months, and delivery can only take place after the machine is substantially completed. Accordingly, the company has to finance Work in Progress to a considerable extent. The turnover of the year under review was approximately 25 per cent higher than in the preceding year. These factors are reflected in the value in the balance sheet at September 30, 1961, of "Finished products, work in progress and supplies" at £2,323,615 compared with £1,177,561 at September 30, 1960.

I also report that there has been an increase of approximately £127,000 in the excess of Current Assets over Current Liabilities and at September 30, 1961, the excess was £1,197,507.

EXPORT TRADE

We have continued our wide export business with 75 per cent of our deliveries going to overseas markets. Since my last statement we have obtained orders for new paper machines from West Germany and Austria as well as from the United Kingdom and we have obtained orders for other installations from many countries in Western Europe and the Commonwealth. The volume of orders on hand continues at a high level despite increasing competition and at present stands at approximately £11,750,000. On the sale of complete machines and other larger installations the credit facilities which the exporter is able to offer has become of increasing importance. In this respect the major problem which we have encountered has been the unwillingness of customers to bear the onerous and incalculable interest charges, related to British Bank rate, in respect of the credit facilities which we were able to offer. With the value of an order being of such magnitude it is obviously to a large extent necessary for the exporter, with the help of the Export Credits Guarantee Department, to obtain finance from its bankers.

The cost of this finance has to be included in the price payable by the foreign customer and, with the Bank rate at a relatively high figure, we have in effect been discriminated against to the extent of about 10 per cent of the sales price compared with our foreign competitors. We hope that the proposals recently announced by the Chancellor of the Exchequer will go some way to alleviate this position.

EXPANSION OF MANUFACTURING FACILITIES

In order to improve our deliveries and to expand our manufacturing facilities we acquired, for cash, in January, 1962, the share capital of Reed Brothers (Woolwich) Limited together with a leasehold site, works and certain other trading assets. The site which is held on a 75 year lease is on the Woolwich Trading Estate and includes a large machine shop and a first class assembly shop. There is also a modern drawing office and administrative block.

Our Converting and Extruder machinery manufacture, including the relevant sales and engineering services, are being transferred to Woolwich. We will concentrate this department in that area and relieve some of the pressure on our main plant in Newport, Monmouthshire. Additionally, there will be some capacity for machining and assembly for certain other Black-Clawson products.

We are continuing the manufacture of the rubber mill machinery previously sold for home and export by Reeds.

Our subsidiary company, W. A. Baker & Company Limited, which sells steel castings, has had a good year, both sales and profit being much higher than formerly. A considerable number of steel castings have been shipped by Bakers to the North American continent.

The employees of your Companies have maintained their high standards of workmanship during the past year.

The British Division of The Black-Clawson Group is therefore continuing to expand and I am confident that after the initial development period necessary in our Woolwich plant we shall be able substantially to increase our production in the United Kingdom.

The Black-Clawson Company of Hamilton, Ohio, has recently acquired The William Kennedy & Sons Limited plant in Owen Sound, Ontario. As a result of this purchase and the acquisition of Reeds the Group now owns nine plants in various parts of the world. Great benefit is available to our customers from these worldwide facilities and we can and do exchange technical and commercial knowledge. We also have the ability to manufacture similar equipment in these various plants thus assisting in an enhanced service to the industries which we serve.

BAY HALL TRUST LIMITED

Summary of Directors' Report for the year ended 31st December, 1961, and of the accompanying Statement by the Chairman, Sir Charles J. Hambro, K.B.E., M.C.

In 1961, gross revenue rose from £388,148 to £455,532. The income from the second, and final, instalment of £455,000 on the 5½ per cent Debenture Stock received in November, 1960, contributed to the increase, but even after making allowance for this there was still a healthy growth of income from the Company's other investments. The net profit for the year, after paying a full year's interest on the Debenture Stock, rose by over 10 per cent to £242,202. In deference to the Chancellor of the Exchequer's request for dividend restraint, the Directors have recommended an unchanged final dividend of 6 per cent, less tax—thus maintaining the total payment for the year at 9 per cent, less tax, absorbing £184,669. But for this request they would have recommended a higher final dividend out of the increased net profit for the year. The sum transferred to General Reserve has been increased from £30,000 to £50,000, leaving a balance to be carried forward of £64,792.

DISTRIBUTION OF INVESTMENTS (based on valuations at 31st December)

	1961	1960
EQUITIES :		
COMMERCIAL & INDUSTRIAL—		
United Kingdom :	%	%
Banks, Insurance, etc..	1·3	1·1
Breweries and Tobacco	1·8	2·0
Building	1·3	1·2
Chemical	1·3	1·9
Electrical	1·3	1·5
Engineering	8·4	8·6
Foods, Stores	2·3	1·9
Iron and Steel	4·2	6·4
Motors and Accessories	1·3	2·1
Paper and Printing	1·2	1·3
Property	27·2	17·8
Miscellaneous	2·2	2·3
	53·8	48·1
Australia	0·6	0·1
Republic of South Africa	5·6	6·2
United States of America	4·5	2·3
MINING FINANCE—		
Republic of South Africa	26·7	32·4
Elsewhere Overseas	2·1	2·2
MINES AND PLANTATIONS—		
Overseas :		
Base Metals	1·5	2·0
Diamonds	1·2	1·3
Gold	0·9	1·6
Oil, Tea and Rubber	1·7	2·1
Total Equities	98·6	98·3
FIXED INTEREST	1·4	1·7
TOTAL	100·0	100·0

At market prices ruling on 31st December, 1961 (or where no market prices existed, at valuations by the Directors at that date amounting to £524,179) the Company's investments had an aggregate value of £8,132,029, compared with the balance sheet value of £5,125,512. After allowing for the final dividend on the ordinary shares, the net assets of the Company totalled £7,166,000, which is equivalent to 21s. 4½d. per share and compares with 19s. 6d. per share a year earlier.

The principal change in the Distribution of Investments is the increase in the proportion invested in property shares. This is due partly to the general rise in Stock Exchange values which has taken place in this section of the market and partly to increased investments, including a rights issue by St Martin's le Grand Property Co. in which the Company has a substantial interest.

The Chairman states that in view of the conditions which British industry is at present experiencing, income during 1962 cannot be expected to continue the growth that has taken place in recent years. He is, however, hopeful that this year income will be maintained at about last year's level.

Copies of the full Report and Accounts are obtainable on application to the Company at Princes House, 95 Gresham Street, London, E.C.2.

IND COOPE TETLEY ANSELL LIMITED

"A COMMONWEALTH OF BREWERS"

In his annual statement circulated to shareholders, **Mr Edward Thompson, M.B.E., T.D.,** the Chairman, says that Ind Coope Tetley Ansell came into effective being in May, 1961. When the merger of Ind Coope, Tetley Walker and Ansells was recommended by the Chairmen of those three companies, the conception was that of a Commonwealth of Brewers. That conception is well on the way to realisation.

Sales of the Group's three National beers, Double Diamond, SKOL and Long Life now available in both bottle and can, were all substantially in advance of those in the previous year.

Tetley had another record year with some 89 per cent of their production in draught beer : Walker also achieved an increase in barrelage usefully in advance of the national average. As co-ordination progresses, Tetley Walker's popular beers will become more widely available in the Group's Northern properties. Ansells' sales were again up and their draught Mild will be made available more widely in Ind Coope houses in the Greater Birmingham area.

Group production of beers excluding lager now approximates 68 per cent draught and 32 per cent bottled.

All wines and spirit companies within the Group had another record year of trading. Ships' stores and export trade expanded again during the current year.

Mr Thompson points out that the Group owns a total of 95 hotels. The profits from that part of the business are attractive notwithstanding the costly modernising and restyling necessary in the more old-fashioned hotels.

In the course of his views on the future, Mr Thompson reminds shareholders that the Company has been in effective operation only for a period of months, but he says it has enabled him, even more, to appreciate the great potential of the new Group and the capacity and enthusiasm of its management to make the best use of its combined resources. He adds: The Group is soundly based financially and well placed to take advantage of trading opportunities as they arise.

ILFORD LIMITED

(Manufacturers of Photographic Materials)

INTRODUCTION OF NEW COLOUR PRODUCTS

The sixty-fifth annual general meeting of Ilford Limited will be held on March 2nd in London. The following is an extract from the circulated statement of the Chairman, **The Hon James P. Philipps:**

Turnover once again reached a new all-time record in value, although the rise was not as great as anticipated owing to unforeseen delays in getting into production with our new range of colour products. Nor was it sufficient to offset both the increase in manufacturing and overhead expenses, including substantially increased expenditure on research, and higher depreciation on our plant. In fact, more than half of the reduction of £235,000 in Group Profits before taxation was due to the increase of £131,000 in depreciation.

Very large sums are necessarily being spent on research and development. It is only in this way that we can possibly increase, or even maintain our share of the steadily expanding world market for photographic goods.

Meanwhile, considerable improvements have been made in our colour products and we shall also be able to offer the amateur an increased range of fully competitive products this spring. One of the new products we shall be marketing for the first time will be a high quality fast 8 mm. colour cine film to compete in this rapidly expanding amateur market. We are confident that we shall be able to secure a fair share of the rapidly expanding market in colour and also in the long run to earn therefrom a satisfactory rate of profit on a greatly increased turnover. However, for the next year or two the cost of promoting these sales is bound to be heavy.

We are now able to offer a very comprehensive range of Ilford cameras at prices ranging from approximately £2 10s. 0d. to £45 including tax. Of these, the roll-film types—Sporti 4, Sporti and Super Sporti—are good looking but robust pieces of equipment, having optical eye-level viewfinders and flash synchronisation.

Cameras using 35 mm. film range from the simple Sportsman Vario with direct manual controls to the Sportsmaster Manumatic with which the lens aperture may be automatically or manually set.

We have also in production a slide projector of modern design with magazine loading and a particularly efficient illumination system.

With Sportsman cameras, Ilfochrome film and the Sportsview projector we are now able to supply all the requirements of those who find colour transparencies especially satisfying.

In the past year our subsidiary companies in the USA and Australia have both increased their turnover appreciably. Our various subsidiaries in Europe should be of great assistance to us if Britain enters the Common Market, and should help our Export drive in the "Six" which reciprocal reduction of duties would facilitate, although naturally it would also make competition fiercer in our Home Market.

Your Board are confident that with the introduction of our new colour products, the second half of our current financial year will see an increase in sales. Unless our costs are going to continue to be forced up by circumstances outside our control, such increase in sales should lead to a corresponding increase in profits.

THE STEEL COMPANY OF WALES LIMITED

DEVELOPMENT PLANS NEAR COMPLETION

SHAREHOLDERS' PATIENCE SHOULD BE REWARDED

MR HARALD PEAKE REVIEWS TRADING PROSPECTS

The fifteenth Annual General Meeting of The Steel Company of Wales Limited was held on February 5th in London.

Mr Harald Peake, Chairman, who presided, said:

Before proposing the adoption of the accounts, shareholders may wish me to bring them up to date regarding the progress of the Company.

The aftermath of the bricklayers' strike, which ended on October 29, 1961, continued to have an adverse effect on trading well into December. It is inevitable, therefore, that the profits for the half year to the end of March, 1962, will compare very unfavourably with those for the similar period a year ago.

At present we are continuing to work below the rate of three million ingot tons per annum which was provided for by the Third Development Plan. This is due partly to lack of orders and partly to the change-over from 230-ton to 400-ton furnaces at the Abbey Works melting shop.

IMPROVED VOLUME OF ORDERS

There is now some improvement in the volume of orders and two out of the four 400-ton steel furnaces have been commissioned. Furthermore, the Iron and Steel Board has announced that it is reviewing the maximum prices which may be charged for iron and steel in the light of the additional costs which the industry has had to meet in recent months. It seems reasonable, therefore, to expect that trading results will improve from now onwards.

Whilst prospects, in the short term, are uncertain, I think that shareholders should not take a gloomy view of the future. Last year our Company achieved a larger surplus on trading than any other British maker of iron and steel. Towards a capital expenditure of 18½ million pounds during last year, no less than 14 million pounds was provided out of the trading surplus of the year.

The Fourth Development Plan is approaching completion and, if no further major developments are undertaken for a few years, a very strong financial position should be built up.

I believe that if we shareholders have a little patience it will be well rewarded.

The Chairman concluded by moving the adoption of the report and accounts.

Sir Julian Pode, JP, FCA, FCIS (Deputy Chairman and Managing Director), seconded the Resolution which was carried unanimously.

The dividend recommendation was approved; the retiring directors, The Rt Hon Lord Cobbold, Sir Robert Barlow, Mr R. W. Evans, MMet, FIM and the Hon Hugo Kindersley, were re-elected and the remuneration of the auditors, Messrs Peat, Marwick, Mitchell & Company, was agreed.

CHAIRMAN'S RETIREMENT

Concluding the formal proceedings, Mr Harald Peake said it was with very great regret that he was laying down the Chairmanship of the great Company which he had served for the last 6½ years, but he was very pleased indeed to be handing over the chairmanship to Sir Julian Pode, the deputy chairman, who, as managing director, had done such very great work for the Shareholders of the Company ever since its formation. Mr Peake added: My regret at leaving is mitigated by the fact that I can see that the Company will go forward from strength to strength.

The Chairman then expressed his thanks to his co-directors, to the executives, staff and workpeople, and to the shareholders and customers, for the support he had received from them during his term of office.

SIR WILLIAM MCFADZEAN'S TRIBUTE

Proposing a hearty vote of thanks to the Chairman, his colleagues on the Board, the management, staff and workpeople, Sir William McFadzean said he deliberately included everyone because while the effort or contribution made by individuals must obviously vary, what really mattered was the collective effort as a whole. That had never been more important than today when as a country every effort must be made to increase productivity and the share of world trade.

Sir William said he was sure all shareholders greatly regretted the Chairman's decision to relinquish his office in order to leave the hectic life of industry for the quieter pastures of the City. He added: We wish you every success in your Chairmanship of Lloyds Bank and, being thoroughly selfish, we are delighted you are remaining one of our Directors.

He continued: To our new Chairman, Sir Julian Pode, we extend a very warm welcome. We have every confidence in him and wish him well. We are also delighted to see Mr W. F. Cartwright appointed as Managing Director and Mr David Young as his assistant—two men who have won their spurs in the service of the Company.

Sir William concluded: Mr Chairman, you ended your Statement as follows: "In the Steel Company of Wales we have a skilled staff, good workpeople and first class equipment. I have confidence in its future." May I add that we have also got a first class Board. In moving this warm vote of thanks on behalf of all Stockholders, I assure you we share your confidence in the future of the Steel Company of Wales.

