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1962 - March. 3, 10, 17

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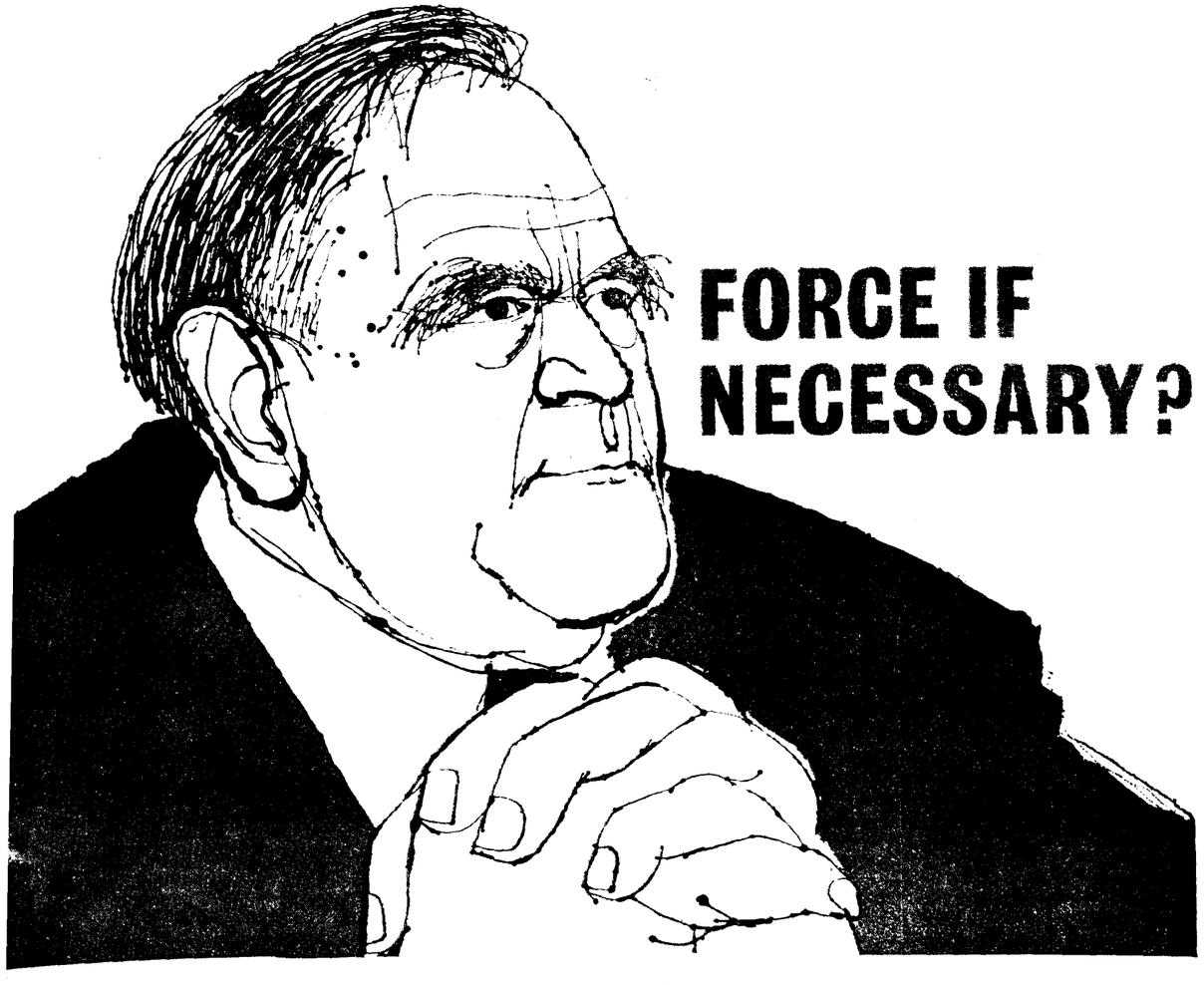
The Economist

MARCH 3, 1962

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FORCE IF NECESSARY?

A No Change Budget?

Europe's Widening Horizon

The Choice in Courtaulds

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In The Economist this Week — March 3, 1962

INTERNATIONAL

THE HALF HOG

Mr Maudling has by no means gone whole hog for the Africans with his new proposals for Northern Rhodesia's constitution (even though Sir Roy Welensky has talked of going "the whole hog ... force if necessary" to preserve the central African federation). Yet Mr Kaunda's best bet is still to make use of the new proposals; otherwise Rhodesia could become a new Algeria (p. 781) just when the French and the Arabs are treading the last precarious lap to peace (p. 791).

BREAD ACROSS THE WATERS

The debate on agriculture in Britain's **European** negotiations is assuming world-wide dimensions (p. 784).

The sun of the **Japanese** economy is still rising steeply. But the shadow of the common market is causing shivers in Japan (p. 786).

TALE OF TWO CITIES

The **Berlin** wall completes a division that has been in the making for many years. West Berlin's vital statistics have shown a remarkable resilience in the six months since it was built (p. 809).

In **Bonn** Dr Adenauer has rehabilitated Professor Oberländer, the refugee leader, just when the professor's most outspoken critic in the Christian Democratic Union has walked out (p. 810).

THE EDGE OF EUROPE

Turkey's latest abortive coup is symptomatic of a struggle between three powerful forces: the pro-western establishment, the angry young men who look left for remedies, and old Islam (p. 814).

Finland's choice of Kekkonnen for President may open the way to a phase of stable government, combining civil relations with Russia with conservatism at home (p. 813).

Signor Fanfani's opening to the left in **Italy** needs socialist support and communist opposition (p. 791).

All the **peripheral parts of Europe** will face economic problems as integration accelerates growth in the industrial heartland (p. 794).

RUSSIA BETWEEN EAST AND WEST

In the **Sino-Soviet** quarrel, Peking seems less inclined than Moscow to have things out (p. 788).

Mr Macmillan and President Kennedy have appealed to Mr Khrushchev to bring reason instead of rhetoric to the subject of **disarmament** (p. 788).

Russia wants Britain to restrain the Americans in **South Vietnam**; but the north Vietnamese guerillas are the source of the trouble (p. 793).

AMERICAN IMAGE

The **United States Information Agency** does its best to give the world a fair picture of America (p. 797).

This year Congress may possibly give America's ***old people*** a dose of "socialised **medicine**" at last (p. 798).

There is no brotherly love in either political party in the **Quaker State** at the moment (p. 801).

Urban Americans are grossly under-represented both in Congress and in their State Legislature (p. 804).

Mississippi still refuses to retreat even an inch when told that Negroes must have their civil rights (p. 801).

HOME

FIGURED BASS

Mr Lloyd has contritely revealed that the Government is overspending by £111 million. The Government has sensibly concluded that this is not the time to put the squeeze on social services. The most significant news is that the Chancellor has shifted a bit from his preoccupation with "excessive" demand, and his budget may be a "no change" one (p. 783).

Mr Lloyd laid down a round figure for public service investment two years ahead: Sir David Eccles, building new schools, is more conscious of the uncertainties in such an exercise (p. 792).

The defence estimates uncover some serious deficiencies in naval strength: but more men are going into the services (p. 791).

CROSS RHYTHMS

By making its offer unconditional ICI may have tipped the balance in Courtaulds' favour: a situation in which ICI has a minority, or a majority shareholding in Courtaulds could still attract many investors (p. 825).

The shipping industry is down by the head, but not sunk (p. 828).

Engineers and miners are angry about their pay, but railway workers have accepted, and London Transport workers may possibly accept, what they are offered: the Government is still manipulating its own economic tools clumsily (p. 792).

Britain suffers—in both senses—a shortage of skilled labour: young people could be more adequately trained, and many older people could be retrained to higher skills to relieve it (p. 791).

The largest oil refinery in Britain has brought some extraordinary good sense into its labour-management relations in this country, and pushed some extraordinarily bad practices out of them (p. 805).

HARMONIC PROGRESSION

The threatened right-wing challenge to the Government over Northern Rhodesia emerged in a much enfeebled form: Mr Maudling (aided by Sir Roy Welensky's tactical lapse) seems to have struck the right note for party harmony (p. 787).

Like the Jesuits, the Conservatives believe in catching them Young (p. 806).

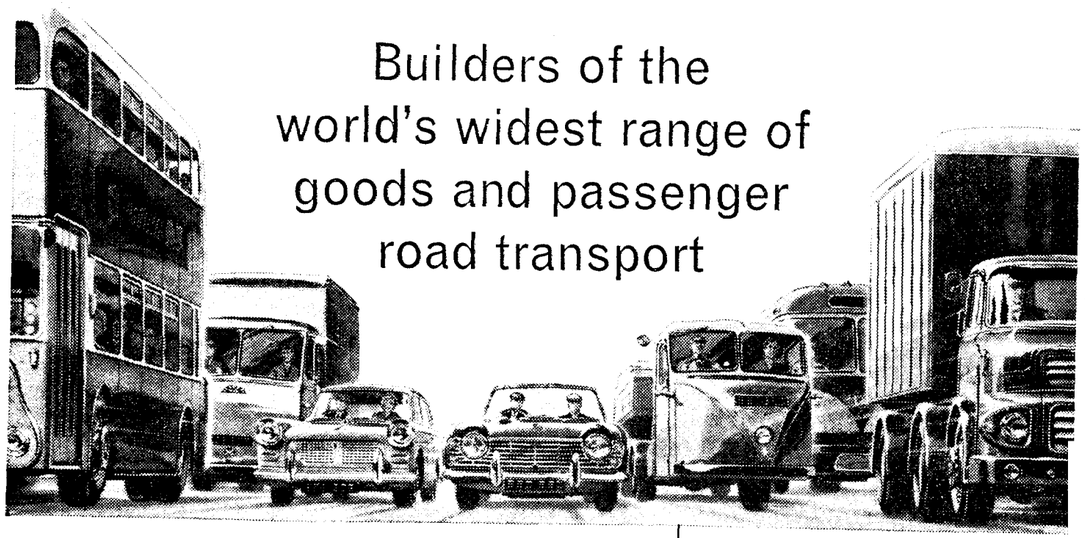
TONIC MODES

British exports need a boost, and a direct subsidy might supply one in the short run: but a long-term remedy might be a turnover tax, from which exports would be exempt, as part of a generally reformed system of company taxation (p. 826).

Detailed contents on page 781

EXPANDING FOR ECONOMY

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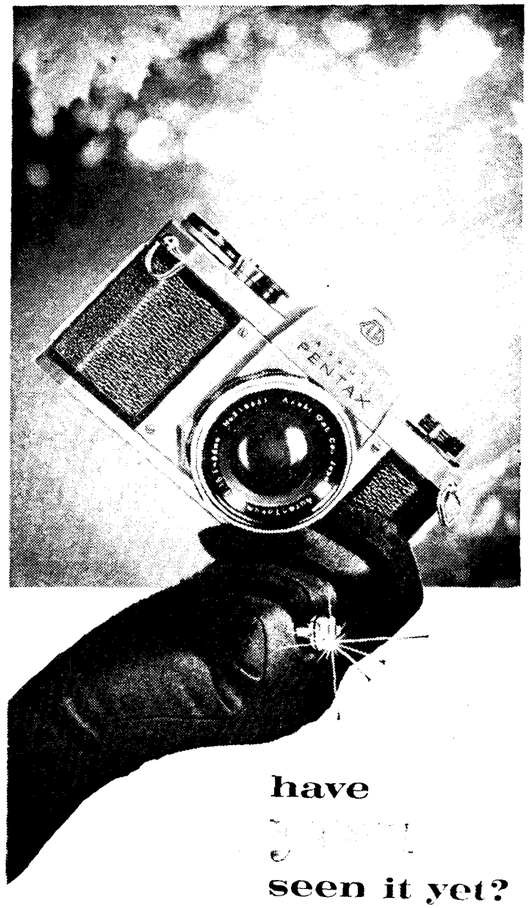
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But personality cults are against The Guardian's principles. Besides, they're so tiresome. Who cares, except perhaps Mrs. Morris, whether James eats ravioli, wears pyjamas, went to Eton, approves/disapproves of state lotteries?

What matters about James Morris is what he writes. And what he writes is good. So we give him his head: here, we say, is your head — take it away and use it. With the result that a Morris despatch is no insipid, decaffeined handout of rabbit food, but the stimulating sharing of experience between one lively mind (like yours) with another lively mind (yours).

LIVELY MINDS LIKE

THE GUARDIAN



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"You've got wow and flutter on the brain, Son, since you got that new record player for Christmas"
"Oh! that—that's Hi-Fi stuff. This wow's different—it's carbon"
"A carbon wow?"
"No, Dad. A carbon bush"
"And as you will one day learn, Son, good wine needs no bush"
"But good wine's not self-lubricating, Dad"
"Tell that to Mr. Marples, Son"
"Well, it's certainly not heat-resisting; and this carbon bush is both self-lubricating *and* heat-resisting"
"Wonderful what they get up to these days isn't it?"
"Sure. And there's lots more I could tell you about carbon"
"Such as?"
"There's carbon in aircraft, carbon in motorcars, carbon in trains, carbon in ships"
"Sounds like the Charge of the Light Brigade to me—cannon to right of them, cannon to left of them, cannon in front of them. You certainly have been doing your home-work, Son. Old Squirt will be pleased"
"Home-work my foot, Dad. I've been reading the Morganite Carbon advertisements. Carbon seems to be everywhere—like Morganite Carbon Limited"
"Congratulations, Son. You're beginning to show a fine percipience"
"Er... thanks. Oh—and Dad?"
"Yes, Son"
"They say there'd be no telephones without carbon"
"Do they sound glad or sorry, Son?"
"Proud, Dad. Just proud".

With apologies to Harold Wincott

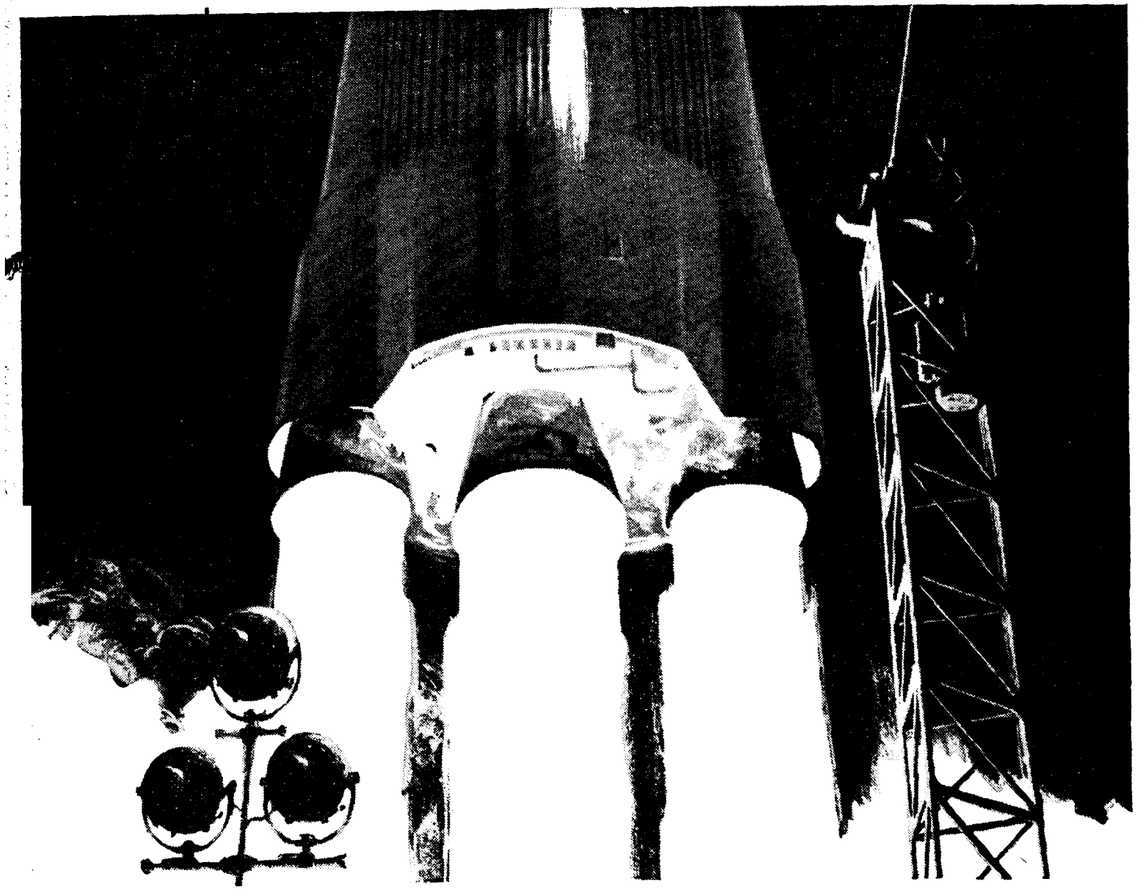
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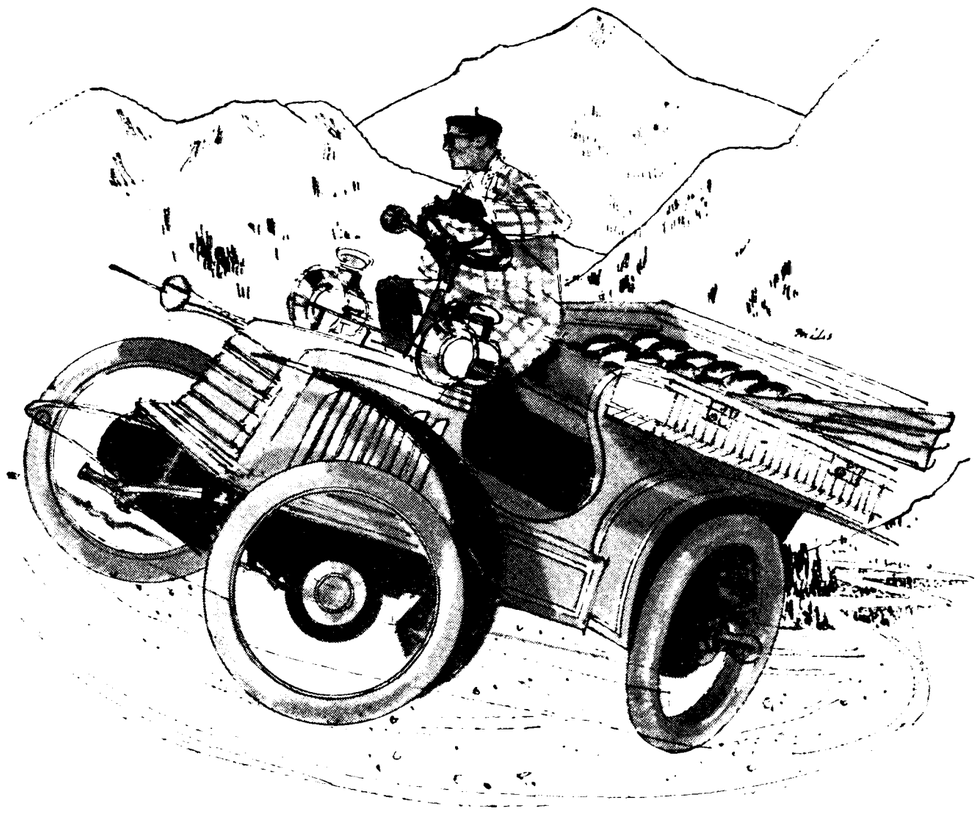
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Within the next year or so a 7-mile tunnel will be completed through Mont Blanc, from Chamonix in France to the Val d'Aosta in Italy. This will shorten the motorist's journey from Paris to Milan by 194 miles, and cut the distance from Paris to Turin by 137. For the first time it will be possible to drive from France to Italy via the Western Alps at any time of the year.
Atlas Copco compressed air equipment and Sandvik Coromant drill steels are being used to drill the Alpine granite from the Italian side. And this is only one of the many major engineering projects in which Atlas Copco and Sandvik Coromant equipment has played a part. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

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The Economist

MARCH 3, 1962

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Force if Necessary?

NOW it is up to Mr Kaunda. The African nationalists at last have a chance—perhaps very faint, but a chance—of winning a majority of seats in the Northern Rhodesia legislative council. They might use the influence thus gained to join with Dr Banda of Nyasaland in finally breaking up the central African federation. More sensibly, the two together might take the federation over. In the long run they might even see a chance of using political (as opposed to revolutionary) pressure for African advance into government in Southern Rhodesia. The two small technical changes in the proposed new constitution for Northern Rhodesia, announced by the Colonial Secretary, Mr Maudling, on Wednesday afternoon, make it just conceivable that all this might now take place. The single requirement, apart from good luck, is that Mr Kaunda and his followers can bring themselves to switch to the moderate, responsible tactics that Sir Roy Welensky is leaving behind him as he decides that to keep his federation together he may have to "go the whole hog . . . and use force if necessary"

By using this phrase at the airport when he arrived in London on Wednesday morning, Sir Roy Welensky has brought out the fatal flaw in the structure of the federation of Rhodesia and Nyasaland. In its present form the federation is doomed because its continuation has not been able to win the willing support of its inhabitants (to use the words of Lord Monckton's commission). The British Government could not conceivably use force to keep the Rhodesias and Nyasaland together. Sir Roy could; the fact cannot be escaped. There is, however, a further vital factor in this calculation: the white Rhodesian policemen, soldiers and airmen are powerful in the short run only, a fairly extended run if the Portuguese and the South Africans give them active support, a truncated one if they do not. But the Africans would be certain to win any violent struggle in the long run. At a cost of more lives than there are whites in Rhodesia, the Algerian war has proved that. This is the confrontation that, God knows, all in Britain would wish to avoid.

With frighteningly accurate timing, the Algerian horror is coming to a kind of conclusion just when the danger of Rhodesian affairs turning bloody is at its worst. The French, the Algerian Europeans, and the Algerian Arabs have all been devastated by this war; at least the Arabs and the French have come to recognise that some kind of compromise is indispensable to end it. This is the positive lesson of Algeria that, it must be hoped, the leaders of all races in Rhodesia will learn in time; the other Algerian example—the sickeningly, inconclusive clash of folk of different skins—is too repulsive to contemplate.

These are the best reasons for urging Mr Kaunda to start with accepting the quarter-loaf offered by Mr Maudling on Wednesday. An avowed believer in non-violence, Mr Kaunda must know that passive resistance now might easily set off a racial explosion in Northern Rhodesia. This would give some of his opponents in the federation an opportunity they would not entirely regret—the opportunity to crush an African outbreak and, in the name of law and order, perhaps to destroy Mr Kaunda's United National Independence party. On the other hand, by giving nobody a chance to shoot, Mr Kaunda can still win the strength that comes to all African nationalists from time, distance and numbers. His power will be consolidated by the organisational tightening-up involved in an election campaign that he just might win. Even if he lost, he would

surely be set for victory in the next round of constitution-making. This is, with all the qualifications, Mr Kaunda's moment. He has the chance of bringing about what seemed only yesterday the near-impossible: the transfer of power without violence in Northern Rhodesia. The transfer is inevitable; bringing it off now without bloodshed is not.

These are the best reasons, too, for urging restraint on white Rhodesians, who have their pride and their stake in this African country. Two courses, and only two, are open to them. They can decide to make a last-ditch stand against African majority rule; or they can try to come to terms with their future governors. The last-ditch stand may keep the whites in control for a longer time, but it will mean, with the same bloody experience, a new Algeria in Central Africa, with a settlement still to be won. In Southern Rhodesia, which has a history of its own apart from the federation, Sir Edgar Whitehead has lately been doing the right things, sweeping away most forms of race discrimination. If he now took the final step and came to terms with his nationalists, he could probably keep effective white control without the need to put down riots for as long as five years. The means are arguable. The ends, with or without force, Sir Roy's or Mr Kaunda's or Mr Nkomo's, are sure.

ALL this is a lot to say on the basis of two smallish technical changes in a constitution for Northern Rhodesia that, in any case, leaves the final say in the hands of the Governor and, by extension, of the Colonial Office. Here is the mechanism. All three versions of the new Northern Rhodesia constitution —February, 1961; June, 1961; February, 1962 — give African nationalists much less than they demand. Mr Kaunda asks for universal suffrage now and a guaranteed African nationalist majority; he is bound, therefore, publicly to reject Mr Maudling's constitution as he has the other two. The British Government has wasted a year by deferring to Rhodesian pressure—a year in which events in Katanga and Unip's own impatience may have lessened Mr Kaunda's chances of winning even minimal white support. Worse, Mr Maudling has not given back to the African nationalists anything like all the electoral advantages taken from them in June, 1961. The British Government has not been resolute enough. In spite of all this, Mr Kaunda should fight the elections, even though strong political reasons oblige him to reject the constitution.



Mr Kaunda: up to him

In all three versions the elections would provide three sets of fifteen seats each—15 for the white nationalists; 15 for the black nationalists, and 15 hotly disputed. White liberals might hope to win one or two of the "black" or "white" seats. In February a year ago, a good chance existed that African nationalists in coalition with white liberals might win most of the middle 15 seats, and thus a legislative majority. But, following Sir Roy's intervention, the version of June, 1961, then made a victory for Sir Roy's party most likely.

Now Mr Maudling, doing this emotive arithmetic again, has simply made it necessary for each side in the racial tussle to get the same proportion of support from the other—less likely, that is, that Sir Roy's candidates will get over the hurdle in the voting for the national seats. (They won 5½ per cent of African votes in 1959; their support among Africans has shown few signs of growing.) African nationalists and white liberals now have at any rate a chance of scraping through in the national seats, by winning at least one-tenth white support. In sum: 15 black, 15 white, 15 now by no manner of means certainly Sir Roy's.

Much, perhaps immediately everything, depends now on the arrangements made between the three Northern Rhodesian parties that oppose federation and also—although they differ about timing—believe in African nationalist government. Mr Kaunda will be hard enough put to it to persuade his followers to take the path of sophisticated politics which are fervently urged here and, indeed, are his only hope apart from the clash of force. The rough and tumble of African nationalism in impatient 1962 might still destroy him as leader if he tries to steer away from Sir Roy's rapids.

But, in the cause of his own folk, he must make the attempt: further, he must seek out electoral arrangements with the smaller black nationalist party—the African National Congress as well as the white-led Liberals. The Liberal leader, Sir John Moffat, has in his turn to realise that the best way to avoid the violence that Sir Roy himself presents as the ultimate sanction is to accept Mr Kaunda's leadership in a "non-racial" electoral pact—the only "non-racial" pact now possible.

All kinds of permutations can then be imagined for the outcome of the elections, which will probably be held in October, under this new constitution. The 15 "national" seats might fall away because no one might win the one-tenth support from both races required to fill them. Or enough members of the three anti-Welensky parties might get in to take Northern Rhodesia over the hump. Both results are more likely than a victory for Sir Roy.

SNATCHING a Comet from the sky and riding it to London is Sir Roy's way; sending the Commonwealth Relations Secretary, Mr Sandys, for a fortnight's argument in Rhodesia is Mr Macmillan's. Sir Roy has not disputed that the new proposals for Northern Rhodesia's constitution will go through. But, while the British and federal governments carry the debate to its next stage, the argument—and the buccaneering—will go on. Sir Roy says he will use force to save the federation. Dr Banda and Mr Kaunda, who are determined to break it, should close their ears and pursue the constitutional path in front of them.

But there is still, even by Sir Roy's honest and embedded

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convictions, a tragedy to be averted. If the recourse cannot now be to Sir Roy himself, it can possibly be to Sir Edgar Whitehead. Whatever Sir Edgar is in London for now, it is not to arrange for Southern Rhodesia's domination by African nationalists. By his record, Sir Edgar might seem more likely to get tough in putting down black politicians than Sir Roy himself. But Sir Edgar is at least prepared, as Sir Roy never has been, to outflank his black opponents by attending to their grievances—except their political ones. He shares with Mr Kaunda in the north the desire to use other than murderous means of settling the argument about power; and he knows that the south needs the link with the north because of the north's mineral wealth.

All this may be asking the Africans of Rhodesia to be better, more patient, men than others in their situation, in any other country, might be. But, if Mr Kaunda is to be asked to take part in elections under the "only-just" constitution now proposed by Mr Maudling for Northern Rhodesia, then even Sir Roy Welensky can fairly be appealed to, with the strongest reason and the deepest emotion, to clear all thoughts of "force if necessary" from his warm and human head.

A No Change Budget?

The axe has not been laid to Government spending, but it may not now be swung too harshly at the taxpayer either

THE Chancellor of the Exchequer has had the courage to abandon his convictions of last July; that is the main conclusion to be drawn from the vote on account for 1962-63 which he presented, with such a rugged honesty of superfluous statistical explanation, to the House of Commons on Tuesday. The new estimates of £5,611 million for civil and military government expenditure in 1962-63 exceed last year's original estimates for 1961-62 by £384 million on a comparable basis, or just over 7 per cent. At first sight, as the general retail price index has risen by over 4½ per cent since a year ago, one might have supposed that this rise of 7 per cent in money terms accords fairly closely with his promised target last July of limiting the increase in real terms to only 2½ per cent. But some statistician in the Treasury has dutifully worked out that the price index of the particular goods and services bought by the Government has increased in the last year by less than prices in general—indeed by only just over 2½ per cent, or enough to justify an increase in expenditure of only £139 million; a 2½ per cent increase in real terms would justify another £134 million; the remaining £111 million of his increase of £384 million, the Chancellor explained, represents the amount by which he has overshot his July target. On Tuesday Mr Lloyd beat his breast in apology about this £111 million, but he refused to swing his axe.

The fact is that this year's process of pruning the departments' original asking bids, as piled on top of similar pruning exercises in the recent past, had already cut administrative expenditure to what Whitehall considers, rightly or wrongly, to be the bone. Whitehall's self-interested judgment should never be too simply accepted about this. Yet there is some evidence from the new figures that the pruning has indeed gone further than most of the Chancellor's many easy armchair critics this week have been willing to grant. Nearly seven-eighths of the increase of £384 million comes from rises in six large items: agricultural support, the railway deficit, defence, education, the national health service and roads. All other services, taken together, seem to have risen by only about £50 million, which is almost certainly smaller than the rise in prices and salaries in the meanwhile. The Chancellor and the Cabinet were therefore presumably faced by a recommendation that the £111 million they needed could be secured only by making new policy decisions to trim the social services, or else by returning again to the grindstone to try to secure cuts in the rampaging six.

It is fair to consider these six in turn. The listed rise of £66 million in the agricultural estimates is fortunately still only a notional figure, because this year's farm price review has not yet been completed and the vote on account has had to ignore any cuts which may be made during the course of it; the time to criticise the Government for this figure will be if and when the 1962 review does not impose upon farmers the full economies which the 1957 Act allows. *The Economist* has constantly criticised all measures that serve to increase the appalling new estimate of a British Transport Commission deficit of £146 million in 1962-63, but the right and most recent occasion to voice that criticism was when the Prime Minister was handing out a flat 3 per cent increase in railway wages, complete with his reminiscences of Passchendaele. It would surely be folly to make further economies in spending on roads.

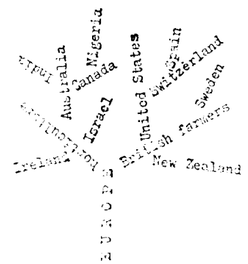
IN defence, it is a pity that Mr Watkinson has not made larger economies in the bill for British garrisons outside Europe, but if he had done so his first priority should then have been to increase Britain's military effort in Europe itself. We would like to see some changes made in the social services, including relieving the state of some part of the costs of sickness benefit, by obliging the one-half of employers who do not make wage payments to their workers during short spells of sickness to copy the one-half who do. If any economies are to be applied to education, the only tolerable one might be to imitate some parts of the continent by raising the compulsory starting age for school attendance from five to six. But any economies effected by changes of this sort would necessarily lie in the long term rather than in the short. In the circumstances, it is difficult to see how the Cabinet could have advanced towards its target of £111 million except by making the four emotive economies that have been so widely discussed in recent weeks; raising national health service charges, raising welfare food prices, raising school meal prices and possibly cutting family allowances as well.

The Government has decided not to do any of these things, on the argument that each of them would make its task

of containing wage inflation even harder than it is now. There is one circumstance in which it would have been quite wrong for it thus to run away: namely, if the threat from which the British economy was currently suffering was not that of an inflation in wages and costs but of an excessive level of total demand. But could any such analysis really be squared with what the Chancellor of the Exchequer had to say on Tuesday? He complained to the House that the two main things that had gone wrong with his expenditure estimates since July were that the railway deficit and agricultural support were "considerably larger than had been anticipated." The first of these burdens is largely due to the fact that reduced deliveries of steel since July have sharply cut down the railways' freight receipts from handling them; the second arose because large amounts of beef and mutton came on to the market last year, and because demand was not sufficiently buoyant to absorb them. It would have been odd indeed if these two new burdens on Government expenditure, which arose quite largely because of the restrained state of present demand, were then interpreted as signs that the Government must proceed to restrain demand still further.

Nevertheless, a few weeks ago it looked as if Mr Lloyd was about to interpret them in precisely that way. That is why his change of tone on Tuesday was significant. Until the beginning of last month, it still looked as if Mr Lloyd was preparing to introduce a gruesome budget; now one's guess is that he is probably veering towards introducing a "no net change budget" instead. He seems less inclined than he was to talk of an "excessive pressure of demand upon resources." Perhaps the Treasury's view now is that internal demand and supply are roughly in balance, although it would probably add that it thinks that forces may appear later in the year (the hoped-for rise in exports; a rise in consumption at this stage of the hire purchase trade cycle; now this forecast small increase in real Government expenditure) which would make it unwise deliberately to restimulate the economy further through an easy budget. It may even be hoping now that these automatic forces may enable production to rise by more than the meagre target of 2½ per cent during the coming financial year, although it is not yet prepared to give those forces an additional push. This is surely a turn at least halfway round in the right direction.

Europe's Widening Horizon



Britain's ramifying European negotiations open up new problems and perspectives for the Six as well as Britain

KEY men in the European Commission in Brussels are still asking when the negotiations with Britain will really start. But few feel that the four months since Mr Heath opened the talks have been wasted. To the British the time has been well spent in educating the Six about the Commonwealth; the Six, on their side, have now surmounted the big internal problems that held them back, and they feel free to talk. In the background a great deal of unobtrusive work has been going on to see how the detailed internal economic provisions of the treaty can be applied to the life and laws of Britain. In the foreground the great disputed problems of the Commonwealth have been gradually broken down in expert discussion. As the two teams of negotiators get to know each other, they are discovering common ground in private and building up their positions in public, ready for the great bout of bargaining that must come in the next two or three months if it is to come at all.

An important step in this process was marked by the debate on temperate agriculture on February 22nd and 23rd. The British ministers, elaborating on Mr Heath's bidding speech in Paris last October, confirmed their willingness to accept the substance of the common agricultural policy, including the massive switch from protecting British agriculture by subsidy to doing so by levies at the frontier. But because this means very large changes, Mr Heath explained, his Government wanted a number of special safeguards for the British farmer —special measures for horticulture; a twelve-year transition period instead of the eight years that the Six now have left under their original plan; an annual price review, backed by the possibility of some kind of long-stop protection, like national subsidies. Above all, of course, ways had to be sought of affording the Commonwealth exporters outlets comparable to those they have today.

The response of M. Couve de Murville, at present chairman of the council of ministers of the Six, was part conciliatory, part firm. In a transitional period, he agreed, special arrangements would have to be made to satisfy the Commonwealth; but in the long run, with America, Argentina and others knocking at the door, the European community would have to make really world-wide arrangements to satisfy exporters overseas, who would not get quantitative quotas, but ought to be assisted by keeping European prices down. This, said M. de Murville, was the key to the Commonwealth problem. The British, he added, had still to convince the Six of the case for a transitional period of twelve years; the Six, after all, after wasting their first four years, were going to have no more than eight in practice. He liked the idea of a community annual price review, but would not accept resort to national subsidies, which cut across the whole idea of a common agricultural policy. As for tomato growers (the Dutchman, Mr Mansholt, chipped in) they might be given loans for the process of adapting themselves to the new conditions of trade, but it was not much use giving them longer protection, if they were to be still as uncompetitive in twelve years' time as they are now.

These exchanges suggest that the problems of Britain's domestic agriculture are not going to produce differences of a kind that should cause a breakdown. It will be a help, of course, if the Six can agree to a longer transition for some products, but even if they do the extensions may not have to be used in practice. Continental farmers like annual price reviews as much as British farmers do; the common interests are there; in agriculture as in other matters the crucial differences concern the finding of continuing and enlarging export outlets for the Commonwealth.

SOME of these differences are now taking an unexpected form. M. Couve de Murville's plea for world-wide solutions, to get round the Commonwealth problem, expressed the agreed policy of the Six. Ever since the group round M. Monnet began to take British membership seriously, they have felt that the problem of Commonwealth agriculture could only be solved in a world-wide scheme which could give assurance to all the major farm exporters, bring order into the chaos of world agricultural protection, and dispose of farm surpluses systematically by way of aid. Characteristically, the French have found a way of marrying this logical and disinterested idea to their own national interests. The French government sees that Commonwealth exporters must be satisfied in some way, but would much prefer that these were satisfied by Britain paying a higher price for its imports than by Europe importing more grain and meat. So follows the French plan, in the General Agreement on Tariffs and Trade, for a new world wheat agreement which would ban dumping and agricultural subsidies and fix a new world price at, say, the French or American level.

The plan gave the French a tactical success. When it was discussed at a special meeting in Gatt (the General Agreement on Tariffs and Trade) a fortnight ago the British, who would have to pay more for their imports, naturally lifted a loud voice in protest. Equally naturally, the Australians backed the French. Instead of the usual combination of Britain plus the Commonwealth and the United States pressing the Europeans to be liberal, here were the makings of a new alignment, with producers on one side and the main consumer, Britain, on the other. No wonder the unfortunate British, obliged last week to ask for Australian participation in the talks in Brussels, got an unexpectedly friendly response from the Six.

PLAYING this one cool, the British explain with some justice that exporting countries like the United States and Canada are by no means so enthusiastic about the French plan as the French make out. But the Geneva manœuvre has undoubtedly changed the nature of the problem that confronts Mr Heath and Sir Eric Roll, negotiating for Britain. Outflanked at Geneva, they have, in the short run, to switch attention back to the very real immediate problem of giving transitional guarantees to the Commonwealth. They and the Six have also to find a way of ensuring that such guarantees do not fade away and disappear until the world schemes have provided an alternative; this may be harder still. And in the long run the British have to do what they can to ensure that the new world schemes do provide for low prices and access to markets, so that international trade can expand and the markets are not burdened by excessive surpluses which Britain would have to help to pay for. Such liberal notions do not fit particularly well with the demands for a great many feather cushions for British farmers which Mr Soames was pressing on the Six last week. But they do serve Britain's wider economic interest.

The agricultural debate in Brussels has thus moved far beyond the bounds of Europe. This is one of many signs that British entry is giving the common market a wholly novel concern with a wider world. It is the same with Asian manufactures, which the British and the Six are just beginning to study seriously in Brussels. The new world-wide textile agreement reached at Geneva, modest enough in itself, is seen in Brussels as the forebear of a systematic effort by the whole West to give markets to Asian and other developing industries.

In *Le Monde* on January 20th, M. Pierre Uri, one of the authors of the Rome Treaty, spoke of the common market as the ferment of a "permanent revolution" in the whole West. For him Britain's bid for entry, together with President Kennedy's trade proposals, pointed the way to an Atlantic market, and forced the entire western world to face up to neglected problems. The British negotiators have the difficult task of bringing the Six down from the clouds and getting them to give the specific guarantees for the Commonwealth that will satisfy the House of Commons. But for British opinion tomorrow rather than today the broadening of the Brussels horizon should be immensely reassuring.

The new prospect poses problems for the Six as well. The old fear that their precious community will be lost in some vast, loose, Atlantic system has revived. The sense of the danger of dilution is engendering a great reluctance to add to the number of associates by bringing in the neutrals. From the North Cape to Israel, the applications for association

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THE MANNERS OF STATESMEN

¶ The last twenty years have witnessed a change in public manners which is certainly beneficial, though it has taken away a remedy and left the grievance which it remedied. When Lord Palmerston was a young man he would not have given the recommendation which he gave on a recent occasion to Sir R. Peel, and most likely would not have taken it if it had been offered to him. Strong language was then encumbered with a strong penalty. No one could get up in the House of Commons or elsewhere and say that the honourable gentleman opposite was neither honourable nor gentlemanlike without a very serious risk. . . . We do not wish to revive duelling, but we must remember that immunity involves obligations as well as conveniences. It was not ungentlemanly in times past to use insulting words and to dwell needlessly on offensive considerations, because the moral code of society—the moral code of the gentleman as distinguished from that of the divine and the lawyer—gave the party insulted an efficient remedy if he chose to use it. But that remedy is abolished, and it is gentlemanly no longer. Licence and consequent danger are intelligible and bearable; restrained speech and consequent peace are intelligible and better; but licence followed by impunity is neither consistent nor endurable. . . . The gentlemanliness of our statesmen is no secondary excellence. It was said by Burke of a great nobleman of the last century that "his virtues were his means;" that he accomplished by a gentle and high-minded honour what it would have been impossible to effect by coarse ability or impetuous disputation. If this great quality should die out from our political life, if it should be greatly diminished and permitted to sink gradually into decay, our political life will have lost a principal redeeming feature,—our freedom will have lost one of its best securities,—our statesmen will have lost the surest and best means of managing men. Should it be thought that certain representatives of the sister island are clamorous and abusive, the more necessary it is that they should learn by example that such is not the manner of English statesmen.

pour in. Can the drive for unity be seriously sustained if, instead of six, or perhaps ten, dedicated members, a load of half-committed associates, plus institutional lumber, has to be carried along? There is a powerful disposition to draw a fairly restrictive line, and then to solve the problems of neutrals, Americans or Portuguese alike by the simple commercial expedient of slashing the common tariff.

For the "Europeans" the speed with which it is wise to extend the boundaries and horizons of the community still depends on the pace at which the hard core unites. This week the Council of Ministers is examining the further 10 per cent tariff cut within the common market scheduled for July 1st; and, despite disappointments, there are still hopes of progress this year towards closer political union. This desire to push ahead has relevance to Britain's case. In Paris, in particular, those who have always been sceptical of British motives are asking whether the British may not after all be fighting a sham battle in Brussels in the hope that Atlantic free trade will make it unnecessary to join the Six. As a matter of fact the suspicion is quite baseless. But it shows that the question of British motives is still important. It may well turn out that the more zeal the British can show for European unity, political as well as economic, the better their chance will be of getting the community enlarged.

A Sun Still Rising

Japan is too important a country for the West to ignore its interests

It may be due to the habitual self-depreciation of the Japanese, or to western memories of what happened a generation ago; whatever the cause, everyone tends to underestimate the stability of Japan. If (as happened in December) a small right-wing society is discovered in a plot to murder the prime minister many people conclude, wrongly, that the nationalism of the nineteen-thirties is resurgent. If, contrariwise, a socialist politician on a trip to Peking talks about American imperialism as the "common enemy" of Japan and China, as Mr Suzuki did on January 13th, this is seen as a dramatic lurch to the left. In fact, Mr Suzuki was simply repeating, no doubt under Chinese pressure, a phrase written into the socialist lexicon in an ill-considered moment two years ago by the late Mr Asanuma—the Mr Asanuma subsequently assassinated by a right-wing "double patriot"; Japan's extremisms cancel each other out in a rough and ready kind of way.

Poor Japan: no one seems to feel any real confidence in its ability to keep on pursuing economic expansion down the middle (more or less) of the political road. Yet the record of the last sixteen years suggests that the forces making for stability, in both politics and economics, are stronger than is generally thought. Even the balance-of-payments problem Japan ran into last year, which ought to have got bigger headlines abroad than the activities of far-out politicians, is not as much a cause for pessimism as some people have feared. Last year's difficulties were part of a regular four-year cycle. In 1961, as in 1957 and 1953, Japan suffered a severe deficit in its balance of payments, and a nerve-racking drop in its foreign currency reserves, because the suction of a too rapidly expanding economy pulled in far more imports than could be matched by the flow of exports. In 1962 the country will endure a period of relative stagnation, as it did in 1958 and 1954, because of the deflationary measures thus made necessary. But, on present indications, the period of relative stagnation looks like being fairly short, and the subsequent recovery of impetus, by British standards, spectacularly fast.

Last spring, when it became clear that the cycle was repeating itself, the government was admittedly slow to react. (The director of the economic planning agency, Mr Fujiyama, apologised in his new year's message.) It was not until the autumn that monetary measures—two successive increases in the central bank rate and steps to restrict the volume of credit—were followed by specific action to cut the amount of foreign exchange available for imports. This sluggishness on the part of the government almost certainly contributed to the drain on the currency reserves, practically a third of which vanished between April and December. By the end of the year, however, the action, though belated, seemed to be taking effect. Although January's figures are disappointing, the government hopes that the balance of payments will be more or less restored to equilibrium in the coming fiscal year.

It is when one turns to the effect these deflationary measures are expected to have on the rate of economic growth that the difference between Japan and Britain emerges in full, and for Britain embarrassing, clarity. The latest forecast of the economic planning agency is for a rise of only (if that is the word) 5.4 per cent in Japan's gross national product in the coming fiscal year. The rate of expansion has been three times as fast as this in the three hectic years of boom since the last pause in 1958. But a better figure to compare the coming year's estimate of 5.4 per cent with is the target of an average rise of about nine per cent a year set by the "income-doubling" plan adopted in 1960. Even if the relatively slow pace of advance predicted for the coming year were to be prolonged throughout 1963 as well—which is unlikely—the average over a full four-year cycle, covering two years of boom and two of deflation, would still be up to the target set in the plan.

In fact, there is good reason to think that the pause will be fairly short-lived. The basic reasons why Japan has made such spectacular progress since the war still apply. The rate of investment remains high, a good habit acquired in the postwar years of reconstruction (as in west Germany) and not lost since; reserves of high-quality labour are still to be found in the ranks of the underemployed, though shortages have developed in certain trades. Indeed, such revisions as there have been in the estimates of what Japan can achieve in the next few years have been upward, not downward. The current target of an average rise of nine per cent a year in the gross national product by 1970 is more than the original "income-doubling" plan envisaged. One economist, Mr Shimomura, has argued that it might to advantage be set still higher.

Japan's political stability in the next ten years—the prospect of keeping the extremists of left and right from moving in on the middle—depends chiefly on its success in the economic race it has set itself. Certain handicaps that did not exist before have now begun to show themselves. The reservoir of labour in the countryside and in the urban lower middle-class has been drawn upon up to the point where occasional islands of labour scarcity lie exposed. The government's promise to liberalise 90 per cent of Japan's imports by next autumn (a promise made under prodding by the International Monetary Fund) will make it harder to meet future balance-of-payments crises by measures aimed specifically at limiting the flow of imports. Above all, the Japanese are worried about what will happen to their exports if Britain joins the European common market, and if the United States links itself to an enlarged European economic community.

Mr Ikeda, the prime minister, told parliament on January 19th that the implications of the common market filled him with "grave concern." Some concern is understandable; but, once again, Japan's guardian angel seems competent to protect it from the worst dangers. The Japanese have recently been selling considerably more exports than usual to western Europe (partly because they have found it more difficult to sell to the United States) and they will doubtless be sad to see still larger areas of so promising a market disappear behind the common market's tariff wall. If Britain goes into Europe, and takes with it, either as associates or full members, such parts of the Commonwealth and the European Free Trade Association as the common market will accept, the various countries would seem likely then to buy from each other some of the things they used to buy from Japan. Yet a rapid expansion of the European economy will also bring opportunities for outside sellers; indeed, the recent rise in Japanese exports to western Europe is partly a reflection of the rise in demand already felt within the common market.

Moreover, Japan has a powerful protector in the United States. The large reductions in tariffs that President Kennedy hopes to negotiate with the common market will not apply simply to western Europe and the United States; being on a most-favoured-nation basis, they will apply equally to the countries on the periphery of the western industrial complex—the largest and most important of which is Japan. In addition, a start has now been made, under American leadership, in limiting the effectiveness of another device that has kept Japanese goods out of western markets: that old protectionist instrument, the import quota. The five-year agreement about textiles recently adopted by the members of the General Agreement on Tariffs and Trade, on the urging of Mr George Ball, opens one gate in western Europe some inches wider. The United States will undoubtedly try hard to see that the Europeans implement it in a liberal way; it may also be possible to reach similar agreements on other goods, such as toys, that the Japanese are interested in.

Japan obviously faces a period of readjustment. The conjunction of a pause in its domestic rate of growth, and a movement towards unity among the older industrial powers, plainly poses difficulties. Even if the commercial problems posed by the common market are eased by Mr Kennedy's initiative, Japan's sense of isolation might still be increased by a gradual growing together of the Atlantic countries within the Organisation for Economic Co-operation and Development—which Japan does not belong to. No one can prophesy with certainty that, in a country with a history of extremist violence, these difficulties will not draw political complications in their wake. But, all in all, the forces making for economic (and therefore political) health still seem to predominate. Japan's best reason for self-confidence lies in the fact that it is too important a country for the rest of the West to let it go.

NOTES OF THE WEEK

PARLIAMENT

Tories and Rhodesia

It now looks as if the Conservative party was not ready to revolt over Rhodesia after all. Probably the Cabinet could have gone farther than it did in Mr Maudling's compromise proposals for Northern Rhodesia on Wednesday, without raising really serious ructions. But now that the compromise has been struck, it will become politically more difficult to move leftwards from it.

That is the first impression one culls from the past week. By the beginning of the week the long-heralded right wing challenge was materialising, but in a fainter and feebler form than last year. On Tuesday, the inevitable backbench motion went down. Most of the old leading names were there, and altogether 46 Tories have supported it; but its terms are so innocuous that almost anyone in the party could sign it without anxiety. It mildly requested the Government in its Rhodesian proposals "to seek a non-racial solution that will not prejudice the future of an independent Central African federation acceptable to all races." The striking fact about this wording is that instead of calling for support for "the" Central African Federation it refers only to "a federation"; presumably this could mean an entirely new federation erected on the ruins of the old. Incensed by such milk and water sentiments four sterner Tories, Mr Paul Williams, Mr Anthony Fell, Dr Donald Johnson, and Captain Henry Kerby, immediately tabled an amendment demanding support for the present Federation. So far it has attracted no other supporters. No pro-Government motion has been tabled by the Tory left wingers, Mr Berkeley and his colleagues, or by Mr Nigel Fisher, but this stems from strength not weakness. They simply do not feel the need. Mr Berkeley, it is true, in a strongly worded speech on Monday—to, of all people, the Primrose League—called for a Northern Rhodesian Constitution with an African majority. Significantly, there was nothing more than a rustle of mink.

By the time Mr Maudling rose to make his statement on Wednesday, the benches behind him were much less restive than he must once have feared. He was also helped by Sir Roy Welensky's slip (answering a reporter at the airport) in threatening to use force to save the Federation, arousing visions of a vain attempt to emulate Sir

Edward Carson's unconstitutional *tour de force* in 1913. But the present Tory party (who unlike the Bourbons learn from past mistakes) is in no mood to shout "Welensky will fight and Welensky will be right" and all Sir Roy achieved by thus arriving at five minutes to twelve was to rally wavierers to the Government side by the time twelve o'clock came. The deepest feelings of the party were expressed by Sir Richard Nugent, a man of the right-centre, who told the Government that it had now struck just the right balance and that provided it kept to its course it would be backed by the party. This aroused a subdued growl of approval from the Government benches, which sets the party's present tone.

DISARMAMENT

Plea for Seriousness

It was probably a tactical mistake for Mr Khrushchev to lower the tone of the dialogue about disarmament talks as he did in his letter to Mr Kennedy and Mr Macmillan on February 21st. His first response to their original messages of February 7th had matched their own mood of serious, and polite, discussion. Although his proposal to start the Geneva disarmament talks at summit level had obvious propaganda aspects, it was couched in well argued terms, and elicited equally reasonable replies. His second letter, however, was more openly polemical. Mr Kennedy and Mr Macmillan have, therefore, in their third pair of messages, reproached him for backsliding and urged him to be serious. The reproach seems justified. The Soviet leader's tactics have, once again, exposed him to the charge that he is more interested in trying to enlarge western differences, and to gild his own image as an apostle of peace, than in real negotiation.

Mr Kennedy and Mr Macmillan have pointed out, in their closely parallel third messages, that Mr Khrushchev's own letters reveal some of the confusion about, and misinterpretation of, the powers' respective stated positions; this confusion needs to be cleared up, and a confrontation at a level below that of the summit could clear it up more precisely and less embarrassingly. The President suggests that just the kind of general framework Mr Khrushchev seeks already exists—in the set of principles for disarmament agreed upon last September between the United States and Russia, and unanimously endorsed by all other United Nations members. Mr Macmillan argues that the time for heads of government to come together will be either when some progress has been made (when the chiefs can consolidate it), or when some clear deadlock appears (which they can try to break). Mr Kennedy uses different words to make essentially the same point. It remains to be seen whether the Soviet press will keep up its now rather hollow campaign for an immediate meeting of heads of government; if it drops it, Soviet intentions about actual negotiation may be taken more seriously. What is still discouraging to western eyes, however, is the absence on the Russian side of any attempt to set before the general public the practical questions that have to be resolved in a disarmament agreement.

COMMUNIST BLOCK

Bees in Whose Bonnet?

On Monday the Chinese National People's Congress (or parliament) will be meeting in Peking, while on the same day the central committee of the Soviet Communist party begins a session in Moscow. This may be simple coincidence; or it may be by design. Both bodies will have plenty to occupy them without looking beyond their own garden walls. The Chinese parliament, which should meet every year, has not met for nearly two; agricultural failures, planning difficulties, and supposed ideological shortcomings will probably take up most of its time. But the Chinese leaders could feel impelled to take this opportunity to spell out publicly where they stand in their disagreements with the Russians. Conceivably the Russians, fearing this, have arranged to hold their central committee meeting at the same time, as a caution to the Chinese to watch their step.

How Moscow and Peking now stand to each other is very hard to guess. The signs, such as they are, lend themselves all too readily to semantic hair-splitting and diverse interpretations. On the whole, at the moment the Chinese—preoccupied perhaps with domestic problems and the growing American intervention in South Vietnam—seem inclined to play it softly; while the Russians seem more inclined to have things out—though not, if they can avoid it, to the point of an open breach.

At a Soviet embassy reception in Peking on February 23rd, to celebrate the Soviet armed forces day, the Chinese vice-minister for defence declared that the imperialists' wishful thinking about discords in the communist camp would come to nothing. And on February 16th the Chinese foreign minister, Marshal Chen Yi, told a visiting Japanese journalist that he believed the differences between China and Russia would be overcome.

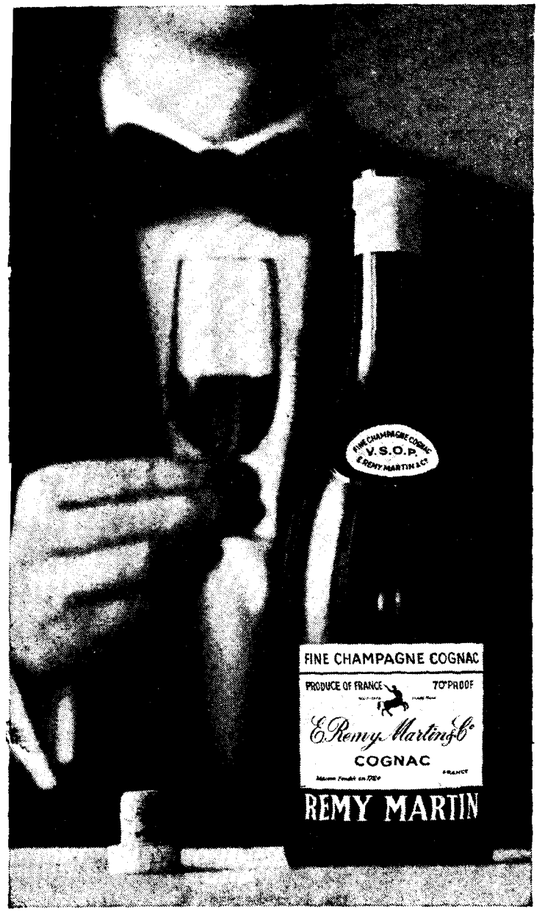
The Russians, on the other hand, have lately been gunning pretty hard at the Albanians; and it is reasonable to assume that these attacks are at any rate partly aimed at the Chinese, particularly when directed at the Albanians' alleged failure to realise that peaceful coexistence does not mean renouncing support for national liberation movements—that favourite bee in the Chinese bonnet. Moreover, on February 17th the Polish communist weekly *Polityka* published extracts from a speech made by the Italian communist, Luigi Longo, at the Moscow conference in November, 1960, and so far unpublished in the Soviet block. These amount to an extremely downright condemnation of Chinese attacks on Mr Khrushchev apparently made at the conference. It seems a curious way to promote the unity of the communist block. Could it rather be a warning to the Chinese?

Poser for Planners

Agriculture is officially the business for Monday's central committee meeting in Moscow. In present circumstances it would be astonishing if the discussion did not spread to politics. (The extension of the death penalty, on February 27th, to cover crimes against the police and even the repeated receiving of bribes, shows that the government is also facing social difficulties.) Even in the economic field, there are other topics than agriculture calling for debate. *Pravda* revealed on February 23rd that an important managerial reform had been carried out in the Soviet Union last autumn. Seventeen large economic regions have been created. The 107 smaller economic sub-divisions and their councils, or *sovnarkhozy*, remain, but the new bodies will have the task of co-ordinating planning on a larger scale.

The 107 *sovnarkhozy* were the product of Mr Khrushchev's managerial revolution of May, 1957. The purpose of that overhaul was to adapt the top-heavy machinery of planning to the requirements of a vast and complex economy. The number of central economic ministries was cut down. By transferring powers to the new councils, it was hoped to encourage local initiative and thus to eliminate waste. But, at the time, the critics of Mr Khrushchev's plan—including, apparently, all the prominent members of the "anti-party group"—argued that the scheme would actually increase waste, because it would encourage parochial tendencies towards self-sufficiency. There must have been some truth in the criticisms, as several steps have been taken since 1957 to tighten control over the *sovnarkhozy*, and new organs have now been introduced to keep them in check.

The new reform does not mean that Mr Khrushchev's ideas on decentralisation have been dropped. It was possible to make Stalin's over-centralised system of planning work in the early days, when Moscow controlled a limited number of industrial units; but it is not suitable for the more highly developed Russia of the second half of this century. The planners are now simply feeling their way towards a system that combines the advantages of central control with those of local initiative. Their experiments are not yet over. It may be significant, however, that the creation of the seventeen new regions, though it is only now being given publicity, actually took place last September; presumably they have got off to a reasonably good start.



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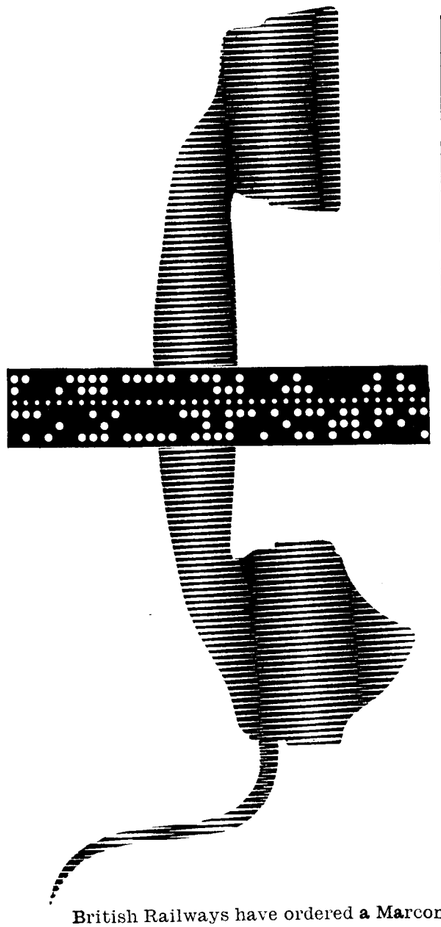
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DEFENCE

Shadowy Task Force

THE navy estimates, issued on Monday, make it clear that it will take anything up to four years before the concept of establishing a British task force for use east of Suez will become an efficient reality. Until then Aden and Singapore will have to make do with too few new ships and too many elderly, wartime-vintage craft of the type which the amphibious warfare squadron employed in the Kuwait operation. The mixture does not hold out much hope of their operating as a coherent unit. The first new assault ship, heralded a year ago, has still not been laid down. The contract for it was placed in December, after a delay explained by the exigencies of competitive tendering. Progress with the second ship, which is to be ordered in the coming financial year, may not be appreciably quicker. This could prove a serious deficiency in any emergency other than an unresisted landing on friendly territory. The army's first logistic landing ship (an ocean-going carrier able to discharge over beaches) will not be built before the end of 1963. The conversion of the navy's second commando ship, the *Albion*, will be completed this summer ; but by the time it comes into service the *Bulwark* will be due for refitting to take the larger commando groups now being formed. For some time to come the amphibious forces will need more than their share of luck (sizeable that has so far been) if they are to cover their present commitments east of Suez.

Except for the technical branches and certain grades of tradesmen, where the Air Ministry has been candid enough to express the disquiet that the other services also feel, the manpower position is better in hand. Army recruiting has risen by 25 per cent compared with 1960 (in fact, by 40 per cent in the last five months of 1961). Some 62 per cent of sailors and marines completing their initial long-service engagements are now re-engaging for further service, compared with 26 per cent in 1950 and 45 per cent in 1957. The authorities therefore feel confident that the total uniform strength of the three services can be kept at 390,000-400,000 ; civilians in service employment now total 370,000, of whom 34,000 are west Germans.

One of the big questions is whether the services' recruiting spurt has been partly explained by the slowing down of the economy, and whether it could disappear if an industrial boom returned. The authorities are convinced that this is a false reading, and say that they have been greatly helped by better publicity (on the telly), slowly improving conditions of service life, and the excitement of the Kuwait buzz. It is regrettable, though, that the services have not taken the opportunity this year to introduce a dramatic expansion of their technical training schemes. This is a field in which all the services, and the economy at large, could benefit vastly from a more purposeful approach.

FRANCE

Keep Them Crossed

THE end of the road has often wrongly been said to be in sight in Algeria ; it is right to be cautious about taking it for granted now. This week has seen the announcement from Tripoli on Wednesday that the Algerian nationalist parliament has concluded its deliberations and "gives its mandate to the provisional government of the Algerian Republic to pursue the negotiations in progress," and the publication on Tuesday of M. Debré's orders to the French armed forces to crush the Secret Army Organisation in Algeria. Reports from Algiers of the terms agreed on between the French and Algerian delegates suggest that the transition period before the departure of the French army, the continuation of French investment and economic aid, and the protection of French property rights have all been settled.

It looks as though the only big outstanding problems are the precise composition of the provisional executive which will preside over the change to independence, the nature of the "local force" that is to be formed, and the timetable of the whole process. In Tripoli, it is thought, the Algerian leaders have begun to discuss among themselves the shape of the state to come ; in Paris, General de Gaulle is preparing his forces for a referendum and new parliamentary elections which, he hopes, will give him a docile Assembly for the remainder of his presidential term.

But the Secret Army Organisation remains, and until it is crushed the settlement cannot be regarded as secure. So far M. Debre's orders have increased the number of soldiers in the streets of Algiers, but they do not seem to have discouraged the terrorists from their new excesses. Thirty Arabs were killed, and many more injured, in one horrible incident in an Oran street on Wednesday. Clearly the extremists of the Right are doing their best to provoke a major clash between the European and Arab communities, in which the French army would find its loyalties divided. The Arabs are understandably growing more and more restive. If the cease-fire does not come soon, it may fail to prevent a disastrous bloodbath ; even the end of next week may be too late. Fingers must, for the moment, stay crossed.

ITALY

To the Left

A NEW and potentially most important phase in Italian politics opened on February 21st when Signor Fanfani announced his new coalition government of Christian Democrats, Social Democrats and Republicans. It will be able to count on the parliamentary support—or at worst the abstention—of the Socialists, and will enjoy by far the most comfortable majority of any Italian government for nearly ten years. Italy's "opening to the left," for nearly six years merely a gleam in the eye of progressive politicians, is now on the verge of reality.

Signor Fanfani's new cabinet will lack three prominent members of his old one—Signor Scelba, Signor Pella and Signor Gonella. They disapproved so strongly of Signor Fanfani's turn to the left that they insisted on standing down ; presumably they will lead the right-wing opposition to his policies within the Christian Democrat party. On the other hand, Signor Segni and Signor Andreotti, both of whom are to the right of centre, have agreed to stay on in the important ministries of foreign affairs and defence. Their decision will help to substantiate Signor Fanfani's claim that his new government has no neutralist tinge in foreign policy. Of the three key economic ministries only one (finance) remains in Christian Democrat hands ; the treasury ministry has gone to a Social Democrat, Signor Tremelloni, and the budget ministry to a Republican, Signor La Malfa. This is a significant demonstration of Signor Fanfani's sincerity in pursuing the progressive policies set forth in his programme.

This programme was due to be presented to the Chamber of Deputies on Friday (March 2nd). Its sweeping economic and social measures, including the nationalisation of electric power and educational reforms, as well as its controversial plan to extend regional autonomy, have already been welcomed in principle by the Socialist leader, Signor Nenni. His party is likely to give a positive vote for Signor Fanfani at the end of the debate, probably next Wednesday, although doubts on the details of the programme (and in particular the foreign policy declaration) could cause it merely to abstain. The Communists, too, for different reasons, may choose to give Signor Fanfani the qualified, and highly unwelcome, support of abstention ; they fear the isolation and unpopularity involved in opposing a progressive government. Signor Fanfani will get his vote of confidence ; but his experiment will have a better chance if the Socialists vote for him and the Communists against.

LABOUR

Spotlight on Skills

OF all the reasons for Britain's poor economic performance, the least dramatic, but perhaps the most vital, is the shortage of skilled workers. Tucked away in the small grey print of the current *Ministry of Labour Gazette* (HMSO, 2s. 6d.) is a report that should be read by everyone concerned with British industry now: a good precedent for Ned is set by its informative full text, though not perhaps by its somewhat wet summary of conclusions. For the report comes from a committee of the minister's advisory council

of employers and trade unionists; its subjects are the use of skilled labour, the need for improving training in industry, and the composition of the unemployed.

The reserve of employable men who are standing totally idle is very nearly exhausted, except in some bad areas. In August, 1961—admittedly before the Chancellor's latest squeeze took effect—under half of the 219,000 unemployed were potentially useful workers: the total includes a hard core of 100,000 unskilled, old or disabled people who cannot easily be drawn into very productive work. But in each recent year some 100,000 married women have started work, and 85 per cent of this increase has been among women over 35; inevitably, however, not many of these older women can be classed as modern skilled workers. Similarly migrants, who do so many useful unskilled jobs, rarely ease the shortage of trained men. In September, 1961, there was a shortage of over 30,000 skilled workers, notably in building and engineering without which no other industry can expand.

The firmly held belief that British labour is naturally immobile is again knocked on the head. In May, 1960, 11 per cent of employees had changed industries within the previous year. There has also been a large movement of workers geographically into the boom areas and out of the periphery—and this, no doubt, would have been larger but for housing shortages. The extent of "labour hoarding" is sensibly defined: firms hold on to their skilled workers only if they think that they are likely to need them again soon, and workers put up with short-time earnings only if and where they believe that things will pick up again soon. But this means that management of the economy by temporarily restricting demand for the products of efficient growth industries is precisely the sort of policy that runs into such labour hoarding, and is thus a singularly slow and uneconomic way of easing bottlenecks in other industries. The inescapable conclusion from this report is that the economy can only expand if many more men are trained as skilled workers.

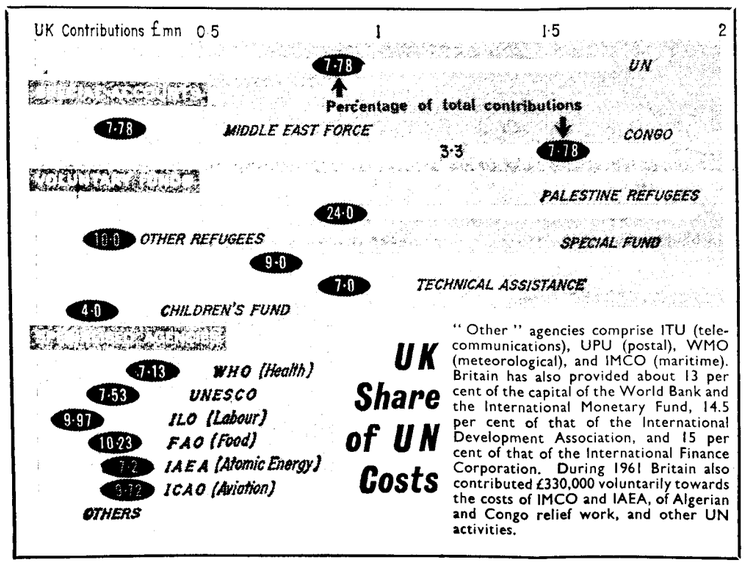
The first source of supply must lie in the training of young people, and this is a really urgent job. From 1961 to 1966 the working population should grow by about 750,000, largely through natural increase, though in the subsequent five years the increase will only be about 250,000. The report argues that they should receive a training far more broadly based than the traditional apprenticeship. It also urges—and this is important—that many more adult workers should be retrained for high skills. The Government training centres would be an ideal place for this training, with the employers who will benefit footing a good deal of the bill: the craft unions, too, need to be far more liberal in accepting trained adults who have not served apprenticeships.

STRIKES

Stop and Go

THE line-up of forces on the industrial front this week is as ragged as usual. Next Monday the engineering unions will be out on the second of their one-day stoppages, and they are conducting a slow postal ballot on whether there should eventually be a national engineering strike or not. Whatever the support on Monday—and it seems likely to be nearly 100 per cent, partly because some employers have not resisted victimisation of those who did not strike last time—some sensible union leaders must be hoping devoutly that their members do not vote for a full-scale strike later; the Trades Union Congress has now said that it cannot do anything to co-ordinate resistance to wage restraint, and the engineers can scarcely relish being left out in the cold on their own. The railwaymen appear now to have accepted their three per cent rise, without getting the word "interim" written into the agreement. The miners, whose delegate conference accepted a rise of some 3½ per cent, are facing resistance from some areas—the militant Derbyshire coalfield has said that it will not accept this, and the equally tough Yorkshire miners are to decide on Monday. Another decisive conference will be that of the London busmen's delegates on Tuesday: the London Transport Executive is hoping that they will accept an increase between 2½ and 3 per cent, which (despite some watering-down) will give drivers more than conductors. But it means that central London bus drivers would be getting 17 per cent more than they were in March, 1960, although since then national production has hardly risen at all. To bring the meaning of this home to the public, more fare increases are already forecast for this summer.

Meanwhile the Government seems still not to have grasped what the pay pause should really be about: Dr Hill is trying to prevent the Metropolitan Water Board from giving a rise of seven per cent to its administrative and technical staff. There is a real shortage of these people, and they have a much better case for a selective rise than some of the other nationalised industries have had for their flat-rate 3 per cent or more.



EDUCATION

Looking Ahead

AT the end of his statement on Tuesday, regretting that he could not reach the expenditure target (or Aunt Sally) he had set up last July for 1962-63, Mr Selwyn Lloyd rather rashly set up another target for 1963-64. He said that he is "working to plans which are based on holding the aggregate rate of increase in 1963-64" for public service investment at 6 per cent. This is the same target rise as has already been set for 1962-63 but well below the 13 per cent rise now likely to be achieved in 1961-62. It is true that public investment programmes need to be planned well in advance, and that Governments need constantly to remember that many increases in investment bring with them increased commitments for current spending (on maintenance, etc.) in future years. The fact remains that the proper way to run an investment programme is to decide which projects seem profitable, and then to trim them or other expenditure to meet the resources available. This is a different thing from laying down rash and rounded

global percentages so far ahead. As it happens the Minister of Education, in a written answer on Tuesday, promptly gave an inkling that he may not regard present planning as sacrosanct. The planned capital expenditure for school building will rise by just over 4 per cent in 1962-63 and by exactly 4 per cent in 1963-64. This looks modestly below Mr Lloyd's specification until one adds capital expenditure on new universities, where the biggest increases of all are beginning to show up well in advance of the Robbins report. Starts on major school building projects in 1963-64 will total £55 million and on universities £30 million. But if Sir David Eccles (who is not responsible for what the universities are doing) sticks to his £55 million he cannot expect to fulfil, in real terms, the £300 million school building programme due to end in 1965. Inevitably, therefore, Sir David added a rider on Tuesday that he would step up his starts in 1963-64 "if the long-term economic prospects improve." Probably, if minor works are included, he will wish to increase his investment by about £14 million if he gets half a chance. This all helps to make Mr Lloyd's 6 per cent look distinctly premature.

Sir David's plans for 1963-64 give special priority for new science blocks at secondary schools: at £50,000 a block some 150 schools stand to benefit from the £7·5 million allocated. This seems a wise priority: the lure of modern labs may even attract some more science graduates into the slum school districts where they are most needed. But another doubt that hangs over the future development of school building is the rise in building costs, especially—it is said—the rise which is following on the spread of prestige office building into the bigger provincial towns.

UNITED NATIONS

Pressure in Moderation

FORTY days of post-Christmas session, ending on February 23rd, have enabled the UN Assembly to complete its business—almost. A skeletal gathering of delegates is still liable to recall in June to review the programme under which Ruanda-Urundi is to pass from Belgian trusteeship to independence on July 1st. This could prove a good deal more than a formality. The five emissaries whom the assembly is sending to Usumbura have the thankless task of trying to reconcile the territory's warring factions as well as of hustling through the formation of some apparatus of order to replace the departing Belgian forces.

In many British eyes, the only noteworthy decision taken by the assembly this month will have been its call for an inquiry into the question whether Southern Rhodesia is or is not fully self-governing. To some people in this country (and of course to most white Rhodesians) the mere putting of this question seems a piece of outrageous impertinence. Yet it arises legitimately enough from the terms of the Charter, which binds Britain, like its fellow member nations, to help dependent peoples develop "free political institutions" and to send the UN certain information about its dependencies. The Government's contention that Southern Rhodesia has been self-governing since 1923 and that Britain is therefore not answerable to the UN for the condition of its inhabitants is not one that the African and Asian nations, at least, can be expected to accept while the territory's three million African inhabitants remain effectively controlled by the white seven per cent of the population.

While British ministers continue to keen over the assembly's supposed irresponsibility and readiness to follow any Russian lead, the assembly persists in quietly piling up evidence to the contrary. The call for a Rhodesian inquiry was itself much more moderately phrased than the reactions to it that echoed from Salisbury. In the Ruanda-Urundi debate, the Asians and Africans—themselves considerably divided—once again spurned the Soviet proposals, just as they had, a week earlier, roundly rejected a communist resolution on Cuba's complaints against the United States. Just before that, Afro-Asian opposition had helped to kill the Russian demand for a new Security Council meeting on the Congo.

INDOCHINA

Fire and Fryingpan

BY divine providence as he put it, President Ngo Dinh Diem of south Vietnam escaped with his life when two rebellious pilots of his air force bombed the presidential palace on Tuesday morning. The other providence that is looking after his interests is running into trouble from other sources. Moscow and Peking have now reacted to the energetic new measures ordered by President Kennedy to defend Mr Diem's regime against the attacks of communist guerrillas. The Soviet press would like Britain, as "co-chairman" (with Russia) of the Geneva conference of 1954, and joint custodian of the agreements that resulted from it, to do something to restrain the Americans. *Izvestia* on February 24th took the British to task for failing to take up similar suggestions made by Moscow in September and January.

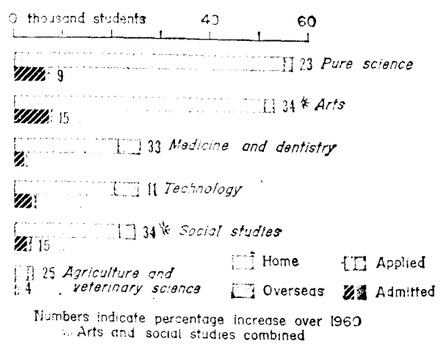

South Vietnam: hunting communist guerrillas

Lord Home might equally ask Mr Gromyko what the Russians are doing to restrain the communist guerrillas who have been creating such havoc for the past year in south Vietnam. The situation, indeed, is far from clear cut. The United States specifically dissociated itself from the 1954 agreements, but pledged itself not to use or threaten force to upset them. Its present involvement in south Vietnam appears to contradict this pledge, but the American authorities counter by pointing out—as indeed the British have done—that the north Vietnamese have violated the agreements on countless occasions.

The extent of Moscow's present concern is hard to assess. A high-powered delegation from the Soviet Communist party has been in Hanoi since last week on an un-

Redbrick Aspirants

Last year nearly 190,000 applications were received (17,400 from overseas students) for all university institutions in Britain, Oxford and Cambridge excepted. This was over 25 per cent more than in 1960, but the percentage of these who were admitted fell from 15 per cent to 13 per cent. The number of applications is inflated by the many students who apply to two or three universities as a matter of course. With vacancies still in some technology courses the need for the diversion of students from pure science continues.



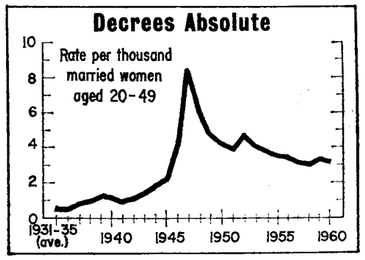
specified errand ; it is a fair speculation that the Russians want to make sure the north Vietnamese listen to their advice, rather than to that of the more "revolutionary" Chinese.

DIVORCE

Early Wed, Early Shed

CONTRARY perhaps to popular belief the divorce rate in recent years has been slowly falling, at least from the heights it reached in the early postwar years. Such fluctuations as there have been can probably be put down to changes in the law: the Legal Aid and Advice Act of 1949, which came into force in October, 1950 ; and the lengthening, in 1957, of the period before a decree *nisi* can be made absolute, which made the 1958 rate lower than it otherwise would have been.

The Registrar-General's tables for 1960, and his commentary on the 1959 figures, both published recently (HMSO, 12s. 6d. and 18s. 6d. respectively), have two main lessons for women who wish to avoid a



divorce: do not marry very young and do have several children. Of the 24,000 marriages ended in 1960, 28 per cent had taken place when the wife was under twenty years old and nearly half when she was between twenty and twenty-five. The most likely chance of a marriage ending in divorce was when the bride had been under twenty and the marriage had lasted four or five years. In fact, whatever the duration of the marriage, the divorce rate (per 1,000 married women) was consistently much higher for the very young brides than for those over twenty, particularly if marriage was postponed until after the age of twenty-five.

In about a third of the divorces made absolute in 1960 the marriage was childless. One child does little to stabilise a marriage of the very young, presumably because it often takes place only to legitimate him (one out of every eight babies born in 1959 was conceived out of wedlock) ; but, as soon as the wife's age at marriage is even a little older, one child is some help and three or more children are a great deal of help in keeping husband and wife together. Nevertheless, 32,534 children were involved in the divorces granted in 1960.

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TANGANYIKA

Life of the Party

TWELVE weeks new, Tanganyika is beginning to look very different from the country given independence on December 9th. To put life into an immensely poor and backward country, the men of Dar es Salaam have decided that the party, the Tanganyika African National Union, is to be the generator of unity and work, and the means by which the few available skilled and able Africans are to be put to the service of the whole country. As Africans, these men will be able to get away with more than their predecessors, the British administrators, ever dared to try. So runs the argument.

On this theory Mr Nyerere stepped aside as prime minister on January 22nd ; since then he has been at work as party patriarch, cleaning up the organisation and, it is to be hoped, devising ways of bringing the excitable Tanganyika trade unions into discipline. The new prime minister, Mr Rashidi Kawawa, has appointed ten politicians to the new posts of regional commissioners. They will run the provinces and Dar, with the former provincial commissioners as their top civil servants. This system will later be extended to the districts. The new regional chiefs will see to it that each district and village sets itself targets for increased crop production and for voluntary labour on roads, bridges, wells, dams, and the like.

This has already begun to work. In the Njombe district, 100 miles of road, 25 bridges and three community centres have been produced on enthusiasm. Israeli advisers are helping the Tanganyikans to work the new systems out. The problem is whether this design for Tanganyika can be sold to its nine million people before the more westernised of them become too vociferous in their demands for higher wages, faster "Africanisation" of the civil services, and, if they are frustrated, intolerance towards non-Africans. To stall them off, Mr Kawawa has promised a republic (probably with a strong president) soon ; and he has determined on a land tenure reform with a strong incentive to develop land. Mr Nyerere himself may well assume a tougher aspect ; he needs less praise from the West if he is to lead his people along the paths he and his lieutenants have mapped out for them.

EUROPE

On the Fringe

FEBRUARY'S disastrous flooding of the German North Sea coast thrusts into the limelight the economic problems of fringe areas of western Europe. Lower Saxony is only one of several such areas, left aside from the great trade routes and the concentrations of industry, that may even find their problems magnified in a larger economic union.

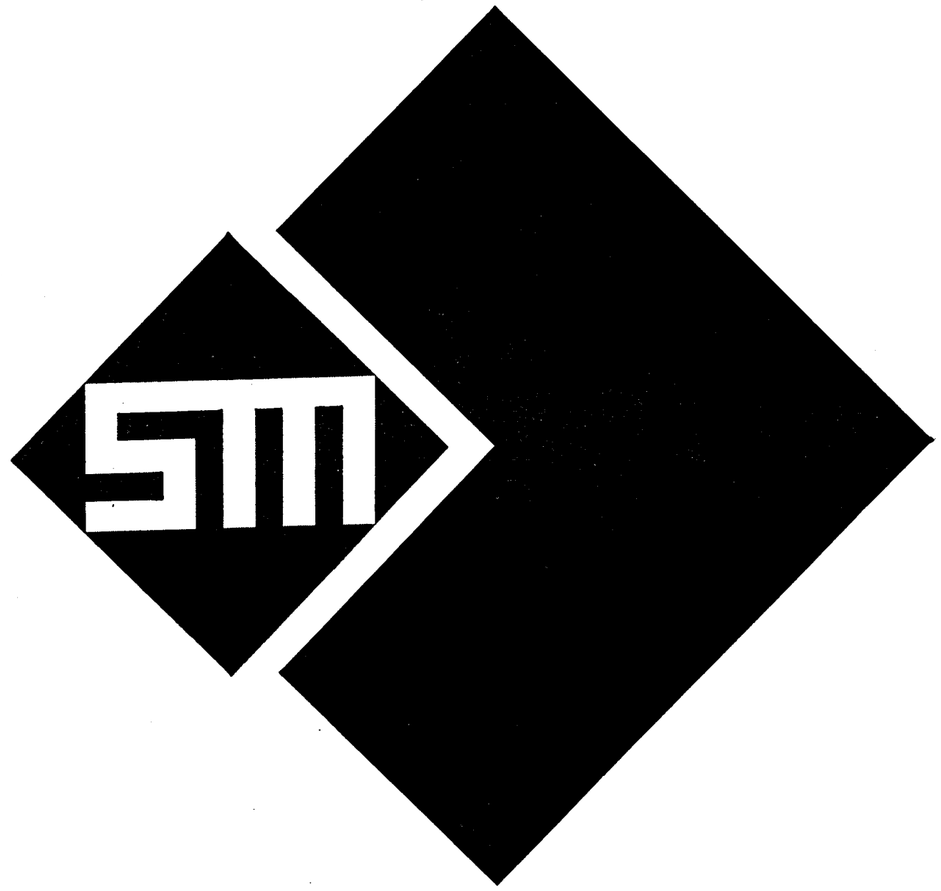
As industrial productivity rises, the poles of industrial development—the Ruhr, Paris, London and the south of England—tend to become more attractive than ever, while backward areas (Scotland, Ireland, southern Italy) lag behind. Growth at the centre, it is true, may radiate. But two kinds of problem familiar enough within national economies may become acute. There are the social costs of cluttering the bulk of western Europe's population into a triangle between Paris, Birmingham and Hamm. And there are the concealed economic costs —in transport and time—which each newcomer to the urban sprawl notices only marginally.

In a valuable study* Political and Economic Planning has analysed the problem of regional development and what the European communities have so far done about it. Both the Coal and Steel Community and the Economic Community have institutions specifically designed to help backward areas and assist workers and industries to adapt. But as yet these have been no more than a supplement to national schemes. As the barriers across Europe fall, the study shows, the need for a systematic European regional policy will grow. The future of Hamburg or Belfast, for example, may depend increasingly on what shape a common transport policy eventually assumes.

Regional policy is already assuming a wider importance for economic growth. As western Europe approaches full employment, the remaining patches of idle labour are to be found mainly in a few backward or depressed areas. In a speech on January 22nd, M. Marjolin, of the European Commission, emphasised that steady growth would increasingly depend on making use of such resources. That can be done either by systematically helping the men to move to new jobs or encouraging the jobs to move to the men.

* "Regional Development in the European Economic Community." PEP. George Allen and Unwin. 9s. 6d.

This is the first in a series of advertisements inserted by Svenska Metallverken.



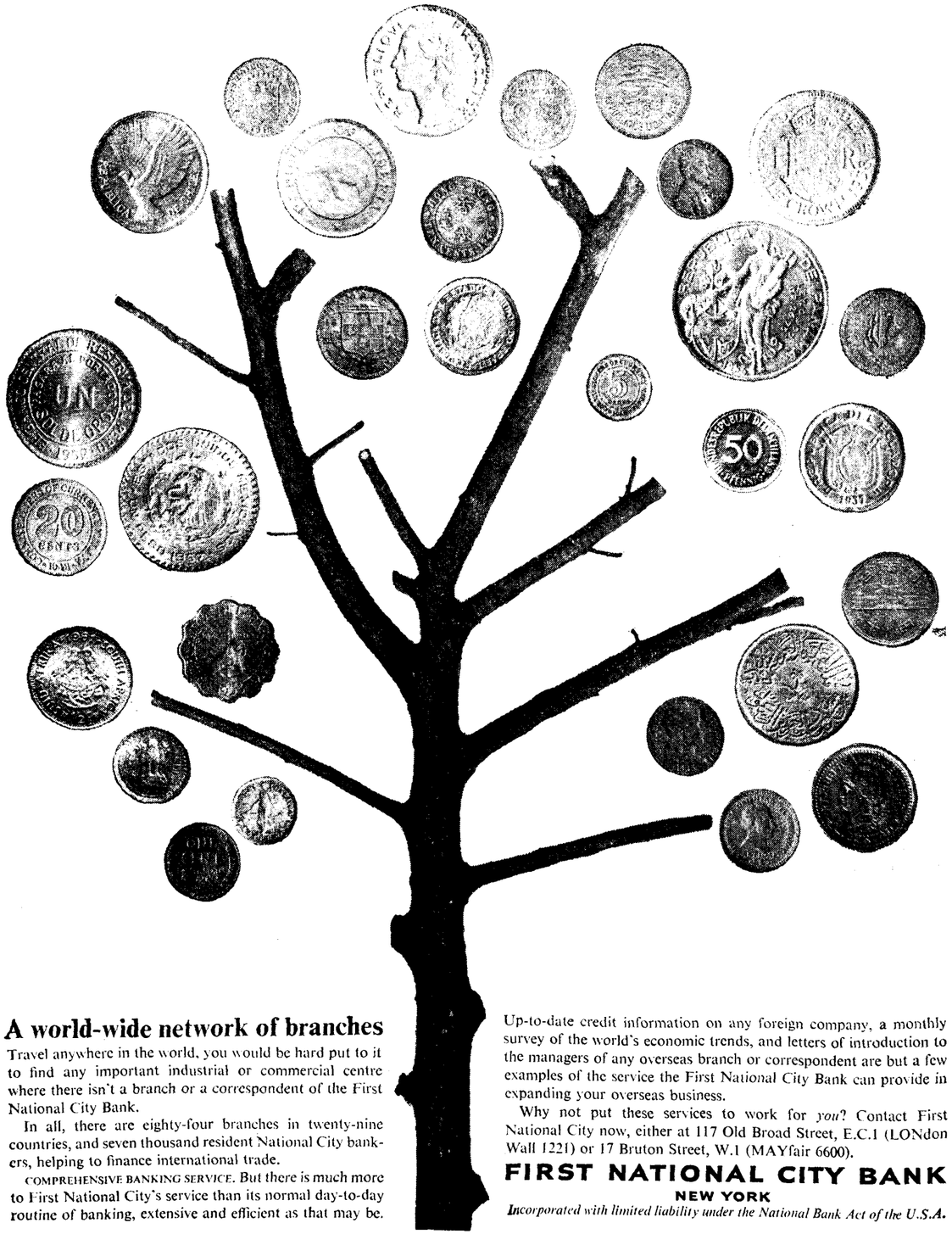
A new Swedish symbol. Allow us to present a new symbol in the world of metals. As a matter of fact, it was created only last year although some of our activities started as early as 1607. But the semi-finished, non-ferrous metal products for which this symbol stands are an important part of Swedish quality products which you might have met before, such as business machines, telephones, cars, blow-torches, refrigerators, milk separators or cameras. To say nothing of the many other cases all over the world where SM-semis have helped manufacturers make a good product better. If your operation involves high quality, non-ferrous semis, why not write us a line or two. We'll be glad to tell you what we can do for you.

SVENSKA METALLVERKEN

Manufacturers of semi-finished, non-ferrous metal products

Export Division • Västerås • Sweden

SWEDEN



A world-wide network of branches

Travel anywhere in the world, you would be hard put to it to find any important industrial or commercial centre where there isn't a branch or a correspondent of the First National City Bank.

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Up-to-date credit information on any foreign company, a monthly survey of the world's economic trends, and letters of introduction to the managers of any overseas branch or correspondent are but a few examples of the service the First National City Bank can provide in expanding your overseas business.

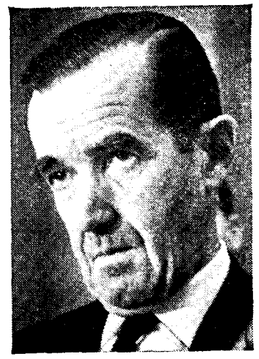
Why not put these services to work for *you*? Contact First National City now, either at 117 Old Broad Street, E.C.1 (LONdon Wall 1221) or 17 Bruton Street, W.1 (MAYfair 6600).

FIRST NATIONAL CITY BANK
NEW YORK
Incorporated with limited liability under the National Bank Act of the U.S.A.

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.

Truthful Image



WASHINGTON, DC

PRESIDENT KENNEDY implied last week that many young people in other countries think of the United States as still thickly encrusted with the grosser crudities of nineteenth-century capitalism and that this is one of the most serious and urgent problems which America faces. If communist propagandists have managed to distort the American image in the minds of Asian, African and Latin American youngsters, it is partly because the United States has chosen to back into the future, by insisting that socialism is a dirty word while steadily enlarging policies which used to be denounced as socialistic.

Communist propagandists have also succeeded in holding up a flattering mirror to Marxism because young people in the underdeveloped countries are searching with understandable impatience for a short cut to fulfil their rising expectations. This week, on the occasion of the twentieth birthday of the Voice of America's broadcasts to foreign listeners, President Kennedy said that those who cannot bear the responsibility of the free choice that goes with self-government turn to those who prevent them from choosing, and thus find in a kind of prison a sort of security. But security is not what the students are looking for. On the contrary, they want to turn their petrified societies upside down and they suspect that the United States inclines more towards conservatism than to revolution. This is why, in many under-developed countries where the authorities ban communist literature, it is the American information centres that rioting students attack.

Mr Murrow, the director of the United States Information Agency, has denied that the United States is on the side of the *status quo* and President Kennedy pointed out this week that the Voice of America is obliged to tell the truth, including " the things that go bad in America." But sad experience in the past indicates that some domestic critics of the USIA have difficulty in distinguishing between telling the truth and treason. Others who help to keep the agency short of funds accuse it of never raising its voice above a whisper, so that it must sometimes feel like the gangsters' victim who had his teeth knocked down his throat and then was cuffed on the side of the head for mumbling.

The threefold duties of the United States Information Agency are to keep the President informed of what foreigners are thinking so that he can, if he wishes, shape his policies accordingly, to tell foreigners what the meaning and purpose of those policies are, and to correct misconceptions about America by presenting to the world the full sweep of American life and culture. After the first world war Americans, like everyone else, had had their fill of propaganda. But two months after Pearl Harbour made it clear that stern times had come again to the United States, as to other nations, an official radio programme took over from Mr Bing Crosby as the Voice of America. Later, when it became plain that victory in the Second World War had brought not peace but a cold war of abusive words, an Act of Congress authorised a continuing programme to promote better understanding of the United States in other countries. After a so-called Psychological Strategy Board had deservedly foundered amid abrasive collisions between bureaucrats and writers and broadcasters, the USIA was set up as an entity separate from the Department of State.

About this time of year the thoughts of members of appropriations committees turn to the pleasant prospect of putting sharp questions to those who will be coming to Congress to ask for more money. Last year senior officials of the USIA were asked if the agency fired homosexuals as security risks and if they really thought that telling foreigners about American architecture helped to beat the communists ; they were also accused of living high on the hog and cavorting with the intelligentsia in foreign lands. Fortunately, the bark of Congress turned out to be worse than its bite for, although the agency did not get the $118 million it asked for, it did get $111.5 million.

MR MURROW gave up a television job that was bringing him $200,000 a year in order to become Director of the USIA at a salary of $21,000 and this sacrifice may well have impressed some of the politicians even more than Mr Murrow's famous wartime broadcasts from London about his twenty-five flights in bombers over Germany. The director is a soft-spoken man who looks like a gentlemanly bloodhound and who makes no secret of his intense admiration for what he calls the integrity of the British Broadcasting Corporation. Although the USIA seems sometimes almost too impeccable and somewhat lacking in edge, bite and passion, it is almost always reasonable and moderate in a world that is too often immoderate and irrational.

The Voice of America admits that there is racial discrimination and also unemployment in the United States. It depicts Americans as sturdy but ordinary folk. It praises Mr Khrushchev for speaking often, openly and intelligently about Soviet agriculture, while it is pointing out that farming is Russia's biggest headache. It suggests that the Afro-Asian group in the United Nations is on the whole cool and reasonable. It has expressed sympathy with Africans' impatience over the slow solution of the Katanga problem and over Portugal's refusal to transform Angola into a free and independent country. It claims to have challenged successfully the communists' monopoly of information to their own people by getting many of its broadcasts through the Iron Curtain in spite of jamming. The communist countries are said to be spending about $150 million a year on this, or three or four times as much as all the western countries put together are spending on broadcasts to communist countries.

The United States not only does not jam communist broadcasts, but this month a group of radio stations in Texas even decided to pick up and retransmit the broadcasts in English by Radio Moscow, in order to ensure that American listeners were acquainting themselves with the sort of things that the Russians were saying about the United States and about world affairs. The *Chicago*

Tribune offered to let any of *Izvestia's* writers have the use of an uncensored daily column for the expression of Soviet communist opinions if *Izvestia* would reciprocate. The *Tribune* explained that it was making the offer in order to discover if, after forty-five years of absolute power, the Russian communists were still afraid of the possible effect on Russian readers of one column daily of free American expression. No reply was received by the *Tribune* from Mr Adzhubei, the editor of *Izvestia* and Mr Khrushchev's son-in-law.

What troubles President Kennedy, and Mr Murrow, is that in spite of all this Lenin and not Abraham Lincoln is the world's most widely translated writer. The Soviet Union alone is said to send over 40 million books abroad each year, as against the 6 million books that the United States Information Agency distributes. The communists also out-talk the Voice of America by thirty-two hundred hours a week to seven hundred and thirty hours. Because it does not have enough money for both, the USIA has had to reduce its services in Europe, to the disgruntlement of the Germans and Spaniards who were the chief sufferers, in order to try to combat greatly expanded communist propaganda drives in Latin America and Africa.

This year Mr Murrow is asking for $125.5 million, to enable the United States Information Agency and the Voice of America to compete more effectively in these areas, where Mr Murrow says that there is "an explosion of expectancy." What seems doubtful is whether the revolution of expectations whose urgent existence almost everyone now acknowledges can be turned aside from communist temptations by telling the truth, especially if this involves an honest denial that the under-developed countries are at all likely to come anywhere near the living standard of the United States, in the lifetime of any young student, by methods that the United States would either approve or tolerate. Perhaps that is what President Kennedy had in mind when he said that in its next twenty years the problems of the Voice of America will grow more and not less complex.

Sleeping Issue Waking Up

THIS week President Kennedy pressed Congress once again to expand the federal social security system to provide care in hospitals and in the home for the country's 16 million or more people who are over 65 and whose medical needs are greater—and whose incomes are smaller—than those of other Americans. In 1960 the proposal was smothered in the hostile Ways and Means Committee of the House, where the present Bill, sponsored by Senator Anderson and Representative King, has been locked up ever since. Even if the committee has a change of heart this time —which is far from certain—it cannot deal with the Bill until the President's trade expansion programme is out of the way. The President wants to put members of Congress on record, even if they vote the Bill down, as a basis for appealing to the people in November. But if a reasonable compromise were to reach the floors of the House and Senate, both might swallow it. For there are signs that the label "socialised medicine" no longer frightens either the old people or their younger relatives who often have to help them to pay their crushing medical bills.

One of these signs is that the American Hospital Association, which speaks for the vast majority of hospitals, recently withdrew its opposition to the financing of medical care for old people through the social security system, even though this meant parting with the American Medical Association. A much more significant pointer is that the AMA itself now concedes that something must be done for the old. It has endorsed a scheme put forward by Blue Shield, a non-profit-making health insurance organisation, to provide old people with protection against doctors' bills at relatively low premiums. The trouble is that many old people—half of them have less than $1,000 a year—could not afford even these reduced premiums and federal help would still be needed. For this reason the AMA wants to link such private schemes—as Texas has just done—with the Kerr-Mills Act. This was a crumb thrown to the old people by Congress in 1960 ; it commits the federal government to pay from 50 to 80 per cent of whatever medical assistance participating states choose to give to old people.

The Administration believes that private insurance has a part to play in medical care for the elderly—but only after a basic floor has been established by the federal government. This would involve no means test, would be uniform everywhere and would provide a dignified (and compulsory) way for people to save throughout their working lives for their medical needs in retirement. There are flaws in the scheme: it would not cover about 3 million old people now outside the social security system and it would not meet doctors' bills. But its appeal seems to be growing, skilfully stimulated by a new committee with an awesome name, the National Committee of Senior Citizens for Health Care through Social Security which is organising rallies in the constituencies of obdurate Congressmen. Conservatives in both parties may be right in fearing that they are sitting on a time-bomb.

Unbalanced Taxes

THE Ways and Means Committee has finished its work on the tax Bill—the biggest and most far-ranging since 1954—and next week the measure is likely to reach the floor of the House of Representatives. As is usual with tax legislation in the House, no amendments will be permitted (though the Republican minority has the right to offer a substitute Bill) so the Treasury will have to look to the Senate if it hopes to revive any of its proposals which the committee has turned down. The chief disappointment is that the committee's Bill, instead of being self-balancing or better, as were the President's original proposals, will cost money, particularly in the 1963 fiscal year before its revenue-producing aspects get into full swing ; this may be enough to swamp the small surplus of $463 million forecast for the year.

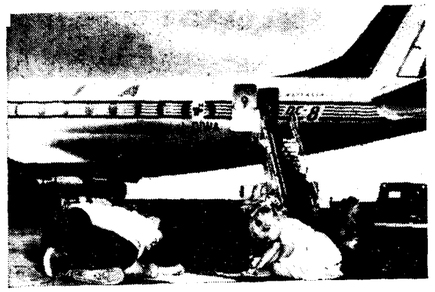
The committee has failed to close enough loop-holes to offset the $1.8 billion which, it is thought, it will cost to give businessmen a tax credit of up to 8 per cent on new investment in productive facilities. The Treasury estimates that the Bill would mean a loss of $655 million in 1963, but this is on the assumption that the tax credit, by spurring economic growth, will bring in $860 million in new revenues. Some businessmen contend that, instead, it will simply be a windfall to many corporations which had planned already to invest in more modern facilities.

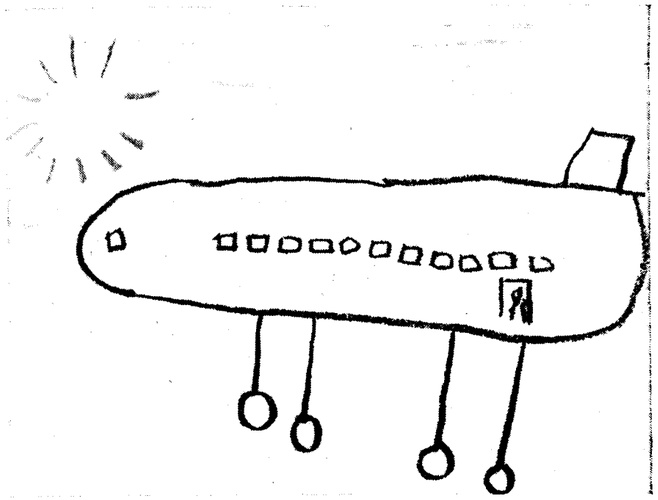
Among the specific proposals that got away is the Treasury's scheme for taxing the income of all subsidiaries in other developed countries as it is earned ; at present this money is taxed only when it is brought back to the United States. This reform would not only have brought in some revenue ; it would also have discouraged the outflow of capital which is a burden on the country's balance of international payments. The committee did, however, take some steps to control abuses, particularly when American capital resorts to "tax havens," foreign countries where taxation is low or non-existent. But it retreated, step by step, before the fury of the proprietors of hotels, restaurants, night-clubs and theatres who argued that they would be ruined if the committee accepted the Administration's austere attitude toward expense accounts. One big step forward, however, is that the taxpayer now has to prove that tax-deductible expenses were incurred in the way of business ; at present the tax authorities must prove that the deductions are not justified.

On the credit side—and this is much more substantial than

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The children's excited concentration can be seen in the picture taken at Idlewild Airport.





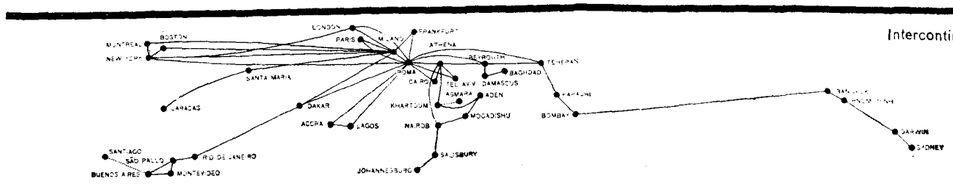
ALITALIA AIRLINES

Men and Jets SUPER DC-8 S AND CARAVELLE S - two of the finest and fastest Jets in the world – flown by million-mile pilots, trained to perfection in keeping with this modern Jet Age.
The Winged Arrow Service All the warmth and atmosphere of Italy greets you the moment you step aboard – prompt, courteous hospitable ALITALIA service awaits you. ALITALIA'S stewards and stewardesses are anxious to show you the true meaning of the Winged Arrow Service.
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Air Freight City to City – Continent to Continent – fly your freight the ALITALIA way. Careful handling, speedy and punctual delivery at conveniently low rates. As far as cargo goes, ALITALIA goes all the way.
Think Ahead The modern traveller always plans and thinks ahead. Carefully planned itineraries afford you the opportunity to see more places at no extra cost. Think ahead - plan ahead – consult your Travel Agent, take his advice – realise what is to be gained in planning your trip.

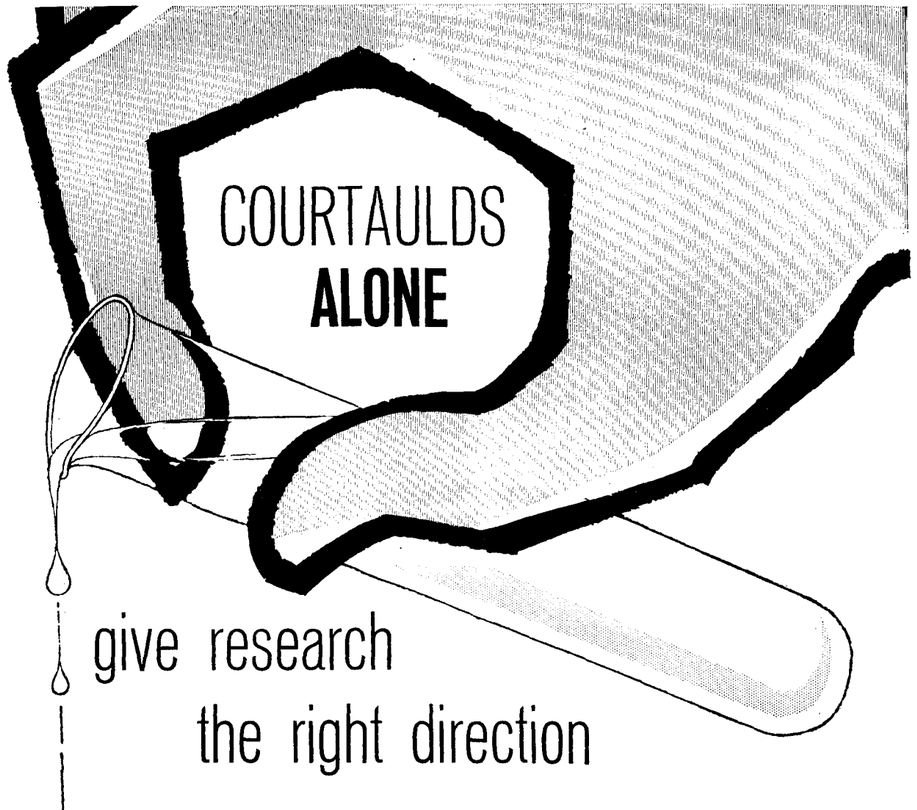
FLY SAVE TIME
FLY NOW SAVE MONEY
FLY NOW - ALITALIA - SUPER DC-8 JET TO NEW YORK.

ALITALIA OFFERS YOU 17 DAY ECONOMY EXCURSION JET FARES - RETURN FARE LONDON - NEW YORK FOR ONLY £ 125.0.0.
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give research
the right direction

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.*

Research in man-made fibres is always costly. Is it a good investment?
It is if it gives the customer new and better products, brings prices down. This depends on the research programme being properly *directed* by a management that knows its markets intimately.

Now see how Courtaulds profit from research! Take acrylic fibres. Courtaulds alone discovered how to make them in an entirely new way, a simpler way that cut costs below anything known elsewhere. Result—"Courtelle", the fastest growing fibre in the world.
Then "Tricel". This Courtaulds development brought easy-care clothes within the means of every household. Or "Tyrex"—the high-strength rayon tyre cord in world-wide use, entirely the result of Courtaulds research.
And now a dramatic break through! A *new* low price synthetic fibre—yet to be named!—which is wholly flame-resistant.
These are the kind of results that come from a *well-directed* research programme.
Everyone in the textile industry knows that the management of Courtaulds can hold its leadership in man-made fibres—*alone*.

COURTAULDS **ALONE** can make the most of man-made fibres

COURTAULDS LTD., 16 ST. MARTINS-LE-GRAND, LONDON E.C.1

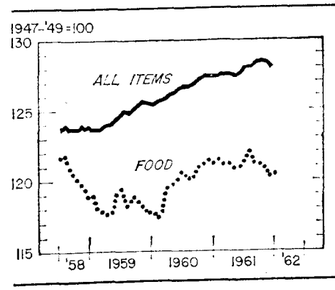
seemed likely last summer, when long hearings were held—the committee approved withholding at source taxes on dividends and interest on most bonds and savings ; this will affect one out of every two Americans. It has also voted to impose taxes in some form on both agricultural and consumer co-operatives and it has ended the virtual exemption from taxation long enjoyed (to the exasperation of their competitors, the commercial banks) by savings and loan associations, America's building societies, and by mutual savings banks. The new "tax on thrift" was the most hotly fought issue of all, although it will not go into complete effect until 1966.

What Price Brotherly Love?

PENNSYLVANIA'S Quaker origins have long ceased to have any noticeable influence on the state's politicians and never more so than this year as both parties prepare for next November's election. Then the whole state must vote for a Governor and Lieutenant-Governor, a Senator and a Secretary for Internal Affairs ; the primary elections in which citizens are supposed to pick their party's candidates come in May. But at the moment the main concern of both the Republican and the Democratic organisations in the state is to prevent the voters from having any choice in these primaries, since both believe that to open their campaigns with divisive intra-party battles will weaken their chances of winning next autumn's close contests.

But they will only be close contests, in the view of General Eisenhower, Pennsylvania's best-known Republican resident, and Senator Hugh Scott, the only Republican who has had a state-wide victory in Pennsylvania in recent years, if the Grand Old Party nominates progressive, aggressive candidates. This view is shared by many of the wealthy Philadephians whose financial help is needed in the campaign. Until recently the leading Republican in the race for the Governorship was Judge Woodside, a conservative supported by the reactionary businessmen who were blamed for the Republican collapse in Pennsylvania after the war. But then Senator Scott announced that he himself would run, with reluctance but with the endorsement of General Eisenhower. Both candidates insist that it is too late for them to withdraw but nevertheless there is hope that both can be induced to do so if Representative Scranton, an able forward-looking young Republican, can be persuaded to accept the nomination.

There is no chance that the Democratic organisation can induce Mr Richardson Dilworth to withdraw ; he resigned last month as Mayor of Philadelphia in order to run for the Governorship and this time he does not intend to allow the city's boss, Representative Green, to choke him off as he did in 1954 and 1958. Mr Dilworth's determination seems to have brought over to his side Governor Lawrence, the Democratic incumbent who cannot succeed himself ; this in turn means that the state organisation is almost sure to endorse Mr Dilworth. The decision, now expected late this week, has been postponed several times while efforts were made to strike a bargain which would save Mr Green's face and ensure that he would not oppose Mr Dilworth openly. Whether or not these efforts will succeed remains to be seen ; in any case some of the liberal and independent supporters of Mr Dilworth, who made his reputation as a reformer, think that in the long run he might do better without the help of Mr Green's efficient but notorious machine.



CONSUMER PRICES

Even though the cost of living was at record high levels in the United States in 1961, it was going down at the end of the year and the rise over the whole twelve months was only 0·5 per cent, less than in any year since 1955. In January the index remained at the December level.

Mississippi Still Says "Never"

FROM A CORRESPONDENT IN MISSISSIPPI

RELENTLESS pressure by General Grant led to the capitulation of the Army of Mississippi at Vicksburg just over a hundred years ago. Equally relentless pressure from the federal government will as surely lead to Mississippi's surrender in the matter of Negro rights. But that time is not in sight; white Mississippians still say "Never." Nearby New Orleans, Louisiana, and Memphis, Tennessee, which but for accidents of history might have been cities in Mississippi, may have accepted, with reluctance, the presence of token numbers of Negro children in their white elementary schools. But in Mississippi the first court suit against the colour bar in education has been dragging on for over a year, held up again and again by technicalities. Mr James Meredith, a 28-year-old Negro who had served in the Air Force, applied for a transfer from a Negro college to the state university. The university, however, has all sorts of subterfuges to keep Negroes out; one is the requirement that an applicant has to have recommendations from five of the institution's (white) graduates.

Last summer many eyebrows were raised, but no one protested, when the university registrar told the judge, with a straight face, that he had never kept out a Negro as such and he would admit a qualified one. The federal judge, a Southerner, refused to grant an injunction ordering Mr Meredith's application to be accepted. But a court of appeals in New Orleans is to consider the case in April and there is a good chance that Mr Meredith will be successful. The appeals court has already declared unconstitutional the requirement for five recommendations and noted that the district judge had allowed the lawyers for the university much more latitude than he granted to Mr Meredith's lawyer.

Where the primary and secondary schools are concerned, Mississippi stands very much where Virginia stood before it launched itself upon its unavailing campaign of "massive resistance" to the federal law. But the gulf between the quality of the white schools and that of the Negro ones is even wider in Mississippi, making nonsense of the hoary argument that education for the two races is "separate but equal." According to figures released by the state Superintendent of Education, the average annual amount spent on educating a white child is $81.86; for a Negro child it is $21.77. The state provides equal funds for each child, but local authorities short-change the Negro shamefully. On this issue academic freedom is a frail reed: a university professor of law who asserted that decisions of the Supreme Court are the law of the land was not permitted to hold his classes last summer and the state Superintendent of Education may lose his job because he said in public that he wants to see the schools kept open, whatever happens. Many observers think that Mississippi will shut them rather than permit the mingling of the races. The state has also refused, in effect, to bow to the order of the Interstate Commerce Commission outlawing racial segregation in transport. On trains going north to Chicago segregation is maintained, although this is not the case on trains coming from the north. Just this week the Supreme Court in Washington reminded Mississippians firmly that such segregation, even when it is wholly inside the state, is unconstitutional.

It is Mississippi's proud boast that the "friction riders," as the

whites call the Negro and white freedom riders who challenged racial discrimination in public transport, have been handled peaceably and legally, in contrast to the violence offered them in Alabama. But the Assistant Attorney General of the United States, Mr Burke Marshall, said recently that Walthall County, Mississippi, is a "place of lawlessness" for the native Negro and the Civil Rights Commission has exposed both police brutality toward Negroes and their fear of economic and physical reprisals if they try to vote. Legal remedies are certain to be years, perhaps decades, in coming. For one thing, juries and judges—even federal ones when they are Mississippians—are imbued with the local point of view; convictions of whites who deny Negroes their rights are hard to obtain, and so is ordinary justice. Recently five prominent Negroes were convicted on charges of "conspiring to hurt local trade" though the boycott is an instrument which the White Citizens' Councils favour when it is used by their side. For another thing, no matter how clear the general pattern of injustice or discrimination, it is hard to prove in court that any given Negro has suffered.

Representative Williams is probably right when he says that pressure from Washington for Negro rights has strengthened the desire of Mississippians to preserve their own laws and customs. The White Citizens' Councils, endorsed and partly financed by a belligerently segregationist state administration, appear to be thriving. Free chicken suppers may have to be used to tempt the faithful into mass meetings to listen to the same old alarmist refrain from the same professional demagogues, but there is no vocal political or economic opposition to the defenders of the *status quo*. The councils have not yet been directly connected with any of the relatively small amount of violence which has been reported, but they have organised flying squadrons of Minute Men to rush into the breach if any trouble breaks out.

A CONSTANT barrage of right-wing propaganda plays upon the fears of a naturally conservative community. The white councils, patriotic societies and politicians have succeeded in tarring socialists, labour organisers and advocates of racial integration—indeed almost any one to the left of Senator Goldwater—with the same communist brush. Some newspapers carry a column, sometimes on the front page, exposing the activities of these so-called communists. Much of the responsibility for this belongs to businessmen who control the newspapers and want to keep trade union organisers out of the state. The result is that thousands of Mississippians go to the polls at each election and vote against their own best interests. They have been taught to think that everything

Continued on page 805

Trees for the Plains

FROM A CORRESPONDENT IN COLORADO



SOMETHING new is changing the look of the Great Plains: continuous lines of trees to slow down the incessant winds. Nobody expects these so-called "field-type shelter-belts" to change the climate of the plains, with their severe winters and scorching summers. But the trees demonstrably make it more bearable and the land more productive.

The original shelterbelts in the United States, which owed their existence to President Roosevelt, were mostly of the grove type; seven to eleven rows of trees were planted to wrap farmsteads around against the blizzards and high drifts of winter. By now most prairie houses are protected in this way, and so are many whole villages. A survey in 1956 showed that about half the 200 million trees planted in the nineteen-thirties had survived, most of them on the more humid eastern side of the plains. The Forest Service, which had been in charge originally, turned the programme over to the Soil Conservation Service in 1942. Since then 100 million trees have been planted in North Dakota alone and comparable numbers have been planted elsewhere.

In the fields the gaps between the taller trees—such as Chinese elms—are filled with smaller ones such as Russian olives (the farmers call these "Mutt and Jeff" plantings after the comic-strip characters). They are usually placed about four feet apart—tree and shrub, tree and shrub, tree and shrub. The spaces between the rows vary from 20 rods (330 feet) to 40 rods. In flat country the gridding is rigidly rectangular but some farmers in rolling country, who plough along the contour, also plant their belts in wavy lines.

As early as the nineteen-thirties farmers in Manitoba began to plant field-type belts as well as farmstead groves and by now thousands of square miles of the province are covered with a network of trees higher than the buildings. But in spite of this neighbourly example, it was only in 1956 that field-type planting spread to western North Dakota. In the last three years alone, and under conditions of drought, farmers there have planted 8,000 lineal miles of trees, and the demand for them is insatiable. Yet this means devoting to trees many thousands of acres that used to grow small grains and other cash and feed crops; moreover in this environment trees must be cultivated as zealously as any crop and browsing animals must be kept out. Why does it pay?

The answer is that on the plains one-fifth of all precipitation falls as snow and it is important and profitable to retain even a small part of this in country where average precipitation is sixteen inches or less a year. The trees slow up the howling horizontal blizzards of winter and drop snow in a wide belt to the leeward, into the tall stubble and the mulch which the wise plains farmer now leaves, "keeping the trash on top" rather than turning the soil over. This stubble and mulch in turn slow down evaporation of the precious moisture and allow it to sink into the soil. Wheat, sorghums and other small grains and feed-crops can grow on an allowance of moisture that to dwellers in a humid climate seems unbelievably slight.

Planting trees seems to begin paying almost from the start. One farmer in North Dakota got 21 bushels of wheat to the acre during dry 1961. His trees, two years old, were barely shoulder-high, but he attributes some three bushels of his yield at least to the moisture which they preserved from the winter snows. Other farmers estimate that their crops exceed earlier ones in spite of the space taken up by the trees. The practice of planting field trees will probably spread clear down the plains from its birthplace in Canada, though it may be confined largely to grain-and-feed country, purely because there it is more feasible economically than in range country. Even so farmers on the plains who have turned their fields back to grass and livestock, as they are urged to do by the experts and paid to do by the federal government, can make good use of field belts.

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FROM A SPECIAL CORRESPONDENT

TEXTBOOKS on the theory of the American Constitution maintain that the virtue of the bicameral system is that the upper house, where the members are saved by their six-year terms from too frequent subjection to the voters, can restrain the volatile enthusiasms of the lower house, where the desire to get things done reflects the need of the members to win re-election every other year. But recent Congresses have not gone according to this book. Since the war a President who proposes innovations finds friends in the Senate ; it is in the House of Representatives that he runs into road-blocks. The latest example was Mr Kennedy's unsuccessful attempt to set up a new Department of Urban Affairs to give the ever-growing cities the louder voice in the executive branch of the government which they are denied in the legislative branch. This under-representation of the urban areas in Congress is in fact the reason why it is generally the House rather than the Senate which stands in the way of change. Several new studies explain the situation statistically.

The general picture behind the figures is no novelty. A Jeffersonian attachment to the rural way of life is still a basic political fact in America. As recently as the beginning of this century 6 Americans out of 10 lived in the country ; cities were extraordinary and were suspected of being sinful as well. But today 7 Americans out of 10 inhabit one of the great metropolitan areas and in the 100 largest cities live 30 million people of voting age, one-quarter of all potential voters. In all but 11 of the 50 states urbanites now outnumber rural folk. But they do not outvote them. There is a wide and blatant disregard for the principle of "one man, one vote" and for the further principle that the vote of one citizen should weigh equally with that of another. The revered farmers decline in numbers every year, but over both the State Legislatures and the national Congress they cast a very long shadow indeed—and a very conservative one.

To gerrymander, to draw the boundaries of electoral districts in strange and unusual shapes for the sake of party advantage, is an active form of distortion which has been conspicuous in the congressional redistricting which followed the decennial census of 1960. But a passive form of distortion has been even more effective: failure to redraw the boundaries at all. This automatically inflates the value of the residual rural votes and the over-representation of rural areas as more people collect in industrial and commercial centres. The table, giving examples from the 1960 census, illustrates the point ; each district has one Representative in Congress.

State	District	Per cent urban	Population
California	2	35·2	406,506
	28	90·7	1,014,460
Georgia.....	9	18·9	272,154
	5	90·1	823,680
Illinois	23	35·8	297,544
	13	89·9	905,761
Ohio	5	34·5	298,051
	20	100	465,341

But these variations in the number of voters in a district is only one of the ways in which the weight of the individual vote is distorted before it is brought to bear on national policy. For after the Representatives chosen by these lop-sided votes have gone to Washington, the committee system through which Congress does its work weights the rural vote still more heavily. Legislators advance to the chairmanships of committees through seniority, which depends on how long they have held their seats. The Democratic party, which now controls both chambers of Congress, draws its strength from two poles—the big cities and the one-party states of the South, where are to be found 18 of the 31 districts which are less than 30 per cent urban. In these rural constituencies regular re-election and therefore long tenure of office are as much the rule as are frequent changes of representation in the cities. So a very large number of committee chairmanships are held by rural Southerners when the Democrats are in control of Congress. When the present Congress opened 12 of the 20 standing committees of the House were headed by Southerners, 6 of them from states which are predominantly rural, 6 of them from rural districts in predominantly urban states.

When the Constitution of the United States was drafted, the alarm of the small states lest they be overwhelmed by the large ones made it necessary to provide them with equality of representation in the Senate. So each state has two Senators, whether it is New York with nearly 17 million inhabitants or Nevada with 285,278. Within a given state, however, all votes for senatorial candidates are equal and thus individual Senators—most of them, at least—are more likely than is the average Representative to reflect urban as well as rural interests. Yet in the Senate, too, the seniority principle pre-empts many committee chairmanships for rural areas.

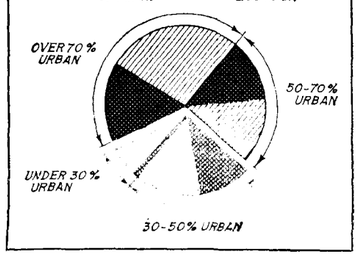
At the state level the bias in favour of the rural voter is even more noticeable. The depopulated New England towns have held their own in their State Legislatures in a manner reminiscent of Old Sarum ; in 1960 in the lower house in Vermont the member with the most constituents represented 35,531 people, the one with the fewest 36 people ; a similar comparison for New Hampshire showed 3,244 people and 3. Moreover, in a recent survey of the years from 1910 to 1960 Professor Paul David of the University of Virginia has calculated that the situation has been growing worse rather than better. In all states except New Jersey and Rhode Island the rural counties have become increasingly overvalued since 1910. Recently the voters who have been most under-represented have been not those living in the central cities, but those in the surrounding and particularly fast-growing suburbs.

Against such sustained trends the chances are not very bright that the country will make its legislative institutions more representative quickly. The states are self-determining in these matters ; their Legislatures can draw boundary lines, both for their own districts and for congressional ones, as they see fit and members are unlikely to undermine the base on which they themselves came to power. But at last there is some hope of applying the remedy of legal action ; this has been tried in the past, but has always failed because judges have avoided taking jurisdiction in cases which were, in their view, political. Now, however, the Supreme Court has before it a case, originating in Tennessee, alleging that the plaintiff's constitutional right to vote is violated by "gross and unreasonable mal-apportionment" in the State Legislature. Districts have not been reallocated since 1901, although the Tennessee Constitution requires boundaries to be redrawn every ten years on the basis of population.

Last October the Solicitor General of the United States argued that the clauses of the Federal Constitution guaranteeing due process and equal protection had indeed been violated, that the constitutional issue was not political and therefore not beyond the jurisdiction of the Court and that the lower court could be ordered to frame effective relief without overstepping the limits of judicial action. Should the Supreme Court uphold this view, a new avenue of relief would be opened for disfranchised city voters. Once the State Legislatures have been put on a truly democratic basis, then they will see to it that representation in the national Congress is also modernised.

The 1960 census found that 70 per cent of the population—125,268,750 persons—lived in urban areas : this classification covers every city, town and village with a population of at least 2,500 and "urban fringe towns," however small their population. The remaining 54,054,425 Americans were classified as rural residents. According to a report just issued by the Bureau of the Census, in 137 congressional districts at least half the people were rural under this definition ; in 41 of them country dwellers outnumbered townspeople by 2 to 1 or more. In the other 300 districts at least 50 per cent of the inhabitants were urban ; 80 of these districts were entirely urban.

CONGRESSIONAL DISTRICTS HELD BY:



Continued from page 802

which comes from Washington is bad, even though their only hope may lie in Washington.

Appearances in the state by former General Walker, Mr Welch, the head of the John Birch Society, and Mr Carleton Putnam, the crusader for the "new scientific racism," along with dozens of lesser-known reactionaries, have been sponsored by business and professional leaders. High-priced experts on super-patriotism, specialists in ferreting out radical ideas in school-textbooks and anti-New Frontier columnists have found in Mississippi a ready market for their charlatanry. The Paul Revere Ladies brought in Mr Myers Lowman, who rings the alarm bells to warn people of the communists in churches and colleges ; the Colonial Dames hold essay contests, with subjects such as "Patriotism Reappraised," in which the participants know very well what line they must take. When General Walker visited Jackson four high school students picketed him. Within a week all their parents had publicly disavowed their action.

In Mississippi there has been little violence, primarily, it is thought, because white supremacy has not been challenged seriously. But Negroes in Mississippi—who make up over 42 per cent of the population, the highest proportion in any state—are beginning to stir and their leaders can count on help and encouragement from outside. Inside Mississippi there is also a considerable body of moderate but as yet inarticulate opinion, on the part of businessmen, professional people and educators, which would like to get the race question out of the way so that the state can get on with its real and urgent job: economic progress. But before this happens there will be some last-ditch fighting in which many people, black and white, will be hurt.

SHORTER NOTES

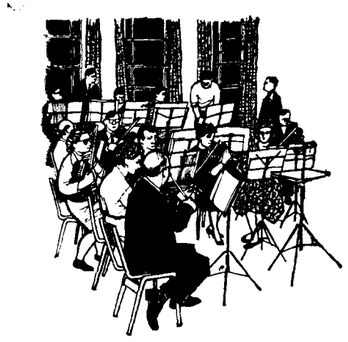
The fact that Mr Bidwell, the chairman of the board of governors of the New York Stock Exchange, has been indicted for tax evasion does not mean that the Bureau of Internal Revenue has joined the Securities and Exchange Commission in its current investigation of stock market practices. Mr Bidwell has resigned his post and the government emphasises that the charges concern only his personal taxes and have nothing to do with his official activities.

* * *

Meat-packers have won a battle in the war which has been going on for over a year over the "watering" of hams. A Court of Appeals in Washington has granted a temporary injunction against enforcement of a government regulation which requires that all such "watered" products sold in interstate commerce should be labelled "imitation ham." The court held that the label was false and deceptive since, even if curing brine equal to 10 per cent of the ham's original weight had been pumped into it under a new rapid curing process, a ham was still a ham.

* * *

Most of the hardships and injustices caused by the so-called Hiss Act have now been rectified. The Act was passed seven years ago to prevent Mr Alger Hiss, who was involved with Whittaker Chambers in a famous case involving the national security, from collecting his government pension. But the Act was badly drawn and penalised about 200 people whose misdeeds had nothing to do with the national security.



HOME REPORT

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



Fawley lights a candle

FROM OUR SPECIAL CORRESPONDENT

BLAZING above the liners, the rustic yacht-basins and the ponies of the New Forest, three giant flames mark the site of Esso's oil refinery at Fawley. On a site of five square miles, this is the largest refinery in Britain ; and the company has completed a new agreement on labour relations that might, just conceivably, have repercussions throughout the country. Two types of manual labour are employed at the refinery. The 1,700 process workers, on shift day and night, run the plant. Their skills, applicable only to this type of work, have mostly been learnt on the spot. They belong to the Transport and General Workers' Union, and their relations with the management are relatively uncomplicated.

The problems arise with the 550 maintenance craftsmen who see to the upkeep of the immense complex of pipes, pumps, tanks, motors and furnaces. Only a few of them work shifts ; and many of them have brought their craft skills from the ship-repairing industry of Southampton (where this week the *Queen Elizabeth* was towering out of a dry-dock on her winter refit). With their skills they have brought their tradition of strict demarcation between the jobs that can be done by the different kinds of craftsmen who, needless to say, belong to different unions. The new refinery was completed in 1951, alongside an old and far smaller installation. Five years later the company decided that the cost, both in cash and in inefficiency, of the traditional union restrictions was too high.

For example, a repair to a heat exchanger containing pipes of steel and of brass had to be handled by two craftsmen, with an unskilled mate belonging to the TGWU. An electric pump needed an electrician, a mechanical fitter, a pipefitter and a mate (with a fifth union involved if a lick of paint was needed). The job of the mates was, by tradition, to preserve the craftsmen from the fag of heavy lifting. There were three mates to every five

craftsmen, and one or the other was always idle or making tea. These were not the only problems. With a basic 42-hour week, the average maintenance man worked 50 hours a week. The men depended on this overtime to sustain the earnings to which they were accustomed, and which their skills were worth on the market. With overtime as a part of the men's normal expected earnings, the management had to spend hours ensuring that this perk was fairly shared among the craftsmen throughout the vast plant.

This absurd situation, after five years of patient negotiation, has now been remedied by an agreement known, portentously, as the Blue Book. The company promised to sack nobody as a result of its reorganisation ; it has not diluted the craft skills of its employees (indeed, it could not afford to) ; and it is now paying its craftsmen rather more for working a regular 40-hour week, with only 2 per cent overtime, than they were formerly getting for a 42-hour week plus 18 per cent overtime. In exchange the company has obtained a sensible relaxation of craft demarcation rules ; it has abolished the mates and found the men other jobs ; it has persuaded the craftsmen to take orders from supervisors not skilled in their craft ; and it has eliminated all sorts of odds and ends of unproductive time in tea-breaks, washing allowances and changing periods. The company also obtained some similar concessions from the process workers. In one aim it was frustrated: only the Electrical Trades Union would allow the former mates to be trained for upgrading to craft status. There was a small strike while this was being done, by some men on dirty jobs who (the company now admits) did need some extra time for washing.

As a catalyst and a goad, Esso brought in the American management consultants, Emerson Associates, whose first stroke was perhaps the master—they recommended a reorganisation of the supervisory grades, before starting an unceasing campaign of direct propaganda, "leaning on the lathe" and discussing problems in a rational way with shop stewards and ordinary union members. Formal consultation with union officials came later, and was also backed by plenty of informal chat (where it was perhaps a help that Americans are not automatically recognised by British workers as representatives of the boss, or any other class).

THE company is the first to admit that the wind blew its way in all this. Most important, the refinery was expanding. By natural wastage the labour force has gone down by 80 since the beginning of 1961, while millions of pounds' worth of new plant has come into operation. Six men now operate plant that would have taken ten five years ago. The previous wage structure involved none of those subtle differentials that vex would-be reorganisers in other industries ; and there is no need to bid up the rate for labour, nor to offer special inducements to certain crafts, in an area where a craft rate of around £16 10s. a week is generous by local standards. Above all, the refinery does not belong to an employers' association, with other members anxious to see that a big, efficient firm does not rock the boat.

As a special advantage, the peaceful setting of Fawley, where 60 per cent of the workers live within four miles of the refinery (many of them in company housing), is very different from that of a tough shipyard town—some 20 per cent of the workers live 16 miles and an hour's bus ride away in Southampton. To fill the workers' new leisure, or such of it as is not spent in everlasting gardening, the company (tactfully) supports a mass of clubs, including a sailing club with 40 dinghies and an orchestra in which the refinery manager plays second bassoon. Even if the Blue Book sets a pattern that not all of British industry could follow, it can offer some sound practical ideas to plenty of managers and union leaders who are sorely in need of them.



Tory Hopefuls

FROM OUR SPECIAL CORRESPONDENT

THE most successful voluntary political youth movement in the world or the most efficient unofficial marriage bureau ? Both descriptions have been used of the Young Conservatives, who held their second annual conference in London last weekend, and there is some truth in both of them.

The Conservative party, like the Jesuits, knows the advantage of catching them young, and if you are in general agreement with Tory principles you can start off with the YCs when you are 15. Indeed you can get in on the act even earlier and become a Young Briton at the age of six and stay on until the ripe old age of 11. Between 11 and 15, for some unaccountable reason, you are left to fend for yourself. After 30, theoretically, you are barred from being a Young Conservative, but as some gnarled veterans know, this condition is not always strictly enforced.

Since the Young Conservatives were founded back in the dark days of 1945, as successors to the defunct Junior Imperial League (of 1906 vintage), nearly half a million young people have passed through their ranks. Today there are about 100,000 members (Central Office is a little coy about the exact number) spread out in 1,700 branches all over the country.

The image of the average YC is of a nice, clean, responsible young man or woman, of sensible dress and views, from a respectable middle class suburban home. Recently this image has been slightly distorted by the incident at Chesham (Bucks), where the local secretary divested herself of most of her clothing during a "charade," and by the extremely mild risqué jokes published in the Penge YC paper, which drew the wrath of the local vicar. But these events are untypical. Young Conservatives are bright, keen, well-behaved and well-organised, and (unlike Young Socialists) deferential to the opinions of their elders. Here is laid the foundations of that unity which is the Tory party's abiding electoral asset.

The Young Conservatives have two principal objects: "to encourage all those between 15 and 30 to take an interest in politics and play their part fully as citizens of the Commonwealth," and "to attract support for the Conservative party by spreading knowledge of Conservative faith, principles and policy." To forward these aims they hold meetings, organise discussions, and indulge in various social activities. A constant accusation is that YCs are too social and spend more of their time in frivolity than in serious political discussion.

Umbrella for an Emperor



PR187M

Fifteen hundred years ago the Emperor Maximianus Herculius caused a lavish hunting lodge to be built for him in a Sicilian valley. And there he remains to this day, immortalized with gods and goddesses, dancing maidens and all the beasts of the hunt in a spectacular carpet of mosaic. Overhead, to ward off the weather and temper the harsh Sicilian sun, is a 75,000-square-foot translucent canopy of a truly 20th-century material—'Perspex', the acrylic plastic discovered and developed by I.C.I. of England.

Tough, weather-resistant and easily shaped, 'Perspex' appears in one form or another in nearly every country in the world. It provides windshields for Dutch scooter riders and cockpit canopies for French air pilots. It gently diffuses the lighting on German roads, in Swedish petrol stations, Canadian hospitals and Italian trams. Australians mould it into brilliantly coloured lightweight baths and sinks, and it features in many of the world's famous shopping streets in the form of advertising signs. Yet it is only one of a wide range of plastics—the widest in the world—that I.C.I. exports from Britain every year to the value of £18 million.

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This is hardly a criticism, since the social life provided is very properly the foundation of the whole movement. Only a small and odd minority can be kept together by a programme of tracts and lectures, and, as Bagehot pointed out, the essence of Toryism is enjoyment. In fact the whole momentum of the organisation has been towards a more articulate political consciousness.

From their foundation it was intended that the Young Conservatives should be an integral part of the party. They sit on the executive of the local associations, play a part (although a minor one) in the selection of candidates, and have their own national advisory committee. They are efficiently and expensively organised from Conservative Central Office by a national organising secretary, helped by twelve provincial agents who do nothing but YC work. At the party conference roughly a third of the representatives are Young Conservatives.

These political arrangements have borne their fruit. At the 1959 election 62 candidates were Young Conservatives, of whom 10 were elected, four winning Labour-held seats. In the House itself 59 members and 11 members of the Government have at one time been Young Conservatives. On average the YCs provide 300 candidates at the local elections each year.

AFTER Mr Butler became chairman of the party, two important developments in the movement took place. In 1960 it was decided that the YCs should have their own conference, thus reverting to the pre-war practice of the Imps, and that a nation-wide system of study groups should be set up. These groups were intended to keep the party leaders informed of opinion among Young Conservatives, and also to provide the movement itself with a further means of political education. It was doubtless also foreseen that the Bow group monopoly of unofficial policy statements would be broken.

Both projects have met with a degree of success. The conference this year was attended by 1,400 members, and if it admittedly was rather dull, this was because of the timidity of the Young Conservative leaders themselves rather than of any suppression by their elders. There were plenty of lively motions tabled for debate, but those selected by the chairman and his advisers were, except for a critical motion on roads expenditure, uniformly anodyne. The YCs have apparently not taken the hint from their seniors, who at Brighton last year allowed full debate on clearly worded, controversial motions, and so ensured one of the most stimulating conferences in the recent history of the party.

The study groups now number 200 and two reports have been published: "The Young Idea," a study of youth in the 1960s, and "A Changing Partnership," a survey of Commonwealth problems. The second report is much the better of the two, and is remarkable both for its professionalism and its liberal ideas. It comes out categorically for the principle of one man one vote in Africa, and has been of some limited value to the Government over Rhodesia. Taxation is the next topic to be tackled.

The Young Conservatives are now in the middle of a campaign to double their membership before the next election. They should make a special effort to recruit some coloured members, of whom so far they have attracted hardly any. A hopeful sign of awareness of the problem is shown by the existence of a special committee on external relations to deal with young Europeans and members of the Commonwealth. The slogan for the recruiting campaign is "The Future is Ours." This is not exactly modest, but it could be true.

Cease-Fire on the Border

THE decision of the Irish Republican Army to abandon its campaign of murder and terrorism along the Northern Ireland border is the best news that could have come out of Ireland now. Official voices in both parts of the country have welcomed it in exceptional agreement. The IRA states that the minds of the general public "have been deliberately distracted from the supreme issue facing the Irish people"— which means that they have been beaten by common sense, economic progress, and police activity on both sides of the frontier.

The material results of the campaign that began in 1956 were summed up in *The Economist* of February 17th. Righteous anger at this death and destruction has prevented Ulstermen from considering even the possibility of reaching a rational agreement to diminish the inconveniences of the existing division of Ireland. Many people in the Republic believe that the IRA has for too long distracted young patriots from the necessary task of rebuilding the ramshackle economy of their country.

But the danger is not necessarily quite past. All extremist organisations contain their super-extremists. For long there have coexisted in the Republic the "old IRA," a mild social club of ex-warriors of the civil war that followed independence in 1919, and the "new IRA" of angry young militants: the new IRA may itself split on the issue of the cease-fire. But the remaining terrorists can no longer hope that old IRA policemen or politicians will occasionally turn a blind eye.

It is possible that the supply of Irish-American money that had sustained the terrorists will dry up now. And it is only too probable that some young IRA activists will follow the traditional path across to the building sites of London, where their energies will be spent on organising brief and pointless strikes.

It may, in fact, be a measure of how the old fires are dying down that the IRA has drawn in its horns at the very time that the Northern Ireland government has been rightfully criticised for failing to consult the Roman Catholic church authorities over a bill that will devote church, among other, land to new housing programmes. The church authorities themselves seem to have moderated their protest, presumably in the conviction that a better relationship is gradually being built up on both sides which it would be foolish to destroy.

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THE WORLD OVERSEAS

Half Cities Have Been Rear'd

FROM OUR SPECIAL CORRESPONDENT

GOING to Berlin half a year after the wall was put up is like visiting a divorced couple some time after the decree has been made absolute. The wall, a considerably more business-like affair than it was in August, still looks horribly unnatural as it cuts side-streets in two and brings tramlines to an unscheduled end. But, now that the first shock is over, it is clear that the building of the wall was the last step in a process of estrangement that had been going on for years. The contrast between the two parts of Berlin—each with its own political and judicial system, its own currency, its own idea of investment priorities, even its own architectural style—is so marked that the mind's eye anyway sees a dotted line separating the two; the wall makes concrete a division long ago completed in spirit.

In any case, one's sense of the abnormal is dulled in Berlin because, even seventeen years afterwards, the unrepaired ravages of the war make the whole city seem slightly abnormal. The hollow buildings and empty acres (on both sides of the wall; west Berlin is not all Kurfürstendamm) recall Byron's lines on Rome:

> A ruin—yet what ruin; from its mass
> Walls, palaces, half cities have been rear'd.

The half cities of Berlin have already travelled some way towards living with the idea of living apart. Crowds no longer gather to stare at the wall, not even on the Bernauerstrasse, where the wreaths under the bricked-up windows on the communist side of the street have a desolate look as of yesterday's funeral. Unexpectedly, the east Germans do not man their side of the wall in any numbers. At the Brandenburg Gate one day last week two statue-like policemen faced three frozen, foot-stamping, monosyllabic (the usual one) British privates; a little further south, at the Potsdamerplatz, the communist side of the wall was empty for hundreds of yards. In east Berlin, so far as the visitor can see, the attitude of passers-by is very much the same as in west Berlin. There is little wistful gazing. The concrete blocks of Herr Ulbricht's handiwork mark the line within which one gets on with the business of living, as best one can.

The visitor to the eastern sector has to be very careful about the generalisations he makes. (Just how careful can be judged from Mr Edward Kennedy's statement, on the basis of a two-and-a-half-hour trip on February 23rd, that he had seen "despair written on people's faces.") When one part of a city is patently less attractive than the other—in everything from the number of unrepaired ruins to the number of places where one can get something to eat—it would be surprising if people did not wish to move over to the pleasanter half. But this is not the same as saying that the erection of the wall has brought the morale of most east Berliners to the cracking point. Life goes on: people whistle in the street and chat amicably to westerners in cafés; they even buy coloured postcards of the Stalin Allee, every one of which has been solemnly amended to read "Karl Marx Allee."

To return to west Berlin, by contrast, is to return to a territory where statistics give an indication of people's state of mind; and the indication they give is more encouraging than one would expect. From the figures now available for 1961, the year cut in half by the wall, it seems that over the year as a whole 4,600 more people moved into west Berlin than moved out of it, though the gain was smaller than it had been the year before. In the critical period between August 13th, when the wall went up, and the end of October the number of departures was 7,000, compared with 5,000 in the same period the previous year. This is not, so far, a flood-like exodus. But it must be remembered that, quite apart from migration in and out, the ageing population of west Berlin is dying faster than it is reproducing. Thus the total number of people in the city dropped by 7,800 last year. One day, if not in the near future, this gentle decline will lead to economic difficulties, in the absence of a reviving influx from east Germany, unless the city gets more recruits from the west.

MEANWHILE, so long as the vast majority of the 2,200,000 west Berliners stick to their posts, their prospects of living in material comfort seem to be unaffected by the wall. The index of industrial production rose from 153 in 1960 to 167 last year (the base year is 1936). It took most industries only a few weeks to recover from the sudden cutting off last August of workers living in the eastern sector. Deliveries of goods to west Germany and to the rest of the western world continued to expand about as fast as in the previous few years. Perhaps the most revealing figures are those for investment. The total for 1961 was slightly higher than the year before; moreover, the figure for the six months from August 13th to February 7th is considerably higher than the previous half-year average.

This apparent confidence, of course, is distinctly fragile. The appearance of Russian fighters in the air corridors to Berlin two weeks ago led to the cancellation of up to a third of the airline reservations (according to one report) in and out of the city. Quite obviously the figures of migration out of west Berlin and capital movement into it are liable to take a sharp turn for the worse at any time unless the city receives some solid assurance that it will stay free. In this connection one's conversations with communist officials in east Berlin are interesting.

These east German officials do not try to give the impression that a separate peace treaty with Russia—which would virtually remove the possibility of a negotiated settlement of the Berlin question—is close at hand. On the contrary, they say that negotiations are still worth persisting with, and imply that the peace treaty can wait until all other possibilities are exhausted. Moreover, they do not insist that the negotiations must be conducted solely on the basis of the "free city" proposals put forward by the communist powers. They seem willing to discuss an arrangement by which guarantees of the freedom of west Berlin (including the continued presence of western garrisons, though they want these reduced in size) might be exchanged for some degree of western recognition of east Germany.

It is unlikely that the guarantees these east German officials have in mind include the provision of a land corridor between Berlin and west Germany, rumours of which were going the rounds in Vienna last week. But the arrangement they seem willing to discuss is remarkably similar to the ideas Lord Home put before the Young Conservative conference on February 24th. Lord Home appeared

to advocate a *modus vivendi* including (though his train of thought was slightly obscure) the acknowledgment of east Germany "as a fact of contemporary international life." No doubt west Berlin can survive for some time longer, even if there is no agreement between East and West. But, in the long run, the Berliners' best chance of security is likely to lie in an exchange of concessions something like this.

Dr Adenauer and the Critics

FROM OUR BONN CORRESPONDENT

ALL who matter are agreed that, when the Christian Democratic Union holds its party conference in Dortmund in June, a co-chairman should be elected to reinforce Dr Adenauer. This reinforcement, it has been agreed, should be Josef Dufhues, the present minister of the interior in North Rhine-Westphalia, and in practice Herr Dufhues (who is 54 to Dr Adenauer's 86) should do most of the chairman's work. Having performed the two roles of party chairman and federal Chancellor for thirteen years running, Dr Adenauer, as the Christian Democrats are beginning to acknowledge, is showing symptoms of fatigue and should be relieved of a part of his burden as soon as possible. As is natural, their solicitude is not wholly altruistic. The party is unhappy about recent signs of diminishing public esteem.

Since it lost its absolute majority in the Bundestag last September, the Christian Democratic Union has not been able to restore its impaired prestige. Not altogether justly, the west German public watched the long-drawn-out manœuvring of coalition cabinet-making, with disapproval. It has not liked the persistent appearance of ministerial and parliamentary lethargy since then—a consequence partly of coalition discord, and partly of the Chancellor's winter ailments and lonely absorption in foreign affairs. Dr Adenauer apart, the only minister of whom much has been heard since the autumn is Herr Strauss ("Atom-Strauss," an east German hack would call him). And he has been heard of mainly in the unhappy context of a massive attack on his integrity by the iconoclastic weekly *Der Spiegel*. As this topic is now a lawyer's preserve, the less said the better.

It was insensitive of Dr Adenauer to have chosen this moment of party introspection to pipe back into the limelight the unloved person of Dr Theodor Oberländer. Once a Nazi stormtrooper, Dr Oberländer was federal minister of refugees from 1957 to 1960. He resigned under pressure of public opinion after it had been repeatedly alleged that, as a former officer in the German army's Ukrainian "Nightingale" battalion, he shared responsibility for the massacre of the Jews in Lwow in the summer of 1941. Both the Bonn state prosecutor and a parliamentary committee of inquiry decided that these allegations were false. Dr Oberländer came thus to be technically "rehabilitated," although, as a Nazi party member since 1923 and head of the "Federation of the German East," he had persistently propagated ideas that, in the event, generated countless atrocities. Since the foundation of the Federal Republic, Herr Oberländer has wandered from the Free Democratic party through the Refugees' party to the Christian Democratic Union. Standing as a Christian Democrat, he failed to secure re-election to the Bundestag in September. To this reject, who, he once admitted, had undoubtedly been "deep brown" in political colour and whom the public had been hoping it had heard the last of, Dr Adenauer has now written a comforting letter directing that, in consequence of his "rehabilitation," he (Herr Oberländer) should fully resume his party functions. These functions themselves are regretted by many Germans and by most foreigners: Herr Oberländer is chairman of the party group representing the interests of Germans who used to live east of the Oder-Neisse line.

To the onlooking public it is all the more disturbing that Herr Oberländer's re-entrance has so quickly followed the exit of his most active opponent in the Christian Democratic Union. The Bundestag deputy from Hamburg, Dr Gerd Bucerius, owner-publisher both of the political and cultural weekly *Die Zeit* and of the incongruous popular illustrated weekly *Der Stern*, resigned his parliamentary seat and party membership in a fit of anger on February 7th. The day before, the party executive had resolved to ask the parliamentary party and the Hamburg Christian Democrats to consider whether Dr Bucerius's party membership was compatible with the contents of an article published in *Der Stern* under the title "Is there really fire in hell?"

A statement issued to the press, and evidently touched up after the meeting by some still anonymous hand, explained that the executive had unanimously disapproved of the article as being "injurious to Christian susceptibilities." Herr Bucerius had not known about the article before it was published (it was the work of a new and junior member of the staff), and has admitted since that he thinks it was childishly flippant about institutional religion, and detrimental to the Christian Democratic Union. But so bitterly did he resent the public rebuke framed behind his back, and so sure was he of the hostile underlying motive, that he refused to explain or apologise.

The underlying motive is indeed fairly transparent. A member of the Christian Democratic Union for fifteen years, Herr Bucerius began in 1959 to question certain aspects of Dr Adenauer's regime. He urged, for instance, that a man whose past was as compromised as Herr Oberländer's ought not to be in the cabinet. Last autumn he openly opposed Dr Adenauer's re-election to the chancellorship. And Herr Bucerius possesses, as he himself has put it, "a loudspeaker" in the shape of newspapers.

Yet it is not so much the trumpetings of the brash and bosomy *Der Stern* that make the Christian Democratic hierarchy wince, as the deadlier cut and thrust of the thoughtful *Die Zeit*. Happily for the good of all and the entertainment of the opposition, the Bucerius case has been generously publicised by the press and television. The other night, television watchers had the salutary shock of hearing the editor of *Der Stern*, Herr Nannen, point out that the fiercest denunciation of his paper's morals had come from a much-respected religious weekly whose editor had been employed by Himmler's Reich Security Service (Reichssicherheitsdienst) in 1938 to carry out research into the Jewish problem. The Christian Democrats are much the poorer for having lost one of their already far too few independent-minded members, and shabbier for the manner of letting him go.



Unloved one; Dr T. Oberländer

Yet another embarrassment is now under study by the Christian Democratic executive. It has arisen from the unintended publication of a critical review of the government's policies, composed by eight prominent Protestant intellectuals for behind-the-scenes discussion among all parties in the Bundestag. The signatories include the nuclear physicist, Professor Werner Heisenberg, the philosopher and scientist Professor Carl von Weizsäcker, and the new director-general of the West German Radio, Herr Klaus von Bismarck. The group reproaches the political parties with taking up fictitious positions and concealing unpleasant realities from the public in order to curry favour. Referring to "dangerous examples of political and social illusions, inadequate planning, and faulty anticipation," the memorandum singles out the government's



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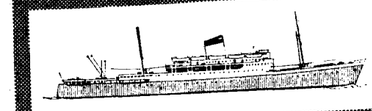
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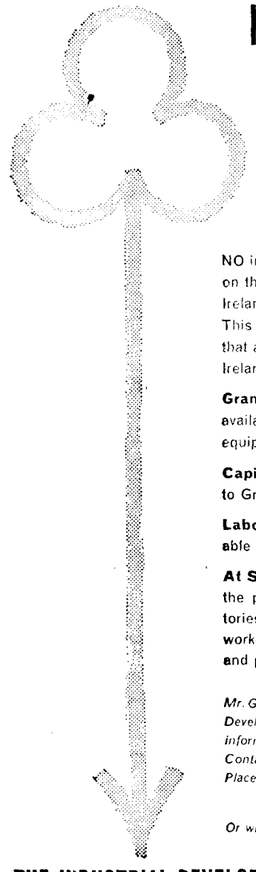
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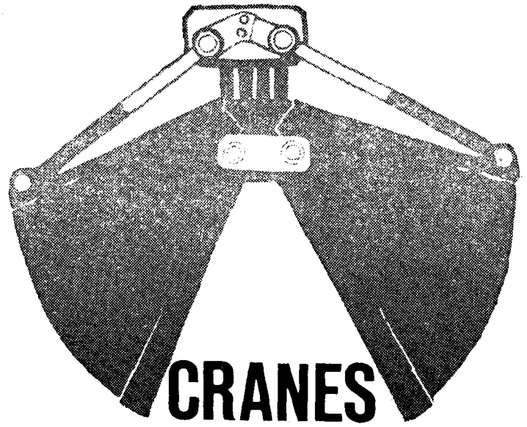
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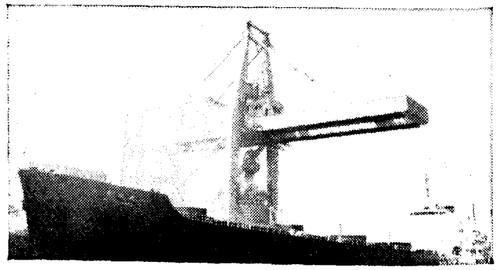


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foreign policy for special censure. This is, it states, too "one-sidedly defensive," with the result that "the reactions of the public move in an unreal atmosphere that wafts a mixture of exaggerated claims and heavy anxiety through the whole field of policy."

While the signatories say in one of their less turgid passages that the freedom of the west Berliners and the east Germans must remain prior ends of national policy, they contend that its attainment is hopelessly prejudiced by simultaneous demands for the restoration of Germany's 1937 frontiers. They have made this point at a moment when there is a marked revival of interest in it. The Silesian, Pomeranian and East Prussian refugee organisations recently asked the Chancellor what he was doing to discourage recognition of the Oder-Neisse frontier being mooted in official quarters. Their question had been prompted firstly by a statement in *Die Welt* on February 17th that during his recent visit to Bonn the German ambassador to Moscow, Herr Kroll, had been canvassing such a surrender, and secondly by some vague remarks of the new minister for refugees, Herr Mischnik, to the effect that it would be tactful of the refugees to keep quiet while east-west soundings were in progress. Herr Kroll has denied *Die Welt's* insinuations, which, it is an open secret, had been inspired by his influential enemies in the foreign ministry. Dr Adenauer is not likely to do anything more than dodge the issue.

Finland's Political Feat

FROM OUR SPECIAL CORRESPONDENT

MR KEKKONEN'S re-election as president of Finland on February 15th, for a second term of six years, was too predictable to draw much attention outside Scandinavia. The only surprise was the apparent absent-mindedness of one communist member of the electoral college who voted for the wrong candidate. Nevertheless, President Kekkonen's victory was noteworthy in several respects. The decision was reached on the first ballot of the electoral college, a thing that has happened only once before in a normal election since Finland became independent in 1919; Mr Kekkonen won by virtue of the solid support of the non-socialist electors who made up two-thirds of the college; as a result his election did not depend—as it did last time when he won by a single vote—on the support of the communists.

Together with the parliamentary election held on February 4th and 5th, which gave a majority in the Diet to the non-socialist parties, this result has much simplified the complexities of Finnish political life. With luck, Finland may now be entering a period of greater stability in its domestic affairs, and greater assurance in its relations with Russia, than it has enjoyed for some years.

In the first place, it now has a president who demonstrably possesses the confidence of most of the country. In his first term, Mr Kekkonen was regarded as suspect by many Social Democrats and conservatives. When his principal opponent, Mr Honka, withdrew from the presidential race last November, during the Russo-Finnish crisis, it was feared that the result might be an embarrassingly low poll and another unconvincing victory for Mr Kekkonen. As it turned out, the poll was high—81 per cent of the electorate voted—and Mr Kekkonen's majority was clear-cut. Moreover, in the parliamentary election one of the president's chief conservative critics, Mr Junnila, lost his seat; and the Social Democrats appear to be in the throes of a reappraisal of their attitude towards Mr Kekkonen that may quite possibly lead to a change in their leadership.

In the second place, the way is now open for the formation of the first cabinet based on a majority of the Diet since the beginning of 1959. The new cabinet, which will probably be constructed before mid-March, will have as its nucleus the Agrarian party, which has provided minority cabinets for the last three years and which has now gained seven extra seats; Mr Miettunen will almost certainly continue to be prime minister. In addition, posts will be offered to the Swedish People's party and the Finnish People's party, which will give the cabinet the support of 81 of the 200 members of the Diet. To complete the majority, the president may call on either the conservatives or—if he wants to avoid a purely bourgeois flavour—such Social Democrats as are willing to serve under him. Alternatively, he could distribute a few ministerial offices to business men and trade unionists who would ensure that most conservatives and Social Democrats voted for the government even though they were not themselves members of the parliamentary parties.

Obviously such a coalition is not ideal; no government drawn from a seven-party parliament, in which the communists hold almost a quarter of the seats, can be ideal. The ideological distance between, for instance, the more conservative wing of the Swedish People's party and the more radical elements in the trade union movement is wide enough to guarantee that a consensus of opinion will be hard to come by. Nevertheless, the elections do hold out the prospect of a legislative programme which, no doubt after some fierce bargaining, will command a parliamentary majority. One major issue on which work remains to be completed is a scheme which would provide the Finns with hospital insurance; another is an extension of existing social benefits. There are major differences on both points between the prospective members of the coming coalition; but to have them in bed together to start with will at least encourage the search for compromise.

In the end, of course, the survival of the next government, as of any Finnish government, will depend on the attitude the Russians take towards it. The Finns are still puzzled about the motives that led Mr Khrushchev to demand military consultations between the two countries last October. If he seriously believed that this year's elections might have led to a change in Finnish foreign policy, he was almost certainly mistaken. Even the supporters of Mr Honka never seem to have thought that he could do more than force the electoral college to turn to a third, compromise, candidate.



Mr Miettunen

Whatever Mr Khrushchev had in mind, Mr Kekkonen persuaded him to forget about it, and shelve the demand for military consultations, in a single meeting on the morning of November 24th. The feeling in Helsinki is that, on the whole, the Russians meant what they said: that they simply wanted an assurance that there would be no change in Finnish foreign policy, and that if they were assured of this they were not particularly interested in what happened in Finland's domestic affairs. The assurance was given, and confirmed by the result of the presidential election. The fact that Russian commentators have so far treated the rightward trend in the parliamentary election with relative equanimity (despite a few complaints, not without substance, that the other parties made a concerted attempt to beat the communists) seems to support the theory that Mr Khrushchev's objective was limited.

November's events confirmed that the Russians claim the right to say who shall and who shall not take part in a Finnish government. But so far, fingers crossed, there is no evidence that the scope of this veto power is being extended. It is necessary to wait for the formation of the new government to be sure; in 1958, when Moscow's objections last brought down a Finnish cabinet, the veto was not applied until some time after the election. The test might come if President Kekkonen includes the conservatives, but no Social Democrats or trade unionists, in the government. If the moment of truth passes without Russian objections, however, Finland will have an administration enjoying both the support of a majority of Finns and, apparently, the acquiescence of the Soviet Union. For a country so trapped by geography, this is no mean feat. The demand for military consultations is always liable to be renewed. But for the moment it is worth noting that the only one of the Nordic countries that has a clear non-socialist majority in parliament is still able to coexist with its vast neighbour.

Angry Young Turks

FROM OUR CORRESPONDENT IN ANKARA

An interesting rhythm marks the periodic upheavals in the Turkish army. The original coup which overthrew Mr Menderes was in May, 1960. In November of the same year fourteen officers were ejected from the military junta. In June and October, 1961, and now in February, 1962, there were further acute crises, each lasting one or two days. The periodicity, at first about every six months, seems to be getting shorter.

There are still many mysteries about the latest army "revolt" against the Inönü government. Was it a serious attempt to seize power? Was it an emotional or calculated protest by a ginger group in the armed forces? Why did it fail so quickly? Rumours have even circulated in Ankara that crafty Mr Inönü provoked the coup to justify repressive measures against "reactionaries."

Whatever sparked off the revolt, the politicans in Ankara took it seriously. At six in the evening of February 22nd the deputies of the Grand National Assembly were seen grabbing their dispatch cases and making helter-skelter for home, their footsteps echoing down the marble corridors like Orson Welles's in the subways of Vienna. They clearly believed this was it, the "real revolution" so often prophesied in Turkey, and that it would be a bloody one. In fact, the scene in Ankara was dramatic. Thick snow was falling over the Anatolian plateau. The mosques were crowded for evening prayer in the holy month of Ramazan. Tanks and troops were out in the darkening streets, nobody knew whether for or against the government. Then came the voice of the prime minister, Mr Inönü, over Ankara radio, only to be cut off after a few seconds. The consternation in the town amounted almost to panic.

But the planning of this curious coup was almost infantile. Where they might have taken over the radio transmitter, the rebels merely cut the wires, thereby blotting out Mr Inönü's speech, but also making the transmitter useless for themselves. Apart from the commander-in-chief, land forces, none of the top generals marched. The presidential guard, instead of capturing, protected the elderly head of state, General Gürsel. And the air force, led by the young and dynamic figure of General Irfan Tansel, turned decisively against the rebels. The seat of the revolt was where some 1,000 cadets sat hugging their arms all night, ready for anything though they did not quite know what. Finally, after General Tansel had threatened to bomb them out if they did not surrender, they gave up in the small hours.

What lies behind these periodic thunderflashes of dramatic action? The revolutionary forces in Turkey are not merely intellectual. The angry young Turks of 1962 are in the army itself. But they are still mainly to be found in the lower ranks. The plethora of generals has always made it difficult for the colonels to take over. They were represented in the original junta which seized power from Menderes by Colonel Turkesh and the other officers expelled in November, 1960. Whether the most recent

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Two Solvent Railways

FROM OUR SPECIAL CORRESPONDENT



Railways in the red send scouts these days to learn how they manage differently in Berne and Utrecht. The headquarters of the Swiss and the Netherlands state railways are there—hushed temples of imposing solidity, whose attendant priests enjoy the ineffable peace of solvency, and make no great mystery of it. The Swiss railways have run at a profit since 1949; and in Berne they seem to be confident they will continue to pay their way over the next few years. Although the Dutch are expecting to have to report a small deficit for 1961 when the year's results come fully to light in April, they have had none since the war. In 1960 income exceeded spending by twelve million gulden (just over £1 million). In 1961, however, the bill for overtime alone went up by ten million gulden.

Yet on the whole the business performance of the Dutch railways, which had to cope after the war with immense destruction, is hardly less impressive than that of the Swiss. Between them they have latterly drawn many professional inquirers, including delegations from the British Productivity Council and the British Railways' staff college at Woking. The British visitors hear no unkind words about the management of British Railways. About their condition, yes. But criticism is always tempered with sympathy for the operators who have inherited such an awkward legacy.

In Berne, they sum up with admirable succinctness the reasons for their success. It is, they say, due mainly to good luck, intelligent anticipation, and adaptability. The good luck is securely founded on Switzerland's place in the central Alps. The mountains have preserved the country from war. They attract a host of tourists, help to provide cheap power, handicap competition by road, and exclude it by water. Yet they are not so insuperable a barrier that traffic between northern and southern Europe has to be diverted. Transit traffic is the Swiss railways' most lucrative source of revenue. Electrification and automation have been developed to such a degree that when, say, a German coal train bound for Italy arrives at Basle, virtually all the Swiss have to do (before sending in a bill) is to couple it to an electric locomotive, whose one-man crew then drives it straight through to Chiasso within a few hours. The Swiss frontier stations, particularly Basle, have now become such bottlenecks that ambitious schemes are afoot for easing the flow; and plans are being seriously studied for building a second Gotthard rail tunnel that would run between Amsteg and Giornico.

It amuses the Swiss today to reflect that, when their railways were losing heavily round about 1938, some pessimists passionately advocated that the major railway lines should be turned into motor roads. This desperate proposal has been discredited since not only by the petrol-scarce days of the last war, but also by the steadily increasing railway traffic. In 1938 the Swiss federal railways carried 113 million passengers and 14 million tons of freight. In 1960 there were 226 million passengers and 30 million tons of freight. Today there is so much confidence in the future that 280 million francs are being earmarked annually for development, and will continue to be, it is reckoned, for another twenty years. In the doubting days of 1938 only 30 million francs were allotted to development.

Funds are being deployed with the intelligent anticipation on which headquarters at Berne pride themselves. One of the stock examples of their flair for recognising opportunity is the way they have made money out of carrying cement. Promptly appreciating the importance of cement transports, the Swiss railways soon designed a truck suitable for the job, with the result that nowadays they carry 95 per cent of the cement moved in the country. In west Germany only five per cent of the cement transports go by rail. Present investment is going largely into the expansion of marshalling yards and the modernisation (which means chiefly the automation) of installations. One proud scheme now well under way is the rebuilding of the passenger station at Berne, which is to be complemented by a garage with room for some 600 cars.

At least one of the directors of the Swiss Federal Railways regularly travels second class, usually incognito, in order to keep in touch with what is going on and what the customers are thinking. On the whole both passengers and staff seem to be contented. Fares may have to be raised a little in the near future, at least on the unprofitable suburban services. But, again thanks to the far-sightedness of past management, no desperate remedies are required today in the spheres of wages or tariffs. Already by 1936 the staff of the Swiss railways (39,700 in 1920) had been reduced by more than a quarter, to 26,700; and although it has grown again to some 39,000, the 1936 ratio between staff and volume of traffic has been maintained. Virtually the whole network is now electrified; and almost throughout locomotives are operated by a one-man crew. The best locomotives have a daily performance of 932 miles (621 miles before the war) in a country where the longest run in any one direction does not exceed 230 miles.

The conditions in which the Netherlands railways operate are rather different and accordingly give rise to different problems. But also at Utrecht they are ready to hazard a nutshell explanation of their solvency. It is attributable, they say there, chiefly to the application of two principles: first, that the railways in flat and populous Holland are more tramways than railways; and second, that, apart from running train services, a railway company should attempt to do no work that can be contracted out. To take the latter principle first, the Dutch railways do not, for example, build locomotives and rolling stock; they buy them (some from France), and they also let others repair them. They engage outside firms even to do most of the track and bridge repairs. They run no hotels; and (like the Swiss) they lease the station restaurants to competitive caterers. Even the office cleaners at headquarters in Utrecht are employed by an outside company. These self-imposed limits, it is held, not only reduce operating costs, but also free the management to concentrate its resources on running the "trams."



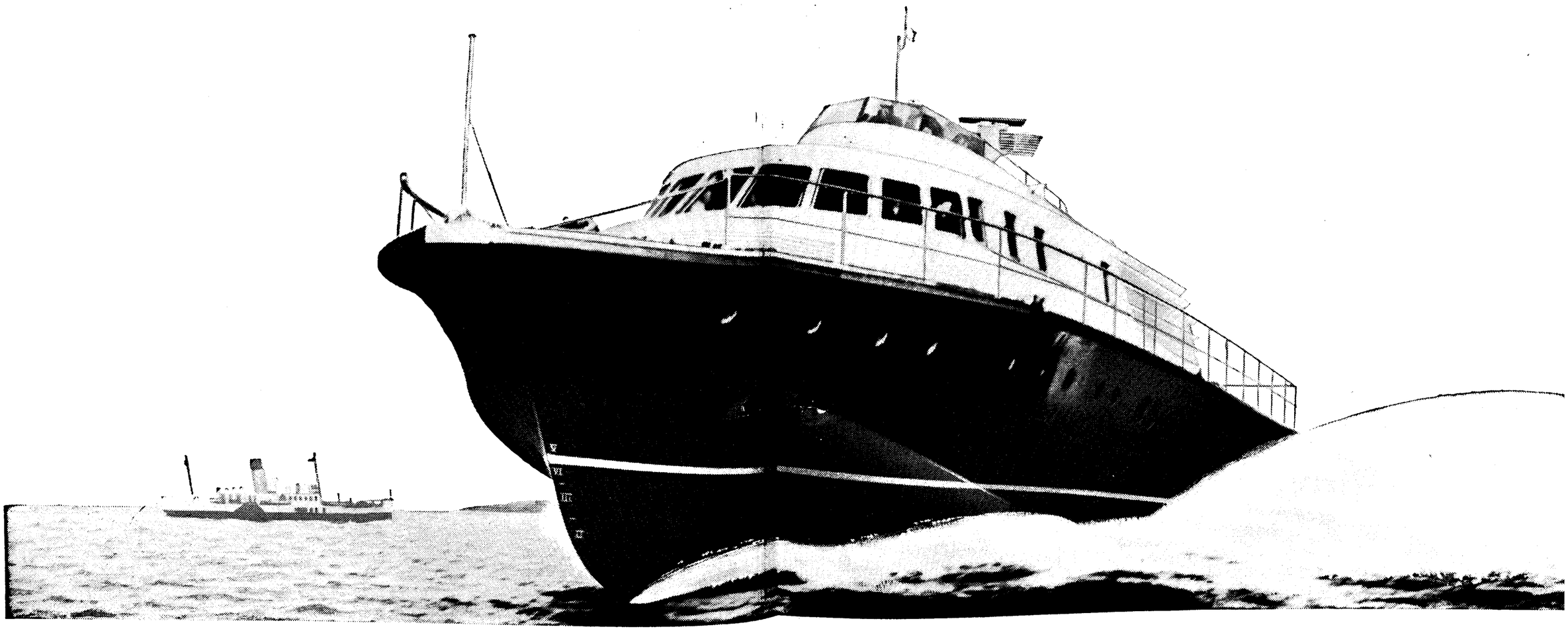
It is because of the density of the population (354 inhabitants to the square kilometre, compared with 215 in Britain), the short distances between towns and the preponderance of passengers over freight that the authorities liken their charge to a tramway. Because competition from roads and waterways is stiff, the railways earned only 208 million gulden in 1960 by carrying freight; while they earned 274 million by carrying passengers. Or, to put it differently, the share of the Dutch railways in inter-urban freight transport in 1960 came to only 12 per cent of the total tonnage conveyed, or 25 per cent of the ton-mileage.

In these circumstances it is only natural that great pains are taken to satisfy the majority of passengers—even, when it cannot be helped, at the expense of a minority. Rolling stock has been completely renewed, and all services have been much accelerated since the total withdrawal of steam traction in 1957. (More than half the system is electrified; diesel locomotives work the remainder.) The timetable is composed with the object of giving travellers from any station as far as possible a connection hourly with any part of Holland. The achievement has cost much in modernisation and rationalisation. The length of the network has been reduced to two-thirds of what it was in 1930, the number of stations by more than half. (Compensatory—and not unprofitable—bus services have been introduced by the railways themselves.)

Since the war the Dutch railway staff has been cut by 10,000. Had it not been, the new wages agreement due to come into force on April 1st—providing, in all probability, for a general rise of four per cent—would have been a graver liability than it is likely to be; nor would the authorities still be hesitating whether to increase fares simultaneously. The train collision at Utrecht on January 8th, in consequence of which ninety persons lost their lives, has naturally provoked questions concerning the adequacy of one-man locomotive crews. But we shall be hearing more about that when the official inquiry reports.

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BRISTOL SIDDELEY SEA POWER



Mr Stavros Niarchos's 100-ft yacht, "Mercury," built by Vosper Ltd, has a top speed of over 50 knots. She provides spacious accommodation for the owner, guests and crew of 11 and has a range of 400 miles when cruising at 46 knots. The power for this high-performance express yacht is provided by three Bristol Siddeley Marine Proteus gas turbines which deliver a total of 11,400 shp.

A wide range of applications. The Marine Proteus, ranging from 3,500 to 4,250 shp, has been ordered by the United States, German, Swedish and Italian Navies. This engine also powers the Royal Navy's "Brave" class fast patrol boats, built by Vosper Ltd. HMS Brave Borderer, the first of this class, has been in service for over 2 years. To meet requirements for even higher powered gas turbines, Bristol Siddeley is now producing the 22,000-shp Marine Olympus, developed from an aero-engine with an excellent record in service.

In the marine diesel field, Bristol Siddeley high-speed diesels are outstanding, providing high power with compactness, light weight and long life. Examples which take full advantage of these features are the Seawork-built trawler "Blacktail," the first of a new fleet which will be powered exclusively by Bristol Siddeley diesels, and six patrol boats now being built by Vosper Ltd for the Malayan Navy.

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coup is directly linked to these fourteen exiled officers has not been established, but it is probable. The leader of the revolt, in so far as there was one, the commandant of the war school, Colonel Talat Aydemir, is known to be a close friend of Colonel Turkesh.

Roughly speaking there are three forces in Turkey. First there is the "Westminster" school of democrats who believe Turkey's problems can be solved by a good written constitution, a bicameral parliament, and democratic institutions on the western model. With these are grouped Mr Inönü, General Gürsel, and the elderly generals—what might be called the "Nato" group. Secondly, there are the social revolutionaries, represented by the younger officers in the armed forces and the younger type of thinking intellectual, many of whom, in despair at Turkey's problems and the drift and inertia of all Turkish governments, are now moving further to the Left. These are the people behind the recent events. Some of them would probably like to abolish parliamentary institutions altogether. Both of the above two groups are committed to Kemalism—which is *étatiste* and secular. But they interpret Kemalism in differing ways. The first school, with their eyes on the West and on Nato, interpret Ataturk in terms of western democracy; the second, increasingly in terms of socialism. A recent series of articles in a big Istanbul daily went further, and more or less equated Kemalism with Marxism.

