

The Economist

1962 - February. 17, 24

VII. CCII. Nos. 6182, 83



JL
Xm56, M43
NL2.202.82
73952

ECONOMIST

The
Economist

THE INFORMATION SERVICES UNIT
OF THE BRITISH EMBASSY
6, ARMBURGH STREET, LONDON W1P 0AA

FEBRUARY 17, 1962

FOUNDED 1843

One Shilling and Sixpence

8 (5)
26/2/62

WE EAST WEST CLINCH

KHRUSHCHEV THE CLIMBER

ECONOMIC POLICY RE-EXAMINED II

The Push on Costs

CHEAP ENERGY FOR EUROPE?

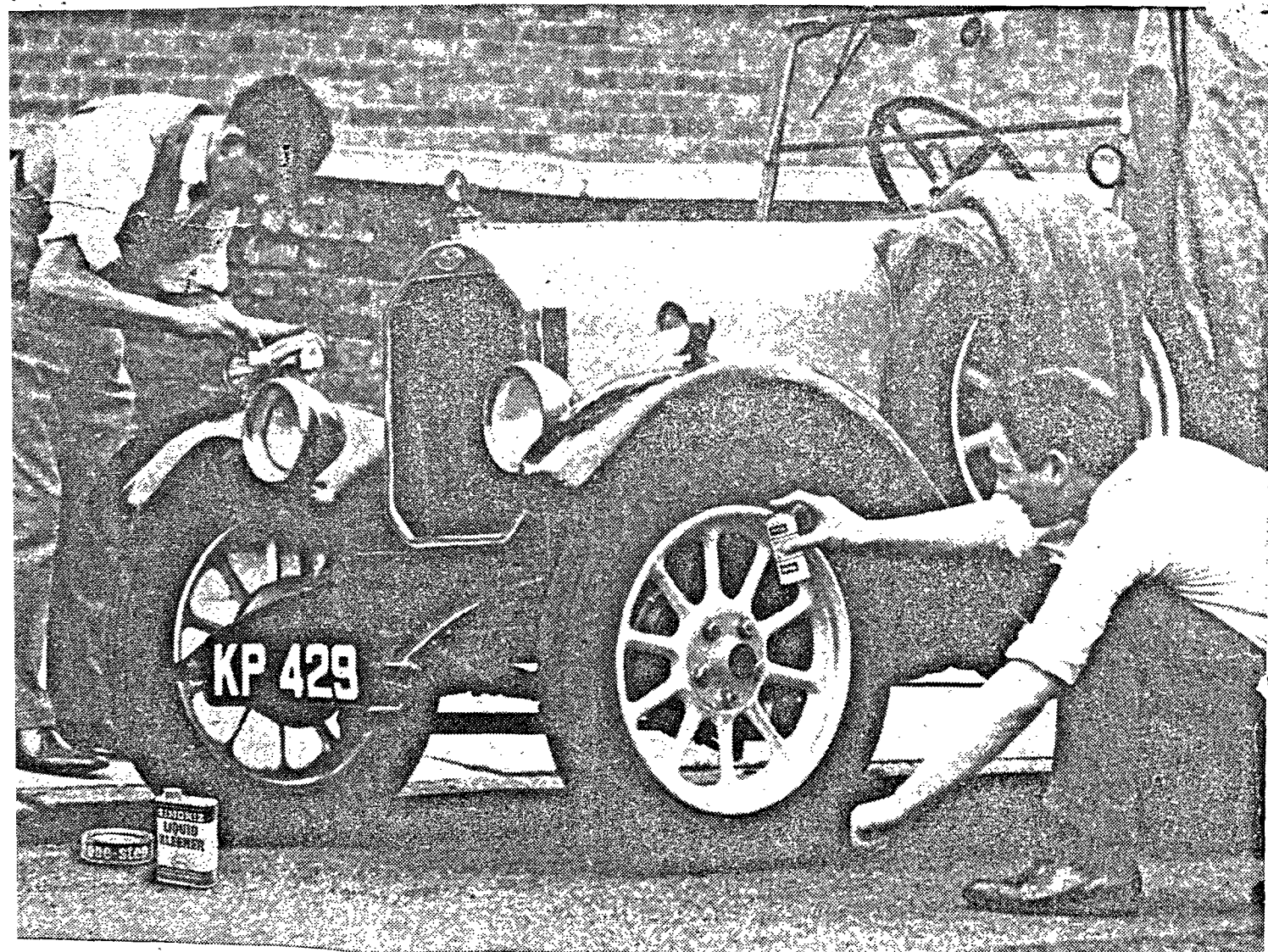
COURTAULDS' SALVO

The Economist, 22 Ryder Street, St. James's, London



FAY BATEMAN SAYS:

You too can have a body like theirs



Cans even help you smarten up your car

's easier than you'd think, turning an old wreck into a respectable member of the family. Old engines were built to last, and these days battered bodywork can always be easily restored there's car paint in aerosols and specialised brushes in cans. And if sometimes won't start without pushing — well, you know at least she's ying.

A craze for cans?

Seven years ago, you probably wouldn't have had aerosols to help you. Remember when they first came out? It was anybody's guess whether or not they were here to stay. But the young took to them, and now they're part of all our lives.

Cans for fun?

Why did you buy the aerosols in your house? Because they're convenient? Be honest, now. Admit they're just plain fun. You press the top and there's a mist of polish, a jet of weedkiller, a ribbon of toothpaste, a cloud of lather or the stain has disappeared from the wallpaper. In fact they make you trigger-happy. As well they might.



WHERE NEXT? Next big competition for Peter Harper, leading works driver for Rootes, will be at Sebring in March. On these occasions Peter always carries a reserve of oil in cans—because they're unbreakable and convenient (just punch holes, and pour). And did you know that the latest oilcans can be opened by just tearing a tab off the top?

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

INTERNATIONAL

MIR I DRUZHBA?

Mr Khrushchev's invitation to 18 nations to meet at the summit may be simply a means to "mir i druzhba" ("peace and friendship") propaganda—but, in the presence of eight non-aligned heads of state, the old kulak could hardly destroy the summit as easily as in 1957 and 1960 (p. 593).

The stilyagi, or wide boys, on Mr K's right and on his left are hopeful that he will fail again in his attempts to negotiate with the West (p. 594).

The Russian gesture of returning Mr Powers to the United States may not be an entirely happy one for him; is the word "revanshists"? (p. 614).

EVROPEYSKIE TOVARISHCHI

In summitry and in the politics of European union, General de Gaulle is still the odd man out (p. 599).

A new norm: membership of Nato is being talked of as a condition of membership of the common market (p. 601).

Britain's negotiations for entry are approaching the decisive phase (p. 601).

Spain, economically stronger, will have to grow up politically and socially before being fully accepted (p. 601).

What Spaniards think (p. 627).

AFRIKANSKIE AKTIVISTI

Kenya, awaiting the outcome of the struggle between the bolsheviks and the mensheviks in London, hope that the worst may

be behind them (p. 621). One of the worst things for Kenya would be the departure of its European (former) privileged class (p. 605). The cult of the personality in Buganda is affecting the outcome of democratic processes there (p. 626).

REVOLUTSIA?

France: The appearance of hundreds of thousands of people on the streets of Paris is a warning to the French government that it cannot count on political apathy for ever (p. 600).

Paris is full of revolutionary memories (p. 622).

Czechoslovakia: President Novotny, in making Mr Barak an unpersn, may be doing no more than trying to get rid of a dangerous rival (p. 606).

Vietnam: The Viet Cong terrorists have displayed their weakness by relying almost entirely on brute force (p. 625).

Indochina: If American counter-guerrilla operations failed, the danger of more open warfare would be greater (p. 600).

IZVESTIA-AMERIKANTS!

The steel industry gave President Kennedy a Valentine by starting to bargain on a new labour contract (p. 614).

The new Speaker of the House is looking after his own state of Massachusetts (p. 616).

One suggested remedy for the poor quality of America's television programmes is that there should be more of them (p. 615).

Agitprop against Cuba is not the best means of keeping America's true friends in Latin America (p. 606).

HOME

LCW ROAD

Cutting down demand is still the only fashionable remedy for the economic ills of Britain today: too often it results in increasing costs and stifling the most dynamic industries. A first alternative for consideration is getting away from the present system of nationwide wage settlements (p. 596).

Last year's excessive subsidies for cattle farmers (p. 601) and last week's new tariff protection for British lettuces (p. 602) point the need for a more intensive examination of agricultural production costs.

The House of Lords has emotionally prevented a rational and critical examination of Manchester's need for water (p. 601).

Government spending: false economies (p. 605).

HIGH ROAD

A boom in visitors to historic sites and houses has brought in a pretty penny to the Treasury (p. 598).

Scottish local authorities have travelled just a few steps towards putting up council rents to a reasonable level (p. 609).

A Manchester view of local finance (p. 645).

Synthetic rubber will give the natural product a harder life, but the tree may still prove cheaper than the chemical plant (p. 637).

LONESOME ROADS

ICI's chosen partner in man-made fibres is giving more trouble than was bargained for (p. 639).

Bristol, isolated from its neighbours by a narrow green belt, is now thinking hard about its possibly lonely future (p. 611).

The Irish Republican Army, now supported by only a tiny proportion of southern Irishmen, continues its destructive activities along the Border (p. 610).

THE LAST MILE...

Coal no longer dominates the European fuel market, and can no longer retain the protection in common market energy policy that its producers sigh for (p. 635).

The Prime Minister has averted a national rail strike, but at what cost? (p. 599).

The route is open for more Asian textiles to enter Europe (p. 642), but President Kennedy's efforts to get the cotton textile industry to accept his new policy are getting him into difficulties abroad (p. 616).

Trade gap: wider in January (p. 640).

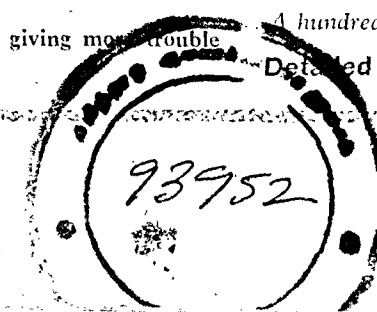
ROADS TO WISDOM

Americans may be the best educated people in the world, but even they are not educated enough (p. 613).

British grammar schools, too, have failed to adapt themselves to the new social origins of their pupils (p. 628).

A hundred years ago, similar complaints were in the air (p. 628).

Selected contents on page 593





have
you
seen it yet?

ASAHI PENTAX S-3

The superb new Asahi PENTAX S-3 single-lens reflex camera—classic in design and meticulously constructed—has a host of exciting new features that give complete control over every picture situation: Ultra fast Auto-Takumar 55mm f/1.8 lens; fully automatic diaphragm automatically stops down to your preselected aperture, then opens fully after exposure; brilliant pentaprism viewfinder with exclusive micro-focus; depth of field preview lever; focal plane shutter with speeds from 1 to 1/1000 sec., plus Time and Bulb, on a single dial; rapid film advance lever; rapid rewind crank; "cocked" indicator; film type reminder dial; FP & X flash terminals; threaded lens mount for interchangeable lenses.

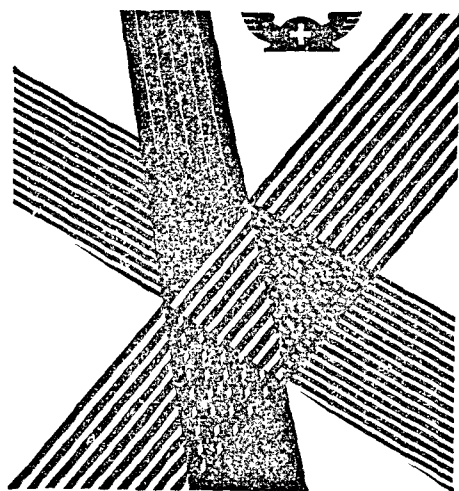
This is a camera to use and enjoy and treasure for a lifetime of photographic satisfaction. This is the new Asahi PENTAX S-3—the greatest camera value in the world today.

Please write for a complete Asahi Pentax folder.

ASAHI OPTICAL CO., LTD.
C.P.O. 895, Tokyo, Japan

Swiss Industries Fair Basle

31st March – 10th April
1962



In 21 halls and 27 groups Swiss Industry puts its quality products on view. Information, brochure, etc., obtainable from

THE SWISS EMBASSY,
18, Montagu Place,
London, W.1.

THE SWISS CONSULATE,
Midland Bank Buildings,
Spring Gardens,
Manchester, 2.

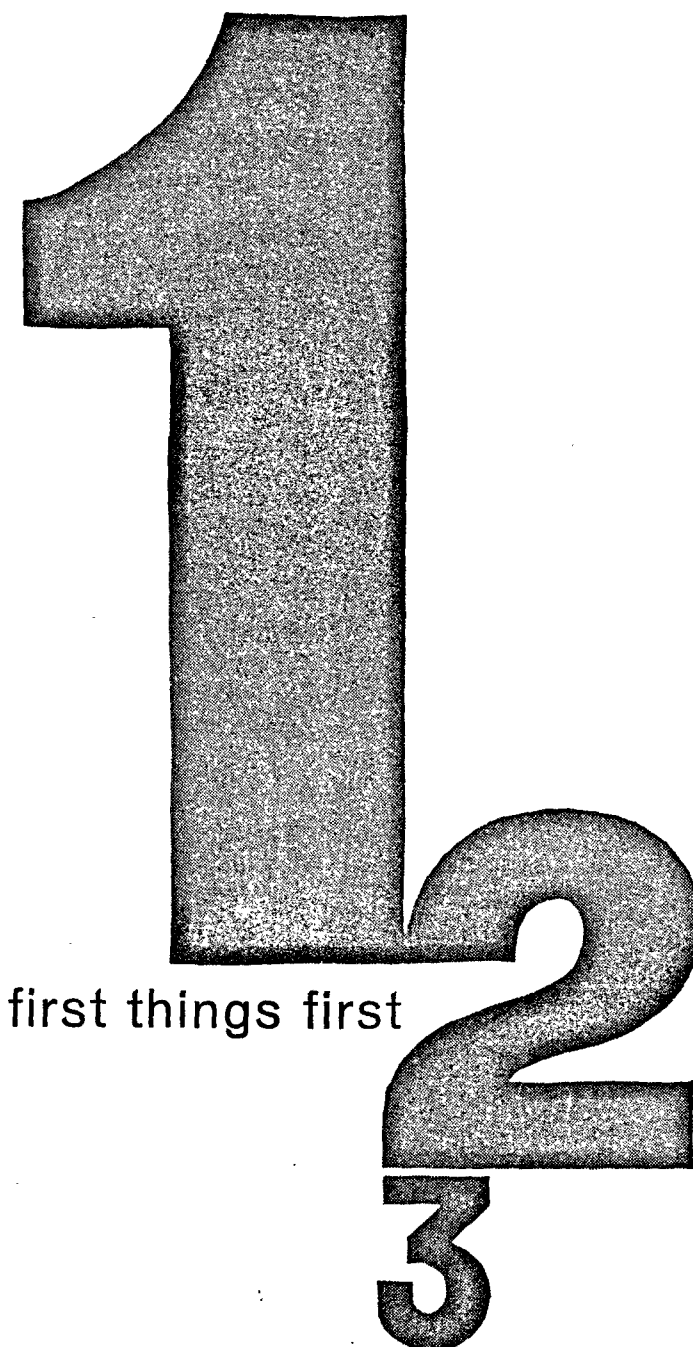
Fly to BASLE swiftly and comfortably by SWISSAIR. Frequent departures from London and Manchester, including low-fare night tourist services. Book through your travel Agent.

SWISSAIR ✈

EUROPE MIDDLE EAST FAR EAST USA SOUTH AMERICA

UK — Switzerland services in association with BEA

Put first things first



Get the background and get the facts. Sift, sort, weigh. And then act quickly. In the Financial Times every day you will find the grounds of action. Get your priorities right. Start your working day with the Financial Times.

Study the daily features on Europe and America.

Enjoy the personal side, too, the columns on Theatre, on Books. **THE FINANCIAL TIMES** is much more than its name implies.

OUR SPECIALITY IS FULFILLING YOUR PROCESS PLANT NEEDS . . .

Whether your Process Plant needs, CHIYODA is suited to the job, large or small. CHIYODA'S permanent staff of over 900 highly capable engineers—including 450 draughtsmen—is among the best in its field. CHIYODA'S modern, large Kawasaki Factory ensures the finest in Fabrication. It adds up to peerless quality, competitive prices and early delivery.

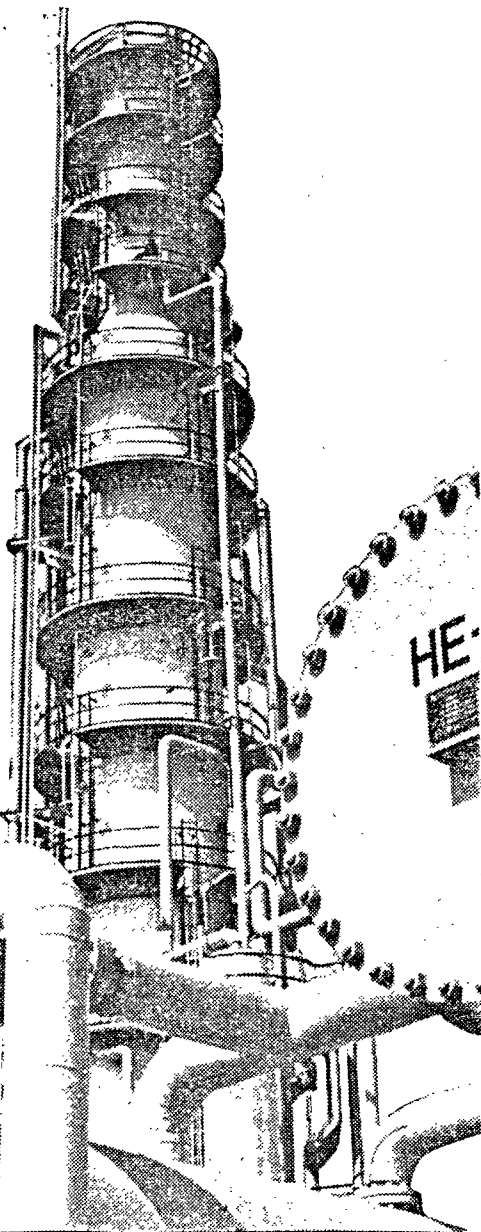
"Process Plants & Equipment Specialists"



CHEYODA
CHEMICAL ENGINEERING &
CONSTRUCTION CO., LTD.

PRESIDENT A. TAMAKI

No. 3, MARUNOUCHI 2-CHOME, CHIYODA-KU,
TOKYO, JAPAN
Cable Address: "CHIYOTAKA TOKYO"



TRAVEL A NEW WORLD SEE THE U.S.A. STAY HILTON

Throughout the U.S.A., Hilton Hotels and Inns await you with a warm American welcome, and the hospitality for which Hilton is world-famous.

For the visitor from overseas, Hilton offers many special services. Currency exchange, interpreters, special dietary arrangements, and information on local customs, shopping, sightseeing and business matters, to name a few. Accommodations are moderate in price and reservations can be made instantly through any Hilton hotel in the world.

For reservations or information, contact any Hilton hotel, your travel agent, the Amsterdam Office, Appololaan, Amsterdam-Z, tel. 73-06-22, or the LONDON OFFICE, 36 Hertford Street, tel. HYDe Park 8888.

HILTON HOTELS AROUND THE WORLD

**HILTON HOTELS
IN THE U.S.**
NEW YORK CITY
The Waldorf-Astoria
The Statler Hilton
The Savoy Hilton
CHICAGO
The Conrad Hilton
The Palmer House
ALBUQUERQUE
Hilton Hotel
BOSTON
The Statler Hilton
BUFFALO
The Statler Hilton
CINCINNATI
The Netherland
Hilton
The Terrace Hilton
CLEVELAND
The Statler Hilton
COLUMBUS
The Deshler Hilton
DALLAS
The Statler Hilton
DAYTON
The Dayton Biltmore
DENVER
The Denver Hilton
DETROIT
The Statler Hilton
EL PASO
Hilton Hotel
HARTFORD
The Statler Hilton

HONOLULU, HAWAII
Hilton Hawaiian
Village
HOUSTON
The Shamrock
Hilton
LOS ANGELES
The Statler Hilton
The Beverly Hilton
(Beverly Hills)
PITTSBURGH
The Pittsburgh
Hilton
ST. LOUIS
The Statler Hilton
WASHINGTON, D. C.
The Statler Hilton

**HILTON INNS
TARRYTOWN, N. Y.**
ATLANTA
NEW ORLEANS
AURORA, ILL.
EL PASO
SAN FRANCISCO
SEATTLE

MADRID, SPAIN
The Castellana
Hilton
MEXICO CITY, MEXICO
The Continental
Hilton
ACAPULCO, MEXICO
Las Brisas Hilton
MONTREAL, CANADA
The Queen Elizabeth
(A CN Hotel)
PANAMA, R. P.
El Panamá Hilton
SAN JUAN, PUERTO RICO
The Caribe Hilton
ST. THOMAS, U. S. VIRGIN ISLANDS
The Virgin Isle
Hilton
SANTIAGO, CHILE
The Hotel Carrera

**ASSOCIATED
HOTELS IN
AUSTRALIA**
MELBOURNE
The Chevron Hilton
SURFERS PARADISE
The Hilton
SYDNEY
The Chevron Hilton

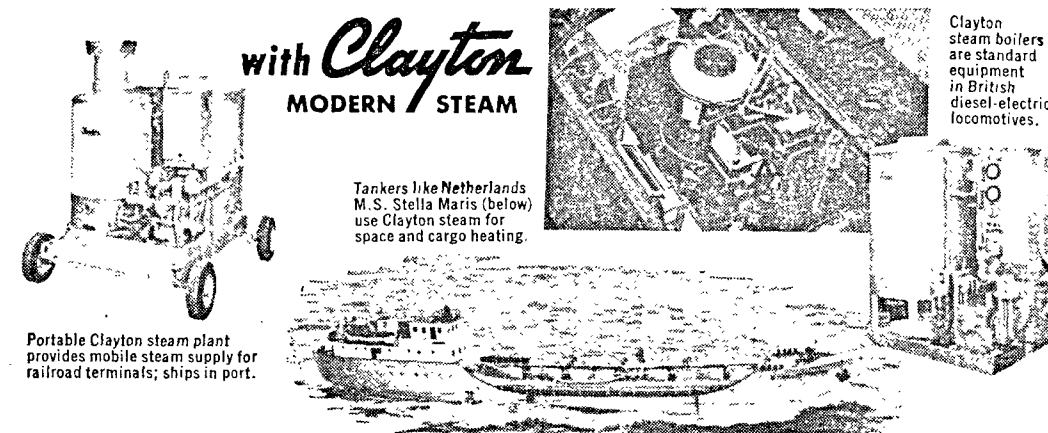


CONRAD N. HILTON, President
Executive Office • The Conrad Hilton • Chicago 5, Ill.

DIESEL

STEAM

POWER-FULL ALLIES ashore or afloat



Portable Clayton steam plant provides mobile steam supply for railroad terminals; ships in port.

Clayton steam boilers are standard equipment in British diesel-electric locomotives.

DIESEL and modern steam now work side by side. These power twins—once rivals in power principle—complement one another in hundreds of applications when the steam is Clayton modern steam.

Before Clayton, never was there a steam boiler so compact, so light in weight, so automatic in operation, so low in cost and so inexpensive to install, operate and maintain. Clayton "Monotube" steam generators are available in self-contained units of from 16½ to 175 h.p., gas or oil fired. Compact Clayton generators can be economically located singly at various points of use, or grouped at a central location to provide up to 72,000 lbs/hr of dry, high quality steam. In any case, the Clayton installation of any desired capacity will occupy less than 30% of the space required for conventional boiler equipment of corresponding capacity.

Clayton modern steam is versatile and adaptable to many new uses never before practical. Three unusual diesel-steam applications are illustrated above. Diesel-electric trains around the world rely on Clayton steam for heating. Diesel ships employ Clayton modern steam for heating, cooking, and in the case of tankers, steam for heat-conditioning heavy fluids to expedite pumping. And portable Clayton self-contained steam plants supply stand-by steam for ships in port, railroad cars on sidings, factories with shut-down boilers, soil treatment on farms, and endless other uses.

Write on your business stationery for a free copy of a new, full color brochure, "Around the World With Clayton Modern Steam," listing hundreds of users and uses in more than 130 countries on seven continents.

724



© 1962 CLAYTON MFG. CO.



SALES AND SERVICE IN 88 COUNTRIES

OFFICES: Cincinnati • Detroit • Washington, D.C. • Mexico City, Mexico • Lausanne, Switzerland • Asti, Italy • Bornem, Belgium • Sao Paulo, Brazil
MANUFACTURING: Australia • Belgium • Brazil • England • Finland • Japan • Mexico • Sweden

CLAYTON'S WORLDWIDE SALES AND SERVICE ORGANIZATION

ALGERIA: HY. BERGERAT, MONNOYEUR & CIE., Paris, France. ARGENTINA: ANTONIO PANIZA, S.A., Buenos Aires. S.A.T.I.C., Buenos Aires. ARUBA: ARUBA TRADING COMPANY. AUSTRALIA: WESTEELS INDUSTRIES LTD., Lidcombe, N.S.W. AUSTRIA: OSTERREICHISCHE HANDELSKOMPAGNIE, G.M.B.H., Vienna. BARBADOS: D. M. SIMPSON & COMPANY, Bridgetown. BELGIUM: ETS. VANDERCELEYN, S.A., Brussels. BOLIVIA: PENARANDA Y CIA, La Paz. BRAZIL: CIA. IMPORTADORA DE MAQUINAS COMAC, Rio de Janeiro; CLAYTON DE BRASIL, Sao Paulo. BRITISH GUIANA: SANDOZ PARKER & CO., LTD., Georgetown. BURMA: SWISS BURMA TRADING CO., LTD., Rangoon. CEYLON: WALKER SONS & CO., LTD., Colombo. CHILE: H. BRIONES Y CIA, LTD., Santiago. COLOMBIA: RODRIGUEZ, STRAUTMANN Y CIA, LTD., Bogota. REPUBLIC OF THE CONGO: CHANIC, S.O.R.L., Leopoldville. COSTA RICA: FRANCISCO FONT, San Jose. CUBA: MORA-ONA CO., S.A., Havana. CURACAO: G. & W. deJONGH, Wilhelmsstad. DENMARK: AKT. GEORG E. MATHIASSEN, Copenhagen. DOMINICAN REPUBLIC: CARIBBEAN MOTORS CO., C. POR A., Ciudad Trujillo. EAST AFRICA: TWENTISCHE OVERSEAS TRADING CO., LTD., Nairobi, Kenya. ECUADOR: LA LLAVE, S. A. DE COM., Guayaquil. EGYPT: Mr. H. M. HILAL, Cairo. EL SALVADOR: SALVADOR MACHINERY CO., S.A., San Salvador. ENGLAND: THE VULCAN FOUNDRY, LIMITED, Newton-le-Willows, Lancs. ETHIOPIA: ORILEX (ETHIOPIA) LTD., Addis Ababa. FINLAND: G. W. BERG COMPANY, Helsinki. FRANCE: HY. BERGERAT, MONNOYEUR & CIE., Paris. FRENCH GUIANA: F. TANON & CIE., Cayenne. GERMANY: PHILIPP GATHER, Dusseldorf; GEHR. HORST, Hamburg; INDUSTRIE-COMPAÑIE, G.M.B.H., Krefeld; A. ZIEMANN G.M.B.H., Ludwigshurg. GHANA: PATTERSON, SIMONS & CO. (WEST AFRICA) LTD., Accra. GREECE: C. P. HADJIPETRO, Athens. GUATEMALA: IMPORTADORA MUNDIAL, S.A., Div. FELIX MONTES Y CIA, Guatemala. HAITI: SOC. NATIONALE DE COMMERCE, Port-au-Prince. HAWAII: SCHUMAN CARRIAGE CO., LTD., Honolulu; U. S. INDUSTRIES, INC., Honolulu. HOLLAND: SAARLOOS' HANDELMIJ, N.V., Rotterdam. HONDURAS: MAQUINARIA Y ACCESORIOS, S.A., Tegucigalpa. HONG KONG: DODGE & SEYMOUR (FAR EAST) INC. INDIA: CHANDULAL MEHTA & CO. (PRIVATE) LTD., Bombay; ARMSTRONG SMITH LTD., Bombay; MacNEILL & BARRY LTD., Calcutta. INDONESIA: N. V. TULIS BHAKTI, Djakarta. IRAN: DODGE & SEYMOUR LTD., Teheran. IRAQ: RALPH A. HADDAD, Baghdad. ISRAEL: ENGINEERING & MANUFACTURING CO., LTD., Tel-Aviv. ITALY: UNISCAMBI, Torino. JAMAICA: KINGSTON INDUSTRIAL AGENCIES, LTD., Kingston. JAPAN: DODGE & SEYMOUR (FAR EAST) INC., Tokyo; TAKUMA BOILER MFG. CO., LTD., Osaka. JORDAN: DODGE & SEYMOUR (NEAR EAST) INC., Beirut, Lebanon. KOREA: TAKUMA BOILER MFG. CO., LTD., Tokyo, Japan; DODGE & SEYMOUR LTD., New York. U.S.A. LEBANON: DODGE & SEYMOUR (NEAR EAST) INC., Beirut. LIBERIA: LIBERIA TRACTOR & EQUIPMENT CO., Monrovia. LUXEMBOURG: ETS. VANDERCELEYN, S.A., Brussels, Belgium. MALAYA: UNITED ENGINEERS LIMITED, Kuala Lumpur. MEXICO: CLAYTON DE MEXICO, S.A., Mexico. D.F. MOROCCO: LOUIS GRANGETTE, Casablanca. MOZAMBIQUE: AGENCIA GERAL, LDA, Lourenco Marques. NEW ZEALAND: KERRICK DISTRIBUTORS, LTD., Auckland. NICARAGUA: REYES & JACOBSON, CIA., LTD., Managua. NORWAY: T. MICHELSEN & CO., Oslo. PAKISTAN: SYED A. & M. WAZIR ALI, Karachi; DODGE & SEYMOUR (PAKISTAN) LTD., Karachi; PAKISTAN CORPORATION LTD., Karachi. PANAMA: PANAMA ELECTRIC & MACHINERY CORP., Panama. PARAGUAY: S.A. COM. E. IND. H. PETERSEN, Asuncion. PERU: REDELSA, S.A., Lima; CUSTER & THOMMEN, S.A., Lima. PHILIPPINES: DODGE & SEYMOUR (MANILA) INC., Manila. PORTUGAL: ELECTRO CENTRAL VULCANIZADORA LDA, Lisbon; AD. M. ELIAS, Lisbon. PUERTO RICO: FAIRBANK-DIVERSEY CORPORATION, Hato Rey; PORTILLA CORPORATION, Hato Rey. RHODESIAS: A. APRAHAMIAN - E. L. WOODWARD, Salisbury. SAUDI ARABIA: Mr. H. M. HILAL, Cairo, Egypt. SINGAPORE: UNITED ENGINEERS LIMITED. SOUTH AFRICA: UNION: A. APRAHAMIAN - E. L. WOODWARD, Johannesburg. SPAIN: ROSSET, S.A., Madrid. SURINAM: CURACAO TRADING CO., INC., Paramaribo. SWEDEN: SVENSKA CLAYTON AB, Alingsas. SWITZERLAND: INDUSTRIEBAU AG, Zurich. SYRIA: DODGE & SEYMOUR (NEAR EAST) INC., Beirut, Lebanon. TAIWAN: GOLDEN GATE ENTERPRISES CO., LTD., Taipei; ATAKA & CO., LTD., Taipei. THAILAND: DODGE & SEYMOUR (FAR EAST) INC., Bangkok. TRINIDAD: H. E. ROBINSON & CO., LTD., Port of Spain; WILSON & JOHNSTONE, LTD., Port of Spain. TUNISIA: HY. BERGERAT, MONNOYEUR & CIE., Paris, France. TURKEY: BURLA BIRADERLER ve SSI, Istanbul. URUGUAY: J. FELIX CASTILLO (H), Montevideo. VENEZUELA: GENERAL SUPPLY, C.A., Puerto Ordaz; ORBIS, C.A., Caracas; W. O. SCHRADER, Caracas; DREW BEAR & SONS DE MARACAIBO, C.A., Maracaibo; VIET NAM: DODGE & SEYMOUR, LTD., New York, U.S.A.

464 NORTH TEMPLE CITY BLVD., EL MONTE, CALIFORNIA, U.S.A. • Cable Address: CLAYCO, EL MONTE

SAVING FOR EVERYBODY

**GOOD RATE OF INTEREST.
EASY TO BUY, EASY TO HOLD.
INCOME-TAX-FREE
CONCESSIONS.**

National Savings Certificates (10th Issue)

Each unit costs 15/-, becoming £1 in only seven years—equal to nearly 4½% interest free of U.K. income tax and surtax, or nearly 6½% taxable at the standard rate of 7/9. You may hold 1,200 units.

Post Office and Trustee Savings Banks

You may deposit up to £5,000, with no restriction up to this maximum on the amount invested in any one year. Both husband and wife can each enjoy £15 interest free of U.K. income tax (but not surtax) each year on their Savings Bank deposit accounts.

Defence Bonds

5% Defence Bonds are on sale in £5 units, and after seven years yield a 3% bonus free of U.K. income tax. You may now hold £5,000 worth, exclusive of holdings of earlier issues. Ideal trustee investment.

Premium Savings Bonds

Thousands of prizes, from £25 to £5,000, free of U.K. income tax and surtax, can be won each month. Bonds cost £1 each, and the permitted holding is now 800.

INVEST IN NATIONAL SAVINGS

National Savings Certificates
Post Office Savings Bank & Trustee Savings Banks
Defence Bonds · Premium Savings Bonds

Issued by the National Savings Committee, London, S.W.7

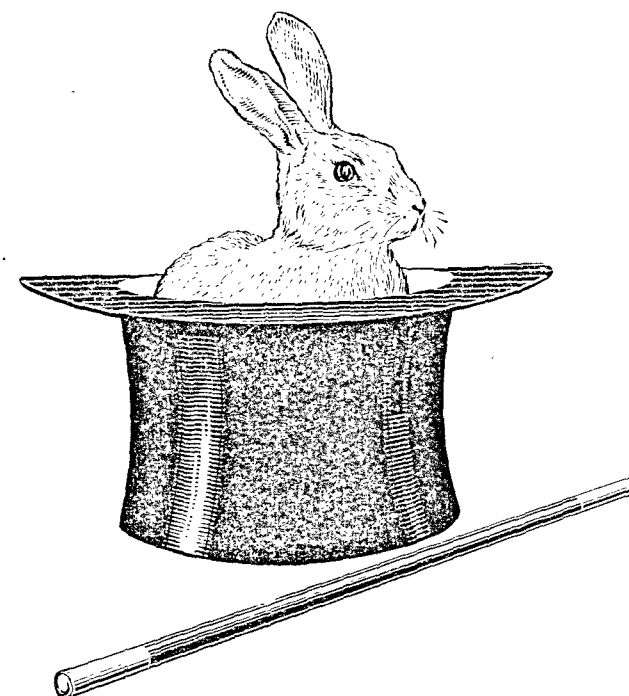


PRIDE
one of the many
major products
of Mitsui Zosen

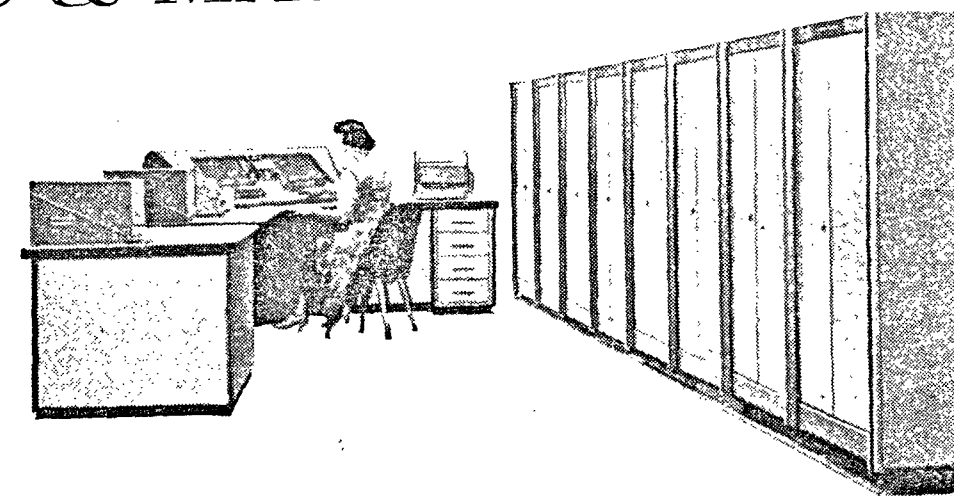


MITSUI
SHIPBUILDING &
ENGINEERING CO., LTD.

□ **Head Office:** *Mitsui Main Building*, No. 1, 2-chome, Muromachi, Nihonbashi, Chuo-ku, Tokyo. Tel.: 241-2101, 7101. TELEX No. (23) 011 (Answer Back-MITUIZOSEN TOK.). Cable Address: "MITUIZOSEN TOKYO." □ **Tamano Works:** No. 10, *Tamano City, Okayama Prefecture*. Tel.: Tamano 3111. Cable Address: "MITUIZOSEN TAMANO." □ **Kobe Office:** No. 3, *Kaigan-dori, Ikuta-ku, Kobe*. Tel.: 3-2348. Cable Address: "MITUIZOSEN KOBE." □ **Osaka Office:** No. 5, 3-chome, *Nakanoshima, Kita-ku, Osaka*. Tel.: 44-3731. Cable Address: "MITUIZOSEN OSAKA." □ **New York Special Representative:** Room 2427, 17 *Battery Place*, New York 4, N.Y., U.S.A. Tel.: Dlgby-4-0236 R. TELEX No. NY2671 (Answer Back-MITUIZO). Cable Address: "MITUIZOSEN NEW-YORK." □ **London Agent:** *Mitsui & Co. (London) 2nd Floor, Bucklersbury House*, 83 Cannon Street, London E. C. 4, England. Tel.: City-6454. Cable Address: "MITSUI LONDON."



MAGIC & MATHEMATICS

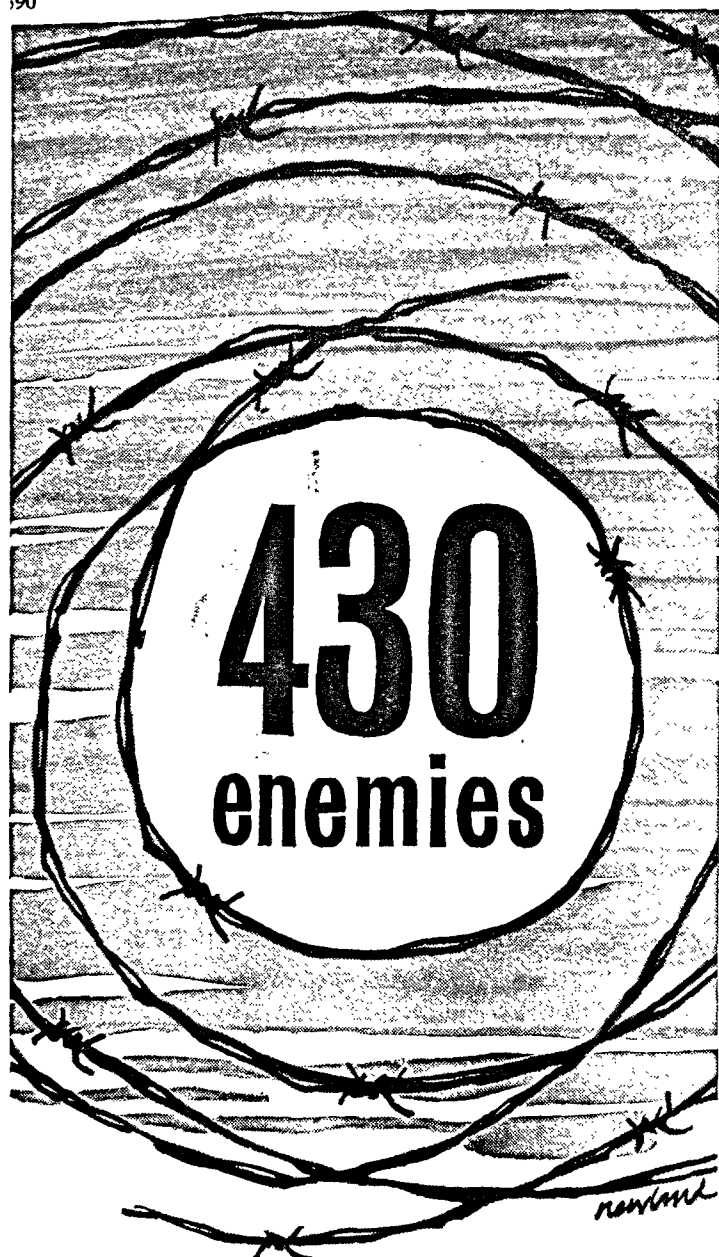


Both come easy to Stantec. Here is a computer system that's versatile, adaptable, and individual. Equipped to digest a maze of information and produce answers out of the hat. With a nucleus of basic power and storage units, and a comprehensive library of input-output programmes, Stantec can specialise in any one of a wide range of applications—research, design, mechanics, analysis, engineering, science, electronics, in industry and commerce.

STANTEC has all the answers!



Standard Telephones and Cables Limited
INFORMATION PROCESSING DIVISION • CORPORATION ROAD • NEWPORT • MON.



but many thousands of friends

The problem the printer sets the papermaker is the turning of a substance, which at the start of the papermaking process is about 98% water, into a sheet of paper with certain well defined characteristics.

The proper blend has to be made, but the mixing and beating is of equal importance, for the same recipe, beaten differently, can produce both blotting and greaseproof papers.

This beating is not easy and it cannot be fully controlled by instrumentation in spite of modern scientific advances. So the beaterman has to be a craftsman, for without the aid of instruments he must control 430 variables which are enemies to a good paper.

All J. A. Weir's Beatermen are craftsmen. All beat the 430 enemies and produce a consistently good paper welcomed by modern printers.

J. A. Weir Limited • PAPERMAKERS
KILBAGIE BY ALLOA SCOTLAND

PROFIT IN THE BALANCE



THE profitability of many industrial processes depends on accurate methods of weight control. And as competition hardens, both at home and abroad, profit margins are becoming tighter. Increased profits come from decreased wastage and better use of manpower—direct results of faster handling and more accurate, sustained control of materials.

In view of this, more and more industries are turning to automation, using Avery weighing equipment with electrical and electronic control systems.

In the science of weighing control by electronic methods, Avery have proved, in widely varying applications, that there is no substitute for the combined accuracy and flexibility of orthodox lever systems provided with the means of giving a suitable electric output. Avery have perfected weighing mechanisms that take instructions from (and give instructions to) punched card and tape machines; thus providing fully automatic and foolproof operation in all kinds of weighing, batching, blending, continuous flow, totalising, testing, checking and recording processes. The use of electronics—especially the growing range of transistors—has enabled these ultra-sensitive weighing mechanisms, even at zero-energy, to operate controls, computers, electric typewriters and other business machines. Where a lower order of accuracy is acceptable and site conditions demand a more compact installation, Avery also supply load cells with the associated instrumentation and control systems.

By linking such modern sciences as electronics and solid state physics with two centuries of experience in weighing, Avery have achieved a combination that is profiting trade and industry.

A LETTER TO AVERY TODAY CAN INCREASE YOUR PROFITS TOMORROW
Avery will advise you at any stage of your present production or future development. Write for full information to
W. & T. AVERY LIMITED, BIRMINGHAM, 40. ENGLAND

AVERY



BY APPOINTMENT
TO HER MAJESTY THE QUEEN
MANUFACTURERS OF PAINT
THE WALPAMUR CO LTD
DARWEN, LANC.



Detecting the drag

This is the Walpamur brushability test. A sensitive mechanism, which records the exact amount of pressure exerted when a coat of paint is applied, shows at once if the brush drags. The purpose is to ensure that every Walpamur Paint spreads smoothly, evenly and is therefore easy to apply. It is testing such as this—ruthless and ceaseless—which conserves the quality of Walpamur Paints. And it is thus that The Walpamur Company, with its overseas factories and multiplicity of branches, maintains its position of pre-eminence in the world of paint.

WALPAMUR QUALITY PAINTS

—constantly tested, consistently good



THE WALPAMUR CO LTD • DARWEN & LONDON

OVERSEAS FACTORIES IN CANADA, AUSTRALIA, SOUTHERN RHODESIA, SOUTH AFRICA, KENYA & EIRE

Man who dreams of tomorrow

must be wide awake today. Awake to the exciting demands of the future—its challenge and its chances. Awake to progress. And aware of Ferranti . . . for Ferranti and progress have always gone hand in hand. Ferranti and progress in the air, with Airpass, the revolutionary automatic navigation and target tracking system. Ferranti and progress on the ground, with transformers for the Kariba Dam, the Niagara Falls Power Project . . . and the biggest generator transformers in the world for the British National Grid. Ferranti and progress adding up to the largest and most versatile range of computers in Europe.

In electrics and electronics, Ferranti have been leading the world for nearly eighty years. Modern civilisation owes much to Ferranti invention and experience. Ferranti are helping the dreamers of today to bring about tomorrow's reality. It's their business.



FERRANTI
First into the Future

FERRANTI LTD., HEAD OFFICE: HOLLINWOOD, LANCASHIRE. LONDON OFFICE: KERN HOUSE, 36 KINGSWAY W.C.2.

The Economist

FEBRUARY 17, 1962

East-West Clinch	593
Khrushchev the Climber	594
The Push on Costs	596
Half-crowns and Coronets	598

NOTES OF THE WEEK	599
Wages; France and Germany; France; Sir Frank Lee; Indochina; Agriculture; Ullswater; Europe; Spain; Whisky Galore; Horticulture; Kenya; White Brothers; Government Expenditure; Czechoslovakia; Latin America; Gypsies	

HOME REPORT	
Ten-Bob Councils	609
Bombs Along the Border; A Western Empire?	

AMERICAN SURVEY	
Degrees of Excellence	613
Powers and the Powers; Steel's Valentine; Un- locking Television's Channels; Favourite State; Cotton Manoeuvres; Tell it to the Marines; Latter- Day Republican.	

THE WORLD OVERSEAS	
Kenya Whistles in the Dark	621
Paris Walks on Stage; India's Dilemma in Nepal; Economics of Superstition; Vietnam's False Eleventh Hour; Clean Sweep in Israel; Buganda's Role; Spanish Opinions and Europe.	

BOOKS	
Lads o' Pairs	628

LETTERS	631
----------------------	-----

THE BUSINESS WORLD	
Cheap Energy for Europe?	635
The New Rubbers	637
Courtaulds' Salvo	639

BUSINESS NOTES	640
Exports; In the Markets; Steel; The Exchanges; Cotton Textiles; Aluminium; Motors; Fertilisers; Local Authority Debt; Overseas Credits; Indepen- dent Grocers; Building Societies; Consumer Pro- tection; Beer Casks; Petrol; Cocoa; Falkland Islands Company; Vehicle Regulations; Export Credits; Shorter Notes.	

COMPANY AFFAIRS	658
Shocks from Monsanto; British Home Stores; BAT; Alfred Herbert; Tate and Lyle; Inter- national Combustion; Rand Selection; Consoli- dated Mines; Norcros; Mr Hodge's Empire.	

Money and Exchanges	661
Stock Prices and Yields	662
Western Europe	664

Annual Postal Subscription by ordinary mail UK
and Canada £4 10s; elsewhere overseas £5; by air
see page 667.
VOLUME CCII - NUMBER 6182

East-West Clinch

*clinch, v.t. & i. Settle (argument, bargain) conclusively;
(of boxers) come to quarters too close for full-arm blow; . . .
(n.) any of above actions or the resulting state.
(Concise Oxford Dictionary.)*

SPRING has leapt upon winter's traces, in the world of high diplomacy, with an abruptness that has set the dovescots well and truly aflutter. In the capitals of the countries involved in next month's eighteen-nation disarmament conference, the question of the week is whether the birds of peace can safely venture out yet to brave the cold winds. When February opened, the Geneva talks on banning nuclear tests had just come to a sticky end. Resumption of American testing above ground seemed to be drawing inexorably nearer. Mr Thompson, the American ambassador in Moscow, was ice-bound in his talks about Berlin with Mr Gromyko; the communist wall through Berlin was in the sixth month of its grim existence. The American and Soviet ministers of defence had just been trading boasts of military superiority, backed up on both sides by plentiful evidence of mounting military efforts. This was the bleak background against which springlike phenomena suddenly appeared.

The background remains. There have, indeed, been some new causes for concern, notably the provocative series of Soviet nibblings at western rights in the air corridors to Berlin. But Mr Francis Powers has been exchanged for Colonel Rudolf Ivanovich Abel, a tidying away of the debris that encumbered the 1960 "summit" which suggests a clearing of decks for a fresh try. Progress has been reported on information exchanges between Russia and the West, with a prospect of Mr Kennedy and Mr Khrushchev addressing television audiences in each other's countries. (*Anglia*, the new British quarterly, also appeared in Russia last week, and the edition of 50,000 was eagerly bought up within a few minutes.) Mr Tsarapkin has been lingering in Geneva, despite his declaration that he was going back to Moscow after the stalling of the test ban talks. And now the successive proposals made first by Mr Kennedy and Mr Macmillan, and then by Mr Khrushchev, for upgrading the March disarmament conference have fluttered the hotelkeepers of Geneva as well as the diplomatic doves.

Summitry may have lost some of its pristine glamour, but its spectacular involvement of personalities remains spellbinding. This is certainly true of the summit for eighteen urged by Mr Khrushchev and not, it seems, altogether rejected in Washington and London. The list of invitations would include the Emperor of Ethiopia and U Nu, Presidents Nasser and Goulart, Mr Nehru and Sir Abubakr Tafawa Balewa. The Soviet leader has proposed that this glittering assemblage should gather for the opening of the conference on March 14th. Practical considerations obviously favour the alternative that the Americans and British have promptly suggested: that the heads of government should be brought together only when a certain amount of threshing out has been done by the "functionaries" to whom Mr Khrushchev refers rather slightly.

Mr Kennedy and Mr Macmillan had already proposed, in their letters to the Soviet leader on February 7th, that the foreign ministers of their three countries, and of such others as were agreeable, should play an active part in the Geneva conference. Mr Khrushchev in turn envisaged the possibility that some heads of government might not wish to take part at all, and allowed foreign ministers a place. The gap between the two formulae is not unbridgeable.

The Soviet argument is couched more persuasively in Mr Khrushchev's letter than one can recall from any previous occasion. He concedes that heads of government could not be expected to produce an agreed disarmament treaty,

but argues that their participation at the start of the conference could at least help to give "the right direction to further negotiations." He carefully distinguishes the meeting he is proposing from "a summit meeting in the generally understood sense," and makes it clear that disarmament would be the one subject on the agenda. He claims that the principles for disarmament approved by the United Nations Assembly on December 20th—that is, the principles agreed three months earlier between Mr McCloy and Mr Zorin—provide a reasonably clear mandate "for the first time in the whole history of the negotiations"; but he modifies this rather sweeping claim by admitting that "mountains have yet to be removed on our way to agreement," and by recalling—without recrimination—how many past failures there have been. He shows himself aware of the danger, inherent in all summit-type ventures, of exciting false hopes and finishing up with deeper disenchantment.

To his proposal that the talks should start at the top in order to show sincerity about disarmament, the Anglo-American response is, in effect, "if we are really sincere, let us start at a practical level and cut out the propaganda tricks." Much here depends on the reactions of the eight non-aligned countries in Geneva's band of the elect—Brazil, Burma, Egypt, Ethiopia, India, Mexico, Nigeria and Sweden. Already there has been some lively speculation about the possibility that Mr Khrushchev may turn up in Geneva on March 14th anyway, tailed by his four fellow communist premiers and hoping to repeat his success of September, 1960, when a couple of dozen heads of government were drawn to follow his example in attending the UN Assembly. Mr Kennedy's and Mr Macmillan's messages on Wednesday, expressing readiness to come to Geneva at whatever stage a personal appearance might be of positive value, suggested an awareness that a gravitational drag like that of September, 1960, might be set up again. Both President and Prime Minister, while restating their preference for meeting at summit level only after some visible progress had been made lower down, left open the possibility that this condition might be dropped. It may, indeed, be argued at some stage—though the argument will have little appeal to General de Gaulle—that the heads of government should be brought in precisely because their juniors have failed to make progress.

PERSONALITIES, however, are not the stuff of the problem. Even Mr Khrushchev, fond though he is of the slogan "tell the news through people," now seems more ready to recognise the true complexity of the problem of disarmament, which, in his words, "affects nations' most sensitive interests, interests of national security, and requires special circumspection." In Moscow, as in the West, there is clearly no expectation of a quick and decisive breakthrough at Geneva.

As March 14th approaches, the despaired "functionaries" are still cudgelling their weary brains to find new approaches that might just possibly get the conference round at least some of the too familiar obstacles. There is word of a fresh variation on the theme of the opening up to international inspection of "sample" zones; this might now be combined with some initial reduction of armaments in a way that took the edge off the controversy over verifying retained amounts of arms at each stage of disarmament—a crucial controversy, of which Mr Kennedy reminded Mr Khrushchev on Wednes-

day. There is flickering hope of progress on checking the spread of nuclear weapons to more countries, and on preventing the placing of armed satellites in orbit. And there is also, in some quarters, a hope that involvement at close quarters will enlighten some non-aligned governments that have hitherto been wholly content with virtuous generalities about disarmament.

For the West, it ought really to be seen as no mean achievement that the Russians are being brought back towards the green table, and in circumstances that will make it at any rate less easy for them to kick it over than it was in 1957 and 1960. This time, the presence of the non-aligned eight could possibly inhibit such tactics. There may not be much to report to the United Nations when the June deadline arrives; but the world may take heart if the report then due can at least say that serious discussion is still going on at Geneva. There are two meanings to the word "clinch." In the bargainer's sense of a definitive agreement, nothing spectacular is likely to be clinched during the first weeks of the eighteen-power talks. But in the boxer's sense of maintaining a close contact which makes it hard either to break loose or to land a really brutal blow, there is everything to be said for the prospective clinch at Geneva. Locked closely together, the contestants may even reach a closer understanding of each other's true aims and anxieties—perhaps, too, of their common interests.

Khrushchev the Climber

Plenty of candid Communist friends will be waiting for the exponent of coexistence to come another cropper

WHEN Moscow's contacts with the western world improve, its relations with Peking get worse; and vice versa. The case of the U-2 pilot, Mr Francis Powers, illustrates the rule. His capture, on May 1, 1960, brought about the collapse of the summit conference in that month and ended Mr Khrushchev's first attempt at a reconciliation with the United States. Sino-Soviet relations, which had been strained during that period, began to improve, and seven months later the Soviet and Chinese party leaders patched up a compromise at a communist international conclave in Moscow. The release of Mr Powers to the Americans on February 10th is now one of several gestures that suggest Mr Khrushchev's return to a conciliatory posture towards the West. Once again the summit looms; and once again the Sino-Soviet alliance appears to be suffering acute strain.

The base of this curious diplomatic triangle lies in Russia. If the angles shift, it is because of changes—often surreptitious, sometimes dramatic—that have been going on in Russia since Stalin's death, and acquired new momentum from the party congress in October, when Stalin's statue was publicly toppled from its pedestal. The Soviet leaders have not yet agreed on a way to fill the place left vacant. Mr Suslov thought fit to utter a warning, published on February 4th in *Pravda*, against those who

under the pretext of criticising the personality cult, try to whitewash trotskyism, right-wing opportunism, nationalist deviation and other anti-leninist trends . . . for the purpose

of slandering the huge theoretical and practical activity of our party and of its central committee. . . .

While Mr Suslov attacks the new heretics, Mr Khrushchev confronts the upholders of the former orthodoxy. The attitude of the "stalinist" opposition is easily defined. Officers, perturbed about discipline and the size of their battalions; party bosses at all levels, worried by signs of pressure from below; managers, fearing for their positions and their prestige—all those who felt comfortable in the stalinist establishment—may consider Mr Khrushchev's changes superfluous, because inefficient, or dangerous, because too rapid. The nature of the new opposition, so crudely described by Mr Suslov, is more difficult to present. The advocates of change are the more numerous. They may turn out in the end to be the more important. But they are still largely inarticulate; their aspirations are confused, often contradictory.

Awakened from their nightmare, the Russians want, above all, to avoid its repetition. For this purpose, their first necessity is to know the truth; but that is a tall order. First they need the truth about the past, which the government tries to dish out in small, palatable doses, but which comes out inexorably, since each revelation contains the seeds of another. Next they need to know the truth about the present and its mysterious conflicts. *Pravda*, in its issue of February 7th, reports that at Kishinev the local party secretary, at the end of a lecture, refused to answer questions about Albanian heretics and revisionists. No doubt this is just one of many meetings where party spokesmen have failed to satisfy their listeners' curiosity.

Another natural demand is for legal reform and stricter observance of the law. The late Andrei Vyshinsky, who tore up the assumption of an accused man's innocence, is a frequent target of attack, but it is the absence of a rule of law that is the critics' real target. A good illustration of the new spirit was recently provided by *Novy Mir*. This literary monthly, expressing the views of the liberal wing, took to task the conservative writer Kochetov for his novel "The Regional Secretary." The critic poked particular fun at the hero of the novel who claims that "the nation, the party can judge Stalin, but not a little man like myself." What the reformers are really asking for is the right for the little man to dissent and to criticise. It is a demand that clashes with the monolithic nature of the party, and they cannot be sure to win it. Their enemy Mr Kochetov has just got the Order of Lenin, and not, one supposes, by a clerical error.

If intellectuals, in keeping with Russian tradition, are the mouthpiece of popular demands for democratic freedom, the call for greater equality comes from lower down. Among Russia's privileged there are many who consider that the government has gone too far in narrowing the huge wage differentials that existed in Stalin's time. To the underprivileged the process has not gone fast or far enough.

Parallel with the cry for equality goes the call for better living. Promises of plenty in twenty years' time may be interesting, but they do not satisfy. Grown more critical and more exacting than they were, the Russians want tangible evidence of progress towards fulfilment. When the slogan is "plenty," it is hardly possible to suppress another slogan, "peace." In communist Russia, international tension has been the accustomed cloak for witch-hunts, purges and repression. It is also obvious enough to the Soviet citizen that the resounding

advances in military technology are bought at the expense of his standard of living.

Mr Khrushchev knows it, too. He has taken on a greatly testing task and he badly needs the help of a foreign policy windfall. He is attempting to carry out a gradual and a convulsion-free transition from stalinism. The transition has to be swift enough and thorough enough to confound his stalinist critics and make the system more efficient—yet not so fast and deep as to sweep himself and his associates away with it. A success in foreign policy, the field in which he has least to show and is most vulnerable to criticism, would be particularly welcome to him. Equally, without an international détente, allowing a big shift in resources and a rapid satisfaction of consumer demand, it is hard for him to curb the zeal of the political reformers. The last two years of international tension, which drove him last June to increase the defence budget by a third, have been no help. Though the growth of Soviet production continues to be impressive, there have been lags in particularly sensitive spots. For two years running the housing programme has not been fulfilled. Fewer dwellings were completed last year than in 1960. The vicissitudes of agriculture, which take so much of Mr Khrushchev's time, may also be partly explained by insufficiency of industrial and agricultural investment.

SUCH reasons as these may explain Mr Khrushchev's persistence with co-existence against the odds. It is in this context that the Sino-Soviet conflict begins to make sense. Peking and Moscow represent different stages of development, of satisfaction, of vulnerability and of revolutionary fervour. Peking suspects Moscow and its European partners of *embourgeoisement* and parochial egotism. Moscow dislikes the recklessness of its less vulnerable ally. But the basic conflict is about communist strategy and about the meaning of co-existence, that is, the communist relationship with the outside world.

The compromise worked out between the two in November, 1960, permitted Mr Khrushchev to have a go with the new American president. As a counterpart, the final declaration put emphasis on the struggle in Asia, Africa and Latin America against imperialism and against that "international gendarme," the United States. Full of contradictions, it was a precarious compromise from the first. It looks as though the Russians saw it as an obstruction to serious negotiations with the West and that Mr Khrushchev, getting ready for a new peace offensive, decided to clear this obstacle from his path. Peking, for its part, saw Russian restraint over Berlin as a mark of infirmity of purpose; and its doubts grew with each small friendly Russian gesture towards the West.

It is not that Peking would object to such small gestures in themselves; but that, mistrusting Mr Khrushchev's intentions, it sees its suspicion confirmed that what he is after is a major understanding with the West. In the Chinese view, the inevitable consequence of such a *modus vivendi* would be a dampening of revolutionary fervour, a check to the communist offensive in Asia, Africa and Latin America. The clash of these two attitudes explains the growing bitterness of the "Albanian" dispute, which, for all the ritual exchange of bare civilities, has now reached a point when an open schism between Moscow and Peking, each with a section of the com-

munist world grouped around it, cannot be ruled out.

Nearly two years have passed since Mr Khrushchev seized the U-2 incident as a pretext to turn his back on negotiation with the West. He had been kept for months in the waiting room while the western governments assured each other of their firmness and told him, in effect, that there would be no prize for him at the top. He may have decided for himself in

THE PUSH ON COSTS

ECONOMIC POLICY RE-EXAMINED — II

THE first article of this series (page 394, February 3rd) argued that one principal and pervasive idea had dominated British thinking about economic policy for the last fifteen years: whenever Britain has run into any sort of economic trouble—and, heaven knows, it has done that all too often—the main body of “responsible men” has automatically assumed that the right thing to do must be to restrict demand. In the particular circumstances when this idea was born—in the bloated British economy of 1946-47—the prescription was undoubtedly the right one. In those days clipping off the last few hundred million pounds worth of annual internal demand would actually have served to push total national production up, because it would have helped to relieve the distortions caused by an overstrain on supplies of all available resources and to remove some of the impediments to production (e.g. factories waiting around for that day’s supply of raw materials) which went with them.

But under the sorts of conditions ruling in 1962—where any reduction in demand would plainly push total output down, at any rate in the short term—a whole new series of calculations has to be made before deciding whether such a reduction in demand (say, through a tough budget) would in fact further the desired objectives of “securing a permanent increase in exports” and “putting the internal economy into better competitive shape.” The arguments about exports were discussed in the article a fortnight ago; it is with the internal shape of an intermittently screwed-down economy in modern conditions that this article will be concerned.

A major difficulty which is constantly bedevilling policy here is that the effect of a cut in demand differs not merely according to how far the economy is from working at absolutely full capacity but also—and this is far too infrequently recognised—according to what stage of longer-term industrial change a country is in. Ministers have got used to saying that an increase of £100 million or so in taxes would “blow off the froth from the top of inessential consumer demand.” But, in fact, of course—except in a ration-book economy like that of 1947—its main effect is to cut down demand for the products of the growth industries. At least one definition of growth industries must surely be that they are those that would earn a more than proportionate share of the next £100 million spent by people as they grow richer; so of course they are also those that suffer more than proportionately when £100 million of new demand is cut off.

When a temporary squeeze falls mainly—and by definition—on growth industries in this way, a lot of the conventional

1960 that the risks were too great and the chance of success too thin. Or he may have been forced to contract out by a communist coalition, in which Chinese politicians and Soviet commanders played the lead. Now that he has evidently set off climbing again, it is important to remember what risks he faces—and how hopefully the Chinese and other communist ill-wishers wait below for his next fall.

“The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds.”

—J. M. Keynes. Preface to his “General Theory,” 1936.

arguments for “a spot of healthy disinflation” can fail to work. The healthiest economy would be one which employed its resources in the most productive possible ways—by which is (or should be) generally meant in industries that can afford to pay the highest possible wages and yet still make the highest possible profits even when in full competition with similar industries abroad. One can imagine periods, particularly at times of long-term technical stagnation, when the growth industries might not be intrinsically the most economic ones; when extra demand would fall mainly on industries which could expand internal production only behind a large and growing tariff wall, and when the meretricious “new industries” looked a much less sensible basis on which to build the economy than the conventional “old ones.” But nobody who looks at the difference in earning power and productivity between the areas relying on new industries and those relying on old ones today can really pretend that these are the conditions now facing Britain; on the contrary, we are in an era of massive industrial transition when there is a double need to shift resources out of the non-growth industries (in which too many of our resources are, for historical reasons, still engaged) into the growth industries, whose current productivity as well as future prospects are much brighter and better. In such conditions the logical policy for securing such a shift is not to trim off the last few hundred million pounds worth of demand from (by definition) future growth industries, but directly to weed out the resources making the least efficient few hundred million pounds worth of things—by opening the gates to more competition (cutting tariffs, abolishing sanctions for resale price maintenance, and so on).

The false assumption that a squeeze on marginal (i.e. growth) demand always wreaks the same effect as a direct weeding out of marginal (i.e. least efficient) production surely helps to explain why demand disinflation in recent years has constantly failed to do some of the things which it was supposed to do. For example, for years now disinflationists have rightly been saying that the country would be in a much better shape if a few more bankruptcies of inefficient firms in inefficient industries occurred. But a squeeze on extra new demand for prosperous growth industries’ products does not easily and obviously cause bankruptcies and releases of resources of this sort; if ever a squeeze goes far enough to drive the least efficient and most over-expanded firm of a growth industry into difficulties (as one postwar squeeze did to a big motor firm), a rival firm steps in and makes a take-over bid for its capacity (which it knows can eventually be used again when

demand re-expands). What began by being a bear hug “to instil a little more competition” ends instead by begetting a little more monopoly in the fields where competition is most desperately needed.

Similarly, when the robust individual firms in growth industries are squeezed, they do not smoothly and swiftly sack their labour forces and release them for productive employment in other industries; they are more likely to put their men on a wasteful three-day week, because they know that eventually they will want all those workers back. And the idea that by squeezing domestic growth industries one can release labour for use in export growth industries has kept on boomeranging too. Because Britain is richer than most of its main export customers, the things that Britain will buy more of today generally prove to be the things that its customers will buy more of tomorrow. By contrast the things that Britain sells most of abroad today are often the things that its customers—especially in the overseas sterling area—will be making more of tomorrow themselves; an underdeveloped country usually industrialises first in the directions pointed out by its current import bill. So Whitehall’s present policy keeps on trying to switch resources into the export industries of today out of the export industries of tomorrow, and then the Treasury wonders why Britain’s share of world trade keeps falling when tomorrow comes.

So much for the arguments that demand disinflation in a reasonably fully-employed economy is always likely to lead to a “healthier balance of production in the economy”; on several occasions in the past seven years these arguments have been proven the exact reverse of the truth. One suspects—and fears—that they may be proven so again in 1962 if the Chancellor introduces a disinflationary budget. What now of the effect of a tough budget upon costs? The first effect of a budget that cut demand in present circumstances would be to hold down total output; unless it somehow managed to hold down total costs by even more, it follows that costs per unit of output would go up. Many civil servants—and some economists—have been brought up to believe that a “moderation” of demand automatically must reduce total costs by at least as much as total output, and that it will generally reduce them by more.

In a world where all prices and wages moved perfectly flexibly with the pull of demand, this would be true. But in the real world, where trade unions and other monopolies or restrictive groups exist, a fairly simple limiting case shows—and frequently has shown—that it can be untrue. Suppose that the tough budget concerned actually causes total output to drop (as, so far, Mr Lloyd’s increase in indirect taxes last July has caused it to drop) instead of merely moderating its rise. In that event labour costs per unit of output—the main element in total costs—will go up unless money wage rates in existing industries actually fall; even during the present “wage pause” no employer has dared to suggest that.

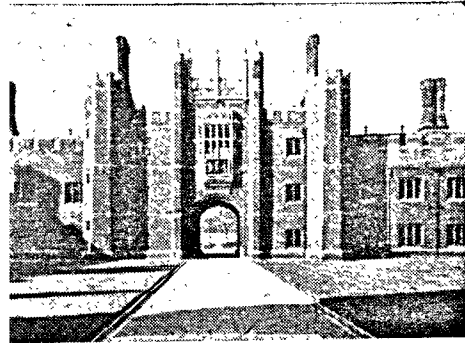
Outside this limiting case different circumstances arise. A fair question for this year is: if Mr Lloyd aimed in his budget at expanding demand and production by 4 per cent this year, would he find it easier to keep average wage increases down to that figure than he will do to keep them down to 2½ per cent if he continues with present policies? In present condi-

tions of trade union bargaining, the answer is, admittedly, uncertain. But it is important to understand why.

As production expands under present conditions, there is a bidding up for labour by the growth industries, not so much through national wage agreements as through those sensible and economic local bargains known as the wage drift. The growth industries are, by their nature, generally high-earning and localised industries; so that motor manufacturers then attract engineers away from the electrical power stations in Luton, C licence operators draw away lorry drivers from the railways in Birmingham, computer industries draw away maths teachers in London—in each case by offering the men concerned several pounds a week more than they were earning in their old jobs. But then next year the Electricity Board, the Transport Commission or the Burnham Committee—instead of putting up their offerings for particular needed categories of workers in Luton, Birmingham and London by several pounds a week—raise their general wage and salary levels by ten shillings a week. They give this rise to all their workers from Land’s End to John o’Groats, not just to workers in scarcity areas or in the categories of job where they need more recruits. This generalisation of awards in the national wage bargaining industries is called “being fair,” or “recognising that the unions feel deeply over this,” or “maintaining the cohesion of the profession.”

The results of this generalisation are disastrous. For, of course, you cannot allow the wage mechanism to fulfil both its economic function (getting men where they are needed) and its new social welfare function (giving other men the same increase) and then expect productivity to rise by enough to pay for both. To take the railways as an example, the results of generalisation are, first, that the railway’s total costs go up by three or four times as much as they would do if Dr Beeching made a discriminate award by areas and types of staff shortage; secondly, that the railways, although amply staffed at John o’Groats, still cannot get enough men in the boom areas, where their most productive and profitable business could be done; thirdly that, because of this, the railways become a pressure group saying that next year they really must be allowed to make another offer of a general wage increase well above the increase in total national productivity. And so the country, if it is to avoid cost inflation, gets caught in its familiar dilemma, which it still seems to find so extraordinarily difficult to resolve.

Either, first, it must hold down demand and growth—with a particular frown, apparently, having to be directed to growth in those industries that can afford to pay the highest wages and dividends (in other words to those that are most productive). Or, secondly, it must stop its system of pushing up wages in areas and jobs where more men are not needed by the same percentage as wages in areas and jobs where more men are needed. The object of these two articles has been to argue that it is extraordinary that Britain should continue to choose the first course rather than the second, and that it is a sad mistake that some of the things said by some economists (who have not escaped from the mentality engendered by the demand-pull crisis of 1946-47) should continue to encourage it to do so. What Britain needs nowadays is a policy designed to extend demand pull (which means to expand growth) by perhaps 4 per cent or so each year, but resolutely to hold down cost push.



nc ouest de la Base Court

Half-crowns and Coronets

The craze for visiting ancient monuments is catching on. Can this largely nationalised industry expect to show a profit?



Tower-Wächter in Gala-uniform

BRITAIN'S business in ancient monuments is booming. The cash customers may be drifting away from cricket and football, chilling to the very marrow the guardians these rough island sports, but when April comes again, when and sweet, the highways and byways will be choked with cars and coaches headed for the embattled piles and tely homes of England. Already the half-crown dukes are lbering up and singing blithely of the spring, the Ministry Works is oiling its turnstiles and putting in new lavatories at sure sign of success), and the presses of Her Majesty's tionery Office are thundering out the guide books, nphlets, postcards and throwaways that Britain's new numentees are avid to get their picnicking hands on. The est buzz is that Mr Billy Butlin is on the lookout for a hunk highly-U masonry for his next holiday camp—and Mr tlin is no slouch at spotting a trend.

The spread of secondary education, gathering momentum ce the 1944 Act, and the family car, emerging in the mid-50s, are the prime movers of this little social revolution, urther with the rubustious advertising to which only the y best names could dare to lend themselves. The more ident attractions of the Duke of Bedford's Woburn (still ding the highly competitive private industry's league table), Chatsworth, Blenheim, Beaulieu and the rest may not be ite what the genteel custodians of the Ministry of Works d National Trust would choose to emulate. But, in its y, the public sector is now on the point of economic e-off. In the past five years, paying customers at the inistry's sites have risen from under six to nearly seven llion a year: visitors at National Trust properties passed : million mark for the first time in 1960. The judicious plication of a little commercial and publicity know-how beginning to show up all round.

The flow of foreign tourists is increasing (encouraging VSO to plunge into French and German guide books for : Tower of London, Hampton Court and, shortly, Dover ste). But it is the British family motorist who desperately nts somewhere nice and cultural to go to, and Mum and d now have sixth-form offspring to tell them where. The inistry of Works is seeing its years of investment in school cursions and classroom posters paying the first dividend. ings at the Tower of London alone are now over 10,000 a year (and the proceeds from guide books there ve doubled since 1959). If the taxpayer still has only e ancient monument (Stonehenge) that shows a clear and disputed profit, this is because at some of the bigger ney-spinners, like the Tower and Osborne House, other, n-commercial factors intrude into the books. Clearly the

taxpayer would do very much better if his custodians went into the memento and curio business (whatever the horrified protests) instead of sticking to literature. Wherever the Ministry has embarked on a modest local advertising campaign it has found the public rolling up in flattering response.

Thus in 1960 the investment of £250 on posters, leaflets and other publicity for the Isle of Wight (distributed through coach operators, boarding houses and libraries) pushed admission money up by £592 at Carisbrooke Castle, £565 at Osborne and £167 at Yarmouth Castle: Yarmouth itself, previously right off the beaten track, had 4,000 visitors in 1956, 24,000 last year. Another local drive, assisted by repairs and improvements to 30 monuments in North Wales, has helped to boost the number of visitors at Beaumaris Castle from 28,000 to 62,000 and at Caernarvon from 120,000 to 234,000 a year since 1957. Success brings its penalties, in demands for parking space, plumbing and catering. Greatly daring, the Ministry has put up restaurants at Dover and Scarborough (another will start at Kenilworth in mid-May), run under contract by local firms, which promise to bring in a useful little profit.

IN its long past, the British monument business has run a chequered and class-conscious course. The bourgeois upper crust (*vide* Miss Austen) set off to satisfy its curiosity about the great houses when the better eighteenth-century roads allowed it to use its (often trumped-up) social introductions. But the owners' tolerance ended abruptly with the coming of the railways: blackguard industrialism had to be held at bay, and held there it was—until death duties brought the menace of disrepair and, with the menace, the first legislation that offered the taxpayer's money for upkeep in return for his right to inspect the premises.

The Ancient Monuments Acts of 1913 and 1931 gave the Minister (previously the First Commissioner) of Works the power to protect any monuments that he cared to consider worthy of his attention. He could buy them or, more usually, take them into his guardianship. Besides crown property, the Ministry of Works is now responsible for all unoccupied buildings (except churches). In official language, these monuments are "scheduled" (on the advice of the ancient monuments boards) and are liable to preservation orders, lasting three months, should an owner wish to demolish or alter them. The vote for ancient monuments runs at between £700,000 and £800,000 a year. In addition, since the Historic Buildings Act of 1953 the Minister has made grants, running at some £400,000 a year, to maintain other buildings of outstanding historic or cultural merit, the money being given

specifically to the building—not the owner. These may be country houses, pubs, Bath crescents or Oxbridge colleges; the criteria are not always clear to outsiders.

Under the Town and Country Planning Act of 1947 the responsibility for preserving most occupied dwellings belongs to the Minister of Housing and Local Government. These dwellings are "listed" for their cultural interest (there will eventually be 100,000 of them) and two months' notice to the local planning authority is needed before demolition or alteration. A backbencher's bill, which was given its second reading last Friday, is intended to encourage local authorities to put up more money of their own on maintaining this type of property; the response is not likely to be very heavy. Finally, the National Trust and the National Trust for Scotland, relying on voluntary subscriptions, may also take buildings and other property under their permanent care.

The surge in popular interest in all branches of antiquarianism—from archaeological "digs" (which the discovery of the Temple of Mithras on a London building site did much to encourage) to the merest rubber-necking at the crown jewels or the Eisenhower flat at Culzean Castle—has not only served to justify what philistine developers call the preservation craze. It has also at last begun to help to pay its way. Since a number of the commercially more viable monuments are already overcrowded at peak periods, the biggest tourist potential may now be in the underdeveloped north and west. Between York and Edinburgh, in particular, there is a vast historical countryside (Fountains and Rievaulx, Durham Cathedral, the Roman Wall, the Border Abbeys) which is only

slowly being opened up, despite good roads, by lack of hotel and other accommodation. An infrastructure of good motels, plus local versions of the *Guides Michelin*, would do wonders for Ministry of Works revenue in a number of unsuspected spots. Organised tourism, by other people's standards, has barely got under way in the land of the Beefeater.

But the true antiquarians have lately set out on a new, and much more dubious, trail. Pure Victoriana may be left to Mr Betjeman for a while, but there are serious academic stirrings to preserve the industrial and technological monuments of the eighteenth and early nineteenth centuries before they, too, are swept away. A number of satanic mills and railway viaducts may creep into Ministry lists before long (and rightly so with genuine architectural triumphs), although it is doubtful whether Mum and Dad will take much interest in so humdrum, close and uncomfortable a past as that of Belper, Coalbrookdale and Stroud. The enthusiasts' main need is to know what exists, peculiar to individual regions, that is really worth preserving. The Council for British Archaeology has put up a persuasive argument to secure parity of treatment for industrial archaeology, but it is sensibly giving most encouragement to the recording of doomed workshops, beam engines and colliers' rows before demolition. The fascination for rundown machinery (Bluebell lines *et al*) is an acknowledged national characteristic in more ways than one, but it seems altogether too fanciful to visualise the scions of millowning families charging a bob a nob at the gates just to look round grandad's loom. Well, yes: but what was that about Euston?

NOTES OF THE WEEK

WAGES

Safe Across the Points?

THE Prime Minister's dignified palaver with the railway union chiefs on Wednesday — complete with exhortation to remember Passchendaele—may have ended rather uncomfortably aptly; for Passchendaele, although everybody tried politely not to recognise the fact at the time, was a muddy national defeat. Having listened to the Prime Minister, the union leaders went away willing to accept a rise of 3 per cent now, but with what they understandably regard as an implied promise that they will get more later in the year if the national economy and the railways' own finances improve. Later on Wednesday the process of half-retreat was carried further by a statement from Dr Beeching: "The general economic situation will be the main factor in deciding what further increases might be given and when." The doctor has said this kind of thing sufficiently often now to have pushed the idea of paying railwaymen out of railway earnings (rather than out of the taxpayer's pocket) well into the background; since, some time later this year, some Tory ministers are bound to

make speeches saying that the country's economic position is improving—they would not be good politicians if they didn't—it seems more than likely that the eventual railway settlement in 1962 will be for more than 3 per cent.

The Government is therefore coming out of the pay pause having offered wage increases in all its nationalised industries well above its guiding light of 2½ per cent. Against that, it will no doubt claim two things. First, as usual, it may be able to claim that it has avoided major official strikes; but the Trades Union Congress was, in fact, not well placed to call and pay for major official strikes this year anyway. The finance and general purposes committee of the TUC had no ideas to offer this week, when the miners asked for its support in their current pay claim.

Secondly, and more forcefully, the Government can claim that this year's rises, although above the wage pause's guiding light of 2½ per cent, would certainly have been higher if there had been no pause at all. The rises might even prove to be small

enough to be containable within an expanding national economy; but is the Chancellor in fact going to use his budget policy to try to expand national production rapidly this year? The most likely answer is that he is not, but that he does hope that a new atmosphere engendered in his National Economic Development Council may help him to be more expansionary in future years. For Ned, fortunately, this week has brought some rather good news, when the names of its six trade union members were announced on Wednesday. Five of these six (including Mr Greene of the railwaymen) are solid worthies who will no doubt want to try to work hard to make it a success: the sixth is Mr Cousins, who is not exactly solid but might well prove to have a vastly less inhibiting effect inside Ned than outside it.

FRANCE AND GERMANY

Caesar at the Spa

WHEN in doubt, go to the Summit. The principle, now once more in fashion in east-west affairs, has long been

a useful practice in the Paris-Bonn love-match, and it is one that has brought results. This time it seems to have been Dr Adenauer who has been plagued by fears; on his invitation President de Gaulle paid a flying visit to Baden-Baden for a day of talks on Thursday. What has been haunting the Chancellor has been the fear that General de Gaulle is, after all, still the enemy of the European communities.

A meeting in January of the committee of the Six on political union (the Fouchet committee), at which the French threw out all their partners' proposals for political union and returned to the original Gaullist conception of co-operation between states, dismayed the Europeans in Bonn and other capitals. President de Gaulle's television broadcast on February 5th, with its contemptuous references to integration, has alarmed them even more. Doubtless Dr Adenauer tried hard to persuade the French President to put a "European" element back into the new political plans, take out the implicit threat to Nato in some of his defence proposals, and reaffirm his backing for the common market.

How far the Chancellor succeeded may be clearer when the Fouchet experts meet again next week. It may depend in part on what he had to offer. Poor Dr Adenauer has already paid the agricultural bill which he understood last summer to be the price for continued French backing for European integration.

Nettled, no doubt, by the new turn in East-West relations, General de Gaulle will have taken the chance to remind Dr Adenauer of the dangers of his old enemy, appeasement. This is one way of telling the Anglo-Americans that his domestic pre-occupations do not permit them to leave France out of account. There is also a possible domestic reason why a trip to Baden-Baden may have been convenient. Baden-Baden is the headquarters of the French forces in Germany. The French President may have taken the opportunity to glance at the faces of his trans-Rhenish proconsuls and their legions, and even to weigh up their loyalty.

FRANCE

Notice Served

STREET demonstrations, whether in Whitehall or the Place de la République, provide drama but are not usually effective instruments for altering the course of governments. This is particularly true when the government involved is that of General de Gaulle, who is never in better form than when expressing his disdain for the commoner manifestations of public opinion: "When I want to know what the people want, *je m'interroge*." Right-wing terrorism, which the demonstrators in Paris on February 8th wished to protest against, is not halted by mass meetings, and the methods employed to discipline a crowd by the Paris police are well known. It was therefore possible to conclude at first, after

NOTES OF THE WEEK

the news that eight people had been killed and some hundreds injured, that the demonstrators had suffered in vain, and might just as well have stayed at home.

But the enormous size of the crowds that gathered to commemorate the dead when they were buried on Tuesday has changed all that. Hundreds of thousands turned out to accompany the coffins to the Père Lachaise cemetery in Paris, among them M. Mendès-France. Thousands more paraded in each of the chief provincial cities. Transport, postal, gas and electricity, radio and educational, motor and dock workers went on strike. No newspaper appeared. This spontaneous reaction of angry mourning was a reminder to the Secret Army Organisation, and the armed forces of the French state, that not only in Algeria is there a European population determined to defend its dearest rights and interests; and a warning to the government that it cannot rely on an eternity of political apathy. Our Paris correspondent discusses the implications on page 622. Whether reminder or warning has any effect remains to be seen. The next stage in French politics turns on the Franco-Algerian negotiations.

SIR FRANK LEE

Corpus Christi's Gain

EVER since his heart attack last year reduced his capacity for work from that of a normal five men to that of a normal three, it has been known that Sir Frank Lee would retire from the permanent secretaryship at the Treasury when he reached his sixtieth birthday in 1963. The news that he is to become Master of Corpus Christi College at Cambridge from September 30th this year merely pushes his retirement forward by an extra six months. Some day one of the most intriguing biographies of our time will have to be written about this intellectual dynamo. The fact that Sir Frank was chief civil servant at the Board of Trade from 1951 to 1959, and spread his influence to the Treasury both then and later, almost certainly played a great part in explaining the happiest and most surprising political development of the last decade: the fact that a long-entrenched Conservative government has steadily become freer trading rather than protectionist and has now brought Britain to the verge of joining the European common market. His illness in the past year has been a great misfortune. If a Briton is to succeed Dr Jacobsson as head of the International Monetary Fund—and it is about time that this country started to press its claims that a Briton should—Sir Frank would have been the obvious choice.

It is idle to speculate on who his successor at the Treasury will be. His departure could well mean that the nature of the permanent secretary's job there may change. It may be that, in new circumstances, more influence will insensibly pass to the staff of the Chancellor's National

THE ECONOMIST FEBRUARY 17, 1962

Economic Development Council; or to the European Commission at Brussels, with its new British members (it has never seemed likely that joining the common market



Master Frank: intellectual dynamo

would swiftly transfer to Brussels any part of the policy-making role really played nowadays by British ministers and by Parliament, but it might well transfer some part of that role which has in fact recently been played by British civil servants. Or, when Mr Lloyd retires from the Exchequer (and no Chancellor should stay there for more than three years), Sir Frank's departure could strengthen the case for making the next Chancellor a statesman of the policy-making rather than the mainly administrative type.

But the impending gap in the civil service does prompt one other reflection. Sir Frank has laboured on in Treasury business until the eve of his sixtieth birthday; several of the other brightest lights in the civil service have departed for more lucrative private business in their early fifties, and the provisions that allow senior men to take their civil service pensions early have actually smoothed the road for their doing so. It is legitimate to question, as one contemplates a certain vacuum now, whether those early pension provisions have been altogether in the country's best interests.

INDOCHINA

Escalation

THE dangers of the present situation in South Vietnam and Laos are becoming more acute almost every week. The first signs of what nuclear age strategists call escalation are indeed clearly visible. This week an American command was set up for the first time in Vietnam. Known as a "military assistance command," it replaces the former advisory group and is headed by General Paul D. Harkins, who arrived in Saigon on Tuesday to take up his appointment. He has 4,000 American servicemen

THE ECONOMIST FEBRUARY 17, 1962

under his orders. Though not yet officially in combat, they are under instructions to fire if fired upon and have already suffered casualties. In Washington, there are now open and official references to United States operations in South Vietnam, and President Kennedy, in his press conference last week, referred to the "increasing ferocity" of the guerrilla war against the North Vietnamese communists (further described by a correspondent on page 625).

It is not yet clear whether the Kennedy Administration intends to launch its special troops into offensive guerrilla operations, as distinct from counter-guerrilla measures. The latter could be successful, if they supplemented an effective campaign by President Ngo Dinh Diem; the former would seem doomed in advance, if only because one cannot imagine American troops applying Mao Tse-tung's classic first principle of revolutionary war and "moving among the people like fish in water." Should the current counter-guerrilla operations prove unsuccessful, there is thus a serious risk of United States involvement on a larger scale.

In Laos, too, the situation is deteriorating. The three princes have still not met to follow up the decision they reaffirmed at Geneva three weeks ago to form a government of national unity. Meanwhile, fighting between communists and anti-communists is increasing in intensity. Mr Pote Sarasin, secretary-general of the south-east Asia treaty organisation (Seato), described the fighting this week as being "on a dangerous scale," and said that aid to Laos from friendly countries should not be underestimated. Mr Sarasin is a Siamese, and Seato headquarters are in Bangkok; on Tuesday, when he made his statement, Siam moved troops to strategic positions on the Laotian border.

AGRICULTURE

Fatstock Follies

THE two muddy agricultural debates in Parliament this week produced some dangerously silly reasoning about the over-spending of this year's agricultural estimate by £78 million. The Minister of Agriculture's only defence of this excess spending, apart from blaming the weather, was to suggest that discriminating housewives had been getting their meat at rather lower prices. His figure of a £50 million reduction in retail meat expenditure was admittedly speculative and also included imported as well as home-grown meat. But the point is quite irrelevant. Less Government support to farmers might have reduced home production and caused larger imports; but the effects on retail meat prices would probably have been very marginal. Certainly the Government's £345 million payment to farmers (the revised estimate for 1961-62) cannot be justified by oblique calculations about the possible minor gains of wise housewives—they could be given

NOTES OF THE WEEK

some real benefits for a quarter of this figure.

But if Mr Soames had an impossible brief, the remedies proposed for this wasteful expenditure were not much better. The chief one was the familiar panacea of a meat marketing board, and the Minister himself rather lamely announced the appointment of another committee to investigate meat marketing. But how would such a board actually function? In the view of many backbenchers, and of the National Farmers' Union, its chief job would be to strengthen the farmers' bargaining power and regulate meat imports. It might also, as Mr Peart suggested from the Labour front bench, improve marketing by concentrating and modernising slaughterhouses and other methods. These two aims are largely incompatible, since a pro-farmer, import-controlling board would be a most unlikely agency to improve distribution. The chief effect of a farmer-dominated board would be a rigid control of supply in the home-producers' interest; and while the taxpayer might benefit from this market-rigging, the consumers' losses (although not necessarily, as other such boards have shown, the "middleman's" losses) would certainly be considerable.

Clear thinking on fatstock subsidies has to start from the admission that farmers do not gain as much as they should from sudden increases in productivity. The resulting fall in prices hurts farmers, without being fully passed to consumers. The only sensible approach is for farmers to get competitively into the marketing and processing business themselves, so as to realise more of the gains of their own abundance. New farmers' groups are springing up for this purpose, and the NFU has made a few cautious moves into commercial competition. An independent marketing authority, concerned wholly with technical issues, might help farmers and consumers too; here, as in general price support policy, a springboard from which to compete—but not more—is what farmers should be offered.

ULLSWATER

Short Shrift

IN giving Lord Birkett his last great triumph of advocacy the House of Lords has put itself out on a remarkably shaky limb over the unspoiled shores of Ullswater. Parliament has every right, after sober balancing of conflicting evils, to reject Manchester's application to use the lake as a source of water supply, but really that is not what happened last week; what happened was that seventy peers decided that the details of an elected city council's complicated water plan should be abruptly deprived of their usual right to due examination in a select committee. (And this despite Lord Merthyr's offer to recommend the bill, after report, to a committee of the whole House.) What the Lords have

done is to prevent any detailed discussion, and, as the debate showed, precious few of their Lordships had grasped such an elementary detail as whether Ullswater's level would be altered by three feet or three inches. Manchester has much indeed to answer for about its particular Ullswater proposal as the facts stand, but it can feel fairly sore that a mandatory instruction to leave out the whole waterworks section of its bill came from a House in which the Ullswater defence is so heavily represented. The Lords have seldom taken so precipitate a step over a private bill in this century.

Short of an economic method of distillation from seawater it should be plain to everybody that industry will have to draw increasingly on places of some, or much, natural beauty, whether or not these are national parks (like the Lake District, Snowdonia and the Peak) or someone's favourite trout stream. Manchester's estimated need by 1970 is such that it will have to try again next year when, even if the Government does decide to set up regional water authorities, industrial Lancashire's claim for speedy, and even special, treatment may be very pressing indeed. Instead of banging the door outright, conservationists have to look reasonably at each scheme to see what can be done, and what need not be done, to meet legitimate needs (and standpipes in Lancashire streets every dry summer is one). The reconciliation obviously requires technical knowledge and hard bargaining: Loch Lomond has not been ruined because Glasgow has used its water for over a century. Manchester failed to satisfy the Lake District authorities in its brief preliminary explanations last year; it did not try very hard. But if there is one place where discussion could be attempted, in good time and temper and with a leaven of external and uncommitted opinion, it is in select committee in the House of Lords. It might well turn out still to be the majority opinion that Ullswater has enough merit to keep it completely inviolate; there may be insuperable technical obstacles to any compromise. But the Lords have now emotionally deprived us of the chance to find out.

EUROPE

Brussels Chiaroscuro

BIT by bit, Britain's negotiations with the common market are creeping into their decisive phase. On February 22nd Mr Heath and the ministers from the Six will plunge into the most difficult topic of all, temperate agriculture. This week officials embarked on what is probably the next most awkward issue—the problem of manufactures from low-wage Asia. Discussions on this had been held up by arguments about whether India, Ceylon and Pakistan might qualify for association. By accepting that this is not on the cards, the British have opened the way to a discussion of more

practicable means of satisfying the Asian Commonwealth — removing quantitative restrictions, and getting the common tariff down.

Asian manufactures and temperate agriculture are also under discussion in a world context at Geneva. The new world agreement on textiles, discussed on page 642, could be the forerunner of more detailed plans, covering a wider range of products, to give the new Asian industries growing outlets in the West. Discussions have also started at Geneva on a new world wheat agreement; they have been enlivened by far-reaching new proposals from both France and the common market commission. The French plan, with its ultimate aim of a single world price (at about French levels), looks unpalatable in its present form. But world agricultural agreements, giving markets to overseas exporters in return for promises of good behaviour, and dealing systematically with farm surpluses, will be needed to solve the common market problem in the end. The negotiators in Brussels have to secure outlets for Commonwealth exports in the next few years. These special deals with Europe may merge increasingly into the new world landscape.

One new shadow across the Brussels talks has been the French insistence, on February 6th, that association for the African Commonwealth cannot be discussed until the broad lines of an agreement rehearsing the common market's existing African association are clear. The move is in part a diplomatic ploy; France, like Britain with the Commonwealth, has to appear solicitous for its African associates. For a while the formal delay might do no harm if the backstage search for common ground between Britain and the Six goes on. It gives more time to the African states to bury their own differences and get rid, if they can, of their suspicion that association means dependence. But once other matters have ripened to the point where decisions are required, the African question could become urgent.

Common Entrance

WHAT qualifies an applicant for full or country membership of the common market club? The question becomes more urgent, but also more complex, as the waiting list lengthens. Now that the applications for membership from Britain, Denmark and Ireland have reached the stage of negotiations, neutral Sweden, Austria and Switzerland are exploring the prospects of association. Turkey has already applied for association; Portugal has been testing the ground. On February 10th Spain put in a formal application for talks on association, to lead to "full integration" in time.

Membership, says the Rome treaty, is open "to any European state"; association to any third country or group of them. Most of the active "Europeans" on the Continent would add two other reasonable tests for applicants. They must be willing to pull their weight in working and develop-

NOTES OF THE WEEK

ing the communities. They must have genuine parliamentary institutions and the rule of law. But an altogether different and more questionable test is also being bandied about in the European capitals (particularly Paris) and in Washington as well. This is that applicants should, like the original Six, be members of Nato.

To hear Paris touting the virtues of Nato is in itself a novelty. But it also seems to turn the other accepted qualifications for membership upside down. Spain, though neither a democratic state nor a Nato member, would have to get full marks for cold war loyalty. Ireland, which would be a whole-hearted supporter of the community, and Sweden, which even as an associate would bring political stability and strength to it, would come low on the list.

To say that the neutrals have a case is not to claim a right for them to write their own terms. If Switzerland, say, were unwilling to accept the economic integration necessary to make association work, then it might have to choose to stay out. The mistake would be to blackball countries like Sweden and Ireland, which may be prepared to obey all the rules and would make valuable members or associates, on a ground that is neither relevant nor, probably, durable. It would also force on some of the neutrals a painful choice which might do European peace no good.

SPAIN

Revival

SPAIN's younger political generation and its more enlightened business men are increasingly drawn by the magnetism of the common market. But the European Community can fairly tell the Spaniards, as it has told the Portuguese, that full membership is open only to countries that can send a genuine parliamentary delegation to its Assembly. Thus the European institutions might not only help Spain's economic and

THE ECONOMIST FEBRUARY 17, 1962

social growing-up, but provide a lever for political evolution.

The lack of political qualifications may hold Spain's entry back; but in economics, Spain is now able to put its application forward from a position of unexpected strength. Statistics now taking shape in Madrid indicate that the "reactivation" of the economy, after the recession enforced by the 1959 stabilisation plan, is well under way. The national income increased by 3.7 per cent in 1961. Agricultural output, to be sure, remained at the 1960 level, but industrial production was up by about 5.5 per cent. A record tourist season brought in more than \$450 million worth of foreign currency in 1961, and the foreign exchange reserves rose by \$250 million to \$850 million.

With "stabilisation" successfully out of the way, planning for expansion is in the air. The Spanish government has fanned expansionist hopes by deciding to create an embryonic *Commissariat du Plan* under Sr López Rodó, a senior official whose expertise in matters of governmental organisation is widely respected. The next event in Spain's economic calendar will be the important World Bank report expected in the spring. Spaniards are inclined to expect from the World Bank mission a development plan that will enable Spain to emulate French and Italian rates of growth. How they act upon the report may test whether the lessons of past indiscriminate development fever in Spain have been fully digested.

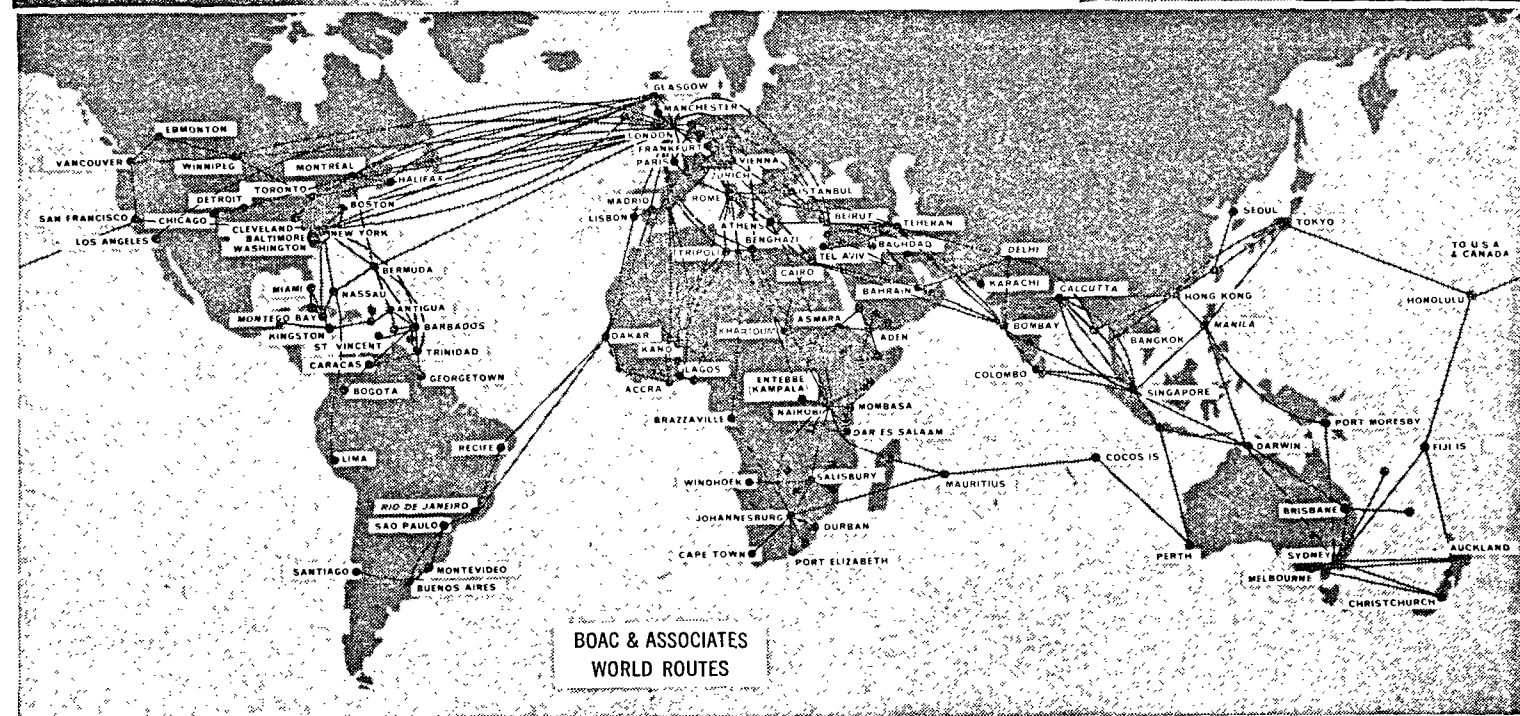
HORTICULTURE

Lettuce, Pray?

THE market gardeners, in their long war on behalf of unfree trade, have won a tiny victory: during March and April the tariff on imported lettuce will be increased from 20s. to 30s. a hundredweight (or by perhaps one-third of a penny per lettuce). The farmers' unions have been pressing the Board of Trade to protect their members in this way for a long time: despite its comparatively liberal rejection of parallel applications from the farmers for protection against foreign new potatoes and dried peas, the Government has finally succumbed to continuous pressure. During the two months of this spring lettuce eaters will therefore have to pay slightly more in shops, put up with even greater proportions of leathery outer leaves in restaurants—or simply choose to stick to other, more wintry, forms of greenery. Efficient Dutch market gardeners will be discouraged from selling in the British market. The only beneficiaries will be the few British growers of lettuce under glass.

The National Farmers' Union makes no attempt to justify its application on the grounds of dumping or of unfair competition. Nobody in England knows how much it costs to produce the average greenhouse lettuce here: all that is known is that the

THE ECONOMIST FEBRUARY 17, 1962



...your fastest link with the business world!

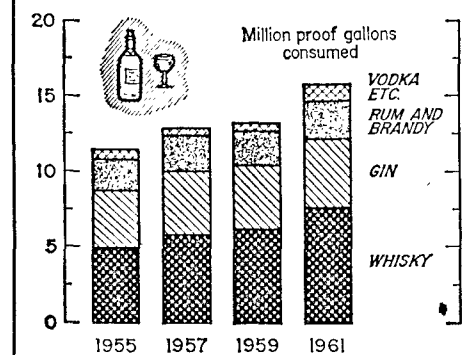
Your company is a good one. But do people *abroad* know it? And have you really looked closely at your export potential? There's only one way to make sure of your expansion into profitable markets overseas: fly out there and get yourself known. Make contacts personally. Do business with them face to face. Wherever you want to go — chasing new business, following it up or seeing it completed—BOAC can fly you there in a matter of hours. You'll like the efficiency of BOAC service, in the air and on the ground. No other airline can match it.

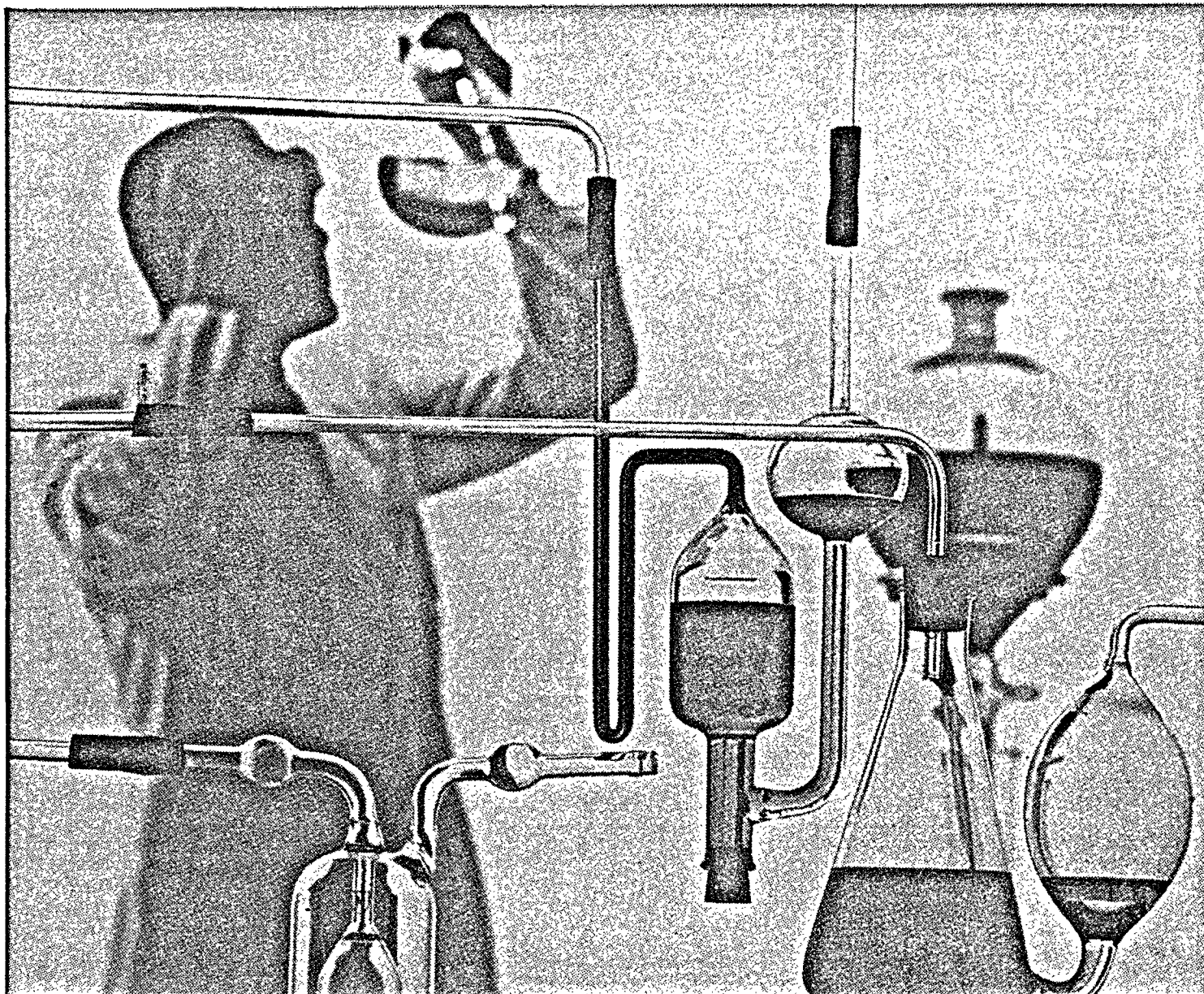
B.O.A.C. helps speed the export drive ➤

BRITISH OVERSEAS AIRWAYS CORPORATION

WHISKY GALORE

The consumption of spirits in Britain is rising steadily; particularly of whisky, which now accounts for nearly half the total. Four-fifths of the spirits drunk is produced in Britain, but there are now a growing number of shippers importing vodka from Russia.





BASF

Dyestuffs and Auxiliaries
for all industries
Plastics
Fertilizers and Pest Control Products
Inorganic and Organic Chemicals
BASF Magnetic Recording Tape

BASF knows how
Representatives
in more than 100 countries

... and you'll always find BASF up in front. Textiles are dyed in fast shades. Plain cotton is transformed into a silk-like material by chemical treatments. Nitrogen fertilizers convert barren ground into fertile fields. Plastics help to cover the steadily increasing demand for industrial goods and household articles of all types. In all fields chemistry is making valuable contributions towards raising the general standard of living ... and that's where you'll always find BASF up in front.

BADISCHE ANILIN- & SODA-FABRIK AG
Ludwigshafen am Rhein, West Germany

costs, particularly of fuel, are "high." It is not even known just how many growers have been involved in the "heavy losses" incurred in the face of Dutch competition: most of them seem to be small and inefficient.

The Dutch have detailed studies of lettuce production costs: not only does the NFU envy these figures, it also uses them to support its application by complaining when auction prices of Dutch lettuces fall below production costs. In any case it is clear that lettuce is produced more cheaply in Holland, perhaps because the greenhouses are more fully used at other times in the year for producing other vegetables, such as

tomatoes (which might mean that a change in the period during which British lettuces are protected by a high tariff would lead, in turn, to further ructions at the tomato board). The whole system of seasonally variable protection for horticultural produce has attained a complexity that, by itself, is a self-condemnation. And to raise this particular tariff now can only encourage market gardeners in Britain to go on planting their uncompetitive lettuces: the shock will be all the greater if and when reality, in the form of agricultural free trade in Europe, finally begins to break through. In the long run, the Board of Trade has only been kind to be cruel.

The Sophisters' Axe

IN matters of Government spending, it seems, Britain has now gone some two thirds of the way with Edmund Burke: the age of sophisters and calculators, but most certainly not of economists, has arrived. Sir Edward Boyle cheered the axe-grinders this week by saying that the Chancellor's pledge of last July (to try to keep the increase in supply expenditure in 1962-63 at not more than 2½ per cent above the estimates for 1961-62) referred to the original 1961-62 estimates, not to those estimates plus

Kenya: White Brothers

KENYA would not sink beneath the earth and disappear if its 66,000 Europeans left, but six million Africans (and 213,000 Asians) might be forgiven for thinking that much of it had. Most of the colony's people live in tribal islands, an archipelago stretching from the Mombasa coast to the shores of Lake Victoria. Most prominent are the Europeans; most closely packed (some at 400 to the square mile), the Kikuyu. In Masailand, south of this strip, and in the vast north, there are fewer than nine people to the square mile.

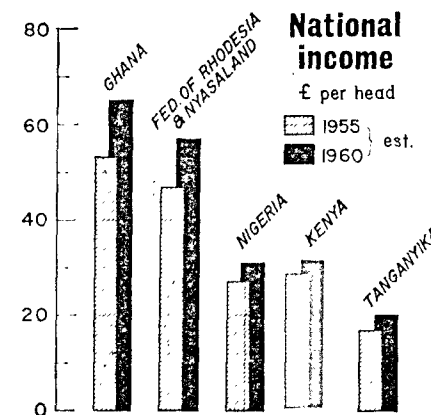
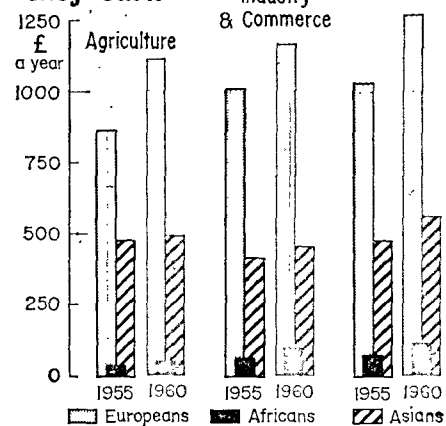
The white highlands—now, non-rationally, the "scheduled areas"—take up about a fifth of Kenya's good farming land; there, 3,600 farms (including 550 plantations) produced four-fifths of Kenya's exportable farm produce in 1960; at £38 million this was four times as much as African marketable produce. African subsistence production, accounting for about half Kenya's agricultural output, has, like the rest, been hard hit by drought, floods and army worm. These are not Kenya's best years.

African farmers are learning to produce more for the market, but the Europeans remain the economic heart of the country. To keep the most useful of them there, especially the men who work the plantations, means making them acceptable to Africans. This might, in the long run,

mean spending a lot more than is now contemplated on re-settling African farmers, building up African participation in the economy and, perhaps, buying out small, or unassimilable, European farmers.

Full compensation for all Kenya's farmers, if they are caught in the kind of chaos some of them predict, could cost between £120 and £135 million; if plantations and ranches were excluded the figure would lie between £45 and £55 million. Equally, Kenya will be in trouble if too many of its top civil servants and its

How much they earn



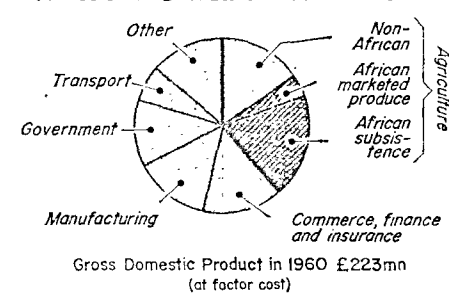
National income

£ per head
1955
1960 est.

doctors, lawyers and engineers leave. The difficulty is to train enough Africans to fill the empty places in time. Of about 4,000 expatriate civil servants in Kenya, about 300 are expected to resign this year; 150 of them should be gone by the end of the year. To compensate this 150 will cost £150,000, half to be paid by the Kenya government and half by Britain.

The British Government expects that it might have to spend £2½ million on such compensation next year. Kenya would have to find an equal amount, but Britain might have to lend Kenya the half it has to pay. The Africans argue that paying compensation is like buying indepen-

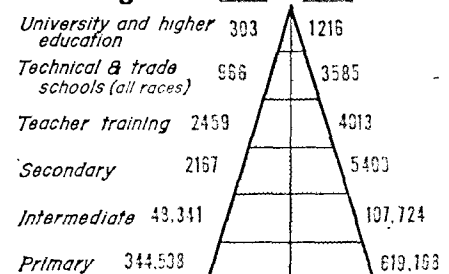
Where the wealth comes from



dence, or footing the bill for the colonial era that has passed. Also, in African eyes, a few million pounds is scarcely noticeable to Britain; whereas it is a large chunk of the Kenya budget.

Some small progress is being made. The new college of administration in Nairobi is expected to produce 104 Africans able to fill provincial administrative posts by next year; there are 249 such posts to fill. Perhaps with memories of the Congolese *force publique* in mind, the Colonial Secretary has arranged training at Aldershot for African officers for the King's African Rifles; only time will tell whether this has been done soon enough. Part of the salaries of those civil servants who stay on will in any event be paid by the British Government. How much Kenya will be able to contribute will depend partly on how many whites stay in Kenya, and therefore on the kind of government that emerges from the present Lancaster House conference.

Africans in training



[Report from Nairobi—page 621]

supplementaries. As the spring supplementary estimates have brought the total addition to the Chancellor's estimates of a year ago to £220 million, or an increase of over 4 per cent, some commentators have assumed that Mr Lloyd must now struggle to cut the 1962-63 estimates "to a total well below the outturn for supply expenditure in the current financial year"; and that he will therefore be bound to slash the social services when the vote on account appears in a fortnight's time.

But will he? In the same written parliamentary answer, Sir Edward added:

I remind the House that the comparison between the estimates of the two years would have to be in real terms. In other words, allowance has to be made for differences in the level of pay and prices used in drawing up the estimates.

