The Economist

1962 — August 18. 25

Vol. CCIV — Nos. 6208, 09

JL
Xm56,M43
N62-204.08
93964

Already well up among the giants of British industry, the TURNER & NEWALL GROUP has spent £60,000,000 on development and expansion projects since 1947. This includes £9-million on new developments in asbestos textiles . . . £7-million on safer brake and clutch linings . . . £8-million on asbestos-cement building materials . . . £3-million on new forms of insulation . . . £31-million on overseas expansion. And the Group is making a very large investment in plastics developments. What will this remarkable growth mean to Britain and to *you?* Much more than you might imagine. 'T&N' companies between them make some 270,000 different finished products. As basic suppliers to the whole vast range of industry, we also sell to many other companies. The effects of expansion and development on our part ultimately reach out to every factory in the land. *Result—more jobs, more opportunities, more prosperity all round.* And for you, more safety and more comfort in your day-to-day life.

THE TURNER & NEWALL GROUP T&N

World-wide leadership in Asbestos, Plastics and Insulation

TURNER BROTHERS ASBESTOS CO. LTD · TURNERS ASBESTOS CEMENT CO. LTD · NEWALLS INSULATION CO. LTD THE WASHINGTON CHEMICAL CO. LTD · FERODO LTD
BRITISH INDUSTRIAL PLASTICS LTD · J. W. ROBERTS LTD · GLASS FABRICS LTD · STILLITE PRODUCTS LTD and 15 mining and manufacturing companies in Africa, India and Canada

TN 1/7

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

1015 15

The Economist this Week August 18, 1962

INTERNATIONAL

BETWEEN THE LIGHT AND THE DARKNESS

Nikolayev and Popovich nudged each other happily in space; on earth, the parallel and never-touching lines of Russian and American nuclear programmes lead, at worst, to explosion (p. 589).

The basic rules of spacemanship (p. 590).

One either side of the **Berlin wall,** the rulers and the ruled of both regimes ponder what comes next (p. 602).

Acknowledging only one God in **Ghana** has meant expulsion for two Anglican leaders (p. 597).

Suspended in legal metaphysics, **Dr Soblen** is a persisting embarrassment to both Britain and Israel (p. 595).

BEFORE THE BATTLE

A dark look into the European common market's crystal ball does not suggest that even now a failure between Britain and the Six need be the end; it all depends on who fails (p. 594).

Things might have gone worse at Brussels if it had not been for the Italians (p. 608).

President Kennedy has decided against asking for **a tax cut** now in the United States, mainly because he could not get Congress to accept it, but also because a recession does not seem imminent enough to justify it (p. 615 and p. 616).

Argentina's generals care little for each other but even less for civilians (p. 596).

Mr Kenyatta issues warning that **Kenya** could become another Congo (p. 598).

AFTER THE BALL

With the celebrations over and the British and American caravans departed, **Jamaica's new leaders** face—or will they?—an arduous and lonely climb (p. 601).

America's liberal Democrats may regret their filibuster against the satellite communications bill, even though there is some justification for it (p. 617).

When, and if, Chiang Kai-shek dies, can **Formosa** be turned into a Tibet? (p. 579).

The Gallic soul lives on in former **French West Africa;** what happens when the African spirit awakes? (p. 603).

IN HOPE

Agreement on **Dutch New Guinea** is welcome; it is not the time to point to possible new entanglements (p. 595).

Exports are playing the star part in **America's international accounts** (p. 617). Labour's remedy for unemployment is to shorten hours of work (p. 619).

Nowadays **American criminals,** like other American workers, prefer white collar jobs (p. 620).

R *seems to be the lucky initial for Republicans who aspire to be President of the United States* (p. 618).

HOME

KEEPING THE BRIDGE

Mr Thorneycroft's aim at the Ministry of Defence must be to push Britain-with-Europe into a realistically close relationship with America (p. 591).

By killing the **Blue Water** missile he has taken a first step to cut Britain's effort down to size (p. 591).

HOUSE IN ORDER

The balance of prosperity in Britain is still slipping towards the south-east; the only effective action to check the slide must be taken by the Government and local authorities together, to renew the physical structure of towns outside the charmed corner (p. 592).

Local authorities who have borrowed too much too short should achieve a better **financial balance** as a result of proposed new rules (p. 631).

In **London,** where **approach roads** are at last being planned, everyone welcomes them except those whose property is directly affected (p. 610).

In **Leeds,** the corporation's **reservoirs** can provide both water and a lakeside playground for its citizens (p. 611).

UNDER ONE ROOF

British banks have become too hidebound by official supervision and their own dull conformity—but the merger between the District and the National Provincial shows that there is still room for a deal more **competition** (p. 629).

East meets West in **Burmah Oil's** bid for Lobitos of Peru (p. 635).

The **National Liberal** party still refuses to sink its identity within the Conservative machine (p. 596).

Japan and Britain have made substantial progress towards unshackling trade between the two countries (p. 642).

Durham's schools are to be integrated, offering children a better chance of rising on their merits (p. 612).

RAISING THE ROOF

Sir Winston Churchill, brooding over **Europe,** knows how to deal with military indiscretions—even when perpetrated by a field marshal (p. 595).

The **Trades Union Congress** is to look at labour relations abroad, and in **Sweden** it will find that peace is won by the balance of industrial deterrence (p. 596).

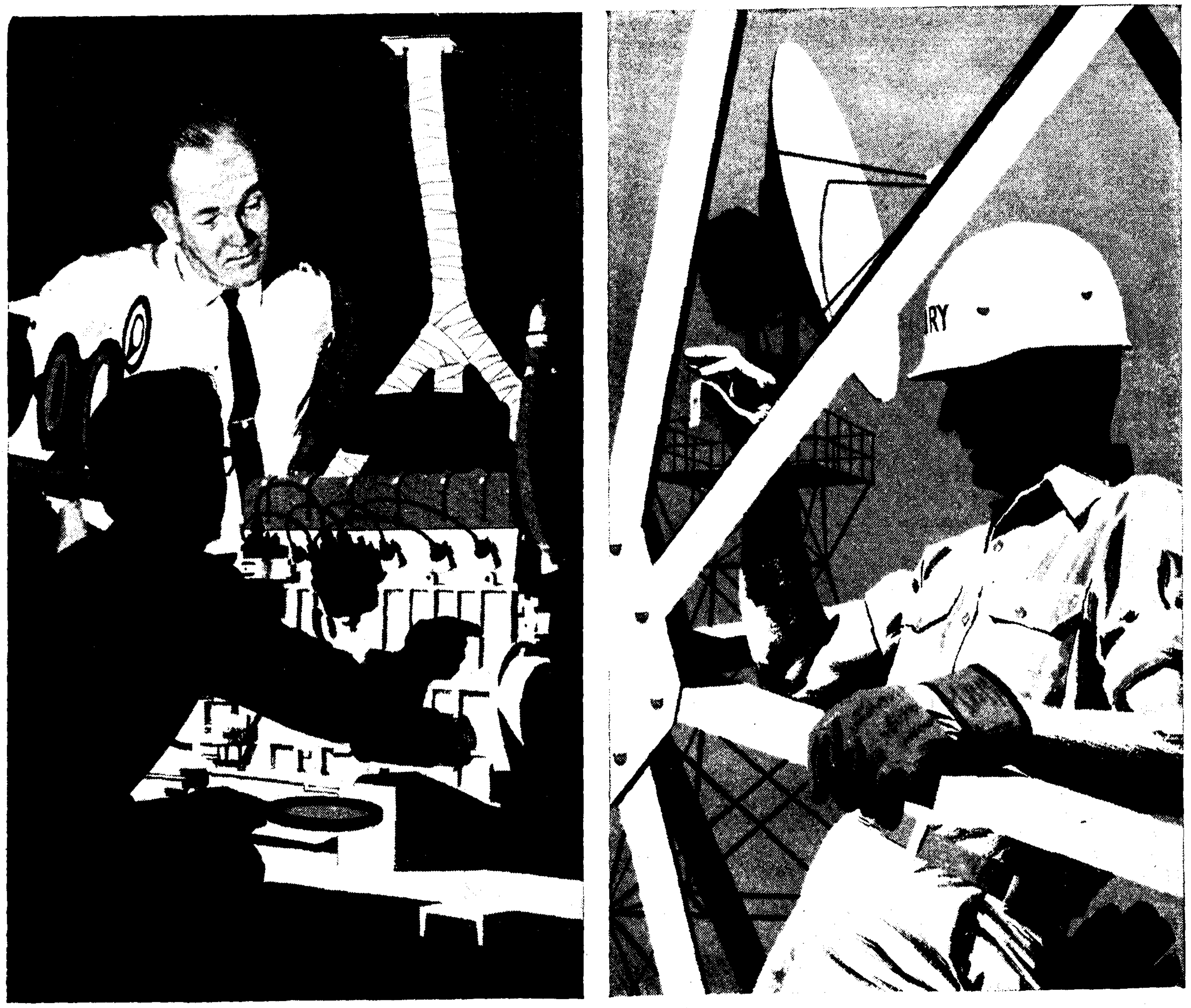
The **Potato Marketing Board** is to take a firmer line with indecisive farmers (p. 598).

The new **National Theatre** has been given the best possible director—but will his organisation divert cash from **other worthy enterprises?** (p. 598).

Money is flooding into the building societies (p. 642).

Morris has brought out a new small car with a difference (p. 638).

Detailed contents on page 589



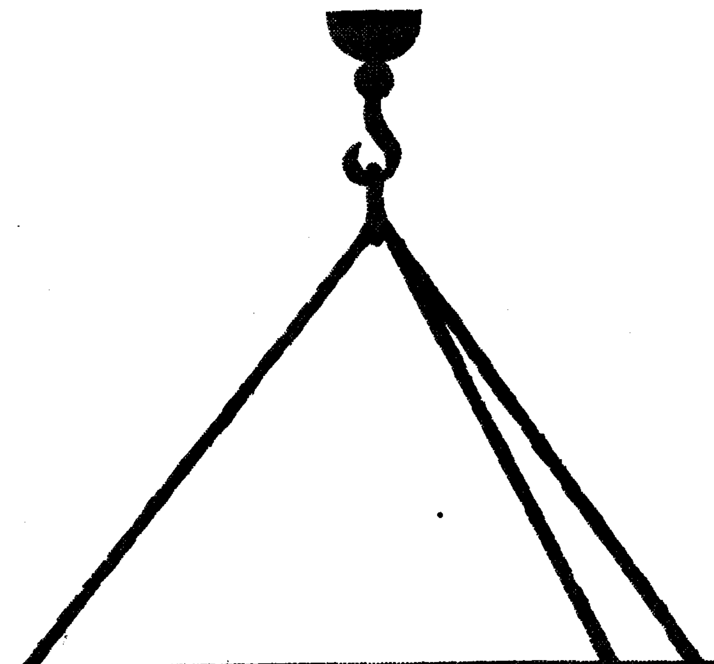
Stress analysis à la carte

PhotoStress* quickly locates areas of stress in a new die-cast aluminum engine block, for an automobile manufacturer. A builder of radar towers assures structural integrity with MetalFilm strain gages. PhotoStress shows distribution of live strains in actual parts, through meaningful color patterns. MetalFilm strain gages translate strains into electrical impulses for precise measurement and recording. These are but two of many Budd advances in testing and research. Budd's work in quality control is a natural outgrowth of its pioneering skills in engineering . . . metallurgy . . . tooling . . . welding . . . research . . . testing . . . production and development for international industry. These skills place Budd high among the world's 250 largest industrial concerns. For information on stress analysis instruments and methods, write THE BUDD COMPANY, International Division, Philadelphia 32, Pa., U.S.A.

*Zandman method

INTERNATIONAL **Budd** DIVISION

9.3964



ARABIA AUSTRALIA AUSTRIA BELGIUM BERMUDA CANADA CZECHOSLOVAKIA CYPRUS DENMARK EGYPT FINLAND FRANCE GERMANY GIBRALTAR HOLLAND HONG KONG IRAN IRAQ ITALY JAPAN LEBANON LUXEMBOURG MONACO MALTA NEW ZEALAND NIGERIA NORWAY THE PHILIPPINES PORTUGAL POLAND RHODESIA SPAIN SWEDEN SWITZERLAND THAILAND YUGOSLAVIA...

. . . for Britain television is an important export, and ATV is foremost among independent television companies selling programmes throughout the world.

While such series as 'Danger Man' (currently being viewed with enthusiasm in Sweden, Poland, Germany and Portugal) and 'William Tell' (followed with equal enjoyment in Japan and Egypt) form an important part of the market, sales are not restricted to entertainment programmes. ATV through its film-producing and distribution companies, ITC London and ITC America, are at present releasing the following documentaries for world distribution: the Sir Kenneth Clark art programmes; an hour-long report on America, 'The State of the Union'; a documentary on South America and many others.

With the filming of three new entertainment series, 'Man of the World', 'The Saint' and 'Fireball XL-5' overseas sales of ATV programmes will exceed 3,750.

ATV ITC

Certainly not...

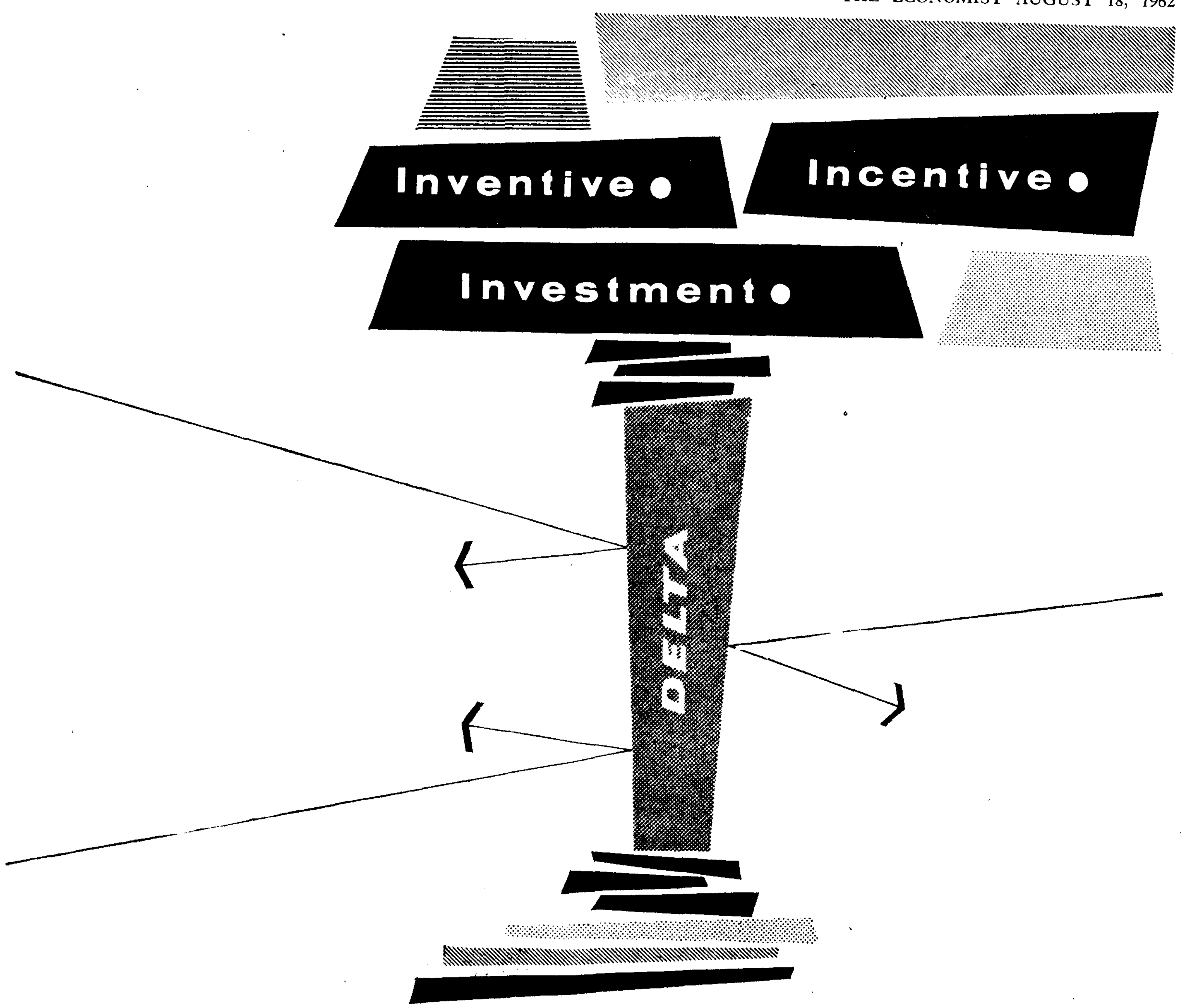
Clearly, no one in his senses would use chewing gum at a time and place such as this.

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.

E391/2



The inventive spirit is a dominating factor in the Delta Group of Companies. It began in 1883 when Alexander Dick founded the Delta Metal Company and invented the brass extrusion process—an achievement which has since provided continuous incentive for all members of the Group to devise new methods of production and to develop new and better materials. Today, the Delta Group is your measure of sound investment. It comprises more than twenty-five companies and is one of Europe's largest manufacturers of non-ferrous metals and alloys in numerous wrought and cast forms.

Products of the companies of the Delta Group include: wrought metals; plumbers' brassfoundry; hot stampings; pressings and forgings; pressure, gravity and sand castings; controls; gas, electrical and sanitary fittings and accessories; brass machined parts; general engineering.

DELTA GROUP

Specialists in non-ferrous metals and alloys.

The Delta Metal Company Limited
East Greenwich, London, S.E.10
Dartmouth Street, Birmingham 7

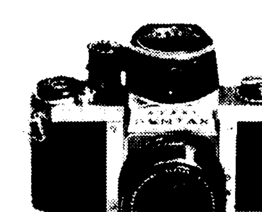
Mr. C. Krogscheepers of Martin Gibbs Ltd., Bloemfontein, South Africa, poses with a huge 10 feet one piece enlargement which he produced from his original 35mm Asahi Pentax negative. This picture is only a portion of the giant enlargement, and the 35mm contact print is shown above his hand.

STAGGERING PROOF of why the ASAHI PENTAX

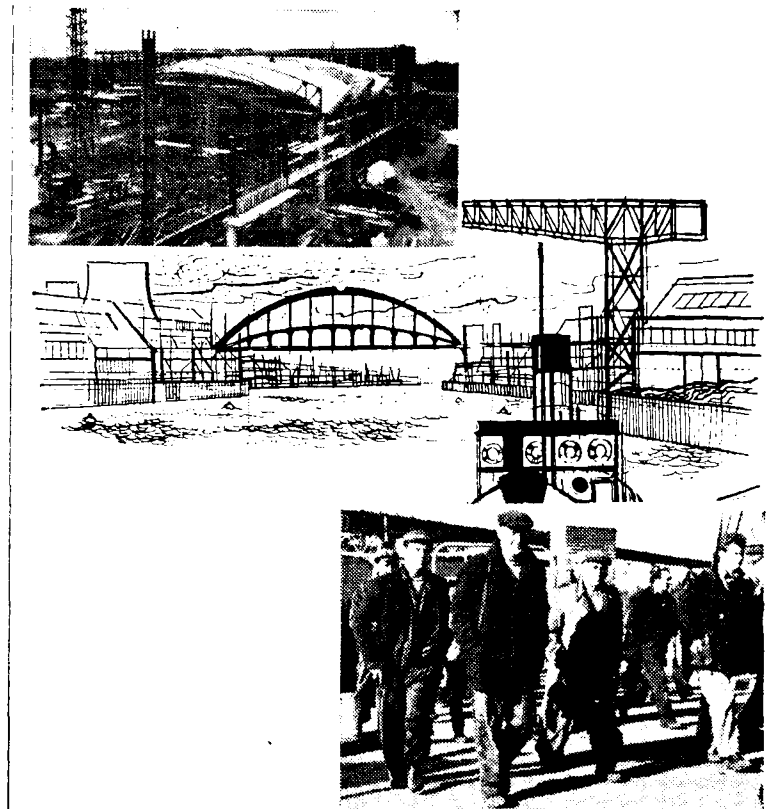
is enthusiastically acclaimed and used by photo journalists, professionals and discriminating amateurs the world over!

Get the maximum enjoyment from photography ... make your dreams come true ... with the Asahi Pentax camera. Through-the-lens viewing means that you shoot exactly what you see. The Asahi Pentax-invented instant return mirror eliminates annoying black-out. Focussing is quick and accurate with the ultra bright Fresnel screen. Razor sharp interchangeable lenses at varying focal lengths are available for all round versatility ... from intimate world of micro-photograph to the wide open adventures of imagination inspiring tele-photography. The Asahi Pentax is classically designed, light, trim, sleek and compact and is a real thrill to handle because of its finger tip controls. The new ultra-sensitive Asahi Pentax clip-on exposure meter using the latest CdS cell makes the Asahi Pentax system more versatile than ever.

ASAHI PENTAX



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



SUNDERLAND

Gateway to New Industries

94 acres of stable industrial land for lease or purchase. Adjacent to main roads and near modern housing estates. 3,000 semi-skilled and unskilled men and 500 women immediately available. Some skilled workers; others proved to be readily trainable. Plentiful juvenile labour coming forward. Rail access and service roads to suit industrialists' requirements. Modern port facilities. Leading Authority in the North East for housing. Houses available for key-workers. Outstanding Technical College. Gas, electricity, coal virtually unlimited and at very favourable tariffs. Excellent beaches and facilities for all types of physical and cultural recreation. Important shopping centre. Population 190,000.

SUNDERLAND **COUNTY BOROUGH OF SUNDERLAND**

Enquiries for further information to
R. E. VIDAL, Industrial Development Officer
TOWN HALL, SUNDERLAND. Tel. 56201

World's longest short cut—through Mont Blanc

Italian tunnel crews and Swedish steel conquer Europe's highest mountain

THE DREAM which has fired man's imagination since Hannibal crossed the Alps is now about to become a reality with the seven mile road tunnel through Mont Blanc, Europe's highest mountain. With the break through of the last few feet of rock the Italians can look back after more than three heart-breaking years of rock bursts, roof falls and flood hazards. Working from opposite ends of the mountain, the Italian and French drill crews have brought Paris 194 miles nearer Milan.

A constant fight against nature

The drill teams of the Italian contractors Societa Italiana per Condotti d'Acqua of Rome battled against gigantic natural forces all the way, with rock falls and flooding as everyday obstacles. Several times the rock conditions became so bad that the Italians could only advance with picks and shovels by small heavily-timbered pilot tunnels. Last December, they were almost drowned by a sudden influx of water at 250 gallons a second! Not until February did conditions at last become good. During that month the Italians' skilled handling of their Atlas Copco light-weight rock drills enabled them to achieve a total advance of 807 feet.

The right choice—light-weight rock drills

The only constant factor in the Italian operation was the courage and skill of the tunnel crews and the flexibility of their one-man Atlas Copco rock drills. Throughout the project, whether driving the tunnel full-face for a record advance of 807 feet in one month or drilling a pilot tunnel, knee-deep in water, the Italians used Atlas Copco hand-held rock drills fitted with Sandvik Coromant drill steels.
Ten Atlas Copco AR4 compressors met all the compressed air requirements.

Atlas Copco puts compressed air to work for the world

ATLAS COPCO AB · STOCKHOLM 1 · SWEDEN
ATLAS COPCO (GB) LTD · HEMEL HEMPSTEAD · HERTS

The Economist

AUGUST 18, 1962

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 608.

VOLUME CCIV · NUMBER 6208

What Goes Up

CHASING each other in vast circles, following virtually the same track, now tantalisingly close together and then drawing far apart, Major Nikolayev and Colonel Popovich have served the world this week as symbols both of man's achievement and of his frustration. Their successful endurance of million-mile journeys has helped to open the road to the moon. But the circumstances of their feat were a painful reminder of the barriers that have yet to be overcome on the divided earth.

This would have been true even if their twin orbiting had not coincided—possibly by intent?—with the first anniversary of the building of Herr Ulbricht's wall across Berlin; even if it had not come as a kind of divertissement in the middle of the series of nuclear explosions that Russia began—surely not by intent—on the anniversary of the destruction of Hiroshima, and which has already included several blasts in the same central Asian area from which the Soviet astronauts were shot into space. For the basic characteristics of Russia's intensively publicised space feats still include, paradoxically, an equally intense military top-secrecy.

The Soviet government is insistent on two themes: first, that its achievements in rocketry and sputnikery "show where supremacy lies," demonstrating not only a lead in these fields but the general superiority of the whole Soviet system; secondly, that its space programme is a wholly peaceful one, unlike that of the United States, which is represented as dominated by military aims. These themes were stressed, for example, in a Moscow broadcast last Sunday by Mr Yuri Zhukov and Mr Nikolai Polyanov, who went on to complain of American failure to co-operate in space research.

It is certainly deplorable that men should be reaching for the moon in a spirit not of co-operation but of suspicious and hostile rivalry. But the Russians are hardly in a position to claim that they have made co-operation easy. Their recognition of American achievements in space has generally been grudging. The United States' first offer of co-operation, made more than five years ago, evoked no response from Moscow until after Colonel Glenn's orbital flight; and the Russians bear at least partial responsibility for the sorry record of inactivity over these same years of the United Nations committees on outer space. When Mr Kennedy, in March, offered Mr Khrushchev a set of direct and specific proposals for joint action and pooling of efforts, the Soviet leader, while agreeing to discuss the possibilities, argued that military considerations were too intimately involved for any pooling activity to be possible before agreement had been reached on disarmament. At the Geneva disarmament talks this year, repeated western proposals for immediate action to prevent the "militarisation of outer space" have met a stubborn Soviet refusal to give priority to this question.

Russia has shown no sign of sharing the West's anxiety to avert the prospect of "orbital bombers"—satellites circling the earth and containing nuclear bombs which could be released at will upon any target. On the contrary, Mr Khrushchev has publicly claimed that Russia could orbit bombs over American territory just as easily as it has sent its spacemen on the same tracks. So long as military secrecy remains the rule of the space road, there is thus cause for concern at the appearance in the sky of any orbiting object whose purpose cannot be identified, and the Americans are already putting a considerable effort into techniques for "scouting" and "neutralising" potentially destructive satellites. This is one of the things that focus interest on achieving "rendezvous" between two orbiting vehicles.

When Nikolayev and Popovich were reported at one stage to be so close together that one could see the other's craft, it was quickly deduced that the Russians had made sensational progress toward achieving rendezvous. When they swept apart, it seemed there was still some way to go before the problem was licked; no attempt to close the gap by manœuvring one or both of the vehicles was reported. Rendezvous is of great significance for any attempt at manned lunar flight. Rather than launch a whole rocket with the power and payload for a manned moon journey from the earth's surface, it may well prove easier to send it up into orbit in pieces that can be assembled above the atmosphere.

But it is also clear that the rendezvous problem has a significance of a military kind. And the Russians cannot expect the Americans, or indeed the outside world as a whole, to believe that their space programme is strictly non-military while it still lurks behind curtains of secrecy that can be justified only on military grounds. Space rocketry is in fact a field of activity so ideally suited to the Soviet system in its present stage that Mr Khrushchev must give thanks daily to whatever providence he credits with having opened up the lunar road just when he most needs it. It is not only a matter of directing men's eyes to the heavens and away from the nagging "little local difficulties" of meat shortages, Mao Tse-tung and the marshals. Sputniks also offer an unrivalled combination of maximum publicity with minimum revelation. What other device could have such a universal impact on peoples who can never get within a hundred miles of it?

Unfortunately, when one comes down to earth, this passion for secrecy makes it very difficult to achieve any kind of rendezvous at all. At Geneva, Mr Kuznetsov has replaced Mr Zorin, who was apparently exhausted by the steady stonewalling with which Russia continues to resist any idea of international investigation of signs of nuclear test explosions being carried out; but the new Soviet representative at the disarmament talks has quickly demolished the speculation that he might prove more flexible than his predecessor. The latest American concessions, so painfully thrashed out in Washington, would cut the amount of possible intrusion on to Soviet soil by an international inspectorate to the barest minimum. It makes no difference. Even if the inspectors were all from non-aligned countries, were restricted to a few tremor-prone (and militarily unimportant) sectors of Russia's territory, were conducted blindfold across all other sectors, always accompanied by Soviet guides and mentors, and limited to making very few visits anyway, they would apparently still be unacceptable.

On Tuesday Mr Kuznetsov once again rejected the western governments' proposal that the scientific experts should get together and study the Soviet claims that all nuclear blasts can be positively identified at a distance by instrumentation; these claims, it seems, have to be taken on trust. Indiscreetly, perhaps, he revealed what looks like a barrier to all hopes of early progress on any sector of the disarmament problem—whether on nuclear tests, on outer space, or on general disarmament—when he alleged that "preventive war" against Russia had been suggested in America, and asked: "Do you expect the Soviet Union to disarm in such conditions?"

After five months at Geneva, there can be few people who expect the Soviet Union to show a serious interest in disarmament in any present conditions. Yet the head of the American Disarmament Agency, Mr William Foster, has hopefully detected a silver lining in the unbroken clouds this week, suggesting that the successes of Major Nikolayev and Colonel Popovich may increase the Russians' self-confidence and make them readier to get down to real disarmament negotiation. One cannot, presumably, expect such a change to show itself immediately. A good many successors to this week's heavenly twins may shoot up out of the deep obscurity of central Asia, flash across our skies, and return to the same obscurity, before Russia rids itself of its obsession with secretiveness, recognises the waste and the perils that it involves, and bestirs itself to make possible a fruitful rendezvous on earth as well as one in the high sky.

LIVING IN ORBIT

The Russian feat of putting a man into space on Saturday, a second man into orbit on Sunday, and bringing them both safely to earth on the following Wednesday deserves to be saluted on two levels. The first is that of sheer human courage. It is one thing to orbit the earth three, four or five times in succession, and another to resist the combined assault of claustrophobia and agoraphobia for days on end; only those who have endured trial runs on the ground in prototype space capsules can have any conception of what this means in terms of nervous strain and sheer physical discomfort.

TECHNICAL ACHIEVEMENT

It is difficult to coax a big rocket off the launching pad; doubly difficult to get it to put what appears to be the equivalent in size of a double decker bus into orbit; trebly difficult to make two such buses follow one another along an invisible route through space with a regularity and accuracy of timing that London Transport would find it difficult to match. The Americans can match the first, but not the second or third of these feats. Soviet rocketeers seem able to call on their missiles whenever their political masters command, regardless of the state of the rocket, the weather or all those other elements that make life at Cape Canaveral so unpredictable.

But Western Man, instructed by Plato and Aristotle, St Paul and Pythagoras, St Augustine, Descartes and Hume, will throw his hat into the air as he cheers Messrs Nikolayev and Popovich, and murmur under his breath "what for?" as he catches it coming down and puts it back firmly on his square, sensible head.

THE BASIC RULES OF SPACEMANSHIP

It is worth repeating, *sotto voce*, what the rules are:

(1) It is cheaper, easier and more economical of human life to put tiny tough instruments instead of big soft men into space to do whatever work needs doing there, civil or military.

(2) The human brain is many times cleverer, more flexible and—most important of all—more reliable than the electronic brain as at present built, so that wherever reliability is the prime requirement, it is preferable to send men rather than instruments into space.

The Americans, for example, have found that men can control and correct their space capsules where instruments alone would have thrown in the sponge. In the present state of the art, manned satellites might do better than robot satellites in such jobs as reconnaissance, orbital bombing, and the mating up of rockets in space to make moon-ships. Russians and Americans seem to agree that a manned moon rocket fired from the earth's surface in one piece is a technical impossibility in terms of sheer size (say 5,000 tons).

But the question why they should want to do any of these things should be directed to the military and the politicians, not to the scientists, who merely advise how to do it.

Interdependent on Whom?

A new impetus towards Atlantic integration must be Mr Thorneycroft's primary aim

MR THORNEYCROFT is due to visit the United States early next month. Just possibly this could turn out to be something of a portentous occasion. Ministers of defence are all professional proponents of interdependence: Mr Thorneycroft, of necessity, has to mean it. In scrapping Blue Water, the army's prospective tactical missile, last week he provided two explanations: that Blue Water was going to cost too much (i.e. other countries had not been interdependent enough to buy it) and that Nato had a plethora of tactical nuclear weapons in central Europe anyway (i.e. Rhine army, which will be given no new nuclear artillery of its own, is going to be forced to be interdependent with the Americans and Germans). This painful British experience should give any minister of defence something purposeful to say in Washington on the organisation of western resources, but Mr Thorneycroft's immediate troubles are only part of the developing strains within western strategy as a whole.

Seen from London, the successive demises of Blue Streak and Blue Water mean a major, and probably permanent, contraction of independent British efforts in serious rocketry. And when Blue Steel, the V-bombers' stand-off bomb, is replaced by Skybolt the British reliance on American nuclear vehicles, strategic and tactical, will be finally apparent. Seen from Washington, in the light of accepted American military thought at this juncture, this cut-off imposed on a separate, and weak, deterrent can be regarded with complacency. But in continental Europe the implication that the European half of the alliance is to be given a purely conventional part to play is held to be politically and economically intolerable. President de Gaulle has committed France to building its own deterrent; even if this effort eventually founders for the same financial reasons that have ended the Sandys strategy here, the political rsentment of a Gaullist Europe at over-dependence on the United States will remain to bedevil the alliance thereafter. Now west Germany, in the past fortnight, has both resisted American hints that it should increase its conventional manpower above the army level of 350,000, which is already the largest national commitment in central Europe, and intimated that to assist its own industry it will manufacture more arms at home than it buys from its allies (chiefly the United States).

The military consequences of the abandonment of Blue Water are largely gratifying to those, like *The Economist*, who have argued for a greater conventional effort in Europe and for a greater flexibility in the tactical doctrines of the British forces there. Mr Thorneycroft has recognised the over-kill capability already at Saceur's disposal; he has decided to speed up the modernisation of conventional equipment, with particular emphasis on increasing Rhine army's mobility; and by entrusting future nuclear support to strike aircraft (initially to the TSR-2, but shortly, it must be hoped, to a vertical take-off plane) there will be a clearer distinction between the forward conventional troops and the big nuclear punch. Instead of Mr Watkinson coming under fire because Rhine army could, allegedly, only fight a nuclear battle, Mr Thorneycroft is already being told from the Tory back benches that the Russians are bound to choose the British sector for any push because there will not be enough nuclear weapons defending it. Saceur, however, is under the impression that he controls modestly integrated forces, and not a congerie of self-supporting national contingents. In these circumstances the nuclear-naked British are hardly a liability.

But there are two more substantial issues that need examination. The first is that, with the abandonment of Blue Water, Britain's permanent contribution to Saceur's forces for the foreseeable future is likely to stick at a maximum of 55,000 men, plus tactical air support. It may be argued, as it was under the Sandys strategy, that a major war in central Europe is still the least likely contingency that Mr Thorneycroft has to plan for: many more unstable situations exist east of Suez. Nevertheless it should be clear that, by comparison with the other major allies, the British contribution to, and influence upon, defence in central Europe have been steadily declining. The Berlin crisis last year revealed the danger of accepting this situation in perpetuity; another Berlin crisis this autumn (after, perhaps, a Russian peace treaty with the east Germans) could again find the British military response lacking in allied, and particularly American, eyes. The second issue is whether the defence policy that now looks likely under Mr Thorneycroft is going to allow of a national use of such advanced weapons capacity as Britain has already acquired.

Blue Water, on most counts, is a superior missile to the American-built Sergeant, which is, in fact, going to provide the backbone of Saceur's capability in this sphere. (Equally, it is conceivable that there may be French or other European missiles that will have claims to be adopted in the future and—if interdependence remains as sketchy as it now is—will run into Blue Water's financial difficulty.) Britain, too, now has a rapidly growing surplus of fissile material (in spite of the partial closure of some production plants) for which there can be little military potential except as a contribution to the alliance as a whole. It has seemed feasible to argue that the best inter-allied use of Britain's total military capability should take account of this kind of effort, rather than, say, require Britain to double its expeditionary force, with its expensive tail, in continental Europe.

It is from the impression that British and European capabilities are being slowly stultified in the development of allied weapons systems that political pressure is liable to grow, not only in Britain but in west Germany, in favour of a separate European military effort. This pressure, together with the sense of growing European unity, is precisely the boost that could eventually end in a European strategetic nuclear force, even to the extravagant extent of duplicating the American deterrent. To declare roundly (as Mr Thorneycroft must be ready to do) that this would be wasteful, absurd and a negation of everything that Nato has stood for hitherto is not to be "a bad European." The one price that this country must not pay in entering Europe economically and politically is, by that very act, to divide the Atlantic alliance into two self-contained halves. The answer to the dilemma of which Blue Water is the latest illustration is not, therefore, to concentrate on European interdependence, useful as this could be (and as Mr Watkinson tried, unsuccessfully, to make it) in expensive conventional arms like tanks. The nub of interdependence, nuclear and conventional, lies in Washington, in the degree of mutual political control that the United States is prepared to give Europeans over strategic weapons systems (e.g. Polaris submarines) on this side of the Atlantic, and in the degree to which the United States is prepared to share major weapons developments, both nuclear and conventional, with other industrial countries of the alliance.

Europe is palpably in no danger of being reduced to a Turkish cavalry role in American strategy; if, indeed, the European allies are to give their existing conventional ground forces the hitting power and mobility required to parry a Russian conventional thrust, and if they are to contribute as they should to the tactical air and naval forces of the alliance, their budgets are likely to be strained for much of this decade without participating in the nuclear race. For Britain the best military sense of all behind Mr Thorneycroft's cuts is that defence expenditure soaring towards £2,000 million a year would have left precious little for the economic contest with the communist block in Africa and Asia. But the political attitude to alliances, particularly among inferior members, is seldom a matter of entirely logical conduct. As the 1960s advance Europe (we must hope with Britain) will be a visibly rising power in the world and in the alliance. If it is not to succumb to ambitions and resentments, real or imaginary, and attempt to elevate itself into something resembling a self-contained power, the division of responsibility within the western alliance will have to be hammered out in the immediate future. Can, for example, a strategic weapons system of 1970 vintage, and primarily satisfying United States requirements, be partly built and manned by Europeans? Or, failing that, can the United States ever be persuaded to buy conventional European arms in bulk for its own forces? These are old questions, which were easier to ignore when the American military and economic potential was nine-tenths of the whole alliance. It may seem impossible to discuss these matters with President de Gaulle in his mood of nuclear deprivation. It is certainly no time for any public British initiative while the common market negotiation hangs fire. But Mr Thorneycroft, as a potential European, should have a stockpile of pertinent, and awkward, questions to put next month.

The New Cities

Urban redevelopment lies at the heart of the most urgent of Britain's regional problems

EVERY advanced society has its population drift from declining, low-wage, poor amenity regions to booming, high-wage, visibly affluent ones. The Americans have it, the Russians have it, and now people are waking up to the fact that it has been happening in Britain since 1950 with even more vigour than the previous migration to the south-east in the 1930s. Over half a million people have moved from north to south of the Trent in the past decade. New employment is one reason: the social desire to get through the lace-net curtain between the Wash and the Bristol Channel and into the chintzy suburbia of southern England is another. It is now thoroughly fashionable to talk of the two nations: the north-west to be pitied, the south-east to be envied. Or, rather, both to be pitied: the north-west for too much unemployment, too many dingy city centres, too many old schools, too many privies in the back garden; the south-east for too much overcrowding, for over-loaded commuters' trains and jammed roads, for soaring house prices and rentals.

It is not quite so fashionable to declare that the economic forces which have prompted this drift from declining industries to expanding ones are invariably necessary and, in the short-term, wholly desirable ones; that firms need offices in commercial and financial centres like London and Birmingham if they are going to be competitive at all; and that entry into the common market (plus road communication across the Channel) makes it a much better idea to expand on the south coast than, say, at Jarrow or Dundee. At this stage, the most practicable answer to the problems of the two nations is not to implement the kind of programmes, usually involving the direction of industry, that declining localities, their MPs and their trades councils understandably hanker after. Nor is it to impose rigid physical controls on particular aspects of growth, like office employment, that authoritarian planners demand (which does not mean that there should not be fiscal ones). The essence of the matter is twofold: to cater for the growth industries in the growth areas by relieving congestion on a regional scale, including the release of land for building new, planned communities; and equally to reinforce the viable sectors of the declining areas by improving their amenities and encouraging the establishment of new industries in those regional localities where they are most likely to take root. Both these tasks require the acceptance of the regional concept; they also require greater organisational co-ordination between the Government departments concerned: the Board of Trade, the Ministry of Housing and Local Government, and the Ministry of Transport. Scotland, alone of the regions, already possesses some of this co-ordinated infrastructure within the Scottish Office; it is also the region that most

badly needs to adopt a purposeful plan of campaign (along Toothill lines) for economic and social renewal.

The redevelopment of the ageing Victorian cities and towns of Britain lies at the heart of any strategy to assist the two nations. In the north-west it means providing the social facilities that now play a major part in the drift to the south: executive or technical skill will not stay in, far less be attracted to, a dingy Bruddersford, whatever the potentiality of its industrial estate and its pool of unemployed. In the south-east it means relieving central congestion and pressure on housing accommodation both by a dramatic overspill operation and by coming to terms with the motor car, which is a menace in city centres but an invaluable and still largely unexploited asset in linking the suburbias, peripheral shopping and entertainment localities and the new towns beyond the conurbation's outer ring. There are three major needs. First, to concentrate the housing effort, particularly in the north-west, on the replacement of obsolete buildings; at present some 60,000 slums are cleared in Britain each year—and another 60,000 old houses slip into slumdom. Second, to redevelop central areas both as attractive foci for recovery in declining areas and to cope with new growth in growing areas. Third, to take proper account of traffic and parking problems in these urban areas in terms of a doubling or trebling of car ownership in the next generation.

THE experience of local authorities is now at the stage where the difficulties are clearly understood, often for the first time, but solutions for general application have never been scarcer. It is a sign of the times that the Ministries of Housing and Transport produced last month a joint bulletin of advice which gave particular emphasis to traffic. About one-third of urban authorities in England and Wales have plans for central area redevelopment already in active being or under consideration. These range from the extensive Newcastle scheme, a major attempt to provide a modern regional centre for a population of 2½ million, to arrangements of more doubtful benefit under which property developers are allowed to exploit the easiest commercial advantage in a town centre, plus a little road-widening, without much relevance to the needs of the town as a whole. In other cases still, planned redevelopment of any kind is held up because the local authorities simply do not possess the trained staff to deal with it. The Ministry of Housing is now sensibly pressing the idea of county planning teams and the preparation of town centre maps, setting out objectives.

But the biggest problem of all does not lie in town centres, which are always likely to attract investment capital. The real backlog of obsolescence and decay is in the "twilight" residential areas of the inner rings of towns, most of the property still rent-controlled, most of it without amenities like bathrooms, and most of it (particularly in the low-wage north-west) occupied by tenants who could not possibly afford economic rents after clearance and reconstruction. The defeatist answer is (as many councils now have to do willy-nilly) to let the rot continue and eventually treat these areas as official slums. If, as now seems to be the case, parity is approaching between numbers of families and numbers of houses, it should be possible to devote a substantially greater proportion of new building to replacing the worn-out housing stock: the Civic Trust has suggested an increase in clearance from 60,000 houses a year to 180,000. How can this, or preferably a better replacement figure, be achieved?

It needs to be tackled at several levels. The obvious marriage is again between the local authorities, who have the necessary powers of acquisition, and private developers, who have the capital and the expertise. There are occasions when commercial pickings (e.g., local shopping precincts) will be sufficient to cover neighbouring housing redevelopment as well. These should be exploited wherever possible, just as in actual overspill there is an equally good case for insisting on the extensive use of private development in the next batch of new towns. The second approach is for local authorities to acquire the land and then sell or lease it to private housing associations. But this is just not going to happen unless Sir Keith Joseph breathes some commercial life into the housing association idea; and it is doubtful, too, whether (outside London) there is a sufficiently large middle class that is prepared to put convenient access to the centre before suburban pleasures. But the attempt is certainly worth making for the sake of the growing number of town dwellers whose new incomes and preferences are steadily raising their sights beyond the ordinary council block.

The third approach, in impossible districts, is to set up special development corporations, drawing on Treasury funds but also with a contribution from local rates, and give them a wide and roving franchise to carry out progressive redevelopment as the opportunity occurs (e.g., when streets are declared beyond repair and where it is not worth trying to instal bathrooms and indoor lavatories). One's preference is to make this as much a local effort as possible. The Civic Trust and others have proposed that these development corporations should be modelled on the new town corporations and be given geographical entities to run on their own. It is difficult, however, to see local authorities subscribing to this loss of sovereignty except in sheer desperation; a better solution may be to tie the corporations in with existing local government—provided the local government areas are sufficiently large to give them proper scope for action.

The Civic Trust has itself retreated from the concept of a Land Finance Corporation which would buy all land proposed by local authorities for redevelopment and then re-sell it to private or public agencies at prices reflecting the profitability of each scheme. Equally, the Labour party's idea of a Land Commission to purchase all development freeholds looks a political non-starter (as well as offering serious disincentives to develop at all). The incentive that is needed to get things moving may well have to be a return to specific grants to local authorities for redevelopment, plus provision for deferred payment of interest on local authority borrowing to acquire clearance sites. This can only involve a large outpouring of Treasury funds. But such external aid should not remove financial responsibility from those local authorities whose housing funds and redevelopment plans are in trouble now partly because of a consistent refusal to charge realistic rents (plus rebate schemes) ever since the war. In getting this vast process of regeneration and planned new development under way Sir Keith Joseph has to undertake a backbreaking but increasingly urgent job. It is something that the political pundits are beginning to think there could be votes in it.

Well, What if We Don't . . .

in or out ?

. . . get into the common market? This will not be the end, provided a sincere effort has been made

WHAT with the effort to join, and the exertions of those who would rather we stayed out, there has not been much energy left to think about what will follow if the attempt fails. Since the possibility is there and needs thinking about, it is right to ask; but probably wrong, so soon, to attempt categorical answers. One would first want to see just what happened, how, and why.

Plainly a situation in which a revulsion in British opinion pushed the British Government into withdrawing would be quite different from one in which General de Gaulle had barred the way. In the first event, Britain would be back in the deplorable situation it was in from 1957 to 1961—handicapped in all its dealings with the six common market governments, with the people of their countries, and, curiously, with the Americans by the fact that when European union was in the air Britain had chosen to stay out. This would not be all. It might not even be the worst; the truth is—and many British people have grasped this, though the detail and the technicalities of the common market arrangements may escape them—that a self-imposed isolation from its neighbours would be the worst possible thing for the country's domestic health. An enterprise would have been shirked, an adventure left unattempted, a door shut; there would be feelings of inadequacy and a waste of self-justification.

As French opponents of Britain's entry are the first to see, the British position would be vastly more favourable if it were visibly France that slammed the door. This the French could get away with in 1958 when it was only the Free Trade Area that had to be obstructed, because they were able at all crucial times to convince their common market partners that the British, through their fear of European responsibilities and their lack of a sense of European identity, were denying the way into Europe to themselves. This was never the whole truth, but there was truth in it; it was not as deep as a well or as wide as a church door, but it served.

BRIEF BOOKLETS . . .

have been produced jointly by The Economist and The Economist Intelligence Unit to present the essential facts behind important current topics. Each takes about one hour to read. Here are the first three titles in this new series:

Brief 1 **RHODESIA: BRITAIN'S DEEP SOUTH** by Joe Rogaly
2 **MONEY FOR GROWTH** by Fred Hirsch
3 **LABOUR IN BRITAIN AND THE SIX** by Val Schur

Each booklet costs 2/6d. post free for remittance with order from:

PUBLICATIONS DEPT., THE ECONOMIST
22 RYDER STREET, LONDON S.W.1. WHI 1511

This time it is not so. Perceiving how important the difference is, the French have pursued a closely calculated policy of insisting on the last pound of flesh of national interest in every instance where they could hope to carry their partners with them, and always provided that their insistence could be presented as fidelity to the letter and principle of the Treaty of Rome. Even now it is not possible to say what the French would really rather have—a financial killing, or no new member. Thus there is not likely to be a plain case of deliberate, obstinate obstruction. If there were, the French would not carry the other five with them, and it would be the common market that would suffer the crisis of confidence.

On two matters the French knife has cut close to the bone: the definition of future price policy, and the insistence on a French interpretation of the financial regulations, attached to the common agricultural policy, which were agreed in January by the Six—but with the safeguard that the Council of Ministers could control the actual spending of the very large sums of money involved. Without doubt the French attitude is fully consistent with the spirit of the treaty. Equally, the possible cash implications are so large that the governments of the other five, and the British Government, would be at fault in not insisting on safeguards that they will not be committed to transfer entirely unreasonable amounts of cash from the pockets of their consumers to the pockets of the French farmers—and to the loss of Britain's traditional suppliers.

A negotiating position on these lines ought still to succeed. On a scrutiny of the negotiations to date, the outline agreement still looks attainable this autumn. There is no certainty of it; but we have to do our best, and in a manner that allows no doubt to arise about the British interest in promoting, and the British will to enter into, the European union. If Britain sticks firmly to this course of action, it is probably unrealistic to think of an abrupt, decisive failure. More probable would be a doldrums period, with postponements, fresh starts, and intervals when the countries concerned eyed each other and weighed up each other's intentions. Even a failure, if honestly arrived at in spite of a sincere will to succeed, would leave Britain in a far from hopeless relationship with the other five common market countries, with France, with the United States, and for that matter with itself. The Commonwealth countries would not find that the failure served their interests, but they would have to respect the reasons for it.

None of this would kill the impulse to a large united Europe. The logic that has pushed Britain into the Brussels negotiations, and has obliged the continental partners to listen, would remain obvious and would lose none of its force. Time, tolerance and patience would be needed until the yeast worked again and the moment returned. Unfortunate the loss of time would be; despondency would not be necessary.

NOTES OF THE WEEK

SIR WINSTON AND EUROPE

Who Said That?

SIR WINSTON CHURCHILL'S prompt denial that he had ever said to Lord Montgomery that he was "entirely against the common market" is the sort of reaction that Lord Montgomery, who had ample opportunity in war to learn Sir Winston's ways, had to expect. He can hardly have thought that the old master would let him get away with it; still, whatever the outcome, they would both be in the headlines again. The incident has importance, not because Sir Winston is now a specially prescient oracle—old men, as has been noted, have a tendency to forget—but because he is regarded as one by the rank and file of the Tory associations where doubts and anxieties about the Government's European policy are most widespread. In those circles Sir Winston's every word has all the force of holy writ. To have created the impression that the grand old man was ranged with Lord Beaverbrook would have hit the Government where it hurts most. Lord Montgomery is not noted for his political gifts but there was shrewdness in this apparently casual stroke.

Lord Montgomery's unchallenged statement would also have deprived Tory speakers of one of their most useful and effective lines of sales talk in persuading local Tories of the rectitude of Government policy. Radical innovation is best sold to a Conservative audience by persuading them that the change is rooted in their past. At the Brighton conference last year the anti-floggers were prompt to conjure up the name of Sir Robert Peel, as being the first Tory Prime Minister and also an ardent penal reformer. In the same way nothing goes down better with a Tory audience than to point out that the whole European movement was set on its way by Sir Winston in his Zürich speech in the autumn of 1946, when he called for "a kind of United States of Europe." In the present mood of the Tory rank and file, not quite abreast of what has happened in Brussels but a prey to Commonwealth doubts and fears, the stamp of Churchillian precedent could never have been more valuable than at next month's conference. Now, just possibly, there could be doubts.

Sir Winston's letter to his constituency chairman—written in August, 1961, but now published for the first time—was firm about the Commonwealth: "In my conception of a unified Europe I never contemplate the diminution of the Commonwealth." This is a sentiment to strike a sympathetic chord in Tory (and others) hearts, but too much need not be made of it. Sir Winston's ideas of European union were crystallised at a time when imperial responsibilities were real and vast; even then, his world had room for both.

DR SOBLEN

Still Pending

MR HENRY BROOKE is now thoroughly in the Soblen toils. After El Al's persevering refusal to remove Dr Soblen to the United States, the Home Office has now issued an order for deportation under article 20 of the Aliens Order, 1953. This authorises the making of a deportation order against an alien "if the Secretary of State deems it to be conducive to the public good." Dr Soblen's lawyers at once challenged this move by applying for a second writ of *habeas corpus*; the first one was applied for in the earlier wrangle last month. The writ has now been issued and Mr Justice Stephenson will hear full argument on August 22nd. This will not end the matter, however, since either side can go to the Court of Appeal and from there to the Lords. The Court of Appeal hearing is likely to be in the week beginning August 26th and the Lords hearing in a special vacation sitting beginning on September 6th, if, in the words of Dr Soblen's consel, "the assembly of their Lordships from divers beaches" can be made in time.

Four principal arguments are being put forward on Dr Soblen's behalf. The first is that under article 20 of the Aliens Order the Home Secretary has no express power to deport to a specified country. The second is that by making a deportation order in this form, the Home Secretary is making a non-extraditable offence extraditable. The Extradition Act of 1870 provides that "a fugitive criminal shall not be surrendered . . . if the offence is of a political character." Had Dr Soblen landed lawfully the British Government would have been obliged to refuse any request for extradition from the United States.

The third argument is that a deportation order is a quasi-judicial process and an order cannot be validly made if the deportee is given no opportunity to state his case. Dr Soblen was never given such an opportunity and has been loudly demanding one. It is normal Home Office practice to refer cases of deportation to a Bow Street magistrate for hearing, but this is a matter of grace, not of right. Finally, the defence argues that Dr Soblen cannot be deported because he was never here, having been refused permission to land. Since two courts have upheld Mr Brooke's initial contention that Dr Soblen was not in the country lawfully, this point has legal as well as metaphysical significance. The Home Secretary must by now be bitterly regretting his initial error in specifying a particular destination for Dr Soblen instead of getting him out of the country into another unspecified lap.

Passed to You, Please

ISRAEL'S part in the Soblen affair adds to the unedifying spectacle of buck-passing. As a fugitive from justice, Dr Soblen does not qualify for the Law of Return (which allows all Jews to make their home in Israel), and there has been no serious demand in Israel that he should be so accepted. But after he was expelled on July 1st, the Israeli authorities came under fire for the manner of his expulsion, particularly from members of Achdut Avodah, a left-wing party in the government. There were two main criticisms: first, Dr Soblen was bundled out of the country before his lawyer had a chance to apply for *habeas corpus*; second, an American policeman should never have been given charge of Dr Soblen on the El Al aircraft that brought him to London.

Although most of the opprobrium for the muddle has been officially rubbed off on the heads of junior officials, the fuss was fierce enough to induce the government to change its mind and tactics, if not its heart; El Al was then instructed to refuse to fly Dr Soblen to the United States. On the other hand, the Israeli government recognises, though without enthusiasm, its obligation to bring him back to Israel should the British Government demand it. Dr Soblen would then have the chance of applying for his immigration visa (which has already been refused once) through the Israeli courts. But with public opinion buzzing, the Israeli government's fervent wish is to wash its hands of this unfortunate wandering Jew.

NEW GUINEA

An End in Sight

WEDNESDAY night's agreement on the transfer to Indonesia of Dutch New Guinea, after seven months' interim administration by the United Nations, must be widely welcomed. For thirteen years the dispute over this territory has bedevilled relations between the two countries. West Irian, as it will generally be known from now on, is three times the size of England, but the population is reckoned at only about 700,000, many of them virtually cut off from civilisation by tangled mountains and swamps. Its oil and minerals have done little to offset the losses the Dutch suffered when Indonesia, impatient with their delay in handing Irian over, expropriated all their assets on its own soil in 1957 and expelled the Dutch themselves. When, and on what scale, the Dutch can hope for compensation for these losses now that a settlement is in sight, are open questions; but they can at least look forward to resuming business activity with, and in, Indonesia.

The UN now faces the task of finding a temporary policing force of 1,000 soldiers (to be drawn, it is understood, from Asian countries) and up to 150 administrative officials. Fortunately it will not have to pay the bills out of its own strained finances: the Netherlands and Indonesia have agreed to split the cost of the interim administration. But the Irian operation will add to the total load on the UN at a time when there is no immediate prospect of its being able to disengage from the Congo.

Indonesia has agreed to give the Papuan population an opportunity of self-determination not later than the end of 1969. Many Dutchmen have understandable doubts whether this opportunity, after six years of rule from Jakarta, will be a real one. As to that, much will depend on Indonesia's own future political course. Irian has long served it as a national rallying cry; and although President Sukarno's stock should now rise buoyantly for a time, one wonders what substitute goal may soon have to be indicated to keep all his people facing in the same direction. The possibilities are various; it might be tactless to single one out.

ARGENTINA

Martial Democrats

EVEN a wafer-thin constitutional crust is, it seems, more than Argentina's more obstreperous generals can bear. Last week, a group of rebellious military men, led by the fire-eater in chief, General Toranzo Montero, threw two war ministers out of the government in quick succession. The general proclaimed himself commander-in-chief of the army; now, after the flimsiest of patched-up truces with President Guido, he has been named head of the first army corps at Buenos Aires, and one of his faction (known in Argentine army circles as "democrats"), General Cornejo Saravia, has taken over the war ministry.

The brawl was not limited to which general got what top job. Superimposed on innumerable subdivisions, there are two main lines of thought within Argentina's armed forces. One group, nominated by the navy, favours leading the country towards a dehydrated form of parliamentary government. At present, President Guido sits in office, waited on by three military liaison officers and without benefit of parliament or political parties. Some time next year, so ran the plan, carefully vetted elections would be held; all Peronist or "extremist" parties would be excluded. The second military group, led by General Toranzo Montero who claims the support of 85 per cent of the army, has set its mind against even this whiter than white affair. In order thoroughly to disinfect the country from Peronist nostalgia, the generals are pressing for a "democratic military dictatorship" that will rule Argentina for "at least five years."

The most persuasive reason for keeping at least a smack of constitutional legality is the stand taken by the United States. So long as there is a president in his palace and an election in the air, American money will probably continue to come to Argentina; an out-and-out military dictatorship would forfeit aid. This is something that Argentina, bankrupt, seething with social discontent and already in trouble over the misuse of earlier loans, is in no position to do. Dr Alsogaray, the minister of economics, who has been commuting between Washington and Buenos Aires, is not, at the moment, a man to envy.

NATIONAL LIBERALS

Double-Barrelled?

THE National Liberal party may be dying but it obstinately refuses to lie down. The world has now been reminded of its existence by some vigorous kicking in its monthly journal *The New Horizon*, protesting against Mr Macmillan's sacking of some leading National Liberals in his Cabinet reshuffle. The National Liberals, who have 21 members in the Commons, did rather well in the previous government with three members in high office: Mr Maclay, Secretary of State for Scotland, Dr Hill, Minister of Housing, and Mr Renton, Minister of State at the Home Office. In addition Mr W. J. Taylor held junior office at the Air Ministry. Now their leading lights are reduced to Mr Niall Macpherson, Minister of Pensions, and Mr Julian Ridsdale, Under-Secretary for Air. Their protest at this treatment has gained scant sympathy from Conservative members, who resent any attempt to invest the National Liberal group with special political significance.

In fact the National Liberals are an historical rather than a contemporary political phenomenon. They date from the Simonite Liberals of 1931, who anchored themselves to Ramsay Macdonald's "National Government" (as opposed to the Samuelites who left it). Since then they have fought elections as a separate party but always in close concert with the Conservatives. In 1944 and again in 1946 overtures were made to the independent Liberals for a reunion, only to founder on the rock of the Nat Libs' alliance with the Tories. The independent Liberals declined to go for a joyride on the tiger, and in 1947 the Woolton-Teviot agreement firmly tied the Nat Lib-Tory knot. The National Liberals, however, retain their own organisation, council and whips. To confuse outsiders, there is also a club, the National Liberal, founded in 1881 with Mr Gladstone as its first president; except in name this remains a stronghold of the independent Liberals.

Even before the present fracas it was being widely canvassed among Conservatives whether the continuance of a separate group of National Liberals served any useful purpose. The group did provide the government with its numerical majority from 1951-55, but most Conservatives have disliked the additional label of "Liberal" and its use merely infuriates Mr Grimond's followers. The Norfolk Central by-election may now be a test-case for the double-barrelled label. Mr Collard, the previous member, employed it although in reality he was a right-wing Conservative. His predecessor, Sir Frank Medlicott, also used it—and with more reason: he opposed the government over Suez and later resigned his seat. Now Sir Frank has joined the Liberal party and is likely to play a prominent part in the by-election campaign. Whether to call their candidate National Liberal, National Liberal and Conservative, or just plain Conservative, is a nice dilemma for the Norfolk Tories.

TRADE UNIONS

Eyes Overseas

SO the top brass of the Trades Union Congress is going to take some trips around Europe to see how unions in other countries face up to the question of wage planning—and about time too. For a long time now other people in Britain have been looking at European countries' records of industrial peace and smooth bargaining techniques: the Dutch and the Swedes, above all, have been singled out for envious praise. The TUC's leaders are too shrewd to expect to find a ready-made set-up waiting to be copied even in these two countries, but they are likely to find their Swedish experience, at least, rich in ideas. The Dutch have a strongly centralised system of wage-fixing, with a state board at the top and with innumerable technical commissions working away at rates for specific jobs; but when asked why—rather than how—their system works, Dutch trade unionists and employers are apt to confess that they have no idea, except that the big bosses and union leaders all spent the war together in concentration camps, when they fell into habits of co-operation that are impossible to break. The Irish often pass for having copied the Dutch system for their new planning board—but visitors to the Irish Congress of Trades Unions are lucky if they are warned in advance not to mention the word Holland on pain of forcible expulsion.

The Swedish system is less formal, far less tidy, and does not depend on any extraordinary historical experience. A recent study* makes it plain just how fluid the Swedish set-up still is, and how far it can be got round (a recognised technique for introducing wage-drift into piece-rates is known as the *fiffelfactor*). But it is clear that the good behaviour of unions and employers is secured by the constant threat of legislation that would limit their freedom of action. The study also shows how the strong organisation of the manual workers' TUC was brought about in the first place by the exceedingly tough alliance formed by the employers' federation. Even now the employers contribute cash to a fund for compensating members suffering during a strike, and are perfectly ready to call a national lock-out against the unions. So workers and employers face each other from positions of strength, and are each prepared to delegate their affairs to teams of experienced bureaucrats, soundly educated in economic realities. The government, of course, holds the ring, and the courts enforce the carrying out of established labour contracts; but bargaining is carried out with a toughness only limited by fear of the other side's deterrent strength. No doubt the British Employers' Confederation, as well as the TUC, would benefit from a visit to Sweden. Employers get the trade unions they deserve.

* Collective Bargaining in Sweden. By T. L. Johnston. *Allen and Unwin*. 458 pages. 40s.

GHANA

Vanity, Vanity

GHANAIANS do not yet have the self-confidence to endure with calm or resignation the reproachful finger-wagging of a white man. So, on Monday, Bishop Roseveare, the head of the Anglican church in Ghana, and Archbishop Patterson, the Anglican archbishop of West Africa who had been visiting Accra, were both told abruptly to leave the country. Both clergymen left for Lagos, where they were in any case intending to go that day or the next to take part in a congress of Anglican church leaders. On the same evening, but with even less ceremony, Mrs Mary Dorkenoo, a British correspondent married to a Ghanaian, was bundled off to London.

Bishop Roseveare's transgression was his public criticism of Ghana's national youth organisation, the Young Pioneers. On Sunday, the archbishop, preaching at Accra, threw in his weight on the bishop's side. That the Young Pioneer movement is an unprepossessing, let alone godless, claque for President Nkrumah is a perfectly understandable opinion. All Christian groups must share this view. But Ghanaians, however, are unable to take casually criticism of the sort of organisation which, rightly or wrongly, they believe is the most effective instrument for holding their country together and asserting its image on the international scene. The timing, too, was unfortunate in that the Ghanaian government has not yet fully recovered its self-possession after the unsuccessful attempt on President Nkrumah's life on August 1st. The Anglican sermons fell on jumpy nerves.

It needs more than a bad attack of nerves to explain away the singular pointlessness of the expulsion of Mrs Dorkenoo. Her treatment was harsh: she was put on an aircraft without warning, and cheated of her three children in the process. If the reason may have been inefficiency and not calculated cruelty, the result for her was the same. Mrs Dorkenoo is not only herself a sympathetic reporter of Ghanaian affairs; she has also often helped visiting correspondents to take a kindlier view of the turmoils of a new country. Her comments since she was dismissed show that she has retained both generosity and sense of proportion.

CHINA

The Dealers?