MR T. MERVYN JONES' REMARKS

In seconding the resolution, Mr T. Mervyn Jones said that the accounts gave a clear picture in the attractive modern style. He added: The picture in parts—we look at dividends and sales—is cogent and sober. Dividend pause follows sales pause—in the long term how wise a

decision. There is, however, much comfort: export tonnage held, total sales second highest in the Company's history, progress with the Fourth Development Plan, a past ten years that has seen both assets and ingot production increase three-fold.

Mr Mervyn Jones joined in the tribute to Mr Harald Peake and in the welcome extended to Sir Julian Pode as the new chairman. He concluded: The Company's crest is the Red Dragon. Our hope, as our confidence is that it will continue to achieve the motto customarily attached to it—"The Red Dragon leads the way," or translated into Europe's oldest language, "Y ddraig goch ddyry cychwyn."

The motion was carried by acclamation.

After a brief response by the Chairman and by Sir Julian Pode the proceedings terminated.

HENLYS LIMITED

The thirty-third annual general meeting of Henlys Limited was held on February 1st in *London*, **Mr H. G. Henly** *(the chairman)* presiding.

The following are extracts from the Directors' Report:

Your Board has much pleasure in reporting another successful year's trading by the whole of the Group.

The Hire Purchase Subsidiary has grown during the year and has financed almost exclusively transactions of the Group's own customers and has thus escaped the setbacks reported by other finance houses.

The Net Profit of the Group before taxation amounted to £925,062, which represents 2.5 per cent on the value of the Group's turnover for the year. The decrease of 0.1 per cent compared with the previous year can be attributed to more competitive trading conditions. The turnover of the Group was a record.

The Interim Dividend paid and the Final Dividend recommended on the Ordinary Shares represent a distribution of 34 per cent gross.

Since the Chancellor's restrictions in July, trading has been difficult and, if these conditions continue, the Board is of the opinion that the results for the year ending August 31, 1962, cannot be expected to equal those for the past year. Needless to say, if the economic conditions of the country take a turn for the better, your Organisation is in a position to take full advantage of any such improvement.

The report was adopted.

FINSIDER

SOCIETÀ FINANZIARIA SIDERURGICA PER AZIONI

REGISTERED OFFICE, ROME

CAPITAL LIRE 94,248,000,000

The annual general meeting of Finsider was held in Rome on July 14, 1961, under the Chairmanship of **Cavaliere del Lavoro Prof. Dr. Ernesto Manuelli,** with the participation of 60 shareholders, representing 140,456,008 shares; 188,496,000 shares being the entire registered capital.

The report by the Board of Directors shows favourable results for 1960, a year in which Italian steel production amounting to 8,229,000 tons reached a new record, showing an increase on the previous year higher than that of all member countries of CECA (+21.7 per cent).

Particularly noteworthy was the level reached by consumption, which being over 9 million tons (corresponding to 183 Kg. pro-capite) showed an increase of 24.6 per cent in respect of 1959.

Within the framework of this excellent position, the Finsider Group also showed maximum production results: 2.3 million tons of pig iron (+28.8 per cent in respect of 1959); 4.4 million tons of steel (+24 per cent); 3.6 million tons of hot rolled products (+32 per cent).

Turnover therefore increased to 434.3 billion lire, of which 390 is in the steel sector.

In 1960 also the development plan for the Group was given a start, with a view to increasing the full cycle production of steel, which by 1965 should be double the present output.

As for the organisational field, the report states that a radical modification has been made within the structure of the Group, by merging the Ilva and Cornigliano companies and forming Italsider, which is among the first European companies both for size and efficiency. It is in fact within the new grouping that the vast works were initiated for the construction of the new integrated steel plant at Taranto (whose Pipe mill is already in operation), also the erection of the Novi Ligure cold-rolling mill, as well as improvements to the three existing centres at Cornigliano, Piombino and Bagnoli.

The profit and loss account of the entire Finsider Group shows that the net profits have nearly reached 14.5 billion lire, with a remarkable increase in respect of 1959, in spite of the fact that the allocation for depreciation was 10 billion lire in excess of the previous year.

As for the balance sheet it is to be emphasised that the gross value of installations is in the region of 700 billion lire of which 36.4 per cent (250 billion lire) is covered by mortgages. Net investments amounted to 51.5 billion lire.

The total financial liabilities as at December 31, 1960, were 327 billion lire against 304 at the end of 1959: of these 207.8 billion lire were formed by consolidated debts (equal to 63.6 per cent), 93.5 billion lire by debts to Banks and Financial Agencies (equal to 28.5 per cent) and 25.9 billion lire by debts to I.R.I. (equal to 7.9 per cent).

The Finsider S.p.A. balance sheet shows an increase of 37 billion lire (of which 26 billion lire are due to an increase in the share-holding in other companies. Profits for the year amounted to 9,913,120,480 lire, an increase of 2.6 billion lire in respect of the previous year.

In connection with the Directors' report, a thorough discussion took place in which various shareholders participated: the Chairman answered everybody exhaustively; thereafter the balance sheet was approved as well as the distribution of profits. After allocating 5 per cent of profits to the ordinary reserves (495,656,024 lire), a dividend of 10 per cent was declared on the capital, equal to 50 lire per share fully paid up (45 lire in the previous year); and 26.65 lire on the shares issued following last year's capital increase of which 15 lire for the 30 per cent of the capital paid on May 7, 1960 and 11.65 lire for the balance of 70 per cent paid on January 1, 1961. The dividend was made payable as from July 24, 1961.

THE NATIONAL BANK LIMITED

ANOTHER RECORD YEAR

LORD LONGFORD'S ADDRESS TO SHAREHOLDERS

The Chairman, in his address at the 127th Annual General Meeting at 13 Old Broad Street, London, E.C.2, was able to report another year of expansion, with Resources at December 31st last standing at the record figure of £112,600,000, an increase during the year of over £7m., whilst Advances had increased by approximately £1m. to £50,393,000.

Lord Longford explained that in accordance with modern practice the Profit and Loss Account this year showed the dividend figure less Income Tax, on which basis the profit for the year at £261,948 had increased by £15,614. The figure would have been much higher but for the substantially larger sum of approximately £359,000 allocated to the Staff Pensions and other Funds. The Dividend was left unchanged at 18 per cent.

ECONOMIC BACKGROUND—IRELAND AND ENGLAND COMPARED

Lord Longford said that both employment and productivity in Ireland has continued to increase. The real National Income is again expected to increase by 4 per cent., or twice as much as envisaged in the Whitaker Plan.

In Britain, there have been many disappointments but 1961 may still prove to have been a turning point in British economic history. He strongly supported the decision to apply for membership of the Common Market.

Last year, said Lord Longford, I called for a five-year British Plan and pointed out the success of the so-called Whitaker Plan in Ireland. For some months the British Government has been trying to secure the co-operation of the Trades Union Congress in a National Economic Development Council. I very much hope that agreement has now been reached. The brutal truth is that a large proportion of the British public is allergic to a National Plan and another large portion as allergic to high profits, and yet, in their calmer moments, the vast majority of people in this country believe that business

cannot succeed without a considerable level of profits and just as certainly without a great deal of co-ordination or planning, whether of investment, production or incomes, which only a Government can undertake. If any simple slogan is permitted let it be "Planning for Profit."

NORTHERN IRELAND

In Northern Ireland, notwithstanding a deterioration in the unemployment figures, a brighter note was possible in that orders for four ships were on hand and new industrial projects in the pipeline.

THE REPUBLIC AND THE COMMON MARKET

The Republic of Ireland had applied for full membership of the Common Market and Lord Longford was wholeheartedly in support of this. There would be a difficult transitional period but an expansion in production and exports sufficient to end emigration was a glittering prize for the present generation of Irishmen which he urged the whole community to co-operate in seeking.

A FEW COMPARISONS

In Ireland the Resources had increased somewhat faster than the average of the other Banks. In England in the last ten years the Resources of the London Clearing Banks as a whole had increased by 19 per cent, whilst those of the National Bank had increased by approximately 47 per cent or more than twice as fast. The Bank's rate of growth had been about the same in England and Ireland. Too much should not be read into these figures, but they did show clearly that there was a strong demand for the services of the Bank.

APPOINTMENTS

MARKET RESEARCH

Economics Graduate (with statistics) required to initiate and maintain a market research unit working on Telecommunications Transmission Systems. This is a most interesting and challenging opportunity in a new field presenting ample scope. Some general knowledge of radio or electronics would be an advantage. Excellent salary and benefits.

Apply to: The Personnel Manager, Standard Telephones and Cables Limited, North Woolwich, LONDON, E.16.

For other appointments see page 573

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS AND GRANTS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above Studentships and grants for Research in Economics, Economic Statistics, Government, Social Administration, Social Anthropology, Sociology or the Economics and Organisation of Business, tenable for one year in the first instance, and renewable for a further period not exceeding two years. The Studentships are normally of the value of £450 or £400. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University.—Applications should be sent not later than February 24, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

EDUCATION: BUSINESS AND PERSONAL

THE Purchasing Officers Association maintains an Appointments Register, and employers requiring the services of purchasing staff are invited to communicate with the Association at Wardrobe Court, 146a Queen Victoria Street, London, E.C.4. (CITy 6811.)

COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

The following courses will be offered in the 1962-63 Session:

DIPLOMA COURSE IN MANAGEMENT STUDIES. A 24-week full-time residential course for graduates with industrial experience. A three-year course will also be provided on a day-release basis.

DIPLOMA COURSE IN INDUSTRIAL ADMINISTRATION. A full-time "sandwich" course, for graduates newly entering industry. Students will attend College for three months, followed by nine months in industry, and a further three months in College. A three-year course will also be provided on a day-release basis.

FULL-TIME COURSES IN WORK STUDY. Each course lasting 10 weeks.)

FULL-TIME COURSES IN ORGANISATION AND CONTROL OF PRODUCTION. Each course lasting six weeks.)

FULL-TIME COURSES FOR WORKERS' REPRESENTATIVES. (Each course lasting four weeks.)

FULL-TIME COURSE IN EMPLOYMENT INTERVIEWING. (One week.)

Further details and application forms may be obtained from the Head of Department of Industrial Administration, College of Advanced Technology, Gosta Green, Birmingham, 4.

UNIVERSITY OF EXETER

RESEARCH FELLOWSHIP (AGRICULTURAL ECONOMICS)

Applications are now invited for the post of Research Fellow in the Department of Economics (Head: Professor Provan), Agricultural Economics Service, Newton Abbot).

The Fellow will be required to undertake a study on the place of pig production in the general farm economy with special reference to the long-term effects of specialisation and size of unit. The appointment is for a period of two years and the salary range is £800-£1,200 per annum according to qualifications and experience. Further particulars from the Secretary of the University, Exeter.

Closing date for applications, the 28th February, 1962.

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more temporary posts at the grade of LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period of not more than four years. Applicants should have field experience, preferably in South America, South East Asia or Africa, or knowledge of China. Salary scale £1,050 to £1,850 per annum; membership of F.S.S.U., and Children's Allowance Scheme. Applications should be sent not later than March 31, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

CENTRAL OFFICE OF INFORMATION requires a SENIOR INFORMATION OFFICER (unestablished) for production work on Radio-tapes for overseas. Duties include liaison with other Government Departments and briefing of free-lance contributors. Qualifications required are a thorough knowledge of radio production and of tape-editing. Some familiarity with the work of the official Information Services overseas will be an advantage. Salary £1,575-£1,925 according to age. Write, giving full details of experience and qualifications, to Manager (PL/56/PO), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

THE UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

The University will offer a number of Research Scholarships, value £270-£430, to graduates and to those expected to graduate this summer who wish to read for higher degrees in the Faculty of Commerce and Social Science. There will be opportunities for advanced study and training in research in all the main departments of the Faculty and also in subjects common to more than one department.

Further particulars may be obtained from the Assistant Registrar (Commerce and Social Science), The University, Birmingham, 15, to whom applications should be sent before 16th June, 1962.

DIRECTORS needing able office staff (m. and f.)—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 6644.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

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

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write: Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 3654.

TUITION FOR B.Sc. ECONOMICS

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

WOLSEY HALL, OXFORD

UNITED NATIONS

ENGLISH TRANSLATORS

The United Nations will hold an examination to select English translators and trainee translators in April 1962 in New York, London and Geneva.

Candidates must be nationals of States Members of the United Nations, of English mother tongue, have an excellent knowledge of French and of Russian or Spanish, and have a university degree or equivalent qualifications.

Successful candidates may be offered probationary appointments in New York as trainee translators at a salary of $7,500 ($6,130 net after deductions in lieu of taxation), leading to a permanent appointment after two years of satisfactory service at a higher level carrying a salary ranging from $9,300 ($7,460 net) to $12,800 ($9,870 net). A cost-of-living adjustment and allowances for dependants are also payable. Other benefits include pension scheme, children's education allowances and home leave.

Successful candidates with considerable experience as translators in this field may be offered initial appointments at the higher level.

Opportunities exist for further promotion to the level of Senior Translator, which carries a salary ranging from $11,400 ($8,930 net) to $15,200 ($11,420 net).

Further information and application forms may be obtained by writing to one of the following addresses, sending an unstamped self-addressed business size envelope:

Personnel Division
English Translators
(Room 266)
United Nations
Palais des Nations
Geneva, Switzerland

or

United Nations Information Centre
14/15 Stratford Place
London W.1, England

The closing date for the receipt of completed application forms is 12 March 1962.

GKN **G.K.N. GROUP OPERATIONAL RESEARCH SERVICE (Midlands Unit)**

GROUP LEADER

Applications are invited for the position of Group Leader in the Midlands Unit.

This is a senior vacancy and the successful candidate will be required to supervise small teams working on management problems in the Engineering Companies of the G.K.N. Group.

Applicants should be graduates, preferably between 30 and 35 years of age. They should have had experience in Operational Research or in similar work, and experience in management itself would be an advantage.

The Unit is based on the Group Research Laboratory at Wolverhampton, and there is pleasant country within easy reach. The work is in the Group Companies, most of them being within daily travelling distance of base, though occasional periods away from home must be expected.

Please write or telephone:

The Personnel Officer, G.K.N. Group Research Laboratory, Birmingham New Road, Lanesfield, Wolverhampton, Wolverhampton 37361.

THE UNIVERSITY OF MANCHESTER

Applications are invited for two posts at the grade of ASSISTANT LECTURER IN ECONOMICS in the Faculty of Economic and Social Studies. Salary scale £800 x £50 to £950 per annum; membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than February 17, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF HULL

Applications are invited for an Assistant Lectureship or Lectureship in Social Administration tenable from 1st October, 1962. Preference to candidates with a particular interest in the industrial aspects of social policy or in housing and planning. Salary scales: Assistant Lecturer £800-£950 p.a., Lecturer £1,050-£1,850 p.a.; with F.S.S.U. and children's allowances. Further particulars may be obtained from the undersigned to whom applications (six copies) should be sent not later than 10th March, 1962.