Note that word "pay." Hitherto many innocents had assumed that the complicated sum to be done would be as follows: that supply expenditure in 1962-63 should not be more than 2½ per cent above last year's original estimate, as inflated by the difference between the general national price level which the Government had originally assumed for 1961-62 and the general national price level which it now assumes for 1962-63. Actually, as the cost of living has already increased by 4 per cent since last February (and can presumably be expected to increase further), this sum itself would probably allow next year's estimates to go some way above this year's estimates plus supplementaries. But now, apparently, the Government says that it is also all right to count out of the calculation any rise in expenditure due solely to increased wage and salary payments; and then, presumably, to use some different price inflator to write up that part of Government expenditure that goes directly on goods, rather than services; or else, perhaps, to base its stand on any appropriate mixture of the two. . . . But why go on? The truth is that there are half a dozen alternative definitions of "real" increases in expenditure which any reasonably competent statistician could knock up and "justify" in ten minutes. What the Government does to the social services this year may depend mainly on what sorts of statistical cooks it happens to

NOTES OF THE WEEK

have around Whitehall at the moment. This only re-emphasises that the whole basis of the Chancellor's pledge in July was an entire misconception of what a Chancellor's budgetary task should be. It is nonsense to draw up nominally exact targets for a financial year nine months before that financial year begins.

CZECHOSLOVAKIA

One the Fewer

PERSISTENT rumours in Prague that Mr Rudolf Barak was for the high-jump have now proved well-founded. On February 8th it was announced that Mr Barak, a deputy prime minister and a member of the Czech politburo, had lost all his offices and functions, been expelled from the party, and would be put on trial for "abuse of office" as minister of the interior (from September, 1953, to June, 1961), for "illegal use of State funds" and for "other gross violations



Down the drain: Mr Barak

of socialist legality." Mr Barak is already believed to be under arrest.

This news inevitably brings back sinister memories of the stalinist show trials in eastern Europe. But its exact significance is largely a matter of guesswork. Mr Barak is accused of "anti-party activity"—a phrase usually associated with Mr Molotov and his friends. But Mr Barak is not well fitted to play the role of stalinist scapegoat. Although a dyed-in-the-wool Communist who shunned western contacts, he was reputed to be considerably less rigid than the Czech president and party boss, Mr Novotny. And although the Czechs have shown little enthusiasm for destalinising, Mr Barak's reign at the ministry of the interior was a good deal more humane than what had gone before.

He emerged from the relative obscurity of a provincial party official only a few months before Stalin's death. Once he got to Prague, however, his rise to the top was rapid; and it may be this, plus his relative youth (he is still in his forties) and his relative popularity, that are the real reasons for his fall. Mr Novotny may simply want to get rid of a dangerous rival.

THE ECONOMIST FEBRUARY 17, 1962

For several years there have been periodic rumours that Mr Barak was on the way out. His removal last June from the key ministry of the interior must have seemed a sinister portent. It also suggests that his present plight is not a direct consequence of the 22nd Soviet party congress. But if Mr Novotny is in fact now completing well-laid plans for the removal of a rival, he will no doubt seek to extract from the sordid affair some credit for himself as, believe it or not, an anti-Stalinist. He may even try to make Mr Barak a scapegoat for the poor performance of Czech industry and agriculture last year.

LATIN AMERICA

False Trails

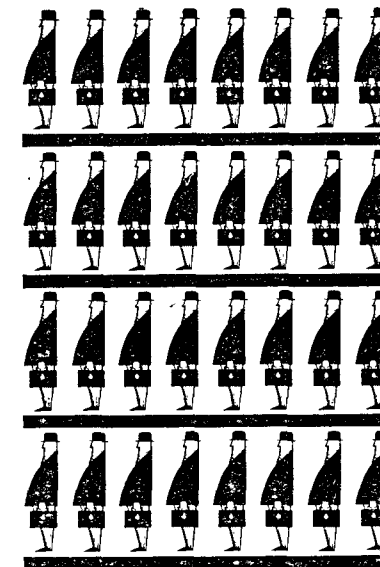
A SORRY trail of discord and suspicion lingers on from last month's ill-conceived inter-American conference at Punta del Este. The governments that took what was called the "soft" line by abstaining from the vote to expel Cuba from the Organisation of American States have been the first to run into trouble. The most explosive repercussion was in Argentina; there, the disgusted leaders of the armed forces obliged President Frondizi last week to cut off relations with Cuba. Dr Frondizi has had plenty of practice in dodging the overweening demands of his senior military officers, but this time he had to give in, albeit with bad grace. In a speech at Paraná, he lashed out at the reactionary forces that were eating away, he said, at the dignity and independence of the Latin American peoples. The military men, in their turn, huffily showed their displeasure with the president by cutting an official banquet. While it was certainly no part of Washington's plan to add to the troubles of a good ally, this is how it must look to many Argentinians who, like their president, fear the encroaching law of the jungle.

The Brazilian foreign minister, for his part, got a hostile reception in parliament from members agitated lest Brazil's abstention from the Cuban vote should affect its



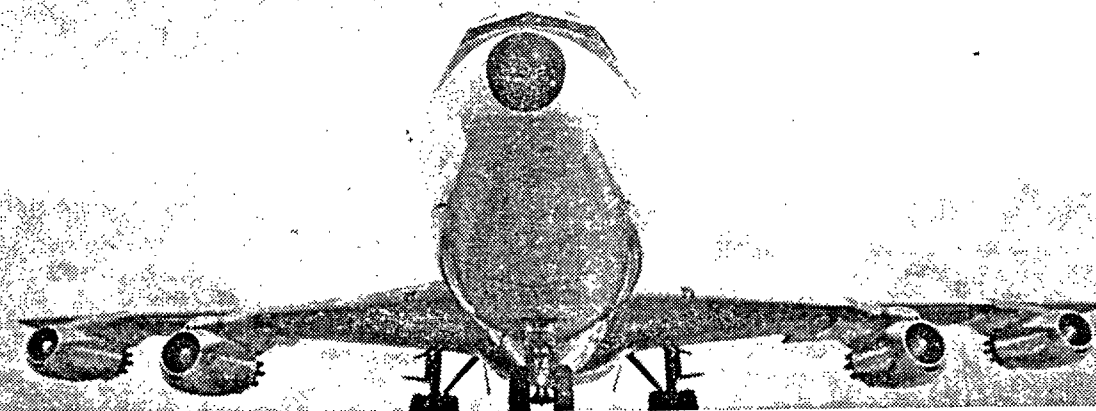
Cuban diplomats leave Buenos Aires

THE ECONOMIST FEBRUARY 17, 1962



We apply science to the storage of clients A fortune lies buried in many industrial premises, in the form of storage space wasted or inadequately used. No two storage problems are alike, but the flexibility of the Gascoigne Kee Klamp Storage System, and the experience we have accumulated in installing it in factories of every type and size, enable us to introduce a new efficiency into the storage, selection and handling of virtually any materials. By the scientific analysis of space and store traffic requirements, and by tailoring a Gascoigne Kee Klamp System to meet them we can increase accessibility, eliminate congestion and accelerate flow, thereby saving time, frustration and money. We can even create new space for storage—half the size of a football pitch in one case!—by erecting a free-standing Kee Klamp platform. May we explain more fully how the Gascoigne Kee Klamp System can be of service to you? GEO. H. GASCOIGNE CO LTD 615 Gascoigne House, Reading, Berks. Telephone: Reading 54417.

A QUESTION TO EVERYONE WHO REGULARLY FLIES THE ATLANTIC



DO YOU FLY BECAUSE YOU ENJOY IT or just because you're in a hurry?

By his second or third crossing, the transatlantic traveller begins to be critical. He appreciates the speed—but where has the pleasure gone? It hasn't—if you fly on our Shamrock services. On these services, the speed is provided by the latest Boeing jet liners and the pleasure begins at the beginning. Why? Because alone among airlines we offer:

THE 11-POINT TAKE-OFF You can fly to America from any of eleven cities in Britain—London, Manchester, Edinburgh, Glasgow, Blackpool, Liverpool, Leeds/Bradford, Birmingham, Cardiff, Bristol, Isle of Man—saving perhaps hours of cross-country travelling.

THE LUCULLAN INTERLUDE Relaxing, before the long hop, in the comfort of Dublin Airport, you will find a restaurant where the food is as superb as anywhere in the world—each dish a creation cooked and served to highest international standards. . . . Dined and wined, legs stretched, lungs freshened—you discover the next pleasure. . . .

SMILING IRISH EYES, sparkling property of the air hostesses—beautiful, soft spoken, thoughtful

and efficient—that you will meet whether you fly 1st Class Golden Shamrock or Economy Class Silver Shamrock. If you're a traveller first class, your eyes will light up at the sight of—

THE GOLDEN SHAMROCK MENU starred with such delicacies as Broiled Liffey Salmon or Limerick Ham Bunratty style, with Pouilly Fuisse 57 or Charles Heidsieck 53. Travellers who know, place Golden Shamrock food in a class by itself.

THE 2-POINT TOUCH-DOWN Shamrock services give a choice of flights not only to New York, but also to Boston. On which thoughtful note, we wish you goodbye—until your next transatlantic trip.

DUTY FREE SHOPPING The Shamrock transatlantic service gives you time enough at Shannon to make profitable purchases at the International Duty-Free shopping centre.

AER LINGUS
IRISH INTERNATIONAL AIRLINES

RETAIL BUSINESS

MONTHLY BULLETIN ON
CONSUMER GOODS

Current Issue:

DISCOUNT HOUSES

CANNED FISH

Each month:

DETAILED ANALYSIS OF FACTORS
AFFECTING RETAIL SPENDING

Further details from:

THE ECONOMIST INTELLIGENCE
UNIT LTD.,

5 Bury Street, London, S.W.1
WHitehall 0353, Ext. 115

WHOSE HAND shall guide the affairs of Courtaulds is vitally important. Not only for 180,000 Courtaulds stockholders and 60,000 Courtaulds employees. It deeply concerns hundreds of British companies—especially in the fashion and textile industries—whose businesses have grown with the help of Courtaulds. And it concerns you, the customer. The issue is a simple one. To explain what is at stake, this advertisement (one of a series) has been prepared.

COURTAULDS ALONE can make the most versatile fibres in the world

It didn't happen overnight, this versatility . . . Far from it! Courtaulds have worked with man-made fibres for more years than any other company. Result? More fibres with more uses than anyone outside textiles can imagine. New rayons and acetates. Brilliant Tricel and Courtelle. And other new fibres in the making.

It didn't happen overnight, this versatility . . . But because of it, Courtaulds alone can give the fashion and textile industries the infinite variety of fibres and finishes on which they rely. Today Courtaulds is a versatile organisation with factories in many countries . . . immense resources . . . markets throughout the world.

And now certain interests in the chemical industry want to take over. No wonder there is public concern.

Chemical production interests and textile versatility don't always coincide. The variety that keeps a man-made fibre company in the lead may not suit the policy of a particular chemical producer. That could mean versatility lost. Developments lost. Sales to the fashion world lost. Markets lost. The result could only be harmful. To the textile industry. To the fashion trade. To the customer.

COURTAULDS LTD., 16 ST. MARTIN'S-LE-GRAND, LONDON E.C.1

COURTAULDS ALONE
can make the most of
man-made fibres

relations with the United States. Dr Santiago Dantas, fighting back at the right-wing "terrorist" forces—a reference to the recent bomb attack on the Soviet Union's commercial office in Rio de Janeiro—insisted that Cuba should be lived with, not isolated. Brazil, unhappily suspended between Sr Quadros's departure and, just possibly, his return, is in deep economic trouble; the overwhelming question is whether its heresy about Cuba will prevent or delay the arrival of the money it pressingly needs from the United States.

Certainly many Latin Americans now suspect Washington of intending to temper its aid according to the positions taken at Punta del Este. There is also a lingering suspicion that the collective pan-American decisions might at some point be used to justify direct military action against Cuba. So long as the United States restlessly insists that "something" must be done about Dr Castro's regime, these fears and suspicions will persist, clouding the bright light of the Alliance for Progress.

GYPSIES

Fellow Travellers?

PERHAPS nettled by complaints in the press that he was doing very little about the plight of gypsies in England and Wales, the Minister of Housing and Local

Government last week circularised all the local authorities in his territories, drawing attention to the problem and his concern that it should soon be solved. The circular is a good example of belated liberalism, being wise after the event, fair to both sides, humane in its recommendations and, probably, pretty ineffectual in its results. The minister opines that gypsies are often a nuisance, but that "moving people off one unauthorised caravan site and leaving them to find another is no solution, and no answer to the human and social problems involved." The only effective way of mitigating the real grievances of both sides in the recurrent disputes between local authorities and gypsies is to provide proper sites on which some security may be enjoyed by the travellers.

Power to provide such sites has been within the reach of local authorities for two years, ever since the Caravan Sites and Control of Development Act of 1960; yet only one authority has made use of it, and many others have found it expedient to drive travellers off their common land and even, as in a recent case in Kent, to buy up land for the purpose of evicting gypsies to whom their electors have objected. The minister would like all county councils troubled with unauthorised squatters to follow the humane example of Ashford: first, to find out the extent of the problem; secondly, either to persuade their district councils to provide gypsy sites or to set aside sites themselves to cater for the travellers.

SHORTER NOTE

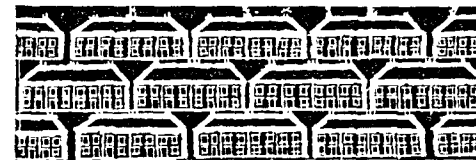
The wage dispute in the south German engineering industry was settled on February 11th through the mediation of Herr Kiesinger, chief minister of Baden-Württemberg. A 6 per cent wage increase and three days' additional annual paid holidays have been conceded. Together with the shortening of the working week introduced this year, this, according to the employers, brings the total effective wage increase to some 11 per cent.

★

Correction: The prime minister of Belgium is, of course, Mr Théodore Lefèvre. Mr Spaak, wrongly described as prime minister on page 499 of *The Economist* last week, is the foreign minister.

HOME REPORT

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



Ten-Bob Councils

FROM OUR SPECIAL CORRESPONDENT

IT would be nice if someone actually blushed. The average rent of a Scottish council house last year was exactly 10s. 1d. a week—or 1s. more than in 1960. This economic absurdity has persisted despite the incessant urgings on of the recalcitrant by the Secretary of State for Scotland and despite the legal siege train directed against Dunbartonshire in January. Dunbartonshire, which had been letting five-apartment postwar houses at 2s. 10d. a week, has in fact gone so far towards meeting Mr MacLay as to bump up its average rent by 7s. 5d. a week, but it cannot be said to have satisfied him. Giving only a little ground to reality along their stolid front, the Labour town councils of central Scotland still profess to believe that the rent of the telly should be a greater charge on their tenants' pockets than the roof over their heads.

It is true that there are some catalysts of change working within the more important local caucuses. The public argument of

Labour councillors is heavy with accusations against the Government's high interest rates. There is still, among the fundamentalists, the belief that free housing is a rightful social service. There is the permanent hangover that decades of low Scottish rents, particularly for private housing, has imposed on the collective mentality. But, taken individually, there are Labour stalwarts in Glasgow and elsewhere at last prepared to admit that the thing has become a madness, that there are two-car families on their housing estates ("and all of them Tories") and that a general increase is long overdue.

BUT for political consumption most councils assert that it must be a general, all-in-step increase, forced on reluctant Labour majorities by Tory finance in St Andrew's House, Edinburgh, or (preferably) London. There must be no breaking of ranks in edging towards the undefined average that the Secretary of State may be ready to tolerate. How long this will take to achieve is impossible to guess. Mr MacLay has, so far, gone no further than specify those rents that he considers unquestionably ridiculous. The Tothill committee reported a round national figure of 18s. a week, which, it understood, would dispense with the need for any contribution from the rates in an average council. If this is so, an average of 15s. would not be an unreasonable target for the immediate future. (Hitherto, Scottish councils have been drawing one-third of their housing account revenue from the ratepayers, compared with the English average of one-tenth.) It may be that the new Housing (Scotland) Bill will encourage some local authorities to buck up their ideas since, under clause 29, Mr



Today's ideas go farther and faster

There was a time when ideas travelled slowly, when it was possible for something to be new in one part of the world and unknown anywhere else. Not any more. Today's ideas simply get up and go—often to the farthest, most out-of-the-way places imaginable.

The motor scooter is a case in point. Popping up in Italy just after the war, it had soon found its way across Europe and on into practically any country which could offer roads and fuel. Running alongside it were the bubble cars and other vehicles powered by two-stroke engines.

But to keep the two-stroke busy and trouble-free, a special lubricant was needed; conventional oils were not suitable. Shell research supplied the answer—yet developing it was only half the story. The special needs of the two-stroke had to be met in all the nooks and crannies of the world—wherever, in fact, one of these engines had sprung to life.

Shell have done this. Using the resources of their companies in 130 different countries, they have helped make the two-stroke a familiar sight from Naples to Nigeria.

YOU CAN BE SURE OF



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.

Degrees of Excellence

WASHINGTON, DC

AS PRESIDENT KENNEDY said last week, Americans are the best educated people in the world. On examination this turns out to be no great matter for self-congratulation. Nevertheless, over a third of the secondary school population goes on to colleges and universities (compared with only 4 per cent in 1900) and over half of them emerge with one or more of the sixteen hundred types of degree that higher education offers. In 1939 there were 1.4 million persons enrolled in colleges and universities. This year the figure is almost 4 million. By 1970 it will, it is estimated, be 7 million. Life, liberty and the pursuit of a college degree are the up-to-date version of inalienable rights.

It is typical of Mr Kennedy that he is by no means satisfied with this fair appearance. The President is always asking himself for what sort of society in the nineteen-seventies and nineteen-eighties today's Americans ought to be fitting themselves. The time is coming when average Americans will not begin to work for a living until they are in their twenties and possibly married. Hot as has been the pace of universal education in the United States, the pace of complex technological change is hotter. The President wants still more high school graduates to go to college, in defiance of the rapidly rising cost of a college education. He wants the country to spend three times as much on new college buildings in the nineteen-sixties as was spent in the nineteen-fifties—which will mean spending \$22 billion in the ten years—and for expansion and improvement in the whole field of education he thinks that another \$20 billion a year must be found—an increase of 75 per cent over what is being spent today.

Mr Kennedy would regard such expenditures as true economy, for he feels that as things stand there is waste of human resources. A million children fail each year to finish secondary school. There is a grave shortage of teachers and one in five of the country's 1.6 million teachers in elementary and secondary schools is not fully qualified (the President wants scholarships for bright teachers as well as for bright pupils). He wants more adult education, because there are still almost 3 million illiterate grown-ups. He calls the neglected educational needs of America's migrant farm workers and their families one of the gravest reproaches to the nation and the education of afflicted children is very near his heart.

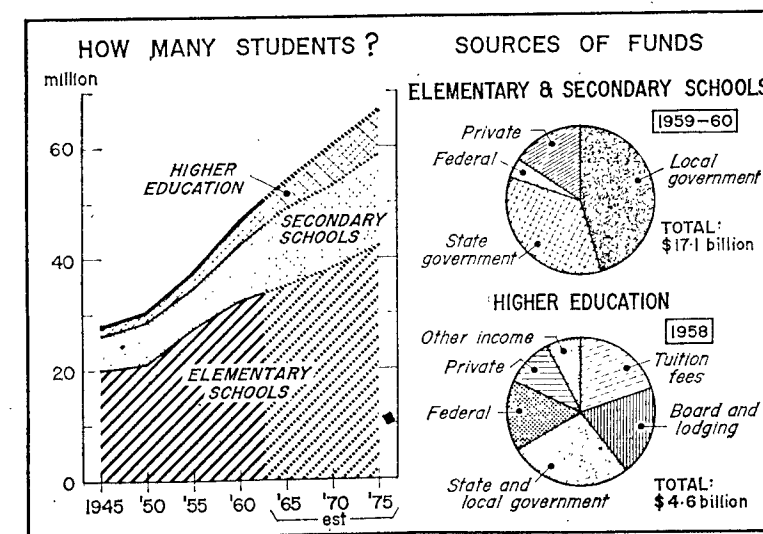
But, if all this is typical of Mr Kennedy, it is also characteristic of America's political machinery that the most vital of the requested reforms should get trapped in a maze of congressional committees and old controversies. When Mr Kennedy repeated his request of last year for increased financial aid from the federal government

for state-supported schools, Cardinal Spellman repeated that it would be a terrible crime to exclude privately-supported Roman Catholic schools. The raising of such uncomfortable constitutional issues makes many members of the House of Representatives hope that the question of federal aid to the schools will not emerge from committee to be voted on by them, because whichever way they vote may damn them in the eyes of too many people, who will themselves be voting for and against Congressmen in November.

Both the Senate and the House of Representatives, however, have approved measures for giving federal aid to colleges and universities though they disagree about giving scholarships to deserving students. The majority of colleges and universities are connected with churches but in the case of higher education the religious impasse was evaded by decreeing that the money should not be used to promote either the teaching or the practising of religion; federal funds may not build divinity classrooms or chapels. Members of Congress think that among parents the fear of not getting their children into college is stronger than the fear of their children's minds being neglected in poor schools, even though Mr Kennedy said that there was little value in improving the superstructure without greater effort to strengthen the foundations and even though a survey of public attitudes indicates that there may be more anxiety about the poor state of the schools than the politicians are allowing for.

One reason why Mr Kennedy wants more spending on education is that in some fields, especially in science, the Russians seem to be doing better. The Soviet Union has not much more than half the number of colleges and university students that the United States has, but Russia has more mathematicians, physicists and engineers who hold doctors' degrees. Some Americans, including some Roman Catholics, would rather preach against communism in the schools than teach more science there. But others are concerned about the wastages that Mr Kennedy talked about: the 400,000 students with good marks in high school who

nevertheless did not go on to college last autumn and the 40 per cent of students in colleges who do not get degrees. The cost of going to college has almost doubled since 1950; a four-year course costs \$7,000 on the average. Half of America's families had an income of under \$5,600 in 1960. Even with the increased scholarships which Mr Kennedy proposed and which the Senate has approved, the 200,000 recipients will probably have to borrow, as well as learn about the dignity of labour by earning during the vacations. The opponents of scholarships, if successful, may find themselves



paying the price with bad teeth and poor health as well as with their country falling behind the Soviet Union in the space race. There is a great and growing shortage of doctors and dentists, created partly by the high cost of the training.

The wholly admirable goal of American higher education is excellence for everyone but there is confusion about defining excellence and most people are said to be too worried about getting their children into college to be concerned with what goes on once they get there. A college degree merits a starting salary of between \$500 and \$900 a month, while without a college degree it is becoming increasingly difficult to get a steady job. Thus colleges serve the useful function of keeping young people off the crowded labour market for a few more years and then of rewarding this abstention with a good place. But the colleges are lagging in their basic scientific teaching and too many of them have wastefully few students for the number of professors, a situation condemned as enabling indifferent teachers to communicate mediocrity in an intimate environment.

Mr Kennedy called last week for a complete overhaul of vocational education. Pipefitters on Polaris submarines have to know how to hold allowable seepage down to one drop a year. There is need for more teaching of what has been called middle-grade technology. The old craft unions, grudging with their apprenticeships, preserve jobs for the favoured few but in the process they tend to hold up progress. The boys who drop out before finishing secondary school and without acquiring a particular skill are too apt not to be offered a job at all or else to become the jobless victims of a system which renders industrial processes antique overnight. In future the same fate of unemployment may tend more and more to overtake the college graduate who has only a simple degree in liberal arts. For as such degrees become increasingly common the shine is bound to wear off them—this is already beginning to happen—and their possessors are seen to be what in fact they are—essentially unskilled.

Yet it is not narrow specialisation that is called for but, on the contrary, a highly flexible educational system, producing individuals with lively minds and with plenty of initiative as well as know-how. The first task, however, would seem to be to provide more, or at any rate more qualified, teachers in the schools, as well as improved classrooms for them to teach in. Only when this is done will the best educated people on earth become even better educated and equality of opportunity become somewhat less of the mockery it must now appear to, say, a Negro child in a city slum.

Powers and the Powers

TO Washington the release of Mr Francis Powers, the American pilot who was brought down in Russia on May 1, 1960, while on a high-level reconnaissance flight, is merely the most striking gesture—and one bound to get world-wide publicity—in a recent series of friendly approaches from the Soviet Union. These have

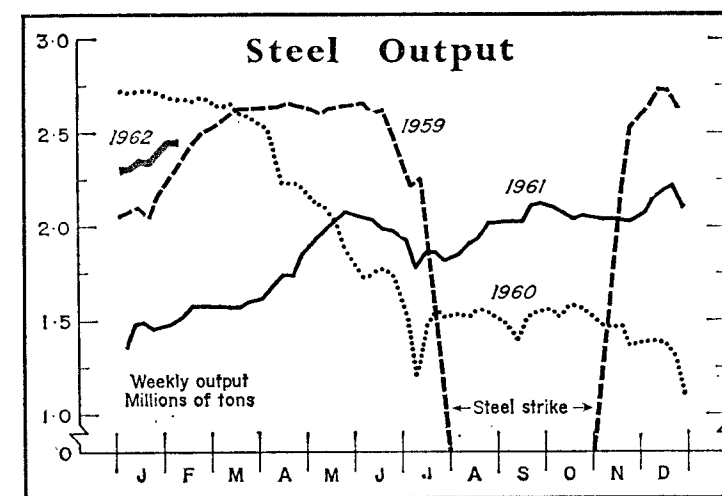
no real importance unless they are evidence of a Russian desire to get down to serious negotiations once again—or an attempt to shame the United States out of resuming nuclear tests in the atmosphere. There is still, as always, harsh controversy among the President's advisers over whether the military advantages of a resumption would outweigh the political and moral disadvantages. But scientific assessment of the recent Russian series of tests seems to have practically convinced Mr Kennedy that it is necessary for the United States to carry out its own series if its lead in atomic technology is not to be endangered. It is even possible that the Americans may start testing again almost as soon as the new disarmament discussions open in Geneva on March 14th. If the Russians stay at the conference in spite of this, it would at least show that they are serious this time about disarmament and about a summit conference. And the tests themselves would show them, and the rest of the world, that Americans, too, can be tough.

No one in the United States, except presumably his family, was particularly anxious to be reminded of an embarrassing incident by Mr Powers's return and it is permissible to wonder if his own happiness at being home is entirely unqualified. Even though he is "co-operating voluntarily," his interrogation in secret by intelligence officers cannot be very pleasant. The main point appears to be whether he was in fact shot down at 68,000 feet; this, if true, implies that the Russian defences are far stronger than was hoped. If he was not, then why did he say at his trial that he had been? There is also the question of why he did not destroy his aircraft and maybe himself. On how he comes through this enquiry will depend whether or not he gets the back pay, about \$50,000, due to him. After this "debriefing" and a rebriefing on what it is in the national interest for him to say, he will be free to face the press and the Congress; if he survives that he will be looking for a job.

Steel's Valentine

THE steel industry gave President Kennedy a welcome Valentine by beginning to bargain on a new labour contract on February 14th, four and a half months before the old contract expires and far earlier than ever before. Not only did the employers and the trade unionists thus allow themselves plenty of time to reach a settlement but the mood of constructive conciliation in which both sides entered the negotiations, in sharp contrast to the battle by press release which preceded the bitter strike in 1959, made it seem nearly certain that they would reach one. To the President it is important to avoid a strike which would check the present economic recovery as the long strike in 1959 did the recovery in that year. But to Mr Kennedy it is almost as important that a settlement should be reached quickly; the hope is that it will come during March. For some weeks steel users have been building up stocks in anticipation of a stoppage—and of a settlement that may mean higher prices—although part of the recent rise in output is to meet current demand. If this accumulation continues for any length of time it will bring a similarly long decline in steel shipments once the danger of a strike is over and consumers begin to use up their excess supplies, and again the recovery would be checked. Already the growing belief that there will be no strike has brought a levelling-off in advance orders for steel.

It was pressure from the President which got negotiations started so early. Now his pressure will be to ensure that the settlement, which will set a precedent for others which fall due this year, is not inflationary and that it does not include any substantial cuts in hours of work. Such cuts are one of the labour movement's favourite remedies for today's unemployment arising from the development of automation, but in the Administration's view any such attempt to share the work would hold down the economic growth which will eventually, officials believe, ensure full employment for the ever-growing labour force. The steel union, with



430,000 members in the basic industry, claims that nearly 100,000 jobs have been lost since 1959. It has proposed a 32-hour week instead of the present 40-hour one but does not intend to make an issue of this in 1962. Nor does it expect, apparently, to obtain any wage increase beyond the 10 or 12 cents an hour which can be met out of the annual rise of about 3 per cent in the industry's productivity and which would therefore not necessitate an increase in steel prices. At least it would not in the opinion of the government's economists; the industry's experts are less sure, pointing out that they have already absorbed an increase of 12 per cent in labour costs over the last four years without raising their prices.

What may delay a settlement are the union's non-economic demands intended to provide greater security for its members, even though the employers sympathise with this general objective. These demands include such things as guarantees of re-employment for laid-off workers and improved machinery for settling grievances. The prestige of the head of the steel union, Mr McDonald, is not at stake in this year's negotiations as it has been in the past. Nevertheless he will certainly insist on substantial improvements for his members.

Unblocking Television's Channels

FROM A SPECIAL CORRESPONDENT

IF American television is a "vast wasteland," in the words of Mr Minow, the chairman of the Federal Communications Commission, it is interesting that the commission believes that increasing the number of channels over which it is carried may improve the quality of programmes, rather than extend the wasteland. At present twelve channels in the so-called Very High Frequency waveband, with frequencies ranging from 30 to 300 megacycles a second, carry almost all television broadcasting in the country. But beyond this range, as has long been known, stretches a broader band on which television can also be transmitted—the Ultra High Frequency range, from 300 to 3,000 megacycles a second—and here there is room for no less than seventy additional channels. Most of this UHF ground now lies fallow and the FCC is attempting to shift at least part of, and perhaps all, television broadcasting into UHF territory.

The consequences of such a change might be immense. About 450 stations now operate on the VHF band; using UHF, there would be a theoretical possibility of 3,000. Communities which receive at present only the television fare offered by big city stations miles away could for the first time have stations of their own. Many more educational broadcasts could find space on the dial and programmes could be produced for special small audiences

—teachers or Spanish-speaking viewers, for example—instead of being designed for mass appeal. At least one FCC commissioner urges that television abandon the VHF range entirely, leaving this part of the spectrum free for increases in the mobile radio communications for which there is already great demand from the police, hospitals and industry; 400 wavebands for sound only could be squeezed into each VHF channel that is vacated.

Until now UHF stations have struggled fitfully and generally in vain against VHF competitors which are equipped with a decisive weapon in the living rooms of most viewers: 90 per cent of the television sets made are capable of receiving only VHF. This imprisons UHF in a tight and vicious circle—UHF stations will not be established until their programmes can be received on local sets and set-owners are understandably reluctant to pay the \$25-40 which a UHF adapter costs unless there is a UHF station on the air. The FCC is trying to escape this dilemma by a variety of tactics. It has proposed to Congress legislation that would require manufacturers to make new sets capable of receiving all channels. It has suggested a process called "deintermixture," which halts VHF broadcasting in certain medium-sized cities where both kinds of stations are operating at present. And it has undertaken a \$2 million experiment in New York City to test the technical suitability of UHF in an environment of tall buildings, canyon-like streets and a din of man-made noises.

These efforts on UHF's behalf represent, in a sense, reparations for damage which the FCC itself inflicted on UHF in 1953. In that year the commission drew up a long list of cities as locations for prospective UHF stations but, assuming that UHF could hold its own in competition with VHF, it assigned most of these new UHF channels to areas where VHF stations were already operating or were authorised to begin. Advertisers and the networks, however, took the bulk of their trade to the VHF broadcasters, whose signal not only went further than UHF's but could also be received on all standard sets. UHF stations quickly started to collapse; in all, around 90 succumbed. About the same number are still operating today, but mostly in areas where no VHF is available.

IN championing UHF's cause, the FCC's motives are not so much repentance for past mistakes as concern for a current crisis. VHF broadcasting has almost reached saturation point with the 450 stations now on the air. If the FCC were to license any more VHF operators, it would have to lower the technical standards now in force which require two stations broadcasting on the same channel to be separated by at least 150 miles; this the commission is reluctant to do. Yet the country still has areas where only one transmission can be received and where that station consequently enjoys a local monopoly. The FCC wishes to call in the new frequencies to redress the balance of the old.

The crowded VHF band also keeps out all but the most affluent educational broadcasters, since they have to bid against commercial stations for the few channels that become available. Although the Kennedy-Nixon debates have stimulated a demand for similar televised confrontations between local political candidates, programmes on community affairs are few because only the fairly large cities have television stations of their own. And looking into the future of a closed VHF market, advertisers are likely to make it tempting to allot more time to commercials, with programmes suffering the consequences. These are the reasons why the FCC believes that increasing the number of channels from 12 to 82 will improve the quality of television.

The commission's main problem in trying to revive UHF is to persuade manufacturers to turn out all-channel sets instead of VHF-only models. Legislation making this mandatory stands little chance of passage and even its supporters feel uneasy about such governmental coercion. The cost of producing an all-channel receiver has been estimated at less than \$10 more than the VHF

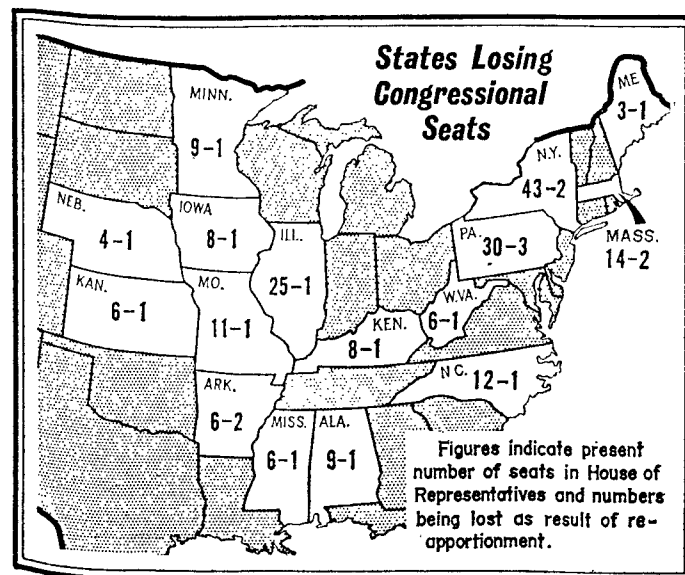
type, so the financial barrier is not high. But some manufacturing houses are divided against themselves. In several cases, companies that produce radio and television equipment also own VHF broadcasting stations. The equipment section is generally eager to promote the switch to UHF but the broadcasters, foreseeing their station's demise or at least that of a good deal of their VHF equipment, cling to the *status quo*. The anti-trust laws against collusion also inspire wariness. Television manufacturers might be quite willing to turn to all-channel sets if each company could be sure that its rivals would do likewise, but it is difficult to make such an agreement without attracting the vigilant eye of the Department of Justice.

One way of coaxing the manufacturers on to the UHF bandwagon would be to demonstrate conclusively, as it is hoped that the New York experiment will do, that UHF is technically as satisfactory as VHF, if not more so. The UHF signal carries for shorter distances than its VHF counterpart of equal power, but within that range its picture is free from "ghosts" and interferences from such television bugbears as aircraft and electrical appliances. And though UHF waves tend to leave shadow areas of poor reception behind such obstacles as tall buildings, early observations in New York indicate that they may make up for this by penetrating straight through buildings better than VHF.

In the hearings which have been going on in Washington, spokesmen for all three of the networks have, rather surprisingly, supported the idea of all-channel sets. But peaceful co-existence between the two systems will not be easy, for a host of new channels means that audiences will be dissipated and profits possibly diminished. But the FCC has the power, and apparently the inclination, to establish UHF firmly on the television screens of the future, even though some battles, in the courts and outside them, may have to be won first.

Favourite State

THE House of Representatives, whose membership has been frozen at 435 for the past fifty years, seems likely to thaw a bit, ostensibly to accommodate the three members from the two new states, Alaska and Hawaii, but in fact to make things easier for Massachusetts, the home state of Mr McCormack, the new Speaker of the House. The map shows the sixteen states which have been scheduled to lose seats in the House, because the growth in their population was less than the average—18.5 per cent—between the censuses of 1950 and 1960. Last year Mr Rayburn,



then the Speaker, discouraged all attempts on the part of these states to enlarge the House; he argued that it was already too unwieldy for efficient operation and that, if the door were to be opened a crack to save the hardest cases, all the rest would flood in. By now all the states except Massachusetts have rearranged their districts to absorb their losses or are on the point of doing so. In some of them, where political power is shared by the two parties—such as Pennsylvania and Illinois—there have been agonising battles, but in the end agreements were reached because the alternative was for all candidates to run at large—that is, in state-wide races. This is an uninviting prospect, particularly for members who have nursed particular districts for years.

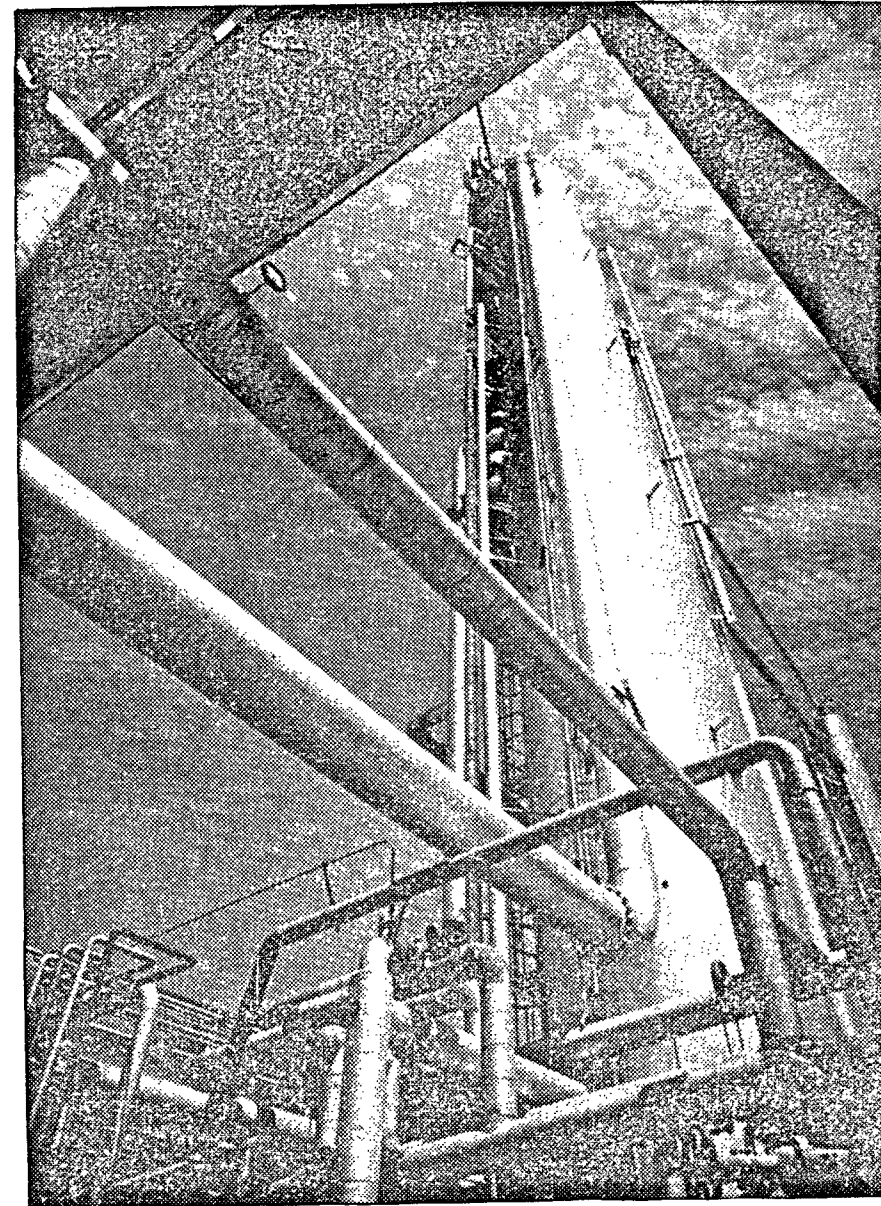
Nevertheless, this is the prospect before Mr McCormack and his colleagues from Massachusetts, where the Republican Governor and the Democratic Legislature cannot agree on which two seats to eliminate. Not surprisingly Mr McCormack has thrown his considerable influence behind a Bill to increase the membership of the House by three; this would give Massachusetts, Missouri and Pennsylvania each one more seat than they are entitled to under the Census. Besides getting the Massachusetts delegation out of a hole, the Democrats would also be able to rescue the seat of Representative Moulder, a veteran from Missouri. The Republican leaders are giving the Bill their support because they hope that it will enable them to save a Republican in Pennsylvania. As the Senate is likely to approve whatever the House does about its own membership, the only problem now is to prevent other census-wrecked Congressmen from climbing on this raft and sinking it. This is why the Bill's sponsors are doing their best to obtain a rule which will prevent any amendments on the floor.

Cotton Manoeuvres

HOW far the President's brother went in assuring the Japanese that they need not fear an increase in the American tariff on imports of cotton textiles is a matter of dispute in Washington. But he did not prevent representatives of the Japanese industry from announcing publicly that their country would not sign the new international textile agreement if the United States adopts an "equalisation fee" of 8½ cents a pound on the cotton content of imported textiles. The hearings on this fee began in Washington this week; like the international agreement, which contains safeguards against excessive imports, and the Administration's willingness to consider a plea for quotas on imports on the grounds of national security, these hearings are part of the President's proposals to aid the domestic textile industry. He hopes that they will soften its opposition to his plan for lowering tariffs or that at least they may induce it to hold its fire while the trade Bill is working its way through Congress. Southern votes, which it is vital for the President to hold in line, may turn on the views of the cotton textile manufacturers. Up to now Mr Kennedy has seemed well on the way to persuading the industry to adopt a more "statesmanlike" attitude. He has given it much more generous tax treatment of its investment in new machinery and he has been helped by the improving outlook for sales of textiles, although the prospect for profits—with wages starting to move up again—is less bright.

Any hint that the equalisation fee may be rejected by the President even if it is recommended by the Tariff Commission is likely to stiffen the industry's existing suspicions; it insisted on having the hearings start this month, rather than next month, because it feared that the trade Bill might otherwise be passed before a decision on the fee was reached. On this issue the manufacturers have a good case for relief, though not necessarily by means of the tariff. Because the United States holds the domestic price of cotton above the world price, it has to subsidise its export. This means that the

AUSTRALIA/country, continent...a world of opportunity

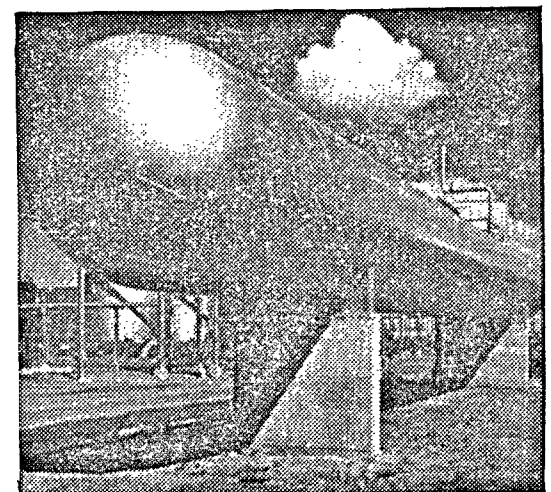


Oil refining at Kwinana, Western Australia. One of the six refineries now "on steam" in Australia, its capacity is 3½ million tons of crude oil per annum. A seventh refinery is now under construction in South Australia.

Below: A storage vessel for liquid petroleum gas of which some 13½ million gallons were produced in 1960/61.

AUSTRALIA BROADENS HER ECONOMY

Rapid growth in Australia's oil refining industry during the last decade has had far-reaching effects on the Australian economy. In 1951 Australia refined only 14% of her total petroleum requirements. Now she is refining some 90%. A swift succession of gains has followed: Important savings in foreign exchange; a thriving plastics industry, and—perhaps most significant of all—an advanced petro-chemicals industry is now being established. Australia's oil refineries number among the most modern and efficient in the world. For instance, the four largest have an aggregate cracking capacity of 37% crude throughput. Total rate crude capacity now stands at nearly 13 million tons—soon to reach 20 million tons and meet almost 100% of Australia's requirements of petroleum products—on completion of a current £490 million expansion programme. These are impressive achievements in which Britain has been a major partner. Oil companies are just some among the many large overseas firms now participating in Australia's development. Australia welcomes them, and welcomes the contribution they are making to the continuing growth of her economy. Australian Government representatives in the United Kingdom will gladly supply information about trade, investment or migration. They are located at Australia House or the offices of the Agents-General for each State.



ARE YOU MAKING THE MOST OF

TELEX?

Send it by **TELEX**—everywhere



Headquarters Building, St. Martin's-le-Grand, London, E.C.1.
Tel: HEAdquarters 5163. Telex No. 21166.

At home and abroad most Telex calls are cheaper now. Since the three-minute minimum charge for dialled calls has been dropped, so many more short messages are worth sending by Telex. Even a three-minute call to *Europe* is only two-thirds the cost of a telephone call.

Connection is quicker, too, now that you can dial most European Telex subscribers direct. And remember—the message can still be received in your own or your correspondent's office even if it is closed.

Tell your staff about Telex. The day's business can be handled more quickly and efficiently if you encourage all levels of staff to make full use of Telex. It's as easy as sending an internal memo. Moreover, it eases language difficulties and produces a printed record.

Now you can dial direct to

Austria	Luxembourg
Belgium	Netherlands
Denmark	Sweden
France	Switzerland
Germany	

domestic manufacturer pays about a third more for his raw material than his rivals overseas pay for American cotton. The President's request to the Tariff Commission for an investigation was, however, brought under the Agricultural Adjustment Act on the grounds that imports of cotton textiles were undermining the domestic support programme for raw cotton by reducing the domestic demand for it.

Mr Kennedy's request for the hearings was phrased in a way which suggested that he expected an affirmative answer, even though the new chairman of the Tariff Commission, Mr Dorfman, is known for his leanings toward freer trade. But if the price of mollifying the textile manufacturers is to be the alienation of America's second best customer (and one, moreover, which buys a quarter of America's exports of raw cotton) and the torpedoing of the international textile agreement, the Administration may be wise to consider—as it already seems to be doing—other means of compensating American cotton manufacturers for the high price which they have to pay for their raw material.

Tell it to the Marines

LAST week the Senate subcommittee which is trying to find out whether the Administration "muzzled" anti-communist military officers came up against an immovable object: the President's invocation of "executive privilege"—the traditional power to withhold information on the score of the public interest. Mr Kennedy took this step—the first time he has done so—with reluctance, because ill-disposed critics may conclude that the Administration has something to hide. In fact it has been extremely open. After its high-ranking military figures testified that they did not object to submitting their speeches to censorship before delivery, the subcommittee turned to the individual censors. Mr McNamara, the Secretary of Defence, gave their names and allowed them to be questioned; he offered to submit explanations himself for each change or cut which had been made. When the committee still insisted on knowing which censor had reviewed which speech Mr McNamara argued that this would impair morale and would not be good administrative practice. But the subcommittee was adamant. In the end, to avoid the intimidation and harassment of subordinate officials which was such a deplorable aspect of the McCarthy era, executive privilege had to be invoked. The chief gainer is the State Department, which has done much of the censoring.

Luckily for the Administration Senator Thurmond, the right-wing instigator of the investigation, is now virtually at war, through his own doing, with the Marine Corps, a formidable foe. At his behest and without informing the chairman of the subcommittee or the Marines' Commandant, two members of the staff subjected about thirty Marines to a questionnaire on communism which might well have baffled many univer-

"Now, Now—Let's Not Have Any Muzzling"



Herblock in the *Washington Post*

sity graduates. Few of the Marines could define "dialectical materialism" but no American is going to imagine that they are worse fighting men for that.

The allegation that American servicemen are insufficiently indoctrinated against communism is directed to a further stage of the hearings at which former General Walker was to be the star witness for the prosecution. He resigned from the Army after he had been reprimanded for indoctrinating his troops far too well—from the extreme right-wing point of view. But General Walker's martyr's halo has begun to pale since he plunged into politics in Texas as the idol of the extremists. Moreover, his appearances on television have fallen extremely flat. A right-wing group in New York, which had invited him to speak, has now withdrawn the invitation after both Senator Dodd, a Democrat, and two conservative Republicans, Senator Goldwater and Senator Tower, found excuses for not appearing on the same platform with him.

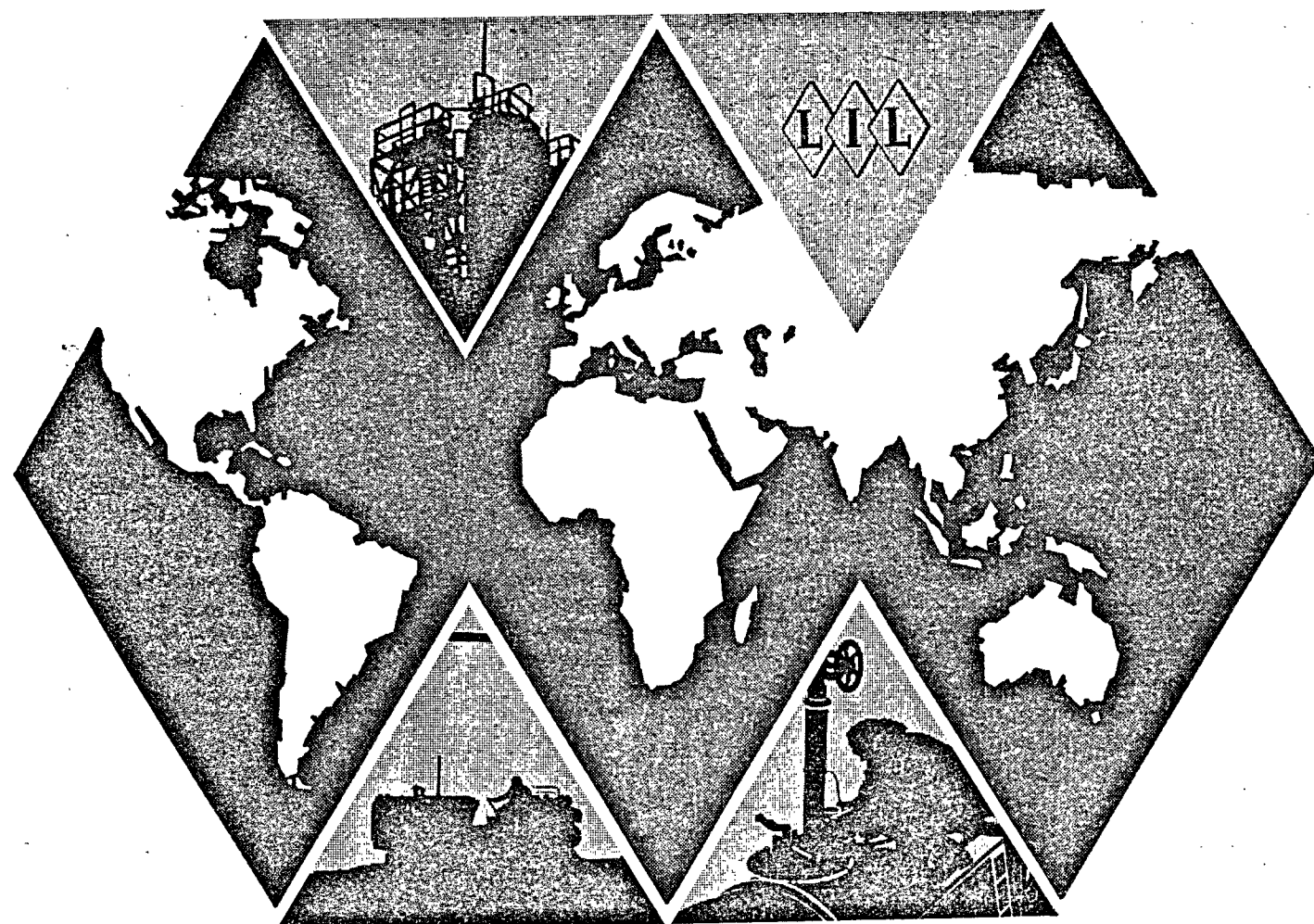
Latter-Day Republican

MR GEORGE ROMNEY is not only a leading member of the Church of Latter Day Saints—a Mormon—with all the solid virtues of abstinence, hard work, business acumen, energy and honesty which go with that religion but he also came to the Republican party late in the day. Last year at the age of 54 he had to declare a political affiliation for the first time in order to be elected to the convention which is rewriting the constitution of Michigan. But there is nothing laggardly about his political ambition now that it has got started, even though he is very critical of his party. For when he announced last week—after a 24-hour fast—that he would be a candidate this year for the Republican nomination for Governor of Michigan, he refused to say that he would not be a candidate for the presidential nomination in 1964.

That he is already being seriously discussed as a possibility for the Presidency only illustrates the political bankruptcy of the Republicans at the moment. Hailed, rather ominously, as the new Wendell Willkie (Mr Willkie was defeated by President Roosevelt in 1940 and destroyed politically before the next election), Mr Romney has many of the qualities which drove the Republicans to Mr Willkie, and later to General Eisenhower, in their desperate hours. He is an energetic, articulate, forthright businessman with unorthodox, independent and up-to-date views—notably on the compact cars which he introduced to Detroit—very active in the affairs of his state but with as yet no hint of the professional partisan politician about him.

Whether Mr Romney will still be as attractive to the Republicans in 1964—and whether he will ever be attractive to enough of them—depends partly on what happens to other potential candidates but more on what happens to him next November. For then he must prove that he has the essential quality for a presidential nominee—the ability to get a winning number of votes. His bid for the nomination for the Governorship is unlikely to be challenged but it will be hard for him to beat the present Democratic incumbent. Admittedly Mr Swainson is an uninspiring figure, particularly by comparison with his colourful predecessor, Mr Mennen Williams. Together they have governed Michigan since 1948 and it may well seem time for a change, especially since the state is suffering from a permanent economic crisis, largely because of the inability of a Democratic Governor and a Republican Legislature to agree on remedies. But Mr Swainson will have behind him the powerful and well-organised automobile workers' union which runs the Democratic party in the state. If Mr Romney can overcome that advantage then he will really be the new model Republican his party needs; he will have proved that he can bring in the vital Negro and labour votes which the Republicans must have if they are to win in the big cities.

LAPC



LAPORTE STANDS FOR PROGRESS IN THE CHEMICAL INDUSTRY

We are living in a world in which there is a growing realignment of economic forces, a world in which many countries are gaining their independence. In the chemical industry Laporte faces these conditions of challenge by shaping production and distribution to meet the changing pattern in new and established markets. *Laporte Industries Limited, Hanover House, Hanover Square, London W.1.*

DRTE

THE WORLD OVERSEAS



Jomo Kenyatta
(Kanu)



Oginga Odinga
(Kanu)



Tom Mboya
(Kanu)



Michael Blundell
(Kadu)



Ronald Ngala
(Kadu)



Masinde Muliro
(Kadu)



William Murgor
(Kadu)

Kenya Whistles in the Dark

FROM OUR CORRESPONDENT IN NAIROBI

THE Kenyans left behind are determinedly cheerful. They have seen 65 delegates off to the London constitutional conference to prepare the colony for independence; now their favourite phrase is, "We have seen the worst." Mr E. Griffith-Jones, the acting governor, finds hope in a growing appreciation

among politicians of the importance of attracting investment capital . . . an increasing determination to preserve the very substantial commercial and industrial development . . . a realisation of the need for east African unity . . . and a powerful body of opinion in the centre of the political factions.

The cynics would agree "we have seen the worst" because it is hard to imagine any succession of events more dire than those Kenya suffered from last year. Sir Michael Blundell has carried to London the latest set of sad statistics—amounting to a plea for £2.5 million to make good flood damage to crops. All the delegates have been given figures by the Nairobi Chamber of Commerce to show the effects of two uncertain years since the last Lancaster House conference gave Kenya an African legislative majority, but not a truly representative government.

Imports of agricultural machinery were more than halved last year; bankruptcies increased by a third; the nominal capital of newly registered companies was halved; and there was a net emigration of five per cent of the white population.

But there is another interpretation of "seen the worst." People in Kenya—unlike, say, Tanganyikans—have talked over their differences at an early stage, following a cathartic pattern beloved of Mr Macleod when he was Colonial Secretary. They may have talked themselves out of extremist moves. Kenya has heard the worst that can befall. On the one side there was Mr Paul Ngei's economically disastrous call for the eviction of all white farmers; on the other Mr William Murgor's declaration (while he was still a junior minister) that if Britain did not concede a federal form of government to Kenya he would "blow a whistle and start the civil war." Now Mr Ngei, excluded from the conference by his colleagues in the Kenya African National Union, has served beside Lord Delamere on the National Disaster Committee and agreed on every point of rehabilitation. And Mr Murgor, still sporting monkey-skin headgear in the West End with his lawyer and teacher comrades in the Kenya African Democratic Union, is in London to think as well as thunder.

All other issues—the farmers' security of tenure, the resettlement of the landless, rescuing the economy, military bases, the future

citizenship law—all depend on what common ground exists between Kadu regionalism and Kanu ideas about an orthodox Westminster-type constitution. In November Mr Maudling straddled the ground between them (or was he occupying the common ground?) when he said that Kenya needed both a strong central government and other "governing authorities" which derived their powers directly from the constitution. Kanu has since set out one version of such a constitution by offering to local governments entrenched powers over a wide range of subjects from land transfers to the suppression of brothels. Kadu, confirmed in its plan to divide Kenya into six sovereign regions or unions of consenting tribes, will stand upon the assurance of its Swiss adviser that cantonal government is cheap and simple.

Mr Maudling is expected here to lean towards the Kanu scheme while sympathising with Kadu in its fear of Kikuyu domination. He has heard the weighty advice of Sir James Robertson, former Governor-General of Nigeria, that "a plethora of regions or states cannot be for the ultimate good of a territory." Sir James, commissioned to look into claims for sovereignty over Kenya's coastal strip, added a "note on regional devolution" which may turn out to be the most important part of his report. He recommends the strengthening of local government to county council calibre, with powers wider than those yet conceded by Kanu.

Fears of Kikuyu domination diminish when the fearful speak of becoming part of an east African federation; two million well-endowed and well-placed people might rule a nation of seven million, but they would lose importance in a federation of 23 million—and even more in one of 50 million, which would be created if the pledges made at the recent pan-African conference at Addis Ababa to add Ethiopia and Somalia to the quartet further south are honoured. The Addis Ababa conference seems to have restored the impetus towards a federation which was lost when Mr Nyerere resigned the premiership of Tanganyika. It also gave promise of an easier settlement of the problems of the Arabs of the coastal strip and the Somalis in northern Kenya.

Perhaps, then, Kenya has "seen the worst" in the best sense and the conference will not in the end be such a battle. The Duke and Duchess of Gloucester, whose unusually long visit to Kenya will span the likely duration of the Lancaster House talks, and who have therefore seemed cast as a royal duet to take our minds off the political drama in London, may not after all have to face the task of distracting everyone from a tragedy.

White Brothers—page 605

THE WORLD OVERSEAS

Paris Walks on Stage

FROM OUR PARIS CORRESPONDENT

As in a well-constructed drama, several plots have simultaneously come to a climax. The Franco-Algerian negotiations are now at a decisive point; in their latest phase, which started on February 11th, they have been carried on between ministers somewhere near the Swiss frontier. At the same time, on Tuesday, a mass demonstration larger than any since the tumults of the nineteen-thirties suddenly turned Paris from a capital of onlookers into a source of political impulse. The ministerial meeting on Algeria had been expected. Four Algerian ministers and a large delegation arrived in Switzerland last week. M. Joxe, in charge of Algerian affairs, is accompanied by two other French ministers, MM. Baron and de Broglie. The next few weeks, perhaps even days, will show whether an agreement can be reached and a ceasefire proclaimed. But the appearance of the population of Paris on the stage *en masse*, in search of a role as yet undefined, was more of a surprise.

Paris is full of revolutionary memories. The Bastille, the Place de la République, the Père-Lachaise cemetery—today's drama is played out in a setting evocative of the past. To understand what happened this week, it is necessary to go back at least to February 8th, the black Thursday when several thousand Parisians, answering the call of Communist and Catholic trade unions as well as of the unions of students and teachers, thronged to the Place de la Bastille to protest against the plastic bomb outrages perpetrated by the Secret Army Organisation (OAS). The blinding of a small girl had especially inflamed popular feeling. The sight of the police forces, numerous, helmeted and carrying long riot truncheons, at once suggested that serious trouble might be expected. The demonstrators, returning to the spot where they had been beaten up a few weeks previously (on December 19th) were also more determined. The truncheon charges were met by showers of stones. Still, few expected the final tragedy, the brutal attacks on the demonstrators as they were dispersing, the battered human pile on the staircase of the Charonne underground station. Hundreds were injured. The demonstrators left eight corpses behind.

The continuing concerto of plastic bomb explosions, coupled with the savage repression of those trying to protest against this OAS violence, had a cathartic effect. One proof is that the Socialist M. Mollet, a cautious politician and determined anti-Communist, summoned the followers of his party to a silent demonstration of mourning, although he knew full well that the Communists would not miss such an opportunity of marching "arm in arm with their Socialist brothers." This demonstration, too, was banned. On Monday evening the Place de la République and its approaches were filled with policemen. But their truncheons were not in evidence and the demonstrators, avoiding the police barriers, were able to walk silently in the twilight. This was merely a prelude to the funeral procession next day for the victims of February 8th, summoned by the original organisers of that day's demonstration and authorised by the government.

A big crowd was expected on Tuesday morning in a Paris immobilised by strikes. A multitude, silent and orderly, turned up: 150,000, say the police; a million, claim the organisers. The truth may well lie in the neighbourhood of half a million; all agree that the crowd was immense. Delegates with wreaths, prominent personalities, ordinary Parisians such as one normally sees in the centre of the city, and the crowds from the industrial suburbs, filled all streets leading to the cemetery of Père-Lachaise. Very few policemen were to be seen.

Frenchmen, with their passion for parallels, talked of another

February, in 1934, when the Communists and the Socialists united to counter-demonstrate against the fascists. Analogies with the nineteen-thirties, however, can be misleading. Today the extreme Right has not the strength to stage a public demonstration in France; it can only plant bombs in the dark. It is the army that is the big question mark, and only preoccupation with the puzzle of the army's attitude can well explain the government's behaviour. M. Frey, the minister of the interior, did not act as he did from a desire to revive the Communist party and release it from its isolation. His toughness with the demonstrators was designed to impress the officers and to show them that France was ruled by a strong man who would not tolerate any nonsense from the Left. With this consideration uppermost in its mind, the government may well not have realised the consequences of its action.

General de Gaulle must hope that he is now approaching his goal: an Algerian settlement without a major upheaval in the armed forces. If he succeeds, he will take advantage of the popular relief to stage new elections, alter the constitution to strengthen still further the powers of the president, and get himself re-elected by universal suffrage. The revival in political life would thus be nipped in the bud, and a reorganised army would form a solid pillar of the new structure. If he fails, or if the settlement precipitates a major revolt by the extreme Right, General de Gaulle must feel confident that Tuesday's demonstrators will have no choice but to come to his rescue. But should he be forced to turn to them for help, the political climate of France would be altered; clearly he will prefer to do without their help if he can.

What will be the impact of the transformation of passive Paris on the officers' corps? Have the officers concluded that the armed forces must step in directly to "restore law and order," or have they been impressed by the evidence that, if they should decide to side with the Secret Army, they would meet resistance? The Franco-Algerian negotiations, if successful, will give the signal for the third act of this drama. But the army has not yet finally decided what its role shall be. And it must now take into consideration the appearance of a new actor on the stage. The French public have shown an unexpected reluctance to go on watching from the stalls.

India's Dilemma in Nepal

FROM A CORRESPONDENT IN INDIA

PREOCCUPIED till now with Goa, Kashmir and the Chinese in Ladakh, the Indian government is belatedly moving to mend its fences in a new quarter, Nepal. It has need to. Both nations feel aggrieved. The Indians are disturbed at the general drift of their traditionally Indian-oriented neighbour toward a policy of neutralism between them and China, and in particular by the recent agreement for Chinese construction of a motor road linking Katmandu with Tibet. The Nepalis—that is, King Mahendra and his advisers—are incensed at the Indian assumption of the right to criticise, and by implication interfere with, their foreign policy, and by the new wave of subversive activity directed from Indian soil. One of the (controlled) Nepali newspapers has accused India of seeking to "do a Cuba" on Nepal. Mr Nehru, who is personally on good terms with the king, has now taken the initiative in inviting him to New Delhi for talks as soon as this month's Indian elections are over.

The mutual disillusion dates from December 1960, when, after eighteen months of parliamentary democracy, King Mahendra dismissed the elected Nepali Congress government, dissolved parliament, and assumed personal power. Soon afterwards the fifteen political parties were banned. The former premier, Mr

There is a new £3,000,000,000 market for quality goods

It is comparatively easy for manufacturers of quality goods to hold sales. They have always sold to the higher income group. They know, from experience, which advertising media hold their sales steady. But, to *expand* sales, it is now vitally important to reach another affluent group—the *new* four-figure-income earners. In their masses, they are acquiring more and more expensive tastes as their annual income soars to an estimated *three thousand million pounds*.

The Evening News has, within two years, achieved a staggering 64% increase in its readership in this group.* Read by 4,745,000 people of all classes every day, The Evening News must always be *the* medium for sales expansion in one of the world's richest markets.

* I.P.A. readership figures
July 1958—June 1959 C1 readership—730,000
July 1960—June 1961 C1 readership—1,200,000

Enquiries to: THE ADVERTISEMENT MANAGER

THE EVENING NEWS, NORTHCLIFFE HOUSE, LONDON, E.C.A. FLEet Street 6000

B. P. Koirala, was thrown into prison, where he remains. The immediate Indian reaction was one of shock. "A setback to democracy," Mr Nehru called it, and he has since repeated this worthy but untactful sentiment. King Mahendra's plan for



Reincarnation: King Mahendra

"*panchayat* democracy," the first steps to which will be taken at village level this month, has not appeased Indian opinion, the less so because of its obvious debt to the "basic democracy" devised by the military regime in Pakistan.

Meantime, a large number of the dismissed politicians had fled to India, where they set up their headquarters in Calcutta. Within a month Indian papers were giving prominent and sympathetic reports of their plans for a "liberation" movement, and the Nepalis were angrily attacking India for giving them shelter.

It was in this context that King Mahendra's independent diplomacy began. Naturally the Indians watched it closely. Tradition apart, they have a vital interest in Nepal's role as a 500-mile-long barrier between the Gangetic plain and Tibet, and have backed it with £20 million in aid, and another £13.5 million promised for Nepal's second development plan. But at first they were not alarmed. The king's visit to Pakistan after the Belgrade conference last September aroused some doubts, but there he seemed to have avoided any commitment likely to be unwelcome to India. Nor did Nepal's long negotiations with the Chinese over frontier demarcation give cause for alarm: India had indeed advised Nepal to settle separately and avoid involvement in the Sino-Indian dispute. The final Sino-Nepalese agreement also was acceptable to Indian opinion.

The bombshell came in the middle of October with the announcement of the road-building agreement. Under it the Chinese will supply £3.5 million between 1962 and 1966 in materials, machinery, technicians and the training of Nepali technicians. The road will link Katmandu probably to Kodari, some 70 miles north-east, which the Chinese have already linked by motor road to Lhasa. This plan, first proposed by the Nepalis in 1957, and revived by Mr Chou En-lai in 1960, had been then turned down by the Koirala government. "We do not build roads for strategic reasons," Mr Koirala said bluntly.

Though the Nepalis now insist blandly that the road is the purely economic revival of an ancient trade route, the Indians naturally (and, in view of the very similar agreement recently concluded by the Chinese with the Pathet Lao, probably rightly) see it in purely strategic terms. The road not only opens Nepal to Chinese penetration, but poses a direct military threat to India, the more so that there is already a road link between Katmandu and India. These considerations were forcibly expressed to Katmandu, along with India's displeasure at not having been consulted as, by treaty, it had a right to be. Perhaps by coincidence (and, just perhaps, not) the last few weeks have seen a striking increase in reports of rebel activity in Nepal. Most of the reports emanate, as before, from Calcutta, where all the emigré parties, except the communists, have now merged with the Nepali Congress headed by the ex-deputy prime minister, Mr Subrana Shamsher. He speaks grandly of Nepal "rising in armed revolt." Official Nepali sources have reacted sharply to these acts of "sabotage, arson and loot." The foreign minister, Mr Tulsi Giri, has been particularly vociferous; his accusations have been rebutted in a heated note from New Delhi. King Mahendra himself has denounced "traitorous ele-

ments acting from the sanctuary of a foreign power." He repeated this charge after the reported attempt to bomb his car in January. Though the emigrés certainly used to receive a modicum of "unofficial official" aid, the Nepalis do not now accuse New Delhi of active complicity. But they do not take seriously its claims that the guerrilla activity arose spontaneously inside Nepal, and that it is "hardly possible to impose restrictions on a few individual leaders." And they are right: New Delhi knows well enough how to suppress unorthodox political activity when it chooses.

The question is, will it? Probably yes. The Indo-Nepali disagreement may help to accelerate the reappraisal of the whole basis of Indian foreign policy that has been overdue since the first Chinese incursions. Should India put its ideals first, or its interests? The Indians face in Nepal a mild form of America's Cuban dilemma, whether to back friends against a disgruntled neighbour, or to placate him for fear of further estrangement. They will not follow the American example. There is little sign of popular animosity against King Mahendra, revered by most Nepalis as the reincarnation of Vishnu. Above all, he is basically friendly to India and shows little real enthusiasm for the Chinese. The gradual seepage of old-fashioned self-interest into Indian thinking will probably lead to some curb on the Calcutta enthusiasts. But that would leave the risk that, in some future coolness between Peking and Katmandu, a genuine opposition to King Mahendra's personal rule might grow up, fostered and led by the communists. This still more familiar American dilemma would pose a trickier choice.

Economics of Superstition

FROM AN INDIAN CORRESPONDENT

THIS month's *ashta-graha* (eight-planet conjunction) has strikingly demonstrated the hold of superstition in India. Apart from the damage to national morale, it is estimated that Indians of all classes spent between £12 million and £15 million on various spiritual remedies designed to ensure planetary good behaviour. The business community bore the brunt of this expenditure, but humbler folk did not excuse themselves from what was regarded as a moral obligation to be discharged by every true Hindu.

The most popular remedy was *yagna*—ritualistic prayer. About 10,000 *yagnas* were organised all over India. Each involved the meeting of anything from 50 to 2,000 priests and the emptying of pots of *ghee* (clarified butter) into sacred fire-pits, to the accompaniment of a chorus of Vedic hymns. Some *yagnas* went on non-stop for 21 days, and at least one, in the Holy City of Benares, has 90 days and nights to run. In Bombay a nine-day programme cost £150,000. Governors and chief ministers of states looked in on these affairs, or started them up. A familiar sight for days in Bombay's palatial cotton exchange was that of turbaned brokers escorting saffron-robed *sadhus* (holy men) to their chambers. One broker paid the first-class return fares of about 50 holy men who left their Himalayan *ashrams* (hermitages) for two weeks to participate in a ceremony. In one Calcutta *yagna* a bullion merchant flung a wad of currency notes into the sacred fire.

Meanwhile, insurance companies did brisk work. The press has reported that one Amritsar speculator made a million rupees in 48 hours just by sending his sad-eyed astrologers to the right places and people. Land prices fell in Saurashtra. An ex-maharaja sold his £75,000 mansion for a fifth of its value. In Ahmedabad, the Manchester of India, vegetable prices shot up because farmers refused to move supplies into the (naturally doomed) city.

As the Day of Destruction approached, wives prevailed upon their husbands to apply for "casual leave," and it is said that many schools in Delhi had 20 to 30 per cent less attendance for

three consecutive days. Workers in the Dhanbad coal mines refused to go below ground. In coastal Madras a thousand fishing families fled to the interior, fearing tidal waves. Newspapers, particularly those published in the Indian languages, added to the panic by running sensational interviews with "leading astrologers." One Madras paper valiantly sought to relieve the gloom by emphasising that "men and women are walking in the streets as usual."

In the vanguard of those who reacted to the planetary shadows with spontaneous concern were the politicians. Most of the elder leaders of the Congress party, for instance, are well known for their faith in astrology. Not a few maintain their own private oracles. In Nagpur an election rally was converted into a prayer meeting "for the safety of mankind." Ignoring the warnings of Dr Sampurnanand, the horoscope-casting former chief minister of Uttar Pradesh, Mr Nehru hopped about the country seeking votes for socialism, democracy and science and calling it fantastic that some of his countrymen should have been imploring the mercy of the stars and the planets when Russia and the United States were exerting themselves to colonise the moon. But the unrepentant Sampurnanand challenged him to test the "scientific" nature of astrology before dishonouring the ancient art, and leaders of the right-wing Jan Sangh called upon the electorate not to vote for a man "who has only contempt for our glorious religious traditions."

Quite a few people are disposed to suspect that a well-organised conspiracy was hatched by unscrupulous speculators and their astrological "consultants." The alliance between some sections of the trading community and the priestly class and soothsayers has certainly been one of the unsavoury aspects of Indian life. Most educated Indians do not disguise their embarrassment at the *ashta-graha* episode. It has reminded the nation that the bulk of the population is still inclined to place child-like trust in soothsayers and charlatans. Mr Nehru himself does not underestimate the power of tradition, and has been at pains to underline that he is not an enemy of ancient values. With Vinoba Bhave, that noble Gandhian crusader for land reform, he says: "Science and spiritualism should now replace politics and religion."

Vietnam's False Eleventh Hour

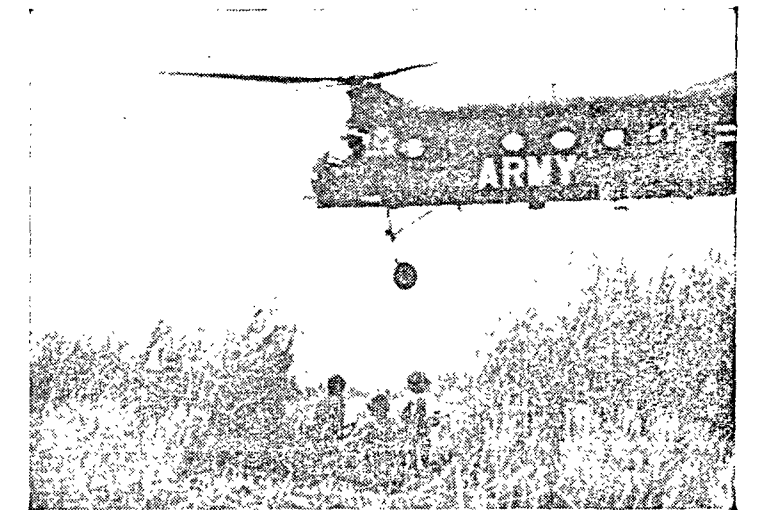
FROM A CORRESPONDENT IN SAIGON

SAIGON airport is heavy with American troop transports and the city is heavy with rumours. The two points are not unrelated. The United States administration has made clear its intention to help South Vietnam survive at any, or nearly any, cost. The American helicopters, vital for counter-guerrilla mobility, are already flapping through the tropical air. A pair of huge negro military policemen adorn the Rue Catinat in the evening. Young American Ranger (Commando) officers, although aware of security regulations even in the small hours, nevertheless occasionally murmur praise or reservations about the Vietnamese they are training. The sense of an appointment with destiny, as well as with Mademoiselle Phuong of the Bar Bohème, is in the air.

And yet the city is full of destructive rumours. The politician V is secretly parleying with the Communist Viet Cong; the businessman T is transferring his fortune to Switzerland; the army unit X is not reliable—the rumours are endless. Their very profusion should almost make them self-defeating; but they are all carefully analysed by observers who ought by now to know that most of them are being deliberately spread by Viet Cong agents. Even the New (lunar) Year is being accepted by the victims of this nerve warfare as likely to prove singularly inauspicious for the

Republic of Vietnam. Why it should not prove equally grim for the Viet Cong is not obvious. Indeed this intensified nerve warfare, along with the increased terrorism in the countryside, suggests that the Viet Cong realises that the present situation is critical for both sides.

The present terrorist threat should not be minimised. Almost every day some loyal supporter of the republic—and usually more than one—is shot down or wounded or terrorised by the Communists. At a certain point in a well-organised guerrilla campaign there is not much that security services can do about such outrages. Nerves do begin to crack in the countryside. But the very fact that the Viet Cong have been forced to rely almost entirely upon terrorism is itself a sign of fundamental weakness—



American presence in Vietnam

provided people can keep their nerves under control in the near future.

The Viet Cong do not entirely rely on terrorism. They attempt to play up the reunification line and also the line that the Americans and their "Diem puppets" are only a continuation of western domination. But there are not that many Americans in Vietnam—at most 4,000 in a population of twelve million. Terrorism, however, is the Communists' main weapon, for the simple, fundamental, and no doubt obvious reason that there is no land question to exploit—not, at any rate, in the main areas where the Viet Cong are operating.

The Communists are strongly entrenched in the countryside; their arms caches in the far southern swamplands, in the Plaine des Joncs, and elsewhere are very hard to track down; and guerrilla units, whether Communist or not, can choose not only their target but their timing and their route of access. But among China's neighbours there is another factor of great importance; the belief that at certain times the "Mandat du Ciel" passes reluctantly from one regime to another. At present a large number of Vietnamese almost certainly believe that the mandate has passed to the Viet Cong, to the new state religion which seems to many to be not altogether dissimilar from the traditional state religion of the area—less dissimilar, anyway, than the values of liberal capitalism or its French Catholic "personalist" variant as preached by the Vietnamese government. The feeling is a difficult one to fight: only victories can overcome it. In South Vietnam, a country of perhaps 2,500 villages and about 1,200 hamlets, the country must be reconquered hamlet by hamlet, village by village, area by area. It can not, at best, be done in under five years. But it is possible and a start has already been made, simply because there is no social reason why the villagers should prefer the Viet Cong.

A few days ago this correspondent visited some of the land

development centres along the border with Cambodia. Built around accessible water points, but also relying upon sub-artesian bores (water can be obtained at less than 75 feet), based upon a simple administrative building, a school, a dispensary, these resettlement areas for families from the overcrowded coastal plains are very impressive. A task force of bulldozers clears the jungle away from the good red soil. The government-inspired pioneers are given a money grant, excellent rubber trees, expert technical advice and—above all—new and larger plots of land. For the rest, they are encouraged to battle alone. Here they can earn four times the income they could get on the coastal plain. Already after only five years, the more enterprising farmers are replacing their thatched roofs with brick. In the square between the administrative buildings tough proud young men in blue uniforms do their drill with impressive élan. They are the National Youth Organisation. When properly trained, they will be armed and given the task of defending the settlement centre.

Already there are 147 of these land development centres, and the bulldozers are tearing down more jungle. This is not the kind of programme undertaken by a politically bankrupt regime. The general idea was hatched in the mind of President Diem; the details are being carried out by young army officers and young civilians, working amicably together. They not only admit that Viet Cong terrorism will soon be launched against their settlements, they almost eagerly await it, because they are so sure of the significance of what they are doing that they would be disappointed if the Viet Cong did not recognise it. This is indeed a challenge to the Communists on their own ground: the land question. And the Communists apparently have no answer but more terrorism.

Clean Sweep in Israel

FROM OUR CORRESPONDENT IN TEL-AVIV

ISRAEL'S decision, announced on February 9th, to devalue the official rate of its currency by 40 per cent heralds a profound change in its economic policy. Together with the devaluation, multiple exchange rates have been swept away, many subsidies abolished and tariff rates have been brought down. The next step may be the abolition of all currency control. Economists, industrialists and some politicians have been clamouring for this sort of liberalisation for two years and more. Now Israel's first, discreet, overtures to the European Economic Community have shown that there was not the slightest chance of even a very loose association with the common market if the protecting wall of subsidies behind which Israeli producers have been sheltering remained intact.

The election last year, and the long delay in forming the government coalition, prevented the minister of finance, Dr Eshkol, from taking action before. The new cabinet has now got into its stride and, despite its small majority, is tolerably confident. Full employment will help the economy to absorb the shocks that must result from the new economic policy. The right-wing opposition, which for years has been campaigning for a

more liberal economy, cannot now make too much of a fuss. The Liberals have already given the new policy their cautious approval; Herut, the party on the extreme right, has expressed alarm lest this devaluation is the start of a series, and will usher in another period of increased inflation. The fiercest criticism comes from the left-wing party, Mapam, which thunders out its view that the new policy is a means of increasing the wealth of the rich at the expense of the poor.

The policy's success will depend first of all on the government's ability to prevent a big rise in prices. Since wages and salaries are linked to the cost-of-living index, any rise in prices is bound to increase inflationary pressures. Dr Eshkol has explained that the increases should only affect goods that contain imported parts and that even with these, the rises should not be above 4 per cent. The government has succeeded in persuading the trade associations not to raise the prices of goods in stock, and it has also been assured of full co-operation by Histadrut, the powerful labour federation. And, to judge from people's first reactions, the public is ready to play ball, although there has been something of a rush to buy before prices go up. The government has promised help, at least over the transition period, to young agricultural settlements staggering under debts linked to the value of the dollar, and to people who are trying to pay for their flats in government housing schemes. Housewives are being told that basic food is plentiful and will not cost more than before.

The point of the new economic policy is to encourage exports in general and, in particular, to ease the way to some form of association with the common market. A delegation from the European Economic Community was having a look round Israel at the time of Dr Eshkol's announcement. Israel's balance of trade has deteriorated over the past two years, and a complicated system of subsidies failed to make Israeli produce competitive on the international market. With the development of the common market, and the prospect of Britain joining, Israel has to face the danger of being barred from its main export markets in Europe. This is particularly worrying, since it coincides with the ending of German reparations, and the consequent drying up of a source of both raw materials and capital goods. Whether or not Israel is being over-hopeful in its aspiration to forge some kind of link with the European common market, these preparatory measures make good economic sense.

Buganda's Role

FROM OUR CORRESPONDENT IN KAMPALA

BUGANDA, until six months ago determinedly aloof from the rest of Uganda, may now acquire a controlling say in Uganda affairs. On February 22nd it will elect a new Lukiko. A year ago it boycotted the elections for the Uganda Legislative Council and thus gave the victory there to the Democratic party, whose supporters were the only people to vote. This 20-seat bonus put the DP ahead of its main rival, the Uganda People's Congress, which held the advantage outside Buganda and in the towns.

In Buganda the position of the two major parties has not changed. The DP has a well-drilled party machine, with branches all round the countryside. It will contest all 68 elective seats in the Lukiko. The UPC is still practically non-existent in Buganda, but this time it will not allow the DP to win by default; in September it made an electoral alliance with the leading Buganda politicians, who are now in the "Kabaka Yekka" movement.

Kabaka Yekka (the name means "Kabaka Alone") claims to be a national movement and not a political party. Sometimes

this seems to be a distinction without a difference: KY has a campaign headquarters, an electoral symbol, and a list of 68 approved candidates running on its ticket in the Lukiko election. Yet it is in fact an alliance of disparate elements which have come together singly to fight this election. Its original members intended to dissolve immediately afterwards; they were a group of non-political Baganda who were inspired by a powerful, though vague, desire to protect the position of the Kabaka. Later they were joined by politicians, former members of various parties, who might be broadly classified either as arch-traditionalists or as "intellectuals," convinced of the value of the Kabakaship as an institution—though some of them seem to have discovered the virtues of monarchy rather suddenly. Finally, the Kabaka's ministers announced their support of KY and gave their blessing to an alliance between it and the UPC.

The KY movement looks set to win the Lukiko elections because it can capitalise on Buganda patriotism. Its electoral symbol, the chair, is not regarded as an ordinary piece of furniture, but as the royal throne. Where natural conservatism and the pressures of social conformity are not enough, some additional heat may be applied by the chiefs. Already many of them have conducted "primaries" for the choice of KY candidates. On the other side, the Democratic party relies to a large extent (though not exclusively) on Catholic support. While DP men say they are up against the chiefly hierarchy, KY members claim that they have to fight against the Roman Catholic church. As Catholics probably predominate in the population of Buganda, the DP would do well if it did not have to compete with tribal ideology. As things are, KY gets support even in the most strongly Catholic area of Buganda because the individual Catholic feels obliged to demonstrate that he is a good Muganda in spite of his religion.

Undoubtedly the Uganda People's Congress hopes for a conclusive KY victory because it will then be able to oust the DP at the general election in April. Yet nothing is ever so clear-cut as this in the miasma of Buganda politics. All sorts of things may happen to upset the UPC's calculations. Even a small DP minority in the Lukiko would be reflected in the National Assembly. Moreover, the fissile character of KY is aggravated by personal rivalries among prominent supporters who are after the big prize of appointment as Katikiro (prime minister) of Buganda when the new Lukiko sits. Next week's elections, therefore, are significant, not only for Buganda, but for the whole of Uganda.

Spanish Opinions and Europe

FROM A CORRESPONDENT

PUBLIC opinion polls are difficult to organise under an authoritarian regime. Even if the government is complaisant the public is apt to be mistrustful and unco-operative. A random survey held in Barcelona two years ago by enthusiasts for European integration showed a majority of 80 per cent in favour of Spanish membership of the common market and only 7.4 per cent against; but few replies were received from the working or lower-middle classes. In general, only the educated and secure were willing to commit themselves: of those who replied, 60 per cent could distinguish between the various European organisations (EEC, EFTA, OEEC, and so on) and 72.9 per cent had travelled abroad.

A more scientific survey was carried out last year by a group of professional sociologists in another important university city of northern Spain, a place more representative of Spanish opinion generally than Catalan Barcelona. Their report, not yet published but being prepared for submission to the censorship, reveals that only 34 per cent of the persons approached—and only 15 per cent of the workers—were willing to disclose their opinions. Samples of the more cautious social classes were, however, widened to take

their reticence into account, and the result is one of the most informative analyses of urban Spanish opinion ever compiled.

The survey establishes that the modern Spanish city-dweller is neither an isolationist nor a convinced nationalist. The authors of the survey echo *The Economist's* comment (on July 1, 1961) that "north-west Europe has assumed in Spanish minds the glamour and glitter of a latter-day Eldorado." "One might go further," they add, "and speak of a veritable European utopianism, the theme of which is 'Thanks to Europe, Spain will be saved.' The romantic idealism which once underlay Spanish socialism, anarchism and falangism is now projected at Europe."

Of those interviewed, 93 per cent approved, and only 5 per cent disapproved, of "the present trend toward European unification." As many as 84.5 per cent thought that Spain should participate in a "European government," and most of the 10 per cent who opposed Spanish participation observed that they did so only because they considered Spain "politically unprepared." To the question "Should Spain join a united Western Europe even if it were known in advance that certain Spanish interests might suffer?", 71 per cent replied "Yes" and 28.5 per cent "No."

This last question was considered by the organisers of the survey "a litmus paper with which to test nationalist reactions," and the relatively low "nationalist" percentage surprised them. The "nationalist" reflex was strongest, as in Britain and France, among the uneducated, the poor and the *petite bourgeoisie*. Thus, 66.7 per cent of unskilled labourers, 37.2 per cent of civil servants, and 37 per cent of skilled workers gave a "nationalist" response. On the other hand, all the journalists and priests interviewed, 84.5 per cent of the technicians, 84 per cent of the army officers, 78.5 per cent of the business men and 75 per cent of the students gave a "European" response.

THE survey included an interesting international popularity contest. Asked "With which foreign nation would you prefer Spain to have the closest relations?", 41 per cent favoured France, 37.9 per cent west Germany, 12 per cent Portugal, 9.6 per cent England, 7.4 per cent Italy, and 2.3 per cent Russia. Fewer than one per cent mentioned the United States. France was the first choice of civil servants, army officers, labourers, skilled workers, technicians and women, and received a high vote from priests and journalists. West Germany was the first choice of priests, journalists and students, and was popular with technicians and officers. No group voted overwhelmingly for Portugal or England. Portugal came second (level with Germany) among civil servants, and tied with Italy for third place in the esteem of priests and journalists. England's best showing was among women of all classes (second place), business men (third place) and members of the liberal professions (fourth); not one priest, journalist or worker expressed a preference for England. Italy received no support from women but was highly esteemed by priests, journalists and civil servants; more technicians voted for Italy than for England. No workers took the risk of advocating close friendship with Russia, but 9.9 per cent of the women and 4.6 per cent of the students did.

Of those who occasionally read foreign newspapers and periodicals (the majority of journalists, civil servants, members of the liberal professions, technicians and students, in that order of percentage, though not numerical, importance), 89 per cent normally choose French publications; 18.5 per cent (primarily business men, technicians and students) sometimes read English publications, 14.6 American, and 14.6 Italian. Of the technicians in this category, 82 per cent read French periodicals, 25 per cent German, 21.5 per cent English, 14 per cent Italian, and 4 per cent American. Although the Spanish priesthood tends, for both political and religious reasons, to be fairly uniformly anti-American, priests as an occupational group are by far the most assiduous readers of American publications.

Appointments, Business and Personal
notices, and other

Classified Advertisements: pages 657, 665 to 667



BOOKS

Lads o' Pairs

Education and the Working Class

By Brian Jackson and Dennis Marsden.

Routledge and Kegan Paul. 268 pages. 28s.

THE ability of the middle class to make the best use of those sectors of the welfare state (health and education) that primarily interest it is already well established. It is disingenuous, therefore, to profess surprise at the findings of this survey of grammar school children in a northern town, published under the auspices of the Institute of Community Studies. The grammar school, that distinctively middle-class institution, does not appear to have changed its attitudes or aspirations one whit in "Marburton" (Huddersfield?) in the years up to 1952, when the bulk of the sample investigated by Messrs Jackson and Marsden passed their higher school certificate or GCE at A level. The successful children came, almost invariably, from obvious middle-class homes, or from the families of foremen, or from homes where, whatever the existing status, at least one parent had had a secondary education. To come from a small family was an asset; to have attended a primary school with a leaven of middle-class participation was another. There are a hundred Croninesque novels of success and failure here.

The implication of the book seems to be that the grammar school everywhere has not changed much since 1952; that it is

still dominated, unfairly, by middle-class children and standards; and that it is directly responsible for the social strains that either waste through failure or stunt—that is, bludgeon into bourgeois submissiveness—the intelligences that win their way into it from the working class. There is a great deal in the proposition that the grammar school is the forcing house, consciously or unconsciously, of middle-class attitudes. It is true also that, despite working-class prosperity and sustained parental employment, the number of working-class children successfully completing the standard grammar school-university course may have been slower to rise into full educational significance than many people had hoped. Whether these hopes were justified in the period immediately after the 1944 Act, in the light of working-class reactions to earlier educational reforms, is another matter. We certainly need to know more about what has happened in the last decade. Where, precisely, are the new recruits to the sixth forms coming from? Still from the submerged lower middle class? And how narrowly or broadly, since the mid-1950s, are we entitled to define the lower middle class, submerged or emergent?

This does not remove the sting from many of the charges that can be levelled at the Marburton grammar schools for their performance in the late 1940s. The schools seem to have made very little effort to recognise or cater for the special (and to them quite novel) needs of the working-

THE ECONOMIST FEBRUARY 17, 1962

class child. Where so much depends on parental impetus or, at worst, tolerance, the schools were unable to bridge the gap in communication that existed between them and nervous or openly distrustful parents, who felt unable to participate in middle-class parent/teacher get-togethers. (It is not a bad idea to make the parents, as the authors suggest, go to school and leave the children at home in the first week of the new school year; not a few baffled teachers have seen a great light dawning at speech or prizegiving day—and these are the hopeful or puzzled parents, not the Luddites.) This lack of information is not something that the ordinary child can supply; indeed, the evidence suggests that the more aware and appreciative the child is of its parents' sacrifices, the greater the danger that the child will conceal the value of going on to the sixth form, to the university or to anything that might entail an extra financial demand. Middle-class parents will barge into the headmaster's study; working-class ones in Marburton either gave up or assumed, for example, that further grants could not possibly cover anything more than attendance at the local teacher-training college.

The remedies for this kind of problem—they are still needed—are not too difficult. What is harder to solve is the social difficulty of the working-class child who opts, either in a grammar or even the superior stream of a comprehensive school, for the middle-class attribute of higher education when the claims of the neighbourhood environment, let alone the family, are particularly strong. This type of strain can be alleviated only up to a point by changes in the educational system; it will not even disappear with the ending of slums and slum schools. Messrs Jackson and Marsden are distressed to find that the scholarship boys who actually ran the full course turned out to be, often enough, rather dull members of the new middle class, out of touch with their parents and contemptuous of "the Teds" they had left behind. For their Hoggartian birthright they had exchanged a mess of suburban, Sunday paper pottage.

The difficulty with this kind of analysis, which is becoming more and more frequent, is that, with respect, it is always far from clear precisely what their birthright is supposed to be. And is the sense of tension on the way up in the GCE stream primarily the effect of the school's unreasonable demands or perhaps of the no less unreasonable demands of the old neighbourhood itself? The drift to the south from the un-reconstructed northern towns is partly a matter of employment, but partly, too, a striving, less for obvious status, than for the comparative classlessness that the bourgeois mass-suburb offers. This may mean a loss of expertise and even of energy from the areas they leave behind; it may mean a rise in (reluctant) Tory voting. Whether the new life is as stale and unprofitable as the critics make out depends on how lively and purposeful the old working-class community is felt to be—and it is not like Coronation Street. Now that the breakout

THE ECONOMIST FEBRUARY 17, 1962

from the back-to-backs is more common, the resultant prestige seems less glamorous; but this does not stop more and more children from attempting it. This is not to say that inside every Marburton prize boy there ought to be a bourgeois trying to get out. But what other course can, say, Jimmy Porter offer him?

Eden's Ultimatum

The Road to Suez

By Erskine B. Childers.

MacGibbon & Kee. 416 pages. 30s.

ON October 30, 1959, *The Spectator* published a brilliant piece of detective work by Mr Childers. Called "The Ultimatum," it worked out the likely sequence of events whereby a British cabinet had exactly three years before issued an ultimatum to Egypt and Israel about the Suez Canal that did not fit the facts at the time of issue. (This ordered both countries to get back ten miles from a canal that the Israelis had not yet approached.) Mr Childers argued, on grounds that no one has yet refuted, that the ultimatum had been drafted in advance for use in different conditions, and that a last-minute change of timing made it inappropriate. Why, then, use it?

It made sense if the Israeli army had reached the canal, if cross-fire were endangering shipping and if, because the Americans were engaged in a presidential election, the United Nations machinery were temporarily paralysed. All these events in conjunction could have happened on November 6th, for which date, argues Mr Childers, the ultimatum was prepared. Before it, the Israelis planned to have achieved a "clean victory" over the Egyptians; on it, the British, by upbraiding both sides, planned to clear themselves of embarrassing collusion with Israel.

For Israel, and even more for Britain, the margins for error in timing were narrow. France, the third of the anti-Nasser powers, was not similarly embarrassed. All that mattered to its Salans and Mollets was that Nasser should be toppled; the French, therefore, had no compunction in diddling both their colleagues. They failed to leave the Israelis time to win their clean victory because they saw that Anthony Eden's nerve was cracking and that they must make him send an existing draft at once or he would collapse; and they lied to him on the extent of Israel's advance. Israel's contribution to this muddle was to attack some days early because, alarmed at signs of American opposition despite the election, it hoped that its aggression would be masked by a fortuitous godsend—the Hungarian revolution. Sir Anthony Eden, therefore, was brought to issue an ultimatum which, in the wrong conditions, became pro-Israeli, and to write the death warrant (made good two years later) of his old friend Nuri Said.

In its original form Mr Childers's study was terse, astringent and acute. In book form it has lost none of its acuity and gains

BOOKS

by the addition of new material (such as that from the Eden memoirs). None of this invalidates his thesis; the other members of the British cabinet show to even less advantage than before; and the middle section of the book is of great interest not only to Middle Eastern specialists but also to students of the power of a prime minister in British politics.

On one or two counts the book is less good than the article. First, it is more turgid; it overdoes italics and superlatives. It is an exaggeration to say, for instance, that perceptive "western reporters" found their messages "subtly transformed" when they criticised the Bagdad Pact: articles in *The Observer*, the *Manchester Guardian* and *The Economist* disprove the generalisation. Secondly, though it is aware of the danger of "retrospective interpretation," the book is often guilty of just this. For instance, it argues that, after refusal of the Aswan Dam loan, nationalisation of the canal was "utterly predictable." It was not. Prophets were thrown out by the myth about the skill and experience required of pilots, by the exiguous size of the office Nasser had established to study a take-over in 1968, and by Egypt's apparent satisfaction at the steady stream of small moves whereby he had got better conditions from the canal company.

Mr Childers is a wonderful terrier, digging till he is satisfied. He also writes well, but less well when free from newspaper discipline about length. His first chapters are tedious because they take too long to say the obvious, but from page 125 onwards his book is excellent. But it is marred by an irritating number of slips and misprints, including a misdating by three years in the main footnote that refers us to his original *tour de force* in *The Spectator*.

Soviet Growth

The Real National Income of Soviet Russia since 1928.

By Abram Bergson.

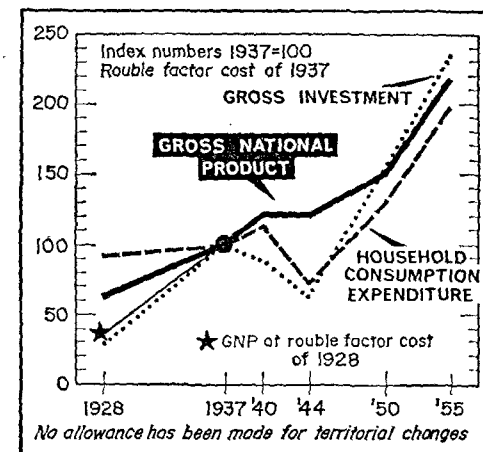
Harvard University Press. London: Oxford University Press. 491 pages. 70s.

THERE are good grounds for regarding the officially published indices of Soviet growth as exaggerated. However, many of the detailed figures published in the Soviet Union—for example, steel production, retail trade turnover, health expenditures—appear to be reasonably reliable. This has led a number of western scholars to attempt to construct growth indices of their own, using the detailed Soviet figures for this purpose, and thereby to replace the suspect official indices with something better. Among such scholars Professor Bergson has long been eminent. He is an expert in handling Soviet statistics, and with the help of a number of distinguished colleagues he has collected and used all the available material. His method has been to build up the national income figures from the main categories of expenditure, adapting them to western concepts and definitions,

629

for each of a number of "bench-mark years." He then calculated price deflators for the various categories. The results are presented in this book in great detail, with the fullest documentation and in a number of different ways, in prices of several chosen years. An immense amount of work and great ingenuity have gone into these calculations.

Professor Bergson himself regards the measurement in terms of 1937 rouble factor cost as perhaps the best, or the least misleading, for the purpose of assessing Soviet growth, and the adjoining graph summarises



the results of the computations with this weighting. It is interesting to note that the rate of growth for the period 1928-37 is only 5.5 per cent per annum on this basis, against the Soviet official claim of 16.7 per cent per annum. However, if 1928 weights are used, Professor Bergson's calculations yielded an annual rate of almost 12 per cent. This strikingly illustrates the importance of the choice of weights in statistics of growth rate in a rapidly changing economy. It also suggests that the Soviet figures, on their chosen weights (1926-27), were less exaggerated than some western critics supposed.

Of course, some of Professor Bergson's calculations are open to question, and the results of such national income re-computations must be subject to a significant margin of error. For example, his investment index is well below the official Soviet version, which is supposedly in 1955 prices. Its compilers had precise information about volume and prices that could not be available to Professor Bergson or his colleagues. There is strong presumptive evidence of exaggeration, but also some evidence that the Bergson index, especially for the equipment component of investment, could be well off the mark. Some critics might also ask questions about the meaning of the rouble prices which Professor Bergson uses as weights. However, it is much easier to criticise than to do better than he has done. In any case, amendments to methodology or to this or that figure would only make minor differences to the results. This book surely represents the best that can be done in calculating the growth of the Soviet national income, with figures available outside the walls of the Soviet Central Statistical Office. One can only congratulate the author.

The Economist

FEBRUARY 15, 1962

THE STATE OF EDUCATION

There is one point about which every one is agreed. If Government gives its money to a school, it must be sure the school is a good school. We may see this by seeing that the children are well taught—the criterion of results, or by seeing that there is a good teacher—the criterion of possibilities. . . . On . . . the deficient education of our children, Mr Lowe has much to say. The subject is complicated by the discrepancy between two sets of authoritative witnesses. The regular Inspectors, who have been working the system in conjunction with the masters for years, report that all is well. The Commissioners who made a sudden incursion to ascertain the fact, say that all is ill. Which are we to believe? Mr Lowe believes the Commissioners; and with occasional deductions so do we. The least sanguine estimate of difficult results is commonly the most true. The teaching little children to read,

write, and cipher, is a most incessant, laborious, nauseating employment. Until it is proved to be done, a cautious inquirer will not believe that it has been done. And it is not proved to be done until all witnesses say that it is. The Inspectors only take a general view of a school, and are often pressed for time, and never wish to make an enemy at a place they will soon visit again. The Commissioners were fresh visitors without a preliminary prejudice, unrecurrent visitors who were exempt from the motive to be too indulgent to habitual acquaintances. In the early times of education the Inspector did not dare be over-strict; it was only because of his leniency that he was tolerated. When, then, the Commissioners say that only a fourth of our children at school receive a fair elementary education, we may doubt as to details, we may except to the proposition, but we cannot believe that our habitual education is good.

TRADE UNIONS IN A FREE SOCIETY

B. C. ROBERTS

Foreword by Professor F. W. Paish

New, revised and much enlarged edition of the work first published in 1959; including a complete new section on Trade Unions in the U.S.A.

'Mr. Roberts has done a service in covering so much of a complex subject so well and concisely'
THE TIMES REVIEW OF INDUSTRY on the first edition
30s.

Published for the Institute of Economic Affairs



WHO OWNS WHOM

in France, Germany and Italy
can be found in

Who Owns Whom: Continental
Edition, 1961/62

(explanatory sections and headings in all
3 languages as well as English)

With a growing interest in European companies, particularly in those which are members of the Common Market, the book's appearance is timely.

Les Echos.

Die Kontinentale Ausgabe ist für die westeuropäische und die amerikanische Industrie eine wirkliche Fundgrube.

Frankfurter Allgemeine.

La méthode de classement choisie paraît la meilleure: une classification alphabétique des filiales et associées donnant les maisons mères et une classification alphabétique des maisons mères donnant les principales filiales.

Les Echos.

Available from the publishers or through
booksellers post free:-

U.K.	4 gns.	U.S.	\$12.60
France	NF.60	Germany	DM.50
Italy	Lit. 7,800		

Published by:

O. W. Roskill & Co. (Reports) Ltd.
14, Great College Street, London, S.W.1.

BOOKS

Extravaganza

A Fly in Amber: Being an Extravagant Biography of the Romantic Antiquary Sir Robert Bruce Cotton

By Hope Mirrlees.
Faber. 395 pages. 42s.

THIS is an odd book or, to use one of Miss Mirrlees's own terms, "a rarity." It is filled with knowledge, some of it curious and all of it interesting; but the learning it contains is embedded in a style of writing so ornate and allusive that it is almost unreadable. Words like "prelusive" and "immarcescible" make her prose "barbarously rich." At her worst she is merely arch:

Well, we have kicked over the traces, gone galloping down the years, have married our hero without publishing the banns, buried him without a death certificate, forced our acquaintance on his unborn son. . . . But you have been warned this is an extravagant biography.

It is hardly a biography at all, and could better be described as an uncoordinated mass of knowledge centred on Cotton. But because this knowledge is so curious, Miss Mirrlees must be taken seriously, and an attempt made to conquer the irritation produced by her prose. Cotton needs a biographer, for he was one of the most interesting men of his time. Not only did he buy the entire room where Mary Queen of Scots was executed and set it up in his house, but he also amassed a collection of documents that was of European renown. He began to collect at a singularly favourable time. The great libraries of the dissolved monasteries had been dispersed; there are stories of leaves from illuminated manuscripts lining shelves and pie-dishes; Aubrey, writing after Cotton's death, describes how as a boy he saw the glove-makers of Malmesbury wrapping their wares in manuscripts from the Abbey. There is a well-known story that Cotton himself found his tailor using a copy of Magna Carta, seals and all, as a pattern. Miss Mirrlees tells us that it is apocryphal, but it illustrates the actual situation. Cotton acquired two copies of Magna Carta and the Lindisfarne Gospels, and in all collected 958 volumes of manuscripts, most of which are now in the British Museum. This alone would have made him important; but the fact that he lived at a time of crisis made him significant, for the search for precedents was vital to both King and Parliament, and the Cottonian manuscripts were political dynamite. In 1629 they were seized by Charles I.

Miss Mirrlees ends her book before the really dramatic period of Cotton's life. A second volume is projected, and when written may well bring the first into focus. The real defect of the book is its deliberately archaic style, which continually impedes the reader. Its merit lies in the out-of-the-way erudition of the author, and the numerous quotations she has included. It is really enjoyable to read Bacon's definition of antiquities as "some fragments of history

THE ECONOMIST FEBRUARY 17, 1962

which have casually escaped the shipwreck of time." It provides a stimulating change from the slick efficient research of much contemporary work.

Two Imperialisms

A History of the Southern Sudan 1839-1889

By Richard Gray.
Oxford University Press. 231 pages. 35s.

ONE of the commoner current illusions is that colonialism is exclusively a western European sin. Just as critics in Russia and America tend to forget their own expansions eastwards and westwards, so in Africa people forget that in their own continent perhaps the most ambitious and the most rapacious of all the imperialists was one of themselves—the Egypt of Ismail Pasha. Mr Gray brings this out very clearly, and it is this and the development of some other unconventional and controversial themes that transform what would otherwise seem a rather dry and academic study of a limited and esoteric subject into a book of interest and importance to all those interested in Africa and in the impact of outsiders on indigenous peoples.

The author shows how, after the discovery of a riverine passage into the Southern Sudan and beyond, the area was first penetrated by odds and ends of trader and missionaries with an avarice for soul and ivory. It was not, as was and still is generally supposed, the slave trade, which maintained, which really caused the deadlock that developed between the tribesmen and the invaders. It was the basic scorn of the Christian European and the Muslim Arab for the "naked pagans" that prevented a real contact or understanding, and led to the end to the use of force and fear as instruments of commerce and conversion.

It was not until Ismail became Khediv in 1863 that a co-ordinated attempt was made to subdue and control this turbulent area. The object this time was not mere ivory and conscripts for Egyptian beds and armies: it was to open up a river route to the rich lands round Lake Victoria. To achieve his ambitions Ismail used a wide range of foreigners, of whom General Gordon and Sir Samuel Baker from Britain are the best known, and the Italian Ges and the Silesian Jew who became known as Emin Pasha were probably the most effective. He employed men too from France and Austria and Switzerland, and severed from the United States.

When Ismail's attempt to extend Egyptian power simultaneously to Darfur, Ethiopia the Somali Coast and Uganda collapsed under the weight of his own extravagance and the Mahdi's revolt, it was Britain that stepped into the vacuum in the Sudan. Mr Gray analyses the processes of British imperialism under Mr Gladstone with meticulous and merciless fairness. Apathy and economy were the watchwords of the day and in the end it was the combined force

THE ECONOMIST FEBRUARY 17, 1962

of anti-slavers and gossamers, of geographers and cotton-spinners, plus *The Times* that seemed to have pushed an unwilling government into painting yet another slice of Africa red. As the Baroness Burdett-Coutts said at the time "the opening of the Sudan markets to British enterprise and the suppression of the slave trade, though not absolutely identical, are like parallel lines. . . ."

More Shakespeare Studies

Early Shakespeare. Stratford-upon-Avon Studies 3

Edited by John Russell Brown and Bernard Harris.

Edward Arnold. 232 pages. 25s.

FOR this third volume of Stratford-upon-Avon Studies the editors have collected a promising team from among the younger Shakespearean scholars, and most of them have justified the choice. It is a collection of ten essays on early Shakespearean plays, exhibiting lively and diverse responses. No attempt has been made at completeness: *Titus Andronicus*, *Love's Labour's Lost* and *Richard III* are among the plays referred to only incidentally. The volume begins with a highly informed and readable account of the theatres and actors and dramatic conditions in the 1580s and 1590s: this, written by R. A. Foakes, should be an admirable students' guide through tangled territory, and one must hope that no one will be put off by its having the almost irrelevant title "The Profession of Playwright." Among the other essays, two are outstanding as contributions to criticism (J. P. Brockbank on "The Frame of Disorder: *Henry VI*" and John Russell Brown on "The Realization of Shylock: a Theatrical Criticism"), and one is highly informative in tracing through the history of pictorial representation the varying responses to a Shakespeare play (W. Moelwyn Merchant on "A Midsummer Night's Dream: a Visual Recreation"). Mr Brockbank especially considers the co-existence of the sense of the immediate and the sense of the monumental in the *Henry VI* plays, and he suggests that what we get is no simple demonstration of Tudor political notions but rather, on the best level, a sober account of what men can do, of what can befall them; Mr Brown, approaching the play through a consideration of acting records of the past two centuries, is led to a shrewd and balanced view of *The Merchant of Venice*; Mr Merchant draws on his knowledge of art history and manages to suggest a greater range of implication in the *Dream* than is commonly recognised. Frank Kermode on "The Mature Comedies" also usefully extends the reader's responses to this play (exhibiting a doubleness in its presentation of love), but offers less searching comments on other comedies.

There is plenty of learning and some good observation in the other essays. But there are also, too frequently, both a labouring

BOOKS

of the obvious and a certain priggishness. For instance:

The twins appear the same, but in reality are different; those who meet them are led by appearance into illusion.

This soliloquy [that of Henry VI at Towton] is not an unqualified failure.

Their [Romeo and Juliet's] living together in clandestine happiness risks the reader's sympathy.

Writing about Shakespeare should not make a man less human than he normally is.

OTHER BOOKS

FORM AND SPACE. By E. Trier. *Thames and Hudson*. 291 pages. 84s.

The purpose of this book, according to its author, is to plot the typical features of twentieth-century sculpture, considering successively the problems of form, of meaning and of purpose, in word and image. In "image" the author succeeds impressively; as a photographic survey of its subject the book is well worth its price, although the omission of Epstein is surprising. But the author's "words" are less illuminating.

BRITAIN: AN OFFICIAL HANDBOOK. 1962 Edition. Prepared by the Central Office of Information. *HMSO*. 597 pages. 25s.

Apart from including later facts and figures, the 1962 edition of this invaluable guide to Britain contains a new set of photographs, additional maps showing the location of the universities, industrial centres and motorways, and some notes for foreign visitors.

AMERICAN MANAGEMENT ABROAD. By George D. Bryson. *Harper*. New York. London: *Hamish Hamilton*. 253 pages. 35s.

This handbook for American businessmen concerned in running subsidiaries or branch

offices in foreign countries is a sign of the changing attitude in the United States toward international operations.

AN INTRODUCTION TO THE ECONOMIC HISTORY OF ETHIOPIA. By Richard Pankhurst. *Sidgwick and Jackson*. 471 pages. 42s.

Dr Pankhurst's book is far more than its modest title suggests. It is, in fact, a systematic synopsis of present knowledge about the material and institutional side of the Ethiopian civilisation. It is, however, a great pity that the author has not incorporated in his work important epigraphical and archaeological material, particularly the recent archaeological finds of M. Jean Doresse and of the archaeological services of Ethiopia; it is safe to predict that their finds to the north of Tigré may revolutionise the ancient history of Ethiopia.

But after all the author treats this only briefly. He has analysed in detail the centuries between 1300 and 1800, the long and chequered rule of the Solomons. Here again he has concentrated mainly on written sources. He has correlated factual information on Ethiopia from an imposing array of works, mainly western, Arabic and even Chinese, but it is a great pity that he could not obtain most of the Russian studies. The Russian contribution is limited to a piece of historical science fiction by N. Izmailov, member of the Institute of Russian Literature of the USSR Academy of Sciences, on the alleged Ethiopian origin of Alexander Pushkin. Dr Pankhurst treats it with deserved caution.

These shortcomings do not however invalidate the book. The first volume of a two-volume study, it is a pioneering work of its kind and for years to come is certain to remain indispensable. It is sober, and avoids reading too much or too fancifully into the surviving records at a time when the African past is quickly becoming a political weapon rather than a field of detached and scientific research.

ESSAYS ON ACCOUNTANCY. By A. C. Littleton. *Illinois University Press*. 648 pages. \$10.00.

LETTERS

A Much Whiter Paper

SIR—You end your admirable defence of "A Much Whiter Paper" with the curiously worded statement: "If any substantial proportion of any nation really believes that the sort of incomes doctrine expressed in Cmd 1626 is unfair to trade unionists then that nation has lost its head." The logic of your conclusion seems, unfortunately, only too correct. What puzzles me is its conditional wording. Reporting in my paper on the reactions in Britain to the Chancellor's latest appeal to common-sense I had to refer to the critical, disparaging and even inimical comments of practically the whole British press, the general secretary of the Trades Union Congress and the Liberal and Labour leaders. In arriving at a conclusion similar to yours, but without the saving word "if," was I guilty of exaggerating or you of permitting a last comforting doubt where none seems justifiable?