EVEN before 1955, when Mr Chou En-lai (then communist China's foreign minister) said his government would negotiate with responsible emissaries from Formosa, there were rumours of dealings between Taipeh and Peking. The 1955 vintage was an offer by the communists to make General Chiang Kai-shek the governor of Formosa, provided he accepted Peking's suzerainty. The latest report—related by Mr Dennis Bloodworth in last Sunday's *Observer*—is that the Chiang family is trying to preserve its dynasty by negotiating with Peking. According to the agreement said to have been reached, neither side would make a serious attack on the other during General Chiang Kai-shek's lifetime; but after his death Formosa—still expected to be under Nationalist control—might be allowed an autonomous status under Peking "similar to that held by Tibet." During the subsequent decade or so, there would be a referendum to determine whether Formosa would be independent or part of China proper—as both sides, to date, have claimed it to be.

Although the United States restrains General Chiang Kai-shek from trying to fulfil his 13-year-old dream of returning to the mainland, its Seventh Fleet also protects Formosa; and is likely to do so long after Chiang has gone. This protection probably seems more desirable to the inhabitants of Formosa than some vaguely Tibet-like status (which the Tibetans do not seem to like very much). However, Peking might have an interest in putting such a rumour in the pipeline. It realises that all is not well between the seven million Taiwanese and two million or so mainland refugees now living in Formosa. Although Taiwanese discontent is not organised, a reflection of it was seen in 1961 when Chiang Kai-shek imprisoned Lei Chen and others who had not only tried to organise an opposition party, but had dared to doubt the myth of a Kuomintang return to the mainland. Then again, the Nationalist army contains many Taiwanese conscripts, who are unlikely to want to ride with the Kuomintang to a mainland Valhalla. But if the rumoured agreement really exists, and if Chiang Kai-shek's son Ching-kuo wins the struggle for power that is likely to follow his father's death, then the myth of the return to the mainland will be killed stone dead.

Rumours of this kind are liable to arise

The Economist

AUGUST 16, 1862

THE GROWTH OF FRANCE

M. La Guerronière has started a new paper of which a principal object is to magnify the fame of the present Government of France, as well as to direct its policy. Very experienced observers, far shrewder as well as more conscientious than M. La Guerronière, have been singularly impressed with the most marvellous "outward and visible" progress of France since 1852. The evidence, indeed, is written on the very face of the country and in all its public documents. Its trade has enormously increased; its revenue has much augmented independent of any augmentation of taxation: wherever the traveller strays, he sees the reign of growth and prosperity; whatever town he enters, he sees new symptoms of progress and of hope; whatever new district he visits, he finds some trace of the same pervading and omnipresent spirit, In the capital the change is not only considerable, but wonderful. . . . All lovers of liberty, however moderate, tolerant, and constitutional they may be, cannot but ask themselves this question: Are we to judge of the tree by its fruits? Is the despotism—the presiding, interfering, "terrestrial Providence," as its admirers term it—of an Empire the cause of these great improvements? If the system of Louis Napoleon have produced these great benefits, it cannot but be substantially excellent; and if it be so excellent, we must reconsider all our received ideas of liberty and free government. . . . The truth is that the Imperial Government inherited a great inheritance. It commenced soon after the first great construction of railways in France, and in its earlier years it carried forward the production of similar works with great energy and judgment. The effect of the whole creation of railways in France has been wonderful. . . . The whole country has started forward with a vigorous alacrity and an equable celerity to which the previous history of France did not afford any example. . . . Upon the whole, therefore, the great improvement in France under the present Government does not by any means support the deduction which M. La Guerronière and other adulatory writers infer from it.

whenever Washington and Taipeh are at odds; Rapallo complexes, it seems, can flourish in Far Eastern politics as well as in central Europe. But the rumours come from a twilight world where, in Hong Kong, Macao, and Singapore, conspiracies are dreamed up and myth matched with counter-myth; so who knows?

POTATO BOARD

Thinning Out

THE Potato Marketing Board has had a particularly awkward season, what with a revolt among its members and a dire shortage of spuds for everyone. One of the board's main difficulties has been the erratic behaviour of too many farmers who, having told the board that they were going to plant potatoes, have simply not done so. These are mostly small and sometimes less than efficient growers—the big commercial ones know well in advance what they are going to do—and they, having upset the board's plans, have got away scot free while some large and expanding growers have been penalised for over-production. In each of the past four years between 80,000 and 160,000 acres of land on which the board had expected potatoes to be grown have been used for other purposes.

The board has been long-suffering for too long. Next season it is to reshuffle the way in which allocations are shared out among growers, on the basis of the actual acreage they have used for potatoes over the past four years: and it will make inquiries in the autumn, and perhaps again next spring, to find out just how much of their ration has been taken up by the growers. This should give the board a little more flexibility in allowing further plantings before it is too late if the potential crop looks (like last year's) to be falling seriously below expectations. Although the small grower has a continuing part to play, the long-term need is to encourage the large-scale commercial producers who can both use the seasonal labour force most economically and invest in the new techniques and storage facilities that are beyond the means of the small grower. The board has taken a step in the right direction.

NATIONAL THEATRE

Star Boss

SIR LAURENCE OLIVIER was the best possible—perhaps the only possible—choice as director of the National Theatre that is to rise on the south bank of the Thames. He has the theatrical knowledge; he has the public magic; he has the administrative talent—which has had a successful public inauguration at the new Chichester theatre this summer; and he has at his elbow a powerful board under Lord Chandos. No doubt, Sir Laurence would not have taken the job without proper assurances both of continued financial support and of artistic independence.

Two further tests for public policy are, however, looming on the horizon. Both the Theatre Royal, Stratford, and the Bristol Old Vic are looking for money to continue their work; if it is to support them in the manner which they deserve, the Arts Council will need more funds. Stratford has, until this year, received no state grant, but its ambitious new work both in Warwickshire and in London has made it a strong candidate for subvention. The Bristol Old Vic has hitherto received its support as an offshoot of the Old Vic organisation in London, which is now to merge with the National Theatre. Without help both from Bristol corporation and from the Arts Council it could neither keep its noble old theatre nor its permanent company beyond next year.

The Government is giving £1 million towards the building of the National Theatre (£1.3 million is to come from the London County Council), and will guarantee a continuing subsidy of £400,000 a year. To this it is committed. The danger is that somebody in the Treasury may now get cold feet at the thought of this new and substantial subvention, and that the sufferers, for reasons of political prestige, will not be the National Theatre company but the smaller, less pompous, but probably more deserving theatres of the provinces.

SOVIET UNION

Not His Castle

ONE dilemma facing the Soviet planners is how to harness individual initiative without giving too much scope to private enterprise. Farming is one field in which their hesitations on this point are often seen. Housing is another. A decree issued in Moscow on August 6th foreshadows a complete switch from the private construction of individual houses to the co-operative building of multi-storey dwellings. The transition is to be gradual.

Private building has had its ups and downs in the Soviet Union. In recent years, as part of the general housing drive, it has had a good deal of rope. In the last three years, for instance, individual construction, with state subsidies, accounted, on an average, for about 25 million square metres of floor space, or nearly a third of all new urban housing. Things are going to be different; under the new arrangement groups of people, presumably working in the same factory or office, will have to form a building co-operative to get their permit, together with credits of up to three-fifths of total cost.

The primary object of the new move is not to cure workers of the property instinct, or to deprive the privileged of their dachas. It is, rather, economic efficiency. Russia is exerting itself to make up its lag in housing, aggravated by the sustained industrial revolution. Its vast housing drive is still very far from meeting the country's immense needs. The planners' job is to make the most economic, and rapid, use of available resources. To this end they have dropped Stalin's ornamented façades and his skyscrapers; the fashion now is for blocks of flats of three or four storeys. Individual houses fit even less than giant buildings into this new pattern. Co-operatives will be better equipped to fulfil the regulations of the town-planners. Thus economic and ideological considerations happily coincide.

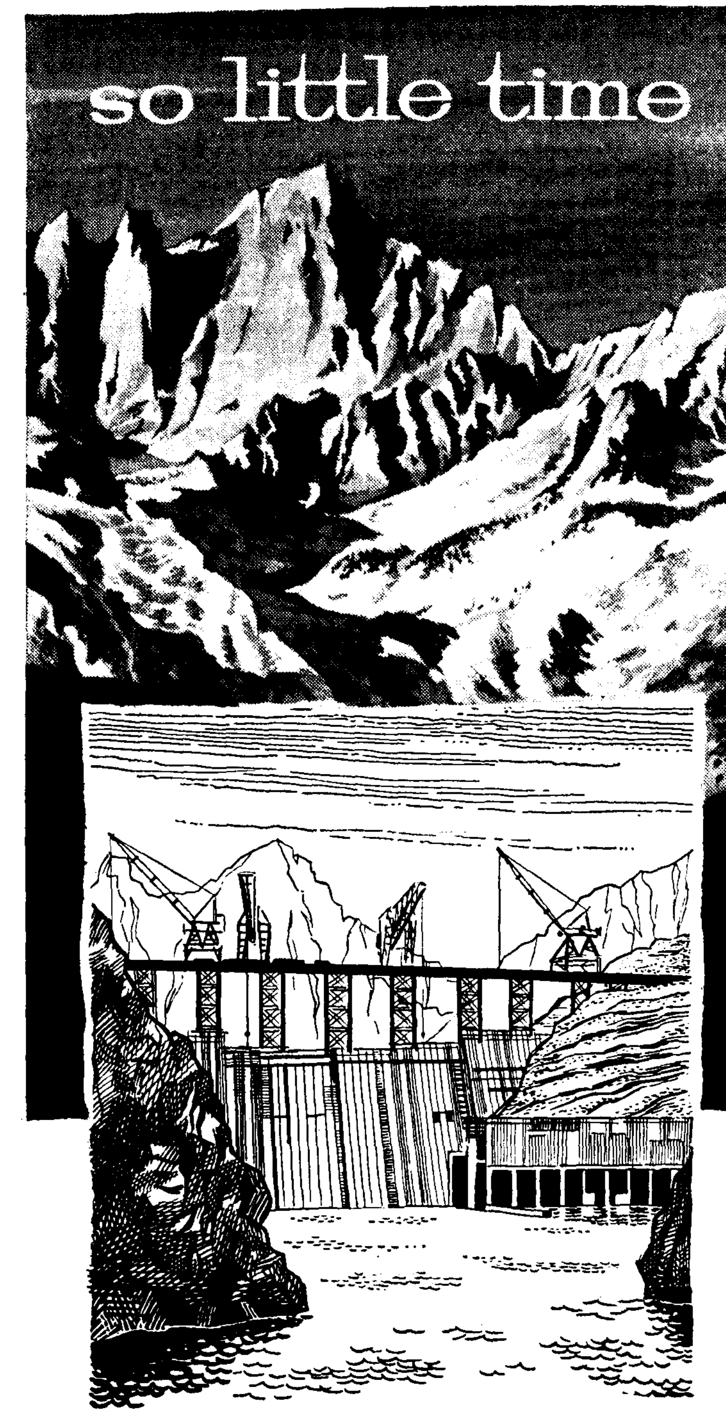
KENYA

Majimbo for All

"THERE are signs of another Congo in Kenya." This warning came (*our special correspondent cables from Nairobi*) from no less an authority than Mr Jomo Kenyatta, last Sunday, before 50,000 of Mr Mboya's supporters in Nairobi stadium. Mr P. M. Koinange, the travelling conciliator for all East African nationalists, followed up with the blunt comment that Kenya's troubles were to be blamed not on the British or on any white men, but on its own internal squabbles.

So they are, indeed. Mr Paul Ngei (himself not lacking in visible tokens of personal prosperity) has attacked his own party's ministers for waxing fat and forgetting the masses. His loud demands for more land, more jobs and money, and fewer white men, and Mr Oginga Odinga's simpler plea just for fewer white men, echo against a background of unemployment and discontent. In Mr Odinga's own Central Nyanza area political thuggery is being put down by African riot police; in the councils of the Kenya African National Union, Mr Kenyatta's unitarians are doing their best to put down the heresy of the three Kamba leaders who last week moved towards the Kenya African Democratic Union policy of "Majimbo."

This policy, originally put forward as a sane regionalism designed to check would-be dictators at the centre, has rapidly degenerated. Congoists all, it seems, every Kenyan with a voice, a mother and two friends is jostling for some form of local autonomy before the regional boundaries commission, which embarked on August 9th on its task of demarcating the six regions envisaged under the coming constitution. On Tuesday Mr Kenyatta led a Kanu delegation (not including Mr Mboya) which urged the commission to uphold the existing regional boundaries against all these claims. On Wednesday the unrepentant Kamba leaders told it that their people should not be grouped with the Kikuyu; and some of Kanu's Luo members published an attack on "Kikuyu tribalism." But this is not entirely a struggle between Africans. Unfortunately, many local Europeans, still obsessed with fears of the Kikuyu, tend to support Kadu's Majimbo mania, and welcome every possible split in Kanu.



Fast, forward urgently moves the world today. Never before so much reshaping, rebuilding. Never so much need of Priestman help. Clearing sites, speeding work on dams and drainage schemes. Keeping waterways safe. Moving much-needed bulk material faster. Wherever civilization is speeding peacefully there you will find men relying on Priestman Excavators, Cranes, Dredgers and Grabs to help build a better world.

PRIESTMAN

We move the earth all over the world

PRIESTMAN BROTHERS LIMITED • HULL • ENGLAND

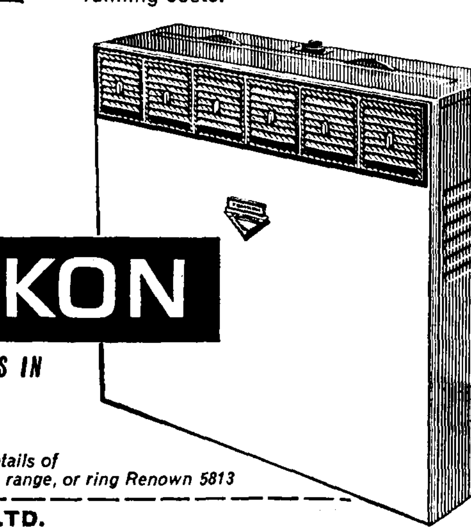
SHUT THAT WINDOW—

—and keep COOL

It's better business to air-condition your boardroom and executive offices. Open windows let in distracting noise, dust, fumes; unventilated rooms grow stuffy, exhausting. But a Temkon *refrigerated* air-conditioner keeps the room cool, calm, fresh—brains alert and businesslike.

The Temkon 'Whispair' floor-standing unit is the world's quietest room air-conditioner. It just *breathes* out clean cool refreshing air, filters out dust, reduces humidity. And it even supplies background warmth between seasons!

One room, a suite or your whole building can be fitted with these elegant, slim-built units for less than half the price of a central installation. Each unit allows for personal control of room conditioning and cuts running costs.



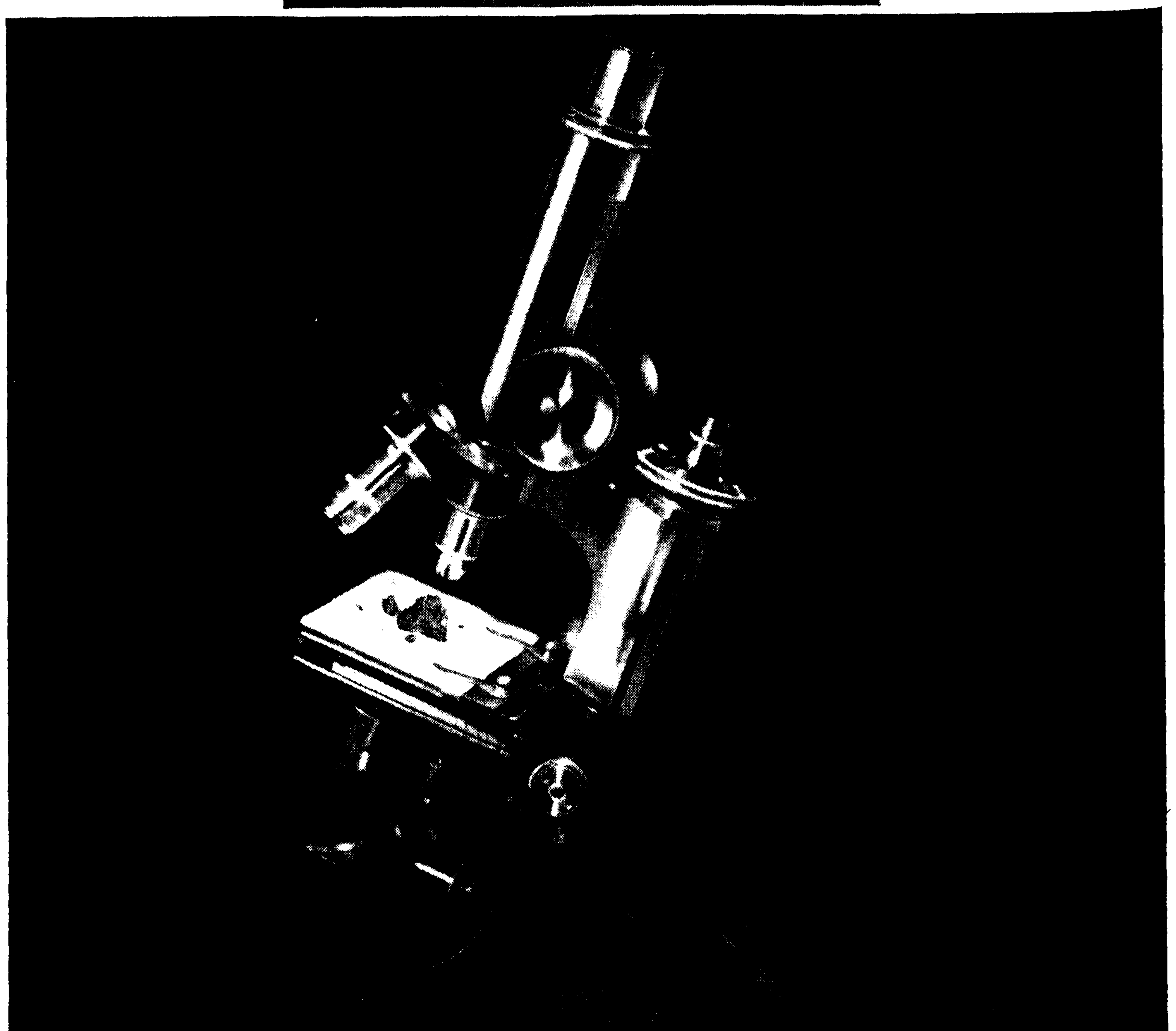
TEMKON

WORLD-WIDE EXPERTS IN REFRIGERATION AND AIR-CONDITIONING

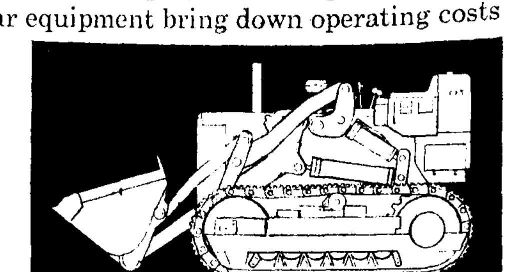
Send the coupon for full details of the Temkon air-conditioner range, or ring Renown 5813

TEMPERATURE LTD.
Dept. EO/3E, Burlington Road, London, S.W.6.
Please send me details of full Temkon range
Name..
Address..

HOW BIG A LOOK DO YOU TAKE AT EARTH?



Caterpillar is used to looking at earth by the million cubic yards, assessing the job of moving it, and then producing the right equipment for the job. Being right for the job, in fact, is what helps Caterpillar equipment bring down operating costs to rock bottom. That is why, no matter how vast the project or how remote the area, it pays to investigate costs alongside the Caterpillar standards of *high* production and *low* per-cubic-yard cost.



CATERPILLAR WORLD'S GREATEST NAME IN EARTHMOVING

Caterpillar, Cat and Traxcavator are Registered Trademarks of Caterpillar Tractor Co.

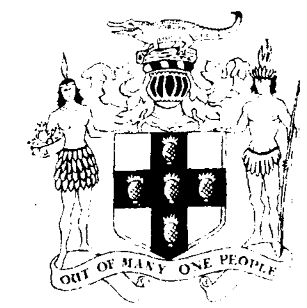
TRACTORS · EARTHMOVING EQUIPMENT · ENGINES · PARTS

Caterpillar Tractor Co., General Offices, Peoria, Illinois. Caterpillar Americas Co., Peoria, Illinois. Caterpillar Overseas S.A., Geneva. Caterpillar of Australia Pty. Ltd., Melbourne. Caterpillar Brasil S.A., São Paulo. Caterpillar Tractor Co. Ltd., Glasgow. Caterpillar of Canada Ltd., Toronto. Caterpillar France S.A., Grenoble. Caterpillar (Africa) (Pty.) Ltd., Johannesburg.

THE WORLD OVERSEAS

Waiting for Busta

BY OUR SPECIAL CORRESPONDENT



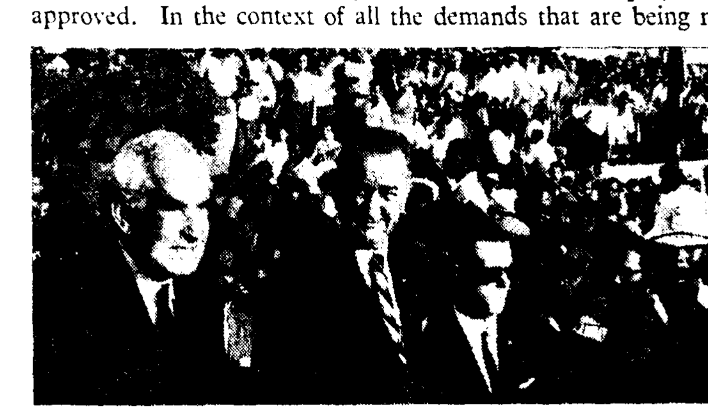
EXHORTED by the determined heartiness of government admen to "jump-up for independence," Jamaican family parties obediently swayed or hopped their way through the bannered streets on the night of August 6th. The birth of independence was soberly welcomed as timely and proper—although, in Kingston at least, there were also those who gently mourned the interment of federation. Three centuries of British rule have left a rubbing of British decorum, and the string of public holidays that followed independence carried, at times, a whiff of wet English Sundays. To protect their exalted guests from embarrassment or worse, the Jamaican police kept a vigilant eye on security, but, so far as this correspondent could tell, the peace of Kingston's excellently organised celebrations was disturbed only by the occasional outbursts of bellicose patriotism when sailors from the visiting British cruiser collided with sailors from the visiting American aircraft carrier.

These passing brawls between American and British seamen reflected one of the sillier foreign reactions to Jamaica's independence celebrations. Like rival impresarios measuring audience reaction, the American and British press counted the crowds and the cheers as Princess Margaret and Vice President Lyndon Johnson processed on their sometimes separate ways. Not so pretty, so young or so royal, the Vice President started at long odds, but gained steadily as he swung off at a fine Texan tangent. He and Jamaica's prime minister, Sir Alexander Bustamante, understood one another: "I like Americans," said Busta; "We like Jamaicans," thumped back Mr Johnson, and the sugar workers yelled their appreciation—even when Mr Johnson gave them, unsolicited, his high school motto on self-help. "The Yanks are taking over the show," came the disconsolate British mutter; the Americans responded with smug symbolism about the difference between our yesterdays and our tomorrows.

Silly and undignified as all this was, it might not have been devoid of point if it had meant that Britain and America were seriously competing to help Jamaica. Few of Jamaica's senior officials hold any such illusions. Britain's legacy to Jamaica was a two-party parliamentary system, a respect for law and order, a faith in freedom and justice. If these bequests had been given the material backing of a serious effort to develop the country's resources or to educate the people to do so themselves, Britain's retreat might seem less of a scuttle. As it is, little was done in the past, and it looks as if less will be done in the future. Jamaica and the other Caribbean territories stand far down on Britain's list of economic and strategic priorities. There is not even a numerous settler class to cry shame. So far, Britain has committed itself to a loan of £1½ million to help out with the budget, and a grant of £1¼ million—most of it already promised, but unspent, while Jamaica was still a colony.

Jamaica is a lush tropical island that could, if a relatively small amount of money were spent on land reclamation, terracing and irrigation, feed itself and have food over to spare. Its economic blessing is diversity: its foreign currency comes from bauxite and alumina (developed by North American capital) sugar and rum, bananas and tourism. But the situation as the British decamp is that the bulk of the people are seriously undernourished in a country that depends on the import of food, consumer goods and talent. Milk and meat are scarce everywhere: a luxury hotel in the north of the island hits a peak of futility by assuring its clientele that its eggs come from New Orleans and some of its fish from the Channel Islands. The number of illiterates (if those who can just scrawl their names for a vote are included) is believed by some to be as high as 80 per cent of the population. The official figure for unemployment is 17 per cent; this does not include the disguised unemployment among the peasants.

CAN the Americans, then, do better? The economic interest increases with the flow of private investment; the strategic interest is geographically inescapable (although Mr Johnson's retinue was caught off balance by Busta's heady offer of military bases). Jamaica has applied to join the Organisation of American States (which has gone into a huddle to find out what to do about this unprecedented step) and Jamaicans are thinking about learning Spanish. Apart from the peace corps volunteers working in Jamaica, and the scholarship grant of £27,000 that Mr Johnson brought with him as a gift for independence, the United States is proposing to give Jamaica £2.4 million out of Alliance for Progress funds. The money is to be spent on water development and housing schemes and on agricultural credit; it will become available over the next 2½ years when and if the projects are approved. In the context of all the demands that are being made



Understanding one another: Busta and Sir Lyndon Johnson

on American generosity, this grant is rather more than might have been expected: the sugar workers, with Mr Johnson's evocation of the United States and Jamaica marching hand-in-hand to freedom ringing in their ears, might be excused for asking for more.

Senior men at the ministry of finance are trying to get into the heads of their people that they have to depend largely on themselves. A development plan was prepared while Mr Norman Manley was prime minister; now it has gone under cover while the new ministers find ways of wearing it with a difference. The pattern of light industry and modest agricultural development remains; with luck Sir Alexander, who came in on the peasants' vote, may increase the agricultural emphasis. But with whatever courage Jamaica swallows the idea of self-help, no minister or civil servant can see a way forward if emigration is blocked. Mr Seaga, the minister of development and welfare, has volunteered the theory that, for the time being, Jamaica needs the safety valve of 16,000 people leaving the country every year. There is little likelihood of this being possible. The outlook for emigration to Britain is clouded by the Commonwealth Immigration Act. The United States allows Jamaica a quota of 100 immigrants a year (apart from the migrant workers' scheme, under which about 5,000 Jamaicans are working temporarily in America). Bolivia, and now Cuba, are the only Latin American republics that will consider West Indian immigrants; neither is a country where a newcomer can hope to strike rich.

The troubling fact for Jamaica, as for all under-developed countries, is that emigration is only an advantage if it is the unskilled and the jobless who leave. A discriminating policy imposed by Britain, the United States or any other advanced country could, at the Jamaican end, do much more harm than good. In any event, it is often the people with uncommon energy and initiative who take the step of looking outside their own country for a future. If on top of this the skilled and educated are siphoned off by a selection process, Jamaica is certain to suffer. It is the unskilled who urgently need the jobs that cannot, at present, be found within their own country.

On a different level, a similar difficulty confounds the group of would-be emigrants called the Rastafarian. They are the mystical, bigoted sect who see a future for themselves only in a "return" to Africa. From time to time their leaders have made, by person or by letter, tentative approaches to the governments of the independent African states, Ethiopia and Ghana in particular. But the African countries, tremulous at the thought of so strange and turbulent an invasion, have prevaricated, insisting on skilled newcomers only. Few of the Rastafarian, living jobless in slums that are as nasty as any in the western hemisphere, boast any skills.

The Rastafarian are usually regarded as the nucleus for any sort of trouble; the police, fearing a protest that never materialised, were in and out of their homes during the celebrations. The guess at their numbers is around 10,000, but this probably excludes a great many Jamaicans who sympathise but will not conform to the external signs of orthodoxy—clay-hardened ringlets sticking out vertically from the head, fierce beards and woolly caps. The more moderate among their leaders argue carefully, with logic, for the law of return to Africa. They reject not only the white man's world, but also Jamaica with its coffee-coloured leaders and the black "lackeys" who support them. They demand that the Jamaican government (whose authority they dispute) should pay for their journey to countries whose governments are clearly reluctant to accept them. However fantastical their demands may seem, the alternative, insists even a moderate, is civil war. It would be easier to dismiss their threats as sad nonsense if it were not for their uncomfortable record of past violence.

The black hopes of the Rastafarian are a crude manifestation of racialism. Otherwise racial prejudice seems mercifully absent from Jamaican discontents. All the candidates who campaigned at the last election on a black racial platform lost their deposits. Young Jamaican intellectuals will rail against the influence and wealth of the pale brown bureaucrats, merchants and agents. They are, rightly, keeping their standards high; outsiders, less idealistic and with comparisons in mind, find in Jamaica an easy and untroubled mixture of colours. But the unemployed, the hungry and the slum-dwellers may find other reasons than colour for working up a dangerous bitterness against a government that does not, as yet, seem prepared to give their interests priority. Foreigners—tourists or business men—are insulated from these murmuring troubles. Wait, the visitor is told, wait until the people find out that Busta is not going to fulfil his election promises; wait for the gathering disillusion. But in this surpassingly beautiful island, amid an easy informality in which neither class nor colour are too obtrusive, it is easy to slide into one's own illusions.

The 13th Comes and Goes

FROM OUR SPECIAL CORRESPONDENT IN BERLIN

It is theatrically eerie, in the moonlit dusk, on either side of the Potsdamer Platz. When the watcher climbs one of the stage properties—some wooden steps mount to a platform from which the whole scene can be surveyed—ghosts spring readily into the mind's eye; it may be Hitler and Stalin, gesticulating possessively across the sprawling wire and concrete where once the buses ran. Twelve months of wall (" wall of shame," the visitor nearly catches himself writing after only a brief diet of west Berlin newspaper prose) have aggravated the desolation on the sector boundary. A western version of the day's news is still flashed towards east Berlin unceasingly after sundown—a rippling chain of snippets often overseasoned with meaningless parochial bragging, such as that announcing the arrival in west Berlin of a party of fifty Tunisians or of twenty Ceylonese. A British armoured vehicle steals out of the shadows, and is gone again as soon as one of its young crew, got up to look like an ailing tree, has nodded a greeting to two west Berlin policemen and peeped perfunctorily over the wall.

Apart from an occasionally glimpsed east Berlin Vopo there is obviously no one within range on the other side of the wall to read about the Tunisians or the Ceylonese, no unusual activity for the soldier to report. On the western side the streets and the wrecked buildings seem almost as abandoned. Most of the seedy booths where a brisk sector boundary business used to be transacted before August 13, 1961, have closed down. Just beyond where they stood lie the Tiergarten and the vast area of destruction around the Lützowplatz. On first re-encounter the desolation appeals, as though fresh. Then one reflects how long, in fact, it has been there; how cultivated, in a way, the Berlin no-man's-land is—the freak fruit of seventeen years' unfinished local and international wrangling.

Within a mile or so on either side of the wall, here and there even less, the inhabitants of the two parts of Berlin are living on the whole normally and in tolerable, if sometimes invidious, comfort, quite ready, should they be given the chance, to get along with each other as practically as do the inhabitants of any other city the world over. But, as we all uncomfortably know, they are not being given the chance; and what is peculiar to the divided Berliners is the transcending anxiety about their political future that every one of them has in common—the rulers and the ruled of both regimes alike. "Things can't stay like this for ever. What is going to happen in the long run? And how will the inevitable changes affect me?" Those are the nagging questions.

In fearing that the political jockeying in and around Berlin may precipitate an international nuclear war the Berliners are, of course, one with the rest of us. Materially, the west Berliners are living rather more comfortably this summer than they were a year ago, thanks largely to intelligent help from their compatriots and allies in the West. Even old-age pensioners concede that they are a shade better off than they used to be. The embarrassment caused by the sudden withdrawal of some 60,000 east Berlin commuters from the west Berlin working scene has been mainly overcome, though the jobs advertised in shop and restaurant windows, along with the strain and stress sometimes encountered within, tell of continuing difficulties.

The 7,000 or so workers who have been coaxed into Berlin from west Germany are helping mostly in the factories, and the Senate hopes presently to be able to bring in reinforcements at

the rate of a thousand a month. For Berlin, it is repeatedly affirmed, is west Germany's "biggest industrial city," with 6,000 concerns employing more than a million persons. The value of their sales to west Germany rose by 5 per cent during the first half of 1962. Industrial output as a whole went up by 4.4 per cent, that of iron and steel products by as much as 18 per cent and consumer goods by 7 per cent. An anonymous genius has calculated that west Berlin is at present producing every second electric light bulb in use in west Germany, every third film running in its cinemas, every third dress worn and every third cigarette smoked; and that the output of the west Berlin electrical industry is more than that of Switzerland and Austria together.

At present. But what is going to happen should the east German regime, left wholly alone to control the ways to Berlin, decide to obstruct the western sector's vital commercial traffic with the Federal Republic? As far as the west Berliners alone are concerned they would, in the event, doubtless continue to live by doing a deal with the devil. But that would be a very costly deal politically; and its avoidance has been the chief meaning of the dour struggle of the last seventeen years. It seems, consequently, to be the opinion of most Berliners—hard as many find the enforced family separations—that the best they can hope for is that the situation shall stay as it is, with the western garrisons present, until the responsible powers are actuated by mellower policies. Those of them who read *Die Welt* are being reminded by its current serial just how much worse their present uneasy lot could be. Published under the title "A chronicle of our hardest years," this is the frank and moving diary kept by Ursula von Kardorff in Berlin from 1942 to 1945—from the fall of Stalingrad, through the allied bombing, to the arrival of the Russians.

Unhappily for everybody's peace of mind, there is no sign that Herr Ulbricht is satisfied with his appreciable attainments in Berlin. Indeed, there is every sign that he is dangerously disappointed. For, whatever his publicists may claim to the contrary, the wall has done the party cause as much harm as good. It was set up, Herr Ulbricht admitted, not so much to dam the Fascist tide as to save the east German economy from collapse through the steady falling out of its workers. Yet the promised better times have not materialised. Herr Leuschner, an east German deputy prime minister, reported recently that between January 1st and May 31st this year 34,200 fewer tons of meat had been produced than during the first four months of 1961, 237,000 tons less of butter and 210 million fewer eggs. Production is behind schedule in several important branches of industry. There has been a return to the rationing of meat and potatoes.

Still more damaging to the regime's pretensions has been the scale on which still resentful citizens have surmounted or dodged the wall in order to get away from it all. It has now been established that 51,056 of the east Germans who were abroad when the wall went up decided eventually not to return home. Since then another 12,316, including some 1,000 service men, have contrived at great risk to get out. At least 37 are known to have lost their lives in the attempt, and several hundred to have landed in gaol. Of these defections, presumably the most painful to the regime is that of the 41 hand-picked party members who used the opportunity to quit presented by the World Youth Festival at Helsinki a fortnight ago. It is by no means only their failure to provide more gracious living that so fiercely alienates the east German rulers from the ruled. It is much more the atmosphere they constantly generate of mendacity and hate. *Gehässigkeit* is the word the Germans often use for it. Reports not long ago suggested that the regime's senior propagandists—men like Professor Norden and Herr Eisler, who in their isolation seem to have largely lost touch with reality—were to be replaced by less hysterical operators. But they are still in full blast. Herr Ulbricht cannot, or will not, recognise the significance of this simple human factor in his continuing failure to win sympathy. So long as he does not, his coveted peace treaty with the Russians is not going to earn him any greater respect.

That the regime is still unable to inspire confidence and willing co-operation has encouraged several politically influential west Germans to take a rather less dismal view than the Bonn government takes of the prospect of the long-threatened peace treaty. The chief political commentator of the Hamburg weekly *Die Zeit*, Countess Dönhoff, is not alone in postulating that in the circumstances west Germany could afford openly to recognise the Ulbricht regime *de facto*—as in practice it already tacitly does. For so long as west Berlin is not condemned to the lingering death of a "free city," the working of time and of human nature will, she anticipates, compel Herr Ulbricht and his associates to liberalise their dogma-ridden system. Herr Richard von Weizsäcker, a brother of the physicist and philosopher Carl von Weizsäcker, has also been advising the west Germans that their hope of helping their compatriots in east Germany lies, not in extravagantly ambitious international negotiation, but in co-operating as actively as possible with the current political evolution in both eastern and western Europe. Herr von Weizsäcker sees in the common market a west European organisation with an immense potential authority to conduct mutually profitable business with the East. And he therefore suggests that the European "Hallstein of Brussels" should be allowed to efface the German "Hallstein of Bonn," reputed author of the sterile formula that Bonn cannot have diplomatic relations with any state that formally recognises the German Democratic Republic.

Many west German politicians and government officials would admit in private their broad sympathy with these ideas. But not yet in public. On the eve of the August 13th anniversary observances the federal foreign minister, Herr Schröder, a lawyer by training, repeated the familiar argument that a "peace treaty" with east Germany could have no legality because its regime had none. At the same time he warned neutral states that Bonn would consider it an unfriendly act should any sign such a document, hinting that the price of signature might be the suspension of German economic aid. Herr Mende and other Free Democrats have since reproached Herr Schröder with ineffectual lecturing and tactless flourishing of the big stick. The Free Democrats would like the Berlin question to be reconsidered in a new series of talks covering the whole problem of the future of Germany and European security. They recommend that the powers concerned should take up the proposal of the United States for a standing conference on Germany, composed of deputy foreign ministers, and that in the meantime the danger of disastrous developments in Berlin might be reduced by developing there a large-scale centre of internationally conducted scientific research. At the time of writing Herr Ulbricht and his deputy and probable successor, Herr Stoph, are still somewhere in the Soviet Union; it is yet to be seen just how far their hosts are prepared to go to help them.

France on the Ivory Coast

FROM OUR SPECIAL CORRESPONDENT

A good way to get to the palace of President Houphouët-Boigny of the Ivory Coast in his capital city, Abidjan, is to stroll up the Avenue du Général de Gaulle and across the Place de la République. The president is likely to be out: he is abroad half the year, mostly in France. Perhaps one of his ministers could help? The one required is likely to be on a trip seeking decisions from the absent president. A head of department? Sure, he is here, making decisions. Like the minister of finance, he is white, and French.

If this does not kill belief in the existence of an independent African soul in the Ivory Coast, then turn away from the Palais de la Présidence, walk across the Pont Houphouët-Boigny, and contemplate the beauty of the palm-trees that line the opposite edge of the lagoon. Behind them is the neat African quarter of Treichville (named after a French explorer). Watch carefully, and you might see a tiny canoe, inefficiently paddled by two competing black boatmen. To them the difference between the old government-in-Paris and the new can be no more than a remembrance of the festivities of the day of independence, August 7, 1960. Ask one of them whether he likes the president, and he will reply that the palace is a grand building (like the bridge and the H-B stadium). Ask again, and the reply will be an African giggle.

But ask one of the 15,000 French inhabitants and he will articu-

Everyman's Castle in Spain

FROM OUR CORRESPONDENT IN BARCELONA

A HANDSOMELY illustrated brochure, printed in English, French, and German by a Spanish estate agent, states:

> To acquire now an apartment or dwelling in Playa . . . is not only to assure yourself of an ideal spot for you and your family at a price within reach. It is much more than that. It is to pull off a worth-while deal. . . . Have you any doubt that one of the best present-day businesses is investment in the Spanish coast?

This (more or less) is the idea that seems to have fired the imagination of many inhabitants of north-west Europe: to have a holiday place, perhaps an eventual home, in Spain, with sun, sea and simple living, and at the same time make a profitable investment. French, Belgians, Dutch, Swiss, Italians and Scandinavians are all coming—English too, but not so many: the average Englishman still prefers to rent. The leaders of the movement are the Germans. The *Volkswirt*, of Frankfurt, estimated last autumn that the value of houses in Spain bought by Germans amounted to between 50 and 80 million marks. The German press is full of advertisements for villas in Spain and sites suitable for development, and a popular radio feature had the following dialogue: "Haven't you yet bought your villa in Spain, with sun, majestic view, etc.?" "All right, I'll buy three and let two of them."

People have been going to live in Spain for many years—to Malaga, the Andalusian coast and above all to Majorca, the haven of retired British officers and colonial servants. But it is only over the past two years that foreigners have developed their present fever to buy property in Spain; it can be traced to the stabilisation of the peseta in 1959. This made conditions more attractive for foreign residents—the peseta became cheaper, the complicated exchange controls largely disappeared, inflation was halted. It also gave a great fillip to the tourist trade. The numbers of visitors to Spain had been rising steadily throughout the nineteen-fifties, but in 1960 they jumped by 46 per cent to 6 million. Last year they reached 8 million. It is, of course, the tourist boom that has made property in Spain so attractive to foreigners, from the small investor, thinking of a plot of land on which to build a few houses to let, or a bar or a small hotel, to the companies with projects for luxury hotels and housing estates.

Moreover, the government is trying to encourage foreign investment. Foreign capital invested and the profits earned on it can now be freely repatriated; and under a decree announced this year, foreigners wishing to buy land for building will no longer need to obtain official permission if the area does not exceed 10 acres of arable land or 50 acres of dry farmland—though it must be admitted that the previous law had been largely ignored and that permission is still needed in military areas, like the Balearics and the coast west of Gibraltar.

Most of the English people who are retiring to live in Spain come out first on a visit, reconnoitre some peaceful, pretty spot, and then buy a Spanish house or make their own arrangements to build. The small entrepreneurs of various nationalities—British among them—who buy a piece of land and build a group of houses for letting, proceed in the same way. But the many Germans who are now buying or building a house for themselves in Spain generally prefer to do so through an estate run by a company. Housing estates and garden cities are now a rapidly developing business here. German companies, generally acting through Spanish subsidiaries, were first in the field and have conducted an efficient publicity campaign in Germany and other countries. One company, Contracta, which has built housing estates on the Catalan coast and the Costa del Sol, aims at a target of 2,500 buildings along the Spanish Mediterranean and is reported to have spent the equivalent of £150,000 last year on advertising in the European press. This company will fly a likely purchaser to Spain at its own expense, lodge him at the Ritz Hotel in Barcelona while he looks at sites on the nearby coast, and, if he wishes, fly him on to Malaga.

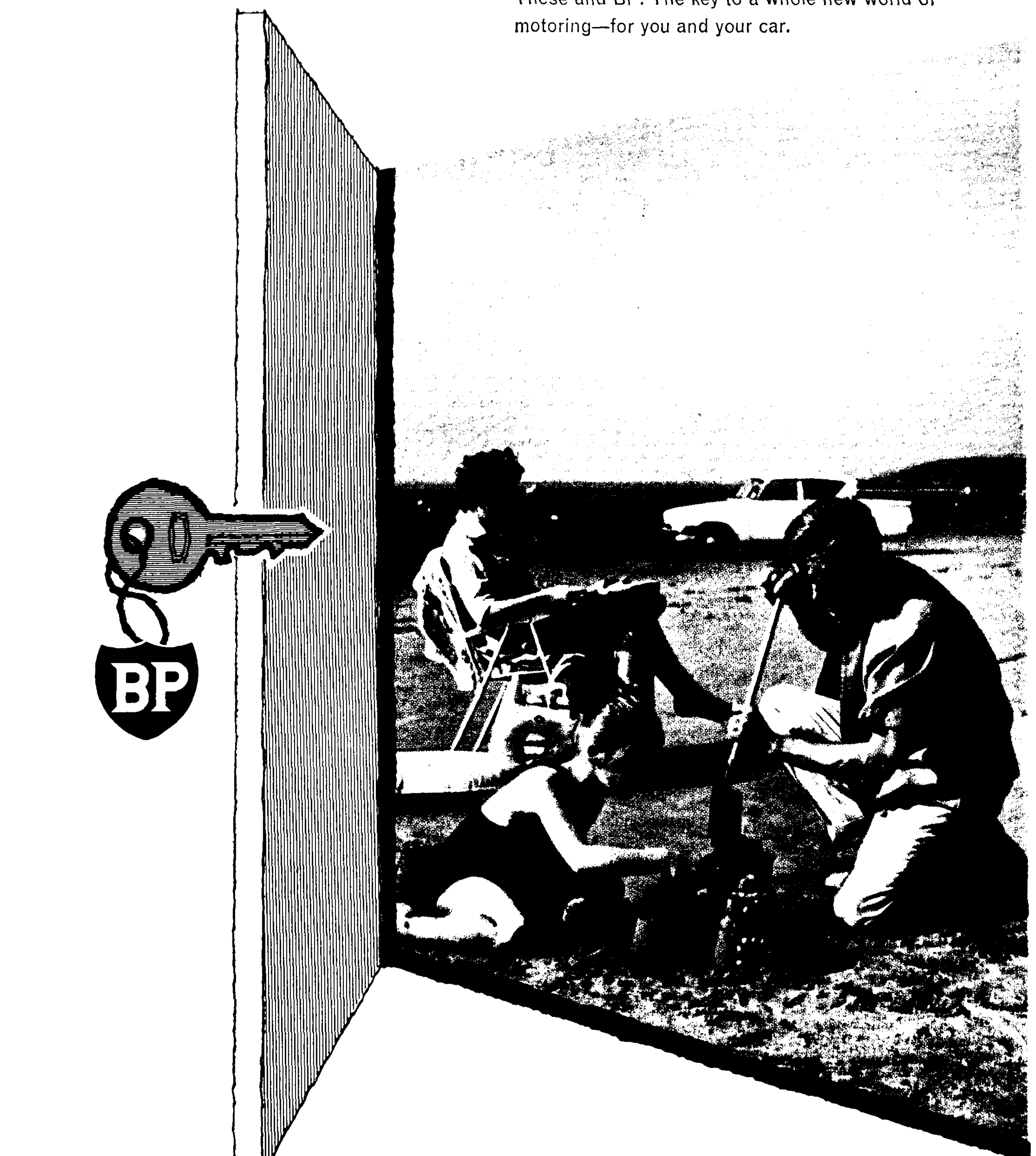
These companies buy land, build a road if necessary (as it often is), lay on water, drainage and electricity, and then build houses to let and for sale. They will also sell a plot on the estate and build a house to the purchaser's design. These estates, known in Spain as *conjuntos*, often include a hotel, restaurant, shops or a supermarket, communal gardens and swimming-pool, and sometimes a cinema. Not surprisingly, many would rather obtain a house in this way than have the worry and trouble of building themselves in an area which, though beautiful, may be primitive; the popularity of *conjuntos* is likely to grow. Some of them are entirely German colonies; this has caused ill-feeling among the Spanish inhabitants, who resent these foreign enclaves in their midst.

This buying and building of houses, and the boom in hotels and restaurants (a British group has been considering a luxury hotel on the Costa del Sol, and Herr Arnold, the German restaurateur, is reported to be opening an establishment on the top floor of a bank building in Barcelona) has so far been practically confined to the Mediterranean coast of Spain, the main tourist zone, and concentrated on the Costa Brava, the Costa del Sol, and Majorca and Ibiza. Foreign capital is now playing a leading part in opening up the less favoured coastal stretches. All the western European nations are represented, including many French and Belgians who have withdrawn their funds from North Africa and the Congo. The Germans are developing the coast between Barcelona and Tarragona; the French Club Méditerranée, with Spanish association, has opened a holiday centre of 400 villas near Cadaqués, on the northern, and quieter, stretch of the Costa Brava; a company headed by a Czech and supported by German capital has started laying out a "tourist residential city" between Algeciras and Cadiz; and foreign interests have put forward a scheme for 3,000 chalets on the Almeria coast, which, although it has the attractions of the sea and an inland lake, the Mar Menor, has not yet shared in the tourist boom. Now the Atlantic coast is being taken up. A German group is reported to have bought a lot of land for villa building near San Sebastian.

Of course, this property boom has sent prices of land rocketing in the favoured areas and in some places, particularly on the Catalan coast, has caused an acute shortage of labour, materials and servants. Every week brings news of further projects.

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

Over 50 years ago, a famous businessman observed:

'I know that half the money that I spend on advertising is wasted. The trouble is, I can never find out which half!

Today, McCann-Erickson says: IT'S ABOUT TIME WE FOUND OUT

Until recently, little attempt was made to measure precisely the effectiveness of advertising. For one very good reason: it was thought to be impossible to measure; because of the very nature of creative work; because of the ephemeral quality of advertising; because of the complexity of the market; because of the subtle psychological factors that affect buying, because . . . you know the arguments.

Today, this is no longer true. Many techniques, many tools have been developed in recent years; tools that measure to a nice degree of accuracy one or another aspect of advertising effectiveness.

Singly, each is useful. But McCann-Erickson *believes that in combination they can add* up to an immensely significant whole: to a comprehensive system of measuring the effectiveness of the advertising pound against a clearly defined advertising objective. McCann-Erickson, London, in conjunction with McCann-Erickson offices throughout the world, is pioneering in the development of this new system of objective measurement of its own effectiveness for its clients:

ACF (GREAT BRITAIN) LTD · ANGLIA TELEVISION LTD ASSOCIATED-REDIFFUSION LTD · BROWN & POLSON LTD · CALEDONIAN BREWERIES LTD · CALIFORNIA PACKING CORPORATION · CARRERAS LTD · COCA-COLA EXPORT CORPORATION · THE ECONOMIST NEWSPAPER LTD · ESSO PETROLEUM CO, LTD FABLON LTD · T. B. FORD LTD GENATOSAN LTD · GILBARCO LTD · GOLDWELL LTD GUILD OF PROFESSIONAL LAUNDERERS AND CLEANERS LTD · HAMMONDS UNITED BREWERIES LTD · HANIMEX LTD · RICHARD HUDNUT LTD GEORGE HUMPHRIES & CO LTD · IDEAL-STANDARD LTD INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN LIMITED · KRAFT FOODS LTD LAMBERT CHEMICAL CO LTD · LISTER & CO LTD MAGGI (DISTRIBUTORS) LTD · MINUTE MAID INTERNATIONAL · NABISCO FOODS LTD · MICHAEL NAIRN & CO LTD · NICHOLAS PRODUCTS LTD OLDHAM & SON LTD · PHILLIPS, SCOTT & TURNER LTD ROTHMANS LTD · THE SALTON MANUFACTURING CO · SCHENLEY INTERNATIONAL CO SEAGER, EVANS & CO LTD · SIMMONS BEDDING LTD SMITH, KLINE & FRENCH LTD · TAMPAX LTD TENCO LTD · TOP RANK BOWLING LTD TROST CHRIS-CRAFT SALES LTD AND SPORTSHIP LTD UNITED BREWERIES LTD · UNITED CALEDONIAN BREWERIES LTD · VICTA (UK) LTD

McCANN-ERICKSON ADVERTISING LIMITED
McCANN-ERICKSON HOUSE
NEW FETTER LANE · LONDON EC4
FLEET STREET 6543

late lengthily on the virtues of M. Houphouët-Boigny (is it that one detects an echo of Belgians in Elisabethville ?). The black voters, too, seem to be in favour. Of the 1,641,636 votes cast in the elections of November, 1960, only 190 are recorded as not being for the president. In this lies the sense of security—or is it complacency ?—felt in French Abidjan. The French population has increased by some thousands since independence.

The head-waiters in the cafés are French ; so are the girls behind the counters in the smarter shops. Their fathers are French administrators ; their lovers might be a soldier from the French base, or one of the *petit-blanc* electricians or motor mechanics who do the work of Africans. Like the 800 teachers (French) and the army officers (French), the administrators are paid in large part by the French government ; sometimes in French francs in Paris. Like the shopkeepers and the factory-managers, all are making money fast, and sending it home faster. Perhaps this, and the fact that three-quarters of the country's imports come from the franc zone (and mainly from France itself), is some compensation to the French treasury for the cash it must allow to flow towards Abidjan.

The cash flow is considerable ; around £18 million a year comes from France in one way or another. Some is in direct aid ; some in salaries paid ; an important part in support for the price of coffee on the French market. Coffee earns half the Ivory Coast's living. It sells in France at an artificially high price ; it is an open question how long the French government will be able to keep up this system against the will of the other common market governments. The world market price of coffee has been falling for some time and, anyway, the coffee grown in the Ivory Coast is of poor quality. (But an instant coffee factory has been opened in Abidjan.)

"The only real problem here is the question of coffee," one Frenchman said, a trifle smugly. But even if the country's only problems were economic (and they are not), the real problems are how to diversify agriculture away from coffee, and, most of all, how to wean the economy from the influence of Paris. The Ivory Coast earns about half as much from cocoa as it does from coffee, but relies equally on the French market. Its third sizeable export, wood, is largely grown by French planters who sell it to French buyers. The country's foreign exchange reserves are held in French francs in Paris ; the west African franc that circulates within the Ivory Coast is kept stable by a French-influenced board, whose interest is to maintain the value of the franc, and only incidentally to help develop the Ivory Coast economy along African lines.

THE French hold on Abidjan extends beyond material things—not that anyone in Abidjan can be accused of disinterest in worldly goods. The few educated Africans are well-educated, and well-assimilated. The African in charge while the president is away is the minister of state, M. Auguste Denise, who will proclaim to visitors, "I am a product of French colonialism," which is as accurate and honest as his, "We have political independence but we have not economic independence—we must work for that." Yes indeed, but how fast ? one was asked by a bearded student, freshly arrived from Paris, who produced his radical *Fédération des Etudiants d'Afrique Noire (Française)* membership card from a deep pocket, as if it were a filthy postcard.

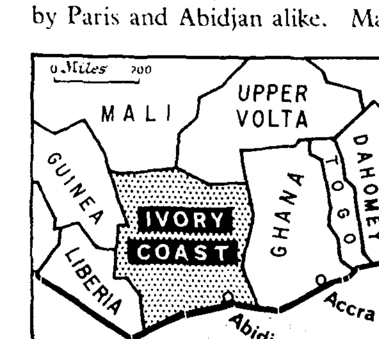
President Houphouët-Boigny, minister in several French governments, would use his favourite quotation from the French colonial administrator, Lyautey, in reply: "*Doucement, doucement, je suis trop pressé.*" The current two-year plan is a mere list of projects. A grander scheme is in the offing ; meanwhile there is "austerity" in booming Abidjan. It was spoken of glibly by a round-faced African *chef de cabinet*, fresh back from visiting the president in Paris ; he was still in his Paris best, jewelled cuff-links and fat gold ring. House allowances to *fonctionnaires* are being cut this year, car allowances next. A stated proportion of profits and a tithe of each salary-earner's income must be channelled into investment. The Israelis (who run twice as fast as anyone else in Africa) have been called in to build model *kibbutzim* and organise the *service civique*, which puts young men into the army, and to work. Most of this is admirable: the question is, how many Ivoiriens will really be touched by it ? The gap between rich and poor is sorely noticeable even in the showplace of Abidjan, and the fruits of a boom in an economy that is largely foreign can hardly be expected to drop into the canoes on the lagoon.

Yet this pattern—the Gallicisation, the dependence on Paris, the backwardness of most Africans—can be found in varying degrees in the other countries of francophonic Africa. Guinea, which was deserted by France in 1958 and now is being made to beg for the right to return to the de Gaulle fold, is the farthest gone, the Ivory Coast perhaps the most securely attached. In colonial days French West Africa was ruled through a governor in Dakar and lieutenant-governors in the other capitals ; today the French design seems to be a spread of influence—commercial, financial, "cultural," and political—through M. Houphouët-Boigny of Abidjan and Paris.

PRESIDENT HOUPHOUËT-BOIGNY founder of the *Rassemblement Démocratique Africain*, old and respected west African politician, flexible talker, and demonstrably a success in attracting francs to his country, is expected to help keep his neighbours French. Three of them—Upper Volta, Niger, and Dahomey—depend on the Ivory Coast nearly as much as they do on France: through H-B's Conseil d'Entente. The entente is based on a Common Solidarity Fund which effectively channels Ivory Coast money into the pockets of the other three. Last year roughly £1.5 million (1,105 million CFA francs) was paid out by the Ivory Coast in this way: nearly a third of the estimated cost of the presidential palace in Abidjan.

To a country like, say, Upper Volta, the money from the solidarity fund might amount to a third of the sum jointly made up by the Ivory Coast and France to balance the Upper Volta budget. If the four countries of the entente were federated, the pay-out by the Ivory Coast would be considerably more—but M. Houphouët-Boigny has long been a bitter opponent of federation ; he is, in a sense, master of the Katanga that got away.

The Abidjan influence is spreading in other ways. In the mornings, trucks bearing the Mali flag rumble across the Pont Houphouët-Boigny to the docks ; goods from Bamako go this way rather than through Dakar because of the break-up of the Senegal-Soudan-Mali federation in 1960. Perhaps even M. Sékou Touré, President of Guinea, may pay a visit to Abidjan before long. The sureness that this might be so has been just a little diminished by the news, announced at the beginning of July, that the Mali government will create its own franc—as Guinea did a long while ago. Mali and Guinea forced M. Houphouët-Boigny to lead his entente into independence ; if the franc-zone structure is not now to be threatened, Mali's sudden decision will have to be absorbed by Paris and Abidjan alike. Mali will stay within the franc zone:



its revolution is simply to contract out of having a common west African currency controlled (in fact if not on paper) from Paris.

There are other threats to the security of the grand French design, however well it may seem to be working in practice. Since the Algerian war came to an end, even Abidjanians have been wondering how long the French government will continue to feel the need to bolster its security in west Africa. And how long will the French taxpayer go on financing the policy? These questions are less easy to answer than the immediate political question within the Ivory Coast: are there any young radicals ready for revolution?

The answer is that there are young radicals, but they do not seem ready. Last year Ivoirien students who spoke out in Paris were flown back to Abidjan by the French government at M. Houphouët-Boigny's request; they were gaoled for a while, then sent back to their studies, outwardly chastened. Today it is not hard to find members of the small circle of dissatisfied young intellectuals in Abidjan; the outspoken ones are outside the governing party.

Houphouët-Boigny

Three such—all teachers—are individuals whose main dissatisfaction seems to be with a lack of *la vie intellectuelle* in Abidjan. They listen to Accra highlife records, Accra radio and Accra politics. "Accra is a centre of thought, art and discussion," one of them said and, sighing, his companion added, "Our rulers wear their Frenchness like a coat—deep down they are Africans but they are so unsure of themselves that they adopt a cloak of false self-assurance—French civilisation." The radical teachers' politics seem, on first acquaintance at least, to be less fervent than their desire to reject the French culture that has assimilated them, and to put something African in its place. It is the old cult of negritude all over again, although some intellectual Abidjanians, for all that they had their own spell in Paris, say that cultural revolt is *dépassé*; "What is wanted now is concrete change."

But the men who talk like this are few, and all well known to the authorities. They are not organised and, although some have been detained, they are not dangerous enough to keep permanently out of their jobs or in gaol. And the president is adept at cutting the political ground from beneath the feet of the radical *jeunesse*. He has given them an independent country, a thing he once opposed, and he can now be expected to give them slightly more radical political speeches. But not action. South African oranges are on sale in quantity in Abidjan.

From the French point of view and from the point of view of the president, the system seems to be working well. And the idea seems to be sincere: co-operate with the mother while, ever so slowly, the children grow up. With the sound of many voices proclaiming inter-racial co-operation and moderate good sense, it is hard not to be seduced into believing deeply in it all. But nagging questions still remain: how long will it take the Ivoiriens to begin to treat the French presence as an alien anachronism? It may be some time; there are not so many being brought out into the modern world and those that are are being assimilated. (The favourite medicine for young hotheads is to make them junior ministers.)

Most disturbing, however, is the thought that here Africans have not begun to awaken at all. They are not really running things, nor are they being trained to run things. If all the French departed at once there would be virtually nothing left—the Ivory Coast would be much as the first French explorers found it, with the exception of a few grand, empty buildings and the splendid hollow palace in Abidjan. If this be a nonsense nightmare, it is almost made to come true by the experience of Guinea. But the French community is not preparing to depart from Abidjan. And certainly not all at once. In practice, after all, they still call the Avenue du Général de Gaulle by its old name: Avenue du Commerce.

Colombo the Mediator

FROM OUR ROME CORRESPONDENT

"IF both sides had behaved differently we might have reached full agreement." This unofficial comment on what happened in the common market negotiations at Brussels comes from the Italian foreign ministry, and is not quite as tautological as it sounds. Italians who attended the meetings came away with the impression that the British and French ministers were intransigent more about the form than about the substance of the terms. In particular, they felt that Mr Heath was inhibited by too rigid instructions about forms of words. The British desire for precision seemed to the Italian mind at times to degenerate into almost abstract philological argument. In the early hours of the morning Mr Heath could still be heard murmuring *access . . . guarantees . . . comparable outlets*.

As for M. Couve de Murville's conduct of the French side of the negotiations, the Italians refuse to admit that the intent was to sabotage or delay the proceedings. They say the French were defending positions common to the entire European community; what all the Six want is to safeguard the community's momentum and individuality; what all the Six refuse to accept is the principle of a quantitative guarantee for Commonwealth products or the extension of any form of preference after 1970. The common market, Rome emphatically believes, must have full autonomy to

SUBSCRIPTIONS TO THE ECONOMIST *Annual Postal Subscription by ordinary mail, UK and Canada £4 10s; 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 Freight
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 airmail. **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 Lakani, Heliopolis, Cairo. **FINLAND**: Akateeminen Kirjakauppa, 2 Keskuskato, 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 Kauffman, 28 Rue de Stade, Athens. **HOLLAND**: N.V. V/H Van Ditmar's Import, Schiestraat 32-36, Rotterdam 4. **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, or 23 Hamam Street, Bombay 1. **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. **KOREA**: Foreign Publications Supply Co., P.O. Box 238, Kwang-Hwa-Mun, Seoul. **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 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. 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**: Librarie 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.

Umbrella for an Emperor

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

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

The influence of I.C.I. research and production is felt today in every corner of the globe

ICI

Imperial Chemical Industries Ltd., London, S.W.1

form its own price policy and make world agreements. It cannot accept conditions which would amount to discrimination against countries like the United States or Argentina which also export temperate agricultural products.

Like his British, Belgian and Dutch colleagues, the Italian minister refuses to admit that anything dramatic happened in Brussels. Signor Colombo claims (with Mr Heath and M. Spaak) that the negotiations are adjourned, not interrupted. He argues that, since agreement has been reached on 85 per cent of the points under discussion, it is reasonable to assume that the remaining fifteen per cent can be cleared up. It is fair to add that this will depend very much on Signor Colombo's success in continuing to persuade his French and German partners to change their attitude. Very little has been written here about the Italian minister's part in the negotiations. Signor Colombo, whose future career should be watched, eschews publicity, and few people even in Italy realise that things might have gone much worse in Brussels but for him.

It was he who drew up the plan accepted by the British as the basis of discussion in July. This plan comprised a pledge to call a world conference in 1963 with the aim of concluding world agreements for the products of temperate agriculture; measures to cover the period of transition to 1970, including a form of diminishing community preference for the three Commonwealth countries concerned; and special arrangements if the attempt to reach world agreements breaks down.

At the end of July, the British accepted this plan as the basis of discussion but presented a series of amendments. The French wished to reject these amendments en bloc, but Signor Colombo persuaded them, and the others, to talk about them. His argument was that the Six had made all possible concessions as to substance, but might still make some alterations to the presentation of their terms. In particular, he suggested they should specifically name the three Commonwealth countries in the clause about price policy; and proposed that the Six should allow New Zealand to be treated as a special case.

The Italian view is that the Six have offered Britain something more substantial than a quantitative guarantee which would freeze trade at its present volume. What they offer is a policy of reasonable prices; in the end, say the Italians, it is probable that the European community as a whole will import more from the Commonwealth than Britain does today. The Italians believe that the concessions made by the Six should enable Mr Heath to present a decent case to the Commonwealth prime ministers on September 10th. Officials here are fairly confident that agreement will be reached in the end. Their belief is based partly on their reading of Lord Home's speech in the House of Lords on August 1st, but even more on the conviction that Britain cannot afford to stay out of an organism as dynamic as the new Europe.

This official confidence is not shared by the entire Italian press; the fear is heard that the British negotiators may lose their nerve. The weakness of Mr Macmillan's government is considered a more serious obstacle than the obstructive tactics of the French. As Italians see it, the European community will be a better place for them (and for the Belgians and the Dutch) with Britain in it; but it would be Britain that would lose most by staying out. The desire to have Britain in Europe is strong in Italy; even stronger, however, is the will to maintain harmony among the Six and to go on building what they have started. If it came to a showdown between Britain and France, the Italians would try conciliation first; but in the end they would stand by their partner.

HOME REPORT

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

Traffic Tantrums

LONDON'S planners have still to come to terms with London's traffic—and so have most Londoners. The planners have had their modest successes: the most tangible, the Hammersmith and Chiswick flyovers, have served both to cut the travel time to London airport and given visitors the momentary impression that they were arriving in a modern country. But the basic decisions that will determine the modern face of London and the viability of the city as a place to work and live in have still to be taken.