W. D. CRAIG, Registrar.

COMPANY AFFAIRS

Gilt-edged stocks have captured most of the limelight in the London stock market this week and insurance companies and pension funds have been big buyers particularly of long-dated stocks. In a buoyant market the new City of London 6¼ per cent stock has had a good reception and it has touched a premium of one point. By contrast equities have been quiet but have remained reasonably firm and The Economist *indicator gained 2 points to 359.0. Interest centred on the take-over front—ICI and Courtaulds inevitably and Fairey, Charrington and Waterlow as well. A higher dividend estimate gave a strong boost to John Brown and tobacco shares attracted buying again after Imperial Tobacco's results were published.*

Imps Fights Back

In a written reply Mr Niall Macpherson, Parliamentary Secretary to the Board of Trade, set out again on Tuesday the reasons why the President of the Board of Trade is not enforcing the Monopolies Commission's recommendation that Imperial Tobacco should sell its holding in Gallaher. Mr Macpherson recalled that the Monopolies Commission had acknowledged that the competition experienced by Imperial Tobacco was intense and he said that it had become even more intense since the report was published. He added: "There is no evidence that Imperial is not combating it as strongly as they can; indeed all the evidence goes the other way."

So it proved the same afternoon when Imperial Tobacco's preliminary results for the year to October 31st last revealed that the recent decline in trading profits had been halted. Profits have no doubt been helped by the June increase in cigarette and tobacco prices. This was followed in July by the 10 per cent surcharge on tobacco duties; this produced an exceptional stock profit of £1½ million which, as on other occasions when the duty was increased, has been transferred directly

Years to October 31	1960 £'000s	1961 £'000s
Parent Company :—		
Trading profit	17,400	18,554
Other income	8,093	8,679
Gross income	25,494	27,233
Net profit	13,694	14,133
The Group :—		
Trading profit	20,924	21,543
Other income	7,109	7,537
Gross income	28,033	29,080
Net profit	15,049	14,945

to reserves. The increases in prices have not damped down tobacco consumption very much, though they have accelerated the switch into tipped cigarettes. Investment income, which in the past has more than offset the decline in trading profits, also received another boost as BAT's dividend was raised though Gallaher's payment was simply maintained on the capital as increased by a rights issue. But the earnings of the printing, paper and other subsidiaries appear to have fallen by about £530,000 and this has limited the increase in consolidated trading profits with the result that, after a higher tax charge, equity earnings are fractionally lower at 39.2 per cent (against 39.5 per cent), leaving the cover on the maintained 22½ per cent dividend unchanged at 1.7 times.

The results pleased the market especially as the chairman, Mr R. S. W. Clarke, told shareholders last March that sales for the first four months were slightly down and costs were rising and the £1 shares gained 5s. 10½d. to 61s. 3d. to yield 7.4 per cent. This is two points more than the return on Gallaher—a disparity which can be justified on the record of growth over the past ten years. But the latest results suggest that Imperial Tobacco, whose share of the trade is around 60 per cent is now staving off the competitive challenge of Gallaher and other cigarette manufacturers more successfully. One small indication of Imperial Tobacco's endeavours to fight back is the decision to replace the traditional and old-fashioned design on the flat packets of "Players" with the modern design already used on the flip-top packets. The shares have for long held attractions as an income stock but those investors who are impressed by the latest results should await the publication of the forthcoming cancer report before going into the market to buy.

Ind Coope, Tetley Ansells

The brewing commonwealth created by the merger of Ind Coope, Tetley and Ansells has imposed a more regional pattern of trade and production on the policies of Ind Coope and from the shareholders' point of view this is probably all to the good. The benefits of rationalisation in production and distribution are still to come from this merger and as there has been some delay in securing the necessary planning consents so, too, are some of those arising from Ind Coope's earlier merger with Taylor Walker. The sale of some of the group's properties will release money for capital developments; the cash flow from such realisations amounted to £2½ million in 1960-61 and it will not be less than £1½ million this year so that by the end of next September about £10 million in all will have been released from property sales. But the capital developments, including the building of two lager breweries and the improvement of licensed premises, have been big and stocks, reflecting the extra duty, have risen; as a result the group's liquid assets have been halved to £3 million and the chairman, Mr Edward Thompson, says that eventually the cost of permanent new investments (including Tetley Walker's earlier acquisition of a brewery in Leeds for over £3 million in cash) will have to be funded. This, presumably, will involve the issue of a prior charge stock.

The concentration of ownership in the brewing industry is not, however, all sugar and no pill. Mr Thompson, for instance, says that trade can be disturbed and profits affected by "the change of beers consequent upon the closing of a brewery." The ordinary drinker, in other words, may prefer his local brew to a national one. There has been a swing back from bottled beer to draught, which is cheaper and earns a smaller margin for the brewer. Mr Thompson appears to blame the extra duty largely for this change; but some other brewers believe that more permanent factors are at work and point to the growth of container draught as a portent for the future.

Whatever the reason, the swing away from bottled beers has important consequences for Ind Coope. Its sales of "Double Diamond," "Skol" and "Long Life" were higher in 1960-61 but its profits rose by only one per cent, compared with a rise of ten per cent achieved by the two other partners in the group, Tetley and Ansells. Obviously, it cost Ind Coope more to promote the growth in sales of its bottled beers last year and though the summer's increase in prices should take care of the rise in costs a further fall in sales could have a serious effect on Ind Coope's own earnings, especially as it did not pass the increase in duty on to its bottled beer drinkers. It is perhaps as well for the Ind Coope shareholders that they now have a stake in a larger group, in which about two thirds of the sales are draught. But if the profits on Ind Coope's bottled beers fail to rise, this will act as a drag on the group's earnings as a whole. The 5s. shares are not now so popular as they were and at 13s. 3d. they yield 4.4 per cent on the indicated dividend of 12 per cent, covered 1½ times.

F. W. Woolworth

In his first statement as chairman of F. W. Woolworth, Mr F. L. Chaplin says that sales were disappointing in the early part of 1961 but picked up as the year went on, and with a satisfactory Christmas trade they reached a new record level. The turnover figure is not given, but as Mr Chaplin refers to a "constant squeeze on profit margins" and the rise in trading profits of 4 per cent was a little more than that of retail sales over the nation as a whole, the inference is that Woolworth has at least held on to its share of the retail market. Gross profits rose by 4 per cent, from £31,303,000 to £32,587,000 but higher profits tax skimmed

off the gain and left net profits £13,000 lower at £14,985,000.

The ordinary dividend was fractionally higher as a result of an adjustment for the scrip issue in November, 1960, and the cover remains unchanged at 1.4 times. Mr Chaplin says that the future growth of profits depends on the growth of turnover, but margins are being squeezed by the rise in costs. In the next few years Woolworth intends to build 27 new stores, modernise another 45, and relocate 17 in bigger premises; in all this will cost about £28 million, but with liquid assets of about that

Years to Dec. 31	1957 £ mil.	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.
Trading profit	21·9	23·6	26·6	29·6	30·8
Gross profit	24·1	25·6	28·3	31·3	32·6
Net equity earnings	11·1	11·9	13·8	14·7	14·8
Retained cash flow	4·6	5·5	6·1	6·2	6·3
Net fixed assets	48·1	53·9	60·8	65·8	72·7
Net current assets	18·1	16·7	15·0	15·9	14·8
Net liquid assets	30·0	28·7	27·3	26·8	27·8
Net equity assets	54·2	58·5	62·7	66·8	71·4
	%	%	%	%	%
Ord. earnings†	40·7	43·5	47·5	50·3	50·8
Ord. dividend†	28·6	28·6	32·1	35·7	35·8
Gross profit/net equity assets	44·5	43·8	45·1	46·9	45·7
Net earnings/net equity assets	20·5	20·3	22·0	22·2	20·7
Price (5s. shares): 48s. 3d. Dividend yield: 3·7%.	Earnings yield: 5·2%; equal to 19·2 years' earnings.				

† Adjusted for Scrip Issues

amount, and with the cash flow running at over £6 million, the financing of this programme should present no problem. The real problem for the future may be to meet the competition of discount stores, which might force Woolworth to extend the range of its merchandise, but for the moment geographical expansion is probably the best way of adding to sales. Sales appear to have been stimulated by press and television advertising—a recent innovation for Woolworth—and like Marks and Spencer it is extending the food sections in many of its stores. But for the moment at least it is not proceeding with its plan to apply for a licence to sell beer, wines and spirits at some of its large stores, having had its application turned down at Nottingham. At 48s. 3d., the low point for 1961-62, the 5s. shares yield 3.7 per cent and with signs that the Woolworth management is now more in tune with changes in consumer demand this may not look too far ahead.

John Brown

Recent sellers of John Brown £1 stock units, who had brought the price down in the previous two weeks from 38s. 6d. to 33s. 9d. by last weekend, received a rude shock when the directors announced a one-for-four scrip issue and held out hopes that the present dividend would be maintained on the bigger capital. Thus on Monday morning the shares jumped by 6s. 3d. to 40s. to offer a prospective yield of 6¾ per cent. For 1960-61 the ordinary dividend was held at 11 per cent when the John Brown directors were among the first to comply with the Chancellor's appeal for dividend restraint. Now in announcing a maintained interim of 4 per cent they say that "subject to the national interest" they hope to keep the final dividend at 7 per cent on the capital after the scrip issue. Shareholders will assume that next year's interim will also be left unchanged, so that the total payment will effectively be increased to the equivalent of 13¼ per cent on the present capital. While no indication of the trend of profits in the current year is given with the statement it seems clear from the forecast of a bigger dividend that once again higher profits from the two machine tool subsidiaries will more than offset a probable decline in earnings from John Brown's shipbuilding and boiler-making interests.

General Electric

As expected the interim dividend from General Electric has been maintained at 3 per cent and shareholders will now have to wait until July to see whether the final dividend, which has been kept at 7 per cent for the past four years, will be cut. If they read between the lines of the interim statement they may feel that the odds are slightly in favour of an unchanged final for 1961-62. They are told that the dividend will be determined not only in the light of the results for the year to March 31st but also of the estimated results for 1962-63. For the current year the chairman's forecast of a recovery in profits has been revised; profits before tax and reorganisation expenses are now expected to be about the same as the combined profits of GEC and Radio and Allied (acquired in April) for 1960-61.

This points to pre-tax profits of about £4 million but reorganisation expenses will take about £1 million so that earnings, assuming a normal tax charge, are not likely to exceed 7 per cent. The 10 per cent dividend was not covered by earnings in 1960-61 and GEC can hardly afford in its present financial plight to continue paying dividends which are short earned. But the reorganisation of the group is now almost completed while the greater part of its cost will have been borne in the current year; if the outlook for 1962-63 looks favourable the directors may be willing to pay a short-earned dividend once again. GEC still has a major financial problem on its hands. Bank overdrafts and acceptance credits are still close to the September total of £16½ million; but the directors say that the benefits arising from realisations have still to appear. These include the reduction of GEC's holding in Pirelli-General Cable from 50 to 5 per cent (which is expected to bring in about £2 million) and in due course the sale of Magnet House. The negotiations about the Hunterston nuclear power station, which was responsible for £8½ million in overdrafts in September, may also have an important influence on GEC's financial resources.

On trading the directors' statement suggests that GEC may now be over the worst for there are signs of a recovery in domestic appliance sales and the telecommunications and electronics business is expanding. In heavy engineering, however, margins remain "meagre." Moreover in 1962-63 the sweeping changes made in management, trading and distribution should really begin to make their mark. The £1 shares standing at 28s. 3d. yield over 7 per cent on the assumption of an unchanged dividend and they are not likely to move much higher ahead of the full year's results. But even if the signs of a recovery are then more apparent than they are now any rise in the price of the shares would almost certainly be limited by the prospect of an early call on shareholders for new capital.

Heineken's Umbrella

The four biggest exporters of beer in the world are Guinness, Carlsberg, Tuborg and Heineken. Of the four Heineken is probably the most international, for, in addition to direct exports from Holland, it has a number of minority interests in overseas breweries. Among the countries in which it has a stake in local brewing are Malaya, Egypt, Nigeria, the Congo, Belgium, Italy and Venezuela. Most of the investments, including those in the Congo, continued to do well in the year to September 30th, with the result that the revenue Heineken received from them went up from Fl. 2.3 million to Fl. 2.7 million. Heineken's international participations are much like Whitbread's "umbrella" in this country and it is not surprising that the two companies have come together in a trading agreement. This provides Heineken with outlets for its lager in the British market; but, more important, it provides a base from which Heineken and Whitbread can extend internationally, both in exports and overseas investments. The first fruit of this partnership will be a lager brewery in Nigeria.

As the biggest brewer in Holland Heineken operates from a strong home base: in 1960-61 its domestic sales of beer went up from about 900,000 hectolitres to just over 1 million hectolitres (about 600,000 barrels) while exports rose from 525,000 hectolitres to nearly 550,000 hectolitres (about 340,000 barrels) with the result that its trading surplus advanced from Fl. 20.3 million to Fl. 23.5 million. Because of the high level of sales, it can plan its big capital extension schemes, as for example at the brewery at 's-Hertogenbosch, to secure economies of scale in production. The extensions and a revaluation of assets have pushed up the depreciation charge, limiting the rise in net profits (from Fl. 6.8 million to Fl. 8.3 million) and in the rate of return on capital employed. Having raised its dividend from 11 to 12 per cent it is to make a one-for-five rights issue at Fl. 250 a share, which compares with the current market price of Fl. 655.