When I recently complimented a Swiss trade unionist on the avoidance of inflationary wage demands he replied simply:

"We all know that 2 and 2 makes 4." Was there not, ever since the last war, something amounting to a tacit conspiracy between the unions, employers, politicians, most of the press and, at least until recently, the government in Britain to pursue the lazy way out of all industrial troubles by pretending that 2 and 2 makes 5? The reactions to Cmd 1626 show no repentance.—Yours faithfully,
H. W. EGLI
London, SW1 *Neue Zürcher Zeitung*

★

SIR—Supposing that your stringent economic policy is the right one, there are still two reasons why this government cannot implement it. First, a government cannot secure a pay pause or similar restraint if it pays its own employees less than other workers. They are the first to complain and whatever you may say about public hostility to post office and transport strikers, many people are on their side or half on their side. Secondly, a government which asks us to spend less, work more and forgo rises, and at the same time wastes vast sums on Blue

Steel, Nevada tests and other ways of keeping up with the nuclear Joneses, is as deficient in its sense of public relations as it is innocent of logic.—Yours faithfully,

PETER CALYVOCRESSI
Aspley Guise, nr. Bletchley

★

SIR—In your article on Cmdr 1626 you appear to take the view that net profits can be maintained at a steady proportion of national income by means of “changes” in the rate of profits tax. I suggest that profits tax cannot thus serve as a regulator because it can, in practice, move in only one direction, as is demonstrated in your reference to the five increases imposed by the Conservatives in the last 10 years, to which there may be added three increases under the postwar Labour government. Clearly no Conservative Chancellor is likely to propose a reduction for fear of the commotion it would cause among trade unionists, and the Labour party naturally see the tax as an anti-capitalist measure that must never be relaxed.—Yours faithfully,

Bolton

M. B. DANIELS

★

Sunday Circulations

SIR—In discussing the 1961 circulation figures for the “quality” Sunday newspapers in your issue of February 10th, you stated in connection with *The Sunday Telegraph*: “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.”

I should be interested to know how the figure of 716,000 was calculated, because on March 5, 1961, *The Sunday Telegraph* published a statement in the following terms: “Though complete figures are not yet in, it seems certain that the public bought not less than one million copies of each issue” (during February). Further, on July 16th they published a statement giving their certified net sale for the period March to June as 711,990 copies. If, therefore, one takes their average figure for February as one million copies, it follows that their net sale for the period February to June, 1961, was 766,849, and not 716,000 copies.

Recently, *The Sunday Telegraph* announced that its average sales for the 52 weeks ending January 28th were “in excess of 700,000 copies,” and so, if the figure of 766,849 copies for the preceding period is correct, their average sale for the seven months July, 1961 to January, 1962, was substantially below 700,000. How far below, only *The Sunday Telegraph* can say, and they seem unwilling to do so.

However, it certainly looks as if *The Sunday Telegraph*’s “downward turn” during the second half of the year was considerably more marked than at least one of its rivals.—Yours faithfully,

TRISTAN JONES

Director and Manager
The Observer Limited

London, EC4

LETTERS

Dock Dilemmas

SIR—Your article on the docks raised many problems; but you did not follow the logic of your argument through to a practical solution. I believe that the Dock Labour Board should itself employ all the dockers on a monthly or better still an annual basis. It would then hire out labour as needed to those firms which at present employ the men direct, charging little over cost for those taken on long-term contracts, proportionally more for shorter periods and most for job work. A guaranteed annual wage under such a scheme would remove the persistent fear of unemployment among the dockers and would be the *quid pro quo* which you seek in order to persuade the unions to give up their restrictive practices and co-operate in the employment of up-to-date mechanical handling aids.—Yours faithfully,

London, NW6

L. YOUNG

Monrovia's Muddle Through

SIR—Your Special Correspondent at the recent conference in Lagos attended by twenty African states reports a proposal to establish an organisation of African states. Though making a reference to the UN Economic Commission for Africa, he suggests that the Commission for Technical Co-operation South of the Sahara (CCTA) could be the ideal instrument for pan-African economic co-operation.

The chosen instrument would, of course, be a matter for the African states to decide. But it is worth drawing attention to the fact that shortly before Christmas the UN General Assembly designated the 1960s as the United Nations Development Decade in which all member nations have agreed to concert their efforts to carry out a UN development programme aiming to increase the annual growth rate of national incomes of less developed countries to 5 per cent by 1970. In a region such as Africa, the UN Economic Commission for Africa would seem to be the obvious centre for agreeing and co-ordinating the African programme for the decade, and for liaising with the United Nations programme as a whole. Somewhat similar ideas must have been in the minds of all the independent African states at New York. The proposals in the resolution on the “Economic Development of Africa,” adopted unanimously at the same General Assembly, would use the United Nations and its agencies as co-ordinating agents, and would make particular use of the ECA.—Yours faithfully,

GORDON EVANS

London, W1 United Nations Association

Export Profits

SIR—I am baffled by Mr Graham Hutton’s suggestion in your current issue.

What possible good would accrue to us by being allowed to retain some of our substantial foreign exchange earnings? We can already import freely whatever we

require and up to last year’s—I hope temporary—squeeze, the Bank of England was sympathetic towards potentially productive investments abroad.

In practice, Mr Hutton’s suggestion would lead to an “unofficial” market in “free” currency to be used for the marginal requirements not permitted under present Bank of England regulations, such as purchases of luxury residences outside the sterling area. This would hardly improve our balance of payments, nor could the inevitable dual exchange rate be anything but harmful. Nothing, in fact, has helped our export earnings more than the virtual elimination of multiple exchange rates over the last few years.

Let the Government give us positive export incentives by all means. As a practical exporter I would rate highest the urgent need for cheaper money which is quite essential to stimulate both our visible and invisible exports. I am also not convinced that direct tax incentives are not feasible.—Yours faithfully,

P. ADAM

London, EC1

Adam & Harvey Ltd.

Licensing Laws

SIR—Mr Percy of the Licensed Victuallers’ Defence League should have it pointed out to him that the suggestion made by *The Economist* of January 27th was not directed towards the protection of existing licensed victuallers. In his letter last week he shows that he has great contempt for the British public’s ability to remain sober and considers that the existing licensed victuallers should act as schoolmasters to keep the naughty children in order—but on no account should there be a large increase in the number of schoolmasters.—Yours faithfully,

JOHN PAXTON

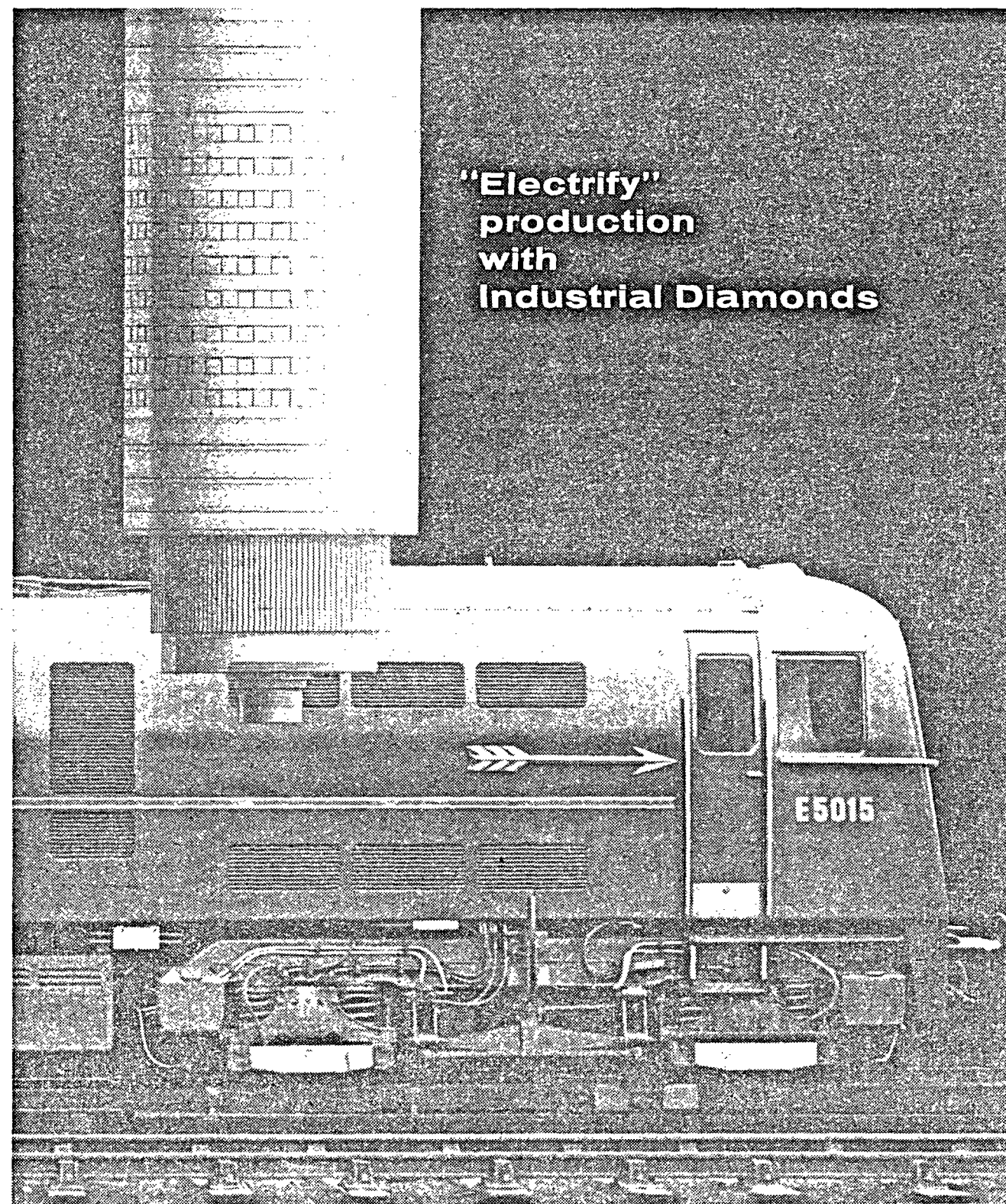
Evercreech, Somerset

Congo Bingo

SIR—Your article (February 10th) presents a false picture of the Congolese economy—which is pictured as being completely dependent upon the mineral wealth of Katanga. While laying down the law about the way in which Katangese revenue should flow according to the *Loi Fondamentale*, you neglect to point out that by no means all Congolese mineral wealth is concentrated in Katanga. Indeed, if forced to, there is little doubt that the Congo could lead a comfortable existence by exploiting those resources over which she has physical control. As for America’s Congolese policy, it seems obvious that this is prompted by, and based upon, an alarmist view of communism and its influence in the Congo. But the policies of both Mr Adoula and the State Department have one common aim: not so much to secure a united Congo territorially—as to secure firm Central Government control over the revenue at present paid to Mr Tshombe by the Union Minière.—Yours faithfully,

MICHAEL G. POPE

Cambridge



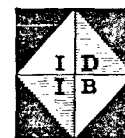
**"Electrify"
production
with
Industrial Diamonds**

Commutators for electric motors are trued with diamond tools—the only means of guaranteeing sufficient accuracy. It's the same story in almost every industry. Only diamond tools cut, grind, and polish with the speed and precision required today.

To find out if diamond abrasives, diamond tools, or diamond impregnated wheels can help you in your

problem, please get in touch with the Industrial Diamond Information Bureau. This Bureau is backed by the world's largest laboratory devoted to diamond technology—the Diamond Research Laboratory in Johannesburg.

For information and advice, without obligation, please write to the address below.



The Industrial Diamond Information Bureau

2, CHARTERHOUSE STREET, (DEPT. E), LONDON, E.C.1.
TELEPHONE: FLEET STREET 7157

THE BUSINESS WORLD

THIS
IS THE
EAST..



conomic development in Asia is bringing higher living standards to these young people and to the vast population of that continent. Demand for an ever increasing range of merchandise is steadily rising. If you are interested in trade with these expanding markets, you are invited to avail yourself of the

banking and information services of The Chartered Bank and its subsidiary, The Eastern Bank Limited. The combined organisation of the two banks comprises one hundred branches in twenty-seven territories extending from the Eastern Mediterranean to the Pacific Ocean.

THE CHARTERED BANK

(Incorporated by Royal Charter, 1853)

HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

West End, London branch: 2 Regent Street, London, S.W.1 • Branches in the United Kingdom also at Manchester and Liverpool, in Germany at Hamburg and in the United States at New York

The Eastern Bank Limited HEAD OFFICE: 2 & 3 CROSBY SQUARE, LONDON, E.C.3

Associated Banks: Allahabad Bank Ltd. (Incorporated in India) • The Indo British Bank (Incorporated in Iran)

Cheap Energy for Europe?

"We have become accustomed, over a century, to consider coal as the dominating prime mover of European industry. Pay your respects, gentlemen, to that position of dominance. You will not see it again. . . . Henceforth, more than half of our consumption of energy is going to depend on sources outside Europe, and principally on petroleum."

M. PIERRE LAPIE, of the European Coal-Steel Community in Luxemburg, is not given to underrating the future of the coal industry. At last month's meeting of the European Parliamentary Assembly at Strasbourg, admittedly, he was speaking not for Luxemburg but as president of an inter-executive group from ECSC, the common market commission and Euratom that has been grappling ponderously for more than two years with formulating "a common energy policy" for the Six. But nothing ever shelves ECSC's concern with coal; and M. Lapie's public acceptance of the fact that coal can no longer dominate energy policies in Europe was significant. And M. Robert Marjolin, vice-president of the common market commission in Brussels, seized upon the point: "Whatever conception we may have of energy policy, we must ask ourselves whether it is wise to continue to align the price of the cheapest forms of energy with those of the dearest."

Both gentlemen, who were answering for the performance of their executives in the energy field to the parliamentarians of the European communities, laid equal emphasis at this meeting on another change in the situation of Europe: the agreement over agriculture that had enabled the common market to move forward into its second phase. M. Marjolin, in particular, expressed the new confidence in being able to work out common policies that the long-drawn-out but successful negotiations on farming had given the executives:

A great part of that success was due to the fact that we presented a coherent policy, at once logical and realistic, self-consistent in its principles but also taking account of the economic realities that exist in the different countries. That policy, moreover, was made in Brussels. And this Strasbourg meeting seemed publicly to signal what has been evident privately for some time—that the initiative in formulating energy policy for Europe has also shifted to Brussels.

What elements yet exist of a common energy policy for the common market that Britain hopes to join? And what chance has the dynamic M. Marjolin of knitting these together into a "logical and realistic conception" that can take account of the different attitudes towards energy of these six countries and their likely recruits? These are questions of which

British fuel producers—and consumers—now have to take note.

In one sense current policies towards energy in most of the six countries of the common market resemble Britain's: fervently liberal pretensions are voiced at the same time as firmly protective behaviour is practised. But the commitment to work out a common policy must postulate some change in some of these individually illiberal policies. And the comparison should not be worked too far. The United States protects weak domestic fuel industries; yet its general price of energy is well below the European. In the same way, most countries in the Six protect domestic fuel producers; yet certain of them have partial access, at least, to cheaper imported energy than at present penetrates the plushy curtain of protection of the British market for fuel.

NONE of the ideas that have been thrown up at different times by the executives seeking a common energy policy for Europe has ever been accepted and translated into firm agreement by the Council of Ministers (six gentlemen who wear different hatbands at different times, and who formally would consider energy policy as the ministerial council of ECSC, not of the common market). But none has been turned down either; and it seems possible that several of them could find some part in a general policy if the executives could agree on pushing one to the ministers. Objections and delays would follow there, too; but success over agriculture, in which the Brussels commission played a catalytic role, has increased its confidence that, once fashioned, a practical policy could be sold.

Nobody in any of the executives concerned with energy, ECSC, EEC, or Euratom, imagines that a completely liberal policy—free imports of energy from the lowest bidder—would ever be accepted by all the Six. But few people in the Luxemburg authority, which has the strongest interest in the protection of domestic fuel inside Europe, now imagine that powerful protection would be permanently acceptable either. Chances of compromise upon a moderate and perhaps automatically reducing margin of protection for fuels produced within Europe, giving its markets the chance of cheaper if not the cheapest energy, depend mainly perhaps upon an intellectual initiative. The executives need a self-consistent policy to present to the member countries, which have sharply divergent national interests. There now seems more possibility that they can knit one together.

Protection for domestic fuel, moderate or powerful, means protection for it up to some chosen price, or some chosen

level of output. The first approach gave rise, nearly two years ago, to the idea of "the guidance price"—a price set in advance, up to which domestic production ought to have a fair chance of competing, and below which, by inference, imported fuel might have to reckon with excise taxes to equalise its prices with those of the home produced fuels. Some such idea, indeed, is implicit in all excise taxation of competitive imports such as fuel oil, which most of the Six countries as well as Britain have now imposed; the taxing authority adjusts the price of imported fuel to some level at which it assumes domestic producers can compete (or subsidises the domestic producer, which shifts the burden from consumers of particular fuels to taxpayers in general). The wholly different method of quantitative restrictions—quotas on imported oil as well as on coal, which some German parliamentarians have suggested at Strasbourg—means settling in advance the amount of fuel that domestic producers shall extract and sell. (The British government, claiming that its fuel oil tax is "a revenue duty," has never admitted to the first of these approaches; Lord Robens, who talks of the 200 million tons a year of mining capacity that Britain "needs," sometimes sounds as if he would prefer the second.)

Properly to set any guidance price for, say, European coal, and hence to decide the degree of protection required to maintain however much of it one wishes, one would need information about the present price of imported fuel and about domestic costs, plus ideas about the likely development of both. This was where the idea of "price transparency" for oil, first advanced by the Brussels commission, might knit in. Coal, within ECSC, is sold at published prices and discrimination between customers is prohibited; outside the dealer market for gasoline, discrimination is the natural pricing behaviour of oil marketers, with customers getting rebates off zonally-published prices according to many elements in their bargaining power. The idea that oil could be tied as closely as coal to non-discrimination seems to have been dropped; but some degree of generalised reporting of prices actually paid for oil products—which would reduce the marketers' flexibility in discounting—might very well become part of a bargain on energy policy.

PROTECTION through excise taxes—but at a low parity price, with any special assistance required for industrial areas in social difficulties being given outside the general price of fuel—is the kind of policy for which the "liberals" among the Six might settle. For rather different reasons, Holland, Italy and Luxemburg are farthest towards liberalism on the question of importing fuel. Germany and Belgium have significant domestic fuel industries to protect (in Germany, crude oil as well as coal), though they are not anxious to push up the price of their oil imports.

France is the *dirigiste*. It has a tight internal control of its fuel market which will soon have to be reconciled one way or another with the rules of the common market; it has also, so far, Saharan oil to sell and hopes that the Algerian nationalists will value its help in marketing this; and it dislikes the idea of further liberalising its intra-EEC oil imports by allowing in more oil products, or new marketers. Its negotiators, in general, can run rings around their partners' (as around Britain's); in seeking preferential treatment for Saharan crude or products refined from this it can on occasion gain an

alliance with German crude producers; and in its dislike of Italian products refined partly from Russian oil, it can call upon the wish to restrict Russian oil imports that is shared by five of the Six—and by the executives. It recently gained something of a victory for restriction within the Six by insisting on quotas upon the duty-free or preferential entry of refined products from the Antilles, as the price of association with EEC for that Dutch dependency; that will set a precedent for the association of any other "export refining" areas that may later apply. The importance of this precedent will depend upon the level of duties eventually set by the common market upon refined products; but the British assumption that this duty will finally be set at a very low rate, or even zero, may be optimistic.

If this French *élan* continues to be deployed in the cause of a tightly controlled internal market for fuel within the Six, and of preferential treatment of one kind or another for whatever can be classified as "Community oil," it will be hard to push any liberal energy policy through. Some observers believe that the French attachment to a controlled market is weakening (and in particular hopes of preference for Saharan oil); others feel the French objectives are basically unchanged. Nor are the advocates of a quota route confined to France, or to coal lobbyists. All oil companies would like quotas placed on Soviet oil; and one highly respected consultant has argued that a general regime of quotas might become useful in future in dealing with pressure from groups of producer governments supplying these imported fuels—which is certain to grow. M. Marjolin seems certain to face some tough bargaining with his compatriots. But one cannot guess in advance what shape the more liberal policy he would probably prefer may take; there are likely to be some new ingredients in it, and possibly some compromise between the different routes of protection.

Britain, if it joins, will add one more fairly liberal voice in the common market. But whether it will be in time to have much influence on the form of a common energy policy depends upon the speed with which M. Marjolin can draw his colleagues and opposite numbers towards a conclusion, and upon the reception by the nations' ministers of whatever these ingenious executives can put together. The Coal Board in Britain has always expressed confidence about joining the common market, feeling that this should open more opportunities for British coal exports (if they get sufficiently preferential treatment against American and Polish coal), and perhaps that with whatever degree of protection European coal industries can manage, British mining can manage slightly better. Some of that may be true. But the degree of protection for coal inside Europe still looks likely to become a good deal less than the cosy and half-concealed protection that our mines—and other fuel suppliers in Britain—enjoy today.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 658, 659 and 660 on:

Monsanto	British Home Stores	British-American Tobacco
Alfred Herbert	Tate and Lyle	International Combustion
Rand Selection	Mr Hodge's Empire	Norcross
	Consolidated Mines Selection	

STOCK PRICES AND YIELDS

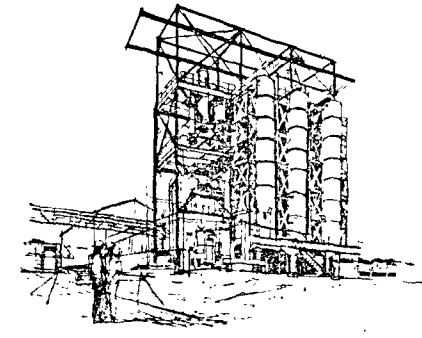
Stock prices, yields and security indices on pages 659, 662 and 663

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 661



The New Rubbers



INDUSTRIES that use rubber are now starting to digest the biggest technical innovation since synthetic rubber first appeared: the polydiene synthetic rubbers, which allow the man-made product for the first time fully to match the qualities of natural rubber. These new materials—polybutadiene and polyisoprene—are so far the most important among them—result from the advances of the past decade in the science of catalytic polymerisation. The work of Professor Natta in Milan has shown how Dr Ziegler's discoveries in catalysts can be employed to produce a desired molecular form—in this case, the form of natural rubber. Polyisoprene is a synthetic replica of the natural product; polybutadiene is slightly different and its supporters argue that it is better than natural. The scale of current plans to make these two rubbers, especially in the United States, is so large that a major disturbance in the rubber market is inevitable. There is already capacity to make 150,000 tons a year and by the end of 1963 there may be capacity for 550,000 tons a year in the western world, and for perhaps 200,000 tons behind the iron curtain. Consumption of natural rubber is around two million tons and of synthetics about the same.

The long-advertised price stability of styrene-butadiene synthetic rubber—SBR, the type now most used in car tyres—has recently begun to fail under the pressure of growing over-capacity, as more and more countries seek to become self-sufficient. Even in the British market the price was cut by 4d. a lb at the beginning of January—the first change since 1958—and in the more competitive export markets manufacturers now have to be content with what price they can get—generally too little to cover full costs of production. The disturbing feature of this fall in prices is that it has appeared after only a small increase in world capacity for SBR. New plants in what used to be purely importing markets, such as France and Japan, have upset a balance that was already delicately poised on the over-capacity of the SBR producers in the United States—who depend on exports for nearly a third of their sales, and have had to be content to run their plants at 65-70 per cent of capacity. A marginal increase in supplies from unestablished and often aggressive producers, who could only sell by undercutting, has sufficed to upset this once-settled market. How great, then, will be the fall produced by a determined incursion of the new synthetics?

The demand for rubber has always been most closely geared to that for motor vehicles, though efforts are now being made to broaden the uses of natural rubber in particular. British companies expect that the free world's consumption of all types of rubber will rise from 3,920,000 tons in 1961 to around 4½ million tons in 1965 and perhaps 5½ million by 1970. Estimates published by the American trade press are a good

deal more optimistic; they put consumption in 1965 at 5.3 million tons, rising to over 7 million tons by 1970. Such estimates assume that the number of vehicles in use in the world will roughly double during the 1960s—which in itself seems optimistic enough—and that these vehicles will then manage to cover as high a mileage on the twice-congested roads as is common today. Both a slower rate of growth and smaller annual mileages might be a more reasonable assumption; and the amount of rubber going into each tyre may well fall, too, if makers go on building smaller cars with ever tinier wheels.

THE impact of the new synthetics will probably be more noticeable in the market for lorry tyres than in that for car tyres. More SBR than natural is now used in car tyres, but most lorry tyres use natural; in Britain during 1960 about 37 per cent of the rubber in car tyres was natural, but it accounted for 75 per cent of the rubber in tyres for commercial vehicles. Lorries are heavier on their tyres than cars; the more severe distortion of the carcass generates heat, and natural rubber builds up less heat when under heavy loads than SBR does. Polydiene rubbers are similar to natural in this respect. But the market for truck tyres is expected to grow at only about a third of the rate for car tyres, and so the competition of the new rubbers will not be absorbed so readily as the rise expected in total demand for rubber might lead one to expect. Some of the polydiene rubber may find its way into car tyres, especially if the claims that polybutadiene will give longer tread life prove justified. But it also gives less good a grip on the road than SBR can do—it is a "low hysteresis" rubber, in the jargon of the industry, as a corollary of the low heat build-up when flexed—and the present emphasis in tyre marketing is on "high hysteresis" rubbers that give a good grip.

In practice the polydiene rubbers are more likely to be mixed with natural rubber or SBR than used alone. Though some of the American tyre companies that have invested in the polydienes talk of using up to 90 per cent of them in tyres, most British rubber manufacturers feel that the easier processing of using up to 50 per cent of natural rubber will be advantageous. And where the lowest possible heat build-up is not needed—as is the case with tyres for medium-sized lorries—a proportion of SBR would give adequate performance and probably cost rather less. Makers of SBR hope that this may mean that they can get further into the truck tyre market and that the new rubbers will help them more than they hit them.

The polydiene rubbers are always likely to be more expensive than SBR. The catalytic polymerisation process may cost as much as 6d. a lb more than that of SBR, which is little more than a matter of mixing and stirring the ingredients. These are slightly more expensive for SBR than they are for polybutadiene—the styrene that forms 23 per cent of SBR costs nearly 11d. a lb, while butadiene costs about 8½d. So where SBR may cost around 1s. 2d. or 1s. 3d. a lb, polybutadiene seems likely to be around 1s. 8d. The cost of polyiso-

prene is hard to guess; isoprene has not so far been made commercially, and plants to produce it are being built using a multiplicity of different processes. Which one will prove cheapest still remains to be proved, and as an insurance measure many companies are building plants that can polymerise either butadiene or isoprene. But companies that are making polyisoprene maintain that this will be at least as cheap as polybutadiene.

Natural rubber is rather more difficult to cost than the factory-made product. Much still comes from the small-holder, and it is not easy to put a figure on his labour cost of tapping his trees at times when he has nothing to do in the rice fields. Estates have more calculable costs. Here the chief variation comes from the yield of the trees; old ones give about 300 lb of rubber an acre, but the latest breeds can produce up to 3,000 lb an acre. While the cost of rubber from the old trees is put at 1s. 8d. a lb, from new trees it costs only about 9d. a lb. This is a figure that no synthetic rubber can yet match. Much replanting is now going on with high-yielding trees, especially in Malaya; local governments are stimulating this move to make their producers more efficient by giving financial incentives. But the American government has recently decreed that official aid funds may not be used to finance replanting, arguing rather oddly that the price of rubber will be from 15-20 cents a lb by the time they mature five to seven years hence and that rubber production may therefore be unprofitable—a move which the rubber-producing countries tend to interpret as protection for the American synthetic rubber manufacturers. The cost of natural rubber may not fall quite to 9d. a lb as the high-yielding trees come into production, as many trees have been planted recently which yield less than 3,000 lb an acre. But one must assume that the geneticists are as likely to make further advances as the chemists; so the bottom costs of natural rubber may eventually be even lower.

THIS, roughly, is the cost structure. But what may the price be? All that one can be sure is that the pressure will be towards lower prices; natural rubber and the polydienes will fall as capacity for this type of rubber grows faster than demand, with the import policies of the communist countries playing the decisive roles. In 1961 the communist countries increased their imports to about 550,000 tons of natural rubber—more than a quarter of world production. Their recent heavy purchases account for the revival of natural rubber prices to 25d. a lb. But their ambition is to become self-sufficient by making polyisoprene and more SBR. One can expect that the price of SBR will fall in sympathy—to maintain sales, it would probably be necessary to keep its price a few pence below that of natural rubber and the polydienes. Just how the price of the polydienes will relate to that of natural rubber depends on the outcome of the arguments that are now proceeding in the industry about the relative technical merits of these rubbers. Those who are trying to sell the polydienes argue that

they—and especially polybutadiene—are better than natural, while those who are used to natural still prefer it. In this division one tends to find that the Americans, with their liking for self-sufficiency, incline towards the factory-made product, while the British, with their colonial tradition, prefer the natural material. It is significant, however, that Shell has kept the price of polyisoprene slightly below that of natural rubber since it introduced it in America; the present price of 1s. 8d. a lb (23 cents) is the same as that of SBR and about 4d. a lb below that of natural—and about the same as the cost of producing polybutadiene in Britain. Polybutadiene is selling for 2s. 1½d. a lb (30 cents), a margin above polyisoprene which, at this early stage, already suggests that it has been found the more useful of the two. Shell is, indeed, said to be having difficulty in selling polyisoprene, and this may account for the low price at which it is now selling the material.

A SYNTHETIC material always offers the consumer some advantage. Its quality is more likely to be consistent and variable to meet his needs. One complaint about natural rubber has long been that the user cannot be sure that he will get just what he wants, because the system of grading used is too vague—and not fool-proof. And where synthetic comes hygienically wrapped in polythene, natural may have been lying around on dirty docksides or even in Asian villages during its long journey from tree to factory. Americans are, naturally, most affected by such thoughts. Malaya at least is making efforts to overcome these objections.

Fear of political upheavals is, ultimately, the factor most likely to determine the bottom price of rubber. When the far east is being fought over by the western and the communist nations, western countries can hardly afford to let the price of its most important export fall far. There have already been complaints enough at the American policy of selling from their rubber stockpile—even though the fall in prices that it has produced is one way that natural rubber can meet the competitive threat of the new synthetics, by discouraging plans to make them. There is, therefore, a stronger possibility of international schemes to maintain the price of rubber. The Malayan government has proposed that the existing American stockpile could be used as the basis for an international buffer stock to stabilise the price of rubber—though this suggestion does not seem to have received a particularly cordial welcome in Washington. Ultimately, however, the argument that it is little use giving aid and arms to a country while pressure in the world market is depressing its standard of living by bringing down the price of its chief export may establish itself. The corollary is that the new synthetic rubbers would have a better chance of capturing natural rubber's market. And the encouragement to production from maintaining the natural rubber price will again face the world with the problem of disposing of the surpluses that wrecked the attempt to maintain the price of rubber in the 1930s.

CAPACITY FOR RUBBER

	End-1961 tons	End-1963 projected tons	1965 projected tons
Free World:			
SBR.....	2,000,000	2,300,000	2,400,000
Polydienes.....	140,000	550,000	700,000
Other synthetics.....	520,000	600,000	700,000
Natural.....	2,100,000	2,200,000	2,350,000
Total.....	4,760,000	5,650,000	6,150,000
Communist Block:			
Polydienes.....	None	200,000	300,000
Other synthetics.....	600,000	800,000	1,150,000
World Total ...	5,360,000	6,650,000	7,600,000
Total Consumption (est.)....	4,500,000	5,250,000	5,750,000

COURTAULDS' SALVO

COURTAULDS has fired its last salvo. There may be a few random shots to come but the handful of Courtaulds' directors leading the fight know that if their latest proposals do not muster Courtaulds' shareholders decisively in their support, the citadel in St. Martins-le-Grand will fall to ICI. They have certainly arrayed a formidable counter battery. The smallest item in it is the directors' proposal to transfer to an investment trust subsidiary the principal trade investments of Courtaulds (these would include Snia Viscosa and Excess Insurance but not the 50 per cent stake in British Nylon Spinners), the company's "surplus" liquid assets (including government securities) and some properties. The idea is a portfolio worth about £40 million at present values; the object is to realise some capital profits on investments that have become low yielding and to re-deploy them in other securities and new businesses. Courtaulds' directors say that they will make appropriate arrangements to pass on the "full benefits" of this development—which may or may not eventually mean a quotation for the trust's shares.

It is not only the whole of income of the trust, less expenses, that will be distributed to shareholders; so will all other investment income, arising from BNS and other associated companies. Further, and in the long run even more committing, the directors' promise to distribute not less than 50 per cent of Courtaulds' net trading profits. (Under this formula, the 1960-61 dividend would have been nearly 12 per cent compared with the 10 per cent actually paid.) They say, disingenuously, that profits are now running at about £20 million a year; actual profits earned in 1961-62 will amount to about £17½ million. The directors base themselves on hypothetical rather than actual profits in proposing to pay a dividend of 12½ per cent, against the 10 per cent promised only a few weeks ago. In 1962-63, when they estimate that profits

will reach £23 million, they expect to pay not less than 13 per cent. In addition, they propose to make special tax free distributions of 2½ per cent from capital profits in each of the years 1961-62, 1962-63 and 1963-64. Such distributions will absorb about £2 million a year from cash balances.

These promises alone, contingent to some extent on the realisation of the profit forecasts, might not be enough to secure their shareholders' support. Realising this, the directors come up with a solution to pay ICI back in its own coin: they intend, having already secured Treasury approval, to capitalise £40 million from capital reserves and to distribute as free scrip of 10s. of 7 per cent unsecured loan stock, 1982-87, for every £1 ordinary share. This scrip and the 2½ per cent capital distributions will call for a revaluation of some of Courtaulds' assets; the low book values at which such investments as BNS and Snia Viscosa are carried make this easily possible. The loan stock has two attractions. First, on the reasonable assumption that it will command par, it offers stockholders the chance to realise 10s. in cash for every share they hold without reducing their stake in the equity. Secondly, if a shareholder holds the stock his gross income will be boosted in 1962-63 by £3 10s. per cent. Together with the dividend of 13 per cent and the capital distribution, the promised income for 1962-63 would be £20 10s. per cent, gross, compared with £16 5s. per cent if the ICI loan stock were accepted. The effective cost to Courtaulds of servicing the loan stock is less than £2.8 million per annum, as interest on it ranks as a charge against tax—as would interest on ICI's loan stock.

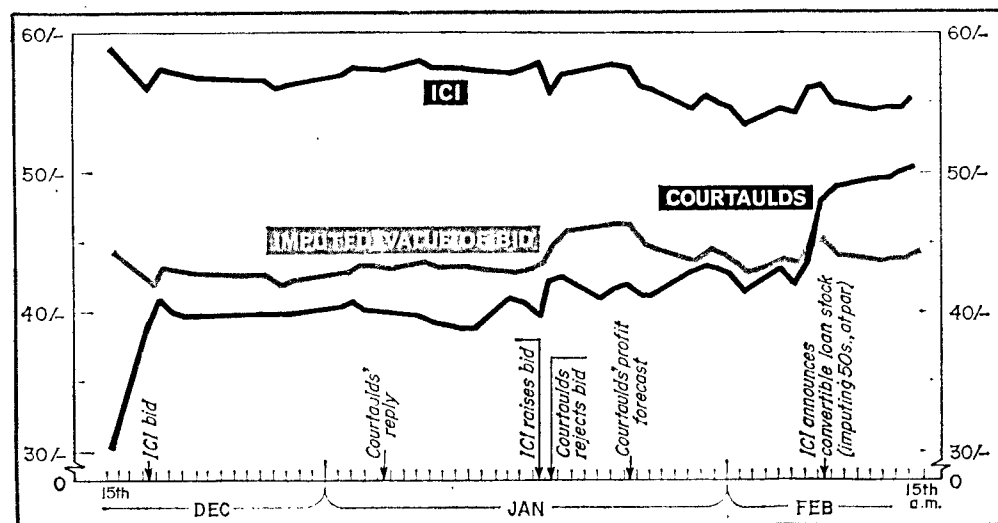
COURTAULDS' directors thus tie themselves to a remarkably generous distribution policy—infinite more generous than they have ever pursued in the past—but they say they are satisfied that

the company's cash flow will be sufficient to finance present plans for capital expenditure. Only if an unexpectedly large project loomed up would the directors have to go to the stock market for new capital; such a possibility cannot be completely ruled out if there is to be an independent Courtaulds engaged in a fierce competitive battle with ICI and other synthetic fibre producers. The fact that must stagger Courtaulds' shareholders is the readiness of their directors to commit themselves to a financial policy adventurously out of character with the history of the company over more than a generation. New men respond in their own way to new challenges. But the fact remains that they have turned their backs on the past by promising to switch much of the gilt-edged holdings into the investment trust. These, it was always said, were held to provide a cushion for stock fluctuations; now, if such fluctuations were to eat into cash balances, the directors would appear to be prepared to borrow from the banks.

The promises also sit very oddly with the decision, no more than three months old, to cut the interim dividend "for social reasons," just as the forecasts made for the future contrast strangely with the forebodings expressed last year. The directors have to accept collective responsibility as much for past decisions as for the moves they have been making in the past two months with ICI hotly attacking them. The only consistent way in which the leaders of Courtaulds' opposition to ICI can justify their actions to themselves and to shareholders is to repudiate completely the conservative past (and to talk of the "absurd mistakes" then made) without admitting openly that something akin to a palace revolution has taken place in St. Martins-le-Grand. All their recent decisions are "unanimous" but it is clear that there are now new leaders and that the old are following.

WHAT, in fact, Courtaulds' shareholders are being asked to do is to support a new image of energy and drive, not the past one of complacency. Emotions are running high and perhaps some people at Courtaulds will be uneasy about them when they recollect them in tranquillity. It may well be asked how long the new guard would have taken to establish new policies without a bid from ICI. Such questions press on the choice that Courtaulds' shareholders have to take. Their actions will be decisive. They have to balance the certainty of an offer from ICI, which must be worth at least 50s. a share, against forecasts of profits from Courtaulds, which Mr. Chambers is not alone in treating with reserve, coupled with more tangible commitments about distributions. Not surprisingly, the ICI directors' immediate reaction on Thursday afternoon was to say that they would comment on Courtaulds' proposals later and that they had "no intention of increasing the terms" of their offer.

Courtaulds' shares have risen from about 30s. to 50s., and shareholders must wonder



how much future growth remains undiscounted in their shares at this sort of price, the dividends on which will be covered less than twice (on the directors' own definition of future payments). The growth, in other words, depends on the realisation of the profit forecasts. ICI and its advisers know that it is the loyalty of the private investors in Courtaulds that they have to overcome; the institutions, which can be expected to bring more rational criteria to bear on their decisions, are believed to have held between 10 and 20 per cent of the Courtaulds equity

at the beginning of the struggle.

On Thursday, Courtaulds came back to 49s. 9d. from the after-hours price of 51s. 3d. on Wednesday in apparent disregard of the possible value of the collection of benefits that the directors promise, which would seem to justify 55s. a share. No one can predict with any safety that Courtaulds will successfully resist assault—though their chances of doing so are markedly brighter than they were a week ago. ICI's offer, formally sent out on Wednesday, remains open until March 8th

for the loan stock alternative. This is the key, for as the chart shows the four-for-five share offer holds no attraction at current prices. Between then and now, the struggle will be decided by Courtaulds' shareholders, and their decision will be influenced by the course of stock market prices. Some of them seem already to be saying "a plague on both your houses" and are opting out of the battle by selling Courtaulds' shares for cash. This attitude could have a decisive influence on the outcome if it persists; but it is altogether too early to prejudge it.

BUSINESS NOTES

EXPORTS

Optimism—and Performance

RATHER more slack in capacity and more pessimism about the short-term future than the Government would admit to; as much optimism about exports as it could hope. That appears to be the balance of business opinion this month, as sampled in the latest survey by the Federation of British Industries of how businessmen have been doing and how they feel. More of the 716 firms responding to the FBI's questionnaires reported a fall in output than a rise, which is roughly in line with the official record of production during October and November. It may suggest some further fall since which would be in line with the sharp fall in steel consumption that took place during the last quarter of 1961.

Nearly 60 per cent of them say they are working below capacity, and their answers suggest that output is farther below it than four months ago; less than 10 per cent of them mention plant capacity as a factor that has been limiting their output or is liable to during the next four months. Skilled labour still appears to be a problem, but in general the labour market still sounds to be getting easier for them.

New orders, however, appear to be coming in more slowly, with orderbooks declining; more firms report that orders for export have gone up recently than say these orders have gone down. It has to be borne in mind that four months ago these businessmen were also optimistic about exports; and their evidence that export deliveries have already increased does not square too well with trade figures which show exports depressingly level during the last few months. There may be some lag between factory records of export deliveries and actual shipments abroad: but this, like other indicators that reasonably support optimism about export performance, seems to be taking a long time to make its mark. So far as markets are concerned, these businessmen's optimism seems to be con-

centrated upon Europe, the Americas, South-East Asia and Japan and the Communist block; they are much less optimistic about exports to markets in Africa, Australasia or the Middle East. Estimates from outside that the private investment boom is passing its zenith are supported by these businessmen. Of those expecting a change in their rate of capital expenditure there is a substantial balance expecting to authorise less rather than more in the next twelve months. With a run-down in investment, there should be ample capacity for the hoped-for rise in exports, which presumably must materialise soon; but these manufacturers are afraid that their prices will cause them difficulties in the world market.

A Poor Start

JANUARY'S trade figures are very disappointing, and as they follow indifferent results in earlier months one is less inclined to emit the usual saver about the possible quirks of a single month's figures. In 1961, Britain managed to reduce its trade deficit from the high 1960 level through a small improvement (of 3½ per cent in each direction) in both exports and imports. But in both cases the improve-

UNITED KINGDOM TRADE

	£ million, months or averages of months		Balance	
	Im-ports	Ex-ports	Trade basis	Payments basis
1958.....	312	265	-47	+4
1959.....	332	278	-54	-8
1960.....	380	296	-84	-33
1961.....	367	307	-60	n.a.
Seasonally adjusted				
1961:—				
1st qtr.	385	309	-76	-23
2nd "	363	305	-58	-13
3rd "	357	309	-48	-12
4th "	362	304	-58	n.a.
1962:—				
January	380	300	-80	n.a.

ment had broadly ended by the mid-year. Exports thereafter got stuck, whether on a plateau or in a rut, and the Chancellor's July measures made no mark on them. Now in January exports at £300 million, seasonally adjusted, are below the average figure for any quarter of 1961, though they are just above the very low December level. In the three months November-January, exports after seasonal adjustment were 3 per cent down on the previous three months, and if this can be broadly accounted for by the large deliveries of ships in the summer, that is a negative consolation. Moreover, the slackening in exports now coincides with a jump in imports, by £30 million to £380 million seasonally adjusted, which is the highest figure since February last. There is no indication yet what lies behind this sharp upturn, in advance, presumably, of any upturn in the economy; the detailed trade figures should throw light on it next week. Meanwhile the monthly trade deficit has widened to £68 million compared with the 1961 average of £47 million. This is a poor start to a year when the balance of trade has got to improve strongly. It must surely have some influence on those who claim to be unconvinced of the need for some direct boost to British exports.

IN THE MARKETS

About Turn in Lombard Street

LAST week's rapid rise in gilt-edged influences this week; but at each point the market has been notably quick to throw off its doubts, and some dealers consider the market basically stronger for having shaken off the "free riders," merchant bankers among them, who got on the bandwagon during last week's swift rise and promptly jumped off it as the first reaction came. The market has had at least four adverse influences to contend with—last week's sharp jump in the Treasury bill rate; another gilt-edged new issue, on very fine terms; Wednesday's poor January trade

figures; and the shadow of up to £200 million of ICI's convertible—if, indeed, this eventually appears. The equity markets have again shown little decided movement. Apart from the hectic dealings in ICI and Courtaulds, the main interest has been focused on the gloomy news and rumours concerning tobacco, chemicals and stores—discussed in detail in our Company Affairs section.

The movement in the bill rate was in many ways a remarkable one at the end of perhaps the best week the gilt-edged market had enjoyed for years. At a time when many people in the City and in the discount houses themselves still did not rule out an almost imminent cut in Bank rate, the discount market syndicate deliberately pitched its bid so low as to put itself out of the running for the bills that, in these circumstances, were inevitably in keen demand. It lowered its bid by 1s. 1d. (denoting a rise in its annual discount rate of 4s. 4d. per cent), and thus reversed at one stroke the increases in the three previous weeks.

At this uncompetitive bid, and with total applications the highest for two months, the market received a mere 22 per cent of its application at the syndicate price—its lowest for eighteen months. This dramatic about turn was clearly prompted by the growing pressure on the market's margins, which always occurs at a time when the Bank of England is trying to arrest the falling away in the bill rate by forcing the market to take substantial amounts at Bank rate. Having decided that they had to go into reverse, the discount houses plainly thought it best to do so in the grand manner, missing the bills for one week but leaving, in the time honoured phrase, more room for manoeuvre against the outside applicants in weeks ahead. So far, however, these gyrations do not appear to have curbed the public's demand for bills, which has again been strong this week.

Gilts Hold Firm

SCARCELY surprisingly, the Bank of England acknowledged the discount market's response to its earlier pressure by withholding that pressure this week. The absence of any penal borrowing by the discount houses on Tuesday, the day of heavy tax transfers, was in fact read as a bull sign in the gilt-edged market, which after being damped by the ½ per cent rise in bill rate itself was rather paradoxically stimulated by what was surely its by-product. Short bonds, which had not figured prominently in the earlier rise, gained favour. The other important influence here was the maturity this week of the unconverted portion of the 4½ per cent 1962 stock.

The absorptive capacity of the market, however, is still limited, and investors displayed little appetite for the £10 million of Northern Ireland government stock which they were offered hard on the heels of the City of London issue, and at virtually the same terms—6½ per cent coupon, maturity 1974, price 97½. The terms of the issue

were presumably planned when the City corporation stock was at a premium of about one point, but this subsequently slipped back, and since Northern Ireland is not among the most popular names in the market some 64 per cent was left with the underwriters. The authorities are unlikely to be too depressed—the issue was intended as a steadying influence in any case. This is also being exercised by the government broker's tap in the 1982-84s, which have attracted a considerable demand. But the long established policy that they will accept a swap of a shorter stock but not of a longer one has meant that the "reverse switches" of the 2008-12 into the 1982-84 in which some investors have become interested cannot be effected directly—and in this way, the influence of the 1982-84s is being felt at the longest end of the list.

STEEL

Using Much Less Steel

CONSUMPTION of steel in the last quarter of 1961 seems to have dropped much more sharply than production in the steel-using industries. When allowance is made for the heavy run-down of stocks during these months, consumers appear to have used about 3,400,000 tons of finished steel, which was 7½ per cent less than in the third quarter (allowing for seasonal variations) and no less than 10 per cent lower than in the fourth quarter of 1960. Output in the engineering and allied industries, during October and November, is recorded in the index of production as just about level with that of twelve months before; vehicle production was down, but in engineering and electrical goods, and indeed in shipbuilding

and marine engineering, it apparently increased.

The Iron and Steel Board suggests that consumers who were reducing stocks of steel were perhaps also reducing their stocks of components and work-in-progress; this might reduce consumption of steel in the intermediate engineering industries producing components and semi-finished goods, for which production indices are always well in arrears. If this estimate of steel consumption is true, nevertheless it suggests that the eventual record of output in engineering at the end of last year may have to be amended downwards. In January, at 381,700 tons a week, output was at almost exactly the same level, allowing for seasonal variations, as in December.

Preliminary estimates of the change in stocks in the fourth quarter of 1961 suggest that there was a fall equivalent to about 300,000-400,000 ingot tons in consumers' and merchants' stocks, against a fall of 283,000 tons in the third. If so, these stocks will have fallen by about 500,000 ingot tons during the year, and the steelmakers' own stocks possibly by 50,000-100,000 tons more, compared with a rise of 2 million ingot tons in total stocks during 1960. This swing accounts for practically all of the fall in steel output last year.

THE EXCHANGES

Good Week for Key Currencies

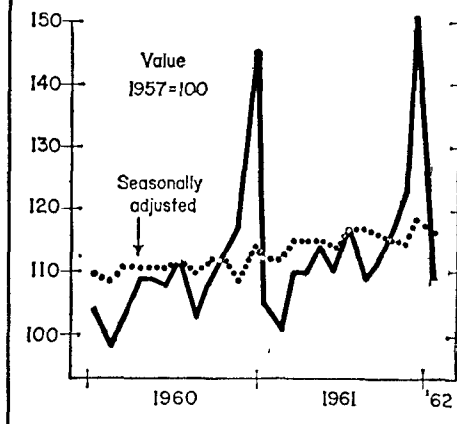
UNTIL the publication of the poor January trade figures on Wednesday morning sterling continued in almost constant demand in the exchange markets. The jump in the Treasury bill rate provided a boost at the end of last week, and the authorities again took dollars off the market on a considerable scale. The relapse caused by the trade figures was only modest, and momentary—the spot rate on the dollar slipped from 2.8153 to 2.8143, but recovered on Wednesday afternoon to around 2.8150. Buying from both New York and the Continent continued on Thursday.

While the dollar has thus been weak against the pound, it has this week been in demand against Continental currencies. In Italy, where the United States Treasury last week announced a borrowing equivalent to \$25 million in lire for use to support the dollar, it is the lira that has apparently been supported this week: although the dollar is only a little above its lower support point, the Italian control is reported to have sold dollars to stop the rate rising this week. Similar operations are reported in Holland, where the guilder-dollar rate is around parity.

In Paris, however, no amount of *plastique* has shifted the dollar from its lower limit. M. Giscard d'Estaing, the new minister of finance, told his first press conference that the surplus in France's payments surplus

RETAIL SALES

Despite some exceptionally bad weather early in the month, spending in the shops seems to have been fairly well maintained in January. The seasonally adjusted index of sales is provisionally put at 116-117 (1957=100), about the same as the average for the second half of last year but 1 per cent below the record level in December.



on all transactions in 1961 was estimated at nearly \$1,400 million, of which \$400 million had been used to repay foreign debts and the rest added to reserves. France, he said, could now be ranked alongside West Germany as a country with a structural balance of payments surplus. This may have caused some embarrassment in Frankfurt, where the Bundesbank is now claiming to have got out of that condition. Meanwhile its reported reserves (for what they mean) continue to swing violently—in the first week of February they rose by DM 309 million, following a rise of DM 46 million in the previous week and a fall of nearly DM 3,000 million in the first three weeks of the new year.

COTTON TEXTILES

Geneva Formula

MOST people would agree that the role of the General Agreement on Tariffs and Trade (basic objective free trade) has been changing in the past year or two. Sweeping reduction in tariffs are still negotiated in the Palais des Nations at Geneva, but of late Gatt officials have been made increasingly aware of their part-time role as trouble-shooters. Countries with delicate international trading problems, like Britain's butter, have got into the habit of calling on Gatt when looking for an acceptable (usually restrictive) formula. Gatt has been asked to help in fixing a formula for the relief of the cotton industries of the industrialised western nations, particularly the ailing British and American manufacturers. It has duly come up with a five-year agreement to regulate trade in cotton goods between low-cost producers and industrialised westerners, which, if ratified, would come into force on the lapse of the temporary restrictions at the end of September.

A percentage—not yet agreed—will be applied to import quotas in force in 1962. This will be the extent of import liberalisation in each of the next five years. The percentage is expected to be large and the prospective expansion in imports therefore substantial. This provision will mainly affect common market countries. Britain's import policy is relatively liberal and its bilateral agreements with Asian producers have been formally recognised. When the temporary restrictions lapse in September, the United States will not have any import quotas in force. Imports allowed into the United States will therefore be regulated according to the level of consumption there.

ALUMINIUM

Still Tidying Up

DESPITE its inflexible pricing structure, aluminium in recent weeks has seen a rash of adjustments. Aluminium Limited

of Canada, the price leader in the western world, has cut its export price for aluminium ingot by £6 to £180 a ton. This is still not the sort of price cutting that will win big markets. Fabricators, as yet, have announced no plans for passing on this 3½ per cent reduction to consumers. The former official quotation was for aluminium ingot delivered to works anywhere in Europe, with buyers meeting import duties. As suppliers run fabricating subsidiaries in Europe, discounts on the fixed price put them in an invidious position—it is obviously difficult to compete with, but remain friends with, one's customers. However, discounts have eroded the fixed price. In view of the surplus of aluminium, it is surprising that undercutting has not gone deeper. The recent cut seems to be no more than an attempted trimming back to a common level. From here, the erosion can now be expected to start all over again.

The real inducement for Alcan Industries (a subsidiary of Aluminium Limited) to set up its £2 million mill in New Zealand was that it would absorb some of the group's own aluminium. Hence the farcical wrangle about who should supply the mill once Comalco's aluminium project in New Zealand gets under way. The inference has been that Colmalco (a subsidiary of Consolidated Zinc and Kaiser of America) expected to supply New Zealand's needs from its new smelter there after 1966. A carbon copy of a Labour minister's agreement with Alcan in 1959 went astray with the result that conflicting rights seem to have been promised to two groups. No one would construct a smelter in New Zealand solely to supply the domestic market, which currently absorbs no more than about 7,000 tons of aluminium, and Alcan would not have constructed a mill there except as an outlet for its raw material, backed by an assurance that its subsidiary would not be subjected to competition that would make its operation unprofitable. But for both groups the local market seems worth an argument. The present New Zealand government, which has already been embarrassed by the abandoned Nelson cotton mill project, has therefore been set another tricky knot to unravel.

MOTORS

Lucas Goes to France

LUCAS'S purchase of a 40 per cent interest in its French equivalent, Ducellier, shows that it wants to expand the foothold that it already possesses in the European motor industry. It has a subsidiary making fuel injection equipment in France; its brake-making subsidiary, Girling, is building a factory in Germany, and this company already has quite a flourishing export trade. In electrical equipment Lucas seems to have been rather less successful as an exporter, and this may help to explain its decision to buy into an established producer instead of building its own plant. The

cost of the 40 per cent share in Ducellier is £2.9 million; its previous owner, DBA (Ducellier Bendix Air Equipment), retains the remaining 60 per cent of the shares. It will have the right to nominate the chairman and managing director, and there will also be a French general manager; Lucas will be able to appoint a technical liaison engineer, and presumably some directors—though this has not yet been stated.

Ducellier has a rather narrower spread of products in the electrical equipment business than does Lucas; it concentrates on ignition equipment and dynamos, in which it has 60-70 per cent of the French market, and does not make headlamps. Its turnover is about £12 million a year; that of Lucas, mostly motor equipment—including brakes—but aircraft equipment as well, amounted to £123 million last year, compared to the £100 million of the DBA group as a whole. Ability to interchange products that the deal will bring may therefore help Ducellier to expand into such lines as lamps that are now mostly made by Marchal and Cibié. Lucas for its part gets access to the designs of a technically progressive firm.

FERTILISERS

Fison Facts

FEW people in the chemical industry can have been surprised to hear that Fisons and Esso have dropped their £4 million plan to make ammonia at Milford Haven. The surprise was felt nine months ago when it was announced. This project was not an obvious choice at a time when prices of fertilisers, for which most of the ammonia was intended, have been dropping; when the subsidy which encourages farmers to buy as much as they do is being threatened; and when the tariff wall is little protection against Continental producers now and will probably be demolished anyway. Fisons were also unlucky enough to choose a time when the pattern of ammonia production is being set by the efficient use of natural gas. Italy and France are both making ammonia very cheaply from this material and as much as a year ago W. R. Grace, the American chemical producer, was probing the market to assess the demand for ammonia at a very attractive price from a plant to be built at Trinidad with a capacity of 200,000 tons a year with hydrogen and power to come from natural gas. This is the pattern of the future; against it the Milford Haven project always looked wrong.

Unfortunately, calling it off could not have come at a worse time for Fisons. Two-thirds of the company's profits come from fertilisers, and it was badly hit by the drop in prices over the last two years. The overall margin on sales in the year to June 30, 1961, was 6.6 per cent, compared with 8.7 per cent, the year before. Sales rose by 6 per cent but profit before tax dropped by 25 per cent. It was to hedge against a

in a changing world

It may be very amusing to recall that people once viewed television on sets like this. Yet, by 1962 standards, even the set of five years ago is obsolete.

Today's television receiver, with its bigger screen, its brighter and incomparably clearer picture, and its beautiful slim cabinet, has brought new proportions to viewing.

Mullard have contributed a great deal to this progress with their "Radiant Screen" picture tubes, Frame Grid valves, semiconductors and magnetic components.

Advanced products like these are playing their part in all fields of electronics today. If you have an electronics problem, we will gladly help you solve it.

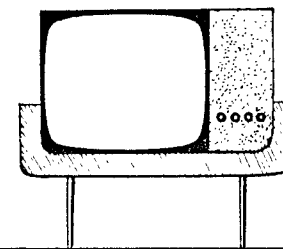
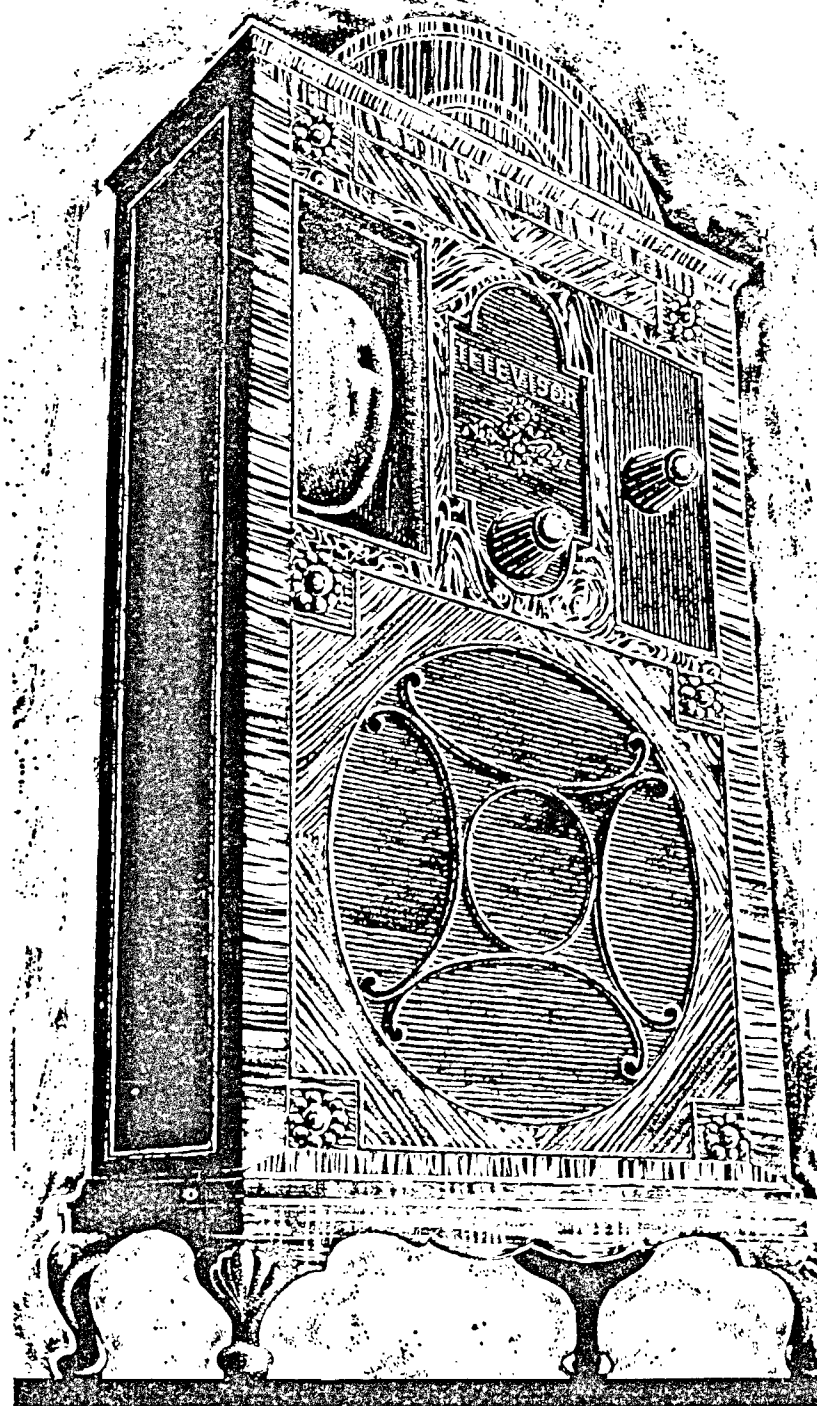
Mullard products in television receivers include:
VALVES • SEMICONDUCTORS
PICTURE TUBES
MAGNETIC COMPONENTS

Mullard ELECTRONICSin partnership with progress

ELECTRONIC VALVES AND TUBES
MAGNETIC COMPONENTS
TRANSISTORS AND OTHER SEMICONDUCTOR DEVICES

Write to the address below, on your company notepaper, for a copy of the illustrated book "Something About Us".

MULLARD LIMITED • MULLARD HOUSE
TORRINGTON PLACE • LONDON • W.C.1



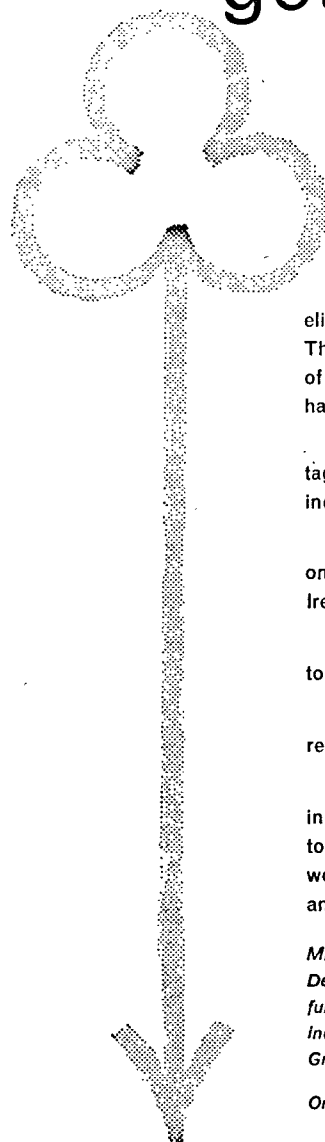
One
Scotch
Stands
Out



Wm. Sanderson & Son Ltd., Leith,
—Scotland. London: 4, Stanhope Gate, W.1—

IRELAND

—where new
export industries
get maximum
help



New industries exporting from Ireland are eligible for substantial non-repayable grants. These can, in some cases, amount to full cost of site, premises, and training of workers, and half the cost of equipment.

This is just one of the overwhelming advantages that are attracting more and more new industries to Ireland. Others include:

No Income Tax, no profits tax, for 10 years on profits from new industrial exports from Ireland, plus 5 more years of reduced taxation.

Capital and profits can be freely repatriated to Great Britain. Ireland is in the Sterling Area.

Labour: all the workers you need at reasonable wage rates.

At Shannon Free Airport firms interested in the possibilities of air freight can obtain factories for renting, grants for machinery and for worker training, full tax exemption until 1983—and plenty of labour.

Mr. Gerard MacCarthy, representative of the Industrial Development Authority, will be pleased to provide further information on what Ireland can offer your industry. Contact him at the Irish Embassy, 17 Grosvenor Place, London S.W.1 (BELgravia 2171).

Or write for two informative booklets to:

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF IRELAND

14 ST. STEPHEN'S GREEN, DUBLIN 2. TEL: DUBLIN 61965

depression in the fertiliser market that Fisons attempted a takeover of three firms in the food and drugs industries; all three attempts were abortive. Although the ammonia plant has been abandoned Fisons has not yet dropped the larger part of the project, a £10 million plant to make derivatives from ammonia. The decision on whether or not this plant is to be built at Avonmouth will be announced in two months. Fisons has shown itself coolheaded enough to draw back; it is to be hoped that it will not be required to exercise this unexciting virtue again.

LOCAL AUTHORITY DEBT

What Manchester Thinks Today

IN Manchester this week the City Treasurer, Mr H. R. Page read a paper on local authority borrowing to the Manchester Statistical Society; its content is lively and deserves study. The increasing dependence of local authorities on short-term deposit loans to finance long-term investment has created thorny problems for both the Treasury and the local authorities themselves. The latest report on local authority debt, released this month for the year to March 31, 1961, puts the authorities' total short-term indebtedness (under a year) at £1,009 million, out of a total debt of £6,438 million, and of this thousand million about half was at call or seven days' notice. In these twelve months £250 million of the increase in the debt of £387 million was for periods of less than a year's duration.

Temporary borrowing is described by Mr Page as "a fascinating and dangerous experience." Local treasurers tend to turn to it, he says, once rates of interest are over 5½ per cent. Its growth is being looked at askance by the Treasury, which finds it competing with Treasury bills and fears that it may get in the way of official monetary policy. The question worrying the local authorities is how much of their debt can be safely held in these deposit loans. Some begin to worry when it reaches 10 per cent, says Mr Page, while there are others (he names no names) with deposit loans amounting to nearly 50 per cent of their total debt. In general Mr Page guesses that 15 per cent is about right; it is the statutory limit for Scottish authorities and the same as the present average for all authorities. He recognises that attempts to beat the market by avoiding long-term commitments have been nullified by the continued rise in interest rates.

A revival in mortgage loans, of one year and more, has been noticeable in the past six months. In north-west England, says Mr Page, direct mortgage loans with the Town Hall are very popular. Manchester has found that the bulk of the loans are for the longest period at the highest rate; the small lender prefers 6½ per cent for five years to 6 per cent for ten years. Nonetheless Mr

Page feels the system of formally mortgaging the authority's properties and rates against the loans is outdated; a straightforward deposit would save time and money. On stock issues Mr Page suggests that many authorities are on the Bank of England's waiting list only as a safeguard, and would be embarrassed if offered an issue at present. Manchester has found that once it had geared itself to taking mortgages this type of borrowing has been administratively cheaper than a stock issue. In general it is the counties that are the main borrowers in the stock market, as they prefer to avoid competing with their constituent authorities.

A return to borrowing from the Public Works Loan Board is not, says Mr Page, a popular idea with local authorities: Manchester has recently satisfied all its needs at ½ per cent below the PWLB rate. Mr Page in fact accuses the Board of trying to fix the market rate, as an instrument of Government control, rather than following it as it should. (But what is the "market"—the City with its big money or local depositors who are good for limited amounts?) There is much to be said for Mr Page's constructive proposal. Some authorities already co-operate in loan bureaux to distribute surplus deposit loans and others co-operate in fixing mortgage rates. Mr Page would like to see this co-operation extended into a full system of centralised borrowing through a local authority co-operative.

OVERSEAS CREDITS

A Ban Lifted

CITY houses are again being allowed to grant "refinance credits" to foreign importers, provided they are linked to exports from Britain or other sterling countries and do not exceed 180 days. Refinance credits are used to meet the proceeds of sight drafts payable in London; they come into demand in cases where the British exporter is unable or unwilling to arrange the credit himself, so that the foreign importer must either pay cash or refinance the sight draft himself.

These refinance credits, which can more meaningfully be termed importers' drafts, were banned during the 1957 exchange crisis, together with "third country" credits (financing trade between countries other than Britain, and banking overdrafts to non-residents). The purpose of all these restrictions was to restrict facilities for speculation against sterling. The ban on non-resident overdrafts remains; but that on third country credits was lifted three years ago. The ban on refinance credits then became somewhat anomalous, since for exports from overseas sterling countries a refinance credit can without difficulty be replaced by a third party credit. The ban was thus effective only in relation to exports from Britain. Some exporters were willing to go against usual practice and extend finance themselves, without recourse to the

importer. But not all exporters are willing to do this; the motor manufacturers, for example, are understandably reluctant to finance stocks of their cars while they stand in foreign distributors' showrooms. The restriction on refinance credits was a petty one, and its incidental results were marginally harmful.

The British authorities must still do their utmost to keep down the amount of sterling credits granted overseas; but the way to do this is through an appropriate level of interest rates, not administrative regulations. At a cost of 6½-7 per cent these credits are already on less favourable terms than many Continental importers can obtain in their own markets—but the supply of credit at such terms tends to be strictly limited on the Continent, with frequently higher rates for borrowers who lack special access. Thus despite the apparent differential in London's favour on the official Bank rate, a completely open door to overseas borrowing might still bring in a big demand. The ban on foreign overdrafts, therefore, may still have a purpose, even if a clear interest differential would serve it better.

INDEPENDENT GROCERS

Chain Reactions

VOLUNTARY grocery chains in Britain now boast a total membership of 16,007 retailers and 117 wholesalers; the mutual benefits of co-operation have pushed up the turnover of most firms in both categories to the point where they can withstand the pressure of the heavyweight buying and selling of the multiples. The resurrection of the wholesaler is indeed the most striking aspect of this movement, whose moving force is sited at the wholesale end. Retail members are accepted only if they come up to a required standard and show a reasonable prospect of growth; members tend therefore to be the shops which would anyway not have been the first to go to the wall.

Wholesalers naturally want to see sufficiently improved orders in return for the service, advice and even financial assistance they give to retailers in these chains; but there are no rules about the amount that a shopkeeper must buy from wholesale fellow members, who often provide less than half his total stock. The wholesalers do not of course offer a full range of goods—frozen foods for instance are always obtainable only from the manufacturer—but estimates from the chains' headquarters suggest that the average group grocer buys from his wholesaler only 60-70 per cent of the goods he could obtain from him. One chain, Mace, which places its estimate higher than this, allows competition between wholesalers; it is undoubtedly the strict zoning practised by some of the other chains that has hampered the fuller participation by retailers.

Spar, the second biggest chain, revealed in a progress report this week some of the problems of getting the best results all

round whilst still preserving the independence of its members. The average Spar grocer in 1961 bought about £125 worth of goods a week from the group, compared with £110 in 1960; but hidden within these figures are the facts that the eight or nine hundred Spar shops converted to self service with the help of the organisation are not increasing their Spar buying in proportion to the increased turnover they gain from the conversion. Added to which the wholesaler takes much longer to rationalise his stock and distribution procedures than the retailer does to change to modern methods; so he sees the shop that he has helped to bring up to date increase its profits more rapidly than he can.

Spar wholesalers, also, are more deeply committed to the retailers than in some other voluntary chains, for frequently the conversion to self service has involved them in buying premises that are then leased back to the shopkeeper. Now they are taking this a stage farther: Spar has announced that it intends to start a series of supermarkets, which will be leased to retailers in the hope that they will acquire full ownership as soon as possible. The wholesalers will put up part of the capital: the rest will be raised on the market. This is the first such venture by a voluntary chain in this country, though corresponding groups in continental countries have already gone into supermarkets. It will not be surprising if VG Service, with a Rank/Hovis-MacDougall connection through one of its wholesale members, Harvey Bradfield, is the next to follow suit here.

In return for its considerable support Spar encourages a high degree of identification amongst its members. It has a useful range of its own branded products and goes farther than most chains in its use of uniform advertising and display material. Its new supermarkets will carry the name Spar across the shopfront; inside, the shopkeeper will remain independent, but who will know it?

BUILDING SOCIETIES

No Change in Rates

FOR most building societies the higher rate on shares of 3½ per cent, tax paid, came into effect at the beginning of October. As the table shows, this increased rate checked withdrawals and stimulated new savings a little; Mr John Dunham, the chairman of the Building Societies Association, describes January as a "remarkably good month," and the trend has been maintained so far. But the Government's house purchase scheme, which has absorbed £97 million, has been suspended and the societies are now entirely dependent upon their own resources if they are to cap the 1961 record level of mortgage advances this year. The societies are reluctant to reduce their liquidity ratios much below the current rate

BUSINESS NOTES

of about 15 per cent for fear that industrial unrest may lead to more withdrawals. Hence, though mortgage repayments will continue to rise, new savings will form the real base for further expansion.

It is not, therefore, surprising that Mr Dunham has openly declared that rates will not come down this year even if Bank rate is reduced to 5 per cent. In view of the emerging demand for mortgages in the next decade it may still be debatable whether rates are high enough; but the societies now seem prepared to resist any pressure to bring them down. Somewhat disingenuously, however, they have tacked to their customary plea for relief from profits tax

BUILDING SOCIETIES ASSOCIATION*

	1961 Quarters				Whole Year	
	I	II	III	IV	1960	1961
Receipts	122	121	120	134	466	497
Withdrawals	84	86	94	86	311	350
Net receipts	38	35	26	48	155	147
Advances	95	111	112	102	418	420
Repayments	84	94	102	99	353	379

Liquidity ratio, % 14.6 14.4 15.0 15.3 15.3 15.3

* Covering 194 Societies, whose end-1961 assets of £2,664 million represent about 77 per cent of the movement's total assets of £3,450 million.

and full income tax on their surpluses the statistic that such reliefs would permit a reduction of one quarter of one per cent in the mortgage rate. This misses the point; so does the argument that the societies merit relief because they perform a social service. The crux of the matter is that tax relief would present the societies with the opportunity for further expansion through the opening of new branch offices, which experience has shown to be among the best methods of stimulating new savings. The societies would do better to concentrate on the practical case, as opposed to argument in principle, for asking for tax reliefs.

CONSUMER PROTECTION

Memo for Moloney

THE Moloney Committee's report on consumer protection is believed to be in draft form; a survey of the law as it affects consumers published this week by the Consumers' Association* brings out certain loopholes that Moloney might usefully try to close. Not that much is wrong with the law as it stands; sellers must describe their goods correctly, cannot sell dangerous food, and must give the correct weight; on such grounds they are open to criminal prosecution, while the buyer can take a civil action against his supplier for purchases that let him down. With one

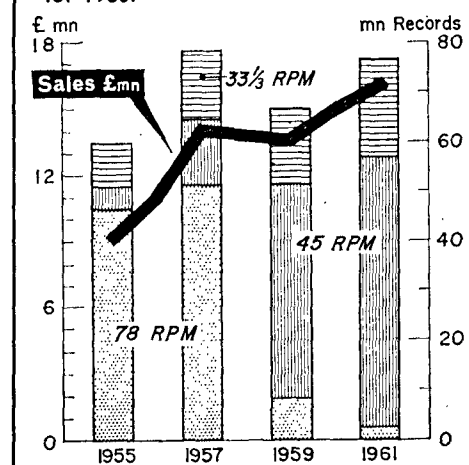
* The Law for Consumers. By David Tench. Consumers' Association Ltd. 6s.

puzzling exception—both the giver and receiver of presents simultaneously lose their right to sue—the criminal law dealing with weights, labelling, and purity and the civil law dealing with sale of goods and negligence appear at first sight to stack the cards so heavily in favour of the shopper that the advice *caveat emptor* might never seem necessary.

Generations of shopkeepers and manufacturers, unfortunately, have shown ingenuity in getting round the law. While Parliament has tussled with the rights and wrongs of hire purchase, suppliers have been imposing on their customers a new form of contract of their own devising under which the customer surrenders his normal common law rights. The most conspicuous offenders are the makers of durable consumer goods, headed by the motor manufacturers, and service industries like laundries and dry cleaners. It is said to be extraordinarily difficult to buy a car without signing such an agreement although the practice has been sharply attacked by the British Standards Institution to which many manufacturers subscribe. Some laundries and dry cleaners have formed their own Guild of Professional Launderers and Cleaners, and accept full legal responsibility for goods in their care, but such encouraging signs are rare compared with the traders who cover up their sins and omissions in a multitude of tiny type and a smug "Owner's Risk." The ease with which organised industry is allowed to insist that the consumer should surrender his legal rights in order to get served suggests that the law should make it clear that these rights cannot be voluntarily surrendered.

GRAMOPHONE RECORD PRODUCTION

The production of gramophone records of all types in 1961 was not quite as high as in 1957 when over 50 million 78 rpms were produced, but the total value of sales reached an all time high. Home sales, at over £13 million, were 13 per cent higher than the previous year. The value of exports, however, has been declining since 1957 and the 1961 figure of £2,689,000 was 17 per cent below that for 1960.



N. M. Rothschild & Sons

MERCHANT AND INVESTMENT BANKERS



Capital Issues, Reorganizations and Mergers

Investment Management



ROTHSCHILD EXECUTOR & TRUSTEE COMPANY

is available for all Executor and Trustee Services

New Court, St. Swithin's Lane, London, E.C.4 MANSION HOUSE 4356

common market or not...

France is an expanding market for British manufactured articles or consumer goods.

Now is the time for you to plan your entry into the French market!

PUBLICIS, the leading French Full Service Advertising and Marketing Agency, is ready to help you to promote or expand your sales in France: it will introduce you to suitable Distributors or give you any assistance you may require for setting up your own Organization in France and building up your own Sales Force;

it will test the market for you and, if necessary, will redesign your packaging in order to give it a French touch;
it will devise the best advertising schemes, selecting the most suitable media for supporting your sales promotion;
it will organize your public relations.

PUBLICIS already handles the French advertising for leading British Advertisers such as:

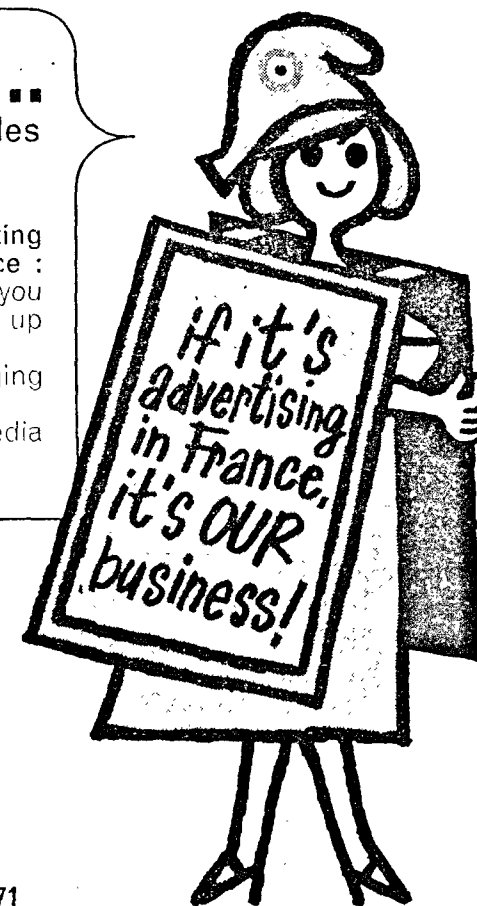
Beecham Overseas Ltd. (Eno's Fruit Salts),
British-American Tobacco Co. Ltd., Dunlop (France),
E. M. I. (Pathé Marconi), Shell (France), etc...

Why not contact NOW Mr. G. E. LEVI-TILLEY, the PUBLICIS U. K. resident Director, or invite your Home Advertising Agents to discuss your French problems with him.

PUBLICIS S. A. 133, Champs Elysées, Paris 8^e, France

PUBLICIS (FRANCE) LTD.

Fountain House, 130 Fenchurch Street, London E.C.3, Tel. MINcing Lane 8371





Protocol and Profits

To bow, or not to bow? Pitfalls big and little await the international businessman in this alien world.

Japan has its share of these pitfalls, but the exceptional profit in trade with Japan makes it worthwhile coping with them. The dynamic economy of the country is constantly creating new profit opportunities for both buyer and seller from overseas.

A good way to start taking advantage of these opportunities is to consult Mitsubishi Shoji. This big general trading company represents 30 Mitsubishi companies in foreign trade. Products of Mitsubishi companies carrying the Three Diamond mark cover the entire range of light and heavy industry.

You will find a Mitsubishi Shoji branch or affiliate in any of the world's trading centres.



General Importers & Exporters

MITSUBISHI SHOJI KAISHA, LTD.

Head Office: Marunouchi, Tokyo, Japan

London Branch: Bow Bells House, Bread Street, London, E. C. 4



Charming . . .

Charmed by comfort, speed

and service. Charmed by

707 Boeing flying.

Charmed by airline.

Air who?



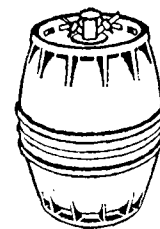
AIR-INDIA

In association with BOAC and QANTAS
LONDON, MANCHESTER, BIRMINGHAM, LEEDS, GLASGOW

**Special 17 day excursion
fare £125 return (economy)
—until 31 March 1962**



NEW YORK EVERY FRIDAY, SATURDAY AND SUNDAY



BEER CASKS

Drawn from the Metal

COOPERING is a dying trade. Only a handful of apprentices are learning the craft and soon the rite of trussing the cooper at the end of his indentures will be a rowdy memory of the past. Iron hoops and wooden staves are being replaced by castings and pressings in aluminium and stainless steel. The capital cost of changing over from wooden to metal casks is high; Guinness spent as much as £1½ million on it in 1960-61. This deters some brewers, especially the smaller ones; but already some of the bigger breweries simply hold wooden casks in reserve for peak trade. Metal casks are cheap to sterilise and have a longer working life than wooden ones. It will not be long before "drawn from the wood" is completely out. A 36 gallon barrel die-cast in aluminium costs about £23, about 12 per cent more than the cost of a cask made of traditional Memel oak, which has become difficult to procure. Competition between suppliers of metal casks may well bring prices down.

As a result of the change-over from wood to metal, brewers become dependent upon outside suppliers and no longer on their own cooperages. In recent years, the market in ordinary metal draught casks has been dominated by Alumasc of Burton Latimer in Northamptonshire—a company born of the skill and enthusiasm of its managing director, Mr Eric Lewis, who certainly knows as much about aluminium castings as anyone in this country. Mr Lewis retains a small shareholding in the company but by an odd chance of industrial ownership Alumasc is a subsidiary of Consolidated Gold Fields of South Africa.

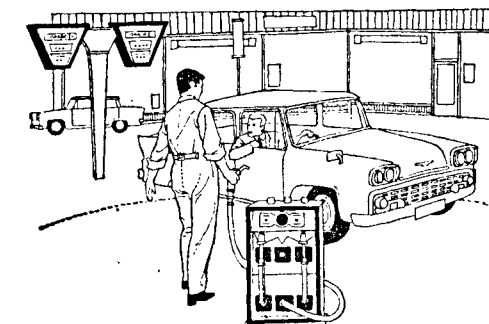
Alumasc claims to supply about 90 per cent of the market for ordinary metal casks and at one time it must have had nearly as much of the business in pressurised container draught casks. But other companies have come in here—Sankey, with stainless steel casks, and Grundy and Fairey, with aluminium casks, among them—so that Alumasc may now have about half the market. So far Alumasc has concentrated upon castings and its 9 gallon firkin for container draught has been selling at around £9 10s. Pressed aluminium firkins, however, are selling for about £9 and Alumasc is now busily installing a pressing shop to produce a composite cask, partly cast and partly pressed. By now Alumasc has accumulated a great deal of experience in producing casks for container draught, not only the type where the gas cylinder is connected to the cask, but also the "all-in" type where the gas chamber is incorporated. Guinness and Alumasc collaborated in the

development of this "all-in" cask but it is now being sold to other brewers. Mr Lewis believes that within a decade 90 per cent of all the beer in this country will be carbonated, which means that it will be sold either in bottle or from a pressurised container. In five years, Alumasc's total sales have risen about 3½ times to over £2 million; but if the days of such rapid expansion are past, the days of steady growth are not.

PETROL

More Cars to the Pump

EFFICIENCY in petrol retailing is largely a matter of turnover on the forecourt. Most garages sell only 2,000-3,000 gallons of petrol a week, a good deal less petrol than they could, or need to for efficiency—if other conditions are equal those dealing in the cut-price petrols may be the most likely to get a high turnover. But a really busy station is liable to find that it is losing sales from congestion. A new type of petrol pump developed by Beckmeter is intended to provide one answer to the queue problem. It is able to dispense three grades of petrol,



like some other pumps that have been recently developed, and it also has an arm that allows it to feed a car on any side. The pumps can thus be set up separately, instead of being placed in a row, and several cars can be supplied with the same grade at the same time—instead of having to queue up for one pump. Turnover from the same area of forecourt can thus be increased—which should be especially economical for the town garage.

COCOA

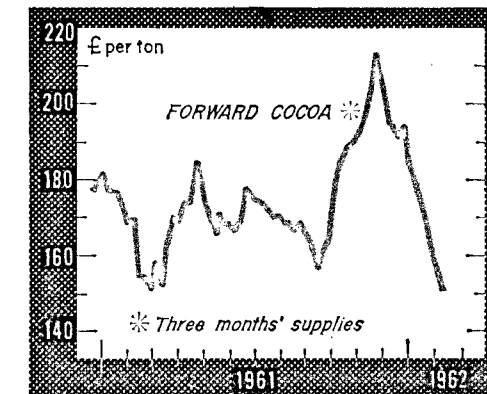
Late and Unwelcome

MANY people have been caught out by the lateness of the cocoa crop this season, but none quite so badly as Ghana, which for a dominant producer, has been sadly wrong-footed. Ghana faces a drop in its cocoa income this season, and its market manœuvres have added to its losses.

Helped by an inexplicable fall in purchases of cocoa from farmers at the start of the season, an extraordinary burst of strength carried cocoa from £150 to £220 a ton towards the end of last year. Then the bubble burst and prices began to crumble. Dissatisfied with the prevailing level of prices, Ghana withdrew from the market except for barter-type deals with communist countries at values about which it is hard to be specific and announced last month that it would remain out of the market, if necessary, until March.

Unfortunately for Ghana, after making its ostentatious exit, estimates of the likely world production of cocoa this year just grew and grew. It now looks as though production will top last season's record crop of 1,170,000 metric tons. Ghana might produce a crop larger than last year's record of 439,000 tons, though some earlier estimates put its crop at less than 300,000 tons. Despite an increase of 9 per cent in consumption, nearly all experts have been confounded and a surplus—not a shortfall—of some 100,000 tons is again in prospect this year. It will be the fourth surplus in succession, bringing the total of surplus production to well over 400,000 tons. There is, in fact, so much cocoa about that sufficient warehouse space is not easy to find for it.

Ghana probably has nearly 200,000 tons of unsold cocoa from the current crop. It has re-entered the market, but this year's unexpected surplus will not be so easily absorbed as last year's even larger one. Prices have crashed down again to around £155 a ton. The major producers met last month to discuss again the perennial stabilisation problem. With prices rattling about as in a game of snakes and ladders, some unnecessary fluctuations have undoubtedly occurred. But the producers' desire for an agreement runs hot or cold according to the state of the market. Rocketing prices towards the end of last year might have provided a favourable opportunity for exploring the possibility of co-ordinating their selling policies. But talks began in earnest again only after the rot set in. The big producers met in January and decided to form an "alliance" for regulating the marketing of cocoa. An international stabilisation scheme which would include consumers is still under discussion.



FALKLAND ISLANDS COMPANY

Shares in Sheep

SELDOM does a newcomer to the London Stock Exchange have such a long history as the Falkland Islands Company, which was granted a Royal Charter by Queen Victoria in 1852. The company has always been engaged in sheep farming; it now farms about 1,250,000 acres on these islands in the South Atlantic, with a flock of about 246,000 sheep and produces about 2,100,000 lb of wool, sold in London each year. Since profits are geared to the price of wool, the company's profits have fluctuated widely. However, since dividends were first paid, 12 years after the company was formed, shareholders have received a distribution in every year except one. More recently the directors have taken steps to diversify the business—but not too far. A mink farm has been started and a half interest has been acquired for £175,000 in a company to build and operate a cargo vessel of about 70,000 bale cubic capacity primarily for transporting the company's wool to London. The company already runs the *Darwin* which runs between the Falklands and Montevideo, 1,010 miles to the north.

Application for an official quotation has been made because of the growing number of dealings in the shares; the market is bound to be a restricted one, though there is the prospect that the £1 shares will be converted into 5s. shares. The shares last changed hands at about 61s. 6d.; this puts them on a 9 per cent yield on the 1960 dividend of 27½ per cent, which seems likely to be maintained for 1961.

VEHICLE REGULATIONS

Agreement with Europe?

IN 1958 an agreement was drawn up in Geneva by the Economic Commission for Europe aimed at standardising the regulations of the various countries of Europe that control the design of motor vehicles and their equipment. By now all the car-producing countries of Europe have signed it—except Britain. And if this country is to join the common market, it will be an increasing irritation for British manufacturers to have to build vehicles with different equipment for the home and export markets. The 1958 agreement did not make any regulations; it only provided a basis within which countries could negotiate common regulations. So far the only ones to have been agreed cover headlamps and headlamp bulbs, but negotiations are now going on about specifications for safety belts and rear reflectors.

The British caution toward moves for uniform regulations stems from reluctance to lay down an exact specification for any

part which designers will have to follow; flexibility for them to improve the specification if they can is preferred. This attitude is often sensible, but it is less desirable where standardisation by itself is a safety factor. Headlamps are one example of this. One reason why British tourists come home sure that yellow lights cause less dazzle is simply that a standardised dipped beam has been adopted on the continent. The other reason is that the sharp cut-off to the top of the beam means that it is inherently less dazzling—but gives the driver rather less light. The British habit of leaving it to the manufacturer to introduce new lights when he likes—if they pass the rather vague regulation of not causing dazzle to someone 25 yards ahead with an eye level more than 3 ft. 6 in. from the ground—means that the owner of an old car is liable to find himself dazzled by the possessor of a new one: progress in headlamp design usually means lengthening the dipped beam. And the common response of setting the old car's lights to give a still better dipped beam increases the chaos. If the use of dipped headlamps in built-up areas should become compulsory, a change in habits if not in regulations would become necessary.

If Britain should decide to join the ECE agreement and accept the regulations already made under it, motorists are unlikely to find any sudden changes forced upon them; changes come slowly, and it is even possible for a country to join but not to apply the regulations at home. Doing so would, however, nullify most of the advantages for manufacturers of joining; and it

SHORTER NOTES

Iceland has received a loan equivalent to \$2 million from the World Bank to help finance further extensions to the unique system that harnesses the natural hot water springs, outside Reykjavik, for commercial and domestic heating.

★

India this week received a credit equivalent to \$18.5 million from the International Development Association for the extension of electric power supplies in the Damodar valley, one of the most heavily industrialised regions of India. In line with previous credits it is for 50 years and is interest free. This is India's sixth loan from the IDA and it brings the total to \$107 million.

★

Merrill Lynch, the New York stock-brokers whose London office recently obtained a Board of Trade licence to deal in securities, earned a record gross income of \$181,141,000 in 1961, a rise of 39 per cent. Net profits rose from \$13,235,000 to \$22,132,000.

would also deprive Britain of a useful means of modernising the rather out-of-date and vague British regulations on this subject.

EXPORT CREDITS

Facing the Facts

MEETINGS of the Berne Union of credit insurers in recent years have been somewhat embarrassed gatherings, with its members all busy breaking the rules which their organisation is supposed to uphold. The recent gathering in Munich was rather less mealy mouthed. Members had previously confined themselves to reiterating the principle that ordinary export credits should not go beyond five years, and then dodged the issue of the obvious breaches by dressing up credit insurance of over five years as something other than an ordinary export credit. This year the members have come out in the open and now see "no difference whether the credit granted is in the form of supplier credit or a financial credit tied to exports from the lending country." The general feeling was also that governments should come clean and not call financial credits "aid" when they were in fact designed to promote exports. The Union was again realistic about its own position in all this. It has not the power to stop a credit race; only governments can do that. The Union "noted with satisfaction" that a system of international co-ordination is now being discussed between some governments—among the European Six.

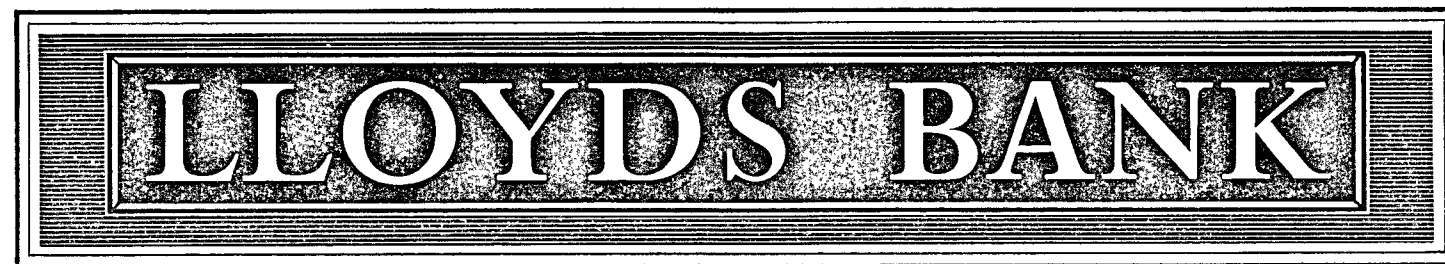
The jute industry's wage dispute has been settled. Minimum pay has been raised about 5 per cent—7s. 6d. a week for men and 6s. for women.

★

In the year to September 30, 1961, the Millspaugh group of paper machinery producers made a net profit of £51,000 compared with a loss of £23,000 in 1960. The group is now a subsidiary of the Swiss company, Escher Wyss, which has a 60 per cent, but Hadfields retains a 33 per cent interest. The ordinary dividend has again been passed but the order book is now standing at a record level.

★

The Mitchell Construction Company (Peterborough), specialists in hard rock tunnelling, is offering 9s. in cash for every 6s. ordinary share in Kinnear Moodie (Civil Engineering) Limited, which specialises in soft tunnelling and compressed air work. The offer is recommended by the Kinnear Board.



ANNUAL GENERAL MEETING

Tributes to Sir Oliver Franks

The Annual General Meeting of Lloyds Bank Limited was held on February 9th at the head office, 71, Lombard Street, London, E.C.

The Rt Hon Sir Oliver Franks, GCMG, KCB, CBE, the chairman, presided.

With the concurrence of the members present the report and accounts and the statement by the Chairman, all of which had been previously circulated, were taken as read.

After the chairman had replied to questions the report and accounts were adopted and other ordinary business was transacted, including the passing of resolutions for the capitalisation of £6,961,901 of reserves, and amending the Articles of Association authorising the affixing of the seal to share certificates.

SIR GEORGE BOLTON'S REMARKS

Proposing a vote of thanks to the directors for their services during the past year and to the chairman for his able conduct in the chair, Sir George Bolton, KCMG, said:

I do not know whether everyone was aware of the prewar preparations undertaken by Whitehall in 1939. An invitation was sent to the Universities to place all their available brainpower at the disposal of the Government. Among the many recruits from academic life who appeared in Whitehall after September, 1939, was a Mr Oliver Franks, I believe then Professor of Moral Philosophy at the University of Glasgow. He joined the Ministry of Supply. In 1945, when we had won the war, this was still very much a going concern, and by then Mr Oliver Franks had been appointed Permanent Secretary—an honour rarely conferred by the Civil Service on Temporary Civil Servants.

But the cloistered life of the University had a greater appeal than Whitehall and, in 1946, Sir Oliver Franks, as he then was, became Provost of Queen's College, Oxford. However, events were to prove stronger than inclination as, in the following year, he accepted the call of the Government to go to Paris to help prepare the 16 Nation Report on the Marshall Plan.

Mr Ernest Bevin then very wisely appointed Sir Oliver to Washington, where he not only adorned the diplomatic scene, but also was able to steer the Marshall Plan round many dangerous corners in the Washington maze.

He retired from the diplomatic scene in 1952, and, for some time, deliberated on his next step, turning down many posts of political or international importance, until, on the invitation of Lord Balfour of Burleigh, he joined Lloyds Bank, becoming chairman in 1954.

Since then, I hope I can say without offence, Lloyds Bank has welcomed the impact of an incisive personality, whose ability to reduce

problems to clear alternatives has not only greatly aided the Bank during these difficult years, but has also illuminated the dimmer recesses of the City. His capacity to absorb a situation and reduce it to its ultimate simplicities is sometimes baffling to the ordinary man, but he has provided a breadth of vision and clarity of expression which banking very greatly needs.

He is perhaps better known to the public as one of the abler members of the Brains Trust, but he will never be forgotten in the City in terms of his contribution towards the clarification of many of the issues which have arisen in postwar finance. His interests have remained world-wide, and have been concentrated on major themes, such as the economic future of India and the formation of British monetary policy through his membership of the Radcliffe Committee.

All who know, respect and admire him will no doubt be happy to learn he has not completely retired from the world of affairs, and that he will continue to serve on the board of Lloyds Bank and is also to become one of the nation's economic planners.

I am sure that Mr Peake, his successor, is well aware of the very high standard he has been set in the leadership of the Bank, and I am equally certain that no one doubts his ability to maintain it.

Seconding the resolution, Mr David R. Colville said:

Sir Oliver Franks has steered this huge organisation through 8 years of recurring national troubles and difficulties with firmness, skill and understanding. Now that he has elected to return to Oxford, Sir Oliver hands over the helm to his successor with, I am sure, a confidence that we all share that nobody is better fitted than Mr Peake to take up the challenge of the Common Market and whatsoever else lies before us.

The motion was carried with acclamation.

In reply the Chairman said:

Sir George Bolton, Mr David Colville, Ladies and Gentlemen, thank you very much for this vote of thanks which you have just passed to the Board as a whole and also to myself. I feel a little embarrassed in attempting to reply to the very generous things which Sir George Bolton and Mr David Colville have said about me.

I feel that for anyone—certainly for me—to be Chairman of a great Bank like Lloyds Bank can only be a source of pride; it has been this to me really because of the people with whom I have been permitted and privileged to work.

Beyond the Board here and the Chief Execu-

tives of the Bank, the General Management, there are all the branches scattered throughout the country, the managers and their staffs. You know, shareholders, we never forget and you must never forget that the real being of the Bank is in those Branches, those 1,800 Branches, where customers of the Bank come in and out every day. I want you just to reflect on how difficult the job of the ordinary Branch Manager and his staff has been in this last few years. At one moment they are told to restrict; the next moment they are told to relax; then they are told to restrict again and this, if you please, with customers who must at all times feel satisfied with the Bank and that it is giving them the best treatment possible. I think we in this Bank, you the shareholders of the Bank are exceptionally lucky in the way in which the Managers and the Staffs, up and down the country, have shouldered this burden, made it somehow not into a burden, but part of their ordinary business, dealt with it truthfully, intelligently and constructively and retained the goodwill of our customers in the Bank.

I have a very great affection for Lloyds Bank, and therefore you can imagine how delighted and surprised I was when my colleagues asked me to stay on the Board after retiring from the Chairmanship. It means that there will not be a break in my interest in the Bank and my ability to do something for it. And here again I express my gratitude to them.

When I look towards the future, it gives me very great pleasure to know that the Board have decided that Mr Harald Peake shall succeed me—he will do it at the end of this morning's meeting. Mr Peake brings with him, first of all, long experience of this Bank; he has been a Director, a Vice-Chairman, and a Deputy Chairman for many years. He really knows us and our problems and understands them. He brings with him, too, a very wide experience of industry. You know how he has been Chairman of The Steel Company of Wales for the last few years, a job that he has done with great success and distinction. When he takes over I am absolutely confident that the Bank will go forward and continue to prosper and that you will have every reason to be delighted with the Chairman that you are about to have.

The Chairman concluded by proposing a vote of thanks to the Staff.

MR E. J. N. WARBURTON'S RESPONSE

In response Mr E. J. N. Warburton (Chief General Manager) said: Mr Chairman, my Lords, Ladies and Gentlemen, I am sure that the staff will be very appreciative indeed of all the kind words you have said about them, and, if I may use a general term, may I say a sincere "thank you" from all of us, not only for the

kind words you have said and the way you have proposed this but also to our Shareholders for their very ready and generous response.

There is just one point about modern banking on which, if you will allow me to digress for a moment, I would like to say a few words, and that is the move towards the mechanical operation of banking. I sometimes wonder whether our Shareholders, and perhaps our customers, realise, of course, what a revolution is actually taking place under our eyes.

There is one point about our present mechanisation technique—it has to be operated manually. It is dependent on somebody getting down to work the keyboard. And what we are moving forward to now is something which is really going to be the complete mechanical handling of all the thousands or millions of pieces of paper which pass through our Branches year by year. It is quite a break through, and we, of course, have got to be ready to meet this challenge.

Developments of this sort are, of course, not without their attendant dangers. We are a personal-service industry. We are not selling goods over the counter. The goodwill of the Bank does depend on the maintenance of a very close, personal relationship with our customers, and what we have to do and must do is to assure that these new machines remain our servants and do not become our masters.

Finally, on behalf of all the staff, may I offer to our retiring Chairman our very good wishes to him, as he moves into his new sphere of activity. May I also extend a cordial welcome to our new Chairman, Mr Peake, and assure him of our continued loyalty and full support as he takes over the leadership of this great Bank. (Applause.)

MICHAEL NAIRN & GREENWICH (Linoleum and Floorcovering Manufacturers)

The Fortieth Annual General Meeting of Michael Nairn & Greenwich Limited was held on February 8th at Kirkcaldy, Sir M. George Nairn, Bt, Chairman, presiding. The following is an extract from his circulated Statement for the 52 weeks ended October 1, 1961:

The net profit of the Group, after providing £353,343 to meet taxation, amounts to £384,162 and shows a decrease of £358,880 from the results of the previous period. The Board recommend a final dividend of 6½ per cent, less income tax, on the Ordinary Stock which makes a total distribution of 8 per cent for the year.

The results are disappointing in comparison with those of last year. The sales of our main subsidiary, Michael Nairn and Company, were substantially less than during the previous year. With rising costs in labour, overheads, and certain important raw materials, profit margins have been narrower. The main drop in sales has been in domestic quality linoleum, and in our printed felt-base product, Congoleum. I am, however, glad to report our sales of heavy quality linoleum have been maintained, while the sales of our vinyl products have shown a considerable increase. Export sales during the year have been extremely difficult.

Your Company is now more broadly based, both territorially and in its range of products, a fact which greatly strengthens its position to meet competition from any quarter.

The report and accounts were adopted.

THE CHARTER TRUST & AGENCY LIMITED

Statement of the chairman, Mr G. P. S. Macpherson, circulated with the report and accounts for the year to November 30, 1961:

IMPROVED EARNINGS

The 1961 figures for gross revenue (£631,853) are not comparable with those of the previous year (£434,037) because the latter included only four months' revenue from the funds of The English and Chicago Trust Company, Limited with which the Trust was merged in July 1960. The improvement can be best appreciated by comparing the 1961 revenue (£631,853) with the appraisal of rentability (£568,500) made at the time of the merger, being the estimated income receivable in a full year from the investments then held. Some small allowance should be made for the revenue derived from the proceeds of the issue of the additional £250,000 Debenture made on June 1, 1961. The improvement is satisfactory; in terms of earnings on the Ordinary Stock there was an increase to 19.9 per cent from the 17.3 per cent based on rentability in July 1960.

EFFECT OF CHANCELLOR'S REQUEST

The increase in dividends received again derived mainly from sterling companies, very largely in the earlier part of the year before the Chancellor's request in July for restraint. Had it not been for the loyal response to his request, there is no doubt that the income from our sterling holdings would have been even higher, in spite of the general slowing down of the economy.

OUTLOOK FOR INCOME

Since the end of the Trust's year, there has been a stream of small increases in dividends from our USA investments and this trend may be expected to continue now that industrial activity in that country is again re-expanding to record levels. It is too early to say whether increased dividends from investments in the USA will counterbalance the reduction expected this year in income from our British investments but it is reasonable to estimate that the Trust's income for 1962 will not be much different from 1961.

As things stand at present, there is virtually a ceiling to dividends from British investments but not a floor. This imposition, however, cannot last long if investment funds are to flow to the areas in which they can be most profitably used in the general economic interest and some greater freedom can presumably be expected after the wage pause ends, in its present form, in April. However, since several industries in this country have in 1961 been suffering the

pains of adjustment to higher costs and more severe competition or have been working at less than capacity because of the temporary overstocking of their manufactured products, reductions of profits and dividends are to be expected in some forthcoming reports.

In such conditions some dividend casualties on our portfolio can hardly be avoided. The changes made in investments during the year, which have been substantial, have of course been directed to minimising such casualties and to increasing our future income over the years within the context of a policy of investing predominantly in equities and of avoiding concentration of risk in any particular industry.

FUTURE INVESTMENT CONSIDERATION

On the basis of the gross revenue received last year after deducting profits tax, the yield on our funds at year-end valuation is 4.7 per cent. The mounting revenue of the Trust in the post-war years has manifestly justified the policy of investment in equities. At the present stage and when the price to be paid for expected earnings, particularly in the USA, seems high, consideration has to be given, if only temporarily, to fixed income securities. These seem relatively less unattractive than at any time since the War but appraisals of growth, competition, inflation, marketability and many other factors are all bound up in this problem which must be considered in the context of the Trust being a long-term investor for income. Owing to the incidence of profits tax on the Trust, there would be little, if any, immediate income benefit in switching a proportion of our funds into fixed income investments because of their apparently high yield, unless the investments acquired were British preference stocks, or the investments sold were low-yielding overseas securities the dividends from which also attract profits tax. A major reduction of the Trust's foreign securities appears undesirable, at least until there is a clearer view of the outcome of the effort now being made to rectify the British balance of payments and to harness the inflationary pressures on the economy.

During the year a reduction of £260,000 was made in sterling holdings; some £220,000 was added to European holdings (now 2.4 per cent), some £230,000 to Australasian holdings (now 3.6 per cent) and some £50,000 to dollar holdings (now 34.6 per cent). The rise from 29.6 per cent to 34.6 per cent in the percentage of dollar investments is largely a reflection of the improvement in their value to the total value of the invested funds.

Ordinary Stockholders at the year-end numbered 2,614 as compared with 2,214 a year earlier.

	1961	1960
Valuation of Investments at 30th November	£12,442,926	£10,706,987
Break-up value per 5s. unit of Ordinary Stock at 30th November	21s. 11d.	18s. 6d.
Dividend on Ordinary Stock	15%	14½%
(less Income Tax)	(on £2,303,500)	(Interim 10% on £1,493,500)
Priority Percentage Distribution	18½—80	19½—84½

In deference to the Chancellor's request for restraint the dividend recommended has been restricted, though the Directors considered the year's results justified a higher distribution.

This 27th year

since the group was formed in 1934, has shown a remarkable advance over previous years, and we now look forward with confidence to the results of the twenty-eighth year, said Mr. Sidney L. Bernstein, Chairman of Granada Group Limited at the Annual General Meeting in Manchester on Thursday 8 February 1962.

He further reported: The net profit of the Group is £6,419,044. After taxation of just over £3½ million and the payment of the Preference Dividends, the balance of net profit is £2,842,016.

A final dividend is recommended of 2/3d. per share on the Ordinary and 'A' Ordinary Shares, making 4/6d. per share for the year.

The balance of profit retained was £1,684,392 of which £1,000,000 has been placed to General Reserve.

GRANADA TV

Programmes. Granada TV produces some of the most popular programmes on television—light entertainment, musical and comedy shows, as well as the Granada Guildhall Lectures and Rosalyn Tureck's complete performance of Bach's 48 Preludes and Fugues. Our more serious programmes have ranged over many subjects, some of them examined for the first time on television. Our science and arts programmes for Sixth Forms are now networked to 3,000 schools throughout Britain. We give high priority to northern news and northern interests.

Advertising: Revenue has increased. Granada's Northern Region has the largest number of ITV homes (three million) and the largest number of ITV viewers in Britain. Our share of the total television audience, Monday to Friday, is consistently well above the ITV national average. Advertisers on Granada TV can now sell to something like ten million people. Although we say, and mean, and the figures prove, that 'they know what's what in the North', some advertisers have yet to realise this. The cost of weekday advertising in the North has been significantly lower than for the other main ITV regions—but even our larger audiences and lower costs have not entirely corrected advertisers' traditional habits.

TV Centre: Though we try to eliminate waste in production, we are not sparing on essentials. Among these is our TV Centre in Manchester. Early in 1961 staff moved into the new Administration and Technical Block of 100,000 square feet.

The fifth phase of the master plan worked out in 1955 is nearly completed. This phase will provide two studios of 16,000

square feet, additional rehearsal rooms, extended make-up and wardrobe facilities and dressing-rooms.

Overseas Interests: The TV station in Ottawa in which we have an interest is now on the air. We also have small interests in the station at Cornwall, Ontario, and in one being developed at Pembroke, Ontario. In association with the Northern Nigeria Government and Electric & Musical Industries Limited we are developing a television and radio operation in Northern Nigeria.

GRANADA Theatres, Cafes, Shops

Our theatres, cafes, shops and other subsidiary activities have in general had a better year.

In our theatres the trend of admissions was still downwards, but once again Granada's decrease was less than the national percentage, i.e., in the first nine months of 1961 Granada's admissions were only 6 per cent fewer, as against the national figure of 11 per cent.

GRANADA Relay Limited

This wholly-owned subsidiary, with headquarters in Manchester, was set up to develop our interests in relay and rental. This company now has 46 retail showrooms, called Red Arrow, which rent and sell television sets and other electrical appliances. We have a number of relay operations and will expand in this field.

GRANADA development

Schemes for the real estate development of sites of three of our closed theatres are under way.

During the year the Company purchased the freehold of four of its more valuable cinema sites. Thirty-two of our theatres are freeholds; the remainder, with one exception, are held on long ground rent leases. Our TV Centre in Manchester, of nearly 5 acres, and our London headquarters in 36 Golden Square and Beak Street are freehold. The major extension and the re-building of our London headquarters has been completed and we now have 50,000 square feet of modern office accommodation.

We have a strong interest in property development and are ready to participate in suitable projects.

Our television service gives us a natural interest in aspects of electronic development. This side of our activities is on a relatively small scale, but we are looking to future expansion.

Up to now the Group's growth has all been associated in some way or other with our existing interests. There is, however, no reason for us to limit our development in this way.

Write to Granada Group Limited, Golden Square, London W1 for the full text of the Chairman's report and annual accounts.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

Proposed Merger with Courtaulds, Limited

Robert Fleming & Co. Limited and Morgan Grenfell & Co. Limited make the following announcement on behalf of Imperial Chemical Industries Limited.

- At its meeting on 8th February the Board of I.C.I. gave final approval to the formal offer documents to the Stockholders of Courtaulds, Limited and to a statement to the Stockholders of I.C.I.
- Having considered all the points put forward by Courtaulds, the Board of I.C.I. and their advisers confirm their view that the terms previously announced, namely £4 I.C.I. Ordinary Stock for every £5 Courtaulds Ordinary Stock, are fair and reasonable. In coming to this conclusion they have taken into account the potentiality of the sections of industry in which the two companies are concerned, including present and future profitability and the market assessments of the profit potential of the two companies.
- Whilst confirming the terms of the share exchange offer the Board of I.C.I. have, however, authorised us to include an alternative offer of £25 6½ per cent. Convertible Unsecured Loan Stock 1972/77 of I.C.I. for each £10 of Courtaulds Ordinary Stock.
- The Convertible Loan Stock will be convertible in the month of December in each of the years 1963, 1964 and 1965 into Ordinary Capital of I.C.I. on the following basis:

Year of Conversion	Number of Ordinary Shares of £1 each for every £100 of Stock	Representing a conversion price (valuing the Stock at par) per £1 of Ordinary Stock of I.C.I. of
		s. d.
1963	32	62 6
1964	31	64 6
1965	30	66 8

- The main points of the alternative offer of Convertible Loan Stock are:
 - On the basis of a market valuation of par for the Convertible Loan Stock, the holder of £100 Courtaulds Ordinary Stock is offered Stock expected to have a market value of £250 (equivalent to 50s. per £1 Ordinary Stock Unit), which compares with a figure of £150 for the Courtaulds Stock prior to the first announcement of a proposed offer by I.C.I.
 - Interest on the Convertible Loan Stock will accrue from 1st April, 1962 and a full year's income would be equivalent to £16 5s. 0d. for each £100 Courtaulds Ordinary Stock. This compares with a gross dividend from Courtaulds of £10 in respect of its financial year to 31st March, 1961, which rate is to be repeated for the current financial year according to Courtaulds' recent estimate.
 - Conversion of the Loan Stock in 1963 would produce the same amount of I.C.I. Ordinary Stock as would be obtained from accepting the share exchange offer on the basis of £4 I.C.I. Stock for £5 Courtaulds Stock. However, the exchange into Convertible Loan Stock offers an increased income and the option to convert into I.C.I. Ordinary Stock over a period when the growth potential of I.C.I. and the benefits of the merger should become increasingly apparent.
- The offers for the Preference Stocks of Courtaulds will be on the terms previously announced.
- The closing date for the offers will be 8th March, 1962, and it should be noted that it will be a term of the offer that I.C.I. reserves the right not to extend the alternative of exchanging into Convertible Loan Stock beyond that date.
- The formal offer documents to all classes of Courtaulds Stockholders were posted on the 14th February, 1962. February, 1962.

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE

MR ADDINSELL'S STATEMENT

The fifty-second annual general meeting of Killinghall (Rubber) Development Syndicate, Ltd., was held on February 12th in London, Mr J. E. Addinsell, chairman, presiding.

The following is an extract from his circulated statement:

A satisfactory feature of our year's working is the continuing improvement in crop which this year increased from 517,300 lb. to 618,700 lb. equivalent to a rise of nearly 20 per cent. Although this high rate of increase has not been maintained during the current year we have harvested for the first six months 321,400 lb. as compared with 314,800 lb. for the same period in the year under review, so the upward trend continues. Our post-war rubber has to date attained an average yield of 934 lb. per acre with the highest yielding fields producing over 1,600 lb. per acre.

We receive a 10 per cent tribute on the net proceeds of all tin-ore sold by Killinghall Tin Ltd. and sales for the financial year under review amounted to 332 tons as compared with 379½ tons for the previous year. For the current year outputs have continued at a low level due to difficult dredging conditions and for the six months July to December, 1961, the tin company reports outputs totalling 90½ tons which compare with 224 tons for the same period in 1960. As was to be expected, therefore, whilst these low returns continue tribute income is likely to be reduced.

After charging £21,250 for estimated taxation we are left with £30,087 and a small surplus on disposal of fixed assets. Your board recommend a final dividend of 50 per cent making a total of 65 per cent, the same as for the previous year.

We have now met the bulk of the expenditure on our replanting. This particular charge should, therefore, show a yearly reduction until it is considered necessary to replace the oldest

BARCLAYS BANK LIMITED

ANNUAL MEETING OF STOCKHOLDERS

The Annual General Meeting for the year 1962 of the Stockholders of Barclays Bank Limited was held on Thursday, February 8, 1962, at the Head Office of the Bank, 54 Lombard Street, London, EC3.

Mr A. W. Tuke (the Chairman) presided.

The Secretary read the Notice convening the Meeting and the Report of the Auditors.