How many commercial access routes will have to be improved as drastically (and expensively) as the airport road if London is to continue to do its job as an industrial centre and an expanding, and badly congested, port? How much more tidal flow of commuting traffic can be tolerated on the approach roads and Thames bridges, or accommodated in the centre? If more cars are to be allowed in, what is the cost of the engineering involved, and what will be the economic price for central parking? (One suspects that Mr Marples's charges should be doubled tomorrow even to bring home the vastly uneconomic use that parked cars already make of central London roadspace.) If London cannot cope with more traffic without embarking on a sustained Los Angelisation, what is being done to encourage motorists back on to public transport? Are there going to be car parks and electric train services where the motorways end? Is, in fact, the road system of the London region to be given any semblance of integration with the tubes and Southern Region?

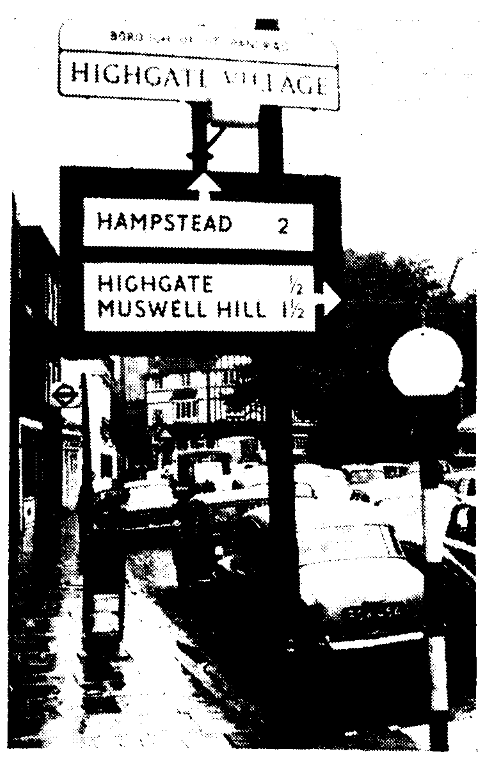
Mr Marples inherited an appalling mess, including a London and suburban public that had hardly begun to think of the consequences of its own actions as road users. It is not surprising that his own attempts to educate road users should have highly irritated them or that some of his, and his experts', temporary and experimental schemes should have been half-baked. It is not surprising, either, that piecemeal reform or experiments should have set up agonising local opposition to any changes that have increased heavy traffic or, worst crime of all in the suburban mind, affected property values. Two current rows in London illustrate the perils of the reformer. The first is at Highgate Village over Mr Marples's lorry freeway to the London docks; the second at Blackheath over a London County Council plan to route the new Dover road through that posh suburb.

Mr Marples's scheme for Highgate Village is to declare a lorry route through the High Street as part of his master (temporary) plan to speed the transit of goods from the north to the London docks. The street, with its shops, schools, hospital and houses, looks patently unsuitable for the task, but it happens to be true that there is no alternative road which alone could carry the volume of traffic envisaged (and already demonstrated). Some little way off is the Archway Road, designed in the early nineteenth century to carry parcels and goods from the north to London; it is designated by Mr Marples as the southbound route for the lorries, and the Village High Street, with its steep rise, as the northbound one.

The villagers, as could be expected, want all traffic to go along Archway Road, which could be widened to take it; Archway people want the minister's plan to go through as it is, countering claims that they merely want to keep their property intact with the charge that the Village merely wants to avoid a fall in its values. This quarrel has occupied the Highgate residents to the exclusion of the real point at issue: is such a lorry route a desirable thing at all?

In the same way, residents of Blackheath have been battering at London County Council, which proposes to run an urban motorway linking M2, the Kentish trunk motorway, with central London along the line of the railway which already cuts alongside their chief pleasance, the heath itself. To all appearance, this extension is expressly designed, not to relieve congestion, but to build it up at the existing bottleneck at the Marquis of Granby. Again the local protest has been directed to shifting the road somewhere else, or its burial under the heath, or its embedding in a deep cutting: everyone seems to accept the motorway as necessary in principle.

The central problem is one of planning and of public relations: and the second follows the first. Unless there is a coherent official argument, based on traffic priorities, and a public comprehension of London's road policy as a purposeful whole, householders are always going to jib, and keep on jibbing, at schemes (particularly "temporary" schemes like the Highgate one that could last indefinitely) that crop up on their own doorsteps. Why shouldn't any scheme be landed on the people in the next street? Piecemeal relief which has proliferated, particularly in London, over the past decade is never likely to win friends; an attempt at regional planning is just about the one sure means (short of establishing a dictator in the Ministry of Transport) to get a traffic policy under way. Since London's outer suburbia has spent most of the past year strenuously resisting the idea that it has anything to do with the city anyway, and trying to opt out of the Greater London Council, it can be grasped how far away regional planning is—in many other places besides Highgate and Blackheath.



Embattled village

The Yorkshire Lakes

FROM A CORRESPONDENT IN LEEDS

LEEDS is trying to solve its water problems with more pronounced tact than Manchester's grab for Ullswater. Leeds' operations are centred in the little Washburn Valley, near Otley, which has been acclaimed by local patriots as the West Riding's lake district. The lakes, however, are actually the reservoirs built by Leeds Corporation and after a dry early summer anxious eyes have been watching their levels.

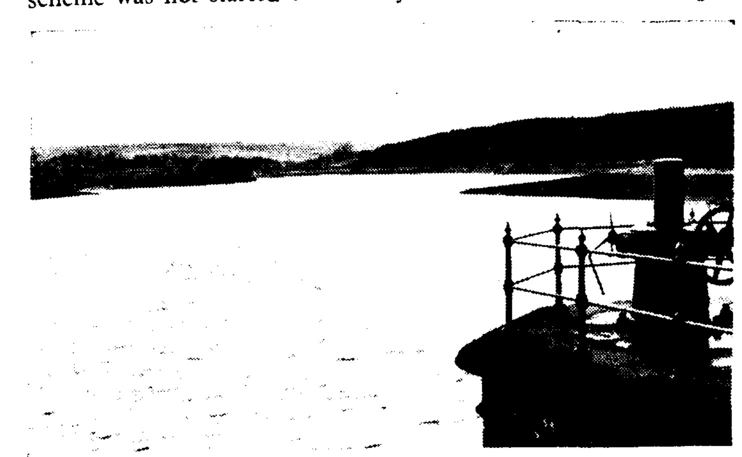
In 1867 the Leeds Waterworks Act authorised the construction of four reservoirs to impound the river Washburn. Lindley Wood (670 million gallons) was completed in 1875, Swinsty (866 million gallons) in 1876 and Fewston (846 million gallons) in 1879. The present Thruscross scheme was not started until last year after Leeds had suffered two acute water shortages. In 1949 the city's water stocks fell almost to rationing level, and for some weeks late in 1959 after a dry summer, no water was available in the city at night.

Dry summers will undoubtedly bring similar problems until 1965. By that time Thruscross (1,727 million gallons) should be in operation. It is being built at a cost of over £1 million. With it, the city's water storage capacity will be increased from the present 148 days' supply to 202 days' supply.

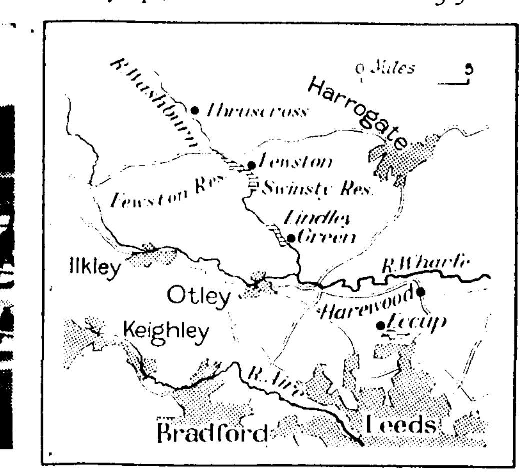
A year ago the site was a peaceful, sylvan one. Now a huge cavity across the valley marks the line of the dam and the river has been temporarily diverted for 140 ft. of its length. High in the air has been slung a 1,200 ft. long electrically-operated cableway to carry loads of concrete for the dam, which will rise more than 200 ft. above the river bed. A few beauty spots will be submerged and a small church which will disappear below the water level is to be replaced on higher ground half a mile away.

At the same time as waters from the new reservoir (the first to be built since 1929 when that at Leighton, near Ripon, was opened) begin to flow from Leeds taps, a second new source of about 4 million gallons a day will become available from the river Derwent abstraction scheme—a joint operation by Sheffield, Leeds, Barnsley and Rotherham. These supplies are expected to keep Leeds going until 1986.

The city's present daily consumption is slightly more than 24 million gallons, of which 13.5 million gallons are for domestic purposes, 8.4 million gallons for industrial requirements and 2.1 million gallons in bulk supplies to other authorities. Modern housing development which has replaced slum property has put a greater strain on the city's water supplies, but the average consumption per head of population has been pegged in recent years by improved methods of detecting waste.



Outlook at Fewston

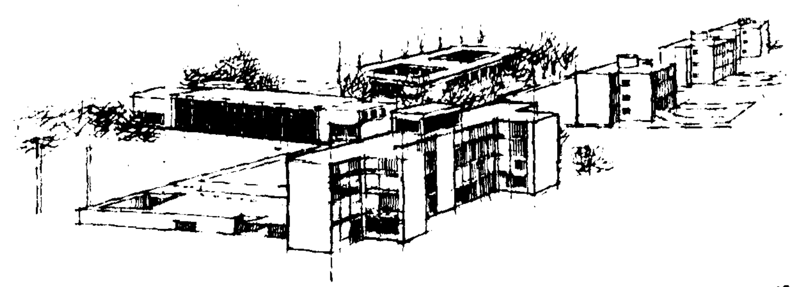


Leeds' search for water began in 1693, when it was agreed to "designe and lay an engine to convey water from the River of Aire through the streets to the sev'all houses with the towne of Leeds". As the town grew, the supply system was extended by the Leeds Waterworks Company and then by the corporation, which took over responsibility in 1852. Before then a reservoir had been constructed at Eccup, a few miles from the city centre on the edge of Harewood Park. The Washburn Valley itself was already declining before its pastures were first flooded in the 1870s. Its golden age was early in the nineteenth century when it boasted corn and linen mills along the river banks. The advent of steam power was the real killer of the valley's own industries which were driven nearer to the West Riding coal fields.

There is little wrong with the valley today. The present scars will heal just as surely as those created 80 years ago. The corporation has planted about 1,200 acres mainly with spruce, Scots pine and larch, but with a proportion of oak, ash, beech and sycamore. Afforestation is the most satisfactory way of utilising spare land around a reservoir. Carpets of pine needles filter the top water and prevent a quick run-off in the gathering grounds. Jays, woodpeckers and magpies abound in the valley, and there are also grouse and plovers. Fishing is allowed in Fewston and Swinsty reservoirs, which hold a good many trout, and among the water fowl are mallard and Canada geese. It seems idyllic beside the stories of the prospective rape of Ullswater—and, of course, there are no Welshmen to complain of the drowning of their valleys either.

Going Multilateral

FROM A CORRESPONDENT IN DURHAM



On the Billingham campus

County Durham, which was faced with a school building problem of huge proportions after the war, is at last beginning to see daylight, not only in its construction programme but in getting rid of some of the bad aspects of the selection system at secondary level. Nearly every district of any size in the county has now got its new modern or grammar-technical school, and by the mid-1960s the county education committee hopes to be in sight of having places in grammar-technical schools for 25 per cent of the school population.

Next month, returning secondary school pupils will find that they are not merely members of a school, but of a multilateral unit of four or five schools, all linked together and grouped with the grammar-technical school for the area. This scheme, which Durham has worked out from its own experience and after watching other authorities' experiments, will retain a selection examination for grammar school places, but without the sense of academic and social finality associated with the unredeemed 11-plus.

The scheme developed from the education committee's plans for Billingham, the town which has grown up amid the vast ICI works on Tees-side. There, like everywhere else in Durham, new schools were needed, but the difference was the existence of a site which would accommodate not one, but five schools and ancillary buildings. Called the Billingham Campus School, the five blocks, when complete, will educate 2,650 children of both sexes (the committee favours co-education—but not comprehensive schools as such). To foster the feeling of integration, each of the five schools is to be called a hall, and the children will all wear similar uniforms and badges, whichever hall they attend.

Bede Hall, the grammar-technical school, will open next month. Stephenson Hall will be used for all streams of pupils in their introductory year, both to let them find their feet on the campus and to check that the selection procedure has been efficient. Davy, Faraday, and Browning Halls will provide different types of modern school education. All the halls will share facilities such as science labs, the domestic science and craft block, the physical education block, and later, it is hoped, a swimming pool and sports hall. These last exotic touches are possible when the cost can be spread over the equivalent of five schools.

Most important, there will be full opportunity to transfer pupils from one hall to another so that they are provided with the type of education best suited to their ability. The campus scheme should have the advantages of the comprehensive school without some of its size disadvantages.

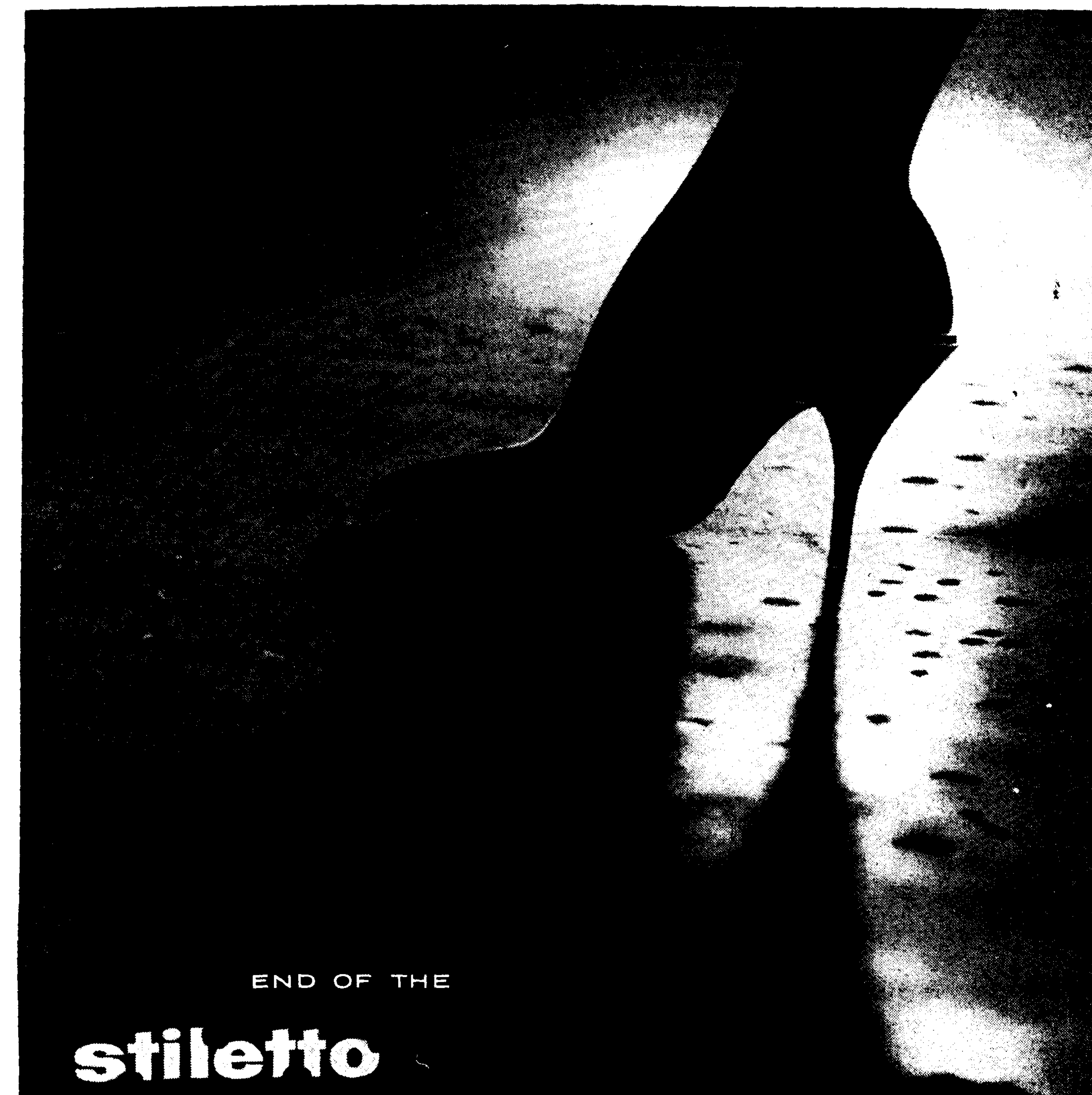
The multilateral unit scheme to be applied to the whole county is a variation of the Billingham campus scheme, although obviously the committee cannot rebuild the existing schools on the campus system. Each grammar-technical school in an area is to become the focal point for the modern schools in the immediate neighbourhood. Each group of schools will have only one board of governors. The 11-plus will be used for the initial grading, but at the end of each year the heads of all the schools will gather in committee to discuss transfers.

Parity of esteem between the schools in each group is the aim of Mr W. N. Linkleter, the deputy director in charge of secondary education. Mr Linkleter says: "We are not going to talk about transfers up or down, but transfers across. By and large we have found our selection procedure efficient, but we want to make it clear that selection at 11-plus does not shut the gates for any boy or girl."

While all the schools will have the same basic curriculum, it is intended to vary the bias of the courses at each of the modern schools in a unit. One will provide a course leading to the General Certificate of Education for pupils who just failed to get a grammar school place. Another will provide a course with a commercial bias for the boy or girl thinking of clerkships in industry. The third will have a technical bias to produce the skilled craftsmen of the future, and the fourth a course linked to the employment opportunities of the area, agricultural or industrial. Inevitably there will not be the same sharing of general facilities between the grammar-technical and modern schools of a unit as on the Billingham campus itself.

There has been some controversy over the proposals, but not as much as might have been expected in an education-conscious county like Durham. Some of it has centred upon the wholesale jettisoning of school governors: there will be one governing board of 25 members for each multilateral unit. Mr Linkleter says: "It means that a number of people who have served us well and loyally will not have posts on governing boards in future. We regret this, but to have one governing body does seem to be the one big unifying aspect of the scheme."

Another point has been the probable reaction of modern school headmasters who see their best pupils transferred, thus affecting the examination records of their own schools. It is highly unlikely that the parents of grammar school pupils moved to a modern school will regard this as a "transfer across"; they will look upon it as a straight downgrading. Rather wishfully, the education committee hopes that parents will be philosophical, emphasises that it does not expect many such transfers. One likely result is that the system will act as a spur on some of the pupils in "C" forms of grammar schools. Those who think they can rest on their laurels once they have got there will have to think again.



vendetta

A TRAIL OF DESTRUCTION is left in the fashionable wake of woman. One ton of femininity—the average impact weight of a stiletto heel—is the lacerating, splintering, tearing scourge that confronts the floorcoverings industry. In the forefront of this battle is Michael Nairn and on its way to blunt the stiletto is exciting new Armourtile, resistant to indentation, flexible and easily cleaned.

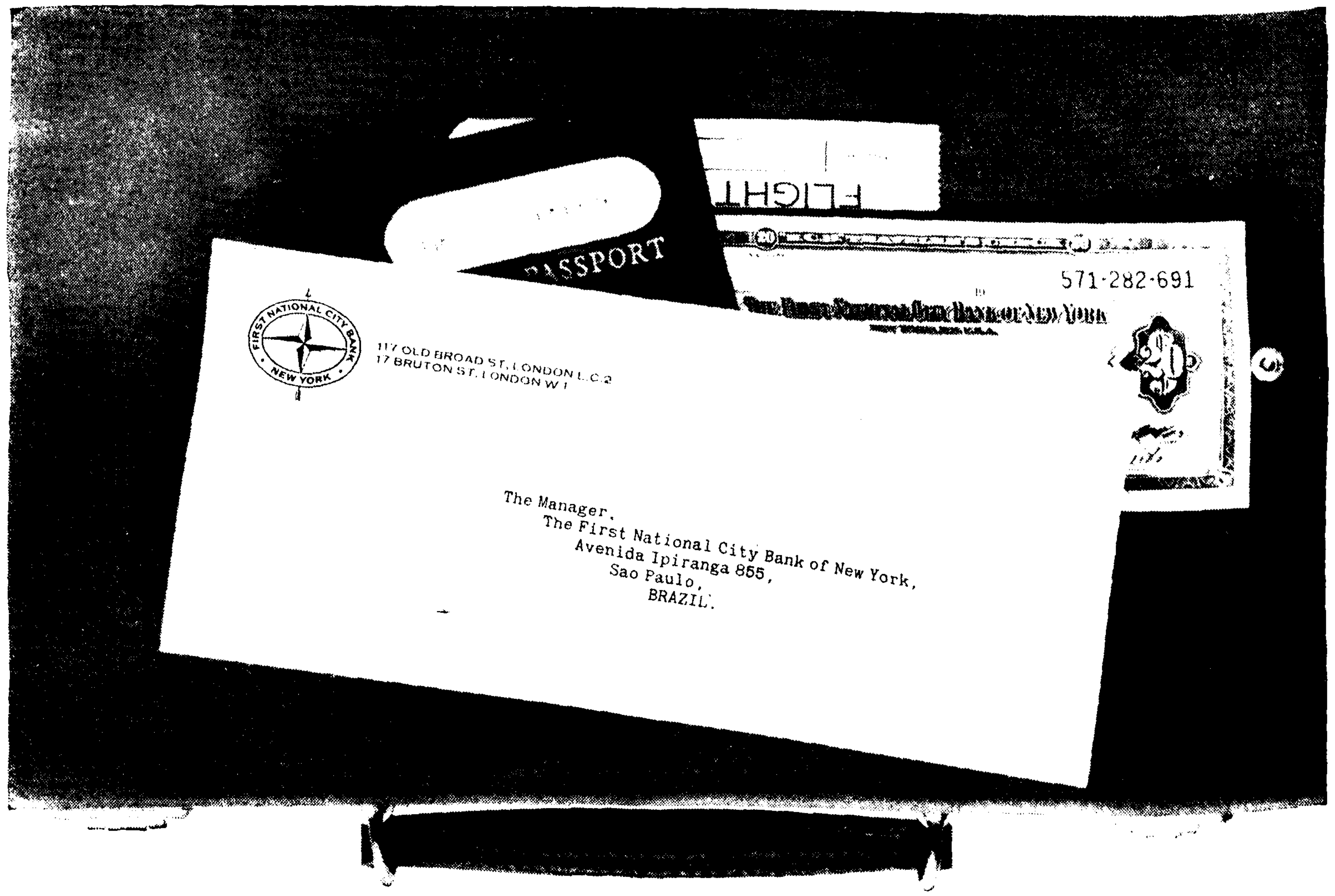
But long-established Nairns are a company of young leaders and new ideas, of enterprise and ambition. Already, the designers and technicians are back at their drawing boards, working towards the ultimate in floorcoverings—soft and warm, yet impervious to even the most brutal fashions of the future.

And converting Nairn's plans into realities of the future is *coal*. Coal powers the Kirkcaldy works—and the Yorkshire factory, which has rocketed tufted carpet sales by 500 per cent in four years. Nairn chooses coal because coal gives the greatest heat for the lowest cost; because coal, burned in modern equipment, is smokeless; and because there's an inexhaustible supply of coal right here in Britain.

Like so many companies of vision and vigour, Michael Nairn plans its future on coal.

MICHAEL NAIRN PLANS ITS FUTURE ON COAL

ISSUED BY THE NATIONAL COAL BOARD



Your extra passport to local trading conditions

First National City's world-wide network means that there are no important industrial or commercial centres overseas where there isn't a First National City branch or correspondent.

But more is involved in this than merely a first-class global banking service. For instance, every client of First National City can claim what is virtually a passport to local business and local trading conditions anywhere in the world—a letter of introduction to the manager of any overseas branch or correspondent.

These men are valuable allies. They know local customs, local laws, and local commercial practices thoroughly. And they are experts in helping businessmen to increase their export potential.

COMPREHENSIVE SERVICE This is only one of the ways in which First National City can help a businessman. Travelers' checks, up-to-date credit information on any foreign company, a monthly survey of the world's economic and business trends with special reference to the United States—all these are invaluable to the exporter.

Why not call in and find out more about the ways in which First National City can help you? First National City offices are at 117 Old Broad Street, E.C.2 (London Wall 1221), and 17 Bruton Street, W.1 (Mayfair 6600).

FIRST NATIONAL CITY BANK
NEW YORK
INCORPORATED WITH LIMITED LIABILITY UNDER THE NATIONAL BANK ACT OF THE U.S.A.

AMERICAN SURVEY

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

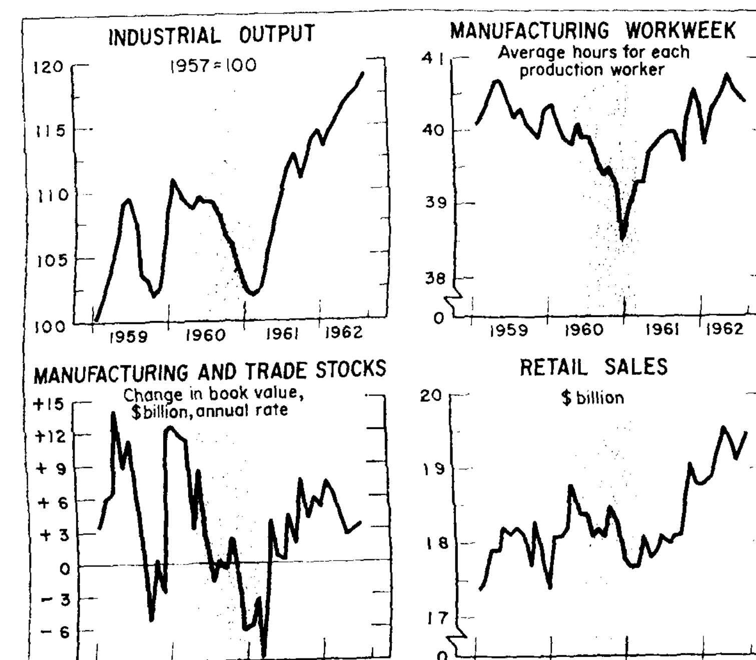
Timing the Tax Cut

1—To Help the Economy

NEW YORK

THE latest readings of the economic indicators, showing, as expected, a slight rise from the plateau reached in May and June, could be said to remove any fear that a recession, as President Kennedy put it, was "a clear and present danger." So, after prolonged debate within the White House and copious soundings of congressional sentiment, Mr Kennedy decided against asking for an immediate cut in taxes and settled for a pronouncement in favour of a general speed-up in economic activity. The economy will now have to depend on its own devices, plus whatever help short of a tax cut it can get from the Administration and Congress. This assistance could turn out to be substantial and the private sector is displaying enough basic strength to assure some further advance from current levels. Thus Mr Kennedy has some grounds for arguing confidently that a comprehensive programme of tax reductions accompanied by tax reforms next year may be a more effective cure for what ails the economy than preventive medicine in the form of a tax cut now would be—even if the politicians would have allowed it to happen.

This decision was not a comfortable one for the White House to make, for in a sense it committed the Administration to accepting a sluggish rather than a fast rate of economic growth, at least over the next six months. But the decision was inevitable once the initiative on taxes was granted to Congress and the pause in the economy gave way to a mild upward movement. Mr Kennedy himself acknowledged that the rate of growth had been a disappointment and put the main responsibility for inhibiting and retarding the advance in the economy on the rigidities in the present tax structure. His indictment was so severe that it was plainly hard for him to put off doing something about the situation. But he has been persuaded that the only way to get Congress to go along with the reforms in the system which are essential is to offer tax cuts as part of the package. In contrast to a few weeks ago, when the risk of a recession some time before the end of the year made the Administration give priority to tax cuts, the attitude today is that reform must be pushed because a downturn in the economy can now be avoided.



All figures seasonally adjusted. Shading shows period of last recession

In fact, the threat of an actual and imminent recession has never been great and most of those, in the Administration and out, who wanted action on taxes were thinking primarily of accelerating and extending the economic expansion, not of cushioning a decline. The series of leading indicators developed by the National Bureau of Economic Research and other statistical methods, which provide what amounts to an early warning system on the economy's prospects, generally suggest that the current slow rise in activity will reach its peak sometime in the next six months. These forecasts are far from infallible, however, and the mixed bag in July, with some of the figures showing an upturn, has made accurate interpretations more difficult. Certainly there is no danger of the current pause giving way to a decline in the immediate future; the outlook is settled for a modest increase in business activity as a whole. During the next few months, at least, industrial production should inch upwards and, with government spending due to increase, there should be a further rise in personal incomes which will aid sales of both durable and non-durable goods.

The paradoxical nature of the leading indicators is illustrated by the rate of increase in manufacturing and trading stocks which has been declining, partly because of the build-up of steel supplies when a strike seemed likely, partly because of cautious estimates by businessmen of the demand for goods. Sales, although far from ebullient, have been ahead of expectations so that the ratio of stocks to sales is at a low point. This means that stocks cannot be regarded as a seriously weak spot; a falling off in sales will mean some further liquidation of stocks but, if the July recovery in retail sales continues, then restocking may take place at an even faster rate and provide a lift for other sectors of the economy.

But, while the immediate economic outlook cannot be classified as ominous, neither the Administration, nor Wall Street, can regard the slowing pace of the advance with anything at all approaching satisfaction. The decline in the average workweek as well as the high level of unemployment are worrying and neither the outlook for corporate profits nor the large amount of excess industrial capacity which is still available suggests that there is likely to be any big increase in capital spending on new plant and equipment. Admittedly, inflation is no longer a threat and the balance of payments is less of a problem than it was, but the general performance of the economy under President Kennedy is falling far short of the rate of growth which was aimed at and which is required to reach full employment and to balance the federal Budget.

Although a sharp improvement in business does not seem likely, the President's decision has some positive aspects. Without the increase in the government's deficit which an immediate tax cut would bring, the pressure for a tighter credit policy and higher interest rates should abate. Officials have been concerned at the recent stiffening in long-term rates and at the money market's anticipation of a further substantial rise; they are relieved because without a tax cut there is no need for a tightening of monetary policy which might have stifled those areas of the economy which are now showing strength. They had taken this position even before the encouraging improvement in the balance of payments was made public and they feel that credit restraint is no longer required now that the deficit on the international account should be under $1.5 billion for the year.

The improvement in the payments position is greater than appears on the surface, yet this restoration of confidence in the dollar cannot be relied on as long as there is a deficit in the federal Budget; this was already in the making, even without a tax cut now. With business rising at a slower than expected pace, tax receipts are lower than was estimated earlier and outlays are going up, partly because of the so-called automatic stabilisers, such as unemployment benefits, and partly because of increases, planned and unplanned, in government expenditures. It is still too early to estimate the amount of the deficit, which depends on congressional action, the ultimate size and timing of next year's tax cut and the future level of business, but it could be sizeable, ranging from $4 billion to $10 billion in the 1963 year which ends next June.

Leaving aside a possible tax cut next year, the whole of the 1963 deficit is being incurred in the first half of the fiscal year, which is the last half of the calendar year 1962, so that the downward drag which was exerted by the temporary surplus in the Budget in the April-June quarter is now being reversed. Coupled with a relatively easy credit policy, the existence of this deficit is bound to have some stimulative impact for the rest of this year. But, unless a tax reduction does something to offset the funds which will be drawn out of the economy by tax payments during the first half of 1963, this impact will be short-lived.

The Administration, however, is hoping that the powerful stimulus of a tax cut will be provided early next year at the time when the economy will be most in need of it. But there is no assurance that Congress will do the President's bidding and the Administration's decision that nothing drastic needs to be done now is being criticised on the grounds that it is giving rise to expectations which may not be fulfilled. Certainly, unless Mr Kennedy uses the respite he has asked for to construct a programme aimed at encouraging growth, and then shows aggressive leadership in bringing about its enactment, the Administration cannot hope to shake off the shackles that have been impeding the attainment of full employment. The willingness to risk short-term stagnation in the interests of long-term expansion is justified only if the White House can win over a recalcitrant Congress. Despite Mr Kennedy's show of confidence, there is as much doubt about this prospect as about the outlook for the economy itself.

2—To Win Over Congress

WASHINGTON, DC

THAT Congress is always ready to vote for a reduction in taxes and would fairly jump at the chance in an election year is an old axiom of American politics which is today in a bad state of repair if not entirely exploded. It was congressional reluctance to vote for a tax cut much more than economic considerations which led President Kennedy to announce this week that he would not seek an immediate lowering of income tax rates to stimulate the economy, but would stick instead to his original plan of calling for a general reform of the tax system next year. The mighty House Ways and Means Committee, in which all revenue Bills originate, and its chairman, Mr Mills of Arkansas, are irrevocably opposed to an emergency tax reduction and in this they represent the general opinion on Capitol Hill in both houses and in both parties.

With such a climate prevailing in Congress, Mr Kennedy decided to forgo the quick tax relief which is needed, according to many of his economic advisers, to stimulate the economy rather than risk still another humiliating rebuff from the legislative branch. As might be expected the President did not attribute his decision directly to congressional resistance but declared that economic conditions were not so unfavourable as to warrant an immediate reduction in taxes. However, he hedged by promising to call Congress into special session late this year to cut taxes if the economy deteriorates. But such a special session is considered highly unlikely.

Apart from stifling all hopes of a tax reduction this year, Congress's attitude also casts a shadow over the Administration's long-term plans for tax reform. The Treasury has been planning its strategy on the theory that the assumed irresistibility of lower taxes would force Congress to swallow, as part of the same Bill, some politically unpleasant changes in the structure of taxation, such as limitations on the advantages enjoyed by the oil and gas producing industry. But Congress's lack of enthusiasm this summer for Mr Kennedy's tacit offer to cut taxes without insisting on tough reforms or attaching any other strings suggests that the Treasury's theory may not be valid.

It was to be expected that the Republicans would oppose an emergency tax cut. Not only does the device of reducing taxation when the federal Budget is showing a deficit run counter to the economic orthodoxy still followed by most Republicans, but Republican politicians are also understandably chary about a tax cut whose political benefits, if any, in the forthcoming congressional elections would be reaped by a Democratic Administration and a Democratic-controlled Congress. What has been a shock to the Administration, and to others, has been the nearly equal opposition to an immediate reduction in taxes which has come from Democrats, including a good many liberals who are usually in step with Mr Kennedy.

AT the heart of this opposition is the apprehension of rank-and-file Democrats in Congress about the political repercussions which a tax reduction might have when the Budget is out of balance. Democrats facing difficult battles for re-election on November 6th know that they would have to answer revitalised Republican charges of fiscal irresponsibility. More important, there is a widespread feeling among Democratic politicians that the American voter will accept annual deficits in the Budget if he feels that Congress is really trying to balance it, but that he simply will not tolerate action by Congress which enlarges the deficit deliberately even though professional economists may say that such action is called for when the economy is sluggish.

On the other side of the coin, Democratic Congressmen doubt whether they would benefit politically from an emergency tax plan of the nature contemplated by the Administration: this was for an across-the-board reduction in personal income taxes at all levels accompanied by a similar drop in taxes on corporate incomes. Congressmen reason that tax relief would hardly be enough to impel businessmen and other people who enjoy high incomes to stop voting for Republicans, while the relief granted to Democratic-voting wage earners in the middle and lower income classes would be so miniscule that the average factory worker might not even notice it. Many rank-and-file Democrats are sympathetic to the demands of labour leaders that the benefits of tax reduction should be concentrated in the lower levels, but such a plan was never seriously considered by either Congress or the Administration.

In addition to these sweeping political considerations, the discarded emergency tax cut plan of the Administration was distasteful to certain Democrats for a variety of personal and economic reasons. One faction of liberal Democrats maintains that what the economy needs badly is more spending by the government, not less taxes paid to it. Those Democrats who have inherited the easy money tradition of the Populists see in tax reduction an excuse for the bankers to push up interest rates in order to curb inflation. Still other Democrats simply do not believe that the economy is in a bad enough state to need a tax cut at this time; this school includes Senator Douglas, the only professional economist in the Senate.

All the haggling and speculation about tax reduction during the past six weeks may push toward passage some of Mr Kennedy's other proposals which might otherwise have fallen by the wayside. The talk about slackness in the economy has greatly improved the outlook for a Bill to increase spending on public works and has revived a Bill, supposedly hopelessly stalled in the Ways and Means Committee, providing federal funds for extending unemployment insurance payments beyond the periods set by state laws. A drastically altered and badly mangled version of the tax revision Bill, first put forward by Mr Kennedy in 1961, which attempts in limited fashion to correct some tax inequities and includes a modicum of tax relief for industrialists who purchase new equipment, is now given a fair chance of passage after having been written off as dead.

On balance, however, Democrats in Congress are disquieted by Mr Kennedy's abortive adventure into tax cutting and wish that he and his Cabinet members had never started to hint that this might be on the way. Nor was the President's reputation as a national leader enhanced when he implied to trade union leaders during a private meeting at the White House last week that congressional hostility prevented him from suggesting tax reductions now. Certainly, the Administration's general handling of the affair has not shown decisiveness or careful planning. It is for this reason that politicians of both parties believe that even though Mr Kennedy avoided an overt defeat from Congress by not calling for an immediate reduction, the President has not escaped entirely unscathed from the great tax cut debate of 1962.

Whose Giveaway?

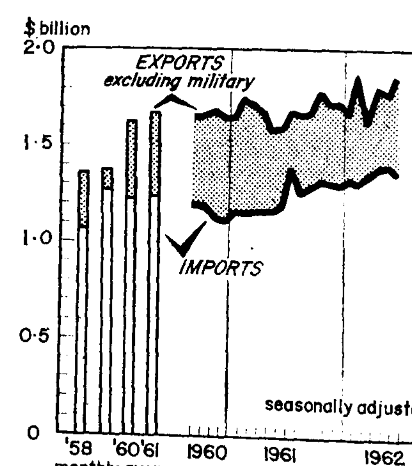
A LITTLE band of Democratic liberals had a taste of their own medicine this week when the Senate, by 63 votes to 27, choked off their filibuster against the Administration's Bill on space communications. All these liberals believe strongly that closure should be made easier to prevent the southern Democrats from talking to death Bills extending Negro rights and, in fact, until this week a motion for closure has not succeeded since 1927: in all, debate in the Senate has been limited on only four—now five—occasions. When their tempers cool the liberals may not be altogether happy to have made filibustering semi-respectable and to have shown that closure is in fact possible under Rule 22. This provides that debate can be shut off only by a two-thirds vote of all the Senators present and voting. On Tuesday there were three votes to spare but, if Senator Kefauver is right, the margin of victory was due to pressure put on anti-closure Southerners to stay away. If such pressure was applied it shows that even Senator Mansfield, the gentle and ineffective leader of the Democrats in the Senate, has a turning-point. His failure to deal firmly with a southern filibuster earlier in the session and his inability to control the Senate's powerful conservatives provide some excuse for the liberal revolt.

The thirteen northern and western Democrats who voted against closure had strange bed-fellows: twelve southern Democrats, but of the Republicans only Senators Goldwater and Tower. On this occasion even conservative Republicans who normally vote with the Southerners against closure felt that a vote for limiting debate was a vote for free enterprise. The Administration's Bill, which has already been passed by a large majority in the House of Representatives, provides for a private corporation to own and operate the new system of space communications by satellites with half of the voting shares owned by the communications companies, half by members of the public. Each group would elect six of the fifteen directors; only three would be appointed by the President. Operations and rates would be regulated by the Federal Communications Commission.

The liberals called this a gigantic giveaway of a great public asset to private interests and particularly to the American Telephone & Telegraph Company; they proposed government ownership. They also objected that the Bill provided for insufficient public control, particularly of the negotiations which the corporation will conduct with foreign governments and bodies. But the critics got no satisfaction out of the special hearings held for their benefit by the Senate Foreign Relations Committee. Virtually every spokesman for the Administration pronounced the Bill perfect and the need for haste imperative. The measure was returned to the Senate without so much as a comma changed and is now expected to pass promptly. Such steamroller tactics may have relieved a few of the frustrations which this dilatory session has caused. But Senator Humphrey may have been more far-sighted when he suggested that some of the liberals' objections had weight and should be embodied in the Bill.

Trade in the Balance

THE improvement in the balance of America's international payments in the April-June quarter, when the deficit was only $250 million after allowing for seasonal factors, compared with $435 million in the first quarter, was due in large part to the merchandise account. Exports have been running at a record rate all through 1962, between 6 and 7 per cent above the first six months of 1961, and in June they were higher than ever before except in one month during the 1957 Suez crisis. On the other side of the account, imports have not risen as fast as had been expected, since the economic recovery and therefore the demand for foreign goods in the United States has slackened its pace sooner than was forecast; imports actually went down in June. The value of imports increased by $140 million between the first and second quarters, but exports went up even more and the favourable showing on the trading account was responsible for about two-thirds of the fall in the deficit on the total balance of payments. Details of what caused the rest of this fall are not available but a $60 million repayment of debt by France helped and so did Canada's financial difficulties.



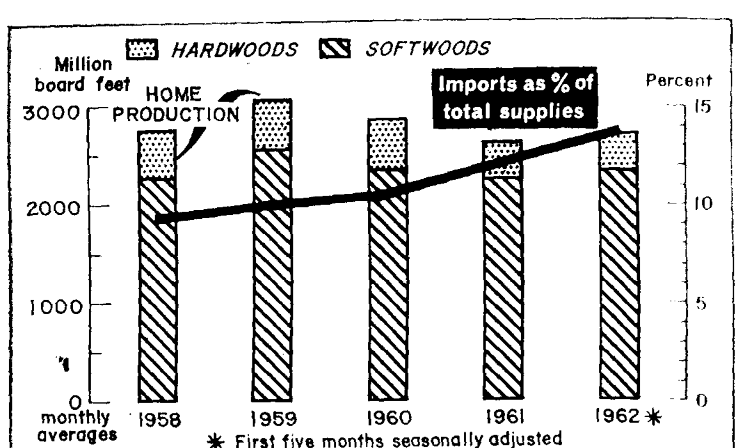
More such repayments of foreign debts will appear in the current quarter's accounts but the remedial action which has now been taken by Canada is likely to have an adverse effect on the flow of Canadian funds to the United States. This action will also presumably bring a fall in American exports to Canada. Exports are also likely to suffer from the increases in tariffs since July 1st on goods entering the European common market ; certain plastics and chemicals will be especially affected by higher duties imposed in retaliation for the increased protection which the United States is now giving to its own producers of glassware and carpets. Indeed some of the recent rise in American exports may have been in anticipation of the coming restrictions on trade with Canada and Europe. The expansion of exports is therefore likely to fall off during the rest of this year and the annual rate of $21.7 billion reached in the second quarter may even turn out to be the high-water mark.

This is, however, very near the $22 billion which is aimed at for 1962 as a whole by the officials responsible for the American drive to increase exports, now over a year old. Its latest manifestation is the appointment of 30 leading businessmen to head export expansion councils in their respective regions and to advise local companies which are looking for markets abroad ; the hope is that 10 per cent will be added to exports in the coming year. But an earlier spur to exports is looked for from the new insurance programme for goods sold abroad on credit which is a joint enterprise of private insurance companies and the Export-Import Bank. This extends the short-term insurance which has been available since February to cover periods up to five years and should make it much easier for American businessmen to finance exports, particularly of capital goods. They are now, it is said, on an equal footing in this respect with their foreign competitors ; transactions are guaranteed up to 85 per cent of their value against political risks, such as trade restrictions or revolution, as well as against default on the part of the buyer.

Wooden Touch

PROTECTIONIST groups are rallying their forces for a last stand in the Senate against the trade expansion Bill. Among them are the oil companies, the shoe manufacturers and, above all, the textile interests which the Administration thought it had bought off but which are now trying to raise their price. The trade Bill is not thought to be in serious danger but the appetites of all groups have been whetted by concessions made recently, and very quietly, to yet one more candidate for special consideration—the lumber industry.

Western lumbermen have been complaining for months about the inroads which imports are making into their markets, particularly into that on the east coast. Canada, which ten years ago supplied only 7 per cent of this market, now provides nearly three-quarters of the lumber which it takes. One reason why Canada undersells the domestic product in Atlantic ports is that its exporters can use the cheapest shipping available while American goods in intercoastal trade must travel in costly American ships.



American saw-mills also complain that they cannot obtain government timber as freely and cheaply as their Canadian competitors can. On top of this has come the devaluation of the Canadian dollar. A more basic trouble, however, is the competition offered to softwoods by newer building materials.

About a hundred saw-mills in the Northwest have closed in the past two years but in part at least this is due to the long-standing trend to larger units. In Oregon and Washington employment in the industry as a whole is actually higher than it was last year. But members of Congress from the area are determined not to return empty-handed to stand for re-election. Senator Morse, though a liberal Democrat, has been hinting that he will vote against the trade Bill if the "liquidation of the lumber industry" does not cease. Officials have been pointing out in vain that Canada is America's best customer for many other goods. Last month the Administration gave way and announced that it was initiating talks looking toward a voluntary restriction of Canadian exports of lumber to the United States and that domestic lumber would be given preference in government purchases, including those for foreign aid. It also recommended that the shipping laws should be altered to permit American lumber to travel in foreign bottoms.

The advocates of freer trade deplore such steps, which are so contrary to the spirit of the trade expansion Bill. But the lumbermen, who want a quota limiting Canadian imports to about 10 per cent of the domestic consumption of softwoods, are not much happier. They know that Canada, with its balance of payments troubles, will not volunteer very readily or rapidly to limit its exports even though there is a club in the American closet: the Tariff Commission's investigation, under the escape clause, of the lumber industry's complaints. And in Congress the intercoastal shipping lines, which are themselves a sick industry, will fight hard to retain their monopoly.

Rs for Republicans

THERE was no need for a primary election in Michigan to confirm that Mr George Romney would be the Republican candidate for Governor of that state in next November's election. No one was fighting him for the nomination ; nor was anyone opposing the present Governor, Mr Swainson, for the Democratic nomination. As far as these two were concerned, therefore, last week's election was simply a popularity contest—and in this Mr Romney came out far ahead ; some 450,000 Republicans went to the trouble of voting for him while only about 320,000 Democrats cast ballots for Mr Swainson. The present Governor is a colourless figure who has been constantly frustrated by a Republican Legislature ; but between now and November the automobile workers' union, which dominates the Detroit area where over half the state's voters live, will be doing its powerful best to ensure that the Democrats do not lose a Governorship which they have held since 1948. Mr Romney is not, however, without appeal for trade unionists ; as head of the American Motors Corporation he negotiated the first profit-sharing contract in the industry. His business competitors seem to have stifled the resentment which was aroused by such unorthodox behaviour now that he has a good chance of winning next November's contest provided that he has the full support of his party. Last week's election showed that he is stamping his liberal, progressive pattern on that party—in Michigan, at least. Reactionary, right-wing Republican candidates for other offices in the state, who would have been a constant embarrassment to him, were all defeated.

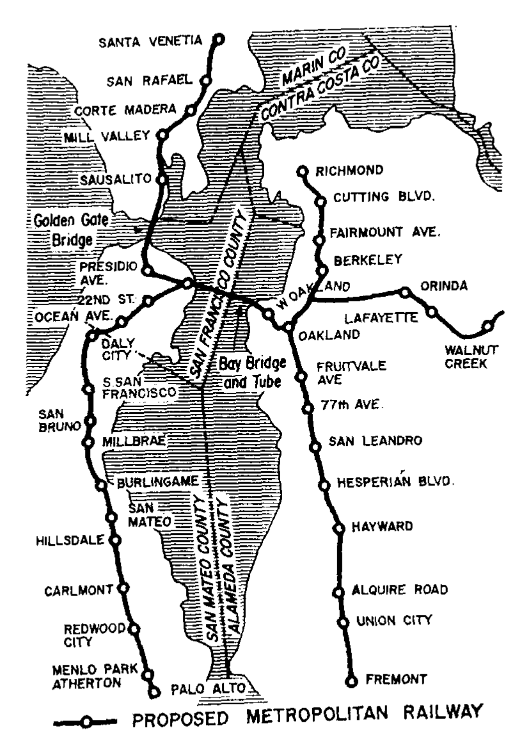
In California Mr Richard Nixon, another Republican who is trying to oust a Democratic Governor, has also now got the party machine in his state under control. But there the ultra-conservatives are much stronger and they may still lose the election for Mr Nixon. If they do he will no longer be a presidential possibility : if he becomes Governor, he has promised to serve his full four-year term and to stay out of the national race in 1964. This week Mr Romney gave the same promise—almost certainly sincerely, in his case. This leaves Governor Rockefeller of New York, a Republican incumbent whose Democratic opponents have not even been able as yet to find a nominee to run against him next November, with a clear claim to be the next Republican candidate for the White House. It is a claim which suddenly seems worth having, now that President Kennedy is being criticised so widely, and Mr Rockefeller is pressing it to an extent which seems almost irresponsible. In any event it did last week, when he joined the ineffable Senator Dirksen in accusing the Administration of endangering the national security by its latest attempt to get the Russians to accept a ban on nuclear tests.

Rapid Transit Moves

FROM A CORRESPONDENT IN SAN FRANCISCO

THE dream of a seventy-five-mile system of suburban trains, underground, on the surface and up in the air, to link San Francisco with the cities and suburbs eastward across the Bay came one step nearer to reality last month, when the governing bodies of all three counties now concerned gave their consent to putting a $792 million bond issue for the scheme before the voters in November. Despite years of skilful preparatory work by leading advocates of the Bay Area Rapid Transit District, the third and smallest county very nearly brought the whole enterprise to a halt. The Contra Costa County Board of Supervisors finally voted three-to-two in favour but only after its hitherto uncommitted fifth member had been urged on by two telephone calls from the Governor of California and a personal visit from the Mayor of San Francisco.

Both the San Francisco and Alameda (Oakland) County Boards had given their unanimous approval earlier ; Contra Costa hung back because it contains substantial areas that will not be reached by the proposed lines. The episode illustrates the difficulties in the way of any such progressive move towards solving metropolitan problems. Both Governor Brown, a Democrat standing for re-election, and Mayor Christopher of San Francisco, who is the Republican candidate for Lieutenant Governor, regard success for BARTD as crucial in a state with California's fast-growing population and heavy urban concentrations. Yet the wavering Contra Costa Supervisor spoke as though his vote represented a real sacrifice for the sake of progress: he had dared to look beyond the interests of his immediate constituents.



The project still faces the stiff task of winning the approval of 60 per cent of voters, many of whom cling to the American faith in "my automobile, right or wrong." They also fear the increase in local rates, which will amount to about $27 a year for an average householder. Officials of BARTD maintain that the only possible alternative—more roads—would cost twice as much. Originally, as the map shows, the scheme would also have connected San Francisco's northern and southern suburbs with the city. The difficulties in adapting the Golden Gate Bridge to carry trains to Marin County and the refusal of San Mateo County to participate have eleminated these branches. But if the project succeeds, few doubt that these other areas will join in eventually—at far greater cost.

Less Work—More Jobs?

ONE consequence of the failure to speed up economic growth is that the trade union movement is now officially committed to the 35-hour workweek as a cure for unemployment. The executive council of the American Federation of Labour and Council of Industrial Organisations, which met this week in Chicago, has announced a double-pronged drive to spread the work: by individual trade unions in their bargaining with employers and by pressure on Congress to amend the Wages and Hours Act, which covers both union and non-union labour. Since 1940 this has provided that workers in interstate commerce shall be paid overtime, at time and a half of their usual wages, for any hours they work over forty a week. Special committees have been set up by the AFL-CIO to carry on the fight on both fronts. For over four years unemployment has remained above 5 per cent of the labour force and the pressure inside the trade unions for some direct action has become too strong to resist—particularly with the tax-cut, which the trade unions backed, put off at least until next year. Many trade unionists are convinced that another recession, and still higher unemployment, is now inevitable this winter.

On the surface, the AFL-CIO has come to a parting of the ways with President Kennedy. As Mr Goldberg, the Secretary of Labour, seemed sure to argue fruitlessly in Chicago, the Administration is convinced that "sharing the work" would probably increase unemployment rather than cut it, by curbing output and the rate of growth, by raising prices and by making American goods less competitive with foreign ones. If workers were to receive the same wage for 35 hours as for 40 hours, as the trade unions propose, this would be equivalent to a rise of 14 per cent in wages at a time when productivity is rising by only about 3 per cent a year ; faster automation, and fewer jobs might follow. Moreover, many of the jobless lack the skills to do a share of the work and, even if over-time were charged at double rates to encourage the hiring of new staff, employers might choose to pay the surcharge. In industries where short workweeks have been established by collective bargaining, such as construction, overtime is common ; it works out more cheaply than paying fringe benefits—pensions, paid holidays, medical care and so on—for additional workers. Members of trade unions themselves seem more interested in longer holidays than in short hours.

The trade union leaders do not even pretend that a 35-hour week will come overnight. A conservative Congress is not likely to raise businessmen's costs and to win shorter hours through collective bargaining will take years of probably bitter industrial struggle. The 35-hour week is a second-best goal ; the trade unions say frankly that they would much prefer full employment at 40 hours a week. The demand for shorter hours is primarily a warning sign to the Administration, and even more to Congress, that unemployment must be dealt with vigorously—and urgently.

Crime in a White Collar

FROM A CORRESPONDENT IN NEW YORK

WALL STREET, which has been airing its dirty linen in bundles a mile high, was in the midst of new chaos last month when two large and reputable brokerage firms found that they had lost between them $1.4 million in securities. The Federal Bureau of Investigation spread a drag-net all over the country and in no time had rounded up thirteen individuals who were said to be involved in a conspiracy to steal and dispose of some of the missing certificates. They include a clerk employed at Bache & Company, the major victim. This man, who had access to the Bache vaults, possessed a criminal record which the company's investigations had not uncovered. Criminals have had field days in Wall Street before this, but the great expansion in the securities industry has multiplied their opportunities. In the late nineteen-fifties a gang moved quite openly into several lesser known firms, took them over by dint of none too gentle persuasion and made a considerable fortune through the sale of forged share certificates. Reputable brokerage houses have also been somewhat slow, probably because of the hectic atmosphere in the financial district, to protect themselves from theft by their own employees.

Dishonesty of this kind has been increasing, not only in Wall Street but throughout business and industry. Last year fidelity insurance companies paid out three times as much in claims as they had in 1945 and the total stolen by trusted employees, from porters to chairmen of boards, was over $1 billion. This figure does not include the millions of dollars lost in kickbacks, bribes and theft of company secrets. Some of the older detective agencies, such as Pinkerton's, have turned their attention to industrial crime, but they tend to concentrate on the threats from outside. The danger from within demands a new kind of sleuth, who must engage in all the cloak and dagger techniques of the undercover agent and be an expert in the new field of management engineering as well. He must not only find out why a company is losing money, who is taking it and how, but must also devise methods to prevent a repetition of the crime.

One of the largest of these management engineering firms is Norman Jaspan Associates, Inc., which provides industry with straightforward management studies, while its subsidiary, Investigations, Inc., unearths malpractices. The Jaspan companies have 500 employees throughout the country who serve 2,500 clients, among them the giants of American industry. Last year they uncovered $60 million worth of dishonesty and were paid $4 million for their trouble. A caller from the firm may descend upon a company at the behest of its president to make an open survey of shipping methods, incentive programmes and other matters closely related to the work of an industrial engineer. But the problems may prove to be such that Investigations, Inc., will undertake more devious inquiries.

The Jaspan people say that they seldom learn much about a company by talking to the top management directly. It is usually more profitable to send a " junior management engineer "—known in another era as an undercover operative—to apply for a job as secretary to the vice-president or as a porter or operator of a drill press, where he can observe, listen and if need be peek into the files. These individuals differ from the shop-worn image of the private eye in that the young man working as a porter is likely to be a trained efficiency expert ; the pretty girl, who is such a good secretary in a drug concern, may be a PhD in chemistry.

In this manner, an operative of Investigations, Inc., innocently washing his hands in the cloakroom, noticed a fellow employee copying a confidential blueprint, one of a series which he was selling to his employer's competitor. Another found a man at a gold mine pouring gold dust into plastic capsules which he proceeded to flush down the lavatory. The capsules were caught in a trap which he had installed previously in a waste pipe. The manager of a supermarket was caught hauling his own cash register to work each morning after lightening the load at home. The head of a meat warehouse was discovered " over-shipping " meat to accomplices at local supermarkets.

Jaspan is handling an increasing number of cases involving the theft of company secrets, some already patented or in the process of being patented. For instance, not long ago an engineer making an open survey of shipping methods in a large chemical company on the east coast noticed a crate marked " Samples " awaiting shipment to the west coast from the director of research. When the crate was opened it turned out to contain the records of developmental work on a new product. The company had spent four years and over $4 million bringing this product to the point at which commercial exploitation was possible. The research director, as is usual, had signed an agreement with his employer to prevent him from making off with the fruit of work done in the company's laboratories with company funds. Nevertheless, he had made arrangements with accomplices on the west coast to ship them the research data needed to give them a head-start in the market. In return they had promised him a job and 10 per cent of the proceeds from the sale of the new product.

SHORTER NOTES

A month-old disagreement between the President and the Joint Atomic Energy Committee of Congress was resolved last week when Mr Kennedy announced that one of the two vacancies on the Atomic Energy Commission is to be filled by Mr James Ramey, the director of the committee's staff. The other goes to Mr John Palfrey of Columbia University. Mr Ramey is not popular with the existing commissioners but the committee refused to consider other names until it was promised a vacancy for one of its own candidates. Unlike the three scientists now on the commission, Mr Palfrey and Mr Ramey were trained as lawyers. Neither may have long in their new jobs ; the Administration still plans to ask Congress next year to replace the five-man commission by a single administrator.

* * *

In 1961 there were almost 89 million Americans licensed to operate a motor vehicle, an increase of 1.5 million over 1960 and an average of 1.2 persons for each registered vehicle ; 63.3 million of these were passenger cars and 12.3 million were lorries.

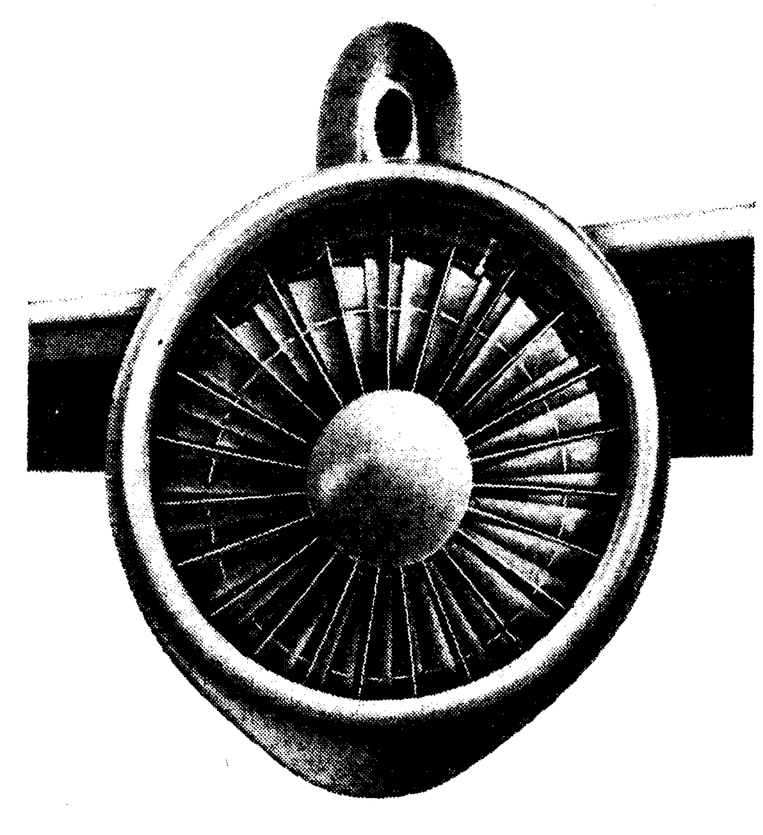
VENEZUELA

EIU QUARTERLY ECONOMIC REVIEWS covering 57 countries or groups of countries

There have been two military rebellions this year, but President Betancourt remains in control. The Review describes the background to these events, and analyses the circumstances which led to a partial devaluation of the bolivar in April. Also discussed are the encouraging upward trend in oil production, and the implications for the Venezuelan petroleum industry of the resolutions adopted at Geneva recently by the Organisation of Petroleum Exporting Countries.

Further details on subscriptions from :

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



Only Qantas flies V-Jets

This is one of the revolutionary turbofan engines of the Qantas-Boeing 707 V-Jets which are 25% more powerful than earlier jets, resulting in shorter take-off and swifter climb, greater speed and longer range. It costs no more to fly by Qantas 707 V-Jet than by ordinary jet. Why not fly the best? See your Travel Agent or Qantas, corner Piccadilly and Old Bond Street. Tel. MAYfair 9200.

41 YEARS OF DEPENDABLE SERVICE

QANTAS

Australia's round-the-world Airline

In association with Air-India and B.O.A.C

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

BOOKS

From the Tsars to Khrushchev

Russian Foreign Policy : *Essays in Historical Perspective.*

Edited by Ivo J. Lederer.

Yale University Press. 643 pages. 80s.

MAN'S survival, it seems true to say, depends very largely on the Soviet leaders' willingness to face the political implications of the nuclear age, and to turn peaceful co-existence into something more than a slogan. This lends particular urgency to the study of Soviet foreign policy. What are its real objectives and how are they promoted? How relevant is Marxist-Leninist ideology, and to what extent are the Russians of today following in the footsteps of the Tsars?

These problems are complex, but not insoluble. Some light is thrown upon them in this volume of essays by a number of distinguished American scholars, participants in a conference held at Yale to consider Soviet foreign policy in its historical setting. Among the topics discussed are Russia's strategic and economic interests, the role of propaganda and the changes taking place in popular attitudes towards the outside world. Other papers analyse Russia's relations with particular areas of the globe to discover how policy is carried out in practice. Each contributor deals with the pre-revolutionary era as well as the Soviet present. There are some notable gaps, but there is a great deal of useful information and lucid thought in these pages that will interest the general reader as well as the historian.

Imperial Russia emerges as a country neither more nor less moral in its foreign policies than other states of the period. The aim of national aggrandisement was pursued somewhat fitfully, to a large extent prompted by the ambitions of the military—although often the Tsar and his ministers were more deeply involved than they cared to admit to protesting western ambassadors. Much of the trouble stemmed from the fact that the educated Russian public took little interest in foreign affairs and could not exercise any noteworthy restraint on those in authority. But on the whole the problem remained within manageable proportions. Economic backwardness imposed limits on Russian strength, and when international complications threatened the other powers generally intervened to forestall Russia. Still more important was the fact that Russia itself belonged to the European state system. Its diplomats by and large shared the ideas and values of their foreign colleagues. Indeed, so westernised did the Russian élite become that many intellectuals lost faith in their country's future. They accepted the Bolshevik revolution because it enabled them to overcome their deep sense of national humiliation *vis-à-vis* the more advanced West. Communism served them as a means of re-asserting Russia's old claims to moral superiority and catching up on Europe in the sphere of material accomplishments. This pattern of superficial acceptance of western culture, followed by rejection, and then by conscious imitation of certain selected features of it, has since been repeated in China and other Afro-Asian countries.

The Bolsheviks have succeeded in harnessing this latent nationalism to their totalitarian machine. But this does not make them nationalists in the conventional sense. The elements of continuity between their policies and those of Tsarist Russia are only of secondary or incidental importance. No doubt traditional Russian exclusiveness, derived from historical experience, has intensified Soviet fear and suspicion of the West. But the decisive element in the foreign policy of any modern totalitarian state is political: concern for the interests of the ruling party. The party must continually seek to maintain and extend its monopoly of power and justify itself in terms of the official ideology. Marxism-Leninism gives the Soviet system its dynamism, and at the same time provides a framework within which all decisions are taken, including those on foreign policy. Despite its apparent rigidity, the doctrine actually permits great flexibility in the choice of means. Each step is related conceptually to the ultimate goal. But it is taken only after a careful and realistic analysis of the existing power relationship. The sole criterion is tactical advantage to the regime. The result is a curious blend of loyalty to principle and blatant opportunism. But it presents a formidable threat to democratic states, where the diffusion of authority generally prevents national leaders from matching the Communists in the consistent pursuit of purpose.

Can the West meet the challenge? On the whole the contributors to this volume are cautiously optimistic. The Soviet leaders, they point out, are coming to realise that nuclear weapons make direct territorial expansion intolerably dangerous. Aid to the under-developed countries strains Soviet resources and does not always bring tangible political results. Tension arises between Communist countries, seeming to show that Mr Khrushchev is finding it increasingly difficult to reconcile Soviet national interests with those of the world Communist movement. The West has no cause to be complacent, but it has nothing to panic about.

