1625

The Economist
1962 - May 12. 19, 26
Vol. CCIII Nos. 6195, 96

MAY 19, 1962

FOUNDED 1843

One Shilling and Sixpence

Not to Panic
Foglamps in Brussels
Hard-Boiled in Paris
Unscrambling in Bonn

Oil Companies and Governments
Surrender at the Docks
Dumping Chemicals

The Economist . 22 Ryder Street . St. James's . London . SW1

It's just struck me. Of course. Though Halex will have the answer, too—they're always thinking years ahead in plastics. They've probably already worked out that if you under-rallify the potterpin, using a moulded oval *whirly, the whole sprig-system will be revolutionised. Difficult—but Halex will be able to do it, with their knowhow and facilities. I expect they'll be delighted to find someone as forward-looking as themselves, when I ring them. Wonder what plastics problems of 1972 Halex and I will be solving in 1967?*

If you've a problem—*any* problem—involving plastics, then Halex can do a great deal to help you with it. The size of the problem doesn't matter a bit. The bigger the better. Halex are in business to offer a total plastics service—a service which begins with one of the most effective consultancy services in the plastics industry through to development and final production. As a division of the British Xylonite Company Limited, Halex can offer you the most *comprehensive* plastics service in the country—perhaps in Europe. If you need *any* problem involving plastics, all it takes to secure the facilities Halex command is a phone call to LARKSWOOD 2345

HALEX
LARKSWOOD
2345

Industrial Sales Division
HALEX (A Division of the
British Xylonite Co Ltd)
Highams Park London E4

Eureka!
five years before anyone else!
(Except Halex)

Halex—a quality service in plastics

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

GAZETTEER UNIT 93GU. 23 MAY 1962 PUBLIC RECORD OFFICE BUILDINGS, CHANCERY LANE, W.C.2 (035)

In The Economist this Week — May 19, 1962

INTERNATIONAL

Europe and the Old Men

Panic about Britain's negotiations with the common market is not justified by facts. Doubts in Paris and Bonn do not mean that there has been a clear-cut decision to block Britain's entry (p. 649). Indeed, the negotiations in Brussels are gathering speed (p. 650).

Dr Adenauer's strange remarks in Berlin about the Anglo-Saxons have revived speculation in Bonn about getting rid of him (p. 678).

General de Gaulle's press conference has dismayed French "Europeans," as well as prompting renewed speculation about his terms for British entry to the common market (p. 678).

M. Pompidou's new government is being harassed by strikes, now that the Algerian national emergency is past (p. 657).

Indochina's Crumbling Walls

American troops have had to land in Laos to prove to friend and foe that America is prepared to use force if things go really wrong, but there is still some prospect of achieving a neutral Laos (p. 653), as Washington still hopes (p. 690).

The flood of American aid to **south Vietnam** has failed, so far, to check the communist guerrillas (p. 683).

Overcrowded **Hongkong** has had to turn back 25,000 refugees trying to escape from China (p. 677).

The **Philippine** claim to **North Borneo** is a threat to the grand design of a federation of Malaysia (p. 661).

Kennedy and The Economy

The **Area Redevelopment Administration** has celebrated the first anniversary of its attack on the hard core of chronic unemployment (p. 687).

President Kennedy is **wooing businessmen** with tax concessions and with firm statements on wage increases (p. 690).

Americans have a lesson to learn from Europeans about how to spend their country into prosperity (p. 690).

Republicans are throwing away their chance of victories in Maryland in next November's election (p. 693).

Soon the United States, like other countries, may have only one **airline** flying the **Atlantic** (p. 694).

Labour Pains

Strikes in **Spain** have shaken the structure of the official trade unions and produced something like what democracies mean by wage bargaining (p. 679).

Aden's trade unions show too much concern for political power and too little for the welfare of their members (p. 684).

Racial Partners

The **Congo's** future depends on the success of current talks with the Belgians (p. 658).

Bridging the gap between races, says Mr Sandys, is the **Commonwealth's** grandest task (p. 662). In **Rhodesia** Mr Butler is seeing some of the difficulties in practice (p. 658).

HOME

Oily Waters

Caught between acquisitive governments and competitive markets, the international oil companies are left with less room for manœuvre (p. 697).

Governments will soon make their choice on the best means of crossing the Channel (p. 710).

Wall Street appears to have weathered one of the worst storms of its postwar history (p. 701).

Rough Passage

The local elections give a grim augury for Tories—including some of their leading lights (p. 654).

Montgomery confirms the Liberals' national advance (p. 657).

As releases of American stockpiled tin draw near, the London Metal Exchange can expect some stormy sessions (p. 705).

The British economy may be drifting into expansion (p. 700).

Both exports and industrial production show modest improvements (p. 700).

Half Seas Over

The Government, above all, is to blame for the inflationary debacle of the dock wages settlement (p. 652).

Now ministers are under even greater pressure to increase the pay of nurses: but what is really needed is more for the qualified hospital staffs (p. 657).

Yachtsmen are crying out for more homes for their boats (p. 668).

Rock Bottom

The overgrown chemical industry is gradually being deprived of its dumping grounds (p. 699).

Tomato growers cannot have welcomed the wise words of a top farmer this week (p. 662).

If it is to regulate London's new cut-price taxis, the Government should take a more liberal course than any suggested in the Commons this week (p. 658).

It should also risk facing some unpopularity by restricting boxers' freedom to maim each other for cash (p. 662).

Gambling is the last obvious field where the state could raise more money but does not (p. 662).

Ground Swell

The new universities that are yearning for benefactions promise to set a new and exciting pattern for higher education (p. 665).

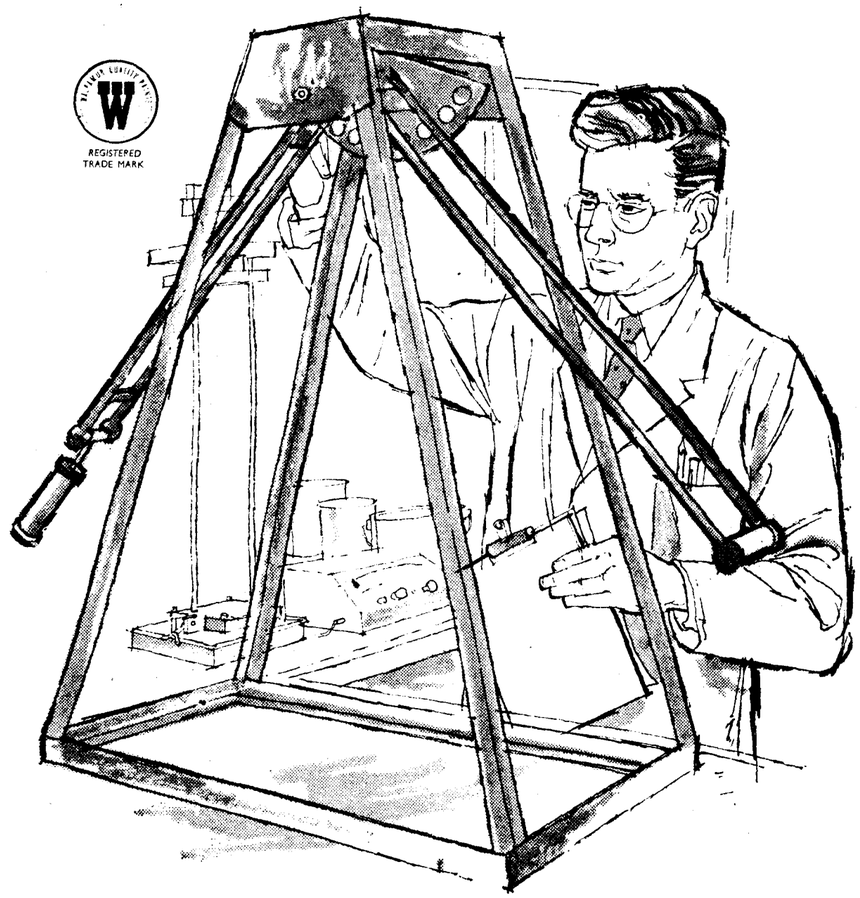
Adult education, however, is becoming more rarified (p. 668).

Urban Renewal: some sense from a Fabian (p. 660).

Housing: the Government's projects for new private building and for aid to landlords need a fresh drive (p. 660).

Justice: more judges—and new courts—are still needed for northern litigants (p. 666).

Detailed contents on page 649



REGISTERED TRADE MARK

Trial by collision

This is the Walpamur cylinder impact test. Two painted cylinders, each mounted at the end of a long steel pendulum, swing together like trapeze artistes and collide with terrific force. The resulting impact is roughly equivalent to that caused by a domestic washing machine being pushed sharply against a wall. It is testing such as this —ruthless and ceaseless—which conserves the quality of Walpamur Quality Paints. And it is thus that The Walpamur Company, with its overseas factories and multiplicity of branches, maintains its position of pre-eminence in the world of paint.

WALPAMUR QUALITY PAINTS

—constantly tested, consistently good

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

THE WALPAMUR CO LTD · DARWEN & LONDON

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

W1122

(1025)

DEPARTURE: *Salt Sticks in Colombia, Salt Water in Ceylon— Both can taste good because of AMF equipment!*

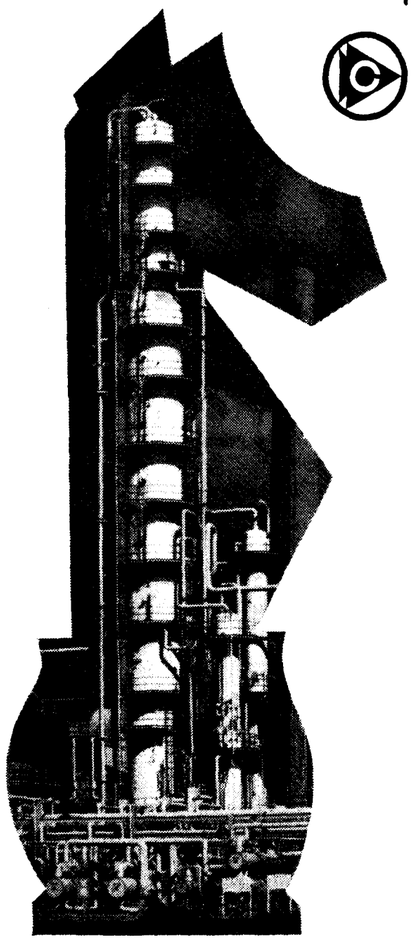
It is only a few years since the people of Colombia and other countries of Latin America began to depart from their centuries-old custom of eating only hand-baked bread and began enjoying bread, rolls and other bakery goods made by machinery. This change was brought about by AMF. Today, AMF makes bakery equipment on four continents, sells it in over 35 countries. And in any country where there's a fresh water shortage, low-cost, efficient AMF water desalinating machines can make salt or brackish water potable and useful to industry. Baking and water purification are only two of the vast number of AMF products. In many fields, in many lands, in many product lines, new departures take place every day—thanks to AMF International. In England, contact: AMF Limited, 4-8 Savile Row, London W1, England

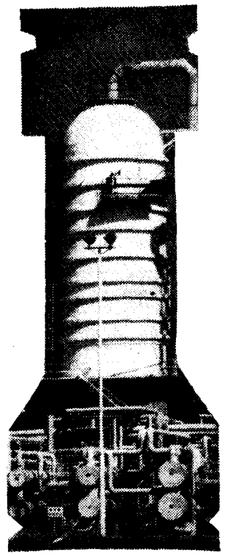
AMF International
Division of American Machine & Foundry Company
261 MADISON AVENUE, NEW YORK 16, N. Y.

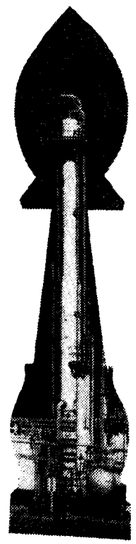
Bologna • Buenos Aires • Frankfurt • Geneva • London • Mexico City • Milan • Paris • San Juan • São Paulo • Stockholm • Sydney • Tokyo • Vienna

CHESS GAME REQUIRES MANY KEY PIECES..

And so does the business of making modern, highly complex Process Plants... Chiyoda has over 1,000 key engineers—Chemical, Mechanical, Architectural, Civil, Electrical and others—who are completely familiar with world-wide standards and specifications... This enables Chiyoda to handle construction of Process Plants on any scale of highest engineering standards, with top efficiency. Plants and equipment for: Petroleum, Petrochemicals, Synthetic Resins and Fibres, Synthetic Rubber, Sulphuric Acid, Vegetable Oils, Urea, Ammonia and other related Chemical Products.

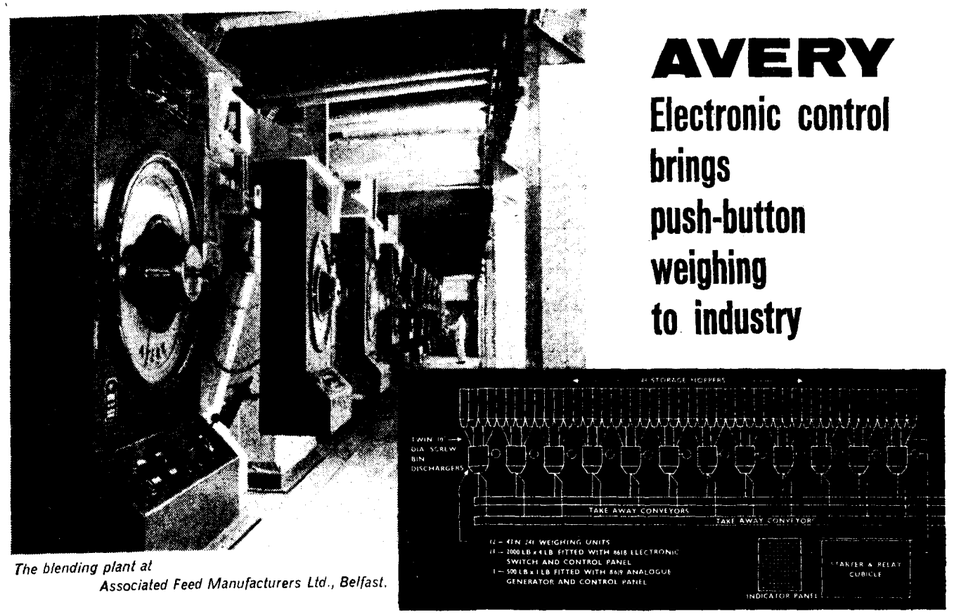






CHIYODA

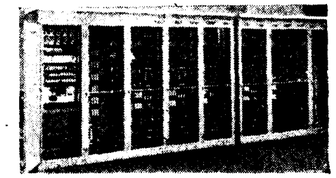
CHEMICAL ENGINEERING & CONSTRUCTION CO., LTD.
NO. 3, MARUNOUCHI 2-CHOME, CHIYODA-KU, TOKYO, JAPAN
Cable Address: "CHIYOTAKA TOKYO"



The blending plant at Associated Feed Manufacturers Ltd., Belfast.

AVERY
Electronic control brings push-button weighing to industry

Push-button weight control by Avery is increasing the profitability of many industrial processes. More and more manufacturers are turning to automation, using Avery weighing equipment with electrical and electronic control systems. In the science of weighing control by electronic methods, Avery have proved, in widely varying applications, that there is no substitute for the combined accuracy and flexibility of orthodox lever systems provided with the means of giving a suitable electric output. Avery have perfected weighing mechanisms that take instructions from (and give instructions to) punched card and tape machines; thus providing fully automatic and foolproof operation in all kinds of weighing, batching, blending, continuous flow, totalising, testing, checking and recording processes. The use of electronics —especially the growing range of transistors—has enabled these ultrasensitive weighing mechanisms, even at zero energy, to operate controls, computers, electric typewriters and other business machines. Where a lower order of accuracy is acceptable and site conditions demand a more compact installation Avery also supply load cells with the associated instrumentation and control systems. By linking such modern sciences as electronics and solid state physics with two centuries of experience in weighing, Avery have achieved a combination that is profiting trade and industry throughout the world.



Starter cubicle. The first compartment contains digitising and sequence controls. The remainder house contactors, relays, etc., for controlling screw feeders.

AVERY Electronic Control Systems

400 FORMULAE UNDER PUSH-BUTTON CONTROL

The new automatic blending plant at the Belfast Mill of Associated Feed Manufacturers Ltd., produces animal feeding stuffs to over 400 different formulae. The electronically controlled weighing equipment recently installed by Avery is making a major contribution to the productivity of the mill by ensuring maximum efficiency of labour and machines at the blending stage, with maximum quality control provided by the sustained accuracy of weighing.

There are 48 material blending bins, arranged in nests of 4, each nest supplying one of the 12 fully programmed hopper scales. Eleven of these hopper scales are fitted with electronic switches to control the material flow from 2-speed twin-worm dischargers. An accuracy of 0·2% is maintained. At any one of these hopper scales, the weighman selects the required ingredients, pre-sets the scale to the correct weight required of each material, and presses the starter button. Weighing and discharging is then fully automatic.

The twelfth hopper scale is fitted with an analogue generator and digitiser, and installed beneath the nest of bins containing the common mineral additives. Four banks of decade switches enable the weighman to pre-set weight values, without the need for further attention when changing from one material to another. This is the most significant step yet made in blending mill automation, and a striking example of Avery's technical leadership in this complex field. (Complete case-history on application)

A LETTER TO AVERY TODAY CAN INCREASE YOUR PROFITS TOMORROW

Avery will advise you at any stage of your present production or future development.

Write for full information quoting reference E.72

W. & T. AVERY LIMITED
BIRMINGHAM, 40 ENGLAND

NOW IS THE TIME TO CALL IN CARRIER

Today it's just a site. Another fence. Tomorrow? An office block... hotel... flats perhaps? Whatever it will be, people will live or work there. But how comfortably? And how efficiently? It's up to you! Your plans must incorporate essential services–heating–ventilating – air - conditioning. And that, of course, means Carrier Engineering, foremost in thermal engineering for large-scale commercial and industrial applications. Call in Carrier Engineering now–at the start!

Carrier

AIR CONDITIONING SYSTEMS

CARRIER ENGINEERING COMPANY LTD.

CARRIER HOUSE, 24 Buckingham Gate, London, S.W.1
Telephone: Victoria 6858

Export enquiries to:
DRYSYS EQUIPMENT LTD.
24 Buckingham Gate, London, S.W.1, England.

DEFENCE BONDS

pay 5%

with 3% tax-free bonus after 7 years

Defence Bonds

- Earn 5% interest per annum.
- Are repayable after only 7 years, at the rate of £103 for every £100 invested.
- Earn this 3% bonus U.K. income tax free.
- Do not have income tax on interest earned deducted at source.
- May be cashed before maturity.

IN SEVEN YEARS

5% Defence Bonds yield the equivalent of

£5.12.6

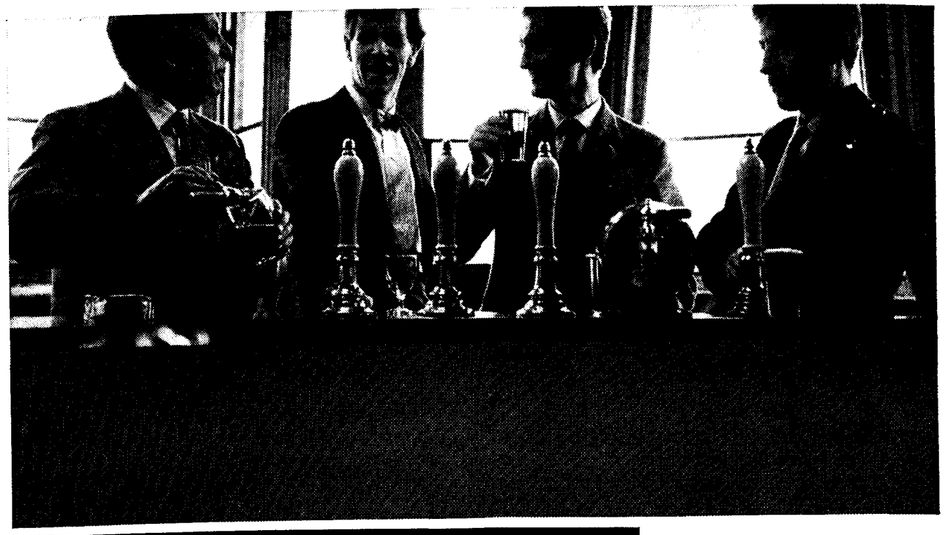
per cent (gross) per annum if you pay tax at the present standard rate of 7/9

5% DEFENCE BONDS are on sale in £5 units and you can now hold £5,000 worth

(exclusive of holdings of earlier issues)

Full details can be had from your bank manager, stockbroker, or from your local Savings Committee, Post Office or Trustee Savings Bank.

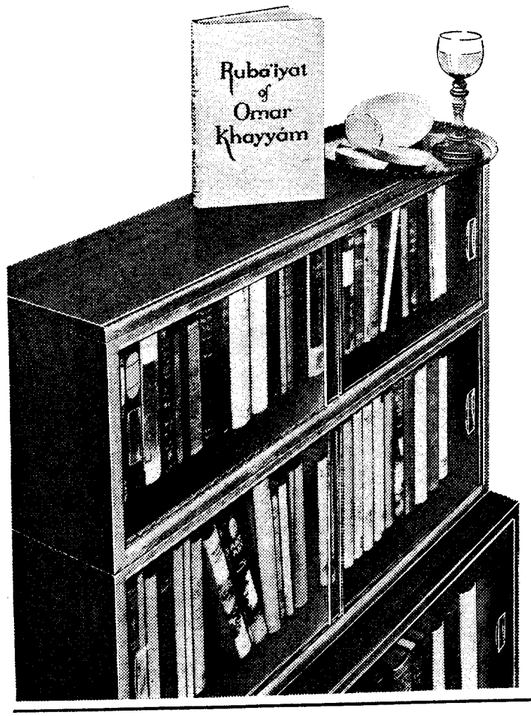
Issued by the National Savings Committee, London, S.W.7



Modern living starts with RTB. From RTB to top the bottles and make the cans they take home. With RTB steels in today's brilliantly styled cars that take them home. And with RTB steels and laminations assisting in fireside entertainment–TV, radio, record players... And modern British steelmaking starts at RTB. First in the field with continuous strip, first with electrolytic tinplate. First with the advanced LD process, and the Rotor furnace to pre-refine iron. RTB first with new ways to make steel efficiently, economically, speedily.

RICHARD THOMAS & BALDWINS LIMITED **STEEL THAT SELLS**

RTB House 151 Gower Street London WC1 Euston 9333



Come, fill the case...

Breadless, wineless, sadly songless in an unpoetic wilderness known as "the doghouse." Such poetic justice may well descend upon that dream-filled head of yours. For if you scatter your quatrains to the four corners of the living-room, don't feign surprise when you're hauled onto the carpet—Persian or otherwise—and faced with a wife waxing anything but lyrical. The gist of her few-thousand-word sermon being: "The proper place for books is a bookcase." Who can deny it?

Minty have specialised for years in making superb bookcases that house your many-splendoured books in dust-free distinction behind very elegant sliding glass doors. Easy on the eye—and the pocket—they allow you to go your merry way reading books, buying books, for Minty bookcases are sectional and may be started for as little as £12.19.0—on deferred terms if you prefer.

Only at the Minty Centres shown below can you see and buy Minty bookcases (and furniture). The Centres are so placed that Minty furniture is within reasonably easy reach of most people. If, however, for any reason you can't call, Minty will be glad to send you a catalogue and particulars of post ordering. Write to Dept. E.20 Minty Ltd., 44-45 High St., Oxford.

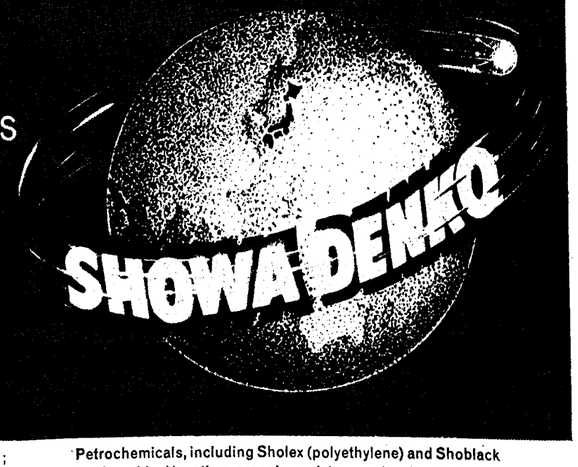
make for your

MINTY centre

for bookcases that grow on you

Oxford (Head Office): Minty Ltd., 44-45 High Street; **Birmingham:** Minty Ltd., 186 Corporation Street; **Bristol:** Minty Ltd., 50 Park Street; **Glasgow:** Minty Ltd., 556 Sauchiehall Street; **Leeds:** Minty Ltd., Shell House, Eastgate; **London:** Minty Ltd., 123 Victoria Street, S.W.1; **Manchester:** Minty Ltd., 7-9 Royal Exchange Arcade; **Belfast:** Hanna & Browne Ltd.; **Bournemouth:** J. J. Allen Ltd.; **Cambridge:** W. Eaden Lilley Ltd.; **Canterbury:** W. Perrings Ltd.; **Cardiff:** David Morgan Ltd.; **Chelmsford:** Bonds Ltd.; **Cheltenham:** Shirers & Lances Ltd.; **Coventry:** John Anslow Ltd.; **Edinburgh:** C. & J. Brown Ltd.; **Exeter:** Colsons of Exeter Ltd.; **Guernsey:** Lovell & Co. Ltd.; **Hull:** Hammonds Ltd.; **Ipswich:** Footman Pretty Ltd.; **Jersey:** A. de Gruchy Ltd.; **Llanelly** Pugh Bros. Ltd.; **Newcastle-upon-Tyne:** W. E. Harker Ltd.; **Northampton:** Jefferys of Northampton; **Norwich:** Trevor Page Ltd.; **Nottingham:** Hopewells Ltd.; **Peterborough** Watkins & Stafford Ltd.; **Plymouth:** E. Dingle Ltd.; **Reading:** Holmes Ltd.; **Sheffield:** John Walsh Ltd.; **Southsea:** Handley's Ltd.; **York:** Hunter & Smallpage Ltd.

PRODUCTS FOR PROGRESS
SERVING INDUSTRY
AND AGRICULTURE
AROUND THE WORLD



Low-carbon ferrochrome, other ferroalloys, electrolytic iron;
Artificial graphite electrodes, other carbonaceous products;
Aluminium ingots, alloys, wire bars;
Morundum (fused alumina abrasive), Densic (silicon carbide abrasive);

Petrochemicals, including Sholex (polyethylene) and Shoblack (carbon black); other organic and inorganic chemicals;
Ammonium sulphate, urea, compound fertilizers;
Reactor materials, including graphite, heavy water, deutero-sulphuric acid, high purity sodium metal.

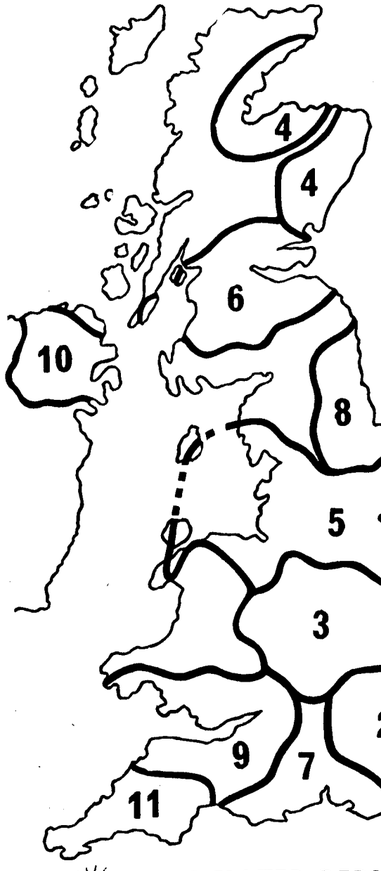
SHOWA DENKO K.K.

34, Shiba Miyamoto-cho, Minato-ku, Tokyo, Japan.

Write for the comprehensive Showa Denko catalogue listing more than 100 products and their specifications.

INDEPENDENT TELEVISION FOR SCHOOLS Broadcasting plans for 1962/63

Ten programmes will be transmitted each week on the Independent Television Network during the School Year 1962/63. Transmission times are given below. Between them, the ten series are designed to meet the needs of all children in primary and secondary schools between the ages of 9-18. They have been approved by the Educational Advisory Councils and Committees of Associated-Rediffusion, Associated TeleVision, Granada TV, and for Scotland.



PROGRAMMES IN THIS TIMETABLE ARE NETWORK PRODUCTIONS FOR ALL REGIONS

Monday	**2.35** (15 minutes)	German	*IV and V Forms*
	2.54 (13 minutes)	Junior Mathematics	*Age about 10*
	3.11 (20 minutes)	Secondary Science	*Age 14 and over*
Tuesday	**2.57** (25 minutes)	Discovery	*VI Forms*
	3.26 (25 minutes)	Drama	*Age over 13*
Wednesday	**2.57** (25 minutes)	Arts	*VI Forms*
Thursday	**2.35** (15 minutes)	Elementary French	*2nd and 3rd Year*
	2.54 (18 minutes)	The World Around Us	*Age 10*
Friday	**2.35** (25 minutes)	Music	*Age 13-15*
	3.04 (18 minutes)	Story Box	*Age 9-10*

Besides these programmes, networked throughout the United Kingdom, additional ones will be transmitted in their own regions by the Independent Television Companies listed below. Details can be obtained from the Education Office of your local Company.

1 ANGLIA TELEVISION
2 ASSOCIATED-REDIFFUSION
3 ASSOCIATED TELEVISION
4 GRAMPIAN TELEVISION
5 GRANADA TELEVISION
6 SCOTTISH TELEVISION
7 SOUTHERN TELEVISION
8 TYNE TEES TELEVISION
9 TELEVISION WALES AND WEST
10 ULSTER TELEVISION
11 WESTWARD TELEVISION

ASSOCIATED-REDIFFUSION ASSOCIATED TELEVISION

GRANADA TV

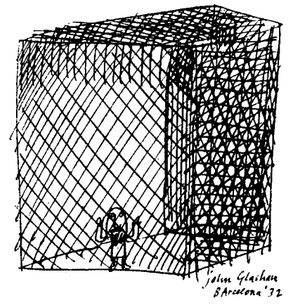
PROJECT 304

The story of the great
Shell Chemicals
Sculpture Competition
by A. N. Other—Carter

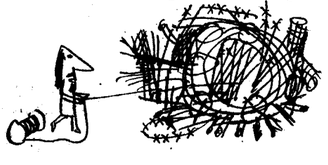
Chapter Eight:
Who Will Win?

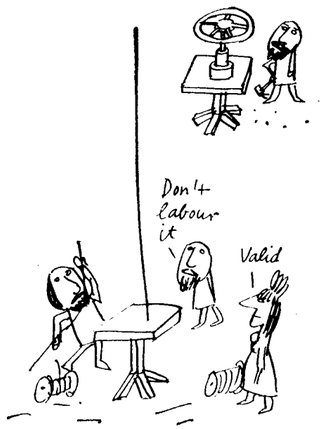
Of course, many of us at Shell Chemicals—men like Carter from Ketones, Carter from Polyolefins, Carter from Low Pressure Waxes and Greases—had always been interested in sculpture, and I myself had studied in the old days in Paris (ah, Isobel!). 'After all, it's the queen of the plastic arts,' said Carter from Polystyrenes, 'and we're plastic scientists, aren't we, hey?' 'Speak for yourself,' said grumpy old Carter the Demonstration Farm Manager. 'I should have thought it was pure, abstract form and balance that would appeal to a sculptor, not this decadent, sensuous rot.

Take the formula for Trifolex a selective weedkiller for the con-



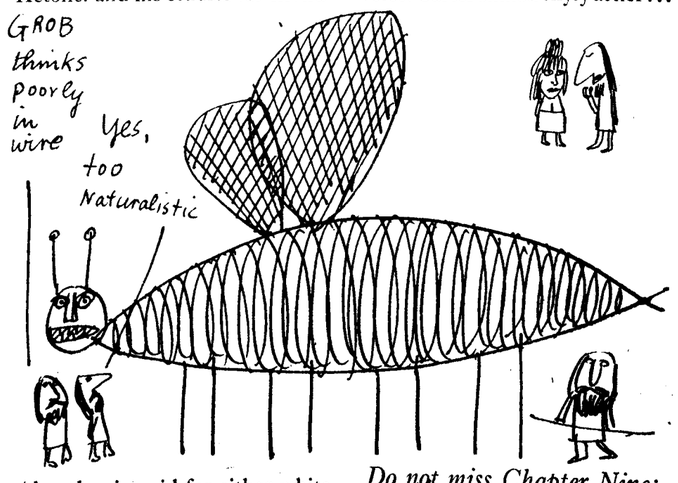
trol of weeds in cereals, undersown cereals, new leys, grassland and some varieties of peas based on the sodium salt of—' ' — 2-methyl-4-chloro-phenoxybutyric acid,' we all chanted. But we did have our private sweep-





stakes as the studies and maquettes for the sculpture competition for *The Spirit of Shell Chemicals* began to come in. Carter from Ketones fancied the chances of that old war-horse Henry Jollifant ('our leading *derrière-garde* sculptor' someone had spitefully called him, dear old man). He'd had experience in this field, a centenary bronze of the famous American woman-novelist Ethyl Amyl Ketone: and his studies for Elvira work of Max Grob, the Destructionist, on his brooding monster-figure of Dielmoth (a moth-proofer), seen as a kind of devil-behemoth. I myself fancied that weird, shaggy outsider, the Welshman, Jones the Statue. 'I believe in everythingness, man!' he told me, 'I'm a pan-artist, isn't it, just right for Shell Chemicals, all over the place they are, printing inks to fertilisers.'

So the Spanish sculptor Paella discovered. Down at our labs. at Egham he saw a most lovely girl having a hair-set (monoethanolamine is the preferred amine for neutralising thioglycollic acid in home-perm preparations, and a client's snag was being smoothed out), and many delicate retorts and pieces of equipment were broken as he pursued her with loud Spanish cries. The uproar was unnoticed in another room where Carter from Triethylene Glycol was standing before an intricate molecular model. 'What calm in the heart of action!' said Isobel, in that thrilling husky voice. Carter smiled shyly at her...



(dry-cleaning aid for either white spirit or chlorinated solvents) and Liquila (exterminates blackfly, aphids, thrips, whatever they are, leaf miners, etc.) were lovely things. Carter from Polyolefins was enthralled by the preliminary

Do not miss Chapter Nine:
'The Exhibition of Maquettes'

For any information about chemicals contact the Information Officer, Shell Chemical Company Limited, 170 Piccadilly, London W.I.

The Economist

MAY 19, 1962

Not to Panic 649
Foglamps in Brussels 650
Surrender at the Docks 652
Gunboats to Laos 653
Slide from Conservative 654

NOTES OF THE WEEK 6-7
France; Montgomery; Nurses' Pay; Congo; Rhodesia and Nyasaland; Rumania; Minicabs; Urban Renewal; Egypt and Syria; North Borneo; Gambling; Boxing; Tomatoes; The Commonwealth.

HOME REPORT
Growing Pains 665
Streatfeild on Trial; Sacred Cowes?; Educating the Educated?

LETTERS 671

BOOKS
The New Scramble in Africa 672

THE WORLD OVERSEAS
The Exodus to Hongkong 677
Unscrambling in Bonn; Hard-Boiled in Paris; Labour Unrest in Spain; Canadian Waterloo?; The War in Vietnam; Militants Against the Military.

AMERICAN SURVEY
Development Begins at Home 687
Still Neutral on Laos; Even-handed President; Deficits Pay; Corrupt and Discontented; Grain of Comfort; Pan World Airline?; Free Schooling till Twenty?; Shorter Notes.

THE BUSINESS WORLD
Oil Companies and Governments 697
Dumping Chemicals 699

BUSINESS NOTES 700
The Economy; Overseas Trade; Wall Street; Throgmorton Street; The Exchanges; Cotton Textiles; South Africa; Building Societies; Tin; Office Staff; Electricity Generation; Curtain-Raiser for Euratom; Jute; Coarse Grains; Aircraft; Patents in Europe; Tractors; Kuwait; Chemicals; Crossing the Channel; Oil Refining; Packaging; Shorter Notes.

COMPANY AFFAIRS 713
Overcapacity in Paper; Rolls-Royce; Hawker Siddeley; Bristol Aeroplane; Food and Drink; British Petroleum and Burmah Oil; Pressed Steel; Rank and Mecca; Boots Pure Drug; De Beers; Sears Holdings; Insurance Reports.

Money and Exchanges 719
Stock Prices and Yields 720
Prices and Wages 722

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 694.
VOLUME CCIII - NUMBER 6195

Not to Panic

A SPECTRE is haunting Europe again; not Marx's, this time, but the spectre of two authoritarian old men trying to run western Europe in a way that means the exclusion of Britain. This apparition is not wholly a figment of the imagination of people, like Lord Beaverbrook, who are disposed to think that bogeymen begin at Calais. Recent events have added just a little weight to the possibility that Dr Adenauer and General de Gaulle might really be coming to the joint conclusion that their ideas about the future of Europe are incompatible with Britain's, and therefore that Britain had better be kept out of the common market. Our Paris correspondent describes on page 678 the press conference on Tuesday at which General de Gaulle combined a salute to "Franco-German solidarity," and some notably Adenauerian comments on east-west relations, with a quizzical reference to Britain's place in the world. Our Bonn correspondent discusses on the same page the aftermath of Dr Adenauer's apparent hint a week earlier that he might shift his weight from the side of the scales favouring Britain's entry into Europe to the side opposing it.

Before despair sets in, however, the obvious thing to be said about this suspicion that Dr Adenauer and General de Gaulle are ganging up against Britain is that it remains no more than a suspicion. It is perfectly natural at the present stage of the negotiations that both men should want to be seen pursing their lips about the British application, but this does not necessarily mean, and neither has said clean out, that they will set their face against it in the final test; indeed, their official spokesmen (for what weight they carry in these circumstances) have solemnly denied that they mean to. This week's events have not materially changed the prospects of Britain's going into the common market compared with what they were a fortnight ago. The best way of seeing this is to set out briefly the circumstances in which Britain might decide it could not go in after all. The exercise suggests that these prohibitive circumstances are still pretty remote.

The first thing that could make Britain change its mind would be the imposition of unacceptable terms in the Brussels negotiations. It is fairly clear, in our opinion, what would amount to unacceptable terms. The Six might refuse to accept provisions that would give Canada, Australia and New Zealand a reasonable hope of maintaining the present value of their food exports, or something fairly close to the present value, until the expected time comes when world-wide arrangements will take care of their interests. The Six might also refuse to come to a reasonable understanding with the neutrals of the European Free Trade Association, a "reasonable understanding" being either the offer of associate membership of the common market or else the opening of the Six's tariff walls to the principal exports of these countries.

Either or both of these things would mean that the Six were publicly and humiliatingly testing whether Britain would break its word. In either case, but in none other that comes easily to mind, a sense of what one cannot decently do to old friends might require Britain to withdraw its application—even though Britain's own economic and political interests might suggest swallowing hard and carrying on.

But, as our special correspondent in Brussels points out in the following article, the opening of the really serious stage of the negotiations last weekend yielded no evidence that such unacceptable terms are in fact going to be imposed. This

is not conclusive proof that they will not be imposed later; if Dr Adenauer and General de Gaulle are toying with the idea of keeping Britain out, it is unlikely that their ruminations would have seeped down to their negotiators in Brussels. Yet the very fact that no change in intentions has trickled through to Brussels must surely mean that the two men are not—at the most—doing more than toy with any such idea; they must realise how tricky a business it would be to force Britain's withdrawal by such tactics. It would be tricky because, whether or not Dr Adenauer is changing his mind about wanting Britain in, Italy, Belgium and Holland have not changed theirs, and a brutal banging of the door in Britain's face would shake the joists and beams of the whole European community. It would, moreover, offend the United States—which five of the Six, at any rate, are presumably still reluctant to offend.

The other thing that might make Britain change its mind is a feeling that, even if the terms for joining the club are perfectly acceptable, it is just not going to be the sort of club that Britain wants to be in. If the wily old tacticians in Bonn and Paris really wanted to keep the British out, their best tactics would be to play quietly and persistently on this feeling. The feeling would be encouraged by their doing two things calculated to raise British goose-pimples: by General de Gaulle expressing his support for Dr Adenauer's attitude on east-west negotiations; and by Dr Adenauer hinting that he rather admires the general's views about the potential self-sufficiency of continental western Europe. Is it fanciful to detect signs that the pair are doing just this?

Even if they are, however, the right British response is to say quite pointedly that this is unlikely to deter Britain from wanting to come in. The banding together of Dr Adenauer and General de Gaulle on the two propositions that cut right across the grain of British foreign policy (supposing this banding together is really taking place, which is not clear) would undoubtedly be a cause of serious friction if Britain were inside the common market; but the likelihood is that the cause of friction would be temporary. As the general engagingly admitted on Tuesday, mortals are mortal. Only if there were a fair degree of certainty that the present leaders in Bonn and Paris would be succeeded by others who would perpetuate a Franco-German alliance on these two points—intransigence towards eastern Europe, and a gradual detachment from the United States—might Britain reluctantly feel obliged to stay out of a community led by people with such views.

But in fact the evidence points in the opposite direction. Pressures are rising—almost certainly in Bonn, and very probably in Paris too—which will sooner or later give people whose ideas are more like those of the British a chance to lay their hands on the levers of power. This is exactly the sort of situation in which it will be desirable for Britain to be inside the community; it will then be able to encourage and support the forces favouring conciliation in central Europe and a continued close attachment to the United States. To misappropriate Kipling: if Europe were going to be what Europe sometimes seems to be, under these two veterans, how soon we'd drop her. But the odds still are she ain't.

Foglamps in Brussels

Our special correspondent shows that the actual negotiations on the common market are gaining speed

For some time Britain's negotiations with the common market have resembled a straight road to a predestined goal obscured by thick fog. For over a year the key men in Brussels and Paris have been able to suggest in principle how the Commonwealth problem would eventually be solved. The road, however, has not been easily traced by the negotiators in Brussels, groping amid the obscurities of thousands of tariff items, and held up by the time-consuming need for the Six to agree amongst themselves. Now that only two months remain if solutions are to be found before the summer holidays and the Commonwealth conference in September, there is a pressing need for greater speed.

The meeting of ministers from the Six and Britain on May 12th provided Mr Heath with the occasion to give the necessary shove. He did so with a classic combination of concessions and demands. The concession was formal British agreement that the common tariff should eventually apply to imports of manufactures from the developed Commonwealth countries—Canada, Australia and New Zealand. The demands were, first, that this application of the common tariff should be delayed and its effects reviewed from time to time and, second (the biggest issue in the negotiations), that agricultural exports from these countries should be given outlets "comparable" to those they have today. Mr Heath backed the new proposals by some rumbustious talk designed to get away from the platitudes of the last few months and to stimulate the Six to hard negotiation.

He was rewarded by the best debate the seven ministers have yet had. Since the British proposal on manufactures was modelled on (and in part designed to forestall) a proposal from the Six, a good deal was common ground. It was agreed that an effort should be made to lower the common tariff in negotiations with the United States, and the British suggested that there should be formal consultation between the common market and the Commonwealth at various stages before the tariff was finally applied. Here is a valuable precedent which might be applied to other fields. On manufactures there are still some disagreements. How much delay is the Commonwealth to be allowed before the common tariff is applied to them, and on how many products? But these are matters that can be settled in the last phases of bargaining.

The talks did not make equal progress on the demand for "comparable" outlets for the old Commonwealth's farm produce. But that is due as much to the vagueness of the request as to the obstinacy of the Six. "What is a comparable outlet?" they ask. "The same exports as the Commonwealth sends today, at the same price, for all time? . . . We cannot be asked to give far firmer guarantees for the future of Commonwealth exports than Britain gives today."

The British have now accepted the idea that world-wide agreements might ultimately be used to solve the problem, as the Six propose. But the by now classic problem of the "link" or "hinge" (described on page 234 of *The Economist* of April 21st) has still to be overcome. The British demand firm guarantees for the old Commonwealth until the world-wide agreements work. The Six retort that, if the guarantees for Commonwealth countries are too effective, they will have an interest in blocking the world-wide agreements altogether. Some formula has still to be found to link the transitional Commonwealth arrangements smoothly to the eventual world-wide answers.

In the next few weeks officials are to try to find the answer by concentrating on one key group of products, cereals, as a model for others. Some ideas are floating in the Brussels air that might provide the answer. Might it be laid down that there should be a world-wide agreement after, say, five years, with a saving clause that there shall be continued though limited Commonwealth arrangements if this wider effort fails? Could the ultimate level of the common market's cereal prices be fixed in advance at a low level? The European Commission's recent proposals on the common policy for dairy products look helpful to New Zealand. As in Britain, the policy is mainly aimed at maintaining a high price for milk, leaving scope for a low butter price competitive with the price of margarine. The Six's negotiators are beginning to realise that Mr Macmillan must have something definite to offer Mr Holyoake, Mr Menzies and Mr Diefenbaker when he meets them on September 10th.

On the other three Commonwealth subjects—Africa, Asian manufactures, and the so-called "zero tariff" list—there is quiet progress. On "zero tariffs" the two sides have hitherto been frozen in extreme positions, with the British asking for the common tariff to be reduced to nothing on forty vital products and the Six saying no. Now officials have been told to examine all kinds of alternative solutions (including tariff quotas, or fixing the tariff somewhere between zero and the present level). An understanding that textile exporters in India and Pakistan shall continue to enjoy an assured market has been reached already. It remains to work out details and see how far the principle is to apply to other Asian exports, from cricket bats to combs. On Africa, the principle of association has long since been accepted by both sides.

THE Commonwealth question, the heart of the matter, thus does not justify the pessimism lavished on it lately. Perhaps the slow pace of the negotiations has encouraged some journalists who descend on Brussels once a month in search of a scoop to see sensations where none exist. But, though the negotiations are now moving, as Mr Heath told the House of Commons on Wednesday, into a second and more active phase, three major problems still have to be faced.

The first is a problem for the British Government—the problem of its own farmers. There are signs that the Six understand the complexity of the Commonwealth problem, but there are no signs whatever that they are ready to grant the quite excessive British demands for protection for British farmers. The Six seem happy to absorb the idea of an annual review of farm incomes into the common agricultural policy, and to make other minor adjustments. But they are not going to grant one of the most efficient farming industries in Europe a national feather bolster in addition to the comfortable common mattress already laid out for Europe as a whole. How, ask the Six, with impeccable logic, can Britain expect the community to lower its prices to help Commonwealth imports and at the same time raise them to protect British farmers?

Lack of time is the second major problem which may have to be faced by the negotiators soon. Though the work is now gathering speed, and three ministerial meetings may be held by the end of June, it may still be necessary in a few weeks' time to find further ways of speeding things up. For every hour of negotiation with the British, the Six need two or three hours to sort things out among themselves. Will it be possible, as time runs short, for the Six to put a full-time team on the job?

The third problem, smouldering beneath the surface of the negotiations, is the uncertain attitude of France. So far the attitude of the French negotiators has been one of reluctant acquiescence. The French are still acting as the backstop of the Six, occupying extreme positions, teasing the British tactically when they get the chance. But last weekend, as before, there was no sign of any rigid French (or for that matter German) obstruction. And the further the negotiations go, the less easy it is for anyone to go back.

Mr Macmillan's visit to Paris on June 2nd could have a limited but real bearing on the negotiations. He and General de Gaulle can hardly be expected to decide the tariff on

The Economist

MAY 17, 1862

SOUND BANKING

¶ It is now possible that any number of persons should combine together to form a bank; it is likewise possible that these persons should stipulate, if they please, only to be liable for a stipulated sum. We may, therefore, inquire what is the best constitution for a bank which is starting *de novo*, which has its rules and limitations to choose. Banking differs from most kinds of business in one important respect. A bank, as such, lives on its credit. Till it is trusted it is nothing; and when it ceases to be trusted it returns to nothing. It is not only essential, therefore, that a bank should do its business well; it is at least equally essential that it should be *thought* to do its business well. It must not only be sound in reality, but must be believed to be sound by those who do business with it. . . . Some apprehension has been entertained that the system of limited liability would encourage speculative management. It is said that directors who risk their whole property will be more careful than those who risk but a portion of it. The experience of the Bank of England proves, however, that this is not necessarily the case. Everybody admits that in its choice of securities the Bank is careful and cautious enough. And, in the long run, a good board of directors, who have a considerable stake in the undertaking, will take adequate precautions—will take much more careful and more effectual precautions than a *bad* board of directors, though all their means (if any) are exposed to loss and ruin. It is necessary that directors should have a large risk in the undertaking; but there is no advantage in making that risk excessive; it may even encourage alarm and *panic*. The system of *un*limited liability is that which fosters the *most* speculative management. It is that system which makes bankers out of men who have nothing to lose—who do not object to subject *all* their property to liability, because they have *no* property—who are as reckless in the use of money as in the mode of obtaining it—who have never known the caution which the very possession of property teaches—who, like the Directors of the Royal British Bank, squander idly what they have acquired improperly.

Australian exports of canned peaches (sliced). But the two men could ensure that the fatal decision to dig in and block the negotiations altogether is never taken by General de Gaulle. If the Prime Minister can persuade the French president to give a word of positive encouragement to his negotiators, it would be better still. The elder statesmen surveying the world scene cannot on their own dispel the Brussels fog. But at least they can make sure that the negotiations do not suddenly run blindly into a large barricade marked "*entrée interdite*."

Surrender at the Docks

THE port employers' surrender which bought off the dock strike was even further out of line with the Government's incomes policy than the nationalised electricity industry's inflationary wage award last November. All dockers have got an extra 3 per cent on piece rates or an extra 4½ per cent on time rates immediately. From August 27th they will also enjoy an extra two hours a week paid at overtime rates, which will increase their earnings from present output by something over another 4 per cent. From the end of next August, therefore, the cost of shipping individual exports will be between 7 and 9 per cent higher than it is now; it is true that the indicated annual rate of inflation in dock wages will be only just over half of this—the last national increase in the docks was in August, 1960—but the figure will still be well in excess of the Government's guiding light.

This degree of wage inflation has been achieved in an industry where it cannot possibly be said that inflation was rendered inevitable by an exorbitant pressure of demand or by an urgent need to recruit more workers. On the contrary, the docks industry is at present working at a more depressed level of activity than for some time past; in Liverpool—the most militant area—an average of 8 per cent of registered dockers were unemployed every day in the first quarter of this year. Most of those who want to check inflation by depressing demand would presumably not wish to go so far as to push unemployment higher than 8 per cent in every industry that has strong trade union organisation right across the country. Nevertheless the weaker spirits in the Government will now cite this docks experience as proof, not that demand deflation and the "threat of unemployment" do not work as methods to check cost inflation, but that the more direct method of encouraging pay pauses and resistance to strikes does not work either. Once again, the pessimists will say, it has been shown that governments are impotent to push back the tide of wage inflation because private employers, at the final pinch, will always give more than the state of the national economy warrants.

If this were true then, given the country's unwillingness to resort to really mass unemployment, it would mean that Britain's main economic problem of avoiding inflation was insoluble. But in fact, in the present case, this complaint about official impotence was quite unproven. The Government's incomes policy was breached in the docks dispute because the Government made no attempt to implement it.

Ministers could have stopped the final large breach of their guiding light (even if not the smaller, initial one) at any time up to Saturday of last week, simply by saying that in their view a further inflationary increase in the employers' offer would be an even worse disaster for the national economy than a full-scale national strike. But the Government never said this; instead, as the battle drew near its crunch, it put up its Minister of Labour in the House of Commons to explain that it had now no sort of incomes policy in this matter. "It is not the duty of the Minister of Labour," said Mr Hare, in flat denial of every brave word spoken about incomes policy before the event, "to comment on the detail of these negotiations." When asked by Mr Gaitskell (who was in an equally irresponsible mood) whether the Government had brought any "pressure to bear on the employers not to make a further offer," Mr Hare said indignantly: "The Government have not brought pressure to bear on the employers. I made that absolutely clear." He went on to say that to require him to answer such questions was "not fair to me" and would "not be helpful to a settlement"; this ignored the fact that an inflationary settlement was precisely the thing that one did not wish a Cabinet minister to be helpful to.

ONE could excuse the Government's retreat from any attempt to use its influence to implement its incomes policy if it had decided, as a definite act of policy, that a dock strike would have such appalling special disadvantages for the economy that this was one case where it was economically better to run away. But no such decision was taken. Mr Hare (supported by the Prime Minister, who flew down from Inverness for the occasion) was merely adamant for indecisiveness, tolerant for drift, peacemaking by hoary and unreflective instinct. When the terms of the settlement were announced Ministers expressed some private shock; while the negotiations proceeded they expressed no public alarm at the prospect of an inflationary settlement.

It was therefore not surprising that the port employers should butter up Mr Cousins with soft words before the final meeting at the Ministry of Labour ("he has shown a wise statesmanship in these negotiations"), and that during the meeting Mr Cousins should stand out for and get slightly more than he had originally asked for four days earlier. The Government, after all, had not been stomping the country to say that it would disapprove of any new twist to inflation, which it will now allow to be passed on to export costs. The one sensible remark made after this disaster was Mr Enoch Powell's observation that when the line of incomes policy has been breached in one sector, this makes it all the more necessary to hold the line with redoubled vigour in other sectors; but the logic of that will not appeal to hospital nurses and others, until the Government and the country at last come to realise the folly of constantly encouraging employers to run away from any threat of national strikes—and until it has become invariable Government practice publicly to blazen forth the guiding light during each crucial wage negotiation.

Gunboats to Laos

The American forces despatched towards Laos are meant less to win battles than to influence people

THE movements of the American 7th Fleet and the landing of marines in Siam on Thursday are part of an exercise in "credibility." In an earlier age this kind of operation was known as showing the flag, or sending gunboats. By a visible display of strength, the United States, (with a promise of British support, in good time) is trying to show that it means, if necessary, to use it. The effectiveness of the display depends on whom it is intended to impress.

The answer is various, and so perhaps will the consequences be. There are friends to be encouraged, and other people to be deterred. On May 11th, the State Department's spokesman expressed the view that the Russians had it within their power to halt their communist friends in Laos who, by seizing the town of Nam Tha and two villages in the north and routing the troops of the right-wing Boun Oum government, precipitated the present crisis. The Russians and the Americans agreed in Washington on Tuesday evening that it was necessary to restore the fragile cease-fire in Laos. But the theory that Moscow has only to say the word and the Pathet Lao (Laotian communists) and Viet Cong (Vietnamese communists) will spring to attention is almost certainly an oversimplification.

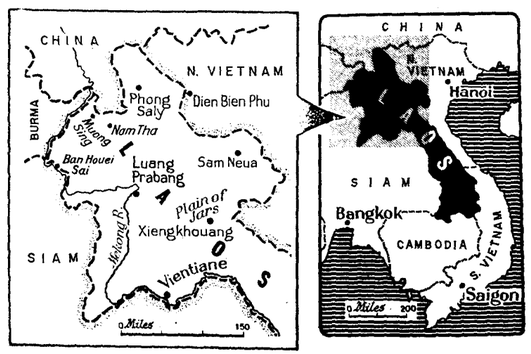
True, the Russians have been supplying arms to the Pathet Lao since the summer of 1960—very likely with the object of being better placed to control events in Laos. But the Vietnamese communists, who have always led the Pathet Lao from the rear, have ambitions of their own in what used to be French Indochina. It has probably suited President Ho Chi Minh of north Vietnam to have the Russians involved in Laos rather than the Chinese (who are uncomfortably close); but he is capable of turning to the Chinese for arms should the Russians seriously obstruct his plans. He would probably listen, on the other hand, if the Russians told him that it would be inconvenient for the Pathet Lao to take Vientiane or Luang Prabang just yet.

The attitude of the Chinese is therefore crucial. The patient efforts of Mr Averell Harriman, who led the American delegation in the early stages of the Geneva conference on Laos and who is now in charge of Far Eastern affairs in the State Department, have apparently convinced the Russians that the Americans are sincere in their support for a policy of neutrality for Laos. There is no evidence, however, that the Chinese have been convinced. Unlike the Russians, the Chinese have no interest in keeping relations with the Americans tolerably civilised. The Chinese did in the end agree with the Americans and everybody else at the Geneva conference on Laos last December on the essentials of a neutralised Laos. But the apple-cart on the doorstep is a tempting thing to kick at every now and then.

In the end, the Chinese will act as their self-interest dictates. Though Peking may not regard a general reduction of tensions as part of its interests, it is clearly alive to the advantage of getting the Americans out of Laos. The plan for a neutral Laos seems the best way to get the Americans out, if it can be made to work. So long as it retains the slightest chance of succeeding, it will not be in the interests of China to sabotage the tentative Geneva agreements; indeed, egging the Pathet Lao on beyond the breaking point of American patience would be the best way of ensuring direct American intervention in Laos—which it is hard to believe the Chinese really want. However confident they might be of outmatching the Americans in another "Korea" under Laotian conditions, China is hardly in the shape for a major war just now.

The communist leaders of north Vietnam, next door to Laos, have a slightly different viewpoint. A Pathet Lao victory in Laos would be a major stage in the fulfilment of an old ambition of theirs, and perhaps a guarantee of long-term victory in south Vietnam. Complete communist control of the Laotian countryside would allow a major build-up of Vietnamese communist forces designed to bring about the final "liberation" of Vietnam south of the dividing line. North Vietnam, however, despite the tested prowess of its army, is not a great power and cannot, in the last resort, ignore the counsels of its larger brothers. Despite Sino-Soviet differences, the Chinese, as well as the Russians, probably agree that the prospect of an American landing at Hanoi, the capital of north Vietnam (which would be a more logical place to land than somewhere in the trackless jungle of Laos), would be too high a price to pay for victories on the periphery of north Vietnam. If a landing at Hanoi is the "last resort" the Americans are talking about, then the Pathet Lao may yet be stopped in their tracks.

AMERICA'S smaller allies are proving as troublesome as Russia's; the smaller they are, the more troublesome. If the movements of the 7th Fleet are designed to impress the communist capitals, their twin purpose is surely to reassure the Siamese and south Vietnamese and restore some sense to Prince Boun Oum's government in Vientiane. The Siamese have been bitterly disappointed at the failure of Seato (the south-east Asia treaty organisation) to intervene in the successive Laotian crises, though the organisation met in emergency session in Bangkok on Wednesday. Now Marshal Sarit seems resigned, if not to the need for a neutral Laos, at least to the need to stop inciting his nephew General Phoumi Nosavan, the "strong man" of the right-wing government in Laos, to sabotage a Laotian settlement. The presence



of American marines would be a fair payment for the marshal's restraint.

The right-wing Vietnamese and Laotians are more difficult to satisfy. President Ngo Dinh Diem (as a special correspondent points out on page 683) is in a grave situation in the face of the Viet Cong offensive, and it could become desperate if the communists really controlled Laos. He will therefore welcome any sign of deeper American involvement in Laos.

The Laotian government led by Prince Boun Oum is the most troublesome of all. The behaviour of the prince and General Phoumi Nosavan is consistent only with a desire to wreck the Geneva formula and embroil the United States in a shooting war designed to make Laos safe for the general and his friends. After the rout of his forces, and under American pressure, he seems, however, to have agreed to "allow" Prince Souvanna, the neutralist leader, to be his own minister of defence and the interior in a coalition government of right, left and centre. Until such a coalition government has been formed the draft Laotian settlement cannot be applied. General Phoumi may be encouraged to let the right-wing group join a coalition by the sight of American marines lined up on the Siamese bank of the Mekong, and casting a stern if fatherly eye on him.

LAOS probably sounds far worse than it really is. The alternative to neutrality, a formal partition, would be impractical. The present situation is worrying, but not much worse than it has been, and it can be lived with for a time yet. There is nothing new in the rout of the right-wing troops, and their defeat is counterbalanced by the successes of the tribal allies of the government, Meos in the north, Khas in the south, who control large stretches of countryside behind the communist lines. In fact, and in an untidy jig-saw way, Laos is already partitioned.

If nerves remain steady, the solution of a neutral Laos may even at this late stage come into focus again. There is, after all, no overriding need for it to be applied by the present set of right-wing leaders, who were backed by the State Department in Mr Dulles's day because of their intransigence. There may be more co-operative Laotian anti-communists, such as the former premier, Mr Phoui Sananikone, waiting in the wings.

Slide From Conservative

Last week's swing in the local elections went from Tory to Liberal when a Liberal fought the seat, from Tory to Labour when no Liberal appeared

RIGHTLY or wrongly the electorate nowadays treats local elections as a plebiscite on the Government. The result of the plebiscite in England and Wales last week was that the Conservatives suffered their worst drubbing ever, and the Liberals put up by far their best performance. Labour did not return quite to its peak during the last Parliament, nor to its previous peaks in 1945 and 1952; to that extent it could be said to have fallen below the triumphant bogey it had set in local elections in Scotland the week before. But there are signs that Labour did better last week than first analysis of the bare figures might suggest; this poll has considerably increased the possibility that Mr Gaitskell may be prime minister after the next general election, and not just because of Liberal interventions either.

The best first places in which to assess the figures are in the boroughs outside London, where one-third of the 10,000 councillors are re-elected each year; most wards have three councillors, so that the same electors vote in about 3,300 wards each year, which makes it possible to compare these borough results, not only with 1959 (when most of the year's retiring councillors were elected), but also with last year—and, perhaps most interestingly, with the equivalent Torrington period of anti-Conservative swing in the middle of the last Parliament. In 1958, at Torrington-time, the Conservatives held 1,300 of these annually contested borough seats; a year ago they held 1,500; last Thursday they fell to only a thousand, for the first time since these contests started to be fought on mainly party lines. Labour won or held 1,541 seats last week; this was 200 more than last year but 60 fewer than at Torrington-time in 1958. The Liberals, who had elected only 120 provincial borough councillors in 1958 and 200 in 1961, last week elected a record 456.

The Liberals' sensational advance was made overwhelmingly in Tory constituencies. In normally socialist towns the Liberals won only about one out of twenty of the seats, and in the marginal boroughs only about one out of eight—Labour outnumbering them by 14 to 1 in the first group and by 7 to 2 in the second. But in towns where Labour is normally in, say, a 60-40 minority to the Tories, Labour held on to about a third of the seats this time and the Liberals proceeded to win another quarter of them—so that the Conservatives were reduced to a minority in many of their own previously safe seats. And in places so non-political (or so solidly Tory) that Labour has never made any headway at all, the Liberals marked up even more astonishing successes. Bexley and Buxton, Sale and Salisbury, Worcester and Weston-super-Mare returned only a single Conservative councillor each (out of between eight and twelve wards contested in each place); these defecting Tory boroughs, be it noted, include the parliamentary seats of Mr Erroll and Mr Heath. Exactly the same thing—it is surprising that the newspapers did not make more of this—happened in the prime minister's own parliamentary constituency of Bromley; here the Conservatives held on to only one ward out of seven, while Labour (with two seats, one a gain), the Liberals (with three gains from Tory) and an Independent (who unseated a Tory) took the rest. If there is no such thing as a personal vote for a candidate, Mr Macmillan might now theoretically be expected to lose his own seat at the next general election. And in Aldershot, Maidenhead and Kingston-upon-Thames, the Tories actually lost every single ward; it looks as if Mr Boyd-Carpenter may very well lose Kingston to a Liberal next time.

The balance of Liberal representation on local councils has therefore been transformed. Most Liberal councillors now come from southeast of the Wash-Severn line, where only a quarter of their far smaller total was elected four years ago. Their especial triumphs came in what once seemed the heart of Conservative England: the seaside resorts and the commuter suburbs. Clearly the recent by-elections at Blackpool and Orpington were not isolated freaks. From Scarborough to Torquay, by way of Southend and Bournemouth, the seaside landladies last week were on the march; there are now over a dozen seaside constituencies where the Liberals have a serious chance of winning parliamentary seats. But far more dangerous for the Government is the revolt of suburbia. At the time of Torrington the Liberals elected exactly eight councillors in the whole of outer London; last week they elected a hundred. The suburbs began to destroy the Attlee government in 1950 by swinging three times as far as the rest of Britain; their defection had been presaged in the municipal elections of 1947 and in Labour's most dreadful year of 1949; the same writing now seems to be appearing for the Conservatives on those trim commuters' walls.

Although Labour's losses were mostly to Liberals, the Conservatives lost seven times as many seats to Liberals as Labour did. But it does not follow that without the Liberal surge the Conservatives would have had a comfortable victory against Labour; on the contrary, there are signs that the Tories might then have lost more seats to Labour directly. In the industrial north, where the Liberals were still fighting as part of an anti-socialist combination, the Liberals made little progress and Labour did as well as in its best years. In the south Labour shared in the Tory spoils, and might well have won more seats if the Liberals had been out of the race. Only in the Midlands did the Conservatives hold their own against both rivals; but this area was the exception and not the rule. In the 28 metropolitan boroughs of central London—the area of the doomed London County Council—all of the 1,350 councillors (not just a third of them) came up for re-election. Here the Liberals made little impact, electing only a dozen councillors to Labour's 923 and the Conservatives' 400—again the worst Tory year since the "forty-five." Labour won both Wandsworth (where Tory Central Office blamed the Liberals) and St Pancras (the only borough where the Liberals fielded no candidates); here, in the former home of red flags and rent strikes, a purged Labour party captured 19 seats and control of the council. But in the neighbouring terminus boroughs of St Marylebone and Paddington local Labour parties possessing unpurged extremists continue, alone in London, to stagnate at Labour's previous disaster level.

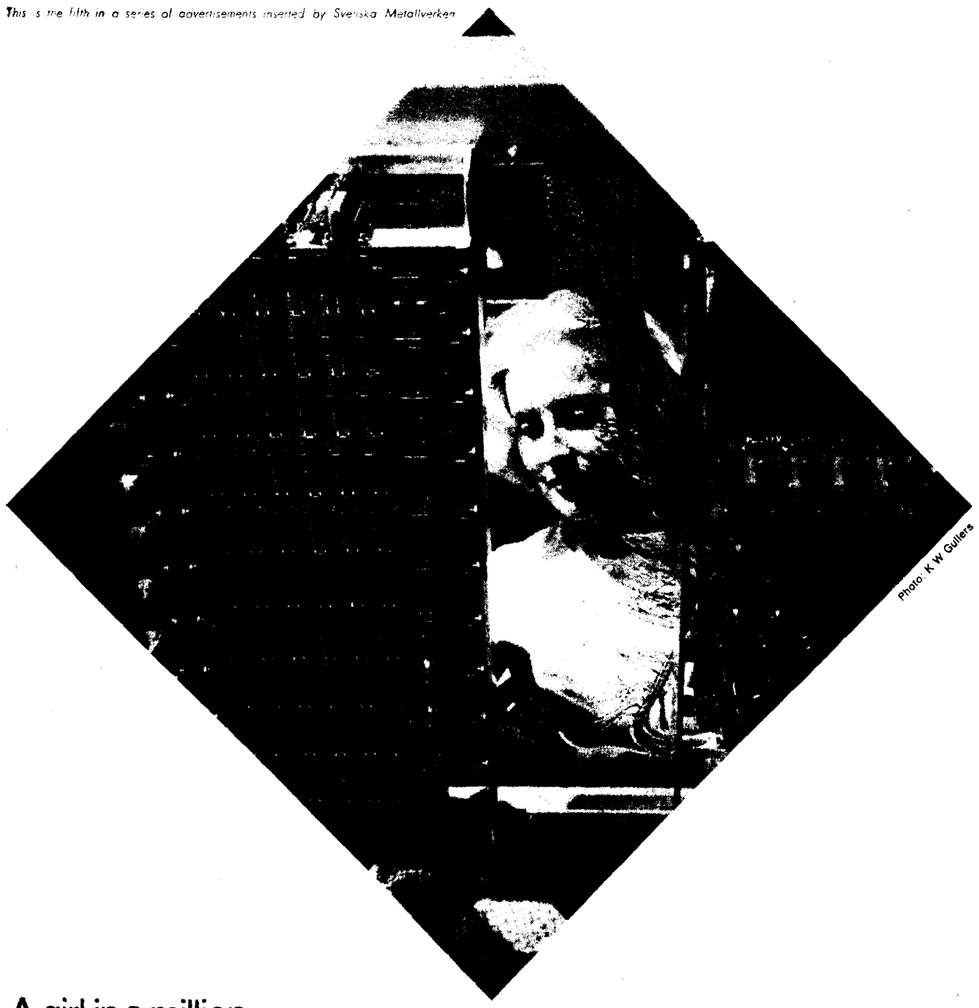
BUT, aside from the areas where Labour has such little local problems, there was one clear new trend last week which must gladden Mr Gaitskell's heart. To a surprising extent the Conservative defector, in default of a Liberal, seems to have voted Labour last week—especially in the south. So far from Labour winning most Tory seats where the Liberals were strongest (as one would expect if the Tory defeat was primarily due to Liberal intervention) the two opposition parties seem to have operated as alternative repositories of anti-government feeling. Liberals were the gainers from it in Eastbourne, Labour in Hastings; Liberals in Bury, Labour in Radcliffe; Liberals in Hertford, Labour in St Albans; Liberals in Ipswich, Labour in Norwich; Liberals in Richmond, Labour in Surbiton. In those county boroughs where Labour maintained its strength of 1956-58 the average Liberal gain was less than one seat per council; in those where Labour fell below its previous peak, the average Liberal gain was between 2 and 3 seats (and the difference persisted in pro-Labour and anti-Labour towns alike). In the South Midlands and the Lancashire textile towns, on Mersey and Tyne and Tees, Labour did about as well as in 1956-58; here a high proportion of the Tory losses went to Labour. In outer London (especially Essex), in Cheshire and the Manchester area, and in the Midlands Labour dropped badly behind its "Torrington" figure of four years ago; apart from the Midlands (where the Conservatives really did rather well), these were precisely the regions where the Liberals scooped up the spilt Conservative cream.

Detailed voting figures give no more comfort to the Tory Central Office. There were large Conservative defections (usually over 20 per cent), not only where Liberal candidates appeared in 1962, but also where they had already stood in 1961—and equally where there was a straight Conservative-Labour fight both times. The Labour vote went up in most places, often sufficiently to have won seats even if no Conservative voters had defaulted since last year. The Liberal poll jumped everywhere in the south, but often a new Liberal candidate brought a much higher turnout rather than simply siphoned Tory voters away. In Watford, for instance, (where Labour won three seats and gained control) Conservative losses seem to have been only marginally affected by Liberal intervention. Nine wards had three-cornered fights in both years; in these the Liberal vote was up by 52 per cent, the Labour vote up by 27 per cent and the Conservatives down by 9 per cent. One ward had no Liberal in either year; Labour's vote was 6 per cent up and the Tories' 34 per cent down. In one ward the Liberal fell out in 1962; and here Labour's vote rose 24 per cent while the Conservatives' rose only 10 per cent.

The naturally jubilant Liberals should perhaps take heed of one warning sign: they have done best where they were newest and least known—as they did at the last general election. A year ago they were more successful in towns where they were unrepresented than in those where they already had some strength; this year their biggest advances have come in their areas of greatest weakness, and they actually lost seats in old strongholds like Rochdale and Huddersfield. Moreover, the Liberal tendency to score successes where they are least profitable has hitherto applied over time as well as over space. Only once recently have they elected fewer borough councillors than the year before: this was in 1959, when they returned only 80 against 120 in 1958. Tories still hope that a general election will again weaken the Liberal appeal.

History will tell whether this hope is to be confounded. It is at least possible that recent Liberal advances may convince more voters that a Liberal vote will not in future be thrown away, especially now that in some towns (like Oxford and Bolton) Liberal advances have brought them to a stage where all three main parties are fighting neck and neck. Plainly the Liberals are now at a threshold. If they fall back from it there were some faint signs last week—because of the surprising swing to Labour where no Liberal appeared—that the Conservatives might profit rather less from any eventual Liberal ebb than both parties seem to expect. But if the Liberals cross that threshold the omens for the Conservatives will plainly be grimmer still.

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



A girl in a million – a million nickel silver springs in a Swedish-built L.M. Ericsson telephone exchange. Each spring is made to handle up to 35,000 contact operations a day for 40 years. If one spring fails an important call may not go through. But this rarely happens. The L.M. Ericsson equipment has won world renown for reliability built on such things as the nickel silver plate supplied by Svenska Metallverken for these contact springs. Yet another example where Svenska Metallverken has helped make a good product better.

a partner in products all over the world

SVENSKA METALLVERKEN

Manufacturers of semi-finished, non-ferrous metal products

Export Division • Västerås • Sweden

SWEDEN

NOTES OF THE WEEK

FRANCE

The Dead and the Quick

No longer a general, M. Salan did his best on Wednesday at his trial to make himself appear an honourable martyr of the cause of French Algeria; but he already seems like a ghost. In spite of the great difficulties still confronting the government in Algeria, the French people have, with surprising quickness, decided that the Algerian problem is dead. They have taken up other disputes—such as strikes.

The government of M. Pompidou has just been hit by a storm that has come at least four months before it was expected. Instead of waiting for the talks due to take place between government, employers and unions in September on the subject of sharing out the national income—and thus giving M. Pompidou time to familiarise himself with the problem—the unions have acted now, and all at once. On Monday workers on the Paris bus and underground systems held a lightning strike; on Tuesday the entire railway system of France was paralysed by a 24-hour strike of the railwaymen; another on Wednesday threw the post and telephone system into disarray. For the weekend the country is promised a strike among the gas and electricity workers, and next Friday, May 25th, a twenty-four hour strike of civil servants.

All these strikes have a common origin. The foundation stone of the Fifth Republic's economic policy has been the rigid control over wages and prices exercised by the ministry of finance. The sacrifice involved was acceptable to most workers so long as the national emergency of the Algerian war lasted. Now the war is over—but, in the government's view, the economic control is as necessary as ever. Such is not the view of the government's employees, and it is state employees, in every case, who have resorted to the strike weapon. As in some other countries, private industry is by no means as stubborn in defence of a pay pause as perhaps it ought to be, and so its employees do better in the struggle to get bigger wage packets and shorter working-hours.

MONTGOMERY

To Liberal Everywhere

The Liberals are naturally cock-a-hoop over their triumph in the Montgomery-shire by-election, where they have followed up their local election successes by nearly trebling the late Mr Clement Davies's majority. The other people who have been vindicated by this result are those dreary statisticians who insist that Britain is very much one homogeneous country. After all the talk of local issues, of very special cases, and of candidates' personal local votes, this remote rural fastness of Wales seems to have followed something very like the average national swing. In a fantastically high (85 per cent) turn-out 9.2 per cent more of the polling electorate than in 1959 voted Liberal, and 9.4 per cent less voted Conservative. The newly appearing Welsh Nationalist picked up only 6.2 per cent of the poll, and Labour's share dropped by 6 per cent exactly.

Montgomery's value to Mr Grimond is mainly a negative one. Had the Liberals lost the seat it would have been a severe psychological blow, and given great force to the argument that Liberals are much better liked as picturesque novelties than as Members of Parliament. The result makes the Liberal revival look more real and by that very fact may help to make it so. It will certainly encourage Liberals to make a furious effort at both West Derbyshire (where the Tories in 1959 had a majority of 22.5 per cent over Labour in a straight fight) and West Middlesbrough (Tories' 1959 majority 19.4 per cent in a straight fight). It will be another remarkable achievement if they win either of these, but they may well make both of them a desperately close run thing between all three parties.

NURSES' PAY

2½ Per Cent Plus?

For all the official disavowals of responsibility for the terms of the settlement in the docks, the dockers' victory gave added punch to Labour's attack in Monday's debate on nurses' pay. It also clearly worried the Government's own supporters, who could perhaps see the consistent logic of the argument that as dockers had taken more of the national cake other people must now get less—but did not find it politically attractive. Yet the Minister of Health and the Financial Secretary to the Treasury, who wound up the debate, managed to stand their ground.

So far as the nurses are concerned, they have been offered new negotiations in the Whitley council immediately, and these negotiations will include "a constructive review of the pay structure of the profession." But at present they will not receive more than the pay increase of 2½ per cent already offered—and scornfully rejected. Any additional increases arising from the proposed review will be implemented in stages in accordance with the Government's incomes policy. Were, however, the nurses to take their claim to arbitration, Sir Edward

After the dockers

Boyle confirmed that the Government would be bound by the industrial court's findings, even if it awarded the nurses more than 2½ per cent immediately.

In the long run, trained nurses would surely benefit much more from a radical revision of grades and salaries than from an arbitration award. Too much was talked in the debate about the small take-home pay of a student nurse. In other countries, such as America, student nurses do not get a settled training allowance at all, but have to pay for their training like any other students—although, admittedly, they can then expect to be treated more like students and less like regimented under-skilled labour. By any real international comparison the underpaid nurses in Britain are the ward sisters and staff nurses. There can be little doubt that the hospital service should come to depend much more on a larger body of fully-trained staff—many of them married women working part-time—and less and less on misuse of the work of a fluctuating mass of student nurses, many of whom fail to complete their training. Anything the Whitley council review can do to encourage this trend will be of immense long-term benefit to the nursing profession and to the hospitals.

CONGO

Black Belgians

QUIETLY, the centre of Congolese gravity has returned to Brussels. On April 19th Mr Tshombe left off talking in Leopoldville and returned, gravely displeased, to Katanga. Since then he has daily been just about to leave for Leopoldville again. So far he has not quite made it, although on Monday Elisabethville radio said he would return to resume his talks with Mr Adoula, the prime minister of the Congo, this Friday, May 18th. Meanwhile, Mr Tshombe's regime has seemed sure enough of itself to release political prisoners and arrange, gentleman-like, with the United Nations for the repatriation of 40,000 Baluba tribesmen from their refugee camp in Elisabethville to their homes in the north. But while Mr Tshombe and Mr Adoula remain apart, the possibilities for progress must be looked for in Belgium.

On May 1st the Belgians and the central-government Congolese began their talks about the amount of money each side thinks the other owes it; World Bank officials are acting as referees. The Belgians want the Congolese to take over the huge national debt of the former Belgian Congo; the Congolese want the portfolio of shares (and dividends, plus tax) that the Congo inherited at the time of independence to be handed over. Simultaneously, a representative of the United Nations is talking to the Belgian government, and to the Union Minière company, about sending Belgian technicians into the Congo, and about diverting Union Minière payments from Mr Tshombe's treasury to Leopoldville. The Belgians and the UN also have ideas about how much each owes the other. So far, it is enough that the talks have started; a rapprochement between Katanga and the rest of the Congo may depend on what is being arranged now in Brussels. The ability to make it last may depend upon how many Belgians, approved by the Congo government, can be found to return and help set the Congo machinery going again.

RHODESIA & NYASALAND

Rab's Blooding

MR BUTLER was greeted on his first Monday in Salisbury with a partly successful strike, riots, shooting by police on Africans and, as a result, two African deaths and many more injuries. The Home Secretary was also able to learn at first hand the meaning of the good old Rhodesian principle that "there are plenty more where they came from"—several thousand strikers were summarily dismissed, although many employers later relented and took some back. None of this makes life any easier for those who want Southern Rhodesia's Africans to show restraint. Yet Monday's strike was partly the result of an ideological squabble among the African leaders over which international organisation Southern Rhodesia's black workers should affiliate themselves to. In spite of the toughness shown by Sir Edgar Whitehead's government, the African politicians would do better to talk to Mr Butler than to boycott him; they would make better progress towards winning power peacefully by fighting Sir Edgar's elections than by boycotting them. And all Southern Rhodesian Africans might be better off if their leaders concentrated, at least until the day of power, on internal rather than international politics.

On Tuesday Mr Butler left for Nyasaland where, by contrast with white-governed Southern Rhodesia, the new black government under Dr Banda radiates peace, calm, and sensible statesmanship. In his next port of call, Northern Rhodesia, where he was due on Friday, Mr Butler faces a continuing strike by the Africans in the Copperbelt mines, an election campaign, and racial emotions as highly inflamed as Southern Rhodesia's. This week has given him plenty to see, plenty to tell the British Government about when he returns, and plenty to explain away next time the United Nations committee on colonialism returns to its favourite hunting-ground.

RUMANIA

Back to the Furrow

RUMANIA, whose past efforts at collectivisation have lagged a good way behind those of the rest of the Soviet block (except Poland), has suddenly become an exponent of what might be called *avant garde* methods of communist agricultural administration. The completion of collectivisation was announced in mid-March. Officially, it had not been planned to finish the business before 1965, but the stepping-up of the collectivisation campaign over the past year, and particularly during the past three months, made it unlikely that the remaining private farmers (and those in the loosely-knit agricultural associations) would be able to enjoy their independence much longer.

A special session of the Rumanian national assembly met on April 26th to celebrate the completion of the process, and to approve far-reaching changes in the administration of farming, which are obviously largely inspired by the recent Soviet changes. The "overwhelming majority" (according to the party leader, Mr Gheorghiu-Dej) of the agricultural specialists are to be uprooted from their comfortable town offices and attached to the collective and state farms. The ministry of agriculture is to be abolished and replaced by a Higher Agricultural Council of some 800 to 1,000 members (all specialists in farming) with an executive council, probably with fifteen to twenty-five members. On May 8th it was announced that Mr Dalea, a secretary of the party central committee, had been made chairman of the new council. He will have a seat in the cabinet and will—contrary to the usual present practice—retain his party post. He is young, experienced in agricultural matters and reputed to be tough and vigorous.

It looks as if the Rumanian regime means to try to avoid the mistakes which its neighbours, plunging more hastily into collectivisation, have all too obviously made. Campaigns to drive the peasants into collectives are usually followed by a fall in production. In Rumania, where until lately collectivisation has been pursued with circumspection, grain production has still failed, year after year, to reach its scheduled target. The regime will naturally want to avoid further setbacks to increased production; the recent changes evidently represent a determined effort to make collectivisation work from the beginning.

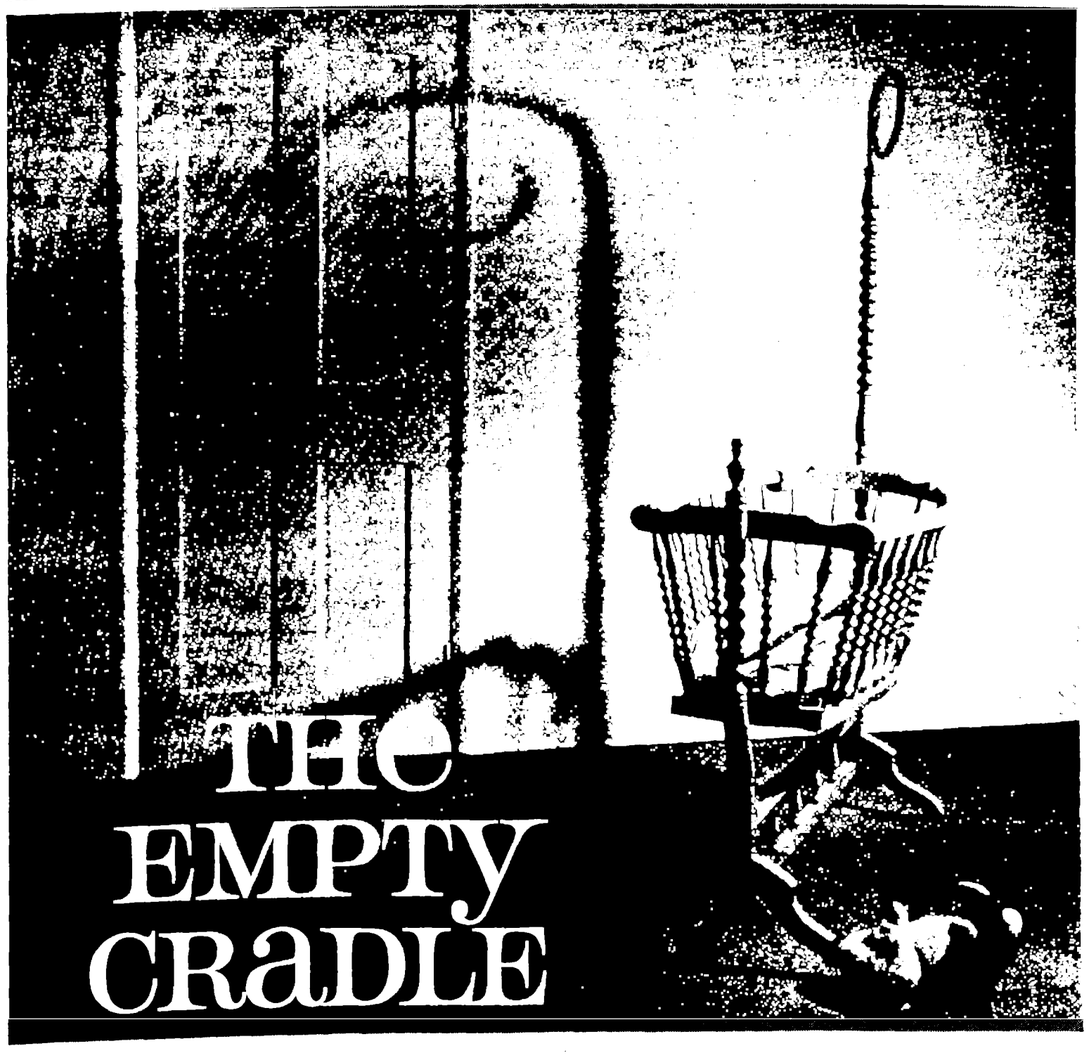
MINICABS

Maximistake

THE "minicab war," in which drivers of some traditional London taxis physically assaulted their new rivals in small radio-controlled hire cars, has died away: now the legislators are getting around to looking at the problem that gave rise to the hostilities—and are doing so in the worst possible way. Under an act of 1869, in the heyday of the hansom, taxis have to satisfy stringent police specifications before they can ply for hire, and their drivers must both have a clean record and prove that they have an encyclopædic knowledge of the streets of London. In exchange the number of cabs and of drivers is limited by law. Minicabs, which do not ply for hire in the sense of picking up passengers on hail, do not suffer from any such restrictions. The aim of a bill presented on Wednesday in the Commons by Sir Hugh Lucas-Tooth, and mistakenly granted a second reading, is to compensate for this "unfairness" to taxis by restricting the freedom of action of hire cars which are hailed by telephone or radio. But this, in turn, would be even more unfair to the public.

The verdict of Londoners on the new service has been to adopt the proprietary name "minicab" into the language, as "macintosh" was once so incorporated, and (although the hopes of some of the original promoters have been disappointed) to keep up a regular demand for them. But they have not swept the taxis off the streets: the taximen's one real complaint is that it is now harder to find fares back into town from the fringe areas where people automatically ring for a minicab (that is, in just the areas where the taxi service has always been inadequate).

The right answer should be to do away with most of the outdated restrictions on conventional taxis, while subjecting the small hire cars to exactly the same rules (see-



Forty years ago infant mortality figures were appalling. More than 8 out of every 100 babies died in their first year of life. Worst of all, this waste of human life was accepted as "normal". The empty cradle was a common tragedy.

But not everyone accepted it. Men of medicine worked unceasingly to reduce the perils of birth and infancy. The laboratories of the great private-enterprise companies such as Cyanamid joined the battle. Millions of pounds, millions of hours were devoted to the search for drugs to save lives. The antibiotics which have been developed by Cyanamid's Lederle Laboratories are now prescribed by doctors all over the world, to reduce the hazards that once robbed us of so many young lives.

Today it's a happier picture. Infant mortality has been cut by 75%. This year in Britain alone, some 34,000 babies will live who would have died under 1935 conditions, before the discovery of sulphonamides. Today, 98 times out of a 100, a young mother can confidently expect to bear and raise a happy, healthy baby. Now the "normal" thing is—"mother and baby doing well".

They'll do better yet. Research goes on. Cyanamid will invest over £11 million this year in research of all kinds. Research to find drugs that will conquer human ills; to find new and better ways to produce more food; to find better ways to make life happier and more abundant.

In this and in a thousand other ways

CYANAMID

RESEARCH SERVES BRITAIN

CYANAMID OF GREAT BRITAIN LTD., BUSH HOUSE, LONDON, W.C.2.

ing that they are properly maintained, and that passengers can check up on the right fare to pay). For those who want to get four children and a trunk to the railway station, a London taxi is ideal: for those who merely want to transport themselves to another part of town, a small car is all that is needed, much cheaper to run and less obstructive to other traffic. Those taxi-drivers who argue that only a specially built vehicle should be able to ply for hire in London are offering a gratuitous insult to the British motor industry: if Fords, Mercedes or Citroens can do the job in the equally heavy traffic of New York, Dusseldorf or Paris, why should not Vauxhalls or Humbers do so here? It is certainly "unfair" that minicabs should have to pay no more than the regular road-fund licence for private cars; but the answer to this unfairness is to increase their licence fee—not to restrict the public's freedom of choice just because, fifty years ago, there was a risk of unreliable horse-drawn hackney carriages.

URBAN RENEWAL

Regional Efforts

THE more the problems of urban renewal get an airing, the more the case for an effective overhaul of local government on a regional basis comes to be accepted. Mr J. B. Cullingworth, in a new Fabian pamphlet,* thus gives a qualified welcome to the Greater London Council, and (like the Bow groupers) wants a network of regional authorities across the country. This kind of authority is needed to look after "overspill" planning (i.e. the movement of people from overcrowded slums to council houses outside the central area of big towns) as well as to provide the expertise on central renewal, road programmes and the like which most smaller authorities badly lack when they come to tackle their local problems. The basis of successful, and relatively inexpensive, redevelopment is to give local authorities more elbow room for overspill operations: high flats are costly in subsidy and, in terms of necessary ancillaries like schools and recreational areas, only marginal savers of actual land. The need to repeat the present Glasgow and Liverpool overspill operations elsewhere, particularly in the crowded west Midlands conurbation, is pressing. Like other planners, Mr Cullingworth urges stronger central action in the location of new employment in order to check the south-eastwards drift of population which has brought half a million people south of the Trent in the past decade. Here the object should not be to mop up every parish patch of local unemployment in the north and west, but to make a go of those areas which do lend themselves to successful long-term development.

Mr Cullingworth sees no answer to the problem of land values now facing local authorities except the most drastic of all: "the public acquisition of all freehold interests in land," a policy which is now (interestingly) being advocated by intellectuals on the liberal right of the Labour party rather than by its extreme left. It is very doubtful if the Labour party leadership (now disengaging itself from the apparently more modest—but economically and administratively quite unworkable—proposal in "Signposts to the Sixties" to purchase all development freeholds) will swallow this political vote-loser of an idea; this makes some of Mr Cullingworth's thesis unnecessarily academic. But two other points are well worth following. The first is that more land will have to be released for development, possibly by a reappraisal of some green belt constrictions to allow for more open development in keeping with a motorised community, but certainly complemented by more new towns, in which private enterprise can play a part. Secondly, while private developers are generally keen to revamp town centres, the clearance of the "twilight" residential areas in the inner ring carries little or no prospect of profit under existing rental policies. Mr Cullingworth is not a great advocate of free market rents, but he would like to delegate responsibility to redevelopment agencies on the model of the new town corporations.

* New Towns for Old. Fabian Society. 41 pages. 4s.

The Economist in Stockholm

Readers of The Economist visiting **the British Exhibition in Stockholm** may like to know that the paper will be available at:

Kiosque at the British Fair, Entrance Hall
Newsstands Pressbyrån at the Central Railway Station
Pressbyrån at Tegelbacken
Pressbyrån Underground, Vasagatan
Head Post Office, Vasagatan
Kungsgatan/Sveavägen (At dep. store K)
Pressbyran, Underground, Kungsgatan/Sveavägen
Norrmalmstorg
Pressbyrån, Hamngatan/Kungsträdgarden
Stureplan
Gustav Adolfs Torg
Nybroplan
Stockholms-Tidningen-Aftonbladet, Branch-office, Vasagatan 11
Svenska Dagbladet, Branch-office, Vasagatan 14
Dagens Nyheter, Branch-office, Slöjdgatan 2
Tobacconist K. Blombergs Eftr., Skeppsbron 10
Newsstand at Medborgarplatsen
Grand Hotel, Södra Blasieholmshamnen 8
Hotel Malmen, Medborgarplatsen
Newsstand Pressbyrån at Hotel Foresta
SAS Terminal
Pressbyrån, Arlanda Airport
Utlandspress, Barnhusgatan 1

PRICE: Sw. Kr. 1.95

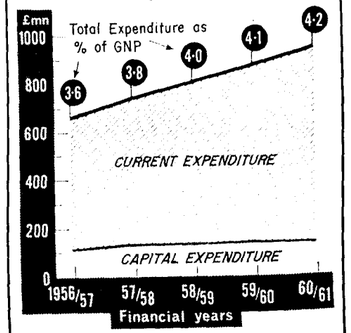
Make New . . .

TWO other facets of the problem of rehousing the people have been in the news this week, and both really raise the same (apparently politically unmentionable) problems. Mr L. E. Waddilove, the director of the Joseph Rowntree Memorial Trust, has written a pamphlet for Political and Economic Planning,* on the concept of non-profit-making housing associations, as encouraged and sponsored by the last (1961) Housing Act: particularly for people working in the centre of big towns who could increasingly afford to rent something better (and more convenient and, above all, more quickly obtainable) than the ordinary council house. Mr Waddilove argues forcefully that if housing associations are to catch on in Britain Dr Hill will have to provide something more than his present pump-priming grant of £25 million; he estimates that this will add no more than 7,000 houses to the national stock without starting up any self-generating process. But the real trouble here is surely that few people of great organising ability are going to go to the considerable trouble of starting, arranging to attract capital for, and running dynamic housing associations if associations that qualify for any Government aid have to be strictly non-profit-making bodies. At one time it seemed just possible that non-profit-making housing associations might be like non-profit-making bingo; some bright commercial sparks might find that there was some gravy in them, to be gleaned from strictly "ancillary" fees of course. But now it looks as if this will not happen; so the whole housing association idea—which could be a boon to many badly housed people, and a money-saver to the Government in the end—is probably simply not going to work.

* Housing Associations. P.E.P. 39 pages. 4s.

INVESTING IN EDUCATION

According to the reply to a recent parliamentary question, public expenditure on education in Britain has been rising more rapidly than the gross national product. But this has not been true of that part of it which is borne on capital account (for land, professional fees and equipment as well as building) which has hardly changed in the last four years.



The figures exclude expenditure on school milk and school meals, public libraries and museums, and educational expenditure by the service departments.

. . . Or Mend?

THE same considerations apply to the renewed efforts which the Ministry of Housing is making to find more landlords who are willing (and who have willing tenants) to take advantage of its scheme of improvement grants: the scheme under which the Government is willing to pay half the cost (up to £310) of improving the vast store of obsolescent and bath-less houses (probably between 2 and 3 million of them) which could be given proper plumbing and put into good repair, but which are now in danger of falling into slum-like decay. The number of house owners receiving improvement grants in this way rose from 30,000 in 1958 to over 125,000 in 1960, but only one-fifth of these were for privately rented houses.

Officialdom apparently believes that the biggest scope for action is at the local level in street-by-street campaigns, in which the opportunity to receive grants and the availability of local authority services are impressed on owners and tenants alike. But a real trouble here is that the landlord is allowed to recoup his outlay by raising the annual rent only by an amount equal to 12½ per cent of his share of the capital cost; if he borrows the money at 6½ per cent, and then pays the standard rate of income tax on the increased receipt of rent, he (or she) is left with a net recoupment of about 3¾ per cent—so that, if he has to bear any increased maintenance charges at all, he may recoup his capital only after twenty years (by which time the improved asset installed in his property will often have worn out). Most of the (far too few) improvements to rented property nowadays take place without benefit of any Government grant, just after the property concerned has become rent-decontrolled because the sitting tenant has moved out. The real way to tackle the problem of obsolescent old rented tenement accommodation is by full-scale rent decontrol—whether the property remains in private hands or has been bought by some redevelopment agency; but politicians hate the thought of that.

EGYPT AND SYRIA

Bull among the China

GINGERLY, the politicians in Damascus have been sidling round the supremely delicate question of Syria's future relations with the United Arab Republic. Whether it likes it or not, the new government is committed to the pledge that the army officers made at Homs on April 1st. Wisely, as it now seems, the Homs agreement has never been published, but it surely included some sort of promise to hold a referendum on union with other Arab countries, and specifically with the UAR. On May 13th the prime minister, Dr Bashir Azmeh, announced that a committee had been formed to study the question of Arab unity, and to devise a plan on ways and conditions of carrying it out. The members include several notables, among them Mr Michel Aflaq, a Ba'athist leader who still gives his support to a close link with the UAR, and Mr Akram Haurani, a Ba'athist who has been proclaiming his opposition to any such project.

With his attack on President Nasser's "dictatorial and fascist system," Mr Haurani has blasted his way through the government's tact. The former vice-president of the UAR now feels obliged to reveal the secrets that worried him during his time in office. The Cairo press, which has found Mr Haurani guilty of opportunism and personal ambition, seems, for once, to be not too wide of the mark. His outspoken tactics may signal his re-emergence as a prominent figure in Syrian politics.

President Nasser has responded with a forbearance lacking in most of those who work for him. In an interview with a Lebanese newspaper on May 13th, the president warmly praised the Syrian army and evinced benevolent goodwill towards the Ba'ath, although, he said, certain of its leaders had blundered. Direct relations between Cairo and Damascus could not be resumed, he said, until the Syrian people expressed their free will, and the Arab League was allowed to investigate, among other things, the economic consequences of the collapse of the union.

The Syrian people are unlikely to be greatly impressed by the hero's welcome that Cairo has given Colonel Sarraj, who escaped last week from the Mezze prison in Damascus. Colonel Sarraj fell from Egyptian favour just before the Syrian secession in September, and harsh words have been said about him in Cairo. But memories have proved usefully short. In Syria, probably, the memory of the colonel's security system will take longer to die.

NORTH BORNEO

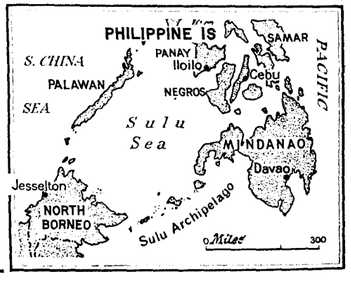
Voice from the Past

THE Philippine claim to British North Borneo, which as yet has not been officially stated, is one of those recondite issues that delight international lawyers. It would be of little interest to anybody else but for the fact that, if conceded, the claim might deal a death blow to the proposed Greater Malaysia project, which is designed to link the three British territories of Borneo (North Borneo, Sarawak and Brunei) with Singapore and the Malayan federation. The importance of the Greater Malaysia project is so great, as a potential contribution to the stability of south-east Asia as a whole, that ordinary people, including politicians, will have to take a closer look.

Though of long standing, the Philippine claim was dormant until earlier this year, when articles in the Manila press drew attention to it. In March, the Philippine House of Representatives passed a resolution urging the government to take steps to "recover" North Borneo. This probably embarrassed President Macapagal, who had never shown any enthusiasm for the claim before coming to office at the end of last year. Vice-President Pelaez, however, is known to be in favour of pressing the claim, and if it ever is pressed it is he who will do the pressing, as he is also the foreign minister.

As a talking point, the North Borneo controversy has its attractions. It is redolent of a romantic past when countries changed hands like used cars. At the beginning of the 18th century the Sultan of Sulu had sovereign rights over much of North Borneo, but in 1764 he ceded it to the East India Company. In 1851, however, the Sultan acknowledged Spanish sovereignty over Sulu and its dependencies, without saying whether these included North Borneo. Then in 1878 Baron de Overbeck, the Austrian consul-general in Hongkong, with his British partner Alfred Dent, acquired North Borneo from the Sultan (although the East India Company's title had never been rescinded). The British North Borneo Company (Chartered) took over the Overbeck-Dent interests, and in 1888 North Borneo came under British protection.

The Filipinos now argue that the Sultan of Sulu did not renounce sovereignty over North Borneo in 1878 and that, Sulu being Philippine territory, so is North Borneo. The British point out that the Philippine constitution of 1946 recognises the present boundaries. At best, the Philippine claim is flimsy, and it may be hoped that President Macapagal, who values the friendship of Tunku Abdul Rahman of Malaya, will not strain it by pressing on regardless.



GAMBLING

Twist or Bust

MR MCADDEN'S rejected amendment to the Finance Bill last week sought to reduce the taxation on football pool betting from its present level of 33 per cent (the old 30 per cent with the "regulator" surcharge of 10 per cent consolidated) to 25 per cent. But his best argument was not the need to ease the plight of pools promoters and their customers, who generally do very nicely: the real point at issue is that the Government, having found a convenient and sensible source of money, has tapped it to the tune of £30 million a year, but is still ignoring richer though less easily tapped sources. Dog-racing bets, for instance, are taxed by a 10 per cent levy on the tote and by a special licence fee for bookmakers on the course but not off it; other bets (including horse-racing bets) are not taxed at all, and the large sums that change hands at bingo, or at organised games of *chemin de fer*, bridge and poker, go unmarked by the Treasury's fingers.

Until this year, the Government could defend itself on the reasonable argument that it would not be able to collect a tax on off the course betting, because the Inland Revenue could not very easily go running round the street corners after illegal bookmakers' runners. But now that licensed betting shops are established, collection of a tax would be much easier; and it is a great mystery why Mr Selwyn Lloyd did not resort to one in his budget. The churches' council on gambling has estimated that, thanks partly to the easing of Government restrictions, turnover on gambling rose by a sum estimated at £79 million last year, all of it untaxed. It believes (admittedly, pretty tentatively) that £762 million changed hands last year in betting and gaming, of which £440 million went on the horses (with a further £33 million through the tote). Bingo provided a resting place for £25 million; football pools ran away with £101 million (but this total is going down, thanks partly to the fact that other bets are untaxed); while the other £150 million odd is estimated to have been lost and won on the dogs, card games and other betting. Theoretically, a 20 per cent tax on gambling turnover all round (or its equivalent in licence fees) would more than pay for 6d. off the standard rate of income tax.

BOXING

Ignoble Art

BARONESS SUMMERSKILL, whose bill against professional boxing was rejected by the House of Lords last week, will have —or ought to have—a lot of sympathy from everyone who was subjected to the spectacle of Benny Paret's public execution on the BBC's "Panorama" programme the previous Monday. Whatever defenders of these gladiatorial exhibitions may say—and they said some extremely fatuous things in the House of Lords—and whatever criticism may be made of the eccentric lengths to which the noble Lady goes in the conduct of her crusade, posterity will look back on a sport which has tolerated beatings on this scale with the sort of horror that contemporary Englishmen reserve for cock or dog fighting, for bull or bear baiting. Nobody knows exactly how many boxers and ex-boxers today are "punch-drunk," their reactions slowed, their reason diminished, their vision faded; but the previously unsuspected susceptibility of the brain to irreparable damage from quite minor blows to the skull makes it seem increasingly likely that not many long-service professional boxers escape into retirement without some hidden injury.

The risk is less among amateurs than among professionals; but amateur fights are of three rounds, totalling nine minutes, and they are stopped at the first sign of distress or injury. Professional fights may last ten or fifteen rounds of three minutes each, stop only when one of the boxers is incapable of further effort or is knocked insensible, and are conducted for the satisfaction of an extremely demanding audience on whose bounty the boxers' livelihood depends.

English standards of supervision and control are already much higher than those of many other countries, but they are not high enough to make the "art" a noble one. If they are ever to be high enough—and that would be high enough to kill boxing as a popular spectacle—there is a strong case for saying that a brave Government, at the risk of being labelled a killjoy, should now proceed to appoint a commission of inquiry into boxing; and interested people should campaign for an international convention which would extend tighter control to all countries.

TOMATOES

Treason at the Top

BRITISH tomato growers, still exulting over their success in persuading the Government to extend the annual period in which high duties are charged on imported foreign fruit, must have felt as if the world had ended on Monday, when Mr David Fenwick, a leading light of the National Farmers' Union, publicly forecast the death of tomato growing in Britain within 20 years, if not sooner. And he was quoted as saying that it was nothing less than stupid to grow tomatoes slowly and painfully under glass in Britain when, an hour or two away by air, the Italians could grow them without much trouble, cost or heartache, in their open, sunny air; and that when the tariffs had to go after Britain entered the common market, Italy and Holland would between them end the Elysium in which British horticulturists have been living. All this was said on the eve of the announcement that a working party has been set up in Brussels to discuss what on earth to do about Britain's reservations about horticulture in its application to join the market.

Mr Fenwick's words will undoubtedly confirm the worst fears of those British farmers whose livelihood has depended these past few years, not on the efficiency which will prepare the rest of the industry for European competition, but on the willingness of the Government to subsidise the high-cost growing, under glass, of many horticultural products. But it will encourage those people who have maintained, against all the signs, that there are some farmers who know how many beans make five; and that there are enough of them to keep British agriculture, growing the right crops, from any danger of ruin.

THE COMMONWEALTH

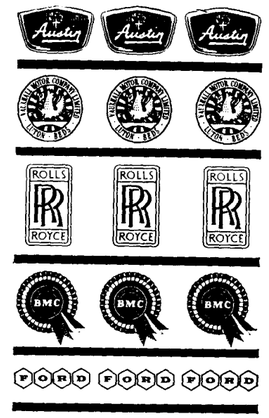
The Way to What?

"TO show the way—that is the supreme mission of our modern Commonwealth." This is the concluding sentence of a booklet published this week* in which the Secretary of State for Commonwealth Relations seeks to explain to the general reader, particularly in other member countries, "what it means to us in Britain." It may be recommended just as warmly to non-Commonwealthians.

Some curious comment on this booklet has already appeared. The most curious, perhaps, was a leading article in *The Times*, which thought it saddening that Mr Sandys had found it so hard to explain to the inquiring young what the Commonwealth stands for. This article passed right over what is surely the key passage in his booklet, in which he describes "the greatest challenge with which the Commonwealth has yet been faced." This is the problem of race relations, "the most complex and intractable problem of the second half of the twentieth century." He argues that the withdrawal of South Africa, and the clear dissociation of the Commonwealth from racial policies, is not enough.

"The greatest multiracial association the world has ever seen" has a more positive job to do—the job of showing by example that peoples of different races can understand and respect each other, and work together in friendly confidence. There is, in fact, a good deal more in Mr Sandys's booklet than the familiar bunch of platitudes. Dissatisfaction is here more noticeable than the customary complacency. He notes the manifold unofficial links between the peoples of the member countries, but urges that they are "not nearly enough" in the changing conditions of our time. He holds it essential that member countries should develop more direct links with each other, instead of channelling everything through Britain.

* The Modern Commonwealth. By Duncan Sandys. 28 pages. HM Stationery Office, 2s.



Taking the brake off store traffic. Immediate accessibility ... fast handling ... free flow ... maximum space saving ... these are the essentials of modern storage efficiency, and they have been achieved in some of the car industry's greatest and most famous factories by the installation of the Gascoigne Kee Klamp Storage System. Because the Kee Klamp System is completely flexible, and because of the specialised knowledge that goes with it — knowledge gained throughout the field of industry — the storage, selection and handling of virtually any materials can be similarly streamlined. From a searching study of your storage, and store traffic requirements, our storage engineers will evolve for you a Gascoigne Kee Klamp installation that will make a major contribution to overall efficiency. May we discuss this with you in detail? GEO. H. GASCOIGNE CO. LTD., 615 Gascoigne House, Reading, Berks. Telephone: Reading 54417 (3 lines).

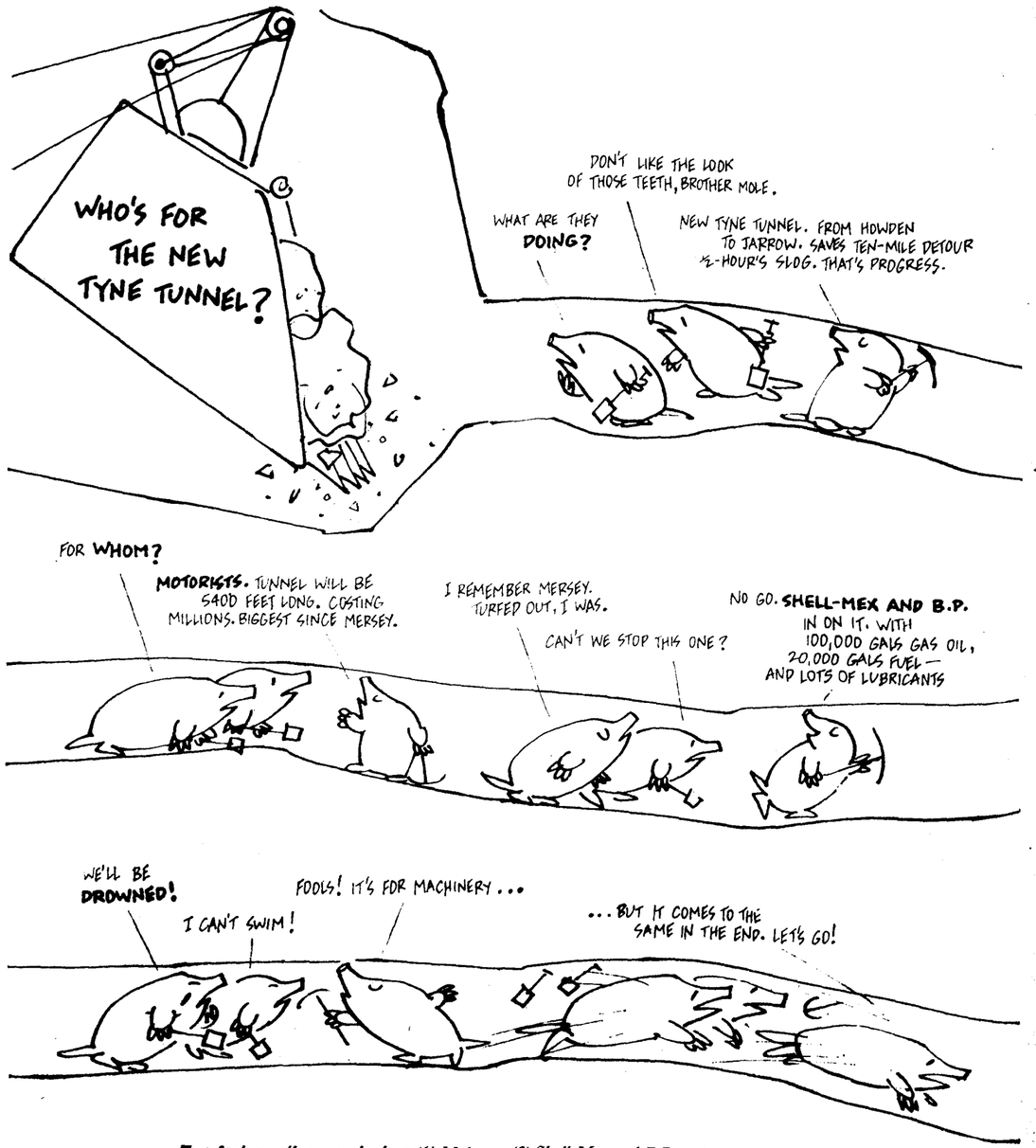
TL.3

Haig in every Home

—and Handy Sizes for Picnics, Parties, Travelling and Abroad

Don't be vague – ask for **Haig**

HAIG 'GOLD LABEL' BOTTLE 41/6



Two facts worth remembering: (1) Moles or no moles, the new Tyne Tunnel, to be completed in 1966, will be Britain's largest road tunnel since the Mersey.

(2) Shell-Mex and B.P. Ltd. are the exclusive suppliers of fuel and lubricants to the contractors, Edmund Nuttall Sons & Co. (London) Ltd., who also built the Mersey Tunnel.

SHELL-MEX AND B.P. LTD — PROGRESSING EVERYWHERE — EVEN UNDERGROUND

HOME REPORT

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

Growing Pains

FROM OUR SPECIAL CORRESPONDENT

York's vice-chancellor: Lord James of Rusholme

THE two newest and rawest (but certainly among the most exciting) of British universities have stood up this week, announced their intentions and asked for money. York is appealing for £2 million, of which £750,000 is said to be in the kitty already. East Anglia, whose chancellor-designate, Lord Mackintosh of Halifax, is no slouch at fund-raising, wants £1½ million. Much of the money is needed for living and recreational accommodation for students (providing the "university atmosphere") to which the Treasury is markedly, and at present rightly, less devoted than the University Grants Committee and the advocates of residential education would wish. York wants to get half its undergraduates in residence from the outset, and eventually to increase this proportion to two-thirds—which is actually more than Oxford and Cambridge have at present. Since York has decided to adopt a version of the college system it has, at a rough guess, added anything up to £1 million to its immediate development costs. It happens to lie at the centre of a proud and comfortably-off province, and in a city with more than its share of social benefactors: it can be reasonably confident of raising the extra wind. Other new universities, either coming into being or in the Robbins committee's pipeline, may not be so lucky.

The capital fact for the future is that if new universities are founded (by Treasury decision) in small cities like York and Norwich the accommodation problem is bound to raise its head from the beginning. There are simply not enough local landladies to take in student lodgers, and the new universities dare not rely too heavily on this resource. *The Economist* has regularly argued that in the necessary crash-programme for expanding higher education the logical place for new universities is in the suburbs of large conurbations, where a fair proportion of students can commute from digs or from their own homes. There are obvious objections to this (e.g., the new kind of student may well come from an overcrowded home which has little experience or tolerance of the academic life) and many dons are strongly opposed to letting the Treasury get away with second-best institutions at any time. The sole, and sufficient, answer comes from those sixth-formers who will not get a higher education of any kind if the Oxbridge tradition remains the actual, or unspoken, standard for every university promotion committee in the next decade.

But York, to its credit, has set one target that deserves encouragement and emulation. Like its immediate predecessor, Sussex, it aims at a student population of 3,000 in ten years' time; since East Anglia is doing the same, the numerical doldrums into which Keele has fallen (800 undergraduates after 12 years) can probably be written off as an unfortunate and introspective case. But York is looking still further ahead. Its development plan envisages a continuing expansion to 7,000 undergraduates, and conceivably even more. The new universities, provided they pick the right sites and provided they aim at continuous growth in this way, can be expected to make a much bigger contribution to expansion in the 1970s than those which have stabilised their numbers at 3,000 or so. York reckons that it takes five years to replace a building and development apparatus once it is dismantled: there is clearly a strong case for thinking now in terms of institutions which can expect to push steadily on towards 10,000 places.

This would be a very large scale indeed for a British university (although London has 22,000 students and Oxford and Cambridge just under 9,000 each). But universities of this size are quite common form elsewhere. They invoke educational and administrative problems to which York's answer—the college unit of 300—is not the only solution. If the new universities are worth their salt they should find themselves stimulating a demand for their kind of education on which it would be utterly criminal to slam the gates. With their bright ideas on syllabuses and inter-related studies, these are the places where the livelier type of sixth former should be most anxious to go. Both Sussex, with its interest in European studies, and York, which has the desire and opportunity to set a national pace in the social sciences, may soon be opening up quite new vistas of what a university should teach.

IF the seven new universities already set afoot do, in fact, achieve the Sussex-York rate of growth they will be providing only 21,000 of the total of 170,000 university places which the Government wants by 1973-74 (and which will certainly be inadequate by then). The other 35,000 new places will have to come from the enlargement of existing universities and colleges—with a sizeable contribution needed from the dozen established institutions which have been jogging along for years with under 2,000 students apiece. The new signs of enterprise in these quarters are all the more welcome just now, but here, too, the need for private donation is sometimes even more painfully obvious. Southampton, for example, has just launched a centenary appeal (the centenary being that of the original Hartley Institution in Southampton) to help it to rise from 1,750 places to 4,000 by 1980. Its present endowments bring in only £2,500 a year; not unnaturally, it is now asking for the sum of £400,000 from industry, alumni and others. This month St Andrews, with a strong residential tradition, has appealed for £1 million to raise its numbers from 2,500 to 4,700. Usually the money comes in. The new Churchill College at Cambridge ran a spectacular appeal for £3 million. The University College of Swansea announced this month that it had raised 90 per cent of the £500,000 it needed for new halls of residence. Last July three London colleges got £250,000 each from a single, anonymous benefactor—all to build halls of residence.

But new problems are appearing. As Sir Douglas Logan, principal of London University, pointed out last week, the impression seems to be growing that the provision of new buildings specifically for teaching can safely be left to the UGC and the Treasury. This is simply not so, as this week's university protests against Treasury policy should again make plain. "We yearn for further

benefactions," Sir Douglas announced unashamedly, and he quoted the university's difficulty in getting an adequate computer—for which public funds will pay only one-quarter of the cost. The university means to hire out computing time to commercial firms, and has had to form its own company, Computers (Bloomsbury) Ltd., to do so. It is an old gambit of science departments to get new equipment by devoting themselves to research for outside customers ; it is not always an ideal arrangement.

The rapid growth of the postgraduate university population, an inevitable and necessary complement to undergraduate expansion (and taking up 13 per cent of all places), is also causing fresh headaches. Not all postgraduates want to live in college, but most of them (particularly the married ones on small grants) need help with accommodation. At Oxbridge this has brought new institutions into being, although individual colleges like Corpus Christi at Cambridge have made commendable efforts on their own. Elsewhere the answer may have to be special postgraduate flats. Since York is keen on 4-year courses (the last year leading to a master's degree), it will need to make an extra effort for its postgraduates. Even for their administrative staffs the growing universities have a housing problem on their hands: a number of them are looking into the idea of setting up non-profit-making housing associations, which could benefit from Government aid.

All these are the pains of expansion. They are taken much more hardly by settled academic communities (with their resistance groups who do not want expansion anyway) than by the new universities which are picking the men they want and giving them the stimulus of rethinking every issue, ranging from curricula and teaching methods to planning social nuclei on the campus and improving teacher-student relationships. In the end it will be the Sussexes, the Yorks, the Norwiches and their successors that will do most to set a new pattern for British university life with fresh ideas and on a broader, more popular scale. The pity is that they have not had the opportunity and the incentive to do so sooner.

Streatfeild on Trial

FROM A CORRESPONDENT IN LEEDS

In February, 1961, Mr Justice Streatfeild's interdepartmental committee on the business of the criminal courts published its recommendations for improving the administration of justice in England and Wales. In particular it recommended a reduction in the time accused persons spend awaiting trial ; it thought eight weeks should be the maximum for such delays.

If in what are already known as "pre-Streatfeild" days the time-honoured assize circuit system was not quite creaking to a halt, it most certainly had reached an alarmingly congested state. So many criminal cases awaited the attention of the itinerant judges that civil litigants were being denied justice. Time after time term ended, particularly on the north-eastern circuit, with a high proportion of civil cases unheard, although as many as five judges attended assizes in Leeds and others were sent to hold occasional special sittings for civil work at Durham.

Many of the Streatfeild committee's recommendations were implemented in the Criminal Justice Administration Act to which the royal assent was given last March. The number of judges was increased and May 1st saw the opening of the first legal term in which the new circuit arrangements are being operated.

The revised itineraries provide in practice, if not in theory, for the division of each circuit into general and special categories. Thus some of the judges assigned to a circuit for a term are intended to spend more time at the busier towns and to visit them more frequently. On the north-eastern circuit Mr Justice Phillimore and Mr Justice Roskill opened summer assizes in Leeds on May 2nd and will sit there until May 25th before moving to Sheffield. They are due back in Leeds on June 19th and will remain until July 13th, when they will return to Sheffield until term ends on July 31st. For the July weeks of their Leeds visit they will be joined by two judges for divorce work. Meanwhile Mr Justice Sachs and Mr Justice Atkinson are on the other section of the circuit and will visit Newcastle, Durham and York twice during the term.

At first sight this plan might be expected to meet the needs of what has been recognised as the most congested circuit. It is already clear, however, that it will not. The situation in Leeds is worsening. On May 2nd the two judges faced a criminal calendar of 67 accused persons and a cause list containing sufficient civil actions to occupy two judges for at least 20 sitting days.

The criminal business is expected to occupy both judges fully until May 25th. The civil cases will almost certainly become *remanets* to the Leeds sittings fixed for June 19th, when they will join the cases now being set down for hearing at those sittings, at which, of course, there will be a substantial criminal calendar as well. It seems certain that unless extra judges are sent to Leeds before the end of the term many litigants will still be denied justice until the autumn. Newcastle, Durham and York are all busy assize towns and it is unlikely that the judges on that part of the circuit will have much, or indeed any, time to assist their hard-pressed brethren in Leeds, where late court sittings have been the rule rather than the exception for too many years.

It is accepted that criminal work, in which the liberty of the subject is involved, must have priority on judicial time. The establishment of more permanent crown courts on the Liverpool-Manchester pattern has been rejected for the reasons advanced in the Streatfeild report—risk of judicial staleness, the sense of isolation which besets judges in such courts and the danger of the judges becoming prosecution-minded. "A judge," said the report, "cannot be expected to remain at his judicial best when he is dealing with the same kind of case all the time in the same place, with the same police officers, the same advocates and very often the same criminals before him."

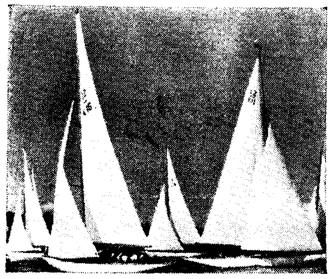
So delayed litigants can only look hopefully to the Lord Chief Justice, who arranges these matters, to show an awareness of north-eastern problems. It is felt locally that this awareness could be expressed in no better way than by the immediate despatch to the West Riding of extra judges, or if none are available, of specially appointed commissioners.

In Leeds particularly, these problems are accentuated by the poor accommodation available. In its Victorian town hall there have been days in recent years when three old-fashioned courts and several makeshift and inconvenient ones of recent construction have accommodated five assize judges and four or more magistrates' courts. The city's other magistrates' courts, six or seven of which sit daily, have on such occasions been banished to adjoining buildings. At least they have been free there from the all-pervading cooking smells of which the town hall has never been rid since its basement became a civic restaurant. Many a judge has publicly and strongly condemned the building as unfitted for the administration of justice, but even after inquiries from the Lord Chief Justice the new law courts which have been talked about for a quarter of a century are still only being talked about.

1 2 3
Put first things first
Get the background and get the facts. Sift, sort, weigh. And then act quickly. In the Financial Times every day you will find the grounds of action. Get your priorities right. Start your working day with the Financial Times.
Study the daily features on Europe and America.
Enjoy the personal side, too, the columns on Theatre, on Books.
THE FINANCIAL TIMES is much more than its name implies.

Sacred Cowes?

FROM A CORRESPONDENT IN HAMPSHIRE



MESSING about in boats is the pastime of an increasing number of devotees from the Duke of Edinburgh and Mr Uffa Fox downwards. Cowes, the recognised mecca of yachtsmen, is trying to reconcile the traditions of its glorious, if prim, past with some aggressive plans for tapping the profits that are to be found in this expanding sport.

With a population of 17,000, Cowes depends upon its tourist trade, and that in turn hangs on the fame of Cowes Week (the first week of August) when a series of regattas is held by the seven chief yacht clubs in the town. Top yachtsmen (not women) belong to the small but influential Royal Yacht Squadron; past members include Louis Napoleon, Kaiser William and most English kings and princes since George IV. It is said to be easier to become a member of the House of Lords than to be elected to the squadron. At the other extreme the Island Sailing Club caters for the bulk of Cowes Week enthusiasts; its membership is now a record 2,700.

Though some stalwarts of the RYC still hanker after the 1930s, Cowes as a whole pursues the main chance. Entries for the regattas last year were the highest ever; an average of 300 craft were competing on each of the 10 days of the "week." Hundreds of other vessels of all shapes and sizes crowded neighbouring areas as harassed mariners in the Solent can testify. Most sailing clubs announce record memberships.

The sailing boom has brought changes not only in the size of Cowes week, but also in the craft taking part and in their owners. Boats tend to be smaller, for the cost of larger yachts takes them out of reach of most pockets. A seaworthy boat cannot be built for less than £400 a ton, while a superlative yacht may run to as much as £1,000 a ton. These prices no doubt account for the popularity of "do-it-yourself" kits and the growing numbers of dinghies. Today's yachtsman is often a white-collar worker, seeking refuge on the seaways from the crowded summer roads of the south. Boat ownership is yet another status symbol, much to the delight of hire purchase companies which seem (so far) to find boat owners a better risk than car buyers.

Two proposals by Hampshire businessmen have emphasised the changes that have come to Cowes. One plan is to build a "botel" in a disused boatyard in East Cowes; it would have 150 chalets, a heated swimming pool, ballroom, and three slipways into the River Medina. The company would run its own fleet of boats for hire to holidaymakers who want to learn to sail. Since the idea comes from a man who is almost a local Billy Butlin (with three holiday camps on the Isle of Wight) commercial success is likely—if planning permission can be had.

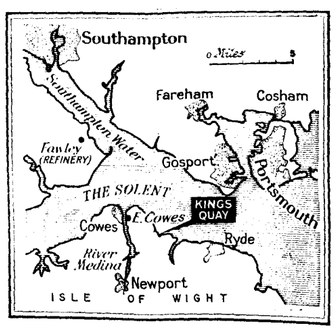
The second, and somewhat similar, plan is for a yacht "marina" (a stretch of sea water enclosed for small boats) at Kings Quay near East Cowes. The marina would be able to accommodate 500 vessels as well as provide a public service by protecting the wooded cliffs from erosion by the sea.

WHILE local boatbuilders (who rarely employ more than ten men) tradesmen and hoteliers are by no means averse to such developments, strong opposition has come from the Solent Protection Society. These stalwarts of a silent Solent are aghast at disturbing an "unspoiled" area. Yet it seems likely that an unplanned hotch-potch of inadequate facilities that would grow in the area anyway would do rather more damage than any marina. It is also claimed that the Kings Quay marina would not provide a haven for yachts when a north-easter was blowing; hydrographic experts say these fears are baseless.

The society is concerned about the threat of further industrialisation along the Solent, notably between Fawley and Calshot Spit on the mainland. The spectre of a "second Merseyside" has been invoked, and only to stop this is the society prepared to accept a yacht marina. It seems that what is good for the Solent in general is bad for Cowes in particular, that a marina is preferable to a factory—but nothing at all is even better.

Rather nearer the bone the society has attacked the Cowes harbour commissioners for "slumbering away on past glories" by providing insufficient moorings for the Cowes week influx of boats. The harbour board is smarting under this "unfair and frivolous attack"; its indignation seems righteous enough, for at a meeting last week it was pointed out that 296 moorings were laid down last year—although yachts entering Cowes pay neither fees nor dues. Most yachtsmen would agree that the facilities, though cramped during Cowes week, suffice for the rest of the season. The East Cowes schemes would certainly help at the peak periods.

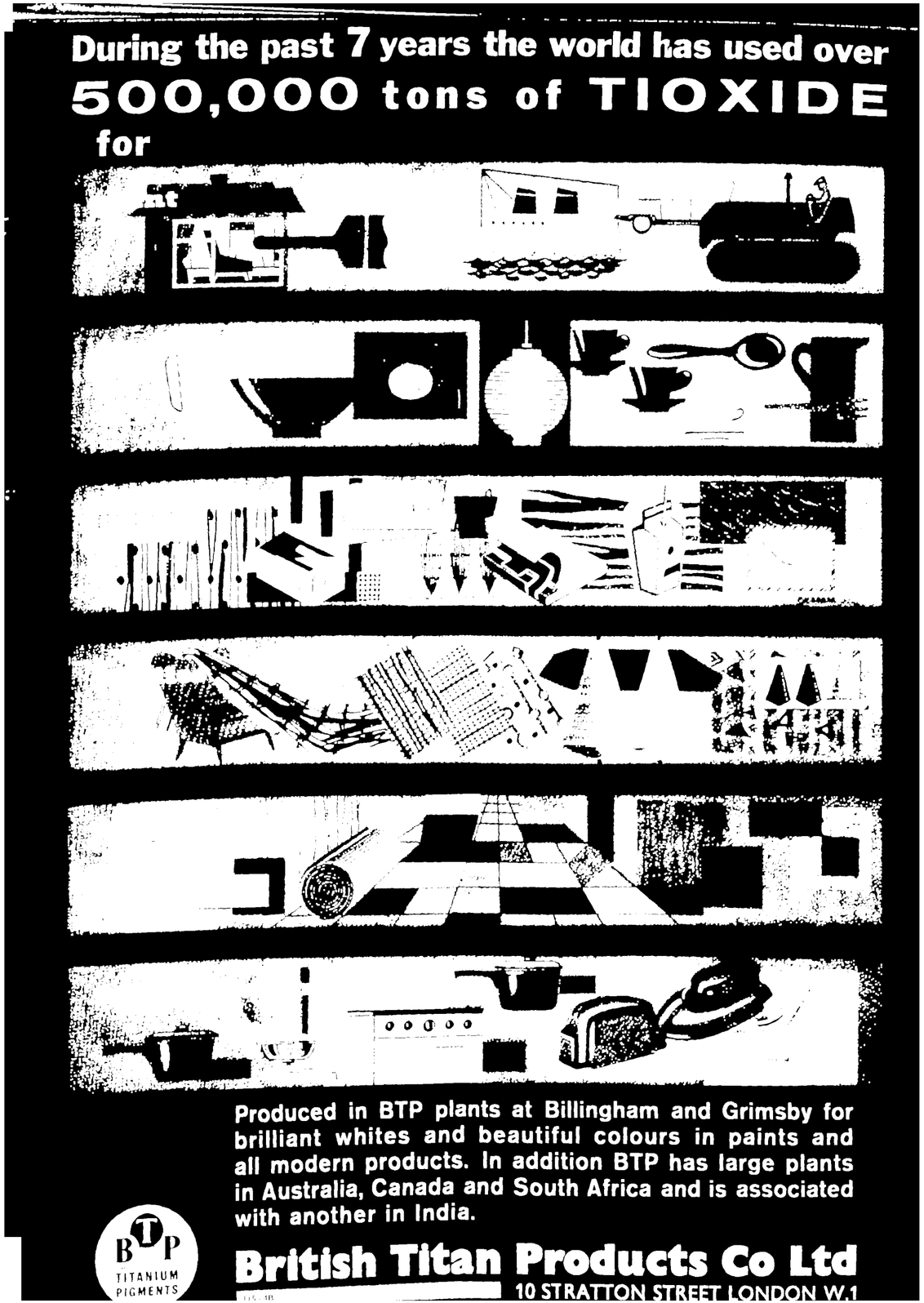
Whatever happens to these particular proposals, the future of Cowes seems safe enough. In the last decade the population of West Sussex increased by over 20 per cent and that of Hampshire and the Isle of Wight by over 10 per cent, notably near Portsmouth-Southampton. There are plenty of potential yachtsmen coming along.



Educating the Educated?

THAT the old popular image of adult education needs to be overhauled is shown conclusively in the latest report of the Universities Council for Adult Education. Sample surveys in the large cities suggest that the people who take advantage of these classes are not so much those who missed earlier opportunities at school but may well be actual university graduates or former grammar school children. Thus Nottingham reports that its student group is "drawn predominantly from the professional middle class"; nearly 40 per cent had a full-time education beyond the age of 19. Newcastle found that 69 per cent of the men and 68 per cent of the women went to grammar schools—and 8 per cent of the men and 11 per cent of the women had been at public (i.e. independent) schools. At Middlesbrough, where a fifth of the students had been at university, the comment is made: "It is surprising to learn how comparatively few people, in this area of great chemical and steel industries, actually come from industry. It would seem that adult education is still making only a minimal impact among industrial workers of all grades."

The added numbers (and visible enthusiasm) of industrial workers attending day-release classes have plainly still to spill over into the general field of adult education. The universities are making efforts to cater for the demand for adult vocational courses of all kinds, but there is a danger that the wider generation of interest may be handicapped when new applicants, using this "alternative ladder," discover that the social and cultural atmosphere can be very much one of rarified minority group interests and pursuits. A more balanced intake would be better for all concerned—without necessarily resulting in any diminution in the academic quality of the classes provided.



The Science of Safety

Here are the titles of a few of many papers on research affecting human safety - all of them the work of Philips scientists in Philips laboratories. Some subjects seem remote and theoretical, but the products which result from them are in world-wide use and taken for granted.

Philips bring safety in many ways . . . with lighting in streets and airports, in mines and for lighthouses - with radar and radio to guide ships and aircraft - with instruments for industry, laboratories, power stations, both conventional and nuclear - with dose-reducing inventions for medical X-ray . . . and in many more.

In all the fields Philips products are outstanding - outstanding because they spring from the original, far-reaching research conducted in Philips laboratories.

PHILIPS IS WORLD-WIDE

PHILIPS

LETTERS

Three Hands in Kashmir

SIR—The article in your issue of May 12th creates the impression that the Sino-Indian dispute is a result of the Indian role at Belgrade. Since the dispute antedates the conference at Belgrade this misjudgment of emphasis is unfortunate.

No one can state with absolute certainty what the Chinese motives are in this dispute but we can make some guesses. Since theoretically they do not approve of neutralism their laudation of Sukarno may not have as much significance as you seem to imply.

May I venture, however, two more reasons for the Chinese intransigence. While they have not succeeded in isolating India from its neighbours, they have achieved one result from their stick for India and carrots for others policy. When it comes to a serious clash between the two countries, the neighbouring countries with common frontiers with China will remain neutral for fear of jeopardising their border settlements.

Secondly, the Chinese action has resulted in a vociferous pressure group in India seeking to align the country to the West and it has split the Communist Party, inhibiting its immediate growth. They can legitimately use this as an excuse for scoring points against Russia in the ideological battle. In the long run this is important for them although so far they have failed because Mr Nehru has remained firm against the right-wing pressure from the Swatantra and the Praja Socialist parties.—Yours faithfully,

DEV MURARKA

London, NW2

Redundancy

SIR—In your issue of May 5th you state the case for "compensation for sacked workers" according to the time they have been in employment, the benefits being expressed as a proportion of each worker's earnings while in work. You suggest this calls for hard thinking.

In 1919, the late Seebohm Rowntree took the initiative in forming a small non-party study group, which included Lord Astor of Hever, the late P. J. Pybus and others, including the writer. In 1920, we published a statement advocating national unemployment insurance on the basis of 50 per cent of average earnings, plus 10 per cent for a dependent wife, and 5 per cent for dependent children ; up to a maximum of 75 per cent. Benefits at this rate would be related to length of service. Contributions would be made by employers, employees and the state ; the redundancy cost falling on employers.