In the export markets, Heineken usually works through independent agencies, as

(Continued on page 570)

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: ITALY: BELGIUM: SWEDEN: NORWAY

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1961/62 High	Low	British Funds and Guaranteed Stocks	Price Jan. 31, 1962	Price Feb. 7, 1962	Net Red. Yield, Feb. 7, 1962 §	Gross Red. Yield, Feb. 7, 1962
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3% 1955-65	91 7/32	91 11/16	4 8 7	5 12 11 l
99⅛	97¼	Convers. 4½% ....Ass'd. (m)	97 5/16	97 7/16	3 19 8	6 6 10
96 15/16	93¼	Exchequer 3% 1962-63	96 19/32	96 13/16	4 3 2	5 9 9 l
101 5/16	98⅝	Treasury 5½% 1962	100 5/16	100 11/32	2 4 7	5 0 3
93 29/32	90¼	Exchequer 2½% 1963-64	93 19/32	93⅞	4 6 0	5 8 4 l
99 19/32	96⅝	Conversion 4¾% 1963	98 29/32	98 15/16	3 10 2	5 11 6
98 9/32	94½	Conversion 4½% 1964	97 15/32	97 19/32	3 13 8	5 13 0
101 5/16	96	Exchequer 5½% 1966	98⅜	98 17/32	3 16 2	5 18 2
83 7/16	78 3/16	Funding 3% 1959-69	83⅛	83 7/16	4 13 7	6 0 10 l
89¾	84¾	Funding 4% 1960-90	89 3/16	89½	3 11 0	5 5 3 l
80½	74⅝	Savings Bonds 3% 1960-70	79 1/16	79¼	4 16 2	6 2 6 l
86⅛	80¾	Savings Bonds 2½% 1964-67	85 7/16	86 1/16	4 13 2	5 15 8 l
72 11/16	66¼	Savings Bonds 3% 1965-75	70⅝	71 1/16	4 15 3	6 3 9 l
84 11/16	78⅞	Funding 3% 1966-68	83⅞	84	4 14 11	6 0 9 l
86 5/16	80¼	Conversion 3½% 1969	84 15/16	85 1/16	4 12 7	6 2 0
97½	92¼	Victory 4% 1920-76	92⅜	92⅜	3 12 1	5 4 7‡
93 5/16	87	Conversion 5% 1971	91⅛	91 5/16	4 4 4	6 5 9
95 11/16	88½	Conversion 5¼% 1974	92 5/16	92 5/16	4 1 4	6 4 11
73⅛	66	Treasury 3½% 1977-80	69 15/16	71	4 10 3	6 4 5 l
72¼	65	Treasury 3½% 1979-81	68⅞	69⅞	4 10 5	6 4 5 l
97 9/16	88½	Funding 5½% 1982-84	90⅜	90½	4 0 10	6 6 10 l
59½	51½	Redemption 3% 1986-96	55⅛	56⅝	4 5 10	6 1 11 l
88¼	79¼	Treasury 5% 1986-89	83 11/16	84⅞	4 0 8	6 5 8 l
63 1/16	55	Funding 3½% 1999-2004	58⅛	59 11/16	4 3 11	6 4 7 l
94⅝	81⅝	Treasury 5½% 2008-12	84 1/16	86½	3 19 7	6 7 4 l
65⅜	56½	Consols 4% ......after Feb. 1957	59 9/16	61½	3 19 9	6 10 3 l
59¼	50½	War Loan 3½% ......after 1952	53 5/16	55⅛	3 18 4	6 8 7 f
59	50½	Conv. 3½% ......after Apr. 1961	53⅜	55¼	3 18 8	6 9 8 f
50⅞	43¼	Treasury 3% ......after Apr. 1966	46⅛	47⅝	3 18 3	6 8 10 f
44	36½	Consols 2½%	39	40¼	3 16 4	6 5 0 f
43½	36½	Treasury 2½% ....after Apr. 1975	39	40¼	3 17 2	6 7 1 f
91⅞	85¾	British Electric 4½% 1967-69	90¼	90⅜	4 5 4	6 2 4 l
75 11/16	70⅛	British Electric 3% 1968-73	74⅞	75⅝	4 15 2	6 3 11 l
70⅝	64½	British Electric 3% 1974-77	69 11/16	69⅛	4 14 0	6 2 9 l
81⅞	74⅞	British Electric 4¼% 1974-79	80¼	80¾	4 4 11	6 4 3 l
73½	67	British Electric 3½% 1976-79	71	72	4 9 10	6 4 0 l
84⅞	78¾	British Gas 4% 1969-72	82⅞	83	4 10 1	6 4 8 l
82	76	British Gas 3½% 1969-71	80 9/16	81	4 11 11	6 2 2 l
59⅜	51¾	British Gas 3% 1990-95	55¼	56⅞	4 6 6	6 2 1 l
75 11/16	70⅛	British Transport 3% 1968-73	74⅞	75⅝	4 15 2	6 3 11 l
80⅞	74	British Transport 4% 1972-77	77 15/16	78¾	4 7 0	6 3 6 l
61 7/16	53¾	British Transport 3% 1978-88	57⅞	59¼	4 10 1	6 3 6 l

DOMINION AND CORPORATION STOCKS

Prices, 1961/62 High	Low	Dominion and Corporation Stocks	Price, Jan. 31, 1962	Price, Feb. 7, 1962	Red. Yield, Feb. 7, 1962
					£ s. d.
82¼	76½	Australia 3¼% 1965-69	80	80½	6 10 0 l
101	92¾	Australia 6% 1974-76	97½	98	6 7 0 l
72½	63½	Ceylon 4% 1973-75	64	63½	8 17 0 l
101¼	92¾	New Zealand 6% 1976-80	94¼	94¾	6 8 0 l
80½	70½	Rhodesia and Nyasaland 6% 1978-81	74	73¾	8 17 0 l
83	73	South Africa 3½% 1965-67	82¾	83	7 14 0 l
59	53½	Southern Rhodesia 4½% 1987-92	56¾	57	8 8 0 l
84⅝	76½	Agricultural Mortgage 5% 1959-89	78½	79	6 11 0 l
89	82¼	Birmingham 4¼% 1967-70	86¼	86½	6 7 0 l
92¾	86½	Bristol 5% 1971-73	89¾	89¾	6 5 0 l
93	86½	Corporation of London 5¼% 1976-79	88¼	88½	6 8 0 l
48¾	41	L.C.C. 3% ....after 1920	44¼	45½	6 9 0 f
89⅛	80¾	L.C.C. 5% 1980-83	84⅞	85⅞	6 6 0 l
93	84¼	Middlesex 5¼% 1980	88¾	89	6 9 0 l

NEW YORK PRICES AND INDICES

	Jan. 31 $	Feb. 7 $		Jan. 31 $	Feb. 7 $		Jan. 31 $	Feb. 7 $
Atch. Topeka	26⅞	27½	Boeing	56⅛	54⅜	Int. Harvester	53⅛	54⅞
Can. Pacific	24¾	25¼	Celanese	39⅜	40⅜	Inter. Nickel	80	78⅝
Pennsylvania	18	18⅜	Chrysler	56	55¾	Inter. Paper	33⅞	35⅛
Union Pacific	33¾	34	Col. Palmolive	48¾	50½	Kennecott	82½	82
Amer. Electric	65	67¼	Crown Zeller	51½	53½	Monsanto	48⅞	50⅜
Am. Tel. & Tel.	128	132	Distillers Seag.	44⅝	46⅝	Nat. Distillers	28½	28⅞
Cons. Edison	76¾	77¼	Douglas	36	34¾	Pan-American	21¾	23¼
Int. Tel. & Tel.	55	56	Dow Chemical	67¾	70⅜	Procter Gamble	82¾	82⅝
South'n. Nat. Gas	45⅞	49¼	Du Pont	229¼	242¼	Radio Corpn.	56¼	54⅞
United Corpn.	8	8¼	East. Kodak	104⅜	107⅜	Sears Roebuck	75⅝	81⅞
Western Union	38⅜	37⅞	Ford Motor	106⅜	109¾	Shell Oil	39⅜	39⅜
Alcoa	59¾	59⅛	Gen. Electric	75	75	Socony-Mobil	52¾	55⅛
Aluminium	27¼*	27¼	General Foods	87¼	87¾	Stand. Oil Ind.	53½	57¼
Amer. Can	45½	45½	General Motors	57⅛	56¾*	Stand. Oil N.J.	53	54¾*
Am. Smelting	64	63¾	Goodyear	43⅜	44⅜	Union Carbide	114⅞	119½
Am. Viscose	54⅜	55½	Gulf Oil	41	42⅜	U.S. Steel	72½	74
Anaconda	50	50¼	Heinz	63¼	62½	West. Electric	37⅜	37¼
Beth. Steel	41⅞*	42¼	Int. Bus. Mach.	542	552	Woolworth	84¼	85¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 10	72·88	2·90	33·84	4·77	62·54	3·19	87·87	4·09
" 17	72·16	2·93	33·78	4·78	62·13	3·21	87·57	4·12
" 24	72·27	2·92	33·60	4·80	62·13	3·22	87·77	4·10
" 31	72·77	2·91	33·90	4·76	62·29	3·23	87·46	4·13
Feb. 7	74·50	2·84	34·48	4·68	63·38	3·18	87·67	4·11

425 Industrials :—High, 76·69 (Dec. 12, 1961). Low, 60·87 (Jan. 3, 1961).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Jan. 31 Frcs.	Feb. 7 Frcs.
Air Liquide	1,125	1,175
Banque de Paris	523	554
Citroen	187·5	191
C. F. Petrole	299·9	319
Cie. G. d'Elect.	1,161	1,150
Machines Bull	725	729
Pechiney	275	275
Printemps	690	700
Rhone-Poulenc	490	477
S.I.M.	374·5	377
Saint-Gobain	460·1	439
Usinor	222·5	224
Index	99·7	101·1

Dec. 30, 1960=100.

GERMANY	Jan. 31 %	Feb. 7 %
A.E.G.	483	479¼
Bad'che. Anilin	485	480¼
Bayer	620	583½
Commerzbank	593	578
Deutsche Bank	651	635
Hoechst Farb.	512	507
Kundenkredit	520½	515
Lowenbrau	1,220	1,190
Mannesmann	254½	250⅝
Siemens	741	744
Thyssen-Huette	233	229½
Volkswagen	750	731½
Index	114·60	113·43

Herstatt Index Dec. 31, 1959=100.

HOLLAND	Jan. 31 %	Feb. 7 %
A.K.U.	399⅝	389⅝
Bijenkorf	1,180	1,150
Heinekens	635	655
Interunie (Fl.50)	Fl.223·5	Fl.227
K. N. Hoogoven	762½	767¾
Kon. Zout-Ket.	1,160	1,098
Philips	960½	961
Robeco (Fl.50)	Fl.245·5	Fl.250
Rotterdam Bk.	370½	395
Thomassen & D.	690	699
Valeurop	Fl. 79·5	Fl. 80·3
Zwanenberg	1,010	1,050
Index	376·25	385·70

1953=100.

ITALY	Jan. 31 Lire	Feb. 7 Lire
Ass. Generali	154,975	155,100
Breda	7,750	6,250¶
Edison	5,575	5,550
Fiat	3,026	3,023
Finsider	1,580	1,615
La Centrale	18,200	17,700
Montecatini	3,870	3,790
Motta	38,605	38,900
Olivetti	11,799	11,790
Pirelli S.p.A.	10,750	10,690
Rinascente	903	901
Snia Viscosa	7,458	7,437
Index	745·11	743·82

1950=100.

BELGIUM	Jan. 31 Frcs.	Feb. 7 Frcs.
Arbed	30,575	31,100
Bqe. Nat. de Bel.	10,900	10,950
Bque. Soc. Gen.	3,300	3,400
Cockerill-Oug.	3,100	3,095
Esperance Long	6,600	6,610
Hoboken	15,800	16,300
Innovation	6,870	6,920
Photo Gevaert	3,200	3,400
Sidro	1,056	1,058
Soc. Generale	13,825	14,000
Sofina	8,110	8,250
Un. Miniere 1/10	1,380	1,440
Index	401·5	404·5

May 9, 1940=100.

SWEDEN	Jan. 31 Kr.	Feb. 7 Kr.
Asea	197	198
Elektrolux	124	126
Ericsson B. Kr.35	132	132
Separator B.	303	307
Skand. Banken	209	211
Sv. Cellulosa	207	208
Sv. Handelsbank	211	210
Tandstk. B Kr.50	157	162
Index	174·97	176·59

Dec. 29, 1956=100.

NORWAY	Jan. 31 %	Feb. 7 %
Bergens Priv'bk.	255	255*
Borregaard	275	277½
Norsk Hydro	320	322½

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. (m) Assented into Conversion 6% 1972.

ORDINARY STOCKS

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Jan. 31, 1962	Price, Feb. 7, 1962	Yield, Feb. 7, 1962	Cover
				BANKS, DISCOUNT & HP				
91/-	64/-	6½ a	6½ b	Barclays £1	87/9	90/3	2·88	...
100/3	74/3	8 a	8 b	District £1	94/9	94/-	3·40	...
80/-	58/7½	5 a	6 b	Lloyds £1	72/6	73/6	2·99	...
26/4½	18/7½	7 a	8 b	Martins 5/-	21/3	21/6	3·49	...
94/6	67/3	7⅛ a	7⅛ b	Midland £1	89/9	90/9	3·31	...
97/3	73/-	7 a	7 b	Nat. Provincial £1	92/6	92/3	3·04	...
95/6	58/9	6⅔ a	7 11/12 b	Westminster 'B' £1	85/-	87/9	3·33	...
44/9	35/3	4 a	8 b	Australia & N.Z. ..£1 p.p.	44/-	44/3	5·42	...
52/-	41/-	4 a	6 b	Bk. Lond. & S. Amer. ..£1	45/-	48/3	4·15	...
£25 15/16	£21 3/16	$2·05c	$2·05c	Bank of Montreal $10	£23 7/16	£24 1/16	2·89	...
30¾	25¼	8 c	9 c	Bank of New S. Wales £20	27⅜	28½	5·05g	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	35/-	36/3	5·52	...
60/7½	46/7½	7½ b	7½	Chartered £1	56/6	57/6	5·22	...
£21	£14⅝	5/- a	10/- b	Hongk'g. & Shang. $25	£19¼	£19½	3·85	...
70/3	49/9	7½ a	9 b	Nat. Com. Bk. Scot. ..10/-	55/6	55/9	2·96	...
£29 5/16	£25 15/16	$2·32½c	$2·37½c	Royal Bk. Canada $10	£27 3/16	£27 9/16	2·92	...
41/6	32/-	10 b	5 a	Stand. Bk. S. Africa £1	38/-	38/9	7·74	...
170/-	95/-	22½ c	22½ c	Hambros ....£1 f.p.	163/9	170/-	2·65	...
92/-	59/6	5 b	2½ a	Schroders £1	89/9	88/9	1·69	...
60/6	45/6	6¼ a	6¼ b	Union Discount £1	54/6	57/3	4·37	...
27/4½	11/7½	18 c	Nil c	Bowmaker 5/-	13/3	13/9	...	1¼
23/6	11/9	19 c	5 a	Lombard Banking 5/-	13/6	13/6	...	1
21/9	12/9	5 a	2½ b	Mercantile Credit 5/-	16/4½	15/6	2·42	...
52/6	33/-	22½ b	4 a	United Domins. Tst. ..5/-	40/4½	39/10½	3·32	¾
				BREWERIES, Etc.				
15/4½	11/-	...	...	Bass, M. & B. 5/-	15/-	14/9	3·73**	2
41/1½	31/-	8½ b	6 a	Distillers 10/-	37/7½	38/-	3·82	2
26/9	13/-	4 a	8 b	Flowers 5/-	19/9	19/9	3·04	2
60/6	47/-	8 a	14 b	Guinness 10/-	48/6	50/-	4·40	1¾
15/6	12/-	...	8 b	Ind Coope T.A. 5/-	13/7½	13/4½	4·49**	...
15/-	10/-	5 a	7½ b	United Breweries 5/-	14/10½	14/10½	4·20	...
108/9	76/9	6 a	12 b	Watney Mann £1	104/3	102/9	3·50	2
37/9	26/-	27 c	9 a	Whitbread 'A' 5/-	33/3	32/9	4·12	1¾
				BUILDING, PAINT, Etc.				
54/-	44/10½	5⅔ b	3 a	Associated Portland £1	54/-	53/3	3·13	2½
28/1½	19/10½	7¼ b	4 a	British Plaster Bd. ..10/-	23/1½	23/3	5·38	2¼
26/10½	15/1½	10 b	6 a	Richard Costain 5/-	16/1½	15/1½	5·29	2¾
13/-	9/4½	10 a	5 b	Crittall Mfg. 5/-	10/6¼	10/9	6·98	2
18/6	10/-	6 a	14 b	International Paints ..4/-	10/9¾	10/10½	7·36	1½
66/9	40/6	21⅞ c	25 c	Rugby Portland 5/-	61/3	60/9	2·06	3¼
167/1½	118/6	7½ a	17½ b	Wall Paper Defd. £1	134/3	133/9	3·74	2¼
				CHEMICAL				
29/3	20/3	14 b	6 a	Albright & Wilson 5/-	21/9	21/7½	4·62	2½
22/-	14/10½	4 a	7½ b	Borax Defd. 5/-	16/10½	16/9	3·43	3
58/9	30/7½	7 b	4 a	Fisons £1	34/6	35/6	6·20	1½
81/6	53/-	7½ b	6¼ a	I C I £1	55/-	56/-	4·91	2
26/10½	14/6	10 b	5 a	Monsanto 5/-	16/6	14/9	5·08	2½
				DRAPERY & STORES				
36/-	24/-	8 b	4 a	Boots Pure Drug 5/-	27/9	27/4½	2·19	2¼
107/-	58/6	7½ a	20 b	Montague Burton 10/-	100/-	100/-	2·75	2¼
75/0¾	47/7½	5⅚ a	13⅓ b	Debenhams 10/-	58/6	58/3	3·30	1½
59/4½	45/-	25 b	12½ a	G.U.S. 'A' 5/-	55/7½	56/1½	3·34	2
46/9¾	33/4½	16⅔ b	13⅓ a	House of Fraser 5/-	39/-	39/3	3·82	1¼
21/1½	14/3	7⅓ b	5 a	Lewis's Invest. Tst. 4/-	15/-	15/1½	3·26	2¼
106/9	85/1½	32½ b	15 a	Marks & Spencer 'A' .5/-	95/6	96/-	2·47	1½
53/10½	34/10½	20 b	10 a	United Drapery 5/-	47/1½	47/4½	3·17	1¾
52/1½	48/3	10⅚ a	25 b	Woolworth 5/-	49/7½*	48/4½	3·70	1½
				OIL				
51/3	32/-	†6·94b	†2·78a	British Petroleum £1	33/3	34/-	9·34	2¼
49/6	30/6	†6⅞ b	†2½ a	Burmah Oil £1	30/9	31/-	9·88	1¼
£15 1/16	£10⅝	23·87c	11⅛ a	Royal Dutch ....20 fl.	£12 11/16	£13 1/16	3·59	2¾
34/10½	27/-	†20·8c	†10 a	Shell Transport 5/-	28/-	28/7½	5·93	3
41/3	23/9	...	...	Ultramar 10/-	25/-	25/3	... d	...