Wool and Protection

The Wool Trade in Tudor and Stuart England.

By Peter J. Bowden.
Macmillan. 260 pages. 35s.

IN the fourteenth century the Ordinance of the Staple called wool "the sovereign merchandise and jewel of this realm of England." Two centuries later wool exports were insignificant, but the sheep remained the mainstay of the economy, since the decline in the export of wool had been offset by the rise in the export of cloth. The expansion of the broadcloth industry between 1450 and 1550 forced up the price of wool, while corn prices lagged behind. The first crisis came with the depression of 1551, and thereafter wool prices rose more slowly than those of grain. The second crisis came in the early seventeenth century: it was met by manufacturers changing from the production of broadcloth to that of fine cloths made from Spanish wool and by a greater concentration upon cheap worsteds and cloth mixtures. Even so the years of the golden fleece were over; large flockmasters prudently contracted their demesnes and let out a growing proportion of their estates.

Mr Bowden's study of this process of economic adjustment and government intervention is careful, realistic and original. In the earlier part of the book he is particularly concerned with the decline of the broadcloth industry in the reign of James I. This has been ordinarily attributed to the collapse of northern European markets, largely as a result of war: compensation was found in the markets of southern Europe, which demanded lighter weaves. Mr Bowden's explanation, originally given in his article in the *Economic History* for 1956, is made in terms of supply and not of demand. The richer grazing made possible by enclosures meant that the fine short wool suitable for broadcloths was replaced by long coarse wool suitable for worsteds. The broadcloth manufacturers had to use inferior raw materials or to experiment with other products. The theory is attractive and cannot be disregarded in future discussions. Yet the depression of foreign markets must remain at least a complementary explanation. And it is unfortunate that while Mr Bowden has here expanded his discussion of the wool supply, he has contracted his main argument.

The second part of the book is concerned with the campaigns fought by industrial and export interests for favoured treatment. Both the wool and the cloth trades were geared to credit, and the "wool-broggers" were indispensable to small farmers and producers. The mid-sixteenth century depression produced the restrictive legislation of 1552 against wool-dealers; and it was not until 1624 that a more serious depression led to the repeal of the 1552 Act. Protection was granted to the clothiers by a prohibition on the export of wool. Mr Bowden questions the contemporary belief that this could handicap continental com-

petitors. However the Leyden clothiers seem to have been justified in their complaints against the export ban. And, since England had a virtual monopoly of long-staple wool, it is odd that Mr Bowden should here lay so little stress on the nature of the wool supply when he has earlier given it such weight. His argument would have been more effective if he had been able to deal explicitly with the doubts and qualifications provoked by his original article. Nevertheless his book will be of great value to historians and of more general interest as a study of, as he puts it,

> the way in which a vociferous section of the community, by dint of sustained and organised propaganda, can obtain general acceptance of its own selfish aims in the name of public necessity.

Civil War Blues—and Greys

Patriotic Gore

By Edmund Wilson.
Deutsch. 848 pages. 55s.

THE Civil War remains the great traumatic experience of American civilisation. Even those who have wanted to forget about it have found, like Mr Justice Holmes, that it would not let them go. A hundred years later, surfeited by the vulgarities and tomfooleries of the centennial commemoration, many an American intellectual has sworn off the subject for the duration. How long will such conscientious objection survive? Here is Mr Wilson, the Grand Cham himself, joining up—and wearing not only the Grey but the Blue also, the Civil War buff to end all buffs.

"Patriotic Gore" is a reminder that a great critic not only can but should address himself to the obvious subjects, to the great focal points of human experience, and that he will find there ample material for the exercise of his illuminating art. In these spacious pages Mr Wilson explores the literature of the war, prewar and postwar, North and South, asking as he always has of any literature, what it can tell us of the values and weaknesses of its society. This means—for the Civil War, a great conflict, produced no really great literature—a careful grading and analysis of novelists, poets, diarists and autobiographers of the second order. Yet the result is, without question, a first-rate piece of criticism.

Mr Wilson's triumph is largely the result of his relentless honesty, of his refusal to exaggerate the merits of his subjects. John de Forest is not inflated into a New Haven Henry James, nor Sidney Lanier into a Southern Keats. But a catholicity of appreciation accompanies this wise discrimination; on both sides of the battle line, in opposite styles of romanticism and realism, Mr Wilson discerns merits which a short-sighted twentieth-century reader would miss, just as he relates shortcomings to intellectual and social climates of which contemporaries were only half aware.

Mr Wilson does not hide—indeed, in an already over-quoted introduction about the "sea slug," he positively parades—the attitude which he himself adopts towards the great conflict. It was, his introduction asserts, merely the grossest manifestation to date of America's recurrent cannibalistic impulses, the North clothing its success in the garments of moralistic superiority. Fortunately the fatal "merely," which makes the introduction so stridently unconvincing, is absent from the pages that follow, and is replaced by a full awareness of the tragic dimension in which his people and their events occur. So Harriet Beecher Stowe can be depicted as comprehensibly as Mrs Chesnut, the diarist of the ruined Southern plantocracy, and Ulysses S. Grant as admiringly as Alexander Stephens. Only one figure in some measure eludes Mr Wilson's grasp (though he has true things to say of him). That is, paradoxically, the leader who most rose above the pharisaism that Mr Wilson deplores. In dealing with Lincoln Mr Wilson's scholarship for once falls short. He still accepts the Herndon gospel, now so widely discredited; he has not fully understood the debates with Douglas; and most surprisingly of all, he still swallows whole the Charles A. Beard thesis of the economic causes of the war. Here indeed, as often elsewhere, Mr Wilson remains "unreconstructed" — an unreconstructed, isolationist, New York City liberal of the 1920s. Fortunately, for most of the time he also remains the most perceptive, informed and literate critic of the 1960s.

Soap Washed Whiter

Competition and Monopoly in the British Soap Industry

By H. R. Edwards.
Oxford University Press. 280 pages. 35s.

MR EDWARDS has really written two books: a restatement and refinement of the theory of imperfect competition under oligopoly; and a history of the British soap industry. Both are good. Mr Edwards is lucid, brief, and relatively free of jargon, equations and diagrams.

He starts by reminding us that the classical description of perfect competition was much more relevant to agriculture than to modern manufacturing. Agriculture has a U-shaped cost curve; its units are kept relatively small by the need for a large number of management decisions; its basic facility, land, is limited; and its products are reasonably standard. Manufacture often has diminishing costs at the margin; its managers are able to control increasingly large units up to a point; its machines can be endlessly duplicated; and its products are infinitely varied.

Classically perfect competition, therefore, Mr Edwards contends, is not normally customary in manufacture. The number of separate firms in an industry is limited; their capacity at a given price is flexible; their customers are more or less tied to them by goodwill, whether it is the goodwill of the large buyer who knows that a particular supplier will provide satisfactory quality and service, or of the ordinary consumer who sticks to a brand because she has tried it and found it good.

When competition is thus imperfect, firms are bound to keep a wary eye on each other's actions. Unrestrained price competition would simply lead them to ruin. Nevertheless, in practice the public is exploited relatively rarely, which Mr Edwards explains by the threat of competition from new entrants, usually established firms in other lines widening their range, and by technological innovation, itself often achieved by new firms.

If these new entrants are to be kept off, prices must be kept below what Mr Edwards calls the 'no-entry ceiling'. If they go above that, new entrants will see a profit, and will be tempted in. Below that, they will see no profit and will keep out. The height of this 'no-entry ceiling' depends on such factors as the goodwill of the existing firms, the minimum optimum scale of production, the level of technique in the industry, and whether the industry is expanding. In practice, the extra price—a rent of oligopoly—this ceiling permits is usually not worth more than 1 or 2 per cent of net sales value, Mr Edwards reckons, though occasionally it may rise as high as 5 per cent.

From his admirably concise history of the soap and detergent industry Mr Edwards draws some very interesting conclusions.

First, there is the importance of innovation. Levers originally burst into a market that was a series of old regional semi-monopolies by providing a better soap (oil instead of tallow based), wrapping it, distributing it at one price nationally, and promoting and advertising it on a large scale to the consumer. They then held their market between the wars by pioneering soap powders. In the fifties when Hedleys jumped to nearly half the market, they too did it by being a little ahead in exploiting a technological breakthrough—the possibility of a soapless detergent made to wash clean with phosphate builders and which did not go lumpy, and, later, fluorescers.

Secondly, there is the old importance in this market of heavy advertising; advertising as a percentage of net sales value was as high in the nineties as in the nineteen-fifties. Thirdly, neither Levers nor Hedleys seem to have exploited their oligopolistic position. Mr Edwards finds little evidence of more than normal profits. Competition seems to have prevented prices from ever going near their new-entry ceiling. Lastly, there is a clear suggestion that the savings of scale, especially in selling expenses, from concentration have been real. Indeed, Mr Edwards's criticism of Unilever is that they remained decentralised into their constituent companies for so long, and so did not get the full benefit of their amalgamations either in costs or policy-making.

Mr Edwards's theory makes imperfect competition a very limited threat to the consumer, even at its most powerful. His example shows that it does not have to be a threat at all.

What is Obscene?

"To Depraye and Corrupt . . ." *A Collection of Original Studies in the nature and definition of "Obscenity".*

Edited by John Chandos.
Souvenir Press. 219 pages. 25s.

WHEN the principle of freedom of expression conflicts with the need to protect society from attacks on its "essential shared values," reasoned argument is avoided and emotion prevails. This is particularly so in the case of obscenity. The present collection of nine studies, which takes its title from Chief Justice Cockburn's test for obscenity in *R. v Hicklin* in 1868, is a serious contribution to the subject. It successfully demonstrates the divergence of standards and inconsistency of judgments which the issue has provoked. But it does not suggest how, short of abolition, the test (which was modified by the Obscene Publications Act, 1959, but still contains the phrase in question) can be made more precise and certain.

Public attention is normally directed to obscenity only when a particular book is challenged before a court. Recently there have been signs that some judges, reflecting an increasing public tolerance, are reluctant to condemn a book on this ground. Mr Justice Stable's enlightened charge to the jury in *R. v Secker & Warburg* ("The Philanderer" case) in 1954 was a straw in the wind, and, recently, the Massachusetts Supreme Court, although by a bare majority, held Henry Miller's "Tropic of Cancer" not to be obscene. It is not surprising, then, that the two articles which concentrate on the legal aspects of the matter, that of Dean Lockhart and Professor McClure of the University of Minnesota from the American side and Lord Birkett's posthumous account of "The Changing Law" in England—a gem of lucidity—are the most pertinent in the collection. Lord Birkett commends Lord Reid's dissenting judgment in the recent *Ladies Directory* case, in which the House of Lords recognised the crime of "conspiring to corrupt public morals," and so shows his disapproval of that decision, which runs counter to the liberal trend. One would have liked to know how the problem is tackled by the legal systems of continental Europe; or is it only English-speaking countries that have an obscenity problem, and if so, why?

Some articles deal not so much with obscenity as with censorship in general: for instance, Mr St. John Stevas's on "The Church and Censorship." Most of the contributors, while disapproving of censorship, decorously distinguish between "writing conceived as art" and "mere pornography." Mr Maurice Girodias, of the Olympia Press in Paris, opens his jolly broadside with the announcement "To deprave and corrupt is my business," and claims that "the final difference between the two categories lies only in the scope of language used."

The editor, Mr John Chandos, a vigorous and well informed writer, is himself the author of two studies. The first adumbrates the main aspects to be discussed later by specialists, and the last is an absorbing account, enriched by discreetly chosen illustrations, of "what censorship can do," by encouraging the production of clandestine obscene writings.

Statistical Concealment

The Statistical System of Communist China

By Choh-Ming Li.
The University of California Press. 180 pages. $4.00.

The National Income of Communist China

By Alexander Eckstein.
Free Press of Glencoe. 215 pages. $6.75.

WHEN Professor Choh-Ming Li wrote his first book on the Chinese economy, an appraisal of the first five years of industrialisation, he could find no evidence of deliberate fabrication of the statistical source material. As his book reached the reader, the Chinese authorities admitted the most massive falsification known in the history of modern statistics. The crop of 1958, the year of the "Great Leap Forward," planned originally at the ambitious figure of 196 million tons, had allegedly yielded as much as 375 million tons. After half of it had been consumed, the Chinese Government, aware of the gross exaggeration, ordered two recounts, which brought the estimate down to 250 million tons. It will probably never become known how the recounts were carried out six months after the harvest. "Ex post checking on output data serves no purpose," Professor Li remarks tartly. Soon the world learned of widespread food shortages; then a novelty, they have meanwhile become an almost regular feature of the Chinese scene. Whilst the revised harvest estimate of 1958 was still overstated by at least a tenth, the one of 1959 was exaggerated by more than one-quarter. Thereafter the Chinese authorities ceased to publish any harvest results.

The position was little better in the industrial sphere. Steel production, planned originally for 1958 at 6¼ million tons, was alleged to have jumped by the end of the year to over 11 million tons. This was due largely to a sudden outburst of local party initiative. Thousands of do-it-yourself furnaces were reported to have yielded over 3 million tons of steel. Later the Chinese authorities endorsed the views of western observers: no steel had been produced in the backyards. The iron was of such poor quality that the experiment had to be abandoned.

Professor Li refrains from giving his own estimates of agricultural and industrial achievements. His book is no less important for being an analysis of a vast volume of Chinese literature: from it a picture emerges of the statistical system as it was in operation before it collapsed under the impact of decentralisation and "mass participation" under party leadership. Professor Li has been most restrained in his evaluation, the sparing criticism of which is all the more damning. Instead of being essentially a technical tool for planning, Chinese statistics took on the character of a political weapon. As for any future analysis, adjustments will be necessary, challenging the imagination and ingenuity of students of Chinese economics.

Professor Eckstein's book on China's national income is the fruit of such ingenuity and imagination. Basing himself on partial and fragmentary data he has calculated China's gross national product for 1952 from private and public sector accounts, transfer payments and receipts cancelling each other out. The results Professor Eckstein elicits from his study of farm products, non-farm wage bills, net earnings of private and public enterprises are not very greatly different from those of the few other western scholars who have tried to penetrate behind the maze of concealment, methodological vagueness, shifting definitions and changing coverage that are marks of China's statistical services. What is important in a study of this kind is the composition of the national income as much as its absolute level.

In 1952 China was of course only at the beginning of its drive towards industrialisation. Farming provided more than half the gross national product and private consumption more than two-thirds of the nation's outgoings. Agriculture was still based on the small holdings of private cultivators. The economy was still far from fully socialised. Today the level of the national income and its composition are bound to be very different from what they were on the eve of the first five year plan. In the meantime the importance of the public sector, and that means the share of capital investment in total national income, has grown immeasurably. Personal consumption has lost correspondingly. Even in 1952 China, though greatly behind the Soviet Union on the eve of its plan era, resembled the Soviet pattern with regard to the allocation of resources. In view of the vastly different setting at the time of the Chinese revolution, the similarities between the two experiments are startling.

To judge by a comparison in terms of national income, China in 1952 is shown to have had a slight edge over India in supply per head of farm products and in output per worker in industry. Ten years later the position deserves to be re-examined. It may well be very different. Professor Eckstein's book is the first of a series of studies from which he hopes to derive national income estimates for 1957 and 1962, the last years of the first two five year plans. China's statistical practices have changed sufficiently to require analytical techniques different from those applied in the first study. This task will require all the tenacity of serious scholarship of which there is so much in this field in the United States and so little elsewhere.

Tocqueville Systematised

The Social and Political Thought of Alexis de Tocqueville.

By Jack Lively.
Oxford University Press. 271 pages. 25s.

A SYSTEMATIC study of the thought of Alexis de Tocqueville has been needed for a long time; and it is no small credit to Mr Lively that the work under review goes far towards supplying the necessity—the first to attempt it, so far as the present reviewer is aware, in any language since the twenties. Of course since then there have been Professor Pierson's great work on Tocqueville and America; a not altogether satisfactory re-editing of his complete works, together with a number of English translations; and a large number of articles in learned journals. But it is indisputable that Tocqueville, a writer whose ideas and whose observations are now constantly drawn on by sociologists, journalists and political scientists, has nevertheless suffered, at worst, from the neglect, and at best, from the somewhat haphazard attentions, of scholarship.

So Mr Lively set himself a worthy enough task; and it must also be said that he has coped with it very capably. He has reintegrated Tocqueville's thought from the hundreds of letters and speeches, essays and (too few) completed works where it lies fragmented, and laid it out in seven chapters, whose titles (Liberty; History and Society; Centralisation, and so on) fairly sum up the main subjects of Tocqueville's reflections. He gives a sound account of Tocquevillism, that special form of liberalism, in all its details. He does not, perhaps, give enough references to back up all his statements, but if he did the book would be horribly over-peppered with footnotes; and on the whole he does not misrepresent Tocqueville's doctrine. In places he even performs much-needed rescue operations from misrepresentation. For example, he emphasises again and again that Tocqueville was no enemy to democracy; and shows that "negative freedom", that fatally limiting ingredient of most liberal thought, by no means limited Tocqueville. Negative freedom was, for him, complementary to that sense of personal responsibility which depends on liberty but on which liberty, in its turn, depends.

Nevertheless, two reservations must be made about this book. The first is that, even for an academic work, it is written with inexcusable stodginess. And the second is a doubt as to whether Tocquevillism is best expounded on quite this plan. It is to be hoped, of course, that many people will read this book as a corrective to the visions of Tocqueville the reactionary, Tocqueville the unrelieved pessimist, Tocqueville the monotonous harper on the single note of equality, that are now current. But in nature such readers are most likely to be academics, not politicians, still less non-academic private citizens. Yet it was above all for these last two classes that Tocqueville wrote. What is needed now is a book to turn them back to "Democracy In America" with fresh minds, there perhaps to revitalise their belief in the virtues of liberal democracy. Mr Lively's work fails, narrowly but decisively, to be such a book.

Diplomacy of Illusion

France and Her Eastern Allies 1919-1925

By Piotr Wandycz.
University of Minnesota Press. London: *Oxford University Press.* 463 pages. 68s.

AT the Paris Peace Conference of 1919, France appeared to be the strongest power in Europe. Twenty years later, its collapse, militarily and diplomatically, was complete. The myth of France's military greatness was shattered, while the apparent strength of its diplomatic position in Europe had been shown to be equally hollow. The intention of French foreign policy in the 1920s is clear enough: to replace the pre-war alliance with Russia by the formation of close ties with the new states of eastern Europe in order to contain Germany within the 1919 frontiers. By 1925 it looked superficially as if this aim had been achieved; and there was a network of treaties and agreements between France, Poland and Czechoslovakia, while Rumania, Jugoslavia and Czechoslovakia had formed the Little Entente, which seemed to promise stability in the area.

Professor Wandycz's careful and scholarly study shows in detail how insecure the French security system in fact was, and on what precarious foundations the eastern alliances rested. He has written a narrative tracing France's attitude to Polish and Czechoslovak claims at the Peace Conference, the brief flirtation (due, it appears, to the influence of Maurice Paléologue) with the idea of supporting a Danubian block based on Hungary, and the development of France's east European policy and of the relations between Poland and Czechoslovakia up to the signature of the Treaty of Locarno. The author sees in Locarno, and the acceptance of a guarantee against German aggression in the west, the failure of France's original intention to link the security of the frontiers of Poland and Czechoslovakia with that of France's own frontiers. "All that remained of a grandiose project," he concludes, "were shaky bilateral French alliances in East Central Europe."

The French sources for the period have been partly destroyed, and most of what survives is not available to historians. Professor Wandycz has largely succeeded in overcoming this difficulty by his use of Czech and, especially, Polish sources, of which he has unearthed a surprising quantity. This leads to the book being more

By *James Jay Allen*

THE EUROPEAN COMMON MARKET and the GATT

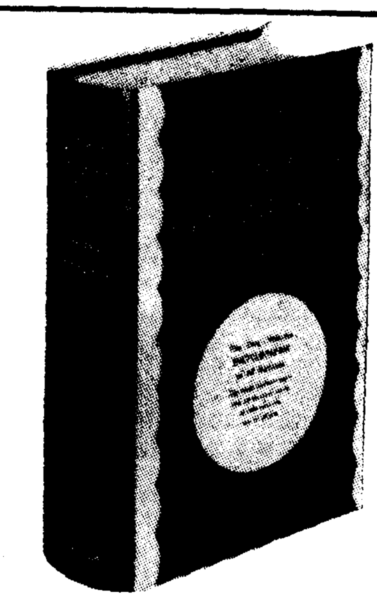
A wealth of well presented detail in a truly expert, unbiased, and intelligent appraisal of the Common Market. It explores, in theory and in practice, the relationship between the European Economic Community and the General Agreement on Tariffs and Trade, the worldwide tendency towards trade-diverting and trade-creating effects, the special position of the United States, and possible future results.

Highly recommended by the *Library Journal, Political Science Quarterly, World Affairs,* and the general press. $6.00 £2.2.10

Ten Per Cent Discount to readers of *The Economist* when this announcement accompanies cheque or money order. Post free.

THE UNIVERSITY PRESS OF WASHINGTON, D.C.
1311 G Street, N.W.
Washington 5, D.C.

Send for descriptions of other books in the international field



THE STATESMAN'S YEAR-BOOK 1962

S. H. Steinberg (Editor)

The ninety-ninth annual edition of this famous and indispensable reference book is now ready.

'Compact, accurate, impartial, interesting, and furnished with a wealth of relevant statistics.' —*Financial Times*

Illustrated *45s.*

MACMILLAN

of a study of Polish and Czechoslovak foreign policy than of French policy. However, this does less harm to the work's perspective than might appear. It was, in fact, in Czechoslovakia alone that there was any real continuity of policy in this period. Both French and Polish foreign policy was constantly changing under the pressure of internal politics, whereas Czechoslovak policy under Eduard Benes remained remarkably constant. Benes is indeed the hero (if the word is not out of place in writing of so deliberately dry and detached a piece of diplomatic history) of this book. His diplomatic skill, genuine moderation—particularly towards Germany—and real vision of improved international relations in central Europe make the treatment of him by the French and British in 1938 all the more inexcusable.

In addition to exposing the illusions on which France's eastern alliance system rested, Professor Wandycz deals with some other myths; he shows, for example, that the role played by General Weygand in checking the Russian advance into Poland in 1920 has been magnified out of all proportion. He has also some interesting things to say about the influence of economic considerations on French foreign policy. Although this is not an easy book to read—the style is pedestrian and many of the references, particularly to Polish internal politics, need explaining—and although the maps provided to illustrate the complicated territorial disputes are quite inadequate, the author has nevertheless made a real contribution to our knowledge of international relations in the period.

History through Stones

The Mute Stones Speak

By Paul MacKendrick.
Methuen. 382 pages. 35s.

In this book Professor MacKendrick, who has been professor at the American Academy at Rome, surveys the archaeology of Italy, to show how it illustrates Roman history from the earliest times until the fourth century AD. This reviewer knows of no book that covers the same ground so helpfully; it will be welcomed especially by those readers who have not the time to follow up widely scattered archaeological reports in half a dozen different languages. If in the prehistoric chapter the stones (or sherds) stammer rather than speak, with the Etruscans and early Rome they have found their voices. How good it is to have sites like Marzabotto and Cosa and early Ostia explained and, in the chapter on the later republic, to find an account of the sanctuary of Palestrina. Moving into the imperial age we are shown a succession of major sites, familiar and less familiar. Here, among many other items, are the Nemi galleys; the imperial fora (with, for our entertainment, a photograph of Mussolini inaugurating the Via dell' Impero in 1932); the Golden House; Hadrian's villa; roads, aqueducts and the walls of Aurelian; and, which will give much pleasure, Piazza Aamerina, and the excavations under St Peter's. There are numerous plans and other illustrations; but it is much to be regretted that the reproduction of some of the photographs is so dark and that plans, heavily reduced because of space, are sometimes smudgy.

The reader will emerge with increased respect for the achievements of Italian archaeologists. Their engineering feats in the excavation of the Ara Pacis and of the shrine of St Peter show that the skill of the old Roman engineers still remains with their modern descendants. Besides the Italians, scholars from many other nations have contributed to the work of excavation and survey, and all are given their due credit. But though the author is concerned with the work of others, his book is very individual and has the touch of the scholar who is thoroughly familiar with his subject. All will not see eye to eye with some of his historical asides. He is rather too contemptuous of the Roman emperors, Augustus included, and why bother to give a genealogy of the Julio-Claudian family? There is also perhaps overmuch about the 'involuted' and 'tortured' nature of Hadrian (in the vein of a recent novel) for the taste of provincials brought up in the lee of that great emperor's Wall; but these are merely bypaths in a useful and lively book.

Fabulous Province

The Living Land: *An account of the natural resources of British Columbia*

By Roderick Haig-Brown.
The Macmillan Company of Canada. 269 pages. 50s.

It is harder to face and balance facts about British Columbia than it is about any part of North America. It is short of nothing but dull scenery, people and level heads. Halve the optimism its government expressed in its evidence to the Gordon Commission in 1955 and one foresees the province by 1975 outdoing Texas and California in "growth." In 1962 the rare observer who has not been outwitted is not easily disposed to recommend the province either to investors who want tangible returns in their own lifetimes or to young immigrants looking for exciting prospects. There is the superficial paradox of serious unemployment and serious labour shortage. Why, with such legendary resources available, is such optimism so damp? What is wrong?

It is greatly to the credit of its otherwise wide-eyed government that, as early as 1948, it encouraged its Director of Conservation in the Department of Lands and Forests to call annual conferences on natural resources to consider and report—scientifically—on the whole picture. And it was, perhaps, more than they deserved that he happened to be Dr D. B. Turner. Under his guidance

men who were dealing daily with research, administration or operations in the various resources set forth their knowledge and their difficulties, listened to each other with surprising degrees of sympathy and patience, left with broader knowledge and a clearer understanding of the welfare of the province as a whole.

So far over a dozen weighty tomes record these conferences and there is no doubt that a Gordon Commission today would, as a result, get far more sensible evidence. But the general public in and out of the fabulous province are entitled to the fabulous facts in one lucid, un-axegrinding volume. Their appetites were gorgeously whetted in 1956 by the publication of easily the finest Resources Atlas (48 pages of maps in full colour) in the world. To have chosen Mr Haig-Brown for this formidable digesting task was perfectly apt. He is a British Columbian of a rare type. Though he is as much in love with his province as the next man, he knows the stuff his dreams are made of, understands every donnish volume of it and, glory be, can write like a dream.

OTHER BOOKS

The Trachtenberg Speed System of Basic Mathematics. Translated and adapted by Ann Cutler and Rudolph McShane. *Souvenir Press.* 270 pages. 18s.

Multiplication is really an additive process. Thus, any number in the hundreds range can be written in algebraic terms as $a \times 100 + b \times 10 + c$ and any number in the tens range as $x \times 10 + y$. A simple algebraic equation gives the result of multiplying the two numbers together as:

$$1000ax + 100\,(ay + bx) + 10\,(by + cx) + cy.$$

The result, therefore, of multiplying any three-digit number by 11 is found, by making both x and y equal to 1, to be:

$$1000a + 100\,(a + b) + 10\,(b + c) + c.$$

Expressed as a rule under the Trachtenberg system of multiplication, this is simply "add the neighbour": that is, after imagining 0 before the number to be multiplied by 11, it is simply a matter of adding each successive number to its neighbour on the right.

It is by such rules that the Trachtenberg system of arithmetic does away with conventional multiplication tables and long division. An institute in Zürich has been teaching the system since 1950 to children in the daytime and adults in the evening with, it is said, considerable success in the attainment of both ease and speed. This book, written for adults, describes the system in some detail. It may exasperate those who are already arithmetically competent, intrigue those who have a mathematical turn of mind and help those who loathe, but have to cope with, simple arithmetic.

Bohemia and Moravia: *An Architectural Companion.* By Brian Knox. *Faber.* 168 pages + 64 pages of plates. 63s.

This account of the author's travels throughout the length and breadth of Bohemia and Moravia some five years ago is an ideal travelling companion, especially for those with a car who can follow Mr Knox off the beaten track. It should also prove a delight to the armchair traveller interested in that part of the world. It is erudite, both architecturally and historically, but the erudition is lightly worn, and the writing unusually good for a book of this kind. It has excellent sketches and drawings of ground plans, and above all a profusion of splendid photographs. Its only drawback as a guide is that one might hesitate to submit such a beautifully produced book to the hazards of suitcases and the side pockets of cars. But this of course need not worry the armchair traveller.

LETTERS

Defence Under Fire

Sir—In your article of August 11th you state that the current defence thinking of Mr McNamara, the American Secretary of Defence, is criticised from two sides. Some members of the western alliance fear that the stress that is now being placed on conventional arms development may lean towards appeasement, while others assert that such policy may merely provoke the arms race further.

I fear that there is an even greater danger associated with this policy that no computer-minded "whiz kids" can evaluate. This is that a stress on conventional arms may lead to a feeling, both in East and West, of false security. If the conventional forces of the world are fully developed for limited war a trend of thought may develop that since war would not be total then negotiation is not the ultimate step that can be taken. War, whether defensive or aggressive, again becomes a practical possibility.

I would suggest that this belief may soon develop over the Berlin situation when both East and West see that neither side can, or will, step down. There is then an acute danger—either that the East, on the assumption that nuclear weapons would not be used in Europe, may decide to solve the Berlin problem by force; or, more likely, under provocation, the Western allies may abandon patient negotiation and retaliate with force.

The move towards a build-up of conventional arms heightens, not reduces, the danger of war. While both sides live in fear that provocative acts can lead only to a nuclear holocaust then tough negotiation will be considered to be the ultimate solution to international problems; but if it again appears possible to fight without rendering total destruction to both enemy and ally, then the probability of war is substantially increased.—Yours faithfully,

Cardiff Paul A. V. Ellis

Medicare

Sir—Your issue of July 14th contained a report on the difficulties encountered in Saskatchewan, Canada, with respect to their government programme for medical care. In the last sentence a most amazing irrelevancy occurs: "And who knows but that American journalists, crowding into Regina to report on chaos and not finding it, may not end by bringing American opinion round to the need for some such reforms as these?" There is no indication in the reporting what the relationship of matters in the United States might be to those in Saskatchewan, nor is there any indication of what it is in the United States which needs "reform."

We do know that in the United States we have had over the past decade a hospital building programme which has greatly increased the availability of hospital care, and we have chosen to expend tax-obtained funds in this significant manner rather than to dissipate them on what can frequently be inconsequential expenditures under certain types of compulsory government programmes. In the same vein, with public funds we have contributed greatly to medical research which, again, can suffer in nations with compulsory medical programmes. In the United States we do not suffer from an out-migration of doctors. Our doctors do not have to have recourse to extraordinary means such as has happened or been threatened in recent years not only in Saskatchewan but in Italy, Austria, France, Japan, the United Kingdom, and perhaps others. Most of our hospital care is on the semi-private or private room level contrasted with ward care provision under certain government programmes.

Generally, the level of our medical care is conceded to be good and to have improved tremendously over the past fifty years.

Over the past quarter century, we have developed a system of private insurance by which people may be protected against the impact of serious medical care costs and this has found broad public acceptance. No such system of private insurance for these purposes has ever existed in any nation with the breadth of coverages available and the diversity of approaches taken as is found in the United States today.

Your man in North America might well elucidate upon just what it is in the United States which needs "reform." Might he not with equal irrelevance ask the question whether journalists from the United Kingdom may not end by bringing opinion in the United Kingdom round to the need for some "reforms"?—Yours sincerely,

J. F. Follmann, Jr.
Health Insurance Association of America
New York

The Regional Screen

Sir—Your very fair article about our company deserves a warm tribute, particularly since the facts about regional television companies have been overlooked in the general hue and cry about profits and violence.

You will forgive an immediate correction, however, to the description of the Anglia Television area as "10,000 sq. miles, chiefly of farming country (there is no large conurbation at all)." This is very misleading, and tends to perpetuate the myth that East Anglia is completely rural in character. East Anglia is, in fact, a thriving area in which agriculture plays only a part; at the end of 1961 it employed 13.9 per cent of the working population.

Manufacturing industry is expanding rapidly and now employs more than 33 per cent of the working population. Considerable industrial development is evident throughout the area, and already over half the total population of more than two million live in the eleven major towns, and the tendency to congregate continues.—Yours faithfully, Michael Norman

Norwich Chief Executive, Anglia TV

West Irian

Sir—It would be interesting to know what the Papuan people think of the "agreement" between three non-Papuan governments to hand them over to Indonesia.—Yours faithfully, D. Barton

Stalybridge, Cheshire

Katanga

Sir—Your special correspondent in Elisabethville (August 4th) refers to "gross vilification of U Thant for calling the Katanga ministers 'clowns'." Was it not somewhat "gross" for the world number one civil servant to use the language he did about Katangese ministers? One wonders what would have been the Afro-Asian reaction if the Secretary General had spoken thus about any other African politicians—but then, of course, he would not have dared to do so, even from the safe distance of Helsinki.

Incidentally, your correspondent's statement that "Mr Tshombe is in no mood to leave Katanga for some time" was in contrast with the news of the latter's visit to Geneva.—Yours faithfully,

Paris Martin Carmichael

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 608.

☐ Payment enclosed ☐ Please send bill

The Economist, 22 Ryder St., London, S.W.1

NAME ....
(BLOCK CAPS)

ADDRESS ....

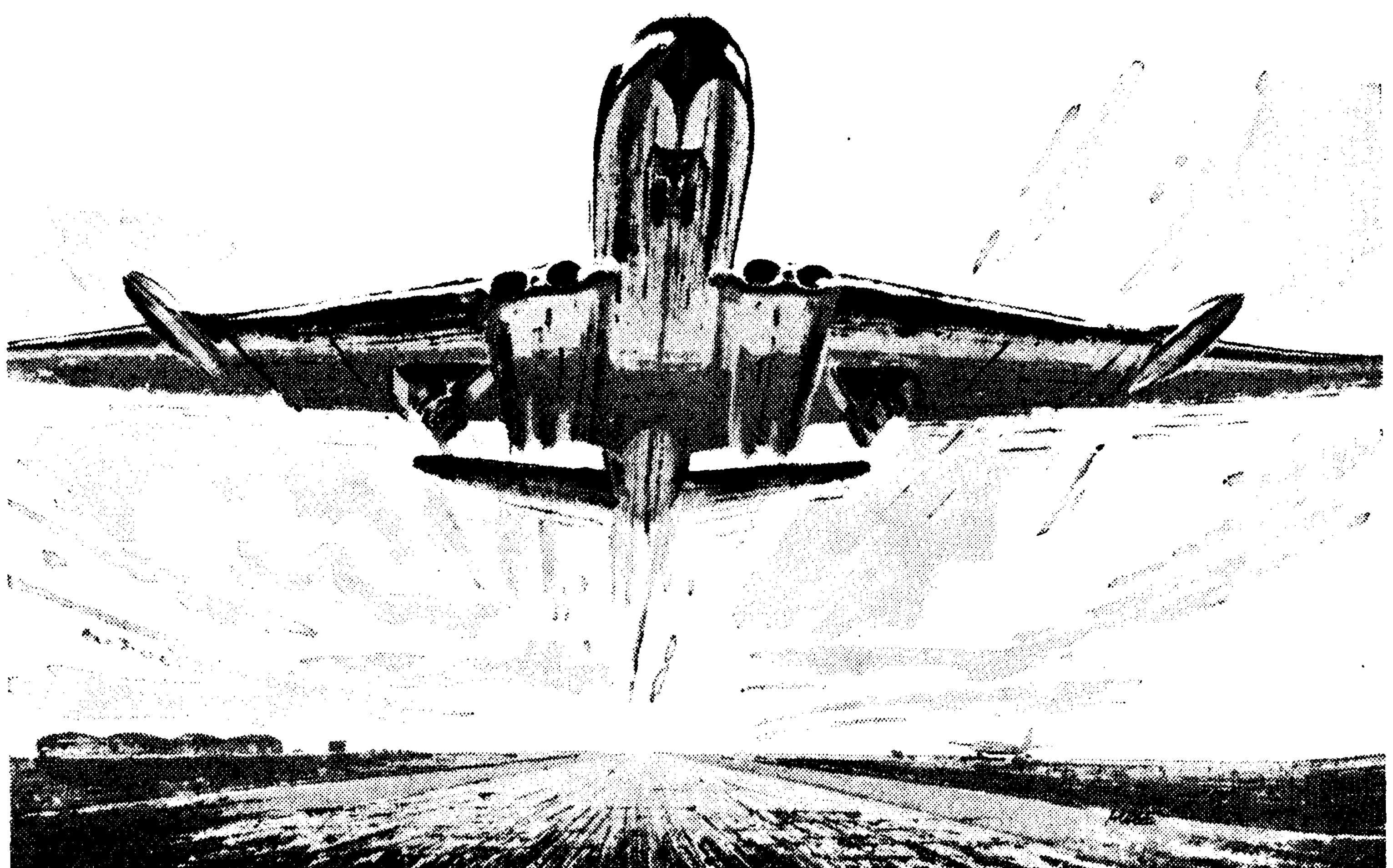
Every 25 minutes... A PLANE LEAVES LONDON FOR A COUNTRY SERVED BY BARCLAYS BANK D.C.O.

To Africa, to the Caribbean, to the Mediterranean fly the planes. Some go direct, some connect with other smaller air lines which carry businessmen, tourists or government officials on to little-known and far-off places.

It will be a small township indeed which does not contain a branch of our bank. From the mines of the Rand to the cocoa trees of Ghana, from the coffee plantations of Kenya to the oil wells of Trinidad the name of 'The D.C.O.' means modern banking service at its best.

All in all we have over 1,250 branches in 41 territories extending over half the width of the world.

BARCLAYS BANK D.C.O. *54 Lombard Street, London EC3*
BRITAIN'S LARGEST OVERSEAS BANK



THE BUSINESS WORLD

Will the Banks Compete?

TUESDAY'S surprise announcement that negotiations are in train for an offer by the National Provincial Bank for the shares of the District Bank heralds England's weightiest bank merger for forty years. Does it also herald a new bout of competitive emulation between the banks in the form they have made peculiarly their own ? Just four years ago, also in the midst of the holiday season, the great deposit banks tripped over each other to follow the lead of one of their number into indirect association with hire purchase and to follow the lead of another into more streamlined personal lending. It would be unjust to say that after this momentary stir the banking giants returned to their slumbers ; within two years the clearing banks increased their advances by 75 per cent, and the monetary authorities felt impelled to put on the brake again. But one may still feel that the initiatives of 1958 have not been excitingly, or cleverly, followed up.

The banks, indeed, took on their interest in hire purchase ; but they pointedly refrained from "interfering" with the "expert" management of their affiliated hire purchase concerns. So they did nothing to avoid the debacle which soon followed. The banks introduced their personal loans and announced intensified efforts for new customers ; but they still kept these short of more flexible hours of opening or more competitive rates for deposits. It may be that this built-in inhibition from free experiment and true competition among these institutions, leaving room only for marginal, co-ordinated and sometimes gimmicky innovations, is inextricably linked with the public utility functions which the banks assume they have thrust upon them. If that is the case, then one cannot repeat too often that pressure is bound to increase for the public utility to be taken over formally by the state.

That is a prospect from which bankers, very rightly, still recoil in horror. But it is up to them to give their plainly private and ostensibly competitive form an appropriate substance. This is a challenge both to the commercial bankers themselves and to the Bank of England and it is highlighted in a new form by the prospective merger. Is it designed to bring more competition or less ? Since the great banking mergers which culminated at the end of the first world war, the Bank of England and the Treasury have, unofficially, called a halt at the very top, and it has always been assumed that the authorities would step in to prevent a merger among the Big Five themselves—Barclays, the Midland, Lloyds, Westminster and the National Provincial. A merger between the NP and the District (ranking seventh in size) does not directly contravene this unwritten article. It could be regarded, rather, as one of the last moves in completing the nineteenth and early twentieth century consolidation of regional banks in England into large national concentrations. The branch networks of the District and the National Provincial, it is being pointed out, are to a large degree complementary—the National Provincial being weakest in north western England, which is the District's headquarters and main sphere of operation.

There are indeed five other clearing banks below the giant size. But of these the National Bank does most of its business in southern Ireland ; Coutts is already a subsidiary of the National Provincial ; and Glyn Mills and Williams Deacon's are subsidiaries of the Royal Bank of Scotland. This leaves only Martins, which has its head office in Liverpool and ranks sixth in size at present, as an independent regional entity ; and it will now look a distinctly isolated one. Its branch network of 600 offices is still immense by international standards—the largest bank in Germany, the Deutsche Bank, has something over 400 branches—but in England it now looks puny. Even the Westminster, with 1,250 branches, will find itself seriously behind the level of 2,000 or so that all its four rivals will top if the NP-District merger goes through. As the market was quick to notice, both these banks could solve

BACKGROUND TO THE BID

Comparative Balance Sheets, Mid-1962

	NP £ mn.	District £ mn.
Capital and reserves...	42	11
Deposits, etc.	903	266
Acceptances .	45	19
Total	990	296

	NP £ mn.	District £ mn.
Cash balances	187	65
Bills	140	42
Special deposits	18	5
Investments....	120	31
Advances......	466	131
Fixed assets....	14	3
Acceptances ...	45	19
	990	296

£100 invested in January, 1960 in

	NP	District
Income received .	£64	£70
Number of shares now held	58·59	55·05
Current price ...	84/9	80/9
Value	£251	£223
Assumed dividend (after merger).	14%	14%
Yield on original cost	8·28%	7·69%
Current yield....	3·30%	3·45%

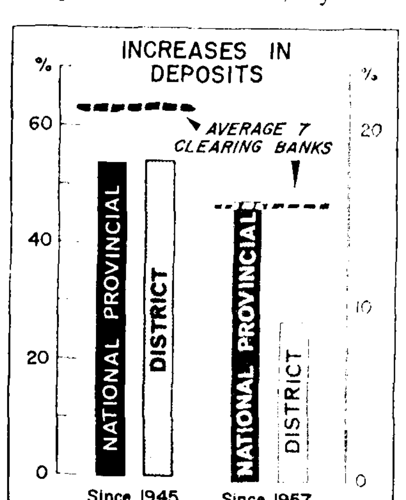
	National Provincial	District
Established	1833	1830
Original Name	National Provincial Bank of England	Manchester and Liverpool District Bank Co.
Total Branches	1,566	560
Acquisitions	1918 Union of London & Smiths Bradford District Bank 1919 Sheffield Banking 1920 Northamptonshire Union 1924 Guernsey Banking Co. 1961 Isle of Man Bank	1907 Lancaster County Bank 1916 Bank of Whitehaven 1935 County Bank
Other interests	Coutts & Co. North Central Wagon	Astley Industrial Trust (about 1/3rd interest)

their problem by a merger between themselves; they already collaborate in their hire purchase holding of 20 per cent each in the equity of Mercantile Credit.

A second merger of this kind is by no means certain. Both the National Provincial and the District have in recent years been more clearly on the defensive than have Westminster and Martins. And just what mergers on this scale can achieve is still far from clear. It is intended at present to leave the District Bank as a separate entity with its own board and head office in Manchester—this was almost the only point of substance to come across in the preliminary announcement, and it may be that some such reassurance is a condition of a "friendly" merger between great banks. But the greater the emphasis on independence, the less must be the scope for meaningful economies of operation—and Scottish experience has shown that these do not come quickly even with a full amalgamation.

The real rationale behind a consolidation of the remaining medium-sized regional banks in England lies in the advantage that can be offered to the customer by the national giant. Those advantages are first, and above all, a national network of branches; secondly, massive resources sufficient except in rare cases to finance the needs of the largest firms; thirdly, and increasingly important, an efficient and readily available service of economic information and foreign trade facilities. In the first and the second fields the big clearing banks clearly have the edge over the merchant banks; in the third, the balance is probably the other way; and the merchant banks can also offer a more flexible and less bureaucratic service generally. For that reason, they have in recent years made important marginal gains on the clearing banks as a whole. Now the clearing banks' one overriding attraction is size, and to that extent the smaller fry among them are at a clear disadvantage. At the same time, with 500 branches and more, they still constitute a bureaucracy that can never approach the personal merchant banking service. As a result, these middle-sized banks have conspicuously lacked a clear attraction or *raison d'être* of their own.

Consolidation of the main deposit banking business in England into the hands of the big five and their associates might therefore be justified on the grounds of banking efficiency, and it is unlikely, in itself, to reduce effective competition—it is not, by and large, from the District or Martins that new banking ventures are awaited. The monetary authorities are therefore right to let such mergers through, while remaining watchful lest the giants get an appetite for other giants. Where they are wrong is to let their concern for banking competition stop there. The monetary policeman holds a stern hand against monopoly, but he keeps the rule book for the cartel. The limited extent of competition within the clearing banking system, which has entailed a strictly limited choice for the customer and a consequent transfer of business to institutions such as merchant banks and finance houses, is founded above all on the restrictive agreements on deposits and advances—agreements which the clearing banks could at this stage abandon only with the consent of the Bank of England. Real competition and innovation will come to British banking only when each of the independent giants is and clearly feels free to branch out on its own. While commercial bankers remain frustrated from attempting innovation by the difficulties of getting agreement with other banks, and inhibited by the probable objections from the Bank of England, real competition will be absent—whatever the banking structure.



The other long-term issue in British banking that the new merger highlights is that of the disclosure of profits and asset values. While the banks continue to enjoy their exemption from full disclosure, which the majority of the Jenkins committee indefensibly supported, bank shareholders involved in take-over bids have no objective test, other than that of faith in their directors, on which to judge the terms. In the present case the market is making a broad guess that the share exchange is likely to be one for one, which would give shareholders in the District some 25 per cent of the combined equity, compared with the District's contribution of 22 per cent of published profits. But published profits are a guide only to the direction of movement in profits in any one year, not to their magnitude; and it is not possible to put great faith in even the most painstaking of estimates of true profits which the outsider can make.

The one influence which would undoubtedly induce the banks to show more of their own true figures themselves would be, of course, a counter-bid. The likelihood of this is not very great, but a number of people in the City this week have been toying happily with the possibilities. The professional bidders, one has long reckoned, are ruled right out of the Bank of England court: whatever the potentialities of the offices of the District Bank as supermarkets it is as banks that they are likely to remain. What of institutions at the fringe of deposit banking, such as Lombard Banking, or, at another end of the scale, Hambros? However dearly they might like the District, and its inner reserves, the awkward fact is that they would be dwarfed by it.

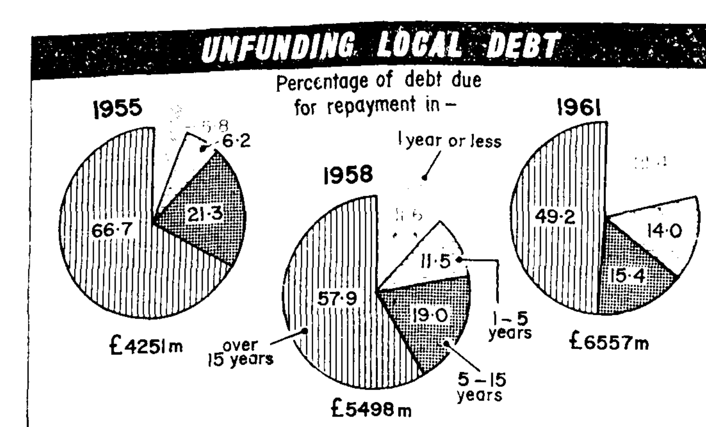
Another possible source of interest, which may become more active in years to come, might be a big bank on the Continent. Probably the only practicable way to establish a direct interest in deposit banking in a foreign country is to purchase an established organisation; but here again the District is very likely too large—and, as in all these possibilities, the project might never pass the Bank. The London clearing banks are so large and so close to the official sphere that changes of ownership may be possible only within the ken. The only real likelihood of a struggle in the near future would be if a bank other than the Westminster bid for Martins. As it is, the NP-District merger is likely to go through quietly and shareholders will have to take what their boards recommend. But indirectly, competition in banking may be stirred. Is this what the market had in mind when it not only bid up the shares of the District quite sharply but also bid the shares of the prospective bidder, the National Provincial, up and not down, on the news of its intended offer?

Local Finance—A New Choice

By the end of September, it is hoped, private discussions between the Treasury and local authority representatives on the shape and future of local authority borrowing should be finished and the recommendations of the committee on their way to the Chancellor of the Exchequer. Tentative agreement seems to have been reached on three basic proposals. First, that the Local Government (Scotland) Act of 1947, which puts a limit on temporary borrowing by Scottish authorities of 15 per cent of total borrowing for capital purposes, should be extended to local authorities in England and Wales, giving them six months in which to conform; secondly, that the Public Works Loan Board should be re-opened to all borrowers, thus ending the rule set up in 1955 that they must first have tested in the open market their ability to raise money on reasonable terms; and thirdly, that PWLB rates should be pitched more in line with prevailing gilt-edged rates—in effect, about ¼ per cent below the rate for mortgages of equivalent periods in the London market. The committee could have second thoughts; and it is for the Chancellor to accept its recommendations. But if the findings follow the forecast, they would provide a sensible solution to the difficult problem, both for the government and for the local authorities, of the remarkably increased dependence of these authorities on short-term debt in the last seven years. Debt maturing in less than one year grew from 5.8 per cent of total debt to 21.4 per cent at March 31, 1961—the latest available figure—and in these percentages temporary borrowing on deposit receipt and bank overdraft increased from 4 per cent to 15.4 per cent.

In 1955 all but the smallest authorities were made to rely on the open market for their funds, and the job of the local treasurer was transformed overnight. Loans from the PWLB were generally tied to the period of the Treasury's loan sanction; now the treasurers could manœuvre their debt structure in any way they thought fit. And with the rapid rise in interest rates that followed in 1956 and 1957 most treasurers took the view that money rates were more likely to fall than to rise and therefore borrowed short in the hope of funding at a more favourable rate later on. Unfortunately, rates did not fall, and the higher they went the more the treasurers were convinced that they would fall. The result was a rapid increase in short-term debt.

To meet the money demands of the local authorities an existing market, doing a relatively small business in local authority mortgage loans, suddenly blossomed into a large and extremely efficient market. It became a parallel market to the traditional money market of the banks and discount houses, but offered much higher rates of interest with equal security, since the PWLB stood behind the local authorities as lender of last resort, in the same way as the Bank of England had long stood behind the discount market. In temporary money alone this market is currently providing the local authorities with something over £1,000 million and the daily turnover amounts to between £10 million and £20 million, about a fifth of turnover in Lombard Street. But nearly all Lombard Street's money is at call, whereas temporary loans to local authorities range all the way to loans of a year less a day, with perhaps only one-third of them truly short at seven days or less.



The local authorities were pushed into the open market in 1955 because the monetary authorities wanted greater control over bank liquidity. This could be achieved only by close control of the Treasury bill issue, which could be frustrated by the PWLB drawing funds from the Exchequer. The Treasury achieved its control of bank liquidity, but at the expense of a sharp rise in the liquidity of local authority debt. In 1959 the Radcliffe report came out firmly against this policy, pointing out that the "unfunding" of local debt ran "clean contrary" to the funding policy of the monetary authorities. The report recommended that local authorities should have the choice of borrowing either in the open market or at the PWLB "at the current gilt-edged rate." These recommendations are very much in line with those that the present committee looks like making. At the time the monetary authorities did not accept the Radcliffe recommendations, taking the view that the gilt-edged market's appetite was so poor that any return to Exchequer borrowing by the local authorities could only have been financed by an increase in the Treasury bill issue, with a consequent loss of control over the liquidity of the clearing banks.

The situation is now very different. When the Radcliffe committee examined the temporary borrowing of the local authorities in 1958, it found no more than £488 million outstanding, or 11 per cent of their total debt. By March 31, 1961, temporary borrowing had more than doubled to £1,009 million, and in the nine months to the end of 1961 it probably increased by something like a further £280 million. The size of this debt is a potential threat to any attempts the authorities might make to squeeze spending. And the banks have been quick to point out that when, during the recent credit squeeze, they cut local authority overdrafts, the local treasurers merely replaced this money by turning to the London loan market. Equally there is every indication that the monetary authorities would like to see a further fall in interest rates without necessarily having to rely on Bank rate alone to achieve it. High rates in the local authority money market are tending to keep other rates up. So the dilemma is exposed. Allow competition for money and rates go up; feed money on demand, and control is endangered. Seven years' experience of the results of competition being unwelcome in its side effects, at least to the authorities, the committee is suggesting that the PWLB should change its role. Since 1955 the PWLB's policy has been to follow the market, fixing its rates at those which a local authority of good standing would have to pay in the market. Many treasurers have argued that on occasions this in itself has tended to keep rates unnecessarily high. It now seems that the PWLB will keep its rates in line with current gilt-edged rates and thereby force down market rates by ¼ per cent or so.

These objectives of limiting the short-term debt of local authorities and reducing rates without upsetting the balance in other sectors of the economy have become possible only because of the current strength of the gilt-edged market. The monetary authorities might be able to finance the increased lending of the PWLB without necessarily increasing the Treasury bill issue, or they could argue that at the moment an increase in bank liquidity through bigger Treasury bill offerings might not be unwelcome. Many local treasurers have been shrewd enough to foresee the possibility that their borrowing activities would come under review and to sense that one likely outcome might be the extension of the 15 per cent rule to all authorities. As a result, 1962 has seen some substantial local funding, gathering pace as the months have passed. The PWLB in fact has already increased its lending. In the four months from the beginning of April this year it lent £13.5 million compared with only £3.9 million in the same period of 1961. Local treasurers have also fallen in with the official wish to put out more stock issues in a receptive market at rates which previously they might have preferred to escape. So far this year, new stock issues by local authorities, apart from refundings, have amounted to £103 millions. Most of these issues have been of around a ten-year life, compared with fifteen to twenty years in earlier issues. The monetary authorities have evidently had to make some concessions on terms to get the queue moving.

Local treasurers have also been carrying out funding operations in the London loan market. Many of them have been stabilising their short-term debt by reducing the amounts held at seven days or less in favour of three, six, and nine months loans. Very big business has also been done in five-year escalator mortgages which give the lender the right of withdrawal at three months' notice, but carry a rate of interest that increases as the loan remains with the authority. The average rate on these mortgages held to maturity works out at 6⅛ per cent, about ⅜ per cent below the rate for an ordinary five-year mortgage. One big lender, thought to be one of the major oil companies, led the way in providing the money for such funding operations, and some smaller industrial companies have followed.

Since the temporary debt of all authorities, at the time of the last count in March, 1961, was no more than 15.4 per cent, it might appear that these new measures, if they are introduced, will do little more than check the future growth of short-term borrowing rather than actually reduce it. What happens will partly depend on the reactions of the smaller authorities, which, as Table II shows, have kept their short-term debt well below the 15 per cent mark.

It is the big authorities in England and Wales that would be affected by a 15 per cent limit. On March 31, 1961, their temporary debt exceeded 15 per cent of total debt outstanding by £127 million. In the following year the total undoubtedly rose, but since March this year funding by these authorities has probably reduced their temporary borrowing to about the level of March, 1961. Within these groups, however, there are individual authorities whose temporary borrowing is above 30 per cent; earlier this year Mr. H. R. Page, City Treasurer of Manchester, revealed that he knew of at least two cities whose temporary debt had reached 50 per cent of total debt.

It is not clear on what basis a more receptive PWLB would accept customers, but possibly with only six months for the authorities to put their houses in order, it seems likely that the first customers would be those authorities with temporary debt over the 15 per cent mark. This could mean that those who have been remiss in the past might come off best, enjoying the PWLB's new rates of interest. This, however, would depend on how the PWLB carried out its task; it could force these authorities to borrow for long periods. In fact the number of treasurers who will call on the board will depend on how far it changes its methods of operation. If it continued to tie its loans to the period of loan sanctions, many local treasurers might still decide to stay in the more flexible open market. Although the board may offer lower rates than the mortgage market, treasurers may not feel like paying them for, say, fifteen years or more. Local treasurers have got used to being able to shape their debt and by direct advertising have usefully drawn on new local sources of mortgage finance, which they will presumably keep.

The effect of these proposed measures on the London short loan market will depend on how successful the PWLB is in its lending operations. Certainly the amount of business the market handles is likely to fall; rates of interest may become fractionally lower and a limit on temporary borrowing by local authorities will put an automatic brake on the continued growth of the London market. This, with marginally lower rates, would probably mean that the Euro-dollar market would become less active, and some foreign money might leave London. If the monetary authorities accept these new proposals, they must not allow the PWLB to become so active that it becomes a soft option for local treasurers. But if, as seems probable, the committee has reached a sensible compromise between the PWLB and the open market, the Chancellor will no doubt consider that he has been well advised.

TABLE I

CAPITAL ACCOUNT OF LOCAL AUTHORITIES, 1951–60

(£ million)

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Payments :—										
Gross fixed capital formation	460	540	607	575	538	566	570	535	563	603
Receipts :—										
Current surplus	82	83	115	117	110	130	160	166	198	218
Capital grants	14	16	31	30	21	22	28	34	37	46
Net borrowing from PWLB	372	409	328	260	414	91	63	−29	−34	−35
Lending for house purchase	−17	−17	−20	−32	−50	−50	−33	−27	−25	−26
Capital grants to persons	−1	−1	−1	−2	−6	−8	−8	−7	−8	−13
Stock issues (net)	−12	−5	17	11	1	53	18	35	41	45
Other borrowing (net)	22	55	137	191	48	328	342	363	354	368
	460	540	607	575	538	566	570	535	563	603
Proportion of Public Sector Investment (per cent)	*46·6*	*46·2*	*46·2*	*44·3*	*41·4*	*41·4*	*38·7*	*36·3*	*35·8*	*36·3*

TABLE II

DISTRIBUTION OF TEMPORARY DEPOSITS

March 31, 1961

	£ mill.	Per cent of total debt
England and Wales :—		
Counties	142·6	16·0
County Boroughs	361·6	18·8
Met. Boroughs and City	63·7	23·6
Non-County Boroughs	178·4	17·2
Urban Districts	100·8	12·1
Rural Districts	71·2	8·9
Total	918·3	16·0
Scotland :—		
Counties	36·1	13·4
Counties of Cities	23·4	8·2
Large Burghs	20·1	14·3
Small Burghs	10·9	9·8
Total	90·5	11·2
Great Britain	1,008·8	15·4

BUSINESS NOTES

IN THE MARKETS

Light in August?

By the middle of this week the rise in Wall Street, the strong advance in London and a sharp recovery in German share prices were reflected in a better tone in other Continental bourses, though here investors appear to be behaving rather more cautiously than in the major centres. The swing in sentiment in the London equity markets is just as remarkable as that which has occurred in Germany and it is just as hard to pinpoint the reasons for it here as there. The market has remained thin and the jobbers have been quick to mark prices up; but there has been a steady stream of buying orders from institutional and private investors alike. The turn might be dated from the moment that the newly formed Equity Income Trust, whose object is to invest in high-yielding equities, came into the market to buy. But this does not explain why other investors followed suit and in such a way as to push *The Economist* indicator up by 18.9 points to 336.5 and the *Financial Times* ordinary index up by 19 points to 283.6 by the close on Wednesday. These two indicators are now 8¼ per cent and 12¼ per cent respectively above the low points they touched late in June.

Nothing has happened in the domestic economy to trigger off such a strong recovery, though investors might be prepared to rationalise their actions by arguing that the Government cannot delay any attempts to stimulate the economy much longer. Recently reported profits and dividends have been just a little more encouraging than company statements were a few months ago, and some sectors of the market have been affected by take-over bids. But in themselves these factors are not sufficiently strong to account for the change in mood. The key to this appears to lie in the behaviour of Wall Street where equity prices have crossed the 600 barrier. Fears of a recession in the American economy may be fading; but there is still a good deal of uneasiness about the rate of economic growth that can be achieved. Higher profits will still be difficult to earn both in the United States and in this country and it is clear that in both stock markets investors should continue to keep a tight rein on their optimism. The sharpness of the rally itself is a little frightening—even though it may reflect the repercussive effects of the short-term capital gains tax on semi-professional dealings. Sentiment could again reverse itself and a broad, solid advance can be based only on selective and cautious buying. In looking at equities in August, investors would be foolish to ignore the lessons they were so painfully taught in May and June.

Since then gilt-edged prices have risen and interest rates have fallen. This can be said to provide some justification for a fresh look at equities so long as the income comparisons are kept firmly in mind and not ignored in a scramble for growth in earnings (which might not in any case materialise sufficiently strongly to justify the purchase of stocks which already offer very low dividend yields). Plainly some investors are keeping their heads, for the volume of trading in equities has not widened dramatically. The gilt-edged market, where the new issues by Plymouth and Southampton were oversubscribed nearly three times, has risen strongly. The advance was particularly sharp on Thursday morning, when there was fresh evidence that investors were going longer. Thursday noon again passed without any change in Bank rate or special deposits, but the actions of investors in the gilt-edged market show that they are confident about the direction in which monetary policy is being guided.

Breakthrough on Wall Street

A correspondent cables:

Although President Kennedy deferred action on taxes, Wall Street was prepared for the news and greeted his statement with a new rally that carried the Dow Jones industrial average up close to 607 on Wednesday. This is the highest point in this summer's rally. An improvement in business conditions and the promise of a tax cut that will become effective in January are responsible for the brightening of sentiment in the market. For the first time in weeks brokers have reported a renewal of interest in equities. But caution is still in the air and trading has been concentrated upon the bigger and better known companies with good earnings yields and solid finances; stocks of smaller stature have been ignored. The crossing of the 600 barrier is considered to be significant even by those who are not wedded to technical theories, because the market showed no signs of any desire to liquidate holdings at this level.

There is still however a good deal of pessimism about the longer-term outlook for business and this may check any really rapid rise in prices. From now on corporate earnings will be compared with the good company results achieved last year and if they make a comparatively poor showing the rally in prices could be checked and there might even be the danger of a relapse. Republic Steel, which is always regarded as a bellwether in industry because it tends to formulate its dividend policy on future rather than current earnings, is rumoured, for instance, to be contemplating a reduction in its dividend though it may hold off another quarter before it actually does so. There is, in fact, little prospect that the corporations will be as generous in dividends as they were earlier and this will prompt investors to look for safe yields.

GERMANY

Gloom from the Bundesbank

A rally in German share markets was to be expected after their extensive recent falls, to not much over half the levels of two years ago, but the rally is oddly timed. It coincides with some particularly gloomy prognostications in the monthly report of the Bundesbank. Economic expansion, the German central bank concedes, is by no means at an end, and indeed has recently accelerated—industrial production in the second quarter was nearly 5 per cent up on the year, compared with an annual increase of 1½ per cent in the first quarter. But what worries the Bundesbank is that this recent quickening in activity rests not on new underlying expansionary forces but partly on the after effects of the boom of 1959-61.

Demand in recent months has been particularly fortified by a strong rise in personal consumption, which the Bundesbank does not regard as an independent self-sustaining expansionary force in the long run. And the two such forces that have stood behind the long German boom—exports and investment—have now lost much of their impetus. German competitiveness has been strongly undermined by the relative rise in German costs—the Bundesbank puts the wage level in German industry in February at 25 per cent above February, 1960, compared with corresponding increases of 16 per cent in France, 9 per cent in Britain, and under 5 per cent in the United States. This has led to a loss of ground by German firms not only in export markets but within Germany itself: in the first half of 1962 German imports rose by a further 16½ per cent by volume.

THE MARKET RALLY

	Jan. 3 %	May 29 %	May 30 %	Aug. 7 %	Aug. 15 %
AEG	478	353	411	357	408
Bad'che Anilin.	500	377	424	359	407
Bayer.........	662½	420	468	410	473
Commerzbank.	621	423	445	361	408
Deutsche Bank.	683	480	520	385	440
Hoechst Farb...	529	389½	433	358½	404
Kundenkredit.	526	385	392	363	384
Loewenbrau...	1,195	1,100	1,060	730	870
Mannesmann ..	258½	210	242	206	230
Siemens.......	718	517	575	521	580
Thyssen-Huette	232	173	192	170¼	185
Volkswagen ...	779	492	562	428	510
Herstatt Index.	*118·31*	*86·30*	*94·15*	*79·99*	*89·01*

Investment, meanwhile, is still rising, as previous projects are completed. But the "introduction of new investments" is falling back, with visible effects on order books in the capital goods industries. In the machine industry domestic orders in the second quarter were 9 per cent down on the year by value and 14 per cent by volume. The Bundesbank sees a clear connection between this setback and the decline in profit margins—and this year in profit totals—which in Germany are mainly the result not of any widespread under-utilisation of capacity but of acceptance of orders at very small profit margins or even at a loss. The squeeze on profits not only makes new investment less attractive, it also reduces the internal funds available to finance it—at the same time as the sharp setback in share markets has increased the difficulty of market financing. As a way out of this impasse the Bundesbank has little to offer other than an appeal for restraint in wage demands. It sees the cost-price spiral at the root of the difficulty and, despite its concern about the weakening of the old forces of expansion, it still feels moved to oppose an expansionary fiscal policy.