These proposals were not adopted by the state ; but the Rowntree company adopted a supplementary unemployment benefit scheme to achieve the same ends for company employees ; including provision for organised short time. This scheme, with improvements, still continues. The cost was originally estimated at 1 per cent of the wages bill, but has proved to be less. Provision was made for lump sum settlement where this would secure alternative employment or other means of livelihood. The scheme is fully described in Seebohm Rowntree's "Human Factor in Business," and in my own "Prescription for Partnership."

Such a scheme (which has continued for over 40 years) could form a working basis for the redundancy provision for which you seek. If thought fit, the special redundancy benefits could be at a higher percentage for one week for each completed year of service to the extent that unemployment continued for so long.—Yours faithfully,

WM. WALLACE

Moretonhampstead, Devon

Local Elections

SIR—One of the curiosities of British press reporting is the treatment of local election results. Every year it is the same story. The boroughs poll on a Thursday in May ; and next morning every paper devotes most of a page to printing the available results. These, of course, include all the places which have unopposed returns or are small enough to poll early ; so the reader can learn with no difficulty every year that Aldeburgh, Cowbridge and Lostwithiel each elected four Independents again. But Birmingham is bigger than Bishop's Castle, and Manchester much larger than Montgomery ; so their results come in later. The public, which on Friday was presumed to be thirsting for news of the tiniest Cornish borough, on Saturday has apparently lost all interest in municipal affairs ; and if Liverpool missed the last edition, Liverpool will be left out for good.

Local dailies sometimes have the same strange attitude ; for example, the exile from Birmingham who gets the wrong issue of his local paper will have no information this year about the elections for his own city council. And the student of local government who wants to investigate previous election results will find himself unlucky. Since *The Times* never prints a missed result in the next day's paper, there is no published source from which he can be sure of learning what happened in the big cities in a given year. As for the London boroughs, the *Evening Standard* used to print the votes in full ; now it merely gives the winners' votes—except, of course, for the most interesting boroughs which, being marginal, come in too late. No one will be very surprised at the inadequacy of the evening papers ; but one might have expected that a journal of record would take its pretensions a little more seriously.—Yours faithfully,

Oxford PHILIP WILLIAMS

Service Overseas

SIR—It so happened that I was reading the article "Expatriatism Is Not Enough" in your issue of April 21st while listening to a debate on this very subject which took place in the programme commission of the 17th plenary assembly of the World Federation of United Nations Associations in Liberia, during the week from April 30th to May 5th.

While in general agreement with the contents of your article, may I be allowed to point out that this is not only a British or Commonwealth problem. The federation, as well as our affiliate, the International Student Movement for the United Nations (ISMUN), are constantly under pressure from youth organisations and even elderly people in many western countries to achieve a measure of international co-ordination of supply and demand in this field.

It is frequently pointed out to us that if voluntary services are to be handled exclusively on a national basis they might easily become a new element in the cold war. Some even maintain that this is already the case today.

The subject under discussion in our Monrovia assembly was the result of a proposal from the United Nations Association of Switzerland that the federation's secretariat in Geneva should have a special section devoted to voluntary service. The assembly considered that while the international voluntary service problem is playing an increasing part in the programme and activities of member associations and ISMUN and that the federation should make every endeavour to increase opportunities for such service, this should be done within the framework of the United Nations family.

Within the UN programme of expanded technical assistance there already exists, although on a modest scale, a junior expert programme. One of the many problems that will have to be studied is whether this programme can be extended. Another and psychologically very important problem is how to give satisfaction to the ambitions and ideals of a large number of young, not necessarily skilled, people who, before starting upon a career, desire to devote a year or more to voluntary service in developing countries.— Yours faithfully,

A. PELT

Secretary-General, World Federation of United Nations Associations

Monrovia

BOOKS

The New Scramble in Africa

Africa and the West: *Elements of Free-World Policy.*

By Arnold Rivkin.

Thames and Hudson. 251 pages. 21s. (10s. 6d. paperbound).

WHAT is Africa to the world, apart from a source of raw materials and trouble? The question must come before asking what the world can do for Africa. Different countries are still prospecting to see whether there is anything of value in the dark, now deserted, continent. Europe is bound to Africa by more than the Mediterranean: trade and cash flow in both directions; if the flow is more in one direction than the other it is, even so, sustained by the strong emotional ties that bind some black countries to their former white mothers. The mental horizons of modern Africa are drawn within the imaginations of black men educated in Paris or London, or by French or English teachers. The Portuguese apart, almost all colonies have been liquidated—yet in European and African minds parts of the continent are still either "French" or "British Commonwealth" or even "Belgian."

Now that the governors have withdrawn, there is room for newcomers. Today's explorers wear Russian, American, Israeli, or Chinese helmets; some paramount chiefs welcome them because this is evidence of independence. From the African point of view the rivalry between the Russians and the Americans is a kind of security against re-colonisation by one of them. But the Americans are faced with a double difficulty: they must decide how to keep the Russians out; and how to build up close contacts with the Africans without upsetting European governments that may instinctively regard African ground as still essentially theirs.

All this is implied in Mr Rivkin's book, which, as he points out, is a collection of already published articles, polished up and refurbished. The result is some repetition and some upsetting use of words ("pragmatic authoritarianism," for instance); these obstacles apart, the book is a useful exposition of several African problems. But Mr Rivkin is not satisfied with mere exposition; he cannot rest without making proposals for change. Some of these seem original, some merely grandiose; nearly all contain grains of usefulness within the sweep of enthusiasm.

For instance, Dr Nkrumah's phrase about achieving a "jet-propelled" rate of economic growth is taken as a theme; all other African leaders, it is found, want much the same thing. And, with wide variations, nearly all of them seem to be going broadly the same way ("pragmatic authoritarianism") about getting it. Here, in his boyish American way, the author scents danger. Is the communist way going to prove too attractive? Maybe not—and there is some hope in the Israelis, who, as a "third force," get a whole chapter. Israel and Ghana, it is pointed out, get along well together; there can be no fear that Israel will take a country over, and, like the countries it assists, Israel is young, enthusiastic, underdeveloped. Israel has what Africa needs most—technical expertise. Because of Israel's special qualities, Mr Rivkin suggests, a "free-world state" might do well to channel assistance to Africa at least partly through the Israelis.

Again, the giving of aid to Africa would be better organised, and more acceptable to Africans, if a kind of Colombo Plan for Africa were devised; this would reconcile the interests of America and Europe as well as the existing international organisations. It would be flexible, Mr Rivkin says, and allow for bilateral agreements within it. Using the United Nations would not do so well, because communists will not seriously give aid through an organisation they cannot control. Such a western body, for all the naivety with which Mr Rivkin puts it forward, might well suit the Africans better than United Nations aid, for it would leave at least one other source—the communists—to go to in competition.

But this is not the only exposition-and-advice in the book. African states are arming rapidly; Mr Rivkin assembles the facts in a typically useful chapter. What to do? Agree through the United Nations not to sell arms (except those used in keeping internal peace) to African states; at the same time get everyone to guarantee Africa against aggression and externally supported subversion. This, says the author, would largely remove the incentive to arm. If so, Africa is better than anywhere else, and feels safe more easily.

Turning the tables, Mr Rivkin gives advice to the United Nations, too. In three countries, he points out, former UN trust territories (Cameroun, Togo, Somalia) have been set off to independence with empty treasuries, in a state of war or in danger of it, and without real means of self-protection. A detailed charter for a proposed standing committee to tackle the matter is offered.

For all that it may seem presumptuous, this list of topics about African policy in the west is worthwhile; people are rushing too fast into Africa, and not thinking slowly enough. Mr Rivkin writes with an enlightened, if stodgy, pen; he does seem to have recorded what the African politicians want, and what western politicians are thinking about what African politicians want. If he also sets down what Mr Rivkin wants, no matter. It is a starting point.

Economics Applied

Studies in an Inflationary Economy

By F. W. Paish.

Macmillan. 345 pages. 45s.

PROFESSOR PAISH is interested mainly in what the highbrows called "applied macro-economics," and a selection of his writings of the past decade (plus two new papers) reflects this. Radcliffery, inflation, the balance of payments and the capital market occupy most of the book, and Professor Paish attacks these topics with a slide-rule for sword and a national income blue book for bible. The results are clear, capable and, in some cases, contentious.

A considerable amount of the analysis relates to problems that have been much discussed in the last few months, both in connection with the pay pause and with NEDC. In the last chapter, a new and extended version of articles in the *Financial Times*, Professor Paish argues that since inflation occurs when incomes grow faster than output and because the rate of growth of incomes depends on the proportion of productive capacity employed, it can be avoided only if unused capacity is kept sufficiently high and sufficiently steady. He then boldly estimates the percentage employment of capacity quarterly throughout the decade and relates it to the development of the price-level. His conclusion is that 5-7 per cent unused capacity (2-2½ per cent unemployment) will enable Britain to avoid inflation. He also argues that a temporary stimulus to growth, by raising the employment of capacity, will react on prices only after a lag, when the rate of increase of incomes has begun to respond to the higher pressure or demand. It follows that he can agree with the expansionist of today that a boost to demand would raise output a lot and prices a little this year, while differing fundamentally from them about the desirability of securing growth by expanding demand here and now.

Another implication of the argument is that inflation does not result from an upward wage push by the trade unions. Indeed in an earlier chapter Professor Paish asserts that, at times of heavy inflationary pressure, collective bargaining has actually lengthened the lag between an increased demand for labour and higher wage rates. He goes on to argue that if the unions had forced up the general level of wage rates, earnings would not have risen faster than rates.

This brief summary shows that Professor Paish holds views that are far from universally accepted. Even his leftest critics, however, will admire the way he puts them. This book is the sort of economics that convinces the non-academic that economics is a useful art.

Whose Allegiance?

Dual Nationality

By N. Bar-Yaacov.

Published under the auspices of The London Institute of World Affairs by *Stevens.* 324 pages. £2 10s.

DUAL nationality gives rise to many problems, which are most acute in time of war. A man born in the territory of country B of parents who are nationals of country A may sometimes find himself guilty of treason against one or other of the two countries if he takes sides in a war between them. Great hardships may also arise in time of peace; for instance, when individuals possessing two nationalities are called upon to undergo military service in both of the countries to which they owe allegiance. Unfortunately, as Dr Bar-Yaacov points out in this extremely competent and timely book, nationality is primarily a matter for each state to decide for itself; international law provides few restraining principles or guides.

Dual nationality may therefore be acquired at birth by a man born in a state recognising the *jus soli* of parents who are nationals of a state which has adopted the *jus sanguinis*. It may also arise if a man naturalised in one state continues to retain his former nationality. Again, marriage may give a new nationality to one of the spouses, without necessarily leading to loss of a former nationality. And lastly dual nationality may result from the transfer of territory where the inhabitants acquire a new nationality without losing their old one.

Some attempts have been made to rationalise this confusion by an international action. The Hague Codification Conference, convened by the League of Nations in 1930, was responsible for a Convention on the Conflict of Nationality Laws, by which the United Kingdom and some eleven other countries (not, however, such major countries as the United States, France and Germany) are bound. Apart from the limited sphere of its operation, the convention gave only modest encouragement to the elimination of dual nationality, mainly because of the reluctance of states to relinquish their control over nationality. A protocol, dealing with the specific problem of military service in cases of dual nationality, has however been ratified by thirteen states, including the United States and the United Kingdom. Since the last war, the United Nations has returned to the subject and a special rapporteur has prepared a report on multiple nationality for the International Law Commission. The outcome is uncertain, mainly because, although the ideal of one "effective" nationality, giving expression to the real links between a person and a particular country, is generally recognised as the desirable and single aim, there is much room for controversy on what constitutes the reality of such links. Meanwhile particular problems caused by dual nationality are to some extent dealt with rather haphazardly by bilateral conventions, especially in relation to military service.

The nature of the problem, with its roots in the national legislation of each country, makes it a very difficult theme for a readable book. An immense amount of highly technical detail is inevitable, as attention is directed first to one country and then to another. Dr Bar-Yaacov has carried out his task with great skill, giving a fair example of the laws of particular countries but attempting in his consideration of judicial decisions bearing on them to extract as much as possible that could be used as a common basis for an international agreement. His general conclusion is the need for international recognition of a modified *jus soli*, by which nationality is acquired by birth in the country where the parents have established their permanent residence. This is a possible solution, but in the increasingly fluid circumstances of modern life it may be doubted whether the permanent residence of the parents is a reliable indication of the likely loyalties of the children. However, Dr Bar-Yaacov's book does not claim to have solved the problem of dual nationality; what he has done is to set out, in this form and detail perhaps for the first time, the essential material for a further attempt to deal with it. Incidentally he provides a most interesting account of the nationality laws of Israel; these are particularly important in view of the mass immigration of persons already possessing nationality in one or more other states.

"Carronades"

Carron Company

By R. H. Campbell.

Oliver & Boyd. 358 pages. 30s.

THE affairs of the Carron company effectively dealt with in this bicentenary study by Mr Campbell fall into three periods. The first (and most famous) runs from the origins of the ironworks in 1759 to the end of the Napoleonic wars. The second, of conservative and even restrictive management, ends with the partnership squabbles and financial-legal preoccupations after 1850. The third deals frankly with the redevelopment after 1870, which did not always produce the desired results. The Carron works, although giving an original impetus to the Scottish industrial economy, was not typical of nineteenth century experience. For much of the time Carron was able to rely on an established trade in its quality products, which allowed it to lag behind in technical innovations (it was one of the last Scottish concerns to adopt Neilson's hot blast) without paying the penalties that some high-cost Scots producers suffered. In the early days the company owed much to the risk-taking of the Scottish banks and to the resilience of the Glasgow merchant houses.

The legendary success (and much of the early prosperity) of Carron came from ordnance, in particular the "carronades" of the American, French and Napoleonic wars. It is fascinating to learn of the company's initial disasters in this field; in 1773 the Board of Ordnance actually ordered Carron guns to be removed from all ships. The "carronades" had to prove their success with Liverpool merchantmen before official approval was won. This was what the partnership had relied on, as the scale of its initial enterprise demonstrated. But throughout the years of dazzling fame profits fluctuated according to rumours of war; later conservatism seems to have cost the company the benefits of, for example, the railway boom of the 1840s. Mr Campbell's is a valuable contribution to Scottish economic history, with an eye on the occasional social curiosity, too: a lucrative sideline in the business of the Carron coastal fleet was the War Office's habit (as late as 1895) of moving troops from Scotland by sea.

British Railways

The Geography of Communications in Great Britain

By J. H. Appleton.

Oxford University Press for University of Hull. 270 pages. 30s.

IT could be said epigrammatically of this book that it is practically useless. But this would be only in the sense that it is scarcely conceivable that anyone would ever use it in planning communications. It is, on the other hand, for the most part very readable, and clearly reflects the great enthusiasm of the author for his chosen subject, which can be described as the historical geography of railways in Great Britain. Other means of communication are not neglected—the author, for example, supplies a lot of interesting information about canals—but it is not unfair to say that railways get the biggest bite out of the cherry.

The table of contents would not immediately reveal what were the main themes, but this becomes clearer when one has read the introduction. Communications are discussed as parts of the landscape, and as Mr Appleton remarks, "the present work is a study of anatomy rather than of physiology." Further, "about half the book deals with the relationship of communications to the land surface." All this is fair enough, but it must be pointed out that, with the exception of the last two chapters, "airways and other forms of transport," and "postwar plans and progress," railways seem to be the main elements which Mr Appleton sees in the scene around him.

The book is probably of greatest value to the student of geography, professional or amateur, for its nearly unique discussion of communication development in relation to geomorphology, that is, landscape forms in modern genetical terminology. The more general reader, especially if he is an amateur of railways, will enjoy chapters V, VI and VII, which deal with "the form and function of communications," "evolution," and "nodes and junctions," though probably

few will find that they can really share to the full the author's intense interest in the latter.

A minor blemish is that the book is not always quite up-to-date. For instance, it is no longer true that the River Tamar is crossed by a railway bridge many miles below the lowest road bridge. A more serious criticism is that the book is so exclusively, even myopically, concerned with the British Isles that it fails even to refer to the way in which British nineteenth century economic policy and political thought have left their imprint on the communications landscape of these islands, and made it different from that of even their nearest neighbour, France. "What can they know of England who only England know?"

The book is very well illustrated by maps and photographs. It is, within its limits, a very readable, thoughtful, and informative book for students of geography.

Political Buganda

The Political Kingdom in Uganda

By David E. Apter.

Princeton University Press. London: *Oxford University Press.* 514 pages. 60s.

THE kingdom of the book's title is Buganda, and Professor Apter's aim is to explain the uniqueness of its political development.

The book is admirable for its comprehensive approach to political analysis. Its historical sections are not merely "background"; they also give a full account of the most important events of the past seventy years, with proper attention to religious, social and economic changes, as well as political affairs. The present-day economic and social scene in Uganda is also described; and the quality of political life in Buganda is sketched in a few brilliantly observed pages.

Professor Apter's main argument is that Buganda adapted itself almost too well to foreign influences and the British Protectorate. New elements were assimilated into the political system with the same success as has marked Buganda's absorption of emigrants from neighbouring tribes. Yet adaptation stopped short of altering the basic structure of tribal authority. Suddenly it seemed that changes were coming too fast, both as a result of spontaneous developments in Buganda and because the Protectorate Government began to force the pace of political evolution, and the modernised tribal state was seen to be in danger of collapse. This moment of discovery coincided with the Kabaka's opposition to Sir Andrew Cohen in 1953.

The deportation of the Kabaka strengthened all the tendencies already driving Buganda apart from the rest of Uganda. Neo-traditionalism was now so strong that Buganda became its own political "party." As a result, the growth of territorial political parties on the normal African pattern was stunted; and Professor Apter concludes that the best chances for future political development in Uganda lie in a federal system of government.

There is nothing to quarrel with in an explanation that makes much sense. Professor Apter does risk losing his readers' sympathies, however, when he lapses into sociological jargon—how unnecessarily is shown by the notably clear section at the end of the fourth chapter. Then, too, it might have been better if the author had ended his book at a fixed point in time. As it is, he has tried to keep up to date in a scrambling fashion that makes the latter part of the book confusing and sometimes misleading. For instance, the chapter on political parties is written in the present tense, but gives very little attention to the two major parties of 1961.

These are minor criticisms, however, of a book that is an authoritative contribution to modern African history and political science. Professor Apter has seen remarkably clearly through the miasma of local politics, and has provided a cogent account of the past and present political situation of Buganda in its relations with Uganda.

Two Cultures

The Tribe and its Successors

By William Rayner.

Faber. 239 pages. 30s.

MR RAYNER has set himself the ambitious task of describing the impact of white settlement on the Mashona tribes of Southern Rhodesia in terms of anthropology, history and current politics. It may seem too much for the compass of a fairly short book, but "The Tribe and its Successors" will give the general reader an adequate and lively summary of the collision of two cultures over a period of seventy years. The consequences of the white presence in Africa are as far off resolution as ever, and Mr Rayner helps to explain why.

It is only in recent years that a serious attempt has been made to explore the African past. The Boers, who set the tone for the exploitation of the land south of the Zambesi, regarded the Bushmen and Bantu as the children of Ham, an inferior species to be used and ill-used like the beasts of the field. The missionary effort of the mid-nineteenth century, and the anti-slavery movement which it inspired, brought a modification of this view; it came to be accepted that churches and schools for Africans were desirable. The black man had become human, but only just. His emancipation was infinitely slow and conflicted entirely with the motives of the white men who were then digging feverishly for diamonds and gold. Cecil Rhodes emerges as the central figure of the book, a man obsessed not with money (although he was a millionaire before he was thirty), but with power and juvenile dreams of glory. In the face of scepticism in Whitehall he imbued the City with his own vision of the riches to be exploited in Mashonaland, and support was readily forthcoming. There was a Rhodesia lobby in those days, too. But he failed to find another Kimberley, and the copper belt of the northern province only became important long after his death.

In his dealings with Africans Rhodes was devious and ruthless, and he remained to the end a racialist at heart. By contrast, Lobengula, the last king of the Matabele, appears as a man of honour, a noble savage, whose primitive values were no match for white men who clinched every argument with a Maxim gun. Mr Rayner tells the story well; and in these days, when Sir Roy Welensky and others extol the achievement of the pioneers in opening up the country, it is useful to be reminded that they were little more than a ragbag of mercenaries on the make. Later settlers did make a contribution, however reluctant, to African advancement, but too often it was linked with contempt and distaste. Mr Rayner's last chapter, expressing a personal view of the future, is detached and fair. Like most other observers who know the Federation well, but who do not belong, he takes it for granted that the days of white supremacy are numbered.

OTHER BOOKS

THE COMPLETE GUIDE TO PERSONAL INVESTMENT. By P. J. Naish. *Evans.* 256 pages. 21s.

This book, written by a financial journalist, treats investment in a way suitable for the novice without dodging its complexities. Thus, while he advocates the unit trust as a good medium for the small investor, he also gives a useful introductory guide to the various sections of the equity market. His opinions are balanced and the book is laid out clearly and simply. In offering advice to the investor, potential or practising, Mr Naish is on ground well worn in the last few years; but, unlike some of his racier contemporaries, who lack both depth and breadth, he has produced a useful work.

WHAT'S WHERE IN LONDON. 1962 edition. By Denys Parsons. *Kenneth Mason Publications.* 138 pages. 7s. 6d.

This fascinating guide to where you can hire peers' robes, dump a baby, take your brass repairs and buy a backscratcher or shoes for difficult feet is sensibly being made an annual fixture. The 1962 edition includes a new chapter on how to find out—a guide to reference libraries. At 7s. 6d. this unique booklet—the original manuscript was turned down by thirteen leading publishers—is first-class value for both amusement and instruction.

THE INTERNATIONAL JOURNAL OF PRODUCTION RESEARCH. *The Institution of Production Engineers.* Annual subscription, five guineas; individual copies, 30s.

This new journal is intended to provide a centre of information on the many aspects of production, human as well as technical. By bringing them together, its founders hope that they will help to encourage the development of a unified science of production. Readers will welcome a journal that is less specialised than most newcomers.

ROBBERY IN LONDON. Cambridge Studies in Criminology, edited by L. Radzinowicz. By F. H. McClintock and Evelyn Gibson. *Macmillan.* 166 pages. 30s.

The gist of this report by the Cambridge Institute of Criminology appeared in an article in *The Economist* on November 26, 1960.

DOCUMENTS ON INTERNATIONAL AFFAIRS, 1958. Edited by Gillian King. Published by *Oxford University Press* for the Royal Institute of International Affairs. 624 pages. 84s.

Chemicals from Whitehaven

...and Susan Yeoman's shampoo

CHEMICAL COMPANIES • INTERNATIONAL ENTERPRISE •

Quite a gathering, Susan's shampoo night. Henry Yeoman stands by with the rinsing water—a two-parent job, this—while mother finishes off the lathering. And that's where chemicals from Whitehaven come in.

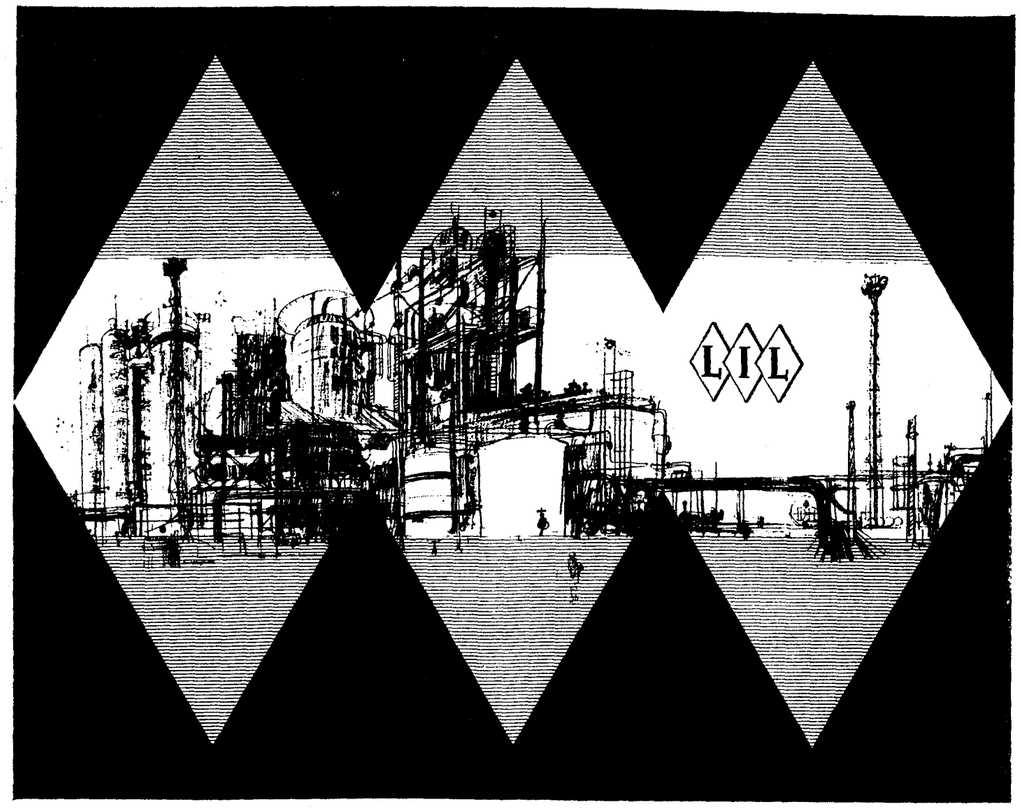
Marchon Products Limited—one of the companies of the Albright & Wilson Group—makes shampoo raw materials at Whitehaven. These are supplied in bulk to the makers of many famous brands of shampoo and similar products. That's how chemicals from Whitehaven may find themselves in Henry Yeoman's car-wash, in Mrs. Yeoman's carpet cleaner . . . in Susan Yeoman's shampoo.

This is only one of the many ways in which A & W chemicals play a part in the life of the Yeoman family. As one of the biggest organisations in the British chemical industry, the Albright & Wilson Group contributes—but we could go on like this . . .

The Albright & Wilson Group

12/62

LAPC



LAPORTE STANDS FOR PROGRESS IN THE CHEMICAL INDUSTRY

Functional, efficient modern chemical plants are a mainspring of industrial progress. Most interests or activities in the world of the 'Sixties will be affected by what they produce. The Laporte plants are outstanding of their kind and render a valuable service to the industries which they supply.

LAPORTE INDUSTRIES LIMITED, Hanover House, Hanover Square, London W.1.

ORTE

THE WORLD OVERSEAS

The Exodus to Hongkong

FROM OUR HONGKONG CORRESPONDENT

Wednesday

THE great exodus from China into Hongkong continues. In the past sixteen days approximately 25,000 exhausted refugees have forced their way across the border of the colony's New Territories. And they are still coming. They swarm over, or break down, the eight-foot barbed wire fence in the greatest mass crossing of the frontier since the Japanese invasion in 1941. They then bow respectfully to waiting Hongkong police and Gurkhas, submit fatalistically to detention, gulp down a meal and accept their return to China literally by the truck-load. In pillboxes on the mountain ridges, surveying the ravines and precipices of the border, impassive communist guards, who three months ago would have shot down in cold blood any refugee seeking to escape, watch the jostling waves of "escapees" huddle along the fence to wait for nightfall; they even direct latecomers to more convenient points of entry.

Late last year—as reported in *The Economist*—the mainland grapevine brought word to Macao that in a planned campaign for "thinning out" the population in the drought-ridden Kwangtung province (bordering Macao and Hongkong) the Canton authorities proposed to force elderly, infirm and disabled "useless mouths" on both colonies. In a rare public statement on the touchy subject of the refugees, the colonial secretary in Hongkong, Mr C. B. Burgess, announced that because Hongkong's population of 3,500,000 was so dangerously swollen, illegal entrants would all perforce be turned back.

Now the deluge has come. But the swarming refugees are not "useless mouths"; they are mostly young and ablebodied and they are neither starving nor manifesting signs of malnutrition. They attribute their flight to hardships, food shortages and fear of worse hardships and food shortages. Many of them are former factory workers who have been transferred from Canton to work in farm communes—which apparently did not welcome them. Some have "exit permits." Some have tramped for up to six days from remote Kwangtung areas—which means that they had accumulated sufficient food for the trek. Some came by train—which means that the authorities knew they were going and why. Some have told of passing through small villages whose inhabitants, learning of their destination and hopes, left *en masse* with them. Some have persisted in their escape attempts, making two or even three crossings.

It is altogether an amazing story—with dark and alarming undertones. One implication is that communal discipline has crumbled; certainly a bloody reaction will be unavoidable if the authority of the communist border guards is to be restored. So far the guards have accepted Hongkong's compulsory return of 25,000 "escapees" whose flight they had previously authorised if not encouraged. But a screening system is in official operation; occasionally returned refugees are brought back to the checkpoint at Lowu and it is pointed out that they hold Hongkong identity cards; these

are then accepted. The ominous prospect of course is that the refugees may be ordered by the communist guards to resist return, or that the guards may refuse to accept the returning truckloads. Portuguese Macao, too weak to resist its swollen flood of refugees with "exit permits," is now crammed with arrivals who, because of tightened security by the Hongkong authorities, are no longer able to make the night smuggling run to Hongkong as easily as in the past.

How much Peking knows or cares about this Kwangtung exodus is purely a matter of conjecture. In non-communist history Chinese peasants, and families have always been accustomed, under the flail of famine, to migrate to cities and new areas. There are reliable reports by visitors that in Shanghai tens of thousands of urban workers are also being removed to rural communes in the campaign to reduce the teeming city's population by one-third. The Mao regime has consistently disdained world opinion on Chinese internal conditions, so that the natural assumption that a question of "face" is involved in this tolerated revelation of such widespread discontent cannot be sustained.

The Hongkong government must be congratulated on having handled the sudden macabre crisis with a shrewd combination of diplomatic discretion and administrative efficiency. The dog-tired police have shown patience and sympathy in dealing with the invasion. Those refugees—some are barefooted—who have been injured or hurt in flight are in hospital and presumably will not be returned. There have been pathetic scenes as Hongkong residents carrying provisions move around the outskirts of the camps where the refugees are assembled for their return, crying aloud the names of relatives and friends who they suspect may be among the escapees.

Belated humanitarian intervention by Formosa—which in the past has shown interest in accepting only able-bodied refugees from Hongkong—could have embarrassing political side-effects for Britain. Cash donations by the United Nations will not touch the problem. Offers by a small number of countries prepared to accept refugees will still necessarily be subject to delays and the provision of temporary accommodation already heavily overtaxed in the overcrowded and water-rationed colony. The vital question in Hongkong is whether, having allowed his people to go, Mao will now try to stop them or exploit them as a strange new instrument of disguised aggression.

Unscrambling in Bonn

FROM OUR BONN CORRESPONDENT

IT is planned that Dr Adenauer shall pay a state visit to France from July 1st to 6th, and that General de Gaulle shall be a guest of the Federal Republic some time in the autumn. The federal foreign minister, Herr Schroeder, had a word with the French ambassador in Bonn on Tuesday about these arrangements. Such comings and goings naturally excite those who have lately been scenting a change in Dr Adenauer's foreign policy—a change, perhaps, that would compound France and the Federal Republic into something of a counterweight to the Anglo-Saxon influence in Europe. But this week's clarifications of German intent (which had been obscured by Dr Adenauer, more in sorrow than in anger, at his meandering press conference in Berlin on May 7th) convincingly dispel the shadow of an impending change of any substance. It is unlikely that, when they meet, the two venerable statesmen will decide upon anything more tangible than they have at previous councils. No one has yet been able to discover precisely what the general and the chancellor say to each other when they are alone. Their encounters are mystic, wonderful—yet symbolic, at least, of the two nations' sensible resolve in future to live constructively alongside each other.

That the Federal Republic continues both to trust the Anglo-American allies in their attempt to find a workable Berlin settlement, and to want Britain to be a full member of the European Economic Community, was the burden of assurances given in Bonn this week by Dr Adenauer to the American ambassador, by Herr Schroeder to the British ambassador, and by state secretary Carstens to the French ambassador. Such reaffirmation should scarcely have been necessary: for, short of embracing communism, the west Germans have in the last resort no choice but to accommodate themselves to the wishes of their chief protector. One of Dr Adenauer's explanations for his contrariness has been that he did not want the east German journalists who attended his press conference to go away with the impression that west Germany was in a capitulatory mood. (To one who had asked him whether it was not wrong that certain agents were trying to undermine the east German Democratic Republic from west Berlin, Dr Adenauer countered gently, "There's not really much to undermine, is there?") In private the chancellor has once again deplored what he often suspects to be a standing conspiracy by some western journalists to trip him.

The confusion and annoyance which Dr Adenauer engendered, and his long absences from Bonn, have renewed speculation about his fitness to stay in office until the end of 1963—which is generally assumed to be the latest possible moment for him to carry out his promise to the coalition to retire in time for his successor to have a chance to establish himself before the general election of 1965. The Social Democrats have been clamouring that the "impossible chancellor" should be sent packing. The Free Democrats, whose leader, Herr Mende, refused last September to serve in a coalition cabinet headed by Dr Adenauer, have confined themselves to applauding pointedly Herr Schroeder's expressions of confidence in what the Americans are doing. So have most of the Christian Democrats who believe the time has come for the 86-year-old to make way for a younger man. Permanent civil servants at the foreign ministry and elsewhere are confiding to friends their dismay at the difficulties caused by the chancellor's intrusions and prejudices, and their hope that Herr Schroeder will resist them more effectively than his predecessor, Herr von Brentano, did.

Herr Schroeder seems to be succeeding, and in the process earning the respect of both the diplomatic and the political communities. Having taken all three parties in the Bundestag into his confidence, he has persuaded them of the usefulness of the American negotiations with the Russians, and of the unprofitability of holding at this juncture a foreign affairs debate from whose acrimonious confusion the enemy would assuredly derive comfort. There is much approving talk of Herr Schroeder's "new style," of his "flexibility" and "pragmatism."

In the course of the past few days the foreign minister has been showing his paces in the framing of some radical but constructive amendments to the Anglo-American proposal for a thirteen power authority for controlling the communications between west Berlin and the Federal Republic. The gist of these amendments, which are to be despatched shortly to Washington, is that only six governments should be represented on the authority—those of the Soviet Union, the United States, France and Britain, all with full voting powers, and those of west and east Germany, with no right to vote at all. But how far Herr Schroeder's "pragmatism" will go in the long run is still an interesting matter for conjecture. Many of the younger generation of Germans would be relieved if the foreign minister had the moral courage to declare unequivocally that the existing eastern frontiers must be considered permanent. As it is, the senseless agitation for revision continues.

Yet, however realistically Herr Schroeder may be setting about his difficult and discouraging job, it should not be supposed that he would ever be ready to accept responsibility for recognising the sovereignty of an independent east Germany. There is no west German politician in sight who would. For the communists have made their objective perfectly clear. One newspaper has recalled this week Mr Khrushchev's observation at the Leipzig fair in 1959: "The west Germans will yet come to appreciate that it would not be so bad after all to have Walter Ulbricht as federal chancellor and Otto Grotewohl as president of a united German people's republic of workers and peasants. . . . If the people in west Germany are not ready yet, there's no hurry. Let there be two states for the time being." Another has published a factual report concerning the works' militia in east Germany, whose 380,000 members, all evangelical communists, are being trained to seize power in the Federal Republic should an opportunity present itself.

Hard-Boiled in Paris

FROM OUR PARIS CORRESPONDENT

FRANCE'S European crisis has been precipitated earlier than was expected after General de Gaulle's press conference on Tuesday. Few people thought that his words would have such an immediate effect. At the conference the journalists followed the now customary procedure of providing cues for the presidential monologue, and this time the monologue was centred around Europe and its place in the world. Nothing in it was really a surprise to those familiar with the gaullist doctrine, but the general's public restatement of his opposition to the idea of integration, and the contemptuous way in which he made it, proved too much for the European conscience of the Christian Democrat (MRP) ministers. That same night all five of them handed in their resignations from the one-month-old government of M. Pompidou.

In his press conference General de Gaulle simply dotted the i's in the historical record. He denied the authorship of the expression "*L'Europe des patries*" and claimed that he preferred a Europe of states, because nothing solid can be built except through the co-operation of states. Whatever the formula, the general did not hide his aversion from any idea of supranationality. Nobody in western Europe, in his view, now has the power to impose a federation, and therefore all federal solutions are simply ridiculous flights of fancy. True, if Europe abdicated its role, an outsider could impose a larger federation; but if this was the aim of the integrationists they should say so plainly.

There was no doubt among the general's audience about whom he was thinking when he referred to the outside federator. In this way he shifted the European quarrel to its Atlantic level and suggested that the real dispute was over the American leadership of the western block. Admittedly he described Nato as an indispensable alliance. He also granted that the United States assumed the biggest share in the western military effort, and was therefore entitled to "sound" the Russians if it chose. Yet he immediately added that Paris, like Bonn, considers such talks to be harmful and has no intention either of taking part in the atomic farce at Geneva. He also emphasised that the international situation had altered radically in the thirteen years since Nato was created. The Russians have acquired the means of annihilating the United States, and by the same token have undermined Europe's faith in the American shield. Europe must have a deterrent of its own, and the general modestly brandished the budding French strike force as a suitable substitute.

The gaullist vision of a future European equilibrium from the Atlantic to the Urals is very nebulous. The immediate concrete prospect is of a continental coalition based on Franco-German foundations. General de Gaulle refused to say whether there would be room for Britain in such an edifice, but the general impression here is that when Mr Macmillan comes to the Chateau de Champs early in June he may well find that the French are trying to raise the price of admission for newcomers. Dr Adenauer, who will be the general's next visitor, should provide the answer to another awkward question: Will the Germans, despite their present differences with Washington, in fact help to lay the foundations of a construction of which the Americans so obviously disapprove? But even before the reactions of Bonn and other European capitals could be learned, the resignation of M. Pflimlin and his four colleagues showed how shocked the French "Europeans" were by General de Gaulle's ideas.

Shock may be too strong a word. Since nothing in the general's remarks was entirely new, the MRP leaders' surprise is surprising. Only a month ago, when M. Pompidou replaced M. Debré, they agreed to add two portfolios to the three they already held in the previous government. Why the sudden change of heart? The MRP ministers have put forward the following explanation. Admittedly they knew the general's views on Europe, but they thought that they could influence his policy within the government and work towards a compromise on both the European and the Atlantic fronts. The general's press conference convinced them that the influencing might be the other way round, that they might be made use of to bury European integration just as M. Debré was used as the grave-digger of French Algeria. Hence the catholic trade unions are restive, and the MRP feels it has nothing to lose in a general election.

EIU Quarterly Economic Reviews

covering 57 countries or groups of countries

CANADA

Out next week:

The recent devaluation overshadows other economic topics; the Review considers the likely impact of the cheaper dollar on the trade balance, and the awkward implications of a fixed rate for Canadian monetary policy. The significance of the latest economic indicators for the future course of the recovery and Mr. Diefenbaker's chances in the general election are among the other features examined.

Further details from:
THE ECONOMIST INTELLIGENCE UNIT LTD.,
5 Bury St., S.W.1. Tel: WHI 0353 Ext. 35
60 East 42nd St., New York 17 Tel: Murray Hill 7-6850

A government reshuffle, however, does not require a general election. M. Pompidou, having filled the gaps in his cabinet (he promoted secretaries of state to ministerial rank and brought in only one newcomer), can get on with the job. General de Gaulle, convinced more than ever that parties are a nuisance, can wait for a better opportunity to weaken their influence. Everything is happening as if France had already finally got rid of the Algerian problem. The trade unions call more and more strikes. The general has his eyes on the European horizon. The "Europeans" are mounting a counter-offensive. And the Algerian massacre goes on just the same. In real life, unlike the history books, chapters do not end with a clear full stop. Nor do they start on a new page.

Labour Unrest in Spain

FROM OUR SPECIAL CORRESPONDENT

"ASTURIAS" is one of the most emotive words in Spanish—sinister or heroic, according to the mouth which utters it. It was in Asturias in 1934 that socialists, communists and anarchists succeeded, for the first and last time, in surmounting their doctrinal differences and establishing a workers' soviet. It was in Asturias that General Franco, assigned the task of crushing the revolutionaries, made his first harsh impact on Spanish internal politics. Nothing could have startled the general's present supporters (and some of his opponents) more than the sudden resurgence of the word—whispered at first, then chalked on walls, then emblazoned on handbills—in every industrial province in Spain.

During the previous six months there had been strikes involving tens of thousands of workers in Barcelona, Berga, Cadiz, Cartagena, Valencia and many Basque towns. At Beasain, near San Sebastian, workers had demonstrated against the *sindicatos* (the official, falangist-dominated "vertical syndicates" to which workers and employers alike must pay dues) and demanded free trade unionism. In February, Sr Jiménez Torres, the general secretary of the *sindicatos*, alarmed by his officials' reports of working-class discontent, submitted to the minister responsible for syndical and falangist affairs, Sr José Solís Ruiz, a suggestion for liberalising what he called the "outmoded" structure of his organisation. The two men, hitherto close friends, quarrelled, and Sr Solís accused Sr Jiménez Torres of being a "*vaticanista*" seeking to strengthen Catholic Action influence in the unions. Sr Jiménez Torres resigned, a more pliable official—Sr Lamata Mejia—was appointed in his place, and the crisis was swept under the mat. But workers continued to go on strike. As a group of Basques told your correspondent recently, "even fear retreats before hunger."

Spanish workers are hungry not only for better and more varied food but for decent homes and consumer goods. They ask: "Why

should we have to emigrate to obtain a civilised standard of living?" The tales told by vacationing emigrants, and the example of working-class tourists from France and Germany, tantalise them; their appetities are excited by crude hard-selling press and radio advertising and glittering display-windows; but their earnings for a nine-hour day rarely exceed twelve shillings, and it is harder for them than for clerks, teachers and lawyers to hold a second job. The Basques already quoted said: "We want our share of these marvellous economic achievements the papers and radio are always telling us about. After all, the workers bore the brunt of the stabilisation programme." ("How right they are!" commented a distinguished Spanish economist to whom this was repeated.)

Strikes are still illegal in Spain, and strikers may be charged before a military tribunal with rebellion against the state; but except in fairly isolated communities, or where a small group of ringleaders (invariably described as "communists") can be speedily identified and arrested, outright repression is now rare. Army officers are increasingly unwilling to serve on "political" tribunals and sometimes mark their displeasure by awarding minimal sentences. And the government is restrained by the knowledge that Spanish affairs are under close scrutiny in the countries belonging to the European Economic Community, where liberal and socialist publicists are ready to pounce on any impropriety that will justify Spain's exclusion from the community.

When the seriousness of the latest Asturian and Basque strikes became apparent, the government tried at first to intimidate the workers by moving in security forces and ordering employers to impose a lock-out. Forty or fifty arrests were made. But where strikers stood firm they and their employers were soon informed, generally within a week, that they were at liberty to negotiate a settlement, and were assured that the government would observe a neutral attitude. (The government contributed to a settlement by authorising the mine-owners to increase the price of coal. The civil governor of Oviedo province helped to ease tension by persuading managements to allow strikers to obtain food on credit from company shops.) Strike procedure came, in fact, to resemble that followed in the decadent democracies. *Sindicato* officials were either by-passed or obliged to forget their "vertical" pretensions and negotiate on the workers' behalf—with unofficial strike-leaders breathing down their necks. Some employers, in Beasain and Bilbao, have told the workers' representatives that they prefer this method of negotiating and are in no hurry to return to the cumbersome "vertical" system in which union officials represent no one but themselves and every dispute is apt to be dramatised and treated as an incipient insurrection.

A PERSONAL representative of Sr Solís toured the Asturian and Basque strike centres early in May to inspect the damage suffered by the *sindicato* system. After studying his—pessimistic—report, worried *sindicato* and falangist officials from several provinces, meeting in a monastery near Madrid, drew up a list of the measures they considered the government should take to prevent a further deterioration of the industrial situation. Understandably, they saw little need for serious political or structural reforms; but they recommended economic concessions.

Government economists are worried, too—and are strongly critical of the coal-owners who, they say, pocketed the big profits they made during the easy years of protection and autarchy instead of investing in mechanisation. For their short-sighted reliance on cheap labour many other industries may now suffer. Inflationary breezes are, indeed, already sweeping the main industrial regions. Soon after it became known that the miners were being offered 157 pesetas a day (plus a productivity bonus of 78 pesetas a ton for *picadores*), workers went on strike in Vizcaya province for a minimum wage of 160 pesetas. (166 pesetas = £1.) Leaflets signed "MOS" ("trade union opposition movement") appeared in Catalonia demanding a similar minimum. Strikes broke out in León, Guipúzcoa, Jaén and Córdoba. Then "MOS" leaflets distributed in Madrid urged "catholics, communists, socialists and anarchists" to forget their differences and prepare a general strike "for decent wages and liberty."

So far the strikes have been economic and scrupulously non-political, but their political consequences are being felt. In Asturias and the Basque provinces they were led by organisers of the clandestine Christian Democratic Left and Socialist Labour party, which form the core of the Union of Democratic Forces: the UDF has undoubtedly gained influence and prestige in consequence. The liberal monarchists of *Unión Española* have expressed sympathy with the strikers and protested against the censorship. Communist influence has nowhere been decisive, and in the Basque country it has been almost imperceptible; in Gijón workers are reported to have made angry remarks about "communist strike-breakers" when a Polish ship arrived with a cargo of coal (it had to be unloaded by the army). The regionalist movements, however, have been encouraged to step up their agitation—not only in Catalonia and the Basque country but in the Canary islands.

Twenty-four influential intellectuals—including José María Gil Robles, leader of the right-wing Christian Democrats, and Dionisio Ridruejo, once the Falange's propaganda chief, now a left-of-centre critic of the regime—have signed and circulated a statement on the strikes in which they call for the establishment of a situation "as near as possible to liberty, justice and concord" and urge all Spaniards to address petitions to General Franco advocating freedom of expression and "normal, non-totalitarian" trade unionism. Students have demonstrated boldly in the centre of Madrid and Barcelona in support of the strikers and against the "plutocratic" *Opus Dei* wing of the administration. They distributed handbills reading: "1962—last year of the dictatorship."

Canadian Waterloo?

FROM OUR OTTAWA CORRESPONDENT

CANADIANS go to the poll on June 18th, which is the anniversary of the Battle of Waterloo, and the election now looks like being another "damn close run thing." The confidence which the Liberal leader, Mr Pearson, has long shown now appears more reasonable than it did even a month ago. In the early weeks of campaigning, Mr Pearson's appearances have aroused warmer enthusiasm than was generally expected, while Mr Diefenbaker's campaign has fallen rather flat. The comparison is perhaps unfair, since the response to Mr Diefenbaker is inevitably seen against the fervour which he aroused in 1957 and 1958, while Mr Pearson's performance follows very modest forecasts.

But the universal impression of reporters who have followed the two leaders through their erratic airborne election tours from one province to another is supported by a Gallup poll published last week but taken two weeks earlier (that is, before devaluation). It gave the Liberals 45 per cent of the decided vote, against 38 per cent for the Conservatives. This was a switch since January of three per cent to the Liberals from the New Democratic party, formerly known as the CCF. The Conservative share was unchanged, and so was the eight per cent shown for "others," mainly Social Credit. Only in the four western provinces were the Conservatives ahead, with 35 per cent against the Liberals' 31 per cent. It is in the west that the New Democratic party and the Social Crediters have their chief strength, though Social Credit is becoming a factor in parts of Quebec.

If the popular vote follows the poll it still would not assure a Liberal majority because most constituencies will have three or even four candidates. But the decline of the New Democratic party must be especially encouraging to the Liberals, apart from the

BRITISH TRANSPORT ADVERTISING

ANALYSIS OF COMMERCIAL ADVERTISING RECEIPTS BY MAJOR BUSINESS OR PRODUCT GROUPS 12 MONTHS ENDED 31st DECEMBER 1961

Business or Product Group	Total
	£
Auctioneers & Estate Agents	59,532
Builders' Materials & Services	120,777
Confectionery	23,933
Drinks - Alcoholic	
Beer	234,998
Spirits	174,075
Wine	14,822
Total	423,895
Drinks - Soft	38,870
Engineering	24,163
Entertainments (including Cinemas & Theatres)	377,572
Food & Food Beverages	276,213
Football Pools	100,805
Footwear	14,985
Furniture	37,696
Heating & Lighting	29,504
Hotels, Restaurants & Cafes	16,798
Household Equipment	73,329
Insurance Cos. & Building Societies	126,021
Jewellery	8,699
Medical (including Patent Medicines)	49,395
Men's Wear	37,133
Motors, Cycles & Accessories	159,788
Newspapers & Publications	283,700
Office Equipment	24,376
Petrol & Oil	110,654
Photography	71,825
Radio & Television	48,142
Stores & Drapery	133,189
Textiles	14,051
Tobacco & Cigarettes	213,448
Toilet Accessories & Hairdressing	95,300
Travel & Holiday Resorts	69,031
Tyres	80,990
Women's Wear	52,795

COVERS
ALL MARKETS
CONTINUOUSLY
IN
COLOUR
AT LOW
COST

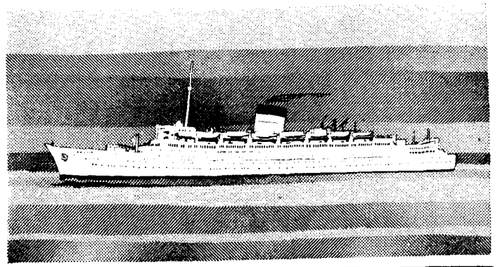
Almost every kind of advertiser uses British Transport Advertising, the only medium which is seen continually by all sections of the public everywhere. It is the most comprehensive and, at the same time, the most flexible of all media. There are sites on stations, buses, trains, vans and alongside roads throughout the country. Posters on them sell all kinds of goods to all kinds of people. These latest expenditure figures are proof positive. Remember when you plan your next schedule – for national coverage and pulling power there is nothing better than

BRITISH TRANSPORT ADVERTISING

Transad House, Leicester Square Station, London, WC2 (*Temple Bar* 3456)

CRUISE IN CARONIA 1962-63

These two unforgettable cruises take you to many of the loveliest and most romantic places in the world. You sail in air-conditioned luxury in 34,000 ton *Caronia*, largest liner built exclusively for cruising. Before either cruise you can, if you wish, see something of America and Canada.



MEDITERRANEAN AND BLACK SEA CRUISE

NEW YORK, MADEIRA, CASABLANCA, TANGIER, ATHENS, DARDANELLES, YALTA, ODESSA, CONSTANTA, VARNA, ISTANBUL, PORT SAID, BEIRUT — HAIFA, DUBROVNIK, VENICE, CATANIA, MESSINA, NAPLES, VILLEFRANCHE, BARCELONA, GIBRALTAR, LISBON, CHERBOURG, SOUTHAMPTON

52 DAYS : 24 PORTS
11,974 MILES
Rates from £393

Including first class North Atlantic passage to New York by any Cunard liner. Sailing from New York October 5th 1962.

WORLD CRUISE

NEW YORK, NASSAU, CRISTOBAL, BALBOA, ACAPULCO, LOS ANGELES, HONOLULU, YOKOHAMA, KOBE, HONG KONG, MANILA, JESSELTON, BALI — SINGAPORE, BANGKOK, COLOMBO, BOMBAY, ADEN, SUEZ, PORT SAID, ALEXANDRIA, HAIFA, NAPLES, LISBON, NEW YORK

A luxury voyage of
92 DAYS : 23 PORTS
29,007 MILES
Rates from £1,018

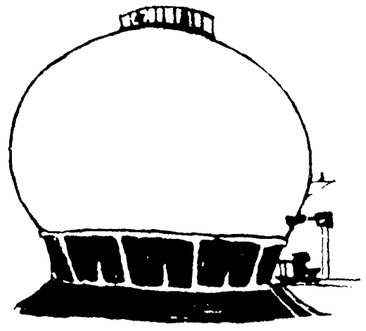
Including first class passage to New York via the West Indies in the *Caronia*, or direct by any Cunard sailing AND first class rail travel from Naples or Lisbon to your starting point in Europe.

Sailing from New York January 25th, 1963

The famous 'Mauretania' will also be cruising to the West Indies and the Mediterranean next winter.

CUNARD

Consult your local agent or CUNARD LINE, Cunard Building, Liverpool, 3 (Liverpool CENtral 9201): 15, Lower Regent St., London, S.W.1 (WHItehall 7890): 88, Leadenhall St., London, E.C.3 (AVEnue 3010).

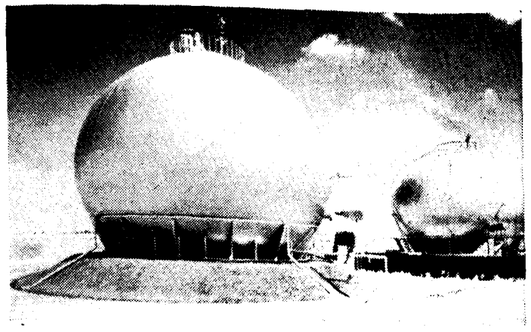


IHI's after-service is your assurance of quality

IHI's many sided operations include the designing, engineering, procurement, and construction of chemical plants and components. After installation IHI backs up its products with continuous, expert after-service, sending many technical consultants to perform on-site supervision.

From tanks, kilns, digesters, and vacuum distilling apparatus to chemical plants, oil refineries, paper mills, and cement plants, IHI's processing plant production ranges over the entire field of industrial chemistry.

IHI is Japan's leading heavy-industry company. In addition to chemical plants, it designs and manufactures all kinds of heavy equipment — from ships, engines, and boilers to heavy machinery for use in the construction, iron and steel, power generating, and mining industries. Brochures outlining IHI's capabilities and our informative quarterly "IHI Letter" will be sent on request.



Ishikawajima-Harima Heavy Industries Co., Ltd.

☐ Head Office: Ohte-machi, Chiyoda-ku, Tokyo, Japan. Cables: IHICO TOKYO.
☐ London Representative Office: 5-7, Houndsditch, London E.C. 3, England. Tel.: Avenue 6851. Cables: IHICO LONDON.
☐ Other Overseas Sales Representative Offices: New York, Rio de Janeiro, New Delhi, Djakarta, Hong Kong.

psychological effect of being in the ascendant so early in the campaign. Mr Diefenbaker's early performance has persuaded some reporters that he is "holding back," others that "the old magic is not working." A few days' sally through Quebec was received with notable coldness. At one town where the crowds were larger than usual, a reporter asked why, and received the reply: "*Les gens ne sont pas pressés. Vous savez, il y a pas mal de chômage.*" Quebec is Mr Diefenbaker's weakest area. His strongest are the prairies and the Maritime Provinces. Ontario with its 85 seats, of which the Conservatives won 67 in 1958, looks like the crux in so far as there can be any crux when so much depends on the hazard of split votes.

The only real issue which has emerged so far is Canadian prosperity. The Liberals are pounding away at the theme "the wasted years," comparing Canadian prosperity and prestige before 1957 with unemployment and loss of foreign confidence since then. Mr Diefenbaker devoted his first national television address on Monday to ridiculing the "wasted years" slogan, and reciting his government's accomplishments. But he still gets a greater response on the platform when he attacks the former Liberal regime in 1958 style and equates it (rather incongruously) with the new men around Mr Pearson.

The Liberal leader faces the double task of driving home his "wasted years" theme and of establishing the still weak image of himself as a national leader. He is going at it with gusto. But it will take a big sweep to reverse the Conservatives' 1958 majority. Mr Diefenbaker could lose 70 seats and still have an overall majority of the 265. Both smaller parties are expected to make some gains. So the next government will depend on whether Mr Diefenbaker or Mr Pearson wins more seats; in either case it could be a minority government. At this stage the running is so uncertain that remarkably few bets are being placed.

The War in Vietnam

FROM OUR CORRESPONDENT LATELY IN SAIGON

THE Americans are becoming more and more embroiled in south Vietnam, yet the situation there grows worse and worse. For a while in February and early March it seemed that the Vietnamese forces were having some success, but in April the Viet Cong regained the initiative and there was a record number of "incidents." Now communist successes in Laos will stimulate the Viet Cong and make it easier for supplies and men to reach them from across the border.

No part of the country is wholly free from Viet Cong infestation, and incidents occur even on the outskirts of Saigon. The city itself presents a deceptively smiling face, with its French boulevards and well-stocked shops, and the adjoining Chinese city of Cholon is apparently as busy as ever with buying and selling. But one leaves Saigon at one's peril—the diplomatic corps cannot even get to its favourite beach. A fine road which the Americans built to help the army go out and fight is in Viet Cong hands except for the first few kilometres. The countryside is perilous with possible ambushes and strewn with booby traps—such as buried concrete blocks bristling with barbs that tear into soldiers' feet. Brother fights brother in this hideous little war that could so easily become a major international one.

The United States is firmly committed to prevent the triumph of communism in south Vietnam, whose loss could lead to the loss of all south-east Asia. Mr George Ball, the American under-secretary of state, recently said at an Economic Club dinner in Washington that American personnel in south Vietnam would be increased to 8,000 this year. Americans have been multiplying enormously during the last few months and now number between 5,000 and 6,000, all behaving very carefully and discreetly. None of them however are combat troops; few are armed with anything more formidable than a cigar. Some two thousand are connected with the various projects of economic aid, and military assistance consists of supplying material, instructors and technicians. The Vietnamese army, numbering 174,000, has American weapons and is trained by Americans. Americans pilot the helicopters that carry Vietnamese troops to trouble areas, and the Lockheeds that take supplies to outposts. Large, white and con-

spicuous, Americans advise Vietnamese commanders in the field, meticulously calling them Sir.

By the end of June, 1961, the United States had spent a total of $2,135 million on aid, economic and military, to south Vietnam; now it is spending something like a million dollars a day. All this is to defeat a mere 25,000 ill-armed guerrillas, and so far it is not even succeeding.

What is needed, rather than more aid, is greater efficiency in its use. Administration, for example, tends to be paralysed by palace control. A properly co-ordinated intelligence system should replace President Ngo Dinh Diem's private lines. There should be a proper chain of command in the army, which might be quite effective but for the interference which results from the president's distrust of it since the army coup of 1960. Very little progress has been made with the joint American-Vietnamese programmes agreed on some months ago for fiscal, economic and administrative reforms.

Worst of all, although good campaign plans are made, progress in carrying them out is slow. The Vietnamese government has the advice not only of the Americans but also of a small British military mission under Mr R. G. K. Thompson, who was secretary for defence in Malaya and knows all about fighting guerrillas. From this co-operation a plan has emerged which aims at clearing the Viet Cong from one area at a time. Villages are ringed with barbed wire and the villagers armed and trained to defend themselves, while hamlets that are too small to be defended are abandoned and their inhabitants resettled in new strategic villages. While operations are going on, restrictions of all kinds are imposed on the peasants; these are designed in particular to prevent food supplies from reaching the Viet Cong, in order to force them in the end to abandon the district. Once the area has been declared "white" the restrictions are lifted, so that the peasant has an interest in keeping it so, and, it is hoped, at least enough confidence in his security to co-operate with the authorities.

That is the theory. The practice has been rather different. A start was made in Binh Duong province just north of Saigon, where of 56 villages only about 10 were still under government administration. "Operation Sunrise," it is grandly called, but there is no indication that it has achieved any definite and permanent result. Meanwhile no start has been made on a similar plan for the Mekong delta south-west of Saigon. Effort still seems

to be dissipated over the country in so-called strategic villages (sometimes fortified purely symbolically with a fence of crossed bamboo) which have no hope of holding out in isolation.

A weakness of all such plans is that it is not easy to get the love and loyalty of the peasant when you are turning him off his land at bayonet point and forcing him to start all over again, first building himself a house. It is still more difficult if, as the Vietnamese government does, you impose on him a heavy levy (between 700 and 1,200 piastres per family) to pay for his own defence. No thoughts of all the schools and hospitals that have been built with American aid are likely to console him. It must seem preferable to be subjected to a Viet Cong raid, which could result in nothing worse than the atrocious murder of the government's headman, the removal of some young men to train as guerrillas, the surrender of food, and of the weapons, if any, just supplied by the government. The peasant is for the regime that will let him till his land in peace.

It is no answer to the need for greater vigour and efficiency to say that support should be withdrawn from the regime of President Diem. Unpopular and nepotist it may be, but no effective alternative is available. Nor is it helpful to suggest that the Americans should be firmer with their clients. As it is known that they cannot let Vietnam go under, the threat to cut off aid would be ineffective. One can only hope that the new gravity of the situation will produce a new tempo and a new sense of priorities.

Militants Against the Military

FROM A CORRESPONDENT RECENTLY IN ADEN

ABOUT a third of the six thousand union members who work for the British forces in Aden met at the Trades Union Congress compound in Aden on May 11th to hear an invisible and anonymous leader incite them to a 48-hour illegal strike. Belligerent words boomed at them from a loud-speaker fed by a tape recording. This ingenious, if impersonal, approach to trade union militancy was used by the union to avoid the fate of the five members of its emergency committee who are in prison for trying to persuade the workers to down tools by more old-fashioned methods.

The Forces and Associated Employees Union is demanding higher wages, housing allowances and indemnities on termination of service. It derived its courage to defy the government from its strength, which is greater than that of the many other unions that pepper the Aden industrial scene and which, by a process of fragmentation, seem to be increasing as time goes on. Even so, the forces union called only for a two-day strike, which may have been inconvenient but was hardly damaging—for one presumes that at a pinch serving men can serve themselves for a while.

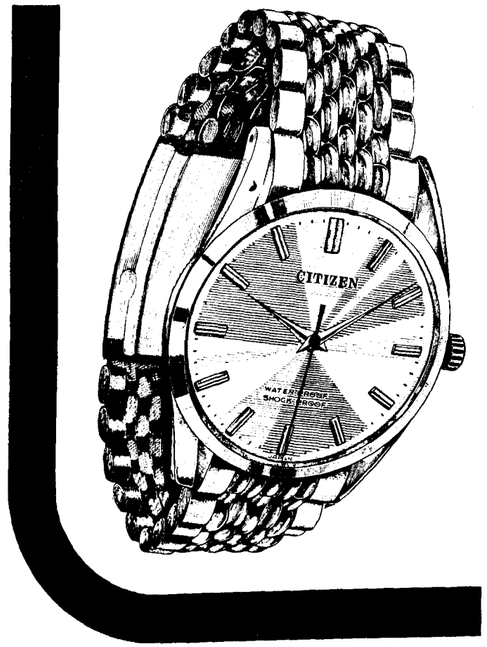
The significance of the union's action lies less in its demands than its importance as a challenge to the government, and as evidence of still more industrial unrest. For several years before 1960 union leaders led their workers into so many strikes that, in August, 1960, the government introduced an industrial relations ordinance which made strikes and lock-outs illegal. There was peace in 1961, during which legal proceedings under the ordinance were taken in only two cases. In his speech to the legislative council last January, the governor, Sir Charles Johnston, attributed this happy state of affairs to the new law, and no doubt it played its part in establishing the method by which settlements could be reached before the strikes took place. But Sir Charles admitted that most of the 99 disputes successfully ended by conciliation and negotiation "were settled in favour of the workers, who obtained part or all of their claims." The Aden chamber of commerce goes further ; it contends that the retroactive pay awards were extravagant and sometimes exceeded the highest hopes of the unions themselves.

On the face of it, it seems premature to claim too much virtue for the ordinance, the coercive effects of which were not tested by results that consistently favoured the unions. The recent behaviour of the unions shows that their challenge is now directed against the ordinance itself and this, in turn, suggests that the testing time lies immediately ahead. At least two of the strikes this year were deliberately designed to flout the law and the leaders were consequently prosecuted and imprisoned. Even the strike of schoolgirls against their headmistress's treatment of a Palestinian pupil had political undertones ; veiled teenagers, looking for all the world like diminutive Ku Klux Klanners, refused to go to school, damaged the buses that were sent to take them there and stoned the police who tried to prevent them. There are still innumerable claims that might reasonably be made regarding wages and conditions, but these are not the essence of the current situation, for, as the record of the 1960-61 settlements shows, the unions have every reason to play the ordinance as long as their lucky run lasts. Workers and their wages, genuine aspirations or otherwise, are caught in a mess of politics.

The ordinance may not be numbered among the most liberal of dispensations for unions, but it was not entirely coercive in its intentions. (It was introduced by an elected Adeni minister and passed by the legislative council on which the elected members have a majority.) If workers reach a collective agreement with their employer the ordinance restores their right to strike, the idea being that the unions should win back their freedom by first entering voluntarily into agreements. It is difficult to escape the conclusion that to encourage the unions the employers were called on to pay the piper while the government called the tune. It failed, nevertheless, to charm the TUC, which has exerted its influence consistently to stop the unions from using the ordinance, or indeed from working with the ministers of the colony at all.

AS usual in cases like this, employers and people in the government suspect subversive influences ranging from Cairo to Moscow. The forces union is suspected of hatching plans to undermine the military base. It is just as likely that the dizzy whirl of ideas that passes for politics in the colony, and which has numerous conflicting currents within the broad stream of nationalism, has brought to the surface of union activity a political strategy that defeats the outsider's comprehension. There are also domestic factors ; the TUC, for example, supports the union with Yemen because it has a majority of Yemeni members, although no unionist in his right mind could seriously seek the Imam Ahmed's rule. If anybody wants coercion he can find it in the Yemen, where a four-year-old boy can be chained to a wall until his parents come back to pay their taxes. Yet this support for Yemen is one element in the TUC opposition to government policy.

The pity of it is that both the colony and the workers need good unions. There are still a great many workers whose lot could do with improvement, but this could best be achieved by industrial action directed strictly to industrial ends. Instead, many of their leaders are seeking to acquire power for themselves by destroying the effectiveness of the Aden upper class, which is now becoming fairly powerful. The colony needs stability both for economic reasons and to pursue its constitutional evolution successfully. Its entrepôt trade is declining, and although the port is used more than ever, it has not had its proper share of the increased shipping of the Red Sea. Djibouti, the capital of French Somaliland, is thriving and industrial troubles that drive ships to that port can do long-term harm to the prosperity of Aden. Fortunately for the colony, it is highly unlikely that the forces union will ever be able to drive away the military bases, which put about £11 million into circulation in Aden every year.



CITIZEN serves the World

PRECISION
BEAUTY
AND
KNOW-
HOW
FROM
JAPAN'S
PALACE
OF
WATCHES

CITIZEN WATCH CO., LTD.
14, 3-Chome, Okachimachi, Taito-ku Tokyo, Japan
Cable Address: "CITIZEN"

Advertisers
wishing to reach
the most
powerful group
of consumers
in Scotland

take

space

distinctively in

THE SCOTSMAN

2 83% of the readers of THE SCOTSMAN are in the ABC social classes

Do you take the lift . . . or the elevator?

The difference may be slight . . . but even small distinctions in language and in customs can assume importance, when people in Great Britain do business with people in the United States.

The Chase Manhattan Bank, with the largest network of correspondent banks in the U.S., naturally has close familiarity with American trade practices and usages —and with the ways in which they differ *among* the fifty states. And after more than seventy years in London, too, The Chase Manhattan is equally familiar with British ways. This understanding of customs on both sides of the Atlantic can be very useful to you in your dealings with the States.

Indeed, The Chase Manhattan can be of service to you almost anywhere you do business. Its network of more than 51,000 correspondent banks, branches and representatives' offices all over the globe can provide you with every type of modern banking service, promptly, efficiently, and on a personal, *localized* basis.

When you do business anywhere abroad . . . it will help to talk with the people at The Chase Manhattan, in either of the London Branches.

THE CHASE MANHATTAN BANK

Incorporated with Limited Liability under the laws of the State of New York

London: 6 Lombard Street, E.C.3 · 46 Berkeley Square, W.1
The Chase Manhattan Executor & Trustee Corporation Ltd.
6 Lombard Street, E.C.3

OVERSEAS BRANCHES: London, *England* · Paris, *France* · Frankfurt Main, *Germany* · Beirut, *Lebanon* · Tokyo · Osaka, *Japan* · San Juan · Santurce Rio Piedras Bayamon, *Puerto Rico* · Panama · Colon · David · Chitre, *Republic of Panama* · Balboa, *Canal Zone* · Charlotte Amalie · Christiansted Frederiksted · Cruz Bay, *Virgin Islands* · Nassau, *Bahamas* · Lagos, *Nigeria* · Monrovia, *Liberia* · Santo Domingo, *Dominican Republic.*
The Chase Manhattan Bank (South Africa) Ltd: Johannesburg · Cape Town, *Republic of South Africa.*
Offices of Representatives: International Airport, Idlewild, N.Y. · Washington, D.C. · Bombay, *India* · Buenos Aires, *Argentina* · Caracas, *Venezuela* Madrid, *Spain* · Mexico, D.F., *Mexico* · Rio de Janeiro, *Brazil* · Rome, *Italy.*

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.

Development Begins at Home

THERE were 66,824,000 Americans at work in April, a record for the month, and the number out of work was below 4 million for the first time since November. But 5.5 per cent of the labour force was still unemployed and 719,000 people had been jobless for over six months. Even if the economy expands fast enough, and long enough without a check, to reduce this rate to 4 per cent of the labour force by next year—and it now looks as if, after all, this official forecast may be fulfilled—the hard core of long-term unemployment is likely to persist, at least in some communities. It is years since a nationwide recession or a nationwide boom made much difference to the depressed iron-mining regions of Minnesota, the coal-mining sections of the Appalachians or the textile towns of New England. For places like Detroit and Pittsburgh sustained unemployment is a newer experience, the result of the replacement of semi-skilled labour by machines, but it may prove to be almost as permanent there as elsewhere.

President Kennedy was plunged into this problem right at the beginning of his election fight, when he campaigned in West Virginia, the most depressed of all depressed areas. His gratitude to the citizens of that state for putting him on the road to victory reinforced his natural desire to do something quickly about chronic unemployment. One of the first measures to be approved by the new Congress was the Area Redevelopment Act, to create new jobs for the unemployed in such communities; it had already been vetoed twice by President Eisenhower. It was followed this year by the Manpower Retraining Act, to teach new skills to those who have been out of work for long periods. But both of these measures are comparatively long-term operations and will have only a limited impact before this autumn's congressional elections. Nor will they provide much immediate stimulus for the economy. So President Kennedy has now asked for $600 million to be spent at once on needed public works which could be started without delay—and it looks as if he may get a favourable answer.

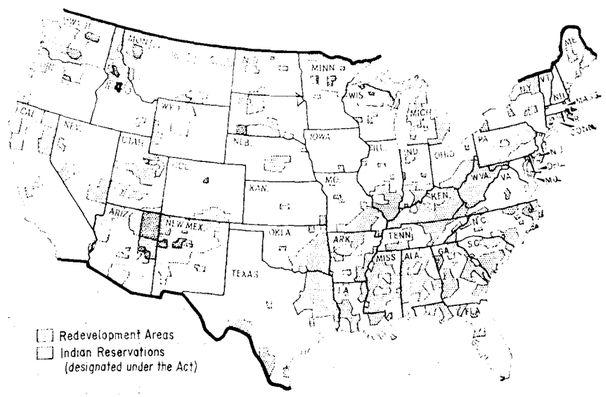
These outlays would be confined mainly to places eligible for aid under the Area Redevelopment Act. At the beginning of May, one year after the Act had been signed, the Department of Labour or some other authority had designated as eligible:

(1) 148 urban-industrial areas where the rate of unemployment had averaged 6 per cent of the labour force for from one to three years and had also been far above the national average;

(2) 735 rural areas and "small labour markets" where workers were consistently underemployed and incomes consistently low;

(3) 50 Indian Reservations where similar conditions prevailed.

There were 34.7 million people in these areas, with more than 1.4 million of them out of work; they contained 19 per cent of the national labour force but 31 per cent of the unemployed. In some of them over 20 per cent of the workers were jobless and the average was above 10 per cent. The median family income in the areas of underemployment, at $1,560 a year, was only about a quarter of the national median. Altogether nearly 1 million new jobs are said to be needed. To fill the gap the Area Redevelopment Administration is relying not only on the work created directly by its projects but also on that created indirectly by the need for supporting services and by added purchasing power in the districts concerned.

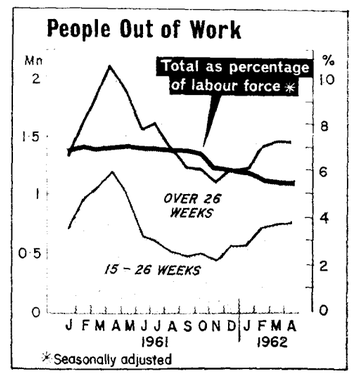


The whole State of Alaska, the island of Hawaii in the State of Hawaii, a large part of Puerto Rico, the Virgin Islands, Guam and American Samoa have also been designated as eligible for aid under the Act.

Once designated, a redevelopment area is eligible, over a period of four years, for:

(1) Loans, to be made to official or private applicants, to buy, develop or improve land or facilities for building or expanding factories; altogether $200 million will be available for these purposes but the ARA may not put up more than 65 per cent of the cost. By May 1st, 21 such loans had been approved, for projects ranging from the distribution of peat moss in Maine to a bottling plant for soft drinks in New Mexico.

(2) Loans of up to 100 per cent of the cost ($100 million is available) or grants ($75 million was authorised and $40 million appropriated) for building or improving public facilities; 7,285 was the estimated number of permanent new jobs to be created by the 19 loans and grants approved so far, mainly for water and sewage facilities but also for a ski jump and other ski-ing facilities to bring visitors to northern Michigan.



(3) Technical assistance—advice, economic surveys, research into new uses for resources, a study of food marketing practices in Samoa, and so on.

(4) Job retraining programmes, to cost $14.5 million; the hundredth has just been approved.

Only three states—Vermont, New Hampshire and Delaware—are without redevelopment areas and it has been contended that there are far more of them than are needed or than the money available will cover effectively. To the second of these arguments Mr William Batt, the head of ARA, replies that the loans and grants from his agency are "seed corn"; they stimulate local initiative and self-help and force the distressed areas to mobilise their resources, and those of state and federal governments to analyse their problems and to plan their own programmes. The financial assistance from ARA brings a crop of new investment from local authorities and from private enterprise.

It has been suggested that ARA is duplicating work already being done by state and local agencies and that many of these projects would have been undertaken if no help had been offered by Washington. This suggestion comes from bankers, among others, who think that they have been done out of business by cheap loans, although some people feel that the government itself charges too much interest in the circumstances. There are also people who say that ARA encourages communities to think that all that they need to do to ensure satisfactory industrial development is to build a new plant with government help.

The first and most publicised project under the new Act answers these complaints—but it also gives rise to new ones from some of the liberals who have been among the most ardent supporters of redevelopment. In Mountain Home, in Arkansas, a rural area with exhausted soil and no assets except its people, those people had already, by their own efforts and by increasing their taxes, raised the money to build a factory and lease it at an uneconomic rent to a manufacturer of shirts. They then found that they could not afford to supply the additional water which was needed. ARA provided $160,000 for a new water system and some 500 people, mainly women, got jobs and are spending their wages in the local shops. Another factory to make boxes for the shirts may be set up soon. But wages are still very low in Mountain Home—it was this which attracted the shirt-maker in the first place—and he extracted a promise that no trade union would come into his factory.

The question now is whether federal funds should be used to help operations of this type, common as they are and badly needed as they are in the South, particularly since such manufacturers tend to be inefficient and unprofitable and to move on to other communities which offer better terms. Thus they do not provide the stable employment which is one of the purposes of the Act. It contains strong "anti-piracy" provisions to ensure that the industry it brings in is genuinely new, not stolen from somewhere else, but this does not prevent "pirates" who are industrialising without ARA from drawing this industry away again. And then there is the deeper question of whether in the long run it is desirable to keep a dying community alive; would it not be better for the people to move away entirely, as many of them have done already, to places where there are broader opportunities for them and for their families?

THE main reason for these difficulties is that rural communities as well as industrial ones are eligible for aid under the Act. This also explains why its benefits are spread so thin. There is little argument about the need for help for towns whose source of livelihood has gone as a result of changes in demand or technique, leaving behind a skilled labour force and all the other things—communications, power lines, etc.—which industry needs. Such a district is southern Illinois, where coal mining no longer pays; if ARA's Rend Lake project there proves practicable, it will supply the district with the water which modern industrial processes must have and which is all it lacks—or so it is hoped—to make it attractive to new industry. Developments under the Act may even, it is thought, attract industry from abroad to some redevelopment areas; foreign companies would be welcomed as American companies have been in similar areas in Britain.

But the congressional representatives of rural areas made it quite clear that, unless their constituents could benefit, they would not vote for area redevelopment, and so the conditions for receiving aid under the Act were made broader than the experts had advised. They were also made broader than some of the communities themselves desired; last year a group of counties in Texas protested violently against the insult of being labelled depressed. But all Congressmen like to come up for re-election bearing concrete benefits from Washington. At one point it looked as if they would not have much to show from the Area Redevelopment Act, at least not in time for next November. There was much criticism of the slowness with which Mr Batt was producing results. But to comply with all the provisions of the Act is necessarily a slow process, and Mr Batt is determined not to lay himself open to charges of having flouted Congress or of having set bad precedents. First the areas must be certified as eligible for aid. Then each one is required to produce its own development plan, which must be approved by the state and then by the federal authorities as justifying the investment involved. Only after that can specific projects be considered. Thus it was not until April that the programme really got going; in that month more "job-creating" projects were approved than during all of the previous six months. Then one of the main purposes of the scheme is to co-ordinate all the government resources available and all of the existing programmes, such as those for channelling as many government contracts as possible into depressed areas and for new highways. Such consultation, and the sharing of authority with other departments, take time and can be frustrating but they prevent overlapping and duplication.

Retraining programmes were one of the first activities to be started in several places; money is provided for tuition and subsistence allowances and unemployed workers are trained for jobs that either are available—repairing automatic transmissions, for example—in the community or will be available—operating turret lathes, for instance—when a planned industrial project actually begins. There have been some setbacks: the number of nurses' aides needed in one West Virginia community was overestimated and the trainees could not get work. Many unemployed people are unwilling to admit that they will never get their old jobs back and many, especially in mining areas, cannot pass the required aptitude tests or have insufficient education to cope with complicated mechanical processes which modern industry requires. One promising project for training tractor drivers in Mississippi foundered on a combination of racial prejudice and fear of interference from Washington. But the scheme has provided valuable preliminary experience for the new and more far-reaching Manpower Retraining Act, which offers training for a much longer period and covers the whole country.

It is not only in retraining that the Area Redevelopment Act is a pilot operation for other undertakings. It will provide valuable experience also for those who handle the readjustment provisions of the coming Trade Expansion Act, designed to help businessmen and work people who suffer from increased competition from abroad. ARA's insistence on development plans parallels that which now comes from foreign aid officials dealing with under-developed areas abroad and the problems are often very similar. Both types of assistance are intended to provide new opportunities for those who have lacked them in the past. Area redevelopment is an official recognition—a rather belated one, many people think—that the United States has at home some of the same deficiencies that it has long been trying, at great expense, to remedy abroad.

Chicago's Oldest Bank Opens the Newest Bank in London

Address: 58/60 Moorgate, London, E.C. 2

Now in London—just as in Chicago—Continental offers a complete range of commercial and international banking services. The members of our London staff have been selected for their experience in both fields. You'll find them equipped to serve you well.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

58/60 Moorgate, London, E. C. 2
METropolitan 8561 • Cable: CONTINOIS

Wherever you do business

Our specialists in many fields, together with a worldwide network of correspondents and offices border to border throughout California, are ready to serve you in all types of international banking transactions.

UCB

UNITED CALIFORNIA BANK

13th Largest Bank in United States
Capital Funds over $165 Million • Resources over $2 Billion
INTERNATIONAL DIVISION
Southern District: 600 S. Spring Street, Los Angeles 54, Calif.
Northern District: 405 Montgomery Street, San Francisco 4, Calif.
Affiliated with Western Bancorporation International Bank, 61 Broadway, New York

Still Neutral on Laos

WASHINGTON, DC

GENERAL HARKINS, who heads the United States Military Assistance Command in South Vietnam, has also been named commander of the American forces in Thailand. In between lies Laos but it seems unlikely at the moment that the American forces in Thailand will enter Laos to defend the Mekong river line. No decision has been announced either way. "Let the enemy wonder," said Senator Humphrey. The *New York Times* suggested editorially that it might become necessary to preserve from further communist aggression that part of Laos which can be defended militarily and integrated with American defence of South Vietnam, calling this "*de facto* partition." But the official American view seems to be that Laos is now too full of communist pockets for this to be a solution because pockets cannot be partitioned. Therefore, in spite of the dispatch of troops to Thailand, apparently the main American hope continues to be that the Russians will still support a coalition government in Laos under a neutralist prime minister.

The Soviet reaction to the American troop movements is regarded in Washington as relievingly mild and Congress's reactions to the situation in Laos is described aptly as more mute than militant. There appears to be no plan to delay the release by August of the 145,000 American National Guardsmen and Reservists who were called up last autumn because of Berlin. While the Americans, not for the first time, are fervently hoping that Mr Nosavan will henceforth content himself with being a bad general instead of insisting on being an even worse politician as well, all faith in the fighting qualities of the anti-communist Laotians seems to have been lost finally. Some complain that, if only the United States government had withheld the general's pay cheque earlier, he could have been compelled into a coalition without the current disaster. The likeliest explanation for the failure of the United States to do this seems to be that the Administration was mortally afraid of being accused by Republicans of cutting off funds to "staunch" anti-communists. Certainly President Kennedy has shown little disposition to believe the reports from the Central Intelligence Agency that the general was really worth backing.

Some Americans are waking up to the fact that a neutralist government in Laos, even if achieved, will now really be only a thin cover for American disengagement from Laos. This in turn makes South Vietnam's situation more precarious. For some time it has been feared that factionalism within South Vietnam between Mr Diem and his non-communist opponents might by itself open the door to a successful communist take-over there. But the United States is committed to both Thailand and South Vietnam; this provokes sobering thoughts of American soldiers once more fighting communist Chinese.

Even-handed President

LAST week, while the President flew off to Atlantic City to lecture the United Automobile Workers on his wage policy, seven high-level members of his Administration were in Virginia, at a meeting of the Business Council, exchanging olive branches with Mr Blough, its head and the President's late antagonist on the steel front. Suspicion that the Administration is "anti-business" will be hard to eliminate, but none of the big businessmen present could deny that its spokesmen came bearing real gifts. The Treasury promised that more generous tax allowances for depreciation of capital assets, which have been long delayed and are greatly desired, will definitely be available to businessmen when they make their tax returns this year. And Mr Heller, the chairman of the Council of Economic Advisers, repeated his hint that substantial reductions in taxes, both on corporations and individuals, will be proposed this summer, in good time for Congress to act on them during 1963.

At the UAW convention Mr Kennedy plainly felt himself among friends, as he had not when he addressed the Chamber of Commerce. But he faithfully told the trade unionists that he expected them, as well as businessmen, to take account of the national interest in negotiations affecting wages and prices. He had two reasons for speaking with particular firmness. Mr Walter Reuther, the UAW president, hastily and tactfully agreed that in the long run wage increases should come out of increased productivity, not out of the consumer's pocket. But he argues that in the short run wage increases should exceed increases in productivity, partly because he thinks that real wages have lagged in the past, partly to enlarge effective demand and stimulate the economy into more rapid growth. The second reason for Mr Kennedy's outspokenness is that the UAW is involved in two sets of wage negotiations which businessmen regard as tests of the sincerity of his wage policy—in aluminium and, more importantly, in the aerospace industry, whose main customer is the government.

Any union—or businessman—tempted to defy the President had a new demonstration last week of how harshly he can turn on pure self-seeking. He pointed out icily that it is the savings and loan associations, that have paid practically no taxes up to now, which are stirring up a whirlwind of popular protest against the tax revision Bill. The House has passed it and it is now before the Senate Finance Committee; it would increase taxes on savings and loan associations. But their misleading propaganda has led many people to think that the provision for withholding taxes on dividends and interest is a new imposition. In fact it is only a measure to collect the revenue on over $4 billion of income which goes unreported and untaxed every year. The impression that the poor would suffer is equally untrue. But the Treasury would gain about $1 billion a year which at present other taxpayers are being forced to provide. This money would almost pay for the tax credit to spur new investment which is authorised in the same Bill.

Deficits Pay

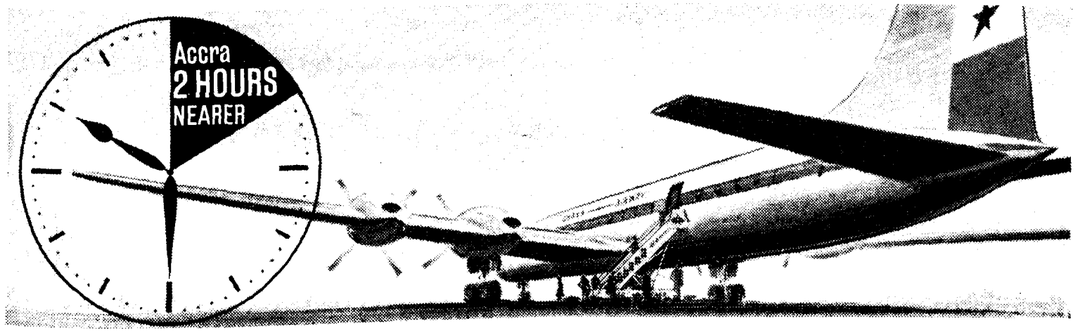
FROM AN AMERICAN CORRESPONDENT IN EUROPE

THERE must be an American somewhere—and a place surely exists for him on the editorial board of the *Wall Street Journal*—who can contrive to demonstrate that the economic performance of the United States in the past five or six years has been better than that of western Europe. As the mediaeval metaphysicians showed, a properly armed theoretician can prove anything and economic theory is most rewarding in this respect. At the very least, such an American should be able to argue convincingly that the continental Europeans, who have clearly done everything wrong, are headed for grave trouble in the "long run"—even though they may have been growing faster, investing more, making more profits, raising wages and living standards faster, avoiding recessions and maintaining full employment up to now.

By all the truths Americans have lived by, the continental Europeans must be in for dire trouble. Their economic sins are almost unspeakable. First, and by all odds foremost, their governments never balance their budgets—at least as Americans understand the term. More awful still, they do their best to avoid surpluses in these budgets. All of them have some nationalised industries; not one, for example, has that pillar of free enterprise, a privately-owned railway system. Almost without exception, they take more from their people in all forms of taxation than does the United

Accra next stop!

by GHANA AIRWAYS *Express*



Ghana is two hours nearer now that Ghana Airways Express flies direct from London to Accra. Every week a sleek, modern Britannia Jet-prop Aircraft takes off in the evening from London and touches down in Accra the next morning. This is the first non-stop air service between the United Kingdom and Ghana. It is the quickest way to travel between the two countries.
The Express Service leaves London every Tuesday evening and is only one of 5 regular flights every week operated in association with B.O.A.C.

Ghana AIRWAYS

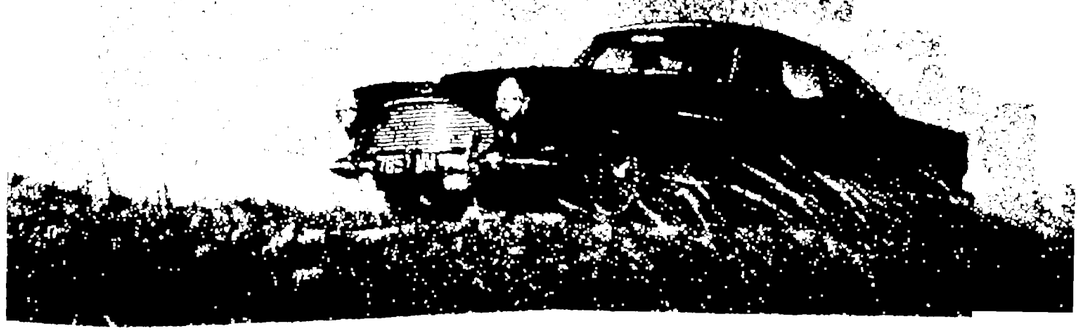
8 NEW BOND STREET, LONDON W1 or your TRAVEL AGENT

Choice of the Perfectionist

With its unique heritage of international racing triumphs, the DB4 Aston Martin is the embodiment of all that is most desirable in automobile engineering. No other car in the world so successfully equates fantastic performance with the very highest standards of safety and luxury.

THE ASTONISHING ASTON MARTIN

Aston Martin Lagonda Limited, London Showrooms: 99/97 Piccadilly, W.1.
London Distributors: Brooklands of Bond Street Ltd., W.1.



These securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

$20,000,000

Kingdom of Denmark

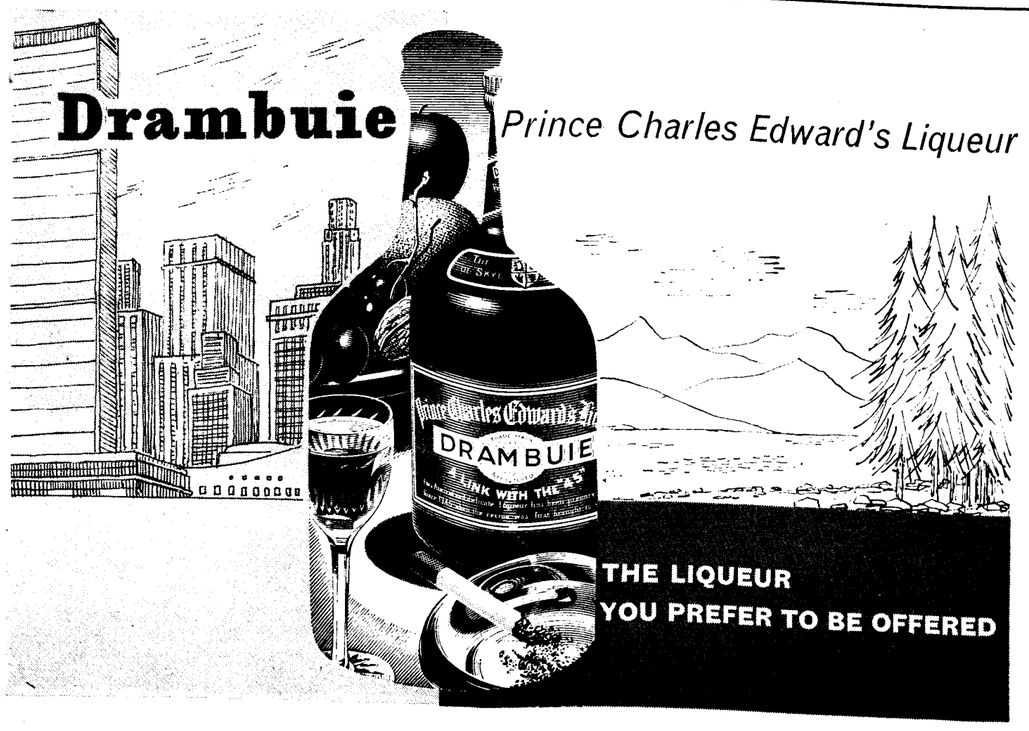
5¼% Fifteen Year External Loan Bonds of 1962

Dated May 1, 1962 Due May 1, 1977

These Bonds were offered by underwriters managed by the undersigned.

Kuhn, Loeb & Co. Incorporated
Smith, Barney & Co. Incorporated
Harriman Ripley & Co. Incorporated
Lazard Frères & Co.

New York, N. Y., May 10, 1962



States ; yet, unaccountably, " incentives " have not been dulled and " risk capital " has not dried up. Government spending in European countries rises giddily year after year, much faster than in the United States, and the welfare state knows no bounds. Most subversive of all, Europeans have been living in sin with creeping inflation for ten years, with hardly a dire consequence to show for it. They are virtuous enough to say that they hate themselves for doing it but they do it and nothing much happens.

It is clearly an unjust world that permits such economic sinners to go on getting richer and richer and at the same time permits them to take away nearly a billion dollars worth of American gold each year. The continental Europeans, in fact, are doing in economics what any sensible man knows is impossible: they are spending themselves rich. Unfortunately, all this has gone on with such good results for so long that the painful question arises of whether virtue and sin have not changed places. In the " long run " Europe may be doomed to suffer, but the long run seems to fade farther and farther into the distance. Europe is now in its fourth consecutive year without the shadow of a recession and looks like repealing the business cycle altogether. What moral does this hold for America ?

THE first thing is to decide which economic transgression has been most effective. Many of the people who have come to admire the profligate way of life in Europe have centred their gaze on a number of small things instead of on the essential big one. There has been study and approval of such factors as Monnet type national planning, a heavy concentration on indirect taxes in the " mix " of taxation and the aggressive use of rapid depreciation allowances for industry. These are all no doubt important and useful. But the one big reason for continental Europe's success story is the way government policy has affected total demand. By avoiding surpluses in their budgets by means of rapid rises in spending and occasional cuts in taxes, by keeping the supply of money expanding constantly, European governments have given Keynes in heaven (or at least in purgatory) the satisfaction of having been right. They have shown that a fiscal and monetary policy aimed, above all things, at high demand—when necessary created through bigger budgetary deficits and never curtailed by surpluses —is the way to make an advanced economy work well.

Between 1941 and 1953, when Americans, wringing their hands over the awful things which they were doing, had big and purposeful deficits and a steadily expanding supply of money, they also had a successful economy. Of all the " old days," the most pleasant to contemplate are those only a dozen years ago when it was generally hard to find labour in America—and those days saw the country " automating " considerably faster than it is doing now, measured by the rate of investment in plant and equipment as a portion of total activity. Nor is there any need to go to war to practise the sin of spending yourself rich. Building schools, for example, does just as well.

In 1953 Americans returned to the path of virtue and a policy of holding back demand by curbing the rise in government spending and making money scarce. There was a vast sigh of relief that sanity had come back. But by about 1957, plainly things began to go sour. Ever since then, Americans have been telling themselves all the wrong reasons why the economy has been working badly and growing slowly. They have ended by doing slightly better than the profligates across the Atlantic in the battle against the dragon inflation, but it is doubtful whether the spiritual comfort of this victory compensates the 4 million unemployed in America for the loss of the more crass pleasure of having enough to eat.

The conclusion to be drawn is that the American government should also try to spend its country rich. This means setting out aggressively to create, and then to maintain, a rapidly rising aggregate of demands. Probably the goal of surpluses in the budget should be dropped for good. A deficit of $5 or $6 billion in the forthcoming fiscal year should invigorate a recovering but still under-employed economy—always provided that the deficit is brought about intentionally by higher spending or a tax cut and not inadvertently through the failure of a sluggish economy to produce the expected receipts from taxes. To be successful, one must sin with a certain style. The tragedy of the recent American deficits is that they were unwanted and thus did not stimulate the economy very much.

But the economic Puritans will ask: what about the balance of international payments ? The answer is that the American balance of payments abroad fares better when the American economy at home fares better. With the exception of France, which for a while overdid sin and inflated right out of sight, the same has been true for Europe ; and now France, back to mere creeping inflation, is doing best of all. There is, in short, no evidence that a payments deficit is increased necessarily by full employment and rapid growth and they may easily reduce it. As for " confidence " the only real attack on the dollar occurred late in 1960 when the United States was heading into the most recent recession in its dreary series. Some European bankers may shake their heads about budgetary deficits in America, but these do not deter them from investing on Wall Street when the stock market looks good.

Corrupt and Discontented

REPUBLICANS in Maryland have only themselves to blame if, as seems probable, they fail to elect a Governor in November. In Tuesday's primary election they chose two lack-lustre candidates, Mr Small for Governor, Mr Miller for the Senate in Washington, while their best vote-getter, former Governor McKeldin, sat on the side-lines. He had refused to stand, allegedly because the rich men who normally finance Republican campaigns threatened to sit on their money-bags if Mr McKeldin were the nominee ; he is too moderate and too modern for them. Yet if there were ever golden opportunity for Republicans in Maryland, where they are often outnumbered, it is this year when the two top Democratic candidates have been slinging mud at each other. As a veteran district leader in Baltimore said with heart-felt feeling: "This is the worst I've ever seen ; it's a terrible thing when the public finds out what's going on."

Mr Tawes was renominated for Governor by the Democrats, but he won only 176,000—about 45 per cent—of their votes, compared with 261,000 in 1958. Over 124,000 votes went to Mr Mahoney, a rather shop-worn perennial candidate for high office, and 117,000 disgusted Democrats gave a big protest vote to Mr Hume, a candidate who had hardly any support from local Democratic organisations but whose strength was his insistence that the level of politics in Maryland must be raised. Early in the campaign the over-riding issue was the savings and loan (building society) scandal which has been rocking the state for years. But in the closing weeks Mr Jack Pollack of Baltimore, one of the very few remaining old-fashioned city bosses, dropped a bombshell: he invited newspapermen to listen to an alleged tape-recording of a conversation which he had held with Mr Tawes in 1958. This left few doubts that the Governor had promised a number of judicial appointments to the Baltimore boss in return for an immediate contribution of $5,000.

At first Mr Tawes protested that the tape was forged ; then that conversations about patronage with political leaders were normal practice ; finally that he did not give Mr Pollack all of the appointments which the boss demanded and indeed had kept Maryland out of his clutches. In fact the two fell out very quickly over patronage but until quite recently the Governor seems to have hoped to win back Mr Pollack's support. All this would have been

gravy for Mr Mahoney if he had not been the recipient of Mr Pollack's transferred loyalty; the voters were urged by the other candidates to wonder what Mr Mahoney might have promised. This boomerang effect may have saved the Governor's bacon; but Mr Tawes still has to reckon with a grand jury which started this week to determine whether he had violated the state laws against corruption.

Grain of Comfort

By a combination of procrastination, pressure and judicious lobbying the Administration has squeezed out of the House Agriculture Committee a Bill which extends to all the major grains the strict crop controls already applied to wheat, cotton, rice and tobacco. This means that the President's farm policy is still alive in spite of the fact that the Senate Agriculture Committee gleefully rejected almost all of his proposals for tackling the mountain of surpluses not by reducing price supports for farm commodities but by fiercer restrictions on production. But even in the House committee the final vote—which was only 18 to 17—had to be postponed five times to secure one vital Southerner; every Republican and three southern Democrats voted against the Bill. The Administration now hopes that the House will accept its committee's report and that the Senate will have second thoughts. The emergency programmes adopted for wheat and feed-grains are about to expire and need to be replaced by permanent legislation.

The Administration fared less well over its proposals to dam the flood of milk. The House committee would agree only to a voluntary scheme of incentives for producers who curb their output while the Senate committee eliminated the dairy section of the Bill completely. It also refused to make wheat farmers choose between cutting their production by 20 per cent or doing without price supports. The heart of the Administration's Bill, however, was its plan to bring maize and other feed grains under rigid controls for the first time. Farmers would have to accept these or sacrifice all supports for their prices. Over the objections of the Republicans and the Southerners, who are concerned about supplies of feed for their expanding herds, the House committee agreed. But its opposite number in the Senate kicked over the traces and substituted Senator Proxmire's suggestion for extending the present voluntary system, which makes individual farmers ineligible for price supports unless they reduce their plantings by at least 20 per cent from 1959-60. They are compensated for turning the land thus freed over to soil-conserving uses. The programme is popular with farmers and has been quite successful in reducing plantings, but less so in reducing production, since non-participating growers have stepped up their output and yields continue to rise. Senator Proxmire's objection to compulsion was that it would never obtain the approval of two-thirds of the producers of feed grains needed to bring it into force; too many of them grow feed only for their own use.

The Administration can take comfort, however, from the fact that both committees approved in principle of its plan to get farmers to convert some 50 million acres of crop land to other uses during the next twenty years. Land retired under the original soil bank is now being brought back into production as contracts expire and the most promising solution seems to be to persuade farmers to find other permanent and profitable uses for excess acres. These include recreational purposes, wild-life refuges and turning the land over to trees or grass.

Pan World Airline?

The two American airlines which compete across the Atlantic Ocean, Pan American World Airways and Trans World Airlines, carried only 37 per cent of transatlantic passengers last year, 3 per cent less than in 1960 and 26 per cent less than in 1950, although the total traffic on these routes has increased enormously; TWA lost nearly $3 million on its international operations last year (and a great deal more on its domestic ones) while Pan Am's profits were far lower than in 1960. In the circumstances it is not surprising that both the airlines and the Civil Aeronautics Board, the government agency which regulates them, are concerned about the situation.

The CAB is considering a staff report which proposes a return to the controlled competition which prevailed between the two airlines for a few years after the war, with Pan Am serving only the northern European centres, London and Frankfurt, and TWA having exclusive American rights to the southern routes to Europe but giving up its services east of Cairo. Pan Am would certainly not want to lose its lucrative traffic to Paris and Rome. Its solution is a complete merger of the two airlines, which would give the United States the single overseas air carrier which other countries already have and which Pan Am has always favoured—provided, of course, that Pan Am itself was this "chosen instrument." The merger would also give Pan Am the other thing which it has always wanted, domestic routes inside the United States. These the CAB has refused firmly to allow Pan Am to have and for this reason, among others, many people think that the agency would refuse to approve the merger if it ever becomes a formal proposal. Some guidance as to whether the CAB would agree to such a concentration of power in the air may come from its decision, not expected before the end of the year, on the proposed merger between American Airlines and Eastern Air Lines, now the second and fourth largest domestic carriers; United Airlines is the largest and TWA comes third. Together American and Eastern account for over a third of the internal traffic.

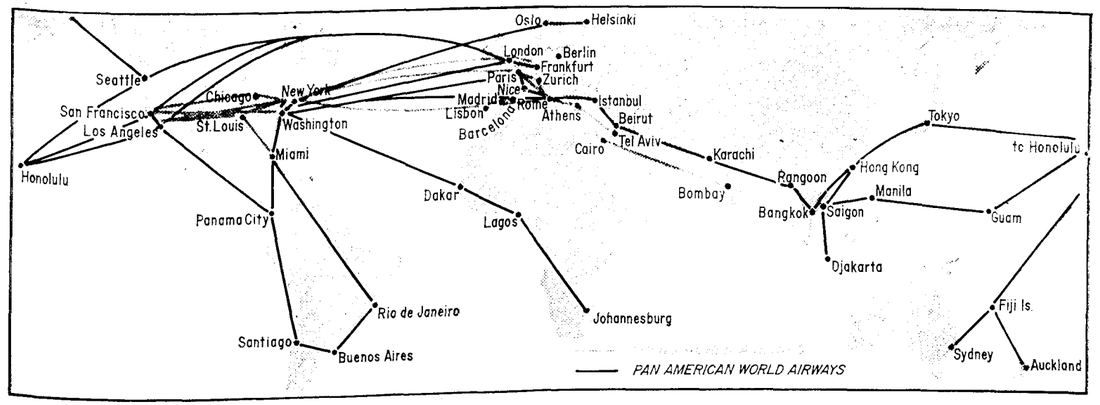
But even if the CAB accepted a single international airline as a matter of economic necessity, the Department of Justice's trust-busters might object and, as this is a question of foreign policy, the President's approval would also have to be obtained. Meanwhile, however, the negotiations between the companies themselves cannot get very far until the complicated problem of who controls TWA is settled. Mr Howard Hughes owns four-fifths of the voting stock but he was forced to put this into a voting trust in 1960 to get the airline out of financial difficulties. Now he is trying to regain control and, if he succeeds, Pan Am will have the almost impossible task of bargaining with this eccentric recluse.

SUBSCRIPTIONS TO THE ECONOMIST *Annual Postal Subscription by ordinary mail, UK and Canada £4.10; elsewhere overseas £5*
By air see below

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£12 5s.	—	Egypt	£7 15s.	—	Israel	£7 15s.	—	Philippines	£12 5s.	—
Canada:—			Europe	£6 0s.	—	Japan	£12 5s.	—	Rhodesia	£10 10s.	—
Quebec and Ontario Provinces	£10 10s. or $31·80	£8 5s. or $25·00	Ghana	£10 10s.	£6 10s.	'ordan	£7 15s.	—	South Africa	£10 10s.	£7 10s.
Other Provinces	£10 10s. or $31·80	£9 0s. or $27·25	Gibraltar Malta	£5 0s.	—	Lebanon	£7 15s.	—	S. and C. America	£10 10s.	—
Ceylon	£10 10s.	£7 5s	Hongkong	£10 10s.	£8 15s.	Malaya	£10 10s.	—	Sudan	£7 15s.	£6 15s.
China	£12 5s.	—	India	£10 10s.	£7 10s.	New Zealand	£12 5s.	—	USA	£29.50 or £10 10s.	$25 or £9 0s.
East Africa	£10 10s.	£7 10s.	Indonesia	£10 10s.	—	Nigeria	£10 10s.	£6 10s.	West Indies	£10 10s.	—
			Iran and Iraq	—	£7 15s.	Pakistan	£10 10s.	—			

NOTES: **Air Freight** is normally 24/48 hours slower than air-mail. Proportionate **Rates** are acceptable for subscriptions for less than a year (minimum four weeks). H.M. Forces at official service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year; surface mail rates and airmail rates for Gibraltar and Malta are as shown above.

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Crove, Rua Mexico 70, s/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Einar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Asselin & Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1; Conwa Grossovertrieb GmbH, Hamburg 1, Danziger Strasse 35a, Hamburg. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffmann, 28 Rue de Stade, Athens. HOLLAND: Van Gelderen Hoofdkantoor, N.Z. Voorburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau, Ltd., 701-706 Marina House. INDIA: Patrika, Syndicate Private Ltd., Gole Market, New Delhi, 1, or 12/1A Lindsay Street, Calcutta 16. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Steimatzky's Agency Ltd., Jerusalem, Tel Aviv and Haifa. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. LEBANON: Librairies Antoine, A. Naufal & Frères, Rue de l'Emir Bechir, Beirut. MALAYA: Messrs Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 384, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., P.O. Box 1595, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: A. R. S. Polona Krakowskie Przedmiescie 7, Warsaw. RHODESIA: Kingstons Ltd., P.O. Box 1498, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenflychtsvägen 70, Stockholm. SWITZERLAND: Agence Aeberhard, Case 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York, 22, N.Y.; Eastern News Distributors Inc., 255 Seventh Avenue, New York 1, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guacaipuro, Apartado No. 2589, Caracas.



Free Schooling till Twenty?

FROM A SPECIAL CORRESPONDENT

In all the controversy over education little attention is paid to the junior college. Yet there are now about 700 of these "in-between" institutions, with around 750,000 students—more if summer courses are included—or about one-fifth of all enrolment beyond the high school. A junior college usually offers two-year continuation courses for high school graduates, either in technical and vocational skills or in academic subjects as a preparation for further higher education. These institutions are often known as "community colleges" since their students, who usually include some older people, come as a rule from the surrounding neighbourhood and thus can live at home. Most of these colleges are supported by state and local taxes.

The junior college is the fastest-growing division of American education. Every year there are about 35 more of them; their students increased by 110,000 in 1961 and have quadrupled since 1950. California alone has 70 such junior colleges, with 100,000 students, and expects to have 300,000 in junior colleges by 1972. New York has 16,000, expects to have 80,000 by 1970 and plans to make its junior college system "the broad base of all state-supported higher education." A junior college tends to be started when the leaders of a community realise that many of its young people are being stranded on the educational beach after high school. One of its purposes is to give them the training—in nursing, typing, industrial electronics and so on—needed to find jobs. But it also encourages the abler students to go on to complete a four-year college course. Indeed, quite often a community becomes ambitious and turns its junior college into a four-year one—usually to the detriment of its vocational work.

The main problem of the junior colleges is that they have to compete—for funds, teachers and students—with the more powerful and better-known institutions. (As the president of one junior institution noted "If a body's warm and has a PhD, it's probably teaching in a university.") The junior colleges' main opportunity for growth comes from the enormous demand for better-educated citizens and trained technicians, particularly in electronics. Congressman Brademas of Indiana is sponsoring a Bill for federal aid to the junior colleges to train technicians—the "indispensable chief petty-officers of industry." Some educationists are even beginning to argue that twelve years of universal free education is not enough and that, in a period when man's knowledge is increasing so fast, everyone capable of profiting from two more years of education should be encouraged to do so. According to the President's Commission on Education Beyond the High School, just under half of all young people would benefit from fourteen years of schooling.

SHORTER NOTES

Hopes that a Philippine contingent may join the American forces in Thailand come at an unfortunate moment in US-Philippine relations. President Macapagal has just called off the state visit which he was to make to Washington next month because the House of Representatives has unexpectedly rejected a $73 million measure to clear up Philippine claims for war damage. Small claims—under $500—have been paid in full but only just over half has been paid on 86,000 larger ones. Some Congressmen suspect that the Bill would simply bring windfalls to Philippine businessmen who have done nothing to rehabilitate their country. There is hope that the House can be induced to change its mind.

* * *

Governor Faubus of Arkansas has decided that he is well enough after all to run for an unprecedented fifth term. The improvement in his health was reinforced by public opinion surveys which suggested that he would win the Democratic nomination in the primary election next July but he faces very strong opposition.

Trading with EUROPE

Since negotiations began for Britain's entry into the Common Market the Midland Bank has still further extended its services for traders both at home and abroad. In particular—

1 **A Panel for European Trade, consisting of officials experienced in international trade and economic affairs, has been set up to help traders in developing markets abroad.**

2 **Mr. Bruce Smith, a Divisional Foreign Manager and a specialist in foreign trade, is responsible for 'in the field' matters concerning European trade and spends much of his time on the Continent.**

3 **Representatives are available to visit any part of the United Kingdom to join in discussions of problems and prospects and are available for 'on the spot' discussions with businessmen visiting the Continent.**

You can make use of these services through any branch of the Bank, or, if you prefer, 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

Head Office: Poultry, London, E.C.2

OVERSEAS BRANCH: 122 OLD BROAD STREET, LONDON, E.C.2 2,330 BRANCHES IN ENGLAND AND WALES

THE BUSINESS WORLD

Oil Companies and Governments

It is to the interest of responsible oil companies to avoid as far as possible unduly high or low prices or violent fluctuations in the volume or direction of traffic from year to year—which have proved to be the usual concomitant of government to government agreements.

—THE HON. M. R. BRIDGEMAN, chairman of British Petroleum, annual statement to shareholders, 1962.

IN Ceylon this week the government-owned Ceylon Petroleum Corporation went on snaffling the best petrol stations and kerosene selling points on the island, for use in conjunction with storage tanks similarly seized from international oil companies to distribute the petroleum products it is buying from Russia's governmental *Sojuzneftexport*. Caltex, with a bellow of protest, closed its marine bunkering station and seemed on the verge of pulling right out of Ceylon. Stanvac and the joint Shell-BP marketing company there, which has suffered at least as much as the American companies but has the largest stake in the local market and in marine bunkering there, seemed for the moment prepared to sit tight.

Russian products are being distributed by a governmental marketing corporation, too, in India—though with less incursion upon the established companies operating there. That is not all that is at issue between these companies and the Indian government. But a fortnight ago Burmah-Shell, the biggest refining and marketing company there, offered unilaterally to tear up an operating agreement in India that the government contends is onerous, and operate under a normal industrial licence with a rupee company. Clearly, it hopes to be able to negotiate on all the issues between it and the government, but it is not making its offer conditional upon any particular points involved in them.

In Iraq, again, BP has been lifting oil from the new offshore tanker terminal south of Basrah harbour that the Iraq operating companies began to build before the port authority put exceptional cargo dues on Basrah oil, and long before General Qasim decided to ban company operations everywhere in Iraq except the small areas where they are actually producing. The companies do not recognise Iraq's act of expropriation as legal, but go on operating; General Qasim continues to rumble about further measures to restrict them, but reserves his noisier fulminations for Kuwait. And in Kuwait, as if to emphasise that companies have to be selective between host governments, BP and the Gulf Oil Corporation of Pittsburgh have just agreed to relinquish 50 per cent of the area of their onshore and coastal strip concessions, even though there were no provisions for relinquishment of any kind in the Kuwait agreements.

Companies engaged in the international oil business have at all times more kinds of governments than one to deal with, and different shades of government within each kind. What is common to almost all of these, nowadays, is an increasingly direct interest in oil; and some, of each kind, are seeking common interests in it and the influence to further those interests jointly. The "responsible oil company"—which in Mr Bridgeman's context means one not finally responsible to any one government, even if one government owns half of it—is naturally uneasy about this:

> Companies such as ours have a double function to perform in that it is their business to ensure at the same time a market for the producer and a dependable source of supply for the consumer. These objectives cannot be achieved by direct agreements between the governments of the producing and consuming countries except through arrangements which, by disrupting the normal channels, tend to leave the producer at the mercy of the consumer or vice versa, whenever the contracts are due for renewal.

So far, there has not been much talk about long-term contracts between governments—except, recently, in a cold-blooded analysis of the world oil market, characteristically inimical towards the major companies, produced by the Italian ENI (*Ente Nazionali Idrocarburi*) group. But Mr Bridgeman's apprehensiveness about the temptation for groups of consumer governments to get into direct touch with groups of producer governments is well-based.

CIRCUMSTANCES of surplus such as continue to surround the world oil industry, almost inevitably set many a government wondering whether it could not itself improve on the performance of such parts of the job done by the internationally-integrated companies as affect it. Non-integrated buyers of crude oil, be they independent companies established in some market or governments with some control of access to a market, can nowadays get oil at lower prices than those at which it is invoiced to affiliates of the international groups within their borders. Producer governments certainly cannot get better prices for their crude oil than those "posted" by the companies controlled by the international groups there. But some of them may feel they

can still get apparently better kinds of royalty and tax deals from newcomers to oil production—and perhaps later get these generalised to include existing concessions. And they may also feel that a united producers' policy may enable them to stabilise or raise prices, and even to reach some overriding understandings with consumer governments—not all of which want petroleum products, at least, sold at the lowest prices that competition can exact.

These circumstances of surplus are circumstances that have reduced BP's net return on integrated oil operations from 14.4 per cent in 1957 to 9.2 per cent in 1961. They reduced Shell's net integrated return from 15.3 per cent in 1957 to 8.5 per cent in 1960, though the decline was arrested last year and the percentage net return remained the same. Anyone even distantly cognizant of the tax angles involved in "net integrated return" for the international oil companies—each of which has a different spread of assets on which profits are made or taxable profits shown across the world—recoils from generalising comparisons here. But Shell in 1961 took credit for having achieved the same sort of internal rationalisation as some of the American integrated companies had carried through about a year earlier. This process earns no mention in the BP statement to shareholders. Perhaps BP feels that it put itself through the wringer after the Abadan affair, and ever since been as lean as some of the companies that now pride themselves on having taken a course of slimming. (This, it need hardly be said, would be debated.)

The surplus continues. So, it should be said, does an increase of about 4-5 per cent a year in oil consumption in the non-Communist world. Capacity to produce oil also increases at about the same rate ; this results from a continued and hectic exploration to locate more capacity to produce oil. Various institutional and political factors are built into this exploration effort ; tax offers its temptations here too ; and there are some genuinely gambling incentives, over time, to go on exploring, since the return on expenditure on exploration is random and may be fabulous. The pressure to spend money that will keep the surplus in being is high ; the likelihood—one Middle East having been discovered—that the surplus of productive capacity will continue for quite a while is even higher.

As Shell pointed out last month, the officially "posted" prices in the Middle East, which commemorate circumstances of market power no longer available to the major companies, have ceased to "represent the commercial value of crude oil." This is lower than these prices wherever deals are made freely with independent customers (and on occasion, even where deals are made with affiliate companies). If they invoice crude oil at these prices to affiliates in consuming countries, in most cases the integrated companies have to take losses on refining, since the prices they can get for refined products are influenced if not wholly set by the offers that independent marketers—let alone Russians—can make. The ruling level of product prices, for some months, has not been slipping much (though completion of the next instalment of refining capacity may bring it down again). But payments to producing governments—via royalties and taxes to bring the level up to 50 per cent of apparent profits—are based on the posted prices of crude. And this makes these artificial prices, meaningless except in an internal company context, practically irreducible. The royalties and tax paid to producing governments—in effect, an inescapable cost of crude—have therefore squeezed the net integrated return available to integrated companies. For these companies cannot, in their turn, escape meeting market prices for the petroleum products that they finally sell. Those product prices are not in all countries (consider Britain) quite as low as in the most freely competitive markets such as Sweden and Italy ; but they are becoming more realistic everywhere.

To a cool if friendly observer (such as, say, the European Common Market) it must seem possible that in the medium run this pressure on the net integrated return, from the production end, will continue to gain ground. This need not necessarily mean much further shrinkage of the total return—which in the cases of companies such as Shell and BP, on Middle East oil, must now be down close to the level of the public utility return that some of its critics would like to impose on this industry. It is certainly down to the level that might begin to inhibit the self-financed exploration for diversified sources of oil which some European authorities still believe to be a practical insurance against price-fixing by producer governments. This might, therefore, in accordance with pressure to protect domestic fuel industries, lead consumer governments such as those of the common market to support product prices ; or even to offer help in making funds available to carry on the exploration that the integrated companies have been accustomed to self-finance out of integrated profits on oil (shown, as a matter of convenience, on crude).

It is entirely reasonable to postulate a steadily continued, or even somewhat improving, rate of growth in demand for oil ; and once a major company has cut out much of its deadwood costs, as Shell clearly has, there seems room for a steady growth in gross income with some moderation in the growth of internally-controllable costs. It is a little less easy to assume that relative stability will continue in those elements of costs that are largely outside the integrated company's control, such as producer government revenues. The money may well be forthcoming to finance the requisite investment in downstream facilities and even in exploration that these integrated companies consider wise—though not automatically from self-financing. But it is becoming difficult to postulate circumstances in which the integrated international companies regain more freedom to manœuvre—or even to retain as much as they have today.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 713, 714, 717 and 718 on :

Bowater Paper, A. E. Reed, Wiggins Teape, Spicers, British Petroleum, Boots Pure Drug, De Beers, Rolls-Royce, Hawker Siddeley, Bristol Aeroplane, Reckitt & Colman, Burmah Oil, Rank Organisation, Sears Holdings, Beecham Group, Bovril, Allied Suppliers, Schweppes, Pressed Steel, Mecca, Insurance Reports

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 720 and 721

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 719

Dumping Chemicals

Last week, six months after certain British plastics producers had applied to the Board of Trade for anti-dumping duties on polythene from Italy and the United States, the Board announced that a case for action had been established. But there is in fact no call for it any longer: the dumpers have increased their prices. The Board of Trade has said that it will have to consider putting on a duty if polythene from Italy and the United States is dumped again. This threat should make it unlikely that more dumping will take place.

Before an anti-dumping duty is imposed, the Board of Trade must be satisfied that what is complained of really amounts to dumping, i.e. that goods are being imported and sold here at prices which are less than "the fair market price in the exporter's country." There must also be clear evidence that this is causing or threatening material injury to the British industry complaining, or will retard its establishment in this country, and that protection against dumping will be in the national interest. None of this is easy to prove ; the documentary evidence demanded is rightly formidable. The most difficult matter of proof is "material damage." The producer has to show that imports are taking a substantial part of the market and damaging his business, or that prices have been forced down by the competition to a level where he is unable to make a reasonable profit. The application is advertised and the Board of Trade invites the alleged dumpers to argue against action. This is a lengthy process, but the board is happy that it should be. It would rather not impose duties at all, and these things have a way of sorting themselves out, given enough time. Since the Dumping and Subsidies Act was passed, in 1957, there have been 32 applications, of which 13 were for duties on chemicals. Three orders for anti-dumping duties on chemicals have been made, out of a total of only five anti-dumping orders altogether.

These figures suggest that the chemical industry is peculiarly prone to dumping (or, at the least, to complaining about it). The high cost and large size of modern chemical plants make it overwhelmingly attractive to operate them as close to full capacity as possible, and to export surplus production at prices which can, if necessary, go down to marginal cost. The practice is only stigmatised as "dumping" when the goods are sent at a low price into another producing country—which may happen as soon as the traditional "third" markets of the non-producing countries are saturated. Many of these third countries have begun to build their own chemical industries and to protect them fiercely. Thus the gentlemanly system under which chemical producers only cut each other's throats far away from home has broken down. Moreover, the penultimate check against dumping—dumping right back—does not work against the main offender, the USA, protected by tariffs on chemicals which are among the highest in the world.

Historically, there are good reasons why Britain and the USA should have protected their chemical industries ; the first World War exposed the danger of relying on production in other countries. Both tariff systems remain basically as they were first conceived about forty years ago, and the chemical industries of the two countries which have grown strong enough to stand by themselves under this protection, have not exerted much pressure to have them changed. The Americans have at least been consistent by including in the old categories new chemicals as they were developed. Plastics, most of which were never thought of when the tariffs were first put on, are included as resins and carry a duty of about 40 per cent. In Britain they are not considered to be "synthetic organic chemicals" and carry a duty of 10 per cent, although the "chemicals" from which they are made carry 33⅓ per cent. Moreover, American duties on coal tar chemicals, a category that can be made to include almost all organic chemicals, are based not on their landed values but on the American selling price, which results in higher duties than the 40 per cent laid down ; for dyestuffs the duty is effectively between 80 and 120 per cent. The difference between tariffs in the United States and in most Continental countries is even sharper, some countries (Benelux, Scandinavia, Austria) having virtually no tariffs on chemicals at all. American chemical producers are thus in the happy position of being at the right end of a one-way valve, through which they can siphon off their surplus production without fear of reprisals. In few cases only is competition felt within their home market.

The chemical industry in the United States is by far the biggest in the world, with a turnover in 1960 of about $27,000 million compared with western Europe's $19,750 million. Even if there were no tariffs, size in this heavily capital-intensive technology gives American producers a great advantage in world markets. In this fast-growing industry capacity has outstripped demand, particularly in petrochemicals, its fastest-growing sector, where a habitual optimism (which has been called "impulse buying on a grand scale") unhappily bore fruit at a time of slight recession. The scramble from outside to get into the chemical industry, mostly by oil companies, has helped bring about massive surpluses: for instance, polythene capacity in the United States was about 180,000 tons ahead of consumption in 1961, which is more than the total British production. The effects of surpluses of this size on world markets have been dramatic. The price of polythene in Britain has dropped by half in recent years. In Europe, prices of many plastics, solvents and intermediates have dropped below the level where, according to some manufacturers, it is possible to make a profit. This is probably an overstatement, but chemical companies' results for last year showed drastic falls in profits in spite, in many cases, of an increased volume of sales.

Petrochemicals are not the only chemicals to be dumped, nor is the USA the only offender. The most recent anti-dumping order concerned ammonium sulphate imported from East Germany ; this and other fertilisers command prices in the free market—i.e. in non-producing countries—that are only a half to two-thirds of the prices in producers' home markets. The chemical industry in Italy has been growing at more than 12 per cent a year since 1953, and its petrochemical capacity will be growing by more than four times in the five years 1958-63 on present plans. This is another situation leading to surpluses and dumping, and Italy has

figured as the shipper in five of the applications for duties on chemicals. The problem is a general one: The United States, Britain, Italy and Japan are all dumpers of chemicals. But it is most aggravated by the massive size of American surpluses.

Ideally, everyone agrees, there would be no tariffs and dumping would look after itself. This is the solution proposed in the Rome Treaty for trade within the common market: while tariffs are being reduced between member countries, imports can be returned to the exporting country without the payment of further duties. But even if dumping can be dealt with in the common market in this way, there will still remain the problem of the United States. American chemical manufacturers are understandably seeking to hold their advantage and are bitterly resisting President Kennedy's attempts to liberalise trade. So long as there is a substantial difference between US tariffs and the common market external tariff, Europe will tempt American producers as a dump for their surpluses.

At the moment, no joint common market policy on dumping has been approved, but the Rome treaty lays down that, after the expiry of the transitional periods, the common commercial policy will include protective commercial measures to be taken in cases of dumping or subsidies. The acceleration of internal tariff cuts makes agreement on this more urgent than ever and in March, proposals on common commercial policy were submitted by the Commission to the Council. The first common action was taken this week, when the council drew up a list of products on which it may impose retaliatory duties if the USA decides to go ahead next month with increases of duties on carpets and glass; the list will probably include polythene and hydrocarbon solvents. The policies of common market members on dumping are widely different: France has shown her attitude by her recent quick action against imported US polythene and, the point made, removal of the duty; Italy and Germany are both considering legislation but the Low Countries have none at all. In Britain the 1957 Act is applied carefully and reluctantly by the Board of Trade, which considers that almost anything is better than more protection. (The department is sometimes called by interested parties, perhaps with a touch of bitterness, the "Board of Free Trade.") It is important that the differences between these countries should be aligned in a joint policy, but it is to be hoped that duties will only be imposed as a last resort.

BUSINESS NOTES

THE ECONOMY

Figures Fit the Optimism

ALTHOUGH the improvements in industrial production and in Britain's overseas trade recorded in official statistics published this week are not exciting, they are distinctly encouraging, and now arguably consistent with the optimistic forecasts about the economy that Whitehall has been offering for some time. They emphasise, incidentally, the difficulty of forming outside opinions on monthly data without the more elaborate forecasting upon which the Treasury and the National Institute of Economic and Social Research now rely.

A rise of £2 million a month in exports, allowing for seasonal variations, which was achieved in April as during the first quarter of the year, is consistent with an increase of about 9 per cent a year in exports. That was the figure that the Institute forecast for 1961 in its *Economic Review* last week, and it is one with which the Treasury is now at pains to say that it has no quarrel (it firmly denies ever having put out higher forecasts).

Similarly, one could argue that a rise of one point in industrial production in one month—such as is estimated to have occurred between February and March, after a two-point rise between January and February—could imply an increase in output of twelve points a year, or about 11 per cent. Nobody at present is drawing this comfortable conclusion from the current figures. For one thing, this index is quoted to the nearest whole percentage point. An increase from 113 (1958 = 100) to 114 can therefore mean anything from an increase between 113.4 and 113.6 to an increase between 112.6 and 114.4; there is a whole range of "underlying rates of increase" with which it is consistent.

A one point change, also, has a sizeable chance of being wrong; indices for particular months are often adjusted by a point (as those for the last quarter of last year were in the figures published this week). Upward revision of that quarter's figures, moreover, makes the average for 1961 itself nearly 114; although this has nothing strictly to do with what is occurring now, the rough-and-ready observer from outside may be unwilling to predict a boom simply from a recovery in output back to the level of March, 1961.

On the side of demand, the official economists remain confident about the rise of 4 per cent from April to April in consumer spending which the Chancellor predicted in his Budget speech. They have some questions about the latest figures on hire purchase spending; without too much reliance upon elaborate theories about the hire purchase cycle, they do expect quite an increase in new contracts this year as repayments run off. Nor are they as convinced that private investment is falling as some economists outside. On these assumptions, and taking into account increases in public consumption and public investment that are quite certain, they do not need to assume an impossible increase in exports to support their guesses that national output during the next twelve months may achieve the rate of growth that their new semi-official colleague, NED, would consider respectable.

OVERSEAS TRADE

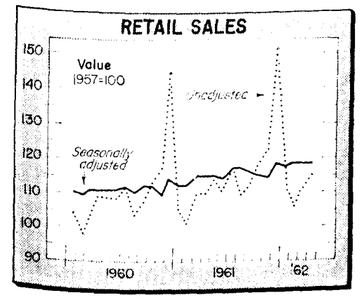
Not Brilliant but ....

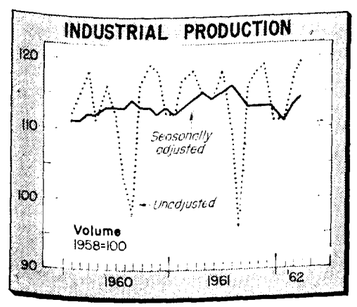
EXPORTS rose in April to continue the remarkably steady improvement since the turn of the year. But there is still not much steam behind this improvement; one bad month now could easily blot the copybook. Exports, seasonally adjusted, edged up £2 million to £314 million in April, the fourth consecutive monthly rise since the very low December figure of £297 million. But the average for the first four months of this year is still no more than ½ per cent higher than the average for the whole of 1961. The position looks a little brighter when exports in the latest three months are compared with those in November, December and January; on this basis exports show an increase of 3½ per cent. But the average for the January-April period of £308 million is exactly the same as for the same period of

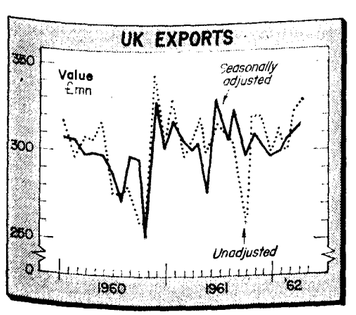
1961. Imports in April also rose fractionally, to £359 million, so that after crediting re-exports of £14 million the crude trade gap fell to £31 million—the smallest for eight months. Putting the valuation of imports and exports on the same footing, the trade account in April would actually be in the black.

Seasonally adjusted values — £ million per month

		Exports fob	Re-exports fob	Imports cif	Crude gap
1961	1st qtr.	309	12	385	64
	2nd ,,	305	13	363	45
	3rd ,,	309	15	357	33
	4th ,,	304	13	362	45
1962	1st qtr.	306	12	367	49
1961	Nov. .	305	14	359	40
	Dec...	297	14	350	39
1962	Jan. ..	300	12	380	68
	Feb. ..	307	11	362	44
	Mar...	312	11	358	35
	April .	314	14	359	31







WALL STREET

After the Storm

A correspondent cables:

FOR the moment at least, Wall Street appears to have weathered one of the worst storms in its postwar history. In the wild trading session on Monday prices seesawed from an early loss of over 9 points on the Dow Jones industrial average to a gain of 6 points at the close. There have been wider swings in prices since 1945, as in September, 1955, when President Eisenhower suffered his heart attack, but at no time since 1933 have so many small investors selling in tiny lots tried to get out of the market all at once. At one point, the stock exchange's high speed ticker lagged 34 minutes behind transactions on the floor. The great army of shareholders that the New York Stock Exchange has recruited, now estimated at some sixteen million people, came within a hair's breadth of panic, induced apparently by the possibility of hostilities in Laos. Though the machinery of the stock exchange nearly broke down, the actual trading volume was only 5.9 million shares—a busy day but not one, had it not been for the preponderance of small orders, to cause such extensive mischief.

The malaise was not caused by Laos alone. American investors have long thought inflation to be the *raison d'être* of equity investment, and they have still to adjust their sense of values to an economy where rising prices are no longer the order of the day. Foreign investors, who hold about 6 per cent of the shares listed on the New York Stock Exchange, are also becoming increasingly restive about the long term outlook for the American economy, particularly about the continued loss of gold and the unanswered question whether the United States may be forced to consider foreign exchange control as a means of meeting its balance of payments problem. In addition, the searching probe that the Securities and Exchange Commission is conducting into the affairs of Wall Street has inevitably chastened some of the speculative elements in the market.

Monday's turnaround came, as many observers had expected, when the institutional investors in general and the mutual funds in particular came back into the market just at the point when selling by private investors had reached its climax. This arrested the decline in the Dow Jones average at 626, roughly 14 per cent below the peak touched late last year. The market then rallied and by the middle of the week the average had climbed to 660. There appears to be little reason to expect a further upturn in equity prices now but, by the same token, the selling has cleared the air and brokers are not fearing an early resumption of the dumping of stocks that has characterised the market in the last few weeks. The basic reason for this belief is simple: business is still good and while the rate of advance in the economy may be disappointing to those who took Mr Heller's prediction of this year's gross national product of $570 billion seriously, it is nonetheless vigorous. Industrial production rose by another one per cent in April to a new record of 117 (1957-59 = 100); overtime worked in industry has gone up; and industrial profits are rising. With a rise in earnings coinciding with a fall in prices, shares are now more realistically valued. Using the broadly-based gauge of the 125 stocks included in Moody's Investors Service's industrial average, the market is now selling 17 to 18½ times its 1962 earnings, compared to over 22 times at the end of last year. By London's yardstick this may still look high but there are plenty of institutional investors who are quite willing to take the risk.

THROGMORTON STREET

Bright Periods and Showers

WHILE the gilt-edged market is convinced that a further relaxation of the credit squeeze, through the release of special deposits, is not too far away the equity market still wonders what is in store for the economy. Gilt-edged stocks have risen steadily, particularly in the medium range where some institutional and foreign buying has been reported, but equities have swung up and then down again, with the result that *The Economist* indicator over the week to Wednesday's close was 1 point lower at 355.7. Relief that the dock strike was settled pushed equities up early this week but the rally was not strongly based and the cut in the Rolls-Royce dividend unsettled the market. Steel shares again lost ground, partly on consideration of the latest by-election result, though they rallied slightly on Thursday.

A year ago the stock market might automatically have characterised the dock strike settlement as inflationary and marked equities up; but today British dealers, like their American counterparts, are more sceptical how far prices will rise even when industrial production expands. They agree that industrial profits should start moving up again as the recovery in the economy gets under way; but they are equally convinced that competitive pressures will keep the advance in earnings within fairly tight bounds. The market, too, has been having second thoughts about some of the equities—such as brewing, banking, insurance and store issues—which have been bid up to high prices and offer low earnings yields. In general, the improvement in production in March and the better trade figures for April have done more to hearten gilt-edged stocks than equities.

The speculative gains tax may also be having an effect on the industrial market. Before it was introduced a fall in prices often brought short-term speculators back into the market as buyers. Now there are signs that the new tax is inhibiting their actions and is widening the movement in

prices. The tax did not prevent the attractive offer by Ready Mixed Concrete (United Kingdom) of 750,000 ordinary shares of 5s. each at 24s. and a yield of 4¼ per cent from being oversubscribed 60 times. The existence of the tax means that new issues terms have to be that much more attractive ; but clearly it was the five-fold increase in the profits of Ready Mixed Concrete in six years which ensured the success of the issue. This offer for sale was underwritten but the £9.8 million rights issue by Thorn Electrical of "A" non-voting ordinary shares, which are unpopular with the institutions, was not. On the other hand, "substantial shareholders" entitled to more than a third of the new shares have indicated that they will exercise their rights. Two years ago the institutions successfully blocked a scrip issue by Thorn of non-voting ordinary shares. Whether the attractive terms of the rights issue will outweigh the objections this time or whether the institutions will sell their rights in the market remains to be seen. Both ordinary and "A" ordinary shareholders are offered one "A" share at 45s. for every two shares they own ; helped by the forecast of maintained profits and a higher dividend (27½ per cent, against 25 per cent) the existing "A" shares stand at 76s., to make the rights worth 10s. 3d. The indicated ex-rights yield, however, is no more than 2 per cent.