The Chairman moved:

"That the Report of the Directors of the Company now produced, together with the Accounts annexed as at December 31, 1961, duly audited, be received, approved and adopted, and that there be declared, payable on February 20, 1962, to the Stockholders registered in the books of the Company at the close of business on January 9, 1962, a final dividend of 6½ per cent on the Ordinary stock and a final dividend of 10 per cent on the Staff stock (excluding the £57,950 Staff stock issued on January 4, 1962), less income tax at the standard rate in each case."

replanted areas with higher yielding material.

Rubber prices for the first six months of the current year have been at a lower level than for the same period in the accounts before you. Your Company is, however, well equipped to meet the increasing competition from the synthetic product, and our position should be further strengthened as more of our high-yielding young rubber is brought into tapping.

The report and accounts were adopted.

Mr John Thomson, Deputy Chairman, seconded the motion which was carried.

Field-Marshal the Right Hon. the Earl Alexander of Tunis, KG, PC, GCB, OM, GCMG, CSI, DSO, MC, Mr Anthony Charles Barnes, DSO, OBE, Sir David Martyn Evans Bevan, Bt, Mr Willoughby Guy Bryan, Mr Thomas Calderwood Dundas, MBE, Sir John Donald Horsfall, Bt, Mr Ronald George Thornton and Mr David Wyamar Vaughan, CBE, retiring Directors, were re-elected Directors of the Company, and other ordinary business was transacted.

The Meeting passed a Special Resolution increasing to £70,000,000 the nominal capital of the Company.

A Vote of Thanks to the Staff proposed by Mr Tuke and seconded by Sir John Barlow, Bt, and a Vote of Thanks to the Chairman for presiding at the Meeting, proposed by Sir Leonard Paton, CBE, MC, were unanimously accorded.

At the end of the meeting Mr Tuke's retirement from the Chairmanship, and Mr John Thomson's election as Chairman, took effect, as did also Sir Thomas Bland's election as Deputy Chairman, and Mr R. G. Thornton's as a Vice-Chairman.

Not a New Issue

February 9, 1962

Toshiba

30,000,000 Shares of Common Stock
(par value 50 Japanese Yen per share)

Represented by
600,000 American Depositary Shares

Tokyo Shibaura Electric Co., Ltd.

(A Japanese Company)

Price \$15.50 Per American Depositary Share

This advertisement is for informational purposes only and is neither an offer to sell nor a solicitation of an offer to buy any of these securities.

Smith, Barney & Co.
Incorporated

The Nomura Securities Co., Ltd.

LEYLAND MOTORS LIMITED

REORGANISATION OF STANDARD-TRIUMPH YIELDING DESIRED RESULTS

The forty-third annual general meeting of Leyland Motors Limited was held on February 14th at Leyland, Lancashire.

In his circulated statement, Sir Henry Spurrier, chairman and managing director, referring to the acquisition of Standard-Triumph International Limited, said: Two months after take-over, on account of the S.T.I. Group continuing to operate at a heavy loss and knowing that drastic economies were required to be put in hand without further delay, I felt convinced that this could only be done satisfactorily by Leyland management assuming direct control to carry out this urgent exercise.

Since then we have had the most difficult and exacting task ever presented to us. The economies effected, however, have changed the picture considerably, and these, coupled with an all-out application of sound and sensible engineering design based on Leyland lines, and now applied to Standard-Triumph products, are beginning to yield the desired results.

I must sum up our S.T.I. acquisition as follows. We have acquired an organisation of considerable asset, which is a potential for making good profits within the next two to three years. I am optimistic as to its future, and finally in any circumstances it will not be allowed to affect adversely the Parent organisation.

FULL ORDER BOOKS AND RECORD OUTPUT

Now with regard to the remainder of the Leyland Group, I can report a year of full order books and record output from each of the main manufacturing Companies. Competition, however, has everywhere been much keener, and in order to hold our established proportion of orders it has been necessary to maintain prices without increases, and in certain cases to apply decreases. All costs involved in manufacture have, unfortunately, risen, commencing with the nationalised industries of coal, electricity and transport. As a result profit margins have dwindled and your Company's results could well have been much worse had we not accepted a large proportion of export business on long terms of credit.

The profit of the Group before taxation has decreased by £2,334,771, of which £1,470,792 is attributable to the post-acquisition loss of S.T.I. and £863,979 to other members of the Group.

We must continue to develop our existing overseas markets, and to open up new ones. Prospects for Britain entering the Common Market are, as yet, unresolved. I sincerely hope that should we do so, we will enter under terms that are no less favourable to us than those enjoyed by any other member country. Once established on that basis, I would have every confidence that your Group of Companies will be able to more than hold its own against all-comers. It is up to the Government now to conduct these negotiations with that object in view, and so give us the opportunity that we are hoping for, and of which we shall not be slow to take full advantage.

The report and accounts were adopted and a dividend of 20 per cent, as last year, was approved.

JUTE INDUSTRIES LIMITED

LOWER PROFITS EXPECTED

UNCERTAINTY FACING INDUSTRY

SIR WILLIAM G. N. WALKER'S STATEMENT

The forty-first annual general meeting of Jute Industries Limited was held on February 12th, at Meadow Place Buildings, Dundee, Sir William G. N. Walker (chairman and managing director) presiding.

The Secretary (Mr W. A. Jeffray, CA) read the notice convening the meeting and the report of the auditors.

Addressing the meeting, the Chairman said: With your permission I will take the accounts and the report of the directors as read. (Agreed.)

A statement by the Chairman circulated with the Accounts read as follows:

Reference has already been made in the Directors' Report to the retirement of Mr W. R. Hutton, who had been a joint Managing Director since 1951. Mr Hutton joined Frank Stewart Sandeman & Sons Ltd. in 1913 and since that company was merged in Jute Industries Ltd. in 1920 had been actively associated with the bag and commercial side of the business. He was appointed a Director in 1948 and played a leading part in the trade ever since: his wise counsel and unceasing devotion to the best interests of your company and the trade will be greatly missed. He has our best wishes for a long and well-deserved retirement.

TRADING RESULTS

The fall of £173,316 in trading surplus was close as no surprise to shareholders—the previous year had been above average, boosted as it was by the boom conditions that existed in the country in late 1959 and 1960. This year's results would have been appreciably worse had it not been for a rise in the raw jute market during September. If raw jute prices at August 31, 1961, had remained unchanged until September 30, 1961, we would have found it necessary to write down stocks by an additional £125,000.

During the current year it is probable that we shall incur stock losses as opposed to realising stock profits during the past two years, and the 1962 profits are therefore likely to be lower than those of 1961.

RAW JUTE

The raw jute supply position is more satisfactory than it was at this time last year, but the quality of the present crop in medium and higher grades is causing some concern. It is on these grades of raw jute that we largely rely, and their scarcity is a factor in keeping prices so high. It is essential, if jute is to retain its competitive position with substitutes, that prices should come back to more reasonable levels—an increase in yield per acre is one of the most certain ways of achieving this.

The Pakistan authorities are investigating the possibility of introducing a "tramp shipping service" for the carriage of jute to the United Kingdom and to Europe. The reduction in freight rates made possible by such a suggestion would, in our opinion, be more than offset by increased charges at this end occasioned by a service markedly inferior to the present "liner

arrangements." The Dundee jute industry is pressing—and will continue to press—for an efficient liner service which cannot but be in the best interests of the Pakistan balers and shippers as well as of consumers such as ourselves.

HOME TRADE

Demand has improved since the end of the financial year and we should be able to maintain a reasonable level of activity for some months ahead. A small proportion of the floor area at our disposal is not at present being fully utilised. We are looking for an opportunity to put this area to profitable use for production purposes not necessarily connected with jute.

The position has not changed regarding the industry's Price Agreements which were referred to the Restrictive Trade Practices Court, and to which I made reference last year. The process of amassing information continues, and it is not possible to predict when the case will eventually be heard. Suffice it to say that these Agreements play an indispensable part in the general structure of protection for the United Kingdom jute industry, and their rejection by the Court would create a difficult situation.

EXPORTS

The world-wide difficulties of the high price of raw jute have made this an even more strenuous year in exports. I am glad to report that once again we have increased the value of our shipments overseas. Many visits have been made in support of our agents and to open up new markets.

COMMON MARKET

Her Majesty's Government's decision to negotiate for admission to the European Economic Community has given the industry much food for thought. If Britain does join the Community, changes in the form of the arrangements for safe-guarding employment in the Dundee jute manufacturing industry will be necessary, and it would be unwise to assume that conditions as favourable as those at present existing could be maintained. Jute has been mentioned by the Government as a case for special treatment, and we have the Board of Trade's assurance that representations already made by the industry, with the approval of the Trade Unions, will be kept fully in mind.

As I said last year, it is obvious that difficulties lie in front of us. As before, we have every confidence in the company's executives, management and staff and, with their continued loyalty and co-operation, we shall face the future with resolution.

We have had some labour troubles and strikes recently, caused by trade union dissatisfaction with an award made by the Jute Wages Council on November 27, 1961. We particularly regret the inconvenience that this strike action has caused to many of our customers upon whose continuing support every person in the company depends. We hope that our works will be

operating normally before these words appear in print.

At the meeting the Chairman said:

In my statement accompanying the accounts I mentioned that we were experiencing labour troubles and strikes caused by Trade Union dissatisfaction with an award made by the Jute Wages Council on October 4, 1961, an award which was subsequently confirmed at a further Meeting held on November 27, 1961. The Minister of Labour's decision to delay implementation of the award until April 2, 1962, aggravated the situation.

For several months attempts have been made to force the employers to ignore the Wages Council and enter into outside negotiations. Disruption of production continued until the Trade Unions withdrew restrictive measures with effect from Monday, February 5th.

It is satisfactory to be able to report that following a Wages Council Meeting on Thursday, February 8th, a settlement has been reached. Much damage has been caused, but let us hope that we can now settle down in harmony and work together to recover lost ground.

The report and accounts were adopted and the other formal business duly transacted.

THE KLINGER MANUFACTURING COMPANY

The forty-eighth annual general meeting of The Klinger Manufacturing Company Limited was held on February 12th in London, Mr George R. S. Doyle (the chairman) presiding.

The following is an extract from his circulated statement:

Group profit has been maintained although hosiery production costs have increased arising out of a reduction in the working week and wage awards.

During recent years there has been a marked change in our day-to-day activities. Whilst we have maintained our established operations in hosiery and knitwear, rapid developments have taken place in our engineering department. Great value has been attached to the creation of a virile development department which is responsible for our existing yarn processing machinery and

is now developing two new inventions which it is hoped will offer new possibilities to the textile industry.

The demand for stockings in this country has been changing rapidly in the direction of seam-free circular hose and your Company has been geared in this direction for a long time. It has not been considered in the Company's best interests, however, to extend the stocking production substantially as the selling price structure for this type of stocking has not improved greatly in spite of a vastly bigger demand.

The present trading position is in good fettle and all departments are running at a high level of turnover. Our C.M.G. yarn processing machinery is making an impact in overseas markets and we are hopeful of improving on the encouraging first full year's trading in this new venture. We possess an organisation with an imaginative and energetic outlook on the future and I am well satisfied with the contribution that has been made in the past year with this aim in view.

The report was adopted and proposals to convert the company's 5s. ordinary stock units into ordinary shares of 5s. each, and to adopt new articles of association, were approved.

EDUCATION AND COURSES

THE UNIVERSITY OF SHEFFIELD

A Residential Course on THE PRINCIPLES OF APPLIED SCIENCE

at the University of Sheffield
8th-14th July, 1962
Director of Studies: Professor M. W. Thring, M.Sc., F.Inst.P., F.I.C., M.Chem. (Institution of Fuel Technology and Chemical Engineering)
Fee: £12.00.
Further information may be obtained from the Director of Extramural Studies, St. John's, Crookes Valley Road, Sheffield 10.

B.I.M. POLYTECHNIC EXECUTIVE PROGRAMME SPECIAL COURSE FOR OVERSEAS MANAGERS

SPONSORED by the British Institute of Management and the Polytechnic, Regent Street. A FOUR WEEK COURSE in general management, from 17th June to 13th July 1962.

INTENDED FOR experienced overseas managers, aged between thirty and forty-five.

COVERING financial control, executive skills, new developments in management.

TO BE HELD at the Richmond Hill Hotel, Richmond, Surrey.

COSTING approximately £175, including accommodation.

ENQUIRIES TO The Director of the Executive Programme, Department of Management Studies, 204, Albany Street, N.W.1. EUSTON 1635.

EXPERT POSTAL TUITION

for Examinations—B.Sc. (Hon.), 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 (G/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 Portland Park Avenue, W.11. PARK 4651.

TUITION FOR B.Sc. ECONOMICS

Wesley 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. 144 Wesley Hall students passed London Univ. B.Sc. Economics Exams, 1960-61. Tuition also for C.A.I. Exams, Statistical, other exams. Prospectus (mention examination) from J. W. Shaw, Fletcher, C.B.L., L.B. Director of Studies, Dept. P.T.

WOLSEY HALL, OXFORD

BUSINESS AND PERSONAL

THE UNIVERSITY OF SHEFFIELD

NEW YORK FINANCIAL AND GENERAL AGENCY

An experienced, well-established, and respected firm in business over 100 years, offering a wide range of services to clients in the New York area. The firm is currently seeking a representative of calibre without the cost of establishing their own New York office. Highest references given and required. Reply to Box No. 147, c/o Charles Barker & Sons, Limited, 20, Cannon Street, London, E.C.4.

ALMOST any learned and scientific journals, transactions, proceedings, etc., wanted.

Also Bibliography—H. Pordes, 138 New Cavendish Street, London, W.1. MUSEUM 5250.

LOCH LOMOND, Private island, Modern 4 berth caravan with motor or sailing boat. Pony, Golf, Fishing, Water Skiing. Quiet holiday.—Hewitt, Inchfad, Dymott, Strathgordon.

NORANDA MINES, LIMITED

DIVIDEND NOTICE
NOTICE is hereby given that an interim dividend of Fifty Cents (\$0.50) per share, Canadian funds, plus an extra dividend of Ten Cents (10¢) per share, has been declared by the Directors of NORANDA MINES, LIMITED, payable March 15, 1962, to Shareholders of record February 16, 1962.

By Order of the Board,
C. H. WINDLER, Secretary

Toronto, Ontario,
February 9, 1962.

APPOINTMENTS

MIDDLE EAST

Trade Publication dealing with Middle East requires a Economist/Donatist with relevant experience. Write details, salary, etc., to Box 1962.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF SOCIAL STUDIES—GRANADA T.V. RESEARCH UNIT

Applications are invited for appointment to the Granada Television Research Fellowship recently held by the late Dr J. H. H. H. H. The Fellowship, which will be tenable from an early date as can be arranged, will be of a value of between £1,500 and £2,500 a year and will be for a period of up to five years in the first instance. The Fellow will be expected to undertake research into the public impact of television over a wide area of enquiry as practicable. The Granada T.V. Research Unit at present includes a Research Assistant and a Clerk and provision has been made for the payment of additional expenses arising in the course of the research. Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 from whom further particulars may be obtained, not later than 12th March, 1962.

UNIVERSITY OF GLASGOW

RESEARCH ASSISTANTSHIP IN ECONOMIC HISTORY

Applications are invited for a Research Assistantship in Economic History. Salary scale: £800-£970 per annum. Salary according to experience and qualifications. F.S.S.U. and family allowance benefits. Applications, enclosed, should be lodged, not later than March 12, 1962, with the undersigned, from whom further particulars may be obtained.

ROBERT F. HUGHESON,
Secretary of University Court.

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

To meet the needs of an increasing enrolment and an expanding programme, the Memorial University of Newfoundland invites applications for the following new positions for 1962-63, appointments to become effective September 1, 1962.

FACULTY OF ARTS AND SCIENCE

Department of Social Studies

An ASSISTANT PROFESSOR of Economic History and an ASSOCIATE PROFESSOR of Resource Economics. During the summer of 1961 the University moved to a new campus which has adequate facilities for teaching and research. All appointments are provisional for two years. The University has a liberal contributory pension scheme. Travel expenses incurred in taking up appointment are payable up to £1,000.00.

The starting salary for Assistant Professor is \$6,500 and for Associate Professor is \$8,000. Appointments will be made at rank and salary commensurate with qualifications and experience.

Applications, giving complete curriculum vitae, the names and addresses of three referees, and enclosing a recent photograph, should be sent by air mail to the Dean of the Faculty to reach him by May 1st, 1962. Candidates should also send a copy of the application to the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, to reach him by the same date.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for the post of TUTOR in the Department of Commerce. The duties of the post are to initiate and maintain teaching in the field of Business Economics and to conduct original enquiries in the economic problems of business. Special qualifications in the economic theory of the firm and/or in the structure and organisation of industry would be an advantage. Salary, according to qualifications and experience within the scale: £1,050-£1,400-£1,450-£1,550-£1,850, together with F.S.S.U. and family allowance benefits. Further particulars can be obtained from the Assistant Registrar (Commerce and Social Science), The University, Edgbaston, Birmingham 15, from whom applications should be sent by 10th March, 1962.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for the post of Assistant Lecturer or Lecturer in Economic Development in the above Department. Preference will be given to applicants with experience in applied economics in Africa. The person appointed will be required to lecture and to assist in the development of a Centre of African Studies. Salary scales—Assistant Lecturer: £800 x £950 to £950 per annum; Lecturer: £1,050 x £1,250 to £1,250 per annum; £1,300 x £1,400 x £1,500 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation, and family allowance is payable where applicable. The successful candidate will not be expected to take up duty before the 1st October, 1962. 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. SHAW,
Secretary to the University.

2nd February, 1962.

BRITISH RAILWAYS (Eastern Region) require several QUALIFIED ACCOUNTANTS, preferably aged between 25 and 30 years and having some commercial experience in a large organisation employing advanced accounting methods. Candidates, who should have administrative ability and a keen interest in the development of management accounting, are invited to apply to work in London or elsewhere in the Eastern Region. Successful applicants will spend an initial period assisting with the introduction of new systems and will have excellent prospects for advancement. Commencement salaries about £1,200 per annum. These are permanent positions with certain tax and reduced rate travel facilities. There is a contributory superannuation scheme. Applications, in confidence, giving full details of age, qualifications and experience, should be sent to Chief Accountant, British Railways (Eastern Region), 21a John Street, London, W.C.1.

For other appointments see pages 662, 666 & 667

THE UNIVERSITY OF MANCHESTER

HALLSWORTH RESEARCH FELLOWSHIPS

Applications are invited for the above Research Fellowships for advanced work in the field of Political Economy (including Business and Public Administration). The value of the Fellowships will normally be within the range of £900-£1,500 per annum, according to experience and qualifications. Regulations governing the award of the Fellowships may be obtained from the Registrar, The University, Manchester, 13, to whom applications should be sent not later than March 28th, 1962.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF ECONOMICS AND COMMERCE

Applications are invited for appointment as either Research Assistant or Research Fellow at a salary of up to £1,200 a year to work on a study of industrial disputes supported by the Department of Scientific and Industrial Research. The project is designed to last two years. Applicants should have studied Industrial Relations or Industrial Sociology at undergraduate or postgraduate level. Preference will be given to applicants with some experience of field research in associated subjects. Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees should be sent to The Registrar, The University, Leeds 2 from whom further particulars may be obtained, not later than 12th March, 1962.

COMPANY AFFAIRS

In the London Stock Market the steam went out of the previous week's rally in gilt-edged stocks though prices regained most of Monday's sharp falls, which partly reflected the possibility of a huge convertible loan stock issue from ICI. Once again it was the ICI-Courtaulds struggle that dominated the equity market although the turnover in Courtaulds was reduced by the decision to allow only cash dealings. Equities generally have remained quiet and The Economist indicator fell 2 points to 357.0. The brightest spots have been insurance and textiles, particularly cotton, but on renewed cancer fears tobacco shares have fallen sharply despite the good results from Imps and BAT although they made a good recovery on Thursday. Stores and chemicals were generally weaker following the disappointing results from British Home Stores and Monsanto.

Shocks from Monsanto

WILL this week's results from Monsanto Chemicals play a part in the outcome of the ICI-Courtaulds battle? The 30 per cent drop in trading profits disclosed by ICI last week added to the market's fears that Monsanto's profits would suffer just as badly. The chairman, Sir Miles Thomas, has already said in the half-yearly report that the squeeze on profit margins had been accentuated; he now says that the full year's figures "tell their own story."

It is not a new one. The table shows that sales of the parent company were practically unchanged—the volume of chemicals sold was actually higher—but gross profits fell by 47 per cent. Monsanto's subsidiaries also fared badly and trading profits for the group fell by almost 30 per cent and net profits were more than halved. Earnings on the ordinary capital are down from 45 to 19½ per cent and it is not surprising that the directors have cut the dividend from 15 to 10 per cent. Sir Miles sees little likelihood of early improvement although he expects "better things as the year develops." This does not augur well for this year's profits;

SALES AND PROFITS

	1960 £000's	1961 £000's
Parent :—		
Net sales	20,762	20,630
Trading profit	3,788	2,908
Gross profit	2,399	1,269
Net income	1,417	769
Group :—		
Trading profit	4,835	3,444
Gross profit	2,952	1,271
Net income	1,565	720
Ordinary dividend	496	331
Ordinary dividend (per cent)	15	10

if the rather inadequate half yearly figures published by Monsanto are a reliable guide, gross profits of the parent company appear to have fallen from £826,000 in the first half of 1961 to a mere £21,000 in the second half. The same split for ICI shows that its profits fell by about a third but ICI because of its size and spread of interests (including synthetic fibres, which have been doing well) is better placed to take the shock.

Fierce competition and price cutting throughout the chemical industry (particularly in plastics of which Monsanto

accounted for 35 per cent of total sales in this country in 1960) are the reasons for the setback. Sales of polystyrene have been badly hit by the fall in demand for consumer durables while Monsanto's big business in rubber and paint chemicals was affected by the recession in the motor industry. Monsanto's Australian subsidiary had a much more difficult year and its profits fell sharply. And though exports increased to 37 per cent of Monsanto's total trade, world surpluses of chemicals and plastics brought prices down and cut into export earnings. The 5s. shares had been drifting down for some weeks in anticipation of lower profits but the market had not discounted either the cut in the dividend or the uncertainty about the current year's prospects and after the preliminary announcement the shares showed a net fall of 1s. 6d. to 13s., to yield 3.8 per cent. A year ago, when the failure of Monsanto's profits to expand at all sharply in 1960 upset the stock market, they were twice as high.

British Home Stores

THE shares of British Home Stores have been held in high regard by investors in recent years and their confidence has been rewarded by sharp increases in profits in 1959 and 1960 and bigger dividends for each year from 1957 to 1960. For 1961, however, a generally difficult year for the retail trade, the dividend has been only maintained at 11½ per cent. It was covered only 1.4 times by earnings. Trading profits fell by almost 14 per cent from £2,399,000 to £2,066,000 but higher charges for depreciation and loan interest (reflecting the £2½ million debenture issue last April) reduced net profits from £1,070,000 to £845,000, despite a low tax charge.

British Home Stores has spent heavily on rebuilding and extending its stores and the money raised by the debenture issue was to be put towards the cost of building 12 new stores and the extension or rebuilding of 20 others. The new stores opened in 1961 (which include the big Oxford Street branch) took longer than usual to make a profit and made "only a nominal contribu-

tion to profits." Presumably they helped to push sales above the 1960 level, but increased operating costs have clearly squeezed margins. Last year the 5s. shares stood as high as 25s.; after the results they fell by 1s. 10½d. to 15s. 3d. but have since recovered to 15s. 9d., to yield 3½ per cent. Whether they can maintain this level (apart from the possibility of a take over) seems to depend on whether the policy of competing more directly with Marks and Spencer by improvements in and additions to BHS's range of goods can be achieved successfully without cutting too deeply into margins.

BAT

HOPES of good results from British American Tobacco, triggered off by the better than expected profits from Imperial Tobacco, have been amply realised. All the indications are that competition remained fierce in the overseas markets in which BAT trades but even so gross profits rose by £7 million, or 11 per cent, to £69½ million in the year to September 30th. Despite the chairman's forecast to the contrary, trading profits earned on exports from this country appear to have risen and so reversed the trend of recent years, for the charge for British tax was higher. Together with the increase in overseas tax the tax bill rose from £29.2 million to £32.1 million. Thus after deducting £4.4 million of profits attributable to minority interests, net profits amounted to £33 million, against £29.4 million. Shareholders directly benefit from the higher profits, for the tax-free dividend has been raised from 2s. 2d. to 2s. 3d. a share, covered 3 times by earnings. As a result Imps' investment income for the current year will receive a useful boost.

As the world's largest cigarette manufacturer with over 100 tobacco factories in some 50 countries BAT is well placed to obtain its share of growing markets. Whereas in the United States about 2,500 cigarettes are smoked per head of population per annum and in this country about 2,000, in countries such as India, Pakistan or Nigeria the figure is only about 70 and so far improvements in standards of living have been reflected in an increase in smoking. In Europe and North America the tobacco markets are much more static and for some years past they have been subject to recurrent cancer scares. This has had a restraining influence on the price of BAT shares, which this week have shown a net fall of 3s. to 58s. to yield 6.3 per cent. This seems to discount fully any decline in European sales which may follow the report on smoking and lung cancer, which is to be published early next month.

But clearly it is outside Europe and North America that BAT has to look for any strong growth. Formerly it served these markets by exporting from this country but increasingly the emphasis in BAT's trading policies is being put on local manufacture.

Alfred Herbert

LAST year's sales of the British machine tool industry rose by over 25 per cent so that the rise of 10½ per cent in the gross profits of one of its leading companies, Alfred Herbert, from £3,216,000 to £3,558,000 in the year to October 31, 1961, is on the face of it sluggish—especially as profits in 1959-60 rose by no less than 35 per cent. But the discrepancy in the growth of profits can be explained; the end of the capital goods recession was followed by a buoyant market for machine tools in 1959-60 and Alfred Herbert added to its profits by selling accumulated stocks in addition to currently produced machine tools. Since then order books have lengthened so that turnover and profits are now more closely related to output.

A heavier tax charge held the rise in net profits down to 3 per cent, from £1,737,000 to £1,792,000, and in deference to the Chancellor the ordinary dividend has been left unchanged at 8½ per cent, tax free. The directors say that the results "may justify an increased distribution" and emphasise that the present dividend policy is only temporary. Earnings, at 16.3 per cent tax free, have barely risen and the directors' statement presumably has regard to the current year's results as much as to the past. The order book is described as "very satisfactory" and the growth of production has quickened since the end of October. Not surprisingly, the £1 ordinary shares at 67s. 1½d. yield 4.1 per cent.

Tate and Lyle

LAST June Tate and Lyle brought Tate and Lyle Investments and Silvertown Services back under its wing. Their inclusion in the accounts, together with the full year's income from Canada and Dominion Sugar, acquired in October, 1959, more than explains the rise in trading profits from £5,355,000 to £7,836,000. The new members appear to have done well but Tate and Lyle itself has not and the fall in refining profits, forecast at the time of the merger, amounted in the event to £690,000. Profits of Silvertown and Tate and Lyle Investment were £2,287,000 and the contribution from Canada and Dominion rose from £644,000 (from about six months' trading) to £1,528,000 in 1960-61.

The capital of the group is appreciably bigger, because of the acquisitions and the one-for-ten scrip issue. Earnings therefore show hardly any increase on those of Tate and Lyle alone in 1959-60: the dividend of 12 per cent, maintained on the increased capital, is again covered just over 2.1 times. The new grouping of the Tate and Lyle empire, with Tate and Lyle as a holding company, offers scope for more effective financial control and economies in administration. These are welcome, as there is some uncertainty about the future of the refining interests. Sugar consumption in this country is not going to expand rapidly in the future and export markets, as the latest profits from refining show, are

becoming increasingly competitive. The common market poses another imponderable and though the Commonwealth Sugar Agreement is unlikely to be abandoned, changes in the member governments' support policies for beet production could upset prices. Tate and Lyle £1 ordinary shares still stand about as high as they did a year ago and at 48s. 7½d. yield 4.9 per cent.

International Combustion

THE fall in the profits of International Combustion (Holdings) can come as no surprise to shareholders. They were warned two years ago to expect two or three years of lower profits and twice last summer—at the time of the Superheater bid and the interim report—the directors said that they hoped to maintain the dividend but expected profits for the year to September 30, 1961, to fall below those for 1959-60. In the event gross profits fell by 8 per cent from £1,876,000 to £1,720,000. These figures include three months' results from Superheater, but its contribution is hardly likely to have been big as its gross profits in 1960 amounted to only £614,000 and its 1961 profits were probably lower.

The shares issued at the time of the Superheater acquisition, however, rank for a full year's dividend, so that the maintained payment of 30 per cent now requires £659,000 instead of £529,000. Earnings on the increased capital amount to 36 per cent, covering the dividend thinly. The cover should improve in the current year as Superheater will contribute a full year's earnings. But International Combustion may not as yet have worked through the orders accepted on low profit margins between 1957 and 1959, though after receiving an order worth £19 million from the Central Electricity Generating Board the directors have said prospects were brighter and that the improvement would in due course be reflected in earnings. The 5s. ordinary shares at 25s. 6d. yield 5.9 per cent.

Rand Selection

IT is just a year since Rand Selection was transformed into a major finance house; at the end of last September its investments had a market value of £91.8 million. The corporation has quickly made its mark, and in September it obtained loans of \$30 million from American institutional investors, so boosting South Africa's foreign exchange reserves, which had fallen to their lowest point in June when the government added exchange control to its earlier restrictions on imports. In his statement with Rand Selection's full report Mr. Harry Oppenheimer hopes that the steady rise in reserves since will lead to an early lifting of import restrictions. But before exchange controls are lifted, so as to permit foreign selling of securities again, Mr. Oppenheimer thinks that a free market in blocked rands should be allowed to develop.

The money raised in the United States is earmarked for two of the major projects

in the Anglo American group, Western Deep Levels, the largest single mine ever developed in South Africa which so far has raised £25½ million, and the Swaziland iron ore and railway scheme costing in all about £12 million. Among other Rand Selection's new interests is a substantial stake in the £10 million Consolidated Zinc conversion loan stock, issued to finance part of the aluminium project in Australia.

For shareholders the transformed corporation has made a good start by raising the dividend from 55 to 60 per cent, but the £1 shares still yield 7.1 per cent at the London price of 42s. In Johannesburg the shares stand at 52s. and investors must hope that when any relaxation in exchange control regulations is made it will be reflected in a rise in the London price.

Consolidated Mines

THE offer by ICI of the alternative of a convertible loan stock has brought this type of issue back into the headlines. After some disappointing experiences in the mid 1950s the institutions became chary of these hybrids. But Courage Barclay and Simonds successfully issued one last year and recently, with the outlook for equities uncertain, some institutions and trustees have admitted that in some circumstances there is something to be said in their favour. Mining finance provides such a circumstance and Consolidated Mines Selection, the only London registered company of the Anglo American group, is on the point of offering £3 million in this form. Its assets of £5 million are dwarfed by the massive portfolio of Anglo American Corporation, De Beers and Rand Selection, but it is proposing to acquire investments in certain finance houses from these three companies and will thus treble its portfolio to £15.6 million. The proposed expansion does not end there. If the results of investigation into a Canadian mining project prove favourable, CMS would invest about £2.3 million in it. This would mean raising new capital and if the deal goes through £3 million of a convertible loan stock will be offered to shareholders; the terms will probably be announced at an extraordinary general meeting at the end of this month. If the company does go into Canada the proportion of its

The Economist Indicator (1953=100)					
1962	Indicator	Yield %	1961/62		
Jan. 10	361.8	5.01	High	Low	
" 17	364.4	4.97			
" 24	360.6	5.01			
" 31	357.0	5.07	427.2		342.7
Feb. 7	359.0	5.04	(May 10)		(Oct. 18)
" 14	357.0	5.07	1961		1961
Financial Times Indices					
1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked	
Feb. 8	304.4	5.19	6.16	13,744	
" 9	304.5	5.20	6.17	14,432	
" 12	304.4	5.20	6.23	17,342	
" 13	304.2	5.20	6.21	13,463	
" 14	303.3	5.21	6.22	13,457	
High, 365.7 (May 15, 1961). Low, 284.7 (Oct. 16, 1961). † July 1, 1935=100.					

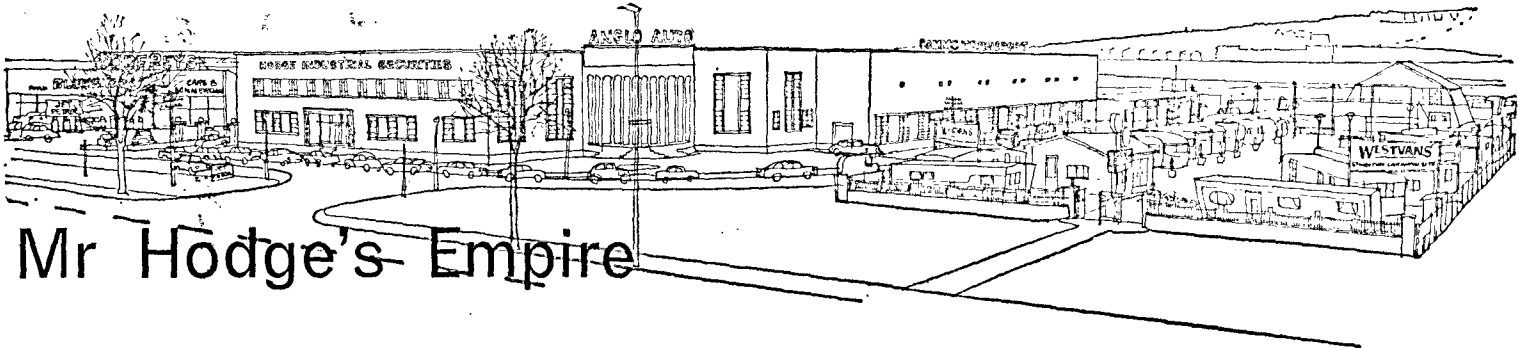
interests in North America will rise from 17 to 28 per cent and those in Africa will fall from 70 to 61 per cent. CMS's expansion scheme, which in a minor key is similar to that which transferred Rand Selection last year was well received by the stock market when it was first announced last month and the 10s. shares at 30s. 3d. yield 8.1 per cent on the maintained dividend of 25 per cent.

Norcros

Acquisitions are also the reason behind the conversion issue from Norcros, the industrial holding company. Last year the group acquired a Canadian haulage firm, a scrap metal merchant and a wrapping

machine maker, and earlier this month bought a concrete products firm, Dow-Mac (Products) for a total consideration of £1,125,000, including £625,000 in cash. However, the year to November 30, 1961, saw no improvement in net profits, which remained practically unchanged at £944,000. Earnings in fact have fallen on the enlarged capital from the equivalent of 39½ per cent to 36 per cent. The directors attribute the disappointing figures to temporary setbacks in two companies, Jensen Motors and Westcros, which apparently are now faring better. In order to meet the cash portion of the Dow-Mac acquisition and to find part of the group's overdraft, which had reached £2,117,000 at the end of January, the directors propose to offer its ordinary share-

holders £2,500,000 of 6½ per cent convertible loan stock 1977-82 at 98 on a rights basis of one £10 stock for every 60 ordinary 5s. shares. The stock is convertible initially in 1963 on the basis of 11 ordinary shares for every £10 of stock held, and then one ordinary share less each year until 1967 when the basis is seven ordinary shares for each £10 stock held; the equivalent conversion prices range from 17s. 10d. a share in 1963 to 28s. in 1967. This compares with the current price of 16s. 9d. for the 5s. ordinary shares which yield 6 per cent on the dividend as increased from the equivalent of 19½ to 20 per cent. Whether a convertible loan stock of an industrial holding company will be acceptable to the institutions remains to be seen.



SOUTH WALES is not the most likely place to find a financier. Yet centred on Cardiff, Mr Julian Hodge has built a group of companies whose thrust has more than once startled London. Last April the placing of shares in Gwent and West of England Enterprises on the Cardiff exchange was wildly successful. Still more remarkable perhaps is the success of Gwent's hire purchase subsidiary, Anglo Auto Finance, in steering clear of the troubles with bad debts which have caused such damage in nearly all the bigger and older companies. Mr Hodge likes publicity; and a steady stream of optimistic statements from Cardiff have kept London wondering whether some of it is too good to be true.

The Hodge companies have a market capitalisation of around £20 million. Their interests are basically financial but they have also acquired a mixed bag of industrial investments ranging from garages and caravans to cakes and catering. At the apex of the empire is Hodge and Company (Insurance), owned completely by the Hodge family. This holding company has 80 per cent of the voting capital in Gwent and West of England. Gwent in turn controls all the operating subsidiaries and its gross profits in the year to October 31st were £326,000. Capital allowances on cars and equipment leased and hired out kept the tax bill down to 33 per cent of gross profits. The growth of this business, Mr Hodge hopes, will mean a tax bill of no more than 25 per cent or so in the current year.

Gwent's most important subsidiary, and the only one with a market quotation, is Anglo Auto Finance, which wholly owns Hodge Industrial Securities. Anglo Auto's

net profits rose by £100,000 to £231,000 in the year to October 31st. Mr Hodge expects this year's net profits to be at least twice as much. Bad debts are stated as being less than one third of one per cent of balances outstanding, which compares with an average of two per cent which the Finance Houses Association recently cited to MPs. This contrast makes the control system which Anglo Auto exercises of especial interest. When branch managers of the finance house receive cheque books they may draw cheques up to £750 only, which is a relatively low limit. They are paid entirely by salary, with no commission—a still more notable contrast to general practice. Personal contact between the hirer and the company is considered vital; the copy of the contract is not posted to the hirer but taken by hand. In this way Anglo Auto can be sure that the details of the contract are correct and that the hirer is satisfied with his bargain. As an inducement to keep up regular payments the company promises the hirer £5 in cash on the successful completion of the contract.

Anglo Auto insists on "recourse to dealer" on all contracts for cars under £300 or over three years old. Dealers are accepted only after careful initial auditing with regular three monthly audits thereafter. Many dealers are loth to accept such conditions, but most apparently see the sense of Anglo Auto system in the end—and there is the inducement of a rate of commission of 15 to 20 per cent compared with the 10 per cent offered by members of the FHA. Anglo Auto has nine branches and is opening four more. Mr Hodge would like to

extend the company's operations by taking over another hire purchase company and through two merchant banks he has examined ten companies in the past three years, but found all of them unsatisfactory.

THE group's other financial interests, which include new issues, providing capital for development, and taking minority interests in companies brought to the market, are controlled by Gwent and West Finance, merchant bankers, and Gwent and West Industrial Development. The group has a "substantial minority" interest in Avana Bakeries, which supplies cakes to Marks and Spencer among others. The main industrial interests are: ten garages, all main Ford dealers and with concessions for selling cut-price "Jet" petrol; a caravan subsidiary, Westvans, which has a Bluebird caravan agency; St Donat's Holiday Estates, which develops residential caravan sites; and a chain of fifty cinemas, many of which are ready for conversion. The latest additions to this clutch are the Five Minute Car Wash Company and a sixteen-acre estate outside Cardiff bought this month for housing development.

The group is now at a turning point. In the past its success has come largely from acquiring and rebuilding dying companies; it is now looking for new ideas around which to build companies. The danger may be that an already mixed bag may become too mixed for successful control. The group is now too big for Mr Hodge's personal control and he is delegating more responsibility to his managers and co-directors. A personal enterprise is at a familiar testing point.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended February 10, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £250,263,000 compared with a surplus of £152,005,000 in the previous week and a surplus of £154,336,000 in the corresponding period of last year. There was a net expenditure "below-line" of £12,147,000 leaving a total cumulative deficit to date of £347,320,000 compared with £441,573,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Feb. 11, 1961	April 1, 1961, to Feb. 10, 1962	Week ended Feb. 11, 1961	Week ended Feb. 10, 1962
Ordinary Revenue					
Income Tax	2,728,500	1,791,319	1,979,120	120,261	174,131
Surplus	210,000	130,300	146,900	11,800	15,100
Death Duties	240,000	197,000	216,300	5,600	5,200
Stamps	94,000	78,000	82,600	3,400	1,700
Profits tax, EPT and EPL	325,500	233,500	297,000	2,900	5,100
Other Inland Rev. Duties	...	150	...	...	...
Total Inland Rev.	3,598,000	2,430,269	2,721,920	143,961	201,231
Customs	1,550,000	1,271,381	1,399,897	34,847	35,245
Excise	960,000	851,865	880,360	50,695	65,988
Total Customs and Excise	2,510,000	2,123,246	2,280,257	85,542	101,233
Motor Duties	155,000	114,954	131,259	2,474	39,808
PO (Net Receipts)	40,000	31,600	33,300	...	...
Broadcast Lic.	205,000	41,163	209,183	490	705
Miscellaneous	...	108,024	8,792	...	...
Total	6,508,000	4,849,256	5,375,919	241,259	342,977
Ordinary Expenditure					
Debt Interest	660,000	544,927	579,097	...	...
Payments to N. Ireland Exch.	92,000	74,293	81,403	4,542	4,986
PO Fund—Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,535	7,762	21	18
Supply Services	5,186,902	4,132,565	4,435,612	81,700	86,200
Total	5,961,902	4,759,320	5,111,156	86,263	91,204
Sinking Funds	40,000	31,057	32,482	660	1,510
"Above-line" Surplus or Deficit	58,879	232,281	154,336	250,263	250,263
"Below-line" Net Expenditure	500,452	579,601	22,452	12,147	12,147
Total Surplus or Deficit	441,573	347,320	131,884	238,116	238,116
Net receipts from:					
Tax Reserve Certificates	88,799	62,376	9,065	50,196	50,196
Savings Certificates	53,800	18,800	900	1,400	1,400
Defence Bonds	93,405	20,097	1,988	187	187
Premium Savings Bonds	49,710	35,300	460	400	400
Total	285,714	98,973	5,717	51,383	51,383

* Net issues of £35 million to the Civil Contingencies Fund in 1961-62 compared with net issues of £5 million in 1960-61.

FLOATING DEBT

	(£ million)			
	Treasury Bills	Ways and Means Advances	Public Debt	Total Floating Debt
	Tender	Tap	Public Debt	Bank of England
1961				
Feb. 11	3,180.0	1,640.0	187.6	5,007.7
Nov. 4	3,280.0	2,063.7	201.1	5,545.5
" 11	3,290.0	1,990.7	216.9	5,497.6
" 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	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	5,786.9
" 20	3,250.0	2,147.4	326.4	5,723.8
" 27	3,190.0	2,163.1	217.9	5,572.8
Feb. 3	3,120.0	2,115.6	242.6	5,486.0
" 10	3,070.0	1,989.0	246.8	5,305.8

THE MONEY MARKET

THE syndicate of discount houses lowered its bid (raised the rate) by 1s. 1d. to £98 12s. 10d. at last Friday's Treasury bill tender. The average rate of discount rose by 3s. 7.83d. to £5 8s. 0.74d. per cent, virtually wiping out the fall that had occurred in the previous three weeks. The market received only 22 per cent of its application. This about-turn in market tactics clearly followed the increasing pressure on profit margins, which was intensified by frequent and heavy borrowing from the Bank of England at Bank rate. Now that the bill rate is back to just over 5½ per cent the market has more room to manipulate its bid in the weeks ahead.

The Bank of England responded to the increase in the bill rate by easing the pressure on the market; there has been no borrowing at Bank rate this week. Credit conditions have been difficult in the week to Wednesday and on five of the six working days the authorities provided special help through market purchases of bills. On Saturday and Tuesday this help was very large and it was moderate on the other three days. The rate for day-to-day money has remained around 5¼ to 5½ per cent throughout the week.

MONEY RATES

LONDON			
Bank rate (from 6½% 2/11/61)	%	Discount rates:	%
Bank bills:		Bank bills:	
6 months	5½-5½½	6 months	5½-5½½
3 months	5½-5½½	3 months	5½-5½½
1 month	5½-5½½	1 month	5½-5½½
7 days' notice:		7 days' notice:	
4 months	5½-5½½	4 months	5½-5½½
6 months	5½-5½½	6 months	5½-5½½
Local Authorities	6½	Local Authorities	6½
Call money:		Fine trade bills:	
Cleaning banks' minimum	4½	3 months	6½-7½
Day-to-Day	4½-5½	4 months	6½-7½
		6 months	7-8
NEW YORK			
Official Discount rate:	%	Treasury bills:	%
(from 3½% 11/8/60)	3	February 5	2.695
		" 9	2.759

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits		Market Rates : Spot						
	February 14	February 8	February 9	February 10	February 12	February 13	February 14		
United States \$	2.78-2.82*	2.81½-12	2.817½-9½	2.817½-9½	2.817½-9½	2.817½-9½	2.817½-9½	2.817½-9½	2.817½-9½
Canadian \$	13.622-14.027	13.793½-16	13.793½-16	13.793½-16	13.793½-16	13.793½-16	13.793½-16	13.793½-16	13.793½-16
French Fr.	11.94-12.54½	12.16½-17½	12.16½-17½	12.16½-17½	12.16½-17½	12.16½-17½	12.16½-17½	12.16½-17½	12.16½-17½
Swiss Fr.	137.96	140.12½-17½	140.07½-17½	140.07½-17½	140.10-17½	140.12½-17½	140.07½-17½	140.07½-17½	140.07½-17½
Belgian Fr.	142.05	171½	171½	171½	15	171½	171½	171½	171½
Dutch Gld.	9.98½-10.28½	10.18½-19	10.18½-19	10.18½-19	10.19-19½	10.19-19½	10.18½-19½	10.18½-19½	10.18½-19½
W. Ger. D-Mk.	11.037-11.365	11.25½-25½	11.25½-25½	11.25½-25½	11.25½-25½	11.25½-25½	11.25½-25½	11.25½-25½	11.25½-25½
Portug. Esc.	80.18-28	80.18-28	80.18-28	80.18-28	80.18-28	80.18-28	80.18-28	80.18-28	80.18-28
Italian Lire	1725-1775	1746½-47	1747-47½	1747-47½	1747½-48½	1747½-48½	1747½-48½	1747½-48½	1747½-48½
Swedish Kr.	14.27½-14.70	14.52½-12	14.52½-12	14.52½-12	14.52½-12	14.52½-12	14.52½-12	14.52½-12	14.52½-12
Danish Kr.	19.06½-19.62	19.37½-34	19.37½-34	19.37½-34	19.37½-34	19.37½-34	19.37½-34	19.37½-34	19.37½-34
Norwegian Kr.	19.71-20.30½	20.04½-34	20.04½-34	20.04½-34	20.04½-34	20.04½-34	20.04½-34	20.04½-34	20.04½-34
* Official Limits									
United States \$	3½-5c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm
Canadian \$	11½-1½c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm	3½-5c. pm
French Fr.	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm
Swiss Fr.	3½-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm	4-3½c. pm
Belgian Fr.	37-27c. pm	40-30c. pm	40-30c. pm	40-30c. pm	43-33c. pm	47-37c. pm	47-37c. pm	47-37c. pm	47-37c. pm
Dutch Gld.	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm
W. German D-Mk.	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm
United States \$	17½-13c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm	11½-11½c. pm
Canadian \$	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm
Swiss Fr.	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm
W. German D-Mk.	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm	9½-9½c. pm
Gold Price at Fixing									
Price (s. d. per fine oz.)	249/10½	249/9½	249/9½	249/8½	249/8	249/8	249/7½	249/7½	249/7½
" (\$	35.15	35.15	35.15	35.15	35.14	35.14	35.13½	35.13½	35.13½

STOCK PRICES

AND YIELDS

LONDON: NEW YORK: FRANCE:
GERMANY: HOLLAND: CANADA:
AUSTRALIA: JAPAN

Prices, 1961/62		BRITISH FUNDS		Price, Feb. 7, 1962	Price, Feb. 14, 1962	Net Red. Yield, Feb. 14, 1962	Gross Red. Yield, Feb. 14, 1962	Prices, 1961/62		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Feb. 7, 1962	Price, Feb. 14, 1962	Yield, Feb. 14, 1962	Cover
High	Low	GUARANTEED STOCKS						High	Low		High	Low				
921/16	881/16	Savings Bonds 3%.....	1955-65	911/16	911/16	£ s. d.	£ s. d.	921/16	64/-	% a	BANKS, DISCOUNT & HP		90/3	92/3	2.82	...
931/16	891/16	Exchequer 3%.....	1962-63	961/16	961/16	4 2 6	5 0 6	100/3	74/3	8 a	Barclays.....		94/-	93/9	3.41	...
1011/16	981/16	Treasury 5%.....	1962	1001/16	1001/16	2 2 11	5 0 0	68/6	50/3	4.3 a	Lloyds.....		61/6	61/6	3.06	...
941/16	901/16	Exchequer 2 1/2%.....	1963-64	931/16	941/16	4 4 5	5 7 0	26/4 1/2	18/7 1/2	7 1/2 a	Martins.....		21/6	22/9	3.30	...
991/16	961/16	Conversion 4 1/2%.....	1963	981/16	991/16	3 8 9	5 10 8	94/6	67/3	7 1/2 a	Midland.....		90/9	91/9	3.27	...
981/16	941/16	Conversion 4 1/2%.....	1964	971/16	981/16	3 13 3	5 12 11	95/6	73/7	7 1/2 a	Nat. Provincial.....		92/3	91/-	3.08	...
1011/16	961/16	Exchequer 5 1/2%.....	1966	981/16	981/16	3 16 6	5 18 8	42/3	33/-	7 1/2 a	Westminster B.....		87/3	87/3	3.35	...
831/16	781/16	Funding 3%.....	1959-69	831/16	831/16	4 13 4	6 0 9	52/-	41/-	4 a	Australia & N.Z. £1 p.p.		41/9 1/2	42/3 1/2	5.68	...
891/16	841/16	Funding 4%.....	1960-90	891/16	891/16	4 13 3	5 5 7 1/2	52 1/2	41/-	4 a	Bk. Lond. & S. Amer. £1		48/3	47/6*	4.21	...
801/16	741/16	Savings Bonds 3%.....	1960-70	791/16	791/16	4 16 5	6 2 10 1/2	30 1/2	25 1/2	8 c	Bank of Montreal.....		£24 1/2	£24 1/2	2.93	...
861/16	801/16	Savings Bonds 2 1/2%.....	1964-67	861/16	861/16	4 12 5	5 14 11 1/2	30 1/2	25 1/2	8 c	Bank of New S. Wales £20		28 1/2	28 1/2	5.01	...
721/16	661/16	Savings Bonds 3%.....	1965-75	711/16	711/16	4 15 3	6 3 10 1/2	60/7 1/2	31/9	10 c	Barclays D.C.O. £1		36/3	37/3	5.37	...
841/16	781/16	Funding 3%.....	1966-68	841/16	841/16	4 14 0	6 19 10 1/2	£21	£14 5/8	7 1/2 a	Chartered.....		57/6	57/6	5.22	...
861/16	801/16	Conversion 3 1/2%.....	1969	851/16	851/16	4 12 7	6 2 2	70/3	49/9	7 1/2 a	H.M.S. & S. £25		£18 1/2	£18 1/2	4.05	...
971/16	921/16	Victory 4%.....	1920-76	921/16	921/16	3 12 4	5 4 11 1/2	£29 1/2	£25 1/2	10 b	Nat. Com. Bk. Scot. £10/-		55/9	55/3	2.99	...
931/16	871/16	Conversion 5%.....	1971	911/16	911/16	4 4 7	6 6 0	41/6	32/-	10 b	Royal Bk. S. Africa.....		£27 1/2	£27 1/2	2.90	...
991/16	941/16	Conversion 6%.....	1972	971/16	971/16	3 19 8	6 6 11	170/-	95/-	22 1/2 c	Hambros.....		170/-	170/-	2.65	...
951/16	881/16	Conversion 5 1/2%.....	1974	921/16	921/16	4 1 4	6 5 0	60/6	45/6	5 b	Schroders.....		87/3	87/3	1.72	...
731/16	661/16	Treasury 3 1/2%.....	1977-80	711/16	711/16	4 10 1	6 4 4 1/2	27/4 1/2	11/7 1/2	18 c	Lombard.....		13/9	13/9	4.44	...
721/16	651/16	Treasury 3 1/2%.....	1979-81	691/16	691/16	4 10 6	6 4 7 1/2	23/6	11/7 1/2	19 c	Bombardier.....		13/6	13/6	...	...
971/16	881/16	Funding 5 1/2%.....	1982-84	901/16	901/16	4 0 8	6 6 8	21/9	12/9	5 a	United Bankers.....		15/6	14/9	2.54	...
511/16	491/16	Treasury 5%.....	1986-89	561/16	561/16	4 0 9	6 5 10 1/2	52/6	33/-	22 1/2 b	Mercantile Credit.....		39/10 1/2	38/10 1/2	3.41	...
881/16	791/16	Treasury 5%.....	1988-89	841/16	841/16	4 0 9	6 5 10 1/2	52/6	33/-	22 1/2 b	United Domin. Tst.....		39/10 1/2	38/10 1/2	3.41	...
631/16	551/16	Funding 3 1/2%.....	1999-2004	591/16	591/16	4 0 3	6 4 1	15/4 1/2	11/-	...	BREWERS, Etc.		...	...	...	...
941/16	811/16	Treasury 5 1/2%.....	2008-12	861/16	861/16	3 19 1	6 6 8 1/2	15/4 1/2	11/-	...	Bass, M. & B. £5/-		14/9	14/6	3.79	2
651/16	561/16	Consols 4%.....	after Feb. 1957	611/16	611/16	3 19 8	6 10 21	41/11 1/2	31/-	8 1/2 b	Distillers.....		38/-	37/9	3.84	2
591/16	501/16	War Loan 3 1/2%.....	after 1952	551/16	551/16	3 18 4	6 8 7 1/2	13/-	13/-	4 a	Flowers.....		19/9	18/9	3.20	2
591/16	501/16	Conv. 3 1/2%.....	after Apr. 1961	551/16	551/16	3 18 7	6 9 6 1/2	60/6	47/-	8 a	Guinness.....		50/-	51/-	4.31	1 1/2
501/16	431/16	Treasury 3%.....	after Apr. 1966	471/16	471/16	3 18 6	6 9 4 1/2	15/6	12/-	8 b	Ind. Coope T.A. £5/-		13/4 1/2	12/9	4.71	1 1/2
441/16	361/16	Consols 2 1/2%.....	after Apr. 1975	401/16	401/16	3 16 5	6 5 1 1/2	108/9	76/9	5 a	United Breweries.....		102/9	99/6	3.62	2
431/16	361/16	Treasury 2 1/2%.....	after Apr. 1975	401/16	401/16	3 17 2	6 7 3 1/2	37/9	26/-	27 c	Whitbread A. £5/-		32/9	32/9	4.12	1 1/2
911/16	851/16	British Electric 3%.....	1967-69	901/16	901/16	4 5 7	6 2 9 1/2	64/-	44/10 1/2	5 1/2 b	Associated Portland.....		53/3	52/9	3.16	2 1/2
701/16	641/16	British Electric 3%.....	1968-77	691/16	691/16	4 15 6	6 4 2 1/2	26/10 1/2	19/10 1/2	4 a	British Plaster Bd. £10/-		23/3	23/3	5.41	2 1/2
811/16	741/16	British Electric 4 1/2%.....	1974-79	801/16	801/16	4 5 0	6 4 5 1/2	26/10 1/2	19/10 1/2	4 a	Richmond.....		15/11 1/2	15/4 1/2	5.40	2 1/2
731/16	671/16	British Electric 3 1/2%.....	1974-79	721/16	721/16	4 9 11	6 4 2 1/2	13/-	9/4 1/2	10 a	Crittall Mfg.....		10/9	11/9	6.38	2 1/2
841/16	781/16	British Gas 4%.....	1969-72	831/16	831/16	4 10 5	6 5 2 1/2	18/6	10/-	6 a	International Paints.....		10/10 1/2	10/10 1/2	7.36	1 1/2
821/16	761/16	British Gas 3%.....	1969-71	811/16	811/16	4 12 1	6 5 2 1/2	66/9	40/6	21 1/2 c	Rugby Portland.....		60/9	60/6	2.07	3 1/2
591/16	511/16	British Gas 3%.....	1990-95	561/16	561/16	4 6 9	6 2 6 1/2	66/9	40/6	21 1/2 c	Wall Paper Def.....		133/9	135/3	3.70	2 1/2
751/16	681/16	British Transport 3%.....	1968-73	731/16	731/16	4 15 4	6 4 2 1/2	171/16	118/6	7 1/2 a	CHEMICAL		...	...	...	...
801/16	741/16	British Transport 4%.....	1972-77	781/16	781/16	4 7 4	6 4 0	...	...	...	Albright & Wilson.....		21/7 1/2	21/3	4.71	2 1/2
611/16	531/16	British Transport 3%.....	1978-88	591/16	591/16	4 10 5	6 3 1 1/2	22/-	14/10 1/2	4 a	Borax Def.....		16/9	16/3	3.54	3

NEW YORK PRICES AND INDICES

Prices, 1961/62		DOMINION AND CORPORATION STOCKS		Price, Feb. 7, 1962	Price, Feb. 14, 1962	Red. Yield, Feb. 14, 1962
High	Low					
821/4	761/4	Australia 3 1/2%.....	1965-69	801/4	801/4	£ s. d.
1011/4	931/4	Australia 6%.....	1974-76	981/4	981/4	6 12 0
721/4	631/4	Ceylon 4%.....	1973-75	631/4	631/4	6 17 0
1011/4	921/4	New Zealand 6%.....	1976-80	941/4	941/4	6 8 0
801/4	701/4	Rhodesia & Nyasaland 6%.....	1978-81	731/4	731/4	9 0 0
831/4	731/4	Southern Africa 3 1/2%.....	1965-67	831/4	831/4	7 14 0
591/4	531/4	Southern Rhodesia 4 1/2%.....	1967-72	571/4	571/4	8 9 0
841/4	761/4	Agricultural Mortgage 5%.....	1959-89	791/4	781/4	6 12 0
891/4	821/4	Birmingham 6%.....	1967-70	861/4	861/4	6 7 0
921/4	861/4	Bristol 5%.....	1971-73	891/4	891/4	6 5 0
931/4	861/4	Corporation of London 5 1/4%.....	1976-79	881/4	881/4	6 8 0
481/4	411/4	L.C.C. 3%.....	after 1920	451/4	451/4	6 11 0
891/4	801/4	L.C.C. 5%.....	1980-83	851/4	851/4	6 7 0
931/4	841/4	Middlesex 5 1/4%.....	1980	891/4	891/4	6 8 0

FOREIGN AND OVERSEAS STOCKS

Prices, 1961/62		FRANCE		Price, Feb. 7, 1962	Price, Feb. 14, 1962	Yield, Feb. 14, 1962
High	Low					
271/4	271/4	Boeing.....	543/4	551/4	543/4	5.4%
251/4	251/4	Celanese.....	401/4	401/4	381/4	5.8%
181/4	181/4	Chrysler.....	351/4	351/4	331/4	5.7%
341/4	341/4	Col. Palmolive.....	301/4	301/4	281/4	8.2%
671/4	671/4	Crown Zeller.....	501/4	501/4	481/4	5.8%
1321/4	1321/4	Distillers Seag.....	461/4	461/4	441/4	2.5%
771/4	771/4	Douglas.....	341/4	331/4	321/4	2.4%
561/4	561/4	Dow Chemical.....	701/4	691/4	681/4	8.1%
491/4	491/4	Du Pont.....	2421/4	2421/4	2411/4	5.6%
811/4	811/4	East Kodak.....	1061/4	1061/4	1051/4	8.2%
371/4	371/4	Ford Motor.....	1091/4	1091/4	1081/4	5.8%
591/4	591/4	Gen. Electric.....	751/4	761/4	751/4	5.4%
271/4	271/4	General Foods.....	871/4	871/4	861/4	5.7%
451/4	451/4	General Motors.....	561/4	561/4	551/4	5.4%
631/4	631/4	Goodyear.....	441/4	441/4	431/4	4.3%
551/4	551/4	Gulf Oil.....	421/4	411/4	401/4	7.1%
501/4	501/4	Heinz.....	621/4	621/4	611/4	3.7%
421/4	421/4	Int. Bus. Mach.....	552	547	541/4	8.4%

Standard and Poor's Indices (1941-43=100)

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 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	72.27	2.91	33.40	4.76	62.29	3.23	87.46	4.10
Feb. 7	74.50	2.84	34.48	4.68	63.38	3.18	87.67	4.11
.. 14	74.42	2.86	34.42	4.69	63.96	3.15	88.08	4.07

Standard and Poor's Indices (1941-43=100)

	Govt. Bonds	Yield %	Can. Brewer's .. 58 1/2	Can. Imp. Bank .. 59 1/8	Aust. Oil & Gas .. 62 1/2	62 1/2	Honda Motor .. 325	306
			Can. P. & R. .. 62 1/2	62 1/2	Brit. Tobacco .. 27 1/2	27 1/2	Kirin Brewery .. 68	68
			Imperial Oil .. 58 1/2	58 1/2	Broken Hill .. 66 1/2	66 1/2	84 .. 94	91
			Hi Ram Walker .. 58 1/2	58 1/2	J. C. Coles .. 14 1/4	14 1/4	Mitsub. Elect. .. 102	102
			Hi Ram Oil .. 50 1/8	50 1/8	Felt & Textiles .. 9 1/2	8 7/8	Mitsub. Heavy .. 113	113
			Noranda Mines .. 60 7/8	61 1/8	I.C.A. A.N.Z. .. 42 1/3	43 1/8	Nippon Elect. .. 422	434
87-57	4-10		Shawinigan Wtr .. 233 1/4	241	Yemp Emporium .. 33 1/2	35 1/2	Sony .. 896	867
87-77	4-11		Steel of Canada .. 79 3/8	80	Ready Mfg. Con. .. 17 1/4	18 1/3	Toyota Rayon .. 150	174
87-67	4-13		Toronto Ind. .. 27	26 3/4	Wacoan Paper .. 17 1/6	17 1/6	Yawata Iron .. 59	62
88-08	4-07		Index .. 615-44	619-85	Sydney Indst. .. 316-46	324-37	Dow Jones .. 1552-70	1589-7
			1933=100.		1937/39=100.		Average ..	

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

Western Europe

BRITISH
Prices and Wages..... Feb. 10th External Trade Feb. 3r
Manpower and Output Jan. 13th Industrial Profits Jan. 27r

OVERSEAS
Western Europe..... This week United States..... Jan. 6r

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1956	138	123	115	133	138	130	105	128	124	122	114	...	112
1959	156	122	135	156	162	156	117	158	139	136	124	...	118
1960	169	129	142	174	179	172	122	182	157	147	134	...	126
1961, June	188	139	...	183	198	182	138	194	158	165	144	...	132
" July	169	118	...	184	174	182	...	208	156	108	74	...	124
" August	173	132	...	184	177	187	...	163	153	159	134	...	108
" September	187	138	...	185	189	194	135	212	154	170	141	...	130
" October	190	138	...	187	198	...	...	217	159	171	148	...	132
" November	...	...	...	190	210	...	...	...	...	179	...	...	134
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. New francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1956	2,110	13,635	755 ¹⁰	1,622	2,315	1,159	15.2	165	1,180	721 ¹⁰	953 ¹⁰	95.1	309.9
1960	3,068	16,488	1,040	2,582	3,535	1,755	18.9	246	1,435	870	1,251	184.5	368.1
1961	...	...	...	2,761	...	...	...	...	...	...	...	...	355.0
1961, August	3,063	16,057	1,006	2,300	3,418	1,282	19.4	246	1,435	934	1,155	566.7	345.4
" September	3,118	16,707	1,032	2,494	3,641	1,946	21.7	266	1,547	877	1,359	319.4	330.6
" October	3,288	18,569	1,222	2,687	3,964	2,449	22.3	265	1,451	906	1,367	366.3	365.0
" November	3,301	17,800	1,251	3,050	3,798	...	23.1	289	1,717	1,031	1,477	428.6	360.1
" December	...	...	...	3,180	...	...	...	...	...	...	...	...	325.4 ¹²
Exports (f.o.b.)													
1956	1,840	13,177	640 ¹⁰	1,325	2,571	475	9.0	112	906	460 ¹⁰	839 ¹⁰	71.2	261.9
1960	2,427	15,731	860	2,822	3,993	508	12.7	190	1,275	524	1,106	143.4	296.3
1961	...	...	...	2,977	...	...	...	...	...	...	...	...	306.9
1961, August	2,478	14,432	845	2,491	4,060	268	15.5	214	1,227	613	1,135	114.6	305.2
" September	2,803	17,726	932	2,879	4,301	433	16.2	217	1,471	592	1,171	304.3	260.5
" October	2,770	17,788	981	3,112	4,353	720	17.0	258	1,332	602	1,297	265.7	319.4
" November	2,643	17,400	948	3,179	4,238	...	15.6	246	1,443	565	1,233	521.6	319.4
" December	...	...	...	3,270	...	...	...	...	...	...	...	...	298.5 ¹³
COST OF LIVING (5) (1953=100)													
1956	108	104	112	103	104	126	107	109	108	109	109	136	112
1960	117	110	120	134	111	136	117	115	121	121	124	228	121
1961	120	111	...	...	115	...	...	...	...	124	...	236	125
1961, July	123	111	125	136	115	137	...	118	123	124	127	238	125
" August	122	112	...	137	115	137	121	118	123	125	127	235	127
" September	122	111	...	138	115	138	...	118	124	125	127	235	126
" October	122	111	...	139	115	138	...	118	124	126	127	240	127
" November	123	111	...	141	115	138	121	119	124	126	128	238	128
" December	103	111	...	...	116	...	...	...	...	127	...	240	128
EXPORT PRICES (6) (1953=100)													
1956	105	103	104	99	101	143	96	92	102	114	106	77	105
1959	101	95	100	126	100	125	104	83	101	103	99	89	108
1960	103	97	99	133	101	122	102	86	100	103	102	81	110
1961, July	...	96	...	...	103	132	102	85	99	...	102	41	111
" August	...	96	97 ¹¹	129 ¹¹	103	116	101	86	99	104 ¹¹	102	39	111
" September	...	96	...	...	102	118	101	81	98	...	101	102	111
" October	...	...	...	...	101	...	...	81	98	...	101	89	111
" November	...	...	...	...	102	...	...	...	...	...	101	176	111 ⁹
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. US Dollars, end of period)													
1956	406	1,163	131.2	1,180	4,120	204.1	234	1,236	1,038	178.9	473	225	2,237
1960	698	1,422	255.1	2,070	6,737	223.5	268	3,080	1,742	282.7	471	252	3,231
1961	826	1,657	252.7	2,939	...	...	286	...	1,730	278.2	641	237	3,318
1961, September ..	754	1,552	219.8	2,816	6,437	218.4	272	3,369	1,723	270.1	632	231	3,553
" October	756	1,610	213.7	2,829	6,199	219.0	277	3,393	1,730	260.2	630	239	3,531
" November	790	1,639	212.2	2,886	6,170	233.4	276	...	1,730	268.4	640	240	3,556
" December	826	1,657	252.7	2,939	...	...	286	...	1,730	278.2	641	237	3,318 ¹⁴

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Greece is manufacturing only. United Kingdom includes construction. Germany excludes West Berlin and the Saar. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxembourg. Italy includes Trieste. The Saar is included with France before July, 1959 and with Germany after that date. Turkey liras per U.S. dollar; beginning September, 1960, 9 previously, 2.8. (3) Including direct taxes. (4) July to December. (5) In capital cities only for France, Turkey, for Greece prior to January, 1960, and Austria prior to March, 1959; Austria (prior to March, 1959), Denmark and Belgium exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. Turkey index in terms of U.S. dollars. (7) Holdings of the government and central bank. German figures from 1959 exclude long-term and earmarked assets; Norway and Sweden include foreign investments; Ireland includes some long-term British securities. (8) December, 112. (9) Special trade. (10) Average for third quarter. (11) January 1962, 390.5. (12) January 1962, 311.9. (13) January 1962, 311.9. (14) January 1962, 3,410.

CHIEF PLANNING OFFICER

CHIEF TECHNICAL AND DEVELOPMENT OFFICER

CHIEF PERSONNEL OFFICER

Richard Thomas & Baldwins Limited invite applications for the three senior management positions described below. These are new organisational posts and offer stimulating opportunities for developing and managing important departments.

CHIEF PLANNING OFFICER

The Chief Planning Officer will be responsible to the Managing Director for organising and directing Group Planning. The services required include both long and short term planning of Sales and Production programmes.

It is probable that men with backgrounds in production and/or engineering and economics would be most suitable for this post. Men with other backgrounds will, however, be considered if they have exceptional qualifications and experience. Only men now holding a senior position can be considered.

CHIEF TECHNICAL AND DEVELOPMENT OFFICER

The Chief Technical and Development Officer will be responsible to the Managing Director for the fundamental and applied research activities and the group productivity services of the Company.

He will be responsible for Central Research and for co-ordinating all Research activities of the Group. One of his responsibilities will be to assist the Section General Managers in ensuring that applied research and technical development is carried out on an integrated and efficient basis.

He will also be responsible for Group Operational Research, Productivity Engineering and allied services to ensure their effective use. Knowledge of modern management techniques together with administrative experience is essential.

CHIEF PERSONNEL OFFICER

The Chief Personnel Officer will be responsible to the Assistant Managing Director—Finance and Administration.

His responsibility will be to organise the Personnel services throughout the Group. These include Recruitment, Management Development and Education including the Company's Training establishments.

These executives will be mainly located at Group Headquarters in Central London where they will work closely with the Directors and Executives responsible for Sales, Production, Finance and Administration. Regular visits to manufacturing units in this country will, however, be necessary and the Chief Technical and Development Officer will also require to spend some time at the Central Research Laboratories.

Salaries will be commensurate with the importance of these positions and cars will be provided. A medical examination is a condition of employment with the Company.

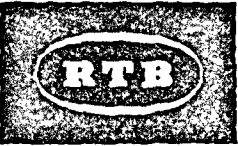
In the first instance, please send brief particulars only of qualifications, experience, present position, age and the salary being sought to the address below. Envelopes must be endorsed with the title of the position applied for.

Mr. J. I. Roberts, Assistant Managing Director (Finance and Administration)

RICHARD THOMAS & BALDWIN LIMITED

R.T.B. HOUSE, 151, GOWER STREET, LONDON, W.C.1.

All applications will be treated in complete confidence and acknowledged. First interviews will be arranged at convenient places in Great Britain.



THE ELECTRICITY COUNCIL

It is the intention of The Electricity Council to appoint a

Chief Economist

His main responsibilities would be:

- to take charge of the economic information service of the Council, including information on the economics of power in other countries;
- to make economic forecasts in the fields affecting the Electricity Supply Industry;
- to co-operate in developing the Industry's cost, market and user research;
- to assist in the consultation which takes place between the Council and the Electricity Boards on capital programmes, tariffs, etc.

The Chief Economist will be attached to the Department of the Commercial and Development Adviser of the Council, but he will have direct access to the Chairman and other Central Members.

- The salary would be within the range £3,500 to £4,500 according to qualifications and experience. The post would be superannuable.

Those interested should write, giving particulars of their career and qualifications, in strict confidence, to The Chairman, Professor R. S. Edwards, The Electricity Council, Trafalgar Buildings, 1, Charing Cross, London, S.W.1.

THE MANCHESTER SHIP CANAL COMPANY APPOINTMENT OF AN ASSISTANT TO THE SECRETARY

Applications are invited, preferably from University graduates, for an appointment as an Assistant to the Secretary of the Company. Candidates should be between twenty-five and thirty years of age and either possess legal qualifications or have had administrative experience in industry. Applications, giving full particulars, should be addressed to the Manager and Secretary, The Manchester Ship Canal Company, Ship Canal House, King Street, Manchester 2, and be received not later than March 15, 1962. Envelopes should be marked "Personal".

CARTOGRAPHIC EDITOR

Oxford University Press have a vacancy for an Editor in their Cartographic Department in Oxford. Write, stating academic qualifications and experience, to The Secretary to the Delegates, Clarendon Press, Oxford.

THE CORPORATION OF LLOYD'S REQUIRE A MANAGER FOR THE INVESTMENT DEPARTMENT

The growth of the Funds administered by the Corporation and the Pension Funds, provides an opportunity for a man with experience of institutional investment. A Secretarial qualification would be an advantage but is not essential.

The applicant should be between 35 and 45.

Applications marked "Investment Confidential" should be made, giving details of age, experience, qualifications and salary required, to

The Principal Clerk,
Lloyd's, London, E.C.3.

FORD

TRACTOR ORGANISATION require

YOUNG MEN WITH ABILITY

Increased Tractor production and an expanding Organisation have created opportunities in the Financial Planning and Control of the decentralised Tractor Organisation of Ford.

We are looking for young men with a professional Accounting qualification, or a good honours degree, who are prepared to join a small but select team, to develop and improve new and existing methods of Financial Management and Control.

Our standards are high, but successful candidates will be given the opportunity of joining an organisation where ability and merit are readily recognised as the only requirement for future promotion.

Young men between 25 and 35 years of age who fulfil these requirements are invited to write, giving brief résumé of career and quoting reference DTO, to:

MR H. C. CRAWFORD
TRAINING AND RECRUITMENT OFFICE
FORD MOTOR COMPANY LTD.
DAGENHAM, ESSEX

UNIVERSITY OF GLASGOW ASSISTANTSHIPS IN POLITICAL ECONOMY

Applications are invited for two Assistantships in Political Economy. Salary scale: £800-£950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits. Applications (3 copies) should be lodged, not later than March 15, 1962, with the undersigned from whom further particulars may be obtained. ROBT. T. HUTCHESON, Secretary of University Court.

STATISTICIANS, HOME CIVIL SERVICE. Pensionable posts for men and women with degree or post-graduate university diploma in statistics, or degree (preferably with good honours) in which statistics is a principal subject, or a higher degree involving work in statistics of at least 2nd class honours standard. Candidates qualifying by summer 1962 may apply. Selection by interview. Age at least 20 and under 28 on 1.8.62 (extension for service in H.M. Forces or Overseas Civil Service and/or approved post-graduate experience). Starting salary (inner London) £810-£842 according to experience. Promotion prospects to £3,415 or over. Write Civil Service Commission, Burlington Gardens, London, W.1. for application form, quoting 501/62. Closing date 29th March, 1962.

For further appointments and other classified advertisements see pages 657 and 665

BUILDING RESEARCH STATION, D.S.I.R., Garston, nr. Watford, Herts., requires Assistant Experimental Officers to join teams working in the field of building design. The researches are aimed at assessing user satisfaction with various design aspects and thus providing the design team with the views of designers. Duties would include assisting in social surveys and field experiments, and analysing results obtained. Training or interest in statistics, or applied physics, would be useful. QUALS.: Degree in Social or Natural Science, or appropriate H.N.C. If under 22, C.E. (A) in 2 maths, or science subjects. Salary according to age £458 (age 18) to £801 (age 26 or over) to £981 with career prospects to £1,336. Forms from Director above address, quoting 4111. Closing date 12 March, 1962.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for the CHAIR of MODERN HISTORY vacant by the translation of Professor G. R. Potter to the Chair of Medieval History, consequent upon the retirement of Professor N. B. Lewis. The Chair is tenable from 1st October, 1962. Salary £2,900 a year with F.S.S.U. provision and family allowance. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar to whom applications (20 copies, one only from overseas candidates) with the names and addresses of not more than three referees, should be sent by 24th March, 1962.

UNIVERSITY OF EDINBURGH DEPARTMENT OF HISTORY

Applications are invited for the post of Assistant Lecturer or Lecturer in the above Department. While preference may be given to a candidate with special qualifications in West African History, it is hoped that candidates whose primary interest is in other fields of African history would also apply. The person appointed would be expected to take part in the normal work of the Department. It is also hoped that he would assist in the development of a Centre of African Studies. Salary scales—Assistant Lecturer: £800 x £50 to £950 per annum. Lecturer: £1,050 x £50 to £1,250 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation, and family allowance is payable where applicable. The successful candidate will not be expected to take up duty before October 1, 1962. 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, Secretary to the University

2nd February, 1962.

BRISTOL AND WEST BUILDING SOCIETY

APPLICATIONS are invited from qualified Chartered Accountants for the post of DEPUTY ACCOUNTANT to the Society (assets £32 million). The Chief Accountant is due to retire in April, 1963, and it is intended that the successful candidate for the post now advertised should succeed. Preference will be given to candidates not exceeding 35 years of age who have both experience and initiative. In the first instance, applicants should write for an application form, stating only age and positions held since qualification. No testimonials or references are required at this stage.

Applications marked "Accountant" should be addressed to the Director and General Manager, St. Stephen's House, Bristol 1.

NORTH EASTERN GAS BOARD ORGANISATION AND METHODS and WORK STUDY

A MANAGER is required for a combined Organisation and Methods and Work Study Department to operate from the Head Office of the Board in Leeds. A man with ideas and energy who has considerable knowledge and experience of these or statistics of Management Services is sought.

The commencing salary will be not less than £2,500 per annum and the position will be pensionable.

The successful applicant will be required to join the Staff Pension Scheme, and to pass a Medical Examination.

Detailed applications giving the names of two referees should reach the Secretary of the Board at his office in Bridge Street, Leeds, 2, by Monday, 26th March, 1962.

IMPERIAL COLLEGE OF SCIENCE AND TECHNOLOGY

RESEARCH ASSISTANTS are required for newly formed Social Science Research Unit. It will collaborate with Production Engineering in investigating problems of Management Control.

Applicants must either hold a first degree in Sociology or Sociology or have taken these subjects as part of a post-graduate course. Experience either in industry or industrial research will also be an advantage.

Appointments, dating from either 1st May or 1st October, will be for two years initially, with salary of renewal. Salary will be in the range £900 to £1,350 according to age, qualifications and experience, plus Family Allowance and F.S.S.U. benefits.

Applications should be sent to Dr. S. Pilon, Industrial Engineering Section, Imperial College, Princes Gardens, London, S.W.7, before March.

HOW big is the market for Typewriters? Accounting Machines? Computers?

WHO will use such machines?

WHERE? and WHY?

We are seeking a man for

MARKET RESEARCH

OFFICE MACHINES

He should be 28-35, have three years' experience in Industrial Market Research and be able to show that he has learnt from that experience.

Administrative ability and supervisory potential are also required.

The starting salary is about £1,500 per annum and the right man will be earning considerably more within one or two years.

Location: London, West End.
Write Box 22, 35, W.P.S.,
4 Holborn Circus, L.C.1.

UNIVERSITY OF EDINBURGH DEPARTMENT OF SOCIAL ANTHROPOLOGY

Situations are invited for the post of Assistant Lecturer or Lecturer in the above Department. Applicants should have a post-graduate qualification in Social Anthropology on field research in Africa. The person appointed will be required to lecture and to do research in African Anthropology and to assist in the development of a Centre of African Studies. Salary scales—Assistant Lecturer: £800 x £50 to £950 per annum. Lecturer: £1,050 x £50 to £1,250 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation and family allowance is payable where applicable. The successful candidate will not be expected to take up duty before the 1st of October, 1962.

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, Secretary to the University, 2nd February, 1962.

UNIVERSITY COLLEGE OF VALES, ABERYSTWYTH

Applications are invited for the appointment of ASSISTANT LECTURER in the Department of Statistics and/or Accounting. The holder of the post will be responsible for the teaching of statistics in the fields of Social Science and/or Accounting. Applications should be sent not later than 10th March, 1962, to the Registrar, from whom particulars and forms of application can be obtained.

ASSISTANT RESEARCH OFFICER required for the Royal Institution of Chartered Surveyors' Building Cost Information Service. Age 21/30. Applicants (male or female) must be graduates with knowledge of economics and/or statistics. Salary £750/850, depending on qualifications and experience. Two weeks' leave. Lunch on Vouchers 3s per day. Applications, giving full information relative to education, experience and availability, to Appointments Secretary, Royal Institution of Chartered Surveyors, 12, Great George Street, Westminster, S.W.1.

THE SCOTTISH COUNCIL (Development and Industry)

require a statistical economist for their Research Division. This position involves economic work as well as the formulation of policies covering a wide economic field. The successful candidate is likely to be an honours graduate in his late twenties.

Application should be made to the Head of the Administration Division, The Scottish Council (Development and Industry), 1 Castle Street, Edinburgh, 2.

GOVERNMENT OF TANGANYIKA

Statisticians are required in the Tanganyika Government. Candidates who must be under 40, should possess a good Honours Degree. Knowledge is required of statistical methods in the case of candidates whose degree is in Economics and it is desirable that all candidates should have experience of work in an economic or statistical organisation. Duties will be within the scope of collecting, analysing and interpreting economic statistics, conducting field surveys, preparing national accounts and studying economic trends. Appointment on contract for one year of 24 months in first instance, inclusive salary, depending on experience, in scale £1,221-£1,448. Contract for up to 24 months, with substantive emoluments. Local Income Tax. Free passages. Generous home leave and education allowances. Free medical attention. Apply, in first instance, with summary of personal particulars, to Director of Recruitment, Department of Technical Co-operation, Carlton House Terrace, London, S.W.1, from whom further details may be obtained. Please quote reference number A3/RC.206/145/03 and state full name.

ECONOMICS ASSISTANT

BEA require a man with ability, initiative and an objective interest in the innovative solution of commercial and operating problems, with a degree or professional qualification and practical experience of modern business methods. He will carry out economic assessment of future operating plans, undertaking special investigations of economic trends in particular areas or areas. Salary range £1,048-£1,417.

Applications to Personnel Officer, Head Office, BEA, Reafine House, Ruship, Middlesex.

For further appointments and other classified advertisements see pages 657 and 665

UNIVERSITY OF BELFAST

The Senate of The Queen's University of Belfast invites applications for the post of Assistant Lecturer in the Department of Social Studies. The date of commencement will be 1st October, 1962, or such other date as may be arranged and the salary will be £1,000 x £50 to £1,250. Candidates should possess a University degree, and a diploma in social studies or the equivalent. A special post-graduate qualification in social work or experience in a family case work agency will be considered an advantage. Applications should be submitted by 31st March, 1962, to the Registrar, from whom particulars and forms of application can be obtained.

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 United Nations Information Centre
English Translators 14/15 Stratford Place
(Room 266) or London, W.1, England
United Nations
Palais des Nations
Geneva, Switzerland

The closing date for the receipt of completed application forms is 12 March 1962

SUBSCRIPTIONS TO THE ECONOMIST

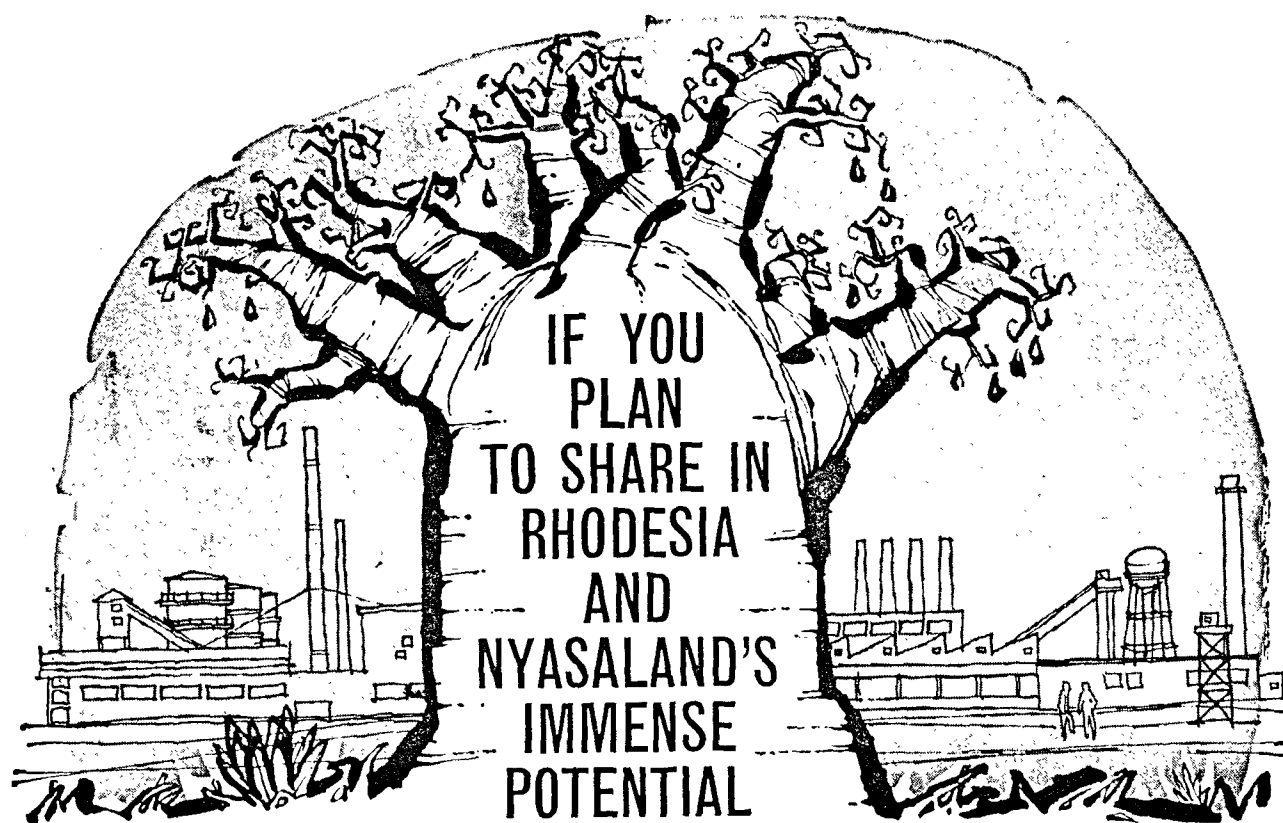
Annual Postal Subscription by ordinary mail UK and Canada £4.10; elsewhere overseas £5

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Israel	£7 15s.	—
Canada	—	—	Japan	£10 6s.	—
Quebec & Ontario	—	—	Jordan	£7 15s.	—
Provinces	—	£8 5s.	Lebanon	£7 15s.	—
Other Provinces	—	£9 5s.	Malaya	£9 5s.	—
Ceylon	£9 5s.	£7 5s.	Malaya	£9 5s.	—
China	£10 6s.	—	Nigeria	£9 5s.	£6 10s.
East Africa	£9 5s.	£7 10s.	Pakistan	£9 5s.	—
Egypt	£7 15s.	—	Philippines	£10 6s.	—
Europe	£6 10s.	—	Rhodesia	£9 5s.	—
Ghana	£9 5s.	£6 10s.	South Africa	£9 5s.	£7 10s.
Gibraltar, Malta	£5 0s.	—	South & Central	—	—
Hongkong	£9 5s.	£8 15s.	Sudan	£9 5s.	—
India	£9 5s.	£7 10s.	USA	£6 15s.	£25 or £9
Indonesia	£9 5s.	—	West Indies	£9 5s.	—
Iran & Iraq	£7 15s.	—			

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney. BELGIUM: W. H. Smith & Co., 101 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, 51110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, 1st Floor, Colombo. DENMARK: Etnika Syndikat, Copenhagen K. EGYPT: G. Ayas, 8 Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2, Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. L. Saarbach, Gertrudenstrasse 36, Köln 1. H. L. Brammiller, Kaiserstrasse 34, Hamburg 22. GUYANA: Travel Service, Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: Van Gelderen, Hoofdkantoor, N.Z. Voornburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau, 701-706, Market House, 11th Floor, 701-706, Market House, 11th Floor, New Delhi 1, or 12/13 Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yachma Street, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Soufiah, Baghdad. ISRAEL: Weiss' Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bakow & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 3080, Nairobi. LIBANON: Librairie Antoine, A. Nautal & Feres, Rue de l'Imprimerie, Beirut. LITHUANIA: Tieslos, 10, Vilnius. MALAYA: Morris Corporation, P.O. Box 1451, Manila. POLAND: ARS Polona, Krakowska 22, Warszawa. RHODESIA: Kinestons Ltd., P.O. Box 1498, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American Book Company, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora Internacional, Duque de Soto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wenergren-Williams A.B., Nordenbys väg 11, Stockholm. SWITZERLAND: Agence Acherard, Case 123, Bern. THAILAND: The Bangkok Book Co., Ltd., 101-103, Market Street, Bangkok. TURKEY: Librairie Hachette, 409 Istiklal Caddesi, Beyoğlu-Istanbul. UGANDA: East African Standard, P.O. Box 1650, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York 22, N.Y.; Eastern News Distributors Inc., 308 West 11th Street, New York 14, N.Y.; The Economist, National Press Building, Washington, D.C.; National Publications Co., 2055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santoro S.A., Quinta Oasis, Segunda Transversal Norte, Urbanización Guacacapa, Apartado No. 2589, Caracas.



IF YOU
PLAN
TO SHARE IN
RHODESIA
AND
NYASALAND'S
IMMENSE
POTENTIAL

IPCORN

can give you all these services!

If you intend starting a new industry in Northern or Southern Rhodesia or Nyasaland, or if you want to expand your existing plant, IPCORN (which exists to stimulate industrial growth and development) can give all these advantages.

★ ADVICE Through its excellent relations with Governments, Municipalities and major industries, IPCORN is in a unique position to give impartial advice to prospective investors (particularly from overseas) on such subjects as sites, markets, labour availability, local finance, etc. IPCORN is also able to give technical advice on production, costing, accounting, marketing, etc.

★ CAPITAL Subject to certain broad principles, IPCORN will assist in the

financing of approved projects. Proposals involving equity or preference participation, fixed or variable interest loans (convertible or otherwise), the underwriting of public issues or a combination of any or all of these will be considered.

★ ON THE SPOT NEGOTIATIONS

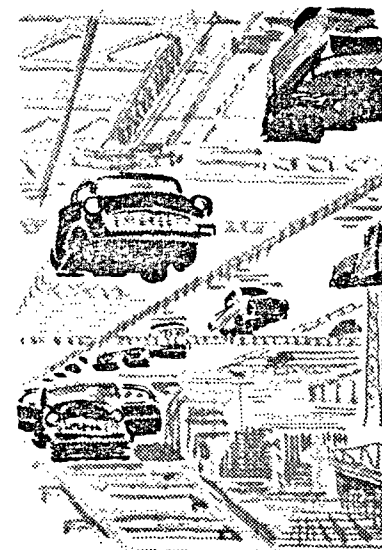
IPCORN will negotiate on your behalf with Governments, Municipalities or other parties.

★ FACTORY PREMISES If you intend starting an industry in Rhodesia or Nyasaland, IPCORN's associated pro-

perty company can buy or finance the building of a factory for you . . . to your own specifications . . . and can rent it to you on a long lease for a fair price. If you already have a factory here it can (a) buy it from you . . . thus giving you more working capital . . . and long lease it to you at a fair rental, and (b) rebuild it for you when you want to expand and modernise.

★ CONTACT A. C. Bartrum, General Manager of IPCORN at Bank Chambers, 76 Jameson Avenue, P.O. Box 134, Tel. 60830, Salisbury, Southern Rhodesia.

INDUSTRIAL PROMOTION CORPORATION
IPCORN
OF RHODESIA AND NYASALAND LTD
Bank Chambers, 76 Jameson Avenue, Salisbury, Southern Rhodesia



We are
the
Financial Backbone
of
Japanese Industries.

Under the provisions of the Long-Term Credit Bank Law, our Bank specializes in supplying industries with long-term capital and is authorized to issue bank debentures for this purpose. Through such activities, our Bank plays a vital role in developing Japanese industries.

**THE
LONG-TERM
CREDIT
BANK
OF JAPAN, LTD.**



HEAD OFFICE: 1, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan

knowledge

through close contact with Dominion affairs

information

on all aspects of commercial and industrial activity

experience

gained during one hundred years of banking

service

first-class and up-to-date

**Bank of
New Zealand**



Incorporated with limited liability in New Zealand in 1861

London Main Office: 1 Queen Victoria Street, London, E.C.4
MANAGER: A. R. Frethey

Piccadilly Circus Office: 54 Regent Street W1
Head Office: Wellington, New Zealand

Over 380 Branches and Agencies

1260
**aids to your
Canadian business**

In just about every town in Canada you'll find a branch of Canadian Imperial Bank of Commerce. The on-the-spot services and counsel provided by a nationwide network of more than 1260 Canadian branches are available through either of our London offices. To get the best possible help in building your business in Canada or abroad consult:

**CANADIAN IMPERIAL
BANK OF COMMERCE**

Incorporated in Canada with Limited Liability
London Offices: 2 Lombard St. EC3—Manager J. S. Rodgerson
and 48 Berkeley Square W1—Manager R. B. Watson
Head Office: Toronto, Canada

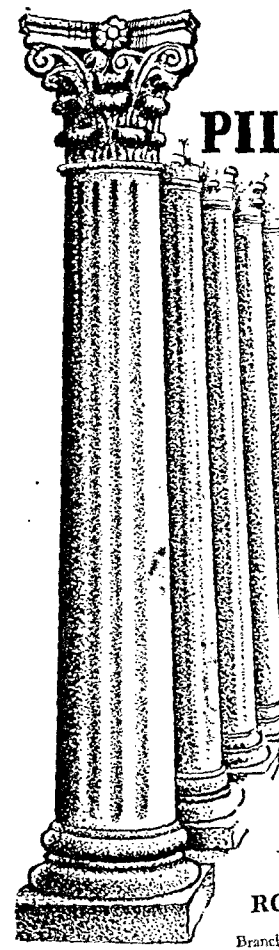


The Fuji Bank knows this potter. His exquisitely crafted pottery makes up one of Japan's prime exports. Wherever he turns his wheel in workshops up and down the islands of Japan, a Fuji branch is near by.

Business transactions flow smoothly through the Fuji Bank's vast facilities, which, since 1880, have been promoting world-wide trade.

If you are importing ceramics, let the bank that knows the source handle your exchange finances. The name is Fuji.

189 BRANCHES THROUGHOUT JAPAN
THE FUJI BANK LTD.
Head Office: Tokyo, Japan
Overseas Offices: London, New York, Calcutta



PILLAR OF STRENGTH

The Royal Exchange Assurance has for nearly two and a half centuries provided policies for every form of insurance requirement for the home or business life.



Royal Exchange
ASSURANCE

Incorporated by Royal Charter in 1720
Head Office:
ROYAL EXCHANGE, LONDON, E.C.3
Branches and Agencies throughout the United Kingdom & Overseas



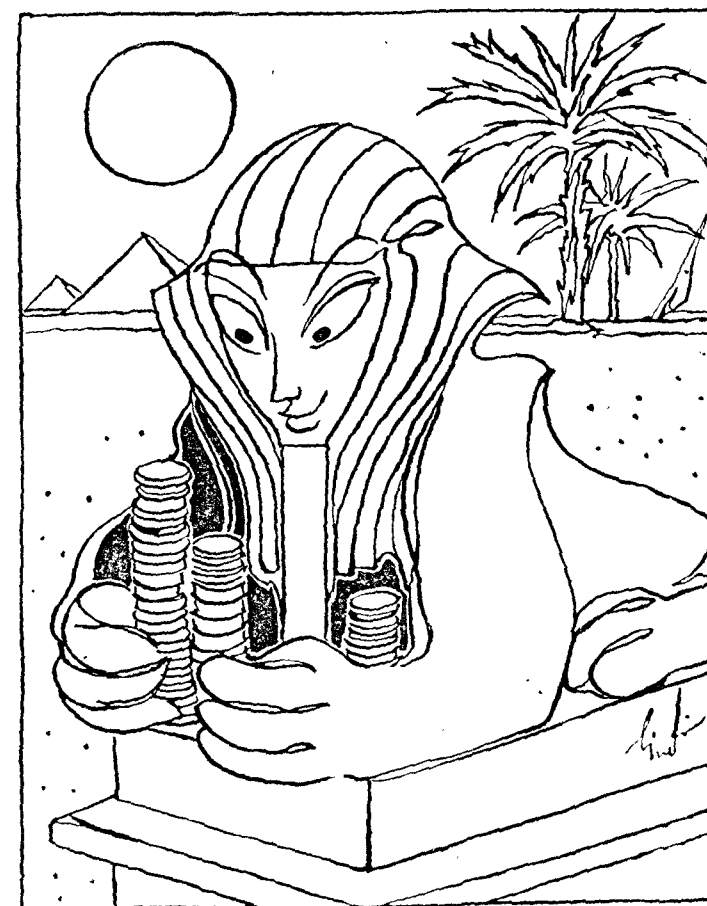
**First in
Industrial Finance
Experience in
Management of
Foreign Capital**

Foreign Exchange Business also our line

**The Industrial Bank
of Japan Ltd.**

Head Office: Marunouchi Chiyoda-ku, Tokyo, Japan
New York Office: 30 Broad Street, New York 4, N.Y.

ESTABLISHED IN 1902



EGYPT

All the gold of the Pharaoh's couldn't make her smile—this has changed since she started dealing through UBS!



UNION BANK OF SWITZERLAND

SCHWEIZERISCHE BANKGESELLSCHAFT
UNION DE BANQUES SUISSES
UNIONE DI BANCHE SVIZZERE

HEAD OFFICE: ZÜRICH, Bahnhofstrasse 45

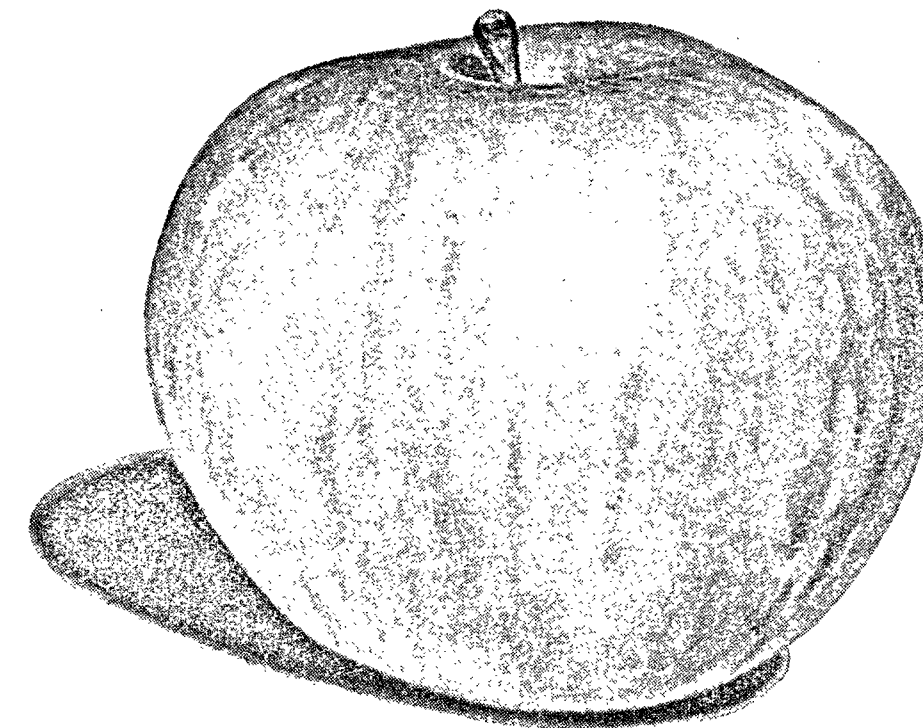
OVER 50 BRANCHES THROUGHOUT SWITZERLAND

Capital fully paid Swiss Francs 160,000,000

Reserves Swiss Francs 162,000,000

Cable Address for all Offices and Branches: BANKUNION

THE UNION BANK  OF SWITZERLAND
HAS CORRESPONDENTS ALL OVER THE WORLD



*...and just as carefully selected
is the Staff Pension Scheme
planned and administered for
H. P. Bulmer & Company Limited
by The Standard*

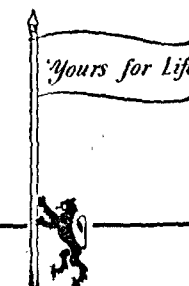
More than 2,000 organisations, of every size and type, rely on us for their Staff Pension arrangements. They are glad of our specialized experience and welcome the expert help given by our Pensions Superintendents throughout the country. And so, if need be, could you . . .

THE STANDARD LIFE ASSURANCE COMPANY

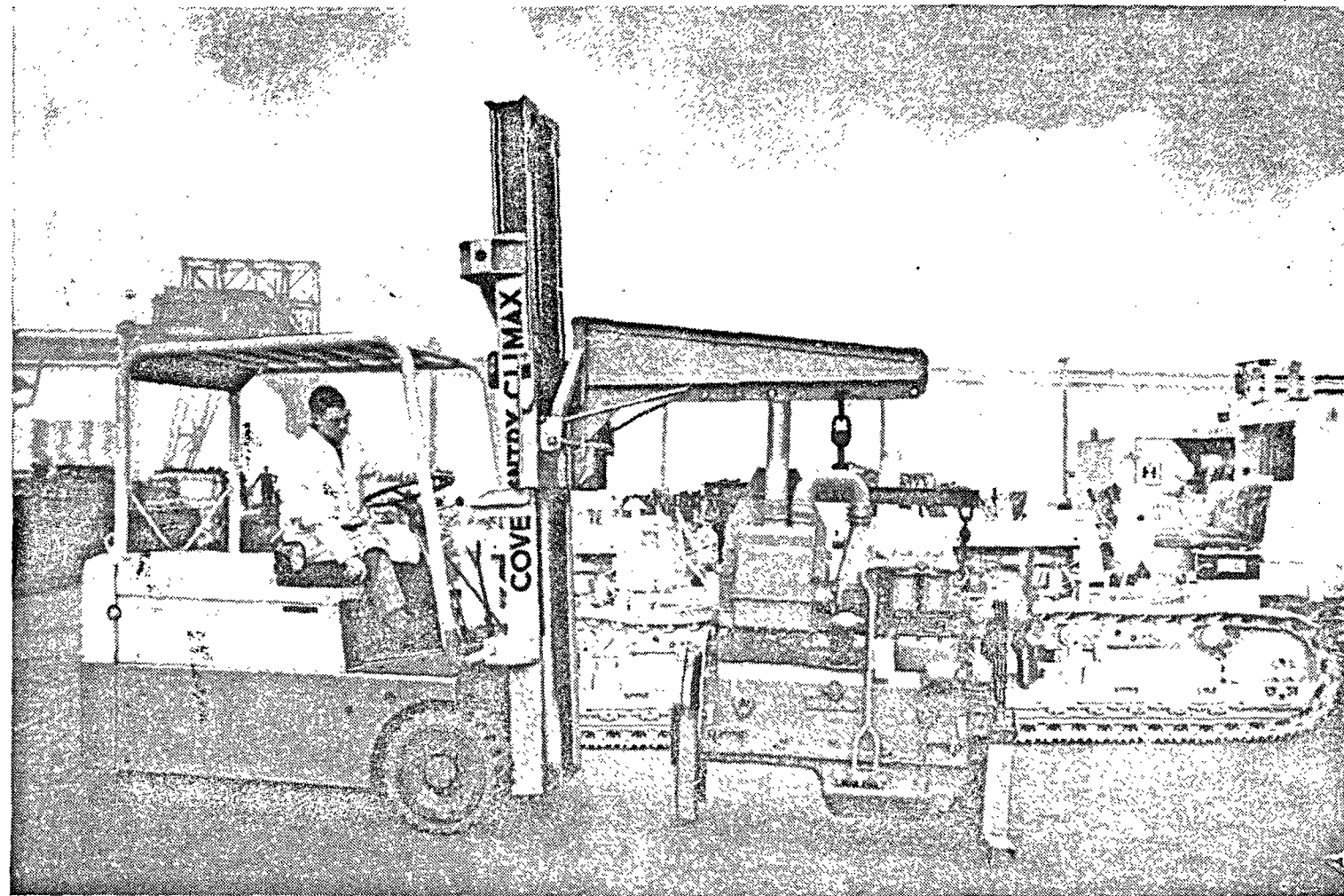
Established 1825. Assets exceed £300,000,000

Head Office: 3 George Street, Edinburgh

London Office: 3 Abchurch Yard, Cannon Street, E.C.4



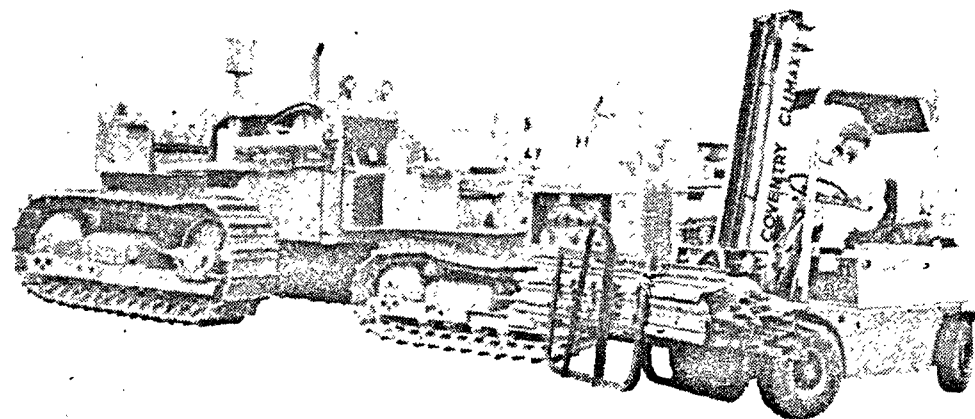
SL 203B



TOP TOOLS IN ACTION . . . at the Doncaster factory of International Harvester. It's just a co-incidence that this picture records such a neat example of high power harmony . . . or is it? After all, who is better qualified to know the best in power and movement than International?



International
Harvester
move
Rolls Royce
engines
with



Coventry Climax FORK LIFT TRUCKS
COVENTRY CLIMAX ENGINES LIMITED (DEPT. E) COVENTRY

The Economist

the
BRITISH INFORMATION SERVICES (INDIA)
Office of the United Kingdom High Commission,
6, ARMENIAN STREET, MADRAS-1
FEBRUARY 24, 1962

FOUNDED 1843

One Shilling and Sixpence

9
5/3/62

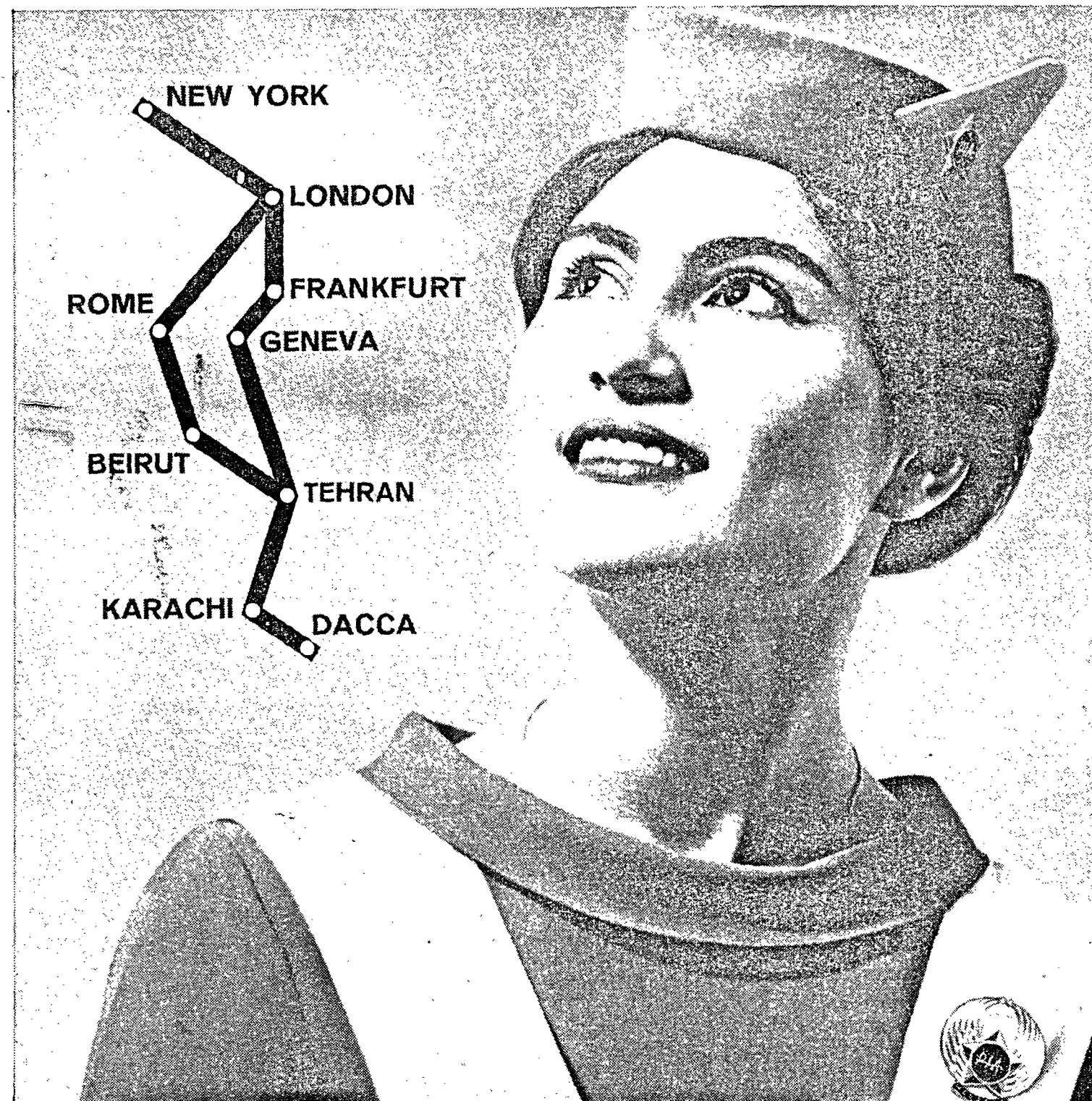
OUR NEW FRONTIERS



THE CASE FOR EXPORT SUBSIDIES

The Economist . 22 Ryder Street . St. James's . London . SW1

GUIDE TO CONTENTS SEE OVER



Great people to Fly with

PIA

PAKISTAN
INTERNATIONAL AIRLINES

See your Travel Agent or consult us: 45, Piccadilly, London, W1. Phone: Regent 5544. Cables: PAKINTAIR

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

In The Economist this Week February 24, 1962

SHRINKING PAINS

IN BRITAIN

Three major changes in the British posture in the world have been the right aims of Mr Macmillan's five-year-old Government, but they cannot be achieved unless they are believed in—and all their implications are understood, accepted and expounded (p. 687).

British defence policy has the merit of coming to terms with disimperialism: but the country's European responsibilities in Nato are being neglected (p. 688).

Defence contracts bring small joy to the British aircraft industry (p. 736).

• A clear aim is needed, immediately, for Britain to face its Rhodesian responsibilities (p. 692).

• In Southern Rhodesia, black nationalists are facing the government head-on (p. 722).

• In British Guiana, Dr Jagan has the constitutional powers to run affairs, and can still call on the British when he needs help (p. 693).

IN FRANCE

As the French empire comes to an end, constructive parallels for other places can be drawn (p. 690).

France's economic expansion, in contrast to that of Britain, has achieved a formidable rhythm (p. 698).

INTERNATIONAL

TOGETHERNESS

Now that Americans can orbit, too, the prospects for co-operation, instead of throat-cutting, in space have improved (p. 704).

Colonel Glenn's flight, proving that space bombs may be possible, is the best argument for taking such co-operation seriously (p. 692).

Mr Khrushchev's invitation to an 18-nation "summit" on March 14th has so far been accepted only by the communist leaders (p. 693). His squeeze on the Berlin air corridors may be a hint that the West cannot afford not to talk (p. 694).

INCOMPATIBILITY

Indochina: The danger now in the former French Empire in Indochina is the escalation of a small war into a large one. Can Mr Khrushchev be persuaded to bring his protégés in Vietnam to heel? (p. 691).

Hungary: Mr Kadar is trying hard to bridge the yawning gap between his regime and the people (p. 697).

Soviet Union: The gap between the Soviet armed forces and historical truth is being bridged in odd ways (p. 697).

Ireland: Can a neutral join Nato? (p. 720).

DOMESTIC STRIFE

The Congo is healing slowly, but it is too soon to pronounce recovery complete (p. 701).

On the evidence presented by the Ceylon government, an ill-organised plot was behind last month's abortive coup (p. 725).

In India, ructions within the Congress Party will probably start up after the election results are declared on Sunday (p. 698).

THE AMERICAN HOME

President Kennedy may have been ill-advised to force the issue on his Department of Urban Affairs (p. 704).

The American boom paused unexpectedly for breath in January (p. 707).

As usual everyone in the shipping industry is unhappy (p. 709).

HOME

SHOULDER TO SHOULDER

A boost for British exports: the case examined for export subsidies (p. 731).

Tyneside's disparate boroughs may form a viable new riverside county (p. 717).

London's reorganisation should ensure a strong central authority for the region: but there is little evidence that this is recognised in Whitehall (p. 694).

By train to London airport? (p. 742).

Sheffield deserves help to repair the damage of last week's gale (p. 718); it can give thanks that it was spared the calamitous losses that the same storm brought to Hamburg and around (p. 721).

The rigours of a Spanish winter are relative (p. 726).

Householders will be up in arms at the prospect of higher rates next year (p. 738).

The Economist agrees with the Trades Union Congress on (at least) the need to boost British production (p. 696).

BACK TO BACK

Rupture in high places: Fisons directors fall out (p. 733).

Some steelmakers are more deserving than others (p. 735).