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Jan. 31, 1962	Price, Feb. 7, 1962	Yield, Feb. 7, 1962	Cover
				ELECTRICAL & RADIO				
48/6	28/3	10 b	5 a	A.E.I. £1	30/9	30/9	9·76	1
15/5[illegible]	9/7½	...	15 c	Brit. Electronic Inds. ..5/-	11/10½	11/8¼	6·42	¼
63/6	49/-	9½ b	4 a	B.I.C.C £1	62/-	63/3	4·27	2
14/8¼	11/3	5 a	7½ b	Crompton Parkinson .5/-	14/3	14/3	4·39	2½
89/6	54/-	7½ a	15⅚ b	Decca Record 10/-	81/6	80/-	2·19	1¾
52/-	35/-	5 a	12½ b	E.M.I. 10/-	42/6	44/3	3·95	2
45/6	25/9	8 b	5 a	Elliott-Automation 5/-	42/11¼	45/-	1·44	2
40/6	22/6	3 a	7 b	English Electric £1	23/9	25/-	8·00	1½
39/6	23/3	7 b	3 a	General Electric £1	28/6	28/6	7·02	¾
72/9	47/-	8⅛ b	4⅜ a	C. A. Parsons £1	53/3	55/6	4·50	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle £1	45/6	46/3	4·22	2¾
70/-	45/3	25 c	25 c	Thorn Electrical 5/-	68/-	68/-	1·84	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox £1	21/9	21/6	...	1
48/9	30/4½	7 b	4 a	John Brown £1	34/3	40/1½	6·85**	2¾
8/6	4/2¼	9 b	3 a	Cammell Laird 5/-	5/-	5/6	10·91	1
33/9	22/4½	20 b	10 a	Internat. Combust. ..5/-	25/10½	25/3	5·94	1½
9/1½	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/7½	4/10½	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter £1	37/4½	37/4½	6·42	2¼
17/4½	10/6	5 c	5 a	John Thompson 5/-	12/7½	12/6	2·00	...
34/4½	21/8¼	†2½ a	†6¼ b	Coventry Gauge 10/-	31/7½	30/10½	4·63	2¾
79/9	51/6	†6 b	†2½ a	Alfred Herbert £1	70/-	69/-	4·02	1¾
78/-	41/-	12½ b	5 a	Allied Ironfounders ..£1	45/3	47/-	7·45	1½
110/-	81/10½	10 b	5 a	Averys £1	93/6	93/3	3·22	2½
36/10½	17/-	7⅔ b	4 a	B.S.A. 10/-	18/3	18/6	6·31	2¼
14/9	9/-	8½ b	4½ a	George Cohen 5/-	9/9	10/6	6·19	1¾
44/4½	29/-	17½ b	10 a	Davy-Ashmore 5/-	31/6*	31/-*	4·44	2¼
108/7½	70/-	11 b	5 a	Guest Keen £1	77/10½	78/4½	4·08	3½
31/-	18/3	12 b	4 a	Head Wrightson 5/-	19/9*	19/6*	4·10	2½
100/9	68/3	5 a	7 b	Metal Box £1	82/6	83/3	2·88	2¼
22/6	14/-	4 a	10 b	Ransome & Marles ..5/-	16/6	17/-	4·12	3
50/6	34/6	7 b	3 a	Renold Chains £1	46/-	46/-	4·35	2
85/6	54/-	7 a	7 b	Tube Investments £1	61/1½	60/1½	4·66	3
38/4½	25/6	7½ b	2½ a	Vickers £1	29/9	28/9	6·96	1¾
84/6	58/-	3¾ a	10 b	Ward (Thos. W.) £1	65/6	66/-	4·17	3
30/-	18/-	22½ b	5 a	Woodall-Duckham ..5/-	20/6	20/6	5·12**	2¾
				FOOD & TOBACCO				
34/-	17/4½	10 c	10 c	Allied Suppliers 10/-	21/10½	21/9	4·60	2¼
15/-	7/9¾	12½ b	10 a	Assoc. British Foods ..1/-	11/1½	12/-	1·88	2
74/-	54/3	8 b	4 a	Bovril £1	59/6	60/-	4·00	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/10½	12/1½	3·77	3½
19/3	12/6	10 b	2½ a	International Tea 5/-	14/-	14/5¼	4·33	1½
107/9	65/-	10⅚ b	5 a	J. Lyons 'A' £1	77/9	76/9	4·13	1¼
35/6	25/9	5 a	9 b	Ranks Hovis 10/-	32/6	32/6	4·31	2¼
14/0¾	10/4½	7½ b	2½ a	Spillers 5/-	11/7½	12/6	4·00	2
50/3	38/7½	10·9c	10·7a	Tate & Lyle £1	49/9	49/6	4·85**	2
20/10½	14/10½	9 b	5 a	Unigate 5/-	16/7½	16/7½	4·21	2
73/-	52/9	†21⅔ c	†11⅔ a	Brit. Amer. Tobac. ..10/-	55/-	59/-	6·00	2¾
51/6	34/7½	15 b	5 a	Gallaher 10/-	38/9	37/6	5·33	2
71/9	57/3	8½ a	14 b	Imperial Tobacco £1	59/-	60/3	7·47	1¾
				INSURANCE				
15½	11 5/16	†55 b	†50 a	Britannic 5/-	14 7/16	14 11/16	2·92	...
86/3	60/6	25 b	20 a	Commercial Union ..5/-	64/-	62/-	3·63	...
35¼	17⅞	†41·17c	†41·17c	Equity & Law Life ...8/6	33 13/16	33 13/16	0·84	...
95/6	51/10½	20 b	10 a	General Accident 5/-	90/3	95/3	5·25	...
60/6	42/7½	40 b	35 a	Guardian 5/-	49/3	49/6	2·69**	...
42¾	21⅞	110 b	80 a	Legal & General 5/-	40 3/16	42 7/16	1·12	...
146/-	100/-	11½ b	8½ a	Northern & Empl. £1	145/3	145/9	2·74	...
272/6	156/3	†70 b	†20 a	Pearl 5/-	216/3	221/3	3·32	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A' 4/-	25 5/16	25⅞	2·63	...
49/3	38/10½	...	...	Royal 5/-	46/1½	46/4½	3·23**	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	107/9	108/9	3·45	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor 5/-	15/9¾	16/0¾	6·23	¾
86/6	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	83/10½	83/10½	1·19	7¾
48/6	35/6	11 c	5 a	Rolls-Royce £1	40/10½	40/7½	5·42	2¼
10/-	5/6	12 c	4 c	Rootes Motors 'A' ...4/-	6/-	6/-	2·67	...
88/9	52/2¼	5 a	11 b	A.C.V. £1	74/1½	72/7½	4·41	2
101/-	76/9	20 c	20 c	Leyland Motors £1	78/6	76/9	5·21	2
18/6	14/-	12½ c	8 a	Bristol Aeroplane ..10/-	14/4½	15/1½	8·26	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley £1	23/4½	23/10½	8·88**	1¼
41/3	28/10½	†4 a	†5½ b	Dowty Group 10/-	35/-	36/-	4·31	2¼
29/10½	21/6	15⅚ c	5 a	Dunlop Rubber 10/-	28/1½	29/3	5·41	2
72/-	49/9	2½ a	11¼ b	Joseph Lucas £1	66/6	66/9	4·12	2¼
33/-	15/9	30 c	Nil a	Pressed Steel 5/-	20/6	19/9	...	1¼
46/3	29/3	15 c	12½ c	Triplex Holdings ...10/-	36/3	37/1½	3·37	2¼
				MINES				
168/9	110/-	50 b	40 a	Anglo-American 10/-	141/3	141/3	6·37	1½
66/9	41/9	6¼ b	18¾ b	Consolid. Gold Fields .£1	57/3	57/-	8·77	2½
108/9	72/6	15 a	20 b	General Mining £1	92/6	90/-	7·78	2
68/6	40/-	120 b	40 a	Union Corporation ..2/6	55/-	54/-	7·41	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	17/3	17/3	23·19	1½
125/-	73/9	70 a	100 b	Free State Geduld ...5/-	87/6	86/10½	9·78	1½
54/3	37/6	25 a	25 b	Hartebeestfontein ..10/-	41/6	41/9	11·98	1½
64/6	41/10½	50 a	60 b	President Brand 5/-	51/3	50/6	10·89	1½
[illegible]/6	101/3	90 a	120 b	Western Holdings ...5/-	120/-	118/9	8·84	1¼
28/6	15/9	...	8⅓ a	Winkelhaak 10/-	17/6	17/3	...	8½
75/3	52/3	36⅔ b	13⅓ a	Chartered 15/-	53/9	54/6	13·76	2
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer. .10/-	55/6	54/6	14·68h	1¾
11/7½	7/10½	4 11/16 a	9 b	Rhod. Selection Tst. ..5/-	10/-	10/3	6·68h	2
30/9	15/3	15 a	17½ b	Tanganyika Cons. ...10/-	18/6	18/9	17·33	1¼
81/6	46/-	13¾ b	3¾ a	Consolidated Zinc £1	53/-	55/9	6·28	1¾
159/4½	110/-	150 b	100 a	De Beers Defd. Reg. .5/-	137/6	140/-	8·93	1¾
$159½	$104	$1·50c	$1·50c	Internat. Nickel ....n.p.v.	$140½	$138	1·93	...
18/9	10/9	27½ b	7½ a	London Tin 4/-	17/10½	18/4½	7·62	1¼
45/-	30/-	20 c	27½ c	Rio Tinto 10/-	40/-	41/3	6·67	1½
44/3	17/9	52½ c	45 a	Tronoh 5/-	27/6*	28/-	9·38	1
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/-	12/1½	12/3	6·12	1¼
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A' .£1	65/-	65/-	3·69	2
24/9	17/9	...	10 a	Thomson Org'n. 5/-	22/6	22/6	5·33**	2
66/3	43/6	8¾ b	5 a	Bowater Paper £1	46/-	46/3	5·95	1½
56/6	40/-	16 c	5 a	Albert E. Reed £1	42/3	42/3	7·57	1½
54/3	37/-	8½ b	4 a	Spicers £1	40/9	42/6	5·88	1¾
68/9	46/6	10 b	4 a	Wiggins Teape £1	51/9	49/4½	5·67	2