THE EXCHANGES

New Rate Under Pressure

WITHIN a fortnight of its effective devaluation to 92.50 cents to the United States dollar, the Canadian dollar has fallen well below its parity and touched a low point of 91.80 on Wednesday. Nothing seems to go right for the Canadian authorities. The floating rate failed to float ; Mr Fleming's "significant discount" at first appeared only reluctantly and later was restrained from galloping away only at great cost to Canada's reserves. Now the new fixed rate is looking sick.

Immediately before the rate was fixed the Canadian authorities were large sellers of Treasury bills ; the inference is that they wanted to build up funds of Canadian dollars in the belief that the exchange rate, once fixed, would move towards its ceiling. That the rate has moved in the opposite direction suggests that authorities misjudged the margin of devaluation necessary to hold the downward pressures on the rate. Mr Rasminsky, governor of the Bank of Canada, now has the difficult job of managing this rate. Although the official support points for the Canadian dollar (under IMF rules) are around 91.57 and 93.43, the authorities let it be known after market hours on Tuesday that they would support the rate at 91.74 and 93.24. Since then the rate has tended to recover, and it closed on Thursday at 91.90. It is also reported that some of the grain companies who have been running substantial short positions since the devaluation are now taking their profits with consequent improvements in the rate. The Bank of Canada has certainly been in the market, although to what extent is not known ; it is possible that Mr Rasminsky will take the opportunity of squeezing the bears and convince the speculators that Canada intends to stick to its new rate.

Sterling has strengthened this week on two pieces of news. The dock strike that did not materialise took the rate against the US dollar up a 1/16 cent to $2.81 7/16, and the reaction to the trade figures on Wednesday added a further 1/16 cent. There has been a substantial inflow of foreign money to the London local authority loan market this week, attracted by the interest differential of around ¼ per cent on a covered swap from Euro-dollars. The premiums on hard and soft dollars and the discount on security sterling have widened over the week. So far the market is unwilling to attribute these movements to any particular cause, but one explanation that finds favour is that the uncertainties on Wall Street have induced some Americans to cut-back their British investments, for which they receive security sterling, while some of the demand for hard and soft dollars is reported to come from British investors looking for bargains on Wall Street.

COTTON TEXTILES

Bad After Good?

No doubt a large section of the cotton industry believes that the Estimates Committee on assistance to the industry gave a clear cut endorsement of its case against imports in its report published on Monday. The conviction that the industry was rebuffed yet again when it put its case before the Prime Minister on Tuesday seems equally deep-rooted. The Estimates Committee found that though the money voted by Parliament had been used in the way intended to promote the modernisation and efficiency of the industry, "failing a speedy and satisfactory solution to the related problems of imports, marketing and the fuller use of plant and machinery, much of the expenditure incurred will have been to no purpose."

In these circumstances it might be as well that less than £25 million of the estimated cost of £30 million for the reorganisation scheme will probably by committed in this way. When the scheme was launched outsiders were allowed to labour under the misapprehension that the money would eventually make this industry viable without further expedients. If limitation of imports is to be the main bastion in the industry's defences, the money could have been spent to better purpose elsewhere. If it is not intended to bring the industry to the pitch of efficiency at which it can compete on level terms with imports, there is only a shaky case for spending government money to raise the industry from one level of uncompetitiveness to another.

The industry's plea to the Premier was that it should not be expected to wage a war on two fronts. Relieved of anxiety over Asian competition in the rear, it believes that it would be a match for European rivals. If it were not there could hardly be any grounds for discussion. The Cotton Board delegation asked for an extension of the period of assisted re-equipment, and lower limits on imports of Commonwealth cottons. In contrast to earlier agreements, it wants the government and not the industry to take the initiative in negotiating a renewal of restrictions with Hongkong, India and Pakistan, and asks for new import quotas to be based on the current level of imports, which is well below last year's peak. Above all, it wishes to check the habitual expansion of these quotas on renewal, and to see other countries bear a fairer share of the burden. What other countries do is mainly their own affair. But it is doubtful whether the new statement promised by the government will reveal any desire to protect its "investment" in this troubled industry.

SOUTH AFRICA

Embarras de Richesse

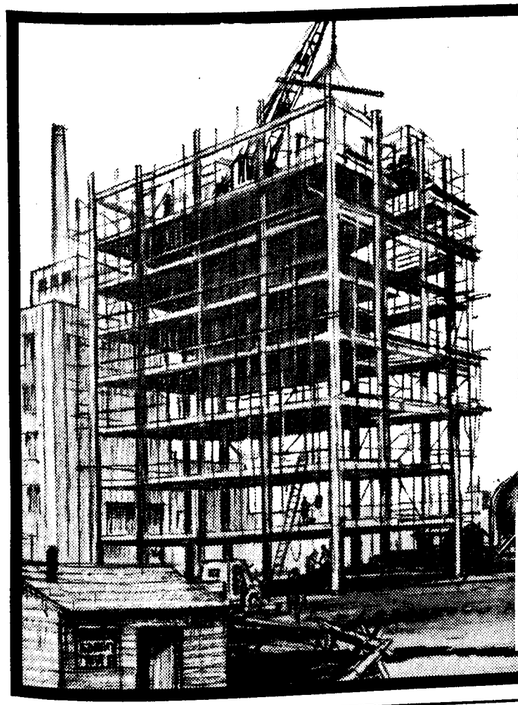
A Johannesburg correspondent writes:

FROM a low point of little more than £70 million last June South Africa's foreign exchange reserves have climbed steadily to over £180 million—higher than they have been since 1947. And last week South Africa received a £3½ million loan from the Deutsche Bank at 6 per cent for 10 years—terms that indicate a marked confidence in South Africa's future. Indeed only five months ago the Deutsche Bank made a similar loan to South Africa, but on that occasion it was for only two years with the possibility of a one-year extension. The rise in South Africa's reserves has been due not only to control on current and capital transactions ; it has also been helped by the sluggish business conditions and slack consumer demand which have bedevilled South Africa's economy since Sharpeville. Indeed it is possible that total imports would have been little higher in 1961-62 had there been no quotas at all.

As the reserves have piled up, liquidity has built up too. This pressure of money first checked and then reversed the previous rise in short-term interest rates and eased a tight capital market to allow a reduction in Bank rate last December to 4½ per cent from the 5 per cent to which it had been raised in May, 1961. This cut was supposed to give the green light to business to make use of the ample credit for expansion which earlier had been affected by political uncertainties. But business spending has shown little reaction so far because in many industries there is still under-utilised productive capacity.

Further increases in reserves, heavy over-

A MERCHANT BANK AT WORK



Long Term Finance

Progressive companies of standing who do not wish to finance expansion by additional permanent capital frequently supplement their own resources by long-term borrowing, thus enabling them to develop their businesses more widely and rapidly. For example, a company wishing to build a new factory and to equip it, might decide to find the necessary funds for such a venture by the issue of debentures. We, as merchant bankers, are experienced in arranging finance of this nature. On the one hand, our close connections with industry and commerce enable us to make an accurate assessment of the status of the borrowing company; on the other hand, we enjoy the confidence of insurance companies and other institutional investors, and are thus able to be the link between those seeking long term finance and those interested in providing it.

M. SAMUEL & CO. LIMITED
Serving Industry and Commerce
ESTABLISHED 1831
SHELL HOUSE 55 BISHOPSGATE LONDON EC2
Telephone: London Wall 1501

AESOP-TO-DATE

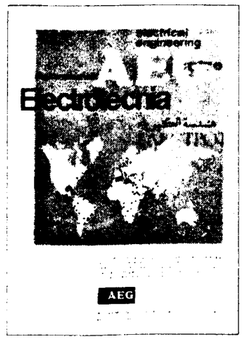
The Lady and the Lion Cub

A Lady bade her faithful Swain
Caress her Lion Cub,
But when he would perforce refrain
He earned himself a snub.
Milady's cub was full of spite
To scratch it was not loth.
Its teeth could give a nasty bite,
And harm could come from both.
So when Milady said, Begone
And darken not my door,
Her Swain sought con-so-la-tion
In Guinness at "The Boar".
'Twas here that later he was told
Of his successor who
Had by the beast been roughly mauled.
(The Cub's now in the Zoo).

MORAL (*Ladies Only*)
Don't make him love you *and* your pet
And so become a bore,
Or you may find to your regret
That he loves Guinness more.

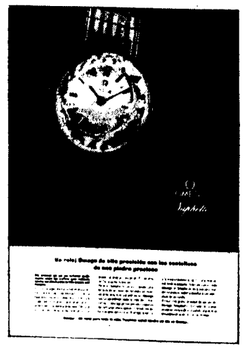
Guinness is good for you—and me

Here are 9*ads from outside the western hemisphere



*of 1069 ad pages in Vision in 1961, 585 were from Europe and Japan

vying for the Latin American market in Visión



The opportunity of Latin America is felt around the world. Manufacturers of watches and diesels, producers of lenses and liquors, transports of the land, sea and air, refiners of petroleum and chemicals, builders of roads and factories – all aim their advertising directly at this fast growing major market. The medium they choose: Visión, the largest news-magazine in Latin America. Would you like to see a copy?

VISION Incorporated • Vision Building • 635 Madison Avenue • New York 22 • 212 MU8-7500
Chicago • Los Angeles • San Francisco • London • Frankfurt • Tokyo • Mexico City • Santiago • São Paulo • Rio de Janeiro
London Office: Norall and Hart Ltd., 28 Bruton Street, W.1. Grosvenor 8356.

subscription of new issues, and the steep decline in money market rates, have renewed pressure on the Reserve Bank for another cut in Bank rate. Last week Dr M. H. de Kock, its governor, made it plain that he had set his face against one. His view is that the economy may forge ahead again towards the end of the year under the impact of the big spending on public sector projects. And he emphasises the difficulty of the central bank in persuading the commercial banks and building societies to follow its lead by reducing their lending and deposit rates.

So Dr de Kock has chosen instead to unhitch Treasury bill re-discounts from Bank rate. As the bill rate has declined to less than 3 per cent, the penalty gap has widened steadily to more than 1½ per cent, and the money market's month-end journeys to the Bank have become increasingly expensive. The gap has also been costly to the National Finance Corporation which, when faced with large withdrawals of call money, had to raise cash by heavy rediscounting of Treasury bills. For the time being the Bank will therefore set a special re-discount rate for Treasury bills at ½ per cent above the current tender rate. This move has been criticised as evidence of the Reserve Bank's failure to show the banks and building societies who decides monetary policy in South Africa. But the fact that the legislation under which they operate—and compete for deposits—is currently being examined by a committee of enquiry can hardly set aside the Bank's responsibility for keeping interest rates as low as may be safe, particularly when everyone is demanding an early and sustained business revival. A possible upturn in business by the year-end is surely no argument for not lowering rates now.

BUILDING SOCIETIES

Another Voice

STATISTICS published by the Building Societies Association, covering about 77 per cent of the total assets of the movement, show that net receipts in the first quarter of this year were better than in the fourth quarter of last year. Excluding interest credited to investors' accounts, the net inflow in the first quarter amounted to £49 million compared with £26 million in the fourth quarter. The poor inflow of funds towards the end of 1961 is reflected in the low level of mortgage advances in the first quarter of this year: at £88 million advances were the lowest for any quarter for three years. The societies were deliberately maintaining their liquid resources at a high level and the liquidity ratio of 15.4 per cent at the end of March compares with 15.3 per cent at the end of December and with 14.5 per cent at the end of March, 1961.

The decision by members of the association to leave their rates unchanged while interest rates elsewhere in the economy are falling should stimulate the inflow of money this year. The amount advanced on new mortgages will certainly rise in the current quarter. But not every society agrees with the association that lending and borrowing rates are unlikely to be reduced this year. The biggest of them, the Halifax, is still outside the association; at the annual general meeting, the president, Mr L. A. D. Maclean, has again proclaimed its independence with the statement that "circumstances might arise which would make it both prudent and desirable to make some changes" in the Halifax's interest rates. When the Halifax offers and charges the same rates as other big societies, its inflow of money is stronger than theirs. This can be embarrassing in the sense that the Halifax then has to push up its mortgage lending, with the risk that expansion can soon become so fast that its reserve ratio is threatened. Its habit of thinking and acting independently and differently from the other societies has its own logic.

TIN

Stockpile Jig

IT now seems almost unbelievable that three years ago the International Tin Council's buffer stock manager was holding the price of tin so stable that he drew protests from dealers on the London Metal Exchange that he was ruining their business. The price of tin is now fluctuating so unpredictably that some regular users of the exchange are temporarily nonplussed. On Friday of last week cash tin fell £11½ to £904 a ton, the culmination of several weeks of tumbling prices. Over the weekend the International Tin Council owned up to having met last week and despatched a letter to the American authorities concerning releases of tin from its strategic stockpile. The council has also called a full meeting for May 22nd to discuss the matter, though its next session had been fixed for July 10th.

Cash tin rebounded £17½ to £921½ a ton on the news and the recovery was extended to £925½ on Tuesday. But overnight reports were received that the full Armed Services Committee of the House of Representatives had endorsed its subcommittee's approval of the government's request for permission to sell 50,000 tons of tin from the stockpile, an event that could clearly be foreseen. But cash tin dropped £15½ to £910½ a ton in the Wednesday morning session of the Metal Exchange. Later in the day a message was received from Malaya that its government proposed through the ITC that a "cut-off" price should be agreed for sales of American tin. The "cut-off" price was set—optimistically it appears—at the ITC "ceiling price" of £965 a ton. Tin promptly bounced back to £916½ a ton.

This Gilbertian setting leaves no scope for weighing customary market influences such as the level of stocks and possible developments in Laos. The ITC has helped no one by not revealing the nature of its communication to the United States. But that is a minor imponderable in this messy situation. Some large purchases of spot tin were coupled with sales of forward metal. On the first three days of this week the prices of spot and forward tin have been identical, a rare occurrence that bears witness to the market's cruel dilemma. On Thursday, spot tin bounded up to £924½ a ton, but then fell back to £919½-£921½ (an exceptionally wide quotation) in the afternoon.

OFFICE STAFF

Girls for Hire

OFFICE workers' summer holidays provide "the London season" for flocks of migrant shorthand typists—and the bread, butter and jam for the people who provide the typists. Clerical staffs have a chronic tendency to multiply, and with them increases the demand for temporary staff—which persistently runs ahead of supply during the holiday period, in spite of the rapid growth of agencies specialising in supplying temporary secretaries. It is quite common for a girl who earns 10 guineas a week to be replaced when away by one who costs 14 guineas—a difference which, multiplied several times over, makes quite a large addition to the employment bill.

Frequently, indeed, the difference in cost represents mainly the fee charged to the employer by the agency—which remains her formal employer. A temporary shorthand typist may well be hired out in London in the summer for 9s. 6d. an hour for six hours of work a day; of this, she will perhaps receive 7s. 6d. plus insurance contributions from the agency. Overtime rates—admittedly often paid out of the petty cash and not reported—usually go to the agency only, not to the typist. Experienced secretaries do no better at temporary than permanent work, though many married women prefer occasional employment for other reasons.

At the height of the summer and the shortage, some agencies seek and offer typists at rates well above even the more expensive standard fees. The Employment Agents Federation is now attempting to control this free market by "insisting," this year, on the observance by its 193 member agencies in London of maximum payments to temporary typists. During the summer these maximum rates are 7s. 4d. an hour for a shorthand typist and 6s. 4d. for a copy typist. Last year virtually all the federation's members kept to the recommended maximum without obligation. So

this year's gesture must chiefly be regarded as a weapon for the association against non-members, who make up about 40 per cent of London agencies. These non-members, while the demand holds up, may prefer to secure the services of the girls by paying more, so long as this enables them to get more business and their cut of what employers are prepared to pay.

Nobody has made any rules, however, about the size of the cut to be taken by the agency, or recommended maximum scales of charges to employers. Some agencies vary wages according to ability but charge the same fee to the employer, whether the girl herself is actually paid ten or twelve guineas a week. Relating fees directly to earnings would mean a more elaborate scale of charges. But this might be a small price to pay for greater fairness to the temporary worker and the employer for whom she actually works.

ELECTRICITY GENERATION

Backing Both Horses

THE million-megawatt power station that the Central Electricity Generating Board wants to build at Kingsnorth on the Medway estuary will be the first in Britain designed from the outset to burn either coal or oil. For a station that is close to the refineries of the Thames estuary and can also get coal in by sea from the north-east coast or south Wales, such flexibility has an obvious appeal as a means of strengthening the CEGB's bargaining position with its rival suppliers. The extra cost of the station does not seem to be very great ; equipment for storing and handling two fuels instead of one has to be installed and the furnaces designed for both. But if the estimated cost of under £40 million is attained, the price of flexibility would be only £2 or £3 a kilowatt. Like the 14 stations in Britain that already burn oil—out of the 232 the CEGB runs—Kingsnorth will be designed to use heavy residual fuel. The board has not gone as far as some Japanese stations in designing plant to burn crude oil if necessary—ignoring the " valuable " light products that are often nowadays hard to sell—but it probably could not buy crude oil as cheaply as Japan can. It takes quite a time to convert one of the other 14 stations to burn coal—the burners have to be replaced—and the cost of changing rules this out unless something really dramatic happens to fuel prices.

The Kingsnorth station could be built by 1967 if the CEGB gets the planning permission it has requested from the local authorities and consent from the Ministry of Power. The site is marshland which the CEGB already owns, and is big enough to allow the station to be expanded to a capacity of 4 million MW. Feeding into the grid at Northfleet, 12 miles away, the new station will help ease the problem set by the growing demand for electricity in south-east England. But the Board says that this would not affect its desire to build other stations, nuclear or conventional, along the south coast.

JUTE

Pakistan Stumped?

ALL Pakistanis, it seems, do not play cricket. The authorities have therefore been forced at last to declare a temporary end to export price control of jute after a stubborn innings. The working—or malfunctioning—of EPC was simplicity itself. An export price was fixed from time to time which should have ensured that Pakistan obtained full benefit of its virtual monopoly of raw jute supplies for the outside world. An absolute minimum export price was also fixed for the season, below which no exports were to be permitted. The flexible EPC price has not been scrupulously observed, to say the least, by shippers. Neither has the long stop seasonal minimum. The tug-o'-war between western spinners and Pakistan over prices has been going inexorably in the spinners' favour this season, and the shippers' readiness to court displeasure has prevented Pakistan's delaying tactics causing a bigger disruption to the flow of normal trade than it did.

A holiday in the East muffled the impact of this week's suspension of EPC. For jute firsts the absolute seasonal minimum was £13 a ton below the last EPC rate. But lightnings were within £2 a ton of the bottom rung, and hearts were already at rockbottom and being freely dealt in unofficially below the minimum. Following news of the supension of EPC, London Jute Association firsts fell by £4 to £105 a ton, though they already discounted the prevailing EPC rate. Following the jute famine, this grade is still relatively scarce. No decision has yet been taken by the Pakistani government on the establishment of a jute buffer stock, which was the subject of a recent international meeting.

Pakistan has already been jostled out of its formerly impregnable position in jute. It seems unlikely that it will again be capable of independently restricting jute acreage under any pretext to raise prices. Since partition, India has expanded its output of jute until it is comparable with that of Pakistan, and aims at self-sufficiency. It has just agreed to sell up to 100,000 bales of low grade jute to Russia, its first export for some time, which contrasts with the recent shortage of jute in India. In fact, India has now been compelled to establish a buffer system to protect prices. The deal with Russia might have influenced Pakistan's decision to scrap its price controls temporarily ; it seems that competition in raw jute between the two countries might not be far away.

For its part, Pakistan has built up its mill capacity, aided by the weighting of jute export prices against foreign competitors, who enjoy the protection of their own governments only in their home markets. A further four mills are planned in addition to five new ones already decided upon, which will bring the total to 23. Like a worm sliced asunder, partition has produced two integrated jute industries in the Asian subcontinent where only one previously existed. Though weather conditions have improved it is said that a substantial fall in jute production is likely this year, and it has been questioned whether the present, and relatively low, price level, which might have discouraged growers, will benefit the jute industry. What does seem certain, however, is that high prices encouraged a rapid increase in substitute fibres such as kenaf in Thailand, and probably stimulated greater substitution for jute goods by other materials.

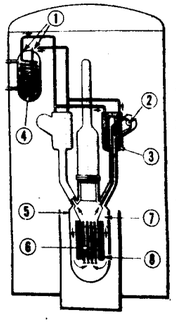
Curtain-Raiser for Euratom

THE Atomic Energy Authority has had some small foretaste in the past three years of what it will be like to work as a member of an international team like Euratom. In 1959, the OEEC's European Nuclear Energy Agency agreed to contribute £5.7 million and about half its senior technical staff towards the estimated £13.6 million cost of a five-year investigation into the promising nuclear system now known as Dragon at the AEA's Winfrith Heath establishment. At the end of the period, the reactor was to become the property of the AEA. Whether anyone seriously believed that Dragon could be harnessed so quickly or cheaply is open to doubt. Certainly after three years' work, during which the estimated cost has risen by a relatively modest 15 per cent, the twelve countries sharing the experiment are reconsidering their position. A " stretch-out " of the programme has been proposed from five to eight years ; this would bring the probable cost to £24 million, which may lead some of the smaller countries to ask for their share in the experiment to be reduced and also to some re-assessment of the AEA's role, since it will no longer be so attractive to the authority to take over the reactor at the end of this longer period.

The OECD countries have no reason to feel displeased with their investment. The Dragon system is difficult to build, and it is not a candidate for commercial nuclear power before 1970. But it is one of the most promising of the advanced reactors on the stocks. The system on which it works sounds disarmingly simple. Take a Calder Hall reactor, shrink it in size, increase its temperature to more than 1,000°C, and the result is a compact, highly efficient system of nuclear power. In practice, the difficulties of engineering this concept are great. The high temperatures involved mean that the internal structure, including the containers for the fuel, must be made entirely of graphite, a material with many weaknesses. One of these is that at high temperatures it reacts with every suitable cooling gas except helium. Somehow, to save the graphite from attack, chemists must remove 99.9999 per cent (to four decimal points) of the impurities present in the helium before they allow it into the reactor. This can certainly be done in the quantities required for Dragon, which gives no electricity and only 20 MW of heat, but power station engineers may flinch from the thought of repeating the process on a commercial scale.

Once in, the gas must be protected against re-contamination through leaks, and fascinating tricks have been thought up to produce a virtually leak-tight structure. The right form of fuel now remains one of the biggest headaches. One design will inevitably contaminate the helium with radio-active gases produced at each fission, and unless these can be purged out of it all the cooling circuits will become steadily more radio-active. This purging can be done, but it adds to the capital cost. The other type of fuel should in theory prevent any of these fission wastes from escaping at all, but this may be difficult to achieve in practice.

Dragon will test both systems when it is loaded with fuel late next year. Its importance to the British and European nuclear programmes is that it introduces thorium, cheap and freely available, as a possible nuclear fuel (thorium turns into a form of uranium suitable for reactors) for future generations of reactors. Also—most important for Britain—it is a backstop against trouble with the elaborate " fast breeder " system being developed for the 1970s at Dounreay. The Dragon system, with its high gas temperatures and graphite structure, is also being developed in the United States, which speaks volumes for its commercial promise.



1. Secondary coolant (water/steam) inlet and outlet.
2. Gas-bearing circulators.
3. Primary heat-exchangers.
4. Secondary heat-exchangers.
5. Pressure vessel.
6. Core.
7. Primary coolant (Helium).
8. Graphite.

COARSE GRAINS

Dear Barley

BARLEY which Mr Maudling refused to have dumped here at £15 a ton last summer during his spell at the Board of Trade would recently have fetched £25 a ton. Though this appears to have been bad business, it was not sheer folly ; the deficiency system of subsidising agriculture produces a twisted reasoning of its own. Britain is nearing self-sufficiency in barley grown under a system that ensures the farmer a return of £27 11s. 8d. a ton. When the world price for barley, which still mainly dictates market prices here, reflects a glut of cheaply produced barley the bill for deficiency payments is unbearable. Hence Mr Maudling's ban on barley landed here, duty paid, for less than £20 a ton. Animals eat most of the barley. If the government bows to pressure to raise the minimum import price towards the common market's lower price target of about £25 a ton they will be the chief sufferers from dear food and the Exchequer will get most of the protection.

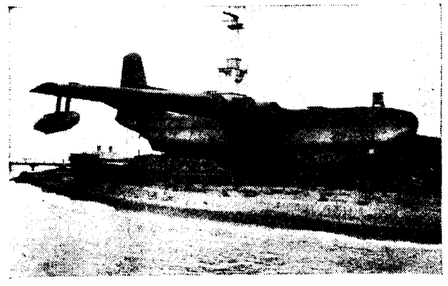
Barley has made nonsense of many widely held beliefs, including the idea that barley and maize are largely interchangeable so that their prices cannot diverge far. This belief has been shaken by the incontrovertible evidence that barley is about £25 a ton, not much cheaper than the best quality wheats, while maize remains at about £20 a ton. Barley is dearer than at any time since 1957 ; maize, which is considered more nutritious, is no dearer than a year ago. Following the draught in North America, available stocks of barley have been depleted. Conditions on the prairies have only recently been improved by rain. China has bought barley, but as the United States will still not deal with China, America's huge surplus of maize has not been drawn upon directly, though it is to be reduced by stronger curbs on production.

Compounders of animal feeding stuffs are said to be using very little barley at current prices. Maize is good enough for most animals except for pigs. Imports of barley in the first four months of this year dropped to a very low level ; imports of maize rose sharply. If the enhanced value of barley exports is taken into account, the combined bill for maize and barley imports was little changed from last year. The late spring and prospect of poor supplies of early grazing increased the need of animal feeding stuffs. High prices for home grown barley have brought hopes of a much reduced bill for barley subsidies this year, but prices might not behave so considerately when the main weight of the harvest is felt.

The worst of the squeeze on barley

AIRCRAFT

£9,000,000 Down



THE flying boat possesses a sentimental appeal to the pioneer air traveller rivalled only by the airship ; these were the only aircraft in which one could walk about —quite apart from the nautical parallels. But now the flying boat is nearly as dead as the airship, and the sale of the three Saunders-Roe Princesses for little more than their scrap value—probably under £100,000 —seems to mark the end of this chapter in British aircraft development, though the Government had spent more than £9 million on these machines alone. The buyer of these vast hulks, which have become a familiar landmark on the Solent as they lie cocooned on its shore—one at Cowes and two at Calshot—is the Winder Aircraft Corporation of Florida, which hopes that it will be able to use the aeroplanes for testing nuclear engines. Shifting them to America will be a tricky problem in itself ; to make them flyable would be expensive, for they now lack engines, and they are bulky for sea transport. Towing is one way that has been suggested.

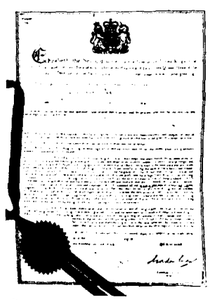
Once the superior efficiency of landplanes was demonstrated after the war, and a network of aerodromes became available through the world, the commercial appeal of the flying boat had gone. In prewar days, when aerodromes were still grass fields, a long-range aeroplane that needed plenty of space to take off could find it only on the water—and being able to land on the sea was still considered comforting by passengers and crew. Enough of this tradition survived the war for giant flying boats to be part of the Brabazon committee's recommendations for civil aircraft development. But by 1951 British Overseas Airways Corporation had decided that it did not want to split its fleet between landplanes and flying boats—a year before the Princess first flew. So the career of this type was always of somewhat academic interest, even if it managed to live on rather longer than its landplane equivalent, the Bristol Brabazon.

DISAGREEMENTS between members of the common market have recently stolen the headlines, but the Six have invited no publicity for a supra-national project in which they appear to have made remarkable progress. This veil of near-secrecy has obscured their negotiations for a European master patent. Now they have reached the stage of drafting an agreement and, so far, have shown no disposition to discuss it with others—even those, like Britain, who reckon to know a thing or two about patent legislation and would be directly affected by any system that EEC might adopt before Britain came in.

Patent rights vary between different countries, including the Six, and are not a field in which easy victories are to be won—the Commonwealth never achieved as much. Reason says that there should be international recognition of common industrial property rights ; but people have to muddle along with an unco-ordinated collection of independent national examinations and searches. The law under which the Patent Office Seal is administered is as majestic as that which governs the Great Seal of the United Kingdom, but its practitioners would not claim that it is streamlined.

An international convention originating in the nineteenth century and revised from time to time provides the highest common denominator in patents. Most industrial countries except Russia are members. These "Paris Union" countries have agreed to grant foreigners the same treatment with regard to patents as their own subjects. More importantly, they prevent a member country compulsorily throwing open the rights of manufacture within three years of the date of the granting of a patent because the invention has not been exploited in its territory. An inventor can continue to export his product and is not compelled immediately to begin manufacturing in each country to preserve his rights. The convention also gives the inventor priority in taking out a patent in all other member territories for a year after he first files his specification in any country.

These are useful but minor essays in co-operation. They even involve slight infringements of national sovereignty. But despite several attempts to extend the area of agreement, most countries have hung on to their traditional ways, though some progress is being made toward international classification of inventions. About the time the Six began discussions for a Euro-patent in 1959, Britain (which originally had no knowledge of them) proposed a more dilute international system to the Council of Europe, by which there would be a patent granted by an international office which was prima facie valid in all member countries ; but after that its validity and scope would be determined in each particular country according to that country's laws. Because the scheme proposed by the Six is so far forward, the British plan has been shelved.



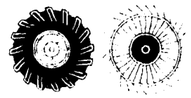
By permission of the Comptroller-General of Patents

Britain's feeling for sovereignty may have mellowed of late, but it does not follow that its preference for a looser patents pact than the one envisaged by its prospective European partners has itself weakened. Patents and the associated field of trade marks are not within the ambit of the Treaty of Rome. The discussion of a pact stems from a meeting of foreign ministers who wished to harmonise their practices in these complicated matters and to reduce the duplication of work in their separate patent offices.

Examination and search for novelty of inventions, not to speak of the presentation of the inventor's applications to many national patent offices, absorbs the energies of a remarkable number of talented people. The Six plan to set up a supra-national search office, possibly at The Hague where a search organisation already exists, and to found a separate body to examine inventions. It will be open to European inventors to apply for the Euro-patent or national patents for both will co-exist, at least for a period. The Euro-patent must bridge the wide gap in patent practice between France, Germany and Italy. One can hope that, by an inverse Gresham's law, good patent practice will drive out bad. British patents experts are fearful lest the European code does not incorporate all that is best in British practice which dates back to the time of James I. But from what is known of their intentions, the Six seem resolved on something approximating to practice over here.

In one major respect the proposals of the Six would conflict with British practice. The intention is to publish specifications before examination, so that competitors will get a sight of the rabbit much earlier than under the British system. Details would be published within 18 months of filing an application for a patent, whereas in Britain they may be withheld for up to 3 years longer. The British Patents Act is replete with safeguards for consumers. For example, an inventor applying for a patent in Britain must write a specification that can be readily understood by people of ordinary proficiency in the affected trade. He must even state the best method of performing the invention known to him, and he has to define the scope of the invention claimed so that when others widen the field he cannot retrospectively become much more ambitious for his discovery. Would the European legislation be so considerate ?

TRACTORS



Who's Doing Better?

TRACTOR production rose by 11 per cent in the first quarter of this year compared with the same period of 1961, according to the Agricultural Engineers' Association ; but the two biggest manufacturers, Fordson and Massey-Ferguson, are oddly coy about revealing their own figures. One of them must have been doing better, but neither will admit to this—one might guess, however, that it was Massey-Ferguson, which was not enjoying a particularly successful period in 1960 but has been doing rather better in the last year. Its sales of all types of machinery at home rose 16 per cent in 1961 while its exports rose 12 per cent. Fordson reports a 10 per cent rise in home sales last year, suggesting that Massey-Ferguson was regaining some lost ground. Among the smaller companies, David Brown made 29 per cent more tractors in the first two months of this year, and BMC's output is about 15 per cent up—the move to Bathgate, which will nearly treble its capacity, will start soon.

The companies agree in optimism about their prospects for the rest of the summer at least. The home market began the year more buoyantly than one might have expected from the number of tractors in use, with sales running six per cent above last year's in January and February, but March saw a sharp fall, as with cars. Export business was ten per cent higher in the first quarter. Europe, Australia and America are the biggest export markets ; shipments to West Germany, Canada and the United States were all roughly double the 1961 level. Markets like South America, Africa and Australia, however, showed falling sales.

KUWAIT

Middle East Manufacturing

NEWS that a German consortium is to make a project study for a steelworks in Kuwait may raise some Western eye-

MARCONI'S 7,000 Mc/s radar data link system

* designed to make International Integrated Air Traffic Control a reality NOW

* Radar data links allow radar aerials to be sited remotely from control centres to take full advantage of ideal site conditions.

The U.K. airways system uses Marconi 7000 Mc/s radar data links.

MARCONI

AIR TRAFFIC CONTROL SYSTEMS
SURVEYED · PLANNED · INSTALLED · MAINTAINED

MARCONI'S WIRELESS TELEGRAPH COMPANY LIMITED CHELMSFORD, ESSEX, ENGLAND

brows. There is no present or apparently imminent shortage of steel capacity in the world as a whole, or in areas able to supply the Middle East fairly conveniently ; and though there are some known deposits of iron ore in the Middle East, Kuwait has seldom figured in the surveys of ore resources there. On the other hand, it has vast resources of ultra-cheap fuel, oil and natural gas ; it could probably import pig iron from India fairly cheaply ; and if it should be thinking of an integrated works, many of the new ones being built around the world are based on imported ore, and new techniques of iron reduction with natural gas are now available. But the limitations on demand for steel in Middle Eastern markets may be a more important commercial obstacle than the technological conditions of materials supply.

This is not the first study ever to be made of establishing secondary industries in the Middle East to use its abounding fuel resources, and in so doing to reduce its dependence upon the extraction and shipment in crude form of one natural resource. Because more and more oil is now shipped as crude, the proportion of the area's income coming from manufacture—processing oil in refineries—must indeed have been falling. There have been several studies made of petrochemical processing in Kuwait and other oil countries in the area or of industries such as cement that have very high fuel costs. Most of them have been defeated by the limitations of the market, or by the inconvenience of transporting some of the materials that could be produced at relatively low cost there. But it is only a matter of time before one of these projects breaks surface commercially in the Middle East—as ammonia production from natural gas in Trinidad, exported in specialised tankers and able to undersell that produced in most industrialised countries, has already suggested. It cannot be ignored that countries such as Kuwait are abundant in another resource that is essential to steel-making or any other highly-capitalised industry—capital to spare.

CHEMICALS

Pfizer's New Venture

NEXT month Pfizer intends to market polyethers imported from Jefferson Chemicals of the USA and in 15 to 18 months it should be able to supply them from its own plant at Baglan Bay, near Port Talbot. Propylene feedstock will be supplied "over the fence" from a nearby British Hydrocarbon Chemicals plant. Details of the plant which will use processes licensed from Jefferson Chemicals have not been published, but it is thought that its capacity will be of the order of 6,000 tons a year. Pfizer is best known for its pharmaceuticals but it already has a chemicals division to market a range of fine chemicals. If this project, the first attempt by Pfizer to enter the field of petrochemicals, is successful, the company will manufacture other products at Baglan Bay, where it has an option on enough land for sizeable expansion.

The choice of polyethers for a first throw is interesting and not wholly unpredictable. These are materials used in the manufacture of polyurethanes, which have long been among the most promising of new chemicals. The rate of growth of polyurethanes has mostly been due to their use in the manufacture of rigid and flexible foams. Rigid foams are used as insulation in refrigerators and, the industry hopes, increasingly in building ; flexible foams are used in upholstery and in the motor industry, which offers the best prospect of growth. The main advantage of the foams is their cheapness and the relative cheapness of the machinery required to make them. But the attractiveness of this market has not passed unnoticed: in the USA it has been estimated that polyether capacity is three times the demand and the gap for polyurethanes is even wider, they are over supplied by between ten and fifteen times. However, the market will increase steeply in the next few years, by about three times in the next eight years.

In Europe the possibilities for expansion are even greater and it is probably this, rather than the British market, that has attracted Pfizer. In Britain two companies already make polyethers and two more besides Pfizer are thought to have plans to manufacture. Estimates of the size of the polyurethane market vary widely (9,000 to 20,000 tons in 1961) but the consumption of polyethers is probably not more than 10,000 tons, and it may be as little as 7,000 tons. Present production is slightly less than 10,000 tons, which does not leave much margin of expansion for the new projects. It is perhaps as well that plants for making polyethers can easily be converted to other products.

CROSSING THE CHANNEL

Lobbyists Galore

RECOMMENDATIONS from British and French civil servants about the type of solid Channel crossing—if any—that ought to be chosen are expected by their governments in a matter of weeks ; accordingly, the pressure from interested parties is increasing. Last week M. Jules Moch, president of the *Société d'Etude du Pont sur la Manche,* went to see Mr Marples after lecturing the press on the virtues of a bridge and perils of a tunnel ; the week before Sir Richard Costain had reminded the press that a tunnel need not be dug, but can just be sunk. Sir Richard added that this "immersed tube" could be built by the consortium that he heads for a guaranteed price.

The Channel Tunnel Study Group, which began all this activity back in 1960, has to compete with the *SEPM* for a government concession to build—a tunnel or a bridge—but it has an open mind about the type of tunnel it would choose, especially as it may get a firm price for the immersed tube. Drilling a tunnel involves so many risks of faults in the rock that nobody is likely to make a similar offer for this system, and the price is much the same—£130 million for each. So tubes are getting warmer.

The consortium that Costains has got together in the hope of sinking a tube has a strong American membership. Americans have the most experience of this sort of construction (although it was first suggested by Richard Trevithick in the 1800s for a tunnel under the Thames). The Los Angeles outfall sewer, built by one of the American members, Hyperion Constructors —itself a consortium—is the closest parallel to a tube under the Channel ; it runs seven miles out into the Pacific and is 14 feet in diameter, whereas a Channel tunnel would be 41 feet in diameter. The other American members are Kaiser Engineers and Constructors, the engineering branch of the Kaiser empire, and Ellicott Machine Corporation, makers of dredging machinery—which would be needed to dig the trench under the Channel into which the tube would be sunk. On the British side, Costains do all sorts of civil engineering ; Balfour Beatty is another civil engineering firm, specialising in tunnelling and electrical work ; Swan, Hunter, as shipbuilders, would be interested in building the platforms from which the tunnel would be lowered. The sole French member of the consortium, *Entreprises Campenon Bernard,* is a big civil engineering contractor ; the concrete sections of the tunnel would probably be made in France under its supervision.

SEPM is a combination of industrial companies that would be interested in building a bridge or supplying the material for it, trade associations and some big French banks. The *Compagnie Française d'Entreprises* has designed the bridge ; the *Compagnie Industrielle et Financière des Chantiers et Ateliers de Saint-Nazaire Penhoët* are shipbuilders and engineers ; the *Société des Forges et Ateliers de Creusot* are steelmakers ; and there is another consortium called the *Association Françaises d'Etudes.* Among interested trade associations there are the *Chambre Syndicale de la Sidérurgie Française,* the *Union des Chambres Syndicale des Industries du Pétrole,* the *Union Routière de France* and the *Chambre Syndicale des Constructeurs d'Automobile.* The banks concerned, which might lend the company money—and it would need about £230 million—are the *Crédit Lyonnais,* the *Banque Nationale pour le Commerce et l'Industrie,* the *Société Générale* and the *Banque Française pour le Commerce Extérieur.* Dorman Long and Merritt Chapman and Scott, which started the present bridge campaign in 1960, would probably take part in building any bridge. On the financial side Lord Gladwyn is trying to drum up a British Channel Bridge Company as a partner to *SEPM.*

The Channel Tunnel Study Group, the Establishment in this pond, is by contrast devoted to those who only want to invest their money: the Suez Canal Company, the Channel Tunnel Company and its French equivalent, the *Société Concessionnaire du Chemin de Fer Sous-Marin Entre la France et l'Angleterre,* and a consortium of American banks, Technical Studies, Incorporated. Its members are not, therefore, likely to be directly involved in the risks and technical struggles that building anything across the Channel is bound to involve.

OIL REFINING

East German Giant

AT the western end of the 2,000-mile pipeline that is being built to move Russian oil to central Europe—and which is also making western oil companies apprehensive about exports moving farther afield —the East German regime is building a refinery planned for an ultimate capacity that few people in western oil would consider nowadays. The new plant, at Schwedt on the Oder, is designed for an initial capacity of two million tons a year when it comes on stream in 1963. But the plans, on paper at least, are for four million tons in 1965, eight million tons by 1970, and 24 million tons by 1975.

Whether, by then, this might be the world's biggest "single" refinery is impossible to guess. Abadan in Persia and Baton Rouge in Louisiana have capacities of more than 20 million tons a year. But both are oilfield-centred refineries built in the era when few markets were large and diverse enough to take the whole range of petroleum products, and the balance of economic factors clearly favoured refining at source in giant plants that could gain considerable economies of scale. Since the war, this balance has shifted somewhat (economies of scale in crude oil transport being even more dramatic than those in refining) ; political factors have come in, too, to favour refining near markets. Most recently, market-centred refineries have begun to be built inland at the end of crude oil pipelines rather than on the coast. As markets grow, certainly, the refining complexes serving them will develop too. But none of the plants now being built in south-east Germany and north-east France, at the end of these pipelines have capacities larger than four million tons a year, or have announced plans for expansion of the order of those being talked about for Schwedt.

One reason for choosing to plan a refinery of this size is that East Germany was deprived of all its significant sources of power by the transfer to Poland of Silesian coalfields east of the Oder-Neisse line. Though a relatively large proportion of the Schwedt refinery output will be directed to manufacture of petrochemicals, its main significance will be in the power that it will provide for the hungry East German industries. Today East Germany is spending 13 million marks a year on storage of crude oil alone in Polish, West German and other nations' ports. The new refinery's storage will reduce this figure (it will hold 180,000 tons). Though even today East Germany is claimed to be more industrialised than Italy, it is planning for further growth at about seven per cent per year.

Short of hydro-power, bituminous coal and, so far, oil, East Germany is putting its other fuel investment into the development of lignite deposits, in which 25,000 million tons are known to exist and reserves may total 40,000 million tons. A pilot power station at Leuna is designed to use lignite with high salt content, though deposits of lignite in this area will be exhausted by 1975. The present East German electricity output is about 40,000 million units per year, and if electricity consumption expands with the economy at the rate of about 7 per cent per year, then by 1975 about 90 million units would be needed annually. In heating value, as distinct from diesel fuel and petrol, 24 million tons of crude oil would produce fuel oils equivalent to 25 million tons of bituminous coal or yield electric power of about 55,000 million units. So the huge refinery capacity planned for Schwedt might do no more than fill the gap between power requirements for eastern Germany and its severely limited local fuel resources.

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Enquiries about EIU services for business research in EUROPE can be made to the following EIU offices and companies:—

LONDON:
EIU, 5, Bury Street, London, S.W.1.
BRUSSELS:
BCC, 19a, Avenue Marnix, Brussels 5.
COLOGNE:
IFUMA, am Botanischen Garten 57, Cologne.
GENEVA:
EIU, 62, Quai Gustave Ador, Geneva.
MILAN:
USAF, Via A. Manzoni 12, Milan.
PARIS:
SERVEC EIU, 32, rue Washington, Paris 8.

PACKAGING

Foreign Policy

SQUARENESS, in containers, is hip. The obvious space saving advantages of flat-sided vessels are bringing them into favour, particularly with the chemical industry. But dockers will always find it easier to roll a barrel or drum than to lift a cube. What is ideally suited to mechanical handling may also have to be dealt with manually at some stage in its journey ; what is convenient for exports may not be welcome in imports, and so on. The use of pallets for loading miscellaneous items provides big savings in time, space and labour. But when it comes to unloading general cargoes for diverse destinations by this means, the complications of sorting goods on pallets are so great that direct handling is still usually preferable.

This particular problem is not one often faced by the chemical industry, whose products lend themselves to more easily streamlined bulk handling. In its ultimate form, the pipeline or the carry-and-store demountable tank, bulk movement of chemicals dispenses altogether with special packing for transport. But for smaller quantities, growing use is being made of non-traditional materials for chemical drums—fibreboard, plastic or special alloys. Here, too, export markets threaten to complicate the use of new materials by imposing differing standards. Exporters are most anxious to avoid a repetition of the anomalies that have grown up around the transport of many familiar containers: to give only one example, Australia and New Zealand have totally incompatible regulations about valves on gas cylinders. This was among the questions raised at a conference called this month by the British Standards Institution, which it is hoped will eventually lead to action on a world-wide scale by the 45 member countries of the International Standards Organisation.

SHORTER NOTES

An Economic Planning Advisory Council for the Construction Industries has been set up with Sir Harry Pilkington as its chairman. Ten organisations connected with the industry are represented on it, though one of the biggest, the National Federation of Civil Engineering Contractors, is keeping out. The new council will seek to act as the official spokesman of the whole industry in its dealings with the National Economic Development Council ; the civil engineers propose to do so separately through a committee consisting of the Federation, the Institution of Civil Engineers and the Association of Consulting Engineers.

★

The Thomson Organisation is to buy Thomas Nelson and Sons, the publishers. The acquisition will involve no issue of shares as it will be entirely on a cash basis ; the price is thought to be about £2 million.

DIESEL SMOKE

The Facts

NO DIESEL ENGINE NEED EVER SMOKE
MODERN MAINTENANCE INSTRUMENTS ENSURE THIS
UP-TO-DATE FLEETS ARE ALREADY EQUIPPED BUT THE TOTAL
NUMBER OF VEHICLES ON THE ROADS IS IMMENSE
THERE IS NO MORE NEED FOR ANYONE TO DELAY
DUNEDIN TESTING AND TUNING EQUIPMENT
BRINGS
FUEL ECONOMY — POWER — EFFICIENCY
TIME-SAVING MAINTENANCE
COMPLETE CONTROL OF EXHAUST SMOKE
HEALTHIER LIVING
INSTRUMENTS CHEAP ENOUGH FOR EVERY TYPE OF OPERATOR
OFFICIALLY APPROVED BY DIESEL ENGINE MANUFACTURERS
USED IN 120 COUNTRIES
THESE SIMPLE FACTS SPEAK FOR THEMSELVES
DUNEDIN
BRITISH — UNIQUE
A FIRST-CLASS SERVICE TO THE WORLD
DUNEDIN
SOLE MANUFACTURERS OF DUNEDIN DIESEL TESTING AND
TUNING INSTRUMENTS
AND ALSO OF
THE DUNEDIN SMOKEMETER
FOR THE CORRECT ASSESSMENT OF EXHAUST SMOKE
SENSITIVE, PORTABLE, SIMPLE, ACCURATE
OPERATED WITH THE VEHICLE ON THE MOVE
USED BY BRITISH ENGINE MANUFACTURERS

Dunedin Engineering Co. Ltd.,
73-75 Mortimer Street, London, W.1. Tel. Langham 3633-4

COMPANY AFFAIRS

Prices of equities have moved irregularly on the London stock market this week but on balance they were lower and The Economist *indicator lost one point to 355.7. Relief at the ending of the dock strike threat brought a brief halt to last week's slide in prices but some disappointing company results (notably from Rolls-Royce) and the Montgomeryshire by-election result led to further selling. By contrast gilt-edged, helped by some foreign buying, made steady gains. Among equities steel shares were particularly dull but they rallied on Thursday; A. E. Reed made a bright showing among paper shares.*

Overcapacity in Paper

OVERCAPACITY in the paper industry in Europe and throughout the world has sharply reduced profits. And the industry may be afflicted by slender margins for some time to come, for the gap between demand and capacity may not narrow much in the next two or three years. At the moment, for instance, **Bowater Paper** is running its mills in this country and Canada at about four-fifths of normal capacity. Unit costs are high and competition between the paper-makers to operate their modern mills as fully as possible is keeping prices down. Paper groups in this country, moreover, are having to bear the full brunt of Scandinavian competition resulting from the successive EFTA tariff cuts. The British paper-makers therefore welcome any steps which will bring the EFTA and common market countries together for they would be less exposed behind the common tariff of the EEC.

Bowater Paper	1957 £ mil.	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.
Sales	102·5	107·2	117·0	142·1	148·4
Trading profit	17·2	18·1	20·1	23·5	21·9
Gross profit	10·0	9·9	10·6	12·3	10·0
Net equity earnings	4·6	4·9	5·2	5·4	4·5
Retained cash flow	8·0	8·6	9·1	10·0	9·7
Net fixed assets	118·0	136·1	143·5	155·0	165·6
Net current assets	25·7	22·5	24·4	32·8	20·6
Net liquid assets		Dr. 2·1	Dr. 1·3	0·8	Dr. 14·6
Net equity assets	52·9	56·5	67·0	87·4	87·0
	%	%	%	%	%
Ord. earnings	34·3	34·6	27·8	23·7	17·9
Ord. dividend	10·4	10·4	12·5	13·75	13·75
Gross profit/sales	9·8	9·2	9·1	8·7	6·7
Gross profit/net equity assets	18·9	17·5	15·8	14·1	11·5
Net earnings/net equity assets	8·7	8·7	7·8	6·2	5·2

Price (£1 shares): 37s.3d. Earnings yield: 9·6%, equal to 10·4 years' earnings.
Dividend yield: 7·4%.

This looks beyond the immediate future and as Bowater shareholders thumb through the pages of the annual report and accounts they may be haunted by fear of a lower dividend. Over the past year the price of the £1 shares has fallen by a third and now at 37s. 3d. the £1 shares yield 7.4 per cent; with the current dividend covered only 1.3 times the possibility of some further reduction in income is implicit. The group's long-term growth potential, however, is a different matter; many substantial developments both in Europe (where its investment now amounts to £14 million) and North America are still contributing little to profits, while the associated companies, Bowater Scott, makers of tissue products, and the Tasman Pulp and Paper of New Zealand are ploughing their profits back and not currently paying dividends. All this is reflected in the low return earned on capital employed. But capital expenditures have remained high and at the end of the year Bowater Paper was deeply in debt to its bankers. The loan of £5 million raised in Switzerland since then has only partly lightened the burden.

Pressures on the paper-makers in the British market will remain intense and the directors of **Wiggins Teape** have already said that sales and profits in the first three months of 1962 have been below those for the corresponding period in 1961. Wiggins Teape's trading profits fell last year from £6,008,000 to £4,977,000 but £430,000 of this fall can be attributed to the transfer of assets to Millbank Paper (which Wiggins Teape now owns jointly with British American Tobacco). Nevertheless the figures point to a decline both in sales and profit margins, especially in the second half of the year. The emphasis put by Wiggins Teape on specialised and high quality papers may give profits some protection that Bowater with about half of its profits coming from newsprint may not enjoy. This is reflected in the slightly lower yield of 6 per cent offered by the £1 shares in Wiggins Teape at 47s. 3d. on the maintained dividend of 14 per cent, covered 1.8 times.

By contrast, Spicers report a fall in trading profits in 1961 of only 2 per cent from £1,243,000 to £1,220,000 but after higher charges for depreciation and tax net profits fell from £583,000 to £494,000. In this case the decline in profits is probably understated as the latest figures include nine months' profits from the Boyden group, an acquisition which could well have added £200,000 to gross profits. Against this, however, Spicers received less in investment income in 1961 having reinvested the proceeds of its earlier sale of British Waxed Wrappings in Boyden. The fall in trading profits was much steeper in the second half of the year than in the first half and the cover on the maintained dividend of 12½ per cent has fallen to 1.8 times. At 39s. 9d the £1 shares yield 6.4 per cent.

Disappointing results from other paper producers had led the stock market to canvass the possibility of a cut in the dividend from **A. E. Reed** for the year to March 31st. Wednesday's surprise announcement of a maintained dividend of 16 per cent and better trading results in the second half of the year produced a sharp rise in the price of the shares, the ordinary gaining 5s. to 42s. and the "A" ordinary 5s. 10½d. to 40s. 7½d. The latest profits include a full year's earnings from Imperial Paper and Anglo-Canadian Pulp and Paper, both acquired from the Daily Mirror group. Not surprisingly, therefore, net sales of the group rose from £71.4 million to £95 million, gross profits from £6.6 million to £7.8 million and net profits from £3.7 million to £3.9 million. A better guide to the year's outcome is provided by the directors' statement that "the rate of earnings overseas has generally been maintained, but profits in the United Kingdom have fallen considerably" and that "the profits of the group as a whole have improved in the second half year." Two principal reasons are given for this improvement; the seasonal nature of the industry in Canada; and "the gains which have arisen in the United Kingdom from improved efficiency and lower operating costs."

Compared with the first half of the financial year gross sales in the second half were £2 million higher at £58 million, gross profits, £1.2 million higher at £4.5 million and net profits £700,000 higher at £2.3 million. On the increased capital of £28.7 million on the ordinary dividend of 16 per cent is covered only 1.3 times.

Rolls-Royce

A GLOOMY interim statement from Rolls-Royce in October dashed any hopes of increased profits or dividends but the stock market was not prepared for the shocks which this week's preliminary statement revealed. The cut in the ordinary dividend from 11 to 8 per cent and an effective loss on trading, if all development expenditure had been charged in the 1961 accounts, sent the shares down by 2s. to 29s. 9d. Yet Rolls-Royce's total sales revenue rose from £109¼ million to £123¾ million, reflecting the major re-equipment programmes of many airlines. The order book is thinner; orders in hand of £96 million at the end of 1961 are £20 million less than at the end of 1960, the reduction occurring largely in civil aero engines.

Last year's costs rose more quickly than sales and profits were badly hit by lower margins in the aero engine business (where the Tyne engine alone absorbed £2½ million in special costs) and the effect of lower sales of motor cars. A substantial increase in stocks and high interest rates are reflected in the sharp rise from £409,000 to £1,787,000 in interest charges and the consolidated trading surplus fell from £11.6 million to £8.9 million.

If the year's development and research expenditure of £10.5 million, against £7.7 million, had been charged in full against the surplus, Rolls-Royce would have made a loss of £1.7 million. This, in the directors' opinion, "would not fairly reflect the experience of the year's trading" as part of the development expenditure will ultimately be recovered by sales of engines already ordered by customers. They estimate the total recovery at £6.6 million, of which £2.4 million relates to 1960 and £4.2 million to 1961. This sum has been capitalised, so that the amount charged for development directly against revenue in 1961 has been reduced to £6.3 million. On this basis, the year's gross profit is £2.5 million; as there is no tax charge it is the net profit as well and, on this new basis of accounting, covers the smaller dividend 2½ times. The fall in orders and the decision to capitalise part of the development expenditure are worrying portents and investors should take another critical look at the yield of 5½ per cent.

Hawker Siddeley

WHILE the results of Rolls-Royce were worse than expected, those from Hawker Siddeley were better. But twelve months' profits in 1961 are compared with 17 months in 1959-60. Hawker Siddeley's sales at £320 million in 1961 seemed to have run at the same level as in 1959-60 when they amounted to £458 million. On the other hand trading profits in Britain of £23,881,000 were at a lower level than in 1959-60 when they amounted to £35,061,000; but proportionately more profits relating to prior years were consolidated into the trading surplus in 1959-60 than in 1961. Last year the British group spent proportionately less on research and development though the total remains heavy at £9.8 million, against £15.6 million. But while the gross profits actually earned by the British group last year were running at a slightly higher level, the net loss of the Canadian group rose from £537,000 to £813,000 so that the net income of £4,717,000 was proportionately less than the £7,771,000 recorded in 1959-60. The latest figure is subject, moreover, to exceptional charges for certain Canadian losses and exchange adjustments and these reduce the cover on the dividend as rounded up from the equivalent of 10.6 per cent to 11 per cent, to 1.2 times.

The directors say the order book is at a substantial level. In Canada, several new contracts have been won and there are now "definite signs of improvement." Hawker Siddeley is still predominantly an aircraft group and its ventures in other industries, both in Britain and Canada, have not been especially happy. Not surprisingly, therefore, the £1 shares, which gained 3s. 6d. to 23s. 6d. on the results, yield as much as 9.4 per cent.

Bristol Aeroplane

AFTER the good reception of Bristol Aeroplane's profits for 1961, Sir Reginald Verdon-Smith now reveals that far-reaching changes in the structure of the industry initiated in 1959-60 have begun "to achieve demonstrable results." This is reflected in the rise of 5½ per cent in Bristol's gross profits from £2,048,000 to £2,162,000 and in the dividend from 12½ to 13½ per cent, now covered 2.2 times.

Bristol is now largely a holding company, deriving 79 per cent of its income last year from investments in associated companies. These include a 50 per cent holding in Bristol Siddeley engines, 20 per cent in British Aircraft Corporation, 15¼ per cent in Shorts and a 10 per cent holding in Westland. Last year's income from these holdings was hardly changed, at £1,890,000. Bristol Siddeley paid an unchanged dividend, Short Brothers made a loss and BAC did not pay a dividend, as it is ploughing profits back to cover development expenditure. In direct trading, Bristol's companies in this country benefited from "satisfactory results from pre-merger aircraft and missile contracts executed on our account by British Aircraft Corporation" and the trading profits of all the British companies rose from £255,000 to £417,000. Overseas subsidiaries, notably in Canada, did not fare so well and their trading profits fell from £281,000 to £83,000.

Sir Reginald says that the changes in the industry have strengthened its structure and efficiency and that the group's associated companies have full order books for the next two years. The 10s. shares stand at 16s. 9d. and yield 8.1 per cent.

Food and Drink

FOOD and drink equities have retained their popularity with investors on the grounds that they are among the last to be affected by a downturn in the economy and that they should benefit from the expected rise in consumer expenditure last year. Their defensive attributes are plain but their growth potential has probably been exaggerated. Competition is fierce; costs are rising; profit margins are slimmer; and last year's profits can be regarded as no more than satisfactory. This has been particularly true of the British market; but trading internationally has its own problems. The profits of **Reckitt and Colman** rose last year by no more than one per cent though sales were 10 per cent higher; this was largely due to lower margins at home and to exchange losses abroad. It is not clear from the preliminary statement of **Bovril** whether unsettled conditions in South America had the same effect on its profits as they had on Reckitt and Colman's; but the fall in Bovril's profits for the second year running can hardly be explained by lower margins alone. The branded products of Bovril and Reckitt and Colman are equally well known; but investors believe there is more spring and elasticity in Reckitt and Colman, which on the basis of profit retentions has extended its trade overseas and which is looking forward to bigger sales and profits this year.

	Gross profit		Net profit		Ord. dividend per cent		Price	Yield
Years to December 31	1960	1961	1960	1961	1960	1961		per cent
Reckitt & Colman	9,691	9,747	4,918	4,719	12	12	76/-	3·2
Beecham Group	7,950	7,512	4,018	3,919	30	30	45/3	3·3
Allied Suppliers	3,475	3,992	1,435	1,716	10	10	25/6	3·9
Schweppes	3,788	3,584	1,841	1,606	24	24	31/9	3·8
Bovril	1,465	1,136	600	382	12	12	51/-	4·7

About half of the sales of the **Beecham Group** are in food and drink products, largely in the home market; its branded toilet and medicinal products are sold more abroad than at home and in all about a quarter of its total sales are made overseas. Thus it is more dependent on the home market than Reckitt and Colman and not surprisingly the pressure on margins is more apparent in Beecham's results than in Reckitt and Colman's. In the year to March 31st Beecham's total sales rose by 4 per cent, from £56.3 million to £58.6 million, but its gross profits fell by 5½ per cent from £7,950,000 to £7,512,000. The fall in profits was most marked in the second half of the financial year when the gross profit margin was 11.7 per cent and the net margin 6.4 per cent, compared with 14.0 per cent and 7.4 per cent respectively in the first half. Beecham's margins in the winter, when its advertising expenditure rises to a peak, are usually smaller than in the summer; but the latest ones are lower than those recorded in the winter of 1960-61 (12.9 per cent gross and 6.6 per cent net).

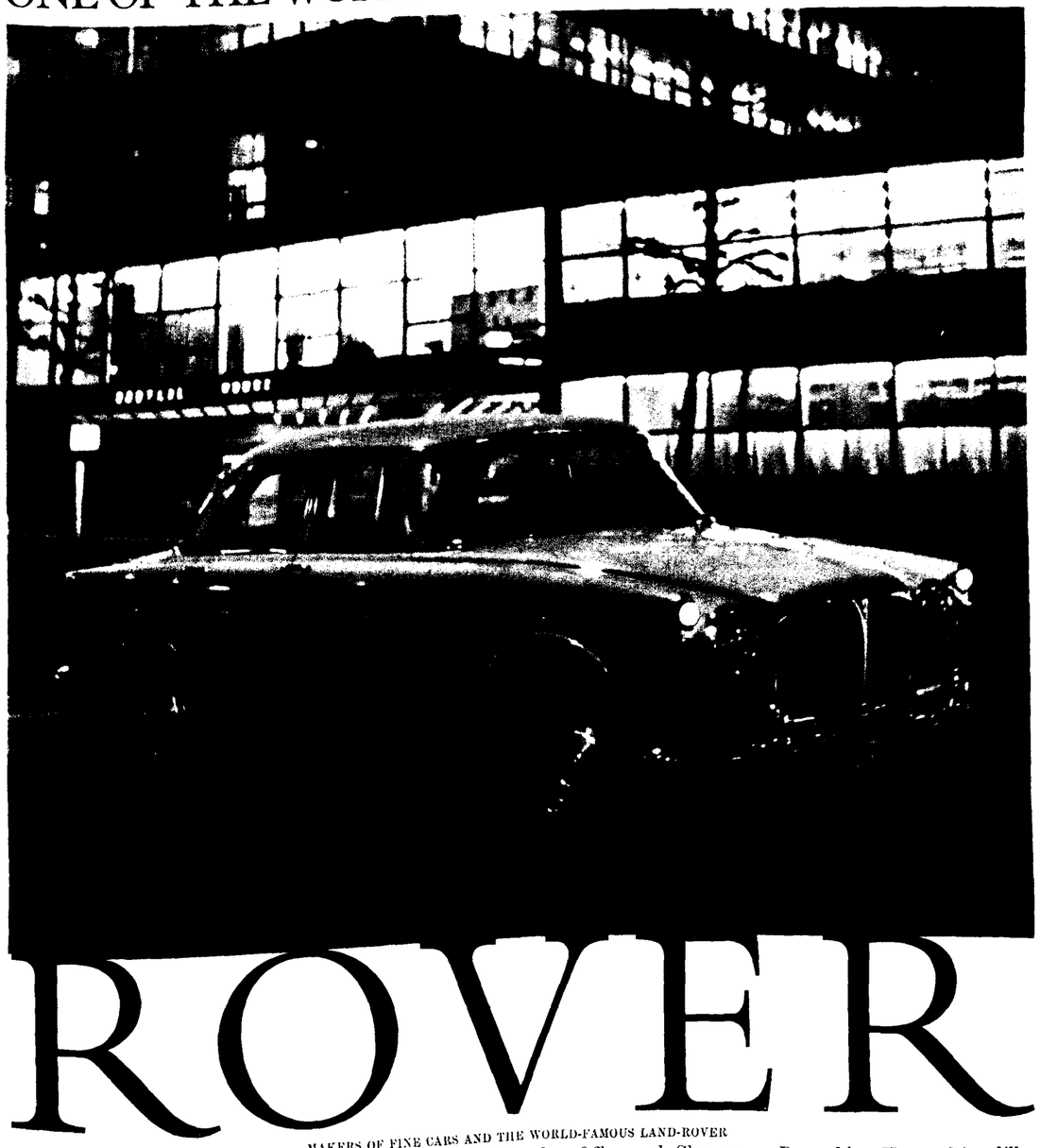
In the American and British markets, however, the bargaining power of retailers has been strengthened by the establishment of bigger empires and this poses a further threat to the margins earned by suppliers. The brewing combines and the big multiples and super store chains in the grocery trade are demanding and getting, the chairman of **Schweppes**, Mr R. Hanning Philipps says, bigger discounts or increased promotional allowances on their bulk orders. This is squeezing Schweppes' profits at a time when the growth of its sales at home appears to have been checked. Schweppes has turned its thoughts to expansion overseas and to a wider spread of interests at home, where it is trying to consolidate its interests in the preserves industry. This reorganisation has imposed its own strains: while Wm. Moorhouse added to its profits both Chivers and Hartley made losses last year. These two companies should soon be earn-

Continued on page 717

BY APPOINTMENT TO HER MAJESTY QUEEN ELIZABETH II MANUFACTURERS OF MOTOR CARS AND LAND ROVERS THE ROVER COMPANY LIMITED

THE ROVER 3-LITRE *"The outstanding characteristics of the 3-Litre are its comfort and spaciousness, and its silence of running almost regardless of speed"* AUTOCAR

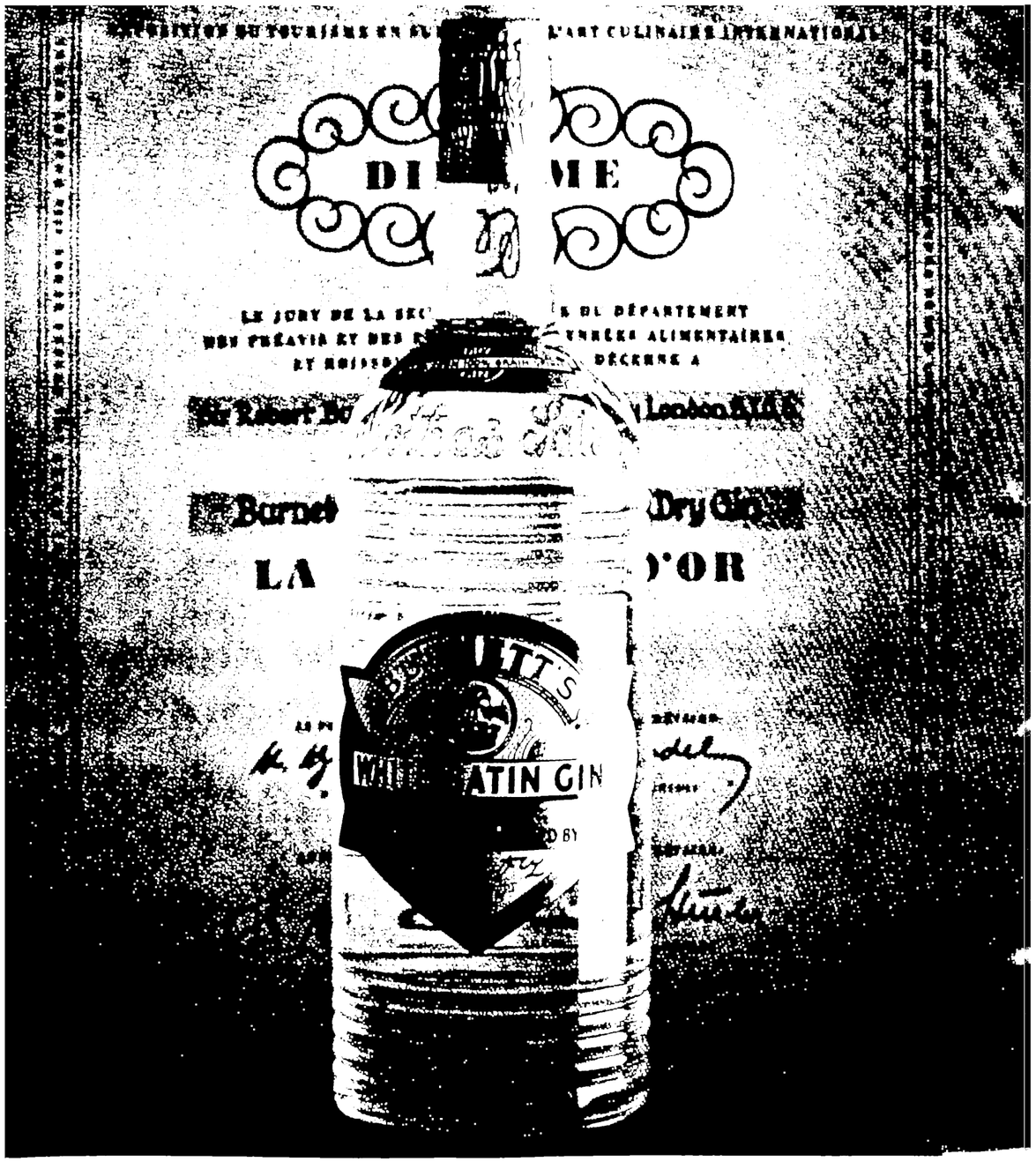
ONE OF THE WORLD'S BEST ENGINEERED CARS



ROVER

MAKERS OF FINE CARS AND THE WORLD-FAMOUS LAND-ROVER

The Rover Company Limited, Solihull, Warwickshire. London Office and Showroom: Devonshire House, Piccadilly



How to judge gin

The great international jury assembled at the Hospes Exhibition in Berne gave the gold medal to Burnett's gin. And added their felicitations. How do you judge that one gin is better than another? It's done mainly by nose. First you check that the spirit is clean and pure, smooth not harsh. You consider the character. Then, and only then, do you sip. This is how the international jury judged Burnett's gin. They were very favourably impressed. You will be, too. Try Burnett's, and follow your nose.

BURNETT'S GIN

Continued from page 714

ing profits again; but the chairman says that Schweppes will find it hard to maintain its volume of soft drink sales this year.

Competition at the retail level is as fierce as it is among the suppliers and it has forced the multiples to spend heavily on modernisation. **Allied Suppliers,** for instance, is traditionally regarded as a chain of small grocery shops and in the past it has been criticised for its slowness in adapting its stores to self service. But it now seems to be hotting up the pace of development. It is closing small, uneconomic branches and letting them out to other retailers; from money released by the sale of some freeholds it is modernising and extending its bigger stores. At the end of 1960 it had converted over 500 of its 3,800-odd stores to self service; by the end of 1961 it had 3,500-odd stores open, of which nearly 670 were self service. The new impetus in Allied Suppliers must be largely responsible for the recovery in its profits last year.

British Petroleum and Burmah Oil

THERE is much to commend in the way **British Petroleum** presents its trading results for 1961. For the first time the accounts of subsidiaries with one or two minor exceptions have been fully consolidated and a comprehensive five-year table is included. The extracts from it set out in the table show how much margins have been under pressure. In his statement Mr Maurice Bridgeman makes it clear that any improvement in profit margins is more likely to come from lower operating costs than from any general improvement in prices. The dividend on **Burmah Oil's** holding in BP forms an important part of its income. The 1961 accounts of Burmah Oil reflect the higher dividend paid by BP for 1960 while this year's accounts will include the fractional increase in the final dividend of BP for 1961. Considerable changes in the sources of Burmah Oil's income have arisen from the altered status of joint venture companies in Burma and India; as the governments in these countries have increased their stakes in them, what were subsidiaries of Burmah Oil have become trade investments. The pressure on Burmah Oil's own operating margins has been partially offset by bigger sales of its marketing subsidiaries; another factor leading to the increase in pre-tax profits from £18½ million to £20¼ million was the substantial fall in the charge for exploration expenditure particularly in the United States.

In 1961 BP invested £124 million in exploration and other items, £15 million more than in 1960. All but £6 million of this came from internal resources while outside borrowings of £8¼ million (including the £5 million Swiss loan) were the lowest for some years. Of its total "properties and operating assets" of £396 million the report shows that only £61 million represents production and exploration; tankers account for £42 million, marketing £120 million and refineries £173 million. In addition BP has big investments in associated companies, including Kuwait in production and Shell Mex and BP in marketing. The profits earned on this vast array of assets in Mr Bridgeman's view refute suggestions that the profits of integrated oil companies are excessive. This is certainly not the view of the stock market where BP at 33s. and Burmah Oil at 35s. 3d. offer returns of almost 9¾ per cent.

	1957	1958	1959	1960	1961
Group sales (tons mn.)	51·1	60·4	63·2	72·9	78·3
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Gross income	795·9	835·2	863·6	957·3	1,036·2
Profit before tax	127·6	138·2	131·1	144·9	142·1
Net income	55·0	63·0	63·3	62·2	60·1
Ord. dividend	15·2	17·7	22·8	25·1	25·7
Ord. dividend per £1 unit	1/3	1/5½	1/9²₃	1/11¹₃	1/11²₃
	%	%	%	%	%
Net income/gross income	6·9	7·5	7·3	6·5	5·8
Net income/net assets	14·4	14·1	12·0	10·4	9·2
Payments to Middle East countries	93·7	118·8	114·7	128·0	126·6
Capital expenditure	113·5	137·5	140·7	109·1	123·9
Retained earnings	100·8	114·1	111·8	112·0	117·7

Pressed Steel

THE reasons for Pressed Steel's loss of £2,668,000, against a profit of £1,885,000 were given in the preliminary statement. Mr Alex Abel Smith, the chairman, now has some important things to say about the future. Profits should stage a good recovery this year; Pressed Steel returned to profitable trading in the first quarter and Mr Abel Smith hopes for "much improved results." The refrigerator division is unlikely to help much; intense competition makes it difficult for any manufacturer, however efficient, to earn a satisfactory return on invested capital. The railway carriage and wagon division, too, is expected to make only a "modest contribution." The Beagle aircraft subsidiary is still in the development stage, writing off expenditure and not making profits.

Everything, therefore, turns on the motor body division. Mr Abel Smith holds that the motor industry "has once more entered on an upward cycle" and he expects a steady build-up in production for the next four or five months at least. By the end of the year the expansion programme will be completed. There must be a permanent rise in the demand for cars to justify the money that is being spent on this programme. The decision to push ahead with expansion when the company was making losses has made its mark on the company's finances. Nearly £4 million was borrowed from the banks and £5 million from the Board of Trade. As the programme will cost about another £9 million to complete, Pressed Steel has arranged to borrow another £4½ million from the Board of Trade and its bankers have agreed to bridge any gap. Money from the Board of Trade at 5½ per cent is cheap; but the loan of £9½ million is repayable between 1964 and 1972 in equal annual instalments of £1,100,000. This could take some of the gilt off earnings. It could prove an onerous burden if Pressed Steel, with greatly increased capacity, suffered a setback similar to last year's. Clearly there is scope for recovery in the 5s. shares, now standing at 17s. 9d. and yielding 1½ per cent on the nominal dividend of 5 per cent; but last year's results have drawn attention to its vulnerability and investors will be more careful in bidding the price up than they were in the past.

The Economist Indicator (1953=100)

1962	Indicator	Yield %	1962	
			High	Low
April 11	362·7	4·94		
,, 18	355·8	5·08		
,, 25	359·4	5·03		
May 2	362·4	5·00	364·4 (Jan. 17)	346·3 (Mar. 28)
,, 9	356·7	5·10		
,, 16	355·7	5·10		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
May 10	297·5	5·31	6·15	13,757
,, 11	296·0	5·34	6·17	13,334
,, 14	299·7	5·27	6·14	17,304
,, 15	300·0	5·26	6·12	16,157
,, 16	296·4	5·28	6·11	14,739

High, 310·2 (Jan. 19). Low, 291·4 (April 2).
† July 1, 1935=100.

Rank and Mecca

THE leaders of the Bingo boom have been the Rank Organisation and Mecca but it seems to have influenced the results of Mecca more than those of the Rank Organisation. Last year **Mecca's** trading profits rose from £818,000 to £1,093,000; this reflected in part the contribution made by new acquisitions, notably the Hammersmith Palais, though Mecca's entry into ice skating came too late in the year to add much to profits. Net profits benefited from a more favourable basis for charging depreciation and rose by 29 per cent to £461,000 to provide earnings of about 30 per cent on the increased ordinary capital on which the dividend has been raised from 20 to 22 per cent. Mecca's prospects still beckon but the yields of 1¼ per cent offered by the 5s. ordinary shares at 60s. and of 2¼ per cent on the "A" shares at 39s. 7½d. point to a long pilgrimage.

The news from the **Rank Organisation** is less encouraging, for the directors in making a formal offer for Murphy Radio forecast a fall in profits before tax from £6,451,000 to about £6,000,000 in the year to June 30th next. Profits from cinemas are expected to be slightly smaller but the profits of the industrial subsidiaries, particularly Bush, Rank Cintel and Rank Precision, are expected to be "materially lower." These reductions will not be fully offset by a marked improvement in profits from the group's miscellaneous activities. The directors expect net equity earnings to fall from £1,595,000 to about £1,330,000 to cover the forecast dividend of 25 per cent (against 22½ per cent) about 1¾ times. Not surprisingly the ordinary shares fell back on this forecast which coincided with the first dealings in the

new 6¼ per cent convertible unsecured loan stock. In an excited market the stock touched a premium of 20 on the issued price of 99 before falling back to 10¼ premium. In buying the stock at this sort of price investors were clearly prepared to look beyond current profits and to hope that in a few years time such interests as bowling centres, television rental and relay and Xerography will be real money-spinners. At the current premium the loan stock puts an effective price on the "A" ordinary of 36s. in 1963, compared with the current market price of 30s. 9d. and yield of 4¼ per cent.

Boots Pure Drug

BOOTS PURE DRUG has yielded not much more than 2 per cent for well over a year and investors now have to examine more critically the growth expectations of the shares. To those who hoped that the policy of modernising its stores and extending their range would counteract the difficult conditions in retail trade last year the preliminary statement must have seemed disappointing. Boots' gross profits in the year to March 31st rose by 5 per cent from £8,826,000 to £9,271,000 but this is not quite the drive that investors had expected. The turnover figures published in the full accounts will show how severe the squeeze on retail margins was and how far sales of pharmaceutical products, which accounted for 14 per cent of the group's turnover in 1960-61, may have been held back by the higher charge for NHS prescriptions.

The tax charge was higher so net profits rose by less than 2 per cent from £4,263,000 to £4,340,000, raising earnings fractionally from 26.8 to 27.3 per cent. The ordinary dividend was maintained at 12 per cent; the stock market had hoped for 13 per cent and its disappointment was mirrored in the fall of 1s. 3d. to 30s. 9d. in the 5s. shares. They now yield 1.9 per cent on the dividend and just over 4.4 per cent on earnings; thus they discount expansion well beyond the current year.

De Beers

STOCKS of diamonds held by the De Beers group increased still further last year even though record sales were made through the Central Selling Organisation. The latest rise of R2 million (1 Rand = 10s. sterling) brings their book value up to R37 million, and the directors say that the market was unable to absorb certain qualities of small diamonds. Steps are being taken to improve the market for these stones. Diamond sales rose by R12 million last year; the directors claim that the increase in stocks resulted from bigger purchases from major producers, particularly Russia, and from the West African alluvial diamond fields.

De Beers own mines stepped up their output last year, though the production of Consolidated Diamond Mines of South-West Africa declined. The group's income on diamond account rose from R65.3 million to R70.5 million, more than offsetting a reduction from R23.4 million to R21.6 million in investment income. A note in the full accounts says the tax charges fully provides for the recently announced increase in tax on diamond mining in South West Africa, and after tax the group's net profits were R44 million, against R40.4 million. The increase in the dividend from 12s. 6d. to 14s. per deferred share has raised dividend disbursements from R22.9 million to R25.4 million. Transfers to reserves have reinforced liquid resources still further: Holdings of cash have risen from R115.6 million to R123.4 million and further sums have been invested in readily realisable assets. The yield on De Beers deferred at 156s. 3d. is 9 per cent.

Sears Holdings

LAST year the trading profits of Sears Holdings rose by 5 per cent from £10,416,000 to £10,920,000: British Shoe Corporation's profits rose from £5,740,000 to £5,892,000 (accounting for 54 per cent of the total), and Sears Engineering's profits rose more sharply from £4,005,000 to £4,399,000 (40 per cent of the total). The group's turnover rose by nearly 6 per cent and exports, accounting for over a fifth of sales, rose by 12 per cent. The chairman, Mr Charles Clore, says that the group experienced more intense competition at home and abroad and had to absorb higher costs; he attributes the advance in profits to an improvement in "internal efficiencies." The ordinary dividend of 25 per cent, covered twice by earnings, was maintained on the capital as increased by a one-for-five scrip issue in June.

The balance sheet reflects the effect of Sears' expansion. Stocks and debtors rose from £29¼ million to £35¼ million and this, together with stock market purchases of shares in Saxone prior to the merger, brought net liquid assets down from £7,693,000 to £242,000. But the £5 million debenture placing made recently by British Shoe has reinforced cash balances and the group's retained cash flow is about £4 million. Profits should rise again this year; 1961 was a difficult year for the retail shoe trade but 1962 should produce some benefits from the merger with Saxone. In Sears Engineering the Bentley Group, which makes hosiery knitting machinery, should be working at full capacity this year; but Mr Clore says that Furness Shipbuilding "will be barely fully occupied in 1962." The 5s. ordinary "A" shares, now standing at 39s. 7½d., yield 3.2 per cent on the forecast of a maintained dividend of 25 per cent on the capital as increased by the proposed one-for-six scrip issue.

Insurance Reports

THE latest batch of insurance reports make generally more cheerful reading. Most of the companies in the table earned a better underwriting surplus in 1961; this largely reflects a reduction in their commitments in North America. The slight fall in the surplus of London Assurance stems from a substantial underwriting loss of £760,000 in the accident department as a result of the hurricanes. The elimination of unprofitable business has been of benefit to the Guardian and the Sun Alliance, though the latter still has an underwriting deficit in the United States. The Guardian operates on only a very limited scale in the United States and the slightly lower surplus on its accident business stems from the loss on the motor account. Northern and Employers reports a loss on its fire account as a result of its experience in the United States; but its US business as a whole earned a profit. By far the biggest increase in underwriting surplus is reported by the Royal Exchange; this reflects a sharp rise in premium income.

The investment income of all the companies has risen—notably so in the case of the Guardian, which made a two for one rights issue last year. The full benefit from the investment of the proceeds of that issue will be seen in the current year's accounts. Most of the offices have invested considerable sums in property developments but more than one chairman stresses the long term nature of such investments. Meanwhile most of the offices, in the words of Lord Knollys, the chairman of Northern and Employers, have "made a reassessment of the prospects of ordinary shares and fixed interest securities." Not surprisingly the balance of new investment in the past year swung back towards high yielding fixed interest stocks but equities were by no means neglected. The Royal Exchange, for example, was a seller of equities in the early months of 1961 but it came back into the market as a buyer later.

	Net underwriting surplus		Gross investment income		Dividend per share	Price	Yield per cent
	1960 £'000	1961 £'000	1960 £'000	1961 £'000			
Guardian	1,287	1,698	3,212	3,731	1/4	59/-	2·3
London	384	370	2,266	2,417..	1/9	61/6	2·8
Northern & Employers	*	982	4,216	4,602	4/2·4	177/6	2·4
Royal Exchange	799	1,554	3,376	3,507	3/9	123/3	3·0
Sun Alliance	2,848	3,489	3,160	3,299	2/8	95/9	2·8

* No comparable figure available.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended May 12, 1962, there was an "above-line" surplus (after allowing for sinking funds) of £3,414,000 compared with a deficit of £58,498,000 in the previous week and a deficit of £3,820,000 in the corresponding period of last year. There was a net expenditure "below-line" of £6,153,000 leaving a total cumulative deficit to date of £92,770,000 compared with £50,659,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to May 13, 1961	April 1, 1962, to May 12, 1962	Week ended May 13, 1961	Week ended May 12, 1962
Ordinary Revenue					
Income Tax	2,790,000	154,291	154,412	26,423	24,041
Surtax	188,000	18,000	18,600	1,700	2,200
Death Duties	264,500	33,400	30,500	5,000	4,800
Stamps	95,000	12,600	12,700	2,200	1,100
Profits tax, EPT and EPL	374,000	24,500	26,200	3,700	3,900
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	242,791	242,412	39,023	36,041
Customs	1,653,000	189,404	185,083	30,510	36,098
Excise	1,077,000	141,855	143,875	25,545	33,090
Total Customs and Excise	2,730,000	331,259	328,958	56,055	69,188
Motor Duties	150,000	7,874	11,885	2,131	5,611
Broadcast Lic's.	41,000	2,500	2,600	...	...
Miscellaneous	165,000	79,785	11,440	243	432
Total	**6,797,500**	**664,209**	**597,295**	**97,452**	**111,272**
Ordinary Expenditure					
Debt Interest	600,000	82,101	65,774	1,708	4,662
Payments to N. Ireland Exch.	100,000	9,609	10,342	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	1,037	880	14	76
Supply Services	5,611,650	566,884	584,860	98,900	102,600
Total	**6,323,650**	**659,631**	**661,856**	**100,622**	**107,338**
Sinking Funds	41,000	3,460	3,725	650	520
"Above-line" Surplus or Deficit	+ 1,118	– 68,286	3,820	+ 3,414	
"Below-line" Net Expenditure*	51,777	24,484	17,421	6,153	
Total Surplus or Deficit	**50,659**	**92,770**	**21,241**	– **2,739**	
Net receipts from:					
Tax Reserve Certificates	17,706	22,505	1,874	1,329	
Savings Certificates	– 3,900	1,000	300	– 900	
Defence Bonds	7,611	391	1,763	– 437	
Premium Savings Bonds	6,000	3,000	400	200	
Total	**27,417**	**26,896**	**3,737**	**192**	

* Net receipts of £10 million to the Civil Contingencies Fund in 1962–63 compared with £4 million in 1961–62.

THE MONEY MARKET

FOLLOWING poor allotments of 26 and 20 per cent in the previous two weeks the discount market syndicate "went for the bills" at last Friday's Treasury bill tender and raised its bid by 8d. to £99 0s. 1d. Total applications increased by £7 million to £413 million, but the outsiders did not raise their bids as sharply as the market and the average rate of discount fell by only 2s. 1.01d. to £3 19s. 8.71d. per cent. As a result the market received a satisfactory allotment of 57 per cent.

Credit was comfortable at the end of last week and, more unusually, on Monday of this week. On Friday and Monday the authorities sold small amounts of bills to absorb the surplus credit. On Tuesday and Wednesday, however, the market was forced to borrow from the Bank of England at Bank rate, although on both days the authorities helped the market by the special purchase of bills. On Tuesday one or two houses borrowed a very small amount, and on Wednesday three or four houses shared a small amount. The authorities obviously feel that last week's reduction in the bill rate was too sharp for present policies.

In New York this week the bill rate fell to 2.646 per cent from 2.720 per cent.

MONEY RATES

LONDON

	%
Bank rate (from 5%, 26/4/62)	4½
Deposit rates (7 days' notice):	
Banks	2½
Discount houses	2½–2¾
Local Authorities	4⅝
Call money:	
Clearing banks' minimum	2⅞
Day-to-day	2⅞–3⅞

Discount rates:	%
Bank bills:	
60 days	4 1/16–4 3/16
3 months	4 1/16–4 3/16
4 months	4 1/16–4 3/16
6 months	4 1/8–4 1/4
Fine trade bills:	
3 months	5½–6
4 months	5½–6
6 months	5¾–6½

NEW YORK

	%
Official Discount rate: (from 3½%, 11/8/60)	3

Treasury Bills:	%
May 7	2·720
" 14	2·646

BANK OF ENGLAND RETURNS

(£ million)	May 17, 1962	May 7 1962	May 16, 1962
*Issue Department**:			
Notes in circulation	2,290·6	2,322·6	2,307·4
Notes in banking dept.	34·8	52·8	68·0
Govt. debt and securities*	2,323·2	2,373·9	2,374·0
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·8	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	10·2	14·9	15·2
Special deposits	152·9	233·2	233·2
Bankers	254·1	230·5	232·4
Others	85·1	69·1	70·3
Total	502·2	547·7	551·1
Securities:			
Government	408·5	451·0	432·6
Discounts and advances	57·6	42·4	49·2
Other	18·2	18·5	18·4
Total	484·3	511·9	500·2
Banking department reserve	35·8	53·6	68·8
"Proportion"	% 7·1	% 9·7	% 12·4

* 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	91-Day Bills Average Rate of Allotment	Allotted at Max. Rate *
	91 day		s. d.	%
1961 May 12	250·0	445·8	86 5·04	50
1962				
Feb. 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
" 16	230·0	411·8	97 7·57	41
" 23	230·0	408·1	89 0·47	48
" 30	230·0	392·2	88 1·16	57
April 6	230·0	398·7	87 4·62	46
" 13	230·0	407·9	86 8·54	41
" 19	230·0†	386·6	85 4·31	46
" 27	220·0	386·3	81 0·54	26
May 4	220·0	406·0	81 9·72	16
" 11	230·0	412·8	79 8·71	57

* On May 11th tenders for 91 day bills at £99 0s. 1d. secured 57 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.

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 May 13	3,160·0	1,893·0	275·3	...	5,328·2
1962					
Feb. 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
" 17	2,960·0	2,423·9	251·1	...	5,635·0
" 24	2,980·0	2,391·6	290·8	...	5,662·5
" 31	3,000·0	2,330·6	260·7	...	5,591·3
April 7	2,980·0	2,400·5	253·0	2·3	5,635·8
" 14	2,970·0	2,433·5	254·1	5·0	5,662·7
" 21	2,960·0	2,448·7	226·0	3·3	5,638·0
" 28	2,940·0	2,542·3	223·0	...	5,705·3
May 5	2,920·0	2,512·6	243·6	...	5,676·2
" 12	2,940·0	2,236·5	248·2	0·5	5,425·2

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits May 16	Market Rates: Spot May 10	May 11	May 12	May 14	May 15	May 16
United States $	2·78–2·82⅝	2·81 1/4–3/8	2·81 3/16–5/16	2·81 3/16–5/16	2·81 1/4–3/8	2·81 1/4–3/8	2·81 5/16–7/16
Canadian $	...	3·03 15/16–04 1/16	3·04 1/16–1/8	3·04 5/16–05	3·05 5/16–7/16	3·06 3/16–5/16	3·05 15/16–06 1/16
French Fr.	13·622–14·027	13·78 1/2–3/8	13·77 3/8–78 1/2	13·77 3/4–78	13·78 1/8–3/8	13·78 1/4–1/2	13·78 3/8–3/8
Swiss Fr.	11·94–12·54⅞	12·18 9/8–7/8	12·18 3/8–5/8	12·18 1/4–1/2	12·18 1/8–3/8	12·17 1/2–3/4	12·17 3/8–18/8
Belgian Fr.	137·96–142·05	139·87 1/2–92 1/2	139·87 1/2–92 1/2	139·87 1/2–92 1/2	139·90–95	140·00–05	140·02 1/2–07 1/2
Dutch Gld.	9·98 3/4–10·28 1/2	10·10 3/8–7/8	10·10 1/4–1/2	10·10 1/4–1/2	10·10 1/2–3/4	10·10 5/8–7/8	10·10 5/8–7/8
W. Ger. D-Mk.	11·037–11·365	11·24 7/8–25 1/8	11·24 7/8–25 1/8	11·24 3/4–25	11·25 1/8–3/8	11·25 1/8–3/8	11·25 1/8–7/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1745 1/2–46	1745–45 1/2	1744 3/4–45 1/4	1745 3/4–46 1/2	1746–46 1/2	1746 1/2–47
Swedish Kr.	14·27 1/2–14·70	14·47 3/8–48 1/8	14·47 1/4–1/2	14·47 1/4–1/2	14·47 3/4–1/2	14·47 1/2–3/4	14·47 1/2–3/4
Danish Kr.	19·06 1/2–19·62	19·39 3/4–40	19·39 1/2–3/4	19·39 1/2–3/4	19·40 1/8–3/8	19·39 5/8–10 1/8	19·39 3/4–40
Norwegian Kr.	19·71–20·30 1/2	20·05 1/8–3/8	20·05 1/8–3/8	20·05 1/8–3/8	20·05 1/8–3/8	20·05 1/4–1/2	20·05 1/2–3/4
	* Official Limits	**One Month Forward Rates**					
United States $		5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	5/16–3/16c. pm	3/16–1/4c. pm	3/8–1/4c. pm
Canadian $		1/4c. pm–par	1/4c. pm–par	1/4c. pm–par	1/4–1/8c. pm	5/16–3/16c. pm	5/16–3/16c. pm
French Fr.		1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	1/2c. pm–par	1/2c. pm–par
Swiss Fr.		17/8–13/8c. pm	17/8–13/8c. pm	17/8–13/8c. pm	17/8–13/8c. pm	2–11/2c. pm	2–11/2c. pm
Belgian Fr.		23–13c. pm	23–13c. pm	23–13c. pm	23–13c. pm	25–15c. pm	25–15c. pm
Dutch Gld.		1/2–1/4c. pm	3/8–1/8c. pm	7/8–1/8c. pm	7/8–3/8c. pm	1/2–1/4c. pm	3/4–1/2c. pm
W. German D-Mk.		13/4–11/4pf. pm	13/4–11/4pf. pm	13/4–11/4pf. pm	17/8–13/8pf. pm	17/8–13/8pf. pm	17/8–13/8pf. pm
		Three Months Forward Rates					
United States $		7/8–3/4c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	7/8–3/4c. pm
Canadian $		3/4–1/2c. pm	3/4–1/2c. pm	3/4–1/2c. pm	11/16–9/16c. pm	3/4–3/8c. pm	13/16–11/16c. pm
Swiss Fr.		37/8–33/8c. pm	37/8–27/8c. pm	33/8–27/8c. pm	33/8–27/8c. pm	37/8–33/8c. pm	37/8–33/8c. pm
W. German D-Mk.		43/4–41/4pf. pm	41/2–4pf. pm	41/2–4pf. pm	41/2–4pf. pm	41/2–4pf. pm	41/2–4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/5½	249/5	...	249/43/4	249/43/4	249/43/4
($ " ")		35·08	35·08	...	35·08	35·08	35·08

STOCK PRICES

Prices 1962 High	Prices 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price May 9, 1962	Price, May 16, 1962	Net Red. Yield, May 16, 1962§	Gross Red. Yield, May 16 1962
					£ s. d.	£ s. d.
$100^{15}/_{16}$	$100^{5}/_{32}$	Treasury 5½% 1962	$100^{17}/_{32}$	$100^{9}/_{16}$	2 2 9	4 5 9
$98^{11}/_{32}$	$96^{3}/_{16}$	Exchequer 3% 1962–63	$98^{1}/_{4}$	$98^{11}/_{32}$	3 10 2	4 12 11
$100^{3}/_{32}$	$98^{1}/_{4}$	Conversion 4¾% 1963	$100^{1}/_{16}$	$100^{1}/_{8}$	2 18 7	4 12 9
$96^{13}/_{16}$	$93^{7}/_{16}$	Exchequer 2½% 1963–64	$96^{13}/_{32}$	$96^{17}/_{32}$	3 6 9	4 6 7
$99^{11}/_{32}$	$97^{1}/_{16}$	Conversion 4½% 1964	$99^{3}/_{16}$	$99^{11}/_{32}$	3 1 8	4 16 9
$94^{3}/_{8}$	$90^{11}/_{32}$	Savings Bonds 3% 1955–65	$94^{5}/_{32}$	$94^{3}/_{16}$	3 13 2	4 19 3
$100^{3}/_{8}$	$98^{1}/_{32}$	Exchequer 5½% 1966	$100^{5}/_{32}$	$100^{1}/_{4}$	3 3 9	5 8 4
$87^{13}/_{16}$	85	Savings Bonds 2½% 1964–67	$87^{13}/_{16}$	$87^{13}/_{16}$	4 5 6	5 6 6
$86^{9}/_{16}$	$83^{15}/_{16}$	Funding 3% 1956–61	$86^{1}/_{2}$	$86^{9}/_{16}$	4 8 9	5 15 6
$86^{15}/_{16}$	$84^{7}/_{16}$	Conversion 3½% 1969	$86^{3}/_{4}$	$86^{15}/_{16}$	4 9 5	6 0 0
$84^{1}/_{16}$	$82^{5}/_{8}$	Funding 3% 1959–69	84	$84^{1}/_{16}$	4 11 8	5 17 9
97	$92^{1}/_{2}$	Victory 4% 1920–76	97	97	2 19 11	4 12 10
$81^{3}/_{16}$	$78^{15}/_{16}$	Savings Bonds 3% 1960–70	$80^{7}/_{8}$	$81^{3}/_{16}$	4 13 1	6 0 2
$92^{13}/_{16}$	$90^{9}/_{16}$	Conversion 5% 1971	$92^{1}/_{2}$	$92^{13}/_{16}$	4 3 0	6 5 10
$99^{1}/_{8}$	$97^{1}/_{4}$	Conversion 6% 1972	$98^{7}/_{8}$	$99^{1}/_{16}$	3 18 2	6 6 10
$93^{13}/_{16}$	$91^{5}/_{16}$	Conversion 5½% 1974	$91^{7}/_{16}$	$91^{1}/_{2}$	4 1 9	6 4 3
$89^{7}/_{8}$	$87^{1}/_{16}$	Funding 4% 1960–90	$88^{1}/_{4}$	$88^{1}/_{2}$	3 12 4	5 5 10
72	$70^{7}/_{16}$	Savings Bonds 3% 1965–75	$71^{13}/_{16}$	72	4 15 2	6 4 4
$71^{7}/_{8}$	$69^{5}/_{8}$	Treasury 3½% 1977–80	$70^{3}/_{8}$	$70^{1}/_{2}$	4 10 10	6 4 4
$70^{3}/_{8}$	$68^{5}/_{16}$	Treasury 3½% 1979–81	$70^{5}/_{8}$	$70^{3}/_{4}$	4 10 4	6 5 0
$93^{1}/_{8}$	$90^{3}/_{16}$	Funding 5½% 1982–84	$93^{11}/_{16}$	$93^{1}/_{8}$	3 18 5	6 4 10
$57^{5}/_{8}$	54	Redemption 3% 1986–96	$57^{1}/_{2}$	$57^{1}/_{4}$	4 4 4	5 19 4
$85^{7}/_{8}$	$82^{1}/_{8}$	Treasury 5% 1986–89	84	$84^{1}/_{8}$	4 0 10	6 5 0
62	$56^{15}/_{16}$	Funding 3½% 1999–2004	$61^{7}/_{8}$	$61^{15}/_{16}$	4 1 7	6 2 0
$90^{3}/_{16}$	$84^{1}/_{2}$	Treasury 5½% 2008–12	$89^{15}/_{16}$	$90^{3}/_{16}$	3 16 9	6 4 1
$63^{7}/_{8}$	$58^{1}/_{4}$	Consols 4% ..... after Feb. 1957	$63^{3}/_{8}$	$63^{1}/_{2}$	3 18 0	6 8 4
$56^{7}/_{8}$	$52^{1}/_{16}$	War Loan 3½% ..... after 1952	$55^{5}/_{8}$	$55^{7}/_{16}$	3 17 3	6 6 0
$56^{1}/_{8}$	$52^{5}/_{8}$	Conv. 3½% ..... after Apr. 1961	$55^{3}/_{16}$	$55^{11}/_{16}$	3 17 4	6 6 9
$48^{1}/_{8}$	$44^{7}/_{8}$	Treasury 3% ..... after Apr. 1966	$47^{7}/_{8}$	$47^{3}/_{8}$	3 17 4	6 6 7
$41^{1}/_{8}$	$38^{1}/_{2}$	Consols 2½%	$40^{15}/_{16}$	$40^{7}/_{8}$	3 15 3	6 3 3
$40^{3}/_{4}$	$38^{1}/_{16}$	Treasury 2½% ..... after Apr. 1975	$40^{9}/_{16}$	$40^{1}/_{2}$	3 16 0	6 4 5
$92^{3}/_{16}$	$89^{15}/_{16}$	British Electric 4½% 1967–69	$92^{1}/_{8}$	$92^{1}/_{8}$	4 2 11	6 1 4
$75^{3}/_{4}$	$74^{3}/_{8}$	British Electric 3% 1968–73	$75^{5}/_{8}$	$75^{5}/_{16}$	4 16 2	6 4 1
$70^{1}/_{8}$	69	British Electric 3% 1974–77	$69^{5}/_{8}$	$69^{3}/_{4}$	4 14 7	6 4 0
$80^{3}/_{16}$	$79^{1}/_{16}$	British Electric 4¼% 1974–79	$79^{3}/_{8}$	$79^{9}/_{16}$	4 6 4	6 5 0
$72^{1}/_{16}$	$70^{3}/_{4}$	British Electric 3½% 1976–79	$71^{1}/_{16}$	$71^{3}/_{16}$	4 11 0	6 4 7
$84^{7}/_{16}$	$82^{1}/_{2}$	British Gas 4% 1969–72	$84^{1}/_{8}$	$84^{7}/_{16}$	4 8 10	6 4 6
$82^{1}/_{8}$	$80^{9}/_{16}$	British Gas 3½% 1969–71	$81^{3}/_{4}$	82	4 11 10	6 3 2
$57^{9}/_{16}$	$53^{11}/_{16}$	British Gas 3% 1990–95	$57^{1}/_{8}$	$57^{1}/_{16}$	4 5 8	6 0 3
$75^{3}/_{4}$	$74^{3}/_{8}$	British Transport 3% 1968–73	$75^{1}/_{8}$	$75^{5}/_{16}$	4 16 2	6 4 1
$79^{1}/_{8}$	$77^{3}/_{8}$	British Transport 4% 1972–77	$79^{1}/_{8}$	$77^{1}/_{2}$*	4 8 11	6 4 10
$60^{1}/_{4}$	$56^{1}/_{2}$	British Transport 3% 1978–88	$60^{1}/_{8}$	$60^{1}/_{8}$	4 9 10	6 3 8

Prices 1962 High	Prices 1962 Low	DOMINION AND CORPORATION STOCKS	Price May 9 1962	Price, May 16. 1962	Red. Yield May 16. 1962
					£ s. d.
82	$79^{1}/_{2}$	Australia 3¼% 1965–69	$81^{3}/_{4}$	$81^{3}/_{4}$	6 11 0
$98^{3}/_{4}$	96	Australia 6% 1974–76	$96^{1}/_{2}$	$96^{1}/_{2}$	6 7 0
66	$54^{1}/_{2}$	Ceylon 4% 1973–75	55	$54^{1}/_{2}$	10 7 0
$96^{3}/_{4}$	$94^{1}/_{2}$	New Zealand 6% 1976–80	$96^{1}/_{2}$	$96^{3}/_{8}$	6 8 0
$75^{1}/_{2}$	63	Rhodesia and Nyasaland 6% 1978–81	65	65	10 8 0
$86^{3}/_{4}$	82	South Africa 3½% 1965–67	$86^{1}/_{2}$	$86^{3}/_{4}$	6 13 0
$58^{1}/_{4}$	48	Southern Rhodesia 4½% 1987–92	49	48	10 1 0
$81^{1}/_{2}$	$77^{3}/_{4}$	Agricultural Mortgage 5% 1959–89	$81^{1}/_{2}$	$81^{3}/_{8}$	6 10 0
$89^{1}/_{8}$	86	Birmingham 4½% 1967–70	89	$89^{1}/_{8}$	6 3 0
92	$88^{1}/_{2}$	Bristol 5% 1971–73	92	$89^{1}/_{4}$	6 5 0
$90^{1}/_{2}$	88	Corporation of London 5½% 1976–79	$88^{3}/_{8}$	$88^{1}/_{2}$	6 5 0
$46^{3}/_{4}$	43	L.C.C. 3% ..... after 1920	$45^{1}/_{2}$	$45^{3}/_{4}$	6 9 0
$86^{1}/_{8}$	84	L.C.C. 5% 1980–83	86	86	6 5 0
$89^{1}/_{2}$	87	Middlesex 5½% 1980	89	89	6 7 0

NEW YORK PRICES AND INDICES

	May 9 $	May 16 $		May 9 $	May 16 $		May 9 $	May 16 $
Atch. Topeka	$24^{3}/_{4}$	$25^{1}/_{8}$	Boeing	$44^{7}/_{8}$	$45^{1}/_{8}$	Int. Harvester	$51^{7}/_{8}$	$52^{5}/_{8}$
Can. Pacific	24	$23^{3}/_{4}$	Celanese	$38^{1}/_{2}$	$38^{1}/_{4}$	Inter. Nickel	76	$73^{1}/_{8}$
Pennsylvania	$15^{1}/_{8}$	15	Chrysler	$48^{1}/_{4}$	$50^{3}/_{4}$	Inter. Paper	$31^{5}/_{8}$	$31^{1}/_{8}$
Union Pacific	$31^{3}/_{4}$	$31^{7}/_{8}$	Col. Palmolive	$43^{1}/_{2}$	$44^{1}/_{2}$	Kennecott	$75^{1}/_{2}$	$76^{1}/_{2}$
Amer. Electric	$64^{1}/_{2}$	$66^{3}/_{8}$	Crown Zeller	$50^{3}/_{8}$	$49^{3}/_{8}$	Monsanto	$47^{1}/_{4}$	$46^{1}/_{8}$
Am. Tel. & Tel.	$119^{1}/_{2}$	$120^{1}/_{2}$	Distillers Seag.	44	$42^{5}/_{8}$	Nat. Distillers	$28^{1}/_{4}$	$28^{3}/_{8}$
Cons. Edison	$76^{1}/_{2}$	$76^{7}/_{8}$	Douglas	25	$25^{1}/_{8}$	Pan-American	$21^{1}/_{4}$	$22^{1}/_{8}$
Int. Tel. & Tel.	$42^{1}/_{8}$	$45^{3}/_{8}$	Dow Chemical	$51^{3}/_{8}$	$52^{1}/_{2}$	Procter Gamble	$80^{1}/_{8}$	$78^{1}/_{4}$
South'n. Nat. Gas	46	45	Du Pont	$224^{1}/_{2}$	$222^{1}/_{4}$	Radio Corpn.	55	$55^{1}/_{8}$
United Corpn.	8	8	East. Kodak	$106^{1}/_{8}$	108	Sears Roebuck	$83^{1}/_{4}$	$81^{3}/_{8}$
Western Union	$36^{1}/_{4}$	36	Ford Motor	$93^{3}/_{4}$	92	Shell Oil	$37^{1}/_{4}$	$36^{5}/_{8}$
Alcoa	$56^{7}/_{8}$	$55^{1}/_{4}$	Gen. Electric	$70^{3}/_{4}$	$70^{7}/_{8}$	Socony-Mobil	$51^{3}/_{8}$	$51^{5}/_{8}$
Aluminium	$22^{1}/_{2}$	$23^{3}/_{4}$	General Foods	$83^{1}/_{2}$	$83^{7}/_{8}$	Stand. Oil Ind.	$51^{3}/_{8}$	$49^{1}/_{2}$
Amer. Can	$43^{1}/_{4}$	$44^{1}/_{4}$	General Motors	$51^{7}/_{8}$	52	Stand. Oil N.J.	$51^{3}/_{8}$	$53^{1}/_{2}$
Am. Smelting	$63^{3}/_{8}$	$60^{1}/_{4}$	Goodyear	$39^{1}/_{4}$	$38^{3}/_{4}$	Union Carbide	$100^{1}/_{8}$	$99^{1}/_{2}$
Am. Viscose	$58^{1}/_{4}$	$57^{1}/_{2}$	Gulf Oil	40	40	U.S. Steel	$55^{3}/_{8}$	$57^{5}/_{8}$
Anaconda	$44^{5}/_{8}$	$45^{3}/_{4}$	Heinz	$52^{1}/_{2}$	51	West. Electric	$31^{1}/_{4}$	33
Beth. Steel	$37^{1}/_{2}$	$38^{7}/_{8}$	Int. Bus. Mach.	451	457	Woolworth	$74^{1}/_{8}$	$75^{3}/_{4}$

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
April 18	71·88	2·99	32·70	4·93	63·93	3·17	90 06	3·88
,, 25	71·27	3·01	31·77	5·08	63·77	3·17	89·85	3·90
May 2	69·49	3·09	31·80	5·07	61·67	3·28	90·17	3·87
,, 9	67·64	3·18	31·12	5·19	60·16	3·37	90·39	3·85
,, 16	67·66	3·17	31·11	5·19	60·15	3·37	90·39	3·85

425 Industrials :—High, 75·22 (Jan. 3). Low, 65·99 (May 11).

Prices 1962 High	Prices 1962 Low		Last Two Dividends (a) (b) (c		ORDINARY STOCKS	Price May 9 1962	Price, May 16. 1962	Yield, May 16. 1962	Cover
				%					
$105^{1}/_{2}$	$86^{1}/_{2}$	$6^{1}/_{2}$	a	$6^{1}/_{2}$	b	BANKS, DISCOUNT & HP				
$111^{1}/_{2}$	93	8	a	8	b	Barclays £1	98/9	101/6	2·56	...
72/6	58/6	4·3	a	5·1	b	District £1	106/6	104/9	3·05	...
65/-	54/4½	25	b	25	a	Lloyds £1	65/9	69/-	2·72	...
101/-	86/9	$7^{1}/_{8}$	a	$7^{1}/_{2}$	b	Martins 5/-	24/3	24/9	3·03	...
106/6	89/-	7	a	7	b	Midland £1	98/3	98/6	3·05	...
104/-	84/-	$6^{3}/_{4}$	a	$6^{3}/_{4}$	b	Nat. Provincial £1	102/3	104/-	2·69	...
47/6	$40^{1}/_{2}$	4	a	8	b	Westminster 'B' £1	98/-	99/-	2·69	...
40/9	$37^{1}/_{2}$	$3^{1}/_{2}$	a	5	b	Australia & N.Z. £1 p.p.	46/6	47/6	5·05	...
£25	£21	$2·05c		$2·05c		Bk. Lond. & S. Amer. £1	$8^{1}/_{8}$ b	$8^{1}/_{8}$ b	4·92	1·969
$34^{1}/_{2}$	$27^{1}/_{4}$	8	c	9	c	Bank of Montreal $10	£22	£21	3·07	...
39/-	34/9	5	a	5	b	Bank of New S. Wales £20	$33^{1}/_{2}$ c	$34^{1}/_{4}$	4·20g	...
58/6	53/3	$7^{1}/_{2}$	a	$7^{1}/_{2}$	b	Barclays D.C.O. £1	37/9	38/3	5·23	...
£19	£17	5/-	a	10/-	b	Chartered £1	56/-	56/-	5·36	...
62/-	52/3	9	b	$7^{1}/_{2}$	a	Hongk'g. & Shang. $25	£17	£17	4·35	...
£29	£26	$2·37½c		$2·50c		Nat. Com. Bk. Scot. 10/-	62/-	61/-	2·70	...
43/6	37/6	10	b	5	a	Royal Bk. Canada $10	£26	£26	3·07	...
230/-	157/6	$22^{1}/_{2}$	a	$7^{1}/_{2}$	a	Standard Bank £1	41/6	42/9	7·02	...
99/9	81/10	$2^{1}/_{2}$	a	5	a	Hambros ..... £1 p.	205/-	207/6	2·17	...
60/3	53/-	$6^{1}/_{4}$	a	$6^{1}/_{4}$	b	Schroders £1	99/6	98/-	1·53	...
14/6	11/3	5	a	5	b	Union Discount £1	59/-	58/6	4·27	...
19/-	15/-	10	b	18	c	Nil	c	Bowmaker 5/-	12/6	13/3	...	...
14/3	10/6	5	a	5	b	Lombard Banking 5/-	12/3	11/9	4·26	$11^{1}/_{4}$
16/41	10/6	$2^{1}/_{2}$	b	2	a	Mercantile Credit 5/-	13/6	13/-	2·88	...
44/11	31/-	$22^{1}/_{2}$	b	4	a	United Domins. Tst. 5/-	35/-	37/-	3·58	$3^{3}/_{4}$
18/6	13/3	...		4	a	BREWERIES, Etc.				
44/-	$37^{1}/_{2}$	$8^{1}/_{2}$	b	6	a	Bass, M. & B. 5/-	$16/7^{1}/_{2}$	$16/4^{1}/_{2}$	3·36	2
24/6	17/6	4	a	8	b	Distillers 10/-	$43/4^{1}/_{2}$	$43/1^{1}/_{2}$	3·36	2
51/6	47/-	8	a	14	b	Flowers 5/-	$22/1^{1}/_{2}$	$23/1^{1}/_{2}$	2·59	...
19/6	15/7½	10	a	12	b	Guinness 10/-	48/9	48/-	4·58	$13^{1}/_{4}$
15/7½	$12/7^{1}/_{2}$	...		8	b	Ind Coope. T.A. 5/-	14/-	13/9	4·36	$2^{1}/_{2}$
17/3	13/-	5	a	$7^{1}/_{2}$	b	United Breweries 5/-	16/6	16/6	3·79	$13^{1}/_{4}$
29/-	$23^{1}/_{8}$	6	a	12	b	Watney Mann 5/-	28/-	26/9	3·36	2
42/41	31/9	9	a	21	b	Whitbread 'A' 5/-	38/3	39/9	3·77	$13^{3}/_{4}$
61/-	50/6	3	a	$6^{1}/_{2}$	b	BUILDING, PAINT, Etc.				
27/41	21/9	$7^{1}/_{4}$	b	4	a	Associated Portland £1	61/-	60/6	3·14	$23^{1}/_{4}$
24/6	17/6	4	a	8	b	British Plaster Bd. 10/-	26/6	25/3	4·95	$21^{1}/_{4}$
13/7½	10/6	10	a	10	b	Richard Costain 5/-	18/41	18/41	4·35	$23^{1}/_{4}$
14/11	9/10½	6	a	16½	b	Crittall Mfg. 5/-	13/6	13/6	6·25*	2
69/6	54/9	25	c	25	c	International Paints 4/-	12/10½	13/-	6·92	$11^{1}/_{2}$
24/6	19/7½	$11^{1}/_{2}$	b	c	a	Rugby Portland 5/-	65/3¶	63/9¶	1·96	$3^{1}/_{4}$
						Wall Paper Defd. 5/-	23/6	$23/7^{1}/_{2}$	3·53	$2^{1}/_{4}$
25/7½	20/9	b	a	14	a	CHEMICAL				
19/3	16/3	4	a	$7^{1}/_{2}$	b	Albright & Wilson 5/-	$24·10^{1}/_{2}$	24/6	4·08	2
43/3	34/-	4	a	7	b	Borax Defd. 5/-	18/6	$17/11^{1}/_{2}$	3·36	$2^{1}/_{2}$
58/-	53/3	$6^{1}/_{4}$	a	$7^{1}/_{2}$	b	Fisons £1	$37/7^{1}/_{2}$	$36/10^{1}/_{2}$	5·97	$1^{1}/_{2}$
18/6	12/6	5	c	5	b	I.C.I. £1	$55/1^{1}/_{2}$	55/3	4·98	1
						Monsanto 5/-	16/9	16/9	2·99	$1^{1}/_{2}$
35/3	$26·10^{1}/_{2}$	4	a	8	b	DRAPERY & STORES				
33/c	$28/10^{1}/_{2}$	$1^{7}/_{8}$	a	5	b	Boots Pure Drug 5/-	32/-	31/-*	1·94	$2^{1}/_{4}$
59/c	53/6	$13^{1}/_{2}$	b	$5^{5}/_{8}$	a	Montague Burton 10/-	31/6	31/3	2·20	$2^{1}/_{4}$
65/-	54/4½	25	b	$12^{1}/_{2}$	a	Debenhams 10/-	54/9	55/-	3·49	$1^{1}/_{2}$
40/3	34/9	$16^{3}/_{4}$	b	$13^{1}/_{2}$	a	G.U.S. 'A' 5/-	64/3	$64·10^{1}/_{2}$	2·89	2
16/6	13/6	5	a	$7^{1}/_{2}$	b	House of Fraser 5/-	37/3	38/6	3·90	$1^{1}/_{4}$
100/c	90/-	15	a	$32^{1}/_{2}$	b	Lewis's Invest. Tst. 4/-	$15/8^{1}/_{4}$	$15/3^{3}/_{4}$	3·27	2
52/c	46/-	10	a	20	b	Marks & Spencer 'A' 5/-	96/-	$93/10^{1}/_{2}$	2·53	$1^{1}/_{2}$
53/-	45/9	$10^{5}/_{8}$	a	25	b	United Drapery 5/-	51/6	50/-*	3·00	2
						Woolworth 5/-	46/9	$49/11^{1}/_{2}$	3·65	$11^{1}/_{4}$
38/-	32/-	£2·78	a	£7	10^{1}	OIL				
36/6	30/6	$2^{1}/_{2}$	a	£7	11^{1}	British Petroleum £1	32/9*	33/3	9·67	$2^{1}/_{4}$
£14	£12	$11^{1}/_{2}$	a	15	b	Burmah Oil £1	33/9*	35/3	9·65	$1^{1}/_{4}$
$32^{7}/_{8}$	27/-	£10	a	£15	b	Royal Dutch ..... 20 fl.	£13	£14	3·58	$2^{1}/_{2}$
30/-	20/6	...		...		Shell Transport 5/-	$31/11^{1}/_{2}$	$32/7^{1}/_{2}$	6·26	$2^{1}/_{2}$
						Ultramar	10/-	26/9	29/6	... d	...

FOREIGN AND OVERSEAS STOCKS

	May 9	May 16		May 9	May 16		May 9	May 16
FRANCE	Frcs.	Frcs.	GERMANY	%	%	HOLLAND	%	%
Air Liquide	1,250	1,226	A.E.G.	424	410	A.K.U.	$358^{1}/_{4}$	$365^{7}/_{8}$
Banque de Paris	570	540	Bad'che. Anilin.	451	$424^{1}/_{2}$*	Bijenkorf	930	950
Citroen	222	206 S	Bayer	521	505	Heinekens	480	$515^{1}/_{2}$
C. F. Petrole.	280	283	Commerzbank	536	510	Interunie (Fl.50)	Fl.199	Fl.194
Cie. G. d'Elect.	1,295	1,265	Deutsche Bank	615	592	K. N. Hoogoven	$647^{1}/_{2}$	$674^{1}/_{2}$
Machines Bull	685	681	Hoechst Farb.	498	483	Kon. Zout-Ket.	870	930
Pechiney	270·1	262	Kundenkredit	488	463	Philips	$870^{1}/_{2}$	$805^{1}/_{2}$ ||
Printemps	702	680	Loewenbrau	1,210	1,130	Robeco (Fl.50)	Fl.226	Fl.224
Rhone-Poulenc	478	474	Mannesmann	$242^{1}/_{2}$	$235^{1}/_{2}$	Rotterdam Bk.	351	363
S.I.M.	408	393	Siemens	648	607	Thomassen & D.	640	650
Saint-Gobain	400	391	Thyssen-Huette	207	199	Valeurop	Fl. 79 4	Fl. 77 6
Usinor	216	216	Volkswagen	643	617	Zwanenberg	892	920
Index	106·8	103·8	*Herstatt Index*	105 52	100·62	Index	333·7	345·9
Dec. 30, 1960 = 100.			*Dec. 31, 1959 = 100.*			*1953 = 100*		

ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr.	Kr.
Ass. Generali	153,500	150.000	Arbed	30,200	29,800	Aves	226	218
Breda	6,360	6,240	Bque. Nat. de Bel.	10 425	10,250	Elektrolux	129	130
Edison	4,811	4,614	Bque. Soc. Gen.	3,555	3,450	Ericsson B. Kr. 35	133	129
Fiat	3,008	2,980	Cockerill-Oug.	2,930	2,905	Separator B.	305	305
Finsider	1,555	1,531	Esperance Long	5,750	5,500	Skand. Banken	205	206
La Centrale	15,160	14,600	Hoboken	19,700	19,200	Sv. Cellulosa	193	193
Montecatini	3,318	3,243	Innovation	6,760	6,800	Sv. Handelsbank	201	201
Motta	35,700	34,925	Photo Gevaert	3,590	3,385	Tandstk. B Kr. 50	163	162
Olivetti	10,660	10,360	Sidro	1,090	1,070	Index	171·42	170·34
Pirelli S.p.A.	12,370	12,150	Soc. Generale	14,450	14,175	*Dec. 29, 1956 = 100.*		
Rinascente	840½	805	Sofina	8,100	8,170			
Snia Viscosa	7,730	7,632	Un. Miniere I/10	1,268	1,276	NORWAY	%	%
Index	717·68	705·83	Index	407·2	404·4	Bergens Priv'bk.	$216^{1}/_{4}$	215
1950 = 100.			*May 9, 1940 = 100.*			Borregaard	230	$227^{1}/_{2}$
						Norsk Hydro	$315^{3}/_{4}$	$314^{1}/_{4}$

† Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. (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 Diawa Securities, Tokyo.

AND YIELDS

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : ITALY
BELGIUM : SWEDEN : NORWAY

Prices, 1962 High	Prices, 1962 Low		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, May 9, 1962	Price, May 16, 1962	Yield, May 16, 1962	Cover
				%					
		5	a	5	b	ELECTRICAL & RADIO				
32/6	26/3	9/9		15	c	A.E.I. £1	26/3	$20/10^{1}/_{2}$	$7·48$	1
66/3	56/41	4	a	$9^{1}/_{2}$	b	Brit. Electronic Inds. 5/-	$10/10^{1}/_{2}$	$10/11^{1}/_{2}$	7·41	$1^{1}/_{4}$
14/81	$12/7^{1}/_{2}$	5	a	$7^{1}/_{2}$	b	B.I.C.C. £1	63/6	64/6	4·19	2
89/6	76/-	$23^{1}/_{2}$	c	25	c	Crompton Parkinson 5/-	14/-	14/3	4·39	$2^{1}/_{2}$
45/6	42/-	$12^{1}/_{2}$	b	5	a	Decca Record 10/-	84/-	84/6	2·76	13^{4}
54/6	41/3	5	a	9	b	E.M.I. 5/-	53/6*	$51/11^{2}$	1·37	$2^{1}/_{4}$
27/9	22/-	5	a	5	b	Elliott-Automation 5/-	23/9	23/9	6·74	$1^{1}/_{2}$
54/-	42/9	7	b	3	a	English Electric £1	31/9	30/6	6·56	$3^{1}/_{4}$
59/3	44/6	$4^{3}/_{8}$	a	$6^{1}/_{2}$	b	General Electric £1	44/6*	43/6	5·75	2
47/9	42/9	$3^{1}/_{4}$	a	$6^{1}/_{2}$	b	A. Reyrolle 5/-	44/6	45/-	4·33	$2^{1}/_{2}$
89/6	63/6	25	c	25	c	Thorn Electrical 5/-	83/6	86/3	1·90	3
						ENGINEERING				
$32/4^{1}/_{2}$	20/3	9	c	9	c	Babcock & Wilcox £1	30/9*	30/6	5·90	$11^{1}/_{2}$
38/3	27/3	7	b	3·2	a	John Brown 5/-	$37/7^{1}/_{2}$	$37/7^{1}/_{2}$	5·42	$2^{1}/_{4}$
6/-	4/3	3	a	3	b	Cammell Laird 5/-	$5/1^{1}/_{2}$	$5/4^{1}/_{2}$	9·30

Prices and Wages

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

BRITISH

Prices and Wages.....	This week	External Trade	May 5th
Manpower and Output....	April 28th	Industrial Profits.....	April 21st

OVERSEAS

Western Europe.....	April 14th	United States.....	May 12th

	Unit	1959	1960	1961	1961			1962				
		mid-June			May 2	May 9	May 16	April 17	April 24	May 1	May 8	May 15
WORLD PRICES												
Commodity Price Indicator :												
All items	1958=100	96·8	98·3	95·3	98·0	97·2	97·1	92·7	92·8	92·5	92·3	92·4
Food	,,	95·8	93·0	93·0	96·0	94·7	94·3	89·3	89·6	89·0	89·0	89·2
Fibres	,,	95·3	98·7	104·4	107·8	107·4	106·5	102·5	102·2	102·0	101·9	101·4
Metals	,,	113·0	122·4	115·0	115·6	118·3	119·3	114·2	114·2	114·1	113·8	113·8
		Monthly averages			1961			1961		1962		
BRITISH WHOLESALE PRICES		1959	1960	1961	Jan.	Feb.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.
Materials used in :												
All manufacturing industries	1954=100	101·7	101·8	100·6	100·6	100·7	100·9	100·1	100·3	101·6	101·7	101·6[12]
Mechanical engineering	,,	124·5	126·2	128·1	126·6	127·0	127·7	128·4	128·9	129·0	129·2	130·1
Electrical machinery	,,	115·6	116·9	118·3	116·7	116·9	117·3	118·8	119·0	119·0	119·3	120·2
Construction	,,	113·4	115·1	118·2	116·4	116·8	117·3	119·3	119·4	119·6	119·7	120·1
House building	,,	111·0	114·0	118·0	116·3	116·6	117·2	119·1	119·1	119·5	119·7	119·6
Products of :												
All manufacturing industries	,,	111·5	113·0	116·0	114·3	114·6	115·1	117·3	117·5	117·8	118·0	118·2[13]
Chemicals and allied trades	,,	106·6	106·0	105·1	104·8	105·3	105·4	105·0	105·0	105·1	105·2	105·1
Iron and steel	,,	129·0	128·5	129·7	128·9	128·9	128·9	130·3	130·7	130·7	131·0	133·7
Textile industry	,,	96·0	100·8	104·0	103·4	103·8	104·4	103·5	103·7	103·5	103·4	103·4
Food manufacturing	,,	106·9	106·9	107·2	106·7	106·4	106·4	107·9	108·3	109·6	110·3	110·7
New construction (8)	,,	113	114	117	...	116[11]	...	120[9]	...	...	121[11]	...
Commodities :												
Cotton, raw	,,	68·6	75·0	74·8	75·8	75·8	75·9	74·2	74·5	74·7	74·8	73·8
Wool, raw	,,	76·6	76·3	76·2	71·6	74·2	74·4	73·7	73·7	73·5	76·2	77·7
Rubber, No. 1 RSS, one month future	,,	148·1	158·0	122·8	123·9	118·0	125·1	112·3	114·8	118·2	122·1	118·3
Softwood, imported	,,	95·4	104·9	107·3	107·3	107·3	107·5	106·7	106·8	105·5	105·5	104·1
Copper, ex-warehouse	,,	95·6	99·0	92·3	88·5	90·0	90·6	92·2	92·5	92·7	94·5	94·4
Coal	,,	135·4	137·4	144·8	147·1	147·2	147·2	147·1	147·3	151·1	151·6	151·5
General chemicals	,,	106·7	105·0	103·8	103·9	103·9	103·9	103·7	103·4	102·9	102·7	102·5
UK RETAIL PRICES (10)	Jan. 17, 1956=100	109·6	110·7	114·5	112·3	112·3	112·7	116·9	117·1	117·5	117·6	118·1[10]
All items (1)		108·2	107·4	109·1	107·7	107·5	107·4	109·8	110·2	110·7	110·5	111·7[10]
Food	,,											
All items	1938=100[2]	273	276	285	280	280	281	291	292	293	293	294
Food	,,	285	282	287	283	283	282	289	290	291	290	294
Housing	,,	180	186	194	189	190	190	198	198	198	199	199
Clothing	,,	268	271	276	274	274	275	278	278	278	278	278
Fuel and light	,,	284	291	309	312	313	313	323	323	324	325	326
Household durable goods	,,	300	300	305	303	303	303	309	309	311	312	313
Drink	,,	261	256	274	257	257	257	282	282	282	282	282
Tobacco	,,	428	444	467	449	449	449	491	491	491	491	491
Purchasing power of £ (based on all consumer spending)	1938=100	35·5	35·2	34·3	34·9	34·9	35·0	33·6	33·5	33·4	33·4	33·3
UK TERMS OF TRADE												
Import prices :												
All items	1954=100	98	99	97	98	97	97	96	96	96	96	96
Food, drink and tobacco	,,	98	97	94	97	94	95	93	93	93	94	94
Basic materials	,,	93	96	95	94	94	94	93	94	93	93	92
Fuels	,,	104	98	96	95	96	96	97	96	96	96	96
Manufactured goods	,,	104	107	107	107	107	107	106	106	106	105	105
Export prices :												
All items	,,	109	111	112	112	112	112	112	113	113	113	113
All manufactures	,,	111	114	115	114	115	115	115	116	116	116	116
Metals	,,	115	118	118	118	119	118	118	118	119	120	120
Engineering products	,,	117	120	122	121	122	121	122	123	123	123	123
Textiles (excluding clothing)	,,	98	102	106	105	107	106	104	106	106	106	107
Terms of trade :												
Ratio of import to export prices	,,	90	89	86	88	87	87	85	85	85	85	85
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	103·7	106·0	103·2	109·3	101·2	96·9	95·2	96·9
UK WAGES												
Normal weekly hours :	Jan. 31											
All workers	1956=100	99·6	98·0	95·9	96·4	96·4	96·3	95·4	95·4	95·2	95·2	95·2
Weekly wage rates (5) :												
All workers (3)	,,	117·0	120·0	125·0	123·5	123·7	124·0	126·2	126·4	126·8	127·2	127·7
Men	,,	116·8	119·7	124·6	123·2	123·5	123·6	125·8	126·0	126·4	126·8	127·3
Women	,,	117·0	120·8	125·3	123·5	123·6	124·0	126·4	126·5	127·2	127·3	128·3
Juveniles (4)	,,	119·0	123·2	130·3	128·4	128·8	129·0	131·7	131·9	132·2	132·8	133·5
All workers	Sept., 1939=100	304	312	325	321	321	322	328	329	330	331	332
Changes in weekly wage rates :												
Workers affected by increases	'000	392[6]	927	648	2,050	2,025	366	141[7]	245	1,418	1,927	845
Net increase in weekly wage bill	£'000	104	359	339	845	453	129	65	110	522	367	389

(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) Index of building costs. (9) Average for fourth quarter. (10) Using the revised retail price index based on January, 1962=100: March: all items=100·5 ; food=100·9. (11) Average for first quarter. (12) April 101·6. (13) April 118·2.

COMPANY MEETINGS

THE BRITISH PETROLEUM COMPANY LIMITED

REPORT AND ACCOUNTS FOR 1961

The fifty-third Annual General Meeting of the Company will be held at Britannic House, Finsbury Circus, London, EC2, on Thursday, June 7th.

CHAIRMAN'S STATEMENT

The following is the Statement by the Chairman, the **Hon. M. R. Bridgeman, CBE,** which has been circulated to Stockholders with the Report and Accounts for the year ended December 31, 1961:

Since our last meeting there have been several changes in the Board. Sir Harold Snow retired from his position as Deputy Chairman and Managing Director at the end of last year, though I am pleased to say that he remains a member of the Board, where we benefit from his 40 years of experience with our group. Mr A. E. C. Drake, who joined the company in 1935, has succeeded him as a Deputy Chairman. In addition, we have filled three of the four additional vacancies created by the amendment to the company's articles last October. In February we appointed Lord Cobbold a Director, and I need hardly say how greatly we shall value his immense knowledge of the City gained by his service at the Bank of England, and his 12 years as Governor. We are also appointing as Managing Directors Mr A. F. Down and the Hon. William Fraser, making seven Managing Directors in all instead of six, which will help to spread the load more evenly. I regret to say that Mr Desmond Abel Smith has decided not to seek re-election. He became a Director in 1951, and we shall greatly miss his advice and help.

LARGER WORLD OIL CONSUMPTION AND PRODUCTION

Turning to the main developments and trends in the oil industry during the past year, energy consumption in 1961 outside the Communist zone rose by some 3 per cent, a little more than half the increase in 1960, and oil consumption expanded by 5 per cent, but the incidence of the increase was uneven. In the USA the gain was less than 1 per cent; in Western Europe it rose by 11 per cent, and in Japan by 26 per cent. Total world production of crude oil and natural gas increased during 1961 by 73 million tons, of which some 20 million tons were in the Communist zone. Middle East production rose by 18 million tons, or just over 7 per cent, and there was a further rapid expansion in North Africa, where exports of crude oil from Libya began in the autumn, and are expected to increase considerably during 1962. Exports from the Communist zone during 1961 increased by just over 7 million tons to 30 million tons. Most of the additional shipments were made to Western Europe and supplies from that source now account for nearly 9 per cent of the area's total requirements.

COMPETITIVE CONDITIONS CONTINUE

Competitive conditions persisted throughout the year, particularly in the European markets where about 40 per cent of our sales are made, and there is no immediate sign of their easing. The cause of this state of affairs is to be found in the smaller increase of world demand, although it is still substantial, in the surplus capacity now existing in all the main exporting countries, in the development of exports from new producing areas, and especially in the continued expansion of suppliers from the Communist area. Conditions of this kind naturally lead to increasing pressure on prices, though crude oil posted prices at world export centres remained unchanged throughout the year. The impact of Russian oil on the European market has a more far-reaching implication than the short-term dislocation of prices. If prolonged, the present low selling prices, in which Russian oil plays a major part, could at some future date endanger the energy supplies of Europe by making it difficult to finance the development of facilities for bringing oil to the consumer in the growing quantities necessary.

BP GROUP SALES INCREASED

In spite of these unfavourable conditions, BP group sales of crude oil and refined products in 1961 again increased, and totalled over 78 million tons, a rise of some 7½ per cent as compared with 1960. The same rate of increase applied equally to crude oil and products. Our own resources are more than enough to meet the requirements of our markets, but we are obliged to buy substantial quantities of crude oil from the franc area for our French refineries. In spite of the position in the USA, where the limitation of imports affects our trade, there is every prospect that the world demand for petroleum products will continue to expand, and I am confident that BP will continue to obtain its share of this expanding market.

In general, our relations with the governments of the producing countries are good, but one of our greatest difficulties in recent years has been to demonstrate effectively that their interests and ours are complementary and not conflicting, since through the existing arrangements for sharing the profits, both sides are equally interested in reducing costs, increasing output and avoiding rapid fluctuations in price. It is unfortunate that those who try to play their part in the progressive development of natural resources on the basis of freely negotiated agreements—and this applies particularly to the management and staff of the operating companies—should in some quarters be branded as exploiters and imperialists. It is our continuing hope that we can succeed in demonstrating that this is not the case.

OPERATING CONDITIONS : "FIFTY-FIFTY" : RELINQUISHMENT OF TERRITORIES

Next, I think it may be useful to make some reference to the conditions under which the oil companies operate. It is not everywhere understood that a 50/50 division of profits based, as it is in our case, on posted prices would, if the calculation were based on the prices actually realised, be the equivalent in present conditions of a 60/40 or even 70/30 division in favour of the producing country. It is also not generally understood that under the so-called 75/25 system, where the producing country is obliged to contribute half the cost of development, the net revenue per ton has not in any single instance, as far as we are aware, been higher than that obtainable under the more normal type of 50/50 arrangement, and in cases where the quality of the oil is below average, or the cost of production higher than average, it is almost certain to be significantly less.