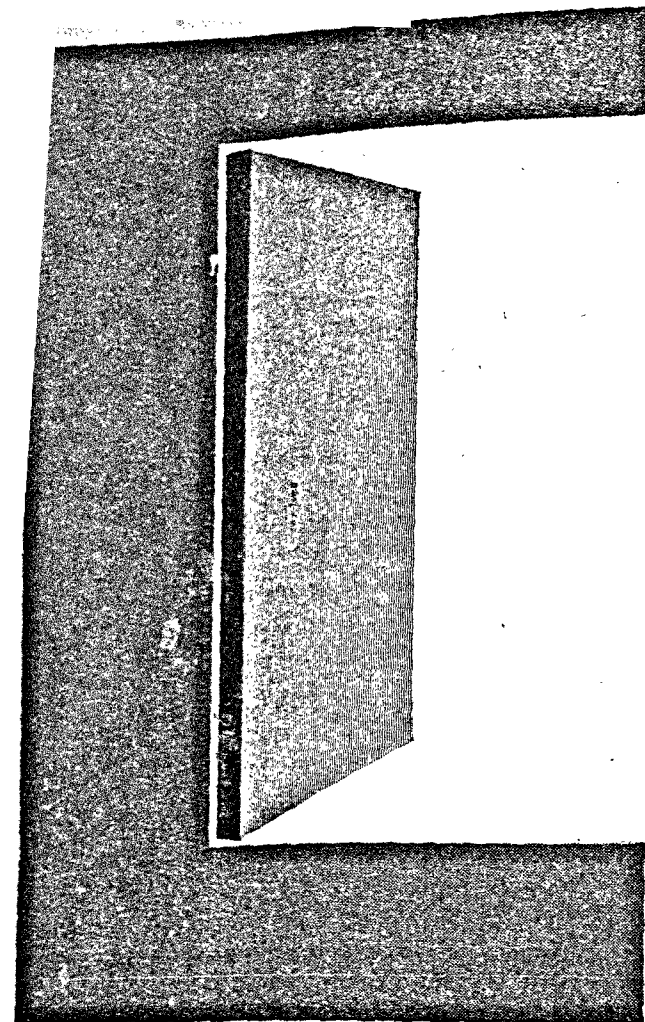
Mr Gaitskell has fought again, and won, a further battle with his left wing before his talks with Mr Kennedy (p. 693).

BMC squeezes Ford in the home market (p. 742).

Powerful voices are once more raised against hanging; but, although there is probably a majority for abolition in parliament, none exists within the Conservative party (p. 694).

Immigrants: a bad policy well regulated (p. 698).

Detailed contents on page 687



Why you should read EUROPEAN CHEMICAL NEWS

Because it will tell you exactly what is happening in the
EUROPEAN CHEMICAL INDUSTRY quickly and concisely — week by week

EVERY FRIDAY ECN WILL BRING YOU

News reports direct from experts on the chemical
industry in Germany, Italy, France, Scandinavia,
Benelux countries, United States and Japan.

Market intelligence reports.

Current prices of basic chemical products.

Technical news interpreted in business and economic terms.

General news, interpreted commercially.

Company finance news related to world business trends.

Essential reading today for all managers, executives, technicians and marketing men in the chemical industry, this new journal will also be of great value in financial circles and to all those engaged in the import and export of chemical products.

PLACE A REGULAR ORDER WITH YOUR NEWSAGENT NOW

EUROPEAN CHEMICAL NEWS

A NEW WEEKLY TEMPLE PRESS PUBLICATION · BOWLING GREEN LANE, LONDON EC1

TPC 36/1

On Sale
NOW
AND EVERY FRIDAY
PRICE 1/-

Annual Subscription 52/- U.S.A. and Canada \$7.50



Now on Pan Am Jets



NEW LOW GROUP FARES TO THE U.S.A.

as low as
\$300*

ROUND TRIP
PER PERSON

Revolutionary low jet fares —
long sought by Pan Am —
bring you savings like these:

LONDON-U. S. A. ... SAVE \$186

PARIS-U. S. A. SAVE \$199

ROME-U. S. A. SAVE \$235

(compared with individual round-trip Jet Economy fares)

Same wonderful Pan Am service — yet you save enough with Pan Am's new low Group Jet Fares from Europe and the Middle East to pay for much or all of your stay in the U.S.A!

What groups qualify? Any group of 25 or more is eligible if its normal function is other than travel and the passengers have been members of the same established organization for more than six months prior to requesting reservations; also eligible is any group formed spontaneously without solicitation. Church groups, clubs, business, fraternal and other organi-

zations now can take that dreamed-about trip to the U.S.A. — and save enough to pay for much of their holiday while there. All your group need do is apply (or have your Travel Agent apply) to Pan Am 30 days or more before your planned flight.

Go any time of the year! New low Pan Am Group Jet Fares aren't limited to any season of the year. During the lovely spring and early summer months, you can leave any day of the week. (During August, September and October, you can leave any time between 7 a.m. Monday and 7 a.m. Friday.) And best of all: you no longer need to charter an entire plane, paying for seats you don't use!

Stay as long as a year, if you choose! And you may want to, when you see how much the U.S.A. has to offer! You'll like the warmth and friendliness of the people... and

you'll see all the places you've always hoped to see!

Why your group should choose Pan Am! Even at low group fares that save each individual up to \$285, you enjoy Pan Am's *Rainbow* Economy service, on regularly scheduled Jet flights. You are assured of reliable departures and arrivals throughout your trip. Service includes superb cuisine by *Maxim's of Paris*... and Pan Am's Priceless Extra — Experience. Don't settle for less!

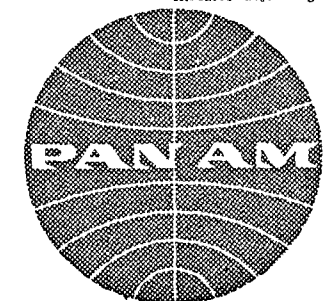
Here are typical new Jet Economy Round-Trip Group Fares:

LONDON-NEW YORK.....\$300
PARIS-NEW YORK.....\$326
ROME-NEW YORK.....\$385
FRANKFURT-NEW YORK.....\$349
LONDON-CHICAGO.....\$373
BEIRUT-NEW YORK.....\$579

Savings apply to any part of the U.S.A. Fares even lower on propeller aircraft — \$278, London-New York round trip, for example. For details, call your Travel Agent or Pan Am.

*London-New York, round trip
All fares subject to government approval

Enjoy the Priceless Extra of Experience
on the World's Most Experienced Airline



XX JUBILEE INTERNATIONAL FAIR

PLOVDIV—BULGARIA

FROM SEPTEMBER 16th — 30th 1962

In/outdoor exhibition area 380,000 sq. m.

A great number of countries and firms from Europe, Asia, America, and Africa exhibit at this most successful market place in South-East Europe.

FOR INFORMATION:—

Plovdiv International Fair,
Fair Administration
Plovdiv—Bulgaria

Bulgarian Chamber of
Commerce
11a, Stamboliski Blvd.
Sofia—Bulgaria

Bulgarian Trade Representation
107, Lancaster Gate,
London, W.1.

ACHIEVING AN EVER
GROWING
DEVELOPMENT



PRODUCTS

FERTILIZERS:
AMMONIUM SULPHATE, UREA, COMPOUND FERTILIZER

METALS:
ALUMINUM, ALUMINUM ALLOYS, FERROALLOYS, METALLIC SILICON, PURE IRON

ELECTRODES:
SYNTHETIC GRAPHITE ELECTRODE, REACTOR GRAPHITE, CARBON PRODUCTS

ABRASIVES:
MORUNDUM (Fused Alumina), DENSIC (Silicon Carbide)
CHEMICALS:
POLYETHYLENE, CARBON BLACK, PROPYLENE GLYCOL, PROPYLENE OXIDE, DEUTERIUM OXIDE, MELAMINE, TASSIUM CHLORATE, SODIUM CHLORATE, SODIUM CYANIDE, HYDROCHLORIC ACID, METALLIC SODIUM, CALCIUM CARBIDE, UREA (Technical Grade), LAUING GAS (Nitrous Oxide), ACETIC ACID, PHTHALIC ANHYDRIDE, ETC.

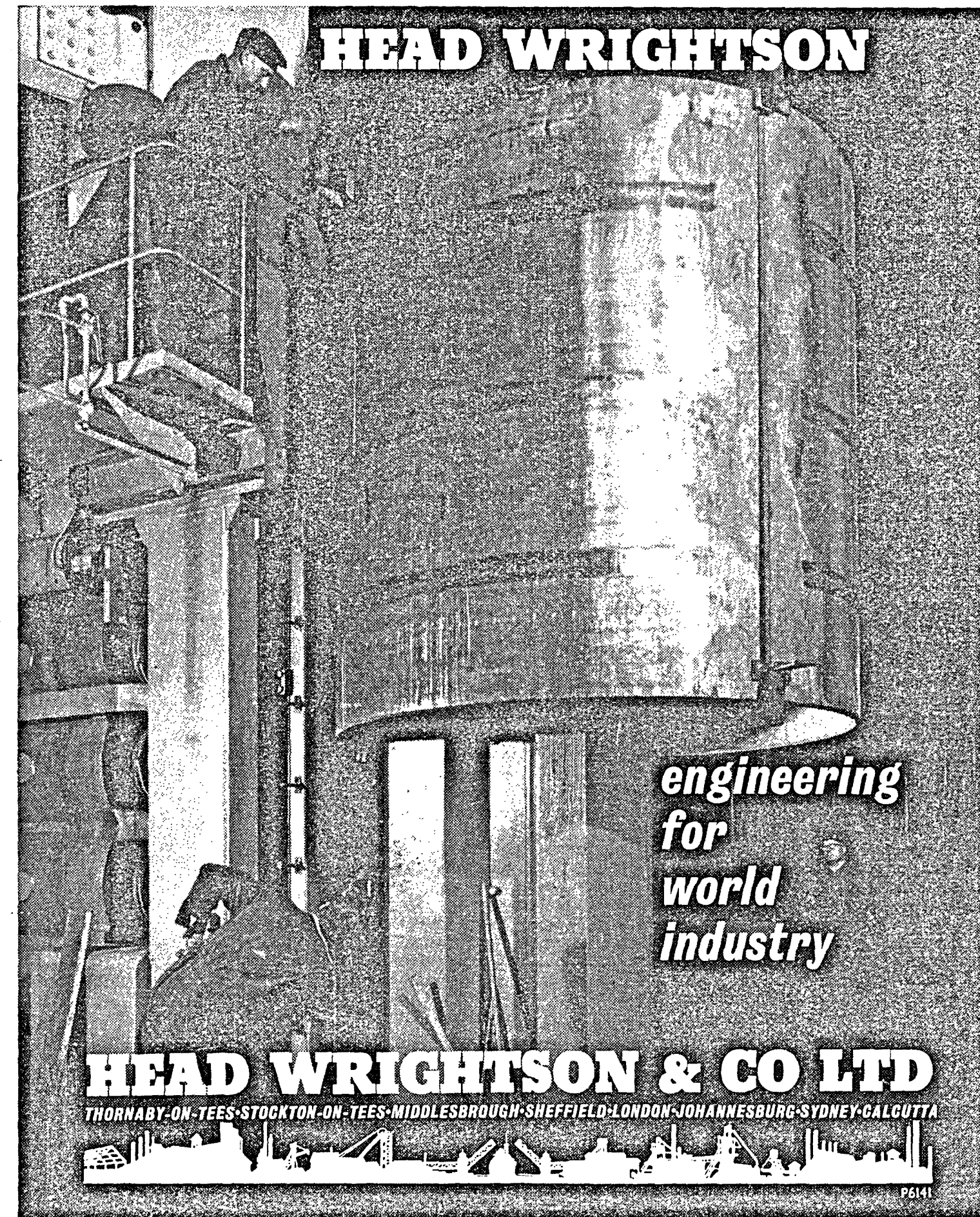


Please write for our English catalogues

SHOWA DENKO K.K.

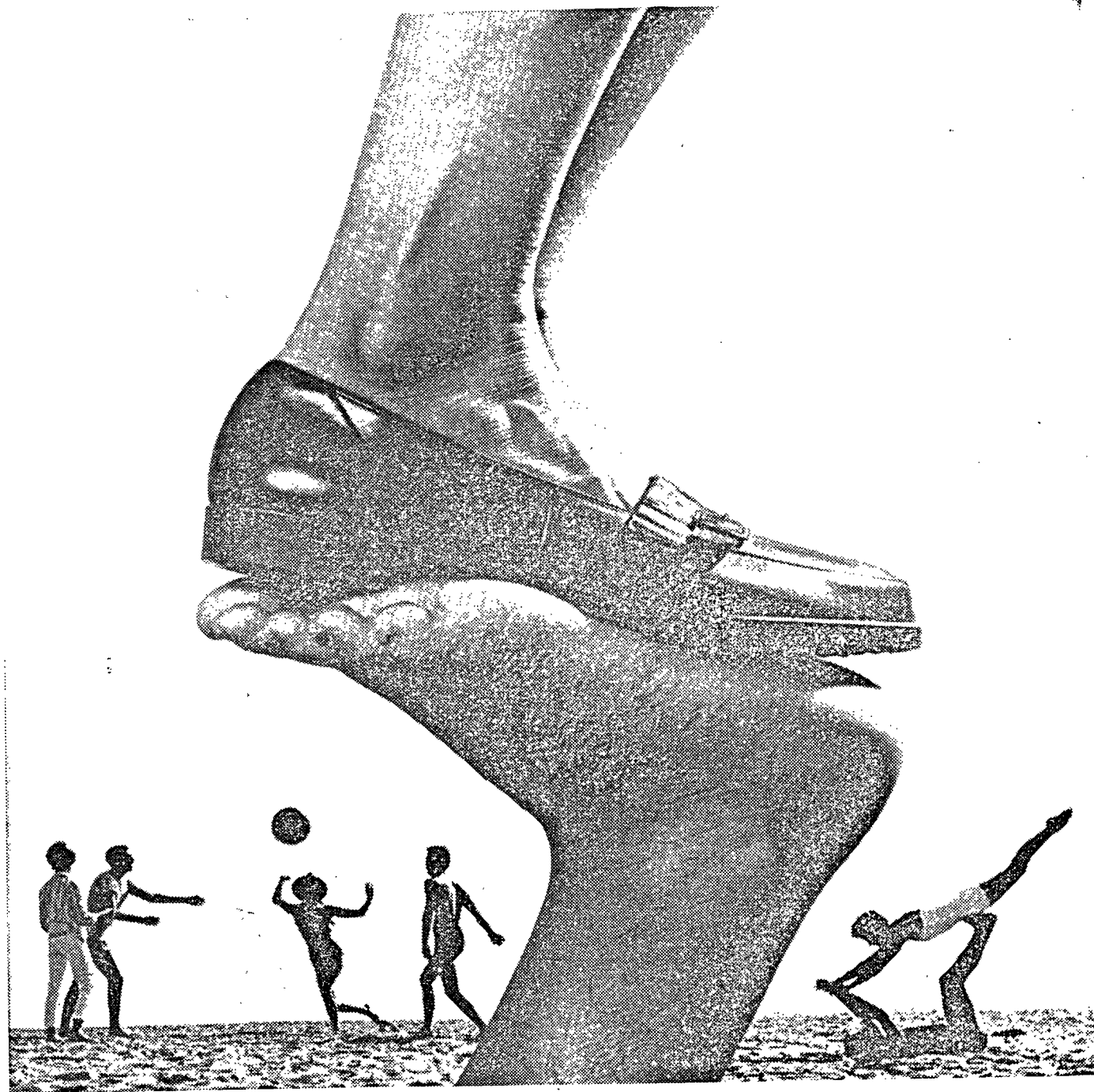
(Integrated chemical manufacturers)
34, Shiba Miyamoto-cho, Minato-ku, Tokyo, Japan
Cable Address: SECIC TOKYO

HEAD WRIGHTSON



HEAD WRIGHTSON & CO LTD

THORNABY-ON-TEES-STOCKTON-ON-TEES-MIDDLESBROUGH-SHEFFIELD-LONDON-JOHANNESBURG-SYDNEY-CALCUTTA



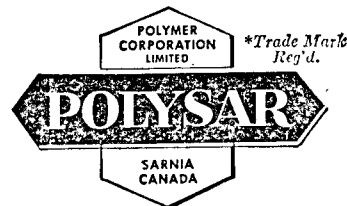
Secret of the first shoe that's as comfortable as a bare foot

Whether you're planning a new process, a new product, or improvements to an old one, success can depend on your finding a new raw material. A most promising source may lie among the different types of Polysar* synthetic rubbers, produced by the Polymer Corporation Limited.

For instance, there's never been a shoe that could really compete in comfort with walking barefoot—not until a newly developed process using Polysar SS-250 Flake made it possible. It produces a shoe with a microcellular sole moulded

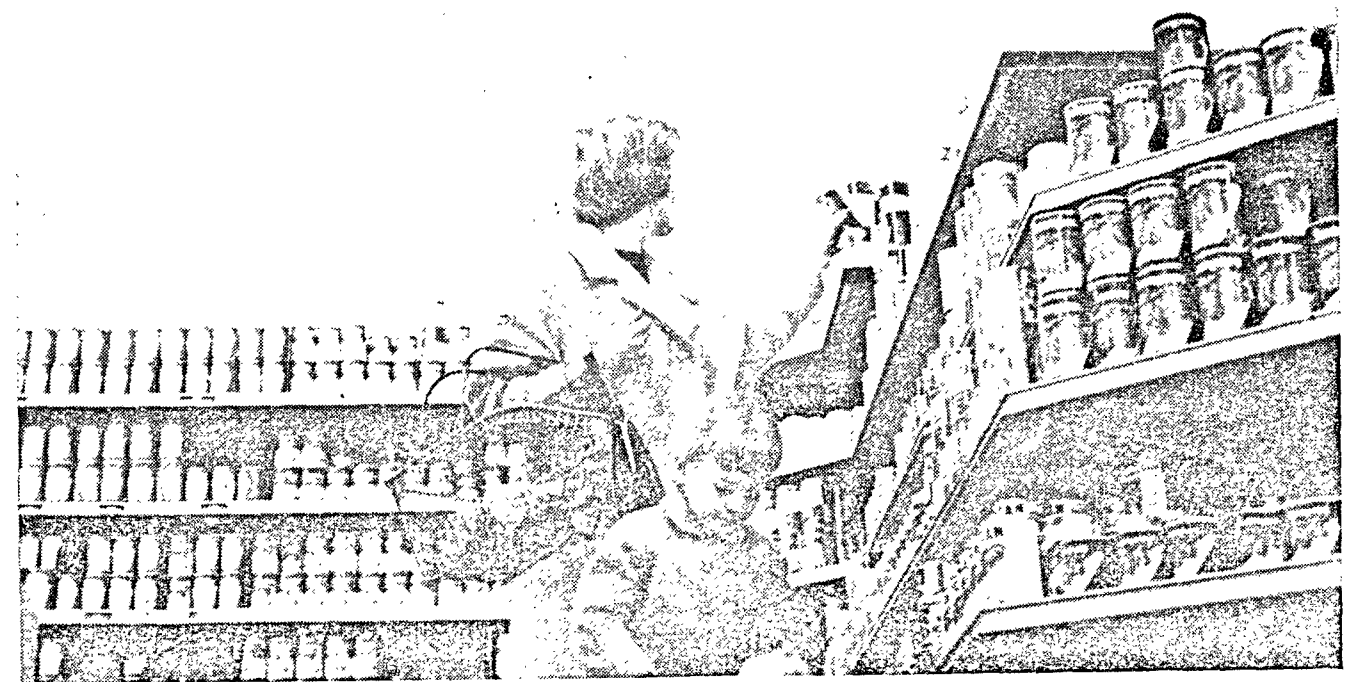
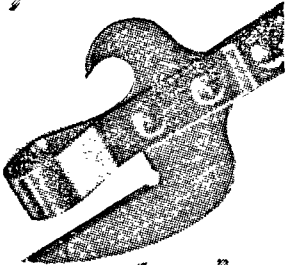
directly to the shoe upper. It's light. It's cool because it breathes. It's more flexible, more resilient. It's soft and at the same time tough. The result—a shoe that's as cosy as an extra skin.

Polysar SS-250 Flake is just one of the 40 types of synthetic rubber produced by the Polymer Corporation Limited. Within the world-wide Polymer organization there is a representative nearby, ready to advise you. A letter to the Marketing Division, Polymer Corporation Limited, Sarnia, Canada, will put him in touch with you.



ONE OF THE WORLD'S
MAJOR SOURCES OF RUBBER

Modern living starts for her with RTB. Her washing machine made from RTB steel sheet. The cooker and the fridge (and the tins in the fridge). Her sink unit of RTB stainless. And when she turns on the radio or television, RTB electrical steels and laminations go to work. Her modern life depends on all these steels. And modern British steelmaking starts at RTB. First in the field with continuous strip, first with electrolytic tinplate. First with the advanced LD process, and the Rotor furnace to pre-refine iron. RTB first with new ways to make steel efficiently, economically, speedily.



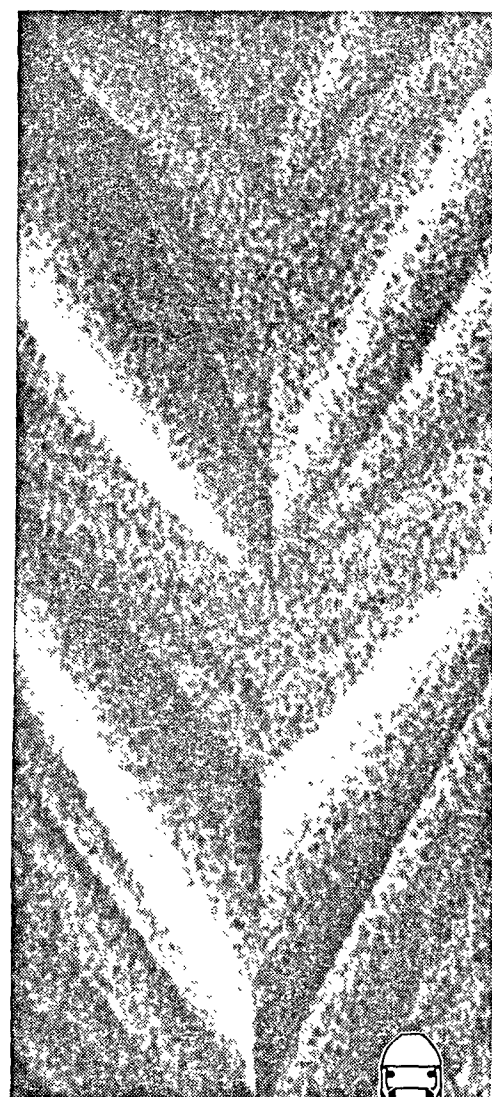
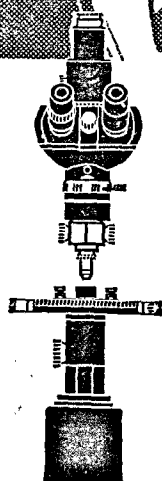
RICHARD THOMAS & BALDWIN'S LIMITED **STEEL THAT SELLS**
RTB House 151 Gower Street London WC1 Euston 9333

THE EYE OF SCIENCE



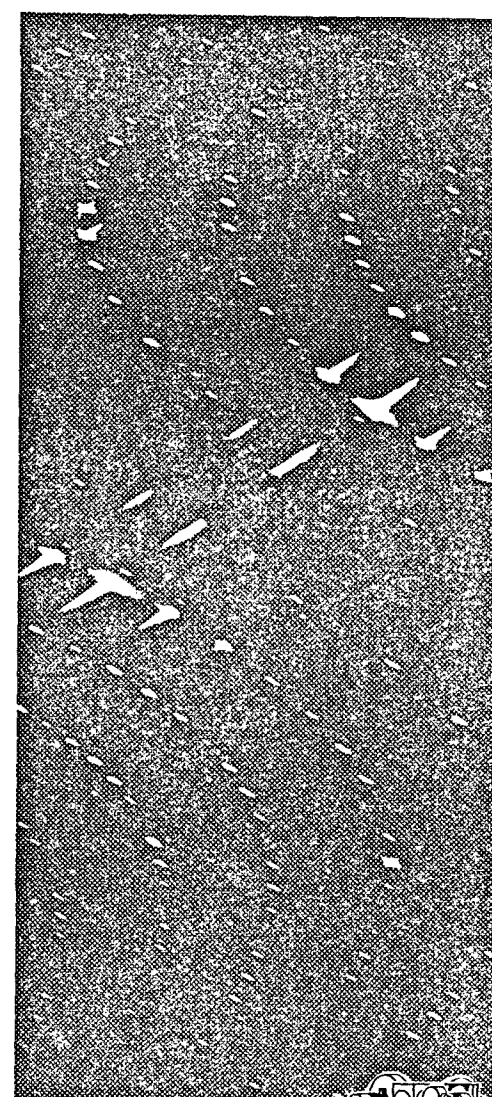
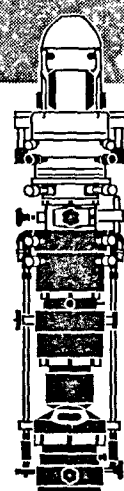
looks close . . .

OPTICAL MICROSCOPY. When detergents are mixed with a limited amount of water, several distinct "mesomorphic" phases may be formed. These phases are also known as "liquid crystals" because some of their properties are akin to those of a solid while others are characteristic of a liquid. When examined under a polarised light in an optical microscope each mesomorphic phase is identified by its unique texture.



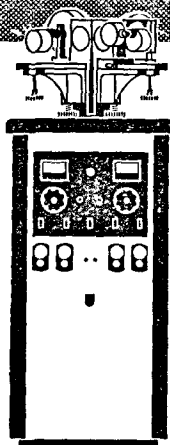
closer

ELECTRON MICROSCOPY. Because the wavelength of electrons is very much smaller than that of visible light much higher useful magnifications result when an electron microscope is used instead of an optical one. The above photograph is an electron micrograph of the same mesomorphic phase as that shown in the optical micrograph.



... and into the heart of matter

X-RAY DIFFRACTION. Although useful structural information results from the use of light and electron microscopy, these methods do not establish the way in which individual detergent molecules are arranged within any given phase. However, analysis of X-ray diffraction photographs obtained from a single detergent crystal can unambiguously determine the molecular architecture in the solid state.



The industry in which Hedley operates is a highly competitive one. The challenges of competition always create an atmosphere in which research flourishes. Competition stimulates research—and research heightens competition. The result—better products more quickly.

HEDLEY



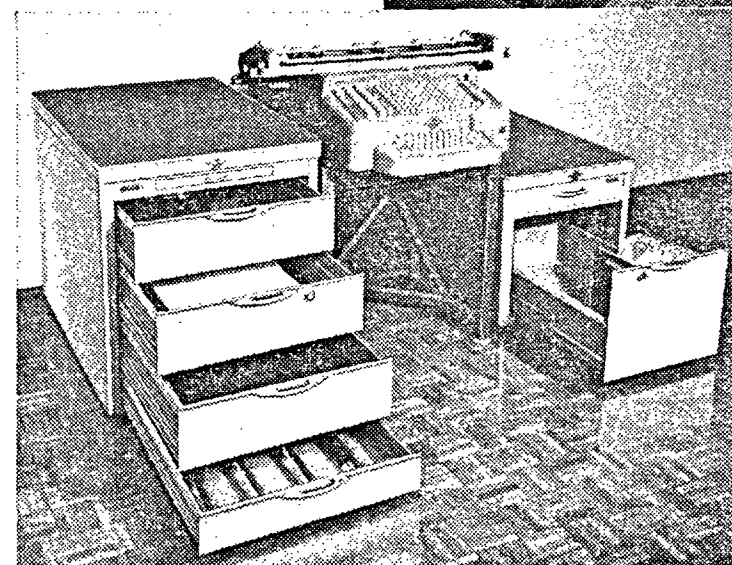
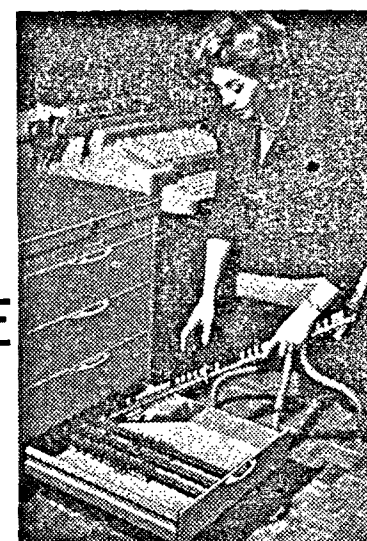
THOMAS HEDLEY & CO. LIMITED, NEWCASTLE UPON TYNE
British member of the Procter & Gamble International Group of Companies

MAKERS OF FAIRY SOAP • TIDE • DAZ • FAIRY SNOW • OXYDOL • DREFT • FAIRY LIQUID • FLASH • CAMAY • GLEEM • DRENE • INDUSTRIAL DETERGENTS • COOKING FATS AND ALLIED PRODUCTS



CHOOSE

HARVEY



TODAY'S STATUS SYMBOL IN STEEL FURNITURE

Accounting machine stations were what they wanted, exactly made to precise specifications. So we adapted our '400 Style' furniture to meet the need. Look at the results for yourself. Custom-built units, ideally suited, matchlessly engineered by Harvey, with every one available on time.

HARVEY G. A. Harvey & Co (London) Ltd, who also make **HARVEY Milner**
Sales Head Office: Villiers House Strand WC2 Tel: WHitehall 9931-7
Telex: 24380 Gahsales Head Office & Works: Woolwich Road SE7 5SA

SAVING FOR EVERYBODY



**GOOD RATE OF INTEREST.
EASY TO BUY, EASY TO HOLD.
INCOME-TAX-FREE
CONCESSIONS.**

National Savings Certificates (10th Issue)

Each unit costs 15/-, becoming £1 in only seven years—equal to nearly 4½% interest free of U.K. income tax and surtax, or nearly 6½% taxable at the standard rate of 7/9. You may hold 1,200 units.

Post Office and Trustee Savings Banks

You may deposit up to £5,000, with no restriction up to this maximum on the amount invested in any one year. Both husband and wife can each enjoy £15 interest free of U.K. income tax (but not surtax) each year on their Savings Bank deposit accounts.

Defence Bonds

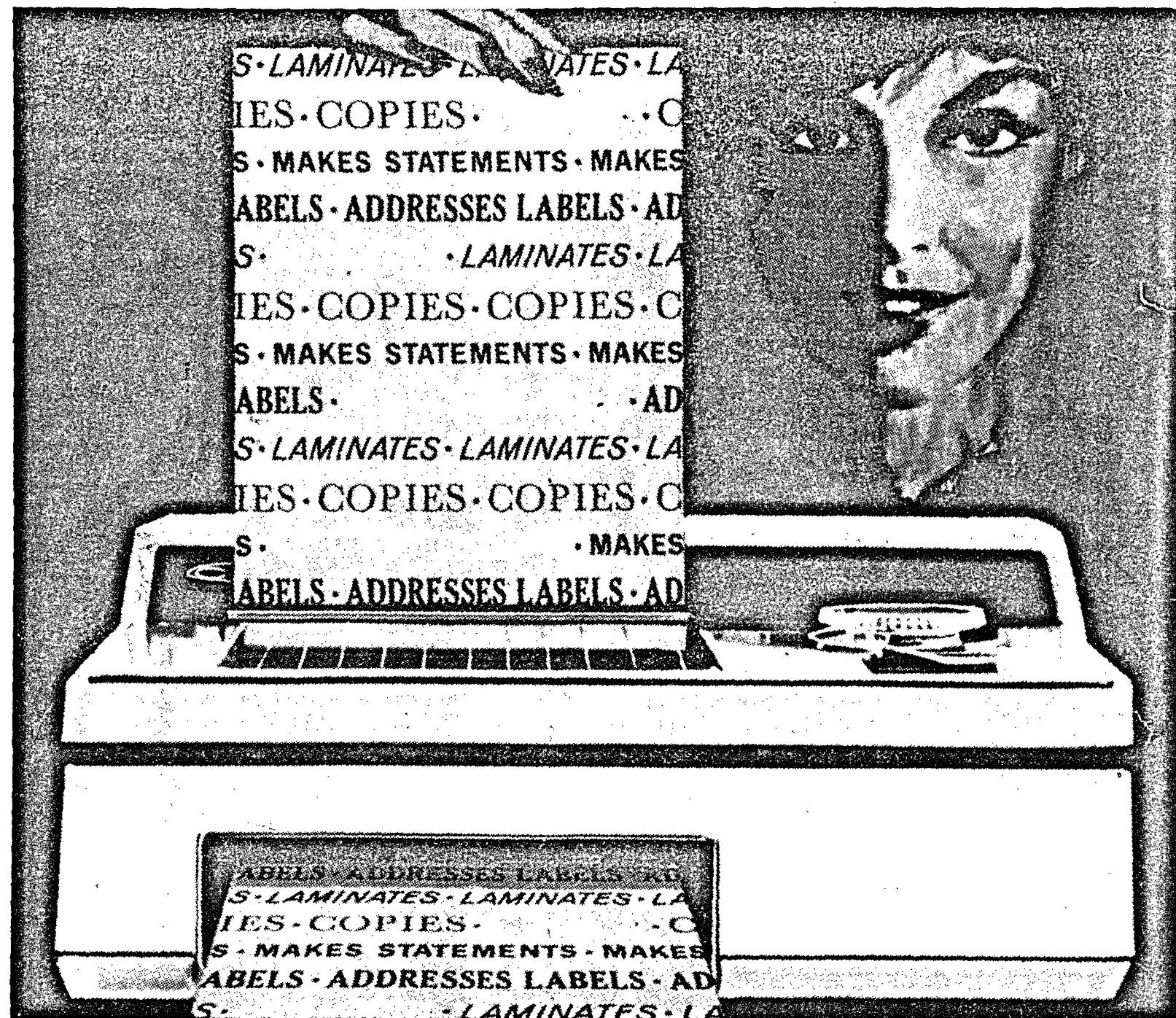
5% Defence Bonds are on sale in £5 units, and after seven years yield a 3% bonus free of U.K. income tax. You may now hold £5,000 worth, exclusive of holdings of earlier issues. Ideal trustee investment.

Premium Savings Bonds

Thousands of prizes, from £25 to £5,000, free of U.K. income tax and surtax, can be won each month. Bonds cost £1 each, and the permitted holding is now 800.

INVEST IN NATIONAL SAVINGS

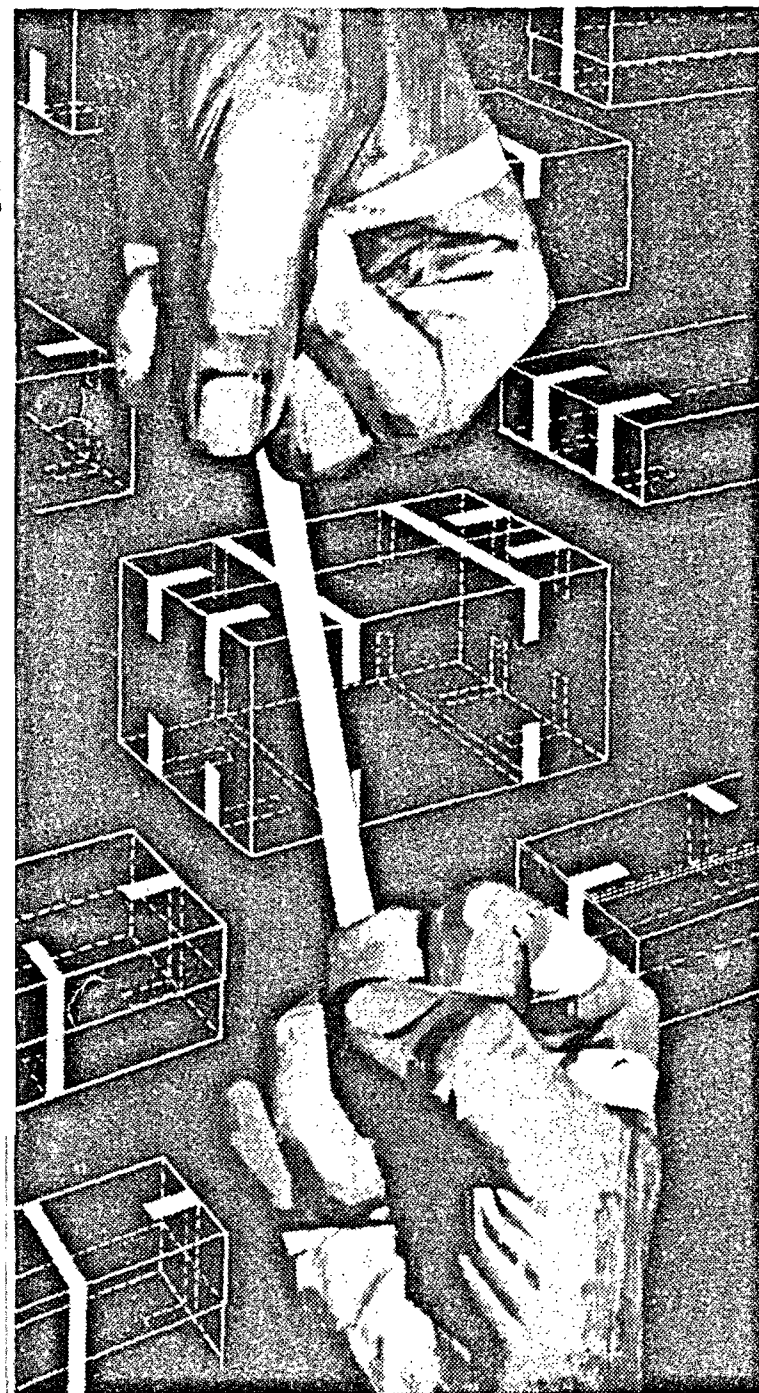
National Savings Certificates
Post Office Savings Bank & Trustee Savings Banks
Defence Bonds • Premium Savings Bonds
Issued by the National Savings Committee, London, S.W.7



3M A WORLD
OF
COMPANY NEW IDEAS

This versatile business machine does more jobs . . . costs you less!

This compact, all-electric "Thermo-Fax" Business Machine delivers perfect, dry copies of printed, written and typed papers in just 4 seconds. Makes error-free statements and invoices at the rate of 250 per hour. Addresses up to 10,000 gummed labels in one hour. Laminates a tough, clear plastic covering on important documents, quickly and economically. New control dial ensures perfect copies every time. Only a "Thermo-Fax" Business Machine can do all these jobs and more. An amazing time and work saver! See it and try it!



This tape with built-in "muscles" seals shipments super-safely!

Sticks at a touch . . . can't mar, scratch or gouge . . . yet even the strongest man can't break this remarkable tape embedded with thousands of tough filaments. "SCOTCH" Brand Filament Tape has up to 500 pounds tensile strength per inch of width! World's greatest, world's strongest packaging and shipping tape. Small tabs do giant jobs. Use it for lifting, holding, bundling and reinforcing, too. (Conforms to irregular shapes and never cuts into package or product like metal strapping often does.) Try it . . . and wonder how you did without it.



These magnetic tapes capture any sound with mirror-clear fidelity!

Expect the ultimate in sound reproduction when you record with "SCOTCH" BRAND Magnetic Tapes. Every shading, every nuance, every note comes through with concert-hall realism . . . because these tapes bring music to life flawlessly, with greater dynamic range, greater freedom from distortion. No wonder "SCOTCH" BRAND Magnetic Tapes are preferred by professionals, used by more people than any other magnetic tapes in the world. "SCOTCH" BRAND, the No. 1 tape in radio, television and instrumentation. Listen . . . hear and see the difference.

3M COMPANIES IN: ARGENTINA • AUSTRALIA • AUSTRIA • BRAZIL • CANADA • COLOMBIA • DENMARK • ENGLAND • FRANCE • GERMANY • HONG KONG • ITALY • JAPAN • MEXICO • NETHERLANDS • PERU • RUSSIA • SOUTH AFRICA • SWEDEN • SWITZERLAND

3M MINNESOTA MINING & MANUFACTURING COMPANY LIMITED Wigmore Street, London, W.1.

PROJECT 304

The story of the great
Shell Chemicals
Sculpture Competition
by A. N. Other—Carter

Chapter Two: *The Great Conference*

Things move quickly at Shell Chemicals. It was around 1.30 p.m. that day when the four of us (Carter, from Ketones, Carter the Polyglycols man, Carter from Advertising, and myself) were discussing over our coffee the public image of Shell Chemicals and, a director, Mr. Carter,

'You see, gentlemen, even our geographical image is diffuse. Now if you'll examine these few notes I've put together since lunchtime you'll observe, on page 13 I think it is (in the section headed *Background*), that the sculpture should show, among other things that our main establishments are at Carrington, Stanlow and Shell Haven!'

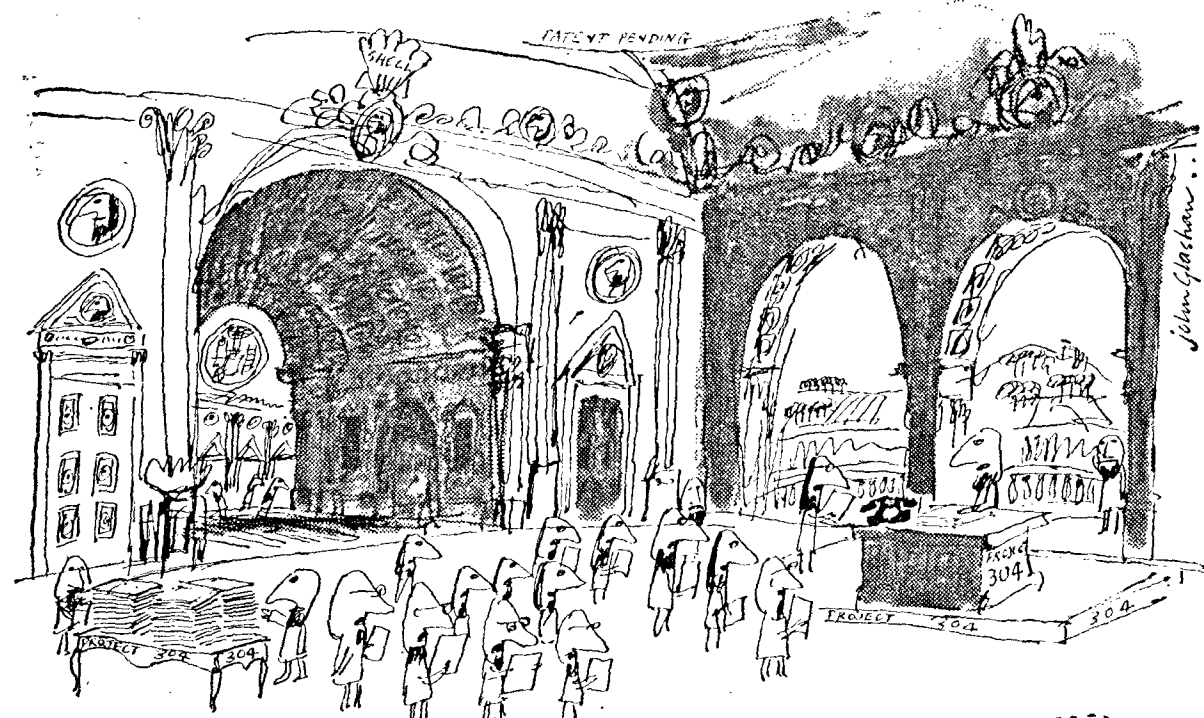
We turned to the imposing brochures, in their handsome blue polyvinylchloride covers on which PROJECT 304: SPIRIT OF SHELL CHEMICALS SCULPTURE was embossed in gold letters. There were a few moments' silence as we carefully digested the 56 pages.

THE ECONOMIST FEBRUARY 24, 1962

crops fertilised by fertilisers. 'Was it Beerbohm who said the only people interested in sculpture today are sculptors' mothers?' he said.

Mr. Carter beamed at him. 'I'd like you to take over the new PR division I've just formed,' he said 'Nobody will be able to say *our* PRO's are failed journalists. I bet you'll be the only Polyglycols man who has ever given a press conference in a Chelsea studio to announce a sculpture competition. I'd like you to lay that on for next Wednesday.'

Chelsea! I thought of *Isobel*...



suggested a great sculpture competition for Shell Chemicals. 'Briefing in my office at 2,' he said.

There was quite a crowd of us in Mr. Carter's elegant suite on the 57th floor of the Resins Building, with its commanding view of nine counties.

'Can anyone name them?' said Mr. Carter.

'Oxfordshire, Durham, Yorkshire, Suffolk—' began Carter, from Ketones.

'—Wiltshire?' hazarded Carter from Advertising.

Entries open to all countries? Themes, postwar emergence of petroleum chemicals industry, thing on its own, not just something left over from oil. Three Divisions, Agricultural (figure of Ceres, Mother Goddess?), Industrial Chemicals and Plastics & Rubbers. Sculpture needn't be plastic though. Chaps often use wire now. Help to paint-makers, Forth Bridge, anti-rust...

At 2.57 Mr. Carter said 'Any questions?' Carter, the Polyglycols man, stared dreamily over the nine counties, full of noble standing



Do not miss Chapter Three: *'The Press Party'*

For any information about chemicals contact the Information Officer, Shell Chemical Company Limited, 170 Piccadilly, London W.1.

The Economist

FEBRUARY 24, 1962

Our New Frontiers	687
Mr Watkinson's Roving Eye	688
How to Make Peace	690
Asian Perils	691

NOTES OF THE WEEK	692
Rhodesia; Space Travel; British Guiana; Labour; East-West; Berlin; London; Hanging; Budget; Malta; The Road to Xanadu; Soviet Union; Hungary; By-Elections; Dinners not Pintas; Immigrants; India; France; MPs' Expenses; Congo.	

AMERICAN SURVEY	703
Manoeuvres Around a Stalemate	703
Orbiting in the Open; Forcing the Urban Issue; Breather for the Boom; Banks Bound to Grow; Cow College Centenary; Chasing the Runaways; Making Money; Bumper Crop; Shorter Notes.	

LETTERS	713
---------------	-----

BOOKS	714
Mr Gladstone at Work	714

HOME REPORT	717
Tyneside Experiment	717
Sheffield's Friday; The Brink of Europe; Senile Decay.	

THE WORLD OVERSEAS	721
The North Sea Breaks Bounds	721
Will Steady Do It?; Rhodesia: Southern Discomfort; Penalties for Ceylon's Plotters; Spaniards' Winter; Cuban Walk.	

THE BUSINESS WORLD	731
The Case for Export Subsidies	731
Export Incentives Abroad	732
What Happened at Fisons?	733

BUSINESS NOTES	734
In Dismal Company: The Economy; Steel; Defence Production; Budget Accounts; In the Markets; ICI-Courtaulds; Figuring for the New Rates; The Other Bid; The Exchanges; Overseas Trade; London Airport; Motors; Atomic Contracts; Trustee Savings Banks; Shipping; Efficiency Comparisons; House Prices; Shorter Notes.	

COMPANY AFFAIRS	756
Imperial Tobacco; Jaguar; City Centre Properties; Borax (Holdings); Hadfields; Schroders; Whitbread; Merrill Lynch; Nelson Fund; Lancashire Cotton; Ross Group.	

Stock Prices and Yields	758
Money and Exchanges	761
Manpower and Output	762

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 710.

VOLUME CCH - NUMBER 6183

Our New Frontiers

ACROSS the Atlantic, new frontiersmen; on this side, tired Tories. The contrast is plausible. Some Tories at the top are indeed tired after ten years of power; some at least of the Washington frontiersmen have their eyes on novel sights. Even so, it is in London more than in Washington that new frontiers are being compulsively prospected: those of a changing Britain in a changing world. Whether they are being faced well or ill will be seen in the outcome; but they are being faced.

Mr Macmillan's five-year-old government has tried to make three major turns in policy: acceptance of coming black rule in the remaining outposts of British Africa; pursuit of Britain's own place in Europe; and the present (still half-baked) attempt to break out of the dead-end in which the national economy has got stuck. Success in any of these ventures is still much in the balance; in Africa, where, after an Algerian settlement, the last *colons* apart from Portugal's will be on British soil, there are very near perils; the new defence white paper (discussed in the article that follows this one) shows vividly what heavy weather is still being made of the painful effort to fit resources and commitments to Britain's future place in the world. But success in these ventures would represent as large a turn in twentieth-century Toryism as its earlier postwar conversion to the welfare state and then to freer trade.

It is exactly six years this weekend since *The Economist*, from a strike-forced exile in Europe, suggested sadly that Mr Macmillan's "little budget" in February, 1956, might be the "last chance" to save the country from inflation or stagnation by the accepted means of trying simply to restrict demand. To slow down future production at this stage in the twentieth century race, we confessed, was "a desperate act"—justified only if it could be the gangway to a "flexible, expanding and prospering economy." In fact, the policy of restriction has since made as many appearances as a fading actor on an endless belt of farewell tours.

The truth is that, every time until now, the policy has been Hamlet without the Prince; "a decisive contribution to the pressure on the country's bloodstream," we said then, on February 25, 1956, "has not been squeezed at all: that is, wages." Now, since last July, this has at last been attempted. There is, roughed out, a policy to prevent wages—and salaries and profits—from out-running production, and the scaffolding of a system to do the sums and stimulate the right co-ordinated responses by both sorts of industrial masters. The question is whether the Government really understands what it is doing; that the first and absolute premise is to hold the line (better than now seems likely) on increases in incomes; but that the exciting corollary of holding the line of pushing costs is that production can at last be egged upwards, not still hobbled down. That, with the parallel and vital need to foster the competitive redistribution of resources and rewards by every means, is the new vista of opportunity.

The whole bid which Mr Macmillan and his colleagues are having to make to bring Britain into an up-to-date posture in the world is overhung by this question. Do they understand what they are trying to do, and accept all the implications, whether in economic policy, in Europe or in Africa? Have they the conviction for the courage needed in new frontiersmanship? Most political critics, in or out of the Tory ranks, do not help. When they charge the Government with lacking lucidity or daring, or both, they mean as often

as not that they would prefer a quite different policy. When they say "explain the pay pause," they usually mean "take the bite out of it"; when they say "explain the common market," they mostly mean "show that the sovereign English could not wear it"; when they say, from the Tory back benches, "come clean about Africa," they always mean "go into reverse and stand by Sir Roy."

These are not the trails that the Government has set out upon. Lucidity and daring are indeed needed from the leadership, but to go forward not back. It has been Mr Macmillan's habit, as prime minister, to do his good by stealth. Partly this has been necessary: when he was deftly liquidating the Suez mistake, without ever admitting the mistake to start with, this was perhaps the only course. Now in the three tests of a contemporary policy for Britain, stealth is the wrong course. Whether in the new economic policy, in the approach to Europe or in the final discharge of Britain's responsibilities to both black and white, in Africa, the generalities that turn away awkward questions, or hide unpalatable facts, do no good, but harm. There is no painless way, emolliently acceptable to everybody, of making the British economy a springboard for the expansion that it can earn, or of entering the common market, or of making the ultimate choice in Central Africa (as General de Gaulle has come to see in Algeria).

The Tories were not alone in the earlier hope that these goals might be got by limited liability: that the economy could be put on an even keel without facing the wages issue; that the benefits of European association might possibly be garnered without political commitment; that Lord Malvern and Sir Roy Welensky would be able and willing to make partnership and federation work politically without a racial clash. Six years ago *The Economist* shared the second and third of these illusory hopes, though never the first. This is the time for the end of illusions. That, indeed, is the logic of the Government's own half-made decisions. It is for them now to make quite plain the rough as well as the smooth that has to be borne if the new frontiers are to be not only sighted, but also reached.

Mr Watkinson's Roving Eye

British defence policy still bears the stamp of an over-extended idea of this country's power

THE classic military predicament of declining powers is to straddle, ever more awkwardly, between necessity and inclination. Nothing is harder than to choose between them. For both find expression in the congeries of commitments that such powers gather, protectively but expensively, around them. Each obligation upholds some concept of national purpose, relevant or irrelevant; each one protects some political interest, new or old; and each one, at the outset of the process of acquisition, is supposedly a prop to every other. The psychology of the declining power is not to choose,

but to wait upon events. It deploys its resources, sometimes ingeniously but ever more thinly, around its interests. If it is lucky, its defeats will be local ones, reducing its commitments without bringing down the rest of the structure. The forcible ending of such obligations invariably becomes an argument for keeping all the rest intact. If the declining power is luckier still, its allies will carry it in the military theatres where they have a common interest. In time this becomes an argument for increasing, as far as it can, its own efforts in those theatres where it stands alone. Precisely these arguments are implicit in the British Government's latest annual defence statement, bravely but surely forlornly called "The Next Five Years."

BRITAIN embarked on the acquisition of worldwide alliances and commitments after 1945: it has become a habit hard to break and, given the existence of the obligations, it is impossible to end them with a stroke of the pen. But these commitments have little meaning unless there are military resources to sustain them. There are only two ways of providing these resources: by adding to manpower or by adding to firepower. Up to 1957 the chosen means was conscription; since 1957 it has been nuclear weapons. Governments have found in turn that national service is wasteful and expensive, and nuclear strategy dangerous and (at any rate as a private national venture) ineffective. But the commitments have remained, in large part because governments have not experienced the same imperatives of political criticism to re-examine them. The time for this criticism to begin is now many years overdue. By failing to choose between primary and secondary interests British policy has arrived at the point where the strain of meeting increased military deployment with insufficient military and economic resources has turned every obligation into an apparent book-keeping liability.

It is in the nature of Mr Watkinson's (and of Mr. Lloyd's) present book-keeping that the greater the commitment, the greater the apparent liability. This is why the military commitment at which they look most askance at the moment is the retention of 55,000 British troops, one-third of the British army, under Nato command in west Germany at the cost of over £70 million a year in foreign exchange. For all its belated ingenuity in exploiting the task force concept and air-sea portability around the globe, the crux of "The Next Five Years" lies in two sentences:

We accept that the provision of adequate forces to support the strategic objectives of Nato must continue to be one of Britain's primary responsibilities as far as we can see into the present decade. During this period the proportion of these forces to be stationed on the mainland of Europe and in Britain respectively must depend to a large extent on the balance of payments position.

This declaration of intent has its saving clauses; its language is in direct descent from that of the British protocol to the modified Brussels treaty of 1954; it is in keeping with Nato's own examination of the financial burdens of each individual member of the alliance. All this is true, but the implications remain. For as long as the present Berlin crisis persists no British government can dare to allow the Rhine Army to fall below its nominal seven brigade groups (at the moment, some 51,000 men), to which should be added the reserve division now being formed in this country. But for the future all

that is promised is not four divisions (as in 1954) or seven brigade groups (as in 1958) but "adequate forces": adequate, it seems, by British definition—not the Nato council's.

How is the balance of payments criterion to be applied? If it is to be the British Treasury's total annual accounting that determines the precise location of the Rhine Army on one or other side of the Channel, this is an absurdity: the idea merely strengthens the growing European belief that Mr Watkinson wants to have 15,000-20,000 more troops in permanent strategic reserve in order to cover his manpower liabilities elsewhere. If the balance of payments is to be the local matter of the Rhine Army's expenditure of D-marks, then everyone can do a little sum. The maintenance of the existing British forces in west Germany costs the Treasury £70 million a year: the wage bill alone for the 44,000 Germans employed by the Rhine Army will rise to £30 million this year. Dr Adenauer has spoken of buying £35 million worth of British arms in each of the next two years, but it is doubtful if he will really have this much to spare after buying from the United States, or if the west German forces can discover enough British arms that they really want to use. Unless Dr Adenauer agrees to pay a substantial proportion of his civilians' wages, the British D-mark burden is always going to look heavy enough to someone in London to justify annual threats to withdraw anything up to 20,000 men. It may seem legitimate tactics to Mr Lloyd and Mr Watkinson to twist Nato's arm so that it will twist the Germans' arm, but it is manifestly not the way to run an alliance in the one area where mortal danger lies.

NATO is faced with the danger that, whenever the pressure on Berlin is next reduced, two of the major European allies may want to keep their troops at home. President de Gaulle's intentions are still uncertain, but at least his troops will be physically in Europe. Even so, with Britain absent and France an independent partner, the forward defence of central Europe could conceivably be reduced to 12 west German and five American divisions. The British forces that are withdrawn may leave their heavy equipment behind: the troops themselves may be kept ready to be flown back in 48 hours by Transport Command with something to spare in meeting a massive Russian push, although not necessarily in meeting a surprise one. Given time and persuasion Nato may be half-convinced that such an operation can work. But the visible policeman's role in central Europe will tend to become, in American and Russian eyes alike, effectively a west German one. If the policeman asks for nuclear weapons to do his job, how long can he be refused them? If the policeman happens to be disliked by some of the European householders he is protecting, may they not be inclined to look for their protection elsewhere: say in a neutral Scandinavia?

None of this will happen at once. But the impression of a British disengagement will reinforce those political trends within the alliance that it has been, and still is, in Britain's own interest to counter. What is happening now is that Britain's due share in the balanced (i.e. nuclear and non-nuclear) defence of western Europe is being increasingly carried by its allies. For this country such a policy is a reversal of priorities. It would be foolish to imagine that the Americans, in particular, will not tire of this state of affairs.

As a slender offset to this sad story in Europe, the successes of Mr Watkinson's rewriting of British strategy this year

are two. The first is the development of joint service commands and task forces outside Europe. There is to be a thinning out of static ground garrisons in the Mediterranean area, in Hongkong, and (although Mr Watkinson seems unnecessarily coy in admitting it) in Kenya. Few of the troops concerned, however, are likely to find themselves back in the Nato area. Instead, they are to be concentrated at Aden and Singapore with tactical air support and the navy's commando carriers and assault ships in attendance. The concentration in Aden has some purpose behind it. As things are, there is still a continuing need for a British presence in the Persian Gulf: oil politics apart, the situation in central Africa in the past eighteen months might have looked very different if the Soviet Union had possessed the strategic ability to operate in the Indian ocean. The British forces in this area must have the capability to act independently, on the other side of the Arab air barrier. Aden itself is likely (well, fairly likely) to remain politically stable for the next five years, thanks to President Nasser's internal preoccupations, the parlous position of Yemen and the indifferent political performance of the Saudis. It would be wrong, however, to bank on more than five years; so it is doubtful whether we should be building expensive family quarters there. What is wrong with using marines?

The proposed concentration at Singapore has much less to be said for it. The value of Singapore for Seato is surrounded by political uncertainty. The base itself (as distinct from the Commonwealth brigade group) will not ensure the viability of Malaysia, and if Malaysia succeeds, it is likely to have little use for a British base. This is the area, including Hongkong, where savings in troops for Europe could be made. If investment is necessary in air and naval facilities, it will still be better done on the Australian mainland, the one safe base from which large-scale operations in south-east Asia could, in practice, be mounted by Commonwealth forces in the future.

MR WATKINSON's second partial success in his white paper is that he has avoided a specific commitment to introduce a new generation of means of delivery for nuclear weapons. He will go on with Skybolt, although the performance of both the V-bombers and the Skybolt which they are now likely to get cannot be said to justify the claim that the deterrent will remain efficacious throughout the 1960s. The navy is to go over to all-nuclear submarine construction, but these will be "killer" subs: there is no mention of a British-operated Polaris. It is only by self-discipline in the nuclear ballistics field that defence expenditure (this year £1,721 million) can be kept within the figure of 7 per cent of the gross national product—or that it can be prevented from rising more swiftly than national income does. Ideas of keeping up with the Russo-American Joneses are confined in this white paper to speculative thoughts on reconnaissance satellites. This looks eminently sensible—provided the internal price is not a concession to the Admiralty by a future large-scale ordering of aircraft carriers. Mr Watkinson has let his eye rove round the globe this time: his aero-naval strategy may do something to check his over-extended deployment. Next year it is imperative that his political directive should be that Britain must concentrate more of its defence contribution on Nato and Europe.

How to Make Peace

In spite of some continuing perils the Algerian war seems to be almost at its end.

The story suggests instructive parallels

IN a week when the Rhodesian and Algerian questions were both moving towards their separate dénouements, it has been interesting to see the French suddenly overtake the British in the race to achieve decolonisation. Sceptical Parisians might be forgiven for doubting the good news, so frequent have been their disappointments, but in fact their relief appears unqualified. It really does seem that the French and Algerian negotiators achieved an agreement on a cease-fire on February 18th. The terms have not, so far, been divulged, and will not be until they have been approved by the National Council of the Algerian Revolution at Tripoli. (President de Gaulle has already agreed to them.) Some few, small details, it is believed, have still to be settled, and there may be other, unforeseen snags. But on the whole it seems that the French are justified in their feelings of relief.

Neither they, nor the Algerians, are ending the war in the posture foreseen by the two sides when it began in November, 1954. Mr. ben Bella, Mr. Belkacem Krim and the other original leaders resorted to arms because they were convinced that, without unrestricted political independence, social reform and economic progress would remain impossibilities for the vast majority of Algeria's inhabitants, and that France would never concede independence except to force. The French were convinced that they would be able to stamp out the rebellion by military action and extinguish the appeal of its ideas by sponsoring reform themselves. Both sides have learned a lot since then, and have made essential concessions to arrive at the present agreement. Each seems to have settled for a framework of Algerian independence (the rebels' key demand) within which the legitimate interests of the European settlers and the French state shall be heavily safeguarded. As a result it is now possible to hope that French and Algerians will collaborate in the next task, of rebuilding a country near to ruin; the French army may even stay to prevent the transition degenerating into inter-communal warfare.

France's allies can share France's relief. Algeria has poisoned the West's relations with the uncommitted world and undermined French political stability for seven years. A cease-fire is therefore to be welcomed unreservedly, for all that the removal of this drain on his strength is likely to make the French president even more unaccommodating, if possible, as an associate. But a strong France and a free Algeria are to be desired in themselves. The liberals in opposition in France must also be aware of this, although if the president succeeds

without requiring their help, he will be the more likely to be able to continue to govern without them.

What makes the rejoicings seem premature is, of course, the threat to the settlement posed by the Secret Army Organisation. What it will do and whether it will succeed nobody knows. That it will attempt something desperate may be taken as certain. It is highly likely that its tactics will be directed towards provoking the sort of clash between the communities in Algeria that would confront the French forces of order with the appalling choice of having either to put their countrymen down by force, or to flout the declared policy and express orders of their government. The loyalty or otherwise of the armed forces is, in short, as crucial as ever, and nearly as doubtful.

Two points of hope may, however, be picked out. The first is that, ever since the failure of General Challe's *coup de force* last April, it has been clear that the OAS could win only by gaining control of Paris, whether by killing President de Gaulle or by staging an armed descent on the capital. So far it seems to lack the ability or the will to do either. Indeed, signs have not been wanting that, ruthless though General Salan and his associates plainly are, they are most unwilling to attempt the herculean labour of controlling France in order to keep Algeria French. General Challe said as much at his trial. The second point is that, again as was demonstrated in April, and in spite of the freelance attack on a Moroccan village last Sunday, the bulk of the army, navy and air force are unwilling to move against the Fifth Republic. The chances are, therefore, that the leaders of the armed forces will not be able, even should they wish it, to give any effective assistance to the OAS when or if it attempts to seize Algeria. It is even possible that the joint Franco-Algerian provisional executive envisaged by the negotiators will be in full control by May.

None of this can be wholly clear until after the meeting of the Algerian national council and, if that goes well, after the formal peace-making conference which may now come very soon, probably near Paris. At present it must be enough to reflect on the approaching extinction of the French empire, which before 1939 controlled such long stretches of the Mediterranean coastline, and even in 1954 still ruled from Tunis to Tangier. With its loss, a long chain of illusions recedes into history: the military solution, M. Lacoste's "last quarter of an hour" (1957), the fictitious brotherhood of 1958, the psychological war of 1959, the "peace of the brave." The burial of those illusions is, in the end, the victory that counts. It may be General de Gaulle's own crowning service to France.

Much else has been put under the ground with the illusions. France's political, cultural, even economic influence will not be the same again in North Africa as a result of the especially bloody way in which decolonisation took place. More would have been saved if the French could have brought themselves to concede the political demands of the nationalists at once, rather than, with stubborn feebleness, wear themselves down in support of settler privilege dressed as national interest. Rhodesia is not so different.

Asian Perils

Once more the fires in Indochina threaten to get out of hand. Can they be damped down?

THE growing American military involvement in south-east Asia is disquieting to watch from afar. A United States command was set up in south Vietnam last week; and this week the man in charge, General Harkins, flew to Honolulu to discuss the situation with a formidable array of military and diplomatic talent. Mr. McNamara, the defence secretary, was there, and so were Mr. Averell Harriman, the assistant Secretary of State for the Far East, General Lemnitzer, chairman of the joint chiefs of staff, and—significantly—Brigadier-General Rosson, who was recently appointed to advise the Pentagon on anti-guerrilla warfare. The mere list of names is a sign of the gravity of the situation in south Vietnam, which the Kennedy Administration has committed itself to redress.

The task would be difficult enough if it could be dealt with in isolation. But it is more and more evident that just as the Laotian puzzle cannot be solved without regard to Siam, so the Vietnamese communists can hardly be defeated in President Ngo Dinh Diem's republic if they are allowed to retain Laos as a happy hunting ground. Conversely, it is idle to suppose that Laos can be kept at peace while Vietnam is at war, although last year's Geneva conference on Laos made sense only on the assumption that it could.

To say this is not to denigrate the admirably patient work of Mr. Averell Harriman and Mr. Malcolm MacDonald at Geneva, or to detract from the orientally inscrutable skill of the neutralist Prince Souvanna Phouma who, by staying a troublesome course, may yet hope to emerge again as the undisputed head of a Laotian government. The fragility of the new Geneva agreements on Laos—virtually completed, but awaiting endorsement by a coalition government still unformed—has been demonstrated already. The Siamese prime minister, Marshal Sarit, for one, cannot bring himself to support proposals which, as he sees them, would end by handing Laos over to the communists, leaving Siam's Lao-speaking north-eastern provinces vulnerable to separatist subversion. Should the Laotian agreements ever be ratified, they seem unlikely to be respected unless some attempt is made to reduce the wider dangers to peace implicit in the Vietnamese situation.

To state the need is to draw attention to the difficulties. These ought not to be underrated, but they ought at least to be understood. It is an oversimplification to say, as American politicians and officials often do, that the former French empire in Indochina is a theatre of the struggle between "communism" and "the free world." Ho Chi Minh and his Viet Cong have their own ambitions in Indochina, for instance; and the element of Vietnamese nationalism and expansionism in these ambitions ought not to be ignored merely because it sometimes suits Moscow's or Peking's book to egg the Vietnamese on.

The Russians, in particular, have shown themselves ready to put the brakes on the Vietnamese communists at times when moderation suited their tactical needs. In the 1954 Geneva settlement, Mr. Molotov was willing to sacrifice the Vietnamese, who wanted to consummate their military victory

over the French, for the sake of a tacit agreement with M. Mendès-France to ensure the defeat of the European Defence Community project. On paper, at least, the interests of communist north Vietnam are being sacrificed again in the proposed Geneva settlement of the Laotian question, for the communist delegations at the Laos conference have agreed to ban the use of Laotian territory for military operations against neighbouring countries. Only the Vietnamese communists, to the extent that they operate against south Vietnam from bases in Laos, have cause to be displeased with this clause of the draft agreements (though it remains to be seen whether it will hamper them in practice).

HO CHI MINH's designs are one aspect of the Indochina problem; another is the rooted hostility between China and the United States. Their estrangement lends an extra dimension to the general east-west conflict and assumes greater importance at this time of schism between Moscow and Peking. In south Vietnam, as in south Korea, many American officials and soldiers believe they are fighting not the north Vietnamese or the north Koreans, but the Chinese communists through them; in the Formosa Strait, there is less ambiguity about the enemy. Conversely, the Chinese communists speak about the American "occupation" of Formosa and are persuaded that they are fighting American "imperialism" in Laos and Vietnam. These views may oversimplify complex problems; but they are held, and they do constitute a basis for action.

In the early weeks of the Geneva conference on Laos last spring, Sino-American antagonisms threatened to wreck all chance of progress. Marshal Ch'en Yi, the Chinese foreign minister, and his deputies turned every speech into a ritual denunciation of America's alleged responsibility for the Laotian crisis. In the end, and once the conference had gone into restricted session, the Chinese showed themselves unexpectedly accommodating—possibly on Russian urging, but more probably because they themselves saw in an agreement on Laotian neutrality the best way of evicting the Americans from Laos. This reality underlies the otherwise startling spectacle of revolutionary China and capitalist America meeting and agreeing in a public conference. (This did not happen in 1954, when the United States dissociated itself from the Geneva settlement.)

Many Americans, however, see the proposed Laotian settlement as a defeat for American policy. And even those who accept the need for it draw the line at allowing south Vietnam to be taken over by the communists. This is understandable; the present campaign of terrorism, sabotage and guerrilla war was launched, at the beginning of last year, as a deliberate act of policy by north Vietnam's communist regime—however much it may argue that this is a spontaneous popular uprising. The offensive, for that is what it is, is partly supplied and reinforced by land across Laos and by sea from north Vietnam. It is clear, in any case, that it was not Mr. Diem who started the fight, but the other way round.

These circumstances help to explain the mood of desperation, even of last-ditch defiance, in which responsible Americans contemplate the situation in south Vietnam. The

Appointments, Business and Personal notices, and other

Classified Advertisements: pages 755, 763 to 764



behaviour of the south Vietnamese regime has made things no better for them. Here is a client government, installed by American influence, fighting what looks like a losing battle against communist guerrillas despite the treasure of American money, equipment and advice lavished on it for more than seven years. Yet when the mission led by General Maxwell Taylor last autumn dared to propose reforms in Mr Ngo Dinh Diem's administration, the controlled Saigon press roundly denounced American interference. Since then, there have indeed been reforms, but minor ones. Can a client administration in fact be reformed against its will? And, with or without reforms, can the Americans win this conflict without actually making war?

So far as is known, the Taylor mission recommended the use of American ground forces in Vietnam only as a desperate last measure, and took the view that such direct intervention ought not to be necessary, given the inherent fighting quality of President Diem's troops. Last week's structural change in the American arrangements in Vietnam (when the "advisory" group became a "command") and this week's American military conference at Honolulu suggest that the resort to desperate last measures may be approaching.

Should the Americans think it necessary to carry the offensive to north Vietnam, it could be argued that this would not necessarily provoke Chinese counter-intervention (the Chinese

communists having troubles enough already). The risks would, however, be great; and Britain, as a member of the south-east Asia treaty, could not pretend unconcern. Ultimately, and ideally, it might be possible to reduce the danger of war in the Far East by international agreements to cut down military establishments in divided countries such as Vietnam and Korea—a proposal first put forward in *The Economist* of June 24, 1961. Things are going too wrong for such a solution to be conceivable just now. There is, however, a case for treating Vietnam as a test case of peaceful co-existence (just as President Kennedy apparently persuaded Mr Khrushchev, at their Vienna meeting, to treat Laos).

Mr Khrushchev calls for a summit in Geneva. He is able, at will, to increase or diminish the pressure in the Berlin area. The Laotian conference showed that in south-east Asia also, his wishes carry weight. Can he bring his turbulent protégés in Vietnam to heel? Is he willing to try? The dangers of escalation from a small war to a large one are already evident enough in that country, and even if Peking rejoices, the prospect may not charm the Soviet prime minister. By tacit understanding, little enough has been said about Vietnam during the Laotian conference; and the allied probe in Moscow seems to have limited itself to Berlin. There is a case here for urgent diplomatic exchanges, in which Britain could play a helpful part, on the implications of the situation in Vietnam and how to prevent them getting out of hand.

NOTES OF THE WEEK

RHODESIA

Macmillan's Law

THERE is no doubt that the Prime Minister's favourite way of gaining new ground by what the Americans in Franklin Roosevelt's day called "indirection"—that is, crabwise or sideways—has worked well enough, in the Rhodesias, until quite lately. At a cost of no more lives in Northern Rhodesia last year than get blown out in a day in Algiers, the British Government has brought Dr Banda to power in Nyasaland, Mr Kaunda to the tantalising verge of it in Northern Rhodesia, and Sir Edgar Whitehead to the verge of abolishing all race barriers (except to political power) in Southern Rhodesia. Considering the state of passion of both black and white nationalists in central Africa, this has been a remarkably non-violent exercise in holding the Africans back while dragging the Europeans forward. White Rhodesians cannot complain about the use of such means: the first federal prime minister, Sir Godfrey Huggins (now Lord Malvern), successfully fooled doubters in Britain that "partnership" meant giving Africans a chance; Sir Roy Welensky is still trying to convince Tories that an "African MP" is representative provided his constituents are mostly white.

But just as many people in Britain have begun to see through Rhodesian humbug, so have the issues which the British Government must now face in Rhodesia begun to grow too large and well-defined to hide behind clouds of conflicting words. Mr Duncan Sandys, the Commonwealth Relations Secretary, returned to London on Wednesday from a fortnight's talking in the federation. He must have learned there that most inhabitants of the federation will not consent to its continued existence; that Dr Banda (and Mr Kaunda and Mr Nkomo) will not be befogged into accepting rule by a federal government elected mainly by white Southern Rhodesians; that, in turn, Sir Edgar Whitehead might prefer Southern Rhodesian independence to a federal government answerable mainly to Africans.

Sir Edgar will arrive in London on Sunday to tell more about this. Dr Banda may well choose the major rally planned for March 4th (marking the anniversary of his arrest in 1959) to make another daylight-clear announcement about his own preferences. Mr Kaunda, who arrived back in Northern Rhodesia this week, is armed with money and fire from Cairo and Addis Ababa; his followers can hardly be blamed

for a certain impatience (and the Colonial Secretary, Mr Maudling, must be congratulated for his own stand for giving Africans a chance to win in Northern Rhodesia). Sir Roy Welensky himself seems to have lost his flexibility ("it is my federation"); he now vows to stand "like a rock" against any effectual change. The next, and final, operation in Rhodesia may have to be performed without benefit of ether, and in the open.

SPACE TRAVEL

Men or Machines?

COLONEL GLENN'S achievement, like that of the two Russians before him, is a victory for man over a hostile environment. The barriers have fallen one by one, the jungle, the sea, the Himalayas, the Polar wastes, space. Scientists may shrug, "*C'est magnifique, mais...*" But Colonel Glenn's triple orbit on Tuesday will still fire the imagination of ordinary earthbound men in a way an abstract scientific discovery would not. He has also re-kindled the controversy between men and machines.

Scientists have rightly argued that there is nothing a man can do in space that a machine cannot do more easily, more

accurately, more cheaply and without the appalling human risk. Except, argue the humanists, exercise judgment. A rocket probing the radiation belts beyond the earth, measuring the solar flares or even exploring the moon is not really required to exercise judgment. But the military, toying with the ideas of space bombers in orbit, dare not entrust such weapons to a dim-wit computer with roughly the same intellectual capacity as an earthworm. To defence planners it is a matter of great importance that Colonel Glenn remained in command of his faculties during the three orbits (was he airsick like Major Titov?), that he was able to steer his capsule in a rudimentary fashion, and that he emerged at the end of nine cramped hours smiling and apparently none the worse for his ordeal. The advent of 100-megaton bombs greatly reduces the effectiveness of fixed missile emplacements even when they are buried as deeply and scattered as widely as the American Minuteman. Hence American preoccupation, dating back many years, with "bombers" that would orbit in space, steered on a varying course by human pilots. These space bombers should be safe from surprise attack in a way that fixed missile bases are not. Colonel Glenn's flight has shown that the pilots can fly them if the engineers can build them, but it will take many years and many flights before it is known whether the engineers can. If, by then, the world has come to its senses, Colonel Glenn's successors will be able to pass the time harmlessly sticking flags on the planets.

If this is the choice ahead, the arguments for international co-operation in space activities are not absurd or artificial. Mr Kennedy was quick to respond to Mr Khrushchev's message on Wednesday suggesting a pooling of effort in space—a suggestion that echoed several similar American proposals, including one in the President's State of the Union message of January, 1961. This is further discussed in American Survey on page 704.

BRITISH GUIANA

Dr Jagan's Bill

FIVE dead, more than a hundred injured, and £5 million worth of damage by fire and looting was the bill for Georgetown's Black Friday last week. It may take a long time for British Guiana to recover from the outbreak of nakedly communal passion; much of the violence took the form of the destruction of Indian shops and property by the Negroes who are predominant in the urban population. The break between Dr Jagan and his former colleague, Mr Burnham, had already given the colony's politics a painfully communal shape, the chief minister's People's Progressive party owing its majority in the legislature to the rural East Indian half of the population, while the urban African vote sustained Mr Burnham as leader of the main

opposition party. Now the breach yawns still wider.

At the present stage of British Guiana's progress to independence, Dr Jagan has the constitutional power to run affairs, with the right to call for British help when things go wrong. There was eye-catching irony in the spectacle of the chief minister desperately calling in British soldiers and sailors to restore order. Not only was it the same Dr Jagan who had been the supposed source of peril the last time British troops were rushed to Guiana, in 1953. It was also the same Dr Jagan who, only last December, told the United Nations that his country was groaning under British oppression and that "only the armed might of Britain acts as a deterrent to my country proclaiming its freedom." Moreover, the sharpest challenge to him last week took the form of a paralysing general strike in protest against the draconian tax increases in his new budget.

Mr Nicholas Kaldor, the economist who had advised Dr Jagan and his PPP ministry about means of meeting their grave budgetary deficit, appears to believe that the fierce opposition evoked by the new taxes was artificially whipped up, the presumption being that the "hidden hand" was that of business interests. Such an explanation seems inadequate. Dr Jagan's policies had certainly alarmed business men and caused a flight of capital. But it is the alarm and violent reaction of the urban workers that have now placed him in the miserable position of resting on British bayonets. He said on Tuesday that he did not know how long it would be necessary to retain British troops to keep order. The answer may be: until the confidence of organised labour, on which a left-wing government needs to count, has been recovered.

LABOUR

No Fall Out

THE tight control which Mr Gaitskell and his colleagues in the shadow cabinet now exercise over the Parliamentary Labour Party has been impressively demonstrated in the party's latest nuclear non-explosion. When the Prime Minister told the Commons that arrangements had been made for underground British tests in Nevada and for American atmospheric tests on the ironically-named Christmas Island, the usual body of Labour unilateralists came together for their usual protest. Over fifty left-wingers signed a draft motion for eventual tabling in the Commons, which they submitted to the weekly party meeting. It condemned the resumption of nuclear tests "by any nation" and deplored the Prime Minister's announcement of preparations to do so. At the party meeting, which was poorly attended, Mr Gaitskell spoke against this motion, cogently and briefly (brevity is an art which he has finally mastered). He emphasised how ridiculous his position would be if he arrived

in Washington for his conversations with President Kennedy this week, committed to urge the Americans to abandon nuclear testing even if they could show him that such testing was essential for the West to catch up with advantages that the Russians won by their breach of the tests moratorium last year. The proposal to table the unilateralist motion in the Commons as official Labour policy was then defeated on a show of hands by 95 votes to 26. It looks as though the decision will be adhered to by the minority, who have so far not tabled a motion of their own. They are uncomfortably aware that, in the present mood of the party, any left-winger who started any really noisy revolt would court almost certain expulsion.

The party meeting was cosily impressed when Mr Dingle Foot pointed out that within a short time Mr Gaitskell might be a Labour Prime Minister negotiating with a Democratic President. The fact that such an argument sounds so impressive today is a measure of the recovery in Labour morale which has taken place in the sixteen months since Scarborough, and in particular in the eleven months since Mr Gaitskell abruptly withdrew the whip from the five left-wingers who voted against last year's defence estimates. For this Parliament, at least, the leader has won a complete victory ever since he started at last to "fight again."

EAST-WEST

Eighteen, Five, Four, Three, Zero?

SOVIET newspapers and broadcasts are continuing to press Mr Khrushchev's demand for a "summit" meeting on March 14th, and to exploit the western governments' lack of enthusiasm as evidence of their "insincerity." The east European states have, predictably, endorsed the Soviet proposal that the eighteen-nation Geneva disarmament talks should be opened by heads of government. But so far Mr Khrushchev can count only on his own team of five communist leaders.

India and Brazil have indicated their preference for starting the conference at a lower level. President Nasser has said that he would turn up on March 14th if a majority of the eighteen did likewise; the Swedish premier, Mr Erlander, has made his appearance dependent on those of the heads of government of the major powers. From the four other non-aligned states concerned, Burma, Ethiopia, Mexico and Nigeria, there has come no sign of eagerness for a top-level rendezvous in March. "Insincerity" seems to be more widespread than the Soviet leader had expected. He might be able to draw a few more than the faithful five into his train if he staged a slow-motion progress to Geneva, on the lines of his sea voyage to New York in September, 1960; but the risk of an embarrassing failure to attract any such following must be giving him pause.

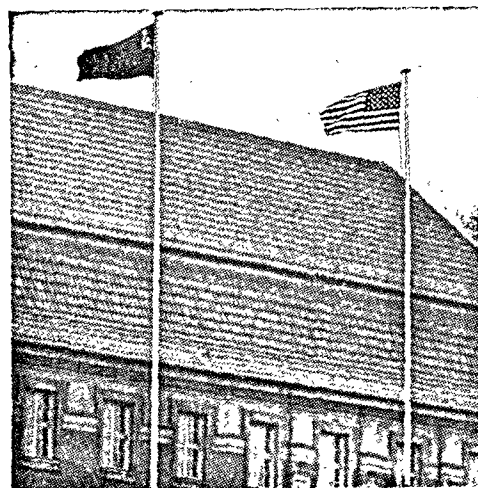
President de Gaulle, in his response to the Russian suggestion, struck a note of his own. Restating an established French thesis, he argued that the essential thing is nuclear disarmament, of which a mere halting of tests is no true beginning; that the immediate goal should be to remove the means of delivering nuclear weapons—rockets, submarines, aircraft; and that this should be discussed by the four nuclear powers—America, Russia, Britain and France. The French president said nothing about the level of discussion; but it may be presumed that, after his painful experience with his Russian guest in Paris in May, 1960, he would insist on at least a ground-breaking operation at some level more modest than that of heads of government. He must be as alive as anybody to the fact that a high-level meeting of the four powers involved in German affairs, however tightly its formal agenda was limited to disarmament as a global question, might rediscover all the complications that go with conventional summitry.

BERLIN

Wing to Wing

WHEN east-west relations are not going according to the Russian book, a characteristic reaction is to squeeze the arteries of the Berlin hostage. This time the Russians have chosen the most sensitive part of its anatomy, the airlines to the West. Since 1945 Russian planes have regularly flown across these corridors, informing the Berlin Air Safety Centre when they do. What is new is the request, made repeatedly during the past fortnight, for the exclusive use of certain altitudes during certain times.

To the western powers this has appeared as another attempt to whittle down their right of unrestricted access to Berlin. The request has been refused, and western flying has gone on. But the Russians have there-upon flown in the same air space, and some close shaves have occurred. Protest notes from the three western allies, sent on Feb-



Side by side: Berlin air safety centre

NOTES OF THE WEEK

ruary 15th, have been promptly rejected. With western contingency planners preparing to send in jet fighters from west Germany if things get worse, it is a potentially ugly situation. Wing to wing, the western powers and the Russians run as much risk of slipping into war as when tank faced tank in the Friedrichstrasse in November.

Once more Mr Khrushchev has chosen a forceful way of reminding the West of the drawbacks of simply sitting tight. When he publicly put off the signing of a peace treaty with east Germany last October, he made the stipulation that there should be serious east-west talks. Plainly the reserved exchanges in Moscow between Mr Gromyko and Mr Thompson, the American ambassador, do not meet his requirement unless as a preliminary. An *Izvestia* article declared on Tuesday that the Americans were trying to narrow the Berlin "probe" so much that "any hope for a productive exchange of opinion is rapidly melting."

Dr Adenauer has denied having told his party on Monday that he favoured an east-west conference of foreign ministers. Indeed, bringing in more countries and more ministers has rarely brought more progress in the past. It might be more useful to broaden the subject-matter; when the Russians talk Berlin, they mean European security.

LONDON

Retreat from Herbert

LOCAL government reform makes strange bedfellows. Before this week's Commons debate the perpetually Labour-controlled London County Council had already teamed up with blue-blooded Surrey, and with marginal Essex and Middlesex, to resist the Government's London plan. In the debate itself, Labour was joined by a coterie of Tory MPs from some of the plusher outer suburbs of London (Croydon, Wimbledon, Epsom, Chertsey) in resisting the radical innovations being urged by Dr Charles Hill and Sir David Eccles. Some of these people's complaints should not be taken too seriously, but what is serious is that the debate unhappily confirmed earlier impressions that the Government has made the wrong changes in the original Herbert commission plan.

The Herbert commission's basic aim was the revitalisation of local government in London; its plan for achieving this aim involved certain functional problems, particularly over education. The Government has tried but failed to correct these functional defects, and has spoilt the original design in the process. Dr Hill made it clear that his enlarged boroughs are simply to be shotgun unions of administrative convenience, intended to produce tolerable, minimum-sized education authorities. This is hardly a sufficient basis for the stimulation of local interest and zeal on which the commission laid so much emphasis, and it has

THE ECONOMIST FEBRUARY 24, 1962

produced a set of boroughs that are much more amorphous and less manageable than the commission's list; yet even so these boroughs will be the wrong size for their important responsibilities for secondary and further education, and for the children's services. For these purposes elaborate co-ordination between the boroughs will be necessary, while the proposed special authority for education in the central area has plainly (probably out of a desire to avoid political awkwardness) been too narrowly conceived.

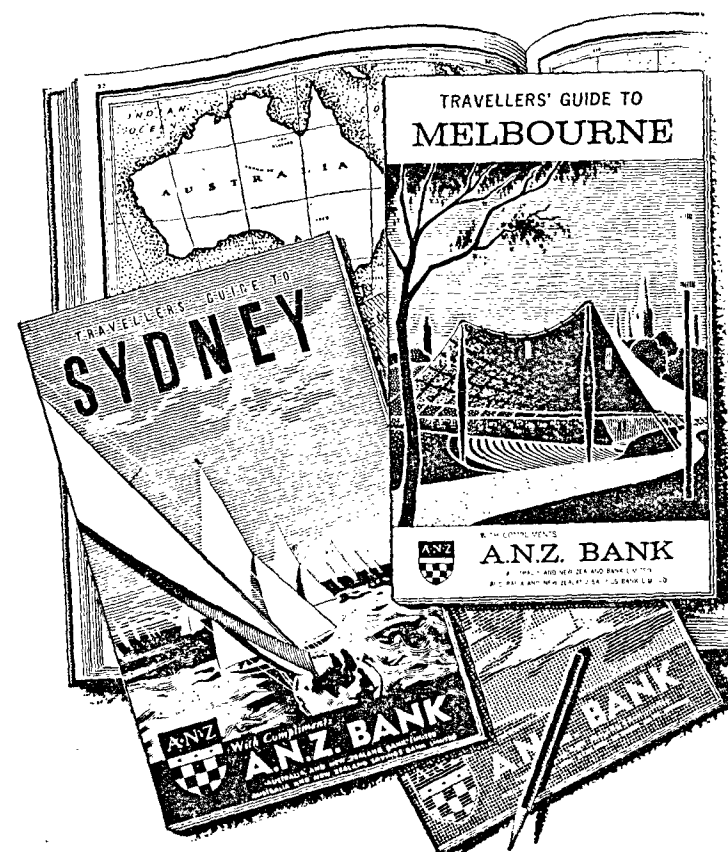
Conversely the Council for Greater London, already too weak a body under the Herbert proposals, has been emasculated still further. It plainly needs stronger powers for housing and redevelopment schemes and for planning control in the central area if it is to justify its existence at all. More than this, it ought to take over at least further education (i.e. advanced, post-school education)—or alternatively, if the Ministry will not split the service, the whole of education. The Herbert commission itself shied at this full solution, and the Government has retreated still further. But Dr Hill ought to go back to first principles. His aim in reorganising London's government should be to secure a reasonable balance between a strong Greater London Council and strengthened but still localised boroughs. What he now looks like providing instead is a medley of highly artificial boroughs, with a Greater London Council acting as a shadowy middleman between the twin pressures of "borough primacy" and close Whitehall supervision.

HANGING

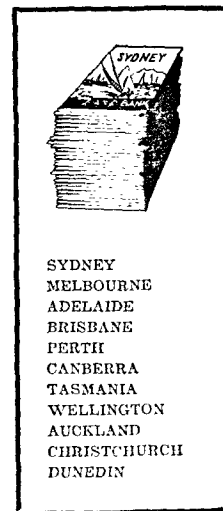
Death Penalty Dying?

SOME off-beat remarks on capital punishment by a high judicial personage, together with the approach of the fifth anniversary of the Homicide Act (née March 21, 1957), have touched off a wave of press speculation about the future of this unhappy measure. Its categories of capital and non-capital murder simply have not worked. Its rigid classification—its idea that hanging should be reserved, not necessarily for the most heinous murders, but for murders which some people still thought that hanging would deter—has been followed by a slightly larger increase in murders that are still punished by hanging than in those that no longer are. Undoubtedly the moral anomalies of the Homicide Act (the fact that some of the less heinous murderers are still hanged) were a powerful contribution to the unanimous rejection of capital punishment by the bishops of Canterbury convocation, and now the idea of total abolition seems at last to be spreading to a majority of the judges. Slowly, very slowly, even the public has apparently begun to swing the same way. A year ago, in a National Opinion Poll in the *Daily Mail*, 70 per cent of the public declared that it favoured capital punishment; today the percentage is reported to have fallen to 64 per cent.

THE ECONOMIST FEBRUARY 24, 1962



Going to Australia or New Zealand?



SYDNEY
MELBOURNE
ADELAIDE
BRISBANE
PERTH
CANBERRA
TASMANIA
WELLINGTON
AUCKLAND
CHRISTCHURCH
DUNEDIN

Your trip will be all the more enjoyable if you take these free travel guides with you. Prepared by the Australia and New Zealand Bank, they give just the kind of information a visitor is glad to have. Together, they cover all the principal cities of both countries, and each includes a clearly-marked map of the particular city and suburbs concerned. You are very welcome to any of the guides you need. We'll be pleased to give you other helpful information, too, about emigration, industry, trade and finance. Write or telephone today.



AUSTRALIA AND NEW ZEALAND
BANK LIMITED

HEAD OFFICE: 71 CORNHILL, LONDON, E.C.3 • AVENUE 1281
OVER 900 BRANCHES AND AGENCIES



Rolls-Royce jet Caravelles fly on services scheduled in Air France's biggest summer programme, the best in 43 years of operation.

Reserved for you is a free copy of "Enjoy Flying Air France", a full-colour publication giving details of all flights and fares, together with holiday suggestions and a section on planning a Grand Tour of Europe by air at very reasonable cost.

Ask your Travel Agent or nearest Air France office for your copy today.

SUMMER 1962

London-Paris: up to six Caravelles daily

London-Nice: up to five Caravelles daily

Manchester-Paris: six Caravelles weekly

Venice: three night Caravelles weekly

Athens, Munich, Palma, Vienna: all served daily

Rome: daily evening Caravelle service

Lisbon: daily, plus two night flights—all Caravelle

AIR FRANCE
... the world's largest airline

158 New Bond Street, London W.1. Grosvenor 9030
Birmingham • Manchester • Glasgow • Dublin

A curious feature of the present journalistic stirrings is the repeated statement that the Government is pledged to review the working of the Homicide Act after five years. It is not clear when this pledge is supposed to have been made. At the time the Home Secretary went no further than to say that a considerable time must elapse before the utility of the Homicide Act can be assessed. This is a far cry from a pledge of a full-scale review. Certainly no plans have been made for such a review at the Home Office. Indeed it would be strange if the Government, faced with the internal party strains caused by the application to enter the common market and by the Rhodesian situation, should choose to throw in a further cause of discord. Contrary to some reports, there may well be an abolitionist majority in the present House of Commons; but there certainly is not one in the Tory party. Probably no more than seventy Tory MPs favour ending the death penalty, and these with varying degrees of conviction.

Perhaps the most that can be hoped for in the immediate future is that the Home Secretary may start to be a little more brave in quietly granting reprieves and commuting death sentences (including sentences on heinous, but plainly insane, murderers) to genuine life imprisonment. An obvious opportunity for just such a brave act may shortly lie before him.

BUDGET

A New Alliance

IN large part, at least, we find ourselves agreeing this week with the Trades Union Congress. The opening passages of its letter of advice to the Chancellor about the 1962 budget are only too probably right in rapping the Government for "persisting in its view that this year the expansion of which the economy is capable should be forgone in order to hold down costs and increase exports." The TUC backs up its criticism with a familiar but apposite contrast:

In the years 1956-58, when restrictive policies limited the rise in industrial production to a little over 1 per cent more than was achieved in 1955, home costs a unit of output rose by 16 per cent and the volume of exports by only 4 per cent. Against this, in 1959-60 when the economy was allowed to expand more rapidly and industrial production rose by 13 per cent, home costs a unit of output rose by only 4 per cent and exports increased 9 per cent.

To those who think that it is always safer for a hard-pressed economy to restrict demand, these figures should presumably seem impossible, just as some scientists can convincingly prove that it is aerodynamically impossible for a bumble bee to fly; but the bumble bee does fly, so the theory must be wrong, and two recent articles in *The Economist* (February 3rd and February 17th) have tried to explain in what circumstances the theory that one will always gain strength by introducing a stern budget can

be wrong too. Like the TUC, we believe that the budget of 1962 should be used to make a moderate expansion in total demand, but fear that instead the Chancellor is going to restrict it.

To say this is not, naturally, to line oneself up with all the TUC's proposals. Its letter is spoiled by some of its usual ritual political battle-cries (soak the rich further, withdraw last year's surtax concessions), as well as by some very odd new nostrums. Its idea of "raising from industry a compulsory development loan at a low rate of interest" to promote expansion "where it is needed" would presumably mean that profitable and efficient industries or firms should be mulcted to enable less profitable or efficient ones to secure finance that the market wisely does not want to accord to them: its idea of "selectivity" in granting more rapid depreciation allowances could very easily work in the same direction. But its two most careful proposals are for a reduction in indirect taxation (such as a withdrawal of last July's 10 per cent surcharge) and a reorganisation of the structure of income tax allowances to aid people on lower incomes with family commitments. If the Chancellor accepted these last two recommendations, he would deserve support.

MALTA

Profession of Faith

THIS week the people of Malta have gone to the polls simply to declare that theirs is a Roman Catholic country. Mr Mintoff, the Labour leader, conceded defeat to the diocesan junta on Wednesday night: although the full returns were still not

known when *The Economist* went to press it seems that the Malta Labour party's vote has fallen from 56 per cent (in 1955) to some 33 per cent of the poll. After the church's strenuously anti-socialist intervention in the campaign, it is impossible to regard this as having been an election about constitutional proposals; it has simply been an election about pro- or anti-clericalism.

The victor this week, Dr Borg Olivier, the Nationalist party leader, owes his success to an opportunism that has won him church votes without total identification with church views. He may have done well enough to consider taking office without the support of any of the smaller parties of the anti-Labour alliance. Dr Olivier has the opportunity to see, once more, what constitutional and economic arrangements he can make for Malta within the conspectus of his plan for dominion status. It is certainly to be hoped that he will make the attempt, even if this means courting local unpopularity through being economically realistic and working for a time within the ambit of the Blood constitution. In the past Dr Olivier has been quietly ineffective as a statesman, while Mr Mintoff has unsteadily become noisily so. Yet at one time Mr Mintoff's ideas—especially his now abandoned plan for "integrating" Malta into the United Kingdom—carried a real spark of imaginativeness in them; unfortunately, as soon as he was told that getting three Maltese MPs to Westminster would not mean that Maltese living standards could thereby be legislated into equality with British living standards overnight, he veered into a complete irresponsibility that has lost him support in the eyes of all British parties. It is difficult to feel that Dr Olivier really knows what he wants for Malta either:

except, of course, something that can be called dominion status plus a lot of British money. Britain should have no interest in baulking the first demand, but it has a duty and right to see that the money it gives is used as wisely as possible to enable Malta's existing industrial and tourist development schemes to mature. It is with these ends in view that negotiations with Dr Olivier should proceed.

SOVIET UNION

Blame Zhukov

NOT all accounts have yet been settled within the Soviet armed forces. *Red Star*, the army paper, returned last week to the question of responsibility for the Soviet defeats at German hands in the early stages of the last war. As would be obvious, part of the blame is put on Stalin and his personality cult. But a share is also being put on to Marshal Timoshenko, who was people's commissar for defence, and Marshal Zhukov, who was chief of general staff. Timoshenko retired last year. Zhukov was kicked out, spectacularly, in the autumn of 1957 and is now also in retirement. *Red Star* returned to the attack on Tuesday, heaping reproaches on Zhukov for having, allegedly, sought to rid the Soviet forces of party control.

While the number of culprits increases, Mr Khrushchev's laurels are piling up. In the recently published third volume of the Soviet history of the last war, Mr Khrushchev is shown as one of the architects of the victory of Stalingrad. He is also praised for his part in another great Soviet victory, the battle of Kursk, in 1943. The theory is that it was Mr Khrushchev who grasped the enemy's moves and, together with Marshal Vatutin, prepared the battle plan. If the historians keep this up, Mr Khrushchev will finish up by replacing Stalin as the great warrior. But the Khrushchev cult is unlikely to be carried quite to these lengths.

More interesting, in a sense, is the renewal of attacks on Zhukov. The marshal's removal, in 1957, marked a decline in the political importance of the military. This was when the technologists were going ahead with their rockets, and stealing the soldiers' importance. The reduction of the standing army was not without influence on the place of the marshals in the establishment. But this process was reversed in the middle of last year, when the Soviet strategists turned partly conventional again. Could it be that the party leaders are worried about a potential political comeback of the soldiers? One thing Mr Khrushchev seems to share with his predecessor is the mistrust of Zhukov, most eminent of the fighting marshals.

HUNGARY

For or Against

A SWEEPING reshuffle of junior ministers in the Hungarian government is a practical demonstration of Mr Kadar's desire to

bridge the yawning gap between his regime and the Hungarian people. The changes, announced on February 11th, involve 18 people and appear to be principally designed either to demote Stalinists, or to replace ministers whose only qualification is their party card by technically competent men, not necessarily communists. Among the most significant changes is the retirement, "at his own request on health grounds," of Mr Mihaly Zsotfnyecz, a former cabinet minister under Rakosi, who has been serving as a deputy minister of metallurgy and engineering; and the appointment, as one of three new deputy ministers in the same ministry, of Mr Ambrus Borovszky, who as general manager of the huge steel works at Dunaujvaros (alias Stalinvaros, alias Dunapentele) has apparently acquired a reputation not only for good living, but also for efficiency and for getting on with the workers.

This reshuffle, together with other recent demonstrations of prominent Stalinists and some unusually forthright articles in the press, suggest that Mr Kadar has been encouraged by the 22nd Soviet party congress to pursue more boldly policies towards which he had already been rather tentatively feeling his way. He is working on the theory that "he who is not against us is with us" (Rakosi's dictum turned inside out). This involves letting the best qualified man get the job, without bothering about his ideological orthodoxy. (Anyway, as *Nepszabadsag* admitted in a flash of insight on February 6th, you cannot get people to change their views overnight.) It also involves the daunting task of persuading the people no longer to fear the party, and party officials no longer to behave like "petty monarchs."

Mr Kadar's course exposes him to criticism from hard-core communists who would (according to *Nepszabadsag*) "prefer to defend the people's regime with machine guns" rather than work with non-communists; they fear he may end by weakening the party's grip on the country. Mr Kadar, however, has evidently chosen to run this risk in an effort to get party and people on better terms, and to tap the reservoir of non-communist talent whose services the country badly needs.

BY-ELECTIONS

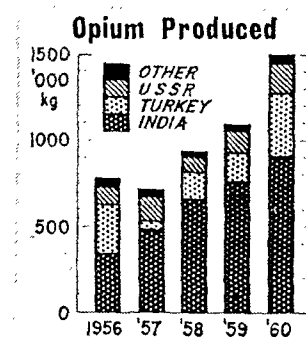
Undue Delay?

ON the whole, it is right to defend the Tories against this week's complaints about their alleged delay in moving a writ for the Orpington by-election (now to be held on March 14th). Orpington electors have had to wait four and a half months for this writ. This is not an unusually long period for a seat that fell vacant in October. No writ, for example, has been moved in the case of Pontefract, a Labour seat which became untenanted at the same time as Orpington. The serious business of choosing candidates should not have to be rushed

into much under eight weeks. The Orpington election could not reasonably have been held until December, uncomfortably close to Christmas and on a register 13 months out of date (the qualifying date for the old register was October 10, 1960). Under the circumstances it was respectable to wait for the new register to come into force on February 16th this year (qualifying date October 10, 1961). In the past, the Tories have been attacked for holding by-elections too early, and fighting on an old register which benefited them since their organisation has generally been better at tracking down absent postal voters. In 1957 Colonel Lipton, who has been vociferous in accusing the Government of delay, was equally censorious of its haste to fight an election just before the old register ran out. The only date acceptable to him would seem to be the Greek Kalends.

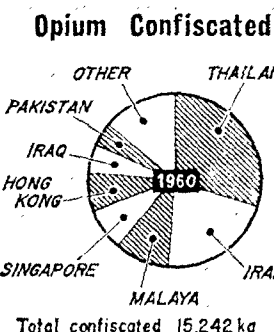
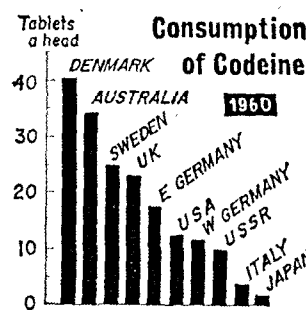
The Speaker, it has been said, could have moved the writ in the recess, but although he normally has the power to do so, he did not have the power to issue an immediate writ at Orpington. The Speaker cannot issue a writ where the constituency vacancy has been caused by the appointment of the member to an office of profit since the House was last sitting. Mr Sumner, the former member for Orpington, was appointed a county court judge when the House was in recess. It has been suggested that there was crafty collusion between the two main parties to do down the Liberals by issuing the writ for Lincoln before that for Orpington; as the Liberals are expected to do only moderately at Lincoln and very well at Orpington, it would certainly have been in their interests to get Orpington to the polls first. But in fact the delay of four days between the issue of the two writs (Lincoln, February 16th and Orpington February 20th) seems to have been due to

The Road to Xanadu



Opium production exceeded demand in 1960 for the first time since 1953. Non-medical consumption is illicit except in Burma, but throughout the world there is a considerable demand for opium from manufacturers of narcotic drugs. In 1960 the United Kingdom imported more raw opium (about 212,000 kg.) than any other country.

Most licitly produced opium is used in the manufacture of morphine and this is nearly all ultimately converted into codeine. The known consumption of this drug—one standard tablet of which contains 15th gm. of codeine—has increased by 24 per cent since 1956 to 96,000 kg. in 1960. Consumption has increased most rapidly in Australia, New Zealand and East Germany.



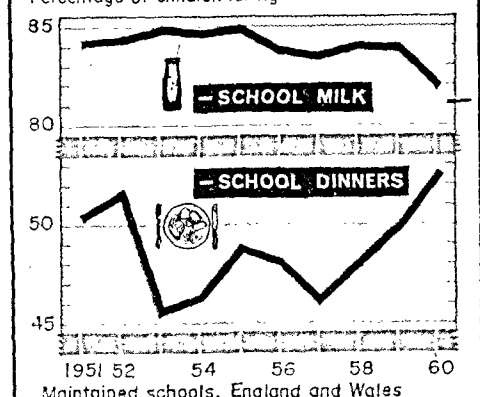
The chart above shows confiscations of some of the raw opium smuggled between countries in 1960. Most of the supply for the considerable illicit traffic is drawn either from opium unlawfully withheld by lawful growers or from opium grown illegally and is not opium which has been diverted from licit distribution channels.

Source: UN Permanent Central Opium Board.

DINNERS NOT PINTAS

Schoolchildren were not impressed by the Milk Marketing Board's campaign last year but they were more inclined to take school dinners. 3,400,000 meals were served on an average day and over seven per cent were given free of charge. All but 450 of the 30,500 schools or departments had facilities for providing these meals.

Percentage of children taking:—



Maintained schools, England and Wales

technical reasons. The last possible polling day—and this is almost invariably chosen—in boroughs is twenty days after the issue of the writ, but in counties it is twenty-two. Lincoln is a borough and Orpington a county seat, and if the writs had been moved at the same time the Orpington polling day would have been a Saturday. Suggestions have now been made that there should be fixed periods for the issue of writs after constituencies become vacant, but this would surely make the system far too rigid. Critical by-elections might then have to be held in the middle of the summer, Easter or Christmas holidays. Certainly under the present system the sitting party has some marginal advantage in choosing a date, but if this power is too flagrantly abused the sanction of an exasperated electorate is brought into play. This week's fuss seems to have been mainly an attempt to stir up such exasperation, and in a case where it is doubtful if it can be justified.

IMMIGRANTS

How Strait the Gate?

WHILE the battle over the provisions of the Commonwealth Immigrants Bill continues in Parliament, the Home Secretary has published a draft of the code by which he intends immigration officers to administer it (Cmd 1640). Like the bill itself, the instructions achieve a messy liberalism in practice from the darkly reactionary theories which have dictated their birth. The first thing that is made clear is that the main people who may be kept out of Britain are those who might do some good to it by adding to its productive and mobile labour force. Any prospective Commonwealth immigrant under sixty (if a male) or fifty-five (if a woman) will have to take the trouble to get a Ministry of Labour voucher before leaving his home country. The conditions of the award of these vouchers are still obscure, but one can only hope that any prospective immigrant with some skill or willingness to do a dirty job will be likely to qualify in the present state of employment. Once immigrants have got these vouchers, their wives, widowed mothers, children, fiancé(e)s, and even mistresses of a settled nature will automatically be allowed in too; but (rather reasonably) people who merely say that they are immigrants' distant cousins will not. There will be no interference with ordinary visitors, genuine students, self-employed people, or persons of independent means.

Easily recognisable madmen, lepers and criminals will be turned away after consultation with a medical officer—unless there are strong compassionate grounds for their being allowed in. There will also be a bar on potential infringers of the Official Secrets Act unless they happen to be the wives or children of spies already resident in Britain, when they will be allowed in with-

NOTES OF THE WEEK

out question. In any doubt, mention of the fact that one served in the armed forces of the Crown in war will very likely get one in without further ado.

The degree of delegated discretion is high. The officer may use it to show compassion in hard cases; to impose a time limit on doubtful ones (such as betrothed girls who do not look the marrying kind); to dictate how much money will support a person of supposedly independent means for a year or two, how many hours a week should be spent in study by a student or what constitutes a permanent relationship between man and mistress. This is not going to be an easy task for people who are not paid a great deal for what they already do, let alone involving themselves in social anthropology as well: they may be forgiven in advance if they err on the side of *laissez passer*, particularly as they are enjoined to explain to disappointed intending settlers in whom they have spotted undesirable traits just exactly what those traits are. That alone should go far to ensure that the code's first paragraph will be adhered to: "Officers will, of course, carry out their duties without regard to . . . race, colour or religion. . . ." Perhaps that is what Mr Butler has sensibly intended.

INDIA

Resurgent Right?

CONGRESS, the party that led India to independence and has ruled it ever since, will surely win the third general election. But the results of the ten days of polling that end tomorrow, Sunday, will nevertheless be anxiously examined. The showpiece constituency is North Bombay (polling on Sunday), where Mr Krishna Menon is generally expected to retain his seat in spite of Acharya Kripalani's vigorous challenge. The archarya, a former Congress president, and former leader of the Praja Socialist party too, is heterogeneously backed not only by the PSP, the anti-socialist Swatantra party and the Hindu



Congress poster

THE ECONOMIST FEBRUARY 24, 1962

communist Jan Sangh, but also by a group of rebellious Congress youth leaders. But Mr Menon's cause has been sustained by a lavish outpouring of Congress funds, the support of a communist-front "citizens' committee," and, probably decisively, by Mr Nehru's personal efforts in his interest.

The Communist party, embarrassed and divided by China's Himalayan blunders, has not aroused serious anxiety in India in this election campaign. It cannot recapture Kerala's state legislature, for no state elections are being held in Kerala this year. In Bengal and Bihar there may be some gains by the left-wing parties; but, taking the country as a whole, while the Communists may hold their ground, the Praja Socialists look like losing more of theirs. It is to the right that the ruling party looks most anxiously. The Jan Sangh could make gains throughout the north, Swatantra in Rajasthan and Bihar. Although most of Swatantra's candidates have little hope of even a respectable defeat, Mr Nehru has honoured this new party by treating it almost as his chief antagonist. It has earned this respect at least by being alone in denouncing Congress policy, domestic and foreign, all along the line.

The big surprise of the campaign was the unopposed election, in a Madras constituency, of Mr T. T. Krishnamachari, the former finance minister who resigned in 1958 after the "Mundhra affair." Share markets went into a flutter at the prospect of a resurgence to high office of this forceful personality with a reputation for fiscal ingenuity. But only after the elections will the real destiny of most individual Congressmen, high and low, be decided as the innumerable faction fights within the ruling party enter upon a new round.

FRANCE

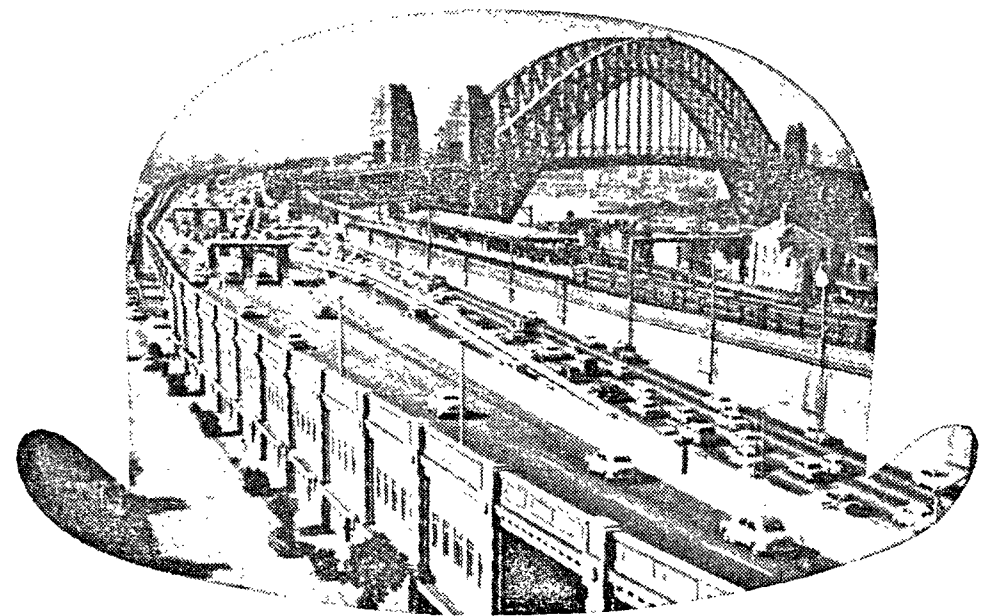
Social Contract

IN pursuing the grail of growth without inflation, the French government has one great advantage over the British, the formidable rhythm of expansion France has already achieved. The national product grew by 5.5 per cent last year; the new four-year plan plausibly aims at keeping up the same cracking pace. But even France, where hopes of an Algerian settlement have already given the Bourse a lift, has its problems as it faces the task of combining the stability attained since 1958 with sustained expansion. On February 15th, M. Giscard d'Estaing, M. Baumgartner's young (36) successor at the finance ministry, announced to the press a new programme for achieving this objective.

Many of the ingredients have a familiar ring. An effort is to be made to preserve the present price stability during the next six months through an appeal to business. Investment is to be encouraged through fiscal alleviations of various kinds. Two other

THE ECONOMIST FEBRUARY 24, 1962

PLANNING BUSINESS DOWN UNDER?



The Bank of New South Wales will put you in the picture

The Bank of New South Wales can't exactly draw everything out of the hat for you, but if you're planning business Down Under you couldn't gain a clearer picture of current Australian and New Zealand situations than from us.

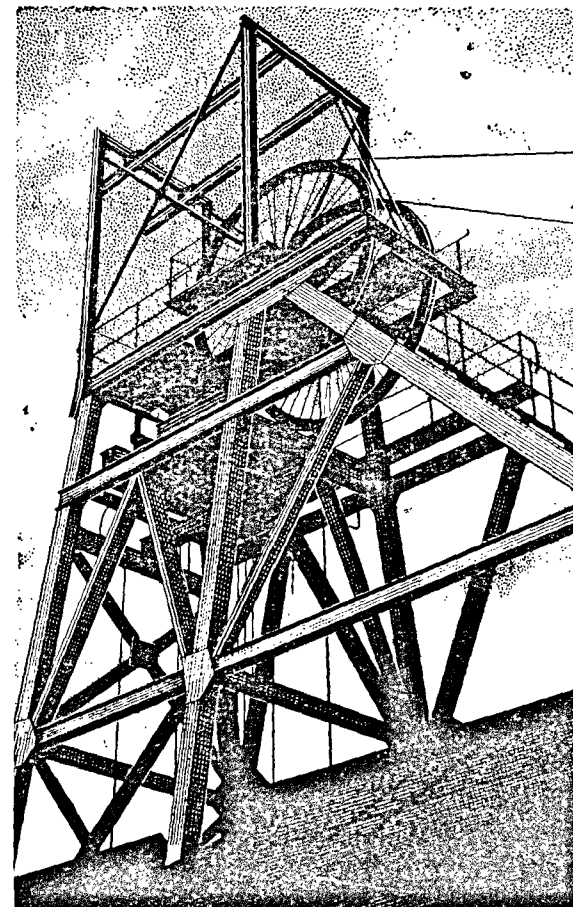
We've been in Australasia since 1817. We were the first bank there; we still are. Today we have over 1,150 offices throughout Australia, New

Zealand, Fiji, Papua and New Guinea all providing key services, many of which are special to the Bank of New South Wales.

We find customers take their hats off to our initiative and sense of judgment. We doff ours to them too, of course. There's mutual interest and respect between the 'Wales' and our customers.

MAIN LONDON OFFICE: 29 THREADNEEDLE STREET, E.C.2
Australian Migrant Information Service: Television House, 14 Kingsway, W.C.2
(Incorporated in Australia with limited liability)

ALL OVER AUSTRALIA & NEW ZEALAND



A Mine of Information about CANADA

is to be found in the Bank of Montreal publication 'YOUR GUIDE TO BUSINESS IN CANADA'.

If you are interested in doing business with CANADA send for a copy today.

Our Business Development Department is at your service.