The third force in Turkey is always known here as "the Reaction." In broadest terms this can be summed up as the inertia produced, or thought to be produced, by Islam. Politically, Reaction is represented by the Justice party, which is the heir to the Democrat party of Mr Menderes and the largest single party in the new parliament. The revolutionaries, today the moving spirit in Turkey, are profoundly disturbed at the ineffectiveness of the May revolution, now nearly two years old, and at the freedom allowed to the Justice party. They feel that the whole meaning and spirit of Ataturk's reforms are being negated, and that the power of Islam is reasserting itself to stifle progress. In the all-important question of religion, there is also a clash between the generations. Angry young Turks, both soldiers and intellectuals, are almost to a man the product of Ataturk's secular revolution; they are atheists or at least agnostics. Mr Inönü, General Gürsel, the other elderly generals, and some of the older politicians, cannot be called irreligious. The revolutionaries feel that under this leadership, almost as much as under Menderes, Ataturk's original drive to make Turkey a modern European state is running into the sands and sooner or later some much stronger and more resolute regime must take its place.

Turkey's difficulty is that it is a member of the Council of Europe, wants to be a member of the common market, and is committed to the democratic ideal. But the army leaders at present think the Westminster-type democracy is endangering the revolution. Turkey's problem is how to combine democracy with dictatorship—democracy which will keep it in with the West, and dictatorship which will get on with reforms. Mr Inönü, as a start, announced this week that the leaders of all four political parties in the National Assembly had agreed to "discard all differences" in their approach to the main problems, and a new law has been drawn up since the revolt making all criticism, direct or implied, of the May revolution a penal offence with long prison sentences. This looks as if Turkey is groping back towards the single party system under Ataturk—with the single party disguised as four.

Against this background there is a tense struggle for personal power. The most powerful figure at present seems to be the head of the air force, General Irfan Tansel, in his forties, energetic, popular and ambitious, who has skilfully eliminated his rivals one by one. Little is known as yet of his political ideas. Turkey's future membership of the western alliances cannot be taken for granted; it is by no means certain that the younger men, if they finally seize power, will think like the present governing class. They may feel, as Ataturk did, that Turkey has an affinity with the Soviet Union; the traditional Turkish hostility to Russia is by now a dying force. The Russians clearly nourish great hopes of Turkey's present ferment.

BOOKS

Steel, History, and Controversy

The Steel Industry, 1939-1959

By Duncan Burn.

Cambridge University Press. 744 pages. 80s.

IN purpose if not in pattern, this book is twofold: a history of the British steel industry, drawing international comparisons, over the past two decades, and a deeply committed contribution to controversy about the structure and policies of central supervision ruling in the industry, with one short interruption, throughout that period. It is an impressive sequel to Dr Burn's "Economic History of Steelmaking 1867-1939*", but a book of a rather different kind. The focus is naturally much sharper: this is a longer book covering a far shorter period, recollected in no tranquillity by a constant observer and one-time participant in that central supervision. The pattern remains chronological; but the central policies of investment planning, pricing, and cost adjustment are subjected to searching criticism as they develop through the narrative, at every turn.

And the criticism, though somewhat dispersed in this chosen arrangement, is powerful. Dr Burn does not believe that since the war this British industry has achieved as radical a readjustment of its technical capabilities and economic location as was essential when supervision began, behind the newly-erected tariff wall, in the thirties. He believes that certain internal adjustments of costs that had their origins in the thirties or in wartime contributed to this inadequacy in readjustment. These were, notably, the agreement with merchants to hold scrap prices low (exports being banned), which succeeding central authorities sought to offset by internal levies on steel made from this over-cheap material and remissions for steel made from pig iron; and the resale of imported iron ore, bought centrally, at prices related to "estimated long-term cost," protecting steelworks that used it from the full increase in contemporary prices during a decade of inflation, and recouping the difference from a general "ingot levy" on all steel produced.

Dr Burn argues that the first device (which survives) never adequately offset the market distortion involved in fixing scrap prices, because the central authorities always held their "adjusted" cost of scrap too low in relation to pig iron; and that this contributed to British complacency in relying too long upon the supposed superiority of openhearth steelmaking to processes using less scrap. The second internal cost adjustment (effectively, of late, abandoned), he feels distorted the real cost relationship between imported and home ores (users of the one being subsidised partly at the expense of works using the other), and contributed to inadequate development of new capacity based upon British orefields.

These internal cost adjustments, and for a time others, occurred within the central "industry fund," associated with the collective purchasing of all imported steelmaking materials, semi-finished steel, and from time to time finished steel; imported steel as well as materials was generally sold, in times of shortage, at home prices, the losses being covered through levies—much the same as happened with coal, another element in steel costs where cross-subsidy tends to blur the advantages of economic location. Given such a system, it might still have been possible to use the central planning of investment, which became somewhat more positive over the years, to impose from above the kind of geographical pattern towards which Dr Burn feels considerations of undistorted cost in a less "managed" regime should have led steelmakers. But its controllers, central and at company level, wanted an industry of a somewhat different shape from the one that Dr Burn would have liked.

The method of setting maximum prices that was refined over the years to simulate "a competitive price" (using first a cost plus formula of standard margins over an average of costs that excluded the highest-cost producers, and later the costs of a hypothetical up-to-date plant) assumed that really competitive price determination would simply not occur if such an industry were left alone. This, too, Dr Burn would dispute. He argues that beneath the surface pattern of price leadership in American steel more flexible competitive behaviour actually occurs than would appear at first sight: and he has no doubt whatever that the regime of imposed competition in pricing within the European Coal-Steel Community, albeit imperfect, works better than the British. British prices, he feels, were kept too rigidly low in a period of inflation.

In principle, many outside observers of this industry would accept his constantly voiced objections to the system of internal levies and subsidies as having distorted relative costs within British steel, and probably helped to delay geographical readjustment. Not all of them will feel as sure as he about how much influence these elements in the central policies in practice exerted; or as sure that American and Continental pricing has worked more flexibly. Nobody outside this industry knows it better than Dr Burn, and nobody inside is as free to criticise independently; but there are limits to the insight into specific internal figuring that even the closest outside observer can gain. In the one section of the book written from direct personal experience from within (of the wartime steel control) Dr Burn himself writes rather scornfully of the painstaking insistence with which critics outside pursued the wrong questions. In this book there is no doubt that he has the questions right; yet some incompleteness of information remains. If we had, from the inside, some honest apologia in comparable detail, offering not merely an official rationale of decisions in hindsight but also the actual arguments and figuring upon which specific policies were accepted, we could form a clearer view about his answers. We are not likely to get anything of the sort? Perhaps not; yet the whole "Steel Board era" that this faithful foe has chronicled may already be passing towards history, and beyond the need for secrecy.

This book, that is to say, sets one to annotating and arguing every few pages: one is constantly in need of an official gloss against which to set its strictures. No admirer of Dr Burn would have expected this close knit and gritty argument to be awfully easy to read; but nobody with any pretensions to informed interest in British steel can respectably avoid reading it.

* Now re-issued. *Cambridge.* 548 pages. 50s.

Postmortem on Dulles

The Time of Power: *A Reappraisal of John Foster Dulles.*

By Richard Goold-Adams.

Weidenfeld and Nicolson. 320 pages. 30s.

MR GOOLD-ADAMS has written a very sensible book—not an easy thing to do considering the emotion that the mention of Mr Dulles's name can still stir up. If he has not been entirely objective, as he implicitly admits, he has probably done as well as anybody could hope to do for some time to come.

His account of the period when Mr Dulles was Secretary of State, and "held more power in his own hands than any modern American except Franklin Roosevelt," is full and on the whole fair. Even in the chapters on Suez he does not allow national feeling to colour the known facts too vividly. But he is not so convincing on the years before 1953 to which he seems to have given less study. It was after all the same Mr Dulles (who later "often said things which left an impression of untruth") who ran for the Senate in 1949 and who was consultant to the Democratic Administration in 1950 and 1951. Mr Goold-Adams dismisses criticism of that sordid election campaign altogether too airily and gives wholehearted praise to Mr Dulles's handling of the Japanese peace treaty. Leaving aside Lord Morrison, for whose complaints there is strong supporting evidence, one doubts whether Mr Truman and Mr Acheson ever felt so confident that Mr Dulles was working for them as this account suggests.

Mr Goold-Adams also gives too much credit for the doctrine of bipartisanship in foreign affairs to Mr Dulles, for whom bipartisanship was largely a device for getting a hand in the shaping of foreign policy while the Democrats were in power. He seems to recognise this in a later chapter, in which he notes that once Mr Dulles was Secretary of State "the days of bipartisanship in foreign policy were definitely over."

In his last chapter, called "The Verdict," Mr Goold-Adams adds up the pluses and the minuses in general terms and concludes that Mr Dulles was usually right in his policies and usually wrong in the way he treated his allies, but that "the fact that he did not succeed in providing the actual leadership required does not invalidate the quality of his own ideas or the sincerity with which he tried to implement them." This is probably a kinder verdict than many who watched Mr Dulles at close quarters would pronounce because it was the "sincerity"—some would say "arrogance"—with which he tried to put over his ideas that caused so much trouble.

Mr Goold-Adams realises that Mr Dulles was a lawyer, who treated the President "as a very old friend who is also a client," and even that "the lawyer-client relationship is an equally good analogy to explain Dulles's attitude to American policy as a whole." But he does not point out that American policy in this context was, the President being General Eisenhower, simply Mr Dulles's own policy. On behalf of his own convictions his code of ethics permitted him to diddle Mr Truman and Mr Acheson when he was a consultant to the Democratic Administration as easily as it allowed him to diddle his allies when he was Secretary of State. It was this streak of human arrogance in his character that caused so many people to dislike and mistrust a man of exceptional intellectual ability.

Mr Goold-Adams has done well with a difficult subject. It is too early for a historian to tackle it, but he has written a book that will be very useful to future historians.

Love's Labour Fulfilled

The Making of Burma

By Dorothy Woodman.

Cresset Press. 603 pages. 63s.

THERE are at least three Dorothy Woodmans. Best known is the left-wing journalist; but better loved is the "auntie" (to borrow a Burmese usage) of innumerable Asians in London, ever hospitable and thoughtful of their welfare. The third Miss Woodman is the patient and careful investigator of history. Her previous book, "The Republic of Indonesia," was the product of the first *persona;* the present work is the fruit of prolonged research by the third.

This is a lengthy book, and it examines three separate themes: the impingement of the outside world upon old Burma; the absorption of the Golden Land by the British; and the drawing of an eastern frontier between upper Burma and China. Upon the first two subjects the author does not have anything intrinsically novel to record; though she amplifies the general knowledge of the origins of the war of 1852 by ample quotations from state papers. She demonstrates that the Blue Books, issued to provide some *locus standi* for British aggression, were highly selective in what they included and omitted. But, then, this war has been criticised by historians over the last forty years. It would be difficult to find anyone who would even go as far as Napier, on the seizure of Sind, that "it was a piece of rascality—and a damned advantageous, useful, humane piece of rascality."

In the unequal international scene of the nineteenth century, it was almost always inevitable that dynamic, aggressive western expansion would not be content to co-exist

with obscurantist, often anarchic Asian systems. Only where an Asian country was prepared to adapt its modes towards the western impact (as the rulers of Japan and Thailand did, in their contrasting ways) was a respite obtained. In the long history of Anglo-Burmese relations, the Burmese kings and their ministers consistently behaved as though the Lords of the Rising Sun need take no heed of the *kalas*, the despised foreigners. The only surprising aspect of these relations was the long interval (1852-1885) between the second war and the final annexation. During this period, King Mindon made a serious effort to achieve an equitable arrangement; unfortunately his successor, Thibaw, returned to the old vainglorious tradition. A lasting settlement might have been secured under the Liberal Viceroy, Ripon; but, unaccountably, the Burmese ambassadors at Simla casually departed just as negotiations were about to be completed. This significant episode is succinctly discussed in Dr. D. P. Singhal's "Annexation of Upper Burma" (*Eastern Universities Press*, 1960) but is rapidly passed over by Miss Woodman. Maybe, at this point, the left-wing journalist stirred.

The most valuable (as it is the most extensive) part of the book concerns the China frontier. In the nineteenth century this was only a minor sector of the Great Game of Central Asia, but it followed the familiar pattern. There were quasi-scientific journeys of exploration, followed by surveys to discover minerals, or likely routes for railways. Then, strategic points were quietly occupied, miniature forts were erected, and local levies raised for watch and ward. Back in the great capitals of the world the diplomats solemnly deployed all their paraphernalia of Notes and Treaties. Miss Woodman escorts us over innumerable mountain ranges with "the man on the spot" and also takes us through all the diplomatic manoeuvres in London and Peking. Perhaps, because she is preoccupied with precise detail, the author does not altogether succeed in creating the atmosphere in which these dealings dragged on: a pervasive miasma, in which both sides were befogged. Nobody was ever clear about the intentions of their opponents, or even very clear about their own; they were often not clear where they were talking about. The Chinese tried to support their claims by reference to ancient and highly suspect maps. At one stage tempers rose over the British occupation of a village called Sadon, to which China laid claim. At length it appeared that the Chinese were arguing about an entirely different Sadon (the author does not mention this episode). A haze lingers over the borderland till today. In 1955 a Burma Army column set out on a flag march to acquaint the frontier folk that, for the previous eight years, they had been citizens of the Union of Burma. The march was cut short by a Chinese enfilade. It seemed that this area also belonged to China.

Under these conditions, the success of the Government of Burma in laying down a definitive frontier with the mighty Elder Brother was a feat of no mean order. The conclusion of the Sino-Burmese agreement (January-October, 1960) forms the last incident in the book: amply documented, like all the rest. This was a labour of love, we may be sure; and it offers a rich mine of information on matters great and small.

Retrospective Psephology

The Concept of Jacksonian Democracy: *New York as a Test Case.*

By Lee Benson.

Princeton University Press. London: *Oxford University Press.* 362 pages. 48s.

MR BENSON has written, or perhaps it would be better to say put together, an interesting, provocative and exasperating book. When one has finished it one realises that he has been trying to do three quite separate things. First, to suggest a new theory of American voting behaviour based on a denial of the economic determinism of Beard and Turner; secondly, to apply the methods of modern voting research to the Presidential election of 1844 in the State of New York; and thirdly, to challenge the utility of the concept of Jacksonian democracy that has coloured most writing on the period for the last generation and is best known through its vigorous popularisation in the book by Arthur M. Schlesinger Jnr.

The last of these takes up most of the book and is likely to be the most hotly disputed, since the other two parts of the study are admittedly tentative. Mr Benson would have us regard both the Whigs and the Democrats as parties adhering to the values of what he now proposes to call the age of egalitarianism, itself a product of the transport revolution. As far as their native-born support was concerned neither can be described as more the party of property and status than the other. The way in which people voted was determined by the historical circumstances of their localities and by religious affinities. The immigrant vote was also divided by creed and country of origin. Both parties shared a belief in economic growth and in the spread of property-holding as its consequence. The Whigs sought to achieve this through paternalism, the Democrats through *laisser faire*. The Whigs were Puritan, the Democrats anti-Puritan; the Whigs believed in a strong Federal Government and a weak President, the Democrats in a weak Federal Government and a strong President; the Whigs provided nearly all the recruits to the first anti-slavery (the Liberty) party and the majority of those in the first nativist party—the American Republican Party.

Whether this analysis would stand up to equally detailed work on other states is a matter for American historians. But if Mr Benson gets his way the textbooks will need a lot of revision.

Unedifying Story

Japan Subdued

By Herbert Feis.

Princeton University Press. London: *Oxford University Press.* 206 pages. 25s.

MR FEIS thought of giving his book the subtitle "Eternity Imperilled." Someone, presumably the publisher, adjudged this "puzzling and sensational." It is difficult to know why. Any atomic age schoolboy would surely have got the simple point; and the possibility of the imminent destruction of humanity, staple diet of twentieth century thriller fans, can scarcely be said to be lacking in sensational qualities.

In the end, Mr Feis was reconciled to a more matter-of-fact subtitle by the thought that the events narrated would suffice to imprint on the minds of his readers the conclusion he wished to epitomise. He is altogether too modest, for there are worse things even than a universal holocaust. For instance, a sensitive reader could easily come away from a reading of Mr Feis's lucid and low key narrative overcome with disgust and on the way to being convinced that humanity is not worth saving. For here were some of the most intelligent and certainly the most powerful politicians of this century talking and acting dreadfully like ageing men vicariously enjoying the excitements of total war, and treating with only thinly disguised contempt the scientists who had made this wonderful new weapon possible but who insisted thereafter on getting in the way of the men of affairs and intruding odd and eccentric notions about an alleged need to make revolutionary changes in mankind's social and political institutions, all because of their bomb.

Stimson and Marshall appear to have grasped the notion that the thing was calculated to have "more effect on human affairs than the theory of Copernicus and the law of gravity." But Byrnes got quite impatient with the importunity of the scientists, who complained that they did not know enough about the policy of the government with regard to the use of the bomb. With enormous self-complacence, Byrnes himself recorded for publication that one of the scientists, Szilard,

> felt that scientists should discuss the matter with the Cabinet, which I did not feel desirable. His general demeanour and his desire to participate in policy making made an unfavourable impression on me.

Some of the politicians who knew about the bomb were making jovial anticipatory little jokes about its coming use. Stalin, who was kept in the dark about it, was still more bloodthirsty, but in a rather pathetically old-fashioned way: he just looked forward to the war going on for quite a while longer, so that his armies could play a bigger role in the fighting against the Japanese, for which, as General MacArthur knew, and at the time was resigned to, Stalin expected to be rewarded by Russia getting "all of Manchuria, Korea, and possibly part of North China." As Churchill is said to have remarked when it became known that the bomb actually would work, that ended the need for Russia's participation in the Far East war and in the spoils.

The bomb got linked up with the unconditional surrender of the Japanese, and although Churchill hinted to Truman that Japan's surrender might be hastened by informing the Japanese more fully of what was in store for them, he did not press the point, and Britain, as Mr Feis records, acquiesced in the use of the bomb on Hiroshima and Nagasaki "as a matter of course."

But Kyoto, the original choice as the target, was saved, because it was Stimson's "pet city." An unedifying, illuminating story.

Bogywoman

Rebel in Paradise: *A Biography of Emma Goldman*

By Richard Drinnon.

University of Chicago Press. 364 pages. 48s.

THIS story begins in the Russian Pale of Settlement in 1869 and ends in 1940 in a cemetery in Chicago—the only time, since the United States deported Emma Goldman in 1919, that she had been allowed an unlimited stay in her adopted country. This may have been a belated recognition that the United States owed a good deal to the "red Emma" who was such a bogy to many right-thinking citizens thirty years earlier. Anarchism is such a neglected shrine now that, from the extremes of the left to the extremes of the right, governments are growing bigger and more powerful that it is refreshing to turn back to the days when a tiny band of anarchists—notably Emma Goldman and Alexander Berkman—defied first the government of the United States and then that of the Soviet Union. Emma Goldman came to the United States as a young Jewish girl, her head full of literary anarchism, to find not the promised land, but a country on the verge of bloody conflict between workers and monopoly capitalism; these were the days of the Haymarket riots and the Homestead strike. She and Berkman, like two characters out of a Russian novel, set out to murder (in the most idealistic way) Frick, the great steel magnate. It was the only occasion on which it can be proved that Emma Goldman embraced violence and she soon found her way to friends and audiences among native radicals. But her reputation as a bogywoman was established.

She was a woman with a passionate hatred of injustice—and there was a good deal of injustice to hate. Her courage was magnificent; she spoke repeatedly in communities where she was anathema both to the mob and to the police. Through Roger Baldwin she was influential in creating the Civil Liberties Union and she helped to prevent the execution of Mooney and Billings. She was evidently a brilliant and moving speaker, not only on anarchism and social justice, but also on birth control, prison reform and the modern drama. According to Floyd Dell, "She held before our eyes the ideal of freedom." She battled valiantly against the police and government agents (one of them Mr Edgar Hoover, now of the FBI) and though she was beaten in the red scare of 1919, she comes out of the battle better than the men who twisted evidence to get her deported. It is a pity that there were not more like her in the McCarthy terror.

Mr Drinnon and his publishers are to be congratulated upon their sympathetic telling of the story of a great and almost forgotten radical and the illumination of a shadowy period of American history. Unfortunately, although Mr Drinnon has worked hard among the files and is plainly captivated by his subject, he does not bring to the book any great gift for making his characters really live—and to the day she died Emma Goldman was alive twenty-four hours a day.

Marxism and Method

The Tyranny of Concepts: *A Critique of Marxism*

By Gordon Leff.

Merlin Press. 203 pages. 21s.

DR LEFF has written an interesting book, which forms a useful contribution not only to recent critical literature on Marxism but also to the more general body of discussion of historical method.

The first part of the book contains an effective critique of dialectical materialism. It exposes the fallacies of this pseudo-philosophy on lines that have been made familiar by other writers, for instance Professor Acton, and shows conclusively the barrenness which it has imposed upon all socialist thinking that has been inspired by it. One interesting new feature of this part is the extent to which it makes Engels responsible for this unhappy development, though there is perhaps not enough evidence produced to exonerate Marx himself to the extent to which Dr Leff does.

The second part of the book is more controversial. Here Dr Leff analyses historical materialism and attempts to extricate it from the morass of general Marxist philosophy, since he regards it as constituting a major advance in the methodology of the social sciences. Much of this part is concerned with a rejection of the critique of historicism associated particularly with Professor Popper and Sir Isaiah Berlin. While Dr Leff produces some telling criticism of the more extreme statements of the anti-historicism school, he does not adequately prove his own thesis of the value of this particular form of historical interpretation, that is, Marxist historical materialism.

The rest of the book contains some interesting reflections on the theory of freedom and necessity in Hegel and Marx, and it culminates in a well written and, indeed, moving defence of socialist humanism against the intellectually useless doctrines of Marxism and the politically abhorrent consequences to which they have led.

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LETTERS

Kenya Prospects

SIR—Your description of the Kenya economy (February 17th) clearly illustrates its dependence on non-African enterprise and capital. While progress is now taking place in the Africanisation of senior posts in the public services and in some of the larger expatriate firms, African private enterprise is still largely confined to peasant agriculture and small-scale rural transport and trading. One of the most urgent questions is how far African political sovereignty can be reconciled with non-African control of the private sector. In the longer run Africans are likely to displace European mixed farmers and coffee planters and take over a larger share of trading from Asians, but for the next half-decade, at least, there will not be a large supply of skills or funds to organise and finance the running of much of the private sector.

At the end of 1958, which may be regarded as the last "normal" year, physical assets employed in the private sector, excluding land and African primary production, had an estimated net book value of some £250 million. Since then depressed trading conditions, uncertainty, drought and floods must have reduced this figure; many businesses have "gone short," liquidating working capital and those fixed assets, such as vehicles and agricultural machinery, with shorter lives. As a result, present book values have probably managed to approximate fairly closely to falling market values, although owners of land and some residential buildings have obviously suffered considerable capital depreciation.

Of the £160 million for fixed assets, I would estimate that some £55 million was owned by resident Europeans, £45 million by Asians and £60 million by non-residents; the United Kingdom accounted for £50 million of the non-resident assets. Excluding land, I estimate the net physical assets of non-African farms in 1958 at £70 million, of which fixed assets accounted for £40 million (£24 million for plantations and £16 million for other farms and ranches). As a basis for compensation, the much smaller figure of £16 million simply covers the unexpired life of past investment in productive assets. It might be raised to some £20 million to cover the original purchase price of land from government. This would, of course, leave present owners without compensation for the capital appreciation in farm land that has taken place since original settlement and merely puts a value on physical assets that might disappear beneath the earth—or rather the bush—if the majority of European farmers are not provided with adequate guarantees.

In view of the acute dependence of the economy on the capital and enterprise of immigrant communities, it is to be hoped that the present constitutional conference will find some solution that will induce a majority of non-African farmers, traders and other small businessmen to stay on and place their resources at the disposal of the country.—Yours faithfully, H. W. ORD

Edinburgh, 9

GE's Trials

SIR—I am disturbed by some implications in your article of February 3rd. Most importantly, General Electric has not refused to "make promises of good behaviour in future." We made such commitments in open court and have been willing and anxious to sign consent decrees consistent with those commitments.

We did, however, object to the inclusion of a vague and unsound clause in the decrees proposed by the Justice Department which would have placed on the defendants in these civil injunctive cases the burden of proving our prices to be not "unreasonably low" whenever a competitor claimed some potential damage to his business. The Justice Department has now offered to all other defendants except General Electric decrees which do not include this clause. As to General Electric alone, the department in effect filed a new suit which would supersede the previous cases affecting certain limited product lines of the company and which seeks sweeping court orders covering all of the company's products, barring a wide range of activities, some of them not now considered illegal. We do not believe that the demands for this broad relief are sustainable in fact or law.

Despite this new suit, we remain willing to negotiate the customary type of consent decree which has been offered to the other indicted companies. Our own written, long-established company policy categorically forbids such acts as were charged in the indictments, and our strengthened enforcement programme seeks to ensure strict compliance with this policy and to prevent the recurrence of similar acts. Certainly, therefore, we have not the slightest reluctance to promise "good behaviour in future."—Yours faithfully,

STEVEN C. VAN VOORHIS
New York General Electric Company

A Whiter Paper

SIR—You complain in your issue of February 10th of the "bureaucratese" in the white paper on incomes policy. It is obviously essential that important Government statements on policy should be very carefully phrased; they have to be capable of standing up to expert analysis and to legal and parliamentary interpretation. But is that any reason why these official statements should not be supplemented by explanations more easily understood by the ordinary person in the office, the factory or the farm? I wonder whether a personal experience has any relevance here.

At the end of the late war I found myself as air member for personnel on the Air Council, with the rather unenviable job of handling the demobilisation of the wartime air force. It was necessary, for obvious reasons, that the demobilisation regulations and the periodical Air Ministry orders supplementing them should be very carefully worded—which meant inevitably a certain amount of "bureaucratese." But, realising that they were often not very easily intelligible by the people vitally concerned, namely the ordinary temporary wartime officers and airmen on the stations all over the world, I used to supplement them by a series of demi-official signals known as Demobforms. These were broadcast direct to stations for the use of commanding officers and for posting on notice boards in messes and canteens, outside orderly-rooms and so on. They were couched in colloquial, sometimes almost slang terms, and they tried to explain difficult points in regulations or orders in the sort of terms that the ordinary chap could understand.

The demobilisation after the late war went on the whole pretty smoothly; we certainly had nothing like the troubles that I remembered so vividly in 1919. That was mainly due to the fact that the demobilisation scheme, drawn up under the aegis of Ernest Bevin, was a good scheme and fair to the men (a bad scheme won't go down, no matter how ably it is put across). But I don't think it is too much to claim some credit for the Demobform system.

It is not for me to suggest how something of the kind could be adapted for use in civil life by departments like the Treasury or Ministry of Labour, or by bodies like the British Railways or the Coal Board. But I find it hard to believe it is impossible and feel sure it would be useful. It would cost a bit of money, but surely it would be worth it?—Yours faithfully, JOHN SLESSOR

Yeovil, Somerset

ICI and Courtaulds

SIR—Paraphrasing the report on the ICI-Courtaulds leak in your latest issue (February 24th, page 738), you write: "The article in the *Daily Mail* on Monday, December 18th which apparently was written on Friday, 15th . . ." This is wrong.

The article "ICI-Courtaulds talk . . .", which appeared on the Monday a few hours before Mr Chambers announced his offer for Courtaulds could not have been written on the Friday. Its tone hinged on a conversation with Mr Chambers which took place on Saturday and the article quoted statements made by Mr Chambers in this statement. In fact, I wrote the article on Sunday, December 17th.—Yours faithfully,

PATRICK SERGEANT
City Editor, *Daily Mail*

London, EC2

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THE BUSINESS WORLD

The Choice in Courtaulds

ICI's announcement on Wednesday that it was making its offer virtually unconditional, whatever proportion of acceptances it receives, may ostensibly have been designed to make the choice facing Courtaulds' stockholders clear cut. But its implications run far deeper and may, at the ninth hour, decisively affect the outcome of the struggle. It looks, in fact, as if ICI is contemplating not only the virtual impossibility of securing complete control of Courtaulds but also the need to accommodate itself to an outcome that gives it something short of mastery. On their side, Courtaulds' directors have made practical arrangements to ensure that their stockholders can make an unfettered choice. They, too, have to contemplate the alternative that ICI will end up either as a minority or a majority stockholder and prepare themselves for either situation.

The threat that ICI might not extend its alternative offer of convertible loan stock beyond March 8th was so demonstrably inequitable that no one can have supposed that ICI would have dared to carry it out. Yet in order to safeguard Courtaulds' shareholders against this extreme possibility, a good number of brokers have been urging them to assent into the convertible loan stock. Now that the threat has been formally abandoned, the impact of this advice has been substantially lessened and this should work to Courtaulds' advantage. On the other hand, ICI's latest announcement removes any lingering hope that the bid might be raised at the last minute and this could work to ICI's advantage in forcing stockholders to make up their minds on the offer. Next Thursday is still Mr Chambers's last day, unless he changes his mind and extends the date ; he will not improve the terms.

ICI's attitude has changed radically about the necessity for a complete merger of the two companies. It still emphasises the advantages that it would expect from a complete takeover, but Wednesday's statement in effect now says that it would be prepared to be a minority or a majority stockholder in Courtaulds—and a majority stockholder could be a long way short of 90 per cent. Hence ICI has abandoned a decisive part of its argument for the advantages, in terms of profits and industrial organisation, of a complete merger. Without complete control, or at least a dominating shareholding, it could not carry through the reorganisation and transfer of assets on which the putative benefits depend. To that extent, the value of ICI's bid has been reduced and hence some Courtaulds' stockholders may now begin to think again about going along with ICI. Moreover, in admitting the possibility that it might become simply a minority shareholder in Courtaulds, ICI in effect accepts that it regards the shares as a good investment, even without control, at around 50s. If ICI's behaviour suggests that, Courtaulds' shareholders are more likely to incline to the arguments of their directors that their shares are worth

The Closing Stages

SOME of the dust hovering over the ICI-Courtaulds battle has been dispersed this week and with it some of the heat. The technical moves have been:

(a) Courtaulds will go ahead with the distribution of loan stock (worth, it is estimated, 10s. per Courtaulds share) and the capital distribution (worth 6d. tax free per share) after the proposals are agreed at the extraordinary meeting on March 15th—unless ICI secures 90 per cent support.

(b) Courtaulds has left open the date of record (which establishes which stockholders will receive the distributions between March 9th and March 31st and is ensuring speedy registration of all acceptances and transfers.

(c) ICI will not impede the passing of the resolutions at the Courtaulds meeting.

(d) Subject to the grant of a stock exchange quotation for ICI's convertible loan stock and to the resolution increasing the capital of ICI being passed on March 16th, ICI declares its offer for the ordinary stock of Courtaulds unconditional, irrespective of the percentage of acceptances received by the closing date, March 8th.

(e) ICI will not extend its offer of four ordinary shares for five Courtaulds beyond March 8th without also extending the alternative offer of convertible loan stock.

These moves remove any confusion and present stockholders in Courtaulds with a clear-cut choice:

(i) They may accept either of ICI's offers, in ordinary stock or convertible loan stock.

(ii) They may stay in Courtaulds and automatically qualify for the distributions that Courtaulds proposes.

(iii) They may sell their stock in the market.

In presenting the alternatives thus, ICI in effect contemplates the various possibilities of being a minority shareholder in Courtaulds, a majority shareholder, or outright owner. The effect of these various possibilities can be illustrated:

(a) If the acceptances received by March 8th give ICI, say, 30 per cent of the Courtaulds equity, it could in theory extend its offer ; in practice it would be unlikely to do so. Like the other Courtaulds' stockholders, it would then receive its due allocation of Courtaulds' loan stock and the first capital distribution.

(b) If ICI obtains, say, 47½ per cent of Courtaulds, it would presumably be hard tempted to extend its offer to secure a majority. But it says that any extension would be short—a week to ten days. Presumably, Courtaulds would then set the date of record for its distributions after ICI's deferred date to avoid administrative confusion.

(c) If ICI obtains, say, 55 per cent, it could either stand pat on this proportion or extend its offer to get firmer control.

(d) If, most improbably, ICI got over 90 per cent of Courtaulds, it could try to get round the obstacles that Courtaulds' legal advisers see to applying Section 209 of the Companies Act for compulsory purchase of the minority shareholding ; this, ICI thinks, could be done by withdrawing the convertible loan stock alternative and presenting minority shareholders with the four-for-five ordinary offer alone. To avoid inequity, ICI would have to give stockholders every opportunity to take the convertible loan stock before finally closing the gate. It would have to claw back Courtaulds' distributions from holders of compulsorily acquired stock.

more than 50s. and to take the risk of being either majority or minority shareholders in Courtaulds, with the certainty that they will receive, along with ICI, the loan stock and capital distributions that Courtaulds' directors have promised.

Wednesday's announcement from ICI thus tilts the balance more in favour of Courtaulds ; on Thursday the assented stock was quoted at 50s. 7½d. and the non-assented—or uncommitted—at 50s. 3d. What should institutional and private shareholders now do ? Initially, institutional holdings in Courtaulds were low but in the turnover of between three and four million shares since the first bid was announced, some 30 per cent of the Courtaulds equity has been built up in lots of 10,000 shares or more. Some institutions bought Courtaulds ordinaries as a way into ICI's convertible loan stock on its running yield though with a good deal less conviction about its conversion options into ICI ordinaries well after present uncertainties about the chemical industry and the stock market will have been resolved. Until the middle of this week, the institutions had the fairly simple choice: if Courtaulds shares rose above 50s., they could sell the stock in the market and if the shares stayed below 50s. they could assent into the convertible loan stock. Now that ICI has recognised that a complete merger is impossible, the choice becomes less clear cut and there is more justification now for risking the chance that the predictions by Courtaulds' directors about the future will be fulfilled. In their latest circular, they answer some of the doubts that their forecasts have aroused by showing that the decline in viscose profits in the past masked the rise in profits from other activities and that the rationalisation of the rayon industry should provide a rising trend in viscose profits to reinforce the further rise in earnings from Courtaulds' other activities. The institutions could now make out a rational case for hedging their bet by a split decision—assenting, say, a half of their Courtaulds holdings into the convertible loan stock and holding on to the remainder in the hope that the energies of the new team at Courtaulds will produce a higher income and a higher price for the stock. But there is no element of unknown growth left in the stock, even if the forecasts are realised, which could affect the price before 1965 ; the prospect in terms of a price of 52s. 6d. is an immediate return in dividend and tax-free capital distribution of 6¼ per cent and, if the Courtaulds loan stock is retained, an increase to nearly 8 per cent next year. This may appeal to some long-term investors as a cheap long-term shot.

If they can free themselves from emotional shackles, private investors might be advised to adopt a similar course. In doing so, they would in effect be giving more credence to the directors' belief in Courtaulds' future prospects and less credence to ICI's earlier arguments that the only economical solution was a complete merger. But such a decision implies the acceptance of a state of affairs in which ICI could not ruthlessly carry through any plans it may have for Courtaulds but would have to accommodate its plans to those already put forward by the new men at Courtaulds. It might be better for the man-made fibres industry if ICI ended up with a decisive but not dominant majority so that in framing its policies it had always to pay heed to the interests of a sizeable minority holding. Both sets of directors could then get down to joint working in the interests of employees, consumers and stockholders. There is always the risk that ICI would emerge as nothing more than a big and vocal minority shareholder and that the self-mangling process of warfare might be resumed. But that risk shareholders may believe is worth taking so long that there is a chance that reason will replace emotion in the conduct of affairs in the man-made fibres industry. Both sides have shown their weaknesses in the struggle ; but more wisdom seems now to be emerging at this last stage of the battle. For the Courtaulds' shareholder, there are still a few days to go ; he can well afford now to spend them in reflection until the last moment of decision.

A Turnover Tax for Exports

How can British exports be got out of their rut ? An article last week argued that if, despite optimistic official hopes based on the undoubted opportunities in overseas markets this year, some direct boost is nevertheless found necessary, it should be in an explicit form—say, a straight export subsidy of limited duration. This would be a plain expedient, though one for which room should be found in international trading codes. For the longer term, most people agree that some recasting of Britain's tax system would be an important help. In this article a correspondent puts forward a proposal for a new turnover tax, from which exports would be exempt. The special feature of his scheme is that the turnover tax would not be an alternative to the present purchase tax, as is usually suggested, but part of a general reform of company taxation, for which The Economist *has often pleaded.*

BY A CORRESPONDENT

It was not to be expected that last week's report of the Federation of British Industries on export incentives would recommend the selective remission of direct company taxation as a means of boosting British exports. The FBI has not yet stopped celebrating its achievement seven years ago of browbeating its major competitors into eschewing these very expedients. Much more constructive, however, is the report's suggestion that the Government should consider a major recasting of the British fiscal system, so that traders can be offered the same kind of inducements to exporting as are enjoyed by their counterparts on the Continent. The report suggests that this might be achieved by shifting some of the burden of taxation (which ought to mean company taxation) from the direct to the indirect field, and by making indirect taxes much more uniform than the haphazard and discriminatory British purchase tax. The advantage of a general shift towards indirect taxation is that (for no good logical reason) remissions of indirect tax are internationally acceptable under the rules of GATT, OECD and the Rome Treaty, whereas refunds of direct tax are not ; the argument for recasting the structure of indirect taxes is that only in this way can all exporters be treated equally.

Provided it allows sufficient incentive, there are obviously sound political reasons for following this line, particularly if Britain is to join the common market, with its emphasis on fiscal harmonisation. The first step, therefore, should be the introduction in this country of a tax on business turnover. At the same time, the opportunity should be taken to divorce company taxation from personal taxation altogether, so that companies would pay a corporation profits tax and a corporation turnover tax.

The turnover tax would be levied at each point of sale (from the manufacturer and his suppliers) and it would be allowable as an expense before computing profits for the purposes of levying the corporation profits tax. In order to prevent the "cascading" effect of a straight turnover tax, which works in favour of vertical integration in industry and discriminates against merchanting, it would be desirable to adopt the French system of a value-added tax—that is to say, a tax on net sales, or total sales less the cost of bought-in materials and components.

Thus a turnover tax of, say, 5 per cent on final output would, in effect, be divided among the various companies in industry proportionately to the value they each add towards final output. When it comes to the exporter, however, he would be allowed a complete remission of turnover tax according to the turnover he actually exports ; and this remission of turnover tax would be based on the full value of his exports and not on the "valued-added"—which in the case of an export merchant may be very small.

The exporter would thus enjoy a tax rebate which could be greater than the turnover tax he actually pays. This would be something of an illusion, since the turnover taxes paid earlier down the line would already have been incorporated in the cost of the goods to him. Looking at it another way, the normal play of free competition would tend to prevent him from enjoying excessively lush profit margins. If this seems unethical, it is worth pointing out that under the similar system in Germany, the standard 6.68 per cent exporters' rebate is considerably greater than the rate of turnover tax the exporter himself is liable to pay. For all that, the German system is not classified as a "subsidy."* To avoid the pejorative word "subsidy" it is only necessary that refunds of turnover tax do not exceed the sum of the value-added tax paid at the various stages. "Value-added" will, therefore, have to include the cost of direct imports, which will thereby be subject to the equivalent of the German equalisation tax.

An incentive of this kind could be psychologically a very powerful one, since it is applied at the crucial point in the production-sales chain. Nor would it be merely a psychological trick. Any merchant who decides to divert a shipment from the home to the export market would be assured of an increased profit margin on that shipment, as the later examples show.

If the total revenue from company taxation were to be maintained, a turnover tax remission for exporters would involve some increase in the rate of company taxation arising from sales in the home market ; and this in turn could induce a cost-inflationary increase in home prices. But this possible side-effect must be kept in perspective. Roughly one fifth of total output is exported. So a turnover tax remission of, say, 5 per cent—a substantial incentive, and the maximum desirable—would imply, if it is to be made good, an increase in company tax at home equivalent to 1¼ per cent of turnover.

A rise of this magnitude in prices at home is not, perhaps, unthinkably disastrous. But in fact it would be further mitigated, since if adopted at a time of squeeze and restriction, like the present, it would not follow that companies faced with a 1¼ per cent increase in cost would automatically be able to pass it on in prices. A more serious objection is the cost-inflationary danger of businessmen passing on the turnover tax in higher prices, without allowing for the corresponding reductions in their direct profits taxes. To prevent this it would probably be necessary to introduce the change in a disinflationary atmosphere, and also to launch a campaign to convince businessmen that the new tax is a swap and not an increase. This should be emphasised by levying the tax on the basis of the company's annual accounts, like profits tax, rather than separately like purchase tax. From this point of view, too, a retail sales tax would be greatly inferior to a business turnover tax.

In all this it has been assumed that company income tax, company profits tax, and the proposed corporation turnover tax are alike regarded as costs from the point of view of the company having to pay them. There is, admittedly, a sense in which a turnover tax is more properly to be regarded as a cost than is a tax on profits. But the distinction is a fine one. Basically, a cost for an industrialist is anything that tends to reduce his cash flow, on which the long term strength of his company depends. And this can be affected as much by an increase in company tax, of any sort, as by an increase in any other form of cost.

What is essential is that this whole operation should be undertaken as a reform of *company* taxation rather than of *indirect* taxation. There may indeed be compelling reasons to change from a haphazard and discriminatory purchase tax to a more uniform sales tax ; but helping exporters is not one of them. The vital need is to reduce exporters' costs and bring additional exports into the threshold of profitability. A reduction in the burden of direct company taxation is therefore crucial. No export exemption from purchase tax or a sales tax will have the same effect as remission of a tax that is seen to have a direct impact on the company's net profits.

How, in practice, would such a system work out ? Total taxable profits of all businesses in Britain amount to some £3,000 million. The total tax levied on them is taken as around £1,600 million of which income tax accounts for, say, £1,200 million, and profits tax for the other £400 million. The proposal is to replace these two taxes by two new taxes—a corporation turnover tax and a corporation profits tax—leaving the total burden of company taxation unchanged.

Gross domestic product eligible for a turnover tax (i.e. after deducting such services as defence and health) is taken as £18,000 million. A 5 per cent turnover tax—which levied on value-added for the individual enterprise would amount to the same levy on final output for the economy—would bring in some £900 million. If exports of, say £4,500 million, are to be exempted, there would be an offset of £225 million, leaving a net turnover tax "take" of approximately £675 million.

* In France the practice is to exempt exporters from the value-added tax. But in cases where they do pay it the eligible refund comprises the whole of the tax paid over all the processes of manufacture and not, as implied by the FBI report and stated in these columns last week, simply the amount paid by the exporter himself.

If total corporation taxes are to remain unchanged, this would in turn leave £925 million (£1,600 million less £675 million) to be taken in the proposed corporation profits tax. For the economy as a whole, then, a turnover tax of £675 million would be taken from taxable business profits of £3,000 million, leaving £2,325 million as profits subject to corporation profits tax—on these figures at the rate of around 40 per cent on profits *after* turnover tax and about 30 per cent on total taxable profits. But as the examples show, the incentive effect for exports is independent of the figure, since it depends on the level of profits before, and not after, corporation profits tax.

1 A firm has a turnover of 100, all in home sales, its value-added (turnover less bought-in materials, and components, i.e., roughly profits plus wages and salaries) is 70, and taxable profits are 14. Its account will show :—

Profits	14
Less value-added tax, 5 per cent of 70	3·5
Gives profit before corporation profits tax	10·5

2 If the firm then switches its entire output to the export market, its accounts will show :—

Profits	14
Less value-added tax, 5 per cent of 70	3·5
	10·5
Plus exporters' rebate, 5 per cent of 100	5
Gives profit before corporation profits tax	15·5—or an increase of nearly 50 per cent.

3 Now suppose, more realistically, that a switch to the export market would mean accepting lower prices, so that turnover is reduced by 5 per cent to 95 and gross profits accordingly from 14 to 9. Under existing company taxation, profits would fall by the same relative amount—approximately 36 per cent.

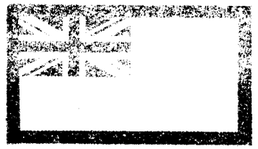
4 But if the proposed export incentive scheme were in force, the end result would be very different :—

Profits	9
Less value-added tax, 5 per cent of 65	3·25
	5·75
Plus exporters' rebate, 5 per cent of 95	4·75
Gives profit before corporation profits tax	10·5

In other words, although prices have been cut by 5 per cent in overseas markets, profits, instead of falling by 36 per cent, remain the same.

Other things being equal, therefore, it will pay a businessman to export provided the profit margin in export markets is not lower than that at home by a margin equivalent to more than 5 per cent of turnover. Beyond this range, export margins will still be thinner than those at home, but the difference will not be nearly as great as it is now. That is to say, if the cost curve over the level of outputs concerned is flat, the incentive should have a decisive effect in all cases where export prices are between 0 and 5 per cent lower than home prices—an important range.

Within this field, the incentive effect will vary from case to case, being strongest when profit margins are small and when value-added is a small proportion of turnover. This is highly desirable, because it will mean that any future squeeze at home will *ipso facto* increase the effectiveness of export incentives and hence—it is hoped—exports. It will also encourage in particular that useful and desirable specialist, the export merchant. All arguments about inequity to intermediate manufacturers, of the proverbial sparking plugs and the rest, must be firmly resisted. It is the final exporter who has to talk to foreign buyers, find out what they want, take the special risks of selling abroad, and write his sales literature in Esperanto. The spark plug man has no such headaches.



Ships in Distress

A 90 PER CENT decline in profits for the P & O group last year is only too symptomatic of the general depression in which the shipping industry finds itself, after a deceptive gleam of sunshine on the horizon when freight rates began to look up last summer and early autumn. P & O's total results, moreover, are arrived at after taking into account the performance of operations unrelated to shipping ; if air transport, engineering and other subsidiary operations were removed, P & O's shipping operations alone would most likely have shown a substantial loss. Since it has taken up the building and operating of oil tankers, this group comprises a pretty comprehensive sample of the British shipping industry as a whole ; apart from the passenger liners for which it is best known, it also operates dry-cargo tramps, cargo liners, short-sea traders and coasters.

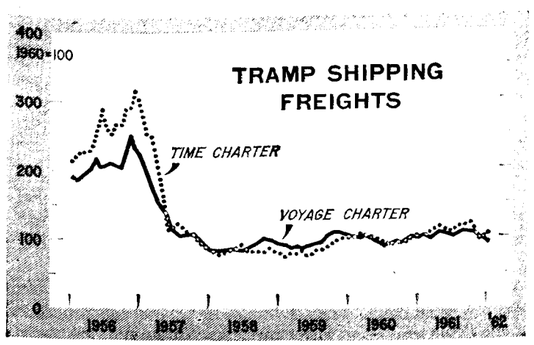
The public image of P & O is largely influenced by the worldwide publicity given to its passenger liners, particularly last year during the maiden voyages of the *Oriana* and *Canberra* ; and these two vessels do present a new concept of passenger liners. In the postwar years the conventional Australian passenger services suffered severe competition from foreign emigrant ships, particularly in the homeward direction ; but there was a vacuum of passenger services across the Pacific from the West Coast of North America to Australia, the Pacific islands and the Far East. P & O and the Orient Line then combined to offer a network of sailings outward and home to Australia via Suez or the Panama Canal, coupled with cruises from Australia and North America. The size and speed of the ships were increased, as well as the number of berths offered ; but the number of classes was reduced to two, with the emphasis on tourist class. On the Pacific, this policy seems to have paid off.

One of the issues raised during the controversy about the Q3, the proposed replacement for the *Queen Mary*, was whether this new way of employing passenger ships would suit the North Atlantic. Here the problems are different : the comparative shortness of the voyage and intense competition from air transport (often subsidised) of many nationalities present special difficulties. One thing that can be taken as certain, however, is that these problems, too, are unlikely to be

solved by traditional answers. As it is, sea passenger traffic across the North Atlantic last year suffered a setback, leading to the withdrawal of several intermediate ships and the diversion of those that were suitable to winter cruising. It is true that the decline in traffic was not entirely due to air competition—air transport did not have a good year either. If the French had known five years ago, when work on the *France* was started, what they know now this vessel might have been designed with more variable employment in mind. This is not to say there is no future for the passenger ship ; but new problems call for new responses. See, for instance, P & O's response to the running down of troopship requirements. It converted the *Dunera* into a liner designed specially for "educational cruises" for organised groups of schoolchildren. These were a great success last year, uncovering an unexpected demand : this year the group has bought another unwanted troopship for the same purpose.

THE mainstay of a big shipping group like P & O, however, is the cargo liner fleet, and the same is true of other major lines such as Cunard and British and Commonwealth. Here experience has differed between different trades ; but the average load factor, taking all trades together, must have dropped by about 10 per cent during 1961. It is not so easy to be sure how far this was due to a falling off in trade and how far to an oversupply of tonnage. Cargo liner fleets under many flags, including the Scandinavian, German and Japanese, have been increased rapidly in recent years and new nations with maritime aspirations (which become, in effect, national commitments), like Israel, India, Pakistan, Ghana and Nigeria, have been swelling the total of tonnage available. Moreover, any marked increase in the volume of trade in a particular commodity can lead to the shift of this trade out of cargo liners into tramps or specialised carriers. The growth of the export trade in motor vehicles from Europe to the United States provides an example. When these exports were occasional and small in volume, they helped to fill the liners. Now the bulk of the cars sent abroad are carried in tramps.

Many aspirant maritime nations, particularly the Latin American countries, finding themselves possessed of a merchant fleet, seek to protect and expand it by means of practices involving flag discrimination. These are many and varied, but the most popular is legislation purporting to ensure that a certain proportion (usually 50 per cent) of trade between one country and another must be carried in vessels flying the flag of the first country. What this method succeeds in doing is merely to put up the cost of seaborne transport to the consumer. Brazilian law dictates that 70 per cent of the nation's overseas trade must be carried in Brazilian ships. The purpose is presumably to encourage the growth of the Brazilian fleet—in which aim it has been eminently unsuccessful. Even if it were successful, it could only be at a totally uneconomic cost, since the logical conclusion of this policy carried out everywhere would be an enormous increase of unused shipping space.



Unfortunately one of the worst offenders in this respect is the United States of America. American shipping policy has always been restrictive, rather like British shipping policy before the repeal of the Navigation Acts over 110 years ago. All seaborne trade between American coastal ports, or between American ports and ports in "non-contiguous" American territories must be carried in American-flag ships, whose crew costs are about twice those of their competitors. Strict adherence to this doctrine has caused the virtual elimination of American coastwise traffic. Again, at least 50 per cent of all American export cargoes that are "paid for" by American government funds, such as "aid cargoes," must be carried by American-flag ships (if these ships are available) ; as a result such cargoes are moved at rates well above the international level.

Americans tend to get hot under the collar when this system is criticised by foreign shipowners, particularly Europeans. But the only defence of the policy that holds any water is their need to have in being a fourth arm of defence in the form of a fleet of merchant ships to support the armed forces and the civilian population in the event of war. This argument itself is wide open to discussion nowadays ; but it certainly cannot be called in aid of the latest manifestation of American shipping policy on international commerce.

This is the Bonner Act of 1961, which was designed to save shipping services to the United States from disrupting into chaos as the result of a Congress ruling that the liner conference system was a contravention of the anti-trust laws. The act as originally framed would undoubtedly have made it impossible for British and other foreign liner companies to continue trading to the United States at all. However, strong submissions made to Congress succeeded in making the Act more acceptable, given that its administration was reasonable. But such hopes were dashed when the Federal Maritime Commission drew up the necessary draft regulations. As a speaker at last week's annual meeting of the Chamber of Shipping put it :

> Both the Act and the rules seek to give the United States Government unilateral control of the activities of all common carriers in the trades to and from the United States. By a stroke of the pen, the United States territorial waters have been advanced to a new frontier, which includes London Docks and even the forwarding agents' offices in Birmingham.

In fact, the United States Government is attempting to set itself up as the final judge of the tariff rate on all commodities engaged in trade to and from America by ships of all flags ; it has assumed powers to enforce the production of documents from foreign firms situated in and relating to business transacted in foreign countries, with the threat of heavy penalties and distraint on property for non-compliance. This has gained the shipowners backing from their own governments. The British Minister of Transport has called a conference of his

opposite numbers in Europe next week, and there is little doubt that the matter will be taken up at the diplomatic level.

MEANWHILE liner companies, in common with other shipowners, have been faced with further increases in operating costs. A sharp jump in crew costs has been the major factor, but all the time, even if sporadically, port and handling charges continue to advance. In terms of charges and efficiency the gap between most British and the best Continental ports is growing wider ; British shipowners are hoping anxiously that the Rochdale Committee, after its long investigation, will produce some radical improvements.

Owners of ocean tramps began to entertain some hopes in midyear that the end of the long depression (since 1956-57) was coming into sight. It had been favoured by the increased demand caused by the Cuban reorientation of the sugar trade, by the large-scale chartering activity by the Chinese and by the increased Japanese import programme. If freight rates have failed to retain their strength, at least the surplus of laid-up dry-cargo tonnage has been reduced to less threatening proportions. More recently the market has weakened again, partly through the slackening of import demand in Japan, coupled with a consequential relief of congestion in Japanese ports, which had kept many ships off the market. Another possible cause is the entry into the market of larger numbers of big bulk carriers, able to offer lower but still profitable rates for carrying dry cargoes which might otherwise have required two or three older ships. Perhaps the greatest depressant, however, is the invasion of the grain trades by unemployed tankers.

Despite large-scale scrapping and conversion into dry-cargo ships, there is still a large surplus of tanker tonnage, and it is still being increased by the delivery of much larger tankers ordered some time ago ; moreover, independent operators are even ordering new big vessels " on spec " without any charters fixed. The continuing restriction of oil imports into America, the growing use of pipelines and the development of oil and natural gas resources nearer to the centres of consumption, can hardly be bull points for a marked recovery in tanker demand, and hence of dry-cargo tramp demand. The overall demand for oil is likely to continue increasing during the 1960s, even if not at so fast a rate as in the 1950s ; but in contrast to the trends in the fifties, tanker ton-mileage may be growing less rapidly.

In spite of the winds of change that sweep across the sea, the shipping industry is still basically dependent on the balance between the supply of tonnage and the demand for it, although that balance can be affected by countless physical and political phenomena. And the gearing is still high. Relatively small movements in the balance of this industry can cause deep fluctuations from profit to loss.

BUSINESS NOTES

THE ECONOMY

Firm Optimism About Exports

FORECASTERS in the Treasury and the Board of Trade remain determinedly optimistic about a substantial rise in exports this year, even if the signs are taking time to show. Their view is based mainly upon a favourable reading of prospects for the world economy, assuming continued growth in the United States and " a rather more rapid growth in Western Europe than in 1961." Few would quarrel with this forecast for America ; and while not everyone is quite as sanguine about Europe as they, the difference in view between official and unofficial economists is probably only a matter of degree. The Treasury's *Bulletin for Industry* this week is counting on a renewed rise in German industrial production, putting down the pause there last year simply to stock adjustments (which is perhaps a little more optimistic than the Bundesbank in its current *Review*) ; and certainly increases in French and Italian output appear likely to continue.

The Treasury reckons that since the beginning of 1960 world trade has been rising at about 4 per cent a year ; it expects the growth rate this year to be rather higher than last. Within this rising total, trade between industrialised countries (particularly within Europe) has been rising twice as fast ; moreover last year there was some increase in exports from primary producing countries, which should offer the chance of a growth in their imports from industrialised countries this year.

The export orderbook in British engineering, one of the few major industrial sectors for which statistics of orders are available, is certainly much higher than a year ago, though at the end of the year it may have stopped rising. Whatever the average lag between order and delivery that one assumes for this assortment of industries, that should imply a rise in exports of these (mainly capital goods) industries during the coming months. Room for the increase, indeed, is steadily increasing, for over the last half of 1961 the orderbook for home customers was steadily shrinking.

Over the last quarter of the year new export orders booked were the same as in 1960, while home orders had fallen by six per cent. This gives further confirmation of the impression that the boom in home demand for capital goods has weakened, even though deliveries to the home market were nearly seven per cent higher in the last quarter than a year before, while export deliveries rose less than one per cent. But home orders on hand were falling at an accelerating rate. There would be little reason, given the Whitehall assumptions about continued pressure on capacity for the forecasters to be bothered about this. Capital investment at home is at a high rate still, if no longer increasing much. Moreover, releasing of capacity to export production in capital goods industries is in the short term perhaps more useful than a similar release of capacity from home demand to export in consumer goods manufacture.

MOTORS

Better than Expected

REGISTRATIONS of new cars in January proved slightly higher than they had been a year before—59,000 instead of 56,000. This increase seems to have surprised even the more optimistic in the industry, for they were still fearful that the chance of the removal of the 10 per cent surcharge on purchase tax in the budget might restrain buyers in the first quarter. The increase does sustain hopes that this is going to be a substantially better year than 1961, and there is no reason to believe that 800,000 cars cannot be sold—unless the Chancellor is prepared to reinforce his last measures to restrict sales, now their effect seems to be wearing off. The buoyancy of home sales will encourage manufacturers to carry out their plans to raise output to meet the peak demand of the spring and summer ; if these can be carried out, production should approach the record level of 1960 for a short while. BMC even hopes to make 18,000 vehicles a week, 2,000 more than its previous record. In face of the seasonal nature of demand, the industry will have to become habituated to these rather uneconomic fluctuations in its output—as it was before the war.

An accelerated rate of scrapping produced by the ten-year tests does not seem to be much of a factor in new car sales. The actual increase in the number of cars scrapped in the year to last August was only about 100,000 ; as a percentage of cars in use this was seven per cent. In 1960 it had been 5.6 per cent and in 1959 4.8 per cent, so the increase in the rate at which cars were disappearing was hardly as pronounced as might have been expected. And it is still well below the 10 per cent that is regarded as normal in the United States. The low prices that old cars now command, however, should mean that the rate of scrapping will go on rising: the cost of keeping them roadworthy becomes out of proportion to that of buying something better. But it will be some years yet before the horrors of the 1930s and 1940s stop wandering along British roads.

ENERGY

Joining the Communities

AT the ministerial discussions in Brussels last week, Britain asked the Six about their reaction if it applied soon to join the European Coal-Steel Community and Euratom. The Ministry of Power, and the two nationalised energy industries concerned, appear anxious to get the applications in this month: even that would probably mean that formal discussions would not start until the autumn. The steel industry, also, has been doing intensive homework about the adaptations to its policies that would be required by adherence to the Treaty of Paris: it will be ready whenever the discussions start.

The National Coal Board is extremely sanguine about fitting into ECSC: it attaches less importance to most of the formal and procedural differences between its regime and the Community's than do some of the officials in Luxemburg. It believes its pricing could fairly readily be accommodated to the rules of price competition and alignment on the Continent. The board has some moderate freedom to discriminate in prices (" not unduly ") in Britain, while ECSC rules give producers none. One imagines that it would gladly trade this in for the opportunity to join with European coal producers in lobbying for similar rules of non-discrimination and price publication to be imposed on the oil companies (which is an element of " common energy policy " supported in Brussels as well as in Luxemburg). Some limited imports of American coal are at present coming into several of the Six countries, and Italy imports it freely. But on balance the British industry thinks it might gain some support from European coal producers against allowing American coal into Britain, if only because they fear it might drive the NCB into exporting even more to Europe than it hopes to anyway on joining ECSC. Entry into ECSC would probably mean a growth in localised coal trade both ways between Britain and Europe, but the coal board would hope on balance to benefit from this.

A broader argument for applying to join is that it should give Britain more chance of being consulted in the development of any common energy policy for the European communities. This policy has been under study for a long time ; but now there appear more signs of getting something agreed. It would obviously be to the good if the largest coal producer in Europe—and the largest oil consumer—had a voice in deciding on the common market's attitude towards production, imports and the assurance of cheap energy supplies.

STERLING

The Fund as a Bank

STERLING has again moved up and down this week. The Chancellor's confession on the budget estimates (in what other country does the Treasury flagellate itself in this way ?) encouraged some Continental selling on Wednesday morning, pushing the rate just below $2.81\frac{1}{2}$, but New York later came in as a buyer. The slight check this week and last has not been sufficient to bring any noticeable official support, which the Bank of England normally sees no reason to give while the rate is well above its parity of $2.80. Earlier in February it was taking in dollars and Continental currencies on a large scale. The authorities have again, and wisely, used this strength not to make a further reduction in Bank rate but to repay a further substantial sum to the International Monetary Fund—£75 million, following repayments of £50 million last November and £100 million last October. Choice of this alternative route has involved some extra millions in interest payments abroad: but this has been well compensated by the wider advantages it has brought for sterling and the international monetary system generally.

Britain has now repaid, within six months, some 42 per cent of its huge August drawing. At the same time, drawings of sterling by other countries in IMF credits have reduced Britain's effective debt to the Fund to £281 million—this is the amount Britain needs to repay to bring the Fund's holdings of sterling to the parity point of 75 per cent of its quota.

The stand-by facility, which was negotiated in the first instance for one year, remains intact, allowing Britain at any time to brings its total drawing to $2,000 million. Britain's own international liquidity has therefore been reduced by notably less than the liquidity of the Fund has been increased. The repayments have brought a welcome replenishment of the Fund's holdings of German marks and Italian lire, which had previously almost run out. The especially large repayment of United States dollars, admittedly, is related not so much to the Fund's own needs—it has plenty of dollars, and is trying rather to avoid lending them—but to Britain's desire to avoid embarrassing conversions of dollars into gold and at the same time adhere to its (surely outdated) policy of holding the great bulk of its reserves in gold metal. The smallest repayment proportionately, ignoring the minor currencies, has been of French francs. Britain's flexible use of the IMF has set a valuable precedent: in the past year indeed international credit has in the broad sense been its first line reserve, and its own gold reserves the second.

BRITAIN'S IMF TRANSACTIONS
(US dollar equivalents, million)

	Aug., 1961 Drawing	Repayments Oct., 1961	Nov., 1961	Feb., 1962	Total
US dollars	450	280	25	75	380
D-Marks	270	...	85	55	140
French francs	270	...	30	20	50
Dutch guilders	120	...	...	10	10
Italian lire	120	...	...	35	35
Belgian francs	90	...	...	15	15
Canadian dollars	75	...	...	...	...
Japanese yen	75	...	...	...	...
Swedish kroner	30	...	...	...	...
Total	1,500	280	140	210	630
£ mns	536	100	50	75	225

HIRE PURCHASE

Losses of £50 Million?

THE amount of money lost as a result of the bad hire purchase business taken on during the spree of 1958-60 is known only to the finance companies themselves. Their accounts provide very little quantitative guide: losses from bad debts are mixed in with profits on the good business, so that bad debts can become large before the finance company has to show an actual book loss. In fact some of the leading companies have shown substantial net losses, running into millions ; their gross losses have therefore been considerably—but to the outsider incalculably —higher. The finance houses have not gone out of their way to enlighten the public. The Finance Houses Association, in its only pronouncement on the subject, told MPs last December that " current experience shows losses averaging 2 per cent of turnover," representing a rate of default five times higher than before 1958 ;

these figures were cited by the FHA as evidence of the companies' need to protect themselves against "an increasingly careless community."

But the FHA was far from confident about its arithmetic; and this week an unusually forthright statement from the chairman of Wagon Finance, Mr E. S. Bonser, estimates that the losses have been in a far higher range than anyone else has yet suggested. Mr Bonser says that the total that will "eventually" be lost on the risky business taken after removal of controls in October, 1958, is likely to be between £40-60 million—which is 5 per cent rather than 2 per cent of the debt outstanding, though less of course on an annual basis—for what that may mean. And he estimates that "possibly 500,000 vehicles" (motor-cycles as well as cars and commercial vehicles) will have been returned or repossessed; total hire purchase sales of vehicles in the three years of 1959-61 were some 4½ million. Mr Bonser's estimates are grounded on the experience of his own company, and since, as the accounts clearly show, this company's cautious policy has saved it from the worst losses, he feels that this basis of calculation may actually be a conservative one.

Mr Bonser attributes these losses not to the dishonesty of the public but to the finance houses' action in lowering deposits and extending repayment terms in a way that left the hirer with an insufficient equity in the goods throughout the contract. The remedy, he believes, is still stiffer terms than those now laid down by the FHA. He also pleads for a separate document of title for motor vehicles, to reduce opportunities for fraud. The Ministry of Transport is at last looking into this question; its elaborate machinery of registration is at present directed only to tax collection, and should obviously be extended to register legal ownership and hire purchase contracts, whether on the basis of the existing registration book or separately.

FRANCE

End of the Devise-Titre

A Paris correspondent writes:

NEW relaxations of controls on financial transfers were announced by the French government at the end of last week; they are expected to develop the Paris capital market in its international role. The dismantling of exchange controls inherited from the war and from postwar inflation has proceeded steadily since France joined in the general European return to convertibility at the end of 1958. The most important aspect of the latest measures is to free dealings in foreign securities. Hitherto, in France as in Britain, residents have been allowed to buy foreign securities only from the proceeds of sales of such securities by other residents. These proceeds were channelled into a special market, in the *devise-titre*, and would-be investors in foreign securities had to pay the going premium on the *dollar-titre* (equivalent to security dollars in London), the *livre-titre* and the rest. In 1959, however, the Bank of France began to feed this market with foreign exchange, to ensure that the rates broadly coincided with those in the official market for ordinary funds.

Now French residents have been given complete freedom to buy and sell quoted securities on international security markets, provided only that they operate through accepted institutions, which will register the purchases and ensure that the proceeds of any sales are remitted to France. The *devise-titre* therefore disappears. French portfolio investment abroad is not expected to develop rapidly; the buoyant market in domestic securities is absorbing investors' interest for the time being. The very height of French share prices, however, might induce some investors to take advantage of the new facilities and secure a wider international spread of their portfolios as a hedge. Foreign residents, too, are allowed to buy and sell freely on the Paris market; and these relaxations should make Paris the most active international financial centre of the common market. Coincidentally, these measures were announced at the very moment that Merrill Lynch opened for business on the Champs Elysées.

Besides abolishing the *devise-titre*, the government also extended automatic allowances for foreign travel and other purposes, which in effect put an end to difficulties in obtaining funds for these personal needs. Finally, the new franc is to lose its adjectives at the end of the year; old francs will be called centimes. (Such is the theory: the visitor to Paris is still perplexed to hear all Frenchmen from bankers downward talking exclusively in terms of old francs.)

AIRCRAFT

The Rotodyne Is Out

THE Westland (né Fairey) Rotodyne, that ugliest and noisiest of the aircraft industry's recent brood of ducklings, has now gone to join the many others that will never grow up. Ambitious in concept and expensive to develop—£11 million of public money had already been spent on it, with compensation for breaking the contract now to be added—it had been hoped that this blend of helicopter, autogiro and aeroplane would prove to be the first aeroplane able to transport passengers economically between city centres, and also serve as a useful military transport. But it had one great drawback as an airliner: the jets that drove its rotor for take-off, mounted on the tip of each blade, produced so intolerable a row that operation from a town would probably have been impossible—even though Westland maintained that it could reduce the noise. So the civil utility of the machine was most uncertain, and British European Airways was unwilling to place an order. And the high cost of development made the RAF become doubtful whether it could afford to back such a project.

It should have been apparent several years ago that the Rotodyne faced this *impasse*; but it appears to have been one of the development projects for which the Government promised its support if the industry would merge into the larger companies it desired. Having offered this to Westland as a sweetener for swallowing Fairey Aviation, the Government may have felt it had to allow a decent interval to elapse before it closed down the project. By so doing it seems to be accepting that Britain cannot afford to develop its own big helicopters; since Westland dropped its own Westminster and the Bristol 194 in favour of the Rotodyne, there is now no big helicopter under development in Britain, and it does not seem very likely that the Government would now back either of these projects. Westland retains the right to build American Sikorsky helicopters under licence upon which it has built up its business, and it has recently made a similar agreement with another American company, Vertol, for its 107 model. So the sensible policy for it and the Ministry of Aviation would be to wait until one of these companies have developed an economic helicopter, then start building it. If this course is followed, and the price of development is left for the Americans to pay, there is no reason for BEA to operate helicopter services in the meantime to gain experience that would aid development; the Treasury's reluctance to authorise the expenditure needed to buy the Vertol 107s that BEA wanted to buy for such services suggests that it may share this opinion. It is even less likely to welcome the operating subsidy that BEA would require for these machines.

If the aircraft industry has lost one of the props on which it has been leaning, it has received the comforting news, in the memorandum accompanying the Air Estimates, that aeroplanes are likely to be needed into the 1970s. So another set of military aeroplanes will be developed to follow those now in service or under development. But the demanding requirements of the Secretary of State for Air, who insists that each aeroplane must be able to fulfil several roles—that they must combine high performance with long range and must as far as possible be independent of elaborate airfields—suggest that designers will have no easy future. And will these aeroplanes do each task well?

FAIREY

A Happy Ending

THE Fairey story has given shareholders substantial benefits and it has had a happy ending for the directors. The overwhelming support given to the board's proposals at last week's meeting suggested that the offer by Bristol and Westland would not attract much response and this week

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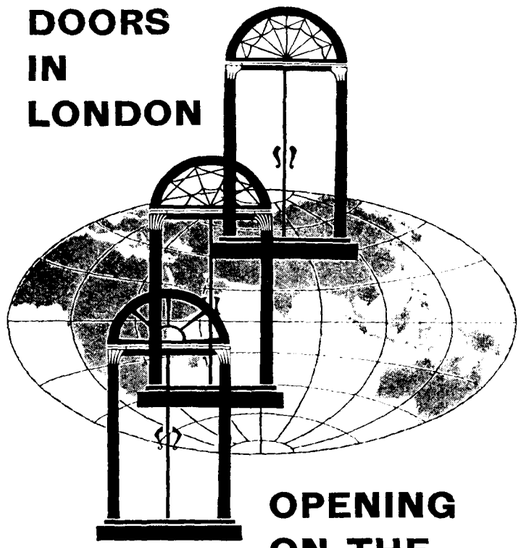
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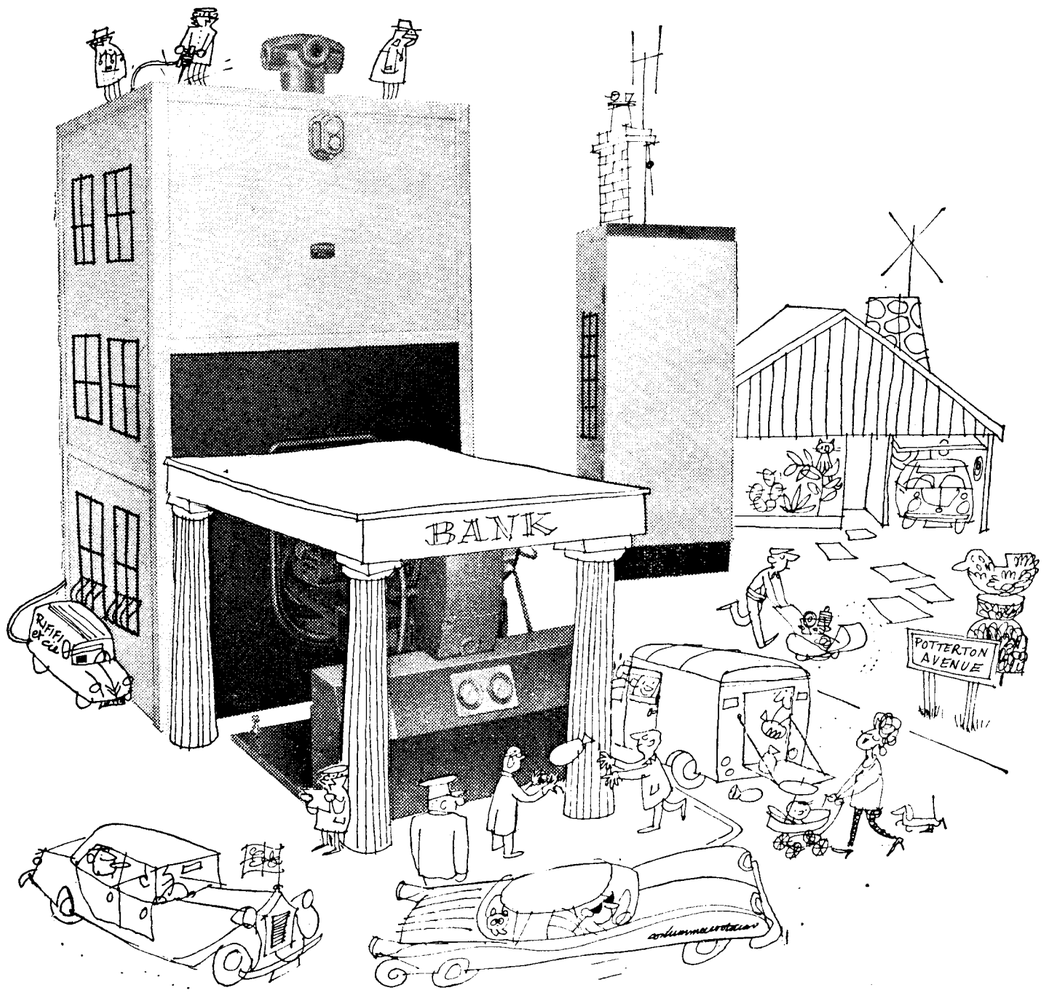
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they have announced that the share exchange offer will not be made unconditional as insufficent acceptances had been received and that accordingly the cash offer of 28s. a share lapses too. Thus the Fairey directors can now proceed with their proposed distribution of 12s. 6d. a share. They will then have to justify their claim that the shares will be worth 22s. 6d., excluding any compensation arising from the Great West Aerodrome claim. The market's initial response was to leave the 5s. shares 1s. 3d. lower at 29s. 3d., but by Thursday they were back to 30s.

This result may cheer the Courtaulds directors for Fairey's defence has been much on their lines. But there were also two important differences. First, at times during the struggle Fairey's shares rose above the value of the bid. Secondly, Fairey's meeting to approve the distribution proposals was held before the offers closed; the meeting of Courtaulds shareholders will not take place until a week after the presumptive (though not necessarily final) closing date for acceptance of ICI's offers.

BANK CREDIT

Taxes on Tick

FOLLOWING their modest rise over the turn of the year, advances by the clearing banks shot up steeply in the five weeks to February 21st—by £113 million net of transit items, though £20 million of this was to the nationalised industries. Advances of the Scottish banks also rose sharply by £10 million. This represents an expansion at much the same pace as at this season of 1960 and 1959—when the underlying trend of advances was strongly upwards.

The banks have certainly not changed tack by anything like as much as this might suggest. Seasonal tax payments into the Exchequer were particularly high in February, following their lag during the postal go-slow in January; and taxpayers appear to have leaned rather more on the banks in making these payments. The banks' willingness to take this strain, however, is itself an indication of a partial softening in their lending attitudes. It was clear at the beginning of the year that the very large fall achieved in advances in August-December had both satisfied the Bank of England and restored reasonable comfort to the banks' liquidity ratios. Head offices have therefore felt justified in letting marginal applications through; but there has still been no formal let-up.

LONDON CLEARING BANKS
February 21, 1962

	£ mn.	%	Change on Month £ mn.	Change on Year £ mn.
Gross deposits	7,422		−294	+177
Net deposits*	6,911		−239	+143
Liquid assets	2,465	33·2	−325	+212
Cash	595	8·0	− 25	− 3
Call money	678	9·1	− 24	+119
Treasury bills	927	12·5	−274	+ 29
Other bills and "liquid" credits	264	3·6	− 2	+ 67
Special deposits	229	3·0	+ 5	+ 82
Risk assets :—				
Gilt-edged	983	13·2	− 27	−141
Other market investments	112	1·5	—	− 2
Advances*	3,337	46·8	+113	+ 34
(to State Boards)	73		+ 20	+ 1

* Excluding all transit items except ratio of advances to deposits; all ratios are of gross deposits.

The February drain into the Exchequer leaves liquidity nearly three points lower, at 33.2 per cent, which still looks adequate for the remaining weeks of the tax pressure, but leaves no large margin for any new expansion of lending. Total liquid assets were down by £325 million in February, representing almost wholly a reduction in finance provided directly or indirectly to the Exchequer. This was some £90 million more than the comparable reduction in February last year, and was matched very closely by the increase in the Exchequer's visible net surplus as measured by the budget accounts and transactions in non-marketable securities during these weeks. The banks' investment holdings, which had shown modest increases in the five preceding months, of a total of £75 million, now show a fall of £27 million; but this is wholly attributable to the running off by some banks of holdings of the maturing 4½ per cent Conversion stock.

CANADA'S DOLLAR

All My Mirrors

Our Ottawa correspondent cables:

CANADA'S fluctuating exchange rate has come under multiple fire in the past fortnight—political attack by the Liberal opposition in the House of Commons; reasoned criticism by several Canadian bank presidents; penetrating but understanding examination by the board of the International Monetary Fund; and immoderate denunciation by the editors of *Barrons Weekly*. The extraordinary fact behind all these expressions of concern is that the Canadian government has achieved the deliberate depreciation of the Canadian dollar to around 95 US cents within seven months of the June announcement without any significant change in the reserves and without any net drain on government funds to purchase US dollars.

Dire prophecies were made last June based on the exaggerated idea that it might cost Canada many hundreds of millions to provide cash to enable the exchange fund to buy enough US dollars to hold the Canadian dollar at a discount. Until well into October the Canadian dollar kept to its initial discount of around 3 per cent without significant use of the exchange fund either way. Then October seemed to confirm the fears, as the government had to spend almost $Can. 160 million on buying US dollars to prevent its own dollar rising from the 3 per cent discount. In the last two months of the year the exchange fund's intervention was more modest but in January it had to go sharply into reverse. In that month the external reserves were drawn down by $133 million to counter heavy selling of the Canadian dollar.

This almost cancelled out the October intervention in the opposite direction, so that the last published figure of official reserves on January 31st was within $63 million of the total at the end of June. Nothing provided a more fortunate background for Canada's consultation with the International Monetary Fund in early February. Mr Louis Rasminsky, the new Governor of the Bank of Canada, was able to say—and Finance Minister Fleming repeated in the House of Commons—that the exchange fund had never been used "aggressively" to initiate a change in the value of the Canadian dollar. It had always followed market movements and attempted to restrain abrupt changes in either direction.

This is more than Mr Fleming, or any other Canadian authority, expected to be able to claim when he announced last June that he was prepared to use the exchange fund to lower the dollar exchange rate. But as events have turned out it is a true account of events. By luck or by good management, the Canadian government has secured its depreciation without "aggressive" intervention. This still does not remove the IMF objection in principle to Canada's floating rate, but the IMF directors made no attempt to fix a date by which the Canadian maverick should return to the orthodox fold. And so long as Mr Fleming can achieve his objectives by ear-stroking, Canada may continue to escape much of the odium which would fall upon it immediately if the technique went wrong. One may still wonder how long Mr Fleming can get away with it so easily, but so far he has succeeded far better than expected by most Canadians—though many outside observers have all along had rather different fears.

JASPER GROUP

Mr Jasper's Committee

THE full story of the Jasper group and the State Building Society and Messrs Murray and Grunwald revealed many strange happenings. To these must now be added last Monday's meeting of shareholders of various companies in the Jasper group. This was called by Mr Harry Jasper, the former chairman of these companies; he was well received by the shareholders, especially when he criticised the present chairman, Sir Dingwall Bateson. A number of them joined with Mr Jasper in condemning the present policy of "litigation and liquidation" and supported his call

for a shareholders committee. After a lengthy meeting shareholders voted overwhelmingly in favour of a resolution that Sir Dingwall should resign, and they also elected a committee of six plus Mr Jasper, who will press for further efforts to find an acceptable overall scheme for unscrambling the affairs of the companies in the Jasper group despite the recent withdrawal by Sir Isaac Wolfson from one such scheme.

It should be stressed, however, that this meeting represented the view of the minority shareholders, and if its outcome is that shareholders are given a little more information than hitherto it will probably have served its purpose. Clearly they feel that they are being left out in the cold while the banks and the State Building Society are beginning to recover some of their monies. But it has been Sir Dingwall's contention that although an overall scheme would bring an earlier repayment, shareholders would do better by the more lengthy process of pursuing individual claims.

One of the brighter aspects of the problem is the sharp appreciation in property values since 1959. But there were complaints at the shareholders' meeting that the present policy of selling properties by auction was often producing unrealistic prices. In this Mr Jasper claimed to have found an ally in Mr Maxwell Joseph, who is opposing the sale by public tender of the hotels owned by R. E. Jones. This is a subsidiary of Lintang Investments of which both Sir Dingwall Bateson and Mr Joseph, the former chairman and founder of the company, are directors. Its decision to sell its hotels, of which the Piccadilly Hotel is by far the most valuable, is presumably a direct outcome of the breakdown of the overall scheme backed by Sir Isaac Wolfson. But while Mr Joseph is opposed to the method proposed in selling these properties it appears that he is in favour of their sale. Indeed it would be on the cards that the merging of Mr Joseph's two hotel companies, Grand Hotel (Mayfair) and Mount Royal, might well be followed by bids for the Piccadilly and other hotels in the Jasper group of companies.

GRAIN

What Price Realism?

DISCUSSION of cereals by important exporting and importing members of the General Agreement on Tariffs and Trade in Geneva two weeks ago ended in recrimination. The United States did not see eye to eye with Canada and Australia's Minister for Trade, in a typically forthright manner, as good as accused Britain of robbing the poor. The conference stands adjourned with no firm date for resumption. If the talks served any useful purpose it was to winnow the wheat from the chaff from among the various proposals put forward. Mr McEwen's remarks suggested that French plans for jacking up prices to certain consumers in order to shoot surplus grain into less prosperous areas elsewhere was unfavourably received by British delegates. According to Mr McEwen's assertions, the British would not agree to pay prices "realistically related" to the prices at which most of the world's production is sold.

GATT's talks were supposedly more concerned with markets than prices. Britain is still the best market for grain exporters, with total imports not far below the pre-war level of 9½ million tons. No duty or restriction governs imports of wheat into this country, which gets Britain a good deal closer to the spirit of GATT than most of its fellow members. Prices are a central issue at the United Nations' wheat conference which has also been working at Geneva at this time on a new wheat agreement, to replace the existing one before the new crop year starts in July and has been attended by the same officials in different hats.

Though the linking of these conferences and the common market negotiations in Brussels is only incidental, any conclusions they reached would bear on the course of the others. China is arranging more imports of grain from Canada, Australia and France. The Canadian export price, on which the current international wheat agreement is based, continues its steady rise to around $1.90 a bushel for No. 2 Northern Manitoba wheat, which is, in fact, the maximum price for the better quality No. 1 wheat specified in the expiring agreement.

OPEC Sets Up House

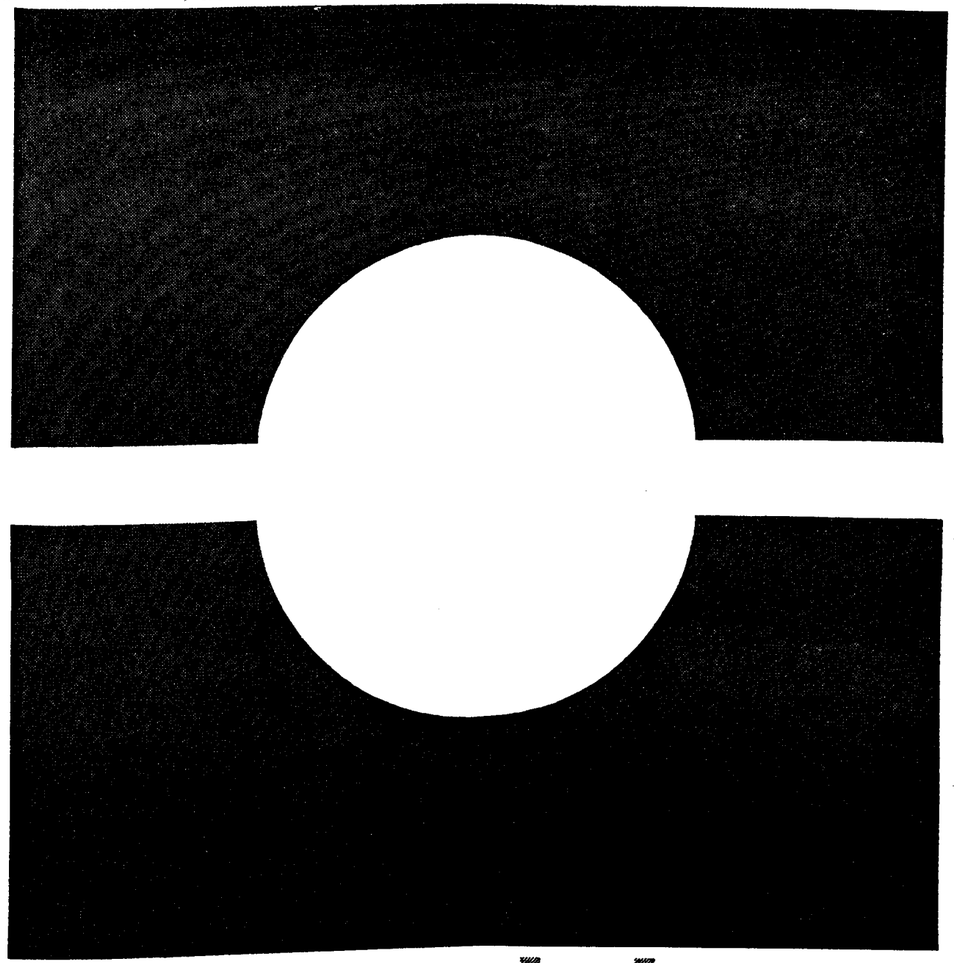
WESTERN attitudes towards the influence of the Organisation of the Petroleum Exporting Countries, formed eighteen months ago by the main Middle East oil producing countries and Venezuela, have often been tinged with scepticism about the cohesion of these fellow-members, particularly since Iraq's claims to Kuwait. At Caracas this week, attending a meeting of heads of delegations in advance of the next OPEC conference at the beginning of April, Sayyid Ahmed Omar, head of the Kuwait delegation, went out of his way to emphasise that co-operation was still possible. "Iraq, with its continuous animosity towards the Kuwait Government," he said, "has sometimes created problems within our organisation and has acted on its own without consulting us. We think, however, that we can reach a peaceful solution."

Within the next ten years, went on Sayyid Omar, who represents one of the most moderate and stable of the OPEC countries, the organisation would control the market through "control of the companies," and would be able to stabilise the prices of oil, to the benefit of consumer countries, producer countries and the companies, too. He said that OPEC hoped to find a reasonable formula to keep prices level; then it would be for the individual countries to impose it upon companies operating within their borders.

This moderately phrased but positive statement from the Kuwait representative may persuade the major companies that the next meeting of OPEC, due to take place at the organisation's headquarters in Geneva, should be taken seriously. The organisation has already had reports from American, British and Continental economic consultants about the rate of return and the pattern of pricing in the international oil industry. Whether they will decide upon any action then and there, after digesting this advice, remains to be seen: but clearly their intentions now sound fairly positive.

In Geneva, the OPEC secretariat has spent its initial few months acquiring offices, already nearly outgrown (though the staff is not yet large—16 officials with clerical staff); making contact with other international organisations there; and preparing to engage in its own information-gathering and research. So far OPEC has had to rely on economic studies from outside. But it aims to establish its own economics unit, as a centre of information and research for these host governments of the oil-producing countries; and finding the economists is not proving easy.

The permanent officials of OPEC argue that their own job of assembling information for the benefit of host governments will in the long run benefit the oil companies involved too, if only by separating out the real issues of dispute from the emotional ones that feed on ignorance. They complain that the companies, over the years, have withheld key information that would make possible real economic understanding of their industry, although offering a plethora of inessential descriptive material; and argue that this policy has done the industry more harm than frankness would have. There is some justice in this—though one can understand companies' reluctance to furnish data that they feel might only be deliberately misinterpreted or used to decorate wild accusations. If OPEC can provide a point for reasonable exchange of information and opinions, it will be of real service. But its other main political function of acting as a pressure group of oil landlords may make this generally useful task rather difficult.



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LEAD AND ZINC

Uninspired Recovery

ONLY a small surplus of lead and zinc separates producers from more favourable prices. But for all that, the artificial disappearance of these small surpluses is difficult to contrive. There is a faint suspicion that a year ago the recovery in the two metals was sparked off by expectations that producers would agree to tighter regulation of production. But when producers saw the rise they were less sure that stronger curbs were needed. Such restrictions of lead supplies as were imposed proved ineffective and the price sank to the lowest level since 1946. Zinc, not considered to be in any great danger, was left alone but fared just as badly.

The coming conference of the international lead and zinc study group is not generally credited with much chance of reaching a sound agreement for a general restriction of supplies. So the two metals have sagged recently to their lowest levels since the last study group meeting. A sudden recovery lifted lead and zinc by about £3 a ton by the end of last week and simultaneously spot supplies of both metals rose to a premium over the price for delivery in three months' time. When this last occurred, in 1960, lead was fetching about £78 and zinc £92 a ton.

Reports of so-called "influential" buying touched off the rally. A dealer who normally handles lead for one of the Australian producers made a substantial purchase. After the successful intervention of a leading copper producer in the London market, it was too readily assumed that producers were prepared to support lead and zinc prices. Some healthier buying by consumers and lower imports from Russia helped the revival, but the mirage of producer support has now been dispelled, and spot lead has dropped back to £59⅛ and zinc to £69⅛ a ton.

POLYPROPYLENE FILM

Securing Outlets

MANY hopes are pinned on polypropylene. ICI has had a factory with a capacity of 11,000 tons a year on stream since November, 1960, and recent advances in manufacturing technique and extensions have increased this capacity to more than 15,000 tons a year. Shell Chemical Company, the other producer in Britain, is building a plant which would be able to produce 15,000 tons a year. Yet last year only 2,000 tons of polypropylene were sold.

This gap is inevitable when a new product is being made, but it is important to close it as soon as possible. To speed this process both producers are entering the field as manufacturers of polypropylene film, one of the most promising outlets for the plastic. The plastic film market is dominated by regenerated cellulose film selling 48,000 tons a year, of which by far the largest manufacturer is British Cellophane. Polythene film is also important (about 20,000 tons a year) but has never been able to compete in the "Cellophane" market, having quite different properties. This is where polypropylene film comes in. Being crisp, clear, strong and a good barrier it is directly competitive in many fields with cellulose film. There are two main sorts of polypropylene film: cast and "biaxially-oriented." The oriented film is stronger than a cast film of equal thickness, but it cannot be heat-sealed as it reverts to its original dimensions. The technical difficulties of producing the oriented film and the expensive plant needed make it unlikely that small manufacturers will enter the market as they have with polythene film.

Both ICI and Shell are approaching the problems of making and marketing the film in the same way. ICI will make the film at Dumfries, using its own process for biaxial-orientation. A wholly-owned subsidiary, British Visqueen, already exists to make and sell polythene film, and it is to make the cast polypropylene film. In July last year it was announced that ICI was entering into association with E. S. & A. Robinson to develop the use of plastic film in the packaging industry. It is a fair assumption that the biaxially-oriented film will be sold through British Visqueen and this organisation.

Shorko Packaging (UK) has just announced its intention of building a factory at Swindon to make biaxially-oriented film. It is jointly owned by Metal Box and Shorko, itself jointly owned by Shell and National Distillers of America. This gathers in one company experience of making the plastic, making and processing the film and of the packaging applications where a large part of the film will be used. Most large plastics manufacturers in America are similarly associated with film manufacture; some have even set up organisations for selling directly through retail outlets.

TRANSPORT

Law for Pipelines

DEVELOPMENT of pipeline transport in Britain, which has gradually increased and may accelerate as oil consumption grows and other commodities are moved by this means, has up to now involved two separate anomalies. The initiator of any project has needed to promote a private bill to carry it through; and Parliament, in such bills, has been asked to give private developers powers of compulsory purchase without any corresponding public obligations. The Pipelines Bill published this week is primarily designed to correct both these difficulties.

When it becomes law, a developer will be able to go forward without recourse to Parliament; he will need authorisation from the Minister of Power, which will not be granted until after he has advertised his intentions and, if sufficient objection has been raised from persons affected, a public inquiry has been held. Such authorisation will carry with it powers of compulsory acquisition of land or wayleaves with compensation governed by the Land Acquisition Act 1961.

This will enable the pipeline developer to gain, at the Minister's discretion, rights comparable to those of electricity and gas utilities; but the Minister will also gain a right, when he chooses, to impose upon the developer "common carrier" obligations similar to those imposed in other countries where pipelines are regulated as public utilities. If the Minister considers that in addition to a given pipeline project other people will want to use lines over the same route "for the same kind of thing," he may make authorisation conditional upon enlarging the capacity of the line and allowing other people to use it "without unfair discrimination in the matter of charges or otherwise."

The size and shape of Britain are such as to make it unlikely that many such lines will be built at all soon, though there are two or three obvious major routes across the country, and some common carrier proposals have already been put forward. So far, most of the commercial pipelines laid have been from major companies' refineries to specific customers or load centres. Major companies are seldom fond of the principle of common carrier lines, but have had to accept it often enough. The clause in this Bill is after all only a permissive one, for use in situations that the Minister believes demand it; and certainly a general pipeline law for this country that left out the common carrier principle would be ridiculous.

COFFEE

Cup of Kindness

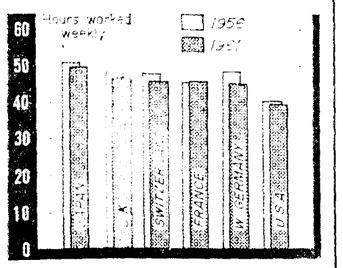
BRAZIL was not ready for the meeting of the coffee study group arranged in Washington on Monday. Some critics unkindly suggest that without Brazil there would be no coffee problem; at any rate, consideration of the draft of a long-term international coffee agreement including producers and consumers has been postponed until March 21st—not a delay of great significance, though a five-year international scheme to be ready before the new crop year in October will call for unusual expedition. The rickety annual agreement between producers was renewed with misgivings last year and its possible extension to cover an interval before a new agreement comes into force would hardly be satisfactory. Nicaragua, dissatisfied with its export quota, has chosen to ignore the agreement, and although its attitude is not decisive, the many renunciations and abuses of the spirit of the current agreement make its early replacement imperative.

In sponsoring a full international agreement covering both producers and consumers, the United States had the interests of the Latin American coffee producers in mind. Coffee producers sorely need a leader, but any head that wears the crown in coffee will rest uneasy. Its first headache will be to reconcile the producers' wish for higher prices with economic facts that point the other way. But producers who have accepted the suggestion that their agreement should be strengthened evidently do not expect to get lower prices. An American official has agreed that one objective of the new agreement should be to check a further decline in coffee. "Possibly," there might be a rise—but not a drastic one—in prices. In draft form, the new agreement calls for remunerative or fair prices, which leave the point still vague. The London Coffee Trade Federation points to a simple and unpleasant fact: until prices paid to growers are reduced, the surplus of coffee will increase and prices will decline, with or without an agreement. But since no one wishes to grind the faces of producers, consuming countries are unlikely to begrudge producers support for current prices.

The equitable allocation of export quotas within a new agreement will not be easy either. The United States has suggested that every producer will have to accept cuts in current quotas. There must be a general scaling down of production, a stop to further planting and regulation of replanting. But any attempt to freeze coffee production in this way will be strenuously opposed by newer producers. Coffee prices have recently strengthened, particularly for African robustas. Smaller crops and some large "special deals"—anathema to other members of the coffee agreement—arranged by the Ivory Coast have helped a recovery from last year's low level of about £140 a ton. Since the end of last week, Uganda robustas have risen £9 to £167½ a ton in London.

THE SHORTER WORKING WEEK

Men in British manufacturing industries were working on average 46.8 hours a week last October, nearly 1½ hours shorter than five years before. Nevertheless, as the chart shows, this working week is still a little long even by European standards.



SHORTER NOTES

Five prominent international investment bankers have agreed to serve as unpaid advisers to the International Finance Corporation, an affiliate of the World Bank. They are: Herr Hermann J. Abs, director of the Deutsche Bank; Viscount Harcourt, managing director of Morgan Grenfell; M. André Meyer, senior partner of Lazard Frères of New York; Baron Guy de Rothschild, a partner in de Rothschild Frères of Paris; and Mr George D. Woods, chairman of The First Boston Corporation of New York.

★

In the article "Setting Prices in Steel" in *The Economist* of January 27th Dorman Long was included among the companies showing a return on capital employed well below a nine company average for 1961 of 10.3 per cent. In fact its return was 11.2 per cent based on profits (after depreciation, before tax) as a percentage of the average capital employed in 1961.

★

Southdown Motor Services, which operates bus services in the Sussex district, has applied to the Air Transport Licensing Board for permission to operate hovercraft services along the south coast. It hopes to run hovercraft from Brighton to Eastbourne, Worthing, Portsmouth, the Isle of Wight and beyond. It seems to be planning to use something like the Westland SRN2 68 seater machine to start the services.

★

The Economist of February 17, 1962, stated that the grocery chain VG service was connected with Rank/Hovis MacDougall through the wholesale firm Harvey Bradfield. The connection is in fact through four other VG wholesalers: E. Laxon, A. J. Phippen, Stewart Ltd. and Joshua Wilson & Bros. Harvey Bradfield is a subsidiary of Bishop's Stores and has no link with Hovis-MacDougall. VG state that they already have three supermarkets in operation and five more will open shortly.

★

Although Fisons has denied knowledge of any take-over bid the £1 ordinary shares moved up from 37s. 3d. to 43s. 3d. by Wednesday, after touching 46s. 6d. After the Fisons' denial the shares fell back to 41s. 6d. ICI and Shell have been rumoured as possible bidders, but Shell has denied any take-over plans.

★

John Harvey, the Bristol wine, spirit and catering group, intends to offer to the public a secured debenture to raise between £1 million and £2 million in the current year. The company's name is to be changed to Harveys of Bristol which will become the holding company with six operating subsidiaries.

★

Anglo American Corporation of South Africa is to acquire from the Whitney family about 15 per cent of the ordinary capital of Hudson Bay Mining and Smelting, worth about £8 million. Consolidated Mines Selection will hold about £2.3 million of this investment and the company is to raise some £3 million by an issue of 6½ per cent convertible debenture stock 1974-77, offered as £5 of stock at 97½ for every four CMS shares held.

★

Kennedy Leigh Properties, in which the Norwich Union has a large stake, has bought the 42 acre St George's Estate between Victoria Station and the Victoria Embankment for £900,000 from Antenna Properties, a subsidiary of Mr Maxwell Joseph's Union Property Holdings.

★

Two of Australia's biggest pastoral companies, Elder Smith and Goldsbrough Mort, are planning to merge. A holding company with a paid up capital of £A12 million will be formed by exchanging one £A1 share for each £A1 Goldsbrough ordinary, and four £A1 shares for every five 12s. (Aust.) shares in Elder Smith.

★

Subject to a 90 per cent acceptance by shareholders, a holding company is to be set up to take over the assets of three old established Scottish woollen cloth manufacturers, William Brown of Galashiels, Ibson and Lumgair of Selkirk, and Wilson and Glenny of Selkirk; it will have an issued capital of £810,000.

COMPANY AFFAIRS
Comments on pages 852, 853 and 856 on:
Unilever — Albright & Wilson
"Chartered" — Trust Houses
British American Tobacco — N. Corah
Whitehead Iron — Lindustries
Lewis's Investment Trust — T W W
International Combustion

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 854 and 855

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 857

COMPANY MEETINGS

ENGLISH CHINA CLAYS LIMITED

IMPROVED EXPORT SALES

PROPOSED BONUS ISSUE

SIR JOHN KEAY'S REVIEW OF OPERATIONS

The forty-third annual general meeting of English China Clays Limited, will be held on March 22nd at 12 noon at the Hyde Park Hotel, Knightsbridge, London, SW.

The following is the statement of **Sir John Keay, FCA,** Chairman and Managing Director, circulated with the report and accounts for the year ended September 30, 1961:

The profits of the Group before tax for the year ended September 30, 1961, amounted to £3,548,400 compared with £3,286,175 for the previous year, and the net profit, after providing for taxation, was £1,762,929 as compared with £1,703,905 for the preceding year. £66,546 has been added to Taxation Equalisation Reserve, £25,000 to the Staffs' and Workmen's Welfare Reserve and £750,000 to General Reserve, which now stands at £5,250,000.

Your Directors recommend a Final Dividend of 6½ per cent free of tax, which, with an interim payment of 2½ per cent free of tax, makes a total distribution for the year of 9 per cent free of tax. The balance on the Profit and Loss Account of £1,032,883 is carried forward.

The Board considers that there is too great a disparity between the interim and the final dividend rates. Accordingly, the Directors have in mind to consider favourably increasing the rate of interim dividend next June. Such an increase should not be interpreted by shareholders as an indication of a higher total rate of dividend for the year.

The Consolidated Balance Sheet at September 30, 1961, shows the Issued Capital and Reserves at £17,707,145, of which £16,085,725 represents expenditure on Fixed Assets. The Balance of £1,621,420 equals the surplus of Current Assets over Current and Deferred Liabilities, as compared with a surplus of £992,544 at September 30, 1960.

A notice convening an Extraordinary General Meeting, to follow the Annual General Meeting, accompanies the Statement of Accounts and Directors' Report. The meeting is called for the purpose of considering a Resolution to capitalise the sum of £1,484,596 out of the reserves, by way of the issue, in the proportion of one new share for every five shares held, of 1,484,596 Ordinary Shares of £1 each fully paid, to all Ordinary Shareholders registered in the books of the Company at the close of business on March 8, 1962.

REVIEW OF CHINA CLAY SALES

As forecast in my statement last year, deliveries of china clay to customers at home and overseas have once again set a new record, and it is noteworthy that the increase has been mainly in export markets, which now amount to 72 per cent of the total sales. This is due to a large extent, to a greater demand from existing markets, particularly from the paper industry. In addition, however, new markets have been opened up in Eastern Europe, which show considerable promise. Export prospects generally for the current year are good and order books indicate that the upward trend of sales will continue, though possibly at a somewhat lower rate than has recently been experienced. The well-known quality of English clays continues to be an important sales factor, which has contributed to the improvement referred to above. Quality alone, however, is not sufficient. There are inhibiting factors, such as tariffs, quotas, foreign exchange, and taxation, which are controlled by national and international government policies, and which are continuing problems for industry. These include, inevitably, the resolving of the question of British entry into the Common Market.

CLAY PRODUCTION

The fullest practicable use of old-fashioned production capacity, which was referred to in last year's report, was continued for the first half of the year, and in part for the second half of the year. This was necessitated by the very heavy demand on production resources, in spite of the addition of five modern drying installations between November, 1960, and March, 1961. Further installations are expected to be commissioned during the current financial year. There has also been considerable capital expenditure on a number of major developments in the pits and in refining processes, which are aimed at producing new grades or increasing capacity, whilst improving the control of quality, and the lowering of unit costs. Improvements continue to be made in productivity figures, largely by reason of the heavy capital investment referred to above, but much of the advantage gained has been offset by increased costs of fuel, stores and wages, due to inflationary conditions.

A new robot power plant, to which shareholders may have seen reference in the national press, has been commissioned since the end of the year under review. It is a remotely controlled and fully automatic turbo-generator, powered by a land version of the Bristol Proteus turbo-prop aero engine, which operates as a peak-lopping station in times of abnormal power requirements. The installation has already played a notable part in reducing the heavy cost of maximum demand charges for power taken from the national system.

The Ball Clay works in Devon have made a useful contribution to the Group's profits during the year under review. This unit is beset by the same problems of mounting costs, which apply to industry generally, and considerable development has been undertaken to improve productivity and quality. New processes have been devised, the products of which are the subject of keen interest in the ceramic industry, a traditionally conservative market.

A number of new qualities of china clay, developed in the Group's laboratories, have reached a market development stage during the year, and the scientific staff has contributed in a marked degree towards solving many problems associated both with the production and commercial use of the Division's products. The rapidly changing face of industrial technology continues to emphasise the need for the most modern facilities for research.

SHIPPING

The increasing demand for china clay and its allied products has high-lighted the need for greatly improved deep-sea shipping facilities at the port of Fowey. Representations over a long period of years to British Railways, who operate the loading jetties at Fowey, are at last bearing some fruit, and it is hoped that a programme of modernisation now in hand will result in quicker loading and "turn-round" of vessels using the port, and that this, consequently, will enable the Group to obtain more favourable freight rates than those now current. It is still regrettably true that nearly 90 per cent of the ships carrying china clay cargoes to export markets are foreign.

MINERAL AND CONCRETE PRODUCTS

This department of the Clay division has made further progress during the year, in spite of bearing the brunt of heavy expenditure in the market development of new products.

Two of the new products referred to above are specially processed for the plastic and synthetic rubber markets. It is not anticipated that the full potential of these developments will be realised for some time, but sales are already being made in the home market as substitutes for imported materials.

Sales of defluorinated stone are growing steadily, and it is encouraging to note that continental markets are showing a keen interest in this new flux.

The sales of sand and concrete products, including exposed aggregate panels, Portal-framed buildings for agricultural and industrial purposes, blocks and pre-cast units of various types, have again exceeded previous levels. Successful pilot stage work is also being undertaken in the manufacture of flooring and decking for all types of buildings.

Sales of Molochite have risen steadily and during the year the construction of further production capacity was started, which is due for completion in July, 1962. Exports of Molochite have been particularly bright, and the prospects for the current year indicate a continued improvement.

BUILDING

This Division has had a disappointing year. Keen competition and a lack of continuity of municipal building programmes, arising from higher interest rates and the Chancellor's "squeeze," have reduced the profitability of the Division's operations. Building enterprises are perhaps particularly susceptible to "stop-start"

economic conditions and it would appear that the Treasury and other Government Departments concerned have now recognised this. Longer-term planning is now in evidence, the results of which should help to improve the efficiency and organisation of building programmes. Currently, prospects are fair and steady progress is being made in the sales of "packaged housing," to which reference was made last year. Reformite stone sales continue to improve and a new record has been set during the year.

QUARRIES

The Quarries Division has had a good year, though weather conditions again had some effect on the results. Sales show a substantial improvement, and although the trend towards higher costs continues, the programme of expansion and mechanisation now being undertaken has enabled savings to be made through increases of productivity in most quarries. Further development schemes are in hand for the extension of production capacity of quarries, and ancillary concrete manufacturing undertakings at Exeter and Croft, London and Plymouth, which are scheduled for completion late in 1962 and early in 1963.

The old-established business of Callow Rock Lime Co. Ltd., in Somerset, has been acquired during the year. The company produces high-grade burnt lime, which will provide a useful extension to the range of products now supplied by this Division to important industrial markets. Another interesting product introduced through this acquisition is "Stonite," a wall cladding material, supplied in various colours and textures.

The Agricultural Lime Department of the Division has been extended, and is now providing an excellent "producer to consumer" service to farmers.

TRANSPORT

This Division of the Group has again had a busy year, but the rising costs of spares and insurance and the impact of the "little" budget in July, which raised vehicle excise duty by 20 per cent and fuel tax by 3d. per gallon, had their inevitable effect on profitability.

The Division has been expanded during the year by the acquisition of an agricultural haulage business in Cornwall, which is equipped to extend the lime distribution and spreading service provided by the Quarries Division. It has already made a useful contribution to the Group's profits.

In the year under review modern workshops and offices have been provided for this Division near St. Austell, which will enable economies to be effected by centralising maintenance and repair work. The shops are fitted with the latest servicing and repair equipment, which it is hoped will greatly speed up "turn-round" of vehicles, with a resultant improvement in vehicle utilisation.

CONCLUSION

Once again, I should like, on your behalf and on behalf of my colleagues, to convey to our staff and operatives, our most sincere appreciation for the excellent response to every demand that has been made on them. Their loyalty to the Group and the efforts they have made in its interests are of a very high standard indeed, and I am confident that the excellent spirit of co-operation between management and men is one of the greatest assets of the Group.

SCHRODERS LIMITED

(Holding Company of J. Henry Schroder & Co. Limited, J. Henry Schroder Banking Corporation of New York, Helbert, Wagg & Company, Limited and other Subsidiaries)

MR H. W. B. SCHRODER'S STATEMENT

The Third Annual General Meeting of Schroders Limited, will be held on March 20th at the Queen's Room, Baltic Exchange Chambers, 14/20, St. Mary Axe, London, E.C.

The following are extracts from the statement by **Mr H. W. B. Schroder,** the chairman, circulated with the report and accounts:

I should like to begin my Statement by referring to the proposals for the complete amalgamation of the businesses of J. Henry Schroder & Co. Limited and Helbert, Wagg & Company, Limited. Full details of the Scheme of Arrangement, Reconstruction and Amalgamation under which these proposals are to be carried into effect were set out in my letter of January 26, 1962, and I am sure you will not wish me to repeat them in this Statement. You should, however, know that the present position is that the proposals were approved at an Extraordinary General Meeting of the Company held on February 12, 1962, and that the Scheme now has to be sanctioned by the High Court of Justice. Subject to the Scheme being sanctioned I expect that the merger of the two businesses will have taken place by June of this year at the latest. The only other comment I desire to make is to reiterate my remarks of last year by saying that the association is continuing to prove of great advantage to the two houses and that we find considerable mutual support in our work together.

The Directors paid an interim dividend of 2½ per cent (less income tax) in September last. They now recommend the payment of a final dividend of 5 per cent (less income tax), making a total of 7½ per cent (less income tax) for the year to December 31, 1961.

RESULT OF YEAR'S OPERATIONS

The Consolidated Profit and Loss Account for the year to December 31, 1961, shows that the profit attributable to the Company after taxation and after transfers to reserves for contingencies was £551,825. These results reflect an improvement in the profits of the main United Kingdom subsidiaries, J. Henry Schroder & Co. Limited and Helbert, Wagg & Company, Limited, and little change in the profits of the United States subsidiaries.

The profit figure of £551,825 shown for 1961 is not comparable with the figure of £495,783 for 1960. The figure of £186,337 under the heading "Profit of Schroders Limited and the Non-Banking Subsidiaries" includes the full year's profit after taxation of Helbert, Wagg & Company, Limited and its subsidiaries, as against approximately six months for 1960. On the other hand, this figure has been arrived at after charging interest on the £2,500,000 6 per cent Unsecured loan stock 1980/85 for a full year, as against approximately six months for 1960 and the taxation charge of £355,709 for 1961 has been affected by a rearrangement of the incidence of taxation within the Group negotiated with the United States tax authorities during the year as well as by the higher rate of profits tax now chargeable.

SUCCESS OF SUBSIDIARIES

J. Henry Schroder & Co. Limited had a very successful year. Its banking division benefited from substantial short-term dollar deposits, an increased volume of acceptance business and the high level of interest rates in London, whilst its new issues and investment divisions increased their activities.

Helbert, Wagg & Company, Limited was able to surpass the high level of operations of last year, being particularly active in the new issues field. Its profits, together with those of its subsidiaries, for the year to December 31, 1961, amounted to £614,014 before tax.

POSITION IN USA

The New York banking subsidiaries, J. Henry Schroder Banking Corporation and Schroder Trust Company, maintained their level of earnings despite lower interest rates. This was largely due to a substantial increase in commercial loans and somewhat higher realised profits on Securities as compared with the previous year. Average customers' balances increased moderately and the liberalisation of interest rates on time accounts, recently announced by the Federal Reserve Board, should tend to encourage this trend. Of particular interest is a working arrangement entered into between J. Henry Schroder Banking Corporation and the Western Bancorporation of California—the largest bank holding company in the United States—which is already developing in a satisfactory manner.

Schroder Investment Company Limited and One Forty Five Holdings Limited were fully invested, and Prestcold Finance Limited earned a reasonable, if modest, profit.

UNIQUE OPPORTUNITIES

As soon as the merger with Helbert, Wagg & Company, Limited is effected, J. Henry Schroder & Co. Limited will change its name to "J. Henry Schroder Wagg & Co. Limited" and Mr Gordon Richardson will be appointed as Chairman of that company. My colleagues and I contemplate with enthusiasm the unique opportunities which lie ahead for the further development of this important international banking group. We especially welcome the challenge afforded by the proposed entry of this country into the Common Market, where we have old and valued connections. We have taken steps to see that these relationships are kept fresh and active so that we can play our part in furthering the development of business between the United Kingdom and the Continent.

The success of our Company depends to a substantial extent on the skill, loyalty and hard work of the executives and staff of the Group and I would like to thank them, on your behalf, for their splendid efforts during the past year.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

Offer for the Share Capital of Courtaulds, Limited

Robert Fleming & Co. Limited and Morgan Grenfell & Co. Limited have been authorised to make the following announcement on behalf of I.C.I. :

1. The Board of I.C.I. at its meeting on 27th February considered the position arising from Courtaulds' recent announcement that it will carry on with its proposals at the Extraordinary General Meeting of Courtaulds on March 15th irrespective of acceptances of the I.C.I. offer received by that date, so long as the figure is less than 90 per cent.

2. I.C.I. regret the present situation because, in their view, so much could be gained by co-operation between the two Companies. However, in the light of the Courtaulds decision, they feel it necessary to make a clear statement of their intentions so that the present market uncertainty is removed and Courtaulds' stockholders are in a better position to make a free choice.

3. I.C.I. have today informed Courtaulds that they have decided to declare their offer for the Ordinary Stock of Courtaulds unconditional **irrespective of the percentage of acceptances received by the closing date March 8th.**

4. This means that, subject to the passing of the resolution at the I.C.I. Meeting convened for March 16th and to the grant of Stock Exchange quotation, every Courtaulds Ordinary Stockholder who sends in his acceptance by March 8th is certain of receiving an allotment of I.C.I. Loan Stock, or Shares as the case may be.

5. **Every Courtaulds stockholder is still quite free to accept the I.C.I. offer whether or not he has already signed either the postcard or the proxy form sent to him by Courtaulds.**

6. The Directors of I.C.I. have taken this step for the following reasons :—

(*a*) They feel that each stockholder of Courtaulds should be able to choose between accepting I.C.I.'s offer, remaining a stockholder in Courtaulds or selling his stock, free from any uncertainty as to whether I.C.I. is prepared to accept his Stock.

(*b*) They think it right that those Stockholders of Courtaulds who wish to sell their Stock should be able to do so, at a price commensurate with the value placed by the market on the I.C.I. securities offered in exchange.

7. Courtaulds have promised co-operation to ensure speedy registration of all acceptances and transfers received by I.C.I. and in these circumstances I.C.I. wish to make it clear that they will not seek to prevent the passing of the resolutions at the Courtaulds meeting and the issue of Courtaulds Loan Stock, if the Courtaulds Board adhere to their decision to go ahead with the issue irrespective of the result of the I.C.I. offer. In this event I.C.I. will be entitled to receive their appropriate share of the Courtaulds Loan Stock.

8. I.C.I. will not extend the Ordinary Share offer beyond the 8th March, without also extending the alternative Loan Stock offer. A decision to extend or not will be taken as soon as the position on that date is known.

9. In view of what has been stated above, I.C.I. Stockholders are advised that the resolution for the increase of capital will definitely be put to the Extraordinary General Meeting of I.C.I. convened for 16th March.

10. A letter containing this information and I.C.I. comments on the recent Courtaulds proposals will be posted to all Courtaulds Ordinary Stockholders before the week-end.

28*th February*, 1962.

The Whitehead Iron and Steel Company

A VERY DIFFICULT YEAR

MR G. H. LATHAM'S FAITH IN THE LONG-TERM FUTURE

The fifty-fifth annual general meeting of The Whitehead Iron and Steel Company Limited will be held on March 19th at the Kings Head Hotel, Newport, Mon.

The following is the circulated Statement of the Chairman and Managing Director, **Mr G. H. Latham, LLD, JP**:

The press announcement made at the end of June regarding our results for the half-year ended April 1, 1961, revealed a material fall in profits compared with the corresponding figures for the previous year. Unfortunately, there was no recovery during the second half-year—indeed the position worsened still further and the results for the full year are far from satisfactory.

The extent of the unsatisfactory trading results is, of course, apparent from an examination of the accounts, but I feel that I should refer to the actual figures and give a little more detail so that you may be in a better position to appreciate what has happened.

The manufacturing and trading profit is £980,875, which represents a fall of 28 per cent compared with the previous year. The net income before taxation is £1,053,624—27 per cent lower than the previous year. Owing to the higher rate of taxation due to the increase in profits tax, the balance remaining after taxation is 33 per cent less than the corresponding figure for the previous year.

The output of our hot rolling mills was remarkably good for the year 1960-61 and was only slightly less (3 per cent) than that for 1959-60, in itself a record year, and was actually greater than that for any of the preceding six years from 1954 to 1959. The output figures for the past eight years are:

Year	*Tons*
1954	229,000
1955	246,000
1956	250,000
1957	251,000
1958	255,000
1959	224,000
1960	269,000
1961	261,000

TURNOVER

Similarly our turnover in the year under review only shows a nominal decrease of 5 per cent. The actual figures are:

1960	1961	% decrease
£17,291,000	£16,415,000	5%

Although the output was satisfactory, the profit on hot rolled products has fallen and the figure for 1961 is 10 per cent lower than the corresponding figure for 1960. This fall in profit is entirely due to increased costs and the difference would have been greater still, but for our constant efforts to improve efficiency.

Recently, in other quarters, reference has been made to the inadequacy of the recent price increase of 1 per cent sanctioned by the Steel Board. As you will probably know, the steel industry through the Iron and Steel Board asked for a price increase of 3 per cent to compensate for some of the increased costs. I feel I should emphasise that a company like ours which buys its steel, in one form or another, from the steel producers, does not benefit from an increase of even 1 per cent when this increase applies to both the material we sell and the material we buy.

The references to increased costs and price adjustments apply to all our products whether produced in our hot rolling mills or in our cold rolling department, but another and a very serious factor affecting our cold rolling department is the fall in output. The output for 1961 was 20 per cent less than that for 1960 and this, coupled with the increased costs, has had a catastrophic effect on the profit of this department; in fact, the profit this year is just under 30 per cent of what it was last year.

There is, however, a brighter side to the picture inasmuch as the trading results of our subsidiary companies, Whitehead Hill and Company, Limited, and Godins "The Rollers of Steel Sections," Limited, showed an improvement.

There is little in the Balance Sheet which calls for comment except perhaps to say that the fall in stocks, debtors and creditors is due to the reduced trading activity. The reduction in the value of investments at £1,410,975 is a direct consequence of the redemption of the debentures towards the end of 1960.

DEVELOPMENT

It is common knowledge that extensive developments have been made in almost every branch of the steel industry during the past few years and it is estimated that by 1965 the potential capacity in this country will be 34 million tons. As I have so frequently pointed out a similar development has taken place in every part of the world and several countries, who in the past have been good customers of the United Kingdom, are now themselves exporters of surplus steel after providing for their own home requirements. Consequently, any decision regarding future development must be treated with a little more caution currently than it was when the steel industry enjoyed a sellers' market, during which time there was a world shortage of steel. Your Board of Directors have had, and always will have, the question of development under constant review, but during the past few years they decided, after very careful consideration, not to proceed with any of the major development schemes which had been put forward. We are not, therefore, burdened with appreciable capital expenditure in connection with any future development schemes, which obviously strengthens our position and makes it easier to weather the present storm, the end of which is not yet in sight.

Our Courtybella site at Newport has for some little time been completely occupied and more recently has reached a point of saturation so that future development plans have been rendered difficult, but we have now purchased a valuable freehold site of a little over ten acres immediately adjoining our present works with both rail and road access. This will enable us to reconsider any future expansion programmes with the knowledge that they can be approached without additional administration costs, which would arise if it were necessary to build on a site removed from our existing one. The new site we have purchased will also give access to an area of substantial dimensions which we had bought previously, but which was hemmed in by the site we have now acquired.

FUTURE PROSPECTS

This time last year I was able to report that all our departments were operating at full capacity. At that time I said that it was reasonable for us to predict that full-time working could be expected throughout the whole of the year 1961. When I made this statement I felt reasonably certain that trading conditions would continue to be satisfactory and that the Iron and Steel Board would sanction price increases to meet increased costs beyond our control. As I explained earlier, our company has not benefited from the increase in steel prices. Soon after my statement trading conditions began to deteriorate, mostly from causes so well known. As always, the deterioration was aggravated by the reduction in consumer stocks, and finally the governmental measures culminating in the July budget made it obvious that there was no hope of an improvement during the remainder of 1961.

It is impossible to forecast what is likely to happen during 1962. All I can say is that present indications are that the coming year will be a poor one, but I have always felt that it is wrong to concentrate too much on the short-term position. I think we are justified in having faith in the long-term future of the steel industry in general and our company in particular.

Once again, I must conclude by thanking all employees who have given of their best and loyally co-operated during a very difficult year.

THE INVERESK PAPER COMPANY LIMITED

MR CHARLES SNELLING REVIEWS PROBLEMS CONFRONTING THE INDUSTRY

GROUP WELL EQUIPPED TO MEET THE CHALLENGE

The thirty-ninth annual general meeting of The Inveresk Paper Company Limited was held on February 28th at Brettenham House, Lancaster Place, Strand, London, W.C.2, **Mr Charles Snelling, CBE** (Chairman and Managing Director), presiding.

The following is his circulated statement:

At the close of last year's Statement I said that the outlook was rather difficult to assess. Although the profits for the first four months of the financial year now under review were approximately the same as those for the corresponding period of the previous year and the order position at that time was good, there were also adverse factors to be taken into account. These were the increased costs of wages, coal and raw materials and the growing effects of the European Free Trade Association.

The most serious of these factors has undoubtedly been the last one, owing to the reductions in selling prices which have taken place following the cuts in the duty on imported paper, and these reduced selling prices have affected the profits of our Mills to varying degrees. In my last four Annual Statements I have given you ample warning of the dangers to the Paper Trade which would arise from this country's entry into the European Free Trade Association.

Taking everything into account, I think that the figure for profit, before taxation, of £3,834,000, which is a reduction of 4.1 per cent on the previous year's figure, is not unsatisfactory. Production and sales were both marginally higher than for the preceding year, but the higher costs and reduced selling prices already referred to resulted in lower margins for our Mills.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Group's profits and sundry income before taxation but after charging depreciation of £600,343 amounted to £3,834,053, as compared with £3,999,593 last year, a reduction of £165,540. Provision for taxation required £2,004,000, so that the net consolidated profit amounted to £1,830,053, a reduction of £147,521 as compared with the previous year's figure of £1,977,574. After including £80,000 overprovision and adjustment of taxation by subsidiary companies in respect of previous years and deducting the outside shareholders' proportion of profit, the net profit attributable to the Parent Company amounted to £1,865,875. Of this sum £288,923 has been retained in the accounts of the subsidiary companies, and £965,051 in the accounts of the Parent Company, making a total of £1,253,974 added to Reserves from Group profits.

Your Directors recommend a final dividend of 10 per cent (less income tax) which, with the interim dividend of 3 per cent already paid, will make a total dividend of 13 per cent (less income tax), the same as last year.

PARENT COMPANY'S BALANCE SHEET

During the year the opportunity was taken of acquiring the share capital of Grimsey & Sons Ltd., a small company specialising in the ruling of paper and whose premises are situated close to those of another of our subsidiary companies.

You may have already seen in the Press that since the close of the year The Thomson Organisation Ltd. made an offer for the Ordinary Shares of Illustrated Newspapers Ltd. This Company held 1,127,821 Ordinary Shares of 5s. each of Illustrated Newspapers Ltd., and your Directors decided that it was in your best interests that this offer should be accepted and accordingly we have received 187,970 Ordinary Shares of 5s. each of The Thomson Organisation Ltd., together with £84,587 in cash.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet again requires little comment. After allowing for the depreciation charge of approximately £600,000 the book value of Fixed Assets increased during the year by over £747,000. Our liquid position at the close of the financial year was strong, but in addition to the capital contracts of £2,000,000 outstanding at that date, further commitments of over £250,000 have since been entered into. You will see that the total amount of taxation provided by the Group at September 30, 1961, amounted to the very large sum of almost £3,400,000 although some of this will not be payable until January, 1963.

OUTLOOK

The profits for the first three months of the current financial year are substantially lower than those for the corresponding period of the previous year and sales and production are also on a reduced level. I should, however, make it clear that the first three months of the previous year were the most profitable months of that year. The order position is not nearly so strong as when I last reported to you, but this is a situation that can change rapidly. It has been announced that the duty on imported paper will be cut by another 10 per cent on March 1st, and this will place a further heavy burden on the British paper-making industry. In paper-making a shortage of orders results in a severe drop in production owing to shorter "runs" and many changes on the paper machines. In our industry, where overheads are very high, maximum production is all important, and quite a small drop in production has an altogether disproportionate effect on profits.

On an assessment of the position as it appears at the moment, I think that the next few months will be difficult ones for our industry. It is not really possible to forecast any further ahead than that under present conditions where the prosperity of industry is influenced to such a large extent by Government action. If there is a resurgence of business in the primary industries, then the position in the paper trade could alter quickly.

Looking to the long-term view, if this country joins the Common Market this should eventually ease the pressure of Scandinavian competition on our industry, whether or not the Scandinavian countries join. Under the provisions of the European Free Trade Association all duty on paper imported into this country from Scandinavia will eventually be abolished while Common Market countries are raising tariffs against Scandinavian papers. If both we and the Scandinavian countries joined the Common Market, there would be a much greater area to which they could export their paper, which should reduce the volume of their exports to Britain. On the other hand, if we join the Common Market and the Scandinavian countries do not, then a British tariff, in line with Common Market tariffs, will presumably be raised against imports from Scandinavia, which should benefit our sales in the Home Market.

Meantime your Directors are watching the situation very carefully and, as always, are taking action where necessary to keep the Group Mills as up-to-date and competitive as possible. One new paper machine has been ordered and others are being substantially reconstructed. Certain of our power plants are being converted from coal to oil where this will result in worthwhile economies. Everything is being done to keep our costs as low as possible in order at least partially to offset the reductions in selling prices. On the other hand, however, there are certain costs, such as rates, over which we have no control. The rateable values of our Scottish Mills have been increased to such an extent that it is estimated that the charge for rates for the current financial year in respect of these Mills will be some £50,000 more than that for last year.

Our training scheme for young entrants has been overhauled to ensure that they get as comprehensive a knowledge of paper as is practicably possible and this will eventually result in benefit to the Group and even better service to our customers.

The financial position of the Group remains very strong and, with the broad spread of interests of our many Companies, we are well equipped to surmount the apparent difficulties of the next few months. These difficulties will place a heavy burden on our Managing Directors, Managers, Staff and Employees, but I feel sure they will be equal to the challenge, and it is with much pleasure that I thank them for their great efforts over the past year.

The report and accounts were adopted and the retiring directors were re-elected.

SUN LIFE ASSURANCE SOCIETY

MR C. G. RANDOLPH'S STATEMENT

The annual general meeting of the Sun Life Assurance Society will be held at 107 Cheapside, E.C.2, on Tuesday, March 20, 1962. **Mr C. G. Randolph,** Chairman of the Society, has issued a statement to shareholders, which in outline is as follows:

FUNDS, INCOME AND OUTGO

The total funds of the Society at the close of the year amounted to £178,764,000, having increased during the year by over £15 million. Life and Annuity premiums and considerations for Immediate Annuities together amounted to £26,518,000, showing an increase of £2,904,000 over the record figure achieved in the previous year.

It is of interest to record that since 1945 the Society's funds have trebled and that the income from premiums and annuity consideration has multiplied fourfold during that time. I mention this to illustrate the extent of the expansion which has taken place in the postwar period.

The gross interest income of the Assurance Funds in 1961 was £9,677,303, representing a rate of £6 0s. 10d. per cent, which is 2s. 9d. higher than in the previous year.

The mortality experience was again favourable; although the claims by death at £4,004,000 exceeded the amount for the previous year, the number of claims was again less than the number expected according to the mortality tables employed in the calculation of our latest rates of premium.

In view of the substantial increase in the amount of new business transacted in recent years, and in the cost of services generally, it is gratifying to record that the ratio of commission and expenses to the renewable premium income is only slightly in excess of that for the previous year.

NEW BUSINESS

For the first time in the Society's history, the new life sums assured passed the £100 million mark. The actual total for the year was £110,794,251, exceeding by more than £22 million the figure of the previous year and representing an increase of more than 50 per cent over the figure achieved only two years ago. The new premium income (including single premiums and annuity considerations) for assurances and annuities granted during the year amounted to £8,809,088, an increase of over 25 per cent.

In 1960 we granted annuities for just over £2½ million per annum, the annuities granted in 1961 exceeded £4,100,000 per annum; an increase of over £1½ million, or approximately 60 per cent. This is an achievement of which the Society can be proud.

We value highly the support and confidence of our agents and other connections and assure them that it is our constant endeavour to provide an efficient service to enable the public and employers to effect assurances and pension schemes most suited to their individual requirements.

PENSION SCHEMES

The graduated State Pension Scheme came into force in April, 1961, and I am glad to say that the Society was able to assist many employers whose schemes were already in operation to decide whether or not to "contract out" their employees from the Graduated Scheme and to carry out the necessary documentation and procedure.

The extension to the State Scheme engendered great interest among employers and employees in the subject of staff superannuation generally and many employers have considered it desirable to inaugurate supplementary schemes to provide additional pensions for most employees. A satisfactory proportion of these new schemes was effected under our "with profits" plan which combines many of the advantages of a private pension fund with the security of a scheme insured with a Life Office.

The climate for pension schemes business was somewhat exceptional in 1961 and it may be difficult for the Society to maintain such a large volume of pension schemes business in the coming year. It is, however, clear that the provision of pensions on an adequate scale, both for "staff" and for "works" employees, has become an increasingly important feature in the field of industrial relations and that Life Offices in general and specialist offices like the Society in particular have a very important part to play in this sphere. We can therefore face the future with confidence.

IMPROVED RATES OF PREMIUM

During 1961 our terms for immediate annuities were revised on two occasions to correspond with changes in financial conditions and the rates being currently quoted are extremely attractive An innovation recently introduced by the Society is an immediate annuity payable for the whole of life, which increases every 5 years by 10 per cent of the amount of annuity originally purchased; annuities of this type provide an offset to any increase in the cost of living that may occur during the annuitant's lifetime. We have also improved our rates of premium for income benefit policies and mortgage protection policies and similar classes of assurance. The Society's Increasable Assurance was improved by the inclusion of an option, on marriage, of effecting additional assurance without further evidence of health. I think this is enough to demonstrate that your Society is alive to changing conditions and can be relied upon to keep itself to the fore in a very competitive field.

The Society also recently revised its rates of premium for non-profit whole life and endowment assurances and associated tables, and our new rates of premiums are extremely competitive.

INVESTMENTS

The substantial increase in the Society's funds resulted in our having very large sums to invest during 1961. The political and economic uncertainties did not appear to be reflected in the market prices of securities during the first few months of the year and share prices reached record levels by mid-May. Following the corrective economic measures introduced by the Chancellor in July and the deterioration in the trading position of some of our leading companies many of the earlier gains in ordinary share values had disappeared by the end of the year. The prices of fixed interest stocks also fluctuated to a marked degree during the year and, following the increase in Bank Rate in July 1961, the majority of British Government securities fell to their lowest recorded levels. Prices of gilt-edged securities gradually recovered following the reduction in Bank Rate but the improvement was later interrupted following obvious signs of industrial unrest and some weakening of sterling.

These disturbed conditions were not conducive to a large scale purchase of ordinary shares, but nevertheless many rights issues were accepted on favourable terms, and while pursuing a cautious policy a total of nearly £3 million was invested in ordinary shares during the year.

Advantage was also taken of the high yields obtainable on fixed interest securities and about £5¼ million was invested in good class debentures and preference stocks.

A further £1½ million was invested in British Government securities, mostly in short term stocks pending completion of projects arising from the financial arrangements with Hallmark Securities Ltd. to which I referred last year. Our association with this property group was extended early in the year by a supplementary arrangement to provide finance for developments not contemplated at the time of the original agreement.

The balance-sheet item "Mortgages on properties within the United Kingdom" has increased by about £6½ million; this reflects loans of about £2 million to the Hallmark Property Group whilst the balance represents the net increase in advances under our House Purchase Scheme. Owing to the continued heavy demand for mortgages under this scheme we have reluctantly found it necessary to maintain the quota system, to which I have referred in recent years, in order to limit the total amount available for this class of security.

The usual valuation of our Stock Exchange securities was made as at the end of 1961 and I am glad to report that their market value exceeded by a large margin the value at which they stand in the balance sheet.

TRIBUTE TO THE STAFF

I am convinced that at no time in its long history has the Society been better served by its staff than it is today. I welcome this opportunity not only to thank them on your behalf but to congratulate them all on the success that has marked their efforts during the past year.

The substantial increase in new business is a testimony to the skill and energy of our outdoor representatives and to the efficient support which they receive from their indoor colleagues. The Directors are fully aware that it is only by co-operation between the management and the staff that the Society maintains that high standard of service upon which its success so largely depends.

THE METROPOLITAN RAILWAY COUNTRY ESTATES LIMITED

The forty-second annual general meeting of the company was held on March 1, 1962. The following is a summary of **Sir Bernard Docker's** statement circulated with the accounts for the year to October 31, 1961:

GROUP PROFITS: before taxation were £387,162 compared with £293,343 to October, 1960 and £80,185 to October, 1959. After taxation, profits were £193,792 against £152,982 in 1960.

DIVIDENDS. A Dividend of 20 per cent less income tax is recommended on the Capital as increased by last year's one for five Scrip Issue. This compares with 15 per cent plus 5 per cent Bonus Dividend, less tax, declared on the smaller Capital last year. The amount of £201,932 is carried forward against £119,272 brought in.

INCREASED CAPITAL. The increased profits have arisen from a substantial increase in the volume of trading. Increased business calls for increased funds. It is proposed, therefore, to issue by way of Rights to Shareholders one new share of 10s. at 22s. 6d. per share for each two shares now held. This will increase the issued Capital from £907,200 to £1,360,800. The Authorised Capital will be increased from £1,000,000 to £2,000,000.

TRUSTEE STATUS. This Company will now have paid a dividend annually without break for 37 years and this, combined with the increase in the issued Capital to over £1,000,000 will qualify its shares for investment by Trustees under the new legislation.

THE WHELMAR PROPERTY CO. LTD. This joint venture with The Metropolitan Railway Surplus Lands Group contributed a dividend of £70,000 against £50.000 in 1960.

BUILDING OF HOUSES. Profits are mainly being derived currently from the development of building land and chiefly from the sale of houses. During the year 1,220 newly built houses and bungalows were sold by the Group including those sold by Whelmar. The map accompanying the Report shows the location of the 56 Building Estates of the Group and Whelmar including seven held for development in the longer term future. These holdings will furnish sufficient land to build if so decided 12,000 houses or equivalent units for sale over the next six years. The estates are well spread over Lancashire and Cheshire, Yorkshire, the Midlands and the Eastern Counties, Paignton and near Southampton. Income has also been derived from the sale of tenanted Farms, about half of the Estate at Maryport, Cumberland and building plots with road and sewerage services by the Paignton and Fleetwood subsidiary Companies.

THE FLEETWOOD ESTATE LTD. In respect of some 200 acres owned by this wholly owned subsidiary with half a mile of seafront immediately north of Blackpool, we commissioned Sir William Holford and Partners to prepare a comprehensive scheme of development including provision for residential, hotel, boarding house and shop development, as well as a possible entertainment centre. This imaginative scheme has been welcomed by the Borough Council, and official planning approval has been received. The economics of the proposal are under investigation. The project would represent a major financial enterprise and we are considering the possibility of undertaking it in partnership.

FARMING SUBSIDIARY. We have disposed of most of the freehold Farms realising a Capital profit of about £30,000 for Capital Reserve. A further reduction in the area farmed will occur at Michaelmas 1962, when we vacate the tenanted farms.

PROSPECTS. In spite of credit squeezes, pay pauses and other incumbrances at present there seems to be no slackening in the demand for new houses, and we hope to maintain the present level of development and activity. At the same time, we shall not neglect opportunities to develop some property investment income through M.R.C.E. Investments Ltd. as a stand-by in case of a building recession. A start had already been made by the transfer and development of two shop sites from our developed estates.

We propose to consider annually the payment of an interim dividend and in September, 1962, to declare an interim dividend of 5 per cent which, with the final dividend payable in respect of the current year, which we expect to be 10 per cent making 15 per cent less tax in all for the year, will be payable on the capital pro rata for the period subscribed.

(A copy of the full Report and Accounts together with the Chairman's Statement will be sent on application to the Secretary, Kensal House, 553/579, Harrow Road, W.10.)

VOLTAS LIMITED, BOMBAY

The Seventh Annual General Meeting of Voltas Limited (**Chairman: Mr J. D. Choksi;** Managing Director and General Manager: Mr S. K. Handoo) was held on February 26, 1962, in Bombay.

2. The Directors' Report showed that the Company's performance during the accounting year ended August 31, 1961, was satisfactory. The accounts for the year after providing for taxation showed a profit of Rs. 7.30 million as compared to Rs. 6.18 million in the previous year. A dividend of 14 per cent subject to deduction of tax at source was recommended against 13 per cent in the previous two years. The appropriations to Reserves and Provisions were increased from Rs. 2.72 million in 1959/60 to Rs. 3.78 million for the year bringing the total of Reserves and Surplus to Rs. 8.39 million corresponding to 33 per cent of the Company's share capital.

3. The Directors' Report stated that the year's Sales and Service Receipts of Rs. 267.8 million were the highest on record. The Company's Sales and Service activities enabled a substantial contribution to be made to the supply of Capital Plant and Machinery for the various priority projects under India's Second Five-Year Plan.

4. The Directors reported progress in the Company's plans for establishment of a manfacturing unit at Thana, just outside Bombay. The manufacturing operations at the Company's existing factory at Chinchpokli, Bombay, continued to progress satisfactorily. Further, in its efforts to encourage local manufacture, the Company had so far brought about 14 manufacturing arrangements between foreign Principals and Indian manufacturers and held equity shares with Tatas in three joint ventures.

5. The Chairman in his statement to the Shareholders observed that the Company was primarily an importing and distributing house and had earned its reputation as a leading trading organisation with an all-India set-up for sales and elaborate after-sales service. He stated that the legal restriction in India of a 5-year tenure of distributorship was hardly appropriate in the case of the Company and should not be made applicable, since most plant and machinery had a longer life than 5 years and could best be served after sale by manufacturers or their representatives.

6. The Chairman further stated that in the manufacturing field the Company undertook certain lines of manufacture in its own factory. While satisfactory progress had been achieved in the sphere of manufacture, the Company, however, faced difficulties in obtaining licences for adequate supplies of raw materials and components to maintain its phased programme of manufacture. A manufacturing licence granted today by Government did not commit the Government to import essential components and raw materials provided in the licensee's application for manufacture. Consequently, every manufacturer who had to rely on even a small amount of imported components and raw materials, lived in constant dread of his requirements being cut substantially if not banned altogether.

7. In conclusion, the Chairman stated that the Company hoped to retain its pre-eminent position as importers and distributors and at the same time strengthen its industrial base within the country. The Company looked forward to the future with well founded confidence.

AVELING-BARFORD LIMITED

ENCOURAGING PROSPECTS

The sixty-seventh annual general meeting of Aveling-Barford Limited was held at Grantham on February 23rd, the Chairman, **Mr Edward Barford, MC,** presiding.

The following are extracts from his statement circulated with the Report and Accounts for the year ended September 30, 1961:

In the year under review the two principal manufacturing companies, Aveling-Barford Limited and Goodwin Barsby Limited, produced fine results considering the disturbed conditions obtaining in so many export markets and present prospects for the current year are equally hopeful.

But sales in the lighter end of our ranges, which are mainly for the home market, experienced a severe drop as a result of the July Budget. In consequence the profits of the Group as a whole were pulled down to a marked degree. Appropriate action has been taken to protect the position in the current year and the outlook is brighter.

The overseas subsidiaries are progressing steadily. The volume of manufacture and part manufacture now carried out abroad is considerable and enables us to participate in markets which would otherwise be closed to us.

LEVEL OF STOCKS

Stocks and Work-in-Progress have risen sharply this year due to the increased activity, the near completion of large contracts at the year end and to other reasons. During the current year the amount of stock will be considerably reduced with a corresponding reduction in bank indebtedness.

The year has been a particularly heavy one for capital expenditure, but no further additions to our manufacturing units are regarded as necessary in the foreseeable future.

THE CURRENT YEAR

For the first quarter of this year sales are slightly in excess of last year, but the increased production rate which has now been achieved has resulted in a slightly lower figure of orders outstanding than at this time last year. This is no cause for concern and, in fact, has put our deliveries on a more normal basis.

There is at present no reason to suppose that the profits will not at least equal those of the year under review.

Home trade will remain depressed, but this is mainly an exporting Group.

There is undoubtedly a huge latent demand throughout the world for the products in which your Company is an acknowledged leader, but so much must depend upon world conditions of trade.

The Report and Accounts were adopted.

BANQUE LAMBERT
BRUSSELS

BALANCE SHEET AS AT 1st JANUARY, 1962

LIABILITIES		Bfrs.	ASSETS		Bfrs.
Current:			Liquid and Realisable:		
Preferred and Secured Creditors (1)		3,353,827	Cash, Banque Nationale, Post Office		398,818,132
Bankers (2)		2,336,299,227	Bankers		770,316,689
Acceptances		1,421,510,479	Other Receivables at Short-term		129,544,410
Other Short-term Liabilities		31,079,127	Bills of Exchange:	Bfrs.	
Bills for Collection		21,716,438	Commercial Bills	1,151,525,147	
Deposits and Current Accounts:	Bfrs.		Government Securities eligible for Rediscount at the Banque Nationale de Belgique	815,000,000	
On Sight and up to One Month	2,703,680,663		Government Securities Mobilisable at the Banque Nationale de Belgique to the extent of 95%	270,000,000	
More than One Month	959,079,327				2,236,525,147
Long-term in Foreign Currencies effectively secured (1)	294,307,706		Continuation Accounts and Advances on Securities		90,224,854
		3,957,067,696	Customers' Liabilities under Acceptance		1,421,510,479
Payments in respect of Shares and Holdings		11,737,500	Miscellaneous Debtors		1,232,161,314
Deposit and Capitalisation Receipts		111,536,000	Securities:		
Miscellaneous		172,983,421	Belgian Public Funds	1,717,016,969	
		8,067,283,715	Foreign Public Funds	7,500,877	
Non-Repayable:			Other Investments	372,828,718	
Invested Funds	300,000,000				2,097,346,564
Available Reserve Funds	100,000,000		Miscellaneous		90,836,125
		400,000,000			8,467,283,714
			Fixed:		
			Equipment and Furniture		1
		8,467,283,715			8,467,283,715

SUSPENSE ACCOUNT

	Bfrs.
Assets Lodged as Security (1)	455,070,000
Shares Lodged as Security on our Own Behalf	2,540,000
Guarantees Received from Third Parties	1,681,002,552
Our Guarantees on behalf of Third Parties	607,112,575
Rediscounted Bills	489,285,044
Forward Exchange Transactions	6,391,901,846
Forward Market Transactions	14,314,717
Shares Deposited by Customers	16,120,316,125
Miscellaneous (3)	9,598,028,558

Notes—(1) Total secured liabilities include, apart from Bfrs.3,353,827 under "Preferred and Secured Creditors," the sum of Bfrs.294,307,706 under the item "Deposits and Current Accounts" in respect of deposits by international public organisations.
(2) Including Bfrs.1,874,961,157 in foreign currencies.
(3) Including Bfrs.7,428,731,440 representing Bank's Guarantee in respect of bearer shares issued against registered securities and of investment trust certificates.

THE PULLIN GROUP

The twenty-fifth annual general meeting of The Pullin Group, Ltd., was held on March 1st in London.

The following is an extract from the circulated statement of the chairman, **Mr R. B. Pullin, OBE,** for the year to September 30, 1961:

Sales in all companies reached new high levels during the year and the comparatively small reduction in profits has been due in the main to substantial expenditure on development.

Many companies operating in the fields in which we are interested are reporting lower profits and the prospects for the current year have to be examined with caution. In R. B. Pullin & Co. Ltd. the order book is excellent but, although the Chancellor's measures last summer have succeeded in slowing down the rise in costs, some relaxation is imminent and the extent to which further increases can be absorbed without reducing the profit on current contracts will depend upon our ability to increase turnover.

My Statement would not be complete without some reference to the probability of this Country becoming a member of the European Economic Community. Our Companies already import from and export to the Continent and they export to the Commonwealth and many other countries in the world. Our Companies are well placed to meet competition from the Continent and the many agencies that have been established will enable them to take full advantage of any expansion in markets that proves possible as a result of reductions in tariffs.

The report and accounts were adopted.

THE ATLAS STONE COMPANY

CONTINUED PROGRESS

The thirty-first annual general meeting of The Atlas Stone Company Limited was held on February 22nd in London, **Mr Bernard Davis** (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

The Trading Profit for the year amounted to £267,517 which compares with £256,957 for the previous year.

Once again we report an increase in turnover and trading profits after seven consecutive years of considerable expansion. The demand for our products has gained ground but we have been subjected to further increases in wage rates and in the cost of raw materials and, moreover, the full effect of the shorter working week has yet to be experienced. We have also had to meet two straight increases in the price of Cement this year and another increase due to re-zoning by the Manufacturers.

It is satisfactory, therefore, that we have been able to withstand the impact of these substantial increases, especially so as most of our selling prices have remained at approximately the same level for the past four years.

Your Directors are convinced that this Company is well placed to receive its share of available trade and no steps will be spared to maintain and improve our position.

The report was adopted and a dividend of 20 per cent approved.

THE BRITISH SOUTH AFRICA COMPANY

GROUP'S EARNING POWER WELL MAINTAINED

RHODESIA THE PRIMARY FIELD FOR EMPLOYING FINANCIAL RESOURCES

The sixty-fourth annual meeting of The British South Africa Company will be held on March 22nd in London.

The following is an extract from the circulated statement of the President, **Colonel The Lord Robins, KBE, DSO,** for the year ended September 30, 1961:

Mineral revenue dropped by over £1,500,000 as a result of the voluntary curtailment in copper production and the consistently lower level of market prices for base metals generally. On the other hand gross income from investments rose by over £500,000 to a new record of £3,576,000; interest and underwriting commission rose by £150,000 to £514,000. Although these three principal sources of recurrent profits decreased in the aggregate by £803,000 from £15,196,000 to £14,393,000, or by 5 per cent, it is nevertheless fair to claim that the Group's earning power was well maintained.

The Group's provision for taxation for the year under review at £5,610,000 is £210,000 larger than last year. Out of the consolidated net profit of £7,960,000 the sum of £852,000 has been retained by subsidiary companies. The profit available for distribution by the Parent Company is £7,108,000 and after deducting £1,101,000, paid last October, as an interim dividend, the Directors recommend a Final Dividend of 5s. 6d. per unit or share, less income tax, absorbing £3,028,000, making a total of 7s. 6d. per unit or share for the year.

The capital and reserves of the Group at September 30, 1961, stood at £47,816,000, a decrease of £2,790,000 compared with the position a year earlier.

The Group's investments had a book value of £44,124,000 at the date of the balance-sheet compared with a market value of £52,365,000.

The gross investment income of the Group was £3,576,000 compared with £3,002,000 in the previous year. The Board has confidence in the earning power of its investments in Rhodesia and South Africa and I feel that once again I must record that the investments outside Africa have been made from the Group's income arising from its general investment business including naturally the revenues of The Rhodesia Railways Trust Limited. Of the Group's total investments, including property interests, approximately three-quarters by book values are in Africa. The Group's policy is unchanged; the development of the Federation is the primary field for employing its financial resources. Indeed, its investments in the Federation in the past year increased and will continue to increase in the future.

SEARCH FOR PROMISING INVESTMENT OUTLETS

Young countries, and not least the three Territories in the Federation, require the constant injection from overseas sources of huge sums of fresh capital if the standard of living of their peoples is to be raised. But this objective cannot be achieved, much less maintained, by misguided investment in ventures which fail to make profits. The Group is sometimes criticised by Africans and Europeans on the ground that it does not promote more actively the diversification of industry in Northern Rhodesia. On the contrary, we are constantly searching for promising outlets for investment in that Territory and have already participated in the mining, milling, baking, transport and cement manufacturing industries. We have also invested in fixed property. We shall continue to seek profitable outlets but we have resisted, and will continue to resist, suggestions that it would benefit the country or its peoples to invest in failures or to squander capital for propaganda purposes.

The mining industry, on which the economy and thus the employment of the majority of the people depends, directly or indirectly, is still in our view the best prospect for successful investment and development. Political dangers and threats in Northern Rhodesia have reduced stock market values to a point where gross dividend yields of over 20 per cent are normal, even for established mines with long lives. In these circumstances it becomes impossible to raise from outside sources the £20 to £30 million required to finance a new copper mine with a capacity of 40,000 or 60,000 tons a year even if the grade of the ore is better than 3 per cent copper, which would be considered high by current world standards.

Nonetheless this Group and its friends again spent nearly £1 million last year on prospecting and drilling in Northern Rhodesia in the search for new mineral deposits. We did this naturally in the hope of achieving success but also in the belief that this policy is in the best long-term interest of all the people living in Northern Rhodesia. This is after all but an extension of what The British South Africa Company practised throughout the long unrewarding years of administering the Territory, of building all its railways, roads and public buildings prior to 1924, and thereafter in prospecting for minerals till then undiscovered.

CONSTITUTIONAL POSITION

After commenting on the constitutional position in Nyasaland and Southern Rhodesia, Lord Robins continued: There remains the problem of Northern Rhodesia where The British South Africa Company's stake is a large one. It is essential that whatever constitution may be adopted should not only ensure the retention of government in responsible hands but should also adequately protect the mining industry on which the whole economy of the country has been built up. So far as the Federation itself is concerned, there can be no doubt that, when the constitutional discussions are resumed, it will be found desirable to re-allocate some of its functions to the Territorial Governments. The important thing is to preserve those large common services which are operated inter-territorially.

I must say a word about the Katanga. Attacks have been made on the Company—on our whole Group—in Parliament and in the Press, alleging that financial interest in the Katanga has led us to give active support to the Tshombe regime. May I say, at once, that no company in our Group holds a single share in any concern operating in the Katanga, or in any other part of the Congo.

THE THREE BANKS

The Royal Bank of Scotland

ST. ANDREW SQUARE, EDINBURGH
and over 240 Branches in Scotland and London

ASSOCIATE BANKS
WILLIAMS DEACON'S BANK LIMITED
with over 230 Offices in England and Wales
GLYN, MILLS & CO.
with 3 Offices in London

THE THREE BANKS GROUP

Consolidated Statement of Accounts as at 31st December, 1961 shows:—

Total Assets	£404,450,258
Current, Deposit and other Accounts	£340,542,119
Capital and Published Reserves	£17,199,160

Each of The Three Banks has its own long tradition of personal service to the public and still preserves its separate entity. Within the Group their resources and experience merge to give strength and to provide the many services required from a modern banking institution.

United States Representative Office: 63 Wall Street, New York, 5

ALENCO LIMITED

INCREASING DEMAND FOR GROUP'S PRODUCTS

The Eleventh Annual General Meeting of Alenco Limited was held on February 23rd in London, **Sir Nutcombe Hume, KBE, MC** (the chairman), presiding.

The following is an extract from his circulated statement:

Your Board is very pleased to be able to show satisfactory trading results for the year ended on September 30, 1961, although they are not quite up to the level expected when the rights issue was made in July last. At that time your directors expressed the view that profits were running at the annual rate of £850,000 before interest and taxation. It was also explained that a lower figure would be shown in the consolidated profit and loss account for the then current year because only nine months' profits would be included in respect of the French Ermeto Group, and five months profits in respect of the Dutch Ermeto Group. In the accounts the figure of £740,000 has been arrived at on this basis. If the results of the overseas companies are grossed up to give a 12-month equivalent we obtain a notional figure of £810,000 for a full year. Although sales were generally very satisfactory the total profits of the group were not as high as expected because of the reduction in the profit margins of the foreign subsidiaries. I am glad to report that, for the current year, we have budgeted for an increased profit, but shareholders will realise that the future course of trade is beset by many doubts and difficulties.

Throughout the group there are substantial plans for enlargement which will involve considerable capital expenditure of which we hope a high proportion will be able to be financed out of retained profits and depreciation allowances. £330,000 was thus "self generated" last year and it is to be anticipated that this year the sum will be greater.

After reviewing the progress of the various group companies the Chairman continued: "If Britain joins the Common Market, or not, we feel sure that our ownership of the French and Dutch companies will prove advantageous. The group's products are in increasing demand and sales this year to date are ahead both of the comparable period and of budget, but as already stated operating costs are increasing and profit margins are tending to narrow. The best I can do at the moment is to express the strong hope that the year's profits will be up to our budget calculations."

The report was adopted.

UNILEVER LIMITED AND UNILEVER N.V.

The Boards of Unilever Limited (LIMITED) and Unilever N.V. (N.V.) announce the provisional results and their final Ordinary dividend recommendations for the year ended 31st December, 1961.

Although the results are subject to completion of the consolidated accounts and audit, the Boards are satisfied that any difference between the provisional and final figures will be relatively unimportant.

In compiling the figures for 1961 the turnover, except for the first two months, and the profits for the whole year, so far as attributable to the Netherlands and Germany, have been converted to sterling at the new rates of exchange that followed the revaluation of the Guilder and the Mark in early March. The effect has been to make the combined figures for 1961 of turnover about 1% and profits about 1½% greater than would have been the case under the previous rates. (The revaluations have the opposite effect on the combined figures in Guilders being released by N.V. in Rotterdam, making turnover about 3% and profits 3½% lower.)

(ALL FIGURES REPRESENT £ MILLIONS)

TURNOVER

The value of turnover for LIMITED and N.V. was :—

	1960	1961
TOTAL	1,847	1,890
of which sales to third parties amounted to	1,387	1,444

RESULTS

1960				1961		
N.V.	LIMITED	COMBINED		COMBINED	LIMITED	N.V.
48·2	57·9	106·1	Profit before taxation	103·1	51·7	51·4
25·7	27·9	53·6	Taxation on profit	52·2	27·0	25·2
22·5	30·0	52·5	Profit after taxation	50·9	24·7	26·2
1·8	·1	1·9	Exceptional items	4·2	·6	3·6
1·5	·9	2·4	Minority interests	2·0	·8	1·2
22·8	29·2	52·0	CONSOLIDATED NET PROFIT	53·1	24·5	28·6
1·2	2·6	3·8	Preferential dividends of Parent Companies	3·9	2·6	1·3
21·6	26·6	48·2	Profit accruing to Ordinary capital of Parent Companies	49·2	21·9	27·3

The Boards have today resolved to recommend to the Annual General Meetings to be held on the 2nd May, 1962, payment of final dividends for 1961 on the Ordinary capitals at the following rates, which, in accordance with the Equalisation Agreement between the two companies, are equivalent at to-day's rate of exchange :—

	LIMITED				N.V.			
	s.	d.	%		Fl.	%		Fl.	%
Final Dividend	0	9·19	15·32	(1960 : 0 9·3 15·50)	2·60	13	(1960 :	2·60	13)
Total for 1961	1	2·87	24·79	(1960 : 1 2·725 24·54)	4·20	21	(1960 :	4·20	21)

In the case of Unilever Limited, dividends are actual per 5/- Ordinary share before deducting income tax and the final dividend will be paid to shareholders registered in the books of the Company on the 20th April, 1962.

In the case of Unilever N.V. dividends are actual per Fl. 20 nominal amount of Ordinary capital.

It is intended to pay the above dividends on the Ordinary shares of both companies on the 15th May, 1962, except the dividends on the American Depositary Receipts representing Ordinary capital of Unilever Limited and the New York shares of Unilever N.V. which will be paid on the 5th June, 1962.

The Report and Accounts for 1961 will be issued on the 9th April, 1962.

27*th February*, 1962.

BRITISH AMERICAN AND GENERAL TRUST LIMITED

REVENUE INCREASED

MR G. P. S. MACPHERSON'S STATEMENT

The Annual General Meeting of British American and General Trust Limited will be held on March 29th at the Office of the Company, Aldermanbury House, London, E.C.

The following is the statement by the Chairman, **Mr G. P. S. Macpherson. OBE,** which has been circulated with the report and accounts for the year ended December 31, 1961:

The Revenue Account shows that net revenue before taxation rose from £462,612 to £532,972. The increase is attributable in approximately equal parts to receiving a full year's income from the proceeds of the cash issue in August 1960, to the larger dividends received (mainly in the first part of the year from British Investments) and to the larger amounts of Double Taxation Relief (included in gross revenue) mostly in respect of American dividends. This last factor has, of course, involved an increased charge for Profits Tax, but the substantially higher figure for Profits Tax at £25,300 as compared to £15,800 last year is partly due to the increase in the rate of Profits Tax from 12½ per cent to 15 per cent, which is so often forgotten when there is discussion on the curb of incomes.

Had it not been for the Chancellor's request in July for dividend restraint the increase in revenue would undoubtedly have been greater; but it should not be deduced from this that if the Chancellor now modified this request the Trust's income from its British investments would immediately resume its upward trend. For the credit curb since July and the effect of increased competition and lower profit margins have taken toll throughout a wide range of industry: there have been dividend reductions on some of our investments and there are likely to be more during the year. Even if the companies which have indicated that they would have paid higher dividends but for their loyalty to the Chancellor's request now felt free to make higher distributions, I would expect our income from our sterling investments to show some reduction this year.

NORTH AMERICAN INVESTMENTS

On the other hand the increase in industrial activity since mid-year 1961 in the U.S.A. can be expected to result in higher dividends this year from our North American investments. It has been estimated that if the assumptions of the recent Presidential message about gross national product and receipts from taxes in the fiscal year 1963 are to be justified, profits of USA companies will have to increase over 20 per cent: these assumptions have been rather sceptically received, but the undoubted upward trend of dividends on our investments in the U.S.A. should, at least partially, offset the expected reduction in our sterling income this year. Further, the welcome surge in the USA economy should generally stimulate international trade and in particular directly help British exports, an improvement in which is an essential prerequisite, in the Government's view, to a restimulation of the economy. Indeed there are already indications of some improvement taking place.

The proportion of investments in the U.S.A. has risen from 25.1 per cent to 30.1 per cent largely as the result of the improvement in the value of dollar securities relative to the total value of invested funds.

The rise in the percentage of investments in Other Countries from 1.6 per cent to 5.1 per cent is accounted for partly by the reclassification of certain investments due to the withdrawal of South Africa from the Commonwealth (amounting to 1.7 per cent) and partly to the increase of investments in Europe (now amounting to 2.7 per cent) mainly through participation in a new Trust, at present unquoted, called 'European Market Investment Trust Limited' managed by Kleinwort, Benson Limited.

Of the 5.8 per cent shown as invested in the Commonwealth 3.9 per cent consists of investments in Australasia where the Trust's stake was increased by £227,000 during the year. Though the percentage of the total fund committed in British investments at market value shows a fall from 64.8 per cent to 56.2 per cent, there has actually been an increase in their value despite net sales of some £385,000. The fall in the percentage figure is calculated on a value of £11,903,654 as against £10,229,429 last year.

The number of Ordinary Stockholders is now 1,780 as compared with 1,471 last year.

THE PATALING RUBBER ESTATES, LIMITED

and its Subsidiary

ISSUED CAPITAL £1,158,312 in 2s. shares

Directors : H. B. E. Hake, C.B.E., M. A. P. Gilman, R. O. Jenkins, M.C., J. Sands, C.A., D. R. Mathews.

Secretaries and Agents : Harrisons & Crosfield, Limited.

Summary of Directors' Report and Accounts for year ended 31st October, 1961.

PROFIT AND DIVIDEND	
Profit after tax	£674,275
Replanting expenditure	£150,458
Dividend for year—50 per cent	£354,733
TOTAL ASSETS	£4,254,254
NET CURRENT ASSETS	£724,271

CROPS	1960/61	*Estimate 1961/62*
Rubber	22,195,408 lb.	*23,031,500 lb.*
Tea	714,000 lb.	*700,000 lb.*
Copra	1,770 tons	*1,690 tons*
Palm products	313 tons	*318 tons*

ESTATES	Acres
Planted : Rubber	36,511
Oil palms, Coconuts, Tea	8,879
	45,390
Replanted or new-planted in 1961	1,504
Programme for 1962	1,660

Forty-second Annual General Meeting 11 a.m. on 26th March, 1962, at The Queen's Room, The Baltic Exchange, St. Mary Axe, London, E.C.3.

Habib Bank Limited

Established 1941

Head Office : KARACHI-21 (PAKISTAN)

CONDENSED BALANCE SHEET as at 31st DECEMBER, 1961

LIABILITIES	Pak. Rs.	ASSETS	Pak. Rs.
Capital	30,000,000	Cash and Bank Balances	165,630,922
Reserve Funds	20,000,000	Government Securities and Bullion	378,939,548
Deposits	803,230,533	Loans and Advances	366,805,600
Amounts in Transit	75,579,390	Bills Lodged for Collection	50,234,681
Bills for Collection	50,234,681	Customers' Liability on Letters of Credit, etc.	319,787,306
Liability for Letters of Credit, etc.	319,787,306	Other Assets	17,433,853
TOTAL	Pak. Rs. 1,298,831,910	TOTAL	Pak. Rs. 1,298,831,910

128 BRANCHES THROUGHOUT EAST AND WEST PAKISTAN
FOREIGN BRANCH : BOMBAY (INDIA)

Habib Bank (Overseas) Limited

Head Office : KARACHI (PAKISTAN)

BRANCHES : 1. ADEN 2. COLOMBO
3. LONDON 4. MOMBASA
5. RANGOON

LONDON BRANCH : 6, GRACECHURCH STREET, LONDON, E.C.3

COMPANY AFFAIRS

This has been another quiet and indecisive week in the London Stock Market. Over the week The Economist *indicator was just 0.2 points higher at 356.6. Apart from the continued interest in Courtaulds shares there were few features with price movements generally limited to a few pence either way. Exceptionally there was a flurry in Fisons on take-over rumours. Motors and stores were both bright spots while tobacco shares rallied again. Oils too showed useful gains. By contrast shipping shares lost further ground after last week's poor results from P & O. The Unilever results left Limited and NV little changed on balance.*

Unilever Takes the Strain

DEALINGS on the big board of the New York Stock Exchange jerked up the price of Unilever Ltd and Unilever NV towards the end of last year. Some British institutions lightened their holdings near the top of the market, bringing Limited down to 45s. But even so the shares owe something to the willingness of American investors to buy and hold shares at a lower yield than is customary in this country. And though the floor under Unilever shares has been raised just a little, it rests on the behaviour of equity prices on Wall Street.

British investors who frame their judgments in terms of earnings rather than dividends cannot be disappointed with the diarchy's results for 1961. Profit margins, as the table shows, were slightly lower in

COMBINED SALES AND PROFITS

(£ million)

Six months ended	June 30 1960	Dec. 31 1960	June 30 1961	Dec. 31 1961
Gross sales	908·0	939·0	947·0	943·0
Net sales	682·0	705·0	720·0	724·0
Gross profit	55·8	50·3	51·9	51·2
Nec profit	28·4	23·6	26·9	26·2
	%	%	%	%
Gross profit/net sales	8·2	7·1	7·2	7·1
Net profit/net sales	4·2	3·3	3·7	3·6

the second half of the year, but less sharply than had been expected. For the year as a whole, the revaluation of the Dutch guilder and the German mark had the effect of adding one per cent to the value of turnover and 1½ per cent to the value of profits as expressed in sterling for the group. (If the group's results are expressed in guilders, the revaluation shows a reverse effect: turnover reduced by 3 per cent in value and profits by 3½ per cent). Even when this factor is disregarded, the Unilever group has met remarkably well the strains of fiercer competition in soap and detergents and of political troubles in such markets as the Congo. Combined turnover went up from £1,847 million to £1,890 million (in which sales to third parties rose from £1,387 million to £1,444 million); gross profits fell slightly from £106 million to £103 million; and net profits after tax, helped by an increase in exceptional credits, were slightly higher at £53.1 million against £52 million. Allowing for the revaluation, therefore, what the group has suffered in one of the most difficult years since the end of the war is a slight setback in profits. Dividends have been effectively maintained: NV's dividend is again 21 per cent; for Limited, the revaluation, working through the dividend equalisation agreement, raises the total slightly to 24.79 per cent against 24.54 per cent. This result follows a decision after the revaluation to raise Limited's dividend in line with NV's rather than to reduce NV's dividend in line with Limited's.

The effect of the revaluation on the value of profits as expressed in sterling applies only to NV's results and from the combined results, it can be guessed that NV's profits in 1961 were about two or three per cent higher than they would have been had the value of the guilder remained unchanged. Even when an allowance is made for this factor, it is clear that the revival in NV's profits in the second half of the year was responsible for keeping the combined results for 1961 so close to those of 1960. In half yearly periods, the profits of NV over the last two years have been £25 million, £23 million, £23 million and £28½ million while the profits of Limited have been £30½ million, £27¼ million, £29 million and £22¼ million. For NV the direct and indirect losses associated with "Planta" margarine appear to have been made good while the effect of competition and of political disturbances in Africa appears rather sharply in the recent profits of Limited, of which the United Africa Group forms part.

At 43s. Limited shares yield 2.9 per cent and NV shares at £11⅛ yield 2.2 per cent. The difference is largely explained by the incidence of tax and stamp duty on non-residents. On earnings the picture is more complicated still, for even if NV and Limited earned exactly the same profit differing tax structures would make their equity earnings unequal. But since the dividend equalisation agreement makes profit pooling arrangements possible, the simplest statement is that the combined net ordinary dividends are covered about three times by combined earnings but that differences in the tax structures would not allow both partners to pay three times the dividends they have just declared.

Albright and Wilson

YET another instance of the squeezed margins of chemical manufacturers is provided by Albright and Wilson. Despite increased sales, trading profits of the group, which have been adjusted to include the profits of the latest acquisition W. J. Bush, fell in 1961 from £8,811,000 to £8,432,000. But higher charges both for depreciation and loan interest left gross profits 12 per cent lower at £5,052,000 against £5,773,000. Substantial benefits from investment allowances are reflected in a sharp reduction in taxation so that net profits were only slightly lower at £2,784,000 against £2,865,000.

As forecast last August, profits fell more sharply in the second half of 1961 when apart from a further decline in profit margins Albright incurred additional expenditure in bringing some major new plants into operation. But the company's wide range of interests both in chemicals and plastics has left it better placed than some other chemical manufacturers. For the current year too the directors offer a less depressing picture, with a further increase in sales, but they expect profits to be little changed. On the maintained 20 per cent dividend which is covered 2.4 times the 5s. shares, which gained 1s. 4½d. to 22s. 3d. after the results, yield 4½ per cent.

Chartered

ON Wednesday shareholders of the British South Africa Company received the annual report and accounts. Of equal importance to them was the British Government's announcement that day on the Northern Rhodesian constitution, for the growing uncertainty surrounding political developments in Central Africa has brought the price of Chartered's shares down from 55s. 6d. to 49s. 3d. since the preliminary results were published last month. This is about 60 per cent below the 1960 peak of £6 and puts the shares on a yield of 15½ per cent. While such a return must discount a good deal of the risk in African investment today it seems unlikely to come down sharply so long as any doubts remain about the future of mineral royalties.

In 1961 mining royalties, after paying the Northern Rhodesian government's share of 20 per cent, fell from £11.8 million to £10.3 million. This reflected voluntary cuts in copper production and lower prices for base metals; the average value of copper came down from £222.2 to £206.6 per ton. In his statement Lord Robins looks for an expansion of royalty income in the current year.

It is on investment income, however, that the group's future prosperity will increasingly depend and in 1961 this again rose sharply to a new record of £3½ million. In spite of the big investments recently made in Canada and Australia, about three-quarters of the group's total investments at book cost, including properties, are in Africa. Lord Robins stresses that the development of the Federation is still the primary field for employing Chartered's financial resources. Not surprisingly at September 30th last, there was a heavy depreciation on the investments held by the group's dealing subsidiaries largely in Rhodesian and South African stocks. This has led to the elimination from the accounts of £7.8 million entered as a "surplus on investments at March 20, 1958," the date on which Chartered sold its investments to two dealing subsidiaries in order to qualify as an Overseas Trade Corporation. Now £6.3 million of this surplus has been used to write back these investments to cost. The net result of this and other movements in reserves is that the aggregate book value of the investments held by the dealing subsidiaries at September 30th last was about £600,000 below their market value.

In all the group's investments at September 30th totalled £44.1 million and had a market value of £52.4 million, of which £36.8 million represented quoted investments. This represents 58s. 3d. per 15s. unit but since then there has been a recovery in South African gold mining shares. Thus at their present price the 15s. units stand at a discount of about 20 per cent on the market value per share of the investments alone.

Trust Houses

THE decision of the Trust Houses' directors to change the company's financial year from March 31st to October 31st has brought out an important seasonal aspect of the company's earnings. The accounts for the six months to September 30th last (this is to be followed by a 13-month trading period) reveal that gross profits amounted to £792,000, against £757,000 for the corresponding period in 1960 and £728,000 for the full year to March 31, 1961. It thus emerges that the company made a loss in the winter of 1960-61; and this indeed is usual for Trust Houses in its winter trade. Profits from the Shelbourne Hotel, Dublin, were taken into the profit and loss account from November, 1960; this new subsidiary trades at a profit throughout the year, but the bulk of its earnings come in the April-September period. For the full year to March 31, 1961, its profits before tax amounted to £80,000 so unless this company's profits have fallen sharply, it would seem that profits from the company's other 230 hotels were lower last summer.

For the six-month period the ordinary dividend is being brought up to 6¼ per cent with a final payment of 1¼ per cent; this is equivalent to the annual rate of 12½ per cent paid for 1960-61. In addition the directors are to pay a special interim dividend of 1¼ per cent with the final dividend so as to compensate for the unusual length of the current trading period. Both these dividends will be payable on the capital as increased by the shares issued to acquire the Lockhart Group early this year—none of its profits are included in the accounts to September 30th. For the year to March 31, 1962, its profits are expected to be no less than the previous year's level of £201,000. Besides its extensive catering organisation (from which the Trust Houses management hope to derive a good deal of help) the Lockhart Group has a large stake in the automatic vending industry in this country. This has growth possibilities—as does the plan of Trust Houses, announced in July, to spend over £2 million in the next few years on building new hotels and on modernisation. But this prospect is considerably discounted in the 3¾ per cent yield offered by the £1 shares at 78s. 3d.

Whitehead Iron and Steel

THE increases in steel prices announced last Friday led to only a minor flurry in steel shares and most shares failed to hold early gains. It seems clear that the increase in steel prices had been largely discounted, for steel shares, as measured by the *Financial Times* index, had risen by about 10 per cent since the beginning of the year. With the account closing last Friday it was not surprising that some investors were ready to take their profits. Interest centred largely on the two big sheet steel producers, John Summers and Steel Company of Wales, for prices of steel sheet have been raised by 5½ per cent and tin plate by 4½ per cent. But even in these shares the gains over the week were small, John Summers 7½d. higher at 49s. 9d. and Steel of Wales 1s. 4½d. higher at 30s. 9d.

Mr G. H. Latham's statement with the full accounts of Whitehead Iron and Steel was written before the steel price increases were announced; will he modify his views at the annual meeting? The statement is pessimistic and warns shareholders that the current year will probably be a "poor one." The indications are, indeed, that Whitehead will not benefit greatly from the latest price increases.