Another point I would like to make on this subject is that there is nothing abnormal in a system which provides for the gradual relinquishment of unexploited territory. But measures which involve the compulsory relinquishment of areas which are already fully or partially developed, or which deny to those who took the original risk the right to choose areas of reasonable size to be retained for future exploration, are not only inequitable in themselves but are likely to damage the confidence of those who look to the long-term rather than to the more speculative short-term aspect of oilfield investment. It is also open to question whether the immediate re-allocation of relinquished areas at a time of world surplus is likely to bring any benefit to the country concerned, since it cannot influence the total tonnage consumed, but may well depress the price level at which current production can be sold.

PROFITS ON INTEGRATED OPERATIONS NOT EXCESSIVE

In some quarters the view has been expressed that the profits of the integrated oil companies are excessive. Our own results for the year 1961 show, I think, that this is not the case. An integrated company like our own is of course a concern which produces and trades in oil throughout all the stages involved in finding the oil and in bringing it to consumers in the form they need. For if oil in the ground is to acquire a value, those who have access to it must also have outlets for its sale. An integrated company must therefore not only be sure of its supply of crude oil, but must have refineries, ocean-going tankers, storage installations and marketing networks.

We believe that it is impossible to assess in isolation the true profitability of any one of the several functions which are involved, such as the actual production or transport or refining or marketing of the oil, without making assumptions which are largely arbitrary as to the part which each plays in determining the price at which the product is sold. To say that an inte-

grated oil company makes a profit at the producing stage is like saying that the profit of the village baker is derived from mixing his dough. The baker cannot make a profit until he has bought an oven, and probably a van as well, and has baked and delivered his bread and been paid for it. The only figure that really matters in the case of an integrated oil company is the net income after tax remaining with the group when the results of all its constituent elements have been set one against the other.

GROSS INCOME EXCEEDED £1,000 MILLION

The financial results for the year are set out elsewhere in the report, and it is hoped that the new form of presentation will give a clearer picture of our progress and results.

It will be noted that for the first time our gross income has exceeded the £1,000 million mark, but in spite of this our net income after tax at £60 million was slightly lower. This is due almost entirely to narrower profit margins, the reasons for which have already been explained, since, by comparison, operating expenses are much the same as in the previous year. As, however, there is little sign of any general improvement in prices, it is to lower operating expenses that we must chiefly look if our present profit margins are to be improved. We are therefore constantly examining each phase of our operations to ensure that, by the adoption of newer techniques, the cost of our operations is reduced to a minimum.

PROFIT LESS THAN 1d. A GALLON

It will be seen that our rate of return on capital employed has fallen from 14.4 per cent in 1957 to 9.2 per cent in 1961. Putting it in another way, our group profit over the last three years has amounted to £185 million and our sales to 214 million tons. So for these three years our margin was less than £1 per ton or, in more familiar units, less than 1d. a gallon. In 1961 it was 15s. per ton or rather more than a halfpenny a gallon. Bearing in mind the considerable risks which an integrated oil company has to assume, this rate of profitability is far from excessive, especially since out of our net return we must find a large part of the capital needed for further development.

In assessing the position of an integrated group like our own there are several important considerations to be borne in mind. One is that periods of surplus like the present, may produce a situation in which the newcomer with negligible overheads may seem to have the edge over the integrated company, because he is operating in a small way in a restricted area. But such situations do not last for ever, and I do not think that, if the bulk of the world's oil trade had been handled during the last 15 years by a large number of smaller concerns, each dealing with one only of the many functions which are involved, the interests of the consumer would have been satisfied so well or at such small expense. Moreover, the integrated companies have been able to ensure to the producing countries prices which have enjoyed a greater stability than those of most other raw materials. I do not think this would have been possible if the producing industry had been divorced from refining and marketing.

OIL COMPANIES' DOUBLE RESPONSIBILITY TO CONSUMER AND PRODUCER

Companies such as ours have a double function to perform in that it is their business to ensure at the same time a market for the producer and a dependable source of supply for the consumer. If one market becomes blocked for fiscal or political reasons, it is our business to develop another, and to ensure that no producing country is deprived of an outlet for its exports, and that no consuming country is in danger of being left without several alternative sources of supply at economic prices. These objectives cannot be achieved by direct agreements between the governments of the producing and consuming countries except through arrangements which, by disrupting the normal channels, tend to leave the producer at the mercy of the consumer or *vice versa*, whenever the contracts are due for renewal. It is to the interest of responsible oil companies to avoid as far as possible unduly high or low prices or violent fluctuations in the volume or direction of traffic from year to year—which have proved to be the usual concomitant of government to government agreements.

The most obvious example in recent years of changes due to political as opposed to economic considerations was the diversion of virtually the whole of Cuba's oil imports from Venezuela to Russia. Less obvious, but perhaps as serious in their implications, are the imports, particularly into Italy and Sweden, of Russian oil at very low prices, with which importers of Middle Eastern oil cannot compete if payments of royalties and taxes to those countries are to continue at their present level. Arrangements of this sort necessarily disturb the normal relationship between the producer and consumer in a manner inimical to one or the other, and, eventually maybe to both.

BP AND THE COMMON MARKET

It would perhaps not be out of place for me to say something about the Common Market in so far as our own business is likely to be affected. From one point of view, the ultimate decision on whether or not Britain enters the Common Market will not directly affect us, since we and our associates already market our products in all six of the European Economic Community countries and are interested in eight oil refineries and two petroleum chemical plants within that area. On the other hand, there are already considerable divergencies of policy, on oil in particular and energy in general, as between the present members of E.E.C., and if the trend is to be towards the adoption of a common pattern, it is not yet possible to foresee what form this pattern will take.

Italy, for instance, has aimed at buying energy at the lowest possible price, whether it be oil from Russia or coal from the United States, irrespective of other considerations. Other countries, including France, which has adopted a system which involves the purchase by French refiners of large quantities of Saharan oil at higher prices, are primarily concerned with securing preferential treatment for certain of their associated overseas territories. Others again are preoccupied with the relationship between imported fuel oil and their domestic coal industry. Here plainly is a potential conflict of interests which, if it is to be resolved, will necessitate a considerable measure of compromise. The solution, whatever it may prove to be, will certainly have an important bearing on the economics of the oil industry and in particular on that of the main producing and exporting countries.

REPORT OF DIRECTORS

The following are extracts from the Directors' Report:

The accounts of the group are presented in a new form. In the past it has been the practice to submit consolidated accounts comprising the parent company and certain subsidiary companies. A large number of subsidiary companies, dealing mainly with the distribution of oil products in overseas countries, were not dealt with in the accounts though in recent years a statement has been attached setting out the income of the group as a whole with the exception of The Tanker Insurance Company, Limited, whose accounts were given separately.

For the year ended December 31, 1961, the group accounts comprise a consolidation of the parent company and all its subsidiary companies excluding only certain minor companies with insignificant income whose consolidation would have caused undue delay in presentation. Figures for the year ended December 31, 1960, provide a true comparison with the 1961 figures.

The accounts now consist of:

(1) An income statement, with schedules.
(2) The balance sheets of the group and the parent company, with schedules.
(3) Notes on accounts.

In the income statement and balance sheets broad classifications are shown, details being given in the schedules. Figures are given in £ million.

Immediately following the accounts is a statement of capital expenditure, a summary of group finance, and comparative statistics for the years 1957 to 1961.

RESULTS FOR THE YEAR

Income of the group before taxation at £142.1 million compares with £144.9 million in 1960.

Sales of crude oil and products, which exclude transactions of a reciprocal nature, were 78.3 million tons, a 7½ per cent increase over the previous year. Sales income is still adversely affected by the continuing intensive competition in the industry.

The taxation charge is £81.5 million (£82.5 million in 1960) made up of overseas taxation £88.8 million (£92 million) and a United Kingdom tax credit of £7.3 million (£9.5 million).

The net income of the group is £60.1 million (£62.2 million) of which £57 million is dealt with in the accounts of the parent company which also has a balance brought forward on revenue account of £7 million.

Your Directors have appropriated £30 million to general reserve. The preference dividends (net) and interim ordinary dividend paid amount to £7.9 million. After providing £18.5 million for the recommended final dividend of 1s. 5d. per £1 unit of stock, free of income tax, there is £7.6 million carried forward on revenue account to 1962.

At January 1, 1961, the parent company's general reserve was £195 million of which £11.5 million was capitalised in accordance with the resolution dated October 26th. To the balance of £183.5 million has been added the appropriation for the year 1961 of £30 million mentioned above and £15 million of provisions no longer required against investment in associated companies, making a total at the end of 1961 of £228.5 million on general reserve.

In accordance with the resolution dated October 26, 1961, the authorised and issued capitals were increased. Additions to capital reserves of the parent company during the year amounted to £12.7 million of which £2.5 million was the fifth of ten equal instalments received from the Iranian government under the terms of the 1954 Agreement and £10.2 million was received from the companies with whom your company is associated in Iran.

CAPITAL EXPENDITURE AND FINANCE

Capital expenditure incurred by subsidiary companies in 1961 amounted to £84.7 million and the group's proportion of capital expenditure by associated companies was £39.2 million, making a total of £123.9 million (£109.1 million in 1960).

Finance to meet this capital expenditure arose mainly from capital receipts, income retained and depreciation amounting to £117.7 million (£112 million in 1960).

The net assets representing the stockholders' interest at £605.5 million have increased by £68 million. Properties and operating assets have increased by £40.5 million and, after transfer of £15 million of provisions no longer required, the investment in associated companies is up by £25.4 million.

PAYMENTS TO MIDDLE EAST COUNTRIES

Of the £88.8 million overseas taxation for the year £83.6 million arises in Iran, Iraq, Kuwait and Qatar, in which territories payments in the nature of royalties of £43 million have also been made and are taken into account prior to arriving at the group income before taxation. The total for the Middle East countries from the group in 1961 is therefore £126.6 million which compares with £128 million in 1960.

SURVEY OF OPERATIONS

The following are extracts from a Survey of Operations attached to the Chairman's Statement:

From the BP group's production sources (Iran, Iraq, Kuwait, Qatar, Egypt, Trinidad, Nigeria, U.K., Canada, U.S.A. and Germany) we obtained in all some 79 million tons of oil in 1961.

In Kuwait work has begun on an artificial island to enable testing to be carried out in a structure underlying Kuwait Town. Development drilling has continued in the Murban field in Abu Dhabi and plans are being made to export this crude oil to world markets. Further wells have been drilled in the offshore field at Umm Shaif. It is expected that the first shipment from this field will be made from Das Island during the second half of 1962. In our joint undertaking in Nigeria the new crude oil loading terminal at Bonny was completed. At the end of the year oil was being exported at a rate in excess of 3,000,000 tons per annum.

We continued throughout the year to participate in oil exploration in the Algerian Sahara. In Libya encouraging signs have been obtained from two test wells in an area in which we recently acquired a half interest.

In Australia, Frome-Broken Hill, in which we hold one-third interest, carried out further surveys and drilled two more wells. No commercial discovery was made. In New Zealand gas at great depth was met in one well. At the end of the year production from all our land areas in Trinidad was at the rate of 1,485,000 tons per annum. Production from the offshore Soldado field in which we have one-third share, at the year end was at the rate of over 1,500,000 tons per annum. Five successful wells were drilled in the Provincia field in Colombia and plans are being made to link the field to an existing pipeline which will connect it with the Atlantic Ocean.

COMPARATIVE STATISTICS

Group Sales in millions of tons	1961	1960	1959	1958	1957
	78·3	72·9	63·2	60·4	51·1
Gross Income – £ million	1,036·2	957·3	863·6	835·2	795·9
Income before Taxation – £ million	142·1	144·9	131·1	138·2	127·6
Net Income – £ million	60·1	62·2	63·3	63·0	55·0
— as % of Gross Income	5·8%	6·5%	7·3%	7·5%	6·9%
— per gallon sold	·709d	·788d	·925d	·963d	·994d
Return on Average Capital Employed	9·2%	10·4%	12·0%	14·1%	14·4%
Cash Dividends on Ordinary Stock – £ million	25·7	25·1	22·8	17·7	15·2
— per Stock Unit (adjusted for capitalisation of reserves)	1/11⅝d	1/11⅛d	1/9⅝d	1/5½d	1/3d
— per gallon sold	·304d	·319d	·333d	·271d	·275d
Payments to Middle East Countries under "50/50" Agreements – £ million	83·6	86·2	76·3	78·8	61·6
— Taxation	43·0	41·8	38·4	40·0	32·1
— Royalties, etc.	126·6	128·0	114·7	118·8	93·7
— Total					
Total Assets less Current Liabilities – £ million	729·7	651·1	582·3	501·5	409·0
Capital Expenditure – £ million	84·7	69·7	99·6	96·0	85·1
— Subsidiaries	39·2	39·4	41·1	41·5	28·4
— Associates (Group Proportion)	123·9	109·1	140·7	137·5	113·5
— Total					
Capital Receipts, Income Retained and Depreciation – £ million	95·2	95·4	98·0	102·7	90·1
— Parent and Subsidiaries	22·5	16·6	13·8	11·4	10·7
— Associates (Group Proportion)	117·7	112·0	111·8	114·1	100·8
— Total					
Long-term Money Borrowed and Tanker Finance – £ million	8·3	20·2	37·2	49·8	23·3

RECORD REFINERY THROUGHPUTS

The total quantity of oil refined on our account at refineries in U.K., Aden, Australia, Belgium, Canada, Eire, Egypt, France, Germany, Iran, Italy, Kuwait and Lebanon, was approximately 51,000,000 tons or 4,000,000 more than in 1960. To achieve this high throughput many of the refineries were run at maximum capacity for prolonged periods and record throughputs were achieved at Aden, Dunkirk, Hamburg, Kent, Kwinana and Lavera.

We have arranged for the supply of gas by pipeline to the Scottish Gas Board and the Wales Gas Board from Grangemouth and Llandarcy respectively while our supply arrangements at Kent with the South Eastern Gas Board continue to expand.

The number of jointly owned projects in which we are participating with other oil companies continues to increase. We now have an interest in 11 of these new projects, all in various stages of development (Mersin in Turkey, Algiers, Durban, Mombasa, Port Sudan, Strasbourg, Whangarei in New Zealand, Port Harcourt in Nigeria, Abidjan on the Ivory Coast, Dakar in Senegal and Umtali in S. Rhodesia).

The group has interests in the manufacture of petroleum chemicals in the U.K., France and Germany and also in the manufacture of anti-knock agents. Up to the end of 1961 the capital expenditure of the companies concerned was £122 million. Of this the group's share was about £54 million. The total production of chemicals was 440,000 tons.

SEA TRANSPORT

The number of sea-going tankers was 120 at the end of 1961 compared with 144 at the end of 1960.

During 1961 existing orders with two builders were rearranged to include two 100,000-ton tankers in place of smaller vessels. These tankers are for delivery in 1965 and 1966 and so far are the largest ordered in British shipyards. They should show a considerable economy in transport costs. At the end of 1961 27 tankers with a total deadweight of about 1,300,000 tons still remain to be delivered in respect of orders placed by the BP Tanker Company in previous years.

MARKETING

Sales of products showed a satisfactory increase generally in line with the rise in total consumption in the areas where we market. We are continuing to fill the gaps in our petrol sales network and by modernisation and improvement are increasing sales through existing facilities. Competition has emphasised the need for new ways to attract the customer and we have achieved some success in this respect.

The BP Touring Service, providing help and advice to those touring with their cars, has been improved, and we are now catering for the special needs of the growing number of motor-boat users.

We have had conspicuous success in the rapidly expanding market for domestic heating oil.

The development of new equipment and the use of operational research techniques have been directed towards reducing the cost of distribution and sales of our products.

In Scandinavia the impact of cheap Russian oil is particularly acute and we have adopted a more selective selling policy in this area.

In other countries in Europe, noticeably Germany and Italy, our sales have shown an increase in all products.

RESEARCH

The application of operational research methods to our supply and manufacturing operations has produced important advantages. These methods are now in routine use, but can still be greatly extended in scope, and research is proceeding to this end. It is now evident that the largest and fastest computer available will be required for these calculations, and for this reason we have taken a share in the Atlas computer being installed by London University.

We have joined with National Research Development Corporation, British Ropes and Guest, Keen & Nettlefolds in the formation of Energy Conversion Ltd. to further research into fuel cells and other new means of producing electrical energy from oil.

STAFF

The increasing competition and narrowing margins of today provide a stimulus to our staff to which they are responding admirably.

The group's need for capable men and women ready to accept hard work and good but not extravagant conditions will continue to grow, although the expansion of our staff will probably be slower than that of our business in general.

We intend to maintain and strengthen the understanding and confidence between management and employees which has existed in BP for so long, because we believe that the success of a group like ours rests largely in the skill, ability and energy of those who work for it.

THE ANGLO-PORTUGUESE TELEPHONE COMPANY

75 YEARS OF PROGRESS

MR ALASTAIR F. ROGER ON A FIRST-CLASS SERVICE AT LOW RATES

The seventy-fifth annual general meeting of The Anglo-Portuguese Telephone Company, Limited will be held on June 5th at Strowger House, 8, Arundel Street, London, WC2.

The following is an extract from the statement by the Chairman, **Mr Alastair F. Roger,** which has been circulated with the Report and Accounts:

The Accounts for the year to December 31, 1961, show that the satisfactory progress of your Company continues.

Total Revenue for the year at £4,021,936 is £306,365 higher than the 1960 figure.

Total Expenses including Royalties to the Portuguese Government, Renewals of Telephone Plant, Depreciation, Taxation, Directors' Remuneration, and Service of Debentures, amount to £3,273,452, an increase of £171,472 over the previous year.

Net Profit is £748,484 as against £613,591 in 1960, an increase of £134,893.

Your Directors recommend and the Accounts provide for a final dividend of 6 per cent on the issued Ordinary Stock which, together with the interim dividend of 3 per cent paid in November last, make 9 per cent for the year. A dividend of 9 per cent on the "A" Ordinary Stock is also provided for in the Accounts.

These dividends, together with the dividend on the 6 per cent Preference Stock require £428,137. General Reserve is increased to £1,800,000 by a transfer of £250,000 and the balance on Profit and Loss Account carried forward is increased by £70,347 to £426,919.

Provision for Renewals has been increased by £513,049, and now totals £4,220,312, which is equal to 22.6 per cent of the original cost of installed plant. Our Consulting Engineers have made their annual investigation and have reported that, in their opinion, the provision is adequate and not in excess of what is reasonably necessary.

GENERAL PROGRESS

Throughout the 75 years which have passed since your Company was formed we can justly claim to have rendered a most valuable service in Portugal and to have built up a telephone network which, size for size, compares favourably with any in Europe and, perhaps, in the world. In return we have always enjoyed conditions of complete amity with the Portuguese Authorities who have at all times shown a ready understanding of the problems and difficulties involved in providing and operating a large public utility service.

Our tariff structure has not changed materially since 1950, the monthly rental of a telephone in Lisbon and Oporto costs 7s. 6d., and the cost of a local call is 1½d. The comparable charges in the United Kingdom for a business line are, rental £1 3s. 4d. per month and 3d. per local call.

There is no single factor which enables us to provide a first class service at such low rates but undoubtedly a prime reason is that, over the years we have been fortunate in being served by an enthusiastic administration and a loyal and energetic labour force.

In my statement last year I said that while additional profitable business continues to be available to us we must proceed with due caution in planning our future capital development. This is no less true today that it was a year ago, but, I am glad to say that there are already signs in international financial circles of restored confidence in the strength of the Portuguese Economy after the setback caused by disturbances in Africa last year.

Our gross capital expenditure in 1961 amounted to £2,140,000 and the total Fixed Assets in the Balance Sheet stand at £19,583,600.

The Waiting List numbered 6,220 at the end of the year and the total number of stations in service was over 299,000.

Requests for service shows no sign of diminishing and applications are still being received at the rate of over 2,200 per month.

Subject to unforeseen circumstances the outlook for 1962 is satisfactory.

ASSOCIATED FISHERIES

The annual general meeting of Associated Fisheries Limited was held on May 11th in London, **Sir Hugh Fraser, Bt, DL, JP** (the chairman), presiding.

The following is an extract from his circulated statement:

The year has been one of progress. The Group trading profit, after charging depreciation of fixed assets and all working expenses, increased by £383,224 to £1,010,971, to which new Subsidiaries acquired during the year contributed £157,533.

The profit for the year was derived from our interests in trawling, cold storage and distributing businesses, other than "Eskimo" frozen foods, where profits have again been ploughed back in substantial promotional investment designed to increase rapidly the "Eskimo" share of the fast expanding market in frozen foods.

The net Group profit of the year amounted to £602,455 as against £423,531.

I mentioned last year that Eskimo's growth was at more than double the rate of overall market increase; during this past year our growth has speeded up still further to nearly five times the industry average.

Eskimo is fast becoming the major name for the Top quality frozen food.

The Future: I am satisfied that your Company is well endowed with the right spirit and well equipped to overcome whatever difficulties are encountered and, looking ahead to the anticipated progress of Eskimo frozen foods, I view the future with confidence.

The report was adopted and a final dividend of 16 per cent approved.

VOSPER LIMITED
(Shipbuilders & Engineers)

The twenty-fifth annual general meeting of Vosper Limited will be held on May 23rd at Portsmouth.

The following is an extract from the circulated statement of the chairman, **Mr Owen R. Guard:**

As the Accounts show, we have succeeded in turning a loss of £29,828 into a profit of £4,038. It is regretted that your Directors are once again unable to recommend the payment of a dividend.

It will be appreciated that the shipbuilding industry in Great Britain as a whole has been going through a very difficult time.

I am glad to say, however, that the volume of orders booked and work in hand at our yards constitutes the highest total achieved for many years.

Our roll damping division continues to obtain an ever-increasing volume of orders.

Continuing our efforts to exploit the most successful development of the "Brave" and "Ferocity" types of gas turbine fast patrol boats, we have recently signed a contract with the Royal Danish Navy for two of these vessels.

A letter of intent has been received for the construction and delivery to the Ghana Navy of two corvettes. This is a joint operation with Vickers Armstrong. In addition, we have an order for six patrol craft for the Royal Malayan Navy.

Taking into account all factors, and with the knowledge that all our departments will be fully at work during the current year, prospects seem to be brighter.

THE BURMAH OIL COMPANY LIMITED

CONDITIONS AFFECTING RESULTS

FURTHER EXPLORATION CONCESSIONS: PROSPECTING PROGRAMME INTENSIFIED

NATURAL GAS PRODUCTION INCREASED: GOOD REFINERY AND PIPELINE PROSPECTS

MR W. E. EADIE REVIEWS WIDESPREAD ACTIVITIES AND DEVELOPMENTS

The Sixtieth Annual General Meeting of the Burmah Oil Company Limited will be held on Friday, June 8, 1962, in the Merchants Hall, 30, George Square, Glasgow.

The following statement by the Chairman, **Mr W. E. Eadie,** has been circulated with the Directors' report and accounts for the year ended December 31, 1961:

ACCOUNTS

In 1961 the demand for petroleum products in Burma, Pakistan and India, in which countries your Company has long had interests, rose by

Mr W. E. Eadie

8 per cent over the previous year, by comparison with a total free world increase of between 5 and 6 per cent. Sales in these countries totalled 10,300,000 tons, the increase over 1960 amounting to some 770,000 tons. Of the total volume of products sold in these markets your Group's share was 2.2 million tons.

The Group Trading Income, which includes the Profit on Trading and also Dividends from Trade Investments, amounted to £7,796,998 in 1961 compared with £6,663,974 in 1960, an increase of £1,133,024. The Profit on Trading, which is the profit made by our trading subsidiary companies less the cost of exploration programmes, at £4,456,515 shows a decrease of £516,515 compared with the 1960 amount of £4,973,030. This reduction is due partly to adverse trading conditions, although the increased volumes of sales by our marketing subsidiary companies have to some extent compensated for the lower profit margins. The main reason for the reduction is the change in our shareholding interests in the joint venture companies in India and Burma whereby our holdings in these companies now come in the category of Trade Investments, our share of the profits from them, when received, being treated as Dividends from Trade Investments. These profit reductions have been partially offset by the inclusion of the Group's interest in the 1961 profits of The Tinplate Company of India Limited and by a substantial decrease in the charge for exploration expenditure. Now that certain areas of production have been established off-shore in Louisiana drilling expenditure in these proved areas is capitalised and will be written off over their estimated production life, thus enabling the cost of finding these reserves to be spread over a number of years.

In India, the change in the Group's interest in the joint venture arises from an agreement with the Government of India under which there has been a reduction from 66⅔ per cent to 50 per cent in your Company's shareholding in Oil India Limited. In Burma, as I mentioned in my Statement last year, the reduction in our holding in The Burma Oil Company (1954) Limited was effective from September 1960.

The provision this year for depreciation of £719,622 is £478,807 lower than that for 1960. This has arisen mainly because of the transfer of our interests in Oil India Limited and The Burma Oil Company (1954) Limited to Trade Investments. Dividends from Trade Investments are not taken into account until they are received, and income under this heading at £4,060,445 shows an increase of £1,171,072 over 1960 due to increased dividends having been received from our marketing and refining interests and to the inclusion under this heading of dividends received from The Burma Oil Company (1954) Limited. Oil India Limited is expected to declare its first dividend in respect of the year 1962.

Other Dividends and Interest received during 1961 amounting to £12,386,476 are £604,357 greater than in 1960 due in the main to the increased final dividend for 1960 received on our holdings in The British Petroleum Company Limited.

After charging taxation and deducting retentions by subsidiary companies the profit dealt with by your Company is £11,041,983 compared with £9,235,798 in 1960, an increase of £1,806,185.

Including the balance of unappropriated profit of £582,661 brought forward from 1960, there is available £11,624,644, from which your Board has appropriated £2,000,000 to General Reserve. After deducting the Preference Stock dividends for the year and the Ordinary Stock interim dividend of 6d. per £1 unit of Ordinary Stock free of income tax which was paid on December 5, 1961, there remains £7,380,417 for disposal, out of which your Board recommends that a final dividend of 1s. 7d. free of income tax per £1 unit of Ordinary Stock should be paid on June 22, 1962, amounting to £6,524,843, leaving a balance of unappropriated profit of £855,574 to be carried forward to 1962.

Turning to the Parent Company's Balance Sheet the decrease under Subsidiary Companies and the increase in Trade Investments and Debtors reflects the reduction of our shareholding in Oil India Limited to 50 per cent, resulting in that Company now being treated as a Trade Investment. During the year your Company invested in Great Plains Development Company of Canada Limited and this is included under Other Investments quoted outside Great Britain. The Loan to the Government of India of £1,500,000 is in respect of the cost of the shares in Oil India Limited purchased from us by the Government of India to increase its interest from 33⅓ per cent to 50 per cent.

The Unsecured Loan of £4,325,443 shown under Long-Term Liability is the amount advanced by your Company's Bankers for the construction of the Oil India Limited pipeline, to which reference has been made in previous statements. The full amount of the loan is expected to be approximately £10 million and this total may be reached early in 1963. Your Board is presently examining proposals to fund this amount on a long term basis.

In the Consolidated Balance Sheet, your Company's Investment in Oil India Limited accounts for £10,500,000 of the increase under Trade Investments with corresponding movements under other main headings in the balance sheet. With the earlier receipt of accounts of The Tinplate Company of India Limited it has been possible this year to consolidate them in the Group accounts.

In last year's Statement I referred to the position at that time of the claims filed in the Courts of Burma in respect of war-time "denial" operations in that country. I now have to report that in October 1961 suits were filed in Edinburgh by four of our subsidiary companies against Her Majesty's Government claiming compensation in respect of the damage they suffered in 1942 when the oil installations and other assets owned and operated by them were destroyed in order to deny their use to the advancing Japanese forces. As the proceedings are now before the Court further comment would be improper at this stage.

Before reporting in detail on our interests in the various countries in which we operate and trade I should like to comment on the general position of the Group as it stands today.

In Burma we have a 40½ per cent shareholding in The Burma Oil Company (1954) Limited, a joint enterprise with two other oil companies and the Government of Burma, the latter having a 51 per cent shareholding. This ratio of interests was established in September 1960 when the Government of Burma exercised its option under the Formation Agreement of The Burma Oil Company (1954) Limited to take up additional shares. In my Statement last year I reported that the Government of Burma had also decided to exercise its option under this agreement to acquire an interest in the marketing facilities and installations of our trading subsidiary company in Burma. The negotiations to that end which were then taking place were suspended and have not yet been resumed.

In Pakistan, where private enterprise enjoys relatively full freedom, Pakistan Petroleum Limited, in which our shareholding is 70 per cent, has now reached the dividend paying stage chiefly as a result of the development of the

natural gas industry following the discovery of the Sui gas field.

At last year's Annual General Meeting I was pleased to report the conclusion of an agreement with the Government of India under which the Government of India and your Company became shareholders on a 50:50 basis in Oil India Limited. To enable Government to take up this additional interest we loaned them free of interest £1,500,000 which is repayable in four equal annual instalments commencing in 1962. Under this agreement we are assured of earning a reasonable return on our investment and Oil India Limited has been given the right to exploration concessions in further areas.

These developments are major steps in the reshaping and consolidation of the Group's operational interests in the East following the grant of independence to Burma, Pakistan and India. An increased measure of stability of these interests has thereby been achieved in each of these countries and I hope that this will be maintained for many years to come.

It will be noted from my comments below on our operations that there is an expanding market for energy in Burma, Pakistan and India. Our distributing and marketing interests in these countries are well placed to share in the expected increase in the demand for petroleum products.

Stockholders will recollect that a start was made with a geographical spread of our interests some three years ago when we became associated with Murphy Corporation in the United States, Canada and Australia. A further step in this direction, to which I refer in detail later, was taken when we arranged to acquire a progressive shareholding interest in Great Plains Development Company of Canada Limited. These interests will, I hope, in due course make a valuable contribution to the future prosperity of the Group.

I now turn to the main features of the year's operations and activities in the various countries in which the Group has interests.

BURMA

TRADING

Apart from a few instances of insurgent activity, orderly conditions prevailed throughout the year. A new Five Year Plan, the second to be introduced in the country, was launched in August, giving priority to agricultural programmes, the development of improved transportation and communication facilities, the consolidation of existing industries, and the establishment of improved security conditions.

Rice production is the dominant factor in Burma's economy. Unfortunately the 1960-61 crop was so affected by bad weather that exports diminished by comparison with the previous year, leading to a reduction in the country's foreign exchange earnings.

The total demand in Burma for all petroleum products in 1961 was approximately 450,000 tons. The market for main products continued to expand, the increase over 1960 being 6.6 per cent. The crude oil production of The Burma Oil Company (1954) Limited was insufficient to provide for this expansion in consumption and that Company imported some 21,500 tons of products to meet the deficiency.

PROSPECTING AND OILFIELD OPERATIONS

Crude oil production from the oilfields of The Burma Oil Company (1954) Limited increased by 3.7 per cent during the year.

The extensive prospecting programme was intensified, and five test wells were drilled at Payagon, Tharrawaddy (2), Kyun Nyogi and Yedwet. It is extremely disappointing that all these efforts have so far failed to result in any discovery of importance. At the end of the year, tests were being drilled at Yenangyat, Aunglanmyo and Kyundaw. An engineering survey was made at Indaw in the Chindwin region in preparation for the deep testing of this structure, the site of a pre-war shallow oilfield, which is very difficult of access.

In the Chauk-Lanywa field development drilling was continued and preparations were made for secondary recovery operations. Outstep drilling was successful in parts of the old Yenangyaung field and oil production was materially increased. A deep test well was drilled in this field under difficult conditions through high pressure water sands but failed to find additional reserves. Operations were resumed at the old Palanyon field, for the first time since the war, with the drilling of relatively shallow wells from which a small production has been obtained. A deep test well is at present being drilled in this field.

REFINERIES

The refineries at Syriam, near Rangoon, and at Chauk, in Upper Burma, operated satisfactorily throughout the year. Work on expanding the Syriam refinery is now well in hand and the new plant is expected to start operating in mid-1963.

To achieve increased economy in operation it is proposed to link the refinery at Syriam with the distribution installation at Dunneedaw by a submarine products pipeline under the Pegu River.

PAKISTAN

TRADING

The economy of the country continues to develop and there was an encouraging increase in both industrial and agricultural production in 1961.

Demand for petroleum products amounted to some 2.3 million tons in 1961. Although competition in this market remains extremely keen, the increase in the Group's sales over the previous year was approximately 5 per cent.

PROSPECTING AND OILFIELD OPERATIONS

In recent years several international oil companies have been active in the search for new oilfields in the country but the results in 1961 were again disappointing.

During the year the Government formed the Pakistan Oil and Gas Development Corporation which has already started exploratory geophysical work in the Punjab with the assistance of Russian personnel and finance.

Our own prospecting operations are carried out by Pakistan Petroleum Limited and these operations were on a reduced scale during the year. The opportunity was taken to review the accumulated geophysical and geological data and to make an examination of further prospects in both the west and east wings of the country.

One gravity and one seismic party were employed for part of the year in concessions in Sind and the northern part of the Punjab. The well at Dasori in Sind drilled jointly with Pakistan Sun Oil Company was unsuccessful.

Natural gas produced from the Sui gas field of Pakistan Petroleum Limited amounted to

26,618 million cubic feet, an increase of 15.6 per cent over the production for the previous year. Since this field was brought on to production in October 1955 nearly 89,000 million cubic feet of gas, the equivalent of more than 2 million tons of oil, have been transmitted through the pipeline network. In terms of foreign exchange savings this represents around Rs.160 million (£12 million). During the year discussions have taken place, and are still continuing, with the Pakistan Government on proposals to extend the northern gas transmission line from Multan to Rawalpindi.

The Balkassar oilfield, which is operated jointly by Pakistan Petroleum Limited and The Attock Oil Company Limited, continued to maintain its small but steady production of oil.

In East Pakistan, gas production was taken from the well at Chhatak throughout most of the year for use in a nearby cement works. Production from the Sylhet gas field, so far on a small scale, increased during the year and preparations have been made for the drilling of another development well. This gas is being supplied to the Government's fertiliser factory at Fenchuganj, which is now expected to come on to full production in 1962. Gas production in Sylhet is accompanied by a small quantity of liquid hydrocarbons which is being separated and marketed.

REFINERIES

The refinery at present under construction at Karachi by Pakistan Refinery Limited, in which your Company will have a 15 per cent shareholding, is now well on the way to completion and operations are expected to start towards the end of 1962. Proposals for the construction of a refinery in East Pakistan were under examination at the end of the year.

INDIA

TRADING

India's economy continues to advance and under the third Five Year Plan, as in the preceding plans, there is heavy reliance on external financial assistance.

The planners estimate that by 1966-1967 the annual requirements of oil will exceed 14 million tons.

Total demand for petroleum products in 1961 amounted to some 7.6 million tons, an increase of approximately 9 per cent over the previous year's figure. In the face of competition, in which the Government-owned marketing organisation—Indian Oil Company—is now a factor, sales through our Subsidiary and Associated Companies increased by approximately 6.5 per cent.

The Oil Price Enquiry Committee set up by the Government of India, to which reference was made last year, completed its report during the year and the price recommendations contained in it were made effective on October 1, 1961. The prices and profit levels formulated by this Committee are the subject of further discussions between the established oil companies and Government.

PROSPECTING AND OILFIELD OPERATIONS

Assam continues to be the major oil producing State in India and crude oil production by Oil India Limited from its Nahorkatiya field was increased in 1961 to supply initial test requirements of the Government-owned refinery at Nunmati, near Gauhati. The Nahorkatiya field continued to provide crude oil to supplement the production from the Digboi field for the Assam

Oil Company's refinery. There should be a considerable increase in production from Oil India's fields in 1962, when the Nunmati refinery becomes fully operational and a further substantial increase in 1963 when the other Government-owned refinery at Barauni, in Bihar, comes on stream.

Oil India Limited has the right to explore in new concessions of 1,880 square miles in the north-east part of Upper Assam. No exploration was undertaken in these new areas in 1961 because of delay in the grant of licences.

In the Nahorkatiya, Hugrijan and Moran concessions of Oil India Limited, exploration and development drilling during the year has again been successful. Thirty wells were drilled, of which 25 were completed as good potential oil producers.

The Assam Oil Company's Digboi field continued to produce throughout the year. Special attention is being paid to gearing the organisation and operation of this Company to the diminishing scale of production from its old-established field.

REFINERIES

The Assam Oil Company's refinery at Digboi and the Burmah-Shell refinery at Bombay continued to operate satisfactorily throughout the year.

OIL INDIA PIPLLINE

Progress continued on the construction of the pipeline and related facilities by which crude oil from Oil India's fields will be supplied to the Government-owned refineries at Nunmati and Barauni. The construction of this 720-mile-long line, the second longest crude oil pipeline in the eastern hemisphere, is an engineering project of exceptional magnitude and difficulty. Conditions of weather and terrain inevitably affect an undertaking of this nature, and a particular problem is the crossing of 78 rivers. Over 36 of these, the line makes use of existing bridges, but in the case of 33 rivers it has to be submerged below river bed scour levels. A further eight rivers are traversed by means of specially made pipeline suspension bridges, while over the Brahmaputra River, the most formidable hurdle of all, it will fortunately be possible to carry the line on the road and rail bridge which is now under construction.

Another problem is the crude oil itself, which, because of its high wax content, will require special conditioning at the oilfields when the pipeline system comes into full operation, and this part of the project called for extensive research in Assam and elsewhere by many chemists and engineers. The Oil India pipeline makes the fullest use of modern remote control and automation techniques and, when complete, will be one of the most technically advanced systems of its size anywhere in the world. The design and engineering of this project is in the hands of our wholly-owned subsidiary company, The Burmah Oil Company (Pipe Lines) Limited.

PUBLIC SECTOR OIL OPERATIONS

High priority is accorded to indigenous oil production in the third Five Year Plan, a provision of Rs.202 crores (approximately £151 million) having been made for oil exploration and production in the public sector as against Rs.26 crores (approximately £20 million) in the second Plan.

The Oil and Natural Gas Commission of the Government of India has found crude oil in commercial quantity in western India. Pending the construction of a Government refinery to process this oil, supplies of crude are being delivered by rail at the rate of some 160,000 tons per annum to the Burmah-Shell refinery at Bombay. The Oil and Natural Gas Commission is also carrying out prospecting in other parts of India, including Assam.

The Government-owned refineries at Nunmati and Barauni for the processing of Oil India crude oil are referred to above.

In the field of marketing and distribution, the Government-owned Indian Oil Company sold some 150,000 tons of kerosene and diesel oils, supplies of which were obtained from Russia.

USA

PROSPECTING AND OILFIELD OPERATIONS

In joint operations with Murphy Corporation and Ocean Drilling and Exploration Company, a Murphy Corporation associate, The Burmah Oil Western Company participated during 1961 in drilling in the offshore area of Louisiana. Drilling was carried out by Ocean Drilling and Exploration Company as operator.

Three wells were completed in the offshore field in the Eugene Island area, but our production has unfortunately declined rapidly. In the field in the South Pelto area, five wells were drilled in the year, four of them being potential producers. Production was started at the end of the year using a new type of submerged storage facility designed by Ocean Drilling and Exploration Company. It is hoped that increased production will be obtained from this promising field in which additional drilling is planned during the coming year. In a third field, in the Ship Shoal area, three dry holes and one successful well were drilled; arrangements were being made at the end of the year for the start of production. The Burmah Oil Western Company also participated during the year in a number of marine seismic surveys in the Gulf of Mexico.

CANADA

PROSPECTING AND OILFIELD OPERATIONS

In joint operations by BOC of Canada Limited and Murphy Oil Company Limited, two unsuccessful wildcat wells were drilled in the Liard River area of Northwest Territories.

In September your Company made an agreement with Great Plains Development Company of Canada Limited whereby it acquired from that Company 200,000 shares of its capital stock at $15.00 per share with the option, up to the end of 1964, to take up in whole or in part an additional 300,000 shares, the option price being $15.00 per share plus 4 cents per share for each month which elapses between September 30, 1961, and the date of purchase. In addition to acquiring these shares your Company purchased 60,000 shares of Great Plains Development Company of Canada Limited on the open market during the year. Subject to the exercise in full of the above option, your Company has also obtained from Great Plains the right of first refusal to the purchase of any shares up to a total equity shareholding of 51 per cent, which may be issued by that company prior to September 30, 1976.

Great Plains has concessions in Alberta, the Yukon and Northwest Territories, with growing oil and gas reserves in Alberta. Production of oil and condensate increased by 10 per cent in the year compared with 1960. Gas sales started at the end of the year and are expected to increase during 1962. Great Plains participated in ten successful well completions during the year—five for gas development and four for oil production with one exploration well finding gas.

The oil industry in Canada shows signs of improving. Internal demand, for both oil and gas, has lately been rising, crude oil production is expanding, and additional petroleum reserves are now needed. It is hoped that your Company will be able to participate in the expansion of the industry through its present interests in the country.

AUSTRALASIA

PROSPECTING AND OILFIELD OPERATIONS

BOC of Australia Limited completed a marine seismic survey in the Gulf of Papua on behalf of a group which includes also Murphy-Australia Oil Company, Australian Pacific Oil Company Pty. Limited and Union Oil Development Corporation. The Australian Government paid 50 per cent of the cost of this operation in accordance with its arrangements for subsidising exploration.

BOC of Australia Limited, jointly with Murphy-Australia Oil Company, obtained a year's option to acquire an interest in the concessions of Australasian Petroleum Company Pty. Limited and Island Exploration Company Pty. Limited in Papua. Consideration is now being given to the possible utilisation of gas reserves which have been indicated, but not yet proved, in these concessions.

TANKERS

Our small fleet was further reduced by the sale at the end of the year of m.v. "Burmah Sapphire" at the conclusion of eight years' trading. The remaining two vessels operated satisfactorily throughout the year.

INDUSTRIAL RELATIONS

In all spheres sound relations between labour and management were maintained and long-term agreements on major terms and conditions of service for workmen have been successfully negotiated, leaving a small number of individual issues still to be resolved.

Of particular interest is the agreement, covering employees in both Assam Oil Company Limited and Oil India Limited, reached with the Labour Union of the Assam Oil Company by which a job evaluation programme was accepted as the basis for resolving future job grading problems.

TRAINING

During the year 18 employees and ten scholars came to the United Kingdom for training courses and education. A further 21 men came here under the auspices of their respective High Commissions on scholarships financed by your Group through the Governments of India and Pakistan.

STAFF

The problems confronting our staff throughout the organisation steadily increased in volume and complexity. Against this background, the managements and staffs of all companies in the Group continued to serve with energy, enthusiasm and loyalty, and I have pleasure in conveying the Board's best thanks to all staff at home, overseas and afloat, for the very satisfactory way in which they have worked during the year.

SEARS HOLDINGS LIMITED

TOTAL SALES AGAIN INCREASED

FURTHER EXPANSION IN EXPORTS

FINANCIAL STATISTICS—1955–61

	1955 £	1956 £	1957 £	1958 £	1959 £	1960 £	1961 £
TRADING :							
Trading Profits of Group Companies :							
Footwear	1,504,000	2,843,000	3,086,000	3,208,000	4,436,000	5,774,000	5,929,000
Engineering and other Interests	2,816,000	3,475,000	3,623,000	3,916,000	4,460,000	4,642,000	4,991,000
	4,320,000	6,318,000	6,709,000	7,124,000	8,896,000	10,416,000	10,920,000
Interest on debenture stocks and loans	110,000	198,000	231,000	226,000	226,000	210,000	202,000
Profits before Taxation	4,210,000	6,120,000	6,478,000	6,898,000	8,670,000	10,206,000	10,718,000
APPROPRIATION OF PROFITS :							
Taxation	2,180,000	3,531,000	3,825,000	3,574,000	4,352,000	5,200,000	5,518,000
Pre-acquisition Profits	320,000	498,000	18,000	—	169,000	—	—
Minority Shareholders' Interests	105,000	163,000	257,000	278,000	162,000	216,000	280,000
Dividends	543,000	1,024,000	1,235,000	1,438,000	1,774,000	2,101,000	2,494,000
Retained Profits	1,062,000	904,000	1,143,000	1,608,000	2,213,000	2,689,000	2,426,000
	4,210,000	6,120,000	6,478,000	6,898,000	8,670,000	10,206,000	10,718,000
EMPLOYMENT OF CAPITAL :							
Fixed Assets	10,998,000	23,382,000	24,458,000	22,981,000	25,774,000	26,737,000	34,722,000
Net Current Assets	6,323,000	9,825,000	11,027,000	14,982,000	15,935,000	19,843,000	14,744,000
	17,321,000	33,207,000	35,485,000	37,963,000	41,709,000	46,580,000	49,466,000

MR CHARLES CLORE LOOKS TO ANOTHER YEAR OF PROGRESS

The Annual General Meeting of Sears Holdings Limited will be held on June 7th, at the Dorchester Hotel, London, W.1.

The following is an extract from the statement by the Chairman, **Mr Charles Clore,** circulated with the report and accounts for the year ended December 31, 1961:

TRADING RESULTS FOR 1961

Our total sales have shown an increase of nearly 6 per cent over those for 1960. Exports (which, as I explained last year, account for about one-fifth of our total turnover) have increased more than proportionately.

The analysis of our trading profits between the main subsidiary groups of which Sears is now comprised, is set out below:

	1961 £	Percentage of Total	1960 £	Percentage of Total
British Shoe Corporation	5,892,000	54	5,740,000	55
Sears Engineering	4,399,000	40	4,005,000	39
Motor Distribution	269,000	3	268,000	3
Mappin & Webb Group	309,000	3	355,000	3
Other Income (net)	51,000	—	48,000	—
	£10,920,000	100%	£10,416,000	100%

Later in this review I shall refer in detail to the merger of Saxone, Lilley & Skinner (Holdings) Limited with the British Shoe Corporation. At this point I only remind you that this important event took place after the end of 1961, so the figures set out above are not materially affected by the acquisition of new businesses.

APPROPRIATION OF PROFITS AND DIVIDEND

After providing for Loan and Debenture Interest, total profits before taxation amounted to £10,718,000 (1960—£10,206,000). Taxation has absorbed £5,518,000 compared with £5,200,000 in 1960. After providing £137,000 for the preference dividends payable by Sears Holdings Limited, there remains £4,783,000 (compared with £4,653,000 last year) available for the ordinary shareholders.

Your Directors recommend an ordinary dividend of 25 per cent less income tax for 1961. This is the same rate as that paid for 1960, but as the capital on which it is payable was increased by a 'one-in-five' scrip issue in June last, the effective dividend on the capital as it existed a year ago would be 30 per cent, or an increase of one fifth.

The proposed dividend will absorb £2,357,000 and is thus covered a little over twice by the net earnings in 1961.

PROPOSED SCRIP ISSUE

In previous years I have explained the substantial calls upon our resources which have to be met in order to provide for the capital cost of the various expansion schemes which are in hand, or are planned, for our subsidiary companies. So far as is reasonably possible we seek to provide a large part of these requirements from retained profits; in 1961 alone the profits retained amounted to £2,426,000.

Once again we feel we should recognise this capitalisation of our profits and your directors recommend that £120,433 out of Capital Reserves and £2,444,933 out of the Retained Profits shall be used to pay up in full 10,261,463 'A' Ordinary Shares of 5s. each, to be allotted to Ordinary and 'A' Ordinary Shareholders in the ratio of one new 'A' Ordinary Share for every six Ordinary or 'A' Ordinary Shares held at the close of business on April 19, 1962.

Having regard to the profits which we anticipate for 1962 and provided nothing unforeseen occurs, it would be our hope at least to maintain the same rate of dividend as for 1961, i.e., 25 per cent, on the capital as increased by the proposed scrip issue.

BALANCE SHEET

The Consolidated Balance Sheet shows clearly the increased utilisation of our resources arising from our expansion programmes. Thus, even after deducting the year's depreciation charge, Fixed Assets have increased by £1,750,000, whilst Stocks and Debtors have, together, gone up by nearly £6,500,000.

The increase in the amount of Investments is largely accounted for by purchases of shares in Saxone, Lilley & Skinner (Holdings) Limited.

As a result of these substantial outlays, our cash balances had been depleted, but since the end of the year, approximately £5 million has been raised by the issue of Debentures by British Shoe Corporation.

BRITISH SHOE CORPORATION

You will be aware that, following an offer to the ordinary shareholders of Saxone, Lilley & Skinner (Holdings) Limited, the latter company has become a subsidiary of British Shoe Corporation Limited. The offer was made partly

in Ordinary Shares and partly in 7 per cent Debenture Stock of British Shoe Corporation Limited. As a result approximately 14 million Ordinary Shares and just over £5 million 7 per cent Debenture Stock in British Shoe Corporation were issued to former 'S.L.S.' ordinary shareholders.

The 'S.L.S.' group comprises over 500 retail units trading principally in the names of 'Saxone,' 'Lilley & Skinner,' 'Benefit' and 'Cable.' It also includes four major shoe factories, a number of repair depots and extensive warehouse accommodation.

At the time that the merger was announced, there were references in various places to the dangers of a monopoly in the retail footwear trade. The President of the Board of Trade, was, however, able to state the facts during the debate in the House of Commons on February 14th last. I quote from his statement to the House of Commons:

	Percentage Controlled by B.S.C.
Production of U.K. Footwear	8%
Retail Outlets	12%
Retail Sales	22%

I think these figures dispose of the monopoly 'bogey' very effectively, but even if they did not, it is obvious that any footwear retailer who sought to abuse its power by raising prices unreasonably or by failing to offer to its customers the merchandise they preferred, with good service, would merely encourage independent retailers to set up in competition. It is virtually impossible to conceive of a monopoly in a trade such as retail footwear, because at any time independent retailers can establish themselves if they think the trade is sufficiently attractive to justify it.

There can be no doubt that whilst we have already benefited from the integration so far achieved within the large retail group which we comprise (and we shall continue to benefit more in the future), these benefits are and will remain but a small share of the much greater benefits which our customers have enjoyed and will increasingly enjoy through lower prices, better quality and more attractive merchandise.

The merger with 'S.L.S.' became effective approximately from the middle of February, 1962, and so it does not affect the accounts now before you.

It is well known that 1961 was a difficult year for the retail footwear trade. Costs have continued to rise and competition has remained very keen, whilst the credit squeeze and wage pause have tended to restrain the increasing demand. Besides these factors, 1961 has witnessed a more complicated fashion problem than ever before, as a result of which exceptionally heavy stocks have had to be carried and losses arising from price reductions have been abnormally high.

Despite these difficulties, the B.S.C. group has achieved a considerable increase in sales and the fact that we have, besides, secured an increase in trading profits, is, we believe, creditable under the circumstances.

As a result of the opening of forty new branches and the modernisation of a further sixty branches, as well as the acceleration of the programme for maintaining our factories with the most modern plant available, the investment in fixed assets has increased by nearly £1,500,000, whilst the net increase in working capital has been about £2,000,000.

We have every intention of maintaining our expansion programme, the cost of which must increase with the addition of the Saxone, Lilley & Skinner group. In 1961 we expended more than the total profits of the group after taxation, so it is apparent that we cannot maintain our programme out of retained profits alone. For this reason we took the opportunity, whilst creating a 7 per cent Debenture Stock 1980/82, for the purposes of the 'S.L.S.' offer, to place approximately £5 millions of the same stock for cash at par.

At the time of the offer to the 'S.L.S.' shareholders, we made a forecast that the profits of the old 'B.S.C.' group, and the 'S.L.S.' group, would each show some improvement in 1962. The year has begun as anticipated and, subject to my usual qualification that we are very dependent on the maintenance of prosperity amongst our customers, the enlarged group should show satisfactory progress in 1962.

SEARS ENGINEERING

The constitution of the Sears Engineering group has not been changed since it was established as a separate group in the autumn of 1960.

(a) THE BENTLEY GROUP

At the beginning of the year we were unable fully to meet the demand for some types of Bentley machines, whilst the demand for other types was showing a tendency to increase to an almost embarrassing extent. Soon after the middle of the year, however, the worldwide demand for 'seamfree' stocking machines changed considerably and the volume of new orders fell away, which necessitated a rapid reorganisation of our production departments. As a result, the increases in output, sales and profits were less than we were entitled to expect at the beginning of the year.

Almost two-thirds of our production of knitting machines is exported. In view of our established reputation, we welcome the prospects of the Common Market, but it will then become even more important that, when the 'wage pause' comes to an end, wage increases should be coupled with increased productivity. This is an industry which has to meet the competition of European manufacturers whose wage rates, up to the present, have been lower than our own; our higher wage rates and standards of living can, therefore, only be maintained if we produce relatively more and relatively more efficiently.

We maintain our conviction that this is an expanding industry, whose products and those of our customers who use our machines, will be increasingly sought as the standards of living throughout the world are raised. It is, however, vital in a business such as this, that we do not relax our efforts to be not only up to date, but ahead of our competitors in all phases of our business. We must lead in development, design and quality and we must ensure that our customers have the benefit of rapid and efficient production and service, so that we can maintain and enhance the reputation of the group.

(b) FURNESS SHIPBUILDING

During 1961 the Furness yard has been fully occupied on orders booked some years ago and on the construction of a floating dock ordered by the Polish Government early in the year. Work on old orders is still progressing and in December last, we succeeded in booking a substantial new order from Norwegian owners for a 53,000 tons d.w. bulk carrier. Even so, we shall be barely fully occupied during 1962 and like all our United Kingdom shipbuilding competitors, we are in need of a sufficient revival in the shipping industry to tempt owners once again to hasten their fleet replacement programmes.

It is our intention to spend nearly £3 millions on the yard and when the work is complete we shall possess one of the most up-to-date shipyards in the world, capable of building tankers up to 100,000 tons deadweight and a full range of dry cargo vessels according to the requirements of our customers.

In the absence of an earlier improvement in the shipping industry than it is possible to forecast, we shall be well satisfied if Furness, with its structural steel department and its pipework subsidiaries, is able to maintain in 1962, the profits of 1961.

(c) ALEXANDER FINDLAY

During the year there was a further falling off in the demand for structural steelwork and the state of competition in the industry is such that the trade generally is quoting prices which do not admit of any profit. The fact that during 1961 we earned a reasonable profit and still have a satisfactory order book, is due to our policy of equipping ourselves to handle large and difficult contracts, involving exceptional facilities and techniques. I cannot, however, forecast a return to the relatively satisfactory profit levels of a year or two ago, unless and until competition has been reduced to a level which avoids the need to quote at a loss for all but the most specialised types of work.

(d) PEGSON

Production and sales by Pegson have again been at record levels and there was a further improvement in profits in 1961. Competition remains intense and only by maintaining maximum efficiency and a high level of production in the works can a reasonable profit margin be secured.

We shall continue our expansion programme at Pegsons and remain confident that this will bring its rewards in due course. In 1962, as well as in the succeeding years, we can expect an increase in turnover and profit, so long as there is no world recession which would call a halt to the industrial and economic development of those countries where development is most needed.

(e) PARMEKO

The main features of the year's trading by this member of our group have been a high output with record sales and total trading profits no more than maintained at the 1960 level.

Considerable progress has been made in the development of equipment for industrial use and the expansion programme referred to a year ago has been put in hand. It is expected that it will be completed by about the middle of the present year and should become revenue producing very soon thereafter.

(f) GENERAL

That, despite special difficulties in the hosiery knitting machinery market, Sears Engineering should have achieved record sales and higher profits in a year when, mainly owing to narrower margins, industry as a whole and the engineering industry in particular has suffered a

decline in profits, justifies our faith in this group.

MOTOR DISTRIBUTION

Although we have just maintained our profits in 1961 compared with 1960, this has been achieved only by including in the 1961 profits approximately £14,000 in respect of the profits of Carmo (Holdings) Limited for the period subsequent to its acquisition by the Sears group.

By the acquisition of the Carmo group, we have been able to strengthen considerably our Vauxhall/Bedford distribution business. The Carmo (London) territory adjoins that of Shaw & Kilburn, so that the opportunities for co-operation between the two concerns are considerable. In addition to the London territory, the Carmo group brought with it a substantial business in South Wales, Nash of Cardiff Limited, which has enabled us to extend our territory in a suitable area.

Assuming that the credit squeeze will be eased rather than tightened in 1962, this side of our business should provide a satisfactory increase in profits in 1962. Looking further ahead, I remain confident that under the powerful auspices of General Motors of America, the range of vehicles to be produced by Vauxhall Motors will be such as to enable us to compete satisfactorily with distributors handling any other make of car or commercial vehicle. Until this day comes, however, Vauxhall/Bedford distributors operate under a handicap arising particularly from the absence of a small car in the popular price range.

MAPPIN & WEBB

The trading profits of the Mappin & Webb group showed a decline in 1961, but this was largely due to higher rental charges which, in the total profits, were compensated by increased interest receivable.

Record sales and profits were achieved by the jewellery businesses, which continue to expand. During the year we acquired the old-established Birmingham retailer, Nathan & Co. (Birmingham) Limited, and the association of this high-class business with the new Mappin & Webb retail branch in Birmingham is proving successful. The modernisation of the Sheffield factories has made further progress.

We have plans for major improvements to the large Robinson & Cleaver store in Belfast, whilst the London store is now in course of being reorganised on lines which will emphasise its original and traditional speciality—high class linens. During the year the smaller subsidiary stores in Nottingham and Newcastle were closed and the properties either sold or planned for development for other uses.

GENERAL

My co-directors and I are confident that we shall be able to report another year of solid progress when, this time next year, the time arrives for me to report upon and review the tenth year of my chairmanship of your Company. Economic conditions beyond our control are likely to be the factors which will most affect the extent to which that progress is reflected in increased profits.

STAFF

It is again a pleasure to be able to record the enthusiasm and hard work of the large numbers who work within the Sears group. Our thanks are due to them for their sustained efforts, without which progress would be impossible.

THE SANDVIK STEEL WORKS CO. LTD.

(Iron and Steel)

SANDVIKEN, SWEDEN

100 YEARS OF STEEL PRODUCTION

EXTENSIVE INVESTMENT PROGRAMME

The Annual General Meeting of SANDVIKENS JERNVERKS AB was held at Sandviken, Sweden, on May 5th. The following is an extract of the report circulated with the accounts:

REVIEW OF THE TRADING YEAR

The invoiced sales of the SANDVIK Group of Companies for iron, steel and cemented carbide products amounted to £35.6 million, as compared with £31.6 million in 1960. The turnover of the Parent Company amounted to £29.2 million, an increase of 13 per cent.

The value of exports rose to £19.4 million and represents 68 per cent of the Parent Company's sales.

CENTENARY YEAR

In June of this year, the Company will celebrate its centenary and will look back on one hundred years of high grade steel production. Since founded in 1862, on the first commercial application of the Bessemer process, the Company has grown into the largest producer of special quality steels and cemented carbide products in Sweden.

SUBSIDIARY COMPANIES

The Company now has 25 subsidiaries throughout the world with employees numbering approximately 11,000. Two new subsidiaries *Sandvik Australia Pty. Ltd.* and *Sandvik Far East Ltd.*, have been formed for the sale of SANDVIK products in Australia and Japan respectively.

The two U.K. subsidiaries are *Sandvik Swedish Steels Ltd.*, Halesowen, Birmingham, responsible for the sales of steel, cemented carbide products and saws as well as for the manufacture of certain carbide cutting tools and clicking press knives, and *Sandvik Steel Band Conveyors Ltd.*, Selly Oak, Birmingham, specialising in steel band conveyors. Three hundred people are today employed by these two subsidiaries.

INVESTMENT PROGRAMME

The investment programme of the Parent Company which was more extensive during 1960 than in any previous year was further increased in 1961. In June last year, His Majesty King Gustav Adolf VI officially opened a new research laboratory, the largest of its kind in Sweden. Other major investments include a new mill for the extrusion of stainless steel tubes which will be completed by mid-1962. This plant will be completed at the cost of £2.5 million. The facilities for coldworking and hardening of strip are also being extended and a new factory for the manufacture of tungsten oxide will start production shortly. It is estimated that investments in 1962 will exceed the £5 million mark.

RESULTS

The trading results of the Parent Company after depreciation of plant, machinery and

buildings by £1.72 million (1960: £1.04 million), were as follows:

	1961 £ millions		1960 £ millions	
Profit before tax.		3·83		4·36
Less Reserves:				
Pension Fund..			0·12	
Investment Fund	0·69		0·69	
Stock Reserve.	1·62		2·49	
		2·31		3·30
		1·52		1·06
Taxes.....		0·66		0·42
Net Profit		0·86		0·64

NEW CAPITAL

The increase in the share capital approved at the 1961 Annual General Meeting has been effected and 276,000 new shares, each of a nominal value of 100 Sw.Kr., have been issued. This represents an increase of the share capital from £5.72 million to £7.63 million. Existing shareholders were given preferential right to buy one new share for every three held.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

BOARD OF DIRECTORS

Gustaf Söderlund, *Chairman*: Hugo Stenbeck, *Vice-Chairman*: Tage Wärn; Wilhelm Haglund, *Managing Director*: George Ekman; Lennart Magnuson; Göran Lindblom.

JAEGER

MR HUMPHREY TOMALIN'S STATEMENT

The seventy-ninth Annual General Meeting of Jaeger Holdings Limited will be held on June 6th in London, **Mr H. R. Tomalin** (the Chairman) presiding.

The following is an extract from his circulated statement:

Consolidated profit of £434,107 after all charges but before tax is £40,575 ahead of last year's £393,532. Heavier taxation on the year's results leaves net profit £193,249 compared with £192,911 last year. Your Directors recommend a final dividend of 8 per cent on the ordinary share capital which, with the 4 per cent interim dividend already paid, amounts to the same total of 12 per cent distributed last year.

Three new shops were opened during the year and two moved to larger premises. Six existing shops were adapted to include Young Jaeger departments. A new West-end showroom, for trade buyers, was opened. Production in the Group's factories expanded to meet the requirements of increased sales.

Export sales to and in overseas markets advanced by 8 per cent. A consistent decline has occurred in the English speaking Dominions. I therefore welcome the prospect of being incorporated in the Common Market.

It is impossible at this stage to estimate probabilities for the current year in view of the fact that our maximum activity occurs in the latter half, but I consider the Group well poised to take advantage of an up-swing in the economy.

In conclusion I want to express appreciation of the high standard of management displayed by all those holding positions of responsibility in the Group.

THE BRISTOL AEROPLANE COMPANY LIMITED

SIR REGINALD VERDON SMITH ON NEW COMPANIES' "OUTSTANDINGLY GOOD PROGRESS"

COMPANY'S STRENGTH AND WIDESPREAD INTERESTS GIVE CONFIDENCE IN FUTURE

The fifty-second Annual General Meeting of The Bristol Aeroplane Company Limited will be held on June 7th at Filton, Bristol.

The following are extracts from the Statement by the Chairman and Joint Managing Director, **Sir Reginald Verdon Smith, LLD, MA, BCL,** which has been circulated with the Report and Accounts for the year ended December 31, 1961:

The far-reaching changes in the structure of the industry which were initiated in 1959-60 began during the year under review to achieve demonstrable results—results which have already thoroughly justified the confidence with which in last year's statement I commended them to our stockholders—and a further step in the integration of the aero engine industry has recently been taken in that by agreement between Hawker Siddeley Group Limited and ourselves Bristol Siddeley Engines Limited has acquired from Hawker Siddeley Group de Havilland Engines Limited and Blackburn Engines Limited. All these changes have greatly strengthened the structure and efficiency of the industry as a whole, and in so doing they have benefited your own Company's chosen position as a holding company interested in the growth and success of so many constituent members of the industry.

Having mentioned a selection of the extensive projects on which the associated companies, including British Aircraft Corporation Limited, Bristol Siddeley Engines Limited and Bristol Aerojet Limited, were engaged, the Chairman continued:—

BALANCE SHEET

The net assets show an increase of £615,000 during the year; major variations include a reduction in bank overdraft of £3,133,000 to £1,797,000—the lowest year-end figure since 1952.

The significant changes in the appearance of the Balance Sheet during the year are all attributable to the progressive transition from pre-merger aircraft and missile work for the account of the Bristol Aeroplane Company to new work done by British Aircraft Corporation. This trend will continue during 1962 and 1963 with consequent release of funds to your Company which will then be available for further investment in British Aircraft Corporation and our other interests.

The Consolidated Balance Sheet cannot conveniently incorporate the balance sheets of the associated companies in which we have minority interests and therefore does not give stockholders a comprehensive impression of the scale of the operations with which in total we are concerned. For example, the value of orders held by the associated companies in the U.K. is of the order of £375 million.

PROFIT AND LOSS ACCOUNT

Net profits before taxation at £2,162,000 have increased by £114,000 compared with the previous year.

Profits of home companies, up by £162,000, have had the benefit of satisfactory results from pre-merger aircraft and missile contracts executed for our account by British Aircraft Corporation, offset by a small loss incurred by Bristol Aeroplane Plastics Limited also arising from contracts and development work which this Company inherited at the time of the mergers. Profits from overseas suffered from disappointing results in Canada where trading conditions generally were difficult during the year and only a small profit was achieved.

Dividends and interest from associated companies provide the main source of the Company's income, amounting to £1,890,000.

The charge for taxation (£869,000) is higher by £58,000: this figure is less than might be expected, since profits tax is not charged a second time on dividends received from United Kingdom companies whose profits have themselves borne profits tax already.

After deducting from net profits after tax (£1,293,000) dividends on Preference Stock (£38,000) and two interim dividends totalling 8 per cent on Ordinary Stock (£340,000), your Board has transferred £600,000 to General Reserve and has recommended a final dividend of 5½ per cent (£233,000), leaving £82,000 to be added to the amount brought forward (£477,000), so that the total now carried forward will be £559,000. The Board, in reflecting the Company's satisfactory results for the year by an increase of 1 per cent only in the rate of the Ordinary Dividend, has had very much in mind the Chancellor's request for dividend restraint at this time.

It will be recalled that the second interim dividend paid in January last was exceptional: it did, however, have the advantage of spreading profit distribution rather more evenly through the year, and it will be your Board's intention in future, if the trend of results justifies it, to make the usual interim dividend a somewhat higher proportion of the total for the year than has been the case in recent years.

FUTURE PROSPECTS

In arriving at a balanced judgment about our future prospects I believe that one is entitled to be more confident and encouraging about our own affairs than the critics and commentators of the industry as a whole are willing to allow. In the short term, that is over the next two years, our associated companies have full order books and settled programmes: given freedom from industrial disputes in the factories, reasonable stability in the cost of materials and services, and consistency on the part of their customers, the manufacturing companies have as good a prospect of maintaining an efficient level of production as we have seen for some years. It seems to me that our principal associated companies are unquestionably moving ahead at present. If this view about a section of the industry is at variance with views recently expressed in the House of Commons and elsewhere about the industry generally, it is because those whose anxieties are most pressing inevitably attract the most publicity; the attention of the public is hardly ever drawn to those whose strength based on achievement enables them to look after themselves.

Taking the longer view, again there are solid grounds for confidence. This is not just the "shallow optimism" of which some of the critics accuse the aircraft industry. We in this country have within our grasp the chance during the next decade of reaping the results of major new technological achievements. The grouping of the industry has made it possible to deploy resources more efficiently and speedily. We have behind us declarations of policy by HM Government repeatedly asserting in plain terms the Government's determination to maintain in this country a strong and stable industry. The companies in which we are interested have defined for themselves the long-range tasks ahead of them: they have the brains, the skill and the leadership, and they have shown themselves to be effective international competitors whatever and whenever opportunities are open to them.

As for the market for their products—air transport will certainly continue to grow, as, over the traffic lanes of the world, air travel supersedes ships and railways. The share of the market now taken by British aircraft and aircraft incorporating British equipment is a striking and refreshing feature of air travel today and there is good reason to believe that the trend can be continued. At the same time defence production will continue to demand new solutions: in providing them we shall find that changing technology will continue to bring new problems, new adjustments of competitive capacity, and even reasons for new partnerships with, and possibly integration with, foreign companies. There is no reason to be frightened about these developments: the interest which our overseas competitors take in our activities is ample evidence that they at any rate have no doubts about our competitive strength; as in other sectors of industry, the wider the market open to us the greater our opportunity of justifying the high cost of development effort by a correspondingly high level of sales.

So in conclusion I would summarise my statement on this occasion by saying that the new companies, in whose formation and development we have taken so large a share, have already made outstandingly good progress; judging by what they have accomplished already, you can rely upon their capability, and you can look forward with justifiable confidence to the results of their efforts and achievements in the years ahead.

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

MR W. P. RUTHERFORD'S STATEMENT

The Annual General Meeting of The Tharsis Sulphur and Copper Company, Limited, was held on May 9th at the registered office of the Company, 136 West George Street, Glasgow.

Mr W. P. Rutherford, chairman of the Company, who presided, said:

The Report and Accounts for last year were posted to shareholders on our register on April 14th. If you agree, I will take them as read and proceed with my review of last year's activities.

SHIPMENTS

Last year I was able to report an increase in our shipments of pyrites but in 1961 we had a decrease of 63,237 tons making our total shipments 645,647 tons. In addition we shipped 75,395 tons of pyrites residues to the United Kingdom.

MARKETS AND PRICES

The markets appear to have stabilised between sulphur and pyrites and whether one or the other material is bought depends on type of plant for burning. Pyrites has a natural preference where the residues are utilised for the extraction of the contained metals, principally copper and the iron ore known in the trade as "purple ore," which form a very important part of the proceeds of the extraction works. These are situated in West Germany which is our most important export market and where the purple ore is sold.

In Spain, which has progressively increased to become our largest consuming market, the price of pyrites remained unaltered last year. The residues are mainly exported to Germany for treatment and the pyrites burners thus get an important rebate on the price they pay for pyrites. The price paid to the mines, however, has so far remained unaltered, with the pyrites producers getting no part of the benefit from the cinders value. We have protested repeatedly about the low official price in Spain and have pointed out that the contention that our average price is satisfactory is no longer applicable, with the reductions in recent years in the export price. This important point is under review in Madrid and we and others have submitted figures showing irrefutably the justice of our case in asking for an increase in the price. At the moment we await, not unhopefully, for a decision which will assist all the pyrites mines in the Huelva district.

MINES

The mines, besides producing the tonnage sold, progressed favourably in development. We experienced extremely heavy rains towards the end of the year which caused some flooding. I am glad to say that this was soon overcome without much damage. It is one of the hazards of opencast mining about which I spoke last year.

The Centre Lode at Tharsis continued its estimated production of cupreous pyrites and the necessary overburden was removed.

Preparation also continued at North Lode and in the adjoining lode, San Guillermo, to the north. In this new lode our work has been confined to making the necessary openings to commence mining when required. Little has been done on investigation of its length and width, but I may say that we have no reason so far to alter our hopeful estimate.

At Calañas we have a lode which runs parallel to the original No. 1 Mass which is made up of, to us, abnormal quality pyrites. It contains on average 37 per cent of Sulphur and 1.8 per cent of Copper. This pyrites is too low in Sulphur to be exported so we have decided to concentrate it and produce suitable export products. We have had it submitted to tests in this country with satisfactory results. Ores of a similar type are being concentrated by other mines in the district. We have decided to erect a small plant to deal with 100 tons daily to try out this process on that scale to be later extended if entirely successful. We have found a plant for sale in this country which we will purchase subject to obtaining an import licence and hope to erect at Calañas this year. This is an interesting new line which I hope and trust will be entirely successful.

ACCOUNTS

The net profit of £181,916 shows a reduction of £14,789 from the previous year. The fall in income through the reduced shipments of pyrites was more than offset by the increased sales of pyrites residues and improved returns from our exports of cupreous pyrites. Although shipments of pyrites fell by 63,237 tons the mining costs remained fairly constant. For this year, however, the outlook is not good. As I have told you on previous occasions the residues produced by our customers from the roasting of our pyrites represents the major part of the value of the ore. At the beginning of 1962 the price received by the roasters for these residues was reduced and so we took the somewhat unusual step, in close co-operation with the copper extraction works in Western Germany, of subsidising the residues price to maintain it at its present level. This joint effort to stabilise the cost of the sulphur contained in the pyrites has been much appreciated by our customers whose confidence in the future of pyrites has been further strengthened. Unfortunately this sacrifice on our part cannot fail to be reflected in our accounts.

In view of the strength of our balance sheet some shareholders may wonder why the Board does not recommend a more liberal distribution of the funds. I am pleased that our liquid position is so satisfactory at the moment and that we have been able to build up our reserves over the years to the substantial figure that these now are. However, when considering the whole position, your Board has to recognise that the Company is operating abroad and that this presents certain problems which do not confront industry in this country. It is considered necessary therefore to keep substantial liquid resources available in sterling and the wisdom of this policy has been well proven over many years, particularly when the repatriation of profits was difficult. With the possibility of diminished profits in the current year the Board with regret cannot see their way to recommend on this occasion a larger distribution.

DIRECTORS

Your Directors co-opted Mr Fonthier to the Board and he will come up for election by you presently. Mr Fonthier, a Belgian mining engineer, lived in Spain for thirty years and was manager of Solvay's Mine in North East Spain and has much experience of conditions in that country. He has been highly recommended to us and will, I feel sure, be helpful in our councils.

It now falls to me to speak about myself. It is fifty-two years since I joined the Company by special invitation to assist my father, personally. On the death of the first Lord Glenconner in 1920 the Board appointed me to succeed him as Chairman. I had previously been appointed Managing Director and so I have continued in both offices until now. But the years don't stand still and although I have enjoyed exceptional health, my colleagues have suggested, and I have agreed, that I should lighten the load by remaining as Chairman and leave the Managing Directorship jointly to my sons. Fortunately, they have both trained fittingly to take this responsibility, Neil as an Associate of the Royal School of Mines followed by seven years as a mining engineer with us in Spain and visits to some of the leading mines in USA, Canada and Europe. His brother, Iain, after leaving Cambridge with honours, qualified as a Chartered Accountant here in Glasgow. Both have served in Head Office since the war and for several years as Technical and Commercial Directors respectively, so that their promotion, while giving them more responsibility, is a change of title more than occupation. They have worked close to me during the last twenty-five years and I feel confident of their successful management.

Tharsis has been so much of my life that I feel I must take this opportunity of expressing the pleasure that I have derived from my association, with the support and confidence of my colleagues and shareholders and the goodwill of our people in Spain. But I must not make this a valedictory address, and I hope to meet you on future occasions as your Chairman and inform you of our continued progress.

I must not omit in this personal talk to remind you of our indebtedness to our Staffs, in Spain under the excellent management of our General Manager, Mr Mackenzie, and here under Mr Johnston, our Secretary.

The report and accounts were adopted, the retiring directors, Mr William P. Rutherford, Mr Antoine Velge and Mr Norbert Fonthier, were re-elected, and the remuneration of the auditors, Messrs Brown, Fleming and Murray, CA, was fixed.

The proceedings terminated with a very cordial vote of thanks to the Chairman, proposed by Mr Robert Ogilvie.

Schweppes Limited

Hon. R. Hanning Philipps on Rationalisation and Purchase Tax

The Sixty-fifth Annual General Meeting of Schweppes Limited will be held on June 7th at the registered office of the Company, Schweppes House, 1-6 Connaught Place, London, W.2.

The following are extracts from the statement by The Hon. R. Hanning Philipps, M.B.E., the chairman:

The consolidated profit, after charging depreciation and taxation, is £1,846,998 as against £2,049,547 last year. After placing to Reserves £731,467, there is with the amount brought forward from last year a disposable profit of £2,118,814.

Your directors recommend a final dividend of 16½ per cent less tax, absorbing £775,293, making a total rate of dividend of 24 per cent for the year 1961, and leaving a balance of profit to be carried forward in the Group accounts of £941,398.

HOME TRADING

Trading for the year 1961 did not prove so buoyant as the first half promised. Sales of Schweppes products for the first six months increased 6¼ per cent, whereas for the full twelve months the figure was 5 per cent. There was a distinctly more difficult trading climate for the last six months of the year. However, despite reduced profit margins, for the year as a whole the profit on the trading of Schweppes (Home) Limited equalled the 1960 profit.

The trading results of two of our home subsidiaries—L. Rose & Company Limited and Jewsbury & Brown Limited—were substantially increased, and thus made a useful contribution to the Group profits.

Another home subsidiary, The Park Bottling Company Limited, showed a 20 per cent increase in their sales of Pepsi-Cola, but owing to rising costs their profit increase was not proportionate.

CONNAUGHT FOOD PRODUCTS LIMITED

Our main disappointment has been in the trading of two of our preserve companies, Chivers & Sons Limited and Wm. P. Hartley Limited. Both these companies have made losses as against profits in the previous year. Wm. Moorhouse & Sons Limited, on the other hand, has again had a successful trading year, with a substantially increased profit.

We have found it necessary to cut out overlapping production activities, and thus deal with under-employment of both production facilities and personnel.

Effective from 1st January, 1962, the sales staffs of Chivers and Hartleys have been combined under a new Selling Company Chivers/Hartley Sales Company to handle both brands of products, backed up by the newly formed Connaught Food Products Depot and Transport organisation. With these substantial new re-arrangements, I believe we are on the way to making these two fine old companies profit earning again, but it will take time for the new team to produce the satisfactory results we confidently expect.

OVERSEAS COMPANIES

With the exception of two of our African subsidiary companies, our overseas subsidiaries have shown good profits.

Schweppes (Australia) Limited is now an Australian public company in which we hold 68 per cent of the equity, the remaining 32 per cent being held by the Australian public. Their results for the year to 30th June, 1961, were a record as regards both sales and profits.

Despite economic difficulties in the Union, **Schweppes (South Africa) Limited** again increased its trading profit for the year.

Sales were increased by both **Schweppes (U.S.A.) Limited** and **Schweppes (Canada) Limited** and the American subsidiary produced a higher profit.

During the year our widespread franchise arrangements, with but few exceptions, have continued to expand both their operations and the revenue we derive from them.

RATIONALISATION

There has been a "wind of change" blowing through the markets of this country during the last two years. The effect on the manufacturer has been that more and more of his trade is being concentrated into the hands of fewer, and potentially larger, buyers who expect to receive increased discounts or promotion allowances for the same volume of trade. Our profit margins are in consequence being continually squeezed.

As a result of this trend we instituted important changes in our home selling arrangements. On January 1, 1962, the sales force of Schweppes (Home) Limited was made responsible for selling to the licensed trade all brands of drinks handled by our Group. At the same time the sales force of the Rose Kia-Ora Sales Company Limited was made responsible for selling all brands of drinks to the grocery and allied trades.

The reactions we have had in the past four months show that both the licensed and the grocery trades welcome this rationalisation of our sales forces, and that it will strengthen our selling arrangements, as well as economising in sales representatives' time and effort.

NEW MARKETING ARRANGEMENT

During 1961 we made an arrangement with **J. Lyons & Company Limited** for our Sales Company, Rose Kia-Ora Sales Company, to market Lyons' Sunfresh range of concentrated soft drinks alongside our own brands—Rose's, Kia-Ora and Sunerush. With effect from January 1, 1962, we converted this company into a limited company in which we hold 51 per cent interest and the Lyons Group hold 49 per cent. The manufacture and the ownership of our branded products remains in our hands, and likewise Sunfresh in Lyons hands. At the same time we acquired a 49 per cent interest in the Lyons subsidiary, O. R. Groves Limited, who market through licensees sparkling fruit drinks and "Sunkap" Dairy Orange.

Salient Figures from the Accounts

	1961	1960
ISSUED CAPITAL	£10,185,816	£8,222,725
RESERVES and Undistributed Profit	11,402,449	8,142,386
GROUP PROFIT	5,134,241	5,037,847
TAXATION	1,737,296	1,738,313
PROFIT after TAX	1,846,998	2,049,547
DIVIDENDS	1,177,416	1,070,325
DEPRECIATION	1,316,419	1,091,373
TRANSFER to RESERVES	731,467	618,424
CARRIED FORWARD	941,398	1,136,298

Your Board is dedicated to a policy of maintaining quality and service and will not contemplate any move that will vitiate that policy. We believe that our trade friends and our many consumers are in complete agreement with this.

With this in mind, your Board decided to increase prices of the Schweppes range of carbonated drinks by either 4d. or 6d. per dozen dependent on the size as from 15th January, 1962. This increase after 14 years of unchanged prices averages approximately 10 per cent.

We continue to hold unchanged our prices for squashes, but have decided to remove all our brands from the scope of Fixed Retail Price Resale Conditions, in line with the general climate of opinion that traders should be allowed to fix their own fair margins, having regard to the needs of their type of trade and the service they provide to the public.

OUTLOOK

The opening quarter of this year has been quiet, the prolonged cold weather, combined with a late Easter, having restrained stocking by our customers.

The Chancellor's 1962 Budget included an unexpected imposition in the 15 per cent Purchase Tax on all soft drinks. The cost of this tax we shall have to pass on to the trade and ultimately to the consumer. There is no device we can use to reduce the size or the contents of the drinks we offer, and to cut quality would be disastrous.

In general this tax will mean an increase to the consumer of 1d. per bottle for carbonated drinks and 4d. per bottle for concentrated squashes. Inevitably to begin with this will cause public resistance, but experience elsewhere indicates that in a comparatively short time this will be overcome. While it seems likely, therefore, that without considerable help from a hot summer we shall have a hard task to maintain our sales volume in 1962, in the long term this tax should not hamper your Group's home development.

ALLIANCE BUILDING SOCIETY

RECORD TOTAL OF ASSETS

The ninety-ninth Annual Meeting of the Alliance Building Society was held on April 27th, at Brighton.

The following are extracts from the speech by the Chairman and Managing Director, **Mr Lewis C. Cohen,** who presided:

For the year ending December 31, 1961, funds reached a record total of £81,979,805. Members and depositors increased to 113,966 from whom we received £15,271,956 and to whom we paid withdrawals of £11,253,730 (exclusive of interest).

Last year Societies found that investors' receipts were falling off as the 3½ per cent. interest per annum was not sufficient to retain, and attract, investors' funds wherewith the growing demand for advances on mortgage could be met. The Building Societies Association Conference recommended that a rate of 3¾ per cent. per annum, clear of income tax, be paid by Societies, which recommendation we adopted on July 1, 1961.

The events of 1961 are rapidly becoming forgotten. What I want to do is to give a public reminder that interest rates charged by building societies, and the Alliance in particular, *did not* go up in response to a Bank Rate change in 1961. The charges and the rate allowed to investors were put up when Bank Rank was 5 per cent.

It is useless for propagandists to try and talk down building society interest rates unless they wish to see societies starved of funds and unable to make loans to persons wishing to acquire their own homes.

A 3¾ per cent per annum rate of interest to investors, which with income tax at 7s. 9d. in the £ is equal to £6 2s. 5d. per cent per annum gross, is an excellent return on a Trustee investment which can be withdrawn in whole or part at very short notice without expense or loss. But it is currently no more than is required to maintain an adequate flow of money to meet the demands of would-be house purchasers.

1961 was characterised by a high level of demand for house purchase loans, and for the most part we were unable to meet the demand with the funds available to us. We lent £11,527,508 on 7,266 transactions, of which approximately 99 per cent were to individual borrowers connected with properties for their own occupation. The total amount owing on mortgages increased to £66,998,347.

While we take care to ensure that no borrowers take on a commitment beyond their capacity to carry out, we try to put house purchase within reach of as many people as reasonably desire it. We offer a thirty year term of repayment for the newer kind of houses and operate a scheme whereby, with insurance company guarantees, a borrower need only find one-twentieth of the total purchase price of the property he wishes to buy.

An allocation of £350,000 has been made to General Reserve. The reserves now exceed £3 million representing 3.66 per cent of the total assets of the Society. This reserve under-pins the security of our investors over and above the margin of security provided by every borrower.

The report was adopted.

HUDSON'S BAY

RECORD SALES

The two hundred and ninety-third annual general court of the Governor and Company of Adventurers of England trading into Hudson's Bay was held on May 11th in London. **Mr W. J. Keswick,** the Governor, presiding.

The following is an extract from his circulated report:

The Company did well again in 1961/62. Profit before taxes amounted to £6,113,000. The net profit after taxes of £2,937,000 and depreciation of £1,793,000, was £3,176,000. Last year's profit was £2,600,000.

Total sales again set a record. £105,145,000, as against £88,032,000 in the previous year. Fur and consignment sales reached a new peak and Wholesale sales were up slightly.

In November, 1961, an interim trading dividend of 5 per cent and a distribution of 1¼ per cent from the Land Account were paid. The proposed final trading dividend is 7 per cent and the proposed final Land Account distribution is 1¼ per cent.

This makes a total trading dividend for the year of 12 per cent which is approximately 2s. 4¼d. per share gross and 1s. 5½d. net after deduction of United Kingdom income tax. The total Land Account distribution is 2½ per cent and is not subject to United Kingdom Income tax. The above dividends and distributions are based on an increased capital of £13,553,428 and are approximately equivalent to the payments made last year on a capital of £6,159,824.

The report and accounts were adopted.

Royal Exchange Assurance

THE RT. HON. LORD KINDERSLEY, C.B.E., M.C., THE GOVERNOR, REPORTING UPON 1961:—

LIFE DEPARTMENT The Group's funds had a successful year as the following figures for 1961 show

Total Life & Annuity Premium Income		Total of Life & Annuity Funds
"Royal Exchange" Funds	£5,884,980	£43,128,019
"Atlas" Fund	£5,576,334	£48,294,256

The "Atlas" has declared a reversionary bonus for the three years 1959 to 1961 at the rate of 55/- per cent. per annum, calculated on sum assured and attached bonus, together with a special additional reversionary bonus of 15% of attached bonus.

FIRE DEPARTMENT The world-wide Group premium income in 1961 was £19,216,602, an increase over 1960 of £650,084 and resulting in a surplus of £688,047 compared with £296,008 for the previous year.

MARINE DEPARTMENT The sum of £418,129 has been transferred to the consolidated profit & loss account compared with £349,485 in 1960. The fund now stands at £4,838,323 representing 174.75% of the premium income.

ACCIDENT DEPARTMENT The world-wide Group premium income increased by £1,703,425 to £30,952,641, and the surplus of £447,358 compares with £153,251 for 1960.

INVESTMENTS The gross average yields of interest income on the principal life and annuity funds have continued their upward trend and the gross interest, dividends and rents derived from the proprietors' funds increased by £131,520 over 1960 to £3,507,413.

Once again there was a substantial favourable margin between the market values of the Stock Exchange investments and the aggregate values appearing in the balance sheets.

DIVIDEND A profit for the year of £2,350,937 has been carried to the profit & loss appropriation account and in the light of the results disclosed the Directors are recommending that a final dividend be paid at the rate of two shillings and three pence (less income tax) for each £1 stock, making a total distribution of three shillings and nine pence (less income tax) for the year.

LIMMER & TRINIDAD LAKE ASPHALT

RECORD RESULTS

The Ninetieth Annual General Meeting of Limmer & Trinidad Lake Asphalt Company Limited will be held on June 28th in London.

The following are extracts from the circulated Statement of the Chairman, **Sir Hathorn Hall,** on the 1961 Accounts:

In the contracting business, in common with other industries, the tide of profitability ebbed some two years ago and is still running out. Many firms have had to report worse results, lower profits and, in a number of cases, actual loss. The Limmer & Trinidad Group of Companies, however, obstinately continues to swim against the tide. Once again our Group has achieved record results. In 1961, for the first time in our history, the trading surplus before depreciation exceeded £1 million. The Group Profit before taxation was an all-time record.

REPUTATION FOR FIRST-CLASS SERVICE

While we may rightly claim that our Group has an unrivalled capacity to undertake asphalt contracts of any magnitude, it must be remembered that our success in the past has depended, not on the undertaking of a few spectacular contracts, but on the meticulous execution throughout the British Isles of a multitude of jobs, some comparatively small, and our reputation is firmly founded on the principle that our primary purpose is to give, throughout nation-wide organisation, really first-class service to those who employ us.

During the year under review we have acquired the entire issued capital of Peter Prendergast Limited, and have changed that company's name to Limmer & Trinidad (Contractors) Limited. Through this company we are undertaking a considerable amount of new road construction in north western Scotland. When these contracts are completed it is to be hoped that this beautiful but more remote part of Britain will be opened up to the tourist from overseas with resultant benefit to our "invisible exports."

Our activities abroad have continued at a satisfactory level. In Mauritius we have obtained an extension to our existing work. Farther north, in the Arabian Gulf, after successfully completing an airfield contract in Sharjah, we moved our plant and equipment to Entebbe, in the heart of Africa, where another airfield contract is now in progress.

OUTLOOK FOR 1962

I am happy to be able to report a very satisfactory current position as regards our order book. The general trend of orders, which took a slight downward turn with the completion of some of our very big contracts, is now improving once again, and I have good reason to believe that our turnover for 1962 will be at least as great as that for 1961. The erosion of profit margins, however, continues, demanding even higher standards of operating efficiency; but that is a situation with which our Group is becoming familiar, and I am not unhopeful that those qualities in our Management, Staff and Workpeople, which prevailed over the unpromising conditions of 1961 will repeat that success in 1962.

As already announced, in order to provide capital for the expansion of the Group's activities, it is proposed to make a Rights issue to shareholders. Details of the terms of the offer will be communicated to Members in due course.

GRATTAN WAREHOUSES LTD.

RECORD SALES

The Thirty-second Annual General Meeting of Grattan Warehouses Ltd. was held on May 11th at the Midland Hotel, Bradford. **Mr William J. Roach,** chairman and joint managing director, presided.

The following is an extract from his circulated review.

The financial year under review covers the 13 months' period ended on January 31, 1962. That means that your directors have altered the Company's financial year-end from December 31st. The reason for this move is that the new year-end now approximately coincides with the issue each year of our Spring and Summer catalogue, and this in turn considerably reduces the very heavy volume of work involved in stocktaking.

In order to compare the 13 months' trading profit of £3,646,501 with the 1960 12 months' profit of £3,168,874, it is approximately correct to say that half the increase shown is attributable to the extra months' trading, and the other half to the continued expansion of the business which we have been able to maintain, and this, needless to say, is the result of another large increase in sales to yet another record for your Company.

Profits Tax was increased in last year's Budget from 12½ per cent to 15 per cent, and as a result of this, and the increased profits which your Company has made, the amount taken in this tax alone has increased by £160,000. On the other hand, extraordinary credit computed at £98,000 accrues from the change in accounting date.

A Final Dividend of 25 per cent is recommended for your approval. This would make a total for the period of 38 per cent, which is equal to last year's equivalent total of 35.1 per cent plus 1/12th extra, covering the extra month included in the Accounts. Thus we comply with the Chancellor's request for dividend restraint.

PROPERTY AND CAPITAL COMMITMENTS

During the period an additional storey has been added to the Company's largest warehouse and this is now in use.

Plans are well advanced to commence building in June a new Administrative and Buying block in Ingleby Road of approximately 100,000 sq. ft. This will also house a capital commitment in the form of an I.C.T. 1301 Computer, due for delivery in 1963 at a cost of £190,000.

A further capital commitment, which brings the total to £¼ million, is in the form of premises near the centre of Bradford. The plan here is to demolish the existing building to provide a site for a new, large office block.

You will gather from the foregoing that we have ambitious plans for the future. Since, at the time of writing, only seven weeks have so far passed in this current year, it is as yet too early to advise you of any definite trends.

The report and accounts were adopted.

At the subsequent Extraordinary General Meeting resolutions increasing the capital of the Company and allotting a free scrip issue of one Ordinary Share for every ten Stock Units already held, were duly passed.

BROWN BAYLEY LIMITED

MR J. W. GARTON'S REVIEW OF SUBSIDIARIES' ACTIVITIES

The sixth annual general meeting of Brown Bayley Limited was held on May 11th at Attercliffe, Sheffield, **Mr J. W. Garton, JP** (the chairman), presiding.

The following is the statement by the Chairman which had been circulated with the report and accounts:

During the year Mr E. Gordon Sykes, a partner of a firm who are the solicitors of The Hoffmann Manufacturing Co. Ltd., has been appointed to the Board, together with Dr F. P. A. Garton who is a Director of The Hoffmann Manufacturing Co. Ltd., and has been acting in a consultative capacity in connection with personnel for the last five years to Brown Bayley Steels Limited. These appointments should strengthen the Board and make it more representative of the interests involved.

The Accounts now presented cover the twelve months ended December 31, 1961.

The Profit and Loss Account shows a balance after tax of £207,477 compared with £207,601 in 1960. The income is the same as for 1960 as both The Hoffmann Manufacturing Co. Ltd., and Brown Bayley Steels Limited have recommended the same dividends as for the previous year.

The Interim Dividends already paid by the Subsidiary Companies and the Final Dividends recommended by them are included in this Account. On this basis your Directors have pleasure in recommending a Final Dividend of 9 per cent, less tax. This together with the Interim Dividend of 5 per cent, less tax, already paid, makes a total for the year of 14 per cent, less tax, which is the same as for 1960.

SUBSIDIARY COMPANIES

The Hoffmann Manufacturing Company Limited: For the first six months of 1961 this Company was very busy but when the "credit squeeze" came into effect there was a shortening of the order book for bearings for consumer goods. This enabled bigger stocks of finished goods to be built up so that they can take immediate advantage of any improvement in trade.

The major portion of the Group Capital Commitment will be expenditure in connection with the erection and equipping of the new building at the Gloucester Works. This will house new ball making plant and other production machines.

Much time has been spent in the last year studying the extent to which technical change is affecting the roles and responsibilities of their staff, especially at foreman level. This Company now believes it is in a strong position to increase individual satisfaction and overall efficiency.

The less favourable trading conditions which have been operating since the time of the Chancellor's "little budget," make it difficult to assess with confidence the outlook for the future. The Company has a reasonably good order book at the present time. During the last few weeks there has been a slight increase in the demand for their products. This, it is hoped will grow so that workpeople and plant will be kept fully employed.

The Accounts of this Company for the year

ended December 31, 1961, are published as part of the Directors' Report and show a profit before tax, but after all other charges, of £1,893,412 and compare with £1,735,953 for the previous year. Income Tax and Profits Tax absorb £927.762 against £686,563 in 1960. The net profit for the year 1961, after taxation is, therefore, £965,650 and compares with £1,049,390 in 1960.

Brown Bayley Steels Limited: Profit margins were adversely affected by the increased costs associated with the shorter working week, wages awards and fuel prices. These additional costs were not covered by the small price increase eventually granted by the Iron and Steel Board.

Since then the situation was further aggravated by a marked falling off in orders from the general engineering industry. It is hoped that in the near future official policy will realise the necessity for action that will stimulate trade.

Considerable work has been done during the year in clearing the site and transferring plant in preparation for the developments associated with the new 32" Blooming Mill. Also, work is well in hand with the extension and roofing of the new ingot stock and furnace charging bay. The rate of progress obviously will be governed by future trading conditions.

There is no doubt that the capital equipment that has been installed by way of furnaces and forges over the last few years is helping considerably from a cost angle during these times when profit margins are low.

The profits of the South African Company are less than in previous years due to the difficulty of which everybody knows of trading in that country today and also by reason of making provision for a bad debt, part of the South African dividend was paid out of profits from previous years.

The Accounts of this Company for the year ended December 31, 1961, are published as part of the Directors' Report, and show a profit, before tax, after all other charges of £713,434 and compares with £1,080,901 for the previous year. Income Tax and Profits Tax absorb £258,261 against £478,959 in 1960. The net profit for the year 1961, after taxation is, therefore, £455,173 and compares with £601,942 for 1960. The Final Dividend recommended is 11 per cent, less tax, which with the Interim Dividend already paid of 5 per cent, less tax, makes a total for the year of 16 per cent, less tax.

The Farnley Housing Association Limited: The Association have again reduced the interest free loan by £200 and the balance now outstanding is £3,800.

The report and accounts were adopted.

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

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

Boulton and Paul Limited

STEEL CONSTRUCTION • CONCRETE PRODUCTS • BUILDERS' JOINERY
WIRE & WIRE PRODUCTS • FENCING • BUILDERS' EQUIPMENT

The Annual General Meeting of Boulton and Paul Limited was held on May 11 at Norwich. In the absence of the Chairman, the Managing Director, Mr. J. S. Murray, presided. The following is an extract from the statement of the Chairman, Mr. J. H. Tresfon, circulated with the Report and Accounts.

Good Results

Last year I ventured the opinion that conditions were still favourable in our fields of operation. Our group profits for this year show a pleasing improvement. As regards to future prospects the results of some of our development work, fostered over some years, should begin to show. However, with conditions as they are at present, the likely benefit in terms of profit may be a little delayed.

Developments

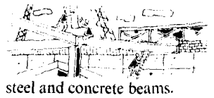
Good progress has been made with the development of the site at Lowestoft.

During last year we also purchased a freehold factory at Mile Cross, Norwich, to house our chain link and fencing departments, thus freeing some space at Riverside for the expansion of other departments.

The installation of the mechanized fabricating plant at Moreland Hayne, our London subsidiary on the steel side, was completed and came into production during 1961.

Structural Engineering

The tonnage fabricated by Boulton and Paul and Moreland Hayne was well up compared with last year. The results also improved.



Good progress is being made with our plants for making combined steel and concrete beams.

The department dealing with the manufacture and sale of mechanized steel fabricating plants has continued to be fully employed.

Our dutch barns, covered yards, storage sheds, etc., provide a steady flow of business year after year.

Wire and Wire Products

In the fencing department the past year was a disappointing one. However, there are now signs that this phase is over; the order book has improved, the factory has settled down, and it has been found that the new works undoubtedly make for more efficient production.

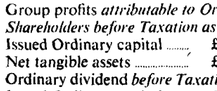
Timber Products

Sales of our standard joinery increased again over the previous year's record figures.

There is every reason to believe that the Lowestoft development is well founded on most up-to-date and efficient lines and will help us to keep ahead in the competitive field of household joinery.

Builders' Equipment

The turnover of Stephens & Carter, our subsidiary



in the scaffolding, ladder and builders' equipment trade, has continued upwards.

Concrete Products

Our associated companies forming the Anglian Group making concrete products and selling ready-mixed concrete, sand and gravel had a successful year.

Balance Sheet

Total Reserves and Provisions now exceed £3,000,000 or, if the Depreciation Provision is deducted, £1,900,000.

The capital commitments outstanding at the year end of £857,000 are almost entirely for Lowestoft. I am pleased to say that we have been able to arrange for financing the project without recourse to the capital market at the present time.

Group Profits

The group profits at approximately £385,000 show an increase of about £33,000 after excluding from 1960 figures the special surplus on revaluing stocks.

Substantial allocations have once again been made to reserves and after providing for the fixed Preference dividends, we are recommending an ordinary dividend of 12½% for the year.

Summarised Results

Group profits	100%	£385,729
Taxation	40%	£154,419
Retained profits	26	98,436
Distributed profits	34	132,874
	100%	£385,729

Group profits *attributable to Ordinary Shareholders before Taxation as a return on:*		
Issued Ordinary capital	£1,237,500	24½%
Net tangible assets	£2,822,237	10½%
Ordinary dividend *before Taxation as a return on:*		
Issued Ordinary capital	£1,237,500	12½%
Net tangible assets	£2,822,237	5½%

The Report and Accounts were adopted.

THE LONDON ASSURANCE

A YEAR OF CONSOLIDATION

The Annual General Court of The London Assurance will be held on June 6th in London.

The following is an extract from the circulated statement of the Governor, **Mr Harald Peake:** The year 1961 has been one of much hard work, of consolidation and of marked progress towards the greater integration of the "London" group of companies. The effect of this should be shown by improved results in the years to come. Premium income has increased in all departments.

The Life and Marine Departments have continued to do well. The Fire Department has produced a better result than for a number of years. The Accident Department has had a very difficult year with substantial underwriting losses in many areas.

Overall the consolidated profit for the Group, after taxation, is very similar to that of the previous year. This is disappointing as we hoped to achieve rather better results than a year ago. In the current year underwriting continues to be difficult. The Group is, however, in a better position to meet present-day conditions.

LIFE DEPARTMENT: The premium income of The London Assurance for 1961 was £3,141,520. New Life Assurance business has increased considerably. Net sums assured, at £18,190,967, were £4,000,000 in excess of the record figure for 1960.

The interest income has continued to increase and amounted in 1961 to £2,140,104. The Life Assurance Fund amounted at the end of the year to £35,303,629.

FIRE ACCOUNT: The Fire Department shows a welcome improvement in profit for 1961. The consolidated total premium income was £11,935,248, an increase of approximately £650,000. The transfer to Consolidated Profit and Loss Account amounted to £279,674 compared with £41,417 in 1960.

ACCIDENT ACCOUNT: Total premium income increased by £1,325,000 to £18,524,000, but we have to record with regret a substantial increase in the underwriting loss. Once again our results in this department have been dominated by our experience in the United States.

MARINE ACCOUNT: In the Marine Department we have had results which justify a transfer of £850,000. After making the transfer, the Fund stands at £9,141,731 or 145 per cent of the premium income, which is virtually unchanged from last year.

PROFIT AND LOSS ACCOUNT: After deducting the usual charges and expenses the Group profit before taxation amounted to £2,322,642. After taxation the net available profit amounted to £1,592,743. The directors have recommended dividends on the Ordinary Shares totalling 1s. 9d. per 5s. share. The profit retained in the business as a result of the year's operations is £678,335, bringing the amount carried forward on the Profit and Loss Account to £4,346,023.

Further steps in integration are under review and we are confident that by continued improvements in our methods and organisation we shall be able to give even more efficient service to our policyholders.

NORTHERN & EMPLOYERS ASSURANCE

ANOTHER SUCCESSFUL YEAR

The annual general meeting of Northern & Employers Assurance Co., Ltd., will be held on June 13th.

The following are extracts from the circulated statement of the chairman, **The Right Honourable Viscount Knollys, GCMG, MBE, DFC:**

1961 was, for your Company, a good year. Premium income in every class of business increased satisfactorily and totalled £91,000,000. Underwriting produced a profit of well over one million pounds. Interest income increased by £386,000, or over 9 per cent. Our invested funds increased by £18,000,000 to £172,000,000.

But, before I report on the operations of 1961 in detail, I should like to tell you something of what I regard as perhaps the most important and satisfactory feature of the year, the progress of the integration of our Companies' organisations.

I reported to you a year ago that in the USA integration was already complete and that the Head Office underwriting departments were to be amalgamated on January 1, 1962. This took place as planned. We hope that the Home branches will be integrated, as forecast, by the end of 1964.

Good progress has been made overseas. In Canada, Australia and East, Central and South Africa and senior joint appointments have been announced, and plans for joint offices are well advanced. I have been able to see, on recent tours, how anxious our staffs in different parts of the world are to be able to find themselves working side by side as soon as possible. The benefits to our Companies of integration are certainly evident to them.

Successful mergers, once mutual confidence and good will are established, depend on careful planning and deliberate action for their lasting efficient results. Decisions must not only be sound and fair but must be seen to be so. I think you would be pleased with what has been achieved so far in this direction.

RESULTS FOR 1961

The non-Life premium income for 1961 was £81,771,000, an increase of £2,897,000 over that for 1960, and the total non-Life underwriting profit was £982,000, made up of a loss of £164,000 on Fire Account and profits of £635,000 on Accident Account and £511,000 on Marine Account. It is gratifying that a profit was earned on our United States operations in a year which was a difficult one for the whole industry there. The total profit after taxation was £2,383,000. In view of the largely increased investment income, the satisfactory underwriting results and the low proportion of investment income being distributed by way of dividend, your directors would have felt justified in recommending at least a 2 per cent increase in the Final Dividend. They felt bound, however, to pay heed to the Chancellor's appeal for restraint and therefore have limited the recommended increase to 1 per cent, making 21 per cent for the year. After meeting the cost of the interim (8½ per cent) and final (12½ per cent) dividends, the amount carried forward on Profit and Loss Account is increased by £1,041,487 to £5,899,707.

FIRE

The loss shown in the Fire Revenue Account of £164,000 is due to the United States, where our experience was in itself disappointing and the Fire results were affected by a large increase in reserve for Unexpired Risks. Elsewhere good or fair profits in certain territories, including Great Britain, Canada, Australia and South Africa, were partially offset by moderate losses in others. The impact on our results of "Carla" and other hurricanes in the United States was not severe. Freedom from serious conflagrations helped to reduce the cost of Fire losses met by all insurers in Great Britain from £44,000,000 in 1960 to just under £40,000,000 in 1961.

ACCIDENT

Our United States interests again made a good contribution to the profit on this Account. In other parts of the world, results, as on the Fire Account, were mixed. Canada produced a good profit, and in Australia we just broke even, but there was a loss in South Africa. In West Africa political changes have produced new and interesting problems for us to master both in underwriting and in the financing of our operations there, which have been built up substantially in recent years. At Home we made an underwriting profit, but conditions are so difficult that we have been concentrating on a very careful selection of risks, and we shall pursue this policy at the expense, if need be, of any growth in premium income for the time being.

SUMMARY OF THE CONSOLIDATED ACCOUNTS OF THE NORTHERN & EMPLOYERS GROUP

	1961 £'000	1960 £'000
Premiums Written :—		
Fire	20,263	19,971
Motor	27,364	26,636
Other Accident	26,675	24,923
Marine	7,469	7,344
Life	9,777	9,281
Total	£91,548	£88,155
Results :—		
Underwriting :		
Fire	—164	*
Accident (including Motor)	635	*
Marine	511	*
Total	£982	*
Life and Capital Redemption Profits	232	*
Income from Investments, before Tax	4,602	4,216
Net Profit after Taxation	2,383	2,266

* 1960 figure not comparable.

LIFE

The new Life business written by The Northern Group during 1961 maintained the high level of 1960, and the new sums assured, after deduction of reassurances, exceeded £60,000,000. In addition, annuities of over £3,700,000 per annum were written, and the total premium income in respect of Life and Annuity business increased by £496,000.

MARINE

Last year saw the close of the 1959 Account, and I am glad to be able to report that the result

was satisfactory, largely because there were no major Marine losses in that year. A transfer has therefore been made to Profit and Loss Account of £511,000. It is gratifying also that, despite the heavy losses both at sea and in the air at the end of 1960 second year settlements for the 1960 Account have not been as heavy as was to have been expected, and there is reason to hope that the run-off of this Account will prove to be no less satisfactory.

Marine casualties were however consistently heavy throughout 1961, though the effect of these on the 1961 Account cannot yet be fully measured.

INVESTMENTS

The distribution of the invested funds is little changed from last year, but that the total value has gone up from £154,090,000 to £172,209,000. These figures are for book values, and I am glad to say that the substantial excess of market values at the end of the year over book values was even greater than that at the end of 1960.

In calling your attention last year to the substantial addition to our investment income derived from non-Life funds in 1960, which amounted to £722,000, I mentioned that it was an exceptional increase. I am however pleased to say that there was another good increase in 1961, not so large, it is true, as 1960's, but, at £386,000, as satisfactory as we could expect in a normal year. This important part of our Group profits has thus grown by £1,108,000, or over 30 per cent, to over £4,600,000, in the last two years.

STAR (GREATER LONDON) HOLDINGS LIMITED

FURTHER EXPANSION ENVISAGED

The second annual general meeting of Star (Greater London) Holdings Limited was held on May 11th in London, **Mr Sion Potel** (the Chairman) presiding.

The following is an extract from his circulated statement:

For the year ending December 31, 1961, revenue exceeds that for the period of the previous accounts and in view of this and your Directors' confidence in the further expansion of the Company's activities and earning capacity they consider themselves justified in recommending that a Final Dividend of 8 per cent be paid for the year to December 31, 1961.

The proposed acquisition of the site at Old Compton Street, London, W.1, has now been effected by the acquisition of Old Compton Street Property Investment Co. Ltd., in February of this year.

Our acquisition of Concord Investment Co. Ltd., and its subsidiaries is adding a number of investments and important projects from which benefits may be anticipated to accrue to Shareholders during the current and ensuing years.

I have appended a summary of the Group's schemes in preparation or under development.

In course of Construction:

19/23 Knightsbridge, S.W.1.*
"Odeon Site," Sheen Lane, S.W.14.*
58/58A Old Compton Street, W.1.
36/38 Finchley Road, N.W.8.
52/54 High Street, S.W.19.
North Orbital Road, Denham
51 Guilford Street, W.C.1.
32 South Hill Park, N.W.3.
24/27 Grand Parade,
St. Leonards/Hastings, Sussex.

In preparation:

454/458 London Road, Croydon.
91/93 Gray's Inn Road, W.C.1.
Hinton Wood, Bournemouth.

Site for future development.
"Hippodrome Site," Portsmouth.

The report was adopted.

* Through associated Companies.

HONGKONG TIN

MR ADDINSELL'S STATEMENT

The thirty-third annual general meeting of Hongkong Tin Limited was held on May 10th in London, **Mr Addinsell,** chairman, presiding.

The following is an extract from his circulated statement for the year ended September 30, 1961:

Production was unrestricted during the financial year and the dredge produced the very satisfactory total of 616¼ tons of tin-ore, and sales, which included the small stock held at the beginning of the period, amounted to 621¼ tons. The hopes I expressed last April of the continuation of a satisfactory rate of production have been fully realised, the average monthly production over the five months, April to September, 1961, being 67 tons. The dredge has continued to obtain very satisfactory results during the current financial year.

The profit for the year, after providing £43,050 for taxation, was £110,737 which, together with the balance from the previous year and a small return of capital from the Grab Dredger Syndicate, gives a total of £128,827. A dividend of 20 per cent was paid in January and we have transferred to Revenue General Reserve £40,000. Your Directors are recommending payment of a final dividend of 60 per cent, making a total of 80 per cent for the year.

During the period under review we received repayment of the Company's contributions to the First Buffer Stock amounting to £23,364. A further £3,750, being the proportionate profit thereon, has been received since the date of the accounts. Contributions to the Second Buffer Stock are now being made from current output and at the end of September, 1961, these amounted to £10,807.

The preliminary arrangements for the development of the opencast mining project, to which I referred last year, have progressed satisfactorily. This venture is one of long-term development, which, if successful, will considerably extend the life of the property.

The General Managers' anticipation of the maintenance of a satisfactory rate of production from the dredge during the current year is being justified by results to date.

The report was adopted.

SUN ALLIANCE INSURANCE LIMITED

Extract from the Review of the Report and Accounts for the year 1961 by the Chairman, Mr T. D. BARCLAY

Reporting on the combined results of Sun Insurance Office Limited and Alliance Assurance Company Limited.

FIRE DEPARTMENT

	1961 £	1960 £
Premiums	19,112,621	19,294,667
Claims	9,403,031	9,253,418
Surplus	1,496,134	1,427,165

The premium income shows a reduction on that for 1960; this mainly arises from a reduction in the premiums received from the United States and from certain other overseas areas.

Fire claims continued at a high level particularly in the United Kingdom and the United States of America, our two most important areas of operation.

The Account was also affected, as it so often is, by weather claims, the largest single item being the hurricane which struck British Honduras where the Group has a considerable amount of business. Damage to Belize as a result of this hurricane was catastrophic and our Group bore its full share of the insurance losses. In America wind-storms again contributed largely to the total of the claims. At home the severe frosts at the end of the year caused a number of claims from burst pipes.

The surplus which it was possible to transfer to the Profit and Loss Account was a good one.

ACCIDENT DEPARTMENT

	1961 £	1960 £
Premiums	23,291,994	22,553,364
Claims	12,905,425	12,765,075
Surplus	1,571,522	1,254,080

This Account showed an expansion in premium income and a very pleasing increase in the surplus which was greatly assisted by the improved results of the Sun's Casualty business in the United States.

The Motor account showed a profit which is a tribute to the very careful standards of underwriting adopted by the two Companies.

Our Burglary account was inevitably affected by the crime wave but we take pains to advise and encourage our insured to take all possible precautions and this has resulted in our experience being rather better than might otherwise have been expected.

Our Personal Accident account continues to expand rapidly and the specialist service that we can give to agents on this class of business is greatly appreciated.

The Engineering business conducted by The National Boiler & General Insurance Co. Ltd., again showed excellent results.

MARINE DEPARTMENT

	1961 £	1960 £
Premiums	3,646,179	3,624,290
Fund at end of year	5,722,673	5,933,065
Transfer to Profit and Loss Account	421,678	166,822

The premium income of the two Companies in this Department shows a modest increase and the transfer to Profit and Loss Account is substantially higher. This transfer relates to the results of the 1959 Account which was closed at the end of the year. The 1960 Account is unlikely to be so satisfactory having regard to the fact that the incidence of ship casualties involving both total and partial losses rose during the latter part of that year and continued at a high level during 1961. Nevertheless, the 1960 Account may, in the absence of any unforeseen circumstances, be expected to show a reasonable profit.

LIFE DEPARTMENT

	1961 £	1960 £
Net new sums assured	22,088,421	20,925,293
Premium income thereon	481,151	455,748
Total life premium income	3,671,803	3,368,415
Total annuity considerations	1,242,526	1,650,570
Claims by death	867,636	917,623
Life and Annuity Funds at end of year	47,272,245	44,082,598

The Life and Annuity business of the Group is entirely transacted by the Alliance.

The increase in new sums assured was less than during the previous year largely because with our substantial Building Society connection we were particularly vulnerable to the contraction in advances for house purchase and the consequent drop in demand for Life policies in connection therewith. The total Life premium income, however, showed a satisfactory increase.

The exceptional demand for immediate annuities shown during 1960 was not maintained and the purchase money received reverted to approximately the 1959 level.

Claims by death were below expectations in 1961 but it is not to be expected that this favourable trend will necessarily continue.

PROFIT AND LOSS ACCOUNT

Our underwriting profits expanded by £641,267, but this increase was more than offset by higher tax charges. The gross investment income credited to the Consolidated Profit and Loss Accounts of the two Companies increased from £3,160,063 to £3,298,977; other items show little change. The Directors have decided to maintain the dividend at the same rate as was paid for 1960, viz. 2s. 8d. per share. This calls for dividends from the Operating Companies of 11s. 3d. from the Sun and 5s. 4d. from the Alliance. The balance of profits, after making a provision of £100,000 in the case of the Sun against fluctuations in Foreign Exchange, has been left in the balances carried forward in the Profit and Loss Accounts. In the Sun Alliance Account there is a small increase in the balance carried forward making the total £9,804.

CHERSONESE (F.M.S.) ESTATES LIMITED

MR T. B. BARLOW'S REVIEW

The fifty-second annual general meeting of Chersonese (F.M.S.) Estates Ltd. was held on May 15th in London. The following is a summary of the review by the Chairman, **Mr T. B. Barlow:**

The profit for 1961 was £59,752 as compared with £85,132 a year ago. Despite the fall in profit of 30 per cent, the dividend (4d. per stock unit costing £31,063) is reduced by only 20 per cent. This dividend policy arises from the fact that we have made good the arrears of replanting, which has cost £325,439 and our replanting reserve is now adequate to bring existing immature areas into bearing after allocating £14,000 to replanting reserve this year.

In 1962 it is expected our rubber crop will increase by 100,000 lbs. to 900,000 lbs. with more immature areas coming into bearing it should not be many years before we reach the two million mark.

But planting is a continuous task and having brought most of our rubber up-to-date the Directors are considering replanting the last block of old seedlings—225 acres—with oil palms.

In the Krian district there are several areas of oil palms, which provide a crop that is much more profitable than coconuts. In view of the falling yield from our coconuts we feel that we should try a small block of oil palms.

GENERAL

My impressions during my recent visit to Malaya were that the country is as prosperous as ever and that the plan for Greater Malaysia would go through.

The average c.i.f. price of rubber in London was 24½d. per lb. during 1961 compared with 31½d. per lb. during 1960. The price now is approximately 23d. per lb. and at this level seems to be competitive with synthetic.

The price of copra last year in Malaya was approximately £50 per ton. The price so far this year has been £54 per ton which should enable the estate to earn a reasonable profit from copra.

The report and accounts were adopted.

CROSSLEY BUILDING PRODUCTS

The twenty-seventh annual general meeting of Crossley Building Products Limited was held on May 14th at Middlesbrough, **Mr Rupert Speir, MP,** the chairman, presiding.

The following is an extract from his statement circulated with the report and accounts:

Once again the Group has produced record results. The Group net profit, after charging Depreciation of £103,633 (1960, £64,064) and Taxation of £128,795 (1960, £86,743), amounted to £115,332, representing an increase of £24,598 over 1960. Your Directors recommend a final dividend of 12½ per cent on the Ordinary Shares, making a total of 20 per cent,, less income tax, for the year.

In the early months of 1961 some concern was expressed nationally lest the supply of bricks should fall short of the demand. We were able to augment supplies by some 15 per cent of our former production. During the present year it is our aim to begin a further expansion of production.

The scope for our three merchanting companies was very great, and the results they achieved were indeed most encouraging.

All things considered I would certainly think that a high level of building operations will be required in the years ahead, and your Board are planning a programme of expansion and development for the Group.

The report and accounts were adopted and resolutions were approved increasing the issued capital by the distribution of 177,600 Ordinary Shares of 5s. each in the proportion of one for ten and increasing the authorised capital by £250,000 by the creation of 1,000,000 Ordinary Shares of 5s. each.

ATLAS ELECTRIC AND GENERAL TRUST LIMITED

RECORD GROSS EARNINGS

The fifty-fourth Annual General Meeting of Atlas Electric and General Trust Limited will be held on June 7th in London.

The following are extracts from the circulated statement of the chairman, **The Right Honourable Lord Remnant, MBE:**

The accounts now submitted reflect the difficult conditions which obtained during the greater part of the year to March 31st last. For the first four months to the end of July gross income from investments showed a satisfactory increase of 8 per cent. The so-called "little Budget," introduced by the Chancellor of the Exchequer in July with the object of effecting restraint in wages and dividends, checked any further increase and, in fact, a large part of the increase gained in the first four months was lost in the remainder of the year.

THE REVENUE ACCOUNT

In the result, gross income from all sources, although constituting an all-time high record, increased by no more than £11,863. Expenditure showed very little change but taxation increased by £9,512. The net revenue after taxation showed a small increase of £2,431.

We have not to meet any New Issue Expenses this year, and the Directors feel justified in recommending a small increase in the final dividend on the Ordinary Shares making a total of 9½ per cent for the year against 9 per cent for the previous year. £200,000 is again transferred to General Reserve and the balance of unappropriated revenue is reduced from £302,872 to £295,435.

INVESTMENTS

The valuation of the investments at £31,208,721, shows an appreciation of 86.8 per cent over the book value. The appreciation in the previous year was 94.5 per cent and, having regard to the deterioration in market conditions, the Directors consider this result satisfactory. It would have been less so but for the appreciation in value of our holdings in the United States. It is useful in this connection to note that the Financial Times index of British Industrials was 342.2 on March 30, 1961, and 291.8 on March 30, 1962.

It will be seen in the classification of investments on page 8 of the Directors' Report that there has been little change during the year in the overall distribution, although there have been considerable changes within the various classifications. The withdrawal of South Africa from the Commonwealth obliges us to include our investments in that territory under the heading of "Asia and Africa, excluding British Commonwealth."

PROSPECTS FOR THE CURRENT YEAR

The current year has opened in an atmosphere which is far from reassuring for investors. The level of industrial profits and dividends still shows a declining trend but the Chancellor is optimistic with regard to the course of the economy this year.

The easing of the restraint in wages and dividends may induce the more prosperous industrial undertakings to increase their distributions to shareholders, but profit margins have been reduced in very many cases. In these circumstances it is unlikely that there will be any material change in the present level of the Trust's investment income.

THE A.P.V. COMPANY LIMITED

ANOTHER RECORD YEAR

MR WILLIAM E. JENKINS ON GROUP'S STRONG POSITION

The fifty-second Annual General Meeting of The A.P.V. Company Limited, was held on May 9th at Crawley, **Mr William E. Jenkins, CBE** (the Chairman), presiding.

The following is an extract from his circulated Statement:

The good results announced for the first half of 1961 were maintained during the rest of the year, and Group Profits before provision for taxation amounted to £900,300 as against £750,235 for 1960. This profit is again a record for the Company and was achieved without consolidating the profit from the Australian Company. We have disposed of a portion of our holding in this Company so that it is no longer a subsidiary.

The profit after taxation increased to £451,167 compared with £350,151 for 1960. At a normal time these results would have justified a substantial increase in the dividend, but in view of the request of the Chancellor of the Exchequer for restraint, the Board is recommending a final dividend of 8½ per cent less tax on the Ordinary Share Capital, making a total distribution for the year of 12½ per cent as against 11½ per cent last year.

Turnover of the Group as now comprised expanded to £7.4 million compared with £7.1 million in 1960.

The Board propose to capitalise a sum of £300,000 out of reserves by making a bonus issue of 600,000 Ordinary Shares of 10s. each fully paid in the proportion of one new share for every five Ordinary shares held.

Letters have been sent to Shareholders and to Debenture Holders advising of proposals to form a new subsidiary Company at Crawley to take over the present operating business and to change the name of the Parent Company to A.P.V. Holdings Limited.

SUBSIDIARY COMPANIES

A.P.V.-Paramount Limited, the Foundry Company at Crawley and largest subsidiary, has again improved upon the profits of the preceding year and made a substantial contribution to Group earnings.

The Company in Australia, A.P.V. (Aust.)-Bryant Pty. Ltd. was converted into a public company during 1961. It made record profits in 1961 and the shares stand well above par. The mutual benefit of the Trading Agreement between the companies remains as previously.

The subsidiary in the North of England, Stainless Steel Plant Ltd., had a successful year and made a good return on the investment. In accordance with original plans, we have purchased land in Blackpool and are building a new factory as the present rented premises leave no room for the expansion of business which we anticipate.

Most of the other subsidiary companies showed increased profits, notably India, France, Italy and Canada.

SALES

Most markets remained buoyant throughout the greater part of the year, and intake of orders was again a record. This was achieved in spite of a recession in several overseas markets. The resulting decline in export orders was fortunately matched by higher sales at home, especially to the Dairy, Brewery and Soft Drinks Industries. We are continuing to intensify our efforts abroad in view of the wide potential markets which we know to exist. The European Common Market is still engaging our earnest attention; the total of orders from this area continued to advance, which is a satisfactory achievement in the light of the tariff differentials which we have to meet. Business with the Common Market countries represents about a quarter of total exports.

RESEARCH AND DEVELOPMENT

The field of continuous brewing remains the largest single Research and Development project and we have made encouraging progress. In this development we have worked in close association with several of the largest Brewery companies where pilot plants and commercial plants have been installed. With such a radical revision to established technology, progress will of necessity be slow, but nevertheless we have faith in the eventual widespread adoption of continuous brewing techniques.

PROSPECTS

For several consecutive years I have been able to report progressively improved results and this past year has been the most prosperous of all, but like most companies engaged in industry we are dependent on an expanding economy and increasing trade in various industries, in our case notably the Brewing, Dairy and Chemical industries.

There has during recent months been some slowing down in the placing of orders for Capital equipment by these industries, and consequently our order intake has declined by comparison with the same period in the previous year. This of course means more intensive competition and pressure on profit margins.

At this early stage it is not possible to make an estimate of the current year's trading, but if markets again expand, as we hope they will, your Company is in a strong position throughout the entire Group to take full advantage of the improvement.

The Report and Accounts were adopted. The resolutions changing the Company's name, increasing the capital and approving the bonus issue were duly passed at the Extraordinary General Meeting held immediately following the Annual General Meeting.

REFUGE ASSURANCE COMPANY LIMITED

The Chairman in a statement submitted with the 1961 Accounts mentioned that in the Life Branches the annual premium income of new policies written in the year was £2,670,000, and that this, together with single premiums of £630,000 assured total benefits aggregating some £49 millions. The total premium income of the year was some £22 millions, and payments to policyholders £16½ millions, of which £12,400,000 was to living policyholders and £4,100,000 payments on death. At the end of the year there were in force 7,660,000 contracts assuring £435 millions, including bonuses, and annuities of £998,000 per annum.

The premium income of the Company's subsidiary, the Federated Employers' Insurance Association, which conducts most classes of insurance business other than Life, was £2,384,000. The under-writing results of the Motor Department had again deteriorated and showed an appreciable loss.

INVESTMENTS

The Company's assets of £180 millions shown in the Balance Sheets included £49 millions in securities of the British Government and Local Authorities, £39 millions in Debentures and Preference stocks, and £41 millions in Ordinary stocks. In addition there are mortgages, largely in connection with House Purchase, of £34 millions and property investments of £8 millions.

BONUSES TO POLICYHOLDERS

In the Ordinary Branch surplus of £2,701,000 was allocated to policyholders to provide a bonus on with-profit policies at the increased rate of £2. 10s. 0d. per cent on the sum assured in respect of each year's premium due in 1961 and paid. This bonus is the highest paid in the Company's history.

In the Industrial Branch the total surplus allocated to policyholders was £2,371,000. A reversionary bonus at the rate of 34s. per cent on the sum assured has been granted on premium-paying policies which were in force on January 1, 1962, subject to the completion of one year's premium payments. Certain other increases in benefits have been granted to policies becoming claims within the next year.

UNITED MOLASSES

STRONG FINANCIAL POSITION

The thirty-sixth annual general meeting of The United Molasses Co., Ltd., will be held on June 5th in London. The following is an extract from the circulated Statement by the Chairman, **Mr G. W. Scott, CBE:**

The Gross Profits of the Group for 1961 amount to £4,389,771, a reduction of £126,903 over the Gross Profits for 1960 and the Net Profits of the Group at £1,605,061 show a reduction over the previous year of £402,738.

Trading conditions in all spheres of the Company's activities have been most difficult during 1961, and the reduction in the Gross Profits is less than I thought would be the case when I indicated in my Statement last year the Gross Profits might well show a reduction over those for 1960. The greater reduction in the Net Profits is largely due to the incidence of taxation.

Last year I expressed the hope that we would be able to recommend dividends out of Revenue Profits for 1961 at the same rate as for 1960, and it is, indeed, a pleasure in these difficult times to be able to transfer £250,000 to General Reserve and to maintain the rate of dividend.

In view of the very strong financial position of the Company, your Directors have decided to supplement the return to Ordinary Stockholders by recommending a Cash Distribution of 2½d. per Unit, not subject to income tax, out of Capital Profits. Your Directors hope, barring any unforeseen occurrences, to maintain the dividends for 1962 at the same rate as for 1961, even though this might involve the payment of some proportion of the dividends out of the substantial amount carried forward on Profit and Loss Account.

MELBOURNE & GENERAL INVESTMENT TRUST LIMITED

SIR DENYS LOWSON ON AUSTRALIA'S GROWTH

In the course of his address which has been circulated to Shareholders, **Sir Denys Lowson, Bt,** says:

The gross revenue for the year to February 28th last amounted to £101,417, against £94,735 for the previous year. The proposed final dividend of 14 per cent is payable on the ordinary capital as increased by the Rights Issue and makes a total of 24 per cent for the year.

The market value of investments as at February 28th last shows an appreciation of 66.0 per cent over book value. Based on this valuation the geographical distribution was as follows: 53.24 per cent in the United Kingdom, 40.89 per cent in the Commonwealth, 4.38 per cent in the United States of America, and 1.49 per cent in South Africa; whilst as regards categories we had 2.08 per cent in fixed interest securities with 97.92 per cent in ordinary and deferred shares.

Almost all the Unquoted Investments are represented by this Company's substantial holding in Carlton & United Breweries Limited of Melbourne, Australia; and this represents 30.19 per cent of our total portfolio. Carlton & United Breweries continues to make satisfactory progress, and the dividend paid by it is still less than half the net cash flow accruing after all expenses and taxation. Among important additions made to that Company's assets during the course of the year has been the acquisition of the Queensland Brewery Limited; one of Queensland's two biggest brewing companies, which operates breweries in Brisbane and Toowoomba.

The future of Carlton & United Breweries depends, of course, to a great extent on the future of Australia. At the present time one of the great uncertainties confronting Australia is the possible effect on her trade should Great Britain join the Common Market. However, wool, which is still Australia's greatest industry, and represents over 40 per cent of her exports in cash value, will continue to enter the Common Market countries free of tariff.

In the past ten years Australia has been severely handicapped in that the terms of trade have moved against her more than against any other country. As a result she has now to sell 80 per cent more exports by volume than she did ten years ago, in order to buy the same quantity of imports. This situation has arisen because the prices of the industrial products which Australia imports have risen at a greater pace than those of the primary products which she exports, and which still form some 90 per cent of her total exports. It is very important, therefore, that Australia should increase her exports of manufactured goods and good progress has been made in this direction over the last ten years when the value of manufactured goods exported has risen from £A41 million to £A119 million per annum.

The progress in this development of secondary industries in Australia has been assisted a great deal by private investment from Overseas; and it is pleasing to note that during the past five years the United Kingdom has provided 60 per cent of this new private investment, with the USA and Canada contributing 30 per cent, and the other countries 10 per cent. Industrial development in Australia has still a long way to go, and this can only be achieved by further investment from Overseas.

BANQUE COMMERCIALE POUR L'EUROPE DU NORD

The Ordinary General Meeting of the BANQUE COMMERCIALE POUR L'EUROPE DU NORD was held in Paris on April 25, 1962, to approve the accounts for the financial year 1961.

CAPITAL INCREASES

Within the framework of development of the bank's activities, there have been four successive increases of capital during the last twelve months. On the basis of resolutions passed at the Shareholders' General Meeting of May 30, 1961, the board of directors effected a capital increase by incorporating reserves of NF2 million. In February, 1962, the shareholders subscribed, in cash, a capital increase of NF3 million; and an Extraordinary General Meeting authorised the board to raise the capital, in the coming years, to NF35 million.

This authorisation, and the results of the financial year 1961, enabled the board meeting held on April 25, 1962, to raise on the one hand the capital to NF30,000,000, by incorporating NF5 million of reserves, and on the other hand by the receipt of NF5 million from a new shareholders' subscription.

Thus, from April 1961 to April 1962, the BANQUE COMMERCIALE POUR L'EUROPE DU NORD, in order to establish a better relation between its capital and the business it does, doubled its capital, raising it from NF15 million to NF30 million.

In fact, the balance sheet as at December 31, 1961, shows a figure of NF2,103,596,934.44—a marked increase on that of December 31, 1960, which was NF1,778,280,386.27.

Within the framework of increased activity, together with International Commerce and services rendered to local clients, the board of directors presented a Profit and Loss Account, the gross results of which were ... **NF15,607,690.43**
compared with ... NF11,641,392.20
for the financial year 1960, while net profit was ... ... **NF 5,017,087.75**
against ... ... NF 3,680,488.45
for the financial year 1960.

GLENFIELD & KENNEDY HOLDINGS LIMITED

CHAIRMAN'S STATEMENT

The sixty-third annual general meeting of Glenfield & Kennedy Holdings Limited will be held at Kilmarnock on May 25, 1962. The following is an extract from the statement by the Chairman, **Sir James R. H. Hutchison, Bt, DSO,** which was circulated with the Report and Accounts for the year ended December 31, 1961:

"During 1961 our companies had to face difficult conditions similar to those experienced in 1960, except that competition was even more intense and costs continued to rise. This combination of circumstances, and also the setback caused by strikes and flooding at Kilmarnock, have inevitably had an adverse effect on group earnings for the year. The downward trend of profits at Kilmarnock and Brighouse and in South Africa has however been offset to some extent by the more satisfactory returns from Blackett Hutton and from our USA subsidiary.

Group earnings, after providing for taxation, including profits tax at the increased rate imposed in the 1961 Budget, have sufficed to cover normal dividends with a small margin, but have left no surplus for strengthening reserves. The company has, however, provided reserves on a generous basis in the past.

Your directors continue to give much attention to the question of employing group resources to the best advantage, and schemes have been put in hand with a view to reducing costs and increasing the earning capacity of our undertakings. It is anticipated that we shall begin to reap benefit from some of these expenditures by the end of 1962.

The total value of orders received by group companies was slightly lower than for the previous year, whilst total deliveries showed a small increase. Outstanding orders at approximately £5,000,000 therefore show little change from the position at the end of 1960.

Group companies increased by ten per cent their contribution to the export effort during 1961 and goods were despatched overseas to the total value of approximately £2,200,000.

Total sales by group companies showed an increase on the previous year.

Group profit before taxation £449,123, compares with £541,458 for 1960 after charging depreciation amounting to £268,538 against £252,648 for 1960. The other items indicated as having been charged in arriving at group profit show little change. There is, however, a substantial increase in interest earned on short-term deposits.

Taxation this year absorbs a higher proportion of earnings due to income tax capital allowances being receivable on a lower level of capital expenditure than was incurred in 1960, and also on account of the heavier burden of profits tax imposed in last year's Budget. Profit after taxation is £205,931 against £296,626 for 1960. Apart from a small credit of £5,947 for taxation adjustments there are no special items this year.

The directors recommend the same dividend

distribution as last year which requires £205,264, leaving £6,614 to be added to the carry forward which now amounts to £208,111.

The probable trend of business during the remainder of 1962 is still a matter of considerable uncertainty. An early general increase in demand for capital goods which would assist our undertakings may depend to a large extent on future government policy and on a successful outcome of the deliberations and recommendations of the National Economic Development Council.

There is no sign of the long expected revival in orders from the oil industry on which depends the prosperity of our Worcester factory. Our Guisborough steel foundry is likely to continue operating well below normal capacity until there is an increase in the demand for cast steel oil valves and an improvement in orders from the steel industry. It may be expected, however, that during 1962 we shall continue to receive a satisfactory volume of orders for standard products at Kilmarnock and Brighouse, and every effort is being made to achieve improved profitability at these and our other works through a policy of rationalisation and by employing all possible measures to reduce costs. Specialty products manufactured by group companies should make a valuable contribution to earnings again this year.

We are making every effort to improve the volume of exports. This involves constant visits being paid abroad by highly-placed executives. On these visits our representatives report that conditions are keenly competitive.

Since the war our experience in business on the Continent has been very limited and steps are now being taken to rectify this position by strengthening our group representation in Europe. In this and other ways we are preparing to meet the challenge and undoubted opportunity which will be presented to us if Britain enters the Common Market.

Whilst one hesitates to prophesy, it would not be unreasonable to hope that the results for 1962 will be at least no worse than those for 1961."