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Jan. 31, 1962	Price, Feb. 7, 1962	Yield, Feb. 7, 1962	Cover
				MISCELLANEOUS				
31/-	21/6	20 b	10 a	Assoc. British Picture .5/-	23/3	24/-	6·25	2¾
34/6	26/9	40 b	20 a	Assoc. Television 'A' .5/-	32/-	32/3	9·30	1¾
52/9	41/4½	14 b	16 a	Beecham Group 5/-	49/3	49/6	3·03	1¾
54/3	31/1½	6⅔ b	3⅓ a	British Match £1	33/4½	35/10½	5·57	2
28/4½	14/-	4 a	6⅔ b	British Oxygen 5/-	14/6	14/3	3·74	1¾
13/-	7/10½	7 b	3 a	British Ropes 5/-	9/-	9/4½	5·33	2¼
70/-	44/9	15 b	7½ a	De La Rue 10/-	56/-	55/6	4·05	2
50/-	31/9	20 c	7½ a	Gestetner 'A' 5/-	40/6	40/6	2·47	3¼
73/9	51/3	6 a	9 b	Glaxo 10/-	54/6	52/9	2·84	3¼
57/6	42/-	3 a	12 b	Harrisons & Cr. Defd. .£1	46/3	46/3	6·43	2½
55/6	34/-	40 b	5 a	Hoover 'A' 5/-	35/-	35/6	6·34	2¼
28/-	17/6	5 a	12½ b	Ilford 5/-	18/3*	18/6*	4·73	1¼
114/6	56/3	4 a	7¼ b	I.C.T. £1	109/3	109/-	2·06	2½
78/9	37/6	12½ c	12½ c	National Canning £1	43/7½	44/1½	5·67	1
39/10½	29/6	10 b	6 a	Powell Duffryn 10/-	38/6	37/9	4·24	2¼
36/6	24/7½	5 a	17½ b	Radio Rentals 5/-	34/-	34/-	3·31	2¾
38/-	18/9	7½ a	15 b	Rank Organisation ...5/-	35/-	33/6	3·36	2½
41/10½	30/1½	16½ b	7½ a	Schweppes 5/-	36/6	36/6	3·29	1¾
40/3	27/6	20½ a	25 c	Sears 'A' 5/-	38/6¾	39/-	3·21	2¼
28/4½	21/3¾	11½ b	8½ a	Thomas Tilling 4/-	24/-	24/9¾	3·22	2
78/-	53/-	4 a	8 b	Turner & Newall £1	54/7½	53/-	4·53	2
55/-	32/6	15½ b	9·47a	Unilever £1	43/6	44/4½	2·76	3¼
12⅝	8¾	13 b	8 a	Unilever N.V. ......12 fl.	11 3/16	11⅜	2·18	3¼
22/6	13/9	10 b	5 a	United Glass 5/-	17/6	17/-	4·41	2½
42/1½	29/-	†10⅚ b	†4⅙ a	United Molasses 10/-	31/9	32/3	7·59	1
				SHIPPING				
46/3	27/3	13½ b	6½ a	Brit. & Com'wealth. 10/-	31/9	32/-	6·25	2
20/-	13/3	8 c	6 c	Cunard £1	17/9	16/10½	...	...
24/9	16/3	17 c	7 c	France Fenwick £1	17/7½	17/7½	7·94	½
50/6	27/10½	10 c	10 c	Furness Withy £1	30/-	29/6	6·77	1
15/-	7/6	17½ c	Nil a	London & Overseas ..5/-	8/6	8/3	...	...
48/6	27/-	8 b	3 a	P & O Defd. £1	27/9	27/3	8·07	1
17/9	10/10½	2½ c	2½ c	Reardon Smith 10/-	11/6	11/6	2·17	...
25/-	10/10½	8 c	5 c	Royal Mail £1	12/3	11/6	8·69	...
				STEEL				
81/3	42/-	10 b	6 a	Colvilles £1	45/7½	45/1½	7·09	2½
43/7½	23/1½	3½ a	6½ b	Dorman Long £1	24/-	24/-	8·33	2¼
49/10½	29/10½	3½ a	7½ b	Lancashire Steel £1	30/7½	30/10½	7·13	3
42/-	17/7½	4 a	6 b	South Durham £1	18/1½	18/6	10·81	1¼
47/8¼	26/9	5 a	5 b	Steel Co. of Wales £1	28/4½	27/7½	7·24	2
57/4½	34/9	5 a	10 b	Stewarts & Lloyds £1	35/7½	35/4½	8·48	2
68/7½	41/6	6 a	9 b	John Summers £1	45/7½	47/1½	6·37	2
55/7½	36/9	4·8 a	7½ b	United Steel £1	40/4½	40/1½	6·13	1½
63/6	38/-	6¼ a	8¾ b	Whitehead £1	38/6	38/-	7·89	2
				TEXTILES				
42/7½	23/10½	7½ b	5 a	English Sewing Cotton £1	27/-	27/4½	9·13	1½
31/10½	19/4½	10 b	5 a	Fine Spinners £1	23/6	26/1½	11·48	2
70/4½	42/-	7½ a	17½ b	Lancashire Cotton £1	45/3	46/6	10·75	1¼
47/6	26/3	5⅚ b	3¾ a	Courtaulds £1	43/1½	43/6	4·41	1¾
8/9	5/7½	4 a	9⅓ b	Illingworth Morris ...4/-	6/7½	6/4½	8·37	1¾
76/6	62/-	8 a	13 b	West Riding Worsted .£1	75/6	76/-	5·53	2½
37/3	26/3	7½ b	2½ a	Woolcombers £1	30/-	30/3	6·61	2
20/7½	12/1½	3 c	6 c	Bradford Dyers £1	14/1½	14/1½	8·50	1¼
16/2¼	10/9	7½ a	13¾ b	Calico Printers 5/-	11/9	12/7½	7·92**	3¼
55/10½	38/6	...	3¾ a	Coats, Patons & B. £1	40/9	39/10½	6·27**	2
13/7½	9/3	3 a	10 b	Jute Industries 10/-	9/7½	10/7½	12·24	2¼
35/3	22/6	10 c	10 c	Tootal £1	25/9	24/10½	8·04	1¼
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ a	25 b	Alliance Trust 5/-	67/3	67/9	2·77	1¼
57/10½	42/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	53/3	52/6	4·76	1½
20/-	12/7½	10 c	10 c	Cable & Wireless 5/-	16/6	16/9	2·99	1¾
65/9	47/-	20 c	23⅓ a	City Centre Props. ...5/-	55/6	57/-	2·22**	2
95/6	64/3	7½ b	3½ a	City Lond. Real Prop. .£1	79/6	79/3	2·78	1
100/7½	72/6	7·04a	9·04b	Hudson's Bay £1	80/-	83/9	3·84	1¾
36/3	22/3	4 b	2 a	Land Securities 10/-	29/9	30/-	2·00	1
38/3	26/6	12 1/12 c	6⅔ a	Lond. Cnty. Freehld. 10/-	33/3*	34/9*	3·48	1
				TEA & RUBBER				
47/6	39/6	†25 b	†2½ a	Cons. Tea & Lands ...£1	40/-	39/6	22·74	1
35/6	28/9	†11 b	†3 a	Jokai (Assam) £1	31/6	31/9	14·40	2½
11/-	7/6	...	...	Nuwara Eliya £1	7/6	7/6	...	...
6/10½	3/10½	29 1/6 b	12½ a	Highlands & Lowlands 2/-	5/4½	5/8¼	14·65	1½
7/4½	4/7½	35 b	7½	London Asiatic 2/-	5/1½	5/1½	16·59	2
93/-	64/6	37½ b	10 a	United Sua Betong ...£1	76/9	76/3	12·46	1½

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index January 31, 1961	Price Index January 30, 1962	Average Yield per cent January 31 1961	Average Yield per cent January 30, 1962
FINANCIAL :—				
Banks	234·8	280·4	3·74	3·25
Investment trusts	216·3	257·2	3·44	3·22
INDUSTRIALS :—				
Electrical engineering	146·8	145·8	5·16	5·63
Engineering	163·8	150·3	4·53	4·87
Steel	248·2	176·7	5·58	7·43
Breweries	237·2	302·1	4·30	3·82
Chain stores	238·8	224·6	2·61	3·00
Cotton and rayon textiles	198·5	161·3	6·16	8·55
Wool textiles	202·8	189·2	5·64	6·20
Chemicals	226·5	166·8	3·77	5·22
Oil	131·7	115·9	5·88	7·67
Shipping	116·4	82·4	5·16	6·16
All classes combined	189·3	177·8	4·81	5·59
Total—*Capital Goods*	165·7	155·9	5·10	5·80
Total—*Consumption Goods*	243·5	242·2	4·37	4·86

** Yields based on assumed dividends :—Bass, Mitchells & B., 11%. John Brown, 13¾%. Calico Printers, 20%. City Centre Props., 25⅓%. Coats, Patons & B., 12½%. Guardian, 26⅔%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Midland Bank, 15%. Royal Insurance, 30%. Tate & Lyle, 12%. Thomson Organisation, 24%. Woodall-Duckham, 21%.

(*concluded from page 567*)

whom it gives help in promotion, and it does not worry unduly that its beer sells at higher prices than locally-brewed brands because of high transport costs. Satisfied that it is producing a high quality beer, it can trade on the "snob appeal" of a high-priced product and has done so with success in the United States. But its trade is at the mercy of swingeing increases in import duties, as occurred in Ghana last year, and it is by no means clear that a high price policy can be pursued successfully in Europe. The directors speak of keen competition in the common market and say that it will become even keener if Britain, Denmark and Ireland enter it. Another danger to Heineken's exports, particularly to third countries, is that the common market's agricultural policies may push up the price of barley. It may therefore be that Heineken's future international growth will be more through participations in local breweries than through a sharp rise in direct exports.

Hire Purchase Contrasts

THE reasons for **Bowmaker's** £1.3 million loss in the year to October 31st were fairly fully covered in the preliminary statement. The full report confirms that higher borrowing costs and insufficient bad and doubtful debt provisions were mainly to blame. The interest of investors is now concentrated on the future. After last year's debacle Sir Arthur Morse, chairman of Bowmaker, is suitably cautious. He is not optimistic in the short run, and says that it "would be rash of me to make any prophecy about results for the current year." He does however add two riders: he hopes to make a much better report to shareholders next year, and is sure that the company will again in the future be able to "give a good account of itself." Bowmaker is now "being as selective as possible in the acceptance of new business." The managerial reorganisation of Midland Counties Motor Finance, the main culprit in producing the latest losses, is now complete and the three operating subsidiaries are being integrated. The 5s. shares now stand at 13s. 9d.

The results of **Wagon Finance** have this week relieved the gloom in the hire purchase market that followed the publication of the Bowmaker accounts. Wagon Finance has managed to increase its net profits slightly in the year to December 31st, by £8,000 to £223,000, despite a higher tax charge. On these results the shares closed 3s. 9d. higher at 97s. 6d. Wagon Finance has made caution pay-off. Last year's precautionary increase in the bad debt provision, raised to £256,000 or 2.9 per cent of balances outstanding, seems to have been adequate, and the increase in profits is on balances outstanding down from £9.51 million to £8.48 million. The dividend is kept at 21¼ per cent and the shares now yield nearly 4½ per cent.

Steel Prospects

THERE has been little to cheer shareholders at the annual meetings of the steel companies and the remarks of Mr R. F. Summers, the chairman of **John Summers,** must have been as welcome to many as the first swallow in spring. He was able to tell shareholders that since he wrote his annual statement there had been "a considerable improvement in the outlook" and that orders for flat rolled products were stronger than expected. The company is still operating at about the November level and Mr Summers expects that the present rate of output will be maintained at least until the end of March. Clearly this is a reflection of the improved outlook for the motor industry and taking into account both the seasonal upturn in the motor industry and the possibility of some relaxation of credit restrictions Mr Summers expects the group to "continue operating at a satisfactory level." For shareholders one shadow on the horizon which the prospect of improved profits brings nearer is the possibility of a rights issue but Mr Summers added nothing to his original statement that "the matter has been actively under review." Mr Summers's only note of gloom was on the heavy steel side where he said that demand had not improved, but this forms only a small part of Summers' total production.

Heavy steels are much more important for **Colvilles** whose output, Sir Andrew McCance, the chairman, reports, is only about 70 per cent of the level of October, 1960. The demand for special steels, widely used in the motor industry, has also fallen away but the new Hallside works should mean more efficient production when demand improves. Sir Andrew hopes that signs of a recovery in steel demand will appear in the early months of 1962. During the second half of 1962 production should start at the Ravenscraig strip mill but it is unlikely that this will have much influence on the current year's results.

Not surprisingly in his last speech to shareholders as chairman of the **Steel Company of Wales,** Mr Harald Peake took a long term look at the company's prospects and from this viewpoint said that shareholders should not take too gloomy a view. They can do little else immediately, for they were told that profits in the six months to March 31st would compare "very unfavourably" with past results. Although the bricklayers' strike ended on October 29th it had an effect on trading well into December. The group is currently working below the capacity of 3 million tons envisaged in the third development programme though Mr Peake says that orders are now improving.

From Glasgow Mr A. G. Stewart, the chairman of **Stewarts and Lloyds,** also painted a gloomy picture of the immediate prospects with earnings so far in the current year "considerably lower" than those of the corresponding period in 1960-61. Moreover Mr Stewart did not hold out much hope of an early recovery for the demand for pipes from the oil and natural gas industries remains low. At home the demand for steel tubes has been well maintained, thanks largely to the high level of building activity, but now there are signs that it may decline.

Polycell Holdings

THE "do-it-yourself" cult has transformed Polycell in the last four years into a flourishing producer of a growing range of paints, paint removers and brushes. Trading profits for the year to September 30, 1961, amounted to £597,000, compared with the forecast of £600,000 at the time of the one for five rights issue in September. But the ceramics division made a loss of £140,000 as a result of problems encountered in extending the range of tiles. The directors say the loss is non-recurring, but it cut gross profits before tax to £457,000, against £529,000 in 1959-60. Investment allowances have kept the tax charge low so that net profits were virtually unchanged at £274,000, against £275,000. The cover on the maintained dividend of 25 per cent paid on the increased capital has fallen from 2.7 to 2.2 times.

The statement by the chairman, Mr F. S. Smith, confirms the stock market's impression that the prospects for the current year more than outweigh the recent setback in profits. The directors said that in October they expected to have eleven products on the market compared with six a year earlier, adding that the rise in sales depended in the main on a wider range of products. Mr Smith now says that there will be further additions this spring. The cost of developing the new products must have been largely borne in 1960-61 and they should begin to yield profits this year. Sales in the first three months of the financial year were substantially higher than in the same period of last year, and the acquisition of a factory in Welwyn Garden City should produce economies in production and administration. But a further growth in Polycell's sales and profits is fully discounted in the dividend yield of 2.6 per cent offered by the 1s. shares at 9s. 7½d.