In the year to September 30th last Whitehead's gross profits fell by 27 per cent from £1,447,000 to £1,054,000 and its net profits by 33 per cent from £731,000 to £488,000. A large part of this decline can be attributed to increased costs. Output of the hot rolling mills was only 3 per cent below the record level of 1959-60 but profits from this section dropped by 10 per cent. Output from the cold rolling section dropped by 20 per cent and its profits were 30 per cent lower.

Unlike most other steel companies Whitehead is not engaged in any major development scheme and therefore is not involved in any question of new finance. In fact its finances are strong for at September 30th capital commitments amounted to only £124,000 and though £840,000 was used to redeem the outstanding debenture its liquid assets amounted to almost £3 million. This is equivalent to 24s. per £1 share or about two-thirds of the current market price of 33s. 9d.; the shares yield 8.9 per cent on the effectively maintained dividend of 15 per cent.

The Economist Indicator (1953=100)

1962	Indicator	Yield %	1961/62 High	1961/62 Low
Jan. 24	360·6	5·01		
,, 31	357·0	5·07		
Feb. 7	359·0	5·04		
,, 14	357·0	5·07	427·2 (May 10) 1961	342·7 (Oct. 18) 1961
,, 21	356·4	4·99		
,, 28	356·6	49·7		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Feb. 22	299·4	5·18	6·20	12,947
,, 23	299·5	5·17	6·21	13,499
,, 26	298·8	5·19	6·21	15,308
,, 27	298·6	5·19	6·21	11,967
,, 28	298·9	5·18	6·21	12,021

High, 365·7 (May 15, 1961). Low, 284·7 (Oct. 16, 1961).
† July 1, 1935=100.

BAT

THE rise of 11 per cent from £62½ to £69½ million in the profits of British-American Tobacco is backed by a no less impressive rise in assets attributable to equity shareholders from £261.8 million to £287.9 million. The increase reflects a payment of £2.5 million from the Foreign Compensation Commission in respect of former investments in Egypt, and £3.3 million attributable to the Universal Tobacco Company, which has now been consolidated into the group's accounts, and the exclusion of £1.3 million in respect of the Congo subsidiary, which now ranks as a trade investment. Stocks have also risen, by £11½ million to £235½ million, reflecting increases in volume as well as higher leaf tobacco prices. Even so liquid assets have risen by £9 million to £79 million; this high figure reflects the international nature of the group's business and the restrictions imposed on the remittance of profits to the parent company and on the transfer of assets between individual companies of the group.

The ordinary dividend has been raised from 2s. 2d. to 2s. 3d. tax-free, covered 3 times by earnings and following the full report, which revealed that over half the rise in profits came from trade in Europe, the 10s. ordinary shares gained 3s. 9d. to 63s. 6d. to yield 5.8 per cent. Investors are now shrugging off their earlier apprehensions about the forthcoming report on lung cancer.

N. Corah

FOR the second year running the results of N. Corah (St Margaret) failed to come up to the market's expectations and the 5s. shares have been marked down by 2s. 9d. to 21s. 9d. With Marks and Spencer, the main customer for Corah's knitwear products, continuing to expand its turnover, there were hopes that this would be reflected in a further increase in Corah's profits. But for the first year since 1957 gross profits fell from £1,321,000 to £1,255,000 in 1961 even though Corah's turnover seems likely

Continued on page 856

STOCK PRICES AND YIELDS

LONDON: NEW YORK: FRANCE: GERMANY: HOLLAND: CANADA: AUSTRALIA: JAPAN

Prices, 1961/62 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Feb. 21, 1962	Price, Feb. 28, 1962	Net Red. Yield, Feb. 28, 1962§	Gross Red. Yield, Feb. 28, 1962
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3%........1955–65	92 1/32	92 5/32	4 5 10	5 10 7
97 3/32	93¾	Exchequer 3%..........1962–63	97	97 3/32	3 19 6	5 7 3l
101 5/16	98⅝	Treasury 5½%.............1962	100 11/32	100 11/32	1 19 3	4 19 6
94 19/32	90¼	Exchequer 2½%.........1963–64	94 13/32	94 19/32	3 19 8	5 2 7l
99 19/32	96⅝	Conversion 4¾%..........1963	99 1/16	99¼	3 3 11	5 7 1
98 9/32	94½	Conversion 4½%..........1964	97 23/32	97 15/16	3 9 11	5 10 2
101 5/16	96	Exchequer 5½%............1966	98 21/32	98 13/16	3 14 1	5 16 7
83⅝	78 3/16	Funding 3%...........1959–69	83 9/16	83 9/16	4 13 11	6 1 6l
89¾	84¾	Funding 4%...........1960–90	89⅜	89 5/16	3 11 9	5 6 4l
80½	74⅝	Savings Bonds 3%.......1960–70	79 5/16*	79 5/16	4 16 8	6 3 3l
86⅝	80¾	Savings Bonds 2½%......1964–67	86 7/16	86 11/16	4 11 4	5 14 0l
72 11/16	66¼	Savings Bonds 3%.......1965–75	71⅛	71 1/16	4 15 9	6 4 5l
84 11/16	78⅞	Funding 3%...........1966–68	84 7/16	84½	4 13 10	5 19 10l
86 5/16	80¼	Conversion 3½%...........1969	85 3/16*	85 3/16	4 12 11	6 2 8
97½	92¼	Victory 4%...........1920–76	92 7/16*	92⅝	3 11 11	5 4 8‡
93 5/16	87	Conversion 5%............1971	91⅜	91 5/16	4 4 11	6 6 8
99⅛	97¼	Conversion 6%............1972	97 9/16	97⅝	3 19 9	6 7 3
95 11/16	88½	Conversion 5¼%...........1974	92 5/16	92⅜	4 1 8	6 5 7
73⅛	66	Treasury 3½%.........1977–80	71⅛	71⅛	4 10 4	6 4 9l
72¼	65	Treasury 3½%.........1979–81	69⅞	69⅞	4 10 9	6 4 11l
97 9/16	88½	Funding 5½%..........1982–84	91 3/16	91¼	4 0 1	6 6 11
5[illegible]½	51½	Redemption 3%........1986–96	56¾	55½*	4 6 5	6 1 7l
88¼	79¼	Treasury 5%..........1986–89	85	85 1/16	4 0 8	6 5 10l
63 1/16	55	Funding 3½%........1999–2004	60⅛	60¼	4 3 3	6 3 10l
94⅝	81⅝	Treasury 5½%.........2008–12	87*	87*	3 19 3	6 7 11
65⅜	56½	Consols 4%.......after Feb. 1957	61⅝	61⅝	3 19 9	6 10 6l
59¼	50½	War Loan 3½%........after 1952	55¼	55⅛	3 18 6	6 9 0f
59	50½	Conv. 3½%.......after Apr. 1961	55 9/16	53 15/16*	3 19 3	6 9 1f
50⅞	43¼	Treasury 3%......after Apr. 1966	47¾	46⅜*	3 18 11	6 8 7f
44	36½	Consols 2½%	40 5/16	39¾*	3 16 9	6 5 1f
43½	36½	Treasury 2½%....after Apr. 1975	40 5/16	39¼*	3 17 9	6 6 9f
91⅞	85¾	British Electric 4½%.....1967–69	90⅜	90 5/16	4 6 4	6 3 8l
75¾	70⅛	British Electric 3%......1968–73	75 11/16	74⅜*	4 16 8	6 4 0l
70⅝	64½	British Electric 3%......1974–77	69⅛*	69⅛*	4 14 5	6 3 4l
81⅞	74⅞	British Electric 4¼%.....1974–79	79 1/16*	79 1/16*	4 6 0	6 3 11l
73½	67	British Electric 3½%.....1976–79	72 3/16	72⅛	4 9 11	6 4 4l
84⅞	78¾	British Gas 4%.........1969–72	82 15/16	82 15/16	4 10 10	6 5 9l
82	76	British Gas 3½%........1969–71	81*	81*	4 12 6	6 3 1l
59⅜	51¾	British Gas 3%.........1990–95	56⅞	56⅞	4 6 9	6 2 6l
75 11/16	70⅛	British Transport 3%.....1968–73	75 11/16	74⅜*	4 16 8	6 4 0l
80⅞	74	British Transport 4%.....1972–77	78⅝	78⅝	4 7 7	6 4 5l
61 7/16	53¾	British Transport 3%.....1978–88	59 3/16	59 3/16	4 10 6	6 4 1l

Prices, 1961/62 High	Low	DOMINION AND CORPORATION STOCKS	Price, Feb. 21, 1962	Price, Feb. 28, 1962	Red. Yield, Feb. 28, 1962
					£ s. d.
82¼	76½	Australia 3¼%....................1965–69	80½*	80½*	6 11 0l
101	92¾	Australia 6%.....................1974–76	98	98¼	6 8 0l
72½	61½	Ceylon 4%.......................1973–75	61½*	61*	9 1 0l
101¼	92¾	New Zealand 6%..................1976–80	95*	95	6 8 0l
80½	70½	Rhodesia and Nyasaland 6%.........1978–81	72½	72	9 3 0l
83¼	73	South Africa 3½%.................1965–67	83¼	83¼	7 13 0l
59	53½	Southern Rhodesia 4½%............1987–92	56½	56	8 12 0l
84⅝	76½	Agricultural Mortgage 5%..........1959–89	78¾	79¼	6 11 0l
89	82¼	Birmingham 4¼%...................1967–70	86½	86⅞	6 7 0l
92¾	86½	Bristol 5%.......................1971–73	89¾	89¾	6 6 0l
93	86½	Corporation of London 5¼%.........1976–79	88½	88¾	6 8 0l
48¾	41	L.C.C. 3%.....................after 1920	45½*	45⅜	6 11 0f
89⅛	80¾	L.C.C. 5%.......................1980–83	86	86	6 7 0l
93	84¼	Middlesex 5¼%......................1980	87*	87*	6 8 0l

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Feb. 21, 1962	Price, Feb. 28, 1962	Yield, Feb. 28, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
92/6	64/-	6½ a	6½ b	Barclays.............£1	92/-	91/9	2·83	...
100/3	74/3	8 a	8 b	District.............£1	95/6	96/-	3·33	...
68/6	50/3	4·3 a	5·1 b	Lloyds...............£1	62/6‖	63/3‖	2·97	...
26/4½	18/7½	7 a	8 b	Martins..............5/-	23/-	23/6	3·19	...
94/6	67/3	7⅛ a	7½ b	Midland..............£1	93/6	92/6	3·24**	...
97/3	73/-	7 a	7 b	Nat. Provincial.......£1	92/-	93/3	3·00	...
95/6	58/9	6⅔ a	7 11/12 b	Westminster 'B'.......£1	89/-	91/3	3·20	...
42/3	33/-	4 a	8 b	Australia & N.Z...£1 p.p.	42/9¶	43/-	5·58	...
52/-	41/-	4 a	6 b	Bk. Lond. & S. Amer..£1	47/-*	47/-	4·26	...
£25 15/16	£21 3/16	$2·05c	$2·05c	Bank of Montreal....$10	£23 15/16	£23 13/16	2·91	...
30¾	25¼	8 c	9 c	Bank of New S. Wales £20	29½	29¾	4·84g	...
44/9	31/9	10 c	5 a	Barclays D.C.O.......£1	38/6	38/9	5·16	...
60/7½	46/7½	7½ b	7½ a	Chartered............£1	58/6	58/-	5·17	...
£21	£14⅝	5/- a	10/- b	Hongk'g. & Shang....$25	£18¼*	£18½	4·05	...
70/3	49/9	7½ a	9 b	Nat. Com. Bk. Scot..10/-	54/9	54/6	3·03	...
£29 5/16	£25 15/16	$2·32½c	$2·37½c	Royal Bk. Canada....$10	£28 3/16*	£28 5/16	2·84	...
41/6	32/-	10 b	5 a	Stand. Bk. S. Africa...£1	42/3	40/9	7·36	...
170/-	95/-	22½ c	22½ c	Hambros........£1 f.p.	165/-	165/-	2·73	...
92/-	59/6	2½ a	5 b	Schroders............£1	83/6	83/6*	1·80	...
60/6	45/6	6¼ a	6¼ b	Union Discount........£1	55/3	54/9	4·57	...
27/4½	11/7½	18 c	Nil c	Bowmaker............5/-	13/-	12/4½	...	...
23/6	11/9	19 c	5 a	Lombard Banking......5/-	13/4½	13/9	...	1
21/9	12/9	5 a	2½ b	Mercantile Credit.....5/-	14/6	14/3	2·63	...
52/6	33/-	22½ b	4 a	United Domins. Tst....5/-	37/7½	38/4½	3·45	¾
				BREWERIES, Etc.				
15/4½	11/-	...	...	Bass, M. & B.........5/-	14/-	13/7½	4·04**	2
41/1½	31/-	8½ b	6 a	Distillers...........10/-	37/10½	37/10½	3·83	2
26/9	13/-	4 a	8 b	Flowers..............5/-	18/6	18/3	3·29	2
60/6	47/-	8 a	14 b	Guinness............10/-	51/-	49/6	4·44	1¾
15/6	12/-	...	8 b	Ind Coope T.A........5/-	12/9	12/7½	4·75**	1½
15/3	10/-	5 a	7½ b	United Breweries.....5/-	15/-	15/3	4·10	...
108/9	76/9	6 a	12 b	Watney Mann..........£1	98/-	96/9	3·72	2
37/9	26/-	27 c	9 a	Whitbread 'A'........5/-	32/3	32/3	4·19	1¾
				BUILDING, PAINT, Etc.				
64/-	44/10½	5⅔ b	3 a	Associated Portland...£1	51/9	52/-	3·21	2½
28/1½	19/10½	7¼ b	4 a	British Plaster Bd...10/-	23/-	22/9	5·49	2¼
26/10½	15/1½	10 b	6 a	Richard Costain......5/-	15/1½	16/4½	4·89	2¾
13/-	9/4½	10 a	12½ b	Crittall Mfg.........5/-	10/7½	11/9	7·18**	2
18/6	10/-	6 a	14 b	International Paints..4/-	10/10½	10/4½	7·71	1½
66/9	40/6	21⅞ c	25 c	Rugby Portland.......5/-	59/-	61/6	2·03	3¼
27/9¾	19/9	5 a	11⅔ b	Wall Paper Defd......5/-	22/8¼‖	22/7½‖	3·68	2¼
				CHEMICAL				
29/3	20/3	6 a	14 b	Albright & Wilson....5/-	21/-	20/9	4·82	2½
22/-	14/10½	4 a	7½ b	Borax Defd...........5/-	17/-	17/10½	3·22	2½
58/9	30/7½	7 b	4 a	Fisons...............£1	37/9	43/3	5·09	1½
81/6	53/-	6¼ a	7½ b	I C I................£1	53/9	54/6	5·05	2
26/10½	11/4½	5 a	5 b	Monsanto.............5/-	13/-	12/9*	3·92	2
				DRAPERY & STORES				
36/-	24/-	8 b	4 a	Boots Pure Drug......5/-	27/1½	27/10½	2·15	2[illegible]
34/0¾	15/3	1⅞ a	5 b	Montague Burton....10/-	33/9‖	31/7½‖	2·17	2¼
75/0¾	47/7½	5⅚ a	13⅓ b	Debenhams...........10/-	55/4½	54/7½	3·51	1½
59/4½	45/-	25 b	12½ a	G.U.S. 'A'...........5/-	55/1½	55/-	3·41	2
46/9¾	33/4½	16⅔ b	13⅓ a	House of Fraser......5/-	35/9	35/6	4·23	1¼
21/1½	13/6	5 a	7½ b	Lewis's Invest. Tst...4/-	14/1½	14/3¾	3·49	2
106/9	85/1½	32½ b	15 a	Marks & Spencer 'A'.5/-	90/10½	91/3	2·60	1½
53/10½	34/10½	20 b	10 a	United Drapery.......5/-	46/4½	46/9	3·21	1¾
52/1½	45/9	10⅚ a	25 b	Woolworth............5/-	45/9	49/-	3·66	1¼
				OIL				
51/3	32/-	†6·94b	†2·78a	British Petroleum....£1	35/6	35/6	8·94	2¼
49/6	30/6	†6⅞ b	†2½ a	Burmah Oil...........£1	33/9	33/6	9·14	1¼
£15 1/16	£10⅝	23·87c	11⅛ a	Royal Dutch.......20 fl.	£13 11/16	£13 13/16	3·40	2¾
34/10½	27/-	†20·8c	†10 a	Shell Transport......5/-	29/9	30/6	5·57	3
41/3	23/9	...	...	Ultramar............10/-	24/3	24/-	... d	...
		%	%	**ELECTRICAL & RADIO**				
48/6	28/3	10 b	5 a	A.E.I.................£1	30/9	31/-	9·68	1
15/5¼	9/7½	...	15 c	Brit. Electronic Inds..5/-	11/9¾	11/6¾	6·49	¼
63/6	49/-	9½ b	4 a	B.I.C.C...............£1	63/-	61/9	4·37	2
14/8¼	11/3	5 a	7½ b	Crompton Parkinson.5/-	13/9	13/4½	4·67	2½
89/6	54/-	7½ a	15⅚ b	Decca Record........10/-	83/-*	82/-	2·85	1¾
52/-	35/-	12½ b	5 a	E.M.I...............10/-	43/3	43/-*	4·07	2
47/3	25/9	8 b	5 a	Elliott-Automation...5/-	46/-	45/6	1·43	2
40/6	22/6	3 a	5 b	English Electric......£1	26/3	25/-*	6·40	1½
39/6	23/3	7 b	3 a	General Electric......£1	27/3*	26/6	7·55	¾
72/9	47/-	8⅛ b	4⅜ a	C. A. Parsons.........£1	58/3	58/6	4·27	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle...........£1	46/3	46/6	4·19	2¾
70/-	45/3	25 c	25 c	Thorn Electrical.....5/-	65/-	63/6	1·97	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox....£1	21/3	20/3	...	1
48/9	30/4½	7 b	4 a	John Brown...........£1	40/9*	40/4½	6·81**	2¾
8/6	4/2¼	9 b	3 a	Cammell Laird........5/-	4/11¼	4/9	12·63	1
33/9	22/4½	10 a	20 b	Internat. Combust....5/-	25/-	24/3*	6·19	1½
9/1½	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/1½	4/-	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter..........£1	36/10½	34/6	6·96	2¼
17/4½	10/6	5 c	5 a	John Thompson........5/-	11/-	11/-	2·27	...
34/4½	21/8¼	†2½ a	†6¼ b	Coventry Gauge.....10/-	31/4½	31/4½	4·55	2¾
79/9	51/6	†2½ a	†6 b	Alfred Herbert........£1	66/9	63/7½*	4·36	2
78/-	41/-	12½ b	5 a	Allied Ironfounders...£1	44/6	43/3	8·09	1½
110/-	81/10½	10 b	5 a	Averys................£1	93/9	91/3	3·29	2½
36/10½	17/-	7⅔ b	4 a	B.S.A...............10/-	17/10½	18/4½	6·35	2¼
14/9	9/-	8½ b	4½ a	George Cohen.........5/-	11/-*	10/9	6·05	1¾
44/4½	29/-	17½ b	10 a	Davy-Ashmore.........5/-	30/9	31/-	4·44	2¼
108/7½	70/-	11 b	5 a	Guest Keen............£1	79/4½	79/1½	4·04	3½
31/-	18/3	12 b	4 a	Head Wrightson.......5/-	20/-	20/3	3·95	2½
100/9	68/3	5 a	7 b	Metal Box.............£1	83/6	84/-	2·86	2¼
22/6	14/-	10 b	4 a	Ransome & Marles....5/-	16/6	16/3	4·31	3
50/6	34/6	7 b	3 a	Renold Chains.........£1	46/3	46/-	4·35	2
85/6	54/-	7 a	7 b	Tube Investments......£1	59/4½	59/4½	4·72	3
38/4½	25/6	7½ b	2½ a	Vickers...............£1	28/4½	27/9	7·21	1¾
84/6	58/-	3¾ a	10 b	Ward (Thos. W.).......£1	67/9	67/6	4·07	3
30/-	18/-	22½ b	5 a	Woodall-Duckham.....5/-	20/3	19/9	5·32**	2¾
				FOOD & TOBACCO				
34/-	17/4½	10 c	10 c	Allied Suppliers....10/-	21/-	20/10½	4·79	2¼
14/1½	7/6¾	12½ b	10 a	Assoc. British Foods..1/-	11/1½¶	11/-¶	2·04	2
74/-	54/3	8 b	4 a	Bovril................£1	60/-	58/-	4·14	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B'......5/-	11/9	11/7½	3·93	3½
19/3	12/6	10 b	2½ a	International Tea....5/-	14/3	14/3	4·39	1½
107/9	65/-	10⅚ b	5 a	J. Lyons 'A'..........£1	74/3	73/9	4·29	1¼
35/6	25/9	5 a	9 b	Ranks Hovis.........10/-	32/7½	32/6	4·31	...
14/0¾	10/4½	7½ b	2½ a	Spillers.............5/-	12/6	12/-	4·17	2
50/3	38/7½	11 a	1 b	Tate & Lyle...........£1	47/6	48/-	5·00	2
20/10½	14/10½	9 b	5 a	Unigate..............5/-	15/9	15/7½	4·48	2
73/-	52/9	†22½ c	†5⅚ a	Brit. Amer. Tobac...10/-	59/6*	63/3	5·81	3
51/6	34/7½	15 b	5 a	Gallaher............10/-	35/9	36/4½	5·50	2
71/9	55/6	8½ a	14 b	Imperial Tobacco.....£1	56/-*	56/-	8·04	1¾
				INSURANCE				
16½	11 5/16	†50 a	†55 b	Britannic............5/-	15 9/16	16½	2·60	...
86/3	59/9	25 b	20 a	Commercial Union....5/-	61/-	59/9	3·77	...
35 11/16	17⅞	†41·17c	†41·17c	Equity & Law Life....8/6	34 13/16	35 9/16	0·80	...
95/6	51/10½	20 b	10 a	General Accident.....5/-	92/9	92/3	1·63	...
60/6	42/7½	40 b	35 a	Guardian.............5/-	49/6	52/-	2·56**	...
45 5/16	21⅞	110 b	80 a	Legal & General......5/-	43½	42½	1·11	...
149/3	100/-	11½ b	8½ a	Northern & Empl......£1	147/3	147/9	2·71	...
13⅝	7 13/16	†70 b	†20 a	Pearl................5/-	10 11/16	10 15/32	3·51	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A'........4/-	25 5/16	25 3/16	2·70	...
49/3	38/10½	...	...	Royal................5/-	46/10½	46/1½	3·25	...
129/3	100/3	11¼ b	7½ a	Royal Exchange.......£1	105/9	106/3	3·53	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor........5/-	15/9	16/7½	6·02	¾
86/6	66/1½	20 c	20 c	Jaguar Cars 'A'......5/-	80/4½	82/1½*	1·22	7¾
48/6	35/6	11 c	5 a	Rolls-Royce...........£1	40/6	40/4½	5·45	2¼
10/-	5/6	12 c	4 c	Rootes Motors 'A'....4/-	5/9	6/1½	2·61	...
88/9	52/2¼	5 a	11 b	A.C.V.................£1	74/10½	72/9	4·40	2
101/-	76/9	20 c	20 c	Leyland Motors........£1	78/3	85/6	4·68	2
18/6	14/-	12½ c	8 a	Bristol Aeroplane...10/-	14/3*	15/9	7·94	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley.......£1	24/8¼	23/7½	8·97**	1¼
41/3	28/10½	†5½ b	†4 a	Dowty Group.........10/-	29/-	30/-*	5·17	2¼
29/10½	21/6	15⅚ c	5 a	Dunlop Rubber.......10/-	29/6	29/9	5·32	2
72/-	49/9	2½ a	11¼ b	Joseph Lucas..........£1	66/3	67/6	4·07	2¼
33/-	15/9	30 c	Nil a	Pressed Steel........5/-	18/6	19/-	...	1¼
46/3	29/3	12½ c	5 a	Triplex Holdings....10/-	37/-	37/1½*	3·37	2¼
				MINES				
169/9	110/-	50 b	40 a	Anglo-American.....10/-	140/-	140/7½	6·40	1½
66/9	41/9	6¼ b	18¾ b	Consolid. Gold Fields.£1	58/-	57/9	8·66	2½
108/9	72/6	15 a	20 b	General Mining........£1	87/6	84/4½	8·30	2
68/6	40/-	120 b	40 a	Union Corporation...2/6	52/6	53/-	7·55	3
25/3	15/3	40 a	40 b	Daggafontein.........5/-	17/6	17/6	22·86	1½
125/-	73/9	70 a	100 b	Free State Geduld....5/-	87/6	89/4½	9·51	1½
54/3	37/6	25 a	25 b	Hartebeestfontein...10/-	41/-	41/3	12·12	1½
64/6	41/10½	50 a	60 b	President Brand......5/-	52/9	53/6	10·28	1½
157/6	101/3	90 a	120 b	Western Holdings....5/-	121/3	123/9	8·48	1¼
28/6	15/9	...	8⅓ a	Winkelhaak..........10/-	17/4½	17/4½	...	8½
75/3	47/6	36⅔ b	13⅓ a	Chartered...........15/-	49/-*	48/6	15·46	1½
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer...10/-	54/6	52/-	15·38h	1¾
37/4½	35/9	...	...	Rhod. Selection Tst...£1	...	35/9	10·01**h	2
30/9	15/3	15 a	17½ b	Tanganyika Cons....10/-	20/3	19/6	16·67	1¼
81/6	46/-	13¾ b	3¾ a	Consolidated Zinc....£1	55/3	52/6	6·67	1¾
159/4½	110/-	150 b	100 a	De Beers Defd. Reg..5/-	140/-	138/9	9·01	1¾
$159½	$104	$1·50c	$1·50c	Internat. Nickel...n.p.v.	$142*	$135*	1·97	...
18/9	10/9	7½ a	30 b	London Tin...........4/-	18/3	16/9*	8·96	1¼
45/-	30/-	20 c	27½ c	Rio Tinto...........10/-	39/6	37/3	7·38	1½
44/3	17/9	52½ c	45 a	Tronoh...............5/-	27/6	27/-	9·72	1
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror.........5/-	12/1½	12/4½	6·06	1¼
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A'.£1	64/6	64/6	3·72	2
24/9	17/9	...	10 a	Thomson Org'n.......5/-	22/-	21/9	5·52	2
66/3	43/3	8¾ b	5 a	Bowater Paper.........£1	45/-	44/3	6·21	1½
56/6	39/6	16 c	5 a	Albert E. Reed........£1	41/-	39/6	8·10	1½
54/3	37/-	8½ b	4 a	Spicers...............£1	43/3	43/3	5·78	1¾
68/9	46/6	10 b	4 a	Wiggins Teape.........£1	50/-	49/-	5·71	2
		%	%	**MISCELLANEOUS**				
31/-	21/6	20 b	10 a	Assoc. British Picture.5/-	23/3	22/9	6·59	2¾
34/6	26/9	40 b	20 a	Assoc. Television 'A'.5/-	32/-	30/7½	9·80	1¾
52/9	41/4½	14 b	16 a	Beecham Group.......5/-	49/-	48/7½	3·08	1¾
54/3	31/1½	6⅔ b	3⅓ a	British Match.........£1	37/7½	36/10½	5·42	2
28/4½	13/6	4 a	6⅔ b	British Oxygen.......5/-	13/6	14/-	3·81	1¾
13/-	7/10½	7 b	3 a	British Ropes.........5/-	9/9	9/6	5·26	2¼
70/-	44/9	15 b	7½ a	De La Rue...........10/-	57/9	57/6	3·91	2
50/-	31/9	20 c	7½ a	Gestetner 'A'.........5/-	39/9	40/-	2·50	3¼
73/9	51/-	6 a	9 b	Glaxo...............10/-	52/3	53/-	2·83	3¼
57/6	42/-	3 a	12 b	Harrisons & Cr. Defd..£1	46/6	46/6	6·45	2½
55/6	32/4½	5 a	20 b	Hoover 'A'...........5/-	33/9	33/-*	3·79	...
28/-	17/6	5 a	12½ b	Ilford...............5/-	20/-	19/6	4·49	1¼
114/6	56/3	4 a	7¼ b	I.C.T.................£1	111/9	110/3	2·04	2½
78/9	37/6	12½ c	12½ c	National Canning.....£1	41/7½	41/10½	5·97	1
39/10½	29/6	10 b	6 a	Powell Duffryn......10/-	37/-	36/-	4·44	2¼
36/6	24/7½	5 a	17½ b	Radio Rentals........5/-	34/9	35/-	3·21	2¾
38/-	18/9	7½ a	15 b	Rank Organisation...5/-	33/-	34/6	3·26	...
41/10½	30/1½	16½ b	7½ a	Schweppes...........5/-	34/9	36/3	3·31	1¾
40/3	27/6	20½ a	25 c	Sears 'A'.............5/-	37/4½	38/-	3·29	2¼
28/4½	21/3¾	11½ b	8½ a	Thomas Tilling.......4/-	25/3	25/3	3·17	2
78/-	51/6	4 a	8 b	Turner & Newall.......£1	51/6	55/3	4·34	2
55/-	32/6	9·47a	15.32b	Unilever.............5/-	42/9	43/-	2·88	3
12⅜	8¾	8 a	13 b	Unilever N.V.......12 fl.	11 9/32	11 7/32	2·21	3
22/6	13/9	5 a	10 b	United Glass.........5/-	16/10½	16/6	4·55	2½
42/1½	29/-	†10⅚ b	†4⅙ a	United Molasses....10/-	32/-	31/-	7·90	1
				SHIPPING				
46/3	27/3	13½ b	6½ a	Brit. & Com'wealth. 10/-	31/6	29/3	6·84	2
20/-	13/3	8 c	6 c	Cunard................£1	16/1½	16/1½	...	...
24/9	16/3	17 c	7 c	France Fenwick........£1	17/1½	16/9	8·36	½
50/6	26/7½	10 c	10 c	Furness Withy.........£1	28/4½	26/7½	7·51	1
15/-	7/3	17½ c	Nil a	London & Overseas..5/-	7/7½	7/3	...	...
48/6	21/9	3 a	3 b	P & O Defd............£1	25/9	22/6	5·33	...
17/9	9/3	2½ c	2½ c	Reardon Smith......10/-	10/9	9/3*	2·70	...
25/-	9/10½	8 c	5 c	Royal Mail............£1	11/-	9/10½	10·13	...
				STEEL				
81/3	42/-	10 b	6 a	Colvilles.............£1	45/1½	44/4½	7·21	2½
43/7½	23/1½	3½ a	6½ b	Dorman Long..........£1	26/4½	25/7½	7·80	2¼
49/10½	29/10½	3½ a	7½ b	Lancashire Steel......£1	31/10½	32/4½	6·80	3
42/-	17/7½	4 a	6 b	South Durham..........£1	17/9	17/9	11·27	1¼
47/8¼	26/9	5 a	5 b	Steel Co. of Wales....£1	29/4½	30/7½	6·53	2
57/4½	32/9	5 a	10 b	Stewarts & Lloyds.....£1	31/7½	34/-	8·82	2
68/7½	41/6	6 a	9 b	John Summers..........£1	49/1½	49/7½	6·05	2
55/7½	36/9	4·8 a	7½ b	United Steel..........£1	41/1½	39/10½	6·17	1½
63/6	35/6	6¼ a	8¾ b	Whitehead.............£1	37/6	34/6*	6·70	2
				TEXTILES				
42/7½	23/10½	7½ b	5 a	English Sewing Cotton £1	28/4½	28/1½	8·89	1½
31/10½	19/4½	10 b	5 a	Fine Spinners.........£1	25/4½	24/10½	12·06	2
70/4½	42/-	7½ a	17½ b	Lancashire Cotton.....£1	49/9	48/6	10·31	1¼
52/-	26/3	5⅚ b	3¾ a	Courtaulds............£1	47/9	50/3	4·98**	1¾
8/9	5/7½	4 a	9⅓ b	Illingworth Morris...4/-	6/4½	6/1½	8·71	1¾
78/-	62/-	8 a	13 b	West Riding Worsted £1	78/-	77/6	5·42	2½
37/3	26/3	2½ a	7½ b	Woolcombers...........£1	30/6	29/6*	6·78	2
20/7½	12/1½	3 c	6 c	Bradford Dyers........£1	14/4½	16/-	7·50	1¼
16/2¼	10/7½	7½ a	13¾ b	Calico Printers......5/-	12/9	12/6	8·00**	3¼
55/10½	38/6	...	3¾ a	Coats, Patons & B.....£1	42/3	42/3	5·92**	2
13/7½	9/3	3 a	10 b	Jute Industries.....10/-	9/10½	10/1½	12·84	2¼
35/3	22/6	10 c	10 c	Tootal................£1	25/1½	24/6	8·16	1¼
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ a	25 b	Alliance Trust.......5/-	68/-	68/3	2·75	1¼
57/10½	42/6	37½ b	12½ a	B.E.T. 'A' Defd......5/-	54/6	54/9	4·57	1½
20/-	12/7½	10 c	10 c	Cable & Wireless.....5/-	15/6*	15/6	3·23	1½
65/9	47/-	31⅔ c	10 a	City Centre Props....5/-	56/-	58/-*	2·18**	2
95/6	64/3	7½ b	3½ a	City Lond. Real Prop. £1	78/-	78/6	2·80	1
100/7½	72/6	7·04a	9·04b	Hudson's Bay..........£1	86/3	83/9	3·84	1¾
36/3	22/3	4 b	2 a	Land Securities.....10/-	33/6	33/-	1·82	1
38/3	26/6	12 1/12 c	6⅔ a	Lond. Cnty. Freehld. 10/-	34/6	33/9	3·59	1
				TEA & RUBBER				
47/6	39/6	†25 b	†2½ a	Cons. Tea & Lands....£1	40/-	40/6	22·18	1
35/6	28/9	†11 b	†3 a	Jokai (Assam).........£1	31/9*	32/3	14·17	2½
11/-	7/6	...	...	Nuwara Eliya..........£1	8/6	8/4½	...	...
6/10½	3/10½	29⅙ b	12½ a	Highlands & Lowlands 2/-	5/7½	5/4½	15·50	1½
7/4½	4/7½	35 b	7½ a	London Asiatic.......2/-	5/1½	4/11¼	17·22	2
93/-	64/6	37½ b	10 a	United Sua Betong....£1	74/6	69/9	13·62	1½

NEW YORK PRICES AND INDICES

	Feb. 21 $	Feb. 28 $		Feb. 21 $	Feb. 28 $		Feb. 21 $	Feb. 28 $
Atch. Topeka	26⅞	26⅝	Boeing	54	53⅝	Int. Harvester	55⅜	56
Can. Pacific	25¼	25	Celanese	41½	41¼*	Inter. Nickel	79	76⅛
Pennsylvania	17⅜	17⅛	Chrysler	59⅛	59⅝	Inter. Paper	36⅝	36¾
Union Pacific	33¾	33⅜	Col. Palmolive	50½	49⅞	Kennecott	80½*	80¼
Amer. Electric	69½	68½	Crown Zeller.	55¼	55	Monsanto	50	48¾
Am. Tel. & Tel.	133½	132⅞	Distillers Seag.	45½	45⅞	Nat. Distillers	27¾	27¾
Cons. Edison	78⅝	78	Douglas	33	32⅝	Pan-American	22⅝	22¾
Int. Tel. & Tel.	54⅝	55	Dow Chemical	69⅝	68½	Procter Gamble	80	79½
South'n. Nat. Gas	49	49¼	Du Pont	246½*	244½	Radio Corpn.	57¼	57⅜
United Corpn.	8½	8½	East. Kodak	107½	108⅝*	Sears Roebuck	79⅞	79⅞
Western Union	37¾	36½	Ford Motor	105¾	104⅜	Shell Oil	38¾	39½
Alcoa	60⅜	60½	Gen. Electric	76¼	74⅝	Socony-Mobil	55⅝	55⅝
Aluminium	26⅜	26⅜	General Foods	82½	82	Stand. Oil Ind.	56⅝	56
Amer. Can.	46⅜	45⅞	General Motors	56¼	55⅛	Stand. Oil N.J.	55	55⅜
Am. Smelting	58¾	60¼	Goodyear	42½	43⅞	Union Carbide	118¼	116½
Am. Viscose	58⅜	56¼	Gulf Oil	42¾	43	U.S. Steel	72⅛	70⅞
Anaconda	50⅜	48⅞*	Heinz	62¾	58¼	West. Electric	35⅞	36
Beth. Steel	41⅝	41⅝	Int. Bus. Mach.	535¼	537	Woolworth	84⅝	83⅜

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 31	72·77	2·91	33·90	4·76	62·29	3·23	87·46	4·13
Feb. 7	74·50	2·84	34·48	4·68	63·38	3·18	87·67	4·11
" 14	74·42	2·86	34·42	4·69	63·96	3·15	88·08	4·07
" 21	74·29	2·87	34·02	4·75	64·08	3·15	87·16	4·16
" 28	73·89	2·90	33·70	4·79	63·99	3·15	87·67	4·11

425 Industrials:—High, 76·69 (Dec. 12, 1961). Low, 60·87 (Jan. 3, 1961).

FOREIGN AND OVERSEAS STOCKS

	Feb. 21	Feb. 28		Feb. 21	Feb. 28		Feb. 21	Feb. 28
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,240	1,226	A.E.G.	497	496¾	A.K.U.	422½	415
Banque de Paris	611	608	Bad'che. Anilin	481½	483½	Bijenkorf	1,155	1,140
Citroen	201	199	Bayer	611½	625	Heinekens	632	610
C. F. Petrole.	348	350	Commerzbank	570	569	Interunie (Fl.50)	Fl.232	Fl.231·5
Cie. G. d'Elect.	1,252	1,325	Deutsche Bank	639	665	K. N. Hoogoven	842¾	826½
Machines Bull	750	720	Hoechst Farb.	511	510	Kon. Zout-Ket.	1,100	1,102
Pechiney	285	287	Kundenkredit	578	519	Philips	977	1,030
Printemps	725	725	Lowenbrau	1,240	1,245	Robeco (Fl.50)	Fl.254·5	Fl.254
Rhone-Poulenc	507	503	Mannesmann	248	245	Rotterdam Bk.	388½	383
S.I.M.	380	388	Siemens	752	757½	Thomassen & D.	718½	734
Saint-Gobain	420	440	Thyssen-Huette	226½	224½	Valeurop	Fl. 81·8	Fl. 81·9
Usinor	229	231	Volkswagen	721	707	Zwanenberg	1,072	1,083
Index (Dec. 30, 1960=100)	106·7	107·8	*Herstatt Index* (Dec. 31, 1959=100)	114·00	112·97	Index (1953=100)	394·51	392·38
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	44½	44	Ampol Pet.	11/10	12/-	Ajinomoto	581	57[illegible]
Aluminium	27⅝	27⅝	Ass. Pulp & P.	37/9	37/6	Fuji Iron	53	52
Bell Tel.	57	57¼	Aust. Con. Inds.	72/9	71/9	Hitachi	100	96
Can. Brewer's	59	59	Aust. Oil & Gas	78/9	81/-	Honda Motor	285	270
Can. Imp. Bank	67⅜	67¼	Brit. Tobacco	26/6	26/4	Kirin Brewery	685	693
Can. Pac. Rly.	26⅝	26⅛	Broken Hill Pty.	69/9	68/6	Mitsub. Chem.	85	83
Hiram Walker	57⅞	58	G. J. Coles	14/9	14/6	Mitsub. Elect.	96	97
Imperial Oil	50¼	50¾	Felt & Textiles	8/8	8/3	Mitsub. Heavy	108	103
Noranda Mines	59½	58¾	I.C.A. A.N.Z.	48/3	43/3	Nippon Elect.	406	395
Shawinigan Wtr	23⅛	23¼	Myer Emporium	33/9	33/11	Sony	825	792
Steel of Canada	79¼	78¾	Ready Mix Con.	18/11	18/4	Toyo Rayon	163	155
Trans.Can.Pipe	26⅝	26¾	Woolworth	17/9	17/6	Yawata Iron	61	60
Toronto Ind. Index (1933=100)	615·73	613·98	Sydney Indust. Index (1937/39=100)	325·03	320·28	Dow Jones Average	1525·26	1502·88

UNIT TRUST PRICES

	February 28		Yield		February 28		Yield
Allied Investors:				**P. Hill, Higginson, Erlangers:**			
Elect. & Ind. D.	10/3½	11/-	5·90	Brit. Sharehldrs.	13/3½	14/2½	4·15
Metals & Mins.	14/7½	15/6½	7·22	B S International	10/1½	10/9½*	4·54
British Life Office:				**Save & Pros. Gp.:**			
British Life Units	5/1	5/4	3·82	Insurance Units	18/8	19/10½	1·98
Commonwealth Unit Trust Fund:				Bank Insurance	7/10	8/4½	2·73
A E & G Un. Tst.	15/4	16/4	3·23	Bank Units	10/2	10/10*	3·65
Commonwealth	10/2	11/0½	5·05	Investment Tst.	7/4	7/10	2·92
Orthodox Unit	13/3	14/3*	4·66	Consol'd. BITS	14/8	15/7½	2·83
Municipal & Gen.:				Crosby Capital	7/4	7/10	3·05
Second M & G	9/0¼	9/6¼	4·55	Crosby Income	4/9	5/-*	5·92
M & G Gen. Tst.	12/1½	12/9½*	4·58	Scotbits	5/1½	5/5½	2·57
Mid. Ind. & Gen.	9/2¼	9/8¼*	4·45	Scotshares	4/8	5/-	4·72
National Group:				**Shield Fd. Mangrs.:**			
Nat. B.I.F.S.	6/11¾	7/5	3·49	Shield Un. Fund	4/5	4/8½*	4·11
Domest. Unit Fd.	4/4¾	4/8¼	4·38	**Dillon Walker:**			
				Community Un.	2/8½	2/11½	5·10
				Falcon Trust	4/6½	4/11	5·35
				Intrust Fund	19/8	20/8	4·84
				Unicorn Trust	6/6½	7/-*	3·86

* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. John Brown, 13¾%. Calico Printers, 20%. City Centre Props., 25⅓%. Coats, Patons & B., 12½%. Courtaulds, 12½%. Crittall Mfg., 16⅞%. Guardian, 26⅔%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Midland Bank, 15%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%. Thomson Organisation, 24%. Woodall-Duckham, 21%.

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to have risen above the 1960 level of £11.6 *million. But it is clear that the pressure* on profit margins already apparent in 1960 became greater last year when the company had to absorb further wage increases. Like all Marks and Spencer suppliers, Corah is under constant pressure to keep prices to a minimum. It is not at the expense of its own profit margins but as the result of improved efficiency from new techniques and machinery introduced among its suppliers that Marks and Spencer has been able to make its latest price cuts—an average of 7½ per cent on a wide range of garments. These include several hosiery *and knitwear items, with which Corah is* mainly concerned.

With the interim dividend maintained at 5 per cent on the capital as increased by last year's one for three scrip issue there were hopes that the total payment would be held at 17½ per cent but a final dividend of 10 per cent has been declared. This makes the total 15 per cent, against the equivalent of 13⅛ per cent. On this payment the 5s. shares yield 3.4 per cent, reflecting the ample dividend cover of 2.6 times. But the latest results suggest that there may be reason to revise some of the more optimistic views about Corah's rate of future growth.

Lewis's Investment Trust

SHAREHOLDERS in Lewis's Investment Trust, the department store group which includes Selfridges, may have been apprehensive about the preliminary results for the year to February 1st, for the chairman said last April that it would be prudent to view profit prospects for 1961-62 with caution as the wage agreement made early in the financial year would raise wages by a degree "not previously contemplated." In the event, the group's trading profits were only £25,000 lower at £5,784,000. As trading profits fell by £22,000 in the first half of the year, it is clear that they were virtually unchanged in the second half. A heavier tax charge cut into net profits, which fell by 4 per cent from £2,675,000 to £2,558,000.

The ordinary dividend has been rounded up from 12½ to 12½ per cent, but with net profits lower and a bigger payment arising on the enlarged preference capital, its cover has come down to 2.1 times. Among the subsidiaries, the Lewis's chain of department stores earned a profit of £3,789,000, 7 per cent more than in 1960-61, but Selfridges' profit fell by 5 per cent to £1,583,000; these figures compare with rises of 17 per cent and 10 per cent respectively in 1960-61, so that it is clear that Selfridges is still lagging behind the provincial stores. The 4s. ordinary shares at 14s. 4½d. are close to their low point for 1961-62 and yield 3½ per cent; this may look low but it is certainly more realistic than the yield of 2.2 per cent offered a year ago.

Lindustries

THE full report from Lindustries does not make pleasant reading for shareholders. After the interim report in July, which forecast an effectively unchanged total dividend of 12 per cent for the year to September 30, 1961, the profits of several subsidiaries fell sharply in the second half of the financial year and finally for the year as a whole the group's trading profits were 42 per cent lower at £607,000, against £1,052,000. The final dividend was cut to 6 per cent, to make a total distribution of 10 per cent. The chairman, Mr W. E. Luke, says that the lower profits reflect a decline in earnings in every major section in the group, over half of whose total assets at home and overseas remain in the textile industry.

Net profits at £319,000 were 51 per cent less than the £649,000 earned in 1959-60 so that the cover on the reduced dividend is only 1.2 times. The group now has net overdrafts of £280,000 but promissory notes produce an annual cash inflow of £250,000 until 1964, so that capital commitments of £200,000 are reasonably well covered. From the group's traditional interests in textiles returns are low and it has sought an answer in diversification. In 1960-61 it added to its engineering interests by acquiring Heating Elements and Waddington and Duval (Holdings) and last December purchased a machinery manufacturing firm, Joseph Rhodes of Wakefield. But the engineering subsidiaries did little last year to offset the low returns in textiles. In particular, Delaney Galley was hit by the recession in the motor industry which reduced the demand for its car heaters. In Canada, the chain of marine hardware stores made a loss; the profits of the Australian, Mexican and Japanese subsidiaries fell; and, to complete the disappointing tale, the French subsidiary, long unprofitable, was wound up.

On future prospects, Mr Luke says that the first quarter of the financial year showed no improvement over the later part of 1960-61 but short term prospects "are now more favourable." In the current year, earnings will benefit from a full year's contribution from its recently acquired subsidiaries, and, if the recovery in the motor industry continues, better earnings from Delaney Galley. But no more major acquisitions are contemplated this year. Since the preliminary results were published the £1 ordinary shares have fallen 3s. to 26s., to yield 7¼ per cent.

International Combustion (Holdings)

THE 1960-61 results of International Combustion (Holdings) show that it was still labouring under the burden of the less profitable boilermaking contracts accepted between 1955 and 1959, for gross profits fell by 8 per cent from £1,876,000 to £1,720,000 in the year to September 30th. The full report reveals that turnover, including three months' contribution from the Superheater Company, rose by a third from £15.3 million to £20 million. Shareholders may take some comfort from the fact that the group is holding on to its share of the market but they will still be disappointed with the paucity of profit margins. The record of the past three years, in which the return on net assets fell from 17½ to 6¼ per cent, must make them impatient for improvement, and though the chairman, Sir James Reid Young, affirms that "the distant prospect is brighter" he says about the immediate future that the directors do not expect any increase in the earnings of the group "in the next year or two."

The dividend has been maintained at 30 per cent but the ordinary capital issued last June at the time of acquisition of Superheater ranks for full payment, bringing the cover down from 1.7 to 1.2 times. Sir James says that the group is now having to accustom itself to large but infrequent orders, involving new problems of production and finance; the latter, however, should present no great problem at the moment, for though liquid assets have fallen from £2.3 to £1.3 million capital commitments amounted to £313,000 at the end of September, while the 1960-61 cash flow, excluding Superheater, was £488,000. This year Superheater will contribute a full year's earnings but this will hardly bring International Combustion out of the doldrums. Like other boilermakers, it still has to work off old contracts while costs continue to rise. The yield of 6¼ per cent on the 5s. ordinary shares, standing at 24s. 3d., points to the present difficulties.

TWW

THE 2s. 6d. ordinary shares of TWW, the independent television programme contractors for South Wales and South West England, stand at 20s. 6d. and yield about 13½ per cent, reflecting the possibility that the renewal of its contract in 1964 might involve terms affecting its earnings and dividend potential. On such a yield shareholders can afford to shrug off minor variations in current earnings but even so they must be surprised that TWW's profits fell by 7 per cent from £1,373,000 to £1,278,000 last year. The interim statement revealed a rise of 14 per cent in gross profits in the first half of the year but it contained the caveat that the directors had not had enough time to assess the effect of the 10 per cent television advertising tax levied in the budget on the results for the year as a whole. The explanation may be that TWW was unable to pass on the burden of the tax to the advertisers.

The dividend has been maintained at 110 per cent but the cover has fallen from 1.6 to 1.4 times. Future earnings should benefit from the increase in advertising rates in January, but shareholders must hope that the Earl of Derby will indicate whether the setback in the second half of 1961 was only temporary.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended February 24, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £48,734,000 compared with a surplus of £38,106,000 in the previous week and a surplus of £26,295,000 in the corresponding period of last year. There was a net receipt "below-line" of £15,639,000 leaving a total cumulative deficit to date of £250,122,000 compared with £370,677,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Feb. 25, 1961	April 1, 1961, to Feb. 24, 1962	Week ended Feb. 25, 1961	Week ended Feb. 24, 1962
Ordinary Revenue					
Income Tax	2,728,500	1,977,812	2,194,392	87,902	111,374
Surtax	210,000	151,300	173,100	8,400	12,900
Death Duties	240,000	207,900	229,900	5,800	5,000
Stamps	94,000	81,900	87,100	2,300	2,700
Profits tax, EPT and EPL	325,500	240,000	308,500	3,500	7,500
Other Inland Rev. Duties	...	150	100	...	...
Total Inland Rev.	3,598,000	2,659,062	2,993,092	107,902	139,474
Customs	1,550,000	1,324,995	1,458,874	26,663	28,871
Excise	960,000	885,840	923,620	11,655	17,240
Total Customs and Excise	2,510,000	2,210,835	2,382,494	38,318	46,111
Motor Duties	155,000	120,141	132,651	5,187	259
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.	40,000	35,200	36,300	3,600	3,000
Sundry Loans / Miscellaneous	205,000	41,271 / 109,714	216,373	492	375
Total	6,508,000	5,176,223	5,760,910	155,499	189,219
Ordinary Expenditure					
Debt Interest	660,000	609,116	657,330	5,151	7,184
Payments to N. Ireland Exch.	92,000	79,360	81,403	5,067	...
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,562	7,802	16	23
Supply Services	5,186,902	4,347,578	4,654,900	118,710	133,088
Total	5,961,902	5,043,616	5,408,717	128,944	140,295
Sinking Funds	40,000	32,347	33,072	260	190
"Above-line" Surplus or Deficit	+ 100,260	+ 319,121	+ 26,295	+ 48,734	
"Below-line" Net Expenditure*	470,937	569,243	Cr. 39,360	Cr. 15,639	
Total Surplus or Deficit	370,677	250,122	+ 65,655	+ 64,373	
Net receipts from:					
Tax Reserve Certificates	50,646	22,131	−4,577	−19,964	
Savings Certificates	56,900	−19,900	700	−700	
Defence Bonds	97,162	19,737	2,052	−485	
Premium Savings Bonds	51,210	36,800	800	1,400	
Total	255,918	58,768	−1,025	−19,749	

* Net issues of £40 million to the Civil Contingencies Fund in 1961-62 compared with net issues of £10 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Feb. 25	3,070·0	1,728·1	175·1	...	4,973·2
Nov. 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
,, 24	2,990·0	2,382·5	207·4	...	5,579·9

THE MONEY MARKET

THE average rate of discount rose by nearly 9d. at last Friday's Treasury bill tender to £5 10s. 7.47d. per cent, bringing the total rise in the past three weeks to 6s. 2.54d. The discount market lowered its common bid by 2d. (increasing its rate by 8d.) to £98 12s. 3d., and the market's allotment of bills fell to 21 per cent of its application, a new low point in its quota since July, 1960. The market's allotments in the past three weeks have averaged just under 24 per cent—about half the average for this time of year. Total applications rose by £16 million to £406 million for an unchanged offer of £220 million bills.

Credit was fairly ample at the end of last week and through to Monday of this week. Rates for day-to-day money opened at 5⅛ per cent but quickly fell to the clearing banks' minimum of 4⅛ per cent, and on Thursday and Saturday the authorities sold bills to absorb the surplus credit. The weekly tax transfers made credit tight on Tuesday, and although the authorities provided a very large amount of help by special bill purchases, one or two houses were still forced to borrow a marginal amount from the Bank of England.

MONEY RATES

LONDON

	%		%
Bank rate (from 6½%, 2/11/61)	6	**Discount rates:** Bank bills:	
Deposit rates (7 days' notice):		60 days	5 11/16–5 3/4
Banks	4	3 months	5 11/16–5 3/4
Discount houses	4–4 1/4	4 months	5 11/16–5 3/4
Local Authorities	6 3/8	6 months	5 11/16–5 13/16
Call money: Clearing banks' minimum	4 3/8	Fine trade bills: 3 months	6 3/4–7 1/2
Day-to-day	4 3/8–5 3/8	4 months	6 3/4–7 1/2
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** February 16	2·849
		,, 23	2·664

BANK OF ENGLAND RETURNS

(£ million)	Mar. 1, 1961	Feb. 21, 1962	Feb. 28, 1962
*Issue Department** :			
Notes in circulation	2,215·3	2,293·6	2,302·1
Notes in banking dept.	35·1	31·7	23·2
Govt. debt and securities*	2,248·2	2,324·0	2,324·0
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·0	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·1	17·7	13·2
Special deposits	156·1	241·4	241·4
Bankers	255·4	249·5	249·3
Others	68·4	69·4	72·9
Total	492·0	578·1	576·7
Securities:			
Government	427·4	511·1	506·6
Discounts and advances	27·2	33·7	44·1
Other	19·8	19·2	20·7
Total	474·4	564·0	571·1
Banking department reserve	36·0	32·6	24·1
"Proportion"	% 7·3	% 5·6	% 4·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on January 24th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	91 Day Bills: Average Rate of Allotment	91 Day Bills: Allotted at Max. Rate *
1961	*91 day*		s. d.	%
Feb. 24	240·0	418·3	87 11·85	36
	91 day / 63 day			
Nov. 24	220·0‡ / 60·0	471·8	107 9·40	42
Dec. 1	220·0 / 50·0	461·3	107 1·08	44
,, 8	230·0 / 50·0	455·3	106 5·34	46
,, 15	210·0 / 50·0	371·6	106 4·83	37
,, 22	210·0 / 50·0	379·0	107 3·18	52
,, 29	250·0	396·0	108 0·72	51
1962				
Jan. 5	240·0	406·9	108 7·81	38
,, 12	240·0	409·4	108 6·03	25
,, 19	240·0	388·1	106 2·35	63
,, 26	240·0	399·8	104 10·06	61
Feb. 2	200·0	379·4	104 4·93	33
,, 9	230·0	412·8	108 0·74	22
,, 16	220·0	389·8	109 10·81	28
,, 23	220·0	405·6	110 7·47	21

* On February 23rd tenders for 91 day bills at £98 12s. 3d. secured 21 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills. ‡ Allotment cut by £10 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: February 28	Market Rates: Spot: February 22	February 23	February 24	February 26	February 27	February 28
United States $	2·78–2·82*	2·817 16/16–9/16	2·817 16/16–9/16	2·817 16/16–9/16	2·81 1/2–5/8	2·817 16/16–9/16	2·817 16/16–9/16
Canadian $		2·95 1/8–1/4	2·95 3/16–7/16	2·95 3/8–1/2	2·95 3/8–1/2	2·95 1/16–1/16	2·95 7/16–9/16
French Fr.		13·79 1/4–1/2	13·79 1/8–3/8	13·79 1/4–1/2	13·79 3/8–5/8	13·79–79 1/4	13·79 1/8–3/8
Swiss Fr.		11·94–12·54 7/8	12·19 3/8–20	12·19 3/8–7/8	12·20 1/4–1/2	12·19 3/8–7/8	12·19 3/8–20
Belgian Fr.	137·96–140·05	140·10–	140·10–	140·10–	140·10–	140·07 1/2–	140·07 1/2–
Dutch Gld.		15	15	15	15	12 1/2	12 1/2
W. Ger. D-Mk.		10·18 1/2–3/4	10·18 3/8–5/8	10·18 3/8–5/8	10·18 3/8–5/8	10·17 3/4–18	10·17 3/4–18
Portug. Esc.		11·25 3/4–26	11·26 3/8–3/8	11·26 1/8–3/8	11·26 3/8–5/8	11·25 1/2–3/4	11·25 1/2–3/4
Italian Lire	1725–1775	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Swedish Kr.	14·27 1/2–14·70	1747–47 1/2	1747 1/2–48	1747 1/2–48	1747 3/4–48 1/4	17473/4–48	1747 3/4–48 1/4
Danish Kr.	19·06 1/2–19·62	14·51 1/8–3/8	14·50 7/8–51 1/8	14·50 7/8–51 1/8	14·51 1/4–1/2	14·51 1/8–3/8	14·52 1/4–1/2
Norwegian Kr.	19·71–20·30 1/2	19·38 1/4–1/2	19·37 3/8–7/8	19·37 3/8–7/8	19·37 1/2–3/4	19·37 1/4–1/2	19·37 1/4–1/2
	* Official Limits	20·04 3/4–05	20·04 7/8–05 1/8	20·04 7/8–05 1/8	20·04 7/8–05 1/8	20·04 7/8–05 1/8	20·04 7/8–05 1/8
One Month Forward Rates							
United States $		11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm
Canadian $		5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm
French Fr.		2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm
Swiss Fr.		4–3 1/2c. pm	4–3 1/2c. pm	4 1/8–3 5/8c. pm	4 1/4–3 5/8c. pm	4 1/2–4c. pm	4 5/8–4 1/8c. pm
Belgian Fr.		37–27c. pm	37–27c. pm	37–27c. pm	33–23c. pm	33–23c. pm	33–23c. pm
Dutch Gld.		3 1/4–2 1/4c. pm	3 1/4–2 1/4c. pm	3 1/4–2 1/4c. pm	3–2 1/2c. pm	3–2 1/2c. pm	3–2 1/2c. pm
W. German D-Mk.		3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/2–3pf. pm	3 1/4–2 3/4pf. pm
Three Months Forward Rates							
United States $		17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	1 15/16–1 13/16c. pm
Canadian $		1 7/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 13/16–1 11/16c. pm
Swiss Fr.		10 1/2–10c. pm	10 3/4–10 1/4c. pm	10 3/4–10 1/4c. pm	11–10 1/2c. pm	11 1/4–10 3/4c. pm	11 3/16–10 11/16c. pm
W. German D-Mk.		9 1/2–9pf. pm	9 1/2–9pf. pm	9 1/2–9pf. pm	9 1/2–9pf. pm	9 1/2–9 pf. pm	9 1/4–8 3/4pf. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)		249/4	249/2 3/4	...	249/2 3/4	249/3	249/3 1/2
,, ($,, ,,)		35·08 1/2	35·08 1/2		35·08 1/2	35·08 1/2	35·08 1/2

UK External Trade

Imports are valued cif: exports fob.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages.....	Feb. 10th	External Trade	This week
Manpower and Output....	Feb. 24th	Industrial Profits.....	Jan. 27th
OVERSEAS			
Western Europe.....	Feb. 17th	United States.....	Jan. 6th

	Unit	Monthly averages			1960		1961	1961				1962
		1959	1960	1961	Nov.	Dec.	Jan.	Sept.	Oct.	Nov.	Dec.	Jan.
VALUE												
Imports:												
Total	£ million	331·9	378·4	366·5	419·8	383·3	404·3	343·1	378·0	373·0	338·3	402·3
Food, drink and tobacco	,,	126·5	128·0	123·6	149·5	132·2	131·8	123·1	136·2	128·8	119·9	138·9
Basic materials	,,	77·6	88·3	82·1	94·7	91·5	95·2	71·9	79·8	74·6	73·8	88·0
Fuels	,,	38·9	40·0	40·3	45·5	39·6	48·3	35·3	40·0	40·3	37·3	46·7
Manufactures	,,	87·6	120·5	118·9	128·4	117·8	126·8	111·3	120·6	127·9	104·9	126·4
Exports of UK produce:												
Total	,,	277·5	296·2	306·9	344·0	306·0	330·4	260·5	319·4	319·4	298·5	311·5
Manufactures—Total	,,	234·5	250·0	259·8	287·9	252·1	280·9	215·7	265·8	266·1	244·7	263·8
,, Metals	,,	37·8	39·3	39·5	46·5	37·7	43·1	30·7	41·2	41·1	38·0	36·8
,, Engineering products	,,	122·4	131·0	139·5	147·0	132·7	149·8	112·0	140·0	140·8	128·5	148·0
,, Textiles	,,	20·7	21·7	20·8	24·1	21·3	24·1	18·1	20·8	21·5	19·4	20·7
Re-exports	,,	10·9	11·8	13·2	11·8	12·1	12·4	12·5	13·0	12·9	12·9	12·2
Balance of trade (exports less imports)	,,	−43·5	−70·4	−46·4	−64·0	−65·2	−61·5	−70·1	−45·6	−40·7	−26·9	−78·6
VOLUME(1)												
Imports:												
Total	1954=100	122	138	135	141[5]	...	143[4]	...	...	132[5]	...	149
Food, drink and tobacco	,,	118	121	...	129[5]	...	124[4]	...	...	124[5]	...	...
Basic materials	,,	101	110	...	110[5]	...	111[4]	...	...	94[5]	...	...
Fuels	,,	143	157	...	162[5]	...	179[4]	...	...	161[5]	...	...
Manufactures	,,	150	201	...	199[5]	...	205[4]	...	...	192[5]	...	...
Exports:												
Total	,,	116	122	125	125[5]	...	128[4]	...	...	127[5]	...	126
Manufactures	,,	117	124	...	124[5]	...	131[4]	...	...	126[5]	...	...
BY AREA												
Imports:												
USA	£ million	30·9	47·1	40·2	60·5	49·7	50·5	40·9	53·6	42·8	38·9	44·1
Canada	,,	26·0	31·2	29·1	34·8	31·6	27·0	27·5	29·7	33·2	31·0	24·9
Latin America	,,	26·8	26·0	23·2	21·5	22·7	24·9	18·4	18·9	17·4	20·0	23·1
West'n. Europe—Common Market	,,	46·6	55·2	56·5	58·9	52·0	56·2	53·7	58·3	64·4	48·6	59·7
,, ,, Free Trade Association (3)	,,	39·0	46·7	46·2	50·2	49·0	52·3	46·3	45·3	46·5	40·4	47·3
Soviet Eastern Europe	,,	9·7	11·6	13·0	13·5	14·8	13·4	14·9	17·6	14·5	11·4	15·2
Other Non-Sterling	,,	32·7	34·3	35·1	43·1	41·4	43·6	27·8	33·6	34·6	33·6	47·9
Sterling area	,,	120·2	126·3	123·2	137·3	122·1	136·4	113·6	121·0	119·6	114·4	140·1
Exports of UK produce:												
USA	,,	30·3	27·1	23·4	27·4	23·9	21·1	23·7	27·3	27·5	27·0	25·1
Canada	,,	17·3	17·9	18·5	25·5	16·8	14·8	12·3	17·2	20·8	14·8	15·0
Latin America	,,	12·9	14·3	13·9	15·8	15·1	14·2	12·2	15·5	15·9	13·6	16·3
West'n. Europe—Common Market	,,	38·8	43·3	51·1	45·7	43·7	48·3	44·7	58·6	52·4	55·6	55·5
,, ,, Free Trade Association (3)	,,	32·0	35·8	40·1	42·0	37·4	40·0	36·8	47·0	41·7	41·3	43·0
Soviet Eastern Europe	,,	5·1	6·4	8·8	7·5	5·4	8·5	7·7	9·6	9·3	8·7	9·7
Other Non-Sterling	,,	29·4	32·4	34·3	36·2	35·4	41·8	28·6	31·1	34·6	32·4	38·3
Sterling area	,,	111·7	119·0	116·8	143·9	128·3	141·7	94·5	113·1	117·2	105·1	108·6
TRADE IN SELECTED COMMODITIES												
Imports:												
Wheat	'000 tons	356·3	342·0	327·5	360·7	274·7	205·4	269·1	332·0	318·3	357·7	355·2
Meat	,,	67·6	69·3	61·1	74·7	56·0	69·5	53·6	52·9	40·1	50·1	66·6
Sugar, unrefined	,,	201·8	183·3	172·4	143·3	165·0	204·5	148·2	204·0	161·5	188·7	213·4
Raw cotton (2)	,,	22·5	22·5	18·4	19·6	27·2	21·0	10·9	15·5	13·7	20·2	20·3
Raw wool, sheep's and lambs' (2)	mn. lb.	58·6	49·8	49·4	48·7	56·1	75·7	18·9	32·1	35·7	48·9	84·6
Rubber, natural and synthetic (2)	'000 tons	17·0	16·2	16·2	19·6	21·0	24·2	12·2	13·5	15·0	12·3	23·8
Softwood	'000 stds.	121·7	150·0	134·2	173·9	154·5	129·2	171·1	158·1	143·9	112·8	94·4
Woodpulp	'000 tons	185·4	225·4	215·1	268·7	237·3	264·1	196·3	202·8	214·0	201·3	218·7
Crude petroleum	mn. galls.	847	963	1,059	1,126	942	1,218	895	1,093	1,072	967	1,151
Exports of UK produce:												
Coal, including bunkers	'000 tons	343	455	476	507	392	523	469	620	429	498	368
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	29	28	29	22	24	22	20	21
,, ,, ,, wool	'000 sq. yds.	8,536	8,089	7,528	9,243	7,521	8,941	6,211	7,361	7,176	6,636	7,633
Passenger cars and chassis	number	47,414	47,491	30,897	35,993	29,224	31,728	28,180	33,791	32,226	38,203	49,705
Commercial vehicles and chassis	,,	10,619	12,127	13,913	14,311	14,207	17,286	10,914	12,188	12,586	11,595	13,164
Agricultural tractors	,,	9,474	11,951	11,790	11,771	10,549	12,670	10,163	11,464	9,720	10,190	12,958
Machinery—electrical	£'000	5,706	5,257	5,506	6,016	5,857	7,096	4,199	5,105	5,001	5,511	4,838
,, other	,,	47,264	52,948	61,374	61,244	57,059	66,773	53,605	61,318	64,990	59,604	66,254
Chemicals, elements and compounds	,,	5,862	6,442	6,422	7,030	6,594	7,149	5,885	6,634	6,634	6,740	6,489

(1) Trade with the Channel Islands is included in the total import and export indices only. (2) Retained imports. (3) Including Finland. (4) Average for first quarter. (5) Average for fourth quarter.

APPOINTMENTS

BEA

don't be backward in coming forward....

We are looking for a **Forward Planner** in our Fleet Planning Branch. The duties include formulating future operating plans and fleet requirements, and preparation of operating data for cost/revenue estimates.

He should be able to reason clearly and will be required to make intelligent use of statistics. Candidates must be well-educated (preferably to University degree standard) with a marked aptitude for mathematics. We shall also look for relevant formal training or qualifications.

The post which is permanent and pensionable calls for a man with a keen interest in the commercial and operating aspects of planning, and imaginative, objective approach to the economic problems of air transport.

Salary range £1048 to £1417 a year.

Write in confidence to Personnel Officer, Head Office (**EC** *)*
BEA, Bealine House, Ruislip, Middlesex.

LONDON COUNTY COUNCIL

DEPUTY CURATOR required for GEFFRYE MUSEUM, Kingsland Road, London, E.2. Candidates should have academic or professional training, wide cultural interests and interest in antiques and in modern display; some practical experience with young people (e.g., teaching or youth work) and experience in arts and crafts an advantage. £900 x £50—£1,150, commencing above minimum where appropriate. Forms, with details, from Education Officer (Estab. 2/C/400/3), County Hall, London, S.E.1, returnable by March 19th.

BRITISH INSTITUTE OF MANAGEMENT invites applications for an appointment of ADVISER IN THE MANAGEMENT SERVICES DIVISION. The field will cover, within the general management framework, the subjects of Management Accounting, Financial Management and Office Management. Candidates should hold a recognised accountancy qualification, have a practical knowledge of modern management techniques and procedures, and some years' experience in industry or commerce. Full particulars of the appointment may be obtained from the Secretary at 80, Fetter Lane, London, E.C.4.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for the post of ASSISTANT LECTURER in the Department of International Politics, to take up duties on October 1, 1962. The person appointed will be required to conduct courses on the strategic factor in international relations. Further particulars and forms of application can be obtained from the Registrar, to whom applications should be sent not later than Wednesday, March 21, 1962.

For further appointments and other classified advertisements see page 860

UNIVERSITY OF GLASGOW

LECTURESHIP IN MATHEMATICS

Applications are invited for a LECTURESHIP IN MATHEMATICS from persons qualified in Pure or Applied Mathematics or Mathematical Statistics. Salary scale: £1,050-£1,850 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (eight copies) should be lodged, not later than 31st March, 1962, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

EXCEPTIONAL YOUNG MAN (28-33) required for interesting and varied work with admirable prospects in leading Investment House. Must be intelligent, articulate, liberally educated, wholly presentable and with good City experience. Initial salary up to £2,000. Curricula vitae to Box 1594.

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 Esher is contemplated within two years.

Group Personnel Manager,
BROWN & POLSON LTD.,
125/130 Strand, London, W.C.2.

UNIVERSITY COLLEGE OF THE WEST INDIES

FACULTY OF AGRICULTURE
(IMPERIAL COLLEGE OF TROPICAL AGRICULTURE),
TRINIDAD, WEST INDIES

Applications are invited for (i) LECTURESHIP or (ii) ASSISTANT LECTURESHIP in AGRICULTURAL ECONOMICS. Salary scales: (i) £1,050 x £50—£1,400 x £75—£1,850 p.a. (ii) £800 x £50—£950 p.a. plus local allowance of £250 p.a. (pensionable). Entry according to qualifications and experience, but in case of Assistant Lecturers and Lecturers below merit bar, consideration is given to age in fixing salary. Child allowance. F.S.S.U. Unfurnished accommodation at rental of 10 per cent of pensionable salary. Up to five full passages on appointment, normal termination and triennial study leave. Detailed applications (six copies), naming three referees, by April 9, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

ASSISTANT FOR INDUSTRIAL RELATIONS

THE GAS COUNCIL

The Gas Council invite applications for the appointment of an Administrative Assistant in the Industrial Relations Department who would be mainly responsible for the collection and analysis of information concerning terms and conditions of employment and education and training. Candidates should preferably have had experience in both fields; University training would be an advantage. Salary will be within the range of £1,360 to £1,575 per annum. The post is pensionable and successful candidates will be required to pass a medical examination. Applications giving particulars of age, qualifications and experience and stating when free for interview should be sent as soon as possible to: **The Secretary, The Gas Council, Murdoch House, 1 Grosvenor Place, London, S.W.1.**

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-£3,300 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,
Stag Place,
Victoria, S.W.1.

UNIVERSITY OF IFE NIGERIA

Applications are invited for:—
(a) SENIOR LECTURESHIP, LECTURESHIP or ASSISTANT LECTURESHIP in Economics.
(b) SENIOR LECTURESHIP and/or LECTURESHIP in Agricultural Economics.
(c) LECTURESHIP or ASSISTANT LECTURESHIP in Government.

Salary scales: Senior Lecturer £2,275 x £75—£2,575 p.a. Lecturer £1,200 x £75—£1,650/£1,725 x £75—£2,175 p.a. Assistant Lecturer £950 x £50—£1,100 p.a. (or if over 28 or holding a higher degree, £1,050 x £50—£1,150 p.a.). Initial appointments three years, to commence as soon as possible. Passages for appointee, wife and up to five children, on appointment, leave (every 21 months), and termination. Children's, car and outfit allowances. Superannuation Scheme. Part-furnished accommodation at rent not exceeding 7 per cent of salary. Detailed applications (six copies), naming three referees, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained. (Closing date: (a) and (c) April 7, 1962; (b) April 14, 1962.)

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or (f) post-graduate academic experience, especially of some aspect of foreign or public affairs.

The age limits are at least 28 and under 35 on August 1, 1962 (under 45 for candidates with regular service in H.M. Forces, Overseas Civil Service or Sudan Service).

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For further particulars and an application form, write to the Civil Service Commission, 6 Burlington Gardens, London, W.1, quoting 292/62. Completed application forms should be returned by May 3, 1962.

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Application forms and further particulars may be obtained from the undersigned, to whom the forms should be returned not later than March 23, 1962.

C. P. BLACK,
Acting Secretary to the Board.
Ministry of Labour and National Insurance,
Stormont,
Belfast, 4.

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Applications, with the names of not more than three referees, should be received not later than March 31, 1962, by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for an ASSISTANT LECTURER IN SOCIAL ADMINISTRATION. Salary on a scale £800 to £950 per annum with membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than March 26, 1962, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

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Applications are invited for a LECTURESHIP IN ECONOMICS in Queen's College, Dundee. Preference will be given to candidates specialising in economic theory. Salary scale: £1,050 x £50 to £1,400 (efficiency bar) x £75 to £1,850 per annum; *placing according to* qualifications and experience. F.S.S.U.; family allowance; grant towards furniture removal expenses.

Applications (six copies) containing the names of three referees to be lodged with the Secretary of the University, c/o Queen's College, Dundee, from whom further particulars may be obtained, not later than March 24, 1962.

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more temporary posts at the grade of LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period of not more than four years. Applicants should have field experience, preferably in South America, South East Asia or Africa, or knowledge of China. Salary scale £1,050 to £1,850 *per annum*; membership of F.S.S.U. and Children's Allowance Scheme. *Applications* should be sent not later than March 31, 1962, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

The Wellcome Foundation require for their Biological Control Laboratories a Statistician to take charge of their Statistical Unit at Dartford.

Applicants should possess a degree in statistics or mathematics, or an equivalent professional qualification. The work entails the design and analysis of routine biological assays and of research projects. Previous experience in this field would be an advantage. Salary according to qualifications and experience.

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Applications must be submitted through the Dean of the appropriate Faculty before April 14, 1962.

Further particulars and application forms may be obtained *from* the Secretary to the University, Old College, South Bridge, Edinburgh, 8.

CHARLES H. STEWART,
Secretary to the University.

February, 1962.

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Further particulars may be obtained from the Secretary of the *Appointments* Committee of the Faculty of Economics and Politics, Sidgwick Avenue, Cambridge. Eight copies of each application should be sent (to reach him not later than April 1, 1962) and, if so desired, one or more copies of any published work or unpublished writings. Testimonials are not required, but a candidate should give the names of two persons to whom reference can be made.

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.

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-£1,900 *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 25th, 1962.

UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for an Assistant Lectureship in Economics, *from* October 1, 1962, or such earlier date as may be arranged. The salary scale is £800 x £50 to £950 plus F.S.S.U. Initial *placing on* this scale will depend on experience and qualifications.—Applications should be received by March 31, 1962.—Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary to the University.

For other appointments see page 859

UNIVERSITY OF GLASGOW

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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.

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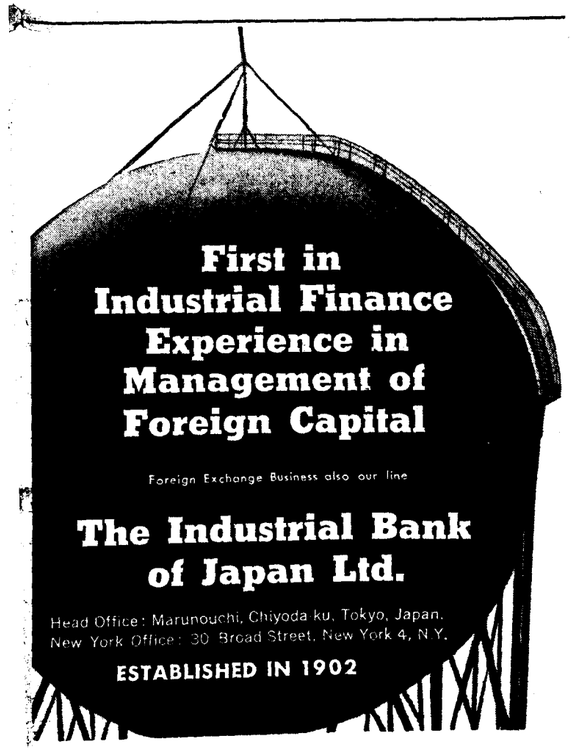
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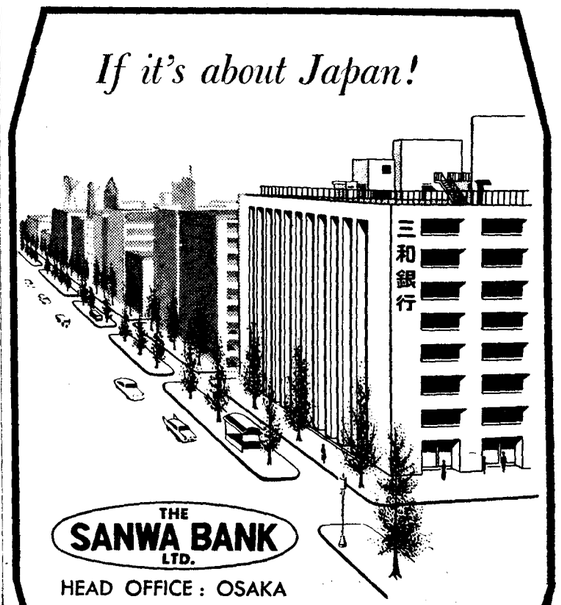
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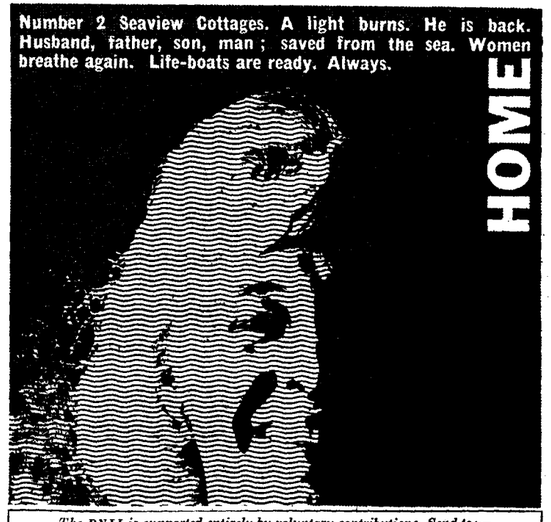
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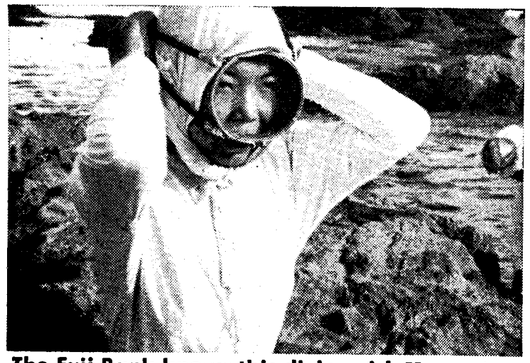






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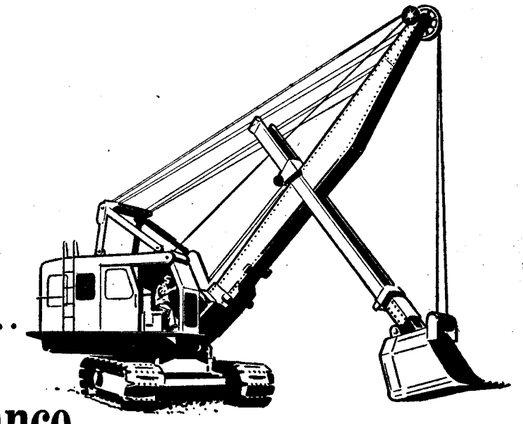
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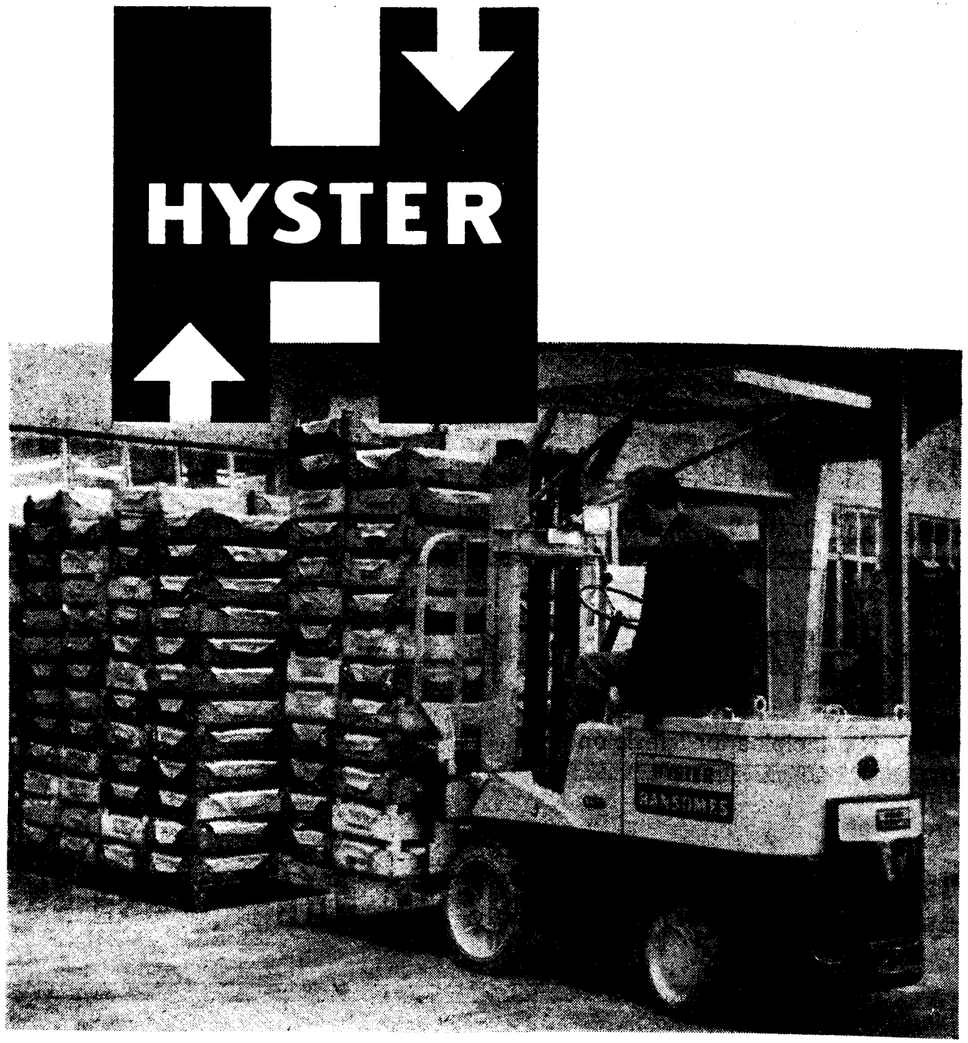
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INTERNATIONAL

PROSPECTS FOR PEACE

The Geneva conference of eighteen-minus-one is to meet: but until Moscow and Bonn can come together in some way, it is unlikely to achieve much. Dr Kroll (whatever his opponents in his own country may suppose) need not be regarded as a traitor to the western alliance for pursuing a reconciliation (p. 875).

But possibilities of a rapprochement between Moscow and Washington are not improved by the threatened resumption of nuclear tests by both sides (p. 881) although the maintenance of **America's** deterrent strength is thought to demand the resumption of nuclear tests in the air (p. 906).

The achievement of peace in **Algeria** now depends on French ability to suppress the Secret Army Organisation, which has so far gone unchecked (p. 895).

But at least the American Peace Corps is celebrating its first anniversary (p. 909).

The Leipzig Fair is being used as an opportunity to lift a corner of the Iron Curtain (p. 899).

PROSPECTS FOR DEMOCRACY

Experiments of various kinds are being attempted in **Italy,** where the economic miracle may be followed by a political miracle (p. 879); in **Pakistan,** where Field Marshal Ayub Khan is sponsoring a partial return to some sort of representative institutions (p. 884); in **Burma,** where General Ne Win has closed them down again (p. 884); and in **Persia,** where Dr Amini is attempting social reforms for which he requires western monetary aid (p. 888).

Experiments that have come, may come, or will come to sticky ends are the West Indies Federation (p. 887); Mr Menzies' hair-line majority government (p. 900); and Sir Edgar Whitehead's plan for a "white" guided democracy in Central Africa, where, contrary to his beliefs, and perhaps those of Whitehall, the natives are not friendly, at least to settlers' privileges (p. 883 and p. 896).

PROSPECTS FOR PROSPERITY

Positive

There is unlikely to be a steel strike in the **United States** next summer (p. 906).

Detroit seems to have hit the jackpot this year (p. 907).

The King of **Morocco** has some excellent plans to further his country's prosperity; but the proof of the pudding is in the eating (p. 899).

Negative

Americans are haunted by the contradictions between the need for more automation and the need for more jobs (p. 905).

Budget-planning is surprisingly hopeful in **Big Brother's backyard, Hongkong** (p. 903).

In spite of **Mr Khrushchev,** Russian agriculture is still in its Stalinist doldrums (p. 882).

HOME

JOINING UP

Membership of the European Coal and Steel Community will force these British industries to cast its policies in a European mould (p. 926).

Government tariff-cutting negotiators have done part of their work at Gatt (p. 930); now industrialists must not just tot up the gains and losses from the Dillon round of tariff cuts, but must look competitively ahead (p. 887).

European and American events have helped to make a good week for Mr Gaitskell (p. 883).

For London a regional pull and a decentralising push are needed in preparation for the European future (p. 889).

BRIGHTER IMAGES

Television: a liberal approach to mass entertainment (p. 877).

The mathematics of by-elections provides a hard test for high Liberal hopes (p. 881).

Mr Paul Chambers paints a promising picture of the future for chemicals (p. 927).

EASY PAYMENTS

Only car dealers stand to gain from the commission war that is likely to develop in the hire purchase game (p. 923).

A lower Bank rate does not take away hope of a non-restrictive budget (p. 927).

Jam tomorrow—the pay pause and its likely autumnal sequel (p. 883).

Impoverished veterans from Britain's imperial past deserve their share of rising incomes now (p. 888).

Leeds: a municipal picture lending scheme offers a new sales outlet to artists (p. 890).

UP IN SMOKE

The last fond illusions of cigarette smokers were shattered this week: now it is up to them to choose between long life and the old continuous brief pleasure (p. 878).

Rates: has the Government, for reasons of political expediency, shattered the idea that local taxation would be put on a more rational basis? (p. 882).

Mr Watkinson's five-year plan for defence is increasingly unlikely to be a real starter (p. 884).

The lunatic logic of defence production (p. 924).

Detailed contents on page 875

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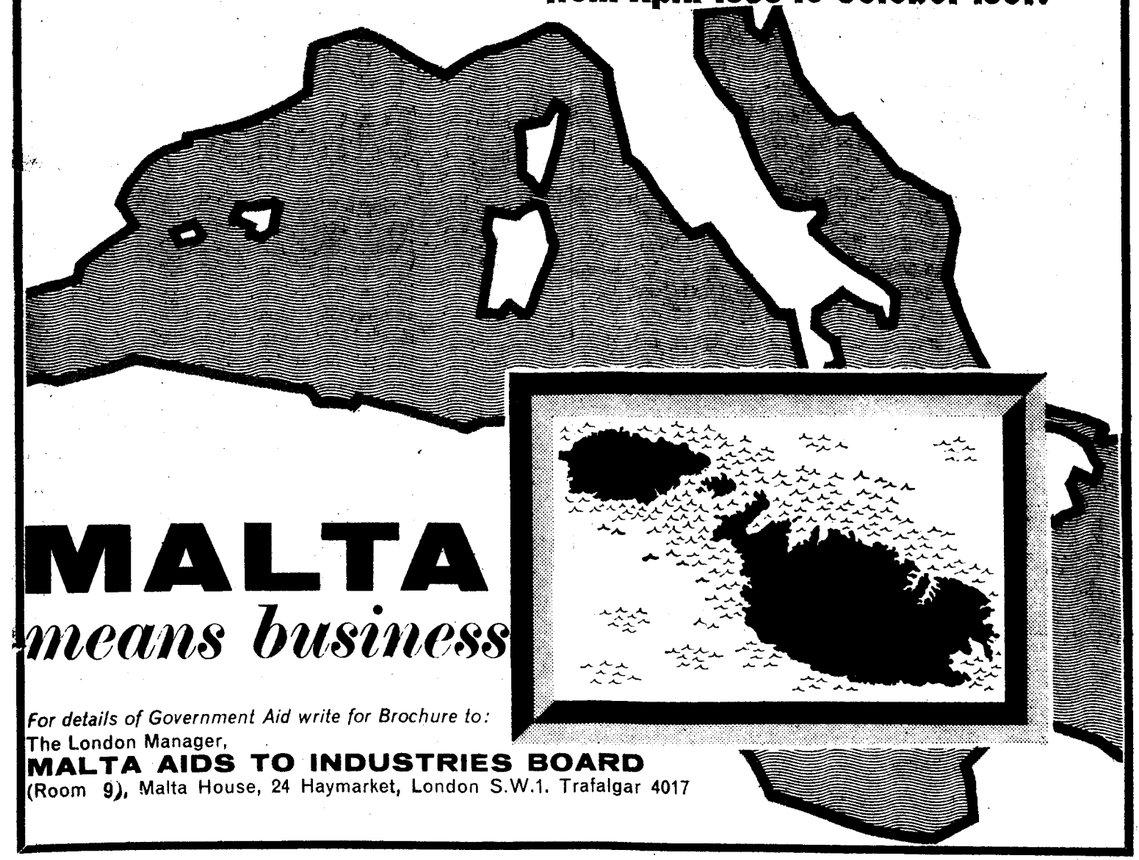
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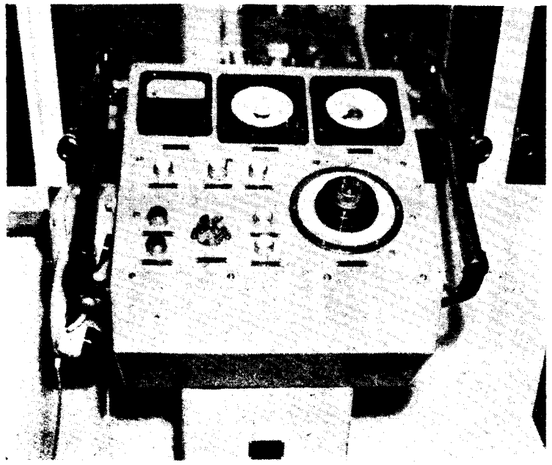
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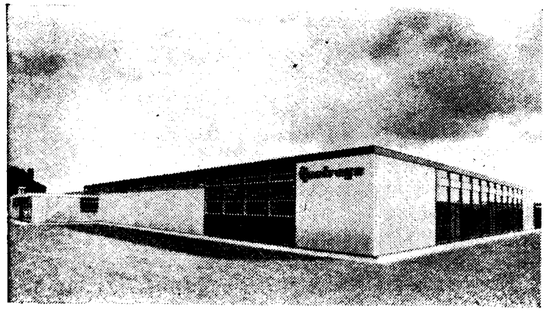
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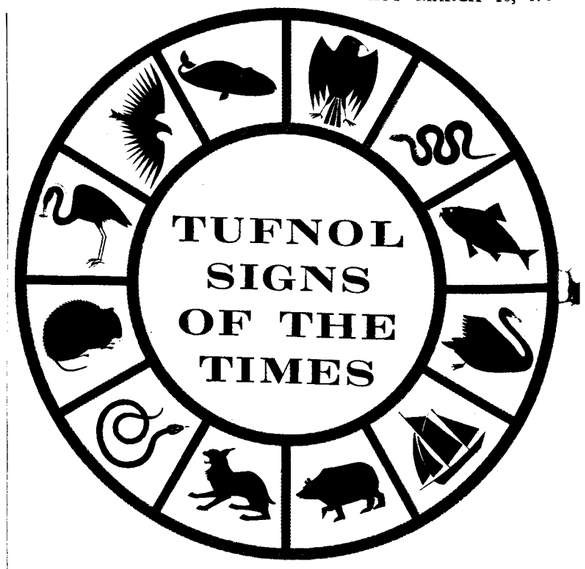
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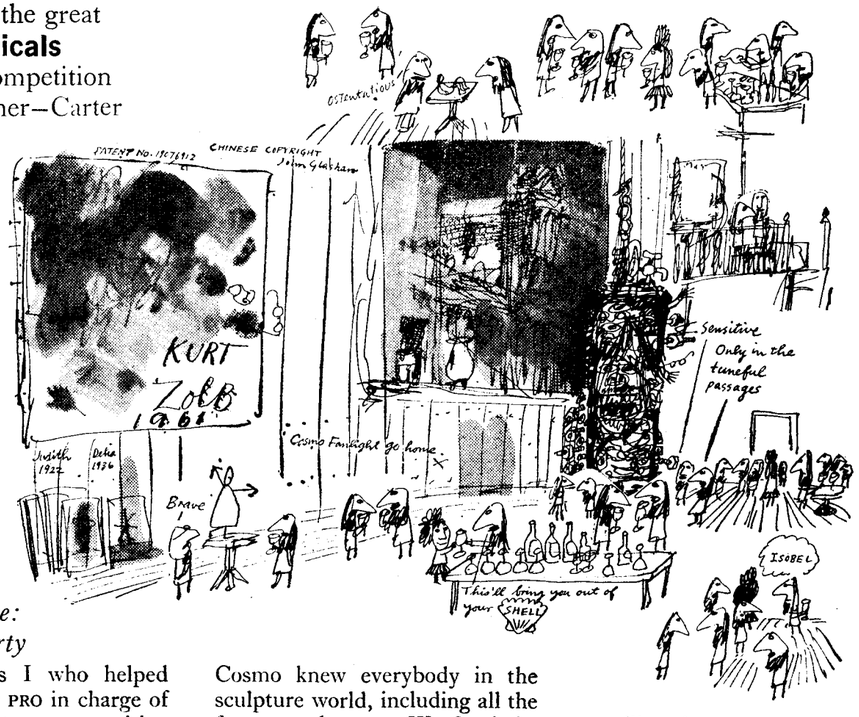
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PROJECT 304

The story of the great
Shell Chemicals
Sculpture Competition
by A. N. Other–Carter



Chapter Three:
The Press Party

Actually it was I who helped Carter, the new PRO in charge of the great sculpture competition for *The Spirit of Shell Chemicals*, to organise the Chelsea press conference announcing it. Carter was a scientist really (a Polyglycols man). Pretty dedicated. Didn't know a single sculptor, as a matter of fact. Some chaps are like that; not a bit the worse for it, though.

But I had known Cosmo Fanlight since the old days when we were both young, in Paris, in someone's studio—Rodin, Maillol, Brancusi, the name escapes me now. We'd rather drifted apart. I'd gone to Shell Chemicals (on the Personnel side). Cosmo had had a *succès d'estime* (odd phrase, that; what *succès* doesn't get *estime?)* with his startlingly Depressionist collages, but his mature fame was not as an artist so much as a TV and newspaper populariser and panelist. 'It's the new thing, boy,' he told me, 'I'm an articist.'

Cosmo knew everybody in the sculpture world, including all the famous unknowns. We fixed the whole thing up over absinthe in a Kings Road pub. On the day there were many famous faces in the gathering at Cosmo's flat. Quite a few of our own people, too; I noticed Carter from Ketones, Carter from Co-polymers, Carter from Advertising. After everybody had had an absinthe or two (makes the heart grow fonder, as we used to say in Paris) one of our directors, Mr. Carter, spoke, 'You will see from the brochure PROJECT 304 that we are offering a prize for the best sculpture *The Spirit of Shell Chemicals*. It should make clear the following points. I think I may say *(Cheers)*, without fear or favour, that the petroleum chemical industry today is a vital part of the modern world, today.

Today, Epikote resins go into many tough, rust-resistant paints. Glycols and polyglycols, today, are used as humectants and emollients' *(prolonged cheering)*. 'Our wetting agents, today, are widely used today in textile processes. Detergents, waxes and other chemicals for the paper industry. A vast and expanding research into insecticides, fungicides and herbicides. High-boiling aromatic hydrocarbons are, today . . .' The sculptors listened intently, many taking notes. But of course this was all familiar to me. I drifted to the back of the room when I heard a husky, vibrant whisper, 'What does 'humectant' mean?'

Memories of Paris flooded back. *Isobel . . .*

Do not miss Chapter Four:
'Mr. Carter's Invitation'

For any information about chemicals contact the Information Officer, Shell Chemical Company Limited, 170 Piccadilly, London W.I.

The Economist

MARCH 10, 1962

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VOLUME CCII - NUMBER 6185

Skirting the Minefield

AFTER all, the Geneva disarmament conference is to start its life as a conference of foreign ministers; and Mr Rusk, Lord Home, and Mr Gromyko will have two days to discuss its prospects before the full eighteen, less France, assemble on Wednesday. Most people will feel that it is a good thing that the three should meet; it is when one comes to wonder what they can usefully talk about that the scene clouds over.

Nuclear tests are not at the moment a promising subject. General disarmament remains a distant prospect, though one that must have serious attention, if it takes twenty years. This being so, schemes for regional limitation of armaments may present the least unpromising subject-matter for the seventeen ministers, and it would not be surprising if the Russians, with an eye on the eight "neutrals" at the conference as well as on their own King Charles's head of security in Central Europe, were to fetch something of this kind out of the hat. But American policy, as Mr Lippmann pointed out last week, is tied by the interests and desires of each of America's allies; Mr Dean Rusk could not approach any regional scheme as a free agent.

Armaments and Germany are two subjects always closely linked in the minds of the Russian leaders—as closely today as ten years ago, when (March 10, 1952), a note from Moscow to the western powers proposed a peace treaty that would have given Germany, within its existing frontiers, its national unity and a national army, provided Germany did not join Nato. This was the first, and also possibly the last, Russian proposal for Germany that could ever reasonably have been thought to have a chance of German acceptance. The climate was against it (this was the month of the Lisbon conference of the Nato powers), it was turned down, and west Germany firmly took the path of joining in western defence.

But the apparently hopeless argument, how to reconcile Germany's desire for national unity with Germany's attachment to the western alliance, has gone on ever since and is raging in Germany today. When Americans and Russians discuss disarmament, or when they discuss Berlin, the Germans watch (as they are watching Geneva this weekend) with nervous anxiety; as they well know, either the discussions will remain barren for any purpose but the gaining of time, or they will break the sensitive ground of Germany's vital national interests and desires. No doubt the Geneva talks will find the Americans (and, indeed, in their different way the Russians) still too preoccupied with the domestic health of their alliances to set foot on the minefield.

The course of Mr Gromyko's talks about Berlin with the American ambassador in Moscow, Mr Thompson, is evidence of this. Their fifth talk in the series, on Wednesday, seems to have found them not an inch further on than their first, on January 2nd. Mr Polyanov, writing in *Izvestia,* has complained that American efforts "to restrict the subject of the dialogue" have made the exchange unfruitful. And, indeed, American loyalty to the west German ally has made the German frontiers and the position of the east German state (not to mention arms limitation in Central Europe) forbidden topics. Even so, Dr Adenauer has not been able to conceal his dislike of the Gromyko-Thompson talks; Washington's relations with Bonn have been going through a phase of irritation on the one side, and suspicion on the other.

It is possible to think these west German suspicions wrong without denying the reality, and even the pathos, of the dilemma from which they spring. Indeed,

Bonn's distrust of American or (on occasion) British dealings with the Russians is a pale thing compared with its distrust of itself and its own agents, as the latest professional vicissitudes of Dr Hans Kroll bear witness. A zealous, gifted, and somewhat impetuous west German ambassador in Moscow, Dr Kroll did succeed in establishing a relationship with Mr Khrushchev in which it began to be possible to exchange ideas about Soviet-German relations and possible ways in which they might be improved. One of his conversations with Mr Khrushchev got Dr Kroll into trouble with his home government in November, not because of anything of substance that Dr Kroll had done or said, but because of what may be called Bonn's Rapallo complex—a nervousness of being thought to be dealing with the Russians behind the West's back. Dr Adenauer decided then, evidently against opposition from sections of his foreign ministry and of his parliamentary party, to let Dr Kroll return to his post. But this subject has since grown more sensitive still, and Dr Kroll, under furious attack, has had to come to Bonn once more to explain himself.

SOME part in the bizarre drama that has caught up Dr Kroll has been played by the memorandum (summarised in *The Economist* on February 3rd) which Mr Gromyko handed to him just after Christmas. This was answered, on February 21st, in a memorandum that, like the Soviet one, is sufficiently fresh and direct in style to have given rise to the suggestion that new, younger hands have been allowed to pick up the pen. If it does not make a practical proposal, that was not its purpose; it does indicate, plainly enough, that Bonn is ready to make these two documents the start of an exchange of ideas between the two governments.

The consultations which led to this reply being prepared and delivered seem to have also seen the start of the renewed campaign against Dr Kroll personally. It began with hints that his health was failing and he might have to leave his post; it was continued by the Bonn correspondent of the Hamburg paper *Die Welt*, who first accused "a much-talked-of official" of advocating unacceptable concessions to the Russians, and later, naming Dr Kroll, demanded his recall. The ambassador has denied the views attributed to him, has started proceedings against the newspaper, and, over the telephone from Moscow, has explained the campaign against himself as the work of "liars, intriguers, wirepullers and well-poisoners," leaving room for speculation whether he was



Dr Kroll and Dr Adenauer: the November shindy

referring to the press, to his enemies in the Bonn foreign ministry, or to articulate subordinates in his own embassy, some of whom seem to be conducting a Russian policy of their own choice. There seems little doubt that the attacks on him have been originating in the ministry itself. Dr Adenauer, in handling a row that has been forced on him, is uncomfortably placed between the anti-Kroll faction in the Bonn establishment and his coalition partners, the Free Democrats, whose ideas for dealing with Moscow are close to the ambassador's.

Who should represent Bonn in Moscow is plainly a matter for the Bonn government and for nobody else; above everything, an ambassador must have his own government's confidence. But whether Dr Kroll goes or stays, the west Germans will be left with their agonising problem of how, in what spirit, and with what objectives to conduct their relations with Moscow. On this, an outsider can offer comments; and two come to mind. The first is that to Germans it may be shocking that a German should talk of recognising east Germany, or accepting the Oder-Neisse frontier, or offering a loan to Russia (the offences alleged against, and denied by, Dr Kroll); but most foreigners would not find it shocking, if the Germans were to choose to do these things of their own volition, consulting their allies, and as part of an intelligible programme to repair the eastern European fences that were torn down in 1941. The second is that the west Germans should be wary of giving too much weight to the Rapallo complex. While it is a vital interest of the western nations that Germany should be of their number, their interest does not really require west Germany to be on bad terms with Russia. On the contrary: so long as relations between Bonn and eastern Europe stay as bad as they are, it is hard to see a way out of the interlocked problems which the seventeen ministers will be, perhaps despondently, turning over at Geneva.

The Economist

MARCH 8, 1862

CRISIS IN PARIS

The position at Paris has not been essentially changed since we estimated it last week; but no doubt the discontent has assumed a more critical phase. The students, irritated perhaps by the dismissal of the pantheistic Ernest Rénan from his Professorship in the College de France, excited by the democratic speech of Prince Jerome, and led to hope for the support of the *ouvriers* by the eagerness with which the working classes have crowded to read in the *Moniteur* Prince Jerome's speech—burst out into treasonable agitation, and disseminated far and wide in Paris the song of "The Lion of the Latin [or student] Quarter," a revolutionary aspiration for the destruction of Napoleon. A great many arrests,—more than *one* hundred it is declared,—have been made; and a conspiracy is said to have been discovered for the overthrow of public order. At all events it is clear that something nearer to a social storm than anything which has yet been experienced under the second Empire has taken place in Paris, and at the same time the Emperor has been, if he still is not, in collision with his Legislative Body. The moment is a serious one, as it is certain that that great stimulant of anarchy, physical want, is very wide spread in France, and is likely to increase. Commerce is everywhere stagnant. The American war deprives the manufacturers of France as well as England of their best customers,—and when there is increasing popular distress, political disaffection must generally increase also. Dissatisfaction is the seed of reform, and disgust of revolution. If the people at large cannot endure life as it is, there is a very strong impulse, unless they be wiser than the masses of any people ever are, to think that the fault lies with their rulers,—and plenty of argument may always be devised to prove that life as it is, is much worse than life as it might be.

Pre-Pilkington

How should future television and broadcasting services be organised and financed?

THE Pilkington report—and probably a major row over it—will be breaking into the open fairly soon. It is time for public opinion to take up battle positions over this. There is something about television that prompts many eminent men to strike many extraordinarily illiberal attitudes about it. But the general principles for liberals should surely be clear.

The first principle for television is that, since this instrument for entertainment exists, it should be used to the maximum extent that is popularly desired (which means, to the maximum extent that any possible system for collecting customers' payments can make commercially viable). If any large number of people want to watch first feature films, or league football matches, or ballet performances by their own firesides, and if any mechanism exists which would make it commercially possible for the organisers of those entertainments to bring them to those firesides, then that mechanism should be used. This is the more important because, as 625-line television spreads, television screens at home are going to become bigger and easier on the eye; and it is absurd that people should have to go out to cinemas and so forth if they can derive almost as much enjoyment at home. One might as well say that people should have to go to public washhouses whenever they want a bath.

For many performances that do not appear on television at present, such as first feature films, the obvious mechanism for making home showings economic seems to be pay-in-the-slot-television; instead of collecting 4s. per head at the cinema box office, the film distributors could collect, say, 6s. per family in the slot at the set-side before their special pictures became unscrambled. (Minority programmes, such as ballet, would have to demand more than 6s. in the slot, but should still find enough customers to make their performances economic.) There is the difficulty that initially pay-TV, whether by a wired system or some other means, could not easily reach nearly all the present televiewers in the country. The organisers of some events that go on mass TV at the moment—ones that could literally gather in millions of six shillingses, such as the Cup Final—would naturally want to sell their entertainment to paying customers on pay-TV only. Eventually, this might be quite right; but in the first few years, until pay-TV sets spread to a certain proportion of homes in the country, it would be just and politic to reserve a specified list of really major national events for ordinary BBC and ITV programmes as now.

The best way to extend the scope of the mass of television performances which would not go on pay-TV, however, is to get as much money into television as is commercially on offer. There is a considerable margin of unsatisfied demand for advertising space on television, so it seems at first sight to be in everyone's interests that new services should be at least partly financed by new advertising. The objections to this are, first, that the element of monopoly on the air means that those who are lucky enough to secure a franchise for advertisement-financed television can then make unduly large profits; and, secondly, that companies which are wholly dependent for their revenue on advertisements may become ruled by people who are intent solely on titillating and satisfying trivial interests—and sometimes on cutting costs—rather than doing anything to elevate public taste (the best sorts of newspaper are not usually those that are mainly ruled by their advertisement managers).

The way to obviate the first difficulty—the difficulty of excess profits—lies through taxation. There is a very good case for saying that the profits of private television companies (which arise partly from the monopoly element in their franchise) should become liable, after a certain level, to a *progressive* rate of income tax and profits tax—just as personal incomes are subject to a progressive level of income tax and surtax, although not, of course, on the same schedules. Since nobody can say how profitable pay-TV would be, progressive taxation on excess profits should be leviable on new pay-TV companies as well; if they do not make high profits, then the progressive rates of tax would not come into effect. Generally, the objection to progressive taxation is that it blunts the incentive to make marginally higher profits and to secure proper economy in expenditure once the company concerned has pushed its income beyond a certain level. But at the present stage of television that need not be a disadvantage.

The money drawn in from these special taxes and from licence fees could then be used to obviate the second difficulty, the danger of neglect of the educational and forward-looking functions of television. Since the BBC is presumably determined to remain simon-pure from the defilement of showing any advertisements on its programmes, its whole service would no doubt have to be financed from this pool of tax and licence-collected money. But one would also like to see subventions given from this pool to programmes of educational or public service or minority value on any channel, thus helping to free the commercial companies from relying on their advertisement managers only. In particular, one would like part of the new band space now becoming available to be reserved for a television university of the air, complete with extra-mural examinations. Proposals for this in *The Economist* (see December 16th last) and elsewhere have been very crabbily received by the BBC, which thinks that the only proper way to educate adults through television is by introducing culture into its own programmes by stealth. One can only hope that the Pilkington committee has not allowed itself to be impressed by this special pleading—which is based on the same sort of underestimate of the educational opportunities in television as the BBC's pre-1955 underestimate of the news-reporting opportunities in television, in the days before ITV appeared.

FOR broadcasting—as for every other forward-looking activity—the next important liberal principle is that there should be as much competition in it as possible. In an ideal world, the same principle would rule for free television as for a free press; anybody should be able to set up a broadcasting service, and indeed propagate whatever political views

he likes on it, provided he can attract a sufficient audience interested in his programmes to make his enterprise pay. Unfortunately, at present, there is not enough band space on television for anything approaching that freedom of enterprise and expression. There is controversy about how much new space for new television network(s) the Pilkington committee will be able to carve out, given that it will almost certainly be right to send out existing BBC and ITV programmes in duplicate on 625-line and 405-line transmission for the next ten or fifteen years. But whether there proves to be space for one new additional national network or two, nobody suggests that the airwaves can yet be set free to all comers. In rationing out the band space that is available, the Pilkington committee should be careful to see that existing broadcasting organisations and companies do not automatically have so great a right of pre-emption of facilities that new ventures with new ideas are kept off the air.

In local sound radio, however, an opportunity for something approaching real freedom of enterprise should soon appear. The BBC is anxious to start a series of low-range local sound broadcasting stations up and down the country, in addition to its three national sound programmes. It should be allowed to go forward with at least some of these, perhaps indeed with all of them that it really wants. One still thinks that the BBC would be wise to take some advertisement revenue on these local programmes—local advertising is one of the most valuable services of local newspapers—but that is for it to decide. But even if the BBC starts all the local radio stations it wants —or all that even some of its best friends think that it would be wise to try to digest—a situation will still remain where there may be many big towns or other areas in the country without a local broadcasting station. If a commercial company thinks that an advertising-financed service in any of these bereft localities would be worth its while, what can be the objection to allowing it to start one? The only objection would be if one thought that advertisement-financed broadcasting, even where there was both room and a commercial demand for it, could and should be banned like a dangerous drug. But anybody who uses a "dangerous drug" argument in any matter pertaining to freedom of speech and expression —anybody who says that there should be a ban on any form of free expression just because he does not like it—is surely slipping perilously close to an incipient fascism.

These principles will not be agreed to by everybody. But they are the sorts of principle that can be thought out (and then supported or opposed) by each individual citizen. It will not be sensible or democratic to say that the principles which the nation should automatically accept should be those laid down for it by the particular people who have served on the Pilkington committee. What the country should mainly require from the Pilkington report is a careful resumé of the technical and economic possibilities before British television and sound broadcasting. After that it should be for the Government, as influenced by public opinion, to decide in what framework those possibilities and capabilities can best be brought to fruition.

No Smoking?



One in three of men aged 35 who are heavy smokers is likely to die before the age of 65, compared with only one in six of non-smokers

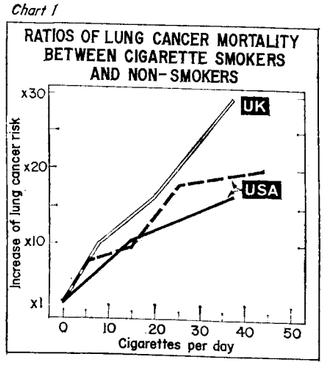
No one can say that the doctors have not tried. Faced with a death rate from lung cancer that has risen to a level approaching the death rate from tuberculosis in the first world war, the Royal College of Physicians has issued a report* that convincingly incriminates cigarette smoking as a main cause. The report itself does not provide any new evidence for this conclusion. What it does is to bring together the findings of all the relevant research, and to present the prosecution's case in language intelligible to the average juryman.

The statistical association between heavy smoking and lung cancer has been shown by at least twenty-three investigations in nine countries, in which the smoking habits of sufferers from lung cancer were compared with the smoking habits of other people in defined "control groups." In addition, and even more convincing, there have been four "prospective" studies—in Britain, America and Canada—in which the smoking habits of a defined group have been found out while the smokers were still alive, and then the number and causes of deaths among them have been recorded over a period of years. From the British study of doctors aged 35 and over, the risk of dying from lung cancer (Chart 1) was shown to be twenty times greater for a doctor smoking 25 cigarettes a day than for a non-smoker (and nearly thirty times if he smoked over 35). The same study shows that, for example, one out of 23 of those who smoke 25 or more cigarettes a day are likely to die from lung cancer between the ages of 55 and 64 (Chart 2).

It is still true that tobacco has not been caught red-handed. Tar from tobacco smoke has produced skin cancer in mice, but no one has succeeded in inducing lung cancer in an animal by exposing it to tobacco smoke in inhaled air. A popular theory at the moment is that tobacco smoke contains co-carcinogens — that is, substances which, though not cancer-producing themselves, act with substances generally present in the air to produce cancer. Or it may be, the report says, that tobacco acts as a chronic irritant, which, as with other tissues, increases the liability of the lung to develop cancer.

Lung cancer, however, is not the only risk that smokers run.

Chart 1



Ratios derived from one British and two American studies.

* Smoking and Health. *Pitman Medical Publishing.* 5s.

From the same study of doctors it appears that heavy smokers (25 cigarettes or more a day) have a death rate from all causes four times that of non-smokers between the ages of 35 and 44, and—even more striking—a third of heavy smokers aged 35 may expect to die before they reach the age of 65, compared with 15 per cent of non-smokers. The association between smoking and other diseases is not so clear-cut as it is between smoking and lung cancer, because other factors are known to be implicated. But the report concludes that cigarette smoking increases the risk of death from coronary heart disease for a man under 55 years old; and it is an important predisposing cause of chronic bronchitis, a disease that costs industry some 27 million working days a year and accounts for 8 per cent of all deaths of men between 45 and 65. Smoking does not cause peptic ulcers, but there is evidence that it makes them worse and delays their healing.

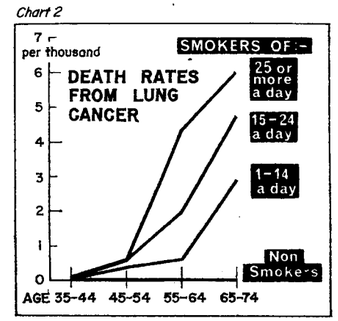
If this case against cigarette smoking is accepted, what should be done about it? The Royal College of Physicians does not take an extreme view and suggest that smoking should be prohibited. In fact, the report recognises that it is "a habit which most smokers enjoy without injury to their health." But at present "both social custom and commercial pressure outbid the voice of caution," and to redress the balance the report recommends much more intensive education and propaganda—particularly among children and adolescents —and a restriction on advertising.

WITH the first, there can be no quarrel. Smoking adults still kid themselves that the connection between lung cancer and cigarettes is not proven (though not doctors, for over the last ten years the proportion of doctors smoking cigarettes only has fallen, while the proportion of non-smokers has risen and is twice that of other men of the same ages). But on the whole children smoke because their parents do, so that campaigns directed at the young will fall flat unless their elders can be convinced—or unless no smoking (or cigar smoking) is adopted and publicised by teenage pop singers.

Restrictions on advertising are rather a different matter. It is true that there are precedents in controlling advertisements in the interests of public health; for instance, advertisements of patent medicines cannot claim that they cure or relieve certain diseases. This can be justified on the ground that self-medication may prevent a person from taking his symptoms to a doctor; but it is unlikely that anyone begins to smoke, or even smokes more, because of advertisements for particular brands—nor does the report claim that he does.

Counter publicity, on the other hand, can properly be undertaken. In particular, it should be emphasised that it is never too late to give up smoking, or at least that the risks would be reduced. In addition, it should be widely known that the second half of a cigarette, which acts as a filter, is potentially more dangerous than the first half, and that the lower mortality from lung cancer in America than in Britain is partly attributed to the American practice of throwing away a longer stub. More important is the fact that much less risk is attached to cigars and pipes than to cigarettes, probably because cigar and pipe smokers seldom inhale. As this report suggests, the case for tax discrimination in favour of pipe tobacco and cigars, and against cigarettes, seems overwhelming. The Chancellor should now start thinking out ways to put this discrimination into effect.

Chart 2



Italy's Fresh Start

To tackle the new problems that come with success, a modernisation of Italian politics is at last being attempted

ITALY'S economic "miracle"—its surprising economic expansion in recent years—is by now taken for granted. This week in Rome may have seen the beginning of an even more surprising political "miracle." Signor Fanfani's centre-left government of Christian Democrats, Social Democrats and Republicans has faced Parliament with a programme of economic and social reforms. One setback was suffered; the Socialists, instead of giving the government a positive push forward by voting for it, decided merely to abstain. On the other hand, one potential hazard failed to materialise; the Communists have stayed in opposition instead of saddling Signor Fanfani with unwelcome, even though negative, support.

It was in September, 1956, that the leaders of the Socialist and the Social Democrat parties, Signor Nenni and Signor Saragat, met at Pralognan in the French Alps to discuss the possibility of reuniting their two parties which had split apart nine years earlier. Nothing came of that encounter; but an "opening to the left" of some sort has remained since then the cardinal issue—and the will-o'-the-wisp—of Italian politics. The attempt to find a government with a workable centre-left parliamentary majority has repeatedly come to grief either on the Christian Democrats' fear of opening the door to communist penetration, or on the Socialists' reluctance to get involved with capitalist politicians. Signor Fanfani's cautious leftward move with a minority government of Christian Democrats and Social Democrats in 1958 was too tentative either to encourage Socialist support, or to discourage the fatal sniping of his own party's right-wingers; the experiment only lasted seven months. In the autumn of 1959 the Christian Democrat party congress in Florence revealed the depth of the party's division over an opening to the left. At the same time Signor Nenni did not help matters by playing hard to get, and by his apparent reluctance to disengage completely from the Communists.

These mutual fears and suspicions have now been overcome sufficiently to allow a centre-left government (excluding, that

is, the conservative Liberal party) whose programme Signor Nenni has approved in broad outline and undertaken to support. No serious internal crisis or pressing external danger has been necessary to bring this about. One can count it a sign of the growing self-confidence and maturity of the young fifteen-year-old Italian republic that a substantial section of its politicians should have thus locked away—it is too soon to say buried—their ancient feuds and joined to overcome the obstacles that threaten to obstruct Italy's further economic and (especially) social progress. Signor Nenni has gradually progressed away from the Communists ; and there has been a growing awareness among the Christian Democrats, crystallised at the Naples party congress in January, that the old governmental formula (their own party plus the three small centre "lay" parties) has, in all its variations, outlived its usefulness. The process has been much helped by the more progressive and flexible outlook that Pope John has introduced into the Vatican, and by his reluctance to have the Church as deeply involved in Italian politics as it has been in the past.

SIGNOR FANFANI's programme is designed to overcome social and economic inequalities, in particular between North and South. It is, in effect, a determined bid to steal the Communists' clothes and leave them exposed to the electorate, naked, isolated, and even rather ridiculous. It is meant to demonstrate that—contrary to the Communists' assertion—social justice can be firmly established in Italy while democratic liberties are fully preserved.

Some of Signor Fanfani's measures will provoke bitter argument, especially his cautious promise to submit to Parliament within three months "a project for the unification of the national electricity system," which is taken as meaning nationalisation. His proposal to introduce a measure of regional autonomy (so far this has been done in only four of the nineteen regions) is also highly controversial. Will it improve administrative efficiency and speed, or will it just introduce fresh bureaucratic layers into the administrative machine ? The question also touches political nerves ; if regional governments were set up, several of them would fall under the control of a Communist-Socialist alliance (the Socialists are still working locally with the Communists in some places). Regional autonomy has been loudly advocated by the Communists.

Other measures are basically common-sense administrative reforms, but will none the less be unpopular with some people ; they include much more rigorous devices against tax evasion. For others, the proposal to introduce general economic planning under an enlarged ministry of the budget will smack too much of socialism. But, in fact, Italy already has a number of regional and sectional plans ; with such inequality persisting between the different regions, planning needs to be co-ordinated at national level, and public investment directed where it will do most good. The abolition of share-cropping, now promised, is a reform which successive Italian governments have shirked. But, in the long run, perhaps the most significant part of the new government's plans is its educational programme ; Italy's further economic and social progress will be gravely, even irreparably, handicapped unless its educational system can be modernised and enormously enlarged.

In carrying out his programme Signor Fanfani will have much to contend with. Not least among his worries is the danger that his experiment will be fatally compromised by unsolicited communist approval. Signor Togliatti, an experienced opportunist, does not want the odium of opposing social and economic reforms ; his party's opposition, he declared benevolently on Monday, would be aimed at stimulating the government's reforming zeal. But Signor Fanfani's unequivocal reaffirmation of Italy's pro-western foreign policy will help to keep the Communists at arms' length ; it will also have helped to mollify the right-wingers within his own party, who fear that a leftward swing in domestic policy is sure to be followed by a swing towards neutralism abroad. Conversely, that same Atlantic policy remains a considerable barrier between him and his Socialist supporters—and no doubt helped to induce them to abstain on the vote of confidence.

Much indeed will depend on the extent to which the Socialists can now lay aside their foreign policy differences with Signor Fanfani and concentrate on helping to push through his domestic programme. They must also lay aside their old doctrinal prejudices. Throughout their history the Italian Socialists have wavered and quarrelled over the best way of getting the reforms to which they are pledged carried out. Signor Nenni is still fighting a rearguard action against his own "anti-autonomists," who would rather work with the Communists than with the Christian Democrats, and who evidently forced Signor Nenni's decision to abstain. But his statement in the parliamentary debate on Tuesday that his party would unreservedly help the government to carry through its domestic reforms is an encouraging sign that Signor Nenni believes he can carry his party with him.

WHEN all is said, the limits within which Signor Fanfani can progress without getting into trouble with someone are narrow. He has his own men to keep in order, and the election last week of a new chairman of the Christian Democrats' parliamentary group was a sharp reminder that this may not be easy ; the unexpectedly large number of 99 votes went to the right-wing candidate, who is against Signor Fanfani's experiment, against 140 for the successful centre-left candidate. Many vested interests that normally support the Christian Democrats will be incommoded—to put it mildly—by the government's programme. Many business men and financiers fear it will have inflationary consequences, although first open reactions from Milan are less adverse than they might have been. Moreover, the Vatican's own benevolent attitude towards Signor Fanfani's experiment is not unanimous ; there has been a rumbling of disapproval from such high dignitaries as Cardinal Ottaviani.

Critics of Signor Fanfani's experiment are encouraged by the fact that the present Parliament has only another year at most to run ; they hope that when the elections come the new government will be judged and found wanting. It could work the other way. If Signor Fanfani can get his programme off to a good, quick start, he could get a popular vote of confidence which would confound his critics. Just now this may seem over-optimistic ; but it must be the goal. Forty years ago the Socialists and other democratic parties failed to join forces, with disastrous consequences. Today the threat from another brand of totalitarianism is not so pressing ; but social and economic reforms are, and if they remain a dead letter it is the Communists who will gain.

NOTES OF THE WEEK

BY-ELECTIONS

Bogeys for Lincoln



Star candidates (left to right) Goldman, Taverne and Bottomley

BRITAIN has now entered a week of by-elections that could conceivably have an important effect on the future shape of its politics. The question is: how big an opportunity really lies before the Liberals ? The first of the by-elections took place in Lincoln on Thursday ; its result will have been announced by the time this issue of *The Economist* is in readers' hands, but it is worth setting out a bogey score to suggest what the result will mean. In 1959 Sir Geoffrey de Freitas held Lincoln for Labour in a straight fight, with 55.1 per cent of the poll against the Tories' 44.9 per cent. If on Thursday the newly-appearing Liberal took more than, say, 21 per cent of the poll from the Tories compared with 1959, he would need to draw less than 3 per cent of the poll away from Labour to climb into second place. In both the by-elections with new Liberal appearances last November, the Tory share of the vote did in fact fall by more than 21 per cent compared with 1959 (by 21.2 at Manchester Moss Side, 22.4 at East Fife) ; and in both of them the Liberal also drew more than 3 per cent of the poll away from Labour. If Lincoln followed what might be called last November's average trend, the bogey result would be approximately: Labour 47 per cent, Liberal 27 per cent, Tory 23 per cent, Independent (this time a young ex-army officer fighting solely on a pro-conscription platform) 3 per cent—give or take one or two per cent in each case.

But both the major parties at Lincoln this week seemed pretty confident that the Liberals would do worse than this, and they could claim outside evidence to support them. A survey by National Opinion Polls Ltd., published in the *Daily Mail* on Wednesday, suggested that the Liberal at Lincoln then looked like drawing only about 12 per cent of the poll away from the Tory (compared with 1959), and less than 3 per cent away from Labour. This would still lead to an increased Labour majority, unless there has been a sharp drop below the very high (84 per cent) total turn-out of voters that Lincoln achieved in 1959 ; but the really significant thing about a result of this sort is that it would mean that the Tories here had lost far fewer of their supporters to the Liberals and the Independent than they were doing in by-elections last November. And this could be important for them; for, if there were a general repetition of last November's trend, two of the three other by-elections in the coming week could be very dicey affairs for the Tories indeed.

Three Rocks Ahead

THE voting in 1959 in next week's three other embattled constituencies is shown in the accompanying table. It will be seen that both Blackpool North and Orpington were three-cornered fights last time. The most recent example of a by-election with a Liberal re-appearance (which necessarily generally leads to a smaller swing away from the Tories than a Liberal new appearance does) was at Oswestry last November ; at Oswestry the Tory share of the poll dropped by 15.1 per cent, to the benefit of the Liberals (whose share increased by 12.3 per cent) and an Independent (who got 2.8 per cent). If there were a straight swing of 15 per cent from Tory to Liberal next Wednesday, the Orpington figures would read: Tory 41.6 per cent, Liberal 36.2, Labour 22.2. The Liberals could then actually gain the seat from the Tories if 5½ per cent of the electorate, which had previously voted Labour, swung to the Liberals this time as the best means of getting the Tories out.

1959 RESULTS
(Per cent of Poll)

	Conservative	Labour	Liberal
Blackpool North.....	57·8	21·6	20·6
Orpington	56·6	22·2	21·2
Middlesbrough East ..	38·5	61·5	—

Theoretically, only a slightly larger swing would be needed to put the Liberals into Parliament at Blackpool North too, on the day before Orpington votes ; but most people have presumed that Blackpool voters are likely to be less volatile in their party allegiances than the London suburban voters of Orpington may be. (It is noteworthy that in last May's local council elections, the Liberals actually got slightly more votes at Orpington than any other party, admittedly partly because Labour did not fight some of the wards). At Middlesbrough East, which votes the day after Blackpool and thus the same day as Orpington, a repetition of the Moss Side-East Fife trend of last November would suffice to put the Liberals into second place behind Labour.

The most dramatic result of these four by-elections could therefore be a net loss of two Tory seats to the Liberals and a drop by the Tories into third place in two seats held (with increased majorities) by Labour. If this does happen, the Liberal revival should indeed acquire a big new momentum of its own. If it does not happen—and (despite the big question mark over Orpington) it is currently beginning to look a little less likely—the Tories will have good reason to be relieved. We are now at what might be called the Torrington-stage of this Parliament, and it is just about now that some Torrington-like seats should have been due to fall. Whatever the results, one cheering feature of the by-elections has been the quality of many of the candidates. Mr Goldman (Conservative, Orpington) is a man of future ministerial calibre ; the probable Labour victors of Lincoln and Middlesbrough are, respectively, one of the brightest of the young Gaitskellite stars in Mr Taverne and an ex-minister in Mr Arthur Bottomley (who so surprisingly lost Rochester in 1959).

EAST-WEST

After You, Jack

PRESIDENT KENNEDY'S reasons for resuming nuclear tests in the atmosphere next month may just—but only just—convince those who hate the necessity for these damned weapons. Unfortunately, what is sauce for the military balance of power is not sauce for the diplomatic equilibrium. If Mr Kennedy had hoped that the threat of another American series would push Mr Khrushchev into promptly signing a test ban treaty, he looks like being disappointed. Having made his announcement on Friday (March 2nd), by Monday Mr Kennedy was reading a snorting reply from the Russian leader denouncing it as "atomic blackmail" and saying that, if the United States let off more tests, then the Soviet Union would too. On Wednesday it was reported that Mr Khrushchev had put off the exchange of televised speeches that had been arranged for a fortnight from now. The plain fact is that each side wants to be sure that it has nuclear equality with the other, and preferably something better ; and this rules out letting the other side have the last series of tests. The process could go on ad infinitum, not to say ad nauseam.

If the leaders of the two sides cannot exchange ideas on television, their chances of doing so in person are not exactly im-

proved. President Kennedy has said that he is willing to meet Mr Khrushchev by June 1st, so long as the foreign ministers' talks that begin in Geneva next week yield some sign of progress. It is hard to envisage this progress at this moment. In theory, Mr Macmillan's alternative condition for a summit meeting—a prospect of total deadlock—might come into play. The trouble is that the weeks before June 1st are likely to be filled with the din of nuclear detonations, first from the Americans' testing grounds, then from the Russians'. It takes optimism to believe that the dialogue of megatons can quickly and easily be converted into a civilised conversation round a conference table.

And yet, and yet. Nothing is sure in summiteering ; perhaps one can still cling on to the coat-tails of hope. The summit of May, 1960, was unexpectedly destroyed by the appearance of the U-2 over Sverdlovsk. It could be that the appearance of yet more radioactive clouds over the Pacific and over Siberia might recall those responsible to the necessity of having another try at talking.

ECONOMIC PLANNING

Ned's First Meeting

JOURNALISTICALLY, the National Economic Development Council surely made a bad mistake this week. It sent its invitations to the press conference after its inaugural meeting to the labour correspondents of the newspapers ; this is almost bound to lead to the wrong image of Ned being projected before the general public. The best result of the opening meeting seems to be that Sir Robert Shone's full-time staff of economists and other backroom workers (who will eventually number fifty or sixty) will themselves present a suggested timetable and schedule for their work to the next meeting of the top council on May 9th ; this should lessen the danger that the top council itself—the twenty distinguished industrialists, trade union leaders and others who will sit about once a month round the top table—will take over the planning of the actual planning. But the Treasury seems to have been craftily quick to get into this vital first part of the act. The Chancellor's suggested definition of Ned's tasks is not going to make it very easy for the council to set and publicise a target figure for annual growth, as the French *commissariat du plan* does ; this is a pity, for one had wanted Ned to start waving some such target about.

Sir Robert Shone is to organise his backroom staff in two main divisions. One will deal with broad economic problems and general obstacles to growth. This should be the most useful division, and it ought to help to propagate new ideas in the country and in the Treasury. Unfortunately, the actual working papers appearing before the top council will apparently not be published, although the reports as eventually accepted by the top council must be. Sir Robert's second division will deal with the " problems and forward programmes of particular industries and sections of the economy." There will be a danger if anybody thinks that this second division can show the country in which particular industries investment ought to be stepped up, and by how much. No group of working economists can really beat the market in foretelling in which fields demand (and therefore the need for new capital investment) is certainly likely to grow ; if they could, they would already have made a lot of money by investing privately in the shares of " certain winner" industries in the past, and by now would not need to be working economists. But economists probably can more usually tell which industries are plainly likely to be declining industries, and which are plainly inefficient ; their rude reports are generally likely to prove more accurate than their glowing ones. The trouble is that rude reports—documents saying that the sooner such and such an industry is closed down, the better—may be precisely the sort of reports that the top council will want to edit away into nothingness. Judgment on the eventual usefulness of Ned in its present shape must therefore still be reserved.

RATES

Making Industry Pay?

HAS the Government been doing some politically discreet—and, therefore, probably economically very foolish—juggling with the new rating valuation lists, which are due to come into operation next year? At present houses are rated only on their 1939 values, while industrial and commercial properties are rated at 50 per cent and 80 per cent respectively of their 1956 values. After next year everybody will be rated at 100 per cent of current values; and it had hitherto been supposed, among others by Mr Brooke while Minister of Housing, that householders as a class would therefore then have to face an increase in their share of the rate burden. But now Dr Hill, after looking at the new draft valuation lists, has said that this will not happen.

The implication must be that this is due to unexpectedly sharp increases in the valuations of industrial or commercial properties. Mr Temple—the well-informed Tory MP for Chester—may not have been far out when he suggested (in the Commons last Friday) that total industrial valuations may be multiplied by 3.5 and commercial valuations by 2.2. His multiplier of 2.5 for housing seemed (when compared with 1939) to be an understatement of what most people would regard as the true increase in house values. Yet Dr Hill has probably arrived at a slightly lower figure. Valuation is far from an exact science, and there are several factors that could have been stretched to reach this politically satisfactory result for a pre-election year. Among other things, new " statutory deductions " for houses (which theoretically represent the cost of repairs) may have been fixed on a generous basis.

Whatever the devices used, it now looks as if industry next year will pay more rates, commerce (as expected) less, and householders much the same. Is this increased burden on industry wise ? Two general points should be made. The present revaluation was supposed to represent the first attempt to place all ratepayers upon an equal basis—except that agriculture remains completely and wrongly exempt and that Crown properties and nationalised industries are specially (and probably too favourably) treated. The aim of equal treatment should be extended more widely, not whittled away by behind-the-counter concessions. The second point is that local government expenditure is rising very rapidly indeed, owing mainly to the cost of education and other social services. Householders as a class did well out of the 1956 revaluation and can certainly afford to pay more in rates. But there has always been a case—especially cogently argued by Sir Robert Shone, the new head of the staff of Ned—for saying, that, if industry is to pay more for the services of local government, the rating system (which levies a discriminately higher tax on those who improve their properties) is a bad mechanism through which to make it pay it. It seems a bit odd if, in the week when Ned starts, the Government has found it politically convenient that rates on industry should bear a heavier burden than ever.

RUSSIA

One Man's Meat

MR KHRUSHCHEV, like most of us, prefers to distribute blame rather than to shoulder it himself. Yet his lengthy review of the state of Russian agriculture before the central committee of the Soviet Communist party on Monday was really a confession of failure—coming as it did from the man who has been in charge of Russian farming since Stalin's death. From 1953 to 1958 Russian farm output moved rapidly forward, but since then it has failed to show any progress. Last year, according to Mr Khrushchev's own figures, the production of grain fell 16 million tons short of its target, the output of milk was 17 million tons, and that of meat three million tons, lower than planned. Shortages, particularly of meat, have been felt throughout the country. The relative stagnation of agriculture is made worse by the rapid growth of Russia's population, which has increased by 28 million since 1953. The number of town dwellers alone has risen by 27 million.

To overcome these difficulties, farm output needs to be doubled or trebled very quickly. Mr Khrushchev suggests two ways of tackling the problem. On the one hand, he insists on the importance of individual initiative, and defends the use of incentives against " dogmatic " critics. On the other, he advocates closer supervision of the collective farms. Regional " committees of agricultural production," headed by the local party chairman, are to be set up throughout the Soviet Union under the general charge of a deputy prime minister in Moscow. Mr Khrushchev has thus opted for closer party control. This is to be coupled with a rapid expansion of the material base of Soviet farming: supplies of machinery and fertilisers are to be increased considerably.

If Russian planners have not so far introduced more intensive methods of farming, it is largely because too little capital has been invested in agriculture. Any real move towards intensive farming will require a substantial redistribution of investment resources. The speeding up of the arms race makes this difficult. Does Mr Khrushchev hope that the imminent disarmament conference at Geneva may eventually bring him some relief on this score ? It is interesting that in Monday's speech he argued that, in cultivating its own communist garden, Russia is fulfilling " its international duty to all revolutionary forces in the world." Peking may disagree. The next stage in the Sino-Soviet dialogue has, however, been postponed. The session of the Chinese parliament which was to have opened on the same day as the Moscow meeting has been put off until later in the month.

RHODESIA

Whitehead of Whitehall

DANGEROUS thoughts about Rhodesia are creeping into the minds of British ministers: this is largely the work of Sir Edgar Whitehead, prime minister of Southern Rhodesia. Sir Edgar seems, in a fortnight in London, to have done a better job of convincing members of the British Government of the existence of African " moderates " than Sir Roy Welensky, the federal prime minister, achieved in two years of Salisbury-to-London commuting. As a result the British Government is still toying with schemes for central Africa based on the double fallacy that ordinary Africans are not interested in politics and that a substantial proportion of those who are interested are moderate men, eager to accept white leadership in a " multi-racial " harness.

But Dr Banda's overwhelming victory in Nyasaland has proved that all Nyasa voters know that they want black, not white, government ; if Sir Roy were less unwilling to allow a straightforward constitution, free of fancy franchises, to operate in Northern Rhodesia, then the true strength of his " moderates " *vis-à-vis* the nationalists in that unhappy territory might also be tested. It is important for the British Government to clear its head about this now, because one positive result of the melodramatics of the past three weeks is that everyone—Sir Roy, Sir Edgar, Mr Sandys, Mr Maudling, Mr Kaunda, old Dr Banda and all—now understands that the present federation of Rhodesia and Nyasaland will very soon have to be dismantled or reconstructed.

What the British Government (because of Sir Edgar) does not seem to understand is that any plan for giving the " white " and copper-rich parts of Northern Rhodesia to Southern Rhodesia's white voters would not only be morally wrong ; it also would not work. This is discussed by a correspondent in Salisbury on page 896. It is arguable that African voters are too ignorant to make sophisticated decisions about government ; but refusing to be governed by the white nationalists of Southern Rhodesia is a decision the most backward African can easily make. Any new ideas for central Africa ought therefore to be put to the vote of an electorate roughly as broadly-based as the one in Nyasaland.

Nor is it enough to answer that Northern Rhodesia's copper mines could suffer if the south declared economic war (the railways to the coast, the coal, the Kariba power station are south of the border); if there is any lesson the British Government should have learned by now it is that there are no economic answers to African political demands. If the French manage to retain their economic interests in Algeria and the Sahara, it will be because they have accepted Algerian government of the territory. So it is with Rhodesia. The idea floating around in Westminster just now of reserving real power in central Africa (the power, that is, to decide fiscal and international policies) to white men and those elusive " moderates " still flies in the face of the facts.

LABOUR PARTY

Still United

THIS has been a good week for the Labour leadership. Mr Gaitskell's visit to President Kennedy was clearly a great success. His strong line on defence since his return (pro-American alliance, but anti-Britain's independent deterrent) has been accepted loyally though not rapturously by the party. Tory spleen over alleged unconstitutional American interference in British affairs is really anger that for once Mr Gaitskell has managed to show that special relationships with the President are not a Macmillan prerogative. Less gloriously, the leadership has also avoided a party split on the common market. At one time last week it looked as if the battle between the " ins " led by Mr Roy Jenkins, and the " outs " championed by Sir Lynn Ungoed-Thomas, would succeed in polarising the party. The " outs " were threatening to table an anti-common market motion of their own if the " ins " did not withdraw theirs supporting it. Mr Gaitskell appealed to the " outs " and Mr Brown to the " ins," with the result that both have agreed to follow moderate courses. Mr Jenkins will withdraw his motion and Sir Lynn will not table his.

Instead a composite resolution has been tabled, which will be signed by some supporters of both sides, although Mr Jenkins is likely to abstain. Neither Mr Gaitskell nor Mr Brown is expected to sign the motion since it is not intended to be debated. A fierce point of conflict between the factions was whether the composite should open " We will go in if . . ." or " We will not go in unless. . . ." The latter was used at the Blackpool conference last year. In the event the agreed rendering simply " requires " that certain conditions (in general, the usual ones, plus a few special Labour hostages to fortune) should be fulfilled before Britain enters. Fundamentally the market stand remains unaltered. Press speculation that the party was moving to a more hostile position seems to have arisen mainly from intensified propaganda by the anti-marketeers.

Mr Gaitskell himself is not fanatical on the issue, but on balance favours entry. Mr George Brown, who is never half hearted over anything, is now pretty strongly in favour. Thirty members signed Mr Jenkins's motion and probably another thirty supporters could be found. About eighty, including the nucleus of fifty Left irreconcilables, oppose entry. The rest of the party takes the Gaitskell line of waiting to see what the conditions of entry are before making up their minds. It seems reasonable to predict that, if Mr Heath's negotiations succeed, the Labour centre will swing behind Mr Gaitskell in deciding not to oppose Britain's European debut.

WAGES

Easy Payments

THE big danger about incomes policy now is that the recent process of half-retreat may ensure a further round of wage increases this autumn, just when the economy might otherwise have started to recover. The railwaymen have got some kind of understanding about a further increase then. The miners are to have a review for certain grades where there is an " urgent " case for an increase in the autumn, before the large-scale review of all gradings and differentials that has been promised for next January ; this would be all right if it meant merely that the unions and the Coal Board want to bring miners' pay-scales into line with modern changes in working conditions and mechanisation, but it seems more likely to be a way of giving somewhat disguised increases. Wage-earners at waterworks, despite Dr Hill's efforts, are to get 3 per cent in April, which will be brought up to 5½ per cent in the autumn. In private industry ICI—in an award that has been widely misunderstood—has offered 3 per

cent now to its manual workers (more in a few cases, as some special payments will be consolidated with normal pay), and there will be a review in the autumn. On the other hand, the armed forces are getting less than Mr Watkinson's figures have made some people think; their so-called pay increases of 9 per cent for other ranks and 5½ per cent for officers are to be made in two instalments, half this April and half next. Among institutions which do not believe in instalment payments, the Transport and General Workers Union and the National Union of Railwaymen have followed *The Economist's* advice to pay more to key workers by giving a 7½ per cent rise to their own underpaid officials, including the £2,265-a-year Mr Cousins, and the £2,400 Mr Greene. But the TGWU's clerical staff are only to get 6 per cent, and are wondering how "to bring their rates and conditions in line with those of other unions and outside commercial concerns." The principle of comparability has no frontiers.

PAKISTAN

Slow March to Politics

In October, 1958, Pakistan and Burma both suffered political breakdowns that brought generals to power. Since then their soldiers have broken step. On March 1st, the day before General Ne Win took over for a second time in Burma after an interlude of civilian government, Field Marshal Ayub Khan, who has now held the presidency of Pakistan for three and a half years, promulgated a new constitution that is likely to give him a further lengthy tenure of office, but which nevertheless is proposed as a substantial move in the direction of a civilian form of government.

Two years ago President Ayub Khan's military regime took its first cautious step on that road, when it instituted "basic democracy" in the shape of thousands of elected local councils. The 80,000 elected councillors form an electoral college which, under the new constitution, will shortly elect two provincial assemblies and a single-chamber national parliament. The president will continue to control the executive, picking his own ministers, and will have a power of veto which can in theory be overridden by a two-thirds majority in parliament (three-quarters in the case of a move to change the constitution); but the president can block this by calling for a referendum in the electoral college. In practice, the government obviously hopes that the indirect election of parliament will make it a relatively docile body. Organised political parties will remain banned, at least for the time being.

Can such a ban prevent members of parliament from coagulating into like-minded groups, once they take their seats? The recent student demonstrations in Bengal, and the arrest of Mr H. S. Suhrawardy, a former prime minister, have revealed a political undertow that runs counter to the president's insistence on stability. Governments that seek to suppress party politics often find—as in Egypt, or Portugal, not to mention the communist countries—that parliamentary bodies, however restricted their power, are most easily controlled by filling them with nominees of a monopoly party or "national front." Will Pakistan soon be following suit?

BURMA

Ne Win's Return

General Ne Win, who resumed power in Burma by a coup d'état on March 2nd, has not yet said whether, or when, he intends to restore constitutional government. It seems clear that he will not, in any event, willingly hand back power to the politicians whom he holds responsible for the country's part amiable, part murderous, anarchy. He did this once, two years ago, after setting them an example of efficiency and municipal tidiness which he evidently hoped they would take to heart. The manner of his return to power is a clear expression of his disappointment in U Nu and Burma's faction-ridden politics.

There is a fundamental difference between the general's first and second seizures of power. The first was superficially constitutional, though the threat of military force helped U Nu to make up his mind to hand over power. The second was by the use, not the threat, of force. Some 40 ministers and other politicians, including the president and prime minister, are under arrest. General Ne Win, however, is no Qasim, and his revolution seems unlikely to make victims. He has already consulted some of the arrested leaders and announced that there will be no trials.



Out: U Nu In: Ne Win

The immediate cause of the coup was a separatist claim by the Shans, who, in common with other minority races, would prefer a federal structure to the present unitary one. Under Burma's constitution, the Shan state has the right to secede from the Union, though with stringent safeguards against frivolity. The present agitation arises largely from the well-authenticated excesses of the Burmese army in Shan and other minority areas during the past few years, and especially since the deposition of the Sawbwas (traditional rulers) during General Ne Win's first term of office. Repression would not still separatist demands, though disciplining the soldiery might. General Ne Win is said, indeed, to concede the need for greater regional autonomy, though he opposes federalism. He is also against corruption, which crept back, in the form of the selling of trading licences, during U Nu's latest term of office, and against an established church (Buddhism became the state religion last August, under conditions that upset the Moslem and Christian minorities without satisfying the Buddhist priesthood). The challenge to General Ne Win's statesmanship is formidable.

DEFENCE DEBATE

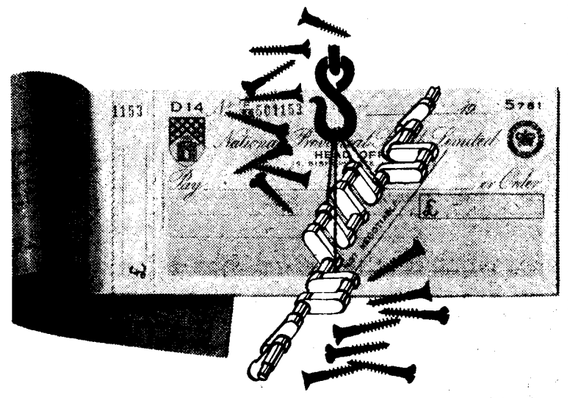
Shifting Ground

The Commons had three occasions to prick up its ears in the defence debate this week: not a bad score. First, it heard Mr Watkinson arguing with himself over the future viability of his two selected overseas bases, Aden and Singapore, a bit of heart-searching that was not evident in the defence white paper's forecasts for the period up to 1968. He is now entertaining the prospect of having to fall back from Aden to somewhere like the Seychelles—a possibility that certainly ought to limit capital investment plans for the base at Aden. Military construction went on in Kenya for at least two years after it was evident that the quarters would be a parting gift to Mr Jomo Kenyatta's bodyguard. At present Mr Watkinson has to keep troops at Aden because he has no ships to put marine commandos in, but this is not an argument for building *both* an expensive military base and an expensive naval task force. What is true of Aden is doubly true of Singapore. By next year Mr Watkinson may start thinking aloud about falling back on Australia.

The second intriguing moment was provided by Mr. Thorneycroft. In ticking off Mr Aubrey Jones for entertaining doubts of the value of the V-bomber force, the present Minister of Aviation observed wryly that a previous Chancellor of the Exchequer might have been helped out of his little local difficulties had not a previous Minister of Supply stood staunchly behind the British deterrent. That, of course, was in 1957 and this is 1962. Mr Jones is now a backbencher and Mr Thorneycroft has the aircraft industry to think about. But has anyone else in the Cabinet ever wondered how the £170 million a year (at least) that goes on the deterrent might otherwise be used—say, on conventional defence?

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The third episode aroused more suspicions that the Government may have some saving on the deterrent thrust upon it before Mr Watkinson's five-year plan runs its course. The Minister was strangely coy in answering Mr Wilson's knowledgeable revelations of how little regard there is within the Kennedy Administration for Britain's nuclear contribution. The House was left to draw its own comparison with Mr Watkinson's memories (exactly a year ago) of the palmy Republican days when Mr Gates and his advisers

> made it plain to me that for reasons of geography, for reasons of the strength of our alliance, and for other reasons of a more technical and secret character, they very much welcome this essential contribution to the present strategic forces of the West.

It was, of course, with the Eisenhower Administration that Britain negotiated the purchase of the Skybolt missile, on which the V-bombers' claim to future credibility depends. It now looks as though Mr Watkinson's policy on troops has failed to go down with Shape, and his policy on the deterrent has failed to go down with the Americans.

TARIFFS

Free Trade Overture

In tariff disarmament one success can lead to another. Nine months ago the so-called "Dillon round" of tariff bargaining between Europe and America was bogged down in tortuous haggling over individual commodities. Now, with Britain at the door of the common market and President Kennedy's new trade programme raising the hope of a far bolder advance towards free trade, the differences in the smaller argument have been settled. Tariff-cutting agreements between the United States on one side and the Six, Britain and Canada on the other, were initialled in Geneva on Wednesday, helping to clear the way, in turn, for the President's new programme.

The American agreement with the common market consolidates most of the 20 per cent provisional cut in the outer tariff of the Six proposed by them two years ago. In return the United States is to make cuts of roughly 20 per cent affecting a similar volume of trade. Like all Gatt tariff cuts, the new ones, though the fruit of bargaining between the main industrial powers, will apply to all members of the General Agreement on Tariffs and Trade. Neither the Six nor the Americans have got all they want. The Americans have been disappointed on agriculture, but they have gained more than they have given on industrial tariffs. All the same the new deal does make the common tariff of the Six look less forbidding than it did. On industrial products it will eventually average just over 11 per cent, slightly higher than the old Benelux tariff or the American tariff before the tariff cuts but well below the present British tariff on most manufactured goods. The American tariff on industrial products is now down to an average of some 10 per cent. How the changes affect Britain's own tariff and export opportunities is described on page 930.

The one flaw in the agreement is that Britain has not yet settled its part of the bargain with the Six, having done a deal with the United States but not with Europe. The Government is arguing that since the cuts made by the Six will become effective only in a few years' time, it is unfair for Britain to have to pay for them in equivalent reductions in the British tariff now. The argument will become academic if Britain joins the common market. And whether it does or not a niggling approach seems out of place. A major tariff cut during the summer would be one of the most effective moves against inflation open to the Government. It would also be a useful preparatory step if Britain does join the common market, and a necessary breath of air if it does not.

EURAGRICULTURE

Audience Participation

"When are they going to stop making speeches for an invisible audience and start negotiating?" This was one European reaction to the speeches by Mr Heath and Mr Soames in Brussels on February 22nd. Now it is clear who the invisible audience was. The statement from the National Farmers' Union, released on March 3rd, is very similar to the position spelt out by the British ministers the week before. To the NFU the common market's agricultural policy, as it is now taking shape, is inadequate on several counts. The farmers say that it gives too little protection to horticulture, and too little time for British agriculture as a whole to adjust to new ways. They add that it should be supplemented by an annual review relating farm prices to incomes, and by extra protective measures if incomes fall.

If the speeches were only meant for the farmers' ears, or as the statement of a forward position, they will do no harm. Some of the NFU's points are sound, and may contribute to the common agricultural policy; annual price reviews, taking farmers' incomes into account, could well form a part of it. But neither the demands for horticulture, nor the request for an extended transition period, have much chance of success when European farmers, who need protection far more than British ones, have been forced to accept a good deal less.

In agriculture, as in other matters, the British Government has now reached the stage where the business of getting into Europe is liable to cause more noise in both Brussels and London. If points are given away in Brussels there will be a noise at home; if they are not, the negotiations will make little progress. A few more weeks are needed for study. After that the sooner the domestic music is faced, and left behind, the better. And when it comes to choosing where to dig in, the demand for still more protection for British farmers comes a very poor third after the vital interests of Commonwealth exporters and the need to minimise any drain on Britain's foreign exchange reserves through paying more for food from overseas.

CARIBBEAN

Spilt Milk

Preoccupation with Africa no doubt explains, if it does not excuse, the muddle that the Government has made of its Caribbean responsibilities. So Sir Grantley Adams, prime minister of that foundered hope, the West Indian Federation, has come to London to recall Mr Maudling to a sense of what is at stake among the islands in the sun. At a press conference on Monday he expressed, with considerable vigour, the view that he and his colleagues in the federal government and parliament have been let down by Whitehall, which first encouraged, and then, without consultation, announced the end of the federation. But essentially he is here to save something from the wreck.

Jamaica (population 1½ million) was the first to reject, and so destroy, the federation, and Trinidad (population 826,000) followed. The "little eight" islands left, with about 800,000 inhabitants and few resources, are now hoping either to hang together, in a new federation, or to hang separately, as independent states. No one wants to revert to old-style colonialism. But, as Sir Grantley emphasises, none of the immediate possibilities lying before the islands offers a hope of solid economic progress and political stability. Unless the British Government is prepared to give vastly increased economic assistance to its dependencies, the islands' distress may breed either a Castro-style radicalism or a desire to turn to the United States for help.

Britain, struggling with its own economic difficulties, might not be sorry to see the United States take over (if it would) the job of supplying economic hope for the too numerous islanders. Alternatively, the

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British might feel able to throw their weight behind the "little eight" federation, if that gets going. What is indefensible is Britain's present attitude of simply hoping for the best, without doing anything to attain it. Some arrangements ought at least to be made to compensate civil servants thrown out of work by the dissolution of the federation; Mr Maudling has promised to ensure the continuation of the "common services of great value" that have been operating in the area. If time is needed to work out a viable policy for the West Indies, let the Colonial Secretary listen to Sir Grantley's sensible plea for a pause to reflect on the consequences of the Government's present drift. Empires may be built up in fits of absent-mindedness; they are best not got rid of in the same fashion.

PERSIA

Filling the Bill?

Less than two months after grievous riots in his country, and still under fire from both the right and the left, Dr Amini, Persia's reforming prime minister, has shown great self assurance in taking a fortnight off. Since February 21st he has been on a goodwill tour to Bonn, Brussels, Paris—and finally, this week, to London. What he needs, above all, is money. For a new development plan, which concentrates more than former ones did on small, quickly realised projects, he hopes to raise £285 million for use in the next five years.

As a middle of the road reformer his credit is good with the Americans: since August they have strengthened his elbow with $50 million (£18 million) for development and public works. And a similar amount has now been promised by Bonn; west Germany has not only the means, but also the buoyancy of a country still questing for Middle East markets. Can Britain, with less zest for laying out money at risk, do more than it already does through Cento? Its annual payments to Persia are running at some £28,000 for technical aid and £500,000 for the army. New assessments of Persia's needs are to await a report from the World Bank on the actual plans for development. From Britain Dr Amini is seeking not a lot, but a token of moral support.

Dr Amini's financial record is impressive. Through the banning of luxury imports and by other austerity measures he has ruthlessly reduced Persia's foreign exchange deficit and wellnigh carried his country out of the red. Of other reforms it is still too soon to judge. That his programme of land reform and tax collection is seriously intended is not to be doubted; the hostility of the Persian rich is something, therefore, that he has to accept. More injurious is his alienation of the more idealistic Persians, the intellectuals, younger civil servants, students and industrial workers who are found in the National Front. To grant them the elections they demand is by no means the only way of winning back their allegiance. A real drive against corruption would go a long way to convincing them that he is the right man in the right place. It would also convince western governments that the money they give or lend would be put to good use. But it is easier said than done.

EX-COLONIAL SERVANTS

Paupered Pensioners

There is a rider to Parkinson's basic law which states that all public bodies will passionately debate and violently oppose any move to spend an insignificant sum on a valuable cause while they will demonstrate the deepest indifference to the passage of bills or projects designed, perhaps specifically, to waste barely calculable millions of pounds. Its truth has been demonstrated recently in both Houses of Parliament: while the Chancellor has blithely and statutorily handed out an extra £70 million to farmers whose main hardship was that they had had too good a year, his financial secretary in the Commons, and Lord Hastings in another place, have produced what seem to them convincing arguments for not finding £286,400 a year to ease the plight of 5,200 retired colonial officers and their widows whose pensions range from the merely inadequate to the plainly derisory.

The situation of some of these people is desperate. Generally the pensions of ex-colonial officers are paid by the territories in which they have served (with the exception of India, Burma, Pakistan and some others). Those whose retirement has been recent have small cause for complaint, since their pensions are based on the much enhanced salaries of the 1950s and 1960s rather than on the then adequate but never large salaries of the first half of the century. Most of the 2,900 ex-officials and the 2,300 widows of officials whose pensions are low enough for some of them to have to apply for national assistance were retired before 1946. Home civil servants in the same position have had their pensions increased no less than six times in the years between; but British acts do not apply to ex-colonial territories, and although these territories have been informed of each increase as it has come about, many of them have not responded with similar improvements in the pensions they pay to retired British officers living in Britain. This is not altogether reprehensible: the territories concerned are generally poor (and some would face bills of over £50,000 a year); even more important, they are independent and in some measure estranged from their former masters, for whose increased comfort it would be hard for them to propose a tax.

What is now being pressed for by interested people is that the British Government should make up the difference between the actual pensions of officers who suffer in this way and the pensions they would have received had the provisions of the Pensions (Increase) Acts applied to them. This it has refused to do, claiming, first, that it was not the direct employer, and therefore has no obligation; secondly, that if it did, its example would have the effect of insulting those countries that were neglecting their obligations (by implying bad faith in their good faith) and of encouraging those who did live up to their responsibilities to stop doing so. The first of these arguments is morally untrue, and the second bureaucratically dubious.

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HOME REPORT

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



The Deep South-East

FROM OUR SPECIAL CORRESPONDENT

In essence, there are two major planning operations confronting the Minister of Housing and Local Government—and his successors in the next decade. The first is to set the pattern for the industrial and commercial expansion of south-east England, which should really include, in planning terms, such hitherto outlying regions as Southampton-Portsmouth, Norwich and, indeed, Birmingham as well. This is where the population is concentrating itself, where successful economic development can almost be guaranteed, and where rapid expansion will have to continue whether Britain joins the common market or not. The second problem is to revitalise those larger centres outside the south-east which can adapt their economic function sufficiently to sustain viable industries and thereby hold enough of their present populations to relieve undue social pressures in the south-east. The two ought to be complementary, but they are seldom presented in such a light.

Even to accept the further growth of the south-east represents an outlook, and an order of priorities, that stamps on a multitude of toes: those of farming interests, of village preservationists, of established local employers, of depressed heavy industrial areas and of many higher planners. To them there are two answers. One is that if the south-east fails to provide Britain-in-Europe or Britain-outside-Europe with an effective powerhouse, there is no prospect of a powerhouse developing anywhere else to keep this country competitive. It is no good blinking the fact that for two generations many of the more capable and energetic sections of the community have been voting with their feet—to their own, and the general, prosperity. The second answer is that plaintive complaints at the approaching spoliation of the deep south-east are more likely to be alleviated by trying to make a planning success of the new development than by root and branch resistance to any change for the sake of local political convenience or rural nostalgia or even (more justifiably) continued allegiance to the successful patterns of the past.

Much of the present local government debate in London and its surrounding counties has turned out to have little relationship to the existing, far less the approaching, needs of the south-east. Last year Dr Hill swallowed as much of the Herbert commission's findings as he found it immediately politic to do. The Government's basic recognition that the London conurbation is physically more extensive than it was fifty years ago can be counted an acceptance of the obvious. It is true that this has not been so obvious to the dimmer county champions. They did not admit it to the Herbert commission; they still think it reasonable to assert, for example, that Esher and Banstead have nothing to do with London, owe London nothing and identify themselves with a rural community drawing its sustenance, apparently, from the heart of the Weald. The ridicule that this evoked has at least compelled the more judicious county spokesmen to argue that London's problems cover a far wider region than that which is due to come under the eye (if not the direct hand) of the Greater London Council.

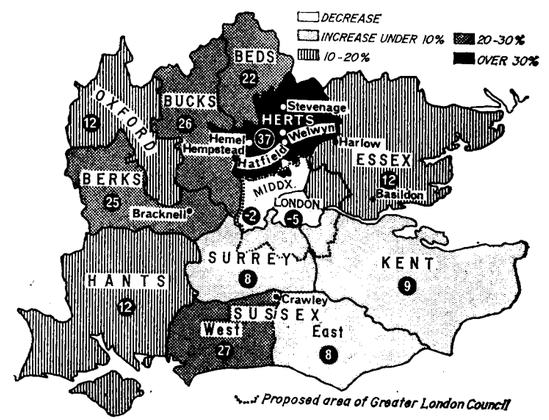
The map of population increases outside the London conurbation illustrates the truth within this contention. The rest of Britain has been pumping people into employment in, or near, London. The latest figures for insured employees (1959-60) suggest that in that one year alone 40,000 employees moved into the London region from northern England, Scotland and Wales. At the same time the conurbation is pumping people out (at least to sleep) beyond the green belt. In the past decade this flow has been particularly marked into the new areas to the north and west, a process which improved railway communications are still encouraging.

Now some, though not all, of the counties and county boroughs that feel themselves threatened with the loss of metropolitan population (or with actual extinction) under the Herbert plan have sponsored the alternative idea of a regional planning authority which would, they say, be more than advisory. This, it is suggested, is the right body to take major decisions on industrial location, new towns, the main structure of highways and the traffic problem generally. Exactly: so, instead of being pushed into the position where he seems to have to pooh-pooh the conception of regional planning in order to carry the day for the GLC, Dr Hill should now be closing with these newly imaginative and forward-looking county authorities. The deathbed repentance of Surrey and the others must be taken up right away. Will someone now call a conference? The real arguments for the GLC within the wider, Herbert-defined London conurbation still stand on their own feet. To move forward to a planning authority beyond the GLC's domain is another issue, and the counties' belated interest in it is pure gain.

But it is precisely within this regional context that Dr Hill ought to be reassessing the importance and influence that

EXPANDING METROPOLIS

Population movements, 1951–61; figures show percentage changes by counties. The new towns (Bracknell, Harlow, etc.) provide the fastest growing points of planned overspill.



he is prepared to give to the GLC itself. It is to be, by his definition, the planning authority for its area, with responsibility for overspill housing beyond its borders. Obviously, it would represent London proper on any regional authority, and none of the 34 new London boroughs would have any individual right to attend. There are, however, serious doubts about the effectiveness of the GLC's planning powers against the likely resistance of its constituent boroughs. The future prestige of the GLC (in the voters' and ratepayers' eyes) has hardly been increased by the Government's refusal to give it any surveillance over education and an apparently deliberate air of uncertainty still pervades its precise function on other issues. The GLC, in short, looks like being cast for the part of Cinderella (it may not even be a directly elected body) in any argument with counties that know what their ratepayers want and how best to get it. Dr Hill might revel in the part of fairy godmother waving a ministerial wand, but this kind of regular intervention has never been put forward as the Conservative conception of local government.

Specific concern over the GLC's powers has been expressed by the Town and Country Planning Association in its current efforts to secure some regulation of the growth of London's office population.* The TCPA's researches show that the influx of office workers into the conurbation is by no means confined to the City

	Floor space approved (million sq. ft.)	Estimated office staff
Central London	3·6	30,000
Rest of LCC area	0·8	6,700
Middlesex	2·2	18,300
Surrey	0·5	4,100
Croydon	0·5	4,200
Conurbation†	7·6	63,000

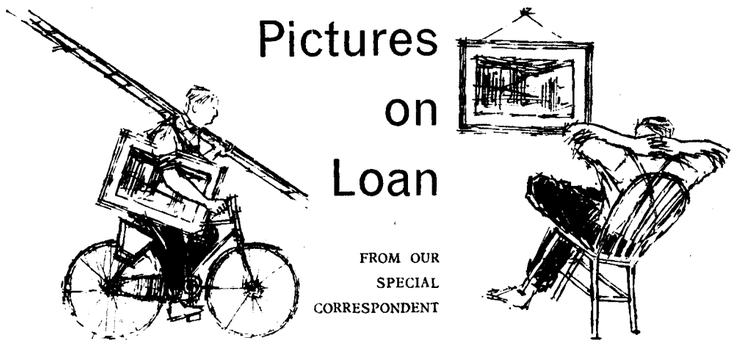
† Excludes metropolitan Kent, Essex and Herts.

and the West End. The figures above (for average annual approvals for office building in the last four years) illustrate how London as a whole is a magnet for firms looking for status and also consolidating their clerical operations in one spot.

The strain that this continuing process is likely to put on transport and roads inside London in the next decade is going to be one of the biggest headaches confronting the GLC and the boroughs. The best solution, designed to discriminate between essential and non-essential operations, is that of a payroll tax or special rate on offices inside the conurbation (*The Economist*, January 13th). Since the GLC will be the responsible authority for zoning development there is a good case for it to administer (and utilise) any special office rate. But the weeding-out of less essential work from London, like pensions departments and computing operations, leaving a smaller, central office for executives who really need to keep up direct financial and commercial contacts, must be complemented by a planned dispersal through the south-east region. This is a matter of ensuring a supply of housing in the new overspill office areas (for staff who do not already live in the outer suburbs) and communications. One of the bright ideas that the TCPA has come up with is to engineer this dispersal along the fast-service railway lines leading out of London.

Thus the famous acres that the British Transport Commission is said to be ready to release near or over its main-line terminals could be used for executive offices inside the magic inner ring. The secondary operations could then be sited at major stopping-places down the line. This is only one example of effective dispersal: the new towns already offer another. For the outlying local authorities a measured influx of offices (which may be more acceptable than actual industry) means one escape from the dormitory-town complex. In the towns where industry has shifted out of London since the war there is already a crop of school leavers looking for more local employment. For individual firms it means a place to expand in at lower rentals and lower wage rates. The TCPA calculates that in the new towns the annual saving, compared with central London, is some £140 per employee in rent and wages alone. And for London itself it means that some of the strain will be relieved. But no process of this kind is going to succeed, in physical or planning terms, without regional co-operation and action. Dr Hill has said he does not understand why firms do not see the advantages of moving out of town, anyway. A little purposeful advance planning, backed up by an office tax, could concentrate some minds wonderfully.

* The Paper Metropolis. Town and Country Planning Association. 88 pages. 5s.



Pictures on Loan

FROM OUR SPECIAL CORRESPONDENT

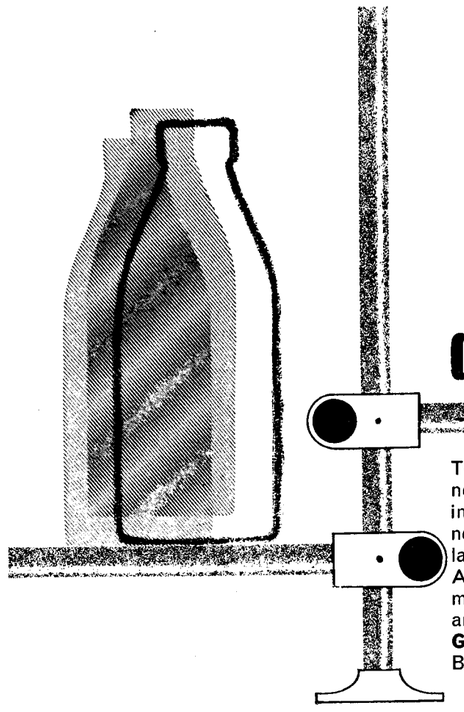
THE grimy, forbidding exterior of Leeds City Art Gallery leaves the visitor unprepared for the appearance of the first room on entry, the bright, well-designed blue-walled print room. The newest feature in it is a display cabinet of transparencies of some 200 pictures now available for borrowing. For as little as £1 a year, the same subscription as for gramophone records, a Leodian can borrow, one at a time, as many of these pictures as he likes.

The picture-lending scheme, the first to be operated by a public gallery in this country, is the product of an initiative by the Gulbenkian Foundation which gave £1,000 early in 1960 to start the collection, following this with two instalments of £250, the second of which is available for 1962-63. Leeds corporation has also taken a hand, contributing £500 in 1961-62.

The scheme started last December with 160 pictures. When, within five days of opening, 140 people had joined, the subscription list was closed: more would-be borrowers than pictures would obviously be folly. With 60 more pictures now in the collection, 50 new subscribers are being taken from the waiting list which, growing by between 10 and 20 a week, had reached 165 a short while ago. Professional people and housewives predominate, but borrowers include typists, salesmen, window cleaners and a foreman in British Railways.

So far, colourful landscapes have proved the most popular, black and white abstracts the least popular. Most, but not all, of the pictures are contemporary: most, but not all, are original prints, that is, prints of a limited edition. Of the initial stock of 160, only 22 are reproductions; 114 are lithographs, aquatints, etchings, woodcuts and the like; the remaining 24 are original oils, water-colours and drawings. Nothing has cost over £50, while the average price seems to have been rather under £10.

At present no more than £250 is available for buying further pictures but there are hopes that the subscription money, at present going into the corporation's kitty, will be made available and that the corporation itself may provide a further £500, or



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some such sum, in the next financial year. The gallery would like to build up the collection over the next two years to 500 or 600 pictures.

At present demand is limited by the rule of one ticket per person but the intention is to increase this before long. If this is done, if the idea caught on of enlivening offices on the cheap as well as homes, demand for this new service could snowball. The snags from the borrower's point of view, however, are that a picture can only be borrowed for a month (although renewable if nobody else has requested it), the fines are 2s. 6d. a week for the first fortnight overdue and 10s. a week subsequently, and the borrower is responsible for any damage done to the picture.

IF picture-lending should grow, how will artists react? Will a Sir Alan Herbert of the art world lead a campaign for a rake-off? The comparison, however, is not quite a parallel one. The chances are that a borrower of a book, having read it, will not buy it. But may not the reverse happen with pictures? The borrower, tired of trotting backwards and forwards once a month with a cumbersome package, may well choose to buy a copy of one of the prints he has enjoyed or find a picture by an artist he has grown to like.

The few private picture lending schemes in this country may offer an even bigger incentive to purchasing. That run in London by the non-profit-making Artists International Association charges its several hundred subscribers, including firms and schools, 30s. a year and then allows them to hire as many pictures as they like from the stock of 2,000 by living artists at a charge of 15s. a month for each picture. As the months go by and the picture remains on the wall, the borrower is encouraged to buy it by the concession that the hiring charges already paid will be deducted from the purchase price. If there is no sale, the artist receives most of the hiring charge: the gallery has not bought the picture from him but is acting only as a publicity agent. This may seem to youngish artists a more promising outlet than the Leeds scheme, but, even with that, artists might do well to wait and see.

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Walls of Fame





FROM OUR SPECIAL CORRESPONDENT

THE British have never succumbed to the Latin custom of naming their streets after the famous. Battles are so commemorated, but not the generals who won them (even this, of course, can be embarrassing when policies change: French visitors have been known to ask why Londoners choose to call a railway station and a public square after notorious defeats). The only class well represented in London street nomenclature is that of landlords and developers—but even this fine tradition has lapsed, and the Grosvenors and Portmans of yesteryear have no acknowledged successors.

The road to immortality in London is paved, not with street signs from the *beaux quartiers*, but with polite Georgian plaques duly authorised by the London County Council. To qualify one is supposed to have been safely dead for twenty years, but even this rule may be waived under the pleasantly unbureaucratic system of selection. No eager-beaver committee sits to ferret out the famous, and it is up to members of the public to suggest that a historic stay might be commemorated. The record must then be authenticated (sometimes a biographer has proved a liar), and the permission of the householder must be sought, before the workmen finally arrive to fix the ceramic memorial—even its colour, normally an elegant blue, may be changed at the householder's request.

MOST people are flattered to have so distinguished an ornament on their house; but the plaques do not entirely escape controversy. The commemoration of Mahatma Gandhi's stay in Poplar was somewhat absurdly opposed on the ground that he was anti-British, and the Empire Loyalists did their best to disrupt the unveiling in darkest Notting Hill of a memorial to the Indian nationalist Bal Gangadhar Tilak (as it happened, the ceremony was more effectively disrupted because an official at the Ghana High Commission lost his notes, and President Nkrumah failed to turn up to do the honours). But two of London's most historically significant ex-residents have aroused even more confusing reactions.