THE EVER READY TRUST COMPANY LIMITED

CHAIRMAN'S COMMENTS

The Annual General Meeting of the Ever Ready Trust Co. Ltd., will be held on June 4th at Bowman's Place, Holloway, London, N.7.

The following are the comments by the Chairman, **Mr A. V. Perry,** on the report and accounts for the year ended March 31, 1962, circulated to the Shareholders.

REVENUE

The Consolidated Accounts submitted to you reflect a full year's trading by our Subsidiary Company, Whittingdon Securities Ltd. In its first full year of trading this Company operated at a profit (after allowing for the write-off mentioned in the next paragraph) and we are satisfied with the progress it has made.

Gross Revenue for the year at £217,559 shows an increase on last year of £20,045 or some 10 per cent. Two factors have diminished the growth of our net Revenue this year. First, lower dividends on some of our investments, and secondly, provision for depreciation of investments in our Subsidiary Company at our year end. This provision, which is the difference between the book value and the market value of certain securities held by Whittingdon Securities Ltd. in its portfolio, is admissible for taxation purposes. This item will necessarily be a fluctuating figure from year to year in a dealing company. On this year's Accounts a provision of £7,434 has been made as a charge against Revenue.

CAPITAL

The Issued Capital of the Company, as increased by the scrip issue of last June, is now 3,600,000 Ordinary shares of 5s. each, or £900,000 nominal. At the year end the market value of our portfolio, plus current assets, less current liabilities at £3,610,106 showed a small diminution (2.4 per cent) on the corresponding figure for the previous year of £3,714,033.

£80,000 of the profit arising on realisation of investments has been transferred to Capital Reserve.

GENERAL

You will have already received a circular from the Company regarding a Rights Issue that your Board propose making. When this Rights Issue has taken place the Issued Capital of the Company will be £1,000,000 and will place our shares in the "Trustee" category.

Subject to unforeseen circumstances your Directors consider that the current rate of dividend recommended to you, namely 15 per cent, will be maintained on the capital as increased by the proposed new Rights Issue.

APPOINTMENTS

THE INTERNATIONAL NICKEL COMPANY (MOND) LIMITED

has an immediate vacancy in its

STATISTICAL DEPARTMENT

for a young Economist with a good knowledge of statistical method. The ability to read French and/or German would be an advantage. Salary will be according to age and experience. Assistance with housing can be given in appropriate cases.

Applications in writing to :

MR. A. E. JENKINS,
The International Nickel Company (Mond) Limited,
Thames House, Millbank, London, S.W.1.

COUNCIL OF EUROPE
RESEARCH FELLOWSHIPS, 1963

Awards of these Fellowships, which are offered annually and are of the value of 6,000 new French francs each, will be made in December, 1962. The Fellowships for 1963 will be for a period of 12 months starting on January 1st. They are intended primarily to encourage research into the following questions, considered in the light of their present-day importance :

(a) Political, legal, economic, scientific, agricultural, social, educational, and youth problems connected with European integration ;

(b) European civilisation (philosophy, history, literature, and the arts).

Candidates are invited to propose subjects which would be likely to make a positive contribution to the fields of study mentioned in the preceding paragraphs, with the object of writing a publishable work.

Candidates must normally be nationals of a member State of the Council of Europe or of a State which has acceded to the European Cultural Convention. Refugees from European countries which are not members of the Council, legally resident in the territory of a member State, are also eligible for awards.

Application forms, which must be returned by September 5, 1962, may be obtained from Universities Department, The British Council, State House, High Holborn, London, W.C.1.

THE UNIVERSITY OF SHEFFIELD

Applications are invited from graduates of any University for a DOUGLAS KNOOP RESEARCH FELLOWSHIP in ECONOMIC HISTORY tenable from October 1, 1962. Value £800 a year and normally tenable for three years. Applicants should be available for interview in Great Britain. Applicants who expect to graduate in 1962 will be considered. Applications (three copies), indicating the line of research proposed and including the names and addresses of three referees, should reach the Registrar (from whom further particulars may be obtained) by June 12, 1962.

For further appointments and other classified advertisements see page 745

UNIVERSITY OF BRISTOL

Applications are invited for the post of Research Assistant in Economics : salary range £750 to £900 per annum.

Candidates must be graduates in economics, preferably with some training in mathematics and statistics. Candidates expecting to graduate in 1962 may apply.

Applications should be sent not later than June 15th to the Registrar, University of Bristol, Bristol 8, from whom further details may be obtained.

THE NESTLÉ COMPANY LIMITED

Promotion has created a vacancy at our London Head Office in the section which searches for new products and coordinates the subsequent development of these products. Published non-technical data on food production and consumption must be studied, catalogued, and reported on. In addition, food stores and exhibitions must be visited, so that we are fully informed of new food products appearing on the United Kingdom Market.

Applicants should be in the age range 22-27, may be either male or female, and will probably possess a degree to do with commerce, or Part A of the A.I.A. examination. Experience in the handling of information, or of the food industry, would obviously be advantageous, but in the main what we seek is an enquiring mind allied to a fresh and alert intelligence.

The person appointed will be directly responsible to the Head of the Department, and will frequently be called upon to display both initiative and resource, in a field of commerce where one must always be at least "two moves ahead of the game." Salary and prospects are excellent, as are the range of other benefits provided.

Please write, stating age, qualifications and experience to

THE PERSONNEL MANAGER,
THE NESTLÉ COMPANY LIMITED,
ST. GEORGE'S HOUSE,
WOOD STREET, LONDON, E.C.2.

CITY OF LEICESTER
COLLEGE OF TECHNOLOGY

Require Two Lecturers in WORK STUDY and to assist with MANAGEMENT STUDIES. Salary : £1,600-£1,800 p.a.

Apply to Registrar for further details and application form.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON)
STUDENTSHIP IN SOVIET STUDIES

A Studentship in Soviet Studies is offered to men and women with good honours degrees or to those who hope to obtain such degrees this summer. They need not have had any previous training in the field of Soviet Studies or the Russian language, but the successful candidate will be expected to learn Russian.

The Studentship will be of the value of at least £600 a year and the holder will be required to read at the School as a full-time student and to undertake research in some branch of Soviet Studies. His programme of work will require the approval of the Director.

Applications must be received by 11 June for the Studentship tenable from the following October and should be addressed to the Secretary of the Graduate School, The London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON)
STUDENTSHIP IN THE ECONOMICS OF LATIN AMERICA

A Studentship in the Economics of Latin America has been established with funds provided by business firms with interests in Latin America. The holder will be required to read at the School as a full-time student and to undertake research in the Economics of Latin America or advanced study preparatory to such research. His programme of work will require the approval of the Director.

The Studentship will be of not less than £600 a year, and provision will be made for the cost of approved travel in Latin America. Candidates must have obtained, or obtain this summer, good honours degrees in economics, but previous study of Latin America is not required. As the purpose of the award is the furtherance, in the long term, of Latin American studies in this country, preference will be given to candidates domiciled in the United Kingdom.

Applications must be received by 11 June for awards tenable from the following October by the Secretary of the Graduate School, The London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2.

A General Manager

is required for the U.K. Division of an international growth organisation selling a unique process in the office equipment field.

- HE will be based in London and be responsible to the Managing Director for the profitability and growth of the division with branches around the country and having a sales, service and administrative staff of some 250.
- HE must have a successful record in business with a background of sales, marketing and financial responsibility, including budgetary control. Experience in office machinery would be an advantage.
- HE will be aged between 35 and 50 and his salary will be negotiated. He will now be earning at least £3,000.
- BRIEF details should be sent in confidence to us as the company's advisers on the understanding that nothing will be disclosed to the company without permission.

Letters should be addressed to D. M. Sidney.

JOHN TYZACK & PARTNERS LTD
10 HALLAM STREET · LONDON W1

DEPUTY (ADMINISTRATION) TO INVESTMENT MANAGER OF THE CENTRAL BOARD OF FINANCE OF THE CHURCH OF ENGLAND

The rapid growth of the Funds administered by the Investment Office of the Central Board of Finance of the Church of England, which include the Investment Funds set up by the Local Authorities' Mutual Investment Trust, creates a vacancy for a Qualified Accountant or Secretary (preferably the former) to act as Deputy (Administration) to the Manager. The vacant post is not directly concerned with investment analysis or dealing, but applicants should possess some knowledge of and interest in investment matters. The qualities looked for are : first-class knowledge of accountancy, good draftsmanship, some knowledge of committee work, capacity for organisation and for control of staff. An aptitude for public speaking and an interest in local government would both be advantages. Other things being equal, the Board would prefer to appoint a communicant member of the Church of England. Age 30-45. Initial salary, according to age, experience and qualifications, in the region of £2,500 per annum ; non-contributory pension scheme. School

the finest scotch—wherever you are

QUEEN ANNE

RARE SCOTCH WHISKY

The Fuji Bank knows this fisherman. His catch makes up one of Japan's prime exports. Wherever he plies his trade up and down the islands of Japan, a Fuji branch is near by.

Business transactions flow smoothly through the Fuji Bank's vast facilities, which, since 1880, have been promoting world-wide trade.

If you are importing marine products, let the bank that knows the source handle your exchange finances. The name is Fuji.

189 BRANCHES THROUGHOUT JAPAN

THE FUJI BANK LTD.

Head Office: Tokyo, Japan

Overseas Offices: London, New York, Calcutta

Business or pleasure in Norway

KREDITKASSEN

Christiania Bank og Kreditkasse

NORWAY'S OLDEST COMMERCIAL BANK

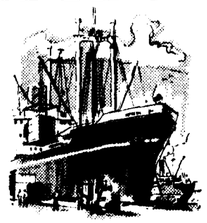
Head office: STORTORVET 7 - OSLO

Offices outside Oslo: Arendal - Dokka - Drammen - Elverum

Hamar - Moss - Mysen - Trysil - Tynset

CANADA

rising giant in World trade!



"THE BANK" HAS ALL THE FACTS ON CANADA . . .

Closely associated with Canada's growth, transition and rise to world prominence for more than 100 years, The Toronto-Dominion Bank can supply you with vital information on commercial and industrial growth trends, resources and services, federal and provincial regulations—in short, anything you need to know to ensure your business success in Canada. With more than 590 branches across the country, the Toronto-Dominion offers you a complete banking service.

CANADA IS AS NEAR AS . . .

THE TORONTO-DOMINION BANK *where people make the difference*

London Offices: 3 King William Street, EC4 · 103 Mount Street, W1
New York: 45 Wall Street, NYS
Chicago: 30 West Monroe Street
Head Office: 55 King Street, Toronto, Ontario, Canada

LA TROPICAL

DE LUXE

Finest Jamaica Cigars

for mildness and character

Sole Importers:
Lambert & Butler

LT.71

The "Antiquary"

De Luxe Scotch Whisky

No other Old Scotch Whisky excels The Antiquary for maturity, mellowness and subtle flavours. Would that there were more of it.

J. & M. Mardie LIMITED

EDINBURGH

Providing for Estate Duty through EDITH

'EDITH' purchases and holds minority shareholdings in private companies and small public companies—where shareholders have to make provision for Estate Duty and do not wish to lose control

The booklet 'Providing for Estate Duty' will be sent on request

ESTATE DUTIES INVESTMENT TRUST LIMITED

7 Drapers' Gardens, London EC2
National 0231

Secretaries and Managers
Industrial & Commercial Finance Corporation Limited
7 Drapers' Gardens, London EC2
and branches

619

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press, Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 22 Ryder Street, London, S.W.1. Telephone: Whitehall 1511. Postage on this issue: UK 4½d.; Overseas 5½d.

CHAO PHRAYA RIVER, BANGKO

CALTEX...
SERVING THE PETROLEUM NEEDS OF MORE THAN 70 COUNTRIES IN EUROPE, ASIA, AFRICA AND AUSTRALASIA

CALTEX

With the Compliments of the
TISH INFORMATION SERVICES (
...of the United Kingdom High Co...
...ENIAN STREET, MADR...

MAY 26, 1962

FOUNDED 1843

One Shilling and Sixpence

CAL...TEX UNIT
97GV.
30 MAY 1962
MADRAS RECORD ...INGS, MADRAS-5

The Economist

ITS OWN EXECUTIONER?

The Tory Government's Choice

BREAD FOR HONGKONG

STONES FOR COVENTRY

Berlin: Doctors Galore
Nuclear Power: What Happened at Hunterston
The Dollar: Burden Sharing

The Economist . 22 Ryder Street . St. James's . London . SW1

GUIDE TO CONTENTS | SEE OVER

CHAO PHRAYA RIVER, BAN

CALTEX...
SERVING THE PETROLEUM NEEDS OF MORE THAN 70 COUNTRIES IN EUROPE, ASIA, AFRICA AND AUSTRALASIA

CALTEX

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

GAZETTEER UNIT 97 GV 30 MAY 1962 M.D.R. RECORD OFFICE MADRID

In The Economist this Week — May 26, 1962

INTERNATIONAL

Red Curtains

Iron: The idea of an international authority to watch over access to **Berlin** should not be dropped; it should be tried on the Russians (p. 764).

Bamboo: **Hongkong** has been as generous as it can be to a flood of Chinese refugees; other countries should offer equivalent space and food before criticising the quota system (p. 762).

Outwardly at least, Cambodia remains calm, neutral and sovereign (p. 771).

French Lace Curtain: **General de Gaulle's picture of Europe** includes no special place for Britain; but neither is Britain yet left out of it (p. 766).

Dark Recesses

Antimacassar: Ex-general **Salan** is not, after all, to lose his head. Surprisingly, too, neither the OAS nor the French regime was put in the dock at his trial (p. 795).

Duster: By letting **Dr Banda** secede, and by clearing away technical obstacles in the way of African politicians in **Northern Rhodesia,** Mr Butler can make the central African picture much clearer, with his emphasis on the economic realities (p. 766).

Under the Carpet: Dr Verwoerd, finding South Africa still under heavy attack, is more determined than ever to sweep his enemies out of sight (p. 800).

Mobile: President Nasser's new charter for an "**Arab Socialist Union**" provides inspiration, but nothing resembling a working blueprint (p. 767).

Leather Armchairs

Rocking Chair (1): So far President Kennedy's **tariff** proposals are having a surprisingly smooth passage through the United States Congress (p. 787).

Rocking Chair (2): The next item on the agenda of the American congressional Ways and Means Committee is help for **old people** when they are ill (p. 788).

Sagging Couch: The recent sharp drops in **Wall Street** prices (p. 809) reflect partly a change in the stock market's basic assessment of share values (p. 789), partly **a lack of business confidence** in the Administration (p. 789).

Two lumps, plus: The proposed revisions in the **sugar quotas** almost certainly go too far for the American Congress (p. 790).

Picture Window: **Texas** always does things in a big way; the **Estes scandals** are no exception (p. 789).

HOME

The Word

If Mr Lloyd's warning of "July measures" again in order to squeeze demand is seriously meant, the Government may be going to cut off its nose to spite the face that has been repeatedly slapped by pay pause-breakers (p. 759).

Coventry's new cathedral is a triumph for a church anxious to present its faith to the people in a contemporary way (p. 763).

The **Church of England** has put forward some sensible suggestions for a reform of its archaic liturgy: and the other established **church—of Scotland**—is sensibly trying to live down its fire-eating (and puritanical) past (p. 768).

Britain will be short of 50,000 **teachers** in 1970: Sir David Eccles's desperate proposals for alleviating that shortage should certainly not be laughed out of court (p. 760).

The Flesh

Bank employees are not quite as hard done by as they would like to appear (p. 784).

British Motor Corporation has introduced a new model to tempt Australians (p. 812).

Hard and soft dollars are now one (p. 811), but the **Euro-dollar** is likely to retain its independent existence (p. 821).

In support of that more common dollar (p. 807).

Cunard has to trim its sails (p. 815).

The Devil

Among the many specious "special cases" for breach of the Government's incomes policy there is at least one honest one—that of **probation officers** (p. 767).

The protected belts round many cities are not so much green as cabbage looking (p. 783).

Hampstead Garden Suburb has wrested victory from a take-over Goliath; now it must win the peace (p. 784).

Dr Hill's surrender to the parochial-minded on **London's outer fringe** has set a bad example for would-be stop-outs elsewhere (p. 771).

Labour's attempt to exorcise **Lord Russell** (and all *his* works) was rewarded by a flick of his sharp tongue: but Right will eventually triumph (p. 766).

And All His Works

Engineering production rose in the first quarter of this year, but new orders languished (p. 810).

Makers of **domestic appliances** have yet to feel the thrill that spring should have brought (p. 821).

Detailed contents on page 759

93958
N62-203-95

Budd progress rides the rails

Budd has pioneered railway progress for over 25 years. Today, Budd-built passenger cars of all types—mainline, multiple units, self-propelled rail diesel cars (RDC) and subway cars—are in use on six continents. Railways around the world prefer cars built by Budd and its licensees because of the advantages of sound stainless steel construction: lightness, dependability, economy and low maintenance. They also like such extra features as unique Budd-designed trucks and efficient disc brakes. Budd continually seeks new ways to improve rail service, lessen maintenance and reduce operating costs. Unique skills in engineering . . . metallurgy . . . tooling . . . welding . . . research . . . testing and production have helped place Budd high among the world's 250 largest industrial concerns. For information about our railway activities, write THE BUDD COMPANY, INTERNATIONAL DIVISION, Philadelphia 32, Pa., U.S.A.

INTERNATIONAL Budd DIVISION

Dig me . . . I'm airborne

Great to be going places.
Greatest by air. Heaven by 707.
Look out Mr. World. I'm coming
to see you with jets jetting;
with luxury, service and—
wheeow—speed!
Book me by air!

Air who?

AIR-INDIA

Ask your travel agent

AIR-INDIA

In association with BOAC and QANTAS

LONDON MANCHESTER GLASGOW LEEDS BIRMINGHAM

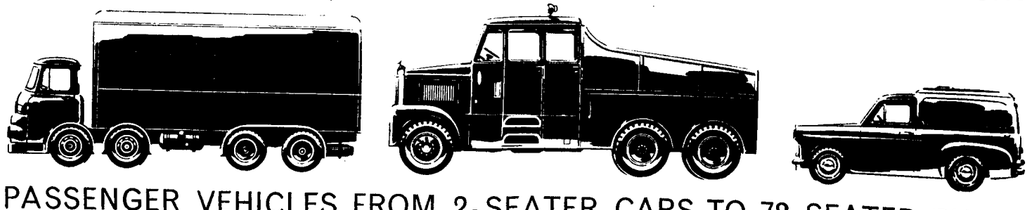
DAILY SERVICE TO NEW YORK AND BOMBAY

YOU and the LEYLAND MOTORS GROUP

Whoever you are, whatever you do, wherever you live, your day-to-day existence is linked with the Leyland Motors Group. The food you eat, the clothes you wear, the materials which build your home and the fuel which heats it are all carried by vehicles of the Leyland Group.
Again, when you travel by road, rail, sea or air, it is almost certain that at least one of the Leyland group of companies – by manufacturing either the complete vehicle or an important component – has contributed to your safety, comfort, and economy.
Thus, with the resources of sixty-six companies to call on, the Leyland Motors Group is able to manufacture, sell and service quality products at the most economical prices – and so help to create a better way of life for everyone.

LEYLAND MOTORS GROUP–MANUFACTURERS OF THE WORLD'S WIDEST

RANGE OF ROAD TRANSPORT–GOODS VEHICLES FROM 5 CWT TO 200 TONS



PASSENGER VEHICLES FROM 2-SEATER CARS TO 78-SEATER BUSES

MOTORS Leyland GROUP

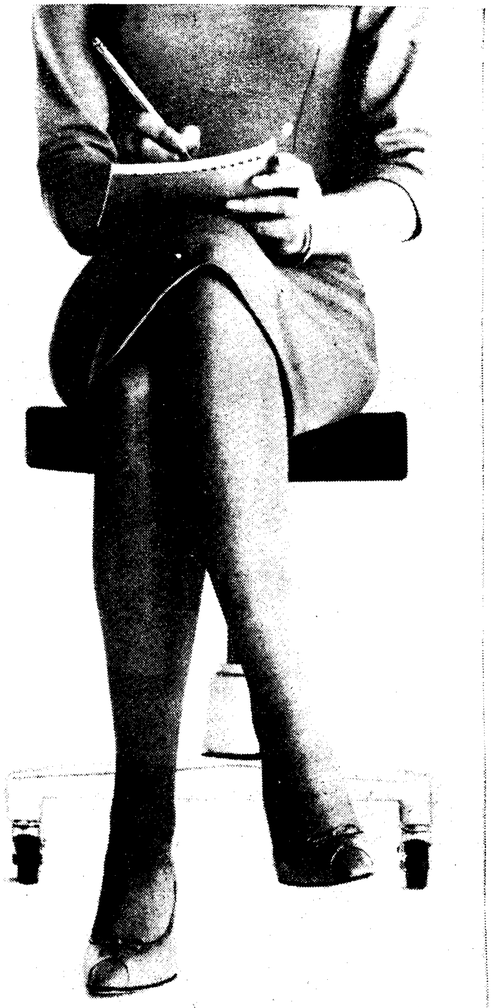
LEYLAND MOTORS LTD.
STANDARD-TRIUMPH INTERNATIONAL LTD.
ALBION MOTORS LTD.
SCAMMELL LORRIES LTD.

West Yorkshire Foundries Ltd.
Standard-Triumph (Liverpool) Ltd.
The Forward Radiator Co. Ltd.
Alford & Alder (Engineers) Ltd.
The Technical Woodwork Co. Ltd.

Self-Changing Gears Ltd.
Beans Industries Ltd.
Newton & Bennett Ltd.
Auto Body Dies Ltd.
Power Jacks Ltd.

and 52 other companies

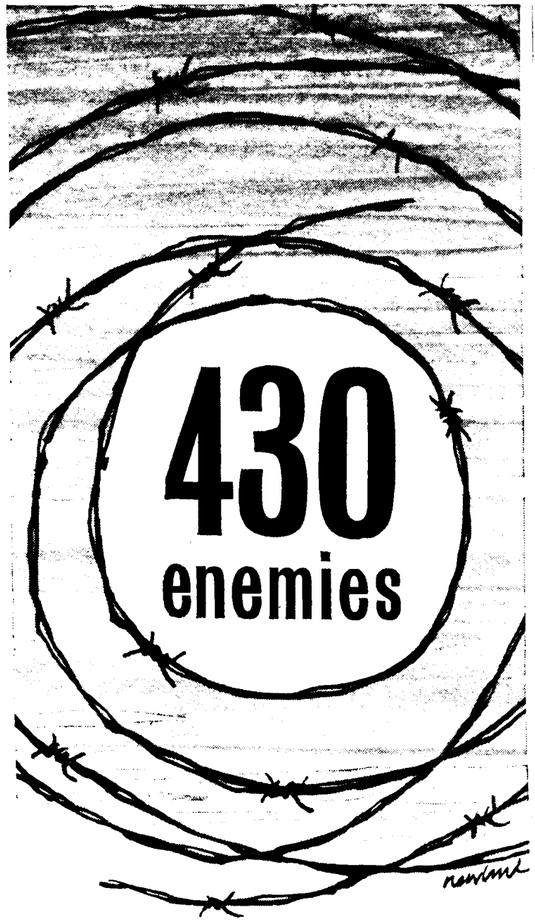
Sales Division: Berkeley Square House, Berkeley Square, London, W.1 · Telephone: GROsvenor 6050



One office improvement we didn't make.

But the things you may not notice every day: the typewriter, the ribbon, the filing system, the adding machine, the computer, even the carbon paper . . . they're a different matter. We've done a lot to improve them. And most other things around the office.
We've not only improved them.
We sell them. Remington Rand

FOR FURTHER INFORMATION CONTACT YOUR LOCAL REMINGTON RAND OFFICE.



but many thousands of friends

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

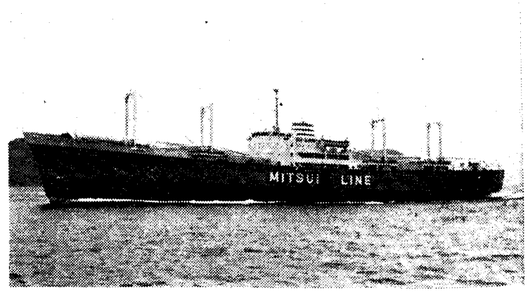
The proper blend has to be made, but the mixing and beating is of equal importance, for the same recipe, beaten differently, can produce both blotting and greaseproof papers.

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

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

J. A. Weir Limited · PAPERMAKERS

KILBAGIE BY ALLOA SCOTLAND

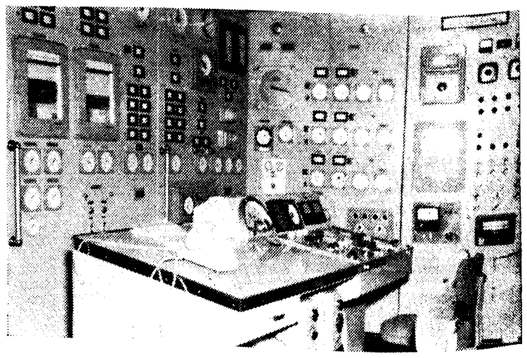


Mitsui technology takes the lead

Remote control panels serve as "crew" on world's first automated cargo liner

An important first step toward full-scale automation of ocean-going vessels was taken by Mitsui Shipbuilding & Engineering Co. in the construction of the newly completed Kinkasan Maru. The main engine of this 9800 DWT cargo liner can be controlled directly from the bridge. Remote or automatic control of much of the engine room equipment can be handled from a sound-proof, air-conditioned control room located next to the engine room. These revolutionary features improve working conditions and make possible efficient operation of the ship with seven less crew members.

Other ships incorporating remote-control systems are already on the planning boards of Mitsui, pioneers in the application of the latest technological advances to ships, engines, and industrial and chemical machinery and equipment.



MITSUI
SHIPBUILDING & ENGINEERING CO., LTD. Tokyo, Japan

Head Office: Mitsui Main Building, No. 1, 2-chome, Muromachi, Nihonbashi, Chuo-ku, Tokyo. Tel.: 241-2101, 7101. TELEX NO. (23) 011 (Answer Back MITUIZOSEN TOK.). Cable Address: "MITUIZOSEN TOKYO." ☐ Tamano Works: No. 10, Tamano City, Okayama Prefecture. Tel.: Tamano 3111. Cable Address: "MITUIZOSEN TAMANO." ☐ Kobe Office: No. 3, Kaigan-dori, Ikuta-ku, Kobe. Tel.: 3-2348. Cable Address: "MITUIZOSEN KOBE." ☐ Osaka Office: No. 5, 3-chome, Nakanoshima, Kita-ku, Osaka. Tel.: 44-3731. Cable Address: "MITUIZOSEN OSAKA." ☐ New York Special Representative: Room 2427, 17 Battery Place, New York 4, N.Y., U.S.A. Tel.: Digby 4-0236 8. TELEX NO. NY2671 (Answer Back MITUIZO). Cable Address: "MITUIZOSEN NEWYORK." ☐ London Agent: Mitsui & Co. (London), 2nd Floor, Bucklersbury House, 83 Cannon Street, London E. C. 4, England. Tel.: City 6454. Cable Address: "MITSUI LONDON."

when in search
of the most
efficient (and, usually
the least costly)
insulation...

for any job
on land, at sea
or in the air...

there is no
need to go
round in circles

It is far simpler
to go...

straight to...

Fibreglass Limited

FIBREGLASS LTD. ST HELENS LANCS TELEPHONE: ST HELENS 4022

Certainly not...

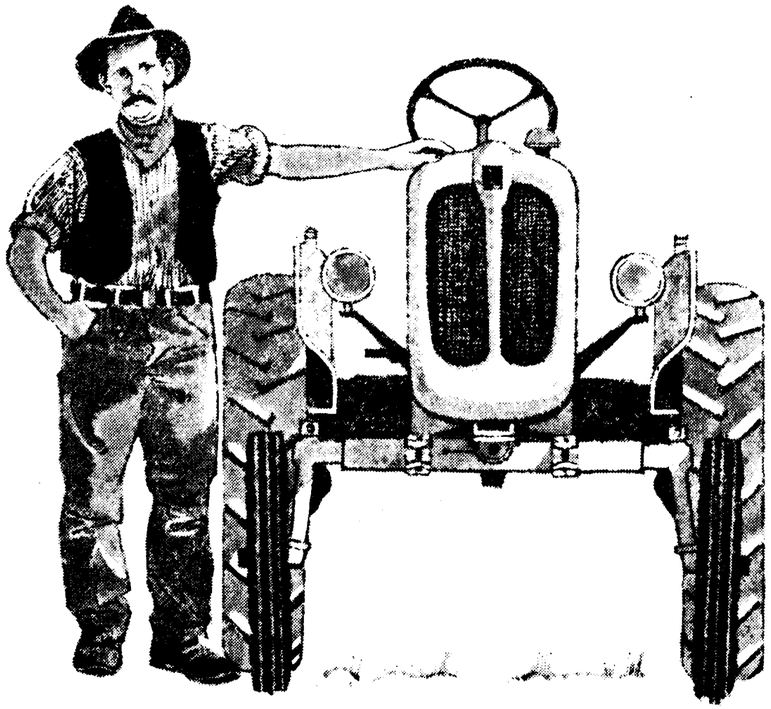
Clearly, no one in his senses would use chewing gum at a time and place such as this.

However there are times and places where the use of chewing gum can be most beneficial; in fact its discreet use is a mark of tact and consideration for others as it is a definite aid to oral hygiene.

Doublemint chewing gum is especially made for such people. Its ingredients are carefully selected throughout, even its flavour has been double distilled; in fact, as its name implies, Doublemint is double good and gives you double benefits in many ways.

Try some at the right time and in the right place and see for yourself.

E373/2



Status Symbol

For some people prosperity means owning a Cadillac. But for Signor Brunetti, living in a remote Italian village near Caserta, a Fiat 'Piccolo' represents the achievement of a long-cherished ambition. Formerly this was one of the poorest parts of Italy —over-populated and with its soil impoverished by endless cultivations.

Now, as part of the Italian Government's ten-year development plan for the South, roads, railways and aqueducts are being built and new water power projects carried out. For Signor Brunetti and millions like him, this means a new lease of life and a standard of living higher than they have ever enjoyed before.

Atlas Copco compressed air equipment and Sandvik Coromant drill steels were widely used to quarry rock for these vital engineering undertakings. And this is only one of the many major projects in which Atlas Copco and Sandvik Coromant equipment has played a part.

Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

Atlas Copco puts compressed air to work for the world

SALES AND SERVICE IN OVER ONE HUNDRED COUNTRIES

The Economist

MAY 26, 1962

Its Own Executioner? 759
Chapter for Robbinss 760
Bread for Hongkong 762
Stones for Coventry 763
Doctors Galore 764

NOTES OF THE WEEK 766
Nyasaland and Rhodesia; France; Labour and CND; 2½ per cent; United Arab Republic; Argentina; The Churches; London Suburbs; Fishery Limits; Cambodia and Korea; English or Arabic?

BOOKS
Mr K's Aeroplanes 775

LETTERS 780

HOME REPORT
Green Fantasia 783
Brothers at the Bank?; Henrietta's Hampstead.

AMERICAN SURVEY
Trading in a Grand Design 787
Medical Stakes; Wall Street's Reappraisal; Confident Statistics; Whose Scandal?; Labour's Leaders in the Net; Global Sugar?; Mining Water?; Nutmeg State.

THE WORLD OVERSEAS
Salan's Surprise Survival 795
Mr Menzies's Mission; The Volkswagen Tragi-Comedy; Dr Verwoerd Fights On; Nigerian Re-action.

THE BUSINESS WORLD
What Happened at Hunterston 805
Burden Sharing for the Dollar 807

BUSINESS NOTES 809
In the Markets; The Economy; Engineering; Gains Tax; Canadian Dollar; Overseas Trade; Coal; Stockholm Occupied; Investment Dollars; Bank Credit; Motors; Liners; Charter Flying; Fertilisers; Bids and Deals; Steel; New Cars; Uranium; Financial Statistics; Rubber; Chemicals; France; Hambros Bank; Domestic Appliances; Unit Trusts; Petrol; Railway Electrification; Shorter Notes.

COMPANY AFFAIRS 825
Anglo American and Gold Shares; Philips NV; No Thrust in Vickers; Dunlop Rubber; Marks and Spencer; General Motors; Castrol; Averys; Rolls Razor.

Stock Prices and Yields 828
Money and Exchanges 830

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 785.

VOLUME CCIII - NUMBER 6196

Its Own Executioner?

"WE shall not shrink," the Chancellor of the Exchequer told a conference of Conservative women on Tuesday, "from doing what we think is necessary." Mr Selwyn Lloyd never does shrink; that is why he has stayed to reach where he is. But what is it that he will not shrink from doing now? With some broken pieces of his incomes policy drifting away (instead of exports) through the dock-gates, he seriously contemplates putting all the wraps again, as he had to do last July, on demand, output—and expansion. It is like the Chinaman who burned down his house to roast his pig. Because the Government fears failure in its good bid to stop the push of inflating costs, it can think only, once more, of stopping everything. What will certainly shrink then will be the country's whole future prospect—and the Government's too.

Democratic governments dig their own graves. When they fail to persuade, to carry conviction, they fail to govern, and cease to be governments. "We cannot compel," Mr Macleod pleaded on Tuesday in pardon of the boltholes (77 industrial ones have been cited as well as the docks) in the Government's project to keep pay rises in line with production. But it is of no use for democrats to say that if only they had the power they lack to command observance of their policies, they could make these work; all they can, and should, command is respect. It is more relevant, sounder sense and better political philosophy to say (as Lord Hailsham says) that there are moral questions here for free citizens as well as their rulers to face; the state does not exist, as too many Tories and most Socialists believe, to make men good. But it does exist to help men to make the best of themselves.

No recognition of the responsibility of individual citizens, of the "selfish" employers and "arrogant" trade unionists the Prime Minister talked about on Wednesday, can chip the tiniest bit from the responsibility of representative parliamentary governments to make policies on the nation's behalf, and to make them stick: by outright persuasion and the frankest publicity, which are democracy's tools; and, because persuasion must never become just empty exhortation, by setting competitive incentives that will marry the citizens' and the nation's interests. "What the Government can do," Mr Macmillan said, "is to bring forcibly before the public—employers and employed alike—the need to match incomes with production." This it has not done. The tale of what happened in the docks two weeks ago has been told in too many contradictory ways; but clearly the Government, unable to command, did not really try to persuade or convince the employers where their, as well as the country's, true interests were. What is at issue is what the Prime Minister called, grandly, "the long-term shaping of the future"—which starts now.

It is not altogether surprising that foreign spectators of the melodramatic Tory downslide in the by-elections, which is not yet over, should conclude, too hastily yet, that the Government is down and out. What is astounding is that so many Tories themselves should be so death-wishful. Some, like Mr Lloyd himself, with the highest austere purpose, can see little choice but to go down into the shelters again and hope that better times will sound the all-clear. Others, weaker vessels, prefer appeasement: new measures, new men, anything to woo back the renegade voters. Without any doubt Mr Macmillan's government, in this over-long spell of Tory office, does need the new-blood transfusion and facelift that are talked about for July. But the charge of any new persons,

or new policies, must be to do right things better, that is more resolutely and more effectively, not to do different things for fear of fresh Orpingtons—or to run for cover against inflation into stagnation and recession.

Once, when Mr Lloyd embarked on the pause in pay, he had the chance of making history ; even now, with his National Economic Development Council poised to make the pace for properly balanced and efficient growth, in world markets as well as at home, the chance has not gone. The plea to him now must be that he will have the positive courage of his conviction when he glimpsed the truth that the real spur to inflation was the push of incomes: but not the negative and self-defeating courage of his (and his counsellors') unfounded apprehension that the tide of demand may already be rising perilously. The complaint against the April budget was not that it ought to have injected a rip-roaring dose of added demand into the economy ; it was that, having bravely started on a policy to contain incomes, not without effect, Mr Lloyd produced precisely the same, neutral, unstimulating budget that he would have had to produce if no incomes policy existed. And now he talks warningly, and depressingly, about another tightening budget in July. This is to give in.

The deepset difficulties of an incomes policy in a democratic country give no reason or excuse for not pressing forward with it. There are big misconceptions, as several ministers have recognised this week, about what is needed, or possible. It is nonsense to suppose, for instance, that keeping increases in line with production simply means giving everybody the same restricted rise. To give everybody, across the board, two or three per cent would be as absurd and as uneconomic (though by no means as calamitous) as giving everybody across the board ten or twelve per cent. The rise in output will set the total non-inflating rise in all incomes ; but some will rise less, even not at all, and others more, perhaps much more. The proper test in a competitive economy is quite simply recruitment: scarcity of numbers in growing enterprises (and superfluity in declining ones) ; and, within the context of recruitment, rareness of quality and skill.

The trouble is, of course, that the British economy is not properly competitive. To make the incomes policy stick, to furnish the right incentives for it, the Government should already have embarked, without waiting for the common market, upon dramatic measures to give the process of pay and recruitment its right competitive setting: ranging from a large-scale lowering of high tariffs to the extirpation of resale price maintenance. This is what ministers should have been doing, instead of bewailing their impotence to make a pay policy work. But they should have been doing vastly more ; they should have been loud every day by every means, and with detailed chapter and verse, about precisely what increases in this or that industry seemed to them to be in line with good national economics. They cannot wait for Ned to do this.

The danger now is that the Government may be going to throw away all that they have gained, yielding to the piecemeal claims of equity if not of pressure, and then curbing the whole process by curbing the whole economy itself, to the grievous hurt of exports as well as output. Cases in equity indeed there are, very different ones now from the days when coalminers were the least well rewarded of industry's workers. Scarce nurses and scarce teachers and probation officers and the rest, all these have claims that squarely meet the test of recruitment, which must be decisive, as well as of equity ; but the cardinal criterion is that any increases must go to the right workers in the right places in the professions and industries beset by shortages of staffs or skills ; the cardinal veto is that they shall not be given regardless to everybody else.

Easier said than done, the critics and the cynics and the politicians and the trade unionists will say. Yes, indeed: the upshot in a free society will at best be vastly less than perfect. But only by such endeavours can the country hope to grow forward, as it surely must, without inflation, its perennial parasite. And if the Government now looks away to any other resort it will be, politically as well as economically, its own executioner.

Chapter for Robbins

Britain's critical shortage of teachers is a direct result of past failures to expand higher education of all kinds

LOVE and marriage are the real culprits behind the crisis in English schools. Or so says the National Advisory Council on the Training and Supply of Teachers in its latest, rather hangdog, report published on Thursday. The predicament is quite simply stated. In 1960-61, 17,000 women joined the teaching profession after training—and nearly 16,000 left it, the older ones into retirement, but 10,000 young ones in order to get married or—more important—to have their first children. If this rate of wastage, which happens to have little or nothing to do with salary scales, continues to rise as it has been doing, the Minister of Education will be lucky if he gets a net gain of 500 women teachers a year in the mid-1960s ; and this despite the doubling of residential training college places by 1966. By taking all the qualified men he can get (which may actually mean choosing them for training places instead of some more able girls) the Minister will have a net increase of about 5,500 teachers a year up to 1970. This is certainly less than half as many as the schools will need.

On the national advisory council's calculations, the teaching force in maintained schools in England and Wales (i.e., excluding independent schools, direct-grant grammar schools and special schools of all kinds) will have to increase by 100,000 over its 1960 figure of 264,000 simply to fulfil "current policies" in this decade. This means in order to absorb the intake from the second post-war population "bulge," to reduce classes to a manageable size, and to cater for the growing "trend" towards voluntarily staying on at school after the age of 15. Since the council seems to be banking on some levelling-off in the birthrate from now on, it may have made a conservative estimate of consumer demand. As the chart on page 761 shows, the birthrate has risen steadily (to the demographers' repeated surprise) for the past six years and may still have a kick in it yet. The minimum shortfall of teachers by the end of the 1960s will not be less than 50,000, and the problem will be particularly severe in the infant and primary schools, where women predominate. If the Government raises the school-leaving age to 16, as the Crowther report recommended and as most other advanced countries either have already done or mean to do in this decade, there will be a further shortfall of 20,000 teachers. But unless very drastic steps are taken to staff the schools, governments are likely to shelve the idea of raising the leaving age almost indefinitely. This is the measure of the crisis.

IN the long run—that is, up to 1980—the only way to build up teaching strength is, as the Minister himself puts it in his letter to the chairman of the NAC, by "a massive expansion of the base of higher education." This is a sentence that should be digested by the Robbins committee and by the Treasury. (It may be remarked that the NAC, in its innocence, has based some of its present calculations on a more rapid expansion of the universities than the Treasury is currently prepared to countenance.) But two things are clear enough. The first is that any post-Robbins expansion is not going to add a single teacher by 1970. The second is that even a major training college expansion will not be enough to fill the gap by 1980 unless a substantial number of married women can be persuaded to return to teaching at the age of 40-45, when their own children are safely established at school.

It is possible that the flow of returners (2,600 have come back in the past year after a special appeal) will pick up in ten years' time. If women do have their children in the early twenties, there is a greater prospect of their wanting a job, or an interest, in early middle age than there has been under the previous professional pattern of later marriages and child-bearing. But this is still largely speculative. (If the women do not return, one incidental effect could be to produce a majority of men teachers before 1975.)

The urgent need now is to make the best use of the manpower and womanpower available. There is no longer (as there was in the mid-1950s) any shortage of qualified applicants who want to train as teachers ; in fact, good candidates with at least one "A" level in the GCE are at present being turned away. The Minister is now asking the training colleges to squeeze in as many as they can and to accept day students, some of them commuting over long distances. More day colleges, particularly for older applicants who probably mean to make teaching a serious career, are to be started. These methods should provide an extra 7,500 places. More, too, can be made of returning part-time teachers: Sir David Eccles hopes to double the present number to make up a full-time equivalent of 15,000 by 1965. The chief snag here is that in comfortable suburbia (like parts of Kent) there are more part-time volunteers than the local authority needs, while in Gateshead and West Bromwich, which really do have over-size classes, there are not enough.

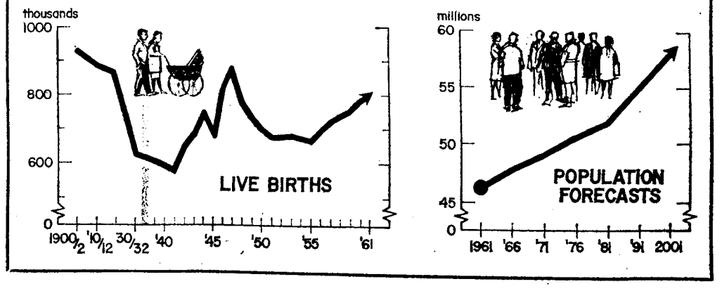
In the Commons last week Sir David floated two other proposals—one for auxiliary helpers in schools, the other for initial two-year training courses for girls with their eyes already on marriage—which have had a distinctly mixed reception. Those Labour members who howled down the idea of "child minding" may now be regretting their hastiness: even socialist strongholds like the London county council already employ auxiliaries in infant schools (i.e., for children between 5 and 7) to do the nannying and other odd jobs under the supervision of qualified teachers. The National Union of Teachers, whose executive also jumped the gun last weekend, has now wisely had second thoughts. Its secretary, Sir Ronald Gould, who seems to have grasped that the union has a public responsibility to fulfil, has since given a qualified acceptance to the auxiliaries. It may have been apparent to him that the only alternative would have been to raise the compulsory age of entering school to 6 at least. There are now 50,000 infant teachers ; to cope with the "bulge" another 20,000 are ideally needed by 1970. If the Minister can get 10,000 auxiliaries, the worst need not happen.

SIR DAVID'S second proposal is something that even he does not seem entirely happy about. It would mean that a girl who did not expect to teach for more than five years before marriage or child-bearing would take a two-year training course. If she wanted to go on teaching after five years, or if she returned to the profession later, she would take a further year's training to achieve full qualification. The NUT is pretty sternly against this, regarding it as a means of introducing sub-standard teachers. The union is all the more sensitive on the point since it has just secured a three-year training period for all non-graduates—a step which should eventually lead to the training colleges giving their own degrees.

The notion of an interrupted course of any kind is still anathema to the cosy British academic tradition. But as the base of higher education expands people are going to have to get used to the idea of students dropping out (as they do in other countries) for all kinds of reasons and then returning to finish their studies. It is difficult to believe that two-year trained teachers could not play a very useful and acceptable part in, for example, team teaching—where the head of the

BABIES STILL BOOMING

In each of the last six years many more babies have been born than the demographers had expected. Last year the number in England and Wales exceeded 800,000 for the first time since 1947. The latest forecasts of population growth may still be too conservative ; they assume that births will average 800,000 a year in the next five years, thereafter rising gradually to 960,000 at the end of the century. Through migration, it is expected that England and Wales will gain on balance 30,000 persons a year.



team dealing with a large class would always be a senior person. There is a great deal more that needs to be done in Britain in trying out new teaching techniques, and also in making the best use of mechanical aids—as efficient teachers are generally anxious to do. The NUT has every right to watch its own members' interests, but it will not win many friends if it gets into a habit of shooting down new ideas on sight.

It is obvious enough that a collective miscalculation, originating with the hapless demographers, has played a big part in the growth of this national predicament since the birthrate leapt upwards again in 1955. But even if more training facilities had existed, the high wastage rate among young women teachers in the last few years would probably have nullified most of the sizeable investment involved. The real lesson is that a country with as narrow an entry to higher education of all kinds as Britain still has, is bound to run into crises of this kind whenever a sudden strain is put on trained resources in any sector In this decade Britain will not only need more teachers in the schools, it will need them in universities, technical colleges, commercial colleges—it will need trained people all round. And the demands in the 1970s will be even greater. This is why the country must take deliberate aim to raise the school-leaving age in order to exploit its full potential talents, and why the present bottleneck at 17-plus has to be removed by hook or by crook against all the resistance groups. More than anyone else, the NAC has written a key chapter for the Robbins committee.

Bread for Hongkong

The refugees from China bring dangers that compassion alone cannot remove

THE refugees who knock illegally at the gates of Hongkong bear an unspoken message about conditions in China, though the exact value of the message may be hard to assess. Turning them away, as the colonial authorities have been doing, tells us a great deal, and in a more precise way, about conditions in Hongkong itself.

Turning refugees away is always altogether repugnant, but the humanitarians, including the international refugee organisations, have to reflect before they cast too many stones. When the second world war ended, Hongkong's population had fallen to 600,000 ; now it is well over three million. Nobody knows the exact figure. The uncertainty reflects the fact that there have always been two streams of immigrants from China, the legal and the illegal.

A legal immigrant, who may or may not be a refugee in the strict sense, is a Chinese from Kwangtung province, of which Hongkong is geographically a part, who arrives armed with a Chinese exit visa and a re-entry permit as well. If he comes from elsewhere in China, he would do well to have a wife or an aged mother living in the colony. In any one day, fifty immigrants from Kwangtung are legal ; the fifty-first has to queue up next morning. For the rest of China, there is no quota and admission depends largely on the credibility of the life stories told on arrival.

Since more than a million migrants have come to Hongkong in the last twelve years, the colony cannot be accused of inhumanity. The job accomplished in re-housing some tens of thousands who formerly clung to the hillsides in insanitary shacks has been remarkably efficient. There is misery, inevitably, in the crowded colony, particularly in Kowloon and the leased territories on the mainland, but there is little begging, and that is not the least of Hongkong's miracles. Now something dangerously like saturation point has been reached. Water, not food, is the worst problem (voluntary organisations have been generous with gifts of food and the Americans, for instance, are sending some $5 million worth a year). Just now, however, Hongkong is perilously dry. The rains are late and water is available for only four hours a day. The reservoirs built during the past few years provide the rationed trickle but would soon dry up if uncontrolled immigration were allowed. Moreover, on Wednesday the communist authorities, who are short of water on their side of the border, turned off the tap controlling supplies for Hongkong. The situation is thus grimmer than ever.

That, in its simplicity, is the predicament. Unless some country or countries come forward with offers of living room, not for small quotas, but for hundreds of thousands of immigrants, criticisms will seem out of place. President Kennedy's decision, announced on Wednesday, to admit 4,000 immigrants from Hongkong, though welcome, hardly touches the problem. Until last week the Nationalist authorities on Formosa were not prepared to take more than 1,000 a year, able-bodied and carefully screened. Now President Chiang Kai-shek, who has living room problems of his own and a growing army of new mouths and unemployed, has thrown Formosa open to immigrants from Hongkong. Nothing, however, has been said about providing transport to Formosa, and the offer has political overtones embarrassing for Hongkong which, now as always, survives by courtesy of Peking.

This is not, of course, the first refugee crisis in Hongkong's post-war history. In 1956, when restrictions were imposed after a period of latitude, the communist authorities reminded Britain that under the original treaty arrangements governing the cession of Hongkong, all natives of China were to have unrestricted access to it. True, the communists did not press the point, which they may have found embarrassing. The present difficulties have been discussed in Peking between British representatives and the Chinese government, but there is no sign that the Chinese intend to hold the British to the letter of arrangements that have become unworkable.

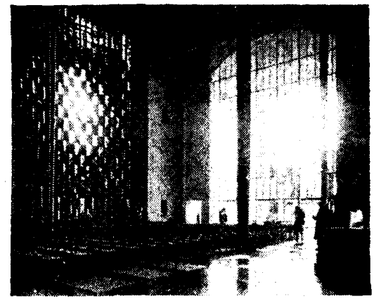
THERE are, however, baffling elements in the situation now. When previous waves of refugees appeared, the Chinese frontier guards often fired at those who sought to escape. This time, far from firing, they seemed, until this week, to be helping the refugees to find the best illegal routes into the colony. Were the Chinese authorities, beset themselves by starvation, seeking to find out what the traffic will bear ? Or showing the discontented that, like it or not, they will have to stay put ?

These are natural questions to ask, but no exact answers can be given. China has been short of food since 1959, when a cycle of natural calamities and poor harvests set in. Recent estimates of nutritional standards have varied greatly, ranging from the starvation level of 1,150 calories a day to the incipient undernourishment of 1,900. The latest arrivals in Hongkong have been hungry but not starving, but this fact, though interesting, is hardly conclusive. If people are starving in parts of China, they can be in no condition to seek refuge elsewhere.

The human problem of an undernourished population is bedevilled by politics. Officially, the Chinese government does not admit that there is a problem, and this non-recognition is itself as political a decision as America's non-recognition of the Chinese communist regime. Of the grain bought abroad, notably from Canada and Australia, during the past three years, much has gone to Russia, to settle debts, to Albania to keep a distant satellite friendly, to the Chinese army to keep it fitter and happier than the peasants who take the road to Hongkong, and to the cities most likely to be seen by foreigners. Russia is in no position to help, even if Mr Khrushchev thought it worth his while to aid ideolcgical deviates. America still bulges with surpluses and the United Nations with good intentions, but the two are one in Peking's eyes and equally anathema. If this year's rains fall where they are needed and are not excessive, the Chinese people's plight may be eased. If not, the countries that have either space or food to spare (and Russia is among the first) may have to think fast and clearly.

Stones for Coventry

The new cathedral has its distinctive message for the modern church



THE consecration of Coventry cathedral this week is a great event for the Church of England, but its significance extends well beyond the confines of the Anglican communion. It constitutes a major breakthrough in the world-wide effort to present religion to the people in terms of contemporary art and architecture. Christianity may or may not be accepted as truth, but shrouded in out-of-date ecclesiastical architectural forms, masked so often by the shoddy and second rate, it does not nowadays look true in modern terms. The achievement of Coventry cathedral is to speak to this generation in its own idiom and to make religion once again seem relevant. Whatever disputes may rage over the precise place that Coventry should be accorded in the grand procession of European cathedrals, this fact will remain. And it could have happened in England in no more suitable place than Coventry, the Leeds of the twentieth century, a city stamped with the aspirations and failings of the age which has made it great and prosperous.

Architecturally, Coventry cathedral is extraordinarily simple. Sir Basil Spence, breasting the tide of criticism which for over seven years has threatened his creation with modification and at times even extinction, has remained faithful to the vision which first came to him, pacing the ruins of the old St Michael's in October, 1950. The juxtaposition of the old and the new, the pinnacle and the rock, suffering and resurrection, is satisfying both symbolically and architecturally. The porch connecting the two parts of the cathedral and framing the sky with its canopy and tall cylindrical columns is both beautiful and useful. Through it will pass a stream of men and women, moving from the factories to the city centre ; glancing to the right through Mr John Hutton's soaring glass screen they will be able to join momentarily in the cathedral services. This openness to non-ecclesiastical life which would have so scandalised Pugin is a recurring theme in the cathedral, echoing along the unencumbered nave and reverberating in the chapel of Christ the Servant, a cylinder of clear glass which uses technological and industrial Coventry as a backdrop.

Simplicity of conception and construction are matched. The weight of the cathedral rests on the eighty-foot high double walls, an outer wall of pink Hollington stone (a real wall not a curtain), and an inner one of precast concrete blocks. A coarse textured grey-white plaster covers the inner wall which contrasts with the floor of black Kellymount marble from Ireland. Looking south, the nave with its concealed windows is a little austere but is saved from dullness by the graceful pillars of precast concrete which support the fan tracery of the canopy and taper down into bronze pegs only two inches square.

Sir Basil Spence, to whom a rood would be an abomination, has focused attention on the altar with its backcloth of Graham Sutherland's tapestry of Christ in Majesty. In colour and form this tapestry is masterly. The great central ellipse with its inner oval formed by Christ's clothing and four broken rectangles containing the symbols of the evangelists is best seen from the extreme end of the nave. On approaching nearer the serenity of Christ's face grows, but the clothing becomes more representational and takes on the distracting appearance of a woman's dress. The tapestry is so overwhelming that it tends to eclipse the altar, a long concrete table inspired by Leonardo's Last Supper at Milan. Graham Clarke's altar cross—perhaps the most beautiful single object in the cathedral—also suffers by half-merging into the Suther-

land crucifixion filling the lower part of the tapestry and forming the reredos to the Lady Chapel. The boys' wooden choir stalls projecting into the sanctuary are a further distraction which could have been lessened had they been made of Sir Basil's chosen material, metal.

COVENTRY'S glass, engraved screen and windows, has rightly been hailed as the cathedral's outstanding feature. Only one window is seen on entering, John Piper's and Patrick Reyntien's baptistery window, a great, glowing mass of red, blue, green and yellow glass, symbolising with great subtlety of colouring the light of the Holy Spirit penetrating the complicated activities of men. Below it stands the font, hewn out of a rough boulder from the valley of Barakat near Bethlehem. The ten nave windows, invisible from the entrance, are orientated south to form the angled window recesses. As the cathedral faces north this allows sunlight to pour in all day, but it also has a symbolic significance. Sir Basil's intention was that the full beauty of the cathedral should be revealed only to the communicant returning from the altar rails. The contrast between the rather sombre approach to the altar and the rich blaze of colour of the return gives deep religious feeling to the design.

The works of art in the cathedral rank high among its glories. They strike a death blow at the ghastly repository *bric-à-brac* which for so long has conspired to keep religion from worshippers. The cathedral authorities—*mirabile dictu*—gave Sir Basil a free hand and this act of sagacious self-abnegation has paid off. Great credit is due to the architect for his courage. Laurence Lee and Geoffrey Clarke were unknown students when Sir Basil selected them to design the glass for the nave. Epstein, who is magnificently represented by his powerful and compassionate St Michael, as well as by the captivating door knobs in the entrance porch, is not exactly the favourite son of the churchy.

Geoffrey Clarke's crosses are outstanding wherever they occur, as are Elizabeth Frink's little masterpieces. Her mitre crowns the towering bishop's throne, reducing the ordinary to his proper human size, and her bronze eagle, quivering with life, forms the lectern, ready, unlike the normal paralysed brass species, to pounce on any dozing member of the congregation. Outstanding also are Hans Coper's pottery candlesticks and the crown of thorns designed by Sir Basil for the Gethsemane chapel. Ralph Beyer's clear lettering in the nave reflects the genius of Eric Gill and John Piper's flowing vestments in the papal colours are both dignified and gay. The only weakness is Einar Forseth's Swedish stained glass which is in the worst tradition of Victorian glare, but is happily tucked away in a side passage.

THESE splendours, such is the corrosive power of original sin, have stirred up an undercurrent of criticism in Coventry itself. "Why this waste?" is being asked, as if it had not already received a reasonably authoritative answer. In fact, the cathedral has been astonishingly cheap, costing only £1½ million. The primary purpose of a cathedral remains what it always has been—to offer to God the best that man can give, and to enable the great religious ceremonies of the diocese to be conducted in a suitable setting of space and beauty. Yet Coventry is intended to do more than this. Like its medieval predecessors it will be a social and cultural centre. A theatre is incorporated in the nave itself and beneath the floor lies a network of rooms, including a library, a lecture hall and a broadcasting studio. Music and drama will centre about the cathedral.

Coventry is also intended to be a focus of the ecumenical movement, an idea fostered by the eccentric Bishop Gorton, which finds its chief expression in the grim crusader's tent of the chapel of unity. In June, a thousand-year lease of the chapel will be given to the Joint Council of Anglican and Free Churchmen. Yet another purpose of the cathedral is to support five chaplains who, freed from the distracting routine of parish life, will be able to concentrate on specialised work such as the industrial mission now being conducted by the Rev. Simon Phipps. These activities may help to win the hearts of down-to-earth Midlanders, but the cathedral's beauty should exercise its own sway. Its existence will challenge church builders everywhere to shake off their Gothic and tractarian chains and embark on the adventurous, if sometimes perilous, course of presenting religion to contemporary man in terms which he can understand.

Doctors Galore

Would an international body watching over access to Berlin help the patient, or just argue while he died of strangulation?

FOR fifteen years now, control of the access routes to west Berlin has been a question of life and death for the city. It is not surprising that there should be hot debate between Bonn and Washington about the composition of the international authority which, the Americans are now suggesting, should supervise access to the city and arbitrate over any disputes. The argument has been aggravated by one of Dr Adenauer's periodic bouts of alarm at the general posture of his Anglo-Saxon allies in east-west matters and by American irritation with his growingly unpredictable ways of asserting his views; and this has in turn stirred up all the latent doubts in German minds about Dr Adenauer's continued capacity for leadership. But this week the emotional dust has been settling a little. On Tuesday the Germans handed a counter proposal on the international authority to the Americans. The actual issue, the access authority, which should be a principal topic in the next round of exchanges between the Americans and Russians, deserves a closer look.

The American proposal is an attempt to find a means of bridging the gulf between the Russians, who assert that the German Democratic Republic already has the sovereign right to control access to Berlin, and the western powers, who assert that the allies, and the west Berliners, who do not even recognise the DDR, have rights which stem from the agreements reached with the Russians both at the end of the war, and in 1949, after the Berlin blockade. Why not, suggest the Americans, hand over control of the routes to Berlin to an international authority of some thirteen members, with five drawn from the east, five from the west, and three neutrals holding the balance? The inclusion of neutrals, it is argued, would take some of the sting out of the clash between east and west in Berlin, and subject the Russians and east Germans, as well as the West, to the critical gaze of world opinion. The inclusion of east and west Germany in the access authority would be a concession to the east German claim for wider acceptance in international affairs, without conceding or even raising the question of actual diplomatic recognition. The Americans know well that the gulf between themselves and the Russians on Berlin goes deep, but here at least is a plank which might be thrown across it.

Right from the start some features of the proposal caused alarm in Bonn; they were criticised quietly and sensibly by Herr Schroeder at the Athens meeting of the Nato Council, and loudly and annoyingly by Dr Adenauer at his press conference in Berlin on May 7th. The fears were systematically set out by Mr Sebastian Haffner in a characteristically carefully argued article in *Die Welt* of May 15th. For a start, Mr Haffner points out, a measure of recognition for the east Germans is in fact implied. Views are bound to differ on what degree of recognition may be really involved, but four other objections seem more pertinent. The east Germans would be judges in their own case, Mr Haffner suggests. They are the main people who are likely to obstruct the routes to Berlin; yet as members of the access authority they would help to decide on cases of obstruction. The west would also have a weak voting position in the new authority, he argues. The five western members would probably be less united than the five eastern ones and so less effective. And the neutrals would be insufficiently interested in the whole business to be really vigilant defenders of free access to the city. The three European neutrals (Sweden, Switzerland and Austria) whom the Americans propose for the tricky job of arbiter would be highly vulnerable to Russian pressure, and so reluctant to get into trouble by opposing the Russians on some crucial issue.

THE chaff of Mr Haffner's analysis plainly needs separating from the good grain. To argue that European neutrals would not be interested in the Berlin question or that they might lean to the eastern side is to push fears for Berlin's safety to excess. But there is obviously a real possibility that the Austrians and Swedes (though not the Swiss) could get into an awkward spot if they found themselves opposing Moscow in a major tussle between America and Russia. Some less exposed neutral umpires may have to be found. Plainly the role of the east Germans in the authority will also have to be examined carefully and will be a difficult part of the negotiation.

This week's proposals from the west Germans are an attempt at compromise between the original American suggestion and the doubts Mr Haffner voiced. What irked the Americans about Dr Adenauer's outburst in Berlin was the total absence of any constructive counter-proposals. Now the Germans have produced an answer. They have suggested that the four occupying powers shall remain responsible for access arrangements as they are today but they should be assisted by an "operating" body of neutrals who will take decisions by unanimous vote. The east and west Germans would help in a technical capacity without votes.

The difficulty is that this watering down of the American idea might make it even less acceptable to the Russians and east Germans. For some years they have been protesting that rule by the former occupiers is out of date. Perhaps the main flaw in Mr Haffner's arguments and in some of the current thinking in Bonn is the assumption that the present condition of Berlin is the best that can be had, and that it can be kept. Of course any international authority might provide opportunities for obstruction. Physically, after all, the east Germans and Russians are in a position to chop through Berlin's arteries today, either at a stroke or slice by slice. It seems better to seek to devise an arrangement which the Russians might conceivably operate with at least sporadic goodwill than to stand pat on a position which leaves the West vulnerable to communist harrying and involves incalculable dangers for both sides.

There is, of course, no guarantee that any reasonable western proposal for an international control authority would be accepted, or even considered, by the communists. In Prague last weekend Herr Ulbricht rejected the American ideas lock, stock and barrel. Allied troops must be withdrawn from Berlin, he declared. Sovereignty over the routes to Berlin belonged to east Germany alone. But opposition from Herr Ulbricht to moderate western proposals does not necessarily condemn them. He may have an interest in prolonging a state of tension in Germany—even to the brink of nuclear war—which Russia does not share. Before the proposal for an international control authority is dropped in disgust, it should at least be elaborated in a form which makes some attempt to meet Russian preoccupations, and tried out in one of Mr Rusk's encounters with Mr Dobrynin, the Soviet ambassador in Washington.

It would be both wrong and unfair to be too irritated with the west Germans for the resistance they have been putting up to this first modest American attempt to break the deadlock in central Europe. In the last six months, Bonn has moved some way from the rather rigid doctrines which immobilised German policies hitherto. The process is a painful one, and occasional cries of protest, like Dr Adenauer's in Berlin, are natural enough. The west Germans still have a way to go, if they are to play a helpful part in east-west exchanges. But this week's memorandum does reflect the recognition in Bonn (even by Dr Adenauer) that it is wiser for west Germany to co-operate with the United States and do its best to try to influence the unfolding east-west talks than merely to try to bar the way.

The upheaval in Bonn in the past fortnight also has a moral for west German domestic politics. As minister of the interior Herr Schroeder was not popular; he was regarded as one of Dr Adenauer's good boys. As foreign minister, he has in the past few weeks been acquiring the reputation of a man who can also stand up to Dr Adenauer in his errant moments and remind him of the painful necessities of German policy, like the alliance with the United States. And it is particularly encouraging that this show of ability to face up to the Chancellor successfully and adapt German policy to the new realities is winning him nothing but credit in his own country.

NOTES OF THE WEEK

NYASALAND AND RHODESIA

Mr Butler's Duty

DUE back in London this weekend, Mr Butler seems to have left behind him in central Africa a distinct impression that Nyasaland will soon be let go. Indeed, Dr Banda will be in London during June ; the discussions at the central Africa office that will then take place now seem likely to end in a plan for Nyasaland's secession from the federation that binds it to the two Rhodesias. At the same time, however, Dr Banda will be begged, earnestly and repeatedly, to count the economic cost—and, perhaps, to agree to loose links with a pair of economically (but not necessarily politically) associated Rhodesias. Mr Butler's disposition, in short, seems to be towards getting the best possible economic deal for central Africa. If this is to have any chance of working, the Government should look more closely than ever at Dr Banda. He is being allowed to secede because, indisputably, he has acquired a popular mandate to do so. For the same reason there is hope that, as head of an elected government, he will grow less intransigent.

There is only a shadow of such a hope in Northern Rhodesia. The rickety constitution under which the protectorate will go to the polls in October makes it a matter of luck whether or not a decisive account of the people's will can be given. Luck can, however, be given a helping hand by Mr Butler, whose duty it now is to remove all technical obstacles in the way of free politicking by the African parties.

This means, as Mr Kaunda has demanded, an impartial delimitation commission ; freedom for African politicians to campaign wherever they wish ; automatic registration of party branches ; release of genuinely "political" prisoners (and opportunity for such people to vote) ; and removal of certain restrictions on the registration of voters. Registration, it seems, is more difficult for qualified Africans in Northern Rhodesia than it was in Nyasaland. A local newspaper has pointed out that Africans who have lived in the territory for decades, but were born outside it, must become federal citizens before getting the vote. This puts many educated Africans in a difficult position: either they have to register as citizens of the federation they are determined to break, or they lose their chance to vote against it. In small matters as in large, Mr Butler has much to do.

Roy and Rab

FRANCE

Dialogue of the Deaf?

CHARACTERISTICALLY President Kennedy has not taken General de Gaulle's remarks on May 15th about Nato, the French deterrent and the role of the United States in the world lying down. At his press conference on May 17th the President voiced his disapproval of the independent French deterrent and spoke of the dangers of a proliferation of nuclear weapons. In a speech on May 19th he returned to the theme with greater emphasis. American willingness to bear "our full share in western defence is deeply felt, but it is not automatic." Europeans must not take it for granted. Put more crudely, if Europeans persisted in the kind of stubborn attempt to go it alone militarily which General de Gaulle was advocating, they might hasten the evil day of an American withdrawal from Europe instead of ensuring against it.

The President's fearsome words may have frightened some people, but there is no sign that they have affected President de Gaulle. In a speech at Limoges on May 20th he returned to some of his own pet themes. The Atlantic alliance was necessary, but France must have "its will, its personality, its soul, its policy." It now had the task of constructing a united Europe on the practical lines France had suggested.

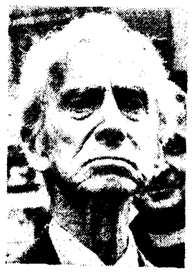
On Monday Mr George Ball, the American Under Secretary of State, called on M. Couve de Murville, with the idea of urging him to accept Britain's application to join the common market. His plea was apparently a muted one, and rightly so. If the experience of the European Defence Community is any guide, forthright American advocacy of a European project is one of the best ways of stiffening Gaullist resistance to it.

Yet if President de Gaulle is not amenable to Anglo-Saxon persuasions, this does not necessarily mean he has definitely decided to block British membership of the common market. In Brussels the negotiations between the British and the Six in the past ten days have made little progress on two crucial issues—"zero tariffs" and "comparable outlets" for Commonwealth agriculture. But at the same time the Six are obviously making efforts to get their key men to Brussels to thrash things out. In Luxemburg on Tuesday the French blocked the starting of talks on British entry to the European Coal and Steel Community; but the trouble was mainly due, not to a French wish to obstruct the British, but to a dispute within the community between the advocates of an integrated Europe and *l'Europe des patries*. General de Gaulle's somewhat rigid picture of Europe does not expressly provide a place for Britain, but neither does it expressly leave it out.

LABOUR AND CND

Dissidents of May

CHIEFLY, it seems, because of Mr Crossman's advocacy, the Labour party's national executive committee decided on Wednesday not to expel Lord Russell (a) during his 90th birthday celebrations and (b) without giving him a chance to explain himself. These curious, if sentimental, grounds for a stay of execution were also extended to Lord Chorley, Canon Collins and, by implication, Lady Wootton — all, like Lord Russell, sponsors of a "general disarmament and peace" conference to be held in Moscow in July under the auspices of the World Peace Congress, a familiar communist-front organisation. The executive is obviously hoping for a belated change of heart from at least some of those on the carpet which would save it from the internal rumpus that getting to grips with the Campaign for Nuclear Disarmament would necessarily involve. All this is simply so much water off Lord Russell's back ; even his sympathisers' request for an explanation he described as an "impertinence." The right-wing members of the executive (two of whom are said to have voted for outright expulsion) should not have to bide their time long.



"Impertinence"

The May Day rumpus is still reverberating at all levels. On Monday morning *Tribune* bought a full-page advertisement in the *Guardian* to give its report of the Gaitskell meeting in Glasgow, with strictures by Mr Michael Foot on the leadership's imitation of Moscow-style "democratic centralism"—by which Mr Foot means decisions by the parliamentary Labour party. What is not denied in *Tribune's* account is that plans to stage an anti-Gaitskell demonstration were widely canvassed well in advance of the meeting by the Glasgow CND, the Committee of 100 and the Young Socialists. This hardly tallies with the favourite left-wing explanation that the barracking was spontaneous, prompted solely by the content of Mr Gaitskell's speech (i.e., those 10 minutes of it that were heard).

The party executive did agree on Wednesday to proscribe the independent nuclear disarmament election committee, an organisation of CND members which intends to run its own parliamentary candidates. CND itself has still to make its decision at its annual conference ; if it climbs on the hustings officially it has been served clear warning that it invites proscription. As for the actual electoral chances of CND candidates, it is relevant that in Glasgow itself, with a population of one million, CND claims only 700 members.

2½ PER CENT

The Case for Probation

STILL insisting on an immediate salary increase of more than 2½ per cent, the nurses have refused to resume Whitley Council negotiations until the management side has given an assurance that this is not ruled out. But nurses are no longer the only public service to feel they have been badly done by as a result of the Government's incomes policy—although they continue to have a monopoly of public sympathy. Last week, on the eve of their association's celebration of its fiftieth anniversary, probation officers were also told that they cannot have more than a 2½ per cent increase this year.

For probation officers the Government's decision is the more galling in that they have been hoping for a substantial revision of their salaries for some years but were made to wait until the Morison committee reported. The recommendations of that committee, published two months ago, were in fact as favourable as could have been expected: increases were proposed of between 30 and 40 per cent, which would have brought the maximum salary, outside London, to £1,350 for a trained probation officer and to £1,650 and £2,600 for the senior and principal grades. Because, however, immediate increases of this size would obviously not have been acceptable to the Government, the probation officers agreed in the joint negotiating committee to an interim settlement of 10 per cent.

Now this has been turned down. The Government would certainly have found it even more difficult to resist the nurses' claims if it had agreed to 10 per cent—and, like the nurses, the probation officers have been promised a wider review of their claim at the beginning of next year. But, unlike the nurses, the probation service is clearly short of recruits ; in addition, it is having to train officers on the job and it needs to expand from its present strength of about 1,750 to 2,750 in the next few years in order to cope with the increasing amount of work put upon it. If there were ever a case in the public sector for the application of the right kind of flexible incomes policy, this is the one.

Break, break, break

LESS deserving cases have been developing their techniques this week to break through the Chancellor's incomes policy in the dockers' wake. The theatre musicians have announced in a suitably grave voice that they are underpaid ; and they have given notice that, unless the situation is remedied, they intend to withdraw their labour after the last performance on June 9th from every theatre in the West End of London—with the exception of Covent Garden and Sadler's Wells. Their employers (the Society of West End Theatre Managers) have offered them 9d. in the £1, or 3¾ per cent, but the musicians demand a rise of £5 on their present minimum of £14 for eight performances a week, and they are pressing for the employment of live musicians where records are now used in theatres.

More subtly contemporary are the tactics of the 55 electricians at the British Motor Corporation's Cowley works, who downed tools and put 17,500 of their mates out of work while waiting for their claim to be settled—for 3s. 8d. a week each above the rise that the management had agreed to give them. Their view of the dispute has been that it is a fiddling amount, but a matter of principle ; it does not seem to have occurred to them that the management would take the same view.

The most advanced technique of all is that employed by the civil servants, who are insisting that the doctrine of "comparability" should override every other consideration. Since the Treasury has gone on record as accepting this as a "primary" factor in the past, the civil servants' nagging on the point is a tricky one for a Chancellor pledged to hold the line in the public sector. If an incomes policy is to mean anything at all it should not countenance undiscriminating hoicks up of 5½ per cent all round regardless of the actual need to recruit, and conditions prevailing among, particular categories of government employees. The arbitration court has now to make its choice between the stated policy of the Government, as employer, and the claims of "case-law" relating to the pay structure in the government service.

UNITED ARAB REPUBLIC

Arab Manifesto

ARAB Nationalism, Arab Socialism and now, combining the beauty of the two concepts, an Arab Socialist Union. The new phrase is President Nasser's, created during the great five-hour speech with which, on Monday, he opened Egypt's National Congress of Popular Forces. The president was presenting a charter of action for the United Arab Republic; he was also, it seems, looking beyond Egypt in a bid to regain his lost leadership of the Arab people by defining what it is he can offer them. That the appeal was to people as distinct from most of their governments was brought home by his insistence that revolution is the only bridge to socialism and unity.

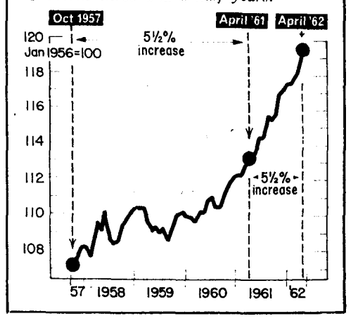
The charter provides inspiration, not working blueprints for socialism. But from the extracts so far available in London it is hard to disentangle what is firmly set on the far horizon and what is intended as a guide to present-day action. Insurance against old age and sickness, equality of the sexes are obviously, for Egypt, goals for the future ; what, then, about freedom of expression or, say, the raising of local councils above the authority of the state executive? Two general principles emerge. First, the state should control all principal means of production, but people should still be allowed to hold and inherit a limited amount of land and property. Second, no single class of people should dominate the new co-operative society—but the former "capitalist exploiter" class no longer, it appears, count as people.

President Nasser's charter has been awaited with some anxiety. Substantially

RETAIL PRICES UP AND UP

The jump of 1.6 points in the retail price index between March 13th and April 17th was the largest for any month for six years. Part, but not all, of this rise must have been only seasonal; it was due mainly to higher prices for potatoes and other vegeables and increased local rates.

Over the last twelve months the index has risen as much as in the previous three and a half years.



less interest was aroused by the election, in February, of the 1,750 members of the national congress. The congress will be meeting this weekend to discuss the charter, each speaker being allowed 15 minutes. As the president recently told a Lebanese journalist:

> Actually, I do not believe in leaving matters to committees which meet, study and submit one proposal or another. I believe that it is more advantageous to turn over to committees clear-cut proposals which they can study, debate and amend.

The congress is unlikely to have much power even to amend. But it does, undoubtedly, represent groups that have never been honestly represented before. Probably its most useful function will be to act as *antennæ for the presidency*, keeping it more in touch than hitherto with what goes on in its revolutionary nation.

ARGENTINA

Wasted Years

HAVING failed to dragoon the politicians into submission, the Argentinian army has decided to do without them. On Sunday, the cabinet (which was nominated by President Guido, who, in turn, was appointed by the armed services) announced that parliament would go into recess until new elections are held in about a year's time. Meantime, the president will govern by decree. Lamely fighting back, the politicians turned up on Tuesday at the chamber of deputies to declare that this was all very unconstitutional. A cordon of police let most of them into the building, but tried to prevent some of the 47 Peronist deputies, whose election in March started the government on its slide, from getting in too. The incident ended in turbulence.

Tears for the collapse of representative government in Argentina should not be too freely shed. The economic and political record of the seven years since the fall of General Perón is lamentable. Despite the intermittent calls for a new economic policy of austerity and national self-sacrifice, the country's finances are in a wretched way. There are huge budget and trade deficits, the government is unable to pay its employees their salaries or pensions, the absurdly corpulent railway system has only been nibbled at, and the standard of living of the poorer classes has gone steadily down. Politically, the government could not be called democratic. When, through Dr Frondizi's over-confidence, the Argentinians were at last given a chance to vote for the people they wanted, a large number of them showed at once that what they wanted was to end the present state of affairs and return to Peronism.

Argentina's blessings have been squandered. Compared with other Latin American republics, Argentina is an advanced country. It is well ahead in economic development, its educational system is progressive, it is plentifully endowed with natural resources, and not vexed with racial problems. Whatever General Perón's failings (and they were manifest), he succeeded in smashing through the social taboos that strangulate some of the other republics. But these fortunes and advantages have not been greatly exploited by the leaders who, over the past seven years, have been fighting their endless tactical battles. Sadly, there is no evidence that the armed services, themselves scarcely less divided than the politicians, will provide enlightened leadership.

PAPER BULLETIN

analysing all sectors of the paper and board industry.

Special features in Current Issue :

- **THE COMMON MARKET - I;**
- **THE TREND OF BRITISH PAPER OUTPUT;**
- **TRENDS IN THE FIBRE-BOARD PACKING CASE INDUSTRY.**

Regular market analyses and statistical data on production and trade in the main pulp and paper producing countries.

Further information from:

The Economist Intelligence Unit Ltd.
5 Bury St., S.W.1. Tel: WHI 0353 Ext. 35
60 East 42nd St., New York, 17 Tel: Murray Hill 7-6850

THE CHURCHES

Anglican Liturgy

THE three hundredth anniversary of the Book of Common Prayer in its 1662 form has been marked by some very reasonable suggestions by the Primate that the Church of England should be given a modest degree of autonomy in ordering its own liturgical affairs. The need for reform of the liturgy to bring it more into accord with contemporary thought and feeling is obvious. As the Archbishop of Canterbury has pointed out, it is hard for some modern worshippers to pray in the sustained literary periods of Elizabethan prose. In any case, the whole of Christendom has been affected by the ferment of new ideas about worship and liturgy, and the Church of England is no exception.

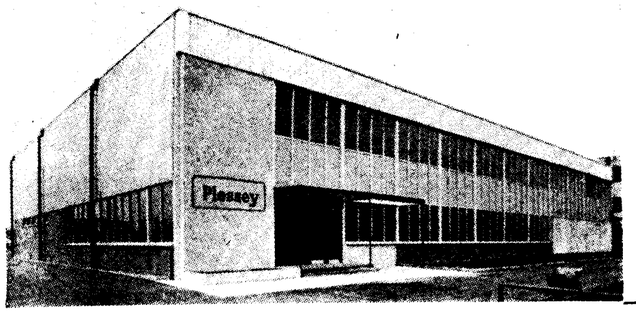
The principal legal change proposed by the Primate is that the two houses of Convocation, together with the House of Laity, should be given power by a two-thirds majority in each body to authorise alternative forms of service for experimental use for a period not exceeding seven years. A further seven years' grace could be given by the church bodies, but after that the authority of Parliament would be needed for any permanent change in form. All that the House of Commons would be asked to do, therefore, would be to give ultimate sanction to the accepted practice of the church. This would still preserve the state's last word, which is inseparable from continued establishment. As the proposed changes are so practical and so minor there is little fear that the *odium theologicum* involved in the 1928 Prayer Book debates will be generated once again. That is more likely to come when the Commission on Church and State makes its recommendations on ecclesiastical appointments.

Meanwhile the Prayer Book (Alternative and other Services) Measure promises to give the church a more flexible instrument for gradually reforming her liturgy than she has had so far. The danger of a once and for all reform is precisely that the reform will be tied to the age which produced it. The 1928 Prayer Book is already dated. But the potential partial re-writers of the Prayer Book would do well to heed the Primate's warnings, first that the note of mystery should be maintained, and second that any re-writing should be in good English.

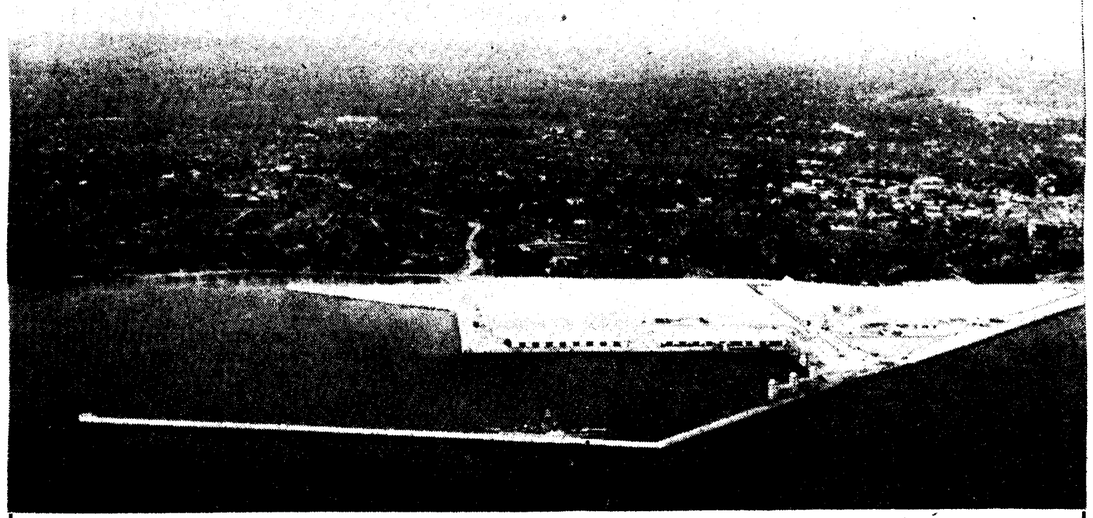
Presbyterian Confession

THE other established church—the Church of Scotland—has also been looking ahead, to the dismay of its conservatives, at the General Assembly in Edinburgh this week. The retiring Moderator, Dr Craig, stood unembarrassedly by his visit to the Vatican which is, however unimportant in a strict ecumenical sense, likely to prove one of the major contributions to the social relationships of the catholic and presbyterian communities in Britain in this century. It is particularly important that this lead should be followed up locally, as a fair section of the kirk seems prepared to do. The kirk has also been confronted with a resolute attack on antediluvian sabbatarianism, presented by its church and nation committee. Since this questions one of the tenets of the Westminster confession of faith, it plainly marks a break with the diehard past. It may also be significant that the new Moderator, Dr Davidson, has for long been an advocate of revising the Westminster confession in modern terms.

The kirk is still sensibly wary of the Anglican conditions for formal union (the Church of Scotland already allows Anglicans to take its communion without any similar concession from Canterbury). But the presence in Edinburgh of the primate of the Swedish Lutheran church has been a salutary reminder of how close full intercommunion could be. Both the Church of Scotland and the Church of England are in intercommunion with the Scandinavian Lutherans—although not with each other. The beam here seems very much in the Anglican eye. Perhaps it will get smaller as a result of the Anglican-Presbyterian Conference to be held at Durham in July. This conference is not intended to formulate definite schemes of re-union but the question of unity will be, as the tactful official phrase puts it, "under consideration."



Plessey Laboratory
ILFORD
DESIGNED & BUILT IN 11 MONTHS



Barbados Harbour ***COMPLETED 4 MONTHS AHEAD OF SCHEDULE***

The £4½ million deep-water harbour at Bridgetown, Barbados, scheduled to take four years to build, was completed by Costain with a saving of four months. Here at home, Costain completed for The Plessey Company Limited a laboratory which was designed and built in less than a year. These two projects, completely different in every way — size, purpose, location — illustrate the scope of the Costain organisation.

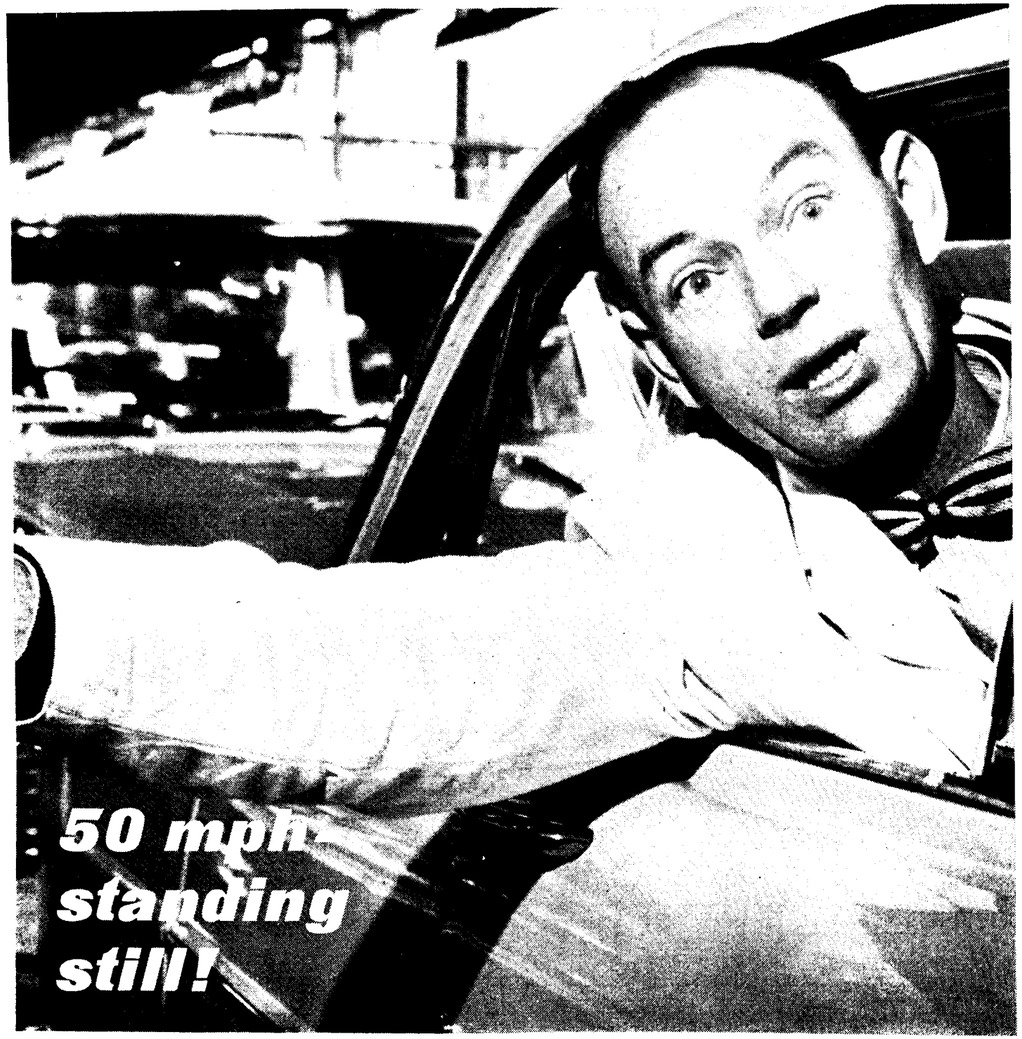
Consulting Engineers for Barbados Harbour: Coode & Partners
Architect for Plessey Laboratory: H. Stanley Smith, A.R.I.B.A.

FOR CONSTRUCTION AT HOME AND ABROAD

It's never too soon to call in COSTAIN

RICHARD COSTAIN LIMITED, 111 WESTMINSTER BRIDGE ROAD, LONDON, S.E.1. TELEPHONE: WATERLOO 4977

BRISTOL · CANTERBURY · COVENTRY · GRAYS · MIDDLESBROUGH · NOTTINGHAM · PLYMOUTH · AUSTRALIA · CANADA · MIDDLE EAST · NIGERIA · PAKISTAN · RHODESIA · SOUTH AMERICA · WEST INDIES



"I drive 25,000 miles a year—and never move an inch."
'Dick' Whittington, of Ford's in Dagenham, is not joking. He is one of a team that test drives every car that comes off the assembly line—on rollers!
Wheel alignment . . . steering . . . acceleration . . . braking power . . . and all the time Dick listens, picking up rare defects with uncanny accuracy.

Dick's only hobby? Driving! This year he is taking his wife and son to Italy in their own car. It's the sort of holiday they can well afford, for Dick, a Mirror reader, earns over £1,000 a year.
Of the Mirror's 15 million readers, SEVEN MILLION are prosperous skilled workers and their families.
Sell to them in the paper that offers the largest readership at the lowest cost.

DAILY MIRROR
THE MIRROR GOES WHERE THE MONEY IS

LONDON SUBURBS

Maybe It's Because . . . ?

DR HILL'S geography is puzzling. His final definition of the outer boundary for the future Greater London Council excludes another four urban districts *in toto* (in addition to the three let off before the municipal elections), and another two—Chigwell and Epsom—are offered the judgment of Solomon: that is, the main built-up areas, including the Hainault housing estate in Chigwell, to go to the GLC and the remainder to placate the jealous county council. (Just what will local patriotism make of that?) In all, some 325,000 suburbanites have been relieved of having to call themselves Londoners and of fulfilling any responsibility towards the one place to which, in one way or another, most of them owe their living. Although Dr Hill rightly dug his toes in over another eight districts, this did not need too much moral courage: two of them actually declared that they wanted to be in the GLC area despite their county council's objections.

The Ministry of Housing and Local Government has so far had little to say about the criteria for these decisions. The authority Dr Hill has really had to placate is Tory Surrey, and to do this he seems to have decided to surrender those spinal developments that reach most conveniently into the green belt, although their physical attachment to the London conurbation can hardly be disputed. He can have paid little attention to where the populations concerned are actually employed. Banstead and Esher, each with a relatively high proportion of commuters, are both left out, but Yiewsley and West Drayton (with claims to be just about the most self-supporting of the fringe areas) stays in. In giving up Cheshunt, the one sop to Hertfordshire, the minister has overridden the Herbert commission's argument that the Lea valley development is primarily a London problem; both Edmonton and Tottenham have housing estates in the area. Finally, by releasing Staines and Sunbury, Dr Hill has set himself another little problem. Both these urban districts belonged to Middlesex, which, of course, is going to disappear anyway. So who will now get the waifs—predatory Surrey? Or are there no imperialists in Bucks? This has not been at all a happy exercise, and the backwash may yet be felt, not only when the GLC comes into being but also when the cries go up for exemption from some of the more imaginative proposals by the Local Government Commission elsewhere in the country.

FISHERY LIMITS

And Now Britain?

ANOTHER flutter ran through the fishery lobby when Mr Leburn, one of the Scottish under-secretaries, declared last week that the possibility of Britain extending its fishing limits was "under careful review." Mr Leburn had been pressed yet again to enforce the Herring Fishery (Scotland) Act of 1889 which would exclude foreign vessels from areas beyond the three-mile limit in the Moray Firth and elsewhere. Since this act was held (in 1907) by a later government to be contrary to international law, it is not enforced against foreign vessels although it is against British ones. Hence this particular recurrent outcry.

In the past ten years, while British distant-water and middle-distance trawlers have been conducting rearguard actions against the twlve-mile limits off Iceland and Norway, no government could well cave in to the herring men's demands, and it would be appalling tactics for anyone to think of doing so now, with the disputes over the Faroes (with Denmark) and the White Sea (with the Soviet Union) still unsettled. But it is already perfectly plain that a minimum of six miles is the best that can be got anywhere in the north-east Atlantic where there really are fish, and that probably (as off Norway) a ten-year phase-out period for trawlers between six and twelve miles is going to become standard practice. This was, in fact, the American-Canadian proposal that Britain voted for at the last, indecisive law of the sea conference in 1960. As an easy gesture of retaliation, the case for a general extension of British limits obviously has its appeal.

But the real, long-term need is not for the protection of local interests (whether they are Icelandic line-boats or Scottish herring-boats); it is to conserve particular fish stocks against the danger of general overfishing. This has always been the British argument against the flat imposition of national limit lines irrespective of biological factors, and it may have to be voiced again if other countries go beyond twelve miles and start claiming rights up to the edge of the continental shelf. One corollary to a common west European market in fish and fish products should be common rights of access to fishing grounds. If there ever is to be progress in this direction, it will not be helped by the British Government succumbing now to the protective pressures it has condemned in everyone else.

CAMBODIA AND KOREA

Death to Traitors?

WHILE Laos drifts and south Vietnam fights for its life, the other component of France's former Far Eastern empire, Cambodia, remains at least outwardly calm, united, neutral and sovereign. This does not mean, however, that the communists are not doing their worst. Last week fourteen of them, including Non Suon, the leader of the party—which in Cambodia

The Economist

MAY 24, 1862

ENGLISH AND IRISH PRISONS

¶ Captain Crofton's resignation of his position as Chairman of the Directors of the Irish Convict Prisons—a step we fear partly necessitated by the measure of economy which deprived him a year ago of one of his colleagues, partly by inevitable ill health—is a serious blow to the public interest. It is the misfortune of the better methods of treating criminals—as indeed it is of all the highest methods of dealing with men generally—that they depend much more on individual wisdom, tact, and sagacity, than comparatively mechanical systems. As it was long ago observed of political constitutions that the corruption of the higher is much worse than the corruption of the lower, so is it certainly of penal and reformatory systems. The truer and nobler they are, the more do they depend on the individual sense and judgment by which they are directed and inspired. Sir Joshua Jebb's system for the English prisoners has this advantage, and this only, over Captain Crofton's in Ireland, that it is far less dependent on the individually superintending judgment of Sir Joshua Jebb than is Captain Crofton's. . . . It would be the principal merit of Sir Joshua Jebb's system that it would not miss Sir Joshua Jebb. . . . But the very merits of the Irish plan are those features in it which make its efficiency depend very largely indeed on the hand which guides the helm. It is not a routine system, but an individualising attempt, which succeeds in the hands of men able to reach by a kind of instinct each convict's better nature, and which might fail deplorably in the hands of men with none of this swift instinct. It has been Captain Crofton's great merit and great fortune to succeed eminently in the choice of subordinates of this class. . . . If they do not understand the tempers and capacities of the convicts individually,—what are their dangers, what their virtues, what the motives which have the happiest power over them,—the comparative breadth and force of the whole scheme is lost at once, and it degenerates into something worse than the gang-mechanism of Chatham and Dartmoor. On the English system, as we have said, the rise from class to class is at once a routine rise which can be arrested only by very exceptional misbehaviour, and is not of much importance to the men, because it does not in fact put into their own hands the power of materially shortening their own sentence. Whatever term is remitted to them is remitted merely by rule, and only violent or extremely reprehensible conduct will delay it. But on the Irish system, the rise from class to class is really a difficult matter, involving hard voluntary effort, and rewarded by a real and considerable shortening of the term of penal servitude.

English or Arabic?

JORDAN is thinking of having its own university. Hence the visit last week to London of a Jordanian royal commission charged with studying education in the Middle East, Europe, Britain and the United States. But between the dream and fulfilment are many rubicons to cross. Who, for example, will pay for it? A killjoy, indeed, might ask if a country so small and dependent on foreign aid should really be so ambitious. Yet the project is well in line with a general Middle East tendency to localise education. In the past three years Egypt has opened two new provincial universities to supplement its three old foundations in Cairo and Alexandria. So, even if Arabs knew no frontiers and had no political quarrels, a university in Jordan would not now be out of place.

But where, when and how—if at all—and what kind of university? These are the questions that the Jordanian royal commission seeks to answer. The only proposals so far are those of a British team of experts who were last year invited to Jordan to make a preliminary study. And these, though thoughtful in detail, raise some problematical points. Little fault is likely to be found with their practical approach to curricula which relate the country's resources to the kind of people it needs. Jordan is a farming country with a wonderful range of antiquities. Agriculture and archæology are therefore seen as the foci round which to group science and arts faculties. But medicine and engineering are thought not to warrant the outlay in equipment for the number of students training.

The siting of a university and the choice of teaching language are much more debatable issues. The proposed position, just outside Amman, is considered by many Jordanians to be too disturbingly near the capital's political flurries. Some speak for Salt, more detached, but still in the heart of east Jordan and so within range of the bulk of the population. Others still plead for Jerusalem, where once it was hoped that there might be a sublime supernational university to which middle easterners from everywhere would think it a privilege to come.

As for the teaching language, the British experts call for English and thus send an anxious tremor through every nationalist heart. Jordanians, already conscious of being politically isolated, may hesitate to drift as well from the mainstream of Arab educational development. All over the Arab east universities are turning to Arabic, sometimes even for science and medicine. (Teaching is often in Arabic even when textbooks are foreign: there is all the difference between reading a textbook slowly and taking in all the nuances of lectures and discussion.) This is not just for nationalist reasons, but because foreign language teaching handicaps students who are not linguistically gifted but may have great talent in their own subjects. Their difficulties have grown more marked since secondary schools—as in Jordan—gave up English language teaching in general subjects, even in their higher forms. Arabic is seen as opening up opportunities to every type of student; English as favouring an élite.

Were a university placed in Jerusalem, where so many tongues are spoken and foreign institutions abound, teaching in English might not be unseemly. But in deepest east Jordan—just how English could they decently be? The British experts point to Beirut university as offering a healthy English teaching precedent. But that is an American foundation with an international character, whose degrees are often a passport to a well-paid job abroad. A national university in Jordan whose aim is to produce useful citizens, not necessarily cosmopolitans, is not a true parallel. But the goodwill that prompts the comparison should not be overlooked. If Jordanians would learn in English they could almost certainly count on help from British universities, not least in the provision of teaching staff. And by this—the quality of its teachers—their venture must stand or fall.

A suggestion, however, made in a letter to *The Times* by Mr Eric Fletcher, MP, that London University might sponsor a Jordanian university as it sponsors universities in the Commonwealth sounds almost like killing with kindness. Jordan, in its own right, deserves the most generous and sympathetic aid that British universities can give it. But to offer it the Commonwealth treatment is, not only politically clumsy, but linguistically misconceived. Commonwealth countries contain their many and varied languages within their own frontiers and each can decide, without prejudice, on the merits of having its higher education anglicised: English can even be a bond in a country where many dialects are spoken. But Jordan's language is that of a great system of Arab nations who, however disunited politically, are united in cultural pride. The problem of finding teachers for a Jordanian university would certainly be great and would have, in the end, to determine its language policy. Yet Jordan might find an uncommitted way by having no rigid policy, using Arabic or English empirically, according to the staff it can muster, but with perhaps a bias towards English in a subject like archæology, in which it might hope to enjoy some international prestige.

is known as the Pracheachon—were sentenced to death for plotting to overthrow Prince Sihanouk's government. The Cambodian chief of state, whose admirable if intermittent leadership keeps his countrymen in his debt, has never hesitated to speak his mind about communism and its local practitioners.

Luck has supplemented the prince's ability, and his realism has put it to good use. Unlike Vietnam, which was partitioned, and Laos, which had two provinces in effect amputated, Cambodia emerged in one piece from the Indochina war. The Laotian and Vietnamese communists achieved recognition during the Geneva conference of 1954, but the Cambodian communists were ignored. Another favourable circumstance is that the Pracheachon so clearly takes its orders from Hanoi and not from Peking (still less Moscow). This helps Cambodia to keep its neutral balance. The point was presumably taken in the right quarters last January when Prince Sihanouk, in a speech commenting on the arrest of the Pracheachon men, specifically absolved Peking from responsibility for the alleged plot and put the blame squarely on north Vietnam.

In south Korea, too, the death sentence is being used as an instrument of policy, but in very different circumstances. On Sunday, six soldiers were sentenced to death in Seoul for misappropriation of army funds. This must be seen as part of the continuing campaign against corruption initiated by the military dictator, General Park. There are, however, signs of a softening. Two weeks ago, General Chang, the original "front" man of the military regime, was released from gaol; and last week, 13,000 prisoners were pardoned. General Park, who celebrated the anniversary of the coup on May 16th, evidently feels more secure as time goes on.

The Economist Subscription and Gift Orders

If you would like to receive The Economist regularly please fill in your name and address and hand this order to your newsagent—or send it direct to the publisher at the address below. If you would like to give The Economist to a friend, we will gladly arrange for a gift card to be sent with the first copy.

Annual Subscription by ordinary mail UK and Canada £4.10; USA $15; elsewhere overseas £5. By air see page 785

☐ Payment enclosed ☐ Please send bill

The Economist, 22 Ryder St., London, S.W.1

NAME .....
(BLOCK CAPS)

ADDRESS .....

Haig in every Home

—and Handy Sizes for Picnics, Parties, Travelling and Abroad

Don't be vague – ask for **Haig**

HAIG 'GOLD LABEL' BOTTLE 41/6

Gracious service—her life's pursuit She's hostess on your

JAL
JET TO JAPAN

In Japan, the supreme accomplishment for a girl is mastery of the arts of hospitality and courtesy. Your hostess on your JAL polar 'Courier' flight to Tokyo has learned from childhood to take pride in obliging others. Smiling, kimono-clad, she welcomes you aboard the new, mighty Fan-Jet DC-8. As you relax amid the tasteful elegance of the traditional decor, she waits on you with o shibori hot towels for your face and hands, serves you with exotic Japanese delicacies as well as the finest Western cuisine. Her one wish is your enjoyment of a most serene and memorable journey. London-Tokyo polar flights are twice weekly. The service is direct and there is no change of aircraft en route. JAL also operate frequent Trans-Pacific flights to Tokyo from the U.S.A. and a comprehensive service throughout S.E. Asia.*

*In conjunction with Air France

JAPAN AIR LINES

8 HANOVER STREET, LONDON, W.1. TELEPHONE: HYDE PARK 3831

HAL. 4789

Challenge to Advertisers

Check through your Advertising Agents or through any recognised source of media analysis and one indisputable fact emerges—the most economical way to dominate the rich London market is by advertising in The London Evening News.

Even before the rate of growth of T.V. audiences began to level out, the Evening News net sale was well in excess of the average number of sets switched to I.T.V. London for peak-time weekday viewing.

To reach hundreds of thousands more people . . . to give your advertising message a longer life . . . to make the most of your advertising expenditure . . . we challenge you to find a more effective advertising medium than

The London Evening News

Enquiries to: THE ADVERTISEMENT MANAGER, THE EVENING NEWS, NORTHCLIFFE HOUSE, LONDON, E.C.4. FLEet Street 6000

BOOKS

Mr K's Aeroplanes

A History of Soviet Air Power

By Robert A. Kilmarx.

Faber. 366 pages. 42s.

ANYONE essaying a complete, integrated and fully documented study of the history of Soviet air and rocket power from Tsarist days to the Soviet astronauts and space-flights of the early 1960s must know that his attempt will inevitably be punctuated by missing data and uncertain and conflicting statistics. This said, Dr Kilmarx has produced, on the whole, a scholarly, worthwhile book; it is to be recommended both to students of the subject and to the broader public interested in Soviet affairs or in aviation in general.

The book is scholarly because it is carefully documented. But the author himself does not appear to be a real aviation scholar. He occasionally makes a comment that seems either curious or a sort of *non sequitur*. In writing, for instance, about the effect of the Korean war on Soviet air thinking, he says that close-support air operations in Korea could enable Russia to "evaluate better the larger scale contribution atomic weapons might make to a future war," and also that "perhaps the number of UN aircraft downed by Communist ground fire encouraged [Soviet] advocates of surface-to-surface missiles." One would have thought that both East and West were still in the throes of evaluating primitively the contribution of atomic weapons to war and were getting progressively worse at the evaluation. It is hard to see how the Korean war could have contributed to Soviet air thinking under this heading. Then again, when Dr Kilmarx writes of the undoubted technical and tactical weaknesses of Soviet long-range bomber operations in the second world war, he mentions the poor planning, bad navigation and inaccurate bombing and adds that most of the operations were flown at night "without fighter escort." This was true of most of the best night bombing by the Royal Air Force or the Luftwaffe. Fighter escort and well-planned accurate night bombing attacks have no fundamental relationship.

But "A History of Soviet Air Power" clearly represents the fruit of much serious and worthwhile study and is a valuable addition to the growing bibliography of books on the subject of Soviet aviation. It underlines the fact, belatedly recognised by the West, that for the last twenty-five years the Soviet air force has been further advanced technically than was generally realised outside Russia. For instance, the Russians flight-tested their first jet engine as early as 1940, and, as Dr Kilmarx also points out, many of their fighter and short-ranged bomber aircraft of the second world war bore comparison with their equivalents in the Luftwaffe, the RAF or the United States Air Force.

On the whole, Dr Kilmarx preserves a sense of balance in assessing the weaknesses and strengths of Soviet air power. He covers a wide range of topics, including airborne forces, helicopters, strategic air defence, long range bombers, rockets, transport aircraft and space weapons—the latter inevitably in a rather speculative way. Usually he writes about them straightforwardly, historically and factually. But every now and then a politician seems to emerge from the text to confuse both the writer and the reader. For instance, Dr Kilmarx says that the Soviet civil aviation programme provides a cover for the further development of advanced military bombers. In fact, the reverse is true. Soviet jet bombers like the Bear, Bison and Badger preceded Soviet jet transport planes, civil or military; the supersonic jet Bounder bomber has arrived before a supersonic transport plane. There has been no secret about this, for these machines, jet transports and bombers, have all been paraded publicly on Soviet Air Days. The Tupelov 104 jet liner that you might fly in from London to Moscow is, in part, the child of the earlier Badger bomber and not the father.

As regards bombers, it is not quite clear which of two very divergent figures Dr Kilmarx would have his readers take as the current strength or potential strength of the Soviet long-range bomber force. In one place (page 254) he says that recent articles have estimated it at from 150 to 200 aircraft and then a little farther on (page 257) states that until new weapon systems are available, the Soviet long-range air threat will reside primarily in a force of about 1,500 bombers. But this is a rare case of what seems to be inconsistency. In general the author weaves a clear, sequential, pattern of trends and facts about a subject on which it has been rightly and often said that there are no experts but only degrees of ignorance. To point rather heavily at certain lacunae in "A History of Soviet Air Power" is to try to warn the lay reader. It is a good guide to most aspects of Soviet air power, about which too few books have been written and too many people, even in high places, have only the vaguest of notions.

Siamese Twins

Memoirs of a Special Case

By Chaim Raphael.

Chatto & Windus. 207 pages. 18s.

MR RAPHAEL leads two lives, successfully intertwined. He was brought up as an orthodox Jew, and he is a Hebrew scholar, pious in his devotion to his people and their customs. He is also, and very consciously, a modern Englishman: he has had a successful career as an Oxford don, a civil servant and a writer of thrillers (under the gentile pseudonym of Jocelyn Davey). This combination seems to lead to no conflict; he writes as a happy man, who gets pleasure from both his incarnations. But it does lead to a deep and constant preoccupation with the fact of his double nationality: not so special a case, perhaps, as he believes, but certainly an extreme one.

In this book he brings together some half-fictionalised memoirs or half-biographical stories—one hardly knows which, and it does not matter—all on this enthralling theme. They are written with charm and style, but with a little too much schmalz. The characters, other than Mr Raphael's own pleasant and civilised self, are from romantic stock; and they are all, Jews and goys alike, bathed in a somewhat rosy glow. But they are only the background to the author's real theme: of his changing feelings, at different times and in different countries—schooldays in the north and west countries, Jerusalem under the mandate, and more briefly London and New York during and after the war—about his two selves. There may be more rounds to come, but one has a strong impression that the Englishman in Mr Raphael has pretty well killed the Jew by kindness.

Female Labour

Woman in Parliament

By Jean Mann.

Odhams. 256 pages. 21s.

HISTORY is unlikely to record Mrs Mann, who retired from Parliament at the last election, as one of the great political figures of our era. Some will recall the campaign she waged to safeguard children from accidents at home; others may remember that it was apparently her vote which saved Aneurin Bevan from expulsion by the Labour Party's National Executive Committee in 1955. But the significance and sense of these memoirs is that they are essentially a view of politics straight from a typical Labour party woman's section.

While Mrs Mann is always fun to read and brings a rather engaging style to her task, it is only fair to say that her work lacks a firm structure. Proof reading, too, could be better. We are inclined to wander backwards and forwards over a patchwork of time and topics. On the way, however, we pick up many interesting crumbs from the political high table. Mrs Mann is very insistent that Aneurin Bevan, not George Brown, was the main figure in that House of Commons dinner scene with Khrushchev, and she attributes the spotlight of publicity that was focused on the present Deputy Leader of the Labour party to the efforts of the "red rebels" to deflect attention from their adopted hero's role. Like most

people, Mrs Mann is inconsistent towards her contemporaries. She has firm likes and dislikes. She liked Nye Bevan, while remaining earnestly critical of the damage he had done. She likes Jennie Lee. She paints a human picture of women MPs and has a pat on the back for everyone she describes, Tory as well as Labour; Barbara Castle gets a good word. Mrs Mann is by implication rather less charitable towards some male contemporaries.

While she gives an understanding account of an MP's life, there is a rather pharisaical tendency to judge harshly those who may not be pulling their weight. She is ambivalent about intellectuals; she seems to like them in politics when their theories and diagnoses accord with her own, but when an intellectual is, for instance, advocating a radical approach to moral issues with which she disagrees, she can be very scathing. But, prejudices and all, Mrs Mann has the common touch; she understands issues which trouble voters. Whether she really understands the changing society of today is another matter. At least she tries.

View from the Top

The Commonwealth

By Patrick Gordon Walker.
Secker and Warburg.
408 pages. 36s.

THE Commonwealth sometimes seems to be all things to all men. The British Empire in disguise, the basis of a new world Third Force, a closely-knit economic grouping, or an association of states with certain historical and institutional similarities bound together for their own advantage: all these views and many others have their adherents. Mr Gordon Walker supports the last-named of these views. Admirer of the Commonwealth though he is, he recognises that a closer political or economic association is unlikely. He is also well aware that the romantic, or Beaverbrook, picture of the Commonwealth is dangerous, because it fails to recognise the absolute equality in status of all its members. What remains after the end of British paramountcy, the end of a common foreign policy and diplomatic representation, the dismantlement of sterling area controls, and the growing divergence of members' interests and policies? Mr Gordon Walker believes that two linking factors are crucial—the English language and Parliamentary democracy. Because these underlie the Commonwealth, its members have been able to construct a network of consultation, discussion and advice, which extends from prime ministers to middle-aged civil servants, and embraces such subjects as telecommunications, agriculture and relations with the United States.

Reading Mr Gordon Walker's book, one is impressed that the Commonwealth works as well as it does, that countries increasingly absorbed in their own problems maintain and value their relations with other members in different continents. But it is difficult to be as sanguine about the future as he is. The English language, once independence is well established, ceases to be thought of as the language of imperialism. The danger is rather that standards of teaching the language are falling, especially in Asia, and the younger leaders do not come from homes in which English is regularly spoken, as many of the veterans did. As for Parliamentary democracy, Mr Gordon Walker's arguments on Pakistan and Ghana are a shade disingenuous. On Pakistan, he writes: "Parliamentary democracy was the only kind of democracy with which the people of Pakistan and the people who must ultimately devise the constitution were familiar." This, of course, begs the question whether Pakistan will in fact be a democracy at all, and that is surely a more important question than whether its system is Parliamentary or Presidential. On Ghana, he relies heavily on the 1960 constitution to establish the basically democratic nature of Dr Nkrumah's state, without asking how such a constitution is affected by the increasing tendency in Ghana for the state and the ruling party to become identified.

This, of course, is not to say that democracy is impossible in Afro-Asian countries, an attitude Mr Gordon Walker rightly condemns. But it is to say that institutions in the Commonwealth may diverge, straining its cohesion. Already there is a tendency for certain members to decree their own conditions of membership. Instances are Tanganyika's statement that it would not want to be a member if South Africa retained its association with the Commonwealth after becoming a republic, and the threat, as yet unconfirmed, that Ghana would leave if Britain were to join the common market. Such ultimata, however justified, may break up the whole association.

So may British handling of the remaining intransigent colonial problems, above all Central Africa. This book deliberately omits the colonies from consideration, as it omits the common market, though these are crucial to the Commonwealth's immediate future. For though the Commonwealth has moved further and further away from being Anglocentric, as the author explains, British behaviour is the touchstone of the attitudes toward the Commonwealth in the newly-independent countries. India and Canada were able to separate the British fiasco at Suez from their own membership of the Commonwealth to some extent; but is it conceivable that Ghana would have done so if Suez had happened a year or so later? And here one encounters something without which no description of the Commonwealth can be complete: popular attitudes. As an ex-minister, Mr Gordon Walker is understandably interested in inter-government relations, senior civil servants, military heads and the like. But any association as amorphous and informal as the Commonwealth in the end stands or falls on the public opinion of its member-states. It is here that the new Commonwealth of which Mr Gordon Walker writes has yet to take root, not as a bilateral relationship with Britain, not as an uneasy successor to an Empire, but as a genuine multilateral association. Mr Gordon Walker deserves congratulations for a realistic, unsentimental yet sympathetic history of the Commonwealth and assessment of its present role. But it is a bird's eye view from the top; the worms may yet turn.

Requiem for a Sovereign

The History of the Gold Sovereign

By Geoffrey Duveen and H. G. Stride.
Oxford University Press. 123 pages plus 18 pages of illustrations. 30s.

THIS book is much better produced and much more readable than the general run of books on coins; in spite of this tribute it will certainly be valuable to collectors. It is the first to be written exclusively about sovereigns, and the authors have made good use of a lot of hitherto unpublished material from the records of the Royal Mint. Numismatically they cannot be seriously faulted, and descriptions of designs and of minting processes are full and accurate. To an extent they have written a brief history of the Mint, and especially of the more notable and skilful people who worked there, during the period academically known as modern history. But the book is also in a broader if still rather a special way an excellent history book, and should commend itself to historians, in that the authors have tried unusually and pretty successfully to place the fortunes and changes of the gold coinage against their proper background of political and economic causes.

Sovereigns have nearly always been beautiful coins, desirable aesthetically as well as for more obvious reasons; the first to be issued, in 1489, set a fine standard. By the time sovereigns ceased to circulate, in the first world war, Pistrucci's superb George and Dragon had decorated most of the reverses for a century. Lloyd George was evidently not concerned with such frivolous thoughts when he proclaimed in 1914 that

> anyone who for selfish motive, of greed and excessive caution or cowardice goes out of his way and attempts to withdraw sums of gold and appropriate them to his own use, let it be clearly understood that he is assisting the enemies of this country.

Nowadays few people see a sovereign, and many of the young have never seen one. They are still occasionally minted, largely for export, and as it is always comforting for a reviewer to be able to show off by finding an error he will point to one in the inscription attributed (on page 92) to sovereigns of the current reign: "Britt: Omn:" only appeared on a handful struck in 1953 for national collections.

It is unlikely that gold sovereigns will ever again be used as normal currency in the United Kingdom, and this little history book is a fit and not too solemn requiem.

The Conservative Political Centre is a semi-detached institution created by the Conservative Party in 1945 to help to develop a better understanding of politics and to stimulate political ideas and discussion.

Details of its educational activities, its membership scheme, its Bookshop and its publications may be obtained on application to the address below. Four of its recent or forthcoming publications are listed opposite.

CONSERVATIVE POLITICAL CENTRE

32 SMITH SQUARE
LONDON SW1

SCIENCE & SOCIETY

A symposium of lectures given at the 1961 CPC National Summer School by LORD HAILSHAM, SIR FRANK ENGLEDOW, MICHAEL HOWARD, AUBREY JONES, SIR HUGH LINSTEAD, DAVID PRICE, WILLIAM REES-MOGG, NORMAN ST. JOHN STEVAS. *Three shillings.*

CHANGE & CHALLENGE

Next steps in town and country planning

BY A COMMITTEE OF MP'S AND OTHER EXPERTS

'A stimulating report . . . is concerned not only with what its title suggests but ranges over a dozen problems which Britain is struggling to control.'—NEWCASTLE JOURNAL. *Illustrated.*

Two shillings and sixpence.

SCALES OF JUSTICE

A BOW GROUP REPORT

'Casts a commendably critical eye on the administration of the criminal law.'—THE OBSERVER.

Two shillings and sixpence.

FORTHCOMING PUBLICATION

Towards victory over poverty

A Commonwealth approach

To be published on behalf of the Conservative Commonwealth Council. *Two shillings and sixpence.*

A Thousand Russian Years

Lord and Peasant in Russia: *From the Ninth to the Nineteenth Century*

By Jerome Blum.

Princeton University Press. London: *Oxford University Press.* 666 pages. 100s.

SHOULD their financial position ever enable the universities of this country to implement the recommendations of the Hayter report in the field of Russian studies, the many historical works of synthesis and the occasional studies in depth that have come from the pens of American scholars such as Vernadsky, Florinsky, Treadgold, Raeff and the author of this book among others will stand them in good stead.

Professor Blum unfolds and analyses the thousand-year-old history of the relationship between Russian lords and peasants. He sees this relationship as a "function of the political and economic evolution" of Russia. The demands of the state on the one hand and the long-term trends of economic growth and contraction on the other were the two controlling forces that in turn or in interaction shaped the mutual relations between lords and peasants. Although the working of these interrelated forces was in evidence from the earliest stages of Russian history, it became pronounced from the fifteenth century onwards, and ultimately led to the enserfment of the peasant by his lord and to the subjection till 1762 of the lord to obligatory service to the state. The growth of serfdom in Russia went *pari passu* with the evolution of autocracy, but the growth of absolute government as such did not bring about serfdom. It "only channelled and intensified already existing tendencies." Moreover Russia was not the only country in which serfdom emerged when it had largely disappeared in western Europe; its experience was shared by other countries of eastern Europe.

After 1649 when serfdom, though still loosely defined, became state law till 1861 when, under the impact of liberal ideas and political events, it was abolished by statute though still viable as an economic organisation, the vicissitudes of the lord-peasant relationship continued to be affected by the interaction of economic and political factors. Given this broad approach to his subject, it is not surprising that Mr Blum has written not just a monograph on landlords and peasants in Russia but a history of Russia from a particular point of view. There is no denying that the history of a country, where even by the end of the nineteenth-century a bare 13 per cent of the population was urban, can with impunity be written in terms of landlords and peasants. Nor is it possible to write narrowly about the landlord-peasant relationship in Russia, which was at the very core of the political and economic evolution. But was it really necessary to include so much background detail? The student of Russia has easy access to most of the sources quoted by Mr Blum; even the general historian without knowledge of Russian can obtain much background material for the period till the seventeenth century.

However, this is only a minor criticism of an important book in which the author comes to grips with fundamental issues of Russian history that are the subject of controversial interpretation.

Theory v Application

Money, Trade and Economic Growth

By Harry G. Johnson.

Allen and Unwin. 199 pages. 25s.

MOST of this book originated, as the preface explains, in a series of lectures given at a refresher course for Pakistani economists. Thus the first half provides, in a hundred pages, a survey of modern international trade theory that will be a gift to the advanced student. It is concise, authoritative and clear, dealing in turn with the mechanism of balance of payments adjustment, comparative costs, customs, unions and the relation between trade and growth.

Granted that this theory is all good stuff, what can we use it for? Here Professor Johnson is not very helpful; indeed, he rather gives the impression that the function of the real world is to illuminate theory instead of the other way around. It is disconcerting to find the chapter on trade and growth ending with a single paragraph which lists the complications that have been avoided in the preceding analysis by confining it to a world with only two countries where only two goods are produced.

Clearly, theory of this sort can never give a direct answer to a policy problem. A theory that took account of sufficiently many complications to be usable by, say, the United Kingdom negotiators in Brussels, on the other hand, seems impossible of achievement. The theory of international trade, therefore, is not like the potter's wheel or the surveyor's theodolite. Its function is nearer that of holy writ, to guide thinking in the right general direction and to confound error, for only the analytically pure at heart can avoid the simple fallacies to which ordinary mortals are prone. Those that are not with it are against it, since everyone has some theory implicit in his ideas, and most such implicit theories are inconsistent and therefore wrong.

With one exception the rest of the book is less important, though it never falls below the high standard which Professor Johnson has led his readers to expect. The exception is the revised version of an address to the American Economic Association commemorating the twenty-fifth anniversary of Keynes's "General Theory." Once again, this is a godsend for students. It points out some of the main characteristics and limitations of Keynes's great work in relation to subsequent contributions to economic theory.

The book ends with two lectures on the economics of opulence. The first of these explains how interesting it would be to put economic theory in different terms; this is merely superior after-dinner talk among economists. The second illustrates the proposition that not all professors of economics at Chicago are members of the Chicago School.

The Underdeveloped

The Backward Society

By R. Frost.

Longmans. 246 pages. 18s.

THIS book on underdeveloped countries is intended for a wide and unsophisticated audience. The discussion and description are general, the style is colloquial. The references to facts are seasoning, not substance.

Mr Frost is an economist in the International Bank for Reconstruction & Development with considerable experience of the development of the "poor and backward countries." He has set down his reflections on their problems, his criticisms of their policies and his prescriptions for what they should do to help themselves. He examines alternative patterns of organisation of national economic activity, placing more or less reliance on bureaucracy or the market, the objectives and principles of the allocation of factors of production and the obstacles to their efficient use in backward economies, and foreign trade. Backward countries lack capital "in the shape of goods and trained technicians"; these can be obtained in exchange for exports; it is therefore on production of more and varied exports that the "backward" countries should concentrate. To import capital goods, however, requires not foreign exchange alone but also saving. "The opportunity for progress" which Mr Frost describes in his concluding chapter is "the occurrence of a boom in the prices of [a country's] principal exports." The rapid rise in the income of exporters "provides an opportunity for making substantial savings," which can be used to advantage or wasted. This is the main theme of the book.

Mr Frost deliberately does not discuss foreign investment and foreign aid (he does not seem to draw much of a distinction between the two). A subsidiary connected theme is that more should be left to the market and to private enterprise.

In the course of the book, Mr Frost makes a number of shrewd observations and criticisms, but these sometimes lack many qualifications which ought at least to be suggested. No one would disagree with the statement that "whatever assistance the backward countries received their progress still depends upon their own effort, initiative, self-discipline, organisation and government." But it is unfortunate that a book which is addressed to the uninformed, and is meant to stimulate interest in the problems of the underdeveloped countries, should leave an impression of obstinate wrongheadedness on the part of these countries, and no sense of what has been achieved and learned in the past decade. It is also unfortunate that there should be little or no hint of the part played by the advanced countries, which are partly responsible for past errors, through their methods of aid-giving and their advice, and whose *co-operation in trade* (leaving aside their aid) is essential to the success of the policy suggested here.

Scotch Original

Agricultural Sir John

By Rosalind Mitchison.

Bles. 300 pages. 35s.

HE was that inexorably Scottish product —the bores' bore. Prodigious, didactic, unsquelchable, indefatigable Sir John Sinclair of Ulbster belongs to a long, lean line, the progeny of, one supposes, the superlative bore of all, the Admirable Crichton. His financial memoranda to Pitt and Dundas, his monstrous correspondence, his management of the (Sinclair-created, housed, dominated and distracted) Agriculture Board, his published Works, Reports and Codes are each, in their way, unspeakable. And yet there are sound, as well as merely solid, memorials. There is the First Statistical Account of Scotland, that necessary (and sometimes absorbing) mine. There is, still visible, the face and form of Caithness, from Thurso town out into the couthie fields under that broad, chill sky. There are the reverberations of the agricultural revolution quickening through late eighteenth-century Scotland at the direction of the reforming lairds.

It was the work of the Amateur and the Patriot in the age when these were qualities. When Sinclair died in 1835, as Mrs Mitchison writes, "the period when moderate intelligence, landed wealth and conscientious hard work could lead to fame was passing to an age of more professional ability." The verdict is rightly applied to the best of a generation of Sir Johns. This is an engaging and skilful book, good on the man, brilliant in such vignettes as the Caithness election of 1789, and soundly based on family and estate papers. It is recommended reading for outsiders drafted by government Whips into the galleys of the Scottish Grand Committee: Sinclair the parliamentarian would have run *that* if he had only thought of it.

Father of Parliament?

Simon de Montfort

By Margaret Wade Labarge.

Eyre and Spottiswoode. 324 pages. 30s.

SIMON DE MONTFORT caused controversy in his own time, and still does. Did he lead the baronial opposition to Henry III from selfish motives? Or was Stubbs right when he wrote "The idea of representative government had ripened under his hand."?

The facts of de Montfort's career are unusual and dramatic. He was born and brought up in France, but came to England in 1230 to claim his father's earldom of Leicester, which had been seized by King John. He succeeded in his claim, and rose in Henry III's favour, until in 1238 he married the king's sister Eleanor, widow of William Marshall. His marriage led to a long and bitter dispute with Henry over his wife's financial claims on her brother, and Simon gradually became the acknowledged leader of the increasing opposition to the king. When civil war broke out in 1263, he led the baronial forces. His victory at Lewes left him in control of the king and government; but at Evesham, a year later, he was defeated and killed by the future Edward I.

This new biography is an attempt at a reappraisal of de Montfort. As such it has something to offer, for Mrs Labarge takes the view that Simon's motives were largely self-interested. She lays considerable emphasis on the complicated dispute over Eleanor's dowry, the administration of Gascony, and the ambitious character of Simon. These sections of the book are detailed, and contain material of considerable interest.

Mrs Labarge is not so good on the wider reasons for baronial discontent. This is a pity, because the period is one in which the precarious equilibrium of the feudal state was lost, and it is therefore particularly interesting. Faced with an inefficient king, and an administration from which they were excluded, the feudal magnates tried to produce an alternative system of government. The Provisions of Oxford were the result of the same forces which had produced Magna Carta, and reveal in the same way the baronial view of administration. More important even than this, the period saw the beginnings of an embryonic parliamentary assembly, which included knights and burgesses in an attempt to widen support for the baronial aims. Whether de Montfort was responsible for this or not, his claim to be so is part of his legend and deserves full discussion.

Naval Strategy

The Strategy of Sea Power

By S. W. Roskill.

Collins. 288 pages. 25s.

THE Royal Navy has been singularly fortunate in finding within its own ranks a historian of such high quality as Captain Roskill to chronicle, examine and criticise the role it played in the last war. Equally fortunately for the navy and naval history, Captain Roskill has now broadened the horizons of his thought. Naturally enough his examination of naval strategy is primarily based on British experience; this is not so restrictive as it sounds and through careful distillation it has produced a short book that is a pleasure to read.

Captain Roskill is too modest a man to claim the originality of perception of such predecessors as Mahan, Corbett and Richmond; what he does is to draw upon their work with critical appreciation and subject their findings to the test of experience in modern war. His great gifts lie in exposition and comment. They appear not simply in the broader theme of the clash between the maritime and continental schools of strategy but in the more detailed passages linking strategical principles to tactical applications. The reader would naturally expect the chapters on the last war to be perceptive, but on opening the book he could not have anticipated that it would contain, for instance, the clearest exposition of the Battle of Jutland that has been written in the compass of a few pages. Because he writes with a just sense of perspective, Captain Roskill cannot be accused of special pleading in his comments on current strategy.

Saturn's Land

The Planet Saturn: *A History of Observation, Theory and Discovery*

By A. F. O'D. Alexander.

Faber. 474 pages. 63s.

THE publishers here extend, by the pen of a recent Director of both the Saturn and Jupiter sections of the British Astronomical Association, their valuable series on the solar system to "a history of observation, theory and discovery" of what, even in the smallest refracting telescope, assuredly seems the most bizarre of our fellow-planets. Dr Alexander takes us back 2,600 years, and forward thence through all the stages of advance in our knowledge of Saturn and his rings, satellites, "white spots," etc. It is heartwarming to realise that an excellent vaudeville comedian, the late Will Hay, was so good an amateur astronomer that he made as recently as 1933 one of the big forward jumps in our knowledge of the planet.

It is also worth consulting this beautifully illustrated and documented work—much of it hitherto unavailable in English—to learn how much practical astronomers still depend on the hand-sketches of amateurs all over the world. The drawings made by Italians in the last twelve years, using small telescopes, show up on Plates XXI and XXII much better than even the formidable photographs made on the 200-inch Mount Palomar reflector. Dr Alexander need not have been so modest about his work or style in his preface. This is going to prove a standard work of reference for both experts and laymen.

OTHER BOOKS

THIRD FIVE YEAR PLAN. *Government of India Planning Commission.* 788 pages. Rs. 10.00.

ANGOLA: A SYMPOSIUM, VIEWS OF A REVOLT. Published by *Oxford University Press* for the Institute of Race Relations. 167 pages. 9s. 6d.

A SHORT HISTORY OF THE MIDDLE EAST: FROM THE RISE OF ISLAM TO MODERN TIMES. 6th edition, revised. By G. E. Kirk. *Methuen.* 342 pages. 27s. 6d.

COMPETITION, CARTELS AND THEIR REGULATION. Edited by J. P. Miller. *North-Holland Publishing Company.* 436 pages. 70s.

LETTERS

Growing Pains

SIR—As a relative newcomer to the University of Keele, but one who felt the objects of the college (as it then was) sufficiently important to justify uprooting myself and my family from a settled position in Cambridge, may I protest strongly against the implications of your special correspondent's reference on page 665 of your issue of May 19th to "the numerical doldrums into which Keele has fallen" and his suggestion that this "can probably be written off as an unfortunate and introspective case"?

These remarks suggest that the growth of this university has been arrested and that its planners have been unmindful of the national need for additional university places. The facts are quite otherwise. In spite of the difficulties that have attended the establishment of a new university in the past decade we are now ahead of the original programme, and the proposals which were submitted to the University Grants Committee for the coming quinquennium were to expand by a further 50 per cent. Naturally, a small university makes a proportionately small contribution to the provision of new places for the prospective students of the next decade. But numbers are not everything, and the pioneers of Keele believed that they could make an important contribution to higher education by meeting the needs of that group of students who want a wider but yet more integrated course of training than is provided by most of our sister universities. My colleagues and I believe that we are continuing to do this and that we can do it better if our numbers are not too great.

It is, of course, much more exciting to speak of proposed expansion in ten years to a student population of 3,000 than to remember the difficulties of carrying out our small but important pioneering experiment in the years of even greater financial stringency that immediately followed the ending of the war. But it should not be forgotten that the freedom with which the present new universities are able to plan their development owes much to the new principles for which the Keele pioneers fought so bravely twelve or more years ago when they insisted that we should have power to grant our own BA degree and to settle our own curriculum.

Even if one accepted your special correspondent's easy assumption that the country needed nothing but big universities, surely it would be ungenerous to "write off" what has been achieved at Keele? Many of us believe that the country needs small universities as well as big ones, and even in the United States with its very large universities there are well known and highly regarded institutions of about the present size of Keele.

Our programme for the coming five years was an expansion from 800 to 1,200. The fact that the Treasury grant now announced for 1962-67 falls far short of what we asked will clearly imperil that expansion. Increased private generosity and even more support from charitable foundations will be needed if we are to achieve our object, but such support depends on some measure of acceptance that our aims and our achievements are worth supporting. Such confidence in Keele might easily be upset if your special correspondent's ill-considered remarks were left unchallenged and it is for this reason that I am asking you to publish my belief that the Keele experiment has been worthwhile and is a success.—Yours faithfully,

HAROLD TAYLOR
Keele, Staffs Vice-Chancellor

Hongkong Textiles

SIR—In your issue of May 5th your Hongkong correspondent gives a distorted and misleading impression of the conduct and situation of the Hongkong textile industry which could seriously damage the industry's commercial relations in international trade. We trust you will allow us to correct the record as far as is possible within the space limitations of your correspondence columns. There are many features of your correspondent's criticisms which are completely refuted by the facts but to reply to them in detail would require more space than the original article. Certainly in our view the article did not present a fair and balanced picture.

As you are aware, the Hongkong industry has voluntarily restricted its exports to the United Kingdom since February 1958. Its undertaking to do so has been loyally carried out and has now been extended until December 31, 1965. Hongkong cooperated fully in last year's textile negotiations in Geneva because it too desires to see international trade in textiles put on an orderly basis free from arbitrary action by importing countries. Under this agreement the volume of exports for the year 1960/61 is not in any sense either a ceiling or a base level, as your correspondent suggests, but is relevant only as the minimum below which an exporting country should not be asked to exercise restraint. Moreover the long-term agreement, to which Hongkong also accedes, recognises that sudden requests for restraint may disrupt the trade of exporting countries and urges participants to use the restraint procedure sparingly. There is no question of "reckless Hongkong exporters" rushing to exceed a "base" level of goods. What happened was that in November, 1961, President Kennedy remitted to the Tariff Commission a proposal by the US Department of Agriculture that an import levy of 8½ cents per lb be levied on imports of cotton manufacturers. American importers, anxious to forestall this levy, sent an increasing flood of orders to Hongkong. It would, we suggest, be too much to expect that the individual mills reject these orders. Hongkong did not initiate a flood of textiles to the USA; it was the natural reaction to a flood of orders from the USA. And the orders were prompted not by any desire to violate the Geneva agreement but by the normal commercial practice of buying before prices rise.

The Hongkong industry does not object to the fact of the American action, but to its practical aspects: firstly, the delay in making a request leading to an abrupt request for immediate cessation; and secondly, the requests include certain categories where the "disruptive" effects of Hongkong exports is hardly credible and certainly has not been demonstrated; for example, the requested level of restraint for sweaters and cardigans was 7,055 dozen and for raincoats 10,831 dozen.

We should like to take this opportunity to confirm that the Hongkong textile industry remains in favour of a multilateral arrangement which will protect both importing and exporting countries from disruption of their trade and industry, while not putting obstacles in the way of the expansion and readjustment of world trade in textiles. We believe that in the light of these agreed aims, your correspondent's criticisms of the Hongkong industry are unjustified and uninformed.—Yours faithfully,

SIK-NIN CHAU
Chairman, Federation of Hongkong Industries

W. C. G. KNOWLES
Chairman, The Hongkong General Chamber of Commerce

Maximistake

SIR—"Limitation" of the number of cabs licensed in London (your issue of May 19th) was removed in 1833, never again to be reimposed. Drivers were first licensed in 1838 (when "hackney carriage" was statutorily defined as one "plying for hire") and their numbers have never been limited.