The Economist Indicator (1953 = 100)

1962	Indicator	Yield %	1961/62 High	1961/62 Low
Jan. 3	363·6	5·01		
,, 10	361·8	5·01		
,, 17	364·4	4·97		
,, 24	360·6	5·01	427·2 (May 10) 1961	342·7 (Oct. 18) 1961
,, 31	357·0	5·07		
Feb. 7	359·0	5·04		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Feb. 1	304·9	5·18	6·40	12,511
,, 2	304·7	5·18	6·35	12,448
,, 5	304·9	5·18	6·25	16,878
,, 6	303·7	5·20	6·20	13,914
,, 7	304·4	5·18	6·18	13,505

High, 365·7 (May 15, 1961). Low, 284·7 (Oct. 16, 1961).
† July 1, 1935 = 100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended February 3, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £152,005,000 compared with a surplus of £118,641,000 in the previous week and a surplus of £132,049,000 in the corresponding period of last year. There was a net expenditure "below-line" of £51,090,000 leaving a total cumulative deficit to date of £585,436,000 compared with £573,457,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Feb. 4, 1961	April 1, 1961, to Feb. 3, 1962	Week ended Feb. 4, 1961	Week ended Feb. 3, 1962
Ordinary Revenue					
Income Tax	2,728,500	1,671,058	1,804,989	137,425	173,282
Surtax	210,000	118,500	131,800	11,000	11,300
Death Duties	240,000	191,400	211,100	5,900	4,600
Stamps	94,000	74,600	80,900	2,000	2,200
Profits tax, EPT and EPL	325,500	230,600	291,900	4,600	5,300
Other Inland Rev. Duties	...	150	...	...	...
Total Inland Rev.	3,598,000	2,286,308	2,520,689	160,925	196,682
Customs	1,550,000	1,236,534	1,364,652	16,908	23,870
Excise	960,000	801,170	814,372	53,010	39,672
Total Customs and Excise	2,510,000	2,037,704	2,179,024	69,918	63,542
Motor Duties	155,000	112,480	94,451	5,387	2,234
PO (Net Recpts.)	...	...	...	...	...
Broadcast Lic's.	40,000	31,600	33,300	...	...
Sundry Loans	205,000	40,673 / 99,232	208,478	... / 849	2,252
Miscellaneous					
Total	6,508,000	4,607,997	5,032,942	237,079	264,710
Ordinary Expenditure					
Debt Interest	660,000	544,927	579,097	...	...
Payments to N. Ireland Exch.	92,000	69,751	76,417	...	...
"O Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,514	7,744	610	504
Supply Services	5,186,902	4,050,865	4,349,412	103,700	111,431
Total	5,961,902	4,673,057	5,019,952	104,310	111,935
Sinking Funds	40,000	30,397	30,972	720	770
"Above-line" Surplus or Deficit		95,457	17,982	132,049	152,005
"Below-line" Net Expenditure*	478,000	567,454	46,373	51,090	
Total Surplus or Deficit	573,457	585,436	85,676	100,915	
Net receipts from:					
Tax Reserve Certificates	97,864	112,572	−8,847	−9,973	
Savings Certificates	52,900	−17,400	600	−600	
Defence Bonds	91,417	20,284	2,191	211	
Premium Savings Bonds	49,250	34,900	1,900	1,200	
Total	291,431	150,356	−4,156	−9,162	

*Net issues of £30 million to the Civil Contingencies Fund in 1961–62 compared with net issues of £5 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills Tender	Treasury Bills Tap	Ways and Means Advances Public Dept.	Ways and Means Advances Bank of England	Total Floating Debt
1961					
Feb. 4	3,280·0	1,648·4	203·8	...	5,132·2
Oct. 28	3,280·0	2,003·2	211·5	...	5,494·8
Nov. 4	3,280·0	2,063·7	201·1	0·8	5,545·5
,, 11	3,280·0	1,990·7	216·9	...	5,497·6
,, 18	3,310·0	1,976·2	250·6	...	5,536·8
,, 25	3,330·0	2,016·1	205·3	...	5,551·4
Dec. 2	3,350·0	2,078·9	228·5	...	5,657·4
,, 9	3,370·0	2,083·8	222·2	...	5,676·0
,, 16	3,370·0	2,148·9	235·2	0·8	5,754·9
,, 31	3,400·0	2,205·3	205·1	...	5,810·4
1962					
Jan. 6	3,380·0	2,163·3	339·7	...	5,882·9
,, 13	3,300·0	2,151·6	334·8	2·5	5,788·9
,, 20	3,250·0	2,147·4	326·4	...	5,723·8
,, 27	3,190·0	2,163·1	217·9	1·8	5,572·8
Feb. 3	3,120·0	2,115·6	242·6	7·8	5,486·0

THE MONEY MARKET

AT last Friday's Treasury bill tender the syndicate of discount houses again raised its bid—by 1d. to £98 13s. 11d. The average rate of discount fell by 5.13d. to £5 4s. 4.93d. per cent. Over the past three weeks the bill rate has fallen by 4s. 1.10d. per cent. The number of bills on offer was cut by £40 million to the unusually low level of £200 million, while total applications fell by only £20 million; the market's allotment therefore fell to 33 per cent from 61 per cent in the previous week.

Credit has been tight in Lombard Street throughout the week. The authorities assisted the market by the special purchase of bills on each of the six working days to Wednesday and on two days the market was forced to supplement this help by borrowing at Bank rate from the Bank of England. On Tuesday four or five houses had to borrow a fairly large amount, and on Wednesday two or three houses took a small amount. Rates for day-to-day loans have rarely fallen below 5¼ per cent.

In New York this week the rate for three months bills fell slightly from 2.705 per cent to 2.695 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates:** Bank bills:	
Deposit rates (7 days' notice):		60 days	5 1/2–5 9/16
Banks	4	3 months	5 1/2–5 9/16
Discount houses	4–4 1/4	4 months	5 1/2–5 9/16
Local Authorities	6 3/8	6 months	5 1/2–5 5/8
Call money:		Fine trade bills:	
Clearing banks' minimum	4 3/8	3 months	6 3/4–7 1/2
Day-to-day	4 3/8–5 3/8	4 months	6 3/4–7 1/2
		6 months	7–8

NEW YORK

	%		%
Official Discount rate: (from 3 1/2%, 11/8/60)	3	**Treasury bills:** January 29	2·705
		February 5	2·695

BANK OF ENGLAND RETURNS

£ million	Feb. 8, 1961	Jan. 31, 1962	Feb. 7, 1962
Issue Department:			
Notes in circulation	2,203·5	2,292·6	2,298·6
Notes in banking dept.	76·8	32·8	26·8
Govt. debt and securities*	2,248·0	2,340·0	2,324·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·3	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·5	14·5	10·9
Special deposits	155·1	236·5	241·4
Bankers	257·4	256·8	241·6
Others	65·5	70·4	68·1
Total	489·5	578·2	562·0
Securities:			
Government	396·6	446·8	455·6
Discounts and advances	44·7	97·2	78·1
Other	19·0	18·9	19·0
Total	460·3	562·8	552·7
Banking department reserve	47·6	33·7	27·7
"Proportion"	% 9·7	% 5·8	% 4·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on January 24th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered		Applied for	91 Day Bills Average Rate of Allotment	91 Day Bills Allotted at Max. Rate *
1961	91 day			s. d.	%
Feb. 3	210·0		384·5	83 4·46	95
	91 day	63 day			
Nov. 3	200·0	60·0	412·7	108 6·10	63
,, 10	230·0	40·0	458·9	108 5·49	44
,, 17	220·0	50·0	430·2	107 9·71	56
,, 24	220·0‡	60·0	471·8	107 9·40	42
Dec. 1	220·0	50·0	461·3	107 1·08	44
,, 8	230·0	30·0	455·3	106 5·34	46
,, 15	210·0	50·0	371·6	106 4·83	37
,, 22	210·0	50·0	379·0	107 3·18	52
,, 29	250·0		396·0	108 0·72	51
1962					
Jan. 5	240·0		406·9	108 7·81	38
,, 12	240·0		409·4	108 6·03	25
,, 19	240·0		388·1	106 2·35	63
,, 26	240·0		399·8	104 10·06	61
Feb. 2	200·0		379·4	104 4·93	33

* On February 2nd tenders for 91 day bills at £98 13s. 11d. secured 33 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.
‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits February 7	Market Rates: Spot February 1	February 2	February 3	February 5	February 6	February 7
United States $	2·78–2·82*	2·81 1/8–1/4	2·81 3/16–5/16	2·81 3/16–5/16	2·81 1/4–3/8	2·81 3/8–1/2	2·81 3/8–1/2
Canadian $	...	2·94 3/8–3/4	2·94 7/16–11/16	2·94 7/16–11/16	2·94 3/4–7/8	2·94 13/16–15/16	2·94 7/8–95
French Fr.	13·622–14·027	13·785/8–7/8	13·781/2–3/4	13·781/2–3/4	13·788/8–7/8	13·787/8–79/8	13·791/2–3/4
Swiss Fr.	11·94–12·54 7/8	12·14–14 1/4	12·14 3/4–15	12·14 3/4–15	12·15 1/4–1/2	12·16 1/2–1/2	12·16 7/8–17 1/8
Belgian Fr.	137·96–142·05	139·92 1/2–97 1/2	139·95–140·0	139·95–140·0	140·00–05	140·02 1/2–07 1/2	140·07 1/2–12 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·16 7/8–17 1/8	10·17 3/4–18	10·17 3/4–18	10·17 7/8–18 1/8	10·18 1/4–1/2	10·18 1/4–1/2
W. Ger. D-Mk.	11·037–11·365	11·23 5/8–7/8	11·23 1/2–3/4	11·23 1/2–3/4	11·23 7/8–24 1/8	11·24 1/8–3/8	11·24 1/2–3/4
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	1746–46 1/2	1746–46 1/2	1746–46 1/2	1746–46 1/2	17463/4–47 1/4	1747–47 1/2
Swedish Kr.	14·27 1/2–14·70	14·50 7/8–51 1/8	14·51–51 1/4	14·51–51 1/4	14·51 5/8–5/8	14·51 7/8–5/8	14·51 7/8–5/8
Danish Kr.	19·06 1/2–19·62	19·35 7/8–36 1/8	19·36 1/4–1/2	19·36 1/4–1/2	19·36 3/8–5/8	19·37 1/8–3/8	19·37 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·03 7/8–04 1/8	20·04 1/4–1/2	20·04 1/4–1/2	20·04 3/8–5/8	20·04 3/8–5/8	20·04 3/8–5/8
* Official Limits							
One Month Forward Rates							
United States $		3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm
Canadian $		3/4–5/8c. pm	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm
French Fr.		2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	1 7/8–1 3/8c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm
Swiss Fr.		4–3 1/2c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm
Belgian Fr.		40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm	37–27c. pm
Dutch Gld.		4–3 1/2c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm	3 3/4–3 1/4c. pm
W. German D-Mk.		3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/4–2 3/4pf. pm	3 1/4–2 3/4pf. pm	3 1/2–3pf. pm
Three Months Forward Rates							
United States $		17/8–13/4c. pm	113/16–111/16c. pm	113/16–111/16c. pm	113/16–111/16c. pm	17/8–13/4c. pm	17/8–13/4c. pm
Canadian $		13/4–15/8c. pm	13/4–15/8c. pm	13/4–15/8c. pm	111/16–19/16c. pm	111/16–19/16c. pm	111/16–19/16c. pm
Swiss Fr.		10 1/2–10c. pm	10 1/2–10c. pm	10 1/2–10c. pm	10 3/8–9 7/8c. pm	10 1/4–9 3/4c. pm	10 1/4–9 3/4c. pm
W. German D-Mk.		9 3/8–8 7/8pf. pm	9 3/8–8 7/8pf. pm	9 3/8–8 7/8pf. pm	9 3/8–8 1/2pf. pm	9–8 1/2pf. pm	9 1/2–9pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/11 1/4	250/1	...	250/01 1/4	249/11 1/2	249/10 1/2
,, ($,, ,, ,,)		35·16 1/2	35·16	...	35·16	35·16	35·16

Prices and Wages

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

BRITISH

Prices and Wages	This week	External Trade	Feb 3rd
Manpower and Output	Jan. 13th	Industrial Profits	Jan. 27th

OVERSEAS

Western Europe	Dec. 23rd	United States	Jan. 6th

	Unit	1959	1960	1961	1961			1962				
		mid-June			Jan. 24	Jan. 31	Feb. 7	Jan. 9	Jan. 16	Jan. 23	Jan. 30	Feb. 6
WORLD PRICES												
Commodity Price Indicator	1958 100	96·8	98·3	95·3	93·3	93·7	93·8	92·5	92·3	92·3	92·3	92·8
All items	,,	95·8	93·0	93·0	91·8	92·2	92·1	89·9	89·6	89·2	88·7	89·7
Food	,,	95·3	98·7	104·4	99·4	101·0	101·9	99·9	99·3	100·4	100·5	100·3
Fibres	,,	113·0	122·4	115·0	108·4	108·3	109·0	112·8	112·3	112·4	113·7	114·1
Metals												
		Monthly averages			1960			1961				
BRITISH WHOLESALE PRICES		1959	1960	1961	Oct.	Nov.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.
Materials used in:	1954 = 100	101·7	101·8	100·6	100·6	101·0	101·0	100·7	100·2	99·4	100·0	100·5
All manufacturing industries	,,	124·5	126·2	128·1	126·1	126·0	126·0	128·7	128·6	128·4	128·4	128·7
Mechanical engineering	,,	115·6	116·9	118·3	116·4	116·4	116·7	118·9	118·9	118·8	118·9	119·0
Electrical machinery	,,	113·4	115·1	118·2	115·6	115·8	116·2	118·9	118·9	119·1	119·2	119·3
Building and civil engineering	,,	111·0	114·0	118·0	114·9	115·3	115·8	118·6	118·6	118·9	119·1	119·1
House building												
Products of:	,,	111·5	113·0	116·0	113·6	113·8	114·1	116·9	117·1	117·1	117·3	117·5
All manufacturing industries	,,	106·6	106·0	105·1	105·1	105·1	104·8	105·2	105·0	104·9	105·1	105·1
Chemicals and allied trades	,,	129·0	128·5	129·7	128·6	128·6	128·6	130·2	130·2	130·2	130·3	130·7
Iron and steel	,,	96·0	100·8	104·0	102·2	102·6	102·9	103·9	104·0	103·9	103·5	103·7
Textile industry	,,	106·9	106·9	107·2	106·8	107·2	107·4	107·2	107·1	107·2	107·9	108·6
Food manufacturing	,,	113	114	117	...	114[9]	...	...	116[10]	...	...	120[9]
New construction												
Commodities:	,,	68·6	75·0	74·8	75·1	75·7	75·9	73·7	73·9	74·0	74·2	74·5
Cotton, raw	,,	76·6	76·3	76·2	70·2	72·3	71·9	78·6	77·2	74·2	74·6	73·8
Wool, raw	,,	148·1	158·0	122·8	140·8	131·0	126·1	125·0	126·7	121·2	112·3	114·8
Rubber, No. 1 RSS, one month future	,,	95·4	104·9	107·3	106·8	107·0	107·1	107·6	107·3	106·6	106·6	106·8
Softwood, imported	,,	95·6	99·0	92·3	89·4	91·0	92·9	92·9	92·2	92·0	92·2	92·5
Copper, ex-warehouse	,,	135·4	137·4	144·8	142·1	146·8	146·8	142·4	142·3	142·3	147·1	147·2
Coal	,,	106·7	105·0	103·8	104·8	105·1	104·8	103·7	103·7	103·7	103·7	103·4
General chemicals												
UK RETAIL PRICES	Jan. 17,											
All items (1)	1956 = 100	109·6	110·7	114·5	111·4	111·9	112·2	115·7	115·5	115·7	116·9	117·1
Food	,,	108·2	107·4	109·1	107·4	107·6	108·1	109·9	108·5	108·0	109·8	110·2
All items	1938 = 100[2]	273	276	285	277	279	279	288	288	288	291	292
Food	,,	285	282	287	282	283	284	289	285	284	289	290[4]
Housing	,,	180	186	194	187	188	188	195	196	197	198	198
Clothing	,,	268	271	276	272	273	273	276	277	277	278	278
Fuel and light	,,	284	291	309	292	309	311	303	304	305	323	323
Household durable goods	,,	300	300	306	303	303	303	307	308	309	309	309
Drink	,,	261	256	274	257	257	257	277	279	282	282	282
Tobacco	,,	428	444	467	449	449	499	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938 = 100	35·8	35·4	34·3	35·2	35·1	35·0	33·9	34·0	33·9	33·6	33·5
UK TERMS OF TRADE												
Import prices:	1954 = 100	98	99	97	99	99	98	95	95	96	96	96
All items	,,	98	97	94	99	99	98	91	91	91	93	93
Food, drink and tobacco	,,	93	96	95	95	95	93	96	95	95	93	94
Basic materials	,,	104	98	96	96	96	96	93	95	96	97	96
Fuels	,,	104	107	107	107	107	107	106	106	106	106	106
Manufactured goods												
Export prices:	,,	109	111	112	112	111	111	112	112	112	112	113
All items	,,	111	114	115	115	114	114	115	115	115	115	116
All manufactures	,,	115	118	118	117	119	118	119	117	118	118	118
Metals	,,	117	120	122	122	119	120	122	123	122	122	123
Engineering products	,,	98	102	106	105	103	104	107	106	106	104	106
Textiles (excluding clothing)												
Terms of trade:	,,	90	89	86	88	89	88	85	85	85	85	85
Ratio of import to export prices												
SHIPPING FREIGHTS												
Tramp shipping freights	1960 = 100	96·9	100·0	106·8	94·7	99·8	105·3	107·2	110·6	108·0	109·3	101·2
UK WAGES												
Normal weekly hours:	Jan. 31,											
All workers	1956 = 100	99·6	98·0	95·9	97·3	97·2	97·1	95·8	95·8	95·4	95·4	95·4
Weekly wage rates (3):												
All workers (3)	,,	117·0	120·0	125·0	120·7	121·0	122·2	125·2	125·4	126·2	126·2	126·4[4]
Men	,,	116·8	119·7	124·6	120·3	120·6	121·9	124·7	124·9	125·8	125·8	126·0[4]
Women	,,	117·0	120·8	125·3	121·5	121·8	122·7	126·1	126·4	126·4	126·4	126·5
Juveniles (4)	,,	119·0	123·2	130·3	124·8	125·4	126·3	130·8	131·1	131·7	131·7	131·9
All workers	Sept., 1939 = 100	304	312	324	314	314	318	325	326	328	328	329
Changes in weekly wage rates:												
Workers affected by increases	'000	392[6]	927	648	712[7]	517	2,812	377	639	1,625	140	245
Net increase in weekly wage bill (8)	£'000	104	359	339	216	242	1,053	119	246	835	67	110