The first plaque to Lenin was unveiled by the Soviet ambassador in 1942, on a (symbolically) war-damaged house, and went into store when the house was pulled down after the war. Now the secretary of the Finsbury Communist Party (who fitter?) has suggested a new site—but the LCC's intention to honour Lenin has been delayed by the need to indemnify the owner of the house against possible damage by hooligans. A pre-war plaque to Marx in St Pancras was damaged so often that the householder had to ask for its removal (but then fervent Marxists can always pay their respects to the grave in Highgate cemetery).

WITHIN the City of London the corporation pursues its own independent and somewhat less intriguing plaque policy. The holocausts of 1666 and 1941 have left few historic buildings intact: the City's memorials are inclined to begin "On this site stood"—although Dr Johnson's still-extant home is commemorated, and the visitor to Aldgate post office is reminded that Geoffrey Chaucer lived within a stone's throw.

The LCC's plaques do occasionally show how the office blocks have spread over residential areas: Mr Topham, Lady Diana Beauclerk, David Garrick, Richard d'Oyly Carte, Thomas Hardy and George Bernard Shaw all lived on the site of Adelphi Terrace. But mostly they commemorate the actual houses in which the famous stayed—and a catholic collection they are. The house of Mr Gladstone or Disraeli, Benjamin Franklin or Henry James, Mazzini the Italian patriot or San Martin the Argentinian liberator, can be found on a casual stroll.

A plaque to Bradlaugh, the free-thinker who won his way to Parliament although he refused to take a religious oath, was recently unveiled by Mr Anthony Wedgwood Benn, who may yet win his way back to the Commons although he has become Lord Stansgate. And, for those who may despair of ever attaining immortality, there is no copyright in the LCC's design: they cost thirty guineas to make, plus an inconsiderable charge for mounting.

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Beyond the Cease-Fire

FROM OUR PARIS CORRESPONDENT

For the second time in less than a year tourists have been replaced by negotiators at the Hotel du Parc at Evian. Last May the Franco-Algerian negotiations failed when General de Gaulle refused to consider the Sahara as part of Algeria. On Wednesday the tireless M. Joxe and his French colleagues faced their Algerian counterparts in what is described as the last round. Everybody seems to think that a cease-fire will crown these final talks. Everybody is also agreed that a cease-fire is not the same thing as peace. Two big question marks hang over the yet unsigned agreement. One is a long-term query: can the Algerian revolution, in the eighth year of war, be contained within the straitjacket of compromise? The other question is more urgent: will the compromise solution be put into practice at all? The unchecked exploits of the Secret Army Organisation (OAS) in Algiers and Oran have made it obvious that the final phase of negotiation will be mainly concerned with the problem of law and order after the cease-fire.

Details of the general agreement have not yet been published, but enough has leaked to show that both sides have made concessions. General de Gaulle, having grasped that he could neither crush the insurrection nor erect anything in Algeria without the rebels' consent, has finally decided to transfer sovereignty over the whole of Algeria to the Algerian nationalists. The other clauses are face-saving devices. The vote on self-determination will be merely a formality. By negotiating future guarantees with the rebel provisional government the French have implicitly recognised it as the future ruler of Algeria. Once they had taken this decision, the French realised that they had two major trumps still in hand. The rebels lacked the strength to take over by force of arms; the long French domination had tied the Algerian economy to France. Manipulating these two levers, the French have, according to their account, driven a good bargain.

The Algerian government-in-exile, for all its neutralist principles, has agreed to maintain French military bases on Algerian soil, including the atomic base of Reggane for five years, and the naval base of Mers el Kébir for fifteen years. The Algerian leaders, in whose proclamations independence was always linked with revolution, have, apparently, agreed to behave like Fabians, to introduce a land reform but only gradually, to nationalise, but only a little, and to pay compensation. Will they keep their word? The French think that the best safeguard against excessive reforming zeal lies in Algeria's dependence on French trade and aid.

Until all the details of the agreement are revealed, it is impossible to decide who will control the commanding heights of the Algerian economy. But one thing seems certain. Even if the nationalists wanted to, they can hardly preserve Algeria's existing social structure. One major difficulty in the search for an Algerian settlement has always been the existence of a European community, a million strong, surrounded by the rising Arab tide. The half-starving Moslem masses in the countryside, the two million Moslems uprooted and resettled by force, the urban sub-proletariat, egged on by its unemployed members, all these must look like growing threats to the privileged European minority. Privileged is a relative term. Two-thirds of the Europeans living in Algeria would not be considered well-to-do by French standards. But to the poor Arabs they are a living challenge. (A comparison of the two communities was made in *The Economist* of March 4th and 11th, 1961.) Equality is not a popular slogan among Europeans and this is why they mistrust guarantees. They have clung, in succession, to all sorts of fictions. Now, in desperation, they cling to the Secret Army.

Popular support among the Europeans, chiefly the poor whites, is one source of strength for the Secret Army Organisation, which is a mixture of officers dreaming of power in Paris and of local ultras fighting for privilege in Algeria. The other source has been its immunity. For nearly a year now it has been able to extend its control, eliminate opponents, levy taxes, rob banks, steal uniforms and weapons. Now it concentrates on bloody provocations destined to goad the Moslems to race riots. The local administration has been either favourable to the Secret Army or too frightened to act. The central authorities have been unable to put a coherent policy into practice. Their chief instrument of power, the army, has been reluctant to join in the struggle against the Secret Army. Each day brings reports of riots in some part of Algeria, but whenever the forces of law and order intervene one can safely assume that the casualties are Moslem. The army's dislike of undertaking police operations against Europeans in the towns has come up in recent discussions between the military and civil authorities. The civilians have been arguing that the only way to prevent a disastrous clash between the communities is to pack the towns with troops who would act as a barrier. The generals are reluctant to accept this scheme.

The crucial part played by the armed forces is logical. The permanent premise of General de Gaulle's search for peace in Algeria has been that the terms of the settlement must be acceptable to the bulk of the officer corps. Promotions and demotions, exhortations and vague promises were all designed to convert the officers from their Algerian creed to a belief in a modern French army in Europe. Those most opposed to this evolution were not cashiered but only removed from Algeria to posts in France or Germany. Now, on the eve of the final test, the officers have been given new reassurances. To ease their conscience, a statement was published last week promising protection and rewards for Moslem soldiers serving in the French forces. To spare their pride, it was announced that French forces would remain in Algeria for three years after the settlement. (The Algerians, however, have since revealed that within eighteen months of the referendum the French troops are to be reduced from 420,000 to less than 100,000). To reassure them about the future, M. Messmer, the minister of defence, promised in February that the modernisation of the French army would not involve axing officers. He went further and said that although, if all went well, the French army would be reduced from 700,000 now to 450,000 by 1970, the professional cadres would not be cut.

Events did not stand still while the army was thus dealing with its tender consciences. The "expulsion" of Italian journalists from Algiers by the Secret Army is merely a spectacular illustration of official impotence. Dangerous provocative acts have,

unfortunately, been countless. More than a hundred explosions within two hours in Algiers, incendiarism in the Moslem district of Oran, an attack by Secret Army commandos disguised in French uniforms on the jail in the same town—these are only the most striking examples of tactics that are designed to provoke the Moslems into mass reprisals, and the army to intervene ; hopes of a settlement would then be drowned in a bloodbath.

All this has had an influence on the mood of the Algerian leaders. They must fear accusations from their own supporters, not only that they have watered down the ideals of revolution, but that they have done so for the sake of an illusory power. On his way to Evian Saad Dahlab, the Algerian minister of foreign affairs, declared in an interview that all would be well if the French made up their mind really to fight the Secret Army. The rest of the interview suggested that he did not really entertain such a hope. The Algerian negotiators, he argued, must try to strengthen the powers of the projected *force locale*, the exclusively Moslem police force, 45,000 strong, which is to be put at the disposal of the mixed provisional executive. That executive—presided over by a Moslem and including three delegates chosen by the Algerian leaders, three by the French and six by mutual consent—is to control the local situation in the months preceding the referendum. In M. Dahlab's view, the French forces should not be allowed to intervene unless specifically asked to do so by the executive. The other Algerian demand is for the rapid liberation of prisoners, who, having completed their revolutionary education in the French jails, are going to be urgently wanted to serve the new rulers of Algeria against the Secret Army.

Officials in Paris have obviously been displeased by the tone and contents of public Algerian statements on these lines. Both sides seem to be jockeying for their final positions. The Algerians proclaim that where there is a will there is a way. The French, too, preserve their optimism: the army will play the game, while the guarantees obtained for the European minority, and the "dynamics of peace" themselves, will strip the Secret Army of its European support. A cease-fire is generally held to be only a matter of days, but the cease-fire will be something short of peace. The French politicians, who are turning their attention to elections in the spring, may prove to be ahead of schedule.

Rhodesia Acquiesces

FROM A CORRESPONDENT IN SALISBURY

THE British Government's new constitutional proposals for Northern Rhodesia, with their marginal concession to African opinion, have been denounced and accepted grudgingly as a *fait accompli* by all sides. No one now believes that they will be changed again before elections are held in the territory, probably in October. Preparations for the elections are being set in train without delay. Mr Kenneth Kaunda, leader of the United National Independence Party, has set five conditions for participation which may provide him with an escape route later on, but only two of these—a much earlier date for the election, and an amnesty for imprisoned political leaders—seem to present any real difficulty. The attitudinising is over and the struggle for power lies ahead.

African hesitations and misgivings arise in large part from the difficulty of predicting, except within very broad limits, the political outcome that Mr Maudling's formula will produce. Any likelihood that Unip, as the militant vanguard, can win enough seats on the lower roll and the national roll to provide a working majority seems quite remote, but the need for allies has not brought Unip and the African National Congress any closer together. The two parties are barely on speaking terms and the gulf between them is as wide as anything that exists in Kenya. Instead, Mr Kaunda is looking for European support, but not, as might be expected, from Sir John Moffat and the Liberal party (whose goodwill and readiness to co-operate are incontestable), but from a different quarter altogether. Rightly or wrongly the Unip leaders believe that the Liberals in Northern Rhodesia are not assured of sufficient black or white support to be useful in an electoral alliance.

The Liberal party is also genuinely multi-racial ; its main political aim is to provide a bridge between the races in the transition period that lies ahead, whereas Mr Kaunda would prefer an alliance with a strictly European grouping that would serve as an appendage to Unip. Since this does not exist it must be created, and it seems that the Rev. Colin Morris is to be the chosen leader. Approaches have already been made to him. Mr Morris withdrew as Liberal candidate on the eve of a by-election in the Copperbelt a few months ago, and subsequently resigned from the party in circumstances which suggest that he never completely accepted its leadership. Ambitious and purposeful, Mr Morris has a certain following on the Copperbelt, but it remains to be seen whether he can set up an effective electoral organisation.

To Sir Roy Welensky and the United Federal Party the threat to the future of the federation posed by the new constitution seems grave and immediate. If over the past nine years complacency has been a distinctive facet of UFP thinking, the same charge cannot be laid today. There has been a great deal of ebullient talk in public places and much self-questioning as well. Sir Roy has spoken of the use of force and then toned down its implications. True, he was speaking under stress and in a bitter mood ; he feels deeply that British politicians have betrayed him. But even his supporters were unhappy at his minatory words and his visit to London was at best a disappointment. His report to parliament when he returned was curiously muted and he left members and the country without any indication of what he proposed to do next.

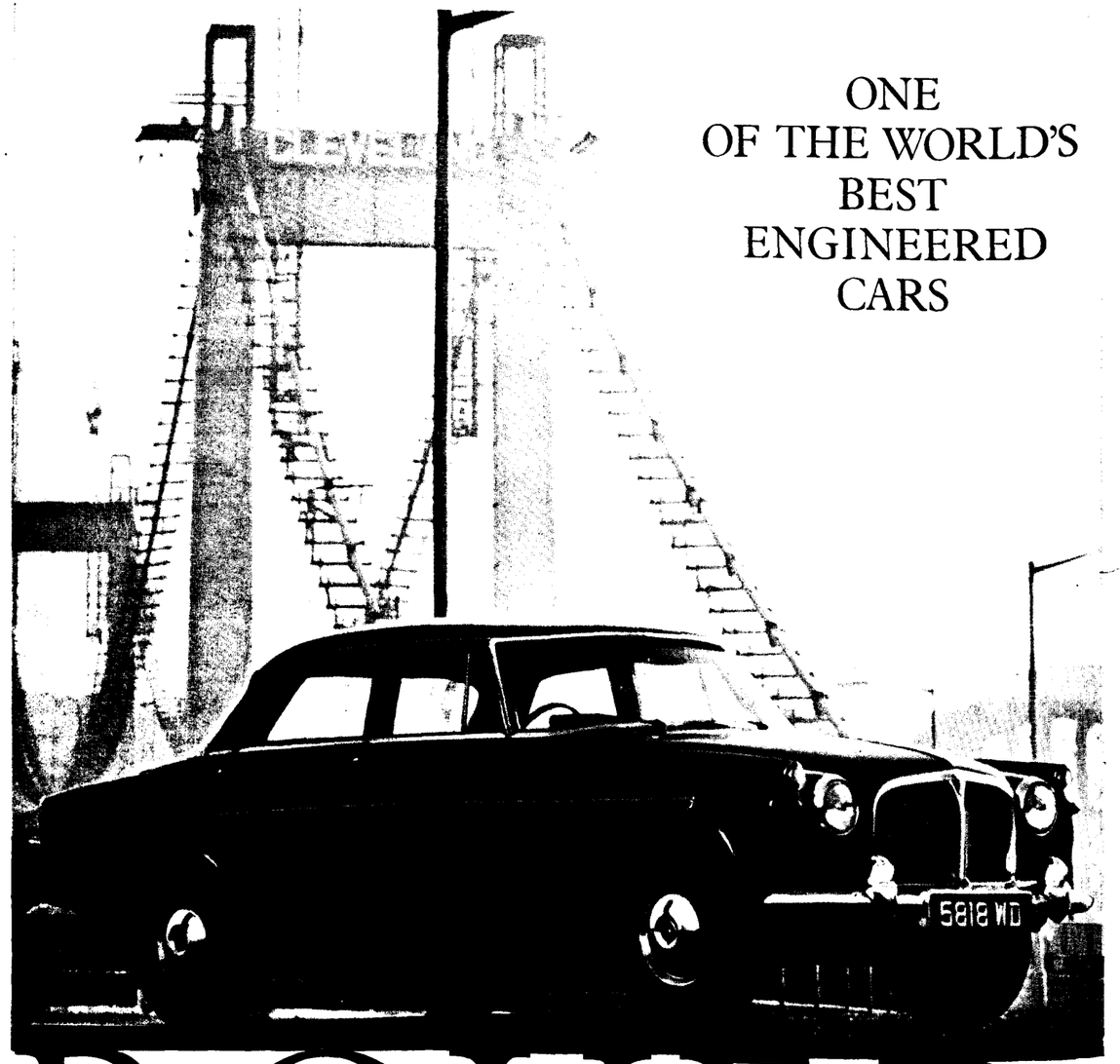
ONE encouraging feature in a fortnight of political ferment has been the restraint and the sense of reality displayed by most of the local press. Editorial writers have felt it necessary to warn their readers—and Sir Roy—of the dangers of the path he seemed to be treading. They have helped to sober public opinion. But if the majority of whites are not in a fighting mood over Northern Rhodesia, they would certainly like to see the future of the federation assured. Nyasaland will go—that is the general view, even if Dr Banda were later to return on quite different terms. But some formula could surely be found to link the two Rhodesias. Sir Edgar Whitehead prolonged his London visit to discuss these matters ; he, too, has much to gain from a continued association. The urge to "go it alone" and seek independence has recently gained some strength in Southern Rhodesia, but it remains a minority view and would only be shared by Sir Edgar if two African nationalist governments were in power in the Northern territories.

It is doubtful if any new federal scheme was discussed in London that has not been considered in detail or in principle before. The desire of the Litunga of Barotseland to secede rather than submit to a nationalist government in Lusaka is well known. He repeated his request when Mr Sandys visited the territory last month. The British Government later announced that such a move would not be in the interests of the Barotse people at this stage. In fact, it would shatter any hopes of African co-operation in Northern Rhodesia. By the same token any other proposal to carve up the Northern territory would encounter the most intransigent African opposition. The old concept of a central African alliance has also been revived. This is essentially a white plan under which the "line of rail," which includes the Copperbelt and most of the European population, would amalgamate with Southern Rhodesia to form an independent, self-governing dominion. The remainder of the federation would be divided into a number of wholly



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African states linked in a loose alliance with the dominion and sharing common services like railways, posts and telegraphs. The Monckton commission looked closely at this scheme and rejected it. In the commission's view, to detach the Copperbelt would be a breach of the British Government's pledges regarding the protected status of the people of Northern Rhodesia, who would in any case fight the proposal tooth and nail.

Yet some such thinking does still persist in Salisbury. In his report to parliament Sir Roy made a delphic reference to the convention signed by the British and Federal governments in April, 1957, which refers to a review of the federal constitution and "a programme for the attainment of such a status as would enable the Federation to become eligible for full membership of the Commonwealth." This could be interpreted as independence in some form or other, but Sir Roy would not enlarge. He now looked, he said, to the implementation of the convention in the spirit and the letter.

Leipzig: Business and Politics

FROM OUR SPECIAL CORRESPONDENT

All but a few of the British exhibitors at the Leipzig spring fair will pack for home on March 14th not regretting their journey. As usual, it will be some weeks, or even months, before most of them know precisely how they have fared. But the old hands—those who, like Imperial Chemicals and H. E. Samson Ltd. of Southall, have been coming for five years or more—are convinced that their Leipzig investment pays steadily increasing dividends. They estimate that this year's British showing will cost altogether about £500,000. (Only a very modest exhibitor can expect his total bill to come to less than £500.) And they hope between them to book, now or later in the year, orders worth some £10 million. This they regard as a promising prelude to considerably more lucrative business, well worth enduring the mystifying delays of communist state trading and the grey and uncomfortable Leipzig setting. East German trade officials say they have been authorised this year to place orders to the value of £80 million in the non-communist West. This is £5 million more than last year and £40 million more than in 1960.

For political as well as economic reasons east Germany's effort at Leipzig is loyally supported by all the other communist states belonging to the Council for Mutual Economic Aid. Their spokesmen in the West, most notably the Russians, are purposefully putting it about that the way to do serious business with the East is to go to Leipzig and talk things over there. It was not for nothing that at last Saturday's public eve-of-fair rally in front of the Georgi Dimitrov museum all the talking was done by Mr Mikoyan from Moscow, Mr Cyrankiewicz from Warsaw and Mr Simunek from Prague. Herr Ulbricht kept in the background while the foreign *Prominenz* assured the shivering Leipzigers that their 800-year-old fair—whose future looked so questionable for several years after the war—would become increasingly the pride of the whole eastern block. Thus encouraged, the east German minister of trade, Herr Julius Balkow, could confidently declare at the opening ceremony that Leipzig was "the predestined classical market between east and west, north and south."

The official advice given to business men in the Nato countries to stay away from Leipzig this year, as a token of western disapproval of the Berlin wall, has been followed in whole or in part only by the Americans and the west Germans. While no Americans, other than a few journalists, are to be seen, the British, French, Dutch and Belgians are here in greater strength than ever before. So are the neutral Swedes and the Japanese. Altogether 271 British firms are exhibiting—forty more than last year. Among the British newcomers are the Decca radar company, the Ford tractor group, Firth Vickers Stainless Steels, the Great Universal Stores, Boosey and Hawkes and the British Bands Instruments company. The three last are—like Mr Rudi Sternberg's Dominions Export Company, a veteran Leipzig exhibitor—especially welcome to the east Germans because they have come to buy as well as to sell. Great Universal Stores, which hopes to be advantageously placed when the east Germans are ready to take more consumer goods, is negotiating, among other things, the purchase of precision instruments. Boosey and Hawkes and the British Bands Instruments Company are interested in buying east German musical instruments, particularly Klingenthal mouth organs. The new trade agreement negotiated between the Federation of British Industries and the east German Chamber of Foreign Trade provides for an exchange of goods worth about £7.5 million each way.

Several west German industrial organisations and many individual firms have expressed disapproval, mainly on political grounds, of this year's conspicuous British activity at Leipzig. With government backing, the Federation of German Industries appealed to west German industry to boycott the fair. Local chambers of commerce refused to handle, as they have done in the past, Leipzig inquiries and passes. At one zonal crossing point at least the federal frontier officials have been instructed to deliver a gentle homily to Leipzig-bound west Germans on the error of their ways and the danger they will run of being exploited for propaganda purposes. Yet in spite of all this discouragement 626 west German and 68 west Berlin firms are exhibiting—about a third fewer than last year. Krupp has stayed away (the company's former stand is occupied by Russians), and most of the other big west German steel and engineering firms have joined, ostensibly at least, in the boycott, among them Mannesmann, Demag, Phoenix-Rein-Rohr and Gute Hoffnungshütte. But the Ferro-Stahl iron and steel trading company, an affiliate of Gute Hoffnungshütte, is here; and it is generally assumed that in one way and another the Ruhr is not wholly unrepresented.

The *Frankfurter Allgemeine Zeitung* has had the good sense to say that attendance at Leipzig should be left to the individual conscience: "there are good reasons for participating—human, political and economic . . . he who decides to go should be clear where he is going. He should know that in the communist ideology politics and economics are inseparable. The Leipzig fair is a political fair." This is so. West German visitors were pained or amused, according to temperament, to see in the *Leipziger Volkszeitung* photographs of Hitler and Dr Adenauer published side by side, the one captioned "the teacher," the other "the pupil." True, this is an example of political warfare at its clumsiest, but it illustrates the benighted isolation in which the east German regime and its subjects are living. Those who urge contacts would do better, one would think, to drop the habits appropriate to a boycott.

Moroccan Mirages

FROM OUR SPECIAL CORRESPONDENT

Triumphantly in charge and only 32 years old, King Hassan II of Morocco has done better in his first year on the throne than most people expected of a man who was once the playboy of the Maghreb world. Last weekend, with King Saud a glittering guest, King Hassan was able to do more than point to a glorious future (any Moroccan minister can do that); he could claim some actual achievements. More Moroccans are being educated, including a growing number of girls. In a crash programme only just completed hundreds of one-room schools (with built-in living quarters for teachers) were built. It was done by side-stepping the administration and letting the army get on with the job. A start is being made with land consolidation; in an important series of fiscal

reforms taxes have been made to look more sane and incentives for foreign investors more attractive.

More spectacularly, the three advisers closest to King Hassan were confidently expected early this week to return soon from Paris, bearing a liberated Ben Bella of Algeria on their shoulders. At the same time, opposition leaders can move about freely, even though they are not taken serious notice of in the decision-making process. The anti-government press says things just about as rude as they could be ; sarcasm is its favourite weapon. The promised parliament has still not been delivered, but all parties except the *Union Nationale des Forces Populaires* (the former left wing of Istiqlal) are in the government, some more sycophantically than others. If the Berbers (represented by the *Mouvement Populaire*) only shakily support some ministers, then at least they are loyal to the king. More importantly, the UNFP seems to be slightly at odds with the trade union movement that gives it its greatest strength. The trade unionists are divided between those who approve of the use of *L'Union Marocaine du Travail* for political purposes and those who do not. The army, for the present at least, is said by everyone to be all King Hassan's.

A strong government, glowing plans, a divided opposition—and yet, carping though it may seem, it is hard to predict that all will go well with Hassan II's reign unless luck is truly on his side. One reason is that there are many Moroccos. The Arabs and the Berbers deny that there is any difference between them—but add that if there were it would have been deliberately fostered by the French "colonialists." But independence has been with the Moors for six years, and it is not easy to carry on blaming the French.



Hassan II : Praying for whom ?

The division between rich and poor is glaring. At his anniversary party on March 3rd the rows of white stallions, mounted by red and green and gold Moorish giants, stood on guard before the palace in Rabat. No car among those that brought the 800 guests seemed to be below a Mercedes in stature ; the giant filigree and mosaic entrance hall crowded everyone together before thick glass doors a genie high. When, magically, they swung open, it was on to an endless white bridge over a garden of golden-lighted orange trees. At the other end, in a dining hall that seemed a quarter of a mile long, the drinks were orange nectar and almond juice ; the rows of carved doors from Alice ; the sweetmeats from the Arabian Nights ; the Press from Paris and the Riviera.

But not far from Rabat, along the road to Casablanca, is the first of the peasant huts that house four out of five Moroccans : a little mound of sticks and mud, with a bundle of old woman and half a dozen children inside. Hassan II, to his credit, made a reasonably efficient job of distributing American wheat to these people last year when the drought came ; his credit will increase if he manages to grow more in Morocco. To this end two million hectares of religious, state, *colon* and tribal land are to be consolidated into co-operatives in which the peasants will hold titles to the use of the land, but not to its ownership. In this way the fragmentation caused by inheritance will, it is hoped, be avoided : the new law is that the use-titles can go to one heir only, by arrangement with the other claimants.

Irrigation schemes are afoot under the direction of Mr Reda Guedira, unpopular and said to be the minister closest to the king ; they must be seen to work before it is established that they do. This is because, in all its schemes, Morocco suffers from a grievous lack of administrators : the number of French is dwindling, and, despite some apparently able ministers, the Moroccan civil service is still feeling its way. Perhaps out of frustration, the king's answer is to take much of the work into his own hands ; this, despite his eagerness, is not the most efficient method. Surrounded by a group of advisers competing for positions of authority, Hassan II may one day begin to feel the need for a source of fresh ideas.

So far the best source has been the UNFP and the UMC opposition ; although not heeded in deciding day-to-day policy, their basic ideas differ only a little from those the government has come to decide are best for Morocco. The town workers must grow more numerous as more new industries are enticed in. It is these city Moroccans who can be called on strike by the UMC ; it is they whom the king has not been able to win over. The civil service and the huge class of other government employees (150,000 of them) have jobs and salaries that most of them did not have before independence and, indeed, with families and hangers-on included, a million Moroccans live on these 150,000 incomes.

But most Moroccan budgets are underspent because the administration moves too slowly to spend the money allotted ; the five-year plan so ably put forward by Mr M'hamed Douiri, minister for the national economy, has to be fulfilled to be believed. Nevertheless, some of the ideas are good. The new plan to channel part of salary-earners' incomes into a National Investment Fund might pay off. Delays, maladministration, failure to live up to the promise of the revolutionary Istiqlal slogans—all these must add fuel to the fires smouldering in young Moroccan new-educated breasts. But their time is not now.

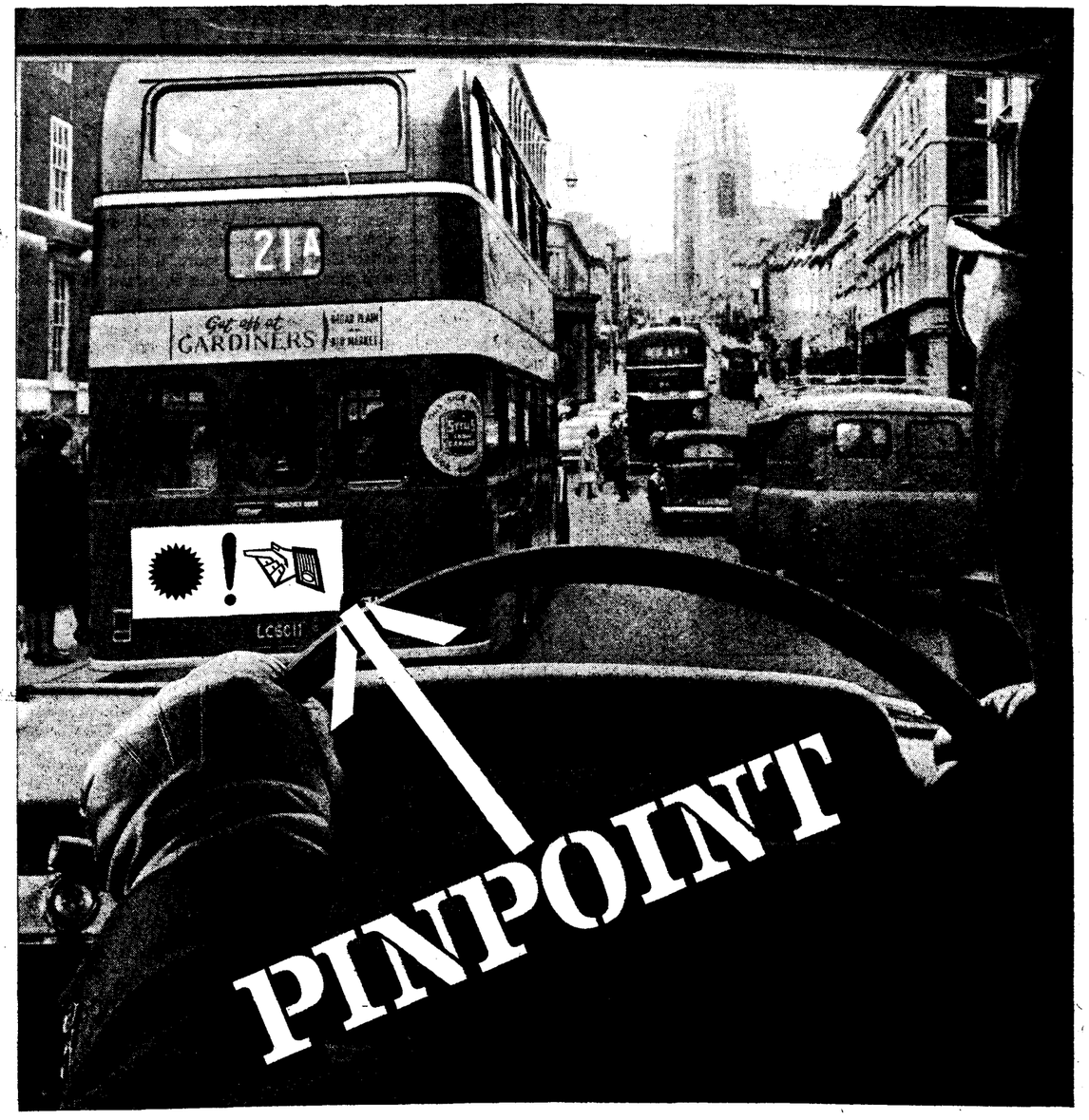
Meanwhile, there is foreign policy to argue about. Mauretania, every Moroccan in government automatically says, is Moroccan—it will come to Morocco by gentlemen's agreement with France when Algeria has sovereignty over the Sahara. But the French say that Mauretania is independent and cannot be agreed away to anyone. By the same token, so the story is told in Rabat, the Spanish government says that Ceuta and Melila will be handed to Morocco when Gibraltar is given to Spain. Overshadowing all is Algeria. Just now the Algerian provisional government is being assiduously wooed away from Tunis and the hope is that, before independence, it will assemble in Rabat. The real worry, what it will do after independence, is shrugged off in the palace with tales of the coming Maghreb federation—one that is, incidentally, to be complementary to the pan-African federation promised by the Casablanca group of African nations. The Jews, like the French before them, are leaving Morocco when they can ; *Sa Majesté 'assan Deux* has only to worry about the Moors they are leaving behind. In his white robes, making his anniversary speech in the square outside the palace, the young king looked last week for all the world like Christopher Robin. But was it for Morocco he was saying his prayers ?

Australian Voters Unappeased

FROM OUR CORRESPONDENT IN AUSTRALIA

EARNESTLY, members of the government in Canberra have been busy apologising to the electorate for the economic policy that almost put them out of office. Senator Spooner, for example, the government leader in the Senate, was pleased that it was "only one error in twelve years," and the prime minister agreed that the credit squeeze bit too far into manufacturing and employment. But neither these apologies nor the abrupt reversal of the policy early last month has served to restore the government to favour.

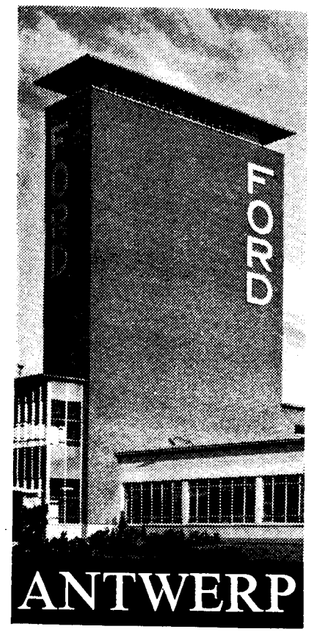
In two state elections held last week the state Liberal and Country parties suffered from their connections with their federal friends. This disfavour seems likely to overthrow Sir Thomas Playford, whom South Australia had returned as premier for over a quarter of a century in the faith that no one else could fight the federal



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government better in South Australia's interests. In New South Wales a Liberal-Country party opposition, revivified under new leadership, has found itself under the federal cloud and the Labour government of Mr Heffron has—if one may apply this particular, cliché to septuagenarians—romped home.

In the federal Parliament, it is true, the government survived the first test on Tuesday when a vote of censure was defeated by one vote—the government's full majority. But there was no cause for elation. The prime minister's extraordinary attack on the alliance between the leader of the opposition and the Sydney *Morning Herald* took up a large part of his speech, though not a vote was to be won by exacerbating this feud. The voter, if he were aware of it all, would think it pretty smart of Mr Caldwell to have gained the support of that newspaper, and if this was done by renouncing nationalisation for three years, why not ? The government is hardly in a position to be contemptuous about a party's attempts to adapt its policy to the known feelings of the electorate.

New Guinea policy was not included among Mr Caldwell's fifteen points of censure, though he had been censorious enough before parliament opened. When he was challenged by the prime minister to say whether his remarks about "facing the threat" meant that Australia should go to war over New Guinea, he withdrew from that dangerous political position (the voter may like to condemn but does not want to fight) and said, in effect, "No, because the government have made such a hash of defence." It is a pity that Mr Caldwell, with his repeated cry "two hundred million for defence and nothing to show for it," should perpetuate the public belief that this is a very large sum, whereas in relation to national income and to what other countries spend it is small. Moreover, it is getting less in real terms, having been kept constant in money terms for a decade or more. In calling Mr Caldwell's bluff the prime minister made very plain what Australian diplomacy for years has been concerned to conceal or leave in doubt, namely that Australia would not fight to defend West New Guinea.

Of the economic measures, the opposition declare that there will not be enough to restore full employment and full production. Yet some of the same voices predict that there will be another stop signal before the year is out and a "horror budget" in August. There are signs of recovery, but confidence is slow to return—and with some reason. Who can say where the Australian economy is going now that all the political parties are travelling the road toward economic self-sufficiency behind protective barriers ? All one can say for certain is that if the recent oil discoveries at Moonie in Queensland fulfilled their promise of oil in commercial quantities the difficulties ahead would be greatly lightened. And there seems reason for optimism on that score.

A Beer and Whisky Budget

FROM OUR HONGKONG CORRESPONDENT

FOR a colony with an exciting name, a resonant past and (according to outsiders) a hopeless future, Hongkong always manages to present a prosaic, unexciting and essentially hopeful budget. This year's effort, presented on February 28th, was magnificently true to form. Even the common market threat to preferences, the continuing recession in textiles, export quotas, portents of garrison cutbacks and the inexorable population pressure could not depress the colony's new financial secretary, Mr Cowperthwaite, whose budget of HK$ 1,225 million proposes only a HK$ 5 million increase in taxes on beer and spirits. He said hopefully, "Every year about budget time there is gloomy talk, but as the year goes on things improve."

Things will certainly need to improve if revenue is to meet the obligations and responsibilities which the Governor, Sir Robert Black, outlined in his accompanying speech. Hongkong's population is growing at just over 3 per cent a year, and will reach four million by 1966 or 1967. Universal primary education remains distant: an estimated 120,000 children are now without schooling. Despite heroic housing efforts, there are still half a million squatters in the colony; another 47,000 households (215,000 people) lack what is euphemistically called "proper accommodation"; in the 3.84 acres around Peel and Wellington Streets (good mandarin names), the density of population is 2,819 to the acre.

By the end of 1964, a quarter of the total population of Hongkong will be living in government-provided or government-assisted hous-



ing. Resettlement over the next five years will increase to a yearly average of 100,000. These are remarkable figures, by any standards. "Our aim," observed Sir Robert bravely, "must be to increase our export trade by at least 10 per cent a year." For the first time, the colony's government has looked beyond next year and sniffed appraisingly the horizons of the coming five-year period, in which it is expected that total capital expenditure will amount to HK$ 2,570 million, compared with HK$ 1,355 million in the past five years. A forecast HK$ 550 million deficiency in that period, it is proposed, should be met half by taxation and half by borrowing.

Mild references to borrowing and even to loans from the World Bank, "when we have adequately demonstrated a need for credit," have not aroused as much public comment as the decision to launch a national lottery to help private welfare organisations. This stratagem has been denounced as immoral; but it will certainly appeal to the impassive Chinese of the colony, who remain tough, industrious and resilient but essentially speculative, and who, in any event, last year spent about a quarter of their hard-won wages to send 13 million food parcels to their relatives and friends in communist China, benevolently protected from the capitalist evils of any form of gambling. Few scenes can be more moving than the spectacle in humble Hongkong homes of Chinese women slicing up their winter coats and carefully weighing padding against material so that the individual weight of mutilated garment packages to different members of a Shanghai family will not be subject to extortionate communist duty, but still susceptible to salvage by re-stitching.

There is still no nonsense about democratic processes in Hongkong, which remains a sturdy and enterprising anachronism in geography, politics and industrial survival. There are shameful disparities of vulgar grasping wealth and of human dignity in grinding poverty. But daily the pathetic escape of desperate refugees from the mainlaid continues, running by unofficial estimate as high as 6,000 a month.

Characteristically, the mighty neighbour shadowing the frontier of the New Territories was not even mentioned in the budget. Indeed, the news coverage of the beer-and-whisky budget speech itself had to contend with detailed page reports of, first, the opening of a glittering City Hall, designed to give the lie to foreign sneers that Hongkong lacks a cultural and artistic soul, and, secondly, a marathon kidnap-murder trial, which might be a commonplace in rough places like Singapore but is an outrage to the law and order of sanguine and serene Hongkong.

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Spectre at the Automated Feast

WASHINGTON, DC

"THE world today is not the world of Adam Smith. It is the world of the computer and the automated plant," says Mr Walter Reuther, of the motor workers' union, and the strong new appeal for a working week of less than forty hours that has just been made by Mr George Meany, the president of the American Federation of Labour and Congress of Industrial Organisations, was probably more than a manœuvre in the perennial campaign between big trade unions and big businesses. There is spreading disquiet about the little-understood effects of what is called automation upon total employment. Mr Meany said earlier that he saw vast social and economic disruptions impending and Dr Norbert Wiener thinks that the new technological revolution may produce a volume of unemployment that will make the great depression seem small. Had Belshazzar seen not one but two messages being written upon the wall, he would have been in much the same fix as Americans whose feast is haunted by the spectres of unnaturally slow economic growth and of workers swiftly being made redundant by machines. The experts cannot seem to agree which of these contradictory ghosts is a mere figment or chimera and which is a real apparition.



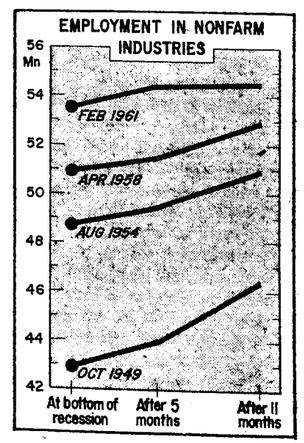
In spite of some disappointments already this year, the official prognosis is hopeful for a continuing decline in unemployment from last month's 5.6 per cent towards the Administration's target figure of 4 per cent of the labour force in 1963. But an early warning system is called for to assess in time the effects on employment of new species of machines. This should not be unduly difficult, since in many industries five or fewer companies account for from two-thirds to five-sixths of production and sales. But for at least a year the Department of Labour has been asking questions: what happens between management and labour when automation and its technological cousins first peep through the factory windows, what can be and what is being done to try to retrain workers on the job before automation takes place and how are pension and other plans used to ease the transition? The department has been getting precious few answers and the Occupational Training and Manpower Utilisation Bill that the House of Representatives passed last week directs the Secretary of Labour to study such problems; it does not seem before time.

President Kennedy said last month that finding jobs for Americans was going to be a major burden and the chief domestic challenge of the next eight years. More sanguinely and perhaps more correctly the Secretary of Labour, Mr Goldberg, views technological advance as a dilemma within an opportunity. The fear is that unemployment, instead of dwindling as it is hoped it will do, may become a still more broadening stream, fed both by workers who lose jobs to machines and by would-be workers coming on to the labour market from school. After each of the last three recessions and recoveries the growth of employment seems to have displayed a perceptible slowing down while the average rate of unemployment has risen from about 3 per cent of the labour force, in the early nineteen-fifties, to between 5 and 6 per cent; moreover, the upward trend, when the postwar period is viewed as a whole, has been heavily concentrated in long-term joblessness.

Only a small portion of the country's productive equipment has thus far been "automated." But automatic machines can, and perhaps soon will on a large scale, make and roll steel, mine coal, manufacture engine-blocks, weave cloth, sort and grade fruit (or bank cheques and notes), keep records, direct traffic, translate languages, assemble typewriters and design and test rockets and aircraft, as well as drive passenger trains by tape and make machine tools by numbers. The robots, it is argued, are going to hit a wide range of industries in the very decade when there will also be a rush of war babies, 26 million new workers (or almost half as many again as emerged from America's schools in the nineteen-fifties), on to a shrinking labour market.

The President's economic advisers would like to see the American economy operating at 94 per cent of capacity, instead of 86 per cent, and experts believe that industrial production could be raised by 10 per cent with existing facilities. The Administration's recipes for making the economy grow faster and keeping businessmen and workers happy include replacing both obsolete machines and obsolete skills. But only about 4,000 persons are benefiting from the existing training programmes and, although the number will grow to a hundred times that number in two years under the manpower retraining legislation, it will take some time to begin to implement this even if Congress completes action on the Bill quickly.

Meanwhile, more than a million people under twenty-one are out of school but not in work and it is estimated that, of the 26 million youngsters entering the labour force in the present decade, 7.5 million, or almost one-third, will probably be "drop-outs" who have not completed a high school course and whom almost nobody wants to employ. The American economy no longer offers a job to any willing pair of hands, as was its tradition, or even to hands that have not got quite the right sort of skill. A relatively brief period of retraining may suffice to equip an automobile mechanic, used to ordinary motor-cars, for tackling automobiles with power brakes and power steering. But even a full year's retraining seems very unlikely to transform unemployed lift operators into school-teachers or secretaries. Yet, until some such



metamorphosis becomes feasible, there will be found side by side the phenomena of unemployable people and job opportunities—men and women on relief and "moonlighters" who hold down not one but two jobs apiece.

It may well turn out that the most important part of the remedy for the less benign aspects of automation will involve a considerable amount of vocational training in the schools, where most of the generation that is expected to suffer or benefit from automation is now learning its lessons. These lessons ought to include acquaintance with these facts: that there exist machines that can count things, record things and even sell things so well that it will probably be unwise to attempt to compete with them—but that the nineteen-sixties are also expected to witness in America a fast-growing demand for more doctors, engineers and scientists. Above all, the demand will be for versatile people. In the past five years the demand of the Department of Defence for aircraft has gone down by 25 per cent, while its demand for missiles has gone up by almost 90 per cent. Yet Mr Goldberg has said that, with the shape of jobs to come changing as fast as it has been doing, the ride may be a bumpy one even in new industries like space.

Meantime the President's Council of Economic Advisers has added its warning that systems for retraining workers and for rehabilitating depressed areas are no substitute for an adequate level of demand. There may never be a satisfactory answer to the question: "What's adequate?" In practice, the policies of retraining and rehabilitation must go hand in hand with policies aimed at accelerating the rate of economic growth.

Testing for Survival

No decision could have been taken with more deliberation or with more regret than President Kennedy's to authorise the resumption of nuclear tests in the atmosphere; no decision could have been explained more carefully. Everything possible has been done to lessen the unfavourable impact on world opinion of a move which seems to be disapproved of, although not actively, by nearly half of Mr Kennedy's own people. In particular, the President is trying to pin the blame clearly on Mr Khrushchev, not only by emphasising that it is last year's Russian tests which have made this year's American ones necessary but also by offering to give up the American series if the Russians accept the treaty banning nuclear tests which is once again to be put before next week's disarmament conference at Geneva.

But if such a treaty has not been signed by "the latter part of April"—and Mr Kennedy will obviously be pleasantly surprised if it has—then the United States will begin to test in the atmosphere over Britain's Christmas Island in the South Pacific. Every effort will be made to hold radio-active fall-out to an absolute minimum and this will, it is expected, be kept well within safe bounds. Moreover, the number of explosions will be strictly limited and confined to tests of the efficiency of protective devices—concrete shelters for missile bases, guidance systems, communications and so on—and of atomic weapons which have been developed but never fired—Polaris and Minutemen missiles are the outstanding example.

Thus it is clear that the President is holding firmly in check the military men and the scientists who have been pressing for so long for a resumption of tests. But he has had to accept—and so, apparently, have all his advisers—that some testing is now essential if the deterrent strength of the United States is to remain effective. He is convinced that the United Sates is still superior to the Soviet Union in nuclear power. But last autumn's Russian tests showed great advances in technique and design and provided a basis for further advances, so that there is good reason to fear that the next series of Soviet tests will suggest that the United States has been surpassed in this particular field. American scientists have nothing more to learn or to develop from their last tests in 1958. If they are to maintain their scientific and technological lead, on which depends their country's ability to survive an attack, then they must provide themselves with new data to work on by testing nuclear devices in the atmosphere.

Steel Back to the Grindstone

The steel companies and the steelworkers' union, which last week broke off negotiations for a new contract, are on their way back to the bargaining table, in response to an appeal from the President. He hopes that they will reopen their talks by next Wednesday. To have put off further negotiations, as the union suggested, until May 1st—just two months before the contract expires—would not only have increased the risk of a strike but would also have led to a new build-up of stocks of steel as an insurance against a strike. This is something which the Administration hopes to avoid as it would give the economy an artificial boost followed by a long let-down while the steel-consuming industries used up their hoards. Up until last week the negotiations seemed to be going so well that stock-piling of steel had declined.

The Administration has a big stake not only in averting a strike in steel but also in a non-inflationary wage settlement; any nudge toward inflation makes it more difficult for American goods to compete abroad. Steel sets the pattern for many other wage settlements; it also affects the prices of most goods. A defeat in Pittsburgh would make it much harder for the Administration to secure respect for the "guide-lines of national interest" which Mr Goldberg, the Secretary of Labour, says that it is determined to lay down. Too often in the past, when the government confined itself to mediation, a strike was avoided or ended only at the expense of the consumer. This new policy of "defining and asserting the public interest" is popular with neither management nor the trade unions; both have attacked Mr Goldberg for interfering with free collective bargaining.

The Administration's guide-line for wage increases—including fringe benefits—is the annual increase in productivity, usually put at 3 per cent a year; in steel this would amount to a rise of about 12 cents an hour. But when the two sides broke off negotiations last week they were at odds both over the rate of increase in the industry's productivity and over the values of the concessions which the industry was prepared to make and of those which the union was demanding. This gap is probably not too wide to be bridged peacefully and most observers still think that a strike will be avoided. Both sides have avoided the provocative tactics which made the last strike, in 1959, such a bitter and long-drawn-out affair. Moreover, one of the fruits of that strike is a Human Relations Research Committee which was created to study and recommend solutions of problems relating to seniority, grievance machinery, job classification and other irritants. It did little until the beginning of this year but since then it has been struggling to secure agreement on these non-economic issues since they could hold up a wage settlement.

CIA's Powers

Captain Francis Powers, who was convicted in Moscow two years ago as America's "spy in the U-2" has been on trial, in effect, in America ever since he was captured alive and his aircraft fell into Russian hands. Last week, after rigorous examination by the Central Intelligence Agency, his employers in the U-2 episode, and by a special board of inquiry, he was vindicated fully. His testimony this week before the Senate Armed Services Committee received almost fulsome commendation. The CIA, by publishing its instructions to its U-2 pilots, has established that they were not expected to destroy themselves to avoid being taken prisoner (the poison needle was optional equipment to be used only if the pilot were tortured); that they were instructed to be co-operative toward their captors; and that they were allowed to admit the nature of their mission and the name of their employer.

The country is now relieved of the fear—which has haunted people ever since some servicemen taken prisoner in the Korean War abjured their allegiance—that yet one more American buckled under the threat of death and imprisonment. Captain Powers, besides being vindicated, is to receive back pay amounting to $50,000. What is less satisfactory is that it is now clear that the Russians did in fact bring down the U-2 from 68,000 feet—so much for the comforting assurances that this was beyond their ability and that the aircraft must have suffered some mechanical failure.

The CIA itself may not get off as easily as Captain Powers. Members of the Senate Foreign Relations Committee, which conducted a searching and critical post-mortem on the U-2 incident at the time, have been angered by the fact that the Armed Services Committee was chosen to hear his testimony, although the foreign relations group had put in an earlier claim. The fact that Mr McCone, the new director of the CIA, consulted members of the armed services committees (which provide the only nominal congressional supervision over the CIA) was another reminder that the foreign relations committees have no authority over the agency although in the past it has had great influence over foreign policy—most notably, of course, in the Cuban invasion. It was primarily for this reason that Mr Fulbright, the chairman of the Senate committee, refused to vote to confirm Mr McCone; so did Senator McCarthy, who is sponsoring a resolution to create a joint watchdog committee for the CIA similar to the Joint Congressional Committee on Atomic Energy. The Administration is virtually certain to oppose any new congressional supervision over the CIA, on the grounds of security, but in the battle the CIA and Mr McCone may be handled roughly.

Cars for the General

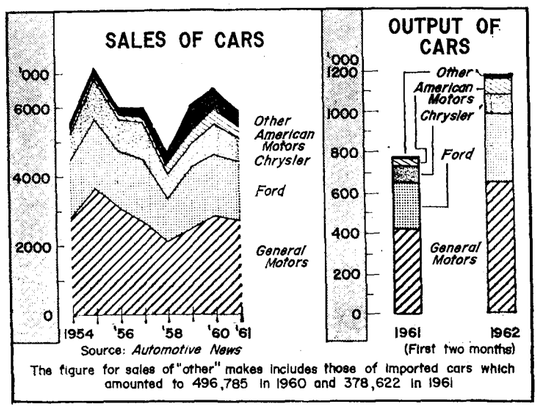
FROM A CORRESPONDENT RECENTLY IN DETROIT

Last autumn, with the American economy still somewhat languid and with a new set of managers in Washington still trying to decide how to stimulate it, the automobile companies were bold enough to forecast that their 1962 models would come close to being the most popular in their history. At this point it appears as if sales in 1962 might indeed equal those of 1955, the magic year against which all good or even excellent years must be measured, when almost 7,200,000 passenger cars were sold with not enough imported cars in the total to matter. This January sales were running at an annual rate of better than 6,800,000 and this trend was maintained in February. Provided that the general economic situation remains strong and that the 1963 models are well received in the fourth quarter, it is now entirely conceivable that more than 7 million domestic and imported cars may be sold in 1962.

The dismaying thing about this outlook, however, is that too many of the domestically-built automobiles will come from the huge General Motors Corporation; it accounted for over one-half of the American cars sold during the first two months of this year. The Ford Motor Company's share was about 30 per cent but the Chrysler Corporation, even though it is under new management, has failed to stage the strong comeback in sales which it had been hoped would give competitive balance to the industry once again. The expensive and large Chrysler model, which costs more than $3,000, is relatively the corporation's best seller this year while Plymouths and Dodges, which have always been the ones to sell in volume in the past, are doing badly. Many reasons are offered for their poor performance in the showroom—ranging from a reduction in their size to styling too advanced for the public—but whatever the reason, the effect is the same: the industry may miss its goal this year because Chrysler cars are not in demand.

In 1955 every one of the "Big Three" had its best year and this year neither of the two remaining small companies, the American Motors Corporation and the Studebaker-Packard Corporation, are likely to make up for Chrysler's short-fall. Studebaker-Packard was strike-bound for weeks and now has to catch up on its lost output—and are its models desirable enough to arouse strong demand? American Motors' Rambler, the original compact, is still selling well but without Mr George Romney—its best salesman and public image who has left to go into politics—the company is likely to do worse rather than better.

Chrysler is moving to mend its sorry showing by bringing a new and larger Dodge to market for the spring trade. And General Motors, perhaps on the theory that there cannot be too much of a good thing, is introducing some new versions of its small Chevrolet Corvair, although the Chevrolet division, which has



started off at such a pace that this could easily be its greatest year, certainly does not need any help. It is quite normal for American motor manufacturers to bring out additional models in the spring to help along what should be a rising sales curve but this year they are more active than usual. Nearly all of them are putting out "new" pillarless sedans, convertibles and bucket-seat models of cars that have been on the market since the autumn. This is a plain indication of two things: that the automobile market is more highly specialised than ever before and that the companies are leaving no avenue unexploited in trying to achieve record sales this year.

Nothing illustrates better how specialised the American market has become than the news that Ford is finally putting into production its long-planned Volkswagen-size car; output will begin, reportedly at an assembly plant in Louisville, Kentucky, in late spring or early summer and the new car may be introduced to customers earlier in the autumn than Ford's other 1963 models. It is special not only in size, but also in concept. It is a "universal" car designed for the world market—as are Volkswagens and Renaults and as was, indeed, Ford's original Model T. It will be 161 inches long, on a wheelbase of approximately 99 inches (which is longer than the Volkswagen), and will be pulled by a 55-horse-power, four-cylinder V-engine mounted in the front and driving the front wheels. Detroit is deeply sceptical about whether



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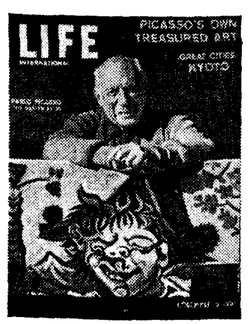
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there is a solid demand in the United States for another car of this size and kind, calculating that the total market for such a car is not much over 300,000 units a year and that the Volkswagen must be granted something like two-thirds of this, since it commands worship rather than mere loyalty.

But the new Ford is the first example of the company's concept of building for world sales, to meet a demand which is, of course, growing faster outside the United States than in it. The Louisville plant will assemble a distinctly American car, but from large components made in other countries. The engine and transmission system will come from the German Ford Company and will give it, for the first time, a car to compete with the VW, Renault and Fiat throughout the European common market. In Britain a slightly larger version of the same basic vehicle is said to be being worked on at Dagenham ; loosely speaking, this will be the Ford for export throughout the Commonwealth. If demand develops, Ford would also be able to assemble the car in Australia and South Africa. Therefore, Ford will not try to amortise the considerable cost of developing the new car by sales of 100,000 or 150,000 in the United States—where the demand is expected to be mostly from people wanting a second car in the family—but by sales in a variety of markets over a long period of time.

Peace Corps: Happy Birthday

LAST week, with the Peace Corps celebrating its first birthday, the President asked Congress for $63.75 million to enable nearly three times as many American volunteers to build schools, teach, dig wells, make roads and improve public health in the under-developed countries. If Congress concurs, as seems likely, the Corps will be able to put 6,700 volunteers in the field by the middle of 1963, compared with the present ceiling of 2,400. The first contingent left in August and so far about 700 are actually at work in twelve countries. Every one of these countries has already asked for more volunteers, including even Nigeria, where the unlucky Miss Michelmore dropped her tactless postcard ; only one has had to be sent home and only one has given up the struggle.

Partly this is due to the high quality of the people who have volunteered, partly to their rigorous selection and to the exhaustive training—from two to six months of it—which they undergo at chosen universities, often ones which have long had links with the country in question. Here they are kept busy from 8 a.m. to 9 p.m. or later, learning the language, the customs and the history of the country they are to serve, how to keep themselves safe and healthy and how to explain American aims and institutions to inquisitive or hostile questioners.

In practice, however, many things have not worked out as expected. So far only four projects are making use of the experience of private agencies. These are all non-sectarian, as collaboration with religious groups has been ruled out, partly because of the issue of church and state at home and partly because of fears of the effect overseas. The volunteers, on the average, are 25 years old and practically none are under 21 ; some are in their thirties and forties and there are three in their sixties. A third are women and not enough are Negroes ; a quiet effort is being made to increase the number of non-whites. About two-thirds of those now overseas are liberal arts graduates who have gone into teaching. The great disappointment has been the difficulty of recruiting people with specific skills. Farmers who, after teachers, are most in demand seem to be a vanishing race in America and the trade unions, technical schools and professional societies are now being approached direct for medical staff, construction workers, well-diggers and others. It cannot be easy to find, for example, ten French-speaking fishermen for West Africa.

Mr Kennedy spoke of the 20,000 in all who have offered to serve as "a convincing demonstration that we have in this country a vast reservoir of dedicated men and women willing to express by their actions and convictions the highest values of our society." But is it so vast, given the many millions of young Americans ? The men who have to plumb the still-existing pool of about 15,000 applicants say that when they have weeded out the obviously unsuitable and those who are not available when needed, only about 1,600 will remain—and their sexes and skills do not always match the opportunities for service.

Recognition for Civil Servants

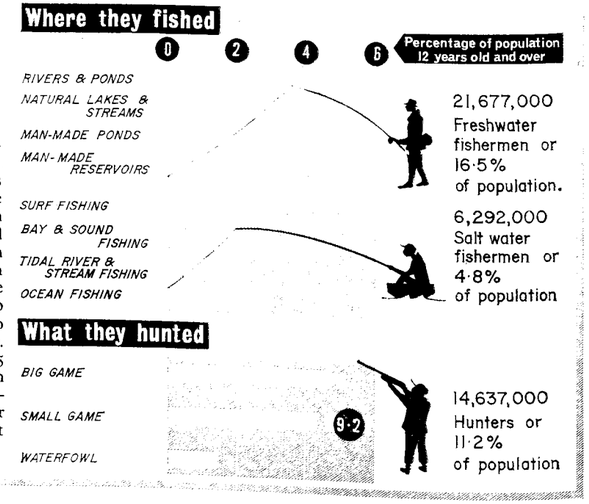
FROM A CORRESPONDENT IN WASHINGTON

LAST month the President sent to Congress his scheme for reforming the pay scales of civil servants, particularly those in the upper and middle positions, by making their salaries more comparable with those which they could earn outside the government service. These responsible men and women have fallen behind in the race with the rising cost of living and it is becoming hard for the government to attract and keep people of the quality that is needed. These are the two justifications for proposing a $1 billion annual increase in the $10 billion federal payroll. This 10 per cent rise is to be spread over three years so that it will not exceed the annual increase in industrial productivity—the yardstick for wage increases which is being urged on the trade unions. Under the government plan the largest percentage rises would go to people already earning the highest salaries. This goes against the congressional grain, particularly in an election year when there is more political profit in rewarding the less well paid and the more numerous.

A month or so earlier Mr Kennedy took other notable steps, in executive orders, to improve the relations between the government and its workers. These involved official recognition of their trade unions and more generous rights of appeal for individuals. All employees—not just those who are ex-servicemen—will be able to appeal to the Civil Service Commission if their grievances are not settled at an earlier stage. Recognition of trade unions will be on three levels: informal, when the union represents fewer than 10 per cent of the workers involved ; formal, when the figure rises above 10 per cent ; and exclusive, when it is over 50 per cent. Exclusive recognition will give a trade union the right to negotiate a written contract applicable to all workers in the group, while formal recognition will entitle a union to be consulted on all decisions on policy which affect its members—except for matters, such as wages, which are settled by Congress. The 1.3 million postal and "blue collar" workers are highly organised, but only about 10 per cent of the million or so government workers in white collar occupations belong to unions.

No pressure of any kind will be put upon employees to join a trade union ; the closed shop and the union shop (under which new employees need not be members of the union but must join within a specified period) are forbidden ; and the traditional position that government workers have no right to strike is maintained. Even so, congressional conservatives fear that the power of the government's workers will increase ; this may be why Mr Kennedy did not attempt—as it was thought he might—to seek the necessary approval of Congress for a system of deducting union dues from pay cheques. The two main trade unions involved are the American Federation of Government Employees and the National Federation of Federal Employees. With government employment growing rapidly and with an express sanction for trade unions for civil servants, their membership is likely to increase while government paternalism and "company unionism" fade away. More progressive policies and more militancy are probable.

HUNTIN' AND FISHIN' *in 1960*



ALMOST fifty million Americans went fishing or shooting—"hunting" in the United States—at least once in 1960. These are two of the country's most popular outdoor sports and in that year nearly a quarter of all Americans over twelve years old participated regularly in them. These thirty million serious sportsmen spent 658 million "recreation days" and about $4 billion on these activities in that year, according to a national survey conducted by the Bureau of the Census with funds derived from excise taxes on sporting equipment. These taxes brought in $21 million in 1960 and licence fees paid to state authorities raised another $115 million; the main use to which this money is put is to protect fish and other wild life. The number of sportsmen increased by 5 million between 1955 and 1960 and will be trebled, according to present estimates, in the next forty years. The survey contains a wealth of detail—it gives the number of mourning dove hunters by region, for example—but it does not say how many fish were caught or how many got away.

Recreating Recreation

MORE and more Americans have more and more leisure and more and more money—with hours of work going down and incomes going up—to spend on recreation. Since more and more of them have sedentary jobs they tend increasingly to take their pleasures actively instead of passively, to play games rather than watch them, to sail a boat rather than sit in a stadium. By the year 2000 the present population of 180,000,000 is expected to have doubled but the demand for outdoor recreation will have tripled, according to a report presented to Congress recently by a special commission. Yet space in which to play games, to picnic, to go shooting is being eaten into all the time by the houses and highways which are needed to shelter and transport all these people, and the open country is becoming farther and farther away from the cities. There are about 280,000,000 acres of land reserved for recreation in the United States but, as the report observed, very little of it is "near enough to metropolitan centres for a Sunday afternoon outing," especially on the crowded suburban east coast.

Many state governments—New York and Pennsylvania are notable examples—are trying hard to safeguard and expand their outdoor recreational facilities before it is too late. But the commission felt that the need could be met only by greater activity at all levels, both of government and of private enterprise; President Kennedy has endorsed this view and most of the commission's recommendations in a special message to Congress. He is setting up a new Bureau of Outdoor Recreation and an advisory council to co-ordinate the federal government's undertakings in this field and he proposes that land for recreational purposes should be acquired through a new fund. This would be financed by charges for admission to and for use of parks and other recreational facilities. This is a striking departure from the tradition that the great open spaces should be free to all but even so it does not go as far as some officials had hoped.

These fees should bring in about $1 billion by 1970 and much of the money would be used to set up eight new national parks, covering 100,000 acres. Mr Kennedy also wants more money to help local authorities to acquire open spaces in urban communities and to make plans for more outdoor recreation. Farmers are being urged to develop recreational facilities on their land; this would have the double advantage of taking it out of cultivation, and thus reducing farm surpluses, and of adding to their incomes. Finally, the President has asked Congress to take steps to preserve parts of the seashore and certain wilderness areas in their original unspoiled state so that Americans may see what their country was once like.

SHORTER NOTES

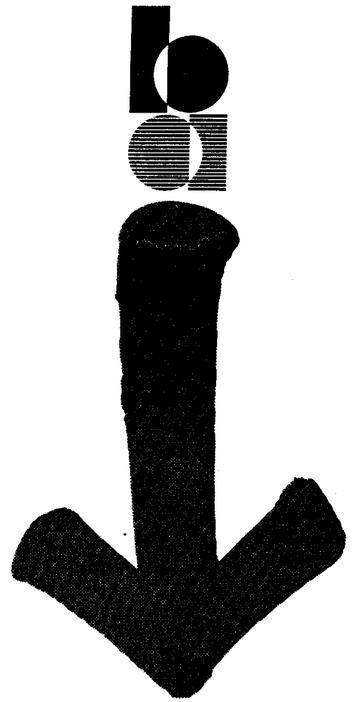
The biggest anti-trust case in history—the government's 12-year-old attempt to divorce the du Pont Company and the General Motors Corporation—appears to be reaching a successful conclusion. Judge LaBuy, in Chicago, has ordered du Pont to dispose of its 63 million shares in GM within the next three years. The Christiana Securities Company, a holding company of the du Pont family, must also dispose of all its GM shares, including the 18 million which it is likely to receive in this distribution. Influential members of the du Pont family are forbidden to retain any GM shares which they receive from the holding company. The Department of Justice is said to be satisfied with this order.

* * *

Congress, which had been warned by the Administration that the national debt is knocking against the statutory ceiling of $298 billion, reluctantly raised this limit to $300 billion last week. But Senator Byrd, the chairman of the Senate Finance Committee, has announced that he will fight a further increase to $308 billion which the Administration says will be necessary in the summer.

* * *

The special commission on Goals for Higher Education in the South has reported that educational standards in that region are substantially below those for the rest of the country. The commission wants the South to triple its spending on colleges and universities (to $3 billion a year) and double the number of students (to 1.7 million, 39 per cent of the youths of college age) in the next eight years; to eliminate race barriers and provide scholarships so that any qualified student can go to college; to use college facilities more intensively and to pay college teachers more. All this is essential, according to this authoritative commission, to the economic and social progress of the South.



ONE MORE REASON FOR SPECIFYING

ALUMINIUM IS THAT PRICES ARE DOWN BY AS MUCH AS 16½%

£37 a ton reduction on pure aluminium sheet and B.A.60 sheet — £18½ on B.A.21 sheet and also on circles — forms a further incentive to manufacturers to switch to British Aluminium. When added to reductions of up to £18 a ton announced 6 weeks ago, this makes a total reduction of up to £55 a ton or 16½%

More than ever manufacturers will be investigating the vast industrial potential of aluminium, and consulting the company which can provide them with the technical information and services to accomplish changes in design and production methods

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Light fittings · Perambulators · Portable heater cases
Radio chassis · Refrigerator cases · Roof vents
Vacuum cleaner cases · Washing machine cases

THE FACTS

A reduction of 4d a lb, or more than £37 a ton, in the price of aluminium sheet made by The British Aluminium Company Limited came into force on Monday 5 March. This applies to two widely used types of aluminium sheet — pure aluminium and B.A.60 alloy — in quantities of 5 cwt or more in standard sizes and in quantities of 5 tons or more in non-standard sizes.

At the same time, there is a reduction of 2d a lb in a third commonly used sheet — B.A.21 alloy — with the same quantity provisos between standard and non-standard sizes, and also of 2d a lb in the price of aluminium circles in quantities of 1 ton or more.

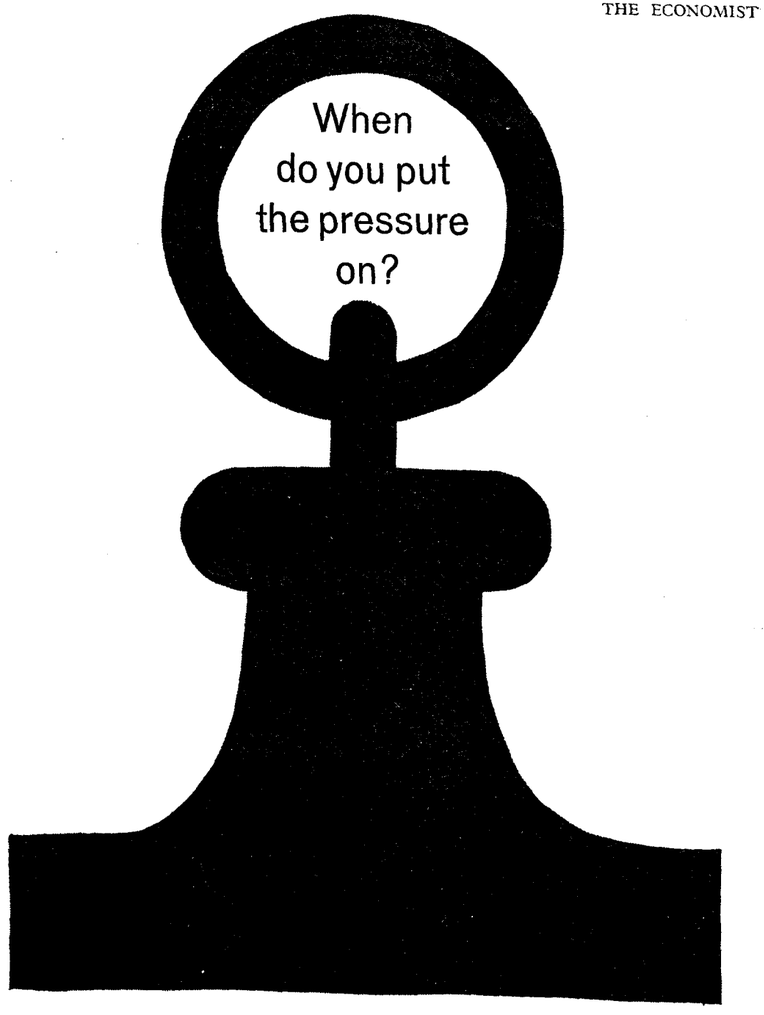
When combined with the reductions of up to 2d a lb for sheet that were included in the alteration of the company's price structure announced on 22 January, this means that within six weeks a total reduction of up to 16½ per cent (£55 a ton) has been applied to products that represent the major part of aluminium sheet, coil and circles used in Britain.

Prices of aluminium tubes, extrusions, corrugated sheet and other alloy sheet are unchanged.

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LETTERS

World Food Cartels

SIR—Surely your article of February 3rd misses the point of the French approach to European and Atlantic economic affairs, which has consistently been one of securing France's interests in Europe before making any concessions to Atlantic or world-wide considerations. The main aim of French policy with regard to any world agricultural produce agreements, it seems to me, would be to eliminate, as far as physically possible, all European imports of agricultural produce, so that France herself may become the main source of supply. Such a policy was clearly implicit in the EEC agricultural policy agreement and any French suggestions for wider arrangements are merely an extension of it. Consequently, any world food cartel would include EEC as such and not the member governments. If then the world price for, say, wheat (under the International Wheat Agreement) were set at a sufficiently high level, it would probably be possible for France to supply all German and British soft wheat requirements. Indeed, France is said to have recently suggested an international wheat price of $2.35 per bushel as opposed to the current maximum of $1.90.

This sort of scheme is an entirely different matter from your report of a French suggestion that international prices be established at the current French and US support prices. If this were so, and if all surpluses were sold to the international cartel, then: (a) would France be able to increase her own wheat production while still maintaining this price level? and (b) what criterion would be used for deciding what amounts a given country should sell to the cartel? These two questions are, of course, connected, since presumably price would be the main system of regulation and this would obviously prevent France from making a 50 per cent increase, for instance, in wheat production, because of increasing costs.

The type of scheme which I have suggested the French are likely to want would have the advantage for France of diverting North American and Australian wheat away from Europe, and of placating wheat producers in these countries because their governments would now be able to place the burden of wheat disposal on the backs of the industrial parts of the western economy. Surpluses, backed by financial contributions, could be called "foreign aid" and dumped in the underdeveloped countries. So far as Britain is concerned, this would make no difference to the type of food bill she can expect if she joins the common market. If the scheme comes forward early enough, however, it would help to secure Commonwealth approval for British entry to EEC, since agricultural exporters in these countries would be sure of an outlet for their produce whatever Britain might choose to do. The prospect of Mr Diefenbaker campaigning across the prairies for British entry to EEC might indeed enter the realms of possibility. What an intriguing spectacle it would be!—Yours faithfully, R. HILL
Toronto

Force if Necessary?

SIR—Your paper has over the years won deserved respect from intelligent readers concerned with what is rather than with what political parties would have it be, but to those who are well-informed on Central Africa, you have fallen far from your pedestal. By what prestidigitation of polemics can you justify your analogy between Rhodesia and Algeria? Such a parallel could only occur to someone surveying Africa from London through the wrong end of a telescope.

Why this sudden respect for nationalism, even if only for "black" nationalism? You, sir, are fully aware that nationalism is the most dangerous, blind and unreasonable force in the world; that when nationalism is combined with racialism it is even more blind, dangerous and unreasonable, and that progress in civilisation is progress away from nationalism. You must, therefore (though your readers are not given this impression), wholeheartedly approve the only attempt in Africa to build up a non-racial society. We all have our own ideas as to the most appropriate pace and sweep of progress, but surely all reasonable men and women must associate themselves with the aim of the Rhodesian Federation, which is to build a non-racial society. You are fully entitled to the view that the pace should be faster; but you are not entitled to throw mud at the objective of a non-racial society, nor to suggest that a man is better than his brother because his skin is black.

Last year the then governing class, by a majority of some 2-1 in a referendum, voted away their existing privileged position. This was an act of political liberalism for which it would be hard to find a match in ancient or modern history. Yet this enlightened act received scant credit in your columns. Progress in Rhodesia has been astonishingly rapid; we all would prefer it to be faster, but progress in politics, education, responsibility, like progress in economics, depends on scarce resources. If some of the international aid now channelled to nationalistic societies could be put at the disposal of Central Africa, progress could be accelerated.

Force must be regarded with distaste by all civilised men, yet the total rejection of force in all circumstances is only accepted by pacifists, among whom you do not count yourself. Force would be justified in Central Africa, for example, where a small show of force could avoid widespread bloodshed. The policeman's truncheon is not wholly obsolete even in our advanced community. England and the United Kingdom were both held together by force during many centuries until a community of interest developed; do you, sir, now deprecate the force that then held particularist barons in check? Many African politicians are no more than particularist barons, though their power depends on money from Cairo rather than on fortresses and men-at-arms.—Yours faithfully, F. H. KEENLYSIDE
London, SW1

Counting the Jobless

SIR—With reference to the article in your issue of November 25th, we would like to point out that a wide variety of statistical comparisons indicate that real rather than conceptual factors account for the bulk of the differences in unemployment rates between the US and Britain. The effect of differences in concept can be largely eliminated by focusing the comparison on men in the 20-54 age group. The American unemployment rate averages 2.9 percentage points higher than the British during the period 1951-1959. If comparison is restricted to prime working age males, the American rate is still 2.3 percentage points higher. Alternatively, the British unemployment rate can be compared with the American insured unemployment rate, which is also based on a registration series rather than with the total American unemployment rate. On the basis of this comparison, the American rate still averages about 2.3 percentage points higher than the British.

The 1951 British census is the only recent household survey of unemployment in Great Britain which is publicly available. If the 8.8 per cent discrepancy between the census estimates and the registration count for April 1951 were taken as the appropriate measure of understatement in the British series, British unemployment rates during the past decade would still average 1.6 percentage points lower than American unemployment rates.

The American unemployment rate was 3.8 percentage points higher than the British in 1950, only 1.3 percentage points higher during the peak of the Korean War prosperity in 1953, 2.9 percentage points higher in 1957, and 3.9 percentage points higher in 1960. The British unemployment rate was at about the same level in all four of these years. The spread between the two countries fluctuated primarily in response to changes in the level of American rates. The spread has widened in recent years, as American rates have risen.

The major explanation of differences in unemployment rates resides in differences in the structure and growth of the labour force in the two countries and in the relatively higher levels of aggregate demand maintained in Britain in recent years.—Yours faithfully, EDWARD D. KALACHEK
RICHARD M. WESTEBBE
Washington, DC

A look at MERRILL LYNCH

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FIGURES of our parent company

BALANCE SHEET AS AT DECEMBER 29th, 1961

Assets

	$
Current Assets:	
Cash in banks and on hand	23,088,878
Cash in banks, Federal and State bonds segregated under the Commodity Exchange Act and deposited with exchange clearing associations	24,403,217
Receivable from brokers and/or dealers	27,988,161
Receivable from customers—	
Cash accounts	42,318,628
Secured margin accounts	645,140,032
Commodity trade accounts	326,202
Securities owned—at market value	12,510,940
Miscellaneous current assets	11,973,349
Total Current Assets	787,749,407
Other Assets:	
Memberships in exchanges	1,596,266
Office equipment and installations	4,731,648
Prepaid expenses and sundry receivables	2,521,118
Total	$796,598,439

Liabilities

		$
Current Liabilities:		
Money borrowed from banks		275,597,400
Payable to other brokers or dealers		85,574,469
Payable to customers—Credit balances		227,833,736
Cash accounts		18,192,077
Secured margin accounts		18,227,058
Equities in commodity accounts		23,119,595
Securities sold but not yet purchased—at market value		2,030,314
Dividends and interest payable		939,155
Accrued compensation and other benefits		24,517,175
Other accrued expenses and accounts payable (including taxes)		29,792,314
Total Current Liabilities		705,823,293
Capital and Subordinated Debentures:		
Subordinated debentures due 1968-69-70	22,939,500	
Capital stock and surplus	67,835,646	
		90,775,146
Total		$796,598,439

FIVE-YEAR RECORD

Years	*Total Assets*	*Capital Funds*	*Income from Operations*	*Operating Expenses*	*Employees Profit Participation and Pensions*	*Net Income before Estimated Taxes & Contributions*	*Estimated Federal Income Taxes*	*Balance of Net Income*	*Share of N.Y.S.E. Public Volume*
	$,000's								
1957	473,562	41,000	84,462	64,609	4,967	14,886	10,100	4,786	13·5%
1958	617,427	43,261	102,966	68,051	10,784	24,131	18,000	6,131	14·4%
1959*	646,298	61,351	136,080	87,455	13,396	35,229	18,127	17,102	14·1%
1960*	617,426	71,241	130,404	92,855	10,383	27,165	13,930	13,235	13·5%
1961*	796,598	90,775	181,141	118,514	16,445	46,182	24,050	22,132	13·6%

***The 1959-61 figures are on a corporate basis and not strictly comparable to prior years which are on a partnership basis.**

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BOOKS

A New Gap

Between Past and Future: *Six Exercises in Political Thought*

By Hannah Arendt.

Faber (1961). 246 pages. 25s.

HANNAH ARENDT is a specialist in the field of the history of ideas—that rather murky realm where historians discuss philosophical problems without logical rigour and where philosophers are mesmerised by concepts as if they were mushrooms emerging overnight. She pinpoints the predicament of modern man by making him look like a moth; for she claims that notions like tradition, authority and religion, by means of which, historically speaking, man has been linked to the past and future, no longer have much concrete application.

"Between Past and Future" is actually a collection of articles. But there is a general theme which gives them a loose kind of unity: that we now suffer from a gap between past and future. "Each new generation, indeed every new human being as he inserts himself between an infinite past and an infinite future, must discover and ploddingly pave it anew." We are unprepared for settling down in such a gap because of the breakdown of what, since Roman times, has been called tradition. Authority, another Roman concept, has become a hollow shell, and we are tossed to and fro by either power or persuasion, the only two alternatives known to the Greeks, whose political instability was notorious. (Is this true? The Greeks had no specific word for "authority," but it does not follow that they had no such concept.) Religion, too, another form of social cement to which the Romans gave a real meaning, has lost its binding force. It does not link the past with the future as it did when the Romans paid homage to their household gods. We are even incapable of really understanding what freedom is, because we have parted company with traditions of thought that gave such concepts a living and organic reality. Now they are desiccated abstractions, to which we can pay only lip-service.

This theme is not particularly novel; but what distinguishes Miss Arendt's rather mournful lament from those of most intelligent conservatives is the tracking down of these concepts like tradition, authority and religion to their natural home—mainly in the political system of ancient Rome and its derivatives. Her concern for concepts often leads her to delve into the work of past philosophers, of whose thoughts her interpretations are usually interesting though sometimes far-fetched. Unfortunately, however, she seems to be completely ignorant of any philosophy since Hegel and J. S. Mill—even of work done by philosophers on concepts that are her particular concern such as "tradition," "authority" and "freedom." Her discussions of philosophical problems such as that of "free-will" thus appear distinctly quaint. In a way her own awkward and unargued way of handling such problems exemplifies a general point that she scarcely considers: that traditions of thought often die out or become transformed because they are challenged and shown to be confused, wrong-headed or inapplicable to changed conditions. This is what, largely speaking, has happened to the philosophical tradition with which Miss Arendt has most familiarity; but it has been replaced by another tradition in which much of the old is incorporated.

Miss Arendt does not distinguish clearly enough between the continuance of traditions and the continuance of the appeal to tradition. The latter may have largely passed passed from the modern world, but of course the former has not. Indeed reason itself, which Miss Arendt contrasts with authority and tradition, is a tradition *implicit* in countless institutions and procedures of the modern world: the tradition that traditions should be criticised and not be allowed to persist simply because they are traditional. Similarly it simply is not true that authority has vanished from the modern world, as Miss Arendt maintains. What has happened is that it has been rationalised, as Weber was at such pains to emphasise. Miss Arendt seems not to have heard of Weber or of his thesis that the development of legal-rational authority, of bureaucracy if you like, is the most significant development in the western world.

Miss Arendt is perhaps at her most stimulating when she considers problems of modern education and mass culture. Her analysis of trends in American education is, in a general kind of way, masterly though not particularly novel: the taking of "progressives" so seriously that the system was transformed in the light of half-baked theory; the absences of authority; the forcing of children into the light of "the public" too early. But is it much illuminated by remarks such as "the essence of education is natality, the fact that human beings are born into the world." Perhaps it is, if the reader cares to persevere and see how such remarks, which veer between the pompous and the pregnant, fit together and constitute Miss Arendt's distinctive way of looking at human life. For the value of Miss Arendt's work, like that of most metaphysicians, is that her conceptual scheme gives a new way of looking at familiar facts. If her metaphysical musings had been accompanied by more lucidity and precision of thought, more arguments and more familiarity with modern philosophy, "Between Past and Future" might itself have formed an admirable bridge between the past and the present. But as it stands it reeks too much of Hegel. Such a paean on the past would carry more weight if it showed more familiarity with the present.

Public Spending

The Growth of Public Expenditure in the United Kingdom

By Alan T. Peacock and Jack Wiseman.

Princeton University Press for the National Bureau of Economic Research. London: *Oxford University Press*. 244 pages. 30s.

THE statistical contribution of this book (which was originally its major purpose) is a major one, as it plugs a big gap in British historical statistics. Its authors and their assistants have compiled figures of central and local government expenditure in the United Kingdom from 1890 to 1955. Current and capital expenditure on goods and services and transfers are distinguished and classified into eight categories such as general administration, defence, social services and so on. The figures are given both in current prices and (rather shakily) adjusted to allow for price changes. With minor exceptions, the definitions and concepts are those used in official national income statistics—indeed for 1938 onwards these were used.

This brief description does less than justice to the work of compilation. Plain statistics by themselves are dull, however, and it is the use to which they are put that is interesting. The authors show that government expenditure has not risen steadily relatively to the national income during the period; wars did not merely interrupt a smooth trend but were followed by new plateaux of government expenditure. This is true in both money and real terms, both in total and per head of population. Furthermore, it is not the result of a direct hangover from wartime, since the same pattern is revealed when debt interest, war pensions and defence expenditure are left out. It therefore seems that the two world wars had what the authors call a "displacement effect" in permanently shifting upward revenue and expenditure in relation to national income.

How is this to be explained? The authors suggest two plausible reasons. One is that the enforced necessity of high taxation in wartime leaves people with revised ideas about the level of taxation that is tolerable in peacetime. The other is that the social upheavals of war induce a new consciousness of social needs. The narrative, which is woven round the statistics, spells out these ideas and displays considerable erudition in so doing. But there is no suggestion that the authors have enunciated any general

theory of government expenditure. Indeed, all that they claim is to be applying a useful approach, and they carefully dissociate themselves from some of the rather absurd ideas which writers on public finance have set out. Their concept of the displacement effect is descriptively useful and no more.

The same is true of their "concentration process," the decreasing relative importance of local government. Their discussion of this lacks adequate reference to inflation as a cause of the relative inelasticity of revenue from rates. Yet all over the world, from the Punjab to New York City, property tax yields have shown this characteristic, and the point will surely come up in their comparative study of over twenty countries which, they say in a footnote, is now under way. Few countries have ever been able to maintain up-to-date and consistent property valuations for years on end, and raising large yields on an out-of-date tax base always creates trouble.

Controversial Symbol

Ataturk

By Irfan and Margarete Orga.

Michael Joseph. 304 pages. 30s.

KEMAL ATATURK'S mausoleum dominates the Ankara skyline. In an adjoining museum his most insignificant personal possessions are reverently preserved. In every government office his stern, tight-lipped portrait hangs on the wall. For the modern Turk, Ataturk is incontrovertibly the founder of his country and the symbol of national unity. If any dead national hero is safe in his mausoleum, Ataturk should be.

Yet he is also a controversial figure. It is, after all, barely twenty-four years since he died, and the Turks are still in effect arguing about whether or not they want their country to evolve into a western-type democracy along the lines that Ataturk laid down. Whether the Turks consciously recognise it or not, Kemalism is still the dominating issue in their politics.

A new biography of Ataturk, written in English by Turkish authors, is therefore welcome. This book is aimed at a popular, not a scholarly, audience. It need not have been any the worse for that, but unfortunately it is too often marred by slipshod writing and a fatal addiction to descriptive passages that are always purple and often irrelevant. The first part of the book, particularly the account of the Gallipoli campaign, is the best. The last seventy pages, dealing with the last fifteen years of Ataturk's life, after the Treaty of Lausanne, are disappointing and somewhat cursory. This is a pity since it was during those years that Ataturk set the Turks on their controversial western course.

This is no exercise in hero-worship. On the contrary, the picture of Ataturk that emerges is far from attractive, and one is almost left wondering how it was that even his towering and dynamic personality could outweigh the disadvantages of his character and temperament. Clearly, as the authors point out, he was an extremely complex and contradictory character. Clearly, too, he cannot have been as they also maintain, "simply a man like all other men." In spite of all his faults and weaknesses, he was not only an outstanding military commander, but also a great national leader. He did, after all, drive out the invading foreigners, give the Turks their national independence and force them to modernise and westernise themselves. This would have been a much better book if instead of harping so much on Ataturk's weaknesses, it had tried more fully to analyse and describe his motives, aims and achievements.

The Allies & Germany

Berlin: *Hostage for the West*

By John Mander.

Penguin. (A Penguin special.) 125 pages. 2s. 6d.

MR MANDER'S premise, based on first-hand investigation, is that the state which the Russians have engineered in east Germany is a communist Prussia, from which the Russians hope either to unite Germany on communist terms, as Bismarck united it on Prussian terms, or to offer reunification in exchange for breaking with the west. "A Russo-German alliance on either terms would ensure Russo-German domination of the entire Eurasian landmass."

Thus assuming that the Russians might be willing to wield power jointly with the Germans on a vast continental scale, Mr Mander sets about reading the riddle of the combination of assertiveness and hesitation that marks Soviet policy in Berlin and east Germany. Why has Mr Khrushchev not yet carried out his threat of 1958 to squeeze the western allies out of Berlin and to sign a treaty with the "Democratic Republic"? Because, Mr Mander contends, "the beauty of the Berlin situation, from the communist point of view, is that it enables them to influence events over which they would otherwise have no control." That is to say, they can put pressure not only on west Germany, but also on the allies, both in Europe and beyond. "It follows that far from trying to push the allies out of Berlin, the communists may have a certain interest in keeping them there."

For reasons largely of their own national self-interest, it is the duty of the allies, Mr Mander argues, stoutly to endure this uncomfortable predicament. Were they to dishonour their pledges to protect the freedom of west Berlin and to work for the reunification of Germany, they would run very serious risk of losing the massive German contribution to the western community.

> The most marked feature of the German character is irresolution: if Germany is a giant, she is a giant who cannot make up her mind. . . . Dr Adenauer has never been especially loved by many people in the west: they may come to think of him as the best friend they ever had.

Mr Mander recommends the west to assume a less passive posture. His suggestions for easing the deadlock include defining a free, reunited Germany's international status before the final settlement, recognising the Oder-Neisse frontier, guaranteeing the preservation of the "achievements of socialism" in east Germany, legalising the communist party in west Germany, promising an amnesty for all former communist collaborators (as in Austria), and undertaking a certain measure of military disengagement. This is a valuable and lucidly written study of the German problem. A useful map and chronology are attached.

Doctrines of Empire

Empire

By Richard Koebner.

Cambridge University Press. 393 pages. 45s.

THE late Professor Koebner worked for many years on a study of the changing concepts of empire and imperialism from Roman times to the present century. In this book, finished before his death, he took the story to the end of the Napoleonic wars; it is perhaps a pity that it has been published before the second volume, which is being prepared from his notes, and especially that it contains no introductory note such as Koebner might have written explaining briefly what he was trying to do.

The title of the book, 'Empire,' suggests a work of Toynbeean scope, but in fact this first volume is curiously restricted. Beginning with a study of the developing meaning of "imperium" from its original sense of jurisdiction to its identification with a singular ruler, the emperor, Professor Koebner dismisses the attempts of medieval princelings and indeed Tudor kings to assume this proud title and passes rapidly to the later Stuart "empire of the sea." More than half of his book examines doctrines of empire in the eighteenth century American context and the imperial problem of Ireland. It ends with a curious *excursus* on "l'Empire Français" which does not seem very closely related to the rest of the book. Perhaps its significance will appear in the second volume, which will presumably be largely concerned with "imperialism" and so need to show the origins of that word in the Second Empire.

Koebner was a distinguished historian, whose writing evokes his own charm as well as his lucidity and economy, but this cannot be regarded as an entirely successful book. Fundamentally this seems to be due to an uneasy mixture of semantics and history. There is something oddly distorted about a study of empire that omits any reference to the great Spanish and Portuguese realms of the early modern age, or to the literature in which the Spaniards debated the fundamental issues involved in the rule of one people over others. Koebner shows how inescapable was the conception of separate kingdoms, united by a central authority, to those, British, American and

Irish, who battled with the problems of the eighteenth century British Empire. In theory at least, Mexico and Peru were separate kingdoms, combined with the kingdoms of Spain under a common sovereign, and although the theory was in the later years of the Spanish empire forgotten or ignored, it was reasserted by the colonists to justify their demands for autonomy. Similarly the French Revolution entertained the conception of colonial autonomy, only to reject it as implying "mere suzerainty."

There is something in Koebner's method that seems to prevent him from clearly delineating the problems with which he is concerned. Perhaps, indeed, they are pseudo-problems, to which he has been led by too great a preoccupation with the changing usage of one or two words, rather than the fundamental problems of political power and the exercise of authority that were necessarily posed in maritime empires, whatever the words in which men tried to describe them.

Honest Radicalism

Stormy Passage

By W. S. Woytinsky.

Vanguard Press, New York. 572 pages. $10.00.

THIS is a volume of memoirs by an eminent economist, who died in 1960. The last twenty-five years of his life were spent in the United States, which became his adopted country. His writings range widely over economic themes. A bibliography recently prepared and privately printed by his widow, who was his devoted companion and collaborator for nearly forty-five years, lists over four hundred items. But this book has little to say about economics. Before he reached America, Woytinsky had years of activity as a Russian revolutionary behind him, and it is mainly this period of his life that he recalls in these memoirs. His activities in the Russian social democratic movement began in the revolutionary year, 1905, and ended only with the triumph of bolshevism in 1917. His account of his experiences before 1917 was published in Russian in Berlin many years ago and has long formed an important source for historians, especially on the Petersburg Soviet. The first part of this book is a shortened version of the original Russian, presumably with the more general reading public in mind—the specialist will still have to search out the fuller Russian original.

One curious omission in the present version is the series of rather cynical remarks made by Lenin about his party, which have often been quoted. For Woytinsky, although never a very disciplined social democrat, and certainly not an orthodox marxist, seems to have enjoyed Lenin's confidence at times, no doubt because of his intellectual powers and his courage. Whatever may have been Woytinsky's reason for omitting some of his earlier characterisation of Lenin, it was certainly not any belated conversion to Leninism of a kind that occasionally besets exiled Russian social democrats with the approach of old age. The whole of this book, which is an attractive and moving human document, breathes the honest radicalism of a passionate democrat, and has nothing to do with the cold and calculating organisational conspiracy which is Leninism. Woytinsky learned his democracy as a student from Professor Petrazhitsky, who believed, to quote Woytinsky's words, that "the state rests on the prevalence of certain concepts of what is good and evil," and that "political progress depends on progress in moral values." And so, after the revolution of February, 1917, Woytinsky worked, on *Izvestia* and in the menshevik party, for the realisation of what he believed were the prevalent concepts of good and evil among the Russian people. He failed—along with all the socialists. One could argue that Lenin had proved Petrazhitsky wrong, for a small organised conspiracy was successful in imposing its will against the vote of three-quarters of the electorate in the only free election, on a universal franchise, the country has ever known. But this is not Woytinsky's conclusion, and it is in any case too early to assume that Leninism is the permanent form that the government of Russia will retain. What he does recognise, at the end of a most balanced and valuable new first-hand account of the year 1917, is that the failure of democracy in Russia was ultimately due to the disunity and indecision of its leaders.

Woytinsky was destined to witness the collapse of two further democracies before he reached the United States. After three years, during which he transferred his services to Georgian social democracy, Georgia collapsed. But this collapse was due to military invasion and conquest by the bolsheviks, and to the indecision and, indeed, the cowardice of the Allied powers in refusing to rescue a democratic republic which they had recognised. After further wanderings, Woytinsky found himself in Weimar Germany, working for the German social democratic trade unions. He parted from them when they surrendered to Hitler, and when he believed they ought to resist. Yet, for all these blows to his ideals, Woytinsky retained his balanced and steady faith in the ultimate triumph of human commonsense values over "isms," doctrines and grotesque theories of tyranny. It is comforting to reflect that he found some consolation in American democracy, whose many virtues he was able to perceive without being blind to its faults.

Castilian Notebook

A Spanish Tapestry

By Michael Kenny

Cohen & West. 253 pages. 25s.

MR KENNY'S book represents an anthropologist's-eye-view of life in two parishes—one urban, the other rural—in Castile. It is pleasantly written and generally interesting; but it is disappointing. Time and again one feels that, while Mr Kenny has observed and recorded diligently enough at church door and café table, he has failed to probe beneath the surface of his material or even to think very seriously about it. One cannot help having doubts about the perspicacity—and moral criteria—of an observer who, after spending several months in Spain, is content to remark blithely that there are no wage disputes in a certain village; that "there is little deliberate criticism" in the Madrid press; that the mayor, priest and civil guard embody a set of values "which is accepted without question"; that the "White Masons" of *Opus Dei* are distinguished by their "strict obedience to vows of poverty and chastity"; that the aim of the patronage system is "the levelling out of inequalities"; that Spain is a "Welfare State" in which the police are "remarkably unobtrusive. . . ."

The trouble is, of course, that anthropology is not enough. Methods and attitudes valid for the study of isolated Tuareg and Papuan communities can give only a distorted impression of European societies that have been shattered by ideological conflict and then crudely and incompletely pasted together by authoritarianism. The anthropologist in Spain must have an intimate understanding of Spanish history, politics and economics if his study is to be more than just another traveller's tale. How, without an adequate political education, can he even begin to understand Spanish attitudes to religion? To take a simple example: the residents of a housing estate in Madrid, not far from one of the parishes Mr Kenny writes about, contribute a per-

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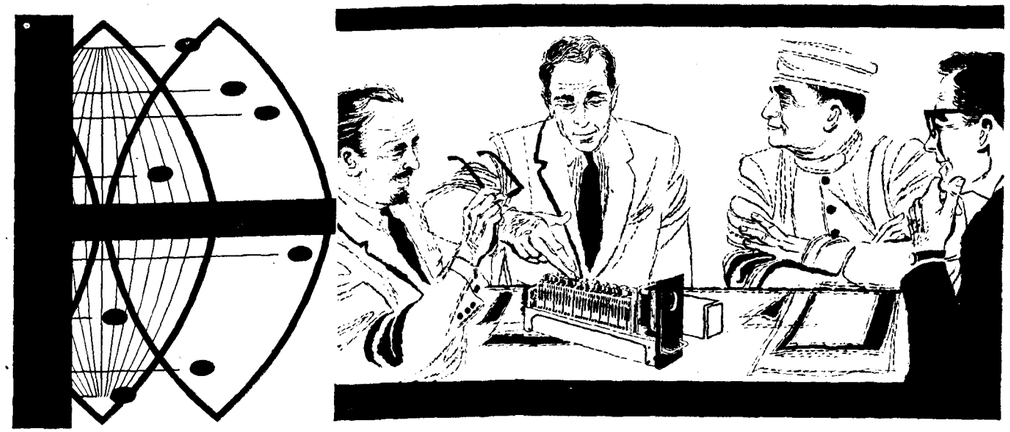
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centage of their income every month to a fund for the building of a new church. Innate piety? In many households, yes; in others, the decisive factor is the knowledge that failure to contribute would mean loss of their apartments and, in some cases, unemployment or the resuscitation of half-forgotten political charges.

Once or twice in this book Mr Kenny drops hints of the vital importance of ecclesiastical goodwill to any Spaniard who requires housing, employment, relief, a permit or simply a decent burial. But more often religious subjects inhibit him and he takes refuge in banality ("Going to church, and to be seen going to church, still have a social force, because by churchgoing the pueblo reasserts its sense of compactness"). He even leaves the reader high and dry with a trite remark contrasting the preoccupation of Spanish Christianity with the Virgin "and that of northern Europe with Christ"—which is rather like saying that while Spaniards drive on the right Englishmen drive on the left. This level of observation might just suffice for a travel article in a teenagers' magazine, but in a book by an anthropologist one expects to learn the author's views on the origins and significance of the contrast. "Why?" is a question Mr Kenny should ask more often if he is to make better use of the first-rate material he is obviously capable of gathering.

Early Spilsburys

The Medieval Coroner

By R. F. Hunnisett.

Cambridge University Press. 230 pages. 30s.

THE criminology of English society in the middle ages is a largely uncharted subject; before it can be studied the working of the institutions by which the government sought to control the arrest, trial and punishment of offenders must be understood and described. The profusion of early legal records in England offers unrivalled opportunities for doing this, and it is perhaps a pity that in his otherwise excellent book Mr Hunnisett has not attempted to use his materials more for what they can tell us about the incidence and characteristics of crime in the thirteenth and fourteenth centuries—the heyday of the coroner's office. Very early in this period England came to possess the most articulate central judiciary system in Western Europe, but it had to serve more than one purpose: to be profitable to the crown and its agents as well as to enforce the king's peace and control the local courts.

The coroner's duties grew up with the judicial visitations of the shires by the royal justices. One cannot say that their inquests on dead bodies, the abjurations of the realm which they took and the confessions of felons who wished to save themselves by appealing their accomplices were very efficient devices for coping with crime; or even that they were meant to do this more than impose delay, spread responsibility and filter a steady flow of amercements into the Exchequer. Much of the work was gruesome indeed and of a kind that now calls for both medical and legal qualifications. The medieval coroner, according to Mr Hunnisett, was not required to have either, but did he not usually belong to a class of landholders who in their own interests had to have and were expected to have a decent knowledge of the law? One wonders, all the same, why anyone could have wished to serve in so burdensome an office, which exposed its holders to seemingly endless penalties. But the author shows that it also carried much local influence and held out at least some opportunities for gain which he, perhaps too insistently, calls "extortion."

The meticulous study of English medieval institutions is an austere discipline and over the years it has sprouted its own conventions, among them a forbiddingly arid manner. Unfortunately, Mr Hunnisett's readers get their share of the austerity.

Telling Lives

Biography as an Art. *Selected Criticism 1560-1960.*

Edited by James L. Clifford.

Oxford University Press. 276 pages. 25s.

MR CLIFFORD, himself a practising biographer, has assembled a useful collection of passages on the art of biography, many of the more recent ones from English and American periodicals, and therefore difficult of access. In his introduction he points out that widespread interest in biography is a comparatively modern phenomenon. It is perhaps surprising, however, to find that more than half the anthology is made up of twentieth century contributions. Among the most interesting of these are Sir Lewis Namier's cautionary remarks and Leon Edel's reflections on the impact of psychoanalysis on biographers.

By far the most important of Mr Clifford's finds is a hitherto unpublished manuscript, in the library of St John's College, Cambridge, of the general preface which Roger North wrote for the Life of his brother, the Lord Keeper. The extracts printed here show great good sense and independence of judgment, anticipating many of the ideas of Johnson and Boswell. North deals with autobiography as well as biography, and was qualified to do so, for he left a delightful (though unfinished) life of himself, a fact not mentioned in Mr Clifford's introduction.

The first Englishman to devote a whole book to the study of biography was one James Stanfield, unfortunately a very dull dog; but it is historically valuable to have these extracts from his Essay. There is a good selective bibliography, listing further twentieth century studies on the subject. Altogether, this is a collection well worth making.

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THE BUSINESS WORLD

Hire Purchase Maverick

WHAT is to be done about the hire purchase industry? More than three years ago, at the end of 1958, statutory controls on hire purchase contracts were lifted and the finance companies were left to their own business sense, the superior quality of which had so regularly been extolled by Mr Gibson Jarvie. Observers waited with interest to see how the finance houses would use their business freedom. They did not have to wait long. Within twenty-four hours Mr Jarvie's United Dominions Trust, now owned 25 per cent by Barclays Bank, had dropped its bombshell. It offered terms of 10 per cent deposit and three years to pay—which offended against the basic canon of hire purchase business. By giving the hirer no incentive to keep up his payments, these terms provoked a sharp rise in bad debts. This was clear from the start. But the amount of the losses was not clear, and still is not; the estimates mount month by month. This week Astley Industrial Finance, in which another bank, the District, has a large minority interest, passed its interim dividend to provide for bad and doubtful debts. This follows closely on the statement by Mr E. S. Bonser, chairman of a relatively prudent company, Wagon Finance, that total losses in hire purchase might eventually prove to be as large as £40-£60 million. Nor has United Dominions Trust itself stayed clear of trouble. Its accounts to mid-1961 showed a sharp fall in profits even before an exceptional provision of £500,000 for bad debts. Yet in the last few days UDT has thrown the whole industry into turmoil again, with a new lone act of characteristic aggressiveness. Why?

Does UDT, after all, regard the precedent of 1958 as on balance a successful one, on the ground that while it may suffer damage, some of its competitors may face ruin—with UDT's latest explosion to help them on their way? All this concerns the public deeply because of the form that this crazy competition is taking. If the finance houses were ruining each other by providing the public with cheaper hire purchase, there might be little complaint. But they are not; by pitching their competition on quite different points—first on terms and now on dealers' commissions—they are making hire purchase more expensive than it need be. UDT, admittedly, this week cut its charges to the public as well—before the cut in Bank rate—from 8½ to 8 per cent a year on the initial balance, or about 15 per cent effectively. It is a shrewd tactical move in its war on its competitors' profit margins. Whether it is something more remains to be seen. The Government should not wait to find out. The case for a statutory limit on hire purchase charges is now strong.

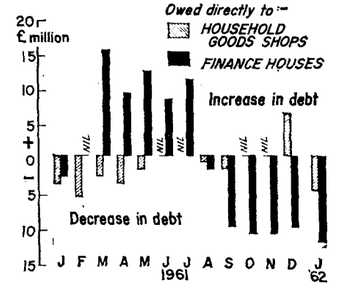
UDT has now forced the Finance Houses Association to abandon the 10 per cent maximum limit on motor dealers' commissions hitherto incorporated in its code of practice. Only last August the FHA members at last agreed to reduce this commission from the 15 per cent ceiling introduced in 1957 to 10 per cent. This percentage is worked on the total interest and service charge that the finance house makes on the hirer; if he borrows £150 and repays £200 in total, a 10 per cent commission gives the dealer £5. There is now no limit whatsoever. The other clauses in the association's code, setting maximum interest charges and repayment periods and minimum initial deposits, remain unchanged. But for how long?

ON Thursday of last week UDT placed before the other members of the Finance Houses Association, which includes most of the larger and medium sized companies, its scheme for a bonus commission, designed, it was said, to "encourage clean business" by offering dealers a financial inducement to be more selective in the business they accepted. The other members unanimously rejected the scheme and the meeting was adjourned. When the members met again on Monday this week UDT announced its intention of going ahead with the scheme despite the objections; the other members thereupon suspended the limit on commissions. There was no question of expelling UDT: the Building Societies Association without the Halifax is hardly an encouraging example and a truncated FHA, lacking the largest company as well as the smaller ones, would have been ridiculous.

The UDT commission scheme incorporates a good principle

HIRE PURCHASE DEBT

Instalment debt was still falling in January, although the improvement in car sales was reflected in a greater than usual rise in the new business of finance houses. Figures collected by Hire Purchase Information show that hire purchase sales of new cars rose further in February, to 12,386. This was, however, a smaller number of contracts than in February last year when business had been stimulated by the extension, towards the end of the previous month, of the statutory maximum repayment term from two to three years. New and used cars contracts together were 22 per cent below a year before and 18 per cent below February, 1960.



in a thoroughly bad form. Its bonus commission, additional to the existing 10 per cent, will vary with the amount of business the dealer gives UDT and with the losses from repossessions arising from that business. Dealers providing business between £10,000 and £25,000 a year will be eligible for an extra 2½ per cent; £25,000 to £75,000 will warrant an extra 5 per cent; £75,000 to £150,000 an extra 7½ per cent; and business over £150,000 the maximum addition of 10 per cent. The losses on the business introduced by each dealer will begin to be deducted from the bonus commission once they exceed ½ per cent a year—the loss ratio that was considered normal before 1958. But deductions will in no case exceed the amount of the supplementary commission and will not be made for repossessions effected more than two years after the date of the hire purchase agreement. Unlike the existing commission, which is paid as a lump sum to the dealer when the contract is signed, the bonus commission will be payable in arrears—half of it after the first year and the remainder after the second year. This means that UDT's dealers will have to wait at least a year before these bonus commissions begin to accrue. The other houses may trump UDT's lead by a straight increase in their introductory commissions; Lombank has already done so with an increase from 10 to 15 per cent. Others are almost certain to follow either Lombank or UDT.

The idea of offering dealers an inducement to be more careful in the business they accept is an excellent one. But it is wholly wrong to tack the inducement on to the existing level of commissions. Thus under the UDT scheme a dealer who gives it a hundred cars that all go wrong still draws 10 per cent for his trouble. The bonus commission should have completely replaced the existing 10 per cent commission; by what possible logic should dealers who transact a high percentage of bad business receive any commission whatever? The other FHA members apparently sought to persuade UDT to accept a compromise solution on these lines, of a bonus commission of 0-10 per cent; but UDT had made up its mind and was not willing to budge.

Higher commissions to dealers, unless they are drastically selective, must mean slimmer profit margins for the finance companies, which in turn will be tempted to increase the already high service charges to the public. The Government should now make sure they do not. A maximum allowable service charge must, in the end, force the finance companies to organise their business on a sensible basis. It may be asked why, if the public is willing to pay excessive charges, the Government should protect it from its own folly. But it already protects the finance companies from theirs, by setting minimum terms of HP contracts. It imposes the most stringent conditions on the behaviour and profits of unit trusts. It prevents anyone not registered as a moneylender (or bank) from lending money at a true rate above 10 per cent. It is time that the legal fiction that disguises hire purchase from moneylending is dropped.

On the very day that UDT presented the FHA with its new scheme the members of the association met for their first comradely dinner. They were addressed by Mr Humphrey Mynors, deputy governor of the Bank of England, in carefully measured words:

> Even in fields where some statutory power may be needful, at least in reserve, quite a lot can be achieved by informal methods, which avoid some of the complications of formal procedure. . . . But informal and more flexible methods call for a degree of co-operation, not only between the groups concerned and the authorities, but also within the group itself.

Some quick second thoughts by the major hire purchase companies—and by the banks that stand behind them—will be needed if this irrepressible industry is to avoid a second debâcle. And the Government, which allowed a private member's attempt at reform to be killed last December, cannot stand aside.

Next Atomic Steps

Atomic power is five years old, nuclear physics a middle-aged fifty; where are they going? This country is investing perhaps £2,000 million in a nuclear power programme, including research, with three aims and one gleam in the eye: first, the setting up of the Calder Hall type of power station (now rather despised by the boffins) to avoid a fuel crisis; secondly, to move on quickly to more advanced, more economic nuclear power stations of the second generation now under development; thirdly, to develop the ultimate in atomic reactors, the so-called "fast breeder" that makes new fuel faster than it burns it—a long-term project requiring perhaps twenty years' development; beyond this may be a fourth possibility, the vision towards the end of the century of controlled thermonuclear fusion, with its promise of power without limit for all.

When present progress is matched against this template the lines do not fit. One reason for the lack of fit is the fuel shortage that did not materialise; but this was an error of timing rather than of principle. The moment that the turbines at Calder Hall started turning, they changed Britain from a two-fuel into a three-fuel economy and this, as that powerful critic Sir Christopher Hinton has recently repeated, is important to a country that can see possible limits to the supplies of coal and fuel oil likely to be available, but none to the potential demand for electricity. If this had been the only thing wrong with the nuclear power programme, it could have been easily cured, as indeed the government tried to do two years ago when it stretched a 10-year atomic building programme into 15 years. But still the lines would not fit, and this time for scientific rather than for economic reasons.

This is what appears to have happened. Research is beginning to indicate that the original Calder Hall species of nuclear power stations—call it Mark I for simplicity—is a better commercial bet, and the more advanced, Mark II, type a worse commercial bet, than seemed likely. The gap between them has narrowed, whereas the plans for developing nuclear power had been drafted on the assumption that it would widen. Sir Christopher Hinton has given the Generating Board's latest calculations which show that electricity from the two nuclear power stations now being commissioned will cost about 1d. a unit or twice the cost from a modern coal-fired station. Optimists among engineers think that a steady reduction in nuclear building costs, combined with cheaper uranium, might bring down costs to between 0.5d. and 0.6d. in the stations of the late sixties. But who knows what cost reductions the Generating Board may have achieved by then in coal burning stations working sets of up to 800 MW apiece at ever-increasing steam pressures and temperatures? The incentive to look for newer, more economic types of nuclear reactor looks as strong as ever.

But wait, say the scientists, and take another look at the way nuclear costs are compiled. These assume a life of "x" years for the graphite structure out of which the reactor is built and "y" amount of heat from the fuel (to be precise, 20 years and 3,000 megawatt-days per ton). These figures were conservative guesses made when we physicists could not tell you engineers with any precision how long a reactor and its fuel would last. We can tell you now, from the reliable research data we have accumulated, that the stations will stay in healthy working condition for longer than 20 years and that the fuel, if you take our advice about design, will give without any question 3,000 megawatt days (which you always doubted) and may conceivably give a third more. Moreover, if you are willing to give up those dreadfully expensive steel pressure vessels, and build reactors from concrete as the French did at Marcoule and as the Central Electricity Generating Board is going to instal at Oldbury, you will have a safer reactor and one capable of far higher working pressures and far lower costs. Now are you so sure that the Mark I stations are uneconomic, scientifically despicable and lacking a commercial future?

These discoveries in fact make two things clear. If the Generating Board chooses to credit its new nuclear power stations with the life of 25 years that it gives its coal burning stations, it will reduce somewhat the probable cost of atomic power, two-thirds of which is capital cost. It would, indeed, be pleasing if the eight Mark I nuclear power stations now in hand proved to be less uneconomic than had been feared and they might—just conceivably—be competitive if the account was struck in a friendly way. This is something for accountants to argue about; it is less important than the realisation of the scope that these stations still provide for development. Research into the apparently simple Calder Hall Mark I designs promises to open up unsuspected possibilities for improvement in performance.

For these reasons, the Generating Board is showing no disposition to move on from this first type of nuclear power station to the second generation now being developed by the Atomic Energy Authority. Here is a potential source of tension between the two bodies; but the Generating Board has good reason for hesitation because the new advanced gas-cooled reactor, so attractive in theory, is proving a brute to develop. At its operating temperatures and pressures, far higher than those of the Mark I stations, the carbon dioxide used to transfer heat from the reactor furnace to the steam-raising units outside sets up a chemical reaction that destroys the graphite structure so that ultimately the reactor will crumble away. There may be ways of checking this attack, but whether they work well enough to give the Mark II reactors the same kind of life as the Mark I's cannot be known for a considerable time. Meanwhile, the Mark II reactor will not be a commercial proposition; and the longer it is delayed, the shorter becomes the gap between this second generation and the third generation of fast breeders. These efficient if complex reactors might be commercially available on schedule in the mid-1970s.

To say this does not imply that someone has made a "mistake." Such difficulties cannot be predicted and indeed cannot be brought to light until much work has been done on them. But the Atomic Energy Authority is now under considerable pressure to develop alternative types of reactor. The Generating Board and a good many scientists and engineers inside the AEA and in industry would like to build an experimental power station on the relatively simple lines developed at the Canadian research centre at Chalk River. This is off the usual "atomic circuit," and the reactor on which it slogged single-mindedly looks as superficially simple as Calder Hall; hence the solid progress achieved at Chalk River has tended to pass unnoticed. But more and more engineers have made the trip from Britain to the pine woods of Ontario and returned muttering that the Canadian system, which consists of natural uranium in a tank of heavy water, might offer a 25 per cent saving in costs. This is the best guess they can make, comparing British with the much higher Canadian costs. To find out whether this is fact or mirage a Canadian type of nuclear power station would have to be built in this country.

There are obvious difficulties. Loud complaints could be expected against duplicating work already done in Canada, although to protest about duplication in the context of nuclear engineering amounts to saying that the Wright brothers discovered everything about flying. More advanced heavy-water based atomic stations have been debated by the AEA for years, but these are long-term research projects; what the Generating Board wants to know is whether to persist with its Calder Hall type of station or to go Canadian. The frills can come later. A turning point could come if the Generating Board were to order a pilot power station on Canadian lines, as Sir Christopher seems much tempted to do. There is much to be said for the Generating Board's taking a more active part in nuclear power development, relieving the Atomic Energy Authority of responsibility for detailed design and leaving it free to concentrate on research.

Neither the AEA's work on pure physics nor its work on fusion is likely to have any early impact on nuclear power. Scientists are further from the control of fusion than at any time since researches started. While they thought the fault lay with their apparatus, they could still hope for ultimate success; but increasing knowledge and understanding are tending to confirm the suspicions of simple outsiders that controlled fusion may prove physically impossible. What the sun achieves effortlessly in space, and man transiently in an explosion, may defy reproduction in the laboratory, much less a power station. Research into fusion must for the time being be regarded like pure physics—something that adds to man's fund of knowledge about the behaviour of matter and the forces binding it together. Someone, some day, may find that knowledge useful. Today's nuclear power stations are based on discoveries that Rutherford made about the atomic nucleus

50 years ago, and the tiny complex world inside it is still not properly understood. But it is already noticeable that nuclear physics, in the purely scientific sense, is having a considerable impact on other sciences. In this last decade, and particularly in the nuclear industry, engineers have been breathing down the necks of scientists waiting for them to finish their work, for all the world like the copy boys who waited for Dickens's weekly instalments. Pure scientists, whether they like it or not, have become key members of the economy, and there are few hiding places left for them.

Coal, Steel and Luxemburg

BRITAIN's formal application to join the European Coal and Steel Community (and also to join Euratom) is a step no less decisive for being so long predictable. Non-involvement in the new Europe started ten years ago for Britain, when it turned down the Schuman Plan ; it has not remained entirely aloof from the ECSC, but a kibitzer is not a participant, and there is every reason why Britain's intended move into the common market should be supported by a direct contribution to the practical business affairs of the High Authority in Luxemburg. Its ways of business have become familiar—indeed, almost institutionalised by comparison with the emotional embroilments of the Six in the European Economic Community. Even so, its ways are by no means those of the Iron and Steel Board or the National Coal Board. These two British industries have to prepare themselves for changes capable of profoundly modifying their economic environment at no great distance.

The prospect of Britain's formal application had already aroused considerable discussion on the nature of these prospective changes. There was, for instance, the exchange of views between Dr van Kleffens, London representative of ECSC, and Mr C. R. Wheeler, president of the British Iron and Steel Federation, on the prospects of the British Steel industry (and the fate of the Iron and Steel Board) if Britain joined the community, outlined in these columns on December 2nd last year. Since Dr van Kleffens exposed the conflict of powers between the community and the board, the latter has lost its master-mind, Sir Robert Shone, to the cause of national planning. In the international supervision that the ECSC exercises, its powers are more limited than, and in some important respects in conflict with, those hitherto exercised by the Iron and Steel Board here. This has been made particularly clear in recent public argument about the principles of steel pricing (*The Economist*, January 27th) and about the increases fixed by the board a month later (February 24th). The Coal Board, for its part, will have to find an accommodation not only with a European coal industry grouped in Luxemburg, but also with an energy policy for Europe, as and when one emerges. On various questions raised under these headings, readers may wish to refer back to our issues of January 20th, February 10th and February 17th.

Some recapitulation of the main points that have to be met is still needed. In steel, the ECSC has a wide sphere of action, though it does not include castings, forgings, tubes, wire and iron castings—these formally come within the competence of the EEC. Conformity with the procedures of ECSC would impose some radical changes on the pricing methods of the British steel industry. Uniform zonal delivered prices have been the rule in British steel for a generation ; the ECSC system demands the publication by producers of their prices at given basing points, which they may "align" to meet competition at lower prices. The condition of a basing point system is that transport rates themselves should be publicly known and should not discriminate between users. This is exactly the reverse of the recently granted power of commercial discrimination that the British Transport Commission now exercises ; it sought this power as a means of making more money through more effective competition with other forms of transport, and it has already made good use of it. But as things stand, discrimination in railway rates offends the Treaty of Paris under which the ECSC works and some modification will have to be made, either in this principle or in British practice, to get uniformity.

The essential difference between the approach of the high authority in Luxemburg and the methodology of British price fixing in steel and coal is that the former is anti-discriminatory, whereas the latter is against high profits and prices, but tolerant of many aspects of monopolistic behaviour. The control that the federation has exercised over the prices and terms of supply of iron ore and scrap in Britain has been steadily reduced in the last few years ; in Mr Wheeler's carefully chosen words: "The position of the industry fund generally and of the central importing arrangements in particular will need to be carefully considered." He advised the steel industry not to be "too rigid" in its approach to the arrangements for scrap steel supplies, even though "any major revision" would certainly involve it in increased costs. As for coal, "British steel producers cannot be expected to compete in a freer community market with this handicap of excessive fuel costs still riveted upon them. . . . There must be genuine freedom of trade in coal as well as in steel within the community area."

How is the Coal Board likely to react to this idea ? Its own role in a European community would, indeed, be more complicated than that of steel, for it would be involved from the outset in the conception of a common energy policy that is now attracting the active attention of Brussels as well as of Luxemburg. It is to be expected that the steel industry would press for free trade in fuel ; but this is not what the suppliers of Europe's fuel appear to have predominantly in mind—less illiberal, no doubt, but well short of free. There is no apparent reason why the Coal Board should be worried about negotiating to enter the ECSC. The pricing rules of the community are that a producer of coal may "align a price"—that is, bring his price down to the level of the lowest bid made, provided that he is the natural producer of coal in the area, or has an established trade or an established flow of coal to defend. This, indeed, is very much what the Coal Board does in northern Europe where, if it gets the quotas, it is prepared to meet price competition from American or Polish coal. In these markets, the Coal Board would argue,

British coal is only resuming its traditional flow. How about imports in return—say, from north France or Belgium into southern England ? The board would presumably argue that the continental producers had no established flow of trade here ; but it would presumably not wish to write a veto on imports on that account. It may be possible, indeed, to waive the rule about "established flows" and admit competitive pricing subject to safeguards against artificial or contrived low prices. On all reasonable prices, the board should expect to meet and match the competition.

The ECSC's rules call for the publication of prices at any number of points in the community. The Coal Board does not publish prices. Would it be prepared to do so—offering a range of detailed prices for particular coals at particular places, with attendant adjustments for such factors as ash content ? It may be doubtful whether within its present closed pricing system the board has practised any extensive discrimination as between customers. But presumably it would be ready to give this up if the oil industry in Europe could be cajoled or bullied into giving up some part of its own extensive discrimination. The board's presence on the ECSC would strengthen the European coal producers and the common market commission in pressing for "price transparency" in oil. Whether a common energy is likely to emerge quickly in Europe is likely to be determined less by the coal lobbyists, however, than by a considerable chipping away of French ambitions for tight control of "non-community" fuel. And even a more liberalised French view could still leave the European market for fuel well short of free.

BUSINESS NOTES

BANK RATE

Slipping into Neutral

HAVING made their first reductions from last summer's 7 per cent Bank rate sooner than many people expected, the Treasury and the Bank of England collectively delayed the next instalment for more than four months ; and those who are anxious that relatively high interest rates should be retained as a buttress for sterling, until the trade account improves sufficiently, should not be unduly perturbed by Thursday's reduction from 6 to 5½ per cent. London's high interest rates have already achieved impressive results. Britain's substantial repayments to the International Monetary Fund have reduced its overdraft there by two-fifths ; and the pull of high interest rates has been by no means entirely confined to the short-term market. The authorities declined to risk a Bank rate reduction in the early new year. They were conscious of the possible dangers to sterling arising from the higher parliamentary estimates on the one hand and from wage settlements on the other. Since, to the surprise of some City observers, neither seems to have had any impact on financial opinion at home or abroad, the Bank, with the Treasury's consent, took what was virtually its last opportunity to bring Bank rate down before the budget.

THE NEW MONEY RATES

	From per cent	To per cent
Bank rate	6	5½
Overdraft rates:		
England	6½-7½	6-7
Scotland (minimum)	7-8	6½-7½
Deposit rates: (7 days' notice)		
Clearing banks	4	3½
Discount houses	4-4½	3½-3¾
Local authorities	6¼	6

This reduction, unlike the two reductions last autumn, is attributed officially to the condition of the domestic economy as well as to the exchange market. It is still considered premature for domestic credit restriction to be reversed ; but the Bank is now slipping into neutral. The immediate response in the stock market on Thursday was slight, and was in fact a little more marked in equities than in gilt-edged. As an act of policy this small, delayed adjustment has little significance. The authorities have felt confident enough to lower their guard before the budget, and by pitching this reduction in part on the domestic economy they virtually confirm that the budget itself can hardly be an actively restrictive one.

ICI-COURTAULDS

Days of Decision

IN Widnes on Wednesday, Mr Paul Chambers was professing confidence that ICI would secure a substantial majority interest in Courtaulds ; down at St Martins-le-Grand, Courtaulds were counting the last postcard pledges of loyalty. These were the decisive days in the struggle and yet, apart from stock exchange activity, they were the least dramatic. There was nothing more for either side to do. Before the weekend Courtaulds advised stockholders to tear up all the papers they had received in the last few weeks, leaving its registrar to sort out the problem of the stockholder who tore up her stock certificates. On Tuesday Mr Paul Chambers neatly timed an optimistic address to the Widnes Chamber of Commerce about the prospects for chemicals. But these were the last random rifle shots across a battlefield where the artillery had fallen silent.

On the stock exchange the drama was contained in the size of turnover in Courtaulds' stock, not in any big movements of prices. Since ICI declared its offer virtually unconditional on the evening of February 28th, it has been estimated that between five and six million Courtaulds shares have changed hands. Most of the turnover was in assented stock, with small holders of Courtaulds selling and the

CITY EDITORS' VOTE

STOCKHOLDERS in Courtaulds have been given plenty of advice—from ICI, Courtaulds, their brokers, their bank managers, their friends, the know-alls in the pub and the financial press. The advice given by leading newspapers in the last few days, tabulated below, cannot show all the qualifications made by the financial journalists. Many listed in the pro-Courtaulds camp, for instance, said : hold on to Courtaulds if you are in for the long term but sell in the market if you are a short term speculator. And some described as neutralists, including this paper, were prepared to back the new men at Courtaulds a good part of the way.

For Courtaulds	For ICI
The Times	*The Guardian*
The Financial Times	*The Daily Mail*
The Daily Telegraph	*The Sunday Express*
The Daily Express	*The Evening Standard*
The Birmingham Post	*The Statist*
The Evening News	**Neutralists**
The Sunday Times	*The Scotsman*
The Observer	*The Glasgow Herald*
The Sunday Telegraph	*The Yorkshire Post*
The Investors Chronicle	*The Stock Exchange Gazette*
The Investors Guide	*The Economist*

institutions buying as a way into ICI's convertible loan stock. The jobbers established a bridge between the assented and unassented stocks and their price movements, allowing for stamp duty and accrued dividends, ran in parallel. Prices flickered up and down a few pence and on Thursday the assented stock finally closed at 51s. 7½d. and the unassented at 51s. 1½d. The willingness of the institutions to accept the convertible loan stock appeared to guarantee ICI some measure of support (though exactly how much is impossible to estimate) while the fact that one-third of Courtaulds' stockholders have sent in their postcard pledges—representing possibly about one quarter of the equity—seemed to guarantee a fair meed of support for Courtaulds. By Wednesday the prospect appeared to have narrowed to a substantial minority stockholding for ICI or an adequate but not dominating majority. On Thursday ICI, to adopt a phrase from a less earthbound venture, was still counting; but, without giving any indication of the point that the count had reached, it announced it was extending its offer to 3 o'clock next Monday. Then ICI will say whether the offers for the ordinary and preference shares will be closed or whether a further extension will be made. Obviously ICI is trying to squeeze the last shred of advantage it can and the struggle appears to be ending with the same feeling of strong-arm bustle with which it began.

CHEMICALS

Mr Chambers on Expansion

With only a few days to go before the end of the implacable struggle, Mr Chambers made a speech to the Widnes Chamber of Commerce which was as stirring and sinew-stiffening as could be desired. Speaking, as he said, in the heart of a large part of the British chemical industry and therefore, as he did not say, to people badly in need of encouragement, Mr Chambers forecast that the demand for chemicals would increase in the future even faster than it has in the past. The rate of expansion of the chemical industry is dependent on the pace of industrial growth as a whole and it has always been faster. In the case of Western Europe, the OECD has set a target of economic growth for twenty countries of 50 per cent in the next decade which, Mr Chambers maintained, gives a measure of the prospects for the chemical industry. He suggests that rapid expansion will in most cases quickly mop up any surplus capacity.

Mr Chambers admitted that in the last eighteen months nearly all manufacturers of chemicals in the USA, Germany and Britain had been operating at reduced profits but, taking the long view, he felt it was no bad thing. (A cheering sentiment followed cryptically by the remark, ". . . it is not the first sign of the stagnation of the industry; quite the reverse.") Indeed the competition had stirred ICI into reducing their prices in preparation for Britain's possible entry into the Common Market, ". . . when life will be more exciting in the field of chemicals than ever before."

The British chemical industry, he claimed, had nothing to fear from competition; over the past ten years it has grown twice as fast as industry as a whole while the German industry, "admittedly growing at a somewhat greater rate" (in fact twice as fast), has only grown at 1.3 times the growth rate of German industry as a whole. "If our industry is looked at in this relative way, our record is as good as or better than that of any other major country in the world."

Mr Chambers has a strong argument in the long term prospects of the chemical industry; a subject on which the "shallow, short-period" critics of the industry have been silent. The long term prospects are there: the industry will expand. It is the short term prospects that are worrying the chemical companies. Mr Chambers has said elsewhere that ICI has passed the bottom of the dip.

THE EXCHANGES

Support from Sterling Area

Sterling dropped from its high point of $2.8160 to $2.8145 on Thursday after the Bank rate reduction, but recovered to $2.8150 at the close. Discounts on forward sterling came down roughly in line with the narrowing of the interest differential. Earlier, sterling had been virtually unaffected by last week's steep rise in the budget estimates, and after a few days of mixed movements steady buying had been resumed. In February this demand brought in some £80 million to the Exchange Account, so that after the repayment of £75 million to the International Monetary Fund the London reserves rose by £5 million. The inflow was exceptionally large, exceeded in recent times only by the £117 million inflow of last October.

These early months of the year are seasonally favourable for the sterling area, and the strength of sterling is attributable to commercial demand as well as to financial transfers to take advantage of London's high interest rates, though these must still be substantial. The finances of overseas sterling countries continued to improve in the three months to end-December, when their London balances rose by a further £27 million, to £2,631 million; in the corresponding quarter of 1960 they fell by £97 million. In the nine months from end-March, 1961, these balances recovered by £190 million, making good all but £43 million of their decline in the earlier nine months. Sterling holdings of other, non-sterling countries also picked up in the last quarter of 1961. The figures show a rise of only £33 million to £926 million, but this is deflated by at least the last £27½ million of the Basle credits which were repaid in these three months.

The dollar continues firm on most centres except London and Paris. In Switzerland it stands at 4.33½, significantly above the support point of 4.31½. Now that international tensions both about politics and about currencies are calmer, at least relatively so, and Switzerland is no longer receiving large amounts of flight capital, the effects of its very large trade deficit are making themselves felt.

The FRB's First Deal

Continued weakness of the dollar in Paris—it remains on its floor of 4.90—is particularly intriguing because last week the Federal Reserve Bank System acquired in its first exchange transaction on its own account, a sum of 245 million new francs at the Bank of France. It has financed this by crediting, on behalf of all twelve Federal Reserve Banks, $50 million to the

OVERSEAS STERLING HOLDINGS

(End of period, £ million)

	Rest of Sterling area	Non-sterling countries: Total	North America	Latin America	Western Europe	Other	Total all countries	Non-territorial organisations
1955	2,764	812	...	...	...	...	3,576	469
1956	2,730	692	...	...	...	...	3,422	669
1957	2,608	665	41	25	278	321	3,273	645
1958	2,519	834	58	18	408	350	3,353	623
1959	2,704	803	60	12	387	344	3,507	705
1960 March	2,670	822	58	25	408	331	3,492	688
June	2,674	940	91	41	489	319	3,614	661
September	2,577	1,166	133	60	632	341	3,743	604
December	2,480	1,407	303	65	699	340	3,887	549
1961 March	2,441	1,276	143	48	747	338	3,717	553
June	2,599	1,101	114	35	662	290	3,700	552
September	2,604	893	91	22	530	250	3,497	1,090
December	2,631	926	93	16	578	239	3,557	958

Trading with EUROPE



Now that negotiations have begun for Britain's entry into the Common Market, the Midland Bank announces further improvements in its extensive service for traders at home and abroad.

First, a newly constituted Panel for European Trade, consisting of officials of the Bank experienced in international business and economic affairs, has been formed to provide additional assistance to traders in developing markets abroad.

Second, Mr. Bruce Smith, a Divisional Foreign Manager of the Bank and a specialist in foreign trade, has been appointed to be responsible for "in the field" matters concerning European trade. He will spend much of his time on the Continent.

These two new developments, together with our existing services for the promotion of foreign trade, mean that we are well equipped to give all possible help to British businessmen moving into the European market, whether as exporters or importers.

We shall be pleased to send a representative to any part of the United Kingdom to join in preliminary discussions of problems and prospects. Our experts would also be available, if required, for "on-the-spot" discussions with businessmen visiting the Continent.

These services are available through any branch of the Bank. If you prefer to do so, write direct to the Panel at Overseas Branch or telephone MONarch 9944.

These services have been developed especially to assist businessmen to take full advantage of new opportunities in European trade. ***Please use them.***

Midland Bank

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dollar account of the Bank of France. This transaction, in contrast with those undertaken by the Federal Reserve Bank of New York on account of the United States Treasury, is thus built on credit created by the central banks, rather than on the Treasury's existing resources or borrowings. Both the dollars and the francs supplied under this arrangement are protected by forward exchange guarantees.

It is not clear whether the Federal Reserve has yet used its new resources in Paris. Conceivably, it could have taken surplus dollars off the market—thereby relieving the Bank of France from that obligation—but not pressed its purchases further, to the point of raising the rate. Since the declared object of these moves is to act on rates in order to make an impact on the arbitrage arithmetic, the market is watching this experiment with very close interest.

CAPITAL EXPENDITURE

Downturn at Last

THE long rise in fixed investment in the private sector came, not unexpectedly, to an end in the fourth quarter of last year. The Board of Trade provisionally estimates that, after taking both price changes and seasonal factors into account, investment in manufacturing industry was 10 per cent lower than in the previous quarter, as also was that in the distributive and service industries. Up till then, the volume of manufacturing investment had been rising uninterruptedly since early 1959: the running down at the end of last year, sharp though it was, still left it higher than a year before, with building work buoyantly up by 28 per cent but with spending on plant and machinery up by only 7 per cent. After having fluctuated up and down since the middle of 1959, the volume of spending by the distributive and service trades dropped to a level 9 per cent below the same months in 1960.

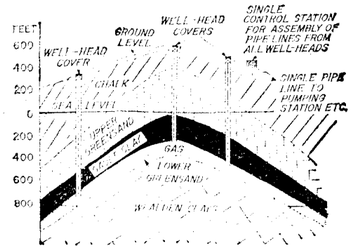
For 1961 as a whole, capital expenditure by manufacturing industry at £1,274 million was 24 per cent more in value and 20 per cent more in volume than in 1960, while expenditure by the distributive and service industries was down 3 per cent in volume. This latter decrease was entirely due to a fall in expenditure on ships by the shipping industry. The Board of Trade's survey of investment intentions, taken toward the end of last year, suggests not much change between the full year 1961 and 1962: manufacturing industry actually forecast a fall of about 1 per cent and companies in the distributive and service industries a rise of 8 per cent. But if the annual figures for manufacturing industries were to more or less match in 1961 and 1962, this would imply some increase again from the depressed level of the last quarter of 1961. The inquiry of the Federation of British Industries taken in February, however, suggests more of a falling-off: a continued decline in investment intentions was indicated and of those reporting any change in the following twelve months, there was a balance on the side of those saying that they expected to authorise less expenditure —28 per cent in the case of expenditure on buildings and 16 per cent in the case of plant and machinery.

While manufacturers were putting less into fixed investment, they were putting more, probably involuntarily, into stocks in the fourth quarter of last year. After taking seasonal factors into account, their stocks rose in volume by nearly 2 per cent; at the same time stocks held by wholesale and retail distributors showed an insignificant fall.

PUBLIC RELATIONS

Not Laughing Gas

TECHNICALLY, there is nothing to be said against the storage of gas underground, and aesthetically there is much to be said for it. A gasometer is one of the monuments of Victorian paleotechnology that a century of engineering has done nothing to make less of an urban eyesore: indeed, the modern rigid gasholder scorns even the self-effacing bashfulness of the old, which at least disappears when it has no work to do. The greensand anticline under Chilcomb, which the Gas Council says would replace a thousand of these tumescent tanks, sounds from reports to be quite suited to the storage of gas; indeed, it is one of Britain's pieces of bad luck that we found no natural gas already there. The council's experts must, presumably, have considered possible side-effects—they seem, for example, to have decided there would be none worth mentioning on the water-table in the surrounding area: the displaced water would just go to the sea. Even so, as this is the first scheme of its kind (other underground storage in Britain uses man-made cavities, disused mines), there may be something to be said for the full and impartial inquiry that the Minister of Power has belatedly decided upon, withdrawing the bill that had been put forward to give the council powers to carry through the scheme.



Socially and economically, moreover, it seems clear that the council underestimated the importance of public relations in putting forward such an idea affecting an ancient city as well as the property rights (albeit unused rights) of a large number of private landowners. It certainly does not seem to have anticipated the public opposition that it in fact encountered, which with the help of a few effective Tory back-benchers has temporarily squashed its plan.

Traditionally this industry has comprehensive powers to lay gas mains wherever it chooses: it has never had to develop the excessive humility about encroaching on other people's property rights that for example oil companies have had to learn in laying pipelines across Britain. Indeed, some gas boards have taken very badly to the rates that the oil companies have been prepared to pay for wayleaves across property in recent years, complaining that these spoiled their own stingier market. Gas incidentally remains exempt from the provisions of the new Pipeline Bill: selling oil (and maybe later coal) through a pipe will never be as simple as its own monopoly right. That pipeline bill may raise some eyebrows among staunch defenders of landowners' (and Parliament's) rights; but it is unlikely to get such short shrift as the underground storage bill has.

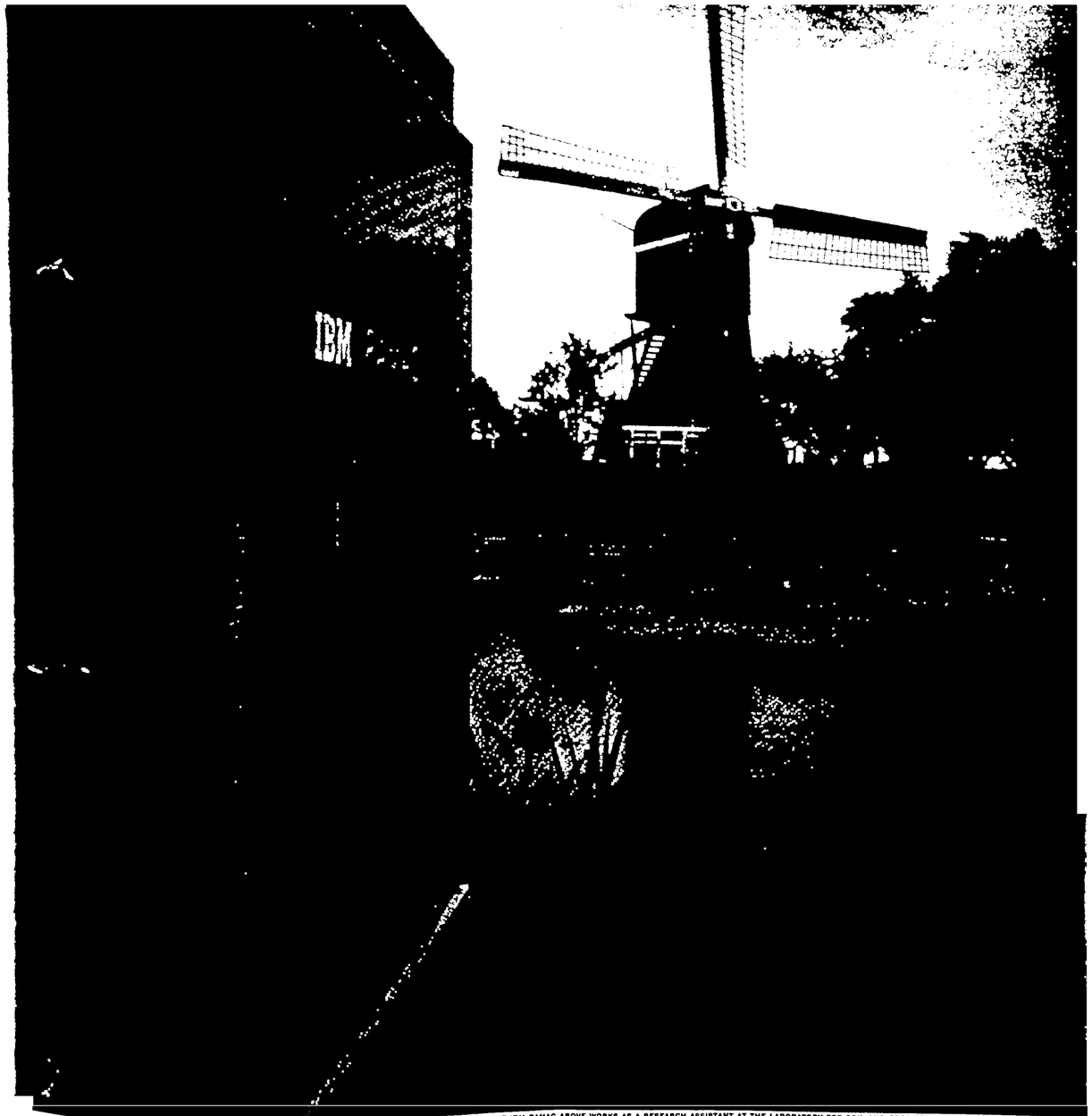
TARIFFS

Half the Picture

IT suited the American negotiators of the Dillon round of tariff cuts under the General Agreement on Tariffs and Trade to sign and announce their part of the bargain before the circuit was complete. As any concession agreed between two parties under Gatt will also be extended to all other trading partners, Britain appears to have come out of the current round of negotiations rather well. Britain and the United States agreed on a reciprocal reduction of 20 per cent in tariffs on types of manufactures of which each partner had a trade of just over £70 million with the other in 1959. These reductions cover aircraft, some machinery and linen manufactures exported to the United States.

But Britain also shares equally in the bargain struck between the United States and the common market countries, though these countries will also benefit indirectly from concessions to the United States made by Britain. Thus Britain has obtained indirectly tariff concessions on classes of manufactures in which Britain exported a further £100 million to America in 1959. But these indirect concessions cover motors. In 1959, the value of British car exports to the United States was £87 million. But in the following year exports fell to £61 million, and in 1961, because of the drastic reduction in stocks of British cars, exports to the United States crashed to £19 million.

In discussions with the United States, the common market countries were naturally mainly interested in obtaining a lowering of American import duties on



THE IBM RAMAC ABOVE WORKS AS A RESEARCH ASSISTANT AT THE LABORATORY FOR SOIL AND CROP TESTING, OOSTERBEEK, NETHERLANDS.

More food from land won from the sea

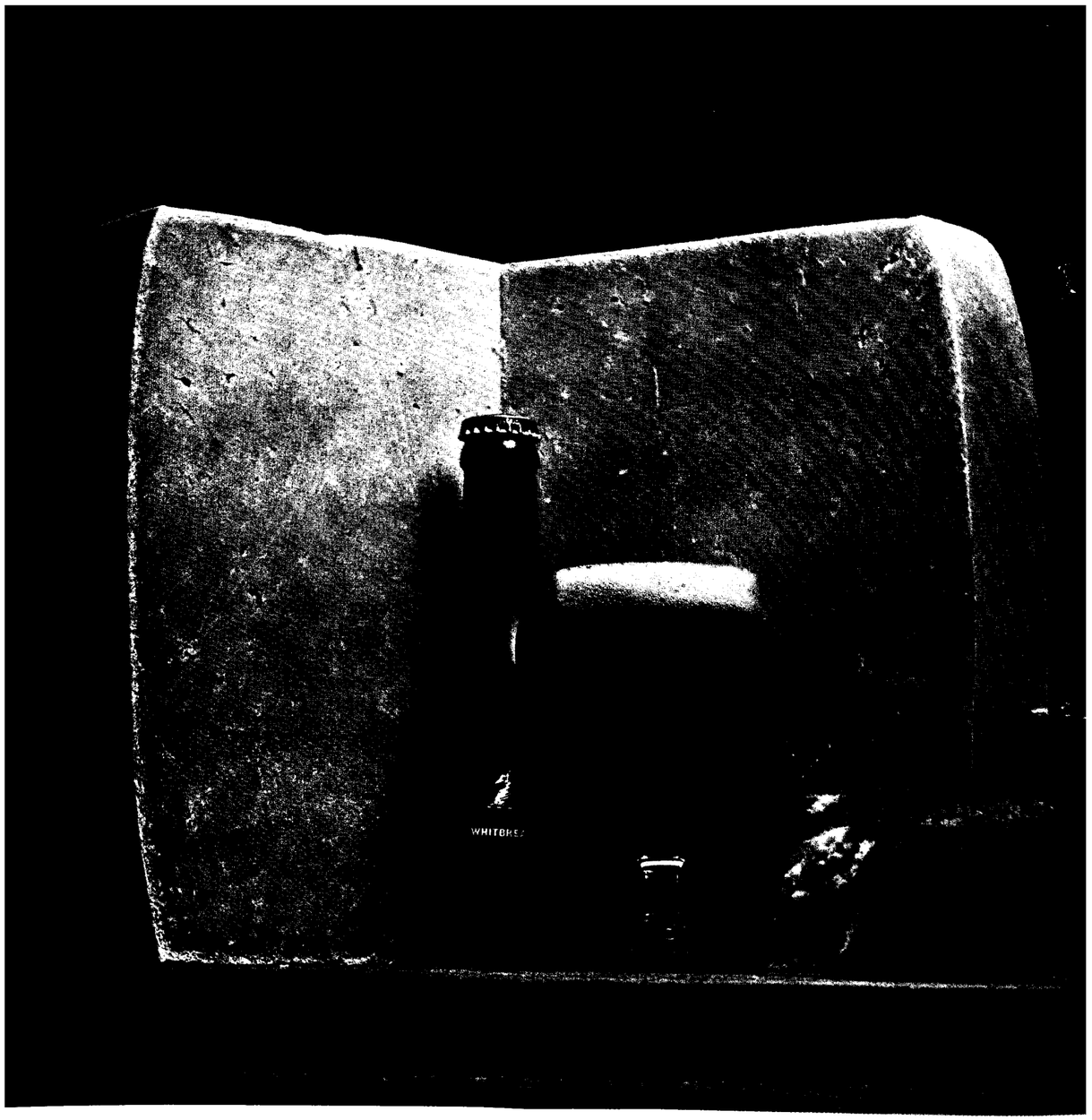
There's many a fat field abloom in Holland that once fed only the fishes in the shallows of the salt North Sea. In six centuries, ever since windmills first made it possible to pump the polders dry, the Dutch have diked and drained nearly a million acres. Land won from the sea is doubly precious in the most crowded country in the world.

The Dutch have already pampered their fields into unmatched fertility; but they are still not satisfied. Now they want to enrich the soil even more with nutrients formulated—down to the last cupful—for *each* of the country's 2.2 million plots of land.

An IBM RAMAC system simplifies this huge task by storing a mass of soil test data in its whirling disc "memory." Laboratory analyses, along with facts on crops, soil depth and location, can then be compared instantly with the stored data. Seconds later, RAMAC prints detailed fertilizer advice for each sample. Applied to all Dutch farms, this could boost crops as much as adding an extra province.

IBM

You may never see RAMAC beside the windmill on a beautiful blue Delft plate, but it follows in the same Dutch tradition: put technology to work for bigger harvests, a better life.



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IS it because they're both products of the sun and soil that Whitbread and cheese go so happily together? Let gastronomes dispute the reason, while other people enjoy the result—a flavour combination so clean and fresh that it will enliven the most blunted appetite. Any cheese will do (though we recommend a slightly nutty-flavoured English cheese). Any time of day will do too, from lunch time to last thing at night. So next time you serve a Whitbread, pass round the cheese board. An absurdly simple way to tickle the palates of your more sophisticated friends.



a flavour to intrigue you

a pleasure to transform you

motors. These are to be cut in two equal stages from 8½ to 6½ per cent. The first cut is expected this summer and the second about a year later. As a concession to the Americans, Britain agreed to reduce its import duty on cars from 30 to 22 per cent. The British reductions will not be made effective before the end of June though they are expected to be in force by the end of 1962. Motors, however, are being treated as a special case. The British duty will be reduced in three stages which will correspond to the stages in which the duties of individual members of the common market are adjusted towards the common external tariff of the Six.

EXAMPLES OF U K TARIFF REDUCTIONS

	Old Rate %	New Rate %
Ammonium Sulphate	33⅓	25
Antibiotics	33⅓	25
Synthetic rubber	10	8
Man-made fibre filament tow	20 (+9d. a lb.)	16 (+7½d. a lb.)
Manganese	33⅓	25
Motor engines	30	24
Vacuum pumps	15	12
Refrigerators (other than electric)	17½	14
Excavators	15	12
Mowers (rotary)	17½	14
Typesetting machinery	15	12
Warp knitting machines	15	13
Electric typewriters	20	16
Calculating machines	15	14
Radio valves	33⅓	25
Motor cars	30	22
Aeroplanes	17½	14
Fixed focus cameras	40	32
Bombs	25	20
Fountain pens (precious metal)	30	24

The common market countries gave the United States a reduction in their external tariff on motors from 29 to 22 per cent, which is also automatically extended to this country. But the Six have excluded important chemicals from the list of their concessions to the United States. Their agreement also excludes commodities in which Britain has strong indirect interest, such as lead and aluminium, though in the parallel deal between Canada and the United States metal products have been included in the concessions. Completion of the United States' end of the Dillon round must naturally cover some of the ground between Britain and the Six. Despite appearances, the cuts announced so far are fairly evenly balanced. Britain is aiming at tariff reductions over a wide range under Gatt between itself and the European Economic Community. Despite considerable obstacles, completion of this section could produce further important concessions all round.

PROFITS AND DIVIDENDS

February's Tally

No general conclusions about the trend in industrial profits can be drawn from the 89 company accounts published in February, for they are dominated by three big companies—Imperial Tobacco, British-American Tobacco and Woolworth. The trading profits of the tobacco giants were nearly 8 per cent and those of Woolworth nearly 4½ per cent higher. The profits of these three companies account for about two-thirds of the February aggregate and if they are excluded the profits of the remaining 86 companies emerge practically unchanged.

As a result largely of the international experience of British-American Tobacco, the total profits of all 89 companies were 5 per cent higher. But there was only a slight increase in net equity earnings and dividends. The unchanged dividend cover of just over twice may at first sight look odd in comparison with the results published in January; but the latter included a large number of steel companies which, because of their development programmes, have been ploughing back a greater proportion of their earnings than has British industry as a whole. As in January—and indeed for many months before—the February results reveal a fall in returns on capital employed. In the next three months the bulk of the big companies which draw up their accounts at the end of December are likely to make a less fair showing than the reports of the small and medium sized companies included in February's tally.

PROFITS AND DIVIDENDS
(£ million)

	103 companies reporting in January		89 companies reporting in February	
	Prev. year	Latest year	Prev. year	Latest year
Trading profit	290·4	274·9	185·8	195·0
Gross profit*	203·4	177·8	157·5	164·7
Net equity earnings*	109·9	95·5	78·5	80·5
Net ordinary dividends	36·4	38·8	37·5	38·6
Times covered	3·0	2·5	2·1	2·1
Net equity assets	980·0	1,101·7	672·7	736·8
Gross profit/net assets per cent	20·8	16·1	23·4	22·3
Net earnings/net assets per cent	11·2	8·7	11·7	10·9

* Excluding non-recurring credits.

DEFENCE PRODUCTION

A Peep Behind the Scenes

With aplomb that takes the breath away, the Ministries of Air and Aviation last month initiated a boggling Estimates Committee of the House of Commons into the ways of defence budgeting. The system has a lunatic logic. To find how much money the RAF will need for new military aircraft, the Ministry of Aviation agrees a production and delivery target with the aircraft industry, about £220 million in the present financial year, £101.6 of it for airframes. Then it gets into a huddle with the Air Ministry and they cut this sum by nearly half—a procedure described by witnesses as arriving "at a more realistic delivery basis." Another million or so is docked off this total for luck—this is labelled "unallocated shortfall"—and the final sum is incorporated into the defence estimates. This year the Air Ministry put in for £130 million for new aircraft compared with the £220 million worth the industry had been asked (and had agreed) to deliver; the estimate includes only £41½ million for buying airframes, which is 40 per cent of the agreed production target.

Oddly enough, this think-of-a-number-and-halve-it accounting works quite well. It is rare for the industry's deliveries to build up to a level where the Air Ministry finds itself obliged to ask, as this year, for supplementary estimates for new aircraft of nearly £19 million. The Air Ministry's disarming explanation for its miscalculation was lack of other work in the aircraft industry which gave manufacturers "more incentive to make the quickest deliveries they possibly can against Government orders" with less than the usual number of faults. It appears that the aircraft industry can never be relied on to produce more than 40 to 60 per cent of the aircraft it has contracted to deliver and experience gives Government departments a nose for sensing where its performance will fall in any given year. It is not, however, a simple case of the entire industry delivering late, but of individual factories running into troubles that could not be foreseen when estimates were being prepared. However carefully separate delivery schedules are drawn up for each engine and airframe, "one knows with certainty from past experience," says the Ministry of Aviation, "that somewhere or other they will fall down," just as the Registrar General knows roughly how many people will die during the year, though not who they will be.

This explains why the two ministries discount the industry's pledges by £100 million or more a year, but does it justify the practice? Twelve months is a relatively short period in the production cycle of military aircraft and it is hard to believe that impending trouble casts no shadow. In accepting untenable delivery schedules, does the Ministry not encourage the tendency to fatuous optimism that is the industry's gravest flaw of character?

TAXING "KNOW-HOW"

Rolls-Royce's Liability

Last week the House of Lords upheld the decision in the Court of Appeal that lump sum payments made by certain foreign governments and companies to Rolls-Royce in return for "know-how" did not represent the sale of a capital asset and was assessable for income tax as profit. Earlier decisions in this case by the Special Commissioners and the Chancery Court were thus finally reversed. As royalties and payments for the sale of a patent already rank as taxable income, this decision may have important consequences for British companies that have made a practice of selling "know-how" abroad; could it, for example, be extended to cover the master-minding of new plant construction that Courtaulds and other companies have undertaken in Russia?

In the past, Rolls-Royce entered into a number of agreements, against lump sum

payments, to supply technical knowledge, plans, licences and facilities for the interchange of staff to enable foreign governments and companies to manufacture specified types of engines. These usually ran for five or ten years, with renewal options, and called for the passing of full information about improvements during the term of the contract. The company argued that these agreements represented the sale of a fixed capital asset and hence were not liable for tax. Rejecting this argument, their Lordships distinguished between these agreements and the decision in *Evans Medical Supplies Ltd. v. Moriarty* where the company parted with some of its property in an isolated transaction; they held that there was nothing in the Rolls-Royce case to indicate that the capital assets were in any way diminished by the sale of "know-how," as Rolls-Royce could still fully exploit its own accumulated knowledge and experience. In countries where Rolls-Royce was unable to sell its engines directly Rolls-Royce, in their Lordships' view, was merely using another method of deriving profits from its technical knowledge, experience and ability. Lord Reid commented:

> If they had not made these agreements they would have got nothing from those countries; by making them they were able to exploit their capital asset by receiving large sums for its use there. In essence what they did was to teach the "licensees" how to make use of the "licences" which they granted. . . . The facts of this case clearly indicated that this course of granting "licences" was merely an extension of their existing trade devised to meet the difficulty that they could not sell their engines in the countries of the "licensees."

In making their decision, their Lordships made it clear that the judgment in Evans Medical Supplies did not establish, or purport to establish, any principle that whenever and however often a company sold its "know-how" for a lump sum to a third party this sum was a capital receipt for tax purposes. Whether or not it is, in fact, must depend upon the circumstances.

DRUG PRICES

Walls of Jericho

THERE is an ironical ring about the statement of the American-controlled Cyanamid of Great Britain announcing that its Lederle subsidiary is cutting the price of five of the drugs supplied to the national health service by 15 per cent. The cuts, it says, will "probably result in the largest savings made to date under the voluntary price regulation scheme." It is two years since the Comptroller and Auditor General launched a broadside against the rate of profit earned on drugs from which the pharmaceutical industry has never quite recovered. The attack had two consequences. The Ministry of Health asked companies for a detailed break-down of earnings and also began to look abroad for supplies. The break-down, when it came, showed that eight major American-owned companies, which provide a sizeable amount of all drugs consumed in Britain, were earning a rate of return on capital used in the pharmaceutical side of their business ranging from 18 to 45 per cent against an average of 18 to 20 per cent for British and Swiss companies. And hospitals discovered cheap supplies of drugs in Italy.

The squeeze has since been put on the American companies. The Ministry now negotiates prices direct with the industry for about half the drugs used by the NHS, starting with the antibiotics, and has used its opportunities to the full. Cyanamid has been the first to capitulate, starting with a range of price cuts last autumn and following it up with this week's reductions in a range of antibiotics. The Ministry, meanwhile, is sanctioning the import of drugs in quantity from Italy, sidestepping the awkward fact that Italy does not recognise American patents on these drugs by negotiating royalties with the American patentholders on any unlicensed drugs imported into Britain. The walls have begun to crumble.

STEEL

Summers' Way

THERE are two ways of creating a big steel works: start with a green field and a drawing board, or build it up gradually from the nucleus of some existing plant. John Summers' strip mill at Shotton has followed the second course in becoming one of the biggest plants of its type in Britain. One might expect that the costs in such a plant would be higher than those of newer mills, like those being built by Richard Thomas and Baldwins and Colvilles; but Summers' directors feel that their way of building a plant has given them a £120 million benefit. They have paid only £80 million for capacity to make some 1¼ million tons of sheet a year, while RTB looks like having to pay £200 million for its slightly smaller Spencer works. The difference of nearly £7 a ton in depreciation charges alone that this implies (at capacity working) should go at least some way towards off-setting the advantage in operating costs that the newer works is likely to possess.

Summers may not therefore find itself in the role of high-cost producer when the new strip mills start coming into production about a year from now. But it will have to face more competition; the over-capacity that was the characteristic of last year may persist for perhaps a couple of years from 1963. But this year will be a better one for the sheet makers, a juicy filling between lean covers; the recovery in the motor industry is likely to strain their productive capacity in the summer, and may even entail some more imports. Summers has had an unexpectedly good winter, and is still building up output; in January it exceeded 85 per cent of capacity. Having managed to increase its share of the market when demand fell last year, Summers may feel that it has a special niche in the affections of its customers and so starts from a position of some strength.

For the future, Summers sees no reason for changing its methods of expansion: there is still scope for squeezing more output out of the present plant without laying down a new hot-strip mill—its capacity is now reckoned to be three times what its installers estimated, and 30 per cent greater than that of the plant as a whole. The only complete rebuilding project that Summers now has on hand is at the small beam-rolling plant of Shelton Iron and Steel at Stoke-on-Trent. Here the need to change to the light universal beam sections introduced by Dorman Long has been made the occasion for exploiting the innovations that allow small plants to be as economic as big ones—its capacity will be 6,000 tons a week—and it will therefore use the Kaldo oxygen steel-making process and a Rossi-Junghans continuous casting plant. If the latter should prove that it can do the job, it might also be added to Shotton as well.

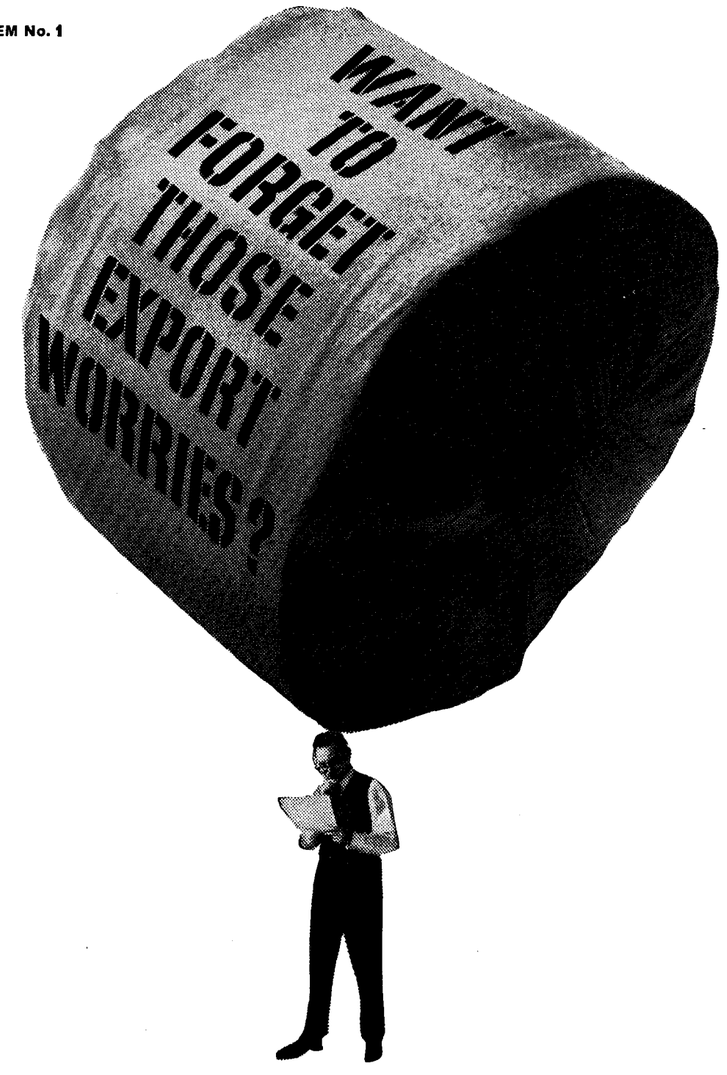
NICKEL

At the Ready

NICKEL users are said to need reassuring that there will continue to be enough nickel to go round. In the past, sudden spurts in demand have caused shortages. But this year, finicky consumers have that assurance with a vengeance. Without Cuba —prospectively a producer of 100 million lb —it is reckoned that 625 million lb of nickel could be produced in the free world this year compared with an estimated consumption of 507 million lb in 1961. The report of the International Nickel Company of Canada, which produces more than 60 per cent of the free world's nickel, presides over its development and sets its price, suggests that the group carried over some 50 million lb of nickel into the current year.

Ahead of commissioning its new mine in Ontario last year, the group agreed to take 125 million lb of nicked off the hands of the United States stockpiling authorities. In 1959, sales of its own nickel appear to have roughly matched the group's output. By selling 51 million lb of American nickel, the group expanded its sales to 352 million lb in 1960 and probably increased its stocks moderately. It sold a further 48 million lb of American nickel last year within total sales of 372 million lb, and because its new Thompson mine reached maximum capacity without hitch during the year, its production possibly exceeded sales of its own nickel by about 30 million lb. The group also has the remaining 22 million lb of American nickel to sell. The accounts, discussed on page 954, show that total stocks held by the

PROBLEM No. 1



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Newcastle-upon-Tyne: Tel—Newcastle-upon-Tyne 29838
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Sheffield: Tel—Sheffield 29151

Head Office: Tel—Monarch 6099

Productivity, Edgar, a sine qua non!

Whassat?

A classical tag, Edgar, implying an indispensable condition. In the industrial context of which I speak, it means that a business which does not increase its productivity is sunk.

Oh ar?

It behoves us all, Edgar, to put our shoulders to the wheel, our noses to the grindstone and our best foot forward.

Do it, Alfred?

It do, Edgar. Likewise, we must pull together, stand foursquare, take the bit between our teeth—and produce!!

Alfred—do give over. You're makin' me tired!





John Summers' works at Shotton are concerned primarily with the production of steel sheet and light plates. Since 1948, £60,000,000 has been spent in extending and modernising the works to enable the company to produce more steel more economically. The annual steelmaking capacity is now 2,000,000 tons compared with 500,000 tons in 1948.

JOHN SUMMERS & SONS LTD STEELMAKERS

Hawarden Bridge Steelworks, Shotton, Chester.

group rose by a further $33 million to $212 million in the year to December 31st.

According to the directors' report, International Nickel expects to sell "as much and perhaps more" of its own nickel this year. On that basis, the group sold 324 million lb last year against which it now has a rated capacity of 385 million lb. A late spurt in American consumption reduced the prospective fall in the use of nickel last year to negligible proportions, but after its phenomenal growth, consumption in Europe dipped from 235 million to 205 million lb, though the decline now appears to have been checked. The group is building Europe's biggest factory for producing nickel alloys at Hereford. Short-time working has been threatened there but might now be avoided.

AIR FARES

Battle of the Atlantic

HAVING kept them on tenterhooks for a month, the Civil Aeronautics Board has agreed to a trial run of the airlines' new low fares for block bookings of 25 seats or more on the North Atlantic, starting today, March 10th, and running until June. These new fares are aimed undisguisedly at the American tourist who would otherwise join a charter flight and travel to Europe half-fare. Their effect is to allow travel agents to make block bookings of a quarter or more of the seats on a 100 to 120-seat jet on a regular scheduled flight instead of chartering an entire machine. Travel agents have had difficulty in filling the seats on big chartered aircraft and the airlines have had difficulty in filling their normal scheduled flights; so cheap block bookings should solve these difficulties to their mutual satisfaction without causing panic among those airlines that go cold all over at the thought of a fare cut.

The group fares extend to the North Atlantic holidaymaker some of the concessions that tourists inside Europe have enjoyed for some years. They represent discounts of nearly 40 per cent on the normal return jet fare of £173 (the 17-day winter return tickets costing £125 will be suspended until the autumn). This is not so generous as the concessions given to travel agents in Europe who can book air seats for almost half-price provided these are sold as part of an all-in holiday that includes hotel charges. They also have more strings than the European holiday fares, the most irksome being the rule that the 25 souls who take their cheap seats must be members of an "affinity" group or their sisters, cousins and aunts. They must belong to the Moose Jaw Poker School or share some common interest other than the natural desire for a cheap air ticket before the airline can accept their custom. This is a hang-over from the days of chartering and has long been dropped on this side of the Atlantic where the only qualification for a cheap seat is the willingness to buy a packaged holiday. Only BOAC seems to be attempting to develop a long-range market for packaged air tours. Its experiment last year with an air-cruise in the Mediterranean was a disaster but the corporation is trying again this year, with a 789 guineas round-the-world tour in a piston engined DC-7C (and already has 40 bookings) and is organising air tours of Europe from New York. But airlines seriously interested in stimulating North Atlantic air traffic must remember their history. It is now five years since the last major fare cut, when the basic return fare dropped from £202 to £162. The time is ripe for another one.

ALUMINIUM

The Real Thing

THE rather prissy changes made in prices of rolled aluminium products in January which seemed to fence with the industry's major problem instead of taking the overdue swipe at it—have now been explained. The changes were made merely to probe customers' reactions. These were favourable, and British Aluminium has now followed them up with what it evidently considers the complete answer to competition from imports and temporary short-time working at its new highly capitalised rolling mills.

Further cuts of up to £37 a ton have been made in the most important products, bringing the overall reduction to £55 a ton or 16½ per cent. At the same time differentials based on quantity and standardisation have been widened again. Orders had already picked up after the first cuts were made and now virtually all British Aluminium's plants are working a full week. At present when it is a case of aluminium versus the rest and the rest—mainly steel—have increased their prices, the cuts should bring some short-term relief as well as speed up the penetration of aluminium into other markets. Britain is still several pounds a head clear of Germany and France in the use of aluminium, but at 15 lb a year per person is 40 per cent below the American level.

The ingot price of aluminium was reduced by £6 to £180 a ton after British Aluminium tried its first price cuts. The average value of the overall reduction is probably below 10 per cent. But substantial savings in costs must still be found in the semi-fabricating side from higher and more profitable lines of production. In matching British Aluminium's lead, Alcan Industries, the British subsidiary of Aluminium Limited of Canada, claimed that the pattern of the reductions reflected economies from standardisation and high-volume production of general purpose aluminium products made possible by Alcan's recent expansion of its rolling facilities. There is evidently a genuine expectation of obtaining these economies in due course. But attention has also to be diverted from the officially quoted price of £180 a ton for raw aluminium to which all the leading producers appear to adhere strictly. When price cuts are made by integrated producers which might initially cost them money, it could be argued, however unfairly, that their mining operations ultimately underwrite the risk.

SUGAR

Tipping the Scales

AFTER wrecking the International Sugar Agreement for the sake of a larger quota, Cuba is unable to fulfil all its commitments to communist countries this year. It has announced its retirement from the free market for the rest of the season and despite the prospect of a further substantial surplus of sugar this year, Cuba's predicament and a tightening up of the market by communist sellers has brought a recovery in the London price from just below £20 to £24 a ton. This is mildly encouraging to producers who have been threatened with the loss of the premium paid by the United States over world market prices when a new Sugar Act replaces existing legislation this summer. It will also lighten the burden of Britain's Sugar Board which has to perform the balancing trick with the help of an intricate web of surcharges between world market prices and payments at far higher rates to Commonwealth cane and British beet growers.

Towards the end of last year, imports of refined sugar and raw sugar from non-Commonwealth sources were so high that there was exaggerated talk that the Commonwealth producers' and beet growers' guaranteed market in this country was threatened. In 1960, Britain imported 80,000 tons of refined sugar. In 1961, imports of refined sugar jumped to 221,000 tons. In December, imports of refined sugar again increased sharply in anticipation of Government action to check them and imports of raws from non-Commonwealth suppliers were still high. Britain consumes about 2.7 million tons of sugar, produces over 800,000 tons itself and guarantees Commonwealth producers a market for more than 2 million tons. But Canada takes a large slice and exports provide further outlets for Commonwealth and imported foreign sugar.

At the start of the year, the Sugar Board made an adjustment in the surcharges on sugar. It relieved British refiners of the obligation to pay the tariff preference to Commonwealth producers which by agreement they had assumed in the past. The reduction amounted to about a halfpenny a lb. This halfpenny, plus a further one to cover the fall in the free market price of sugar since the last review, was added to the surcharge, which therefore rose to 3d. a lb, or £28 a ton. This removed the existing disincentive to the use of Commonwealth sugar in exports, because the preference

could not be reclaimed. It also discouraged other imports of foreign sugar.

In January imports of refined sugar dropped back and imports of raw sugar from non-Commonwealth sources declined. The full report of Tate and Lyle discloses a fall in its deliveries of sugar in this country in the year to September 30th from 1.5 million to 1.4 million tons. But for well-known reasons exports fared worse; by tonnage, they fell from 527,000 to 333,000 tons and by value from £34 million to £21 million out of total sales of £116 million against £135 million. The group's Canadian refinery did somewhat better than had been anticipated, and exceeded the previous year's low rate of profit by a substantial margin. Allowing for the re-inclusion of former subsidiaries the group's trading profit rose from £5.4 million to £5.5 million.

POST OFFICE

Efficient and Informative

THE Post Office expects to make a profit of £20 million in the current financial year and to raise this to £34 million in 1962-63. A white paper issued under the new procedure, which has sensibly freed post office finances from detailed control of the Treasury and from artificial integration in the parliamentary estimates, envisages a return on net assets of 8 per cent for 1962-63, compared with 7 per cent in the current year and 8½ per cent in 1960-61. This return is still only about half the comparable figure for manufacturing industry, but the government's own white paper on general objectives issued a year ago itself recognised that returns from public utilities can reasonably be smaller. The Post Office calculates its figure of net return after adding "supplementary depreciation"; this is the excess of depreciation on its own replacement basis over that based on historical costs of assets.

Profit and depreciation provisions cover the bulk of the Post Office's large capital programme; these internal provisions are expected to provide £97 million in 1962-63, compared with £88 million in the current year, so that although total capital requirements will rise slightly, from £128 million to £132 million, borrowings from the Exchequer are expected to fall from £40 million to £35 million. All but £10 million of this investment is for telephones; among the projects it is hoped to start in the coming year is direct dialling to Paris, which will help the Post Office over its perennial trouble about finding girls who can understand foreign languages. The large capital programme has entitled the Post Office to sufficient capital allowances to offset the whole of its liability to tax; under the new arrangements, it was assessed for tax for the first time, and it will doubtless be gratified that the first assessment has resulted in a nil net liability.

IRON CASTINGS

Iron Stability

OUTPUT of iron castings fell four per cent last year, whereas steel output dropped ten per cent. The relative stability of the ironfounders mainly comes from dependence for much of their business on the engineering industries, so that they participated in the investment boom; this helped balance the drop in sales to the motor and steel industries, and for water or gas pipes. But demand from the engineering industries, rather surprisingly, dropped off in the last quarter, though their output and orders on hand were still higher than they had been a year before. One would not therefore expect that engineering output would fall this year, but that is what the ironfounders fear that these figures indicate. The biggest drop was in castings supplied to textile machinery makers, with smaller reductions from shipbuilding, engine makers, the agricultural implements industry and electrical plant—only some of which could be classed as naturally declining industries. Even if this trend continues, the ironfounders themselves should be able at least to maintain output this year: the motor industry will take more castings, and so should the steel makers.

SHORTER NOTES

The Budget will be on April 9th—again a Monday. For this sensible arrangement General de Gaulle seems largely responsible. For the first fifteen years after the war the budget was regularly on a Tuesday—leaving an awkward Monday lull for the Chancellor and a truncated week for subsequent parliamentary debate. In 1960 the obvious Tuesday was taken up by a state visit from the general; the Treasury boldly switched the budget to Monday and has sensibly kept it there since.

★

The Bank of England appears to have speeded-up its programme for the issue of new bank notes. The new £5 note is now expected this autumn instead of in 1963. And the first £10 notes will probably be issued in 1963; last October the Bank was unwilling to set any date on the appearance of this note.

★

In a note on beer casks on February 17th, it was incorrectly said that Fairey was making aluminium casks; in fact its casks are made of stainless steel.

★

A new pension scheme, designed to safeguard retirement income against inflation, is being launched by Hobbs, Savill and Bradford (Pensions) and underwritten by the Provident Mutual Life Assurance Association. Called the "Dynamic Pension Plan" it provides for an annual compound increase initially at the rate of 2½ per cent in the amount of pension provided. The scheme will cost about 10 per cent more than an ordinary pension scheme but its benefits will be about 20 per cent higher.