Bank of Montreal

Incorporated in Canada in 1817 with Limited Liability

HEAD OFFICE: MONTREAL

MAIN LONDON OFFICE: 47 THREADNEEDLE STREET, E.C.2

WEST END OFFICE: 9 WATERLOO PLACE, PALL MALL, S.W.1

Over 850 Branches and Offices throughout
Canada and Abroad

AESOP-TO-DATE

The Chameleon and the Clown



"You're very clever," said the Clown, "At doing what you do, But though I'm no chameleon I'm quite a mimic too. If someone stole my Guinness, say, Then I'd change colour right away. I'd go quite green with envy if They took my favourite drink— A fellow needs one every day To keep him in the pink, So if you're ever feeling blue Then always go and have a few." "I'm feeling like a Guinness now," The saurian replied, "And if you watch me very close I'll look like one, beside." But though he turned a darker hue He bore no likeness to the brew. The poor Chameleon blushed at this, He went a fiery red. "That's nothing like a Guinness, no!" The Clown abruptly said. "But nothing is—you're not to blame— Except another of the same." And that's the MORAL of this fable Guinness is quite in-im-it-able.



Guinness
is good for you—and me

G.E. 3667.B

A compelling feature of modern construction, whether building or civil engineering, is its astonishing diversity.

In the heat and dust of emergent Africa, Laing construction teams have built many thousands of better houses for Africans and Europeans. Another project, important to Southern Rhodesia's economy, is an agricultural development scheme to produce sugar. This involves the clearance and cultivation of many thousands of acres of African bush in wild and remote regions. Construction work includes over 100 miles of surface irrigation canals and night storage dams.

These and many other large and small projects present a daily challenge to the skill, enterprise and experience of Laing construction men in various parts of the world. However diverse the project or remote the location, these men are equipped for their tasks by careful planning and efficient organisation. They are sustained by systematic research to devise improved materials, new techniques. And second only to first-class workmanship they are trained in the vital importance of speed in construction—directly influencing the final cost—for we believe in the value of completion on time.

diversity

On the other side of the world the Laing organisation is playing a vigorous part in the development of Canada's enormous potential by the construction of skyscrapers, roads, bridges, factories—and huge snowsheds in the Rockies to keep the Trans-Canada Highway open all the year round.

At home—motorways . . . cathedrals . . . a nuclear power station . . . large-scale civil engineering works for railway modernisation and the development of other public utilities . . . in Britain's second city a unique shopping centre of advanced design, the finest in Europe.

LAING

for completion
on time

John Laing and Son Limited
Great Britain and Overseas



fact: M. Giscard d'Estaing (right)

prescriptions deserve more attention. There is to be a systematic effort to increase the mobility and adaptability of labour, through facilitating immigration, retraining workers for new jobs and improving education. Restrictive practices in retailing and wholesaling are to be attacked once more.

The short-term measures are to be followed up by a systematic programme which has a very different flavour from the high banking orthodoxy of M. Baumgartner. In September the first of a series of round table conferences between government, unions (though without the communists) and employers is to sketch out the first outlines of a national incomes policy.

Many will be surprised to hear that this is a novelty in France. But the fact is that French planning has been largely concerned in the past with boosting production and investment, and with getting industrialists growth-minded. M. d'Estaing's new incomes policy has a different emphasis. It is designed not to upset the free flow of wage bargaining, but to keep this within the limits of growing national resources.

As a gesture to social justice, the policy is to cover not just wages, but all kinds of incomes. Under-privileged groups, like the aged, are to be given special help at once. In the new "contract for progress" (the minister's phrase) the orthodox precepts that have guided French policy since 1958 are to be coloured with a new expansionism and with a concern for national unity that is the hallmark of Gaullist government.

MPs' EXPENSES

Three Voices

THE following is an extract from *Hansard* last week, in a question that was asked by special leave after the end of normal question time, because the House seemed to be in rather a pet about what was called "considerable misrepresentation in the press" on this subject:

Mr Callaghan: May I ask the right hon. and learned Gentleman to make it trebly clear that Members of Parliament are in exactly the same position, no better and no worse, as any other Schedule E taxpayer;

NOTES OF THE WEEK

that they have no privileges, and have to prove every penny of their expenses in the same way as has any other citizen in the country?

Mr Selwyn Lloyd: That is precisely true. There is no privilege for Members of Parliament in this respect. They have to justify their expenses just as any other citizen has.

The following is an extract from the evidence given by Mr H. J. Miles, then a Principal Inspector of Inland Revenue, before the last select committee on MPs' pay in 1954. He was explaining how MPs' expense claims are handled:

A claim is put in by a Member. It is examined by us and it is open to us to question it, as we do any other taxpayer, but, as I say, we probably question Members of Parliament rather less than most people.

MPs have a very reasonable case for higher remuneration; but why do they always start each campaign to get it by drawing attention to the weaker parts of the ground beneath their feet?

CONGO

Moods

MR TSHOMBE'S moods have alternated since the beginning of the year between an apparent willingness to come to reasonable terms with the Congo government, and an apparent determination to do no such thing. On February 16th his parliament (that is, his party) voted at Elisabethville to accept the agreement made with Mr Adoula at Kitona just before Christmas to reintegrate Katanga with the Congo. In one resolution the parliament set stiff conditions for this acceptance of the Kitona agreement; in another it dropped some of the conditions (including a demand that a

Katanga be the Congo minister of defence) and, instead, said that the Kitona agreement would serve as a basis for discussion. Since then there have been reports of renewed fighting in northern Katanga between Katanga and central government soldiers.

Katanga relations with the United Nations are still tricky. In his first report since taking over as senior UN official in the Congo Mr Robert Gardiner (the first African in this post) pointed out on Monday that efforts to round up the remaining paid foreign members of Mr Tshombe's army are running into delays. Mr Tshombe has also been doing his best to hold up the entry of the agreed joint UN-Katanga teams into Jadotville and Kolwezi to search for "foreign military and para-military personnel" there.

There has been friction, too, about the UN's insistence on maintaining surveillance of the Union Minière's Lumumbashi processing plant (one of the five largest in the world) now that it has reopened: the UN has produced evidence that this plant was used for the manufacture of weapons before the fighting last year.

Mr Adoula's government is gathering strength. The Congolese prime minister made a good impression in his visit to the United States last month: he left behind him an enthusiastically pro-Adoula press and a slightly deflated Katanga lobby. He handled the Russians and the more militant Afro-Asians with equal adroitness, showing a sensible determination to deal with fundamental problems (like the reintegration of Katanga) before emotional ones (like a new investigation into Mr Lumumba's death). One report circulating in New York—unfortunately, not yet confirmed—is that Mr Spaak, the Belgian foreign minister, assured Mr Adoula that the Union Minière company would in future pay its taxes and dividends to Leopoldville. The Congo is slowly healing, but the time is not yet ripe for the astronaut's triumphant phrase, "All systems go!"

The Economist

FEBRUARY 22, 1862

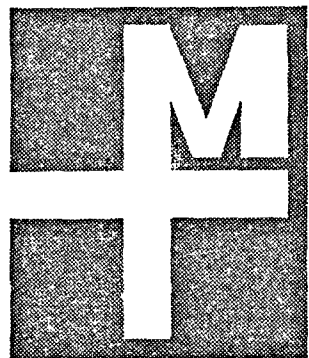
MISLEADING SENTIMENTS

As eminently religious men have in all ages been among the most cruel and oppressive in their practice, so eminently philanthropic men, whether of the sentimental or the conscientious sort, are apt to be, of all others, the most unsound in their views and the most reckless in their action. The explanation in each case is the same. It is not that the hearts of the pious are usually hard or that the heads of the humane are naturally weak: but that both feeling themselves to be well-mounted—having a good aim in view and an unexceptionable steed beneath them—conceive that they have nothing to do but to throw the reins upon the neck of the animal, shut their eyes and ride as hard as they can—satisfied that the inherent excellence of the hobby they bestride will carry them over all obstacles and bring them to the

goal at last. Nothing stops them; nothing staggers them; an opposing principle is only a five-barred gate to be overleapt; an inconvenient fact is a thing to be shied at and rapidly passed by on the other side; antagonistic rights are only hedges to be scrambled through, or foot passengers to be ridden down. Thus mounted and thus inspired, kind men become guilty of the most barbarous inflictions; conscientious men tell the most terrible fibs and use the most questionable means; wise men believe the shallowest stories, and clever men are content to put forth the most untenable and transparent of false pleas. Persuaded of the goodness of their cause and the benevolence of their feelings, they care little for the soundness of their arguments or how doubtful



INVESTMENT CREDO



We believe that everyone who has money to spare should consider investing it in shares or bonds. We consider that a broadened basis of security ownership is socially and economically good—good for the individual, good for business, good for our way of life in the free world.

While investing is a means to profit, because share ownership permits participation in the profits of an expanding business system, we realise that there is always a factor of risk involved. That is why we have consistently warned that no-one should buy shares until he is in a position where he can cover his living expenses comfortably—food, clothing, housing—until he has accumulated adequate savings to meet emergencies, and until he has provided protection for his family through the purchase of life insurance. If after meeting these obligations a man has extra money available, we feel that he may prudently consider investing it. These are the basic articles of belief on which we do business in all our 148 offices—132 in the United States, 16 in other countries.

British investors may well wish to start by building up a basic portfolio of British securities, but at the same time they should not overlook the opportunities offered by overseas investment: this is where we can be of service.

Our parent company, Merrill Lynch, Pierce, Fenner and Smith Incorporated, of 70 Pine Street, New York, are primarily brokers in American and Canadian securities. However they are proud of the fact that they have uncovered in the United States a substantial volume of investor interest in the securities of business organisations operating in those overseas countries in which there are Merrill Lynch offices.

This has been the case in England since we opened our London office over a year ago. We are not members of the London Stock Exchange, but when we receive orders for securities traded there, they are passed for execution to

British brokers, who retain the normal commission on such transactions.

Merrill Lynch, New York, are members of the New York Stock Exchange, the Toronto Stock Exchange, and all other principal Security Exchanges in North America. Thanks to private wires from London to New York, orders can be executed on those Exchanges just as rapidly for residents in England as for people living in the United States.

We consider it our job to supply you, the British investor, with whatever information or advice you may require on dollar securities.

Maybe you already hold some U.S. or Canadian stocks. Or maybe you don't but are interested in the possibility of investing in such securities.

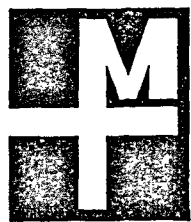
Either way, we'd be pleased to give you all the help you can use—without charge or obligation, regardless of whether we've already handled business for you or not.

The more an investor knows about securities, the more prudent and successful he is apt to be. That's why our motto is "Investigate—then invest".

And that's why there is a Merrill Lynch Research Division in New York nearly 300 strong. Its help is yours for the asking.

You can have the very latest available figures—earnings and dividend, balance sheet and profit record—for any quoted U.S. or Canadian company, together with our appraisal of its future prospects. Or a review of any dollar stocks in your portfolio. Or some recommendations based on your personal requirements. All this—and more: just ask.

May we invite you to come in and see us? Or, if you prefer, write to us or telephone. We need hardly say that all enquiries will be handled in the strictest confidence.



**MERRILL LYNCH,
PIERCE, FENNER & SMITH LTD.**

LICENSED DEALER IN SECURITIES

110 FENCHURCH STREET, LONDON, E.C.3 ROYAL 9333 TELEX NO. 21262

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.

Manoeuvres Around a Stalemate

WASHINGTON, DC

IN an appeal against new nuclear tests last weekend between three and four thousand American and some British and Swedish university students paraded with the nuclear disarmament campaign's symbol through the snow outside the White House. Mr Holifield, the Democratic chairman of the Joint Congressional Committee on Atomic Energy, said darkly that they had been filled full of boloney by somebody and they failed to stop President Kennedy from signing nine executive orders intended to put the country in a state of readiness for a possible national emergency, or the Department of Defence from lowering an inch or so of veil from a five-year, \$5-billion programme which is to provide shelters for civilians against nuclear fall-out and which many Americans seem to think is boloney also.

If Mr Khrushchev finds it difficult to reconcile talk about emergencies and shelters with the surprisingly honeyed words of General Eisenhower and Mr Nixon, who said respectively that the Soviet Prime Minister wants peace and that the world might be a worse place without him, he is in the same case as the Americans who note that the swap of Captain Powers for Colonel Abel coincided with new Soviet pressures on Berlin. Those whose harassing task it is to try to distinguish cold war missiles from cold war decoys suspect that what is in prospect, so far as Mr Khrushchev is concerned, is simply a further and perhaps lengthy instalment of talkative stalemate. The people they really have their eyes on are the Chinese, who might upset both the American and the Soviet appercarts, and the Cubans, who continue to be a gnawing preoccupation with Americans to a far greater extent than seems to be realised abroad.

The official American position is that no evidence exists of any basic change in Russian attitudes towards key questions like Berlin and disarmament. Mr Khrushchev seems to want co-existence, while reserving the right not to be reasonable about anything that really matters. (As an indication of how stale the stalemate now is, it is eight years since Mr Malenkov was described as genuinely wanting a relaxation of tension, but not badly enough to meet the West's minimum terms.) There is, however, a charitable tendency to attribute Mr Khrushchev's intransigence to his frustrations—over his backward agriculture, his relative failure to advance the cause of Communism among the under-developed nations, his fear of the European common market and, above all, his relations with the Chinese Communists, which are said in Washington to be deteriorating rapidly toward a point of no return.

Americans are naturally buoyant about Colonel Glenn's orbits and a feeling is becoming apparent that, with luck, they may not have after all to fight either a nuclear Armageddon or even a big conventional war, may not have to fight as a nation at all, if only they can contrive to emulate the Russians; they, it is pointed out, have never sent soldiers to fight outside the countries of the Soviet block, but instead have acted as sergeant-majors and

drill instructors for other people's guerrilla warriors busy with subversion, revolution and civil war. The thought of the United States becoming involved in hostilities in south-east Asia at the level of another Korea is one that no Democratic Administration can entertain without turning pale but, by the use of "instructors" and special forces, it is hoped to avoid such an involvement—unless the Chinese intervene.

No one seems to be afraid that, if there is not an early east-west summit, there may be a Moscow-Peking one which could be as big an upset for the West as was the celebrated meeting of Stalin and Ribbentrop in 1939. It is expected that Mr Kennedy will authorise new nuclear tests reluctantly, in the air over Christmas Island, possibly to coincide with the coming Geneva talks on disarmament if these drag on beyond April. But meanwhile much of the public's interest in testing has died down, because the Russian tests indicated that fall-out need not be substantial, and thus allayed the public's fears, and because a new series of American tests can probably do no more than maintain the stalemate of terror. This inhibits open displays of enthusiasm for testing even by those who in its absence feel horribly unsure that what the scientists say will happen will actually happen when an American nuclear warhead is exploded; they also worry that American scientists will go stale or get bored if they are not allowed to test their inventions.

THE United States might be described as no longer genuinely afraid of Russia but only of Russian miscalculation. It is to reduce the danger of this by keeping the lines of communication open that the President had Mr Adzhubei to lunch, even though Mr Khrushchev's son-in-law had been genially advising the Mexicans to recover Texas, and that Mr Kennedy and Mr Khrushchev will apparently be appearing on Russian and American television screens this year. One hopeful theory is that Mr Khrushchev would now like to spend less on rockets in order to be able to still the clamours of overcrowded Muscovites for more flats, just as Mr Kennedy would be delighted to see a halt being put to the escalation of armaments—and not only because this would help the United States to balance its Budget. But the situations of the two statesmen are really asymmetrical. Assuredly Mr Kennedy would not care to trade problems with Mr Khrushchev, any more than he is willing to exchange military strengths with Russia or any other country.

The American Administration's modest way of putting things is to imply that the Russians have suffered as many setbacks as the United States has done in dealings with touchy new nations and that the Communists are by no means winning the cold war. But this very modesty merely inflames the lunatic fringe on the right, whose automatic response when told that the pianist is not doing so badly is to shoot from the lip, crying that Mr Kennedy is a defeatist with a "no-win" policy.

But on a less schizophrenic level there are some honest doubts among those on the right and on the moderate left. Partly this is because the State Department, with under \$1½ million a year at its disposal for the purpose, has less money to devote to expounding foreign policy to the American people than is spent on advertising a third-rate chewing-gum. That may be one reason for the confusion about why to trade with communist Poland and Yugoslavia is good, but with Cuba is unthinkable for the United

© Bank of America N.T. & S.A., 1962

...in major cities
across the **USA**
☆☆☆☆
in Hawaii and
in Canada☆☆

**SHERATON
HOTELS**
EXCELLENT
accommodations
reasonable rates

From New York to San Francisco, from Montreal to Dallas, there's a Sheraton Hotel waiting to welcome you. Each is located in the heart of the city, near business districts, theatres and shops. In addition to fine food and superb service, Sheraton Hotels offer many extra values such as the Family Plan (children under 14 FREE when they share your room), air-conditioning, free TV and radio, private baths. If your ship or plane is delayed, Sheraton will hold your reservations. To get reservations at any Sheraton Hotel, see your travel agent or Sheraton's General Agent:

LONDON Frames Tours, Ltd., 25-31 Tavistock Place • GLASGOW MacKay Travel Agency, Ltd., 21 Bath Street • PARIS Voyages Flandrac, 17 Rue de la Paix • HAMBURG Schiffahrtsgesellschaft De Vries & Co., M.B.H., Alte Rabenstrasse 22 • ROME C.I.T., 68 Piazza della Repubblica • JOHANNESBURG Trafalgar Travel (Pty.) Ltd., Aegis Building, C/r Loveday and Fox Streets • BOMBAY Mercury Travels Pvt. Ltd., 70 Forbes Fort,



Pick your favorite cities and see them best from a Sheraton Hotel:

EAST
NEW YORK
Park-Sheraton
Sheraton-East
(the Ambassador)
Sheraton-Atlantic
Sheraton-Russell
Sheraton Motor Inn
(opens June)
BOSTON
Sheraton-Plaza
WASHINGTON
Sheraton-Carlton
Sheraton-Park
PITTSBURGH
Penn-Sheraton
BALTIMORE
Sheraton-Belvedere
Sheraton-Baltimore Inn
PHILADELPHIA
Sheraton Hotel
Sheraton Motor Inn
PROVIDENCE
Sheraton-Biltmore
ALBANY
Sheraton-Ten Eyck
ROCHESTER
Sheraton Hotel
BUFFALO
Sheraton Motor Inn
MIDWEST
CHICAGO
Sheraton-Blackstone
Sheraton-Chicago
DETROIT
Sheraton-Cadillac
CLEVELAND
Sheraton-Cleveland
CINCINNATI
Sheraton-Gibson
ST. LOUIS
Sheraton-Jefferson
MINNEAPOLIS
Sheraton-Center
(opens 1963)
OKLAHOMA CITY
Sheraton-Oklahoma
OMAHA
Sheraton-Fontenelle
AKRON
Sheraton Hotel
INDIANAPOLIS
Sheraton-Lincoln
SOUTH
DALLAS
Sheraton-Dallas
HOUSTON
Sheraton-Lincoln
(opens June)
NEW ORLEANS
Sheraton-Charles
LOUISVILLE
Sheraton Hotel
The Wellerston
MOBILE, Alabama
Sheraton-Battle House
WEST
SAN FRANCISCO
Sheraton-Palace
LOS ANGELES
Sheraton-West
(formerly the Town House)
PASADENA
Huntington-Sheraton
PORTLAND, Oregon
Sheraton-Portland Hotel
HAWAII
HONOLULU
Royal Hawaiian
Princess Kaiulani
Moana
Surf Rider
MAUI
Kaanapali
(opens November)
CANADA
MONTREAL
Sheraton-Mt. Royal
The Laurentien
TORONTO
King Edward Sheraton
NIAGARA FALLS, Ont.
Sheraton-Brock
Foxhead Motor Inn
HAMILTON, Ont.
Sheraton-Connaught
CARIBBEAN
PUERTO RICO
San Juan
(opens Spring 1963)
JAMAICA
Kingston
(opens September)
SOUTH AMERICA
VENEZUELA
Macuto-Sheraton
(opens May)
OVERSEAS
ISRAEL
TEL AVIV
Sheraton-Tel Aviv



Chicago's Oldest Bank Opens the Newest Bank in London

March 1, 1962

Address: 58/60 Moorgate, London, E. C. 2



In London—just as in Chicago—Continental will offer a complete range of commercial and international banking services. The members of our London staff have been selected for their experience in both fields. You'll find them equipped to serve you well.

CONTINENTAL NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

58/60 Moorgate, London, E. C. 2
METropolitan 8561 • Cable: CONTINOIS

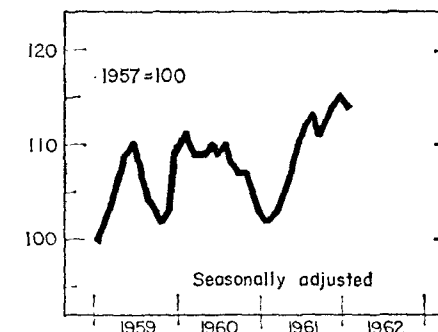
Negro voters either support the reorganisation plan or lay themselves open to accusations of racial prejudice.

Then came an unsuccessful attempt to force the measure on to the floor of the Senate before the Government Operations Committee had finished with it. The point of this manoeuvre was to get a vote in the Senate—it would probably have been favourable—and oblige the Republicans there to go on record before the House rejected the Bill and made it unnecessary for the Senate to vote at all. But the result was to affront the dignified traditions of the upper house in a way that may increase the President's difficulties later on. Finally the House defeated the plan overwhelmingly with not only all the southern Democrats against it—or rather against Mr Weaver—but also almost all the Republicans. At least the Democrats now have the issue which they wanted for next November's congressional elections, to be won or lost, they think, in the cities.

Breather for the Boom

MOST of the economic indicators took a disappointing turn in January. Industrial production slipped back a point, partly because the automobile assembly lines slowed down; personal incomes, on a seasonally adjusted annual basis, fell by \$1.5 billion compared with December; retail sales, after seasonal adjustment, slid off for the second month running; there was a decline in the length of the average work-week; and the number of new houses put in hand fell for the third month in a row. Some of this gloom lightens with a closer look at the statistics. For example, only about a third of the decline in personal incomes came from a fall in wages and salaries and some of this fall was caused by hold-ups in the construction industry, which suffered from unusually severe weather. The rest of the drop was due to unusually high December figures as a result of exceptionally large

INDUSTRIAL PRODUCTION



extra dividends from private firms and a special government payment to ex-servicemen. The disappointing housing figures were probably also the consequence of bad weather; in country districts snow-storms impeded both the workmen and the government enumerators.

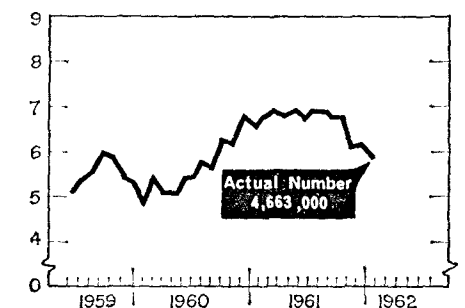
Those who believe that the January figures represent no more than a breather for the economy on its upward climb can, moreover, point to a rise—the twelfth in monthly succession—in new orders for durable goods, which give an important clue to the trend of production. These orders were 3 per cent higher in January than they had been in December and the increase owed nothing, apparently, to larger orders for steel; if these had grown it would have meant simply that users of steel were still stocking up for fear of a strike in June. Instead the rise was broadly based and larger than any since the early days of the recovery and the back-log of unfilled orders rose sharply. This week, in the first official assessment of the January lull, Mr Heller, the chairman of the President's Council of Economic Advisers, found no cause for alarm and repeated his forecast of steady economic growth in 1962.

Ironically, the worst news was concealed inside a cheerful wrapping: the announcement that in January, for the first time in 16 months, the seasonally adjusted rate of unemployment fell below

6 per cent—to 5.8 per cent of the labour force. Unemployment rose, but by less than is usual in January. What is distressing is that, in spite of all the recovery in production, trade and profits, there has been no reduction at all during 1961 in the number of people who have been out of work for six months or more and virtually none in the number out of work for over four months. Long-term unemployment is still 50 per cent higher than it was before the recession started in 1960. To help to dissolve this hard core the President has proposed a 4-year programme of retraining in new skills; it was accepted by the Senate last year and is being considered by the House this week. This week Mr Kennedy also asked Congress—with less hope of success—to let him nip future recessions in the bud by giving him stand-by authority to launch a \$2 billion programme of public works when a rising rate of unemployment gives a firm warning of trouble ahead.

UNEMPLOYMENT

as % of labour force, seasonally adjusted.



Banks Bound to Grow

FROM A CORRESPONDENT IN NEW YORK

TRYING to stop the expansion of American banks is like trying to squeeze water. In spite of vigorous opposition by thousands of so-called independent bankers, the enactment in 1960 of stiff, new standards concerning the approval of bank mergers by the federal government and anti-trust suits brought by the Department of Justice, banks persist in proposing new mergers and new holding companies. Moreover, the recent unprecedented flurry of anti-merger activity is accelerating rather than slowing down inescapable changes in the American banking system.

Banks have many motives for wishing to join with other banks. They may want to diversify by acquiring a trust department or foreign business; they may be seeking the able young managers possessed by another bank; almost certainly they want to obtain more branch offices. For retail banking, with its personal accounts and consumer credit, depends on the volume of business funnelled through branch systems. In the last ten years, the number of branch offices has doubled, and now stands at 11,200; this figure, however, does not show how many branches have been transferred to new owners. Yet New York's Chemical Bank & Trust Company, which had 19 branches in 1953, has become, after a series of mergers, the Chemical Bank New York Trust Company with 110 branches, equal in number to those of the Chase Manhattan Bank, which has had a similar history of merging branch systems.

The recent developments affecting bank mergers began a year ago when the then Comptroller of the Currency, who supervises national banks, approved the absorption of the Girard Trust Corn Exchange Bank by the Philadelphia National Bank, which would have become the second largest one in Pennsylvania. The Justice Department immediately charged that this would violate the Clayton and Sherman anti-trust laws. Last month, with three similar cases pending elsewhere, the department lost its case in the United States District Court in Philadelphia. It was the first time that a court had ruled on the merits of a bank merger which had already been approved by the Comptroller and then attacked by the Justice Department. Judge Clary's 62-page decision has already become required reading for merger-minded bankers everywhere; he stated that the department had failed to produce a "single shred of

evidence" to support its anti-trust charges. Most important of all was his ruling that, even if it had succeeded in proving that the merger would violate Section 7 of the Clayton Act, this section did not apply to bank mergers. This has long been contended by bankers and their lawyers, but it was the first time a court had so ruled. Should the Supreme Court uphold this view, the Department of Justice will be stripped of its most effective anti-trust weapon as far as bank mergers are concerned, unless Congress chooses to over-rule the courts. Judge Clary also suggested that the market for the services of the new bank would not be confined to Philadelphia, as the government argued, but would include the Delaware Valley and New York City and perhaps most of the North-east.

New legislation might go far beyond the Clayton Act. For example, the geographic areas within which banks may maintain branches are now fixed by each state. Nineteen states allow state-wide branch banking, fifteen limit branching, sixteen prohibit it. When banks are contained within restricted areas, they can merge only with their closest competitors. Thus, as one authority pointed out recently, "containment creates concentration, the concentration to which the Justice Department points when it charges a tendency toward monopoly in banking." The solution appears to lie in amending legislation to allow national banks to branch out beyond the limits imposed by the states. The possibility of this happening is not as remote as it may seem. Last year the Commission on Money and Credit recommended that

the provisions of the National Banking Act should be revised so as to enable national banks to establish branches within "trading areas" irrespective of state laws, and state laws should be revised to provide corresponding privileges to state-chartered banks.

The first major decision of Mr Saxon, the new Comptroller of the Currency, was to veto the acquisition of a bank in suburban Westchester by the First National City Bank in New York City. Then he followed this by writing a letter to the central banking authorities, the Federal Reserve Board in Washington, who must approve mergers of state-chartered member banks; he asked them to reject two other proposed mergers of suburban banks with large ones in New York City, as well as the creation of a new state-wide bank holding company in New York and the acquisition of a Long Island bank by the state's largest existing bank holding company, the Marine Midland Corporation. In each case he argued that such rapid large-scale changes would distort and unbalance the banking structure. But Mr Saxon does not frown on bank expansion—quite the contrary, when it is carried out gradually through the creation of new branches. In his letter Mr Saxon wrote:

It is regrettable that the laws of New York, as well as the laws of many other states, artificially inhibit normal, proper and publicly beneficial growth and expansion through branching and consequently require undue reliance on means other than branching . . . Unfortunately it is the opposition of influential segments of the banking community to economically realistic banking laws which has begotten over-restrictive laws, the purpose of which is to afford portions of the industry artificial protection from vigorous competition. Unfortunately also, the federal law is tied to such restrictive state statutes.

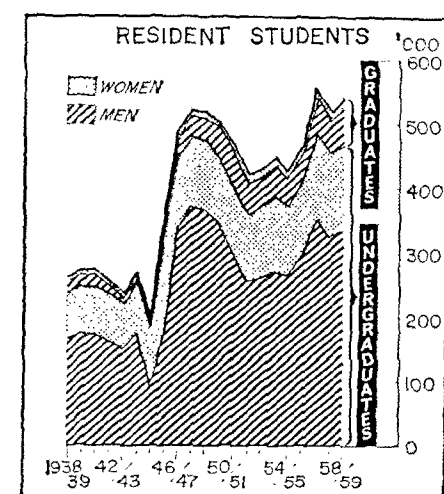
The view that the banks, which under New York law are already permitted to become subsidiaries of state-wide holding companies, should be allowed to establish branches all over the state, if they prefer to do so, has sympathetic backers on both sides of the political fence in New York.

Efforts to block one avenue to the expansion of the banks only lead to renewed efforts along the other roads. The attempts to halt the mergers of banks are bringing about an increasing number of holding companies. Since November one has been proposed in Florida and another in Oklahoma, both states which prohibit branch banking. Another has been announced in Virginia, where branch banking is limited but where legislation is being considered to permit state-wide mergers. In New York, if the Federal Reserve

authorities decide to permit the Morgan Guaranty Trust Company to form a holding company to acquire six banks outside New York City, the barriers to branch banking will become less significant. But if this permission is denied, Morgan Guaranty and other banks will try to persuade the State Legislature to authorise mergers among banks all over New York, that is, state-wide branch banking.

Cow College Centenary

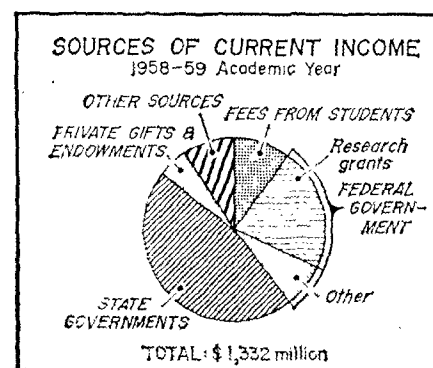
THIS year the United States is celebrating the centenary of the land-grant colleges which, as one of the charts shows, now enroll over 500,000 students, about a fifth of all the Americans in higher education. This is an impressive and, some think, highly pertinent example of what federal aid for education can accomplish



without any of the much-feared interference with what is taught. A hundred years ago, during the Civil War when the Southerners were not represented in Washington, Congress approved and Lincoln signed the Morrill Act. This gave each state 30,000 acres of land (either within its own borders or in the undeveloped west) for each of its Senators and Representatives in Congress. The land was to be sold and the interest on the proceeds used to support colleges

where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts . . . in order to promote the liberal and practical education of the industrial classes.

Later Congress added a small direct subsidy, which in 1961 amounted to about \$5 million, for teachers' salaries. The Authorisation has been raised to nearly \$15 million, but not all of this has been appropriated for 1962. It is worthy of note that none of the federal contribution towards the colleges may be spent on buildings or equipment. Most of the present opponents of federal aid to schools, if they must retreat, would prefer to spend the money on bricks and mortar than on teachers.



This federal contribution is divided among 68 institutions, one in each of the states and Puerto Rico and two in Massachusetts and 16 southern states (the law required any state which did not admit Negroes to its white land-grant college to provide a separate establishment for them). Many of the colleges grew into state universities, as in

California; others remained separate. A few (the Massachusetts Institute of Technology and Cornell University) are private. In size they vary from California's 44,000 students to Langston's 550.

Their bent is, naturally, toward science, agriculture and the "mechanic arts." They graduate almost all of America's agricultural specialists, and 40 per cent of its engineers. Over a third of the doctorate degrees in mathematics and the physical sciences and a quarter of those in the arts and languages are received from land-grant colleges. The phenomenal productivity of American agriculture springs directly from the research done at these colleges, which they take directly to the farmer. Sometimes they are criticised as caring more for quantity than for quality and it is true that in general they must admit any student in the state who has been in the top half of his class in secondary school. Against this, over half of America's living winners of the Nobel prize took at least one degree at a land-grant college; some of these are the academic equals of any in the country. With their low fees, they stand for broad educational opportunity that is not divorced from everyday needs; as such they are of great interest to the developing countries. But in America the present question is whether they can continue to expand without raising fees to the individual student.

Chasing the Runaways

ALL branches of the American shipping industry are, as usual, unhappy. Some 60 vessels are now being built in American yards but about half of these are to be delivered this year and the Budget for the year beginning next July provides only \$50 million for ship construction, compared with \$98 million in the current Budget. This means that only 18 new vessels, replacements for ships reaching obsolescence, can be started with government subsidies. These are intended to cover the extra cost of building in American rather than in foreign yards and usually provide about half the money. Last year Congress ruled that any ship to be used for foreign trade should be eligible, not just those serving so-called essential routes as common carriers. But the Secretary of Commerce has now dashed hopes that this might mean an extension of government subsidies to private carriers by refusing to help the Bethlehem Steel Corporation with two giant ore-ships for its own use. These will now be built abroad.

Contrary to advance rumours the Administration is asking for rather more money for operating subsidies for 1963 than for either of the past two years but this is largely because payments are to be speeded up; like the construction subsidies these are also intended to cover differences between American and lower foreign costs, in this case those of running the ships, so that the United States may be sure of a strong merchant marine in time of war. Wages are a particularly large element in the higher American operating costs and as an answer to this the government is developing a fully-automated ship which will, it hopes, go to sea in 1963; such a vessel is supposed to require only a few men on the bridge once it has left port. Officials realise that it will take time to get the trade unions to accept this latest move towards mechanisation in the maritime industry. But dock workers, on the west coast at least, have already shown a satisfactory willingness to allow themselves to be replaced by machines—for a financial consideration—and the new International Division of the Maritime Trades Department, a trade union group, is trying to induce Latin American unions to handle cargoes in containers. So far efforts of American shipping lines to save costs by carrying goods in this way on specially fitted ships have been frustrated by the Latin American dockers.

The immediate concern, however, of the new group, which

represents 29 unions with 450,000 members headed by the Seafarers' International Union and the International Longshoremen's Association, is to stop American shipowners from registering their vessels under foreign flags to avoid the high cost of labour under the Stars and Stripes—a matter of "convenience and necessity" or of "running away," according to the point of view. This is to be done mainly by helping maritime workers in other countries—a joint agreement has already been made with the Chileans—to organise and strengthen their trade unions and thus to increase their wages. In the process the new American group, probably intentionally, is running up against the International Transport Workers Federation—the SIU and the ILA resigned from it last year—and against the National Maritime Union, the great American rival of the SIU.

The NMU has just received a setback in its own attempt to chase the runaway ships. In November the National Labour Relations Board ruled that elections could be held on such ships, provided they were owned by Americans and engaged in the American trade, to decide whether the NMU should bargain for the crews. The ruling applied to Honduran ships owned by the United Fruit Company and on the appeal both of the company's Honduran subsidiary and of a Honduran trade union, two separate courts have now decided that the NLRB had no power to order these elections. The case will probably go to the Supreme Court. Meanwhile the government, making good on a promise with which it bought off the pickets which prevented a British ship from sailing from New Orleans with a foreign aid cargo recently, has started an inquiry into the operation of the 50-50 rule under which half of all government-financed cargoes must travel in American ships.

Making Money

FROM A CORRESPONDENT IN NEW YORK

RECENTLY Treasury agents and city detectives seized what may well be the largest hoard of counterfeit money ever found—over \$1.5 million in \$10 bills which they tracked down in a cellar in Brooklyn. The currency seems to be identical with the \$500,000 in counterfeit money which has been flooding the eastern states in the past six months. Indeed, for the past two years counterfeiters have been doing excellent business in false bonds, travellers' cheques and bank cheques, as well as in currency. Two of the largest coups for which no one has been brought to book include the safe unloading of \$926,000 in counterfeited debentures of the Shell Union Oil Company and of \$265,000 in bogus Ohio State Turnpike bonds. Just last week three men were arrested and charged with possession of over a million dollars worth of skilfully forged debentures of the General Motors Acceptance Corporation.

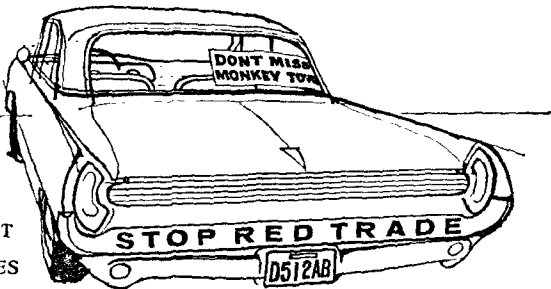
Counterfeiting is not a haphazard sort of business. It is often organised like any other commercial enterprise and managed by a group of professionals, who provide the capital. A distributing organisation, sometimes closely associated with a network of book-makers, takes on the job of selling the counterfeits. These finally reach the hands of "paper-hangers" or passers who dispose of them to the public. In the case of currency, a passer may walk into a tobacconist's, ask for a package of cigarettes, fumble for change, curse his ill luck at not having enough and, with apologies, offer the proprietor a fake \$10 bill.

Getting rid of counterfeit securities is slightly more involved, but perhaps less hazardous. Sometimes they are pledged with lending institutions, usually small finance companies, as collateral for a loan, or with a brokerage house as security for a margin account. The counterfeits are seldom detected unless the loan is not repaid and the bonds have to be sold. Sometimes the borrower

uses the loan to make a quick killing in the stock market and reclaims his bogus securities to use another time but securities used as collateral for a margin account are usually abandoned. Counterfeiters use photo-offset printing processes and this makes their work harder to detect by a novice. But even so they are unable to reproduce American currency faithfully; this is engraved on specially made paper with red and blue threads running through it. No matter how perfect they appear at first, most counterfeits contain blurred portraits and badly printed seals; the serial numbers are usually uneven. The American Bank Note Company, which engraves certificates for many firms listed on the New York Stock Exchange, blends its own inks secretly, manufactures paper with distinctive coloured planchettes running through it and engraves each certificate according to a special process which makes it impossible to reproduce exactly. Smaller companies, which are not required by an exchange to have their certificates engraved, print their own stock certificates; this makes them particularly easy prey for counterfeiters.

Bumper Crop

FROM A CORRESPONDENT IN LOS ANGELES



AMERICANS may not wear their hearts on their sleeves but today they often wear their political views on their cars. Motorists with their eyes on the vehicle ahead cannot avoid exhortations from the extreme right wing which are fixed to rear bumpers. "No Aid to Tito," these proclaim, "Get Out of the UN," "Impeach Warren," "Stop Red Trade," "No Muzzle on the Military." Allegedly—though this correspondent cannot speak from experience—one sticker in use since the inauguration of President Kennedy states: "I Miss Ike. Hell, I Even Miss Harry."

In turning to this method of outdoor advertising, the extremists have merely adopted a technique long in use in the United States. Operators of commercial tourist attractions regularly employ people to stick, and even wire, advertisements to every car that draws up. Thus, unless the driver removes it, the car will carry for the

rest of its trip a free commercial for the proprietor, with the message "Visit Mammoth Cave," "See Santa at the North Pole," "Don't Miss Monkey Town" or simply the name of the attraction, such as "Grandfather Mountain" or "Storybook Town." The advertiser knows that he can count on the co-operation of the typical travelling American who is not loth to proclaim where he has been, the farther off the better. During the holiday season some cars have their rear and front bumpers almost hidden by a collection of stickers. A thriving business is also done in stickers for car windows, even though in some states they are illegal.

In recent years, the technique of the sticker has been used widely in political contests and even now, more than a year after the presidential election, some cars still proclaim their owners' faith in the President or, nostalgically, commemorate the cause of Mr Nixon. But the conservatives have brought a new liveliness to the practice. So far, there is little sign of any campaign in favour of the Administration (except for the sticker "Goldwater in 1964") but it may be only a matter of time before Mr Kennedy's supporters are provoked into action and both sides start replacing the stickers on their opponents' cars with their own slogans—a favourite strategy during the last election.

SHORTER NOTES

Last week the Supreme Court sustained a lower court in holding Louisiana's school-closing law to be unconstitutional. It permitted localities to shut their schools if they were ordered to mingle white and Negro children. The lower court found that the law violated the equal protection clause of the Fourteenth Amendment and was unfair both to the white and Negro children involved.

Eleven airlines have agreed to fine "no shows"—passengers who reserve seats but do not use them—and, because sauce for the goose is sauce for the gander, also to fine airlines which "oversell" so that all the passengers with reservations for a flight cannot be accommodated on it. If the Civil Aeronautics Board approves, the agreement will go into effect on May 1st.

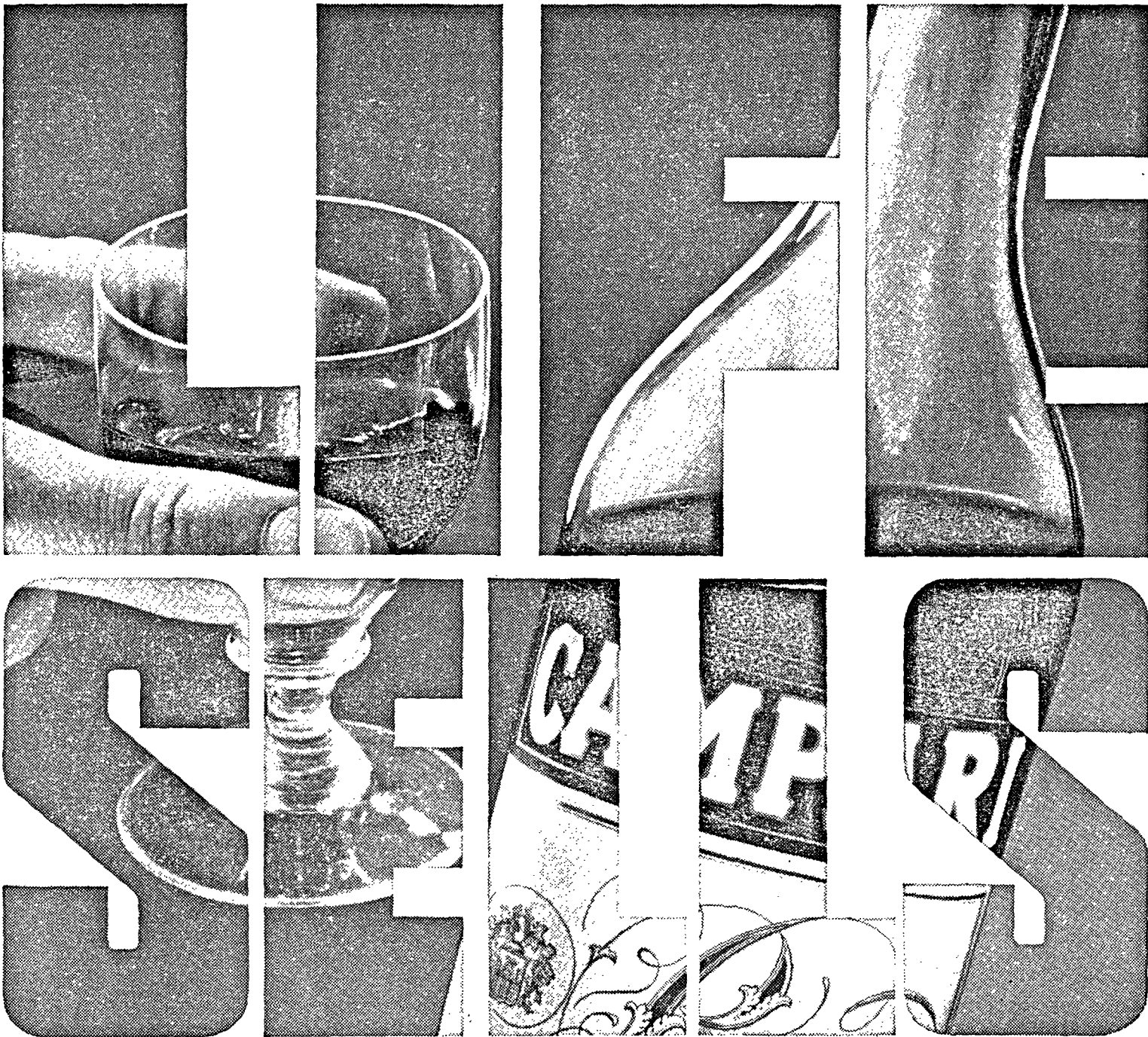
Americans give about \$17 billion a year to churches and charity—around 5 per cent of their personal income after payment of taxes. About \$6 billion goes to churches, over \$2 billion to organised charities and over \$7 billion to needy individuals and the average family contributes over \$300 a year to charity. These estimates come from a study of nearly 3,000 families conducted by the University of Michigan's Survey Research Centre.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail UK and Canada £4. 10; elsewhere overseas £5 By air see below

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s.	—	Egypt	£7 15s.	—	Israel	£7 15s.	—	Philippines	£10 6s.	—
Canada	—	—	Europe	£6 0s.	—	Japan	£10 6s.	—	Rhodesia	£9 0s.	—
Quebec and Ontario	—	—	Ghana	£9 0s.	£6 10s.	Jordan	£7 15s.	—	South Africa	£9 0s.	£7 10s.
Provinces	—	£8 5s.	Gibraltar, Malta	£5 0s.	—	Lebanon	£7 15s.	—	South and Central	—	—
Other Provinces	—	£9 0s.	Hongkong	—	£8 15s.	Malaya	£9 0s.	—	America	£9 0s.	—
Ceylon	£9 0s.	£7 5s.	India	£9 0s.	£7 10s.	New Zealand	£10 6s.	—	Sudan	£7 15s.	£6 15s.
China	£10 6s.	—	Indonesia	£9 0s.	—	Nigeria	£9 0s.	£6 10s.	USA	—	\$25 or £9
East Africa	£9 0s.	£7 10s.	Iran and Iraq	£7 15s.	—	Pakistan	£9 0s.	—	West Indies	£9 0s.	—

NOTES: Air Freight is normally 24/48 hours slower than airmail. Proportionate Rates are acceptable for subscriptions for service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year; surface mail rate is £4. 10. **SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:** AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney. New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, s/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Linar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Ayalis, 8 Ibrahim 11 Lakan, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1. GREECE: Librarie Kauffman, 28 Rue du Stade, Athens. HOLLAND: Van Gelderen Handelskantoor, N.Z. Voorburgwal, 142, Amsterdam. INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi 1, or 12/11A Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Vahma Street, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Weiss' Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph J. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. LEBANON: Librairie Antoine, A. Naufal & Freres, Rue de l'Emir Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 22 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labijo Lane, P.M.B. 2124, Lagos. NORWAY: A/S Narvesens Litteraturlæjeste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: A. R. S. Polona Krakowskie Przedmiescie 7, Warsaw. RHODESIA: Kingstons Ltd P.O. Box 1498, Bulawayo. SOUTHERN RHODESIA: American & OVERSEAS Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora Internacional, Duque de Sexto, 36 Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWITZERLAND: Wennergren-Williams A.B. Nordenfjellska 70, Stockholm. SWITZERLAND: Agence Acherharc Case, 123, Berner Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: The African Standard, P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 Jay 60th Street, New York 22, N.Y.; Eastern News Distributors Inc., 306 West 11th Street, New York 14, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Urbanización Guacalupo, Apartado No. 2559 Caracas.



LIFE SELLS FOR CAMPARI

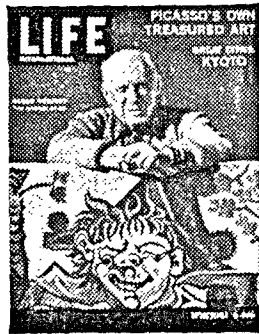
"The main reason for choosing LIFE International and LIFE En Español for our foreign advertising..." says international advertiser Campari, "is that, together, these magazines have a wide readership in most countries of the world."

"We, therefore, consider them as suitable media for the prestige advertising done by our company, in addition to and in support of the local advertising carried out by our foreign representatives and agents in their respective countries."

The world-wide readership of LIFE's International Editions is only one facet of its value as an advertising medium. In 146 countries, men and women read

LIFE for its lively reporting, its impressive coverage of world-important events and the brilliance of its photographic reportage. These same people are the best customers for the goods which LIFE's advertising pages show off to their best advantage—and sell so strongly.

LIFE can sell for you, too. For more information about LIFE International and its advertising edition for Europe, as well as LIFE's Spanish language editions for Latin America—write to Robert H. Garey, European Advertising Director, Time & Life Building, New Bond Street, London W.1.



RMC-70



COURTAULDS ALONE are already ahead in the Common Market

WHOSE HAND shall guide the affairs of Courtaulds is vitally important. Not only for 180,000 Courtaulds stockholders and 60,000 Courtaulds employees. It deeply concerns hundreds of British companies—especially in the fashion and textile industries—whose businesses have grown with the help of Courtaulds. And it concerns you, the customer. The issue is a simple one. To explain what is at stake, this advertisement (one of a series) has been prepared.

Others discuss prospects for British companies in the Common Market—*Courtaulds have been there for thirty years!* In France, Germany and Italy. Others say you have to be big to succeed against the competitive power of Continental groups. *Courtaulds are already big.* Courtaulds alone are the biggest fibre producers in the world. The biggest knitters in Europe. One of the biggest weavers. They are big in dyeing and printing. In garment making. But there is something more important than being big. Being good! Know-how, and not mere size, is

what brings in the customers.

As world pioneers of the fibre industry Courtaulds have the know-how. Unequalled know-how... that produced Tricel and Courtelle, the two fastest growing fibres... that recently won overseas contracts worth £23 million for six complete plants to make rayon, acetate, and Courtelle. Against all comers.

Courtaulds have little to fear and much to gain in the Common Market. Their resources should not be used to bolster the more problematical position of the chemical industry.

COURTAULDS ALONE can make the most of man-made fibres

COURTAULDS LIMITED, 16 ST. MARTIN'S-LE-GRAND, LONDON, E.C.1

LETTERS

Caribbean Breakage

SIR—In your comments on the threatened dissolution of the West Indies Federation you reflect the general reaction of regret and fatalistic resignation that has characterised the few comments that have appeared in United Kingdom publications on this major disaster in the Caribbean. When the full facts are revealed there is sure to be severe criticism of the manner in which both Mr Macleod and his successor, Mr Maudling, have dealt with this problem. Mr Macleod assisted Mr Manley in making the first rent in the frail fabric of West Indies unity when he gave the go-ahead for the Jamaica referendum, even though, as Dr Williams has recently revealed, the Trinidad premier rightly questioned, at the time, the legality of the procedure adopted.

The West Indies constitution does not provide for secession by any territory, a fact of which Mr Macleod must have been aware. The result of both his and Mr Manley's error is that an attempt is now being made to dissolve the Federation, because a minority of Jamaicans representing some seven per cent of the total population of the West Indies voted to secede. Had there been some firmness exercised at the stage when Mr Manley announced his intention of violating the constitution, the subsequent rapid sequence of fatal events would never have occurred. If, as is suspected, Dr Williams had been entertaining, even at that early stage, ideas of taking Trinidad and Tobago out of the Federation, it would not have been possible for him to do so without the opportunity which the Jamaica referendum provided.

Mr Maudling has merely carried on from where Mr Macleod left off, his policy being to capitulate to every secessionist demand, regardless of the consequences. It is difficult to resist the impression that the idea is to perpetuate Mr Macleod's error in the hope that if it swiftly attains its final ambition of complete dissolution and chaos Mr Macleod would be vindicated. In all this, there has been a total disregard of the wishes of both the Federal Government and the Parliament of the West Indies. However, the Federal House of Representatives has been aroused by the high-handedness of Mr Maudling's recent actions and is now debating a resolution protesting against dissolution and asking for a delegation to visit the United Kingdom immediately in order to present its case. West Indians are not unmindful of the importance of their Federation to the future stability of the area and, now that British Guiana has provided a stark picture of what is in store for all of us in this part of the world, we are more resolved than ever before that our

future must not be sacrificed in an attempt to exonerate Mr Macleod.—Yours faithfully,

ALBERT MARIA GOMES
Member of the West Indies
House of Representatives
Port of Spain, Trinidad

Ullswater

SIR—The House of Lords did not, I submit, put themselves out on such a shaky limb as you claim in your issue of February 17th. Even if they had allowed the water clauses of the Manchester bill to be examined in detail in a select committee this would only have allowed the case for the promoters, and not that of the other interests involved, to be adequately presented to the committee.

This was because Manchester, owing to the suddenness with which its proposals were brought forward and the complete lack of consultation with any of the local authorities, including the Lake District Planning Board, and other interests concerned, had afforded these parties no opportunity of examining adequately the implications of the scheme and scrutinising the highly technical details involved or to produce constructive alternative proposals.

It is questionable moreover whether, had Manchester chosen to introduce its bill in the first instance to the House of Commons, it would have found "the Ullswater defence" any less "heavily represented" in that quarter, as there was widespread opposition throughout the country to this particular proposal, and also a widely felt conviction that the many important issues involved need urgent appraisal on a national scale rather than merely being allowed to emerge in the course of examination (which for the reasons already given would be unavoidably one-sided) of a private bill.—Yours faithfully,

J. W. F. MORTON
London, SW1

[Correction: The source of Glasgow's water supply is not Loch Lomond (page 601 last week) but Loch Katrine.]

Night Flights

SIR—People round London Airport will be interested to note that you have seen through the Minister's sham fight with the operators. His only objection is to the rate of growth of night flights, not to the number *per se*.

They will, however, be sorry to see that you have fallen for the phrase—"subject to the observance of the prescribed noise limits." For thousands of people round the airport there is no limit. Residents at Bedfont, Stanwell, Colnbrook, Longford, Harmondsworth, Sipson and Harlington are to be subjected to the noise of jets

taking off on full power. They lie within the pale of the Control Points at which noise is restricted.

We are demanding the right which Mr Justice Veale upheld in the case of Halsey v Esso Petroleum Co. that "a man is entitled to sleep in his own house during the night." There should be no night flights from London Airport and we ask for the support of your readers to have them stopped.—Yours faithfully,

H. R. BROADBENT
Hon. Sec.
South Harlington Residents' Association
Middlesex

Gatwick Airport

SIR—The reason Gatwick airport has no direct bus or coach services from towns east or west of it is not because it lies within the London Transport area, as suggested by Mr Douglas W. Franklin in his letter of February 3rd. London Transport has no plans to run services into Gatwick from these areas because at the present time there is no demand for such facilities; and we have no record that any other operator has applied to the Traffic Commissioner for permission to do likewise, presumably because such services would not be commercially attractive.—Yours faithfully,

R. M. ROBBINS
Chief Public Relations Officer
London Transport Executive
London, SW1

Bristol

SIR—In the article "A Western Empire" (February 17th) your correspondent says (a) that Bristol "would like to move up the table [of population], taking in some of the smaller authorities which cluster round its skirts," and (b) that "its expansionary hopes were dashed, at least temporarily, by last July's proposals from the Boundaries Commission. . . ."

To prevent any further misunderstanding of the facts, I should like to say that the Corporation of the City of Bristol did not suggest to the Local Government Commission that it should take in any of the smaller authorities on its periphery and indeed opposed the commission's proposals that Filton, Patchway and Little Stoke should be included within it.—Yours faithfully,

H. F. SUMMERS
Secretary
Local Government Commission
London, WC1

Banking Hours

SIR—The article in your issue of February 3rd contained suggestions as to banking hours in this country. The article rightly stated that the new Saturday opening hours of 9 am to 11.30 am have not been popular with the public, but I cannot agree with the implication that the prospect of Saturday closure is to be regarded with disfavour.

This union is at the moment campaigning for the banks to be closed on Saturday mornings. This would bring this country into line with the countries of the common market and the majority of industrialised countries in the world. In several of the countries which already have a Monday to Friday banking week there is some provision for evening opening—generally on Friday. This is an expedient which, it could be argued, might be applied to British banking. However, the union's point of view—which, we feel sure, will ultimately prevail—is that any suggestion regarding alternative opening times during Monday to Friday should be the subject of negotiation between the banks on the one hand and the union on the other.

It is obvious that banking business is expanding—both in the range of services provided and the greater use of these services by existing customers. Unfortunately however, the number of bank staffs is not expanding to meet this expansion in business. One of the biggest obstacles to recruitment of sufficient staff of the right quality and the right quantity is the absence of a five-day week. This is why we say that the implementation of a five-day week is becoming increasingly urgent, and we deplore any suggestion that the five-day week is a restriction on banking facilities because it simply does not take into account this basic fact. Banking standards of service in this country will decline calamitously if the serious recruiting difficulties within the industry are not appreciated.—Yours faithfully,

J. L. HORNBY
General Secretary
National Union of Bank Employees
London, SW1

Advertising and the Press

SIR—Criticism of advertising on the ground that advertisers may be able to influence editorial policy only attacks half the potential evil. The other half is that editorial policy sometimes tries to influence advertisers. The worst examples which people in my position encounter are publications which offer editorial space in exchange for paid advertising, as a straight bargain.

A variation of this, which is only slightly more honest, editorially, is the special feature devoted to the activities of one organisation, backed by advertising by that organisation. Less suspect is the special supplement, devoted to an industry or activity, which while it may contain honest editorial matter is a recognised and accepted stimulant to pay for additional or special space.

While barefaced editorial/advertisement bargaining is quite rare in this country, as compared with America, it is only fair that in this perennial (pantomime season) controversy innocent readers should be aware that editors are not always at the mercy of advertisers; sometimes the roles are exchanged.—Yours faithfully,

HAYWARD MARKS
Publicity Manager
Coventry Keelavite Hydraulics Ltd.

BOOKS

Mr Gladstone at Work

Political Correspondence of Mr Gladstone and Lord Granville, 1876-1886

Edited by Agatha Ramm.
Oxford University Press. Two volumes, 530 and 509 pages. 163s.

THIS admirable edition provides a challenge for readers interested in history as well as solving a technical difficulty for historians. Scores of readable volumes recount the lives of eminent British men of politics and letters who flourished in the second half of last century; and all but the best histories of those days derive from these massed biographies. Yet anyone who has wrestled in the archives of this last great age of manuscript knows that few biographies stand up securely when checked against the papers they were based on. Authors are sometimes hurried, seldom accurate, always prejudiced; interests vary with time, so that problems that were cardinal eighty years ago are now denuded of fascination, while points that rivet our attention today can only be dug out of old papers by assiduous beaver. A good edition of important papers is therefore always welcome, because it saves so much time and because its contents are available to so many more people than can penetrate to the actual manuscripts.

The sheer quantity of papers has created an extra problem for people whose working field lies in Gladstonian England. They above all will welcome Miss Ramm's book; for here we have set out, accurately and in due order, over 1,800 letters exchanged between one of the titanic figures in British history and his closest political friend. The period covered was crucial for Egypt, Ireland and the Liberal party, contained two great crises in English politics—one over foreign and one over imperial policy—and included substantial shifts in the constitutional balance of power. The collection is practically complete, for only trivia are omitted; and thanks to the care lavished on setting the material out, and the excellence of the printing, it is easily intelligible. The editor has devoted years of trouble to compressing her formidable knowledge of the ins and outs of her intricate subject-matter, and communicating it in her notes. In a short and telling introduction, she discusses the essential faults of Mr Gladstone's second administration: during it, she maintains, he lost touch with his parliamentary party and his cabinet, besides drifting farther away from the crown, so that he could no longer direct policies effectively.

This was a high political tragedy; and

we can see here much of how it came about. The main interest of this book lies in its manifold details. Everyone knows that Mr Gladstone could be prolix; these volumes show also that he could be remarkably concise. For instance, when a duke, his friend and colleague for thirty years, resigned from his cabinet, he could confine his comment to these thirty words:

A blow—

This is my proposed reply for the moment.

It will not shut out any other.

It is, I think, a great mistake from his own point of view.

Many other facets of his character and of Lord Granville's are illustrated as well: such as their kindness to each other; Lord Granville's gentle and Mr Gladstone's more mordant wit; their joint concern to preserve a European concert; Mr Gladstone's growing preoccupation with electoral needs and problems, which in the editor's view rendered sterile over the years his partnership with Granville. And no one again, with this full correspondence before him, will dare repeat the old canards about Mr Gladstone's exclusive preoccupation with Ireland in the last twenty years of his life.

This sort of point illustrates the pleasure and profit this book can bring to the non-specialist reader who cares about history. Here is a great hunk of historical raw material; he can carve his own history out of it, with Miss Ramm's annotations to help him; they show him where to go for more on points that are not completely cleared up by these lucid though often elliptical letters. There are hundreds of examples here of how two men, mostly wise if occasionally less so, dealt with the affairs of other men and women—sometimes on a personal, sometimes on a national, or an international, stage. Hardly any of the letters have been published before, and many "received views" will now need shifting. This helps to make the book indispensable reading for leading politicians; after all, a politician who knows nothing of history is as dangerous as a sailor who knows nothing of tides.

Britain vs Bolshevism

Intervention and the War.

Anglo-Soviet Relations, 1917-1921, Vol. 1.

By Richard H. Ullman.

Princeton University Press. London: Oxford University Press. 376 pages. 42s.

IN his story of Anglo-Russian relations after the Bolshevik seizure of power, Mr Ullman sets out to provide a counterpart of Professor George Kennan's two

volumes on "Soviet-American Relations." "Intervention and the War" covers the year November, 1917, to November, 1918; a subsequent book will deal with the period up to March, 1921.

Students of American diplomatic history have ample material available. Other governments are less kind to scholars. Mr Ullman notes that "British official publications give virtually no information concerning British policy in Russia during 1918"; he is, therefore, as he readily admits, extremely fortunate in having had not only access but also, apparently, unrestricted access to the Milner papers in New College. There are, of course, many British official documents among the Wiseman papers at Yale and in the National Archives in Washington, but it is the Milner papers that provide the most important source for this book.

The new material brings no startling revelations. A number of t's are crossed and i's are dotted. There are some interesting side lights. But the main picture remains as could be deduced from the information already available. British intervention in Russia owed its inception to the threat, and then the reality, of the great German offensive in the west in the spring of 1918, and to the assumption that only the re-establishment of an eastern front could assure victory. Indeed, as the author points out, British policy was bedevilled by a whole series of false assumptions. It was wrong to assume (as in the Lockhart negotiations) that the Soviet leadership could see any advantage in joining up with the West against Germany. It was wrong to assume (in the case of Siberia) that the Japanese would be willing to move west of Chita. And it was wrong to assume that President Wilson could be cajoled into any action that would give the British projects any chance of success. By themselves the British resources were woefully inadequate. General Poole, in August, 1918, landed in Archangel with 1,200 men: two divisions might well have pressed on and occupied Moscow.

Mr Ullman has a huge field to cover, and his account of developments on the spot—where he relies to some extent on secondary sources—is at times open to some criticism. The Samara Government was not "headed by Chernov," who only arrived there a few days before the end. Czech will to fight on the Volga began to crumble in late August, 1918, and not, as suggested, in late October. It took many weeks after Trotsky's arrival at the front to turn the Reds into an effective fighting force: Knox's suggestion, in September, that one Japanese division would make all the difference, was perfectly sensible. The Czechs had made clear, before November 17th, that they were not going to be embroiled at Omsk: to say that "the plotters were significantly assisted by British soldiers" is a misstatement. It is occasional passages like this, and the author's own very civilian outlook, that make him seem at times to be rather less than fair to the British officers in the field.

And it is a pity he has included a few brief items that add little or nothing to his theme but are likely to cause distress to persons still living.

However the main concern of the book is with the documents, where the author is far more at home. Here he has done a sound piece of work, and "Intervention and the War" can be recommended as an appreciable contribution to the diplomatic history of the period.

Distortion

The New Germany and the Old Nazis.

By T. H. Tetens.

Secker & Warburg. 286 pages. 21s.

THIS is the English edition of one of several books that have been published lately in the United States to the distress of west German political commentators. Is this savage whipping up of anti-German sentiment, they have been asking, never going to cease? For Mr Tetens is one of those who seem to want to believe only evil of the German people, and he caters generously for the taste of the like-minded. To Mr Tetens there is just nothing more to be said about anybody who was once "a Nazi." With morbid relish he sets out to prove that former Nazis are recapturing commanding height after commanding height in the public life of the Federal Republic, that they are closely in league with each other, and that, openly or covertly, an alarming number of Germans are still Nazi at heart, waiting for the party's triumphant comeback. To Mr Tetens it is all perfectly simple:

In order to understand what has been going on in the Bonn Republic we must consider briefly the three phases of Germany's postwar political development. The first period (1945-47) was notable for the systematic sabotage by most parties of the Allied denazification programme. The second period (1948-52) was characterised by attempts to use the licensed parties as vehicles for Nazi propaganda, and to bring ex-Nazis into administrative positions. The third period (1953 to the present) is marked by the quiet and gradual Nazi infiltration as a consequence of secret talks between high-ranking ex-party members and spokesmen of the leading government party, the Christian Democratic Union. . . . There is no doubt that by restoring the German honour we have also restored the honour of the SS. By giving in to the German demand that we shall release all war criminals, we have expunged, at least in German eyes, all war crimes, including those committed by the SS. The implications of this policy are far-reaching. The German people today feel free of any guilt. What remains to be discussed, they believe, are the only real war crimes, those committed by the Allies.

That the Germans have been generally slow in "overcoming the past" (as they often put it) is undeniable. But Mr Tetens's particular exhibits of the old Adolf would be more disturbing had he not to thank contemporary west German watchfulness for almost all of them. His chief and duly acknowledged sources are such newspapers as the *Süddeutsche Zeitung*, the *Frankfurter Rundschau*, *Die Welt*, and the *Spiegel*.

Several of Mr Tetens's "surviving" villains (Field-Marshal Kesselring, for instance) are dead and gone. Others, among them SS-General Karl Wolff, are in custody awaiting trial for war crimes. The Federal German courts have already brought to trial and convicted more Nazi war criminals than the Allies did themselves during the occupation—5,372 during the period 1949-61, compared with 5,025 by the Allies between 1945 and 1949. In short, Mr Tetens's picture of present-day conditions and trends in the Federal Republic is viciously distorted.

The Tired Wave

Arthur Hugh Clough

By Katharine Chorley.

Oxford University Press. 383 pages. 45s.

IF ever a man was unlucky in his times and places, that man was Arthur Hugh Clough. Only a generation earlier or later and he would have missed Rugby under Arnold with the painfully high ideals of Rugbeian prefectship, followed by Oxford rent with the crises of conscience in and around the Movement. Or only another place—say, Stinkomalee, as he referred to University College, London—where that unfortunate need to accept the Thirty-nine Articles as *sine qua non* for a permanent teaching job would not have arisen, and

The New Hungarian Quarterly

FROM RECENT ISSUES:

Man and Nature in Bartók's World

by BENCE SZABOLCSI

If I were young today

by LASZLO NEMETH

The Anti-Theatre

by PETER NAGY

Doing England with a Giraffe

(Fragments from a Diary)

by IVAN BOLDIZSAR

On Henry Moore

by ROBERT MELVILLE and MIKLOS BORSOS

Zoltán Kodály's Music Pedagogy

by ISTVAN GABOR

Excavations in Buda Castle

by LASZLO GEREVICH

Problems of East-West Trade

by IMRE VAJDA

Articles presenting old and contemporary Hungarian artists, with colour plates

Essays introducing new Hungarian

composers, with musical scores

SHORT STORIES · THEATRE · DOCUMENTS

BOOKS AND AUTHORS

Annual Subscription

Four issues 17/6 post free, single copies 5/-

plus 1/6 postage from

collet's 44-45 MUSEUM ST.,
LONDON, W.C.1

Write for a free specimen copy to:
THE NEW HUNGARIAN QUARTERLY
12 Váci utca, Budapest IV, Hungary

perhaps there, if not earlier, he might have received an education not so exclusively classical, one that could have given form and direction to the strong interest he at least briefly showed in social conditions and means of amelioration.

But all was wrong for Clough, and the bright promise discerned in him was not fulfilled. After his conscience had debarred him from Holy Orders and, hence, a fellowship at Oriel, nothing went right. There were years of false starts, of ditherings and inertia, and when, at last, marriage and a safe job at the Education Office augured well for the future, a breakdown in health led to his death in 1861, at the early age of 43. Except for his often brilliant, always interesting and original poetry, his life was a failure.

No well written life of Clough could fail to be interesting, and Katharine Chorley's substantial volume will at the least send readers to his poetry. But it is not, finally, a satisfactory Life, partly, perhaps, from the nature of the material available, which is often less revealing than one could wish, and certainly, in part because of Lady Chorley's *parti pris* positions.

We need to know far more than she is apparently able to tell us about Clough's loss of faith and what it entailed. For a tender conscience to be unable to subscribe to the Articles does not, in a tender-conscienced age, tell us much. We gather that Clough, like others, was much disturbed by the new biblical criticism (fortunately for him, it was a little too early for him to be worried by Darwin as well), but his final position is never made clear. Lady Chorley maintains, perhaps truly, that only from a committed position is a satisfactory life possible and that Clough was continually torn between distaste for the inaction his lack of belief imposed and unwillingness to commit himself to beliefs he could not be sure were true. But non-belief can also be a positive and committed position; the trouble is that we do not learn enough about Clough's non-belief to be able to say whether this could have been so for him. It certainly seems possible, on the evidence presented, that the lethargy and inertia of his middle years had as much a physical as an emotional cause.

Lady Chorley, perhaps, would not admit a distinction; and it is, in the end, her Jungian viewpoint that leads one to distrust both her understanding and her choice of material. "In the language of the unconscious, water . . . signifies the hidden desire for a return to the security and irresponsibility of the womb." Are we to take this as true of everyone who writes or thinks of water? In what way does it help to a specific and particular understanding of Clough? Is it really useful to suppose that Clough's sense of guilt arose from "the same deep level" of his psyche as the water symbolism, and that it had its source in "the boy child's longing with all the force of his hidden instinctive drives for complete and exclusive possession of his mother"? How much we must hope that "the language of the unconscious" will soon give

BOOKS

way to one more suited for appraising intelligent poets—and, indeed, others—whose adult consciences were seriously troubled by contemporary problems of religion and society.

Parsifal in Politics

First Hand Report: The Inside Story of the Eisenhower Administration

By Sherman Adams.

Hutchinson. 343 pages. 45s.

THE jacket calls this book "revealing" and seldom has truer word been spoken in blurb. For nearly six years Mr Adams was Assistant (a title which meant chief of staff and filter through which everything and everybody had to pass before getting to the President) to General Eisenhower, and he has written his account of the Republican Administration out of loyalty and admiration.

It is doubtful whether he has done his old chief much service, for the story he tells is of a group of self-satisfied men moving into Washington in (except for Mr Dulles) a state of innocence and remaining alarmingly simple to the end. Mr Adams's description of their first contact with the economic facts of governmental life is typical:

When Joseph M. Dodge, Eisenhower's first budget director, revealed in detail the facts and figures of the government's financial predicament at the first Cabinet meeting . . . most of us were stunned and dismayed.

Mr Dodge, like all good American businessmen, found the right homely analogy and

likened the financial plight of the departing Democrats to that of a family with an accumulated debt four times bigger than its annual income, with never more money in the bank than it needed to cover one month's living expenses, facing a 10 per cent reduction in income and with current bills for C.O.D. purchases hanging over its head larger than a year's total income.

It is a relief to learn, three pages later, that "by scratching and saving" Mr Eisenhower and Mr Dodge had reduced the estimated deficit by something over \$4 billion (or one-seventieth of the "accumulated debt") and that the family had been saved and put on the road to prosperity again.

At one point Mr Adams describes with pride how President Eisenhower, unlike any of his predecessors, brought the whole Cabinet into all policy discussions. Mr Lodge, the Ambassador to the United Nations, and Mrs Hobby, Secretary of Health, Education and Welfare, were encouraged to give their views on tax policy.

He goes on to say that "the strongest and most influential champion of the St Lawrence Seaway in the Administration was George Humphrey," although the Treasury Department "had no direct concern with the opening of the Great Lakes to shipping." A less innocent man than Mr Adams might have remembered the Secretary of the Treasury's previous business interests and

THE ECONOMIST FEBRUARY 24, 1962

realised that he was giving embarrassing ammunition to political opponents.

The least revealing chapter is the one demurely entitled "I Leave Washington"; in this Mr Adams attempts to explain his relationship with the extraordinary Mr Goldfine, which forced his resignation. What he has to say can be described in his own words (used in another connection) as "an over-emphasis of the de-emphasis." He never seems to have understood that the self-righteous have to be particularly careful (cf Mr Nehru and Goa) and that the Democrats were justified, in political terms, in trumping a mink coat with a vicuna one. Mr Adams is undoubtedly a good—and honest—man, but he should have stayed in New Hampshire. He was not big enough for the national scene.

Australia Narrated

Australia: The Quiet Continent

By Douglas Pike.

Cambridge University Press. 254 pages. 22s. 6d.

SEVERAL short histories of Australia have appeared in recent years, witnesses to the continual growth of Australia's preoccupation with its own past, and also to the interest taken by British publishers in other countries of the Commonwealth. Professor Pike's history is simple, clear and generally satisfactory. It is unencumbered by footnotes or bibliography; evidently the intention is that it should be read straight through, without previous knowledge and without further reference.

The method of narration is a little peculiar, but understandable. The first two chapters both tell the story in outline from the belief in *terra australis* till now, concentrating respectively upon communications and settlement. Then the story is told again in eight more chapters, each except the first taking a twenty-year period. In the last chapter the author draws conclusions. Once the plan is clear to the reader, he knows where he is; but since he gets no help from the author beforehand, he feels rather at sea at the start.

As is often the case with historians, Professor Pike's last chapter is the most interesting. His generalisations—especially about the significance of coastal settlement and its difference in effect from inland settlement—are stimulating and often original, but they do not seem to arise from the evidence in the earlier chapters. They are synoptic reflections upon the results of Australian history; during the course of the narrative, they do not emerge. The earlier chapters are so laden with essential detail that certain underlying developments receive little attention. The detail is excellent. But the book suggests that Australian historians have now uncovered so many facts about the past that they need to sit back and deliberately try to generalise at length, instead of squeezing their generalisations into a few pages that

THE ECONOMIST FEBRUARY 24, 1962

follow a long attempt at systematic narrative.

Australian society is now ripe for deep analysis.

Paperback Selection

The new year opened with a new paperback series from Penguin Books. Called Peregrines the series is intended to make standard works available at moderate prices (ranging from 7s. 6d. to 12s. 6d.); in this respect it is comparable with Collins Fontana Library.

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

History:

ECONOMIC DEVELOPMENT OF FRANCE AND GERMANY, 1815-1914. By J. H. Clapham. 430 pages. 22s. 6d. Cambridge University Press.

THE SEVENTEENTH CENTURY BACKGROUND. By Basil Willey. 284 pages. 8s. 6d. Penguin (Peregrine).

THE RISE AND FALL OF CIVILISATION. By Shepard B. Clough. 302 pages. 14s. THE ECONOMIC INTERPRETATION OF HISTORY. By Edwin R. A. Seligman. 175 pages. 11s. Columbia University Press.

Literature and Literary Criticism:

NEW ENGLISH DRAMATISTS, 4. (Five Finger Exercises by Peter Shaffer; The Happy Haven by John Arden; Yes, and After by Michael Hastings.) 256 pages. 3s. 6d. GEORGIAN POETRY. Selected by James Reeves. 172 pages. 3s. 6d.

HOME REPORT

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

Tyneside Experiment

PERHAPS fortified by the success of the Herbert report on London, the Local Government Commission that is reviewing the rest of England has now produced (after milder forays elsewhere) a bold, contentious plan for Tyneside. It wants to create a new county of Tyneside, covering a 15-mile-long, densely populated strip along both banks of the river, which would be subdivided into four enlarged boroughs based on Newcastle, Tyne-mouth, Gateshead and South Shields. The enlarged Newcastle would have 330,000 population, the other new boroughs about 190,000 each, giving the new county a total of about 900,000 people within about 90 square miles. These five new local authorities would replace 20 existing ones.

This plan, if adopted, will make some striking changes in the system of local government. All the existing county districts, such as Jarrow and Whitley Bay, will disappear, merged in the new boroughs. The four existing county boroughs, headed by Newcastle, will be considerably expanded but will lose their present independent status. Northumberland and Durham county

BOOKS

THE REBEL. By Albert Camus. Trans. by Anthony Bower. 270 pages. 7s. 6d. (Peregrine). SEVEN TYPES OF AMBIGUITY. By William Empson. 272 pages. 7s. 6d. (Peregrine). THE QUEST FOR PROUST. By André Maurois. 343 pages. 10s. 6d. (Peregrine). SHAKESPEARE'S HISTORY PLAYS. By E. M. W. Tillyard. 344 pages. 8s. 6d. (Peregrine). THE BACKGROUND OF ENGLISH LITERATURE AND OTHER ESSAYS. By Herbert Grierson. 249 pages. 8s. 6d. (Peregrine). THE NOVEL IN FRANCE. By Martin Turnell. 447 pages. 10s. 6d. (Peregrine). THE COMMON PURSUIT. By F. R. Leavis. 307 pages. 7s. 6d. (Peregrine). Penguin.

THE NOTEBOOKS OF HENRY JAMES. Edited by F. O. Matthiessen and K. B. Murdock. 453 pages. 15s. Oxford Galaxy.

Philosophy, Politics, Sociology and Psychology:

ON THE DIVERSITY OF MORALS. By Morris Ginsberg. 343 pages. 12s. 6d. THE HOUSE OF INTELLECT. By Jacques Barzun. 284 pages. 12s. 6d. Heinemann Mercury Books.

AMERICAN IMMIGRATION. By Maldwyn Allen Jones. 369 pages. 15s. THE AMERICAN SUPREME COURT. By Robert G. McCloskey. 271 pages. 12s. 6d. AMERICAN LABOUR. By Henry Pelling. 255 pages. 12s. 6d. Chicago University Press.

GUILTY LAND. By P. van Rensburg. 207 pages. 3s. 6d. WHITE SETTLERS IN TROPICAL AFRICA. By L. H. Gann and P. Duignan. 170 pages. 3s. 6d. PRIMITIVE GOVERNMENT. By Lucy Mair. 288 pages. 4s. 6d. HE AND SHE. By Kenneth C. Barnes. 206 pages. 3s. 6d. INTRODUCING PSYCHOLOGY. By R. F. Dosssetor and J. Henderson. 160 pages. 3s. 6d. THE STATUS SEEKERS. By Vance Packard. 331 pages. 4s. Penguin.



FROM OUR SPECIAL CORRESPONDENT

councils will be excluded from Tyneside, and Northumberland in particular will face a sharp fall in population (from 481,000 to 295,000) and rateable value. The full effects upon these counties cannot be judged, however, until the commission's general proposals for the north-east region (promised shortly) are known.

Why has the commission decided on such drastic changes which (it has to admit) hardly any existing council wants, and which are sure to be strongly contested? Its proposals amount to a new type of "big city" government which has already been successfully applied to Greater Toronto (Canada) and is now to be tried in Greater London. The basic theory is that any large, continuous urban area needs treating as a single administrative unit for certain special purposes, such as town planning, major communications and large public utilities, while other services remain with smaller, but still preferably substantial, local authorities.

In this case the new Tyneside county council would take over town planning, "overspill" housing, main highways, traffic management, police, fire services and civil defence; and the new

AFRICAN NATIONALISM. By Ndabangi Sithole. 174 pages. 10s. Oxford University Press.

MEN OF GOOD HOPE. By Daniel Aaron. 343 pages. 12s. 6d. Oxford Galaxy.

Religion:

THE WAY OF ZEN. By Alan W. Watts. 252 pages. 4s. Penguin.

THE AUTHENTIC NEW TESTAMENT: A Modern Translation. By Hugh J. Schonfield. 496 pages. 5s. Panther Books.

Science:

THE WATERSHED: A Biography of Johannes Kepler. By Arthur Koestler. 280 pages. 6s. THE RESTLESS ATOM. By Alfred Romer. 198 pages. 5s. MICHELSON AND THE SPEED OF LIGHT. By Bernard Jaffe. 197 pages. 5s. THE UNIVERSE AT LARGE. By Hermann Bondi. 154 pages. 5s. PASTEUR AND MODERN SCIENCE. By Rene Dubos. 159 pages. 5s. Heinemann. (Science Study Series.)

CANCER. By R. J. C. Harris. 142 pages. 3s. 6d. THE EVOLUTION OF LIFE. By F. H. T. Rhodes. 302 pages. 6s. Penguin.

Miscellaneous:

YOUNG SAMUEL JOHNSON. By James L. Clifford. 382 pages. 12s. 6d. Heinemann Mercury Books.

SIGNS AND SYMBOLS IN CHRISTIAN ART. By George Ferguson. 192 pages. 18s. Oxford Hesperides.

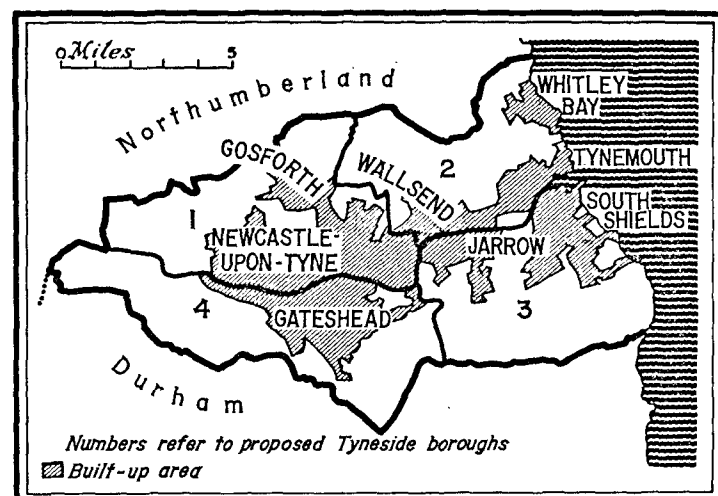
REFLECTIONS ON ART. Edited by Susanne K. Langer. 382 pages. 12s. 6d. Oxford Galaxy.

CHOSEN WORDS. By Ivor Brown. 284 pages. 5s. ARCHAIC EGYPT. By W. B. Emery. 269 pages. 6s. Penguin.

boroughs would provide education, health and welfare. Also, a number of functions (e.g. housing, roads, sewers) can in conurbations be conveniently split into their wider and more localised aspects and would be shared. This system, appropriate only to such areas, would in many ways reverse the normal county set-up. The miscalled Tyneside county would really be a "super-municipality," handling those matters for which scale and co-ordination are all-important, while the boroughs would be able to handle personal social services save possibly for higher education, about which the commission has obvious doubts.

The curious thing is that the commission considered and rejected a similar plan for the equally dense West Midlands conurbation. What makes Tyneside different? Partly it is the existence of special problems such as the serious pollution of the river Tyne, the criss-cross pattern of journeys to work, and the urgent need to attract new industries. But a possibly more significant difference is that Tyneside is split administratively, and psychologically, too, between its two banks and contains no vast city like Birmingham. Although the balance must have been a nice one, these differences make the unification of Tyneside a little more desirable and rather less difficult than was the case with the Midlands.

EVEN so the commission's plan has some practical drawbacks besides the local opposition to be expected. It will turn Northumberland into a weak county of remote sheep farms, fine ducal estates and a few coal-mines. As a further consequence, Northumberland's present keenness to build new towns for Tyneside's overspill may diminish, and the powerful new Tyneside authority may possibly face the sort of conflicts with adjacent rural counties which already plague Birmingham and Manchester. The alternative of making the new Tyneside county bigger is ruled out, save for some peripheral areas which it should include, by the commission's terms of reference.



A possible alternative plan, which curiously is not properly discussed, would be to reorganise Tyneside local government around a strong trio of Northumberland, Durham and Newcastle, demoting the other county boroughs. This might secure an easier treatment of the overspill problem and of urban-rural relationships, and would emphasise Newcastle's role as regional centre, but it would continue and indeed emphasise the present unfortunate bifurcation of Tyneside.

On balance, the commission's proposals, although less in line with existing interests, are sounder. Moreover, its plan should be helped by the fact that Tyneside is a friendly place which has become seasoned to new experiments by years of industrial struggle. It was a prewar Royal Commission which wanted to turn the whole of Tyneside into one non-county borough; compared with this, the new medicine may seem mild, while its stress on the unity of Tyneside may after all have a tonic effect upon local patriotism.

Sheffield's Friday

ON a slack Saturday for news, the story of Sheffield's stormy Friday night was liberally spread across British front pages: it took the subsequent news of the far more severe catastrophe that hit Hamburg (see page 721) to put things back into proportion. But even if some comparisons of Sheffield's plight with the blitz were misplaced, there was more than the roaring of the winds to give substance to the city's calls for help. Four people were killed, and around half of Sheffield's 163,000 houses were damaged—nearly 300 of them beyond repair.

Much of the worst damage was to "temporary" prefabricated houses that should by rights have been abandoned long ago, or to shaky tenements barely fit for habitation (although, alarmingly, some brand new private houses were also wrecked, which has raised some critical local eyebrows). Elsewhere, people may have been prompted to apply for relief as a result of the not exceptional loss of a few slates. But an emergency of this kind does give an opportunity to take a fresh look at the precautions that people can reasonably be expected to take against even the most unlikely occurrences.

A first disappointment has been with the performance of the civil defence force in



Dr Hill and homeless

Sheffield. On Friday night only 250 workers were available to deal with the initial emergency: however exemplary their efforts, this response may be thought a gloomy commentary on the organisation's active strength in Sheffield. The basic trouble is probably that the recruiting publicity for civil defence seems too often to appeal for preparation against a cataclysm that most people are simply unwilling to contemplate. In the light of what happened at Sheffield, more could certainly be done to emphasise the

usefulness of civil defence in peacetime emergencies—with effect on the present recruiting figures.

WHEN it comes to precautions against damage, it is encouraging to find that over half of the houses damaged were covered by insurance—at least, no less than 50,000 claims have been received by insurance offices. Claims amounting to about £2 million have been made in Sheffield, with another £1 million for damage elsewhere in the West Riding and north-east. Insurance companies have waived some of their normally stringent rules about the inspection of damage by an assessor before repairs can begin, and have urged householders to go ahead and ask for their money back later. Gale damage is normally included (at a small extra premium) in a standard household policy: there is not likely to be a wholesale repetition of the shocks after last year's floods, when householders in the south-west discovered that flood damage was not covered by what they thought were comprehensive policies (many insurance policies have since been amended to remedy this gap).

But there are still plenty of people in Sheffield, Huddersfield and Barnsley who were not insured in any way, or who

In the
middle
of
a squeeze

Squeeze on? Tighten your belt. Mental effort can out-do muscle. Re-arrange your diet. Refresh it with facts, opinions, new ideas, the suggestions and arguments of leading industrial minds. Read the Financial Times every day. When the squeeze comes off, you'll be ready to turn the pressure on.

Study the unrivalled News Summary every day, follow Lex.

Enjoy the personal side, too, with Observer in his daily Men and Matters.

THE FINANCIAL TIMES is much more than its name implies.

were insured against damage to the fabric of their house but not to its contents. Local authorities, too, do not normally insure their housing, and may face heavy repair bills. Several respectable voices are once more calling for a national disaster fund, from which compensation could be paid in such circumstances. But the hard conclusion is that such a fund would be expensive to run, would deter people from taking the reasonable precaution of insuring their property, and would be almost impossibly cumbersome to operate—who, for instance, would say whether Farmer Jones should be paid for the loss of his Dutch barn in a strong local gust, just as damaging to him, and just as exceptional, as the more widespread destruction at Sheffield?

There is, however, a strong case for Government help out of general Exchequer funds, for the most acute sufferers. This could take the form of a pump-priming Treasury contribution to charitable funds such as that set up by the Lord Mayor of Sheffield, or of special assistance to local authorities many of whose houses have been destroyed. Dr Hill has promised to do the

Senile Decay

THERE are still 103,000 council-owned dwellings in England and Wales labelled "temporary bungalows" (that is, prefabs) by the Institute of Municipal Treasurers and Accountants—about 5 per cent of all council houses (excluding flats). Sheffield's share of them, now reduced by the 76 knocked down in the great wind, was 1,990 prefabs among its 44,000 houses. There are less reasonable proportions in other places: Liverpool has 3,500 prefabs, 6 per cent of all its houses; Birmingham has much the same proportion with 4,000. In Bristol, every eleventh council house is a prefab; in Ealing every seventh; and in Gosport

every sixth. In a rural setting, Bradford and Melksham RDC takes a lot of beating with one temporary bungalow for every four proper houses.

Most of these board and asbestos houses have been kept up well beyond their intended 10-year life spans (and there are some which are still being lived in after 40 years): it is hardly surprising that they should succumb to a healthy gale in their present senility, just as aged tenements do to both wind and frost. They are all ripe for demolition; and it would be preferable if local authorities, rather than acts of God, were to accomplish it.

right thing. If a town has retained many prefabs, which will always be the first sufferers in circumstances of this kind, it is likely that its general housing shortage is

pretty bad anyway: it would be unfair if its problems were increased by so unusual a piece of bad luck as the great wind of last weekend.

The Brink of Europe

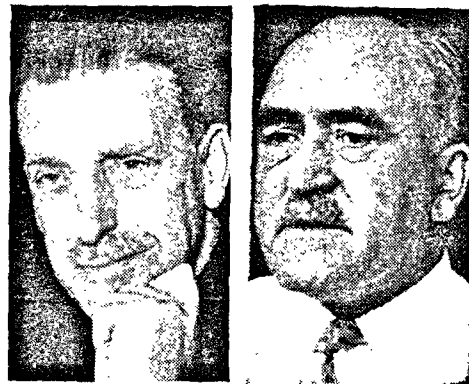
FROM OUR SPECIAL CORRESPONDENT

THE wonted torpor of Irish politics was stirred up just in time to give deputies a chance to enjoy themselves when the Dail reassembled last week after the Christmas recess. The flavour of the debate is embalmed in one question: "Is the Taoiseach (prime minister) serious when he suggests that there was no sober person at the dinner in Claremorris?"

The contentious dinner had in fact taken place in Castlebar, the sleepy county town of Mayo in the extreme west: the principal guest of the town's chamber of commerce was Mr Micheal O Morain, the minister charged with land division and the fortunes of the Irish-speaking areas (to which Castlebar is officially supposed to belong). The minister had said that it would be unrealistic to ignore the fact that all the present members of the common market are also members of Nato: his undoubted statement of fact was promptly splashed abroad by the opposition papers, echoed by opposition politicians, as evidence of a dastardly plot to "insinuate Ireland into Nato by indiscreet speeches."

Much of the fuss is due quite simply to the desire of the opposition to dispel the impression (on the whole an accurate one) that nothing differentiates the leading parties except the personalities in command. On a more sophisticated level the issue is being posed as if Ireland must choose now between its honourable role as an uncommitted nation at the United Nations, and the alternative of joining the colonial powers in Nato and the common market.

But even the question of choice between Nato and the UN is misstated in this form. As the prime minister, Mr Lemass, has



Messrs Lemass (left) and Aiken: Nato or neutral?

again emphasised, Ireland has never left any doubt where its loyalties lie as between the West and the communist countries. Uncommittedness at the UN, and the title of grandmother to all twentieth century anti-colonialists, has certainly given Ireland the opportunity to act as a go-between on several occasions (and to make as much fuss about Hungary as about Suez): but this stand has never been pressed so far as to endanger relations with the United States. It is, indeed, impossible to imagine an Irish government doing so, especially while the President of the United States is called Kennedy.

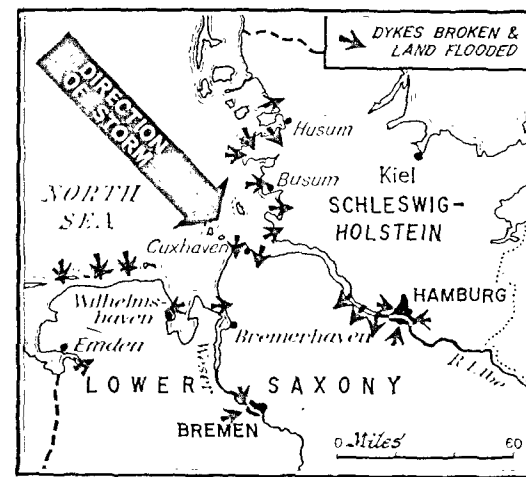
BUT it is plain that any overt move towards Nato will be opposed by the combination—familiar in other countries—of pacifists, anti-Americans, anti-British, neutralists and the rest. Some traditionalist Irishmen also feel that to abandon neutrality now would mean that Ireland, in pursuit of

sordid trading motives, is prepared to cast aspersions on the wartime policy of isolation sanctified by Mr de Valera himself. Mr Lemass is, of course, the leader of Mr de Valera's own party: and the set policy was maintained by the rival parties (then in power under Mr Costello) when they stood aloof from Nato in 1949 on the ground that to join it would imply recognition of the existing political frontiers of Europe, and thus of the partition of Ireland.

It may be that the main advantage that opposition politicians hoped to gain out of the public airing of the Nato issue was to exploit the disagreement that is widely suspected to exist between Mr Lemass and Mr Aiken, the minister for external affairs. On the international scene, Mr Aiken often appears as the chief inspirer of the policies that have made Mr Boland president of the UN general assembly and General McKeown the commander of the Congo operation. At home, however, he is seen by his opponents as the last of Mr de Valera's faithful old revolutionaries: it is suspected that his pro-UN attitude is an offshoot of anti-British convictions.

HOWEVER unfair this may be, it certainly seems that the interests of Ireland are best served by the prime minister's policy of waiting and seeing what happens at the Fouchet committee's discussions on the political aspects of the common market. What the Irish want to know is whether the European political club will involve defence. It would be rash to commit Ireland to holding on to its neutralist leadership, when neutralism itself may conceivably change its face in the next five years. On the same count, it might be no less imprudent to rush into Nato: and in fact there is no real indication that Ireland is about to do so.

THE WORLD OVERSEAS



Source: Deutsche Zeitung, Cologne



The North Sea Breaks Bounds

FROM OUR BONN CORRESPONDENT

THE hurricane-driven tides that ravaged the German North Sea coast last weekend did much more harm than the casualty figures, grave as they are, at first suggest. More than 500 persons, it is provisionally estimated, perished in the floods. At the time of writing 281 bodies had been recovered—260 in the Hamburg area, 20 in Lower Saxony, and one in Schleswig-Holstein. More than 300 persons were still missing in Hamburg. In Lower Saxony and Schleswig-Holstein everybody, it was thought, had been accounted for. The drowned farm livestock had yet to be accurately told, but the total is in thousands and relatively disastrous. It will also take several weeks to survey all the damaged private and public property, including buildings and cultivated land. What is not generally apparent outside the area is the severe setback suffered by various projects, actual and contemplated, for adapting the coast's assets to the changing economic conditions that are threatening to reduce its earning power.

Except for the former naval base of Wilhelmshaven (which, through luck and providence, has been able to adjust itself comparatively quickly to the advent of supertankers and oil pipelines) all the German North Sea ports are uneasy about their maritime prospects. Hamburg, deprived by postwar policies of its central European hinterland, is inaccessible to laden ships of more than 35,000 tons; while its great rival, Rotterdam, is energetically developing the deep-water facilities of Europoort. Both Bremen and Emden are having to cope with disadvantages of much the same kind. Throughout the area high hopes have been placed on reclaiming land from the sea and on developing local agriculture, industry, and communications—both in order to bring trade to the ports, and to compensate their surrounding country for any deterioration in their international status. In Schleswig-Holstein, land reclamation along the west coast has been carried out ambitiously for several years, as a part of the effort of this impecunious state to settle its refugees and generally better its fortunes.

The utterly unexpected plight of waterlogged Hamburg, particularly its populous suburbs on the left bank of the river, has naturally attracted the most attention. The vast flood tide struck in the dark, breaking through the dykes at some sixty points. The swollen river inundated the free port, and washed the square in front of the Rathaus. The Elbe tunnel (something like Blackwall, but not so noisy), was flooded for the first time in its fifty years' existence. When the water receded at Blankenese, a mellow

pleasure resort overlooking the river, it was found that a tablet marking the previous record high water of 1916 had been submerged nearly five feet. Some 50,000 persons had to leave their homes. For nearly 24 hours Hamburg suffered the paralysing chaos of a great modern city suddenly deprived of its public services. The railways are still in disorder. But the damage to the shipyards, and to the harbour's installations and stores, has been much less than was at first feared. The port is functioning again more or less normally. The bulk of the contents of the warehouses, including much tobacco and coffee, has come through unspoiled. The big refineries, through which some 7.7 million tons of crude oil pass every year, are largely unharmed. The port installations at Cuxhaven, Bremen, Bremerhaven, and Wilhelmshaven also suffered surprisingly less than the authorities had anticipated.

It was not in the ports but along the intervening stretches of coast that the greater part of the serious long-term damage was done last weekend—chiefly through the seas either penetrating or surmounting the dykes. The test had come too soon. For since the disastrous winter flooding of the Dutch and East Anglian coasts, in 1953, the federal and Land authorities had given their minds to the possibility of like trouble overtaking the flat coasts of Lower Saxony and Schleswig-Holstein. A "German coast plan," set in motion in 1955, entailed the strengthening and raising of over 1,000 kilometres of dyke in Lower Saxony and Schleswig-Holstein by the end of 1964. And with it the draining and eventual cultivation of thousands of acres of marshland. But some 800 kilometres of dyke improvement remained to be done when the storm broke on February 17th. The seas burst through mainly where the dykes had not been reinforced, on to land recently reclaimed or in process of reclamation. It will take years to recover the lost and vitiated ground.

At the end of the week parliament and press were asking why the 1955 coast plan had not been executed with greater energy. Voices on the left were blaming the exorbitant military budget. On the right, they were maintaining that the time had obviously come to accelerate legislation designed to give the government far-reaching special powers in the event of a dire emergency. Somewhere about the centre, there were demands for the creation of a federal ministry of fuel and power; this is occasioned by the power failure in Hamburg, which, the critics feel, a central power authority might have been able to avoid. Everybody seemed to

agree that the citizen should not rely as exclusively as he does upon the smooth functioning of the public services: that a spirit stove, candles, and reserves of food should be kept in every home. There was bloodcurdling talk of the floods having provided a useful exercise in civil defence; one disaster, people feel, may as well be used to rehearse for another.

Will Steady Do It?

FROM OUR NEW ZEALAND CORRESPONDENT

EVER since Mr Duncan Sandys left New Zealand last year after carrying his EEC tidings of great joy to the first of the Commonwealth capitals on his circuit, New Zealand has been living with the thought of the European common market as with a nagging tooth. From time to time, since then, as the exposed nerve has begun to atrophy or to be covered by the amalgam of reassurances, one or other of New Zealand's highly vocal critics of British membership of the common market has taken the mantle of prophecy upon his shoulders, and again the tooth nags.

Uncertainty and foreboding have fluctuated with the reported rises and falls in the negotiations between Britain and the Six. By now it is accepted with resignation, more or less, that Britain will join the common market. What remains uncertain in New Zealanders' minds is the effect this will have on their own vital markets in Britain; and where, ultimately, integration with Europe will take Britain in its relationship to the Commonwealth in general and New Zealand in particular.

Most farmers here seem to share the pessimism of their British counterparts about the probable effect of common market policies on their future. But the British farmers probably have good reasons for believing that their government will have to find some way of looking after them. New Zealand farmers have not this comfort. Their government, as it seems, will simply have to accept what falls from the common market table; and this may well not be sufficient to sustain them in the standards of living they have become accustomed to. The prospect does not please them. Assurances that New Zealand's interests will be protected are received, so long as they are unspecific, with reserve.

This does not mean that all New Zealand opinion, or even all New Zealand farming opinion, is unrelievedly and stubbornly opposed to British membership of the common market. Argument has gone on in this country ever since Mr Sandys's visit. It has made New Zealanders much more conscious of the realities of the changing world about them; many have even begun to understand the difficulties and aspirations that have caused the British Government to enter into negotiations with the Six. But sympathy with Britain's problems, and understanding of the importance of European integration, do not allay natural anxiety about New Zealand's own future while these realignments are taking place.

The recent controversial decision of the government to abrogate the agreement with British cotton manufacturing interests which would have led to the establishment of a cotton fabric manufacturing industry in New Zealand was undoubtedly influenced to some extent by the belief that New Zealand must now seek new markets in Japan and therefore cannot afford to upset the Japanese by putting British cotton manufacturers in a protected position. Before the common market began to be a visible factor, New Zealanders thought only perfunctorily about trade with Japan; there is a different attitude today. British exporters who hope to make up on the roundabouts of Europe what they may lose on the swings of the Commonwealth may be able to regard these developments with comparative equanimity, but New Zealand's exporting primary producers cannot.

To the uncertainties created by probable British membership of the European Community the prime minister, Mr Holyoake

(National party), has had added a fall in export prices, a farm production season seriously affected by near-drought conditions in some districts and an inability, despite borrowing, to raise the country's depleted balances in London above danger level. The Monetary and Economic Council, an advisory body of his own creation, has told him that the steps the government has so far taken to deal with inflation and restore overseas balances are not likely to be adequate unless they are reinforced by such politically inexpedient measures as increased taxation. Mr Holyoake promised before the last election to reduce taxation, and is unlikely to be allowed to forget the fact; he has made it quite plain that he is not taking the council's advice, preferring a policy of modest restraints which he has described himself as "steady does it."

True, he has talked of stronger measures if the present tightening of bank controls and import licensing do not have the required effect. The public, so far not much affected by these mild disciplines, has remained just as steadily determined as Mr Holyoake to go on as it has been doing. The stock exchanges have been tending to recover after their prolonged pre-Christmas run-down. Retail trading figures have been little affected. There are some signs of an easing in the labour situation, but the "situations vacant" sections of most newspapers are still very large.

New Zealand, in short, is waiting for something to turn up—new markets, better prices, or British arrangements with the Six that would protect New Zealand's market interests in Britain. The mild restraining measures so far taken have at least laid a cautionary finger on the bounding pulse of expansionism; and most people hope, even if they do not quite believe, that a cautionary finger will be enough. This appears unlikely; the facts and figures show that New Zealand is continuing to live well beyond its income. For the first ten months of last year import figures were up to nearly £34 million despite the efforts by the government to reduce them, and the knowledge that while imports were continuing to rise, the value of export returns was falling.

With both government and the opposition Labour party inescapably pledged to full employment, Mr Holyoake's room for manoeuvre is limited. He could increase taxation and reduce expenditure on the welfare state, but this is unlikely unless the economic compulsions become much greater than they are now.

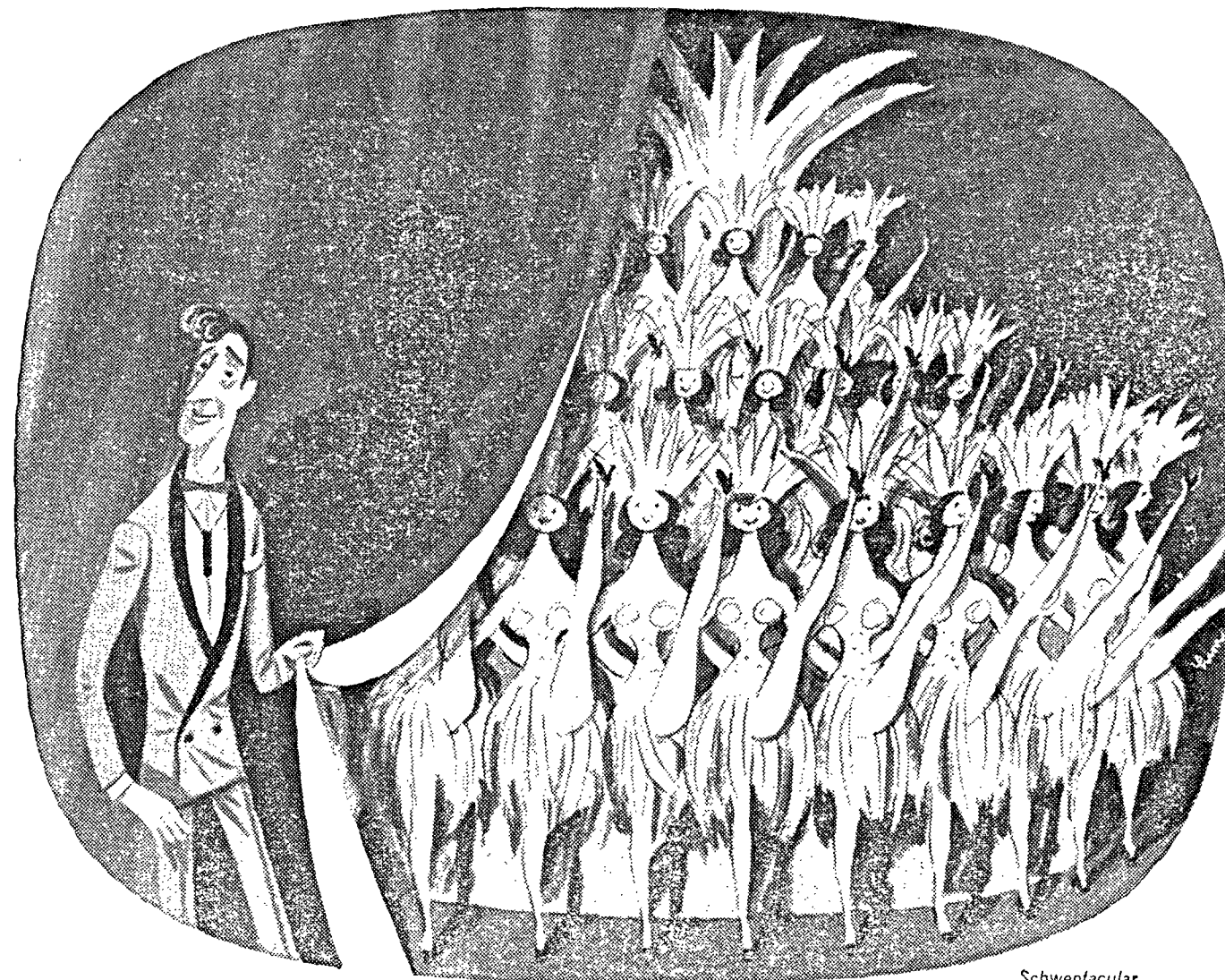
Rhodesia: Southern Discomfort

FROM A CORRESPONDENT IN RHODESIA

IT is the common fate of African nationalist parties to be outlawed by the authorities as soon as they show signs of gaining mass support. In Southern Rhodesia the National Democratic Party was banned on December 9th. Eight days later the Zimbabwe African People's Union made its bow under the genial presidency of Mr Joshua Nkomo, who had held the same office in the NDP and in the banned African National Congress before it. Mr Nkomo took care to dissociate ZAPU from the NDP because, under its far-reaching emergency powers, the Southern Rhodesia government can take legal action against any party that may seem to revive under a different name an organisation that has been proscribed. Sir Edgar Whitehead's lawyers have thought of everything.

The past few months have seen two parallel developments in the territory: a serious effort by the government to enlist the support of that elusive and much publicised creature, the "moderate" African, and to remove discriminatory racial laws in all fields except the one that really matters—namely, parliamentary representation—coupled with a mounting harassment of all nationalist activities. Both trends continue; indeed, they are basic to Sir Edgar's highly personal conception of partnership.

ZAPU enters the arena under a considerable handicap. The funds, vehicles, office equipment and party premises of the NDP



Schweptacular



It is with pride and a queer feeling of humility that we celebrate the successful opening this year of the New Wavelength TELEVISION SCHWEPPSICOLOR.

The colour is not only like life; it is, in the great tradition of Schweppshire, more so, adding point to the hitherto only faintly interesting. "Colours should be coloured". Gaudier Schwepska laid down this thought for us very clearly in our Sunday Art programme "Prefect".

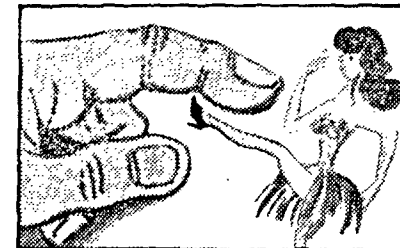
Should the girl in the problem play send the postcard? No need to emphasise the additional realism if the letter-box is shown to be red.

Think of the wealth of very old material we shall be so glad to see again in tints: The Scarlet Pimpernel, Yellowsands, Rose Marie, Snow White and Little Red Riding Hood—all will have a new validity if the 300th revival is in the New Process.

For International Athletics, although the point of the whole thing is to take part and to have fun, there is no harm, since the competitors when they are not standing to attention for the national anthems are hop skipping and jumping in their national colours, if these flags are made unmistakable in Schweppsicolor. Sex, it may be noted, is more so in colour, and in our week-end Schweptacular, the chorus of ninety look particularly

interesting in pink, even if, on your screen, the legs are only two thirds of an inch long.

FITMENT. The adapter to your existing set is so simple that all you need is an insert mechanism for diecast case with centre toggle to the ordinary two speed timebase switch and a cold cathode trigger utilising varying reluctance. With "equilibration steady" the watchword, you, the handy man of the house, can give the children a happy Sunday while they watch you at work.



Written by Stephen Poller; designed by George Him

SCHWEPPERESCE LASTS THE WHOLE DRINK THROUGH

"Certainly... the most improved paper of 1961"

C. NORTHCOTE PARKINSON TALKS ABOUT THE NEW DAILY HERALD



PROFESSOR PARKINSON, *I don't think you are a Socialist, are you?*
No, I'm not.

Then could you say, please, what moves you to lend your support to the Daily Herald, which gives general support to the Labour Party?

Certainly. You see, my support is not of a political nature. I am, in fact, a Liberal, and I believe all points of view should be reflected in the press; so, clearly, it is essential that the Daily Herald should be there to do this.

Have been familiar enough with the Herald in the past to notice that things have been happening to it of late?

Oh, yes, indeed. I can see that it has altered and improved a great deal, and certainly deserved to be singled out as the most improved paper of 1961. The change is very apparent. But I think it has to alter still more; in its format and its line, I mean.

In what direction? Away from the Left? Or the opposite?

That's not quite the point. It's a question of a different approach to different people. The traditional Left line is now (as the Herald is doubtless aware) pretty dead. It's no good going on with the carping type of journalism associated with certain Left-wing periodicals. The basis of that kind of Labour politics has disappeared to the extent that large numbers of people have moved up into the middle classes. You can't sell a newspaper to disgruntled workers now! It's a middle-class public you must appeal to.

What about the function of the newspaper? Do you think it has changed, now that the news is broadcast night and morning on radio and television? And, if so, do you think the newspapers should be adapting themselves more to this change?

Yes, I think that may well be so, and I'm interested to see that the Daily Herald has gone a long way in this direction. I like "The Daily Herald Explains" very much. It's a feature which represents that trend towards more information,

Cyril Northcote Parkinson has been schoolmaster, lecturer, and Professor at universities in Britain, America and Singapore. He has published a number of books, on Trade Winds, on The Evolution of Political Thought, on War in the Eastern Seas. But it was with "Parkinson's Law, the Pursuit of Progress", a devastatingly witty book on the theme that "all work expands to fill the time available for its completion" that he burst upon a vast non-specialist public. Here he says what he thinks about the new Daily Herald.

and that's very useful. I studied the ones on Indonesia, the Fight for a Railway, and a good many others. Very good. You could see someone had really done some work, and in journalism it's not always obvious that anyone has!

Perhaps you saw the articles in "The Daily Herald Explains" on the Common Market? They were very well received, and the Herald was the first to take the plunge there.

I wish I had, but I missed those. That comes of not being a really regular newspaper reader. I'd have liked to see them, because I think that, in general, the press coverage of the Common Market has been deplorable.

What other features, besides "The Daily Herald Explains", do you like in the present Herald? I like some of the lively headlines. I liked "Blue Orpington", for instance, a little while ago, over a leader about the Orpington by-election, and I thought the material under it was sensible, too. I like the daily book review, "A Book a Day", very much. Of course, as an author, I'm prejudiced in favour of anything to do with books! But, though I don't always agree with the reviewer, I think they have a good range of knowledgeable people, and a book gets a fair review.

What do you think of Henry Fielding, who writes the gossip column?

That doesn't interest me, in any paper. But what I do like is "I Read, I Heard, I Saw", this collection of sayings and bits from the news by Frederick Laws. I think that's a very good idea, and well done. I like the film critic, too. That was an amusing article he did about the best film of 1961, a composite affair made up of the year's films. And Inspector Maigret is very good, though I wish he would occasionally fail to secure a conviction. Unvarying success becomes monotonous! Perhaps the Herald could use its influence?

I'm afraid Maigret readers are conditioned to success by this time! And now, could I ask you about the column on page 2, called "As I See It", which is a sort of platform for various regular and other contributors of different shades of Left opinion—have you noticed that?

I have, and I think it's a good idea. I like some of the articles a lot. Though I think it could do with more eminent people writing in it. In fact, I think the paper in general needs more heavy artillery; more names that are news in themselves, like Malcolm Muggeridge, and Michael Foot. But I expect that will come as the paper continues to expand.

Is there any single improvement you would like to see more than any other in the Daily Herald? Something you feel strongly about?

Yes—and again this applies to other newspapers, too. I would like to see more courage in stating a viewpoint. One gets it sometimes, but not always. I think one of the sinister results of public relations in the modern world is that everyone is trying to find out what the public wants, instead of giving the public a lead. And this is not just a matter of principle. It would pay a newspaper to take less note of what people are supposed to want, and tell them what they ought to hear. I think that would be both journalistically right, and also justified in the end from the point of view of circulation.