DEFENCE PRODUCTION

Swings and Roundabouts

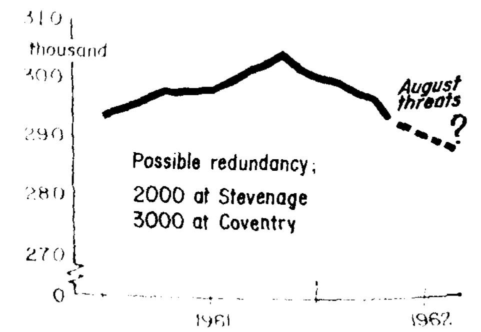
ALTHOUGH the 2,000 men at Stevenage threatened with redundancy can hardly be expected to see it as such, the *coup de grace* that Mr Thorneycroft gave to the British Aircraft Corporation's Blue Water missile last week could be one of the most encouraging developments in the defence industries since Mr Sandys's famous declaration of policy in 1957 that put this country into the missile business. The health of the defence industries here and in the United States has been constantly threatened by the fact that the incredibly intricate armament of the deterrent costs too much to build in quantity. A superhuman effort in research and development results in a ludicrously and unhealthily small production run. Blue Streak would have been such a weapon; so was Blue Water, and so is the TSR 2 aircraft scheduled to replace the Canberra. If the RAF complains five years from now that the unit costs of TSR 2 are so high that it cannot be bought in useful quantities, a lot of people inside the Ministry of Defence will say "I told you so."

But by cancelling Blue Water with £21 million spent and a further sum due in compensation to the makers, Mr Thorneycroft is doing much more than produce a net saving of £50 million in the defence budget. He is taking this country right out of the big rocket business and putting it firmly back into the small. Whatever rocketry has to contribute to the economy in terms of new skills, new materials and new products, can just as well be learnt making these as their big brothers. And the switch to the relatively cheaper arms of conventional warfare brings with it the prospect of a return to more economic production runs, if only because these smaller weapons are of no use unless they are available in large numbers in the field.

Who Gains?

WHEN he announced the death of Blue Water, the Minister of Defence brought forward several new orders that were in the pipeline, three new missiles, two sizeable Army vehicles, more long-range troop transports and another nuclear submarine. Two of the missiles will be built by the British Aircraft Corporation; but as the company was already expecting the orders, they will make little difference to the threatened redundancy in its Stevenage factories. The more elaborate of the two Army vehicles has been designed by Alvis, which has had to contend for several years with the fact that the Army did not have the money to spend on this kind of equipment; the other will be divided between Guest, Keen and Nettlefolds and the Royal Ordnance Factories. BAC and Shorts in Belfast will between them build the six extra VC 10 troop transports ordered for the RAF—but if the Government thinks that this can solve unemployment at Shorts it has underrated the size of the problem. The third rocket, for the Navy, will be built by Hawker Siddeley, which has recently been given firm production orders for its vertical take-off fighter that brought cheer not only to the Hawker factories but also to the engine works of Bristol Siddeley. Other orders, for a short-range and possibly also a long-range freighter, are expected.

In spite of this, and an encouraging lift in civil aircraft business, nearly 5,000 men



Aircraft Workers

are almost certain to lose their jobs in coming months, and in the long term perhaps as many as 50,000 will leave the aircraft industry. This prospect has been before the industry for nearly three years; the forseeable volume of military and civil work cannot support the present labour force which began to decline this year and might be expected to continue to do so at an accelerating rate. The industry says that it would have acted more quickly to cut down staff and disband its design teams if only the Government had given a plain indication of what kind of weapons it intends to buy in the future. Well, the writing is on the wall with a vengeance now.

EXCHANGES

£250 a Trip, and More

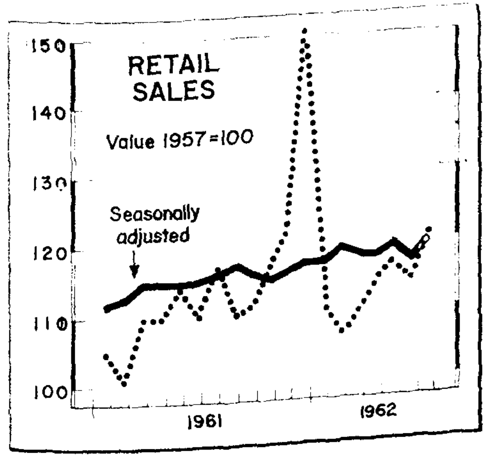
IT is splendid that Britain should continue to dismantle its remaining foreign exchange controls. The process, however, seems to be getting a little lopsided. British tourists may now obtain £250 of foreign exchange or travellers' cheques for each journey, as against the previous limit of £250 a year; and what is more the transaction is no longer being recorded in their passports. Since 1959 any person wishing to take more than £250 out of the country within a year had first to get the Bank of England's permission; if the extra money was needed for genuine travel, permission was more or less automatic. Under the new dispensation, personal currency allocations are still limited to current spending on travel. The law here is unchanged; but the policeman is withdrawn. And without the passport control anyone who wants to buy that villa in Spain need only make a round of banks and travel agents, changing £250 at each to get the money. Yet should the foreign exchange be needed to build a factory in Spain or anywhere else outside the sterling area, it is still necessary to pass the Treasury's stringent scrutiny, imposed in July, 1961, which demands that the investment should clearly be of benefit to Britain's balance of payments in the short-term.

Both the gold market and the exchanges have been very quiet this week. The price of gold on the London market has eased slightly this week from $35.13 to $35.12½ an ounce on a fairly low turnover. The flurry at the close of last week which looked like upsetting the relative calm introduced into the market by President Kennedy's Telstar message proved to be no more than a very minor burst of activity. Sterling has been steady at $2.80½ throughout the week and it is believed that the Exchange Account took in small amounts of dollars at that price. The dollar is still maintaining headway on the Continent and the more conservative bankers appear to have been reassured by the "no tax cut this year" announcement from the White House. Dollars are wanted in Germany, Switzerland, and Holland where the rates against the dollar are DM 3.9958, Sw.fr. 4.320, and 3.6062 guilders respectively, but in France and Italy the dollar is still at its support point.

RETAIL TRADE

Busier July?

RETAIL trade may have improved a little in July. The Board of Trade's provisional estimates put its index of seasonally adjusted sales at 119-120 (1957=100) compared with 118 in June and 119 in May. The rise may, however, do no more than compensate for the dip in June and put turnover back on its May level, about 1½ per cent above the level in March and April. So far the Board has not produced its estimate of the volume of trade in July: until June, the rise in the prices of goods sold in shops accounted for any increase in the value of sales, and the volume of business in the second quarter of the year was slightly less than twelve months before and only 1 per cent more than in the first quarter of 1960.



Household durables do not seem to have accounted for any of the increase in July. The sharp increase in refrigerator sales in June, when the area electricity boards sold 48 per cent more and makers delivered 11 per cent more to the shops than a year before, seems to have owed more to the weather than to the cut in the hire purchase deposit, and has not, it seems, been maintained in July; and the rise in washing machine sales has not been spectacular, though it is as usual rather more stable. Retailers find that the effect of the cut in the deposit is that more buyers are choosing to take appliances on hire purchase, and more of these are going for long terms, but that total sales are rising little. Television sets, even though Pilkington has settled uncertainty about line standards, remain obstinately difficult to sell, and there seems to have been no increase in sales though more are being taken on hire purchase. As this is the only appliance that can be made obsolete, if the government will help, its future is one of especial interest to the trade; for the other appliances, it can only expect a rather stable level of business, but television sets might, it hoped, prove a recovery stock.

OIL

Pence and Octane

A CUT in the price of regular grade petrol in a market where even the ordinary motorist has been persuaded that a premium grade pays him, and where oil and motor companies have co-operated in raising the compression ratios of family cars to a level where there is some truth in this, may not mean much. But there are numerous commercial users that buy from the pump, such as firms running vans and fleets of travellers, who will benefit from this week's penny a gallon cut in regular grade prices, and from the slight increase in octane ratings that has occurred at the same time. Esso, which initiated the cut that the other major marketers have followed, also sells a mixture grade in between regular grade and the premium grades sold by all the companies; it has cut the price of this by ¾d. a gallon, and says that the quality has been made "comparable with Jet's 93-octane grade." And its cut in prices sliced a little off the dealers' standard profit margin on these grades, while increasing quantity rebates; whatever its estimates of the future of regular grades, it clearly hopes to encourage larger sales of mixture. These sales, if they increase more than the general growth of consumption, could only be at the cost of the majors' more expensive premium grades—including Esso's own Extra.

For Esso is not offering mixture at anything like "a comparable price" to Jet's 93-octane, which sells for 4s. 3d. a gallon against the 4s. 7d. to which the Esso mixture has been cut. It is with the narrowing of the margin between the mixture and the generally available premium grades that the company may hope to gain some sales from motorists who don't want to pink along on regular, but are attracted by the 4½d. a gallon they could save by switching from the main premium grades. Having four grades as against three—which involves it in some extra cost in distribution and means it can get full representation only on sites with tankage for four separate grades—gives Esso a degree of flexibility without actual price-cutting that majors selling only three grades lack. But if mixture should begin to bite into the growth of sales of premium grades, the other majors in their turn could shift their octane ratings; even possibly giving up the lowest-octane grade (which Jet has never bothered to offer) or introducing some new combination of octane rating and price in place of the existing premium grades.

BURMAH OIL—LOBITOS

East and West

IF the actions of the Lobitos directors a fortnight ago were designed to ensure the best price possible from the numerous bidders who were rumoured to be interested in the company they have amply succeeded. Their proposals for a one-for-one scrip issue and their forecast of a substantially higher dividend had helped to establish a more realistic price for the shares, which rose to 22s. 6d. ahead of the bid from Burmah Oil. With Burmah standing at 38s. 3d. the bid of four £1 shares for every five Lobitos 5s. shares values the shares at 30s. 7½d., and in terms of income Lobitos shareholders are offered more than a third above the dividend forecast for this year and double what they received for 1961. It is not surprising that the Lobitos directors have decided to accept this distinctly generous offer themselves and recommend acceptance to other shareholders. But it should be noted that while Lobitos contributes nearly 15 per cent of combined equity earnings, its shareholders will receive 12½ per cent of the combined capital. There are the inevitable reports of counter-bids; none has come and perhaps none will.

The acquisition of Lobitos fits in with Burmah Oil's policy of diversifying its interests outside India, Burmah and Pakistan for Lobitos trades mainly in Peru and has a substantial stake in Anglo-Ecuadorian Oilfields. They both have interests in Canada where Burmah, in association with Murphy Corporation, has been prospecting, while Lobitos has oil and natural gas producing subsidiaries there and owns exploration rights in the Arctic. But it is in the field of specially blended oils that Lobitos has made its mark in this country, particularly since the acquisition of Manchester Oil Refinery and Dussek Brothers. It has a small refinery at Ellesmere Port specialising in white oils and transformer oils, with a throughput of 200,000 tons a year. With Burmah's trading continually beset by political pressures the acquisition represents not only a further step towards diversification ; it also provides a modest opening, over a narrow band of products, in the British market. Its big investments in BP and "Shell" Transport give an assurance to Lobitos shareholders that the price of Burmah Oil shares, which is almost covered by the value of its investments alone, should not fall much below the current level.

Twenty Years On

BURMAH OIL shareholders have shown a realistic disregard for this week's decision in the Scottish Court of Session—sixty million pounds is meaningless before you get it, and although Lord Kilbrandon has found for the company in this claim for compensation for "scorched earth" destruction in Burma in the 1942 retreat, his decision is bound to be taken higher by the Lord Advocate. The Court has declared merely that Burmah Oil's subsidiaries are entitled to compensation (they have, one gathers, received some *ex gratia* payments already) and even if this principle was confirmed by the higher Courts, the argument would then focus on the size of the compensation—on which Lord Kilbrandon observed that one factor could well be the battle of the Sittang River and its consequences—" at the time of the destruction the assets were doomed to fall into enemy hands."

Much has been made in the hearings of a letter written to the company by a Deputy Treasury Solicitor (whose signature was undecipherable) which declared that the claim was wholly unfounded in law and likely to be rejected by the Courts. This was brash enough—direct communication with "the other side" and speaking (as it turned out wrongly) as to the Court's view. But it proceeded:

> Her Majesty's Government are moreover satisfied that the claim made is not in any event one which ought to be met by the British taxpayer. Her Majesty's Government have accordingly decided that, in the unlikely event of your company succeeding, legislation would be introduced to indemnify the Crown and its officers, servants and agents against your company's claim.

This threatened the use of the overriding power of Parliament to defeat an award made by the Courts following from a subject's right to sue the Crown. "The use of the word 'ought' in this context appears to indicate that in the view of Her Majesty's Government there is some moral principle involved in their claim to indemnity which must override the common law of Scotland and the notions of justice of our forebears." Lord Kilbrandon, in studied moderation, made the further point that the Crown, like everyone else, could apply to Parliament for special privileges by way of legislation. A layman can only think that it was bad manners and bad law to suggest that, if this extreme was reached, the outcome would rest with the executive rather than with Parliament.

CIGARETTES

Is it a War?

THE introduction, by Wills, of "Embassy," a cigarette which is to be sold with gift coupons, could mark the beginning of another "coupon war." Up to 1956, one of the few things held sacred in this hotly competitive market was the agreement between manufacturers not to issue gift coupons with their products. In its evidence before the Monopolies Commission, Wills's parent, Imperial Tobacco, expressed its disapproval of gift coupons and its great unwillingness ever again to issue them. Yet only a year later it is abandoning this stand to launch cigarettes whose "quality . . . is matched by the outstanding choice of gifts to be offered."

The new cigarettes are aimed directly at Kensitas, whose success with coupons has, over the last six years, been a painful (for other manufacturers) feature of the market. In 1956, Kensitas was losing about a quarter of a million pounds a year. It introduced its gift coupon scheme when the Tobacco Trades Association, under whose auspices the agreement banning gift coupons was made, was killed by the Restrictive Practices Act. Skilful promotion has made the scheme a success, and the loss has been turned into a £2½ million profit. Other schemes have not had comparable success: Ardath was offering gifts when it was acquired by Imperial Tobacco but has never been pushed hard ; Carreras revived a prewar brand, Black Cat, for a trial but abandoned it. Kensitas, now owned by Gallaher, has taken advantage of this lack of opposition to increase its share of the cigarette market to 5 per cent. But this success is its own greatest threat—it cannot be ignored. At the height of the coupon war in the thirties, manufacturers found themselves selling not cigarettes but pots and pans, and so attractively that several suffered serious losses before the practice was stopped by agreement. Imperial Tobacco will certainly not want those conditions to return, but it is forced to take the risk. Of the other manufacturers, Carreras has no plans for a coupon cigarette, but it too may find itself involved, willy nilly ; and Philip Morris is to try a novel variation by giving a 1d. football coupon away with every 10 cigarettes.

Coupon schemes are inherently attractive to manufacturers. Wix, then manufacturers of Kensitas, told the Monopolies Commission that it regarded coupon trading as a form of advertising, with the advantage that costs varied directly with turnover. They encourage brand loyalty which spreads as families and friends join in. However, they are regarded as so dangerous that they may be limited by tacit agreement to tactical, rather than strategic, uses only—to gain a share of the Kensitas 5 per cent, or at any rate to check its further growth.

FRENCH PRICES

Steel Up

Paris

FOLLOWING pressure by producers since the beginning of the year, the French government finally last week agreed to an increase in steel prices. The rise averages 4½ per cent ; but in a few weeks steel will go up again to take into account a 3 per cent rise in coke prices which was authorised at the same time, and the final effect will be a rise of nearly 5 per cent. The rises allowed vary greatly from product to product. They are nil for some products (tinplate, castings), and small for car body sheet, but are of the order of 6 to 6½ per cent for heavy sections, and for semis such as rolled bars. Steel producers will now be able to resume the investment programme that they have held up for some months, but they will not be able to make up the time lost in carrying out the plan to re-equip their industry by 1965.

This increase in French prices will bring the cost of Lorraine steel up to the level of local prices in the Ruhr (even a little higher in the case of open hearth steel). So German steel producers will no longer be able to complain about the artificially low level of French prices. This should bring back to normal under the ECSC rules the practice of "alignment down" to the lowest offer, which should only come into play in exceptional cases. This should restore some stability into the steel market of the Six. Large-scale users of French steel such as the manufacturers of cars, domestic electrical equipment, containers, will hardly feel the effect on their production costs and—because of stiff competitive conditions—will be unable to pass anything on in their selling prices.

Oil Down

THE French government's decision on steel prices is a sign that in its view the claims of investment in the steel industry finally outweigh fears of a general price spiral, which might be accentuated by the rise in steel. But the decision to increase steel prices has been accompanied by a reduction in fuel oil prices.

Scheduled prices for fuel oil prices, will indeed, be reduced by 2.3 to 3.5 per cent according to category. Even in France petroleum distributors do not always adhere to their schedules, granting re-

? OLD MAN ROCK!

What kind of confection is **that?**

Your young customer from New Zealand is, of course, having a little joke. He's talking about a popular tourist attraction near Alexandra—a place at home we know very well. Still, if it comes to that, we know a great many places in New Zealand very-well—and a great deal about each place, too. Not only that, we have an intimate knowledge of our country's past history, present progress—and a shrewd idea of its future hopes and prospects to boot. Indeed, almost anything worth knowing about New Zealand is known to us; for we are the National Bank of New Zealand and such knowledge is our business. So if the time ever comes when you have a question to ask concerning New Zealand, ask us—

The National Bank

OF NEW ZEALAND LIMITED

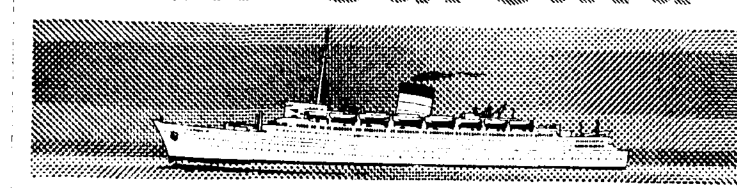
Established 1872

HEAD OFFICE: 8 MOORGATE, LONDON, EC2. Telephone: MONARCH 8311

More than 160 branches and agencies throughout New Zealand

CUNARD

This winter sail South into SUNSHINE in 'Caronia'



BARBADOS, JAMAICA, BAHAMAS, FLORIDA, NEW YORK—

THEN ON ROUND THE WORLD IF YOU LIKE

'Caronia', largest liner built exclusively for cruising, leaves Liverpool on January 5th and sets a sunshine course for New York via Barbados, Jamaica, the Bahamas and Florida. If your time is limited you can return to U.K. from Nassau (Bahamas) or Miami (Florida) by Cunard Eagle Boeing jet. 'Caronia's' cruise through smooth sunlit waters to the West Indies and New York is a brilliant curtain raiser to her annual World Cruise, starting from New York on January 25th.

THE WORLD CRUISE

This is a luxury voyage of 92 days, covering 30,000 miles with calls at 23 of the world's loveliest and most historic ports. You travel in air-conditioned luxury, superbly fed, attentively served and brilliantly entertained. Booking for the World Cruise from Britain or Europe, and disembarking at Naples or Lisbon, entitles you to (1) free transport in 'Caronia' (via the West Indies and Florida) to New York, (2) free accommodation on board in New York until the cruise begins, or (3) free transport to New York by any other convenient Cunard sailing, (4) free travel to your starting point in Britain or Europe by rail or air from Naples or Lisbon.

'CARINTHIA' TO BERMUDA

On January 25th, this fast, modern ship leaves Liverpool and, after a call at Cobh, heads sunwards for Bermuda, then on to New York. Her sister ship 'Sylvania' will operate monthly services in the return direction during February, March and April. Remember, too, that Cunard Eagle Airways operate regular jet services from Bermuda direct to London.

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).

Over 50 years ago, a famous businessman observed:

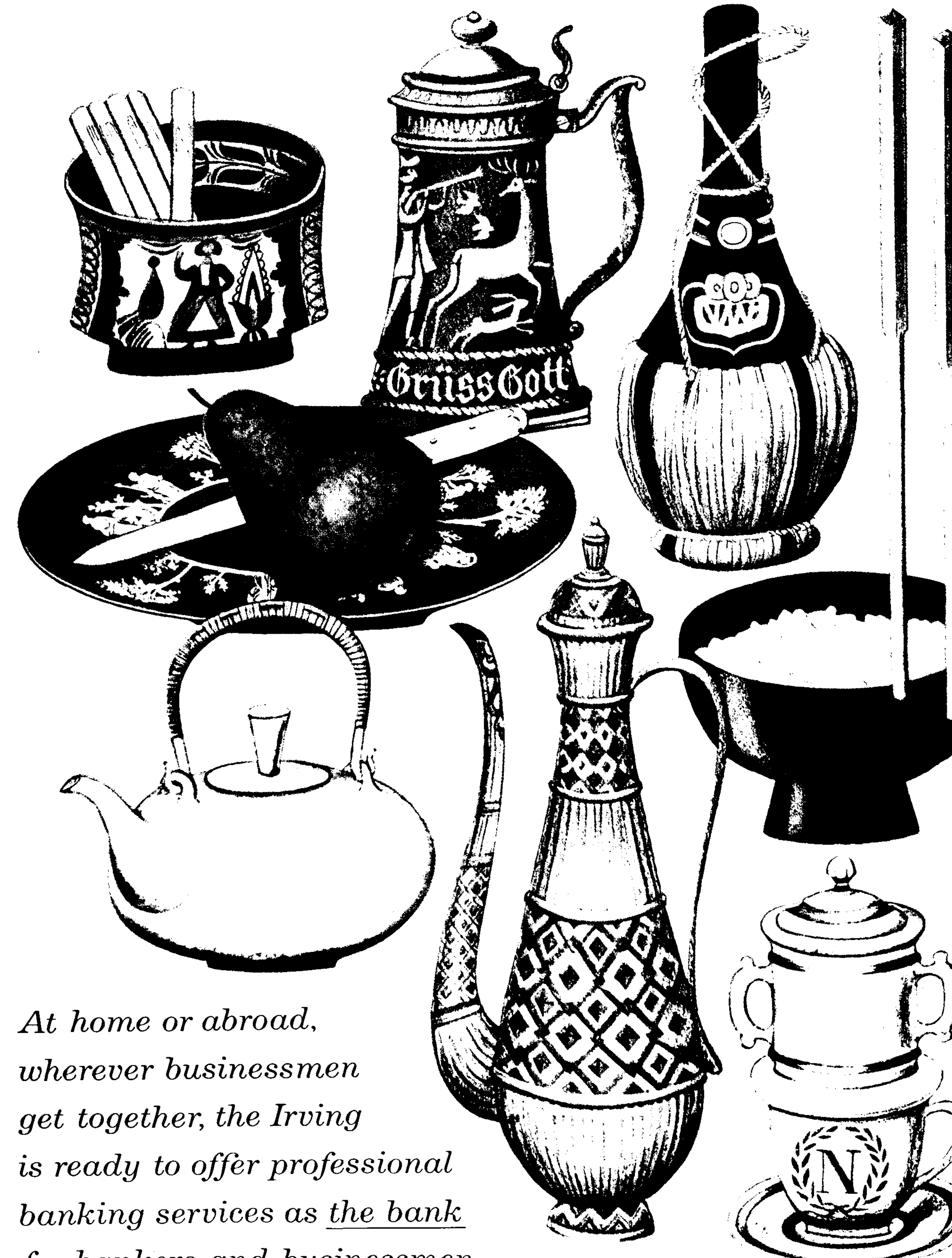
'I know that half the money that I spend on advertising is wasted. The trouble is, I can never find out which half.'

Today, McCann-Erickson says: IT'S ABOUT TIME WE FOUND OUT

Until recently, little attempt was made to measure precisely the effectiveness of advertising. For one very good reason: it was thought to be impossible to measure; because of the very nature of creative work; because of the ephemeral quality of advertising; because of the complexity of the market; because of the subtle psychological factors that affect buying, because . . . you know the arguments.
Today, this is no longer true. Many techniques, many tools have been developed in recent years; tools that measure to a nice degree of accuracy one or another aspect of advertising effectiveness.
Singly, each is useful. But McCann-Erickson believes that in combination they can add up to an immensely significant whole: to a comprehensive system of measuring the effectiveness of the advertising pound against a clearly defined advertising objective.
McCann-Erickson, London, in conjunction with McCann-Erickson offices throughout the world, is pioneering in the development of this new system of objective measurement of its own effectiveness for its clients:

ACF (GREAT BRITAIN) LTD · ANGLIA TELEVISION LTD ASSOCIATED-REDIFFUSION LTD · BROWN & POLSON LTD · CALEDONIAN BREWERIES LTD · CALIFORNIA PACKING CORPORATION · CARRERAS LTD · COCA-COLA EXPORT CORPORATION · THE ECONOMIST NEWSPAPER LTD · ESSO PETROLEUM CO. LTD FABLON LTD · T. B. FORD LTD GENATOSAN LTD · GILBARCO LTD · GOLDWELL LTD GUILD OF PROFESSIONAL LAUNDERERS AND CLEANERS LTD · HAMMONDS UNITED BREWERIES LTD · HANIMEX LTD · RICHARD HUDNUT LTD GEORGE HUMPHRIES & CO LTD · IDEAL-STANDARD LTD INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN LIMITED · KRAFT FOODS LTD LAMBERT CHEMICAL CO LTD · LISTER & CO LTD MAGGI (DISTRIBUTORS) LTD · MINUTE MAID INTERNATIONAL · NABISCO FOODS LTD · MICHAEL NAIRN & CO LTD · NICHOLAS PRODUCTS LTD OLDHAM & SON LTD · PHILLIPS, SCOTT & TURNER LTD ROTHMANS LTD · THE SALTON MANUFACTURING CO · SCHENLEY INTERNATIONAL CO SEAGER, EVANS & CO LTD · SIMMONS BEDDING LTD SMITH, KLINE & FRENCH LTD · TAMPAX LTD TENCO LTD · TOP RANK BOWLING LTD TROST CHRIS-CRAFT SALES LTD AND SPORTSHIP LTD UNITED BREWERIES LTD · UNITED CALEDONIAN BREWERIES LTD · VICTA (UK) LTD

McCANN-ERICKSON ADVERTISING LIMITED
McCANN-ERICKSON HOUSE
NEW FETTER LANE · LONDON EC4
FLEET STREET 6543



At home or abroad,
wherever businessmen
get together, the Irving
is ready to offer professional
banking services as the bank
for bankers and businessmen.

IRVING TRUST COMPANY

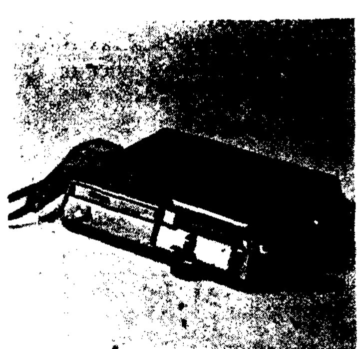
One Wall Street, New York 15, N.Y.

Capital Funds over $155,000,000 *Total Assets over $1,750,000,000*

GEORGE A. MURPHY, Chairman of the Board WILLIAM E. PETERSEN, President

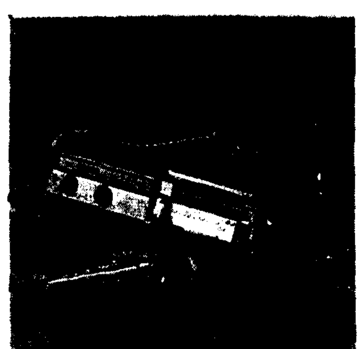
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

with the new Dictaphone models . . . at new lower prices



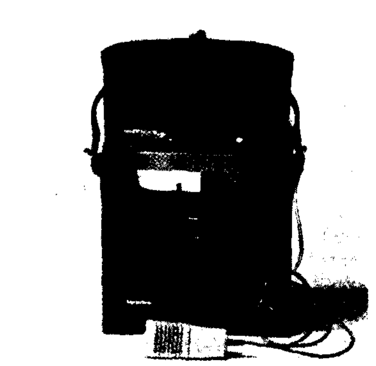
Time-Master Model P6

Just four buttons on the microphone control the complete dictating process with the de luxe model Time-Master. Push a button to start recording; release it to stop. Other buttons control playback, corrections, and letter length. It's so simple, and it uses the unique Dictabelt recording system and costs **£129 10s. 0d.**



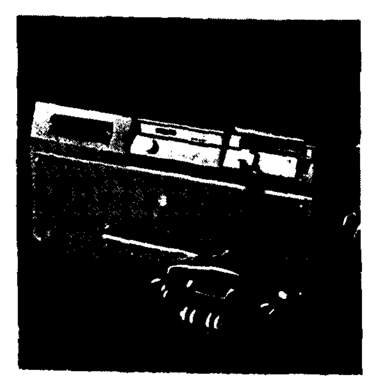
Time-Master Model PC6

This combined dictating and transcribing machine does two jobs for almost the price of one. When you have a letter to dictate just pick up the microphone, and when you've finished just pass the machine to your secretary. She doesn't need a special transcriber, because this model does the job of two machines.



Travel-Master Portable

This needs no wires or tapes for recording, nothing but the revolutionary Dictabelts which tell you where you are at a glance. Wherever you are, just slip the Dictabelt into an envelope and send it off for transcription on a standard Time-Master Transcriber. This portable Travel-Master weighs only 5 lb., and costs **£105 0s. 0d.**



Telecord Network System

With the Dictaphone Telecord System, your telephoned dictation is automatically fed on to a vacant Telecord machine, usually located in the typing department. Dictation completed, the Dictabelt is handed to a typist for immediate transcription. This system is ideal for large organisations where it drastically reduces costs.

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.

of this year compared with the same period of 1961, that a substantial loss was incurred in Nigeria and that profits elsewhere in West Africa were lower. The traditional business of the Unilever group, geared to the daily needs of the housewife, had a satisfactory half-year—particularly, apparently, in detergents in Europe, which suggests that Unilever has been hitting back hard against its competitors. On the industrial side of the business, third party sales were 6 per cent higher and gross profits 8 per cent higher. This is no mean achievement. But what investors have to ask themselves is how long the political and economic troubles of

COMBINED SALES AND PROFITS

(£ million)

Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961	Dec. 31, 1961	June 30, 1962
Gross sales .	908	939	947	943	953
Net sales . . .	682	705	720	724	740
Gross profit	56	50	52	51	52
Net profit. .	28	23	27	26	24
	%	%	%	%	%
Gross profit/ sales	8·2	7·1	7·2	7·1	7·0
Net profit/ sales	4·2	3·3	3·7	3·6	3·2

Africa will continue to claw at the profits of the group. Unilever has already begun to adapt the pattern of its African trade to changed circumstances, switching the emphasis from merchandise and produce to manufacture and to more specialised and technical activities. But such a change takes time to carry through and chill winds are still blowing around the ears of the UAG managers. The stock market's reaction was to mark down Limited by 1s. to 35s. and NV by 3/16 to £8 7/16.

OVERSEAS TRADE

Imports on the Rise

BRITAIN'S export figures are still good. They were £1 million lower in July at £327 million on a seasonally adjusted basis, but this marginal fall was from a record

BRITAIN'S OVERSEAS TRADE

(£ million per month; seasonally adjusted)

	Imports cif	Exports fob	Re-exports fob	Crude gap
1961:—				
1st qtr. . .	384	309	12	63
2nd ,, . .	362	305	14	43
3rd ,, . .	358	309	15	34
4th ,, . .	362	304	13	45
1962:—				
1st qtr. . .	367	306	12	49
2nd ,, . .	369	319	14	36
1962:—				
January . . .	380	300	12	68
February . .	362	307	11	44
March	358	312	11	35
April	359	314	14	31
May	379	316	15	49
June	369	328	14	27
July*	391	327	14	50
Jan.–July* .	371	3 2	13	43

* Provisional.

June figure, and the rise in exports which had continued since January could not go on indefinitely. The disturbing aspect of the July figures is the further sharp rise in imports by £22 million to £391 million. With re-exports at £14 million the crude trade gap in Britain's trading account has returned to the £50 million mark and the true visible balance is back in the red.

After this latest increase imports in May-July were 5½ per cent more than in the three months February-April. Exports on the same comparison were 4 per cent higher. However on the longer view exports in the first seven months of this year were 2½ per cent more than the monthly average for 1961, while on the same basis imports increased by no more than 1½ per cent. But imports are now on a rising trend. The detailed trade figures to be published later this month should show whether or not this jump in imports can be accounted for by some special set of circumstances, such as the heavy imports of potatoes which swelled the May figures. At the moment the pointers are that imports of feeding stuffs are still high and that the fall in industrial stocks in the early months of this year may have been checked.

One country that has chalked up a spectacular success in exports is Canada. The figures for May, the month in which Canada formally devalued its dollar to a fixed parity, show an increase in exports of no less than 33 per cent over May, 1961. In the first five months of 1962 together exports were over 13 per cent higher than in the same period of 1961.

AIR LICENCES

The Working Rules

IN fewer than 30 pages, the Air Transport Licensing Board this week served notice on the Minister of Aviation, the airlines, British Railways, the travel industry and the flying public, both gruntled and disgruntled, that it intended to interpret the Act under which it was established in its own way and its own time. And it set out the working rules that it is using as a yardstick in dealing with applications for new air services. "We must interpret the Act as it stands," says the board in its second annual report just published, "and not by reference to statements by Ministers regarding its intention and probable effect. We shall continue to rely upon our own interpretation of the Act unless we are overruled by a Court of Law." This is its only reference to its unhappy experiences under Mr Thorneycroft's administration, but they are fighting words.

The working rules outlined are of considerable importance. The board plainly believes that its brief is to encourage competition wherever the traffic seems able to support more than one air service; it will not, it says, attach much weight to claims by the sitting tenant that plans had already been made and aircraft ordered to carry all foreseeable traffic in the future. (Manufacturers had better watch this one.) But secondly, the board says at some length that airlines wishing to compete with the two corporations must be financially sound, by which it means not only able to pay their bills from day to day, but reasonably capitalised as well. Independent airlines backed by the shipping industry can meet this requirement, but the board is aware that other, truly "independent" airlines cannot. With no capital to speak of (and not much experience of book-keeping either, to judge by the board's comments on their accounts) these airlines rely at best on the credit, and at worst on the charity of their suppliers, mainly the oil and aircraft companies, and the airport authorities. Last year, ten went out of business; others are operating under the supervision of receivers. But they touch only the fringe of the aviation business; the important message of the report is that the board has emerged bloody but unbowed and unrepentant from its clashes with the Ministry of Aviation which, while Mr Thorneycroft was Minister, reversed some of the board's most important decisions and criticised others. Small wonder that the new Minister, Mr Amery, has preferred not to rubber-stamp decisions waiting on his table about British European Airways' appeals against a raft of other new licences for independents. He is not likely to make up his mind on these before mid-September.

BUILDING SOCIETIES

Money to Lend

THE pattern of small savings, as revealed in the figures published by building societies, unit trusts and the National Savings Association, has changed over the last twelve months. A year ago, when the prospect of higher interest rates was in the air, the competition from other savings media, particularly National Savings, was cited as one reason why the Building Societies Association and the Halifax Building Society (which is not a member of the association) decided to raise the net interest rate on shares from 3½ to 3¾ per cent and the mortgage rate from 6 to 6½ per cent. Now that interest rates are falling, money is flooding into the building societies. Yet investment in National Savings has fallen away—from £36 million to £18¾ million, net of withdrawals and interest, so far in

COMPANY AFFAIRS

Comments on pages 653 and 654 on:
John Brown — Royal Dutch/Shell
Rootes Motors — Richardsons, Westgarth
Avana Bakeries — Canadian Pacific
International Nickel

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 656 and 657

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 655

the current financial year. This differing experience shows how justified the building societies are in trying to keep their rates

Six months to	Building Societies Association* June 30, 1961 £ mill.	June 30, 1962 £ mill.	Halifax July 31, 1961 £ mill.	July 31, 1962 £ mill.
Receipts	243	300	62·6	76·8
Withdrawals	170	180	45·9	50·0
Net receipts	73	120	16·7	26·8
Advances	205	198	47·2	51·1
Repayments	178	193	36·4	40·1
Liquid assets	727	860	75·4	99·8
Total assets	2,537	2,791	515·1	580·1
Liquidity ratio	*14·4%*	*15·9%*	*14·6%*	*17·2%*

* Represents 77 per cent of all building society assets in Britain.

"stable"—and competitive. But this is no excuse for complacency. They must, for example, note that in the face of the slump in equity prices net investment in unit trusts in the first seven months of this year was fifteen times greater than in the same period last year. In the long term this is a competitor that they must worry about.

Both the member societies of the Building Societies Association and the Halifax are now receiving more funds than at any time in their history and the table shows the sharp jump of over 60 per cent in their net inflow in the first six months of this year. It would have been higher still but for the continuing high rate of withdrawals. Why, when interest rates are falling, withdrawals have remained so high is something of a mystery: not all of them can be withdrawals to meet the down-payments on a house. But no doubt these withdrawals make the association and the Halifax even more reluctant to lower their rates. Compared with a year ago they have plenty of money to lend and for most societies the quotas are now off. So far this has not been reflected in any increase in advances made by members of the association, but this is partly explained by the time lag of two or three months between the promise of a mortgage and its completion. There is little doubt that the figures for the next quarter will show a rise in mortgage lending. A year ago moreover the societies were still lending money under the government house purchase scheme for older houses. The Halifax did not avail itself of this scheme and has always taken pride in its willingness to lend money on older properties. This may explain why, in contrast to other societies, its advances have been higher. Even so its liquidity ratio has remained as high as 17.2 per cent, compared with an average ratio of 15.9 per cent for other leading societies. There is plenty of scope for an increase in advances in the months ahead; but, equally, there seems to be no shortage of prospective borrowers.

BRITAIN'S OPPORTUNITY IN THE MIDDLE WEST

"The American Middle West, covering an area as large as the European Economic Community, is one of Britain's largest potential export markets and probably the most neglected."

The Financial Times, July 27, 1962

THE ECONOMIST INTELLIGENCE UNIT'S NEW YORK OFFICE is available to help British exporters interested in the American Middle West or in any part of the United States.

Enquiries to be addressed to:

THE ECONOMIST INTELLIGENCE UNIT LIMITED, 5 Bury Street, St. James's, London, S.W.1, or Lincoln Building, 60 East 42nd Street, New York 17, N.Y.

COFFEE

Natural Break

FOLLOWING the normal pattern of such assemblies, the United Nations coffee congress in New York was dragging in its fifth week when Brazil staged a walk-out, bored with repetition of its own and its colleagues' well-known cases. This trusted procedure of negotiators lifted the discussions out of the rut which threatened to cause the conference to break up without agreement. African delegates had become increasingly restless at the lack of progress. But Brazil's action spurred the United States into making new proposals to save the conference. On the strength of them, Brazil stepped back into the proceedings, and delegates were so buoyed with new hope that they agreed to extend the conference for a further week until August 24th. If agreement is not then reached, the conference will be reconvened in November or December.

Brazil has the stature in coffee to carry off a diplomatic walk out—50 million bags full in fact—enough surplus coffee to supply the world for a year. African producers have displayed considerable alarm at the possible consequences of failure at the UN conference to produce a satisfactory long-term international coffee agreement. The struggle for shares of the market is said to have become tougher, and African producers appear to be banding even more tightly together for mutual protection.

Export quotas remain the major stumbling block with Brazil asking for them to be based on a two-year period, which does not suit Africans whose latest crop has been smaller than it would have been under normal conditions. They are pressing for a four-year basing period. But the issue on which Brazil stalled the conference was the level of the projected common market tariff, into which has been built a preference for associated African states. This issue might have been the immediate reason for West Germany's decision to become a full member of the conference. It has already been agreed that the common external tariff should be lowered from 16 to 12 per cent, with a further suspension making the duty 9.6 per cent, but no further concessions seemed to be forthcoming. The American proposal asks EEC members to submit within six months of the signing of a long-term coffee agreement, a programme for the reduction of the discriminatory import tariff against Latin American countries over the five-year life of the scheme. The elimination of other taxes and restrictions on Latin American coffee (particularly those levied in West Germany) is also sought.

The faint traces of a new schism in coffee are appearing. The United States is evidently backing the Latin American producers strongly in trying for a new world agreement. The European countries are by no means deaf to the special needs of the African producers. The price of Latin American coffees has recovered a little on reports of severe frost damage to coffee crops in the Parana region of Brazil. At least 6 per cent of these trees will be completely ruined and many more partially affected. It might prove the opportunity to reduce coffee production in this marginal growing area. Crops in Africa are satisfactory; a slight fall from the current level of about £158 a ton for Uganda robustas, delivered in November, seems likely.

TRADE WITH JAPAN

Tokyo Go-Slow

SIX years of talk have not yet produced a signed treaty of commerce between Britain and Japan, though agreement has at last been reached on "an important part of the arrangements to govern future commercial relations" between the two countries. In 1955, the British Government expressed a wish to conclude such a treaty. Meanwhile, trade between the two countries has continued to be governed by stop-gap licensing arrangements in the intervening years, under which trade in both directions has prospered. Exports to Japan from Britain rose to £24.3 million fob in the first half of this year, compared with £20.8 million in 1961 and £12.8 million in 1960; Japanese exports to Britain expanded to £27.7 million cif, compared with £24.4 million in 1961 and £20 million in 1960. Quotas have been reviewed annually, the last review permitting a substantial increase in trade between the two countries in the year to September. Quotas were fixed retrospectively at the end of 1961 for this period, so another interregnum of provisional quotas after this date will come as no surprise.

But this year it is hoped that a full treaty will be signed in time to dispense with the need to review quotas for a further year. It therefore appears most likely that all thought of annual quotas has gone by the board while a treaty of commerce has been under discussion. There was a hitch in these talks last week, reported to have had "something to do with" the common market. Japan is naturally anxious

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

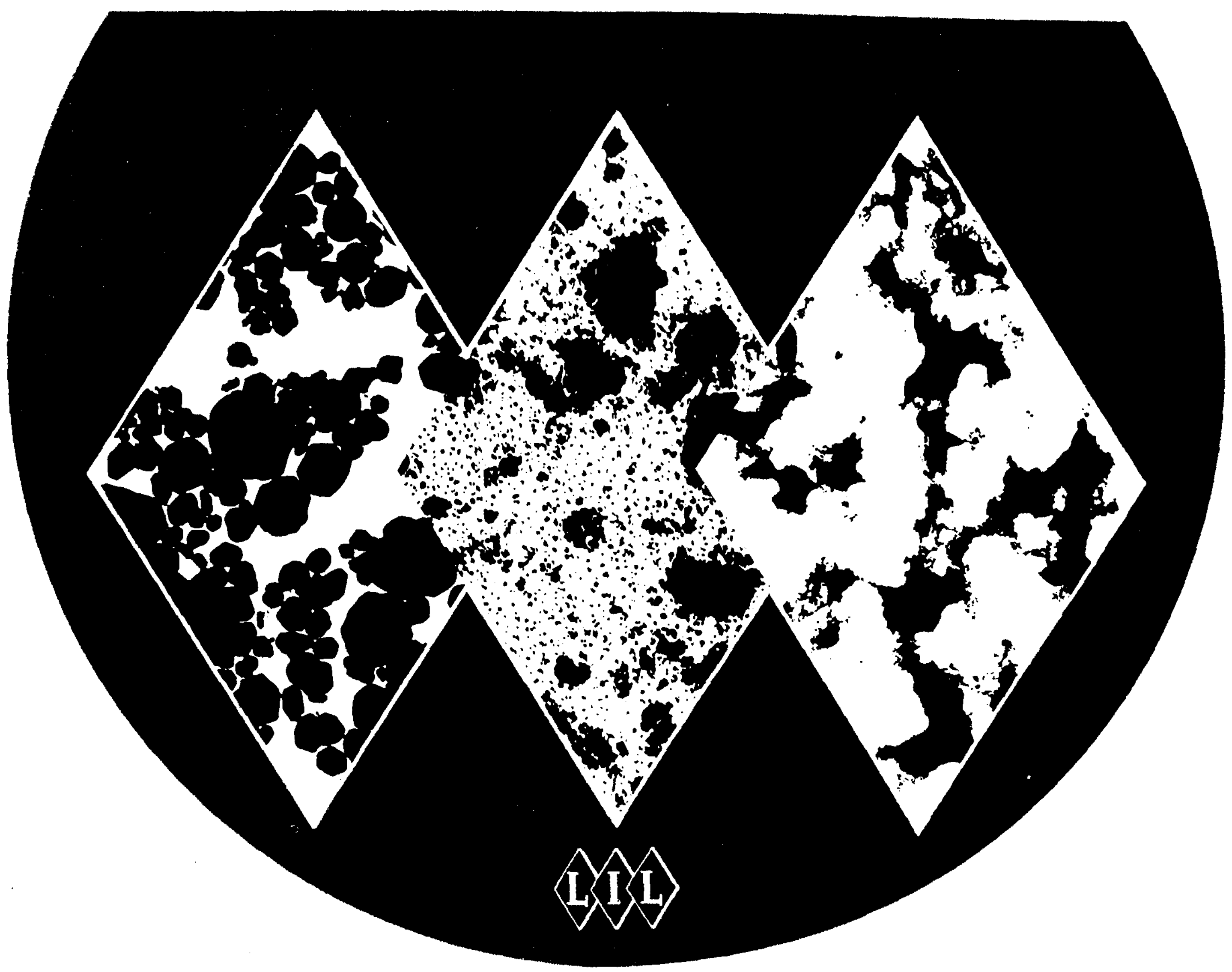
Find out all about it from your local office now:—

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

LAPO



LAPORTE STANDS FOR PROGRESS IN THE CHEMICAL INDUSTRY

The chemical industry plays an invisible but vital role in the course of our daily life, entering into the making of almost all the things we eat, touch or use. The main products of the Laporte Group are Hydrogen Peroxide, Titanium Oxide Pigments, Aluminium Compounds, Fullers' Earth, Barium Compounds, Catalysts, Inorganic Acids, Phthalic Anhydride, Fluorides, Plasticisers.

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

ORTE

to get an agreement before Britain joins the European Economic Community. Japan wishes to achieve most favoured nation status and hence avoid discrimination against its exports under article 35 of the General Agreement on Tariffs and Trade. It has so far been held at arm's length by the European countries and has retaliated by slowing down its own import liberalisation. But the "other important matters" not settled in Tokyo were said to be safeguards against disruption caused by Japanese competition and Japan's methods of subsidising exports as well as the formal abandonment by Britain of protection under article 35 of Gatt.

If Japan does achieve this cherished aim in the British market, quotas will not be completely abolished. Some categories of exports will continue to be controlled, and there will also be the special controls against disruption from Japanese exports in the background. But these proposed safeguards have not allayed the fears of the British wool textile industry. This industry wants quotas for all wool products from the start of the new treaty. It is not possible to judge what concessions have been squeezed out of Japan in return for the coveted mfn rating. But while Japanese commercial practice remains unaltered, British manufacturers of wool textiles will have genuine grounds for complaint with which to embellish their case for protection. It is relevant to the current round of talks about scrapping general quota restrictions that Japan has the highest level of tariffs of all the main industrial countries; Britain boasts the third highest. Loss of quota protection will not, therefore, leave Japanese and British industries without any shield against each other in their home market.

INSURANCE

Lloyd's Good Year

LLOYD'S UNDERWRITERS made a profit of £22.4 million on the 1959 account (closed at the end of last year), the highest since the 1953 account which produced £24.9 million. Premiums of £320 million were received for all classes of insurance and the underwriting margin was 7 per cent, compared with 4¾ per cent from premiums of £302 million in the 1958 account and 3½ per cent in the 1957 account. These surpluses have to bear further charges—principally the remuneration, including profit commission, of the specialists who underwrite risks for the syndicates; for this and other accounting reasons, Lloyd's figures are not comparable with those of the insurance companies. But Lloyd's results, based on more selective underwriting, have been generally better than those of the insurance companies, many of which nowadays rely on interest earnings to pay dividends and build up free reserves to back an expanding non-life premium income. With two of the three years of the 1960 account completed, it looks as if Lloyd's profits for that account will be within striking distance of those reported for 1959. The first year of the 1961 account shows no exceptional deviations—except in aviation insurance where claims were extremely light, presumably because the big jets are now being rated realistically.

The number of "names" has risen once again. There were 4,645 underwriters of marine and aviation risks last year, grouped in 167 syndicates, compared with 4,506 "names" in 166 syndicates underwriting the 1960 account; in the main non-marine account ("other insurance business"), there were 4,773 names (90 syndicates) last year compared with 4,622 names (92 syndicates) for the 1960 account.

Lloyd's does a world-wide business and the underwriters, in common with the insurance companies, are not likely, therefore, to experience great changes if Britain joins the EEC. It has, however, been suggested by Dr Reimer Schmidt, Professor of Laws at Hamburg University, that the Corporation of Lloyd's might not be held to be a company as it is defined in the Treaty of Rome and accordingly might not be entitled to free establishment within the European Economic Community. Dr Schmidt has suggested, however, that Lloyd's would probably get by as a co-operative holding company, though the supervisory requirements of Continental countries might require some changes of practice by the underwriters. Moreover, agreements between underwriters, mainly in the marine market, that are observed by the British insurance companies as well as by the members of Lloyd's might, he thought, come in conflict with the anti-cartel provisions of the Treaty of Rome.

LLOYD'S PREMIUM INCOME AND CLAIMS

Completed Accounts	Marine		Other Business*		Aviation		Motor		Profit† £ mn.
	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	Prems. £ mn.	Claims £ mn.	
1955	95·6	87·7	118·7	109·6	10·0	10·1	8·2	7·3	12·8
1956	97·2	94·3	132·1	128·4	13·0	12·9	8·7	6·5	5·7
1957	105·3	100·6	147·7	141·7	13·6	14·5	9·7	7·6	9·7
1958	108·0	101·7	164·3	156·6	17·3	16·4	11·7	9·2	14·1
1959	112·0	97·7	173·9	166·1	20·7	20·3	13·2	9·9	22·4
1959 Year I	75·2	16·9	105·0	30·2	11·4	6·8	12·0	2·1	...
" II	35·2	26·7	70·5	53·6	9·7	6·6	1·3	4·9	...
" III	1·6	54·1	– 1·6	82·3	– 0·4	6·9	– 0·1	2·9	...
1960 Year I	74·5	17·1	109·3	33·3	12·4	4·4	13·2	2·4	...
" II	38·1	29·9	75·9	54·7	12·1	7·5	1·5	5·9	...
1961 Year I	76·4	19·5	107·8	34·5	13·5	2·5	14·9	2·8	...

* Largely fire and accident insurance. † From all classes of insurance, including interest on underwriting funds, before certain overhead expenses.

SHORTER NOTES

Sir William Iliff, vice president of the World Bank since 1956, is to retire at the end of October; many will join Mr Eugene Black in paying tribute to his distinctive achievements, most notably in successfully concluding the delicate Indus Basin negotiations. Sir William is succeeded by another Englishman, Mr Geoffrey Wilson, formerly of the Treasury and the Foreign Office.

★

An attempt by Franco-British Trust to start unofficial dealings in the shares of the Jasper group of companies has been abandoned following the warnings by the chairman of R. E. Jones that the completion of any purchases may not be possible without litigation. Shareholders in that company have been told this week that their shares are likely to be worth about £2 each; of the company's nine hotels six, including the Piccadilly, have already been sold. Lintang's principal asset, the Dolphin Square block of flats, is to be offered for sale and this is likely to raise about £4½ million.

★

Although net new orders for machine tools booked in May were significantly lower than the rate of export deliveries in the month, bringing total new orders for the first five months of this year slightly below total export deliveries during the period, the comparisons quoted in a Business Note in our last issue on this point were incorrect. Reports from within the machine tool industry, moreover, suggest that several large foreign contracts booked during June may since have brought the total orders booked in the first half of this year up to or above the level of export deliveries.

★

The International Tin Council met this week and received a report on discussions with the United States stockpile authorities. The meeting was then adjourned and will be resumed after details of American stockpile releases are made known.

COMPANY MEETINGS

JOHN BROWN AND COMPANY LIMITED

(Engineers and Shipbuilders)

TRADING PROFIT VIRTUALLY MAINTAINED DESPITE DIFFICULTIES IN PERSIA

PROBLEMS FACING CLYDEBANK

LORD ABERCONWAY'S STATEMENT

The ninety-eighth Annual General Meeting of John Brown and Company Limited will be held on September 7th in London.

The following is an extract from **Lord Aberconway's** statement circulated with the Report and Accounts for the year ended March 31, 1962:

The Net Consolidated Profit before tax of the Company and its subsidiaries for the year ended March 31, 1962, was (to the nearest £1,000) £4,416,000, compared with £4,491,000 for the previous year.

The Consolidated Profit this year has been adversely affected to a substantial extent by the experience of Constructors John Brown Ltd. over certain of its Persian contracts. In my statement last year I referred to the many difficulties being encountered by C.J.B. in Persia, expressed anxiety about the eventual financial outcome of these contracts, and stated that provision had been made on what should be a sufficient scale to meet their final outcome.

Extras on contracts in respect of such items as changes in specification, extra work required, delays outside the control of C.J.B., and so on, have now increased to substantially over £1,000,000. In the case of the largest of the contracts, where the client is the Persian government, C.J.B. has had to request the Persian government to submit the matter to arbitration.

C.J.B. expects, and is justified in expecting, to obtain a settlement in due course; nevertheless it has been decided to follow the policy established last year, and accordingly credit for outstanding extras will not be taken until they are settled. By reason of this policy the accounts of C.J.B. show a substantial trading loss for the year.

Despite these difficulties in Persia and despite the conservative way in which they have been dealt with in C.J.B.'s accounts, the profit of the group for the year before tax is only slightly below the record figure of the previous year. Profits Tax, however, is payable this year at sixpence more in the pound, and takes almost £100,000 more than last year, even though it is levied on a slightly smaller profit. After deducting taxation and the interests of outside shareholders in subsidiaries, there remains £1,906,000, compared with £2,056,000 last year.

In March of this year the directors thought it proper to bring the issued capital of the Company more into line with the resources committed in the business of the Company and its subsidiaries. Accordingly, sufficient reserves were capitalised to issue to Ordinary stockholders before the end of the financial year one Ordinary share of £1 (since converted to stock) for every four £1 units of Ordinary stock held.

At that time it was stated that the profits for the year were confidently expected to suffice to pay, upon the larger capital, the same final rate of dividend, namely 7 per cent less tax, as was paid as a final dividend for the previous year. The directors accordingly recommend a final dividend for the year under review of 7 per cent less tax, which, together with the interim dividend of 4 per cent less tax, makes a total for the year of 11 per cent less tax, the same total rate as for the previous year.

During the year all the shares in two companies were bought, Holmes Homalloy Ltd. and Talbot-Ponsonby & Co. Ltd., and the Company's holding in S. N. Bridges & Co. Ltd., comprising some 98 per cent of the capital, was sold. The purchaser was Stanley Works (Great Britain) Ltd., with whose other activities it was thought that the business of Bridges in making and selling portable electric tools would fit better.

Your directors have decided that this year and in the future it would be more helpful to stockholders to show in John Brown's Balance Sheet its interest in subsidiaries at the sum of the values of the net tangible assets of the subsidiaries, as shown by the balance sheets of the subsidiaries. It should however be emphasised that in making this change this year, your directors are in no way re-valuing the assets of the group; no change at all is made in the basis of valuing assets in the books of the subsidiaries. All that is being done is to adopt in the Parent Company's Balance Sheet the asset values shown by the accounts of the subsidiary companies.

SHIPBUILDING AND LAND BOILERS

Clydebank, in common with almost all British shipyards, is seriously under-employed. Enquiries to-day are few and far between, and are the subject of such intense competition that to have any chance of success a tender must usually be on an unremunerative basis. It was in these circumstances that Clydebank put in a very low bid to Cunard for Q.3 and this bid was not the lowest; the decision not to proceed with that ship was small consolation to us and to our workpeople. Clydebank is however determined to preserve what activity and employment it can.

Against this background Clydebank is thankful to have secured, subsequent to the Q.3 decision, orders, even at meagre prices, for a combined passenger and cargo ship for Alfred Holt & Co., for a large assault ship for the Admiralty, and quite recently for the reconditioning and conversion for Cunard Steam-Ship Company of the Clydebank-built ships *Saxonia* and *Ivernia*.

During the year *Transvaal Castle* was completed with many novel features as a "hotel-class" passenger ship of high quality for British & Commonwealth Shipping Company, who have been good enough to express their enthusiastic satisfaction with her. For the same owners the motor cargo vessel *Clan Macnair* was completed. For B.P. Tanker Company *British Hussar*, a 50,000-ton deadweight tanker, was finished soon after the year end.

In present circumstances, difficult times are certain, nevertheless Clydebank is boldly undertaking the final stage of the reconstruction of the West Yard, to handle vessels of up to 100,000 tons; the layout is thought to be the equal of anything in the world for efficient production flow.

John Brown Land Boilers Ltd. commissioned in the United Kingdom during the year two large boilers for central power stations. Again delivery dates were maintained and satisfactory operating results achieved. The Foster Wheeler-John Brown Land Boilers Consortium is working well. It has continued with the design and early manufacturing stages of the four 350 megawatt boilers for the new Tilbury station to be commissioned during 1965 and 1966; it has also secured from the Central Electricity Generating Board for Eggborough the order for four 500 megawatt coal fired boilers for commissioning in 1966/67.

MACHINE TOOLS AND ENGINEERS' TOOLS

Wickman Ltd. had a splendid trading year. A high level of deliveries of machine tools, both of its own and of its various principals' manufacture, has produced an excellent result. Almost half of the deliveries of multi-spindle automatics went to overseas markets, as did a high proportion of the machine tools distributed on behalf of British principals.

Orders, both for automatics and for other types of machine tools, came more slowly as the year progressed. The automobile industry early in the year substantially completed the placing of machine tool orders for its expansion programmes. The manufacturering capacity for automatics at Banner Lane has been substantially increased in recent years, and is in excess of the current rate of intake of orders. The backlog of orders in hand is, however, such that prospects for the current year are good.

In order to benefit from concentrated and specialised management, Wickman's remaining trading activities have been entrusted to subsidiaries formed for the purpose, and Wickman itself has ceased to trade and is now a policy-making holding company.

Webster & Bennett Ltd. has had a satisfactory year and has worked to full capacity. Orders

have come in about the same rate as machines have been manufactured, and consequently attractive deliveries can still be offered. Export orders comprised 46 per cent of the total, and 42 per cent of deliveries were for export. Machines of the new 10-foot diameter size have been well received by customers.

Firth Brown Tools Ltd. has again had a busy year; increases in its export sales have more than offset the slight fall in home sales due to the reduction in general industrial activity. The schemes of re-arrangement and expansion referred to last year have proceeded to programme; they will extend into the current year and will affect profits, but on the long term view this plan, leading as it does to increased capacity and efficiency, is fully justified.

OTHER U.K. INTERESTS

Markham & Co. Ltd. has been working to full capacity throughout the year. It has manufactured and installed the mechanical equipment for the radio telescope at Goonhilly for the Post Office, and has completed three new winders and two major winder reconstructions for the National Coal Board. Two large Francis water turbines for Spain, one smaller turbine for installation in North Wales, all to Boving's design, and rolling mill equipment for the universal beam mill at South Durham Steel and Iron Co. to Demag's design, have also been delivered.

The light alloy suburban cars being built by Cravens Ltd. for the London Transport Executive have gone into service with a notable absence of trouble, and the customer is highly satisfied with both design and workmanship.

I referred last year with anxiety to the prospect that British Railways would themselves build substantially all their requirements of rolling stock and thus deprive the private enterprise companies of a home market so essential as a base for their efforts to export. Since then the Transport Bill has been introduced into Parliament. It invests the Minister with power to direct all or any of the proposed railway Boards to discontinue any of certain activities, including the manufacture of rolling stock.

The difficulty in obtaining export orders for rolling stock, consequent upon the present reduction in world requirements, will be critically accentuated if there are no more home orders. Cravens however has faith in the ultimate revival of demand for rolling stock, and is determined to stay in the business. It has recently been encouraged by obtaining against severe international competition two important contracts, one for light alloy coaches for the Eire Railways, the other for insulated wagon bodies to be built in light alloy and fibre-glass for East African Railways.

The shares in Holmes Homalloy Ltd. were acquired during the year. The business of this company is conducted through subsidiary companies, and is to manufacture, frequently to customers' individual requirements, bodies for commercial vehicles. There are factories at Preston, in London, and at Dumfries, the last a joint enterprise with William Alexander of Falkirk. Homalloy (Yorkshire) Ltd., with newly acquired works in Sheffield, has been formed to operate in close collaboration with the Holmes factories.

The organisation of Cravens (Machines) Ltd. has been built up during the year into a well-rounded and self-contained team. A complete range of injection moulding machines using screw plasticisers has been introduced into manufacture alongside models of the well-established plunger type.

Bone Brothers Ltd., at Wembley, achieved the highest turnover in its history, and its order book is heavy. The business is being actively developed, and a new building for use as a research and development centre is being erected.

Talbot-Ponsonby & Co. Ltd., at Petersfield, designers and manufacturers of precision dies and moulds, has been purchased as a business which is complementary to Cravens (Machines) and Bone Brothers.

Sufficient reference has already been made to the difficulties that Constructors John Brown Ltd. has had in Persia. Elsewhere C.J.B. has had an active year. Contracts in progress are proceeding satisfactorily and to time. The order book has been substantially increased and already provides much work to be executed in 1963.

C.J.B.'s pipeline division constructed the majority of the larger pipelines undertaken in the United Kingdom in 1961, including the gas line from Esso, Fawley, to I.C.I. at its new site at Severnside; and has been awarded a contract for £4,500,000 from the Sheffield Water Board.

The Company has an important investment in Westland Aircraft Ltd., a virile company in whose future your directors have great confidence. It was disappointing that the Government could not see its way to continue to support the development of the large Rotodyne helicopter, and this technically quite outstanding machine has had to be abandoned. Westland however retains its leading position in helicopters, and also, with the S.R.N.2, in the new field of hovercraft.

OVERSEAS INTERESTS

In Canada, the operations of Firth Brown Steels Ltd., A. C. Wickman Ltd., and Firth Brown Tools (Canada) Ltd. have been satisfactory despite continued heavy competition and depressed conditions in many industries. The recent devaluation of the Canadian dollar and a new protective tax on imports are likely to prove detrimental to U.K. exports to Canada.

In Australia, the restrictive measures of the Government made business more difficult to get, and less profitable to execute. There are, however, signs of a gradual recovery of activity.

In India, the continuation of financial aid to that country from various sources has enabled Machine Tools (India) Ltd., the Company's principal direct stake there, to play an active part in the importation and distribution of machine tools and other products.

In Brazil, Brasmac-Wickman S.A. finds that the business of importing machine tools grows no easier in the climate of political uncertainty, monetary inflation, and financial restrictions. Brazil undoubtedly has the ingredients of a good industrial future, but, until stable conditions are established, trading will be difficult and attended by risk.

In the Republic of South Africa, there has been a welcome revival of trade and commerce. Wickman (S.A.) (Pty.) Ltd. has had an admirable year; in manufacturing and selling carbide-tipped drill stems of high quality it has given first-class service to the mines. Drury Wickman Ltd. has also operated well as distributors of a diversity of machine tools and other engineering products. John Brown Land Boilers (Africa) (Pty.) Ltd. commissioned in the Union during the year four boilers of a total capacity of 120 megawatts.

In Rhodesia, F. Issels & Son Ltd. has been busy, but business has been difficult to obtain and profit margins have been low. Rhodesian Alloys (Pty.) Ltd. continues to operate well and to full capacity; but a recent severe falling off in world demand has required a proportion of the output to be stocked.

EXPORTS HELPED BY PAY PAUSE

The former Chancellor's policy has, by and large, afforded a welcome slackening in the speed with which costs of all sorts have risen in recent years. The beneficial effect upon exports has been noticeable in more than one of the businesses in which the Company's subsidiaries are engaged. This relative stability of costs, compared with the experience of some overseas competitors, has enabled those businesses to obtain more export orders, and to secure a firmer hold upon their export markets. Thus in those businesses greater employment has been achieved than otherwise would have been the case, and the prospects for future employment have been enhanced. One can only hope that good sense and restraint on all sides will preserve these hard-won benefits, and that they will not be dissipated by a resumption of rapid inflation, to the detriment, among other things, of exports and employment. The moderate wage increase which the engineering and shipbuilding industry has been able to negotiate against the background of the other wage increases made during the last year may perhaps indicate the start of a trend towards the stability that is so much needed.