★

The Nelson Fund at the end of last December was worth $5¼ million and not $2¼ million as stated in the note on February 24th; the latter figure, Mr George Nelson says, flattered too much "in the direction of Lilliputian measurement."

★

In the year to November 30, 1961, the trading profits of Car Mart, the BMC and Ford car distributors, fell from £774,000 to £514,000 and the total dividend was cut from 37½ to 22½ per cent. The directors say they are considering a rights issue to raise £500,000.

★

Sales by the Prestige Group, which makes household and kitchen furniture, rose by 2 per cent in the United Kingdom but sales to Common Market countries rose by 65 per cent in 1961. Net profits rose from £463,000 to £484,000 and the ordinary dividend was maintained at 25 per cent.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 948, 949 and 952, 953, 954 on:

English Electric
Royal Dutch/Shell
Drage's
Army & Navy Stores
Scottish Widows
Monsanto Chemical
P & O
Hudson's Bay
British Home Stores
Jaguar
United States Banks
Hickson and Welch
Rugby Portland Cement
A. W. Gamage
International Nickel
Wilmot-Breeden

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 950 and 951

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 955

COMPANY MEETINGS

NATIONAL AND GRINDLAYS BANK LIMITED

ENCOURAGING RESULTS OF MERGER

PROPOSED RIGHTS ISSUE

MR J. K. MICHIE'S STATEMENT

The Annual General Meeting of National and Grindlays Bank Limited, will be held on April 3rd at 26, Bishopsgate, London, E.C.

The following is the statement by the Chairman, **Mr J. K. Michie,** which has been circulated with the report and accounts:

The Balance Sheet and Accounts of the Bank now before you reflect in figures *inter alia* the outward results of the acquisition on January 1, 1961, of the Eastern business and branches of Lloyds Bank Ltd. and these I am sure you will concur are encouraging. But what cannot be seen is the effort and co-operation by the staff throughout the combined business which has made the merger the success it undoubtedly is. The integration of staffs, methods and systems which have grown up separately and independently is a task requiring patience, goodwill and broadmindedness, and if in one year we have not achieved "optimum" results, we are well on the way to that desideratum.

The total of our consolidated balance sheet as at the close of 1961 was £251,284,590, or approximately £70 millions more than at December 31, 1960. Of this increase about £50 millions is attributable to the addition of Lloyds branches, leaving £20 millions for "growth." Because of the merger, figures of deposits and advances are not readily comparable, but as a consequence of the continued pressure for financial accommodation our liquidity ratio again fell slightly.

Naturally our expanded business brought higher profits, the figure being £644,273 against £479,276 for 1960. This increase has enabled us after providing for a dividend of 14 per cent on the increased capital to place £150,000 to Premises Account and allot £100,000 to Reserve Fund. Taxation I regret to say took an even higher percentage of our gross profits in 1961, otherwise our showing would have been somewhat better.

To bring our Reserve Fund more into line with our increased capital we decided to transfer a sum of £850,000 from our inner reserves, thereby bringing our published reserves to the round figures of £4 millions.

An expanding banking business carries with it the obligation to have its liabilities backed by a sufficiency of capital and reserves. At the Extraordinary General Meeting which will follow the Annual General Meeting shareholders will be asked to sanction an increase in the authorised capital of the Bank from £5,702,925 to £9,000,000. If this is agreed to it is then the intention to make a rights issue, in the proportion of one share for every four held on March 14, 1962, at a price of £1 5s. 0d. per share.

Your Board expects to maintain a dividend at the rate of 14 per cent on the increased capital.

NATIONAL & GRINDLAYS FINANCE AND DEVELOPMENT CORPORATION

The net profit for the year was £16,302. A dividend of £15,000 was declared and is included in our Consolidated Profit and Loss Account.

Old loans made at low rates of interest are gradually being reduced or revised and, if the Corporation can borrow at somewhat finer rates, results should steadily improve.

EXPORTERS' REFINANCE CORPORATION

During the year the Bank joined with the Hongkong & Shanghai Banking Corporation and S. Japhet & Company Limited in forming the Exporters' Refinance Corporation Limited for the purpose of providing credit finance for exporters on a short and medium-term basis. The authorised capital of the new Company which recently commenced operations is £1,000,000. The three participants have equally taken up shares of a nominal value of £750,000 of which £150,000 has been subscribed. Lord Aldington is Chairman of the Company and Mr Owen and Mr Cayley, Deputy General Manager of the Bank, are also on the Board.

BOARD

Due to failing health, Mr Mackenzie Hay resigned from the Board on June 30th last and much to our regret he died a few months later. During his thirteen years as a Director, including three as Deputy Chairman, by his ability, his charm and his modesty Mr Mackenzie Hay endeared himself to all with whom he came in contact and his passing was a great sorrow to us.

I must also mention the death last year at a ripe old age of Mr R. H. L. Langford James who was a member of the Board for 21 years and Chairman from 1936 until 1946. He was a man of great character and in his own quiet way made his imprint on the Bank and left a legacy of unity and co-operation between Chairman, Board and Management from which we who followed have derived great benefit.

It is not long since we had occasion to congratulate your Deputy Chairman on receiving the honour of Knighthood. Sir Toby Low has now become Lord Aldington and I am sure you will all wish to join in congratulating him on this further recognition of his signal services to the country.

At the end of the proceedings of the Annual General Meeting we shall lose three of our present Board, Mr McGrigor, Mr Allan and Mr Chisholm having intimated their wish to resign. All have given unselfishly of their time, their abilities and their experience to the service of the Bank and we shall miss them.

Mr McGrigor joined the Board in 1951, and his wide knowledge of Indian and African business and industry and of tea in particular has been of great value to the Board.

Mr Allan and Mr Chisholm after reaching the highest executive position in the Bank have served on the Board for 9 and 5½ years respectively and we have benefited from their great experience of our business and its problems.

INDIA

The results of the General Election, now being held and which has been rightly described as a massive exercise in democracy will be known before this is in your hands.

The Reserve Bank rate remained unchanged at 4 per cent although throughout 1961 call-money often cost considerably more and at the end of the year 5½ per cent was being paid. This is a reflection of the continued steady pressure for Bank accommodation, principally by new and growing industries to which I drew your attention a year ago and there is no sign of a cessation. An illustration of this pressure is that during the eight months April 1 to November 30, 1961, consent was given to the formation of 258 companies including 53 of foreign origin with a total authorised capital of Rs. 160.81 crores. Inevitably this puts the banking system under continued strain, a strain which, with the encouragement of the Reserve Bank, has been met very successfully.

The process of merging weaker with stronger banking units has continued, public confidence has revived and there has been an increase in deposits over the whole field of scheduled banking.

A scheme for compulsory insurance of small deposits came into effect on January 1, 1962, and although the cost will fall largely on Banks whose depositors do not require this protection it is hoped that they too will gain from the confidence which the measure will engender in the minds of the small depositor.

The Reserve Bank has strongly advised indigenous Banks to increase their inner reserves; at the same time it has shown every disposition to assist banking through its Bill Market Scheme and by the encouragement it continues to give to the spread of the banking habit.

During the year we have been given licences to open 14 new branches of which 4 are already in operation. Arrangements for the others are in train.

In spite of very considerable foreign aid India's external reserves have fallen by some Rs. 20 crores and this cannot but cause some anxiety. Until India's economy becomes self-propelling the buttress for her balance of payments deficiency must come from outside and the consortium of western nations responsible for providing the bulk of the external wherewithal for India's latest five year plan known as the "Air India Club" will be considering her needs. The total so far promised for the first two years is $2,225 millions but another meeting is to be held in May of this year to review the situation.

Agriculture must be regarded as the life blood of India and it is encouraging to see that the Planning Commission expect to see an increase in production of 24 million tons to a total of 100 million tons over the next five years. Sometimes it has been thought that agriculture ranked too low in the plans of a country much of whose population is so near the breadline but this would be a great step towards eliminating food shortages.

The jute industry had a much better year in 1961 and as a result of increased export demand

the number of looms sealed was reduced to 7 per cent in January of this year, the lowest for many years. Due to the competition of lower cost goods principally from Japan and Hong Kong, India's exports of cotton piecegoods were considerably reduced, particularly to Australia and East Africa.

Tea also had a difficult year and prices particularly for common teas fell to low and in some cases barely remunerative levels, a situation which still persists.

PAKISTAN

In October last the fine new headquarters of the State Bank were officially opened in Karachi and your Bank was represented by your Deputy Chairman.

The State Bank rate remained unchanged at 4 per cent throughout 1961 and money continued to be tight.

The movement in the country's external assets during 1961 was an adverse one and strenuous efforts are being made to increase exports. However, during the year 1960-61 industrial production rose by 12.4 per cent which is a distinctly encouraging pointer and one which many older countries will envy. Agricultural production too was considerably increased.

Pakistan has been somewhat apprehensive about obtaining adequate aid for her current five year plan but a recent decision made in Washington by the western consortium steps up their contributions covering the second and third years of the plan by $625,000,000. The Indus Basin Projects are now getting under way and a number of major contracts have recently been placed.

CEYLON

Ceylon, I regret, has again had a troubled year. Balance of payment difficulties, illegal strikes and a very recent abortive attempt to overthrow the Government have all contributed to an unhappy situation which one feels in a country so well endowed with natural resources could somehow be avoided. The recent rise in rubber prices should help considerably. Apart from an unofficial strike by all Bank employees we along with other foreign banks are now under recently imposed disabilities which must have a restrictive effect on our business. Indeed that is the declared intention.

The most recent figures available show Ceylon's external resources as Rs. 476.4 millions in November, 1961, against Rs. 481.2 millions in December, 1960. The Central Bank rate has remained at 4 per cent since 1960.

BURMA

1961 was not a good year for exports, for due to an unusually short rainfall the rice crop which is Burma's economic backbone produced an exportable surplus of only 1,600,000 tons, a fall of 400,000 tons from the 1960 figure, representing a loss of over £12 million in foreign exchange. As this is under 50 per cent of the average pre-war exports obviously much remains to be done to encourage the cultivator and to give him a sense of security.

Early last year we decided that two offices in Rangoon were unnecessary and during the year we gradually transferred the business of Lloyds Branch to our main office. This operation has now been successfully completed and our surplus office has been sold.

ADEN

Business in Aden was well maintained in 1961 including her entrepôt trade which had been showing some signs of declining. A minor building boom still persists but the prosperity of Aden depends rather too greatly on the refinery and her oil bunkering business, plus the considerable expenditure in connection with the British Forces in the area. The extension of cotton cultivation in Abyan and Lahej is therefore a welcome development.

We have recently extended our branch system in the area by opening sub-branches at Jaar, Lahej and Zingibar in the West Aden Protectorate, and in due course we shall open at Al-Ittihad.

SOMALI REPUBLIC

Rains were good and export business was active last year to the benefit of our branches. However, as a result of the union of the two territories we have ceased to be bankers to the Government and this cannot but reduce our business though we hope temporarily only.

EAST AFRICA

1961 was a difficult year in all four territories falling under this head and there is no reason to believe that the difficulties are over.

The rate of outflow of European and Asian capital has recently declined considerably but I fear that is only because the supply of "free" money is decreasing. Naturally a situation of tight money means dear money and this scarcity could easily reach a point when the supply was inadequate to finance the growing and marketing of the crops.

The Currency Board has recently taken a step to meet this difficulty by offering discount and advance facilities to the Banks specifically against crop finance and this will be of considerable help.

It is a most unfortunate concatenation of circumstances that a year of political destiny should also have had to bear visitations of nature which have struck grave blows at the economy of the whole area, first the severe drought followed at the end of the year by rains and floods unprecedented in this century. This combination has had disastrous effects on crops almost without exception—the Uganda cotton crop is now estimated at less than half of the first expectation—and has further lowered the morale of farmers and cultivators.

Politically, though at different stages, each country is in a state of transition. Tanganyika having achieved self-government in December last is furthest ahead although her leader and first Prime Minister, Mr Julius Nyerere, has already given up his office in order to reorganise his party TANU. Mr Nyerere had achieved great prestige as a statesman of broad and liberal views and it is sincerely to be hoped that the step he has taken presages a continuance of the non-racial policy which he had preached so insistently and apparently so successfully.

Uganda achieved full internal self-government on March 1st and attains full independence in October. Meantime a Commission is engaged in trying to settle the contesting claims of Buganda and Bunyoro to certain territories.

In Kenya the constitutional problem is still unresolved and it is to be hoped that out of the Conference now being held in London will come some mutually acceptable and workable plan which will meet the aspirations of the Africans and allay the fears of the non-indigenous races.

Schemes have been canvassed whereby there could be a willing transfer of land on reasonable terms from European to African ownership but the equivocal *obiter dicta* of certain party politicians have not contributed to the task of achieving an early and reasonable settlement of this fundamental problem.

Meantime values of Government Securities, of commercial and industrial shares, and of land and properties have fallen steeply, and without a new spirit of accommodation this will have grave long-term effects on the economy of the country, and on the level of employment of the growing African urban population.

Zanzibar is now working under a new constitution under which an election was held in January last.

Unfortunately Indonesia bought practically no cloves during the second half of 1961 and this resulted in a drastic fall in exports and a rise in unsold stocks. Exports of coconuts and copra also suffered a setback.

In July, 1961, we opened a sub-branch at Wete on Pemba Island which is the main clove producing area.

FEDERATION OF RHODESIA AND NYASALAND

The Federation again came out with a favourable balance of trade of around £60 million, tobacco and copper both doing well and recently trade has been more active; but here again the future is wrapped up in political and constitutional questions which have still to be settled and which include the future of the Federation itself. Meantime investment capital is shy and scarce and building activities have declined to a trickle. Our business is making steady progress.

GENERAL

As you will have seen, we are by no means without our problems but our overall chart shows we continue to grow. This also applies to our London business and I make no apology for drawing the attention of our shareholders and our overseas constituents to the various services which are available not only at Head Office but also at Parliament Street and St. James's Square.

As I have already indicated, I am highly satisfied with the calibre and *esprit de corps* of our staff and I wish to thank them for another most excellent year's work.

The economy of this country continues to be balanced much too finely. The causes and problems involved have been fully commented on by other bankers whose institutions are affected more closely than is our own; but what does concern us are the possibilities of an economically unstable Britain and the repercussions on the countries in which we operate and on our own operations there. It is becoming increasingly evident that the countries more recently emerging into self-government tend to emphasise their independence not by stressing their association with Great Britain but rather by making other contacts, some regional, others geographically more widely spread. This is a natural and understandable phenomenon and how it affects Great Britain as a country and us as a Bank will depend largely on how much or how little we as a nation can give these countries in financial and other kinds of assistance to enable them to gain their economic and political feet. The question of our entry into the Common Market is a part of this issue, for many Commonwealth countries are a little apprehensive about not merely the economic but also the political consequences of our doing so. For that

amongst other reasons it is important that we should know as soon as possible what are the terms on which it is open to Great Britain to join the European Common Market and so be able—I hope—to reassure doubting Commonwealth countries about their own future relations with us.

An Extraordinary General Meeting will follow the Annual General Meeting for the purpose of considering two resolutions. The first refers to the proposal to increase the capital of the Company. The second provides for an alteration to the Articles of Association to empower the Directors in appropriate cases to provide pensions or other suitable retirement benefits to a Chairman or Deputy Chairman of the Bank.

A letter covering the reasons for these proposals is being sent to shareholders so no further comment is required from me.

FALCON MINES

The fifty-second annual general meeting of Falcon Mines Ltd. will be held on March 30th in Bulawayo, Southern Rhodesia.

The following is an extract from the Statement of the Chairman, **Mr F. L. Wigley,** circulated with the Report and Accounts for the year ended September 30, 1961:

The Net Profit for the year was £206,044. After providing for Dividends Nos. 15 and 16, totalling 1s. per share (20 per cent), which absorbed £99,858, there remained a balance unappropriated of £64,848, compared with £24,376 brought forward from last year.

The total capital expenditure for the year, less recoupments, was £89,267.

At the Dalny Mine, the tonnage milled increased by 20,450 tons and gold recovery was 3.905 dwts per ton compared with 3.850 dwts for the previous year. Resulting from the higher recovery and a reduction in working costs of 1s. 6d. per ton milled the working profit at the Mine rose by £57,259.

The ore reserve at September 30, 1961, justifies not only the maintenance of the present milling rate for the current year but an increase in the average yield to a little over 4 dwts. This is somewhat below the maximum recovery which the ore reserve value would permit, as a substantial tonnage of above average grade ore located below 13 level will remain largely unavailable for stoping until the new subvertical shaft is commissioned.

The total development footage accomplished in the Dalny and Pixy sections at 14,330 feet was almost the same as that of the previous year whilst percentage payability and values were slightly lower. Since the close of the year, development has encountered pay areas in most sections of the Mine and consequently the percentage payability for the quarter ended December 31, 1961, showed a marked increase.

The estimated ore reserve at September 30, 1961, was 709,100 tons valued at 5.46 dwts over a width of 111 inches. The further rise of 0.42 dwts per ton in ore reserve value is particularly satisfactory and arises mainly through the demarcation of the Dalny orebody by development work carried out between 13 and 15 levels where higher than average values were encountered.

The relationship between management and labour at the Dalny Mine is harmonious and we are continuing to expand the recreational and social amenities, including housing for all races.

Christiania Bank og Kreditkasse

Norway's oldest Commercial Bank

Head Office: **OSLO — NORWAY** — *Telegrams:* **KREDITKASSEN**

Offices outside Oslo:

Arendal — Dokka — Elverum — Hamar — Moss — Mysen — Trysil — Tynset

Balance Sheet as at 31st December, 1961

Assets.		
Cash in Hand, and Due from Bank of Norway	Kr.	98 753 784
Due from Norwegian Banks	„	106 450 124
Due from Foreign Banks	„	110 255 211
Investments	„	101 510 986
Mortgages	„	58 952 534
Bills discounted	„	343 091 598
Advances to Customers and Other Accounts	„	681 034 410
Foreign Exchange Debtors	„	6 911 091
Commercial Credits	„	6 981 421
Bank Premises, etc.	„	5 951 766
Other Assets	„	20 041 548
	Kr.	1 539 934 473
Liabilities.		
Demand Deposits	Kr.	343 717 436
Deposits at Notice or Fixed Term	„	678 951 539
Due to Norwegian Banks	„	165 545 109
Due to Foreign Banks	„	184 677 391
Cheques in Circulation, etc.	„	11 160 502
Foreign Exchange Creditors	„	32 001 543
Commercial Credits	„	11 893 047
Estimated, not assessed taxes for the income year 1961	„	8 800 000
Other Liabilities	„	34 521 521
Capital fully paid Kr. 32 000 000		
Reserve Fund „ 17 224 000		
Reserve for Contingencies „ 8 500 000		
Balance carried forward to 1962 „ 10 942 385	„	68 666 385
	Kr.	1 539 934 473

Oslo, 31st December, 1961/12th February, 1962.

Foreign Exchange Futures Kr. 2 093 022. Guarantee liabilities Kr. 505 266 202. Of this liable to Norwegian Commercial Banks' Guarantee Fund Kr. 15 322 495 secured by deposits of securities.

Eilif Due Leif Höegh Egil Offenberg Einar Grette Sven Viig

E. Torgersen, *Chief Auditor.* G. Grimsrud, *Chief Accountant.*

CABLE AND WIRELESS (HOLDING)

(Investment Trust Company)

10 YEARS OF EXPANSION



Sir Edward Wilshaw, KCMG

The 33rd annual general meeting of Cable and Wireless (Holding) Limited was held on March 2nd in London.

Sir Edward Wilshaw, KCMG, DL, JP, LLD (the Governor), presided and, in the course of his speech, said:

Once again I am able to present accounts showing a continuation of the consistent expansion which has been a feature of our accounts during each of the preceding nine years.

Compared with the previous year the Gross income has risen by £201,691; earnings, after taxation, have increased by £139,610; the net amount distributed to Stockowners has increased by £182,754; the Book value of the investments has increased by £2,501,496 and the Market value of the investments has increased by no less than £6,802,783 to £49,112,465.

Over the ten-year period Gross income has increased from £986,435 to £2,345,555; earnings, after taxation, from £316,355 to £1,161,876; distribution to Stockowners from £210,000 to £781,911; book value of investments from £14,244,341 to £25,360,158 and the market value of investments from £14,719,354 to £49,112,465. In normal times one great advantage of an investment in an Investment Trust Company is the Trust's ability generally to make up on the "swings" what it loses on the "roundabouts," but the Chancellor's request for dividend restraint means that there is little, if any, to be made up on the "swings," while for some time now company reports, notably those of the Steel Companies, have shown that the "roundabouts" are having to bear reduced profits and reductions of dividends; the effect of this has already been felt to a certain degree. I do not contemplate, however, that the full effect will be sufficient to prevent our earnings from providing ample cover for the payment of a 10 per cent dividend for the next accounting period.

When we commenced business as an investment trust in 1950, £100 of our Stock could have been purchased for £96; since that time a further investment of £115, making a total of £211, would have sufficed to take the full entitlement of shares issued by way of "rights." Today the shares so purchased, increased by the further shares issued free by capitalisation of profits, would be worth some £860. During the same period the gross income receivable would have risen from £6 to £27, this latter sum representing a return of £12 16s. per cent on the total sum invested.

For many years this company has done its utmost to encourage the small investor and I feel the success of our efforts is amply evidenced when I tell you that, over the past five years, the number of accounts on the Register of Ordinary Stockowners has increased by no less than 100 per cent. The report was adopted.

Prestige

THE PRESTIGE GROUP LIMITED

Mr Arthur Keating Reports on 1961 — a record year

Higher Turnover and Profit · Growing Importance of Common Market Sales

The Annual General Meeting of The Prestige Group Limited will be held in London on 29th March, 1962. The following are extracts from the Statement by the Chairman, Mr. Arthur Keating, and the Managing Director, Mr. T. O. Rauworth, which has been circulated with the Report and Accounts for the year ended 31st December, 1961.

The results for the year under review again represent all-time records for your Company. Higher turnover and profit were achieved in 1961 in spite of the general economic difficulties experienced in the United Kingdom and in some export markets.

GROUP TRADING RESULTS IN 1961

Group sales totalled £6,841,981 in 1961 compared with £6,300,012 in 1960. The net profit before taxation amounted to £1,020,829 compared with £937,864 in 1960. Provision of £536,381 has been made for taxation on these earnings, leaving the profit for the year after taxation at £484,448 compared with £462,774 in 1960.

In accordance with the terms of issue, a sum of £12,449 has been set aside out of the profit after taxation for the redemption of Preference Shares in 1962, and dividends paid and recommended for payment will require £211,792 leaving an amount of unappropriated profit retained in the business of £260,207.

The balance of unappropriated profit brought forward from 1960 amounted to £1,684,101 so that after adding the retained profit for 1961 the total to be carried forward to 1962 amounts to £1,944,308.

DIVIDENDS

Your Directors recommend the payment of a final dividend of 21 per cent on the Ordinary Shares, making a total dividend of 25 per cent for the year, which is the same as that paid for the previous year. Your Directors will consider the possibility of a higher rate of annual dividend when the Government's present request for dividend restraint has been ended provided that earnings remain at the level of 1961.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet at 31st December 1961 continued to show a strong position.

Fixed assets at cost, less depreciation, amounted to £1,360,874. Current assets totalled £3,983,170 of which £1,233,266 was represented by cash and short term investments. Stock amounted to £1,588,111 compared with £1,872,897 at the end of 1960.

SALES—HOME AND EXPORT

Increased sales in home and export markets were again achieved in 1961. Home sales, under the Prestige and Sky-line brands, are backed by strong television, cinema and press advertising programmes and our products are greatly in demand among all classes and in every part of the United Kingdom.

Export sales, including sales by our foreign subsidiary companies, again constituted a record and this year represented 31% of total turnover. Our products are in fact sold in 96 countries throughout the world. At a time when the Government has asked for increased exports, we are proud of our record in this respect.

SALES IN THE COMMON MARKET

Turnover in the Common Market countries has increased by 65% from £632,844 in 1960 to £1,049,288 in 1961. Our companies, which are now operating in Belgium, Holland, Luxembourg, Italy, Germany and France all made further progress during the year.

The six countries comprising the E.E.C. are vital markets for us. We applaud the decision of the Government to apply for the United Kingdom's membership and trust that the negotiations will be successful. If the United Kingdom joins, this Company will be exceptionally well placed to take advantage of the fact. Even if the negotiations fail, the Company will still reap a great benefit from having established these subsidiary companies in Europe: in such an event, suitable products would be manufactured within the boundaries of the Common Market for distribution by our European companies and plans for this eventuality have been prepared.

AUSTRALIA

Trading conditions in Australia in 1961 were made difficult by the severe credit squeeze imposed there. In spite of this, sales and profits of the new Australian subsidiary show that a good start has been made.

ENTWISLE AND KENYON LIMITED

This company, which we acquired in May 1960, was again very successful in the year under review. In 1961 we have had the benefit of a full year's trading and the company is now making a substantial contribution to group profits.

Orders received still outstrip supply even though additional equipment has been purchased and more manufacturing space provided. The demand for Ewbank carpet sweepers which exists in export markets will be more fully met when increasing production levels satisfy the home market.

O-CEDAR LIMITED

In July 1961, the manufacturing operations of O-Cedar were transferred from Slough to our Blackburn factory and the sales of O-Cedar products were integrated with those of the Prestige Sales Division.

New products have been added and the prospects in 1962 for the whole O-Cedar range of mops and polishes are good.

MANUFACTURING IN THE UNITED KINGDOM

The 75,000 square feet extension at the Burnley factory which was referred to in the review last year was duly completed in September 1961 at a cost of approximately £175,000. The easing of pressure on manufacturing and storage areas has already resulted in increased efficiency and has permitted us to plan for greater production in 1962.

OUTLOOK FOR 1962

The year has opened well. Orders have come in steadily from both home and export customers. Certain new products seem likely to be very successful this year. The Common Market promises a bright future for us, particularly if the United Kingdom becomes a member. The search for further suitable and profitable acquisitions at home and abroad will go on. In 1962, in the absence of special circumstances, the growth of Prestige should continue.

1961 IN BRIEF

	1961	1960	Increase
Sales	£6,841,981	£6,300,012	8·6%
Profit before Tax	£1,020,829	£937,864	8·8%
Tax	£536,381	£475,090	12·9%
Profit after Tax	£484,448	£462,774	4·7%
Ordinary Dividend (25%) less Tax	£199,063	£199,063	—
Cover for Ordinary Dividend	2·3 times	2·2 times	
Unappropriated Profit	£260,207	£238,768	9·0%
Net Assets	£4,090,651	3,834,827	6·7%

Copies of the Accounts and the Chairman's Statement may be obtained from the Secretary, The Prestige Group Limited, Prestige House, 14-18, Holborn London, E.C.1

Factories and Products. **BURNLEY:** *Kitchen tools and gadgets, cutlery, mops, strainers and bathroom fittings.* **DERBY:** *Pressure cookers, stainless steel saucepans and frying pans, kettles and anodised aluminium bakeware.* **BLACKBURN:** *Household tinware, commercial bakeware, stepstools, O-Cedar mops and polishes.* **ACCRINGTON:** *Ewbank carpet sweepers and carpet shampooers.*
Subsidiary Companies operating in **BELGIUM, HOLLAND, LUXEMBOURG, GERMANY, ITALY, FRANCE** *and* **AUSTRALIA.**

THE ENGLISH ELECTRIC COMPANY LIMITED

LORD NELSON OF STAFFORD ON FURTHER STRENGTHENING OF GROUP'S TECHNICAL AND COMMERCIAL STANDING

The Annual General Meeting of The English Electric Company Limited will be held on March 29th in London.

The following are extracts from the circulated statement of the Chairman, **Lord Nelson of Stafford.**

We have made certain changes on the Boards of our principal subsidiaries to meet the needs of the growth of our business and to provide for succession in our administration.

In the circular letter issued on November 21st last I told you that 1961 had been a difficult year, but I want at once to assure you that we are not depressed about the future: Our turnover during the year has increased and the volume of new orders received has been substantially maintained. My letter was issued because of pressure on margins and the unsatisfactory trading of three of our subsidiaries, which became evident in the second half of the year. Our results were also affected by some of the measures introduced by the Government in July, such as changes in purchase tax and the increase in Bank Rate.

In the end the net earnings of the Group available for the shareholders of The English Electric Company for the year 1961 come out at £2,232,999 after providing for losses incurred during the year by our subsidiaries, D. Napier & Son, the John Inglis Co. of Canada and Marconi Italiana, which is wholly owned by Marconi's Wireless Telegraph Company. For the moment, I would ask you to consider the profits of the year against the general background of our business and its prospects. We have a satisfactory order book for deliveries to be spread over several years ahead. We have a fine team to whom on your behalf I express our most grateful thanks for their enthusiastic support. We have further strengthened our technical and commercial standing. I hope that, given freedom to operate without interruption or hindrance, our earnings for 1962 will be higher than for 1961.

Nevertheless we have felt it wise in the light of the actual results for 1961 and the need to conserve resources during a period when money is both scarce and dear to make some reduction in the total distribution for that year. We accordingly propose a final dividend on the Ordinary Stock at the rate of 5 per cent, making a total dividend for the year of 8 per cent, as against 10 per cent for 1960. We hope you will approve our recommendations as being in the circumstances prudent.

D. NAPIER & SON LTD.

The business of D. Napier & Son has hitherto comprised the manufacture of aero engines, other power equipment and general engineering. During 1961 negotiations were completed for the aero engine side of the business together with certain fixed assets to be transferred to a new company named Napier Aero Engines Ltd. in which Rolls-Royce Ltd. acquired a 50 per cent interest for a cash consideration. Under these arrangements Rolls-Royce undertake the management of Napier Aero Engines whose principal products are the Eland and Gazelle aero engines, but D. Napier & Son remain responsible for the financial outcome of all operations concerning the Eland engine and the completion of existing contracts for the type 13 Gazelle engine. Rolls-Royce have an option to acquire the remaining 50 per cent of Napier Aero Engines at a future date.

We greatly welcome the association of Rolls-Royce in this joint enterprise. Through this arrangement our aero engine business is brought within the framework of H.M. Government's policy of supporting two main aero engine groups and as a result orders have been placed by H.M. Government for the further development of the Gazelle engine.

The operations of D. Napier & Son for 1961 resulted in a loss of £2,700,000 (which is reflected in the Group earnings before taxation). This loss is largely due to irrecoverable expenditure arising during the year in connection with the Eland engine. This turbo-prop engine was originally developed under contract with H.M. Government, who subsequently withdrew support owing to inability to match this engine with an airframe programme. At that stage we decided to continue development on our own account in the belief that there would be an adequate market for the engine as a suitable replacement for piston engines on certain civil aircraft. This belief has proved ill-founded; although sales were effected overseas to the R.C.A.F. and to civil users, the volume of business has been quite inadequate to recoup the development expenditure and there has been heavy outlay in maintaining the necessary standard of economic performance on the engines now in civil use.

In these circumstances—and since prospects for further sales which until recently seemed a possibility have receded—we have decided that no further civil orders will be accepted for the Eland engine. As a result of the termination of this work certain assets in the way of stocks and debtors valued at about £6,000,000 appertaining to this project and built up prior to 1961 are no longer of value. £3,000,000 of tax will be recoverable on this loss. The remaining £3,000,000 has been written off by drawing on reserves (£2,000,000 from The English Electric Company and £1,000,000 from D. Napier & Son) as shown in the balance sheet.

Development expenditure incurred by Napiers and unabsorbed at the end of 1960 has been provided for by applying the taxed reserve of £1,000,000 previously set up to cover expenditure of this kind.

This deals with the balance of all expenditure incurred to date in regard to the Eland engine and takes no credit for any subsequent recoveries. There will, however, be some further outlay in respect of terminal obligations arising out of contracts relating to engines now in service with customers and otherwise. On such assessment as we are able to make at this stage it is not expected that this latter amount, after taking account of estimated recoveries, will exceed £1,500,000.

It is naturally a matter of deep regret to me to have to report this outcome of what originally seemed a promising venture. It is, however, indicative of the hazards inherent in the introduction of a new aero engine under conditions now prevailing.

MAIN OPERATIONS

Many of our principal divisions and subsidiary companies have achieved satisfactory results.

The principal activity of our Group of companies is the production of plant for the generation of power, its distribution and its use in industry and transport. The growth in the demand for electric power in recent years has been steady and substantial, and all the indications are that this will continue entitling us to expect the demand for our products to rise. The investment which we have made over the years in research and development and in plant and personnel will enable us to meet these demands.

In the power field we have achieved some outstanding successes and stand second to none. We have also contributed materially through our research and development to the improved operational efficiency of power stations and to the low cost of electric power.

Continuing and rapid growth is also to be expected in electronics in which your Company is particularly active in many fields.

EARNINGS ON CAPITAL EMPLOYED

Expressed in relation to the total capital employed in our diverse engineering business, the Group profit after tax applicable to members of the Company has declined over recent years. Apart from the particular adverse factors in our own Group in 1961, to which I have referred, margins throughout the heavy electrical industry, especially in export business, have tended to decline. Our ability to attract the large amount of capital required to provide the facilities to meet the rising demand must depend on our earning a sufficient return on the money already invested, which in turn necessitates improved profit margins on our sales.

OVERSEAS BUSINESS

The earning of such a return is greatly hampered by the low level of export prices for many of our traditional products, particularly heavy plant.

Although we take pride in the contribution which our great volume of export orders makes to the country's balance of payments, it is a matter of great concern that this export business contributes so little to your Company's earnings.

Various forms of export incentives have been discussed in recent months. I would welcome any arrangements that are both practical and in accordance with our international obligations.

In the field of finance we are grateful for the arrangements which H.M. Government and leading City institutions have made to provide medium and long term finance for exports at fixed rates of interest.

INDUSTRIAL PLANNING

We also welcome the Government's initiative in making a study of industrial planning.

The Chairman then reviewed the activities of English Electric Divisions and of principal subsidiary and associated companies, including the Marconi group, English Electric Valve Co., and British Aircraft Corporation.

THE STEETLEY COMPANY LIMITED

(DOLOMITE AND REFRACTORIES)

The Annual General Meeting will be held in Sheffield, on 30th March, 1962.

The consolidated accounts for the years ended 31st December, showed :

	1960	1961
	£	£
Surplus before taxation	3,135,664	2,813,624
Taxation	1,636,783	1,438,301
Minority interests	26,686	30,219
Profit	1,472,195	1,345,104
Cost of dividends	427,333	427,333
Profit retained	1,044,862	917,771
Ordinary dividend rate	16%	16%

The following is an extract from the statement to the shareholders made by Mr. N. M. Peech, Chairman :

The fall in profit occurred wholly in the second half of the year and was due to a reduction of 17 per cent in the U.K. steel production compared with the corresponding period of 1960.

DIVISIONAL REPORTS

In the dolomite division, productions and sales of refractory materials were lower but the other activities within the division showed a small increase in profit. The magnesia division again operated at maximum capacity. The refractory brick division had a difficult year because in the first half it had not the capacity to meet the big demand for basic bricks containing magnesia and in the second half the demand was lower due to the reduction in steel production and the position was aggravated by customers reducing their stocks of bricks. The Canadian division had another satisfactory year.

The extension to the Hartlepool works which has cost £3 million and will raise the capacity by some 40 per cent was virtually completed by the end of the year. Based on the U.K. consumption of magnesia and our exports during 1961, this greater capacity is required. The Board believe that the Hartlepool works which is the largest of its kind in the world is soundly based and highly competitive and we look forward to the new types of magnesia that will be marketed in 1962. The extension to the brickworks at Steetley was also largely completed by the end of the year ; it enables us to give prompt delivery and concentrate basic brick production at this modern works which can meet the ever more stringent and varied demands for refractories by the steel and other industries.

FUEL PRICES AND THE ECONOMIC NECESSITIES OF INDUSTRY

By re-investing a large proportion of our profits over the last ten years in the building of new works, in introducing new methods and further mechanisation, a good increase in output per man and lower production costs have been obtained, but there are certain cost factors of great importance over which we have no control. For example, the price of coal used by our Whitwell, Worksop plant is £4 17s. 8d. a ton at the adjoining colliery, whereas the price of much better quality coal used for the same purpose by our Canadian works is $6.27 or £2 5s. 0d. a ton at pithead in West Virginia, U.S.A.

We have noted also that our American coal is carried 425 miles on rail for $4.26 or £1 10s. 0d. per ton. Yet in a highly industrialised country like Britain we are paying that amount for haulages of a quarter of the distance for similar bulk traffic.

Fuel (in the form of coal, coke and oil), electric power and transport amounted to 43 per cent of the total cost of the refractory goods we sold last year so we are vitally concerned with the prices of these materials and services. Similarly companies that manufacture machinery, motor vehicles, chemicals and other important products that constitute the bulk of Britain's exports are all affected by the cost of these items both directly and indirectly in the cost of the steel and other materials that they buy.

Having regard to the overriding need to reduce industrial production costs and prices to compete in world markets, there is surely every reason for concentrating coal production in this Country in the efficient pits where costs may well be little more than the American coal price. The imposition of further excise duties on fuel oil of £2 4s. 0d. a ton during 1961 runs completely counter to the recognition of the economic necessities of manufacturing industry.

EXPORTS AND THE COMMON MARKET

With the new production facilities now available to us some further progress should be made in the export field and by increasing our sea-water magnesia capacity to the current 220,000 tons per annum and selling it at competitive prices, we are contributing £6 million to the balance of payments by reducing imports and expanding exports.

A decision has been taken to build a new sea-water magnesia works in the Mediterranean area with Common Market partners. As the finance will largely be provided by loans from sources in the area, the call on our funds will be small.

PROSPECTS

In 1962 the first half-year is expected to show lower profits than in the first half of 1961 due to lower U.K. steel production and the continuation of " de-stocking " by our customers but the second half-year is expected to show an improvement. We anticipate obtaining some benefit from the additional magnesia capacity but the brickworks extension will not be fully utilised until steel production increases. Looking further ahead, we believe that our technical developments and drive to reduce production costs in order to have the greatest possible competitive strength will be reflected partly in the year 1962 but more so in the years to come. In terms of modern productive capacity, we are now well equipped to meet the higher demands that will arise in due course from the greatly increased steel capacity now taking place in this Country and abroad. We have faith in the steel industry's future and like to be associated with it.

Finally, we foresee reasonable growth in our activities and prospects, although the rate of growth is expected to be slower than has been our rather exceptional experience in the last ten years.

THE METROPOLITAN TRUST COMPANY

CONTINUED PROGRESS

The sixty-fourth annual general meeting of The Metropolitan Trust Company, Limited, was held on March 1st in London, **The Rt Hon Lord Latymer** (the chairman) presiding.

The following is an extract from his circulated statement :

The Gross Revenue for the year ended January 1, 1962, amounted to £646,142 an increase of £36,171 over that of the previous year. After allowing for Management Expenses, Debenture Stock interest, Taxation and the dividend on the Preference Shares the amount available for dividends on the Ordinary Shares is £299,790 which represents earnings of 27.97 per cent.

The valuation of the Company's investments amounts to £12,011,201 which shows an appreciation of 178 per cent on the Balance Sheet figure. A year ago the valuation was £10,393,481 and the appreciation 143 per cent.

The directors have decided to offer Ordinary Shareholders new Ordinary Shares of 5s. each at 20s. per Share in the proportion of one new Share for every ten Ordinary Shares held. These new Shares will rank for the full dividend in respect of the year ending January 1, 1963, and provided no unforeseen circumstances arise the directors expect to be able to maintain on the increased capital the dividend at the rate of 21 per cent now recommended on the present smaller capital.

The report and accounts were adopted and a total distribution of 21 per cent was approved.

TRINIDAD SUGAR ESTATES

The thirty-ninth annual general meeting of Trinidad Sugar Estates Limited was held on March 1st in London, **Mr E. Cassleton Elliott, CBE, FCA** (the chairman), presiding.

The following is an extract from his circulated statement :

The 1961 Crop was again a record one of 16,024 tons, beating our previous record for 1960 of 14,514 tons. The yield of Estate Cane rose from 36 tons 15 cwts to 37 tons 8 cwts per acre.

The average price realised for sugar including by-products after deducting a levy of £2 15s. 0d. per ton paid under the Trinidad Sugar Industries Special Funds Ordinance was £46 8s. 8d. compared with £44 3s. 5d. in 1960.

The financial position continues to be satisfactory—the surplus of current assets over current liabilities and provisions being £235,613 compared with £188,772 last year.

The profit for the year shows an increase of £35,422 before tax and the Directors recommend a payment of the same dividend as last year, i.e., 25 per cent less Income Tax.

With regard to 1962 Crop the cultivations generally are in good order but the present indications are that the sugar content of the cane is lower than last year.

Unfortunately the West Indies has not so far received a USA Quota for 1962 and the Company's financial results for the year will depend very much on whether any Quota is received, as owing to world over-production and the collapse of the International Sugar Agreement the present world price for sugar is very low.

The report was adopted.

SOCIETE INTERNATIONALE PIRELLI S.A.

Basle, Switzerland

The Annual General Meeting of Societe Internationale Pirelli S.A. was held in Basle on January 16th with **Monsieur Albert C. Nussbaumer** in the chair. The following are details of the report presented by the Board of Directors :

Despite the pessimism justifiable on account of political upheavals which reigned throughout the year, the prices of natural rubber, copper, rayon and synthetic rubber were relatively stable, so that unnecessary stocks were not built up. The effects of the progress of European integration on the economy have been extremely beneficial.

The Company concentrated primarily on investments in its subsidiaries.

After reviewing the activities of the subsidiary companies, the report continues :

Net profit for the year 1960-61 totalled S. Fr. 8,630,755.48 compared with S. Fr. 7,096,982.32 for 1959-60. After adding the balance brought forward from the previous year, it is proposed to distribute S. Fr. 5,760,000 in the form of a gross dividend of S. Fr. 18 per share (S. Fr. 12.60 net).

In order to cover the Company's increasing investments, it is proposed to raise the capital from S. Fr. 48 m. to S. Fr. 96 m., the increase participating in profits from October 1, 1961. Moreover, the face value of the Company's shares was reduced to S. Fr. 100, and it was agreed to exchange two old shares of S. Fr. 150 each, for three new shares of S. Fr. 100. A further issue of 40,000 shares, of S. Fr. 100 each, was also authorised to enable the Company to acquire further holdings in other companies. The authorised capital was thus raised to S. Fr. 100 m.

The report, the accounts, and the proposals put forward by the Board were adopted.

Bradford Head Office March 6th, 1962.

THE 112th ANNUAL GENERAL MEETING OF THE PROVINCIAL BUILDING SOCIETY

Assets Exceed £97 MILLION

Lieutenant-Colonel F. W. Moore, DSO, MC (President of the Society), who presided, said :

On behalf of your Board of Directors, it is my duty and privilege to report to you on the operations of the Society for the financial year ended on December 31, 1961. It is the hope of the Board that you will regard their Report and Statement of Accounts such as to meet with your ready acceptance.

Following past custom I propose not to take you through the Accounts in their intricate detail but to draw your attention to what I believe are their salient features, as follows :

	£	Increase
Total Assets	97,826,172	7,249,752
Amount Advanced	15,249,202	1,600,869
Total Shares and Deposits	90,041,026	6,608,032
Total Liquidity	15,483,560	656,358
Reserve Funds	6,507,533	494,261
Number of Mortgage Accounts	74,079	1,802
Number of Deposits and Share Accounts	105,458	7,852
Total Liquidity as a percentage of Total Assets		15.83%
Reserve Funds as a percentage of Total Assets		6.65%

TAXATION BURDEN

Our taxation this year as provided for in the Accounts amounts to the huge sum of £1,670,000, which is very nearly four times the amount we have been able to put aside for addition to our reserves and well over three times the total of our management expenses. I mention these comparisons in order that you can better appreciate the truly burdensome nature of our taxation.

We have had to find more than a quarter of a million pounds extra for tax in 1961 than in 1960. Whilst some of this increase arose from the growth in the scale of our operations, which we naturally expect, there was also an increase during the year in the rate of Profits Tax which we are called on to pay—from 12½ per cent to 15 per cent. Our Movement has always seriously objected to the application of this particular Tax to Building Societies and has long crusaded for full exemption from it on the grounds that we are mutual societies of a non profit making nature and therefore, it is wrong to treat us exactly as Limited Liability Companies operating solely for profit motives. The extra impost, therefore, is felt to be not only excessively burdensome but also the addition of insult to injury.

RESERVE STRENGTH

Your Society is most fortunate in its outstanding accumulated reserves, brought about by the very long history of prudent management.

The year was a somewhat unfortunate one for Gilt-edged securities. At December 31st last the book value of those we hold was £353,326 more than their market value at that date. Our holdings are, however, all " dated " stocks and on their redemption at par value by the Government on their due dates will provide the Society with a profit of £749,971 over their book values.

The Board are very conscious of the help given us by the considerable body of associates and friends in a variety of professions and wish to extend their grateful thanks to them for their valued assistance throughout the year. It is impossible to overstate the value of this help which has contributed substantially to our progress.

The Report and Accounts were adopted.

Head Offices : Market Street, Bradford. Albion Street, Leeds.

ENGLISH & NEW YORK TRUST COMPANY

IMPROVEMENT IN REVENUE

SIR REX BENSON'S STATEMENT

The Annual General Meeting of The English and New York Trust Company Limited will be held on April 3rd at the Office of the Company, Aldermanbury House, London, EC.

The following is the statement by the Chairman, **Lieut-Colonel Sir Rex Benson, DSO, MVO, MC,** which has been circulated to Stockholders with the report and accounts for the year ended December 31, 1961:

The Report of the Directors covering this year's results has been enlarged and includes some information which in previous years was included in my Chairman's Statement.

You will see that there has again been a satisfactory improvement in revenue and had it not been for the Chancellor's appeal in July for dividend restraint, the increase would have been somewhat larger. In recent months, however, the adverse effect on profits of increased competition and narrowing margins throughout a wide range of industry has been increasingly apparent in company results and dividend cuts have become more frequent. Indications are that this trend will continue, and it therefore seems probable that our sterling income will show some reduction during the current year.

ACTIVITY IN USA

On the other hand, the strong expansion of business activity in the United States is now being reflected in profits and in the last month or two dividends there have been edging upwards. Provided that the increasing tendency to declare stock dividends is not overdone, I have every hope that our income from that country will, during the course of this year, show some improvement and help to counterbalance any loss of income from our United Kingdom investments.

Largely as a result of the improvement in the value of dollar securities relative to the total value of invested funds, the proportion of our investments in the United States has risen from 20.1 per cent to 24.8 per cent and in Canada from 3.9 per cent to 4.5 per cent. The rise in the percentage of investments in other countries from 2.6 per cent to 4.3 per cent is accounted for by the additions to our investments in Europe, including a participation in a new Trust named European Market Investment Trust under the sponsorship of Kleinwort, Benson Limited, and to the reclassification of certain investments due to the withdrawal of the Union of South Africa from the Commonwealth. Of the 5.8 per cent shown as invested in the Commonwealth half consists of investments in Australasia.

THE COMMON MARKET

News in this changing and turbulent world is so constantly disturbing that the investor—whether private or professional—hesitates to make forecasts and wonders where to put his money. Apart from the United Kingdom, some of the Dominions and the United States, many people and institutions are looking again at Europe and in particular the present countries of the Common Market. Having regard to the apparently high level of the markets and the low yields obtainable, your Directors have adopted a policy of "wait and see" and we have only 1.1 per cent of our monies invested in that area. I do not feel that we are going to "miss the bus" through this delay in investing in Europe and, if negotiations for the entry of the United Kingdom into the Common Market are successful, it may be that selected British equities, which certainly appear statistically cheaper than their European counterparts and many of which have stakes over there, would stand to gain most over a period of time.

At the end of the year 8.5 per cent of our funds were in high yielding fixed interest securities; this was rather less, based on market values, than in the previous year. We have considered it wise to maintain a reasonable proportion invested in this section of the market in order to keep up our income and we may increase it somewhat when we invest our new money in order to balance some of our low yielding equities. The valuation of investments is now £11,363,598 compared with £9,712,285 a year ago.

DIVIDEND DECISION

As stated in the Directors' Report, we decided not to recommend an increase in the dividend this year. This decision was not an easy one, since it must be admitted that Investment Trusts exist to receive dividends from companies which may also have acceded to the Chancellor's request.

As you will see in the Report, your Directors have once again decided to make a Rights Issue of one share for ten at a price of 15s., which will give a premium to shareholders. We have done this because we believe that despite the uncertainties in the economic outlook, there should over the coming months be good opportunities for profitable investment and it is important to have money available when such opportunities occur. Our present income estimates suggest that there should be no difficulty in maintaining the present dividend on our increased capital.

H. M. HOBSON LIMITED

The twenty-sixth annual general meeting of H. M. Hobson Limited was held on March 2nd in London.

Mr T. Simpson, FRAeS (Chairman and Managing Director) presided and, in the course of his speech, said:

The Group profits for the year to September 30, 1961, before taxation amounted to £697,424 compared with £683,611 last year. The Consolidated Net Profit for the year is £336,673 compared with £360,116, the reduction being due to the increased provision for taxation. The Directors recommend a dividend of 15 per cent, less tax, (same).

Your Directors have decided to recommend a capitalisation of £400,000 out of General Reserves and the issue of one fully paid share for each four shares held. An Extraordinary General Meeting will be called in the near future at which the necessary resolution will be submitted.

The Company is reaping the benefit of the efforts which have been made by Management and employees in meeting the challenge of the changing requirements of the Aircraft Industry. Home and export sales in the year under review were the highest in the history of the organisation. At the same time, both prime costs and overhead expenditure have increased with a consequent reduction in profit margins.

Having reviewed the Group's developments and referred to the successful introduction of new products, the chairman said: Dealing with the position generally, we have a substantial Order Book and provided costs do not increase unwarrantably, future prospects are encouraging.

The report was adopted.

THE ORIENT TRUST LIMITED

MR A. P. HAMILTON'S REVIEW

The fiftieth annual general meeting of The Orient Trust Limited will be held on March 28th in London.

The following is an extract from the circulated review of the Chairman, **Mr A. P. Hamilton, O.B.E.**:

For the year ended December 31, 1961, our gross income amounted to £131,844 as compared with £140,362 for the previous year. After charging taxation and other expenses we are left with a net profit of £68,848 as against £74,331 for the previous twelve months.

We are transferring £7,500 to our General Reserve which will now stand at £125,000. An interim dividend of 7½ per cent was paid in August last and we recommend a final dividend of 12½ per cent, making 20 per cent for the year. This compares with 22½ per cent paid in respect of 1960 but is at the same average rate of dividend paid for the past five years.

At the end of December last there was an appreciation of 54 per cent over the book cost of our investments which compares with 72 per cent at the same date in 1960. Some 36 per cent of our portfolio is invested in Rubber and Tea producing companies.

With regard to Rubber, although the fall in the price of natural rubber during the year has been considerable, the industry has made, and is continuing to make, very substantial economies as the result of large-scale replanting with improved material and the amalgamation of smaller units into larger groups. The Natural Rubber Industry is now in a position to compete with the new forms of stereo rubbers which are claimed to be equal in many respects to natural rubber. In spite of these claims, however, no synthetic rubbers have yet been produced which are in all respects superior to natural rubber.

Our interest in Tea producing Companies is considerably less than in Rubber and during the year we disposed of shares in Companies operating in Ceylon, leaving our investments almost entirely in the best quality Assam Companies.

Our investments outside the Rubber and Tea industries during the year 1961 have shown a further increase in the overall yield.

So far as our immediate income from these investments is concerned, the Chancellor's request for dividend restraint is being generally observed and we cannot therefore expect our revenue to show any material increase. Nevertheless, we hope that we shall be able to present satisfactory results in a year's time.

UNIVERSAL ASBESTOS MANUFACTURING COMPANY

ANOTHER RECORD PROFIT

The Twenty-fifth Annual General Meeting of The Universal Asbestos Manufacturing Company Limited will be held on March 28th in London.

The following is an extract from the statement by the Chairman, **Mr Frank W. R. Douglas,** circulated with the report and accounts:

I am happy to refer to yet another record profit, which, subject only to tax, amounts to £762,000 and is to be compared with £726,000 for the 53-week accounting period of the previous year.

I regard this profit as being satisfactory in all respects. We have had, in the last five years, uninterrupted expansion and successes, reporting during these years profits rising from £200,000 up to more than £750,000. We cannot be expected automatically to maintain such a rate of advance in every year.

The directors recommend a final dividend on the ordinary shares of 7½d. per share, less income tax, which makes a total of 10½d. per share, less income tax.

THE CURRENT YEAR

Uncertainties in trading conditions have, if anything, been gradually increasing since the time of the Chancellor's 'little budget' in the summer of last year, due to a number of factors, not least re-appraisal in the light of the European Common Market negotiations. These, together with intensified competition and higher costs of production, which has been the general pattern of industry for some time past, have tended to impinge on profit margins and hence, on optimism.

I should perhaps mention here that the selling price of asbestos cement has not been increased for the last five years, and that the industry has therefore absorbed all the known increases in operating costs, including that of wage rates, of which latter there were two in 1961 alone.

There are definite indications since the beginning of 1962 of a falling off, or at least a postponement, in the placing of new orders. Of course, we have had this situation before and it may well be that in the next few months government policy will switch and perform a rescue act before the decline in the general economy becomes too great. In any case, I have little doubt that the present year will be a tough struggle for industry as a whole.

The above comments mainly concern the manufacture of asbestos cement, but I would not like you to forget that we are becoming increasingly concerned with ancillary products, especially plastics. Allied Structural Plastics, by far our biggest interest in that field, is already assured of a substantial turnover in 1962. It is, however, too early for us to make an estimate of profit, since the company has only been trading in the last few months and has only recently produced in substantial volume.

TEMPERANCE PERMANENT BUILDING SOCIETY

SIR CYRIL BLACK'S REVIEW OF 1961

The 108th annual meeting of the Temperance Permanent Building Society was held on Friday, March 2nd, at the Caxton Hall, London.

Sir Cyril Black, JP, MP, Chairman of the Society, in the course of his speech, said:—"The sharply fluctuating conditions prevailing in the financial economy of the nation during 1961 had a marked effect on the operations of Building Societies. For the greater part of the year it was necessary to maintain somewhat severe restrictions on new mortgage business.

RESERVE STRENGTH

Our Assets have increased by £2,260,000 to £48,442,000. I would emphasise the point that this position has been achieved without any departure from the policy which we have consistently adopted of putting strength before size and of attaching the greatest importance to the maintenance of adequate reserves and liquid funds. Our reserves have risen and represent approximately 6 per cent of share and deposit capital and we are proud of the fact that for several years we have been able to maintain them at that level.

The amount standing to the credit of shareholders and depositors was £45,057,172. Advances on mortgages amounted to just under £6,100,000 and the mortgage assets reached £39,355,000. The great bulk of our mortgage securities, which are well spread throughout the country, consists of the smaller and medium-sized properties for which there is a ready demand and which are not subject to excessive fluctuations in value.

TAXATION

Once again I must draw attention to the crippling increase in taxation. Last year we paid in income tax and profits tax a total of over £746,000. A clear case exists for a lightening of the general burden of taxation and this is a matter to which we shall continue to draw attention.

FUTURE PROSPECTS

It is more than usually difficult to make with any confidence a forecast as to the likely course of our business in 1962. The volume of business we can transact is limited by the net inflow of share and deposit capital. It is, however, reasonable to hope that during this year the Society will achieve a total asset figure of £50 million; this will indeed be a significant milestone in the long and honourable history of this Society. I fully expect that by the time we meet again that milestone will lie behind us and we shall be moving steadily onward towards yet further and greater achievements."

The Report and Accounts were adopted.

APPOINTMENTS

WORCESTER COLLEGE, OXFORD

OFFICIAL FELLOWSHIP AND LECTURESHIP IN ECONOMICS

The College proposes to elect an Official Fellow and Lecturer in Economics from October 1, 1962, if possible. Further details may be obtained from the Senior Tutor, to whom applications should be sent by April 15, 1962.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for the post of ASSISTANT LECTURER in the Department of International Politics, to take up duties on October 1, 1962. The person appointed will be required to conduct courses on the strategic factor in international relations. Further particulars and forms of application can be obtained from the Registrar, to whom applications should be sent not later than Wednesday, March 21, 1962.

UNIVERSITY COLLEGE OF SWANSEA

SOCIAL ADMINISTRATION

Applications are invited for two LEVERHULME SENIOR RESEARCH SCHOLARSHIPS tenable for one year in the first instance. Maximum of award £1,200 with F.S.S.U. Candidates should be graduates who wish to pursue research on any aspect of social development and social change related to low income countries.

Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, to whom applications (air letter for those overseas) should be submitted not later than March 31, 1962.

UNIVERSITY OF MANCHESTER

CENTRE FOR BUSINESS RESEARCH

Applications are invited for a post of Senior Research Officer or Research Officer to work on problems in Applied Decision Theory. Applicants should have a good background in mathematics, mathematical statistics and economics, together with some industrial experience and an interest in the practical application of mathematical and statistical models to the solution of design problems. Salary will be in the range £1,250 to £3,000, inclusive of any provision for pension. Applications should be sent by April 9, 1962, to Professor J. Johnston, Department of Economics, University of Manchester, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

As the result of a grant from the Department of Scientific and Industrial Research, the Department of Social Anthropology and Sociology plans to carry out a study of selected industries in Salford, and applications are invited for the following posts:

(a) SENIOR RESEARCH WORKER, initial salary within the range £1,000 — £1,300 per annum;

(b) Two RESEARCH ASSISTANTS, initial salary within the range £700 — £950 per annum.

The appointments will be for three years commencing October 1, 1962, and two of the successful candidates will be required to carry out participant observation studies in factories, the other to work on some aspect of community life in Salford. Applicants should have training in Sociology or Social Anthropology. The appointments carry membership of the F.S.S.U. and Children's Allowance Scheme. Application forms and further particulars may be obtained from the Registrar, the University, Manchester, 13, to whom applications should be returned by not later than March 24, 1962.

CATHOLIC WORKERS' COLLEGE BOAR'S HILL, OXFORD

ECONOMICS TUTOR required. Preference given to one able to teach also sociology, public administration or modern economic and social history. Salary scale £850 — £1,850; placing according to experience. Superannuation and family allowance. Further details supplied by Principal. Closing date March 31st.

For further appointments and other classified advertisements see pages 957 & 958

THE UNIVERSITY OF MANCHESTER

Applications are invited for an ASSISTANT LECTURER IN SOCIAL ADMINISTRATION. Salary on a scale £800 to £950 per annum with membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than March 26, 1962, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

SOCIAL ADMINISTRATION

Applications are invited for temporary Lectureships in connection with post graduate and undergraduate courses in Social Welfare and Social Development for students from low income countries. Candidates should be honours graduates with qualifications in the Social Sciences and preferably experience in social administration or social research overseas.

Salary scale, £1,050 — £1,850 plus F.S.S.U. Benefits and Children's Allowances.

Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, to whom applications (six copies), or from candidates overseas a single full air letter, should be submitted not later than March 31, 1962.

MIDDLESEX COUNTY COUNCIL

EDUCATION COMMITTEE

EALING TECHNICAL COLLEGE

St. Mary's Road, Ealing, W.5

Principal: Dr. O. G. Pickard, B.Sc.(Econ.), M.Com., D.I.O.M.

Applications are invited for appointments in the newly created Division of Marketing of the School of Business at Ealing Technical College.

The division will specialise in marketing education and will be one of the first of its kind in the country. The courses to be offered will be based on first hand experience, and on research to be carried out in the division into British marketing practice and problems. Successful applicants for the posts advertised will have the opportunity of making significant contributions to British marketing education. A Senior Lecturer in charge of the division has been appointed and will take up his duties on April 30, 1962. The persons appointed to the posts now being advertised should be available on that date or as soon as possible thereafter.

RESEARCH ASSISTANTS (TWO), to carry out research into marketing practices in consultation with the Senior Lecturer. Applicants should preferably have had some research experience in marketing and a good degree in one of the following subjects: Economics, psychology, or mathematics. The duties attaching to the posts may include a limited amount of teaching. The appointments in the first instance are limited to three years, but there will be opportunities for joining the teaching staff of the marketing division as the work expands.

Salaries within the range £815-£1,410 per annum with possible additions for training.

Application form and further information on application to the Principal (s.a.e. please). Closing date two weeks from the date of this advertisement.

Previous applicants for these posts wishing to be considered are advised to confirm this to the Principal.

C. E. Gurr, M.Sc., Ph.D.
Chief Education Officer.

COMPANY AFFAIRS

The reduction in Bank rate to 5½ per cent gave a modest stimulus to the London Stock Market on Thursday afternoon following a dull week's trading. With buyers remaining on the sidelines shares have generally drifted lower with some investors selling ahead of next month's budget and a capital gains tax. Over the week The Economist *indicator lost 4.4 points to 352.2, its lowest level for three months. Although a cut in Bank rate had not attracted earlier attention, gilt-edged, even before Thursday, had continued to move up. But as the reduction was already largely discounted the gains on Thursday were slight.*

English Electric Past the Worst?

ARE the clouds that have hung over the heavy electrical groups for the past few years showing a silver lining? In his statement with the full accounts of English Electric, Lord Nelson holds out some hope of better times and profits, though there is little tangible evidence as yet that the pressure on profit margins revealed in the accompanying table is about to ease much. This is the common experience of all in the heavy electrical industry, particularly those engaged in nuclear power projects. Margins are especially small in exports, and Lord Nelson views with concern the small contribution that exports make to total earnings and would welcome an acceptable export incentive scheme.

The squeeze on margins has been accentuated by the losses incurred by D. Napier on its Eland aero engine project. To a loss of £1.5 million in 1960, a £2.7 million loss was added in 1961; this more than accounts for the 30 per cent drop in the group's profit before tax last year. Now this project is being abandoned, involving net write-offs of £4 million from reserves with another £1.5 million to come from reserves or profits in respect of terminal obligations. Napier is expected to buy back from Allegheny Airlines the five Eland Convair airliners. Napier's aero engine side has now been transferred to Napier Aero Engines, to be managed by Rolls-Royce, which has acquired a 50 per cent stake in the new company with an option to acquire the balance of the shares over the next ten years. Thus Napier has been brought into the Government's rationalisation plan for the aircraft and aero engine industries and as a result orders from the Government for the further development of the Gazelle engine have been placed.

The elimination of this loss could give a substantial boost to current earnings. But this was not the only side of the business which made losses last year. A loss of £308,000 was incurred by Marconi Italiana (and there is the likelihood of a further small loss in 1962), while the difficult trading conditions in Canada left John Inglis with a loss of £233,000 (though this should not be repeated this year). There are, however, broader grounds for expecting a recovery in profits than the mere elimination of such losses. Lord Nelson looks for a continued growth in demand for electric power and he is optimistic about the group's prospects in electronics, which at present account for about 25 per cent of English Electric's total turnover.

Years to end Dec.	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	148·0	162·0	177·7	165·1	194·4
Trading profit	10·2	11·0	11·4	10·8	9·3
Gross profit	7·0	7·0	6·7	6·7	4·6
Net equity earnings	3·6	4·1	3·8	3·7	3·0
Retained cash flow	4·6	5·7	5·8	4·9	4·6
Net fixed assets	26·1	31·0	34·7	36·6	40·7
Net current assets	47·2	43·9	52·1	48·3	47·2
Net liquid assets	Dr. 12·0	Dr. 23·5	Dr. 16·8	Dr. 22·1	Dr. 25·3
Net equity assets	51·9	53·9	60·2	62·0	59·0
	%	%	%	%	%
Ord. earnings	21·4	26·3	21·1	20·6	14·8
Ord. dividend	9·3	9·3	10·0	10·0	8·0
Gross profit/sales	4·7	4·3	3·8	4·1	2·4
Gross profit/net equity assets	13·5	13·0	11·1	10·8	7·8
Net earnings/net equity assets	6·9	7·6	6·3	6·0	5·1

Price (£1 shares): 24s. 9d.xd. Earnings yield: 12·0%.
Dividend yield: 6·46%. equal to 8·3 years' earnings.

Sales jumped sharply last year despite the slump in domestic appliance sales and with the volume of new orders substantially maintained they should remain at a high level this year. The crucial question for investors is whether this can be translated into bigger profits and hence into a better return on the capital employed in English Electric's business. The recent movement of the £1 shares in the face of the cut in the dividend suggests that investors are prepared to believe that the future is brighter than the immediate past. But already there is another cloud on the horizon which is likely to slow down any recovery in the price of the shares: despite a final call of £5 million on the 6 per cent debenture, net overdrafts at December 31st amounted to £25¼ million. In the present state of the stock market the directors have no plans for funding this overdraft and thus the bulk of current earnings will have to be ploughed back. Even so, after the elimination of the Napier losses, shareholders can reasonably hope for an early restoration of the dividend to 10 per cent. On the current payment of 8 per cent the £1 shares at 24s. 9d. xd yield almost 6½ per cent.

Monsanto Chemicals

THE trading record of Monsanto Chemicals is disappointing. In the boom year, 1960, its profits did not rise at all strongly and last year, when competition really began to eat into margins, its profits fell by nearly a third even though its sales were practically unchanged. Last year the reduced tempo in industrial activity throughout the world checked the expansion in demand for chemicals and at the same time many plants, which had been commissioned in response to past shortages, came on stream and to cover their overhead costs they were kept operating at a high level of production. Faced with overcapacity and overproduction, particularly in the United States, some manufacturers were tempted to export products from these plants at prices which covered marginal costs but which were below full cost.

Much of Monsanto's production is in the sector most affected by such competition—petrochemicals. Plastics were the hardest hit and they accounted for nearly a quarter of Monsanto's sales last year. The price of polythene has, for example, fallen by about 35 per cent in the last two years and Monsanto has been making 17,000 tons of it a year and has plans to increase capacity to 25,000 tons. Polystyrene, which the chairman, Sir Miles Thomas, believes to have a very bright future, has also been affected by imports of cheap monomer. Requests to the Board of Trade for anti-dumping duties on both polythene and styrene monomer are now under consideration. Monsanto brought a new plant for producing maleic anhydride on stream at the beginning of last year only to find demand for this chemical slackening and other producers offering it at cut prices. In Britain the effect of credit restrictions on the demand for consumer durables hit Monsanto badly, for this is where much of the custom for its chemicals lies. Monsanto's sales of plastics and paint and rubber chemicals do not appear to have fallen very much but it had to sell these products at lower prices. Only in the more specialised chemicals, in which competition is not so severe, does Monsanto appear to have held its own.

Years to Dec. 31	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	15·9	15·8	18·9	21·2	21·1
Trading profit	3·1	3·2	4·5	4·8	3·4
Gross profit	2·1	1·9	2·9	3·0	1·3
Net equity earnings	0·9	0·8	1·4	1·5	0·6
Retained cash flow	1·4	1·4	2·4	2·7	2·3
Net fixed assets	11·7	15·6	16·3	17·1	16·6
Net current assets	6·9	5·4	6·2	6·5	6·7
Net liquid assets	3·4	1·6	1·3	Dr. 0·1	0·3
Net equity assets	8·9	9·1	10·0	11·0	11·3
	%	%	%	%	%
Ord. earnings	30·3	23·8	43·3	44·9	19·4
Ord. dividend	13·5	13·5	15·0	15·0	10·0
Gross profit/sales	13·2	12·0	15·3	14·2	6·2
Gross profit/net equity assets	23·6	20·9	29·0	27·3	11·5
Net earnings/net equity assets	10·1	8·8	14·0	13·6	5·3

Price (5s. shares): 13s. 1½d.xd. Earnings yield: 7·4%.
Dividend yield: 3·8%. equal to 13·5 years' earnings.

The present troubles confronting Monsanto contain a seed of hope: when credit becomes easier, sales should expand and eventually the normal increase in world demand for chemicals should mop up overcapacity and reduce some of the pressure on prices. But there are no signs of an immediate recovery and, indeed, Sir Miles says that unless there is "a dramatic reversal" of current national and international economic conditions he does not expect "any substantial improvement" in trading results this year. As Monsanto's results were much worse in the second half of last year than the first, this is far from reassuring. Monsanto's results for the current six months, like those of ICI, will probably make a poor showing. Mr Chambers's belief is that chemical profits will begin to pick up towards the end of this year and, if and when the recovery takes place, Monsanto presumably will have some share in it. But stockholders, whose investment in Monsanto yields under 4 per cent at the current price of 13s. 1½d. xd, have some time to wait.

Hickson and Welch

IN contrast to the sad story from Monsanto and from the other chemical giants, the accounts of Hickson and Welch for the year to September 30th show that a decline in profits is not inevitable. Hickson and Welch specialises in chemical intermediates, timber preservatives and insecticides; it is, for example, the biggest manufacturer of DDT in this country and it has strengthened its interests in timber preservation by setting up, or buying up, timber treatment firms in many parts of the world. To find a small and unexploited field and to specialise in it is almost the classic formula for success in the chemical industry. It does not require investment on anything like the scale that the big producers of basic chemicals and petrochemicals are forced to adopt and hence the returns on capital employed are high. Hickson and Welch earned a gross return of 22 per cent in 1959-60 and of 20 per cent in 1960-61.

The return on capital employed fell because competition squeezed Hickson and Welch's profit margins, but its sales were again higher and the pressure on the margins on specialised chemicals appears to have been less severe than that on basic petrochemicals. Moreover, Hickson and Welch was still in the midst of its development programme and the latest results, the chairman, Mr Bernard Hickson says, "do not reflect the reduction in costs and the expansion in activities that will follow from this expenditure." An improvement in the results of the group's interests in timber preservation and from its other activities abroad has more than offset the decline in earnings from chemicals in this country. As a result, its gross profits rose from £644,000 to £680,000 and its net profits from £335,000 to £367,000. The total dividend was maintained at 19 per cent but the final of 11 per cent is payable on the capital as increased by a one-for-four rights issue and Mr Hickson indicates that 19 per cent will be maintained for 1961-62 when he expects trading results to be "comparable" with those in 1960-61. Since it became a public company in 1951 Hickson and Welch has been able to report an advance in profits each year and while in ten years its earnings have risen just over threefold its dividend has been raised nearly fivefold. This is a good record and it provides one example of a medium-sized firm serving a specialised market performing rather better than the giants of an industry. But investors are fully aware of Hickson and Welch's achievements, for at 49s. xd. its 10s. shares yield 3.9 per cent, covered about twice.

Royal Dutch/Shell

OPTIMISTS who took last year's one-for-five scrip issue by "Shell" Transport and Trading to imply a higher dividend are likely to be proved right next Thursday when the detailed profit figures and the final 1961 dividend will be announced. The interim was maintained at 10 per cent, tax free, on the bigger capital and there seems little doubt that the final tax-free payment of 15 per cent will now be repeated. This would represent an effective increase in the total tax-free payment from 20⅝ to 25 per cent. Any doubts about the final rate have probably been dispelled by the early announcement of Royal Dutch/Shell's net income for 1961 of £187 million, against £177½ million in 1960. This increase of 5¼ per cent (against just over 1 per cent in 1960) encompasses a sharp advance in group net profits from £48 million to about £56 million in the fourth quarter of 1961.

This contrasts with a slight fall in profits in the third quarter when all the benefit from higher sales was lost through sharp rises in taxes and operating expenses. Until full sales, tax and other figures are known it can only be assumed that margins improved in the fourth quarter. Shell has a 40 per cent stake in the group's profits so its equity earnings have risen from about 61½ per cent to around 65 per cent; such earnings would cover a maintained tax-free 25 per cent dividend over 2½ times. On the assumption of a maintained dividend the shares, now subdivided into 5s. units, yield 6.6 per cent at 30s. 9d.

P & O

WITH their dividend cut from 11 to 6 per cent shareholders of Peninsular and Oriental Steam Navigation will find few crumbs of comfort in the annual report and accounts. These spell out in detail results which Sir Donald Anderson bluntly describes as "bad and most disappointing." In the year to September 30th gross profits fell from £5,846,000 to £579,000 and Sir Donald says that there is no reason to suppose that profits will be any better in the current year. This is a bitter pill, both for the directors of P & O who last year inclined with some reservations to the view that the outlook for shipping had improved and for investors who bought P & O shares at up to 48s. 6d. in last year's rally in shipping shares.

It is still the same story: too many ships and the inability of shipping companies to adjust rates sufficiently to meet rising costs. Passenger business has suffered further competition from the air lines but the main factors in the decline in profits have been a decline in freight revenues and continually rising costs and higher wages. While P & O's passenger ships are making a cash profit it is insufficient to cover depreciation. This charge rose sharply last year from £12 million to £14¼ million, reflecting the bringing into service of the *Oriana* and the *Canberra*. Shareholders can at least draw some comfort from the company's venture into tankers. The delivery of two ships since the end of September means that the tanker fleet is now almost complete. The last tanker will be delivered in 1964 but no charter for it has been fixed. Those in service are on fixed charters, of which the first runs out in 1963. Unless the tankers had not been working on satisfactory charters, it can be assumed that P & O's profits in 1960-61 would have vanished completely.

P & O's capital commitments continue to decline as the rebuilding programme nears completion; last year they fell from £27.5 million to £15.9 million and while cash resources will fall to their low point in the next year or two the directors believe that the group's cash flow and short term borrowings will provide "a suitable margin for eventualities" in that period. Thereafter cash resources should build up again if trade does not deteriorate any further. If by then the shipping industry is sailing out of its recession the prospect of increased dividends for shareholders could be bright for the unused tax credit of £19 million in respect of investment allowances on P & O's new ships provides the equity with a form of gearing. If reasonable taxable profits are earned, tax reliefs, by offsetting the UK tax liability on gross profits, can bring a disproportionate benefit to net distributable profits. But there is little chance of this occurring in the immediate future and not surprisingly the £1 shares stand at only 23s., 1s. 3d. above their 1962 low, and yield almost 5.2 per cent.

Years to Sept. 30	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Trading profit	30·1	22·8	17·9	19·7	16·3
Gross profit	17·6	10·2	4·6	5·8	0·6
Net equity earnings	8·6	5·2	1·8	3·7	0·2
Retained cash flow	18·7	15·6	11·9	15·0	13·4
Net fixed assets	157·6	167·6	186·0	199·4	212·9
Net current assets	45·9	42·5	27·1	22·1	8·2
Net liquid assets	59·5	54·5	42·8	34·6	25·1
Net equity assets	132·5	134·4	138·5	148·4	147·6
	%	%	%	%	%
Ord. earnings	54·1	32·7	10·5	20·6	6·0
Ord. dividend	11·0	11·0	11·0	11·0	6·0
Price (£1 shares): 23s.			Dividend Yield: 5·2%.		

93953

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE : GERMANY : HOLLAND : ITALY : BELGIUM : SWEDEN : NORWAY

Prices, 1961/62 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price Feb. 28, 1962	Price Mar. 7, 1962	Net Red. Yield, Mar. 7 1962§ £ s. d.	Gross Red. Yield Mar. 7 1962 £ s. d.
92½	88⅜	Savings Bonds 3% 1955–65	92 5/32	92 7/32	4 5 6	5 10 5
97 3/16	93¾	Exchequer 3% 1962–63	97 3/32	97 3/16	3 18 3	5 6 5 l
101 5/16	98⅝	Treasury 5½% 1962	100 11/32	100 11/32	1 17 4	4 19 3
94⅝	90½	Exchequer 2½% 1963–64	94 19/32	94⅝	3 19 8	5 2 9 l
99 19/32	96⅝	Conversion 4¾% 1963	99¼	99 9/32	3 2 11	5 6 9
98 9/32	94½	Conversion 4½% 1964	97 15/16	97 31/32	3 9 5	5 10 1
101 5/16	96	Exchequer 5½% 1966	98 13/16	98 25/32	3 14 1	5 16 9
83¾	78 3/16	Funding 3% 1959–69	83 9/16	83¾	4 13 6	6 1 2 l
89¾	84¾	Funding 4% 1960–90	89 5/16	89¾	3 11 0	5 5 6 l
80½	74⅝	Savings Bonds 3% 1960–70	79 5/16	79⅝	4 15 11	6 2 6 l
86 15/16	80¾	Savings Bonds 2½% 1964–67	86 11/16	86 15/16	4 10 6	5 13 3 l
72 11/16	66¼	Savings Bonds 3% 1965–75	71 1/16	71 1/16	4 15 11	6 4 8 l
84¾	78⅞	Funding 3% 1966–68	84½	84¾	4 13 1	5 19 2 l
86 5/16	80¼	Conversion 3½% 1969	85 3/16	85 7/16	4 12 3	6 2 1
97½	92¼	Victory 4% 1920–76	92⅝	94¼	3 6 10	4 19 4‡
93 5/16	87	Conversion 5% 1971	91 5/16	91½	4 4 8	6 6 5
99⅛	97¼	Conversion 6% 1972	97⅝	97 13/16	3 19 5	6 7 0
95 11/16	88½	Conversion 5¼% 1974	92⅜	92 7/16	4 1 8	6 5 9
73⅛	66	Treasury 3½% 1977–80	71⅛	71 3/16	4 10 4	6 4 9 l
72¼	65	Treasury 3½% 1979–81	69⅞	69 15/16	4 10 9	6 5 0 l
97 9/16	88½	Funding 5½% 1982–84	91¼	91⅝	3 19 7	6 5 7 l
59½	51½	Redemption 3% 1986–96	55½*	55⅞*	4 5 10	6 0 11 l
88¼	79¼	Treasury 5% 1986–89	85 1/16	85¾	3 19 10	6 4 10 l
63 1/16	55	Funding 3½% 1999–2004	60¼	60⅝	4 2 9	6 3 3 l
94⅝	81⅝	Treasury 5½% 2008–12	87*	87⅜*	3 18 11	6 6 8 l
65⅜	56½	Consols 4% ....after Feb. 1957	61⅝	61 11/16	3 19 9	6 10 6 l
59¼	50½	War Loan 3½% ....after 1952	55⅛	55¼	3 18 5	6 8 11 f
59	50½	Conv. 3½% ....after Apr. 1961	53 15/16*	53 15/16*	3 19 4	6 9 3 f
50⅞	43¼	Treasury 3% ....after Apr. 1966	46⅜*	46⅝*	3 18 7	6 8 1 f
44	36½	Consols 2½%	39¾*	39¾*	3 16 10	6 5 3 f
43½	36½	Treasury 2½% ....after Apr. 1975	39¼*	39¼*	3 17 10	6 6 11 f
91⅞	85¾	British Electric 4½% 1967–69	90 5/16	90⅝	4 5 6	6 2 11 l
75¾	70⅛	British Electric 3% 1968–73	74⅜*	74½*	4 16 6	6 3 11 l
70⅝	64½	British Electric 3% 1974–77	69⅛*	69¼*	4 14 3	6 3 3 l
81⅞	74⅞	British Electric 4¼% 1974–79	79 1/16*	79 3/16*	4 5 10	6 3 10 l
73½	67	British Electric 3½% 1976–79	72⅛	72 3/16	4 9 11	6 4 4 l
84⅞	78¾	British Gas 4% 1969–72	82 15/16	83	4 10 10	6 5 10 l
82	76	British Gas 3½% 1969–71	81*	81 3/16*	4 12 2	6 2 9 l
59⅜	51⅜	British Gas 3% 1990–95	56⅞	57⅛	4 6 5	6 2 1 l
75 11/16	70⅛	British Transport 3% 1968–73	74⅜*	74½*	4 16 6	6 3 11 l
80⅞	74	British Transport 4% 1972–77	78⅝	78 11/16	4 7 8	6 4 6 l
61 7/16	53⅜	British Transport 3% 1978–88	59 3/16	59⅜	4 10 3	6 3 10 l

Prices, 1961/62 High	Low	DOMINION AND CORPORATION STOCKS	Price, Feb. 28, 1962	Price, Mar. 7, 1962	Red. Yield, Mar. 7, 1962 £ s. d.
82¼	76½	Australia 3¼% 1965–69	80½*	80¾*	6 11 0 l
101	92¾	Australia 6% 1974–76	98¼	98¼	6 8 0 l
72½	61	Ceylon 4% 1973–75	61*	61*	9 1 0 l
101¼	92¾	New Zealand 6% 1976–80	95	95	6 8 0 l
80½	70	Rhodesia and Nyasaland 6% 1978–81	72	70	9 5 0 l
83½	73	South Africa 3½% 1965–67	83¼	83½	7 13 0 l
59	53½	Southern Rhodesia 4½% 1987–92	56	55	8 13 0 l
84⅝	76½	Agricultural Mortgage 5% 1959–89	79¼	79¼	6 12 0 l
89	82¼	Birmingham 4¼% 1967–70	86⅞	87	6 6 0 l
92¾	86½	Bristol 5% 1971–73	89¾	89¾	6 6 0 l
93	86½	Corporation of London 5¼% 1976–79	88¾	89¼	6 7 0 l
48¾	41	L.C.C. 3% ....after 1920	45⅜	45⅝	6 10 0 f
89⅛	80¾	L.C.C. 5% 1980–83	86	84¼*	6 6 0 l
93	84¼	Middlesex 5¼% 1980	87*	87*	6 8 0 l

Prices, 1961/62 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Feb. 28, 1962	Price, Mar. 7, 1962	Yield, Mar. 7, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
92/6	64/-	6½ a	6½ b	Barclays £1	91/9	89/6	2·91	...
100/3	74/3	8 a	8 b	District £1	96/-	94/3	3·45	...
78/6	50/3	4·3 a	5·1 b	Lloyds £1	63/3‖	61/9‖	3·04	...
26/4½	18/7½	7 a	8 b	Martins 5/-	23/6	22/3	3·37	...
94/6	67/3	7⅛ a	7½ b	Midland £1	92/6	91/-	3·30**	...
97/3	73/-	7 a	7 b	Nat. Provincial £1	93/3	93/-	3·01	...
95/6	58/9	6⅔ a	7 11/12 b	Westminster 'B' £1	91/3	89/6	3·26	...
42/3	33/-	4 a	8 b	Australia & N.Z. ...£1 p.p.	43/-¶	43/-¶	5·58	...
52/-	41/-	4 a	6 b	Bk. Lond. & S. Amer. ..£1	47/-	47/-	4·26	...
£25 15/16	£21 3/16	$2·05c	$2·05c	Bank of Montreal $10	£23 13/16	£23 13/16	2·91	...
30¾	25¼	8 c	9 c	Bank of New S. Wales £20	29¾	29½	4·8[illegible]	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	38/9	37/6	5·33	...
60/7½	46/7½	7½ a	7½ b	Chartered £1	58/-	58/3	5·15	...
£21	£14⅝	5/- a	10/- b	Hongk'g. & Shang. $25	£18½	£17¾	4·23	...
70/3	49/9	7½ a	9 b	Nat. Com. Bk. Scot. ..10/-	54/6	54/-	3·06	...
£29 5/16	£25 15/16	$2·32½c	$2·37½c	Royal Bk. Canada $10	£28 5/16	£28 5/16	2·84	...
42/3	32/-	10 b	5 a	Stand. Bk. S. Africa ...£1	40/9	40/3	7·45	...
170/-	95/-	22½ c	22½ c	Hambros ....£1 f.p.	165/-	167/6	2·69	...
92/-	59/6	2½ a	5 b	Schroders £1	83/6*	86/6*	1·73	...
60/6	45/6	6¼ a	6¼ b	Union Discount £1	54/9	54/-	4·63	...
27/4½	11/7½	18 c	Nil c	Bowmaker 5/-	12/4½	12/9	...	...
23/6	11/9	19 c	5 a	Lombard Banking ...5/-	13/9	13/6	...	1
21/9	12/9	5 a	2½ b	Mercantile Credit ...5/-	14/3	13/6	2·78	...
52/-	33/-	22½ b	4 a	United Domins. Tst. ..5/-	38/4½	35/6	3·73	¾
				BREWERIES, Etc.				
15/4½	11/-	...	...	Bass, M. & B. 5/-	13/7½	13/3	4·15**	2
11/1½	31/-	8½ b	5 a	Distillers 10/-	37/10½	37/4½	3·88	2
26/9	13/-	4 a	3 b	Flowers 5/-	18/3	17/9	3·38	2
60/6	47/-	8 a	14 b	Guinness 10/-	49/6	48/6	4·54	1¾
15/6	12/-	...	8 c	Ind Coope T.A. 5/-	12/7½	12/9	4·71**	1½
15/4½	10/-	5 a	7½ b	United Breweries ...5/-	15/3	15/-	4·17	...
108/9	76/9	6 a	12 b	Watney Mann £1	96/9	95/3	3·78	2
37/9	26/-	27 c	9 a	Whitbread 'A' 5/-	32/3	31/9	4·25	1¾
				BUILDING, PAINT, Etc.				
64/-	44/10½	5⅔ b	3 a	Associated Portland ...£1	52/-	51/6	3·24	2½
28/1½	19/10½	7¼ b	4 a	British Plaster Bd. ..10/-	22/9	22/9	5·49	2¼
26/10½	15/1½	10 b	6 a	Richard Costain 5/-	16/4½	16/4½	4·89	2¾
13/-	9/4½	10 a	12½ b	Crittall Mfg. 5/-	11/9	12/-	7·03**	2
18/6	10/-	6 a	14 b	International Paints ..4/-	10/4½	10/4½	7·71	1½
66/9	40/6	25 c	25 c	Rugby Portland 5/-	61/6	63/9	1·96	3½
[illegible]/9¾	19/9	5 a	11⅔ b	Wall Paper Defd. 5/-	22/7½‖	22/7½‖	3·68	2¼
				CHEMICAL				
29/3	20/3	6 a	14 b	Albright & Wilson ...5/-	20/9	21/10½	4·57	2½
22/-	14/10½	4 a	7½ b	Borax Defd. 5/-	17/10½	17/9	3·24	2½
58/9	30/7½	7 b	4 a	Fisons £1	43/3	39/6	5·57	1½
81/6	53/-	6¼ a	7½ b	I C I £1	54/6	55/7½	4·94	2
26/10½	11/4½	5 a	5 b	Monsanto 5/-	12/9*	13/3*	2·77	1½
				DRAPERY & STORES				
36/-	24/-	3 b	4 a	Boots Pure Drug 5/-	27/10½	27/10½	2·15	2¼
34/0¾	15/3	1⅞ a	5 b	Montague Burton ...10/-	31/7½‖	31/3‖	2·20	2¼
75/0¾	47/7½	5⅚ a	13⅓ b	Debenhams 10/-	54/7½	54/4½	3·53	1½
59/4½	45/-	25 b	12½ c	G.U.S. 'A' 5/-	55/-	55/-	3·41	2
46/9¾	33/4½	16⅔ b	13⅓ a	House of Fraser 5/-	35/6	35/-	4·29	1¼
21/1½	13/6	5 a	7½ b	Lewis's Invest. Tst. ...4/-	14/3¾	14/0¾	3·56	2
106/9	85/1½	32½ b	15 a	Marks & Spencer 'A' .5/-	91/3	90/3	2·63	1½
53/10½	34/10½	20 b	10 a	United Drapery 5/-	46/9	46/3	3·24	1¾
52/1½	45/9	10⅝ a	25 b	Woolworth 5/-	49/-	47/7½	3·76	1¼
				OIL				
51/3	32/-	†6·94b	†2·78a	British Petroleum £1	35/6	37/3	8·52	2¼
49/6	30/6	†6⅞ b	†2½ a	Burmah Oil £1	33/6	35/3	8·69	1¼
£15 1/16	£10⅝	23·87c	11⅛ a	Royal Dutch ....20 fl	£13 13/16	£14	3·35	2¾
34/10½	27/-	†20·8c	†10 a	Shell Transport 5/-	30/6	31/1½	5·46	3
41/3	23/9	..	...	Ultramar 10/-	24/-	24/6	... d	...

Prices, 1961/62 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Feb. 28, 1962	Price, Mar. 7, 1962	Yield, Mar. 7, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
48/6	28/3	10 b	5 a	A.E.I. £1	31/-	30/3	9·92	1
15/5¼	9/7½	...	15 c	Brit. Electronic Inds. .5/-	11/6¾	11/-	6·82	¼
63/6	49/-	9½ b	4 a	B.I.C.C. £1	61/9	61/3	4·41	2
14/8¼	11/3	5 a	7½ b	Crompton Parkinson .5/-	13/4½	13/1½	4·76	2½
89/6	54/-	7½ a	15⅚ b	Decca Record 10/-	82/-	80/6	2·90	1¾
52/-	35/-	12½ b	5 a	E.M.I. 10/-	43/-*	42/4½*	4·13	2
47/3	25/9	8 b	5 a	Elliott-Automation ...5/-	45/6	46/9	1·39	2
40/6	22/6	3 a	5 b	English Electric £1	25/-*	25/-*	6·40	1½
39/6	23/3	7 b	3 a	General Electric £1	26/6	26/3	7·62	¾
72/9	47/-	8⅛ b	4⅜ a	C. A. Parsons £1	58/6	58/-	4·31	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle £1	46/6	45/9	4·26	2¾
70/-	45/3	25 c	25 c	Thorn Electrical 5/-	63/6	66/-	1·89	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox £1	20/3	21/6	...	1
48/9	30/4½	7 b	4 a	John Brown £1	40/4½	39/10½	6·90**	2¾
8/6	4/2¼	9 b	3 a	Cammell Laird 5/-	4/9	4/7½	12·97	1
33/9	22/4½	10 a	20 b	Internat. Combust. ..5/-	24/3*	23/9*	6·32	1¼
9/1½	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/-	3/9	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter £1	34/6	32/6	7·38	2¼
17/4½	10/6	5 c	5 a	John Thompson 5/-	11/-	10/9	2·33	...
34/4½	21/8¼	†2½ a	†6¼ b	Coventry Gauge 10/-	31/4½	31/4½	4·55	2¾
79/9	51/6	†2½ a	†6 b	Alfred Herbert £1	63/7½*	61/3*	4·53	2
78/-	41/-	12½ b	5 a	Allied Ironfounders ...£1	43/3	41/6	8·43	1½
110/-	81/10½	10 b	5 a	Averys £1	91/3	90/9	3·31	2½
36/10½	17/-	7⅔ b	4 a	B.S.A. 10/-	18/4½	18/5¼	6·32	2¼
14/9	9/-	8½ b	4½ a	George Cohen 5/-	10/9	11/-	5·91	1¾
44/4½	29/-	17½ b	10 a	Davy-Ashmore 5/-	31/-	30/3	4·55	2¼
108/7½	70/-	11 b	5 a	Guest Keen £1	79/1½	77/4½	4·14	3½
31/-	18/3	12 b	4 a	Head Wrightson 5/-	20/3	20/4½	3·93	2½
100/9	68/3	5 a	7 b	Metal Box £1	84/-	83/6	2·87	2¼
22/6	14/-	10 b	4 a	Ransome & Marles ..5/-	16/3	16/-	4·38	3
50/6	34/6	7 b	3 a	Renold Chains £1	46/-	45/9	4·37	2
85/6	54/-	7 a	7 b	Tube Investments £1	59/4½	58/4½	4·80	3
38/4½	25/6	7½ b	2½ a	Vickers £1	27/9	27/9	7·21	1¾
84/6	58/-	10 b	3¾ a	Ward (Thos. W.) £1	67/6	68/-	4·04	3
30/-	18/-	22½ b	5 a	Woodall-Duckham ...5/-	19/9	19/3	5·45**	2¾
				FOOD & TOBACCO				
34/-	17/4½	10 c	10 c	Allied Suppliers 10/-	20/10½	20/9	4·82	2¼
14/1½	7/6¾	12½ b	10 a	Assoc. British Foods ..1/-	11/-¶	10/8¼¶	2·11	2
74/-	54/3	8 b	4 a	Bovril £1	58/-	57/-	4·21	2½
12/11¼	9/9¾	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/7½	11/5¼	4·00	3½
19/3	12/6	10 b	2½ a	International Tea 5/-	14/3	13/9	4·55	1½
107/9	65/-	10⅚ b	5 a	J. Lyons 'A' £1	73/9	74/3	4·27	1¼
35/6	25/9	5 a	9 b	Ranks Hovis 10/-	32/6	31/-	4·52	...
14/0¾	10/4½	7½ b	2½ a	Spillers 5/-	12/-	11/6	4·35	2
50/3	38/7½	11 a	1 b	Tate & Lyle £1	48/-	47/6	5·05	2¼
20/10½	14/10½	9 b	5 a	Unigate 5/-	15/7½	15/3	4·59	2
73/-	52/9	†22½ c	†5⅚ a	Brit. Amer. Tobac. ..10/-	63/3	62/9	5·85	3
51/6	34/7½	15 b	5 a	Gallaher 10/-	36/4½	36/7½	5·46	2
71/9	55/6	8½ a	14 b	Imperial Tobacco £1	56/-	56/-	8·04	1¾
				INSURANCE				
16⅝	11 5/16	†50 a	†55 b	Britannic 5/-	16½	16½	2·60	...
86/3	59/9	25 b	20 a	Commercial Union ..5/-	59/9	60/6	3·72	...
35 15/16	17⅞	†41·17c	†41·17c	Equity & Law Life ...8/6	35 9/16	35 11/16	0·80	...
95/6	51/10½	20 b	10 a	General Accident 5/-	92/3	89/9	1·67	...
60/6	42/7½	40 b	35 a	Guardian 5/-	52/-	51/9	2·58**	...
45 5/16	21⅞	110 b	80 a	Legal & General 5/-	42½	40 13/16	1·16	...
149/3	100/-	11½ b	8½ a	Northern & Empl. £1	147/9	147/3	2·72	...
13⅝	7 13/16	†70 b	†20 a	Pearl 5/-	10 15/32	10⅞	3·38	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A' 4/-	25 3/16	24 13/16	2·74	...
49/3	38/10½	...	...	Royal 5/-	46/1½	44/7½	3·36	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	106/3	106/3	3·53	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	7½ a	12½ b	British Motor 5/-	16/7½	16/1½	6·20	¾
86/6	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	82/1½*	81/9*	1·22	8
48/6	35/6	11 c	5 a	Rolls-Royce £1	40/4½	38/10½	5·66	2¼
10/-	5/6	12 c	4 c	Rootes Motors 'A' ...4/-	6/1½	6/1½	2·61	...
88/9	52/2¼	5 a	11 b	A.C.V. £1	72/9	71/3	4·49	2
101/-	76/9	20 c	20 c	Leyland Motors £1	85/6	86/-	4·65	2
18/6	14/-	12½ c	8 a	Bristol Aeroplane ..10/-	15/9	15/2¼	8·23	2¼
33/3	20/6	15 c	5 a	Hawker Siddeley £1	23/7½	21/7½	9·80**	1¼
41/3	28/10½	†5½ b	†4 a	Dowty Group 10/-	30/-*	30/-*	5·17	2¼
29/10½	21/6	15⅚ c	5 a	Dunlop Rubber 10/-	29/9	30/-	5·28	2
72/-	49/9	2½ a	11¼ b	Joseph Lucas £1	67/6	69/3	3·97	2¼
33/-	15/9	30 c	Nil a	Pressed Steel 5/-	19/-	18/6	...	1¼
46/3	29/3	12½ c	5 a	Triplex Holdings ...10/-	37/1½*	36/10½*	3·39	2¼
				MINES				
168/9	110/-	50 b	40 a	Anglo-American 10/-	140/7½	137/6	6·55	1½
66/9	41/9	6¼ b	18¾ b	Consolid. Gold Fields .£1	57/9	55/6	9·01	2½
108/9	72/6	15 a	20 b	General Mining £1	84/4½	82/6	8·48	2
68/6	40/-	120 b	40 a	Union Corporation ..2/6	53/-	50/3	7·96	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	17/6	17/3	23·19	1½
125/-	73/9	70 a	100 b	Free State Geduld ...5/-	89/4½	85/7½	9·93	1½
54/3	37/6	25 a	25 b	Hartebeestfontein ..10/-	41/3	40/6	12·35	1½
64/6	41/10½	50 a	60 b	President Brand 5/-	53/6	52/9	10·43	1½
157/6	101/3	90 a	120 b	Western Holdings ...5/-	123/9	122/6	8·57	1¼
28/6	15/9	...	8⅓ a	Winkelhaak 10/-	17/4½	17/4½	...	8½
75/3	47/6	36⅔ b	13⅓ a	Chartered 15/-	48/6	47/6	15·79	1½
63/6	50/3	20 a	60 b	Rhod. Anglo-Amer. ..10/-	52/-	50/3	15·92h	1¾
37/4½	31/6	...	...	Rhod. Selection Tst. ..£1	35/9	31/6	11·43**h	...
30/9	15/3	15 a	17½ b	Tanganyika Cons. ...10/-	19/6	18/9	17·33	1¼
81/6	46/-	13¾ b	3¾ a	Consolidated Zinc £1	52/6	50/6	6·93	1¾
159/4½	110/-	150 b	100 a	De Beers Defd. Reg. ..5/-	138/9	135/7½	9·22	1¾
$159½	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$135*	$138*	1·93	...
18/9	10/9	7½ a	30 b	London Tin 4/-	16/9*	16/7½*	9·02	1¼
45/-	30/-	20 c	27½ c	Rio Tinto 10/-	37/3	37/-	7·43	1½
44/3	17/9	52½ c	45 a	Tronoh 5/-	27/-	26/9	9·81	1
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/-	12/4½	12/-	6·25	1¼
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A' .£1	64/6	64/6	3·72	2
24/9	17/9	...	10 a	Thomson Org'n. 5/-	21/9	21/6	5·58	2
66/3	42/9	8¾ b	5 a	Bowater Paper £1	44/3	43/3	6·36	1½
56/6	38/9	16 c	5 a	Albert E. Reed £1	39/6	38/9	8·26	1½
54/3	37/-	8½ b	4 a	Spicers £1	43/3	43/9	5·71	1¾
68/9	46/6	10 b	4 a	Wiggins Teape £1	49/-	48/-	5·83	2

Prices, 1961/62 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Feb. 28, 1962	Price, Mar. 7, 1962	Yield, Mar. 7, 1962	Cover
		%	%	**MISCELLANEOUS**				
31/-	21/6	20 b	10 a	Assoc. British Picture .5/-	22/9	22/6	6·67	2¾
34/6	26/9	40 b	20 a	Assoc. Television 'A' .5/-	30/7½	30/4½	9·88	1¾
52/9	41/4½	14 b	16 a	Beecham Group 5/-	48/7½	47/6	3·16	1¾
54/3	31/1½	6⅔ b	3⅓ a	British Match £1	36/10½	37/10½	5·28	2
28/4½	13/6	4 a	6⅔ b	British Oxygen 5/-	14/-	14/6	3·68	1¾
13/-	7/10½	7 b	3 a	British Ropes 5/-	9/6	9/1½	5·48	2¼
70/-	44/9	15 b	7½ a	De La Rue 10/-	57/6	57/6	3·91	2
50/-	31/9	20 c	7½ a	Gestetner 'A' 5/-	40/-	40/-	2·50	3¼
73/9	51/-	6 a	9 b	Glaxo 10/-	53/-	53/-	2·83	3¼
57/6	42/-	3 a	12 b	Harrisons & Cr. Defd. £1	46/6	46/-	6·52	2½
55/6	32/4½	5 a	20 b	Hoover 'A' 5/-	33/-*	38/-*	3·29	...
28/-	17/6	5 a	12½ b	Ilford 5/-	19/6	19/-	4·61	1¼
114/6	56/3	4 a	7¼ b	I.C.T. £1	110/3	107/6	2·09	2½
78/9	37/6	12½ c	12½ c	National Canning £1	41/10½	42/6	5·88	1
39/10½	29/6	10 b	6 a	Powell Duffryn 10/-	36/-	37/-	4·32	2¼
36/6	24/7½	5 a	17½ b	Radio Rentals 5/-	35/-	35/6	3·17	2¾
38/-	18/9	7½ a	15 b	Rank Organisation ...5/-	34/6	33/3	3·38	...
41/10½	30/1½	16½ b	7½ a	Schweppes 5/-	36/3	35/-	3·43	1¾
40/3	27/6	20½ a	25 c	Sears 'A' 5/-	38/-	37/3¾	3·35	2¼
28/4½	21/3¾	11½ b	8½ a	Thomas Tilling 4/-	25/3	25/10½	3·09	2
78/-	51/6	4 a	8 b	Turner & Newall £1	55/3	54/10½	4·37	2
55/-	32/6	9·47a	15.32b	Unilever 5/-	43/-	41/6	2·99	3
12⅝	8¾	8 a	13 b	Unilever N.V ....12 fl.	11 7/32	11 5/32	2·22	3
22/6	13/9	5 a	10 b	United Glass 5/-	16/6	16/6	4·55	2½
42/1½	29/-	†10⅚ b	†4⅙ a	United Molasses 10/-	31/-	30/-	8·16	1
				SHIPPING				
46/3	27/3	13½ b	6½ a	Brit. & Com'wealth 10/-	29/3	29/-	6·90	2
20/-	13/3	8 c	6 c	Cunard £1	16/1½	15/7½	...	...
24/9	16/3	17 c	7 c	France Fenwick £1	16/9	17/-	8·24	½
50/6	26/6	10 c	10 c	Furness Withy £1	26/7½	28/1½	7·11	1
15/-	7/3	17½ c	Nil a	London & Overseas ..5/-	7/3	7/7½	...	...
48/6	21/9	3 a	3 b	P & O Defd. £1	22/6	23/4½	5·13	...
17/9	9/-	2½ c	2½ c	Reardon Smith 10/-	9/3*	9/-*	2·78	...
25/-	9/10½	8 c	5 c	Royal Mail £1	9/10½	10/6	9·52	...
				STEEL				
81/3	42/-	10 b	6 a	Colville £1	44/4½	42/4½	7·55	2½
43/7½	23/1½	3½ a	6½ b	Dorman Long £1	25/7½	25/6	7·84	2¼
49/10½	29/10½	3½ a	7½ b	Lancashire Steel £1	32/4½	32/1½	6·85	3
42/-	17/3	4 a	6 b	South Durham £1	17/9	17/3	11·59	1¼
47/8¼	26/9	5 a	5 b	Steel Co. of Wales £1	30/7½	29/10½	6·69	2
57/4½	32/9	5 a	10 b	Stewarts & Lloyds £1	34/-	33/7½	8·92	2
68/7½	41/6	6 a	9 b	John Summer £1	49/7½	49/4½	6·08	2
55/7½	36/9	4·8 a	7½ b	United Steel £1	39/10½	39/7½	6·21	1½
63/6	32/-	6¼ a	8¾ b	Whitehead £1	34/6*	32/-*	9·38	2
				TEXTILES				
42/7½	23/10½	7½ b	5 a	English Sewing Cotton £1	28/1½	26/10½	9·30	1½
31/10½	19/4½	10 b	5 a	Fine Spinners £1	24/10½	24/4½	12·31	2
70/4½	42/-	7½ a	17½ b	Lancashire Cotton £1	48/6	45/9	10·93	1¼
52/-	26/3	5⅚ b	3¾ a	Courtaulds £1	50/3	50/3	4·98**	...
8/9	5/7½	4 a	9⅓ b	Illingworth Morris ..4/-	6/1½	6/1½	8·71	1¾
78/-	62/-	8 a	13 b	West Riding Worsted £1	77/6	77/6	5·42	2½
37/3	26/3	2½ a	7½ b	Woolcombers £1	29/6*	29/6*	6·78	2
20/7½	12/1½	3 c	6 c	Bradford Dyers £1	16/-	16/9	7·16	1¼
16/2¼	10/7½	7½ a	13¾ b	Calico Printers 5/-	12/6	12/4½	8·08**	3¼
55/10½	38/6	...	3¾ a	Coats, Patons & B. £1	42/3	41/6	6·02**	2
13/7½	9/3	3 a	10 b	Jute Industries 10/-	10/1½	9/10½	13·16	2¼
35/3	22/6	10 c	10 c	Tootal £1	24/6	24/-	8·33	1¼
				TRUSTS, LAND & PROPERTY				
73/-	52/6	12½ a	25 b	Alliance Trust 5/-	68/3	73/-	2·57	1¼
57/10½	42/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	54/9	54/9	4·57	1½
20/-	12/7½	10 c	10 c	Cable & Wireless 5/-	15/6	15/7½	3·20	1½
65/9	47/-	31⅔ c	10 a	City Centre Props. ...5/-	58/-*	58/-*	2·18**	2
95/6	64/3	7½ b	3½ a	City Lond. Real Prop. £1	78/6	76/9	2·87	1
100/7½	72/6	7·04a	9·04b	Hudson's Bay £1	83/9	87/6	3·68	3
36/3	22/3	4 b	2 a	Land Securities 10/-	33/-	31/6	1·90	1
38/3	26/6	12 1/12 c	6⅔ a	Lond. Cnty. Freehld. 10/-	33/9	33/-	3·67	1
				TEA & RUBBER				
47/6	39/6	†25 b	†2½ a	Cons. Tea & Lands £1	40/6	40/6	22·18	1
35/6	28/9	†11 b	†3 a	Jokai (Assam) £1	32/3	31/9	14·40	2½
11/-	7/6	...	...	Nuwara Eliya £1	8/4½	8/6	...	...
6/10½	3/10½	29⅙ b	12½ a	Highlands & Lowlands 2/-	5/4½	5/5¼	15·33	1½
7/4½	4/7½	35 b	7½ a	London Asiatic 2/-	4/11¼	4/11¼	17·22	2
93/-	64/6	37½ b	10 a	United Sua Betong £1	69/9	69/6	13·67	1½

THE ACTUARIES' INVESTMENT INDEX

(December 31, 1957=100)

GROUP	Price Index Feb. 28, 1961	Price Index Feb. 27, 1962	Average Yield per cent. Feb. 28, 1961	Average Yield per cent. Feb. 27, 1962
FINANCIAL :—				
Banks	243·1	292·2	3·61	3·12
Investment trusts	229·8	249·3	3·37	3·38
INDUSTRIALS :—				
Electrical engineering	154·4	147·3	4·93	5·43
Engineering	172·3	148·4	4·36	4·95
Steel	252·8	177·7	5·49	7·40
Breweries	260·1	294·3	3·92	3·92
Chain stores	235·0	219·2	2·65	3·07
Cotton and rayon textiles	204·0	171·7	6·08	8·13
Wool textiles	213·0	188·0	5·30	6·25
Chemicals	231·9	160·4	3·67	5·00
Oil	137·5	126·8	5·63	6·98
Shipping	126·5	73·5	4·75	6·49
All classes combined	198·6	179·5	4·63	5·43
Total—*Capital Goods*	177·9	155·8	4·88	4·77
Total—*Consumption Goods*	251·6	241·1	4·27	4·78

NEW YORK PRICES AND INDICES

	Feb. 28 $	Mar. 7 $		Feb. 28 $	Mar. 7 $		Feb. 28 $	Mar. 7 $
Atch. Topeka	26⅝	27	Boeing	53⅝	50½	Int. Harvester	56	55½
Can. Pacific	25	24½	Celanese	41¼*	42⅜	Inter. Nickel	76⅛	78
Pennsylvania	17⅛	16⅞	Chrysler	59⅝	56¼	Inter. Paper	36¾	36⅝
Union Pacific	33⅜	33⅛	Col. Palmolive	49⅞	49⅛	Kennecott	80¼	81¼
Amer. Electric	68½	68⅞	Crown Zeller.	55	55	Monsanto	48¾	48⅜
Am. Tel. & Tel.	132⅞	131½	Distillers Seag.	45⅞	47⅝	Nat. Distillers	27¾	27⅜
Cons. Edison	78	77⅛	Douglas	32⅝	32	Pan-American	22¾	23¾
Int. Tel. & Tel.	55	53⅝	Dow Chemical	68½	63	Procter Gamble	79½	80
South'n. Nat. Gas	49¼	48⅜	Du Pont	244½	244¾	Radio Corpn.	57⅜	59¾*
United Corpn.	8½	8⅝	East. Kodak	108⅝*	111	Sears Roebuck	79⅞	79⅛
Western Union	36½	36	Ford Motor	104⅜	98⅝	Shell Oil	39½	39⅞*
Alcoa	60½	64⅝	Gen. Electric	74⅝	76	Socony-Mobil	55⅝	54¾
Aluminium	26⅜	27⅛	General Foods	82	83¾	Stand. Oil Ind.	56	54¾
Amer. Can.	45⅞	45¼	General Motors	55⅛	55⅞	Stand. Oil N.J.	55⅜	54⅝
Am. Smelting	60¼	59¼	Goodyear	43⅞	42⅞	Union Carbide	116½	113¾
Am. Viscose	56¼	57⅛	Gulf Oil	43	43⅝	U.S. Steel	70⅞	70
Anaconda	48⅞*	49	Heinz	58¼	58¾	West. Electric	36	35½
Beth. Steel	41⅝	41⅜	Int. Bus. Mach.	537	548¼	Woolworth	83⅜	82⅜

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
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
" 21	74·29	2·87	34·02	4·75	64·08	3·15	87·16	4·16
" 28	73·89	2·90	33·70	4·79	63·99	3·15	87·67	4·11
Mar. 7	73·57	2·91	33·50	4·82	63·92	3·16	87·87	4·09

425 Industrials :—High, 76·69 (Dec. 12, 1961). Low, 60·87 (Jan. 3, 1961).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Feb. 28 Frcs.	Mar. 7 Frcs.	GERMANY	Feb. 28 %	Mar. 7 %	HOLLAND	Feb. 28 %	Mar. 7 %
Air Liquide	1,226	1,196	A.E.G.	496¾	501¼	A.K.U.	415	403¾
Banque de Paris	608	598	Bad'che. Anilin	483½	493½	Bijenkorf	1,140	1,150
Citroen	199	188·2	Bayer	625	635½	Heinekens	610	565
C. F. Petrole	350	332	Commerzbank	569	594	Interunie (Fl.50)	Fl.231·5	Fl.232·5
Cie. G. d'Elect.	1,325	1,360	Deutsche Bank	665	684	K. N. Hoogoven	826½	819
Machines Bull	720	708	Hoechst Farb.	510	522	Kon. Zout-Ket.	1,102	1,111
Pechiney	287	275	Kundenkredit	519	520	Philips	1,030	1,056
Printemps	725	716	Lowenbrau	1,245	1,295	Robeco (Fl.50)	Fl.254	Fl.255·5
Rhone-Poulenc	503	516	Mannesmann	245	248	Rotterdam Bk.	383	385½
S.I.M.	388	388	Siemens	757½	751	Thomassen & D.	734	710
Saint-Gobain	440	417	Thyssen-Huette	224½	225	Valeurop	Fl. 81·9	Fl. 82·5
Usinor	231	225	Volkswagen	707	704¼	Zwanenberg	1,083	1,075
Index	107·8	107·3	*Herstatt Index*	112·97	114·46	Index	392·38	392·09
Dec. 30, 1960=100.			*Dec. 31, 1959=100.*			*1953=100.*		

ITALY	Feb. 28 Lire	Mar. 7 Lire	BELGIUM	Feb. 28 Frcs.	Mar. 7 Frcs.	SWEDEN	Feb. 28 Kr.	Mar. 7 Kr.
Ass. Generali	147,790	158,680	Arbed	31,300	31,300	Asea	219	226
Breda	6,250	6,540	Bqe. Nat. de Bel.	10,650	10,300	Elektrolux	130	131
Edison	5,215	5,500	Bque. Soc. Gen.	3,475	3,535	Ericsson B. Kr.35	135	134
Fiat	2,939	3,045	Cockerill-Oug.	3,265	3,265	Separator B.	310	308
Finsider	1,560	1,610	Esperance Long	6,840	6,980	Skand. Banken	212	211
La Centrale	15,650	17,430	Hoboken	17,225	17,050	Sv. Cellulosa	205	205
Montecatini	3,636	3,788	Innovation	6,540	6,600	Sv. Handelsbank	207	209
Motta	37,200	38,490	Photo Gevaert	3,490	3,480	Tandstk. B Ky.50	171	170
Olivetti	11,330	11,700	Sidyo	1,140	1,148	Index	176·16	174·31
Pirelli S.p.A.	10,660	12,390	Soc. Generale	14,650	14,400*	*Dec. 29, 1956=100.*		
Rinascente	861¾	894	Sofina	8,750	9,070	**NORWAY**	%	%
Snia Viscosa	7,150	7,785	Un. Minieye 1/10	1,370	1,362	Beygens Priv'bk.	266¼	265
Index	713·66	758·84	Index	412·0	414·6	Boryegaard	268¾	257½
1950=100.			*May 9, 1940=100.*			Norsk Hydro	317½	315

* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) Capital distribution of 1s. 0d. per share. (*f*) Flat yield. (*g*) Equivalent to 7·2 sterling. (*h*) After Rhodesian tax. (*l*) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

** Yields based on assumed dividends :—Bass, Mitchells & B., 11%. John Brown, 13¾%. Calico Printers, 20%. City Centre Props., 25⅓%. Coats, Patons & B., 12½%. Courtaulds, 12½%. Crittall Mfg., 16⅞%. Guardian, 26⅔%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Midland Bank, 15%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%. Thomson Organisation, 24%. Woodall-Duckham, 21%.

Bull Market in American Banks

BY A NEW YORK CORRESPONDENT

THROUGHOUT the 1950s American investors neglected bank shares for more glamorous industrial equities, from electronics and office equipment stocks to "discount" department stores. Last year the charms of the banks were rediscovered and exalted in a manner they have not enjoyed since their heyday before the 1929 crash. Investors pushed up the prices of leading shares by nearly 50 per cent last year, and while there was a decline of about 10 per cent in January, partially due to profit taking, most of this fall has been recovered in the past few weeks. Bank shares, which were formerly bought mostly by sophisticated institutional investors, are now being recommended by Wall Street brokers as suitable for every portfolio. Their earnings performance compares favourably with the records of industrial companies; net operating earnings of the New York City banks, for example, increased from $135 million in 1950 to $344 million last year, a gain of 154 per cent. Earnings, moreover, moved higher each year, and dividends increased proportionately, for banks are accustomed to pay out between 50 and 65 per cent of their profits.

The extent of the new bull market in bank shares can be measured by the swift rise in price-earnings ratios over the past twelve months. In the 1950s, prices of most bank shares fluctuated rather narrowly between 11 and 15 times annual earnings and yielded from 3½ to 4½ per cent; at the end of 1961 they were selling for more than 20 times earnings, and some even over 30 times, while yields declined to less than 3 per cent on average and below 2 per cent in many cases. This rise took place at a time when many banks experienced a slight dip in earnings for the first time in years and others showed only small gains. But investors, disappointed with the results of the so-called growth stocks, flocked to bank shares in belated recognition of their past records, their relative safety and their liberality in dividends.

Although the banks showed a slight decline in total net earnings last year, they did much better than industrial companies. They derived considerable help from the operations of the Federal Reserve, which kept them well supplied with reserves even after recovery had set in. As a result, total loans and investments of all member banks rose more than 9 per cent, the biggest twelve-month gain in the past ten years. Earnings dropped because interest rates were lower than in the previous year and, because of the Federal Reserve's easy money policies, showed little rise throughout the year.

The prospect is that 1962 will bring a resumption in the growth of bank earnings in total, but with marked variations from bank to bank. Some banks may register declines of 10 per cent or more while others chalk up gains of similar magnitude. This disparity is likely to result from the FRB's decision to change Regulation Q, the provision governing interest payments on time and savings deposits. From the beginning of this year, the Federal Reserve increased the ceiling from a flat 3 per cent to 3½ per cent on funds held less than a year and to 4 per cent on longer-term money. Banks were under no obligation to move to the higher ceilings, which had been established primarily to help the big New York banks maintain and attract foreign deposits; but a good many banks, though some with considerable reluctance, increased their rates to attract deposits. California banks will be particularly hard hit because they traditionally have a big portion of time and savings deposits; the Bank of America has some $5.5 billion, equal to 54 per cent of total deposits, compared to a 20 to 25 per cent average in New York. Furthermore, significant portions of deposits in New York are in the corporate and foreign category, which are gathered in million-dollar units, rather than in savings, which are in small amounts and much more expensive to administer.

INVESTORS have reacted to the expected impact of the new rates. Shares of Western banks, which normally sell at a higher price-earnings ratio because of their more rapid deposit growth, declined more steeply and have recovered less than those of New York and other Eastern banks. The increased costs incurred by the higher interest expense would not be so burdensome if banks were enjoying a rise in yields and loans and investments. But this is not the case. While business activity has expanded, demand for business loans continues to lag. In the last half of 1961, banks kept liquid in order to take advantage of the expected increase in demand for loans. This however has failed to materialise, and earnings must have suffered. Now, banks are even more hard pressed because of the increase in deposit rates. They remain heavily invested in short-term securities while putting fresh funds into tax-exempt municipal obligations that offer relatively better yields than government issues.

In recent weeks, short-term rates have been moving higher and bankers are predicting that demand for business loans will accelerate. Some think that a rise in demand will lead to a rise in the prime lending rate, now at 4½ per cent, by mid-year. Banks with modest savings and time deposits might then be able to increase earnings by 10 per cent or more. But in the absence of strong loan demand and an increase in the prime rate the rise in earnings could be minimal. The big banks in the money market centres seem to be in the best place to register gains because, for the first time in years, they are gaining funds more rapidly than the smaller institutions. In fact, even before the change in Regulation Q they were taking special steps to bolster their deposits, which have been impaired by shifts to banks in the suburbs and the hinterlands as well as by the widespread corporate practice of keeping balances at the lowest possible level. Last February, the First National City Bank of New York introduced negotiable certificates of deposit for sale to corporations as a means of getting round the restrictions of Regulation Q. Certificates were promptly offered by other metropolitan banks whose deposits have not kept pace with the national trend, and in New York alone, brought in more than $1 billion. Now that the banks are gaining regular deposits, sales of certificates are not being pushed.

It is doubtful whether bank shares as a group will do as well in 1962 as they did in 1961. But with most banks looking forward to at least a moderate increase in earnings, investors are not likely to become disenchanted with their new favourites overnight. The danger is that Wall Street will exaggerate their growth potential and overestimate the possibilities of mergers; this could produce a fresh rise followed by an inevitable correction. So far, however, the bull market in bank shares does not appear to have developed the excesses that have afflicted many industrial shares.

US BANK EARNINGS AND SHARES

	Net Operating Earnings Per Share* 1960 $	1961 $	Change %	Current Dividend $	Market Price, Mar. 5, 1961 $	Mar. 5, 1962 $	Change %	Current yield, %
Bank of America	3·47	3·08	−11·2	2·00a	59	60½	2·5	3·3
Morgan Guaranty	6·91	6·53	− 5·5	4·00	117	143½	22·6	2·8
Bankers Trust	3·60	3·43	− 4·7	1·80b	58	70	20·7	2·6
First National City	5·83	5·72	− 1·9	3·00c	91½	110	20·2	2·7
Chemical Bank N.Y. T/C	4·83	5·18	+ 7·2	2·80	71½	98	37·1	2·9
First National of Chicago	4·86	4·67	− 3·9	1·60	71½	92	28·7	1·7
Continental Illinois	9·70	9·80	+ 1·0	4·00	134	181½	35·4	2·2
First Pennsylvania	2·10	1·95	− 7·1	1·20d	30	37	23·3	3·2
Wachovia Bank	1·58	1·60	+ 1·3	0·60	30½	42	37·7	1·4
Citizens and Southern	3·35	3·38	+ 0·9	1·70	61	84	37·7	2·0
Bank of the Southwest	4·05	3·95	− 2·5	1·60e	65	93	43·1	1·7
First National Bank of Boston	5·52	5·49	+ 0·5	3·00f	81	101	24·7	3·0
Security First L.A.	4·06	3·87	− 4·7	1·60	71½	74¼	3·7	2·2

*Adjusted for Stock Splits and Dividends. (a) Paid 5 per cent stock dividend in 1961. (b) Paid 11¼ per cent stock dividend in 1962. (c) Paid 2 per cent stock dividend in 1962. (d) Stock split 2 for 1 in 1961. (e) Paid 15 per cent stock dividend in 1961. (f) Paid 14·285 per cent stock dividend in 1961.

Drage's

THE possibility of a link-up between two of Sir Isaac Wolfson's companies, Drage's and General Guarantee Corporation, has long been mooted in the City and a belief that such a move was imminent brought about a sharp rise in the price of Drage's shares in the last few months. Expectations have now been realised with a scheme for the merger of the two companies by the sale to Drage's of General Guarantee Corporation, which is almost completely held by Wolfson charitable trusts and family interests. The net assets of GGC are more than £12 million and it counts among its subsidiaries First Scottish Mutual Investment Trust, with controlling interests in Horrockses Crewdson and J. and N. Philips, and the merchant bankers, Ralli Brothers. For General Guarantee's 2,000,000 ordinary shares and 75,000 preference shares Drage's will offer £2,075,000 in cash and £8,000,000 in an unsecured loan stock, 1982-91. About £7½ million of the purchase price will be donated to the Wolfson charities.

As a preliminary to the merger Drage's ordinary shares will be written up from 1s. to 5s. each and this will be followed by a seven for one scrip issue; its total issued capital is thus raised to £4,700,000 by what is in effect a thirty-nine for one scrip issue. Last year, General Guarantee's net profits amounted to £358,000 of which 35 per cent came from textiles, 25 per cent from commodity dealing and 18 per cent from banking, finance and investment. The full accounts from Drage's, in contrast, do little to dispel the mystery about what investments it owns. It is generally supposed to have invested most of its money in Great Universal Stores; GUS did not raise its ordinary dividend in 1960-61, but even so Drage's gross profits rose from £497,000 to £586,000 in 1961. The market value of Drage's investments fell from £10,625,000 to £10,266,000 though their book value rose from £1,769,000 to £2,204,000. On the maintained dividend of 250 per cent the 1s. shares, which have fallen by 7s. to 193s. since the merger terms were announced, yield only 1½ per cent. On the basis of General Guarantee's earnings for 1961 and allowing for interest on the loan stock the prospective earnings yield is no more than 4 per cent. But the Drage's directors tell shareholders that they believe General Guarantee's assets can be "employed to further advantage" and they forecast a "material improvement" both in assets and profits in the coming year.

Shopping Squeeze?

FURTHER evidence of a check to growth for most department and chain store groups comes in this week's results from A. W. Gamage and Army and Navy Stores. Once again it is a case of increased sales being largely offset by higher costs; for **A. W. Gamage** sales in the year to January 31, 1962, were at a record level but this brought only a marginal increase from £450,000 to £455,000 in profits before tax. A higher tax charge involves a fall in net profits (the first in ten years) from £234,000 to £222,000 and shareholders after many years of successive increases have to be content with a maintained dividend of 52½ per cent, which once again is paid rather curiously as a 25 per cent dividend plus a 27½ per cent bonus. The results came as a disappointment and the 10s. shares fell back by 6s. 9d. to 116s. 3d., to yield 4½ per cent. Shareholders must now await the statement from Mr Eric Gamage to discover if there were any particular factors in the increase in expenses; with the benefit of a full year's trading from its Hatton Garden extension, Gamage appeared set to enjoy in the words of the chairman a year ago "another good year."

After big increases in trading profits in the two preceding years **Army and Navy Stores** reports a fall of 9 per cent from £521,000 to £474,000 in profits in the year to January 31st. As expected the ordinary dividend has been maintained at 15 per cent, paid from earnings that have fallen from 19½ to 18 per cent. Last April the chairman said that while sales were running at a slightly higher level profits were not likely to expand at the same rate as the previous two years. This forecast has proved to be all too true and the 10s. ordinary shares have fallen back from 3s. 6d. to 38s. 9d. to yield 3.9 per cent. The low return owes something to the possible redevelopment of the Victoria Street site and Artillery Mansions.

One of the additional factors responsible for the setback from £2,399,000 to £2,066,000 in the profits of **British Home Stores** in 1961, was the very small contribution made by new stores opened during the year. In his first statement to shareholders Sir Richard Burbidge, the new chairman, says that it is now taking longer for stores in new areas to give an adequate return. The highlight of last year's rebuilding programme was the opening of the new Oxford Street branch; two other new stores were opened while others were extended and modernised. In all net fixed assets rose by almost £2 million to £13.6 million but there is still a large programme in hand and at January 6th capital commitments totalled £2.4 million. Last year's £2½ million debenture issue left the group with liquid assets of £3¾ million while sale and lease back deals for a number of properties have been arranged. Thus there should be no need to call on shareholders for funds at least in the current year. For the future the directors are pinning confidence on their policy of building up a brand image under the name of Prova. Sir Richard says, however, that this is a "costly and long term project" and he also points to the continuing rise in costs. Thus while the directors are confident of the group's future growth shareholders should perhaps assume that it will be less rapid than in recent years. On this basis the present yield of 3½ per cent offered by the 5s. shares at 16s. 7½d. is at least more realistic than the return of 2½ per cent offered when the shares stood at 25s. last year.

Rugby Portland Cement

SIXTEEN years of uninterrupted growth of profits is an enviable record for any company and Rugby Portland Cement's latest increase comes with the same clockwork regularity. Some shareholders may be disappointed that the rate of increase in profits of 13½ per cent, from £1,777,000 to £2,020,000, is lower than the 18 per cent in 1960, but in relation to a rise of 10 per cent in cement deliveries to the British market as a whole it seems satisfactory. Rugby's production and deliveries reached new record levels last year and home deliveries rose by 25 per cent; the contribution of the Australian and Trinidad subsidiaries to the advance in profits is not yet clear.

The rise in earnings provides bigger cover for the dividend; on the 1s. "A" shares the maintained dividend of 250 per cent is covered twice, against 1.7 times in 1960, and on the 5s. ordinary shares the maintained dividend of 25 per cent is covered 3.5 times, against 3.2 times. The chairman, Sir Halford Reddish, again draws attention to the company's policy of making scrip or rights issues on favourable terms without reducing the rate of dividend, but says that the directors will defer making any announcement of their intentions in this respect until after the budget. No doubt Sir Halford would like to break away from a policy of dividend restraint as soon as it is politic to do so. His comment on the outlook is terse—"search me, refer to Selwyn Lloyd"—but he is optimistic, and deliveries in the first two months of 1962 were higher than in the same period of 1961, helped no doubt by the new kiln opened last November at Southam. The 5s. ordinary shares gained 1s. 9d. to 63s. 9d. after the results and yield only 2 per cent; investors are clearly expecting Sir Halford to continue his past form.

Hudson's Bay Company

AT first sight the rise of 17 per cent in the gross profits of the Hudson's Bay Company in the year to January 31st looks most satisfactory; but the comparative increase from £5,229,000 to £6,113,000 needs some qualification. The 1960-61 profit was swollen by the inclusion of £194,000 from accounting adjustments; in 1961-62 the inclusion of a full year's profits from Henry Morgan, the stores subsidiary, produced more than this, whereas in 1960-61

the contribution was only £142,000, from less than two months' trading. The latest profit also includes a dividend of £286,000 from Hudson's Bay's holding of 22.6 per cent in Hudson's Bay Oil and Gas Company. But, whatever qualifications are made, it seems clear the group's retail and oil interests have made a useful contribution to the final results.

The ordinary dividend is effectively maintained at 12 per cent, after the one-for-ten rights and one-for-one scrip issues; it is covered 3.1 times, just a little more than in 1960-61. The customary land distribution is effectively unchanged at 2½ per cent tax free, so that the consolidated gross dividend rate is 16.1 per cent, putting the £1 ordinary shares at 87s. 6d. on a yield of 3.7 per cent. For the future the group should benefit if the rise in the Canadian national income in 1961 is sustained into 1962.

International Nickel

AFTER the first quarter of 1961, net sales by the International Nickel Company of Canada were running at a higher level than in the previous year and by the end of the year total sales reached $517 million, $12 million higher than in 1960. Between the two halves of the year there was no actual growth in sales, but costs dropped sharply and this raised operating profits in the last three months of the year to $53.8 million. At that rate, operating profit in a full year would be $215.3 million compared with last year's actual profit of $176.5 million, which was itself an improvement of $14.3 million over 1960. In the second half of the year the group raised the price of nickel by 10 per cent and brought its new Thompson mine into operation.

Capital spending consequently dropped from $76 million to $46 million last year, and the heavy draught made on liquid assets in 1960 was not repeated. Cash declined by $1.4 million to $29.9 million and securities by $3.5 million to $35.5 million. Probably because of the need to hold more nickel, stocks rose by $33.4 million following a rise of $40.3 million in 1960. Tax was virtually unchanged at $60.9 million but the commissioning of the new mine helped to raise depreciation from $15.5 million to $19.9 million. Net earnings were $8.1 million higher at $88.8 million, representing $3.02 per share against $2.76. The ordinary dividend has been maintained at a quarterly rate of 40 cents since November, 1960, so that the total distribution of $1.60 per share against $1.52½ absorbed $46.9 million, compared with $44.5 million in 1960. Retained earnings of $41.9 million and depreciation therefore comfortably covered capital expenditure last year. Expenditure is expected to rise to $55 million this year, of which $20 million will be spent on mining iron ore at Copper Cliff. At the current price in London of $138 International Nickel yields 2 per cent.

Scottish Widows

THE accounts of the Scottish Widows' Fund for 1961 show the biggest increase in its business since this life office was founded in 1815. This office has specialised in group pension schemes and the growth in its business last year largely reflected the establishment of new group insurance schemes and the extension of existing ones. Together these accounted for £30.7 million of the £62.9 million of net new sums assured last year, which were about 30 per cent more in total than the new business written in 1960. New annuity business, which also largely reflects the influence of group pension schemes, rose by about a third to £8.3 million. Premium income again rose by nearly 10 per cent and amounted to £15½ million last year, while life assurance premiums on new business amounted to over £1 million for the first time in the office's history.

The office's interest in pensions business largely explains why Scottish Widows was one of the pioneers among the life offices in equity investment. The substantial portfolio it has built up in ordinary shares has brought considerable benefits to its policyholders. Dividend income, however, was less buoyant last year and the increase in the gross rate of interest on its funds was limited to 1s. 2d. per cent. But an investor entering the stock market at the present time would find it difficult to match the return of £6 14s. 7d. per cent earned by the fund last year. Scottish Widows' investment policy has changed significantly, for in the last two years practically no new money has been invested in equities. Last year, about £11 million was invested in gilt-edged securities, which now account at book value for 42.4 per cent (against 39.3 per cent) of total assets, and £3 million in debentures, which account for 10 per cent (against 9.3 per cent) of the assets. As a result the proportion of assets held in equities fell from 35.3 to 31.6 per cent.

Jaguar

IN his statement to shareholders Sir William Lyons, the chairman of Jaguar, returns to the familiar theme that rising costs are the main threat to the company's future prosperity. Margins have been narrowing for Jaguar over the past two years, and in the year to July 31st a 26 per cent increase in output resulted in the more modest advance of 11¼ per cent in gross profits from £1,846,000 to £2,062,000. Now Sir William says: "If our costs rise in the way that they have done in recent years then our competitive ability must inevitably suffer." Another curb on the optimism of the buyers who have pushed up Jaguar shares to 81s. 9d.—at which they yield 1.2 per cent on the maintained dividend of 20 per cent, covered eight times—is that most of the cost of integrating the Daimler and Jaguar factories will fall in the current financial year, as will the cost of introducing the Mark X saloon. Assembly is being concentrated in the Jaguar factory while the Daimler factory is being used for machining. In the long run this should add to Jaguar's profitability by increasing productive capacity—unless the benefit is outpaced by rising costs.

On one subject Sir William is cheerful without inhibition—his new models: the E-type sports car, for which demand is still taxing capacity; and the Mark X, a car which he regards as the basis of Jaguar's range. He explains that the purchase of Guy Motors last autumn was to secure a short cut entry into the heavy commercial vehicle market, which he had been anxious to enter for some time. When Guy was in so sorry a state this was a brave decision; now, Sir William says, everything possible is being done to make the business profitable again.

Wilmot-Breeden

WILMOT-BREEDEN (HOLDINGS), makers of car components, spent heavily on capital account last year both in Britain and in its common market subsidiaries. Its expansion in the common market, however, put no strain on the resources of the group in this country as it was financed by loans of £3.3 million raised in France and Switzerland; the sharp reversal in the cash balances of the group, from a cash holding of almost £1 million in January, 1961, to a net overdraft of £700,000 by January 31st last reflects in fact heavy expenditure in this country alone and the directors are finding this by a rights issue of one 5s. ordinary share at 10s. each for every ten ordinary or redeemable preference shares held. The issue should raise £966,000.

Reflecting the fall in motor vehicle production, gross profits for 1961 are expected to fall by about 34 per cent from £1,527,000 to £1 million. The ordinary dividend will be maintained at 11¼ per cent for 1961, and the directors expect to leave this payment unchanged in 1962 on the bigger capital. They say that prospects are "very encouraging" in the common market and demand is rising in this country. The 5s. ordinary shares stand at 16s. 4½d. xr, to yield 3.4 per cent and thus discount a rise in profits in the fairly near future.

The Economist Indicator (1953 = 100)

1962	Indicator	Yield %	1961/62 High	1961/62 Low
Jan. 31	357·0	5·07		
Feb. 7	359·0	5·04		
,, 14	357·0	5·07		
,, 21	356·4	4·99	427·2 (May 10) 1961	342·7 (Oct. 18) 1961
,, 28	356·6	4·97		
Mar. 7	352·2	5·03		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Mar. 1	298·6	5·19	6·29	12,031
,, 2	298·4	5·19	6·29	12,399
,, 5	297·9	5·20	6·29	16,373
,, 6	296·0	5·24	6·29	14,173
,, 7	293·9	5·27	6·29	13,829

High, 365·7 (May 15, 1961). Low, 284·7 (Oct. 16, 1961).
† July 1, 1935 = 100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended March 3, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £533,000 compared with a surplus of £48,734,000 in the previous week and a surplus of £51,439,000 in the corresponding period of last year. There was a net expenditure "below-line" of £20,220,000 leaving a total cumulative deficit to date of £269,809,000 compared with £338,690,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Mar. 4, 1961	April 1, 1961, to Mar. 3, 1962	Week ended Mar. 4, 1961	Week ended Mar. 3, 1962
Ordinary Revenue					
Income Tax	2,728,500	2,108,442	2,305,735	130,630	111,343
Surtax	210,000	162,100	186,900	10,800	13,800
Death Duties	240,000	215,900	237,000	8,000	7,100
Stamps	94,000	83,100	89,200	1,200	2,100
Profits tax, EPT and EPL	325,500	244,400	312,600	4,400	4,100
Other Inland Rev. Duties	...	150	100	...	...
Total Inland Rev.	3,598,000	2,814,092	3,131,535	155,030	138,443
Customs	1,550,000	1,352,405	1,491,464	27,410	32,590
Excise	960,000	904,660	943,375	18,820	19,755
Total Customs and Excise	2,510,000	2,257,065	2,434,839	46,230	52,345
Motor Duties	155,000	123,833	132,651	3,692	...
PO (Net Recpts.)	...	...	...	...	...
Broadcast Lic's.	40,000	35,200	36,300	...	...
Sundry Loans } Miscellaneous }	205,000	41,271 114,321	217,451	4,607	1,078
Total	6,508,000	5,385,782	5,952,776	209,559	191,866
Ordinary Expenditure					
Debt Interest	660,000	637,708	685,591	28,592	29,261
Payments to N. Ireland Exch.	92,000	79,360	86,930	...	5,527
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,577	8,028	15	226
Supply Services	5,186,902	4,470,723	4,806,742	123,145	151,842
Total	5,961,902	5,195,368	5,594,573	151,752	186,856
Sinking Funds	40,000	38,715	38,549	6,368	5,477
"Above-line" Surplus or Deficit		+ 151,699	+ 319,654	+ 51,439	+ 533
"Below-line" Net Expenditure*		490,389	589,463	19,452	20,220
Total Surplus or Deficit		338,690	269,809	31,987	19,687
Net receipts from:					
Tax Reserve Certificates		34,913	13,658	−15,733	− 8,473
Savings Certificates		56,500	− 20,700	− 400	− 800
Defence Bonds		98,797	17,456	1,635	− 2,281
Premium Savings Bonds		52,860	38,500	1,650	1,700
Total		243,070	48,914	−12,848	− 9,854

* Net issues of £25 million to the Civil Contingencies Fund in 1961-62 compared with net issues of £10 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills Tender	Treasury Bills Tap	Ways and Means Advances Public Dept.	Ways and Means Advances Bank of England	Total Floating Debt
1961					
Dec. 4	3,060·0	1,696·1	199·5	...	4,955·6
Nov. 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
,, 24	2,990·0	2,382·5	207·4	...	5,579·9
Mar. 3	2,950·0	2,481·4	236·7	5·0	5,673·1

THE MONEY MARKET

THURSDAY'S cut of ½ per cent in Bank rate was followed by a corresponding cut in the fixed rates in the money market (see page 927). The Bank had confused the market on the previous day by forcing it to take loans at Bank rate, for the first time for many days. The Bank, no doubt, is anxious to avoid showing its hand too openly. Earlier increases in the bill rate engineered by the discount houses had raised the bill rate to over 5½ per cent, its highest point since Bank rate was last 6½ per cent. And although the market kept its bid for Treasury bills unchanged at £98 12s. 3d. at the tender before the cut in Bank rate, this followed three weeks in which the market's bid had been reduced by a total of 1s. 8d. (a rise in the annual rate of 6s. 8d.) There is thus plenty of scope for the bill rate to come down at this Friday's tender.

The average rate of discount at the tender before the Bank rate change rose by 3.79d. to £5 10s. 11.26d. per cent; total applications fell by £23 million to £383 million, although the number of bills on offer was £10 million higher at £230 million, and the market's allotment rose from the previous week's very low level of 21 per cent to a more satisfactory 37 per cent.

MONEY RATES

LONDON

	%		%
Bank rate (from 6%, 8/3/62)	5½	Discount rates: (Wednesday)	
Deposit rates (7 days' notice):		Bank bills:	
Banks	3½	60 days	5 11/16–5 3/4
Discount houses	3 1/2–3 3/4	3 months	5 11/16–5 3/4
Local Authorities	6	4 months	5 11/16–5 3/4
Call money:		6 months	5 11/16–5 13/16
Clearing banks' minimum	3 7/8	Fine trade bills:	
Day-to-day	3 7/8–5 3/8	3 months	6 3/4–7 1/2
		4 months	6 3/4–7 1/2
		6 months	7 –8

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	Treasury bills:	
		February 23	2·664
		March 5	2·721

BANK OF ENGLAND RETURNS

(£ million)	Mar. 8, 1961	Feb. 28, 1962	Mar. 7, 1962
Issue Department:			
Notes in circulation	2,230·7	2,302·1	2,311·7
Notes in banking dept.	19·7	23·2	63·7
Govt. debt and securities*	2,248·2	2,324·0	2,374·0
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·0	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·4	13·2	11·3
Special deposits	15 1·2	24 1·4	24 1·4
Bankers	254·4	249·3	247·7
Others	65·6	72·9	70·3
Total	482·6	576·7	570·7
Securities:			
Government	439·1	506·6	464·4
Discounts and advances	21·6	44·1	39·7
Other	19·8	20·7	20·6
Total	480·5	571·1	524·6
Banking department reserve	20·6	24·1	63·5
	%	%	%
"Proportion"	4·2	4·1	11·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on March 7th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1961	91 day		s. d.	%
Mar. 3	240·0	356·7	88 10·41	51
	91 day / 63 day			
Dec. 1	220·0 / 50·0	461·3	107 1·08	44
,, 8	230·0 / 30·0	455·3	105 5·34	46
,, 15	210·0 / 50·0	371·6	106 4·83	37
,, 22	210·0 / 50·0	379·0	107 3·18	52
,, 29	250·0	396·0	108 0·72	51
1962				
Jan. 5	240·0	406·9	108 7·81	38
,, 12	240·0	409·4	108 6·03	25
,, 19	240·0	388·1	106 2·35	63
,, 26	240·0	399·8	104 10·06	61
Feb. 2	200·0	379·4	104 4·93	33
,, 9	230·0	412·8	108 0·74	22
,, 16	220·0	389·8	109 10·81	28
,, 23	220·0	405·6	110 7·47	21
Mar. 2	230·0	382·6	110 11·26	37

* On March 2nd tenders for 91 day bills at £98 12s. 3d. secured 37 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits March 7	Market Rates: Spot March 1	March 2	March 3	March 5	March 6	March 7
United States $	2·78–2·82*	2·81 7/16–9/16	2·81 1/2–5/8	2·81 1/2–5/8	2·81 1/2–5/8	2·81 9/16–11/16	2·81 9/16–11/16
Canadian $	...	2·95 1/2–5/8	2·95 9/16–11/16	2·95 5/8–3/4	2·95 5/8–3/4	2·95 5/8–3/4	2·95 5/8–3/4
French Fr.	13·622–14·027	13·79 1/4–1/2	13·79 1/4–1/2	13·79 1/4–1/2	13·79 1/4–1/2	13·79 1/2–3/4	13·79 3/4–80
Swiss Fr.	11·94–12·54 7/8	12·20 1/4–1/2	11·20 1/4–1/4	12·20 3/4–21	12·20 7/8–21 1/8	12·21–21 1/4	12·21 1/8–3/8
Belgian Fr.	137·96–142·05	140·10–15	140·10–15	140·10–15	140·12 1/2–17 1/2	140·12 1/2–17 1/2	140·17 1/2–22 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·18 1/2–3/4	10·18 1/4–1/2	10·18 1/4–1/2	10·18–18 1/4	10·18 1/4–1/2	10·18 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·25 1/4–26	11·25 1/4–3/8	11·25 1/4–1/2	11·25 7/8–26 1/8	11·26–26 1/4	11·26 1/4–1/2
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	174 73/4–48 1/4	174 73/4–48 1/4	174 71/4–48	174 81/4–3/4	174 81/2–3/4	174 88–92 1/2
Swedish Kr.	14·27 1/2–14·70	14·52 7/8–53 1/4	14·53–53 1/4	14·53–53 1/4	14·52 3/8–5/8	14·52 3/8–5/8	14·52 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·37 1/8–3/8	19·37–37 1/4	19·36 5/8–3/8	19·36 1/8–3/8	19·36–36 1/4	19·36 1/4–1/2
Norwegian Kr.	19·71–20·30 1/2	20·04 7/8–05 1/8	20·04 7/8–05 1/8	20·04 7/8–05 1/8	20·05–05 1/4	20·05–05 1/4	20·05–05 1/4
	* Official Limits	**One Month Forward Rates**					
United States $		3/4–5c. pm	3/4–5c. pm	3/4–5c. pm	3/4–5c. pm	3/4–5c. pm	3/4–5c. pm
Canadian $		3/4–5c. pm	3/4–5c. pm	3/4–5c. pm	3/4–5c. pm	11/16–9/16c. pm	11/16–9/16c. pm
French Fr.		2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm
Swiss Fr.		4 1/2–4c. pm	4 1/2–4c. pm	4 1/2–4c. pm	4 3/4–4 1/4c. pm	4 1/2–4c. pm	4 1/2–4c. pm
Belgian Fr.		37–27c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm	40–30c. pm
Dutch Gld.		3–2 1/2c. pm	2 7/8–2 3/8c. pm	2 7/8–2 3/8c. pm	2 3/4–2 1/4c. pm	2 3/4–2 1/4c. pm	2 3/4–2 1/4c. pm
W. German D-Mk.		3–2 1/2pf. pm	3–2 1/2pf. pm	3–2 1/2pf. pm	3 1/4–2 3/4pf. pm	3 3/8–2 7/8pf. pm	3 3/8–2 7/8pf. pm
		Three Months Forward Rates					
United States $		17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	115/16–113/16c. pm
Canadian $		17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	17/8–13/4c. pm	113/16–111/16c. pm	17/8–13/4c. pm
Swiss Fr.		11 1/2–11c. pm	11 1/2–11c. pm	11 1/2–11c. pm	11 1/4–10 3/4c. pm	11 1/4–10 3/4c. pm	11 3/8–10 7/8c. pm
W. German D-Mk.		9 1/8–8 3/8pf. pm	9–8 1/2pf. pm	9–8 1/2pf. pm	9–8 1/2pf. pm	9–8 3/8pf. pm	9 1/4–8 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/31 1/2	249/3	...	249/3	249/21/2	249/2
,, ($,, ,, ,,)		35·08 1/2	35·08 1/2	...	35·09	35·08 1/2	35·08 1/2

The United States

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

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

BRITISH			
Prices and Wages.....	Feb. 10th	External Trade	Mar. 3rd
Manpower and Output....	Feb. 24th	Industrial Profits	Jan. 27th
OVERSEAS			
Western Europe.....	Feb. 17th	United States.....	This week

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices Composite index	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	1957–59 = 100	At current prices	At 1961 prices
	1947–49 = 100						1948 = 100				$	
1953	110·1	97·0	114·4	112·8	104·8	117·7	117	102	...	51·9	70·47	78·74
1960	119·6	88·8	126·5	119·7	109·4	131·5	118	111	106	113·9	89·72	90·63
1961	119·1	87·9	127·8	121·1	110·2	132·5	...	...	...	134·2	92·34	92·34
1961, October	118·7	87·1	128·4	120·9	111·4	132·7	116	114	102	138·0	94·54	94·07
,, November	118·8	87·6	128·3	120·3	111·2	132·9	117	115	102	144·0	95·82	95·44
,, December	119·2	87·8	128·2	120·4	111·0	133·1	...	...	...	145·8	96·63	96·34
1962, January	119·7	89·7	...	...	...	...	...	...	...	140·4	94·96	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Manufacturing production						Building	Civilian employment		
		Total industrial production	Durable goods			Non-durable goods			Total labour force	Total employment	Unemployed as per cent of labour force; seasonally adjusted
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals, petroleum and rubber			
	$ billion	1957 = 100; seasonally adjusted						$ billion	thousands		
1953	365·4	91	96	100	86	87	94	80	37·0	63,815	61,945	2·9
1960	504·4	108	104	90	102	113	115	118	55·6	70,612	66,681	5·6
1961	521·3	109	103	88	97	117	115	122	57·4	71,603	66,796	6·7
1961, September	525·8[8]	111	105	99	95	119	118	126	58·9	71,123	67,038	6·8
,, October		113	107	96	101	121	122	128	58·9	71,759	67,824	6·7
,, November	542·2[6]	114	109	96	106	121	122	129	61·0	71,339	67,349	6·1
,, December		115	110	100	108	122	123	130	59·2	70,559	66,467	6·0
1962, January	...	114	109	102	103	122	121	130	60·1	69,721	65,058	5·8

TRADE

	Personal consumption annual rates	Wholesale		Retail		Imports for US consumption			Exports of US merchandise[5]		Volume of trade	
		Sales	Stocks[1]	Sales	Stocks[1]	Total	Industrial materials	Finished goods	Total	Finished goods	Imports	Exports
		$ billion; seasonally adjusted				$ million					1948 = 100	
1953	232·6	9·8	10·5	14·1	21·5	898	441	183	1,012	614	128	123
1960	328·9	12·3	13·2	18·3	27·2	1,221	509	438	1,617	877	175	147
1961	339·0	12·6	13·5	18·2	26·9	1,196	498	424	1,652	911	...	...
1961, August	341·0[8]	12·8	13·6	18·2	26·0	1,250	511	454	1,578	860	182	141
,, September		12·1	13·5	18·1	26·3	1,176	495	415	1,540	862	172	138
,, October		12·9	13·4	18·6	26·4	1,335	555	479	1,794	963	195	158
,, November	348·4[6]	13·1	13·3	19·1	26·7	1,315	541	479	1,740	940	191	152
,, December		12·7	13·5	18·9[7]	26·9	1,256	531	445	1,758	961	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit[1]		Banking statistics[2]		Budget expenditure[3]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds[4]	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1953	288·3	204·1	15·3	31·39	23·01	78·1	67·6	74·3	− 9·4	1·931	2·93	3·20
1960	402·2	282·2	12·0	55·76	42·59	81·9	117·6	76·5	+ 1·2	2·928	4·02	4·41
1961	416·7	290·9	13·1	57·14	43·16	90·4	125·2	81·5	− 3·9	2·378	3·90	4·35
1961, September	421·1	295·2	12·7	54·76	42·04	89·4	120·5	6·8	+ 2·2	2·304	4·02	4·45
,, October	425·2	297·8	13·5	54·90	42·18	89·8	120·5	7·8	− 4·7	2·350	3·98	4·42
,, November	429·3	300·9	13·8	55·45	42·42	89·6	121·7	7·5	− 1·1	2·458	3·98	4·39
,, December	431·8	302·4	13·5	57·14	43·16	90·4	125·2	7·2	+ 0·8	2·617	4·06	4·42
1962, January	430·3	301·9	13·3	...	...	91·1	122·5	7·4	− 2·0	2·746	4·08	4·42

(1) End of period. (2) All commercial banks. (3) Annual figures are totals for the fiscal years ended June 30th. (4) Bonds due or callable 10 years and after (except 1953: due or callable after 12 years). (5) Excluding Mutual Security Programme shipments. (6) Average for fourth quarter. (7) January, 18·7. (8) Average for third quarter.

APPOINTMENTS

YOUNGER EXECUTIVE & TECHNICAL APPOINTMENTS DIVISION

MSL *have been retained to advise on this appointment.*

PERSONAL ASSISTANT TO THE MANAGING DIRECTOR

London

of the British subsidiary of a world-wide company making chemical products.

In this rapidly expanding company he will relieve the Managing Director of many routine duties. He will study and evaluate present administrative systems and suggest improvements. Promotion to senior management can be earned in a few years.

Candidates must be graduates in arts, law, or science. Age 25 to 30. Salary £1,800. Contributory pension scheme with life assurance cover. Details of age, qualifications and career should be addressed to P. A. Ashworth, quoting reference S.9037.

No candidate's identity will be disclosed without permission.

MANAGEMENT SELECTION LIMITED,
17 Stratton Street, London, W.1.

COMMONWEALTH ECONOMIC COMMITTEE invite applications for a vacancy in the post of Economic Assistant Grade A from graduates with a good honours degree in economics or cognate subjects with post graduate experience in the field of agricultural economics. Starting salary according to approved experience in the scale £1,402–£1,719. Contributory superannuation scheme (F.S.S.U.). Duties will primarily be the compilation of reports on Commonwealth Agriculture but may include preparation of regular and occasional reports on Commonwealth trade, production, etc.— Applications, giving curricula vitae, qualifications, experience and employments, names of referees, availability, etc., to Executive Secretary, Commonwealth Economic Committee, Marlborough House, Pall Mall, London, S.W.1.

UNIVERSITY COLLEGE OF SWANSEA

CHAIR OF POLITICAL THEORY AND GOVERNMENT

Applications are invited for appointment to the Chair of Political Theory and Government which will become vacant on September 30 next.

Particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, to whom applications must be sent by April 14, 1962.

BRADFORD INSTITUTE OF TECHNOLOGY

APPOINTMENT OF SECRETARY

The Institute is being transferred to an independent Board of Governors and, arising from this, a Secretary for the Institute is to be appointed as soon as possible.

The Institute is continuing to expand rapidly and new buildings are in course of erection at an estimated cost, including equipment, of £5,000,000. It is anticipated that occupation of these buildings will be completed by the end of 1963.

The Secretary will be responsible to the Principal for the organisation and control of the Institute administrative sections, including finance, building and non-academic staff services.

Candidates should preferably have a University degree and have had responsible experience in administrative work in higher academic institutions or with academic, industrial or scientific organisations.

The post is comparable in status with that of an Academic Head of Department and the salary will be within the range of £2,410 to £2,600 per annum.

Further particulars from the Principal, Bradford Institute of Technology, Bradford 7, to whom application should be made not later than March 31, 1962.

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1. OPERATIONS RESEARCH ANALYST

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Honours Graduates in Mathematics, Mathematical Physics, Statistics and Econometrics, are invited to apply for the position of Operations Research Analyst.

The projects to be undertaken initially lie in the field of Statistical Sampling Techniques, and the development of Provisioning Formulæ for Inventory Control of Aircraft Spares. The broader applications for Inventory Control of Aircraft Spares. The broader applications of Linear Programming, Queueing Theory and General Simulation studies to the airline industry, also come within the terms of reference of the appointment.

As the Operations Research Analyst will work close to personnel engaged in data processing studies, an interest in Electronic Computing is desirable.

There is also a vacancy for a man of not more than thirty years of age with an Honours Degree in Mathematics, Econometrics or Economics, or a Degree with Mathematics as a substantial subject, as Research Assistant in a specialised unit concerned with long term forecasting and planning and economic research and analysis. Experience in economic research or a related field would be an asset.

In each case the salary paid will be commensurate with qualifications and experience. Candidates interested in applying for both positions should state this when applying.

Applications, stating age, qualifications and experience, should be sent to Personnel Manager, P.O. Box No. 180, Dublin, to reach him not later than March 31, 1962.

SOUTH AMERICA

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If you are a qualified accountant, there is probably an opening for you in a firm of international public accountants who are increasing their permanent staff in Argentina, Brazil, Chile, Peru and Uruguay. Vacancies exist for men at all levels of experience from those newly qualified to those capable of undertaking managerial posts, including men with experience in the field of management consultancy. Contracts are for an initial period of three years, renewable by agreement. The terms include an allowance to cover the expenses of moving to South America, salaries (payable partly in hard currency) which allow a comfortable standard of living together with a margin for savings, return passages for staff members and their dependants, and three months' paid leave at the end of each contract in addition to local leave. Salaries are subject to merit increases and are automatically reviewed periodically in the light of changes in the cost of living. Annual bonuses are payable and other benefits, which differ somewhat from country to country, are provided by advanced social legislation. A partner of the firm will shortly be in London to interview applicants.

If this advertisement interests you, please send particulars of your experience and qualifications, together with a passport type photograph, to Box 1597.

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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

STUDENTSHIPS AND FELLOWSHIPS

Studentships and Junior and Senior Fellowships, open to graduates of any University and tenable in the Faculties of Divinity, Law, Medicine, Arts, Science and Music of the University of Edinburgh, will be available for award in session 1962–63. Up to six awards may be made.

The present value of these awards are: Post-Graduate Studentship £300; if renewed for a second and third year £320 and £340 respectively; Junior Fellowship £500; if renewed for a second and third year £550 and £600 respectively; Senior Fellowship is £750, if renewed for a second and third year £800 and £850 respectively.

Applications must be submitted through the Dean of the appropriate Faculty before April 14, 1962.

Further particulars and application forms may be obtained from the Secretary to the University, Old College, South Bridge, Edinburgh, 8.

CHARLES H. STEWART,
Secretary to the University.

February, 1962.

For further appointments and other classified advertisements see pages 947 & 958

THE UNIVERSITY OF LEEDS

DEPARTMENT OF AGRICULTURE

Applications are invited for appointment as Investigational Assistant in the Agricultural Economics Section. Preference will be given to candidates with knowledge of Agricultural Economics. Salary on the scale (a) £635 x £25 — £785, (b) £785 x £50 — £1,000, according to age, training and experience. Applications (three copies), stating date of birth, qualifications and experience, together with the names of two referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars may be obtained), not later than March 30, 1962.

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National Employment Service of Canada,
38 Grosvenor Street, London, W.1.

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The Board of Associated Industrial Consultants Limited is proposing to expand its Division of Industrial and Human Relations and invites applications from individuals experienced and interested in such work. Salary will be agreed according to qualifications and experience but will not initially be less than £1,800. Please write, giving brief details of age, qualifications and experience, to Mr. E. Fletcher, marked Confidential.

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For other appointments see pages 947 & 957

NOTICE is given that the BUTT PROFESSORSHIP OF THE HISTORY OF THE BRITISH COMMONWEALTH is vacant. The salary at present is £3,000 a year plus children's allowances. The Electors intend to proceed to an election and invite applications in nine copies, naming three referees but without testimonials, to be received not later than April 26, 1962, by the Registrar, University Registry, Oxford, from whom further particulars may be obtained.

THE ECONOMIST INTELLIGENCE UNIT LIMITED

is again expanding its RESEARCH DIVISIONS. Candidates for further posts should have at least an upper second class honours degree, preferably, but not necessarily, in Economics and/or statistics; they should also have had at least two years' experience of consumer market research, or of research into economic or marketing problems of industry, finance or commodities; a good working knowledge of at least one foreign language would be an advantage. Age preferably between 25 and 35. Salaries according to experience and qualifications.

Please send full particulars of qualifications, experience and present salary to "Research," The Economist Intelligence Unit Ltd., 5, Bury Street, S.W.1.

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(DESIGNATE)

Jardine, Matheson & Co., Ltd., an old-established British Firm with wide interests in the Far East, seeks a successor to the Investment Secretary in Hongkong, shortly retiring.

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Applications, which will be treated in strict confidence, should be sent to:

Mr. L. J. Walker, the Secretary,
Matheson & Co., Limited,
3 Lombard Street, London, E.C.3.

LONDON COUNTY COUNCIL

ARCHITECT'S DEPARTMENT

Applications invited from university graduates (second class or above), including undergraduates who will be taking their final examinations this year, to work in Town Planning Division. Applicants should intend to make a career in planning and to qualify as Associate Members of the Town Planning Institute by evening study in their own time.

Form and particulars from Hubert Bennett, F.R.I.B.A., Architect to the Council, (CK/E) 550/31, County Hall, S.E.1, closing date April 7th.

UNIVERSITY OF DUBLIN TRINITY COLLEGE

JUNIOR LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited from honours graduates in agriculture who have done research work or specialised since graduation, in agricultural economics for a new appointment in this field from September 21, 1962. The candidate appointed will be required to teach undergraduates in Trinity College and pupils of the agricultural school at the College Farm at Townley Hall, Drogheda, Co. Louth. Salary in the range £712 10s. by £47 10s. to £902 10s. per annum, with membership of the non-contributory superannuation and life assurance scheme and with marriage and child allowances.

Applications (4 copies), giving full details of academic career, etc., and the names and addresses of three referees, should reach the Registrar, Trinity College, Dublin 2, from whom further particulars may be obtained, not later than April 2, 1962.

SCHOOL OF ORIENTAL AND AFRICAN STUDIES

UNIVERSITY OF LONDON, W.C.1

Applications are invited for a RESEARCH FELLOWSHIP in the Department of Economic and Political Studies, with special reference to East or South East Asia. Candidates should be graduates with high honours in politics with experience in research in their own field and should be prepared to specialise on some area of East or South East Asia. Previous research or experience in the area is not required. Training will be provided in an Oriental language and a period of field study in the selected area will be arranged. The appointment will be initially for three years with the possibility of extension or of transfer to the permanent staff of the School. Salary in the range £1,000-£1,500 p.a. according to qualifications and experience, with entitlement to membership of the F.S.S.U. Application forms can be obtained from the Secretary of the School and should be returned to him by April 12, 1962.

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, Philosophy, 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 have 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.

VICTORIA UNIVERSITY OF WELLINGTON

NEW ZEALAND

CHAIR OF BUSINESS ADMINISTRATION

A Chair of Business Administration has been established at the Victoria University of Wellington and the University Council invites applications from suitably qualified persons for the first appointment.

The appointee will be expected to have high level qualifications in an academic field relevant to business and high level experience in business. According to the background and qualifications of the appointee the Council may require him to spend a period (i) examining from the University and business standpoints the New Zealand position in respect of studies in Business Administration; (ii) investigating work in Business Administration in overseas universities. He will, in the discretion of the Council, and subject to certain conditions, be entitled to the right of private practice in a consultative capacity.

The salary will be at the rate of £2,800 per annum.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *March 31, 1962.*

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Applications, which will be treated in strict confidence, should contain full details and be addressed personally to

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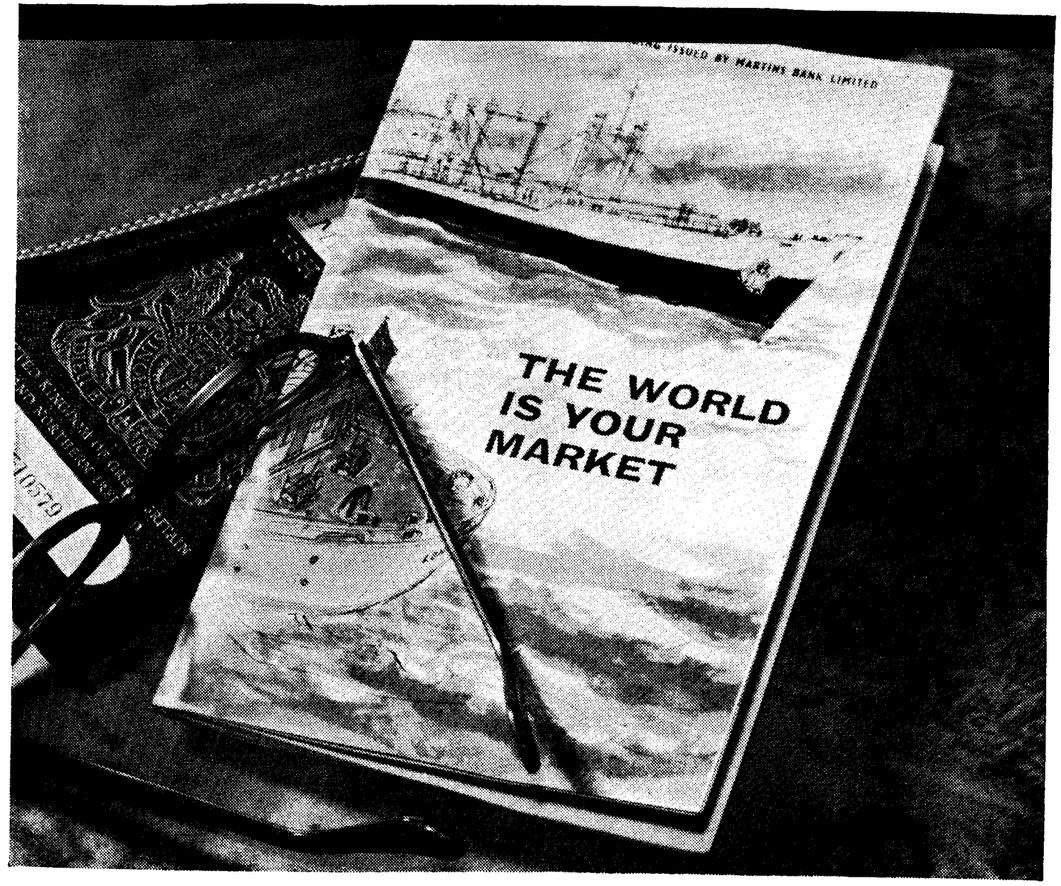
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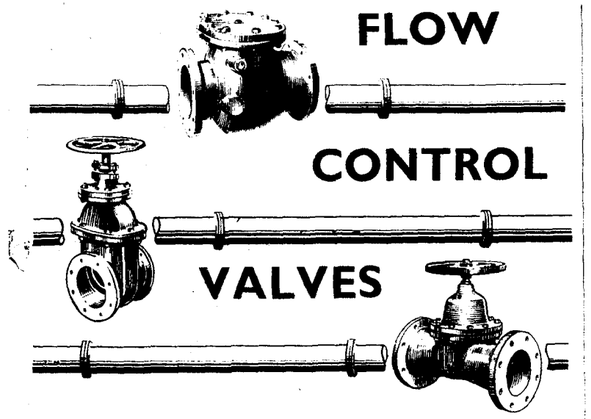


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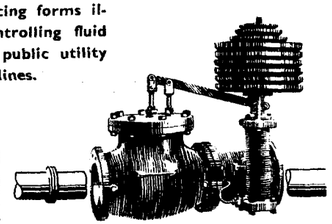
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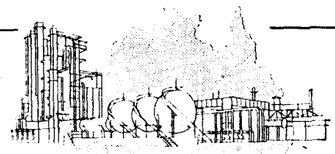
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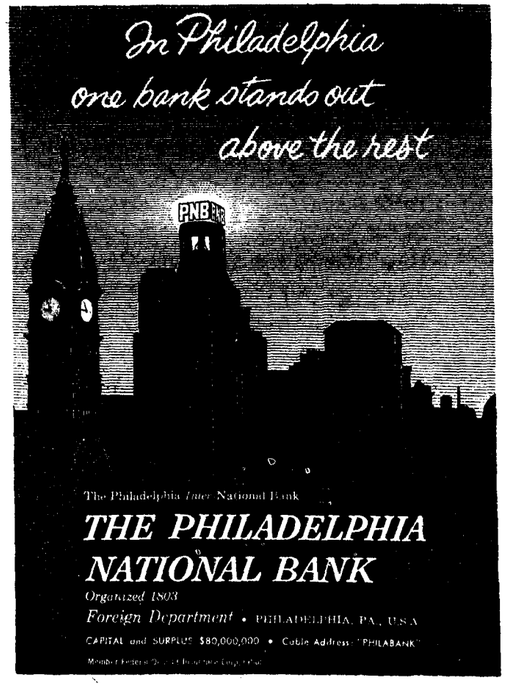
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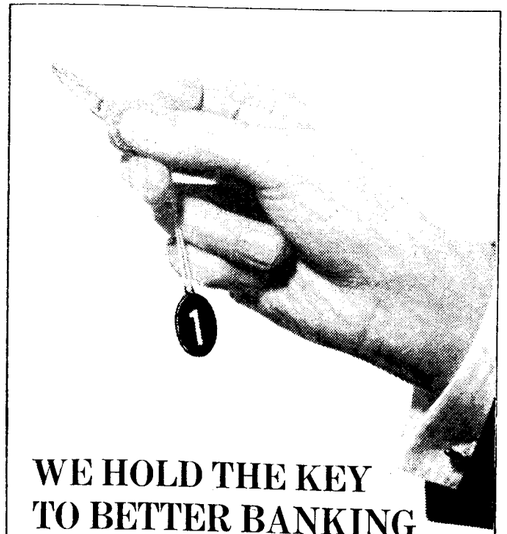
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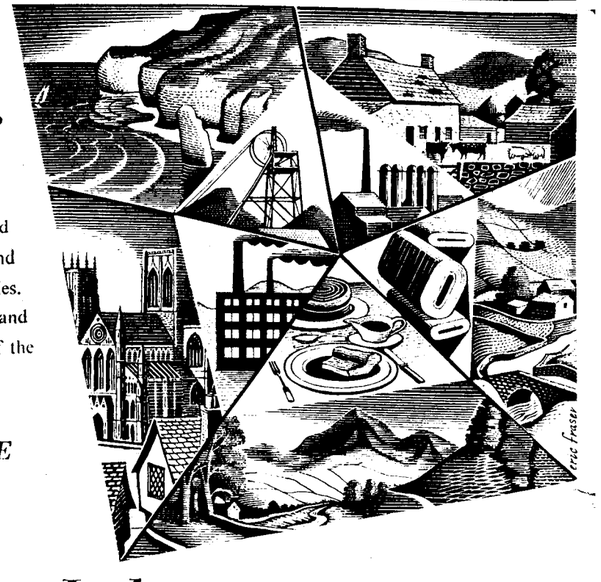
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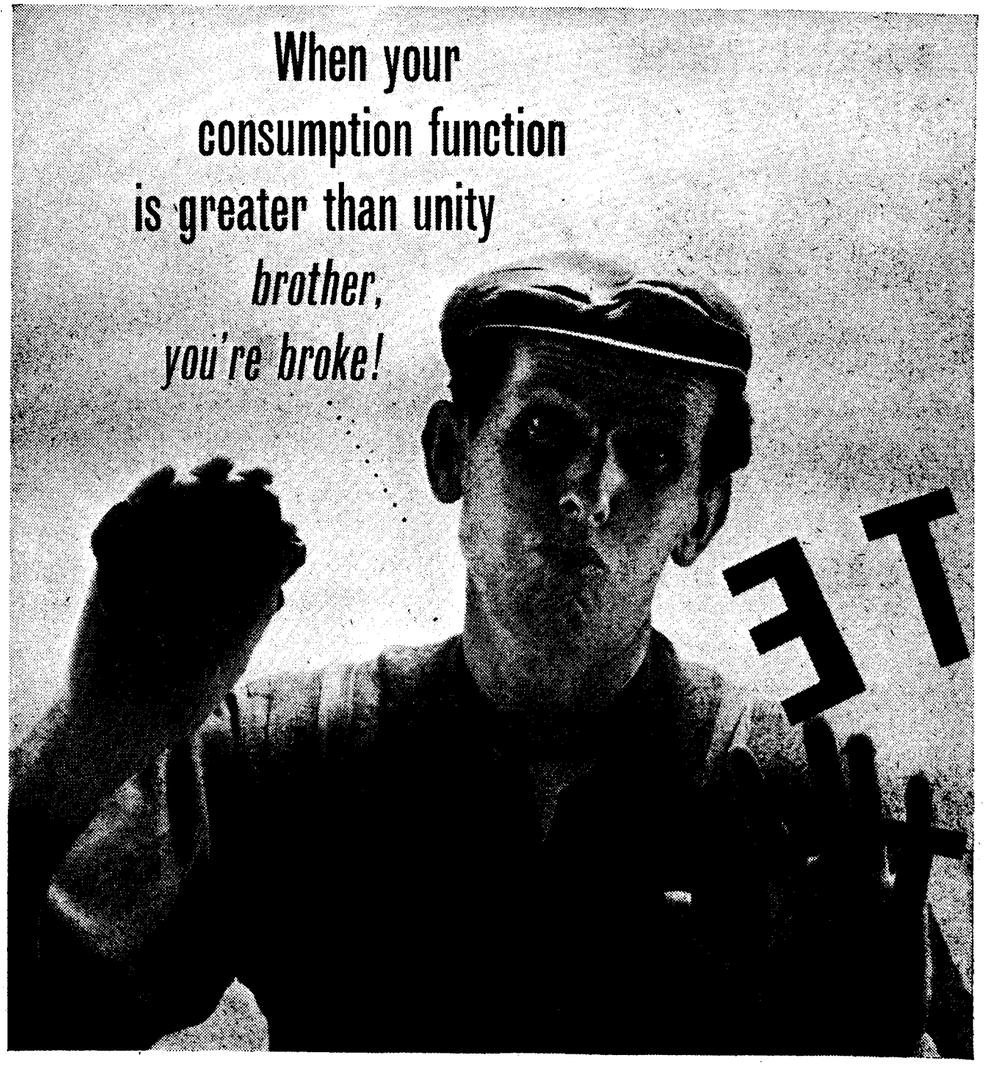


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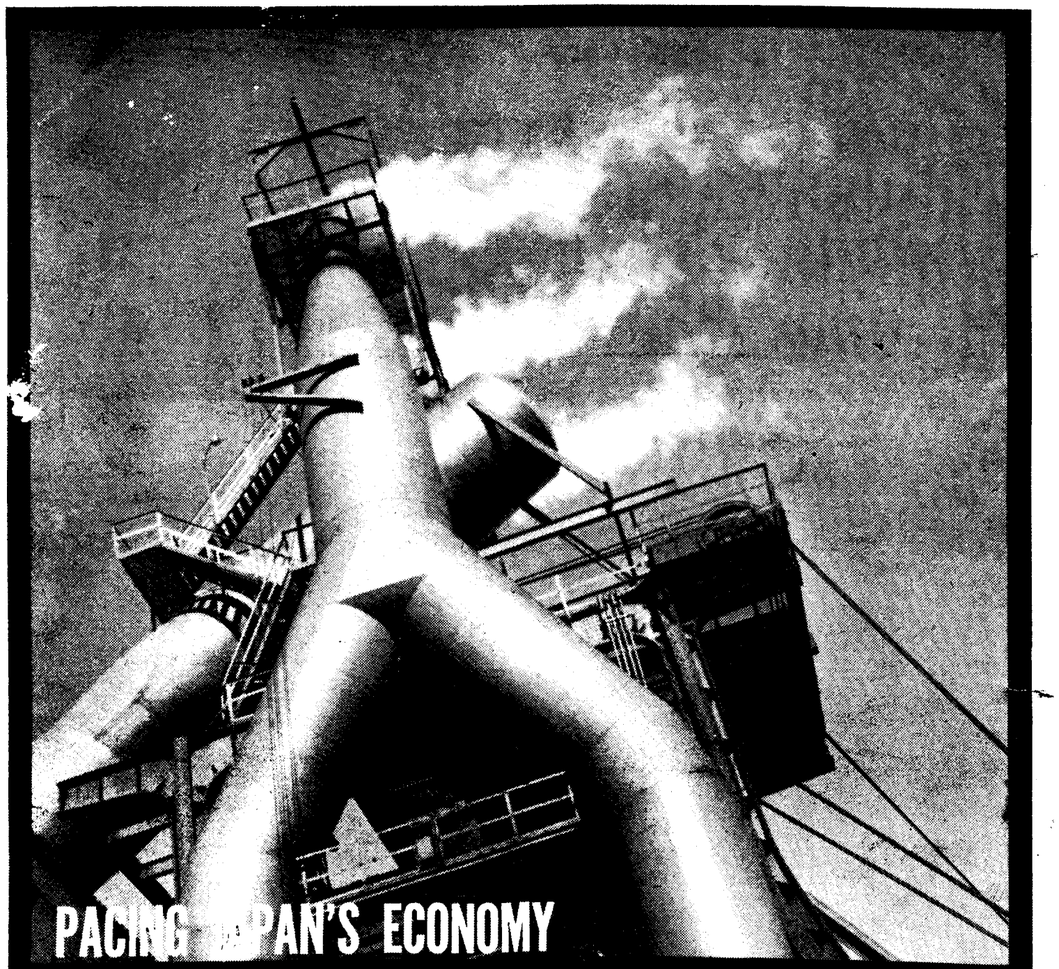


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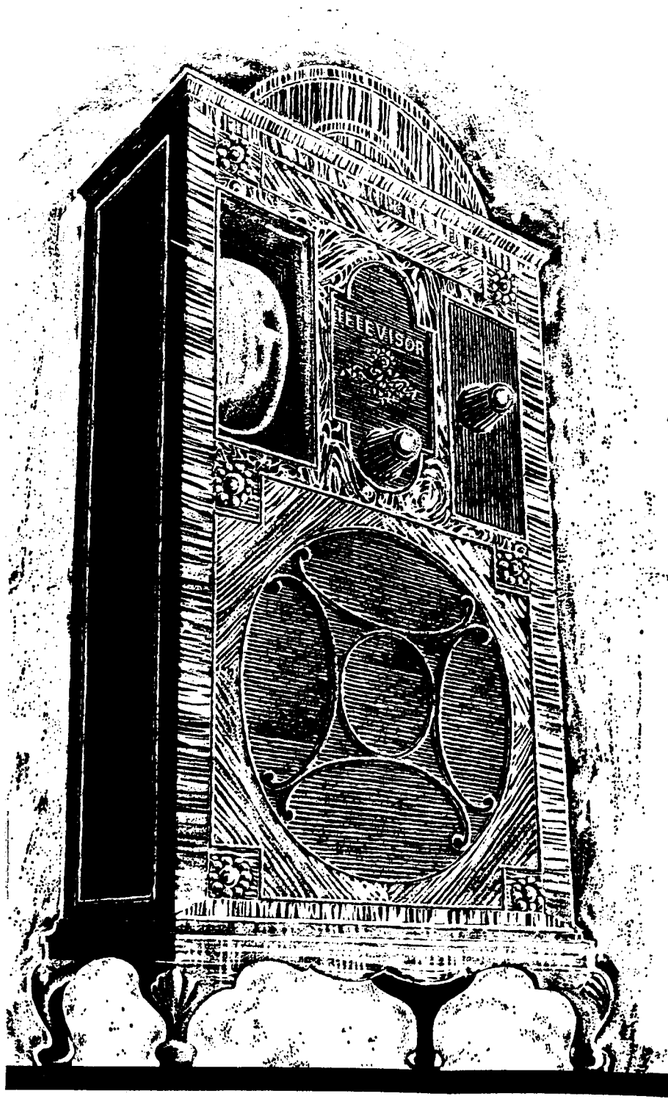
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Ireland **Europe's other island** Pages 993 to 1011

Courtaulds: living with 37·4 per cent

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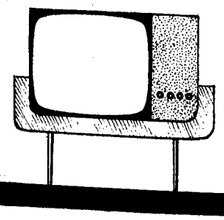
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Published weekly every Saturday, fifty-two times a year in London, England.