I think that is so, and, in fact, the Herald has been speaking out pretty strongly, of late, on a number of political issues. But I know there is a feeling that the Herald, in common with other popular daily papers, could afford to make bolder assumptions about what its readers can "take" in the sections of the paper that deal with the arts. Would you agree?

Yes, indeed, I was coming to that. The newspapers have the opportunity of discussing things at greater length, and with greater continuity, than is possible on television, and people develop a far greater loyalty to a favourite author or journalist than they do to a television programme. I think music, above all, commands a very big public, and a public with very considerable knowledge, which you miss altogether if you don't have regular and intelligent comment on current records and musical happenings. I'd much rather give more space to the arts than to sport, for instance. I think a page would do for that!

Now that, I'm afraid, would be considered by many readers a highly improper remark! But the thing, of course, is to have a full share of both, and that the Herald plans to do...

have been sequestered, and the authorities seem to be in no hurry to release them. The party organisation, which was never very tight, has been further loosened. It is likely to be some time before the claimed paying membership of the NDP (about 180,000) is recruited by its successor. However, the new party executive may turn out to be more purposeful than the old. It contains fresh blood as well as some familiar faces. The most interesting newcomer is Dr T. S. Parerenyawa, a young medical graduate who is deputy president. This earnest, dedicated man, with little experience of politics, is now drawing large audiences at public meetings in the urban areas where ZAPU is strong. For the most part these weekend political gatherings have passed off quietly, in spite of the provocative and minatory behaviour of some white police reservists, whose deep-seated hostility to the African is depressing to watch. Their current tactics appear to be to interrupt or arrest the speaker on the slightest pretext that the law allows them. The party is in any case very short of effective platform performers; forty-four of its leading members are prohibited, under the Law and Order Maintenance Act, from attending any public meetings.

ZAPU is concentrating its energies at present on a drive for members and a campaign to discredit the new constitution. So far, some 30,000 members have been enrolled in a 100-unit system, each of which is looked after by five or ten militant organisers who visit individual homes. Study groups are being started and women are being encouraged to join.

The party's political campaign has the disadvantage of being purely negative, but it has been helped by circumstances largely created by Sir Edgar Whitehead himself. In January he announced that under the new franchise a minimum of 50,000 Africans would be entitled to vote, and spirited measures were being taken to persuade them to register. For the Southern Rhodesia government and the United Federal party much depended on the success of this exercise in persuasion. Surely the moderate African would now come forward? He has not; the response has been very poor. If Sir Edgar's figure was to be reached, 10,000 Africans would have to enrol each month; only a tenth of this number have done so. No doubt apathy, and the expectation of better terms later on, are each partly responsible for this rejection of Sir Edgar's partnership. ZAPU cannot claim all the credit. The party believes that the meagre African enrolment will convince the British Government that the new constitution is a failure and that a more radical approach is needed. In view of developments in Nyasaland and Northern Rhodesia it is vital, a member of the ZAPU executive said recently, that the Southern Rhodesia government should come to terms with African nationalism this year. For that, however, the whites in the territory are not yet ready.

Penalties for Ceylon's Plotters

FROM OUR CORRESPONDENT IN COLOMBO

THE government has completed the first phase of its investigations into the abortive coup d'état of January 27th and is now engaged in putting through a new Bill that would enable it to deal drastically with the 29 alleged conspirators—most of them military or police officers—who are now under detention. Since the disturbances of 1958, every state of emergency has been accompanied by parliamentary alarms about a coup. Nothing, however, happened and Ceylonese have, excusably, tended to dismiss these portents as a nervous reaction to upheavals abroad, or as reflecting some secret urge to keep up with neighbouring Ayub Khans and Ne Wins. It now seems, however, that the threat was there all the time.

On the evidence presented in the government's statement of February 13th, a well-organised plot had been hatched. Ministers, left-wing leaders, and top army and police officers known for their

loyalty to the government were to be arrested; the central telegraph office, police headquarters and newspaper offices were to be taken over; Colombo was to be sealed off as part of "Operation Runaway," which had already been tried out as a routine police exercise ten days earlier. Large stocks of ammunition and machine guns had been unlawfully issued to officers and men participating in the coup. Even ladders for scaling balconies had been kept in readiness, and code names and passwords assigned with touches in the style of "Our Man in Havana" (like "after commo had roosted," meaning the navy commander had retired to bed).

Apart from describing the aims of the conspiracy as "reactionary," the government has not yet attempted a full definition of the political nature of the plot. On the evidence presented so far, it seems to have been an inter-service plot, but the finance minister, Mr Dias Bandaranaike, has expressed the government's determination to unearth the political roots of the conspiracy. The names of the former prime minister, Sir John Kotelawala, the opposition and United National party leader, Mr Dudley Senanayake, and the Governor-General, Sir Oliver Goonstilleke, were mentioned in the statement. Mr Senanayake's charge that the reference to him was a wild, politically motivated insinuation, was answered by Mr Dias Bandaranaike, who explained that all references in the official account were statements of fact and not insinuations. It was not the official view, he explained, that any of these leaders were guilty. The official statement, later amplified by Mr Dias Bandaranaike, maintained that three officers under interrogation had said that they had been "told by one of the leaders of the coup that Sir John Kotelawala and Mr Dudley Senanayake were in the know of the plan to overthrow the government."

THE Governor-General was informed by the government that his name had been mentioned in the course of the investigation, and Sir Oliver has volunteered to submit himself to interrogation. The prime minister has accordingly informed the Queen that it might be necessary to interrogate the Governor-General. The reactions of the political parties to the conspiracy were varied. Government backbenchers, the Communist party and Mr Philip Gunawardena's Peoples' United Front described the coup as the result of the machinations of "Catholic Action and foreign and local vested interests." A large proportion of the detained officers are Christian and their background is distinctly western-oriented. The Federal party, the dominant Tamil organisation, condemned the coup forthrightly, but asked for a fair trial. The United National party also expressed anxiety over the threat to democracy and demanded a fair trial. But this party also protested its own innocence and threw accusations back at government personalities like the finance minister. The most interesting reaction came from the island's major left-wing party, the Trotskyists. The speech of their party boss, Dr Perera, was a strange mixture of a self-congratulatory we-told-you-so attitude, firm opposition to reactionary conspiracy, and a bitter personal onslaught on Mr Dias Bandaranaike.

Dr Perera elaborated his own "coup within a coup" theory, according to which the conspirators used as their springboard and operational cover a government decision to arrest the left-wing leaders on the eve of a rumoured general strike. The ministers have stoutly denied taking any such decision. The other left-wing parties have also refused to subscribe to this viewpoint. So the Trotskyists have had the cold comfort of drawing applause only from the right-wing United National party. The only link between these political extremes seems to be their common distrust of Mr Dias Bandaranaike, whom they have described as a dangerously ambitious young man. Both parties have expressed the fear that the coup situation may be used by the ruling Freedom party to deal with its political opponents.

Adversity has been the Freedom party's best friend. Just as the assassination of Mr S. W. R. D. Bandaranaike in 1959 resulted in a sympathetic swing to the Freedom party, so has last month's abortive coup. There is little doubt that the government's present efforts to deal with the conspiracy firmly and swiftly have wide support. The Bill that has been introduced is retrospective, with

effect from the beginning of January, and makes sweeping changes in the existing law. In the face of pleas that such drastic innovations should not become a permanent feature of the statute book, the government has agreed to restrict the operation of the first part of the Bill to the present conspiracy and other sections to one year. Part one provides for special powers of arrest and

Spaniards' Winter

FROM OUR BARCELONA
CORRESPONDENT



WINTER in Spain means, to the English, escape from cold and grey skies. They may be lucky; and there is a large element of luck. They will generally see the almond-trees blossom in January. They may perhaps breakfast on their hotel balcony wearing a fairly light dressing-gown. They may swim, if they are hardy. The average of mild temperatures and sun is certainly a great deal higher on the Spanish Mediterranean coast than in England in winter.

Nevertheless, to Spaniards, winter in Spain is rather different from the tourist's-eye-view. Quite apart from the Basque and Galician coasts, with their habitual rain or drizzle, and the wind-swept bitter Castilian plateau, the Mediterranean resorts themselves know winter. The south, particularly Andalusia, gets prolonged and heavy rains; the sunny Balearics are often very cold. But what makes the Spaniard's winter, though shorter, sometimes harder than the Englishman's are the houses and heating arrangements.

Of course, as Spaniards will tell you with pride, things are being modernised in the big cities. Many flats have central heating, gas or electric fires—though the central heating is often unreliable, the gas flow, though now being improved, is weak, the electricity expensive and not infrequently cut. But, in any case, most families, even the middle-class and in the big cities, have more primitive heating.

The traditional house on the north coast and in the mountains has wooden floors and beamed ceilings; but the houses on the Mediterranean, whether old or new, are designed to resist the heat of summer rather than the cold of winter. As you travel south through the province of Alicante and Andalusia, where the remains of Moorish influence are strongest, you find houses built round a patio, an open courtyard on to which the rooms open. The larger houses have an upper floor, with a gallery running round the patio; the

family lives on the ground floor in summer and on the upper floor, to catch the sun, in winter. Even in Catalonia and the province of Valencia most of the houses have the Moorish flat roofs—the roof-tiles are still known as *tejas moruñas*—and all the floors are tiled. There is little concern for foundations or watercourses. The house is built straight on the rock or clay, and the damp, which is abundant, strikes up through the tiles. This explains why in old mansions and palaces the ground floor is simply an ornamental entrance, a covered courtyard with a carved stone staircase leading to the upper floors, and is not itself occupied. Most city flats, like the houses, have tiled floors.

For heating, both houses and flats rely mainly on the kitchen fire and the warm air wafted through the passages; the efficacy of this depends on the fire. There is the big log fire and large chimney-place, with its suspended cooking-pots, in peasant houses. There is the *estufa economica*, fed with coal and wood and found in most middle-class city and suburban homes. There is also the charcoal stove. But the poor, who are numerous in Spain, have practically no heating. They cook their meals on a few sticks of charcoal in a brazier and for the rest of the time rely on human warmth—as a woman once explained to me, it was no problem, there were plenty of people at home. When they get the chance they sit in the shelter of a wall in the sun. Sometimes—I have seen this in the Balearics—a group of houses will club together and make a bonfire in the street.

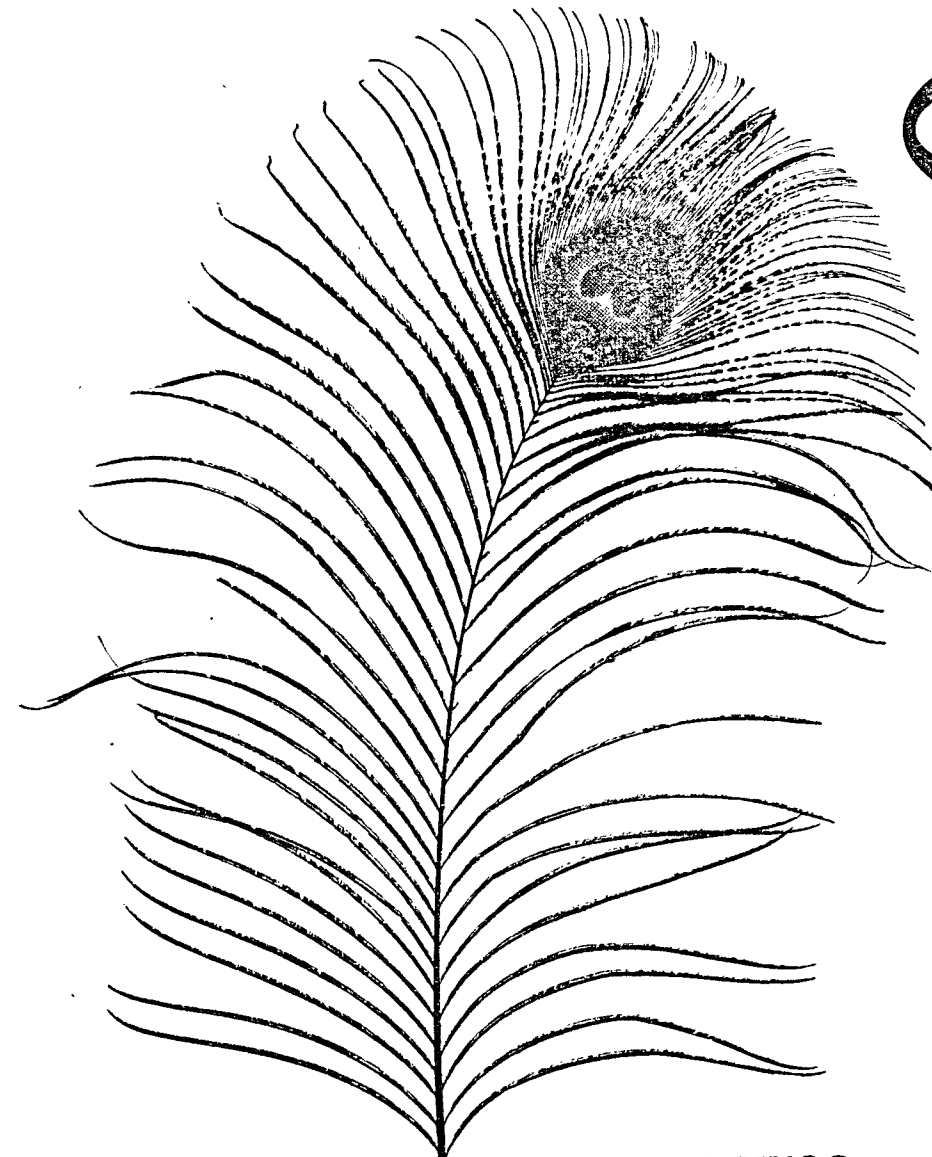
There are one or two devices for supplementing the kitchen fire. The most common is the *brasero*, a metal bowl filled with live charcoal and charcoal ashes, which is placed under the sitting-room table, where there is a special frame to hold it; the table is hung with a heavy cloth to keep the warmth in. Many middle-class families warm themselves in

the evening by huddling round the table with their legs under the hangings. Old people can be seen sitting in their doorways by day crouched over these bowls. A fuel cake made of olive pressings is also burnt in bowls.

A good many middle-class families who were using these forms of heating have recently taken to bottled gas. The boom in this kind of heating seems to have taken the manufacturers by surprise; faulty cylinders are not uncommon. Paraffin stoves are also used. But, whatever their means of heating, the watchword in the vast majority of homes is economy. If a fire is lit in the sitting-room, it generally consists of a few logs and sticks and, once a cheerful blaze has been briefly enjoyed, it is allowed to die out. During the hours when the menfolk are out, it is quite common for the housewife to retire to bed rather than waste money on heating.

Spaniards are stoical about winter. On the Mediterranean they refuse to admit a winter problem at all. They welcome a chilly wind on a clear day and have a passion for fresh air. In the morning every window is flung open for the bedding to be hung out; in case the rooms should become vulgarly hot from sun, the shutters or Venetian blinds are lowered in winter as well as summer. On chilly days in December men walk about the streets in spring suits and will sit, with elegance and every appearance of ease, in a totally unheated room.

But are they really indifferent to cold? In the cities the offices of large companies have good central heating; big stores, and the underground, are overheated; this seems to meet a public demand. The fact seems to be that Spaniards welcome warmth so long as it is free; what they do not want is to spend their own money on it. Like some other Spanish characteristics, their attitude to heat and cold is the product of self-conditioning over centuries by a nation that has resigned itself to being poor, but is determined to live with spirit and style. It is still partly a direct question of shortage of money, but not entirely; fairly well-off families take the same attitude. Keeping cosily warm is not a necessity of life. The necessities of life are to have a clean and dignified home and that the whole family should go out to face the world well dressed. They will spend their money on these things—and, if there is any to spare, they will spend it on a car, a television, or something they can show off, not on this Anglo-Saxon *confort*.



WOULD IT BE BETTER IN PLASTIC?

Eye appeal for the peahen. That's one use of a feather. Practical weatherproofing is another (look at the duck's back). And feathers stand up to swimming, flying and getting knocked around without losing shape or sheen.

Few birds will be interested in plastic plumage, but today plastics can give all these natural qualities. Human "birds" like to dress in alluring glazed cottons (made crisp and creaseless by BIP resins). Weatherproofing? British Industrial Plastics make glassfibre sheeting to keep out the rain (and the heat: Persian Gulf oil tankers now have permanent awnings of Filon). And tough resin plastics make lighter lorry bodies (allowing heavier payloads). In some form—sheet or coating, laminate or moulding—BIP can help to make almost anything better.

DON'T GET LEFT BEHIND! While we explore these new materials, your product might benefit. You can trust us not to do anything rash. BIP have been in plastics from the beginning (we process raw material, build the press and tool plant, make our own moulded products). And we run two services without charge. One to see if we can give your product a plus, and one to design it for the materials (or advise your own designers). We think we can help you, so now it's up to you.

GO ON-ASK US!

**WOULD IT BE
BETTER WITH
PLASTICS?**

BRITISH INDUSTRIAL PLASTICS LIMITED, OLDBURY, BIRMINGHAM
A member of the Turner and Newall Group

detention. Another section introduces the death penalty and forfeiture of property as punishment for offences against the state, attempts to overthrow the government by unlawful means and attempts wrongfully to restrain ministers. The new Bill stipulates that the conspiracy case shall be heard by three judges of the supreme court nominated by the minister of justice. The evidence ordinance has been amended to permit the legal admissibility of confessions and statements made by the accused. The supreme court will also be enlarged and two more judges appointed, but the appointments will follow the normal procedure. On February 17th, at the end of a marathon, record-breaking 30-hour session, the new Bill went through its second reading by 89 votes to 52, the contrary votes representing the Trotskyists, the UNP and the Federalists.

Cuban Walk

FROM A CORRESPONDENT LATELY IN HAVANA

SWEAT and toil are to be the Cuban lot in the fourth year of revolution and, doubtless, beyond. According to Dr Fidel Castro on February 4th, Cuba must treble its efforts to "resist during these months and perhaps long years of struggle and sacrifice the blockade which the imperialists impose on us."

On the surface, at least, the outlook is bleak. Cuba has been ejected from the Organisation of American States. It has lost one of its main sources of dollar income through the American ban on Cuban goods. This year's sugar crop is likely to be no more than two-thirds of last year's bumper harvest, while sugar prices on the world market are only 2.50 US cents per lb. The already serious shortages of food and other consumer goods at home will probably get worse. Not all these difficulties can be laid at the door of Dr Castro's regime. After the social and political upheaval of the revolution confusion and disruption were inevitable. Traditional trade patterns were dislocated—officials say that as much as 87 per cent of Cuban trade is now with the Soviet block—and by far the greater part of the country's managerial and technically qualified personnel fled to Miami.

Dr Che Guevara, perhaps the greatest realist of the Cuban revolution, said frankly in a recent speech: "We have all (in the ministry of industries) come from other walks of life, with very rudimentary knowledge of what had to be done. . . . We couldn't help making mistakes, because we were doing something new to us in difficult conditions." But there is also a widespread tendency to appoint people to important posts not for their ability but for ideological rectitude, or proven battle-worthiness in the Sierra Maestra.

It is now, for instance, accepted that during 1959 and 1960 far too many cattle, including most of Cuba's prize herds, were slaughtered or exported. Meat is now short. A more serious blunder was committed last year by an official of INRA, the Agrarian Reform Institute, which, until it was recently shorn of much of its power, was in effect running the country. Obeying the official line that production must be "diversified," he ordered more than 10,000 caballerias of sugar cane to be uprooted and planted with other crops. (A caballeria is equal to about 33.2 acres.) This represented about 10 per cent of the land under sugar cane; its loss will be largely responsible for this year's much reduced crop, which is not expected to reach 4.5 million tons. The 1961 crop was officially estimated at more than 6.5 million tons, though most observers in Havana believe this to be about 10 per cent too high. Some 15,000 caballerias of land are being urgently sown this year, but will not yield sugar cane until 1964.

Sales of sugar this year to the Soviet block (at 4 US cents per lb) are officially said to amount to more than 4.5 million tons. Of this, the Soviet Union is taking nearly three million tons and China one million. There are commitments to other countries

as well (including a sale of 50,000 tons to Chile), and Cuba would like to sell some sugar on the open market, even at present prices, to earn desperately needed foreign currency. Last year some 300,000 tons of sugar was kept for domestic consumption, and though last year's reserves (estimated at well over 1½ million tons) may tide the country over this year, a serious sugar shortage is likely in 1963.

Leaving aside the tropical climate and the natural gaiety of the people, daily life in Cuba, especially for a housewife, is very like wartime Britain. Havana, once smart and luxurious, is a fading city; there are long queues and empty shops, refuse is often uncollected and broken pavements are left unmended. All this makes for grumbling. Foreign residents debate hotly whether the regime would still get a majority if it held a free election; Dr Castro himself, however, probably still commands the loyalty of most people. And even those who are disillusioned admit the positive achievements of the regime. Illiteracy has been sharply reduced by last year's massive education drive (which was also used for communist indoctrination and anti-American propaganda). There is still great enthusiasm for the regime among young people, especially the thousands who can now attend colleges and universities free. They are, perhaps, too young to object to the mixture of indoctrination with learning; previously they had neither. Foreigners who have lived and travelled in Cuba during the past two or three years report that in its early stages the agrarian reform, on the whole, satisfied the demands and aspirations of the peasants. Whether it will increase production is another matter.

The Communists have greatly consolidated their position—thanks as much to the support and encouragement of Dr Castro as to their own efforts. Hardly anybody in Havana, foreign or Cuban, believes that Dr Castro has been a communist all along (in fact, the news agency report of his speech last December, in which he was supposed to have said so, was highly inaccurate). But he is clearly trying to submit himself to the disciplined ideology which he feels Cuba needs if it is to make any progress. The Communists have absolute control over the information and propaganda services, many of which are a direct copy of their Soviet counterparts—dull and vulgar posters everywhere, slogans endlessly churned out over radio and television, and a tendentious press which omits to print awkward news, specialises in half-truths and can often be caught out in blatant distortions.

At present economic, diplomatic and possibly the threat of military, pressure all combine to force the Cuban leaders to close their ranks; and though serious organised opposition has been stamped out, the growing discontent at home cannot be ignored. The magic of Fidel is still essential to the regime. But without the Communists the administration would probably collapse and, worse still, Soviet aid might cease. As long as it sticks together the regime looks strong; though its popular support has been waning, its organisation and control have grown in proportion. Dr Miro Cardona, the Cuban exile leader, is almost certainly right when he says that Dr Castro could only be overthrown now by a full-scale invasion.

Still, it is hard to see how two such different characters as the ebullient and passionate Dr Castro and the old-guard Stalinist leader, Blas Roca, can go on working together indefinitely. Indeed, there is much evidence to show that Dr Carlos Rafael Rodriguez, head of the economic planning commission, may replace Blas Roca as the country's most influential communist—if he has not done so already. Dr Rafael, described by some as a "revisionist" with Yugoslav sympathies, is now constantly at Dr Castro's side and last week he replaced him as president of INRA. Some credit him with Fidel's "conversion." At all events, if the leading men of the regime should ever fall out Dr Castro is still believed to command the absolute loyalty of the army and the security police. No such clash is even distantly in sight yet.

A cool £60 million, Edgar!

Cor—treble chance gets better every week, don't it, Alfred?

Edgar—I refer to a sum of money invested by a certain steelmaking concern on capital development.

'Oo?

It doesn't matter 'oo! I quote it merely to illustrate the sound economic precept that a proportion of trading surplus should be devoted to modernisation and expansion.

Ploughing back profits, they call it.

Wish they'd plough a few quid of it my way.

Well, speakin' very frankly, Edgar, that would hardly fall under the heading of productive investment!



Since 1948, John Summers have spent some £60,000,000 on capital development. This expenditure, very largely financed out of trading surplus, has helped to create one of the most up-to-date sheet steelworks in Europe. It has also helped to put John Summers in a highly competitive position.

JOHN SUMMERS & SONS LTD STEELMAKERS

Hawarden Bridge Steelworks, Shotton, Chester.

KLEINWORT, BENSON LIMITED

Bankers

Established 1794

EXPORT-IMPORT FINANCE • ACCEPTANCE CREDITS • FOREIGN EXCHANGE
CORRESPONDENTS THROUGHOUT THE WORLD

★
SPECIALIST ADVICE AND ASSISTANCE IN COMMON MARKET MATTERS

★
MANAGEMENT OF INTERNATIONAL AND DOMESTIC INVESTMENTS,
PENSION FUNDS AND INVESTMENT TRUSTS

★
CAPITAL ISSUES • REORGANISATIONS • MERGERS

20 Fenchurch Street, London EC3
Tel. No. Mansion House 1531 Telex No. 28141

Aldermanbury House, London EC2
Tel. No. Metropolitan 1797 Telex No. 22440
and at 19 Old Hall Street, Liverpool

Subsidiary: FENDRAKE LTD. Export-Import Merchants: Factoring

A MERCHANT BANK AT WORK

Ship Finance

It is one of the functions of a merchant bank to provide solutions to problems concerning world trade. Many shipping companies need to replenish their fleets but increased costs and the demand for larger vessels, such as super tankers and bulk carriers, have created a serious financing problem. A single modern vessel is likely to cost in excess of two million pounds and one group of ships which we financed involved more than £30 million. In another case we arranged finance for a fleet including two tankers of 88,500 tons dead-weight, one of which has now been delivered and is the largest cargo-vessel sailing under the British flag. The merchant bank is thus able to use expert knowledge to find solutions to meet the changing conditions of our times.

M. SAMUEL & CO. LIMITED

Serving Industry and Commerce

ESTABLISHED 1831

SHELL HOUSE 55 BISHOPSGATE LONDON EC2
Telephone: London Wall 1501

THE BUSINESS WORLD

The Case for Export Subsidies

THE Federation of British Industries this week agrees with the British Government that the sorely needed tonic for exports must come not from direct incentives but from the indirect influence of appropriate domestic economic policies. But its ideas of what the appropriate economic policies are, and more specifically its idea of what actual effect on exports present economic policies have, are virtually opposite to the Government's—a point which ministers and officials might care to note before they become too impressed with this apparent confirmation of what they have long believed. Thus, while the Government holds that special measures to aid exports are unnecessary because a sufficient export push is created by present restrictions on home demand, the FBI sees these same restrictions as the source of the trouble. "These measures inevitably react to the detriment of exports by curtailing the necessary base of home trade. . . ." The FBI report is not very clear about the kind of domestic policy it has in mind. It says how much easier everything would be if taxes and interest rates were lower and shifts in official policy on home demand less frequent; specifically, it simply urges the Government to study whether the scope of indirect taxation should be enlarged and its form changed. Yet if the FBI really believes that the Government's present domestic policy is having a perverse effect on exports, its rejection of export incentives leaves a yawning hole to be filled quickly.

The FBI itself points out that its working party reported on export incentives and not on the British economic problem. Its report is in fact very useful technically, for the information it gives about fiscal practices and credit arrangements in other countries; it does not contribute much to the wider question of what should be done to give a push to British exports now—nor indeed does it dispose of the question of export subsidies for general international use. In one direction, the report does help to bring out the real issue. Its relatively thorough examination confirms that the international code of fiscal treatment which the FBI itself has done much to encourage is broadly adhered to among leading industrial countries. With isolated exceptions, Britain's competitors today do not have access to special fiscal remissions that can be classed as export subsidies. Their general systems of taxation may indeed be more favourable for exporters, and Britain might do well to move in their direction—though the FBI recommends study, not action. Most Continental countries do have special official facilities for export credit, though even here British exporters have now been put on almost an equal plane by the arrangements recently made by the banks and insurance companies. And in credit insurance Britain now probably leads the field, with the new provision announced by the

Export Credits Guarantee Department this week of 100 per cent cover on medium term credits in suitable cases where payments have been received satisfactorily for the first two years. There is a danger indeed that Britain may be provoking its competitors on its weakest ground—exporting on tick.

The case for a special general incentive or subsidy on exports from Britain—and perhaps the United States—this year is not that their competitors benefit from similar advantages in covert ways. It is that the recent course of world payments makes a major boost in British and American exports a probable necessity for avoiding ultimate recourse to restrictions of one kind or another—on domestic expansion or imports or the outflow of capital and grants. The required increase in exports, moreover, is of an order that is very difficult to achieve without direct action to increase the profitability of exporting as such. When the Continental countries needed an increase in exports of this kind after the war they had no hesitation about resorting to special export incentive schemes then, and they could hardly deny their efficacy now. Their work has now been done. But that is not the ground on which these schemes have been given up. International conventions have been drawn up to ban schemes of this kind generally. Thus countries which today need a major increase in their exports find this particular route closed.

WHAT other way is open to them? Imports, paradoxically, can in practice be shut out overnight, and this can even be "justified" by escape clauses written into international agreements. But for exports there is only one direct stimulant available under present codes—devaluation. This, under the postwar exchange system on the framework of Bretton Woods, was to be the standard means for periodic adjustment of "fundamental disequilibrium"—and might the Bretton Woods negotiators not have considered the British and United States balances of payments, 1959-61, as in a state of fundamental disequilibrium? The trouble is that periodic adjustment of exchange rates has proved a much less practicable instrument than the drafters foresaw, and for the major currencies the obstacles have been almost insuperable.

This is not, as some critics suggest, just a question of political prestige, though this has its influence. Much of the trouble arises from the twin function that currencies fulfil nowadays internationally as well as domestically. They are not only a means of exchange, setting the terms of international exchange, but act increasingly as a store of value internationally—not only for official funds but for commercial institutions with their growing long-term commitments in other

countries. It is this that sets up tremendous resistances to changes in external currency values, and makes the managers of key currencies so determined to avoid the world upheaval that would be set off by such a change.

These efforts to avoid an exchange upheaval are broadly justified, especially if the extent of the needed adjustment in the terms of exchange is only small and temporary. But is it really essential in these circumstances to forgo at the same time a change in the terms of exchange? Should one not coolly consider whether there is a case for separating, in a limited measure, these two international functions of key currencies—for acting on the terms of exchange directly by straight export subsidies, leaving the rate for conversion of currency balances unchanged?

On the face of it, at least, there is no reason why, with proper safeguards, this need lead into the chasms that the fundamentalists foresee. The safeguards are all-important. The export subsidy must be uniform over all exports; and there must be no corresponding tax on imports. In this form, the expedient is far from attractive to a country whose balance of payments is comfortable, and it differs sharply from the discriminatory practices which the International Monetary Fund has been trying to drive out in Latin America and elsewhere. A straight export subsidy involves an unqualified deterioration in the terms of trade, whereas most multiple currency practices are attempts to manipulate the terms of trade in a country's favour. The straight subsidy offers no protection to domestic industry in the home market. It would appeal only to countries with special reasons for wanting to avoid devaluation. Even if it did not prove practical (as it would be logical) to confine its use to the key currency

countries, it should certainly prove possible to confine it to countries which were certified by the International Monetary Fund to be in "fundamental disequilibrium." The amount of such a subsidy, too, would have to be subject to a maximum upper limit—perhaps 15 per cent; and equally its duration—possibility two years.

These safeguards would ensure that nominal exchange rates did not get permanently out of line; they would also make it impossible for governments to use this special expedient as a soft option domestically. The knowledge that the exchange rate would have to be defended without the aid of export subsidies within the ensuing two years would make it as important as ever to keep a strict control on costs. A limited and temporary export subsidy of this kind would be of no use whatever to countries that refused to keep their costs under control or needed for other reasons a permanent adjustment in their terms of international exchange. The role of the controlled export subsidy would be that of an initial booster, to get exports off the ground; and recent international experience suggests that in many cases this is all that is required for deficit countries whose domestic policy is reasonably sound.

THE case for an amendment of international practice to give scope for such expedients need not in any way be grounded on Britain's present predicament alone. It could be grounded on first principles of the international balance of payments, which have received remarkably little attention during all the recent discussions. By what means does one expect international payments to balance? The possible regulator of periodic adjustments in exchange rates has, for

Accelerated depreciation is allowed to exporters in France and Japan. "It is, in our opinion, doubtful whether accelerated depreciation results in an overall reposition. . . ."

Indirect tax refunds. Most countries, including Britain, allow exporters to reclaim *import duty* that has been paid on materials ("drawback"). In Italy, the refunds are often excessive and operate as a subsidy. Most countries also ensure that exporters do not pay *internal duties*—purchase tax in Britain, sales taxes in the United States and Sweden, and turnover taxes in most other Continental countries. In France, where the turnover tax is on "value added" at each point of sale, rather than on gross value, exporters are either exempted from the tax or can reclaim the tax they have paid—but not the taxes paid at previous stages of manufacture. In Germany and Italy, by contrast, turnover tax is on the gross value at each stage (the "cascade" system) and the broad principle is that refunds should roughly cover the total amounts likely to have been levied on the goods before they are exported. The maximum refund in Germany is 6.68 per cent, which for some exports will be notably less than the turnover taxes that have been paid on their components; in both Germany and Italy the vertically integrated firm tends to gain from this averaging system. The common market rules set a maximum refund of 6½ per cent.

Export Incentives Abroad

International Agreements

THE first concerted move to get international agreement on which domestic fiscal practices constitute hidden, and therefore illegitimate, export subsidies was by the FBI itself through the Council of European Industrial Federations. The task was taken over by OEEC in the mid-fifties, and later by the General Agreement on Tariffs and Trade—but the GATT agreement is not yet binding, as the minimum number of signatures has not quite been obtained. The Treaty of Rome also has specific rules disallowing export subsidies.

The GATT agreement *bans* direct subsidies to exporters of manufactured—but not primary—products; remissions of direct taxation; or currency retention schemes for

exporters. It *allows* rebates to exporters of indirect taxes, but these rebates must not exceed the taxes effectively levied "at one or several" stages on the goods concerned. It is *unclear* on export credits: it says that official finance should not be provided at rates below those the authorities have to pay to obtain these funds—which leaves a wide loophole.

International Practice

Profits tax. The only major manufacturing country that gives exporters relief against profits tax is Japan; the FBI recommends that Britain should insist that Japan drops this before giving equal treatment to Japanese imports. Australia and Eire also provide special dispensations for export profits.

EXPORT FINANCING—A QUICK GUIDE

	COST OF FINANCE				CREDIT INSURANCE	
	Short Term (under 2 years) Cost	Medium Term (2-5 years) Cost	Long Term (Over 5 years) Cost	Margin		
France	4½*	5-5½*	6½*	1½-1	75-100	
Germany	5-6½	6-8½	8	None	70-80	
Italy	4½-4½*	5½-6*	5½*	1½	Up to 85	
Japan	4*	5½*	5½*	about 4	n.a.	
United States	5½	5½	5½	None	Up to 90	
Britain	6½-7	5½	6½	1½	85-100	

* Indicates presence of special official facilities.

† Limited official facilities at 6 per cent for exports for

"development" purposes. ‡ Special rates for foreign aid projects.

the major currencies, been all but renounced. At the same time, facilities for international credit have not been developed to the extent that would be necessary to deal with the much greater and longer swings in payments that must be expected without direct adjustment on the terms of international exchange and without cold-blooded disregard of domestic objectives, such as full employment, growth and avoidance of inflation, in the interests of international balance. Present policy leans wholly on the limited, if far from negligible, credit facilities of the IMF, and on the long run working of adjustments in domestic policies. But in modern circumstances, deficit countries realistically hope not to cut their costs but to keep the rise below their competitors, while these in turn are not the less concerned about cost inflation because it is in the interests of international balance. It follows that these adjustments in comparative costs, while they are perhaps still the central element in maintaining international balance over the very long run, work very slowly—too slowly for the limit of international unbalance that the present system of international credit sets. So the pressure for a direct means of adjustment grows, and the real question is more and more what form it could take. Present international convention, as has been noted, embodies an adjustment of imports that could not be more direct—in the escape clauses for import controls. By what possible logic can it be less disruptive internationally to shut out other people's exports altogether than to give one's own a limited financial boost?

Both for Britain and for the world generally, therefore, the best way out of the present impasse might indeed be to append to international agreements an escape clause for a straight, limited and temporary export subsidy in addition to (preferably in place of) the present escape clauses on import restrictions. It is still too early to be certain that Britain needs such a special boost, though many more monthly trade figures

like January's could clinch the matter. Some people maintain that it would in fact be easier internationally to give the incentives indirectly, through special fiscal arrangements. This is arguable. Some recasting of Britain's system of indirect taxation is indeed desirable on general grounds; this newspaper has long argued for a reform of the highly discriminatory purchase tax, and the FBI recognises that this would give a more widespread inducement to export. But no quick results are to be expected; during the transition indeed special steps would be needed to stop the home market looking too attractive to manufacturers freed from purchase tax of 55 per cent.

It is not impossible to envisage changes in Britain's fiscal system that would have a sharp effect on exports. A further big swing from direct to indirect taxation is one (because exports by international convention are exempt from such taxation); but this would inevitably raise wider political and social issues. Specific tax discrimination in favour of export profits would be easier domestically—but it would come under a torrent of fire internationally. It would indeed be more difficult to defend in principle than an export subsidy that was straightforward, temporary and clearly justified by the balance of payments. The long and laudable struggle of the FBI to get some code of rules in fiscal treatment of exports need not in fact be disturbed by a straight export subsidy geared to control balance of payments deficits, any more than it has been disturbed by exchange devaluations, which in fact hit competing exporters much harder (because they afford protection to imports too). Sooner or later this question of finding some direct regulator for international payments (for the no doubt intermediate period before bankers and governments are ready for international central banking) will have to be faced. It might be better to face it now, while sterling is riding high and the dollar is well under control, than to wait until the strains are again obvious.

WHAT HAPPENED AT FISONS?

THIS week's resignation of Mr Avison Wormald from the board of Fisons is certainly a mystery. So many factors seem to be involved that it is nearly impossible to comb the matted heap into comprehensibility. However, for those who would like to try, here are some of the facts, clues and red herrings.

To start with, three things that may have been quite unconnected (indeed we are told they were) happened at the same time. Mr Wormald fired a salvo of strong letters at ICI through *The Times*; the plan to build a large plant for making ammonia, to have been jointly operated by Fisons and Esso at Milford Haven, was called off; and Mr Wormald was later stated to have tendered his resignation before writing his letters. On the same day that his resignation was announced, a statement was issued by Sir Clavering Fison dissociating Fisons from Mr Wormald's views on ICI. Mr Wormald himself followed this up next day with a statement in which he underlined this by saying that his resignation was not connected "with a letter received . . . by Sir Clavering Fison from Mr. S. P. Chambers. . . ."

Why should he feel so strongly? Mr Wormald says that his opinions were formed twelve years ago when he was in British Nylon Spinners and that they owe nothing to his experience of ICI since he has been with Fisons. Twelve years seems a long time to wait before firing off against ICI. It seemed a fair inference from the Monopolies Commission Report on fertilisers two years ago that relations between ICI and Fisons had been cool, as might be expected with a monopoly supplier trying to get the most out of its biggest, and most dependent, customer. Relations became less tense when Fisons was able to get ammonia from Shell; the Milford Haven plant was to have made it independent. But the project was called off and Fisons were again in the market, negotiating long-term contracts for ammonia with, it seems, ICI among others. The market is more open than in the days of the Nitrogen Cartel (although Mr Wormald would have us believe that another is being formed) but Fisons may have felt it was tactless of him to put his feelings in print. Not even the subtlest student of company mysteries will be able to find in

this situation a reason why he actually did resign.

The positive reason that was given was not much more illuminating: "... serious and prolonged differences occurring with the chairman. There had at no time been any dispute with the Board." Mr Wormald's resignation had been offered in the first place to Sir Clavering Fison himself on January 15th; but not reported formally to the board until its meeting on February 19th. In between, it was said, "endeavours were made to persuade Mr Wormald to reconsider his decision." This impression of boardroom amity received a shake-up two days later when the Fisons board issued a statement in which any suggestion that the board was not entirely with Sir Clavering was repudiated. The board stated that it was unanimous in accepting Mr Wormald's resignation, though repeating that the differences that had arisen were purely personal and had to do with method rather than policy. Sir Clavering Fison had already announced that he will be retiring from the chairmanship this autumn and Lord Netherthorpe is chairman-elect. The City sleuth will find it hard to reconcile Mr Wormald's departure because of long-standing personal differences with the

imminent departure of the other party to that difference.

Then there is the ammonia project. It might be easy to understand if Mr Wormald had left because a pet project had been killed, but this is not the case. Mr Wormald's support for the project had never been more than lukewarm; he says he began to feel really concerned about the future of this project in the face of world nitrogen over-capacity a few months ago and only recently persuaded the board of the rightness of his view. This fits in with the pattern of Mr Wormald's influence within the company, so far as it is known outside.

Mr Wormald describes his differences with Sir Clavering as those of a professional manager with the chairman of a family business. These might conceivably reach a head over issues like Fisons being taken over—a favourite City rumour—on which Mr Wormald, a salaried servant of the firm concerned only with running it independently, might not inevitably share the views of Sir Clavering as a shareholding chairman. Mr Wormald went to the board of Fisons twelve years ago from the position of commercial manager at British Nylon Spinners. During the years since there has been a discernible change of emphasis from the big,

successful family firm to the internationally-minded public company. Between 1951 and 1961 Fisons' fixed assets increased from £8.7 million to £22.3 million; the ratio of profit to capital employed has decreased from 11.4 to 10.3 per cent; equity earnings (based on the present capital) increased from 14.5 per cent to 17.1 per cent, and on a similar basis dividends of 11 per cent in 1961 compare with 4½ per cent ten years before.

In other words, the company became much bigger; but after expansion it was earning a lower rate on the capital it employed though it was becoming rather more liberal with distributions. Mr Wormald has admitted that the basic difference between him and Sir Clavering has arisen from the change in their relative status. For the years after he arrived and until he became a managing director he was Sir Clavering's right hand, and a right hand does not argue. When he became a joint managing director and Sir Clavering the newly "non-executive" chairman the conflict came into the open. Sir Clavering has said there were no "board-room rows" but there must clearly have been many differences. The recent record of the company may perhaps be used as

supporting evidence of disagreement. Fisons' attempts to take over three firms in very different industries showed a lack of firm purpose: the company did not follow its initiatives through. All these attempts proved abortive: even had they not been, it is not easy to see where, for instance, Crosse and Blackwell would have fitted into the chemicals and fertilisers complex. This incident could be interpreted as a sign that the whole board was not sufficiently in agreement to pursue any particular course to its end—let alone to select it with a clear purpose.

The answer to these puzzles certainly lies where the tangle is thickest, around the boardroom. Equally certainly, the bland public pronouncements of the contestants cannot be expected to give any but the most tenuous clue; and the board has refused to speak in detail about the matter. This was to be expected. No company likes the idea of the public peering into its boardroom. But though the public, including the owners of Fisons, may enjoy guessing, they have a right, surely, to some more frank account of what has been going on, not merely in terms of personalities, but also about the direction that the company's affairs ought to be taking.

Hoover's Profits Halved

THERE seemed little likelihood that Hoover's profits would show a recovery in the second half of 1961. So it has proved, for as the table shows gross profits were practically unchanged in the two halves of the year. But a higher tax charge cut deep into profits in the last six months and the net profits for the whole year were more than halved, from £3,383,000 to £1,502,000. In 1960 when profits fell sharply the ordinary dividend was kept at 45 per cent; but now it has been cut to 25 per cent, covered 1.8 times by earnings. Hoover's sales of domestic appliances both in the home and export markets were higher than in 1960 but fierce competition has cut into profit margins. Clearly these results are a pointer to the

Six months to	June 30, 1960	Dec. 31, 1960	June 30, 1961	Dec. 31, 1961
Gross profit . . .	4,013	2,360	1,965	1,951
Taxation	1,980	872	1,069	1,220
Net profit	1,960	1,423	859	643

general trading experience of companies in the consumer durable industry last year and it is not surprising that there have been rumours that some of the other large manufacturers have been considering merging their appliance divisions. Hoover's ss. "A" shares at 33s. 9d. before the announcement had been discounting some cut in dividend and on Thursday they lost another 6d., to yield 3.8 per cent.

Two Thousandths Down

AN economy that often manages no more than one per cent increase in industrial production during twelve months probably needs to measure variations from month to month in tenths of one per cent. This month the Treasury tacitly acknowledged this by hastening to assure the press verbally that the apparent drop of one per cent in the seasonally corrected index of industrial production between November and December was greatly exaggerated by their ordinary rounding, being in fact a change of only 0.2 per cent from 112.6 (1958 = 100) in November to 112.4 in December. Output during the last quarter of 1961, on this measure, thus looks to have remained level (which accords a little oddly with last week's indications about significantly lower steel consumption).

The snag in causing columns such as this to find sage reasons why the level of production should have altered by a thousandth or two is, inevitably, that it may not have done so at all. The impression of the provisional estimate of the industrial production index is such that the Whitehall statisticians feel, with some justice, that the figure will not bear quoting to four digits. The alternative, from time to time, is to exaggerate or underrate changes: but the figures

are used within the government to one place of decimals, and how they happen to be expressed does not alter the inherent degree of error. Nor is it reasonable (even if it were practicable) to require a self-denying ordinance from the people who need to look at this index carefully, who are not all journalists, to take no notice of it unless it changes say two points, to allow for its built-in error. The correction, if it eventually comes, might not iron out the change: it might reinforce it. In interpreting this index, from three figures or four (as in compiling it?), visceral feelings will continue to play some part.

The other, quicker indicator of industrial activity, in a negative way, is a hard, seldom

STEEL

End of Several Eras?

FOR the last several years, maximum (alias minimum) prices for steel in Britain have been set according to costs calculated for a hypothetical "entirely modern steelworks," embodying the best technical practice currently in commercial production in any department of any works in the country—and employed as fully as it could reasonably, on the current relationship between capacity and the medium-run trend of demand, be expected to be. The prime cost buildup here is largely ascertainable, provided technical experts agree on what is the best practice (for example, in steelmaking the Iron and Steel Board is at present taking mainly the Ajax process of oxygen steelmaking in a converted open-hearth furnace. This is a somewhat specialised example but may offer a convenient bridge between conventional open-hearth costs and those obtainable in the pneumatic processes using oxygen that are embodied in many new steel plants, but are not yet operating). What is a reasonable relationship between capacity and the trend of demand for steel is less easy for economists to agree upon. But the main element in the steel price increases announced this week represents the board's conclusion that this relationship has now changed utterly from that reigning during the whole postwar period.

AVERAGE INCREASES ON THE MAIN STEEL PRODUCTS		
	Per ton	Approximately
Billets	7/6	1%
Wire rods	10/-	1¼%
Plates	24/-	2¼%
Broad flange beams	24/-	3%
Other heavy sections (except broad flange beams)	30/-	3½%
Heavy rails	15/-	1¼%
Re-rolled products	10/-	1%
Tubes	12/6	1%
Hot rolled strip	10/-	1%
Cold rolled strip	20/-	1½%
Sheets	60/-	5½%
Tinplate	62/6*	4½%
Overall average increase in steel prices	25/-	2½%

* 50/- per ton on the basis price and 12/6 per ton for the increased price of tin.

much-amended statistical series: unemployment. This is a count of people actually paid money, not an index derived from hundreds of themselves indirect statistics. On February 12th there were 453,788 people out of work in Britain, roughly 2 per cent of the number of employees. As between January and February, this was the second check to an increase in unemployment that began in May: the number unemployed, rose fractionally less than is normal for this time of year (as it did also between August and September). The number of vacancies on offer, however, went on falling, allowing for seasonal variations: there are now about seven people unemployed for every five jobs on offer.

Shock from P. & O.

WEDNESDAY'S announcement by P & O that it had cut its final dividend from 8 to 3 per cent, reducing the total payment for the year to September 30th from 11 to 6 per cent, is at least as bitter a blow to the market in shipping shares as was the news in October that Cunard was making a substantial trading loss. A fall in P & O's profits had been expected but the reduction in the dividend brought the shares down still further on Thursday when they fell by 2s. 9d. to 23s., to yield 5.2 per cent. The directors point out that last October, when the interim was maintained at 3 per cent, they indicated that trading results "had been adversely affected by the persistence, against earlier expectations, of generally unfavourable trading conditions." They add that "the last quarter of the financial year, so far from showing any levelling up, continued the downward trend at a steeper rate." In fixing the final dividend they say that they took into account the fact that the existing margin on turnover is so small that "a minor variation in profitability produces a major variation in profits, up or down" so that "no reliable forecast of profits for the present year can be made." They add, moreover, that the profitability of shipping in general shows no signs of improvement at this moment.

Effectively, the charges for depreciation, surveys and loan interest in 1960-61 more than absorbed the surplus earned on shipping by P & O. The trading surplus amounted to £16.2 million, against £19.2 million, and the charges to £17.2 million, against £15.1 million. The only reason why P & O is able to report a gross income of £579,000, against £5,846,000, is because its investment and other income amounted to £1,545,000, against £1,726,000. This income, moreover, included £407,000, against £523,000, as a surplus arising on the sale of short-dated government stock. More British tax is recoverable, presumably as a result of investment allowances, than has to be paid out in overseas taxes with the result that for 1960-61 there is a tax credit of £184,000 compared with a tax charge of £634,000 in 1959-60. Once minority payments have been made, it is clear that the latest dividend, absorbing £1,081,000, is paid almost entirely out of reserves and tax credits from previous years written back. On any strict definition, equity earnings are practically non-existent. In these circumstances, deferred shareholders may perhaps count themselves lucky to receive a final dividend at all—though P & O, like other shipping companies, has ample liquid resources.

Another from English Electric

LATE on Thursday afternoon, English Electric added to the gloom by announcing a cut in its final dividend from 7 to 5 per cent, reducing the total payment from 10 to 8 per cent. In an interim report in November the directors indicated that profits in 1961 would be "appreciably lower" than those for 1960 and they said that the amount of the final dividend would be determined in the light of the final audited results for 1961 and the prospects for 1962. Thus they qualified their earlier promise, made at the time of the acquisition of W. H. Dorman, to pay a final of 7 per cent.

The cut in the dividend appears inevitable in view of the fall of 30 per cent in the gross profit from £6,661,000 to £4,620,000 and in the net profit from £3,143,000 to £2,233,000. One of the principal reasons for the sharp decline in profits is that the loss incurred by the subsidiary, D. Napier, amounted to £2,774,000 against £1,522,000 in 1960; certain assets and development expenditure of this company have been written off against reserves. But clearly there has been a further deterioration in margins on the group's other business.

DEFENCE PRODUCTION

Bread and Butter without Much Jam

WHATEVER glittering prizes in space have been brought within reach by Colonel Glenn's three memorable orbits, there is no caviar of this kind and little jam in the bread-and-butter work offered to Britain's defence industries in this week's White Paper on Defence. A bill for the year's production and research amounting to £700 million, more than half of it for aviation, might be expected to content the aircraft industry; but it does nothing to cure its current malaise of too many designers chasing too few new projects. Worse, it has sharp and ominous words to say about future commitments.

The Ministry of Defence finds itself, to its chagrin, in the ludicrous position of financing the production of two separate small bombers, one for the Navy and one for the Air Force, and does not intend to be caught napping like this again. "Future generations of vertical and short take-off aircraft for the RAF," says the White Paper, "shall be capable of operating from the carriers of the day." To put it bluntly, the Government intends, like the US government, to see that the next generation of military aircraft are common to both services, however much the Air Marshals chafe and the Admirals chafe.

New projects, moreover, will undergo stricter scrutiny than in the past: "We have instituted check points in the process of development to ensure that no major development contract proper will be placed until a fully evaluated project study has been completed." Brave words, perhaps, but from the small amount of work coming through, it seems that few new ideas have yet succeeded in passing this strict test.

Of those that have, the most important deal with nuclear submarines and with the development of systems for vertical take-off. Some VTO aircraft are designed to rise at an angle from the ground like a pheasant, others to take off like a goose after a run of a few yards. The two methods, vertical and short take-off, are simply variants of a common technique for getting airborne by brute engine force rather than by lift generated from air flowing at increasing speed above and below a suitably shaped wing. By insisting that these developments be carried out in co-operation with Nato countries, the ministry is hoping to undertake projects that it could not consider single-handed. If Germany and the United States share, as they appear willing to do, the cost of further developing Hawker Siddeley's little VTO strike aircraft, and if France and Germany share in the cost of supporting the Rolls-Royce system of vertical take-off (not used by Hawker Siddeley),

the Ministry of Defence has achieved a considerable *tour de force*.

But this is the only scientific bonus offered to the industry. The rest of its work is routine business that will keep the factories busy but not the drawing offices. The 100 or so transport aircraft on order for the RAF are normal civil aircraft flying under military colours. Certainly Britain would have no helicopter industry without

THE DEFENCE BILL		
Total.....	£1,721	million
Production and Research....	£705	million
of which		
Army	£86	million
Navy	£208.7	million
RAF	£242	million
Ministry of Aviation (mainly research)	£168.5	million

Transport Command; but otherwise, transport orders simply serve to bring work to existing civil production lines, among them Hawker Siddeley's Avro 748 plant.

The history of this order for a DC 3 type aircraft is tangled. It is neither big nor strategically very important and it looked at one time as if the matter might be settled out of court between Hawker Siddeley and the Canadian government with Canada swapping a number of Caribou aircraft built by de Havilland Canada, now a Hawker Siddeley subsidiary, for perhaps half a dozen English-built Comets for Canada's transport command. The Caribou is a successful but highly specialised transport built for rough work in the Arctic and bought in sizeable numbers by the US Army. It would have satisfied the British Army, so it appears, but the RAF seems to have wanted a more refined aircraft, and opted for the Handley Page Herald. Hawker Siddeley, faced with losing both the Caribou and the Comet orders, fought back by putting into the contest its Avro 748, an aircraft not very different from the Herald.

The order has gone to the Avro aircraft, not on its technical merits, but because it is produced by one of the Government's two chosen aircraft groups, while the Herald is produced by one of the last independent aircraft companies. This is the worst possible reason for making the choice, if it encourages Hawker Siddeley and the British Aircraft Corporation to think that they now have a monopoly of aircraft production in this country. It has been argued that there is little to choose between the two aircraft. Even if there had been, would the outcome have been any different?

The increases in prices—averaging 2½ per cent—will bring the industry about £16-17 million a year from the home trade (if one generalised the increase across the industry's exports, it would in theory bring in another £4 million or so, but who can afford to raise his export prices now?). Before its customers begin complaining about another contribution to inflation, it may be fair to note that this only brings prices back to about the levels of mid-1957: there were cuts in 1958 and 1959 to offset the increases since.

The board toyed, last autumn, with the idea of an experimental period during which British steel prices might be set according to the kind of pricing rules used in the European Coal-Steel Community. This would mean that individual producers would set their own prices at nominated basing points, and could "align" downwards to meet competitive quotations; in an experimental period, the board might set some high ceiling price as an ultimate protection for consumers and let the ECSC system work underneath. The industry concurs: but the implications of ending a price control system that has held good without much change for about thirty years are difficult to accept straight off, and it is unlikely that any such experiment could start before say the autumn. (One complication, against which similar experimental exercises in coal are also bumping, is that the ECSC bans discrimination in transport charges, while the Government's main offering to Dr Beeching was, simply, freedom to discriminate.) The board reckons this new determination as marking the end of the "90 per cent era." It may indeed be the beginning of the end of the era of price control in this industry—and even of the board—as we have known them; and it is also, incidentally, the last product of the Shone era in the pricing and planning of British steel.

BUDGET ACCOUNTS

A Dramatic Improvement

AT the very time that ministers have been fretting over the expenditure estimates for next year's budget—the Vote on Account is to appear belatedly next week, while this week the white paper on defence shows an increase here of £80 million to £1,721 million—the course of this year's budget out-turn has been improving dramatically. While there still seems virtually no likelihood of the budgeted overall surplus being attained, and while the above-line surplus is still likely to fall short, the shortfall now seems likely to be a good deal less than it did three weeks ago. It now seems clear that the slow inflow of revenue during January was attributable basically to the postal go-slow. Thus in the four weeks to January 27th the intake of inland revenue (at £611 million) was £35 million smaller than in the corresponding weeks a year before. In the latest three weeks, by

contrast, the intake (at £530 million) was over £100 million above the previous year's. Receipts of customs and excise, too, have been quickening.

The upshot is that in mid-February, with six weeks of the fiscal year to go, total ordinary revenue was up on the year by £551 million, within shooting distance of the original budget estimate of £574 million—though still far below the projected increase allowing for the £130 million expected from the July surcharges. Thus the reduced buoyancy of the economy still appears to have had its effect on the revenue figures and the budget out-turn.

As the rise in ordinary expenditure went little further in these three weeks, the balance of the above-line accounts improved sharply, and the surplus last Saturday was nearly £200 million larger than a year before: three weeks earlier the improvement was only £57 million. The budgeted improvement for the full year is £359 million, before allowing for the effect of the July measures.

IN THE MARKETS

Marking Time

THE further rise in the Treasury bill rate before the weekend by 18. rod. to very nearly 5½ per cent demonstrated pretty strongly that the discount market was not expecting a reduction in Bank rate this week—or next. On Thursday Bank rate was duly left unchanged. But gilt-edged have continued to move up, though until Wednesday the volume of business was modest. With some money trickling back from the recent repayment of the 1962 Conversion stock, there was some buying of short-dated bonds while further switching operations and some investment buying kept the prices of the long-dated stock moving ahead, and the "tap" price of the 1982-84 Funding stock was raised by ¼ to 91½ on Wednesday.

In contrast, equity prices have continued to drift lower in a very quiet market and *The Economist* indicator lost 0.6 points to 356.4 by the close of Wednesday. The industrial market was unsettled, notably on Thursday, by the lower profits and dividends reported by a number of leading companies. The reduction of Hawthorn Leslie's interim dividend affected shipbuilding shares and the dividend cuts by P & O and Hoover, followed by English Electric, upset shipping and domestic appliance issues on Thursday. Steel shares have been the only important group to move against the trend, largely in anticipation of an increase in steel prices. The industrial market has, in fact, continued to mark time, as it has been doing since the beginning of the year. The slack in the economy, the fall in profits and uncertainties about the Budget and the capital gains tax have kept investors out of the market. They are not so right-

ened of the future as to be sellers; but they are not so certain of the economic prospect as to be buyers of equities as a whole. They realise that equities no longer pick themselves but have to be chosen with the utmost care.

Wall Street Waits

A correspondent cables:

WALL STREET is in an uncertain mood and investors are switching from one equity issue to another. This has led to a good number of individual fluctuations but little change in the market averages. The Dow Jones industrial average has been moving in a narrow band between 710 and 720 for some time and more marking time seems to be in prospect. The January pause in business expansion as well as doubts about the second half of the year may be reasons for caution. But, at the same time, the market has switched the emphasis away from such past favourites as retail trade utilities and food stocks, to some of the more cyclical issues, such as textiles and durable goods. Some institutional investors are putting a bigger portion of new funds into fixed income obligations but in general the demand for equities remains strong, although secure yield rather than potential capital gain is now being sought. Higher corporate profits are already resulting in dividend increases and dividends are expected to rise by about 10 per cent this year. The general belief is that the market will move higher, provided a steel strike is avoided and business continues to pick up, though given the uneven nature of economic activity and the variations in profits it is unlikely that its course will be smooth.

A similar situation prevails in the bond markets where long-term bond prices have remained fairly stable after moving up during January. The Treasury is the most influential factor and it has just demonstrated its excellent timing by its latest advance refunding covering a mammoth \$18.7 billion to holders of outstanding obligations, who can gain a much better yield if they agree to extend maturities from six to twenty-six years. This is the biggest refunding yet offered and if as much as 25 per cent is exchanged, which seems likely, the Treasury will have achieved a substantial stretch-out without upsetting present market yields. Wall Street bond dealers feel that the Treasury's efforts to move short-term rates up while holding long-term rates stable are working, largely because of the lower than expected level of business and consumer loan demand both in the banks and the capital market. As long as this slackness prevails the Treasury can continue to nudge up the bill rate, which went to a twenty-month high of 2.85 per cent this week, without materially affecting long-term rates. Yet sooner or later demand for credit should begin building up again and then the entire rate structure may move upward. But in the mean-

time the Treasury is taking advantage of the lull for the primary purpose of debt extension.

ICI-COURTAULDS

Movements in the Market

MILLBANK has been kept fairly busy this week, sending out the report on the alleged "leak" before Mr Chambers announced the bid and details of ICI's preliminary trading results for 1961, while St Martins-le-Grand has kept the pot boiling by staging a demonstration of the new fibre, BHS, and by exposing its directors to questioning by members of the investment clubs and the Society of Investment Analysts. But this week attention has shifted from battle headquarters to the stock market sector of the front line. Here dealings have continued to be for cash settlement. Cash dealing, it has been said, has been working to Courtaulds' disadvantage, since it reduces the volume of turnover by keeping buyers, speculative or otherwise, away. Certainly, there has been little active buying support to match the steady trickle of sales by recent purchasers who have been taking quick capital gains or by shareholders of longer standing escaping the need for decision by selling for cash. As a result, Courtaulds' shares have come down from 50s. 9d. to 48s. At the same time dealings on an "if, as and when" basis in ICI's convertible loan stock have been taking place in a market largely made by J. Henry Ansbacher; on Tuesday the closing price was 102-104 and it fell back to 99½-100½ on Wednesday before recovering to 100-102. Daily price movements in the stock, dealt in upon such a conditional basis, are not finally significant; but the market does give added credence to the belief that ICI's bid through the loan stock imputes a floor price of at least 50s. to Courtaulds.

After their generous promises about future distributions, Courtaulds' directors may feel disappointed that the shares have not climbed clear of 50s., since the promised payments can be made to support estimates ranging from a conservative 52s. 6d. to an optimistic 60s. for Courtaulds. Nor has the decision to revert to account dealings next Monday affected the price so far. Stock market prices will be an important influence on the decision that Courtaulds' stockholders have to take, but they are not the only one. The outcome will also depend upon the degree of support that the stockholders are prepared to give to the new men and new horizons of Courtaulds. Here the directors may draw some comfort from the fact that so far about 20,000 stockholders (about 13 per cent) have sent back postcards pledging their support. It is too early to judge how many stockholders will forgive the past and pin their faith on the future; but certainly their willingness to support the Courtaulds directors would be powerfully reinforced if the market price rose above 50s. when account dealings start again next week.

On Record

NEITHER the report by Commander L. J. Burt, retained by the solicitors William Charles Croker to inquire into the alleged "leak," nor ICI's preliminary statement have much immediate relevance to the decisions that Courtaulds' stockholders have to take. The "leak" report concludes:

(1) There is no evidence that any premature information regarding the negotiations between ICI and Courtaulds was made known to the press.

(2) The article in the *Daily Mail* on Monday, December 18th, which apparently was written on Friday, December 15th, merely gave expression to rumours of merger talks; such rumours existed not as a result of a leak of information but because people familiar with the problems of the two com-

BUSINESS NOTES

panies thought a merger to be a logical and sound step.

(3) The "hoax" telephone calls by an unknown man on Sunday, December 17th, gave no information regarding negotiations between ICI and Courtaulds.

The meat of ICI's trading results for 1961—the fall from £88 million to £62 million in gross profits and the maintained dividend of 13½ per cent—was already known. But the formal statement does show that ICI's net income has fallen by about 28 per cent, from £45.2 million to £32.4 million, and that the dividend cover has come down from 2.1 to 1.4 times. In all the value of the group's sales fell slightly, from £558 million to £551 million, and the gross profit margin fell from 15.7 to 11.2 per cent. The volume of ICI's sales in the home market was slightly higher, but their value was 2½ per cent less as a result of the

THE ECONOMIST FEBRUARY 24, 1962

reduction in prices; exports were about £1 million higher in value at £97½ million, "a substantial increase in volume" being largely offset by lower prices.

THE OTHER BID

Fairey Finale

FAIREY's resistance to the Bristol West-land offer for its shares has not captured many headlines, dwarfed by the bigger—and outwardly more bitter—struggle in another place. But the two battles have much in common: if Courtaulds has been lavish with future promises, so has Fairey. Both struggles began in the week before Christmas and now Fairey shareholders are at the point of having to make their decision,

Figuring for the New Rates

HOUSEHOLDERS' habitual indignation with their rate demands will rise to a new pitch next year when the new rating valuations under the 1961 Rating and Valuation Act come into operation. Just how these changes will affect them and other ratepayers nobody can precisely say; but a paper read to the Royal Statistical Society this week by Mr A. R. Ilersic of Bedford College, London makes some interesting calculations. For the 1963 valuation for all types of property will be based on current rentals—instead of on the 1939 valuation of rents for houses and on the 1956 valuation for industrial and commercial properties. Mr Ilersic estimates that imputed rents on domestic dwellings are now about three times higher than they were in 1939, and although there will obviously be regional variation, he expects domestic valuations to treble in 1963. Industrial properties are to lose the 50 per cent de-rating they at present enjoy; moreover, Mr Ilersic suggests that since the last valuation in 1956 industrial rents have increased by a further 50 per cent, so that, in all, the valuation of industrial properties also is likely to treble. The valuation on commercial property is expected to double; it loses the 20 per cent de-rating enjoyed since 1956, and since that date rents have increased by about two thirds.

These increases Mr Ilersic presents as a rough guide; and in the table he traces the effects on the distribution of rates of making three different sets of assumptions about the size of these increases in rental valuations (actual rate payments of course will be mitigated by concomitant reductions in poundages. The Government has already indicated that it would not wish to see the domestic ratepayers' share of the burden increased by more than 30 per cent and for this reason Mr Ilersic chooses

to develop his arguments using assumption B, which shows an increase in the domestic burden of 27 per cent. Mr Ilersic estimates on the experience of earlier years that quite apart from the effects of the revaluation, the actual rate charge or poundage between 1960-61 and 1963-64 would anyway increase by around 10 per cent—recent announcements suggest that this is perhaps too low. The effect of the new valuation on the householder (an increase of 27 per cent under assumption B) must be added to this 10 per cent. Thus one might estimate on this assumption that a householder whose rate bill was £50 in 1960-61 is likely, in 1963-64, to pay something like £68. His rateable value would be roughly trebled, but his rate poundage would be down by just under two thirds.

This figuring is based on an average over the country as a whole. As a general rule, the lower the proportion of domestic property in a valuation area the heavier will be the impact of the 1963 revaluation. Still using the estimates in assumption B, the increase in the share of the rate burden carried by householders in Birmingham, where domestic property comprises only 41 per cent of the total,

would be 32 per cent. In Brighton, however, domestic property forms 53 per cent of the total and the increase in the domestic rate burden would be only 26 per cent. In the London County Council area domestic property accounts for 35 per cent of the total.

The Act gives the minister power to abate "excessive" increases in domestic valuations. In his conclusions, Mr Ilersic suggests that there should in fact be little hardship, since rate payments by householders are such a small proportion of consumer expenditure; this is always a dubious argument for excusing a tax increase. Mr Ilersic also speaks of the local authorities in 1963 having "larger resources of rateable value available" and therefore being able "to raise a very much larger proportion of their total current expenditure from rates." There is no reason why they should; the changes in valuation are intended to make the distribution of the rate burden more equitable between different ratepayers, not to increase the burden as a whole. In practice, however, councils find it easier to raise more money by reducing poundages less than proportionately to the increases in valuations than by straight increases in poundages in a normal rating year.

POSSIBLE SHIFTS IN THE RATE BURDEN

Distribution on April 1, 1960			Assumptions about rental increases					
Class of property	Total rateable value £ m.	Percentage distribution %	A		B		C	
			Roman figures show the multiple by which valuations in each category are assumed to increase, and <i>italic</i> figures show the resultant distribution of the rate burden					
Domestic.....	334	47.6	3.0	56.9	3.5	60.5	3.0	64.2
Industrial.....	80	11.4	3.0	13.6	3.0	12.4	2.0	10.3
Shops.....	76	10.8	2.1	9.0	2.1	8.2	1.25	6.1
Commercial.....	77	10.9	2.1	9.1	2.1	8.3	1.25	6.2
Miscellaneous.....	104	14.8	1.5	8.9	1.5	8.1	1.5	10.2
Crown.....	31	4.4	1.5	2.6	1.5	2.4	1.5	2.9
Totals £m. %	702	100.0	1,762	100.0	1,929	100.0	1,555	100.0
Increase contributed by domestic properties			+19%		+27%		+35%	



If you want to know anything about exporting to East, West or South Africa, the Mediterranean or the West Indies, you should ask us first. For if any bank understands these territories, it is Barclays D.C.O. We have more overseas offices in more countries of the world than any other bank in Britain. But that alone means nothing without knowledge. And we have the knowledge. The kind of knowledge which comes from an intimate understanding of every country in which we are represented—and from close and constant study of each individual market over the years. Methodically we have amassed such knowledge. Carefully we have increased it. Shrewdly we have analysed it. Gladly we offer it—to you and to anyone else intent on selling more British goods abroad. And freely, let us add, you may draw upon it—either here in London or wherever our help is needed on the spot.

OVER 1,250 OFFICES
IN 41 COUNTRIES

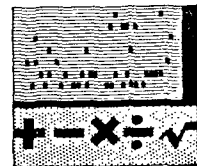


54 Lombard Street, London EC3
BRITAIN'S LARGEST OVERSEAS BANK

Decima£sd

It is possible, indeed probable, that our currency will be decimalised in the next few years.

MONROE calculators work in decimals already; *pay dividends now* and will pay even better dividends when sterling is decimalised. All other MONROE business machines in use and being sold today will be readily adaptable to decima£sd.



Full information of

MONROE BUSINESS MACHINES,
including the new MONROBOT electronic computer from
MONROE, Bush House, Aldwych, London W.C.2.
COVent Garden 0211.



YOU FIND MITSUBISHI NIPPON PRODUCTS IN SO MANY PLACES AROUND THE WORLD

PRINCIPAL PRODUCTION

SHIPS
POWER MACHINERY FOR LAND
AND MARINE USE
INDUSTRIAL MACHINERY
STEEL STRUCTURES
MOTOR VEHICLES
CONSTRUCTION EQUIPMENT

Write for illustrated catalogue specifying product to Publicity Sec.

MITSUBISHI NIPPON HEAVY-INDUSTRIES, LTD.

HEAD OFFICE: 4, 2-chome, Marunouchi, Chiyoda-ku, Tokyo
NEW YORK OFFICE: Equitable Bldg., 120 Broadway, New York 5, N.Y.

Cable: "BISHINIPPON TOKYO"
Cable: "BISHINIPPON NEWYORK"

for the Bristol-Westland offer closes next Tuesday and the alternative cash offer will not be extended beyond then. Immediately after Fairey's announcement of a proposed distribution of 12s. 6d. per share the issue seemed settled, for Fairey shares stood at 33s. But since then its shares, like those of Courtaulds, have fallen back steadily. They now stand at 29s. 3d., compared with a share offer worth 28s. 9d. and a cash offer of 28s. Both Fairey and the bidders have promised to distribute any compensation arising from the Great West Aerodrome claim.

The heart of the problem is whether Fairey shareholders believe that the directors can justify their assessment that the 10s. shares will be worth 22s. 6d. after the 12s. 6d. distribution has been made. This puts a value of 35s. on the shares (again without taking into account the aerodrome claim) but the bidders assert that a more realistic value after the distribution would be about 15s.; the current market valuation (allowing only a small sum for the aerodrome claim) supports this view. But at this week's meeting to approve the distributions both of cash and Siebe Gorman shares the Fairey chairman, Mr G. C. D'Arcy Biss, told shareholders that he was confident that profits would justify the higher valuation. He added that over £200,000 of the estimated profits of £650,000 for 1962-63 would come from overseas subsidiaries including only a modest contribution from Avions Fairey. The distribution proposals received overwhelming support from the shareholders. But this does not necessarily mean that Fairey has won the day, for shareholders could support the resolutions but then proceed to accept one of two Bristol-Westland offers. And like some Courtaulds shareholders, some in Fairey have backed out of making a decision by selling in the market.

THE EXCHANGES

Dollar in Orbit

At about the same time as Colonel John Glenn was launched into space on Tuesday sterling was sold against dollars from New York, and the long rise in the sterling rate was checked; on Wednesday it dipped below \$2.81½. Some market observers stolidly attributed this movement to the possibility, once again disproved on Thursday, of a Bank rate change. That prospect, indeed, is receding with the approach of the budget estimates, and of the budget itself; and it seems more likely that the midweek purchases of dollars did reflect a straight instinctive response to the great feat on which the United States has set so much store. London dealers believe that some of the transactions were short sales that will soon have to be covered, and the Bank of England has seen no reason to intervene in these circumstances. Earlier in February it took in dollars on a substantial scale.

The dollar has also been strong in

Switzerland and Germany, but a little less firm than last week in Italy and Holland—and it is still on the floor against the world's hardest currency of the moment, the French franc. Interest in gold has declined further, possibly in connection with the likely settlement in Algeria, and a substantial offering from Switzerland on Monday brought the London price down by the unusual amount of 3 cents to \$35.09½—close to the New York selling price to central banks. The London market appears to have received no direct offerings from Russia, but it suspects that the sales from Switzerland may reflect Russian sales on the Continent.

The Canadian dollar has this week recovered a little, to around 95.40 on New York, as dealers have covered bear positions opened in anticipation of last Friday's official talks with the International Monetary Fund. Some dealers had thought these might result in a new fixed parity for the Canadian dollar, of possibly 95 US cents. Instead, Canadian officials are believed to have given assurances about use of the official fund. In fact this fund has been used in a big way to support the Canadian dollar rather than drive it down. Canada's exchange reserves fell by \$133 million in January and by perhaps half that in the first fortnight of February—which is a drop of one-tenth in six weeks.

Reported reserves of the German Bundesbank continue to swing wildly—down by DM 238 million in the second week of February, following a rise of over DM 350 million in the two preceding weeks and a fall of DM 3,000 million in the first three weeks of the new year. More significant perhaps is a sharp fall in exports in January, to 2 per cent below January, 1961, while imports were 9 per cent higher; because of the 5 per cent revaluation the changes in volume are even larger.

Funding in Amsterdam

An Amsterdam correspondent cables:

THE exchange reserves of the Netherlands Bank have fallen by 92 million guilders this week (about £9 million), following the fall of 52 million in the previous week. The commercial banks are buying both sterling and dollars, following their end-year repatriations. The Netherlands Bank has been selling spot dollars and at the same time has acted as a buyer of forward dollars, probably to a large amount, as an agent for the United States Treasury. In line with its new active policy the US Treasury has bought guilders to the equivalent of at least \$15 million.

The Dutch banks must soon prepare for the new government loan of 300 million guilders, with a coupon of 4 per cent and a life of 30 years, which is being issued in early March for payment on March 22nd. The banks' present liquidity is inadequate for such a call, and it may have to be fortified by repatriating some of their large short term funds abroad, especially in London. It is expected that the Netherlands Bank will again start granting licences

for new foreign guilder loans, once the big consolidation loan is out of the way. There is a long waiting list, consisting mainly of Belgian and Scandinavian borrowers—but apparently no British firms. At the moment there is still plenty of money in the capital market, but the government is deliberately draining it through its own funding loan and by keeping the door open to foreign borrowers.

OVERSEAS TRADE

Imports Evenly Spread

THE marked increase in imports between December and January is probably no more than the ordinary month to month fluctuation, which itself varies in range, and on this occasion was rather larger than usual. So, not very helpfully, the Board of Trade comments on the worrying rise in imports last month. The rise was in fact spread pretty evenly over the main categories and the main sources of supply. This is anything but comforting, since it does not obviously point to the presence of any special factor. The only exceptional increase has been in oil from the Middle East. Imports of fuel generally have been rising for some months; in November-January they were 11 per cent higher than in the three previous months, seasonally adjusted, while total imports in these three months were 1 per cent lower—but 2 per cent more than in the third quarter of 1961.

For exports, the detailed trade accounts show a continued contrast between markets in the sterling area on the one hand and Europe and North America on the other. Exports to the sterling area in November-January were down on the previous three months by 9 per cent; slightly more than half this reduction was attributable to a falling away in deliveries of ships. Exports to Australia continued to recover but now face the prospect of new import restrictions. Exports to New Zealand were down on the year by 38 per cent and to India by 23 per cent.

Exports to the United States rose by a further 4 per cent, bringing them 12 per

EIU Quarterly Economic Reviews

covering 57 countries or groups of countries
Out this week:

IRAN

The Review discusses the political significance of the recent students' riots in Teheran, and examines the implications of the important new land reform scheme, which could be vital for Iran's future development. Current development, particularly the many projects which have come to fruition in recent months, is described, and an account is given of recent oil developments.

Further details from:

THE ECONOMIST INTELLIGENCE UNIT LTD.,
5 Bury St., S.W.1. 60 East 42nd St., New York 17
Tel: WHI 0353, Ext 35 Tel: Murray Hill 7-6850

cent up on the year; exports to Canada rose by 3 per cent, but were still slightly down on the year. Shipments of cars have played an important part in these increases, and in total were 23 per cent up on the year in October-January, whereas they had been 25 per cent down on the year in the third quarter of 1961. Total exports to western Europe fell a little, allowing for seasonal factors: the decline in ships was greater than increases elsewhere. Exports to common market countries were again more buoyant than those to other countries in the European Free Trade Association.

MOTORS

Prosperous Spring?

THE rise in car production between December and January—from 19,978 to 23,503 a week—mostly results from the effects of the Christmas holidays on December production. But there now seems to be some upward trend in output, especially for Rootes, Vauxhall and the

British Motor Corporation. Exports showed a more spectacular improvement in January; at 49,705 they were at their highest since May, 1960, when shipments to North America began to fall. And much of this recovery comes from higher shipments to this market, as dealers begin building up stocks again after 18 months of running them down—in the hope that this will prove a better year for British car sales than 1961. Sales then were about 75,000, falling towards the year's end, so exports are unlikely to maintain the rate of 8,900 a month reached in January. Much of the increase in exports to Europe is also accounted for by stockbuilding: of new models like the Victor and Super Minx, or of older models such as the Ford Anglia that are being sold at lower prices—these factors must explain the doubling of exports to France compared with December to the unexpected figure of 4,000 (making France the third biggest importer of British cars, after the United States and Canada).

The home market has been showing the usual signs of recovery with the new year, and the industry feels more confident that it will have a good spring and summer.

Sales so far seem little lower than they were a year ago, but by April they should be as high or higher. The sharing of these sales among the different companies will probably show some substantial changes, however: by last December one finds that Ford was getting under 25 per cent of the market, compared with the 30 per cent or so it had averaged for the year, while the share of BMC had risen to over 43 per cent from its annual average of a little over 39 per cent.

December cannot be taken as setting the pattern for this year, for Rootes was still not in full production. This company should be able to get perhaps five per cent more of the market than the eight per cent it then had, and some of this would probably come from Ford and BMC. Vauxhall might also lose some of the nine per cent share it had in December; but it is hard to see how Standard-Triumph can lose any more of its share, now it is back to last winter's four per cent, without virtually ceasing to exist. So one might say that the prospect for 1962 is cheerful for BMC, Rootes and Vauxhall, but perhaps depressing for Ford—while S-TI still awaits a model to rescue it.

NOMURA . . . A HISTORY OF RESEARCH

Why is research necessary? Sometimes it results from a desire for information. But more often it is because of a need for answers to certain problems.

In earlier years most people bought and sold stock on hunches or from experience. The stock market, due to its small range of stocks available to the average investor, was speculative in itself. Few investors understood the importance of research.

Nomura Securities believed that the economy of Japan would eventually be governed by law and saw that the true future of good investments would be built around research. The Nomura research department, which is the result of this belief, now provides facts about stock investments. This has been an influential factor in the large number of investors who are now taking part in the Japanese stock market.

Since its beginning, the research department of Nomura Securities has provided information for government agencies, corporate investors, and private stock owners. Call or visit Nomura Securities for information on the Japanese economy which is backed by facts . . . through research.

THE NOMURA SECURITIES CO., LTD.

Head Office: 1-1, Tori, Nihonbashi, Chuo-ku, Tokyo, Japan
New York Office: 61 Broadway, New York 6, N.Y.

This is neither an offer nor a solicitation of orders for any particular securities.



Provided a U.K. exporter is prepared to study the French market, to sell energetically and to export consistently, his care and drive will be rewarded.

This is one conclusion reached by Barclays Bank in a recent survey of the French economy, from the standpoint of her trading activities with Britain and other countries. But many important questions are considered in this survey, questions of vital interest to all businessmen contemplating selling to France. The answers—together with other helpful information including diagrams—are published in the Bank's latest report on **France**. Copies are obtainable from:

The Intelligence Department



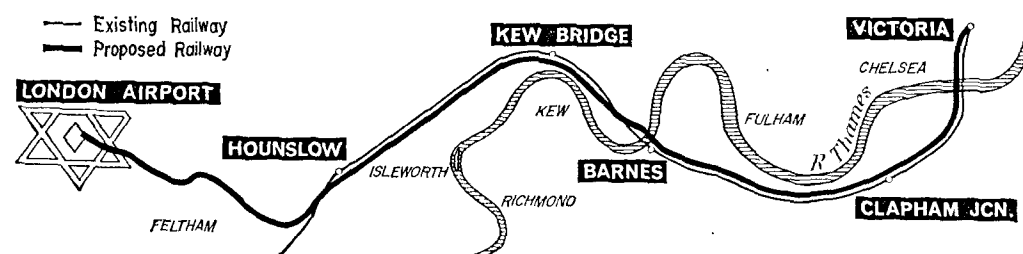
**BARCLAYS BANK
LIMITED**

54 Lombard Street, EC3

or any branch

LONDON AIRPORT

By Train?



AN old controversy about the best way of transporting passengers to London Airport has been revived by the publication in the *Railway Gazette* of the survey made in 1956 for a railway from Victoria to the airport. The consulting engineers concerned, Rendel Palmer and Tritton, then estimated that the cost of the line would be £15 million, excluding rolling stock costing perhaps £500,000; by now this outlay would probably have risen to around £20 million. Two new tracks would be laid alongside existing lines as far as Hounslow, allowing non-stop trains to be run; from there a new line would go in a tunnel to an underground station below the central terminal area. The journey would take 20-25 minutes.

When Mr Watkinson, as Minister of Transport, decided in 1958 to build the section of the M4 motorway from Chiswick to London Airport and beyond by 1964 he rejected the argument that a special means of transport should be provided for the airline passenger.

To make any profit on an expenditure of £20 million, over and above interest charges, British Railways would need a revenue of from £2 million to £2½ million.

At the present fare of 5s. from the terminal to the airport by bus this would mean nearly 10 million passengers a year—out of the 13 million passengers expected to use the airport in 1970. If a fare of 7s. 6d. was charged some seven million passengers would be enough to provide a profit. About half the six million passengers using London Airport in 1961 travelled there by car, so an estimate of seven million rail passengers would be consistent with a continuation of the present habits of travel. But the railways suggest that given the chance a larger proportion of passengers will choose to travel by train than by coach. Nobody knows, however, how big a proportion of passengers travelling to the airport come from elsewhere than the centre of London; this railway view also assumes that none of the airlines will choose to run its own coach services rather than send its passengers by train. A coach can dump passengers and their baggage nearer to the terminal building than a train can, so some airlines might still think it more convenient. KLM is using coaches rather than trains to carry passengers to Luton on these grounds.

The ultimate argument for a rail link to the airport, whether it be a proved surface train or that more hypothetical but much-lobbied form of tracked vehicle, the monorail, must be that reliance on road travel will make the arrival of passengers so unreliable that departures are delayed, reducing airline efficiency and losing traffic. The capacity of London Airport has been put by the Milbourn Committee at some 6,000 passengers an hour, though the growth in aircraft capacities may make this an underestimate. The railway could carry 4,000 an hour with four-coach trains, or twice as many if the terminal was built for eight-coach trains. But it would take only 200 buses to carry 6,000 passengers, and this is an insignificant number compared to the motorway's capacity for some 6,000 vehicles an hour. So reliance on coaches might not make much difference to traffic congestion. No doubt delays would occur during the rush hour, but one wonders whether the delays would be serious enough to justify spending £20 million. If the railways are to be run as a commercial undertaking, should they invest in schemes that seem unlikely to do much more than pay for themselves?

ATOMIC CONTRACTS

Get In the Queue!

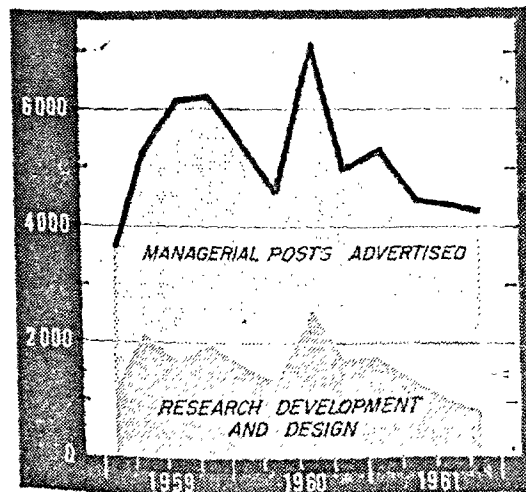
THE Central Electricity Generating Board's intention to award the contract to build the country's eighth commercial nuclear power station to the Nuclear Power Group was known for some months before this week's formal announcement. This 560 megawatt station, expected to cost about £60 million, is the group's fifth order and suggests that it may be the first British company, and conceivably the first in the world, to show a profit on its nuclear investment. What was not known was the CEBG's decision to drop the tender procedure (and the compensation of unsuccessful bidders) for its next nuclear power station at Wylfa, on which work will probably start next year.

The CEBG has announced well in advance that it intends to order the first unit of a doubled-up station from the United Power Group (General Electric and Atomic Power Constructors) and the second, to be started a year after, from English Electric. With the Nuclear Power Group capturing the lion's share of the contracts Sir Christopher Hinton must plainly have been under pressure to help the other two groups, particularly the United Power Group, which is in considerable trouble at the Hunterston station in Scotland and which has had no orders since 1959.

It could be argued that the tender system is not always a reliable yardstick in nuclear design; CEBG has not in the past always accepted the lowest tender and, in the case of Oldbury, has opted for a relatively high capital cost in order to gain the advantage of using a concrete rather than a steel pressure vessel. But can it be so sure that competitive bidding did nothing to improve nuclear design?

Boffins Need Not Apply

The high turnover in managerial and executive appointments carrying salaries of £1,000 p.a. upwards which reflected the industrial optimism of late 1959 and 1960 fell sharply last year. Rosy estimates of the future then created peak demands for experienced people in research, development and design; now, most firms seem to have decided they have all the boffins they need. This evidence of changed mood bears out the findings of last summer's Zuckerman report, which, to many people's disgust, suggested that the long-term industrial shortage of scientific manpower was largely imaginary and predicted a balance in supply and demand by the mid-60s.



Source: Management Selection Limited.

BUSINESS NOTES

TRUSTEE SAVINGS BANKS

Cheques No Cheaper?

THE trustee savings banks have always been strongest in the more northerly, and poorer, areas of Britain—some 30 per cent of the inhabitants of Glasgow are depositors but only about 3 per cent of the inhabitants of London. Despite this historical handicap, the trustee savings banks in recent years have attracted deposits at a rate faster than both the Post Office Savings Bank and the big clearing banks. In their year ending on November 20, 1961, the trustee banks notched up an increase of over £100 million for the first time, bringing total deposits to £1,597 million, an increase of 6 per cent, compared with the clearing banks' 2 per cent. Once again the most marked increase, of £65 million, was in the special investment department, bringing these funds to £500 million, compared with £902 million in the ordinary department. Interest allowances have ranged between 3½ and 5 per cent, from the proceeds of investments in local mortgages and Treasury bills, compared with the 2½ per cent paid on accounts in the ordinary department, which invests directly with the National Debt Commissioners.

The main preoccupation of the trustee savings banks continues to be the launching of their cheque scheme, which was first mooted nearly three years ago. Some hurdles still have to be cleared—in particular, a bill has to be got through Parliament. But the trustee bankers say that they have now reached agreement in principle with the commercial banks on the clearing arrangements—the trustee banks are already in on the clearing for credit transfers—and that this agreement apparently includes the proposed charges for the clearing service. The clearing banks are much more reticent;

THE ECONOMIST FEBRUARY 24, 1962

and they are believed to be pressing the Treasury, as a *quid pro quo* for their co-operation, to give them the same tax exemption as the trustee banks on the first £15 of depositors' interest. The trustee savings banks have not yet revealed the terms on which they propose to issue cheques, but interest will almost certainly not be paid on the cheque accounts, and a service charge will be made—possibly on the basis of the 6d. to 1s. that trustee savings banks charge their customers for occasional cheques at present. Thus these accounts would be on broadly the same basis as current accounts at the clearing banks.

SHIPPING

Year Without Glory

SCARCELY anything about 1961 could give the shipping industry much comfort. The annual report of the Chamber of Shipping catalogues the woes of the industry: a continued increase in flag discrimination, a fall in the proportion of the world's merchant fleet flying the British flag and declining freight rates at the end of the year. Mr Marples's decision to call a conference of European nations on March 7th to discuss the problem of discrimination seems to show acceptance of the Chamber's belief that the Government must adopt a more positive policy if it is to produce any real improvement in a situation that the Chamber fears may become disastrous for British shipowners (as witness P&O.)

EARNINGS OF BRITISH SHIPPING FROM FOREIGN TRADE

	1952	1958	1960
Gross tonnage (millions) ..	17.0	21.3	23.4
Freight receipts	668.4	724.2	752.9
Other receipts	86.1	110.3	101.1
Total receipts	754.5	834.5	854.0
Receipts from abroad	509.7	562.6	569.2
Expenditure abroad	288.3	427.8	496.9
Net foreign earnings	221.4	134.8	72.3

The second sample survey of shipping earnings, covering 1960, is published in the report. This shows that Britain's total receipts from ships engaged in foreign trade rose by about three per cent, while their tonnage rose by seven per cent—a consequence of the fall in freight rates that year. The contribution of shipping to invisible exports fell, however, by 27 per cent, as the result of an increase in expenditure on the charter of foreign ships that exceeded the rise in British ships' earnings. Using more foreign ships, in fact, has accounted for almost all the fall in the net export earnings of shipping since it reached £221 million in 1952.

EFFICIENCY COMPARISONS

Family Dose

A SLIDE-RULE rather than a yardstick is the measuring tool of the Centre for Interfirm Comparison, which matches the

THE ECONOMIST FEBRUARY 24, 1962

performance of firms against each other by means of a long series of efficiency ratios, from the basic "operating profit/total net assets" to details of production and sales processes. The exercise has often proved a salutary one for separate companies in an industry; now some of the hydra-headed organisations are pouring the same medicine down each of their several throats to see what happens when efficiency of different units in the same group is compared.

The prescription, now published in detail for the first time* has been adopted for

* Efficiency Comparisons Within Large Organisations. Published by the British Institute of Management and Centre for Interfirm Comparison, price 17s. 6d.

HOUSE PRICES

Ups and No Downs

STATISTICS about property values are scarce, but much illumination is thrown on them by the annual bulletin on house prices issued by the Co-operative Permanent Building Society, based on its own surveyors' reports. These figures confirm the observation that the little budget did not seriously check the rise in house prices over the country as a whole in the second half of the year. But some regional differences have emerged: in Greater London and Kent the rise in prices was less strong in the second than in the first half of the year and the prices of the cheaper and poorer quality houses in this area actually fell by 4½ per cent. Excluding this region, average prices continued to rise as quickly; over the country the average increase was 11 per cent for new houses. Mortgages have still been rationed, and interest rates have been raised. But a bigger influence on prices has been the ending of the Government's house purchase scheme, under which £97 million was lent between 1959 and 1961, which had as much effect on prices as higher interest rates. Much of the money lent under this scheme was to finance older terraced property, particularly in London, and with its drying up, turnover in such property has fallen steeply and prices are down.

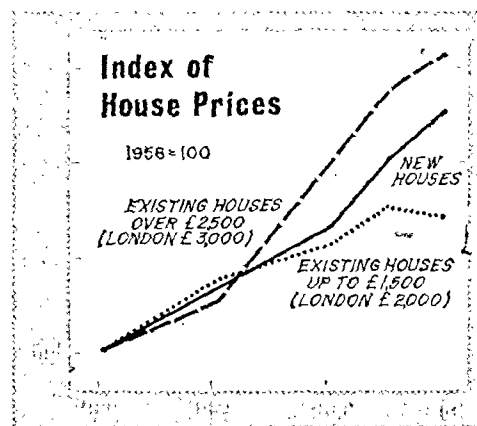
Geographically, price differentials remain wide. One can buy two houses in the north of England for the £3,500 paid for the average house bought on a mortgage in the London area. At the opposite end of the scale, the virtually static supply of London town houses and country cottages "of character" in the commuter's belt seems to guarantee a further rise in their prices; London estate agents say there is no shortage of money for such property and only a handful of buyers need a mortgage. Prices of "junior executive" houses in the smarter residential areas of northern England seem to be moving up in line with those in the southern counties. The average differential in new house prices is still wide—a new house which in London might cost £3,700

family use by a study group of representatives from seven large firms—beginning with Courtaulds and ending with ICI. Their report has some useful things to say about practical methods of obtaining useful comparisons in apparently dissimilar circumstances—as between units housed in their own property and those renting premises, for instance, or between factories of which the end-products may be different but which all the same may have some comparable production processes as well as common features of stock control, invoicing, transport and so forth.

This report provides no startlingly original information (there is no single line of enquiry here that a competent business man could not have thought up for himself),

might be £2,600 in north-west England—though not as wide as that between existing houses. Sellers of more expensive houses up to the £5,000 mark (near the upper limit for building society finance) have found that they have had to wait longer for a purchaser willing to pay their price but, except possibly in the London area, they have not usually had to shade their offer prices.

In the immediate future there appears to be no reason to expect a fall in the price of any but the cheapest houses. Whether the local authorities will be able to match last year's performance of lending £99 million on house mortgages, against £66 million in 1960, must seem doubtful. Although the flow of savings to the building societies has quickened, the societies, without the aid of the house purchase scheme, will find it difficult to top their achievement of lending nearly £550 million last year. But it is possible that the number of houses on which advances were made was lower last year than in 1960 and it seems certain that mortgages this year will be concentrated even more upon better quality houses. This may help to keep their prices up but without the support of the Government scheme the older, cheaper houses may fall further in price.



Source: Co-operative Permanent Building Society.

BUSINESS NOTES

but it does offer a standard measuring tool which, adapted to individual needs, could save firms from having to work out their own framework of comparison. By its very existence, this series of comparisons may encourage different sections in large organisations to take a long steady look at their own efficiency unprompted by head office.

Like any attempt to impose a tidy pattern on unshapely reality, this approach has its snags. For example, the profit/capital employed ratio is difficult to use fairly, even over quite a long space of time, in comparing plants of very different ages: old equipment of low book value, soon due for scrapping, may show a misleadingly greater return than modern equipment recently installed at high capital cost. Again, how is it possible to compare between units the return on money spent on research? This report recommends a ratio of research expenditure/sales income—often, surely, a dangerous if not meaningless exercise? It throws in, however, the useful advice that "in some cases it pays to refrain from research on new products or materials and to wait for the results of others' research to become available." Did that idea come from Courtaulds or from ICI?

SHORTER NOTES

Sir Cyril Hawker, an executive director of the Bank of England since 1954, is stepping down at the end of this month to become deputy chairman (and later chairman) of the Standard Bank of South Africa. His place on the Court is to be taken by Mr L. K. O'Brien, at present chief cashier. The new name on bank notes will be J. Q. Holloway; his place as deputy chief cashier will be taken by Mr L. A. Whitmore.

*

The Charterhouse Group has cut its dividend from 8 to 6 per cent. Net profits for the year to November 11th last were little changed at £403,000. Further hire purchase losses offset higher profits from its non-banking interests and from its merchant banking subsidiary, S. Japhet.

*

Thorn Electrical is having discussions on a possible take-over bid for Murphy Radio. Murphy's capital is £1,092,000 in 5s. shares and no dividend was paid for 1960 when the company made a loss.

COMPANY AFFAIRS

Comments on pages 756, 757 and 760 on:

Imperial Tobacco	Jaguar
City Centre	Borax
Whitbread	Schroders
Hadfields	Ross Group
Nelson Fund	Merrill Lynch
	Lancashire Cotton

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 758 and 759

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 761

To the Ordinary Stockholders and, for information, to the Preference Stockholders of Courtaulds, Limited.

COURTAULDS, LIMITED

Advice to Stockholders

The Board of Courtaulds firmly believe that it is in your best interests to ignore the offers made to you on behalf of Imperial Chemical Industries.

As you will see from reading this letter, we are giving you this advice because we believe that:

- your Courtaulds Ordinary Stock is worth more than the corresponding I.C.I. shares or Loan Stock you would receive;
- I.C.I.'s proposal to take over and control Courtaulds is unsound both commercially and industrially.

We have received throughout the strongest support from the Courtaulds staff and operatives, from customers both at home and overseas, and from other interested people throughout the world. Numerous stockholders have also written pledging their support.

We profoundly regret that precipitate and wholly unexpected action by I.C.I. has led to a course of events which has been most distasteful, brought uneasiness to employees at all levels and caused the voicing of grave concern in both Houses of Parliament, in the Press and elsewhere.

RELATIONS WITH I.C.I.

Since 1928 Directors of Courtaulds and I.C.I. have met regularly in the normal course of business and until recently had always found sound industrial solutions to their problems. The relations of the two companies have been primarily that of Courtaulds as a user and I.C.I. as a supplier of chemical raw materials.

As was said in the press statement of 9th February, the exploratory discussions which had taken place never contemplated a take-over bid; they had for their object the strengthening of the man-made fibres industry generally. No detailed negotiations for a take-over have ever been conducted.

I.C.I. first disclosed that they were contemplating a take-over bid on 15th November, 1961, when they said they might offer a price so attractive as to outweigh Courtaulds' firm objections on industrial grounds.

The first definite proposal in writing was made in I.C.I.'s letter delivered by hand on Saturday, 16th December, 1961.

For reasons which are still obscure its main contents were disclosed publicly by I.C.I. on the following Monday, 18th December, 1961, without reference to anyone in Courtaulds.

INDUSTRIAL ARGUMENTS AGAINST THE TAKE-OVER

Courtaulds Board firmly believe that the fields of business of the two companies, their organisations and their industrial philosophies are so different that a take-over would fail to bring benefits to stockholders, or to employees or to customers of Courtaulds.

I.C.I. Directors seem to believe that by control of all the fibres and of all the raw materials they could regulate supplies to the market to suit the I.C.I. investment programme. Courtaulds know from their very much longer and wider experience in fibres that it is imperative to understand the needs of the customer and to meet them on a competitive basis.

The economies which the I.C.I. Directors envisage are trivial in relation to the turnover and profits of the two groups and are principally in research and promotion expenditure in the narrow field of 'Terylene.'

FINANCIAL ARGUMENTS AGAINST I.C.I.'s TERMS

As indicated in the Courtaulds Financial Statement of 24th January, 1962, already sent to you, the year 1962/63 and the following years are expected to show a rapid growth in the profitability of your Company's wide range of activities. This reflects both the effective action taken by the Board in recent years to overcome the industrial problems with which they have been faced and also the development of new activities and fibres.

Your Directors have already informed you that they must advise stockholders to reject the offer of £4 I.C.I. Ordinary Stock for every £5 Courtaulds Ordinary Stock (itself an increase on the original 3 for 4 offer) on the ground that it seriously undervalues the earning capacity of Courtaulds in relation to that of I.C.I.

I.C.I. have now themselves tacitly admitted the inadequacy of their second proposal by making a further and alternative offer in 6½ per cent Convertible Unsecured Loan Stock.

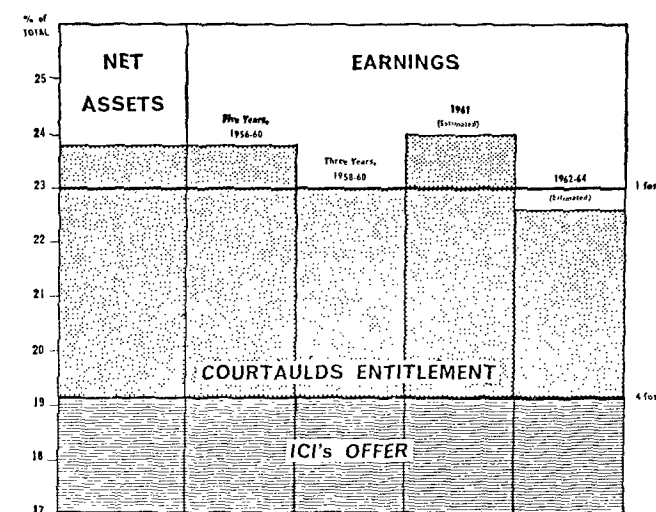
In his letter dated 14th February, 1962, addressed to Robert

Fleming & Co. Limited and Morgan Grenfell & Co. Limited, Mr S. P. Chambers advises the Courtaulds Stockholders that, in making their choice whether or not to accept the I.C.I. offer, "it is necessary to compare the past performance of the two Companies, their current position and their future prospects." Nowhere, however, are these comparisons made by Mr Chambers or his advisers. This is hardly surprising since, as shown by the graph which follows, the comparisons disclose clearly that on all counts—net assets, past and present earnings and future prospects—the I.C.I. offer of 4 for 5 is totally inadequate.

The figures from which the graph has been prepared are those included in I.C.I.'s offer, with the following additions:—

- Courtaulds estimate of profit for the year ending 31st March, 1962, of £17,500,000.
- The forecasts of profits for the next three years. The figures which have been used for this purpose are those exchanged by the two companies in December, 1961.

Proportion attributable to Courtaulds Ordinary Stockholders of combined Net Assets available for Ordinary Capital and combined Equity Earnings of I.C.I. and Courtaulds.



NOTES:

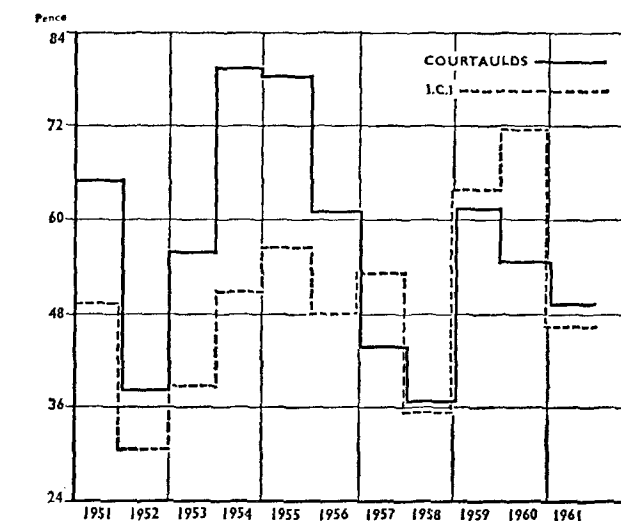
- I.C.I.'s figures are for calendar years and the corresponding Courtaulds figures are those for the years ending in each case on the subsequent 31st March.
- The assets and profits of British Nylon Spinners Ltd have been consolidated since, if the two groups were to be merged, it would become a wholly-owned subsidiary of I.C.I.
- The profits of British Celanese Ltd. and of Pinchin, Johnson & Associates Ltd. have been consolidated with those of Courtaulds both before and after acquisition since the Ordinary Capital of both those companies was acquired by issuing fully paid Ordinary Stock of Courtaulds.

Appendix II to the I.C.I. offer gives a misleading impression of I.C.I.'s growth insofar as it only shows Group income and does not disclose the issued capital to which such income relates. During the period I.C.I. has raised some £80,000,000 by the issue of new Ordinary Capital.

A more appropriate method of examining their growth and that of Courtaulds is to express equity earnings as a proportion of issued Ordinary Capital. This is shown in the graph which follows from which it will be seen that taking into account the bonus and cash issues:—

- I.C.I.'s earnings per £ of issued Ordinary Capital were less in 1961 than they were in 1951;
- in 1961 and indeed in all but 3 of the last 11 years Courtaulds earnings per £ of issued Ordinary Capital were greater than those of I.C.I.

COURTAULDS AND I.C.I. EARNINGS PER £ OF ORDINARY STOCK



NOTE: The earnings per £1 of issued ordinary stock of each company on which this graph is based have been calculated as follows:—

The gross equivalent (after taking into account income tax at the standard rate applicable to the ensuing fiscal year) of the profit after taxation and after deduction of the net amounts applicable to minority interests and net preference dividends, as shown in the published consolidated accounts, and of half of the retained earnings of British Nylon Spinners, has been expressed as a percentage of the issued ordinary share capital at the end of each year adjusted for subsequent bonus issues.

I.C.I.'s figures are for calendar years and the corresponding Courtaulds figures are those for the years ending in each case on the subsequent 31st March.

The facts set out above show conclusively that an exchange of Courtaulds Ordinary Stock into I.C.I. Ordinary Stock on a 4 for 5 basis would be disadvantageous both now and throughout the period of the options offered by I.C.I. in connection with their proposed Loan Stock.

COURTAULDS PROPOSALS

Your Directors have every confidence in the future of Courtaulds and they have formulated certain plans for its future policy and reorganisation.

Investment Trust

It is recognised that at the present time Courtaulds hold, outside their trading activities, substantial assets on which only a low rate of return is being obtained. In these circumstances the value of these assets has not been fully reflected in the price of the Courtaulds Ordinary Stock. As a first step towards remedying this position, it is intended to transfer to a wholly-owned subsidiary the principal trade investments of Courtaulds, other than that in British Nylon Spinners. It is also intended to transfer to this subsidiary such liquid assets, including Government Securities, as can be regarded as surplus to the requirements of

Courtaulds trading activities, as well as a number of properties which are not required for manufacturing operations. Taking the investment in Snia Viscosa at its present market value, it is expected that the current value of the assets to be transferred will be of the magnitude of some £40,000,000.

The subsidiary will be run as an Investment Trust and suitably experienced individuals from outside the Group will be invited to join its Board.

It is believed that under vigorous management, the Investment Trust will have considerable potential and your Board have every intention of making appropriate arrangements in due course for passing on to Stockholders the full benefits expected to arise from its development.

The accounts of the Investment Trust will be published as a separate part of the accounts of the Courtaulds Group.

Dividend Policy.

Your Directors have already stated their belief that the resources of Courtaulds should allow a policy of consistent and steadily increasing dividend distributions. They have now decided that it will be their policy in the future to recommend for distribution by way of dividend the whole of the income, after expenses, of the Investment Trust, together with all other investment income and not less than 50 per cent of their trading profits. They have taken the following further detailed decisions:—

- (a) **1961/62 Dividend.** Although the current year which ends on 31st March, 1962 began badly and the first half year's profit only amounted to £7,600,000, trading has now improved to the point that, as already indicated, profit for the second half of the financial year is expected to be approximately £10,000,000, i.e., at an annual rate of £20,000,000. Bearing in mind the Company's strong cash position and future profit expectations, the Board are satisfied that they will be able properly to recommend a final dividend which will bring the total dividend for the year to **12½ per cent**;
- (b) **1962/63 Dividend.** During the year ending 31st March, 1963 the first substantial benefits of the acquisition in November, 1961, of British Enka will be felt, and it is expected that the improvement in trade indicated above will continue. Your Directors have already informed you of their estimate of profit of £23,000,000 in respect of that year. Such profit (after meeting interest on the Loan Stock referred to below) would in the light of the policy decision referred to above justify the recommendation of a total dividend for the year of not less than **13 per cent**.
- (c) **Tax-free Distributions.** The reorganisation of the Group's activities carried out in the last few years, together with the development of new fibres, should result in increasing profits and dividends. In order to supplement the Ordinary dividends during the next few years of growth, it has been decided to recommend out of capital profits a special cash distribution of **2½ per cent free of tax in each of the three years 1961/62, 1962/63 and 1963/64.**

Unsecured Loan Stock.

Since it will be some years before the full benefits of the above arrangements are felt by Stockholders, it is desired to make an effective distribution to them immediately. Accordingly it has been decided (subject to the consent of H.M. Treasury for which application has already been made) to recommend the capitalisation of some £40,000,000 of reserves (representing capital profits) by the issue to Ordinary Stockholders, credited as fully paid, of 10/- of a 7 per cent Unsecured Loan Stock 1982/87 for each £1 of Ordinary Stock. Application will be made to the Council of the Stock Exchange, London, for permission to deal

in and for quotation for this Stock which it is considered will command a price of at least par in the market. Stockholders will thus be in a position to realise for cash a part of their investment without giving up any of their interest in the equity of Courtaulds.

CASH FLOW

Your Directors are satisfied that the cash flow of the Group will be sufficient, after the proposals set out above have been implemented, to finance their present plans for capital expenditure and to provide adequate working capital.

CONCLUSION

It has been pointed out earlier in this letter that I.C.I.'s offer to convert into its Ordinary Stock on a 4 for 5 basis undervalues Courtaulds Ordinary Stock both now and during the option period. Under the alternative Loan Stock offer, therefore, a holder of Courtaulds Ordinary Stock is in effect being asked to part with the whole of his equity in Courtaulds for a fixed interest security on terms which your Directors are convinced are quite inadequate.

The following table shows the gross income which a holder of £100 Courtaulds Ordinary Stock could expect to receive under each of the three choices open to him:

	1961/62	1962/63
If I.C.I.'s 4 for 5 offer were to be accepted	£10	£11
If I.C.I.'s offer of Loan Stock were to be accepted	£10	£16 5s. 0d.
If Stockholders support Courtaulds and reject I.C.I.'s offers:		
Ordinary Dividend	£12 10s. 0d.	£13 minimum
Gross equivalent of 2½% tax free payment	£4	£4
Loan Stock	—	£3 10s. 0d.
	£16 10s. 0d.	£20 10s. 0d.

After consultation with their financial advisers, Baring Brothers & Co., Limited, and Binder, Hamlyn & Co., Chartered Accountants, the Directors of Courtaulds strongly recommend their Stockholders to reject the I.C.I. offers and to place their confidence in the future of Courtaulds as an independent and progressive company.

Notices convening an Extraordinary General Meeting of the Company on the 15th March, 1962, a proxy paper for the Meeting and resolutions and details regarding the proposed Unsecured Loan Stock will be posted to you shortly.

J. C. HANBURY-WILLIAMS,
(Chairman).

A. H. WILSON,
(Chairman Designate).

15th February, 1962.

MCCORQUODALE & CO. LTD.

Printers at home and overseas

Extracts from the Statement by the Chairman, The Rt. Hon. Lord McCorquodale of Newton, P.C., for the year ended 30th September, 1961.

This Annual Report of McCorquodale & Co. Limited is the first issued since a Stock Exchange quotation was obtained for its Ordinary Shares.

THE MCCORQUODALE GROUP PROFIT

For the year ended 30th September 1961, our turnover was more than maintained and indeed increased by 5 per cent. Our Group profit, before taxation is 19 per cent. down from the record figures of 1960 when account is taken of the profits in both years of the newly acquired subsidiaries. However, 1960 was disproportionate in that the first three months of that year benefited considerably by the aftermath and carry-over of the strike period of 1959. If we take the profits of the McCorquodale Group and omit new additions so as to compare like with like over the last few years, and if we join together the two exceptional years of the printing strike and of the aftermath, i.e. 1959 and 1960, and take the average profit, we can show a steady improvement in our annual profits, viz: 1958, £1,117,624, 1959/1960 Average £1,348,350 and 1961, £1,544,397.

The Board of Directors are proposing a 7½ per cent. final dividend on the Ordinary Shares, making 12½ per cent. for the year, as was forecast.

Owing to the operation of the credit squeeze in the summer of 1961, we noted a falling off both in enquiries and orders during the last few months of this trading year. There was also a sharp fall in the turnover of our important Australian subsidiary in the June/September period due to their severe credit restrictions. In addition, there has been a steady increase in our production costs, especially those of wages, in spite of all the efforts of our management to obtain the maximum of efficiency from our plants.

OUTLOOK FOR THE CURRENT YEAR

It would be difficult for me to attempt to forecast even the immediate future with any certainty. The commercial printing trade in which we are so largely interested, depends so much upon the climate of business generally. The results for the first three months of the present financial year look fairly promising.

We have been able to renew some of our most important long term contracts which expired during the quarter and our turnover has been maintained whilst our reports from Australia are much more encouraging.

Since the New Year there has been a slight falling off once more in the printing trade generally. For example, the difficulties in the postal service have undoubtedly affected, for the time being, the demand for direct mail advertising. Taking a larger view, however, the general demand for printing and especially for technical, educational and scientific books, periodicals and the like should continue to increase, and if we can keep our costs within reasonable bounds, the printing trade as a whole should continue to prosper.

COMMON MARKET POSSIBILITIES

Our possible entry into the Common Market should not be likely to affect our trade materially, providing that we study closely the costs of the printing trade in the European countries, so as to ensure that neither by higher wage rates nor by extravagant demands in the over-manning of machinery which is in common use throughout Europe, do we find ourselves priced out of the market.

I must, however, enter a warning that costs, especially those of wages and salaries, continue to rise. The printing trade operates under Cost of Living and other agreements with the Trade Unions and with these increasing costs it becomes very much more difficult to maintain normal profit ratios, clearly shown, as I said, last year when our turnover was increased whilst our profit overall was reduced.

REVIEW OF U.K. ACTIVITIES

It is the policy of your Board to spread our interests as widely as possible in the field of graphic arts, maintaining on the one hand a large measure of general commercial business while at the same time specialising in certain important lines both at home and overseas.

It has been essential for our general commercial trade that our factories should be situated as close as possible to their potential customers so as to provide the best service possible. Thus we have printing factories in

London, Liverpool, Manchester, Newton-le-Willows, Crewe, Glasgow and Edinburgh. We have a large factory at Wolverton which has an important department devoted entirely to Post Office requirements, another which manufactures many hundreds of millions of commercial printed envelopes per annum, and a large battery of rotary and flat bed presses, producing commercial forms and stationery for government, transport, banking and other customers, large and small.