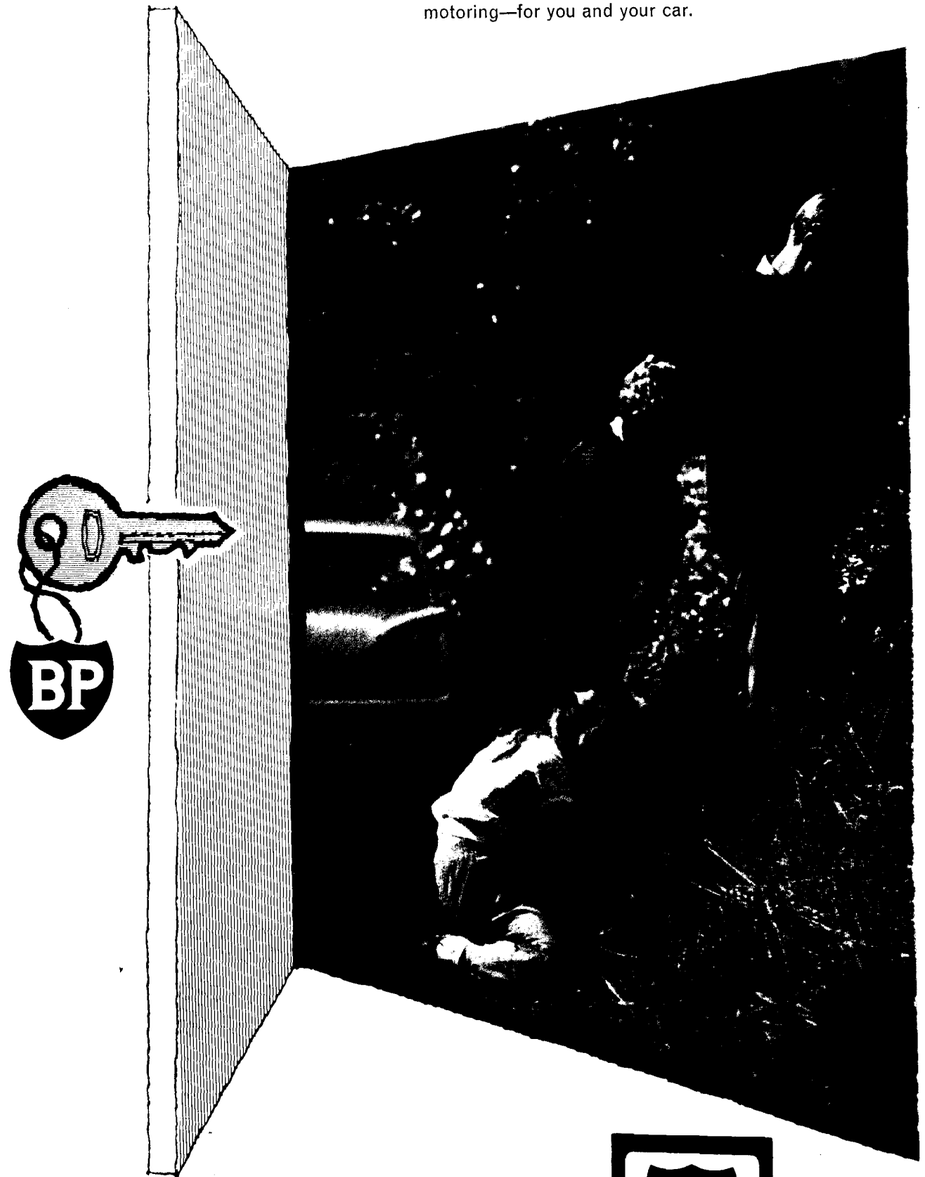
Had you made a study of the Hindley report (1939), the Runciman report (1953), and the report lately made public by an independent committee of technical experts set up in July, 1961, to examine the existing taxi regulations and to advise "what, if any, modifications could be made in them consistent with the need to safeguard the public," quite the opposite conclusions must have been reached.

The ultimate responsibility for assessing "the public interest" is Parliament's and members have, in these three reports, sufficient factual information at their disposal to make a studied judgment. Since no private member's bill can reach the statute book unless the members, themselves, so desire, and since this is not a political issue, only the justice of our plea can place it there. *Magna est veritas et praevalet.*—Yours faithfully,

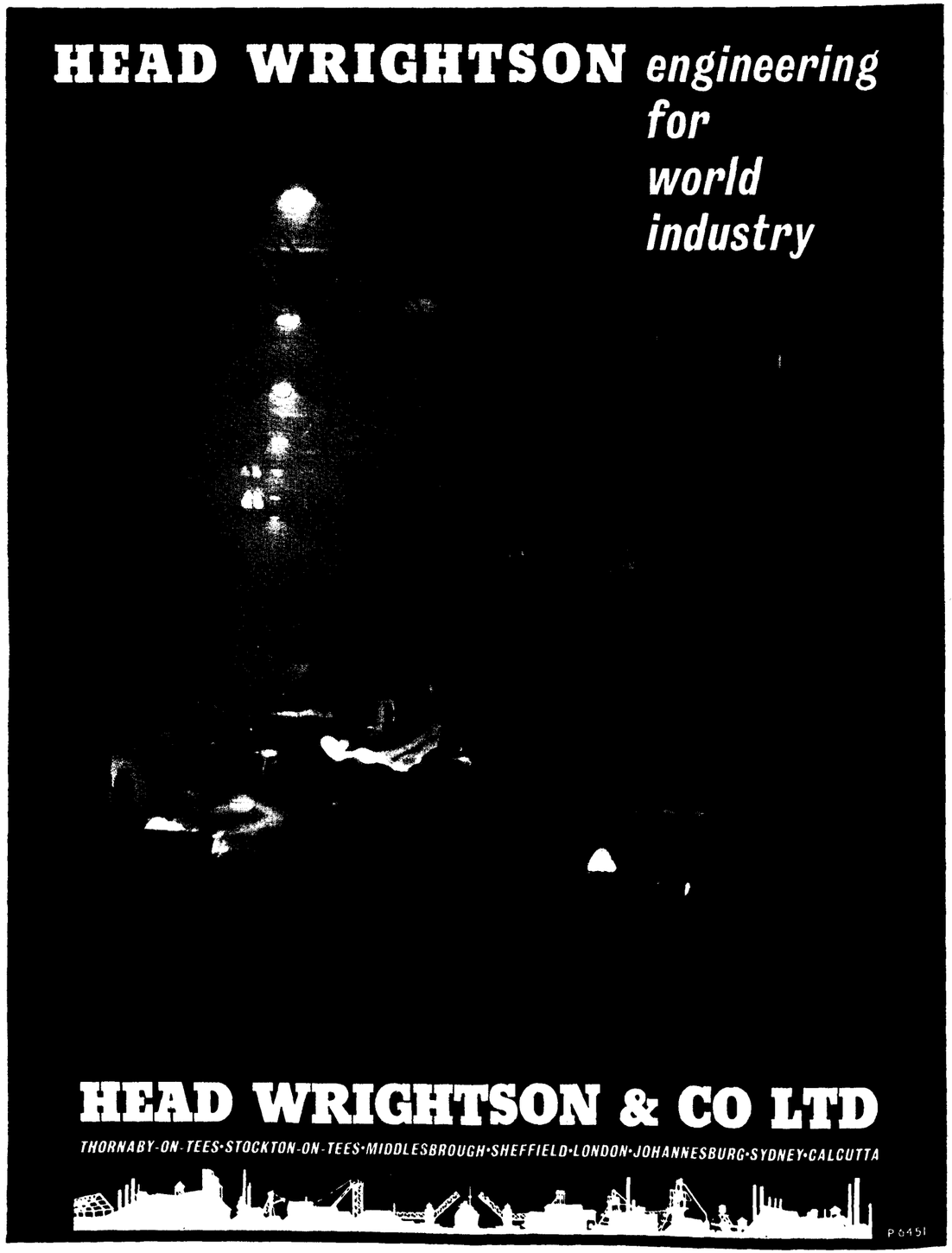
M. M. MELINSKY
London, SW9

BP IS THE KEY

At every BP Garage, this you will find. The responsive petrol—BP Super-Plus. The most advanced motor oil in the world—BP 'Visco-static'. These two are the key. These and BP. The key to a whole new world of motoring—for you and your car.



Things go better with BP SUPER·PLUS



HOME REPORT

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

Green Fantasia

FROM OUR SPECIAL CORRESPONDENT

Along the precarious border

GREEN belts are often regarded as perhaps the most laudable innovation of British town planning. But what actually happens in a green belt? The recent findings of a skilled American observer* underscore the point that all that glistens on a map is not green on the ground. In actual fact population is growing at well above the national average in green belt areas around the largest cities. Within the London green belt live a quarter of a million recent arrivals, who according to the Abercrombie plan should not be there. Of course in the absence of planning controls these figures would be very much higher. The difficulty of preserving green belts is that these are precisely the places where people most want to live.

More surprising perhaps is Professor Mandelker's discovery that the Ministry of Housing is not quite as tough as it pretends to be in upholding green belts. It seems that local planning authorities may allow as many as half of development applications, although most of these are minor changes that are reasonably consistent with green belt principles. Of the refusals that go to appeal, the Ministry allowed 30 per cent of green belt cases in one home county compared with 46 per cent for non-green belt cases, and in a West Midland green belt area Ministry consents arose from 20 per cent (1955-7) to 42 per cent (1958-60). In view of the strong presumption that development should not be allowed in green belts, this hardly looks like firm Ministry backing for the policy.

But although quite a lot of development goes on in green belts, there are no clear rules as to what will be permitted and Ministry decisions often seem inconsistent. In general, however, building is much more likely to be allowed in a village (particularly in a large village) than in the open country; the development of spare sites within a village ("infilling") is more acceptable than peripheral growth; and the building of one or two dwellings is a more likely proposition than a larger scheme. These guidelines certainly work against large-scale or conspicuous developments. It is in victories over "spec" developers that the green belt policy has shown its teeth.

In fact though, planning control follows much the same lines in other rural areas than green belts. Administration is sometimes (not always) more lenient, but pressures are also weaker. Green belts are specially prized partly because of their promise of extra protection, partly because of their defensive role against the outgrowth of the big cities.

Clearly the wider a green belt, the harder (in general) it becomes to defend. The logical Scots have run a very narrow but effective green belt around Edinburgh. The muddled English prefer more diffuse green belts and recent extensions in Buckinghamshire make the London green belt over 20 miles wide in places. Further extensions may follow as exurbanites and country lovers seek fresh cover against new development threats. But they can hardly hope to seal up so large an area when London is bursting at the seams.

What is needed over green belts is a little more clarity and realism, and the following three points might help to achieve it. First, it is useless to try to stop a city growing simply by encircling it with a green belt. If employment in a city grows the job-holders must live somewhere, and a tight green belt increases the numbers who must live a long way from their work. The growth of employment in offices and service trades is particularly marked in large cities, pre-eminently in London. There is everything to be said for offsetting this employment growth by stimulating the dispersal of industries and routine office work, but until these policies are effective, a tight green belt is bound to produce longer journeys to work, higher land prices, and scarcer housing.

Secondly, why have a green belt at all around the smaller cities—the Norwiches, Brightons and Swindons? It is impossible to check the growth of the big conurbations by manipulating minor extensions of minor towns; it would take 200 schemes like Haverhill or Bletchley to make any impression upon the London "overspill," and in any event industries and people will not move to hundreds of little places. If the planners are in earnest about curbing London, Birmingham and Manchester, they ought to give every possible encouragement to the growth of the solid, middle-sized provincial towns—and a green belt is the opposite of a stimulus to growth. Ordinary planning controls would still exist to guide development, and too much "green belting" will also blunt their use.

Finally, the design of green belts merits fresh attention. They ought to include (as they often do not) attractive accessible areas of the countryside with recreational value; conversely, duller land might be excluded except where it seemed desirable to establish a clear break between cities (for example, between Birmingham and Coventry or between Nottingham and Derby). The rules which govern development within a green belt ought to be clarified. The Ministry's general order of preferences is fairly sensible, but it needs applying more consistently and firmly. This will only be possible if housing pressures are more realistically met within urban areas.

At present green belts are being rapidly gestated by county planning authorities, and few of them have received final statutory approval. The danger is that the Ministry will let the counties play with green belts as if they were attractive but harmless toys, without insisting that they be realistic and workable in the national context. This would be a pity. Green belts are only one weapon in the town planners' armoury and are no substitute for routine control; but they could play a worthwhile part in shaping the landscape of the emerging urban regions.

* Green Belts and Urban Growth by Daniel R. Mandelker. University of Wisconsin Press. $5.00. (Obtainable from Town and Country Planning Association.)

Brothers at the Bank?

FROM A CORRESPONDENT

QUIET strife is still simmering between the bank staff associations and their everlasting rival, the National Union of Bank Employees. This autumn—possibly—the International Labour Office will consider a complaint put before it by the Trades Union Congress, alleging that the staff associations contravene an ILO convention, signed by Britain, which outlaws "workers' organisations under the domination of employers . . ." or financially supported by them. The staff associations, while conceding privately that their foundation some forty years ago may have been designed to counter the threat of the newly-formed guild (as it was then), most strenuously deny that they are now dominated by anybody. In particular they point to the salary increases (during the pay pause) that they have won by resort to arbitration.

Meanwhile the NUBE has put in a ludicrous claim for a 30 per cent increase in bank pay: and some employers, faced with a chronic need to compete for young entrants with other industries, have simply given more money anyway. Nobody could fail to agree that bank salaries are negotiated in an atmosphere of Gilbertian confusion. But it needs a fairly vivid imagination to see the events of the past six months as a planned operation by the managements, acting through their tools in the associations.

It is a good while now since the Midland staff association wound itself up as a gesture of disapproval of the way it was treated by the management. This was probably the first sign of real militancy in the internal bodies. In 1953 the Lloyds staff association negotiated an arbitration agreement with the bank, and since then several of the other associations have followed suit, including the Midland association that was formed after the first one died. The last half year has seen the queer logic of these separate arbitration agreements come to full flower. For last November, after the Lloyds association had taken the bank to arbitration, managers in that bank were awarded a 5 per cent increase, and chief clerks 2½ per cent, both back-dated to January, 1961. And last March another arbitration award gave all Midland staff, irrespective of rank, a flat 2 per cent, also back-dated to the beginning of 1961.

These concessions have not been allowed to disturb for long the near-uniformity of bank salaries. The timing of it all has been very ragged, and the exercise is not yet complete, but the end-products that have so far appeared show only minor differences. Thus, in April Barclays gave 5 per cent, 2½ per cent and 2 per cent, all back-dated like the others, to some extent combining the Midland and Lloyds awards. Westminster had given the Lloyds awards in January, but not the flat 2 per cent which had not then been born. In the meantime an additional 3 per cent, dated from April 1 this year, had come into the picture, presumably in connection with the cost of living, so that Barclays gave out its 3 per cent within a few weeks of its larger announcement, while Westminster killed two birds with one stone by combining the 3 per cent with the 2 per cent for its unappointed staff. Then Lloyds joined in with 3 per cent plus 2 per cent, but as senior staff as well as the unappointed had this increase, Lloyds managers have had in all a little over 10 per cent, compared with a little over 8 per cent for their opposite numbers in other banks.

The salary scales, which run from entry to about the age of 30 for men and rather longer for women, will presumably now range from just over £300, for men and women alike, at 17 to a little over £900 for men and about £650 for women, at 31. (In comparing one bank with another the incidence of pension contributions has to be remembered; the banks with non-contributory pension schemes pay proportionately less than those with contributory schemes.) These scales, however, apply only to those clerks unsuitable for promotion to higher ranks; one new entrant in every two, it is said, has a chance of becoming a manager.

MANAGERS' salaries are not published, except for minima on appointment and a vague "over £4,000" or "over £4,500" at the other end of the range. The minima for new managers should now be £1,700 or £1,750 instead of the £1,600 advertised before; the top figures may not change dramatically, for there has been a cut-off figure of £3,000 for some of the percentage increases; but a round £5,000 would be a good figure for a recruiting advertisement, if there are enough managerial salaries to justify it.

The staff associations that went to arbitration can take some pride in their success, and the individual bank-clerk will of course count his blessings; but his pleasure must have been tempered by the vaguely ridiculous atmosphere surrounding it. The banks must be less than happy at the further support provided for the impression that all questions of pay are centrally settled. (Probably the top men in the clearing bank managements are not averse to a quiet word with each other—and certainly the staff associations talk together informally in their central council.) The staff associations that did not go to arbitration, or indeed have no arbitration agreements, must wonder what their members make of it all—when they hear, for instance, that their colleagues in Williams Deacon's, where there is no staff association at all, are gettinfg the same rises as the rest. The union cannot be delighted by increases stemming from arbitration agreements which it has called useless. Was it chagrin that prompted the 30 per cent claim, which achieved remarkable press and broadcasting coverage although (or perhaps because) it had so little touch with reality?

Arbitration awards and the reluctance of other banks to let competitors' salaries get out of line have produced results for bank staffs that they can hardly have expected in an atmosphere of wage restraint. But the fact remains that bank clerks, who have been free these many years to choose the kind of representation they like, have remained obstinately divided. The squabbles between the two sides have been neither edifying nor useful to the staffs.

Have they been useful to the managements, on the principle of divide and rule? Surely not even that, in the long run—certainly not at the moment; of late the bankers must have been thinking wistfully how much easier it would be to negotiate—jointly—with one body, whatever its name, union, Central Council of Bank Staff Associations, or an alliance between the two. Each side blames the other for the repeated failures to reach a *modus vivendi*. With the coming of computers, the need for a five-day week to attract staff, and the approaching possibility of workers being paid by cheque, stirring times are certainly ahead for bank clerks. It seems high time to bury this hatchet, which is all the more hurtful for being rusty with age.

Henrietta's Hampstead

FROM OUR SPECIAL CORRESPONDENT

WHAT precise element it was in the climate of the early twentieth century which prompted people to utopian social experiments is still a matter for argument, but that there was one there can be no doubt. How else can one explain the existence in the whirligig mill of Britain of such oases as Letchworth and Hampstead Garden Suburb? There they are, neat, green, floral in the heart of the commercial desert; cherished and passionately beloved by their inhabitants; the despair of their wretched directors, grubbing along on peppercorn ground rents and fixed dividends; and the source of many a cool calculation in the boardrooms of property developers, to whom these planned and pretty wide open spaces are a reproach and a goad.

Not long since, Letchworth Garden City fought bravely to a victory in the House of Commons over the takers-over whom it thought were about to become oppressors of the ideals which founded it. Now it is Hampstead Garden Suburb's turn to rejoice

in the fall of the mighty, whose techniques are not yet proof against the ferocious counter-attacks of threatened Gardeners. In the High Court on Tuesday, Mr Justice Pennycuick found against a resolution of the controlling trust, made last December, to accept a take-over bid from Suburb Leaseholds Ltd. for the third of Dame Henrietta Barnett's brainchild not already owned by that subsidiary of Messrs Cotton's and Clore's City Centre Properties. The National Trust, who brought the petition, the Residents' Association and the suburb's protection society are jubilant; but their real fight, to overcome the financial difficulties which triggered the bid, is begun rather than ended with the judgment.

In 1906, when social consciences were hardly astir elsewhere, Dame Henrietta founded the Hampstead Garden Suburb Trust Ltd. with a capital of £75,000, issued as £1 shares, with the object of providing homes in pleasant surroundings for people of all classes. Profit was not the motive, and dividends were limited to 5 per cent. The project flourished, but in a way which brought tears to City eyes filled with visions of high-density terraces and numerous rents; and in 1954 the first bid was made—by the then independent company of Co-partnership Tenants Ltd., who already owned nearly two-thirds of the suburb.

The bid was resisted on the advice of the trust's board, and safeguards were instituted against any repetition: 60,000 1s. deferred shares were issued to four bodies thought to be in tune with the suburb's ideals: the suburb's Institute, the Barnett Board, the Bournville Trust and the National Trust. The deferred shares carried no voting power except in proceedings to wind up or alter the trust's purposes, when they carried two votes each—equalling the voting power of the ordinary shares. Meanwhile, Co-partnership Tenants had become Suburb Leaseholds.

BY late 1961, the development of the suburb was virtually complete: the trust had an income from ground rents of £31,500, enough to cover its expenses and dividend payments and a bit over; but some of its finance came from 4 per cent mortgages due in 1965 and 1966. Costs were rising, and in a few years, the trust claimed, the bit over would become a bit under. It was not alone in its calculations, for, while it was debating this incipient disaster, Suburb Leaseholds offered to buy it out in effect, by paying for the transfer of the assets to a new Community Trust from which Suburb Leaseholds would accept 2,000-year leases on the property and pay a rent of £10 a year.

The new trust would be primarily concerned with certain charities connected with the suburb, which would be guarded by covenant against unsuitable development (though the covenant would not be enforceable by the usual penalty of forfeiture of lease). On the new trust's board were to sit the directors of the present trust, five nominees of the institute (on whose board some of the present trust's members sit), two from the Barnett board (of which the trust's chairman is chairman), two from the takers-over (who already own nearly a quarter of the ordinary shares) and two from the Residents' Association to see fair play.

At an extraordinary meeting, the shareholders refused the bid by a show of hands, but had to accept it on a poll, since only a tiny proportion of the ordinary issue is in the hands of the residents affected. The first three of the deferred shareholders (now entitled to votes) likewise accepted. But the National Trust, feeling itself morally bound to uphold the residents, voted against, and later added its 30,000-vote voice to the protesting suburb's squeak to bring a petition against the resolution. The petition succeeded on the ground that the substitution, for those mentioned in the original memorandum of association, of different beneficiaries (the charities named in the formation of the new community trust) to receive the balance of assets in a winding-up did not comply with section 5 of the Companies Act.

So the threat, real or imagined, of tower blocks and terraces in the garden suburb has been turned aside, and most suburbanites will rejoice with the protection society that those who choose to involve themselves in a social experiment should be allowed to continue it unmolested. The financial problem remains, however, insoluble by such simple means as raising rents (there are 40 years to run before that can happen); and the real task of the protectors is now to produce plans for some other solution.

SUBSCRIPTIONS TO THE ECONOMIST *Annual Postal Subscription by ordinary mail. UK and Canada £4 . 10 : elsewhere overseas £5*

By air see below

	Airmail	Air Freight
Australia	£12 5s.	—
Canada :—		
Quebec and Ontario Provinces	£10 10s. or $31·80	£8 5s. or $25·00
Other Provinces	£10 10s. or $31·80	£9 0s. or $27·25
Ceylon	£10 10s.	£7 5s.
China	£12 5s.	—
East Africa	£10 10s	£7 10s

	Airmail	Air Freight
Egypt	£7 15s.	—
Europe	£6 0s.	—
Ghana	£10 10s.	£6 10s.
Gibraltar, Malta	£5 0s.	—
Hongkong	£10 10s.	£8 15s.
India	£10 10s.	£7 10s.
Indonesia	£10 10s	—
Iran and Iraq	—	£7 15s

	Airmail	Air Freigh.
Israel	£7 15s.	—
Japan	£12 5s.	—
Jordan	£7 15s.	—
Lebanon	£7 15s.	—
Malaya	£10 10s.	—
New Zealand	£12 5s.	—
Nigeria	£10 10s.	£6 10s.
Pakistan	£10 10s.	—

	Airmail	Air Freight
Philippines	£12 5s.	—
Rhodesia	£10 10s.	—
South Africa	£10 10s.	£7 10s.
S. and C. America	£10 10s.	—
Sudan	£7 15s.	£6 15s.
USA	$29.50 or £10 10s.	$25 or £9 0s.
West Indies	£10 10s.	—

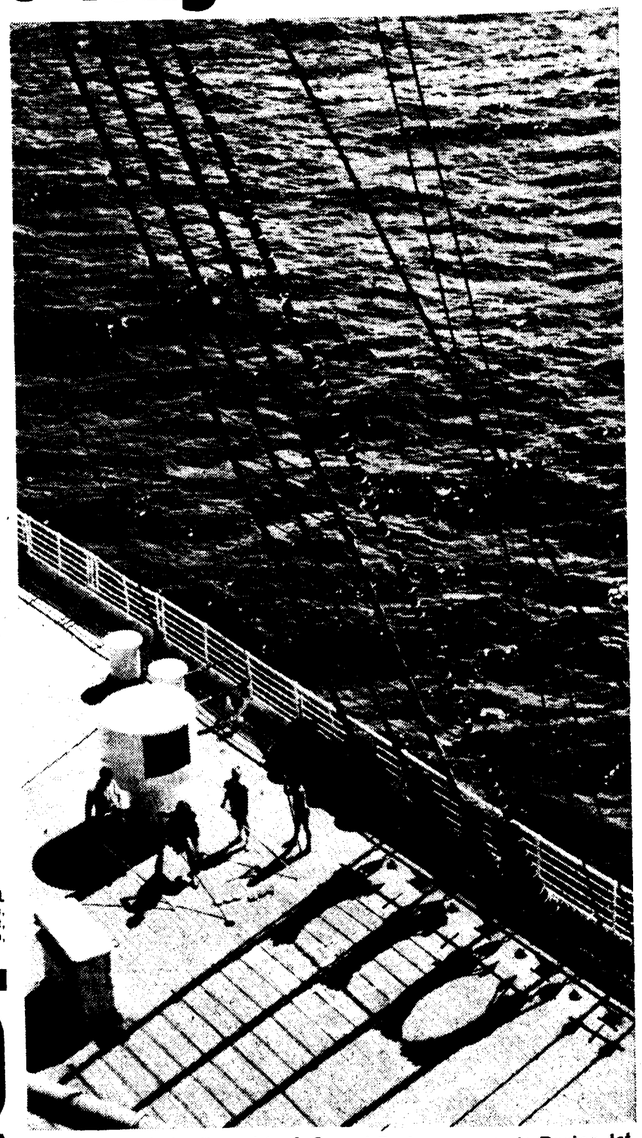
NOTES: **Air Freight** is normally 24/48 hours slower than air-mail. Proportionate Rates are acceptable for subscriptions for less than a year (minimum four weeks). **H.M. Forces** at official service addresses can enter Airmail Subscriptions in Europe at £5, elsewhere overseas at £7 15s. a year: surface mail rates and airmail rates for Gibraltar and Malta are as shown above.

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, s/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Ejnar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Avatis, 8 Ibrahim El Laksani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1; Conwa Grossovertrieb GmbH, Homburg 1, Danziger Strasse 35a, Hamburg. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: Van Gelderen Hoofdkantoor, N.Z. Voorburgwal 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau, Ltd., 701-706 Marina House. INDIA: Patrika, Syndicate Private Ltd., Gole Market, New Delhi, 1; or 12/1A Lindsay Street, Calcutta 16. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Steimatzky's Agency Ltd., Jerusalem, Tel Aviv and Haifa. ITALY: Messaggerie Italiane, Via Lomuzzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard P.O Box 30080, Nairobi. LEBANON: Librairies Antoine, A. Naufal & Frères, Rue de l'Emir Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 71 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: A. R. S. Potona Krakowskie Przedmiescie 7 Warsaw. RHODESIA: Kingstons Ltd., P.O. Box 1498, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenfychsvagen 70, Stockholm. SWITZERLAND: Agence Aeberhard, Case, 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: British Publications Inc., 30 East 60th Street, New York, 22, N.Y.; Eastern News Distributors Inc., 255 Seventh Avenue, New York 1, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guacaipuro, Apartado No. 2589, Caracas.

NEW YORK by Queen
in a glorious long weekend!

You go aboard one of the great 'Queens' on a Thursday and are in New York on the following Tuesday. In between you have four carefree, invigorating days... tempted by magnificent menus... royally entertained... splendidly served. Whether you are business or pleasure bound, there is no better start or finish to your visit than this brief but bracing holiday at sea. It costs so little of the working week and pays such splendid dividends in rest and relaxation.

FARES BY 'QUEEN' LINERS
First class from £134.10
Cabin class from £83
Tourist from £64



REGULAR SAILINGS FROM SOUTHAMPTON AND LIVERPOOL
Consult your local travel agent or CUNARD LINE, Cunard Building, Liverpool, 3 (Liverpool Central 9201); 15 Lower Regent Street, London, S.W.1. (WHItehall 7890); 88 Leadenhall Street, London, E.C.3. (AVEnue 3010).

CUNARD
TO USA AND CANADA

Fly the Atlantic by Cunard too! Cunard Eagle now operate Boeing Jet Services to Bermuda, Nassau, Miami and Jamaica. Cross the Atlantic by sea, by air or combine the two—ALL WAYS BY CUNARD.

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.

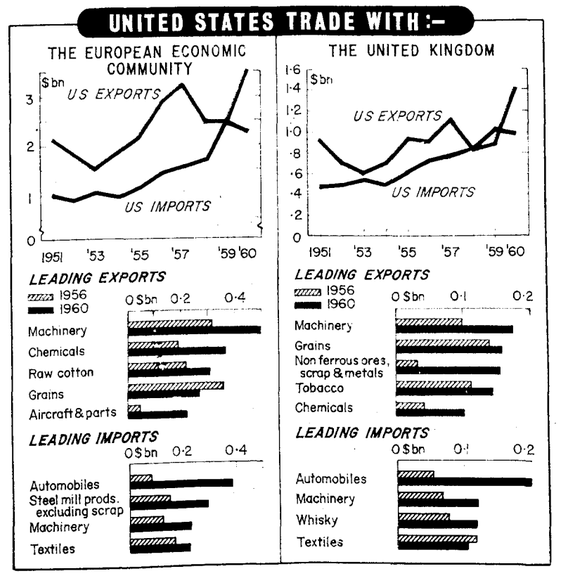
Trading in a Grand Design

WASHINGTON, DC

THE Trade Expansion Bill which President Kennedy sent to Congress last January is expected to clear its first hurdle and to emerge from the Ways and Means Committee of the House of Representatives (probably while this issue of *The Economist* is in the press) in a form which gives the President almost all that he asked for. There is still an obstacle race to run, for beyond the floor of the House, where a satisfactory vote is expected, waits the Senate Finance Committee, which is much less free-trade minded than the Ways and Means Committee, and after that the Senate itself. But so far the new tariff legislation has had a surprisingly clear course.

The President has never concealed his view that the political aspect of this legislation is its most vital quality—though this "grand design" has served as a framework for some heterogeneous elements. In his original message to Congress on the subject the President spoke glowingly of an integrated western Europe, joined in trading partnership with the United States, which would shift the world balance of power farther to the side of freedom. But evidently it was felt that this would not be enough to move a Congress that is habitually besieged by lobbying protectionists. Therefore, the rather odd spectacle was witnessed of the Secretary of State, Mr Dean Rusk—there are few more high-minded and idealistic men than he is—boasting that the legislation, if passed, would be used to make a good Yankee trade, meaning to drive a hard bargain with the European Economic Community.

But in spite of the recent increase in duties on carpets and glass, the United States appears to be no more protectionist nowadays than it is isolationist. There seems to be a widespread, rueful recognition that the more powerful a country becomes, the less sovereignty it really possesses in the sense of being able to do what it likes or to go it alone. This sober realisation makes General de Gaulle's current posture or pose in France appear tragi-comic to many people on this side of the Atlantic. Nevertheless, President Kennedy felt obliged last week to emphasise not only the American commitment to the defence of Europe "since the threat to western freedom is basically indivisible," but also that it is a commitment to "a common defence," that the United States expects its allies to play their part and that it will insist on participating in the decisions affecting war and peace in Europe. "A coherent policy cannot call for both our presence and our absence." Mr Kennedy went on to say that he welcomed the rise of a united Europe, which would be a stronger partner, and that both it and the United States would become stronger yet if their economies were built up by expanding their trade.



As the trade Bill, which is designed to do this, emerges from the Ways and Means Committee it will give the President the power to abolish some tariffs altogether. The groups of commodities affected by this provision might include machinery of different kinds, railway vehicles, motor cars, cosmetics and some chemicals. All of them would be in categories where the United States and the European Economic Community together account for at least 80 per cent of world exports; the important assumption underlying this is that the EEC will include Britain, Denmark, Greece, Ireland and Norway. The President will also have authority to cut other tariffs in half, on entire categories of goods. These reductions and the abolition of some tariffs would both be spread out over a period of not less than five years from the time that negotiations with foreign countries for reciprocal concessions were concluded.

The President will have power, as well, to raise tariffs and by quite a lot—half as much again as the rate at which they stood in the middle of 1934, when American duties were still at or near their zenith. But it is not expected that this latter authority will be used, except in a dire emergency and as an extraordinary last resort. The Tariff Commission will continue to have the right to recommend increases in duties in order to protect industries; but the President will continue to have the right, that has been well exercised in the past, to reject such recommendations. The President will be empowered to provide loans and tax relief for firms which require such aid to enable them to adjust to the competitive conditions brought about by reduced tariffs. Workers who are laid off for the same reason may get part of their usual wages, for eighteen months, and also allowances while they are being retrained for new jobs at the federal government's expense. It is estimated that such aid, to firms and to workers, may cost the government $70 million a year.

There has been a tendency in the Administration to look critics of the trade proposals straight in the eye and to declare that these proposals will prove to be a sovereign remedy for ills ranging from the deficit in America's international balance of payments to the slow pace of its economic growth, as if they were a kind of Buck-U-Uppo, the potent patent medicine in

the story by Mr P. G. Wodehouse. The dificit in the balance of payments is probably the tightest single rein on the sort of action with which Mr Kennedy might try otherwise to accelerate the rate of growth. Therefore it is perhaps natural that the two problems should appear thus in conjunction. The argument is that, if there were a broad and mutual lowering of tariffs on both shores of the Atlantic, American exports and imports would each increase by about the same percentage ; this would mean that the surplus which the United States currently enjoys on its trading account would expand and so reduce the deficit in the balance of payments. The Secretary of the Treasury believes that exports would increase proportionately more than imports and so increase the benefit to the balance of payments.

As their living standards continue to rise, the Europeans are expected to buy still more American goods. Since 1958 the six countries of the existing European Economic Community have increased their imports from the United States by 44 per cent. Hopeful collectors of statistics point out eagerly that at present these six countries have only twenty-three radios to every hundred persons, compared with ninety-five to every hundred persons in the United States, and that the Europeans lag even farther behind in refrigerators and washing-machines.

EUROPEAN farming is admitted, however, to be a problem and there have been warnings that the common market's variable import levies may reduce Americans and other outsiders to being mere residual suppliers of wheat and flour, feed-grains, pork and poultry to Europe. It is also confessed sadly that it is the United States which has shown Europe, by its example, the way to a system of high support prices for farmers and of agricultural surpluses which may mean competition for American farm exports in third markets. Reductions in American tariffs may be contingent on the EEC assuring the United States that Europe will remain a large market or even become a larger one) for American agricultural exports.

One of the central ideas of the " task force " which was originally set up by Mr Kennedy to consider what his tariff policy ought to be was that it should be aimed at bringing about a general liberalisation of trade. This became distended, however, into a " grand design." In an address to the National Association of Manufacturers last December, President Kennedy said that the trade Bill would make it possible for two great markets to be harnessed together in a team that would be capable of pulling " the full weight of our common military, economic and political aspirations." Some of Mr Kennedy's advisers feared that closer association of the European Economic Community with the goals of the United States might be hampered, or even prevented, by peripheral neutral Swedes and Swiss and Austrians or by the claims of the British Commonwealth or by political football played by parties in Britain. As a result the chief preoccupations became to ensure that what was called the European core was satisfactorily consolidated and to keep it from being perforated or diluted by every Tom, Dick and Harry crowding into the common market, perhaps trailing Commonwealth or ex-colonial cousins after them.

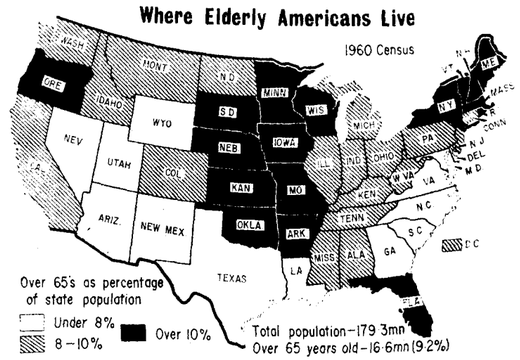
There may be second thoughts about dilution now that the core seems to have become overheated with illusions of grandeur. But even if the Trade Expansion Act turns out after all not to be the royal road to an Atlantic Community, Americans are unlikely to turn away from the dream which Mr Nelson Rockefeller, in his lectures at Harvard University this year, described as the historic choice that was fast rushing upon the West. The spectre of a narrow and inflexible Bonn-Paris axis (with its own striking power) may soften resistance to a wide, loose, pragmatic kind of association which has been frowned on hitherto as lacking the clear, sharp outlines of a grand design.

Medical Stakes

NOW that the House Ways and Means Committee has finished its work on the trade Bill, it is free to take up a much more controversial domestic issue: the President's plan to finance hospital and nursing care for old people through the federal social security system. This explains why last weekend was chosen for rallies in over thirty cities ; the biggest of these was addressed by President Kennedy himself. Advocates of medicare—as the plan is called—think that the closed door against which they have been beating for years is beginning to give. Members of Congress came back to Washington after Easter with the impression that there was widespread support for a dignified federal scheme for dealing with the heavy medical costs which burden the country's old people and their relatives.

The President is not alone in believing, as he said this week, that, if the issue can be brought to the floor of the Senate and the House of Representatives, the response will be favourable. But in the House Ways and Means Committee, which held its hearings last year, the Administration has failed so far to win over the three Democrats whose votes are needed if the Republicans, with the help of two Democrats, including the chairman, Mr Mills, are not to block the Bill. Mr Kennedy himself is not as optimistic about success this year as he was once, but a failure can be turned into an election issue which may pay rich dividends ; more than 15 per cent of the voters are over 65 years old.

Where Elderly Americans Live



The day after the President spoke, the American Medical Association spent about $100,000 to answer him on television. Its spokesman called the plan a cruel and costly hoax, which would not help some 3 million old people who are not covered by social security ; he also asserted that it would destroy the flourishing private health insurance schemes and would lead to socialised medicine, lower standards and interference with the doctors' freedom to treat patients. The AMA has seen to it that complaints about the British health service are well-aired. In fact the payment of doctors' bills is carefully excluded from the scheme, which covers only hospital costs and those of care in nursing homes and at home. The AMA actually supports a measure which authorises the use of federal money to pay doctors ; this is the Kerr-Mills Act, which involves a means test, and leaves it to individual states to decide whether to help those who cannot meet their medical bills (only about half of the states now do this and most of the beneficiaries are in a handful of states). Some doctors are so intransigent that they are threatening not to treat hospital patients under the scheme if it is adopted—a piece of folly which only damages their own cause.

What most encourages the friends of medicare is the rash of compromises now being proposed by its critics and by individual Republicans. Progressive Republicans from New York suggest that old people should be given the choice of having their care paid for through social security or being given money to help them to pay for private health insurance. This would remove the taint of compulsion, although it might leave the federal fund with all the worst risks. But if a compromise of this kind—or like the proposal of Mr Harrison of Virginia to confine the scheme to catastrophic illness—is adopted, it will be the Democrats who make the running; the Republican leaders in Congress are still solidly hostile.

Wall Street's Reappraisal

FROM A CORRESPONDENT IN NEW YORK

IN September, 1958, the giant pension fund of the American Telephone and Telegraph Company was authorised to invest in common stocks for the first time and this decision came to symbolise the new respectability of such investment. Thus the cult of the equity was born. On the premise that the American economy was on a treadmill of inflation, prices of common stocks were bid to the highest point, in absolute terms, in history. Similarly, investors demonstrated their willingness to pay more for a share per dollar of earnings than at any time since the bottom of the great depression, when the market was selling primarily on the hope of recovery rather than on the fact of performance. Now, Wall Street is engaged in unwinding the work of the past four years. Shares on the New York Stock Exchange are in a broad and general decline that has continued unabated since the middle of March, in spite of two major " selling climaxes " and a rash of confident statements from brokers that " value " has returned to the market and that buying opportunities are at hand. According to one major Wall Street brokerage firm, " for the first time in years, nearly every stock on the big board is in at least a minor downtrend."

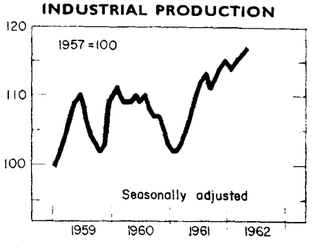
Concern about the future and the possibility that the economy may be in recession by the early part of 1963 have played an important part in the thinking of investors during the current decline in the market. But Wall Street's professionals are taking a more fundamental view of the slump in prices. Inflation is not the potent force that it was once ; in fact, industrial prices were slightly lower at the end of 1961 than they were at the beginning of the year when the recession was at its depths. As this lesson begins to sink in gradually the investing public, and especially the major institutional investors, are starting to question the propriety, to say nothing of the wisdom, of buying common stocks on the promise of growth that under the best of circumstances may be twenty years away. This reappraisal is set against the backdrop of a strong and resilient bond market which, even after a healthy rise in prices (and a consequent decline in yields) since the first of the year, still provides investors with a most attractive return on their money. Long-term United States bonds are yielding close to 4 per cent compared to 3 per cent for common stocks, while top grade state and local issues, whose interest is exempt from federal taxation, yield over 3 per cent. In a word, Wall Street's concept of value is changing.

There has been no outright dumping of shares, but fears are developing that the market's decline may begin to feed upon itself, that the pessimism generated by declining share prices may be reflected in a contraction of businessmen's plans for capital spending ; this might mean even further declines in share prices. There are rumours that margin requirements (which govern the use of credit in buying shares) will be lowered from the present level of 70 per cent to give the stock market a much needed shot in the arm. But these reports are not taken very seriously and in the meantime investors are left, jittery, wondering at just what point the collective intelligence of the market place will decide that the mystic quality of value has returned once again.

Confident Statistics

IN President Kennedy's view and that of most detached economic observers the statistics for April should have restored confidence to the stock market already. The latest of these indicators, and one of the most significant, came with the details of new orders placed for durable goods, which stopped going down in April. This put the final touch on the picture of an economy which had recovered from its new year hesitation and was all set for a record summer. Housing was another sector which had been doing badly, but the number of new houses started was up in April for the second month running, to the highest level for nearly three years. The output of the country's mines and factories rose by almost 1½ points on the index and personal incomes also went up again, as a result of the increased amount of employment in industry. Consumers are spending their higher incomes and apparently intend to go on doing so ; the volume of retail trade is very satisfactory, with motor cars selling particularly well.

INDUSTRIAL PRODUCTION



As a result of all this the President's advisers expect the economy to show a sustained upward surge well into next year. Businessmen's economic advisers, however, doubt if the recovery will have this much vigour and think that it may level off by the beginning of 1963. Some, at least, of this pessimism springs from their distrust of the interference with their activities which, they are convinced, will come inevitably from the Administration. Nothing that the President can do seems able to allay these suspicions ; nothing he can do, after all, can hide his fundamental lack of sympathy for the businessmen's point of view. Nevertheless businessmen, led by Mr Blough, the villian of the steel episode, are making a great effort to co-operate with the President, serving on various special committees which he has set up and so forth. Mr Kennedy wants both businessmen and trade unionists to give up their old arguments and to approach from a technical rather than a political angle the basic challenges which today lie behind all the bargaining over wages—how to ensure a steadily growing economy, for example, or how to stem the outflow of gold. This week's conference in Washington on national economic issues was an attempt to encourage this more sophisticated, creative attitude. The result was disappointing for all three groups of participants—businessmen, trade unionists and government officials—seemed as widely separated as ever, in public, at least.

Whose Scandal?

LAST week when Mr Kennedy met the press he was well-primed for the inevitable questions about the spreading scandal surrounding Mr Billie Sol Estes, a Texan who is alleged to have greased the palms of government officials in order to obtain favourable treatment for his cotton and grain storage empire. The President insisted that the federal government, which has 76 investigators on Mr Estes's trail, had been the first to bring him to book for defrauding a number of finance companies ; Mr Kennedy also defended Mr Freeman, the Secretary of Agriculture, and then carried the war into the Republican camp. Most of the surplus grain stored in Mr Estes's highly profitable warehouses went there during the Eisenhower Administration. (Moreover, members of Congress of both parties had dealings with Mr Estes.) And

the President turned the whole affair to some advantage by warning Congress that opportunities for corruption would increase unless it brought agricultural surpluses under control by approving the Administration's farm Bill. The government already pays nearly $500 million a year to private interests for the storage of surplus grain and scandals in this field are not new.

Both of the subcommittees—one in the Senate, under Mr McClellan, and one in the House, under Mr Fountain—which are delving into the Estes affair will try to discover what it is in the system which made it possible for Mr Estes to become, in two short years, one of the ten largest storers of surplus grain in the country and to obtain, in a way now judged illegal, other men's valuable rights to grow price-supported cotton. This is considered to be more important than establishing whether civil servants accepted small presents in return for favouritism to Mr Estes, though this will also be investigated. So far four government employees have resigned or been discharged, three of them, including a former Assistant Secretary, from the Department of Agriculture and one, Mr Holleman, an Assistant Secretary of Labour, who was discovered to have accepted $1,000 to help to pay his bills in Washington from Mr Estes, an old personal friend.

The chief congressional forum will be Senator McClellan's subcommittee, which has an enviable reputation for non-partisan thoroughness ; open hearings will probably start next month. Mr Estes himself, who has been warned not to leave the country, may prefer not to say much, as he has been indicted by both federal and state authorities. In Texas Mr Estes, some of his business associates and the Commercial Solvents Corporation, a big eastern chemical firm, have been charged with violating the anti-trust laws by trying to corner the market in anhydrous ammonia, a fertiliser which increases crop yields greatly and thus helped to fill Mr Estes's storage facilities. His main income—over $7 million in three years—came from storing government grain which is now being transferred elsewhere.

Labour's Leaders in the Net

THE mills of justice grind slowly. But last week three prominent trade union leaders were in trouble which can be traced back to the famous hearings on labour abuses that Senator McClellan held between 1957 and 1959. The biggest fish is the one which has got away so far: Mr James Hoffa, the tough little president of America's largest trade union, the International Brotherhood of Teamsters. This union, which no longer confines its recruiting activities to lorry-drivers, was kicked out of the American Federation of Labour and Congress of Industrial Organisations in 1957 for corrupt practices. Mr Hoffa has now been charged with violating the Taft-Hartley Labour Relations Act by accepting large sums of money from a road transport firm with which he had negotiated a trade union agreement. Such transactions were made illegal to prevent employers from suborning the representatives of their workers.

Luck and the employment of high-priced legal talent have helped Mr Hoffa so far to evade the clutches of the law. But this charge—and another being brought in Florida, where he is accused of defrauding members of his union—might shake the loyalty of his teamsters and he seems to be rattled ; only last week he was accused of beating up a member of his staff. In all, some fifty present or former leaders or members of the teamsters' union have been brought to court, about half of them during the Kennedy Administration, though the Attorney General, an old enemy of Mr Hoffa, is trying to discourage the idea that this is a personal vendetta.

One of these is Mr Beck, Mr Hoffa's predecessor as president of the teamsters, whose conviction on charges of embezzling union funds was confirmed last week in a 4 to 3 decision of the Supreme Court. He faces 15 years in prison on this charge. The troubles of the teamsters bring no tears to the eyes of the leaders of the AFL-CIO but the case of Mr Hutcheson, the president of the Brotherhood of Carpenters and a member of the executive council of the federation, is another matter. The Supreme Court has upheld his conviction for contempt of Congress ; he refused to answer questions, some of them about a road scandal which later led to his being convicted on a serious charge in Indiana. If the second conviction is upheld, Mr Hutcheson will be barred, under the Landrum-Griffin Act, from holding union office for five years. But until this happens the AFL-CIO will be left holding the rather embarrassing baby ; contempt of Congress, in itself, is only a misdemeanor and no bar to union office.

Global Sugar?

AT last Congress has received the Administration's proposals for revising the legislation which has stabilised the supply and the price of sugar in the United States and has protected domestic producers by a system of quotas since 1934. Cuba was by far the largest foreign supplier until its quota was suspended in 1960 after its new government had expropriated American property on the island. Since then the existing sugar legislation has been extended temporarily while attempts have been made to reach agreement on a new system. Even now these have not been entirely successful and it seems likely that there will have to be yet another temporary extension of the existing Act.

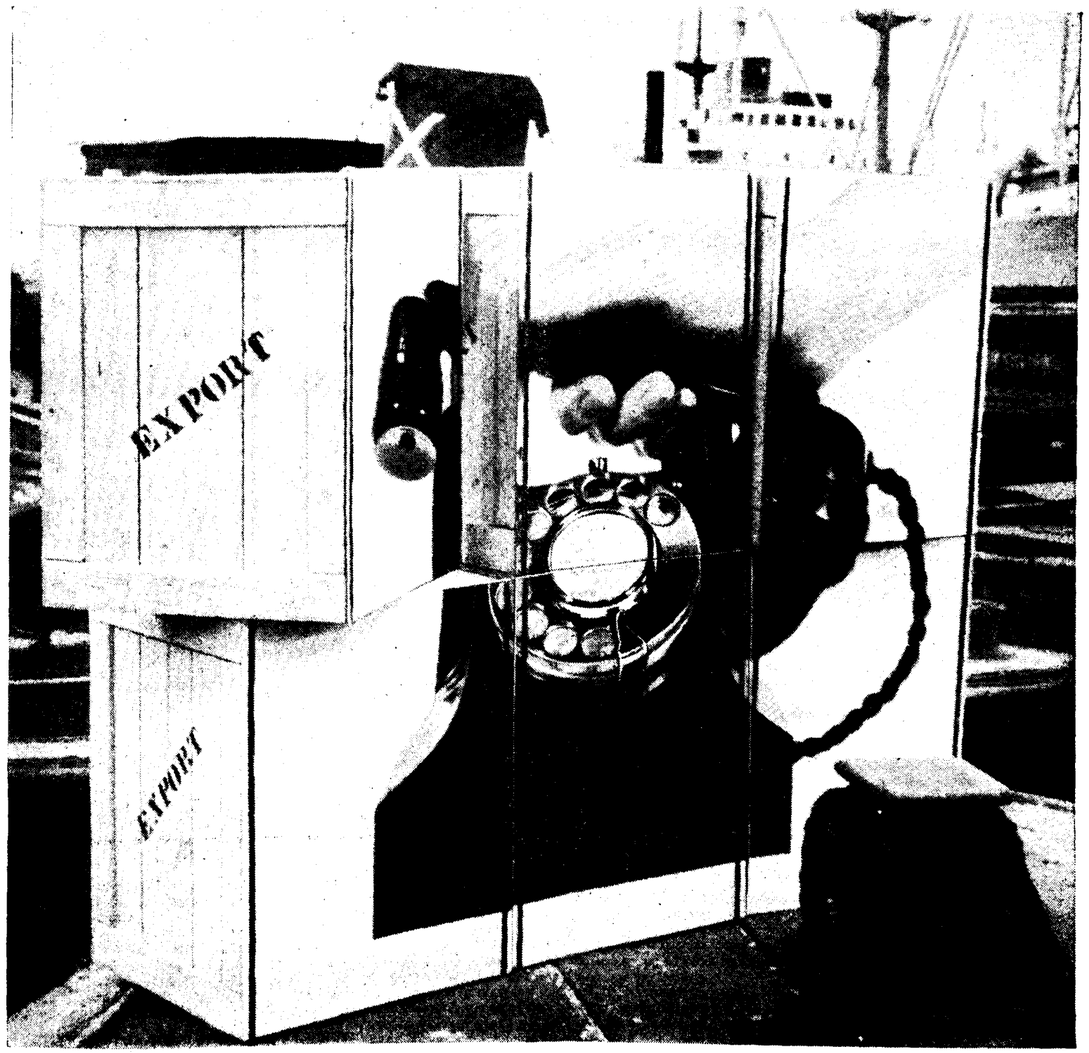
The total United States demand for sugar, on which the proposed new quotas are based, is put at 9.7 million short tons a year, to be supplied as follows:

	Short tons
Domestic areas :—	
Mainland beet	2,650,000
" cane	895,000
Hawaii	1,110,000
Puerto Rico	1,140,000
Virgin Islands	15,000
Philippines	980,000
Cuba	2,584,277
All other foreign suppliers	325,723

This allocation increases the share of the domestic producers on the mainland by over 6 per cent at the expense of the offshore domestic producers (who have not been filling their quotas) and of Cuba. In addition mainland producers would receive a larger share—63 per cent instead of 55 per cent—than in the past of the annual increase of about 150,000 tons in consumption.

This seems to be enough to satisfy the domestic producers, although the refiners object to Cuba still being allowed to ship as much as 250,000 tons in a refined state. In practice, of course, nothing at all is coming from Cuba and it is here that the argument really begins. The proposed legislation provides that, when the United States does not have diplomatic relations with a country, that country's share—meaning Cuba's share—of the sugar supply can be bought from any friendly foreign country subject to the payment of a fee covering the difference—usually from 2 to 3 cents a pound—between the world market price and the United States price. The Administration also wants to impose such a fee by stages on imports of sugar from all countries except the Philippine Republic (where special treaty arrangements are involved). This would eliminate gradually the present premium on imported sugar which is in effect a haphazard form of foreign aid to countries which sell sugar to the United States. The official view is that the premium no longer serves to ensure steady supplies because apart from Cuba there is no country which can guarantee to meet any sudden increase in American demand.

Mr Cooley, the chairman of the Agriculture Committee of the House of Representatives, disagrees, arguing that to drop the premium would bring back the era of violent fluctuations in sugar prices and would hand over control of the market to Russia and



"Export Ease" just a 'phone call away

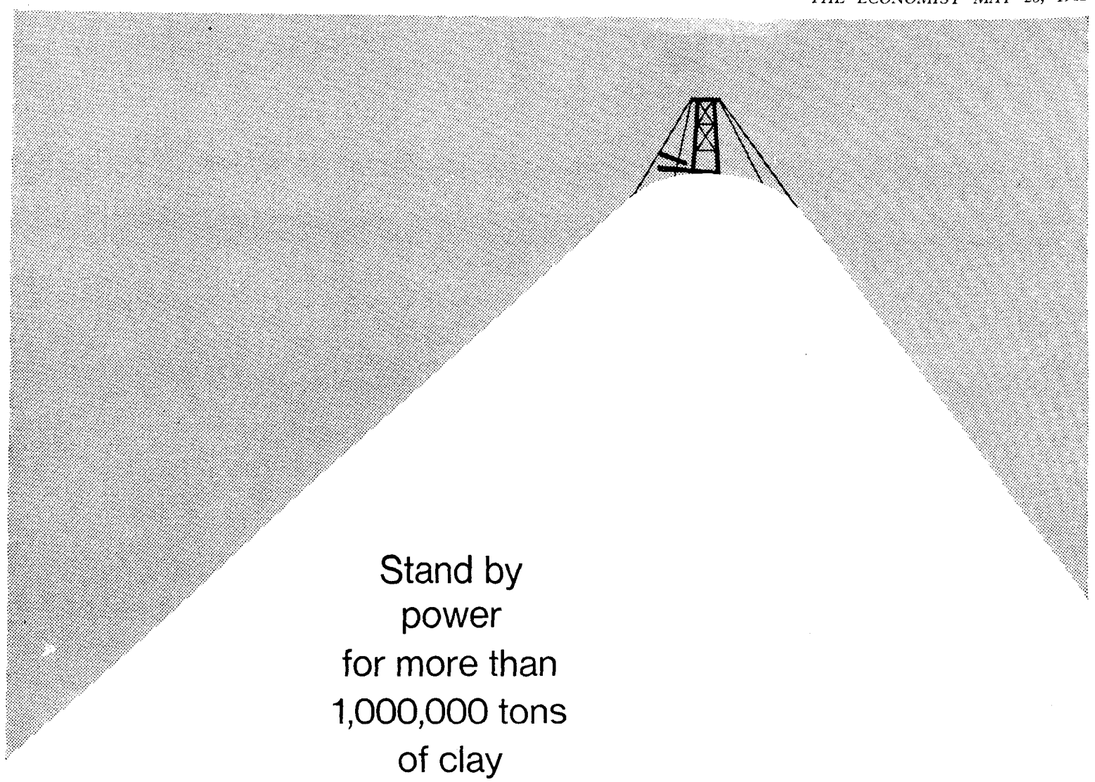
Through its world-wide network of overseas branches and correspondents First National City is in constant contact with business conditions in almost every country throughout the world. As a result, they are in an excellent position to offer up-to-date information on the economic and political conditions of a given country.

But this is only a small part of the service you can get from First National City. For instance, for any client, they will be pleased to arrange a letter of introduction to the manager of any of its overseas branches or correspondents. Their knowledge of local customs, local laws, and local commercial practices is invaluable.

Whether it be the financing of exports, requests for credit information, the rapid collection and transfer of funds, or knowledge of local exchange control regulations, First National City are ready and willing to help ease your export problems.

There can hardly be a businessman in the export field who would not benefit from this sort of service. Why not get in touch with First National City at either 117 Old Broad Street, E.C.2 (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.



Stand by
power
for more than
1,000,000 tons
of clay

English Clays Lovering Pochin & Co Ltd, the world's largest producers of china clay, needed an additional independent source of power to safeguard their production during emergency and peak-load periods. They solved the problem by installing a Proteus-powered Bristol Siddeley 3,000-kW turbo-generator set.

The Company operates a large number of pits, distributed over 150 square miles, and uses vast quantities of water to mine the clay. Water pumps and other machinery must be kept operating to avoid flooding, otherwise equipment and weeks of valuable production may be lost.

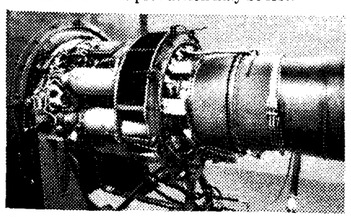
The 3,000-kW set provides the security needed and has the additional advantage that, by using it for peak lopping during maximum-demand periods, it reduces the annual cost of power purchased from the Electricity Board.

The set is unmanned, self-contained, remotely controlled and can be on full load from cold in 2 or 3 minutes. It occupies less than half the area of equivalent steam sets and costs considerably less to install and run. English Clays quickly recognised the economics of this; they already have 17,500 kW of steam plant.

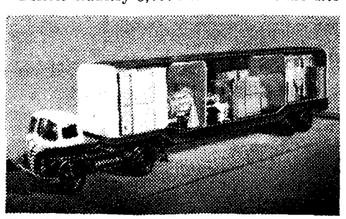
Bristol Siddeley 3,000-kW static sets are also operated by the South Western Electricity Board for stand-by and peak-lopping duties. Bristol Siddeley also produce a mobile version, enabling power to be moved from one area to another on a standard road or rail vehicle.

Where even higher stand-by power is required, the Bristol Siddeley 15,000—18,000-kW set offers the ideal solution. It is smaller and costs less than any other plant of equivalent output.

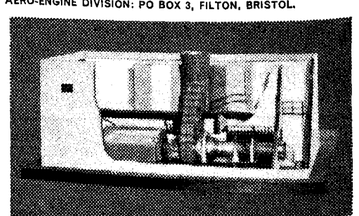
BRISTOL SIDDELEY ENGINES LIMITED, CENTRAL OFFICE: MERCURY HOUSE, 195 KNIGHTSBRIDGE, LONDON SW7. POWER DIVISION: PO BOX 17, COVENTRY. AERO-ENGINE DIVISION: PO BOX 3, FILTON, BRISTOL.



The 4,250-shp Bristol Siddeley Proteus which powers the mobile and static 3,000-kW sets.



The mobile 3,000-kW turbo-generator powered by the Bristol Siddeley lightweight Proteus gas turbine.



The 15,000—18,000-kW static turbo-generator which is powered by the lightweight Olympus gas turbine.

BS **BRISTOL SIDDELEY SUPPLY THE POWER**

MARINE AND INDUSTRIAL GAS TURBINES—MARINE, RAIL AND INDUSTRIAL DIESEL ENGINES—PRECISION ENGINEERING PRODUCTS
TURBOJETS—TURBOFANS—TURBOPROPS—PISTON ENGINES—RAMJETS—ROCKET ENGINES

Cuba. He also suspects, with justification, that the whole scheme is a first step towards the Administration's objective of substituting a global quota, open to all foreign bidders, for individual country quotas. This, in his view, would lead eventually to complete abolition of the quota system. But allocation by countries lays the government open to charges of exerting economic influence and to pressures from those who want a share, or a larger share than at present, in the American market, as many countries do. The main concern of the Administration, however, is to prevent the American sugar market from settling into a new pattern of vested interests that would leave no room for Cuba should there be a change of government in that country. This is why a quota is still reserved for Cuba and why the Administration opposes Congress's desire to divide this quota among other suppliers.

Mining Water?

FROM A CORRESPONDENT IN COLORADO

WHAT seems to be a simple income-tax case in a federal court in West Texas has all the water-conscious West looking on. For when it is finally decided—probably by the Supreme Court—this case may affect the entire country's policy on the use of water, particularly of "ground-water." This is water far enough underground to be recoverable only by drilling. There are immense stores of it even in some dry regions, since it has been accumulating for ages by slow percolation through porous underground strata from higher levels.

In some areas, such as in West Texas, New Mexico and Arizona, ground-water supports a large irrigated agriculture and geologists say that it is being exhausted much faster than it can accumulate, so that the supply is running out. Now a farmer in West Texas, Mr Shubet, contends that this makes ground-water a non-renewable mineral, rather than a renewable natural resource like water flowing on the surface of the earth. Therefore he has asked the court to rule that he is entitled to a "depletion allowance" on his income tax, specifically to a refund of $300 on his 1959 payment.

The depletion allowance permits owners of mineral deposits to escape taxation on some of their income, on the ground that they have to deplete their mineral capital to get it. The best-known example is that of the oil and gas producers, whose tax-free retention of up to 27.5 per cent of their gross income from production (if this does not exceed 50 per cent of their net income) costs other federal taxpayers more than a billion dollars annually. Congress has permitted smaller amounts of tax-free income on other minerals, usually 15 per cent, and it is to this group that the Texas farmer seeks to add ground-water where there is evidence that the supply is being exhausted.

This contravenes the general federal policy that all water is to be classed, and conserved, as a renewable resource. For example, Mr Udall, the Secretary of the Interior, only recently forbade the granting of any more applications for agricultural homesteads in areas where the water-table is declining—that is, where users are already depleting the underground store. If this policy is carried out it would restrict the use of ground-water as nearly as possible to the volume moving underground from the distant highlands. But if the Texas farmer should win his suit, it is estimated that farmers in Texas and New Mexico would get refunds and annual benefits of about $6 million a year; users of ground-water in other areas of declining water-tables would also benefit. The effect would be to encourage greater use and more rapid exhaustion of underground water everywhere, at the expense of the taxpayer.

Drilling for this water is very expensive, and relatively few farmers or ranchers can afford to go deeper than a few hundred feet or to pay the electrical bill for pumping. Yet the potential supply is immense. In the West as a whole there are billions of acre-feet (of 325,851 gallons each) available. Much of this water is tainted with salts and cannot be used until cheaper methods of cleansing it are devised; but much is fresh enough for use "as is." The supply is particularly large under the Great Plains, which are part of that vast sweep of the West that the water-experts say will exhaust its runoff (fresh water flowing over the surface) almost immediately, and which must curtail the use of water, or find fresh sources of it. If ground-water is treated as a minable resource, to be developed rapidly and exhausted, this would mean "ghost-towns" on the plains and in the deserts, like the deserted mining towns where ore deposits have been played out.

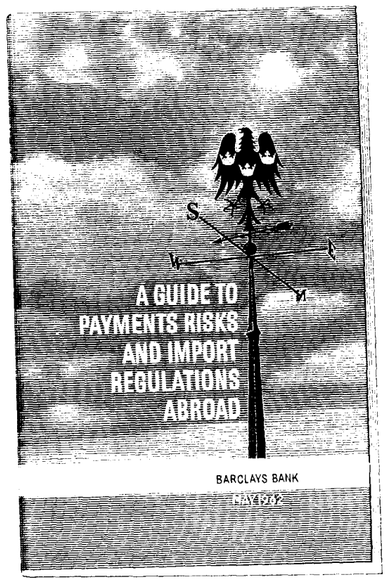
That the government is taking the West Texas claim seriously is shown by the elaborate evidence it put before the court. Its experts sought to show that it had taken the underground waters in Texas, at least, only a relatively few years to percolate hundreds of miles through underground strata from the higher ground—probably the Southern Rockies—where they first fell as rain. Opposing geological experts testified, on the other hand, that it had taken these waters hundreds of years to accumulate and that therefore they could hardly be considered as a renewable resource. Everyone in the West will keep a wary eye on this case until it is finally resolved.

Nutmeg State

REPUBLICANS in Connecticut—the nutmeg state—had to think fast last week when their one Senator, Mr Prescott Bush, decided that he would not stand again. It is less than a fortnight until his party meets in convention to choose its candidates and, with his campaign in full swing, it had been taken for granted that Mr Bush would be its standard-bearer. He pleaded ill-health and advancing years but his abstinence may be due, in part, to a poll of public opinion which suggested that he was likely to be beaten roundly if his opponent were Mr Ribicoff, a former Governor of Connecticut and famed vote-getter who is now Mr Kennedy's Secretary of Health, Education and Welfare. Instead the aspiring giant-killer is likely to be Mr John Davis Lodge, the brother of Mr Henry Cabot Lodge and Governor of Connecticut from 1951 to 1955; he was also Mr Eisenhower's Ambassador to Spain. Mr Ribicoff and Mr Lodge clashed in 1954, when the Democrat became Governor by a narrow margin.

Mr Lodge's emergence as a senatorial candidate means that there is one less Republican straining for the privilege of knocking out Mr Dempsey, the present Democratic Governor. Mr Dempsey inherited the office when Mr Ribicoff went to Washington and with it inherited also a host of problems: higher taxes, rising road deaths and the bankrupt New Haven Railroad. The Republicans are still not short of gubernatorial candidates—there are six of them—but the two in front are Mr John Alsop, brother of the newspaper columnists, and Mr Edwin May. Both are classed as liberals and if one of them is elected he would fortify the small band of progressive Republican Governors.

Mr Ribicoff has been pressed—probably not against his will—to step back into Connecticut politics because it is thought that he will help to pull Mr Dempsey through. With Mr John Bailey, the Democratic national chairman, strongly behind him in Connecticut Mr Ribicoff is likely to win the Democratic senatorial nomination handily. But he has stopped just short of announcing his candidacy and probably will not do so until July when the Democrats meet to choose their nominees. There is one small cloud on the horizon—Representative Kowalski, a Pole in a state where his countrymen form a sizeable minority and a man who has won a bigger vote than any other politician in the state's history. If Mr Kowalski, who is campaigning against "bossism," controls 20 per cent of the delegates to the Democratic convention, he can demand a primary election; this might leave some scars on Mr Ribicoff.



***Revised edition out NOW**

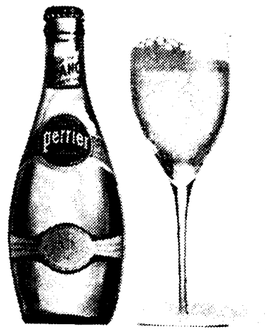
An up-to-date edition of this handy booklet is now available. Of special interest to Britain's exporters, it covers 80 countries, indicating the degree of risk of non-payment and giving a brief comment on market conditions, a summary of import regulations, the latest figures for currency reserves and imports from the United Kingdom, and the approximate exchange rates. The booklet, which is revised every four months, can be obtained from any of our branches. Alternatively, please get in touch with any of our specialised Foreign branches:

London: Chief Foreign Branch,
168 Fenchurch St., EC3
West End Foreign Branch,
1 Pall Mall East, SW1
Birmingham: 61 Colmore Row
Bradford: 25 Kirkgate
Liverpool: 38 Old Hall Street
Manchester: 94 Portland Street

BARCLAYS BANK

Money is our business—throughout the world

Perrier au naturel



Le Whisky Perrier

Le Citron Perrier

What shall you drink with your Perrier?

Cognac, whisky, blanc ordinaire? The juice of fresh oranges? Or do you prefer to drink Perrier by itself, well chilled, just for the joy of it?

Perrier enlivens your drink and your palate as nothing else can. After all, it's the finest table water money can buy. The purest sparkling water in the world. **Perrier**

BEAUTIFUL PERRIER

THE WORLD OVERSEAS

Salan's Surprise Survival

FROM OUR PARIS CORRESPONDENT

"By a majority vote . . . extenuating circumstances. . . ." The rest of the sentence was drowned in pandemonium. In the decorated hall of the palace of justice, the defence and their friends in the audience were singing the *Marseillaise* and chanting *Algérie Française*. Bewildered journalists could hardly trust their ears. The same military tribunal which, last month, had sentenced to death General Jouhaud, second in the hierarchy of the Secret Army Organisation (OAS), had now spared General Salan, the official leader of the organisation and the man who took full responsibility of all its actions. Once the cries and the jubilation had died down, the news came through that Salan had saved his head but received a sentence of life imprisonment. This surprising verdict, announced shortly before midnight on Wednesday, ended the strange seven days' trial of the general.

In fact, it cannot accurately be described as the trial of General Salan. The prosecution, in principle, wanted to restrict the proceedings to Salan's part in the *putsch* of April last year, and to the subsequent crimes of the OAS. But throughout the seven days there was relatively little talk about the thousands of victims, predominantly Moslem, who suffered at the hands of the OAS. The prosecution called only four witnesses, and it could hardly expect to get any information out of General Salan himself. The former commander-in-chief in Algeria, his hair still bearing traces of conspiratorial dye, rose on the second day of the trial to read, in a monotonous tone of voice, his declaration. The gist of this was that he had brought General de Gaulle back to power to prevent civil war and to keep Algeria French. Subsequently, General de Gaulle betrayed his word, and the OAS is the consequence of this betrayal. He, General Salan, had remained true to his pledge and accepts full responsibility for everything, but would not, he said, answer any questions. His silence throughout the trial was, tactically, a clever move. Thereby, he accepted responsibility in the abstract, but refused to be tarnished by concrete, criminal details.

Four witnesses for the prosecution ; sixty for the defence. Of these the most moving was the general's brother, himself a gaullist, but who pleaded that his brother had been deceived and should be spared. Otherwise the trial was a procession of advocates for French Algeria. A bunch of retired generals, some serving officers, a marshal's widow, a paratrooper priest in the *Torquemada* tradition, a professor of economics who presumed to speak in the name of youth, all came forward to assure General Salan of their sympathy and devotion. Self-confessed conspirators of 1958, MM. Biaggi and Delbeque, who subsequently parted company with the government over Algerian policy, explained how General de Gaulle had used Algeria as a stepping stone back to power. The usual contingent of Algeria's "*mal-élus*," and their French associates, retold the story of General de Gaulle's betrayal and its tragic consequences.

Yet, if the prosecution failed to put the OAS on trial, the defence, for all its opportunities, also failed to put the gaullist regime on trial. Nothing was seen of the famous incriminating evidence that Salan is supposed to hold in a safe in Madrid. For students of the last days of the Fourth Republic and of the birth of the Fifth, the trial did no more than confirm one old suspicion and suggest a new one. It has been confirmed that in May, 1958, General de Gaulle, while negotiating with M. Pflimlin for the legal succession, was simultaneously in contact with the insurgents in Algiers. The new suspicion concerns Corsica. If M. Arrighi is to be believed, the decision to invade Corsica was taken in Algiers after the arrival of a special gaullist emissary, a lady who afterwards became M. Debré's press officer.

Much of the tribunal's time was taken up with an even older case—the mysterious "bazooka affair." In January, 1957, a shot fired from a bazooka killed a French major at the Algiers headquarters. The real target had been the commander-in-chief, General Salan. It is generally believed that the attempt was part of the first plot to overthrow the regime, and that Salan was to be removed because, at that time, he was considered too loyal. The assassination was to be in Algeria, but the inspiration came from Paris. Persistent rumours have associated M. Debré with the plot. Now that he is no longer prime minister, M. Debré was able to deny these allegations categorically. He emerged unscathed from his duel with the defence counsel's admittedly tame attack. But the situation was less clear cut when M. de la Malène, his close associate, came to deny that, in August, 1958, he had gone to Algiers on behalf of M. Debré, who was then minister of justice, to negotiate with the army an arrangement whereby the bazooka trial should be held in camera and the accused put on parole. The confrontation at the trial between M. de la Malène and General Dulac was, to say the least, ambiguous. The correspondent of *Le Monde* summed up the general impression in the words of the French ditty: "I hold thee, you hold me, by the goatee. . . ."

Before the jubilation

This impression was not limited to one incident. True, it would not have been logical to expect the defence lawyer, M. Tixier-Vignancour—a Vichy man in 1940 and one of the stars of the extreme right since the war—to probe too deeply into the bazooka case. Such are the vagaries of politics that the lawyer who is now the chief defender of General Salan was then the counsel of his chief would-be assassin, a man called Kovacs, who, in the meantime, has vanished. But Maître Tixier-Vignancour, who has a reputation as a famous destroyer of reputations, seemed relatively restrained on this occasion. It was he who, on Wednesday, delivered the final, lengthy plea for the defence.

He started from the premise that, rightly or wrongly, General de Gaulle had decided well before the end of the Fourth Republic

that Algeria must become independent. He could not reveal his decision because he needed the support of the army in Algeria to return to power. Some of the general's associates, for instance, MM. Debré and Frey, were in his secret. Others, such as M. Soustelle and General Salan, were not. General Salan appears in this version as the simple soldier fooled by the political general. He did not grasp the truth until the end of 1960. But, pleaded the lawyer, "Machiavelli never asked for the execution of those who did not guess his designs." As for the alleged crimes of the Secret Army, they are or should be exonerated as a natural reaction to the atrocities of the so-called forces of law and order. (The advocates of French Algeria, who used to shout treason whenever it was suggested that Moslems had been tortured, have developed a passion for the rights of man now that it is Europeans who are, apparently, involved.) There remained one obstacle—the precedent of General Jouhaud. M. Tixier-Vignancour offered a way out: a bill has been tabled in the chamber proposing the extension of the Evian amnesty to cover offences committed up to the end of April. The judges, it seems, were looking for just such an excuse.

Many people had hoped that the seemingly inevitable death sentence would be commuted. Some because recourse to the guillotine creates a dangerous precedent, others because they believe in mercy. But the verdict came as a shock. This is why, while lawyers were rejoicing, journalists and others were pondering. Some argued that if generals don't eat generals, General Jouhaud, too, must now be reprieved. Others maintain that it was too strange to be the whole story and that the real trial must have taken place out of court. The seven days of proceedings, during which neither the OAS nor the regime were effectively put on trial, have not cleared away the mystery of General de Gaulle's relationship with his officers, they have deepened it.

Mr Menzies's Mission

FROM OUR SPECIAL CORRESPONDENT

Not much more than a month has passed since Mr John McEwen, Australia's federal minister for trade, returned from an intensive visit to all centres of decision-making in the negotiations for the common market. Washington, Ottawa, London, Paris, Bonn, The Hague, Brussels, Rome—all were visited and everywhere prime ministers, economic ministers, agricultural ministers and trade ministers were given a forceful account of Australia's particular problems and needs. Now Mr R. G. Menzies, the Australian prime minister, is leaving this week for another round of talks—this time mainly in London and Washington. Moreover, he has persuaded leading members of the opposition to undertake a parallel mission of inquiry at the same time. In addition, Mr Arthur Caldwell, the leader of the opposition, will attend the meeting of the Commonwealth prime ministers in September. All these moves reflect both the present realities of Australian politics and the fateful importance that Australia attaches to the outcome of the common market negotiations.

Since last year's federal elections Mr Menzies's coalition of Liberals and members of the Country party has had to rely on a majority of a single vote. Such a situation does not necessarily strengthen the position of the leader under whose guidance the coalition lost its old comfortable majority. It leaves the government vulnerable to any well-aimed opposition attack. And it inevitably has most politicians looking over their shoulders at the possibility of an early dissolution and new elections. These three factors have played their part in dictating Mr Menzies's decision to go on his travels before the autumn meeting of Commonwealth prime ministers. He does not wish, at a time when his own leadership has been weakened, to see his energetic and redoubtable minister of trade acquire any monopoly in the well-publicised defence of Australia's vital interests. He wishes to associate the opposition inescapably with any decisions that have to be made. And he seeks to underline as dramatically as possible that the present government, for all its parliamentary precariousness, is grappling strenuously with a life and death threat to Australia's future prosperity. Some of his labour critics even accuse him of playing up the gravity of the crisis so that the government's handling of it may redound to its credit if and when a new appeal to the country is decreed.

The general reaction, however, is to concede the prime minister's view that action is needed and to applaud the "statesmanlike response" of Mr Caldwell and his colleagues. Ever since Mr Duncan Sandys visited Australia last year to announce Britain's decision to apply for membership in the common market, Australian public opinion has become steadily more aware that some large upheaval—still unspecified but undoubtedly important—may be about to overtake their prosperous, comfortable, productive land. They are not sure what its nature will be—indeed nobody is, including the negotiators locked in bargaining at Brussels. But enough is known about the shape of Australia's production and trade to make Australians realise—with some uneasiness—that very large interests are at stake.

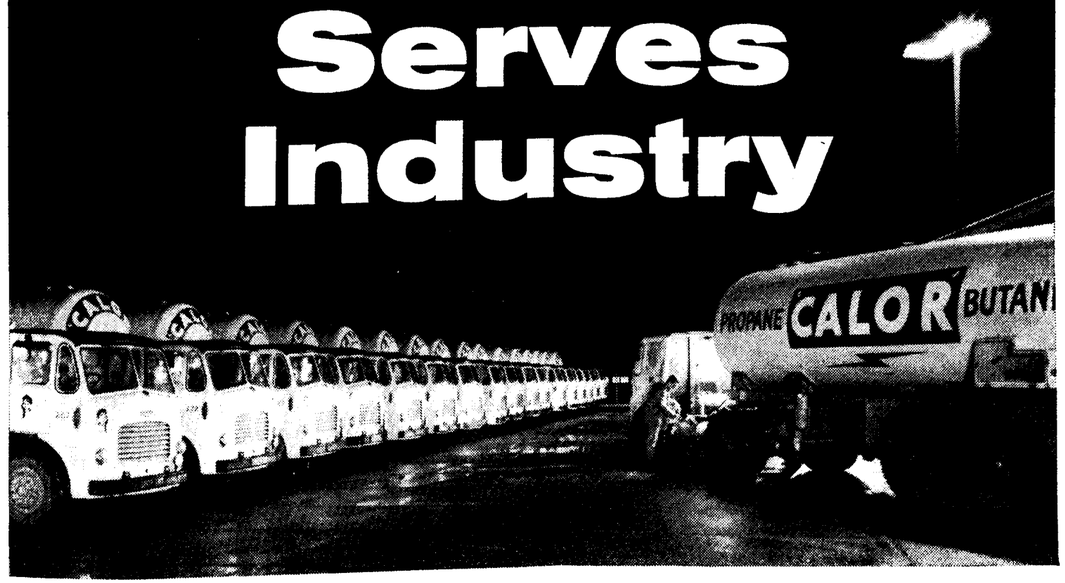
In spite of one of the highest national incomes per head in the world and a steadily growing industrial sector, Australia is still in the first place a primary producer. Its exports overwhelmingly reflect this fact. Between 1957 and 1962 wool alone accounted for over 40 per cent of its exports. And this, together with foodstuffs, hides and skins, ores, concentrates and a very little processed copper, made up between 75 and 80 per cent of all exports. Britain has long been the largest single outlet for Australian exports and has had the largest share of Australia's market in return. It is true that the pattern is changing. Imports from Britain have slightly increased—from £A307 million in 1958-59 to £A341 million in 1960-61. But the proportion has fallen; total imports have grown from £A997 million to £A1,086 million and the share of the common market and of non-European suppliers has gone up sharply. Yet Britain still supplies Australia with nearly one-third of its imports. Australia's exports to Britain have fallen in recent years. They stood at £A257 million in 1958-59 and at £A232 million last year, at a time when Australian exports in general were growing—from £A811 million to £A970 million—and the share going to the common market and to non-European outlets, particularly Japan, had increased by £A184 million. Yet Britain alone still receives about one-quarter of all Australia's exports.

Nor do the percentages alone give the full story. In some sectors Britain absorbs virtually all Australia's exports. Sixty per cent of all the fruit that is canned in Australia is then exported and 90 per cent of it goes to Britain. Of Australia's exports of butter, apples and pears, 80 per cent is sent to Britain. Britain provides a guaranteed market for bulk purchases of Australian wheat, meat and sugar. Very large sums have been invested in building up a future metals industry with an eye on the British market. There is, too, the additional difficulty that many communities lie in single product areas. Isolated cattle stations in the Northern Territory, cane growers among their brilliant green fields in tropical Queensland, closely settled wine producers on the irrigated lands along the Murray and the Murrumbidgee—all these groups have an overwhelming dependence upon existing patterns of trade. And some at least of these patterns could shortly be exposed to considerable disruption.

It is not the whole flow of exports that is in question. Wool, hides, skins and mineral concentrates—making up between 30 and 40 per cent of exports to Britain—are not affected, since they enter the common market as well as Britain duty free. It is on the whole range of foodstuffs—bulk and processed—that Aus-

Britain's leading independent suppliers of Propane and Butane

Calor Gas Serves Industry



Calor Gas has the largest L.P. Gas Road-Tanker Fleet in the world and the widest research and service facilities in Europe!

NO MATTER WHERE YOU ARE, Calor Gas can serve you on the spot. You can depend on it.

There are seven modern Calor Gas filling stations and transport depots sited near major oil refineries throughout the country, which ensures that the full, specialist facilities of Calor Gas Service are never more than a short, speedy journey from Calor customers.

Calor Propane and Calor Butane are the modern, mobile, clean-burning industrial gases that fuel every kind of industrial process with new efficiency and economy. Calor Gas supplies them to you in cylinders or to bulk storage tanks on site. Wherever you are, Calor Gas is there to serve you, quickly and dependably.

ENQUIRIES TO: **CALOR INDUSTRIAL GAS SERVICE**

Calor Gas (Distributing) Company Limited, 178-202 Great Portland Street, London, W.1. Telephone: LANGHAM 0351
Calor Gas (Scotland) Limited, 11-15 Westwood Road, Pollokshaws, Glasgow, S.3. Telephone: LANGSIDE 9141

monopolist for an hour

WHAT WOULD YOU DO if you *really* owned a built-up area, or one about to be built up? Could you bring to it the touch of genius that makes tycoons? How, for example, would you heat a street of houses, give everyone the most effective, most economical means of obtaining warmth and hot water? Would you install 400 boilers for 400 houses? Or *one?* A genius would install one boilerhouse and simply pipe heat to the whole street. A genius would, in a flash of enlightenment, extend the plan to encompass a whole district of houses, shops, hospitals, factories—a whole town, even.

This isn't just a vision. This is *vision.* Something very like it has already been done in Bristol. There you will find the Redcliff Precinct, designed by Albert H. Clarke, F.R.I.B.A., A.M.T.P.I., City Architect. This is a new grouping of living units in five towering blocks of flats, where the central heating and hot water for 407 homes comes from one full-automatic boilerhouse. Building of a second Redcliff project has now started, with a central boilerhouse heating four blocks plus an entire and entirely separate school.

In this project, Bristol Corporation are showing vision. They showed it, too, when they chose *coal* as fuel for the Redcliff boilers. For coal is the fuel of the future. Coal gives maximum heat for least cost. Coal, used with modern automatic equipment, is smokeless. And coal is here, now, in Britain, in inexhaustible quantities.

Like so many with vision in local government, in commerce, in industry, Bristol plans a glowing future on coal.

LOCAL GOVERNMENT PLANS ITS FUTURE ON COAL

ISSUED BY THE NATIONAL COAL BOARD

tralia's chief worries are concentrated. What happens to the £A70 million worth of wheat and flour sold to Britain, the £A43 million of beef and veal, the £A13 million of canned meat, the £A22 million of butter, the £A34 million of sugar, the £A11 million of canned fruit? (These figures represent the annual average since 1957-58.) Most of these products will be directly affected by the common agricultural policy of the common market according to which single prices will be fixed inside the market and levies imposed on foodstuffs coming in from outside to ensure that the domestic products within the market are not undersold. French wheat or Dutch butter would enter Britain at whatever prices had been fixed by market decision and Australian producers would have to get over the high wall that will be created by the levies. This protection for Europe could, moreover, increase output inside the market far beyond domestic demand. The levies might be used to subsidise exports and Australia could find itself competing fiercely in shrinking third markets against European wheat and meat exported at dumping rates. To this should be added a number of quite high protective market duties at present proposed for processed foods—*over 20 per cent ad valorem* for canned fruits, 26 per cent for canned meat, 9 per cent for dried grapes, a variety of duties on all types of wine. The total picture is to cancel all Australia's preferences in the British market and in fact to transfer them to European producers. This is the picture of difficulty and even doom that Mr McEwen has conjured up. And theoretically it could follow from a British entry into the common market unaccompanied by any safeguards for Commonwealth trade.

WHAT safeguards will Mr Menzies be bargaining for as he travels round in the next few weeks? In general, the Australians, like other primary exporters, hope for the largest possible extension of the market's duty-free list for raw materials. Again like other industrial exporters, they urge that industrial tariffs should be low—and in particular low enough not to cripple such nascent industries as the Australian venture into aluminium. They are profoundly interested in the American proposals that such temperate products as wheat and coarse grains must be regulated on a world basis through commodity agreements, fixed prices and export quotas. But such agreements are clearly for the future. Meanwhile, how is a violent disruption of Australia's vital trade in foodstuffs to be withstood?

Here Australia's chief emphasis is placed on securing in the common market as a whole "comparable outlets" to those now enjoyed in Britain. Nobody knows quite what they would be. Would a quota of such and such a size for canned peaches be the equivalent of so much cut off traditional exports of lamb? Might various categories of exports be grouped in comparable "baskets" and an overall figure be agreed with individual fluctuations? If the price of particular commodities went up, would the general quotas come down? Should the outlets allow for "reasonable growth"? Then there is uncertainty about the duration of special arrangements. Should they simply tide Australia over until world agreements are reached? Or is a permanent preferential arrangement with Europe envisaged?

They do not, however, throw much light on the chances of success. The Australians feel fairly confident that Britain will not enter the market without securing some safeguards for them. They know the United States is strongly opposed to any continued preferential arrangements. Mr Dean Rusk told them so firmly during the recent Anzus meeting and they responded with some resentment, reminding America of its duty against Australian wool, its restrictions on imports of lead, zinc and butter, and of its own preferential system for sugar. But they do not know and cannot guess whether the French negotiators might exploit the Commonwealth's need for special protection in order to confront Britain with an impossible choice: to enter the market only by abandoning Commonwealth pledges and responsibilities which in all honour it must maintain. Since the outcome is thus still so far from clear, few Australians have asked themselves the further question whether a British decision to remain outside the common market on their behalf might not ultimately do them more harm than good. Australia's prosperity, after all, depends on expanding world trade, yet few Australians seem to have considered the possibility that a check to integration in Europe might lead to increased American isolationism and hence to the ultimate extinction of expansion and élan throughout the free world.

The Volkswagen Tragi-Comedy

FROM OUR BONN CORRESPONDENT

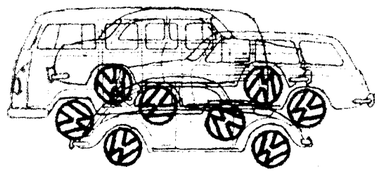
IT would be possible for some latter-day Aesop to compose an engaging fable about a lowly beetle who caused an uproar among the lions. By reason of its numbers and social significance, the Volkswagen beetle is in fact capable of provoking an immense stir in the German economic and political jungle. Some 75,000 workers are employed at Wolfsburg in three daily shifts, making over one million people's cars a year. Volkswagen snouts and snortings are inseparable from the contemporary German street scene. Of the million new cars shipped from Germany last year (the Federal Republic is at present the foremost exporter of motor vehicles) approximately every other one was a Volkswagen. The people's car has even spawned people's shares. Little wonder, then, at the commotion caused when the manufacturing company raised the car's domestic price on April 1st by some £25 (DM 240 to DM 390, according to the model). Several other leading car manufacturers have followed suit. A confused, and often angry, debate has been in progress. It concerns fundamental economic principles in general, and in particular the dangers of inflation and common market competition. Several public personages have joined battle. Through the smoke some of them can be discerned fingering painful bruises, and mouthing what could be only four-letter words if the German language had any.

The Volkswagen serial, which is generally agreed to be a tragi-comedy, opened on March 21st within twenty-four hours of Dr Adenauer's departure for his customary spring holiday in northern Italy. It was then that Dr Adenauer's deputy, Herr Erhard, impetuously seized the opportunity to display qualities of leadership which some of his critics, including the Chancellor himself, had suggested he was lacking. In the dual role of minister of economics and pretender to the Palais Schaumburg, Herr Erhard broadcast with unusually earnest mien an appeal for "moderation"—warning his radio and television audience that disaster lay round the corner should the west Germans persist in expecting to receive more of the world's goods than they themselves were producing. The inexorable facts were that while wages and salaries had risen in 1961 by 12.8 per cent, production had increased by only 5.9 per cent, and that the workers were still pressing for more money and leisure, although since last year they had been receiving, he claimed, more of both than was the rule in western Europe. Herr Erhard made it clear that he expected employers to resist wage demands in future, instead of yielding, as on past occasions, and blandly passing the bill on to the consumer.

Herr Erhard often has an unlucky, as well as a lucky, touch in handling public affairs. His barbs that night were flighted too heavily in one direction. A leading trade union official in Lower Saxony, Herr Karl Hinkel, spoke up for the injured. Herr Erhard's broadcast, Herr Hinkel complained, had been in the main "a massive attack on the workers and the trade unions." The charge was widely repeated. Yet no sooner had the minister tried to correct this effect by broadening his range than he suffered the

smart of appearing to be contemptuously ignored. On March 27th the manufacturers of the Goggomobil car announced price increases of three to five per cent with effect from April 1st. The public took little notice. But it became instantly excited when, on March 28th, the prodigious Volkswagen hatchery announced that as from April 1st the home price of its standard model would be raised from DM 3,810 to DM 4,200 (mitigated to some extent by the installation of hydraulic brakes), that of the export model from DM 4,740 to DM 4,980, and that of the convertible from DM 5,990 to DM 6,230. Now everybody looked to see how Herr Erhard was taking it. To aggravate his discomfiture, similarly defiant price increases were announced in the course of the next few days by NSU, Ford, Daimler-Benz and BMW.

Herr Erhard tried at once to reverse these decisions. In his address to the Federation of German Industries on April 3rd, naming no names, he scolded car manufacturers who raised their prices immediately after granting wage increases for behaving "just as irresponsibly as the trade unions themselves." Behind the scenes Herr Erhard pulled what private strings he could to bring the insubordinate to heel. But in vain. On April 30th the Volkswagen board of management, headed by its director-general Herr Nordhoff, rejected a recommendation to revoke which had been submitted by the supervisory board under the chairmanship of the leader of the powerful metal workers' union, Herr Brenner. Herr Nordhoff



pointed out that while the men who made the Volkswagen had received substantial wage increases since 1957, and the quality of the car had been improved, its price had remained the same until April 1st, and even then was still below that of 1949. There were not only the workers, but also a million and a half shareholders to think of. Herr Nordhoff apologised to Herr Erhard for having embarrassed him. The company, unfortunately unaware of Herr Erhard's intention, had decided upon the price increases before the minister made his clarion call to the country. "It's a circus," Herr Brenner exclaimed, not without *schadenfreude*. To Herr Erhard's further mortification this remark, and the Social Democrats' "resounding box on the ear for Erhard," were widely used headlines.

Three days later, on May 2nd, Herr Erhard presided in the Chancellor's absence at a meeting of the cabinet which afterwards put out a communiqué affirming the government's extreme displeasure and its firm intention to continue its fight against Volkswagen. Largely at Herr Erhard's inspiration, the Christian Democrats in the Bundestag drafted a recommendation on May 8th to the effect that the import duty on cars of common market manufacture should be halved. Having in the meantime returned to Bonn and listened to the objections of heavyweights in the Federation of German Industries to Herr Erhard's dubious weapon of retaliation, Dr Adenauer tried to prevent its use, but for once was overruled. Hoping, none the less, to contrive some sort of compromise, the Chancellor, partly from guile and partly because of misunderstandings on the telephone, inspired a communiqué after a cabinet meeting on May 14th, promising buyers of the dearer Volkswagen a built-in radio for which no extra charge would be made. Within the hour, Herr Nordhoff had blown the cabinet's pretty pipe dream into thin air.

The ruffled ministers decided on May 16th (with the four Free Democrats in the cabinet dissenting) to ask the Bundestag to approve the suspension of fifty per cent of the duty on cars imported from common market countries. This would mean that cars with an engine capacity over two litres would pay duty of six and a quarter per cent *ad valorem* instead of twelve per cent, and that cars with an engine capacity of 800 cubic centimetres to two litres would pay five per cent instead of ten per cent. The minimum of 800 per cent, it was reckoned, would protect the makers of some of the very small cars, yet it would put Renault's Dauphine at an advantage by lowering its price, which is at present approximately that of the Volkswagen export model, by the equivalent of roughly £18. But on May 18th, when the time came for the Bundestag to vote on the government's proposal, so many dissenting Free Democrats had slipped away that there was an insufficient quorum. Once again the unlucky Herr Erhard had been thwarted in full view of the public.

On Tuesday of this week, the presence of a sufficient number of deputies having been assured, Herr Erhard got his way in the Bundestag by 331 votes to 81, with 21 abstentions. But it was not an occasion for congratulation, either for him individually or collectively for the Adenauer regime. Considerable doubt, if not displeasure, is being felt and voiced throughout west German industry by this unilateral manipulation of import duties for a domestic penal purpose, without any reciprocal favours from the foreign beneficiaries concerned. It is questionable whether the booming Volkswagen company will feel the slightest pinch. Herr Erhard is being criticised for having let concern for his prestige cloud his judgment. Alike from Right and Left the question is being asked whether Dr Adenauer is capable of maintaining adequate control much longer. The subject will certainly be raised at the annual conferences which all three parties represented in the Bundestag are holding in the Ruhr in the course of the next ten days.

Dr Verwoerd Fights On

FROM OUR SOUTH AFRICAN CORRESPONDENT

APARTHEID may be fraying slightly at the edges; the enmity the world shows towards South Africa is not. For these two reasons, Dr Verwoerd is concentrating more than ever before on making the South African laager as impregnable as possible—and as uncomfortable as could be for the opponents of his government's race policy. The "Sabotage Bill," debated in Parliament this week, is the latest, if not the most awesome, addition to Dr Verwoerd's armoury.

Tiny cracks are appearing on the hard stone face of apartheid. For business reasons, Japanese have been "accepted" as "whites." Afrikaans-speaking white selectors have nominated non-white athletes for inclusion in a South African team competing outside the borders of the republic; a Coloured (mixed-blood) man has been chosen as the workers' delegate to the International Labour Organisation conference in Geneva, against bitter opposition from Afrikaner Nationalist-orientated trade unions. The two latter events, both unique in South African history, are in conflict with the apartheid philosophy. In both cases the government has had no short-term option but to acquiesce with bad grace—with the assurance that "this will never be allowed to happen again." At times, of course, it is able to hit back hard at once, as when it changed the law after a Japanese had been classified as White by a state board.

Most significant of all the dents made in the white laager's fence, however, was the decision of Dr Verwoerd, after years of stalling and protesting, to invite two United Nations representatives to the republic. They were given freedom to go where they wished in the former mandated territory of South West Africa and see

and interview whom they liked. Here, no matter how the incident is explained, was an about-face which has puzzled many a fervent Nationalist reared in the conviction that the UN has no business in a South Africa that will tolerate no interference in its domestic affairs. The government realised, however, that the climate of world opinion was such that it had to ward off further frontal attacks and play for time. No matter how determined Dr Verwoerd's people remain, the fact is that the UN has now climbed over the laager fence and had a good look round. This might, incidentally, introduce a little more realism into the Trusteeship committee's handling of the matter. To add to Afrikanerdom's immediate worries there has been the patent failure of the "granting of self-government" to the Transkei tribes to impress South Africa's critics abroad, or even wholly to mollify African opposition in the territory itself or anywhere else.

On top of this, fourteen years of Nationalist rule have failed to destroy the hard core of outspoken resistance put up by both blacks and whites. Now Dr Verwoerd's government will restrict still further the area of personal liberty, and launch yet another assault on all liberal thought and action. The "Sabotage Bill"—actually a co-ordination of the provisions relating to subversion in other statutes, particularly the Suppression of Communism, Riotous Assemblies, and Criminal Procedures acts, is intended to make extra-parliamentary opposition as difficult and as dangerous as possible.

Man from the UN with escorts

As such it amounts to an act of intimidation and terrorism. Few people believe the threat of sabotage is anywhere near serious enough to justify a Draconian piece of legislation like this—death or a minimum of five years' imprisonment for sabotage; the onus placed on an accused to prove the innocence of his intentions; giving the minister the power to ban newspapers and prohibit the holding of meetings; confining "named" individuals, like Mr Albert Luthuli, to house arrest without trial and making it an offence for newspapers to publish statements from them; and restricting the discretion of the courts.

Even so moderate a critic as the leader of the parliamentary opposition, Sir de Villiers Graaff, has said that the bill shows that the government is unable to rule with ordinary powers. A former chief justice, Mr Centlivres, has labelled the measure the "Sabotage of Freedom" bill, and the Progressive party has taken the lead in organising country-wide protests. The Black Sash movement, born in the days of the vain fight to preserve the franchise rights of the Cape Coloured people, has re-emerged to demonstrate by public display its abhorrence of this further invasion of personal rights and threat to the rule of law. The bill has come as close to shocking White anti-Nationalist opinion as measures of this kind are capable of doing in South Africa's reactionary political climate.

But the bill will soon become law substantially as it stands because most Whites are insensitive to the threat to western values inherent in such measures, and because the parliamentary opposition is powerless in the face of an administration ruthlessly determined to impose its will on its opponents. The old cry of self-preservation is being advanced as the justification for a measure which will reduce the rights of the individual as radically as any Afrikaner Nationalist measure of the last decade; for the majority of the Whites this is enough. The law was fathered, appropriately enough, by a minister of justice who was interned for two years in the second world war because of his sympathy for Nazism: he was a "general" in the fascist Ossewabrandwag movement which flourished during the war.

Inevitably the Bill will drive extra-parliamentary opposition further underground and stiffen the resolve of opponents beyond the borders of the republic to do whatever they can to bring about the end of apartheid. Against these possibilities the internal and external defences of the laager are being strengthened. South Africa is now calling up 10,000 men under 25 every year for military training, and is spending about 12 per cent of its budget on defence—more than during the war. The liaison between the army and the police is closer than ever before: both forces are being expanded at a rate unprecedented in peacetime.

But of course, as Sir de Villiers Graaff has implied, the government does not regard this as peacetime. It is certainly doing nothing to break down the impression that the country faces some dire peril—even if the peril is partly of its own imagination and partly of its own making. At the same time every agency is being used by the government, here and abroad, to spread the impression that normality and peace reign supreme within South Africa's borders.

Nigerian Re-action

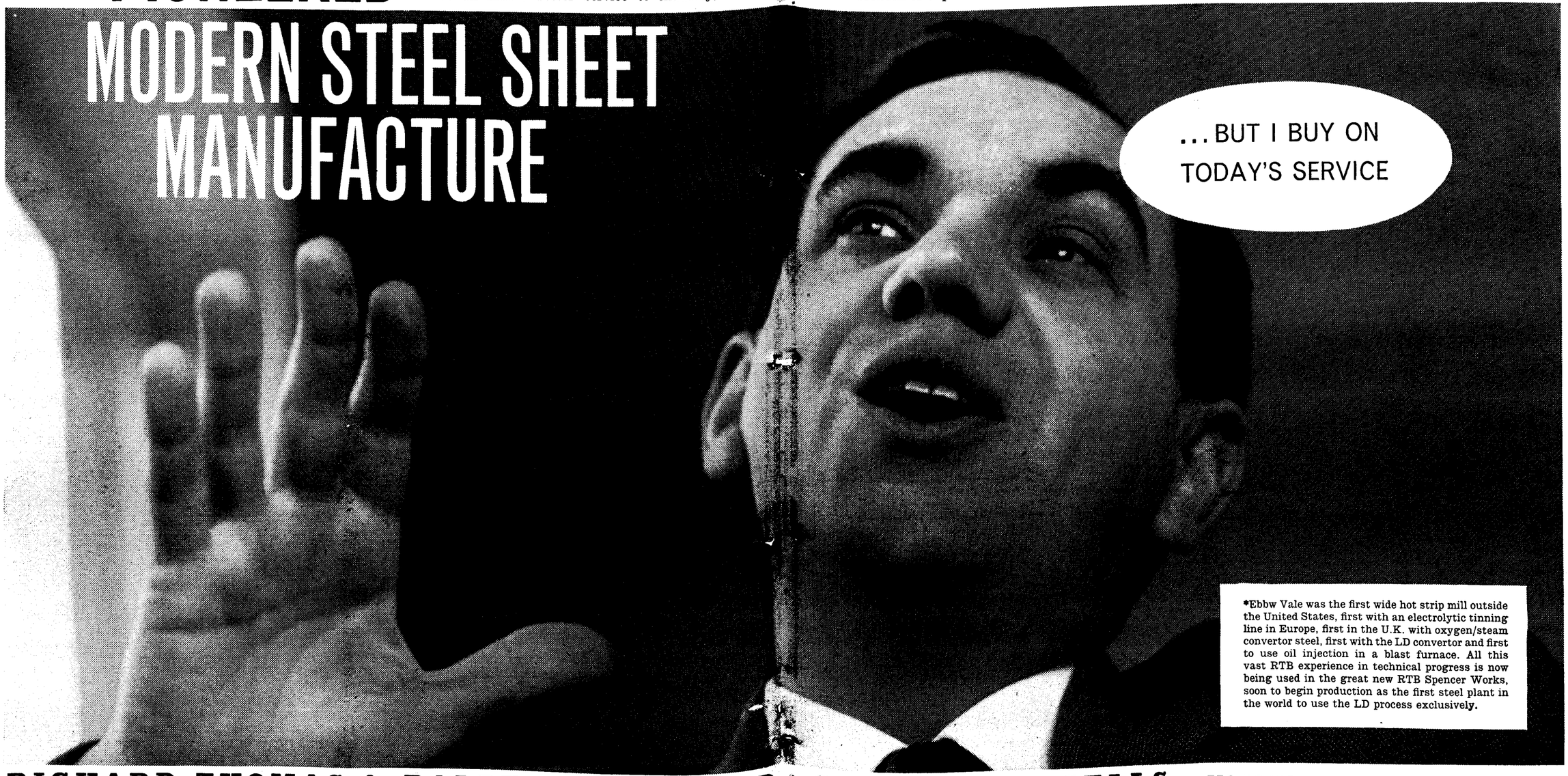
THREE choices lie before the frustrated Action Group party of Nigeria. It can turn inwards towards its Yoruba-based tribal self and stick to running the relatively advanced western region, as part of it does now. This might, however, mean a dangerous increase in the pressure towards taking the region out of the federation; at the least it would severely strain the young country's unity at a time when its new economic development plan calls for solid national feeling. Alternatively, the federal branch of the party could resign itself to remaining the federal opposition for the foreseeable future (as, it seems, it must). Its leader, Chief Obafemi Awolowo, might then at least congratulate himself on keeping the flame of democratic opposition alive in west Africa: the federal government's attempts to frustrate this by promoting the non-Action Group part of the western region into new regional status must then be fought in the courts and at the polls. Finally, the party could join the ruling parties of the country in a national coalition, saving Nigeria's unity, perhaps, but doing little for the preservation of the liberties of its citizens.

It was this last (and arguably attractive) course that members of the party accused the now dismissed premier of the western region, Chief Samuel Akintola, of pursuing. The accusation was only part of a generally bitter personal feud between the leaders. Chief Akintola is now, it seems, out of it, although he is challenging his dismissal in the courts. His successor, Alhaji Dauda Soroye Adegbenro, is likely to be, initially at least, loyal to the party leader. The path of federal opposition may thus still be travelled under Chief Awolowo. But will the rejection of Chief Akintola's supposed arrangement with the federal government now be taken as a signal for the secessionists within the Action Group to intensify their activities? Probably not. Most Nigerian politicians are imbued with a fine sense of the power of the federal government to crush rebelliousness. But the possibility remains: within west Africa the reaction to Chief Akintola's dismissal may be felt for some time.

RTB PIONEERED MODERN STEEL SHEET MANUFACTURE

Modern steel sheet manufacture began in Britain with RTB at Ebbw Vale*. RTB's constant development in strip mill production methods of hot rolled and cold reduced sheet, plate, tinplate and galvanised sheet, have all meant better service to industry, better availability of supplies and surer quality. And RTB service includes an ever-helpful technical advisory service, staffed by qualified engineers, ready to go anywhere at any time, bringing to your problems an unrivalled breadth of experience and knowledge.

RTB



*Ebbw Vale was the first wide hot strip mill outside the United States, first with an electrolytic tinning line in Europe, first in the U.K. with oxygen/steam convertor steel, first with the LD convertor and first to use oil injection in a blast furnace. All this vast RTB experience in technical progress is now being used in the great new RTB Spencer Works, soon to begin production as the first steel plant in the world to use the LD process exclusively.

RICHARD THOMAS & BALDWINS LIMITED — STEEL THAT SELLS — RTB HOUSE 161 GOWER STREET LONDON WC1

Man on the right lines

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

Ferranti have now found a way to make fault finding easier. With their Line Fault Locator, the maintenance engineer can detect the position of faults on high voltage transmission lines without leaving the substation. This is done by pulse reflection, the principle used in radar. The fault can be traced down to a short section of line, and quickly repaired so that the line is out of operation for the minimum time.

Our own day owes much to Ferranti's pioneer work in electricity. Transformers and summation meters for the Kariba Dam and the Niagara Falls Power Project . . . the world's largest generator transformers for the British National Grid . . . Ferranti have made them all. In the air and at sea, their research into electronics has made transport faster and safer. Atlas, the world's most advanced super-speed computer, comes from Ferranti. And Ferranti are leading the way into tomorrow.

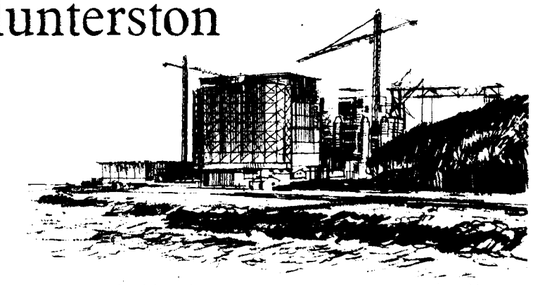
FERRANTI

First into the Future

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

THE BUSINESS WORLD

What Happened at Hunterston



IN February this year, Mr Norman Elliott became chairman of the South of Scotland Electricity Board. In January last year, Mr Arnold Lindley became chairman of the General Electric Company. These newcomers have a six-year-old tiger by the tail—the Hunterston nuclear power station that GEC is building and the SSEB is buying. Nothing is more remarkable about this project than the fact that, to this day, no contract exists specifying either a price or a completion date for it. It is not usual, to put it mildly, to order 360 megawatts of nuclear power capacity without checking the price. The two men have to sort out, if they can, an agreement on what the one side says Hunterston has cost and what the other side says would be a fair price. But first they have to secure that the station is finished and commissioned; it was supposed to be on line this year, but to get full power from it by the end of 1964 will be possible only if it is quite remarkably free from teething troubles. This note of optimism, however, is welcome relief after the depressing history of Hunterston; things are going better, and none too soon, but there is a legacy of inadequate planning and supervision that has still to be cleared up.

It may be said that this would be best left to the principals concerned—the board and GEC—and that inquests into what is already over the dam do no good. This is not how the matter strikes a responsible newspaper; there is in question here a lump of public investment that, with its fuel, has a £70 million price tag on it. There is the liveliest public interest, too, in how the gap between what GEC has spent and what the SSEB says it would be prepared to pay can be closed. Who is to suffer more, the board using public money or the company using its shareholders' money? Here is the major mischief in not proceeding by a contract. There have been attempts on both sides to get agreement. GEC's attitude, not unreasonably, is that it should be paid what the job has cost; and this it reckons on the basis of a tender on 1956 prices and updated for cost and price additions since at just over £60 million, with another £3 million to be added for final items of cost, making £63 million in all. So far, the SSEB has paid around £35 million towards the cost, and GEC is reckoning on getting payments on account of £1 million a month for the next fourteen months. It is no use trying to hide the wide range between GEC's ideas of cost and the SSEB's ideas of price; there is a gap of about £8 million between them. However the final figuring turns out, something has to give.

As the accountants argue back and forth, some account of how Hunterston's troubles came about is called for. The government's historic nuclear power programme launched seven years ago made no provision for building a nuclear power station in Scotland. Not until four atomic construction teams had begun to prepare bids for the first two English stations at Bradwell and Berkeley did the Scottish authorities decide to invite tenders. Since they had no site in mind, it was suggested that the atomic plant teams should bid for a station of about the same size and performance as Bradwell. The tenders were in by September, 1956; before Christmas contracts had been given to three of the four industrial consortiums, among them the General Electric Company and Simon-Carves. Initially, there was doubt about who should get which station, until research showed that certain nuclear data given by the Atomic Energy Authority to GEC were wrong and that the company had some re-designing to do. By this time the South of Scotland Electricity Board was meeting local opposition to its choice of site—at Hunterston on a sheltered bend of the Ayrshire coast opposite the Isle of Arran and backed by low hills. A public inquiry was clearly going to be necessary; and as the delay could be put to good use by GEC, it was awarded the Hunterston station and not one of the English stations.

GEC had put in a bid of £37½ million for Bradwell; the SSEB assumed, mistakenly as it turned out, that Hunterston could be built for the same amount and did not ask GEC to re-tender. Lacking planning permission, the board could tell GEC little in advance about the site; the enormous differences in civil engineering work in Bradwell's clay and Hunterston's rock became apparent only when the men moved in. And this was not the only reason why the original guess of £37½ million no longer applied. The Atomic Energy Authority, after examining the tenders, ordered design changes in all three stations which added substantially to their cost; the most expensive and extensive changes were asked of GEC. In the mood of atomic euphoria that prevailed in 1957 neither

GEC nor the Scottish board discussed who was going to pay for them. Each assumed the other would pay.

In an atmosphere of benevolent mutual misunderstanding the men moved on to the site in October, 1957. For a time all went swimmingly. GEC had taken responsibility for the whole job and only discovered by experience what it had bitten off. The SSEB, accustomed to large scale employment of consultants, appointed the Atomic Energy Authority as its nuclear consultants, and the firm of Kennedy and Donkin as engineering consultants. The two had equal authority; there was no single, ultimate responsibility for what happened on the site. When changes were recommended, there was no one to query their necessity. When decisions had to be taken, there was no one to take them.

Before long GEC discovered that its labour force included contrary characters from Clydeside, fractious and home-sick for the shipyards. In retrospect, the most charitable comment that can be made is that the men's complaints might have been forestalled if more care had been paid to the organising and costing of their work. The most vulnerable sub-contractor was the Motherwell Bridge and Engineering Company responsible for erecting the reactor shells and the boilers, key jobs that on other sites have been divided between at least two separate companies. Unofficial strikes reached a peak during 1959 when the men were coming in and out like a stage army, and in September that year GEC took the ultimate step and shut the site down, against the advice of the Employers' Federation. It was not opened again for four months, by which time strikes and lack of discipline had accounted for more than half the expected three years' delay. Since then there has been uneasy truce rather than genuine industrial peace on the site; and, despite improvement, the tempo and organisation of work still seem below par.

Yet had the men behaved like angels Hunterston could not have been finished on time. It had already suffered too many design changes, and this is where much of the extra cost can be run to earth. The changes were ordered by the Atomic Energy Authority in its role of technical consultant. Some of them were plainly necessary and corrected demonstrable faults in design. But it can be and is being argued even by the SSEB's own men on the spot, that the majority were refinements involving more cost and delay than they were worth, yet passed unquestioned by the SSEB.

Not until the end of 1960 did GEC realise that the SSEB had never accepted responsibility for these design changes and seemed, indeed, to regard them as GEC's liability. The board appeared willing to pay up to £37½ million, but to regard everything above that as open to negotiation. In its own management troubles, GEC's board had systematically stripped the atomic energy division of promising management material to fill gaps elsewhere. Thus the staff in charge of one of the biggest projects GEC ever tackled was constantly changing. And the company was running up bills on the site faster than money was coming in from the SSEB.

GEC began to remonstrate with the SSEB; in the spring of 1961 the company wrote the first letter actually threatening to stop work unless it was paid. This letter had no effect on the SSEB; but it had a startling effect on GEC's sub-contractors, who began to pull out. Work ran down, which was much what GEC intended. During this period Mr Arnold Lindley, who had founded GEC's atomic energy division, had moved up through the board from managing director to chairman; and last November, when he repeated his threat to close Hunterston first to the SSEB and then to the Secretary of State for Scotland, it began to look as if he meant what he said. GEC's bank overdraft by then was crowding £16½ million.

THE time had come for some rapid changes. The chief engineer of the SSEB had retired in October and the board had not yet replaced him; in January the chairman also retired, with his health broken. The SSEB's morale was at its lowest. A new chairman was not appointed until late in February, when Mr Norman Elliott, an engineer and a lawyer who was chairman of the South Eastern Electricity Board, agreed after hesitation to take this hot seat. He in turn has appointed his own chief engineer from inside the SSEB, and borrowed one of the Atomic Energy Authority's most experienced reactor builders to supervise the station. So, for the first time in six years, Hunterston now has a boss. There have been changes on the contractors' side, too, both at Motherwell Bridge and at GEC, whose atomic power division is now merged with Atomic Power Construction to form the United Power Company, which takes responsibility for Hunterston's construction, although the debt remains GEC's headache. Heroic efforts on the site to re-introduce an orderly working schedule aim at full power by end-1964. Major jobs have for the first time been tackled and completed on time, with a corresponding fillip to morale. If this were all the SSEB had to worry about, it could feel confident of having turned the corner.

Yet rejoicing would be premature. A contract with a firm price and completion date seems as far away as ever. Admittedly the deadlock between GEC and the SSEB has been breached and new men are wielding new brooms in a way that has sparked confidence in the discouraged and dispirited. But the area of difference between GEC and the board is still terrifyingly big. It turns on this one, all-embracing question—for how much of the extra cost of Hunterston is the board responsible, and how much must GEC write off against experience? In their anxiety to keep the site moving, engineers have pressed ahead with work without their masters agreeing who was to pay for it. For this they cannot be blamed, for their masters did not seem to care. The record at Hunterston is one of mismanagement at the top and growing demoralisation on the site until no man who valued his career was willing to be connected with it. Yet Hunterston started out as the finest, most advanced nuclear power station to be built in this country; GEC has shown in Japan that it can erect such stations to plan, and the SSEB is no laggard in building big thermal plants.

One of the parties that emerges with credit from this trouble is the civil contractor, John Mowlem, which has finished a £15 million contract, all but £800,000, to the original timetable—with some odd results. Work on Hunterston is now not only behind schedule; it is also out of phase. The lodge keeper stands in his finished lodge by the gates. The pastel tiles are going up in the turbine house beside turbines that will not turn for two years and the little laundry lies blue-and-cream under the shadow of cranes lowering hunks of metal on to incomplete reactor structures, while glaziers fight a full-bodied wind off the Firth of Clyde to fix glass walls around what parts are in place. The bill for civil engineering is higher than the figure quoted in the original (Bradwell) estimate, but is not an item that the SSEB is likely to dispute.

Things never go absolutely right with projects of this kind and size; the English atomic stations have their troubles and delays, too, and Hunterston might just catch up with them if it has the luck (and it can only be luck) of a clean start. But the delay is one factor in the recent increase of electricity charges to the SSEB's consumers and there will be further increases in costs to meet as the plant is paid for and commissioned. How expensive the station will be in terms of capacity installed is anybody's guess: between £165 and £200 a kilowatt (providing electricity at between 1d. and 1¼d. a unit, compared with ½d. from a modern thermal plant), according as the argument is decided on the eventual price. How expensive it will be running against the board's thermal stations, whose coal costs have lately gone up sharply, will depend partly on the success of GEC's design and its newly conceived charging machine, which will be most advantageous if it works well. And if it should be thought that nuclear power systems are hopelessly troublesome, it is only too likely that the next generation of thermal generating systems working at critical temperatures and pressures will hardly be less so. These creatures are difficult enough in all conscience. It is not necessary to make them more difficult by failures in legal, accounting, managerial and financial arrangements. Hunterston has started to put some of its extraordinary shortcomings right; but the two sides involved have a duty to themselves, their customers, their shareholders and the public to clear up the rest as early as possible.

A new E.I.U. Survey on an important market:

THE JAPANESE ECONOMY

by The Economist Intelligence Unit Ltd., prepared for The Federation of British Industries

Foreword by Sir Norman Kipping.
Price 42/- post free (excluding airmail)
p.p. vi. 126

Available from F.B.I. Print & Publications
21 Tothill St., S.W.1. WHI 6711

Burden Sharing for the Dollar

IN the week to May 16th, the United States lost $35 million of gold, bringing the reserves down to $16,435 million. This year's losses so far amount to $455 million, against $364 million to the same date in 1961. Gold shares have been the only shares to advance against a gloomy background of losses in industrials and a renewed buzz about the price of gold. The dollar has been weak against continental currencies, particularly the Swiss franc and the Deutschmark. Restlessness about the dollar is increasing. Both those who mistrust it and those who want to see it strongly playing its crucial part in the world's monetary affairs must study two speeches, by Mr Douglas Dillon, the Secretary of the Treasury, and by Mr Robert V. Roosa, Undersecretary for Monetary Affairs, who seized the timely occasion of the American Bankers' Association Conference in Rome last week for major policy statements.

Mr Dillon's propositions were essentially simple: he argued for a "do-it-yourself" development of the European capital markets to relieve the strain on the New York market, and on the American balance of payments, imposed by foreign borrowing. Mr Dillon characterised the recent $25 million borrowing in New York by the European Coal and Steel Community as a "not very efficient use of the world's financial resources." To develop up-to-date capital market mechanisms is indeed one of the responsibilities that rests on Western European countries; to remove "no longer necessary" restrictions on free capital movements is another; and perhaps one might add the possibilities of inhibiting American buying of European portfolio investments could be examined by the American authorities. Britain in the common market could make a powerful difference to the mobilisation and distribution of European investment funds. Here Mr Dillon certainly struck home:

> Today the plain fact is that underwriting and distribution facilities in the industrialised countries of continental western Europe are generally inadequate to meet the foreseeable needs of domestic borrowers—much less those from abroad.

To reform these palpable weaknesses cannot be easy or quick. Britain might open the London market more freely to foreign borrowing; there are restrictions in Italy and France that could go; and Germany might begin to construct the modern capital market that it now virtually lacks.

The Roosa plan is of a far more portentous character. Brooding over the defence of the dollar, Mr Roosa has been examining the possible ways in which the outflow of gold can be staunched. He faces the obvious dilemma with utter frankness:

> A clear distinction has to be drawn . . . between the absolute and unconditional availability of gold to foreign monetary authorities for legitimate monetary purposes and the compulsion on us—in co-operation with foreign monetary authorities—to avoid any unnecessary dispersions of the United States gold reserve, on which our existing international system, in the last analysis, depends. The United States would in fact be just as derelict in its duty to help support and sustain a growing and viable international economy if it failed to defend the gold stock through improved techniques of monetary co-operation as it would be if it failed to make gold available to foreign monetary authorities on demand.

Since the United States is the only country that maintains complete interconvertibility between gold and its own currency at a fixed price, it must be a ready seller of gold on demand. The difference is that other countries are not necessarily sellers to the United States when they have exchange deficits, because their own gold reserves are cushioned by dollar reserves.

So Mr Roosa is concerned to develop methods that minimise

America's gold losses when the balance of payments swings into deficit—" by no means to avoid them, but certainly to avoid conditions that exaggerate them." And he draws some interesting lessons from the success that the United States has enjoyed in the past fourteen months in entering (for the first time since the late 'thirties) into foreign exchange transactions specifically for monetary purposes. These transactions have had the limited aim of alleviating temporary disturbances in the exchange markets, and have been conducted in co-operation with the monetary authorities in Germany, Switzerland, Holland and Italy. By selling the national currencies forward the Federal Reserve Bank of New York, acting as agent of the American authorities, has sought to temper the immediate possibility that dollar holdings accruing to individual countries in disconcerting volume might be converted into gold. In the case of the mark transactions, which reached a peak of about $350 million in mid-June, the American authorities in effect made it possible for recipients of dollars to continue to hold them, and to assure them of later convertibility into marks " if their acquisitions did in fact prove to be sustained "—which means, in part, if they were retained by private holders and did not ultimately come into official exchange holdings.

In the 14-month period, Mr Roosa estimated, total forward exchange operations of the US Treasury in the four currencies concerned have amounted to about $1½ billion—each transaction naturally involving the borrowing of appropriate local currencies to cover the " swap." He sees in this cautious experiment a potential approach to a system in which a key currency country could become an active participant in the international exchange markets. Would these methods assist towards stability in the mechanism of international finance ? Could they reinforce the fundamental work of the IMF ? Would they help international liquidity and strengthen the role of gold ?

MR ROOSA discerned two themes from this recent American experience. First, the United States was increasingly aware of the dual nature of its balance of payments problem :

> We must gain and keep the initiative for influencing the factors that affect our balance of payments, but we must do so in the impeccable manner that assures and retains bankers' confidence. This means that, both as a trader and as a banker, the United States has to keep its markets open and free. We have, therefore, a major stake, which the western world shares with us, in resolving our balance of payments' problem within the framework of a free international economy, with stable exchange rates and an immutable gold price of $35 an ounce.

A sizeable deficit in American payments must almost certainly produce some increase in foreign central bank holdings of dollars, and hence to some further drain on US gold reserves. The disciplines which such movements imply are " fundamental and clear." But Mr Roosa added :

> With $8½ billion of liquid dollar holdings in the hands of private foreigners, we must make sure that speculative forces are not fed by uncertainty about either the ability or the determination of the United States to stand firmly behind the inter-convertibility of the dollar with gold at the fixed price of $35 per fine ounce.

To be able to test whether developments against the dollar might be deeply rooted and sustained, or whether short-lived and soon reversible, is therefore a valuable addition to monetary technique ; it gives a chance of countering the irrational floods of funds from one monetary centre to the next.

So far, these exchange operations have been dictated by market developments. Do they serve as model for a continuous policy of holding moderate amounts of convertible currencies in defence of the dollar as a key currency? One difficulty here is how to acquire such currencies in a sustained period of payments deficit. But in time holdings (" comparatively small ") of other currencies could be built up, through open or forward positions, that might be able to handle " a considerable part of the normal swings in payment patterns, leaving the gold reserves available to cover more fundamental and lasting adjustments." The suggestion, then, is for perimeter defences for the dollar that would economise the dependence on gold and enable strong countries other than those responsible for the two key currencies to take over, in effect, some part of their burden in international payments and investment.

Such a system, Mr Roosa suggested, might be a sensible way to provide for any large increase in long-run liquidity requirements. Many knotty problems would have to be resolved—through the Basle group, the Organisation for Economic Co-operation and Development, and the International Monetary Fund. But Mr Roosa concluded :

> Explorations along these lines are far preferable, it seems to me, to the often proposed types of action (involving still more difficult decisions and negotiations) that basically involve an oath of allegiance by all governments and central banks to a synthetic currency device, created by an extra-national authority bearing neither the responsibilities nor the disciplines of sovereignty.

In drawing so extensively on Mr Roosa's immaculately drafted speech, *The Economist* has had in mind the need to counter any cynical suggestion that the United States is trying to argue itself out of trouble. As Britain has every good reason to know, irrationality plays as conspicuous a part in international exchange as the safeguarding of commercial interest. The fact that the dollar is in trouble is in a sense a credit to American generosity and liberal policies as well as a relief to what was a dollar-starved world. But much is now working together for good in the exchange markets, by a number of international arrangements working in apposition to the IMF. If any monetary authority is foolish enough to seek individual advantage by undermining them, or failing to support them, it could set in train a disaster of monetary fission. The atom club has few members ; the monetary club has many. Mr Roosa is urging them above all else to be clubable.

INVESTMENT SERVICES ON LATER PAGES

COMPANY AFFAIRS

Comments on pages 825, 826 and 827 on :

Anglo American, Dunlop Rubber, Castrol, Philips NV, Marks & Spencer, Averys, Vickers, General Motors, Rolls Razor

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 828 and 829

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 830

BUSINESS NOTES

IN THE MARKETS

Paying Less for Growth

ON every stock market in the western world equity prices are in retreat. Common market equities, as measured by the Euro-syndicat index, are at their lowest point since May, 1960 ; American equities, as measured by the Dow Jones average, at the lowest point since January, 1961 ; and British equities, as measured by the *Financial Times* index, at their lowest point since polling day in October, 1959. The stock markets are not anticipating a world-wide economic recession ; but they are questioning the pace at which further economic growth will occur. In particular, taking their lead from Wall Street, they are wondering whether the calculations about equities based on the assumption of continued, if controlled, inflation are any longer valid ; and whether in a world of more stable currencies the impetus given to earnings and dividends by an expansion in production and trade will be sufficient to justify the high prices and low yields that many equities command. The phrase " profitless prosperity " has made its impact, and without any great head of steam in profits investors have seriously begun to wonder whether returns of 3 per cent, 2 per cent and less on equities, when fixed interest bonds are yielding more, look forward to pie in the sky rather than to the hard competitive facts of domestic and international trade.

EQUITY INDICES

	Base = 100	Jan. 2	Mar. 1	May 1	May 16	May 23
Financial Times	1935	307·1	298·6	307·3	296·4	283·5
The Economist	1953	363·6	356·6	362·4	355·7	340·2
Dow Jones Av.	—	724·7	711·8	671·2	654·0	626·5
Standard and Poors'	1941*	75·0	74·2	69·1	67·7	64·2
France	1960	120·7	107·1	110·5	103·8	103·9
Germany	1959	119·1	113·4	107·3	100·6	96·3
Holland	1953	368·7	392·5	352·7	345·9	338·5
Italy	1950	730·7	718·4	728·4	705·8	712·2
Eurosyndicat	1958	167·3	181·1	188·1	155·7	154·4

* Base = 10.

At times and in its own fashion, the London stock market has made its own obeisance before the altar of " growth " ; but, largely because of the sobering and steadying influence of institutional investment, it has often been more discriminating in its worship than other stock markets. And investers do know what earnings they are buying in British and American stocks ; in many European stocks they have no idea what the earnings may be. Some British stocks still discount the future a long way ahead—in some instances too far ahead ; but British investors learnt a sharp lesson from the boom in the spring of 1961 about the dangers of bidding up the price of all equities indiscriminately. Thus there is less reason for London to panic about price/earnings ratios than there is in other stock markets.

British Problems

IN addition to the further fall on Wall Street, the British market had to contend with domestic problems. It was badly shaken by a gloomy set of company statements, notably those from Dunlop, Fisons and Averys, and then its ideas about industrial expansion later in the year and a further relaxation of the credit squeeze suffered a blow when the Chancellor said that he might have to reimpose economic restrictions if the policy of pay restraint is not allowed to succeed. His statement that " we shall not shrink from doing what we think is necessary " unnerved the stock market though prices became a little steadier on Thursday.

The speculative gains tax has had some effect on the market in the sense that it has inhibited some short-term speculators from " buying on a fall." The selling has not been heavy, but there are no buyers and the jobbers have been marking down prices ruthlessly. As a result, *The Economist* indicator lost 15.5 points to 340.2, its lowest point since the general election. Neither the fall in prices nor the speculative gains tax deterred the stags in the issue of ordinary shares by Ready-Mixed Concrete. When dealings began this week the shares at one moment touched 43s., compared with the issue price of 24s. before coming back to 35s. 1½d.

Apart from a momentary attack of nerves on Wednesday following the Chancellor's statement the gilt-edged market has remained firm. The prospect that the tap on the 1972 Conversion stock will soon run dry has attracted some switching and some outright purchases and the price has moved up quite sharply. The background to the £12 million offer by the City of Birmingham of a 6¼ per cent stock 1972-73 at 97 was thus favourable. The stock offered a running yield of 6⅞ per cent and a redemption yield of 6⅝ per cent. The issue was oversubscribed and dealings began at a premium of ½. Evidently the speculative gains tax is not a great hindrance even for new bond issues if the terms give investors a reasonable turn.

Wall Street's Reaction

A correspondent cables:

IN a speech to the American bankers in Rome, Mr Walter Heller, the chairman of the council of economic advisers, emphasised that in recent years the behaviour of equity prices on Wall Street has not always correctly predicted the course of the economy and once again he expressed his confidence in the economic prospect in the coming month. Mr Heller did not sway the market.

So despite Mr Heller, and without any special sense of panic, prices have fallen to another new low. By the close on Wednesday, the Dow Jones industrial average had fallen to 626, about 14 per cent below last year's high, and the gains made in last week's short-lived rally had been completely wiped out. There appears to be little indication that the bottom is in sight and by virtually every yardstick the market still looks weak and vulnerable. In Wednesday's fall, for instance, 460 stocks fell to new lows for 1962, compared with 236 stocks on Tuesday and 103 stocks on Monday. Moreover, about ten times as many stocks fell as the number that rose, and most of those that did rise were preferred stocks. Even the odd-lot investors, who traditionally go in the opposite direction to general movements in the market, are now bears though in the earlier days of the decline they had been buyers on balance. An important factor in the decline has been the sobering effect of the Securities and Exchange Commission's investigation of the stock market. A number of leading stock exchange houses have come under fire for loose branch office administration and for trading on " inside tips." The SEC has been careful not to alarm Wall Street, but its probe has undoubtedly made speculators more cautious and this has robbed the market of some of the technical support that might otherwise have been forthcoming.

THE ECONOMY

Unemployment Up

AFTER a pause in February, unemployment in Britain has continued to rise —in the sense that it has failed to improve as much as it should seasonally. Between February (the worst month for unemployment) and May, the number of people wholly unemployed can usually be expected to fall by about 60,000 ; this year the reduction was only about 20,000. Including those only temporarily stopped, there were 423,663 people registered as out of work on May 14th, equivalent to 1.9 per cent

of the labour force; a year ago the rate was 1.3 per cent.

Although unemployment worsened a little in May, the number of vacancies rose by about 6,000 in a period when normally there is no change. This is the first increase in vacancies, other than purely seasonal ones, since June, 1961. But with 109,000 fewer vacancies than a year ago and 108,000 more people wholly unemployed, there are eight people seeking work for every five jobs offered.

ENGINEERING

Output Up, Orders Down

THE engineering industry found its order books still shrinking in the first quarter of this year, though that is the time when it should be building up orders against the lean period that comes at the end of the summer. Total orders received were 13 per cent less in volume than they were in the first quarter of 1961. The fall was larger in home orders—16 per cent—than in export orders, which dropped less than five per cent. So the trend that was appearing last year has continued, with investment at home falling and forward export business, too, tending to decline. March by itself showed an even bigger fall in orders than the quarter as a whole—20 per cent—but the random manner in which large and small orders are booked means that this should not be regarded as too disastrous a sign for the industry.

The output of the industry rose throughout the quarter, which must account for much of the rise in the index of production. For March it was six per cent higher than a year before, helping to bring the volume of orders on hand down to 119 from 120 at the end of December. Export deliveries rose less than those to the home market, which the Board of Trade ascribes to the after-effects of the 1960 dock strike that inflated shipments early in 1961; in total they were four per cent higher in the quarter than a year before. Last year and in 1960 orders were coming in at a rate nearly 20 per cent higher than deliveries, which perhaps best illustrates the extent to which the industry is now living on its fat—in a seasonally adjusted sense.

GAINS TAX

A Look at Disclosure

THE key discussion on the Finance Bill this week was Wednesday's debate on the propriety of enforcing disclosure to the Inland Revenue by banks and other agents of their clients' affairs that might be concerned with the gains tax. The government had earlier promised to rectify the inadvertent drafting which would have brought the switching operations of the mutual life offices within the tax, so putting them on the same terms as the proprietary life offices. It also resisted efforts by the opposition to turn this short-term gains tax into a long-term capital gains tax—not the easiest exercise in logic, since Treasury spokesmen insist that it is "equity," not revenue, that the government is after. The danger remains that this expediently-framed legislation may be changed in the simple way that Labour amendments proposed into a bad capital gains tax, thus ruling out the possibility of a properly constructed one. A sensible amendment to exclude from charge gains of less than £100 was promptly rejected; the Financial Secretary, Sir Edward Boyle, took it upon himself to assure the House that the Inland Revenue would have "something better to do than chasing small investors about these small sums." Will they? How does he know? And is he qualified to say so?

The government has been moved, at least a little way, by criticism of the powers that are sought for the Inland Revenue to demand of bankers and other agents particulars of their clients' transactions. It would not concede that a High Court order should first be secured. The view of the Attorney General, Sir Reginald Manningham-Buller, was that the powers were necessary to secure a proper check but they could be exercised only for a named person, not in general enquiries, to check the accuracy of a return made by a particular tax payer. But he promised that before the report stage he would consider whether the powers could be more closely defined. He did not say why Section 414 of the Income Tax Act 1952 was insufficient for this purpose.

CANADIAN DOLLAR

Question Marks

THE Canadian dollar this week has been bumping along its artificial bottom of 91.90 American cents, betraying a lack of certainty, if not indeed of confidence, about the effectiveness of the devalution three weeks ago. *The Times* Ottawa correspondent has put more bluntly than anyone else the fears that now surround the Canadian dollar: "Any further devaluation before June 18th would seriously affect the chances of a further term in power for the Progressive Conservative Government." Even those informed Canadians who are full of questioning about the Canadian Government's policy would probably regard this as an extreme way of putting things. Without raising the possibility of a second devaluation within a few weeks of the first, they are asking whether electioneering is compatible with the right combination of economic and financial policies that is needed to make the first devaluation "stick." Government spokesmen have been making much of the fact that Mr Louis Rasminski, the Governor of the Bank of Canada, was behind the move to a 92½ per cent dollar —a compliment that has suggested to some realists who remember the Fleming/Coyne controversies that if devaluation goes wrong another Bank Governor can be publicly involved. This may sound a cynical view, but with the Prime Minister and Finance Minister out in the country electioneering, it has taken some hold. At any rate, the campaign is providing more opportunity for spending promises than for urging the kind of austerity and belt tightening that alone can make sense in Canada's present difficulties; and in this the Liberals are well abreast of the Progressive Conservatives.