In The Economist this Week — March 17, 1962

HOME

High-Engendered Battles

The Liberals' triumph at Orpington (like their advances elsewhere) does not mean that the next Government will be headed by Mr Grimond; nor does it mean that the Tories are yet being put to flight; what it does mean, handled rightly, is a golden (Lib-Lab) chance for Mr Gaitskell (p. 975).

While the echo of the **ICI-Courtaulds** clash is still in the ear, some assessment of the damage is possible: ICI's image as a benevolent giant has been tarnished; and Courtaulds carries round its neck the campaign promises it will have to honour (p. 1037).

Having once won Letchworth in a takeover, the Garden City's controllers may soon be defeated at Parliament's hands (p. 992).

Knockdown Arguments

The clatter of falling tenpins is music in the ears of Britain's entertainment moguls: **bowling** has bingo beaten (p. 980).

The Royal Academy's need to sell their **Leonardo** to keep themselves in the black might not have arisen if more people had known they had it (p. 982).

Two blows at **advertising's** breadbasket: tobacco and detergents (p. 1050).

An economist's case for control (p. 1034).

Forms of Party Strife

In north-west London, a bus-building firm has **sacked ten workers** who, at the firm's invitation, defied their trade union and worked during a one-day strike (p. 991).

Supporters of the **Immigrants Bill** should not expect to draw comfort from a forthcoming report in which immigrants are associated with a rise in violence: most of the hurt taken is domestic and unserious (p. 988).

Some Distressful Strokes

The Government's refusal of the University Grants Committee's recommendation and its blanket 3 per cent salary increase to university teachers have jeopardised **the universities' expansion plans** and may hurt their present performance (p. 983).

New jobs for Cambridge dons (p. 987).

British Railways, pursuing the chimera of solvency, has slashed a service which should by rights never have been started (p. 991).

The Minister of Agriculture has been gentler than he might have been with his pruning knife on **farm price guarantees**—but the farmers will not think so (p. 982).

The case for a **large all-round increase in nurses' pay** is not good; but more should be done for those climbing to the top of their calling (p. 984).

Ireland **Europe's other island** pages 993-1011

INTERNATIONAL

Banning the Bomb

Britain's ageing nuclear deterrent may well be more valuable as a diplomatic weapon than as a military one. It might be dropped with pacific results into any scheme for regional nuclear disarmament in Europe (p. 977).

Ways of checking the spread of nuclear weapons have figured in the confused manoeuvres of the Geneva **disarmament conference**; but there are no signs yet that the conference will avert American nuclear tests this spring (p. 1013).

Russian interference in the **Berlin** airlanes is a reminder that the West cannot preserve its position in Germany merely by sitting tight; but **Dr Kroll's** recall from Moscow is a success for those who want it to (p. 981).

Bombs and Butter

The controversy over the B-70 does not mean that **American industry** is dependent on **armaments** (p. 1021).

Soviet agriculture needs more capital, but armaments and industry soak this up (p. 1019).

The Pull of Europe

Neutrals, like Sweden, have a case for association with the common market, but not all would-be associates need get the same terms (p. 978).

A **Swedish** manufacturer of **rock drills** has achieved world stature, but success in Mont Blanc has evaded it (p. 1039).

American firms are setting up branches **in Europe,** not to get behind the tariff wall but to be near a growing market (p. 1023).

The drive for a new **Trade Expansion Bill** has begun in Washington (p. 1023).

War and Peace

The last days before the expected ceasefire in **Algeria** are overshadowed by continuing violence (p. 983).

American mediation may avert a clash in **New Guinea** (p. 984).

Latin Laments

The **Alliance for Progress** is not making as much progress as was hoped (p. 1022).

Its main beneficiary, **Brazil,** presents a sorry economic picture as Senhor Quadros returns from exile (p. 987); so does **Cuba,** where Dr Castro's policy of fair shares has made rationing necessary (p. 983).

Ins and Outs

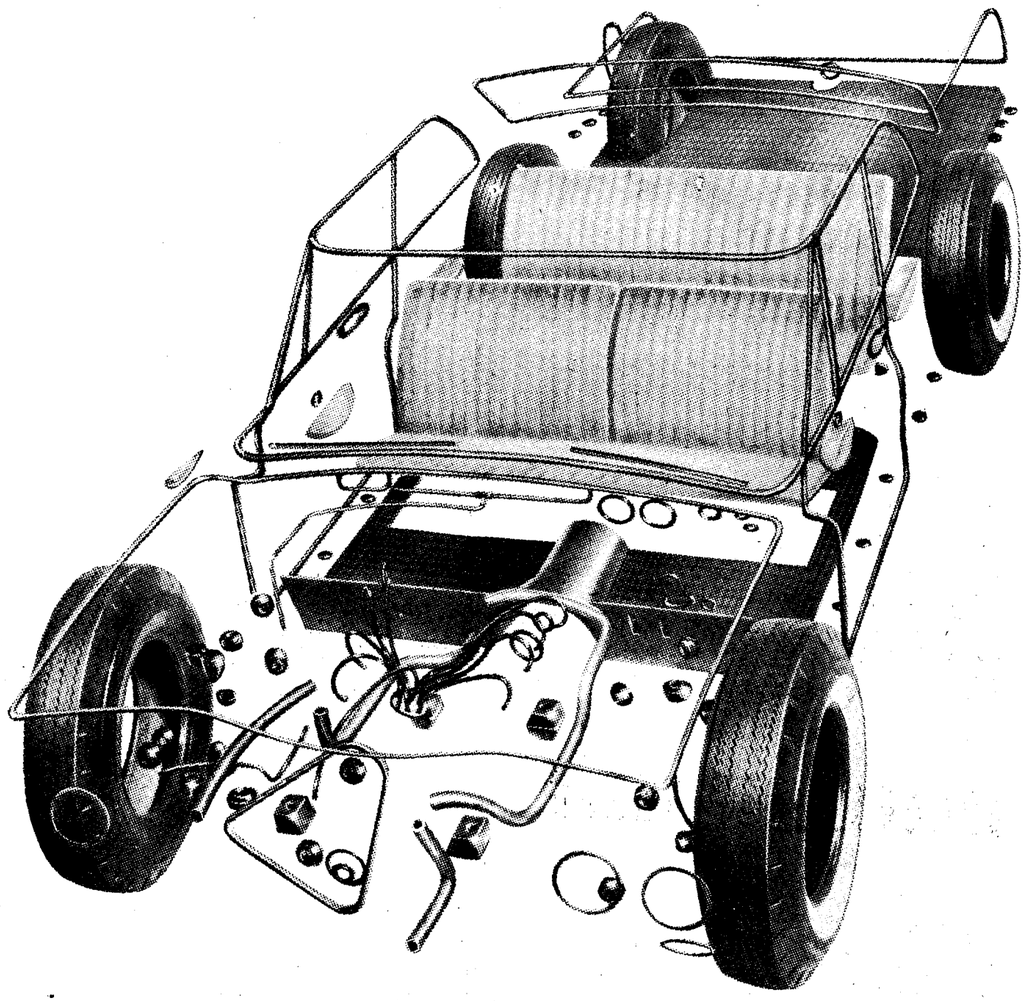
The **Indian elections** have once again produced no serious opposition to Mr Nehru's Congress party (p. 1017).

Business recovery in **Canada** has restored Mr Fleming's tarnished political reputation (p. 1014).

Sir Roy Welensky's decision to hold an election in the **Central African Federation** is unpopular even with his own supporters (p. 1014).

The anti-communist crusaders are making things difficult for **Mr Nixon** in California (p. 1027).

Detailed contents on page 975



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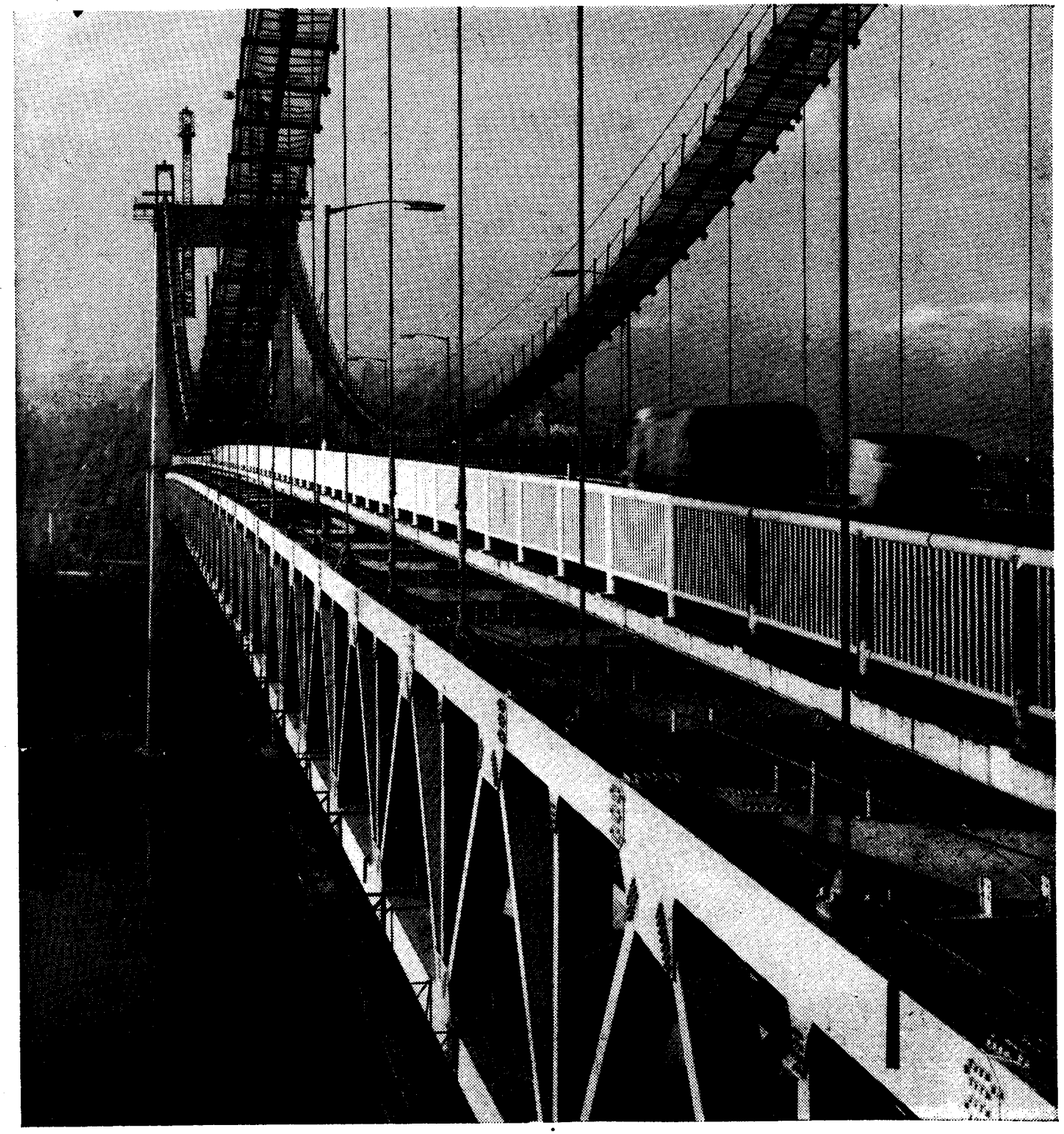
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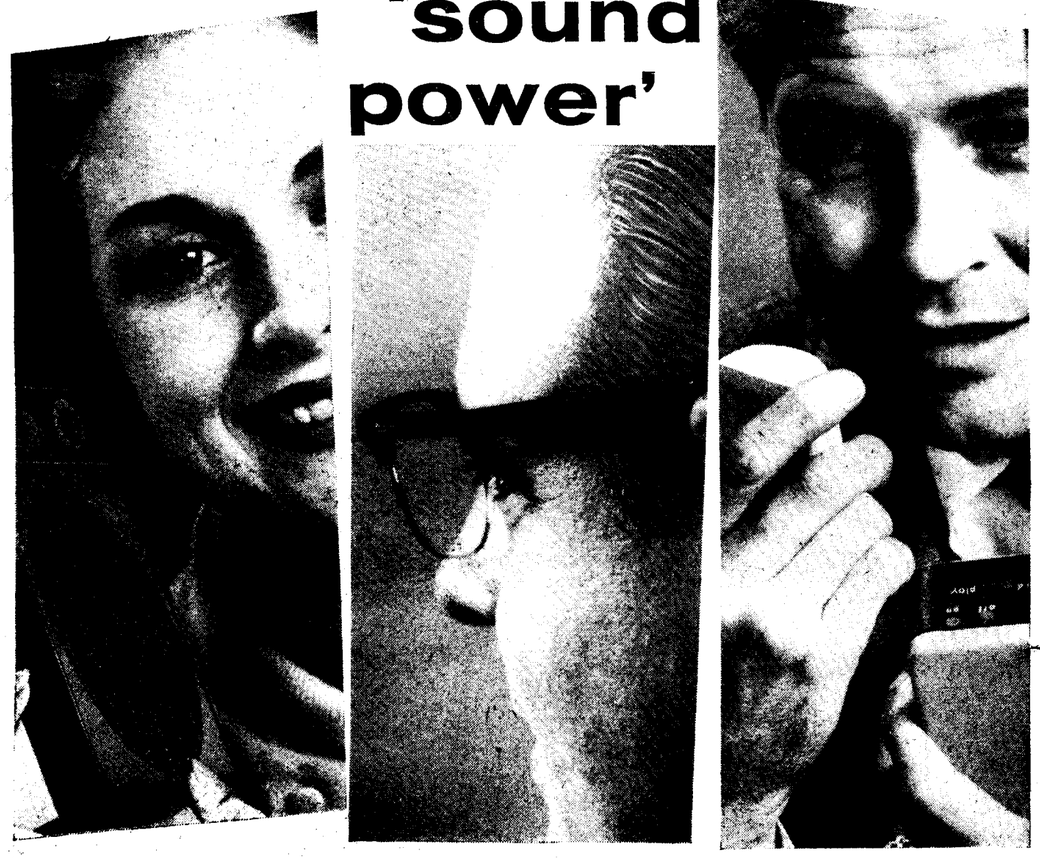
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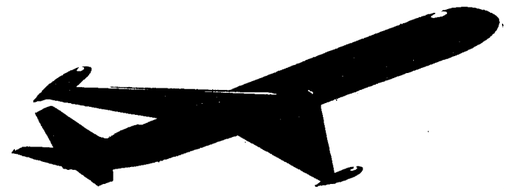
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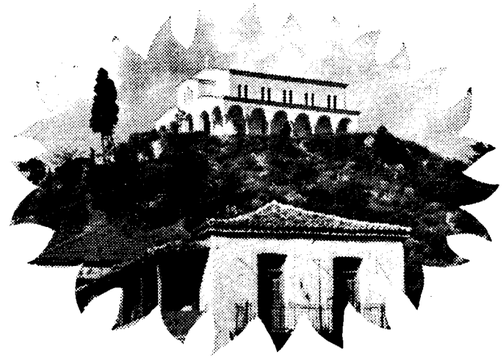
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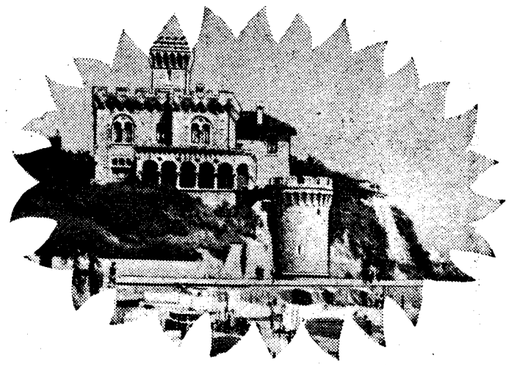
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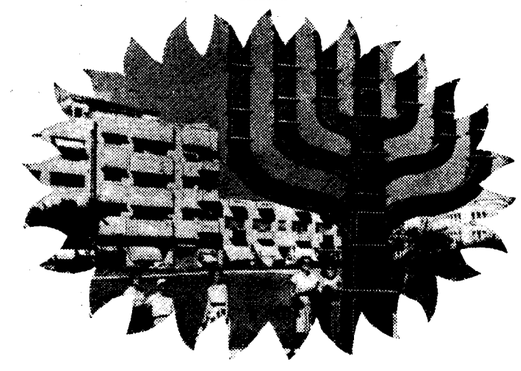
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PORTUGAL



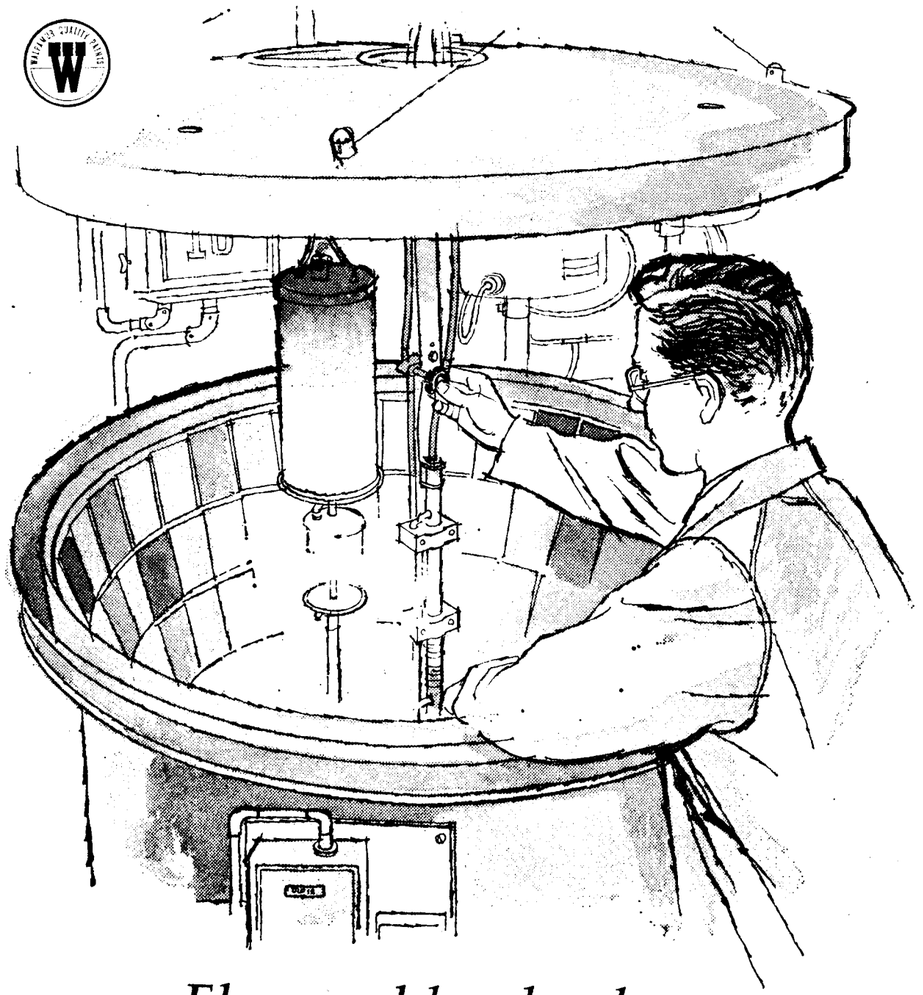
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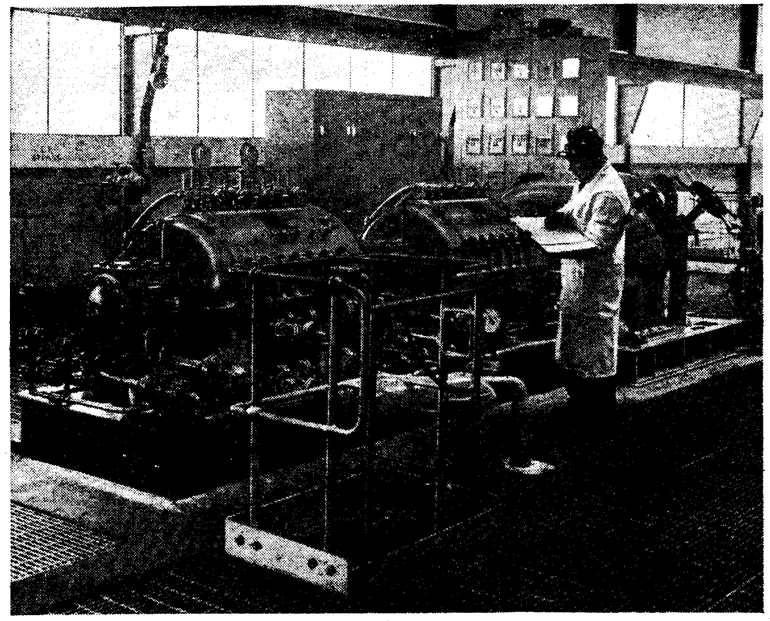
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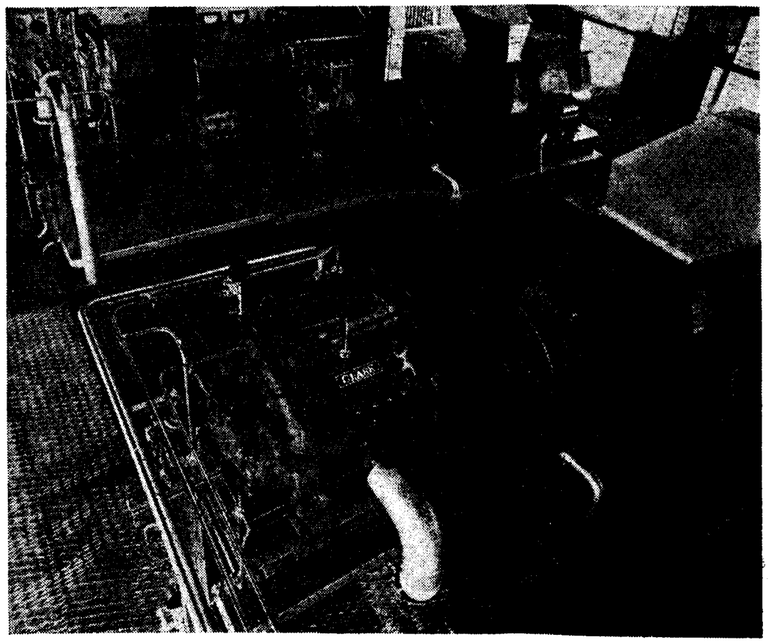
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MARCH 17, 1962

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After Orpington

LET us get the Conservative débâcles in this week's by-elections into perspective. In three out of the four of them the Conservatives have done between 2 and 7 per cent worse than they were doing in the nearest equivalent by-elections last November ; in the fourth (the much-advertised Labour triumph at Lincoln) they actually did considerably less badly than they were doing then. (The figures are shown in a table overleaf.) Contrary to what some newspapers are saying, therefore, it has not suddenly become very much less probable this week that the Tories will win the next general election. At a pure but reasonable guess, the Conservatives probably still have, say, about a two out of three chance of winning it ; and the odds in their favour have not, in fact, been significantly higher than this for most of the past year.

It is true that if there were a general election tomorrow, and if everybody voted at general elections as he does at by-elections, Mr Grimond's present mass capture of so many of Mr Macmillan's former supporters would probably enable Mr Gaitskell to become Prime Minister. The net swing from Tory to Labour in this week's by-elections—in the purely statistical sense of half the difference between the drop in the Tory share of the vote and the drop in Labour's share—was respectively 5 and 6 per cent in the two supposedly marginal constituencies which had heavy turn-outs, and 11 and 12 per cent in the two supposedly safe seats which had heavy abstentions ; and a net swing to Labour of as little as $3\frac{1}{2}$ per cent in a general election would serve to scrape Mr Gaitskell into office, provided it occurred in the right marginal places. But, in the first place, these large Liberal raids on the Tory vote would not necessarily repeat themselves in the right marginal places from Labour's point of view (i.e., in Tory seats that might conceivably go Labour) ; and, in the second place, there is not going to be a general election tomorrow. Nor, *pace* Sir Roy Welensky, is there likely to be a general election at any time this year. Mr Macmillan can be expected to go to the country at whatever date in 1963 or 1964 suits his party's interests best.

Nevertheless, the past week has probably been a very important one for British politics, and its main effect might prove to be very beneficial indeed. One need not give great credence to the conventional argument that massive defeats like Orpington will somehow "serve to keep the Tories on their toes," and thus have a marvellously revivalist effect on them. One is not normally marvellously revived by a kick in the groin. But we do believe and hope that these results might have an important reforming and revivalist effect on the whole future nature of the Labour opposition. There seems real ground to hope that the result at Orpington may speed up the happy march of events which is making it increasingly likely that Britain's alternative government—the one that will be fighting on the hustings in 1963 or 1964 with at least a strong minority chance—will be of what might be called the Lab-Lib variety : Lab-Lib, that is, in complexion, although almost certainly still Labour in name. For, at a time when exaggerated news of Tory disasters are filling every newspaper headline, it has been borne in upon Labour that, in order to win office, its main future task must be to see that it does not lose as many votes to the Liberals as the Tories lose. It would be wrong to say that, from now on, both major parties' main concern will be to fight desperately to steal the Liberal's clothes (the common market is, in fact, their most identifiable dress). But they will certainly have to fight all the time to prevent Mr Grimond from running off with their own

marginal trousers, and in terms of the general image that each will know that it must try to project, that may amount to nearly the same thing.

Consider the strange electoral situation that now subsists. In anything up to a hundred of the Conservatives' 365 parliamentary seats—in the plush suburbs of London and the home counties, in many rural constituencies and seaside towns, as well as in the older battlegrounds of the west country and the Scottish highlands—it is now plainly the Liberal party that presents the main challenge to Tory incumbents. One may reasonably doubt whether the challenge at general election time could really hope to be successful in more than a score of these (if, indeed in as many); but, especially if the idea gains ground that in these areas a Labour vote is a wasted one, there will increasingly be this challenge. It is a challenge, moreover, that is aimed at the root of what the Tories have hitherto regarded as some of their safest seats.

Another 65 Conservative MPs hold seats that would be won by Labour as a result of gaining a net 4 per cent swing. Theoretically, on the basis of this week's by-election results, Labour could expect to gain all these seats—and more—if there were an early general election. But, in practice, one very much doubts whether Labour would win all of them, and Mr George Brown and his cohorts at Transport House would be very wise to doubt it too. At present there are many Tory voters who are ready to swing to the Liberals even at the expense of letting a Liberal in, but the number of Tories who are willing to swing to the Liberals at the expense of letting Labour in is almost certainly much smaller. Paradoxically, therefore, the safest seats for sitting Tory MPs at the moment may be those which until recently were regarded as being in their upper marginal range: seats where a net swing of between 4 and 10 per cent from Tory to Labour (or of between 8 and 20 per cent from Tory to Liberal) would saddle a former Tory area with the un-status symbol of electing a Labour MP. After this, almost by definition, one enters the range of seats where a similar Tory desertion to the Liberals would put a Liberal MP in instead; and where Tory dissidents may therefore feel freer to abstain or vote Liberal to their hearts' discontent.

THIS WEEK'S SWINGS

Two of the past week's by-elections were four-cornered fights in constituencies where there had been no Liberal candidate in 1959. At Middlesbrough East the fourth candidate was a Mosleyite, and the result can fairly be compared with last November's by-election at Manchester Moss Side, which had a similar pattern of candidacies. Lincoln (where the fourth candidate was a pro-conscriptionist who got derisory support) can perhaps best be compared with last November's by-election at East Fife. Neither comparison is exact, because both this week's seats were Labour-held and both last November's were Tory-held; but as a broad indication of trend each will serve:

CHANGES IN % OF POLL COMPARED WITH 1959.

	Cons.	Labour	Liberal	Other
Lincoln	−14·7	− 4·6	+18·2	+ 1·1
(East Fife)	(−22·4)	(− 3·7)	(+26·1)	—
Middlesbrough East	−23·7	− 0·9	+22·9	+ 1·7
(Moss Side)	(−21·2)	(−11·9)	(+27·9)	(+ 5·2)

In the other two by-elections, including the seat gained by the Liberals from the Tories at Orpington, there had already been Liberal candidates in 1959. The nearest comparison lies with last November's by-election at Oswestry:

CHANGES IN % OF POLL COMPARED WITH 1959.

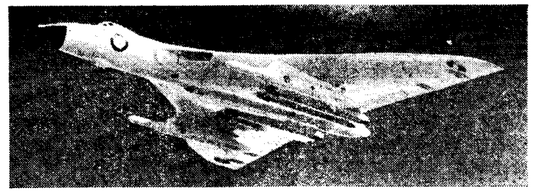
	Cons.	Labour	Liberal	Independ.
Blackpool North	−19·5	+ 4·8	+14·7	—
Orpington	−21·9	− 9·8	+31·7	—
(Oswestry)	(−15·1)	(Nil)	(+12·3)	(+ 2·8)

WHAT, in these circumstances, could Mr Gaitskell and Mr Brown best do in order to "get this tired Tory government out"? Theoretically, one way in which they could achieve this would be by disbanding their party tomorrow. In that event, if one believes the apparent message of these by-election figures, Mr Grimond would be likely to be swept into the Prime Ministership at the next general election with people like Mr Lubbock of Orpington as his main cabinet ministers. To others beside the Labour leaders this will appear a sobering, rather than a thrilling, thought. But now that Labour has started to lose deposits in areas where the Liberals plainly provide the main challenge to the Tories, it would not be surprising to see official Labour candidates gradually withdrawn from fighting some of these seats—at least by the time of the general election after next.

This does not mean that Labour would gain from a full-scale Lab-Lib pact *à la* Wyatt. While the withdrawal of Labour candidates from Liberal "possible" seats like Blackpool North this week would have served to put the Conservative out, the withdrawal of Liberal candidates from some Labour "possible" (or even "actual") seats elsewhere in the country would help to keep, or even put, the Conservative in. Mr Taverne would not have so markedly increased his Labour majority at Lincoln last week had not a Liberal intervened to draw so many votes away from the Tories. There remains then the third possibility. When you can't join them or beat them, look like them. That is what Mr Gaitskell has sensibly wanted to do to the Liberals ever since he took over the Labour leadership in 1955, and especially since the traumatic experience of Labour's 1959 defeat. Now the powerful force of his party's reviving hopes and ambitions should surely help him on his way. For the truth is that the floating vote in this country is now of the sort that prefers to regard itself as Liberal-more-or-less; and it is for the floating vote that every sensibly ambitious political party has to fight.

That is why the most interesting long-term speculation about the results of this week's by-elections concerns their possible effect on the party whose performance in them has in a sense been least dramatic: the one that has not gained or lost a seat, although it has managed to lose a deposit. It is easy to overestimate the baleful consequences of this week for the Conservative party, who may now merely have temporarily mislaid their floating adherents in response to the usual mid-term anti-Government swing. It is tempting to overplay the week's hopeful auguries for the Liberal party, although it may justly light its torchlights this weekend because its parliamentary strength has been increased from six to seven. But it is impossible to exaggerate the lesson now laid before the party that will still serve as alternative to the Tories in at least five constituencies out of every six. Mr Gaitskell's clear recent aim has been to get into a position where he can persuade his party to shake off its old remaining trappings of atavism and class prejudice and unlovely shibboleth, where he can persuade it to try to start to look instead almost more Kennedyite than Mr Kennedy himself. Dare one hope that he may now have been powerfully helped to get into this position by a mixture of his own competence and a rival party's success?

Dropping the Bomb



When and how Britain might usefully give up its nuclear arm

IF the Government is superstitious, it will keep its fingers crossed about paragraph 13 of this year's defence White Paper. Paragraph 13 is the one which says that Britain's contribution to the western deterrent—the V-bombers, that is—will be kept effective "throughout the 1960s." Last Monday's debate on the air estimates in the House of Commons featured the Secretary of State for Air, Mr Julian Amery, in the part of Horatio, keeping this bridge as stoutly as the Minister of Defence, Mr Harold Watkinson, had defended it in the general defence debate a week earlier. But there are signs that support for the Government's stand is weakening, even among those nearest and dearest to it; a substantial number of people are wondering whether (and in what circumstances) the military usefulness of keeping the V-bombers might soon be outweighed by the diplomatic benefits of giving them up.

President Kennedy's attitude towards the British deterrent is doubtless more complex than Mr Harold Wilson suggested on March 6th, when he said that nobody in Washington thought it added "one iota to the strength and credibility of the western deterrent." The Americans look on the 180 or so aircraft that Bomber Command could put in the air as a useful supplement to their own striking force of 1,600-odd bombers and assorted missiles, on the ground that a larger margin of safety is always better than a smaller one. But they plainly feel confident that they possess a sufficient margin of safety to do the deterrent job alone, if need be, once the targets now given to Bomber Command had been reallocated. If Britain were to retire from the field, the Americans would no doubt accept its decision cheerfully enough—provided the resources thus set free were diverted to other needs they consider more urgent. And one's guess is that they would positively welcome it, if a British renunciation had the effect of stopping the further spread of nuclear weapons in Europe.

These feelings are shared by a growing body of opinion nearer home. Quite apart from the Labour and Liberal parties, which are now committed to the proposition that Britain ought to bow out of the attempt to keep up a strategic nuclear arm, an interesting number of the Government's supporters seem to have doubts about its policy. Four of the eleven Tory back-benchers who spoke in the defence debate on March 5th and 6th said either that there was a case for giving up British nuclear weapons entirely—provided that Britain was not the only country giving something up—or that, at least, some of the money now being spent on nuclear arms should be transferred to conventional forces. There is no reason to think that this is an unfair cross-section of the party's state of mind.

The case for dropping the bomb (in the constructive sense of the phrase) is not chiefly a military one; that is to say, it does not depend on believing that the British deterrent is no longer able to do the job for which it is getting upwards of £170 million a year. The available evidence about Russian anti-aircraft defences does make it clear that Bomber Command—even with Blue Steel or Skybolt—would be liable to suffer heavy losses if ever it had to be launched against the Soviet Union. But even in the worst (and very unlikely) case of Bomber Command having to act alone, he would be a remarkably confident Russian who based his choice of peace or war on the assumption that his protection would be 97 per cent effective—a level at which five bombers would still get through to their targets.

Even this degree of deterrent power is something worth having. The doubts arise when three other facts are taken into account. The first is the Americans' apparent ability to do the same job without British help. The second is the alternative use the money spent on the deterrent could be put to. (It could, to take an over-simple illustration, provide every man-jack in Britain's regular army with an extra £1,000 a year; think of the effect that would have on recruiting figures.) The third, and most important of all, is the possibility—it cannot be put higher at the moment—that abandoning the deterrent might do more to preserve the peace of Europe than clinging on to it would.

WHETHER a renunciation of nuclear weapons by Britain would in fact make for greater stability in Europe depends entirely on how the renunciation was made. A great many people sincerely believe that a simple declaration by the Prime Minister in the House of Commons next week, followed by a televised jettisoning of warheads into the North Sea the week after, would somehow decisively wrench the world into a general about-turn on nuclear policies. The idea is flattering to British visions of moral leadership, but it is surely inaccurate. Such a unilateral gesture would be applauded by public opinion—wildly in the uncommitted world, much more dubiously in western Europe and the United States, probably for the wrong reasons in the communist countries. The real test, though, is what effect it would have on the three governments whose preoccupations with nuclear weapons are of urgent interest: the governments of France, west Germany and China. There is no reason to think that it would deflect any one of them from its immediate ambitions.

For a British renunciation to have any serious effect, it would have to be linked to similar sacrifices—not necessarily of the same kind, but involving the same degree of military self-denial—by some other major powers; and this exchange of sacrifices would have to be embodied in a formal, and probably written, agreement. However, this is not the same as saying that Britain must wait for a world-wide disarmament agreement before it can discard its own nuclear weapons, which is what the Government says at the moment. The dim prospects of the current 17-power conference at Geneva, and the extreme unlikelihood that China would join in anything the

Geneva conference happened to agree on, suggest that the wait for a universal treaty will involve a long vigil indeed. There is thus a strong case for arguing that Britain's trump card in disarmament policy—the offer to give up its strategic nuclear armoury—ought to be played with the aim of achieving a more limited agreement to reduce the military tension in Europe. The stability of Europe, after all, is Britain's chief concern ; and even a localised agreement of this sort would be a very fair price to get in return for a non-essential weapon of slowly declining value.

Is there any chance of such a regional agreement? As it happens, there may just be. One of the modest hopes Lord Home has taken to Geneva with him is the hope of getting the powers to act upon the Irish proposal, adopted among other proposals by the last General Assembly, that the present possessors of nuclear weapons should agree not to transfer them to the control of others. Mr Gromyko matched this on Monday with a proposal for a zone free of nuclear weapons in (among other places) Europe. It is a fair guess that, out of the interplay of suggestions like these, the powers are sooner or later going to find themselves turning over the old idea of a regional experiment with arms control in central Europe. The experiment might range from restrictions on the deployment of tactical atomic weapons, to an inspected limit on the size of conventional forces.

The difficulty is that any such proposal runs headlong into the opposition of the west German government, because it is liable both to restrict the further growth of the west German forces, and to prevent them being equipped with the atomic weapons which Dr Adenauer and his minister of defence, Herr Strauss, say they must have. So long as any British observations on the subject continue to be delivered from on top of a pile of nuclear arms adorned with the Union Jack, Dr Adenauer is going to have grounds for complaining of discrimination. But suppose that British advocacy of a regional arms control scheme in central Europe were coupled with a British offer to get off the atomic high horse. One of Dr Adenauer's standard objections would be removed; and the United States, which under Mr Kennedy's Administration has steadily sought to oppose the spread of nuclear arms in Europe, would be able to exercise its powers of persuasion with a far easier mind.

In present circumstances, it need hardly be said, a scheme for limiting arms in Europe cannot extend to the removal, or even the serious weakening, of the American presence. But there is plenty of scope, short of that, for arrangements that might reduce tension along the Elbe without reducing the western powers' ability to guard their part of Europe. Such arrangements will involve various governments in various degrees of self-denial in respect of their military establishments. Self-denial may in any case force itself on them as they come to realise that they, like Britain, almost certainly cannot afford the costly weapons systems of the nineteen-seventies. Still, many people suspect—and they are probably right—that the process will never be set in motion at all unless one government makes a first gesture. Is this a target at which Britain's nuclear arms, never used in war, might now peaceably be aimed?

Welcome, Wild North-Easters

Common marketeers, wondering what to do about the Nordic neutrals, could imitate Charles Kingsley

SOONER or later the common market is going to make some kind of arrangement with the small countries on the periphery of western Europe to save them from the hardships of economic isolation. The common market's planners are perfectly willing to offer the nations concerned this vaguely comforting generalisation. But, preoccupied with more urgent matters like the entry of Britain, they may not realise that it is too vague. Countries as different as, say, Sweden and Spain present quite different problems that may call for different solutions. Not to make any bones about it, some of these fringe nations may require—and deserve—closer links with the common market, short of full membership, than others do. The common market's task is to pick out the right countries to favour with a special attachment ; and, in particular, not to discriminate against those that are neutral just because of their neutrality.

One test of the common market's attitude will be its treatment of the neutrals in northern Europe. Of the four Nordic countries, Denmark has already applied for full membership of the European Economic Community, and on March 2nd the Norwegian government asked its parliament for permission to do the same (which the parliament will almost certainly grant). Since both countries belong to Nato, their decision was predictable. The Swedes, on the other hand, have applied for the less intimate status of associate membership. Their application was made after a long public debate in which it became clear that there was virtually no support for any closer relationship that might endanger Sweden's neutrality. The Finns are waiting to see what happens to Sweden's application ; if it succeeds, they will try to negotiate a similar arrangement for themselves.

In effect, Sweden is asking the common market to disentangle the economic strand of the Treaty of Rome from the political strand, and to let Sweden attach itself to one but not the other. This is a large demand ; and the Swedes are anxious to show that they are not simply trying to get inside the community's tariff wall without accepting the economic obligations that go with this privilege.

If their application reaches the point of detailed negotiation

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they seem likely to swallow without much argument a number of pills that still cause some British throats to tighten convulsively: the common market's farm policy, for instance, the free movement of labour—and even some co-ordination of national economic policies. They would presumably draw the line at submitting their budgets and their monetary policies to control by a supranational agency. But the prime minister, Mr Erlander, has pointed out that the chief purpose of the common market is to encourage economic expansion. The implication is that Sweden would be prepared to take a seat on some planning body run on a basis of persuasion.

The Swedes may even be ready to dip a toe in the water of political co-operation—the operative word once again being "co-operation." This depends on the kind of political machinery eventually set up by the common market. If General de Gaulle were to get his way, and the machinery were to consist simply of arrangements for (say) regular consultation between heads of government, Sweden might quite possibly agree to take part.

But this is the furthest limit of the Swedes' willingness to stretch their neutrality. They will join no body in which the vote of a majority of the members could dictate foreign or defence policy. And even in economic matters they demand certain guarantees of independence: the right to end their association with the common market if they want to (full membership is theoretically indissoluble); and freedom to make trade treaties with other countries—Russia is clearly the one they have in mind—without having to seek permission in Brussels. A substantial body of Swedish opinion also wants to limit the freedom of foreign capital to move into the country, for fear that key industries will fall under alien (particularly German) control.

ALL this is a test of how the common market sees its future. The Swedish application for associate membership looks like a genuine offer to go most of the way towards economic unity, stopping short only at those things that affect the political independence of a neutral. If it is accepted, a special arrangement will almost certainly have to be offered to Finland, *deo et Khrushchev volentibus*. Finnish exports, three-quarters of which are forest products that compete with similar products from Sweden, would suffer disastrously if Sweden were within the common market's tariff wall and Finland were outside.

This would not necessarily mean opening the door to every other neutral in Europe on the same terms. Switzerland, for instance, has special problems—its uncompetitive farmers, and its semi-autonomous cantons—which would make it difficult for the Swiss to move as far towards economic unity as the Swedes. But to accept Sweden would mean that the common market embraced within its economic boundaries a country whose domestic politics, and ideas about east-west relationships, were interestingly different from those of the dominant group within the existing community. It would be a splendid gesture of broadmindedness.

Just now, the chances of such a gesture look dim. Some leading figures in the common market have recently questioned whether it is possible to grant the kind of association Sweden wants, except as a half-way stage to full membership. The argument is that, were Sweden to be granted associate membership, half a dozen other small countries ranging from Portugal and Spain to Turkey and Israel would promptly demand the same right. So many holes in the tariff wall of the inner group, it is said, would destroy the sense of economic togetherness which is the essential prerequisite of the group's search for political unity. Instead, the little countries on the fringe must hope for relief in the general reduction in tariffs that President Kennedy proposed last December ; in addition, the common market might make specific trade agreements to let in particular products—paper from Sweden, raisins from Turkey, and so on.

BUT is this argument good enough ? If it were a matter of admitting all the possible applicants for associate membership, the case would be unanswerable. But there is a case for picking and choosing between those to be given the rank of associates (the non-commissioned officers, as it were) and the rank and file who would have to be content—at least for the time being—with commercial agreements covering the commodities they were specially interested in. It is best to be blunt about this process of selection. The favoured applicants to be admitted within the tariff wall should be those who, in addition to bringing some significant economic strength to the community, would also help to give it added social stability and a properly distributed political balance. It would do no harm for the predominantly conservative flavour of the existing community to be diversified by the addition of a few countries with a nonconformist taste—not least in their approach to east-west relations. If Iberia one day comes in as well, the presence of good Scandinavian democrats would provide an essential counter-balance.

The Nordic world offers just the right ingredients for mixing. The best case for bringing countries like Sweden within the community's walls is not that, if left outside, they will inevitably be thrust into the communists' arms by economic necessity. Most Swedish economists think that Sweden will survive even if its present application is rejected. One of them, Mr Bengt Reuterskiöld, writing in the current issue of the Skandinaviska Bank review, reckons that the consequences of isolation would amount to no more than about 18 months' delay in reaching the level of national income that would otherwise be reached in 1972. The real case for accepting Sweden is less dramatic, but just as persuasive.

Inside the community's tariff walls, Sweden can make a useful contribution to the economic strengthening of western Europe. Outside, it will most probably suffer a slowing of its economic development. The trade agreements for specific exports offered by the common market might keep its existing industries alive, but the development of new industries could well be inhibited. The result might be a gradual drifting out of the main stream of European development.

If the European Economic Community means the first word in its name to be taken seriously, then this would be wrong. The danger of the common market has always been that its original members, in seeking to draw closer to one another, would unconsciously widen the gap between themselves and other parts of Europe. It will require an act of imagination for the existing members of the community to let in a brisk wind from the north-east ; they should remember that the north-east, too, is part of the same continent.

The Demon Bowlers



Skittles, at least when taken with beer, are once more in England an idea of heaven

NEITHER work nor worry can mar the pleasure of the long-drawn rumble as the ball goes down the alley and of the cathartic, percussive music of the falling pins. The game is immemorial: Sir Flanders Petrie found that the Egyptians played it, and it has been recorded from time to time since the beginning of the Christian era. Edward III thought it spoiled his archers, and frowned on it ; some bishops in the middle ages, by calling the pins heathens, were able to provide an outlet for the righteous zeal of their flocks ; and it has been a frivolous diversion (so necessary from serious drinking) in English pubs, particularly in the west country, for centuries. No doubt it was one of the less rigid of the west country pilgrims who, finding constant rectitude a bore, set about whiling away his new American leisure by whittling out nine skittles and a ball. He thus took to the New World one of the milder vices of the old, to which, in the past two years, it has been returned, much altered, polished and purified —but still recognisably skittles.

The original nine pins became ten in the last century, when right-minded Americans outlawed " ninepins " as a breeding-place for gambling and some grosser sins. They were promptly outwitted by the gamblers, who set up ten pins instead. The game has not looked back since then ; but until the end of the second world war it was confined still to sweaty men replete with such off-putting ancillaries as beer, spittoons and loud swearing. Then an unknown benefactor introduced his wife: more women followed and, by the nineteen-fifties, bowling (which is as distinct from skittles as baseball is from rounders) was booming. In 1952 it was revolutionised by the invention of an electronically controlled machine to replace the boy who gathered the fallen pins and set them up again, and big business moved in. Today 26.5 million Americans play ; and they are worth a billion dollars a year to the game's promoters.

By 1960, the bowling boom in America was levelling off, and the two main manufacturers of the automatic pin-setting machinery, American Machine and Foundry Company and Brunswick Bowling, were looking about for new fields in which to set their great galleries. Their eyes fell, among other places, on Britain. AMF approached ABC Television, who cautiously leased the first centre, at Stamford Hill in London, and watched the results with interest. Soon ABC was in business itself and, predictably, the Rank Organisation followed almost immediately, with a great many other smaller operators at their heels. In these last two years, no fewer than seventy centres have been opened, or are shortly to be opened, in England and Scotland.

Most of the centres are large, with 20 or more lanes (" alleys " went out when the women moved in). In each lane some 30 people a day pay three shillings a head to play. In general the rinks are housed in the shells of cinemas which died of the dreaded TV plague of the fifties ; but that source of convenient buildings is running out in the really profitable areas (the north-west, Birmingham and London). New centres will mostly be what has come to be known as " purpose-built " —at a cost which might blanch the cheek of an investor less intrepid than Rank or the commercial television industry. Each lane costs £2,000—without its equipment, which costs £3,000 if bought outright from Brunswick but allegedly somewhat less if taken on lease from AMF ; some of the cost is accounted for by the extreme fussiness of the governing body of the game in Britain, the Tenpin Bowling Association, who have adopted American standards of accuracy, in which a tolerance of forty-thousandths of an inch is allowed on important dimensions.

AT Southampton, to take one example, Rank's will pay £5,000 apiece for 24 lanes and £100,000 for the building which houses them, in addition to the £35,000 already spent on the vast site needed. Rank has now invested over £2 million in bowling ; ABC are near enough £1 million committed ; other operators have not been able to raise that sort of money, but at least four other television companies are involved and they, together with single-centre owners and one or two specialist firms, could probably show another £4 million or £5 million of investment between them.

The return expected from this vast stake in bowling is not, by the operators' accounts, very impressive: ABC thought that 10 per cent was about right ; ATV and Rank were less sure, but admitted they would be disappointed if it were not more ; and one investor went as far as to admit that he would not be happy with less than 12 per cent. It is difficult not to feel that someone is leaving something out ; about 150,000 people play regularly in Britain, and none of the centres has yet experienced the sort of black depression which comes to cinema managers when seats are empty. Present plans are for expansion as fast as centres can be built, in the expectation that every city in the country with a population of 50,000 or more will be able to support at least one centre of 12 lanes. The Americans find that planning at one lane to every 2,000 of population is safely profitable, but Britain is more cautious: even so, the amount of capital, enthusiasm and organisation going into bowling indicates a return a good deal better than 12 per cent.

Overheads and recurrent expenditure are high. Apart from the £3,000 to £5,000 required to set up each lane, the pins themselves attract an import duty alone of £2 10s. each (and each lane needs ninety of them a year) ; balls cost between £8 and £10, and refinements such as hand-dryers must constantly be put in as they are developed ; wages are not low, and the requirement for staff is large.

On the other hand, every centre has highly profitable catering facilities (indeed most of them are licensed clubs, the club being separate from the lanes), as well as selling a nice line in special shoes, clothes, balls and bags to carry them, and enjoying one or two other side-lines which help to keep the wolf from the foul-line. One six-lane operator's actual takings are £650 a week. If his takings can be taken as a guide, at £105 a lane every week, a company such as ABC with 118 lanes might be earning about £12,000 a week.

The centres themselves are of clinical perfection and extreme uniformity. It is only by slight differences in furniture and decoration that one can tell whether AMF or Brunswick has been responsible for fitting out any particular centre ; but it is sure to be one of them. Together with the bowling lanes, there are often such attractions to the house-bound as crêches, laundrettes, restaurants. Nevertheless, more men than women play in Britain, and it will be a long time before women become as important to promoters here as they are in America, where they supply no less than 40 per cent of the custom. Young people are more in evidence than adults, and a year ago accounted for nearly half of all the games played in Britain. But the operators insist that the main attraction of the game is that it appeals to whole families.

The real pull of the game seems to be the deceptive ease with which good bowlers practise it and the opportunity it offers for knocking something down in competition with other people. Already hundreds of small leagues (industrial, office, household clubs) are playing long series, encouraged by operators who would rather see block bookings for league play than wait for casual bowlers to drop in now and again. It is also offered as a good means of slimming and as one way in which a predominantly spectator-minded nation can actually do something. Abroad, too, the game is catching on ; so fast, indeed, that ten-pin bowling is only just short of the minimum requirement for Olympic recognition, which is that a game should be played competitively in 26 countries.

So far nothing has stood in the way of the bowlers except the planning authorities. But there are rumours that several local authorities who see as their main duty the suppression of unrestricted money-making may decide to dictate what hours the centres should keep. That would be ruinous, so the bowlers claim, in cutting down the number of people they cater for during the 14 or 15 hours a day they now keep open and would reduce their businesses to unprofitability. It is freely forecast that general restrictions on bowling hours would kill the game altogether. While so many people are enjoying themselves, and so many others making money (that most innocent of employments) this would be a pity ; but no doubt the skittle alleys of the west would continue unmoved.

NOTES OF THE WEEK

GERMANY

In Retreat from Moscow

SO Dr Kroll, the west German ambassador in Moscow, has not succeeded in thwarting his enemies again. The compromise devised last weekend by Herr Schroeder, the foreign minister, after Dr Kroll had been recalled to Bonn for inquiries about his alleged loose talk and defeatism, was by no means a total victory for those in the foreign ministry and elsewhere who sought to displace him from his Moscow perch. After a long spell of leave, Dr Kroll is to return to his Moscow post in early May and will remain there until the autumn, when there is to be a major ambassadorial reshuffle. He is then to return to Bonn to take up a post as an eastern specialist in the foreign ministry.

Herr Hartlieb, number three in the Moscow embassy, who uninhibitedly told German journalists that his " deluded" chief would certainly precipitate " another crisis in April " if he returned to his post, has been recalled to Bonn as a visible scapegoat. But, for all the sugar on the pill, the fact remains that Dr Kroll is to go. Dr Adenauer, who in January protected his ambassador from his detractors in the foreign ministry, this time did not even see him. This most colourful and unorthodox of German diplomats is almost certain to be replaced in Moscow by a greyer figure from the Bonn establishment.

Dr Kroll's fall had personal as well as political causes. He has a way of alienating both subordinates and superiors. But there is no doubt that his fall was engineered by the powerful school in the Bonn foreign ministry which took exception to his ideas for a more flexible policy towards the East. Dr Kroll gets on well with Mr Khrushchev. He is just the man to start the friendlier relationship with Bonn which Mr Khrushchev seems to want. And he has forthrightly told the Chancellor what he believes.

West Germany's re-examination of its eastern policy will no doubt go on. The irrepressible Herr Dehler, the Free Democrats' former leader, has endorsed on television a remark by Mr Smirnov, the Soviet ambassador to Bonn, to the effect that Germany has been at war with Russia since 1932—a war cold, hot and now cold again. Outraged, the Christian Democrats are now seeking to remove Herr Dehler from the vice-presidency of the Bundestag. But in an unexpected switch of roles *Die Welt*, ashamed perhaps of its shabby part in the Kroll affair, has stuck up for Herr Dehler in the name of free speech. The whole great debate on Germany's future needs to be fought out in open public debate, not with the weapons of the smear and the backstairs intrigue.

BERLIN

The Hound of Spring

FOR five months, to the day, the Berlin crisis has been in hibernation. It was on October 17th that Mr Khrushchev withdrew his deadline for a separate peace treaty with east Germany, in the apparent belief that serious negotiations would follow. The only thing remotely resembling negotiations since then has been the series of five totally abortive meetings between Mr Gromyko and the American ambassador in Moscow, Mr Thompson, the last of them on March 7th. Dissatisfied, the Russians have now decided to bring the crisis out of hibernation.

Mr Gromyko, in Geneva for the foreign ministers' disarmament talks, has once again raised the possibility of a separate peace treaty, a threat already made in *Pravda* on March 9th and *Izvestia* on March 11th. The Russians have also increased their efforts to frighten people out of using the air corridors to Berlin. On Tuesday, for the second time in a week, they sprinkled " chaff " in the corridors, small metal strips designed to confuse the radars that guide allied planes. On Wednesday night they threatened to send four of their own aircraft into the corridors at times and heights used by western commercial airliners, thus extending into the hours of darkness a dangerous habit they have developed in daylight over

the past month ; but they shied off at the last moment.

The animal emerging from its winter's sleep could be of three kinds. It could be the beginning of a really major crisis, involving a serious attempt to block the air corridors, and a Russian decision to hand over the responsibility for Berlin to the east Germans in a separate peace treaty soon. This is possible, but not very likely. The references to a peace treaty in the Soviet press have been conspicuously without a time-limit ; and the Russians can hardly relish the idea of a series of mid-air crashes, which is (at the very least) what a really determined attempt to close the air corridors would involve. The second possibility is that this is all a diplomatic gambit aimed at the Geneva conference. The Russians may be doing and saying unpleasant things with the idea that they can subsequently withdraw them at Geneva in return for, they hope, western concessions.

More likely than either of these possibilities, however, is the third explanation. This is that the Russians have now embarked on a campaign to remind the West of the consequences of not granting some kind of recognition to east Germany—the basic communist aim in the Berlin crisis. One consequence, they are in effect saying, is that your rights in the air corridors are not absolute, so that your airlines may have to change their flight plans from time to time, or risk having their passengers scared away. Another consequence is that the threat of a separate peace treaty can be revived at any time. The point is valid ; Dr Adenauer and General de Gaulle, please note.

FARM PRICES

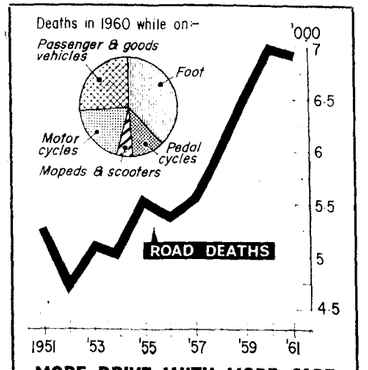
Small Trimmings

THE Minister of Agriculture is likely to have metaphorical turnips thrown at him by farmers for this year's price review, but he has not in fact hardened his heart towards them by quite as much as he could have done. After allowing £19½ million for increased costs, the maximum permitted reduction of guarantees under the Agriculture Act was some £14 million this time ; the effect of the price review is to reduce the figure by just under £11 million (compared with £5 million last year). Since farm income has been fairly buoyant, rising by over £25 million in 1961-62, the farmers cannot be said to have done badly. The estimated cost of agricultural support has risen to £339 million for 1962-63, but there is no guarantee that the estimate will not again be hugely exceeded.

Instead of setting himself a target for this year's guarantees, Mr Soames has settled for the actual reductions produced by the necessary changes in individual commodities. Beef is still regarded as a likely long-term winner (possibly with Europe in mind) although it is clear that competition in the shops from poultry is not going to diminish, and there are broiler turkeys coming along, too. It can be argued that housewives continued to buy beef last year, despite the failure of market prices to fall. What caused most trouble was the flood of poor quality beef ; the Minister has therefore decided to raise the standard at which cattle are accepted for the existing guaranteed price.

The reduction of 0.4d. per gallon in the guaranteed price for milk (a cut of 1d. per gallon in the pool price to farmers) is bound to cause a loud outcry among high-cost producers. But last year's idea that it would be possible to check excess production by some sort of restrictive arrangement, while actually putting prices to the farmer up, has visibly failed ; and the Government has sensibly decided to move nearer to management by market prices instead. It is intended to let the retail price of liquid milk cover the full cost of the guarantee in future. (Recently the shortfall in it has cost the Exchequer £8-£9 million annually.) The retail price of milk is now expected to rise by ½d. a pint for six months of the year. This is a step back in the right direction.

The Government is still pushing the National Farmers' Union towards better marketing arrangements. It has promised £1½ million over the next three years to assist in marketing research and development. The English and Scottish unions will now set up an executive committee, under an independent chairman, to vet and pass on to the Ministry the better schemes that come forward. This price review has been unhappily governed by promises made last year, to the pig industry in particular ; one consequence is that it fails again to take into account the over-riding need for readjustment in commodity guarantees on the eve of joining Europe.



MORE DRIVE WITH MORE CARE

In spite of an estimated eight per cent increase last year in motor traffic in Britain there was a reduction in the number of road deaths for the first time since the fuel rationing of 1956. A complete analysis of the accidents in 1961 is not yet available. However, one notable exception in the general decline in deaths was among child pedestrians : there were 534 deaths compared with 522 in 1960.

ART SALE

Let's See It

THE uproar over the Royal Academy's proposal to sell the Leonardo da Vinci cartoon contrasts wryly with the apathy shown about it hitherto. Very few people ever asked permision to go into the council room at Burlington House to see it. The Royal Academy can be blamed for this: too few people knew of its existence. The current feverish excitement suggests that the Academy lost its chance in not advertising it and charging for a peep at it. But would people have then flocked in or is it simply that possesions are never so valuable as when they are in danger of being lost ?

The Royal Academy has every ethical right to make the sale if it wishes. It is a professional body whose main function is to run its schools of painting, sculpture and architecture which give free tuition between them to about a hundred students: this costs about £9,000 a year in overhead expenses, salaries and wages. In addition, it administers forty-five charitable trusts—annuities to distressed artists, prizes, student grants and the like—and runs its annual exhibition of works by members and non-members, without charging sales commission. The entrance fees to this and the loan exhibitions are its main source of income. But the Royal Academy no longer enjoys the big attendances of up to 450,000 that it had in the late 19th century, and its income is insufficient to meet mounting costs, which include a rate liability of £8,500. Fairly understandably, its council decided, by 28 votes in favour to one against, to realise its most valuable asset.

What is to be done about it ? There are only very few works on the scale of this cartoon by Leonardo da Vinci in the world and the mysterious quality of his draughtsmanship is unrivalled. It is one of the most important works of Italian art left in British possession. But it is not a question of saving something that has been of great benefit to the nation up to now, but of whether the nation can afford to add it to the national collections. The idea that the money for this great cartoon can be raised by half-crown subscriptions is pretty half-baked: there is no reason why the Royal Academy should budge much from the valuation price, which is probably around £750,000. If the work goes to a foreign buyer at Sotheby's, an export licence is likely to be withheld for a limited time to see if a buyer in this country can be found at the knock-down price. A better course would be to see beforehand if there are any rich benefactors who would come forward, and between them raise enough to meet a large part of the cost ; it might then become

reasonable to tempt the Treasury to make some contribution on the understanding that there should be a return for its investment in terms of it being readily viewable by students and art-lovers. The logical place for this cartoon, if it did pass into the national collections, would be in the print room of the British Museum alongside the drawings there by Michelangelo and Raphael. But it might be more popular to house it in the National Gallery. This particular issue apart, however, is it not time that the best of the art treasures in this country were given a little more publicity—and a charge made to see them ?

CUBA

Sharing

SOCIAL and economic upheaval in Cuba has meant that fewer goods are being shared out between more people. Rationing of a sort has been in force for some months, in that many consumer goods are hard or impossible to get hold of ; now Dr Castro has announced that from next Monday rationing is to be organised and official. Rice, beans and lard will be rationed everywhere ; certain other foods in the Havana area only, and soap and toothpaste in all towns.

Dr Castro blames these measures on the American economic blockade ; more decisive reasons would seem to be the dislocation of trade, the flight of people who know how to run an economy, and the new regime's own crashing errors of judgment. But it would be a fallacy to interpret the rationing as an augury of the revolution's failure. If Dr Castro's government has been successful in redistributing income between Cuba's rich and its poor, the number of people in the market for consumer goods is bound to have increased. In several Latin American countries, the larger part of the population is described as being "outside the economy." Such people do not contribute to the statistics of production, and they do not buy enough to be called consumers. There is little to be proud of in having shops that are well stocked, if most people are too poor to buy anything in them.

ALGERIA

10 . . . 9 . . . 8 . . . 7 . .

BY the time this issue of *The Economist* is in readers' hands, they may know whether the peace talks at Evian between the French and the Algerians have come to an end ; or if they may not. The negotiators were, at noon on Thursday, still struggling with difficulties that, though small, are magnified by the suspicions and distrust bred by seven years of war. But there is no reason to suppose that hope will be cheated by a last-minute collapse of the talks ; no major obstacle is visible to the expected announcement that the composition of the interim government has at last been agreed on, that the Moslem *force locale* which is to help the French army keep order is about to be set up, that Mr ben Bella has been freed and that General de Gaulle is to address the nation. In short, the cease-fire.

What remains in question is the effect of these announcements in Algeria. The Secret Army Organisation continues to be very much in evidence—blowing up a wireless transmitter in Oran, killing 17 people on Thursday morning in Algiers, shooting the defendant (a Moslem nationalist) during his trial before a military tribunal at Bône. The SAO is planning to launch a general strike the moment peace is declared, and will certainly do everything it can to sabotage the settlement. The longer the Evian negotiations last, the greater the likelihood of Moslem demonstrations against the European terrorists—and such demonstrations are exactly what the SAO wants, in order to force the French army to choose between firing on the Secret Army or throwing in its lot with it. Already, it is said, many officers have assured the SAO of their support.

Meanwhile France was in a state of emergency this week. Troops have been confined to barracks. Anti-aircraft guns have been put on the roofs of public buildings. With the exception of the regular lines, no private planes have been authorised to fly over French territory. M. Soustelle's latest anti-Gaullist group has been dissolved by the government. And everyone, including one suspects, the president, has remained totally uncertain what "D-Day" will bring, when the war without victor or vanquished (as it is supposed to be, for the sake of military pride on both sides) is ended.

UNIVERSITY FINANCE

Off Target

IN turning down the recommendations of the University Grants Committee on recurrent expenditure in the next five years the Government has made it virtually impossible for university expansion to meet its immediate targets. These were for 150,000 places by 1966-67 and 170,000 places by "the early 1970s" (now categorised for the first time as 1973-74). No doubt the Robbins committee will have something to say about this in due course. The Government hopes that the universities will still try "as far as possible" to reach 150,000 places on time, but it appears that there is a wide discrepancy between its estimate of the necessary resources and that of the UGC—which, in turn, is below the universities' own ideas of what they need. The restrictionists in the senates will now be digging their heels in even more stubbornly, and saying happily that they cannot afford to take so many more students now.

It is true that the Government is expanding the colleges of advanced technology and the teacher-training colleges (which now have standard three-year courses), and to a very limited extent the diversion to these institutions of the better kind of candidate for higher education is an advantage to them. But while the Government claims it has made provision for the 18-plus "bulge" (judged on the recent rate of university entrance) it surely has not sufficiently allowed for the consequences of the present expansion of the sixth forms, let alone for the further expansion in them that is sure

The Economist

MARCH 15, 1862

RULES OF WAR

¶ The rule that a neutral ship which carries enemies' goods must not be touched is effectual, because a belligerent who breaks it incurs a penalty. He thereby offends the neutral; he angers a *new enemy*. But a belligerent who covenanted twenty years ago and during peace not to touch the other belligerent's ships will incur no further penalty if he break that covenant. If we promise France not to capture her ships in a future war, and we do capture them in a future war, what is France to do? The remedy for international bad faith—the sole and ultimate remedy—is war; but France is already at war with us. What more, then, can she effect or attempt? . . . Precisely the same difficulty applies to the abolition of privateering. We promised France in 1856 that if we again went to war with her, we would not use privateers. But suppose in the next war we use that "Punic faith" which French orators so often impute to "perfidious Albion," and *do* issue letters of marque, what is the remedy of France? She has none. England would have incurred shameful dishonour in the face of all the civilised world, but France would have no effectual resource. Our bad faith might embitter hostilities, but during a French war it could not cause a French war. If the same nations who agreed to the first clause of the Declaration of Paris were to agree to an additional article declaratory of the security of floating property, the remedy and the effect would be as complete for the new covenant as for the first. War suspends or annihilates all treaties; but when the special object of a treaty is the regulation of warfare, no great nation could infringe it without perpetual dishonour. Even if, which is unlikely, any civilised Power could venture on so gross a breach of international morality, the other parties to the authoritative declaration of the rules of war might well choose to enforce those regulations by arms. France would have no remedy if we captured her ships or licensed privateers ; but Russia or Italy might, and perhaps would, intervene to give her aid and punish our falsehood.

to come as more working-class children stay on longer at school. Unless the universities are unexpectedly ingenious (i.e. in applying some form of shift system) Britain's provision for higher education is going to remain even more ridiculously below the standard set by the north American, Australasian and many western European countries.

The 3 per cent across-the-board salary increase proposed for university teachers this year will not satisfy the dons who see themselves falling behind lecturers in the colleges of technology and the scientific civil service. In itself, this may not massively matter. But what does matter is that nothing discriminate is being done to staunch the outward flow of university teachers from those posts and universities where they are now most needed. The case for making discriminating awards in favour of the less popular universities and most understaffed faculties was argued in *The Economist* of January 27th. Although the idea of discrimination is hugely unpopular with most professional spokesmen, the fact remains that (particularly with new universities like Brighton making attractive bids for the more enterprising university teachers) the academic performance of some of the drearier civic universities is liable to become increasingly shaky.

NURSES' PAY

Underpaid or Overworked?

IN accordance with the pay pause, hospital nurses are being offered an increase this year of only 2½ per cent all round. Is there, as they claim, a case for giving them much more? At the bottom of the nursing scale the student nurses in general hospitals are given a training allowance of £299 a year to begin with, rising to £336 in their third year, from which they have to pay £128 a year for board and lodging if they live in. This is certainly not princely; a shorthand-typist of 18-21, who has paid for her own training, can expect £10 a week. But a student nurse is being paid as she learns; whether she is satisfied with what she gets will tend to depend on whether she thinks she works harder than her student status justifies and whether the salary paid at the end of her training is worth waiting for.

Between 1949 and 1960 the total number of nurses had increased from 126,000 whole-time in England and Wales to 162,000; and the number of student nurses from 46,000 to 54,000. This is the justification for Mr Powell's statement on Monday that the "nursing situation is not disastrous" and that the nursing force is at its highest ever. In 1960, however, the number of student nurses declined for the first time for some years. For general hospitals the fall was insignificant (though the effect of the minimum educational standards to be introduced this summer has still to be seen); but in mental hospitals and hospitals for the subnormal the number of women student nurses, who are paid £53 a year more than those in general hospitals, dropped by over 6 per cent.

Like the teachers the nursing profession suffers from wastage among its young recruits, often (though not always) through marriage. Like the teachers, again, there is therefore less of an economic case for giving a big pay boost in these early years of service—although there certainly is a case for further improving their working conditions, since nursing still involves far too many unnecessary tasks and unnecessary discipline. But, among those who do stay on, a trained staff nurse receives only £525 a year, rising to £656; and a ward sister, for her extremely responsible post, £656 to begin with and £840 at the maximum. In other words, she receives the same as a three-year trained non-graduate teacher to begin with but £300-£400 a year less when she is in her thirties. (In mental hospitals, the scale is from £709 to £893.) What is really needed now is a series of discriminatory increases for trained nurses who stay on in the hospital service and in places where the shortage of staff is most felt. It should also be recognised that the London teaching hospitals, which have no staffing problem, have tended to be the dominating influence in nurses' pay and training for far too long.

BILLS IN COMMITTEE

MacFabian Tactics

THE Scottish Grand Committee is supposed to spare English members (except those sentenced to make up the Government majority there) some of the homespun wit and wisdom of Scottish Labour members like Messrs Ross, Emrys Hughes, Manuel, Rankin, Willis and Dr Mabon. Last week, when the Government imposed the guillotine on the committee's pondering of the Housing (Scotland) Bill, the Commons learned how devolution really works. After 13 sittings the committee had still not disposed of the second of the bill's 37 clauses; Labour members opposed to any rise in the rents of Scottish council houses had, in fact, threatened to stop the bill's passage throughout this session. In putting his case to the whole House the Secretary of State for Scotland met five early attempts at a point of order (one from Mr Nabarro seeking equal time for England) and 16 recorded interruptions in an otherwise short statement. He must have felt at home.

In its present demoralised state, the Scottish Grand does not even pretend to air a balance of Scottish opinions. Of the first 33 hours of discussion on the housing bill, 29 were taken up by Labour speeches and almost all the brief remaining time by ministers. Tory backbenchers realised long ago that if they open their mouths it merely delays any bill's passage still further. At one stage recently four hours were spent in discussion (one Tory seems to have spoken) on whether to sit on Tuesday evenings or Wednesday mornings. A committee room on the Thursday night train north could be one solution.

Mr Marples's Transport Bill has also been seriously delayed in committee, and it, too, has now had the guillotine imposed. At the rate of progress in the first 23 meetings (60 hours' discussion, 18 of them from the Tory side) the bill would have been maturely considered by 1964, but the Government has decided it wants it back by April 6th.

NEW GUINEA

At Talking Point

BOTH the Dutch and the Indonesians have now accepted an American proposal for preliminary talks on New Guinea. Progress towards talks has clearly been painful on both sides. The Dutch cabinet sat round the clock on Monday, debating whether to send reinforcements to the island or to accept the American proposal, which Mr Robert Kennedy, the United States attorney-general, took with him to Jakarta and The Hague last month. After the meeting the Dutch prime minister, Professor de Quay, announced that no reinforcements would be sent and that the American offer would be accepted. As a further gesture of conciliation, the Dutch government on Sunday started repatriating the 52 Indonesian prisoners captured in a naval clash off West New Guinea on January 15th.

On the Indonesian side, the foreign minister, Dr Subandrio, announced on Wednesday after a flying visit to Bali, where

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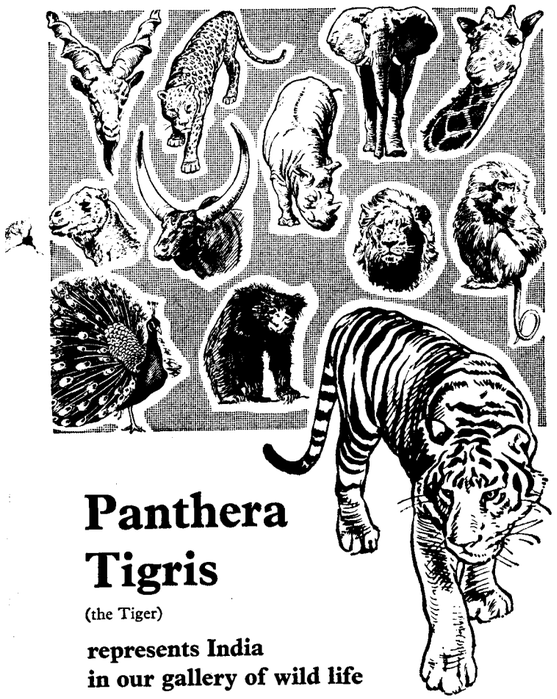
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President Sukarno is relaxing, that the American proposal was acceptable. There remains, however, some reluctance in Indonesia to unsay some of the bellicose things that have been said in the past three months. True, the latest Indonesian speeches are less intransigent than earlier ones, but Dr Subandrio said on Monday that military preparations would continue.

The Americans are in an optimistic mood. In part, this feeling reflects official approval in Washington of the sweeping Indonesian cabinet reorganisation announced on March 6th. Rightly or wrongly the change of structure and the changes of names are considered a blow to the Indonesian communists ; it is felt in Washington that had the Indonesians really been planning to take West New Guinea by force, they would have tried to please the Russians —who are supplying them with heavy arms —by including members of the Indonesian Communist party, as distinct from just fellow-travellers, in the cabinet. Officials in The Hague now seem confident that preliminary talks, aimed at determining the agenda for the main negotiations, will start soon, in the presence of some prominent American yet to be named.

BRAZIL

Return of the Exile

Woe unto those, said Senhor Jânio Quadros when he returned to Brazil last week, who would like to know why he had resigned so abruptly six months ago. Attack is a useful method of defence, but even without his strangely unenlightening curse, the situation in Brazil is sufficiently woeful. By suddenly walking out of the presidency in August after seven active months in office, Senhor Quadros succeeded in creating the political and economic shambles that was, presumably, his intention. Indisputably, Brazil is worse off without Quadros than it was with him ; on the other hand, many Brazilians are deeply reluctant to put their trust in so unpredictable and whimsical a national leader again.

The substitution of a parliamentary for a presidential form of government saved Brazil from the civil war that threatened when Senhor Quadros resigned. But with the president, the prime minister and congress all pulling in different directions, the impetus of Brazil's development programme spilled over into anarchy. Party systems began to collapse ; so did the tenuous relationship between the states and the federal government. With remarkable disregard for the country's interest, congressmen voted for laws that would line their own pockets. The cost of living last year went up by 42 per cent. The yawning budget deficit makes nonsense of the fact that about a third of all the money so far allotted under the American "alliance for progress" programme has gone to strengthen Brazil's finances. The reluctance of the United States Congress to hand over yet more money is discussed on page 1022.

Recently, there have been some signs of improvement. The government is trying to enforce an anti-inflationary policy, and congress has at long last agreed to do something about the parched and impoverished regions of Brazil's north-east. But in October there are to be congressional elections at which, it is easy to guess, Senhor Quadros will play a significant part. Although some of his former supporters are more wary of him, several of his former opponents, such as the formidable right-wing governor of Guanabara, Senhor Lacerda, have now apparently come round to the view that he is the best leader they have. The reception he got at Santos on his arrival suggests that his popular support is as large as ever. He has two constitutional alternatives: to work his way up to the premiership through a seat in congress, or to the presidency through the governorship of a state. But Brazil is a land of surprises, and Senhor Quadros has already shown himself an impatient man.

CAMBRIDGE DONS

The Quota Men

Cambridge has 430 university teachers —nearly half its total of all lecturers— who are not fellows of any college. Some of them rather resent this and would like to take on college duties and extra comforts if only they could find somebody to elect them. Others don't and wouldn't, although they are grateful for the chance to increase their earnings by doing tutoring and supervisory jobs for the colleges on top of their sometimes undemanding (minimum: 30 hours a year) lecturing responsibilities. For their part some of the colleges, particularly the poorer ones, could do with more fellows, if only they could afford to take on the chaps they like. This is the essential problem to which the Bridges syndicate has been addressing itself since 1960 and, voicing the customary approval of the college system with some cautiously liberal asides on the reform of teaching methods, the syndicate has now come up with the kind of solution that treads on as few toes as possible.

It suggests that the languishing lecturers can put themselves down on a sort of free transfer list, and the colleges will then have to pick the ones they want in order to bring their high tables up to the quota of one fellow to 16½ undergraduates (e.g., King's would elect none and Pembroke 15). This would absorb just under 200 extra-collegiate candidates in the next six years. The remainder, together with the university's 1,100 research students, would help to populate a new university centre-cum-club which the syndicate expects, rather against probability, to become the hub of the higher university life.

The bait for the majority of the colleges is the remission of the £144,000 a year that they contribute to the university coffers (or 7d. in the £1 of university income). This cash would pay the additional salaries of the new fellows. It would also sustain 60 new faculty lecturerships for fellows of colleges who do not now share in university teaching. It is doubtful whether these lecturerships will add significantly in calibre to university teaching resources, but they would certainly help the women's colleges, among others, to offer more attractive remuneration to some of their fellows. Since over half of the colleges' £144,000 is put up by three affluent ones—Trinity, King's and St. John's—the net effect of the remission would be that they will subsidise the poorer Selwyns and Magdalenes, which is probably quite right. One of the committee's most overdue proposals—for an extension of the seminar system, and greater inter-collegiate co-operation in supervisions —could certainly help to strike a better average standard of teaching.

CONSERVATIVE PARTY

Placid Pulse?

A rallying call by Mr Macmillan was, not surprisingly, the first business before the Central Council of the Conservative party, which began its two-day annual conference at Church House on the morrow of the Orpington débâcle. This council is a relatively little known political body, but not a wholly unimportant one. It is the governing body of the National Union of Conservative Associations and is made up partly of elected party faithfuls from the constituencies and partly of *ex officio* members. The *ex officio* members include the leader and chairman of the party : the general director and other officials of Central Office: all Tory MPs and those peers receiving the party whip who express a desire for membership. The council appoints the officers of the National Union, amends its rules when necessary and provides a forum for discussion and debate. In the past the council has had its recal-

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citrant moments—as Mr Baldwin once almost knew to his cost in 1934—and in any major party crisis it could become the Tories' grand council and exercise a real influence on events.

The council meeting is generally regarded as a useful opportunity to allow the leaders to feel the pulse of dedicated party workers at the half-way point between the party's big yearly conferences ; but this year the pulse does not yet seem to be beating as fiercely about such matters as Rhodesia or the common market as might once have been feared. Motions have been tabled criticising Government policy on the cost of living, transport, the distribution of industry (especially its continued concentration in the south-east and London areas), and its failure to communicate its policies to the electorate. This last is an especially widespread complaint at all levels of the party at the moment, as it usually is when by-election results are going wrong. For the rest, the motions suggest mainly that the local party office-holders are sticking closely to their grindstones, like the devoted workers for Conservatism they are. There is a demand from several associations that the limitations on election expenses imposed by the Representation of the People Act should be revised upwards. A controversial motion, unlikely to be passed, is that representation at the annual conference should be reduced. A somewhat quixotic motion calls for an increase in individual subscriptions by party members, but rules out any specification of a minimum sum. For the first time for some years there is no motion calling for flogging or birching : the Brighton conference has evidently done its work.

KENYA

Unnatural Disasters

LAST year Kenya was ravaged by flood, drought, pestilence and politicians ; the result is likely to be a deficit on this year's budget of £2¾ million, plus a bill for £1 million for flood and famine relief. At best, the deficits for the coming two financial years will be £5 million for 1962-63 and £7 million for 1963-64. There is also a £5½ million deficit on the 1960-63 development budget. What happens to the economy now depends upon the politicians who have been talking about a constitution, without much visible effect, at Lancaster House in London since February 14th. What happens to the politicians themselves next year may also depend upon their own efforts now. Life in Government House in a bankrupt country would be hard, independence or no.

At Lancaster House the Kenya African Democratic Union (Kadu) has presented a plan for a federal constitution involving six regions, each with its own armed forces and control over finance ; an upper house in the central government would represent the regions, and it would have equal powers with the lower house. This plan is the result of fear of what the majority party, the Kenya African National Union (Kanu) might do after independence. Kanu started the negotiations with a search for a mildly decentralised Kenya government, with strong powers at the centre. In the bargaining so far, it is Kanu that has made the concessions, though its strength in the country is greater.

Kadu may now find that its turn for concessions has come. Kanu, against expectations, has conceded a second chamber (though as part of a unitary, not a federal, government); it has also agreed to entrenched constitutional clauses, and a clear division of powers between the central government and strong regional or provincial authorities. But, reasonably enough, these authorities would not be quasi-states, as Kadu seems to insist they should be. Mr Ngala is to be congratulated on extracting as much as he has from Mr Kenyatta and Mr Mboya of Kanu ; now some means must be found of generating the kind of mutual trust without which no constitution of any kind can be made to work. The Kenya politicians should be able to agree, if all are reasonable, on a constitution that neither completely stultifies government (as Kadu's original plan would), nor lacks effective safeguards for local authorities and minorities (as Kanu's original plan did).

VIOLENCE

Blame the Immigrants?

FROM the two-day conference organised by the National Association for Mental Health last week on "Violence and the Mental Health Services," one fact is likely to be very widely bandied about, especially by supporters of the Immigrants Bill (which has now passed through the Commons into the Lords). This is the remark of Dr West of the Institute of Criminology in Cambridge that the rise in crimes of violence in London is largely associated with immigrants.

Dr West was in fact giving a preview of a forthcoming Institute report which will certainly show that immigrants accounted for a larger share of violent offenders in 1960 than ten years previously. Offenders from the Irish Republic accounted for 12 per cent, compared with just under 10 per cent in 1950 ; and those from the Commonwealth and colonies for 13 per cent, compared with 6 per cent. The share of offenders born in the United Kingdom fell from 82 per cent to 71.5 per cent. The total number of violent offenders doubled over the ten years, but the Irish ones rose by 153 per cent and the Commonwealth ones by as much as 321 per cent.

But before all these percentages enter into general folklore, note should be taken of what the immigrants' main crimes of violence seem to be. It appears that they accounted for nearly half of the convictions of violence arising from domestic brawls. These domestic brawls —many of them obviously relatively trivial—are still the commonest form of an offence of violence, and they serve rather misleadingly to inflate the total figure for violent offences. Even so, and including them, Dr West confirmed in his address that 95 per cent of all indictable offences in this country are offences against property and only 2 per cent concerned with physical violence against the person. Of this 2 per cent, only 3 per cent are associated with serious harm to the victims.

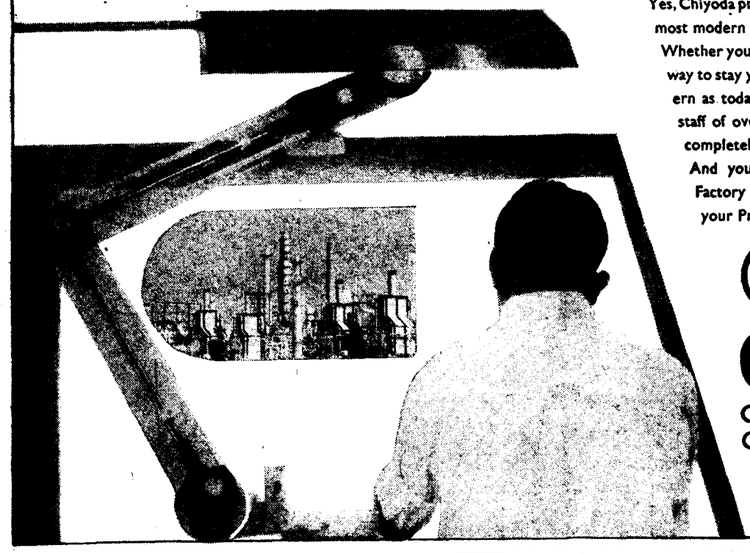
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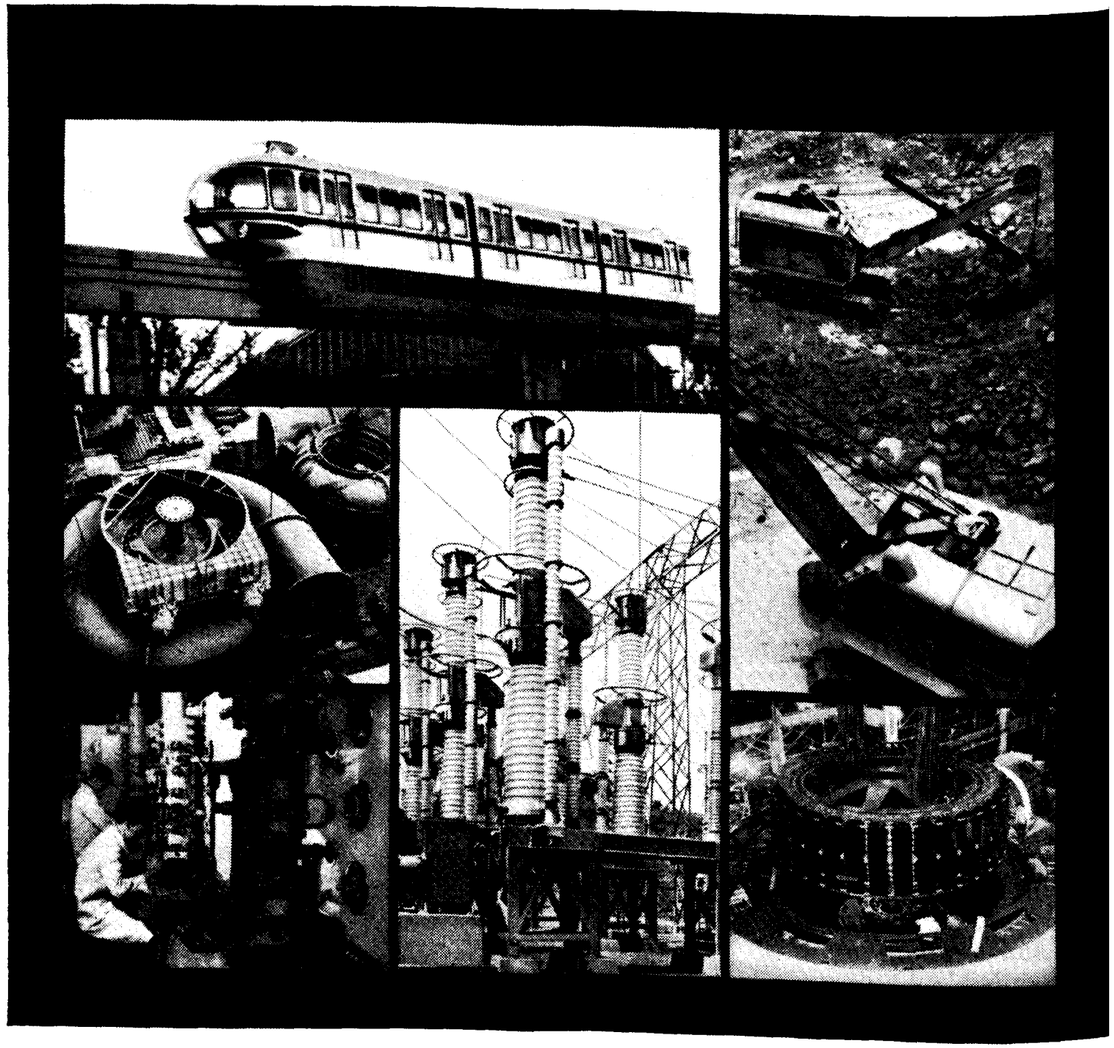
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Reprisals at Southall

FROM OUR SPECIAL CORRESPONDENT

LONDON sprawls off to the north-west in a straggle of factories, cemeteries, railway lines and transport terminals that flow away from the high site-values of the city centre. The local economy is solidly based on the most expansionary industries in Britain: there is no unemployment, wages are high, the newspapers are packed with advertisements for skilled craftsmen. With other forms of light engineering, the motor industry thrives here. As always, it has brought along the troubles of prosperity. Labour relations in north London are proverbially appalling.

Unofficial strikes at a Rootes Group subsidiary at Acton last autumn and at Smiths Motor Accessories at Cricklewood showed just how tough and enduring the workers' resistance could be, as much to the advice of their own union officials as to the blandishments of employers. Communist activists are busy in senior union jobs in the area, and their presence is often suspected among shop stewards; they may have played some part in this resistance, but it would be absurdly complimentary to credit them with all the disruption. North London workpeople are used to good times, and are often buttressed against bad fortune both by savings and by the employment opportunities for women as well as for men. They are not people an employer can afford to get across, however good his record of labour relations.

AEC, besides making London's buses, are probably Britain's second producer of chassis, engines and parts for heavy commercial vehicles. The company (whose initials no longer stand for anything) employ some 3,500 hourly paid workers and 1,000 staff at Southall in the heart of the north London industrial area. They have not had a strike since 1936; they do not pay wages above the (admittedly high) odds for the area; they employ a high proportion of skilled men, since everything they make is custom-built and production runs are short by the standards of the vehicle industry. Labour-management bargaining, both sides claim with some pride, is hard but not unrealistic. Yet the company has now come in for a round of savage public denunciation. In the bluntest terms AEC, under pressure from the unions, sacked the only ten of its employees who refused to obey the one-day strike call sent out by the engineering unions on March 5th.

The first of these one-day strikes was on February 5th. All AEC's employees came out, save one. This unfortunate man stayed on at work for ten days before his life was made intolerable, and he left of his own accord. In some other firms, notably at the Jaguar works, open disputes broke out between managements and unions over the continued employment of men who refused to strike; in each case some agreement was reached whereby the employers climbed down and dismissed or suspended the non-strikers. Before the first strike the engineering employers' federation recommended its members to post a notice saying that the works would remain open as usual for those who chose to turn up. It withdrew this recommendation for the second strike, but AEC decided to post such a notice just the same.

On March 5th nobody turned up for the day-shift at AEC, but the ten semi-skilled and unskilled workers arrived to work the night-shift. Some of them, it is darkly murmured, were "put up to it" by an unidentified agency; the others may genuinely not have realised they would be so few, since there was some resentment among the night-shift men that the day-shift workers had been able to make up the earnings they had lost on the previous Monday strike by working overtime on the following Saturday morning. It is even possible that some of them were motivated by loyalty to the firm. It is far more likely that, despite the unpleasant fate of the solitary blackleg after the previous strike, none of them wanted to lose a night's pay in a nebulous cause.

THE reaction of the day-shift men on the Tuesday was immediate. Restrained by their shop stewards, they did not walk out of the factory; but they did agree unanimously (as far as can be ascertained) to ban overtime and to refuse to operate the plant's bonus system—which meant in effect that they were to go slow. It was plain that production would be disrupted: in view of what had happened on the previous occasion, it was also unlikely that the rest of the night-shift men would agree, in any circumstances, to work alongside those whom they thought to be blacklegs. For the management the solution seemed to be to cut their losses: local rumour reports that some kind of compensation was offered to the ten non-strikers, and that the possibility of returning to work at AEC at a later date was held out to some of them. In any case, out they went.

To start preaching to a firm in AEC's position is not immediately helpful, however much it might be justified. Certainly the result of their action was to penalise those who had followed the firm's invitation rather than that of the union. The hard truth is that AEC recognised the facts of industrial power in an area of full employment; and that power, in the well-run plant with its excellent record of labour relations, was exercised by the employees in pursuit of their wage-claim with no reference to official union opinion at all.

Retreat of the Diesels

FROM A CORRESPONDENT IN BRISTOL

THE intensive diesel train service in the Bristol area, for which so much was hoped by British Railways, has ended in failure less than three years after its introduction to the sound of public relations men's silver trumpets. In one of the most drastic reorganisations the region has known, seven hundred trains a week have disappeared from the new timetable—issued on March 5th. It is hoped to save £250,000 a year on these cuts.

Diesel trains arrived in the Western Region with a considerable success story behind them, mainly in heavy industrial regions in the north, where they had filled the need for fast, cheap and clean transport to and from the larger population centres. In the Bristol area they replaced most of

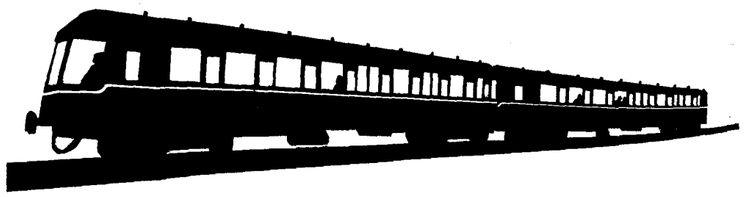
the old steam trains, and formed the basis of an intensive railway network which increased train mileage by 42 per cent, and radiated from Bristol to Taunton, Weymouth, Westbury and Swindon. New services outside the peak morning and evening hours, and on Sundays, were heavily advertised in the hope of forming new travelling habits among Bristolians.

But the experiment failed. Only 44 out of 2,292 trains a week carried the economic load of 60 passengers; three-quarters of them had less than 20 people on board, and on some there were more railway workers than paying passengers. Most of these empty trains will fall under the reorganisers' axe; in addition, more than 30 small stations will close after 7.30 on weekday evenings, and only the principal stations will be served on Sundays.

Two reasons are given for the failure of the experiment and both of them are well-worn. Too much use is being made of private transport and, where it is not being over-used, people are merely staying at home with the telly. There is no reason, however, to believe that the proportional increase in car and television owners has been any greater in Bristol than in the West Riding of Yorkshire, for example, where the diesel train services have met with success. But there is, on the other hand, good reason to look more closely at the social, monetary and employment habits of northerners as compared with Bristolians—and to ponder on the differences between the dense triangle Leeds-Bradford-Wakefield and the green-belted, languorous city of Bristol. Rightly, British Railways have decided that "they [the public] have demonstrated they do not require frequent rail service during the middle of the day and in the evenings. . . .". They might easily have discovered that before they offered the unwanted and presumably expensive service.

RAIL services outside the peak travel hours ignore the small demand for travel at those times. Ten trains are of no more use to a Somerset villager than one if there is nothing to attract him at the other end of the line—as there generally is not in Bristol. Even if there were, the main-line station is a bus ride from the business, shopping and social centres of Bristol; but most buses that serve the country areas go through them on their way to other points in the city.

Even now the future of diesel train services in the Western Region is still in doubt. "It is by no means certain that the modified service will pay its way," British Railways declared. "We can only run a service which the public patronise in sufficient numbers." A great deal plainly depends on Bristol's future as a social and shopping centre; the chances of attracting people there during their leisure hours were hardly improved earlier this month when the city's planning committee rejected a £2 million scheme for an entertainments centre which, with its ice rink, bowling alley, cinema, ballroom and banqueting suite, would have provided recreation for nearly 5,000 people at a time.



The Letchworth Story

FROM A CORRESPONDENT

ON Tuesday what may well be the last act in the drama of Letchworth Garden City will be played out in the House of Commons. The private bill promoted by Letchworth Urban District Council will then get its second reading and, if it is accepted, will provide for the transfer of the freehold ownership of this town of 25,000 people from its founding but not unaltered company, First Garden City Ltd., to an independent public corporation. This transfer is intended to put a stop, once and for all, to the erosion of the principles on which Ebenezer Howard and his associates founded the town and the company in 1903.

The company pursued an undisturbed administration of the Howardian ideas for over 50 years, owning all freehold in the 4,700 acres of Letchworth, paying out 5 per cent per annum on the stockholders' investment of £400,000, and charging ground rent at site value only (that is, unmodified by whatever improvements the lessee chose to make). It promised to wind itself up and transfer itself to a public body when the time came (in about 1970, when the population would be 32,000 and the development would be finished) and to return to its stockholders not only their original £400,000 but 10 per cent on top of it.

But things did not work out quite in that way after 1954, when Conservative town planning acts replaced the Labour nationalisation of development value, and the original memoranda of association of the company were not reinstated. The early restrictions went by the board and the company produced a double dividend to ease the hardships of investors bewildered by the falling pound. Thus some of the profit which ought to have gone back into civic improvement went to stockholders; and other less mildly acquisitive eyes began to be turned on First Garden City, which was ripe for a takeover.

The first bid failed; but the second, by York Hotels Ltd. and Mrs Amy Rose, managed to capture more than half of the voting rights in First Garden City (largely, according to Howardian ex-stockholders, because they promised to play the game with the founder's ideas), and set about altering the town's concept. Freeholds were offered for sale, rents on renewed leases were quoted rather higher than site value alone would justify, and some troublesome members of the board more interested in ideas than money (one of them was the Minister of Housing's nominee) had to resign.

The urban district council and the lessees saw the beginning of the disintegration of the ideas which had started the town, and acted almost immediately. The UDC posted a notice of its intention to promote the present bill (and foiled any further profit-making from freehold sale by blandly assuring those concerned that everything at the date of posting—June, 1961—would be counted as belonging to the company).

THE price of buying First Garden City might be, if the UDC and the lessees could depend on the inviolability of company articles of association, as little as £440,000—the original investment and a bonus of 10 per cent. On the other hand, it could be as high as £3.7 million, which is Mrs Rose's valuer's estimate of the value of the estate to Mrs Rose. An independent valuation, which envisages the continuing unity of the town rather than its exploitation as development land, puts it at £2.4 million, and this is likely to be the final price.

The corporation would have to borrow this money, and the servicing of such a loan would be beyond the resources of its income from business (about £100,000 a year); at least a 1s. 3d. rate would have to be levied by the UDC to make it up. However unfair this may have seemed to leaseholders, they have accepted the burden by a vote of seven to two in a recent town poll; and parliament's reaction may well be much the same, in the hope of preserving intact this monument to town planning on which much of Britain's new-town building, with all its prestige, has been based.

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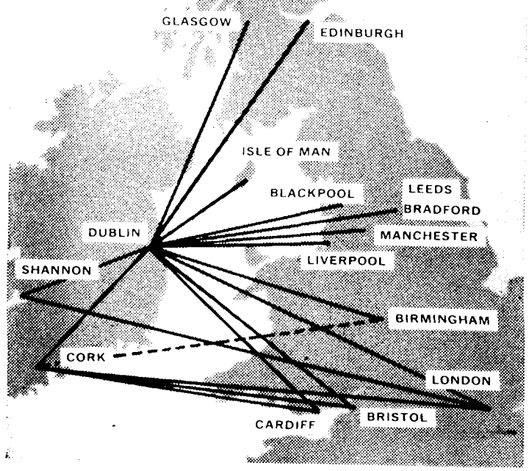
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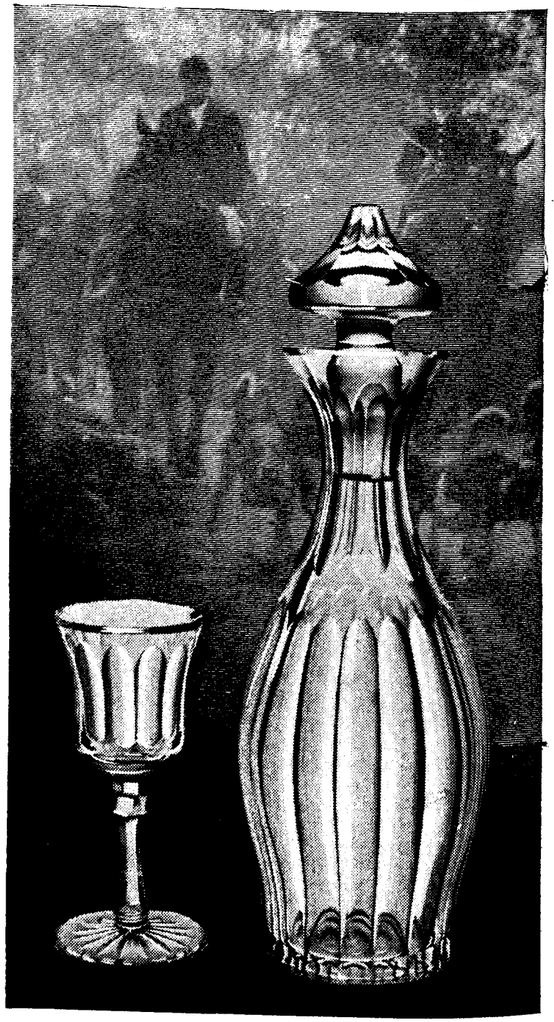
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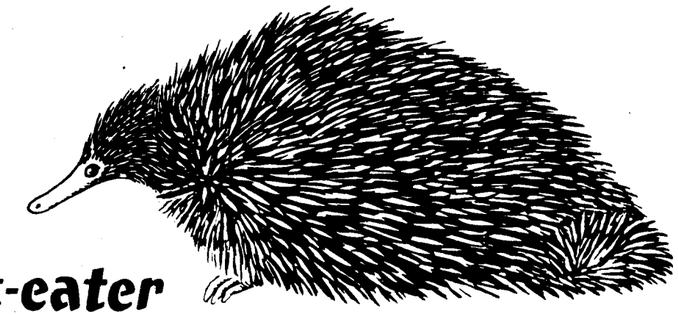
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Going Into Orbit?

The junction with Europe may help to alleviate Irish decisions, but it will require even greater efforts to move with the times

IRELAND, in the last few years, has risen above the horizon of its past. Irish diplomats in New York, Irish soldiers in the Congo have thrust themselves upon the world's attention. Economically, too, both the Irelands, north and south, are headed for new orbits in a European and, quite possibly, an Atlantic context. Neither of them is likely to prove a wholly complaisant satellite, and neither of them is likely to rush trustingly into the other's arms at the behest of a wider political community. But Ireland as a whole is changing, and these changes are of immediate importance to the peculiar relationship that exists between the two off-shore islands of north-west Europe.

Since the southern counties of Ireland broke out of Britain in 1922, the realities of that relationship have often been hard to perceive. It has been tempting for Englishmen to dismiss the Free State and the Republic as a mere provider of builders' labourers and rumbustious playwrights. In southern Ireland the very breach had the effect of discouraging any articulate contact with the outside world ; previously the outside world had very largely been Britain, and that was something to forget. By contrast, the Ulsterman's reaction was to reaffirm that he, at any rate, was British—and he still does so, sustained by an historical conviction as positive and as prejudiced as anything in the south.

Today, almost through the interstices of prejudice, an Irish personality is asserting itself once more. It is a curious and an attractive mixture. Some of its attitudes badly need sorting out. Irishmen were Europe's first anti-colonialists, and now some of them are the last passionate loyalists. On the fringe of Europe, Ireland looks in many ways to America. Speaking the language of the Anglo-Saxon powers, the Irish by temperament seem to have much more in common with the Latins. The Celtic world, dour in Belfast, volatile in Dublin, retains the defensive instinct of centuries. But if the periphery of Europe is to remain viable it knows that it must brace itself to meet the outside world once more.

Now the important thing in Ireland is the rise of a generation that does not remember the past of violence and passion. It has not won the day yet, by any means, but it will do so, given half a chance. In the Republic there are still people who insist on ordering their Guinness (to the bewilderment of the barman) in the Irish language. In Belfast the Orange lodges still parade with fife and drum to celebrate the victory of King Billy over the Papishes. Most damaging of all, the threat of burnings and shootings along the border is not over even now that the diehards of the Irish Republican Army have formally called off their latest six-year offensive. But in the glens of Antrim young girls are setting off to the factory each morning, not caring about the religion of the girl on the next bench. In County Mayo country lads spend their evenings at the vocational school, learning with sturdy application the art of tractor maintenance.

The poet Yeats had a prophetic vision of the dull days that would follow the terrible beauty of the fight for independence: "What need you, being come to sense, but fumble in a greasy till . . .? " This, precisely, is what the Irish are now learning to do ; they have realised that, if they do not, their sons will simply leave home altogether. North and south have different problems: for Ulster the need is to rebuild an industrial economy whose two main props—linen and shipbuilding —have weakened under the strain of technological progress and foreign competition. The Republic must start from scratch, having never had an industrial tradition at all. Their methods are basically the same, involving much direct government initiative and support. It might even be called a kind of socialism, were not the northern government staunchly Conservative, and the southern one devoutly Catholic.

Both economies, if all goes according to plan, will shortly have to face the biggest test of their forty years' experience: open competition from and with the whole of Europe. They will also be opened to each other—and this is, perhaps, the best hope that reunification of the country will one day come about. In the south this is something that politicians shout about ; in the north, which has lived with the constant menace of bombs along the border, there is a greater reticence. It is obvious that sensible accommodations on trade will alleviate the real inconveniences of partition. But at present the northern Protestants feel themselves threatened by their large and poor Catholic minority in a way that southern Catholics do not by their tiny (but rich and powerful) Protestant minority. Eire admired its Protestant first president and boasts of its Jewish lord mayor of Dublin: until Ulster can feel a similar pride in a comprehensive Irishness, southern harping on the prospect of reunification within Europe is likely to damage a cause better served by silence.

There is probably far more Irish agreement on joining Europe than appears on the surface. Ulster Unionist members of parliament (at Stormont or at Westminster) are often identifiable, outside Belfast, as rather right-wing Tories, and are unlikely to be more favourable to any apparent abandonment of the Commonwealth than their English fellow-Conservatives on the same wing of the party. Their doubts are probably not shared by most northern businessmen, who have a rough confidence in their ability to sweep the board in fair competition with the protected industries of the Republic. Some businessmen in the Republic feel that this is indeed a threat, but do



not want to admit their incompetence by saying so.

The free passage of goods may be achieved earlier than the free passage of labour. It is a little difficult to believe that southern labour will flock to the north when and if Ulster's Safeguarding of Employment Act is repealed. Rightly or wrongly, people in the south and west do not regard present-day Belfast as the best place to go to for work. But if potential workers and voters from Donegal were to flow into their natural centre at Londonderry, the effects on the politics of that bastion of partition could be decisive. Presumably also, the Treaty of Rome will at least equalise farm prices between the two Irelands, thus ending the enviable position the Ulster farmer occupies at present in southern eyes. The gradual equalisation of social services will remove another instance of disparity. These prospects, a nationalist might claim, surely add up to the eventual ending of partition.

Perhaps they will. But the continuance of racial and religious feelings forms a barrier which no one, especially in the south, should forget. It affects both sides. Partly by good luck, partly by deliberate policy, the Republic has been spared from any problem of religious division. There are those in the south who have no great wish now to see the battlefields of Aughrim and the Boyne brought into the Dail. In the last resort, however, the biggest weight in the scales is likely to be the economic future of Belfast. It is there that the divisions of northern life are most bitter and most equally balanced. It is there also that Catholics and Protestants alike have most difficulty in getting work.

Within Europe, however, the Irish farmer sees one hopeful prospect: the market for the beef that he produces so successfully should get progressively larger and more prosperous. Given the will to develop a rational farming structure, Ireland —south or north—has more positive incentives to join the common market than the necessity of following willy-nilly behind its chief trading partner. But both Belfast and Dublin have to think now about the problems that will face not only Ireland but all the fringe areas of Europe: about the kind of industry (beyond that serving any small local market) that can exist successfully outside the dynamic triangle between Birmingham, Paris and the Ruhr. Ireland can offer labour, but it needs to train it. It has had some bright ideas (like the Shannon industrial estate and the man-made fibres complex around Carrickfergus), but it needs a more general sense of enterprise. It can hope to make itself a tourist centre (as well as a funk-hole for German capital), but it needs to develop an external communications network that will really link it to the European heartland. Forgotten for so long by Britain, Ireland cannot now afford to let itself be forgotten by anyone.

Dublin's Quandary

AFTER the crowded year of Ireland's visible demonstration of influence at the United Nations, at once an exhilarating and (in Katanga, at least) an occasionally painful experience, the foreign relations of the Republic are at something of a crossroads. The Republic does not have to choose today between active neutralism and equally active political participation in Europe, and it hopes, in its heart of hearts, that it will never actually have to. Outsiders (in New York or Brussels) would be unwise to ignore the Irish past altogether and insist, merely for the sake of logic and tidiness, that the Republic should fit itself irrevocably into either framework. A state that can effectively help to bridge the gap between the West and the underdeveloped world is worth a little cosseting by both. But last summer's application to join the European Economic Community has meant that a choice of emphasis for tomorrow has had to be thought about in Dublin ; and in some quarters it may already have been made.

The Irish difficulties over joining Europe are not always, even in Dublin, fully defined. It is not solely a matter of economic readjustment, though no one believes that the removal of tariffs will be a simple matter. Nor is it solely a problem of entering an alliance although that, also, sets up strong resistances. It is rather that going into the EEC, even as an associate member, represents a reversal of policies that have been taken as traditional. Although Irish delegates have been enthusiastic participants in the Council of Europe, it is a much more settled orbit that the common market demands.

In practice, Irish self-government has meant isolation. It need not necessarily have been so: the nationalists of the nineteenth century never stopped talking about Ireland taking its place among the free nations of the world. The reality was different. The Free State did join the League of Nations without delay but the organisation with which it had most to do in practice was still the British Commonwealth, fashioned by the Statute of Westminster. The Imperial Conference of 1926, at which Kevin O'Higgins played so active a part in the formulation of the principle of equality between



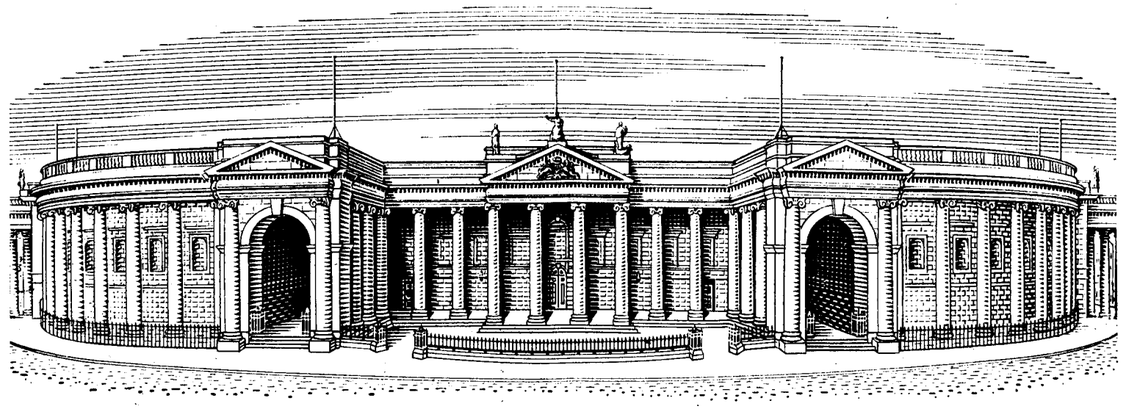
The neutralist's burden : Irish prisoners in Katanga

the nations of the Commonwealth, was the high-water mark of that association. The tide turned sharply when Mr de Valera came to power in 1932. During the 1930s Ireland was at loggerheads with Britain and found little to attract it in Europe. Neutrality during the war was almost an instinctive continuation of that policy ; and the successful maintenance of neutrality meant that the principles on which it was based were never questioned. The process was taken a stage further still when Ireland left the Commonwealth in 1949.

For a generation, therefore, the Republic has had no formal association with any group. Admission to the United Nations in 1955 filled a void ; and the eagerness with which the activities of the Irish delegates was followed suggests that the existence of the void had been felt. But there has been no unanimity over the implications of taking part in the Congo operation. For the most part, there has been a strong instinct that Irish troops should be maintained in the Congo, once they had been sent: there have, after all, for long been Irish priests there. There is also a highly vocal opposition to Irish participation in votes against the colonial powers. A variant of this attitude is the claim that the United

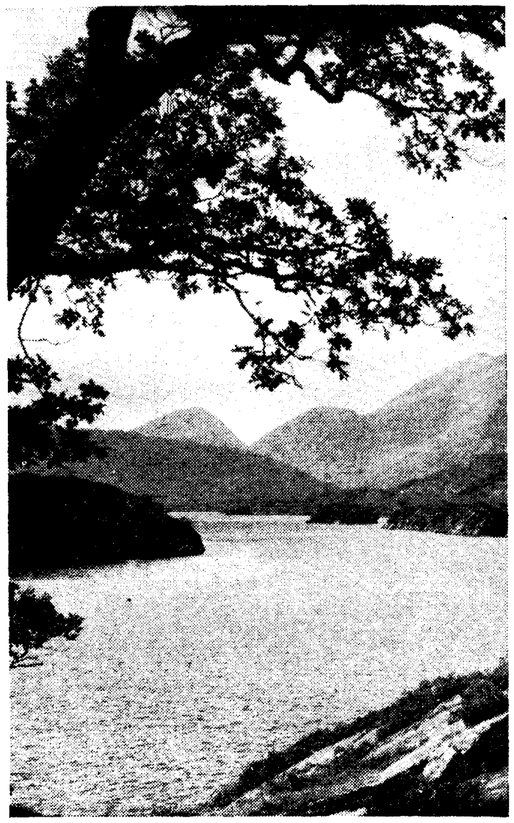
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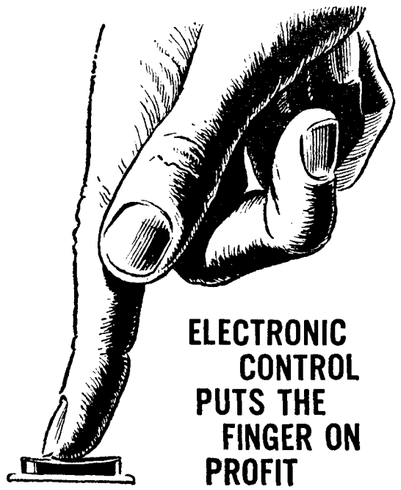
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Nations is an instrument of communism against Roman Catholic France and Belgium. This approach is, fortunately, not widely shared. But it does cut across what ought to be the lines of division over entering (if asked and allowed) the EEC and Nato. It may be suspected that many of those who support sending troops to the Congo (and after all, it is nothing new for Irish troops to go abroad, except that in the old days they were Royal Dublin Fusiliers and Connaught Rangers) are not anxious to involve Ireland in any commitments nearer home. On the other hand, in spite of the Irish equivalent of Auld Alliances, there is a notable lack of enthusiasm for France and Germany. How much better it has been, the rueful reflection runs, to deal with the British who disregarded logic.

Eating's one's cake and having it seems an unlikely achievement. The prime minister, Mr Lemass, plainly wants to go in (again, if and when asked) to the EEC as a full member. If that involves joining Nato as well, the further step will have to be taken. But it will not be all that easy. Mr Lemass does not have a clear majority in the Dail. He will be propounding a line of conduct which is bound to be uncomfortable, and it is not a convincing argument to reply that the alternatives might be even more uncomfortable. After all, prophecies that the country would be ruined by the political and economic dispute with Britain in the 1930s, and by neutrality and leaving the Commonwealth in the 1940s, were proved false by events. Ireland has a great deal less to renounce, for Europe's sake, than Britain: though a surrender of sovereignty for a relatively new nation state is always a bitter decision. But, unlike the British, the Irish have to persuade themselves (and against all the evidence of experience) that no country can be an island to itself.

Towards the Take-Off



Face-lift for the old exports—and some new ideas too

When the southern counties of Ireland set to work to assert their political independence of Britain, geography sternly ruled out the formation of any new economic alliance to replace Britain as the market for agricultural produce and the chief supplier of manufactured goods. But new-found national self-respect made it necessary for the Irish to minimise the outward signs of their continued dependence. Throughout the 1930s and well into the last decade, the policy of successive governments was to encourage home production for the home market. Companies established in Ireland had to have at least a nominal majority of Irish shareholders: tariffs and quota restrictions were smacked on to protect these domestic (and usually very high-cost) industries. The Republic has never even become a member of the General Agreement on Tariffs and Trade. The policy-makers' plight was that of all tributary economies which have the political will, but not the bargaining power, to find a viable alternative to continued payment of tribute.

Nowadays, such countries turn to socialism. But Ireland is not simply buttressed against the left by Roman Catholicism: it is a country of small landholders, and the potential time-bomb of agrarian discontent had been disarmed even before independence by large-scale land-distribution schemes. Apart from a few firms —the Guinness brewery, Jacobs biscuit factory, the specialist manufacturers of chocolate crumb—the capitalists were not big enough to have new ideas nor competitive enough to sell abroad. The export of live cattle kept the foreign exchange accounts vaguely balanced. Emigration and stagnation were the true economic indices.

In the past few years successive acts of parliament have completely transformed the ingrown pattern of 40 years of independence. Fortunately, the continued prosperity of most traditional sectors of the economy has muffled the cries of those who might otherwise have protested. Foreign investment is no longer regarded as a threat of foreign domination: it is canvassed for by eager salesmen, coaxed and subsidised. Tourists are no longer considered eccentrics or retired Irish-Americans: hotels are built for them, roads improved and amusements provided. The good years of the past were largely based on accidents, on a good harvest, a period of high prices for cattle or wool. Now the Irish feel that they are making their own successes.

In each of the last two years, the national product has increased by 5 per cent. National income rose from £484 million in 1958 to £542 million in 1960. Inflation and strain on the balance of payments have so far been avoided. Exports have risen from £131 million in 1959 to £152 million in 1960 and £181 million in 1961. Imports, certainly, have risen even more. On the other hand, invisible earnings, especially from tourism, continue to increase. It seems plain that there is a substantial inflow of external capital. Although there was a payments deficit in 1961, the net external assets held by the Central Bank and official agencies rose to £112 million while those of the commercial banks (which are the true first line of defence) rose to £111 million. In the three years 1958-60 the average annual payments deficit was £3 million: it is not expected to be more than double for 1961.

The brightest part in this stabilisation was played by industrial production for export. Exports of manufactures have trebled in recent years and are now, at about £47 million a year, pushing up towards the traditional export of livestock. It is notable that this increase (which, it should be said, includes an element of raw materials) was over a wide front, extending from electrical accessories to clothing. This suggests that a fair part of the boom in 1960-61 was caused by conditions of demand in the United Kingdom.

State policy is the moving force behind the increase in industrial production for export. Substantial grants are offered to new concerns; hire-purchase facilities are available through the state-owned Industrial Credit Company; and the government is willing to take up equity interests in companies needing capital

for expansion or development. In one form or another these inducements have been available for some years past ; they are now being sold hard and successfully abroad by the Industrial Development Authority.

Since 1955, 90 factories have been built with foreign participation in the Republic, and 15 others are building now: as a sample of the extent of state aid, during the year to March 1961 grants were given to 37 projects to a total value of £3.2 million. The average proportion of the cost of the fixed assets represented by grants was 40 per cent for the country as a whole. Of these 90 projects, 37 originated in Britain, west Germany being in second place with 22. Of course some of the factories are tiny, and none of them has had a decent run to prove its worth. But developments such as the Verolme shipyard near Cork, employing nearly a thousand people on the site of a former Royal Navy dry-dock where work in recent years has been spasmodic and uncertain, can do nothing but good to an economy in which industrial skills are all too rare.

But the cost of providing new jobs is very high, and there are occasional signs of undue rashness. The Verolme yard is very probably a sound investment, although the amount spent on it by the Irish state cannot be ascertained ; at least it can offer some advantages over shipyards elsewhere, such as the elimination (after a long strike) of craft demarcation problems. The latest development on this scale is the project to establish an aircraft factory in County Dublin. The Irish government will provide half the capital of £3 million for the new company: it will clear the land and build the factory, and pay half the cost of the equipment and materials. The French firm of Potez, which already has a factory making heaters in Galway, will provide the other half of the capital, and the plans and know-how. It will pay no taxes for ten years. The Irish authorities presumably realise the extent of the risk they are taking.

The Republic may be going ahead as fast as it can with such ventures in the fear that membership of the common market will limit its freedom to act in this way. It is often argued that the economic community will be kind to its underdeveloped areas,

REPUBLIC : PRODUCTION FOR EXPORT

£ million

	1952	1959	1960	1961
Live animals	32	39	45	55
Food, drink, tobacco	51	44	51	63
Manufactures and raw materials	13	35	44	47
Other	4	8	8	10

and that the community's social fund should spend its money on bringing work to the people rather than people to the work. Certain industries will, however, be hard hit. Vehicle manufacturers assemble their cars in Ireland in order to get under present restrictions (and to qualify the cars for the lower rate of taxation on Irish-assembled cars) ; there seems no reason why this should continue after the common market has caused tariffs and quotas to fade away. Irish workmanship has been notoriously bad in the car-assembling plants: a British-built Ford, despite the higher rate of road tax, usually has a considerably higher resale value than its Irish-assembled twin. This, indeed, is a principal justification for projects such as the Potez aircraft plant. Without the really top-skilled industries, say its supporters, how can standards be raised elsewhere?

The latest big worry is wage inflation. Highly skilled men have always been expensive, since firms in the Republic have to compete directly in wages with British employers. Now the current round of general wage increases, set off by last autumn's 17 per cent increase in the nationalised electricity supply industry, may well end up with all-round wages rises of well over 10 per cent. Certainly the low present level of production gives more leeway for wage rises than in more heavily industrialised countries. But the employers' organisation and the Congress of Trade Unions are busily discussing whether they can keep wage and production rises in line. Mr Lemass wants to set up some kind of national planning board. The government, industry and the unions are also co-operating on the new Committee on Industrial Organisation, which aims to put industry on its feet to meet foreign competition. While the unions and the native firms are taking it very seriously, it is unlikely that foreign firms with subsidiaries in Ireland (and there are a great many of these) would agree to being "rationalised" purely for their Irish operations.

The Republic is still primarily an agricultural country ; and amid the excitement of industrialisation, it is sometimes forgotten that agriculture needs pushing as well. Cattle are prosperous enough: live beasts accounted for £55 million worth of exports in 1961. Starting from the west, more and more counties are being declared free of bovine tuberculosis ; and, increasingly, cattle are exported as fat beasts, instead of as stores that need fattening in Britain. But much of Ireland's cattle production is still exported for fattening in the United Kingdom ; since three months on British (often Northern Irish) soil qualifies the cattle for a British subsidy, Irish producers benefit indirectly from British agricultural policy.

But the traditional exports of butter, bacon and poultry have suffered. In particular, the banning by Britain of imports of Irish butter, to make room for imports from traditional suppliers like New Zealand, Holland and Denmark, caused resentment in Ireland ; but export prices are kept unnaturally below prices at home, and it seems that Irish producers have for too long failed to pay attention either to quality or price. Foreigners with reason to know can tell some scarifying stories about (for instance) the state in which milk leaves the farm. But there are signs, particularly in the large, state-aided co-operative creameries of the southern counties, that propaganda on hygiene and quality control is having its effects.

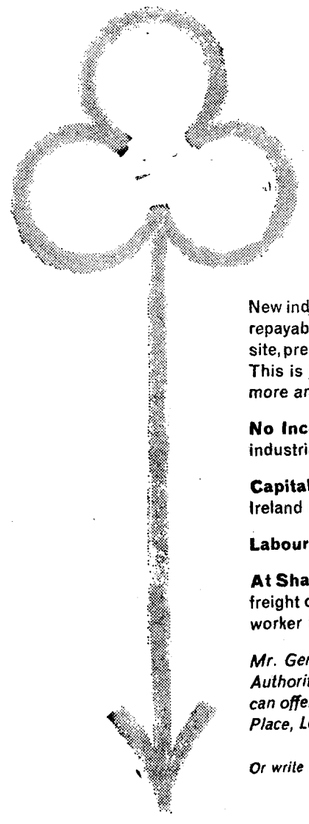
The best news is that organisations like the bacon producers are at last trying to improve both the quality and the image of their products in Britain. The initiative of the state-owned Irish Sugar Company, which is setting up a plant for the accelerated freeze-drying of vegetables in Mallow, County Limerick, shows that a serious effort is being made to exploit Ireland's one geographical asset: its mild winters and lavish, even rainfall. Agricultural incomes have not risen in Ireland since 1953, while costs have been pushing steadily up, and the farmers have already staged some impressive, almost French-style, demonstrations against this trend. Politically it would be harmful for both the Republic and Britain if, for whatever reason, Irish farm produce ceased to sell in the British market. And no doubt there are ways in which the British could encourage the Irish to make the improvements that, slowly, they are beginning to realise are needed.

The Republic of Ireland is now in process of surmounting the first, and most formidable, of economic humps—the transition from a peasant economy to a modern, mixed economy, in which farming becomes an industry like any other. It is not yet admitted that some of the most desolate areas should be left to tourism (and perhaps forestry), but the old aim, to preserve them as a kind of zoo whose inmates were remarkable only for their poverty and their faithful adherence to an almost dead language, is passing away with the philosophy of isolationism. There are high hopes of Europe, especially among those impressed by the figures that show how beef-eating spreads among the new rich.

But, once over this hump, Ireland will have another to face. Is Ireland to be to Europe what Wales and Scotland (and *a fortiori* Northern Ireland) are now to England—fringe areas, dragged to prosperity well behind the metropolitan complex ? Republican Irishmen will glory in the reply that an independent nation has resources of will that subject peoples (like the Scots) have not. Within Europe, Ireland—including that other Ireland to the north—will have to assert a spirit that can buy and sell, not fight and die.

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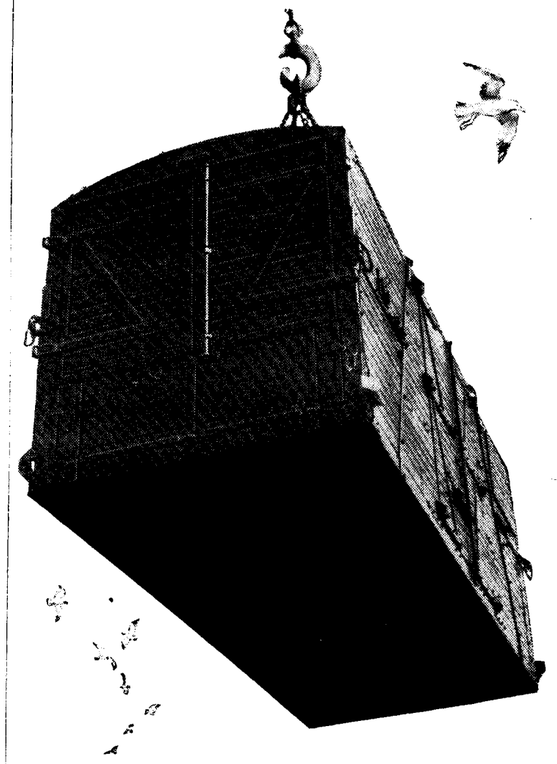
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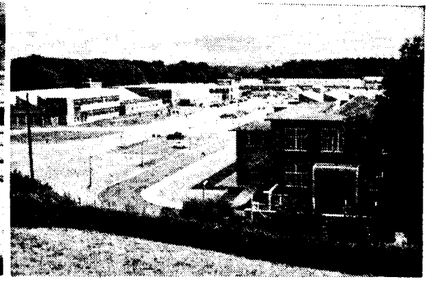
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Ulster's Long Haul



As linen dwindles . . .



. . . New industry moves in

THE six counties of Northern Ireland, with their 1.4 million British citizens, are set apart from the twenty-six of the Republic by more than religion and royalism: as much as these intangible but steel-hard bonds they share an industrial tradition that is entirely lacking in the other provinces of the island, or even in the three counties of the old province of Ulster that are now ruled from Dublin. But shipbuilding and textiles, once aristocrats of British industry, are now its weakest links. Farming, now as always, is the staple of the province's economy: but it is axiomatic that efficient farming is that which employs least labour. Structural decline in two of its main industries, and the underemployment of the rural population, are at the roots of Ulster's economic crisis. With the disadvantage of a tiny immediate home market, the province also lies on the periphery of a vast economy that is unduly sensitive to the vagaries of international trade. Ulster is the last place to be reached in the United Kingdom by the rising tide of prosperity, and the first from which it withdraws in a recession.

In January Northern Ireland's unemployment figures went up to 42,000—8.7 per cent of the working population, and the highest for five years. Last summer 10,000 shipyard workers were laid off, and another 1,500 will become redundant in the next few months. But all is not hopeless: the modernisation programme undertaken by Harland and Wolff could make Belfast—with a smaller shipbuilding labour force—as strong a competitor as it used to be. It has just won a contract for an 80,000 ton Norwegian tanker. There are politicians and union leaders who believe that the investment of £4 million to £6 million in a new dry-dock would bring back work for the 10,000 who have left the shipbuilding industry, but (apart from the fact that nobody seems ready to find the money) it may be wiser to regard last summer's contraction as a hard, but permanent fact. Most of the displaced men no longer show up in the unemployment figures. There are, in fact, only 2,200 shipbuilders, boilermakers and their helpers at present out of work.

Some of the shipyard workers, especially those whose skills are of little use in other industries, have emigrated. A few went to Gothenburg in Sweden but returned rather quickly when they found climatic and working conditions in the shipyards there not to their liking. Others have taken jobs in Canada. But many of them, especially the woodworkers, plumbers, painters and electricians, have found jobs in Northern Ireland's thriving building industry, producing houses, hospitals, schools, and factories for the new industries that are coming to the province.

The less dramatic decline of the linen industry is more insidious than the recession in shipbuilding. Opinion in Ulster has been reluctant to accept the truth that linen has been replaced all over the world by cheaper synthetic fabrics. Politicians on both right and left are all too inclined to call for a "working party" or "business commission" on linen, which could only recommend a planned rationalisation of the industry—something that economic circumstances are naturally bringing about. Far more to the point is the remarkable adaptability of the more active linen firms, which have begun to integrate with the new synthetic fibre plants. The really high quality—and pretty expensive—Irish linen has nothing to fear from common market competition.

The loss of employment in shipbuilding and linen has been cushioned by the Stormont government's expenditure of some £50 million on industrial development in the past 12 years. Another £44 million has been laid out for new industrial development in the next five years. These efforts have brought in 150 firms and provided jobs for more than 40,000 people, and 15,000 more jobs are in the pipeline. The building boom is also playing its part. The government is putting up offices outside Belfast in a way that suggests a sensible decentralisation of administration. The skyline of Belfast itself is being transformed by multi-storey commercial buildings. Last year some £50 million was invested in new buildings and works. The average annual gross capital formation in building for the past five years has been £48.6 million.

The hopes of Ulster's unemployed rest on more new consumer goods factories and on projects like the British Enkalon nylon plant which will be built at Antrim this summer and go into production by the end of the year. Other large plants planned for this year and next are an £8 million British Petroleum oil refinery in Belfast; an extension to the Du Pont Chemical plant at Londonderry, and a £7 million plant for Imperial Chemical Industries, which is almost completed at Kilroot, near Carrickfergus.

EVEN so, the worthy efforts of the Stormont government and the Northern Ireland Development Council to attract this massive investment should not lead to over-optimism. Stormont can encourage industrial development in competition with other lagging British regions by grants and subsidies, but the ultimate powers of taxation and of general economic policy lie with the British government. Restraints devised in London can upset the best of plans and freeze out potential new industries. Moreover, what is new in industrial development in Northern Ireland is often only marginal expansion for the parent firms. This expansion has been attracted to Ulster by the availability of labour and by the fact that wages (at least for the unskilled and untrained) are lower than in Britain. Although, in engineering generally, basic wage rates in Northern Ireland are determined by agreements made in Britain, the actual earnings tend to be below British levels.

While the presence of firms like Du Pont, Chemstrand, Courtaulds and ICI (both of them) and Grundig give hope that Ulster's great industrial tradition is being perpetuated, these capital-intensive plants (once built) give proportionately far less employment than shipbuilding or linen. Many Ulstermen, too, are worried because none of the new industries has roots in the province. Last year the minister of finance, in an effort to encourage the smaller local industries to move into modern premises and employ more people, launched a scheme under which small fac-

tories were offered at rents as low as £7 a week, but the response has been disappointing.

Native enterprise may be rare in Northern Ireland ; or perhaps the enterprise is there but the capital is lacking. Money tends to flow out to more profitable investment elsewhere, and the secretary of the Belfast Stock Exchange believes the government should sponsor a local investment trust that would attract small savings. Even more serious may be the emigration of the native élite. One-third of the native-born graduates of Queen's University emigrate, mainly because they are offered higher salaries and better opportunities outside the province. On the other hand, since Ulster enjoys social services on the British standard, the relatively higher level of unemployment benefit and national assistance in a land where living is cheap may positively discourage the emigration of the unskilled. A further reason for the lack of enterprise (which other peripheral areas of Britain share) is the high preponderance of family control in the older industries. But these industries' expansion is hampered, in any event, by the small size of the home market and by what is assumed to be the crippling cost of transport overseas. Nearly three-quarters of Northern Ireland's products are exported ; more than half the imports consist of raw materials.

UNEMPLOYMENT ('000s)

	1953	1958	1959	1960	1961
Northern Ireland.....	38·0	43·5	36·9	32·4	36·1
Per cent of labour force.....	8·1	9·3	7·8	6·8	7·5
Republic of Ireland.....	70·0	64·8	60·5	52·7	46·8
Per cent of labour force.....	9·1	8·6	8·0	6·7	5·7

Emigration from the Republic runs at some 30,000 a year; in 1961, for the first time, unemployment and emigration declined together.

Even Ulster's great surplus of labour is not the attraction it should be to modern industry. Nearly three-quarters of the unemployed are either unskilled or have very little skill. The government does its best to overcome this handicap by grants to employers who train workers on their own premises and by its own training centres. At these training centres, courses concentrate on new industrial processes—electronics, fine engineering techniques, advanced methods of welding and so on: they are available both to the unskilled and to craftsmen who need retraining for new industries. But key men like toolmakers and highly skilled machinists are still scarce.

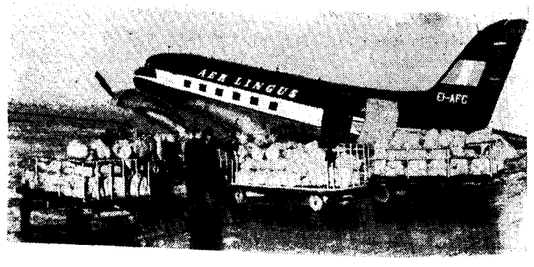
Northern Ireland has not exactly greeted the prospect of joining the common market with general acclamation. There are fears that membership could end the government's power to subsidise industrial development, and force the repeal of the Safeguarding of Employment Act by which the entry of alien labour is controlled. A similar uncertainty hangs over the farmers. Highly mechanised and, on most counts, reasonably efficient, the farmers do not fear competition from high-cost agriculture in western Europe but they would hate to lose the £25 million a year that they enjoy under British agricultural guarantee schemes.

Ulster's average farm holding is a little below 40 acres ; as in the Republic, more than three-quarters of the farms are less than 50 acres. Thus, while the average farm in Ireland (both north and south) is smaller than in Britain it is 60 per cent larger than the average holding in western Europe. The Northern Ireland government is trying to encourage the amalgamation of small farms and the formation of farming partnerships. With a sharp eye to any potential threats from Europe, the Ulster Farmers' Union has formed a joint committee with the National Farmers' Association in the Republic of Ireland to study the effects of the European Economic Community on Irish agriculture as a whole ; it is also, with the British National Farmers' Union, pressing the British Government to negotiate lasting guarantees for agriculture in the United Kingdom.

But there is another side to joining Europe. Already the prospect of economic integration has tipped the scale in Northern Ireland's favour in the eyes of several American firms looking for a stake in Europe. Northern Ireland, after all, is near the Continent, has natives who are friendly and English-speaking—and boasts golf courses that are unrivalled anywhere. For a firm with long-term plans the certainty of a supply of labour is far more important than its immediate degree of skill.

Finally, of course, the consequences for North Ireland, both industrially and politically, of common membership with the Republic in a free trade area could be immense. It would naturally remove the complaint commonly heard among the smaller Ulster industrialists that Ulster products often have to pay heavy tariffs, or face stern quota restrictions, on entering the Republic, while southern Irish products have the right of duty-free entry into the United Kingdom. A home market of 4.2 million people would be something worth competing for.

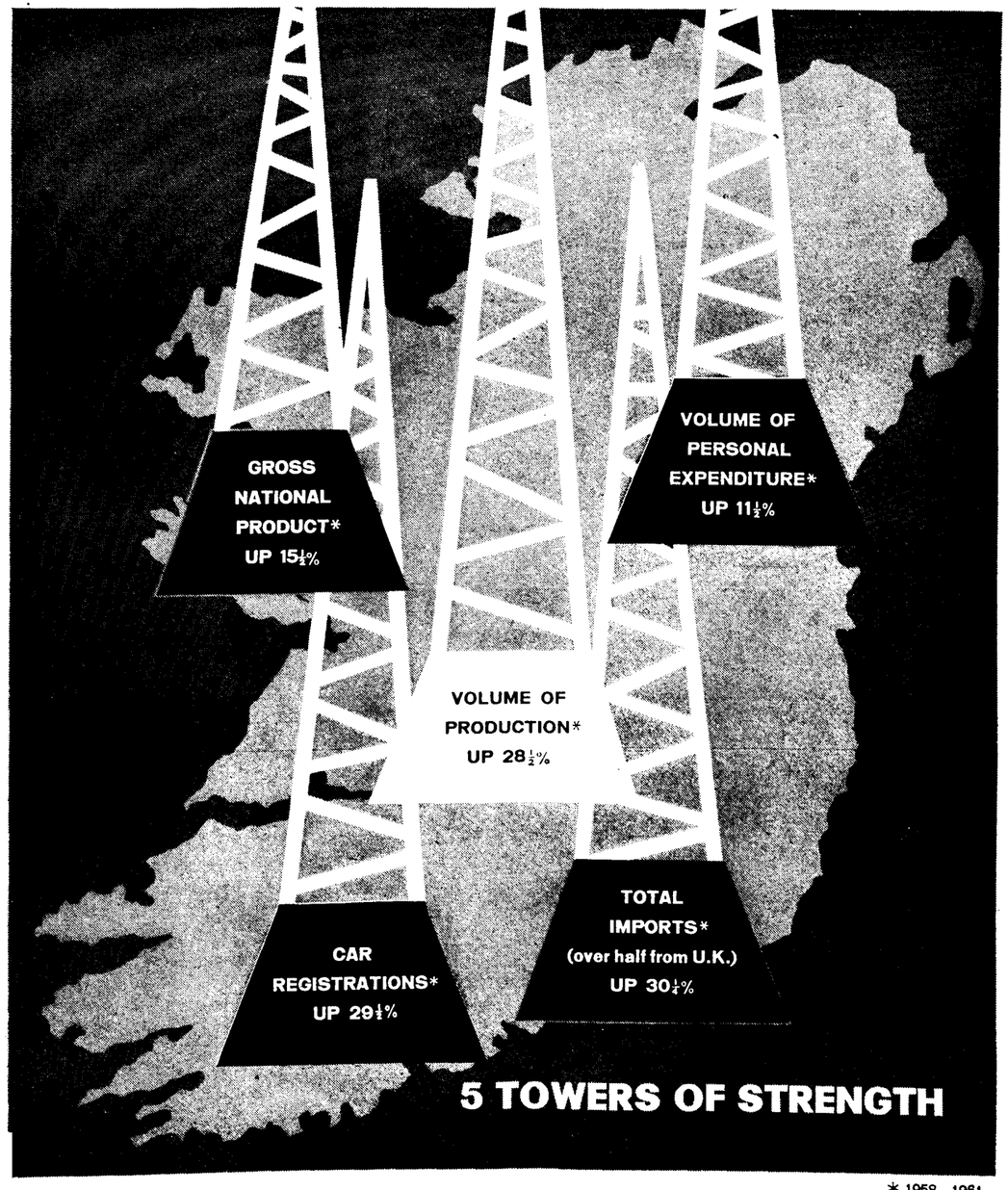
Western Approaches



FOR fifteen years, Shannon airport enjoyed a monopoly. The big airliners, setting off on the long transatlantic journey, needed fuel for their engines and meals for their passengers, and they needed these services as far to the west as possible. But just across the Shannon estuary stands a dreadful portent—the Foynes flying-boat terminal, rendered abruptly obsolete at the end of the war by the land-based descendants of the giant bombers. The Irish have made a hospital and a hotel out of the débris, but Foynes is a ghost town.

Now the boom of jet engines, crossing from London, Paris and Frankfurt to New York on the northern circle, could presage a similar fate for Shannon—and the coming of the supersonic airliner could put the seal on fate. Already some of the North Atlantic carriers want to use Dublin as their Irish stop-off, and have been angrily rebuffed by the government. The problem for Shannon now is to engender traffic to attract the planes : this need became apparent just when Ireland was turning decisively away from the ingrown economic policies that had been followed for twenty-five years. Shannon, it was decided, could not only survive as an airport: it could also provide jobs for the forlorn west of the country, attract foreign investors and bring in the tourists to the delights of Killarney southwards and Connemara to the north. In doing all this, the airport could act as a pacemaker to the whole economy of the Republic, away from the comparatively well-advanced centres of Dublin and Cork.

Airports customarily contain a duty-free shop attached to the transit passengers' accommodation : the logical extension of this at Shannon was to declare the whole airport a vast bonded area, with freedom from tariffs and quotas for all goods coming in and out by air, and freedom for factories within the area to do all the manufacturing they want. In 1958 the Irish government set up a company to undertake the industrial development of the airport area, which has been endowed with £3 million for capital invest-

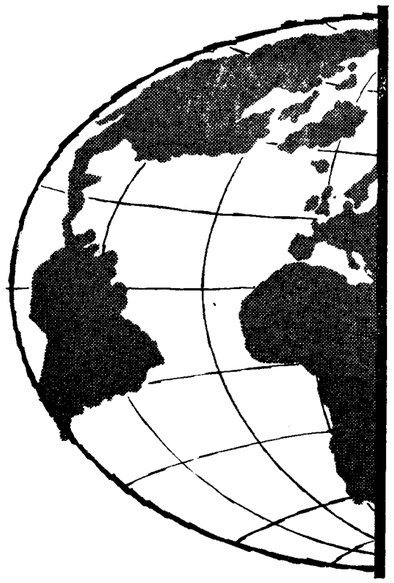


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ment and £1¾ million for grants to incoming companies. Factories, mostly built to an all-purpose specification in units of 16,500 square feet, are available, with the figure of £2,500 quoted as an average rent. Buildings can be custom-built on request: power, heating, and ample water are laid on. Subject to negotiations with individual firms, the development company may make cash grants covering half the cost of new machinery and the full cost of training workpeople. Incoming companies are exempt from all tax on export operations up to 1983, and pay only nominal rates: they are totally free to repatriate profits. As Irish products, most goods made at Shannon enjoy duty-free entry to Britain and the Commonwealth. Some established Irish businessmen have wondered what will come of this "bribing" of foreign investors but, since all production is for export, there is no need for complaints about the home market.

Twelve firms, four of them from Britain and two from Germany, are now established in Shannon: a Dutch company makes pianos, some neat Japanese make transistor radios: there has been only one failure. Expensive machine tools in some factories show that the new investors are taking the future seriously. One thousand people are employed on the industrial estate, and another 1,700 depend directly on the airport for a livelihood. Many of them would otherwise have emigrated to Britain or the United States, or gone to swell the rapid growth of Dublin.

By British standards this is a minor development, but for the Republic it is a revolution. Agricultural prices and subsidies have traditionally been adjusted to ensure a marginal livelihood for the peasants of rocky Donegal, Connemara or Kerry. In the green lowlands of the counties Limerick and Clare, where without human intervention the rain feeds the grass, the grass feeds the cow, and the cow transmutes itself into milk or beef, there has been no incentive to energy. The spur of real poverty, present elsewhere along the western seaboard, was never known here even in the darkest depression of the 1930s.

Unfortunately for nostalgic admirers of this apparent rustic contentment, its main social consequence was massive emigration. The young men—above all, the ambitious young men—went off to join the ranks of wage-earners in Detroit, Coventry or Sydney: those left behind slowly stagnated. The chief justification of the Shannon experiment, and the reason why the Irish government is prepared to back it so massively with capital and charm, is that it makes it possible both to be a wage-earner and to stay in the west of Ireland.

IN the absence of an industrial tradition, of established trade unions, or of rival bargainers for labour, employers at Shannon find that labour is both plentiful and cheap. The development company quotes some basic wage rates for a 44-hour week: £11 7s. for tradesmen, £9 to £11 for assembly workers, £3 and upwards for male trainees and less for female. To judge by the number of trainees in evidence in the industrial estate, Shannon employers' wage-bills must be low enough for a British industrialist's rose-coloured dreams.

But the supply of skilled workers is a problem. Already many locals have been overseas to train with the parent companies and the Irish vocational schools will organise courses specifically tailored to employers' needs. Although they are apt to treat the topic extremely gingerly, employers also congratulate themselves that trade unionism has not yet affected the wages issue here; the unions, for their part, are doing their best to enrol these workers with no industrial tradition at all, and have organised a few strikes.

Even so, many supervisory jobs are still done by expatriate staff. These people are well paid for their trouble; their main problem is housing. Already, 187 apartments and ten small houses have been built on the airport estate, but the rent of a two-bedroom flat is nearly £4 a week. The nearest towns, large shops and cinemas are at Limerick (population 51,000) and Ennis (population 8,000), both of which are fifteen miles off: here, too, a decent flat is hard to find and costs around £3 a week, and there is nothing comparable to the English council house at a subsidised rent. The Shannon authorities often speak of the reserve of Irish labour, longing to return home, that is available in England. A large-scale housing programme will certainly be needed if these people are to reappear, and local resources can certainly not supply enough skilled labour for the target of 4,000 industrial employees by 1965.

Last year, as compared with 1960, slightly fewer passengers passed through Shannon in transit—although the drop was cushioned by the large number of charter flights, using piston aircraft at reduced rates, that stopped there; but there was a 23 per cent increase in passengers ending their journeys there and setting off on tours of Ireland from this convenient centre. Freight using the airport increased from 19,100 to 24,100 tons. Since so much transatlantic air freight is carried in the holds of passenger liners, both these increases make it more tempting for scheduled flights to stop off at Shannon.

With recent reductions in air freight rates, the latest idea that is being pushed by the development company is that of using Shannon as a bonded entrepôt where cargoes can be stored, broken down into small parcels for distribution to European markets, or made up into economic planeloads for shipping elsewhere. Any further development of this kind is certain to demand increased spending by the Irish government on housing, transport facilities and the provision of amenities for Shannon workers. But the will to surmount the troubles of the future certainly exists, both at Shannon and in the political parties in Dublin. Nobody dares to contemplate failure.

Foreigners' Ireland



Face of the west: but whiskey for tourists

FOREIGN investments and tourism are the white hopes of north and south alike—which is fortunate, for the first thing that Irishmen have to learn about foreigners is that, to them, Ireland is one island. Culturally, it has made a distinctive mark on the world: talking and drinking are widely recognised as activities in which the Irish excel, and which may fascinate the tourist while scaring the industrial investor out of his wits. But this image is very largely based on exiles' blissful, but unhelpful, dreams. The truth is that the Irish are very little different from other Europeans, except that they are poorer than most.

There are no known mineral resources, save for a chance coal-mine, a little copper, and the elusive (and now nationalised) Eldorado of silver on the farm of a Mr O'Reilly in County Galway.

There are two triumphant crops, grass and potatoes ; there is a reserve of unemployed ; and there is the precious asset of splendid scenery and a deserted coastline near to the industrial centres of Europe. In the north there is a great industrial tradition, which adds to the first impression of English or Scottish provincialism ; in both north and south there is a precious smattering of new industry. But Ireland must now make the best of itself with what it has, and both its governments are determined to do so in a spirit (and this is important) of not unfriendly rivalry.

For Irishmen, unemployment is the country's bane : for foreigners it is a bait. Sites are available for building—and in many cases they are practically given away free, complete with ready-made factories. The language of both Irelands (in the face of successive Republican governments) remains the language of the sterling area and world trade.

To balance the industrial infrastructure of the north, the south offers a special bonus for employers in the absence (outside the Dublin and Cork docks) of a tradition of trade unionism. In the new Dutch shipyard at Cork, and in the Irish television service that opened in January this year, British-based unions were pushed into the background not so much by the employers as by the Irish unions themselves. For other, longer-term objectives the Irish unions—partly through canniness, partly through their lack of bargaining power—are prepared to bide their time.

For the foreign executive who accompanies a new firm to Ireland the balance is delicate. In Dublin a citified person might feel constricted, but could not feel unstimulated. Staunch residents of other Irish cities can make no boast save that they are easy to get out of. Ireland's attractions for the incomers are the country pleasures : the salmon falls, the mackerel-crowded seas, wildfowl, woodcock, golf, and the world's most petrifying fox-hunting. Field sports are ludicrously cheap and uniquely friendly.

The sporting prospects have always been a prime attraction to the retired Englishmen who choose Ireland for their home (although these have rather faded away since the days when the old Indian army and civil service disgorged their grizzled veterans by the dozen, and a flow of external funds, into the Irish countryside). But houses, vast and ramshackle or small and cramped, are still cheap by English standards. The past year has been described as a boom year for property, but it is possible to buy a new semi-detached three-bedroom house a few miles from the centre of Dublin for £2,500. Building sites in remote beauty-spots can be bought for a couple of hundred pounds : with local labour, another £1,000 should be enough for a comfortable home. Rough shooting or salmon fishing rights can be bought or rented at prices way below those asked in Scotland for comparable estates.

A GOOD farm in Ireland will fetch perhaps one-third of the price of something similar in England, and barely one-tenth of what people are paying in (for example) west Germany ; and this fact has at last been discovered on the continent. All over Ireland, to the wild amusement of the locals, families from Hamburg or Munich are buying land and houses, investing in tractors and hiring managers and labour. These newcomers will usually explain that the Germans have a thirst for land that is easily slaked at Irish prices, but their motives are probably less high-flown. Many of the properties they are buying are being sold by English people who arrived in Ireland in 1947 to escape the dangers of a socialist government, and have now given up the unequal struggle with the natives. No doubt a good many German land purchases are motivated by the desire to put a few hundred miles between a young family and the Berlin wall.

Both governments, north and south, run tourist boards that try to attract the more conventional kind of summer visitor, and both have to contend with the high rainfall. They may have to contend with the industrial development people, too, one of these days. When the southern Industrial Development Authority advertises the beauty-spot of Clifden, Connemara, as a site for factory building it is hardly acting in tourism's best interests. To some extent, also, the promotion of mass tourism may discourage the free-spending, hunting, shooting and fishing kind of visitor who has contributed so much in the past. But the opening up of Cork airport this summer will put the warmest part of Ireland within easy reach even of weekend visitors from England, and ultimately from Europe. New car ferries and BEA's three-guinea off-peak flights to Belfast should also do much to increase the flow of visitors. The building of new hotels and motels is going on rapidly in both north and south ; roads are clear and good ; and, for those without their own cars, motor-coaches are replacing the uneconomic branch railway lines.



The edge of Europe : how much of an asset ?

Even a casual visit to Ireland will do something to dispel the tradition that the people are feckless good-for-nothings. But if the Irish are really to convince the outside world that their country is a worthwhile industrial prospect a first need will be to improve their own outmoded standards of selling and design. Linen is the one Irish product of whose quality outsiders are easily convinced. Even Irish whiskey—different from but certainly not inferior to Scotch, and left for longer to mature—is often regarded as second best. The producers have now started to sell hard, and to advertise expensively, in the United States.

The Irish are at last conscious that, if they want to sell, and to give an impression of efficiency abroad, they must tighten up the quality of workmanship with which they have got by in the past. It is not easy for a country that has little modern tradition of good design, and whose home market has largely (in the north) accepted wholesale the taste of English manufacturers, or (in the south) suffered from a lack of overseas competition in consumer goods. The tradition of poor craftsmanship goes back farther than many Gaelic enthusiasts would admit : for example, this great dairy country has never invented or consumed cheese, and much of that now produced is only fit for processing into spreads. The Republican government lately showed its determination to overcome this disadvantage in the eyes of overseas consumers by inviting a team of Scandinavian design experts to have a look at Irish produce—and the publication of the scathing if sometimes ill-directed report that resulted must have needed a good deal of courage.

This, and more, is what the Irish really need to compete in consumer goods. For too long excessive loyalty has stifled criticism. In the north to this day criticism of the government is all too often regarded as a blow at the Imperial connection. In the Republic any questioning of (for instance) the government's policy of teaching Irish compulsorily in schools, or of handing the control of state schools over to Catholic teaching orders, may be smeared as a stirring-up of old rivalries. Inside or outside Europe, Ireland's leaders—politicians as well as businessmen—must prepare to face criticism as much as competition. By beginning to open the frontiers, the Irish have let in a scouring, and ultimately brightening, gale.

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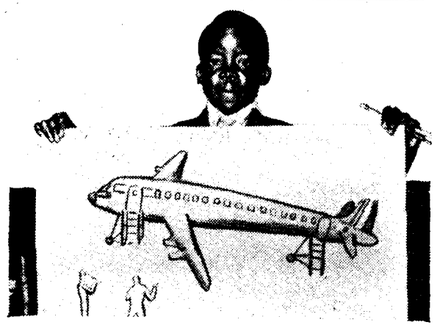
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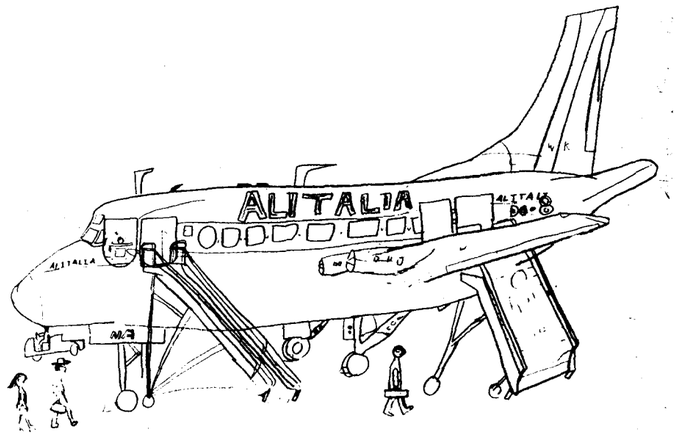
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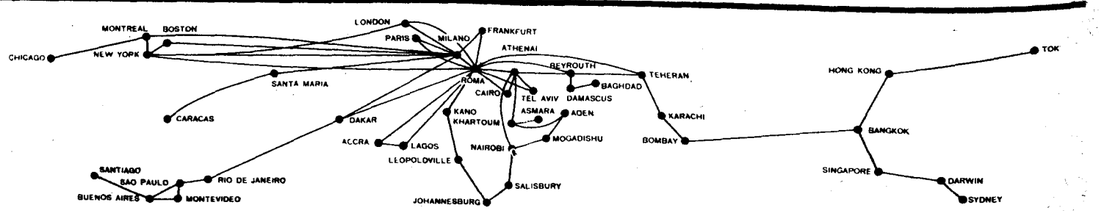
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FROM OUR SPECIAL CORRESPONDENT IN GENEVA

MAN proposes; but at least in Calvin's Geneva this week it has been clear that he does not dispose of his fate. The 18-nation disarmament conference is not going according to anybody's plan. It counts only 17 nations—unless one includes the hovering Germans—and its real subject matter is both less and more than disarmament. Mr Khrushchev failed to kick it off to a start at summit level; President Kennedy and Mr Macmillan did not get a separate three-power conference on halting nuclear tests, and the placatory substitution of a few days of three-power foreign ministers' contacts before the full cast came on stage on Wednesday cannot as yet have yielded them much satisfaction.

Although the three ministers ate together on Sunday and subsequently talked *à deux* over and after a series of meals, their only collective non-gastronomic session was on Wednesday morning when it seems that very little was said about tests anyway. Little indeed could be said. Mr Gromyko was scarcely likely at this stage to prove forthcoming to the degree necessary to avert the prospect of American testing above ground after mid-April.

Mr Rusk and Lord Home for their part were inhibited by the emergence of the divergence, as it has been called. Some versions of this have been exaggerated. Mr Kennedy's call for inspection not only of tests but also of preparations for tests has plunged the experts into the depths of technicality, and the real dimensions of the problem will not be known till they climb out again. Distinctive nuances also seem to divide the State Department from the more unmovable logicians in Mr William Foster's new United States disarmament agency on this particular issue. Finally, German questions loomed above those of nuclear testing in the lurid light of this week's Soviet aluminium offensive against Berlin's air lifelines.

It is pretty widely assumed here that the scattering of chaff in the air corridors and other harassments served as side dishes at Mr Rusk's and Lord Home's meals with Mr Gromyko were nicely calculated to put on the heat without actually setting anything afire. Mr Gromyko's bland assurances that he knew nothing of such naughty pranks seemed an unclever echo of the cruder diplomatic tricks of Stalin's time; but Mr Gromyko had no other counter to Mr Rusk's cogent reminder that the joint Soviet-American declaration of principles for disarmament last September had stressed the need to refrain from aggravating actions. The Soviet minister doubtless regarded his scarcely visible blushes as amply compensated for by the achievement of a set of conversations that began to look interestingly like the opening rounds of a foreign ministers' conference on Germany—minus the French.

Nothing was said even about the limited issue of Berlin during the three ministers' only formal talk on Wednesday. But in their twosomes they touched upon German questions more generally if gingerly. Seemingly no word passed that need arouse qualms in Herr Bonn, but that of course was no guarantee against qualms. Schroeder, having tiptoed as near as Lausanne to get a word with Mr Rusk, ventured to Geneva's very edge to dine with Lord Home and—although he retired to bed in Lausanne—the causal chain drew him right into town next morning for a tightlipped but far from button lipped "courtesy call" on Mr Gromyko, whose untwinkling eye betrayed no recollection of the fate of Dr Kroll. The air inevitably thickened with speculation about what form an east German counter-distraction might take; but not with any lively theorising about what might have passed unrevealed between the Soviet and west German ministers.



Three men in a boat

Theorists in Geneva are naturally devoting much word power to the familiar logic of the inseparability of the problems of Germany and of disarmament. Chicken and egg are both doing well—as conversational gambits among delegates and others. The Russians and their friends are of course second to none in stressing this logic. But Moscow has not been too obsessed with its central European marchlands to lift its eyes to wider horizons. The publication on Monday of the Soviet reply to the United Nations secretary-general's letters arising from the recent Assembly resolutions was not only beautifully timed to catch western diplomats, their briefcases just filled with new papers, in a rush to hunt up the relevant ones stashed away after the disarmament debates at the United Nations last November. It was also well phrased to catch the ears of Asians and Africans converging on Geneva as new members of the expanding but still selective "disarmament club."

Basically U Thant's circular was about the so-called Swedish resolution (which although Swedish-inspired had actually been sponsored by eight governments in the UN Assembly). It was an inquiry about the terms on which non-nuclear states would undertake to bar from their territory all nuclear arms, including those controlled by other states. It was this last provision that, obviously bearing on the disposition of allied arms in west Germany, had evoked opposition (unsuccessful) from most Nato governments in the Assembly in November; whereas Ireland's resolution, without such a clause and with reference to inspection, had been carried unanimously, thus expressing all parties' wish to limit the spread of nuclear arms *en principe*. Russia's best friends would hardly claim it to be a non-nuclear power; it was not therefore really being called upon for a substantive reply to the United Nations, but it would have been unnatural for it to miss the opportunity to say a few well chosen words. They were well enough chosen for the purpose of both castigating the West and tempting all other comers with visions of a global chain of Rapacki plans and other schemes for nuclear-free zones.

It is too early, with Mr Krishna Menon barely arrived and Mr Unden of Sweden among the ministers due to reach Geneva after the conference's opening, to measure accurately the collective pulse that is now flickering in response to these stimulants. On paper Russia ought to be sure of solid Afro-Asian support for the schemes envisaged in Mr Gromyko's reply to the United Nations which, together with the Rapacki plan, must now be headed straight for the

conference table. But nothing is that sure. Mr Menon has arrived apparently thinking primarily about quite a different system of zones—Sohn zones, the areas into which the American professor, Louis Sohn, and others have suggested each power should divide up its territory, after which a disarmament inspectorate could pick one in each country (and then two in each, and so on), to toothcomb through. (This was one of the encouragingly, fresh ideas envisaged in Mr Rusk's initial speech on Thursday—a speech in marked contrast to the lengthy restatement of familiar Soviet themes which it followed.) Several of the club's newest members have been doing some serious homework on the intricacies of disarmament in practice in the past few months. The fact that some new members have come to Geneva in a mood of healthy impatience with the oldsters' hieratical postures does not necessarily mean that they can be easily rushed into siding with Russia—or anybody else.

Rhodesian Pyrrhus

FROM A CORRESPONDENT IN SALISBURY

SIR ROY WELENSKY has always been regarded as an astute political tactician on his home ground. But in deciding to hold a snap election next month he appears to have seriously miscalculated not only the mood of the electorate as a whole but that of his own party supporters as well. There is widespread misgiving among a broad section of white opinion about the wisdom of going to the country at this stage, especially when the precise issues at stake have still to be made comprehensible to the man in the street. No doubt Sir Roy's own prestige was involved after the patent failure of his London visit ; so he turned to parliament for " support and sustenance." The response was half-hearted.

The prime minister told members that he would seek a mandate to preserve the federation and to negotiate on a range of federal problems. But any new scheme must be acceptable to the government. If it was not, then the federation would continue unchanged and it was up to them to see that it did. That, too, was part of the mandate. Thus the flexibility of one statement is cancelled out by the implied threat of the other.

It seemed to most people that Sir Roy already had his mandate and that a new appeal to the country was therefore unnecessary. But the main criticism is based on two arguments: that an election now is bound to heighten racial tension in a crucial year and that it is being held under an old franchise so heavily loaded in favour of the white voter that it will fail to convince those who most need convincing. The figures speak for themselves. The federation has a population of 8,630,000, of whom 8,290,000 are black Africans. Out of a total white population of 304,000, some 104,000 will be entitled to vote next month, compared with some 11,000 Africans. In the territorial election in Nyasaland last August all 21 candidates put up by the ruling United Federal party on the lower roll lost their deposits in the face of Dr Banda's massive victory. They will be in no such danger this time. Nyasaland has three million Africans, but the federal franchise permits only 36 of them to vote and these may well decide to follow the advice of the African leaders and stay at home.

There are already signs of alarm in UFP circles at the withdrawal of the opposition and the prospect of silent hustings in every constituency. A nationalist boycott had been foreseen and it was no great surprise when the Liberal groupings in Northern and Southern Rhodesia decided likewise ; but the boycott now announced by the right-wing European parties, which have closed ranks behind Mr Winston Field, is a more serious matter. No thoughtful white Rhodesian wants to see a grave national issue become a purely party affair which would leave a triumphant Sir Roy Welensky in much the same position as King Pyrrhus at Asculum. Meanwhile, Sir Roy is playing cards with a circumspection matched only by that of Sir Edgar Whitehead—at the cost of keeping the electorate in suspense.

Both prime ministers are travelling the same path. Both are agreed on the need for speed in reaching a federal settlement to galvanise a public whose confidence has been badly shaken. But there is no sign yet of a concerted plan to keep the federation together. Sir Edgar has been content to think aloud in the most general terms, fortified by the reflection that in Southern Rhodesia he has a firmer base than Sir Roy from which to parley. His recent skilful intervention in federal affairs, however much it may have surprised constitutional purists, has done Sir Edgar no harm at home and probably not in London either. It is unlikely that in his talks with British ministers he had any solution for the federal dilemma which no one had thought of before.

With African acquiesence most things would be possible, but their hostility remains and has even grown with territorial advancement. Any scheme for maintaining a truncated federation which links Southern Rhodesia with selected parts of Northern Rhodesia —and the line of rail with Sir Roy Welensky and the Paramount Chief of Barotseland presumably sharing the same footplate always creeps in here somewhere—is likely to end in tears. There are still very good economic reasons for keeping the federation together—reasons which Dr Banda and Mr Kaunda even now do not fully appreciate. But to proud Africans who have lived marginally for so long they hardly seem to matter.

Canadian Pyramus

FROM OUR OTTAWA CORRESPONDENT

IMPOLITE critics of Mr Donald Fleming, the Canadian finance minister, have been heard to say that he looks like a balloon. They have been less pleased to find that he certainly bounces like one. Last summer, when Mr Fleming took responsibility for the bungled, and basically dishonest, attempt to get rid of Mr Coyne as governor of the Bank of Canada, many observers believed that Mr Diefenbaker had manoeuvred him into accepting a stigma from which he could never recover. Inspired press reports in October confirmed the idea that he had become a liability and would be translated to a post of less prominence.

Three months ago Mr Diefenbaker unquestionably came very near demoting him, but drew back at the last minute for reasons which are still unexplained. Two months ago the political gossips were doubtful whether Mr Fleming, having kept his post, would be allowed to present another budget before the next election. Today, just as in a midwinter night's dream, all is transformed. Mr Fleming is no Bottom, but Pyramus again and the pride of the Conservative party. His budget will be presented in the normal course, probably in the early part of April, and government supporters confidently believe that it will give them a merry start to the election campaign. Indeed, the current betting is that parliament will be dissolved a few days after the budget in time for a general election on June 11th, Whit Monday (not a holiday here).

The finance minister's bounce is due primarily to the strength of the business recovery in the last six months. Month by month the key indices show a larger improvement over the same month of last year. Manufacturing industries especially show steady production gains. Unemployment, which by this time last year amounted to more than 11 per cent of the labour force, was only 8.5 per cent in January and is probably increasing less rapidly than it did last winter. The most important reason for lower unemployment is that the Canadian labour force has almost stopped growing. The recent difficulty in finding jobs has had the welcome result of keeping youngsters in school. Net migration has fallen

μ

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BY DUNLOP

DEVELOPMENT OF HI-MU RUBBERS
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NEW STANDARDS OF ROAD HOLDING

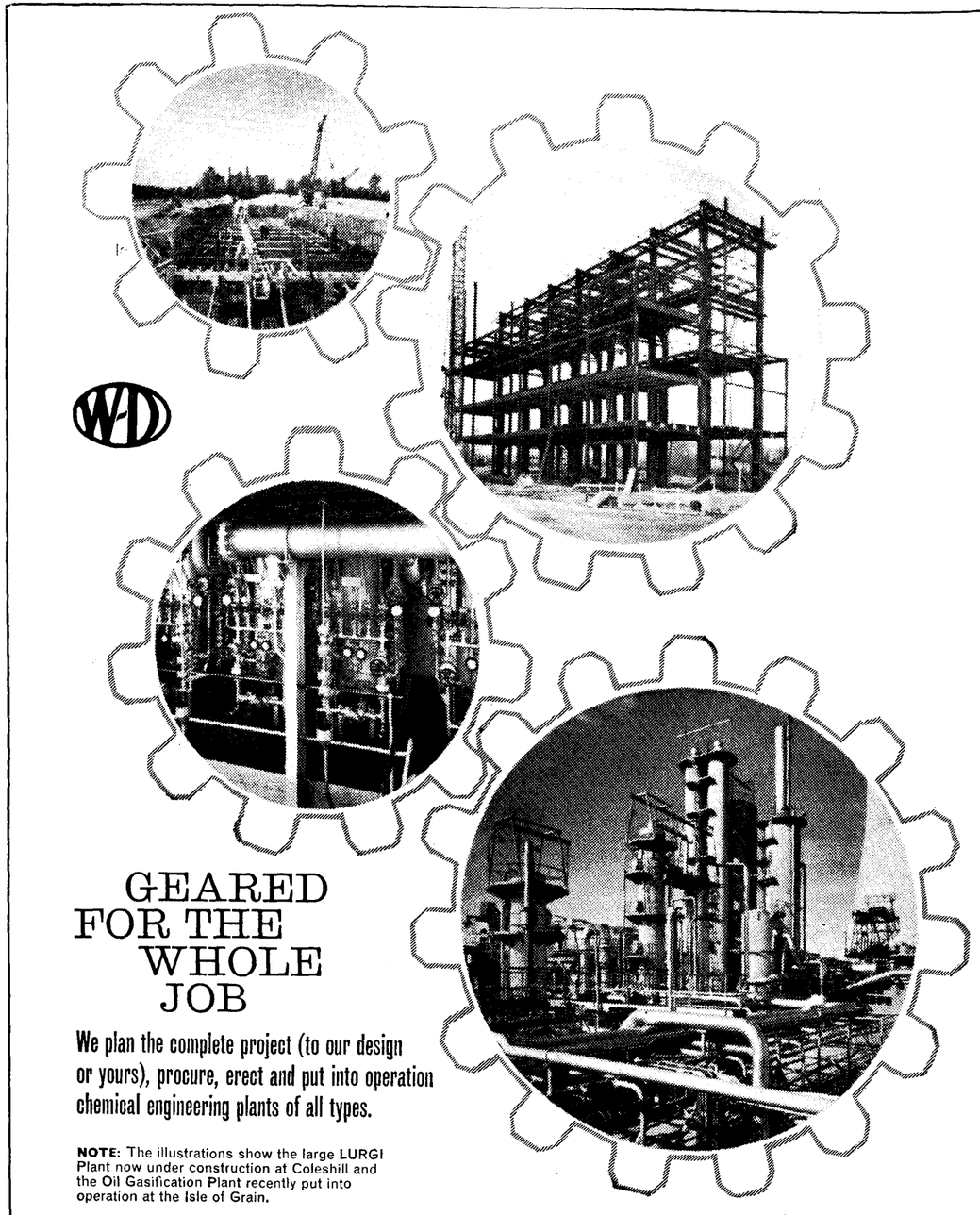
One by one, as manufacturing and economic problems were overcome, Dunlop introduced various HI-MU rubbers into production tyres: racing motor cycle tyres (1959), the Road Speed tyre for fast sports cars (1960), the outstandingly successful Elite tyre (1960), scooter tyres (1960) and wet-weather racing car tyres (1961).