We are printers and binders of books and this work is taken care of by two major subsidiary companies—William Clowes & Sons Limited of Beccles, and Spottiswoode, Ballantyne & Co. Limited of Colchester. The factory at Beccles is one of the largest book-printing establishments in Europe and has earned a reputation second to none for fine technical and educational book production. Spottiswoode, Ballantyne & Co. Limited has a very substantial business in both book printing and the commercial field.

Blades, East & Blades Limited and Charles Skipper & East Limited specialise largely in printing for the great banks, as well as City printing generally. Their factories are in London and produce a very large proportion of the cheque printing requirements of the banks which are of necessity of the highest quality.

Thirty-five years ago we formed a company called Fanfold Limited, to pioneer the production of continuous and carbonised forms stationery for the most modern systems of office mechanisation requirements. This company has Sales offices throughout the country and occupies a large factory in North London where it operates the most modern Web Printing Rotary Machines, some of which are unique in this country.

In addition, we have a rapidly expanding Company, Associated Trapinex Limited, in London, silk-screen and transfer printers who also specialise in cut-outs and showcards and other requirements for the advertising and display fields.

Through our subsidiary, McCorquodale Colour Display Limited, we produce colour and shade cards and pattern books of the highest quality for the paint trade, by our own patented process.

OVERSEAS INTERESTS AND DEVELOPMENTS

Subsidiary companies of McCorquodale Colour Display Limited are producing colour cards at our factories in Australia, New Zealand, Canada, U.S.A., Germany, Brazil and there are licensees in South Africa, India, Mexico and Colombia.

In our factories in Canada and Australia, we also carry out ordinary commercial printing and we are developing in Australia our Fanfold process for continuous form production in this rapidly expanding market.

Our Brazilian development in Sao Paulo is in association with The Bonnier Group of Sweden, and here we and they together have built a large factory on the outskirts of Sao Paulo where we are producing not only colour cards but also continuous stationery and high class lithography, for which there is a very great demand.

Finally, we have two new ventures on hand. One is a factory which should be completed by the end of 1962, designed for producing technical and high class composition work for export to the U.S.A.

The other venture is a book-printing and binding establishment at Ibadan in the Western Region of Nigeria. The Western Region Government holds a minority financial interest in this £200,000 venture which has the active support of educational publishers both here and in Nigeria. We are already producing school books for the huge educational programme which this Government envisages and I am very hopeful that the venture will not only be profitable but also of considerable value in the educational development of the great country of Nigeria.

OUR STRENGTH AND OUR AIMS

So far as our fixed assets are concerned, we have spent very large sums of money in modernizing all our plant since the war. Our machinery stands in our Balance Sheet at drastically written down values; our land and buildings at cost or pre-war valuation, and we are therefore in a good position to take advantage of any upswing in the printing field, in whatever direction it may occur.

But the most important asset of your firm is, of course, the 7,000 people who find employment within its compass. Such success as we have had in the past has been largely due to the enthusiasm and loyalty of our staff—I hope and believe that the co-operation and friendly relations which exist will bear us in good stead in the years that lie ahead.

It is the Board's intention to concentrate our efforts mainly on manufacture in Great Britain both for home and export consumption. Our chief effort must and will lie in endeavouring to satisfy the requirements of our thousands of customers, large and small, to the very best of our ability.

Our business is built up on service to our customers—I am glad to think that many of our customers are becoming shareholders as well.

ILLINGWORTH MORRIS

& COMPANY LIMITED

Combers, dyers, spinners & manufacturers

EXTRACTS FROM LORD WILMOT'S STATEMENT

The 42nd annual general meeting of Illingworth, Morris & Company, Limited was held on February 15 at Bradford, The Rt. Hon. Lord Wilmot of Selwiston, P.C., J.P. (the chairman) presiding.

The following are extracts from his circulated statement:

During the year, your Company acquired the Share Capital of Broadhead & Graves Limited, Kirkheaton Mills, Huddersfield, a very well known and successful firm of fine worsted manufacturers, who specialise in serving the American market. This Company has made a useful contribution to the Group Trading Results since the date of its acquisition on 1st February 1961.

Your Group has embarked on an extensive programme of plant re-equipment. The rapid developments of new techniques, particularly in the worsted spinning industry, made it necessary to exercise great caution in the timing of the purchase of new machinery. Your Directors are, however, satisfied that the orders placed are for plant and equipment of the highest modern standards.

The year's trading has not been easy. In contrast to the abundance of orders and long delivery dates of the previous year, there has been a period of quieter trading. A lack of confidence, engendered no doubt to some extent by the American recession in the autumn of 1960, was increased and emphasised by our Government's imposition of a dear money policy and by the credit squeeze. While full time running has been maintained, delivery dates have shortened by half. This, of course, is not unhealthy

providing our order books can still ensure full time running.

Trade, however, has become more competitive and profit margins have become reduced as is usually the case when business is not freely forthcoming. Further, the costs of production have risen during the year, particularly owing to the shorter working week which was introduced into the industry last February. I am, however, pleased to say that since the close of our financial year a reasonable improvement in the volume of orders has developed and as I write this report our activity continues high.

I am also able to report that the American season, on which a considerable quantity of our high-class trade depends, promises very well, and this despite intense Japanese competition.

There is no doubt that the sale of British high-class fine worsteds is suffering greatly in the American market owing to the fact that under American law as it stands British, Japanese and all foreign manufacturers are required only to mark their products with the label "imported" and not to name the country of origin. I know that efforts are being made to bring about some alteration in the law concerning labelling, but I am convinced that something must be done quickly if our reasonable share in the American market for fine worsteds is to be preserved. At present, our strength lies in our novelty colourings, design and craftsmanship, and while these may be holding our trade in this market for the time being, the danger from subsidised competition and the copying of our designs is very real.

	Year ended 30th September	
	1961	1960
Trading Profit and Investment Income, before taxation	£1,262,600	£1,327,237
Taxation	669,500	663,000
Minority Interests and Pre-acquisition Profits	91,395	187,665
Balance of Profit after Taxation attributable to Shareholders of Illingworth, Morris & Co. Ltd.	501,705	476,572
Net dividends		
Preference Stock	79,626	79,626
Ordinary Stock	245,000	245,000
	324,626	324,626
Net Assets	6,263,137	6,213,369

BRANCHES

DANIEL ILLINGWORTH & SONS
Worsted Spinners and Woolcombers

JAMES TANKARD
Worsted Spinners

GLOBE WORSTED COMPANY
Worsted Spinners and Woolcombers

WM. MORRIS & SONS
Worsted Spinners and Woolcombers

JOHN H. BEAVER
Worsted Spinners of Wool, Mohair, Nylon, etc.

JOHN ROBERTSHAW & COMPANY
Worsted Spinners

GREENWOOD DYEING COMPANY
Slubbing Dyers, Melters and Bleachers

EXPORT DEPARTMENT
Exporters of Worsted Yarns

SUBSIDIARIES

SMITH GROUP

JOHN SMITH (FIELD HEAD) LTD.
Worsted Spinners

PRESTON STREET COMBING
COMPANY LTD.
Commission Woolcombers

THE SMITH-ADAMS SEPARATOR
COMPANY LTD.
Manufacturers of Rust Preventers and Lanoline Products

SALTS GROUP

SALTS (SALTAIRE) LTD.
Worsted Spinners and Manufacturers

BROADHEAD & GRAVES LTD.
Fine Worsted Manufacturers

J. & J. CROMBIE LTD.
Manufacturers of Men's Overcoatings, Scottish Suitings, and Sports Cloths

JOSIAH FRANCE LTD.
Fine Worsted Manufacturers

JOHN MITTON & SONS LTD.
Worsted Spinners

PEPPER, LEE & CO. LTD.
Manufacturers of Worsted, Mohair, and Lightweight Suitings

POPPELWELL & INGHAM, LTD.
Manufacturers of Worsted, Mohair, and Lightweight Suitings

JAMES SYKES & SON LTD.
Woolen and Worsted Manufacturers

THE WIKI MILL CO. LTD.
Property Owning

SALTS (IRELAND) LTD.
Worsted Spinners

CHAMBERS GROUP

W. & G. CHAMBERS LTD.
Slubbing Dyers

W. & G. CHAMBERS (GILLING) LTD.
Commission Re-gillers

DIRECTORS

The Rt. Hon. Lord Wilmot
of Selwiston, P.C., J.P. (Chairman)

R. Park Guild (Managing Director)

J. W. Bennett

M. T. R. Hall

G. R. Mackay, F.C.A.

G. E. Naylor, C.B.E.

M. Ostrer

SECRETARY
J. Sweeting, F.C.A.

15 CANAL ROAD · BRADFORD

*These Debentures having been sold,
this announcement appears as a matter of record only.*

NEW ISSUE

\$50,000,000

The Western Union Telegraph Company

5¼% Sinking Fund Debentures Due 1987

Dated February 1, 1962

Due February 1, 1987

*The offering of these Debentures was underwritten
by an investment banking group managed by the undersigned.*

Kuhn, Loeb & Co.

Incorporated

New York, N. Y., February 15, 1962

Lehman Brothers

HUDDERSFIELD BUILDING SOCIETY

Established 1864

OUTSTANDING FINANCIAL STRENGTH

The Accounts for 1961 record a further year of steady and satisfactory progress.

The following figures from the 97th Balance Sheet demonstrate the outstanding financial strength of the Society.

Total Assets	- - - - -	£40,915,005
Liquid Funds	- - - - -	£6,428,618
Ratio to Total Assets	- - - - -	15.7%
Reserves	- - - - -	£2,175,123
Ratio to Total Assets	- - - - -	5.3%
Mortgage Advances during year amount to	- - - - -	£5,383,252

98.8% of Mortgage Advances were to occupier owners.

Mortgage Balances increased by	- - - -	£1,796,740
Investors Balances increased by	- - - -	£1,537,232

Full particulars of Investment facilities supplied on request

HUDDERSFIELD HOUSE, 200, STRAND, LONDON, W.C.2
and Britannia Buildings, HUDDERSFIELD

Member of the Building Societies Association

MILLS & ROCKLEYS LTD.

(Outdoor Advertising in more than 200 towns throughout the Midlands, South West, East and North East England)

EXPANSION OF ACTIVITIES

The thirty-third annual general meeting of Mills & Rockleys Ltd. will be held on March 16th in Nottingham.

The following is an extract from the statement by the Chairman, Mr C. W. Shefford:

It is with the greatest regret that I must report that Mr George Mills, the first Managing Director of Mills & Rockleys Ltd., died on September 24, 1961. He was a very wise and inspiring leader to the whole Poster Advertising Industry and to your Board and his many associates in the Industry his death has meant the loss of a personal friend.

In the accounts, the figures include the satisfactory results for ten months of the Wolverhampton business which was acquired on January 1, 1961.

The profit of the Group before tax rose from £190,921 to £246,629 and, after tax, the net profit increased from £86,877 to £105,451. The charge for tax represents 11s. 5d. in the pound on the profits, an increase of 6d. over last year's, due to the rise in the rate of profits tax.

In view of the very satisfactory year's trading, the Directors recommend an ordinary dividend of 1s. 9d. (17½ per cent) per share, less tax. But for Mr Selwyn Lloyd's request for dividend restraint, the Directors would have felt justified in recommending a higher payment.

The good results are due to a considerable increase in the demand for your Company's space.

So far, the advance bookings for 1962 are on a rather higher level than last year, and we look forward to another satisfactory year's trading, although the trend of increased costs—particularly rents, rates and labour—shows no sign of abatement.

Your Board is already planning for 1963, with a view to maintaining the present satisfactory state of affairs, and possibly there may have to be some changes in the methods of selling space to keep in step with the trends of demand from our customers.

Our Associated business in South Africa has again had a profitable year for the fifth year in succession. Expansion still continues.

Commenting on an extension of activities into Nigeria, Ghana and Sierra Leone, the Chairman said: An opportunity arose of taking an interest in the already established companies in West Africa under the name of Aframedia. As a result, in conjunction with Franco Signs Ltd. (who are our associates in the South Africa Company), we acquired a holding of the share capital. Your Directors are confident that the association will, in the course of years, be not only profitable but also will broaden the base of the activities of Mills & Rockleys Ltd.

Last Spring, in conjunction with two other leading outdoor advertising contractors, we launched a new smaller size of poster panel—a 4-sheet (5ft. high and 3ft. 4ins. wide) which is one-quarter the size of the normal 16-sheet poster. In due course, I am confident that this development will prove beneficial and profitable to your Company.

BTR INDUSTRIES

MICROCELL COMPANIES' LOSSES

TRADITIONAL BUSINESS IMPROVES

The following is an extract from the circulated review of the chairman, Sir Walter Worboys:

The Group trading profit for the year at £879,828 is £536,550 lower than last year. The balance available for appropriation is £226,601, a decrease of £311,875.

The fall in the Group profits this year is due to the substantial losses of the Microcell companies. On the other hand the trading results of the traditional side of the Company's business show a considerable improvement over those of the previous year, with an increase in sales of nearly 16 per cent and in profits before tax of an even larger percentage.

The loss made by Microcell Ltd. was approximately £465,000, and was due to a combination of causes. Of these, the most important were a decrease in the total volume of business; a decrease in the average profitability of the business, and the maintenance for most of the year of an establishment greater than that necessary for the current business in the expectation of increased future business and also to permit a general reorganisation of that company. It is the opinion of your Board that the greater part of these losses was exceptional to the year under review.

The loss made by Deeglas Fibres Ltd. exceeded £100,000. Throughout the year the level of sales was well below plant capacity, but sales in the second half of the year were better than in the first half and there has been a further improvement since the end of the year. It is hoped that this year our plant will operate at much nearer full capacity.

Your Directors recommend a total distribution for the year of 13 per cent which compares with a total distribution of 15 per cent last year.

The Microcell Companies: Notwithstanding the contribution of these companies to the Group's profit in the year ended October 1, 1960, your Directors towards the end of that year became increasingly concerned with the amount of finance that was being absorbed by the Microcell companies and by the inadequacy of the reports and general information on activities it was receiving from them. To remedy this position your Directors decided on certain minor changes in the composition of the boards of the three Microcell companies. Mr Kremer was unwilling to accept these proposals and tendered his resignation of his executive positions in these companies and his membership of their boards. With regret, your Directors accepted these resignations which became effective on January 1, 1961. Mr Kremer continued as a member of the BTR Industries Ltd. Board until June 30, 1961.

During the year progress has been made in establishing clear lines of managerial responsibility in these companies; in creating accountancy systems which will give a proper measure of the profitability of the several activities; in strengthening the goodwill of the companies with Government Departments and other customers, and in sales development work which is now beginning to result in new contracts.

Overseas: In general, the company has further intensified its selling efforts overseas. Particular

COMPANY MEETING REPORTS

attention is being given to the E.F.T.A. and the Common Market countries where, for some products, our competitive position appears to be strong.

Financial Year: Your Board has decided that in future the Company's financial year shall be co-terminous with the calendar year. The next accounts will therefore cover a 15-months period, and to ease the change your Directors will consider, at the appropriate time, paying an additional interim dividend.

Trading Outlook: Your Directors, having reviewed the Company's products and the principal consuming industries for these products, and having in mind the Company's development work, are reasonably confident that the current year's results should show a marked improvement given, of course, no serious deterioration in general trading conditions.

SOUTH ESSEX WATERWORKS COMPANY

The annual general meeting of South Essex Waterworks Company was held on February 20th in London, Mr G. Francis Stringer, OBE, FCIS (the chairman) presiding.

In his circulated statement, the chairman said that last year he had referred to the fact that the Company's technical advisers had for some years past been considering the best means of obtaining a new source of supply to meet the estimated increase in demands over the next twenty years. Subsequently it was agreed in principle between the Metropolitan Water Board and the Company that the Water Board should afford the Company a bulk supply of untreated water at Chingford, increasing by the year 1981 to an average daily supply of twenty million gallons. Forty per cent of that water was to be allocated to the Southend Waterworks Company to meet the estimated future demands within that Company's limits of supply.

He continued: The draft Order seeking Parliamentary sanction to the scheme was approved by the Stockholders at the Extraordinary General Meeting held on July 25, 1961. The draft Order included a provision which would authorise the Company to raise additional capital amounting to £5,946,950. The Minister of Housing and Local Government held a Public Inquiry in October last into the provisions of the draft Order and his decision is awaited. Meanwhile negotiations have been taking place for some time past with the Metropolitan Water Board for determining the terms and conditions relating to the bulk supply and heads of settlement have now been agreed between the Advisers of both sides but require to be approved by the Water Board and the Company.

I am pleased to report that the past year has been a satisfactory one during which the strong financial position has been well maintained and improved.

The Revenue and Expenditure account shows a net increase in Revenue of £65,797. Expenditure increased by £49,749 and after providing for gross interest on Debenture Stocks and dividends at the statutory maximum rates for the Preference and Ordinary capital and the appropriation of £90,000 to Contingency Fund, the balance carried forward is increased from £94,590 to £95,594.

The report was adopted.

THE ECONOMIST FEBRUARY 24, 1962

BORAX (HOLDINGS) LIMITED

LORD CLITHEROE'S REVIEW

The following are extracts from the Review of the year to September 30, 1961, by the Chairman, The Rt. Hon. Lord Clitheroe, PC, to be presented at the Annual General Meeting on Wednesday, March 28, 1962.

THE ACCOUNTS

Trading surplus (before depreciation) and other income totalled £6,510,421, compared with £6,402,931 in the previous year. Group profits, before taxation, amounted to £3,961,515 against £4,097,161 in 1960. After providing for taxation and after deducting the proportion of profits attributable to the minority shareholders in subsidiaries, the net profit attributable to the Stockholders of Borax (Holdings) Limited is £1,822,582 compared with £2,024,123 in 1960. Your Board has decided to recommend a final distribution of 7½ per cent, making a dividend for the year of 11½ per cent, which is the same total distribution as last year.

GENERAL REVIEW

The high rate of industrial expansion in the industries consuming boron products did not continue and the tonnage sold throughout the world was in consequence below the record established last year. A reduced level of demand in the USA and Canada persisted almost throughout the twelve months under review, but by the year's end a recovery was well established and the demand for boron products in these two markets was strong. In Europe the position was the reverse; a high level of demand in the United Kingdom and on the Continent continued from the previous year well into 1961: in the Spring the pace of expansion began to slacken, first in West Germany and France and later in the United Kingdom where boom conditions had existed for some time.

In the opinion of your Board and Management this slackening in demand represents a temporary phase in the progress of the chief industries which use boron products, and it should not be regarded as unhealthy. Your Group's sales representatives are in constant touch with buyers and are able to form a very good judgment of the expected developments in various industries. These do not seem to be unsatisfactory and should gradually be reflected in sales and trading results.

In Europe there has been, and there will be, increased competitive activity based on operations within the Common Market where refining capacity already exceeds the demand for some boron products. Your Group is, however, well placed to retain its position in Europe; first as a result of the modernisation and expansion of the French plant which refines certain products and, secondly, through the ability to supply other products from California, where your Group can take advantage of a high level of production and its unique raw material position.

Sales of consumer products in the USA bearing our famous "20 Mule Team" trademark reached a new high level. The increased television campaign initiated at the beginning of the year under review was largely responsible for these gains, which occurred on a rising scale after a slow start. The level achieved and the

THE ECONOMIST FEBRUARY 24, 1962

trend established by the end of the year are a justification for continuing the campaign.

OUTLOOK FOR THE FUTURE

I would like to say once again that your Board and Management believe that the expansion of your business will continue over the years. There will be periods when for one reason or another a temporary contraction in our business may be in evidence and the year under review has been such a period; last year rather less good trade conditions combined with increasing costs in some areas have affected our profits.

As this review is being written the early months of the present financial year show that tonnage sales are up and profits also, but we must wait until later in the year before we can predict with any accuracy the twelve months' results.

Lastly, a few words on the European Common Market. It has been the view of your Management that it would have been advantageous to join the Common Market from the outset, and it is hoped therefore that the negotiations now in progress—though long and difficult—will be successful.

Your Group already has one factory within the Common Market, in France, and if the United Kingdom joins, our English refinery will also be within the circle of that large, growing and important area of consumption instead of outside it. This will add to the strength of your Group.

Salts (Saltaire) Ltd

WORSTED SPINNERS AND MANUFACTURERS



EXTRACTS FROM LORD WILMOT'S REVIEW

The Rt. Hon. Lord Wilmot of Salomons, P.C., J.P., (the Chairman), presided at the 39th Annual General Meeting held on 15th February at Saltaire. The following are extracts from his circulated review.

Cloth sales reached a new high figure but profit margins were narrower resulting from keener competition, higher manufacturing costs and the shorter working week adopted by the Wool Textile Industry.

The net group profit, after taxation of £618,500, amounted to £601,527.

Capital expenditure contracts for new Drawings, Spinning, Twisting and Weaving machinery, outstanding at 30th September, 1961, amounted to £353,000 compared with £112,000 in the previous year. The Directors intend to have the very latest machinery and to run it at the greatest possible number of hours in an endeavour to reduce production costs.

While the volume of home market sales was maintained exports increased as compared with recent years.

COMPANY MEETING REPORTS

Fairey

AT Wednesday's Extraordinary General Meeting of The Fairey Company Limited the Board's proposal for a distribution of assets was approved by an overwhelming majority on a show of hands. Proxies in favour of the Resolution totalled 1,679,304 shares (98 per cent.) and against the Resolution 29,510 shares (2 per cent.).

THE BUSINESS OF FAIREY

ELEVEN SUBSIDIARY AND THREE ASSOCIATED COMPANIES under one holding company. The activities include an important stake in specialised engineering, guided weapons, industrial safety and underwater equipment, aircraft hydraulics, and nuclear engineering; long established manufacturing facilities in the Common Market; small boats; aerial survey companies on three continents; aircraft modification and repair establishments in Canada and Australia.

CONTRACTS OF VERY SUBSTANTIAL SIZE both at home and overseas are in hand. An order book of £26 million, including contracts worth £13 million in the Common Market. A profit of £800,000 has been forecast for the year ending 31st March, 1963. Note—This includes profits from Siebe Gorman & Company Limited, the shares of which are to be distributed to Fairey shareholders in accordance with the Board's proposals.

SPECIAL SKILLS AND KNOWLEDGE accumulated over forty years in the most demanding and challenging fields of engineering—skills of special relevance in an age of scientific specialisation. These, together with facilities at home and in six overseas countries in the Commonwealth and the Common Market, make up an organisation of great productive power and potential. **This is what attracts business to-day.**

THE NET ASSETS BEHIND THE FAIREY SHARES £9,700,000 before the distribution of assets proposed by the Board. This is equal to 47/4d. per Fairey share against the Bristol and Westland cash offer of 28/-.

THE FAIREY BOARD'S ADVICE

IS TO IGNORE THE
BRISTOL AND WESTLAND OFFER

MO OCH DOMSJÖ AKTIEBOLAG

Forest Products and Chemicals,
Örnsköldsvik, Sweden

ANOTHER RECORD YEAR DESPITE POOR PRICES

AGREEMENT WITH FOREST OWNERS ENSURES STABLE LOG SUPPLIES

The eighty-ninth annual general meeting of Mo och Domsjö was held on January 11th at the Company's office in Stockholm. The following is an extract of the statement circulated with the accounts.

REVIEW OF MARKET DEVELOPMENTS:

During the business year, ending August 31, sales of the Company's forest and chemical products increased substantially over the levels of the previous year, although prices declined owing to over-production and price competition abroad. Price developments in respect of pulp were particularly unfavourable due to strong American competition on West European markets. In early 1961, Scandinavian producers raised the price of unbleached sulphite and sulphate pulps by Kr. 30 per ton to compensate for their increased costs, only to suffer comprehensive cancellations of orders. It became necessary in summer to grant rebates of from one to three per cent on the quoted prices of all grades of paper pulp. Despite unfavourable market conditions the company succeeded in maintaining its traditional share of the markets, and the year ended with a stock increase of only 15,000 tons, compared with the previous year.

The lively demand for sawn timber characterising 1960 ceased by the turn of the year and declined further during 1961. However, the Company's timber output was mainly disposed of at the old prices before the market deteriorated.

Prices of insulating board stayed firm and sales exceeded the previous level. Output and sales of hardboard rose substantially, although prices remained poor on most markets owing to over-production. In the summer of 1961, European board producers agreed to curtail their production by seven per cent.

Sales of chemicals remained satisfactory throughout the year in respect of volume although prices declined owing to competition abroad. Glycol, in particular, reached new lows. The Berol lines continued their satisfactory growth.

The total turnover of all manufacturing divisions reached Kr. 407.9 million, as against Kr. 401.6 million the previous year, highest in the Company's history.

PRODUCTION AND INVESTMENTS

The Company's plants were fully occupied during the year, and the output exceeded previous levels. The capacity of the Domsjö sawmill increased substantially owing to new labour saving facilities. Extensions and technical improvements were made in all the Company's plants. Total plant investments amounted to

Kr. 51.1 million (54.1). A summary of production is given below in rounded figures.

	1960/61	1959/60
	metr. tons	metr. tons
Wood pulp	413,000	395,000
Paper	18,000	18,000
Fibre building board.	72,000	69,000
Chemicals	108,000	108,000

The power production increased by 34 per cent, from 420,000 to 582,000 MWh.

The new laboratory building at the central research laboratories at Örnsköldsvik was put in service in November 1961 whereby the research facilities were considerably extended. A new laboratory is now being erected at Stenungsund to serve the Company's new petrochemical plant, also in process of construction. When completed, the Company's capacity in respect of ethylene oxide and ethylene glycol will be substantially enlarged.

MILL SALE

The Company's Hörnefors plants, including the sulphite mill, paper mill, alcohol plant, office and residential buildings, were sold to Norrlands Skogsägares Cellulosa AB, a company formed and financed by the northern forest owners. The property changed hands on September 1, 1961.

The sales agreement ensures the future log supply of the Hörnefors plants and improves the raw material position of the Company's remaining plants. Under the agreement the two companies will collaborate in the field of forest economics, as well as in pulp and paper research. Some of the proceeds of the sale will be distributed as a bonus to the stockholders.

FORESTRY AND LOG SUPPLY

The cut during the winter campaign in the Company's own forests was 22.8 million cu. ft. (22.5), as against total supply of 95.1 million cu. ft. The prices of the purchased logs continued to rise: saw logs by 11 per cent, sulphite wood by 14 per cent and sulphate wood by 16 per cent.

Forest maintenance, including road building, required Kr. 4.2 million (4.4), and about 6.4 million seedlings were used for re-forestation.

PERSONNEL

The average number of wage earning industrial workers was 3,477 (3,557) and salaried staff 1,017 (980). Wages paid amounted to Kr. 52.3 million (51.1) and salaries to Kr. 21.1 million (18.9). Part-time forest workers equalled 1,900

fully employed men, with total earnings of Kr. 25 million.

RESULTS

Total trading income amounted to Kr. 407.9 million and income from other sources Kr. 11 million, producing a gross profit of Kr. 67 million. After the usual charges to depreciation, reserves, taxes, pensions, statutory investment funds, etc., totalling Kr. 56 million, the net profit for the year was Kr. 11.0 million which together with Kr. 14.9 million brought forward from the previous year made Kr. 25.9 million (25.3) available for distribution.

The Board and Managing Director recommended that this amount be distributed as follows:

	Kr.
To supplementary legal reserve	3,600,000
Regular dividend of Kr. 8 per share	8,800,000
Bonus dividend of Kr. 2 per share	2,200,000
Carried forward	11,300,000
	Kr. 25,900,000

The report and accounts were adopted.

J. SAMUEL WHITE AND COMPANY LIMITED

(Shipbuilders and Engineers)

SIR JAMES A. MILNE'S REVIEW

The sixty-fourth ordinary general meeting of J. Samuel White and Company Limited was held on February 21st in London, Sir James A. Milne, CBE (Chairman and Managing Director), presiding.

The Chairman's circulated statement reviews the shipbuilding and engineering activities and together with the Directors' Report, gives a résumé of the orders received, work completed and work in hand.

He says: The shipyard is not working to full capacity. It has unfortunately been necessary to reduce the labour force by some 50 per cent, it being impossible to find suitable alternative work. The Engineering Department has been more fortunate. It has been possible to undertake other forms of engineering, at the same time using existing plant and machinery. Orders received are short term compared with marine engineering and every effort is being made to keep production at a high level. The Boat-building Department is employed to capacity.

Commenting on future prospects, Sir James says: We are at the moment actively pursuing two tenders for work in which we are specialists.

Somerton Works: We are actively engaged in negotiations for a further range of products which could help to overcome an annual seasonal lack of orders which we now find in the refrigeration industry.

In spite of the very difficult trading conditions in which our industry continues to operate, the Consolidated Trading Surplus is £292,508, an increase of £13,525 on the previous year.

The report was adopted and the total dividend of 22½ per cent was approved.

GOVERNMENTS STOCK AND OTHER SECURITIES INVESTMENT COMPANY

HIGHER GROSS REVENUE

SIR ROBERT ADEANE ON THE POLITICAL AND ECONOMIC OUTLOOK

The ninetieth annual general meeting of Governments Stock and Other Securities Investment Company Limited was held on February 16th in London.

Sir Robert Adeane, CBE, who presided, said:

I am presiding today in the absence of our Chairman, Mr H. C. Drayton, who is abroad on the Company's affairs.

Firstly, it is my sad duty to refer to the death last November of Brigadier S. K. Thorburn, who had been a Director of the Company since 1945. Keith Thorburn made a notable contribution to the success of the Company during the post-war years and he will be greatly missed by us his colleagues and friends.

The Accounts we are laying before you today show that our Gross Revenue increased from £483,000 to £516,000 in the year under review, an advance of approximately 6½ per cent. The rate of this advance is rather lower than that previously for as you will see from the Profit and Loss Account on Page 10 of the Directors' Report the Company has suffered a considerably higher charge for Profits Tax—it has risen from £1,000 to £7,200—and also, included in the previous year's revenue were some unusually large items of a non-recurring nature. These two factors have been responsible for the small reduction in the net earnings on our Deferred Ordinary Capital, as increased by the rights issue last year, from 23.8 per cent. to 22.8 per cent. I think that you will agree that these results are not unsatisfactory. Out of these earnings of 22.8 per cent available for the Deferred Ordinary Stock we are recommending payment of a total dividend of 16 per cent for the year, which will leave £74,000 to be added

to Revenue Reserve bringing that Reserve to £531,000. During the year the book cost of our investment portfolio rose by £197,000 to £3,990,000, and at the end of December the valuation came out at £8,937,000, an appreciation of 124 per cent. Embodied in the Report and Accounts are the usual analyses of our investments which are, I think, sufficiently clear to need no remarks from me.

PROBLEM OF RISING COSTS

The political and economic outlook for the country is obscured at the present time by a number of imponderables the principal of which is the Common Market problem closely followed by the success or otherwise of the Government's pay pause, which is so vital to the country's export programme. In addition to these question marks, which make the task of those charged with investing money an unusually difficult one, it is impossible not to be concerned at the way in which costs are going up all the time. Costs are rising in nearly every country, but it is vital for this country to keep the increases at a rate which is low relative to other competing countries. To do so will demand restraint from all parties concerned, and if strikes result because of the impatience of certain sections of industry they must be faced however painful the immediate effects may be.

Fortunately it is not in this country alone where this insidious tendency persists; in fact in Western Germany wages lower than ours in the early post-war years have recently leapt ahead with the effect that profit margins have narrowed and exporters from this country have been able to compete on more even terms with their German competitors.

The sky is not altogether clouded—an ever growing population with a rapidly increasing rise in living standards is bound to come into play to the benefit of industry. Your Board believe that favourable opportunities for investment exist and our policy of issuing shares at par to Shareholders has been repeated this year.

You will want me to say a word about prospects. From what I have said it is clear that results for the current year are not easy to forecast. I think that we cannot expect to receive

many dividend increases and are bound to suffer from reduced payments from a number of our investments. However, we have a sound portfolio and a healthy Balance Sheet so that I am not unduly perturbed about our future, and am confident that we shall be able to lay before you satisfactory results again when we meet in a year's time.

The report and accounts were adopted.

THE HUDSON'S BAY OIL & GAS CO. LIMITED

Hudson's Bay Oil and Gas Co. Ltd. and its subsidiaries had net income of \$7,006,000 or 39 cents per share in 1961. These earnings, which did not include any special credits from sales of properties or investments, were higher than comparable earnings for any previous year. The increase over 1960 net income, exclusive of special credits, was \$6,002,000, or 33 cents per share. The improvement was primarily attributable to an increased volume of sales but small increases in selling prices and a reduction in expenses were also contributing factors. G. T. Pearson, President, said the company's output of crude oil and natural gas liquids reached an all-time high in 1961. Net production averaged 26,822 barrels per day, an increase of 4,133 barrels per day or 18.2 per cent over 1960. The company's sales of natural gas were also higher than in any previous year. These sales averaged 60 million cubic feet per day, up 16 million cubic feet per day or 37.8 per cent over the prior year. During 1961 Hudson's Bay Oil & Gas participated in the discovery or extension of ten natural gas fields and six crude oil fields. The exploration programme was highlighted by a natural gas discovery at Cypress Creek and an extension to the Clark Lake Natural Gas Field, in North Eastern British Columbia, and by a gas condensate discovery at Kaybob and an extension to the Grizzly Gas Condensate Field in Central Alberta.

APPOINTMENTS

THE TAVISTOCK INSTITUTE OF HUMAN RELATIONS

Applications are invited for the post of

PRINCIPAL PROJECT OFFICER

with a background in social anthropology or related disciplines, such as social psychology or sociology.

The successful candidate will be expected to participate in and direct projects concerned with family and community behaviour in an industrial society. He/she should have academic qualifications and some years of experience in anthropological or related fields.

The contract will be for three years in the first instance. The salary scale is £1,500 x £1,800 to £2,000 p.a. Contributory pension scheme. Four weeks' paid vacation per year.

Full details of the post and application forms may be obtained from the Secretary, (S.A.), 3 Devonshire Street, W.1.

TOME CIVIL SERVICE: ADMINISTRATIVE CLASS. About 12 pensionable posts as PRINCIPAL for men at least 30 and under 52 on August 1, 1962, with regular service in H.M. Forces or H.M. Overseas Civil Service ending on or after August 1, 1960, on written examination, administrative tests & interview. Salary scale (Inner London) £781-£2,483; starting salary may be above minimum. Promotion prospects. Write Civil Service Commission, 6 Burlington Gardens, London, W.1, for application form, quoting 3/62. Closing date 17th April, 1962.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES POSTS IN INTERNATIONAL RELATIONS

Applications are invited for a number of appointments between the grades of Senior Fellow and Research Fellow in the Department of International Relations of the Research School of Pacific Studies.

The Department combines empirical studies of the international politics of Asia and the Pacific with attention to theoretical problems of International Relations. Other things being equal, preference will be given to applicants in one or more of the following fields: Chinese foreign policy; Malaysia, Indonesia or the Philippines; the Thailand-Indochinese area; defence policy; foreign aid; International Institutions; theory and methodology of International Relations.

The salaries and ranges of Senior Fellows and Fellows are determined within the limits of £3,000-£4,350 and £2,100-£3,000 per annum respectively. Appointment to age 65, with the option of retirement after age 60, is normally confirmed before expiry of the initial appointment, which is for five years. Senior Fellows and Fellows are entitled to one year's study leave on full pay, plus a contribution towards travel and other expenses, in every six and seven years, respectively.

The salary ranges for Senior Research Fellows and Research Fellows are £2,620-£3,160 and £1,625-£2,150 per annum respectively. Appointment is made within one of these ranges, according to qualifications, for a period of three years, with possible extension to the maximum of five years.

THE UNIVERSITY OF MANCHESTER

RESEARCH FELLOWSHIP IN ECONOMIC STATISTICS

Applications are invited for the above Fellowship, tenable for one year, with a possible extension to two years. The Fellowship is of a value within the range £1,250-£1,700 per annum, together with approved expenses involved in the research. The holder of the Fellowship has access to the facilities of the Manchester Computing Laboratory, Regulations governing the award of the Fellowship and application forms may be obtained from the Registrar, the University, Manchester 13, to whom all applications should be sent not later than March 24, 1962.

UNIVERSITY OF EDINBURGH DEPARTMENT OF SOCIAL ANTHROPOLOGY

Applications are invited for the post of Assistant Lecturer or Lecturer in the above Department. Applicants should have a post-graduate qualification in Social Anthropology based on field research in Africa. The person appointed will be required to teach and to conduct research in African Ethnography and Sociology with particular reference to Eastern Africa and to assist in the development of a Centre of African Studies. Salary scales—Assistant Lecturer: £800 x £50 to £950 per annum; Lecturer: £1,050 x £50 to £1,250; Bar: £1,300 x £50 to £1,500 x £50 to £1,850 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation and family allowance payable where applicable. The successful candidate will not be expected to take up duty before the 1st of October, 1962.

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, Secretary to the University 2nd February, 1962.

PART-TIME LECTURERS on social science subjects interested in occasional afternoon work required by the Education Department of the Royal Arsenal Co-operative Society for revision commencing September, 1962. Please make early application for details to R.A.C.S. Limited, 15 Park Vista, London, S.E.10.

For further appointments and other classified advertisements see pages 763 and 764

UNIVERSITY OF GLASGOW

SCHOLARSHIPS FOR ADVANCED STUDY IN ARTS

The University of Glasgow offers three Scholarships of £400 a year, tenable for two years from October, 1962, to graduates holding good Honours degrees of other Universities who propose to pursue full-time advanced study or research in subjects falling within the Faculty of Arts (Classics, Semitic Languages, English, French, German, Italian, Hispanic Studies, Celtic Languages, Slavonic Languages, Scandinavian Languages, Philology, History, Psychology, Economics, Politics, Mathematics and Music). The Scholars will be required to come into residence at Glasgow and to pursue their work under supervision in the University during term-time. An allowance of £50 per annum for travel during tenure of the Scholarship will be made to scholars from overseas. Applications will be considered from candidates who hope to obtain their qualifying degrees in time to begin residence at Glasgow in October, 1962. Preference will be given to applicants who are entering upon post-graduate studies for the first time.

Candidates should apply to the Registrar not later than March 31st, giving particulars of the study which they propose and of their previous academic career, and should submit testimonials from the persons best able to speak of their qualifications. Such persons may, if they prefer it, send their testimony direct to the University.

COMPANY AFFAIRS

In a very quiet week in the London stock market equities have stood up reasonably well to further disappointing company news and the gloomy FBI survey. Over the week The Economist indicator fell by only 0.6 points to 356.4. Gilt-edged stocks showed little movement until Wednesday when prices, particularly of long dated issues, generally improved. Among the few bright spots in equities were steel shares which rose on hopes (confirmed on Thursday) of an increase in steel prices. Selling of tobacco shares has continued, but buyers have often appeared at the lower levels to leave prices little changed on balance and BAT, indeed, have actually gained ground.

Imperial Tobacco

IMPERIAL TOBACCO earned more from cigarettes and tobacco in the year to October 31st but less from its subsidiary activities in paper, carton board and printing. This is the clear implication of its full report, which also reveals that the principal cause for higher profits on tobacco was the rise in the price of the more expensive brands of cigarettes in June. This made good only in part the erosion in margins since prices were previously raised in September, 1957. Costs were still rising in 1960-61: leaf tobacco again cost more; wages and salaries were higher; and interest on short-term borrowing rose. Imperial Tobacco's volume of trade—and its share of the market—was slightly lower than it had been in 1959-60.

But last year Imperial Tobacco lost sales to its rivals at a slower rate than in the past and it might well succeed in stabilising its share of the market around 60 per cent. To

Years to Oct. 31	1957	1958	1959	1960	1961
Trading profit.....	£ mil. 21.6	£ mil. 24.3	£ mil. 21.7	£ mil. 20.9	£ mil. 21.5
Investment income.....	5.3	5.5	6.0	7.1	7.5
Gross profit.....	26.8	29.8	27.7	28.0	29.1
Net equity earnings.....	11.5	13.8	14.4	14.5	14.4
Retained cash flow.....	7.1	9.2	8.9	9.5	9.7
Net fixed assets.....	29.9	32.8	33.5	35.6	39.7
Stocks.....	158.0	152.5	147.8	153.2	161.7
Debtors.....	59.4	60.1	60.5	62.1	67.1
Bank overdrafts.....	26.4	29.1	22.5	29.8	37.9
Cash.....	0.6	0.3	0.2	0.4	0.5
Net current assets.....	185.1	182.0	176.2	183.4	194.7
Net equity assets.....	117.2	123.7	131.0	138.3	146.9

Ord. earnings.....	33.3	%	39.1	%	39.2
Ord. dividends.....	20.0	21.0	22.5	22.5	22.5
Price (£1 shares): 56s. 3d.					
Dividend yield: 8.0%					
Earnings yield: 13.9%					
equal to 7.2 years' earnings					

do this it must hold its share of the market for tipped cigarettes, which now account for about 22½ per cent of all cigarettes sold in this country, compared with 17½ per cent before the Chancellor imposed the duty surcharge in July. Until the extra duty was imposed tobacco consumption had been rising by about 5 per cent; but there has been no rise since. If the Chancellor removed the surcharge, consumption might be stimulated a little but the forthcoming report on tobacco and lung cancer may have the opposite effect even if it merely accelerates the switch into tipped cigarettes. Stable tobacco consumption over the next year is perhaps the best outcome for investors to

expect. Imperial Tobacco will have the benefit of a full year of higher prices on its more expensive brands. On the other hand, the cost of leaf tobacco will again be higher and so probably will be interest charges, unless money rates fall quite sharply. By the end of October, the volume of bonded stocks, bought at higher prices, was up and though the volume of duty-paid stocks was lower their value was raised in consequence of the extra duty; the value of stocks rose from £146.9 million to £154.4 million and debtors, which effectively represent duty-paid stocks at one remove, rose from £58.6 million to £62.3 million. This is reflected in the rise in bank overdrafts from £22 million to £29 million and the decision to borrow again on acceptance credits in the New York money market. In all, therefore, investors cannot expect much increase in profits this year, though some increase in investment income will come from the higher dividend already declared by British-American Tobacco. But equity earnings ought to maintain the 39 per cent level of the last four financial years, and the lung cancer report will have to be particularly devastating to cancel out an income yield of 8 per cent.

Jaguar

AFTER the check in 1959-60, Jaguar achieved in the year to July 31, 1961, an increase of 12 per cent in net profits from £1,022,000 to £1,144,000. But margins have been squeezed further, for while production rose by 26 per cent to some 25,000 cars, profits remained below the 1958-59 record of £1,385,000—though that was something of an *annus mirabilis* for Jaguar. The company seems to have been selling an increasing proportion of its output at home; though sales in Europe rose, those to the United States fell by nearly a third between 1960 and 1961, from over 5,000 to about 3,500 cars.

The current year should see another rise in output; the E type sports car had not been made in significant numbers before the end of the financial year, but it is now

being turned out at a rate of around 150 a week and the production of the Mark X is now getting under way. When it has reached full production, the company should be making nearly 35,000 cars a year—on the assumption that sales of the older Mark 2 model are not affected by the Mark X. But the effect of introducing this new model may be to keep the increase in output this year below that of 1960-61. A higher proportion of output should be exported again, for the two new cars seem to have made Jaguar more popular than ever in North America. But with costs rising, profits are unlikely to rise as fast as sales. This point should be weighed carefully by investors against the low yield of 1.2 per cent offered by the 5s. "A" shares at 81s.; but the maintained 20 per cent dividend is still covered almost 8½ times.

City Centre Properties

THE results of the Cotton-Clore property group, City Centre Properties, are very much past history. They relate to a fifteen month period to last June and include twelve months' profits of City and Central Investments. The dividend of 31½ per cent for the period has already been paid. Indeed an interim dividend of 10 per cent for the current year will have been paid before the adjourned 1960-61 annual meeting is resumed in mid April.

For the fifteen month period profits before tax of £1,336,000 fell short of the forecast of £1,460,000 for the two companies made when the merger proposals were announced at the beginning of 1961. The dividend, representing an effective annual rate of 25½ per cent, absorbed £605,000 of net available earnings of £829,000. Meanwhile the group's capital continues to increase with 850,000 shares issued for a 50 per cent stake in Samuel Properties and a further 600,000 shares in exchange for the holdings of Mr Walter Flack and his associates in Murrayfield Real Estate. Up to 800,000 shares stand to be issued in respect of City Centre's offer to other Murrayfield shareholders.

On the increasing capital the directors have forecast dividends rising to at least 40 per cent by 1963-64 when, apart from any further acquisitions, City Centre's ordinary capital will probably reflect the conversion of at least part of the £18.9 million loan stock issued in July. But both at the time of that issue and in last month's formal offer to Murrayfield shareholders the directors said that the 40 per cent dividend was a minimum forecast likely to be "substantially exceeded." They added that in making their original estimate they did not take into account various property developments now under way; these include the Pan-Am building in New York to be completed late this year. The profitability of this venture appears to be discounted in part in the current price of 56s.; on a 40 per cent dividend the 5s. shares offer a prospective yield of only 3½ per cent.

Borax (Holdings)

THE results of Borax (Holdings) for the year to September 30, 1961, reflect in large measure the impact of the business recession in the United States. The American operating subsidiary was confronted with a fall in demand for borax and boron products as industry reduced its stocks. In Europe, however, demand did not begin to slacken until the closing months of the year—just, indeed, when the American and Canadian markets began to pick up again. Thus the combined trading surplus and investment income rose by only about two per cent from £6,403,000 to £6,510,000; but after heavier charges for tax and depreciation and deductions for minority interests, net profits fell by almost 10 per cent from £2,024,000 to £1,823,000.

When the group's American trading interests were transferred in 1956 to United States Borax, the wholly-owned subsidiary of Consolidated Borax was formed to accumulate dividends so as to provide finance for the operating subsidiary as and when required, and Borax (Holdings) paid

Years to Sept. 30	1957	1958	1959	1960	1961
Trading profit.....	£ mil. 4.0	£ mil. 3.2	£ mil. 5.5	£ mil. 6.2	£ mil. 6.4
Gross profit.....	2.9	1.5	3.4	4.1	4.0
Net equity earnings.....	1.2	0.5	1.6	2.0	1.8
Retained cash flow.....	1.7	1.6	3.0	3.4	3.4
Net fixed assets.....	31.2	31.8	31.5	32.2	33.9
Net current assets.....	6.9	6.6	7.9	8.7	9.1
Net liquid assets.....	4.3	3.6	4.6	5.4	3.4
Net equity assets.....	7.5	7.7	8.3	8.8	10.4
Ord. earnings.....	22.4	% 9.4	28.3	34.4	% 30.5
Ord. dividend.....	8.1	8.4	10	11½	11½
Gross profit/net equity assets.....	38.7	19.5	41.0	46.6	38.4
Net earnings/net equity assets.....	16.0	6.5	19.3	22.7	17.3
Price (5s. shares): 17s. 1½d.					
Dividend yield: 3.4%					
Earnings yield: 8.9%					
equal to 11½ years' earnings					

shareholders out of its own cash reserves. The accumulated dividends were needed when US Borax had teething troubles with its new plants at Boron, California, but the directors now say that US Borax has sufficient cash resources of its own and that therefore Consolidated Borax can be wound up. As a result Borax (Holdings) will receive 3.1 million shares of common stock and \$3 million of 3½ per cent debentures in US Borax plus £1,780,000 in cash. The cash will be used to repay Borax's bank overdraft, which amounted to £725,000 last September.

The chairman, Lord Clitheroe, says that it is too early to predict the results for the current year with any accuracy, but that some encouraging signs are already apparent. So far, sales and profits are higher in the current year and unless last year's unfavourable weather conditions in the United States occur again the higher price of potash should add to profits. The ordinary dividend has been maintained at 11½ per cent on the capital as increased by £500,000 on the acquisition of Hardman and Holden in 1960; the 5s. deferred ordinary shares thus yield 3.3 per cent at the current price of 17s. 3d., compared with 2.6 per cent a year ago.

Hadfields

FOLLOWING the cut in the interim dividend from 3 to 2 per cent it is no surprise that the directors of Hadfields, the Sheffield steelmakers, have decided to make a similar cut in the final dividend. The total payment is thus reduced from 6 to 4 per cent. But even this payment is not covered by earnings, for net profits for the year to September 30th fell by 63 per cent from £146,000 to £54,000. The dividend absorbs £106,000 and the deficiency has been made good by writing back a tax credit and other provisions no longer required. Clearly, a fall in demand has coincided with an increase in the costs of wages and raw materials but the directors say ominously that it will not be until 1964 that the full benefits will accrue from the group's programme of capital expenditure.

It was to finance part of this scheme that 2,616,000 shares of £1 each were issued at par to Steel Trust, a group of industrial companies and financial institutions, and their shares rank for only half the latest final dividend. From the trust has come Hadfields' new chairman, Sir Peter Roberts, who announced in November the sale of 60 per cent of Hadfields' holding in Mills-paugh to Escher Wyss of Zurich. The directors believe that the steps already taken by the new parent will give added strength to Hadfields' remaining interest of 33 per cent in this paper making machinery company. The sale will have brought a much needed reinforcement to cash balances but the cost to Hadfields has not been small: its capital losses on the sale of Mills-paugh and its Canadian subsidiary amounted to £640,000, met by transfers from capital reserve. The £1 shares at 17s. 9d. are 2s. above their 1961-62 low but still show a capital loss of over 10 per cent on the investment made by members of the Steel Trust.

Schroders

A YIELD of under 1½ per cent on Schroders' shares seemed to anticipate results a little more exciting than those announced by this merchant bank at the end of last week. The published profits of the banking interests for the year to December 31st rose from £406,000 to £434,000; net profits of the other interests, which included a full year's contribution from Helbert, Wagg compared with only six months in 1960, rose from £119,000 to £186,000. Profits as a whole rose from £496,000 to £552,000 and the dividend has been left unchanged at 7½ per cent. On the announcement of the results the shares fell by 1s. 6d. to 85s. 6d. In January Schroders acquired the remaining 30 per cent of Helbert, Wagg's shares still held by the Helbert, Wagg directors and others so as to complete the merger between the two companies. The price agreed upon was 80s., some

shillings short of the market price, but it was not read by the market as a signal that the price might be too high. Expectations of ever-growing profits even by two eminently successful houses could be pitched too high. The shares now stand at 83s. to yield 1.8 per cent. But even the highest yield among the half-dozen merchant bank shares is only 3.4 per cent, on Brown Shipley.

Whitbread

OTHER brewery groups have expanded by mergers but Whitbread has continued to extend its "umbrella" by acquiring minority holdings in other breweries and extending its trade agreements. Its aim has been twofold: to preserve the Whitbread family controlling interest, which the present chairman Colonel W. H. Whitbread has said will be maintained for "at least one more generation" and to secure nationwide outlets for its own beers without harming in any way the local brewers' goodwill. The Whitbread Investment Company was formed in 1956 to absorb some of these investments and enlarged in 1960 when Whitbread hived off about £5 million of its investments to the investment company and offered a half stake in what until then had been a wholly owned subsidiary to holders of its "A" and "B" ordinary shares.

In his statement last year Colonel Whitbread told shareholders that further "considerable funds had been invested in its associated companies" and said that "a time will arise when they will be transferred to the Whitbread Investment Company." Now Whitbread is to make the transfer, passing over a further block of investments with a market value at the end of January of £4.7 million. These investments primarily represent additions to existing holdings rather than shareholdings in new "umbrella" breweries. With other big groups casting envious eyes at some of the smaller breweries it is no surprise that Whitbread has increased its stake to between 25 and 30 per cent of the equity in the "umbrella" companies and as the case of Tennant Brothers showed, Whitbread is prepared, if needs must, to protect its empire by making an outright takeover bid. This was one instance where the protection of the umbrella does not appear to have taken the shareholders of the associated company out of the reach of other prospective bidders; but the principal objection to this scheme still remains that it may do so and thus deny shareholders the opportunity to realise the full value of their equity.

To finance the purchase of the shares Whitbread Investment is to raise almost £5 million by the issue of 4,600,000 £1 shares on a one-for-one basis at 21s. a share. With the £1 shares standing at 39s. the rights are worth about 9s. and on an ex rights price of 30s. they offer a prospective yield of 4 per cent on an indicated dividend of 6 per cent.

Continued on page 760

STOCK PRICES

AND YIELDS

LONDON: NEW YORK: FRANCE:
GERMANY: HOLLAND: ITALY:
BELGIUM: SWEDEN: NORWAY

BRITISH FUNDS AND GUARANTEED STOCKS										ORDINARY STOCKS										MISCELLANEOUS																																																																					
Prices, 1961/62		Price, Feb. 14, 1962		Price, Feb. 21, 1962		Net Red. Yield, Feb. 21, 1962		Gross Yield, Feb. 21, 1962		Prices, 1961/62		Price, Feb. 14, 1962		Price, Feb. 21, 1962		Yield, Feb. 21, 1962		Cover		Prices, 1961/62		Price, Feb. 14, 1962		Price, Feb. 21, 1962		Yield, Feb. 21, 1962		Cover																																																													
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low																																																												
Savings Bonds 3%.....1955-65																														Savings Bonds 3%.....1955-65																														Savings Bonds 3%.....1955-65																													
Exchequer 5 1/2%.....1962-63																														Exchequer 5 1/2%.....1962-63																														Exchequer 5 1/2%.....1962-63																													
Treasury 5 1/2%.....1963-64																														Treasury 5 1/2%.....1963-64																														Treasury 5 1/2%.....1963-64																													
Conversion 4 1/2%.....1963																														Conversion 4 1/2%.....1963																														Conversion 4 1/2%.....1963																													
Conversion 5 1/2%.....1966																														Conversion 5 1/2%.....1966																														Conversion 5 1/2%.....1966																													
Funding 4 1/2%.....1960-70																														Funding 4 1/2%.....1960-70																														Funding 4 1/2%.....1960-70																													
Savings Bonds 3%.....1960-70																														Savings Bonds 3%.....1960-70																														Savings Bonds 3%.....1960-70																													
Savings Bonds 2 1/2%.....1964-67																														Savings Bonds 2 1/2%.....1964-67																														Savings Bonds 2 1/2%.....1964-67																													
Savings Bonds 3%.....1965-75																														Savings Bonds 3%.....1965-75																														Savings Bonds 3%.....1965-75																													
Funding 3%.....1966-68																														Funding 3%.....1966-68																														Funding 3%.....1966-68																													
Conversion 3 1/2%.....1969																														Conversion 3 1/2%.....1969																														Conversion 3 1/2%.....1969																													
Victory 4%.....1920-76																														Victory 4%.....1920-76																														Victory 4%.....1920-76																													
Conversion 4 1/2%.....1971																														Conversion 4 1/2%.....1971																														Conversion 4 1/2%.....1971																													
Conversion 5 1/2%.....1972																														Conversion 5 1/2%.....1972																														Conversion 5 1/2%.....1972																													
Conversion 5 1/2%.....1974																														Conversion 5 1/2%.....1974																														Conversion 5 1/2%.....1974																													
Treasury 3 1/2%.....1977-80																														Treasury 3 1/2%.....1977-80																														Treasury 3 1/2%.....1977-80																													
Funding 5 1/2%.....1979-81																														Funding 5 1/2%.....1979-81																														Funding 5 1/2%.....1979-81																													
Redemption 3%.....1986-96																														Redemption 3%.....1986-96																														Redemption 3%.....1986-96																													
Treasury 5%.....1986-89																														Treasury 5%.....1986-89																														Treasury 5%.....1986-89																													
Funding 5 1/2%.....1999-2004																														Funding 5 1/2%.....1999-2004																														Funding 5 1/2%.....1999-2004																													
Treasury 5 1/2%.....2008-12																														Treasury 5 1/2%.....2008-12																														Treasury 5 1/2%.....2008-12																													
Consols 4%.....after Feb. 1957																														Consols 4%.....after Feb. 1957																														Consols 4%.....after Feb. 1957																													
War Loan 3 1/2%.....after 1952																														War Loan 3 1/2%.....after 1952																														War Loan 3 1/2%.....after 1952																													
Conv. 3 1/2%.....after Apr. 1961																														Conv. 3 1/2%.....after Apr. 1961																														Conv. 3 1/2%.....after Apr. 1961																													
Treasury 3 1/2%.....after Apr. 1966																														Treasury 3 1/2%.....after Apr. 1966																														Treasury 3 1/2%.....after Apr. 1966																													
Consols 2 1/2%.....after Apr. 1975																														Consols 2 1/2%.....after Apr. 1975																														Consols 2 1/2%.....after Apr. 1975																													
British Electric 4 1/2%.....1967-69																														British Electric 4 1/2%.....1967-69																														British Electric 4 1/2%.....1967-69																													
British Electric 3%.....1968-73																														British Electric 3%.....1968-73																														British Electric 3%.....1968-73																													
British Electric 3%.....1974-77																														British Electric 3%.....1974-77																														British Electric 3%.....1974-77																													
British Electric 4 1/2%.....1974-79																														British Electric 4 1/2%.....1974-79																														British Electric 4 1/2%.....1974-79																													
British Gas 4%.....1969-72																														British Gas 4%.....1969-72																														British Gas 4%.....1969-72																													
British Gas 3 1/2%.....1969-71																														British Gas 3 1/2%.....1969-71																														British Gas 3 1/2%.....1969-71																													
British Gas 3%.....1990-95																														British Gas 3%.....1990-95																														British Gas 3%.....1990-95																													
British Transport 3%.....1968-73																														British Transport 3%.....1968-73																														British Transport 3%.....1968-73																													
British Transport 4%.....1972-77																														British Transport 4%.....1972-77																														British Transport 4%.....1972-77																													
British Transport 3%.....1978-88																														British Transport 3%.....1978-88																														British Transport 3%.....1978-88																													
Australia 3 1/2%.....1965-69																														Australia 3 1/2%.....1965-69																														Australia 3 1/2%.....1965-69																													
Australia 6%.....1974-76																														Australia 6%.....1974-76																														Australia 6%.....1974-76																													
New Zealand 6%.....1973-75																														New Zealand 6%.....1973-75																														New Zealand 6%.....1973-75																													
Rhodesia and Nyasaland 6%.....1967-71																														Rhodesia and Nyasaland 6%.....1967-71																														Rhodesia and Nyasaland 6%.....1967-71																													
South Africa 3 1/2%.....1965-67																														South Africa 3 1/2%.....1965-67																														South Africa 3 1/2%.....1965-67																													
Southern Rhodesia 4 1/2%.....1987-92																														Southern Rhodesia 4 1/2%.....1987-92																														Southern Rhodesia 4 1/2%.....1987-92																													
Agricultural Mortgage 5%.....1959-89																														Agricultural Mortgage 5%.....1959-89																														Agricultural Mortgage 5%.....1959-89																													
Birmingham 4 1/2%.....1967-70																														Birmingham 4 1/2%.....1967-70																														Birmingham 4 1/2%.....1967-70																													
Bristol 5%.....1971-73																														Bristol 5%.....1971-73																														Bristol 5%.....1971-73																													
Corporation of London 5 1/2%.....1976-79																														Corporation of London 5 1/2%.....1976-79																														Corporation of London 5 1/2%.....1976-79																													
L.C.C. 5%.....after 1920																														L.C.C. 5%.....after 1920																														L.C.C. 5%.....after 1920																													
Middlesex 5 1/4%.....1980																														Middlesex 5 1/4%.....1980																														Middlesex 5 1/4%.....1980																													
Air Liquide.....£1																														Air Liquide.....£1																														Air Liquide.....£1																													
Boussac.....£1																														Boussac.....£1																														Boussac.....£1																													
C.F. Petrole.....£1																														C.F. Petrole.....£1																														C.F. Petrole.....£1																													
Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																													
Machines Bull.....£1																														Machines Bull.....£1																														Machines Bull.....£1																													
Pan-Am.....£1																														Pan-Am.....£1																														Pan-Am.....£1																													
Procter & Gamble.....£1																														Procter & Gamble.....£1																														Procter & Gamble.....£1																													
Radio Corp.....£1																														Radio Corp.....£1																														Radio Corp.....£1																													
Sears Roebuck.....£1																														Sears Roebuck.....£1																														Sears Roebuck.....£1																													
Shell Oil.....£1																														Shell Oil.....£1																														Shell Oil.....£1																													
Socomec.....£1																														Socomec.....£1																														Socomec.....£1																													
Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																													
Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																													
U.S. Steel.....£1																														U.S. Steel.....£1																														U.S. Steel.....£1																													
West. Electric.....£1																														West. Electric.....£1																														West. Electric.....£1																													
Woolworth.....£1																														Woolworth.....£1																														Woolworth.....£1																													
Ass. Generali.....£1																														Ass. Generali.....£1																														Ass. Generali.....£1																													
Breda.....£1																														Breda.....£1																														Breda.....£1																													
Edison.....£1																														Edison.....£1																														Edison.....£1																													
Fiat.....£1																														Fiat.....£1																														Fiat.....£1																													
Finsider.....£1																														Finsider.....£1																														Finsider.....£1																													
La Centrale.....£1																														La Centrale.....£1																														La Centrale.....£1																													
Montecatini.....£1																														Montecatini.....£1																														Montecatini.....£1																													
Motta.....£1																														Motta.....£1																														Motta.....£1																													
Olivetti.....£1																														Olivetti.....£1																														Olivetti.....£1																													
Pirelli S.p.A.....£1																														Pirelli S.p.A.....£1																														Pirelli S.p.A.....£1																													
Rinascita.....£1																														Rinascita.....£1																														Rinascita.....£1																													
Snia Viscosa.....£1																														Snia Viscosa.....£1																														Snia Viscosa.....£1																													
Index.....102.7																														Index.....102.7																														Index.....102.7																													
Dec. 30, 1960=100.																														Dec. 30, 1960=100.																														Dec. 30, 1960=100.																													
Air Liquide.....£1																														Air Liquide.....£1																														Air Liquide.....£1																													
Boussac.....£1																														Boussac.....£1																														Boussac.....£1																													
C.F. Petrole.....£1																														C.F. Petrole.....£1																														C.F. Petrole.....£1																													
Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																													
Machines Bull.....£1																														Machines Bull.....£1																														Machines Bull.....£1																													
Pan-Am.....£1																														Pan-Am.....£1																														Pan-Am.....£1																													
Procter & Gamble.....£1																														Procter & Gamble.....£1																														Procter & Gamble.....£1																													
Radio Corp.....£1																														Radio Corp.....£1																														Radio Corp.....£1																													
Sears Roebuck.....£1																														Sears Roebuck.....£1																														Sears Roebuck.....£1																													
Shell Oil.....£1																														Shell Oil.....£1																														Shell Oil.....£1																													
Socomec.....£1																														Socomec.....£1																														Socomec.....£1																													
Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																													
Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																													
U.S. Steel.....£1																														U.S. Steel.....£1																														U.S. Steel.....£1																													
West. Electric.....£1																														West. Electric.....£1																														West. Electric.....£1																													
Woolworth.....£1																														Woolworth.....£1																														Woolworth.....£1																													
Ass. Generali.....£1																														Ass. Generali.....£1																														Ass. Generali.....£1																													
Breda.....£1																														Breda.....£1																														Breda.....£1																													
Edison.....£1																														Edison.....£1																														Edison.....£1																													
Fiat.....£1																														Fiat.....£1																														Fiat.....£1																													
Finsider.....£1																														Finsider.....£1																														Finsider.....£1																													
La Centrale.....£1																														La Centrale.....£1																														La Centrale.....£1																													
Montecatini.....£1																														Montecatini.....£1																														Montecatini.....£1																													
Motta.....£1																														Motta.....£1																														Motta.....£1																													
Olivetti.....£1																														Olivetti.....£1																														Olivetti.....£1																													
Pirelli S.p.A.....£1																														Pirelli S.p.A.....£1																														Pirelli S.p.A.....£1																													
Rinascita.....£1																														Rinascita.....£1																														Rinascita.....£1																													
Snia Viscosa.....£1																														Snia Viscosa.....£1																														Snia Viscosa.....£1																													
Index.....102.7																														Index.....102.7																														Index.....102.7																													
Dec. 30, 1960=100.																														Dec. 30, 1960=100.																														Dec. 30, 1960=100.																													
Air Liquide.....£1																														Air Liquide.....£1																														Air Liquide.....£1																													
Boussac.....£1																														Boussac.....£1																														Boussac.....£1																													
C.F. Petrole.....£1																														C.F. Petrole.....£1																														C.F. Petrole.....£1																													
Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																														Cie. G. d'Electr.....£1																													
Machines Bull.....£1																														Machines Bull.....£1																														Machines Bull.....£1																													
Pan-Am.....£1																														Pan-Am.....£1																														Pan-Am.....£1																													
Procter & Gamble.....£1																														Procter & Gamble.....£1																														Procter & Gamble.....£1																													
Radio Corp.....£1																														Radio Corp.....£1																														Radio Corp.....£1																													
Sears Roebuck.....£1																														Sears Roebuck.....£1																														Sears Roebuck.....£1																													
Shell Oil.....£1																														Shell Oil.....£1																														Shell Oil.....£1																													
Socomec.....£1																														Socomec.....£1																														Socomec.....£1																													
Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																														Stand. Oil Ind.....£1																													
Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																														Stand. Oil N.J.....£1																													
U.S. Steel.....£1																														U.S. Steel.....£1																														U.S. Steel.....£1																													
West. Electric.....£1																														West. Electric.....£1																														West. Electric.....£1																													
Woolworth.....£1																														Woolworth.....£1																														Woolworth.....£1																													
Ass. Generali.....£1																														Ass. Generali.....£1																														Ass. Generali.....£1																													
Breda.....£1																														Breda.....£1																														Breda.....£1																													
Edison.....£1																														Edison.....£1																														Edison.....£1																													
Fiat.....£1																														Fiat.....£1																														Fiat.....£1																													
Finsider.....£1																														Finsider.....£1																														Finsider.....£1																													
La Centrale.....£1																														La Centrale.....£1																														La Centrale.....£1																													
Montecatini.....£1																														Montecatini.....£1																																																											

Merrill Lynch

WHEN Merrill Lynch Pierce, Fenner and Smith are described as the "thundering herd" or referred to as "Charlie Merrill's Opera House," in which account executives use opera glasses to read off the prices on the dealing board, there is always a tincture of respectful envy on Wall Street. Something of the same sort may enter into comments about the herd's London operations, with this week's first public advertisement of its services as a licensed dealer in overseas securities. This biggest firm of stockbrokers in the world—and probably the biggest dealer in commodity futures too—has secured this place by the efficiency with which it caters for private investors. Its ways are different from the conservative standards of Throgmorton Street and it is as familiar with computers as the average London broker is with a typewriter; no firm secured 535,000 customers without bending hyper-mechanisation to provide a first-class investment service.

The costs of such a service are high. Last year when the volume of trading on Wall Street was about a third higher than in 1960 Merrill Lynch's total income rose by 39 per cent, from \$130.4 million to \$181.1 million, and its operating expenses rose by 28 per cent, from \$92.9 million to \$118.5 million, over half the rise being accounted for by increased salaries. Employees form the greater bulk of the firm's stockholders, and they also share in the profits. After deducting profit-sharing participations and taxes, Merrill Lynch's net income rose from \$13.2 million to \$22.1 million. By the end of the year the firm's cash accounts amounted to \$42.3 million and its secured margin accounts to \$645.1 million; customers' credit balances with the firm amounted to \$227.8 million and as much as \$275.6 million was owing to the banks, not surprisingly in view of the margin dealings. The break-even point in an operation of this scale is very high and the prosperity of Merrill Lynch which held its share in the trading in the New York Stock Exchange last year—12.7 per cent of the round lot volume and 20.2 per cent of the odd lot—depends upon market activity.

Nelson Fund

IF Merrill Lynch trades on availability, then the American mutual Nelson Fund trades on exclusiveness. This has been described as the millionaire fund: it has few more than 200 unit-holders, a quarter living outside the United States, and its units were worth \$5,127 each at the end of last year, against \$3,970 at the end of 1960. The units are to be split, two for one in American parlance and one for one in British, so that the price will be halved. But the creator, president and investment adviser of the fund, Mr George J. Nelson, has no intention of making the fund more

"popular." The Nelson Fund is not for the small investor; it has no loading charge or sales force, as popular mutual funds usually have. Units are sold at the net break up value of the underlying securities and on repurchase are subject only to a one per cent redemption charge. (Mutual funds often charge as much as 8 per cent for loading.) As investment adviser, Mr Nelson receives an annual fee equal to $\frac{3}{32}$ of one per cent of the net value of the fund for his services, payable from the fund's income. Distributions of income after expenses are small, as are distributions from realised capital gains on a fund worth about \$2½ million. The intention is to build up a capital growth fund. Over 40 per cent of the fund is currently invested outside North America and most of the securities are "special situation" stocks. The basic idea of the Nelson Fund, which grew out of a dinner party in 1955 and now has something of the nature of a club, is that its unit-holders are likely to be well informed about special situations and that investment suggestions can be tested against their knowledge and experience. Obviously this can work; but one wonders who put the fund into ICI, and when—though admittedly it represents a smaller investment than Yardley. Mr Nelson's investment philosophy usually keeps the fund clear of the leading blue-chips. It has taken the fund in and out of electronics stocks; now it points to stocks in industries whose products can "be carried in one's hand" and to small, low cost producers which look ripe for a takeover.

Lancashire Cotton

AT last week's annual meeting of Lancashire Cotton the chairman, Mr Roger Lee, certainly showed that this company at least was willing to fight back against fierce overseas competition. The directors have decided on a further substantial programme of re-equipment to cost £2½ million—this in addition to the £1¼ million outstanding at October 31st last. But he added the cautious qualification that the directors will not commit themselves to absolutely firm orders unless they are satisfied that there are good prospects of earning an adequate return from the expenditure. The Geneva agreement on imports of cotton goods may enhance the prospects.

In terms of profits, the current year has not started well. Sales in the first quarter have been slightly above those for the two previous quarters, but margins have been very low. Mr Lee sees signs that the pipe lines which had been choked by excessive imports of yarn and cloth may now be clearing though it may take considerable time for the full benefit to be felt in the cotton industry. Cotton shares generally have been a firmer market recently and Lancashire Cotton at 49s. 9d. still yield over 10 per cent on the maintained dividend of 25 per cent. This would seem to discount the present difficulties quite fully; moreover,

there is the strong net asset backing of 61s. a share, reflecting Lancashire Cotton's substantial liquid funds of over £11 million.

Ross Group

THE former Trawlers Grimsby company which took its chairman's name in 1959 has cast its net wider in recent years. It is still primarily in the fishing industry, but it has expanded into other businesses—in particular into frozen foods (in which its sales rose by 54 per cent in 1959-60) and, following the acquisition of Sterling Poultry Products, into the broiler industry. While most of the new businesses have been acquired through share exchanges the group has spent heavily on new trawlers and on extending its frozen foods factories. Despite a rights issue of over £14 million in November, 1960, its bank overdrafts amounted to £34 million last August and in September it had to make a further rights issue, to raise over £3 million.

At the time of the issue pre-tax profits for the year to September 30th were estimated at £1,250,000, against £710,000, and net profits attributable to ordinary shareholders at £703,000, against £468,000. In the event net profits amounted to £695,000 but actual profits before tax of £1,066,000 were about 15 per cent below the forecast based on the accounts for the first nine months of the trading year. At first sight this suggests that profits fell sharply in the last quarter of the financial year. Clearly with costs rising and competition growing fiercer profits are becoming more difficult to earn in the frozen foods industry and this was reflected in the fall in the 5s. shares of 2s. 7½d. to 21s. 9d. after the results were published. The yield is now 5.2 per cent on a dividend raised, as forecast, from 20 to 22½ per cent. The shares from the September rights issue did not rank for this dividend but the directors have foreshadowed the same payment for the current year. As the first call in the rights issue was not made until late in September it is possible that some of the disparity between the profits forecast and the actual results is due to higher interest charges in the closing months of the group's financial year with Bank rate at 7 per cent.

The Economist Indicator (1953=100)					
1962	Indicator	Yield %	1961/62		
Jan. 17	364.4	4.97			
" 24	360.6	5.01			
" 31	357.0	5.07	High	Low	
Feb. 7	359.0	5.04	427.2	342.7	
" 14	357.0	5.07	(May 10)	(Oct. 18)	
" 21	356.4	4.99	1961	1961	

Financial Times Indices				
1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Feb. 15	303.4	5.21	6.21	12,721
" 16	303.1	5.22	6.22	12,543
" 19	302.3	5.23	6.22	15,975
" 20	301.5	5.25	6.21	12,878
" 21	300.6	5.26	6.20	12,157

High, 365.7 (May 15, 1961). Low, 284.7 (Oct. 16, 1961).
† July 1, 1935=100.

EXCHEQUER RETURNS

For the week ended February 17, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £38,106,000 compared with a surplus of £250,262,000 in the previous week and a surplus of £15,035,000 in the corresponding period of last year. There was a net expenditure "below-line" of £5,281,000 leaving a total cumulative deficit to date of £314,495,000 compared with £436,332,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Feb. 18, 1961	April 1, 1961, to Feb. 17, 1962	Week ended Feb. 18, 1961	Week ended Feb. 17, 1962
Ordinary Revenue					
Income Tax	2,728,500	1,889,910	2,083,018	98,591	103,898
Surtax	210,000	142,900	160,200	12,600	13,300
Death Duties	240,000	202,100	224,900	5,100	8,600
Stamps	94,000	79,600	84,400	1,600	1,800
Profits tax, EPT and EPL	325,500	236,500	301,000	3,000	4,000
Other Inland Rev. Duties	...	150	100	...	100
Total Inland Rev.	3,598,000	2,551,160	2,853,618	120,891	131,698
Customs	1,550,000	1,298,332	1,430,003	26,951	30,104
Excise	960,000	874,185	906,380	22,320	26,020
Total Customs and Excise	2,510,000	2,172,517	2,336,383	49,271	56,124
Motor Duties	155,000	114,954	132,392	...	1,131
PO (Net Repts.)	40,000	31,600	33,300	...	...
Broadcast Lic's	40,000	41,271	...	108	...
Sundry Loans	205,000	109,222	215,998	1,198	6,815
Miscellaneous	...	...	...	...	...
Total	6,508,000	5,020,724	5,571,691	171,468	195,777
Ordinary Expenditure					
Debt Interest	660,000	603,965	650,146	59,038	71,045
Payments to N. Ireland Exch.	92,000	74,293	81,403	...	...
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,546	7,779	11	11
Supply Services	5,186,902	4,228,868	4,521,812	96,303	86,200
Total	5,961,902	4,914,672	5,268,422	155,352	157,266
Sinking Funds	40,000	32,087	32,882	1,030	400
" Above-line " Surplus		± 73,965	± 270,387	± 15,086	± 38,100
" Below-line " Net Expenditure*		510,297	584,882	9,845	5,281
Total Surplus or Deficit		436,332	314,495	± 5,241	± 32,819
Net Repts. from :					
Tax Reserve Certificates	55,223	42,095	33,576	...	...
Savings Certificates	56,200	19,200	2,400	...	...
Defence Bonds	95,110	29,222	1,705	...	...
Premium Savings Bonds	50,410	35,400	700	...	...
Total		256,943	78,517	-28,771	-20,450

* Net issues of £40 million to the Civil Contingencies Fund in 1961-62 compared with net issues of £5 million in 1960-61.

FLOATING DEBT

(£ million)

		Treasury Bills		Ways and Means Advances		Total Floating Debt.
		Tender	Tap	Public Dept.	Bank of England	
1961						
Feb. 18		3,120.0	1,675.2	238.1	...	5,033.3
Nov. 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
Feb. 3		3,120.0	2,115.6	242.6	7.8	5,486.0
" 10		3,070.0	1,989.0	246.8	...	5,305.8
" 17		3,040.0	2,302.6	275.4	5.0	5,622.9

THE MONEY MARKET

THE discount market reduced its agreed bid at last Friday's Treasury bill tender by 5d., an increase in the rate of 1s. 8d., to £98 12s. 5d.; this followed the previous week's reduction of 1s. 1d. The average rate of discount rose by 1s. 10d. to £5 9s. 11d., its highest point since Bank rate was at 6½ per cent in October; total applications fell by £23 million to £390 million and the market increased its allotment to 28 per cent compared with the previous week's very low 22 per cent. This second reduction in the market's bid suggests that it is no longer expecting an early fall in Bank rate.

Credit has been notably easier this week and no house has been forced to borrow from the Bank of England. On Thursday of last week and Wednesday of this week the authorities in fact sold large amounts of bills in order to absorb surplus credit. The rate for day-to-day money has rarely risen above $5\frac{1}{4}$ per cent and has often been down to the clearing banks' minimum of $4\frac{1}{8}$ per cent. Thus while the market has received very few bills at the last two tenders, it has succeeded in earning a useful margin on those it has managed to get.

MONEY RATES

LONDON			
Bank rate (from 6½% 2/11/61) ...	%	Discount rates:	%
	6	Bank bills:	
Deposit rates		60 days	511 16-53d
(7 days' notice):		3 months	511 16-53d
Banks	4	4 months	511 16-53d
Discount houses	4½	6 months	511 16-53d
Local Authorities	6¼		
Call money:		Fine trade bills:	
Cleaning banks' minimum	4½	3 months	63½-71½
Day-to-day	3½-5½	4 months	63½-71½
		6 months	7 - 8

NEW YORK

Official Discount %	Treasury bills: %
rate:	February 9... 2.759
(from 3½%, 11/8 60) 3	" 16... 2.849

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates : Spot					
	February 21	February 15	February 16	February 17	February 19	February 20	February 21
United States \$	2-78-2-82 ²	2-817-16-9 ¹⁶	2-817-16-9 ¹⁶	2-817-16-9 ¹⁶	2-817-16-11 ¹⁶	2-817-16-9 ¹⁶	2-813-9-1 ²
Canadian \$...		2-9511-16-13 ¹⁶	2-9516-7-16 ¹⁶	2-95316-5 ¹⁶	2-951-16-11 ¹⁶	2-9415-16-95 ¹⁶	2-947-95
French Fr...	13-622-14-027	13-79-79 ¹⁴	13-79-79 ¹⁴	13-79-79 ¹⁴	13-79-79 ¹⁴	13-79-79 ¹⁴	13-78-79 ¹⁴
Swiss Fr...	11-94-12-547 ⁸	12-17-9-5 ⁸	12-17-9-18 ⁸	12-18-18 ¹⁴	12-18-18 ¹⁴	12-18-18 ¹⁴	12-18-18 ¹⁴
Belgian Fr...	137-96	140-07-1 ²	140-10	140-10	140-12-1 ²	140-12-1 ²	140-07-1 ²
	142-05	142-12 ¹²	15	15	17-12 ¹²	17-12 ¹²	15
Dutch Gld...	9-983-10-128 ¹²	10-19-19 ¹⁴	10-19-19 ¹⁴	10-19-19 ¹⁴	10-19-19 ¹⁴	10-18-1-3 ¹²	10-177-18 ¹⁸
W. Ger. D-Mk.	11-037-11-365	11-25-9 ⁸	11-25-9 ⁸	11-25-9 ⁸	11-25-9 ⁸	11-25-9 ⁸	11-25-9 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	1747-48	1747-48	1747-48	1747-48	1747-48	1747-47 ²
Swedish Kr.	14-27-1-14-70	14-51-51 ¹⁴	14-51-51 ¹⁴	14-51-51 ¹⁴	14-507-511 ¹⁴	14-507-511 ¹⁴	14-507-511 ¹⁴
Danish Kr.	19-061-19-62	19-377-381 ⁸	19-383-5 ⁸	19-383-5 ⁸	19-383-5 ⁸	19-383-5 ⁸	19-383-5 ⁸
Norwegian Kr.	19-71-20-301 ²	20-043-4-05	20-043-4-05	20-043-4-05	20-043-4-05	20-043-4-05	20-043-4-05
	* Official Limits						
One Month Forward Rates							
United States \$	3-59-6c. pm	3-4-59c. pm	3-4-59c. pm	3-4-59c. pm	3-4-59c. pm	3-4-59c. pm	11-6-916c. pm
Canadian \$...	11-6-16c. pm	11-6-16c. pm	11-6-16c. pm	11-6-16c. pm	11-6-16c. pm	11-6-16c. pm	5-1-2c. pm
French Fr...	21-4-13-4c. pm	21-4-13-4c. pm	21-4-13-4c. pm	21-4-13-4c. pm	21-4-13-4c. pm	21-4-13-4c. pm	21-4-13-4c. pm
Swiss Fr...	4-31-3c. pm	4-31-3c. pm	4-31-3c. pm	4-31-3c. pm	4-31-3c. pm	4-31-3c. pm	4-31-3c. pm
Belgian Fr...	40-30-3c. pm	37-27-6c. pm	37-27-6c. pm	37-27-6c. pm	40-30-3c. pm	40-30-3c. pm	37-27-6c. pm
Dutch Gld...	33-1-34c. pm	33-1-34c. pm	33-1-34c. pm	33-1-34c. pm	31-3-3c. pm	31-3-3c. pm	31-3-3c. pm
W. German D-Mk.	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3c. pm
Three Months Forward Rates							
United States \$	11-6-113-16c. pm	11-6-113-16c. pm	11-6-113-16c. pm	11-6-113-16c. pm	17-6-13-4c. pm	17-6-13-4c. pm	17-6-13-4c. pm
Canadian \$...	11-6-111-16c. pm	11-6-111-16c. pm	11-6-111-16c. pm	11-6-111-16c. pm	11-6-111-16c. pm	11-6-111-16c. pm	11-6-111-16c. pm
Swiss Fr...	101-2-10c. pm	101-2-10c. pm	101-2-10c. pm	101-2-10c. pm	101-2-10c. pm	101-2-10c. pm	101-2-10c. pm
W. German D-Mk.	91-2-9pf. pm	91-2-9pf. pm	91-2-9pf. pm	91-2-9pf. pm	91-2-9pf. pm	91-2-9pf. pm	91-2-9c. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)	249/71	249/612	...	249/33	249/3	249/4	249/4
(s. 35-13)	35-13	35-12	...	35-091	35-09	35-09	35-09

Manpower and Output

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

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

BRITISH			
Prices and Wages.....	Feb. 10th	External Trade.....	Feb. 3rd
Manpower and Output....	This week	Industrial Profits.....	Jan. 27th
OVERSEAS			
Western Europe.....	Feb. 17th	United States.....	Jan. 6th

	Unit	Mid-year or averages			1960		1961	1961				1962
		1959	1960	1961	Nov.	Dec.	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.
TOTAL MANPOWER												
June figures												
Working population:												
Total.....	'000s	24,145	24,436	24,590	24,709	24,585	24,532	24,778	24,873	24,903	24,769	...
Men.....	"	16,137	16,239	16,283	16,343	16,315	16,293	16,365	16,424	16,432	16,401	...
Women.....	"	8,008	8,197	8,307	8,366	8,270	8,239	8,413	8,449	8,471	8,368	...
Armed Forces.....	"	565	518	474	508	503	500	464	461	457	454	...
Civil employment:												
Total.....	"	23,197	23,628	23,865	23,875	23,739	23,682	24,008	24,076	24,094	23,923	...
Manufacturing industries.....	"	8,477	8,811	8,917	8,953	8,897	8,911	8,994	9,001	9,008	8,938	...
Employees:												
in engineering (2).....	"	3,545	3,741	3,799	3,795	3,781	3,788	3,840	3,834	3,845	...	...
in consumer goods industries (3).....	"	3,101	3,153	3,170	3,203	3,172	3,176	3,198	3,200	3,200	...	...
UNEMPLOYMENT												
Monthly averages												
By duration:												
All durations—total.....	"	475.2	360.4	340.7	351.8	365.0	418.9	317.0	365.7	387.4	389.3	461.0
Temporary.....	"	30.7	14.7	28.6	23.8	42.2	59.4	26.4	43.2	39.0	34.9	40.6
Wholly unemployed (5)—Total.....	"	432.8	337.2	304.8	325.7	321.9	321.4	276.1	318.3	345.6	352.9	406.7
Seasonally adjusted.....	"	243.4	187.6	157.1	312.3	309.6	299.4	307.4	322.7	334.1	341.3	355.2
Over 8 weeks.....	"	243.4	187.6	157.1	159.7	166.2	184.1	134.2	143.9	155.3	168.5	198.0
By regions (4):												
Great Britain.....	%	2.2	1.6	1.6	1.6	1.6	1.9	1.4	1.6	1.7	1.7	2.0
London and South Eastern.....	"	1.3	0.9	1.0	1.0	0.9	1.3	0.9	1.0	1.1	1.1	1.3
Eastern and Southern.....	"	1.5	1.2	1.1	1.3	1.4	1.7	0.9	1.2	1.4	1.2	1.5
South Western.....	"	2.2	1.7	1.4	1.7	1.7	1.8	1.2	1.5	1.7	1.7	2.0
Midland.....	"	1.5	1.0	1.4	1.2	1.9	2.0	1.4	1.7	1.7	1.6	1.8
North Midland.....	"	1.5	1.1	1.0	0.9	1.0	1.1	0.9	1.0	1.1	1.1	1.4
East and West Ridings.....	"	1.9	1.2	1.0	1.0	1.0	1.1	1.0	1.1	1.2	1.2	1.5
North Western.....	"	2.8	1.9	1.6	1.7	1.5	1.7	1.7	1.7	1.9	1.8	2.2
Northern.....	"	3.3	2.8	2.5	2.6	2.6	2.8	2.3	2.5	2.9	3.0	3.5
Scotland.....	"	4.4	3.6	3.1	3.4	3.3	3.7	2.8	3.0	3.2	3.5	3.9
Wales.....	"	3.8	2.7	2.6	2.6	2.8	3.1	2.2	3.5	2.8	2.8	3.3
VACANCIES												
Unfilled vacancies: Total.....	'000s	224	314	320	310	294	281	328	289	263	249	223
Seasonally adjusted.....	"	...	...	...	328	318	317	322	296	282	273	261
STOPPAGES OF WORK												
Working days lost: Total.....	M	439	252	252	266	104	151	181	382	156	62	...
in engineering (2) (13) industries.....	M	80	121	121	179	45	52	94	249	49	30	...
INDUSTRIAL PRODUCTION												
Index:												
All industries.....	1958=100	105	112	114	118	112	112	116	118	119	111	...
Seasonally adjusted.....	"	...	...	...	112	113	112	113	113	113	112	...
Mining and quarrying.....	"	97	94	...	99	92	95	94	100	102	...	...
Construction.....	"	106	111	...	114	113	115	119	...	...	...	...
Gas, electricity and water.....	"	103	110	...	125	133	139	102	116	134	...	...
Manufacturing, total.....	"	106	115	115	120	112	112	118	119	119	109	...
Seasonally adjusted.....	"	...	...	...	113	114	113	114	112	112	112	...
Engineering and electrical goods.....	"	105	114	...	121	123	110	130	126	127	...	...
Shipbuilding.....	"	94	85	...	83	86	85	86	86	88	...	...
Vehicles.....	"	109	118	...	110	103	110	107	108	111	...	...
Chemical trades.....	"	111	122	...	128	118	125	123	128	...	...	...
Textiles, leather and clothing.....	"	107	113	...	123	104	107	121	119	118	...	...
Basic material production:												
M/W averages												
Coal (7) (8).....	W	'000 tons	3,963	3,725	3,663	3,933	3,657	3,761	3,708	3,938	4,061	3,690
Pig iron.....	W	"	242	303	283	315	306	308	261	248	270	250
Steel, ingots and castings.....	W	"	388	467	425	505	451	472	400	382	420	357
Sulphuric acid.....	M	"	202.3	225.1	221.8	222.6	238.8	229.7	208.3	225.4	226.5	230.0
Newsprint.....	W	"	12.87	14.25	13.70	14.87	13.57	14.61	13.06	13.39	14.21	13.63
Electricity (2) (11).....	M	mn. kwh	8,764	9,904	10,631	11,467	12,654	13,266	9,148	11,022	12,856	14,113
Gas (12).....	W	mn. therms	53.5	55.7	55.7	61.8	65.7	70.0	46.3	53.9	63.2	69.1
Textile production:												
Cotton yarn, single.....	W	mn. lb.	14.58	14.44	13.21	15.54	13.65	14.21	12.41	13.58	13.38	10.85
Worsted yarn (6).....	M	"	19.34	20.40	20.53	23.39	19.70	21.43	21.66	22.11	22.66	17.80
Rayon and synthetic fibres.....	M	"	42.89	49.33	47.47	51.00	47.10	48.45	45.40	52.75	52.07	48.90
Cotton cloth, woven.....	W	mn. yds.	25.7	24.9	23.8	26.4	24.3	25.1	23.0	25.0	24.4	20.3
Wool fabrics, woven (6).....	M	mn. sq. yds.	30.4	30.6	29.3	34.1	29.4	31.3	31.1	31.8	32.1	26.1
Engineering production:												
Passenger cars and chassis.....	W	'000s	22.88	26.01	19.31	19.00	15.36	14.95	20.18	18.84	20.46	19.98
Commercial vehicles and chassis.....	W	"	7.13	8.81	8.85	9.39	9.10	9.54	9.00	8.73	8.74	7.51
Merchant ships (1).....	M	'000 gr. tons	115	108	115	134	104	44	196	115	131	121
Internal combustion engines (6).....	M	'000 BHP	468	577	...	639	649	615	559	575	...	...
Metal-working machine tools (6).....	M	£'000	6,564	7,911	...	9,131	8,662	9,766	10,148	10,420	10,063	...
Television sets.....	M	'000s	238.6	178.4	...	158.3	110.9	92.6	124.7	155.3	162.3	...
Permanent houses completed (10):												
Total.....	M	'000s	20.78	22.44	22.40	23.24	24.07	18.72	22.36	25.44	22.79	23.79
For local housing authorities.....	M	"	8.29	8.60	7.74	8.20	9.71	6.23	7.01	8.45	7.68	9.88

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for third quarter. (10) England and Wales. (11) Generation for public supply. (12) Total available at gas works. (13) Average for fourth quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacture. (16) Average for first quarter. (17) February, 408.0. (18) February, 353.9. (19) February, 2.0. (20) February, 213. (21) February, 253.

APPOINTMENTS



FINANCIAL PLANNING AND CONTROL

Finance work can be a dull recording function or it can be a live constructive force in assisting management to plan and control a company's affairs. In Ford of Britain the finance activity makes a positive and vital contribution to policy and operations. This work is increasing with the growing size and complexity of the Company and additional high calibre staff are required to meet the needs of expansion and new model programmes.

A number of vacancies are immediately available at both junior and senior levels for men up to the age of 40. The following headings illustrate the range covered by these vacancies—Profit Budgets, Design Cost Control, Price Analysis, Internal Audit, Operations Analysis, Management Reporting, Financial Systems and Procedures, Competitive Analysis and Industrial Economics. Although a good honours degree or professional qualification is a minimum requirement, a broad understanding of management problems and a keen analytical mind are more important than training in a particular technique.

Prospects will not be limited to the finance field as the Company management development policy ensures that men of high general ability are detected and advanced as rapidly as their capacity can sustain. Salary and promotion therefore depend entirely on ability.

Applicants are invited to send personal details including age, qualifications, experience and approximate salary required (marking envelopes "Ref. A6") to

MR H. G. PEARMAN, TRAINING & RECRUITMENT DEPARTMENT,
FORD MOTOR COMPANY LIMITED, DAGENHAM, ESSEX



MATHEMATICIAN

Over the past few years, this Company has been applying more or less vigorous analytical and experimental methods to the conduct of its business activities with sufficient success to believe that yet more intensive application would show handsome returns. A second operational Research Officer is therefore to be appointed whose duties will be to catalyse the development of more precise operating procedures through direct contact with the Company's operations and management at all levels. For this post we want a young man or woman with a first-class honours degree in any subject and post-graduate mathematical experience in probability, combinatorial analysis or control processes. It is essential that he or she should now be well versed in the techniques and understanding of at least two of these fields and thoroughly acquainted with the principles of scientific method. Any experience of practical applications is likely to be irrelevant and cannot therefore be counted an advantage *per se*. The fundamental requirements for the job are patience in enquiry, faith in the existence of solutions and the will to lucidity in exposition. Age 25-30 years.

Starting salary £1,750-£2,000 per annum

Please apply giving full personal details to:

Chief Personnel Officer, Mars Ltd.,
Dundee Rd., Slough, Bucks.

INDUS BASIN SCHEME MANGLA DAM CONTRACT

Applications are invited from qualified CHARTERED ACCOUNTANTS with considerable "Works" experience since qualifying in the Civil Engineering Industry, aged 35/50, able to control staff with tact and firmness. The successful applicant will be required to take charge of Accounting in connection with the supervision of a very large contract.

The net consolidated salary, after deduction of Pakistani Income Tax, will be £4,000 per annum with net increments of £200 per annum.

Appointments will be for a period of two years with the option, subject to approval of the Project Consulting Engineers, of extending them to four years after one year's service.

Free basic furnished accommodation with air conditioning facilities, free passages for applicant and family, medical and other concessions, also home leave with full pay approximately every 16 months for those whose contracts are extended.

Successful applicants will be in the employ of the Project Consultants, Messrs. Binnie, Deacon & Gourley, and will be required to take up appointment during the second quarter of 1962.

Written applications (superscribed "Accountants Mangla"), with age and full particulars including salary of last or current appointment, and names of two referees, to be sent to:—

R. E. B. WILLCOX & CO.,
CROSBY HOUSE,
35-37 GREAT ST. HELENS,
LONDON, E.C.3.

not later than March 15, 1962. Interviews will be held in London during the second half of March and, if required to attend, the applicant will be paid out-of-pocket travel expenses.

ORGANISATION AND METHODS ASSISTANT

Applications are invited for this post in the Finance Department of THE CO-OPERATIVE UNION LIMITED. Duties will consist of participation in the provision of an Organisation and Methods Advisory Service to Retail Co-operative Societies. Applicants should have:—

- A sound knowledge of clerical methods and principles of accounting.
- Practical experience of the application of keyboard accounting and punched card machines.
- A capacity for the logical analysis of problems and an ability to prepare clear and concise reports.

Commencing salary will be up to £1,200 per annum, dependent upon qualifications and experience. For Requisition for application form, marked Organisation and Methods, should be made to the Accountant, The Co-operative Union Limited, Holyoake House, Hanover Street, Manchester, 4. The closing date for applications will be March 31, 1962.

I.T.I.

I.T.I. Europe Ltd., specialists in industrial marketing research and advisory activities in Europe. We are associated with similar organisations and consulting engineers in France, Germany and Switzerland, and have offices on the Continent.

Owing to rapid growth a vacancy has arisen for a graduate with scientific and technical training and a minimum of two years in industrial marketing research or with a consulting engineers' organisation. The candidate should speak fluent German and have some knowledge of at least another Continental language.

Initial salary from £1,200-£1,400 according to age and experience. The prospects are exciting. Write to: I.T.I. Ltd., 18

FORD**COMPUTERS**

Ford of Britain is employing and developing the most modern and effective systems and techniques to assist in managing and operating its large scale activities. An important contribution is already being made by computers and considerable expansion in their use is planned. Exceptional opportunity is therefore offered to staff at both senior and junior levels on the following work:—

SYSTEMS ANALYSIS • COMPUTER PROGRAMMING
COMPUTER OPERATIONS • COMPUTER MAINTENANCE

Prospects in this expanding function in the vigorous Ford organisation ensure that the able man will make rapid progress. Applications, giving age and brief details of experience, should be addressed (with envelope marked "Ref. CC") to:

MR H. G. PEARMAN,
TRAINING & RECRUITMENT DEPARTMENT,
FORD MOTOR COMPANY LIMITED,
DAGENHAM, ESSEX

COMMISSION FOR THE NEW TOWNS

The Commission for the New Towns invite applications for the following appointments to their headquarters staff:

ADMINISTRATIVE OFFICER:

Must have had experience and responsibility in organising the staffwork of an important undertaking and possess proven administrative ability. Aged preferably 35 to 45 years. A degree of a British University or other professional or educational qualification essential.

LEGAL OFFICER:

A solicitor is required with wide experience in every phase of property transactions and management; the successful candidate will be required to advise upon the Commission's legal and statutory interests.

DEPUTY FINANCE OFFICER:

Should be Chartered or Incorporated Accountant, Chartered Municipal Treasurer or Certified Accountant or have equivalent qualifications and should have a wide and varied experience in commerce or the public service. The salary for each post will be within a range £2,700-£3,400 per annum. Contributory superannuation.

The Commission, which was set up under the New Towns Act, 1959, is charged with taking over, holding, managing and turning to account the property now vested in Development Corporations.

Applications, stating age, education, qualifications and experience, and giving names of two referees, should be addressed to the Secretary, Commission for the New Towns, and received not later than March 16, 1962.

B. J. COLLINS,
Secretary.

Commission for the New Towns,
Glen House,
Sixth Place,
Victoria, S.W.1.

THE CORPORATION OF LLOYD'S
REQUIRE A
MANAGER FOR THE
INVESTMENT DEPARTMENT

The growth of the Funds administered by the Corporation and the Pension Funds, provides an opportunity for a man with experience of institutional investment. A Secretarial qualification would be an advantage but is not essential.

The applicant should be between 35 and 45.

Applications marked "Investment Confidential" should be made, giving details of age, experience, qualifications and salary required, to

The Principal Clerk,
Lloyd's, London, E.C.3.

UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for an Assistant Lectureship in Medical Statistics from October 1, 1962, or such earlier date as may be arranged. Applicants should have special qualifications in Statistics or Mathematics, but applications will be welcomed from candidates who hope to obtain such qualifications in the near future. The salary scale is £800 x £50 to £850 plus F.S.S.U. Initial placing on this scale will depend on experience and qualifications. Applications should be received by March 24, 1962. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary to the University.

MARKET RESEARCH ASSISTANT

required for Package Foods Division to work on both existing and new product development with responsibility later for commissioning research with outside agencies.

Applications from men or women age 24-30 who should have a degree and must have at least two years' Market Research experience are invited. Although salary and substantial Profit Sharing Scheme give good remuneration here an indication of present or expected gross earnings would be helpful. Other benefits include Pension and Life Assurance Schemes. Based in London now, a move to Escher is contemplated within two years.

Group Personnel Manager,
BROWN & POLSON LTD.,
125/130 Strand, London, W.C.2.

AGRICULTURAL RESEARCH COUNCIL**STATISTICS GROUP**

Graduate mathematician required; previous statistical experience not essential. Starting salary £598 p.a. at age 21 to £801 p.a. at age 26 or over. Requests for further information and applications, giving age, qualifications and names of two persons to whom reference may be made, should be sent to the Secretary, School of Agriculture, Cambridge, not later than March 17, 1962.

EDUCATION: BUSINESS AND PERSONAL**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. 1,431 Wolsey Hall students passed London Univ. B.Sc. Economics Exams, 1959-60. 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

DIRECTORS needing able office staff (m. and f.)—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMPLER 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.

WOOLWICH POLYTECHNIC

Principal: Harold Heywood, D.Sc.Eng.(Lond.), Ph.D., A.C.G.I., Wh.Sch., M.I.Mech.E., M.I.Chem.E.

DEPARTMENT OF ECONOMICS AND MANAGEMENT**B.S.C. (ECON.) DEGREE COURSE**

Students who are eligible for admission to this full-time course under University Regulations or may qualify at the Summer G.C.E. Advanced Level Examinations should WRITE NOW for Application Forms and further details.

Students who require to complete University Entrance requirements may apply for a four-year course to include a preliminary year in the Department's University Entrance Course.

RESEARCH EXECUTIVE

The Marketing Department of Mather and Crowther requires a male research executive with between one and three years' experience of consumer research, to assist on a group of interesting and important accounts.

This appointment, in a rapidly expanding department, with a field force now numbering 180 interviewers, will provide a good opportunity for rapid experience and advancement.

Salary according to qualifications and experience.

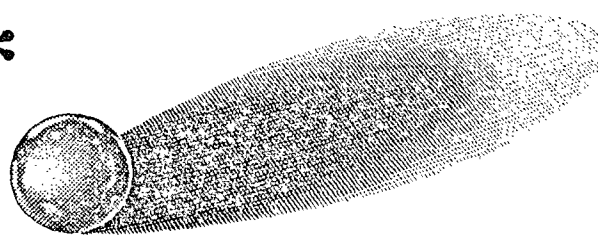
Write to the
Research Manager,
MATHER & CROWTHER LTD.,
Brettenham House, Lancaster Place,
London, W.C.2.

For other appointments see pages 755 & 763

This progressive and expanding Company wants a

MARKETING RESEARCH ASSISTANT

to compile, collate, originate, and interpret statistics in relation to the existing and potential market. The applicant should have had some marketing research experience with either a national company or an advertising agency. Starting salary up to £1,000, contributory pension scheme exists. Apply to General Sales Manager, Stotherts Ltd., Atherton, near Manchester.

**DO YOU KNOW**

**that this little ball
could run you
out of business?**

VULCAN KNOW The most simple things can cause a disaster to all kinds of industrial machinery. But, simple or complex, every potential danger spot needs an expert eye to find and correct it. The expert who knows where to look, and what to look for, is the Vulcan Engineer Surveyor.

Industrial accidents need never happen if he regularly inspects machinery—your machinery. The inspection and protection of boilers and cranes, lifts and hoists is what Vulcan provide. It is a specialist's job. Vulcan are the specialists. That's why insurance brokers know that safety first is Vulcan first.

May we send you FREE 'Vulcan'—a journal for all users of plant and machinery with reports of accidents and safety hints. Write to us.

An extra specialist Vulcan Service!

We were the first insurance company to offer industry Non-Destructive Flaw Detection by Ultrasonics, Radiography, or Magnetics. This extra specialist service is now available to all industry—whether Vulcan insured or not. Write to us for complete details.

Vulcan ARE SPECIALISTS

THE VULCAN
BOILER & GENERAL INSURANCE CO. LTD.
DEPT. 17, 67 KING STREET, MANCHESTER 2

* Today, thanks to skilful machining, there is an endless variety of uses for ball bearings and roller races. But choice of wrong type of bearing, or incorrect fitting, or excessive loading, can result in expensive failure. And in most cases, the failure can be blamed on the user, and not on the manufacturer...

National Provincial Bank Limited

ESTABLISHED 1833

Statement of Liabilities and Assets
December 31st, 1961

LIABILITIES

Capital paid up	£21,030,081
Reserve Fund	17,716,270
Current, Deposit and other Accounts	919,906,943
Liabilities for Acceptances, Endorsements, Engagements, etc.	40,828,875

£1,032,482,172

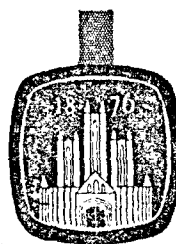
ASSETS

Coin, Bank Notes and Balances with the Bank of England	£83,511,134
Balances with, and Cheques in course of collection on, other Banks in the United Kingdom and Ireland, and Cheques, Drafts, etc. in transit	11,178,964
Money at call and short notice	87,916,523
Bills Discounted and Re-financeable Credits	175,229,910
Special Deposit with the Bank of England	26,300,000
Investments	106,153,055
Advances to Customers and other Accounts	413,932,270
Investments in Subsidiary Companies	7,650,459
Trade Investments	3,764,130
Bank Premises	13,013,822
Liabilities of Customers for Acceptances, Endorsements, Engagements, etc.	40,828,875

£1,032,482,172

HEAD OFFICE:

15 Bishopsgate, London, E.C.2

SAFE INVESTMENT SINCE 1876

8%

INTEREST

**PAID-UP CAPITAL AND
RESERVES £223,998**

ASSETS EXCEED £2,000,000

THE LINCOLNSHIRE

PROPERTY BUILDING AND GENERAL FINANCE CO. LTD.
AKRILL HOUSE, CLASKETGATE, LINCOLN. Phone 23314

Please send brochure EC 862 and balance sheet.

NAME

ADDRESS

MEMBER OF THE FINANCE HOUSES ASSOCIATION

JAPAN'S ECONOMIC OUTLOOK

a cautiously optimistic analysis

Like any national economy operating on the free-enterprise system, Japan's has shown the need for occasional periods of readjustment. It is currently undergoing just such a readjustment. Japan is a country poorly endowed with natural resources but rich in technological capability. The logical outcome of this is that Japan's continued prosperity depends on an expanding export trade. With the announcement last year of the Ikeda Cabinet's 10-year plan for doubling the national income, private industry entered into the spirit of expansion so enthusiastically that new investment in plant and equipment far exceeded the rate of growth envisioned by the government. This capital investment entailed excessive imports, throwing Japan's international payments out of balance. That briefly is the background for the present dull tone of Japan's securities market, accompanied by a tight money situation and a necessary retrenchment mood throughout large sectors of the economy.

The bright side of the picture is that huge plant and equipment investments result in increased production capacity and large-scale technological renovation, making Japan's position in the competitive world market better than ever before. So with some curtailment in domestic consumption and active promotion of exports, Japan's international payments position will improve, and another era of prosperity will be ushered in. That is why the present period of readjustment does not discourage us; on the contrary this seems to us an ideal time to seriously consider the investment opportunities in the Japanese market.

YAMAICHI SECURITIES CO., LTD.

UNDERWRITERS, DISTRIBUTORS, BROKERS AND DEALERS

Head Office: Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan

CABLE ADDRESS: MONTONESCO

YAMAICHI SECURITIES COMPANY OF NEW YORK, INC.

(Affiliate of Yamaichi Securities Co., Ltd. Tokyo, Japan)

111 Broadway, New York 6, N.Y.

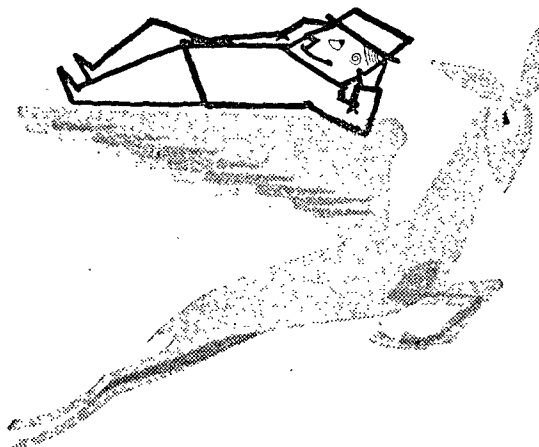


'Come in
please,
mummy
says'

It's the Home Service Insurance
Man, the friend of the family.
Through him, ten million
families are investing in their
own and Britain's future, by their
regular payments on industrial
life assurance policies.

Issued by The Industrial Life Offices Association

Air comfort to SOUTH AFRICA



Five days a week in both directions the giant **BOEING 707 AIRLINERS OF SOUTH AFRICAN AIRWAYS** wing their way swiftly between London and Johannesburg, carrying their passengers in supreme comfort to and from both cities, with calls and stop-over facilities at important points en route.

Flight in these stratojets is the smoothest and quietest ever offered to air travellers.

JOHANNESBURG - AUSTRALIA Services by S.A.A.'s DC-7B aircraft via Mauritius and the Cocos Islands enable you to continue to Australia for little more than the direct London-Australia fare.

SOUTH AFRICAN AIRWAYS

(IN ASSOCIATION WITH BOAC, GAA, EAA AND QANTAS)
CONSULT YOUR TRAVEL AGENT OR SOUTH AFRICAN AIRWAYS
107 NEW BOND STREET, LONDON, W.1
For reservations ring 3 HYDE Park 3424
or, after office hours, VICTORIA 2323

Invest in the TEMPERANCE with absolute confidence

- Established for over a century
- Member of the Building Societies Association
- Shares & Deposits are Trustee Investments
- Income Tax on all interest is paid by the Society
- No Capital depreciation
- Withdrawals paid promptly.

Total Assets are now

£48,431,000

Reserves

£2,685,000

Send for full details and Investment Brochure Ref. R. 6

TEMPERANCE PERMANENT BUILDING SOCIETY

(Member of the Building Societies Association)

223-227 REGENT STREET, LONDON, W.1.

Phone: REGent 7282

Branches throughout the country

Offering You a Second Income

An extra source of income is always welcome. For that special something you have longed for, for vacations, etc., a second income is the logical solution.

To establish a second income, Nikko offers for your choice a diversified portfolio of stocks, bonds, investment trusts and debentures. Nikko, with its eminent history in the field of investments in Japan, is known for its competent, dependable service. A special staff of experts for consultations with foreign clients is at your service.



The Nikko Securities Co., Ltd.,
New Marunouchi Bldg., Tokyo, Japan
Telex: TK 2410 Cable Address: NIKOSE TOKYO
New York Branch: 1 Chase Manhattan Plaza
New York 5, N.Y.
Teletype: NY 1-2759U

£500 A YEAR TAX FREE FOR YOUR FAMILY

The Equitable offers you a special plan to protect your family's future at the lowest possible cost. Should you die within a period of 20 years your dependants will receive £500 a year tax free for the balance of the period.

You only pay premiums for 15 years and if you are 29 now the cost is as little as £19.0.0. a year—about 7/6 a week. The premiums for larger benefits are in proportion.

The Equitable offers attractive terms because it has no shareholders to take any part of the profits and pays no commission for the introduction of business.

THE EQUITABLE FOR A BETTER DEAL



THE EQUITABLE Life Assurance Society,
19, Coleman Street, London, E.C.2.

Please send me full details of the
'Income for Dependents' Policy.

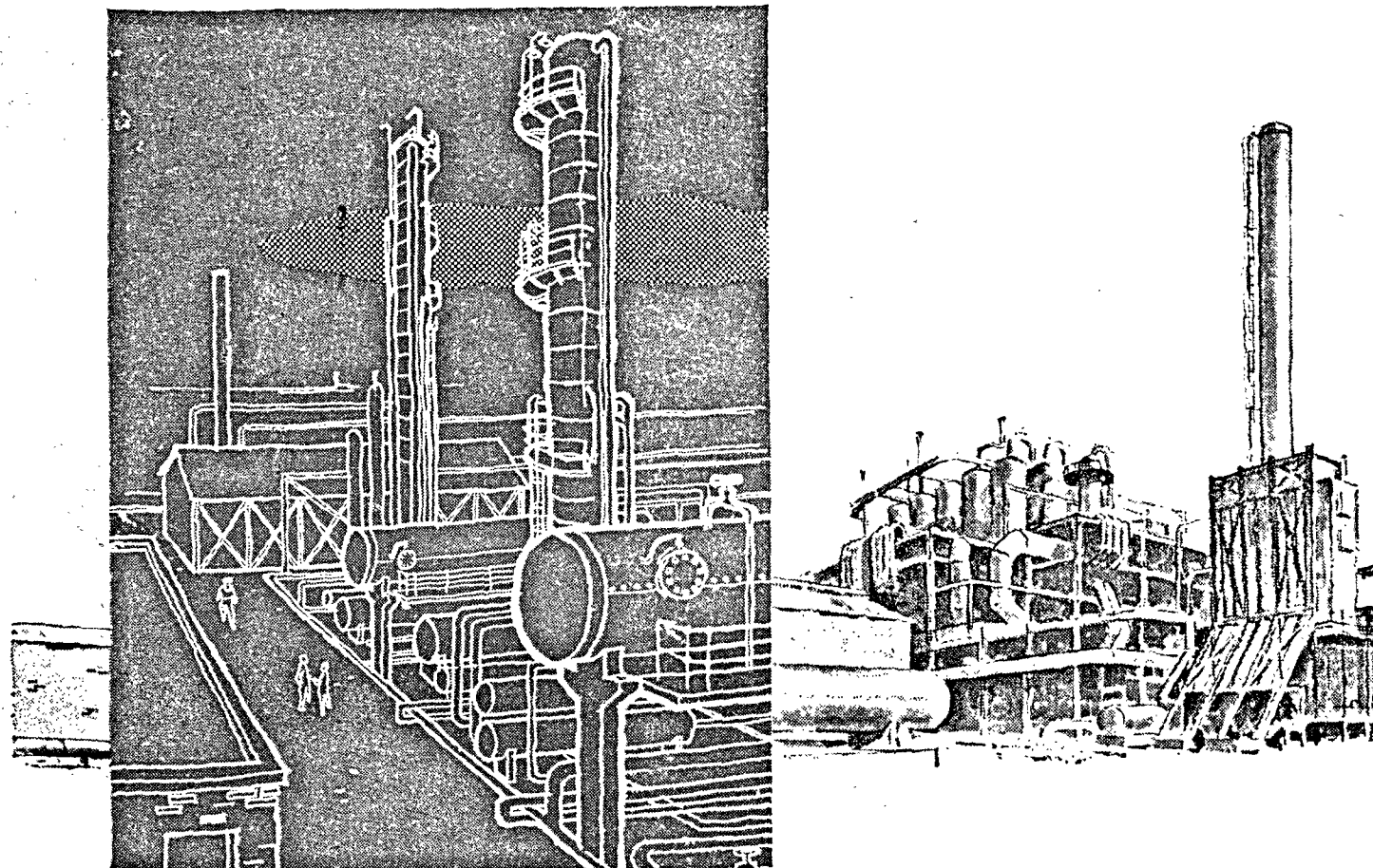
Name

Address

Date of birth

EC 1

Kellogg again at work for I.C.I.



Once again Kellogg is proud to be co-operating with ICI. This latest in a long series of projects is to execute ICI's first crude distillation unit, having a capacity of 1,000,000 tons per year and scheduled to be in operation in 1963 on Tees-side.

Kellogg will be responsible for the design, engineering, procurement of materials and construction of the unit which will provide some of the light distillate naphtha required by ICI in its three olefin plants at Wilton. Kellogg was associated with ICI in the development of all three plants. The new distillation unit, normally a step in petroleum refining, will allow the chemical concern to handle crude oil for the first time and will provide ICI with greater control over the raw materials needed for ethylene production at Wilton.

If you are planning to build new processing facilities at home or abroad—in the refining or petrochemical field,—you will be interested in the new brochure, "On the Job with Kellogg International Corporation". Write for your copy.



Kellogg International Corporation

62-72 CHILTERN STREET · BAKER STREET · LONDON W.1

A subsidiary of THE M. W. KELLOGG COMPANY NEW YORK

Offices of other Kellogg Companies are in
Buenos Aires · Caracas · Dusseldorf · Paris · Rio de Janeiro · Toronto