Much is being made, too, of the support that Canada can now get from the IMF—$225 million in two bites before awkward disciplines are imposed from Washington—as if this could provide decisive support. Meanwhile, the Canadian authorities seem to have been much concerned to reassure the Toronto market that the dollar would be held at 92½ cents—an ear-stroking move that was not received as being made from strength. There is, indeed, every indication that the maintenance of an easy monetary policy by the Canadian authorities is itself financing the outflow of capital from Canada, and while the hand of the Bank of Canada may be at work in the rising level of bill rates, the almost gossamer-thin market for long bonds is coming under severe pressure. It looks more and more as if Canada must resort to a real, effective bank rate—not a residual bank rate determined by what is made to happen in the money market, but a meaningful use of interest rate policy. This would be a first psychological step towards making present devaluation effective.

OVERSEAS TRADE

Fine Not Dandy

THE government's tapping of the export barometer this year has produced such consistently encouraging readings that it is hard to resist the temptation to keep running out to check whether it really has stopped raining. Exports in April were still on the upgrade though not as pronouncedly so as in the earlier months of recovery. The seasonably adjusted rise of £2 million carried them to £314 million fob, the best monthly result since August of last year. If the Board of Trade had not made much of the consistent monthly improvement in exports to the sterling area since the end of 1961, it would possibly have been irrelevant to record that exports to the sterling area in April fell back quite sharply to around the February level after a heart-warming rise in March. In the past three months expansion in exports to Australia and New Zealand have been partially offset by setbacks elsewhere, which one hopes have been fully taken care of in earlier export prognostications. Nevertheless, an improvement in exports to the sterling area of 2½ per cent over the level of the previous three months was achieved.

The North American market stayed flat in April at the disappointing March level. Apart from the £2 million rise in exports to Western Europe, the progress was made in the miscellany of markets covered by "rest of world" (a rise of £4 million) and in exports to Russia and its satellites (up £3 million). However, an improvement smells as sweet whatever its regional classification. Exports of chemicals recovered quite strongly in the past three months, and exports of whisky flourished. Exports of basic materials and fuels were respectively 10 and 8 per cent higher than in November-January.

The fall in imports of basic materials continued in April, bringing the seasonally adjusted figure to £71 million cif, compared with a peak of £93 million in February of last year. In the last three months, imports were 13 per cent less than in the corresponding period of last year. Imports of foodstuffs rose by 5 per cent, compared with a year earlier; increased imports of fruit and vegetables contributed to the growth. Imports of potatoes in April were £4½ million, against £2¼ million in April, 1961. The increase was entirely in old crop potatoes.

Though the Dillon round of reciprocal tariff reductions was completed by last week's announcement that Britain had agreed cuts on a range of goods mainly of interest to itself and EEC members, no date has yet been fixed for bringing them into effect. Imports from EEC countries worth £115 million in 1959 will benefit from the complete round of tariff reductions, mostly of 20 per cent. The common market countries bound themselves not to raise certain tariffs where the implementation of the common external tariff would otherwise have called for it. Cuts in tariffs on certain other products were also negotiated. Reductions agreed in the common tariff will not come into full effect until it replaces the individual tariffs of the member states. Only the first stage of this transition has been completed.

COAL

The Ruhr Cartel Loses

ON May 18th the European Court at Luxembourg dismissed with costs the Ruhr coal companies' appeal against the community's ruling of June, 1960, by which they were forbidden to set up a single Ruhr coal sales syndicate; but the German mine-owners are still hoping against hope that the last word has not been said. And one of their grounds for hope derives from the pending negotiations for Britain to become a member of the community (which France appears to have managed this week temporarily to block on an issue of procedure).

The German coal industry is arguing that if Britain joins ECSC it would be insupportable for the German companies to have to compete severally against the single marketing department of the monolithic National Coal Board, which has 200 million tons a year to sell at home and abroad. In such circumstances the European court has already admitted, there might be a case for reconsidering the situation. Coal marketers in west Germany are also arguing that the European Court cannot have taken into account the inroads of fuel oil competition into markets formerly served by coal. It is argued in Essen that the proposed sales syndicate is the only weapon with which coal can meet the competition of oil.

The Germans are prepared to argue that the validity of the Luxembourg treaty, which was framed in the light of the conditions prevailing in 1952, has been impaired by subsequent developments, and are suggesting serious efforts to "bring the treaty up to date" as soon as possible. They argue that revision would become imperative should Britain, whose coal output is almost as large as that of all the Six put together, enter the community. But it is appreciated that the process would be long and difficult.

INVESTMENT DOLLARS

Pooling the Pools

LAST week the Chancellor of the Exchequer announced the merging of the pools of "hard" and "soft" dollars—a move long advocated by outside observers—and an important relaxation of the highly debatable control of direct investment overseas he introduced last July. This imposed on companies wishing to invest outside the sterling area the condition of "clear and commensurate benefits to United Kingdom export earnings and to the balance of payments" in the short-run before they could get the necessary foreign exchange through the ordinary market. Companies unable to fulfill this condition may now use this new pool of "investment" dollars for such projects—which introduces a new element in the market for this fixed pool of currency, since its use has hitherto been limited to portfolio investment.

The unifying of the hard and soft dollar means that the pool available for buying European securities, previously soft dollars, is greatly enlarged. Hitherto the soft dollar could be used to buy securities anywhere

Stockholm Occupied

BRITISH industry has descended on Stockholm in its biggest ever promotion exercise. The centre-piece is a trade fair where over 500 British firms in 210,000 square feet of fairground are showing products worth £2 million on and around stands that cost over £500,000 to erect. Around this centre-piece are the trimmings of history: the ghost of Oliver Cromwell and his Angio-Swedish Trade Treaty of 1654; and the British way of life with policemen, a double-decker bus, a 60-foot replica of Big Ben (complete with chimes) in Stockholm's main square, the Royal Navy, the Royal Air Force, the bands of the Royal Scots Greys and the Argyll and Sutherland Highlanders, Beryl Grey dancing with the Swedish Ballet Company, Burnley football club, British jockeys at a special race meeting, and Prince Monolulu.

A sudden deluge of British goods has filled the windows of Stockholm's stores and even the local television service has turned its nationwide facilities over to the fair promoters. All in all, the Swedes seem greatly impressed by the whole effort and the activities in Stockholm itself are persuading many that they ought to go and see the fair. In the first three days over 30,000 members of the public have seen the fair besides the many business visitors. The organisers and many of the representatives at the fair think that the Swedes have been "bowled-over" although they themselves add that Sweden is not a country used to big trade fairs. Most of the firms and industries have made a real effort to get their products across and many of the stands are very good, in particular ICI's, the shipbuilding industry's, and the National Coal Board's, though the fair as a whole lacks an air of unity. One unfortunate aspect is that Swedes who come to the fair on the London Transport bus from the centre of Stockholm are greeted at the entrance by a portable bus-stop and a vista of peanut and ice-cream stands. These do, however, at least hide a terrible Tudor-style public-house originally intended as the main-piece of this entrance.

Planning for the fair began eighteen months ago with the image of EFTA as its driving force; a wistful undertone is not therefore altogether surprising. One of the commonest question asked of the organisers was "why have the fair in a country that already takes 10 per cent of Britain's exports?" The organisers answer first that the fair is not limited to Sweden; businessmen from Denmark, Finland, and Norway are being flown to Stockholm; secondly, there is a limited number of countries where a fair can be held, and many countries have their own fairs in which British firms already participate; and thirdly, that it is as important to preserve established markets as to go after new ones.

in the world, including the dollar area, while hard dollars were available for the purchase of North American securities only. At the same time residents of overseas sterling area countries were allowed access only to the soft dollar market. Before investment in Europe became popular, this created a movement of funds from the soft pool to the hard pool; the reverse movement was prohibited so that the hard pool grew at the expense of the soft. The growth of investment in Europe created a strong demand for soft dollars and just before the amalgamation of the pools the soft dollar was quoted at a premium of 5½ per cent over the official rate, compared with 2½ per cent for the hard dollar. After opening at 3 per cent the rate for the new investment dollars rose to 4⅜ per cent but has since returned to 3 per cent. So far there has obviously been little buying of these dollars for direct investment purposes, but once the market gets under way—and since the authorities do not intend to supply it with fresh dollars from the reserves—each purchase for direct investment will involve a permanent reduction of the pool and tend to create a higher premium.

These moves have two implications. First, the authorities presumably now feel that investment in factories and other projects overseas is at least as important as having a third line of reserves which in an emergency can be quickly called in and converted into foreign exchange. Secondly, the ending of a control which allowed funds to flow into but not out of dollar stocks, must suggest that the authorities now feel that the non-dollar element in this third line of reserves is as important as the dollar element.

BANK CREDIT

Playing Safe

THE movement of net advances of the clearing banks in the four weeks to May 16th confirms that the sudden increases in February, and to a lesser extent in March, were attributable to temporary demand to finance tax payments and that the lending policy of the banks has not changed. The fall in advances of £4 million compares with a fall of £7 million in the previous month to mid-April and is against the seasonal trend; in the same period of 1961 advances rose by £23 million and in 1960 by £40 million. Advances of the Scottish banks were virtually unchanged following the previous month's increase of £7 million.

There is no suggestion of a tailing-off in the demand for advances. The liquidity ratio of the banks has been stationary at 32.6 per cent for the last three months and is now the highest it has been for mid-May since 1957. In these circumstances there is no doubt that had the banks wanted to they could have increased their advances. That advances have in fact fallen suggests that the banks are determined to "play safe" until they receive a firm indication from the authorities, in the shape of a release of special deposits or a withdrawal of the official request for restraint in lending, that they are willing to see an increase in bank credit.

LONDON CLEARING BANKS
MAY 16, 1962

	£ mn.	%	Changes on Month £ mn.	Changes on Year £ mn.
Gross deposits	7,519		+71	+169
Net deposits*	6,942		+26	+102
Liquid assets	2,454	32·6	+24	+140
Cash	601	8·0	−16	+ 8
Call money	729	9·7	+34	+149
Treasury bills	861	11·4	+15	− 51
Other bills and "liquid" credits	263	3·5	− 9	+ 34
Special deposits	221	2·9	+ 1	+ 76
Risk Assets:				
Gilt-edged	1,001	13·3	+ 3	+ 7
Other market investments	112	1·5	...	...
Advances*	3,365	46·8	− 4	− 81
(To State Boards)	(56)		(...)	(−6)

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

MOTORS

Output Lags

RISING home sales and exports were not reflected in the output of the motor industry in April. The weekly rate of production fell from 26,176 in March to 23,626 in April, though in fact this is no more than the result of the Easter holiday. Within the static total output dropped at the British Motor Corporation as the result of its strike in the first week of the month—which lost the company about 9,000 vehicles. This was offset by an increase of about 15 per cent at Ford as its new Zephyr-Zodiac range neared full output and that of the older models was stepped up to meet spring demand. The other firms do not seem to have altered their production rate significantly, though Standard-Triumph has started producing the new Vitesse, making for some increase, while Rootes has been suffering recently from troubles among its suppliers. With BMC's latest strike as well May is unlikely to show a rise in output either.

Stocks must have fallen sharply in April, and they will be continuing to do so this month. Though home sales did not rise quite as much as might have been expected after the budget, they reached 79,600, and with exports of 51,266 sales exceeded production by about 25,000. The home market seems to be more active this month, so that stocks will be falling even more in the absence of the rise in output that the industry, and especially BMC, had been planning. Delivery delays are now even more likely to appear soon for its cars. As happened last summer, BMC may find its share of the market falling because it cannot meet the demand. Ford already seems to have been regaining some lost ground with the spring.

The continued high rate of exports may still be a result of a change from de-stocking to stockbuilding in many markets, but it also reflects the increased competitiveness of British cars now that many new models are available and the older ones are being sold at lower prices—even though the higher sales that are being won in this way cannot add to manufacturer's profits. The United States, Australia and Europe continue to be the markets accounting for most of the increase in shipments. Exports of commercial vehicles, however, continue to be lower than they were last year—a disappointing reversal of fortune.

Selling to Australians

THE Australian market has given the British motor industry much pain since the war. The locally-built Holden has won a dominating position there, and local politics have forced British companies to invest heavily in local assembly plants; recurrent balance of payment troubles continue to cause sharp fluctuations in demand. Just now, sales are recovering from the last year's slump, caused by the government's efforts to curb home demand; sales in the first two months of this year were a third higher than a year before. The British Motor Corporation should therefore have a good start with the new Austin Freeway and Wolseley 24-80 models that it has just introduced as direct competitors for the Holden and the Ford Falcon—which between them account for nearly half of all sales in Australia.

The Freeway is a special model for Australia, though like the Austin Lancer and Morris Major this really means a unique combination of (modified) parts from other models in the BMC range. The engine is a smaller version of the six-cylinder unit used in the Austin A110; with the same cylinder dimensions as the 1,622 cc four-cylinder unit used in the Lancer and Major, so that it can be machined on the same line, it has a capacity of 2,443 cc and develops 80 bhp. The emphasis is on power at low engine speeds to give good top gear acceleration, so a three-speed gearbox is used. The body is that of the A60, with a slight increase in track and wheelbase, and modified steering and suspension. Priced at £A1,130, including a heater, it costs £A79 more than a Holden and £A41 more than the Falcon, which do not have a heater. It thus has a slight disadvantage to overcome in price when competing with these cars, as well as having to storm the entrenched position that the Holden at least now possesses—with the concomitant of high part-exchange values for used models.

Despite these efforts with special models, it is the Mini that has done most to improve BMC's sales in Australia, as in Britain. Introduced last year, it has brought BMC's share of the market up to nearly 16 per cent in the first two months of this year, against

Founded 1762

THE EQUITABLE
HAS JUST DECLARED
REMARKABLE
BONUSES

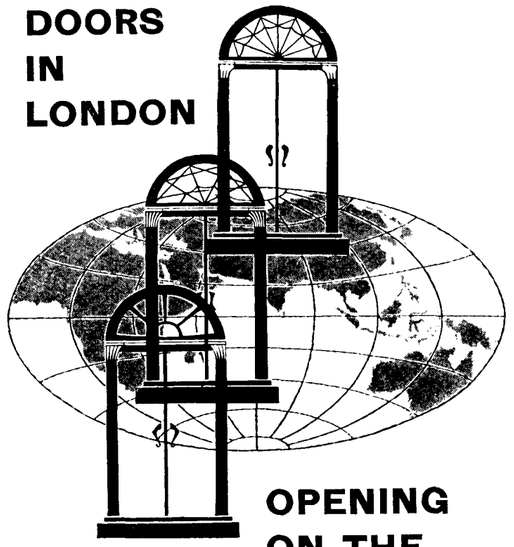
The minimum rate
is 90s. per cent per annum—
half as much again as last time.

The Equitable offers attractive terms because it has no shareholders to take any part of the profits and pays no commission for the introduction of business.
Enquire for details of with-profits policies.

THE EQUITABLE
FOR A BETTER DEAL

The EQUITABLE Life Assurance Society
19 Coleman Street, London, E.C.2.

THREE DOORS IN LONDON



OPENING ON THE East

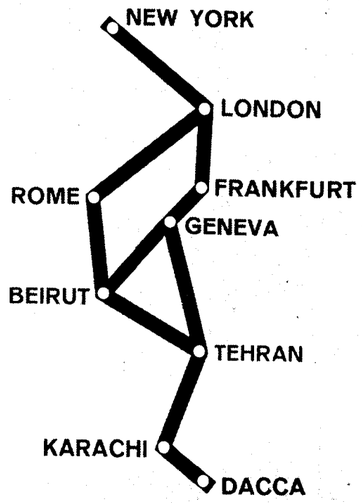
Three Banks have merged. Separately, they have large assets, a fine tradition and a wealth of experience. United, they offer a comprehensive service in all matters affecting business with the East and the Middle East.

THE HONGKONG AND SHANGHAI BANKING CORPORATION
Head Office: Hong Kong
London Office: 9 Gracechurch Street, London EC3

MERCANTILE BANK LIMITED
Head Office: 15 Gracechurch Street, London EC3
West End Branch: 123 Pall Mall, London SW1

THE BRITISH BANK OF THE MIDDLE EAST
Head Office: 7 King William Street, London EC4

Group total assets exceed £478 million



When booking flights to the East or the West, remember, PIA fly to New York, Frankfurt, Geneva, Rome, Beirut, Tehran and 21 points inside Pakistan, India and Burma.

Great people to Fly with – PIA

PAKISTAN INTERNATIONAL AIRLINES 45 PICCADILLY, LONDON W1. REGENT 5544
BIRMINGHAM: Midland 1900, GLASGOW: City 3133, LEEDS: Leeds 21188, MANCHESTER: Blackfriars 7546

7½ per cent a year before. This puts BMC ahead of Volkswagen, which has about 12 per cent of the market, and just ahead of Ford with 15½ per cent. But it is still far behind Holden, which accounts for 36 per cent of sales. BMC will have to pick up a good deal more before its investment of £A21 million in its Sydney plant is anything like as profitable as that of General Motors in the Holden.

LINERS

Cunard Has to Redeploy

THE results from Cunard fulfil the forecast made last October that there would be a "heavy loss" for 1961. The consolidated operating surplus has fallen from £4.5 million to £1.1 million but after depreciation and tax a net profit of £668,000 in 1960 has been replaced by a net loss of £1,729,000. This depressing news caused little stir in the market and the shares were unchanged at 16s. even though hopes of a token dividend held out by the directors in their forecast have been dashed. It is a sorry comment on the present fortunes of the shipping industry that with the passing of the dividend the Cunard shares are no longer eligible as an investment for trustee. The directors' decision presumably reflects the grim prospects both on the sea and in the air for the last balance sheet showed cash and investments of £17 million, equivalent to about 26s. a share.

Since the decision was taken last year to postpone the building of a replacement for the *Queen Mary*—and to abandon the idea of building a vessel of very similar characteristics—there have been several signs of radical rethinking by the Cunard Line in respect of its North Atlantic services. For example, the normal summer overhaul of the *Queens* has been dispensed with, so that the ships can take the fullest advantage of the high season; and it is proposed to try some cruises from New York with the *Queen Elizabeth*. This is in the nature of an experiment, for the vessel was never designed with the alternative purpose of cruising in mind, but it may prove commercially successful.

The intermediate passenger-and-cargo services to New York and Canada have been pruned. The *Media* and *Parthia* have been disposed of, and at least two of the four *Saxonia* class vessels are to be refitted for cruising; and it is possible that some sailings will be made from Continental ports. Meanwhile tenders have been invited from several British and European shipyards for the construction of four cargo vessels of 7,500 tons deadweight for the North Atlantic cargo services, at present being partly provided by vessels chartered from Sweden. Finally the *Mauretania*, when not cruising, will operate between New York and the Mediterranean in competition mainly with the Italia Line. But so far as passenger traffic is concerned, it looks as though the Cunard Line is going to make a determined bid in the air, both across the North Atlantic and in Europe. The outcome of the present hearings before the Air Transport Licensing Board, therefore, are likely to be of great significance to the company.

CHARTER FLYING

Storm in a Teacup

THE minor fracas that occurred last week between British and United States aviation authorities over permits for chartered aircraft is a storm in a teacup mighty irritating to Cunard Eagle, but unlikely to disturb any of the other North Atlantic airlines unduly. Charter flights have become the accepted method of fare cutting on this route; last year, 256,478 passengers crossed in chartered aircraft at roughly half-fare. This is half as much again as the numbers who used chartered aircraft in 1960, and accounts for 13 per cent of all passengers on the route. It is business that the scheduled airlines can ill afford to lose. Although traffic is rising they have recently been selling less than half their seats, and are offering cut rates for parties of 28 or more to try to fill them.

Cunard, frantically searching for work to occupy a fleet that now include two Boeing jets representing a £6 million investment, has been trying since its licence for regular services was refused by the Minister to expand its charter business on the North Atlantic. It has come up against an American ruling under which, while permits are granted for almost unlimited charter flying by charter airlines, airlines flying scheduled services to the United States have their charter flights rationed to a fixed 10 per cent of those services.

America's Civil Aeronautics Board has threatened to apply this ruling to Cunard Eagle on the grounds that, although the main company has no regular services to the United States, its subsidiaries have. Strict interpretation of this rule would decimate the flights planned by Cunard. The CAB has no love for Cunard Eagle, and has let the airline cool its heels waiting for a decision for so long that this summer's plans have had to be cancelled and the Ministry of Aviation driven to intervene. The Ministry has pointed out amiably enough that further dilly-dallying by the CAB might prompt it to look at UK licensing arrangements for American charter flights into this country. But the two agencies have no intention of falling out over an airline that both regard as one of aviation's awkward squad, ever prone to rock the boat.

FERTILISERS

Come Muck-spreading . . .

IN a gloomy week for the fertiliser industry, Fisons announced that it expects its trading profit for the year to 30th June 1962 to be down by £1.3 million on the previous year's £3.6 million and that "there will have to be a modest reduction in the final dividend". Shell, ICI and Fisons also published lists of fertiliser prices for the 1962/63 season which show reductions for the third year in a row.

The price reductions match, as they have for two years, cuts in government subsidies; last year these provided nearly 30 per cent of the £114.5 million farmers spent on fertilisers. The subsidies are to be reduced by £2.5 million in the coming year and the reductions may well continue until they disappear altogether (which they must, if Britain is to join the common market). Although the Monopolies Commission found in 1959 that high profits were being made on some fertilisers, it is unlikely that these would allow manufacturers to match cuts in subsidies indefinitely. Indeed, if Fisons' profit estimates are anything to judge by, the industry cannot really afford the present reductions. Yet prices will probably move still lower to anticipate competition from abroad.

Even against this highly competitive background, Fisons' forecast of a drop of more than a third in profits for the current year is a shock. It reflects not only the price reductions, which were general throughout the industry, but also the effects of Fisons' special discounts last year. By inducing farmers to buy fertiliser in June, Fisons effectively maintained last year's profits at the expense of this year's. The fall suggests that earnings will not be more than about 10 per cent on the ordinary capital. The "modest reduction" in the final dividend that the board foresees is likely to be at least 1 per cent, making a total of 10 per cent, although a final of less is possible, particularly in view of the gloomy prospects for next year.

The fall is attributed to a drop in the sales of compound fertilisers, of which Fisons is the largest UK manufacturer, holding 40 per cent of the market, and to a "considerable loss" on the food side. The losses on food may not be repeated but those from fertilisers are likely to increase: this year's price reductions, although allegedly accounted for by "progressive efficiency," will cost Fisons an estimated £1 million—and this does not allow for a drop in sales. It seems that shareholders are aware of these arguments as the price of the ordinary shares has dropped by 5s. 6d. this week.

BIDS AND DEALS

Taking the Biscuit

AS in other branches of the food trade competition in the biscuit industry is keen and margins are under pressure. Competition has come from within the industry and from the confectionery trade, and although sales have shown a small but steady rise biscuit prices have risen only half as much as other food prices since the war. Costs have risen sharply, in advertising and in packaging. In recent years

chocolate biscuits have sold rather better than plain biscuits but these are now subject to a 15 per cent purchase tax.

Not surprisingly the trend is towards automatic processes, fewer lines and bigger units. Apart from Associated British Foods the two major companies in the industry making biscuits alone are Associated Biscuit Manufacturers, which includes Huntley and Palmers and Peek Frean, and United Biscuits, which resulted from the merger of McVitie and Price and Macfarlane Lang in 1948. Both these biscuit companies have recently published their results for 1961, showing increased sales but lower profit margins and lower net profits. With size clearly an important factor in this industry it is not surprising that United Biscuits, already the biggest manufacturer in this country, has now made a bid in shares and cash worth in all £6½ million for William Crawford and Sons, the biggest private company making biscuits in this country. William Crawford has factories in Edinburgh and Liverpool, and also owns 47 per cent of the capital of D. S. Crawford, a public company which operates a number of restaurants and bakery shops in Edinburgh and Newcastle. United is offering to acquire the remainder of the D. S. Crawford capital at a price of 65s. for the 10s. shares, quoted at 42s. in the Edinburgh market. In all this acquisition will add about £840,000 to United Biscuit's profits before tax of about £3 million, while the United Biscuit's ordinary capital will be raised from £6 million to £7.1 million. At the current price of 47s. 6d. the United Biscuit shares yield just over 3 per cent.

STEEL

Will Russia Pay for Knowhow?

WHEN the Austrian Chancellor, Dr Gorbach, leaves for an official visit to Moscow at the end of June to persuade the Russians that some form of association between Austria and the European Economic Community does not violate its treaty obligation to remain neutral, it is likely that he will also discuss the problem of LD steelmaking in the Soviet block. This relatively new process of pneumatic steelmaking with oxygen was developed in Austria after the war; it is comparatively cheap in capital cost and particularly suited to very high production of standardised qualities of steel. Internationally it has been adopted more widely than any other of the oxygen processes.

At present there are 35 LD (Linz-Donawitz, after the two main Austrian works) steelworks in operation throughout the world with a total yearly output of 25 million tons, and a further 47 works planned to produce 45 million tons a year are under construction. According to these figures there should be 82 LD steel plants in operation by 1965 with a total yearly output of 68 million tons, so that LD output by then should constitute 20 to 25 per cent of world steel output.

Although the Austrian steel industry is nationalised, a special company, BOT (Brassert Oxygen-Process Co.) has been set up at Zurich to issue licences to produce and to exploit the LD process. The shares of this company are held, half and half, by the two big nationalised Austrian steel enterprises, Vöest and Alpine-Montan. Its accounts are a closely guarded secret, since both groups of shareholders are anxious to prevent licence holders knowing what the profits from the competitive sale of licences amount to.

The Austrians have so far refused to sell the rights of the LD process to any country in the Eastern block, although certain of these countries, USSR and Rumania, have made known that they were interested. On the occasion of Khrushchev's visit to Austria in 1960, the Russians expressed the desire for the Austrian iron and steel industry to build an LD plant with an output capacity of 2 million tons. But blowing a Bessemer converter from the top with oxygen is not beyond the wit of steelmen anywhere: there seemed little doubt that even if they were refused the LD rights the Russians could develop a similar process, and eventually the Austrians decided to negotiate.

The ensuing discussions, which have gone on since 1960, have broken down over the question of payment. The Russians were prepared to pay half in currency and half in goods—a large part of the goods they

NEW CARS

Vitesse, French and British

The Renault R8

HIGH performance in relation to their size is common to the new Renault R8 and the Triumph Vitesse. The Renault, which will be officially announced at the end of June, is a supplement rather than a replacement for the Dauphine. It has, according to *l'Auto-Journal*, the same 956 cc engine as the Floride S and Caravelle models introduced in March, with its engine power slightly reduced to 51 bhp; and it shares their other mechanical parts, including Dunlop disc brakes on all wheels—the first time a small mass-produced car has been so equipped—and a radiator mounted behind the rear-mounted engine. The R8 seems to have rather more body space than the Dauphine, and its performance should be substantially better with 21 more bhp available.

Though the price has not been fixed, it is likely that it will be higher than those of the Simca 1000 and Citroen Ami-Six, which cost about £475 in France. Renault seems to regard it as a competitor for larger-engined cars such as the Simca Aronde, Peugeot 403 and Volkswagen 1500. Though the R4 has not taken sales away from the Dauphine, the R8 seems bound to do so; but keeping the Dauphine going will allow Renault to get the full benefit from its by now depreciated investment in tools for this model, and to offer a wider range. One-model policy is becoming a thing of the past.

The Triumph Vitesse is a rather more specialised car: it is the Herald fitted with a 1,596 cc version of the Vanguard Six engine, dolled up with a new bonnet and four headlamps. Developing 70 bhp, this gives the car the performance that the Herald has lacked; acceleration is significantly better than that of the Mini-Cooper, and if the gears are used it is in fact little inferior to that of bigger cars like the new Ford Zephyr Six and the various 3-litre sixes up to 60 mph—which it will reach in second gear. At higher speeds, its acceleration is less good than that of the bigger cars, however; the maximum speed is nearly 90 mph while the bigger cars will mostly reach 100 mph, and acceleration in top gear is naturally inferior. But the Vitesse is a strong contestant for the traffic lights *Grand Prix*. The car can be cruised at up to 80 mph, though its directional stability begins to deteriorate at higher speeds. Disc brakes are fitted to the front wheels, and they are able to cope with the car's performance.

Selling at £837 for the saloon and £893 for the convertible, the Vitesse is £26 cheaper than the Ford Capri and comparable to the 1,500-1,800 cc saloons, but £197 dearer than the Mini-Coopers. Standard-Triumph reckons that it will tap a specialised market among those who want a small high-performance car, but something bigger than a Mini. It is certainly attractive in terms of performance for money. The new version of the Ensign, with the 2,138 cc version of the Vanguard four-cylinder engine used in the TR4, which S-TI has introduced at £848, should keep its stake in the medium-sized car market alive. Though this is a dated design, the price is that of the Ford Zephyr 4, and the car has a reputation for ruggedness.

E.C.G.D. COVERS YOU AGAINST BUYERS WHO DON'T PAY

When you're going into foreign markets it pays to know whether your customers' credit is good. ECGD can give you the answer. From up-to-the-minute credit reports on 140,000 buyers in 170 markets ECGD agrees the right ceilings for your buyers. It does more: it insures your business against default in payment for goods you have supplied, and a lot of other risks besides.

Are you out to expand overseas sales? ECGD is at hand to help—to back you (more cheaply than ever before) so that you can press ahead with singleminded confidence. Insured business is sound business. ECGD makes helpful bank managers even more helpful. Get in touch with ECGD straight away.

EXPORT WITH AN EASY MIND

E.C.G.D

EXPORT CREDITS GUARANTEE DEPARTMENT

Find out all about it from your local office now:—

City of London: Tel—Royal 3491
West London: Tel—Whitehall 9061
Belfast: Tel—Belfast 29428
Birmingham: Tel—Edgbaston 4375
Bradford: Tel—Bradford 25147
Bristol: Tel—Bristol 22011
Edinburgh: Tel—Caledonian 3004
Glasgow: Tel—Glasgow, Central 3056
Leeds: Tel—Leeds 30082
Liverpool: Tel—Liverpool, Central 5756
Manchester: Tel—Manchester, Blackfriars 6236
Newcastle-upon-Tyne: Tel—Newcastle-upon-Tyne 29838
Nottingham: Tel—Nottingham 46585
Sheffield: Tel—Sheffield 29151

Head Office: Tel—Monarch 6699

CRC 52

have in mind being oil. Their proposal, however, came up against opposition from the Austrian Department of Commerce which refused to sanction the transaction unless 75 per cent of the price was met in currency.

The Austrians demand at least $3 million for the LD patents. They have in mind, also, the question of contracts for building LD plant, particularly the converter vessels. The Vöest company builds plant as well as making steel, and has gained quite a number of contracts for doing so at foreign LD plants. But Russia is a large scale exporter of steel plant too, though its expertise, like that of Britain or the United States until recently, has been more in the openhearth field than in plant for pneumatic steelmaking. The Austrians are naturally not anxious to add to the array of foreign plant builders now prepared to build LD steel plants yet another—and one whose commercial policies often have a strong dose of politics.

URANIUM

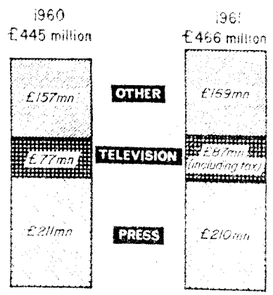
$5 *a Pound*

ALL that appears to be holding up the signing of the most toughly negotiated uranium contract of all time, under which the Atomic Energy Authority will agree to buy from Canada 12,000 tons of uranium that it does not want, is the Canadian government's own domestic problem of sharing the contract sensibly and equitably (the two are not synonymous) between existing mines. The terms of the contract had been settled by the beginning of the year, although when *The Economist* mentioned a price of $5 a pound, less than half what the Canadians were accustomed to and $3 less than they were asking, this was denied in Canada at the time. But the Canadian Prime Minister has now himself confirmed that agreement has been reached at prices reported from Canada to be between $5 and $5.25 a pound. This, roughly, sets the world price for uranium, which has been in a state of flux waiting for just such a large deal as this to show a price at which a large buyer would buy and a big seller sell.

The 12,000 tons, on which the Atomic Energy Authority had an option that it took up only under government pressure, is a lifeline for the Canadian uranium industry. Without it, the mines would almost certainly face closure in 1966, when present contracts expire. The AEA's order will keep them ticking over until the early 1970s, when prospects for atomic power might be expected to produce a demand for uranium that does not exist today. But the AEA already has eight years' supply of uranium either in stock or on order, the value of which it is already beginning to write down. This, in addition to the new contract, looks like meeting all foreseeable British uranium requirements for the next 12 years.

ADVERTISING EXPENDITURE

Spending on advertising and other forms of sales promotion last year once more reached a record figure, according to the *Advertiser's Weekly* annual survey, though the gain was less than had been expected earlier. As a proportion of national income the total remains at under 2.2 per cent. Though press advertising declined along with the number of newspapers, national Sunday papers, provincial dailies and provincial and suburban weeklies all increased their revenue from this source.



FINANCIAL STATISTICS

At Length

IN August, 1959, the Radcliffe committee recommended the "regular issue in a single publication" of all the statistics relating to the monetary system. Foreshadowed in the last budget speech that publication has now appeared. It contains within its 80 pages—63 of tables and 17 of explanation—all the available statistics on the monetary system, with the notable exception of those relating to insurance companies.

The announcement that this publication was to appear came as a surprise; the introduction of a quarterly bulletin by the Bank of England, with comments on policy and events along with a series of statistics, was taken as the authorities' compromise on the Radcliffe recommendation. The new publication is nonetheless very welcome. It in fact draws most of its material from the Bank of England quarterly and the monthly digest of statistics, but also includes a good deal of material which, while published regularly, has never before appeared in convenient table form, and some information that is entirely new. There are new tables on local authority borrowing, central government capital account, public corporations' appropriation and capital accounts, trustee savings banks, and local authority and other superannuation funds for public employees. The publication's great merit is that it collects all this information in one place and that many of the tables, particularly those on exchanges rates and interest rates, are more comprehensive than ever before. *Financial Statistics* is published monthly by the Central Statistical Office and costs 7s. 6d.

RUBBER

What is High?

THE chairman of the Rubber Growers' Association commented last week among deeper reflections that high prices are not always a blessing. For rubber growers his words are almost tragically accurate. But how much is high? Since 1959, rubber has never been free of rumours about stockpile releases. The system of releases has been changed so often that it hardly deserves to be called policy. It is a fair inference from the fairly low level of stocks, high rate of consumption, especially in the United States, but steady price of rubber that the latest bout of stockpile talk has prevented a recovery to a slightly more remunerative level than the current price of about 23¼d. a lb for RSS1. This is borne out by the relative strength of nearby supplies, particularly in New York, which command a premium. But with boasts about dramatic switches to new synthetics loud in the air perhaps this is no bad thing. Tremendous improvements in yields are being claimed by new natural rubbers. If there is going to be a struggle to retain natural rubber's share of the market, from the growers' point of view the battle cannot begin too soon.

The average spot price of the best grade of rubber fell 25 per cent to 24¼d. a lb last year. But in the free world, synthetic raised its share of consumption two points to 54 per cent and there is as yet no sign of a halt to this trend in 1962. Much of the blame for synthetic rubber's ascendancy is placed by Mr Charles Jackson at the door of the United States' stockpiling authorities. American manufacturers were deprived of natural rubber by government decree in order to build the stockpile. Mr Jackson wants similar restrictions placed now on synthetic producers in order to dispose of the stockpile. He reckons they might even welcome the opportunity that might present itself of raising their prices. Though actual prices paid for synthetic rubbers are not easy to ascertain, recent sharp reductions have slimmed the margin of profit.

While rubber consumption of all types is expanding, there would be something to be said for this argument if it were practical since the recent fall in rubber prices has occurred when natural rubber production and consumption were in balance. The current level of stockpile releases is likely to result in a further small surplus of natural rubber this year. Blunders in the disposal of stockpile rubber could obviously cause economic chaos in rubber producing countries. But since this is not a practical suggestion, the prospect is for some intensifica-

Drums *(non-returnable)* along the Athabaska

Under the midnight sun of Canada's far North-West, a line of barges creeps into Yellowknife—a gold-mining settlement on the desolate shore of a great lake. Their load—cyanide in drums—is prosaic, perhaps; but it has completed an adventurous journey that started 10,000 miles away at an I.C.I. factory in England: by sea across the Atlantic and through the Panama Canal to Canada's Pacific coast; down-river by barge, overland again for many a rugged mile, down-river once more to the waters of the lake itself.

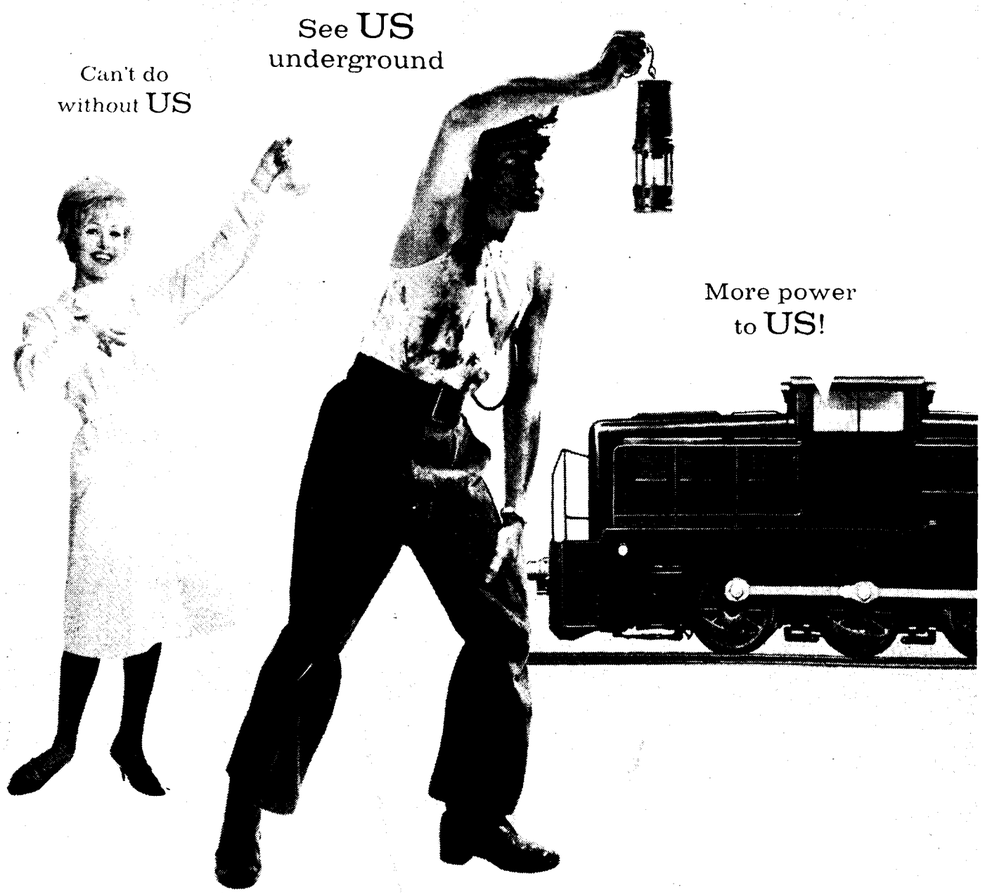
Such odysseys are not uncommon for I.C.I. chemicals, and least of all for I.C.I. cyanide. Known for 50 years as the key for unlocking gold and silver from their ores, it is used almost everywhere these precious metals are mined—in the Australian deserts, in the rolling hills of Southern India, in the mountains of Colombia and the uplands of Fiji. And, like so many I.C.I. chemicals, it is no stranger to the world's engineering industries. Cyanide case-hardening salts from I.C.I., as well as degreasing solvents and metal pre-treatments, play a part in the production of everything from hypodermic needles to agricultural machinery.

The influence of I.C.I. research and production is felt today in every corner of the globe

Imperial Chemical Industries Ltd., London, S.W.1

talk about steel for industry

Apart from steel we use every day, there's steel behind the scenes. Diesel locos for steelworks and docks and chemical plant. Yorkshire Engine Company builds them. Mining machinery. Heavy castings for oil drilling, chemical engineering. Steelworks equipment. Distington Engineering makes all those. These two firms go a long way towards keeping industry on the move. Distington supplies steelworks plant to all five continents. An achievement, even for part of United Steel—one of Europe's biggest steel producers.



United Steel
This is US

APPLEBY-FRODINGHAM STEEL COMPANY · WORKINGTON IRON AND STEEL COMPANY · STEEL, PEECH & TOZER · SAMUEL FOX & COMPANY LIMITED · UNITED STEEL STRUCTURAL COMPANY LIMITED · G. R. TURNER LIMITED · UNITED COKE AND CHEMICALS COMPANY LIMITED · BARROW STEELWORKS LIMITED · DISTINGTON ENGINEERING COMPANY LIMITED · YORKSHIRE ENGINE COMPANY LIMITED. US. 181

THE UNITED STEEL COMPANIES LTD

tion of the pressure from stockpile releases. Higher production in Malaya and elsewhere has also to make itself fully felt.

CHEMICALS

Anti-Dumpers

A DEPUTATION from the Association of British Chemical Manufacturers headed by its chairman, Mr John Hanbury, visited the second secretary of the Board of Trade, Sir Leslie Robinson, on Thursday this week to discuss the impact of chemicals dumping on the British chemical industry. The industry feels that the Board's present policy, of only applying anti-dumping duties when all else has failed, is allowing dumping seriously to harm it and to hamper its growth.

One of the industry's main objections is to the time which the Board takes in dealing with applications. This is rarely less than six months by which time, the industry says, the damage has been done: the market, once depressed by cheap imports, never recovers to its former level. Indeed, the simple presence of such imports is sometimes enough to force down prices. Some members would like to see anti-dumping legislation here run more on the lines of the Canadian system, where the evidence of prices from import documents alone is considered sufficient basis for immediate action. At the least, the industry would like the Board of Trade to use its powers to act swiftly, as it sometimes has on agricultural imports.

The industry is also seriously concerned at the effect that dumping is liable to have on its growth, particularly on petrochemicals. It argues that if the chemical industry is to maintain its record of rapid growth, about 40 per cent faster than manufacturing industry in general, new investment ought to be protected.

There are certainly signs that imports are affecting the new petrochemical plants. British Hydrocarbon Chemicals new petrochemicals complex at Baglan Bay includes a styrene monomer plant which should be completed this Autumn. When it is finished it will probably be "mothballed" after testing until the price of styrene recovers enough to make its operation economical. (An application for an anti-dumping duty on styrene monomer from Canada and the USA was lodged with the Board of Trade in March this year and is being considered.) Thus, there can be no doubt that the chemical industry is suffering from these, as it considers them, "unfair" practices. But they are characteristic of the industry throughout the world—do British producers sell abroad at home prices?—and rigid protection of one section of it would be, at best, a short-term palliative.

FRANCE

Monetary Policy Now

FRANCE'S Finance Minister, M. Giscard d'Estaing, has outlined to the Chamber important details of France's monetary policy. His ideas seem to be cast in the same mould as those of his predecessor, M. Wilfrid Baumgarter. There is now, he said, a possibility of an American drawing on the IMF. The Fund possesses sufficient assets, but European currencies are low. The "Paris Club" offered a better solution than the strengthening of quotas, which would have embarrassed the Fund with amounts of useless currencies, and would also have entailed the use of common market currencies by a body in which the common market countries have very little say in terms of voting power.

M. Giscard d'Estaing recalled complaints made to France by certain countries whose currencies were disturbed by her balance of payments surpluses. His answer was: France has set the franc free; reduced its customs duties, not only as a result of the Rome Treaty, but voluntarily; has raised foreign travel allowances; and has authorised the purchase of foreign shares by the French public. Dollar debt repayments were $213 million in 1959, $316 million in 1960, $320 million in 1961, and $116 million at the beginning of 1962. France's exchange reserves are running below those of Germany and Italy, and are sufficient to cover only six months imports as well as serving as cover for imports in the whole of the franc area. The Minister concluded, however, "We must hold ourselves in readiness to place considerable sums at the disposal of the Fund."

HAMBROS BANK

Euro-dollar's Future

THE directors of Hambros Bank have this year decided to separate sterling and foreign currency transactions in the bank's annual accounts. Sir Charles Hambro, chairman of the bank and a director of the Bank of England, tells shareholders that this division has been made because "for the most part" the foreign transactions arise from business in Euro-dollars which, in Sir Charles's view, "are likely to be a temporary phenomenon in the European economy."

The market is temporary, Sir Charles argues, since it exists only because the American banks are limited as to the rates of interest they may pay on foreign deposits. This indeed is one of the reasons for the market's rapid growth and if the Americans abandoned regulation Q the market would probably be weakened. But any one of London's main foreign exchange dealers will tell Sir Charles that regulation Q is now only a subsidiary reason for the market's continued existence, and that the market is likely to flourish as long as the American payments deficit pumps dollars into foreign hands. If the American banks were permitted to increase the rates paid on foreign-owned deposits and took advantage of that freedom, then London would merely pay a slightly higher rate to keep the deposits in Europe. The Euro-dollar is the most convenient source of international credit for the borrower and provides an international money market for the lender. It serves a need, and the dollar is its medium only because of all currencies it is the most readily available and most readily acceptable.

Temporary or not, however, the growth of the bank's business in 1961-62 stemmed largely from the increase in advances in foreign currencies (mostly Euro-dollars) from £2 million to £24½ million which exceeded the total of almost £20 million for sterling advances. Total deposits in foreign currencies at March 31st amounted to over £28 million, acceptances were £3 million higher at £32 million while total assets rose by £31 million to £149 million. The increased volume of business explains the proposed rights issue which will raise in all about £3½ million. Following a split of the present £1 units into 5s. shares the offer will effectively be four 5s. shares at 35s. each for every 25 held. At the current price of 211s. 3d. for the £1 units the rights are worth about 10s., and on the present dividend of 22½ per cent the yield improves to 2¾ per cent. Last year net profits rose from £655,000 to £751,000 with some £28,000 of the increase relating to net profits retained by subsidiaries, largely by the newly acquired banking firm of Laidlaw & Co., New York. Among its other interests the bullion firm of Mocatta & Goldsmid enjoyed a busy year which brought an increase from £3¾ million to £6½ million in bullion held at March 31st. No doubt a good deal of this increased activity is a reflection of the silver boom at the end of 1961.

DOMESTIC APPLIANCES

Winter Still

SUMMER has so far been as chilling for the domestic appliance makers as for everyone else. The refrigerator manufacturers have the coldest feelings, needing a good heat wave to cheer up their business. Their sales in the first quarter were four per cent lower than in 1961 and there was a more noticeable drop in April—despite all their efforts to make their products more tempting by cutting prices, which by now has probably gone as far as it can if profits are still to be earned. Drastic cuts in production in the winter allowed the makers to get their stocks below last year's level by the end of March, however (they had started the winter with 110,000 more in stock than a year before). Retailers, slightly battered by recent experience and aware that they can get delivery whenever they want, have allowed their stocks to fall. They have continued to find that their best business comes with the obsolete models that manufacturers want to get rid of, probably at a loss. The public is now bargain-

conscious enough to seize the opportunities such sales offer, but they rather spoil the impact of the price cuts made on the new models.

Washing machine makers continue to find their market pretty static at home, though the switch to more elaborate machines helps their turnover. Hoover's decision to return to a full working week at its Merthyr Tydfil factory seems mostly the result of improving export sales. The whole industry's exports in the first four months of this year amounted to 92,000, about 16 per cent higher than a year before, and Hoover claims to account for about three-quarters of foreign sales. As before, the best business is being done in the smaller and cheaper appliances, where the need to put down a 20 per cent deposit does not entail parting with more than many people are likely to carry in their wallets. So the industry continues to agitate for a ten per cent deposit on all appliances, to bring its bigger products within reach of these impulsive buyers.

UNIT TRUSTS

Steady Growth

In each of the past twelve months sales of units by unit trusts have exceeded repurchases. Helped by twenty block offers, amounting in all to about £10 million, total sales rose to £30,884,000 in the year to end-April and net sales of £18,494,000 were ten times bigger than the previous year's figure of £1,839,000. The value of funds rose from £244,966,000 to £264,164,000 so that allowing for net sales capital appreciation was no more than ½ per cent. Over the same period *The Economist* indicator fell by 15 per cent so that even after allowing for the holdings of unit trusts in American and Continental stocks, the trusts had clearly done well.

Other figures confirm the growth in popularity of unit trusts over the past year; the number of unit holdings, for example, has risen from 646,000 to almost 710,000. Savings plans are bringing in an increasing number of small regular savers; over the year their number grew from under 30,000 to about 40,000. Although each investor's contribution is small, averaging no more than £4 a month, and the cost of administering the thrift plans is high they are becoming increasingly important to the trusts; annual savings under these plans now amount to £2 million, against £1.2 million a year ago. They are thus responsible for about 7 per cent of the total inflow of funds to the movement. There is some evidence too of growth in the number of big buying orders and this is reflected in the rise in the average holding from £322 last July to £372 at the end of April. It seems that some investors having experienced the difficulties of direct equity investment have seen the advantage of spreading their risks through a unit trust. Essentially, however, this is a medium of investment for the small saver and until the management groups are allowed to use more aggressive selling techniques (as a result, for example, of higher loading charges) nothing more than steady growth can be expected. Nevertheless their performance in a period of volatile markets must be regarded as creditable.

PETROL

Murco One

Murco Petroleum, a British subsidiary of the Murphy Corporation of Arkansas, this week opened the first of its owned and managed petrol stations in Britain, at Bournemouth. While not a price-cutter, Murphy is using multi-grade pumps to offer seven different grades of gasoline rather than the regular, premium and super grades that the established marketing companies here generally offer (with or without a "mixture"). This means that some of its grades are at different prices from those of the major companies. The company which introduced this kind of pump and grades in America, Sun Oil, has vigorously denied accusations that this amounts to a form of price cutting, and BP uses multi-grade pumps in somewhat the same way on the Continent. From the outside, one would not have guessed that Murco's pattern of interests in oil would exactly drive it into fairly heavy investment in breaking into the British market. But this thrusting and successful company presumably knows its own business, and it deserves a friendly, if puzzled, welcome from the British consumer.

RAILWAY ELECTRIFICATION

Buying Experience

In his final report on the 1960 failures of electric trains on British Railways* Brigadier C. A. Langley concludes that the decision to use the 25 kV system was correct, and that the troubles resulted from lack of experience in designing this novel type of equipment—for British companies—and then from inadequate testing before it was put into service. To have tested prototypes thoroughly enough to discover and then rectify the faults, he says, would have delayed the introduction of the suburban electric services by two years, so he considers that British Railways was taking a justifiable risk. One wonders, however, what the cost of the failures, withdrawal of services and modifications has been to the railways and the contractors—in damaged reputations as well as cash—and whether delay might not have proved the cheaper. Even within the timetable that was followed, too, there surely might have been more testing of the one novel feature of the British system, the combination of 6.25 kV and 25 kV working. This caused many of the troubles experienced, but little test running was done on the lower voltage—or, more important, through the change-over points between the two.

Brigadier Langley has concluded that the main causes of the troubles were failures of the mercury-arc rectifiers (which change the alternating current supplied by the overhead wire into the direct current that the motors use). These failures over-stressed the transformers on both the Glasgow and north-east London units. Other causes were the faulty operation of the automatic power control equipment that automatically switches the transformer from the 25 kV to the 6.25 kV setting, and of the circuit breakers: the former over-stressed the transformers and the latter the motors. On the Glasgow trains, which were built by Associated Electrical Industries, the troubles were overcome by modifying the transformer to allow to stand up to higher voltages and by minor changes to the automatic power control equipment, circuit breakers and rectifiers. The modified trains are now running smoothly.

The trains on the Eastern region, made by the General Electric Company, have proved a more difficult problem. Though the transformers have proved rather tougher than those on the AEI stock, the rectifiers have given constant trouble, in spite of many modifications made by GEC. The high maintenance costs of this equipment have led British Railways to ask GEC to replace it by silicon semi-conductor rectifiers, used successfully on some AEI equipment and by English Electric.

* Final Report on the Accidents and Failures that occurred in Multiple-unit Electric Trains in the Scottish Region and Eastern Region, British Railways. HMSO.

SHORTER NOTES

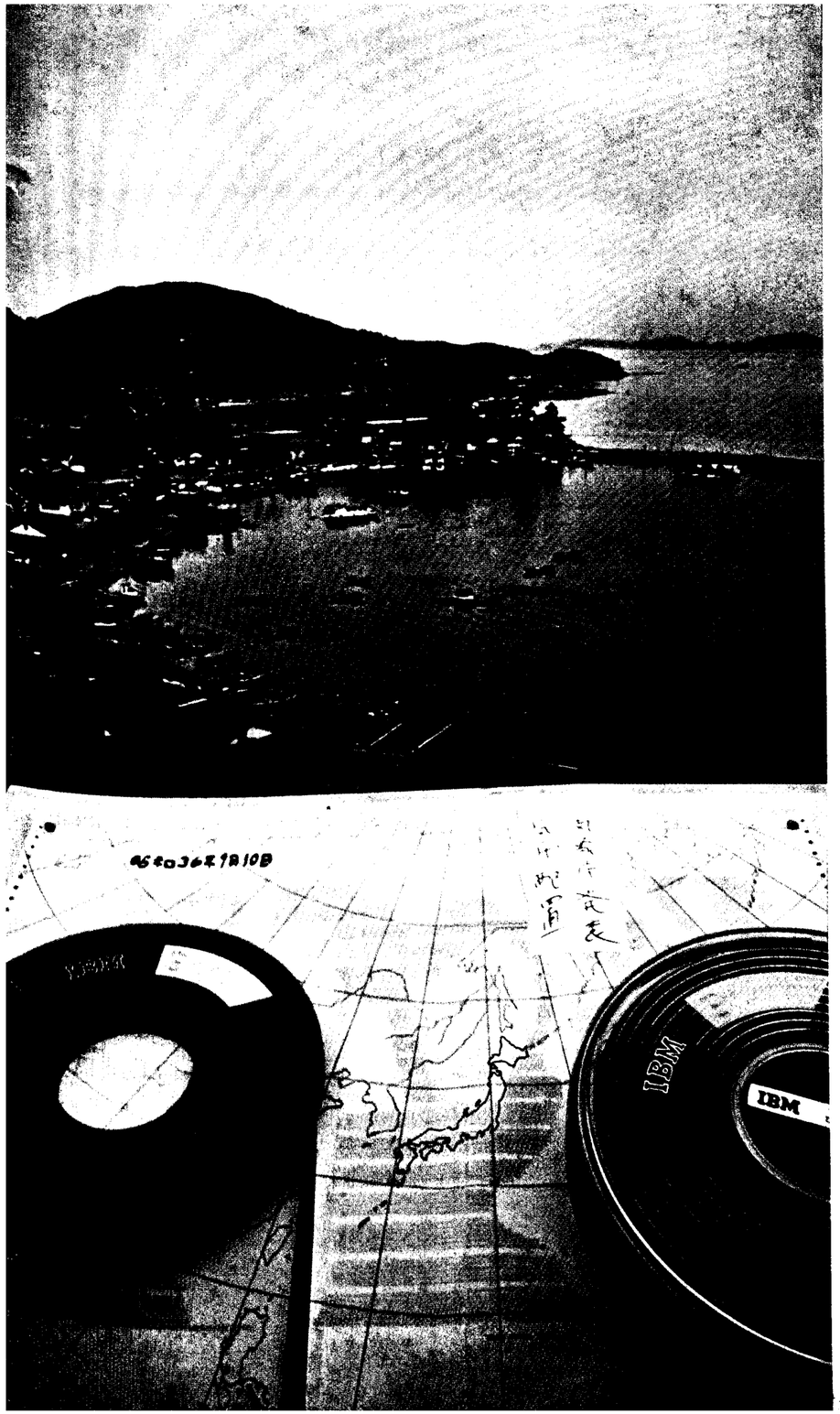
In the three months to April 30th the assets of the Halifax Building Society rose by £16.1 million to £559.7 million. Net receipts amounted to £14.7 million and new mortages are being granted at the rate of £2 million per week.

*

The chairman of Gallaher, Mr C. W. Mason, said at the annual general meeting that there had been a partial recovery in sales from the low level of consumption after the Royal College of Physicians' report on smoking. There was an increasing trend towards tipped brands, but Mr Mason said it was still premature to give a more definite picture.

*

The directors of S. Smith and Sons, the motor and aviation instrument makers, say that profits to date have been materially less than forecast and it is clear at this stage that profits for the year to August 4th will be materially lower than in 1960-61; however they are maintaining the interim dividend of 7½ per cent and hope to declare an unchanged final dividend of 12½ per cent.



JAPANESE SCRIPT INDICATES THAT MAP SHOWN IS WEATHER CHART AUTOMATICALLY PRINTED BY AN IBM COMPUTER AT JAPAN METEOROLOGICAL AGENCY IN TOKYO. THE COMPUTER CONSULTS LATEST ATMOSPHERIC CONDITIONS ON MAGNETIC TAPE REELS, COMPILES WEATHER PREDICTIONS DAYS IN ADVANCE.

Drawing the fangs of the Tai-Fu dragon

This is Tomo, a fishing village that sleeps more soundly these days because of an IBM computer.

Since time began, Tomo and a thousand other Japanese towns have trembled under the attack of the dread Tai-Fu, the Great Wind. Pouncing without warning, boiling the sea up over the shores, typhoons rip across the islands a dozen times a year.

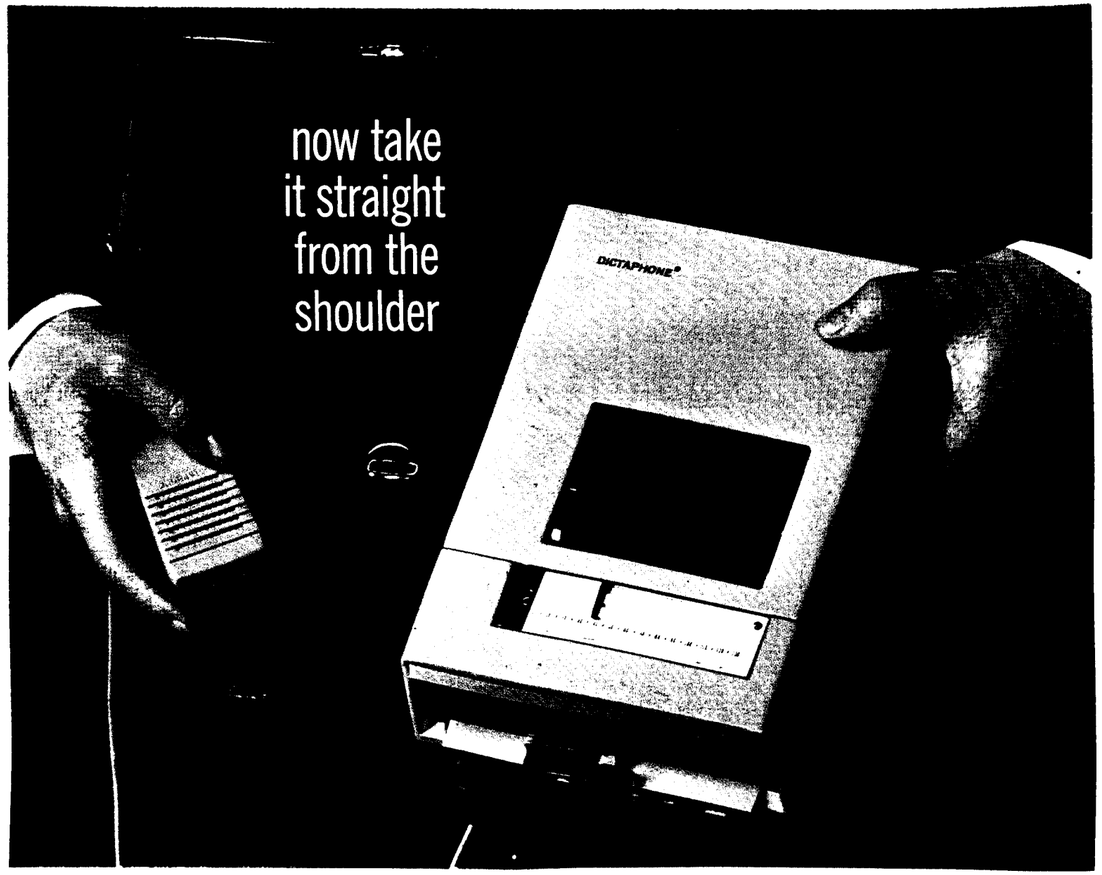
But today Tai-Fu has lost one of its deadliest weapons—surprise. Typhoons move so fast they often strike before their course can be plotted by hand. Now Japan's weather experts have found something faster—an IBM computer.

Applying Numerical Weather Forecasting techniques, the computer digests huge masses of data to predict a storm's path so quickly that even Tai-Fu can't keep ahead. The Tomos of Japan can be warned in time to batten down, board up, take to high ground.

Twice each day hundreds of ships and weather stations from India to the Arctic radio their local winds, temperature, barometric pressure to the Japan Meteorological Agency in Tokyo. There, the IBM computer needs little more than an hour to run this data through complex equations and produce a weather forecast for the next two to three days—a task that would take 180 years working 40 hours a week with a desk calculator.

The computer even prints out its own weather maps, like the one shown, predicting conditions over thousands of square miles. Numerical Weather Forecasting is improving all the time; already meteorologists talk of weather predictions a month ahead. When that day comes, some of the chief forecasters will probably be weatherwise IBM computers, just as they are now. IBM

IBM UNITED KINGDOM LIMITED
ALSO OFFICES IN
PRINCIPAL CITIES OF THE WORLD



1962–Dictaphone introduce Travel-Master portable

The new Dictaphone Travel-Master

The very latest addition to the Dictaphone range—this book-sized recorder weighs only 5 lb. and gives the man in the field all the advantages of a standard Time-Master dictating machine. The fully transistorised, battery powered Travel-Master will work anywhere.

Travel light with the sound you can see

Even in a car you can use it. The Travel-Master needs no tapes or wires for recording, but only the unique Dictabelt. This records permanently and visibly so that you can find your place and play back in a second. It brings an end to the muddle of the unmarked tape.

On site say it - then just post it

Once you've recorded progress, just slip the Dictabelt into an envelope and post it to your office. On arrival, your secretary can then immediately transcribe it on a standard Time-Master transcriber. The Dictabelt is an exclusive feature of every Dictaphone model.

Don't take notes, take Dictabelts

No need for notebook and pencil. The Dictaphone Travel-Master is ideal for recording on-the-spot impressions—and for anything from interviewing to stocktaking. Its nickel-cadmium batteries run for four hours and can be recharged overnight. It costs only £105.

DICTAPHONE
REGD. TRADE MARK

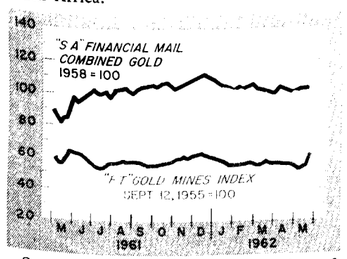
Dictaphone Company Ltd., 17-19 Stratford Place, London W.1. Tel: HYDe Park 9461
The words DICTAPHONE, TIME-MASTER and DICTABELT are registered trade marks.
The Dictaphone Time-Master has been accepted for the Design Index of the Council of Industrial Design.

COMPANY AFFAIRS

In the London stock market the past week has been one of almost unrelieved gloom. Disappointing company news from Dunlop, Fisons and others, the sharp fall on Wall Street and the Chancellor's threat to reimpose economic curbs if his wage restraint policy was not heeded were all factors behind the sharp fall in the price of equities which left The Economist *indicator 15.5 points down at 340.2, its lowest level since the general election. By contrast gilt-edged stocks remained firm and the new Birmingham 6¼ per cent loan opened on Thursday at ½ premium. The one bright spot among equities was Ready Mixed Concrete which touched 42s. against the offer price of 24s. and closed on Thursday at 35s. 1½d. But almost all the honours this week have been taken by gold shares.*

Anglo American and Gold Shares

WHEN the Anglo American Corporation report was issued at this time last year South Africa was close to the proposed stay at home strike by non-Europeans. A show of force by the authorities made it of little effect but this did nothing to halt the flight of foreign money from the new republic and it was soon followed by exchange controls. This split the two main markets in gold shares, Johannesburg and London, and resulted in a sizeable discount for prices in London on those quoted in Johannesburg. But now with equity markets both in London and New York depressed and nervous, gold shares are once again attracting buyers—American and European as well as British investors. There are two elements in the latest boom in Kaffir prices—speculation, based on renewed doubts about the ability of the United States to maintain the dollar price of gold at $35 an ounce, and more genuine investment buying, based on the improvement in the economic outlook in South Africa.



Speculation about the dollar price of gold may die as quickly as it was born but hopes for some further relaxation in South Africa's exchange controls may be more soundly based. From a low point of about R140 million last June South Africa's foreign exchange reserves have risen to over R370 million. Only this week, for example, substantial increases in foreign currency allowances to South African tourists were announced. The first chinks in the currency control curtain appeared in March when Dr Donges, the finance minister, introduced two measures which appeared to be aimed at reducing the substantial discount in prices between London and Johannesburg. One permitted the South African Reserve Bank to buy gold shares in London for resale in Johannesburg; so far this scheme does not appear to have got off the ground and there are some doubts in South Africa whether the scheme is workable. The other proposal is for an issue of up to R20 million of 5 per cent bonds for subscription in blocked rands but repayable in freely convertible currencies in five annual instalments. The prospectus for these bonds was issued this week and it will be interesting to see how many outside investors are prepared to take a five-year view of South Africa's prospects.

The current activity in gold shares in London succeeded in reducing the average discount on a representative list of gold shares from over 19 per cent to about 14 per cent. The earlier gains were most marked in individual mining shares but by the middle of the week the emphasis had swung back to the mining finance shares, with Anglo American Corporation again to the fore. On Thursday, however, prices generally looked easier.

At 157s. 3d. the 10s. shares in Anglo American are now over 40 per cent above their low for 1961 and offer a yield of 5¼ per cent on the maintained dividend of 90 per cent. In Johannesburg the shares stand at around 185s. so there is some prospect of further capital appreciation if controls were completely lifted. But investors may still wonder whether the rise has been overdone and whether a yield of only one quarter of one per cent above that offered by a representative group of leading equities in this country is justified. The political risk may be less acute than it was a year ago but the government's latest legislation against sabotage hardly suggests that it can be ignored.

But there is no denying the strength of the company as revealed by the figures in the accounts; this however is also true of De Beers, whose shares still yield nearly 8½ per cent. As the table shows, there was little change in Anglo American's investment income last year and there was a further increase in loan interest; the rise in gross profits in fact reflects a sharp jump in income from interest and royalties and a smaller net loss on the realisation of investments. The increase in the market value of Anglo's quoted investments reflects prices in Johannesburg and not in London.

On the gold mining side the report draws attention to the rise in costs and the heavy burden of taxation. The present tax-free margin of 6 per cent on mining revenue was formulated in 1946 when interest rates in South Africa were well below what they are today. And because of the number of new mines which have recently become tax payers the amount of tax paid under the formula doubled from R32.3 million in 1959 to an estimated R65 million in 1961. Copper profits were affected by the voluntary cutback in sales although production was maintained; as stocks were built up profits are unlikely to be affected by the recent strike of African mineworkers. The demand for diamonds remains strong except for certain qualities of small gems. Profits of the collieries will be helped by the increase in prices granted early this year though the benefit will be offset to some extent by continually rising costs. The rise in costs throughout the group suggests that investors have yet another factor to take into account into their calculations about South African shares and one which should add to their caution.

	1960 R'000s	1961 R'000s
Income and Dividends :—		
Interest royalties, etc.	11,080	12,999
Investment income	16,319	16,601
Net loss on realisation of investments	2,380	1,685
Loan interest	6,762	7,724
Gross profit	17,331	19,352
Taxation	1,146	1,894
Net profit	15,689	16,914
Ordinary dividend	9,525	9,585
Retained profits	5,879	7,043
Consolidated balance sheet :—		
Investments—		
Quoted*	94,985	102,459
Unquoted	21,693	16,187
Loans to associated companies	27,693	36,553
Loans by associated companies	163,920	152,041
Debentures and loan stock	18,320	17,936
Capital reserves	27,571	27,822
Revenue reserves	65,427	72,470
Ordinary capital	10,588	10,612
* Market value :—1960, R199,656,000 1961, R215,865,000		

Philips NV

THE one-for-five rights issue by Philips NV at Fl. 118.75 per Fl. 25 share sets a puzzle for investors throughout the western world. Should they add to their stake in one of Europe's leading "growth" stocks (but one where immediate growth prospects may be less sturdy than before)? Or should they, recalling the effect of the mammoth rights issue by Royal Dutch/Shell, conclude that enough is enough? The issue, designed to raise over £70 million, is

a big one. As about 30 per cent of the Philips equity is owned in the United States, American investors, who will be allowed to subscribe at a fixed rate of exchange, are invited to put up about £25 million. Will they be prepared to do so with Wall Street so weak and electronic stocks so much out of favour? Electronics indeed form only a small part of the Philips business and primarily its expansion will come from the sale of television sets in Europe; but it has had the magic label "electronics" pinned on it, and may now suffer from some disenchantment.

Economic growth in Europe has temporarily slowed down and Philips will not escape. Results for the first quarter are better than had been expected; sales, compared with the first quarter of 1961, are up by 12 per cent and profits by 2½ per cent. The increase in sales compares with 4 per cent over the whole of 1961 and is, the directors say, better than they had expected for 1962 as a whole; profit margins were lower than in the first quarter of 1961 but they were higher than in the two last quarters. But those who wonder whether the answer to Philips' problem was a convertible loan stock (so as to carry the equity over a temporary period of slower growth into a period when the rapid rate of expansion achieved in the 1950's would be resumed) may regard the rights issue as something of a second best.

About 5 per cent of the Philips equity is owned in this country, so that British investors are being asked to put up about £3½ million. In earlier issues they had no other option but to sell their rights. The Treasury has now permitted them to take up their rights by using investment dollars, which have to be bought at a premium of about 3 per cent; this slightly reduces the value of the rights to British investors. The shares are quoted in Fl. 10 units in this country and at £7⅞ are well below their 1961 peak. Allowing for the investment dollar premium the rights are worth about 10s. per share. The ex-rights dividend yield is no more than 2.1 per cent and the ex-rights earnings yield not much more than 5 per cent. Like their American cousins, British investors are concerned about low-yielding stocks and Philips is not one of those European companies with big hidden reserves and concealed profits.

The greater part of the new money will be raised on the Continent. There was some fear among the European mutual trusts that the Philips equity might be diluted by an offer of the rights on substantial bonus terms. The company has avoided this trap and this may encourage the European mutual funds to add to their holdings. On the other hand, are the terms generous enough to attract private investors? In the past, they have come to expect a big bonus element in rights issues. No investor would decry the excellent management at Philips nor deny its excellent long term prospect. But he must be wondering whether the shares will hold their price with so much more stock available and whether to sell the rights and to hope for a lower price later.

No Thrust in Vickers

THE new Vickers House on Millbank has become a dominating feature of London's skyline; there is not so much in the latest Vickers report to suggest that its shares may become a dominating feature of London's stock exchange. The shares are included in most of the leading stock market indices and as they yield 8 per cent at 25s. 3d. they have a big influence on the average yields these indicators show. The group has a big stake in three industries in difficulties—aircraft, steel and shipbuilding—which accounted for about 70 per cent of its total sales in 1961. But this proportion is likely to decline, for in time sales of aircraft will cease to be included in the group's accounts and will be reflected only by investment income received from British Aircraft Corporation. Aircraft that the Vickers group had in production or under design (such as the VC10) before the merger were not passed over to BAC and last year Vickers' aircraft sales rose from £24 million to £44 million. This included the delivery of 32 Vanguards but they produced little by way of profit. In the previous five years some £15 million had been written off Vanguards' development expenditure; this expenditure has now "received more favourable treatment from the Inland Revenue," which explains the low tax charge of under £2 million on profits of £9.4 million.

	1957	1958	1959	1960	1961
	£ mil.	£ mil.	£ mil.	£ mil.	£ mil.
Sales	203·0	177·0	156·0	159·0	169·0
Trading profit	14·6	13·7	10·1	12·9	11·1
Gross profit	13·2	12·7	9·1	11·6	9·4
Net equity earnings	4·7	5·3	3·9	4·9	5·9
Retained cash flow	5·7	6·4	5·0	6·0	6·8
Net fixed assets	42·2	46·0	49·8	46·3	51·6
Net current assets	59·8	74·7	69·4	67·2	68·8
Net liquid assets	Dr. 5·7	13·3	11·3	Dr. 9·0	Dr. 4·0
Net equity assets	76·2	89·6	90·7	92·3	97·1
	%	%	%	%	%
Ord. earnings	25·4	21·2	15·4	19·7	23·7
Ord. dividend	10·0	10·0	10·0	10·0	10·0
Gross profit/sales	6·5	7·2	5·8	7·3	5·6
Gross profit/net equity assets	17·3	14·2	10·0	14·0	9·7
Net earnings/net equity assets	6·2	5·9	4·3	5·3	6·1

Price (£1 shares): 25s. 3d. Earnings yield: 18·8%.
Dividend yield: 7·92%. equal to 5·3 years' earnings.
*Including investment income but after provisions and depreciation.

A tax credit in respect of earlier years related largely to aircraft development expenditure and amounted to £1.6 million and there were investment allowances of £1.3 million. The tax charge is likely to remain unusually low in 1962, for while the tax credit in respect of earlier years may be smaller the group should continue to enjoy the benefit of substantial investment allowances, particularly on English Steel's £26 million programme at Tinsley Park. This programme accounts for nearly all of the group's total capital commitments of £26¼ million; but Vickers itself will have to provide only a small part of the total sum of about £30 million (including additional working capital) required by English Steel, since the latter is financing the development largely by bank loans and a debenture. Not surprisingly, while English Steel's sales fell only slightly its profits fell sharply from almost £5 million to £3¼ million. The outlook is not encouraging: Lord Knollys, the chairman of both Vickers and English Steel, says that English Steel's profits are unlikely to be better unless there is a marked improvement in demand.

In shipbuilding the short-term prospects are slightly more encouraging as orders on hand will entail full working nearly to the end of 1963. Last year this side of the business achieved "an almost record profit" even though the division's sales fell from £47 million to £35 million. Sales of the engineering division were maintained and the swing away from armaments has continued. A number of its new projects, such as Hovercraft and accelerated freeze drying plant, are still in the experimental stage.

For an account of future prospects shareholders of Vickers will have to await the valedictory statement of Lord Knollys at the annual meeting. It seems unlikely that he will be able to look forward to anything better than maintained profits this year. But the £1 shares discount any troubles ahead fairly fully.

Dunlop Rubber

HAVING risen to their peak for the year of 39s. following the publication of the annual report, the 10s. shares of Dunlop Rubber fell to 36s. in generally weak markets in the three weeks preceding the annual meeting. But the real knock came after Sir Edward Beharrell's remarks at Tuesday's meeting, on which the shares dropped 4s. 7½d. to 31s. 4½d.:—

> This year the problem is more than usually difficult due to the long winter, which has affected our business both in the United Kingdom and elsewhere, and to labour problems, which have been a disturbing and costly factor. The trading results for the early months of the year have therefore fallen short of our expectations and were lower than in the same period of last year.

Sir Edward hoped that the 1961 level of profit will be maintained but said this would not be easy. The wide territorial spread of Dunlop's activities offers some protection against difficult trading conditions in any one market, such as those experienced in Britain last year. The aim now is to obtain a comparable spread of industrial interests; the directors recognise that the proportion of Dunlop's business in tyres—about 70 per cent—is high and that it is becoming increasingly competitive.

The current high rate of capital expenditure is unlikely to fall but Sir Edward said that the proceeds of the £12 million debenture issue would put Dunlop's finances "on a sound basis for some little time to come." The current yield of 5 per cent represents a more realistic assessment of the group's prospects in highly competitive markets than the stock market was making only a month ago.

Marks and Spencer

WHILE the growth in sales and profits of Marks and Spencer in the year to March 31st last was much more modest than in earlier years, there was little slackening in capital expansion. The balance sheet shows that net fixed assets rose last year by £6 million to £64½ million, in extensions to existing stores rather than in new stores. Stocks, too, increased by £1½ million, but liquid assets fell by only £1½ million to £10¼ million, for besides a further issue of £2½ million of debenture stock, the group's cash flow (including provisions for repairs) amounted to nearly £6½ million.

For an account of the past year's trading results and prospects and plans for the future shareholders must await the statement of Lord Marks at next month's meeting. They will hope that, as last year, he will give separate turnover figures for the expanding food section, which with sales of £28¼ million accounted for over one sixth of the group's total sales in 1960-61. But margins on this side of the business are generally smaller than on clothing where Marks and Spencer appears to be intent on raising the quality of the goods it sells. The continued success of this policy would help to justify the current yield of 2.6 per cent offered by the 5s. "A" shares at 91s.

General Motors

THE recession in the United States last year led to a fall of ten per cent in the sales of General Motors, but its net profits fell by only seven per cent with the result that the margin on sales rose from 7.5 per cent in 1960 to 7.8 per cent. This unexpected improvement seems to have resulted in part from a fall in taxes and in part from a reduction of 42,000 in the number of GM's employees—to 553,000, of whom 253,000 worked outside the United States; this saved $249 million on the wage bill. There was also a fall of $1.52 in the average weekly pay of hourly-paid employees. All of this points to a flexibility and a power of control over costs that no British car manufacturer is likely to be able to achieve.

About 90 per cent of GM's sales on the civil market are accounted for by "automotive products"; only three per cent of sales come from defence contracts. Outside the motor field, GM has hardly been able to retain the same golden touch; its venture into the aero engine industry with Allison has never been a great success; and now it has to face the consequences of pinning its hopes for the commercial market on the turbo-prop engine rather than the jet. But the rise in sales of cars in the United States this year is being accompanied by an increase in GM's share of the market—from 46.5 per cent last year to 52 per cent in the first quarter of this year. The volume of GM's sales in the first quarter rose by 38 per cent over the corresponding period in 1961 when sales were depressed; the increase for the full year will undoubtedly be smaller. New models, such as the Chevy II compact, account for some of the increase, but the popularity of the standard model Chevrolet remains the backbone of GM's prosperity. Better profits should be earned, and this appears to be confirmed by the decision to raise the dividend to $2.50 per share despite the fall in earnings in 1961. On the bigger dividend the shares at $93½ (London) yield 4¼ per cent.

	1957	1958	1959	1960	1961
Total vehicles (thousands)	3,885	3,310	3,851	4,661	4,037
	$ mil.	$ mil.	$ mil.	$ mil.	$ mil.
Net sales	10,989·8	9,522·0	11,233·1	12,736·0	11,395·9
Net income	843·6	633·6	872·1	959·0	892·8
Net earnings	830·6	620·7	860·2	946·1	879·9
Dividends	555·5	558·9	561·8	564·2	707·4
Dividends per share	2·00	2·00	2·00	2·00	2·50
Net income/sales (per cent)	7·7	6·7	7·8	7·5	7·8

Castrol

CASTROL has the biggest single share of the market in lubricating oils in this country but competition is fierce and margins are narrow. Sales of lubricating oil in this country rose by 5 per cent last year but the stock market did not expect any appreciable rise in Castrol's profits as the increase in prices came too late to benefit earnings in 1961. The rise of almost 8 per cent in Castrol's gross profits from £3,311,000 to £3,576,000 therefore came as a pleasant surprise and it makes good the setback suffered in 1960. But a bigger tax charge left net profits only fractionally higher at £1,717,000, to cover the unchanged dividend of 20 per cent 2½ times. The 10s. ordinary shares at 48s. yield 4¼ per cent.

The results suggest that Castrol at least maintained its domestic sales last year and probably also did well in overseas markets, which accounted for over half its sales in 1960. Though the current year should produce some benefit from higher prices competition from the big oil companies, notably through "tied garages," is unlikely to diminish.

Averys

LAST July the chairman of Averys referred to the rising costs of labour and raw materials but he did not expect the results for the year to March 31st last to be substantially different from those in 1960-61, as order books were fuller than they had been a year before. It now seems, however, that the pressure became more acute as the year wore on, for Averys' gross profits fell by 7½ per cent to £2,416,000 and net profits by 15 per cent to £1,176,000. The fall in profits was clearly bigger than the stock market expected and the £1 shares lost 8s. 9d. to 89s., to yield 3.4 per cent on the maintained dividend of 15 per cent covered just over twice.

One subsidiary, at least, made a loss, for while the profit attributable to minority interests amounted to £16,000 in 1960-61 it was replaced by a loss of £47,000 in 1961-62. No doubt the statement with the full accounts will make it clear where the losses occurred and where the pressure on margins was most intense—at home, where the group's interests include shop fittings as well as its well-known weighing and testing machines, or overseas, where profits in Australia and South Africa fell in 1960-61.

Rolls Razor

SINCE Mr John Bloom acquired an interest in Rolls Razor two years ago its name has become something of a misnomer, as 95 per cent of its output now consists of washing machines. A policy of direct selling to the public backed by aggressive advertising has won the company about 10 per cent of the washing machine market in this country. There have been lively unofficial dealings in the ordinary shares since the suspension of their quotation just over two years ago. This is an unusual background to the company's offer for sale of 500,000 1s. ordinary shares, which takes the form of a tender, a method used in the past only by water companies and more recently by one or two property companies. The minimum tender price was 20s. but the shares have been changing hands at about 25s. However, the issue price is to be 23s., to offer a yield of almost 3½ per cent.

At this price the shares still discount a good deal of future growth in a market which is unlikely to expand as rapidly in this country as had been expected and in which competition is intense. However Rolls' policy of high deposits on credit sales appears to have insulated it from the worst vagaries of the credit cycle. Gross profits in 1961 amounted to £269,000 and the minimum forecast for the current year is £650,000. This would produce earnings of 176 per cent to cover the proposed dividend of 80 per cent about 2.2 times. The Rolls-Colston dishwashers and other activities such as discount stores are not expected to contribute much to profits in the current year; but they add to the speculative possibilities of the shares.

The Economist Indicator (1953 = 100)

1962	Indicator	Yield %	1962 High	1962 Low
April 18	355·8	5·08		
,, 25	359·4	5·03		
May 2	362·4	5·00		
,, 9	356·7	5·10	364·4	340·2
,, 16	355·7	5·10	(Jan. 17)	(May. 23)
,, 23	340·2	5·34		

Financial Times Indices

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
May 17	296·5	5·28	6·11	13,741
,, 18	294·2	5·32	6·10	13,219
,, 21	293·6	5·33	6·09	16,529
,, 22	288·8	5·42	6·08	15,367
,, 23	283·5	5·52	6·10	14,559

High, 310·2 (Jan. 19). Low, 283·5 (May 23).
† July 1, 1935 = 100.

STOCK PRICES

Prices 1962 High	Prices 1962 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price May 16, 1962	Price, May 23, 1962	Net Red. Yield, May 23, 1962§ £ s. d.	Gross Red. Yield, May 23, 1962 £ s. d.
100[15]/16	100[9]/32	Treasury 5½% 1962	100[9]/16	100[9]/16	2 0 1	4 4 8
98[13]/32	96[31]/32	Exchequer 3% 1962-63	98[11]/32	98[11]/32	3 10 4	4 12 8
100[7]/32	98[1]/2	Conversion 4¾% 1963	100[1]/8	100[1]/16	2 16 8	4 11 5
96[13]/16	93[31]/32	Exchequer 2½% 1963-64	96[17]/32	96[7]/16	3 7 10	4 7 11
99[13]/32	97[1]/16	Conversion 4½% 1964	99[13]/32	99[11]/32	3 1 4	4 16 10
94[3]/8	90[11]/32	Savings Bonds 3% 1955-65	94[1]/16	94[5]/32	3 13 5	4 19 8
100[2]/8	98[3]/32	Exchequer 5½% 1966	100[1]/4	100[1]/8	3 3 6	5 8 4
87[27]/32	85	Savings Bonds 2½% 1964-67	87[13]/16	87[23]/32	4 6 0	5 7 2
86[9]/16	83[5]/16	Funding 3% 1966-68	86[9]/16	86[1]/2	4 9 4	5 16 2
87[1]/8	84[7]/8	Conversion 3½% 1969	86[15]/16	87[1]/16	4 9 3	5 19 11
84[7]/8	82[5]/8	Funding 3% 1959-69	84[1]/16	84[1]/16	4 11 11	5 18 1
97	92[1]/4	Victory 4% 1920-76	97	96[15]/16	3 0 3	4 13 4
81[5]/16	78[15]/16	Savings Bonds 3% 1960-70	81[3]/16	81[5]/16	4 12 11	6 0 11
92[7]/8	90[9]/16	Conversion 5½% 1971	92[13]/16	92[7]/8	4 3 1	6 5 11
99[3]/8	97[1]/4	Conversion 6% 1972	99[1]/16	99[3]/8	3 17 7	6 6 3
93[13]/16	91[5]/16	Conversion 5½% 1974	93[1]/2	91[9]/16	4 1 9	6 4 5
89[7]/8	87[1]/4	Funding 4% 1960-90	88[1]/2	88[7]/16	3 12 7	6 5 6
72[1]/8	70[7]/16	Savings Bonds 3% 1965-75	72	72[1]/16	4 15 2	6 4 5
71[7]/8	69[5]/8	Treasury 3½% 1977-80	70[1]/2	70[5]/8‡	4 10 8	6 4 2
71	68[3]/16	Treasury 3½% 1979-81	70[1]/4	70[3]/16	4 10 1	6 4 10
93[7]/16	90[3]/16	Funding 5½% 1982-84	93[1]/8	93[3]/8	3 18 2	6 4 7
57[3]/8	54	Redemption 3% 1986-96	57[1]/4	84[3]/8	4 0 7	6 4 9
85[7]/8	82[3]/8	Treasury 5% 1986-89	84[1]/8	57[1]/2	4 4 0	5 18 11
62[1]/4	56[5]/16	Funding 3½% 1999-2004	61[15]/16	62[3]/16	4 1 4	6 1 8
90[9]/16	84[1]/8	Treasury 5½% 2008-12	90[3]/16	90[9]/16	3 16 6	6 3 8
63[7]/8	58[1]/4	Consols 4% ..... after Feb. 1957	63[1]/2	63[11]/16	3 17 10	6 8 1
56[7]/8	52[1]/16	War Loan 3½% ..... after 1952	55[7]/16	55[11]/16‡	3 16 11	6 5 7
56[1]/8	52[1]/16	Conv. 3½% ..... after Apr. 1961	55[1]/16	55[7]/8	3 17 2	6 6 5
48[1]/8	44[7]/8	Treasury 3% ..... after Apr. 1966	47[3]/4	47[7]/8	3 17 2	6 6 5
41[7]/8	38[7]/8	Consols 2½%	40[7]/8	41	3 15 1	6 3 0
40[3]/4	38[1]/16	Treasury 2½% ..... after Apr. 1975	40[1]/2	40[11]/16	3 15 8	6 4 0
92[5]/16	89[15]/16	British Electric 4½% 1967-69	92[1]/8	92[3]/16	4 2 11	6 1 6
75[3]/4	74[3]/8	British Electric 3% 1968-73	75[7]/16	75[7]/16	4 16 0	6 3 11
70[1]/8	69	British Electric 3% 1974-77	69[3]/4	70	4 14 1	6 3 7
80[13]/16	79[1]/16	British Electric 4½% 1974-79	79[9]/16	79[13]/16	4 6 0	6 4 8
72[7]/16	70[3]/8	British Electric 3½% 1976-79	71[3]/16	71[3]/8	4 10 9	6 4 4
84[1]/2	82[3]/4	British Gas 4% 1969-72	84[7]/16	84[7]/16	4 9 0	6 4 10
82[1]/4	80[7]/16	British Gas 3½% 1969-71	82	82[1]/4	4 11 8	6 3 1
57[3]/8	53[13]/16	British Gas 3% 1990-95	57[1]/8	57[5]/16	4 5 5	6 0 0
75[3]/4	74[3]/8	British Transport 3% 1968-73	75[5]/16	75[7]/16	4 16 0	6 3 11
79[1]/8	77[3]/8	British Transport 4% 1972-77	77[1]/2	77[5]/8	4 8 10	6 4 9
60[1]/2‖	56[1]/2	British Transport 3% 1978-88	60[1]/8	60[7]/16	4 9 4	6 3 2

Prices 1962 High	Prices 1962 Low	DOMINION AND CORPORATION STOCKS	Price, May 16, 1962	Price, May 23, 1962	Red. Yield, May 23, 1962 £ s. d.
82	79[1]/2	Australia 3½% 1965-69	81[3]/4	81[3]/4	6 11 0
98[3]/4	96	Australia 6% 1974-76	96[1]/2	96[3]/8	6 6 0
66	53[1]/2	Ceylon 4% 1973-75	54[1]/2	53[1]/2	10 12 0
96[3]/4	94[1]/4	New Zealand 6% 1976-80	96[3]/8	96[1]/4	6 9 0
75[1]/4	63	Rhodesia and Nyasaland 6% 1978-81	65	65	10 8 0
87	82	South Africa 3½% 1965-67	86[3]/4	87	6 12 0
58[1]/4	48	Southern Rhodesia 4½% 1987-92	48	48[1]/2	9 19 0
81[5]/8	77[3]/4	Agricultural Mortgage 5% 1959-89	81[3]/8	81[5]/8	6 9 0
89[1]/8	86	Birmingham 4¼% 1967-70	89[1]/8	89[1]/8	6 3 0
92	88[1]/4	Bristol 5% 1971-73	89[1]/4	89	6 5 0
90[7]/8	88	Corporation of London 5½% 1976-79	88[1]/4	88[1]/4	6 6 0
46[3]/4	43	L.C.C. 3½% ..... after 1970	45[3]/4	45[3]/4	6 6 0
86[1]/8	84	L.C.C. 5% 1980-83	86	86	6 5 0
89[1]/4	87	Middlesex 5½% 1980	89	89	6 7 0

NEW YORK PRICES AND INDICES

	May 16 $	May 23 $		May 16 $	May 23 $		May 16 $	May 23 $
Atch. Topeka	25[1]/8	24[1]/2	Boeing	45[1]/8	42	Int. Harvester	52[5]/8	49[5]/8
Can. Pacific	23[3]/4	23[1]/8	Celanese	38[1]/4	35[3]/4	Inter. Nickel	73[1]/8	69[5]/8
Pennsylvania	15	14	Chrysler	50[3]/4	46[3]/8	Inter. Paper	31[1]/8	30
Union Pacific	31[7]/8	30[3]/8	Col. Palmolive	44[1]/2	39[1]/8	Kennecott	76[1]/4	75
Amer. Electric	66[1]/8	65	Crown Zeller	49[3]/8	44[1]/2	Monsanto	46[1]/8	44[1]/8
Am. Tel. & Tel.	120[1]/8	115[1]/8	Distillers Seag.	42[5]/8	40[7]/8	Nat. Distillers	28[1]/8	26[5]/8
Cons. Edison	76[7]/8	74	Douglas	25[1]/8	22[5]/8	Pan-American	23[1]/8	22
Int. Tel. & Tel.	45[3]/8	41[7]/8	Dow Chemical	52[1]/2	51[3]/8	Procter Gamble	78[3]/4	75
South'n. Nat. Gas	45	43[1]/2	Du Pont	222[1]	217[1]/8	Radio Corpn.	55[1]/8	51[3]/4
United Corpn.	8	8	East. Kodak	108	102[3]/8	Sears Roebuck	81[3]/4	77[1]/4
Western Union	36	34[3]/8	Ford Motor	92	86[1]/2	Shell Oil	36[3]/8	36[1]/8
Alcoa	55[1]/4	54[3]/8	Gen. Electric	70[7]/8	68[7]/8	Socony-Mobil	51[3]/8	52[1]/2
Aluminium	23[3]/4	22[3]/8	General Foods	83[1]/8	76[1]/8	Stand. Oil Ind.	49[1]/2	46
Amer. Can	44[1]/4	42[3]/8	General Motors	52	51[1]/8	Stand. Oil N.J.	53[3]/4	51[7]/8
Am. Smelting	60[1]/4	54[1]/2	Goodyear	38[3]/4	35[3]/8	Union Carbide	99[1]/2	96
Am. Viscose	57[1]/2	53[7]/8	Gulf Oil	40	37[5]/8	U.S. Steel	57[7]/8	54[1]/4
Anaconda	45[3]/4	44	Heinz	51	50	West. Electric	33	31[1]/8
Beth. Steel	38[7]/8	36[1]/8	Int. Bus. Mach.	457	415[1]/4	Woolworth	75[3]/4	74[1]/4

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
April 25	71·27	3·01	31·77	5·08	63·77	3·17	89·85	3·90
May 2	69·49	3·09	31·80	5·07	61·67	3·28	90·17	3·87
,, 9	67·64	3·18	31·12	5·19	60·16	3·37	90·39	3·85
,, 16	67·66	3·17	31·11	5·19	60·15	3·37	90·39	3·85
,, 23	64·21	3·34	30·25	5·34	57·75	3·51	89·85	3·90

425 Industrials :—High, 75·22 (Jan. 3). Low, 64·21 (May 23).

Prices 1962 High	Prices 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, May 16, 1962	Price, May 23, 1962	Yield, May 23, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/–	86/–	6[1]/2 *a*	6[1]/2 *b*	Barclays £1	101/6	99/6	2·61	...
111/–	93/–	8 *a*	8 *b*	District £1	104/9	106/6	3·00	...
72/6	58/6	4·3 *a*	5·1 *b*	Lloyds £1	69/–	68/3	2·75	...
25/6	20/3	1 *a*	1 *b*	Martins 5/–	24/9	24/6	3·06	...
101/–	86/9	7[1]/8 *a*	7[1]/2 *a*	Midland £1	98/6	96/9	3·10**	...
106/6	89/–	7 *a*	7 *b*	Nat. Provincial £1	104/–	103/3	2·71	...
104/–	84/–	6[2]/3 *b*	6[2]/3 *b*	Westminster 'B' £1	99/–	98/3	2·71	...
48/3	40/10[1]/2	8 *b*	4 *a*	Australia & N.Z. £1 p.p.	47/6	47/3	5·08	...
40/9	37/11[1]/2	3[1]/2 *a*	5 *b*	Bk. Lond. & S. Amer. £1	30/9	40/3	4·14	...
£25[9]/16	£20[1]/8	$2·05c	$2·05c	Bank of Montreal $10	£21[13]/16	£20[1]/8	4·33	...
35	27[1]/4	8 *c*	9 *c*	Bank of New S. Wales £20	34[1]/4	34	4·24*g*	...
39/–	34/9	5 *a*	5 *b*	Barclays D.C.O. £1	38/3	37/9	5·30	...
58/6	53/3	7[1]/2 *a*	7[1]/2 *b*	Chartered £1	56/–	55/6	5·41	...
£19[1]/8	£16[3]/4	5/– *a*	10/– *b*	Hongk'g. & Shang. ...$25	£17[1]/4	£16[3]/4	4·48	...
62/–	52/3	9 *b*	7[1]/2 *a*	Nat. Com. Bk. Scot. 10/–	61/–	59/9*	2·76	...
£29[7]/16	£26[9]/16	$2·37[1]/2c	$2·50c	Royal Bk. Canada $10	£26[9]/16	£25*	3·27	...
43/6	37/6	10 *b*	5 *a*	Standard Bank £1	42/9	43/–	6·98	...
209/–	157/6	7[1]/2 *a*	15 *b*	Hambros ..... £1 f.p.	207/6	211/3	2·13	...
99/9	81/10[1]/2	2[1]/2 *a*	5 *b*	Schroders £1	98/–	95/6	1·57	...
60/3	53/–	6[1]/4 *a*	6[1]/4 *b*	Union Discount £1	58/6	57/6	4·35	...
14[1]/2	10/9	18 *c*	Nil *c*	Bowmaker 5/–	13/3	13/1[1]/2	...	...
14/3	10/6	5 *a*	5 *b*	Lombard Banking 5/–	11/9	11/9	4·26	...
16/4[1]/2	10/6	2[1]/2 *b*	2 *a*	Mercantile Credit 5/–	13/–	12/7[1]/2	2·97	...
44/11[1]/2	31/–	22[1]/2 *b*	4 *a*	United Domins. Tst. ..5/–	37/–	37/–	3·58	...
				BREWERIES, Etc.				
18/6	13/3	...	4 *a*	Bass, M. & B. 5/–	16/4[1]/2	16/6	3·33**	2
44/–	37/4[1]/2	8[1]/2 *b*	6 *a*	Distillers 10/–	43/11[1]/2	42/6	3·41	2
24/6	17/6	4 *a*	8 *b*	Glowers 5/–	23/11[1]/2	22/10[1]/2	2·62	...
51/6	47/–	8 *a*	14 *b*	Guinness 25/–	48/–	48/6	4·58	1[3]/4
15/7[1]/2	12/7[1]/2	...	8 *b*	Ind Coope, T.A. 5/–	13/9	13/6	4·44**	1[1]/2
17/3	13/–	5 *a*	7[1]/2 *b*	United Breweries 5/–	16/6	16/3	3·85	1[3]/4
29/–	23/8[1]/4	6 *a*	12 *b*	Watney Mann 5/–	26/9	25/3	3·56	2
42/4[1]/2	31/9	9 *a*	21 *b*	Whitbread 'A' 5/–	39/9	39/9	3·77	1[3]/4
				BUILDING, PAINT, Etc.				
61/–	50/6	3 *a*	6[1]/2 *b*	Associated Portland ...£1	60/6*	57/6*	3·30	2[3]/4
27/4[1]/2	21/9	7[1]/8 *b*	4 *a*	British Plaster Bd. ...10/–	25/3	23/6	5·32	2[1]/4
18/10[1]/2	14/10[1]/2	6 *a*	10 *b*	Richard Costain 5/–	18/4[1]/2	18/7[1]/2	4·30	2[3]/4
13/7[1]/2	10/6	10 *a*	12[1]/2 *b*	Crittall Mfg. 5/–	13/6	13/–	6·49**	2
14/7[1]/2	9/10[1]/2	6 *a*	6[1]/2 *b*	International Paints ..4/–	13/–	12/3*	7·35	1[1]/2
32/6	22/9	25 *c*	25 *c*	Rugby Portland 5/–	63/9¶	61/3	2·04	3[1]/4
24/6	19/7[1]/2	11[2]/3 *b*	5 *a*	Wall Paper Defd. 5/–	23/7[1]/2	22/9	3·66	2[1]/4
				CHEMICAL				
25/7[1]/2	20/9	6 *a*	14 *b*	Albright & Wilson 5/–	24/6	24/–	4·17	2
19/3	16/3	4 *a*	7[1]/2 *b*	Borax Defd. 5/–	17/7[1]/2	17/6	3·48	2[1]/2
43/3	30/6	11 *c*	4 *a*	Fisons £1	36/10[1]/2	31/–	...	1[1]/2
58/–	52/6	6[1]/4 *a*	7[1]/2 *b*	I.C.I. £1	55/3	52/6	5·24	1
18/6	12/6	5 *a*	5 *b*	Monsanto 5/–	16/9	14/6	3·45	1[1]/2
				DRAPERY & STORES				
33/3	26/10[1]/2	4 *a*	8 *b*	Boots Pure Drug 5/–	31/–*	28/9*	2·09	2[1]/4
53/9	38/10[1]/2	17[6]/9 *a*	5 *b*	Montague Burton 10/–	31/3	29/–	2·37	2[1]/4
59/6	53/–	13[1]/9 *b*	5[5]/6 *a*	Debenhams 10/–	55/–	53/–	3·62	1[1]/2
65/–	54/4[1]/2	25 *b*	12[1]/2 *a*	G.U.S. 'A' 5/–	64/10[1]/2	63/–	3·98	2
40/3	34/9	16[2]/3 *b*	13[1]/2 *a*	House of Fraser 5/–	38/6	37/9	3·97	2
16/6	13/6	5 *a*	7[1]/2 *b*	Lewis's Invest. Tst. ..4/–	15/3[3]/4	14/6[3]/4	3·43	2
100/6	89[1]/16	15 *a*	33[1]/3 *b*	Marks & Spencer 'A' .5/–	93/10[1]/2	89/10[1]/2*	2·64	1[1]/2
52/6	46/–	10 *a*	20 *b*	United Drapery 5/–	50/–*	47/11[1]/2*	3·18	2
53/–	45/9	10[5]/8 *a*	25 *b*	Woolworth 5/–	49/11[1]/2	47/10[1]/2	3·74	1[1]/2
				OIL				
38/–	31/3	†2·78 *a*	†7[11]/2*b*	British Petroleum £1	33/3	31/3	10·28	2[1]/4
36/6	30/6	†2[1]/2 *a*	†7[11]/2*b*	Burmah Oil 5/–	35/3	35/–	9·72	1[1]/4
£14[1]/2	£12[5]/16	11[1]/4 *a*	15 *b*	Royal Dutch ..... 20 fl.	£14[1]/2	£13[11]/16	3·80	2[1]/2
32/7[1]/2	27/–	†10 *a*	†15 *b*	Shell Transport 5/–	32/7[1]/2	31/4[1]/2	6·51	2[1]/2
30/–	20/6	... *a*	... *b*	Ultramar 10/–	29/6	26/9	... *d*	...

FOREIGN AND OVERSEAS STOCKS

	May 16	May 23		May 16	May 23		May 16	May 23
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,226	1,192	A.E.G.	410	403[3]/4	A.K.U.	365[3]/8	352[1]/2
Banque de Paris	540	527	Bad'che. Anilin	424[1]/2	418	Bijenkorf	950	975
Citroen	206·5	198¶	Bayer	505	471	Heinekens	515[1]/2	494
C. F. Petrole.	283	274	Commerzbank	510	485	Interunie (Fl.50)	Fl.194	Fl.190·5
Cie. G. d'Electr.	1,265	1,241	Deutsche Bank	592	553	K. N. Hoogoven	674[1]/2	650[1]/2
Machines Bull	681	560¶	Dresdner Farb.	483	430*	Kon. Zout-Ket.	930	900
Pechiney	262	261	Kundenkredit	463	445	Philips	805[1]/2‖	775
Printemps	680	715	Lowenbrau	1,130	1,115	Robeco (Fl.50) ..	Fl.224	(Fl.220
Rhone-Poulenc	474	458	Mannesmann	235[1]/2	235[7]/8	Rotterdam Bk.	363	360
S.I.M.	393	399·5	Siemens	607	592	Thomassen & D.	650	658
Saint-Gobain.	391	390	Thyssen-Huette	199	195[1]/4	Valeurop	Fl. 77·6	Fl. 77
Usinor	216	212	Volkswagen	617	598	Zwanenberg	920	865
Index	103·8	103·9	*Herstatt Index*	100·62	96·31	Index	345·9	338·5
Dec. 30, 1960 = 100.			*Dec. 31, 1959 = 100.*			*1953 = 100.*		
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	46/8	44[1]/4	Ampol Pet.	12/7	12/6	Ajinomoto	519	498
Aluminium	25[7]/8	24[3]/8	Ass. Pulp & P.	32/–	30/9	Fuji Iron	49	49
Bell Tel.	54[3]/4	52[1]/8	Aust. Con. Inds.	73/9	73/–	Hitachi	91	87
Can. Brewer's.	10[1]/8	10	Aust. Oil & Gas	63/–	68/–	Honda Motor	293	291
Can. Imp. Bank	64[1]/4	60	Brit. Tobacco	22/–	21/7	Kirin Brewery	490	480
Can. Pac. Rly.	25[7]/8	25[3]/8	Broken Hill Pty.	63/6	61/6	Mitsub. Chem.	68	65
Hiram Walker	57[3]/4	56	G. J. Coles	13/4	13/1	Mitsub. Elect.	86	81
Imperial Oil	46[1]/2	42[5]/8	Felt & Textiles	7/8	7/7	Mitsub. Heavy	75	71
Noranda Mines	64	60	I.C.A. A.N.Z.	42/6	41/–	Nippon Elect.	392	381
Shawinigan Wtr	24[7]/8	23[1]/4	Myer Emporium	34/6	34/3	Sony	771	762
Steel of Canada	20	18[1]/4	Ready Mix Con.	17/11	17/11	Toyo Rayon	164	158
Trans.Can.Pipe	22[7]/8	21[1]/2	Woolworth	16/9	16/7	Yawata Iron	53	53
Toronto Ind. Index	608·88	576·81	Sydney Indust. Index	309·45	307·79	Dow Jones Average	1435·77	1400·09
1933 = 100.			*1937/39 = 100.*					

‡ Ex dividend. † Tax free. ‡ Assumed average life 7[1]/4 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Ex all. *(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. *(i)* To latest date. Japanese prices supplied by Diawa Securities, Tokyo.

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

AND YIELDS

Prices 1962 High	Prices 1962 Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, May 16, 1962	Price, May 23, 1962	Yield, May 23, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
32/6	24/9	5 *a*	5 *b*	A.E.I. £1	26/9	24/9	8·08	1
2/6	9/9	...	15 *c*	Brit. Electronic Inds. 5/–	10/–[1]/2	10/–	7·50	1[1]/4
56/3	56/4[1]/2	4 *a*	9[1]/2 *b*	B.I.C.C. £1	64/6	63/–	4·29	2
14/8[1]/4	12/7[1]/2	5 *a*	7[1]/2 *b*	Crompton Parkinson .5/–	14/3	14/–	4·46	2[1]/2
39/6	76/–	23[1]/2 *c*	7[1]/2 *a*	Decca Record 10/–	84/6	80/–	2·92	13/4
45/6	38/3	12[1]/2 *b*	5 *a*	E.M.I. 10/–	42/3	38/3	4·58	2
54/6	41/3	5 *a*	9 *b*	Elliott-Automation 5/–	51/1[1]/2	49/4[1]/2	1·42	2[1]/4
27/9	22/–	3 *a*	5 *b*	English Electric £1	23/9	22/3	7·19	1[1]/2
34/–	26/–	7 *b*	3 *a*	General Electric £1	30/6	29/6	6·78	1[3]/4
59/3	42/–	4[3]/8 *a*	8[1]/8 *b*	C. A. Parsons £1	43/6	42/–	5·95	2
47/9	42/9	3[1]/4 *a*	6[1]/2 *b*	A. Reyrolle 5/–	86/3	86/–	1·90**	3
89/6	63/6	25 *c*	25 *c*	Thorn Electrical 5/–				
				ENGINEERING				
32/4[1]/2	20/3	9 *c*	9 *c*	Babcock & Wilcox £1	30/6	31/–	5·81	1[1]/2
38/3	27/3	7 *b*	3·2 *a*	John Brown £1	37/7[1]/2	35/7[1]/2	5·73	2[3]/4
6/–	4/3	3 *a*	7 *b*	Cammell Laird 5/–	5/4[1]/2	5/3[3]/4	9·41	1
26/10[1]/2	22/–	10 *a*	20 *b*	Internat. Combust. ..5/–	25/6	24/4[1]/2	6·15	1[1]/2
5/6	3/4[1]/2	...	...	Rich'ds'ns. Westg'th. 10/–	4/–	4/–	...	...
38/4[1]/2	27/9	2[1]/2 *a*	2[1]/2 *b*	Swan Hunter £1	28/6	27/9	8·65	1[3]/4
14/9	10/6	5 *c*	5 *a*	John Thompson 5/–	13/9	12/9	1·96	...
36/–	30/4[1]/2	†2[1]/2 *a*	†6[1]/4 *b*	Coventry Gauge 10/–	34/6	34/6	4·14	2[3]/4
73/7[1]/2	60/7[1]/2	†2[1]/2 *a*	†6 *b*	Alfred Herbert £1	67/6	65/9	4·22	2
47/6	38/6	12[1]/2 *b*	5 *a*	Allied Ironfounders £1	41/9	38/6	9·09	1[1]/2
99/9	90/–	5 *a*	10 *b*	Asseys £1	98/3	90/–	3·33	2[1]/2
20/3	15/3	4 *a*	7[3]/8 *b*	B.S.A. 10/–	16/7[1]/2	15/3	7·65	2[1]/4
11/6	9/9	8[1]/8 *a*	4[1]/2 *a*	George Cohen 5/–	11/4[1]/2	11/1[1]/2	5·84	1[3]/4
33/–	25/–	17[1]/2 *b*	10 *a*	Davy-Ashmore 5/–	27/3	25/–	5·50	2[1]/2
81/10[1]/2	74/4[1]/2	5 *a*	11 *b*	Guest Keen £1	77/6*	75 11[1]/2	4·26	3[1]/2
21/–	17/10[1]/2	4 *a*	12 *b*	Head Wrightson 5/–	17/10[1]/2	18/4[1]/2	4·35	2[1]/2
85/6	76/3	7 *b*	5 *a*	Mezal Box £1	81/7[1]/2	78/3	3·07	2[1]/4
18/–	14/9	10 *b*	4 *a*	Ransome & Marles 5/–	17/3	15/9	4·44	2
48/–	44/6	7 *b*	3 *a*	Renold Chains £1	47/7[1]/2	45/4[1]/2	5·45	3
64/10[1]/2	51/3	7 *b*	7 *a*	Tube Investments £1	53/6	51/4[1]/2	8·04	13/4
31/11[1]/2	24/9	2[1]/2 *a*	7[1]/2 *b*	Vickers £1	25/3	24 10[1]/2	8·04	1[3]/4
71/6	60/–	10 *b*	3[3]/4 *a*	Wiggin (Thos. W.) £1	67/–	66/–	4·17	3
20/6	14/6	5 *a*	16 *b*	Woodall-Duckham 5/–	15/6	16/3	6·46	2[1]/4
				FOOD & TOBACCO				
25/6	19/9	10 *c*	10 *c*	Allied Suppliers 10/–	25/6*	24/9*	4·04	2[1]/2
12/4[1]/2	10/2[1]/4	12[1]/2 *b*	10 *a*	Assoc. British Foods..1/–	10/7[1]/2	10/9	2·09	2
61/3	48/–	8 *b*	4 *a*	Bovril £1	51/3	48/–*	5·00	1[1]/2
12/9	11/4[1]/2	13·9*b*	†1·7*a*	Brooke Bond 'B' 5/–	14/10[1]/2	12/6	3·66	3[1]/2
15/10[1]/2	13/11[1]/2	10 *b*	2[1]/2 *a*	International Tea 5/–	14/10[1]/2	14/2[1]/4	4·41	1[1]/2
82/6	72/9	10[5]/8 *b*	5 *a*	J. Lyons 'A' 5/–	78/6

Money and Exchanges

EXCHEQUER RETURNS

For the week ended May 19, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £13,359,000 compared with a surplus of £3,414,000 in the previous week and a deficit of £5,738,000 in the corresponding period of last year. There was a net expenditure "below-line" of £7,923,000 leaving a total cumulative deficit to date of £114,052,000 compared with £62,576,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to May 20, 1961	April 1, 1962, to May 19, 1962	Week ended May 20, 1961	Week ended May 19, 1962
Ordinary Revenue					
Income Tax	2,790,000	183,528	178,757	29,237	24,345
Surtax	188,000	20,000	21,000	2,000	2,400
Death Duties	264,500	40,000	35,600	6,600	5,100
Stamps	95,000	14,400	14,500	1,800	1,800
Profits tax, EPT and EPL	374,000	30,000	32,300	5,500	6,100
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	287,928	282,157	45,137	39,745
Customs	1,633,000	224,305	218,314	34,901	33,231
Excise	1,077,000	159,775	163,895	17,920	20,020
Total Customs and Excise	2,730,000	384,080	382,209	52,821	53,251
Motor Duties	150,000	7,874	14,101	...	2,216
Broadcast Lic's.	41,000	5,000	5,100	2,500	2,500
Miscellaneous	165,000	80,609	11,612	824	172
Total	**6,797,500**	**765,491**	**695,179**	**101,282**	**97,884**
Ordinary Expenditure					
Debt Interest	600,000	98,839	84,573	16,738	18,799
Payments to N. Ireland Exch.	100,000	9,609	10,342	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	1,049	904	12	24
Supply Services	5,611,650	656,884	677,060	90,000	92,200
Total	**6,323,650**	**766,381**	**772,879**	**106,750**	**111,023**
Sinking Funds	41,000	3,730	3,945	270	220
"Above-line" Surplus or Deficit	**4,620**	**81,645**	**5,738**	**13,359**	
"Below-line" Net Expenditure	57,956	32,407	6,179	7,923	
Total Surplus or Deficit	**62,576**	**114,052**	**11,917**	**21,282**	
Net receipts from:					
Tax Reserve Certificates	19,121	22,967	1,415	462	
Savings Certificates	2,300	700	1,600	300	
Defence Bonds	8,942	1,240	1,331	849	
Premium Savings Bonds	6,500	4,000	500	1,000	
Total	**32,263**	**28,907**	**4,846**	**2,011**	

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with £4 million in 1961–62.

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1961					
May 20	3,180·0	1,839·1	316·3	...	5,335·5
1962					
Feb. 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
,, 17	2,960·0	2,423·9	251·1	...	5,635·0
,, 24	2,980·0	2,391·6	290·8	...	5,662·5
,, 31	3,000·0	2,330·6	260·7	...	5,591·3
April 7	2,980·0	2,400·5	253·0	2·3	5,635·8
,, 14	2,970·0	2,433·5	254·1	5·0	5,662·7
,, 21	2,960·0	2,448·7	226·0	3·3	5,638·0
,, 28	2,940·0	2,542·3	223·0	...	5,705·3
May 5	2,920·0	2,512·6	243·6	...	5,676·2
,, 12	2,940·0	2,236·5	248·2	0·5	5,425·2
,, 19	2,940·0	2,221·9	283·8	0·3	5,445·9

THE MONEY MARKET

ALTHOUGH the authorities had forced the discount market to borrow at Bank rate on two occasions last week, it again raised its bid by 8d., to £99 0s. 9d., at last Friday's Treasury bill tender. The average rate of discount fell by 2s. 7.67d. to £3 17s. 1.04d. per cent, which means that the outsiders raised their bids fractionally less than the market, and with a fall in total applications of £29 million to £384 million, the market's allotment at 61 per cent was even better than the previous week's 57 per cent. These two good allotments contrast sharply with the very poor allotments in earlier weeks, and now that the market has replenished its portfolios it will probably fall-in with the authorities' wishes and slow-down the pace at which the bill rate has been falling.

Credit was in good supply on Thursday and Friday of last week, but became tight on Saturday. On Monday and Tuesday credit continued short; on Monday three or four houses were forced into the Bank for a small amount and on Tuesday four or five houses borrowed a large amount from the Bank despite the large amount of help supplied through the open market. On Wednesday credit turned easy when the Ready Mixed Concrete money flowed back to the banks.

MONEY RATES

LONDON

	%		%
Bank rate (from 5% 26·4·62)	4½	**Discount rates:** Bank bills:	
Deposit rates (7 days' notice):		60 days	4–4 1/16
Banks	2½	3 months	4–4 1/16
Discount houses	2½–2¾	4 months	4–4 1/16
Local Authorities	4½	6 months	4–4⅛
Call money:		Fine trade bills	
Clearing banks' minimum	2½	3 months	5 1/16–5
Day-to-day	2½–3½	4 months	5 1/16–5
		6 months	5 1/16–5 1/16

NEW YORK

	%		%
Official Discount rate: (from 3½% 11·8·60)	3	**Treasury Bills:** May 14	2·646
		,, 21	2·700

BANK OF ENGLAND RETURNS

£ million:	May 24, 1961	May 16, 1962	May 23, 1962
Issue Department:			
Notes in circulation	2,299·6	2,307·4	2,293·8
Notes in banking dept.	25·7	68·0	81·6
Govt. debt and securities*	2,323·5	2,374·0	2,374·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·8	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	13·6	15·2	12·8
Special deposits	152·9	233·2	233·2
Bankers	257·6	232·4	247·7
Others	77·4	70·3	71·9
Total	501·5	551·1	565·7
Securities:			
Government	427·8	432·6	428·8
Discounts and advances	46·7	49·2	53·8
Other	18·2	18·4	18·6
Total	492·8	500·2	501·2
Banking department reserve	26·7	68·8	82·1
Proportion	% 5·3	% 12·4	% 14·5

* 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	91-Day Bills Average Rate of Allotment	Allotted at Max. Rate
1961	91 day		s. d.	%
May 19	260·0	432·5	98 3·18	33
Feb. 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
,, 16	230·0	411·8	97 7·57	41
,, 23	230·0	408·1	89 0·47	48
,, 30	230·0	392·2	88 1·16	57
April 6	230·0	398·7	87 4·62	46
,, 13	230·0	407·9	86 8·54	41
,, 19	230·0†	386·6	85 4·31	46
,, 27	220·0	386·3	81 0·54	26
May 4	220·0	406·0	81 9·72	16
,, 11	230·0	412·8	79 8·71	57
,, 18	230·0	383·6	77 1·04	61

On May 18th tenders for 91 day bills at £99 0s. 9d. secured 61 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 May 23	Market Rates: Spot May 17	May 18	May 19	May 21	May 22	May 23
United States $	2·78–2·82*	$2·81\frac{1}{4}$–$\frac{7}{8}$	$2·81\frac{1}{4}$–$\frac{3}{8}$	$2·81\frac{1}{4}$–$\frac{3}{8}$	$2·81\frac{3}{16}$–$\frac{5}{16}$	$2·81\frac{3}{16}$–$\frac{5}{16}$	$2·81\frac{1}{8}$–$\frac{1}{4}$
Canadian $	...	3·06–06⅛	3·06–06⅛	3·06–06⅛	3·06–06⅛	3·05 13/16–15/16	3·05 15/16–6 1/16
French Fr.	13·622–14·027	13·78⅛–78⅛	13·77⅞–78⅛	13·78–78¼	13·77⅝–⅞	13·77⅝–⅞	13·77½–¾
Swiss Fr.	11·94–12·54⅞	12·17⅝–⅞	12·17⅜–⅝	12·17⅜–⅝	12·17⅜–⅝	12·15–15¼	12·14–14¼
Belgian Fr.	137·96–142·05	140·05–10	140·00–05	140·00–05	140·00–	139·97½–140·02½	139·95–140·0
Dutch Gld.	9·98⅜–10·28½	10·10½–¾	10·10⅝–⅞	10·10½–¾	10·11⅛–⅜	10·10½–¾	10·10¼–½
W. Ger. D-Mk.	11·037–11·365	11·24⅞–25⅛	11·24⅞–25⅛	11·24¾–25	11·24¾–½	11·24¼–½	11·23⅞–⅝
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1746¼–¾	1746–46½	1745½–46¼	1745½–46	1745½–46	1744¾–45¼
Swedish Kr.	14·27½–14·70	14·47⅝–⅞	14·47⅝–⅞	14·47⅝–¾	14·47½–¾	14·46¾–47⅛	14·46¾–⅞
Danish Kr.	19·06½–19·62	19·40⅜–⅝	19·40¼–½	19·40¼–½	19·40¼–½	19·39¾–40	19·39¾–40
Norwegian Kr.	19·71–20·30½	20·05½–¾	20·05½–¾	20·05½–¾	20·05⅝–⅞	20·05¾–06	20·05⅛–⅝
* Official Limits		**One Month Forward Rates**					
United States $		⅜–½c. pm	5/16–⅜c. pm	5/16–⅜c. pm	5/16–⅜c. pm	5/16–⅜c. pm	¼–⅜c. pm
Canadian $		5/16–⅜c. pm	5/16–⅜c. pm	¼–⅜c. pm	¼–⅜c. pm	⅜–½c. pm	⅜–½c. pm
French Fr.		½c. pm–par	½c. pm–par	½c. pm–par	½c. pm–par	½c. pm–par	½c. pm–par
Swiss Fr.		2⅛–1⅞c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2–1⅜c. pm	1⅞–1¼c. pm
Belgian Fr.		25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm	25–15c. pm
Dutch Gld.		¾–⅝c. pm	1⅛–⅞c. pm	1⅛–⅞c. pm	1⅛–1⅛c. pm	1⅛–⅞c. pm	1⅛–⅞c. pm
W. German D-Mk.		17/8–1⅜pf. pm	15/8–1⅛pf. pm	15/8–1⅜pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm
		Three Months Forward Rates					
United States $		13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	13/16–11/16c. pm	11/16–9/16c. pm	⅝–½c. pm
Canadian $		⅜–⅝c. pm	⅜–⅝c. pm	11/16–⅜c. pm	⅝–½c. pm	9/16–⅞c. pm	9/16–⅞c. pm
Swiss Fr.		4⅛–3⅝c. pm	4⅛–3½c. pm	4¼–3½c. pm	4¼–3¼c. pm	4–3⅛c. pm	3¾–3¼c. pm
W. German D-Mk.		4¼–3¼pf. pm	3⅞–3⅜pf. pm	3⅞–3⅜pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm	3¾–3¼pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		249/4¾	249/5	...	249/4½	249/4¾	249/6¼
,, ($,, ,,)		35·08	35·07½	...	35·07½	35·07	35·07½

COMPANY MEETINGS

GALLAHER LIMITED

(Incorporated in Northern Ireland)

INCREASED GROUP PROFITS
TURNOVER REACHES RECORD FIGURE
SMOKING AND HEALTH
"WHOLE PROBLEM OUT OF PERSPECTIVE"
MR CECIL W. MASON ON THE OUTLOOK

The sixty-sixth Annual General Meeting of Gallaher Limited, was held on May 23rd at Granite House, Cannon Street, London, EC, **Mr Cecil W. Mason,** Chairman, presiding.

The Secretary, Mr George Iliff, ACA, read the notice convening the meeting and the report of the auditors.

The following is the Chairman's Statement circulated with the report and accounts for the year ended December 31, 1961:

In my Statement last year I said that your Directors hoped to be able to present satisfactory results for the year 1961, but this must be coloured by the uncertainty as to whether and when the Chancellor of the Exchequer would use the powers to impose by Order a surcharge on duties, including tobacco duty. The Chancellor did, in fact use these powers in July, 1961, when tobacco duty was increased by 10 per cent. In these circumstances your directors hope that you will consider the Group's trading results for 1961 to be satisfactory.

TRADING RESULTS

The Group profits, before tax, for the year 1961 amounted to £13,661,427, an increase of £1,918,150 over the 1960 profits. The proportion of the Company's 1961 profits absorbed by taxation is considerably higher than in 1960 by reason of the increase in the rate of Profits Tax from 12½ per cent to 15 per cent. The Group net profit, after tax, for 1961 is a record at £6,350,881 as compared with £5,834,300 in 1960 —an increase of £516,581: thus, the effect of the higher rate of taxation imposed on all of our profits for 1961 has been that the increase in profits of £1,918,150 before taxation becomes an increase of £516,581 after taxation.

The Directors have transferred to General Reserve Account the sum of £4,000,000 which increases the balance on the Group's General Reserve to £14,000,000. An interim dividend of 5 per cent, less tax, was paid in 1961 on the Ordinary Capital of £24,300,000, and your Directors recommend a final dividend of 15 per cent less tax. The appropriation to General Reserve exceeds the net profits available after dividends, so that, after taking credit for taxation provisions for previous years no longer required, the Carry Forward in the Consolidated Profit & Loss Account at £3,299,895 is £654,149 less than the Carry Forward from last year.

Arising out of the 10 per cent surcharge on tobacco duty imposed in July, 1961, the Group has made an exceptional profit, after all relevant taxation, of £618,193, which has been transferred to the credit of Reserve for Contingencies.

CURRENT ASSETS

In the Consolidated Balance Sheet at December 31, 1961, the total current assets amount to £102,490,272, an increase over the figure in the 1960 Balance Sheet of £4,798,144.

Stocks of work-in-progress and finished goods at the end of 1961 were fractionally higher in quantity than at the end of 1960, but the 10 per cent surcharge on tobacco duty, which the Group has to pay immediately, on the withdrawal of tobacco from bond, has brought about an increase in the value of those stocks. The amount due by trade customers was higher for the same reason.

The quantity of leaf tobacco which we held in stock at the end of 1961 was marginally lower than at the end of 1960, but the average cost of those stocks was higher.

LEAF SUPPLIES

In my statement last year I told you that we were able to improve our stock position and had bought more than twelve months' replacement of leaf tobacco. It is fortunate that we did increase our stocks when the opportunity presented itself, because 1961 was a difficult buying year in which we were unable to purchase enough tobacco of the types we required to cover a full twelve months' usage.

Despite the downward trend of commodity prices in general, the price of leaf tobacco shows a continued rising trend. The average cost of our purchases again increased and I regret to say that there are signs that prices may rise further this year.

The 1961 USA crop contained limited supplies of quality tobacco required by United Kingdom manufacturers and strong competition for these types resulted in the higher average cost of our purchases.

The 1961 Rhodesian crop, which it had been hoped would be more suitable to our requirements, again proved to be disappointing.

The current crop which is now being sold in Rhodesia is estimated to be of record weight at 250 million lbs., but the effect of drought conditions experienced over large areas of the country during the growth of the crop will again result in a difficult buying season.

In Canada the quality of the crop has been more suitable to our requirements and I am pleased to record the improvements which have been effected in the grading and handling of this tobacco.

In India, while prices were higher than in the previous year the quality of the crop was satisfactory and we were able to purchase our requirements.

SALES

During 1961 the Group's turnover increased to a record figure of £349,000,000 compared with £320,000,000 in 1960. This was due partly to the increase in the price of some of our cigarette brands in June 1961 and the increase in duty arising from the Government Surcharge applied at the end of July 1961, and partly to an increase in our quantity sales which resulted in an improvement in our share of the market. This increase in our sales was achieved in spite of the very intense competition which continued throughout the year and the depressing effect on consumption which occurred as a result of the July duty increase. The latter had an immediate effect on sales, in particular of the higher priced cigarettes and tobaccos which had not recovered by the end of the year.

During the latter part of the year the Company introduced Benson & Hedges King Size Filter cigarettes and a small sized cigar—Harlequin—both of which are making satisfactory progress.

Your Company is continually reviewing the competitive position of the Group and will continue to introduce new brands from time to time.

GENERAL MATTERS

Last year I referred to the additions to our manufacturing capacity and informed you that our new factory in the Manchester area commenced production in 1960. Considerable progress has been made since that date and it is now producing at approximately 65 per cent capacity.

Despite the steps we have taken in the past few years to add to our manufacturing capacity, some of our factories are still congested. During 1961 an opportunity presented itself to resolve these production problems and the Company arranged to purchase a large modern factory building adjacent to the Company's principal factory in Belfast. Completion of this purchase will take place at the end of June, 1962, Although this building was designed for use as a textile mill, a considerable sum of money will have to be spent in adapting it to our use, and it should prove itself to be a fine modern factory for our purpose.

The new cigar factory at Cardiff for J. R. Freeman & Son Limited, which was nearing completion at the time of the Annual General Meeting last year, has been in production since October 1961. This single-storey factory is proving to be highly satisfactory in every respect

and economical in operation. It has also provided the Group with reserve capacity for cigar manufacture. The old cigar factory at Cardiff has been sold.

In the middle of 1961 the company acquired the old and well-established name "Abdullah" and the United Kingdom and Eire trade marks associated with it. These brands are now being sold through the Group's selling organisation. Early this year we purchased the business and the world trade mark rights, except in New Zealand, of John Cotton Limited, which was established in Edinburgh 192 years ago.

J. WIX & SONS LIMITED

As you have already been informed, the Company acquired from The American Tobacco Company in early January, 1962, the whole of the issued share capital of J. Wix & Sons Limited in exchange for £3,600,000 of Ordinary Stock in Gallaher Limited, equivalent to 7,200,000 10s. Ordinary Stock Units. The profits of Wix from the beginning of January, 1962, will form part of the profits of the Gallaher Group, but as Gallaher did not own the Wix shares at December 31, 1961, no account is taken of Wix in the Accounts of Gallaher Limited at that date.

For your information the Balance Sheet and Profit and Loss Account of Wix at December 31, 1961, are shown at the end of the Statement of Accounts.

ENGINEERING SUBSIDIARY

Our engineering subsidiary had a satisfactory year. Its main product, the Mono Pump, is sold in many countries of the world.

These results again reflect credit on management, staff and workers and we thank them for their achievement.

EXPORT

In January this year Gallaher International Limited was formed and at the time the following Press statement was issued:

"Gallaher Limited announces the incorporation of a new subsidiary company—Gallaher International Limited—with an authorised capital of £250,000.

It is the intention of Gallaher Limited to extend through this new company its interests in world markets outside the United Kingdom and Eire. Heretofore its overseas interests have been negligible in comparison with its business in the United Kingdom.

This company will deal with the brands of Gallaher Limited, Cope & Lloyd (Overseas) Limited, J. R. Freeman & Son Limited and J. Wix & Sons Limited."

Since 1932 we had arrangements which precluded your Company from trading abroad, and our overseas trade was handled by British-American Tobacco Company Limited. An agreement has now been reached whereby Gallaher is able to trade in world markets, with the exception of New Zealand where Gallaher trade marks have been sold outright to B.A.T.

B.A.T. acquired many years ago the export rights of J. A. Pattreiouex Limited, the makers of "Senior Service" and "Nelson" cigarettes. The export rights of Benson & Hedges Limited and of Peter Jackson Limited have never been owned by your Company.

It is now the intention of Gallaher to enter world markets whenever suitable opportunities arise, either by developing its own trade marks or by acquiring established businesses, and it is for this purpose that Gallaher International Limited has been formed.

SMOKING AND HEALTH

All shareholders will have seen reference to the Report of the Royal College of Physicians on Smoking and Health. It seems to me that the recent publicity has put the whole problem out of perspective. Excess in most habits is harmful, but the great majority of smokers exercise moderation in this habit, from which they derive pleasure and comfort without injury to their health.

It is certainly not our wish to encourage children under 16 to smoke, and, in conjunction with the Trade, certain steps have already been taken, as announced in the Press, and the Trade is consulting with the Government to see what further steps can be taken.

As has so often been stated, there is no scientific evidence as to the cause of cancer. It is to be hoped that with all the research going on in the world today science will soon discover the cause. Your Company will continue to play its part in this research.

OUTLOOK

This is, of course, a particularly difficult year on which to make a realistic forecast of our trading. Apart from the continuing high rate of duty, which in itself will have an effect on the level of consumption, the recent smoking and health controversy has had a material effect on sales and it is still too soon to be able to judge long-term reaction. I can say, however, that competitively the goodwill of your Company's brands, because of their high quality, is second to none and I have every confidence that your Company will maintain its share of the trade.

DIRECTORS AND EMPLOYEES

Immediately following the completion of the purchase of the Wix business your Directors appointed to the Board of Gallaher, Mr F. H. Wright, the Managing Director of J. Wix & Sons Limited, who has been associated with the tobacco industry for 40 years. It gives us great pleasure to welcome Mr Wright to the Board, not only for his personal qualities but because his experience and knowledge of the Trade are of great value to us in our deliberations. I am happy to welcome the Wix employees to our Group and would like to place on record our appreciation of the co-operation we have received from the Wix Management, which has been and is proving most helpful.

In the course of the next year two of your Directors, Mr J. D. Hopkins and Mr J. Young, will be retiring.

Last year I told you of the formation of a Board of Management, and we have recently appointed as Directors three of its senior members, Mr R. S. L. Berkeley, Mr H. B. Glyn and Mr A. W. H. Stewart-Moore. These three new Directors have spent their working lives in the service of the Company. We have also appointed as Director, Mr A. W. S. Pollock, who is Managing Director of Gallaher International Limited. Although he has not had long service with the Company he has gained his experience in the tobacco trade in world markets. I and my colleagues are confident that these four new Directors will be an added strength to the Board.

During the year we have appointed to the Board of Management, Mr J. C. L. Boyes, FCA, who succeeded Mr R. G. Knight as Chief Accountant of the Company on the latter's retirement in May last year.

To all employees of the Group I give my best thanks for their support and enthusiasm, which has enabled us to present to you the results of another successful year.

The report and accounts were unanimously adopted and the retiring directors, Sir Walter A. Edmenson, CBE, DL, and Mr J. D. Hopkins, who retired by rotation, and Mr R. S. L. Berkeley, Mr H. B. Glyn, Mr A. W. S. Pollock, FCA, Mr A. W. H. Stewart-Moore, and Mr F. H. Wright, FCA, who had been appointed during the year, were re-elected.

NORWICH UNION INSURANCE SOCIETIES

ANNUAL MEETINGS

LIFE SOCIETY

Speaking at the one hundred and fifty-fourth annual meeting of the Norwich Union Life Insurance Society held in Norwich on May 22nd the President (**Sir Robert Bignold**) said the Society had had another record year. New life insurances for sums insured of over £162 millions were an increase of over £22 millions, whilst the capital value of new deferred annuities in connection with pension schemes exceeded £86 millions, an increase of 42 per cent over 1960.

New annual premium income was nearly £8 millions, an increase of 23 per cent whilst considerations for immediate annuities amounted to £4 millions, bringing total premium income to £34¼ millions.

Interest income, after deduction of tax, was £11¼ millions, the rate of interest earned at £6 0s. 2d. per cent gross (£5 5s. 2d. per cent net) being the highest recorded in the Society's history. Total payments to policyholders amounted to over £15 millions; total funds increased by £24 millions to £234 millions.

Nearly £4,400,000 was distributed as bonuses to with-profit policyholders, the rates in the United Kingdom being 5s. per cent higher than those for the quinquennium ended December 1960.

FIRE SOCIETY

At the 164th annual meeting of the Norwich Union Fire Insurance Society Ltd, Sir Robert Bignold said that in spite of determined effort in a difficult year, overall results were disappointing, though not without encouraging features. Total Group premium income had increased by £2,346,180 to the record figure of £40,256,468 and total assets were up by £4¼ millions to £85,967,331.

Though premiums in the Fire Account at £14,318,267 showed a satisfactory increase, underwriting profit of £103,097 was a considerable reduction on the 1960 figure of £356,309.

Premiums in the Accident and General Account showed a healthy increase of nearly £2 millions to £18,515,692, but the account showed an underwriting loss of £399,236 against a loss of £232,557 in 1960.