DIRECTORATE

Two of our most valued colleagues feel that it is time for them to retire. Accordingly, to our great personal regret, Sir Arthur Matthews and Sir James McNeill will be resigning their seats on the Board at the Annual Meeting. Sir Arthur Matthews, a former chairman of the Forgemasters' Federation, was for many years an executive director of Thos. Firth & John Brown Ltd., and retired as Managing Director of that company in 1951. At that time he was also a director of John Brown & Co. Ltd., and he has since then given valuable service in that capacity and as a director of various subsidiary companies. Sir James McNeill, the foremost naval architect and shipbuilder of his time, has spent his working life in the service of Clydebank. He was mainly responsible for the design of the two "Queens" and many other notable John Brown ships. Sir James was the first Managing Director of John Brown & Co. (Clydebank) Ltd., the subsidiary formed in 1953 to take over the activities of the shipyard. He will also be retiring from the Board of that company.

In the recent Birthday Honours List a knighthood was graciously conferred on Mr. Eric Mensforth. His fellow directors, and his colleagues throughout the group, were delighted at this well-deserved tribute to his accomplishments. The barony awarded in the New Year Honours List to Sir Toby Low, now Lord Aldington, also gave great pleasure to his colleagues.

I know that I shall be echoing the thoughts of stockholders who follow our affairs when I say how much the successful results of this year are due to the managements, staffs and work-people of our various subsidiary companies, and how grateful we are to them all.

UNITED DOMINIONS TRUST LIMITED

RESULTS AFFECTED BY OUTCOME OF POLITICAL AND ECONOMIC CHANGES

MR J. GIBSON JARVIE VIEWS THE FUTURE WITH UNDIMINISHED CONFIDENCE

The fortieth annual general meeting of United Dominions Trust Limited was held on August 16th in London.

The following are extracts from the statement by the Chairman, **Mr J. Gibson Jarvie**, which has been circulated with the Report and Accounts.

Last year your Board had to report the first drop in profit for sixteen years. It is a matter of great regret to your Board that again we have to report a decline in profits for the year and largely from the same, or related, causes.

A year ago I was able to say that "subject to our being permitted to carry on our various activities in a more or less normal manner, the year in which we are entering is full of promise." It was: but the year through which we have passed has been anything but normal.

Although business has fallen the cost of money was actually more than £2,000,000 higher than in the previous year! That, of course, was the effect of the high average Bank Rate here and of higher money rates overseas resulting from violent political and consequent economic changes.

It will be seen that the loss of volume and the high cost of money—remember that money is our merchandise—were important factors in our reduced profits but they were not the only reasons. The credit squeeze, too fiercely imposed and too long continued, as is now admitted, is still with us and it has been followed to a greater or lesser extent I think, in one form or another, in every one of the overseas countries in which we are operating.

The squeeze has brought so much that is unnatural and artificial into the countries where it operates that it is impossible to conduct any kind of business on an even keel. Government regulation and restrictions generally come too late and last too long. Apparently, we are to carry these handicaps with all their inconveniences till the end of the year. It takes a stable, intelligently conceived and realistic economy to provide the conditions for stable and successful business enterprise and prosperity. Inflation is death to a stable economy, yet all the Government regulations, Bank Rate fluctuation and other controls do not touch inflation. Inflation in the United Kingdom stems directly from unproductive Government spending and that still goes on unchecked. Instead of being reduced it is constantly growing.

As you know, in the last two or three years, the U.D.T. Group has gone in wholeheartedly for expansion and for diversification. When we commenced to give effect to this policy the skies were clear. We could not foresee the shattering storms which have followed.

You will also bear in mind that after writing off the goodwill in the acquisition of existing profit-earning concerns, we are still going through the expensive period in the establishment of new companies abroad. In the last three years we have established no less than four companies de novo and we have acquired twelve existing companies.

DIVIDEND MAINTAINED

The Board regards the past year as so much out of character with the Group's history and with its safely expected future as to warrant dealing exceptionally with the year's dividend which, it is recommended, shall be maintained at the total distribution level of last year. There have been times when it has been alleged that the Board leaned too heavily toward retention rather than distribution of profits and this seems an opportune occasion to offer Stockholders benefit out of their forbearance in the past.

The nation's closer ties with the European continent have made it advisable for us to quicken our interest in the means of our entry into Europe. In comparison with establishment in the Commonwealth, there are obvious and quite formidable obstacles to overcome but we have made a most useful beginning in the Amstel Club—to which I referred in my statement last year. This association with banking houses in eleven European countries has been greatly strengthened during the year and the exchange of business is now in millions sterling.

Our companies in Canada, Australia, New Zealand and Trinidad are all working well; and from South Africa, even since it became a Republic and with all that it has passed through in consequence, we continue to receive invaluable support in the Group.

Personally, I have unlimited faith in the future of the U.D.T. Group. It is a powerful and rich association of companies, well buttressed by reserves and by experience. Its ramifications are well spread both geographically and commercially. As time passes, the additions to the Group are integrated and disciplined within the whole. They bring in new, although nearly always related, business activities so that the Group is well and strongly diversified. Again, as time passes, we become less and less dependent on any one line or on any one country. Our field is so wide now that whatever conditions exist or persist, we should be able to make a decent showing. I do not know of any company in this country that has had a more consistent record of successful operation or one any better or as well placed to meet the conditions of this fast changing world.

RUSTON & HORNSBY, LTD.

The Seventy-third Annual Ordinary General Meeting of Ruston & Hornsby, Ltd., was held on August 10th at Lincoln, **Mr W. J. Ruston** (Chairman) presiding.

The following are extracts from his comments on the report and accounts for the year ended March 31st, 1962:

Last year I expressed confidence that we should be able to hold our position provided trading remained as anticipated. In spite of a number of unforeseen events which adversely affected our earnings, the net profit of the Group is fractionally better.

Whilst every endeavour is being made to control costs, these have continued to rise from causes outside our control, although with the acceptance and introduction of work study we should see an increasing efficiency in our factories in Lincoln.

There has been a general improvement in output and the level of the Group's order book has been held. Your Directors recommend a distribution at the same rate as last year, i.e. a dividend on the Ordinary Stock at the rate of 9 per cent less Income Tax.

EXPORTS: We not only increased our percentage of direct exports, but were successful in breaking into new ground. Competition is very severe and this, added to the continual development towards self-sufficiency in some of our traditional markets, aggravated by lack of sterling, speaks well for our products and their acceptance by other countries.

PRODUCTS: Enquiries for our products continue to be active and some useful orders have been received for our larger engines, locomotives, boilers, pressure vessels and for our high speed air cooled ranges.

In the face of strong foreign competition we were successful in obtaining the order for ten 1310 kW sets for power generation from Korea. Our marine business continued active. Our gas turbines are still giving an extremely good account of themselves and the potential for the future is encouraging.

To ensure that we maintain our position, substantial development programmes are in hand covering all of our products.

PROSPECTS: We have been able to maintain the overall level of our order book but trading conditions are continuing to become more competitive and with the high percentage of our output that is exported we are naturally sensitive to the local conditions in these markets.

We are taking such steps as we can at this stage to organise ourselves should the United Kingdom join the European Economic Community, so as to equip ourselves to meet the increased and intensive competition which most assuredly will be there.

The success of our reorganisation and the general acceptance of our products throughout the world, together with the present level of the order book, enables me to view our position for the coming year with sober confidence. Provided further wage and other national increases do not price us out of our export markets, and given reasonable stability, we should be able not only to hold our own, but, I hope, show at least some improvement in the results of the Group.

The report and accounts were adopted.

SHEEPBRIDGE ENGINEERING LIMITED

EXPANDING DIVERSIFICATION OF INTERESTS

LORD ABERCONWAY'S STATEMENT

The Annual General Meeting of Sheepbridge Engineering Ltd., will be held on September 26th in London.

The following is an extract from the statement by the **Rt Hon Lord Aberconway**, the chairman, circulated with the report and accounts:—

Last year I reported that the prospects looked good for the year to March 31st, 1962, and that the overall profit should be maintained. That forecast has been fulfilled. The invoiced sales of the group were again higher than in any previous year, and for the first time in the history of the Company the Consolidated Profit was in excess of £1,200,000.

The Consolidated Trading Profit after all charges is £1,220,128 compared with £1,157,889 for the previous year. After £610,620 has been provided for taxation, where a higher rate of Profits Tax operated, and after £23,740 has been deducted in respect of the minority interest in a subsidiary company, there is left a sum of £585,768 attributable to the parent company. The corresponding figure last year was £562,263.

The overall financial position of the group remains strong, although considerable inroads upon liquid resources have in recent years been made by the deployment of funds, both in renewing and extending our plant and equipment, and in financing an increasing volume and range of business. The effect of continuous inflation upon such a trend is of course to accentuate the absorption of liquid resources. It nevertheless remains the policy of the Company to ensure that its equipment is up-to-date, and to lose no opportunity to expand and develop its established lines of business.

The directors recommend a final dividend of 10 per cent which makes a total distribution for the year of 15 per cent less tax, the same as last year.

SUBSIDIARY COMPANIES

The majority of the subsidiary companies achieved record sales in the year, though the recession in the motor industry had its effect.

Sheepbridge Equipment Ltd. continued to enjoy the benefits derived from increased diversification. Substantial orders were received from the quarrying industry for the new Cuber crushers and ancillary equipment, and three major contracts for oil drilling and hose handling plant for oil terminal installations were completed during the year.

Extensions to the machine shops at Sheepbridge Stokes Ltd. have been made to house special transfer machines which are now in production. These will help to increase manufacturing facilities so as to meet the growing demands of our customers. Increased capacity at British van der Horst Ltd. is being fully used.

The increase in the activities of Sheepbridge Alloy Castings Ltd. reported last year has been maintained, resulting in record sales for the year under review. The demand for the company's products by the petro-chemical and allied industries continues to grow.

The activities of Sintered Products Ltd., continue to expand. New sales outlets are constantly being sought, new manufacturing techniques are being developed and new materials are being tested.

Automotive Engineering Ltd., Light Production Ltd., Harold Andrews Sheepbridge Ltd., and Clews Petersen Ltd., all of whom supply the greater part of their output to the motor industry, were affected by reduced demands for their products. The installation of new and additional plant, however, has made them ready to supply at very competitive prices the increased requirements for which it is hoped the motor industry will soon call. Clews Petersen Ltd. are losing their premises at Hampstead, but negotiations have been concluded for a lease for an appropriate term of a suitable and larger factory being built at Aylesbury, to which their activities will be transferred.

Demand for the products of Twiflex Couplings Ltd. was considerably higher than in any previous year. An agreement has been made with Vulkan Kupplungs und Getriebebau of Dortmund, Germany, under which we can manufacture and sell the Vulkan rubber annulus flexible coupling and the Vulkan air cushion type coupling. These couplings should prove to be suitable and profitable additions to the company's range of products. An agreement has also been made with the German company whereby it will manufacture and sell our newly-designed flexible coupling embodying circlips as the flexible members.

Credit restrictions had an adverse effect on the demand for the products of Bray Construction Equipment Ltd. in the home market and made competition even more intense; but with the easing of restrictions and the organising of a wider sales coverage, we hope for improved sales at home. Export business remains good and long-term prospects are favourable.

The sales of Hardinge Machine Tools Ltd., both at home and overseas, were higher than the record deliveries of the previous year. The new factory at Exeter has been brought into production. The order book is good and the increased manufacturing capacity should ensure higher sales in the future.

The acquisition in 1960 of Perfection Engineering Ltd. has added usefully to the activities of the group in the machine tool field. This company, as well as manufacturing honing machines, is one of the largest manufacturers in this country of spline gauges. The factory is modern, and since the business was acquired its manufacture and sales have satisfactorily increased. Its prospects are good.

RESEARCH AND DEVELOPMENT

Research and development work within the group continues unabated in order to find new products and cheaper methods of manufacturing existing products. Among recent developments are pneumatic pumps for conveying materials in powder form in pipes, conveyors working on the air gravity principle, a new type flexible coupling for power transmission purposes, and a new type of sintered porous stainless steel for aircraft de-icing and for special purpose filters. Our technicians make frequent visits to other European countries and the American continent to investigate new manufacturing techniques which may be useful in our business. We hope thereby to remain in the forefront in the competitive manufacture of our widely diversified products. Although competition is becoming ever more keen we expect to obtain our full share of the available markets.

REVENUE PROPERTIES COMPANY LIMITED

MR ALEX J. RUBIN'S STATEMENT

At the first annual meeting of the Company, held recently in Toronto, Canada, **Alex J. Rubin**, Chairman and President, said in his report to the shareholders: Following the issue of your Company's securities to the public in December 1961, the Company made its first investment consisting of 57 leased industrial properties at a price of $15.0 million and as a result of this acquisition, began operations with a real estate portfolio which provides it with a diversified source of recurring revenue from leases to major companies.

As the 1961 year-end financial statement covers only 17 days, we have, in order to provide a more complete picture, incorporated an audited statement of income for the first quarter of 1962 in the financial section of the report to shareholders. For the three months ending March 31, 1962, your Company had income from rentals and interest totalling $394,549 and net revenue after all charges including depreciation of $73,870. On February 15th last, your Company paid the first quarterly dividend on its preferred shares at the rate of 6½ per cent per annum.

In April, your Company purchased The Rubin Corporation Limited as a wholly-owned subsidiary. Your directors had an independent appraisal of the assets of the corporation from which it was apparent that their present value was substantially greater than their cost on its books and that the equity acquired has a current worth materially in excess of the purchase price.

REAL ESTATE ACTIVITIES

The Rubin Corporation is engaged in the following principal real estate activities; the purchasing, selling, leasing, financing managing and operating of commercial, industrial and residential real estate, the acquisition of land, the planning, development and construction of buildings of all types.

With its acquisition, Revenue Properties Company Limited now stands as the largest Canadian-controlled, publicly-owned real estate development, construction and holding company.

Projects which The Rubin Corporation has under construction or in the advanced planning stage include: six garden homes in the Toronto area which on completion will contain more than 3,300 rental units housing about 15,000 residents; an $8,000,000 14-storey building in which your Company is the major shareholder, consisting of stores, offices and apartments, now under construction; motor hotels and apartment buildings.

INDUSTRIAL PACKAGE DEALS

Activity is also being maintained in the industrial package deal field which involves providing industry with buildings on a lease or contract basis through an all inclusive package which includes land, design, construction and financing.

The report was adopted.

ASSOCIATED BRITISH PICTURE CORPORATION

SIR PHILIP WARTER ON A WELL EQUIPPED ORGANISATION

The thirty-fifth annual general meeting of Associated British Picture Corporation Limited was held on August 10th in London, **Sir Philip Warter** (the Chairman) presiding.

In his statement, which had been circulated to members, Sir Philip said he was pleased to report a satisfactory year's trading with profits, after taxation, only slightly below those of the previous year.

After reviewing the financial results Sir Philip, commenting on Film Production and Distribution, said: At the Corporation's Studios at Elstree, once again the staff and the equipment have been fully employed throughout the period.

In order to enlarge the supply of British films for the cinema the Corporation has, in association with The Grade Organisation Ltd., formed Elstree Distributors Ltd. to promote and finance the production of British films by independent producers.

Shortly after the end of the financial year arrangements were completed for the purchase by the Corporation of a 50 per cent interest in Anglo Amalgamated (Film Distributors) Ltd. and allied Companies. Apart from being a sound business investment this purchase will increase the supply of films by independent producers.

The Corporation is also negotiating with Mr Walter Reade of Continental Film Distributors Inc., of New York, who plans to promote and finance a number of British films which will further strengthen our position in Production, Distribution and Exhibition.

The Production Divisions of Associated British-Pathe Ltd. which produce the Pathe News, Television Advertising films and Documentary films have had a successful year.

The Distribution Division of Associated British-Pathe has maintained its business in the United Kingdom and improved it overseas, despite the relatively high level reached in the previous year.

The Chairman then referred to A.B.C. Cinemas and said that they had, on the whole, had a good year which would have been very much better if there had not been such a dearth of good pictures in the autumn of last year.

The massive reconditioning and modernisation programme of cinemas continues and the investment is already proving to be a good one.

Bowling: This is now beginning to assume an important role in the Company's activities.

Turning to A.B.C. Television Limited, Sir Philip said: The Television Company has continued to make progress.

I do not propose at this stage to comment in detail on the Pilkington Report. I must, however, express regret that the Report, apart from its tribute to our religious programmes, entirely fails to recognise the serious programme contributions that we and other Programme Companies have made to Independent Television.

Whatever the future pattern of television may be from 1964 onwards in this country, I am confident that this Corporation will continue to make a notable and essential contribution for many years to come.

The best can be achieved only by having the finest resources and the most able production staff, backed by generous budgets. This has been A.B.C.'s consistent policy.

Referring to the current year, Sir Philip said: Business is running a little below that of the comparable period of last year but it is much too early to make an accurate forecast of the full year's results.

The Corporation is well equipped in the organisation of its business, the spread of its interests and in its financial strength to take full advantage of whatever developments may emerge in the entertainment field in the future.

COMBINED ELECTRICAL MANUFACTURERS LIMITED

RECORD VALUE OF ORDERS IN HAND

The second annual general meeting of Combined Electrical Manufacturers Limited was held on August 9th in London, **Mr Anthony M. Browne** (chairman and managing director) presiding.

The following is an extract from the statement by the chairman which had been circulated with the report and accounts:

The Consolidated Trading Profit for the year ended March 31, 1962, after all expenses and provisions, but before taxation, amounted to £680,585.

After providing £352,022 for taxation the net profit is £328,563. The Directors have transferred £150,000 to General Reserve and recommend the payment of a final dividend of 8½ per cent making with the 4 per cent interim dividend already paid, a total of 12½ per cent less tax. This leaves £67,425 to be carried forward.

Taking into account the present order book and their plans for the future development of the Group, the Directors are of the opinion that the Company should have additional working capital. They are, therefore, consulting with their advisers as to the best way of providing this, which will probably involve the issue of Loan Capital at the appropriate time.

Greater and improved manufacturing facilities have been and are being provided in order to increase output and productivity.

A great deal of development has been successfully carried out in connection with most of our products.

We are fortunate in having sufficient orders on our books to anticipate being fully engaged in all sections throughout the coming year and have, moreover, a significant amount of heavy transformer work to be manufactured during the following three years. The value of orders in hand is, in fact, a record for the various Companies of the Group. We have again obtained, during the year under review, a very considerable amount of export orders for Transformers, Rectifiers and D.C. Switchgear. One feels justifiably proud of these export achievements which eloquently testify to the good service of the plant supplied and which are so much in the National interest; but it must be recognised that competition is extremely keen, making profit margins on export business negligible.

The report and accounts were adopted.

BANK OF CEYLON

THE NEW CONSTITUTION

The following are extracts from the annual report of the Board of Directors of the Bank of Ceylon:

In terms of the Finance Bill of 1961 which was introduced by the Minister of Finance in Parliament on July 27, 1961, and which received the Governor General's assent on October 12, 1961, the Bank of Ceylon became a fully State-owned institution with effect from the former date.

After dealing with the Bank's inauguration and early achievement, the Report continued:

The Bank which has attained a position of strength will, under its new constitution with the Government as its sole owner, at all times maintain its autonomy and its integrity and ensure its strength and stability which must always remain the foundation on which all its activities are based.

With the Government as sole shareholder a more purposeful pursuit of the objectives of the Bank and a greater versatility in the adoption of means to achieve its ends are now possible, subject only to the controls provided by law.

Dealing with the Accounts for the year ended September 30, 1961, the Report states: Cash, Bullion, Loans at Call, Money at Short Notice and Treasury Bills amounted to Rs. 145.2 million. Our total liquid assets, including Bills discounted, amounted to Rs. 199.9 million. The percentage of liquid assets to total deposits is 38.2.

There has been a slight increase in the Bank's investments from Rs. 166 million to Rs. 167 million; our holdings of Treasury Bills have increased substantially from Rs. 9.9 million to Rs. 47.2 million. Our investment in the shares of the Development Finance Corporation of the face value of Rs. 2.8 million has been written down to its market value of Rs. 1.68 million.

The Bank's advances aggregated Rs. 205 million, a decrease of Rs. 21 million from the figure at the end of the previous financial year. The fall in advances is attributable to the import restrictions of the Government, as well as to the credit restrictions imposed by the Central Bank.

The total deposits of all commercial banks amounted to Rs. 1,038.2 million as at September 30, 1961, as against Rs. 1,019 million as at September 30, 1960, an increase of 1.9 per cent. This Bank increased its total deposits from Rs. 492 million as at September 30, 1960, to Rs. 523 million as at September 30, 1961, an increase of 6.3 per cent.

Of the total deposits within the banking system, the share held by this Bank amounted to 50.4 per cent against 48.3 per cent as at September 30, 1960.

A sum of Rs. 800,000/- has been transferred from inner reserves and a sum of Rs. 350,000/- out of current net profits to Other Free General Reserves. These transfers bring the figure for Other Free General Reserves to Rs. 9 million. The Permanent Reserve Fund stands at Rs. 6 million. The capital and published free reserves of the Bank, therefore, now stand at Rs. 19,500,000/-. In addition, of course, the Bank continues to hold substantial free inner reserves.

There has been a small increase of Rs. 3,000/- in the net profit which amounted to Rs. 775,000/-. The total dividend paid (less tax) to the Deputy Secretary to the Treasury amounted to Rs. 315,000/-.

THE GOLDEN HOPE RUBBER ESTATE, LIMITED

and its Subsidiaries.

ISSUED CAPITAL: £1,281,484 in 2s. shares at 28th February, 1962 (since increased to £2,203,502).

Directors: Sir Eric Macfadyen, J.P. (President elect), F. W. Harper, F.C.A. (Chairman), H. B. E. Hake, C.B.E., R. O. Jenkins, M.C., A. Arbuthnott, M.B.E., C.A.

Secretaries and Agents: Harrisons & Crosfield, Limited.

Summary of Report of Directors and Accounts for year ended 28th February, 1962.

PROFIT AND DIVIDEND		
Profit after tax		£517,732
Replanting expenditure		£146,975
Dividend for year—40 per cent. less tax		£313,963
TOTAL ASSETS (including new planting expenditure 1961/62—£77,652)		£3,774,794
NET CURRENT ASSETS		£293,187
CROPS	1961/62	1962/63 (Estimate)*
Rubber	13,563,330 lb.	19,000,000 lb.
Palm Oil/Kernels	8,035 ton	14,800 ton
Copra	—	8,000 ton
ESTATES		Acres
Planted: Rubber		26,449
Oil Palms		14,352
Coconuts		15,517
		56,318*
Replanted or new planted in 1961/62		1,490
Programme for 1962/63		1,992*

* including recently acquired subsidiaries Prang Besar and Straits Plantations.

A.G.M., 11 a.m. on 5th September, 1962, at The Queen's Room, The Baltic Exchange, St. Mary Axe, London, E.C.3.

WESTON-EVANS (HOLDINGS)

ANOTHER RECORD YEAR

The sixth annual general meeting of Weston-Evans (Holdings) Limited was held on August 9th in Manchester, **Lt.-Col. W. D. Gibbs** (the chairman) presiding. The following is an extract from his circulated statement:

Last year I was able to report record profits amounting to £197,423. This year the Group's profit for the year to March 31, 1962, is further improved at £218,176, an increase of £20,753.

Trading has continued on a satisfactory basis throughout the year for Weston-Evans & Co. Ltd., and W. P. Evans & Son Ltd., who manufacture textile finishing and paper making equipment respectively. Exports, particularly of the 'Rotabelt' Suction Unit, have been maintained at a high level. "Holgates" have made progress and your Directors are confident that this acquisition will continue to provide a useful contribution to the profits of the Group. In the U.S.A., sales of paper making equipment have been maintained and the sales of Nim-Cor Inc. are most promising.

Improved designs and development of new machines in the Group's range of textile finishing machines enables your Directors to look forward to the further expansion of this section of the Group's activities. "Thomas Bradford" has just completed the redesign of its range of laundry machines and from the interest being shown, it is envisaged that this Company will continue as one of the leaders of the Industry.

The report and accounts were adopted and the total dividend of 30 per cent less tax was approved.

This announcement appears as a matter of record only and is not an offer to sell nor a solicitation of an offer to buy any of these securities.

SCHLUMBERGER LIMITED

700,000 shares of Common Stock

August 1, 1962

The undersigned acted as consultants and advisors to the stockholders of the Company who were the sellers of the above-mentioned shares.

Istel, Lepercq & Co., Inc.

63 Wall Street

New York 5, New York

COMPAGNIE FRANÇAISE DES PÉTROLES

The Annual General Meeting of the Compagnie Française des Pétroles was held in Paris on June 28th, **Monsieur Victor de Metz** presiding. The following are extracts from the President's Statement and the report presented by the Board of Directors.

THE PRESIDENT'S STATEMENT

During the first three months of 1962, said Monsieur Victor de Metz, the Company marketed over 5½ million tons. This represented continued expansion and correspondingly improved financial results.

Among the principal subsidiary companies, La Compagnie Française de Raffinage increased its tonnage by 12 per cent in the first five months compared with the same period in 1961, and the CFP (Algérie) tonnage was correspondingly increased by 11 per cent.

Consumption during the winter months showed varying increases according to product. Prices in many countries, said Monsieur de Metz, "are depressed as a result of surplus quantities available and we are trying, by observing the market very closely, not to upset it by incautious action. But the medium term prospects still remain good."

The President accepted the view that the world demand for petroleum could, by 1970, reach a figure of about 2,000 million tons. By 1975 it was thought that the consumption of hydro-carbons would be treble the 1960 figure. This could result in a considerable increase of revenue to the producing countries of the Middle East, Africa and South America, which possessed reserves surplus to their own needs. These developments were contingent upon commercial relationship with those countries remaining stable and suitable for new investment.

Monsieur de Metz concluded "in every sector we have much work to do. I think you would like to express your confidence in those people, at all levels, who are working for your Company and its numerous subsidiaries."

REPORT OF THE DIRECTORS

The report opened with a general review of the world petroleum situation and outlined the Company's own activities in 1961.

PROFIT AND DIVIDEND: Net profit of the CFP amounted to NF106,899,418.91 and a gross dividend of NF6.50 (NF6 for 1960) per share of NF50 was agreed to be distributed.

SPECIAL NOTES

Total Oil Products (Gt. Britain) Ltd. developed its activities in Great Britain in 1961 by the putting into service of a chain of service stations. Formed in 1955 TOP (Gt. Britain) Ltd. has up till now limited itself to sales to wholesalers in London and Manchester. At the end of 1960 it decided to proceed to direct retail distribution. A hundred TOTAL service stations have therefore been opened in the districts of London and Manchester. TOP (Gt. Britain) Ltd., in the severe competition which characterises the sale of petrol products in Great Britain, can rely on the quality of TOTAL products as well as on the welcome and services extended to its clientele: for example, a huge car park for 500 cars, inaugurated in September, 1961, in the City of London, was equipped with a TOTAL service station.

The Compagnie Française des Pétroles is an associate of the Iraq Petroleum Company on an equal shares basis with British Petroleum, Shell, and the Esso Jersey-Socony Mobil Oil Group. The Iraq Group itself consists of four production companies, the Iraq Petroleum Co., the Mosul Petroleum Co., the Basrah Petroleum Co., and the Qatar Petroleum Co. In addition to a 6 per cent holding in the IOP Consortium the company has a 33.3 per cent holding in ADMA, the balance being held by BP.

Copies of the full Report and Accounts can be obtained from le Secrétariat Général, Compagnie Française des Pétroles, 5 rue Michel-Ange, Paris, 16e. CFP is the third largest oil company in the world outside the U.S.A., after Shell and BP.

PARKINSON COWAN LIMITED

MR HUGH P. BARKER'S REVIEW

The Annual General Meeting of Parkinson Cowan Limited was held on August 10th in London.

The following is an extract from the written statement by **Mr Hugh P. Barker,** the Chairman, as supplemented by verbal observations at the meeting:

When I addressed you a year ago the Company was grappling with adversities mostly concerned with our domestic appliance activities. When I wrote to you in February last about the acquisition of the Wild Barfield Company I indicated that 1961-62 would be a very poor year, but that we could expect substantial improvements in 1962-63. So far these forecasts are being realised, and we expect to do moderately well unless there is unforeseen deterioration in trading conditions.

In spite of the net loss the Directors recommend an Ordinary dividend of 5 per cent be paid and feel justified in this step for two reasons. Firstly, because of improvement in the current year's trading, and secondly because we have available £39,000 in our dividend equalisation reserve. This reserve, which we shall hope soon to re-create, was provided for the purpose of paying dividends during bad times.

Our domestic appliance business is now improving quite rapidly, and we have introduced a basically new electrical thermal storage room heater called ConStor.

Our business in gas and liquid meters and associated electrical controls is now developing in a healthy way after a period of difficulty.

Our potentiality in the industrial heating field has been greatly augmented by the acquisition of the Wild Barfield Company. This Company is known throughout the world as a pioneer in the manufacture of electric furnaces. Our industrial gas heating business did very well last year and should do well again this year. Our business in Bastian & Allen electrode boilers is rather quiet, but we have no reason to doubt its future.

Our overseas business taken as a whole is showing a good improvement over last year.

THE LONGER FUTURE PROSPECT

The domestic appliance industry has become a traditional tool of Governments for alternately stimulating and depressing the whole economy. The thing which destroys orderly planning, efficient operation and morale in an industry is this fiscal chopping and changing. I would much prefer to see the present taxes and restrictions maintained at their present level for a long period than we should suffer another cycle of violent expansion and contraction.

As a result of pursuing a declared policy of expansion into industrial fields your Company is now very much concerned with capital goods for industry. This market reflects the degree of optimism which industry feels about its own future. Over the years ahead it is my conclusion that the capital goods industry as a whole must prosper and the state of this industry is a measure of the economic morale of the country. At this moment orders for all industrial equipment are weak and our industrial order books reflect the trend.

Our fortunes are particularly geared to the Gas Industry which we have faithfully served for so long. This industry has passed through the nadir of its fortunes and thanks to new technology is climbing back again.

The Report and Accounts were adopted.

Copies of the Report and Accounts can be obtained on application to the Secretary at Terminal House, Grosvenor Gardens, London, S.W.1.

APPOINTMENTS

THE SOCIAL SURVEY of the CENTRAL OFFICE OF INFORMATION requires an ASSISTANT INFORMATION OFFICER (unestablished). Duties include performing the calculations required in the design of sampling schemes, requiring both a detailed knowledge of the sources of samples and an appreciation of practical sampling problems and using this knowledge in giving clear instructions to the Survey's Field Staff. Applicants must have a *mathematical aptitude and experience* of sampling procedure and preference will be given to those with a degree in one of the social sciences, statistics or mathematics. Starting salary will be fixed according to experience and qualifications and will be on a scale which rises to £1,260 p.a. Write, giving age, full details of experience and qualifications, to Manager *(PE.5090/PC), Ministry of Labour, Professional* and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

EXPERIENCED ACTUARY required by old-*established firm of stockbrokers.* Please reply in first instance to Box C860, c/o Walter Judd Ltd., 47 Gresham Street, London, E.C.2.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of DEPUTY FINANCE OFFICER. Candidates should be qualified accountants and should have had wide experience in accountancy; experience *of University finance would be an advantage.* Initial salary not less than £1,800 per annum, according to qualifications and experience. Six copies of an application, together with the names of three referees should be sent not later than 7th September, 1962, to the Registrar, The University, Liverpool 3, from whom further particulars may be obtained. Quoting reference *number CV/148/E.*

For other appointments see page 659

THE DURHAM COLLEGES

IN THE UNIVERSITY OF DURHAM

Applications are invited for the post of LECTURER IN POLITICS from January 1, 1963.

Applications (three copies), together with the names of three referees, should be sent not later than September 17, 1962, to the Registrar and Secretary, 38 North Bailey, Durham, from whom further particulars may be obtained.

DURHAM COUNTY COUNCIL

PLANNING DEPARTMENT

RESEARCH ASSISTANT.—Salary £1,360-£1,535. Applicants must have a good Honours Degree in Economics, and experience in industrial location work with *Industry,* a Government department, or a Local Authority.

Housing available—Peterlee 12½ miles, New*ton Aycliffe 12 miles* from Durham.

Forms and particulars from the County Planning Officer, 10 Church Street, *Durham.* Closing date August 25, 1962.

Personally canvassing members of the Council is prohibited and the *Council may* declare any candidate infringing this rule to be disqualified for appointment.

J. T. BROCKBANK,
Clerk of the County Council.

LEADING STOCK EXCHANGE FIRM requires a SENIOR ASSISTANT for their expanding STATISTICAL DEPARTMENT. He should be aged 22-26 and must have gained a degree, preferably in Economics. Some commercial or *financial knowledge* would be an advantage. Applicants should write, stating age, qualifications and experience, to Box 1647.

WORLD AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY ABSTRACTS

ASSISTANT TO EDITOR

Applications are invited for the above-mentioned post, at present in Vienna. £800-*£1,200* per annum. Further particulars from Director, University of Oxford Institute of Agrarian Affairs, 3, Magpie Lane, Oxford.

APPOINTMENTS REQUIRED

EXPORT MANAGER (34), widely travelled, excellent French, Spanish, Portuguese, first-class references, experienced, seeks position, home or abroad.—Box 1646

TOP RANK EXECUTIVE SEEKS BROAD GENERAL MANAGEMENT POST WITH PROSPECTS. Creative Chartered Accountant (33). Exceptionally broad public company boardroom experience. Chief Accountant, Secretarial, Administration. At present with large company. First rank record and references.—Box 1645.

COMPANY AFFAIRS

In the London Stock Market this week equities have been firmer than for many months past and this has been reflected in the sharp jump in The Economist *indicator of 18.9 points to 336.5. Gains were widespread and interest in bank and oil shares was stimulated by the NP-District Bank merger and the Burmah Oil bid for Lobitos. Steel shares have also been to the fore and were helped on Thursday by an encouraging statement from John Summers. Gilt-edged have continued to forge ahead and undated stocks which have not shared fully in the earlier advance in this market have been in demand.*

John Brown

THE yield of 6 per cent on John Brown's £1 shares is sustained almost entirely by the group's interests in machine tools, which contributed about 60 per cent of net profits in the year to March 31st. Wickman and Firth Brown Tools must add to their trade and profit in the coming years to counterbalance the decline in shipbuilding earnings. Lord Aberconway, the chairman, has already forecast that shipbuilding profits will fall this year and he now says that competition is so keen that "to have any chance of success a tender must usually be on an unremunerative basis" though apparently John Brown is willing to accept such orders in order to preserve what employment it can at Clydebank. But the directors see no prospect in the next few years of earning a reasonable profit on them.

Years to March 31	1958 £ mil.	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Trading profit	4·1	4·2	4·3	5·2	5·2
Gross profit	3·3	3·4	3·6	4·5	4·4
Net equity earnings ..	1·2	1·6	1·8	2·1	1·8
Retained cash flow ...	1·6	1·9	2·0	2·4	2·1
Net fixed assets	9·2	9·7	10·3	10·9	11·1
Net current assets	11·2	14·5	15·3	16·2	16·1
Net liquid assets	1·8	5·2	8·8	7·1	7·4
Net equity assets	19·3	22·4	23·8	25·0	26·0
	%	%	%	%	%
Ord. earnings†	*19·8*	*20·8*	*22·4*	*24·8*	*22·8*
Ord. dividend†	*8·0*	*8·0*	*8·8*	*8·8*	*10·2*
Gross profit/net equity assets	*18·1*	*15·2*	*15·1*	*18·0*	*16·9*
Net earnings/net equity assets	6·4	7·3	7·6	8·4	6·9

Price (£1 shares): 34s. 6d. Earnings yield: 13·2%,
Dividend yield: 6%. equal to 7½ years' earnings.
† Adjusted for scrip issue.

While Wickman enjoyed a "splendid trading year" and earned higher profits, Firth Brown Tools in a "busy year" earned lower profits (largely because it was in the throes of reorganisation). Firth Brown Tools is not yet completely reorganised and this will affect its profits in the current year. At Wickman the backlog of orders should ensure another good trading year; but the rate of new orders now appears to be slackening and there is the danger that some capacity may be left underemployed. Profits in 1961-62 were adversely affected by the difficulties encountered by Constructors John Brown on its Persian contracts; the extra costs involved amounted to over £1 million. CJB expects to obtain a settlement of claims on these contracts in due course and if and when it occurs it should benefit the group's trading account. It will be some gain, however, if the accounts of CJB do not show a substantial trading loss this year as they did in 1961-62. If John Brown succeeds in holding profits at the level of the last two financial years shareholders will have no cause to complain; but equally in these circumstances they can expect nothing more than the rounding up of the dividend to 11 per cent.

Royal Dutch/Shell

OIL shares have stood up well to the stock market slump of the past few months, attracting investors as recovery stocks. The 5s. shares of "Shell" Transport and Trading have moved up this year from 27s. to 34s. 3d. to yield just under 6 per cent.; they seem unlikely to fall back very far in view of the results of the Royal Dutch/Shell for the second quarter. These were up to best expectations and bear out the encouraging forecast made by the chairman, Mr F. J. Stephens, at the annual meeting when he attributed the sharp improvement in profits in the first quarter of 1962 to a substantial increase in sales and continued control of expenditure. These factors are evident in the results of the second quarter when the volume of sales was 13 per cent greater than twelve months earlier. But oil prices are still under pressure and total income from the sales after excise duties rose by only 7½ per cent. The group's success in reducing unit costs pegged back the increase in selling expenses to 6½ per cent and thus brought about a further improvement in margins. This has however been partly offset by a £2 million increase in depreciation in the second quarter and by a rise of over 25 per cent to £42 million in the tax charge.

Besides keeping a tight grip on its operating costs the group is also holding down its capital and exploration expenditure: for the first half of 1962 expenditure was virtually unchanged at the comparatively low figure of £174 million. This was more than covered by the group's cash flow, and its holdings of cash and short-term securities have risen further to almost £500 million, a level not exceeded since early in 1959. The rate of capital spending is a prime consideration when the "Shell" directors consider what dividends should be paid. They expect a higher level of capital projects in the "not too distant future" but they may well feel able, if the present trend of profits and improved margins continues in the second half of the year, to recommend a slightly higher tax free dividend than the maintained 25 per cent paid for 1961 on the capital as increased by the one for four scrip issue. For the first six months, earnings of the group attributable to "Shell" Transport shareholders amounted to 1s. 8d. a share, compared with 1s. 6d. a share for the first half of 1961.

SALES AND INCOME
(£ million)

	1961 Quarter (i)	1961 Quarter (ii)	1962 Quarter (i)	1962 Quarter (ii)
Sales :—				
Including duties .	662·1	685·2	721·9	741·8
Excluding duties	493·7	488·7	531·3	525·8
Gross income	78·7	82·5	95·7	95·3
Net income	42·1	44·7	47·9	48·3
Gross income/sales .	*15·9*	*16·8*	*18·0*	*18·1*
Net income/sales ...	*8·5*	*9·1*	*9·0*	9·2

Rootes Motors

THE anouncement that Rootes will pay the dividend on its 5½ per cent preference shares out of reserves, as losses were incurred in the financial year ending on July 31st, confirms the accuracy of the warning given by Lord Rootes last November that the losses from the strike at the company's Acton factory last autumn might not be made good during the year. Though Rootes was in fact able to build up production to a high level by the summer, the costs and delays in doing so added to the loss of production directly attributable to the strike, and output for the year was probably below that for 1960-61.

Apart from the special factor of strike losses, Rootes suffered like other car manufacturers from pressure on margins, especially where sales in common market countries were concerned. Indeed, it may have suffered more than most; the prices at which it sold the old Minx and Singer Gazelle models in Britain were one of the wonders of the motor trade, and significantly, they were raised slightly after purchase tax was reduced in April. Though at the moment Rootes is doing relatively well, it remains vulnerable to the competition of the two bigger manufacturers, and is heavily dependent on the success of the small car it is introducing next spring. To start this venture from a loss emphasises the speculative nature of its shares. The "A" shares have fallen back by 3d. to 4s. 6d. Last year the dividend on the "A" and the ordinary shares was cut from 12 to 4 per cent; will the directors also draw on reserves to pay a token dividend again this year and so preserve trustee status for the ordinary shares?

Richardsons, Westgarth

A YEAR ago the chairman of Richardsons, Westgarth, Mr O. J. Philipson, spoke of a "major and possibly prolonged recession in the shipbuilding industry" and saw "no positive indication of early recovery." Even so the results for the year to March 31st were so bad that Mr Philipson describes them as "extremely disappointing." The swing from a gross profit of £128,000 to a loss of £767,000 was accentuated by bigger provisions for depreciation, development expenditure and loan interest. But the group's plight is of a more fundamental nature. Further heavy provisions were "considered prudent against losses now envisaged on current contracts"; at least one major contract was apparently accepted at a loss in order to cover overheads and sustain the work programme; another contract for new plant brought unexpected problems which resulted in a loss. On the industrial power plant and heavy electrical plant sides, margins remained low.

But there is a strong suggestion in the report that the group's economy measures will bear some fruit this year. Overhead costs have been cut; marine oil engine production is being rationalised; and unremunerative works at Sunderland and Hartlepool are being shut down. It will take more than a year for the full benefit to emerge. Some "older and less remunerative contracts" have to be worked off. Even so, any loss for 1962-63 is expected to be relatively small in comparison with that sustained in 1961-62. This forecast is based primarily on the assumption of an increased demand for electricity generating plant from the CEGB. This field holds out the brightest prospect that Richardsons, Westgarth shares will utimately return to the dividend lists after two years' absence. Since the preliminary statement the 10s. shares have gained 1s. 4½d. to 4s. 10½d.

Avana Associated Bakeries

IN recent years, food has become increasingly important in Marks and Spencer's business, with particular emphasis on bakery products. Its main supplier is Avana Associated Bakeries. The advantages of this link can be seen from the profits record of Avana. Pre-tax profits have risen from £57,000 in 1957 to £261,000 in the year to March 31st last. Moreover it has been trading at higher margins (which has not been the experience of N. Corah, another major supplier to Marks and Spencer). While Avana added 10 per cent to its sales in 1961-62, its profits before tax rose by over 18 per cent, the wage increase that was granted mid way through the year being more than offset by cost-savings from greater mechanisation. A good deal of the new capital equipment has yet to make its full contribution to profits.

Funds for these capital projects have come from last September's rights issue. Liquid assets at the end of March amounted to £547,000, which covers immediate capital commitments of £106,000 comfortably, but the chairman, Mr I. R. Rees, says that further big sums will have to be spent on the bakery side to meet Marks and Spencer's growing requirements. It is not only in cakes (and particularly slab cake) that Avana has achieved steady growth; its jam-making subsidiary, Ledbury Preserves, has doubled its sales over the past ten years, when consumption generally has been falling. Ledbury has also secured a big contract with Marks and Spencer with the result that its sales rose a third last year. Here too rapid expansion based on the link with Marks and Spencer will mean further capital investment. The directors believe that this can best be achieved by floating Ledbury off as a separate public company, giving preferential treatment to Avana shareholders in the issue. This prospect boosted Avana 1s. shares to 16s. 1½d.; they yield just under 2¾ per cent on the assumption that the current dividend of 40 per cent is maintained on the capital after the one-for-ten scrip issue.

On the board of Avana is Mr Julian Hodge; his Gwent and West of England Enterprises has a sizeable stake in the company and it will presumably handle the public flotation of Ledbury. In an interim report Mr Hodge says that Gwent's profits are expected to be well in excess of those for 1960-61, and he has revised his forecast of the total dividend from 50 to 60 per cent (compared with the 40 per cent paid for the previous year before the rights issue).

International Nickel

AS expected, International Nickel's results for the first half of this year show a marked improvement over those for the first half of 1961. The disposal of two subsidiaries resulted in lower sales but the group has earned bigger profits. Apart from the benefit of the higher price charged for nickel since June, 1961, the group has also gained from the depreciation of the Canadian dollar and from tax savings on sales from the new Thompson Mine. It also sold less of the "non-profit nickel" which it had earlier acquired from the United States government or its suppliers at market prices.

Six months to	June 30, 1961	Dec. 31, 1961	June 30, 1962
	$'000s	$000's	$000's
Net sales	258,845	258,381	248,691
Costs and expenses	177,693	163,042	155,197
Operating earnings	81,152	95,329	93,494
Total income	81,925	97,687	94,300
Income tax	30,981	29,895	25,361
Net earnings	44,272	51,124	52,344
Net earnings per share	*$1·28*	*$1·74*	*$1·77*

The quarterly figures show however that the improvement in earnings following the rise in nickel prices is being whittled down.

The current prospect for nickel, like that for most other metals, is far from buoyant. A possible increase in Cuban output is a threat to prices, and in the longer term there remains the prospect that newly discovered nickel deposits will be exploited. Thus, while earnings per share this year should easily surpass last year's total of $3.02, and perhaps reach the record level of $3.25 attained in 1956, the directors of International Nickel have so far held the quarterly dividend at 40 cents per share. Some increase in future distributions is probably discounted in the yield of only 2¾ per cent offered by International Nickel, although the price in London has fallen this year from $151½ to $120.

Canadian Pacific

LAST year's rise in the income of Canadian Pacific came almost entirely from higher net railway earnings. These reflected heavier freight traffic and the pruning of unprofitable routes and also the additional benefit of payments made to Canadian railways by the government pending consideration of the complete report of the MacPherson Royal Commission on Transportation. The interim report for the first half of 1962 presents a very different picture. The railways were distinctly less profitable: their gross revenue fell from $230.4 million to $218.7 million and, though expenses were lower, net railway earnings fell sharply from $17.2 million to $10 million. Other income, derived from the group's steamships, aircraft, investments, hotels and properties, rose from $3 million to $6.7 million but the net income of the group fell from $11.9 million to $8.3 million.

The interim dividend has been maintained at 75 cents per $25 stock; this requires $10¾ million, but net equity earnings amounted to only $6½ million. The decision to maintain the interim dividend by drawing on reserves suggests that the directors may be reluctant to reduce the total payment below last year's $1.50. But the stock market, where Canpacs have fallen to a new low point of London $38⅜, to yield 6½ per cent on the 1961 dividend, seems to reflect the possibility of a reduction.

THE ECONOMIST INDICATOR
(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
July 11	316·3	5·44	364·4 (Jan. 17)	310·3 (June 27)
,, 18	312·9	5·51		
,, 25	310·9	5·55		
Aug. 1	312·8	5·50		
,, 8	317·6	5·41		
,, 15	336·5	5·09		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 9	267·4	5·83	5·93	9,631
,, 10	269·6	5·79	5·93	10,112
,, 13	272·8	5·72	5·93	12,492
,, 14	279·5	5·58	5·89	12,110
,, 15	283·6	5·50	5·83	13,709

High, 310·2 (Jan. 19). Low, 252·8 (June 25), † July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 11, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £5,077,000 compared with a surplus of £72,440,000 in the previous week and a deficit of £27,571,000 in the corresponding period of last year. There was a net expenditure "below-line" of £5,075,000 leaving a total cumulative deficit to date of £274,712,000 compared with £246,290,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Aug. 12, 1961	April 1, 1962, to Aug. 11, 1962	Week ended Aug. 12, 1961	Week ended Aug. 11, 1962
Ordinary Revenue					
Income Tax	2,790,000	577,588	610,178	25,076	30,817
Surtax	188,000	36,000	39,700	700	900
Death Duties	264,500	101,600	98,900	3,100	3,800
Stamps	95,000	40,200	36,800	1,800	1,800
Profits tax, EPT and EPL	374,000	117,100	127,300	6,000	8,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	872,488	912,878	36,676	45,517
Customs	1,653,000	585,494	594,061	24,057	37,053
Excise	1,077,000	379,715	392,980	20,665	22,205
Total Customs and Excise	2,730,000	965,209	987,041	44,722	59,258
Motor Duties	150 000	26,683	40,808	3,908	5,497
Broadcast Lic's	41,000	8,800	9,400	...	...
Miscellaneous	165,000	113,881	59,033	1,099	2,642
Total	**6,797,500**	**1,987,061**	**2,009,160**	**86,405**	**112,914**
Ordinary Expenditure					
Debt Interest	600,000	256,022	235,551	7,562	5,303
Payments to N. Ireland Exch.	100,000	30,948	33,748	...	3,513
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,931	3,753	14	25
Supply Services	5,611,650	1,766,843	1,919,831	106,000	108,700
Total	**6,323,650**	**2,057,744**	**2,192,883**	**113,576**	**117,541**
Sinking Funds	41,000	10,844	11,959	400	450
"Above-line" Surplus or Deficit		**—81,527**	**—195,682**	**—27,571**	**—5,077**
"Below-line" Net Expenditure*		164,763	79,030	7,038	5,075
Total Surplus or Deficit		**—246,290**	**—274,712**	**—34,609**	**—10,152**
Net receipts from:					
Tax Reserve Certificates		57,775	61,227	−3,407	−1,922
Savings Certificates		−7,400	−900	−1,200	...
Defence Bonds		22,247	6,219	360	−550
Premium Savings Bonds		15,950	12,500	300	100
Total		**88,572**	**79,046**	**−3,947**	**2,372**

* Net repayments of £10 million to the Civil Contingencies Fund in 1962-63 compared with net repayments of £12 million in 1961-62.

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 Aug. 12	3,290·0	1,712·9	206·6	...	5,209·4
1962 May 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
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,990·0	2,008·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9

THE MONEY MARKET

THE discount market was twice forced to borrow from the Bank of England at Bank rate last week, but this did not deter the market from increasing its bid at last Friday's Treasury bill tender by a further 2d. to £99 1s. 1d. The average rate of discount fell closely in line by 8.21d. to 75s. 8.84d. per cent. Total applications for the £230 million of bills on offer fell by £7 million to £396 million and although the market's quota of bills dropped from 60 to 54 per cent, this was still a very satisfactory allotment.

There is no doubt that the official wish is that the bill rate should now either rise or at least remain where it is for the time being. On Tuesday seven or eight houses borrowed a moderate amount at the penal rate, and on Wednesday, the clearing banks' make-up day, one or two houses borrowed a small amount. Credit has been tight throughout the week and the rate for day-to-day loans has rarely fallen below 3⅞ per cent. This has kept the market's average borrowing costs high and the profit margin on bills is now very slim. However the market is at present earning such good margins on its bonds that it can take the squeeze on bill profits in its stride.

MONEY RATES

LONDON

	%		%
Bank rate (from 5%, 26/4/62)	4½	**Discount rates:**	
Deposit rates (7 days' notice):		Bank bills:	
Banks	2½	60 days	4–4$\frac{1}{16}$
Discount houses	2½–2¾	3 months	4–4$\frac{1}{16}$
Local Authorities	4⅛	4 months	4–4$\frac{1}{16}$
Call money:		6 months	4–4⅛
Clearing banks' minimum	2⅞	Fine trade bills:	
Day-to-day	2⅞–3⅞	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:** August 6	2·809
		,, 13	2·867

BANK OF ENGLAND RETURNS

(£ million)	Aug. 16, 1961	Aug. 8, 1962	Aug. 15, 1962
Issue Department:*			
Notes in circulation	2,374·3	2,388·3	2,361·5
Notes in banking dept.	26·0	37·0	63·9
Govt. debt and securities*	2,398·7	2,424·0	2,424·0
Other securities	0·8	0·7	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	12·6	9·1	12·6
Special deposits	195·0	159·6	159·6
Bankers	244·3	227·8	242·4
Others	68·6	70·5	72·3
Total	520·5	467·0	486·8
Securities:			
Government	418·7	373·2	356·9
Discounts and advances	75·2	55·3	64·6
Other	18·3	19·0	18·9
Total	512·1	447·5	440·4
Banking department reserve	26·8	37·9	64·8
	%	%	%
"Proportion"	5·1	8·1	13·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,425 million on July 25th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	91 Day: Average Rate of Allotment	91 Day: Allotted at Max. Rate *
			s. d.	%
1961 Aug. 11	*91 day* 250·0	394·7	134 8·51	41
1962 May 11	230·0	412·8	79 8·71	57
,, 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54

* On August 10th tenders for 91 day bills at £99 1s. 1d. secured 54 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 August 15	Market Rates: Spot August 9	August 10	August 11	August 13	August 14	August 15
United States $	2·78–2·82*	2·80½–⅝	2·80$\frac{7}{16}$–$\frac{9}{16}$	2·80$\frac{7}{16}$–$\frac{9}{16}$	2·80$\frac{7}{16}$–$\frac{9}{16}$	2·80$\frac{7}{16}$–$\frac{9}{16}$	2·80$\frac{7}{16}$–$\frac{9}{16}$
Canadian $	...	3·02$\frac{5}{16}$–$\frac{7}{16}$	3·02$\frac{5}{16}$–$\frac{7}{16}$	3·02⅜–½	3·02⅜–½	3·02⅜–½	3·02$\frac{5}{16}$–$\frac{7}{16}$
French Fr.	13·622–14·027	13·74½–¾	13·74⅜–⅝	13·74⅜–⅝	13·74¼–½	13·74⅜–⅝	13·74⅜–⅝
Swiss Fr.	11·94–12·54⅞	12·12–12¼	12·11⅝–⅞	12·11¾–12	12·11⅞–12⅛	12·12–12¼	12·11¾–12
Belgian Fr.	137·96–142·05	139·47½–52½	139·47½–52½	139·45–50	139·47½–52½	139·47½–52½	139·47½–52½
Dutch Gld.	9·98¾–10·28½	10·10⅜–⅝	10·10¾–11	10·10¾–11	10·11⅝–⅞	10·11⅝–⅞	10·11⅝–⅞
W. Ger. D-Mk.	11·037–11·365	11·20¼–½	11·20½–¾	11·20⅝–⅞	11·20⅝–⅞	11·20¾–21	11·20¾–21
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1740⅝–41⅛	1740½–41	1740½–41	1740½–41	1740½–41	1740¼–41
Swedish Kr.	14·27½–14·70	14·43–43¼	14·42⅜–⅝	14·42¼–½	14·42⅛–⅜	14·43–43¼	14·43⅛–⅜
Danish Kr.	19·06½–19·62	19·38¾–39	19·38¾–39	19·38¾–39	19·39–39¼	19·39⅝–⅞	19·39¼–½
Norwegian Kr.	19·71–20·30½	20·03⅜–⅝	20·03⅜–⅝	20·03⅜–⅝	20·03⅜–⅝	20·03½–¾	20·03½–¾

* Official Limits

One Month Forward Rates

	August 9	August 10	August 11	August 13	August 14	August 15
United States $	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm	¼–⅛c. pm
Canadian $	$\frac{1}{16}$–$\frac{5}{16}$c. dis	$\frac{1}{16}$–¼c. dis	$\frac{1}{16}$–¼c. dis	$\frac{1}{16}$–¼c. dis	⅛–¼c. dis	$\frac{3}{16}$–$\frac{5}{16}$c. dis
French Fr.	1⅜–⅞c. pm	1⅜–⅞c. pm	1⅜–⅞c. pm	1⅜–⅞c. pm	1¼–¾c. pm	1⅛–⅝c. pm
Swiss Fr.	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm
Belgian Fr.	22–12c. pm	22–12c. pm	20–10c. pm	20–10c. pm	20–10c. pm	20–10c. pm
Dutch Gld.	3–2½c. pm	3¼–2¾c. pm	3¼–2¾c. pm	3¼–2¾c. pm	3⅛–2⅝c. pm	3–2½c. pm
W. German D-Mk.	1⅞–1⅜pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1¾–1¼pf. pm	1⅞–1⅜pf. pm	1⅞–1⅜pf. pm

Three Months Forward Rates

	August 9	August 10	August 11	August 13	August 14	August 15
United States $	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm	⅝–½c. pm
Canadian $	⅝–⅞c. dis	⅝–⅞c. dis	⅝–⅞c. dis	⅝–⅞c. dis	⅝–⅞c. dis	$\frac{11}{16}$–$\frac{15}{16}$c. dis
Swiss Fr.	5¼–4¾c. pm	5⅛–4⅝c. pm	5⅛–4⅝c. pm	5–4½c. pm	4⅞–4⅜c. pm	5–4½c. pm
W. German D-Mk.	4⅞–4⅜pf. pm	4¾–4¼pf. pm	4¾–4¼pf. pm	4¾–4¼pf. pm	4⅞–4⅜pf. pm	4¾–4¼pf. pm

Gold Price at Fixing

	August 9	August 10	August 11	August 13	August 14	August 15
Price (s. d. per fine oz.)	250/3¾	250/5	...	250/6	250/5¾	250/5½
,, ($,, ,, ,,)	35·12½	35·13	...	35·13	35·13	35·12½

STOCK PRICES AND YIELDS

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

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Net Red. Yield, Aug. 15, 1962§	Gross Red. Yield, Aug. 15, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½% 1962	100.7.10	100.7.5	—	3 16 4
99 3/16	96 3/16	Exchequer 3% 1962–63	99 3/16	99 3/16	2 11 8	4 0 0 l
100 11/16	98½	Conversion 4¾% 1963	100 21/32	100 21/32	1 14 4	3 18 6
97 5/32	93 3/16	Exchequer 2½% 1963–64	97 1/16	97 5/32	3 1 3	4 3 11 l
100 19/32	97 1/16	Conversion 4½% 1964	100 7/16	100 9/16	2 3 0	4 2 11
95 11/32	90 11/32	Savings Bonds 3% 1955–65	95⅛	95 11/32	3 9 8	4 13 7 l
101 17/32	98 3/32	Exchequer 5½% 1966	101 7/16	101 17/32	2 19 5	5 0 9
89 1/16	85	Savings Bonds 2½% 1964–67	88 31/32	89 1/16	4 0 8	5 2 10 l
99¾	98	Exchequer 5% 1967	99⅝	99¾	3 4 4	5 4 7
88⅜	83 5/16	Funding 3% 1966–68	88⅛	88⅜	4 1 4	5 6 6 l
90 3/16	84⅞	Conversion 3½% 1969	88 15/16*	89⅛*	4 0 10	5 9 7
87⅞	82⅝	Funding 3% 1959–69	87 9/16	87⅞	4 0 9	5 7 5 l
97	92¼	Victory 4% 1920–76	95*	95	3 4 0	4 15 10‡
84 13/16	78 15/16	Savings Bonds 3% 1960–70	83 15/16*	84⅛*	4 3 6	5 9 0 l
96¼	90 9/16	Conversion 5% 1971	95⅝	96 3/16	3 12 0	5 12 2
102⅞	97¼	Conversion 6% 1972	101 9/16*	102⅜	3 7 7	5 13 6
97⅜	91⅛	Conversion 5¼% 1974	96 11/16	97⅜	3 10 11	5 13 3
90¾	87¾	Funding 4% 1960–90	90 9/16	90 13/16	3 9 0	5 3 0 l
75⅝	70 7/16	Savings Bonds 3% 1965–75	75*	75⅝	4 6 1	5 13 7 l
74 11/16	69 3/16	Treasury 3½% 1977–80	74	74⅝	4 4 3	5 17 4 l
73 9/16	68 5/16	Treasury 3½% 1979–81	72⅞*	73½	4 4 5	5 17 4 l
94¾	90 3/16	Funding 5½% 1982–84	94 3/16	94¾	3 14 11	5 19 6 l
87 5/16	82⅜	Treasury 5% 1986–89	86 15/16	87 5/16	3 17 8	6 1 9 l
60½	54	Redemption 3% 1986–96	60	60½	4 0 2	5 14 5 l
63 11/16	56 15/16	Funding 3½% 1999–2004	62 11/16	63½	3 18 9	5 17 5 l
93⅜	84⅛	Treasury 5½% 2008–12	90⅞*	91⅝*	3 14 7	6 0 2 l
65⅞	58¼	Consols 4% ....after Feb. 1957	65	65 13/16	3 14 7	6 1 11
59	52 1/16	War Loan 3½% ....after 1952	58	58 15/16	3 13 4	6 0 3 f
59⅛	52 5/16	Conv. 3½% ....after Apr. 1961	58⅛	59 1/16	3 13 7	6 1 3 f
50⅝	44⅞	Treasury 3% ....after Apr. 1966	49⅞	50⅝	3 13 7	6 1 2 f
42⅞	38⅛	Consols 2½%	42⅛	42¾	3 11 11	5 17 9 f
42⅞	38 1/16	Treasury 2½% ....after Apr. 1975	42⅛	42¾	3 12 7	5 19 7 f
94½	89 15/16	British Electric 4½% 1967–69	93 15/16*	94½	3 13 3	5 9 4 l
80⅜	74⅜	British Electric 3% 1968–73	79⅞	80⅜	4 4 8	5 12 5 l
73⅞	69	British Electric 3% 1974–77	72⅝*	73¼*	4 6 4	5 14 1 l
84¼	79 1/16	British Electric 4¼% 1974–79	83 13/16	84¼	3 19 3	5 17 6 l
75⅝	70⅜	British Electric 3½% 1976–79	74⅞	75⅝	4 3 9	5 16 10 l
87¾	82¾	British Gas 4% 1969–72	86¾	87¾	3 19 1	5 12 8 l
86⅜	80 9/16	British Gas 3½% 1969–71	85¼*	85 7/16*	4 1 3	5 10 9 l
60½	53 13/16	British Gas 3% 1990–95	59 11/16	60½	4 1 2	5 15 1 l
80 7/16	74⅜	British Transport 3% 1968–73	79⅞	80⅜	4 4 8	5 12 5 l
82⅜	77¼	British Transport 4% 1972–77	81 7/16	82 3/16	4 1 1	5 16 8 l
62½	56½	British Transport 3% 1978–88	61¾	62½	4 5 2	5 17 3 l

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Red. Yield, Aug. 15, 1962
					£ s. d.
84⅛	79½	Australia 3¼% 1965–69	84	84⅛	6 0 0 l
100	96	Australia 6% 1974–76	99¾	100	6 3 0 l
66	52	Ceylon 4% 1973–75	53½	54	11 0 0 l
99¼	94¼	New Zealand 6% 1976–80	97¼*	97½*	6 3 0 l
75½	62½	Rhodesia and Nyasaland 6% 1978–81	74	75½	8 12 0 l
90¼	82	South Africa 3½% 1965–67	90	90¼	6 1 0 l
59	48	Southern Rhodesia 4½% 1987–92	58½	59	8 3 0 l
84½	77¾	Agricultural Mortgage 5% 1959–89	83¼	84½	6 2 0 l
90¾	86	Birmingham 4¼% 1967–70	90⅜	90⅝	5 15 0 l
93¼	88⅝	Bristol 5% 1971–73	92¾	93¼	5 18 0 l
93	88	Corporation of London 5¼% 1976–79	92½	93	5 19 0 l
47¾	43	L.C.C. 3% ....after 1920	47¼*	47¾*	6 4 0 f
88⅞	84	L.C.C. 5% 1980–83	88⅜	88⅞	6 1 0 l
93	87	Middlesex 5¼% 1980	92¼	91*	6 0 0 l