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to a negligible figure. With the labour force very little larger than it was a year ago, every extra job resulting from the business pick-up has helped to reduce the pool of unemployed.

Politically it probably does not matter to Mr Fleming and his colleagues that this relief is essentially temporary and that its underlying implication is consolidation rather than growth. In relation to the budget it means lower payments from the almost bankrupt unemployment insurance fund, improved yields from personal income tax and consumer taxes, and an upsurge in corporation profits which will make more impact in the first part of the new fiscal year than before March 31st. New spending commitments for the coming year are already formidable, the biggest being the increase in old age pensions by $10 a month. But Mr Fleming has been canny both about the many estimates, and about future commitments which would have to be shown in his budget calculations. He will not have to show in an April budget the extra expenditures which may confront a new session of parliament next autumn. He need not allow for assistance payments to prairie farmers, which have cost him more than $40 million in both the last two years, or for the reconstruction of unemployment insurance ; this must be made before next winter, and should have been undertaken last year. He may even postpone, in the guise of a loan, the extra $50 million or $60 million for old age pensions not covered by increasing receipts of the old age security fund.

On the revenue side, he can rely on rising yields from present taxes to match an increase in gross national product which some sober economists already put as high as eight per cent over 1961. On such terms the new budget can paint a rosy picture of revenues catching up with expenditures, though still very far from balancing them. The present year's deficit is expected to turn out at about $750 million in budgetary terms and about $1,100 million in total cash requirements. Next year's deficits can almost certainly be kept below these limits, while still leaving Mr Fleming some room for tax concessions. Already assured is some form of production incentive for business, and some improvement may be made in personal allowances short of a change in income tax rates. All thought of bringing the budget anywhere near balance has long been abandoned. The property of bouncing balloons is not balance but buoyancy.

Bogeymen's Blackmail

FROM A CORRESPONDENT LATELY IN HAITI

THE departure of the British ambassador from Haiti last week-end, and the corresponding withdrawal of the Haitian ambassador from London, are stages in a long quarrel. By common consent Dr François Duvalier's regime in Port au Prince is one of the most unpleasant that even Haiti has ever known. When Dr Duvalier, a former country doctor, was elected president by a sweeping majority in 1957, Haitians and foreigners alike hoped for a period of recuperation and reasonably honest government. But habits of violence and duplicity once begun are difficult to abandon, and before long Dr Duvalier showed that he was more interested in staying undisputed cock of an unruly roost than in trying to accomplish anything for his impoverished country.

Beset with rivals, and several times the intended victim of abortive coups or assassination attempts, Dr Duvalier came to rely increasingly upon organised gangs of thugs for his support. Administration languished and the economy decayed. Today there is only one passable road in Haiti outside Port au Prince, electricity in the capital is rationed because of power failures and the government's inability to pay its fuel bills, and the telephone system is so far run down that embassies and commercial firms are having to use walkie-talkie sets for communication within the city. While the United States and the United Nations both maintain technical aid missions in the country, many of Haiti's own skilled technicians, desperately needed at home, have fled to the relative sanity and security of international operations in the Congo and elsewhere.

In the past year Dr Duvalier has set his thugs—known in Haiti's Creole dialect as Tontons Macoutes or bogeymen—to collecting money for his regime. Announcing that he was going to build a new city called Duvalierville, the president sent out the gangs last autumn to collect arbitrary levies from Haitians and foreign residents alike. The bogeymen's brutality brought sharp collective protest from the diplomatic representatives of Britain, France, the United States, Italy and Canada on behalf of their citizens. As the senior member of this group, the British ambassador, Mr Corley Smith, was the spokesman. It has taken five months and several incidents to bring Dr Duvalier to the point of demanding Mr Corley Smith's withdrawal for his temerity.

How much longer this extraordinary rule of blackmail and harshness will last depends largely on the Americans. So far, with more at stake than the British, they have been vastly more susceptible to blackmail. They have supplied the president with money and military aid, all in the hope, presumably, of deterring him from turning, like Dr Castro, to the Russians—as he has threatened to do more than once. Most Haitians regard this threat as empty and are increasingly impatient of American faint-heartedness in helping to keep in power one of Latin America's nastiest regimes.

Delhi's Grip Loosened

FROM A CORRESPONDENT IN INDIA

INDIA has still not found an opposition. That is the main, unsurprising lesson of last month's general elections. Though the opposition parties have slightly increased their parliamentary strength, Congress still holds seven out of ten of the seats in the Lok Sabha (lower house), and more than ten times as many seats as the Communists, the largest opposition group. The ruling party lost more heavily in the state assemblies, but nowhere so much as to lose power.

In North Bombay, where the opposition put on its star turn, the great "Marx or Gandhi" fight soon turned into "Nehru or big business." Mr Nehru won hands down. And all the signs are that the right-wing and communal gains in several states will only push him into switching the party and the country a little faster to the left. That need not mean any change in Congress ideology: merely that Congress will put its ideology into practice. Even that need mean nothing too drastic (nothing, one suspects, to alarm the foreign investor).

But it could have important political effects. As ideology acquires some practical meaning, the right side of the notoriously wide Congress umbrella may well shrink. On the left, the Communists, whose own gains in the elections were slight, are eager to slip in under the edge, openly aiming for a "national democratic front in co-operation with progressive elements." This would further alarm the right. The new Swatantra party, which at state level at least proved itself a going concern, now offers the rightists somewhere to go. That leaves the Praja Socialists, who were cut down, though not quite as bloodily as some had expected. They are already being advised to pack it in and join Congress. They are indeed in much the position of pre-Grimond Liberals, and will be more so if Congress moves left. Are they to leave the interpretation of "left" to the Congress leftists and the Communists, and still oppose from outside? So far they show no sign of surrendering.

Continued on page 1019



Dead Secret Scrolls

FROM OUR SPECIAL CORRESPONDENT

JERUSALEM (JORDAN SIDE)

MOST secret, the big Dead Sea scroll that was opened at the end of last year in the Palestine Archaeological Museum in Jerusalem is now under lock and key in a room of its own. The American Schools of Oriental Research, which have acquired the rights to study and publish its contents, are taking no chances on pirate scholars perusing it and issuing snap translations. Loitering with such intent is not an unknown practice among peeping Toms visiting Jordan. And the cash stakes are high: in the spiral of scroll finance, publishing rights alone are now worth thousands of pounds.

This particular scroll—from the 1st century AD—is unusually exciting and valuable. For handsome appearance combined with considerable length there is no scroll to touch it in Jordan. It is surpassed only by some of those first discoveries, including the great Isaiah scroll, that were smuggled to the United States in 1949 and subsequently bought by Israel (for £125,000). Four metres long and written in Hebrew on parchment it contains Old Testament psalms in a version and order more ancient than any previously known. It includes psalm 151, which has hitherto been known only in the Septuagint (Greek translation) and in Syriac and Latin renderings, two more known only in Syriac, and five quite unknown compositions. This opens up fascinating prospects for textual criticism.

Coming as it does from the area of the Essenes' settlement at Qumran, the scroll must be part of the version of the book of psalms that was used by that pre-Christian Jewish community. This would seem to confirm that our canonical order was being put together not earlier than AD 50. The Hebrew texts of psalms known previously only in Syriac may also have a tale to tell. Scholars working in other countries have already discerned in certain Syriac writings an affinity with Qumran modes of thought. These texts may reveal the link. But these are mere shadowy ideas of the textual datings and ratings that should emerge from more prolonged study. All lies in the lap of the authorised American scholar, Dr J. A. Sanders, who, although he has now completed some tentative translations and spoken to journalists about them, will need much more time to reach his final conclusions. Meanwhile the scrolls not for viewing, for the simple if remarkable reason that the rights to examine it and publish a translation have cost over £20,000. This sum was privately subscribed by two Americans, Mr and Mrs Bechtel, who are letting the American schools enjoy the privileges so acquired. Such a payment purely for privilege opened a new chapter in the story of scroll finance.

THAT story is best told backwards since it came to its climax last month, when the museum in Jerusalem reached an agreement with the Jordan government by which all scrolls found in Jordan became government property. This was the culmination of a seven year controversy as to whether the scrolls should be nationally or internationally owned.

The museum, which is under international trusteeship, has provided both the experts and amenities as well as most of the money for acquiring, restoring, studying and displaying the scrolls. It had formerly been assumed to have some title to them and had been prepared, in return for financial help, to allow foreign institutions to possess appropriate fragments. These assumptions are now reversed. The Jordan government, however, in claiming sole proprietorship, is going no further than most other Middle East governments. Nearly every one of them owns all archaeological finds in its territory and forbids their export. This, now, is what Jordan has also claimed and done. Its action, not startling in itself, disappoints those foreign institutions—including Manchester, Heidelberg and McGill universities and the Vatican library—which together had raised £21,000 to help the museum to buy scrolls from the nimble beduin who find them. The scroll fragments promised in return they will not now have. Instead, it seems, they will be reimbursed for their payments and will have to be content with loan exhibitions. At the same time the museum has agreed with the Jordan government that while the government is owner, the museum shall be the keeper—and possession is, after all, nine points of the law.

Over the past twelve years £102,000 has been paid out to beduin scroll-finders. For the first finds retained in Jordan the museum paid £1,000. Later the Jordan government handsomely contributed £15,000. Finally in 1956 the museum gave £65,000 from its own endowment fund. (To these sums must be added the money raised by institutions abroad.) It was really to replenish its endowment fund that the museum first thought of scroll trading. But now that this is prohibited it has found other assets to sell. These are the kind of publishing rights that were assigned in the Bechtel transaction. The idea, happily, seems to be catching on. Similar rights in an Aramaic targum (free translation) of Job have been acquired by the Amsterdam Academy. And there are other good bits for the bidding: part of the book of Leviticus in ancient Hebrew script, and an unknown book in Aramaic whose subject is the heavenly Jerusalem. The rights in these and other lesser pieces will of course come much cheaper than those in the great psalter. But gradually, through their sale, the museum should refund itself.

The question remains whether the beduin treasure seekers have any more scrolls up their sleeves. Though they go no more a-hunting in the desolate caves of Qumran, they may well be witholding some prizes from earlier sorties. No scrolls have been purchased from them since the 1956 haul. This interregnum has been caused not only by lack of money but also by the meddling of so many people who are strangers to the beduin—government officials, impetuous cave-crashing excavators, and even freelance Jordanians—and who have exploited the protracted controversy about government ownership to by-pass the museum and get in on their own. Accustomed to dealing solely with the tactful museum authorities, the beduin have grown more wary and more calculating. It is not that government ownership stops the buying of scrolls. Jordanian law lays down that just payment shall be given for declared archaeological finds. But beduin do not like governments and prefer to have no truck with them, whereas they will trust the museum people. In time this confusion may pass and the way be cleared again for the museum, the keeper of scrolls, to resume negotiations. This is to be desired. For only so are the beduin likely to divulge their secrets.

Continued from page 1017

In the state assemblies, Congress is much less secure. It gained ground only in Assam and, sensationally, in Maharashtra where the popular and able chief minister, Mr Y. B. Chavan, undoubtedly strengthened the claim sometimes made for him as a likely successor of Mr Nehru. In two of the ten states that elected new assemblies Congress now holds barely half the seats. In Kerala, which did not, the voting for the national parliament suggests that, if there had been state elections too, the Congress-Praja Socialist coalition would have been defeated outright by the Communists aided by the Moslem League. The Congress could only win six out of Kerala's eighteen Lok Sabha seats, the Praja Socialists none. The Communists increased their strength in both their other strongholds: substantially in Andhra, slightly in West Bengal (partly because they fought more seats) though the local party there is notoriously pro-Chinese. Congress's only consolation is that the Communist gains in West Bengal were far less than it had feared.

The most remarkable results were the success of the more or less communal parties and of the conservative Swatantra party. The Akali Sikhs gained heavily in Punjab, the Jan Sangh in Madhya and Uttar Pradesh; the separatist Dravida Munnetra Kazhagam won a quarter of the seats in Madras State, though some of its gains were due more to working-class appeal than to separatism. The Swatantra party did astonishingly well in its first elections, thanks, in part, to princely support. It emerged as the chief opposition group in four states, including Orissa, where it has merged with a local feudal party.

The weakening of Congress governments in the states is likely, paradoxically, to strengthen their hands against New Delhi. They will be under increased pressure to secure concessions, and the Congress high command will be correspondingly less ready to refuse them. The intra-party struggle for power is already under way in several states, most interestingly in Gujarat, home of the finance minister, Mr Morarji Desai, who threw Congress into a turmoil there last year by his determination to replace the present local leadership. His favourites were roundly defeated at the polls.

Looking ahead, then, the elections promise, at government level, little change: none in foreign policy, at home some swing left in reaction against a slight popular swing right. This could produce, at party level, open ideological splits within or (if the spoils of power are not still too alluring) breakaways from Congress. On the constitutional plane one would predict a shift away from strong central control toward a federalist balance of power.

Not by Maize Alone

DOWN to earth, Mr Khrushchev feels in his element. Last week he had two opportunities to give a lecture on agriculture in front of his party's central committee and he eagerly seized both. His discourses ranged from general principles to maize yields on individual farms, and from among the mass of detail two important trends emerged. Mr Khrushchev announced a reform in the management of agriculture, and confirmed the Soviet intention to switch to more intensive methods of farming. Logically, such a switch should be coupled with a shift in investment resources. But as if to deny such expectations, Mr Khrushchev in his second speech, on March 9th, asserted that investment in agriculture would not be carried out "at the expense of industrial development or of the strengthening of the country's defences."

On the same occasion, in reply to western critics, he proclaimed that there is no agricultural crisis in the Soviet Union. By drawing comparisons with the very low level of 1953, he could indeed claim that Soviet farm output has grown considerably; had he chosen 1958 as his base year the index for 1961 would not have shown any progress. Nor did his other argument, about American food surpluses in a hungry world, alter the fact that the Soviet Union, with an incomparably larger agricultural labour force, does not have surpluses but shortages. In more candid passages, Mr Khrushchev did not hide the fact that Soviet farm output is lagging far behind industrial growth, behind its own planned targets, and behind a demand swollen by wage and population increases.

One of Mr Khrushchev's remedies could be easily forecast. For some time now he has been putting the blame for the poor state of Soviet farming on the so-called Vilyams school of grass crop rotation (see *The Economist* of January 20th, page 237). Last week he reiterated his thesis that nearly a third of the 220 million hectares of arable land is being used in a wasteful manner. By switching land under grass, oats or fallow to maize, sugar beet, peas and fodder beans Soviet farmers will greatly increase their fodder base and thus pave the way for a rapid growth in meat and dairy production. This is Mr Khrushchev's new version of "land reclamation," and in the current year he hopes to turn 20 million hectares over to more productive use.

Stalin backed the Vilyams school because he was, in Mr Khrushchev's words, "captivated by Vilyams's arguments that less capital investment was needed for agriculture under the ley system. . . ." The problem of capital investment for agriculture certainly cannot be bypassed. In the first few years after Stalin's death the supply of agricultural machinery rose rapidly, though a high proportion of the new equipment was sent to the virgin lands. The drop in output since then is strikingly revealed by some of the figures now quoted by Mr Khrushchev. For instance, 208,800 tractor cultivators were supplied in 1957; in 1960 the figure dropped to 79,000. Results are scarcely better for mineral fertilisers; in the last three years the commissioning of new capacity has not even reached half of its planned target. But Mr Khrushchev is now promising a rapid increase in the supply of both machinery and fertilisers. On March 5th, the opening day of the meeting, he even seemed to suggest that this agricultural progress should be achieved through "a redistribution of capital investment and material funds." But a few days later he added that it should not be done at the expense of industry or defence. The Soviet leaders have not apparently made up their minds whether they are willing, or able, to pay the necessary price for a policy of more intensive farming.

Some progress, however, can be made by improving methods of management. Here Mr Khrushchev seems to be retreating. In 1958 he presided over the dismantling of the machine and tractor stations and the sale of their equipment to collective farms. But the MTS, in addition to their ordinary work, were party outposts in the countryside. The Soviet planners must have concluded that they need some other body to keep the farms under control and they have now decided to introduce a more complex system. Local agricultural boards are to be set up. Their membership will include heads of state farms and collectives in the area, as well as local officials and specialists under the chairmanship of the party secretary. Similar bodies will be set up in larger administrative areas, in oblasts, krays and republics. At the top of the pyramid, in Moscow, there is to be a committee for the management of agriculture, including the key farming experts in the party, government and planning institutions. The new system will be responsible for planning and supervising production on every farm. The agricultural boards will control both the 8,000 state farms and the more than 40,000 collective farms. The similarity in treatment for collective and state farms suggests that Mr Khrushchev still intends to eliminate the differences between them. But the urgent problem is to raise production.

Last week's session of the central committee finished by setting specific targets for each of the coming years for the output of grain, meat, milk and eggs as well as for various yields per hectare. But these targets will certainly meet the sad fate of their predecessors unless higher priority is given to agricultural investment.



Photographed on Münster Bridge, Zurich—10 minutes from a Bank of America office.

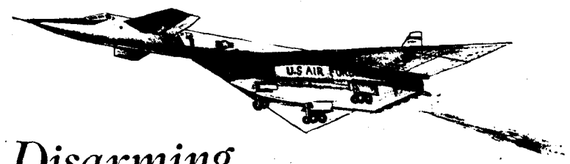
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Arming and



Disarming

WASHINGTON, DC

FRANCE has BB but the United States has not yet got the B-70, a supersonic bombing aircraft that is almost as photogenic as Miss Bardot and that arouses almost as much emotion. It will not go into production even after the first flight of a prototype in December. The Secretary of Defence, Mr McNamara, has called for the Pelion of resuscitated conventional weapons to be piled on top of the Ossa of nuclear power—but he draws the line at the mass manufacture of an aircraft which, he suspects, is already obsolete unless it can be fitted with weapons so advanced that they have not yet been invented and may never be.

The B-70 was first conceived in 1953 and for years it has beckoned seductively to bedazzled Air Force generals. It has been a mouth-watering proposal for military contractors and subcontractors, who would not have been human if they had not regarded it as a particularly luscious plum in the enormous and lucrative pie of defence orders. If Mr McNamara's heart were to melt there would be varying degrees of jubilation in California and Ohio, Kansas and Maryland, Illinois and Arizona, all places which have factories that would benefit from the production of this most complex and costliest of aircraft.

The Secretary, however, shows no sign of giving in to the pressures now being brought to bear upon him. In vain are hundreds of millions of dollars he did not ask for spread in front of him. Angered by this obduracy, the Armed Services Committee of the House of Representatives stated grandiloquently that defence officials were "directed, ordered, mandated and required to utilise the full amount" of those unwanted dollars for the B-70. It added that, if this language constituted a test as to whether Congress has the power to so mandate, the test ought to be made and the B-70 ought to be the field of trial. But Mr McNamara seemed as unmoved by this as by the Air Force's rather pathetic tactic of renaming the unwanted B (for bomber) -70 the RS (for "reconnaissance strike") -70.

The Air Force claims that in nuclear wartime the B-70 (or RS-70) might operate effectively in conjunction with a force of missiles. It is envisaged as roaming over the battlefields of Armageddon like a day-of-doom U-2, looking out for enemy installations that have somehow escaped total destruction and putting right the omission. While remaining polite towards this picture, Mr McNamara has felt constrained to point out that the B-70 suffers from certain disadvantages. It will lumber along at 2,200 miles an hour, compared with the 15,000 miles an hour re-entry speed of an intercontinental ballistic missile, but it is too fast to make low-altitude attacks. There seems little doubt that in espousing the cause of the B-70 the airmen are desperately striving to avert their own likely fate of becoming mere push-button missileers.

This can hardly be admitted; therefore, in addition to the other claims for the B-70, it is argued that it is highly necessary to the security of the United States to have a manned bomber force that is the most up to date in the world, as well as more missiles than anyone else. General LeMay, the Chief of Staff of the Air Force, has said that, with missiles only, there is no flexibility—"Your finger is either on the button and you are at war, or it is off the button and you are at peace"—whereas manned systems can be used as a threat to prevent a war from starting (why missiles could not similarly be used seems obscure) and can be recalled even after they have been launched.

Another Air Force argument is that the Russians may only seem to have given up mass-producing bombers in favour of missiles. What, American Air Force men ask, about the very advanced looking types of aircraft that appear from time to time at Russian air shows, to the consternation of foreign air attachés? Mr McNamara responds that, by continuing the work on prototypes of the B-70, he is preserving the option that a manned bomber of this most advanced kind can be developed fully if it should be determined later that such a system is required. The fact is, however, that the Department of Defence does not seriously think that this option is going to be taken up and it does not believe that the Russians are going beyond prototypes of advanced bombers.

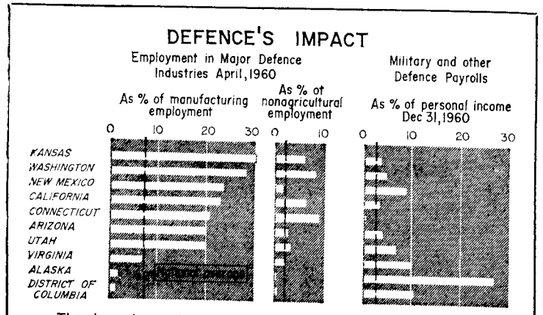
SINCE 1953 about $800 million has been allocated to the B-70. The sum would be much larger had Congress had its way. If the airmen think of the B-70 as their possible salvation from a future of pushing buttons in an underground silo, the politicians probably think of it at least partly in terms of popularity and votes. President Truman firmly turned away unwanted money for unwanted additional military aircraft. So did President Eisenhower—but, towards the end of the 1960 election campaign, he announced that over $250 million would be spent on the B-70, and not the mere $75 million in the Budget. This may have helped Mr Nixon to garner some of the 30,000 votes by which he carried the State of California for the Republicans. President Kennedy was cheered in Florida last weekend when he said that the National Aeronautics and Space Administration intends to increase its spending in Florida fivefold, and that employment at Cape Canaveral will be quadrupled. He has also said that government spending on space and defence activities is now higher in California than it was under the Eisenhower Administration, to the indignation of Mr Nixon who is now running for Governor there. This week the President denied blandly that he was playing politics by making such statements and expressed hope that the good sense of the appropriations committees of Congress would enable the B-70 controversy to be adjusted amicably. But he conceded that the distribution of military contracts is a matter of continued concern.

The Armed Services Committee of the House of Representatives, which laid down the Constitution to the too thrifty Mr McNamara, is concerned with building contracts [illegible] defence facilities worth around $800 million a year. The chair[illegible]

mittee, Mr Carl Vinson, comes from Georgia, which has so many military installations that a general once joked that one more would sink the state. The problem of the military pork-barrel is anything but new and the fringe benefits of armaments worry a number of Americans. They worried General Eisenhower ; just before he handed over the burden of office to Mr Kennedy, he uttered his dire warning against the influence of what he called the military-industrial complex.

Almost everyone pays lip service to the notion that armaments are a burden and a brake on economic development. Senator Hubert Humphrey, the chairman of the disarmament subcommittee of the Senate Committee on Foreign Relations, says that disarmament has a "broad constituency" in the United States. As evidence, he points to Congress having set up an autonomous agency whose sole function is to prepare workable schemes of disarmament. Its panel of economists, headed by Professor Emile Benoit of Columbia University, has concluded that, given sensible adjustment policies and vigorous leadership from the government, there is no economic reason why disarmament in itself should bring an immediate depression or be a drag on prosperity over the longer term ; indeed, by releasing human and material resources it should make it easier to achieve the national goals of full employment and an ever-rising standard of living. Idealists talk enthusiastically about the federal government financing schools and hospitals at home and abroad on a scale great enough to take the place of armaments in the economy, although the public might prefer a cut in taxes and in the public debt.

DEFENCE'S IMPACT



The chart shows the states where the economic impact of defence on employment and/or income is heaviest. Industrially the impact is most direct on companies making aircraft, ordnance, ships, radio communications, electrical equipment and machinery.

Source : Economic Impacts of Disarmament, US Arms Control and Disarmament Agency, January, 1962.

Arms do provide a lot of Americans with jobs. Some states lean fairly heavily both on defence industries and on military pay-rolls for their incomes. The projected earnings of defence industries are now a big factor on the Stock Exchange. Defence spending finances about half of all industrial research, as well as a quarter of the research that it may already be a misnomer to call "pure." But there is another side to the picture. As well as taking a firm stand so far in the matter of the B-70, Mr McNamara has also gone ahead with the closing down of 52 military installations, in spite of the unhappiness caused to Congressmen who represent the affected districts, and there has been far less grumbling in those districts than might have been expected. Most, though not all, manufacturers made the switch from aircraft to the very different and difficult field of missiles with a suppleness suggesting that, when the time comes, they will adapt themselves just as swiftly to civilian production. As even Mr Khrushchev has admitted, American enterprise is not so dependent on armaments that it could not survive disarmament.

Unprogressive Alliance?

SINCE President Kennedy's fresh approach to foreign aid did not get moving until last November, it would have been surprising if he had asked Congress for any important changes this year. Even though his request for appropriations—for $4.9 billion in all, including $2.8 billion for development loans and $1.5 billion for military assistance—was for nearly $1 billion more than Congress gave him last year, this increase is largely a matter of book-keeping and the congressional prospect is not unduly unfavourable at the moment. Trouble is blowing up, however, for Latin America's co-operative Alliance for Progress, for which President Kennedy has requested a special authorisation of $3 billion to cover the next four years, with $600 million to be appropriated, mainly for development loans, for the coming year. This is the only innovation in this year's foreign aid programme and it is to fulfil a pledge already given to the Latin American countries. Last year's pledge, that $1 billion would be committed to the Alliance by March 1st, has been fulfilled. But there are grave doubts whether this money is doing what it is supposed to do, encourage the Latin American recipients to help themselves, especially by reforming their economic systems.

This supicion has crystallised around Brazil, regarded as the key to Latin America, to which 35 per cent of the first $1 billion has gone, most of it for balancing Brazil's international accounts instead of for development projects. The Brazilian government is asking for another substantial contribution to get it out of difficulties which are due largely to its own incompetence. At the same time the left-wing and politically ambitious governor of the state of Rio Grande do Sul has expropriated an American-owned telephone company ; this is hardly designed to stimulate the generosity of the American Congress. There the latest suggestion is that the United States should "let a few of these countries go to the communists" rather than hand out money to prevent this without first insisting on economic reforms.

Evidently the President's advisers believe that the need to stop the spread of communist influence in Latin America by showing quick results is so urgent that there is no time to insist in every case on the constructive long-term aspects of the Alliance, especially when such insistence generates resentment among Latin Americans. Chile, for example, has just been granted $120 million and promised more, even though it has not yet changed its methods of land tenure and taxation. But the President himself, while expressing sympathy for the pressures which are generated by reforming efforts in many of these countries, has made it clear that the United States is not prepared to wait for ever.

Three's a Crowd

BOTH Mr Edward Kennedy, the President's youngest brother, who has just announced that he is a candidate for the Senate from Massachusetts, and the President himself must sometimes wish that they were not members of so large, so ubiquitous and so zestful a family. The air and the headlines always seem to be full of Kennedys. The First Lady is at last on a semi-official trip to India and Pakistan, which has been delayed several times by illness—some of it said to be diplomatic in origin. Mr Robert Kennedy, the Attorney General, who is thought to have justifiable political ambitions of his own, has returned from a flight round the world which infused new blood into the languid vision of America held by many Asians ; it may also infuse new blood into America's representatives abroad. Mr Shriver, the head of the Peace Corps and the President's brother-in-law, is the most travelled of all.

It is no wonder if some of the President's advisers feel that Mr Edward Kennedy's decision to stand (for the very Senate seat which his eldest brother resigned to become President) is too much of a good thing. The hint of a royal family—the Massachusetts Dynasty—wealthy, personable, well-connected, is inescapable. At his press conference this week the President insisted that he would remain rigidly neutral. But the Attorney General indiscreetly suggested that this neutrality might evaporate if Mr Edward Kennedy wins the primary election in September, when Democrats choose their candidates. It would be unfair for young Mr Kennedy (he is only 30) to have to forgo a political career simply because of his family. But if he wins the unfriendly will ascribe it to family influence ; if he loses, the President's enemies will crow.

Additional embarrassment is provided by the fact that the other aspiring Democrat is Mr Edward McCormack, the Attorney General of Massachusetts, the favourite nephew of the new Speaker of the House. The elder McCormack is a power in the state and the Kennedys and McCormacks have long been at odds in Massachusetts. If Mr McCormack is defeated by a sprig of the Kennedys relations between the Speaker and the White House, which are none too good, may deteriorate further. One final ingredient in this rich New England boiled dinner is the fact that the Republican candidate may well be Mr George Cabot Lodge, scion of a family whose roots go deep into Massachusetts history. But no Republican is given much of a chance to win the seat this year ; that is why the Democratic nomination is so prized.

Zero Hour for Trade

THE Administration laid down a tremendous barrage for its Trade Expansion Bill this week when the House Ways and Means Committee opened its hearings on the measure which the President feels is by far the most important to come before Congress this year. Every member of the Cabinet who could conceivably help has been mobilised to testify—from the Secretary of Commerce down to the Secretary of the Interior—and the elaborate report from the White House on the just-concluded tariff negotiations at Geneva underlined the dazzling possibilities for American exports to the booming European market and the need for wider and more flexible powers for the President if full advantage is to be taken of these opportunities. Mr Kennedy pointed out with pride that the United States got more than it gave away. But he noted that this round of bargaining exhausts his tariff-cutting powers under the Reciprocal Trade Agreements Act, which expires in June ; indeed the negotiations might have collapsed if the President had not boldly disregarded a number of the "peril points" below which, according to the Tariff Commission, duties cannot fall without harming American industries.

In the new Bill the President seeks not only the power to reduce all tariffs by up to 50 per cent in broad "across-the-board" bargains, but also the power to eliminate tariffs completely on goods for which the United States and members of the expanded European Economic Community will be the dominant suppliers—that is, provide 80 per cent of the exports of these commodities, chiefly industrial hard goods like aircraft and machinery. A tentative "zero list" includes 26 groups of products ; trade in these goods between the United States and the EEC in 1960 amounted to over $3 billion, two-thirds of which were American exports to Europe. World-wide, they cover trade worth $19 billion.

The Administration is understandably as shy about this potentially explosive list as Congress is curious. The Administration's witnesses were much more anxious to emphasise the 4 million jobs which are already dependent on exports and imports (with chapter and verse about the states and congressional districts involved) and the 150,000 new jobs which, it is estimated, every additional billion dollars worth of exports will create. The Secretary of Labour put the number of jobs likely to be lost by increasing imports at no more than 90,000 over the coming five years. Some 260 witnesses will be heard before the committee retires into executive session. The best judgment at present is that the Administration will carry the day, but that the real battle will take place over safeguards, such as the present escape clause and peril point procedure, over exemptions, over the five years of bargaining authority which Mr Kennedy seeks, over the zero list and over assistance to firms and workers injured by imports.

Why Businessmen Leave Home

FROM AN AMERICAN CORRESPONDENT IN EUROPE

A SERIES of surprisingly tenacious myths continues to dominate much of the discussion, both inside and outside the United States, of American direct investment in Europe. Like most legends, the four main myths have a tiny element of truth in them, which sustains the myth-makers. But there is some evidence that the facts are gradually beginning to be recognised in the United States, though the Administration—perhaps to avoid that worst of government embarrassments, admission that it has been wrong—continues to repeat the old slogans.

For example, President Kennedy, in an understandable effort to promote his new trade Bill, has given fresh currency to the myth that firms establish branches or subsidiaries in Europe to "get inside" the tariff wall around the European Economic Community. In fact, they do nothing of the kind. They establish

Is It Cheaper Overseas?

IT is widely believed that American manufacturers build plants overseas to take advantage of costs of production which are lower than they are in the United States. The National Industrial Conference Board, which sponsored a study of comparative costs in manufacturing in 1956, has followed this with a second study* covering 147 firms with plants overseas in 1960. Inevitably most of these firms are very large ones and their operations are concentrated in the industrially mature countries. The questionnaire did not ask for actual figures of costs, which the firms might have been reluctant to give, but for relative figures.

The table below shows the percentage by which various components of unit costs in each geographical area exceeded or fell below those in the United States. Average figures for total costs have been obtained by weighting.

	Plant						Total Unit Cost
	Materials	Labour	Overhead	Sub-Total	Sales	Other	
Canada	11	−1	0	10	0	0	10
United Kingdom	3	−5	−4	−6	−7	−3	−16
Common Market	11	−6	−4	1	−3	−1	−3
Latin America	19	−1	5	23	−3	5	25
Australia	14	3	−2	15	−1	2	16
All other	13	−6	3	10	−5	4	9
Total, all products	12	−2	0	10	−3	1	8

From this table it appears that only in the United Kingdom do lower costs of labour offset to a significant degree the generally higher costs of materials. That these are lower in the United States is due to a "hidden productivity factor": a vast network of specialised suppliers to satisfy the precise needs of manufacturers. Since 1956 there seems to have been a slight narrowing in the differences between the cost of manufacturing abroad and in the United States.

* Costs and Competition. By Theodore R. Gates and Fabian Linden. 226 pages. $20. The National Industrial Conference Board, New York.

subsidiaries in Europe because the market is large and growing. Finding an American company whose main incentive for setting up an operation in Europe was the new tariff is like trying to find a needle in a haystack.

The EEC has, of course, been an inducement to foreign investors for another reason: it holds out prospects of a much larger European market for any given concern in any one of the six countries. But even this can be exaggerated. In spite of the prospect of complete free trade, German firms are investing sizeable amounts in other countries belonging to the common market. Many American firms are setting up shop in more than one European country. In numerous cases—in Italy, for example—a large and growing domestic market provides foreigners with sufficient inducement to invest.

Myth number two involves the balance of international payments. Here Europeans, including even such august figures as central bankers, have been as much victims of the myth as have Americans. Without allowing for any of the many offsets on the receipts side, the total cost to the American balance of payments of the "invasion" of the common market in the peak year of 1960 was only $280,000,000. This compares with total payments by the United States of $31,000,000,000, a payments deficit of $3,900,000,000 and an outflow on direct investment account of $1,700,000,000. Moreover, the figures usually cited give the total value of the new investment, not the impact on the American balance of payments. A great deal of the money comes from reinvestment of earnings by firms already established overseas or is raised locally. A firm moving into Belgium, for example, would be mad to use dollars when it can cover as much as two-thirds of the investment with loans raised locally at subsidised rates of interest.

Needless to say, American investment in Europe also generates income—not only in dividends and royalties, but also in the form of exports of both equipment and components. One recent study of 19 large American firms showed that they alone sold more than $150,000,000 of exports to their overseas affiliates in each of the past four years, or enough from these companies alone to close the "gap" in the balance of payments between dollar outflow for new direct investment in economically advanced areas and the present return from dividends.

The third myth relates to taxation. The idea prevails that the present law, which permits payment of American taxes on corporate income earned abroad to be deferred until it is repatriated, was adopted in the postwar period as an "incentive" for private investment. In fact the provision has been in the law for several decades. What is more, it "induced" very little investment in Europe until it became plain to all that Europe was booming. Now that investment in Europe has proved profitable and become fashionable,

ABC of Investment

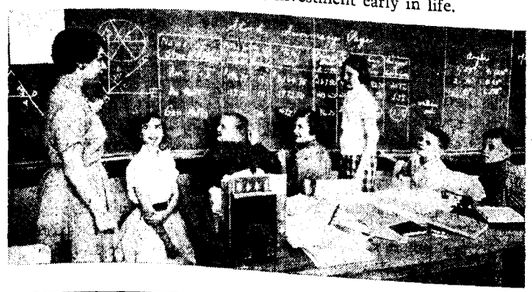
FROM A SPECIAL CORRESPONDENT

ANY American father who is alert to teenage trends shows little surprise these days when his 14-year-old son scans the financial page instead of the comics in the morning paper, and he is ready with all the answers when his daughter, who is only 12, quizzes him on the Dow Jones industrial averages at the supper table. The children have picked up their interest in the financial world at school; lessons in the ABC of investing are being given increasingly all over the country.

The instruction takes different forms. In some cases students buy one share in a well-known company and follow its fortunes on the blackboard throughout the school year. Schools in a number of states, including New York, New Jersey, Ohio, Indiana and Texas, have formed small investment clubs with each pupil contributing perhaps twenty-five cents to the pool. In Western Springs, Illinois, youngsters are reported to be studying mathematics by watching the fluctuations of the market. They are probably picking up a few tips about stocks and shares at the same time. The New York Stock Exchange, which is by far the largest in the country, is playing a leading part in this educational and promotional work. Films, charts and instruction kits on the subject of investment have been issued and one of the exchange's vice-presidents estimates that more than a million children used these teaching aids in 1959.

The NYSE also took the lead several years ago in simplifying the maze of regulations which then surrounded the purchase of shares in the name of minors. Until recently this red tape made the pleasant task of giving a child a few shares such a nerve wracking procedure that most parents dropped the whole idea; they opened a savings account or bought a government bond instead.

Today legislation has been passed in all fifty states and in the District of Columbia making it comparatively simple for parents, close relatives or guardians to buy shares in the name of any person under 21. As a result of these changes there are now nearly 200,000 American investors under 21 and their number is growing. Even if these young people own only one share, as many of them do, they experience the excitement that comes with owning stock for the first time. They receive through the post annual reports of the company in which they have an interest; they also receive, just like an adult, their dividend cheque even if it is for only a few cents.



Investment classes are supposed to teach children the fundamentals of how a company's finances work, and something of the American business system besides. They learn what a dividend is and what makes the value of shares go down as well as up; they learn how to read the lists of share prices in the local newspaper. The teachers, if they are wise, also lay a groundwork of caution in the minds of the younger generation, stressing that making a quick killing is not the major function of investment.

There are now 15 million individual shareholders in America, more than double the number in 1952. Interestingly enough, nearly one-half of the new shareholders in the country since 1956 have been between 21 and 34 years of age, a time of life when the family budget is generally under the greatest strain. The New York Stock Exchange takes great pains to stress to would-be investors that they should provide in advance for family emergencies before purchasing shares. But classroom instruction in stocks and shares will probably encourage the present trend towards investment early in life.

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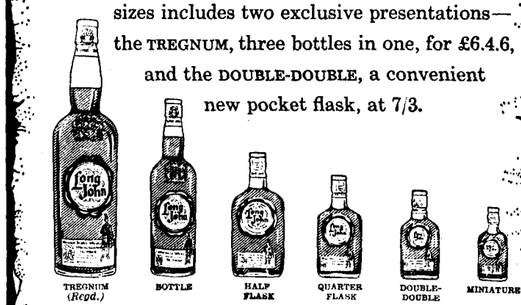
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The ICI-COURTAULDS battle

The inside story by Roy Jenkins M.P.

Many people saw the affair of the ICI-Courtaulds take-over bid as a battle, and moreover a battle between David and Goliath, which Goliath lost. But does this in the least reflect the truth of the matter?

Roy Jenkins M.P. has been getting at the truth, and a lot of it is very surprising. This Sunday in The Observer appears the first of a series of articles in which he unravels the tangled negotiations—evidently conducted in a fog of mutual incomprehension—which led up to the open breach of last December.

He gives some deft character studies of the personalities involved; sketches the nature and history of the two firms (Courtaulds are no slouches themselves when it comes to take-overs); describes how Courtaulds came to cut their dividend. It is above all an *inside* story that he tells. And intensely readable. It begins in The Observer this Sunday.

Begins this Sunday in the

OBSERVER

there is little reason to believe that a change in the tax law would curb it significantly. Businessmen in the United States continue to fight against a change, for the good reason that the present law gives them much more flexibility in their operations abroad. But tax considerations are by no means paramount in the basic calculations that go into the typical decision to plunge into a new market. An American who had just set up a subsidiary in Belgium remarked recently, "We took all their tax subsidies with pleasure. What they didn't know was that we would have come anyway without them."

The final myth is the most difficult to combat factually, though this does not mean that it contains more truth. The myth is that investment in Europe means less investment (and fewer jobs) in the United States. The unanimous response of businessmen to this allegation is that establishing plants in Europe has been imperative to preserve or create markets that would otherwise have been lost to European competitors; for reasons which differ according to industries, there was no prospect of supplying these markets with goods made in the United States. Labour costs, transport costs, the need for close knowledge of local conditions (and once in a great while tariffs) are the sorts of reason given.

This argument cannot be shrugged off. One significant evidence of its truth is that, in spite of a few widely publicised examples, exports back to the United States from manufacturing subsidiaries established abroad have been trifling. To supply the home market businessmen invest at home; domestic investment is still ten times as large as that overseas, even allowing for the portion of foreign investment financed by means other than dollars from the United States. To supply the foreign market, businessmen sometimes have to invest abroad. For better or worse, the flow of American firms to Europe will continue until saturation point has been reached, almost regardless of tariff changes and tax changes. And, of course, this will strengthen the position of American business in the world—as many Europeans are well aware.

Beheading the Far Right

RECENTLY President Kennedy refused, even in an election year, to succumb to the temptation of linking the Republicans with the fanatics of the far right; he declared that the totalitarian anti-communism of the John Birch Society was alien to both the great political parties. But Democrats closely engaged on the political battlefield, like Governor Brown, the Democratic candidate for re-election this year in California, are less restrained. Mr Brown has been making much of the fact that many Republicans, particularly in the southern part of the state, are John Birchers; their real political hero is not Mr Nixon, but his only remaining rival for the Republican nomination for Governor, Mr Shell. What worries Mr Nixon is that to win any Republican must attract the votes of some of the Democratic majority and this is not going to be easy for anyone who accepts support from the Birchers.

When the California Republican Assembly, which represents about 12,000 voluntary Republican workers and leaders, met early this month to endorse its candidates, Mr Nixon asked that membership in the John Birch Society should be declared incompatible with the principles of the Republican party. The Assembly, which endorsed Mr Nixon as its candidate by 263 votes to 176 for Mr Shell, went so far as to describe the society as "dictatorial and totalitarian" and declared that Mr Welch, its founder and head, has done "immeasurable harm to the cause of liberty." But it refused to urge its members to retire from the John Birchers on the ground that the Republicans could not afford to alienate the extreme right.

In California Mr Nixon is in the very thick of the organised anti-communist crusaders. But in the country as a whole he has plenty of allies. Since the President spoke out against the far right virtually all the great religious groups—Jews, Roman Catholics, Presbyterians and Episcopalians—have denounced the danger from the extremists, some of whom have been harassing and victimising liberal churchmen, even to the extent of bombing their houses. Mr J. Edgar Hoover and other officials of the Federal Bureau of Investigation, who for a time had the field to themselves, have condemned the self-appointed scourges of communism. In California itself San Francisco has proved far less hospitable to Dr Schwarz's travelling anti-communist school than Los Angeles. And the Department of Justice has done its part by asking Mr Welch (so far without result) to produce his evidence after he made a speech about thousands of communists in government departments.

"Sorry, Old Boy, But Your Wife And I Feel You're Becoming An Embarrassment"



Mr Welch, who made the fatal error of calling General Eisenhower an agent of communism, seems to be on the way out. Conservatives feel that he is making them ridiculous and he was not even on the guest list of the Young Americans for Freedom, a right-wing group which held an 18,000-strong rally in New York last week. If he had been they might have had even more trouble than they did in assembling enough distinguished guests to support Senator Goldwater, their idol.

Maryland's Black Eye

FROM A CORRESPONDENT IN ANNAPOLIS

FOR the second year in succession, the political scene in Maryland is being dominated by the savings-and-loan associations which in Britain would be called building societies. This time last year Governor Tawes was running into heavy political weather because of his backing of Bills to regulate a business which, after decades of respectable prosperity, had begun to attract fly-by-night firms as a result of the lack of controls in the state. Many of the Governor's fellow-Democrats were involved in various aspects of the business, some of them dubious, and passage of a Bill was a test of his political strength. Now Mr Tawes is being attacked by his Democratic rivals for the Governorship because he did not deal with the scandal earlier and the savings-and-loan issue promises to figure largely in the primary elections on May 15th, when members of each party will choose their candidates. The deadline for entering these contests was March 4th.

To set the scene, it is necessary to go back to the improbable events of last spring and summer. The Governor signed the control Bills on March 28th but they were not to go into effect until June 1st. Petitions began to circulate calling for a state-wide

referendum on the control laws. These were traced to Baltimore's last specimen of the classic city boss, Mr "Jack" Pollack, who rather ostentatiously conveyed the first 10,000 signatures to Annapolis in an armoured lorry. On June 1st the constitutionality of the original laws was still in question and Mr Tawes called a one-day emergency session of the Legislature and had them re-enacted by a triumphant majority. Mr Pollack filed suit to have them declared unconstitutional, but some wind was taken out of his sails when one of the collectors of signatures was sent to prison for six months for perjury, declaring as he went that Mr Pollack had offered him 7 cents for every name. The legality of the laws is still in some doubt.

In the meantime state and federal law officers were delving into the savings-and-loan business. They found, as was expected, that the majority of the active firms were perfectly sound but five of the new-comers are in receiverships, two are under state-appointed conservators, two are in federal bankruptcy and two have been ordered to dissolve. About ten more firms have to be dealt with. The charters of more than 250 inactive associations have been revoked. Further revelations are expected, but will be less political. The Legislature voted last week to establish deposit insurance for state-chartered associations which do not have federal insurance and so provide an alternative to the only private insurance firm, which is controlled by financial interests that prefer to remain anonymous. The Legislature has rejected a move to conduct a grand inquest into the whole savings-and-loan imbroglio.

Now the issue has passed (the line is fine but perceptible) out of the realm of legislation and wholly into that of politics. This happened just before Christmas, when an anti-Tawes Democrat who is running for the United States Senate said that for the Governor to assume credit for the clean-up was "political fraud." In 1960 Mr Tawes vetoed a stop-gap savings-and-loan Bill as giving only an illusion of reform and as being too weak to be effective. He then appointed a commission which drafted the present legislation. His rivals contend that his veto gave shady promoters another year of grace in which to swindle Marylanders of their hard-won savings. This cry has been taken up by several other leading Democrats, one of whom is demanding tax relief for the victims of the Governor's procrastination. How much political advantage Mr Tawes's Democratic opponents can get out of these charges remains to be seen. But the Republicans, who have kept their skirts clean, have thrown away their chance of profiting from the upheaval in the Democratic camp; their candidates for Governor and Senator are admittedly only stop-gaps. At the moment the best bet is that Governor Tawes can have the second term which he used to say he did not want.

SHORTER NOTE

Membership of the House of Representatives is to remain at 435. A carefully laid scheme to increase the number to 438, primarily to relieve a political impasse over redrawing constituency boundaries in Massachusetts—the home state of the Speaker of the House, Mr McCormack—blew up in his face last week just when it was on the point of being accepted. Pennsylvania would have received one of the extra seats but at the eleventh hour its Congressmen discovered that their state would have to scrap its own painfully-achieved redistricting law; they were not prepared to accept this. The Speaker's prestige has not been enhanced either by his attempt to favour his own state or by his failure to bring off the manoeuvre.

BOOKS

Diplomats Take Second Place

British Foreign Policy in the Second World War: *History of the Second World War*

By Llewellyn Woodward.

Her Majesty's Stationery Office. 647 pages. 37s. 6d.

WARS are bad times for Foreign Offices. The continuation of policy by other means necessarily involves the demotion of the diplomat. He has to take second place to the soldier and to accept as partners the practitioners of many improper trades: the organiser of underground movements, the economic warrior, the propagandist. And in a total war his role is reduced even where allies and neutrals are concerned. He has to share the conduct of foreign relations with emissaries from other departments, each claiming an absolute priority for his own mission, dealing direct with their own opposite numbers, reporting back to other and possibly superior sources of authority at home. In such a revolution it is something to be able to say "J'ai vécu," and if this latest volume in the official war history needs an epigraph that is surely it.

Certainly such downgrading of the senior department of state sets its own problems for the historian. How is he to isolate the story of a country's foreign relations in wartime when the nation's whole life is permeated by its awareness of the outside world? How is he to disentangle from the whole complex those parts of it for which the Foreign Office is responsible? The planners of the official history have ready to hand an easy solution—let him write it out of the departmental files. And this is what Sir Llewellyn Woodward has, no doubt very properly, done. The result, however, is not what it calls itself, a history of "British Foreign Policy in the Second World War." It is a narrative of those parts of the policy which principally concerned the Foreign Office, with a certain number of references to published accounts of what was happening elsewhere. Of these other accounts one is pre-eminent; the net effect of Sir Llewellyn's 600 pages is to provide a series of footnotes to Sir Winston Churchill's "Second World War."

No doubt this faithfully reflects the reality of a war that was dominated by great national plenipotentiaries, in Britain not least of all. We should be rightly suspicious of a diplomatic history that tried to emulate the effects of some of those who have written up soldierly diaries and conveyed the impression that the Prime Minister was hardly to be trusted out of sight of a khaki nursemaid. The instances given here of disagreements across Downing Street are fairly presented and realistically assessed; the debt to Churchill handsomely acknowledged.

But was it necessary to make Sir Winston quite such a present of style as well as of content? If anything was needed to convince one of his mastery of the historian's craft it is, alas, supplied by this product of a professional historian's pen. Pemmican for *filet mignon* is what we are offered here. In place of the ample quotations from contemporary documents that give Sir Winston's book its vividness and immediacy, we have an almost continuous precis of despatches and minutes interspersed with a minimum of quotation. The façade of departmental unity is preserved, but at the price of grave injustice to its members. No one will get from this volume any idea of the liveliness and independence of mind of the public servants at work in these years in the Foreign Office or overseas.

How much of this is the result of rules imposed by his official masters and how much to decisions of Sir Llewellyn's own making we are not told. But the author himself must surely be responsible for another, very regrettable, feature of his treatment. He nowhere gives his reader any adequate account of the organisation of the Office at home or of its relations with the other agencies of government involved in foreign affairs, or of the way in which the structure of British representation abroad was, or was not, adapted to take account of the vastly different working problems of wartime. The creation in Washington, for example, of a miniature Whitehall around the ambassadorial core was a crucial feature of the Anglo-American partnership on which much else depended. In neglecting to expound such themes Sir Llewellyn has robbed his story of much of its significance.

This apart, what kind of a Foreign Office emerges from these pages? Very properly—in retrospect—it is a body that regards the winning of the war as only an incidental element in its permanent struggle to safeguard British interests. Again and again it points out to Sir Winston and his enthusiastic colleagues the distinction between the short run and the long run. Unfortunately, if perhaps inevitably, it tends to see the long run almost entirely in prewar terms, with Europe predominating in its thinking. For all the traditionalism, even imperialism, of Sir Winston's world view it was a *world* view and as such often wiser and ultimately more realistic than the near-sighted calculations of the FO. Yet on many issues the FO was right; it produced the better blueprint for the United Nations (a story told for the first time from the British point of view in these pages; it might usefully have been told in greater detail), was consistently sensible about France and Germany, and though rather governessy about liberated Italy was certainly more willing than Sir Winston to be tough with Franco. But it was slower than he to recognise the primacy of the Anglo-American alliance in Britain's diplomatic strategy and, in 1945, more disposed to attribute merely limited objectives to Russia. Taken all-in-all, however, not many departments came through the war with as few major mistakes to their credit.

One name of high repute in Britain comes poorly out of this record. The British files yield further evidence that the statecraft of Franklin Roosevelt was inadequate to the exacting demands of his time. It is not his doctrinaire anti-imperialism that is at issue; these pages reveal all too frequently a pettiness of mind, an overconfident vanity, and a readiness to make overdrafts on his friends in order to placate his foes. That the State Department under Mr Hull frequently emerges as the wiser counsellor is the measure of the slump which Mr Roosevelt's reputation sustains. But the Hyde Park archives have still to be heard from. This book should stimulate the demand for a Roosevelt version of many of these events.

For its disclosures on this and other topics Sir Llewellyn's book is rightly to be rated indispensable. It is indeed the only comprehensive account of foreign affairs in wartime that we have. Yet the dominant sentiment must be one of disappointment. To have dug so deep and so long in these jealously guarded quarries and to have come up with so little. To have watched, through the medium that historians have, the written sources, the unfolding of events and the shaping of policy and to have caught so little of the sense of movement, of the drama of decisions. If this is official history, the sooner we have some unofficial history the better.

First Archbishop

Thomas Cranmer

By Jasper Ridley.

Oxford University Press. 450 pages. 35s.

THIS life is of the first Protestant Archbishop of Canterbury; a man controversial in his own time, and still difficult to bring into focus. He was consecrated by the Pope, repudiated the papal power, married the king five times, drew up the first two liturgies of the Church of England, married secretly and was forced to hide his wife, chose imprisonment under Mary, recanted during his imprisonment and was burnt at the stake, finally reaffirming his essential belief in the Protestant position.

All the sources of Cranmer's life are biased, and even Mr Ridley, who conscientiously tries to hold a middle position, shows himself hostile to both Cranmer and Henry VIII. One is left with the feeling that he has failed to make up his own mind about Cranmer, and his conclusions add little to what is known already. It is not enough to picture Cranmer as the servant of Tudor despotism; Tudor despotism is itself a controversial subject, and Cranmer in any case was more than this. The great interest of his character lies in its manifest contradictions; he was a gentle, even a timid, man, yet he had the notable courage to write to Henry on behalf of Anne Boleyn, Mary Tudor and Cromwell, when to do this might in each case have meant his own destruction. His career is marked by doubts and hesitations both in his theological thought and his political actions; it is typical of Cranmer that he went to the stake carrying two versions of his final speech, one Catholic and one Protestant. It is therefore fatally easy to accuse Cranmer of betraying his principles, as Mr Ridley does over his acceptance of the Six Articles, or to condemn him for insincerity in his expressions of sympathy for Katharine of Aragon or in his "double think" over the "Real Presence." His secretary, Morice, was more just when he wrote, "men ought to consider with whom he had to do, specially with such a Prince as would not be bridled nor gainsaid in his requests."

Mr Ridley is in fact inclined to simplify the whole period. Tudor politics, and the nature of Tudor government, can only be understood against a background of violence. In English history the period stands between two civil wars. In France and Germany, the sixteenth century was a time of terror and atrocities: the sack of Magdeburg and the massacre of St Bartholomew were not repeated in England because of the political decisions of men like Henry and Cromwell, and the adaptability of Cranmer.

As Archbishop, Cranmer made two great contributions to posterity: he avoided extremes, and as a result helped to create the Anglican "Via Media"; and he compiled the Book of Common Prayer, which is one of the great literary achievements of the period. Mr Ridley pays insufficient attention to both these aspects of Cranmer's life; thus, in spite of being informative and up-to-date, his book remains inadequate to the greatness of his subject.

Canada Looks Abroad

The Art of the Possible: *Government and Foreign Policy in Canada*

By James Eayrs. *Toronto University Press.* London: *Oxford University Press.* 240 pages. 56s.

THIS diligent and perceptive study is not concerned with the substance of Canadian foreign policy. It is part of a project of the School of International Service of American University, Washington, to investigate the influences and the mechanisms that govern the making of foreign policy in various countries. Mr Eayrs has lightly and entertainingly sketched the development of the Canadian attitude to the outside world from the frustrations of early twentieth century negotiations with Washington through the British Ambassador, to the creation of a worldwide diplomatic service within the last twenty years.

In this, as in earlier works, he displays much skill, backed by formidable but unobtrusive research, in selecting the significant incidents and anecdotes to carry his theme. He has been greatly assisted by the recently revealed extracts from the diaries of W. L. Mackenzie King, who was of course the dominant figure throughout the period when Canada was developing both a foreign policy and a department of External Affairs.

Professor Eayrs, who teaches at the University of Toronto, is one of a new generation of Canadian dons who are beginning to introduce a new element into the formulation of government policies. Until about ten years ago the intellectual contribution to Canadian policy-making was largely limited to the select and brilliant group of senior civil servants, whom he describes as the "under-Cabinet" and the "bureaucratic elite." The gulf between the academic world and the few scholarly practitioners of the art of the government was too wide for the good of either. The increasing amount of critical study which many of the younger university teachers are giving to current affairs, both international and domestic, is bound to improve Canadian public life in the long run, though its first results can be clumsy, as they were in last

year's intervention of economic professors in the Coyne controversy.

Mr Eayrs's lack of direct experience in government leads him astray at one or two points. He rightly reports that the Governors-General from 1926 to 1952 had no influence on policy but became ceremonial cyphers. Since 1952 when Mr Massey was appointed Governor, followed by General Vanier, he asserts that the office has been "rehabilitated." This may be true in terms of public prestige and popularity; but the "rehabilitation" has not, as Mr Eayrs implies, restored the prerogative of being consulted, and of encouraging and warning their ministers. The Governors' influence on policy remains a dead letter.

Again, in a valuable chapter on "The Military Establishment," reliance on public criticisms such as those of General Guy Simonds and on the mere forms of various committees leads him to miss the point of the Canadian problem. It is not, as he implies, that civilian influence stifles the military advice. It is that civilian ministers have been reluctant to take their proper responsibility, and the military brass have been permitted to make far-reaching private agreements with the Pentagon long before the Government has had any idea of what they were up to. Similarly, one questions whether the charge that Canadian diplomats are completely hamstrung in their negotiations abroad deserves all the prominence Mr Eayrs gives it.

But these are argumentative criticisms. The book is a very welcome contribution to public understanding of public affairs and an even more welcome sign of the Canadian universities' new involvement in them.

Crisis of Socialism

The Economics of Socialism Reconsidered

By Henry Smith.

Oxford University Press. 235 pages. 30s.

To most people, socialism means the public ownership of the means of production. The trouble is, from the point of view of many socialists, that much of what it was expected to secure has been achieved without it: full employment, for instance. Furthermore, even if all industry were publicly owned, this of itself would do little to improve matters further.

This is what Mr Smith calls "the contemporary crisis of socialism." His aim is to see what ends lie behind the demand for public ownership and to discover what economic conditions must be fulfilled for those ends to be realised. His answer is to redefine socialism as the demand for the minimisation of conflict arising from economic relationships. He then argues that this demand can only be met when no one works any more than they would choose to work if unpaid and when capital is so plentiful that the rate of interest is zero.

Such a state of affairs requires public ownership of capital, for private ownership of what yields no revenue would be absurd. It also requires simple tastes and the absence of want-creating activities. So socialism is unlikely to be achieved and unlikely to be wanted in most of the developed countries. It is, that is to say, utopian.

This over-simple summary explains what constitutes the main theme of the book. But no summary could describe its interest and erudition; Mr Smith ranges too widely for that. Thus he discusses Marxist economics in some detail, examines the future of planning in India and discusses the possibility that future adverse movements in the terms of trade may cause economic retrogression in the advanced countries. He has, in fact, written a scholarly study informed with humanity about one of the central questions of the modern era.

History in the Open

Reconstuction of American History

Edited by John Higham.

Hutchinson. 244 pages. 35s.

In the marketplace of ideas, no less than in the department stores that peddle more matter-of-fact merchandise, the Americans believe in explicitness. They do not go in for the cult of the hidden preciosity, to be revealed only to the most persistent or favoured customers; their wares are on the counter and the information booth stands just inside the front entrance. This admirable openness is well exemplified in Mr Higham's book. It is, in effect, an information booth for contemporary American historiography. He has expanded five broadcast talks originally given for the *Voice of America* into a collection of eleven essays on major themes in American history. Each essay comes from the hand of an expert in the period or topic, and preference has clearly and beneficially been given not to the maestri of settled name and renown so much as to the coming men whose ears are alert to history's future as well as her past. Mr Higham himself contributes an illuminating résumé of the broad trends in past American historical writing and suggests that its present condition is ambiguous; there is a neo-conservatism that dwells on the happy elements of consensus in the American past, but there is also a persisting disposition to explore and emphasise the elements of conflict.

The individual essays are frankly and most usefully written around the works of the leading scholars of each theme. They do not fight shy of citing, where necessary, the significant article as well as the full-length book, and they follow up their analysis of the principal writers by succinct bibliographies, which list monographs or peripheral studies. The result is a highly suggestive as well as a very practical set of signposts for scholar and layman alike. It would be an excellent idea if British historical scholarship were similarly ordered and signposted in terms not merely of the stock periods but also of the live issues that generate controversy and inquiry.

Two things emerge very clearly from these essays. The first is the impressive unity of the world of American historical scholarship. Vast in point of numbers, scattered in countless institutions across the continent, exposed to the tireless marauding depredations of the social sciences, the anti-social sciences and even the natural sciences, American historians maintain a community of discourse, a persistent exchange and friction of ideas, which guarantee that no hypothesis will go unexamined and no thesis escape its antithesis. They may be a little insular, rather too seldom relating American experience to that of other times and places, but in cultivating their own garden they have explored its potentialities to the full. Perhaps this is due, more conspicuously than their British opposite numbers may care to admit, to their other very evident characteristic—their industriousness. Without intending it, Mr Higham's book is, among other things, a tribute to the sheer assiduity with which American historians have gone at their country's past. No doubt sheer volume of output is not everything. But it is something that British historians could do with a little more of.

Missionaries and Others

Livingstone's Missionary Correspondence, 1841-1856

Edited by I. Schapera.

Chatto & Windus. 368 pages. 42s.

East Africa: *Through Contemporary Records.*

Selected by Zoe Marsh.

Cambridge University Press. 236 pages. 25s.

Writers about Livingstone, like Blaikie, have mostly drawn a standard Victorian portrait of a Christian gentleman full of conventional virtues and missionary zeal. In fact he was a difficult, irascible, intolerant and thoroughly unsociable man, who was by profession and instinct an explorer and by religion and temperament a sort of eclectic gipsy. He was only a missionary for a short time and he was not a great success. The qualities that made him perhaps the most brilliant explorer of his age did not always go down very well with the London Missionary Society.

In this book Professor Schapera has collected together a valuable and entertaining selection of letters, many of which have never been published before. They cover the period between Livingstone's first arrival in South Africa as a missionary in 1841 to the time when he finally broke his connection with the London Missionary Society in 1856. Professor Schapera has summarised them in a most illuminating and thoughful preface of his own.

The letters fall into three groups: those

"... far better written, far livelier, and expressing genuine opinions."

You wrote in an American magazine recently, Sir Charles, about Great Delusions; the ones that blind many Americans to their country's weaknesses. Do you think that the British are similarly deluded in believing, as many do, that their Press is the best in the world?

Now, that's difficult. I think the British Press is probably the most highly professional of any I know, and in many ways the most interesting and lively. But I must say I don't think it is as deeply serious as, for instance, the best of the American Press.

But surely newspapers, especially popular ones, should be entertaining as well as serious?

Oh, of course! It's just that I would like to see **more news** in our papers. I can't say I'm very happy about the tendency of British newspapers to become more and more like daily magazines. Perhaps this is inevitable. But I would like it not to be so.

What about the political weight distribution of our Press?

Well, of course, it's heavily tipped towards the Conservative side at present.

So you would probably agree that there ought, at any rate, to be a place in the set-up for a popular radical paper? Do you think that, in fact, such a paper can achieve the sort of circulation that it would need to compete with its popular rivals?

I very much hope so. The great danger seems to me to be that we're going to have too few newspapers, and, consequently, relatively few opinions and those more or less homogeneous. That would be a bad thing by any standards.

Then do you think the Daily Herald will be doing both what is right and what is expedient if it sticks to its guns as "an independent newspaper of the Left"?

I'm sure it will. Though I feel the words "Right" and "Left" are unsatisfactory here. One great change in this country is that you now have a belt of affluence which covers a large part of the prosperous working-class and has made them into, in sociological terms, a lower middle-class. It's extremely important that these people should be represented, and, above all, **helped to form opinions.**

And do you think the Daily Herald, in its new form, can do this?

Well, I'm not sure if it has found the right approach **yet.** Don't misunderstand me. I am full of admiration for what has been done to the Daily Herald of late. It's an immense improvement; everyone agrees on that. It's a far more interesting paper; far better written, far livelier, and expressing genuine opinions. Whether they are opinions tuned to the people who are going to form its readership, I have some slight doubt.

Have you an image of this readership? ... this new market? Who are they?

I have no doubt that they are the very large number of intelligent and educated Labour voters in the country.

Do you think it's mainly a young market?

I'm always a little suspicious about age distributions in connection with things like books, plays, newspapers ... I think it's a mistake to be hypnotized by that. Statistically, there must be great numbers of Labour voters of all ages who don't yet read the Herald, and it seems to me that if you get even half of them you've got your mass circulation!

Then what do you think is still needed? There they are, the natural readers of the Daily Herald; what must be done to win them all over?

The Herald has still got to stamp its personality, and that is the hardest thing of all for a newspaper to do. It's got to acquire a particular **cachet**; something that distinguishes it from all the rest.

Would you say there are signs that a personality is emerging in the Herald now?

Oh yes. It can't happen quickly, because, you see, it's a two-way traffic. You need the right audience to help create the paper's personality. The two things must interact. It's like the current that flows to and fro between actors and audience in the theatre. And journalism is just the same.



C.P.SNOW HAS SOMETHING TO SAY ABOUT THE NEW DAILY HERALD

Men of many parts are rarer than they were, but Sir Charles Snow is one. As C. P. Snow he is famous as one of Britain's most gifted novelists. His books are widely read in the United States and all over Europe, East as well as West. Scientist, Lecturer at Cambridge and leading American universities, Civil Service Commissioner, director of a great business firm, member of the American Academy-Institute—he is or has been all of these. Here he talks frankly and freely about the Daily Herald.

You've just said, Sir Charles, that the Herald is greatly improved. What do you find especially good?

I very much like this précis of what's in the paper: "The World This Morning." I find that excellent. And "The Daily Herald Explains"; I'd like to see that developed even further. The series on the Common Market was particularly good.

What about "As I See It"—this column on page 2 which is opened to a wide political range of contributors? Do you approve of this kind of personal journalism?

Now, that I'm not so sure of. Or rather, I feel you can dissipate your effects rather easily that way. Of course Michael Foot is a brilliant journalist; so is Walter Lippmann. **But readers are largely got by legend and habit,** and I think you form the legend and give people the habit through something they expect to read regularly and often. I would prefer the Herald to have one political columnist as good as these, in line with the policy of the paper and writing regularly.

Like Malcolm Muggeridge, who writes regularly on "Life and Books"?

As good as Malcolm Muggeridge, but seriously political.

What do you think of that side of the paper which deals with the arts?

Well, one thing occurs to me at once. I'm very strongly for "A Book a Day." All the reviews I've seen have been extremely well done, and I've been most impressed by the care that has been taken to get the right people to review the books. I like Paul Dehn, too, on films; and the theatre criticism is on the right lines.

Some people feel more space should be given to that part of the paper. Do you agree?

Yes, I think that is probably so. Music, for instance. There you really do have an audience that the paper ought to be able to use, and the same is true of the visual arts as it never was before; and this is something that is world-wide. But I'm a great disbeliever in culture as a decoration added afterwards. It must fit the paper. For instance, I'd hate the Herald to go in, like certain of its competitors, for dramatic criticism which has absolutely no bearing on anything the paper could possibly represent. That, ultimately, is death!

In that connection, do you think that, on political and other matters, too, it's important that things should fit the paper? For instance, what sort of things do you feel the Daily Herald, more than other papers, should be campaigning for, or against?

Well—there are two major local issues, for a start, which will concern this country more and more in the next ten years or so: one, how we're going to earn a living; and, two, education. They're connected, of course, because education means both educating ourselves for a decent society, and educating ourselves for the practical tasks we have to tackle in it. The Daily Herald should be very much concerned with both.

You said local issues. What about bigger ones?

Yes, indeed. and the biggest one of all, which we can't escape, is that **somehow the world has got to live together.** People have got to try to understand what's happening not only to our own relatively static society, but also to societies which are changing extremely fast. People haven't realised just how fast. Intellectually, perhaps, but not emotionally; and until they do, the task of trying to live together in peace is hopeless. Russia, for instance, is a vastly different country from the one it was eight years ago; and it's the same in many other countries. The actual rate of change is fantastic. Now, that is the sort of thing that a paper like the Daily Herald can bring home to people....

from Livingstone to the headquarters of the society in London, the replies sent to these letters, and a particularly revealing series of informal letters to a friend of his called William Thompson. They show how bit by bit Livingstone changed from being a conventional missionary, first into a restless gospeller with a zest for travel and hearty dislike of his fellow missionaries, and finally into the solitary explorer which he remained for the rest of his life. Although other missionaries complained about him in very uncomplimentary terms, and he himself bombarded London with obstinate, disobedient and sometimes scurrilous letters, the directors of the London Missionary Society were, it seems, remarkably understanding and generous, and gave him a lot of rope. In the end, however, there was a limit to their forbearance, and to their ability to justify spending missionary money for exploration pure and simple, and he had to go.

The conclusion that emerges is that David Livingstone, though impossible to live with, work with or control, was a character, and a most courageous and gifted explorer. One is grateful to Professor Schapera for transforming a legend into a man.

Miss Marsh's extracts from contemporary records range from Herodotus to the Carter Report. They outline the nature and the effect of the various outside influences that have shaped the development of the East African territories. Although its main value is, of course, as a source book, some of the extracts are lively and appetite-whetting enough in themselves. There is a splendid account of an argument between Stanley and Mr Gladstone whether a peak of Ruwenzori should be called Crophi or Gordon Bennett, and an extract from a debate on the Uganda Railway which ought to be read as a warning by all MPs who speak about overseas territories they have never been to. The drawings by Ruth Yudelowitz are enchanting.

Fresh Approach to Competition

Competition as a Dynamic Process

By J. M. Clark.

Faber for the Brookings Institution. 518 pages. 54s.

In the early thirties, Mrs Robinson in this country and E. H. Chamberlin in the United States revolutionised the theory of the firm and of price determination by providing a rigorous analysis of cases midway between free competition and monopoly. At the time, this seemed to be a great advance towards realism and relevance, and dozens of articles appeared in the learned journals, elaborating and extending the theory.

Unfortunately, the main legacy of all this has been the readiness of undergraduates to believe that they understand the workings of the economy once they have learned to draw marginal revenue and marginal cost curves, or to expound the kinky oligopoly demand curve. The sad fact is that all of this ingenuity has contributed very little towards useful knowledge. This became gradually apparent when economists, armed with the new tools of analysis, sought to use them in studying the behaviour of particular industries. Despite manful attempts to expound their conclusions in terms of the theory, one author after another found himself unable to do more than pay it lip service. The first high hopes were thus disappointed, though even today some of those economists who find facts an unpleasant subject for contemplation continue to manufacture intellectually satisfying theoretical constructs for the delight of their fellows.

The reaction against the new theories started before the war. Some economists got on with the job of studying the price and output policy of a particular firm or industry, while others attempted to formulate inductive generalisations (for instance, the full cost principle) on the basis of surveys by interview and questionnaire. As a result, a large but disorganised body of knowledge now exists, particularly in America (where each anti-trust action provided thousands of pages of source material). Economists are therefore in a position to contribute something as is shown, for instance, by their appearance as witnesses before the Restrictive Practices Court in this country.

One of the big differences between the pure theory and the down to earth approach is that from the former competition is regarded as a state of affairs, while from the latter it is regarded as a process. Professor Clark takes this second view and has here attempted to set out a fresh approach to the study of competition, which is dynamic and which fully reflects the complexity of industrial life, but which contains new theoretical generalisations rather than mere description.

The results of his labours defy summary. Four hundred and fifty pages exhaust the reader if not the subject. There are no clear and crisp hypotheses, no elegant chains of Euclidian argument ; there is only page after page of reflective platitude and wisdom. Does competition improve or worsen quality ? "It depends" is the answer. But then we are told what it depends upon in a thoroughly sensible discussion of the many relevant factors. They are too many to be embalmed in any concluding precise formulation, however, and the same is true of all the other fields through which the author steadily ploughs: such as, what do we want competition to do?, cost behaviour, competition over distance, and so on. It is a worthy and impressive performance which few other economists could have matched. No one should set out on the study of competition in a particular industry without having read it, and if the generalisations are not general enough to suit most theorists, perhaps it is the fault of the subject rather than of the author.

A Gallop Through History

Great Britain to 1688 : *A Modern History*

By Maurice Ashley.

Michigan University Press. London: *Cresset Press.* 477 pages. 50s.

The University of Michigan has embarked on an immense task ; no less than the history of the world in fifteen volumes. This series will include volumes on Africa, the Southern Pacific and India, and when completed may well be one of the most up-to-date surveys of its kind in print. Mr Ashley's volume is the first of two on Great Britain (the only other country so honoured is the United States). It is described as a "modern" history, presumably in the sense that it is contemporary in its approach.

It is difficult to feel completely convinced of the value of these gallops through the ages. There are doubtless a few avid searchers after general culture who genuinely want a bird's-eye view of Great Britain from the Beaker people to the Whig grandees in four hundred and fifty pages, and who can read through a brisk recital of facts without mental indigestion ; and there is, of course, the ever-increasing stream of exam-conscious young, who want a comprehensive survey. To these, especially in America, Mr Ashley's book will be a godsend, for it is clear, competent and, above all, readable.

It is perhaps ungenerous to carp at Mr Ashley for making history read like the unrolling of a pre-inscribed scroll. The terms of the problem set him make simplification essential. This means that much has to be sacrificed—the complexity of human motives, for example, and doubtful or controversial interpretations. Without these, history is apt to seem a little thin. Mr Ashley does break his narrative periodically to discuss the general social-economic state of society, and to describe the development of the arts and of science and technology. These sections are well done and do much to fill in the background. His bibliography is good, and his summaries of Welsh, Scottish and Irish affairs in the earlier sections are most useful in disentangling the complexities of their politics. It seems a pity that this method was not continued for Scotland and Ireland whose later development always tends to be obscured by that of England. There are maps, but no genealogical tables. The latter omission is surprising, since the ramifications of the English royal line are unfamiliar to most people, and a clear understanding of the fourteenth and fifteenth centuries is impossible without some knowledge of the rights of the various claimants to the English throne.

Mr Ashley's book must be judged as part of a series: a series, moreover, that spans the whole history of the human race. As part of such a vast scheme it is what it sets out to be, a brief lively account of the surface of British history to 1688. It is not more than this. However efficiently the facts are presented (and Mr Ashley is extremely efficient), the result cannot be more than a summary.

Why does one want to read history in this form at all? One answer is that one wants to get a knowledge of the past, even in a general and simplified form, in order to understand the present. This is true of Britain as elsewhere. Political ideas such as manhood suffrage, which flourished in the struggles between king and parliament, bore fruit centuries later here and in America. Mr Ashley is keenly aware of this—one feels he writes of the past with an eye to the present. If what is wanted is an introductory account of British history, this is adequate and stimulating.

Reassessment

The Growth of Southern Civilisation, 1790-1860

By Clement Eaton.

The New American Nation Series.

Hamish Hamilton. 374 pages. 35s.

The assiduity of American historians, mostly Southerners themselves, has resulted in the last thirty years or so in a radical overhauling of the nineteenth century views of Southern society and the slave economy on which it rested. Hard digging in the archives and serious analysis of the statistics have uncovered a South that has less charm but more diversity, fewer magnolias and more soil erosion, less poetry and a lot more economics than the one which dominated the history books for two generations after it had lost the war. It is fair to say that no American region has been so realistically re-examined as the ante-bellum South.

Equally, however, the new findings still awaited an adequate synthesis. In this book, one of the best volumes in the New American Nation Series, they receive one. Comprehensive but not congested, incorporating the results of other scholars but also using much new material of Professor Eaton's own, sympathetic but critical, very learned but easily digested, this is the long-awaited treatment that only a devoted historian who is also a loyal Southerner could provide.

OTHER BOOKS

The Law of Restrictive Trade Agreements. By Jeremy Lever. *Sweet and Maxwell.* 88 pages. 10s. 6d.

This monograph provides a straightforward account of the Restrictive Trade Practices Act and the way in which it has been enforced by the Restrictive Practices Court. As a guide to the relatively lay reader through the case law that has now accumulated it has especial value, and it will no doubt be studied carefully by those trying to produce schemes that evade the provisions of the act.

The Economy Through Boom and Slump. By J. Delattre, G. de Vernisy, and R. P. Schwarz. Librairie de l'Université. Geneva. 114 pages. 8 Swiss francs.

This, despite the deceptive title, is simply a French-English dictionary of economic terms, of a highly selective and useful kind. It covers not technical expressions but the catchwords of economic jargon, which as the authors rightly say often cause more difficulty to readers—and translators—than the straight technicalities. This is an invaluable handbook to anyone who has to follow contemporary economic discussion in the French tongue. Stagnation, floating exchange rates, countries in strong surplus positions, inflationary pressures subsiding—here they all are in French.

History of the Society of Incorporated Accountants, 1885-1957. By A. A. Garrett. *Institute of Chartered Accountants.* 378 pages. 24s.

The seventy odd years of independent existence of the Society of Incorporated Accountants witnessed vast changes in government ; in the finance of industry ; and in taxation. Most of these changes altered the functions that accountancy was called upon to perform and greatly enlarged its scope. The story of the evolution of the society, until it merged with the three Institutes of Chartered Accountants, could have been entrusted in no better hands than those of Alexander Garrett, for it made certain that the story would be told from the inside. He was secretary of the society for 30 years up to 1949 and knew intimately his predecessor whose term covered an even longer period. His history is not a mere account of the growth of the society. It covers in turn the activities of other accounting bodies and builds a pattern of major events in a period exceptionally rich in change for the accountant. The various bodies were not always in agreement, but it is, perhaps, inevitable, in view of the recent integration of the society with the chartered accountants, that he has somewhat played down past differences. He gives, however, an interesting account of the discussions and conflict of views that attended the event and makes a good case for the more liberal policy of entry into the society, particularly as against the institute.' There are accounts of efforts, largely abortive in early days and not very fruitful more recently, to secure co-operation with the universities for further education of accountants. It may seem strange to those outside the profession that there is so little on the subject of education, as distinct from office training, for the articled clerk or the by-law candidate. This question is only now becoming a matter of active interest within the profession.

Signals of Recession and Recovery: *An Experiment with Monthly Reporting.* By Julius Shiskin. *National Bureau of Economic Research,* New York. 203 pages. $3.00.

The rapid recent development in the United States of methods of assessing and forecasting the state of business is the fruit of the co-operation between the policy men in the Council of Economic Advisers, the official statisticians in the Department of Commerce and the researchers in the National Bureau of Economic Research. Mr Shishkin has taken an important part in this work. He provides in this book an essential guide to the new monthly statistical series—"Business Cycle Developments"—published by the Commerce Department, and arranged in accordance with the National Bureau's analytical system (noticed under "Economists' Weather Map" in *The Economist* of November 4, 1961, page 466). The book describes the uses—and the traps—of the "leading indicators" and the other barometers of business conditions, and reviews their performance during recent cycles. Mr Shishkin confines himself in this short monograph to the highlights. For a more exhaustive discussion of the National Bureau's system, the student will need the two volumes of "Business Cycle Indicators," edited by Geoffrey Moore (discussed in *The Economist* of September 9, 1961, page 991).

Parliamentary Reform, 1933-1960. Hansard Society. *Cassell.* 202 pages. 25s.

Building Societies Yearbook 1961. *Franey & Co.* 744 pages. 45s.

POWER REACTOR EXPERIMENTS

This important work, published in record time in the Proceedings Series of the INTERNATIONAL ATOMIC ENERGY AGENCY, includes 35 papers and a complete record of the discussions of the Symposium on POWER REACTOR EXPERIMENTS, organised by the IAEA and held in Vienna from 23 to 27 October 1961. It contains information on the latest projects, developments and results in the field of power reactors. It deals with high-temperature gas-cooled reactors such as DRAGON, EBOR, pebble-bed reactors, etc.; aqueous homogeneous suspension and molten-salt reactors; fast breeder reactors like the Dounreay reactor, the USSR BR-5, RAPSODIE, etc.; nuclear superheat in general and, in particular, its application in the BORAX-5 reactor, the reactor of the USSR First Atomic Power Station and the ESADA Vallecitos Experimental Reactor; and such other reactor types as SRE, ESSOR, PRTR, Saxton and VULCAIN.

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LETTERS

Smoking and Health

SIR—I wonder whether you can be induced either to explain more clearly your reasons for not supporting the suggestion made by the Royal College of Physicians that restrictions should be imposed on advertisements for cigarettes, or to give it the support which it seems to me to deserve.

One can make various guesses about the effects of such advertising. I would not myself agree with your view that the advertisements constitute "harmless" attempts to attract to a particular brand a bigger proportion of a fixed total consumption: I suspect that most of the advertising experts involved would also consider that their skilful wooing of young people increases total sales. But be that as it may: even if you felt certain that you were right, I would still urge you to support the physicians, on two grounds:—

First—and less important—your hypothesis means that the advertising is simply a beggar-my-neighbour process of wasting resources: its compulsory abolition would be a measure of legislative relief to an industry whose profits will (we must hope) be suffering from the public's better realisation of the dangers involved in cigarette smoking.

Secondly, a government which prohibited the advertising of cigarettes would, by that very act, do a great deal to convince the public that the danger to health is serious. The counter-publicity which you recommend will gain greatly: "There must be something in it—otherwise the government would not have faced a row with the advertising interests as well as the cigarette-makers." If, on the other hand, cigarette advertising is allowed to continue unchecked, the expenditure on truthful counter-publicity of (perhaps) 10 per cent of manufacturers' expenditure on advertising will appear as little more than hypocrisy.

Perhaps one type of advertisement should be permitted, if it can be suitably defined—the type which says: "The physicians are convinced that smoking is dangerous, but if you want to run the risk, smoke Whiffers."—Yours faithfully,

W. B. REDDAWAY

Department of Applied Economics, Cambridge

[We are not over-confident on the correctness of our line about this. We accept that Mr Reddaway's second point is a fairly strong one. But we are much more chary than he of banning any form of free speech, even the lowest. There are a lot of things and activities and even organisations which we think are, like smoking, a bad thing for the British people; we maintain our right to attack them, but we are nervous of anybody who says glibly that they should be banned by law from answering back. And we are confirmed in this nervousness because we think that Mr Reddaway's first and general point—about advertising as between different brands of anything being "simply a beggar-my-neighbour process of wasting resources"—is extraordinary nonsense; basically that is a doctrine for the compulsory abolition of large areas of competition in the British economy, especially of competition by new varieties of a product entering the field to challenge established ones.]

Central Africa

SIR—Mr F. H. Keenlyside (March 10th) implies that nationalism in Central Africa (he seems to be restricting himself to the non-white types in his strictures) is fundamentally racialist.

How does he explain the presence of some two hundred Europeans in the United National Independence Party? Has he read any of the speeches made by Mr Kenneth Kaunda or Mr Joshua Nkomo or Mr Dunduzu Chisiza in recent months? Why is Mr Colin Cameron, a Scottish Presbyterian elder, holding a portfolio with Malawi support in Zomba? Does he know anything of the recent political associations of men like Sir Stewart Gore-Browne and the Rev. Merfyn Temple?

More seriously misleading is his claim, often repeated by the United Federal Party, that the Federation is "the only attempt in Africa to build up a non-racial society." What nonsense! I spent some years in Central Africa both before and after August, 1953, and I can testify that the governments of Northern Rhodesia and Nyasaland were seeking different ways to develop non-racial institutions. Indeed it was the imposition of the Federation against the known opposition of the majority of the inhabitants irrespective of race which arrested such processes. An examination of the division of subjects between the Federation and the territorial governments, whether done for liberal reasons or not, reveals how this big new constitutional change divided the races. For example, white education up to and including secondary became federal and black education of the same brand remained territorial. The same new chasms appeared in subjects like agriculture.

Mr Keenlyside also states that "last year, the then governing class, by a majority of some 2-1 in a referendum, voted away their existing privileged position. This was an act of political liberalism for which it would be hard to find a match in ancient or modern history." I suppose he is referring to the referendum in Southern Rhodesia on the new Constitution of July 26th last year. The development was in the contrary direction to the one Mr Keenlyside indicates. There will be only 15 African members in a House of 65. The African block will not be big enough to prevent the two-thirds majority which can by-pass the constitutional council's opposition to a discriminatory bill. The European-dominated Assembly can override any recommendation or report from the constitutional council by a simple majority after six months.

In return for such nibbling concessions as Sir Edgar Whitehead made, Mr Duncan Sandys bartered away the reserve powers held by the metropolitan government for over two generations. The governing class of Southern Rhodesia, to quote your correspondent's terminology, did not "vote away" their privileged position; they consolidated it.—Yours faithfully,

KENNETH MACKENZIE

Edinburgh

Tory Hopefuls

SIR—Your article of March 3rd gives the reader the impression that we do not worry about the 11 to 15-year-olds. Unfortunately incorrect information was given to your special correspondent over the telephone from Conservative Central Office. The Young Briton age limit is 9 to 15, not 6 to 11 as stated in the second paragraph of the article in question. There is therefore no gap between the leaving age of Young Britons and entry age into the Young Conservatives.—Yours faithfully,

JOAN DAVIDSON

Chairman, Young Britons Organisation

London, SW1

Treaty of Rome

SIR—One aspect of this country's proposed entry into the common market does not appear to have been touched upon by any of your correspondents. I refer to the spiritual implications whereby this country, for many years a bulwark of Protestantism, will be involved both politically and commercially with peoples 80 per cent of whom are Roman Catholic. The very name of Protestant is derived from the "protest" which we have maintained against papal rule and practices. Did RIDLEY and LATIMER die in vain that four hundred years later we should be considering proposals for a new link with that from which we severed ourselves at the Reformation?

With the question of the common market is inextricably linked the question of reunion with Rome. Let us face the fact here and now, before any reunion is seriously considered, that Rome's idea of reunion is not what we understand by that word. Her idea of reunion is unconditional surrender to the papacy with all that that would involve. Only one year ago we commemorated the tercentenary of the Authorised Version of the Bible by the publication of the New English Bible (New Testament) in the language of the people, the reading of which would certainly not be permitted were we ever to come under the yoke of papal rule.—Yours faithfully,

H. V. ELDRED

London, NW7



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THE BUSINESS WORLD

THE OFFER FOR THE ORDINARY STOCK OF COURTAULDS LIMITED WILL CLOSE AT 3 P.M. TODAY, MARCH 12TH, AND WILL NOT BE EXTENDED. ACCEPTANCES SO FAR RECEIVED AMOUNT, SUBJECT TO CONFIRMATION, TO 37.4% OF COURTAULDS ORDINARY STOCK.

Living with 37.4 per cent

EIGHTY-EIGHT days after its final, final bid and two higher offers later, Imperial Chemical Industries conceded defeat at midday on Monday, March 12th. By then it had acquired 37.4 per cent of Courtaulds' ordinary stock, only 0.7 per cent more than it had secured by March 8th, the first closing date ; and the decision not to extend its offer further spared ICI more humiliation. It also decided to let its offers for Courtaulds' preference shares lapse, having received insulting acceptances of 45.3 per cent of the 5 per cent stock and 60.4 per cent of the 6 per cent stock.

If ICI, halfway through the struggle, had not made its alternative offer of convertible loan stock, it would have commanded no more than a handful of supporters. The assents it received have come largely from the institutions who have taken the loan stock primarily for its good running yield, and only secondarily as an escape from the present uncertainties of the equity market with the option of getting back in if conditions next year or later are more favourable. Some private holders of Courtaulds sold out, but the vast majority decided to stand by their directors.

The complex of reason and emotion that swayed the individual stockholder led many observers astray ; but, in the broadest terms, three factors appear to have been especially important. First, many investors resented the aggressive, dogmatic manner in which Mr Paul Chambers and ICI saw the only possible answer to the problems of the man-made fibre industry in submitting Courtaulds to a total merger. Secondly, in the course of the battle, Courtaulds' directors convinced many stockholders that the stuffy, conservative past was dead and that the new men with their new policies, embodied in a number of far-reaching forecasts and promises, would henceforth keep their interests in the forefront. Thirdly, a week before the closing date, when ICI declared its offer virtually unconditional, it admitted that it was prepared, if need be, to hold a minority interest in Courtaulds and could justify paying about 50s. a share. This tactical error has created a situation that is surely without parallel in British industrial history. What an unsuccessful bidder normally arranges is to slip out ; but ICI made this impossible for itself and so remains as holder of a substantial minority interest.

What has been said and done in the last three months by the two sides must profoundly influence their future—how, no one can foretell, for the main personalities must first set themselves on constructive courses. It could be argued that although it now has over a third of the Courtaulds equity ICI really has no mandate except to hold the shares as a trade investment. But could ICI be expected to "neutralise" its holding in Courtaulds as Imperial Tobacco has done with its 37 per cent in Gallaher ? A holding of this sort is more likely to form the base from which either mischief or some form of reconciliation could be attempted. Some of the moves in the closing stages of the struggle suggested hope of conciliation ; but there is an equal possibility that unless both sides practise a little accommodation, war could continue with ICI as a militant minority interest.

This week ICI has refused to give any hint about its future course and certainly a breathing space in which emotions and tempers can cool is welcome. Nor has Courtaulds any ready-made solution to offer ; it, too, wants time to reflect. One can, presumably, disregard the possibility that ICI might be tempted to buy more Courtaulds' shares to gain control (which would cost about £27½ million) or would try to dispose quickly of the investment it has already made. Courtaulds would certainly consider possible forms of co-operation, but while it is not in the nature of Mr Chambers to come to Canossa, it is he who has argued for a complete merger. If a hint came that ICI was now prepared to discuss answers to the problems of the man-made fibres industry other than its own decisively rejected solution of an outright merger, a way might be opened.

In the past the two companies have sought remedies in opposed directions: ICI in vertical integration and Courtaulds in greater independence from the suppliers of basic raw materials. After last year's abortive negotiations and the hard words about basic differences in industrial philosophies, is any workable scheme of technical co-operation possible ? Negotiations to this end could easily fail, but they would have served some purpose if they created an improved atmosphere and diminished the prospect of perpetual war between two companies that are tied together as suppliers and customers, as partners in British Nylon Spinners, and as stockholders.

But before they can seriously talk to each other about their future, both ICI and Courtaulds have to take an objective look at their own organisations. ICI has come out of the struggle far weaker than it went in. The weaknesses were there already ; they have now been exposed to public scru[illegible]

and criticism. ICI's chairman, Mr Paul Chambers, has suffered a personal rebuff, not merely for the policies he has advocated, but even more for the manner in which he has tried to impose them. It may be that some other ICI directors followed his lead with increasing misgivings ; but they did follow him and they must feel bound by the doctrine of collective responsibility in the boardroom to offer no support to suggestions that Mr Chambers, having so signally failed, should now resign. Yet, for all his outstanding gifts, Mr Chambers will hardly be able to lead ICI with the same ebullient self confidence in his own ideas and in the " big brother " philosophy of ICI as he did in the past.

The difficulties currently confronting ICI and the chemical industry have been sharply exposed. ICI has also lost goodwill among the investing public and it will go into a conference —with Courtaulds or anyone lese—with less prestige and fewer friends than it possessed less than a hundred days ago. One way of regaining favour is to be reasonable and circumspect in its future dealings with Courtaulds. In its turn, Courtaulds would like to get back to " square one "—back to a situation and atmosphere where its representatives and ICI's could examine fresh solutions to their mutual problems. The Courtaulds' directors have not had time to formulate what solutions they would find acceptable. Nor has ICI ; though on the day of defeat Mr Chambers continued to extol the virtues of vertical integration. The proposals put up by Courtaulds at the " truce " conference in January envisaged either the formation of a joint company to deal with all melt-spun (i.e. non-rayon) fibres, in which ICI would have a majority interest, or of a joint company to deal with all fibres, in which Courtaulds would have a majority interest. If these were the absolute limits of conciliation that Courtaulds was prepared to stomach at that time, it must be seriously questioned whether it would be prepared to go so far now. But the possibility of some joint venture with ICI in melt-spun fibres over and above that already established in British Nylon Spinners cannot be ruled out, though any idea that ICI might transfer its interests in polymers and fibres to Courtaulds seems to be a non-starter. The two companies may in the end decide that some rigid scheme for a further joint venture in man-made fibres is impossible ; in that case, let them be opposed in competition, but partners against mutual destruction.

Courtaulds has its own real problems to settle. In one sense, it can never get back to " square one " as it existed last September ; the new voices have been lavish with promises and they have shifted decisively the balance of power within St Martin's-le-Grand. The shift is not finished yet, nor has its effectiveness yet been proved. In the rayon division, for instance, senior executives whose experience stems from the palmier days for viscose might create a barrier of change to policies keyed to leaner, more competitive days. At the top level—in the boardroom itself—a real drama is being played. Some of the Courtaulds' directors are on the point of retirement, the present chairman, Sir John Hanbury-Williams, among them. Their retirement presents an opportunity for demonstrating conclusively that mediæval traditions, epitomised in the discussions that led to the arrogant decision (and gigantic error) to reduce the interim dividend in November, are truly dead and buried. It could also open the way to the most conciliatory gesture—that Courtaulds accepts representation of its biggest stockholder, ICI, on the board.

Sir Alan Wilson has already been designated as Sir John's successor. He figured prominently in last year's discussions with ICI but took no great part in the battle from December onwards ; his somewhat aloof, intellectual personality appeared to be smothered by the fire and smoke. Whether he was more attracted to the idea of a merger with ICI than some of his colleagues would be impertinent for an outsider to guess. Should he decide to accept the chairmanship of Courtaulds, he will have the full support of his colleagues. If he does not, an obvious candidate may at first sight appear to be at hand in the person of Mr Frank Kearton, whose fire, courage and ability, supported by Mr H. R. Mathys and Mr A. W. Knight and other Courtaulds directors, have made a decisive mark. But although there can be no doubt of his ultimate role in the future conduct of Courtaulds' affairs, it may still be true that the task of building bridges may be better undertaken for a few years by someone from outside who can bring independence as well as experience to bear upon Courtaulds' problems. The crucial question of Sir John's successor will have to be settled before Courtaulds can explore any area of agreement between itself and ICI.

Courtaulds has emerged from the struggle both stronger and weaker—stronger because the majority of stockholders have been persuaded to overlook the past (though many of them cannot have forgiven it) and to pin their faith on new men with new policies and promises, and weaker because ICI's minority holding breaches the St Martin's-le-Grand citadel and could easily bring it down if the directors fail to justify the faith that investors are now putting in them. Their promises about future profits and dividends are halters that they have knotted round their own necks. If the knot tightens, it will be their own fault. Courtaulds shares, currently standing at 50s., will not have to fall much below that level before the growls are heard. The only mandate the Courtaulds board has been given is to do as well as they promise and this prospect could be jeopardised if they failed to reach some sort of concordat with ICI.

Homilies and admonishments are thick in the air. The role that the Government can play in regulating monopolies and the engrossment of a market needs to be re-examined. So, too, does the ill-defined nexus of relations between a company and its directors, and the stockholders and general public. This goes far beyond a public relations image. Courtaulds' decision about the interim dividend has, in the end, provided another demonstration that the interests of stockholders can be ignored only at the directors' peril. The remedy does not lie in creating impressions of remote boardroom benevolence, but in the readiness of directors to treat stockholders responsibly and to justify candidly and publicly the courses they pursue. Equally, what has happened to ICI demonstrates that lasting goodwill is not built on an image of what a company thinks it would like to be, but on what it actually is. A man greater in his faults and virtues than any at Millbank or St Martin's-le-Grand once asked to be painted, warts and all. ICI, Courtaulds and other companies should have learnt some such humility from this bitter and at times shoddy episode.

CROSS STOCKHOLDINGS

ICI owns 37·4 per cent, or £29·6 million, of Courtaulds Ordinary stock. On the assumption that all the acceptances have been for ICI's 6½ per cent convertible loan stock ICI will have to issue £74 million of loan stock. The cost of servicing this stock will initially be £4·8 million gross.

On its holding of Courtaulds' Ordinary shares ICI should receive for 1962–63 at least :—

	Gross £ mn.	Net £ mn.
An Ordinary dividend of 13 per cent	3·9	2·4
A tax-free capital distribution of 2½ per cent	1·2	0·7
Interest payments at 7 per cent on a holding of £13·4 million in Courtaulds' Loan stock	1·0	0·6
Total	6·1	3·7

Thus ICI will receive £3·7 million (net at 7s. 9d. in the £) in investment income from Courtaulds while it will have to find from its own income £4·8 million to service the loan stock.

PRO FORMA BALANCE SHEET FOR ICI*

LIABILITIES	£ m.	ASSETS	£ m.
Before the battle			
Preference capital	35	Net fixed assets	520
Ordinary capital	266	Trade investments	51
Reserves	304	Net current assets	172
Future tax	42		
Minority interests	36		
Debenture capital	60		
Total	*743*	*Total*	*743*
After the battle			
Preference capital	35	Net fixed assets	520
Ordinary capital	266	Trade investments	125†
Reserves	304	Net current assets	172
Future tax	42		
Minority interests	36		
Debenture capital	134†		
Total	*817*	*Total*	*817*

* Based on balance sheet on December 31, 1960. but adjusted for the subsequent rights and other issues. † The holding in Courtaulds has been entered under " trade investments " at the nominal amount of the convertible loan stock issued in exchange for it.

PRO FORMA BALANCE SHEET FOR COURTAULDS*

LIABILITIES	£ m.	ASSETS	£ m.
Before the battle			
Preference capital	17	Net fixed assets	126
Ordinary capital	79	Trade investments	16
Reserves	71	Net current assets	66
Future tax	25		
Minority interests	9		
Debenture capital	7		
Total	*208*	*Total*	*208*
After the battle			
Preference capital	17	Net fixed assets	126
Ordinary capital	79	Trade investments	5‡
Reserves	31†	Trust investments	23‡
Future tax	25	Net current assets	54‡
Minority interests	9		
Debenture capital	47†		
Total	*208*	*Total*	*208*

* Based on balance sheet on March 31, 1961. † Reserves and debenture capital adjusted for issue of loan stock from capitalisation. ‡ Approximate division at book values based on the switching of gilt-edged securities and some trade investments into the new investment trust, whose assets are estimated to have a market value of £40 million. Courtaulds' 50 per cent share in BNS remains as a " trade investment ".

Building a Business on Air



He putteth forth his hand upon the rock ;
He overturneth the mountains by the roots.
Job 28, 9

Two and a half years ago, the stage was set for a battle royal under Mont Blanc. On the northern slope a French contractor had assembled an armoury of heavy American machines, supplied by Ingersoll-Rand, veteran manufacturer of pneumatic mining equipment, and since 1871 largely uncontested champion in the specialised field of rock drilling. On the southern side an Italian contractor had mustered a drill team equipped with light " jackleg " drills, supplied by the Swedish firm Atlas Copco, which holds altogether different views on how to break rock economically and efficiently. During the past ten years Atlas Copco has been arguing with considerable success to miners and contractors the world over that there is no point in paying £4,000 for a machine when with the application of science the work can be done equally well with a £140 drill unit. Now the champion and challenger have come to grips with each other under the Alps.

Yet the excitement in this battle of the mid-century sputtered out soon after it got under way. There is not much fun watching an Italian contractor fighting water, rock falls, crush zones, rock bursts, and the rest of the ugly obstacles that meet tunnellers advancing from a southern portal. The Italian engineers have had to dust off last-century textbooks on tunnelling, and to apply methods that are slow and cumbersome but save lives. On the French side the heavy American machines, working in relatively good rock, have advanced reasonably to plan and by the end of February had reached 4,800 metres. In February the Italians ran into good rock for a change and set a record for both sides with an advance of 250 metres, which brought them to 4,100 metres. There remain 2,500 metres of tunnelling before the teams meet, and Mont Blanc may indeed be holed through some time this year.

Although Mont Blanc has cheated Atlas Copco of the opportunity of showing its mettle on a classical battleground, the new principles of underground rock excavation evolved in Sweden under the impact of war, past and future, and marketed by the company have proved sound under exceptionally difficult conditions. Were it not for the flexibility in methods offered by this type of equipment the Italian team would have lost its tunnel heading long ago. Atlas Copco, as an industrial name in compressed air, has only existed about six years, but the group behind the label is no newcomer to the European engineering industry. The first half of the name is an inheritance from 1873 when the parent company set out to make locomotives and railway rolling stock, with discouraging economic results. A merger in 1917 with a diesel manufacturer turned it into AB Atlas Diesel which with a share capital of Kr 20 million became the best-heeled engineering company in Scandinavia. As one of Rudolph Diesel's early licence holders, the new partner helped to make a prime mover out of a cumbersome invention. By making it reversible, lighter, faster and direct-injected, the company turned the diesel into a marine engine.

Both the parents and the offspring of that union were strong on engineering. Unfortunately they were weak on everything else, apart from producing clever and at times revolutionary designs. By 1940, Atlas Diesel, too, was in bad shape. Diesel manufacturers elsewhere had grown into giants as Atlas Diesel licence holders ; but the company itself urgently needed new management to make something of its wasteful, obsolescent motor manufacture, plus some odds and ends of pneumatic tools that had been added haphazardly since 1888. In 1940 its opportunity came. In the deepest secrecy, the Swedish military authorities were preparing underground fortifications,

command posts, stores, even armament factories in caverns blasted out of solid granite. Swedish engineers soon lost their respect for hard rock. Huge areas were taken out by full face methods, with the aid of light, fast-hitting rock drilling machines with "airleg feed" developed by Atlas Diesel.

The Germans, pioneers in tungsten carbides, had tried with some success to apply this hard man-made metal in rock drilling. Used in the Scandinavian rock, the bits shattered, and seven years of development work were put in by Atlas Diesel before the two leading Swedish manufacturers of drill steel and carbide bits succeeded in modifying this erratic material into a durable rock-cutting bit. In this work practically the entire Swedish contracting industry as well as numerous mines took part, trying out innumerable generations of carbides and high-alloy rods with Atlas Diesel's high performance rock drill. By 1945, the metallurgical problems were licked.

UNDER a non-technical managing director, trained in retailing, who saw no particular difference between a tunnel and a hole in the ground but knew a good selling line when he saw one, Atlas Diesel went to market with a share capital of Kr. 10 million (£700,000). Still hampered by a diesel engine operation that consumed labour, space, and time, turnover rose slowly until 1948 when the management got rid of its cumbersome engines to devote all resources to the manufacture and sale of pneumatic equipment. More than half of the turnover was still domestic.

From there on, Atlas Diesel never looked back. Nearly everywhere it went new sales and service companies sprouted; most of them flourished beyond expectation. Two years later, in 1950, the turnover was Kr. 78 million (£5.4 million), of which 60 per cent was sold abroad. The rapidly expanding subsidiaries threatened to turn into an untidy mess, so in 1956 the corporate name was changed to Atlas Copco—the latter half derived from the name of the Belgian subsidiary Compagnie Pneumatique Commerciale. At last count there were 32 Atlas Copco companies, plus a number of other sales and manufacturing companies under other names.

Although always profitable, this rapid growth has at times strained the company's finances to the limit. In 1959, for example, with a group turnover of Kr. 380 million (£26.2 million) the home company ended the business year with Kr. 277,646 (£19,200) in cash. In 1960 the share capital was raised to Kr. 76.65 million (£5.3 million) and the turnover grew to Kr. 480 million (£33 million) providing a net profit for the home company of Kr. 11.7 million (£810,000). The assets of the group grew from Kr. 331 million (£23 million) to Kr. 451 million (£31 million) in 1960, while profits doubled from Kr. 13.7 million (£950,000) to Kr. 26.7 million (£1.85 million). The new Kr. 25 per share issue was snapped up at Kr. 80 per share. In 1961 the turnover rose by nine per cent.

Atlas Diesel set out on its global peregrinations at a time when backward construction industries were at long last beginning to mechanise. The hardware offered by the company was beyond doubt excellent in design and quality, but Atlas Diesel and its corporate ancestors are ample proof that the solid virtues of Swedish engineering do not in themselves hold the key to economic success.

Apart from providing spares for machines that pound themselves to pieces in a year, the service policy of Atlas Copco goes well beyond the provision of high-alloy hardware. A contractor who, say, in 1950 purchased a few rock drills became *ipso facto* the beneficiary of the new scientific codex of rock blasting. Atlas Copco would plan his work cycle, introduce new methods, put its own experts, from civil engineers to drill masters, on the job and by taking over a section of the tunnel train the contractor's people in the new methods. Thousands of contractors and engineers were brought over to have a look at underground powerhouses being built in Scandinavia. The new methods slashed costs all along the line, in labour, power and explosives; and the ability to drill a round in half the time or less that was previously required, stepped up the whole working cycle and enabled record advances and good profits to be made.

This experience shaped Atlas Copco's service policy. Ten years ago the engineers were cocky characters who knew it all. Since then they have discovered that there exist local tricks of overcoming difficulties that they never dreamed of in their geology. So the company's project department has become a world clearing house in rock blasting technology. Somewhere in the Andes, for example, a team of power engineers is tapping a lake by a supply tunnel leading to vertical penstocks conducting water to a powerhouse 3,000 feet below. The machines are already installed; all that remains is to blast the rock partition at the upstream end. The big question is how to blast it without the risk that the pressure wave and rocky debris, carried by the rush of water, might destroy the turbines below. It has to be done with 100 per cent precision, with no such thing as a near-miss. A handful of men, most of them Norwegians, are capable of preparing and firing this final round under such exacting conditions. They represent one aspect of the skills that Atlas Copco brings together. Any project anywhere that involves rock excavation on some scale is analysed and costed by the planning department. Each contractor bidding for the work is supplied with an outline plan estimating the equipment, manpower and transport he will need. The one ultimately awarded the contract will be supplied with detailed working plans and schedules. If he buys its equipment, Atlas Copco helps him to start the job.

Some of the ideas developed by Atlas Copco may seem rather far-fetched to old-time contractors accustomed to filling the sites with labour. In benching out large tunnels where under similar conditions a contractor, admittedly prodded by the unions, would use 36 men for drilling and charging a round, Atlas Copco obtains the same output with five men. In advancing the tunnel two men per machine are still common—at best, only one man—whereas Atlas Copco is now trying to convince sceptical engineers that with proper equipment and training one man is capable of running two or even three machines—in Scandinavia this is standard practice, using operators who four months earlier had never heard of rock drilling machines.

Atlas Copco's road to world-wide prominence in its field can be followed by some other mile posts. The wholesale price index in Sweden has risen by 340 per cent since 1935 and the wages of tunnel miners by something like 550 per cent; the cost of tunnelling has been reduced by about 40 per cent, in terms of 1935 prices and before the advent of the labour-saving "ladder drilling" referred to above. Atlas Copco cannot claim sole credit for this amazing development in underground construction, but without its equipment, it might never have happened.

BUSINESS NOTES

OVERSEAS TRADE

Forget about January

OFFICIAL policy and investors' prospects depend crucially on the trend of Britain's trade, but the monthly figures obstinately refuse to show one. Late in 1960 the two-year deterioration in the balance of trade was checked, and until the spring of 1961 there was a clear improvement. Over the past year however the balance has swayed to and fro, and exports have remained dead level.

In the fourth quarter of 1961, the Bank of England states in its latest bulletin, there was "probably" a small surplus of visible trade, on a true payments basis, though the whole improvement and more was attributable to seasonal influences. In January imports rose sharply, as they had done in October; but February's trade figures published this week suggest that this was a second false hare. Imports last month fell back to £363 million seasonally adjusted, close to the low point of the last summer. In December-February together imports on this basis were in fact slightly below their level in the previous three months. Exports notched up another small increase, by £7 million to £307 million—a move in the right direction but of disappointing size: it merely restores exports to their average for 1961 as a whole. But if they are a little tantalising the February trade figures at least offer the consolation that January's sharp deterioration was exceptional.

UNITED KINGDOM TRADE

£ million a month or averages of months

	Imports	Exports	Re-exports	Balance: Trade basis	Balance: Payments basis
1958...	312	265	12	−35	+ 4
1959...	332	278	11	−43	− 8
1960...	380	296	12	−72	−33
1961...	367	307	13	−47	n.a.
Seasonally adjusted					
1961 :—					
1st qtr.	385	309	12	−64	−23
2nd ,,	363	305	13	−45	−13
3rd ,,	357	309	15	−33	−12
4th ,,	362	304	13	−45	n.a.
1962 :—					
Jan...	380	300	12	−68	n.a.
Feb...	363	307	11	−45	n.a.

The detailed, and revised, official figures of the balance of payments in 1961 are expected in the last week of this month and a special article in the Bank of England bulletin on the all important errors and omissions hints that at least a few of them may then be laid.

Slowly, official mystique about this preposterous item is being lifted. "The balancing item is not entirely a collection of unknowns . . . the compiler [of the payments figures] may be able to infer with some confidence that certain kinds of movement have taken place without . . . being able to measure them and enter them separately." This statement from the Bank bulletin should be duly noted by Treasury officials who in the past have fended off questions about the balancing item with the crisp avowal that if they knew what was in it they wouldn't have put it there.

IN THE MARKETS

Delayed Boost for Gilts

AFTER responding only slightly to the ½ per cent fall in Bank rate at the end of last week, the gilt-edged market has this week moved significantly ahead. The buying has been concentrated mainly at the extreme ends of the market. A rise in War Loan on Tuesday later encouraged some switches into Treasury 2008-12, and at the very short end, the official tap in Exchequer 5½ per cent 1966 came to an end last Friday, and the stock subsequently rose by almost a full point. The medium dated tap stock, Conversion 6 per cent 1972, attracted a fair demand, but this was not reflected in the price. There has been little interest in the "long" tap, the 1982-84s; investors in their present mood prefer to get the same or slightly better yield on still longer or undated stocks. The authorities must be notching up a good total of net funding sales in the current quarter; in the three months to mid-December, the Bank bulletin shows, net official sales of stock totalled £183 million, of which two thirds were short bonds.

The market has not yet been checked by the spate of new fixed interest issues. Investors took in their stride the £20 million issue by Middlesex County Council, with a coupon of 6¼ per cent, dated 1975-77 at 97⅓. The stock offers a flat yield of nearly £6 8s. and a gross redemption yield of £6 9s. 6d.—virtually the same as that currently available on the last gilt-edged issue, by the City of London. The Middlesex issue, which was being subscribed on Friday, brings total corporation loans since January 1st to £69 million, of which just under half has been paid up.

GILT-EDGED NET PRICES

	Aug. 4, 1961	Dec. 29, 1961	Mar. 7, 1962	Mar. 15, 1962
Exchequer 3% 1962–63...	94 5/16	96 3/16	97 3/16	97 15/32
Exchequer 5½% 1966	96 3/32	98 3/16	98 25/32	99 11/16
Savings Bonds 3% 1960–70	74 15/16	78 15/32	79 7/16	79 17/32
Savings Bonds 3% 1965–75	66 5/16	70 13/32	70 7/8	70 15/16
Treasury 3½% 1977–80...	65 15/32	69 1/8	70 3/8	70 15/32
Funding 5½% 1982–84	87 7/8	90 5/16	90 13/16	90 13/16
Treasury 5% 1986–89	78 29/32	81 3/32	83 1/4	84 1/16
Funding 3½% 1999–2004 .	55	56 3/32	60 1/8	60 5/8
Treasury 5½% 2008–12...	82 1/4	83 3/32	87 3/8	88 1/8
War Loan 3½%	49 27/32	51 11/16	54 5/16	55 1/32

All prices are shown net of accrued interest.

Industrial Issues

ALTHOUGH it admits that its prediction could be upset by large scale funding of bank overdrafts by companies, the Bank of England goes on record in its latest bulletin as saying that there is "the possibility that this year there may be a markedly smaller volume of industrial new issues than there was last year." What leads the Bank to this view is the possibility that retained earnings will be higher, capital expenditure lower and stocks little changed. By an odd chance of timing this prediction has come in a week when two big industrial issues have been announced and several introductions arranged. But if the Bank is right, the effect of the reduction in the demand for investible funds could be significant for stock market prices.

Although it took note of the Bank's hint of a possible recovery in profits this year, the market has been primarily concerned with the immediate facts about industrial profits and dividends—marking, for example, brewing shares up on Charrington's results and engineering shares down on those of Newton Chambers—and with more optimistic hopes about the shape of the budget. Last week's cut in Bank rate appears to have encouraged the market to believe that the Chancellor's hand will not fall too heavily upon the economy, whatever he does to the stock market through a short-term capital gains tax. On balance, therefore, equities—with the notable exception of tobacco issues—moved up, and *The Economist* indicator gained 4.5 points to 356.7.

This week's issues make a notable impact on the market in fixed interest securities. John Summers, which came out of the "steel year" to end-September with a better immediate performance and rather more encouraging prospects than other steelmakers, is raising just under £7½ million by issuing a 6½ per cent debenture 1976-78 at 99, convertible into ordinary shares at prices equivalent to 53s. 6d. in 1964, 56s. 6d. in 1965 and 60s. in 1966. The current price of John Summers' ordinary shares is 49s. 9d. and obviously the conversion rights, which extend beyond the last date of the next general election, by which time the issue of steel renationalisation will be settled, are potentially valuable. In the meantime, the debenture provides a fair running yield and a hedge against the possibility of a Labour victory at the polls; and it carries investors over a period of economic uncertainty in the steel industry. The new money,

together with retained profits and bank overdrafts, will cover the cost of development at Shelton, amounting to over £19 million, in the next two or three years. On Thursday dealings started in the debenture at a premium of 5¼.

On its second debenture, Dunlop Rubber has had to pitch the yield higher. The issue of £12 million 6½ per cent second debenture stock 1985-50 at 98½, is covered, with the existing debenture, about 3½ times by assets and nearly 6 times by earnings. Dunlop last raised money from the British market in 1955 and it has since spent about £60 million on capital account; bank overdrafts are fairly heavy and with commitments amounting to £7 million at the end of last year capital spending is expected to remain at a high level. The debenture raises the gearing on the ordinary shares whose holders will be pleased to note that Dunlop's net income in 1961 will not be less than the £6.7 million earned in 1960.

Rally on Wall Street

A correspondent cables:

After a month in the doldrums, equity prices on Wall Street have begun to move up again and the volume of trading has expanded. The Dow Jones industrial average has risen above 720 for the first time since early January. Brokers attribute the rise to hopes of a renewed upsurge in the economy later in the year and to the belief that the resumption of steel wage negotiations lessens the chances of a prolonged and harmful stoppage in the steel industry. Wall Street is not confident about the immediate economic outlook but it is pinning its hopes on a good improvement in the second half of the year. This immediate uncertainty is reflected in the bull market in fixed interest bonds. Many institutional and private investors have been content to sit on the sidelines, but the commercial banks which need additional income to cover higher payments on deposits have been big buyers of tax-exempt municipal and government bonds. This has forced prices up and yields down on all but the shortest term securities. But once economic activity starts picking up again, the demand for bonds may moderate and equities should benefit, particularly those in companies whose earnings are improving.

For the first time for several months steel issues, led by US Steel, have moved higher and there has been some buying of construction, chemical and other basic industrial issues. Investors have continued to be very selective and they are now able to obtain comparatively good yields on better quality equities. The fashion in investment appears to have swung to what analysts are calling "tired blue chips"—shares in major industrial companies whose earnings and market prices have been fairly static in the past few years. Whether these shares can attain a new lease of life is by no means certain but, because they offer more stable yields than the growth stocks which are vulnerable when earnings fail to come up to expectations, they do offer a measure of safety.

ASSOCIATED ELECTRICAL

Dividend Down

AEI

Following the reduction in English Electric's dividend from 10 to 8 per cent, Associated Electrical Industries has cut its total dividend from 15 to 10 per cent. The stock market was prepared for some reduction, following the director's warning in the interim statement, but it had hoped that the 1961 dividend would be 12½ per cent. Thus AEI's dividend, backed by unimpressive results, is disappointing. Turnover rose last year from £208 million to £212 million and at £185 million orders in hand at the end of the year were £4 million higher than at the end of 1960. But trading profits fell from £10.8 million to £9.8 million and as debenture and other interest went up from £1.8 million to £2.7 million net profits, after a proportionately higher tax charge, fell from £4.7 million to £3.5 million.

The directors say that although many of the divisions of trading companies earned higher profits, the results were adversely affected by difficult trading conditions for some products and particularly by "a serious slump in the market for radio and television components and by lower profits on domestic appliances." The rise in debenture and other interest suggests that while AEI has been earning lower margins on sales it has had to employ more capital to earn its profits. Like the other electrical engineering giants, it has again earned less on the capital it employs.

ROYAL DUTCH SHELL

Dividend Up

As expected, "Shell" Transport and Trading has maintained its total tax free dividend at 1s. 3d. per 5s. share, or 25 per cent on the capital as increased by the one-for-five scrip issue. Effectively, therefore, the dividend has been raised from 20⅝ to 25 per cent. Last year the volume of sales of crude oil and oil products by the Royal Dutch/Shell group rose by 6 per cent but, owing to the pressure of competition on prices, this was not fully reflected in the rise in income from sales, net of taxes and duties, by £49 million to £2,007 million. Operating expenses rose from £1,463 million to £1,521 million and the increase in the group's net income from £177½ million to £187 million is more than accounted for by the rise in investment income from £31 million to £39½ million, and the fall in income taxes, from £133½ million to £127 million. As the table shows, the rise in net income was especially sharp in the last quarter of the year, when an improvement in margins occurred.

ROYAL DUTCH/SHELL
SALES AND INCOME

(£ million)

	1960 Quarter (iv)	1961 (i)	1961 (ii)	1961 Quarter (iii)	1961 (iv)
Sales :—					
Including duties...	671·0	663·1	687·5	717·9	730·1
Excluding duties...	495·0	494·8	491·0	500·0	519·9
Gross income.....	82·0	78·7	82·5	82·5	89·3
Net income	48·4	42·1	44·7	43·9	56·4
Gross income/sales*...	16·6	15·9	16·8	16·5	17·2
Net income/sales*...	9·8	8·5	9·1	8·8	10·9

* After deducting sales taxes, excise duties, etc., from turnover.

STEEL

Not Much Better

The rise in steel production to 415,000 tons a week in February—perhaps five per cent more than in January when allowance is made for seasonal variations—is not enough to make the steel industry feel it is recovering from its slump. The improvement was concentrated onto the lighter end of its products, where rising car output means relative prosperity for the strip mills; but demand for steel from the motor industry and its suppliers has yet to rise as much as output, suggesting that stocks of components had been built up through the winter and are now being run down. The fall in stocks of sheet had slowed down by the last quarter of 1961, and by now the stock level should be reasonably stable.

For the industry as a whole, however, the fall in stocks seems to be continuing with unabated speed. The drop of 300,000 tons in the last quarter of 1961 may well be approached in the present quarter, though expectations om last month's price increase gave users an incentive at least to keep their stocks stable. At the end of December stocks still amounted to 15½ weeks consumption, and with the continued squeeze on short-term credit and signs of a possible fall in construction hopes that stocks would be stabilised by the middle of this year are beginning to wane: 1963 is more the millenium by now. Constructional engineers are big stockholders, and any fall in demand upon them would add another factor to those already encouraging industry to reduce its stocks. The prospects of the heavy side of the steel industry thus look depressing for the foreseeable future—but this is, after all, only a matter of months.

MONEY AND EXCHANGES

Bears in a Bull Market

Last week's reduction in Bank rate from 5½ to 5 per cent has not had its intended effect of warding off foreign funds from London, and by encouraging the view



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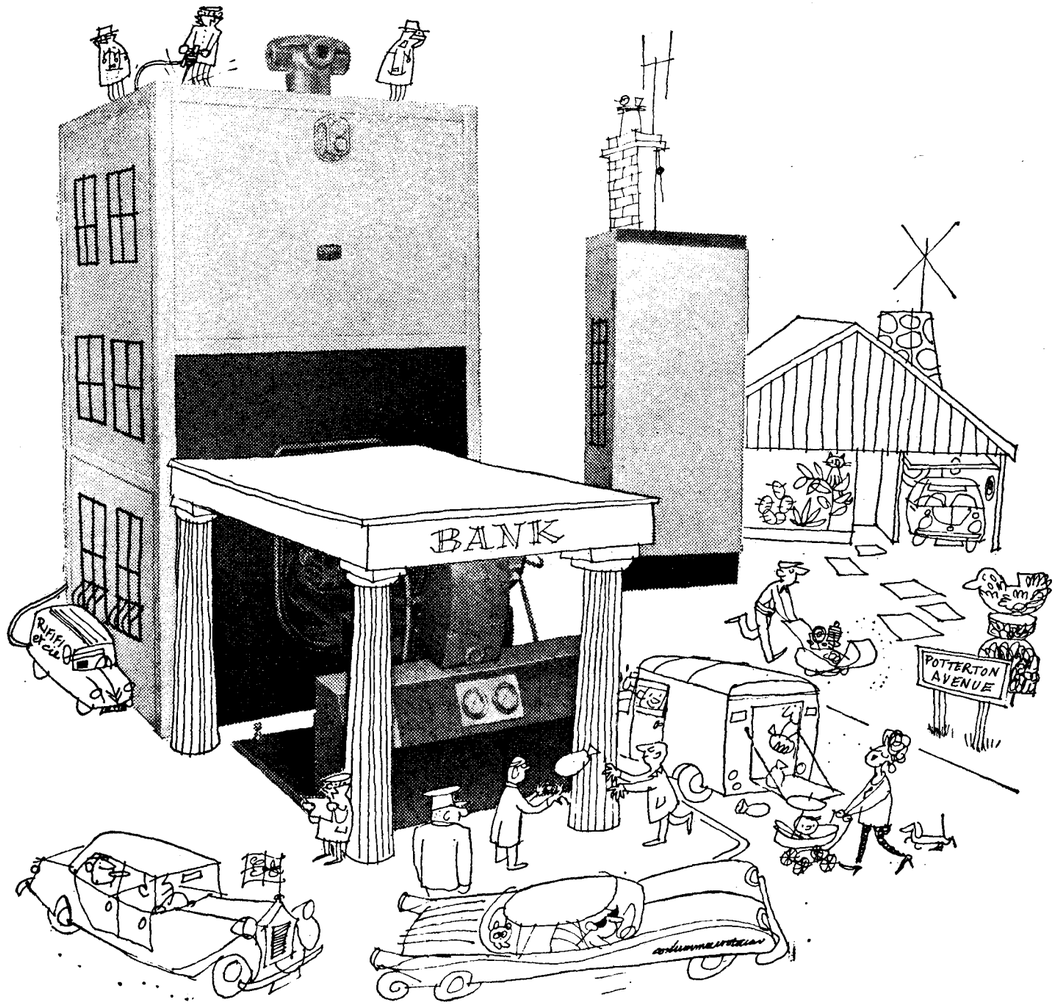
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Assets	£91,000,000

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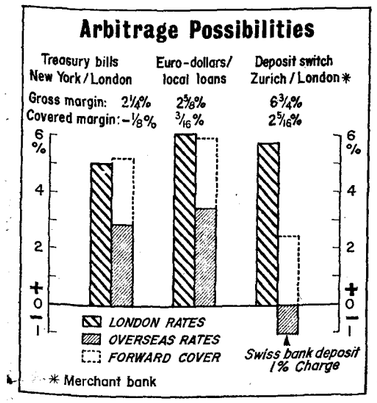
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that a further reduction is in the offing it may have had the opposite result. This certainly happened after the first cut in Bank rate last October, and the risk has been endemic in this whole Bank rate exercise. Since London money rates last summer were four clear points above those in overseas centres it should have been clear that the only certain way of stopping the inflow was to reduce Bank rate dramatically—to levels that would have left interest rates outside the short term money market a good deal lower in Britain than elsewhere. Official policy on interest rates still lacks any real rationale.

While the inflow of funds has continued, and spot sterling has actually risen to a new



peak for the year, approaching $2.81\frac{1}{4}$, the mood of the market has not been uniformly buoyant. It is notable that the discount on forward sterling fell by only about half as much on an annual basis as the ½ per cent fall in the interest differential, so that on the Treasury bill comparison there is now actually a slight margin on covered arbitrage in favour of New York. In 1960, by contrast, London enjoyed a covered margin of well over one per cent. One element now keeping the forward margin relatively high is the existence and use of other, more profitable arbitrage circuits. But there is a more important element, which has had little attention. The forward discount is being kept up by some significant short selling of sterling from New York.

Professional operators there are making outright forward sales of sterling in the expectation not of a devaluation but of a straight weakening of the spot exchange rate within the existing margins—which is always a possibility when the spot rate is near its peak. Since the forward discount is now $1\frac{3}{4}$-$\frac{5}{8}$ cents for three months, operators are banking on the spot rate dipping below parity when seasonal and psychological pressures turn against sterling in June. This interesting phenomenon of the building up of a short position in an outwardly bull market is also evident in the high rates being paid for sterling deposits in Paris ("Eurosterling"); three months' deposits command 6¼ per cent. These dents in sterling's bull position suit the authorities quite well, since, by keeping up the cost of forward exchange cover, they act directly on the covered interest margin —more effectively than minor changes in Bank rate. And at a time when professionals are contemplating a significant fall in the spot rate it would be surprising to see any big increase in the volume of foreign funds coming to London uncovered.

Some clues to last autumn's inflow are contained in the excellent latest issue of the Bank of England bulletin. The commentary on the financial markets is further improved: it is more up to date and more informative. Indications are given of movements in sterling balances and gilt-edged transactions in individual months (it is to be hoped that the next step will be to publish the figures) and the concentration of buying of both sterling and gilt-edged into October is confirmed. The Bank also ventures the estimate that the inflow of foreign funds in the three months to mid-December was £150 million—but as this includes leads and lags it does not add greatly to existing knowledge: indeed, the total inflow of funds in this period appears to have been considerably larger. More interesting, perhaps, are the figures for overseas and foreign banks in the last quarter of 1961, which show a rise of £40 million in loans to local authorities and of £13 million in their holdings of gilt-edged.

Rates After the Cut

THE Treasury bill rate fell by the full ½ per cent to a fraction over 5 per cent at the tender immediately following the Bank rate cut. In the four weeks before, the market had actually pushed the bill rate up, from under 5¼ per cent to over 5½ per cent. The authorities have forced the market to borrow from the Bank of England at Bank rate on only one occasion since the rate changed; this restraint may not last, however, if the market starts to push the bill rate down too quickly. In its quarterly bulletin the Bank of England gives, for the first time, monthly totals of its loans to the discount market. The new information gives some quantitative guide to those carefully chosen adjectives that the Bank's discount office uses when describing market borrowing. Thus, borrowing on June 30th of last year, now shown to be £33 million, was described at the time as "very large"; the £6 million borrowed on March 8th was described as "small." In October-November, when the Bank was putting strong pressure on the market to check the fall in the bill rate, the gross amount advanced was £91 million.

Rates in the local authority loan market eased considerably after last week's Bank rate cut; the rate on seven-day money has fallen from 6⅛ per cent to a fairly shaky 6 per cent. Money for periods of one to six months is finding few takers at 6½ per cent and one dealer has placed three months' money at 6 per cent. The cause of this sudden ease, at a time of year when local treasurers are usually actively bidding up rates to meet their heavy payments of interest and principal to the Public Works Loan Board, is generally traced to the acceleration, since last Thursday, in the inflow of foreign funds, which come to the market mainly through the merchant banks and overseas banks. At the same time, demand from local treasurers is not so strong this year because many of them, having had to pay heavily in previous years for funds to take them over the end of the financial year, this year took the precaution of securing substantial amounts of three-months' money in February. It is also reported that the clearing banks are being more liberal in letting treasurers increase their overdrafts, which, at 6 per cent, are as cheap as seven-days' deposit money.

CANADIAN DOLLAR

Must Canada Stabilise?

CANADA'S exchange authorities are no longer smoothing out minor fluctuations in the value of their currency, still less are they holding its value down. Since the beginning of the year they have been engaged in major support operations of the opposite kind, to hold it up. These operations depleted the official reserves by $133 million in January; the February fall is now shown to be a further $175 million, a still sharper drop than market observers had expected. In the two months together Canada's reserves have fallen by some 15 per cent, and at $1,747 million are equivalent to little more than 20 per cent of a year's imports. Admittedly a freely floating exchange rate should partly dispense with the need for reserves. But at present, Canada's exchange is not being allowed to float in any real sense. The exchange authorities are defending the rate at its present level of just under five cents discount on New York with the same determination as if they had a formal obligation to defend a fixed parity. On Tuesday this week, Mr Fleming described this policy as "very beneficial."

The new tactics adopted by Mr Fleming last summer, of using the exchange fund to push down the value of the Canadian dollar to a "significant discount," have, after all, set off forces beyond the authorities' control. In the early stages, while the business community was still slow to realise what was happening, it seemed difficult to get the Canadian dollar down as far as the authorities wished. Despite substantial official purchases of United States dollars, the discount seemed stuck at 3 cents. Then it began to widen, to five cents; and the Canadian authorities evidently decided that this was about right.

By now however the confidence of the market had been sapped. The steady fall in the rate—two years ago Canadian funds were at a premium, not a discount, of 5 per cent on New York—has given the Canadian dollar the fatal connotation of a depreciating currency. A rise in customs receipts in

the past few months suggests that a new rise in imports may have contributed to recent exchange pressures. But the major factor has clearly been speculative selling —and by no means all by professionals. They sold last summer. Now that a "significant" fall in the rate has taken place it is the ordinary American investor, lamenting the depreciation in his Canadian assets, who is covering his exchange risk against further depreciation. If the Canadian authorities have really decided that a 5 per cent discount on New York is an appropriate level for their currency, they may find that the only practical way of holding it is to stabilise *de jure* as well as *de facto*. A floating rate that fluctuates sufficiently to bring in stabilising purchases by speculators themselves has clear technical virtues. A nominally floating rate that is held rigid by an exchange authority that has previously engineered a slow depreciation has none.

STOCK EXCHANGE

Changing the Rules

THIS week 300 members of the London Stock Exchange have been issued with small pocket radio receivers and instead of "watching the lights" to see if their offices wish to get in touch with them they can be

RESTRICTION AND MONOPOLY

Common Market Hoops

IF Britain goes into the common market (and even if it does not) our industrialists will have to learn something of the new regulations of the European Economic Community on restrictive practices and monopolies, which may touch on their own trade agreements with companies inside the Six. Presuming that Britain goes in, these regulations will supplement the disciplines imposed by the Restrictive Trade Practices Act and the Monopolies Act (even if these may have to be amended somewhat to accord with European practice). Basically, the regulations accepted in Brussels at the beginning of this year, and recently spelt out by the common market commission, govern inter-state commerce; that is, they supplement rather than supplant the restraints upon cartels and monopolies that each member state imposes within its borders. But they may, eventually or incidentally, reach down inside individual economies.

Businessmen who consider an attachment to "atomistic" free competition out of date and liberal economists who retain, in varying degrees, such an attachment have both been curious to discover whether these EEC regulations look hard or soft towards monopolistic business behaviour. The published regulations, and the views of the Brussels officials who will have to work them, leave the inquirer still curious: all depends on how they are worked. These regulations involve judgments whether the effects of trade agreements or market concentration are harmful in particular cases; in this they resemble the rules of most countries in the six and also of Britain, and they are in contrast to the *per se* condemnation of anything that restrains competition which forms the backbone of the American anti-trust code. However, as against the reservation of powers to Britain's Restrictive Practices Court—and the powerlessness of the Monopolies Commission unless it is supported by a President of the Board of Trade with positive views against monopoly—the EEC regulations put this judgment into the discretion of an administrative department of the Brussels Commission, subject to review by EEC's Court of Justice.

The regulations have been made to put into practice Articles 85 and 86 of the Treaty of Rome. Article 85 concerns

> agreements, decisions and concerted practices that are likely to affect trade between member states and to limit competition within the common market (unless they improve distribution or promote technical progress "for the ultimate benefit of consumers.")

Article 86 deals with

> any abuse of a dominant position within the common market affecting trade within the member states.

Both forms of restraint on competition, when shown to fit the definitions, are prohibited.

The regulations, as finally agreed, exempt agreements where only nationals of one state take part and neither imports nor exports between member states are affected (assuming the individual governments should take care of these); exclusive dealing contracts, or licensing agreements for patents or knowhow, between two parties only; and agreements covering simply standardisation or joint research. They put the responsibility of reporting agreements, or of seeking authorisation of exemption, upon the parties to the agreement, the businessmen concerned. But the commission itself gains considerable powers to demand information from companies and from trade associations. And it can also initiate inquiries where it suspects that competition is being restrained in whole sectors of common market trade, either by trade agreements or by the abuse of a single firm's dominant position. Investigation, on its behalf, will be carried out by the "anti-trust" departments of each member state; but the commission, as well as the state concerned, may decide that these departments need its own help.

This "anti-trust" department of the commission in Brussels, therefore, will combine most of the powers of Britain's Registrar of Restrictive Practices, Restrictive Practices Court, and Monopolies Commission, with considerably more initiative in inquiry than the last of these authorities possesses. It can fine enterprises or trade associations up to $5,000 for supplying false or incomplete information; up to $1,000,000, or 10 per cent of annual turnover, for infringement, wilfully or through negligence, of Articles 85 or 86 of the Treaty; and up to $1,000 a day for failing to bring prohibited agreements to an end.

These regulations thus leave the onus on business companies and associations to decide whether to submit their agreements to the commission, but can penalise them heavily if they do not and it later decides that undisclosed practices infringe the treaty. It could, potentially, become a powerful administrative "anti-trust" department with powers of administrative decision comparable to those of, say, the Federal Trade Commission in the United States, as well as the investigating responsibilities of the Department of Justice. There is however no guarantee that it will. Departments within the Brussels Commission have to develop beneath the vigilant and often jealous eye of the Council of Ministers. In the field of single-firm monopoly, moreover, its regulations remain vague. The commission has yet to decide what proportion of any market should constitute "a dominant position" for an existing enterprise; and it has no powers—as British authorities at present have none—to act against the establishment of such a position by mergers.

The inclination in Brussels at the moment seems to be to feel that the proportion of common market trade in a particular line that should call for scrutiny of a single firm's behaviour might be a fairly low one (perhaps even smaller than Britain's one-third?). In spite of the presumption that the common market will bring about more competition among big units than any single country now enjoys, a company commanding say a quarter of Europe's trade in any field might soon develop into a very big company indeed, with considerable market power not only locally but across national frontiers. But the definition of dominance that it finally chooses, and some other aspects of EEC's "anti-trust" procedure, may still require much more argument to dovetail with the varying codes of EEC's six, seven, or more members.

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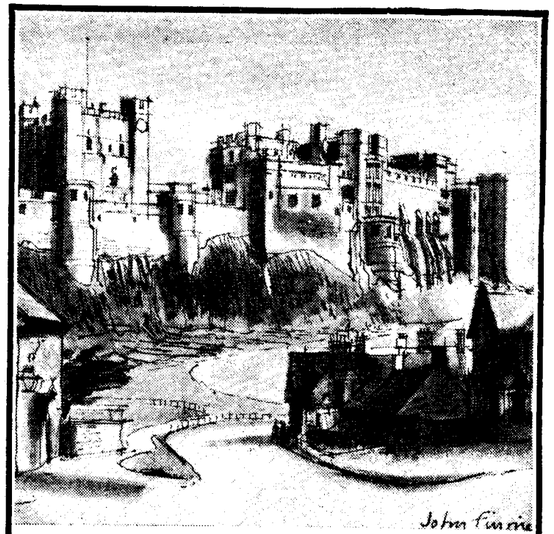
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notified individually by a "bleep-bleep" in their pockets. This is a simple instance of the stock exchange keeping up with the times. The proposed changes to the rules relating both to members and firms are a much more important example, governing largely the qualifications and requirements of membership and the accounts to be kept by member firms.

It is proposed that a candidate for membership must have had at least two years' training with a member firm. Surities will not be required in future but instead a candidate will have to obtain a proposer and seconder (though they will be under no financial obligation in the case of a default). The surities, usually £500, have now been effectively superseded by the compensation fund and the council clearly feels experience gained in the two-year qualifying period and a testimony from the proposer and seconder (and if needs be from a partner in the firm in which a candidate underwent his training as well) will provide better evidence of his ability and his eligibility for membership. The framing of this rule suggests that the time may not be far distant when a candidate will have to pass an entrance examination before becoming a member.

In future the council will require advance information before a new firm is formed, or, a member is taken into partnership or a partnership is dissolved. The present rules require this information only when the formation, dissolution or alteration has taken place. Among the firms that will be affected by the new ruling will be 17 one-man firms (nine brokers and eight jobbers) who have until March, 1963, to conform with another new rule that every firm must have at least two partners.

Among the most important of the proposed changes are those relating to the accounts of broking and jobbing firms. In future the accountants' report on them will have to be submitted to the council within six months of the balance sheet date. If the council is not satisfied with the report it will have the power to call for further information, including a report from independent accountants, and if necessary to suspend the firm or any of the partners from trading.

One of the major requirements will be that the firms will have to maintain on capital account a balance sufficient to ensure a "minimum margin of solvency." This excess of assets over liabilities cannot be less than £10,000 for a broking firm and £15,000 for a jobbing firm and in any case it must not be less than the sum obtained from multiplying £5,000 by the number of partners in the firm. The new rules have been designed to improve the standard of membership and the capacity of firms to carry on their business. They clearly provide additional safeguards to the investor and they should go a long way to offset any anxieties that may have crept into their minds as a result of one or two much publicised "hammerings."

NATIONALISED INDUSTRIES

Public Accountability

THE report of the Select Committee on Nationalised Industries published this week is important for its omissions rather than its content. The directors of nationalised industries may feel they get more than their fair share of public criticism but the Select Committee, first set up six years ago, is in fact the only forum where they can be called personally to account. But since it seems likely to take the best part of eight years to work its way round the nationalised industries—it has not yet reached electricity and may soon have to add airports to an already long list—the present members thought that a good way to keep the boards on their toes might be to check what they had done about putting its recommendations into effect. On this week's evidence, it is a good idea that failed to come off.

The committee must bear a measure of blame for this failure. The industries chosen for the first follow-up were the National Coal Board, the two air corporations and the North of Scotland Hydro-Electric Board. The issues raised with the two power industries were of minor consequence. The Scottish hydro-electricity authorities said that efforts to get fixed price contracts, as the committee had recommended, were baulked by the refusal of manufacturers to quote fixed prices. The Coal Board said that it now co-operated more closely with the Ministry of Power on major investment projects but most of its evidence was devoted to explaining why, after seven years and the expenditure of £8 million, it is still no nearer the large-scale production of smokeless fuel. Rumours of successful methods devised on the continent made the committee politely sceptical and while it "emphatically" reaffirmed its "disappointment at the slowness of progress in this field," which was stressed in its original report on the NCB of five years ago, there was nothing here to set the Thames on fire.

Questions in the Air

THE Select Committee, which gave half its report to a study of the air corporations, re-affirmed that both had "the primary duty . . . to operate as successful commercial organisations." But having re-stated this admirable though sometimes disputed principle, the committee inexplicably passed up the opportunity to ask the British Overseas Airways Corporation why it was not doing so. The earlier report of the Select Committee into BOAC's affairs six years ago spotlighted alarming discrepancies between the corporation's costs and those of other airlines at a time when its fortunes were just beginning to turn down. Since then, the corporation has lost more than £11 million in four years and its loss for the present financial year is admitted by BOAC at about £10 million. BOAC can, indeed, show striking reductions in operating costs, in maintenance costs and improvements in output per head, yet its fortunes continue to deteriorate in a distressing manner. How, with the results of the past years before it, can the committee seriously say that "the latest available statistics seem to your committee to reveal an improvement in BOAC's performance"? Or did the committee perhaps omit to look at the financial results? Yet even if it did, how could it close its eyes to the evidence of tables produced by BOAC itself showing that its staff get through three-fifths the work of Pan American, and barely half the work of TWA? This sliding over of painful issues makes the Select Committee a Basenji among watchdogs.

So does the easy way that the committee appeared to accept the corporation arguments that the Government and the aircraft industry should stop trying to recoup the development costs of civil aircraft out of sales. Aircraft manufacturers the world over expect to spread development costs over sales and it is no use being beastly to Dr Bronowski about his briquettes on one page and then saying "your committee welcome . . . this trend of increased expenditure by the Government on development costs (of aircraft)" but is "unable to judge whether the Government's contribution to development costs is large enough to put the corporations on a basis comparable to that of their competitors; but they take note that the two corporations do not appear satisfied with it," as if the industry must be subsidised for the airlines' convenience.

EXPORT FINANCE

£14 Million for Peru

HELPED by the new long-term financial guarantees provided by the Export Credits Guarantee Department, the City has recently committed itself to put up some substantial amounts for medium-term export finance. Heads of agreement were signed this week for a loan of £14 million repayable over fifteen years to cover British participation in a hydro-electric project at Mantaro in Peru, which is to be constructed by English Electric, George Wimpey and Siemens-Schuckertwerke AG. The total cost of the project is around £30 million, and rest of the finance is being provided by Germany's Kreditanstalt für Wiederaufbau and by the Peruvian government.

The City's £14 million is being channelled through the consortium of commercial banks, insurance companies and pension funds that Lazard Brothers formed for this purpose last year. The original commit-

ments to this consortium were almost wholly taken up by one single project, a steel mill for Jugoslavia, costing £28 million and requiring credit of £21½ million; it is hoped to get final signatures on this contract in the next month or so. For the Peruvian project the insurance companies provided additional resources for the Lazard's consortium and they have not set these off against their promise of £100 million over the next five years for the new centralised insurance finance company. This is being formed to supply credit at fixed rates of 6½ per cent, in association with credit for the first five years provided by the clearing banks at 5½ per cent. Because the money in the Lazard's consortium was committed well before this new scheme was launched, it does not fall exactly under the new terms. But Peru will still get its money at a fixed rate, which is understood to be on broadly the same basis as under the new scheme.

In another financing arrangement made before completion of the new scheme, a consortium arranged by Hambros Bank will put up £2.6 million for ten years for a second 80,000 ton tanker being built at Belfast for Norwegian owners. In this case the interest rate will apparently be on the old variable basis. In the past twelve months Hambros has arranged the financing in London of merchant ship contracts of a total value of some £15 million. The total cost of the latest order will be £3½-4 million; it is a fixed price contract for a tanker that so far has no fixed charter.

BUILDING SOCIETIES

Halifax Marks Time

THE biggest building society in this country, the Halifax, had much the same experience as other leading societies last year. The net inflow of investment funds fell in the middle of the year but revived in the last quarter following the rise in building society interest rates. Over the whole year to January 31st its net inflow of savings was practically unchanged, but the Halifax did not repeat its 1960-61 policy of deliberately reducing its liquid funds, choosing instead to reduce the amount advanced on new mortgages. Indeed, the Halifax has reinforced its liquidity ratio from 15.2 to 16.5 per cent and its reserve ratio from 3.51 to 3.56 per cent. In a difficult year it has, in fact, been orthodox and conservative and it must be wondered whether it will pursue the same independent line, both on interest rates and in its relations with other societies and their association, as it did under Mr Algernon Denham's sway.

Years to January 31	1961 £'000s	1962 £'000s
Receipts from investors	112,292	121,825
Withdrawals by investors	79,424	89,453
Net receipts	32,868	32,372
Mortgage advances	102,536	87,899
Mortgage repayments	68,024	76,815
Liquid assets	74,557	89,589
Total assets	490,544	543,513
Reserves	17,237	19,355
Liquidity ratio	% 15·2	% 16·5
Reserve ratio	3·5	3·56

ADVERTISING

Anti-campaigning

CHILL blasts have blown on the advertising industry this week, from two contrary directions. On the one side it has been urged, with increasing fervour, that the advertising of cigarettes should be forbidden or severely curbed so that sales are cut, particularly to the young. On the other, Unilever has introduced an experiment with one of their detergents whereby severe cutting down of advertising and publicity gimmicks will make it possible to sell more of the product at a time. Hitherto cigarettes and washing powders, by reason of the extravagant battles between often indistinguishable brands, has been top money spinners for most branches of the advertising trade, particularly television companies. The Unilever step is to sell its well-known brand, Surf, in the London area in packets containing 18 per cent more detergent, for the same price as before. The extra value comes almost entirely from reduced advertising.



Responding, none too promptly, to widespread criticisms of the absurdities of much soap-selling, Lever has chosen to emphasise fair play. The packet, labelled "Square Deal Surf" is in sober and seemly contrast to the standard garish style. The biggest innovation is a prominent guarantee that if it is found to contain less than the stated weight money will be refunded. The other Unilever detergent, Omo, already carries an accurate but minutely printed statement of net contents; Hedley products, in the same size packets, do not—a random packet of Daz, now the top-selling detergent, contained one ounce less than a 16 oz. Omo.

It must be admitted that Unilever had other good reasons for wanting to cut down its publicity for this particular product. Last year advertising on Surf was 75 per cent of that on Omo but Surf, nearly identical but always the weaker product, still sells in only half the quantity. Unilever admit they could not have risked the experiment with a bigger seller; this reason, and the uncertainty of public response to common sense rather than publicity, is some comfort to the advertising men.

On the cigarette side, another crumb of comfort may come from the launching of government counter-propaganda, to be set against the £10 million cake of manufacturers' advertising. But there is a snag here too. Unless cigarette advertising is forbidden entirely, virtually all the main agencies will still have a cigarette account. On the principle of not running rival campaigns under the same roof, who will take on anti-smoking? Sir David Eccles tried his hand at copywriting the other day—he may have to take it up seriously.

MONOPOLIES

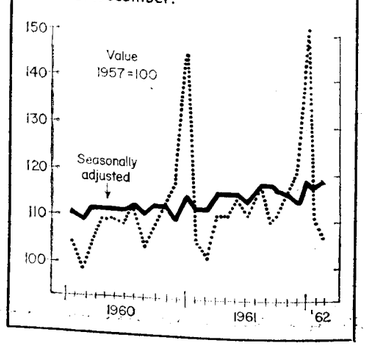
A Bill for Divestment

SIR JAMES PITMAN'S little Bill to give the Board of Trade the power, which it now lacks, to require a company to divest itself of shares in any wholly or partly owned subsidiary or associated company, where the Monopolies Commission has ruled that the ownership of such shares is monopolistic in character and harmful to the public interest, must be welcomed as an attempt to put even a little stiffening into the Government's flabby attitudes. It would at least prevent the President of the Board of Trade from being able to plead in such a case as Imperial Tobacco and its holding in Gallaher that he had no power to compel divestment—though in this case it was clear that he would not have been minded to use it even if he had it. The same would be true of the ICI-Courtaulds holding if at some future time the Monopolies Commission found that this was monopolistic in character and harmful to the public interest.

Although this Bill has highly respected support, its legislative chances cannot be put very high. Seeking leave to introduce his Bill on Tuesday, Sir James made some pointed comment on the 37 per cent holding that ICI now has in Courtaulds; this, he claimed, gave ICI effective control in the sense that Courtaulds' directors must continually be looking over their shoulder at the possibility that this 37 per cent holding might be cast in one solid vote against them and thus represent in effect the single controlling force against an array of widely disseminated small holdings. He went on to make the additional point that the distribution of the shares of the taken-over company to the owners of the taking-over company will enable the latter to cast their votes directly rather than indirectly. "The essence of the 37 per cent control," Sir James said, "is that a block vote can be cast solid; if an undertaking is given to the Board of Trade that such votes will not be so exercised, one will have made absolute nonsense of the Companies Act and the control of shareholders over their boards' directors."

RETAIL SALES

Retail business continued at a high level in February. The Board of Trade provisionally estimates that the seasonally adjusted index of retail sales (1957 = 100) was 118, slightly above the January figure and back to the record level of December.



AIRCRAFT ORDERS

TWA's Troubles

WHEN the world's biggest international airline, Trans World Airlines, runs into financing difficulties, the shock is registered in the board rooms of all the aircraft factories of the West. An airline of this size cannot endure without aircraft, but TWA's modernisation has been held up while the board has tried to disentangle itself from Mr Howard Hughes—with the success that a ball of wool might expect to escape from a kitten. Re-equipment that other airlines have spread over several years—and with wiser purchases—has to be compressed by TWA into a short period; the airline finds itself attempting to raise sums that borrowers are reluctant to lend, particularly since its financial results last year showed a crushing $17 million loss.

TWA appears to need roughly another $400 million worth of new jets for its long, medium and short routes. For the short routes it ordered 20 French-built Caravelles last autumn, to cost about $100 million; the French have repeatedly postponed their deadline to give TWA time to raise the money and chances of finding it before last date in May grow daily slimmer. Equally, it seems to be in trouble with the 26 big Boeing jets on order to supplement the 31 in service. Certainly Boeing has taken steps to meet TWA in a manner that must strike a chill in the hearts of manufacturers. The order for 26 (the first due to be delivered

TANKERS

Whose Guesses About Demand?

BETWEEN 1938 and 1955 world consumption of petroleum products rose by about 180 per cent. Seaborne movement of oil, however, rose by 200 per cent. The world tanker fleet was 167 per cent larger in deadweight tonnage, with a further increase of perhaps 20 per cent in carrying capacity arising from the fact that its average speed had risen from 11 to 14 knots. Oil company forecasts—and the tanker building programmes based upon these by both the companies and the independent tanker operators who serve them—were in that era of the mid-fifties based upon the firm assumption that the ton-mileage of seaborne movement of oil would rise faster than world demand for petroleum products.

It was upon that basis—and upon the shorter-term signs of higher demand at the time of Suez—that the tanker building programmes now being completed, after pruning meanwhile, were planned. They have resulted in an addition of 15½ million tons dw of new tankers during the last four years, with perhaps 2½ million tons to be launched this year; though some vessels have been scrapped, the world fleet is now of the order of 67 million tons deadweight, with about 1½ million tons idle and perhaps one million tons of tankers having temporarily switched to the carriage of grain.

Nevertheless, some of the world's independent tanker owners, notably the Norwegians, are beginning to chance their arms and order new ships—not on the firm time charters that they had in the fifties (which have served them well even through the subsequent slump in voyage rates), but truly speculatively, without any employment fixed at all. Some of the new buildings recently financed by Hambros for British yards—where, as elsewhere, shipowners can get extremely attractive terms with builders' margins pared down to a level where the work does not fully cover overheads—have been of this kind. One result is that building contracts rose for the first time since 1957; orders for 3 million tons were announced in the second half of 1961.

IT is the business of these independents to assess the medium run of the market better than their clients, the oil companies: that is how they make their money. Nevertheless, the major companies are now warning their suppliers of marginal tonnage that the current slump is more than a temporary fluctuation following a bout of over-ordering—and that for a time, at least, the seaborne movement of oil seems likely to grow more slowly than world oil consumption.

In Oslo last month John Kirby, managing director of Shell Tankers, spelt this out in an address to Norwegian tanker owners. First, he said, oil consumption itself seemed likely to be increasing more slowly than in the fifties, though healthily enough (6 per cent annually against 10 per cent in the fifties). Secondly, various new factors were interrupting the continued switch to Middle Eastern sources upon which in the mid-fifties it had been assumed that the average distance that oil moves to market would become longer.

The biggest element here is an urge to self-sufficiency, in one way or another. The United States, which is self-sufficient but which on grounds of costs would steadily have become less so by shifting to lower cost foreign oil, is for the present committed to restrict imports. Quite a number of countries have developed their "own oil" inside their own frontiers (e.g. Argentina), within dependent territories (now, possibly, Portugal), or within territories associated in one way or another (Algeria, with France). Some of these newly developed territories may become significant world exporters, such as Algeria and Libya; and they are closer to major importing areas such as Europe than the Middle East producers are. Russia has returned to the world oil market as an exporter, as forecasters ought probably have expected it to; but the size of its future exports, still a matter for debate based on guesswork, could probably not have been reasonably guessed then.

Finally, there is one technological shift within transport; pipelines from the Mediterranean coast to Central and North-West Europe will for a time depress the ton-mileage required to supply a given tonnage of oil to European consumers, though by opening up these markets to oil they may eventually boost demand for tankers. Technical developments within tankers themselves have no necessary influence upon the ton-mileage required. If demand for tankers grows more slowly than the world fleet, however, the companies chartering tonnage will be able to become even more discriminating in their choice of size and speed. Moreover, though the movement of petroleum products is likely to continue becoming proportionately less important as against crude oil movement, its requirements are becoming more specialised (for example with vessels to carry liquid gas). Mr Kirby, in his Oslo lecture, guessed that the ordinary products tanker would be replaced by a "white products tanker" or "black products tanker."

in a week or so) has been cut back to 18, and Boeing has arranged to lease five aircraft to TWA. The engine manufacturers, Pratt and Whitney, have agreed to "lease purchase" the engines for all 23 aircraft. The manufacturers are thus carrying a fair amount of the financing and in return TWA has ordered ten of Boeing's new medium-range jets.

WHEAT

Ranging Higher

THOUGH overshadowed by—or possibly partly because of—the emergence of the common market and discussion of cereals under the General Agreement on Tariffs and Trade, the International Wheat Agreement continues to draw in more adherents. The expected admission of Russia to a virtually renewed agreement for the three years from the end of July will bring in exporters of virtually all commercial supplies of wheat. It will also mean recasting the schedule of percentages that each importing country agrees to purchase from members. France is an important seller of wheat and West Germany a large importer. Because of common market commitments provision has therefore had to be made for the possible sale of wheat to Germany by France at higher prices than those contained in the international agreement.

As always, a new price range was the trickiest problem. Allegedly for the sake of five cents a bushel, Britain dropped out of the IWA in 1953 and was only induced to return in 1959 when the maximum price was lowered to $1.90 a bushel. The new maximum was fixed 2½ cents below the 1953 level, but the lower limit has been raised 7½ cents above the 1953 minimum by lifting the whole range by 12½ cents a bushel. The new range of $1.62½ to $2.02½ a bushel has a spread of 40 cents compared with 50 cents in 1953. Because of smaller crops and a bigger appetite for imported wheat, principally in China, Canadian prices for wheat are already near the maximum under the expiring agreement. If the Wheat Council made a "maximum price declaration" in respect of an exporting country, it would be required to make available to importers at the maximum price its commitment of wheat under the agreement.

With minor exceptions, the wheat trade normally manages to operate comfortably within the limits set by the IWA and there is every prospect that it will continue to do so for the next three years. The decision on prices has no immediate market significance. Traders who bought early are still selling Canadian wheat several cents a bushel cheaper than the Canadian Wheat Board's published price and showing a profit. So it is a little too early to speak of a further rise in the price of bread, though there has been talk of it. Bakers always seem to be itching to find a solid reason for adding a halfpenny to the price of a loaf partly to help defray less specific rises in the cost of production. But since the last round of increases in January, the cost of Canadian wheat has fallen.

IWA PRICE RANGES*

	Minimum $ a bushel	Maximum $ a bushel
1949–1953....	1·50‡	1·80
1953–1956....	1·55	2·05
1956–1959....	1·50	2·00
1959–1962....	1·50	1·90
1962–1965†...	1·62½	2·02½

* For No. 1 Northern Manitoba Wheat in store Fort William or Port Arthur. † Proposed range. ‡ First year only.

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BUILDING

Less Work, More Pay

THE building industry is having to absorb the effects of last autumn's sharp wage increase (of about 10 per cent) and prepare for the possibility of having to meet further "substantial" claims at a time when it can no longer rely on the very high level of demand to which it had become accustomed. Allowing for the increase in prices as a result of the wage rise, output declined by 2 per cent in the last quarter of 1961 compared with the previous three months, and new orders fell by as much as 8 per cent; compared with the same period of 1960 they were 5 per cent, or £26 million smaller. Not so long ago there were shortages of bricks: but manufacturers had 307 million piled up in their yards at the end of January, 55 per cent more than a year earlier, and are offering immediate delivery. Bad weather at the turn of the year is certainly not the only reason for this swollen stockpile.

Though both work done and orders received were higher than ever for the year 1961 as a whole, they may well be lower in 1962. The drop in industrial building orders is sharper than had been expected—they fell to £60 million in the last quarter, the lowest since the summer of 1959. Dear land and money continue to hamper private housebuilding. Other types of private building, such as shops and offices, are still increasing; so, to a lesser extent, is public authority housing. But a number of local councils are complaining bitterly at steeply increased tenders. The index of building costs of three bedroomed council houses (excluding land and services) has gone up 50 per cent in 10 years, and 15 per cent of the increase occurred last year. If the fall in demand becomes sharp and lasting, prices are going to look out of proportion.

AIRCRAFT FUEL

Burning Issue

THE Ministry of Aviation's cautious, judicious report on the relative proneness of two types of aircraft fuel to burst into flames is going to be widely misinterpreted. Fifteen months ago, Lord Brabazon raised a bogey that many people thought had died. It was simply this: gas turbine engines will burn paraffin; cold (but not hot) paraffin is known to catch fire with reluctance compared with petrol; airlines that persist in burning a crude form of petrol in their jets are therefore careless of safety. QED. The fact that refineries have a good deal more of this crude petrol (a wide-cut fuel consisting of a mixture of low-grade petrol and paraffin very different from high octane spirit) than paraffin, and no visible market for it other than the airlines' jets, lent sinister undertones to the dispute and the Ministry set up a working party to resolve the issue.

Its findings deal solely with the relative fire risk of the two fuels and conclude, cautiously but unequivocally, that while there are many kinds of aircraft accidents in which one fuel will burn as readily as the other, there are also some where paraffin might be expected to catch fire less readily than the wide-cut petrol and to burn more slowly. But there is not enough statistical evidence to prove the issue either way. This finding may cause worry and distress, not only to aircraft passengers but also to those airlines (they include Pan American and Trans Canada) that use the wide-cut petrol in preference to paraffin because their engineers believe that paraffin too has its drawbacks. For the peace of mind of the passengers, it is regrettable that the Ministry concentrated narrowly on flammability which, according to arguments on the other side, may be only one aspect of the relative safety of the two fuels.

COTTON TEXTILES

Unkind Cut?

RELIEF — mainly psychological — was afforded western manufacturers by the negotiation of a five-year agreement regulating international trade in cotton textiles in Geneva a month ago. The strong posse of American lobbyists at the conference were cock-a-hoop at its conclusion. But with the ink scarcely dry on the scheme which will control exports after the end of September, the United States asked for cuts in Hongkong's exports to America under the existing temporary agreement. Eight categories of exports were affected by the request, including gingham, sheeting, knit shirts and articles classified by American authorities as sweaters, cardigans and coats.

"To retain American goodwill" the issue of licences to export these goods from Hongkong was immediately stopped, though the ban was later lifted to permit shipments up to and including March 10th. Except in desperate circumstances, the Geneva procedure specifies a 30-day period of consultation in which restrictions can be negotiated. Hongkong has exceeded its minimum quota for exports of the items affected by the ban. But as far as is known, the United States has not demonstrated that its trade has been disrupted within the meaning of the agreement. It was announced this week, after much heartburning, that exports of these goods would not be resumed by Hongkong for the time being. Manufacturers were warned against entering into new commitments while further negotiations were conducted with the United States. The Hongkong government promised relief in proved cases of hardship resulting from the ban.

The ban will depress the whole industry as well as causing severe distress in some parts of it. Spinners and weavers have decided to reduce output by a third. One worker in three will lose his job. An obvious flaw in the international scheme is that it appears to have little sense of proportion. Sectors of the American industry whose condition appears to have improved in recent months have been saved from "disruption" at the cost of far more serious dislocation in Hongkong. Under the new long-term agreement, Britain will not be expected to make bigger concessions to Asian producers. Imports of grey cloth are falling spontaneously as stocks are reduced following the boom of 1960 and early 1961. In January, imports of grey cloth were little more than half the level of a year earlier, though imports of yarns and made-up garments were still high. It seems only a matter of time before manufacturers in Lancashire begin to see a little more business.

The British cotton industry has been so riddled by imports from Asia that a sharp reduction in imports would possibly cause some disruption now. At each level of manufacture, producers rely on substantial imports of materials. Continental manufacturers see this as a bar to Britain joining the common market and claim that Britain will have to choose between its present arrangements with Commonwealth manufacturers and Europe. But though free competition between Lancashire and the French industry, which has so far been exposed to only negligible imports of Asian textiles, will cause difficulties, it appears that negotiations in Brussels on this point have made fair progress.

OVERSEAS BANKS

Profitable Year

PROVIDING banking facilities in the world's underdeveloped areas can still be profitable. Published profits of three of the biggest overseas banks with their head offices in London, the Bank of London and South America, the Chartered Bank, and National and Grindlays Bank, have increased fairly steadily over the past ten years with Bolsa leading the advance. In the latest year to December 31st the published profits of each of the three banks, after the usual undisclosed transfers to inner reserves, increased by around 30 per cent.

The disclosed profits of the Bank of London and South America rose from £756,000 to £973,000 and would have been considerably higher but for the heavy setback, from £238,000 to £85,000, in the net profits of the recently acquired subsidiary Balfour, Williamson, and the loss of £45,000 on the first eight months' operation of the new Buenos Aires subsidiary Compañia Financiera de Londres. Sir George Bolton, chairman of Bolsa, complains that the Treasury's stiffer scrutiny of investment in the non-sterling area that followed last July's little budget, prevented the bank from transmitting to Balfour, Williamson in South America that part of the proceeds of last year's rights issue earmarked for Balfour, Williamson's working capital needs. Deposits rose by £19 million to £253 million in the year and expansion was spread fairly evenly among the bank's branches; in the two previous years, growth had been concentrated in the London branch. Unlike the chairmen of the other two banks, Sir George Bolton does not survey the territories in which the bank operates; this job is now done with great competence in the bank's fortnightly and quarterly reviews. Sir George concentrates on the world's problems. Europe is charged with "self-centred indifference to the state of the two major international currencies." Washington and Whitehall are presented with the possibility of having to choose between "the relative importance of their foreign and military policies and monetary stability." Sir George extends his sympathy to "the common man" who, he says, "is increasingly showing a healthy distrust of economic expedients accompanied by showers of paper money of ever-declining value."

The Chartered's disclosed profits in 1961 increased by 30 per cent, from £762,000 to £990,000, after an increase of £150,000 to £400,000 in the transfer to published reserves. Published profits of National and Grindlays rose by 34 per cent from £479,000 to £644,000. In order to maintain the relationship between capital funds and deposits after the acquisition of the Lloyds Bank's eastern branches National and Grindlays also transferred £850,000 from inner reserves to published reserves, and a one-for-four rights issue will increase the issued capital by some £1,140,000. During 1961 the bank joined the Hongkong and Shanghai Banking Corporation and S. Japhet the merchant bankers in forming the Exporters' Refinance Corporation to provide export credit up to five years.

SHORTER NOTES

British United Airways hopes to operate the first hovercraft service next summer between Hoylake, on the Cheshire coast, and Rhyl on that of North Wales. It would use the Vickers VA 3 hovercraft (which has yet to fly). BUA has applied informally to the Ministry of Aviation for permission to operate the service; whether the Air Transport Licensing Board has authority to give licences for hovercraft as well as aeroplane services is something that remains to be settled, despite the number of applications it has already received.

★

Net profits of British Wagon, the hire purchase company in which the Bank of Scotland has a 40 per cent interest, fell by 28 per cent in 1961 from £227,000 to £161,000, and the dividend is reduced by 2½ per cent to 10 per cent with a final of 5 per cent. Bearing in mind the recent results of other companies in this field these figures should not produce too big a frown.

★

Despite forecasts of a smaller cocoa crop earlier in the season, it now appears that production will reach a new peak. Gill and Duffus estimate that world production will be 1,209,000 tons this season—56,000 tons higher than the previous record in 1960-61. An increase in consumption of 10 per cent to 1,094,000 tons is expected in 1962, roughly the same rate of increase as in 1961. Lower prices helped to stimulate the rise in consumption. In Britain, total expenditure on chocolate and sugar confectionery rose by £7 million to £272 million last year. Expenditure on chocolate confectionery rose by £10 million but sales of sugar confectionery decreased. Since 1953, the first year of derationing, expenditure on confectionery per head of population has increased by 11 per cent. to 103s. 1d. a year. Prices have risen by 4 per cent.

COMPANY AFFAIRS
Comments on pages 1068 and 1069 on:
Hoover, Arusha, Newton Chambers, Canadian Pacific, Charrington, Calico, Woolcombers, Amalgamated Roadstone

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 1070 and 1071

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 1072

COMPANY MEETINGS

LORAINE GOLD MINES, LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S SPEECH

At the Annual General Meeting of Loraine Gold Mines, Limited, held in Johannesburg on March 8th, **Mr B. L. Bernstein,** the Chairman, said:

My Review in the Annual Report gave shareholders a comprehensive survey of the Company's operations up to the end of December, 1961. Now, as in previous years, I propose to bring you up to date in regard to development results at your Mine up to the end of February, and to elaborate on certain aspects arising from statements made in my Review.

DEVELOPMENT PROGRESS

During January and February a total of 15,340 feet of development was accomplished of which 14,653 feet were on Elsburg Reefs. Of 2,915 feet sampled on the Elsburg Reefs, 1,715 feet, equivalent to 58.8 per cent, were payable at an average value of 26.78 dwt per ton over a channel width of 28.4 inches, equivalent to 760 inch-dwts.

This development includes the first reef footage so far obtained South of No. 3 Shaft, all of which has been in the EA zone. Of 320 feet sampled in this area 46.9 per cent has proved payable at an average value of 738 inch-dwts.

In addition to these results, recent development North of No. 3 Shaft in the EA zone has disclosed a wide band of reef immediately above the lowest EA reef band. This reef, which is considered to be a composite of several bands which occur separately elsewhere, has so far been exposed over a distance of 150 feet in raises and winzes advancing North and South from the 48th level at No. 80 crosscut. 205 feet have been sampled and 73.2 per cent has proved payable at an average value of 12.82 dwts per ton over a channel width of 81 inches. The extent of this wide reef is not yet known, but is almost certainly confined to a relatively small block of ground about 100 feet from East to West and 400 feet from North to South. Sampling results from this reef are excluded from the total development figures and will be given separately in Quarterly Reports so as not to obscure the picture obtained from sampling results of normal reef development.

I mentioned last year that the main concentration of development would be in the No. 3 Shaft area where stoping tonnage can most readily be made available and this policy is still being vigorously applied in advancing haulages northwards. Reef development from these haulages has necessarily been concentrated in the EA zone, because, in most cases, an upper reef has to be mined ahead of underlying reef for reasons of safety, but reef rises between levels are being advanced on other horizons where intersections have shown payability.

The 48th level haulage has been completed; the 50th level haulage is now 6,300 feet North of No. 3 Shaft; the 54th and 56th level haulages 3,300 feet and 1,600 feet, respectively.

South of No. 3 Shaft good progress is now being made with the 46th and 48th level haulages, which form the spearhead of the exploratory development to the South. At the end of February the 46th level haulage had advanced 2,130 feet and the 48th level haulage 3,240 feet. Faulting has been intersected and diamond drilling is being carried out to obtain further structural information. Where a reef is in reasonable proximity to these haulages, limited reef development is being undertaken for valuation purposes. Where a reef zone is remote from haulages, prospect diamond drilling for valuation as well as for structural information will be done and the results obtained from such specialised drilling will be published in Quarterly Reports. When the main development North of No. 3 Shaft has been completed haulages to the South will be commenced on the lower levels suitably sited in accordance with structural information obtained by drilling from the upper levels.

In my Review, development results were analysed on a roughly regional basis by giving separate values for the Elsburg Reefs in the No. 2 Shaft Area and in the No. 3 Shaft Area. Although limited areas have so far been entered by development, it may help to clarify the picture if I give you an analysis of the progressive footage on Elsburg Reefs divided into stratigraphic zones.

The results up to the end of February, 1962, are as follows:

Zone	Footage Sampled	Payable Footage	Percentage Payable	Channel Width Inches	Inch dwt.
EA.....	26,145	16,555	63·3	35·3	716
EB.....	1,400	1,095	78·2	35·9	958
EC.....	410	190	46·3	37·5	530
ED.....	2,585	1,490	57·6	28·1	569
Total.....	30,540	19,330	63·3	34·8	716

An interesting feature of recent development in the EB zone has been found in the 81 crosscut on the 50th level and in a cross-rise from the 52nd level where a succession of reef bands occur in close proximity. The widths of individual reef bands vary from 14 to 76 inches and the waste partings separating them from 12 to 132 inches, resulting in a composite value of 7.0 dwts per ton over an overall channel width of some 840 inches. Intersections of reef in adjoining crosscuts, situated 500 feet to North and South show normal widths of EB reef at about 600 inch dwts and therefore this feature can only be regarded as an isolated occurrence of limited extent. Included in the total of 1,400 feet sampled in the EB zone which was referred to in the tabulation I have just given you is 200 feet of raise sampling on one of the lower bands of this succession of reefs, all of which is payable at an average value of 2,393 inch dwts. If the values from this raise had been excluded, the values of the EB zone quoted above would have been reduced from 958 inch dwts to 637 inch dwts.

Considered in conjunction with the wide reef in the EA zone to which I have already referred, it serves to emphasise the difficulty of assessing from work so far accomplished, the pay tonnage that will ultimately become available for mining.

Tonnage mined on Elsburg Reefs in the No. 2 Shaft Area, where payability has been confined to reefs in the EA zone, reached a maximum during the past year. Ventilation facilities at No. 2 Shaft have imposed a limit to expansion of mining operations in this area which is now being gradually replaced by stoping operations North of No. 3 Shaft where no ventilation restrictions exist and where progressive development values compare favourably with those in the No. 2 Shaft Area. At present stopes adjacent to No. 3 Shaft provide about 14,000 tons per month to the mill and new stopes are being opened up as fast as reef development permits.

During the latter half of this year sufficient stoping face should be available to give scope for stoping North of No. 3 Shaft at a higher grade. At that time it is expected that tonnage drawn from "B" reef stoping will have been reduced from the present figure of 34 per cent of tonnage milled to about 25 per cent.

Meanwhile, experimental work is in progress to determine whether the rate of surface sorting which was 14.8 per cent last year can be increased either by improving on the manual waste sorting currently in use or by introducing mechanical sorting. A radiometric sorting unit is still under test at a pilot plant on the Harte-beestfontein Mine.

Development footage in excess of that considered necessary to replace the depletion in ore reserves created by current stoping operations continues to be a charge against capital and at the present rate of development and stoping this is equivalent to approximately R1.4 per ton milled. This footage will be reduced during the course of the next two or three years while adequate ore reserves are being built up without affecting the cost per ton milled of development charged as a working cost. It is considered that it will be necessary to maintain an average total development rate of the order of 7,000 feet per month for the next two years.