Marine premium income advanced by £45,643 to £3,425,684. The transfer to profit and loss was £35,000 against £105,000 the previous year, leaving a Group Marine fund of £3,840,505.

Net profit amounted to £314,955 and the total amount available for appropriation was £1,122,017. After payment of dividend and a transfer to Pension Reserve, £562,642 was carried forward.

further steady progress by DUNLOP

SIR G. EDWARD BEHARRELL, the Chairman, in the course of his speech at the 63rd Annual General Meeting of the Company, held on May 21st in London, said:

RESULTS FOR 1961

SALES: The year 1961 was not without its difficulties with a much lower level of activity in the vehicle and some other industries, particularly in the United Kingdom, resulting in over capacity. There were also problems in some overseas countries where we operate. In consequence intensely competitive conditions prevailed throughout the year and in these circumstances we were fortunate to be able to increase our sales volume.

COSTS: We were also fortunate that during the year there was much greater stability, and a generally lower level, of natural rubber prices than in 1960. We were able still further to increase the proportion of synthetic rubber used from 44 per cent to 47 per cent, and together these two factors gave us a considerable cost benefit. Inevitably much of the benefit was absorbed by lower selling prices and increased labour costs again amounted to a considerable figure. Nevertheless, we were able to improve our margin of profit from 5.1 per cent to 5.6 per cent and the whole organisation is exerting every effort to maintain this. It must, however, be recognised that as tariffs fall pressure from customers for lower prices as well as the pressure from labour for higher wages together constitute a major problem facing industry. As a Group we are doing everything possible to achieve economies in other directions, particularly by the modernisation of plant and equipment and by a continual review of our activities and organisational structure.

EARNINGS: We did well overseas, with profits about 12 per cent higher than in 1960. These results were helped by record exports from the United Kingdom which were 13 per cent higher than in the previous year.

It is interesting to note that at this time last year the Directors reported that for 1960 United Kingdom profits were 15 per cent higher than in the previous year and that overseas profits were 10 per cent down. For 1961 the position was reversed although for the United Kingdom the reduction was quite small. But the significance of these movements lies in the fact that territorially the Group's activities are well spread so that the effect of temporarily difficult trading conditions in some countries is cushioned, as it was in the United Kingdom last year.

We are endeavouring to achieve a similar position as regards our range of activities because we recognise that the proportion of our business in tyres —about 70 per cent—is high, and this business is becoming more and more competitive. I want stockholders to know that the Board is giving much attention to the expansion of our other interests and the development of new activities.

The establishment of a rubber reclaiming plant, in association with the U.S. Rubber Reclaim Company, and the manufacture of synthetic gutta percha for golf balls by a new Dunlop process, are examples of what we are doing. Yet another can be seen in the announcement at the end of last month that Dunlop disc brakes are to be adopted by the Studebaker Corporation in the United States for their new "Avanti" model. The work involved in developing a product of this kind takes time to mature; but the news is particularly encouraging for us because it is the first instance of this type of disc brake, pioneered by Dunlop, being fitted on a production car by a manufacturer in that country.

You will have noted that the provision for depreciation showed a further increase in 1961 and that our capital expenditure totalled some £13¼ million. Against this total cash flow of the Group amounted to £12 million. Capital expenditure must continue at a high rate if our existing plants are to be kept at the highest state of efficiency quite apart from expansion, both in countries where we are already established and for our new ventures in Malaya and Nigeria. For these reasons, and because our temporary borrowings are high, the Board decided in the middle of 1961 that further long term finance should be obtained in the United Kingdom. Shortly after this decision had been taken, however, the Chancellor introduced his "Little Budget" and our financing operation had to be postponed until conditions became more favourable. This, as you already know, was not until March of this year when we issued £12 million of Debenture Stock. We were most gratified by the way the issue was received. The proceeds of this issue will put our finances on to a sound basis for some little time to come.

NATURAL AND SYNTHETIC: The emergence of new synthetic rubbers is a regular occurrence. Perhaps one of the more remarkable at present in the chemist's mortar is cis-polyisoprene. In its chemical composition it is the equivalent of natural rubber, but, in the way that theory and practice have of not coinciding, it is not the technical equivalent. There is a technological gap to be filled. However, we do know that in certain important respects, especially in tensile strength, resistance to wear and stickiness or "tack," it behaves in a similar, if somewhat inferior, manner to natural rubber. On the other hand, it probably has some advantages over natural rubber.

Another polyisoprene, trans-polyisoprene, is synthetic gutta percha. Gutta percha, which is mainly used in golf ball covers, has been in short supply; indeed, it has tended to disappear from the market. In a pilot plant we have solved the manufacturing problems associated with the synthetic product, and we are now building a plant to make it.

Your Company's attitude towards natural rubber is best summed up in the decision to establish another plantation in Nigeria, and to re-plant steadily in Malaya. At the same time we are planting oil palm in Malaya, in a number of small trial plots where the soil appears suitable before deciding whether to follow the example of the Malayan Government by having a tropical agricultural unit not necessarily confined to rubber.

THE PRESENT YEAR

At this stage it is too early to know what our results are likely to be for the year as a whole; I hope that we can maintain our 1961 figures although, with the influences to which I have referred earlier, this will not be easy; but I can say that all possible efforts are being made by the managements of our Divisions and Companies to improve the efficiency and competitive attack of all parts of the Group.

The report was adopted.

ASEA

ALLMÄNNA SVENSKA ELEKTRISKA AKTIEBOLAGET
Sweden

BUSINESS TURNOVER FOR 1961 SET A NEW HIGH RECORD

LARGEST EXPORT ORDER IN COMPANY'S HISTORY RECEIVED FROM NEW ZEALAND

EIGHT 102,500 KVA GENERATORS ORDERED FOR THE SNOWY MOUNTAIN SCHEME

SHARE CAPITAL INCREASED BY BONUS ISSUE

The following is an excerpt from the Annual Report for 1961, the Company's seventy-ninth year of business.

SUMMARY

Characteristic features of the activities of the Asea Group during 1961 were high demand and increased production. The turnover of the Group amounted to 1,612 Mkr. (1,353 Mkr. in 1960), and of the Parent Company to 919 Mkr. (735 Mkr.). (Mkr. = million kr. = £69,000 approximately).

The net profit of the Parent Company for 1961 amounted to 37.6 Mkr. (29.9 Mkr.) after allowing 33 Mkr. (14 Mkr.) for taxes and 19.8 Mkr. (23.2 Mkr.) for the Asea Pension Funds.

It is proposed that the share capital of the company be increased by means of a bonus issue to Kr. 379,687,500, by issuing 759,375 new 100 Kr. shares, one for every four older shares held. Further, an unchanged dividend of 8 Kr. per share is proposed, applying also, in effect, to the bonus issue.

THE ASEA GROUP

Turnover increased by 19 per cent to the record level of 1,612 Mkr. (1,353 Mkr. in 1960). At the end of 1961, the Asea Group employed 30,928 persons in Sweden (30,681 in 1960) and about 2,900 elsewhere.

There has been a high rate of activity within the Group and, on the whole, the means of production were fully utilised; the volume of production was greater than in any previous year, further increase being limited by the shortage of labour.

THE PARENT COMPANY

The average number of persons employed by the Parent Company was 19,564 (18,511 the previous year), of whom 8,604 were salaried staff (8,202) and 10,960 were wage-earners (10,309).

Export orders amounted to 37 per cent of the total orders received and increased more than domestic ones. The increase was most marked in the case of the company's products for the generation and distribution of power. The sales of standard products also increased considerably. A feature of both the home and export markets was high sales volume combined with keen price competition. However, because of a greater volume of production and keener cost control, profitability has increased.

MARKET CONDITIONS

The falling trend in Europe and the rising one in the U.S.A. mean harder competition for Asea both in Sweden and on the export market. A contributory factor is the surplus capacity, mainly in the field of heavy equipment of certain competitors outside Sweden. In this situation, Asea has the advantage of a large order-book ensuring full production during 1962. The wide diversity of products and the spreading of sales over many categories of customers and markets diminish the effects of a falling market on the company, and many orders received by Asea are based on long-term investment programmes which are relatively independent of temporary fluctuations in trade.

ORDERS AND DELIVERIES

The Power Department obtained the largest export order in the history of Asea when the New Zealand Electricity Department ordered 600,000 kW, 500,000 V high-voltage d.c. equipment for a link between South Island and North Island. The Snowy Mountains Hydro-electric Authority in Australia has ordered eight 102,500 kVA hydro-electric generators. Orders for hydro-electric and steam-turbine-driven generators have been received from the Swedish State Power Board and from power companies in Sweden and elsewhere.

Export orders for large transformers include three 47,000 kVA three-phase units for the Bureau of Reclamation in the U.S.A. and a 160,000 kVA three-phase transformer for Denmark. The Swedish State Power Board has ordered fifteen 145,000 V high-voltage circuit-breakers and CEMIG in Brazil have ordered five 345,000 V air-blast circuit-breakers. Sales of capacitors have been good, the export orders which dominate in the field include one for a 42,000 kVAr, 132,000 V shunt capacitor for the C.E.G.B. Equipment was supplied for the 160,000 kW, 200,000 V, high-voltage d.c. power transmission system between England and France which was commissioned on December 8, 1961.

The Industrial Department has received many orders for electrical equipment for rolling mills. A feature is that almost all the installations are fed by rectifiers instead of by rotary converters. Sales of press-ductors for rolling mills have continued to increase. Major orders have been received for electrical equipment for furnaces. Ten induction stirrers have been sold, eight being exported. Large low-frequency induction furnaces have proved to be suitable for pig iron foundries and many have been ordered. An Australian customer has ordered a large complete mine hoist plant which will consist of three hoists, the largest, which is rated at 6,000 h.p., for a net load of 24 tons. This is the first order for an entire installation of this kind to be received from Australia. Important orders have been received for completely automatic sugar centrifugals from Denmark, Britain, France, Belgium, Italy, the Argentine, Australia and Mauritius.

The Traction Department received orders for fifteen 6,000 h.p. double locomotives for the ore line in the far north of Sweden. Eight 3,600 h.p. express locomotives with a maximum speed of 94 m.p.h. and seven motor coach sets were among the items supplied to the Swedish State Railways.

PRODUCTION

The factories of the Parent Company turned out 17 per cent more goods by volume than in 1960. The raw materials situation improved considerably as compared with the previous year, but prices rose a little during 1961. As a step in the rationalisation of production, the manufacture of rotating machines is being concentrated to Västerås and the manufacture of transformers to Ludvika, production of these items being discontinued at the Hälsingborg Works. This latter plant has now taken over from the Västerås factories the manufacture of such electro-mechanical products as cranes, hoists and gears.

TECHNICAL DEVELOPMENTS

The development work on high-voltage d.c. transmission schemes has been concentrated on a prototype valve for the system now ordered for New Zealand. Converters equipped with thyristors, i.e. controlled semi-conductor rectifiers, have been developed for the feeding and controlling of motors and generator fields. The first deliveries of active-gap lightning arresters (surge protection) have been completed with good results. Equipment for carrying out special tests on circuit-breakers in the High-power Laboratory at Ludvika has extended the testing range to 4,500,000 kVA.

NUCLEAR POWER

The comprehensive work on the Ägesta reactor continues and the reactor tank, the main heat-exchanger, the main cooling pumps, etc., have been set up in the underground rock chamber. An investigation has been carried out concerning the modification of the Marviken reactor so that a direct cycle, heavy-water steam turbine can be added to the plant thus converting the system into a boiling-water dual-cycle one. During the year, 3 tons of uranium dioxide slugs have been sintered for the first charge at Ägesta and about 3 tons of aluminium-clad fuel have been supplied to AB Atomenergi.

ACTIVITIES OF THE MAJOR SUBSIDIARY COMPANIES

SURAHAMMARS BRUKS AB

(Steelworks)

Ore was mined in the company's own mines on a larger scale than in the previous year. The level of manufacture of pig iron and chills at Spännarhyttan has been more or less unchanged. Production and sales at the steelworks at Surahammar increased. Production in the strip mill increased. The furnace hall in the strip mill has been extended and two electric pit furnaces were installed and commissioned during the year.

AB ELEKTROHELIOS

(Domestic appliances, industrial heaters, etc.)

The turnover of the company increased during 1961 by 7.8 per cent from 104.3 Mkr. to 122.9 Mkr. The new series of electric stoves introduced during the first quarter of the year was well received. Competition continues keen and there is still excessive production capacity in Sweden. Sales of combined sink and cooker units and of the company's other electrical heating appliances have increased. The export of freezing equipment continued although not as well as had been expected. Promising developments in Denmark and Norway were hampered by the retention of import restrictions and, in Britain, credit restrictions combined with the 25 per cent purchase tax on freezers with a volume of less than 12 cu. ft. had an unfavourable influence on sales. The demand for the company's industrial kitchen equipment and other industrial equipment continued to increase both in Sweden and on the export market.

AB LILJEHOLMENS KABELFABRIK

(Cables, etc.)

As a result of brisk demand during the year, the turnover increased to 112.5 Mkr. (102.7 Mkr. the previous year). There were many orders in hand at the end of the year, particularly for high-voltage cables.

The company has played its part in the creation of the high-voltage d.c. transmission scheme across the English Channel by supplying large numbers of capacitors and, in the case of the New Zealand transmission scheme has received considerable orders for capacitors for filter circuits and phase compensation. As in previous years, the greater part of capacitor production has been exported.

HISS AB ASEA-GRAHAM

(Lifts, escalators)

Major orders include 44 escalators and 6 funicular lifts for the Stockholm Underground Railway, 12 lifts for the editorial offices of a Stockholm newspaper (Dagens Nyheter), 11 lifts for a new office building in Stockholm, and 53 lifts for blocks of flats in Gothenburg and Malmö. At the beginning of 1962, Asea took over the company's Static Converter and Lighting Control Departments.

AB ASEA SVETSMASKINER (Aseaweld)

(Electric welding equipment, electrodes)

Sales of the company's products increased considerably on all markets during the year. Major orders included a complete plant for tube manufacture.

SUBSIDIARY COMPANIES OUTSIDE SWEDEN

During 1961, sales by these companies continued to increase, both as far as products from Sweden and products manufactured locally were concerned. Production at all the manufacturing companies was greater than in any previous year. In Brazil, the extension of the transformer factory has been concluded. Branch offices have been opened in Recife, Belo Horizonte, Rio de Janeiro and Porto Alegre. In Finland, a warehouse and factory building outside Helsingfors has been completed. The production of certain commutator motors for the entire group at the French company has developed satisfactorily. Offices, stores and a factory are being built in Mexico. Production at the Norwegian company has developed very satisfactorily. Transformer manufacture, measured in MVA produced, has increased by almost 40 per cent. In South Africa, the manufacture of transformers has increased considerably and preparations for the extension of the factory are continuing.

CONDENSED STATEMENT OF CONSOLIDATED ACCOUNTS AT 31st DECEMBER, 1961

CURRENT ASSETS:	£
Cash (including £1,921,000 on blocked account in Bank of Sweden)	21,084,000
Securities	456,000
Debtors	21,674,000
Inventories (In the case of Group companies in Sweden, these are generally valued at 40% of cost or market value, whichever is the lower.)	22,747,000
	£65,961,000
Less: Current Liabilities	39,230,000
Net Current Assets	26,731,000
Trade Investments and Loans	5,585,000
Fixed Assets	41,188,000
	£73,504,000

Financed by:	£
Share Capital	26,131,000
Statutory and Capital Reserves	12,778,000
Debentures and Mortgages	13,748,000
Long-term liabilities	10,166,000
Revenue Reserves, and Profits undistributed at 31st December, 1961	8,163,000
Minority Shareholders	2,518,000
	£73,504,000

Group Turnover, 1961	£110,943,000
Net Profit before tax	£7,614,000
Net Profit after tax	£3,486,000

Proposed Dividend for Asea for year to 31/12/1961 is 8% on share capital of £26,131,000 and requires £2,090,500.

MONTECATINI

Società Generale per l'Industria Mineraria e Chimica

MILANO, ITALY

AN OUTSTANDING YEAR

STATEMENT AND ANNUAL ACCOUNTS FOR 1961

The projects, achievements and successes of an industry whose vigorous activity reflects the scientific, technical and economic progress of the nation as a whole. Capital raised to 225 thousand million lire.

Ordinary and extraordinary general meetings of Montecatini stockholders were held in Milan on April 18th, under the chairmanship of **Dr Carlo Faina,** Chairman and Managing Director of the Company. 703 shareholders attended, representing 90,081,317 shares directly or by proxy.

Before starting business, Count Faina paid a tribute to the distinguished memory of Ing. Giuseppe Mazzini, who was Chairman of Montecatini from 1948 to 1958 and served as a Director from 1940 until his death in November of last year.

EXTRAORDINARY GENERAL MEETING

The extraordinary general meeting discussed a series of three financial resolutions. The first provided for a free issue of 30 million new 1000-lire shares, with benefit of dividend from January 1, 1962, increasing the Company's capital from 150 to 180 thousand million lire, to be allocated in the ratio of one for every five shares already held, on payment of 25 lire per share in respect of charges. The second resolution submitted to the general meeting proposed (1) the issue of a 50 thousand million lire 5½ per cent debenture loan, for 18 years, by June 30th next and (2) an increase of the Company's capital from 180 to 225 thousand million lire, by the issue, during the current year, of 45 million additional 1000-lire shares, to be offered preferentially to existing shareholders at par, on payment of 25 lire per share in respect of charges, in the ratio of one new share for every four shares already held. Dr Faina explained that the last two operations were necessary to provide the funds required for the vast programme which the Group now had in hand.

The extraordinary general meeting was also asked to approve the complete merger with Montecatini of a number of companies of which Montecatini was already sole shareholder. These mergers were recommended on technical, economic and organisational grounds as a means of improving co-ordination of productive resources.

The firms concerned were:

Società Chimica Lombarda A.E. Bianchi & C. S.p.A.
Società Idroelettrica Atesina S.p.A.
Società Italiana del Litopone Anonima.
Marengo S.p.A.
Metallurgica Feltrina S.p.A., and
Graniti d'Italia S.p.A.

After hearing the Auditors' statement, a number of shareholders spoke on these resolutions. The Chairman replied, stressing the untiring combined efforts of all members of the Montecatini Group to develop and exploit new and up-to-date sources of wealth and employment for Italy.

All resolutions were approved, with only one dissentient, representing 500 shares out of 90,081,317.

ORDINARY GENERAL MEETING

Dr Faina introduced the Board's report on the activities of the Montecatini Group during 1961.

The Chairman began by observing that the past year, which had opened with some not-unjustified fears of an economic pause in the highest circles, had subsequently proved excellent in all respects. He attributed this favourable trend to the programme launched in 1950 for developing the depressed areas of Southern Italy; this policy had permanently increased overall demand within the existing economic system, and had considerably raised living standards in the South of Italy.

Dr Faina went on to speak of the flexibility of the capitalist system, referring to two events of the preceding months which were of the greatest importance for Italian mercantile interests. The first was the decision to follow a more co-ordinated economic policy in Italy, on the basis of a wide-ranging overall programme; the second was the current emergence of large economically integrated areas, covering the territory of several States.

Within the vast economic areas in process of formation, competition was becoming increasingly fierce, to the benefit of the consumer, and the normal standard of living was rising rapidly in consequence. There was an urgent need for larger undertakings capable of introducing technical and structural innovations and putting them into practice, and for new plant, particularly in the chemicals industry, which could supply competitive products on a much larger scale than that to which many Italian and European manufacturers were accustomed. As a concrete example of new achievements, Dr Faina quoted the huge Montecatini petrochemical plant at Brindisi, for which total capital investment would exceed a hundred thousand million lire. This plant would be able to process two million tons of oil annually into an impressive range of intermediate and finished products.

After recalling the work of Montecatini in Southern Italy over the past 40 years and emphasising the great new tasks which the Group was now called upon to face, under the remorseless impact of technological progress and revolutionary new social needs, the Chairman outlined the Company's principal results in the various branches of production during 1961.

The Group's mining branch produced 1.4 million tons of pyrites, while bauxite production remained virtually unchanged. Having regard to the trend of the sulphur market, the exploitation of Marremma pyrites as a source of high-grade iron ore was particularly important. The pyrites would be treated, by new patented processes, in a large plant at Follonica in Tuscany, where production would start during the second half of 1962. The associated firm of Monteponi and Montevecchio, formed by the merger of the two companies in 1961, produced 117,447 tons of lead and zinc ores and had plans for development to meet European competition in the Common Market.

There was a further increase in marble production and sales were higher, 35 per cent being exported to a total of more than 60 countries. In the hydrocarbons sector, intensive prospecting was continued and identified deposits of natural gas were vigorously exploited. Montecatini had pioneered the working of Sicilian potassium and the San Cataldo mine had produced over 641 thousand tons. During 1961, preparatory work was started for the mining of the Palo deposit, adjacent to that at San Cataldo, which would provide two thousand tons daily. The fluor-spar mine at Prestavel (Trento) would come into operation this year.

The performance of the Group's chemical industry was equally promising. In the case of sulphuric acid, the trend towards production of concentrated acid continued during 1961: 240,949 tons of nitrogen were produced and plants were substantially modified and integrated so that the rate of progress achieved from the start through the efforts of Ing. Giacomo Fauser could be maintained in this important branch of the industry.

Turning to the fertiliser sector, in which Montecatini occupied a dominant position, as it did in the case of fungicides and insecticides, the Chairman referred particularly to potash and compound fertilisers, saying that here the economic situation was precarious and offered little incentive for further development, because phosphate raw material costs were rigid and earnings had been cut by the stabilising action of the C.I.P. (Interdepartmental Committee on Prices).

Derivatives of sulphur, phosphorus, nitrogen chlorine, fluorine and so on were steadily gaining in importance, in accordance with Montecatini's established policy of selecting products offering the combined advantages of cheapness and technical novelty. All research establishments had therefore further intensified their efforts and had provided production units with valuable suggestions for new lines and means of reducing existing operating costs. As examples, the Chairman quoted the new titanium dioxide plant which came into production last year at Spinetta Marengo and the Group's new activities in the field of special metals.

In the plastics sector, the Montecatini Group was now unquestionably one of the leading suppliers in Europe and overseas; Count Faina referred particularly to the growing success, both in Italy and throughout the world, of the polypropylene resin "Moplen." A further large plant had started production at Ferrara in 1961 and another would be following shortly at Brindisi. Under the heading of synthetic fibres, the Chairman mentioned production of the polypropylene fibre "Meraklon" by the associated company Polymer, stressing its steady advance and the wide possibilities available in very many applications.

Continuing his statement, Dr Faina said there had been a substantial increase in production and sales of paints and intermediates. This applied particularly to "Ducotone" which was now marketed in a completely new bactericidal and insecticidal formulation. The completion of a big paint research and development laboratory at the Codogno plant, was further evidence of Montecatini's determination to concentrate increasingly on pioneering new products in this field.

Activity was satisfactory as regards coal by-products, intermediates and dyes, but a number of factors militated against progress in the pharmaceutical products sector during 1961. These included failure to take the expected measures to bring legislation on drugs and medical products up to date, to allow the patenting of pharmaceutical manufacturing processes and to regulate the registration of branded medical products.

After noting that Vetrocoke was planning to build an up-to-date plate-glass factory at Trieste in conjunction with the Belgian firm Glaverbel the Chairman briefly reviewed the activity of Montecatini's associated companies in other countries.

Plant for the production of "Moplen" had been built at Neal, West Virginia (USA) and at Schwechat (near Vienna) by Danubia Petrochemie AG; a third factory was being built by Rotterdamse Polyolefinen Maatschappig at Pernis (Netherlands). Agreements had been concluded with the Madras Aluminium Co., for the construction of an alumina plant (to produce 20,000 tons annually) and an aluminium plant (to produce 10,000 tons annually) in the Mettur area of Madras State.

In Spain, the Societa Cromo SA had been formed, with equal holdings by Montecatini and the Spanish firm Cros SA, to manufacture paints. In the hydrocarbons sector, the association comprising the French firm PREPA, Montecatini, Fiat and Snia Viscosa, which was formed to prospect the Algerian Sahara, continued exploration of the concessions obtained. Finally, during 1961, Montecatini processes continued to gain ground throughout the world, with a total of 16 new plants in 7 countries. The Group submitted 300 patent applications in Italy, and a large number in other countries, these figures being clear evidence of the high technical and organisational level attained by the Company.

Turning to Montecatini's other activities, Dr Faina noted that output of electric power had reached 3,500 thousand million kWh in 1961, an increase of 2.2 per cent over the previous year. 51 thousand tons of aluminium were produced and modernisation and expansion were in progress at Bolzano and Mori. Plans were being prepared for the construction of a new plant to produce 100,000 tons of metal annually. Its final location in Sardinia was the subject of detailed negotiations, in order to ensure optimum efficiency and thus, maximum competitive power on the European market.

The associated firms "Lavorazione Leghe Leggere" and "Metallurgica Feltrina" both increased their output; the former planned to build a hot rolling mill for large sheets, which would be capable of handling present and future home demand for aluminium, and aluminium alloy sheeting.

The Chairman also mentioned study and research associated with productive activities, referring particularly to the work of the Research Centre maintained at Saluggia (Vercelli) by the associated firm SORIN, which had extended its nuclear reactor and thus doubled output of nuclear radiation for research and the production of isotopes.

Dr Faina concluded his statement, which was vigorously applauded at several points, with a reference to building activity, which was almost doubled as compared with 1960, and to the various welfare facilities provided for Montecatini employees. Finally he thanked all concerned—managements, office staffs and workers—for their active contribution to the success of the Company.

DECISIONS OF THE ORDINARY GENERAL MEETING

The General Meeting unanimously approved the Board's report and resolutions, reappointed the retiring Directors and elected Prof. Alberto Ferrari to the Board.

A dividend of 115 lire per share was declared, payable from April 26, 1962.

THE EAST ASIATIC COMPANY LIMITED

(Aktieselskabet Det Østasiatiske Kompagni)

COPENHAGEN, DENMARK

The following is a summary of the Annual Report for the financial year 1961, presented by the Board of The East Asiatic Company Limited at the Company's Annual General Meeting in Copenhagen on April 9, 1962:

The international situation continued to be characterised by the conflicting political interests of the world powers, but the industrial countries of Western Europe are advancing on a wave of prosperity, which is likely to be accelerated by the growth of the Common Market. This is in contrast to the economic conditions prevailing in those parts of the world producing raw materials, at a time when the achievement of independence by new states is already attended with friction.

Up till now, international trade and shipping have not derived appreciable benefit from the West-European prosperity, and as the activities of the Company are subject to the conditions imposed by the world economy, the overall result reflects this state of affairs.

Shipping Department: **The depression prevailing for several years in international shipping continued without perceptible improvement.**

A total of 1,166,000 tons of cargo was carried by the Company's vessels on 85 voyages on the established routes during the past year. The tanker trade was characterised by unduly low freight rates, but the Company's tankers were employed on time charters, the proceeds of which were reasonable under the circumstances.

Trading Departments: The world trade in raw materials, in which the Company engages, has undergone changes in the post-war years; this has caused some of the traditional lines of business to disappear, but at the same time new articles have been taken up, including also imports to Denmark.

The Company's Overseas Branches and Associated Companies: It is natural that working conditions in the various parts of the world should vary but as far as the Company is concerned they were characterised during the past year by various difficulties, although the total financial result was comparable to that of the preceding year.

Participation in Other Companies: Investments have risen by Kr. 8,596,278.83 to a total of Kr. 95,131,765.70, to which should be added the investment totalling Kr. 25,040,551.01, made in Nordic Tankships I/S (Partnership).

RESULTS AND DIVIDEND

		Kr.
From Shipping		41,042,590.90
From Trade		13,312,045.70
Overseas Branches		64,062,133.34
Dividends from Investments in other Companies including profits from participation in Nordic Tankships I/S (Partnership)		8,785,208.36
		127,201,978.30
Less Interest and Financing Expenses		4,306,239.55
		122,895,738.75
From which are to be deducted:		
Administration Expenses at Head Office and Overseas Branches	Kr. 64,922,116.79	
Allocation for Taxes	6,742,269.00	
		71,664,385.79
		51,231,352.96
Depreciation		27,850,187.73
		23,381,165.23
Balance brought forward from last year		8,835,391.40
At disposal		Kr. 32,216,556.63

which it is proposed to apply in accordance with the accounts as follows: to pay to the shareholders a dividend of 15 per cent; to distribute an amount of Kr. 4,318,856.34 to the Board, Managing Directors, and employees as a bonus; to allocate Kr. 3,000,000.00 to the Extra Reserve Fund, Kr. 3,000,000.00 to the Pension Fund, Kr. 1,000,000.00 to the Insurance Fund, and Kr. 1,000,000.00 to the Extra Depreciation Fund for Buildings and Furniture, leaving Kr. 8,647,700.29 to be carried forward to next year.

LONDON BRICK COMPANY LIMITED

NEW RECORDS IN PRODUCTION AND DELIVERIES

GROWING BENEFITS FROM INCREASED OUTPUT AND GREATER EFFICIENCY

MR A. T. WORBOYS ON RISING COSTS AND PRICE STABILITY FACTOR

The Sixty-second Annual General Meeting of London Brick Company Limited was held on May 22nd in London.

Mr A. T. Worboys, CBE (the Chairman), presided and, in the course of his speech, said:

The profit on trading and sundry income for the year is £3,721,714, an increase of £731,908. The net profit before taxation is £3,645,961. Taxation, amounting to £1,699,923, is up by £479,310 due partly to the increase in the rate of Profits Tax, but mainly to the increase in profits for the year.

The net profit after taxation is £1,946,038 and, after adding the unappropriated profits at the beginning of the year and a taxation adjustment in respect of the previous year, there remains a balance of £2,391,203. A sum of £1,000,000 has been transferred to General Reserve. After deducting the net dividends on the 8 per cent Cumulative Preference Stock and the net interim dividends of 17½ per cent on the Ordinary Stock, there is a balance carried forward of £174,884. Bearing in mind the Chancellor's request for restraint, the interim dividends declared are the same as for the previous year and the Directors do not recommend any further dividend for the year.

CAPITAL PROPOSALS

In their Report the Directors have stated that they consider a wider market in the Company's Ordinary Stock is desirable and, with this in mind, they have decided that Ordinary Stock shall be transferable in units of 5s. each. This will give small investors a greater opportunity of acquiring an interest in the Company.

The Directors have also stated that they are of the opinion that it is necessary and desirable to bring the Company's Issued Capital more into line with the book value of its assets. Proposals will be submitted at an Extraordinary General Meeting, to be held immediately following this Annual General Meeting, to increase the Authorised Capital of the Company by £2,000,000 to £10,000,000, and to capitalise the sum of £1,625,000 of the General Reserve and to make a bonus issue to Ordinary Stockholders raising the Issued Capital of the Company to £8,525,000, comprising £400,000 8 per cent Cumulative Preference Stock and £8,125,000 Ordinary Stock. At the same Extraordinary General Meeting a proposal is being submitted to alter the Articles of Association to simplify the sealing of Share and Stock Certificates.

SUBSIDIARY COMPANIES' ACTIVITIES

Dealing now with our two Subsidiary Companies, Stewartby Housing Association Limited continued in full operation.

With regard to Transformers (Watford) Limited, our manufacturing subsidiary, orders received during the year were again at a record high level, but severe competition has resulted in selling prices not keeping in step with increases in manufacturing costs. I am pleased to report that the increase in the order book applies to contracts received from both home and export markets and the increased capacity of the new shops is well covered for some months ahead.

During the year the sale of the Clay Electric Cable Covers manufactured by the Parent Company has continued to increase and the number sold during the year was the highest since the direct marketing of these covers to the electricity supply industry.

NEW RECORDS ACHIEVED

Returning to the Parent Company, once again new records in production and deliveries were achieved during the year. The demand for all our products continued to exceed our productive capacity—this in spite of the fact that we were receiving the cumulative benefits from the extensions and many improvements which had been made during the previous two years.

It must not be inferred, however, because we have completed these extensions, that we shall rest content. We cannot regard the high level of demand upon us with equanimity, but rather as a spur to still further productive capacity and, after a full appraisal of our existing resources and the higher level of production resulting from them, we have decided to extend still further at our Calvert Works. Our objective is another new kiln to yield approximately 50 million bricks a year. Work on this kiln was started in January this year and should be completed by about the middle of the year. Our Calvert Works will then be established as the second largest brick-making unit in the country, the largest being our own Stewartby Works, which, incidentally, is the largest in the world.

LABOUR RELATIONS

On the general labour position, our relationship with the various Trades Unions with which we negotiate wages and conditions of service, continue to be most friendly and we shall do our best to keep them so. In May last year the basic hourly wage rate was raised by 2½d. an hour and many differential rates were also increased. When this settlement was negotiated, the Trades Unions agreed not to make another application as regards the basic rate, except in exceptional circumstances, before April, 1962. We therefore arranged our own "pay pause" somewhat ahead of the Chancellor of the Exchequer.

DELIVERY DELAYS REDUCED

At the beginning of 1961 few members of the industry envisaged encountering a check in the tide of building activity which had been rising steadily since 1958.

As I have already stated, the demand for all our products exceeded our capacity to supply in spite of the fact that, as a result of our extensions and greater efficiency, we had more bricks available for distribution in 1961 than ever before. Therefore, while still retaining a strong order position, the slowing down in the pace of building during the last months of the year enabled us to reduce delivery delays and improve our service which, of course, was welcomed by our customers. By the year's end we were able to supply all their requirements within a few weeks of orders being placed and, as each of our District Sales Offices benefited directly from the increased production, it followed that all areas of the British Isles shared equally in the higher deliveries.

PRICE STABILITY—COMPANY'S FINE RECORD

I now come to yet another very significant advantage gained from the benefits accruing from our increased production and greater efficiency. During the last ten years it has enabled us to pursue long periods of price stability in the face of constantly rising wages and other costs. We have thus sought to pass on to the building industry some of the benefits gained from our general programme of increased and more efficient production, and the fact that advances in the price of our bricks during the last ten years have been much lower than those for other materials, testifies to our fine record in this respect.

Last year we were perhaps fortunate in that the benefits of increased production enabled us, in spite of a substantial wage advance, to maintain and, in the case of Common bricks reduce, the price of our products. This year our position is more difficult, we have already had to concede further increases in wages and we are threatened with substantial rises in other directions. How long we can bear these additional burdens without recouping in any way part of the increased costs remains to be seen.

In these days when a great variety of building materials is available to the architect and builder, it is interesting to record that brick construction is as popular as ever and that the demand for our facing bricks continues to be very strong.

During 1961 the tonnage of Hollow Clay Blocks which we produced was greater than ever before—we are the principal suppliers of this material in the country.

Our Field Drain Pipes continue to play a major part in the drainage of farmland throughout England and Wales.

CURRENT PROSPECTS

A word on the prospects for the current year. We are working to full capacity and our order book is strong. Nevertheless, we have suffered from the effects of bad weather during the early months of the year. These have affected our production and costs and, up to date, our trading results are below those of last year.

I have already mentioned additional charges we have to face and, under present circumstances and conditions, it is very difficult to anticipate the final results for 1962. However, I am sure that Stockholders will regard the results as satisfactory, provided that no unforeseen difficulties arise during the remainder of the year.

The report and accounts were unanimously adopted.

At a subsequent Extraordinary General Meeting the proposed increase of capital, the issue of one new fully paid 5s. Ordinary Share for each £1 of Ordinary Stock held, and the proposed alteration to the Articles of Association were approved.

THE YORKSHIRE INSURANCE CO., LTD.

LORD MIDDLETON'S REVIEW

The Annual General Meeting of The Yorkshire Insurance Co., Ltd., was held on May 23rd at York.

The Right Honourable Lord Middleton, KG, MC, LL.D, the chairman, in the course of his speech said:

Life Department: New business production in 1961 again constituted a record. At £71 million there was an increase of £21 million on the previous year.

Last year it was announced that in future valuations would take place every two years, and the next will be due on the 31st December, 1962. In the meantime, the interim fixed rate of bonus on claims arising before the valuation date is at the record figure of 60s. per cent which was declared last year.

Fire Department: Over-all results in 1961 were much improved. Premium income amounted to £4,301,212, an increase of £142,438 in the year.

Accident and General Account: The Accident and General Account with a total premium income of £9,924,185 has again shown a satisfactory rate of growth.

Marine Account: The total premiums in the account at £2,199,040 show a slight reduction.

Profit and Loss Account: The net interest amounts to £457,480, an increase of about £16,000 on the previous year. After crediting the departmental transfers and other items the total income is £1,142,483.

The report was adopted.

SEAFIELD AMALGAMATED RUBBER COMPANY LIMITED

EXPANSION OF FACILITIES TO MEET STEADILY INCREASING CROPS

MR A. H. MARSHALL REVIEWS A SATISFACTORY YEAR

The Third Annual General Meeting of Seafield Amalgamated Rubber Company Limited was held on May 22nd in London, **Mr A. H. Marshall, MA, FCA** (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement.

The Report and Accounts cover the year to 30th September, 1961. It has been a year of solid, if unspectacular, progress. Crops have increased satisfactorily, costs of production have been reduced, and our replanting and oil palm conversion programmes are proceeding rapidly. During the year 677 acres were replanted in rubber, and 2,392 acres were prepared for oil palms.

The adverse factor affecting the year's results has been the price of rubber, over which we have no control. For the year under review, the average London spot price of R.S.S. No. 1 was 25½d. per lb., compared with 34½d. per lb. in the previous year. This fall in the price has more than outweighed increases in crops and reductions in costs, and the Group Net Profit for the year is down to approximately two-thirds of that shown in last year's Accounts. In comparing the results with those in last year's Accounts it must be remembered that last year had the benefit of several extra months' crops from five of the subsidiaries.

ACCOUNTS

The Group Net Profit of the year, after charging Depreciation and Amortisation of £201,345, was £954,244. The fall would have been heavier if we had not received refunds of Anti-Inflationary Cess of £112,824.

The Malayan Government has since passed legislation under which, if this Cess again becomes payable, it will no longer be refundable when the price of rubber falls again. Bearing in mind the fall in our net average sale price of rubber from 25d. per lb. to 20d. per lb., the results are satisfactory.

Of the Group Net Profit of £954,244, Provision for Taxation takes £396,290. £100,000 has been appropriated to Development Reserve to assist in financing the development of the oil palm areas and our commitments in Nigeria.

An Interim Dividend of 12½ per cent. was paid on 31st October, 1961, and your Board recommend a Final Dividend of 17½ per cent. CROPS:

The crops harvested during the year were:

Rubber	27,787,266 lb.
Palm Oil	2,598 tons
Palm Kernels	733 tons

Rubber Crops exceeded estimates by 299,066 lb., but Palm Oil fell short of estimate by 107 tons. Kernels, however, exceeded estimate by 29 tons.

ESTATES

The general standard of upkeep and maintenance of all the Group Estates is constantly improving, and agriculturally they are in first-class condition. The steady rise in crops requires increasing factory capacity. A new factory was built on Bukit Rajah Estate during the year covered by the Accounts, and another one is being built on Seafield Estate during the current year. A further one is planned for Ulu Yam Estate next year. After this we expect to have to turn our attention to our palm oil factories, and in due course we are planning to erect in three or four years' time an additional factory to process the fruit which will be beginning to be harvested in substantial quantities from our new oil palm areas largely in the coastal districts.

Rubber: The average yield throughout the Group was 934 lb. per mature acre, an increase of 58 lb. over the previous year. Six Estates now yield over 1,000 lb. per acre and several others are approaching that figure. With nearly 10,000 acres out of 40,000 immature and planted with modern pedigree material, a steady increase in average yield over the next ten years as these young areas reach full maturity may be expected.

Oil Palms: Our oil palm areas cover 2,999 acres mature and 2,820 acres immature. During the year they produced 2,598 tons of oil and 733 tons of kernels, representing average yields per mature acre of .87 tons of oil per annum and .25 tons of kernels per annum. You will be aware that palms start to yield fruit in useful quantities after about four years, whereas the period of immaturity of the rubber tree is about seven years.

In view of the promising outlook for this crop, your Board has decided to extend the area to be converted to palms. An additional 3,770 acres are being converted in the five years to 1966, and a further 2,950 acres are planned for the following five years.

Tin Ore: The high price of tin has given rise to increased prospecting activity by miners, and ore is being mined on Batu Caves Estate. Prospecting is also proceeding elsewhere. Income from this source will be modest, but none the less welcome, and will be first received during the current year, but it is not expected to make a significant contribution to our profits.

PROSPECTS FOR THE CURRENT YEAR

Estimated crops for the current year to September 30, 1962 and actual crops for the six months to March 31, 1962, are as follows:

Estimated Crop for year to 30.9.62	
Rubber	29,020,000 lb.
Palm Oil	2,656 tons
Kernels	720 tons
Actual Crop for 6 months to 31.3.62	
Rubber	14,723,500 lb.
Palm Oil	1,318½ tons
Kernels	380¼ tons

The price of rubber has remained around 23d. per lb. (spot R.S.S. No. 1), and the prices of Palm Oil and Kernels have remained around £80 and £48 per ton c.i.f. London respectively.

If these levels of crops and prices continue for the second half of the year, then the trading results should be similar to the year now under review. There will, however, be no repetition of the exceptional receipt in the form of the refund of Anti-inflationary Cess.

Our planting programme for the current year covers 643 acres to be planted or replanted in rubber and 1,556 acres in oil palm.

By the end of 1971, your Company plans to have 32,610 acres planted in rubber, and 12,950 acres planted in palms.

Nigeria: Ilushin Estates Limited in which the Company has a six per cent interest is progressing well. Some 3,641 acres are now planted, and a further 900 acres are being planted in 1962. Tapping of the 1957 planting is expected to start in 1964 or 1965.

The report and accounts were adopted.

Dresdner Bank's Business Expansion

Capital and Reserves DM 560 million - Over DM 8 billion of Deposits
352 Offices in Western Germany

In the year 1961, the Dresdner Bank AG. achieved further substantial progress. The deposits maintained with it rose by 16.2%. to DM 8.1 billion*; its total credit extended, including that in the form of guarantees, grew by 16.9% to DM 6.6 billion. The Bank's assets and liabilities contain altogether some DM 1.8 billion of foreigners' liabilities and assets respectively. In the Balance Sheet as at December 31, 1961, quick assets amount to DM 4.2 billion, or roughly 46%. of the Balance Sheet total; the cash reserve alone is shown at DM 1.1 billion.

The number of the Dresdner Bank's customers rose in the course of 1961 to 1.1 million. In the Bank's offices, numbering over 350 and located at more than 200 places in the Federal Republic of Germany, 14,700 persons are employed; in order to cope with the expanded volume of business approximately 1,500 had to be newly engaged in the course of 1961. At Berlin, the Bank is represented by its subsidiary, the Bank für Handel und Industrie AG., with 40 branches.

Out of the 1961 earnings, after strengthening the undisclosed reserves, a further DM 27 million were allocated to the free reserves; these now equal the capital and amount to DM 245 million. With the addition of the legal reserve which exceeds DM 70 million, the Bank thus has published capital and reserves totalling DM 560 million, which corresponds to 6.1%. of the total Balance Sheet. In pursuance of a resolution adopted by the General Meeting, held at Düsseldorf on May 16, 1962, a dividend at the unchanged rate of 16%. has been paid to the shareholders on the capital as increased last year. Payment of this dividend took a sum of DM 39.2 million as compared with DM 35.2 million a year previously.

The Bank's traditional activity in securities has been more and more extended during recent years to include international capital markets. In the course of the year under report, a number of further leading shares were introduced by the Dresdner Bank to official quotation on German stock exchanges. The work of the departments concerned with property administration and investment has been found increasingly valuable by its clientèle both at home and abroad.

In conformity with the expansion of German external trade, the volume of international payments channelled through the Dresdner Bank also greatly increased. To handle the letter of credit business, the Bank, which has no branches of its own abroad, once again placed substantial credit facilities at the disposal of its correspondent banks. The amount of guarantees which the Bank was asked to provide in respect of tenders, deliveries and payments on account showed a large increase. In initiating new business relations between importers and exporters the Bank, co-operating with its correspondent banks numbering more than 3,300 in all parts of the world, rendered its usual assistance. In that connection it also employed the services of its Representative Offices at Cairo, Istanbul, Madrid and Paris. In nearly all important Latin American cities the Bank maintains joint Representative Offices together with its associate, the Deutsch-Südamerikanische Bank.

* 1 billion = 1,000,000,000.

Chairman of the Board of Directors: Carl Goetz, Margarethenhöhe über Königswinter.

Board of General Managers: Fritz André, Düsseldorf; Gustav Glück, Frankfurt on Main; Herbert Henzel, Frankfurt on Main; Werner Krueger, Düsseldorf; Ernst Matthiensen, Frankfurt on Main; Oskar Nathan, Hamburg; Fritz Reinhold, Frankfurt on Main; Hans Rinn, Hamburg; Fritz Rudorf, Düsseldorf; Dr Adolf Schäfer, Düsseldorf; Erich Vierhub, Frankfurt on Main; Dr Franz Witt, Hamburg. *Deputy General Managers:* Dr Walther Blancke, Düsseldorf and Cologne; Leonhard Freiherr von Richter, Frankfurt on Main; Dr Ludwig Schneider, Essen.

Main Items of the 1961 Balance Sheet as compared with 1960 (millions of DM)

ASSETS	1961	1960
Cash and due from Central Bank	1,140.8	1,243.4
Due from Banks and Cheques	673.4	296.5
Bills, Treasury Bills, and Medium-Term Notes	2,390.1	2,188.5
Fixed-Interest-Bearing Securities	435.1	356.8
Shares and Participations	433.5	480.0
Equalisation Claims	255.4	257.6
Debtors	3,459.1	2,760.1
Long-Term Loans	248.0	205.5
Real Estate and Buildings	111.4	104.7
Other Assets	113.6	95.5
	9,260.4	7,988.6
LIABILITIES		
Deposits	5,036.7	4,508.4
Savings Accounts	1,657.8	1,451.7
Total	6,694.5	5,960.1
Deposits of Banks	1,400.9	1,007.6
Due to Foreign Banks (Nostro Liabilities)	84.0	10.4
Long-Term Funds	157.2	144.2
Own Acceptances	1.5	0.1
Capital and Reserves	560.4	490.0
Special Reserves	280.1	301.4
Other Liabilities	81.8	74.8
	9,260.4	7,988.6
Guarantees	942.6	934.3
Bills Endorsed	199.8	131.0
EXPENDITURE		
Salaries and other Staff Expenditure	179.8	154.4
Other Expenditure	56.7	48.3
Taxes	102.5	131.6
Net Profit	39.2	35.2
	378.2	369.5
REVENUE		
Interest and Discount	190.0	175.1
Commissions and Fees	188.2	194.4
	378.2	369.5

DRESDNER BANK
AKTIENGESELLSCHAFT

Düsseldorf . Frankfurt on Main . Hamburg

RECKITT & COLMAN HOLDINGS LIMITED

ANOTHER YEAR OF EXPANSION

LARGER SALES AND TRADING PROFIT

MR J. B. UPTON'S REVIEW OF OPERATIONS

The ninth Annual General Meeting of Reckitt & Colman Holdings Limited will be held in the Connaught Rooms, 15, Great Queen Street, London, W.C.2, on Thursday, June 7, 1962, at 11.30 a.m.

The following is an extract from the Chairman's Statement in respect of the year ended December 31, 1961:

After rationalising and reorganising our trading operations along the lines mentioned in my Statement on the 1956 Accounts, your Board subsequently completed the task of concentrating in the "central treasury" the surplus funds available within the Group. Much of this money was then invested in gilt-edged and other fixed interest securities until your Directors could employ it more effectively in the Shareholders' interests by financing new trading activities. In the subsequent years we set out to acquire certain new businesses both at home and abroad but tried not to diversify our activities too much. Our aim was to acquire businesses, capable of expansion, which would fit into the patterns of trade which had been developed by the various members of our Group.

After the acquisition of a new company it is usually necessary to embark on a phase of development which costs money, and consequently its profitability does not immediately reach that of our established business. The overall effect on our results tends to be more marked at a time such as the present when, as a matter of policy, we have been more than usually active in this field. In almost every case our recent acquisitions are progressing well and I expect to see further improvements in the future.

THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Trading Profit of £10,040,000 compares with £9,921,000 for the previous year, after absorbing foreign exchange losses which were £322,000 greater than in 1960. This increase in profit of £119,000, or just over 1 per cent, is barely satisfactory even at a time when many companies have been unable to maintain their profits, but since the improvement results from sales higher by 10 per cent it is clear that competition is keeping our margins under pressure. While this is true up to a point, it does not tell the whole story, for more than their share of this modest increase in profits came from our overseas activities where profit margins in local currency were, on average, held at the previous levels. Business in the home market in the latter part of 1961 was affected by the events leading up to and by the Chancellor's "little budget" of July, and our higher expenses here fell more heavily on a turnover which did not quite come up to earlier expectations.

Overseas profits would have been better except that a persistent enemy returned to plague us in the shape of the exchange losses, to which I have already referred. We have had to write off £397,000 on this account as against only £75,000 in 1960. South America is the usual trouble spot and for much of last year the situation was reasonably hopeful. The unexpected resignation of the President of Brazil in August, 1961, precipitated a crisis in that country's economy and is the main reason for the exchange losses being considerably heavier than they were in 1960. The present situation in Argentina does not encourage hopes of stable South American exchange rates in 1962.

Higher wages both at home and abroad have had to be faced. Increases in productivity have in the past been able to minimise their effect but there is a limit to the extent to which efficiency can be improved and during 1961 it became necessary for these extra costs to be passed on to our customers, where this was possible, in the form of slightly higher prices in many parts of the world. This is an unsatisfactory solution to the problem of rising costs in a competitive world market except in so far as the decreased purchasing power of money makes the process universal.

DIVIDEND

The Consolidated Profit for the year, after taxation, is £4,866,000 against £5,083,000 in 1960, a drop of £217,000 for which the higher rate of Profits Tax in the United Kingdom is primarily responsible. Our Company earns more than half its profits overseas, excluding exports from the United Kingdom. It would therefore be misleading to attempt a comparison between total Company earnings on the one hand and claims for higher spending power at home on the other. Your Directors, however, feel that a measure of restraint is still necessary all round and accordingly recommend the payment of the same final dividend (7 per cent) as was paid last year, making a total of 12 per cent for the year, adequately covered by earnings.

A year ago our expectations were that sales would increase—which they did—and that our trading profit for 1961 would be better than it has turned out to be; this latter expectation would have been realised but for exchange losses overseas and the slight slowing down of business in the home market in the latter part of the year. 1962 has started steadily and once again in the absence of major political or economic setbacks across the world, we can foresee prospects of higher sales and higher profits in 1962.

CONSOLIDATED BALANCE SHEET

The further expansion of the business is indicated by an increase from £52,741,000 to £56,061,000 in the book value of the total net assets, while the equity interest attributable to the ordinary shares has grown from £45,771,000 to £49,195,000.

Reckitt & Sons Ltd. and its subsidiaries increased their sales more than their profits. D. R. Collins Ltd., who made a satisfactory advance, is launching in 1962 a new Goya perfume called "Entice." Westminster Laboratories Ltd., whose Senokot is universally recognised, also did well.

J. & J. Colman Ltd. and its subsidiaries, which operate mainly in the condiment and specialty food trade, again returned improved figures for both sales and profits.

Chiswick Products Ltd. and its subsidiaries had an interesting year. The satisfactory increase in sales to which I referred last year was repeated in every large section of the business though between individual lines there were fluctuations, due chiefly to the changes in shoe fashions which I have mentioned before as a factor affecting the trade. Competition is still intense in both the floor and shoe polish markets.

Sissons Brothers & Company Ltd., with its subsidiaries, again had a difficult year: sales increased slightly but profits did not. The household paint business suffered from lack of buoyancy in the whole retail paint market and competition continued to be intense. However, I think that the future is more promising.

In the industrial field Porter Paints Ltd. made good progress and Portafleck, the multi-colour paint about which I wrote last year, has been well received.

The R. T. French Co. of Rochester, USA, like J. & J. Colman Ltd., is engaged chiefly in the condiments and food specialties trade. In 1961 French achieved a sales record and maintained its profit. Trading conditions improved in the United States as the year progressed in accordance with our expectations.

Reckitt, Colman, Chiswick (Overseas) Ltd., the company which looks after the great overseas trade of our Group outside the USA, reports a substantial increase in sales but, because of the currency depreciation to which I have already referred, a less substantial increase in profits.

EXPORTS

Exports from the United Kingdom increased slightly and profits from them were satisfactory.

At the time of writing it cannot be said with certainty that the United Kingdom will join the European Economic Community but, whatever the outcome of the negotiations, we are organised to deal with the future situation and we expect the progress of our European trade to continue. I may add that I believe that it will be good for our Company that Britain should join the Common Market—on the right terms.

DEUTSCHE BANK

AKTIENGESELLSCHAFT

DÜSSELDORF · FRANKFURT (MAIN) · HAMBURG

1961: A Year of Active Business

The balance sheet total of DM 12,600 million is 12.1 % above that of 1960. Transactions with our non-banking customers rose by 8 % and amounted to DM 436,100 million.

Deposits increased to DM 11,100 million of which savings deposits accounted for DM 2,400 million.

Cash balances amounted to about DM 1,200 million; overall liquidity reached 45 %.

At the end of 1961 outstanding loans totalled DM 8,000 million. This represents an increase of 1,000 million as compared to 1960.

The foreign business of the Deutsche Bank continued to expand in 1961. The Bank acted as adviser in many and diverse ways with respect to problems involving the financing of investment projects abroad.

The Annual Meeting on May 3, 1962 has resolved

- to transfer an additional DM 40 million to the open reserves and
- to distribute a dividend of 16 %.

The Bank's capital and reserves amount to DM 640 million.

47 new offices were opened in 1961. At the end of 1961 a staff of 20,823 worked in 457 offices of the Deutsche Bank.

We are represented in Berlin by the Berliner Disconto Bank, in Kiel by the Bankhaus Wilh. Ahlmann, in the Saar by the Saarländische Kreditbank. An extended network of correspondents and representative offices abroad connects the Deutsche Bank with all important places of the world.

Balance Sheet as of 31st December, 1961 with comparative figures (abridged)

ASSETS	31. 12. 1961	31. 12. 1960
	in millions of DM	
Cash and Balances with Deutsche Bundesbank and on Postal Cheque Account	1,193.7	1,389.1
Balances with other Banks	667.8	446.7
Bills discounted	2,287.7	2,109.1
Treasury Bills and Notes	641.1	481.8
Medium-Term Interest-Bearing Notes (Bons de Caisse)	176.4	97.7
Quoted and Unquoted Investments	989.1	941.8
Claims on Federal and Laender Authorities under Currency Reform Laws of 1948	493.9	501.0
Consortium Participations	243.3	223.5
Advances	4,831.3	4,230.3
Long-Term Loans	609.5	434.3
Loans on a Trust Basis at Third Party Risk	77.1	64.6
Investments in Subsidiaries and Associated Companies	96.6	80.5
Bank Premises and Properties	158.4	153.8
Sundry Assets	109.4	67.7
	12,575.3	11,221.9

LIABILITIES	31. 12. 1961	31. 12. 1960
	in millions of DM	
Issued Share Capital	300.0	250.0
Statutory and Voluntary Reserves	340.0	300.0
Total Deposits	11,122.1	9,903.8
Current Accounts	5,425.7	4,775.5
Time Deposits	3,313.7	2,927.9
Savings Accounts	2,382.7	2,200.4
Due to Banks and other Institutions	14.4	16.0
Own Acceptances in Circulation	53.3	50.7
Long-Term Loans	291.6	299.1
Loans on a Trust Basis at Third Party Risk	77.1	64.6
Reserve Fund for Pensions	153.0	146.2
Other Reserves	157.0	135.0
Sundry Liabilities	18.8	16.5
Profit	48.0	40.0
	12,575.3	11,221.9

Profit and Loss Account for the year 1961 with comparative figures

EXPENDITURE	1961	1960
	in millions of DM	
Salaries	220.9	204.6
Employee Benefits, Pensions etc.	35.1	32.7
Other Operating Expenses	65.7	57.6
Taxes and Similar Expenses	126.7	136.2
Additional Depreciation on Bank Premises and Properties	10.0	10.0
Transfer to Statutory Reserves	—	25.0
Transfer to Voluntary Reserves	40.0	25.0
Profit	48.0	40.0
	546.4	531.1

RECEIPTS	1961	1960
	in millions of DM	
Interest including Discounts	231.8	218.4
Commissions, Fees and other Income	314.6	312.7
	546.4	531.1

GENERAL MEETING OF FIAT SHAREHOLDERS

Chairman Valletta's Report points to the continual development of Fiat activities within the framework of the national and international situation: "New times are ripening, and the horizon is widening" — Sales at 641,000 million lire — 632,000 motor vehicles and 30,468 tractors produced — 163,000 million lire worth of exports—Fiat's employees now number 112,000.

The General Meeting of Fiat Shareholders was held on April 27th in the Great Hall of the Fiat Central Training School. **Professor Valletta**, the Chairman and Managing Director, presided over the meeting attended by the whole Board of Directors and by the Auditing Committee.

FIAT'S PROGRESS

Fiat is steadily increasing its operating forces and results. Increments for 1961 were greater than those for 1960. Here are the highlights:

Total sales (including "OM"): 641,000 million lire; 96,000 million more than in 1960, of which:

Exports totalled 163,000 million lire, exceeding the 1960 total by 13,000 million lire.

631,992 motor vehicles produced and sold of which 230,201 were exported, against 530,665 vehicles built in 1960.

30,468 tractors produced and sold, including 12,917 exported, in contrast to the 1960 production of 26,908 tractors.

Iron and steel products equivalent to 1,400,000 ingot tons (100,000 tons more than in 1960).

Number of Fiat employees (including "OM") as at December 31, 1961: 107,671, against 92,891 at the end of 1960. Since December last to date the payroll has increased to 112,000 of which no less than 90,000 are manual workers. Despite technological progress, Fiat has been able to give employment to 15,000 new workers.

THE ITALIAN SCENE

In giving these figures of Fiat expansion, Professor Valletta points out that they must (as indeed figures, no less remarkable, of other major concerns) be measured by Italian standards, bearing in mind the size and scope of our country.

Professor Valletta's Report states that the excellent business trends in Italy are an incentive for the Government and the country to seek a solution to the basic problem of existing disparity between North and South, between town and country, and between all classes of the population throughout Italy, in order to attain an effective participation of the whole nation in the increasing prosperity which is the outcome of combined endeavour.

THE MOTOR CAR—A VITAL PRODUCTION

What Professor Valletta says in his Report on the national and international situation and on the automobile industry in particular, is of general significance.

Of the 641,000 million lire of Fiat total sales in 1961, no less than 491,000 million lire resulted from the 631,992 motor vehicles the company produced and sold in that year; an increase of 101,327 units over 1960. This expanding automobile market is a reflection of improved Italian living standards. Automobile production is a veritable "pilot industry" in the country's progress, and one of the principal contributors to its prosperity. It provides continually increasing employment and extends the market not only in relation to motorisation alone, but also in relation to the many ancillary activities it creates (including tax revenue raising). Italy's automobile and motorisation policy in general can only be one of development in the interest of the whole country, towards technical, cost and operating improvements. Automobiles must be made accessible to ever more people, by becoming more economical, safe and comfortable, just as Fiat is constantly striving to make them. Therefore, vehicle taxation should be reduced, commencing with the petrol tax, to lower the running costs of motor vehicles and tractors. Also, the tax equalisation contemplated by the Treaty of Rome should be finally implemented. More and better roads should be provided to ensure safer traffic conditions.

Italian automobile production has increased five-fold in 10 years, with an output of 760,000 units in 1961. The capacity of the Italian domestic market is still remarkable, particularly in the light of the development of the South. Yet the country still has only one motor car to every 25 inhabitants, against one to every 10 in France, England, Germany, and one to every 6 in Sweden (not forgetting the USA with one to every 3).

There remains a marketing potential in Italy for millions of cars, especially when the problem of adequate roads and parking space is solved.

Fiat motor vehicle production is developing on the basis of a planned daily average of 3,000 units. Passenger car production continues on models 500, 600, 1100, 1300/1500, 1800 and 2300, all of which are selling extremely well at home and abroad.

While the new models 1300 and 2300 brought out in 1961 won high-rating European acceptance, the 500, 600 and 1100 are in ever wider demand, and their steady success testifies to Fiat's sound policy in giving pre-eminence to small and medium utility cars.

The Report affirms that Fiat will not present any new models in 1962, although research and experiments on new prototypes are continuing, even though not all of them will reach production.

EXPORT AND IMPORT

Fiat is extending export activities in all directions including Eastern European countries, principally Russia and Poland. Next May Fiat will participate for the first time in an Italian Industrial Exhibition in Moscow. It will be chiefly an engineering display.

Professor Valletta stressed that competition is intensifying in international markets. "This demands greater manufacturing and marketing efficiency. The more we import the more we must export; but never beyond the absorption capacity of each country. The import-export ratio is becoming a more critical problem as liberalisation of trade proceeds under the Common Market."

The problem is especially important to the automobile industry. Italian automobile prices have always been on equality with, or lower than, those of foreign cars. Prices, however, are related not only to the quality of the product but also to the magnitude of operations. The Fiat manufacturing and sales organisation as a whole calls for continual growth in structure, methods, investment funds (these are constantly ensured by Fiat share and bond owners) as well as for a spirit of initiative.

NEW PLANTS

The Report tells of the continual expansion of Fiat's facilities; from those for primary processing (iron and steel products) to those for finished products, particularly the Mirafiori automobile plant. The new foundry at Carmagnola will commence operations this year. The extraordinary plant investment programme of 190,000 million lire will be virtually completed within 1962 with some expansion, however, within the limits imposed by available resources.

Sales and servicing activities are being consolidated. "To build first-class cars is not enough; they must be serviced at the customer level." The Fiat sales and servicing organisation is today one of the most closely knit in the automobile industry throughout the country and the world. In Italy it comprises 25 Branches, 400 Dealers, 500 authorised and specialised Repair Shops. Abroad, Fiat is active in all continents and in over 150 countries; with some twenty manufacturing and assembly plants for motor vehicles and other Fiat products.

Fiat operations in Southern Italy are likewise being extended not only as the outcome of business handled by its Dealers there, but also through new manufacturing activities. Particularly important are Fiat's occupational training programmes, designed to build up skilled industrial labour in those Southern areas. The output of the Fiat plant in Naples is rising steadily. Small commercial versions of Fiat's basic passenger car designs are being manufactured in that plant, and others are planned. The O.ME.CA plant now under construction at Reggio Calabria for the manufacture of rolling stock will provide considerable employment for the local population. Developed jointly with Finmeccanica, the O.ME.CA plant is a further example of the way in which Fiat is co-operating with the IRI group of companies. A Fiat training school for young men is being built at Bari; and there are also similar schemes for Sicily.

In the field of *public works*, Fiat's Construction Division is increasingly active in Italy and abroad, individually or jointly with other organisations. In Italy, the doubling of the Turin-Milan motorway has just been completed, and work is to start on the extension of the Savona Ceva highway as far as Fossano. The tunnel under the Great St. Bernard Pass will be virtually completed before the end of this year. Abroad, Impresit (Imprese Italiane all'Estero), has undertaken besides other important new projects, the construction of dams just as colossal as the Kariba in South Rhodesia; namely the Volta Dam in Ghana, the Blue Nile Dam in the Sudan, and the Dez Dam in Iran. Italconsult—in which Fiat has an interest—is engaged in contracts in Argentina, Tunisia, Morocco, Lebanon and Greece. Fiat is associated with Electroconsult in project activities in Paraguay, East Pakistan, Brazil, Mexico and Iran.

In 1963 the Great St. Bernard and the Mont Blanc tunnels will be opened to traffic. Attained through man's daring and imagination, they are symbols which will open new avenues to the endeavours of Italy and Europe towards the new frontiers of the free world's ideals.

1961 closed with a net profit of 26,403,551,876 lire after statutory depreciations, and the Meeting approved a dividend of 95 lire per share.

WEST RIDING AUTOMOBILE COMPANY LIMITED

SIR RONALD G. LEON'S STATEMENT

The Fifty-seventh Ordinary Annual General Meeting of the West Riding Automobile Company Limited was held on May 17th in London.

The Chairman, **Sir Ronald G. Leon, Bart,** presided and the following is a precis of his Statement:

Very satisfactory results have again been achieved during the year under review with Net Revenue showing an increase of £10,030 over the previous year.

On the other hand Income Tax and Profits Tax are up by £7,050.

The Directors recommend the payment of a final Dividend of 6 per cent on the Ordinary Stock, maintaining 10 per cent for the year, and the carrying forward of £102,198.

As anticipated, there was another substantial increase in wages during the year, which, being implemented over a period from May to July, was followed towards the end of August by an increase in passenger fares; the revised scale was introduced a year, almost to the day, after the previous rise.

This inflationary cycle which has continued for the past ten years, is aggravated by penal taxation of the industry and the attitude of successive Chancellors of the Exchequer in disregarding the reiterated appeals made by our Associations for the abolition of, or a substantial reduction in the Tax on Fuel Oil, now over 275 per cent, is difficult to understand and greatly to be deplored.

Little or no benefit has been derived from the "Pay Pause" and, successful claims for higher wages and improved conditions put forward by the Unions on behalf of the provincial busmen, must, in the absence of any compensatory tax relief in the recent Budget, inevitably result in further widespread demands upon the travelling public. It will be our aim to minimise such demands by ever increasing efficiency of operation.

I am happy to report that the Wulfrunian omnibuses introduced last year are fulfilling expectations. Fifty-one such vehicles are now in service, twenty-six more will shortly be delivered and an order for a further twenty has been placed.

We have also successfully introduced a number of one-man operated vehicles and their use will be extended so far as may be practicable.

Traffic receipts are currently maintaining a satisfactory level and it may well be that not a few of the many passengers lost to the industry some years ago have been regained during the past two years. The outlook in this respect at least is not discouraging.

The provision of adequate and reliable services with comfortable modern vehicles contributes greatly to the preservation of public goodwill and I would ask you to join me in a sincere expression of thanks to our entire staff for their untiring efforts to that end during yet another year.

The report and Accounts were adopted and the retiring Director, Mr J. H. P. Lough was re-elected.

HARLAND AND WOLFF, LIMITED

CONTINUING DIFFICULTIES FACING SHIPPING INDUSTRY

PROGRESS OF IMPROVEMENT SCHEME TO COMBAT BUILDING COSTS

MR J. S. BAILLIE ON NEED FOR ADEQUATE CREDIT FACILITIES

The seventy-seventh Annual General Meeting of Harland and Wolff, Limited, was held on May 17, 1962, at the Registered Office of the Company, Queen's Island, Belfast. **Mr J. S. Baillie,** Chairman, presided.

The Secretary read the notice convening the meeting and the Report of the Auditors.

Mr Baillie said: As the Report of the Directors and Statement of Accounts for the year ended December 31, 1961, have been in your hands for some time, I propose with your permission to take them as read. (Agreed.)

In March this year Sir Frederick Rebbeck, acting on medical advice, resigned from the offices of Chairman and Managing Director, and from the Board, after more than fifty years of exceptional service with the Company. Elected to the Chair in 1930 during times of great crisis he directed the Company's affairs through the succeeding period of depression, and since, with courage and resource, and his services merit the highest tributes we can pay him.

Almost exactly fifty years ago, in February 1912, the first ocean-going Diesel engined vessel, the SELANDIA, set out on her inaugural voyage. Built and engined by Burmeister & Wain, Copenhagen, this vessel was described by Sir Winston Churchill, then First Lord of the Admiralty, as "the most perfect maritime masterpiece of the century." Shortly afterwards Harland and Wolff concluded an agreement with Burmeister & Wain for building B & W engines under licence. F. E. Rebbeck was put in charge of this development, and the co-operation with Copenhagen then begun has continued unbroken throughout the years. Today the initials H & W—B & W are well known all over the world, and it is fitting that the great work Sir Frederick Rebbeck has done in the development of this prime mover for the British mercantile marine should be put on record.

THE ACCOUNTS

Turning to the Accounts, I would draw your attention to the Notes on the Consolidated Profit and Loss Account. You will see that it has been necessary to provide £729,676 for Depreciation and £184,300 for specific contingencies against the Group profit on trading. As regards your own Company, you will see from the Report of the Directors that the balance available for payment of dividend on the Ordinary Stock after payment of the Preference dividend amounts to £68,839. As you will also see from the Report, taking into consideration the uncertainty of any improvement in trading results for the current year, the Directors are of the opinion that the payment of the dividend on the Ordinary Stock must be related to the net profit for the year, and they recommend accordingly.

The profits on trading for 1960 and 1961 reflect the financial consequences of the conditions under which the Company has been operating, since it has been necessary in each of these two years to make substantial provisions for ascertained and expected losses on work done.

TRADING CONDITIONS

So much has appeared in the press recently regarding the state of the shipbuilding industry that everyone must be aware of the continuing difficulties of shipbuilders and of the shipowners on whom we depend. Passenger liners are meeting with ever increasing competition from the air, and also, as one shipowner after another points out, with ever increasing costs of operation. The depressive effect of these factors is clearly becoming increasingly evident. The tonnage of vessels being built in United Kingdom shipyards has reached its lowest level for seventeen years; and for the first time since the War the industry is without a passenger liner on the stocks.

The President of the Chamber of Shipping in a recent address emphasised two matters of vital interest to the shipbuilding industry in the United Kingdom. Firstly, that builders here traditionally looked to British owners for 80 per cent or thereabouts of their orders; and secondly, that although the volume of orders placed by British Shipowners in the United Kingdom for the past year has been well below the normal ship replacement programme, other owners, particularly in Norway and Japan, are steadily augmenting their fleets, and have ordered a considerable number of new ships in the course of the past year. Only a very few of the vessels from Norwegian owners have been secured for yards in the United Kingdom. Accordingly the problem for the British shipbuilder today is, firstly, to match his costs with fiercely competitive current world prices and, secondly, to be able to offer credit facilities comparable with those available elsewhere.

IMPROVEMENT SCHEME

Faced with the prospect of continuing adverse conditions and with ever advancing labour costs, plans were made by the Board over three years ago to effect a reduction in building costs by re-craning a number of enlarged slipways in the Musgrave Shipyard at Belfast, and the construction of an additional large fabrication shop. We have referred to this work in the Directors' Report, and I am glad to say that we shall shortly commence the construction of two new vessels in the re-equipped section of this Yard—the first a large methane carrier for Methane Tanker Finance Limited: the second an 80,000-ton tanker for the Sigval Bergesen group of companies. Work has commenced on the second phase of this improvement scheme, to which I referred in my speech at last year's Annual Meeting, and we hope to bring these further new facilities into partial operation at an earlier date than originally planned. The new fabrication shop to serve these slipways is almost completed. In addition, efforts to reduce costs are under constant and critical examination throughout the whole organisation.

As well as the vessels to which I have already referred, we have still to lay down an assault ship for the Admiralty and three vessels for Messrs Andrew Weir & Co. Ltd. Other vessels are under construction or fitting out both at Belfast and Glasgow.

INCREASE OF BORROWING POWERS

If the Company is to compete successfully with British and foreign shipbuilders it is essential that we should be in the same position as our major competitors to undertake the financing of contracts, wholly or in part, during their performance. The availability of credit is frequently the determining factor now in the placing of orders. The present borrowing powers of the Company are limited to the amount of the issued capital, which today represents rather less than the cost of two large tankers. It is therefore proposed to alter Article 85 with the purpose of increasing the limit of the Company's borrowing powers to three times the issued capital. Your Board in commending this change for your approval is satisfied that it represents an essential step to put the Company in a position to carry out existing contracts and to compete for new work.

In the matter of credit the recent financial stringency brought about by the general state of the country's external trade has been an added difficulty, and in these circumstances it is all the more satisfactory to record the willing and substantial support of the Company's bankers, which made possible the conclusion of the contracts for the two large vessels to which I have already referred.

We are pleased to welcome to the Board Mr A. O. Milne and Mr T. E. Murphy, executive officers of the Company, who were appointed Directors in July, 1961 and in March, 1962, respectively.

In conclusion, I take this opportunity to thank all members of our organisation for their loyal co-operation and service throughout the year.

The Report and Accounts were adopted; the proposed dividend was approved; the retiring Directors, namely, Mr A. O. Milne, Mr T. E. Murphy, Mr J. H. Crossey, Sir Andrew McCance and Mr W. T. Underwood were re-elected. The remuneration of the Company's Auditors, Messrs Price Waterhouse & Company was fixed.

The meeting passed unanimously a Special Resolution increasing the borrowing powers of the Company to three times the issued capital.

GILL & DUFFUS LIMITED

Statement by the Chairman, Mr. J. I. Murray, circulated with the Report and Accounts for the year ended 31st December, 1961.

During the past year trading conditions both at home and abroad were generally favourable and the group as a whole earned satisfactory profits. Not all the subsidiaries, however, increased their profits as compared with 1960 and of the total increase much the greatest contribution came from the parent company and Gill & Duffus Inc. The latter company had a particularly good year and it is, I am happy to say, continuing to build up its position in the American market. The group turnover on a tonnage basis showed a further increase, but on a value basis owing to lower prices it showed a reduction of £2 million at approximately £40 million.

Although the consolidated profit before tax showed an increase as compared with 1960 of £75,966, the consolidated net profit applicable to members fell by £11,953 to £351,737 as compared with £363,690 a year ago. In a company such as this where it has been the practice from time to time to write substantial sums off fixed assets and development expenditure the tax charge must vary somewhat from year to year. The charge for the past year looks high and it has, of course, been increased by the extra liability for profits tax and by the incidence of balancing charges and allowances. Some part of the latter increase should be recovered in future years.

DIVIDEND POLICY

In my statement last year I said we hoped that a more liberal dividend policy would be justified in the future and by recommending a dividend of 30% on the capital as increased a year ago, we have been able to give practical expression to this hope. Of the consolidated net profit applicable to members amounting to £351,737, the dividend on the preference shares and ordinary stock will take £197,210, leaving as surplus for the year £154,527. Deducting the amounts retained in and capitalised by subsidiary companies there remains to be carried forward to next year a balance of £1,232,291, of which £673,563 is retained by the parent company and £558,728 by subsidiaries. In spite of the increased dividend the company's cash flow is still substantial since retained earnings and depreciation for the past year amounted to £257,339. In addition development expenditure on the cashew nut plant at Hull was written down further.

The consolidated balance sheet shows the effect of the capitalisation issue made last year. Issued capital is increased by £206,250 and there is a corresponding decrease in the balance standing at the credit of share premium account. The company's financial position has once again been strengthened. The surplus of current assets over current liabilities was £3,112,926 as compared with £2,878,605 a year ago, an increase of £234,321 and bank advances at £861,513 show a reduction on the year of £793,601.

I am sorry to say serious engineering difficulties have been encountered – as so often happens with such projects – in connection with the plant for shelling cashew nuts. We are hopeful that these difficulties are now being overcome, but our plans have received a set-back. Up to date the operation has been a disappointment and from a financial angle has been substantially written off. The development of an entirely new automatic plant for such a process is always an extremely difficult business. However, a great deal has been learned from this project and despite the delay we have good hopes for its future.

The Ghana Government's policy in connection with a long-term agreement for the supply of cocoa beans to West African Mills Limited in Takoradi is once again under review. It is understandable in the light of constantly changing circumstances that the Government should at this stage be unable to commit itself for long to an agreement without reconsidering from a political angle its side of the bargain. The present position is that we have entered into contracts for the supply of cocoa beans sufficient to keep the mill in Takoradi working up to January 1963, so that the results for 1962 should show a reasonable profit as compared with a small loss for 1961. Meantime negotiations are again proceeding and given goodwill on both sides and a proper understanding of each other's problems we see no reason why a mutually satisfactory arrangement beyond this date should not be concluded. For our part we shall do everything we can to meet with respect the reasonable desires and aspirations of the Ghana Government.

PLANTATION AND COLONIAL PRODUCTS LTD.

As has already been announced the company has offered to buy for cash the whole of the issued capital of Plantation & Colonial Products Limited amounting to 350,000 shares of £1 each at a price of 67s. per share. This involves an investment of £1,172,500 in this highly successful private company, which it is intended to finance by the issue of £1,031,250 Convertible Unsecured Loan Stock 1980/85 to be offered as of right to our ordinary stockholders. Dealing internationally as it does mainly in cocoa, but also in other products such as rubber and coffee, Plantation and Colonial Products Limited fits naturally into our business. It also brings with it some relatively young yet highly skilled and proven management. We welcome this company and all its employees to our group and look forward to co-operating with them in every way. It will be our earnest endeavour to ensure that all the members of its staff continue to enjoy the same happy and secure working conditions as they have had in the past. It is intended that both companies will continue to operate independently but in order to assist in the co-ordination of administration, Sir Eric Tansley will be appointed Chairman of Plantation and Colonial Products Limited and Mr. R. G. McFall, a Director of that company, will be invited to become a Director of the parent company; both appointments to take effect when the arrangements are completed. Mr. Arnold Golodetz, of Plantation and Colonial Products Limited, has been asked to remain on the Board of that company. Our aim is to give all our customers still better service and at the same time we are confident that these arrangements will strengthen our organisation. They also constitute an important step in our policy of planned development and growth.

PROSPECTS PROMISING

Although it is too early to be definite the prospects for the current year are promising. The full effect of the purchase tax on confectionery cannot yet be gauged but, subject to some reservations regarding this tax and its effect on our trade in the United Kingdom, the prospects are still that 1962 will be another satisfactory year. A further statement will be made in November when the payment of an interim dividend is considered.

In conclusion I would like to express on behalf of all stockholders grateful thanks to the Directors and Staff both at home and abroad for their services in 1961 and for the great contribution which they have once again made to the company's progress and prosperity. This is not, I feel, a mere formality and I am sure that few bodies of stockholders and for that matter Chairmen can have been better or more loyally served.

BRITISH ISLES AND GENERAL INVESTMENT TRUST LIMITED

SIR DENYS LOWSON ON THE ECONOMIC OUTLOOK

In the course of his address, which has been circulated to shareholders, **Sir Denys Lowson, Bt,** says:

The revenue account shows that dividends and interest for the year ended January 31, 1962, amounted to £151,744, an increase of £12,639. We have prepared a revenue estimate for the ensuing year and barring unforeseen circumstances, we anticipate that the revenue will be well maintained.

Your Directors propose a final dividend of 8 per cent on the capital as increased by the Rights Issue last year, which, with the Interim dividend of 6 per cent makes 14 per cent for the year. This will leave surplus revenue of £14,629, which will thus allow the carry forward to be increased to £87,407.

Our investments with a book value of £1,437,886 have a market valuation of £2,612,370; thus showing an appreciation of 81.7 per cent. Your Company's portfolio of investments is widely distributed. Based on the valuation at January 31, 1962, 84.70 per cent of the investments are in Companies operating in Great Britain and the Commonwealth, 13.94 per cent in the United States of America and Canada, and 1.36 per cent in Central and South America and miscellaneous countries. Whilst as regards categories, 6.80 per cent is in bonds, debenture stocks and notes, 4.78 per cent in preference and preferred ordinary stocks and shares, and 88.42 per cent in ordinary and deferred ordinary stocks and shares.

During the year under review this country found itself in Balance of Payments difficulties. Since then there has been a substantial improvement, exports in fact rising by 4½ per cent and with imports falling by 2½ per cent the visible trade gap at the end of the year was reduced considerably.

At the present time approximately 50 per cent of our total exports go to the Commonwealth and the United States of America, and therefore are extremely vulnerable to changes of commodity prices and the economic climate of the United States. If, therefore, we are to have a sustained growth in the volume of our exports it is essential that we should find further new markets for our products. In addition we must bear in mind that the primary producing countries, with the development of their secondary industries will tend to rely less on the import of consumer goods, and will require goods more of a capital and scientific nature.

As regards the current year the outlook is encouraging; there has been a rise in exports for five consecutive months and the latest figures, seasonally adjusted, show that exports and re-exports rose by £5 million to £328 million, whilst imports increased by only £1 million to £359 million, reducing the visible trade gap to £31 million, which is the lowest for eight months. Furthermore, during 1961 increases in wages and costs were contained within a reasonable limit. Provided these can be prevented from moving ahead faster than increases in production the outlook would appear to be reasonably favourable which in turn should be reflected in company results and dividends.

REICHHOLD CHEMICALS LIMITED

TRADING CONDITIONS AFFECT PROFIT MARGINS

MR G. S. BACHE ON CURRENT YEAR'S PROSPECTS

The Tenth Annual General Meeting of Reichhold Chemicals Limited will be held on June 19th at the Abercorn Rooms, Bishopsgate, London, E.C.2.

The following is the statement by the chairman, **Mr George Samuel Bache,** circulated with the report and accounts for the year ended December 31, 1961:

As many will recall we suffered a sad loss in the tragic death of our late Chairman, Mr W. H. Breuer, who was killed in a motor-car accident on April 26, 1961.

The Annual Accounts for the Tenth year are presented in established form and reflect the year's operation of our Group.

The pattern that obtained in the Chemical Industry during the second half of the year is well known and some sections of our Group were similarly affected, this having an unsatisfactory impact on Profit margins.

An Interim Dividend of 7½ per cent less Income Tax on the Ordinary Share Capital of the Company has been paid. A Final Dividend in respect of the year to December 31, 1961 of 15 per cent less Income Tax at the Standard Rate ruling on the date of payment is now recommended thus maintaining the 22½ per cent overall Dividend.

The Capital Expenditure programme of the operating Companies still requires us to "plough back" money each year, in addition to the provision we make for depreciation.

In view of the increased capacity in the allied chemical field and the competition now evident from Europe, the Directors have again decided to defer plans for the development of the Brockhampton site.

Our available facilities are adequate to take care of the present programme and it is proposed to place a further £75,000 to General Reserve.

THE SUBSIDIARIES

BECK, KOLLER & CO. (ENGLAND) LTD. In the last quarter keen competition mainly from the Continent developed, the result of the Credit Squeeze became more apparent (resulting in an increase in bad debts) and it became necessary to re-catalyse and also replace some part of the Phthalic Anhydride plant which resulted in an appreciably lower tonnage of Phthalic Anhydride being produced during the last quarter.

Unless anything unforeseen should occur the yield from the plant is anticipated to increase substantially in 1962.

Due to the inclement weather and delays in delivery of some essential parts of the Plant, plus teething troubles, the new modern Alkyd Resin Plant at Speke did not come on stream until early October. The enlarged capacity should enable us to cut production costs and materially assist in increasing the efficiency and economic working of the Factory.

The new extensions include specialised semi-production units which will facilitate the more rapid production of improved and newer resinous products.

In order to relieve congestion on the South Site a new Block of buildings was erected on the North Site named "Frodsham House."

This addition provided accommodation for the enlarged Despatch Department, a Beck, Koller Board Room and new offices for James Beadel & Co., Ltd.

VINYL PRODUCTS LTD. In spite of increased competition, sales were maintained and showed a slight increase over 1960.

A period of consolidation in the Carshalton Works has resulted in higher productive efficiency with a satisfactory impact on the profit level.

The Company derives increasing benefit from Royalties received from some twenty Licensees throughout the World although higher export sales would still be obtained if the Board of Trade decide to remove the Import duty on Vinyl Acetate Monomer.

The development of new products is vital to the future of the Company and in this connection a new type of acrylic copolymer emulsion has been developed which enables improved and economic water paints to be manufactured by the Paint Industry replacing Linseed Oil in the old type oil bound distemper paints.

VINATEX LTD. The move from Carshalton to Havant has been completed and the new Plant after an unparalleled series of delays and teething troubles is now operating satisfactorily. The heavy costs of transferring machinery and its installation, together with new Plant, coincided with a recession in the Consumer Industries and these, coupled with the development of fierce competition with drastic reductions in selling prices, resulted in a trading loss.

Vigorous steps have been taken to reduce expenditure without affecting efficiency and the situation is under constant review.

In order to broaden the scope of the Company's activities it was deemed expedient to take advantage of the existing sales coverage and technical service facilities by concluding an arrangement with the well-known North American Resin Manufacturers THE REXALL DRUG AND CHEMICAL CORPORATION of the U.S.A. for the distribution in the United Kingdom of their resinous Polymers which include Polystyrene, Polyethylene and at a later date Polypropylene.

GENERAL

During the year all Companies were obliged to absorb substantial increases in Direct Labour and Salary costs and repetitive demands for increases must inevitably militate against the Companies' ability to counter the competition arising from the privileged position enjoyed by importers of resinous products.

In this connection I would point out that imported resins attract import duty either on an Ad Valorem basis or by incurring Excise Duty for hydrocarbon oils and pay whichever may be the higher.

In the majority of cases the hydrocarbon oil duty (being higher) is paid but the domestic manufacturer is also obliged to pay the same hydrocarbon oil duty so that in effect the imported synthetic resins in the main are admitted "Duty free."

The Chancellor of the Exchequer has a strong case for the rectification of this anomaly under consideration and it is hoped that at long last some action will result in an amelioration of the difficulties arising from the U.K. Manufacturers being penalised in the Industrial usage of hydrocarbon oils.

Investment Allowances and Scientific Research afford a welcome relief particularly where a Company is engaged in a progressive development programme, such as your Group.

THE CURRENT YEAR

It is felt that the competition to which I have referred has now shown signs of levelling out and on a note of caution I would expect a progressive improvement during the current year. You will appreciate that it is extremely difficult to give any accurate forecast since during the year under review, in the first half the Beck, Koller Company was progressing extremely well but toward the end of the second half there was a marked decline for reasons explained. In the case of Vinyl Products Ltd., however, although in the first half of the year progress was slow there was a marked improvement during the second half which resulted in a satisfactory result at the end of the year.

We continue to enjoy full interchange of technical information with Reichhold Chemicals Inc., and their affiliate Companies throughout the World and the new products under license from Spencer Kellog & Sons, Inc., are now providing a welcome addition to the sales range of the Beck, Koller Company.

On March 10th a new suite of Offices was leased at Hillgate House, 26, Old Bailey, E.C.4, and provides excellent accommodation for Reichhold Chemicals Ltd., Beck Koller & Co. (England) Ltd., and James Beadel & Co. Ltd., London Offices.

Once again I am sure you would wish to associate yourselves with the tribute I am happy to pay on behalf of the Directors, to all Factory Employees, Technical and Administrative Staffs and Directors of Operating Companies for their loyalty and support during the very difficult period under review.

ZANDPAN GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S SPEECH

The seventh annual general meeting of Zandpan Gold Mining Company Limited was held on May 21st in Johannesburg.

Mr B. L. Bernstein (the chairman), who presided, said:

Satisfactory progress is being made with the initial development programme which commenced at the end of March, 1962. Up to May 18th a total of 7,248 ft., all in country rock, had been accomplished and development is now proceeding at a rate of about 4,000 ft. per month. It is planned to increase this rate to about 7,000 ft. per month by the end of June 1962.

Work has so far been concentrated mainly on the provision of ore-pass, travelling-way and return airway facilities in the vicinity of the shaft on all levels between the 6,600 ft. and 7,250 ft. elevations. This work is nearing completion and a start has now been made with the advancement of exploratory development. Three main headings are planned, each equipped with twin airway facilities. One is being advanced south-west parallel with the strike of the reef in the general direction of borehole TL 29 on the 6,600 ft. horizon where reef is expected at about 600 ft. from the shaft. Another is being advanced eastwards on a line passing to the south of borehole Z 6 on the 7,100 ft. level where a reef intersection is expected at about 2,500 ft. from the shaft.

The third main heading is being advanced north-west on the 7,250 ft. level towards borehole TL 40 where it is expected to intersect reef at about 2,000 ft. from the shaft. Development in other directions will depend on the results obtained in these headings.

Some reef development is anticipated on the 6,600 ft. level during the current quarter and on the 7,100 and 7,250 ft. levels during the quarter ending September 1962.

It is hoped by the end of this year to have achieved about 60,000 ft. of development of which approximately 20,000 ft. could be on reef.

The only reef exposures to date are intersections which have been obtained during the course of the development of ore-passes and travelling-ways in close proximity to the shaft. The values obtained were of the same order as those obtained in the shaft intersection.

OPERATING COSTS

The cost of running the mine on the basis of the development programme to which I have referred will be about R330,000 per month. At the end of April we had about R4,000,000 of capital funds available and these funds will, therefore, last until about April 1963.

I would like to refer particularly to the haulage being advanced in an easterly direction on the 7,100 ft. level. The object of this haulage is not only to explore the south-eastern area of the mine, but to comply with the Mines and Works Regulations which require the provision of a second outlet to the Mine. As we are obviously not yet in a position to site, finance and commence sinking another shaft in order to comply with these regulations this requirement is being met by advancing this haulage eastwards with the object of connecting up, in due course, with a haulage from the No. 4 shaft of the Hartebeestfontein Gold Mining Company Limited. The Hartebeestfontein Company has agreed in principle to this proposal and details are being worked out at present. The distance between our shaft and the Hartebeestfontein No. 4 shaft is 15,000 ft. and the distance from our shaft to the boundary is 10,000 ft. Indications are that this haulage having intersected the Vaal reef about 2,500 ft. from the shaft, will continue in the footwall of the reef, and it will be possible to prospect the reef further to the east by means of underground drilling. Indications are that this holing could be completed by about June 1963.

PRODUCTION AND FINANCE

The decision to raise the additional capital which will be required to bring the mine to production must wait until adequate development has been carried out and we have more information as to values and conditions underground. Shareholders are aware that to bring the mine to production at 100,000 tons per month it will be necessary to provide additional capital to finance both the Reduction Works and a second shaft, estimated at approximately R15,000,000. The mine could be brought to production before the second shaft is completed by utilising the holing into the Hartebeestfontein workings as a second outlet should circumstances justify such a course, in which event the milling rate would then be limited to 70,000 tons per month until the second shaft was brought into use. At this stage I can give you no further indication as to the future programme. The Board's decision on these matters will be dependent on results of underground development and the condition of the capital market.

The motion for adoption of the Directors' Report and Accounts was seconded by Mr S. G. Menell, put to the Meeting and carried unanimously.

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.

G. D. PETERS & CO. LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The fifty-third annual general meeting of G. D. Peters & Co. Limited was held on May 21st in London, **The Lord Inverforth** (the chairman) presiding.

The following is an extract from his circulated statement:

The Accounts for the fifty-two weeks ended 30th December last show Group profits of £216,507 against £119,735 for the previous year. After various adjustments there is left a Group Profit before taxation of £150,571 against £60,781. Your Directors recommend a Final Dividend, less Income Tax, of 5 per cent, making a total Dividend for the year of 7½ per cent.

The decided improvement shown in the profitability of your Company has been achieved notwithstanding the small export demand for vacuum brake cylinders and the cancellation by the British Transport Commission of its substantial vacuum brake contract with the Company.

This curtailment of demand for one of the Company's main products, and the consequent obsolescence of specialised plant has been a burden on our other activities and is the subject of a claim for compensation lodged with the British Transport Commission.

Having reviewed the satisfactory progress of the Group's interests at home and abroad, the chairman concluded:

The reorganisation announced last year has proved beneficial in administering the wide diverse activities of the Group, and I feel hopeful, provided there are no unforeseen circumstances, political or otherwise, that the results for 1962 will continue to show an improvement.

The report was adopted.

MAPLE & COMPANY LIMITED

GROUP'S STRENGTH AND BUOYANCY DEMONSTRATED

The seventy-second annual general meeting of Maple & Co. Limited was held on May 23rd in London, **Mr G. R. Holman,** President of the Company, presided.

The following is an extract from his circulated statement:

The Balance Sheet and Accounts reflect in figures the results of a rather difficult year. As you know, for a considerable part of 1961 we have had a severe Credit Squeeze, a Surcharge on Purchase Tax, and a Pay Pause. The fact that, despite these measures, our turnover and gross profits have shown modest increases and have exceeded all previous equivalent figures, demonstrates the buoyancy and strength of your Company, especially as during the period under review no additions have been made to the Group. Our wage bill and fixed overheads have perforce increased, and it is principally for this reason that our trading profits are somewhat lower than those achieved twelve months ago.

Your Company now has a wide geographical spread, and this has undoubtedly helped considerably to maintain turnover, for the reason that retail trade varies to a notable extent in different parts of the country.

The London departmental sales showed an increase once again, but these additional sales were not great enough in volume to counteract the unavoidably heavy extra operating expenses which we have experienced in so many directions.

Last year I mentioned your Company's reputation for quality, and it is worthy of note to record that whereas there has been a decrease in the sales of the less expensive merchandise and in the hire-purchase section, there has been an appreciable upward trend in nearly all our departments for the better and best quality goods.

Exports: These have constituted a "best-ever" and once again have been world wide.

Contracts: A further expansion in this section has taken place and indeed has been an important factor in our general increase in turnover.

Real Estate: Your Directors are always seeking opportunities for further expansion of the Company's activities, but they are very conscious of the necessity of obtaining only the right business at the right price.

The past year has on the whole been a disappointing one for the furniture and allied trades in general, and the various Government measures to which I have already referred have of necessity weighed particularly heavily on the line of business in which we are engaged. However, our equivalent net trading profits before tax were only £39,023 less on this occasion than the all-time record of last year, or just under 6 per cent, and over £100,000 greater than in 1960.

I can assure you that your business is in good shape and very much alive to obtain all possible orders. Furthermore, it is equipped and ready to take advantage of any easement in the current stringent situation.

The report was adopted and a total distribution of 17 per cent (same) approved.

E. POLLARD & CO. LIMITED

MARKED TRADING IMPROVEMENT

The 50th annual general meeting of E. Pollard & Co. Limited was held on May 23rd in London.

Mr H. Edward Pollard (Chairman and Managing Director) presided and, in the course of his speech, said:

The Consolidated Accounts for the year ended December 31, 1961, show that the Trading Profit for the year was £312,000 as compared with £183,000 for the previous year. The net Profit is £291,700 against £174,600. Income Tax and Profits Tax remove a further £148,600. It was £73,600 last year and after reflecting on the general business situation and in view of our increasing commitments the directors are proposing to repeat last year's rate of dividend and pay 12½ per cent again on the ordinary Shares of the Company.

The recovery in earnings is encouraging and particularly in the Shopfitting and Display sections of the business, which as I mentioned last year, was then depressing and difficult.

As regards Engineering, orders and production increased for all types of lift and shutters.

As regards the future, prospects are really much the same: we are faced with continually increasing overhead expenses, but we have a good start with our Work in Progress at over a million and a quarter pounds. Shopfitting and Display enquiries are steadier and in fact the demand for all our products is good, so that I feel that 1962 should be a satisfactory year.

The report was adopted.

ABERDARE HOLDINGS LIMITED

The 26th ordinary general meeting of Aberdare Holdings Limited was held on May 22nd in London, **Sir John Pascoe, BA** (the chairman), presiding. The following is an extract from his circulated review:

The consolidated Profit and Loss Account shows trading profits for the year of £743,534 as against £636,517 for the previous year. After an increased taxation charge of £394,196—the increase being £97,221—and writing off capitalisation expenses and other items of £8,142, the net profits of the Company amount to £352,489 as against £331,544.

We are recommending a final dividend of 8 per cent on the £2,252,757 capital now issued, which, with the 7½ per cent paid on the old capital, is equivalent to a total distribution for the year of 12.326 per cent on the enlarged capital.

Since the close of the financial year, the authorised capital of the Company has been increased to £3,000,000 and we have issued one share in three free and two new shares for five at 5s. per share. The proceeds of the issue amounting to £519,876 are being utilised in providing additional facilities at Aberdare Cables, an extension to one of the plants and the completing of equipment in the new research building at Blackwood, Monmouthshire.

With all our factories having satisfactory order books, we have every reason to expect—barring any events over which we have no control—that the results for the coming year will be at least equal to those of the year under review.

The report was adopted.

BRITISH ROPES

The World's largest manufacturers of wire, rope and cordage

Extracts from the Report and Accounts for 1961 and from Mr. Harry Smith's statement to the Stockholders.

TRADING CONDITIONS generally deteriorated. We also had to face non-recurring costs in establishing overseas factories and in reorganising certain subsidiary companies at home. Predicted demand was upset by sudden changes in Government policy.

PROSPECTS. In 1962 we would be sensitive to any further decline in volume or margins; on the other hand we should certainly feel some of the benefits of our overseas investments and reorganisation at home, although not the full benefits. Any general increase in world trade, coupled with our own programme of cost reduction, should bring a substantial improvement in our results.

	1961	1960	1959
		(Restated)	
Total Group Sales	26,465	27,010	23,877
Issued Capital	11,061	11,061	5,455
Group Net Assets	20,566	20,462	17,773
Group Profit—gross	2,048	2,701	2,543
Profit after Tax	1,001	1,349	1,311
Dividends	642	629	581

The Directors' Report and Accounts are obtainable from: The Secretary, British Ropes Ltd., Doncaster, England.

NORTH BRITISH & MERCANTILE INSURANCE

RECORD VOLUME OF NEW LIFE BUSINESS

MR CYRIL H. KLEINWORT'S STATEMENT

The 152nd Annual General Meeting of North British & Mercantile Insurance Company Limited was held on May 17th in Edinburgh.

The following are extracts from the statement issued to the shareholders by **Mr Cyril H. Kleinwort,** Chairman of the General Court of Directors, in connection with the accounts for the year ended December 31, 1961:

I am sorry to say that two of our colleagues, The Honourable Arthur Q. Crichton and The Right Honourable The Earl of Selborne, PC, CH, who are both due to retire by rotation this year, have decided not to offer themselves for re-election. Mr R. G. Harman, who became General Manager in July, 1954, is retiring at the end of May and he has accepted our invitation to join the General Court on his retirement.

Turning now to our Accounts for the past year, there has been some rearrangement of the Fire and Accident business of the "Commercial Union"/"North British" Group in the United States of America which is now pooled amongst all our various Companies there. This has resulted in a decrease in the "North British" Group share of the Fire income and an increase in the share of the Casualty premiums.

FIRE DEPARTMENT

The total Fire premiums at £16,975,500 show a reduction of £2,103,539 during the year following the readjustment in the United States and losses at £10,081,743 are down by £694,763.

After adjustment of the Provision for Unexpired Risks on the usual 50 per cent basis, the loss on the year's working amounts to £989,067, 5.83 per cent of premiums.

CASUALTY DEPARTMENT

Total Casualty premiums were £16,744,572, an increase of £4,065,661 over the 1960 figure of £12,678,911, which is, of course, principally accounted for by the alteration in the United States. Total claims incurred were £10,829,543, an increase of £3,622,396, the percentage of claims to premiums being 64 per cent compared with 56.8 per cent for 1960.

After adjusting the Provision for Unexpired Risks on the usual basis there is an underwriting loss of £130,570, .78 per cent of premiums compared with an underwriting loss of £54,527, .43 per cent of premiums for 1960.

MARINE DEPARMENT

Our premium income shows a small decrease of £79,688, compared with 1960. It has been affected by a number of factors such as a fall in ship values, breaking-up of old tonnage, and lower rates for international business as a result of intense competition.

The Marine Account has continued to be satisfactory partly owing to the 1959 underwriting year having been extraordinarily free of major casualties. We have transferred a profit of £309,009 to Profit and Loss Account.

LIFE DEPARTMENT

Once again the Life Department wrote new business for a record volume of sums assured, the amount retained at our own risk in 1961 being £26,259,613—an increase of 15 per cent over 1960.

The gross rate of interest earned on the Life Fund in 1961 was £6 1s. 3d. per cent compared with £5 16s. 6d. per cent in 1960. The level of our Life expenses remains virtually unchanged, although—as a consequence of the adjustment already referred to—the ratio of expenses to premium income has the appearance of having altered considerably.

Our rates of premium have been kept under review and a number of downward adjustments have been made.

INVESTMENTS

The year 1961 again witnessed high interest rates on long term fixed interest securities. Whilst opportunity was taken to obtain the maximum advantage of these rates we were at the same time faced with further substantial falls in market prices of fixed interest securities during the course of the year. However, thanks to the substantial Equity holdings which we had acquired in earlier times—and these were added to during the year whenever we could do so on favourable terms—the market value of our investments remains substantially above the book value at December 31st last.

PROFIT AND LOSS ACCOUNT

The results of our operations for the year 1961 are summarised in this Account. Interest, Dividends and Rents amounting to £2,703,244 show an increase during the past year of £256,612. The operations in the Fire, Accident and Marine Departments resulted in a net loss of £810,628. After taking credit for an amount of £108,598 representing one-fourth of the shareholders' profit from the Life Branch 1959 valuation, charging taxation amounting in all to £965,770 and making provision for the usual transfers to the Staff and Widows' Pension Funds, the balance available is £724,719.

It is proposed to maintain the dividend at 2s. 6d. per share of which 1s. 3d. is being paid as an interim dividend. The total dividend of 2s. 6d. per share with the dividend on the Preference Stock, will absorb £885,062 and leave a balance on Profit and Loss Account to be carried forward of £13,414,182.

The report and accounts were adopted.

APPOINTMENTS

CITY OF OXFORD EDUCATION COMMITTEE

COLLEGE OF TECHNOLOGY

Required in September next:
SENIOR LECTURER IN ECONOMICS and related subjects for established full-time and part-time courses for B.Sc. (Econ.).
LECTURER in MANAGEMENT STUDIES with good qualifications in the field of Applied Economics and industrial relations and with some industrial experience.
Facilities for research available.
Salaries: Burnham Technical Scale—Senior Lecturer, £1,800 to £2,000; Lecturer, £1,600 to £1,800 per annum.
Further particulars and application form which should be returned by June 9th, can be obtained from the Principal, College of Technology, Headington, Oxford. Stamped addressed envelope required.

UNIVERSITY OF CAMBRIDGE

The Faculty of Economics and Politics wish to appoint an Assistant in Statistical Research to assist the teaching staff of the Faculty. Applicants should possess either an honours degree in Economics with some statistical training or appropriate statistical experience. The stipend will be in the range £750-£1,000 per year. Further details may be obtained from the Secretary, Faculty of Economics, Sidgwick Avenue, Cambridge, to whom applications should be sent by 20th June, 1962.

THE DURHAM COLLEGES

IN THE UNIVERSITY OF DURHAM

The Department of Social Studies is to undertake a study of services for old people in the North East. Applications are invited from graduates for two research posts. Salaries will be within the range £700-£1,850. The appointments will be for one year, renewable for periods of up to three years.
Applications (three copies), together with the names of three referees, should be sent not later than June 18, 1962, to the Registrar and Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

UNIVERSITY OF LONDON

CHAIR OF PUBLIC ADMINISTRATION AT THE LONDON SCHOOL OF ECONOMICS

The Senate invite applications for the Chair of Public Administration tenable at the London School of Economics and Political Science (salary not less than £2,600 a year plus £100 London Allowance). Applications (10 copies) must be received not later than June 22, 1962, by the Academic Registrar, University of London, Senate House, W.C.1, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for Lecturerships or Assistant Lecturerships in the following subjects: ACCOUNTANCY, GOVERNMENT, ECONOMICS, SOCIAL ANTHROPOLOGY.
Salary scales: Lecturer, Grade I, £1,850 x £80—£2,200 per annum; Grade II, £1,450 x £70—£1,800 per annum. Assistant Lecturer, £1,200 x £50—£1,350 per annum. Passages to Salisbury for approved wife and dependent children on appointment, with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid schemes. Unfurnished accommodation at rent of 15 per cent. of salary. Assistance given for triennial visits overseas. Detailed applications (6 copies) naming 3 referees by June 30, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

OXFORD UNIVERSITY

INSTITUTE OF STATISTICS

Applications are invited for junior research posts in applied economics. Candidates should have a good degree in economics or statistics. The salary will be according to age and qualifications in the range £750-£1,250 per annum. Posts are superannuable and an allowance of £50 per child is paid.—Application forms may be obtained from the Secretary of the Institute, St. Cross Road, Oxford. Closing date 9th June, 1962.

THE UNIVERSITY OF SOUTHAMPTON

Faculty of Social Sciences. Applications are invited for the post of Lecturer or Assistant Lecturer in Politics. Candidates should have a special interest in political theory or the history of political ideas. Salary scales: Lecturer £1,050 x £50—£1,400 x £75—£1,850 with an efficiency bar at £1,475. Assistant Lecturer £800 x £50—£950. These scales are expected to be revised shortly. The initial salary will depend on qualifications and experience.—Further particulars should be obtained from the Secretary and Registrar, The University, Southampton, to whom applications (7 copies from United Kingdom applicants) should be sent not later than June 15, 1962.

UNIVERSITY OF ABERDEEN

DEPARTMENT OF STATISTICS

Applications are invited for the post of LECTURER or ASSISTANT with special interest in economic statistics and econometrics. Salary on Lecturers' scale £1,150-£1,950; on Assistants' scale £900-£1,050 with F.S.S.U., child allowance and removal allowance. Placing according to qualifications and experience.
Further particulars from the Secretary, The University, Aberdeen, with whom applications (8 copies; Lecturer; 2 copies, Assistant) should be lodged not later than June 16, 1962.

THE DURHAM COLLEGES

IN THE UNIVERSITY OF DURHAM

The Department of Social Studies is to undertake a study of social and economic conditions and planning problems in County Durham. Applications are invited from graduates in economics, sociology, geography, town and country planning and related fields for two research posts. Salaries will be within the range £700-£1,850. The appointments will be for one year renewable for periods of up to three to five years.
Applications (three copies) together with the names of three referees, should be sent not later than June 18, 1962, to the Registrar and Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

DERBY AND DISTRICT COLLEGE OF TECHNOLOGY

Principal: L. Hean, Ph.D., M.Sc., F.R.I.C., A.M.B.I.M.

Applications are invited for the post of LECTURER IN MANAGEMENT STUDIES AND INDUSTRIAL ADMINISTRATION, duties to commence in September, 1962, or as soon as possible thereafter.
Applicants should have a degree or equivalent professional qualifications and industrial and teaching experience.
Salary in accordance with the 1961 Burnham Scale for Lecturers, viz. £1,600 x £40—£1,800.
Application form, returnable by June 6th, and further particulars may be obtained from the Registrar, Derby and District College of Technology, Kedleston Road, Derby.

For further appointments and other classified advertisements see pages 850, 851 & 852

UNIVERSITY OF SYDNEY

LECTURESHIP AND LECTURESHIP/SENIOR LECTURESHIP IN ECONOMICS

Applications are invited for the positions of Lecturer and Lecturer/Senior Lecturer in Economics.
The salary for a Senior Lecturer is within the range A£2,550 x £95—£3,000 per annum; for a Lecturer within the range A£1,730 x £105—£2,435 per annum. In each case cost of living adjustments will be allowed (at present £A24 per annum). The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.
Under the Staff Members' Housing Scheme in cases approved by the University and its Bankers, married men may be assisted by loans to purchase a house.
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 Australia and London on *July 6, 1962.*

ASSISTANT FINANCIAL COMPTROLLER

BRITISH OVERSEAS AIRWAYS CORPORATION

are seeking a Chartered Accountant with good industrial experience for the above senior staff post which is at their London Airport headquarters.

He will assist the Financial Comptroller in all aspects of his responsibility to the Managing Director for the financial and economic management of B.O.A.C. and for the provision of efficient accounting services throughout the Corporation.

He must be aged 35 to 45 and should preferably hold a University degree in the economics field. He must possess ability to express financial and economic facts in simple language for management purposes and have had considerable practical experience of management accounting and costing.

The salary will depend on qualifications and experience but about £4,000 per annum is envisaged.

Applications should be addressed to the Secretary, B.O.A.C. Headquarters, London Airport, Hounslow, Middlesex, and all envelopes should be marked Private—STD.

SOCIAL SURVEY IN ADEN

The Government of Aden require an experienced sociologist with a knowledge of Arabic to undertake a social survey of Aden. The primary purpose would be to obtain basic information on movements of population, labour conditions, wages, housing, etc. The study, which would take about fifteen months, would involve mainly field work, and the officer appointed would be given the close co-operation of Government field staff.—Further particulars from the Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, S.W.1. Reference RL 24/1/01.

ASSISTANT INVESTMENT MANAGER required for expanding Pension Fund of leading industrial company in London. Considerable ability in investment research looked for including company analysis and knowledge of institutional investment requirements. Age 28-40. Preference will be given to candidates with a professional qualification together with experience gained from previous employment in a Pension Fund, Merchant Bank or Stockbrokers' Office. Pension scheme and wide range of employee benefits. — Applications, quoting IM 4468, with full details, to Box 1626.

INTERNATIONAL PUBLICATION. City. Vacancy occurs for young economics graduate with proved writing ability. Languages. Five-day week, pension fund. Write Box 1628.

MARKET RESEARCH MANAGER

of an international food manufacturer requires an

ASSISTANT

who will be capable of taking responsibility for research into a number of the Company's existing products and development lines

Applications from men or women age 24-30, preferably with at least two years' Market Research experience are invited. Salary in range £800-£1,000 plus substantial bonus. Pension Life Assurance benefits.—Replies to Box 1622

KINGSTON UPON HULL EDUCATION COMMITTEE

COLLEGE OF COMMERCE
Principal: P. Barber, M.A.

Required for September, 1962, LECTURER IN FACTORY MANAGEMENT in the Department of Management Studies, to lecture in Factory Management, Work Study and allied subjects in the courses leading to the Post Graduate Diploma in Management and H.N.C. and H.N.D. in Business Studies.

Candidates should possess a University Degree in Economics, Commerce or Administration and/or be a corporate member of an appropriate professional institution and have had practical industrial management experience. Familiarity with current methods in management education would be an added advantage.

Salary: Burnham Technical Scale, £1,600 by £40 (5) to £1,800 per annum.

Further particulars and application forms, to be returned as soon as possible, may be obtained from the Chief Education Officer, Guildhall, Kingston upon Hull.

UNIVERSITY OF KHARTOUM

FACULTY OF ECONOMIC AND SOCIAL STUDIES

Applications are invited for the post of Professor of Economics in the Department of Economics.

Salary: Professor: £S.2,760.

Cost of living allowance approximately £S.180 per annum at present. Outfit allowance £S.50. Family allowances: Wife, £S.60 per annum; first child, £S.90 per annum; second and third child, £S.40 per annum (£S.1=£1 0s. 6d. sterling). Passages for appointee and family on appointment, termination and annual leave. There is a superannuation scheme, and arrangements can be made to maintain F.S.S.U. policies. Direct appointment on contract normally for five years with possibility of renewal (secondment welcomed if possible). Unfurnished accommodation provided at rent (excluding rates) up to 7½ per cent. of salary.

Applications (10 copies), detailing qualifications and experience, and naming three referees, by June 15, 1962, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

GENERAL MANAGER

LIVINGSTON DEVELOPMENT CORPORATION

APPOINTMENT OF GENERAL MANAGER

Applications are invited for the post of GENERAL MANAGER to the LIVINGSTON DEVELOPMENT CORPORATION. The General Manager will be in complete charge of the Development Corporation's organisation and the qualifications necessary are considerable administrative experience, originality, imaginative and proved organising ability. Technical qualifications of a specialised nature are not essential but administrative experience of the technical problems associated with the planning and development of a project of this character would be a considerable advantage.

The salary range for the post will be £3,000-£4,500 per annum and the initial salary payable will depend upon qualifications and experience of the successful applicant.

The post will be superannuable either under the Local Government Superannuation (Scotland) Act, 1937, and the Local Government Superannuation Act, 1953, or under the New Towns Pensions Scheme.

Canvassing, directly or indirectly, of the members of the Development Corporation will constitute an absolute disqualification.

Applications, containing full details of the candidate's age, qualifications and experience, together with the names and addresses of referees, should be submitted in twelve copies to the undersigned not later than June 5, 1962. Envelopes should be marked "General Manager".

There is no prescribed form of application.

THE CHAIRMAN,
LIVINGSTON DEVELOPMENT CORPORATION,
YORK BUILDINGS,
QUEEN STREET,
EDINBURGH.

BOARD OF TRADE

BANKRUPTCY EXAMINERS

The Bankruptcy and Companies (Official Receivers) Service has vacancies for Examiners (men or women). The work involves investigating the affairs of companies in compulsory liquidation and of partnerships and individuals in bankruptcy, and should appeal to those with an insight into human nature and a liking for an active life in the world of affairs. An accurate appreciation of words and legal connotations, and the ability to grasp the significance of a balance sheet and account books, are essential.

Applicants must be at least 20 on 1st June, 1962, and must have passed *either* (i) the Intermediate Examination of the Institute of Chartered Accountants (England and Wales, Scotland, or Ireland), the Association of Certified and Corporate Accountants, or the Society of Incorporated Accountants; *or* (ii) the Final Examination of the Chartered Institute of Secretaries or the Corporation of Secretaries.

Starting salary in Inner London for successful candidates aged 20-24 ranges from £596 to £793 according to age; for those aged 25 or over it ranges from £840 to £1,090, depending on qualifications and experience. The maximum of the scale (Inner London) is £1,490, but there are prospects of promotion to posts carrying salaries well above £2,000. All posts are pensionable.

For further information and an application form, write to Civil Service Commission, Burlington Gardens, London, W.1, quoting 442/1/62/13A. Closing date 15th June, 1962.

MIDLANDS ELECTRICITY BOARD

PRINCIPAL ASSISTANT (ORGANISATION AND METHODS)

Applications are invited from suitably qualified persons for the above appointment in the Chief Accountant's Department at Headquarters.

Applicants should have experience in the organisation and methods and some knowledge of mechanised accounting, including punched card machines.

Salary within the range of £1,530/£1,650 per annum (N.J.C. Grade 9). Superannuable.

Applications, giving full details of qualifications, age, experience and present salary, should be forwarded, within 14 days, to the Secretary, Midlands Electricity Board, Mucklow Hill, Halesowen, Nr. Birmingham.

F. W. CATER,
Secretary.

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF APPLIED ECONOMICS

Applications are invited for an appointment which it is hoped to make from October 1, 1962, in connection with research into the Growth of Public Quoted Companies and its Finance. The appointment, which will be for two years in the first instance, will be in the Junior Research Officer grade, and will carry a pensionable stipend related to age and experience ranging from £750 by £50 to £1,000 a year. Applicants should have at least a good second-class honours degree in economics or statistics. An expensionable allowance of £50 a year is payable for each dependent child under sixteen years of age or receiving full-time education. A limited contribution may be made towards removal and travelling expenses. Applicants giving details of academical qualifications and experience, together with names of two referees should reach the Director, Department of Applied Economics, Sidgwick Avenue, Cambridge, by June 20, 1962.

RTB

OPERATIONAL RESEARCH DEPARTMENT

MATHEMATICAL STATISTICIAN

We now need a man, aged up to about 25, who has either a good Honours degree in Statistics, or a first degree in Maths, and a postgraduate qualification in Statistics.

The Company is one of the largest steel producers in the country and has works in Lincolnshire, Monmouthshire, the Midlands and West Wales, and will shortly commission Europe's most advanced strip mill at Newport, Mon. The Operational Research Department was formed in 1956 and now has a project staff of more than 20 graduates representing mathematics, statistics, economics, physics, chemistry and engineering. We have adequate library and electronic computing facilities.

The department is tackling some challenging projects in the field of optimisation and control, both of individual processes and integrated production systems. There are also studies of a "strategic" nature. The work combines intellectual interest with the stimulus of practical application, and the atmosphere is congenial. The present vacancy is for a man to help study and develop *adaptive* methods of control. This will call for application of the latest statistical techniques and may require the development of new ones. In view of this, we have in mind that the man appointed would probably specialise in this field for 2½ first 18 months, with the opportunity to move into general operational research work after that.

The department is based mainly in Monmouthshire amid a unique combination of the Welsh mountains, the Usk and Wye valleys and the Bristol Channel. Cardiff and Bristol are within easy reach and London is only 2½ hours away by train. Salaries are competitive.

For further information on the Company, the department and on operational research as a career, please write, giving brief details of your age, qualifications and experience, to:

The Manager, Operational Research Department,
RICHARD THOMAS & BALDWINS LIMITED,
33/34 Commercial Street, Newport, Mon.

THE DISTILLERS COMPANY LIMITED

ECONOMISTS

Vacancies for experienced economists exist at various levels in the London headquarters of the Industrial Group of The Distillers Company Limited.

Successful applicants will join a small team of economists whose main duties are to advise senior management on current economic trends, both at home and overseas, and on the future expansion of the chemical and related industries and of such other industries as may be specified from time to time. These posts carry attractive prospects for progress both within the headquarters of the Industrial Group and in the operating Divisions of the Company.

Candidates for these appointments, aged between 27 and 40, must hold good honours degrees in economics. A working knowledge of either statistics or of the principles of management accounting would be an advantage, as would a sound knowledge of one or two European languages. An appreciation of present-day economic affairs is essential; although several years of practical experience of this type of work in the chemical or allied industries is desirable, applications will also be welcomed from those with appropriate experience of other industrial or commercial activities.

Write: STAFF MANAGER,
THE DISTILLERS COMPANY LIMITED,
21/22 BOLTON STREET, LONDON, W.1.

Quote Reference: 256 I.C.

UNIVERSITY OF READING

Applications are invited for a lectureship and an Assistant Lectureship in Economics in the Department of Political Economy.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.), The University, Reading, by whom applications should be received by June 16, 1962.

CHIEF FINANCE OFFICER

LIVINGSTON DEVELOPMENT CORPORATION

APPOINTMENT OF CHIEF FINANCE OFFICER

Applications are invited for the post of CHIEF FINANCE OFFICER to the LIVINGSTON DEVELOPMENT CORPORATION.

The salary range for the post will be £2,700-£3,100. Particulars of the appointment and forms of application may be obtained from the Secretary, George Street, Glasgow, C.1.

THE ECONOMIST AND THE ECONOMIST INTELLIGENCE UNIT

Group Chief Accountant

A Chartered Accountant is required for appointment as Group Chief Accountant to the Group of Companies including The Economist and the Economist Intelligence Unit.

He will be responsible for all accounting functions of the Group. The Accounts Department, which is centralised, has recently been completely reorganised.

He must have a good educational background, good commercial experience, a knowledge of modern office procedures and equipment, and a knowledge of Management Accounting.

His age should be between 30 and 45. Salary will depend on experience but applicants will not be considered unless they are earning £2,000 now. There is a good contributory pension scheme, canteen, provident and bonus schemes and four weeks holiday.

This is an attractive post in a lively and expanding organisation. Good prospects exist for development and financial advancement; therefore it will be essential for the person appointed to develop a real interest in the business.

Write in confidence to the Secretary,
The Economist Newspaper Ltd., 22 Ryder Street, London, S.W.1.

THE ROYAL COLLEGE OF SCIENCE AND TECHNOLOGY, GLASGOW

(Affiliated to the University of Glasgow)

CHAIR OF INDUSTRIAL ADMINISTRATION

The Governors invite applications for the Chair of Industrial Administration. The salary attached to the Chair is within the range £2,700-£3,100. Particulars of the appointment and forms of application may be obtained from the Secretary, George Street, Glasgow, C.1.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE invites applications from graduates for an appointment to an Assistantship in the Bursar's Department. The successful candidate will be required to assist the Bursar in some part of his duties, which include responsibility for the work of the Building Committee, the planning and control of building operations, and the purchase of furniture and equipment. The starting salary will be not less than £900 nor more than £1,400 a year, plus £60 a year London Allowance, with F.S.S.U. benefits and family allowance.

Further particulars should be obtained from the Assistant Secretary, The London School of Economics, Houghton Street, Aldwych, London, W.C.2.

FORD OF BRITAIN

COST ANALYSTS

Ford of Britain is in the middle of a major expansion programme designed to place the Company in a position to meet the challenge of world markets. In 1962 alone capital expenditure is planned at over £40 million. This massive programme will be successful only if operating costs are controlled to a competitive level and, to ensure this, the various control systems employed in the Company are being strengthened. As a consequence there are now a number of exceptional opportunities for experienced cost analysts.

Applications are invited from men aged 25-35 who have had several years' experience in an engineering industry on cost control or related work. An accounting or engineering background is probably the most suitable but graduates and others with relevant experience will be considered. The work is constructive and there is unlimited scope for individual initiative. Prospects will not be limited to the finance field as the Company management development policy ensures that men of high general ability are detected and advanced as rapidly as their capacity can sustain. Salary and promotion therefore depend entirely on ability.

Applicants are invited to send personal details, including age, qualifications, experience and approximate salary required (marking envelopes "Ref. A6A") to:

Mr. P. G. Slip, Recruitment and Placement,
Ford Motor Company Limited, Dagenham, Essex.

ABBOTSHOLME SCHOOL

Applications are invited for the post of Bursar which comes vacant towards the end of 1962. Salary according to experience and qualifications. Married accommodation available. Experience in administration, accountancy, property management desirable.—For further particulars, apply Headmaster, Abbotsholme School, Rocester, Uttoxeter, Staffordshire.

For further appointments and other classified advertisements see pages 849 and 852

THE WOOL TEXTILE INDUSTRY

The Wool Textile Delegation and Wool (& Allied) Textile Employers' Council, jointly based in Bradford, desire to fill the vacancy of Secretary General. This is an important post covering Internal Administration, Public Relations and Government Department Contacts. The successful applicant will be expected to carry great responsibility for which the salary with pension, will be commensurate.

Apply: **The Chairman,**
Wool Textile Delegation,
Lloyds Bank Chambers,
Hustlergate,
BRADFORD, 1.
Yorkshire.

STATISTICIANS

especially if they have recently graduated, or are about to graduate this year, are offered an opportunity of joining the Statistical Studies section at the National Coal Board's London Headquarters. The successful candidate will assist in analysing and interpreting a wide range of statistics for the guidance of management. The work calls for application of all the main statistical techniques, and at the same time affords an insight into some of the major problems of a major industry. Candidates should have a degree in statistics, or in an associated field with statistics as a major subject, or other appropriate statistical qualifications. Pay and prospects of promotion are good. Please write for application form to Headquarters Staff Manager (X.2578C), N.C.B., Hobart House, Grosvenor Place, S.W.1.

APPOINTMENTS SELECTION LIMITED

have been retained to advise on the following appointment:

CAREER OVERSEAS

for

Chartered Secretary

A large Tin Mining Group with Head Office in London requires a Secretary for the Group's companies in Malaya. Applications for this appointment are invited from Chartered Secretaries in the middle thirties.

It is essential that candidates should have had experience in company secretarial, management and administrative functions.

The starting salary for a three-year contract, with a substantial annual increment, will be about £2,500 p.a. plus generous marriage, leave and passage allowances, a provident fund and pension scheme.

Will prospective candidates please apply, giving a detailed curriculum vitae and quoting Reference CS/OT/4, to

APPOINTMENTS SELECTION LIMITED
PEMBERTON HOUSE, PEMBERTON ROW, LONDON, E.C.4

The strictest confidence is observed with all communications.

FINANCIAL NOTICE

FARBWERKE

HOECHST

AKTIENGESELLSCHAFT

vormals Meister Lucius & Brüning

FRANKFURT (MAIN)

Payment of Dividend

NOTICE IS GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 17th May 1962 a dividend for the year ended 31st December 1961 will be paid as from 18th May 1962 as follows

share certificates per DM 100.....	DM	18.00
less German Capital Yields Tax of 25%.....	DM	4.50
	DM	13.50

against delivery of Coupon No. 11 or lodgment of London Deposit Certificates for marking.

Coupon No. 11 or the London Deposit Certificates may be presented as from 18th May 1962 to

S. G. Warburg & Company Limited,
30 Gresham Street, London, E. C. 2.

from whom listing forms can be obtained for completion in duplicate.

Coupons will be paid at the rate of exchange on day of presentation.

Payments made on London Deposit Certificates will be made at the rate of exchange on the day of receipt of dividend on equivalent shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 4s. 9d. in the £ unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents and the Company's United Kingdom Paying Agent will provide the authorised depositories with the appropriate forms for such recovery.

Frankfurt (M)-Hoechst, 18th May, 1962

THE BOARD OF MANAGEMENT

ECONOMIST

The Wiggins Teape Group requires a Male Economist, aged 30/35, to head the Economic Research and Sales Reporting Sections of their Statistical Department at Gateway House, 1 Watling Street, E.C.4.
Applicants for this responsible appointment should have a good Honours degree and at least five years' appropriate experience. They are invited to write to Personnel Department, giving particulars of education, experience and remuneration.

NOTTINGHAM CO-OPERATIVE SOCIETY, LTD. invites applications for the position of Public Relations Officer.
Applicants should have practical experience of marketing, publicity and press work, and consumer education. The successful applicant will be required to assume final responsibility for the work of the educational department. Professional qualifications must be produced.
Superannuation scheme, with transfer clause, in operation.
Application forms are obtainable from the Managing Secretary, Nottingham Co-operative Society, Ltd., 245 Derby Road, Lenton, Nottingham. The closing date for receiving applications is Saturday, June 16, 1962

A YOUNG graduate economic statistician is required immediately by the Tothill Press. The successful candidate must be able to interpret statistics and make coherent analysis and reports. Some acquaintance with punched-card systems is desirable.
Particulars, including age, qualifications and experience, to K. L. Cohen, Research Manager, Tothill Press Limited, 33, Tothill Street, London, S.W.1.

APPOINTMENT REQUIRED

FRENCHMAN, 39, in high administrative post, graduate Sciences Politiques, law and business administration degrees, perfect English, specialised knowledge of market research (Common Market, EURATOM), of the European outlook and of world affairs, seeks position as Assistant to Managing Director or in University or Economic Research Centre, where his capacity for concrete achievement will be challenged.
Excellent personal, family and professional references.
Write Box E.5.012, CONTESSE Publicité, 20 avenue de l'Opéra, Paris 1er.

BUSINESS AND PERSONAL

INSURANCE BROKERS AT LLOYD'S of long standing and with facilities for the efficient handling of all classes of business wish to form an association with a merchant banking house. Replies will be treated in the strictest confidence.—Box 1623.

BROOMBANK CHILDREN'S HOLIDAYS, Manor Road, Selsey-on-Sea, Sussex (Mrs. M. Hind). New prospectus free. Selsey 2774.
COMMON MARKET. Established team translators, Paris, specialises in legal, technical and publicity work. French/English, English/French only.—Box 1627.
ITALY. Common Market. Industrial, commercial concerns and trade associations requiring intelligent representation or special assistance Italy and surrounding areas are invited contact advertiser, British nationality, resident Italy. First-class U.K. and Continental business experience with major companies, now arranging limited number assignments. Complete security guaranteed.—Box 1625.

EDUCATION AND COURSES

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses.—Write Organising Secretary, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

BRADFORD INSTITUTE OF TECHNOLOGY
DEPARTMENT OF INDUSTRIAL ADMINISTRATION
Management Centre, Emm Lane, Bradford, 9.
POST-GRADUATE COURSE IN MANAGEMENT STUDIES
DIPLOMA IN MANAGEMENT
A Twenty-four week full-time course, from 1st October, 1962, to 28th March, 1963.
The course will be of post-graduate standard, and the minimum age of entry is 23. Non-graduate executives over 27 years of age may be admitted. Fee—£150, exclusive of residence, which can be arranged if required.
Further details may be obtained from the Head of the Department.

TUITION FOR B.Sc. ECONOMICS
Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects (for the two examinations for London Univ. B.Sc.(Econ.), three if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. (Economics) Exams., 1958-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from J. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.
WOLSEY HALL, OXFORD

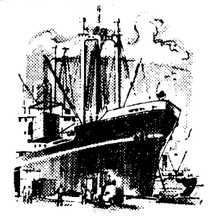
EXPERT POSTAL TUITION
for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write, today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

THE MANCHESTER COLLEGE OF SCIENCE AND TECHNOLOGY
Residential Summer Schools in
OPERATIONAL RESEARCH
Monday, 25th June to Friday, 29th June, 1962
OPERATIONAL RESEARCH FOR MANAGEMENT
Monday, 2nd July to Friday, 6th July, 1962
SPECIAL PROBLEM AREAS IN OPERATIONAL RESEARCH
Full details of these summer schools may be obtained on application to the Registrar, The Manchester College of Science and Technology, Manchester, 1.

93958
Ymy6, M4-3
W22-205-95

CANADA

rising giant in World trade!



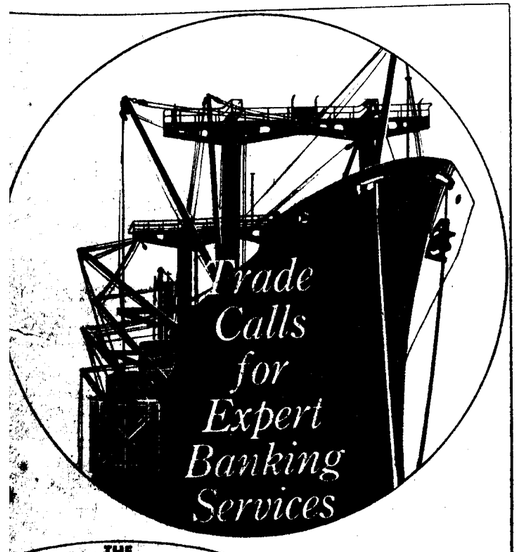
"THE BANK" HAS ALL THE FACTS ON CANADA . . .

Closely associated with Canada's growth, transition and rise to world prominence for more than 100 years, The Toronto-Dominion Bank can supply you with vital information on commercial and industrial growth trends, resources and services, federal and provincial regulations—in short, anything you need to know to ensure your business success in Canada. With more than 590 branches across the country, the Toronto-Dominion offers you a complete banking service.

CANADA IS AS NEAR AS . . .

THE TORONTO-DOMINION BANK *where people make the difference*

London Offices: 3 King William Street, EC4 · 103 Mount Street, W1
New York: 45 Wall Street, NY5
Chicago: 30 West Monroe Street
Head Office: 55 King Street, Toronto, Ontario, Canada



THE SANWA BANK LTD. HEAD OFFICE: OSAKA

JAPAN: 185 BRANCHES
OVERSEAS: LONDON, NEW YORK
SAN FRANCISCO, TAIPEI

NOMURA

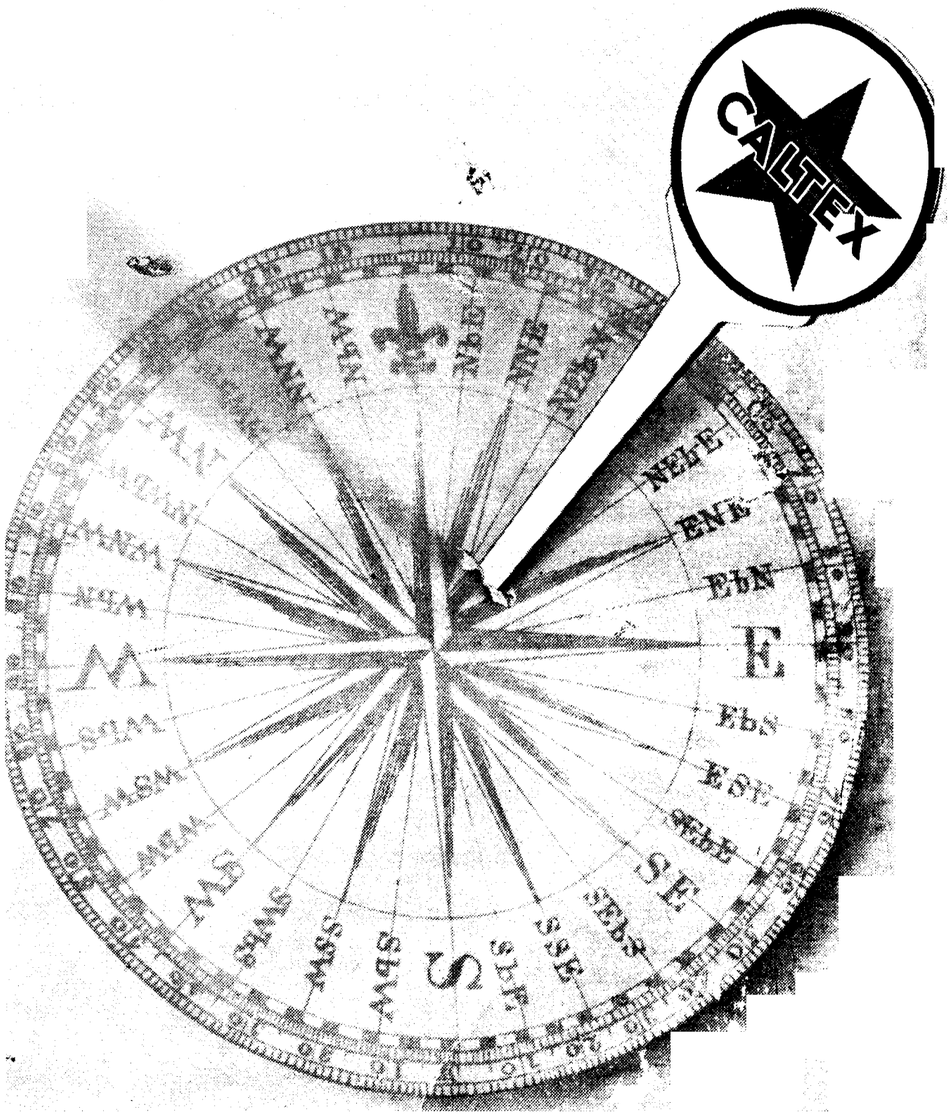
INVESTING— THE MOST IMPORTANT PART IS FREE

When you buy a house or a car, you look at it carefully. You check the price and compare it with like sizes and styles. And you look into the trade-in value. Stocks and other investments are the same. You have to see every side of the investment picture to buy wisely. But, whether you are a beginner or an expert, to study every element of the market is a difficult task without help. Our research department has facts and figures about investing in the Japanese market which we would like to make available to you. We want to be sure that you have as much information as possible before you begin . . . or expand . . . in the investment field in Japan. And, the best thing is that the research facilities at Nomura Securities are free, whether you are a client or not. May we help you invest wisely in the Japanese stock market?

THE NOMURA SECURITIES CO., LTD.

Head Office: 1-1, Tori, Nihonbashi, Chuo-ku, Tokyo, Japan
New York Office: 61 Broadway, New York 6, N.Y., U.S.A.

This is neither an offer nor a solicitation of orders for any particular securities.

you're never far from the CALTEX star

...Serving the petroleum needs of more than 70 countries in Europe, Asia, Africa, Australia, and New Zealand.