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 8, 1962	Price, Aug. 15, 1962	Yield, Aug. 15, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays £1	81/6	89/-	2·92	...
83/6	61/-	...	...	District £1	67/6	82/-	3·05**	...
70/6	53/3	5·1 b	4½ a	Lloyds £1	58/6	61/9	3·08	...
25/6	20/-	7 b	7 a	Martins 5/-	20/6	24/10½	3·02	...
101/-	80/-	7½ b	7½ a	Midland £1	85/-	87/9	3·42	...
100/9	73/3	7 b	7 a	Nat. Provincial £1	82/3	85/3	3·28	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B' £1	76/-	81/9	3·25	...
48/3	40/6	8 b	4 a	Australia & N.Z. ..£1 p.p.	41/9	41/6	5·78	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer. ..£1	34/6	36/-	4·63	...
£25 9/16	£17½	$2·05c	$2·05c	Bank of Montreal $10	£19 5/16	£20 1/16	3·38	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	32¾*	33¼*	4·33g	...
39/-	32/6	5 b	5 a	Barclays D.C.O. £1	36/-	37/9	5·30	...
58/6	53/-	7½ a	7½ b	Chartered £1	55/-	55/6	5·41	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang. ...$25	£16¾	£17	4·41	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	50/9	52/3	3·16	...
£29 7/16	£21	$2·37½ c	$2·50c	Royal Bk. Canada $10	£22 15/16	£23 15/16	3·45	...
45/3	37/6	5 a	10 b	Standard Bank £1	43/-	44/3	6·78	...
54/4½	38/3	7½ a	15 b	Hambros 5/-	38/9	40/3	2·80	...
99/9	72/-	2½ a	5 b	Schroders £1	72/6	76/-	1·97	...
60/3	53/-	6¼ b	6¼ a	Union Discount £1	59/-	59/9	4·18	...
14/1½	10/-	18 c	Nil c	Bowmaker 5/-	11/9	11/9	...	...
14/3	10/3	5 a	5 b	Lombard Banking ...5/-	10/6	10/6	4·76	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit ...5/-	11/9	12/3	3·06	...
44/1½	28/6	4 a	22½ b	United Domins. Tst. ..5/-	29/6*	30/6*	4·34	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B. 5/-	14/7½	15/4½	3·58**	2
14/6	12/10½	...	...	Charrington United ..5/-	14/-	14/4½	4·17**	1¾
44/-	32/6	8½ b	6 a	Distillers 10/-	33/1½	35/-	4·14	1¾
51/6	42/4½	14 b	8 a	Guinness 10/-	45/-	47/-	4·68	1¾
34/-	22/6	3⅓ a	10⅔ b	Harveys 5/-	22/9	24/-	4·38	2½
15/7½	11/10½	...	8 b	Ind Coope, T.A. 5/-	12/3	13/4½	4·49**	1½
29/-	21/3	12 b	6 a	Watney Mann 5/-	24/6	27/-	3·33	2
42/4½	31/9	9 a	21 b	Whitbread 'A' 5/-	36/-	37/3	4·03	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland ...£1	51/9	54/10½	3·46	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd. ..10/-	24/6	26/7½	4·69	2
18/10½	14/10½	6 a	10 b	Richard Costain 5/-	15/7½	17/7½	4·54	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg. 5/-	11/6	11/9	7·18**	2
14/1½	9/10½	6 a	16½ b	International Paints ..4/-	10/9	11/4½	7·91	1½
69/6	48/9	25 c	25 c	Rugby Portland 5/-	53/6	55/9	2·24	3¼
24/6	18/1½	11⅔ b	5 a	Wall Paper Defd. 5/-	19/4½	20/3	4·12	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson ...5/-	22/3	24/3	4·12	2
19/3	13/11¼	11½ c	5 a	Borax Defd. 5/-	15/9	16/1½*	3·57	2½
43/3	25/6	11 c	4 a	Fisons £1	26/-	31/6	...	...
58/-	47/6	6¼ a	7½ b	I C I £1	50/-	52/1½	5·28	1
18/6	12/-	5 a	5 b	Monsanto 5/-	13/3	13/9	3·64	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug 5/-	28/10½	30/6	1·97	2¼
33/9	18/9	5 b	2 a	Montague Burton ...10/-	20/7½	20/10½	3·29	2¼
59/6	42/9	13⅓ b	5⅚ a	Debenhams 10/-	46/-	50/3	3·82	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A' 5/-	58/7½	61/-	3·28	2
40/3	28/9	13⅓ a	16⅔ b	House of Fraser 5/-	31/3	34/9	4·32	1¼
16/6	12/9	5 a	7½ b	Lewis's Invest. Tst. ...4/-	13/-	15/-	3·33	2
100/6	79/6	15 a	32½ b	Marks & Spencer 'A'. 5/-	79/10½	85/1½	2·79	1½
52/6	39/6	10 a	20 b	United Drapery 5/-	41/1½	43/7½	3·44	1¾
53/-	44/-	25 b	10⅚ a	Woolworth 5/-	45/4½	49/-	3·66	1¼
				OIL				
38/4½	30/6	‡2·78a	†7 1/12 b	British Petroleum £1	38/-	37/-	8·69	2
40/-	30/6	†2½ a	†7 11/12 b	Burmah Oil £1	39/-	38/3	8·89	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch ....20 fl.	£14⅛	£14 5/16	3·61	2½
34/10½	27/-	†10 a	†15 b	Shell Transport 5/-	34/1½	34/9	5·87	2½
32/9	20/6	...	...	Ultramar 10/-	23/9	24/6	... d	...
		%	%	**ELECTRICAL & RADIO**				
32/6	23/-	5 a	5 b	A.E.I. £1	28/3	30/-	6·67	1
12/6	9/-	...	15 c	Brit. Electronic Inds. ..5/-	9/7½	9/7½	7·79	¼
66/3	51/9	4 a	9½ b	B.I.C.C. £1	57/3	58/9	4·60	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson .5/-	13/9	13/9	4·55	2½
89/6	63/-	23⅓ c	7½ a	Decca 10/-	69/-	73/-	3·20	1¾
45/6	33/9	12½ b	5 a	E.M.I. 10/-	33/9	35/-	5·00	2
54/6	39/-	5 a	9 b	Elliott-Automation ...5/-	42/6	44/9	1·56	2
27/9	20/9	5 b	3 a	English Electric £1	24/6	25/9	6·21	1½
34/-	26/-	3 a	7 b	General Electric £1	33/3*	34/-*	5·88	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons £1	45/6	46/9	5·35	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle £1	44/6	45/-	4·33	2½
82/-	58/-	25 c	27½ c	Thorn Electrical 5/-	73/-*	72/6*	1·90	3
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox £1	33/-	34/4½	5·24	1½
38/3	27/3	3·2 a	7 b	John Brown £1	33/-*	34/-*	6·00	2¼
6/-	4/3	3 a	7 b	Cammell Laird 5/-	5/-	5/-	10·00	1
27/4½	21/10½	10 a	20 b	Internat. Combust. ..5/-	27/4½	26/4½	5·69	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/4½	4/10½	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter £1	26/9	29/4½	8·17	1¾
16/-	10/6	5 a	10 b	John Thompson 5/-	15/9	15/9¾	4·74	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge 10/-	28/-	31/3	4·57	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert £1	59/10½*	63/3	4·65	2
48/-	33/9	5 a	10 b	Allied Ironfounders ...£1	45/9	48/-	6·25	1½
99/9	67/9	5 a	10 b	Averys £1	71/9	74/9	4·01	2
20/3	11/9¾	7⅔ b	4 a	B.S.A. 10/-	12/6	13/6	8·64	2¼
11/6	8/6	4½ a	8½ b	George Cohen 5/-	9/9	9/10½	6·58	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore 5/-	17/-*	19/7½*	7·01	2¼
81/10½	64/1½	5 a	11 b	Guest Keen £1	67/7½	71/3	4·49	2¼
21/-	14/3	4 a	12 b	Head Wrightson 5/-	15/3	15/6	5·16	2½
85/6	67/-	5 a	7 b	Metal Box £1	68/1½	72/-	3·33	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles ...5/-	14/7½	15/1½	4·63	3
48/-	34/-	3 a	7 b	Renold Chains £1	34/3	36/6	5·48	1¾
64/10½	43/1½	7 b	7 a	Tube Investments £1	46/4½	51/6	5·44	3
31/1½	23/6	2½ a	7½ b	Vickers £1	26/3	26/7½	7·51	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.) £1	56/-	56/-	4·91	3
20/6	12/3	5 a	16 b	Woodall-Duckham ...5/-	14/3	15/-	7·00	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers 10/-	24/10½	26/3	3·81	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods ..1/-	9/3*	9/7½*	2·34	2
61/3	39/3	8 b	4 a	Bovril £1	39/3	41/9	5·75	1½
12/9	10/9	†3·9b	†1·7a	Brooke Bond 'B' 5/-	11/-	12/3	3·73	3½
15/10½	11/10½	2½ a	10 b	International Tea 5/-	13/6*	13/9*	4·55	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A' £1	63/3	70/-	4·52	1½
38/3	29/9	9 b	5 a	Ranks Hovis 10/-	32/6	34/6	4·06	...
13/7½	10/10½	7½ b	2½ a	Spillers 5/-	11/6	12/3	4·08	2¼
50/9	43/3	12 c	3 a	Tate & Lyle £1	47/6	48/4¼	4·96	2¼
18/-	14/9	5 a	9 b	Unigate 5/-	15/1½	15/6*	4·52	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac. ...10/-	57/9*	58/-*	6·33	3
41/3	28/3	5 a	15 b	Gallaher 10/-	32/9	33/3	6·02	2
63/9	47/6	14 b	8½ a	Imperial Tobacco £1	55/9*	56/9*	7·93	1¾
				INSURANCE				
8 15/16	5 11/16	†47·7c	38·3a	Britannic 5/-	6 1/16	6 7/16	3·02	...
68/-	50/-	20 a	25 b	Commercial Union ..5/-	53/-	55/6	4·05	...
35 15/16	21½	†41·17c	†62·74c	Equity & Law Life ...8/6	23⅜	25⅝	1·70	...
109/3	69/-	10 a	20 b	General Accident 5/-	79/9	82/9	1·81	...
60/6	42/9	...	...	Guardian 5/-	49/9	52/3	2·55**	...
48¾	32½	80 a	110 b	Legal & General 5/-	36	38	1·25	...
180/-	138/9	8½ a	12½ b	Northern & Empl. £1	148/9	153/9	2·73	...
13 11/16	10⅝	†20 a	†70 b	Pearl 5/-	11 7/16	12 9/16	2·92	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A' 4/-	23⅜	25 5/16	2·69	...
47/10½	35/10½	...	...	Royal 5/-	38/7½	40/1½	3·74**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange £1	101/3	106/3	3·53	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor 5/-	13/4½	14/9¾	6·75	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A' 5/-	65/-	68/9	1·45	8
41/6	23/1½	5 a	3 b	Rolls-Royce £1	24/5¼	26/3	6·10	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A' ...4/-	4/7½	4/5¼	3·61	...
78/7½	60/11¼	11 b	5 a	A.C.V. £1	72/6	78/7½	...	...
94/6	67/4½	20 c	5 a	Leyland Motors £1	72/6	78/7½	5·09	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane ..10/-	15/6	16/3	8·31	2
25/-	19/3	5 a	6 b	Hawker Siddeley £1	23/6	24/4½	9·03	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group 10/-	31/9	33/6	5·12	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber 10/-	28/9	30/6	5·19	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas £1	66/6	68/4½	4·02	2¼
22/-	12/-	5 c	9 a	Pressed Steel 5/-	13/-	13/9	1·82	...
39/-	31/1½	12½ c	5 a	Triplex Holdings ...10/-	33/-	33/9	3·70	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American 10/-	172/6	171/3	5·26	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	70/-	67/9	7·38	2½
120/-	81/10½	15 a	20 b	General Mining £1	117/6	118/9	5·89	2
71/-	46/6	†26 a	†74 b	Union Corporation ..2/6	68/6	66/-	6·19	2½
20/9	16/9	40 b	40 a	Daggafontein 5/-	18/3	18/3	21·92	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld ...5/-	126/3	122/6	6·94	1½
70/-	50/6	60 b	60 a	President Brand 5/-	68/3	66/9	8·99	1½
96/3	72/6	31 a	31 b	W. Driefontein 10/-	88/9	87/6	7·09	1¾
45/6	34/-	...	...	Western Deep 'A' £1	42/3	41/9	...	...
161/3	117/6	210 c	105 a	Western Holdings ...5/-	155/-	154/4½	6·80	1¼
19/6	15/3	6 b	5 a	Winkelhaak 10/-	19/1½	19/1½	5·75	3
56/9	42/6	13⅓ a	36⅔ b	Chartered 15/-	49/3	49/9	15·08	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer. 10/-	54/3	55/3	14·48h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst. ...£1	29/-	30/-	12·00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons. 10/-	15/6	15/3	...	1¼
175/-	135/-	100 a	180 b	De Beers Defd. Reg. 5/-	173/1½	172/6	8·12	1¾
$151½	$98½	$1·50 c	$1·60 c	Internat. Nickel ...n.p.v.	$112	$119	2·40	...
18/9	13/1½	7½ a	30 b	London Tin 4/-	15/1½	15/1½	9·92	1¼
16/9	15/3	...	...	R.T.Z. 10/-	15/9	16/4½	9·16**	...
35/-	21/3	65 c	25 a	Tronoh 5/-	22/6	23/3	13·98	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror 5/-	10/10½	11/3	6·67	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'. £1	75/-	80/-	3·25	2
24/9	13/9	10 a	14 b	Thomson Org'n. 5/-	14/-	14/4½	8·35	1½
47/3	32/-	5 a	8¾ b	Bowater Paper £1	33/3	38/3	7·19	1
45/-	35/-	5 a	11 b	Albert E. Reed £1	42/-	43/-	7·44	1½
43/9	33/6	4 a	8½ b	Spicers £1	35/3	38/6	6·49	1½
55/-	44/-	4 a	10 b	Wiggins Teape £1	50/3	53/9	5·21	1¾
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/-	20/6	7·32	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	20/9	21/6	13·95	1½
52/1½	33/10½	16 a	14 b	Beecham Group 5/-	35/9¾	40/3	3·73	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match £1	34/6*	33/9*	5·93	2
16/3	11/6	6⅔ b	4 a	British Oxygen 5/-	12/3	13/6	3·95	1¾
9/10½	7/6¾	3 a	7 b	British Ropes 5/-	7/6¾	7/11¼	6·30	1½
40/6	30/1½	...	...	De La Rue 10/-	34/3¶	40/6¶	3·40**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A' 5/-	34/6	37/6	2·00	3¾
55/9	41/6	15 c	7½ a	Glaxo 10/-	44/-	49/6	3·03	3¼
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	42/6	46/10½	6·40	2½
41/3	29/-	20 b	5 a	Hoover 'A' 5/-	37/-*	37/-*	3·38	1¾
23/3	16/-	12½ b	5 a	Ilford 5/-	16/-*	16/-*	5·47	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T. £1	89/3	93/6	2·41	2½
49/3	40/6	12½ c	12½ c	National Canning £1	45/9	48/9	5·13	1
41/3	33/9	6 a	12 b	Powell Duffryn 10/-	34/3	36/9	4·90	2¼
40/6	32/3	17½ b	5 a	Radio Rentals 5/-	36/-	38/-	2·96	2¾
37/-	24/6	15 b	7½ a	Rank Organisation ...5/-	25/9	28/-	4·46**	...
38/-	24/6	7½ a	16½ b	Schweppes 5/-	26/9	28/6	4·21	1½
35/3	26/6¾	25 c	25 c	Sears 'A' 5/-	28/3	30/4½	4·12	2
32/1½	23/-	5 a	11 b	Steetley 5/-	24/-	26/7½	3·00	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling 4/-	21/10½	25/-	3·20	2
64/-	44/-	8 b	4 a	Turner & Newall £1	48/9	53/6	4·49	2
47/3	32/6	9·47a	15·32b	Unilever 5/-	34/7½	36/-	3·44	3
11⅝	7½	8 a	13 b	Unilever N.V. ....12 fl.	8 13/32	8⅝	2·96	3
18/9	13/6	5 a	10 b	United Glass 5/-	14/-	14/3	5·26	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses 10/-	24/9	27/3	8·99	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth. 10/-	25/6	26/-	7·69	1
18/3	15/3	6 c	Nil c	Cunard £1	15/3	16/3	...	...
20/3	16/9	7 c	7 c	France Fenwick £1	20/-	20/3	6·91	1½
31/6	21/-	10 c	8 c	Furness Withy £1	23/6	23/6	6·81	1
9/7½	5/-	...	...	London & Overseas ..5/-	5/4½	5/3	...	...
31/-	17/6	3 a	3 b	P & O Defd. £1	19/-	19/9	6·08	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith 10/-	8/4½	8/6	2·94	...
12/9	7/6	5 c	Nil c	Royal Mail £1	10/3	10/3	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles £1	29/3	31/4½	...	2½
27/3	15/3	10 c	2½ a	Dorman Long £1	17/3	20/-	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel £1	22/1½	26/1½	8·42	3
21/4½	11/-	10 c	Nil a	South Durham £1	11/6	12/6	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales £1	24/9	29/-	6·90	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds £1	32/1½	34/4½	8·73	2
51/10½	39/6	9 b	6 a	John Summers £1	42/1½	44/9	6·70	2
42/4½	25/9	12·3c	4 a	United Steel £1	29/-	34/6	...	1½
41/-	30/9	8¾ b	4 a	Whitehead £1	31/6	32/9	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	26/1½	29/3	8·55	1
26/4½	18/9	5 a	7½ b	Fine Spinners £1	20/9	22/-	11·36	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton £1	32/-	35/6	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds £1	42/10½	46/-	5·43	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris ...4/-	5/4½	6/9	7·90	1¾
81/6	69/-	13 b	8 a	West Riding Worsted £1	69/-	69/6	6·04	2½
30/9	20/3	2½ a	7½ b	Woolcombers £1	20/3*	23/3*	8·60	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers £1	17/4½	18/4½	6·53	1
13/3	8/7½	13¾ b	7½ a	Calico Printers 5/-	9/1½	9/9	10·25**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B. £1	39/1½	42/-	5·95	1¾
10/9	8/4½	13 c	1½ a	Jute Industries 10/-	8/7½	8/4½	...	2¼
27/1½	20/10½	10 c	10 c	Tootal £1	21/1½	22/1½	9·04	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙ a	8⅓ b	Alliance Trust 5/-	22/1½	24/6	2·55	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	44/1½	47/9	5·23	1½
17/9	13/3	10 c	5 a	Cable & Wireless 5/-	14/10½	15/6	3·23	1½
71/9	54/3	31⅔ c	10 a	City Centre Props. 5/-	59/-	59/9	2·12**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	73/9	77/3	3·11	1
95/-	62/6	7·04a	9·04b	Hudson's Bay £1	70/-	77/6	4·15	2½
38/6	22/6	4 b	2 a	Land Securities 10/-	25/4½	26/6	2·26	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	33/6	34/9	3·84	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands £1	38/-	39/-	12·56	2
35/6	30/9	†11 b	†3 a	Jokai (Assam) £1	34/3	35/3	12·97	2½
9/6	7/6	...	7½ c	Nuwara Eliya £1	8/-	8/-	18·75	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/3	5/3¾	15·69	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic 2/-	4/6¾	4/8¼	17·07	2
76/9	62/1½	10 a	35 b	United Sua Betong £1	65/10½	68/7½	13·11	1½

NEW YORK PRICES AND INDICES

	Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $
Atch. Topeka	20¾	21⅝	Boeing	38⅜	40⅛	Int. Harvester	46⅛	46⅞
Can. Pacific	20¾	21	Celanese	34⅝	35¾	Inter. Nickel	61¾	66⅛
Pennsylvania	11⅜	11⅜	Chrysler	48¾	53⅝	Inter. Paper	26⅛	26½
Union Pacific	29¾	30⅛	Col. Palmolive	39⅜	40⅞	Kennecott	70	70½
Amer. Electric	63½	62¾	Crown Zeller.	38¼	39¾	Monsanto	38¼	37⅝
Am. Tel. & Tel.	110½	112½	Distillers Seag.	39⅞	42	Nat. Distillers	24⅜	35¼
Cons. Edison	73½	74	Douglas	24⅛	24⅞	Pan-American	19⅛	18½
Int. Tel. & Tel.	40	42⅛	Dow Chemical	44¼	46⅛	Procter Gamble	68½	69⅛
South'n. Nat. Gas.	41⅞	43⅝	Du Pont	192½	200	Radio Corpn.	44⅜	46½
United Corpn.	7⅜	7½	East. Kodak	97⅞	98	Sears Roebuck	66½	71½
Western Union	26⅛	27	Ford Motor	41⅜	42¾	Shell Oil	32⅞	32⅝
Alcoa	58¼	63⅛	Gen. Electric	65⅝	67¼	Socony-Mobil	49½	50
Aluminium	21⅜	23⅞	General Foods	69⅜	70½	Stand. Oil Ind.	44	44¼
Amer. Can.	44⅝	44⅝	General Motors	51⅝	52⅜	Stand. Oil N.J.	51⅝*	52
Am. Smelting	49	51	Goodyear	30	29⅞	Union Carbide	90	91¾
Am. Viscose	56¼	54¼	Gulf Oil	34½	34¾	U.S. Steel	44¾	45¾
Anaconda	39⅞	40¾	Heinz	45⅝	46½	West. Electric	26	26⅞
Beth. Steel	32⅞	33⅛	Int. Bus. Mach.	381¾	386½	Woolworth	67⅝	68¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 18	58·74	3·67	28·23	5·72	55·10	3·72	88·59	4·02
" 25	59·08	3·65	27·87	5·79	55·02	3·73	88·70	4·01
Aug. 1	60·46	3·56	27·98	5·77	56·24	3·64	88·39	4·04
" 8	60·20	3·58	27·67	5·83	56·17	3·65	89·01	3·98
" 15	61·48	3·50	28·00	5·76	56·85	3·61	89·12	3·95

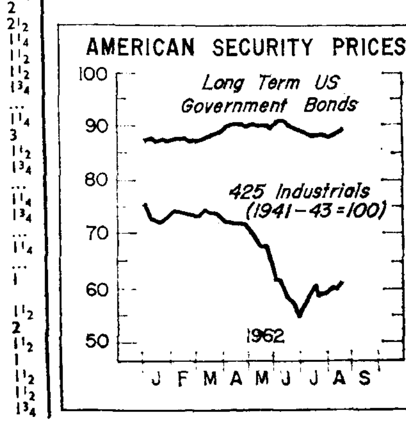
425 Industrials :—High, 75·22 (Jan. 3). Low, 54·80 (June 26).

FOREIGN AND OVERSEAS STOCKS

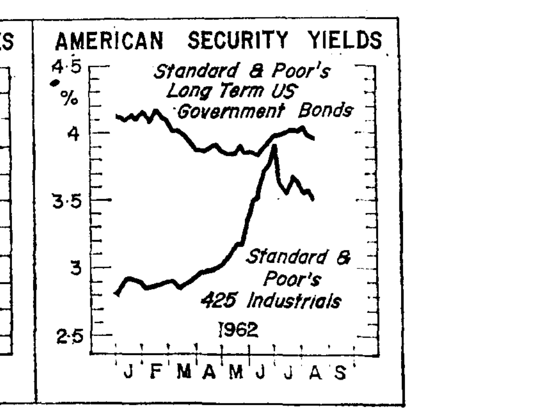
FRANCE	Aug. 8 Frcs.	Aug. 15 Frcs.	GERMANY	Aug. 8 %	Aug. 15 %	HOLLAND	Aug. 8 %	Aug. 15 %
Air Liquide	1,164	1,197	A.E.G.	358	408	A.K.U.	364¾	373⅜
Banque de Paris	505	512	Bad'che. Anilin.	365¼	407	Bijenkorf	829	828
Citroen	185	185·5	Bayer	413	473	Heinekens	453	465
C. F. Petrole	298	287·5	Commerzbank	365	408	Interunie (Fl.50)	Fl.177	Fl.179·5
Cie. G. d'Elect.	1,250	1,255	Deutsche Bank	396	440	K. N. Hoogoven	572¼	581½
Machines Bull	516	509	Hoechst Farb.	361	404	Kon. Zout-Ket.	740	737
Pechiney	244·5	242·3	Kundenkredit	365	384	Philips (Fl.25)	Fl.157·9	Fl.160·3
Printemps	513	524	Lowenbrau	730	870	Robeco (Fl.50)	Fl.201	Fl.206
Rhone-Poulenc	425·5	428	Mannesmann	209	230	Rotterdam Bk.	345	340
S.I.M.	355·5	351·2	Siemens	527	580	Thomassen & D.	670	670
Saint-Gobain	380	379·6	Thyssen-Huette	171¼	185	Valeurop	Fl. 70·8	Fl. 72·4
Usinor	224	212	Volkswagen	430	510	Zwanenberg	890	892
Index (Dec. 30, 1960=100.)	99·2	N.A.	Herstatt Index (Dec. 31, 1959=100.)	80·08	89·01	Index (1953=100.)	320·8	325·5

CANADA	Aug. 8 $	Aug. 15 $	AUSTRALIA	Aug. 8 £A	Aug. 15 £A	JAPAN	Aug. 8 Yen	Aug. 15 Yen
Abitibi Pr. & P.	45⅜	46¼	Ampol Pet.	12/4	12/1	Ajinomoto	417	411
Aluminium	23	25⅞	Ass. Pulp & P.	30/-	30/-	Fuji Iron	44	43
Bel Tel.	50⅞	52⅛	Aust. Con. Inds.	65/9	64/3	Hitachi	71	73
Can. Brewer's.	9½	10⅛	Aust. Oil & Gas	54/3	54/3	Honda Motor	353	362
Can. Imp. Bank	55	58¾	Brit. Tobacco	25/3	25/3	Kirin Brewery	375	376
Can. Pac. Rly.	22½	22⅝	Broken Hill Pty.	57/3	55/-	Mitsub. Chem.	63	63
Hiram Walker	50½	55½	G. J. Coles	13/4	13/5	Mitsub. Elect.	64	68
Imperial Oil	44⅞	44¾	Felt & Textiles	7/9	7/8	Mitsub. Heavy	73	75
Noranda Mines	29	29¾*	I.C.I. A.N.Z.	40/6	40/-	Nippon Elect.	327	323
Shawinigan Wtr	22⅞	23⅜	Myer Emporium	31/-	31/2	Sony	665	670
Steel of Canada	17⅛	18	Ready Mix Con.	17/-	16/4	Toyo Rayon	128	129
Trans.Can.Pipe	20⅛	21½	Woolworth	15/10	13/4¶	Yawata Iron	49	49
Toronto Ind. Index (1933=100.)	543·60	561·96	Sydney Indust. Index (1937/39=100.)	293·87	288·82	Dow Jones Average	1385·71	1419·61

AMERICAN SECURITY PRICES



AMERICAN SECURITY YIELDS



* Ex dividend. † Tax free. ‡ Assumed average life 7¼ 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 Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

Western Europe

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

BRITISH

Prices and Wages	July 28th	External Trade	Aug. 4th
Manpower and Output	Aug. 11th	Industrial Profits	July 14th

OVERSEAS

Western Europe	This week	United States	July 21st

	Austria	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1956	141	123	111	133	138	130	105	128	124	122	115	...	113
1960	177	129	139	174	179	172	126	182	157	170	134	...	128
1961	184	135	...	184	190	180	137	200	160	160	139	...	129
1961, December	193	139	...	192	199	186	141	208	162	162	141	...	128
1962, January	177	137	...	193	181	...	...	216	167	164	143	...	126
„ February	179	140	...	194	189	...	...	208	169	174	143	...	128
„ March	187	140	...	194	189	...	134	228	164	177	139	...	129
„ April	190	...	...	195	202	...	...	210	164	157	141	...	127
„ May	...	...	...	197	201	...	...	...	166	163	...	...	129
VALUE OF EXTERNAL TRADE (2)													
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	mn. new francs	mn. D. marks	mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira	mn. £
Imports (c.i.f.)													
1956	2,110	13,635	755[3]	1,622	2,315	1,159	15·2	165	1,180	721[3]	953[3]	95·0	309·9
1960	3,068	16,488	1,039	2,582	3,537	1,755	18·9	246	1,434	871	1,251	184·5	366·6
1961	3,217	17,536	1,076	2,748	3,668	1,785	21·8	272	1,554	961	1,260	382·1	353·3
1962, February	3,036	17,318	1,134	2,940	4,031	1,663	21·4	299	1,514	888	1,220	378·8	322·1
„ March	3,370	19,700	1,196	3,240	4,160	1,881	23·9	326	1,745	1,068	1,448	347·4	374·8
„ April	3,229	17,700	1,200	2,980	3,740	1,689	21·9	298	1,460	872	1,191	492·5	334·9
„ May	3,251	...	1,193	3,260	4,340	...	...	...	1,721	1,098	1,372	428·1	396·0
„ June	...	...	...	3,040	4,120	...	...	...	...	...	...	...	356·5[10]
Exports (f.o.b.)													
1956	1,840	13,177	640[3]	1,325	2,571	475	9·0	112	906	472[3]	839[3]	71·2	261·9
1960	2,427	15,731	860	2,823	3,993	508	12·7	190	1,275	524	1,106	143·4	296·2
1961	2,605	16,352	885	2,970	4,246	558	15·0	218	1,309	553	1,181	260·4	306·9
1962, February	2,440	17,129	830	3,000	4,063	853	13·6	238	1,234	524	1,127	262·0	298·2
„ March	2,893	18,836	1,008	3,340	4,750	660	15·2	260	1,494	627	1,155	214·3	322·4
„ April	2,730	17,773	918	2,960	4,240	478	10·8	232	1,241	545	1,216	149·2	327·3
„ May	2,849	17,959	926	3,020	4,660	...	...	...	1,369	531	1,388	301·7	337·6
„ June	...	...	...	3,050	...	...	...	...	...	...	...	...	317·0[11]
COST OF LIVING (5) (1953=100)													
1956	108	104	112	103	104	126	107	109	108	109	109	136	112
1960	115	110	120	134	111	136	117	115	121	121	124	228	121
1961	118	111	125	138	114	138	120	118	123	124	127	236	125
1962, January	121	112	129[8]	142	117	137	...	120	125	128	130	240	128
„ February	121	111	...	142	117	136	123	121	125	128	130	246	128
„ March	122	112	...	142	118	137	...	122	126	128	131	247	129
„ April	124	112	131	143	119	138	...	122	127	129	132	243	130
„ May	126	114	...	144	119	138	126	122	125	129	134	243	131
„ June	129	114	...	...	...	...	...	...	...	130	...	...	132
EXPORT PRICES (6) (1953=100)													
1956	105	103	104	99	101	143	96	92	102	114	106	77	105
1960	103	97	99	132	101	122	102	87	100	103	101	81	110
1961	103	96	97	131	102	123	101	84	98	103	102	88	111
1962, January	...	96	...	...	102	119	103	84	99	...	100	...	112
„ February	...	...	...	133[8]	101	...	103	82	99	102[8]	100	...	112
„ March	...	...	...	...	102	...	102	83	99	...	100	...	112
„ April	...	...	...	...	101	...	...	82	103	...	100	...	112
„ May	...	...	...	...	103	...	...	...	...	...	99	...	112[4]
GOLD AND FOREIGN EXCHANGE HOLDINGS (7) (mn. U S dollars, end of period)													
1956	406	1,163	131·2	1,180	4,120	204·1	234	1,236	1,038	178·9	510	225	2,237
1960	698	1,422	255·1	2,070	6,737	223·5	268	3,080	1,742	282·7	490	252	3,231
1961	826	1,657	252·7	2,939	6,542	250·5	286	3,419	1,715	278·3	673	237	3,318
1962, March	837	1,662	242·6	3,221	6,088	279·4	283	3,279	1,745	242·0	689	235	3,452
„ April	845	1,620	231·9	3,318	6,033	276·8	281	3,274	1,754	238·2	712	226	3,472
„ May	863	1,636	227·3	3,492	6,082	274·1	278	3,204	1,786	237·8	737	229	3,525
„ June	918	1,603	245·7	3,484	6,233	...	279	3,239	1,795	229·6	734	227	3,433[9]

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Greece is manufacturing only. United Kingdom includes construction. Germany excludes West Berlin and the Saar. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden, which cover general trade. Belgium includes Luxemburg. Italy includes Trieste. The Saar is included with France before July, 1959, and with Germany after that date. Turkey, beginning September, 1960; 9 liras per U S dollar, previously, 2·8. (3) Special trade. (4) June, 112. (5) In capital cities only for France, Turkey, for Greece prior to January, 1960, and Austria prior to March, 1959; Denmark, Belgium and Austria (prior to March, 1959) exclude rent; Denmark includes direct taxes; Ireland based on August, 1953=100. (6) Index numbers of unit value which are influenced by changes in the composition of trade as well as price movements. Ireland seasonally adjusted. Turkey index in terms of U S dollars. (7) Holdings of the government and central bank. German figures from 1960 exclude long-term and earmarked assets; Norway and Sweden include foreign investments. Ireland includes some long-term British securities. (8) Average for first quarter. (9) July, 2,915. (10) July 376·1. (11) July 327·8.

APPOINTMENTS

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

STUDENTSHIPS FOR RESEARCH ON SOCIAL, ECONOMIC AND POLITICAL PROBLEMS IN AFRICA, SOUTH ASIA, AND EAST AND SOUTH-EAST ASIA

The School offers two or three studentships to men and women with good Honours degrees, for advanced study or research on social, economic and political problems in Africa, South Asia, and East and South-East Asia. They will be available only to graduates of universities in the United Kingdom or to graduates of other universities who are already studying in the United Kingdom.

Each studentship will be of the value of at least £600 a year, and the holder will be required to register at the School as a full-time student and to undertake research in some branch of the studies named above. His programme of work will require the approval of the Director.

Applications must be received by September 6 for studentships 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.

INTERESTING VACANCY

FOR A

YOUNG WOMAN GRADUATE

occurs as Executive in the Marketing Intelligence Unit of a large international advertising agency.

Essential qualifications: University degree, preferably in economics, lively mind combined with plenty of common sense, curiosity and persistence, flair for good English, news sense, ability to get on with people, good nerves, sense of humour and a well-developed inclination for hard work at speed. Languages (particularly French, German and Italian) will be an advantage and so will experience of information work, advertising, market research or public relations. Applicants aged under 30 will be preferred.

Initial selection will be made on the quality of letters of application, which should be typed, if possible, and should attempt to do more than list qualifications and ambitions. Applications should be marked confidential and addressed to Miss Christine Hull, McCann-Erickson Advertising Ltd., McCann-Erickson House, New Fetter Lane, London, E.C.4.

PIG INDUSTRY DEVELOPMENT AUTHORITY

require an

ASSISTANT

to their

ECONOMIST

Candidates should be either an economist with agricultural background or agriculturist with good knowledge of economics. Salary dependent upon age and experience. Contributory superannuation scheme. Five-day week.

Details and application form from Establishment Officer, 15 Ridgmount Street, London, W.C.1. Closing date August 29, 1962.

CENTRAL OFFICE OF INFORMATION requires a JOURNALIST to assist in the Trade and Industries Section. Candidates should have had several years' general experience, be able to write concisely and clearly and be interested in the production of press material. Experience in the trade or technical press an advantage. The post is graded Assistant Information Officer (unestablished). Salary according to experience and qualifications rising to a maximum of £1,260 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.5088/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

BIG opportunity: Assistant Editor needed by large group for brand new monthly in the marketing field. Intelligence and ability more important than experience but knowledge of modern marketing methods would be useful. Good salary.—Write Box 1649.

CENTRAL OFFICE OF INFORMATION requires experienced and knowledgeable industrial JOURNALISTS for the Trade and Industries Section (Overseas Press Services). Previous trade press or daily newspaper, or agency work in industrial areas essential. For some posts preference will be given to candidates with (a) ability to sub-edit a wide range of technical material and/or rewrite at a lower technical level, (b) ability to interpret technical subjects to an intelligent non-specialist audience, (c) a wide background in the economics of trade. The posts are graded INFORMATION OFFICER (unestablished). Salary range £1,331 to £1,547 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.5106/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4

HOLLERITH UNIT

Applications are invited for the post of

MANAGER

of the large Hollerith punched card processing unit at the London Headquarters of the National Coal Board.

Considerable experience in the planning and control of mechanical data processing and an appreciation of the potentialities of punched card equipment are essential. Candidates should also have some general experience of the application of modern mechanical techniques to the whole field of operations commonly associated with large commercial offices.

There are attractive conditions of service, including a Superannuation scheme. A salary of up to £1,975 will be offered, depending on qualifications and experience.

Please write, giving full details, to Headquarters Staff Manager (Ref. X.39B) N.C.B., Hobart House, Grosvenor Place, London, S.W.1.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF HISTORY

Applications are invited for appointment as Lecturer or Assistant Lecturer in Asian History at a salary on the scale £1,150 x £50—£1,500 x £75—£1,950 (efficiency bar at £1,650) for a Lecturer, or within the range £900-£1,050 for an Assistant Lecturer, according to age, qualifications and experience. Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds, 2 (from whom further particulars may be obtained) not later than 30th September, 1962.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER in AGRICULTURAL ECONOMICS. The Salary scale is £900 to £1,050 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than September 8th, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

FEDERATION OF RHODESIA AND NYASALAND

VACANCY: SECRETARY AGRICULTURAL MARKETING COUNCIL

MINISTRY OF ECONOMIC AFFAIRS

The Secretary serves a Council which advises the Minister of Economic Affairs on matters connected with prices of agricultural products and investigates marketing conditions. Annually it reviews all aspects of agricultural production and distribution in Northern and Southern Rhodesia and advises on the setting of crop prices to producers.

Applicants should preferably hold a degree in Agriculture or in Agricultural Economics and must have a sound practical and theoretical knowledge of the economics of agricultural production and marketing. Functions include giving the Council advice, detailed information, assessments of all the sometimes conflicting interests in marketing problems, an informed opinion on the issues it faces, servicing of meetings and executive action where necessary.

The post, initially on a three-year contract, is at a salary of £2,500 p.a. and should be occupied by the 1st November, 1962.

Generous Leave Conditions, Fares Paid for successful applicant and family to assume duty. Sunny climate, excellent recreational and educational facilities.

Application forms and further details from: The Secretary (R), Rhodesia House, 429 Strand, London, W.C.2. Closing date: 7th September, 1962.

INDUSTRIAL MARKET RESEARCH

Major manufacturers of precision components used throughout the engineering, automobile and allied industries are extending the specialisation of their planning operations and wish to appoint a Market Research Officer.

Applicants should be graduates with a good honours degree in economics or commerce, preferably with statistics, and with several years practical experience in industrial market research. Preferred age 28-33 years.

This is a new appointment and offers scope for a person capable of working on his own initiative.

Please apply giving full particulars of experience, qualifications and age to Box 1648.

THE ECONOMIST INTELLIGENCE UNIT

wishes to make further appointments to the staff of its Research Divisions. Candidates for these posts should have at least an upper second class degree preferably, but not necessarily, in economics or statistics, and should have had some experience in industry, finance, commerce or marketing; knowledge of foreign languages is an advantage.

Please send full particulars, including age, qualifications, experience and present salary, to "Research," 5, Bury Street, London, S.W.1.

For other appointments see page 652

UNIVERSITY OF NEW ENGLAND

ARMIDALE, NEW SOUTH WALES

SENIOR LECTURER OR LECTURER IN PUBLIC ADMINISTRATION

Applications are invited for the position of Senior Lecturer or Lecturer in Public Administration within the Faculty of Agricultural Economics. The successful applicant will be required to provide a course for senior undergraduates and should preferably be able to take up duty by March, 1963.

Salary will be within the range of £A2,550 x £A95—£A3,000 for a Senior Lecturer and £A1,730 x £A105—£A2,435 for a Lecturer, with commencing rates determined in accordance with qualifications and experience. In addition, a cost-of-living allowance at present amounting to £A44 per annum is payable. Provision is also made for travel and removal expenses, superannuation benefits, travel grants and full pay for study leave. Under the staff housing scheme an advance of up to 90 per cent or more in special cases may be made towards the cost of purchasing or building a house. Residential Fellowships may be awarded to a single person by one of the University Colleges.

Further information 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 15th September, 1962.

UNIVERSITY OF ST. ANDREWS

Applications are invited for a Lectureship or Assistantship in Psychology in the Department of Psychology, Queen's College, Dundee, commencing 1st October, 1962, or as soon as possible thereafter. Salary scales: Lectureship, £1,150 by £50 to £1,500 (efficiency bar) by £75 to £1,950; Assistantship (three years with possible continuance for fourth year), £900 by £50 to £1,050. F.S.S.U., family allowance and grant towards furniture removal expenses. Applications (six copies, naming three referees) to be lodged not later than 22nd September, 1962, with the Secretary of the University, at Queen's College, Dundee, from whom further particulars may be obtained.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1923). The next examinations will be held from the 20th to 23rd November, 1962. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2/4 Chiswick High Road, London, W.4.

EDUCATION AND COURSES

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.

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., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL OXFORD

SECRETARIAL Training for Women, especially university graduates and older students, six-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARk 4654.

THE FOOD AND AGRICULTURAL ORGANIZATION OF THE UNITED NATIONS

Fisheries Economics Branch seeks ECONOMIST with university degree in Economics or related field and minimum of 5 years' experience in applied economic research and considerable writing and editorial experience.

Initial salary $7,460 per annum, net of taxes, plus family allowance, education grant, pension and medical schemes, etc.

Applications should be sent to

THE CHIEF, RECRUITMENT SECTION, FAO HEADQUARTERS, VIALE DELLE TERME DI CARACALLA, ROMA

under reference VA 591.

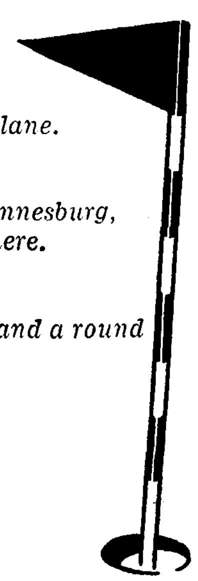
THE COMMON MARKET

An international professional firm with a large and rapidly expanding practice in Europe has vacancies on their staff in several countries for qualified accountants, whether recently qualified or with several years' experience since qualifying. Men with good experience on large audits and investigations would command a substantial salary and younger men of outstanding ability would be given rapid promotion. The positions offered provide attractive opportunities to accountants who either wish to make a career or to gain extensive experience of business conditions on the Continent of Europe. A knowledge of a foreign language would be an advantage but is not initially essential. Applications, giving full particulars of education and previous experience, should be addressed to Box 1640.

...SOUTH AFRICA

(with a spot of relaxation in between)

If you have urgent business which requires your presence in South Africa this is what South African Airways FAST BOEING SERVICE enables you to do:—



THURSDAY EVENING
Leave London and dine on plane.

FRIDAY AND SATURDAY
Business discussions in Johannesburg, Durban, Capetown or elsewhere.

SUNDAY
More business or relaxation and a round of golf with your friends.

SUNDAY EVENING
Leave Johannesburg in time for dinner aloft.

MONDAY MORNING
Back in London.

When you fly South African Airways you can be sure of a smooth, pleasurable journey with friendly service and thoughtful attention to your comfort making every minute thoroughly enjoyable and relaxing.

SOUTH AFRICAN AIRWAYS
(IN ASSOCIATION WITH B.O.A.C., C.A.A., E.A.A. and QANTAS)
107 New Bond Street · London W.1.
Please ring HYDe Park 3424, or, after office hours, VICtoria 2323.

CLIVE DISCOUNT COMPANY LIMITED

CAPITAL (Fully Paid) £1,700,000

☆

TREASURY,
BANK and FINE TRADE
BILLS DISCOUNTED

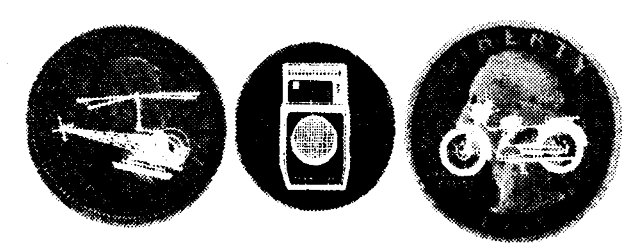
☆

Money received on Deposit at Call and Short Notice at current market rates of interest.

1 ROYAL EXCHANGE AVENUE
LONDON, E.C.3

TELEPHONE: AVENUE 1101 TELEX 25182

Link up with the bustling Japanese economy



More than 2000 firms in countries all over the world have made technological, manufacturing, marketing, and other types of industrial agreements with Japanese companies. With fewer restrictions nowadays on the flow of capital and technical know-how across national boundaries, more and more companies are discovering the advantages of such tie-ups. The Industrial Bank of Japan has been intimately associated with every major Japanese industry for 60 years and is well qualified to act as go-between in arranging attractive contracts in all lines of business. Inquiries are invited.

THE
INDUSTRIAL BANK
OF JAPAN, LTD.

Head Office: 8, 1-chome, Marunouchi, Chiyoda-ku, Tokyo. Cable Address: KOGIN TOKYO. Telex: TK 2325. New York Office: 30 Broad Street, New York 4, N.Y. Tel: HAnover 2-0657. Cable Address: KOGYOGINKO NEWYORK. Telex: NEWYORK 2420802.

THE SANWA BANK LTD. HEAD OFFICE: OSAKA

JAPAN: 185 BRANCHES
OVERSEAS: LONDON, NEW YORK
SAN FRANCISCO, TAIPEI

HENRY
ANSBACHER
AND COMPANY

117 BISHOPSGATE LONDON EC2

Telephone AVENUE 1030 *Telex* LONDON 28521

BANKERS

ACCEPTANCE CREDITS
IMPORT—EXPORT FINANCE
FOREIGN EXCHANGE
INVESTMENT

Don't take risks!

3¾%

FOR ALL **PAID-UP** SHARES

● DAILY INTEREST ● INCOME TAX PAID ●

Bingley
BUILDING SOCIETY

Established 1851

Assets exceed £38,000,000. Reserves over 5%.

Member of the Building Societies Association

Shares and Deposits in this Society are Trustee Investments

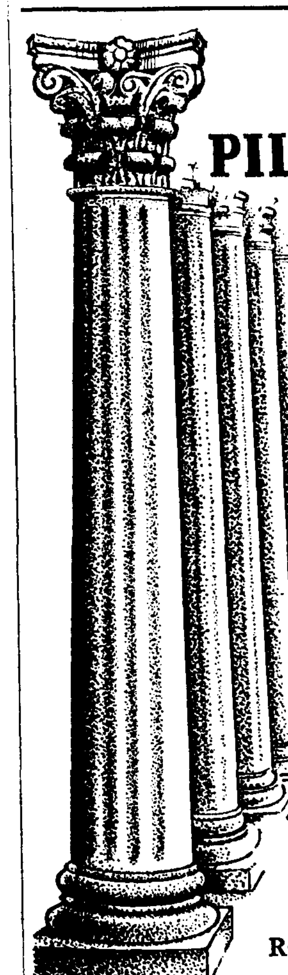
BRANCH OFFICES:		TELS.:
LONDON	10b Hanover Sq., W.1.	MAY 3807/8
MANCHESTER	44 John Dalton Street.	Dea 2385/6
LIVERPOOL	17 Moorfields.	Cen 2104

Other Branches at BIRMINGHAM . BRADFORD . BRIGHTON
COCKERMOUTH . COLNE . KENDAL . LEEDS . PRESTON . WAKEFIELD

And over 150 Branches and agencies throughout the country

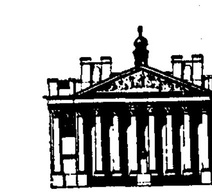
HEAD OFFICE: Bingley, 14, Yorkshire. Tel: 4411 (5 lines)

General Manager: R. T. GARDNER, F.B.S.



PILLAR OF STRENGTH

The Royal Exchange Assurance has for nearly two and a half centuries provided policies for every form of insurance requirement for the home or business life.



Royal Exchange
ASSURANCE

Incorporated by Royal Charter in 1720
Head Office:
ROYAL EXCHANGE, LONDON, E.C.3

Branches and Agencies throughout the United Kingdom & Overseas

Accidents do Happen!

AND not only to the other fellow. Life is full of hazards. Most Accidents happen about the home—burns—scalds—cuts—electrical shocks. Some may entail disablement.

Have YOU thought what the financial consequence would be to you and your family?

Insurance is inexpensive—ask us for details.

ROYAL INSURANCE COMPANY LIMITED

Head Offices:

1 North John Street LIVERPOOL 2 | **24/28 Lombard Street LONDON E.C.3**

Branches & Agencies Countrywide

Canada

New trade connections

For assistance in arranging desirable new trade connections in Canada call on our Commercial-Industrial Development Department.

LONDON OFFICES:

6 Lothbury, E.C.2 • 2 Cockspur Street, S.W.1

THE ROYAL BANK OF CANADA

Incorporated with limited liability in Canada in 1869

ASSETS EXCEED $4,500,000,000

Over 1,000 branches in Canada, the Caribbean area and South America

COME TO THE LEIPZIG FAIR

The centre of expanding East-West Trade. This time—6,500 Exhibitors of Consumer Goods, from 45 Countries! Special flights by KLM. Through bookings by LOT Polish Airlines. Free Fair Visas. Your accommodation can now be reserved from London. **All the details you want from LEIPZIG FAIR AGENCY, Department E.1., 39 St. James's Place, London, S.W.1.**

SEPT 2-9

ABSTRACT CALLIGRAPHIC RENDITION OF MT. FUJI

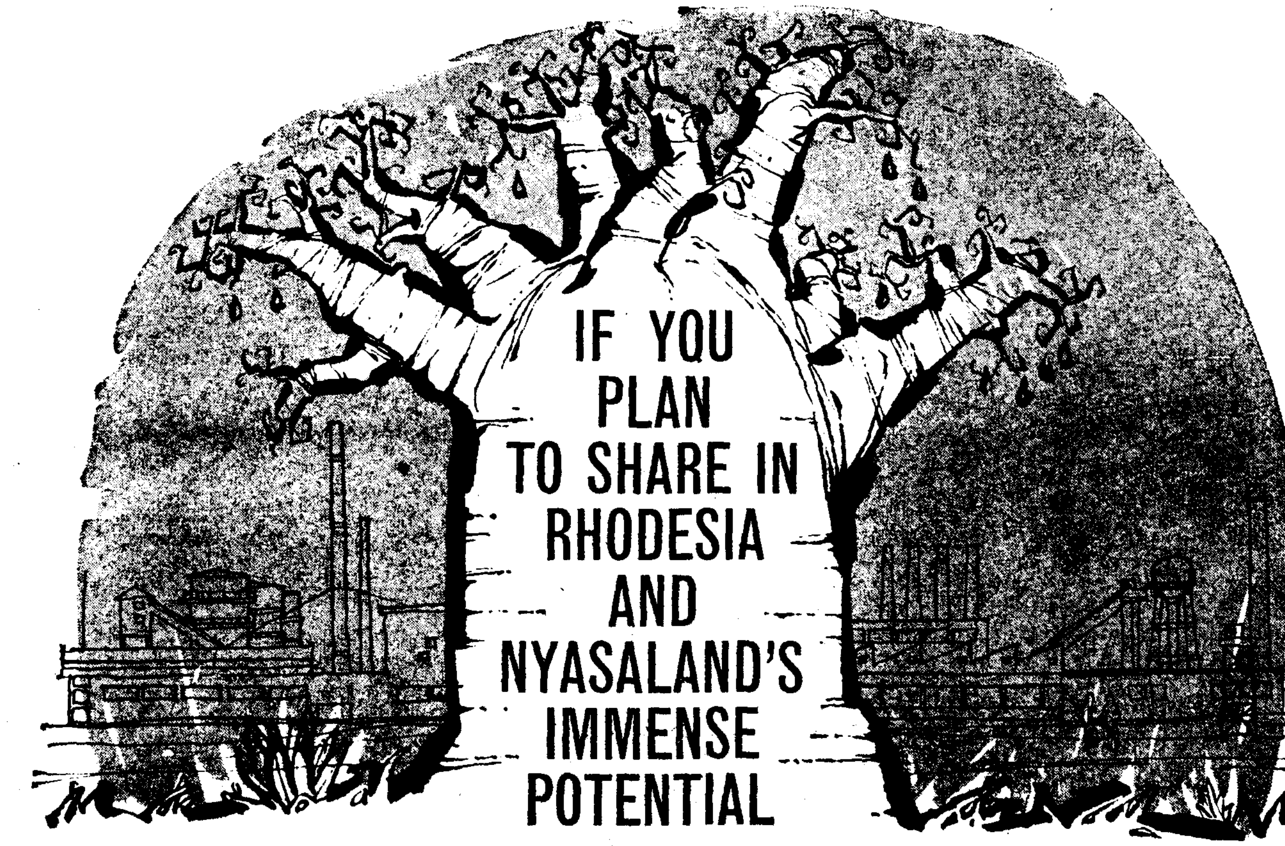
THE BIGGEST BANK IN JAPAN BRINGS YOU FAST, EFFICIENT, WORLDWIDE SERVICE DIRECT FROM JAPAN'S TRADE CENTRES

188 OFFICES THROUGHOUT JAPAN

THE FUJI BANK LTD.

Head Office: Tokyo, Japan

Overseas Offices: London and New York Representative: Calcutta



IPCORN

can give you all these services!

If you intend starting a new industry in Northern or Southern Rhodesia or Nyasaland, or if you want to expand your existing plant, IPCORN (which exists to stimulate industrial growth and development) can give all these advantages.

***ADVICE** Through its excellent relations with Governments, Municipalities and major industries, IPCORN is in a unique position to give impartial advice to prospective investors (particularly from overseas) on such subjects as sites, markets, labour availability, local finance, etc. IPCORN is also able to give technical advice on production, costing, accounting, marketing, etc.

***CAPITAL** Subject to certain broad principles, IPCORN will assist in the financing of approved projects. Proposals involving equity or preference participation, fixed or variable interest loans (convertible or otherwise), the underwriting of public issues or a combination of any or all of these will be considered.

***ON THE SPOT NEGOTIATIONS** IPCORN will negotiate on your behalf with Governments, Municipalities or other parties.

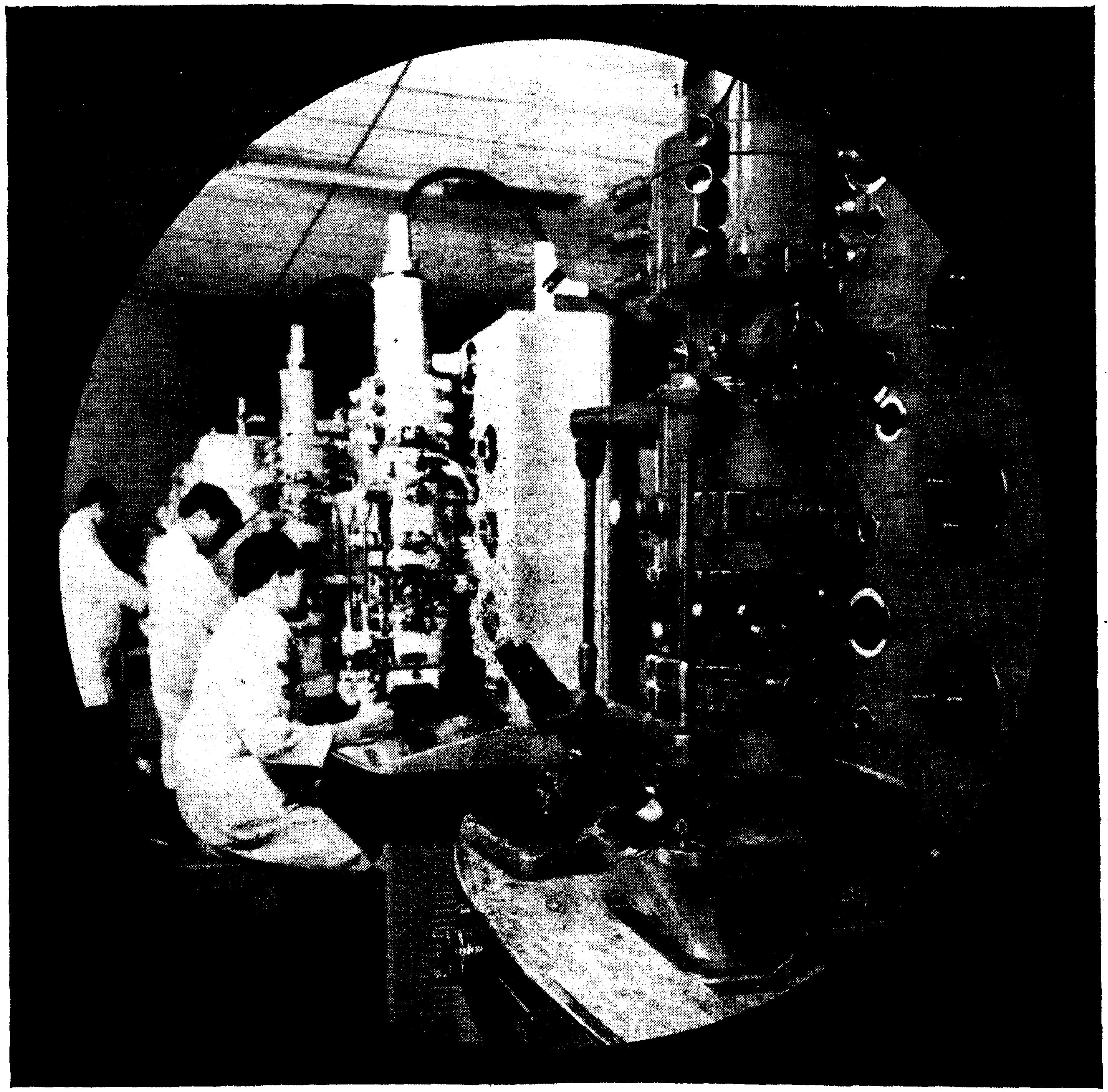
***FACTORY PREMISES** If you intend starting an industry in Rhodesia or Nyasaland, IPCORN's associated property company can buy or finance the building of a factory for you . . . to your own specifications . . . and can rent it to you on a long lease for a fair price. If you already have a factory here it can (a) buy it from you . . . thus giving you more working capital . . . and long lease it to you at a fair rental, and (b) rebuild it for you when you want to expand and modernise.

***CONTACT** A. C. Bartrum, General Manager of IPCORN at Bank Chambers 76 Jameson Avenue, P.O. Box 134, Tel. 60830, Salisbury, Southern Rhodesia.

INDUSTRIAL PROMOTION CORPORATION IPCORN OF RHODESIA AND NYASALAND LTD

Bank Chambers, 76 Jameson Avenue, Salisbury, Southern Rhodesia

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 4½d.



WHAT CAN THE MATTER BE!

This is the Hitachi Electron Microscope . . . so powerful it probes the very essence of matter. It not only magnifies to an unparalleled 300,000 times, but, through electronic x-ray, actually penetrates surfaces revealing the interior structure of materials and organisms. Already the microscope has proved an indispensable tool for hospitals, natural science and industry. The counterpart of the more advanced HU-11 model illustrated above was awarded the Grand Prix at the Brussels World Fair. This is unmistakable quality born out of the advanced research and techniques applied at the Hitachi laboratories and manufacturing plants. Similar quality can be found in the more than 10,000 products for industry and the home that bear the mark of Hitachi. Few firms anywhere can compare with the scope of Hitachi, one of the largest electrical manufacturers in the world.

A Half Century of Progress — In Industry and the Home

Hitachi, Ltd.

Tokyo Japan

Cable Address: "HITACHY" TOKYO

The Economist

AUGUST 25, 1962

FOUNDED 1843

One Shilling and Sixpence

GAZETTEER UNIT
29 AUG 1962
131
MADRAS RECORD OFFICE BUILDINGS, MADRAS

With the Compliments of the
[BRI]TISH INFORMATION SERVICES (INDIA)
[Off]ice of the United Kingdom High Commissioner
ARMENIAN STREET, MADRAS-1

DESCENDING MOUNT KENYA

DRUGS: AFTER THALIDOMIDE

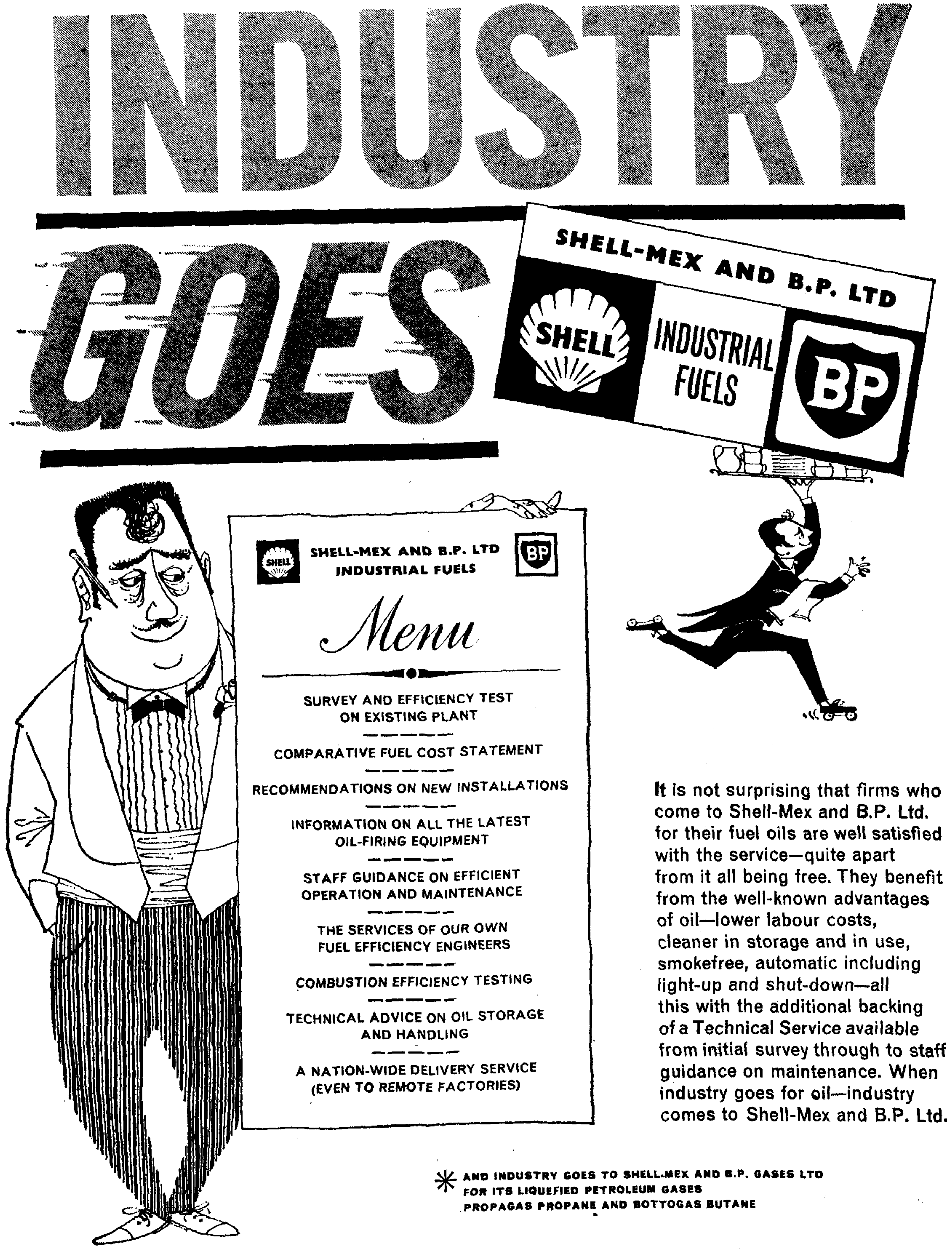
TUC: STILL IN BLINKERS

KATANGA: WORD AND DEED

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

Guide to contents : see over

THERE'S NO SERVICE CHARGE WHEN



It is not surprising that firms who come to Shell-Mex and B.P. Ltd. for their fuel oils are well satisfied with the service—quite apart from it all being free. They benefit from the well-known advantages of oil—lower labour costs, cleaner in storage and in use, smokefree, automatic including light-up and shut-down—all this with the additional backing of a Technical Service available from initial survey through to staff guidance on maintenance. When industry goes for oil—industry comes to Shell-Mex and B.P. Ltd.

* AND INDUSTRY GOES TO SHELL-MEX AND B.P. GASES LTD FOR ITS LIQUEFIED PETROLEUM GASES PROPAGAS PROPANE AND BOTTOGAS BUTANE

SHELL-MEX AND B.P. LTD, INDUSTRIAL FUELS DEPARTMENT, SHELL-MEX HOUSE, STRAND, LONDON WC2 TEMple Bar 1234
5497

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

131
30.8.62

The Economist this Week August 25, 1962

INTERNATIONAL

RESPONSIBILITIES IN AFRICA

Kenya, hastening towards independence, presents a confused pattern of tribal rivalries and potential disunity. The remaining whites have to resist the temptation to take sides (p. 671).

If lack of support from Britain cripples U Thant's proposals to push the **Congo** towards unity by economic means, the UN could be left with the grim alternatives of quitting the Congo altogether or using force (p. 674).

MOSCOW AND US

The Economist, **in Russian eyes,** is a toady of the City, its radicalism a mere mask for the defence of capitalism and imperialism by more subtle means than usual (p. 675).

In **Hungary,** Stalinists are in disgrace (p. 681); in **Rumania** Mr Gheorgiu-Dej has hung on to power through Stalinism and Krushchevism alike (p. 707).

Economic crisis has reconverted the **Chinese** leaders to birth control (p. 705).

US AND NEIGHBOURS

President Kennedy's endorsement of the **Mexican** revolution of 1910 has helped Washington's relations with its southern neighbour (p. 706); but when **Latin Americans** gather together resentment against the United States is a recurrent theme (p. 707).

The first anniversary of the **Alliance for Progress** was no occasion for celebration (p. 696).

Negroes in the United States are becoming increasingly impatient at the token integration with which southern whites are trying to satisfy them (p. 695).

President Kennedy's non-political trip to the West launched this year's political campaign (p. 696). Contrary to many people's expectations his brother is making an excellent **Attorney General** (p. 699).

The filibuster against the **communications satellite** Bill may not have been entirely inexcusable (p. 698).

Spending on **highways** provides a way of speeding up the economy (p. 698).