As a result of the view that tonnages from the Elsburg Reefs may not be sufficient to support a long life it has become necessary to obtain an early indication as to what supplementary tonnage can be expected from other reefs, so that long term planning of mining operations can be undertaken.

EXPLORATION OF BASAL REEF

In the general vicinity of No. 3 Shaft it has been found that the Basal Reef conforms generally to the same trough formation as the Elsburg Reefs, with a steeply dipping western limb which brings the upturned reef to an elevation above the 54th level in the vicinity of No. 3 Shaft before it is cut off against the boulder beds on a line parallel with the cut-off of the Elsburg Reefs. It has also been found that whereas the thickness of strata separating the bottom of the ED zone of the Elsburg Reefs from the Basal Reef is about 1,100 feet at No. 3 Shaft, which is on the eastern side of the trough, this thickness is reduced to some 400 feet near the top of the western side. It is thus possible to intersect Basal Reef by advancing a crosscut about 300 feet to the West from the 54th haulage North. It is probable that the Basal Reef sub-outcrop falls entirely within the western boundary of the original Riebeeck Lease Area. You will remember that payable values occurred in the Basal Reef intersected from several surface boreholes in the general area of No. 3 Shaft, namely, Boreholes SB3, VDH1 and VDH4A.

It is now proposed to initiate exploration of Basal Reef in terms of the Riebeeck flotation agreement, by means of limited development by two crosscuts from the 54th level haulage and by underground boreholes drilled from the 54th and 56th levels with the object of determining whether payability extends up the western limb to elevations which could ultimately be exploited from the existing Loraine shaft system. It is also hoped to determine whether khaki shale is still present at the higher elevations, and, if so, to what extent stoping operations would be affected in steeply dipping areas. It has been agreed with General Mining and Finance Corporation Limited and General Exploration (OFS) Limited that the limited development rock estimated at some 2,000 tons arising from this reef development will be treated in your company's mill and the gold recovered will be for your company's account.

As far as current operations are concerned they continue to be satisfactory. The mill is operating efficiently and to capacity, and as the grade increases profits should gradually increase, as no steep rise in the cost structure is anticipated. When sufficient information is available about the southern area it will be necessary to locate a shaft to serve that area. The siting of this shaft must await development work to the South of No. 3 Shaft, but it would appear from present indications that preparatory work could commence towards the end of 1963, and full scale sinking in 1964. It is anticipated that the capital expenditure for the new shaft system will be financed from profits.

Certain criticisms have been made arising out of the publication of my statement in January. On the one hand, there has been the criticism that the warning note contained in the statement should have been issued earlier. On the other hand, I have had letters from shareholders criticising me for referring to the future before more information was available.

PAYABLE TONNAGE STILL UNKNOWN

From the start of the Mine the predominant question mark has been how much tonnage would be found in the Elsburg Reefs. Promising boreholes indicated, and development results have since proved, that payable ore is available, but the question as to the probable payable tonnage in the Elsburg Reefs still remains unanswered. Every shareholder and every share analyst who had studied this position must have been aware of this. The surface boreholes indicated a narrow zone of enrichment and that there were difficulties in correlating the various reefs intersected. The Riebeeck flotation agreement itself posed this question by providing that if the tonnage on the upper reefs alone were adequate to establish a satisfactory mine, only then would another company have the right to explore the reefs lying below the upper shale marker with a view to establishing a second mine to exploit those reefs.

Indeed, at every annual meeting this point has been raised by shareholders. At the 1959 meeting, in reply to a question I said, "It is too early to assess the significance of the limited development in relation to payable tonnage contained in the lease area as a whole." At the 1960 meeting I said, "At the moment we only have information on strike, and on strike we have established continuity, but there is no information available yet as to the extent of that continuity on dip, so there is no possibility of being able to estimate tonnages at this stage." At last year's meeting I said, "There has been much speculation regarding the total tonnage of payable Elsburg Reefs contained in the Mine. Work done to date has proved that the upper and lower Elsburg zones are continuous from the northern boundary of the old Riebeeck lease area to No. 3 Shaft, but until the number of reefs and the extent of their payability at depth is known it is impossible to make any assessment." This clearly indicated that this vital question mark has always overhung this mine, and indeed it still does today.

EMERGENCE OF GRADE AND COSTS PATTERN

We have come to the conclusion, however, as a result of a further twelve months work on the Elsburg Reefs that a pattern has emerged, which, if it continues, will be a limiting factor as regards tonnage from those reefs. There was no dramatic moment when this became apparent. There was no dramatic change which could immediately have been brought to the attention of shareholders. There has been a gradual accumulation of evidence. I felt it my duty to bring this matter to the attention of shareholders because the evidence over the past twelve months points to the probability that we are unlikely to have sufficient tonnage for a long life based solely on the Elsburg Reefs. By long life I mean the life of thirty years as envisaged in the Riebeeck flotation agreement. The life from these Elsburg Reefs, if the present pattern continues may be of the order of fifteen to twenty years at our present milling rate. But, even if this opinion does prove to be correct, that does not mean that the life of the mine is limited to that period. Exploration work on Basal Reef and on "A" and "B" Reefs will be carried out to ascertain to what extent these reefs can be economically exploited by your company. Furthermore in due course exploration will be carried out to determine whether the Elsburg Reefs persist and contain payable ore along the western boundary of the former Loraine Lease Area—that is, to the North of the present limit of the No. 2 Shaft Elsburg Reef workings.

The pattern of grade and costs obviously must have an important bearing on the profitability of the mine. You will bear in mind that this time last year the percentage of reef drawn from the Elsburg Reefs amounted to only 40 per cent whereas even today that figure has risen to only 66 per cent. Although we have been stoping in the No. 3 Shaft Area for eleven months, even now only 17 per cent of our tonnage comes from the Elsburg Reefs drawn from No. 3 Shaft areas. It is apparent that it is only over the last year that we have been developing and stoping sufficient Elsburg Reefs to form any opinion as to factors that might influence grade and costs. The pattern of faulting, unconformities and distribution of values, which has emerged over the past twelve months has naturally inhibited grade and had an adverse effect on costs. It required time before one could draw conclusions. However, on the basis of the information revealed by the last twelve months' work, it was my duty to point out the inhibiting factors which were influencing grade and costs. These are a challenge to our mining methods and technique, and naturally everything is being done so as to obtain the optimum grade at the lowest cost.

Our technical people at Head Office and on the Mine are naturally exerting every effort to evolve methods and techniques to offset these factors, and thus improve the grade and reduce costs. Obviously I can make no forecast as to whether this will or will not be possible. What is apparent on present information is that the grade should continue to rise over the next two years as adequate stope faces on Elsburg Reefs become available and less "B" Reef is mined. From then on grade will depend on development ahead of the mill and the success we have in offsetting the mining conditions to which I referred in my statement.

Because in all matters the future is most uncertain, and nowhere is it more uncertain than in the mining of a deposit having unique geological features, the Board decided that warnings should be given, and that my statement should be issued as soon as possible ahead of the Annual Report and Accounts. These warnings could not have been given until all concerned had had an opportunity to evaluate all the evidence which was of a highly technical nature, and they were given as soon as this evaluation had been completed, and were subject to all the qualifications we considered essential.

The simplified model showing the geological structure between No. 2 and No. 3 Shafts is again available, and those shareholders who are interested are invited to inspect the model after the Meeting. The Company's technical staff will be available to explain the model and also to assist those shareholders who wish to study the plan of the underground workings.

REPLIES TO QUESTIONS

Before putting the motion for the adoption of the Report and Accounts to you I shall deal with certain questions which shareholders unable to be present have asked me to answer at this Meeting:

Question: Will you keep shareholders advised in the Quarterly Reports of your interpretation of current development and trends, particularly in relation to the assessment of Elsburg Reef tonnages?

Answer: The Quarterly Reports deal with factual information. Any attempt to interpret such information or project it into the future would be dangerous and could be very misleading, because the period of three months is far too short in mining operations to make such interpretations. The only proper place for any predictions or comments, based on work accomplished, is in the Chairman's Annual Review and at the Annual Meeting. However if there were any very significant facts which emerged and which, in the opinion of your technical advisers, were so conclusive as to materially affect our assessment of the future, naturally such information will be published timeously. Shareholders will be given all relevant factual

information, and in future the results of development on each of the four Elsburg zones will be published separately in the Quarterly Reports, and the results of any development and borehole results on the Basal Reef and in the area South of No. 3 Shaft will likewise be published separately.

Q. Are operations at the Mine proceeding satisfactorily, and, if so, will profits increase, and when do you expect to pay your first dividend?

A. Operations at the Mine are proceeding satisfactorily. We are milling to capacity and making reasonable profits. We expect the grade to increase and we expect costs to more or less stabilise, so that profits should increase. It is too early to make any forecast as to when we will pay our first dividend. This will depend upon the accumulation of profits available after providing for capital expenditure, redemption of the note issue, and payments of interest. You will also bear in mind that, in terms of our agreement with the Anglo American Corporation, whenever dividends are paid an equivalent amount must be paid out by way of redemption of the Anglo American loan.

Q. How will the R2,000,000 for capital expenditure be spent?

A. The rough breakdown of this is as follows:

Excess Development	R1,000,000
Pumping Equipment	90,000
Ventilation Plant	210,000
Bantu Quarters	200,000
Electric Power Supply	250,000
Buildings and Miscellaneous Services	250,000
	R2,000,000

Q. Have any negotiations been carried out with Freddies Consolidated Mines in connection with the Elsburg Reefs they have discovered on that property?

A. There have been no negotiations with Freddies Consolidated Mines in respect of the continuation of the Elsburg Reefs southwards into the Freddies property. It is common knowledge that these reefs are likely to extend into that property, and the question as to whether such reefs should be exploited by Freddies, or kept for future exploitation by that company, or might ultimately become available for exploitation by your company, cannot be determined at this stage when information is incomplete. It must, however, be clear that this area will in all probability be exploited in due course by either Freddies Consolidated or your company because it does not appear that any other mine could exploit it economically.

Q. Is it the faulting or sporadic values which are mainly responsible for the possibility of "dilution" being an important factor?

A. Although faulting results in the mining of additional waste the adverse effect on recovery grade is reduced by surface sorting. Sporadic value, however, results in the unavoidable mining of unpayable ground. This, therefore, is the more important aspect of the dilution problem.

Q. In the Technical Advisers Report payable development for the year on Elsburg Reefs is given as 838 inch-dwts. This indicates 14.5 dwt per ton over the ore reserve stoping width of 57.8 inches. The value of the Elsburg ore reserve is given as 10.0 dwt per ton and recovery grade is now about 7.0 dwt per ton.

(a) Is the recovery grade likely to increase?

(b) What relationship can be expected between:
(i) Payable Development and Ore Reserve grade?
(ii) Ore Reserve grade and Recovery grade?

A. I have already indicated in my statement that the recovery grade can be expected to improve as the stoping tonnage drawn from the Elsburg Reefs in the No. 3 Shaft Area increases and becomes fully representative of average development grade in the area.

(b) (i) The Pay Development for the year cannot be compared directly with the Ore Reserve value because the ore reserve also contains blocks developed in the previous financial year and carrying lower values than obtained from the development during the past year. Ore reserve value has so far proved to be about 80 per cent of the value of payable development. The extent of the difference between the payable development value and the ore reserve value depends on the proportion of unpay development which has to be included when computing the ore reserve, because of the necessity of mining some unpay ore along with the pay ore.

(ii) The ratio of recovery grade to ore reserve grade is also expected to be about 80 per cent. This ratio depends mainly on the percentage of tonnage milled drawn from the ore reserve, the percentage of development rock sent to the mill, and on the percentage of waste sorting by means of which recovery grade can be enhanced.

Q. Under certain conditions, Geoffries is entitled to exploit the lower (Basal and Leader) Reefs. Will you please give details of this arrangement?

A. After the Company has completed 40,000 feet of development along the Upper Reefs which include the Elsburg, the "A" and the "B" Reefs, Geoffries may require an assessment to be made by the consulting engineers as to whether a satisfactory mine (as defined) exists in the Upper Reefs. If after four years no such assessment has been called for by Geoffries, then your company has the right to do so, and if at any time during this period the Government Mining Engineer calls upon your company to explore the Lower Reefs an assessment with regard to a satisfactory mine must be made. If a satisfactory mine does not exist, your company will be entitled to exploit the lower Reefs for its own benefit. If it is decided that a satisfactory mine on the Upper Reefs does exist, Geoffries may apply to the Government Mining Engineer to exploit the Lower Reefs as a second mine to be established by Geoffries. If such permission is refused, or if the Government require your company to work the Lower Reefs, or if Geoffries wishes to include the Lower Reefs in a company not formed by themselves, your company may exploit the Lower Reefs for its own account on payment of R200,000 to Middle Wits and R400,000 to Geoffries.

Q. What is considered a satisfactory mine under the arrangements with Geoffries?

A. A satisfactory mine shall be a mine which is estimated to yield from the Upper Reefs sufficient gold-bearing ore to support profitable mining operations for at least 30 years commencing on the date of initial production from those reefs for which purpose:

(a) The estimated average grade over the period of at least 30 years shall not be less than 7 dwts. per ton;

(b) The estimated quantity of gold-bearing ore to be milled shall not be less than 30 million tons; and

(c) The estimated profits will be at least equal to the amount of capital required by the company (both factors being present values at 10 per cent per annum).

Q. Has there been any difficulty in coping with the water intersected in the water-bearing fissures south of No. 3 shaft?

A. Although development south of No. 3 shaft has been retarded to some extent by the intersection of water-bearing fissures requiring cementation, no serious water problem exists at your mine. The pumping rate during the past five months has been of the order of 1.6 million gallons per day, which is well within the mine's pumping capacity of about 10 million gallons per day and substantially less than that of most of the mines of the Orange Free State goldfield. A programme of draining under control the known water fissures in the No. 3 shaft area has been put into effect.

Q. To what extent have the results of surface boreholes been confirmed or otherwise by development sampling in the underground workings in the vicinity of the boreholes?

A. By and large, the results given by the surface boreholes have been satisfactorily confirmed by underground development. This is especially so in view of the rapid variations in reef widths and values over short distances which development has shown to occur on many of the Elsburg Reefs. Variations in values over a stope face, even in successive sample sections, ranging from the order of a hundred or so inch dwts, to well over a thousand, are by no means rare.

It would, therefore, be somewhat surprising if a close correspondence in detail were found between development results in the more or less close vicinity of a borehole and the results obtained in the borehole itself.

Until a surface borehole is actually intersected in the workings it is often not possible to be certain of its exact position underground. In all cases, except that of borehole K1 on Kromdraai, which was exposed in the workings, comparison between borehole and development results can be made only in a general way. In the case of K1 also, no direct comparison can be made since stope sampling approached, at its nearest point, to 30 feet from the borehole reef intersection. The borehole sampling reflected 478 inch dwts. and the stope sampling about 30 feet away averaged 659 inch dwts.

The occurrence of a number of reef bands over a total potentially payable thickness of about 70 feet in the EB zone and of a massive payable reef body some 14 feet thick in the EA zone to which I have referred, illustrates the difficulty of attempting to make detailed comparisons between underground development and borehole results. In both these cases the information so far available indicates that they are probably of strictly limited lateral extent.

Q. Are you aware that rumours circulated long before your Statement, and what do you intend to do about it?

A. From time to time, and particularly where a speculative counter such as Loraine is involved, a large number of rumours do circulate in the market and elsewhere which, in nine cases out of ten, are entirely without foundation. It is not practical politics to deny or confirm every rumour which is sometimes inspired by persons for their own advantage. Both the Board and the Management are fully alive to the necessity of ensuring, so far as it is humanly possible, to do so, that confidential information does not leak out until shareholders as a body can be given the full picture, and any misuse of confidential information which came to the notice of the Board or the Management would be drastically dealt with.

Q. and A. The question has been ventilated in a letter to the Press as to whether production

and development values were "run of mine." I don't know whether the writer intended this question to be offensive, but it certainly read that way. However, the answer is that these values are computed in accordance with normal mining practice and are naturally "run of mine" and correctly reflect the position at the mine.

In reply to further questions asked at the Meeting, the Chairman stated:

1. That any shareholder is welcome to visit the Mine at times convenient to the Company.

2. The period of four years during which Geoffries is entitled to call for an assessment as to whether a satisfactory mine (as defined in the Riebeeck flotation agreement) exists on the "Upper Reefs" commenced from August 9, 1961.

3. For reasons already given in his Review and his speech at the Meeting it was obviously not possible to say what recovery grade could be expected from the Mine in the future.

4. As regards the importance of the values to date on the various zones in the Elsburg series, insufficient had been done to determine their potential. The EA zone has proved to be the most promising.

5. In assessing the value of the Mine, inch dwt. values appear to have obscured the other important factors at the Mine, such as percentage payability and dilution.

Quarterly Reports have indicated that the percentage payability has been dropping and this should have been regarded as a warning.

6. The purpose of his Review was to sound a warning note to shareholders with regard to tonnages available on Elsburg Reefs but Members should bear in mind that, in addition to these Reefs, there was the "A" Reef, the "B" Reef and possibly the Basal Reef which could affect the life of the Mine.

7. As regards criticism that there had been leakage of information and "knowledgeable selling" of Loraine shares as a result thereof, every effort which is humanly possible is made to ensure that important information is not divulged until it is released to all shareholders simultaneously. Many rumours have been circulating but in most cases they were grossly exaggerated and this was a matter over which the Board had no control.

8. That with regard to a number of questions asked by shareholders directed to "knowledgeable selling" and dealings in the Company's shares by directors and others associated with the Company, the Register of Directors shareholdings was before the Meeting. He was satisfied that no abuse of information was made by those connected with the Company but an inquiry into share-dealings could only be made by The Stock Exchange or some other competent authority which he and his colleagues would welcome. A resolution of the Meeting was not required to institute such an enquiry.

The motion for adoption of the Directors' Report and Accounts was seconded by Sir George Albu, put to the Meeting and carried.

The retiring directors were re-elected, the remuneration of the Auditors was fixed, and payment of their expenses was confirmed.

The Resolution for the adoption of new Articles of Association was passed as a Special Resolution.

BANCA NAZIONALE DEL LAVORO—ROME
AND ITS SPECIAL SECTIONS

CONDENSED STATEMENT OF CONDITION AS AT 31st DECEMBER 1961

LIABILITIES	Bank Lire	Special Sections Lire	Totals 31 Dec. 1961 Lire	Totals 31 Dec. 1961 Sterling Equivalent	*Totals 31 Dec. 1960 Sterling Equivalent*
Capital and endowment funds	20,000,000,000	10,387,429,318	30,387,429,318	17,440,986	*16,293,077*
Reserves and special funds	13,780,000,000	12,285,185,357	26,065,185,357	14,960,217	*12,927,597*
	33,780,000,000	22,672,614,675	56,452,614,675	32,401,203	*29,220,674*
Guarantee Fund (Law No. 481 of 29/7/1949)	—	1,489,045,313	1,489,045,313	854,642	*808,698*
	33,780,000,000	24,161,659,988	57,941,659,988	33,255,845	*30,029,372*
Staff Retirement Fund (Bank and Sections)	28,716,195,797	—	28,716,195,797	16,481,774	*14,598,455*
Deposits, current accounts and correspondents	1,361,167,390,629	65,244,365,551	1,426,411,756,180	818,694,688	*672,299,373*
Bonds in circulation	—	158,932,490,709	158,932,490,709	91,219,934	*63,450,425*
Miscellaneous Accounts	99,835,092,319	14,809,564,686	114,644,657,005	65,800,756	*56,033,195*
Cashier's cheques in circulation	39,683,441,486	—	39,683,441,486	22,776,469	*18,318,941*
Current accounts between Bank and Sections	3,584,999,369	37,560,512,442	41,145,511,811	23,615,630	*19,702,602*
Rediscounts	—	31,918,109,600	31,918,109,600	18,319,526	*5,357,115*
Bills for collection	73,810,915,901	—	73,810,915,901	42,364,069	*31,335,169*
Guarantees, acceptances, letters of credit, etc.	170,248,095,531	561,265,188	170,809,360,719	98,036,710	*78,251,726*
Unearned interest, discount, etc.	8,373,033,848	3,114,263,401	11,487,296,249	6,593,179	*5,399,599*
Net profit	2,851,830,824	1,848,184,720	4,700,015,544	2,697,593	*2,187,526*
	1,822,050,994,704	338,150,416,285	2,160,201,410,989	1,239,856,173	*996,963,498*
Depositors of securities	678,085,216,320	11,471,534,323	689,556,750,643	395,773,834	*319,079,208*
Staff retirement fund: Bank's securities deposited as guarantee	29,734,258,900	—	29,734,258,900	17,066,096	*15,240,060*
	2,529,870,469,924	349,621,950,608	2,879,492,420,532	1,652,696,103	*1,331,282,766*
After approval of the balance sheet and allocations to reserves, the totals of capital, reserves and special funds will be	35,000,000,000	24,079,746,501	59,079,746,501	33,909,054	*30,563,217*
ASSETS					
Cash and money at call	200,576,986,222	—	200,576,986,222	115,121,957	*104,860,829*
Current accounts with banks and correspondents	116,936,355,650	20,302,697	116,956,558,347	67,127,680	*45,902,406*
Treasury Bills and Government Securities	348,888,069,882	204,105,950	349,092,175,832	200,362,840	*187,897,717*
Government guaranteed and other securities	55,080,966,241	6,148,765,170	61,229,731,411	35,143,047	*21,344,840*
Loans and Advances	537,655,674,432	10,094,444,582	547,750,119,014	314,383,355	*240,468,329*
Bills discounted	308,875,952,206	23,130,146,571	332,006,098,777	190,556,218	*172,103,727*
Rediscounts	—	31,918,109,600	31,918,109,600	18,319,526	*5,357,115*
Mortgage loans	36,986,734,146	254,972,059,722	254,972,059,722	146,342,226	*93,991,969*
Bills for Collection	36,880,278,753	—	36,986,734,146	21,228,683	*18,069,270*
Current Accounts between Bank and Sections	170,248,095,531	4,265,233,058	41,145,511,811	23,615,630	*19,702,602*
Customers' liabilities for guarantees, acceptances, letters of credit, etc.	6,921,981,638	561,265,188	170,809,360,719	98,036,710	*78,251,726*
Miscellaneous accounts	3,000,000,000	1,878,856,818	8,800,838,456	5,051,276	*3,687,390*
Due from Subscribers to share capital	2	4,257,126,925	7,257,126,925	4,165,257	*4,895,112*
Participations in Sections and others	1	700,000,002	700,000,004	401,768	*430,466*
Bank premises and other real estate		2	3	—	—
	1,822,050,994,704	338,150,416,285	2,160,201,410,989	1,239,856,173	*996,963,498*
Securities deposited by third parties	678,085,216,320	11,471,534,323	689,556,750,643	395,773,834	*319,079,208*
Securities deposited by the Bank as guarantee for staff retirement fund	29,734,258,900	—	29,734,258,900	17,066,096	*15,240,060*
	2,529,870,469,924	349,621,950,608	2,879,492,420,532	1,652,696,103	*1,331,282,766*

THE CHARTERED BANK

The One Hundred and Eighth Annual General Meeting of The Chartered Bank will be held on April 4th at 38, Bishopsgate, London, E.C.2.

The following is an extract from the statement by the Chairman, **Mr V. A. Grantham,** which has been circulated with the report and accounts for the year 1961:

THE BANK'S BALANCE SHEET

An extraordinary General Meeting was held on October 4, 1961, to sanction an increase in the capital of the Bank. At that meeting the authorised capital was raised to £10,000,000 and of that sum £6,600,000 has now been issued and paid up.

In 1960 our balance sheet total reached a record figure and I indicated in the opening remarks of my overseas survey that there was at least a possibility of some recession in world trade which might affect us but, in fact, there has been a further substantial increase in our own figures of £36,938,878, which has brought the balance sheet total to £353,142,076.

The Consolidated Balance Sheet total of £408,097,902 shows an increase of £45,338,266 over that of last year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The profit we show in the current year of £990,238 exceeds that of last year by £228,322, a substantial increase for the second year running. We have been able to match increased costs with increased income.

In September last we paid an interim dividend of 7½ per cent, less income tax, absorbing £252,656 and it is now proposed that out of the balance available a final dividend of 7½ per cent, less income tax, on a capital which has been increased during the year to £6,600,000 be now paid at a net cost of £303,188.

The premium of £1,100,000 arising from the Rights Issue has been transferred to Reserve Funds to which we have transferred a further £400,000 from our profits, bringing the total of those funds up to £7,250,000. There remains to be carried forward a balance on Profit and Loss account of £540,648, an increase of £34,394 over that of last year.

THE IRANO BRITISH BANK

Our associate in Iran completed its second full year in March, at the end of the Iranian year 1339. After examination of the balance sheet and profit and loss account it was agreed that the recommendation from Tehran that a small dividend should be declared, was justified. The accounts at the end of the last Iranian half-year indicate that trading profits have been maintained at about the level of the previous year and plans are at an advanced stage for the opening of another branch in Tehran.

Business during the year 1961 was difficult owing to continued tightness of credit and a general lack of confidence among the merchants in the bazaar. A report on Iran is included in the overseas survey.

OVERSEAS SURVEY

In Asia today the main concern of governments is the raising of the living standards of their people and most of the countries in which the Chartered Bank Group has branches are carrying out economic development plans to this end. At first sight some of these plans appear over-ambitious in that too much is being attempted in too short a time, but the rise in population is so rapid that most Asian governments are having to accelerate the process of development merely to maintain existing living standards, let alone improve them. On the whole progress in recent years has been satisfactory but the main difficulty has been, and will continue to be, shortage of foreign exchange. The industrialised countries of the world have recognised their responsibility in the matter and have given considerable assistance by such means as commodity aid under United States Public Law 480 and grants and loans on a country-to-country or consortium basis. So great, however, are the total requirements, that external aid, save in exceptional cases, can only be marginal and the main source of foreign exchange for economic development in Asia must necessarily be export earnings. Hence there is understandable anxiety over the tendency of the industrialised countries to apply restrictions against imports of low-cost Asian manufactures. Asian countries must be able to export if they are to survive and to deny them this is to negative the benefits of aid.

Now, too, there is bound to be additional anxiety amongst the Commonwealth countries in Asia until the result of the United Kingdom's negotiations to join the European Economic Community is known. At the moment Commonwealth countries are far from convinced that equal trade in a wider market will be a satisfactory substitute for special privileges in a reduced market, particularly for a developing industrial country. It should, however, not be assumed that the interests of the Commonwealth and the interests of Europe necessarily conflict with one another and the British government has been at pains to make it clear that there is no question of entering the Common Market unless Commonwealth interests can be adequately secured and it is encouraging at this stage of the negotiations that the representatives of the Community appear to be increasingly amenable to this important stipulation. Another important point to remember is that although the Treaty of Rome is basically an economic agreement it has important underlying political objectives and there is no doubt that Britain's influence in the Community will be greater than if it were to stand aloof, which should be to the ultimate advantage of the Commonwealth.

CYPRUS

The immediate problem is to achieve a more satisfactory balance in the country's overseas trade, for imports are increasing rapidly and were last year, double the export earnings. The trade deficit was £21 millions and was, for the greater part, covered by expenditure in connection with the British bases on the island, but the annual contributions from this source may not continue on the same scale and obviously Cyprus has to encourage the development of those local industries which will lessen the need for imported goods.

The prudent budgetary policy of the government should induce confidence and, provided sufficient foreign aid is forthcoming, the development programme will assist the country towards building up a more self-supporting economy.

IRAQ

Iraq is dependent upon its oil production not only for the continued satisfactory state of its economy but also for the country's development, and it is to be hoped that happier relations between the government and the oil companies will soon be established to ensure that the new five-year economic development plan be successful. Given oil production and oil revenue not less than 1961's increased figures there is every hope that the plan, which includes industrial, agricultural and public works projects, should reach its targets and raise the general standard of living, for Iraq is basically a rich country.

THE GULF

Bahrain. Trade was satisfactory but the development of other ports in the region tends to slow down the rate of expansion of Bahrain's entrepôt trade.

The local production of oil at Bahrain remained steady during 1961 and there were no new drillings worth noting. The refinery throughput, which includes crude from the mainland, reached the record figure of 10.5 million tons.

Abu Dhabi. It is now generally recognised that Abu Dhabi will, within the next few years, begin to receive a very substantial revenue from resources of oil both offshore and on the mainland and it is commendable that energetic action is already being taken by the government to ensure that the town is developed in an orderly way.

The Eastern Bank opened its branch in Abu Dhabi on October 1, 1961.

ADEN

In the government of Aden Colony the development of representative institutions has continued satisfactorily. Although the entrepôt trade continues at a satisfactory level, it is tending to diminish as the efficiency of neighbouring ports improves. For some time to come this reduction will be offset by expenditure arising from the presence in Aden of the armed forces, but there is a danger that the economy will become over-dependent on this source of income, particularly as there is little sign of new industries being developed in the Colony either by foreign investors or by local enterprise.

IRAN

Immediately after his appointment early in May the new Prime Minister, Dr Amini, announced his intention of introducing a programme for strengthening the economic position of the country both internally and externally, and the efforts of the financial authorities throughout the second-half of the year have met with some measure of success. The mounting inflation of recent years has been arrested and the steady rise in the cost of living has been slowed down.

It has been stated by responsible authorities that this year Iran's earnings of foreign exchange from the oil industry, including sterling sold to the government by the consortium of operating companies for their local expenditure, will amount to around £130 millions, an increase of some £10 millions over last year.

INDIA

India has reason to be proud of the progress made in the development of the national economy. Indebted as it is to foreign aid and investment for the success of its first and second five-year plans (1951/61) it has still, by its own efforts, achieved remarkable results in what it terms its industrial revolution.

The visible results of this revolution are the new industrial enterprises appearing in all parts of the country, but less apparent are the tremendous strides in agriculture which have raised the output of food grains by 50 per cent to 79 million tons in the last ten years and have helped to turn chronic food shortage and malnutrition to something approaching self-sufficiency. This achievement is all the more commendable when viewed against the background of a population showing an increase of 21.5 per cent during the same period and now reaching a figure of 438 millions.

The cost of the plans, or the revolution, whichever it be called, is not clear: India no longer has a surplus of foreign exchange and the present level of reserves is barely sufficient for current needs. Now, too, the country goes into its third five-year plan faced with the additional burden of servicing the substantial debt already incurred and knowing too that only the further vast sums promised by the consortium of countries in the form of aid can make it successful. Fortunately private foreign investment continues at a high level and government's interest in attracting overseas investment, preferably in conjunction with Indian interests and for industries with export earning potential, was shown in tax concessions in the last budget. Taxation is, however, still very high by world standards.

PAKISTAN

Pakistan has continued to enjoy the benefits of firm but benevolent leadership and the President's already high prestige was further enhanced both at home and abroad as a result of his visit to the United States last July.

Last year I mentioned the improvement in the level of exchange reserves which had made it possible for the government to permit increased imports of raw materials and consumer goods. The liberalisation of imports succeeded in the twin objectives of sustaining a further increase in industrial production, which benefited by the increased availability of raw materials and spare parts, and of reducing price levels. On the other hand, the higher import bill is causing a deficit in the balance of payments. With the growth of population, which the 1961 census revealed was rising by 2.4 per cent per year, a rate higher than was estimated by the planners, there is increased domestic absorption of most commodities, and reduced exportable surpluses.

It is heartening to find that throughout Pakistan there is confidence in the ability of the country to overcome present problems and to make a success of the five-year plan.

FEDERATION OF MALAYA

The outstanding political event last year was the crystallisation of the previously vague concept of a confederation of Commonwealth territories in South East Asia and its acceptance by all the governments concerned as the next logical constitutional development.

Industrial development in the Federation is now well under way and the number of foreign trade missions visiting the country, particularly in the early part of the year, is an indication of the country's increasing importance as a market for capital equipment and manufactured goods and as a field for investment from abroad.

The increasing tempo of trade and industry in the Federation demands an expansion in banking facilities and we have therefore felt it necessary to enlarge our own organisation in the country. New branches of the bank have recently been opened at Kuala Trengganu, Kota Bahru and Port Dickson, and our branches in Petaling Jaya and Port Swettenham have been accommodated in new office buildings during the course of the year. We commence the building of a new main office in Kuala Lumpur this year.

With prospects for both rubber and tin reasonably good, the favourable development of the Federation's economy under the second five-year plan, which covers the period 1961/65, should continue. By adhering firmly to sound fiscal and economic policies the government has successfully created conditions favourable to trade and industry and it is to be hoped that the imaginative initiative which has been taken in connection with the proposed merger with Singapore and the Borneo territories will be attended with success.

SINGAPORE

The government of Singapore has consistently advocated closer association with the Federation of Malaya and therefore welcomed the Federation's proposals for a merger to include the Commonwealth territories in Borneo as well as Singapore and the Federation. Such a merger would obviously benefit Singapore by giving increased scope for the entrepôt and other specialised commercial and financial services available in the port, and by providing wider markets for the new industries which are to be established in terms of the four-year development plan (1961/64).

It is greatly to the credit of the business community that in what has been in many respects, a difficult year, overseas trade has been maintained at a satisfactory level. In value the aggregate was lower than in 1960, but only because of the reduction in the price of rubber a commodity which accounts for a third of Singapore's imports and nearly half the exports.

Provided that relations with Indonesia continue to improve and the negotiations for the merger of the Commonwealth territories in the area proceed favourably, the outlook for Singapore in the coming year could be reasonably bright.

In August we extended our own organisation in Singapore by opening a new branch at Queenstown.

THAILAND

Under the firm guidance of Field Marshal Sarit's administration Thailand has enjoyed a quietly prosperous year. Thailand, agriculturally a land of small-holdings, is in the fortunate position of producing enough food and other commodities to support the population simply but adequately and still have a surplus available for export sufficient in value to meet normal requirements of imported goods. This gives a fundamental stability to the national economy which has enabled Thailand to be one of the few countries in Asia able to sustain over a period of years a free economy with an absence of import restrictions.

The way in which foreign enterprises are able to conduct their business without interference or discrimination, providing they respect the laws of the country, is a clear indication of the liberal policy of the authorities towards investments from abroad.

HONG KONG

The economy of Hong Kong may be finely balanced but there is no indication of this in the buoyancy of government's budgetary revenue or in the characteristic manner in which the business community continues industrial expansion in the face of difficulties. It is those difficulties which must bring caution into my remarks after what must be considered another prosperous year although profits generally were lower. They are, in the main, the difficulties of finding and keeping overseas markets for the Colony's expanding industry.

There has been a large increase in the banking system in Kowloon and the New Territories and we ourselves opened new offices in Kowloon, Shamshuipo, Hung Hom and Wong Tai Sin. New banks, too seem to be opening up all the time on the island and on the mainland and we are relieved to hear that the government is bringing in legislation to ensure that normal banking standards are observed. For too long now it has been possible for any concern with a small capital to open up in Hong Kong and include "bank" or "banking" in its name, and it is to be hoped that the new legislation will set minimum standards for such privilege that will give adequate protection to depositors, local and overseas.

CHINA

A year ago I suggested that the grain imports which China had been obliged to make, following successive bad harvests, would impose a severe strain on the country's exchange reserves and thus cause a contraction in trade with countries outside the Soviet block. This has proved to be the case. Nevertheless, the Chinese have lately been showing increasing interest in developing trade with countries outside the Soviet block, this trend being evidenced by the recent contract for the supply of British aircraft.

Our Shanghai office continues to do useful business in connection with the financing of China's overseas trade.

JAPAN

In Japan in 1961 it was the economic rather than the political issues that dominated the scene. This is not surprising as the post-war industrial boom was obviously getting out of hand and the mounting bill for the tremendous industrial development in the preceding years had to be met. That bill, that is the external cost of the

vast investments in new plant and machinery, was primarily responsible for forcing Japan into a balance of payments crisis. The reserves finally fell only U.S.$338 millions during the year, but at one time the downward trend was so alarming, and as usual in such circumstances internal inflationary pressure was such, that the government had to take the usual remedial steps of a credit squeeze, high interest rates and more liberal financing for exports. Even with these measures it may be well into 1963 before the Japanese economy is on an even keel, for the country's balance of payments is even less satisfactory than might appear from published figures, which show neither the recent loans by American banks nor the large overseas borrowings of the Japanese banks.

CONCLUSION

The unsatisfactory state of the United Kingdom's balance of payments has caused the government to call for a renewed export drive and, as a large part of the business of the Chartered Bank Group is the financing of international trade and as our branch system extends from the eastern Mediterranean to the Pacific Ocean, we have obviously a part to play. We have a first hand and intimate knowledge of the markets of Asia and wonder at times if their promise and potential are too little known to the exporters in this country. It would be unwise for them to take for granted what may be termed the traditional markets for British goods, such as India and Hong Kong, or to view the East as one unit forgetting that each individual market has its own features. Foreign exchange is always scarce and must be spent to the best advantage, which makes exporting to the East a highly competitive business. It is obviously worth studying in view of the fact that the greater part of the world's population lives in the area and rising living standards will stimulate demand for a widening range of products. Certainly, during my tour in the East last year I had brought home to me over and over again the aggressive efforts in salesmanship made by other countries.

Information about particular markets can be readily obtained from the exchange banks and other organisations but this is only a start. Our manufacturers must not expect to be able to sell only what they are already making. They must find out what each market wants and put themselves in a position to meet those wants. After that the all-important factor is for the manufacturer to be able to meet price and delivery dates in a competitive market, and to arrange finance on terms acceptable to the buyers and equal to those of rival exporters abroad. At the moment much of the export trade is handled by a relatively few large organisations, and for them the government and banks have progressively made suitable export finance terms available, but more could be done to assist medium-sized and small manufacturing concerns to develop profitable export business. I feel sure that the Export Credits Guarantee Department, which is always helpful and forward-looking, will, with the banks in this country, evolve a scheme to meet the problems of these smaller manufacturers and encourage them to sell abroad.

Copies of the full text of the statement will be sent on application to the Secretary of the Bank at 38, Bishopsgate, London E.C.2.

ROBECO

EXTRACTS FROM THE MANAGING DIRECTORS' REPORT FOR 1961

When it became evident in the early part of the year under review that the recession in industrial activity in the United States was reaching its lowest point, we shifted the emphasis of our investments to that country. Thus during the year our interest in this section rose from slightly more than 29 per cent to nearly 41 per cent of our assets, in value even more noticeably from fls 199 million to fls 391 million. Our purchases were mainly in food, pharmaceuticals, public utilities, financial institutions, office machinery and oil. At the present time our investments in the United States are largely within those groups which generally speaking are least affected by adverse economic conditions.

The percentage of our Canadian holdings remained practically unchanged and our total interest in the American continent at the end of the year amounted to 44 per cent, as against slightly more than 33 per cent at the beginning of the year.

We also extended our European interests. Although in terms of market values they went up from fls 360 million to fls 478 million, the percentage dropped from nearly 53 per cent to approximately 50 per cent. Long term economic prospects in this part of the world are encouraging

The value of our holdings in Dutch international concerns rose from fls 165 million to fls 187 million. We further extended our interest in Royal Dutch and we also added to Unilever, Philips and Hoogovens.

Our German interests were maintained at approximately 8 per cent. Our British holdings increased from fls 20 million to fls 41 million, insurance companies representing our main purchase. On balance our interest in France and Belgium also registered an increase. The balance of our African portfolio was disposed of during the year and our Australian holdings remained very small. At the end of the year our liquid resources totalled nearly 6 per cent of our assets.

DEVELOPMENT OF THE COMPANY

The dynamic development of your Company continued in 1961. As a result of the international interest shown in ROBECO shares, the issued capital rose from fls 150.200.000 to fls 200.100.000.

Turnover figures of the Amsterdam Stock Exchange confirm the marketability of your shares. In terms of par value, sales of ROBECO shares in 1961 ranked second to Royal Dutch, while in terms of actual value, at fls 222 million, they ranked fourth among all shares quoted in Amsterdam. It is estimated that approximately one quarter of the outstanding shares are held by investors outside the Netherlands. The shares are also officially quoted on the Stock Exchanges of Paris, Brussels and Antwerp.

As most of our shares are in the form of certificates to bearer, we do not know the names of the holders of these shares. It is apparent, however, that in addition to numerous private individuals, ROBECO shares are bought by many institutional investors, in order easily to secure both a wide spread of risk and an active management of their capital. The number of pension funds which are building up a portfolio of ROBECO shares by periodic payments of fixed amounts continued to increase.

RECORD INCOME: LOWEST COSTS

During 1961 the income of your Company, amounting to over fls 43 million, was again satisfactory.

The cost of administration decreased to an unprecedentedly low level. These expenses, which amounted to 0.20 per cent, 0.16 per cent and 0.14 per cent for the years 1958, 1959 and 1960 respectively, dropped to 0.12 per cent of net assets in 1961.

The available profit balance, inclusive of that brought forward from the previous year, amounts to fls 45.582.370.21. We recommend to you a final cash payment of fls 5.25 per share of fls 50 nominal value, making fls 9.25 for the year. The interim dividend of fls 4 per share, which was paid in October, 1961, involved an amount of fls 15,170.252, leaving an available balance of fls 30,412,118.21. The final payment of fls 5.25 per share will involve fls 21.010.500.

We propose that in addition to the final payment in cash, a payment of 2½ per cent be made in shares; this payment, being a bonus from the share premium reserve, is free of income tax.

Application is being made to the Council of The Stock Exchange, London, for quotation for ROBECO shares of fls 50 and sub-shares of fls 5. Full particulars will be published in the Press on 21st March, 1962, and it is expected that dealings (ex the final dividend and stock bonus, mentioned above) will begin on 27th March, 1962. Copies of the full Report and Accounts in English may be obtained from:

ROBECO, P.O. Box 973, Rotterdam.

BRITANNIC ASSURANCE COMPANY LIMITED

OVER £4,700,000 FOR POLICYHOLDERS' BONUSES

MR FREDERICK A. POWELL'S STATEMENT

The ninety-sixth annual general meeting of the Britannic Assurance Company Ltd. will be held on April 5, 1962. The following statement by the chairman, **Mr Fredk. A. Powell, FCA,** has been circulated with the accounts.

At our meeting last year I told you what a wonderful recovery Mr Kenneth J. Britt had made from a serious illness, but that he was then relinquishing his executive position as joint actuary. In retrospect I am sure that was a wise decision, for the easing of his burdens has undoubtedly enabled him to maintain his recovery throughout the year. Mr Britt now feels that it would be in his best interests to retire completely, and in paying tribute to the valuable services he has rendered to the company over a period of fifty-four years, during the last fourteen of which he has been a director, we all wish him every happiness in the future and maintenance of his recovery. To fill the vacancies on the board, you will be asked to elect Mr P. J. Duffy and Mr D. Hamilton Shaw who, since February 5th last, have held the positions, respectively, of secretary and deputy general manager.

GENERAL PROGRESS

I am pleased to report continued progress in all branches during 1961 with record new business figures in both life branches. The company's total income increased by £1,518,000 to £24,052,000 and the premium income in the life branches by £756,000 to £16,102,000. Gross interest income rose by £712,000 to £7,846,000, total sums assured, including bonuses, under policies in force in the life branches amounted to £290,209,000, while the funds held as security for the policyholders increased during the year by £7,348,000 to £136,889,000. The amounts allocated to policyholders totalled £4,708,000—an increase of £553,000 over 1960. Increased bonus rates have been declared in the life branches.

ORDINARY BRANCH

Our new sums assured in the Ordinary Branch were £14,233,000 compared with £13,478,000 a year ago. Total premium income rose by £256,000 to £5,277,000 and the gross rate of interest earned was £6 8s. 7d. per cent—an increase of 3s. 7d. over the previous year. The corresponding net rate was 2s. 7d. up at £4 13s. 6d. per cent.

Death and maturity claims were higher than a year ago, the former at £539,000 being £77,000 higher and the latter at £2,219,000 being £286,000 higher. The expense rate was 13.86 per cent, being .47 higher than the year before. The policyholders' funds increased by £3,215,000 to £48,473,000.

During the year we improved our immediate annuity rates and hope that the satisfactory income which these annuities offer will enable us to sell more of this class of business.

INDUSTRIAL BRANCH

New sums assured in the Industrial Branch increased by £1,374,000 to £18,427,000 and the premium income by £500,000 to £10,825,000. The gross rate of interest earned was £6 11s. 3d. per cent or 3s. 6d. more than a year ago, while the net rate rose by 3s. 10d. to £6 6s. 2d. per cent.

The outstanding feature of the revenue account is the increase of £2,100,000 in the maturity claims, which amounted to £4,962,000. In this we are seeing the effect of the big increase in new business which took place in 1946, the year when so many men and women were returning to civilian life and taking out assurances which, but for the war, they would have taken out some years earlier. An insurance company exists to pay claims, and it is good to see policyholders benefiting from their thrift and foresight. Death claims at £1,994,000 were up by £175,000. After being held steady for three years, the expense rate rose by .84 to 28.86 per cent, the increase being due largely to improved terms for our field staff which operated from the beginning of the year. Policyholders' funds increased by £4,039,000 to £77,691,000.

POLICYHOLDERS' BONUSES

In the Ordinary Branch the surplus was £2,482,697. Out of this £1,683,652 has been allocated to with-profit policyholders, and has enabled record bonuses to be declared. With-profit life policies receive a reversionary bonus of 52s. per £100 sum assured, against 50s. a year ago, and with-profit approved retirement annuities a bonus of 44s. per cent on the amount of the annuity payable at retirement date, compared with 42s. a year ago.

In the Industrial Branch the surplus was £5,841,756. Out of this £3,000,000 has been allocated to Britannic policyholders. A reversionary bonus has been declared at the rate of 42s. per £100 sum assured on premium-paying policies on which premiums have been paid for at least one year. This compares with 40s. a year ago. In addition, the special declaration made last year has been repeated, further reversionary bonuses having been declared on policies issued earlier than 1957, ranging from 5s. to 60s. per £100 sum assured according to the duration at the policy anniversary in 1957. These two special declarations have added bonuses of £6 per £100 sum assured to all policies issued before 1946 in addition to the ordinary bonuses.

INVESTMENTS

During 1961 the national economy was disturbed by continuing difficulties arising chiefly from the unsatisfactory state of the external balance of trade. The corrective measures which had been taken by the Government in the previous year proved to be inadequate, and stronger action became necessary to avert a rapidly developing sterling crisis and to lay the foundations of a significant expansion in the volume of our export trade on which our living standards ultimately depend. The discipline of an intensified credit squeeze, operating through such devices as high interest rates, increased purchase tax, and restraint on wages, profits, and dividends, has been effective in improving the value of the pound sterling, but there is little evidence up to the present time that any pronounced stimulus has been administered to our export trade.

Against this background, the management of the company's investments during 1961 presented us with many problems. Our faith in the long-term merits of equity stocks as a suitable channel for the investment of a substantial proportion of our funds remains unshaken, however. Our ordinary share holdings increased from £31,619,000 to £36,588,000. The increase of £4,969,000 results mainly from taking up new shares issued on rights terms by companies in which we already had holdings and the effects of mergers, mainly in the brewery industry, which took place during the year. We also took advantage of the higher interest rates offering on fixed-interest securities to increase our holdings of debenture stocks by £1,882,000 to £12,674,000.

Our holdings of British Government and British Government guaranteed stocks were reduced from £33,487,000 to £31,212,000, the reduction of £2,275,000 arising from sales and portfolio rearrangements. Many of these transactions involved the transfer of funds out of relatively short-dated investments into long-dated redeemable stocks in order to secure what we considered to be an attractive increase in yield.

The valuation of our investments at December 31, 1961, showed a most satisfactory overall position, more favourable indeed than at the end of 1960, and we have not considered it necessary to augment our investment reserve funds of £9,125,000.

HOUSE PURCHASE SCHEME

The demand for House Purchase loans has continued at a very high rate throughout the year, although since July 1st the rate of interest charged on such loans has been 6½ per cent, the highest rate in the company's history. In common with other lenders we also found it necessary during the year to suspend our mortgage guarantee scheme, under which House Purchase advances up to 90 per cent of the purchase price were being made.

In spite of these restrictive measures House Purchase advances made during the year amounted to 2,526 with an aggregate sum advanced of £4,596,000, against 1,985 and £3,359,000 respectively in 1960. After taking repayments into account, the net sum outstanding under this scheme has risen by £2,824,000 to over £27 millions. The total amount advanced to policyholders since the introduction of the scheme in 1907 is now over £50 millions.

FIRE AND ACCIDENT BRANCH

The premium income in this branch rose by £39,000 to £1,249,000 while the profit increased by £39,585 to £60,599. Although this is a most satisfactory result, we should bear in mind that the profits in this branch are liable to quite wide fluctuations as the results of the past few years have clearly shown.

DECIMAL CURRENCY

The Government's approval in principle of a change to decimal currency poses particular problems for a "Home Service" assurance office where we have millions of long-term contracts in force for small weekly premiums. The Industrial Assurance Commissioner's report for 1960 showed there were 95,000,000 premium-paying Industrial Branch policies in force, and the administrative problems of converting these contracts would be a colossal and costly operation. Any system of decimalisation which abandoned our present penny as the basic minor unit would require considerable statutory legislation to enable offices like ourselves to vary premiums and sums assured in our contracts. A system

which used one hundred of our present pennies as a unit of currency—call it a "Royal" or what you will—would be the most simple and least costly one for us. I feel that such a system would have great merits in many other spheres of our daily life.

INCREASE IN CAPITAL

The Trustee Investments Act, 1961, empowers trustees, in certain circumstances and subject to certain conditions, to invest in ordinary and other stocks or shares of United Kingdom companies. One of the conditions is that the companies concerned must have an issued and paid-up capital of £1 million or more. At the present time, therefore, our company's capital amounting in the aggregate to £500,000, does not qualify as an authorised investment for trustees. In the opinion of the directors this is a disability which, detracting as it does from the investment status of the company's capital, ought to be removed. Accordingly we are proposing a capitalisation of reserves under which new fully paid-up ordinary shares of 5s. each will be allotted to existing ordinary stockholders on the basis of six new shares for five old units of 5s. each, thereby bringing the company's total issued and paid-up capital to £1,023,800. This capitalisation of reserves is a book-keeping procedure which, of itself, does nothing to increase the profit-earning capacity of the company.

STAFF

Our thanks are due to the staff for all their good work and it is my privilege once again to express those thanks on your behalf. During the year we completed negotiations for improvements in our terms of staff remuneration. One effect of the improvements was to increase future pensions, and it is for this reason that we are recommending an increase in the amount transferred to the staff pension fund from £330,000 to £365,000, which I am sure will have your approval.

KLEINWORT, BENSON, LONSDALE LIMITED

GROUP'S ACTIVE FIRST YEAR

The Annual General Meeting of Kleinwort, Benson, Lonsdale Limited will be held on April 19th in London.

The following is the statement by the chairman, **Mr Ernest G. Kleinwort,** which has been circulated with the report and accounts for the year ended December 31, 1961:

The accounts now submitted are the first statutory accounts of the Kleinwort, Benson, Lonsdale group. I must remind shareholders that these accounts are not comparable with the *pro forma* accounts submitted last June, for reasons that I shall give in my remarks concerning the principal subsidiary companies.

GROUP RESULTS

Your group has had a satisfactory year and profits have improved. A final dividend of 12 per cent is recommended which, with the interim of 5 per cent paid last December, will make a total distribution for the year of 17 per cent. This is similar to the total distribution received by shareholders last year.

During the year all the investment trust interests of the group were consolidated into Lonsdale Investment Trust Limited, whose accounts are enclosed with the report and accounts. It will be seen that these accounts cover the whole twelve months' period, as against the ten months covered by the last accounts submitted.

Growth of income of Lonsdale Investment Trust Limited has continued, but at a slower rate; had it not been for the Chancellor's request in July for dividend restraint, the revenue from the Trust's investments in Great Britain would undoubtedly have been greater during the latter part of the year. Since then credit restriction and increased competition are having their effect on profit margins in several industries, so that there may be reduced dividends from some of our investments during the current year. On the other hand, industrial activity in the United States has increased since mid-1961 with the result that larger dividends may be expected from many of our North American investments. The Trust's interest in Europe is still relatively small, but it is being increased now that prices of Continental shares are less inflated.

The accounts of Kleinwort, Benson Limited, in which are concentrated all the banking activities of the group, are now presented in the manner authorised for banking companies, which basis did not apply to the ten months' accounts of the former Robert Benson, Lonsdale & Co. Limited presented last year. The present profit figures are accordingly not comparable with the published profits of the two former banking companies, but it can be stated that the general level of profit has been well maintained.

GREATER ACTIVITY IN BANKING BUSINESS

There has been greater activity in all sections of the banking business. In particular it is encouraging to see the increase in the figure of acceptances—the traditional business of a merchant bank. The continued growth of foreign deposits, both in sterling and in dollars, is also noteworthy.

In new issues our activity has been maintained at a high level. During the year we successfully contributed to the City's techniques and ability to meet special requirements by sponsoring an equity issue involving applications by tender instead of at a fixed price.

Our investment management and advisory services, seasoned for many years in the management of large investment trusts, have been employed by more pension funds and we have made particular arrangements to meet the growing demand both in this country and the United States for advice on Continental securities. The Transatlantic Fund Limited, a Canadian investment trust specialising in European securities, which we sponsored some years ago to meet the requirements of the American investor, has prospered and has a portfolio worth nearly £8 million; last March, in order to provide the British institutional investor with similar opportunities, we launched privately in London the European Market Investment Trust Limited, whose funds now extend to some £5¾ million.

It is now almost exactly one year since we began the gradual process by which the varied activities of our banking and investment business will eventually become fully integrated. Shareholders will recall mention at the time of the merger of the benefits anticipated from the complementary nature of the two businesses now merged into Kleinwort, Benson Limited. I am pleased to say that there continues to be tangible proof of such benefits. The process of integration and the achievement of smoother and more efficient working continues, but cannot be complete until we are all housed under one roof. As a first step, to be accomplished within the next two months, we have arranged to bring our investment departments together in Aldermanbury House, and by the summer of 1963 the rest of the business now carried on at Fenchurch Street will move to temporary premises closer to Aldermanbury House. Our intention is for the whole business of the group eventually to be housed in a new building to be erected on our Fenchurch Street site. The temporary move will enable the Fenchurch Street office (which, incidentally, we have occupied for very nearly 100 years) to be demolished and rebuilt. Arrangements for this development project are well advanced, but we do not anticipate that the building will be ready for occupation until about 1965.

COMMON MARKET PROSPECTS

Looking to the future, I would like to make some remarks with regard to the Common Market.

In assessing the prospects for the merchant banks, commentators have pointed out the opportunities they will have as a result of the United Kingdom joining the E.E.C. This is true, for, like ourselves, many merchant banks have extensive and well-established connections on the Continent that will equip them to assist United Kingdom and Continental customers who are seeking new outlets and manufacturing facilities or working agreements and will require an intimate knowledge of the new territories before they can wisely undertake fresh enterprises. I do, however, suggest that whilst substantial new business and earnings may ultimately be looked for, it would be a mistake to expect quick or easy results from this activity.

Your Company has undertaken much exploratory work on the Continent with a view to assisting its customers in this field. The task is a large one calling for consistent effort, but I believe that, if the United Kingdom becomes a member of the Common Market, our rewards, if not immediate, will be well worth while.

In general, there would seem to be good grounds for confidence in the prospects for the City in connection with the Common Market. There is no doubt but that London has a much larger capital and money market, backed by a more highly-developed and more efficient financial machine than exists in any of the other countries of the E.E.C. It is therefore natural to expect that, if the United Kingdom were to become an integral part of this Community, there would be a growing tendency to turn to London in financial matters. I would add a plea that every official encouragement should be given to the City to take advantage of this great opportunity; as, for example, by removing those irritating imposts that, whilst yielding relatively little revenue, are even now driving Stock Exchange and investment business to other centres.

The first operating year of Kleinwort, Benson Limited as a single unit has just been completed, and I would not let the occasion pass without expressing my appreciation of the spirit in which the task of co-ordination has been tackled by all concerned. I am sure that shareholders will wish me to express on their behalf our thanks to all executives and staff for their co-operation in this matter, and for their excellent work during the past year.

A NEED FOR WIDER VISION *Says Sir George Bolton*

long-term investment vital to under-developed countries

The trading and financial world is experiencing many discomforts derived from anxieties over international politics, doubts regarding the world's major currencies and their related problems, and confused thinking about overseas trade.

Among the readily identifiable factors is the end of the apparently automatic expansion of world trade that began in 1945. Attention is belatedly being given to the effects on world trade of the continuous fall in commodity prices over the last decade; this has brought about exchange and payments disturbances and internal financial and monetary problems in virtually every country that is dependent on the export of primary products. These difficulties have affected the whole of South and Central America and Africa, with the exception of the Republic of South Africa, which enjoys a steady income from the export of gold and diamonds; and in one way or another their consequences have been felt throughout the Commonwealth.

INHERENT DISTRUST

Besides these trading problems, and partly as a consequence of them, there is now a deeply-rooted lack of confidence in the structure of foreign exchanges. Not only trading difficulties, but also the continuing heavy military and foreign aid expenditure by the U.S.A., and, to an equivalent but lesser extent by the United Kingdom, are affecting the stability of both the dollar and sterling. These currencies are under remorseless pressure, as is revealed from time to time by events in the exchange markets. It is an inherent distrust of these and other paper currencies that is the underlying factor in the gold price controversy.

United Kingdom economic policy cannot be independent of the world situation, nor can the sterling system remain unaffected by any decision on the dollar made by the U.S.A. Nevertheless the British Government's reactions to current economic problems seem to have small relevance to international needs, except in its decision to apply for membership of the European Economic Community.



Brasilia: Modern Sculpture in front of the President's Palace of the Dawn.

PROBLEM OF WORLD LIQUIDITY

The problem of world liquidity is rendered the more intractable by recurrent weakness in the two principal international currencies. The outstanding problem today is not whether the price of gold should be raised, nor whether sterling or the dollar should be devalued, nor whether the Deutsche Mark or the Italian lira should be revalued, nor whether exchange rates should float or have wider official quotations. It is to be found in the fact that the tremors, large and small, that pass across the exchanges are no longer a reflection only of the weaknesses or follies of any particular government; they are the consequences of many years' abuse of the paper money system.

North America and Europe have for many years regarded the countries of Latin America and Africa as being of great potential importance. Industry and commerce have looked forward to the economic progress of these vast areas and to a large increase in world trade that would follow as a result. To disregard these countries because earlier hopes have not been fulfilled, and in consequence to concentrate on Europe, is a retrograde step, since there is a limit to the extent to which greater prosperity can be achieved within the comparatively narrow confines of the Old World.

Despite vast potentials in physical wealth and human resources, the struggles of the Latin Americans to place themselves on a viable competitive footing with the world's more advanced economies have been constantly hindered by domestic monetary troubles and recurrent inflation. It must be admitted that many of these difficulties have been the products of political instability and lack of internal discipline; but it is not hard to see that there is a fundamental cause of all these disruptions, namely an almost complete lack of domestic long-term investment capital.

NEED FOR OUTSIDE HELP

It is therefore obvious that all the under-developed countries must look beyond their own frontiers for help. For significant progress to be made in assisting the real emergence of the under-developed countries, as distinct from their rescue in individual payments crises or the granting of aid for public works and social improvements, wide agreements would be needed on matters of key economic importance. It would be necessary to ensure stability in monetary reserves and exchange rates, and to co-ordinate monetary policies, with the object of maintaining confidence in domestic currencies.

If the western democracies are to maintain a thriving international trade through free markets and freely-moving prices, conducted by the initiative of countless individuals making their own free choice, a major problem is to ensure that the monetary system works efficiently.

Because of the tensions in our price and monetary system in both the developed and the emergent sectors of the western world, we face the prospect of a prolonged crisis in the international financial structure; this is a situation urgently demanding attention and all responsible governments should give it equal priority with international politics.

1862 1962

THE CHAIRMAN'S CENTENARY YEAR STATEMENT

BANK OF LONDON & SOUTH AMERICA LIMITED

The full text of the Chairman's Review and a copy of the Directors' Report and Statement of Accounts can be obtained from The Secretary, Bank of London & South America, 40-66, Queen Victoria Street, London, E.C.4.

Hoover leadership assured by quality and advanced design

Annual Review reveals increased turnover but smaller profits

In the Annual Review for 1961 Hoover Limited revealed increased turnover but smaller profits. Other points from the Review are as follows:

The Keymatic, generally considered the best machine available anywhere, a redesigned Hoovermatic, a new low priced Cleaner — the "Hooverette" and a redesigned Polisher at a substantially reduced price, were introduced during the year. These products have been well received both by our dealers and the public, and are the chief factors responsible for increased turnover. But economic conditions, and the fight to keep in the forefront technologically and in share of the market—which we believe essential to our long term progress — has required small profit margins and heavy advertising and sales expenses.

There are indications of a significant change in the Government's approach to the country's economic problems. We hope ways will be found to avoid using the consumer durable industry as the anvil on which the blows of counter-cyclical fiscal policy have, in recent years, invariably first been visited.

The Export Market

Hoover Limited is always engaged in an "Export Drive" and 1961 was no exception. We are now strengthening our Export Division in personnel and organisation.

Our share of the export shipments of vacuum cleaners and washing machines continues to make us the overwhelming leaders in this trade.

The underlying trends for export appear favourable, although, as in the home market, profit margins are likely to tighten even further.

Planning for the Future

Many observers believe that Britain will join the Common Market within the next year or two. This development would naturally be of great interest to Hoover Limited and we established in 1959, in collaboration with our parent company, The Hoover Company of the United States, a new company in Switzerland, Hoover S.A., having the objective of developing to the full the opportunities afforded by the European Common Market. Hoover S.A. has been most helpful in the areas of market research and management reorganisation and has been conducting forward planning studies in regard to the requirements of productive capacity to serve the Common Market.

With the objective of increasing efficiency and simplifying the lines of authority and responsibility, as well as building greater flexibility in the management structure, your Board has been taking several actions in regard to corporate ownership and is considering further moves.

We are making special efforts to reduce to the maximum possible extent our costs of production and overhead expenses so as to improve our badly reduced profit margins.

Appreciation must be expressed for the support and loyalty of our employees and of our dealers and distributors in difficult trading conditions



The Hoover Keymatic—unique in the field of home-washing. Full automation, simplicity in handling and excellence of design result in the finest washing machine available.



The Hoover Shampoo-Polisher, latest addition to the Hoover range, will efficiently shampoo carpets in position, polish floors and furniture and scrub all types of surfaces.

The British Bank of the Middle East

ANOTHER SATISFACTORY YEAR

The Seventy-Third Annual General Meeting of The British Bank of the Middle East was held on March 13th at the Bank's Head Office, 7 King William Street, London, E.C.4, Sir Dallas Bernard, Bt., Chairman, presiding.

The following is an extract from his circulated statement for the year ended December 31st, 1961:—

Since my last Statement, a year ago, there has been one change in the Board of Directors. Mr. S. W. P. Perry-Aldworth notified us that he wished to resign at the end of the year. He played a prominent part in the discussions, two years ago, that led to the offer being made to our shareholders by The Hongkong and Shanghai Banking Corporation to acquire all our Bank's shares. Since the merger, Mr. Perry-Aldworth has been one of our Directors and the harmony that has been such a happy feature of our common endeavours can be ascribed to a great extent to his understanding of our problems. We shall miss him.

TRIBUTE TO MR. MUSKER

Mr. G. O. W. Stewart, who has taken Mr. Perry-Aldworth's place as Manager of The Hongkong and Shanghai Banking Corporation's London Office, has been elected to our Board.

Mr. H. Musker, General Manager *since 1948*, retires on 10th March and will be succeeded by Mr. C. F. Warr. I am glad to say, however, that Mr. Musker will remain a Director and so we shall have the benefit of his experience and advice on the Board. Mr. Musker was a most successful General Manager and we shall be very sorry to lose his services in that capacity. During his tenure of office the Bank has grown considerably. At the time he was appointed General Manager the Capital and Published Reserves were £2,165,000. Today, assuming the resolution to be put before the shareholders at the Annual General Meeting is adopted, the figure will have been increased to £5,330,000. The number of branches has increased from 22 to 30 and we have a subsidiary in Casablanca and an Associated Company in Iran of which we own 49 per cent. of the capital.

BALANCE SHEET FIGURES

The Accounts that we are presenting to shareholders at the Annual General Meeting show that the Bank has had another satisfactory year.

Generally speaking, our Balance Sheet shows very little change from a year ago. The total is lower than last year by £2.6 million and this is caused by a small reduction of about £3 million in the total of our Deposits. This is the result mainly of normal day to day transactions and it so happened that, at the end of the year, there were some balances smaller than usual.

On the assets side, an increase in Cash and Cash at Bankers of £700,000 compared with a year ago is matched by a decrease of about the same amount in Money at Call and Short Notice and is of no significance. Treasury Bills held at 31st December, 1961, were £4,760,000 as against £8,837,000 last year.

Discounts and Advances to the Public total £46 million and have increased by £1½ million compared with a year ago.

Other figures that have changed are the amount due by our Associate Bank in Iran, which has increased from £108,000 to £518,000, and our investment in Morocco which appears for the first time amounts to £164,000.

This year our Profit and Loss Account represents the result of a full year's work. Last year, you will recall, we changed our accounting year so that it ended on 31st December instead of 31st March, which had been our annual closing day previously.

SLIGHTLY HIGHER PROFIT

The nett profit at 31st December, 1961, was £402,709 which is proportionately slightly higher than the result for the previous period.

The Directors recommend a final dividend for the year of 8 per cent. which, with the interim dividend of 8 per cent. paid in July, makes a total of 16 per cent. for the year. Last year's single dividend of 12 per cent. for the nine months' period, was at the same annual rate. The cost of this year's dividends, less tax, is £196,000.

The Directors have allocated £100,000 to Reserve Account, increasing it thereby from £2,500,000 to £2,600,000, and written £50,000 off Bank Premises which now stand at £411,000 in the Balance Sheet, a slightly lower figure than last year.

PROPOSED SCRIP ISSUE

Here I would like to refer to the capitalisation of £500,000 (£100,000 from the Bank's Share Premium Account and £400,000 from the Bank's Reserve Account) to be applied in the payment up in full of 500,000 shares of £1 each to be allotted to shareholders. To maintain the Published Reserve Account at its present level, £400,000 will be transferred from the Bank's inner reserves to Reserve Account, if the capitalisation is approved by the shareholders.

The proposed capitalisation is recommended by your Directors with a view to bringing the issued capital of the Bank more into line with the capital actually employed in its business and to increasing it to a figure more appropriate to the standing of the Bank in the countries in which it operates.

OIL PRODUCTION

In recent years I have formed the habit of quoting in my statement the annual figures for oil production in the Middle East. During 1961 total production at 282 million tons was 6½ per cent. higher than the 265 million tons produced during 1960 and 22 per cent. higher than the 230 million tons for 1959. The most significant increases during 1961 were those of Saudi Arabia and Iran which both showed over 12 per cent. increase; in fact in other countries production showed little change over 1960.

I must mention that Libya appears in the list of oil-producing countries for the first time in 1961. The figure of half a million tons must give a feeling of intense satisfaction to His Majesty King Idris of Libya and to his Government and people.

I would like to say once again that the success achieved during 1961 is in no small measure due to the high standard of work and loyalty that we have again received from our Staff. Their efforts have built our reputation and they may well be satisfied, as we here in London are, with the progress the Bank has made. I and my colleagues thank them all.

LOCAL CONDITIONS

Market conditions in Iraq throughout the year were rather dull although the demand for money continued to be strong. Import licences appeared to be issued a little more freely but no figures were published. The commodities licensed for import were mainly those necessary for the overall development and basic needs of the country.

In Libya new houses for the Managers of our two branches have been completed and work will start on new office premises for both Tripoli and Benghazi Branches early in 1962. I am pleased to say that our branches are well placed to contribute towards the economic growth of Libya which undoubtedly lies ahead.

The State of Kuwait has encountered peculiar difficulties and problems during 1961 and has surmounted them satisfactorily. Our branches—we now have five—have had a satisfactory year and the new branch in Fahad As-Salem Street, which we opened in July, has made good progress. A new office for our Ahmadi Branch is under construction and we hope to occupy it in the spring of 1962. A contract for the construction of our new Main Office in Kuwait, in Commercial Area No. 3, was awarded at the end of the year and work has now started.

Conditions in Bahrain have remained stable, and the volume of trade has been maintained. The value of imports during the first six months of the year was £10.8 million, the same as in the corresponding period of 1960. Re-exports totalled £3.7 compared with £3.9 million.

I mentioned last year our entry into Morocco and I am pleased to report that our subsidiary, The British Bank of the Middle East (Morocco) now has two branches in Casablanca and is making encouraging progress.

On 20th March 1961, our associate, The Bank of Iran and the Middle East, completed its second year of operations. Despite the curtailment of credit during the latter half of the year, it continues to make good progress.

On the whole, 1961 was an economically difficult year for Morocco. The failure of the grain harvest has caused considerable hardship to the population and the cost of living over the year increased by 6 per cent.

The Report and Accounts were adopted.

Branches

ADEN · INDIA · IRAQ · JORDAN · LEBANON
LIBYA · MOROCCO · SAUDI ARABIA
TUNISIA · ABU DHABI · BAHRAIN
DUBAI · KUWAIT · QATAR · MUSCAT
SHARJAH

Associated Bank in Iran—

THE BANK OF IRAN AND THE MIDDLE EAST

The Bank is a member of the Hongkong Bank Group whose total assets exceed £445 million.

SOCIÉTÉ GÉNÉRALE DE BELGIQUE

The Annual General Meeting of Shareholders of the Société Générale de Belgique was held in Brussels on February 27, 1962. The Governor, **Mr Max Nokin,** presided.

The Company's chief asset is its holding shares in financial, industrial and mining companies in Belgium, the Congo, Canada and other countries. The portfolio is shown in the Balance sheet at the conservative valuation of £30.7 million sterling. Its market value is estimated at about £105.7 million sterling.

Profits for 1961 were £3.7 million compared with £3.3 million in 1960. Total profits in 1961, including balance brought forward from the preceding year, were £4.4 million compared with £3.7 million in 1960. The increase has been made possible, mainly, by the fact that the reduced dividend receipts from a number of African companies, was more than offset by a recovery in the income received from other shares in the portfolio, combined with income accruing from recent investments.

During the past year, activity continued on a satisfactory scale in most branches of Belgian industry. The rate of investment, already at a high level in 1960 showed considerable expansion. This is confirmed by the sections of the Report dealing with the various companies in which Société Générale de Belgique is a shareholder. These companies spared no effort in their response to the incentive provided by the progressive opening of the internal frontiers of the Common Market.

BANKING

Deposits of the *Banque de la Société Générale de Belgique* increased substantially during the year. The Bank was increasingly active in the international monetary market, particularly in the field of short-term notes. The Bank also undertook, alone or in concert with other establishments, the financing of sizeable exports of Belgian industrial equipment.

STEEL

At *Cockerill-Ougrée*, work was completed on a new high-capacity blast furnace, and a continuous cold rolling mill for the Ferblatil section. It was decided, also, to double the capacity of the production unit for orientated grain magnetic plates. *Forges de la Providence*, also, continued the execution of its big investment programme, affecting each of the company's three works. The Report also records the fact that, subject to the final authorisation of the High Authority of E.C.S.C., it has been decided to erect a new integrated steel unit north of Ghent. The chief end-product of this enterprise will be cold-rolled plates.

NON-FERROUS METALS

Société Générale Métallurgique de Hoboken has again expanded its capacity for germanium production. It has reinforced its research department to deal with its growing business in basic materials for the electronics industry, and in the metallurgy of special metals—notably tantalum and niobium. Société Générale de Belgique, and other companies in the Group, have joined forces with subsidiaries of the Reynolds Metals Company in forming *Société Aluminium-Europe (Aleurope)*, which is to enter the aluminium product manufacturing industry.

ELECTRICAL AND MECHANICAL INDUSTRIES

Steps had already been taken to expand the electrical and mechanical engineering section, and these are now beginning to bear fruit. *Ateliers de Constructions Electriques de Charleroi (A.C.E.C)* and *La Brugeoise et Nivelles* were both successful in bringing new products into the market. Both companies have strengthened their position in the Common Market by forming associations with producers in other countries, thus ensuring their participation in new techniques claimed to have a substantial future and a considerable prospective influence on employment.

NUCLEAR ENERGY

The Group's nuclear undertakings were marked by the growing proportion of concrete projects undertaken in relation to the theoretical and design studies. The high flux BR-2 reactor of the Centre d'Etude de l'Energie Nucléaire de Mol started operation at reduced power. The start of a BR-3 reactor will be delayed, since the law dealing with protection against nuclear risks has not yet been passed. Preliminary work was begun on the construction of a plant to treat radioactive combustibles of the Eurochemic company.

MERGERS

Early in 1961, a new plate glass manufacturing company, called *Glaverbel,* was created through the merger of *Union des Verreries Mécaniques Belges (Univerbel)* and *Glaces et Verres (Glaver) S.A.* The merger was essentially one of expansion, designed to create a stronger enterprise which would be better able to respond to opportunities offered by the economic unification of Europe. By bringing together under a single management the industrial resources of the two merged companies, Glaverbel became one of the world's most important manufacturers of plate glass.

In the shipping industry, the assets of *L'Union Financière et Maritime (Ufimar)* were merged with those of *Compagnie Maritime Belge* in a move to reinforce their position in international shipping, to strengthen the merchant fleet, and to permit the simultaneous development of subsidiary companies whose shares previously had been held in separate portfolios.

CANADA

In Canada, sales by the *Inland Cement Company* set an all-time record. *Iroquois Glass Limited* increased production capacity by about 20 per cent. Principal construction work and installations of *Brockville Chemicals Limited* were completed and the plant began operations at reduced capacity in July 1961.

CONGO COMPANIES

The loyalty of the personnel of private companies in the Congo was largely responsible for effectively maintaining the country's economic potential. In fact, despite adverse conditions, certain companies expanded production capacity and introduced new technical processes.

In Kasai, diamond production by *Société Minière du Bécéka* set an all-time record. The fighting in Katanga in December 1961 interrupted operations at *Union Minière*, and total production of copper was 7,000 tons below the 1961 goal of 300,000 metric tons. In the Leopoldville and Equator provinces, agricultural enterprises maintained, and in some cases increased production levels of such major agricultural exports as palm oil and palm kernel. However, in other regions, particularly Orientale and Kivu provinces, the insecurity of persons and property resulting from administrative disorganisation and political tensions seriously reduced economic activity.

THE CARDINAL INVESTMENT TRUST LIMITED

VALUE OF PORTFOLIO WELL MAINTAINED

The fifty-fifth Annual General Meeting of The Cardinal Investment Trust Limited was held on March 8th in London, **Mr R. G. Mills** (the chairman) presiding.

The following is his Review which was circulated with the Report and Accounts for the year ended December 31, 1961:

The Directors' Report refers to the death of Mr Eric Davenport who had been the Managing Director of your Company for a long period. Although his death took place in May last this is the first opportunity that has fallen to me to pay a tribute to the great contribution which he made in building up the Company to its present status. His death in the prime of life is a great loss.

The Board have appointed as Manager and Director Mr K. G. Drummond, FCIS, to succeed Mr Davenport, with whom he had worked closely since 1946. We have also appointed Mr J. M. Davenport, ACA, another Senior Executive, as Assistant Manager and an additional Director.

Turning to the accounts, I would draw your attention to the increase in the issued capital to over £1,000,000 by means of a capitalisation issue of Deferred Shares in November, thereby qualifying all the capital of the Company as Trustee investments in accordance with the provisions of the new Trustee Act. The opportunity was taken at the same time to increase the authorised capital to £1,500,000.

Having regard to the trend for Company dividends to be reduced, which became more evident in the second half of the year, the increase in our net revenue of some 9 per cent is not unsatisfactory.

The proposed final dividend of 8½ per cent, making 14½ per cent on the Deferred Capital, is a slight increase on the 17 per cent distributed for last year, when account is taken of the rights issue in 1960 and the recent capitalisation issue. As mentioned in the November circular to shareholders it is proposed to pay an interim dividend in July of 4½ per cent which is the equivalent of 6 per cent paid last year on the smaller capital.

The value of our portfolio has been well maintained despite irregular conditions on the London Stock market during the year.

The investment outlook for the coming year is, to say the least, obscure, and it is possible that we may experience some reduction in our income. However, subject to some major disaster affecting investments generally, we should be able to maintain the present rate of dividend of 13 per cent.

The report and accounts were adopted.

SCOTTISH WIDOWS' FUND & LIFE ASSURANCE SOCIETY

OUTSTANDING NEW BUSINESS RECORDS
LARGE MARGIN OVER BALANCE SHEET VALUES
FUNDS NOW EXCEED £163,000,000

The one hundred and forty-eighth Stated Annual Meeting of the Society was held in the North British Station Hotel, Princes Street, Edinburgh, on Tuesday, March 13, 1962, **Mr Alastair C. Blair** (Chairman of the Ordinary Court of Directors), presiding.

The Secretary read the notice convening the meeting and the minutes of the Special General Meeting held on June 20th, 1961, which were approved; and the aduitor's report was also read.

In moving the adoption of the report and accounts, which were taken as read, the Chairman said:

It has become a common-place in recent years, both for the Society and for other insurance offices, to report record amounts of new business, but the Society's records which were attained in 1961 were outstanding. New annual premium income, at £2,800,000, showed an increase of 22 per cent over the 1960 figure, and new single premiums including considerations for annuities, at £3,700,000, an increase of 34 per cent. The benefits secured by these premiums, i.e. sums assured of £63M and annuities of more than £8M were respectively 29 per cent and 35 per cent ahead of the figures for the previous year. I must, however, mention one special consideration —the amounts of new insurances and annuities under existing group and other pension schemes, which are included in these figures, were exceptionally high due to factors which are unlikely to recur, and we do not expect to obtain as much business from these sources in 1962.

HIGH QUALITY OF SERVICE

The growth in our new business in 1961 compares favourably with the experience of the life offices as a whole and indicates that the Society's popularity shows no sign of diminishing. We believe that this is due not only to the good returns obtained under the Society's contracts, but also to the high quality of the service given by our staff to agents, members and prospective members—a feature which has become increasingly important in view of present-day complexities of life assurance. It is our aim to make our service still better in the years to come and we shall continue to welcome suggestions from our connexions as to any ways in which we can help them.

Our premium rates for whole life and endowment assurances without participation in profits were materially reduced last year and are now among the lowest rates quoted for these classes of business. While our faith in the Society's with-profit contracts is as strong as ever, there are certain purposes for which a policy on fixed terms is more suitable and we look forward to writing an increasing amount of full-premium non-profit business, as well as low premium business such as Family Income which provides life assurance at the least possible cost.

INVESTMENT POLICY

The outstanding feature of the investment world in 1961 was the high level of interest rates which continued to exceed the dividend yields generally obtainable on ordinary shares, notwithstanding the slowing down in the growth of industrial profits. In these conditions, our new money has been mainly invested in long-dated and irredeemable fixed interest securities; I do not need to emphasise the suitability of such stocks for a life office whose business it is to enter into long-term commitments.

I need hardly remind you that the Society was one of the first offices to enter the equity market in a big way. In particular, a considerable proportion of our new money was invested in this category during the years from the end of the war up to 1957. These investments, made at a time when dividend yields were appreciably higher than the yields then obtainable on British Government Securities and when dividends were very well covered by earnings, have amply justified the policy which was followed. They are largely responsible for the high yield on the funds and furthermore have enabled the Society to pay substantial special bonuses out of capital profits. Now that the period of post-war rehabilitation and expansion is over, the attractions of ordinary shares as a class are less obvious, and the advantages of high yielding fixed interest stocks more readily apparent. But in the long run we still believe there is merit in equity investments, and so we are watching developments carefully and hope in time to find good opportunities for adding to our portfolio of them.

SOCIETY'S STRENGTH

In the meantime, I would only add that the margin between the market values and the balance sheet values of our stock exchange securities increased still further during the year. In fact this margin at December 31st last was higher than it had been at any year-end with the exception of 1959—and this notwithstanding the transfer to the assurance and annuity funds out of realised profits of £5M in 1955 and £5½M in 1959 to meet the cost of special bonuses. Our members can therefore face the uncertainties of the future with every confidence in the Society's strength.

Our new Head Office building is approaching completion and it will be a happy day when our Head Office staff can be brought together in one building. This in itself will make a valuable contribution to efficiency.

TRIBUTE TO STAFF

In conclusion, I should like to pay a tribute on behalf of my colleagues on the Board to the Society's staff throughout the country. They have had many problems to face and a growing volume of work to contend with. One and all both at Head Office and the branches, both in the field and inside the office, they have responded well. There is a real desire throughout the staff to serve the members and I am confident that this spirit is a major factor in maintaining the Society's reputation as a progressive office.

The Directors' report and the accounts as audited were adopted.

APPOINTMENTS

LONDON COUNTY COUNCIL

ARCHITECT'S DEPARTMENT

Applications invited from *university graduates* (second class or above), including undergraduates who will be taking their final examinations this year, to work in *Town Planning* Division. Applicants should intend to make a career in *planning* and to qualify as Associate Members of the Town *Planning Institute* by evening study in their own time. Form and *particulars* from Hubert Bennett, F.R.I.B.A., Architect to the Council (CK/F) 5503D, County Hall, S.E.1, closing date 30th.

WE are looking for a Secretary between 25-35 who is interested in commerce and/or economics to be Personal Assistant to our Overseas Branch Manager. The position will provide scope for *initiative* and carries a progressive salary and three weeks' annual holiday. —Write, fully to Box TE.485, c/o Hanway House, Clark's Place, E.C.2.

THE UNIVERSITY OF MANCHESTER

Applications are invited for *one* or more temporary posts at the grade of LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period not more than four years. Applicants should have field experience, preferably in South America, South East Asia or Africa, or knowledge of China. Salary scale £1,050 to £1,850 per annum; membership of F.S.S.U., and Children's Allowance Scheme. Applications should be sent not later than March 31, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the post of ASSISTANT LECTURER IN GOVERNMENT. Salary scale: £800-£950 per annum. F.S.S.U. benefits and family allowances. Duties to commence October 1, 1962.

Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by Saturday, April 7, 1962.

WORCESTER COLLEGE, OXFORD

OFFICIAL FELLOWSHIP AND LECTURESHIP IN ECONOMICS

The College proposes to elect an Official Fellow and Lecturer in Economics from October 1, 1962, if possible. Further details may be obtained from the Senior Tutor, to whom applications should be sent by April 15, 1962.

UNIVERSITY OF MANCHESTER

CENTRE FOR BUSINESS RESEARCH

Applications are invited for a post of Senior Research Officer or Research Officer to work on problems in Applied Decision Theory. Applicants should have a good background in mathematics, mathematical statistics and economics, together with some industrial experience and an interest in the practical application of mathematical and statistical models to the solution of decision problems. Salary will be in the range £1,250 to £3,000, inclusive of any provision for pension. Applications should be sent by April 9, 1962, to Professor J. Johnston, Department of Economics, University of Manchester, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the posts of ASSISTANT LECTURER or LECTURER IN ECONOMICS (Two posts). Salary scales: Assistant Lecturer £800-£950 per annum. Lecturer £1,050-£1,850 per annum. F.S.S.U. benefits and family allowances. Commencing salaries will be according to the age, qualifications and experience of the successful candidates. Duties to commence October 1, 1962.

Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications (six copies) must be received by Saturday, April 7, 1962.

CITY MERCHANTS require ASSISTANT, preferably with general knowledge grain and shipping trades; also some arbitration and legal experience disputes, contracts, sale charter parties. State age, salary required, etc.—Write, Box ZQ322, Deacon's Advertising, 36, Leadenhall Street, London, E.C.3.

THE UNIVERSITY OF HULL

LEVERHULME FELLOWSHIPS IN COMMONWEALTH STUDIES

Applications are invited for two Leverhulme Fellowships for teaching and research in Commonwealth Studies, with special reference to Economics, Geography, Political Studies, Sociology or Social Anthropology. Tenure may be one to three years. Salary within the range £1,650 to £1,850 per annum with F.S.S.U. and children's allowances. Some provision for travel. Applications (six copies or one from overseas candidates) together with the names of three persons to whom reference may be made, should be sent to the undersigned not later than 1st May, 1962.

W. D. CRAIG,
Registrar

For further appointments and other classified advertisements see pages 1074 and 1075

THE UNIVERSITY OF MANCHESTER

As the result of a grant from the Department of Scientific and Industrial Research, the Department of Social Anthropology and Sociology plans to carry out a study of selected industries in Salford, and applications are invited for the following posts:

(a) SENIOR RESEARCH WORKER, initial salary within the range £1,000—£1,300 per annum;

(b) Two RESEARCH ASSISTANTS, initial salary within the range £700—£950 per annum.

The appointments will be for three years commencing October 1, 1962, and two of the successful candidates will be required to carry out participant observation studies in factories, the other to work on some aspect of community life in Salford. Applicants should have training in Sociology or Social Anthropology. The appointments carry membership of the F.S.S.U. and Children's Allowance Scheme. Application forms and further particulars may be obtained from the Registrar, the University, Manchester, 13, to whom applications should be returned by not later than March 24, 1962.

COMPANY AFFAIRS

Both gilt-edged and equities rallied in the London Stock Market following last Thursday's cut in Bank rate. With sterling remaining strong gilt-edged have taken the limelight and 3½ per cent War Loan has been prominent. With fewer sellers in evidence equities have made small gains and The Economist *indicator gained 4½ points to 356.7. Following the good results from Charrington brewery shares made useful gains while stores were firmer. By contrast tobacco shares fell sharply following a television programme on the report of the Royal College of Physicians, but with buyers appearing at the lower prices most tobacco shares closed above the worst.*

Hoover and the Common Market

It is now almost two years since the boom in the domestic appliance market was finally pricked by the re-introduction of hire purchase restrictions. In this period Hoover's profits before tax have fallen from £11.1 million through £6.4 million in 1960 to £3.9 million in 1961 and the ordinary dividend, set at 45 per cent for both 1959 and 1960, has been cut to 25 per cent. This has represented a sharp reversal of fortune for the company and its shareholders, but in his review with the full report the chairman, Mr H. W. Hoover, says nothing to suggest that better times are near at hand.

Once again it is a story of increasing pressure on profit margins as a result of severe competition in an industry now working well below capacity. Nevertheless Hoover says that the "fight to keep in the overseas markets last year even though its sales fell in the last quarter of the year. At home the higher sales appear to spring from the introduction of new models, notably the new Keymatic washing machine, but Mr Hoover says that the "fight to keep in the forefront technologically and in share of the market . . . has required small profit margins and heavy advertising."

In the export market too profit margins are falling and while Hoover held on to its proportion of about 75 per cent of all exports of washing machines and vacuum cleaners from this country it is finding the going increasingly hard. Mr Hoover says that as far as Europe is concerned "nearly every large company in the world is taking steps, as we have, to capture a share of the growth of this market." Hoover's sales in Europe should be helped this year by the introduction of the Keymatic. For the long term a great deal of importance can be attached to the decision to build a factory in France near Dijon. Shareholders may wonder what implication this may have for the factories in this country, particularly as the review suggests that Hoover Limited may be relinquishing its direct interests in the common market. In 1960 it was announced that a Swiss company, Hoover S.A., had been set up jointly with the American parent company to co-ordinate the group's activities in the common market and now the directors are studying the possibilities of selling British Hoover's sales companies in the common market countries to Hoover S.A. for a "suitable consideration." In this way the American parent would get a direct interest of 50 per cent in these common market outlets. These moves may explain why there have been recurrent rumours that, like Ford, Hoover of America would make a bid for the shares it does not already hold in Hoover Limited. Minority holders of these shares may have to face the prospect of losing 50 per cent of a direct interest in the possible growth of profits from the common market countries.

In view of the tone of the review and the possible implications of the plans for common market integration it was not surprising that the "A" shares fell back sharply by 3s. 3d. to 35s. at the opening of the new account. But helped by bear covering they have recovered to 38s. 9d. to yield 3¼ per cent.

Charrington

Recent buying of Charrington shares has largely been prompted by anticipation of the terms of the merger with United Breweries. Buyers will be well content meanwhile with the 1961 results of this London based brewery group. Unlike many of its competitors its financial year runs to December and its results therefore reflect a longer trading period after the July surcharge on duties than those of breweries which drew up their accounts at the end of September. Even so Charrington's profits before tax rose by 31 per cent, from £2,324,000 to £3,051,000, and its net profits went up from £1,149,000 to £1,463,000. The ordinary dividend set at 20 per cent for the past two years has been raised to 25 per cent and is covered 2.3 times by earnings. This is not the end of the good tidings: a revaluation of the group's freehold and leasehold properties, carried in the balance sheet at £21.2 million, has thrown up a surplus of £8½ million and this raises the net asset value per ordinary share to about 120s.

These results suggest that the rise in the price of Charrington shares, now standing at a new peak of 146s. 6d. to yield 3½ per cent, has not been overdone. With United Breweries 5s. shares standing at 15s. 3d. Charrington shares are valued at about 9½ times United Breweries' shares. But Charrington's earnings would appear to be about 11 times those of United Breweries and its assets value about 12 times as much. On these considerations, it would appear that the share prices are still out of line; but they are far from being the only factors in assessing the terms of any merger. In this case, however, since the initiative for the merger seems likely to have come from United Breweries, Charrington perhaps stands to gain the most.

Arusha Industries

Market hopes that the shares of Arusha Industries offered good prospects of recovery have received a sharp setback. Following the ending of board room wrangles and the injection of both funds and new blood by Mr Harold Drayton's Securities Agency the 4s. shares had risen since December from about 9s. to 14s. 6d. But they fell sharply to 11s. following the none too encouraging statement from the new chairman, Mr M. E. Rich, who is also a director of Securities Agency. He tells shareholders that the improvement in trading profits from £841,000 to £1,060,000 in the year to September 30th last is not likely to be maintained and that profits for the current year are likely to show a "fairly sharp fall." The bulk of the profits of this holding company, which is to change its name to the more appropriate one of General and Engineering Industries, come from Sheffield Steel Products, Barrow Haematite Steel and R. H. Windsor. Since these companies are closely connected with the steel and engineering industries, Mr Rich expects the cover for a maintained 20 per cent dividend to be considerably reduced from 3¼ times; the dividend will be payable on the capital as increased by £375,000 in ordinary shares issued to Securities Agency.

These shares were issued at 8s. a share to bring in £750,000 and a similar sum was raised by the issue of a 6½ per cent loan stock to Securities Agency; the loan stock is repayable by quarterly instalments of £58,000 beginning in June, 1963. But the new funds have not completely solved Arusha's financial problems, for while their injection initially reduced the group's overdrafts from £1,765,000 to £315,000, overdrafts are now back to £546,000. Taking into account the probable capital expenditure in the next year or so and an early start to the repayment of the £750,000 loan stock, Mr Rich makes it clear that additional permanent capital will be required once the present reorganisation of the group is completed. In this week's rally the shares have recovered to 12s. 1½d. and yield 6.6 per cent.

Calico Printers

Shareholders in Calico Printers' Association may be relieved to find that the interim dividend has been maintained at 7½ per cent, but apart from this there is very little to comfort them in the interim statement for the six months to December 31, 1961. The interim dividend is attributable to royalty income, which was £102,000 higher at £1,294,000 in the first half of 1961-62 than in the same period in 1960-61. Overseas sales of the group's patented polyester fibres manufactured under licence were higher and royalties from them accounted for over 70 per cent of CPA's revenue in the last half of 1961. By contrast CPA's trading activities fared badly; the recession in the textile trade resulted in an even smaller demand for commission, printing and finishing services than in 1960-61, when demand fell by 8 per cent, and output at the printing and finishing works fell by a fifth in the six months to December 31, 1961. CPA's subsidiaries, with the exception of the Australian one, have done well, and business usually picks up in the last three or four months of the financial year. Even so the directors say that the absence of any revival of demand "makes it improbable that the increase in royalty income and profits from subsidiaries will be sufficient to maintain total profits at last year's figure.

This prospect puts a question mark over the size of the final dividend, for the total of 21¼ per cent in 1960-61 was covered only 1½ times by earnings from trading. Obviously the best that shareholders can hope for is that the final will be unchanged. For the longer term they cannot be happy about the trend in profits earned in CPA's traditional business, as CPA's royalty income will tail off after 1966 and run out altogether in 1969. And not surprisingly after the interim results were published the 5s. ordinary shares lost 1s. 7½d. to 10s. 10½d., to yield 9¼ per cent on the assumption of an unchanged dividend.

Newton Chambers

Since its colliery interests were taken over by the National Coal Board fifteen years ago, Newton Chambers has diversified its activities and ploughed back a large proportion of its profits. Today the range of the group's products covers the manufacture of plant for the steel and gas industries, excavators, germicides and insecticides. But in 1961 the steady growth of its profits met a sharp reverse. The preliminary statement reveals that increased competition and higher costs cut into its margins and its principal subsidiary—the excavator manufacturers, Ransomes and Rapier—*actually suffered a loss.* Although record sales were achieved, the trading profits of the group fell by just over 10 per cent from £1,551,000 to £1,394,000. After a lower tax charge but a bigger provision for depreciation, net profits fell by over 21 per cent from £618,000 to £483,000, and, most disturbing, the final dividend has been cut from 12 to 10 per cent, reducing the total payment from 20 to 18 per cent.

This reduction suggests that the directors are worried about the immediate future, for a 20 per cent payment would have been covered 1.3 times by the latest earnings compared with 1.7 times in 1960. It may have been prompted at least in part by financial difficulties. At the end of 1960 Newton Chambers's net overdrafts amounted to £955,000 and its capital commitments to £636,000 but last year's cash flow was less than £600,000 and presumably Newton Chambers has had to borrow more from the banks. The stock market was surprised by the results and the 5s. ordinary shares immediately lost 4s. to 16s., the low point for the year. They have since recovered to 17s. 6d. to yield 5.1 per cent on an 18 per cent dividend, covered 1½ times.

Woolcombers

The lower level of activity in woolcombing, the severe pressure on the woolcombers' margins and the halving of Isaac Holden's dividend prepared the stock market for disappointing results from Woolcombers for 1961. In the event Woolcombers' profits fell sharply from £807,000 to £580,000; but a rise in investment income and a lower tax charge cushioned the fall in net profits. They fell from £443,000 to £322,000 reducing the cover on the maintained dividend of 10 per cent from 1¼ to 1¼ times. The £1 shares have held their price at 29s. and yield almost 7 per cent.

The chairman of Isaac Holden, Mr J. R. Stanley Raper, does nothing to raise shareholders' spirits about future prospects when in his statement he says that the first two months of the current year show no improvement although the amount of work is now more plentiful. The spectre which haunts the woolcombing industry is the growth of local competition in export markets, which threatens to leave the British industry with excess capacity on its hands.

Canadian Pacific

Earnings per share of Canadian Pacific Railways rose in 1961 from $1.81 to $2.04, the rise in profits being almost entirely attributable to higher net railway earnings. Despite the wage increases granted last May, railway operating expenses did not rise as quickly as receipts; new operating techniques have clearly begun to pay off and some uneconomic branch lines have been closed and the number of unremunerative passenger services reduced. The ordinary dividend has been maintained at $1.50 per $25 stock, or 6 per cent.

Among the other interests of the group, the loss on steamships has more than doubled, reflecting higher wages, port charges and depreciation, but the company has denied reports that it intends to sell any of its "Empress" liners. Though no specific figures are quoted, the airlines too must have incurred further heavy losses.

Income Account	1960 $000	1961 $000
Railway revenue	457,105	465,490
Railway expenses	423,431	427,839
Net railway earnings	33,674	37,651
Fixed charges	17,106	16,907
Net income	*28,971*	*32,461*
Ordinary dividends	21,499	21,499
Retained profits	4,376	7,759
Other Income		
Steamship earnings	*Dr. 807*	*Dr. 1,683*
Hotels, communications and properties, etc.	4,413	3,743
Dividends	9,583	11,133
Rents and royalties	3,835	3,599
Miscellaneous interest	1,449	440

The only really bright spot is the rise in dividend income from Consolidated Mining and Smelting, in which "Canpac" has a controlling interest. The $25 shares at $44 London yield 5¼ per cent.

Amalgamated Roadstone

Last November, the directors of Amalgamated Roadstone reported a "substantial improvement in both turnover and profits" and said that they were enough in themselves to merit a higher interim dividend. But in deference to the Chancellor's request the interim was left unchanged at 5 per cent. The preliminary figures for 1961 suggest that the second half of the year was as good as the first, for though the total dividend is unchanged at 12½ per cent, gross profits have risen by 19½ per cent, from £788,000 to £942,000. Net profits advanced by 22½ per cent from £465,000 to £568,000, to cover the ordinary dividend nearly 2¼ times.

Some reservations about the results have however to be made. They include earnings from two acquisitions made in April and August, but even so they are not quite as good as the directors had expected a year earlier, when they said that the rise in profits in 1961 should cap the rise of 23 per cent in gross profits in 1960. Even so the shares gained 1s. 1½d. after the preliminary results were published and now stand at 37s. xd to yield 3.4 per cent.

The Economist Indicator (1953=100)

1962	Indicator	Yield %	1961/62 High	1961/62 Low
Feb. 7	359·0	5·04		
,, 14	357·0	5·07		
,, 21	356·4	4·99		
,, 28	356·6	4·97	427·2 (May 10) 1961	342·7 (Oct. 18) 1961
Mar. 7	352·2	5·03		
Mar. 14	356·7	4·97		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Mar. 8	294·7	5·26	6·27	12,721
,, 9	294·3	5·27	6·26	13,310
,, 12	296·0	5·24	6·26	16,063
,, 13	297·3	5·21	6·19	13,642
,, 14	298·4	5·19	6·17	12,783

High, 365·7 (May 15, 1961). Low, 284·7 (Oct. 16, 1961).
† July 1, 1935=100.

STOCK PRICES AND YIELDS

LONDON : NEW YORK : FRANCE : GERMANY : HOLLAND : CANADA : AUSTRALIA : JAPAN

Prices, 1961/62 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 7, 1962	Price, March 14, 1962	Net Red. Yield, March 14, 1962§ £ s. d.	Gross Red. Yield, March 14, 1962 £ s. d.
92 15/16	88 3/8	Savings Bonds 3% 1955-65	92 7/32	92 29/32	4 1 1	5 6 0
97 15/32	93 3/4	Exchequer 3% 1962-63	97 3/16	97 15/32	3 13 9	5 2 4l
101 5/16	98 5/8	Treasury 5 1/2% 1962	100 11/32	100 7/16	1 12 5	4 16 1
95	90 1/4	Exchequer 2 1/2% 1963-64	94 5/8	95	3 16 1	4 19 4l
99 19/32	96 5/8	Conversion 4 3/4% 1963	99 9/32	99 15/32	2 19 4	5 3 9
98 13/32	94 1/2	Conversion 4 1/2% 1964	97 31/32	98 13/32	3 4 11	5 5 10
101 5/16	96	Exchequer 5 1/2% 1966	98 25/32	99 21/32	3 9 1	5 11 10
83 3/4	78 3/16	Funding 3% 1959-69	83 3/4	82 11/16*	4 14 4	5 19 10l
89 7/8	84 3/4	Funding 4% 1960-90	89 3/4	89 13/16	3 11 0	5 5 7l
80 1/2	74 5/8	Savings Bonds 3% 1960-70	79 5/8	79 3/4	4 15 8	6 2 4l
87 3/16	80 3/4	Savings Bonds 2 1/2% 1964-67	86 15/16	87 1/8	4 9 11	5 12 9l
72 11/16	66 1/4	Savings Bonds 3% 1965-75	71 11/16	71 3/16	4 15 9	6 4 6l
85	78 7/8	Funding 3% 1966-68	84 3/4	85	4 12 5	5 18 6l
86 5/16	80 1/4	Conversion 3 1/2% 1969	85 7/16	85 1/2	4 12 4	6 2 2
97 1/2	92 1/4	Victory 4% 1920-76	94 1/4	95 1/8	3 4 3	4 16 7‡
93 5/16	87	Conversion 5% 1971	91 1/2	91 11/16	4 4 4	6 6 3
99 1/8	97 1/4	Conversion 6% 1972	97 13/16	98	3 19 2	6 6 10
95 11/16	88 1/2	Conversion 5 1/4% 1974	92 7/16	92 1/2	4 1 8	6 5 10
73 1/8	66	Treasury 3 1/2% 1977-80	71 3/16	71 3/8	4 10 1	6 4 6l
72 1/4	65	Treasury 3 1/2% 1979-81	69 15/16	70 1/8	4 10 6	6 4 9l
97 9/16	88 1/2	Funding 5 1/2% 1982-84	91 5/8	91 3/4	3 19 6	6 5 6l
59 1/2	51 1/2	Redemption 3% 1986-96	55 7/8*	56 1/2*	4 4 11	5 19 8l
88 1/4	79 1/4	Treasury 5% 1986-89	85 3/4	83 11/16*	4 0 8	6 4 3l
63 1/16	55	Funding 3 1/2% 1999-2004	60 5/8	61 1/4	4 1 11	6 2 2l
94 5/8	81 5/8	Treasury 5 1/2% 2008-12	87 3/8*	88 1/16	3 18 4	6 5 10l
65 3/8	56 1/2	Consols 4% ......after Feb. 1957	61 11/16	63 1/8	3 18 0	6 7 8l
59 1/4	50 1/2	War Loan 3 1/2% ......after 1952	55 1/4	56 1/2	3 16 9	6 6 2f
59	50 1/2	Conv. 3 1/2% ......after Apr. 1961	53 15/16*	55 1/4*	3 17 6	6 6 4f
50 7/8	43 1/4	Treasury 3% ......after Apr. 1966	46 5/8*	47 1/2*	3 17 2	6 5 11f
44	36 1/2	Consols 2 1/2%	39 3/4*	40 1/2*	3 15 6	6 3 0f
43 1/2	36 1/2	Treasury 2 1/2% ....after Apr. 1975	39 1/4*	40 1/8*	3 16 2	6 4 3f
91 7/8	85 3/4	British Electric 4 1/2% 1967-69	90 5/8	91 1/16	4 4 3	6 1 9l
75 3/4	70 1/8	British Electric 3% 1968-73	74 1/2*	74 5/8*	4 16 4	6 3 9l
70 5/8	64 1/2	British Electric 3% 1974-77	69 1/4*	69 5/16	4 14 3	6 3 3l
81 7/8	74 7/8	British Electric 4 1/4% 1974-79	79 3/16*	79 5/16*	4 5 9	6 3 9l
73 1/2	67	British Electric 3 1/2% 1976-79	72 3/16	72 5/16	4 9 10	6 4 3l
84 7/8	78 3/4	British Gas 4% 1969-72	83	83 1/8	4 10 8	6 5 9l
82	76	British Gas 3 1/2% 1969-71	81 3/16*	81 1/4	4 12 2	6 2 10l
59 3/8	51 3/4	British Gas 3% 1990-95	57 1/8	57 5/8	4 5 8	6 1 2l
75 11/16	70 1/8	British Transport 3% 1968-73	74 1/2*	74 5/8*	4 16 4	6 3 9l
80 7/8	74	British Transport 4% 1972-77	78 11/16	78 13/16	4 7 6	6 4 5l
61 7/16	53 3/4	British Transport 3% 1978-88	59 3/8	59 11/16	4 9 9	6 3 3l

Prices, 1961/62 High	Low	DOMINION AND CORPORATION STOCKS	Price, Mar. 7, 1962	Price, Mar. 14, 1962	Red. Yield, Mar. 14, 1962 £ s. d.
82 1/4	76 1/2	Australia 3 1/4% 1965-69	80 3/4*	81	6 10 0l
101	92 3/4	Australia 6% 1974-76	98 1/4	96*	6 6 0l
72 1/2	61	Ceylon 4% 1973-75	61*	61	9 1 0l
101 1/4	92 3/4	New Zealand 6% 1976-80	95	95	6 8 0l
80 1/2	67	Rhodesia and Nyasaland 6% 1978-81	70	67	9 14 0l
83 3/4	73	South Africa 3 1/2% 1965-67	83 1/2	83 3/4	7 13 0l
59	52	Southern Rhodesia 4 1/2% 1987-92	55	52	9 0 0l
84 5/8	76 1/2	Agricultural Mortgage 5% 1959-89	79 1/4	79 3/4	6 11 0l
89	82 1/4	Birmingham 4 1/4% 1967-70	87	87 1/2	6 5 0l
92 3/4	86 1/2	Bristol 5% 1971-73	89 3/4	90 1/4	6 6 0l
93	86 1/2	Corporation of London 5 1/4% 1976-79	89 1/4	89 1/2	6 7 0l
48 3/4	41	L.C.C. 3% ....after 1920	45 5/8	46	6 9 0f
89 1/8	80 3/4	L.C.C. 5% 1980-83	84 1/4*	85*	6 4 0l
93	84 1/4	Middlesex 5 1/4% 1980	87*	87 1/2	6 8 0l

NEW YORK PRICES AND INDICES

	Mar. 7 $	Mar. 14 $		Mar. 7 $	Mar. 14 $		Mar. 7 $	Mar. 14 $
Atch. Topeka	27	26 7/8	Boeing	50 1/2	51 1/2	Int. Harvester	55 1/2	55 1/8
Can. Pacific	24 1/2	24 3/4	Celanese	42 3/8	43 1/2	Inter. Nickel	78	81
Pennsylvania	16 7/8	17 1/8	Chrysler	56 1/4	57 5/8	Inter. Paper	36 5/8	38
Union Pacific	33 1/8	32 3/8	Col. Palmolive	49 1/8	50 1/8	Kennecott	81 1/4	81 1/2
Amer. Electric	68 7/8	71 5/8	Crown Zeller.	55	56 1/8	Monsanto	48 3/8	48 5/8
Am. Tel. & Tel.	131 1/2	132 3/8	Distillers Seag.	47 5/8	45 1/8	Nat. Distillers	27 3/8	28 1/8
Cons. Edison	77 1/8	80 3/4	Douglas	32	31	Pan-American	23 3/4	23 5/8
Int. Tel. & Tel.	53 5/8	54 3/4	Dow Chemical	63	66 5/8	Procter Gamble	80	83 7/8
South'n. Nat. Gas	48 3/8	54 3/4	Du Pont	244 3/4	252	Radio Corpn.	59 3/4*	63 1/2
United Corpn.	8 5/8	8 1/2*	East. Kodak	111	114 7/8	Sears Roebuck	79 1/8	82 5/8
Western Union	36	39 1/2	Ford Motor	98 5/8	101 3/8	Shell Oil	39 7/8*	40 3/8
Alcoa	64 5/8	66 5/8	Gen. Electric	76	77 5/8	Socony-Mobil	54 3/4	54 3/4
Aluminium	27 1/8	27 5/8	General Foods	83 3/4	83 1/2	Stand. Oil Ind.	54 3/4	55 1/4
Amer. Can	45 1/4	45 1/2	General Motors	55 7/8	56 1/8	Stand. Oil N.J.	54 5/8	54 1/4
Am. Smelting	59 1/4	59 7/8	Goodyear	42 7/8	43 3/8	Union Carbide	113 3/4	118 1/4
Am. Viscose	57 1/8	59	Gulf Oil	43 5/8	44	U.S. Steel	70	74 1/8
Anaconda	49	49 5/8	Heinz	58 3/4	58 1/4	West. Electric	35 1/2	37 1/4
Beth. Steel	41 3/8	42 7/8	Int. Bus. Mach.	548 1/4	551	Woolworth	82 3/8	83 3/8

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Feb. 14	74·42	2·86	34·42	4·69	63·96	3·15	88·08	4·07
,, 21	74·29	2·87	34·02	4·75	64·08	3·15	87·16	4·16
,, 28	73·89	2·90	33·70	4·79	63·99	3·15	87·67	4·11
Mar. 7	73·57	2·91	33·50	4·82	63·92	3·16	87·87	4·09
,, 14	74·93	2·86	33·43	4·82	64·79	3·12	88·70	4·01

425 Industrials:—High, 76·69 (Dec. 12, 1961). Low, 60·87 (Jan. 3, 1961).

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Mar. 7, 1962	Price, Mar. 14, 1962	Yield, Mar. 14, 1962	Cover
				BANKS, DISCOUNT & HP				
92/6	64/-	6 1/2 a	6 1/2 b	Barclays £1	89/6	88/6	2·94	...
100/3	74/3	8 a	8 b	District £1	94/3	94/3	3·40	...
68/6	50/3	4·3 a	5·1 b	Lloyds £1	61/9‖	61/9	3·04	...
26/4 1/2	18/7 1/2	7 a	8 b	Martins 5/-	22/3	22/-	3·41	...
94/6	67/3	7 1/8 a	7 1/2 b	Midland £1	91/-	92/6	3·24**	...
97/3	73/-	7 a	7 b	Nat. Provincial £1	93/-	92/-	3·04	...
95/6	58/9	6 2/3 a	7 11/12 b	Westminster 'B' £1	89/6	90/9	3·22	...
43/3	33/-	4 a	8 b	Australia & N.Z. ...£1 p.p.	43/-¶	42/6	5·65	...
52/-	41/-	4 a	6 b	Bk. Lond. & S. Amer. ..£1	47/-	48/-	4·17	...
£25 15/16	£21 3/16	$2·05c	$2·05c	Bank of Montreal $10	£23 13/16	£23 13/16	2·91	...
30 3/4	25 1/4	8 c	9 c	Bank of New S. Wales £20	29 1/2	29 1/4	4·92g	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	37/6	36/-	5·56	...
60/7 1/2	46/7 1/2	7 1/2 a	7 1/2 b	Chartered £1	58/3	56/3*	5·33	...
£21	£14 5/8	5/- a	10/- b	Hongk'g. & Shang. ...$25	£17 3/4	£17 1/2	4·29	...
70/3	49/9	7 1/2 a	9 b	Nat. Com. Bk. Scot. .10/-	54/-	53/3	3·10	...
£29 5/16	£25 15/16	$2·32 1/2c	$2·37 1/2c	Royal Bk. Canada $10	£28 5/16	£28 5/16	2·84	...
42/3	32/-	10 b	5 a	Stand. Bk. S. Africa ...£1	40/3	40/-	7·50	...
170/-	95/-	22 1/2 c	22 1/2 c	Hambros ....£1 f.p.	167/6	170/-	2·65	...
92/-	59/6	2 1/2 a	5 b	Schroders £1	86/6*	86/-	1·74	...
60/6	45/6	6 1/4 a	6 1/4 b	Union Discount £1	54/-	53/9	4·65	...
27/4 1/2	11/7 1/2	18 c	Nil c	Bowmaker 5/-	12/9	12/10 1/2	...	...
23/6	11/9	19 c	5 a	Lombard Banking ...5/-	13/6	12/6	...	1
21/9	12/9	5 a	2 1/2 b	Mercantile Credit ...5/-	13/6	13/3	2·83	...
52/6	33/-	22 1/2 b	4 a	United Domins. Tst. ..5/-	35/6	38/-	3·49	3/4
				BREWERIES, Etc.				
15/4 1/2	11/-	...	...	Bass, M. & B. 5/-	13/3	14/-	3·93**	2
41/11 1/2	31/-	8 1/2 b	6 a	Distillers 10/-	37/4 1/2	38/6	3·77	2
26/9	13/-	4 a	8 b	Flowers 5/-	17/9	18/6	3·24	2
60/6	47/-	8 a	14 b	Guinness 10/-	48/6	49/-	4·49	1 3/4
15/6	12/-	...	8 b	Ind Coope T.A. 5/-	12/9	13/-	4·62**	1 1/2
15/6	10/-	5 a	7 1/2 b	United Breweries ...5/-	15/-	15/4 1/2	4·07	...
108/9	76/9	6 a	12 b	Watney Mann £1	95/3	95/9	3·76	2
37/9	26/-	27 c	9 a	Whitbread 'A' 5/-	31/9	35/3	3·83	1 3/4
				BUILDING, PAINT, Etc.				
64/-	44/10 1/2	5 2/3 b	3 a	Associated Portland ...£1	51/6	51/6	3·24	2 1/2
28/1 1/2	19/10 1/2	7 1/4 b	4 a	British Plaster Bd. ..10/-	22/9	22/7 1/2	5·52	2 1/4
26/10 1/2	15/1 1/2	10 b	6 a	Richard Costain 5/-	16/4 1/2	16/7 1/2	4·81	2 3/4
13/-	9/4 1/2	10 a	12 1/2 b	Crittall Mfg. 5/-	12/-	11/4 1/2*	7·42**	2
18/6	10/-	6 a	14 b	International Paints ..4/-	10/4 1/2	10/4 1/2	7·71	1 1/2
66/9	40/6	25 c	25 c	Rugby Portland 5/-	63/9	66/6	1·88	3 1/2
27/9 3/4	19/9	5 a	11 2/3 b	Wall Paper Defd. 5/-	22/7 1/2‖	23/6	3·55	2 1/4
				CHEMICAL				
29/3	20/3	6 a	14 b	Albright & Wilson ...5/-	21/10 1/2	23/3	4·30	2 1/2
22/-	14/10 1/2	4 a	7 1/2 b	Borax Defd. 5/-	17/9	18/7 1/2	3·09	2 1/2
58/9	30/7 1/2	7 b	4 a	Fisons £1	39/6	40/6	5·43	1 1/2
81/6	53/-	6 1/4 a	7 1/2 b	I C I £1	55/7 1/2	54/10 1/2	5·01	2
26/10 1/2	11/4 1/2	5 a	5 b	Monsanto 5/-	13/3*	14/-	3·57	1 1/2
				DRAPERY & STORES				
36/-	24/-	8 b	4 a	Boots Pure Drug 5/-	27/10 1/2	28/9	2·09	[illegible]
34/0 3/4	15/3	1 7/8 a	5 b	Montague Burton ...10/-	31/3‖	31/-	2·22	[illegible]
75/0 3/4	47/7 1/2	5 5/6 a	13 1/3 b	Debenhams 10/-	54/4 1/2	54/3	3·54	[illegible]
59/4 1/2	45/-	25 b	12 1/2 a	G.U.S. 'A' 5/-	55/-	56/9	3·30	2
46/9 3/4	33/4 1/2	16 2/3 b	13 1/3 a	House of Fraser 5/-	35/-	37/-	4·05	1 1/4
21/11 1/2	13/6	5 a	7 1/2 b	Lewis's Invest. Tst. ...4/-	14/0 3/4	13/11 1/4*	3·59	2
106/9	85/11 1/2	32 1/2 b	15 a	Marks & Spencer 'A'. 5/-	90/3	93/7 1/2	2·54	1 1/2
53/10 1/2	34/10 1/2	20 b	10 a	United Drapery 5/-	46/3	48/3	3·11	1 3/4
52/11 1/2	45/9	10 5/6 a	25 b	Woolworth 5/-	47/7 1/2	50/3	3·57	1 1/4
				OIL				
51/3	32/-	†6·94b	†2·78a	British Petroleum £1	37/3	37/-	8·58	2 1/4
49/6	30/6	†6 7/8 b	†2 1/2 a	Burmah Oil £1	35/3	35/-	8·75	1 1/2
£15 1/16	£10 5/8	23·87c	11 1/8 a	Royal Dutch ......20 fl.	£14	£14 5/16	3·28	2 3/4
34/10 1/2	27/-	†20·8c	†10 a	Shell Transport 5/-	31/1 1/2	32/-	5·31	3
41/3	23/9	...	...	Ultramar 10/-	24/6	24/3	... d	...

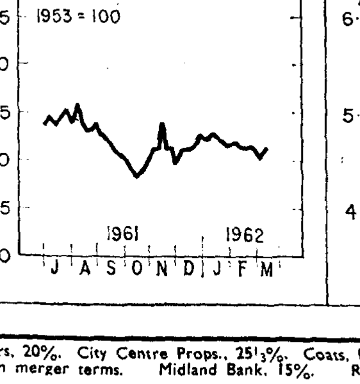
FOREIGN AND OVERSEAS STOCKS

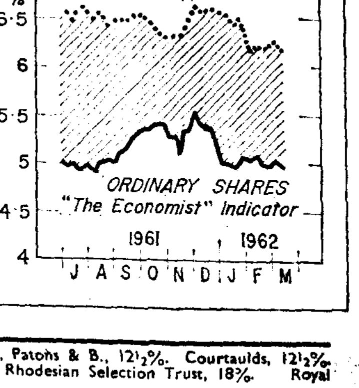
	Mar. 7	Mar. 14		Mar. 7	Mar. 14		Mar. 7	Mar. 14
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,196	1,237	A.E.G.	501 1/4	519 3/4	A.K.U.	403 3/4	406 1/4
Banque de Paris	598	598	Bad'che. Anilin	493 1/2	489	Bijenkorf	1,150	1,113
Citroen	188·2	192	Bayer	635 1/2	635 1/2	Heinekens	565	562 1/2
C. F. Petrole.	332	342	Commerzbank	594	589	Interunie (Fl.50)	Fl.232·5	Fl.233·5
Cie. G. d'Elect.	1,360	1,355	Deutsche Bank	684	684	K. N. Hoogoven	819	831 3/4
Machines Bull	708	716	Hoechst Farb.	522	522	Kon. Zout-Ket.	1,111	1,097
Pechiney	275	272	Kundenkredit	520	521	Philips	1,056	1,024
Printemps	716	719	Lowenbrau	1,295	1,280	Robeco (Fl.50)	Fl.255·5	Fl.256·[illegible]
Rhone-Poulenc	516	511	Mannesmann	248	244	Rotterdam Bk.	385 1/2	394 1/2
S.I.M.	388	392	Siemens	751	775 1/2	Thomassen & D.	710	728 1/2
Saint-Gobain	417	433·5	Thyssen-Huette	225	222 3/4	Valeurop	Fl. 82·5	Fl. [illegible]
Usinor	225	225	Volkswagen	704 1/4	703	Zwanenberg	1,075	[illegible]
Index (Dec. 30, 1960=100.)	107·3	108·3	Herstatt Index (Dec. 31, 1959=100.)	114·46	114·12	Index (1953=100.)	392·09	[illegible]
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	
Abitibi Pr. & P.	44 5/8	44 7/8	Ampol Pet.	12/-	11/9	Ajinomoto	580	[illegible]
Aluminium	28 1/2	28 7/8	Ass. Pulp & P.	36/3	33/6	Fuji Iron	51	[illegible]
Bell Tel.	58	58	Aust. Con. Inds.	73/9	74/6	Hitachi	96	90
Can. Brewer's	12 1/4	12 1/4	Aust. Oil & Gas	114/6	124/-	Honda Motor	282	283
Can. Imp. Bank	67 1/2	68 1/8	Brit. Tobacco	26/2	25/-	Kirin Brewery	700	[illegible]
Can. Pac. Rly.	26	26	Broken Hill Pty.	65/3	63/6	Mitsub. Chem.	80	[illegible]
Hiram Walker	58 1/2	58 5/8*	G. J. Coles	14/9	14/-	Mitsub. Elect.	97	[illegible]
Imperial Oil	49 7/8	49 5/8	Felt & Textiles	8/2*	7/9	Mitsub. Heavy	99	95
Noranda Mines	58 7/8	60	I.C.A. A.N.Z.	44/3	44/-	Nippon Elect.	405	[illegible]
Shawinigan Wtr	23 3/4	23 7/8	Myer Emporium	34/-	35/3	Sony	814	775
Steel of Canada	84 3/4	85 1/2	Ready Mix Con.	18/6	18/2	Toyo Rayon	156	[illegible]
Trans.Can.Pipe	26 1/2	25 7/8	Woolworth	17/3	16/10	Yawata Iron	59	[illegible]
Toronto Ind. Index (1933=100.)	624·65	627·66	Sydney Indust. Index (1937/39=100.)	317·12	310·88	Dow Jones Average	1505·12	1454[illegible]

* Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7·2 sterling. (h) After Rhodesian tax. (l) To latest date. Japanese prices supplied by Daiwa Securities, Tokyo.

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Mar. 7, 1962	Price, Mar. 14, 1962	Yield, Mar. 14, 1962	Cover
				ELECTRICAL & RADIO				
48/6	28/3	10 b	5 a	A.E.I. £1	30/3	32/6	9·23	1
15/5 1/4	9/7 1/2	...	15 c	Brit. Electronic Inds. .5/-	11/-	11/11 1/2	6·74	1/4
63/6	49/-	9 1/2 b	4 a	B.I.C.C. £1	61/3	60/9	4·44	2
14/8 1/4	11/3	5 a	7 1/2 b	Crompton Parkinson .5/-	13/1 1/2	13/-	4·81	2 1/2
89/6	54/-	7 1/2 a	15 5/6 b	Decca Record 10/-	80/6	80/-	2·92	1 3/4
52/-	35/-	12 1/2 b	5 a	E.M.I. 10/-	42/4 1/2*	43/3	4·05	2
48/9	25/9	8 b	5 a	Elliott-Automation ...5/-	46/9	48/9	1·33	2
40/6	22/6	3 a	5 b	English Electric £1	25/-*	25/3	6·33	1 1/2
39/6	23/3	7 b	3 a	General Electric £1	26/3	28/-	7·14	3/4
72/9	47/-	8 1/8 b	4 3/8 a	C. A. Parsons £1	58/-	58/9	4·26	4
52/3	37/6	6 1/2 b	3 1/4 a	A. Reyrolle £1	45/9	47/6	4·11	2 3/4
70/-	45/3	25 c	25 c	Thorn Electrical 5/-	66/-	69/-	1·81	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox £1	21/6	21/3	...	1
48/9	30/4 1/2	7 b	4 a	John Brown £1	39/10 1/2	40/-	6·88**	2 3/4
8/6	4/2 1/4	9 b	3 a	Cammell Laird 5/-	4/7 1/2	4/4 1/2	13·71	1
33/9	22/4 1/2	10 a	20 b	Internat. Combust. ..5/-	23/9*	23/9	6·32	1 1/4
9/1 1/2	3/4 1/2	...	...	Rich'ds'ns. Westg'th. 10/-	3/9	3/10 1/2	...	...
40/-	28/-	9 1/2 b	2 1/2 a	Swan Hunter £1	32/6	33/-	7·27	2 1/4
17/4 1/2	10/6	5 c	5 a	John Thompson 5/-	10/9	10/6	2·38	...
34/4 1/2	21/8 1/4	†2 1/2 a	†6 1/4 b	Coventry Gauge 10/-	31/4 1/2	31/7 1/2	4·52	2 3/4
79/9	51/6	†2 1/2 a	†6 b	Alfred Herbert £1	61/3*	64/-	4·34	2
78/-	41/-	12 1/2 b	5 a	Allied Ironfounders ...£1	41/6	42/6	8·24	1 1/2
110/-	81/10 1/2	10 b	5 a	Averys £1	90/9	90/9	3·31	2 1/2
36/10 1/2	17/-	7 2/3 b	4 a	B.S.A. 10/-	18/5 1/4	18/-	6·48	2 1/4
14/9	9/-	8 1/2 b	4 1/2 a	George Cohen 5/-	11/-	11/-	5·91	1 3/4
44/4 1/2	29/-	17 1/2 b	10 a	Davy-Ashmore 5/-	30/3	29/3	4·70	2 1/4
108/7 1/2	70/-	11 b	5 a	Guest Keen £1	77/4 1/2	79/6	4·03	3 1/2
31/-	18/3	12 b	4 a	Head Wrightson 5/-	20/4 1/2	20/10 1/2	3·83	2 1/2
100/9	68/3	5 a	7 b	Metal Box £1	83/6	83/6	2·87	2 1/4
22/6	14/-	10 b	4 a	Ransome & Marles ...5/-	16/-	15/3*	4·59	3
50/6	34/6	7 b	3 a	Renold Chains £1	45/9	46/-	4·35	2
85/6	54/-	7 a	7 b	Tube Investments £1	58/4 1/2	60/3	4·65	3
38/4 1/2	25/6	7 1/2 b	2 1/2 a	Vickers £1	27/9	28/1 1/2	7·11	1 3/4
84/6	58/-	10 b	3 3/4 a	Ward (Thos. W.) £1	68/-	68/6	4·01	3
30/-	18/-	22 1/2 b	5 a	Woodall-Duckham ...5/-	19/3	18/9	5·60**	2 3/4
				FOOD & TOBACCO				
34/-	17/4 1/2	10 c	10 c	Allied Suppliers 10/-	20/9	21/1 1/2	4·73	2 1/4
14/1 1/2	7/6 3/4	12 1/2 b	10 a	Assoc. British Foods ..1/-	10/8 1/4¶	10/6	2·14	2
74/-	54/3	8 b	4 a	Bovril £1	57/-	57/6	4·17	2 1/2
12/11 1/4	9/9 3/4	†1·7a	†3·9b	Brooke Bond 'B' 5/-	11/5 1/4	11/6 3/4	3·95	3 1/2
19/3	12/6	10 b	2 1/2 a	International Tea 5/-	13/9	13/6	4·63	1 1/2
107/9	65/-	10 5/6 b	5 a	J. Lyons 'A' £1	74/3	74/3	4·27	1 1/4
35/6	25/9	5 a	9 b	Ranks Hovis 10/-	31/-	31/3	4·48	...
14/0 3/4	10/4 1/2	7 1/2 b	2 1/2 a	Spillers 5/-	11/6	12/3	4·08	2
50/3	38/7 1/2	11 a	1 b	Tate & Lyle £1	47/6	49/3	4·87	2 1/4
20/10 1/2	14/10 1/2	9 b	5 a	Unigate 5/-	15/3	16/1 1/2	4·34	2
73/-	52/9	†22 1/2 c	†5 5/6 a	Brit. Amer. Tobac. ..10/-	62/9	59/3	6·20	3
51/6	32/9	15 b	5 a	Gallaher 10/-	36/7 1/2	33/9	5·93	2
71/9	52/6	8 1/2 a	14 b	Imperial Tobacco £1	56/-	53/3	8·45	1 3/4
				INSURANCE				
16 5/8	11 5/16	†50 a	†55 b	Britannic 5/-	16 1/2	16 1/2*	2·60	...
86/3	58/3	25 b	20 a	Commercial Union ..5/-	60/6	58/3	3·86	...
35 15/16	17 7/8	†41·17c	†41·17c	Equity & Law Life ...8/6	35 11/16	35 1/16	0·81	...
95/6	51/10 1/2	20 b	10 a	General Accident 5/-	89/9	87/9	1·71	...
60/6	42/7 1/2	40 b	35 a	Guardian 5/-	51/9	53/-	2·52**	...
45 5/16	21 7/8	110 b	80 a	Legal & General 5/-	40 13/16	40 5/16	1·18	...
149/3	100/-	11 1/2 b	8 1/2 a	Northern & Empl. £1	147/3	144/-	2·78	...
13 5/8	7 13/16	†70 b	†20 a	Pearl 5/-	10 7/8	10 29/32	3·37	...
29	18	†183 1/3 c	†208 1/3 c	Prudential 'A' 4/-	24 13/16	24 13/16	2·74	...
49/3	38/10 1/2	...	...	Royal 5/-	44/7 1/2	43/7 1/2	3·44	...
129/3	100/3	11 1/4 b	7 1/2 a	Royal Exchange £1	106/3	103/9	3·61	...
				MOTORS & AIRCRAFT				
18/10 1/2	12/10 1/2	7 1/2 a	12 1/2 b	British Motor 5/-	16/1 1/2	16/3 3/4	6·13	3/4
86/6	66/1 1/2	20 c	20 c	Jaguar Cars 'A' 5/-	81/9*	82/7 1/2	1·21	8
48/6	35/6	11 c	5 a	Rolls-Royce £1	38/10 1/2	37/9	5·83	2 1/4
10/-	5/6	12 c	4 c	Rootes Motors 'A' ...4/-	6/1 1/2	6/1 1/2	2·61	...
88/9	52/2 1/4	5 a	11 b	A.C.V. £1	71/3	72/9	4·40	2
101/-	76/9	20 c	20 c	Leyland Motors £1	86/-	89/6	4·47	2
18/6	14/-	12 1/2 c	8 a	Bristol Aeroplane ..10/-	15/2 1/4	15/3	8·20	2 1/4
33/3	20/6	15 c	5 a	Hawker Siddeley £1	21/7 1/2	22/5 1/4	9·45**	1 1/4
41/3	28/10 1/2	†5 1/2 b	†4 a	Dowty Group 10/-	30/-*	29/6	5·26	2 1/4
30/4 1/2	21/6	15 5/6 c	5 a	Dunlop Rubber 10/-	30/-	30/-	5·28	2
72/-	49/9	2 1/2 a	11 1/4 b	Joseph Lucas £1	69/3	71/4 1/2	3·85	2 1/4
33/-	15/9	30 c	Nil a	Pressed Steel 5/-	18/6	19/-	...	1 1/4
46/3	29/3	12 1/2 c	5 a	Triplex Holdings ...10/-	36/10 1/2*	36/4 1/2	3·44	2 1/4
				MINES				
168/9	110/-	50 b	40 a	Anglo-American 10/-	137/6	136/3	6·61	1 1/2
66/9	41/9	6 1/4 b	18 3/4 b	Consolid. Gold Fields. £1	55/6	53/9	9·30	2 1/2
108/9	72/6	15 a	20 b	General Mining £1	82/6	81/10 1/2	8·55	2
68/6	40/-	120 b	40 a	Union Corporation ..2/6	50/3	49/6	8·08	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	17/3	17/3	23·19	1 1/2
125/-	73/9	70 a	100 b	Free State Geduld ...5/-	85/7 1/2	85/-	10·00	1 1/2
54/3	37/6	25 a	25 b	Hartebeestfontein ..10/-	40/6	40/-	12·50	1 1/2
64/6	41/10 1/2	50 a	60 b	President Brand 5/-	52/9	52/-	10·58	1 1/2
157/6	101/3	90 a	120 b	Western Holdings ...5/-	122/6	122/-	8·61	1 1/4
28/6	15/9	6 a	5 b	Winkelhaak 10/-	17/4 1/2	17/-	6·47	8 1/2
75/3	46/-	36 2/3 b	13 1/3 a	Chartered 15/-	47/6	46/-	16·30	1 1/2
63/6	47/-	60 b	20 a	Rhod. Anglo-Amer. .10/-	50/3	47/-*	17·02h	1 3/4
37/4 1/2	28/6	...	...	Rhod. Selection Tst. ... £1	31/6	28/6	12·63**h	...
30/9	15/3	15 a	17 1/2 b	Tanganyika Cons. ...10/-	18/9	18/3	17·81	1 1/4
81/6	46/-	13 3/4 b	3 3/4 a	Consolidated Zinc £1	50/6	51/3	6·83	1 3/4
159/4 1/2	110/-	150 b	100 a	De Beers Defd. Reg. .5/-	135/7 1/2	140/-	8·93	1 3/4
$159 1/2	$104	$1·50c	$1·50c	Internat. Nickel ...n.p.v.	$138*	$144	1·85	...
18/9	10/9	7 1/2 a	30 b	London Tin 4/-	16/7 1/2*	17/1 1/2	8·76	1 1/4
45/-	30/-	20 c	27 1/2 c	Rio Tinto 10/-	37/-	37/3	7·38	1 1/2
44/3	17/9	52 1/2 c	45 a	Tronoh 5/-	26/9	30/3	8·68	1
				PAPER & NEWSPAPERS				
14/7 1/2	9/10 1/2	10 b	5 a	Daily Mirror 5/-	12/-	12/3	6·12	1 1/4
91/-	57/6	8 b	4 a	W. H. Smith & Son 'A'. £1	64/6	63/-	3·81	2
24/9	17/9	...	10 a	Thomson Org'n. 5/-	21/6	21/6	5·58	2
66/3	42/9	8 3/4 b	5 a	Bowater Paper £1	43/3	45/9	6·01	1 1/2
56/6	38/3	16 c	5 a	Albert E. Reed £1	38/9	38/9	8·26	1 1/2
54/3	37/-	8 1/2 b	4 a	Spicers £1	43/9	43/9	5·71	1 3/4
68/9	46/6	10 b	4 a	Wiggins Teape £1	48/-	51/6	5·44	2

Prices, 1961/62 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Mar. 7, 1962	Price, Mar. 14, 1962	Yield, Mar. 14, 1962	Cover
				MISCELLANEOUS				
31/-	21/6	20 b	10 a	Assoc. British Picture. 5/-	22/6	23/6	6·38	2 3/4
34/6	26/9	40 b	20 a	Assoc. Television 'A' .5/-	30/4 1/2	31/1 1/2	9·64	1 3/4
52/9	41/4 1/2	14 b	16 a	Beecham Group 5/-	47/6	47/2 1/4	3·18	1 3/4
54/3	31/1 1/2	6 2/3 b	3 1/3 a	British Match £1	37/10 1/2	39/1 1/2	5·11	2
28/4 1/2	13/6	4 a	6 2/3 b	British Oxygen 5/-	14/6	15/3	3·50	1 3/4
13/-	7/10 1/2	7 b	3 a	British Ropes 5/-	9/1 1/2	9/-	5·56	2 1/4
70/-	44/9	15 b	7 1/2 a	De La Rue 10/-	57/6	56/6	3·98	2
50/-	31/9	20 c	7 1/2 a	Gestetner 'A' 5/-	40/-	40/-	2·50	3 1/4
73/9	51/-	6 a	9 b	Glaxo 10/-	53/-	53/-	2·88	3 1/4
57/6	42/-	3 a	12 b	Harrisons & Cr. Defd. .£1	46/-	46/-	6·52	2 1/2
55/6	32/4 1/2	5 a	20 b	Hoover 'A' 5/-	38/-*	37/9	3·31	1 3/4
28/-	17/6	5 a	12 1/2 b	Ilford 5/-	19/-	17/6	5·00	1 1/4
114/6	56/3	4 a	7 1/4 b	I.C.T. £1	107/6	109/-	2·06	2 1/2
78/9	37/6	12 1/2 c	12 1/2 c	National Canning £1	42/6	42/9	5·85	1
39/10 1/2	29/6	10 b	6 a	Powell Duffryn 10/-	37/-	38/-	4·21	2 1/4
37/3	24/7 1/2	5 a	17 1/2 b	Radio Rentals 5/-	35/6	37/3	3·02	2 3/4
38/-	18/9	7 1/2 a	15 b	Rank Organisation ...5/-	33/3	32/3	3·49	...
41/10 1/2	30/1 1/2	16 1/2 b	7 1/2 a	Schweppes 5/-	35/-	33/10 1/2	3·54	1 3/4
40/3	27/6	20 1/2 a	25 c	Sears 'A' 5/-	37/3 3/4	37/3	3·36	2 1/4
28/4 1/2	21/3 3/4	11 1/2 b	8 1/2 a	Thomas Tilling 4/-	25/10 1/2	25/10 1/2	3·09	2
78/-	51/6	4 a	8 b	Turner & Newall £1	54/10 1/2	56/3	4·27	2
55/-	32/6	9·47a	15·32b	Unilever 5/-	41/6	42/3	2·93	3
12 5/8	8 3/4	8 a	13 b	Unilever N.V. ......12 fl.	11 5/32	11 7/32	2·21	3
22/6	13/9	5 a	10 b	United Glass 5/-	16/6	16/3*	4·62	...
42/1 1/2	29/-	†10 5/6 b	†4 1/6 a	United Molasses 10/-	30/-	30/-	8·16	1
				SHIPPING				
46/3	27/3	13 1/2 b	6 1/2 a	Brit. & Com'wealth. 10/-	29/-	27/3	7·34	2
20/-	13/3	8 c	6 c	Cunard £1	15/7 1/2	16/1 1/2	...	...
24/9	16/3	17 c	7 c	France Fenwick £1	17/-	17/3	8·12	1/2
50/6	26/6	10 c	10 c	Furness Withy £1	28/1 1/2	26/6	7·55	1
15/-	7/3	17 1/2 c	Nil a	London & Overseas ..5/-	7/7 1/2	7/4 1/2	...	...
48/6	21/6	3 a	3 b	P & O Defd. £1	23/4 1/2	21/7 1/2	5·55	...
17/9	9/-	2 1/2 c	2 1/2 c	Reardon Smith 10/-	9/-*	9/-	2·78	...
25/-	9/10 1/2	8 c	5 c	Royal Mail £1	10/6	10/3	9·76	...
				STEEL				
81/3	42/-	10 b	6 a	Colvilles £1	42/4 1/2	42/4 1/2	7·55	2 1/2
43/7 1/2	23/1 1/2	3 1/2 a	6 1/2 b	Dorman Long £1	25/6	26/1 1/2	7·66	2 1/4
49/10 1/2	29/10 1/2	3 1/2 a	7 1/2 b	Lancashire Steel £1	32/1 1/2	30/10 1/2	7·13	3
42/-	16/6	4 a	6 b	South Durham £1	17/3	16/6	12·12	1 1/4
47/8 1/4	26/9	5 a	5 b	Steel Co. of Wales £1	29/10 1/2	29/7 1/2	6·75	2
57/4 1/2	32/9	5 a	10 b	Stewarts & Lloyds £1	33/7 1/2	33/10 1/2	8·86	2
68/7 1/2	41/6	6 a	9 b	John Summers £1	49/4 1/2	49/7 1/2	6·05	2
55/7 1/2	36/9	4·8 a	7 1/2 b	United Steel £1	39/7 1/2	39/9	6·19	1 1/2
63/6	31/9	6 1/4 a	8 3/4 b	Whitehead £1	32/-*	31/9*	9·45	2
				TEXTILES				
42/7 1/2	23/10 1/2	7 1/2 b	5 a	English Sewing Cotton £1	26/10 1/2	26/10 1/2	9·30	1 1/2
31/10 1/2	19/4 1/2	10 b	5 a	Fine Spinners £1	24/4 1/2	23/7 1/2	12·70	2
70/4 1/2	42/-	7 1/2 a	17 1/2 b	Lancashire Cotton £1	45/9	45/9	10·93	1 1/4
52/-	26/3	5 5/6 b	3 3/4 a	Courtaulds £1	50/3	50/1 1/2	4·99**	...
8/9	5/7 1/2	4 a	9 1/3 b	Illingworth Morris ...4/-	6/1 1/2	6/1 1/2	8·71	1 3/4
78/6	62/-	8 a	13 b	West Riding Worsted £1	77/6	77/-	5·45	2 1/2
37/3	26/3	2 1/2 a	7 1/2 b	Woolcombers £1	29/6*	29/3	6·84	1 1/4
20/7 1/2	12/1 1/2	3 c	6 c	Bradford Dyers £1	16/9	16/10 1/2	7·11	1 1/4
16/2 1/4	10/7 1/2	13 3/4 b	7 1/2 a	Calico Printers 5/-	12/4 1/2	10/10 1/2	9·20**	3 1/4
55/10 1/2	38/6	...	3 3/4 a	Coats, Patons & B. £1	41/6	42/3	5·92**	2
13/7 1/2	9/3	3 a	10 b	Jute Industries 10/-	9/10 1/2	9/10 1/2	13·16	2 1/4
35/3	22/6	10 c	10 c	Tootal £1	24/-	24/-	8·33	1 1/4
				TRUSTS, LAND & PROPERTY				
73/6	52/6	12 1/2 a	25 b	Alliance Trust 5/-	73/-	73/6	2·55	1 1/4
57/10 1/2	42/6	37 1/2 b	12 1/2 a	B.E.T. 'A' Defd. 5/-	54/9	54/9	4·57	1 1/2
20/-	12/7 1/2	10 c	10 c	Cable & Wireless 5/-	15/7 1/2	15/9	3·17	1 1/2
65/9	47/-	31 2/3 c	10 a	City Centre Props. 5/-	58/-*	58/-	2·18**	2
95/6	64/3	7 1/2 b	3 1/2 a	City Lond. Real Prop. £1	76/9	76/9	2·87	1
100/7 1/2	72/6	7·04a	9·04b	Hudson's Bay £1	87/6	90/-	3·57	3
36/3	22/3	4 b	2 a	Land Securities 10/-	31/6	31/-	1·94	1
38/3	26/6	12 1/12 c	6 2/3 a	Lond. Cnty. Freehld. 10/-	33/-	32/9	3·69	1
				TEA & RUBBER				
47/6	39/6	†25 b	†2 1/2 a	Cons. Tea & Lands £1	40/6	41/3	21·77	1
35/6	28/9	†11 b	†3 a	Jokai (Assam) £1	31/9	32/9	13·96	2 1/2
11/-	7/6	...	...	Nuwara Eliya £1	8/6	8/6	...	...
6/10 1/2	3/10 1/2	29 1/6 b	12 1/2 a	Highlands & Lowlands 2/-	5/5 1/4	5/6	15·15	1 1/2
7/4 1/2	4/7 1/2	35 b	7 1/2 a	London Asiatic 2/-	4/11 1/4	5/-	17·00	2
93/-	64/6	37 1/2 b	10 a	United Sua Betong £1	69/6	70/-	13·57	1 1/2





** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. John Brown, 13 3/4%. Calico Printers, 20%. City Centre Props., 25 1/3%. Coats, Patons & B., 12 1/2%. Courtaulds, 12 1/2%. Crittall Mfg., 16 7/8%. Guardian, 26 2/3%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Midland Bank, 15%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%. Thomson Organisation, 24%. Woodall-Duckham, 21%.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended March 10, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £44,442,000 compared with a surplus of £533,000 in the previous week and a surplus of £22,375,000 in the corresponding period of last year. There was a net expenditure "below-line" of £5,467,000 leaving a total cumulative deficit to date of £230,823,000 compared with £352,850,000 in 1960–61.

£'000	Estimate 1961–62	April 1, 1960, to Mar. 11, 1961	April 1, 1961, to Mar. 10, 1962	Week ended March 11, 1961	Week ended March 10, 1962
Ordinary Revenue					
Income Tax	2,728,500	2,185,281	2,401,717	76,839	95,982
Surtax	210,000	171,700	198,100	9,600	11,200
Death Duties	240,000	221,000	243,000	5,100	6,000
Stamps	94,000	85,300	90,700	2,200	1,500
Profits tax, EPT and EPL	325,500	248,800	316,900	4,400	4,300
Other Inland Rev. Duties	...	250	100	100	...
Total Inland Rev.	3,598,000	2,912,331	3,250,517	98,239	118,982
Customs	1,550,000	1,378,820	1,523,784	26,415	32,320
Excise	960,000	909,025	948,315	4,365	4,940
Total Customs and Excise	2,510,000	2,287,845	2,472,099	30,780	37,260
Motor Duties	155,000	125,146	140,044	1,313	7,393
PO (Net Recpts.)	...	...	...	...	...
Broadcast Lic's.	40,000	35,200	36,300	...	...
Sundry Loans / Miscellaneous	205,300	41,288 / 114,462	217,668	17 / 141	217
Total	**6,508,000**	**5,516,272**	**6,116,628**	**130,490**	**163,852**
Ordinary Expenditure					
Debt Interest	660,000	655,832	705,984	18,124	20,393
Payments to N. Ireland Exch.	92,000	83,901	91,917	4,541	4,987
PO Fund — Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	7,587	8,052	10	24
Supply Services	5,186,902	4,555,923	4,899,742	85,200	93,000
Total	**5,961,902**	**5,303,243**	**5,712,977**	**107,875**	**118,404**
Sinking Funds	40,000	38,955	39,555	240	1,006
"Above-line" Surplus or Deficit	**+ 174,074**	**+ 364,096**	**+ 22,375**	**+ 44,442**	
"Below-line" Net Expenditure*	526,924	594,930	36,535	5,467	
Total Surplus or Deficit	**352,850**	**230,834**	**14,160**	**+ 38,975**	
Net receipts from:					
Tax Reserve Certificates	28,906	9,268	−6,007	−4,390	
Savings Certificates	55,900	−20,500	−600	200	
Defence Bonds	100,546	16,988	1,749	−468	
Premium Savings Bonds	53,660	39,000	800	500	
Total		**239,012**	**44,756**	**− 4,058**	**− 4,558**

* Net issues of £25 million to the Civil Contingencies Fund in 1961–62 compared with net issues of £10 million in 1960–61.

FLOATING DEBT

(£ million)

	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Dept.	Ways and Means Advances: Bank of England	Total Floating Debt
1961					
Mar. 11	3,060·0	1,603·5	312·3	...	4,975·8
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
,, 24	2,990·0	2,382·5	207·4	...	5,579·9
Mar. 3	2,950·0	2,481·4	236·7	5·0	5,673·1
,, 10	2,960·0	2,435·5	248·2	0·8	5,644·4

THE MONEY MARKET

At the Treasury bill tender that followed the ½ per cent cut in Bank rate, the average rate of discount fell the full ½ per cent—by 10s. 5.37d. to £5 0s. 5.89d. per cent. The syndicate of discount houses raised its main bid by 2s. 8d. (a cut of 10s. 8d. in the annual rate) to £98 14s. 11d. for bills dated Tuesday to Saturday and received 53 per cent of its application. Its application for 92-day bills, avoiding the Whitsun holiday, was met in full and raised the market's average allotment to 57 per cent compared with the previous week's 37 per cent. Total applications for an unchanged offer of £230 million bills rose by £14 million to £396 million.

Credit has been fairly tight throughout the week since the Bank rate change and the authorities stepped-in to relieve the pressure by the special purchase of bills on each day except last Friday. Moderate purchases on Tuesday, however, were still not sufficient to prevent two or three houses borrowing a very small amount from the Bank of England at Bank rate. The rate for overnight money has now settled at about 4⅝ per cent and the market is paying, on average, slightly under 4¼ per cent for its funds.

MONEY RATES

LONDON

	%		%
Bank rate (from 6%, 8/3/62)	5½	**Discount rates:**	
Deposit rates (7 days' notice):		Bank bills:	
Banks	3½	60 days	5 3/16–5 1/4
Discount houses	3 1/2–3 3/4	3 months	5 3/16–5 1/4
Local Authorities	6	4 months	5 3/16–5 1/4
Call money:		6 months	5 3/16–5 5/16
Clearing banks' minimum	3⅞	Fine trade bills:	
Day-to-day	3 3/8–5	3 months	6¼ –7
		4 months	6¼ –7
		6 months	6½ –7 1/2

NEW YORK

	%		%
Official Discount rate: (from 3½, 11/8/60)	3	**Treasury bills:** March 5	2·721
		,, 12	2·804

BANK OF ENGLAND RETURNS

(£ million)	Mar. 15, 1961	Mar. 7, 1962	Mar. 14, 1962
Issue Department:			
Notes in circulation	2,233·2	2,311·7	2,306·9
Notes in banking dept.	17·2	63·7	68·4
Govt. debt and securities	2,248·3	2,374·0	2,374·0
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	1·0	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	11·9	11·3	13·7
Special deposits	151·2	241·4	232·2
Bankers	271·7	247·7	256·4
Others	66·0	70·3	71·8
Total	500·8	570·7	574·2
Securities:			
Government	463·6	464·4	460·2
Discounts and advances	17·7	39·7	42·6
Other	20·0	20·6	20·5
Total	501·2	524·6	523·4
Banking department reserve	18·1	64·5	69·3
"Proportion"	% 3·6	% 11·3	% 12·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on March 7th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Amount (£ million) Applied for	91 Day Bills: Average Rate of Allotment	91 Day Bills: Allotted at Max. Rate *
1961	91 day		s. d.	%
Mar. 10	250·0	395·1	89 9·54	63
	91 day / 63 day			
Dec. 8	230·0 / 30·0	455·3	106 5·34	46
,, 15	210·0 / 50·0	371·6	106 4·83	37
,, 22	210·0 / 50·0	379·0	107 3·18	52
29	250·0	396·0	108 0·72	51
1962				
Jan. 5	240·0	406·9	108 7·81	38
,, 12	240·0	409·4	108 6·03	25
,, 19	240·0	388·1	106 2·35	63
,, 26	240·0	399·8	104 10·06	61
Feb. 2	200·0	379·4	104 4·93	33
,, 9	230·0	412·8	108 0·74	22
,, 16	220·0	389·8	109 10·81	28
,, 23	220·0	405·6	110 7·47	21
Mar. 2	230·0	382·6	110 11·26	37
,, 9	230·0	396·2	100 5·89	53

* On March 9th tenders for 91 day bills at £98 14s. 11d. secured 53 per cent, higher tenders being allotted in full. The offer for this week was for £230 million 91 day bills.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits: March 14	Market Rates: Spot: March 8	March 9	March 10	March 12	March 13	March 14
United States $	2·78–2·82*	2·81 1/2–5/8	2·81 1/2–5/8	2·81 9/16–11/16	2·81 5/8–3/4	2·81 5/8–3/4	2·81 5/8–3/4
Canadian $	...	2·95 3/8–1/2	2·95 3/8–1/2	2·95 3/8–1/2	2·95 11/16–13/16	2·95 9/16–11/16	2·95 7/16–9/16
French Fr.	13·622–14·027	13·79 3/4–5/8	13·79 3/4–5/8	13·79 1/2–3/4	13·79 7/8–80 1/8	13·80 1/8–5/8	13·80 1/4–1/2
Swiss Fr.	11·94–12·54 7/8	12·20 5/8–7/8	12·21–21 1/4	12·21–21 1/4	12·21 3/8–5/8	12·22–22 1/4	12·22 1/8–3/8
Belgian Fr.	137·96–142·05	140·12 1/2–17 1/2	140·10–15	140·12 1/2–17 1/2	140·17 1/2–22 1/2	140·20–25	140 20–25
Dutch Gld.	9·98 3/4–10·28 1/2	10·18–18 1/4	10·18–18 1/4	10·18 1/8–3/8	10·17 3/8–7/8	10·17 1/8–3/8	10·17–17 1/4
W. Ger. D-Mk.	11·037–11·365	11·26–26 1/4	11·25 7/8–26 1/8	11·26–26 1/4	11·26 1/8–5/8	11·26 1/2–3/4	11·26 3/8–7/8
Portug. Esc.	...	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28	80·18–28
Italian Lire	1725–1775	1747 1/2–48	1747 1/2–48	1747 1/4–3/4	1748 1/4–3/4	1748 3/4–49 1/4	1749–49 1/4
Swedish Kr.	14·27 1/2–14·70	14·51 7/8–52 1/8	14·51 3/8–5/8	14·51 1/2–3/4	14·51 1/4–1/2	14·50 3/4–51	14·50 3/4–5/8
Danish Kr.	19·06 1/2–19·62	19·36 1/4–1/2	19·36 3/8–5/8	19·36 1/4–1/2	19·36 3/8–5/8	19·36 1/4–1/2	19·36 3/8–7/8
Norwegian Kr.	19·71–20·30 1/2	20·05–05 1/4	20·05–05 1/4	20·05–05 1/4	20·05 1/4–1/2	20·05 1/4–1/2	20·05 3/8–7/8
	* Official Limits	**One Month Forward Rates**					
United States $		11/16–9/16c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm
Canadian $		5/8–1/4c. pm	11/16–9/16c. pm	11/16–9/16c. pm	3/4–5/8c. pm	3/4–5/8c. pm	3/4–5/8c. pm
French Fr.		2 1/4–1 3/4c. pm	2 3/8–1 7/8c. pm	2 3/8–1 7/8c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 5/8–2 1/8c. pm
Swiss Fr.		4–3 1/2c. pm	4–3 1/2c. pm	4–3 1/2c. pm	4 1/4–3 3/4c. pm	4 1/4–3 3/4c. pm	4 1/4–3 3/4c. pm
Belgian Fr.		35–25c. pm	35–25c. pm	35–25c. pm	37–27c. pm	37–27c. pm	40–30c. pm
Dutch Gld.		2 1/2–2c. pm	2 1/2–2c. pm	2 1/2–2c. pm	2 1/4–1 3/4c. pm	1 7/8–1 3/8c. pm	2–1 1/2c. pm
W. German D-Mk.		3–2 1/2pf. pm	3–2 1/2pf. pm	3–2 1/2pf. pm	3 1/4–2 3/4pf. pm	3 1/4–2 3/4pf. pm	3 3/8–2 7/8pf. pm
		Three Months Forward Rates					
United States $		13/4–15/8c. pm	13/4–15/8c. pm	13/4–15/8c. pm	13/4–15/8c. pm	13/4–15/8c. pm	1 13/16–1 11/16c. pm
Canadian $		1 11/16–1 9/16c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 3/4–1 5/8c. pm	1 13/16–1 11/16c. pm
Swiss Fr.		10 3/8–10 1/8c. pm	10 1/2–10c. pm	10 1/2–10c. pm	10 1/2–10c. pm	10 3/8–9 7/8c. pm	10 1/2–10c. pm
W. German D-Mk.		8 1/2–8pf. pm	8 1/2–8pf. pm	8 1/2–8pf. pm	8 1/2–8pf. pm	8 1/2–8pf. pm	8 5/8–8 1/8pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/1 3/4	249/2 1/4	...	249/2	249/1 1/4	249/1 1/2
,, ($,, ,, ,,)		35·08	35·08	...	35·08 1/2	35·08 1/2	35·09

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

BRITISH

Prices and Wages	This week	External Trade	Mar. 3rd
Manpower and Output	Feb. 24th	Industrial Profits	Jan. 27th

OVERSEAS

Western Europe	Feb. 17th	United States	Mar. 10th

Prices and Wages

	Unit	1959 mid-June	1960 mid-June	1961 mid-June	1961 Feb. 28	1961 Mar. 7	1961 Mar. 14	1962 Feb. 13	1962 Feb. 20	1962 Feb. 27	1962 Mar. 6	1962 Mar. 13
WORLD PRICES												
Commodity Price Indicator:	1958=100	96·8	98·3	95·3	95·6	96·3	96·5	92·7	92·0	92·4	93·0	92·6
All items	,,	95·8	93·0	93·0	94·2	95·1	95·0	89·0	88·2	88·9	89·9	89·3
Food	,,	95·3	98·7	104·4	103·3	103·9	103·9	102·3	101·9	101·3	102·0	101·5
Fibres	,,	113·0	122·4	115·0	111·9	111·9	111·9	114·2	114·3	115·2	114·9	114·7
Metals	,,											
		Monthly averages 1959	1960	1961	1960 Nov.	1960 Dec.	1961 Jan.	1961 Sept.	1961 Oct.	1961 Nov.	1961 Dec.	1962 Jan.
BRITISH WHOLESALE PRICES												
Materials used in:	1954=100	101·7	101·8	100·6	101·0	101·0	100·6	100·2	99·4	100·1	100·4	101·4[12]
All manufacturing industries	,,	124·5	126·2	128·1	126·0	126·0	126·6	128·7	128·4	128·4	128·9	129·0
Mechanical engineering	,,	115·6	116·9	118·3	116·4	116·7	116·7	118·9	118·8	118·8	119·0	119·0
Electrical machinery	,,	113·4	115·1	118·2	115·8	116·2	116·4	118·8	119·1	119·3	119·4	119·6
Building and civil engineering	,,	111·0	114·0	118·0	115·3	115·8	116·3	118·6	118·9	119·1	119·1	119·5
House building	,,											
Products of:	,,	111·5	113·0	116·0	113·8	114·1	114·3	117·1	117·1	117·3	117·5	117·8[13]
All manufacturing industries	,,	106·6	106·0	105·1	105·1	104·8	104·8	105·0	104·7	105·0	105·0	105·2
Chemicals and allied trades	,,	129·0	128·5	129·7	128·6	128·6	128·9	130·2	130·2	130·3	130·7	130·7
Iron and steel	,,	96·0	100·8	104·0	102·6	102·9	103·4	104·0	103·9	103·5	103·7	103·6
Textile industry	,,	106·9	106·9	107·2	107·2	107·4	106·7	107·1	107·2	107·9	108·3	109·5
Food manufacturing	,,	113	114	117	114[9]	...	116[11]	116[8]	...	120[9]	...	...
New construction[14]	,,											
Commodities:	,,	68·6	75·0	74·8	75·7	75·9	75·8	73·9	74·0	74·2	74·5	74·7
Cotton, raw	,,	76·6	76·3	76·2	72·3	71·9	71·6	77·2	74·2	74·6	73·7	73·5
Wool, raw	,,	148·1	158·0	122·8	131·0	126·1	123·9	126·7	121·2	112·3	114·8	118·2
Rubber, No. 1 RSS, one month future	,,	95·4	104·9	107·3	107·0	107·1	107·3	107·3	106·6	106·7	106·8	105·5
Softwood, imported	,,	95·6	99·0	92·3	91·0	92·9	88·5	92·2	92·0	92·2	92·5	92·7
Copper, ex-warehouse	,,	135·4	137·4	144·8	146·8	146·8	147·1	142·3	142·5	147·2	147·5	151·1
Coal	,,	106·7	105·0	103·8	105·1	104·8	103·9	103·7	104·0	104·0	103·8	102·9
General chemicals	,,											
UK RETAIL PRICES	Jan. 17, 1956=100	109·6	110·7	114·5	111·9	112·2	112·3	115·5	115·7	116·9	117·1	117·5
All items (1)	,,	108·2	107·4	109·1	107·6	108·1	107·7	108·5	108·0	109·8	110·2	110·7
Food	,,											
All items	1938=100[2]	273	276	285	279	279	280	288	288	291	292	293
Food	,,	285	282	287	283	284	283	285	284	289	290	291
Housing	,,	180	186	194	188	188	189	196	197	198	198	198
Clothing	,,	268	271	276	273	273	274	277	277	278	278	278
Fuel and light	,,	284	291	309	309	309	311	312	304	305	323	323
Household durable goods	,,	300	300	305	303	303	303	308	309	309	309	311
Drink	,,	261	256	274	257	257	257	279	282	282	282	282
Tobacco	,,	428	444	467	449	499	449	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938=100	35·8	35·4	34·3	35·1	35·0	34·9	34·0	33·9	33·6	33·5	33·4
UK TERMS OF TRADE												
Import prices:	1954=100	98	99	97	99	98	98	95	96	96	96	96
All items	,,	98	97	94	99	98	97	91	91	93	93	93
Food, drink and tobacco	,,	93	96	95	95	93	94	95	95	93	94	93
Basic materials	,,	104	98	96	96	96	95	95	96	97	96	96
Fuels	,,	104	107	107	107	107	107	106	106	106	106	106
Manufactured goods	,,											
Export prices:	,,	109	111	112	111	111	112	112	112	112	113	113
All items	,,	111	114	115	114	114	114	115	115	115	116	116
All manufactures	,,	115	118	118	119	118	118	117	118	118	118	119
Metals	,,	117	120	122	119	120	121	123	122	122	123	123
Engineering products	,,	98	102	106	103	104	105	106	106	104	106	106
Textiles (excluding clothing)	,,											
Terms of trade:	,,	90	89	86	89	88	88	85	85	85	85	85
Ratio of import to export prices												
SHIPPING FREIGHTS	1960=100	96·9	100·0	106·8	99·8	105·3	103·7	110·6	108·0	109·3	101·2	96·9[10]
Tramp shipping freights												
UK WAGES												
Normal weekly hours:	Jan. 31 1956=100	99·6	98·0	95·9	97·2	97·1	96·4	95·8	95·4	95·4	95·4	95·2
All workers												
Weekly wage rates (5):		117·0	120·0	125·0	121·0	122·3	123·5	125·4	126·2	126·2	126·4	126·8
All workers (3)	,,	116·8	119·7	124·6	120·7	121·9	123·2	124·9	125·8	125·8	126·0	126·4
Men	,,	117·0	120·8	125·3	121·8	122·7	123·5	126·4	126·4	126·4	126·5	127·2
Women	,,	119·0	123·2	130·3	125·4	126·3	128·4	131·1	131·7	131·7	131·9	132·2
Juveniles (4)	Sept., 1939=100	304	312	325	314	318	321	326	328	328	329	330
All workers												
Changes in weekly wage rates:	'000	392[6]	927	648	517	2,812	2,050	639	1,626	1417	245	1,403
Workers affected by increases	£'000	104	359	339	242	1,053	845	246	836	67	110	518
Net increase in weekly wage bill												

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1·534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1·561. (4) In general, males under 21 and females under 18 years of age. (5) Weekly earnings are surveyed in April and October. October figures are: Men, 1959: 271s. 1d.; 1960: 290s. 8d.; 1961: 306s. 10d. Women (full time), 1959: 140s. 11d.; 1960: 148s. 4d.; 1961: 154s. 6d. Youths (under 21), 1959: 117s. 6d.; 1960: 130s. 0d.; 1961: 137s. 10d. Girls (under 18), 1959: 90s. 10d.; 1960: 96s. 10d.; 1961: 102s. 0d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts (but over the whole of 1961 no worker had a net decrease). (8) Average for third quarter. (9) Average for fourth quarter. (10) February, 95·2. (11) Average for first quarter. (12) February, 101·7. (13) February, 118·0. (14) Index of building costs.

THE ELECTRICITY COUNCIL

Administrative Officer

Secretary's Department

Applications are invited for the superannuable post of ADMINISTRATIVE OFFICER in the Secretary's Department, Headquarters, London, S.W.1. The successful applicant, who will be responsible for organising the work of one Section of the Administration Branch, will supervise staff engaged in the drafting of correspondence, papers and minutes of meetings, and will be required to attend meetings. The work involves co-operation with other Departments of the Electricity Council on the presentation of policy issues with which the Council is concerned, for example, financial, commercial, technical and industrial relations matters. The post demands considerable administrative ability and experience.

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● *Salary within range £2,025-£2,440 p.a. inclusive. Applications, stating age, present position, salary, qualifications and experience, to the Establishments Officer, The Electricity Council, Winsley Street, W.1, by 31st March, 1962. Quote ref. ECO 152.*

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BOURNEMOUTH EDUCATION COMMITTEE

BOURNEMOUTH MUNICIPAL COLLEGE OF TECHNOLOGY AND COMMERCE
Department of Commerce and Languages.

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LECTURER for advanced work, including Higher and Ordinary National Certificates and Diplomas in Business Studies. Experience in teaching Business Administration and Government is required.

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Lecturer—£1,600 to £1,800 per annum.

For other appointments see page 1067

Scottish Woollen Technical College, Galashiels.

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Applications are invited for the post of Senior Lecturer in Management Studies. This is a new appointment and the person appointed will be responsible for the development of teaching in management studies in new College Associateship and Diploma courses.

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Dunlop House, 25 Ryder Street, London, S.W.1.

CITY OF BIRMINGHAM

ASSISTANT TO STATISTICIAN

Applications are invited for the Appointment of an Assistant (male or female) in the Central Statistical Office of the Town Clerk's Department.

Candidates should have a university degree in science, mathematics or economics. Experience of research involving the analysis and interpretation of mass data will be an advantage. Salary, A.P.T. III (£590-£731-£840).

Applications, giving age, where educated, details of degrees, diplomas, etc., particulars of any previous occupations, including details of statistical training and experience, with names of three referees, to the Town Clerk, Room M87, Council House, Birmingham, 1, not later than 9th April, 1962.

T. U. PARKINSON,
Town Clerk.

Council House,
Birmingham, 1.
March, 1962.

MEDICAL RESEARCH COUNCIL

SOCIAL MEDICINE RESEARCH UNIT.—Applications are invited for the following: (1) SENIOR STATISTICIAN, with experience in medical, biological or social statistics; medical qualification an asset. Salary starting in range £1,855-£2,355. (2) STATISTICIAN, with good degree. Salary starting in range £590-£1,085. The Unit engages in a wide variety of social-medical investigations. Some teaching. FSSU. Family allowances.—Please send detailed application to The Director, SMRU, London Hospital Research Laboratories, Ashfield Street, London, E.1.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE hopes to appoint an Assistant Lecturer in Law from October, 1962. Salary scale £800 x £50—£950 a year, plus £60 a year London Allowance; with superannuation benefits and family allowances. In assessing the starting salary consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than 10th April, 1962, by the Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom further particulars may be obtained.

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requires Assistants for its Organisation and Methods Section in the Head Office in Manchester. Applicants (ages 25-35) should have a degree or professional qualification. Experience in O.&M. would be an advantage but is not essential, since training will be given where necessary. At an early stage members of the section are expected to work on their own initiative, with a minimum of supervision.

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The Institute of Taxation

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The Council of the Institute announces a thesis competition, the conditions of which are set out hereunder:

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(ii) The subject for the thesis will be "New Alternative Methods of Taxation."

(iii) Theses will be judged by content, rather than length, and in any event no thesis submitted should contain more than 25,000 words.

(iv) There will be one prize only, viz., one hundred guineas.

(v) The copyright of the winning thesis shall vest in the Institute, and the Institute shall have the right to publish extracts from other theses upon payment of fees to be agreed between the Council of the Institute and the competitors concerned.

(vi) The competition will be judged by the Council of the Institute, whose decision will be final.

(vii) The closing date for the submission of theses will be October 31, 1962.

(viii) Submission of a thesis will be construed as an acceptance by the competitor of the conditions set out above.

Typescripts or manuscripts should be sent to the Secretary of the Institute at Cliffords Inn, London, E.C.4. All competitors will be advised of the judges' decision, by post, on a date to be fixed by the Council.

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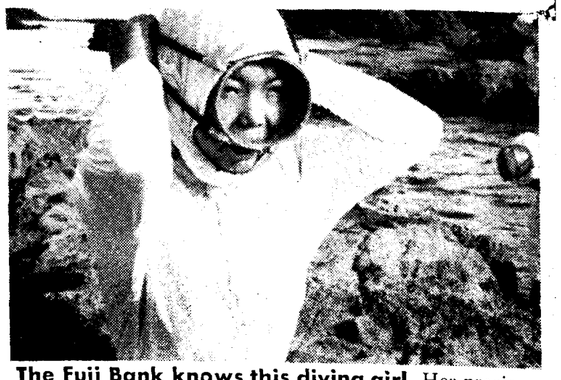
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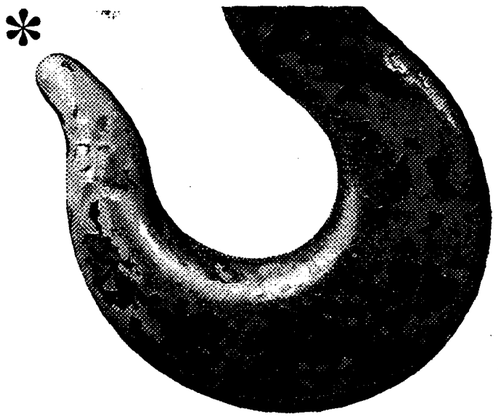
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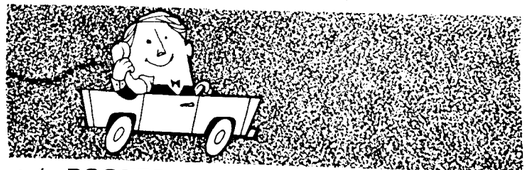
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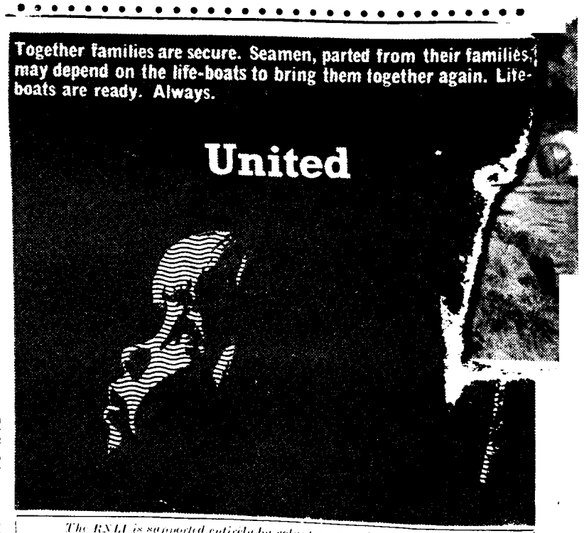
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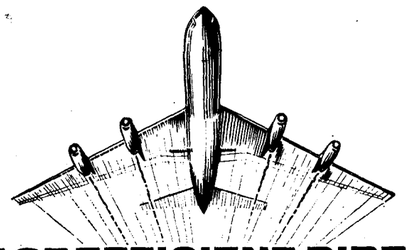
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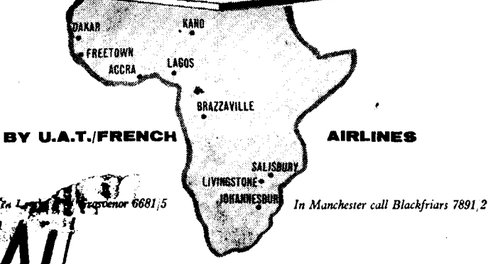


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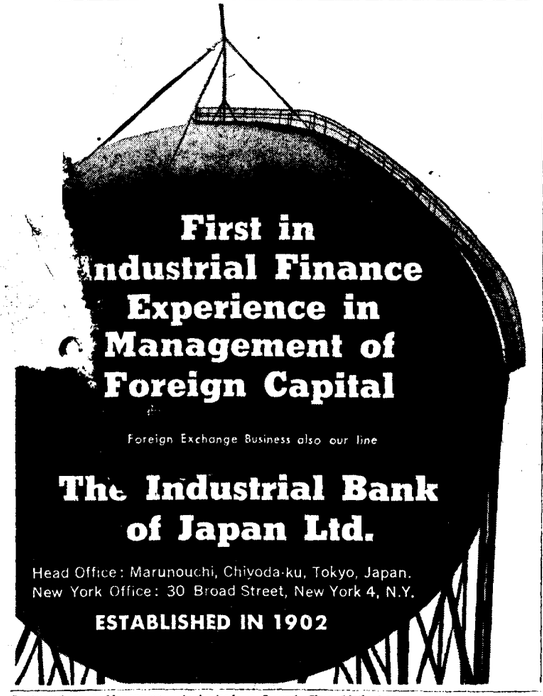
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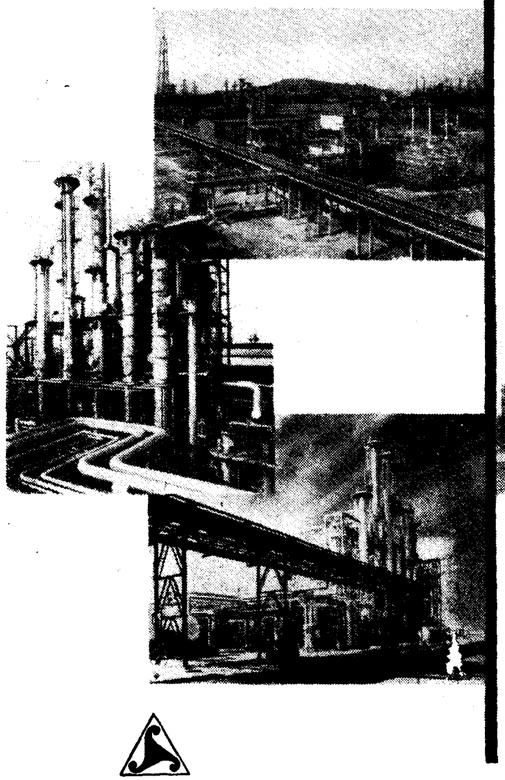
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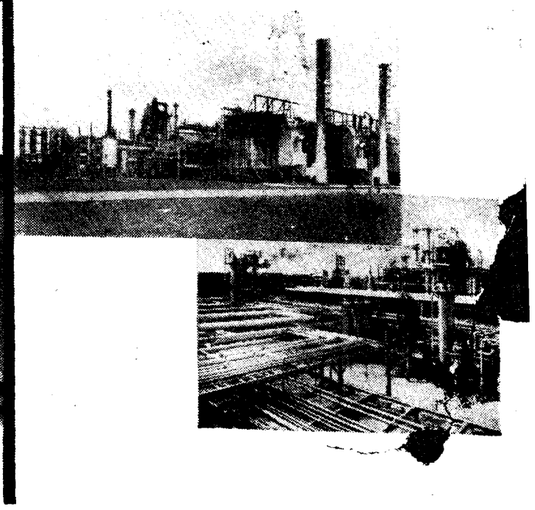
France	1
Italy	2
W. Germany	2
Great Britain	2

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Belgium	1
Italy	1
France	1
Denmark	1
Great Britain	7
W. Germany	3

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