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general, males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. October figures are: Men, 1959: 271s. 1d.; 1960: 290s. 8d.; 1961: 307s. 1d. Women (full time), 1959: 140s. 11d.; 1960: 148s. 4d.; 1961: 154s. 6d. Youths (under 21), 1959: 117s. 6d.; 1960: 130s. 0d.; 1961: 137s. 10d. Girls (under 18), 1959: 90s. 10d.; 1960: 96s. 10d.; 1961: 102s. 0d. (6) 18,000 workers had a net decrease in wages over the year. (7) 633,000 workers had wage cuts (but over the whole of 1960 no worker had a net decrease). (8) Over the corresponding week in the previous year. (9) Average for fourth quarter. (10) Average for third quarter.

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Further particulars and application forms from the undersigned, to whom applications should be sent not later than the 24th February, 1962.

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Clerk of the County Council.

County Hall, Newcastle upon Tyne 1.

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Applications are invited for the post of RESEARCH ASSISTANT in connection with studies in the History and Organisation of British Overseas Trade. Applicants must be graduates in Economics or Economic History. Salary in the range £500–£700 per annum together with F.S.S.U. Benefits. Duties to commence April 1, 1962, or as soon as possible thereafter.

Further particulars can be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by *Saturday, February 24, 1962.*

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Further particulars can be obtained from the Assistant Registrar (Commerce and Social Science), the University, Edgbaston, Birmingham 15, to whom applications should be sent by 3rd March, 1962.

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Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than 10th March, 1962.

CHARLES H. STEWART,
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2nd February, 1962.

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For further appointments and other classified advertisements see page 565

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Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

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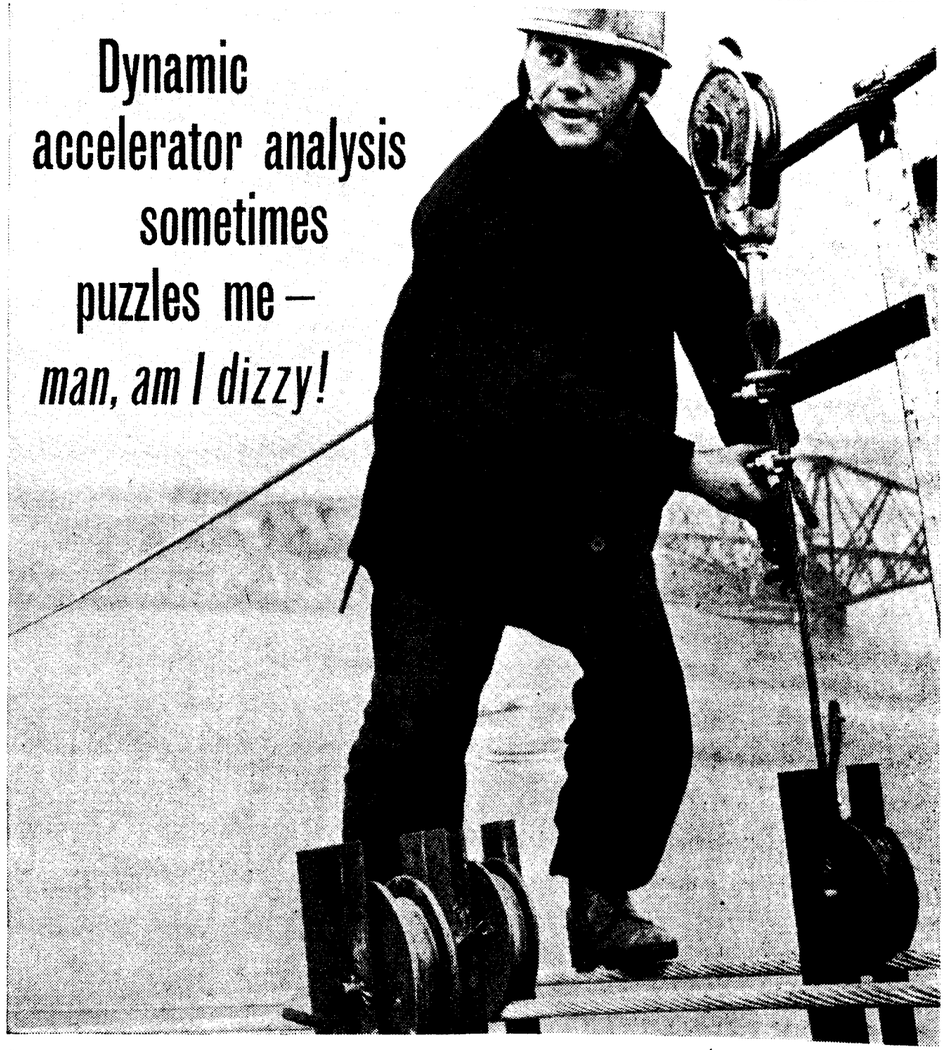
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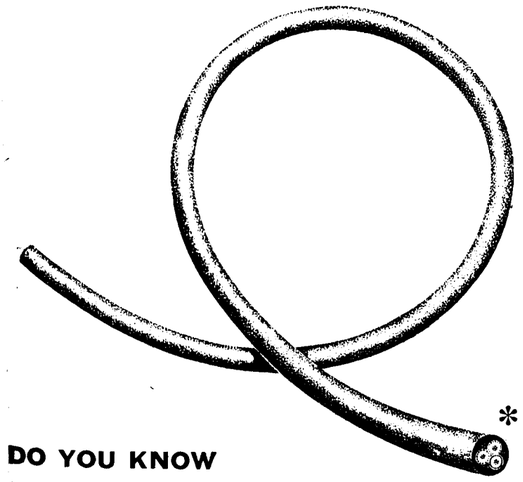
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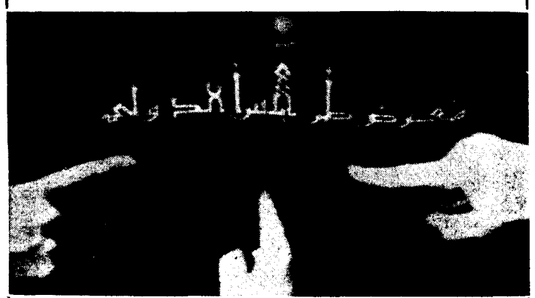
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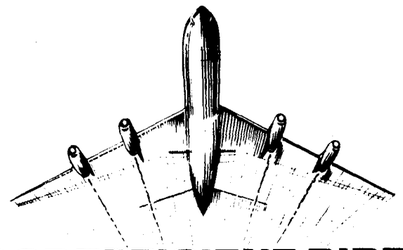
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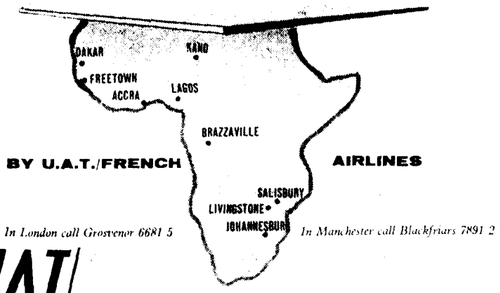
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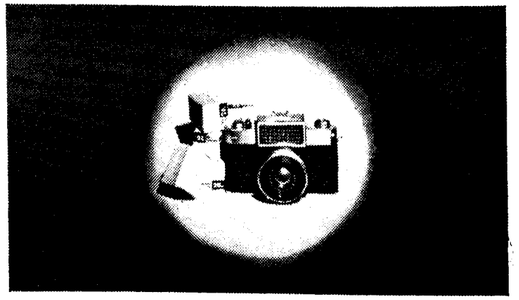
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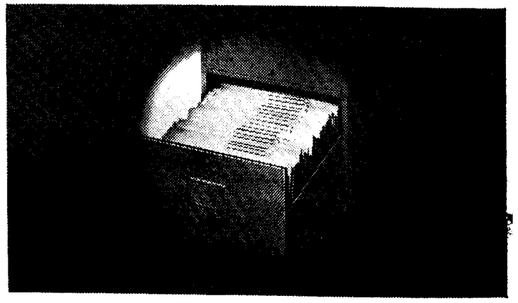
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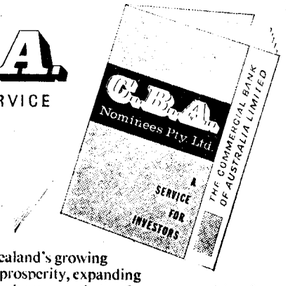
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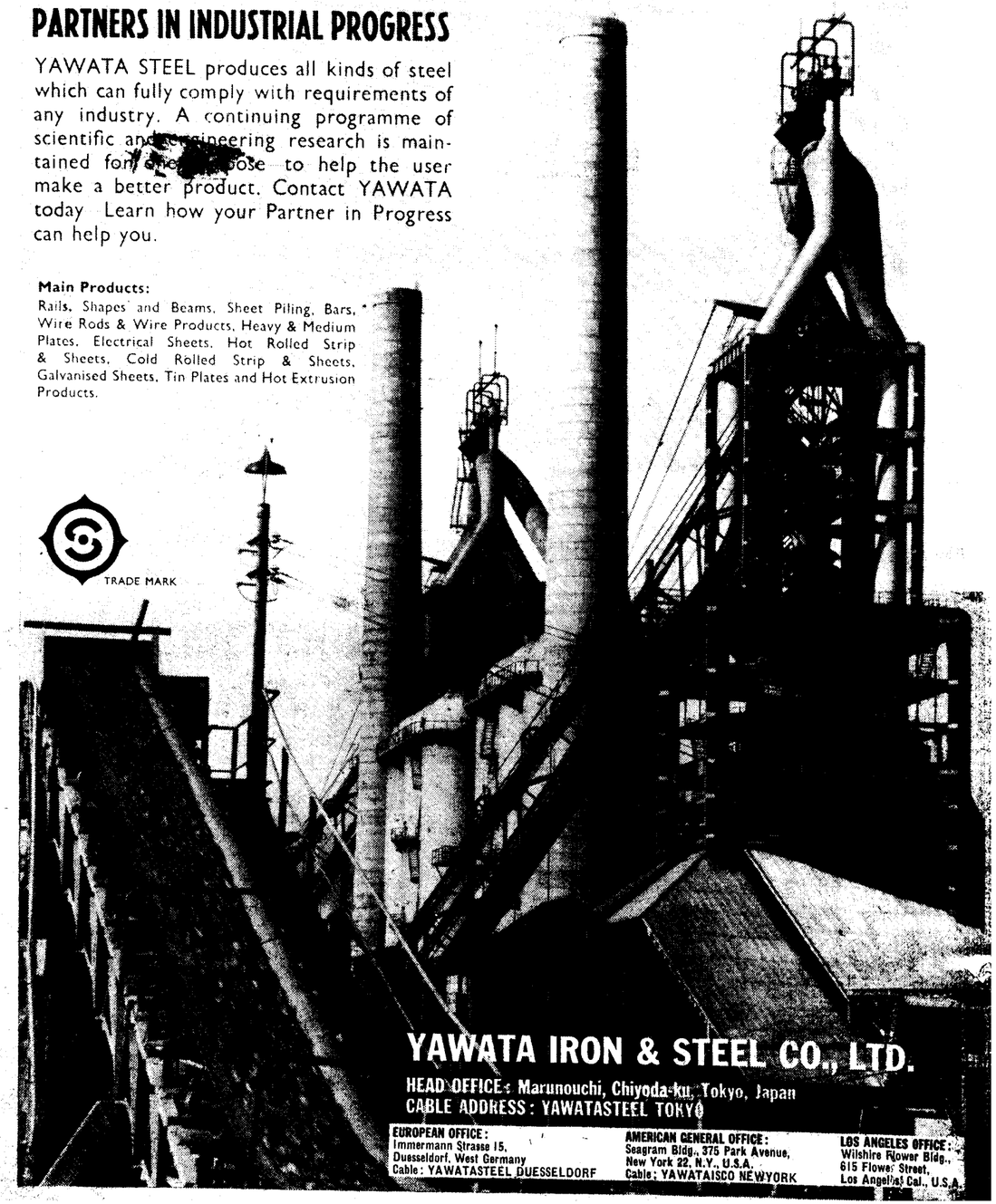
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