THE BERLIN BRINK

The withdrawal of the Russian commandant from **east Berlin** gives the east Germans more authority than ever (p. 677).

Refugees who scale the **Berlin wall** should be given medical but not military assistance (p. 677).

An outbreak of banditry in southern **France** has been followed by a fourth unsuccessful attempt to assassinate President de Gaulle (p. 677).

ARAB ANTAGONISMS

Merging **Aden** with the Federation of South Arabia will not shield it from the wind of nationalism (p. 679).

Iraqi bombardment of Kurdish villages in **Turkey** has been resisted by the Turks, but the Kurds' itch for autonomy could threaten Turkey too (p. 680).

In **Saudi Arabia** a princely reformer has lost his passport (p. 679).

TROUBLED WATERS

Sardinian fishermen are tussling with feudal landlords for the right to fish (p. 704).

HOME

CONGENITAL MYOPIA

The TUC, under Mr Woodcock's leadership, has produced some welcome new thinking on matters outside its control: but, in those matters for which it is responsible, no progress has been made. The consequences of this refusal to face reality could be as bad for trade unionism as it is for Britain (p. 673).

The Scots have worked themselves into an excusably worried state over the decline of their country's prosperity, for which Whitehall has so far produced no satisfactory answer (p. 691).

Stevenage New Town has been shocked by the loss of 2,000 jobs after **Blue Water's abandonment**—perhaps into a less hostile view of its own expansion (p. 692).

Behind some careful hedging—including its own plan for temperate agriculture—the **National Farmers' Union** has dug a last ditch of restrictionist opposition to the common market: this should cut no ice with the Government; and it may not impress many farmers (p. 678).

This year's radio show is characterised by the pathetic optimism of manufacturers (p. 722).

RESTRICTED DIET

Cartels are unpopular, and that in nitrogen, **Nitrex,** will have to step carefully if it is to avoid EEC's disapproval: it will have its job cut out, in any case, to achieve its aims (p. 712).

The accession of a new **Lord Chamberlain** may just conceivably mean that English playgoers will more often be allowed to be adults in their own right (p. 682).

The best solution to **Malta's** present tribulations may well be the early granting of its professed wish to be independent within the Commonwealth (p. 680).

SELF-INFLICTED WOUNDS

Attempts to prevent a recurrence of the **thalidomide disaster** may not wholly succeed; but such tragedies might be limited by a change in the present system for the approval of drugs—which is no system at all (p. 711).

Little fascist—and **anti-fascist**—sores continue to suppurate on the body politic: the salves so far applied may not be best for its health (p. 679).

Britons may well wonder whether they are as neurotic as a recent doctors' report would have them (p. 692).

HERD INSTINCT

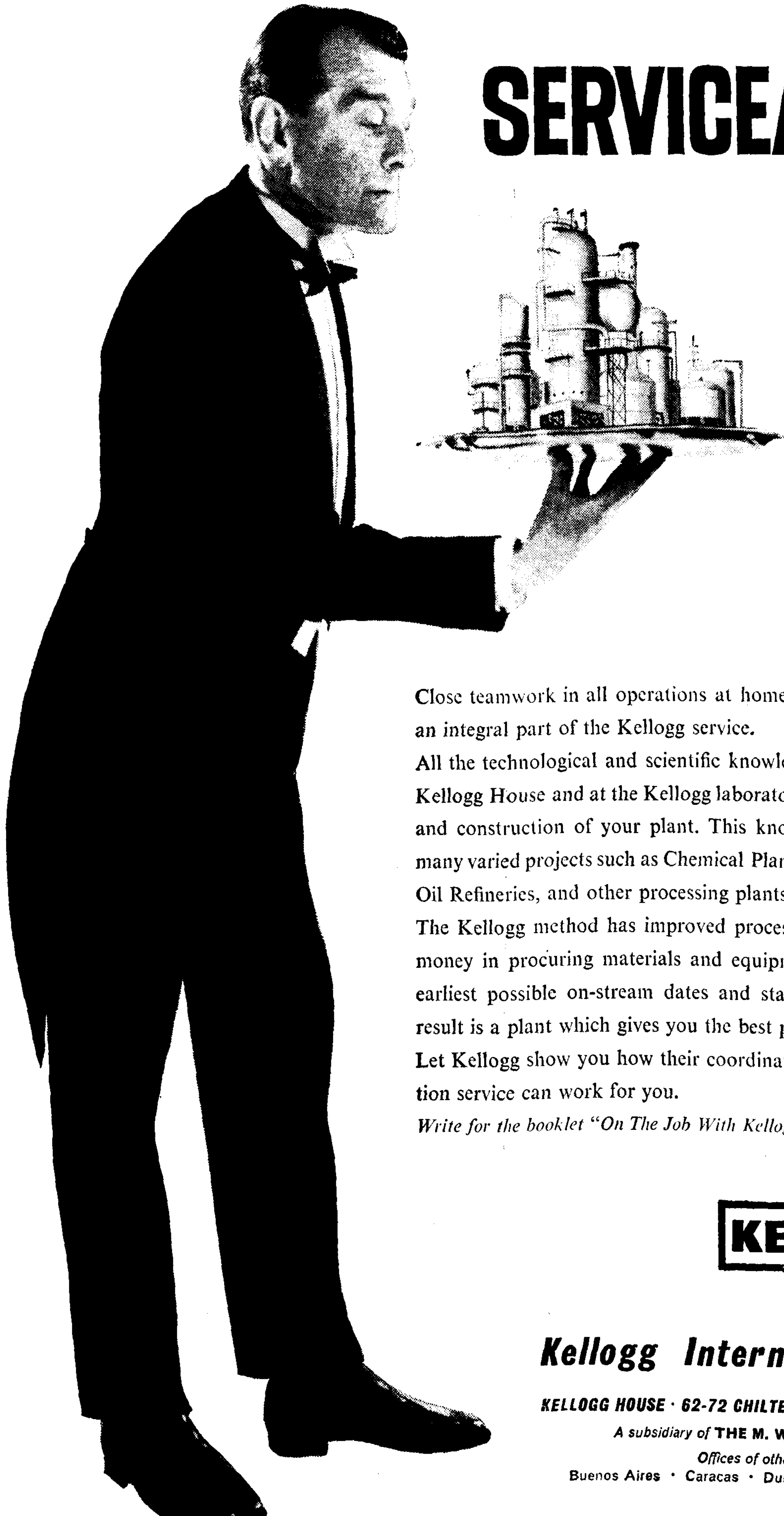
The Government has got **the army** of 165,000 it predicted for itself: but it is still not large enough, and its growth in better outside economic conditions is not assured (p. 678).

The gross overcrowding of **British prisons** has its remedies, and its palliatives, which in turn could be good for the penal system; but the problem remains a formidable one (p. 680).

London's newly-authorised Underground line from Victoria will, perhaps, relieve the morning agony of many **Londoners**; but it will not pay its way on the present fare scale (p. 717).

Detailed contents on page 671

SERVICEABILITY



Close teamwork in all operations at home and abroad, and with client staffs, is an integral part of the Kellogg service.

All the technological and scientific knowledge of the engineers and scientists at Kellogg House and at the Kellogg laboratories in America is applied to the design and construction of your plant. This knowledge has been used successfully on many varied projects such as Chemical Plants, Steel and Paper Mills, Copper and Oil Refineries, and other processing plants in all parts of the world.

The Kellogg method has improved process and plant engineering. It has saved money in procuring materials and equipment, expedited erection, achieved the earliest possible on-stream dates and stayed within pre-determined costs. The result is a plant which gives you the best possible service obtainable.

Let Kellogg show you how their coordinated engineering-procurement-construction service can work for you.

Write for the booklet "On The Job With Kellogg International Corporation".

M KELLOGG W

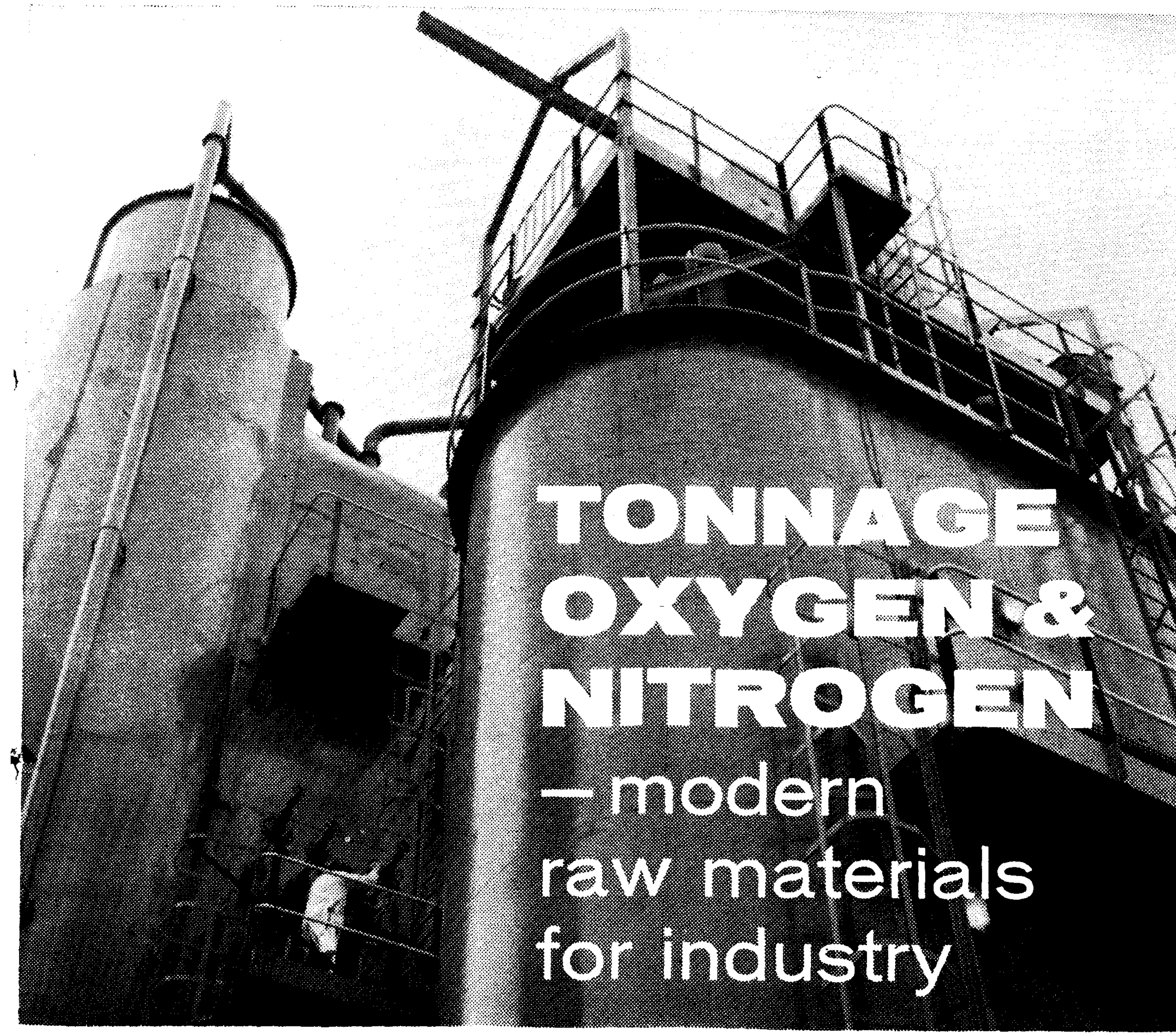
Kellogg International Corporation

KELLOGG HOUSE · 62-72 CHILTERN STREET · BAKER STREET · LONDON W.1

A subsidiary of **THE M. W. KELLOGG COMPANY** NEW YORK

Offices of other Kellogg Companies are in

Buenos Aires · Caracas · Dusseldorf · Paris · Rio de Janeiro · Toronto



Tonnage Oxygen for iron and steelmaking—soon to exceed 4,000 tons per day in the U.K. alone. Tonnage Oxygen for gasification of oil and coal. Tonnage Oxygen and Nitrogen for the chemical industry. BOC have years of experience in designing and constructing large scale plant to produce these modern raw materials for industry at home and overseas.

BOC also supply all types of ancillary equipment such as gas and liquid storage systems, gas purification systems, pumps, vaporisers and compressors.

BOC's experience in industrial gases and in all cryogenic engineering applications is at the service of industry. This service starts with pre-sales consultation, continues through all stages of design, construction and commissioning to after-sales service and facilities for customer staff training in the operation and maintenance of these plants.

TONNAGE PLANT INSTALLATIONS AND SUPPLY SCHEMES

BOC supply schemes and plant installations in operation and under construction include:

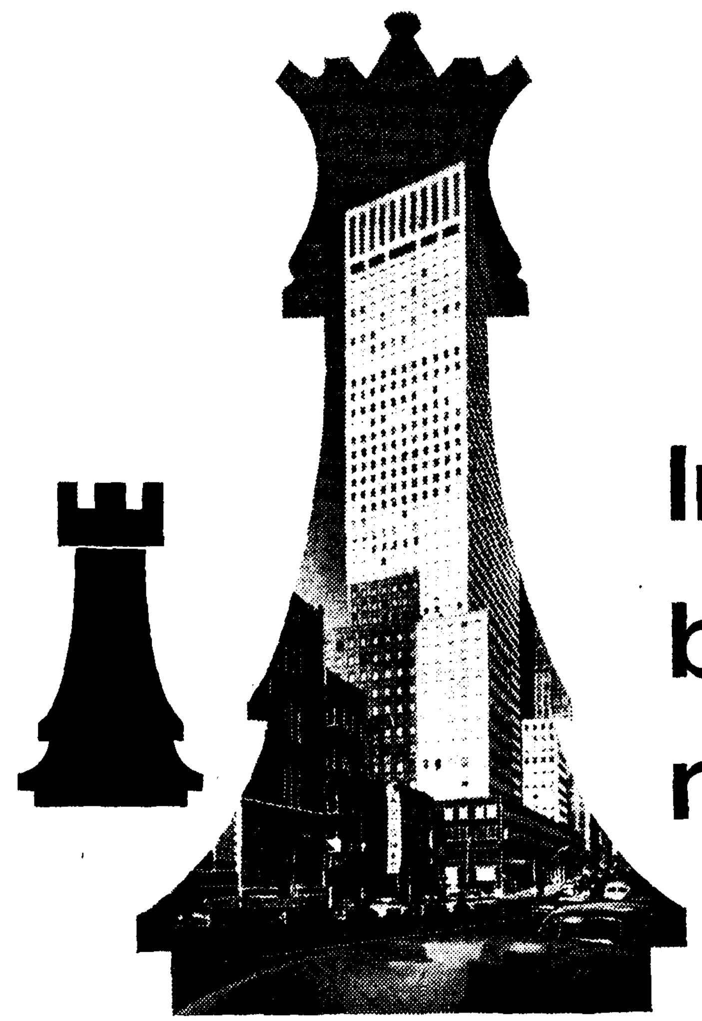
Appleby-Frodingham Scunthorpe
Colvilles Motherwell
Consett Iron Consett
Dorman Long *Middlesbrough*
English Steel Sheffield
Lancashire Steel Irlam
Lysaght's Scunthorpe Works *Scunthorpe*
Park Gate Iron and Steel Rotherham
Richard Thomas and Baldwins Newport, Scunthorpe **and Ebbw Vale**
South Durham Steel and Iron *West Hartlepool and* ***Middlesbrough***
Steel Company of Wales Margam and Port Talbot
Steel Peech and Tozer Sheffield
Stewarts and Lloyds Corby
Imperial Chemical Industries Wilton and Billingham
Scottish Gas Board Westfield, Scotland
Australian Iron and Steel Port Kembla, Australia
East India Distillers Madras, India
Fertilizers and Chemicals Travancore, India
Hindustan Steel Durgapur and Rourkela, India
Tata Iron and Steel Jamshedpur, India

TONNAGE OXYGEN AND NITROGEN FROM

BRITISH OXYGEN

THE BRITISH OXYGEN COMPANY LIMITED **HAMMERSMITH HOUSE** LONDON W6

BOC 49



In a brilliant move...

YOU CAN JET TO ANY OF THESE NORTH AMERICAN CITIES!

NEW YORK	WASHINGTON	DETROIT	BALTIMORE	CHICAGO
BOSTON	LOS ANGELES	SAN FRANCISCO	MONTREAL	TORONTO
HALIFAX	EDMONTON	WINNIPEG	VANCOUVER	MIAMI

A tale of 15 cities! New York and Montreal, of course, but thirteen other mighty cities as well, throughout the whole reach of the North American Continent. So many flights to choose from—there's bound to be one to suit your timing. Choice of planes too! Rolls-Royce 707, DC8 or economical Jet-Prop Britannia. It makes good sense to book BOAC. Contact your BOAC Appointed Travel Agent.

ALL OVER THE WORLD

B·O·A·C

TAKES GOOD CARE OF YOU

BRITISH OVERSEAS AIRWAYS CORPORATION AND CUNARD IN ASSOCIATION WITH AIR-INDIA TCA QANTAS AND CUNARD EAGLE

The Economist

AUGUST 25, 1962

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air **see page 730.**

VOLUME CCIV · NUMBER 6209

Descending Mount Kenya

CLIMBING a mountain does not make it disappear, but it does become easier to see how big the mountain is ; how precipitous its drops ; how rocky its slopes. Less than three years ago the British Government, returned to power with a majority large enough for courage, initiated an assault on the Everest of all colonial entanglements—white-settled east and central Africa. The major constitutional peaks have since been conquered, but a safe return to a Britain free of colonial responsibilities is still a hair-raising and immeasurable time away. In Kenya independence is unlikely to mean the immediate and complete disentanglement so earnestly desired by both the Kenya Africans and the British Government. Unlike the west African countries, Kenya will go into independence without financial reserves, without a second generation of educated Africans, without much hope of regularly balancing its budget. It will be controlled (if that is the word) by a highly unstable government charged with the task of keeping the peace between hostile tribes. About 60,000 white people from Britain are likely to be caught in this trap and may need to be rescued.

The sad fact is that this is where the "wind of change" takes us. There is no doubt that the policy known by that name was right. It was, indeed, above all a recognition of the inevitable ; and there are some countries (Uganda, Nyasaland, perhaps Tanganyika) where the results may even prove happy. To relinquish power is not, however, to get free of all responsibility. The casualties must be taken care of, and everyone in Kenya, black and white, is in danger of becoming in some way a casualty of the process of historical change. This could hardly have been foreseen by Mr Macleod, who, appointed Colonial Secretary in October, 1959, bravely saw his job as the unpleasant one of dishing the whites and putting his territories on the short road to black political power. There was no other course.

The wise descent, down slopes that inspire just as much fear in spite of being more clearly visible, requires equal boldness. It is true that many of Kenya's present ills could be cured if its African politicians were wiser, less ambitious men. But, whatever the extent of African folly, it would help if white Kenyans no less than expatriate civil servants and Colonial Office officials resisted the temptation to take sides and to keep the Africans divided.

The trouble is that the whites in Kenya, official and unofficial, are a divisive force. The reason is not hard to find. They have not only been forced to submit to the uncertain political authority of their former servants ; they have also had to live through the Mau Mau rebellion. If Africans reply that things were hard for them when the whites were on top, this does not make the present situation of white Kenyans any more enviable. The argument is circular: if too many white Kenyans leave Kenya the economy may be so hard hit that life will be made even more harsh for black Kenyans.

Armed with this knowledge, and driven by an almost pathological dislike of the Kikuyu (the Mau Mau tribe), many administrators and white farmers hope (and sometimes work) for the political isolation of the Kikuyu. This is the privately avowed object, too, of the more backward pastoralist tribes that make up the bulk of the support of the Kenya African Democratic Union (Kadu) ; and it is often the sullen wish of leaders of dissident tribes within the majority Kenya African National Union (Kanu).

The Kikuyu themselves do not help. Many of their most modern and antitribalist-minded men still rub it in that politics in Kenya began with the Kikuyu ; that their tribe is the most advanced of them all ; and that the largest proportion of Kenya's best African brains are Kikuyu. And the core of Kenya's political problems, as some people see it, is the natural hunger for land that was aroused in the Kikuyu when they first became conscious that they were surrounded in the middle of southern Kenya by a wealthy white settlement.

Yet there is no single core to Kenya's political problems ; the divisions are more than simply tribal. In the elections of February, 1961, Kadu's rural tribes gave it little more than 16 per cent of the common roll (mainly African) votes ; Kanu won 67 per cent of these votes. Kadu argues that many of its supporters were too isolated in the bush to come and register or vote. But however this may be, the division of interest between these two parties tends to grow into a division of outlook. Kadu represents a gathering of the weaker, more backward clans operating in self-defence under a more or less corporate leadership. Its policy of " majimbo " (regionalism) is an attempt to win entrenched protection from a future central government that it fears may be dominated by authoritarian Kikuyu politicians.

The unfortunate result of this policy, however, has been to spotlight the attractions of locally-based political power before every twopenny leader in Kenya: indeed, Kanu itself is suffering the strains of this attraction. The Luo within Kanu are divided between those who are happy about working with the Kikuyu and those who are not—and white administrators cheerfully point out that the Luo-Kikuyu political alliance always seemed an unnatural thing, in view of long-standing tribal divisions. The Kamba tribe, whose members make up a fifth of Kenya's police force and a third of its three battalions of King's African Rifles, is willing to support Kanu, but some of its members would prefer to be dissociated from the Kikuyu within the party.

OFFICIAL Kanu policy dictates the orthodox pan-African solution of a unitary state designed to crusade against tribalism with the heavy weapons of one strong party and leader. But the actual structure of Kanu is a gathering of local political bosses all surprisingly unwilling to accept the supreme authority of Mr Jomo Kenyatta. This is not only because Mr Kenyatta is old and must one day be replaced ; it is also because he himself is finding it difficult to choose between personalities within his party.

The Kenya whites—and the British Government—have no such difficulty. To them Kanu is divided between a " nasty " left wing led by Mr Oginga Odinga and Mr Paul Ngei, and a " nice " right wing led by Mr Tom Mboya and Mr James Gichuru. Yet this is too simple. Mr Mboya, who has made the fateful leap from revolutionary to cautious, constructive minister, is handicapped in African eyes by seeming too tied up with the Americans ; Messrs Odinga and Ngei, comfortably free of ministerial responsibility, seem to win more crowd appeal with cries against the whites and for higher wages and more land. It will be dangerous for both the whites and Mr Mboya if their present flirtation continues.

But Mr Mboya is right when he says that the best long-term answer to the present wave of political thuggery in some parts of Kenya is to provide jobs: unemployment is another

The uncompromising stand of the deep South can be seen in the fact that not a single school district in Alabama, South Carolina or Mississippi has tried even token integration and only one district in Georgia (Atlanta) and one in Louisiana (New Orleans) have hesitantly admitted a few Negro students to previously all-white schools. But at present the dramatic symbol of resistance in the deep South is to be found in Albany, Georgia, a community of some 56,000 persons, including 23,000 Negroes. Albany's dominant white majority refuses resolutely to budge an inch to lessen the segregation of all public facilities, ranging from drinking fountains to courtrooms. Last year this uncompromising attitude brought into existence the militant but non-violent Albany Movement. Its leaders, Dr King and other Negro clergymen, keep asking the all-white City Commission to discuss the Negroes' grievances ; when this demand is rejected they sponsor mass demonstrations in the street. More than 1,000 of the demonstrators have been arrested since last December.

A negotiating position on these lines ought still to succeed. On a scrutiny of the negotiations to date, the outline agreement still looks attainable this autumn. There is no certainty of it ; but we have to do our best, and in a manner that allows no doubt to arise about the British interest in promoting, and the British will to enter into, the European union. If Britain sticks firmly to this course of action, it is probably unrealistic to think of an abrupt, decisive failure. More probable would be a doldrums period, with postponements, fresh starts, and intervals when the countries concerned eyed each other and weighed up each other's intentions. Even a failure, if honestly arrived at in spite of a sincere will to succeed, would leave Britain in a far from hopeless relationship with the other five common market countries, with France, with the United States, and for that matter with itself. The Commonwealth countries would not find that the failure served their interests, but they would have to respect the reasons for it.

None of this would kill the impulse to a large united Europe. The logic that has pushed Britain into the Brussels negotiations, and has obliged the continental partners to listen, would remain obvious and would lose none of its force. Time, tolerance and patience would be needed until the yeast worked again and the moment returned. Unfortunate the loss of time would be ; despondency would not be necessary.

In the same way, residents of Blackheath have been battering at London County Council, which proposes to run an urban motorway linking M2, the Kentish trunk motorway, with central London along the line of the railway which already cuts alongside their chief pleasance, the heath itself. To all appearance, this extension is expressly designed, not to relieve congestion, but to build it up at the existing bottleneck at the Marquis of Granby. Again the local protest has been directed to shifting the road somewhere else, or its burial under the heath, or its embedding in a deep cutting: everyone seems to accept the motorway as necessary in principle.

The central problem is one of planning and of public relations: and the second follows the first. Unless there is a coherent official argument, based on traffic priorities, and a public comprehension of London's road policy as a purposeful whole, householders are always going to jib, and keep on jibbing, at schemes (particularly " temporary " schemes like the Highgate one that could last indefinitely) that crop up on their own doorsteps. Why shouldn't any scheme be landed on the people in the next street ? Piecemeal relief which has proliferated, particularly in London, over the

Still in Blinkers

The general council's report and the published agenda for the Trades Union Congress in ten days' time are mostly a disheartening record of opportunities missed

THE annual report of the general council of the Trades Union Congress shows the limits of the progress which that body has made during the two years of Mr George Woodcock's general secretaryship. On all subjects where the TUC's opinion is valuable to have but does not decide the matter—for example, on budgetary policy, on education and on relations with Europe—there has been a clear advance. On all such questions, the general council's pronouncements to the Government and memoranda of evidence to royal commissions are more closely reasoned, more interesting to read and certainly more articulate than ever before. This is the advantage of having as the TUC's chief bureaucrat an intelligent and modern-minded man. But on all matters where the general council might be required to give a lead to its own union colleagues, instead of merely advising outsiders, the picture is much bleaker ; the sad truth is that members of the general council are still running away from all the real problems of leadership that could in any way be temporarily embarrassing to them.

This charge of evasion of responsibility does not derive merely, or even mainly, from the general council's attitude towards the proposed National Incomes Commission. The reasons which trade union leaders are adducing for their hostility to Nic are certainly pretty odd. It is hardly a brilliant excuse for boycott to exclaim that one is apprehensive that Nic may become " a device for discrediting the trade union movement before public opinion " (though this will happen if the trade unions go on being an autonomous force pushing the country into cost inflation), or that one is acting out of pique that there was no " prior consultation " before the new policy was announced (which, in plain fact, there was). But, maladroit though some of these protestations are, there was never really any possibility that the TUC would actually welcome Nic ; indeed one would be apprehensive about the body Nic might be if, after consultation with Mr Maudling, the TUC had said that it could heartily welcome it.

The most that one could have hoped for—and should have hoped for—was that the labour leaders should adopt an attitude to Nic something like that which business monopolies take up towards investigation by the Monopolies Commission: grudging readiness to argue both before and after specific recommendations have been published, to modify those practices and claims which they know they will not really be able to justify in the final argument, but not to give any prior commitment to accept Nic's judgment as necessarily the last word. In any case, the ultimate word—whether or not to try to call a strike against any award that was deemed to be unsatisfactory—would have to lie with individual trade union leaders. The right position for the general council to have sought would have been on the fence between Nic and any trade union leaders that were congenitally likely to strike. It would then be able to lean its influence now one way (as it did against extension of Mr Cousins's bus strike in 1958), and in other cases (with greater effect) the other way when it felt that the case for battle was made out. By shouting so shrilly against the umpire before he has even appeared at the wicket, Mr Woodcock has cast away an opportunity to exercise prudent future leadership from Congress House.

THIS forfeiture is the more serious because in the two years since his succession as general secretary was formally announced, Mr Woodcock has simultaneously failed to confront the trade union movement with the two big problems that have long lain before it: first, the improvement of its relations with the community as a whole, and secondly, the overhaul of relations between trade union leaders and their own members. At one time, Mr Gaitskell, for one, was plainly hoping that a determined new broom from Mr Woodcock would help to dispel the fusty public odour pervading so many aspects of trade union affairs—one of the Labour party's worst political handicaps. The big need here has been to give the trade union movement an organisation at the centre that looks capable of doing some thinking and showing some feeling about industrial affairs. Sometimes all that has been required has been a readiness by somebody at the centre either to explain or publicly to castigate individual *sottises* committed down the line. Labour leaders should never underestimate the damage that is done to their cause when the newspapers are filled with stories (as has happened this week) of an elderly children's playground attendant in Essex being hounded out of his job because he refuses to sign up for some union, or of other acts of petty persecution, while official trade unionism passes blinkered on the other side, like the Levite. More generally, however, what is needed is a more constant sign that union leaders are at last ready to start thinking about the awkward problems of the new age. At present the motto seems to be: " Don't just stand there talking. Do nothing."

A classic example of the TUC following this bad advice appears in this week's annual report from its general council. By any odds, the most dramatic trade union event of the past year was the fact that 3 million workers in the engineering industry—more than one-third of the TUC's total membership—were asked by their leaders to authorise strike action last winter, and then showed overwhelmingly by secret ballot that they had no wish to do so. This vote provided convincing refutation of the myth that moderate trade union leaders have to fight a constant battle to hold back their militant rank and file. In fact, although most trade union leaders are more moderate than their trade union nco's, they are more combative and more old-fashioned than most of their ordinary members in modern industries—and it is plain that many recent strikes have been fought with a majority of grudging conscripts rather than by eager and militant volunteers.

One can argue interminably what changes should flow from this realisation ; for example, whether or not it should impose a moral obligation on all unions to require a secret ballot of their members before compelling them into strike action in future; whether indeed the law should require a secret ballot in this way. Certainly, to write a report on trade union affairs in 1961-62 without discussing the implications of this engineering vote is like writing a history of the Second World War without mentioning the German invasion of Russia.

It may be said that the trade union movement is not the only body in Britain which prefers to shut its eyes to the changing times; the fact remains that it is by far the worst case. Two years ago there seemed to be hope that the accession of an energetic new general secretary might begin to spark off that reform; is it already true that Mr Woodcock is not going to provide that main motive force himself? If so, the medium and long term consequences for British politics and industrial legislation could be profound. If the Tories manage to secure economic recovery before the end of this Parliament, then Labour's connection with this rooted trade union movement will again count heavily against it at the next election. If the Tories do not recover and Labour comes to office, then the next Labour government will find the TUC in its present state a most embarrassing ally for a progressive administration; indeed the probability is that Labour when next in office will gradually find it necessary to free itself from excessive influence by the big trade unions, in much the same way as Tory governments in the 1950s gradually and successfully shook themselves free from their old sort of influence from big business. Should a Labour government fail to shake free, the Tories while in opposition will almost certainly become such shriller critics of present-day union leadership than they have found it prudent to be while in office; it seems more than conceivable that any Tory government returning to power in, say, 1968, after having been in opposition since, say, 1964 might bring back with it a policy pledged to submit British trade unionism to legislative reform—at least for the safeguarding of individuals' rights, the examination of restrictive labour practices, and the limitation of the special privileges conferred by the Trade Union Act of 1906 to unions which operate under certain model rules.

In the long term, such legislative reform would be no bad thing. Obviously, however, sensible union leaders today would take action before the country is forced into it. There is one way in which they could make a start at the congress in Blackpool Opera House in ten days' time. The first three motions down for debate at that congress—tabled by the post office workers, public employees and chemical workers—talk of the need for some inquiry into the possibility of changing the "out-dated structure of British trade unionism." It may be doubted whether the sponsoring unions have any really clear idea of what their own notions should mean. But if the general council were wise, it would say that it proposes to set up a committee to study this wide question and to publish a report. The best sort of committee would be one composed not of present-day members of the council, but of major trade union leaders who have recently retired from active duty, plus picked men and women from other branches of the labour movement; the nearest analogy would be the Gaitskell committee on the Co-operative Movement a few years ago, whose forward-looking report caused grave dissent among the Co-ops but has served to start to revive the Co-ops' desperately drooping fortunes where and when it has been put into effect. Any such report on trade unionism would almost certainly recommend that more power to guide the whole movement should be given to a central and strengthened general council. Is there any hope that the present general council might decide to ask some such committee to start playing Pygmalion in building a new constitution for British trade unionism? Unfortunately, on current trends, the answer seems to be a quotation from Pygmalion itself.

Katanga Word and Deed

September is the Congo's now traditional time of troubles. Is British policy making trouble less likely, or more?

THE official British reaction to U Thant's latest proposals for a settlement in the Congo has taken a familiar shape. The Government has made known its "warm and full approval" of the proposals, and indicated its disapproval of the idea of putting economic pressure on Mr Tshombe's secessionist regime if it spurns them. The London view is that Mr Tshombe and his backers ought not to be even threatened with pressure; they should only be reasoned with.

For two years now this barrage of reasoning has been laid upon Elisabethville. Throughout the second year there has existed a Congo government that is recognised by all other nations, and that is as representative as any Congo government we are likely to get. The head of this government, Mr Adoula, has shown remarkable readiness to negotiate at length with the leaders of an armed rebellion that maintains its grip on his country's richest resources only with foreign help and connivance. He has also shown unpredictable staying power; but it is doubtful how much longer he can hold on if the Katanga secession continues. And there is as yet no sign that it will be ended merely by the reasoning that has been brought to bear on the secessionists by the UN, by some member governments, and even, we are assured, by Sir Roy Welensky.

Mr Tshombe takes more account of deeds than of words. British and Rhodesian ministers and officials tell him he cannot hold out; but, to put it no higher, nothing they do is calculated to ease him out. Nor are the logistics much help. UN attempts to restrict his external communications cannot close the connection with the Rhodesian frontier. The British-controlled Benguela Railway still carries to the sea most of the mineral exports on which he collects the dues. UN plans for a boycott of Katanga copper would flop if Britain would not join in and might not succeed even if it did. Each time the use of force against Mr Tshombe's regime is mooted, he can count on vigorous British diplomatic moves to discourage it, and probably on the arrival of Rhodesian reinforcements at the frontier.

He is now reported (gratefully trading deeds for deeds?) to have provided financial aid for political groups working against the African nationalist parties in the Rhodesias and Nyasaland, as well as providing quasi-military training for

supporters of one such group. These extra-mural activities illustrate the singular power that the Tshombists' grip on the Katanga revenues gives them; is it likely that reason, unsupported by the leverage of self-interest, will bring them to relinquish such power and wealth after two habit-forming years?

U Thant has not yet formally forwarded his new proposals to Mr Tshombe, or revealed just how long he will wait, failing acceptance, before asking for a boycott of Katanga minerals. But already Mr Tshombe has offered a characteristic counter-proposal: an invitation to discuss transferring to the Congo government such of his funds as are "not indispensable to the functioning of our administration and our economy." (Would his private accounts in Geneva, still regularly replenished by the Union Minière, and the funds so lavishly deployed along Madison Avenue be "indispensable"?) This invitation to a long safari through the jungle of Elisabethville's political account-books has been coolly received in New York. U Thant had already remarked that "the delays and evasive tactics which have been so artfully deployed by Mr Tshombe are dangerous and cannot be indefinitely tolerated either by the UN or by the central government."

The secretary-general's statement on Monday went on to give warning that if the secession were not quickly ended, the UN might soon have to choose between quitting the Congo or authorising "all necessary measures" (that is, force) to deal with the secessionists. That is indeed the looming choice. It may be impossible to reason Mr Tshombe into accepting the fact that he cannot carry on any longer like this; but it is only too clear to the UN that it cannot. There may be grave doubt whether economic pressures can be made to work against Mr Tshombe. But they are the only means by which the UN may escape the awful choice between using military force and chucking the Congo back into chaos.

As Another Sees Us

In the July 1962 issue of the journal of the Institute of World Economy and International Relations in Moscow, an article of some 3,000 words, with an introductory note, commented on the foreign policy content of *The Economist* in the first four months of this year. Some extracts follow

Introductory Note

Karl Marx described *The Economist* as the most sensible, reasonable and moderate organ of the English industrial bourgeois.... Today, as of old, the journal declares an attachment to radical ideas, but now this serves as a cover for this City mouthpiece's perpetual fear of the present and, still more, of the future....

The Economist very clearly reflects that school of thought in the English ruling class that aims at a more or less painless adjustment to the new times, an adjustment that must enable the English finance bourgeoisie in some changed form to harvest, as before, the rich fruit of power over the peoples at home and abroad. But the emphasis is precisely on the problem of . . . achieving the former imperialist aims by some other means. . . .

Among the direct owners of the journal . . . are the City banking magnates Cadbury, Layton, Rothschild, Schroeder, Brand and others. The representatives of finance capital, understandably, try to hide their leading role in determining the government's policy. . . . Organs like *The Economist* provide a channel . . . invisible to the naked eye. . . . *The Economist* always acts as the Government's "friendly adviser," sometimes addressing criticism to it, indicating that it ought to do "the same thing, but better."

The Economist (January-April 1962) on England's present foreign policy

BY VIKENTI MATVEYEV, COMMENTATOR OF "IZVESTIA"

The fate of the last English colonies

. . . The journal criticises the Foreign Secretary's speech of December 28, 1961, in which he posed the question of "reform of the United Nations" and came down heavily on UN members that had condemned colonialism. It comments that Home's yearning for the past, when England ruled the seas, will not ward off what is now occurring, and may further weaken the "non-communist world." . . . The journal thinks it useless to try to defend English privileges in Rhodesia in unchanged forms. . . . At the same time it takes up Home's formula (*sic*) about UN reform—it suggests seeking decisions in the UN that would "secure the peaceful transformation of obviously explosive situations." It indicates that Dag Hammarskjöld's mind worked in that direction. But what it has in mind is not made clear. Hints and half-hints, Aesopian language, circumlocutions—all this is beloved by *The Economist*, *The Times* and their fellows. . . . Clearly, this is one variation on its general line—to win by diplomacy and manœuvre what English imperialism cannot now win by force. . . . *The Economist* is not worried about the interests of "African nationalism," but about those of the white (in this case, English) "masters" . . .

In an article on January 20th, headed "How to Use the UN," the journal, unashamed of its cynicism, urges the Government "not to deny national interests, but to try to harness them for profit." . . . Just in this direction run the thoughts of the strategists of English imperialism. . . .

[The sentence purportedly quoted actually read: "The whole UN experiment makes much more sense as an attempt, not to deny the reality of national interests, but to harness the force of these as much as possible for common ends."]

On January 13th it published an article, "A Message for Sir Roy" (Welensky)—the racist ruler of the Federation of Rhodesia and Nyasaland. . . . It wrote:

> "The Government must find the courage to give a liberal constitution to Northern Rhodesia and, as civilly as possible, to make plain to Sir Roy that his assistance in the international sphere is no longer required. It is sad, even tragic, but any other way might be disastrous."

The journal's call for Welensky's resignation (*sic*), dictated, as is quite clear, by a wish to preserve England's imperialist position in Africa under another sign, aroused angry comments from " ultra "-conservatives . . . in the form of letters from members of the English administration in Rhodesia and from prominent Tories in England itself. How did *The Economist* react ? For some time it did not recur to the Rhodesian question, thinking it best not to prolong the polemics. . . .

[Rhodesia was the subject of articles or notes in the issues of January 27th, February 3rd, 10th and 17th, March 3rd, 10th, 17th and 24th, April 7th, 21st and 28th.]

. . . On April 14th, *The Economist* concluded that, even after granting Kenya independence, England could keep it under the invisible boots of its economic domination. . . .

[The article, in fact, pleaded Kenya's right to continued economic aid after independence.]

England and Europe

. . . The journal is one of the loudest mouthpieces in the campaign, conducted in the British Isles by influential finance-capital groups with support from across the ocean, for England's entry into the common market. . . . It soothed its readers even when unmistakable warnings came from across the Channel. . . . After Adenauer's interview with *Le Monde*, in which he made clear that the British Commonwealth could not be maintained in its present form after England entered the market . . . an article on March 31st recommended that no alarm should be shown over this, as the preference system would need to be reconsidered in any case. In other words, *The Economist* showed a spirit of capitulation, resurrecting a tradition of 30 years earlier, when certain British press organs called for agreement at any price with the fascist aggressors. . . .

The Economist

AUGUST 23, 1862.

HOW BREAD IS MADE

The journeymen bakers, though little known to the public, comprise as a class a very large and, in many respects, important body of men. In 1851 there were in London 13,762, in Great Britain 50,360 bakers, including the minor class of confectioners. Their number now in London may be estimated as considerably over 14,000, and of these upwards of 2,000 are under the age of eighteen. . . . The work of a London journeyman baker begins, as a rule, when other people go to bed, at about 11 at night. At that hour he makes the dough, a laborious process, which lasts from half to three quarters of an hour, during which time he inhales flour and carbonic acid gas proverbially deleterious to the lungs. He then lies down upon the kneading-board, which is also the covering of the trough in which the dough is " made," and sleeps for two hours. He is then engaged in rapid and continuous labour for about five hours in all the various processes of the baking trade. . . . When the baking business is over, distribution begins, and a considerable proportion of the journeymen in the trade, after working hard in the manner described during the night, are upon their legs for many hours during the day, carrying baskets or wheeling hand-carts, and sometimes again in the bakehouse, leaving off work at various hours between 1 and 6 p.m., according to the existing pressure. . . . Evidence the most various and absolutely conclusive shows that very many bakehouses in London are in a shockingly filthy state, arising from imperfect sewerage and bad ventilation and neglect ; and the bread must, during the process of fermentation, get impregnated with the noxious gases surrounding it. . . . It is never desirable for the Legislature to interfere whenever a state of things is in a position likely to remedy itself. . . . But where, as in the baking trade, some of the bakehouses are in a shocking condition, and others are not, and the whole trade is divided between a host of small traders, it is impossible for the journeymen bakers to obtain isolated redress in the absence of a general rule affecting them all alike. Thus we think it fair that bakehouses should be inspected. . . . however chary in principle we must always feel of Government interference in private matters of trade.

In an article headed " Our New Frontiers " (February 24th), the editors reproached Macmillan's government for lack of initiative. . . . It said that: " Generalities that turn away awkward questions, or hide unpalatable facts, do no good, but harm." But the organ of big business itself, in assessing England's situation and its financial-economic difficulties, shows a tendency to turn away " awkward questions " and to " hide facts " . . .

England and Nato

. . . In a note called " Orphan on the Rhine " (March 24th), the journal speaks of the need for increased west German payments to support the English army in the GFR. But even English officials pose this question rather more radically now, giving it out that these forces will have to be reduced if Bonn does not give the necessary financial support. *The Economist* makes no such suggestions. On the contrary, it always stresses the need for England to buttress the North Atlantic block with all its strength. In whose name ? . . . The fact is that the City mouthpiece is more concerned about America's interests than England's. . . .

It is known that the USA has long demanded an increase of English land forces in western Europe, while persistently hinting that England should renounce its own nuclear arms. This evidently explains why *The Economist* favours concentrating English forces in western Europe. As to nuclear arms, it expresses itself in extremely rubbery formulations. In the article " Dropping the Bomb " (March 17th), it recognises that the English nuclear arsenal could hardly play any significant role in war. . . . What conclusion does it draw ? To keep the English nuclear forces in order to use them as instruments of diplomatic pressure. . . .

[The article in fact suggested that if a British renouncing of nuclear arms were linked with " advocacy of a regional arms control scheme in central Europe " that would " reduce tension along the Elbe " the prospects for such a scheme could be much improved.]

At the same time there appear in its pages little signs of anxiety caused by the USA's programme of military preparations. On March 10th, for instance, *The Economist* mentioned with some disapproval the coming resumption of American nuclear tests in the atmosphere. On February 24th it referred obliquely (*sic*) to the riskiness of American actions in regard to South Vietnam, though it concluded, quite unexpectedly, that a settlement of the question apparently rested on the Soviet Union.

On April 14th it published a very significant article. In it was noted that the English Government was not interested in upsetting the status quo in central Europe . . . but had not worked out a practical programme proceeding from this status quo. " Certainly they would go so far as to accept the Oder-Neisse frontier, if this were not such a sore subject with the west Germans." The article added that England will not recognise the German Democratic Republic, although it trades with it. " Taken together, these attitudes are not particularly coherent with one another " concludes *The Economist*.

What is true is true. On important questions in present international relations, English diplomacy tries to sit between two chairs. . . . Tactics of silence, evasion, manœuvre are characteristic of many of *The Economist's* statements about relations with the Soviet Union, about the solution of looming international problems—almost a mirror image of the present tactics of English diplomacy.

NOTES OF THE WEEK

BERLIN

Muscovy Cat

To say that the removal of the Russian commandant from Berlin does not affect the allies' rights in the city—as President Kennedy said on Wednesday—is true in a sense. But the commandant's departure diminishes, almost to vanishing point, Russian acquiescence in the particular legal foundation on which the allies say their rights are based—that is, the quadripartite status of the city. The only visible survivals of that status, now the commandant has gone, are the four-power air safety centre and the four-power guard on the remaining war criminals in Spandau prison.

It may be argued that the city remains a four-power responsibility whether or not the Russians say it is ; but four-legged stools with one leg missing are precarious things to take a defiant stance on. The Russians have now moved one degree closer to saying that the allies must conduct their Berlin business with the east Germans, who have appointed a commandant of their own, or with nobody.

And yet, like the Cheshire cat, Moscow's responsibility for what happens in Berlin has not vanished completely. A last grin remains, in the announcement that the Russian army headquarters in east Germany will " temporarily " deal with matters affecting the allied garrisons. Mr Khrushchev has not yet brought himself to the point of finally handing over control of Berlin to the east Germans. He has simply moved a stage nearer to it. Have the allies made up their minds what they will do if and when the Russians withdraw completely from their admission of responsibility, and the western garrisons are met on the fringes of west Berlin with a bland assertion that there is no one here but us east Germans ? The provisioning of the garrisons is not the only problem involved ; the allies' rights to enter east Berlin, and the handling of incidents along the wall, are liable to produce difficulties that will have to be talked over with somebody. The events that followed the shooting of a young refugee on August 17th are a case in point. If a fear of " recognising " Herr Ulbricht's regime prevents the allies from discussing such matters with the east Germans, the West may be reduced to a frustrated silence.

First Aid

When east German guards fire on refugees trying to get over the wall in Berlin, the allies could respond in two possible ways. One would be to help the escapers to make the crossing ; the other is to make sure that those who are hit before they get across are given first aid. The first course is tempting, but one should be clear where it leads. Nothing short of a decision to give covering fire to refugees —that is, a decision to shoot at the east German guards before they can get the escapers in their sights—is likely to be of much use. In most cases neither tear gas nor smoke screens could be got into action quickly enough to take effect in the vital few seconds when a man is sprinting or crawling for the wall.

But covering fire from one side is almost certain to be answered by covering fire from the other. The west Berlin policemen who now patrol the wall on foot would probably have to be withdrawn into sand-bagged look-out posts ; and the result would be a kind of miniature Western Front, in which periods of tense watching across no-man's land would alternate with rackety exchanges of fire when something

moved, or was thought to move. The chances of helping wounded men in these circumstances would be almost nil.

But between doing this, and doing absolutely nothing at all, there still lies the possibility of bringing medical aid to refugees who may be wounded on the other side of the wall. On Tuesday evening the United States posted an ambulance at the Friedrichstrasse crossing point, the one place where allied vehicles can enter east Berlin. The ambulance may not be able to reach a casualty very quickly—unless the shooting takes place close to Friedrichstrasse, as Peter Fechter's did on August 17th—but it may prod the east Germans to get their own stretcher-bearers out sooner. Another innovation, likely to have the same effect, is clearly worth thinking about. This would be to inform the east Germans of an intention to station first-aid parties close to the wall in other places, with orders permitting them, where possible and necessary, to get over to save a man from dying for want of attention. These first-aid men would have to be easily distinguishable medical personnel of the allied forces, and it would have to be made clear that their job was to tend a man's wounds, not lift him over the wall. A clear case where effective medical help can be given will not happen often ; when it does, the work will be neither safe nor easy. Still, the principle of not intervening in what happens on the communist side of the wall cannot extend to letting a man die when his life might be saved.

FRANCE

Habit of Violence

Once caught, the habit of violence is not easily cured. The epidemic of holdups and banditry in southern France suggests that some of the embittered settlers who have fled from Algeria to France have brought with them their weapons and their lawlessness. On Wednesday the French cabinet approved a series of measures to deal with the gangsters. It was on his way home from this very meeting that President de Gaulle ran into a machine-gun ambush —the fourth unsuccessful attempt on his life in the last year.

To put down gangsterism, there are to be harsher penalties for carrying arms without permission, and the permission enjoyed by some of the immigrants from North Africa is to be withdrawn. At the same time more long-term loans are to be given to help the immigrants to settle down. Compared with some of the other Algerian problems it has had to deal with, this outbreak of banditry may seem small beer to the French government. Yet it is a reminder that France as well as Algeria will have to live with the legacy of violence for years to come.

The discontent of the returned Europeans from Algeria appears at present to be unorganised and leaderless. In June one of the OAS leaders, Colonel Argoud, announced in the Belgian paper *La Dernière Heure* that an executive committee of the Secret Army had been formed including M.

Bidault, as president, and M. Soustelle. The group has since been putting out a clandestine newspaper, *Appel de la France*, and M. Soustelle has been declaring in its columns that "fascism is installed at the Elysée." There are no signs of a connection between the pamphleteers and the bandits in the Midi; all one can say is that the most promising field for conspiracy is no longer Algeria, but France.

Still Wandering: M. Soustelle

M. Soustelle was picked up by the Italian police outside Milan on Friday, August 17th, and expelled from Italy as an undesirable. M. Soustelle had evidently been in Italy for some weeks; rumour had it that this time he was on the way to a meeting with other malcontents. His false passport gave the Italian police an additional reason for expelling him. The French authorities have not issued a warrant for his arrest, but they evidently encouraged the Italians to remove him and nip any plotting in the bud. The Italians, on their side, embittered by earlier OAS attacks on Italian citizens, were happy enough to comply. M. Soustelle has apparently chosen to move on to Austria, and may by now have gone farther.

AGRICULTURE

Farmers Against Europe

THE National Farmers' Union has flung down the gauntlet to the Government by producing an agricultural plan which is meant "as an alternative to the narrower concept of the agricultural policy of the European Economic Community." At the same time the union has made it clear that it will strongly oppose Britain's entry into the community unless the terms for British agriculture are substantially improved. Since there is hardly any chance of the union's essential requirements being met—indeed they are flatly contradictory to the European agricultural policy so laboriously worked out by the Six—it looks as if the Government must now reckon with the NFU leadership's determined opposition to European union.

Although Mr Heath at Brussels won acceptance for the principle of a European price review, the NFU complains that this review cannot give British farmers anything like the kind of specific price guarantees (save in the case of cereals) which they now regard as their natural right. In addition, the British horticultural tariffs—on which the union, keen to keep horticulturists within its fold, sets great store—would have gradually to go. These being the facts of European agricultural life, the union was particularly keen that Mr Heath should secure what it calls a "residual assurance" that the British Government could protect its farmers if their standard of living was seriously threatened. This, it complains, he has achieved only on a very modified basis which requires that any such action should have the approval of a qualified majority in the European Council of Ministers.

The union's own new agricultural plan is a curious but skilful attempt to dress up some old-fashioned restrictionist devices in a modern garb of world commodity agreements. These agreements would in effect "parcel up" markets through a system of import quotas and other devices. The one new idea is that OECD might be used for this purpose and expanded to take in other principal exporters of temperate foodstuffs, e.g. Australia, New Zealand, and Argentina. The countries in this group would be obliged to harmonise their agricultural policies, and the union is prepared to see quantitative controls on British producers so long as the other countries "played the game" by regulating their exports to this country; but should they not do so, Britain would reserve the right to control imports unilaterally. Under this plan the present British system of guaranteed prices, horticultural tariffs and subsidies, and producer marketing boards would of course continue intact. World co-operation, Commonwealth preference, European market-sharing agreements, and cheap food for underdeveloped countries—all these would have a place in the system so long as they did not tread on the roots of the union's present privileges, at which point its international benevolence gives way to a rather waspish autarchy.

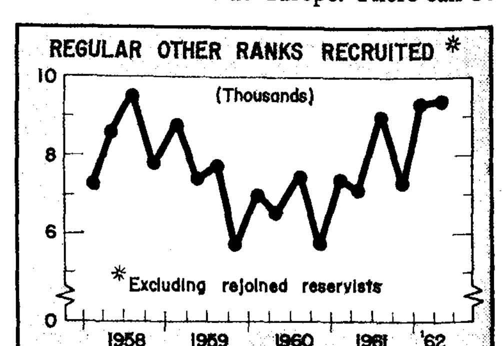
How Much Effect?

CURIOUS though they are, the National Farmers' Union's new proposals carry an impression of broad horizons and safe (i.e. traditional) alignments, which are obviously likely to have some nuisance value in obstructing the common market negotiations. Just how great a nuisance value will depend on whether Tory MPs feel that the NFU leadership is really speaking on behalf of a sizeable proportion of the electorate, or even on behalf of most British farmers themselves. As regards the first, the total farming vote is about 5 per cent of the British electorate, and the idea that any really large part even of this 5 per cent would turn to Labour because of this issue seems moonshine (even though it may be the sort of moonshine that frightened politicians are apt to believe). As regards the second, poor Mr Heath spent most of last month complaining that Europe looked as if it might be going to featherbed its farmers so much that there might be no room for exports from the farmers of the Commonwealth. The publicity given to this struggle should at last have convinced many British farmers that theirs is one of the industries which would in fact gain (in most sections, though not in all) from entry into Europe; it is by no means certain that the NFU leadership will carry united support from its membership because it has now decided to base its whole policy on apprehension for the minority of shorn lambs.

RECRUITING

First Target

THE Government's professional advisers are entitled to all the credit that is going for the army's achievement of 165,000 regulars five months before the deadline of January, 1963. They said voluntary peacetime recruiting could be expected to reach this figure; many press commentators doubted whether it would be, and began to press the case for compulsory selective service even harder; now the Government's prophecies have proved right. The rise in voluntary recruiting has been particularly marked in the past six months. But the blunt fact remains that 165,000 regulars (including 19,000 officers) are still plainly not enough for British military commitments both in Europe and east of Suez. The true aim is to go on and hit the "ceiling" of 182,000 which the military experts designated as the workable minimum. Mr Profumo's resources are not stretched to the limit this year simply because he has the 15,000 retained national servicemen and no local crisis outside Europe. There can be



no let-up in the drive. In the meanwhile the War Office may be wise to keep its voice down in case Nato really does insist on an immediate active strength of 55,000 men in Germany, and then on a return to the 75,000 which was the basis of the original British commitment in 1954. That would require a much larger army than Mr Profumo has yet got.

The authorities are invariably chary of recognising any sure link between recruitment and the level of economic activity. The argument has too many dangerous ramifications. Thus, the Scottish regiments are said to have recruited well: is this because of unemployment among school leavers in a depressed region or because these are popular regiments (and therefore, Lord Montgomery's tribal chieftains are apt to claim, should not be merged)? The chart on page 678, based on the quarterly recruiting figures, shows the wide seasonal variations in the past four years, but the worst recruiting performance seems to have been precisely at the point where the boom of 1958-59 was fully under way. The army has done a good deal since then to brush up its image. The television advertisements have shown their pulling power. And certainly the more often Mr Profumo can truthfully say that he is pushing up standards of entry (and thus prestige) the better. But judgment must be reserved until after the "ceiling" is attained—at current rates within the next two years—and then shows whether it can survive an upturn in the economy.

ANTI-FASCISTS

Not in our Stars . . .

MR GEOFFREY RIPPON, the Minister of Public Building and Works, has completed a hat-trick by refusing a third application for the use of Trafalgar Square for a public meeting, on the ground that tourists and holidaymakers might be inconvenienced by fighting which might break out at it. The first two refusals affected Sir Oswald Mosley's followers and the National Socialists; the latest applicant to be turned down is Yellow Star, a movement begun to shame the neo-Nazis into a proper respect for their fellow men. The "silent witness" mounted by the movement on the steps of St Martin-in-the-Fields during the first of Mr Jordan's meetings did not deter either the neo-Nazis or their exuberant opponents; and in the melee that broke out during subsequent meetings it went unnoticed. Now its aspiration to more loquacious methods of protest has been thwarted, and it may dissolve once more into the disparate elements that have briefly come together in the hope of exploiting it.

The movement's founder is the Rev. Bill Sargent, of Dalston, where many immigrants find temporary homes, and where, too, (at Ridley Road) Sir Oswald Mosley once battled and now often campaigns. It was to combat that campaign that Mr Sargent began some time ago to mount counter-meetings in the same street, and it was from those meetings that Yellow Star grew. The idea, of clearly being seen to be pro-Jewish by adopting their star of David, was to remind the unmindful of what it recently meant to be a Jew among militant gentiles. Yellow Star has also thrown its advocacy behind the idea of amending the Public Order Act to make racist propaganda *per se* an offence, and it is mounting a petition of, it hopes, 500,000 signatures to support this.

But the minimal organisation required for this undertaking (and Yellow Star wearers are reluctant to become an organisation as such) has also, unfortunately, offered an opportunity to every kind of band-swaggoner with a left-handed axe to grind; at a conference last Sunday, there was every sign that Yellow Star could soon become a vehicle for left-wingers eager to come into violent collision with their opposites on the right. In so far as Mr Rippon was right, in the interest of public peace, to bar the fascists from the square, he is, therefore, justified in extending his prohibition to their opponents, in the same interest. But where is the present encroachment on the right to make public speeches going to end? This week the neo-Nazis, Messrs Jordan and Tyndall, were sentenced to two months' and six weeks' imprisonment respectively, on the ground that their words and behaviour last July 1st were such that a breach of the peace was likely to be occasioned. The magistrate said that if anybody in Trafalgar Square heard somebody saying that Hitler was right, it would be enough to make him very angry indeed. The sentences are now subject to an appeal, which will be watched with interest by other people who know that they sometimes make their audiences very angry indeed, even if in more respectable causes.

ADEN

Base for Trouble

WITH care and cash Britain is grooming Aden for its future part as the trouble centre of British interests in the Middle East. The Aden constitutional conference, which has been meeting in London, agreed on August 16th that Aden (the port, military base, oil refinery and 220,000 people) should join, not later than March, 1963, the Federation of South Arabia, which at present consists of about half of the protected states of the interior. This agreement has still to be approved by the British parliament, the federal council and Aden's legislative council. To bypass dissent, the life of Aden's council, which was due to end this December, has been extended by a further year. The council was chosen by about a quarter of the electorate (the trade unions boycotted the elections) at a time when there was no thought of federation. If a future council decides that it wants to secede, the British Government may, after six years and if all attempts at conciliation fail, withdraw Aden from the federation. As this indicates, the constitutional advance promised the colony does not include a whisper of independence.

The merger of the port with its hinterland is an obvious economic necessity. Done in this way, at this time, its unhappy political implications are no less inescapable. In Aden, there are the roots of democratic institutions and the muddled beginnings of political thought. The protectorates are run, with the help of British advice and money, by family groups who have made up their own constitutions, some more benign than others. To the most vocal of Aden's opposition groups, the People's Socialist party (the political voice of the powerful Trades Union Congress) the protected rulers are a bunch of primitive reactionaries. Aden will have 24 members in a federal council of 84 members; the federation will control the key functions of government—but not Aden's defence or foreign relations where the British voice will still prevail.

The impetus for the merger is British concern to give political solidarity to the base at Aden. This is now being built into a vital military complex with responsibilities extending from the Persian Gulf to central Africa. Leaving aside the overwhelming question whether a strategy that depends on a territorial base on a part of the Arabian mainland is sensibly conceived, it is doubtful whether the decision to attach Aden to a collection of friendly sheikhdoms will add much ballast, or even buy much time. British policy would make sense only if Aden were insulated from all Arab, or indeed African, streams of thought. As it is, situated at the tip of the Arabian peninsula, Aden is blown by the cross-winds of nationalism. Economically, Aden's migrant workers (three-quarters of them Arab) depend on the base, but the British Government has surely been burnt too often to believe that, in the final analysis, economic interests prevail over nationalist sentiments.

SAUDI ARABIA

Democracy Thrust Upon Him

ONE of the more curious visions of the week was that of Saudi Arabia as a welfare state under a constitutional monarch. The visionary was Prince Talal, one of the many sons of the late King Ibn Saud, whose imaginative powers have helped to lose him his passport (a special one for princes). On August 15th, the prince arrived in Beirut without his passport, having heard that his property in Saudi Arabia had been confiscated and his allowance stopped by order of his half-brother King Saud. (Saudi authorities have since claimed that they are only occupying the prince's houses temporarily while they search for incriminating material.) The ostensible reason for his disgrace was the congratulatory cable he sent to President Nasser when the Egyptian rockets were launched. This was a challenging thing to do at a time when President Nasser and

Saudi seer Prince Talal

King Saud were busy accusing each other of godlessness, but the real reason for his fall, Prince Talal now insists, was his consistent demand for constitutional reform. It is true that when, last September, Prince Talal lost his briefly held job as minister of finance, one of the reported reasons was his mention at a Beirut press conference of plans for a Saudi Arabian national assembly.

On August 19th Prince Talal, accompanied by three other dissident princes, moved on in state to the United Arab Republic, travelling on temporary Egyptian papers. His views, adapting themselves to the heady Egyptian air, shifted leftward. At a press interview in Alexandria he expressed his belief in Arab socialism although, as he said, nationalisation was not fitted for Saudi Arabia since there was nothing there yet to nationalise. His programme was to start up state-owned industries, to distribute the land to the peasants and establish co-operatives for them. He believed that the oil companies would increase their royalties (he mentioned 75 per cent as a fair figure) if the money did not, as now, slip into the pockets of a few. But, above all, he stood for social justice so that the Saudi poor might, at last, be transformed into "human beings." Nobody would dispute with Prince Talal the need for Saudi Arabia to emerge into the light of a more modern world. It is perhaps more doubtful whether the task of renovation in Saudi Arabia will in the end be left to a prince, even a lively and open-minded one like Talal.

MALTA

Why Not?

If Malta really wants its independence within the Commonwealth, as its prime minister, Dr Borg Olivier, said he did after his final brush with Mr Sandys this week, it is becoming increasingly difficult to see any good reason why Britain should stand in its way. After all, Malta has a population twice the size of that other hard-up island and Nato base, independent Iceland. Dr Borg Olivier had been piqued by the size of the financial aid offered to him after his eight weeks in London (some of them spent kicking his heels while the Government was reshuffled and ministers flew off on other business). He had asked for various reliefs adding up to £8¾ million immediately, or £26 per head for Malta's 329,000 people, but in a way which suggested that he might want still more later. Mr Sandys was ready to disburse only £100,000 immediately (or 6s. per head) to meet the recurrent budget deficit, and to make a redeployment of some grant and loan moneys on projects still to be agreed on the capital side. Hence, no doubt, Dr Borg Olivier's sniffy complaint that he had not come "to make a silver collection."

What the Maltese government has gained is permission to seek foreign economic help

Dr Borg Olivier: off with a sniff

and to negotiate Maltese association with the common market. Dr Borg Olivier should certainly try to take advantage of this, but he is likely to discover that neither avenue is more promising than a continued relationship even with a currently unforthcoming Britain. As a flesh creeping rejoinder to Mr Sandys he declared that the door had been opened "to elements which are unfriendly to Nato in Malta." If this was a reference to Mr Mintoff, it is still by no means clear which countries the Maltese Labour party could call on that could see much benefit to themselves in subsidising the island. Communist aid (if it were forthcoming) would not be at all acceptable to the Maltese church, which, in fact, presented Dr Borg Olivier with his last electoral victory over Mr Mintoff.

Malta's economic problem is part of the wider troubles of the poorer southern periphery of Europe, from Portugal below the Tagus to the Greek islands. Now that Malta has lost the strategic importance that made it a relatively better-off Mediterranean community, it has few advantages that would automatically put it higher on the list for common market investment than the Six's own underdeveloped areas. A broader European community (or an integrated Nato one) would certainly have a responsibility towards areas like Malta. In these circumstances Britain's total contribution to an investment fund would and should undoubtedly be more than Mr Sandys offered last week. There is a case for giving an independent Malta a fair dowry to replace the present subsidy. But is it a severance payment that Dr Borg Olivier is asking for?

KURDISTAN

No Help for Highwaymen

General Qasim's unavailing attempts to bomb the life out of the continuing Kurdish revolution in northern Iraq have now entangled him with his Turkish neighbours. Several times in the past two months, Iraqi military aircraft hunting for Kurdish guerrillas in the mountainous frontier region have crossed the line and dropped their bombs on Kurdish villages in Turkish, instead of Iraqi, territory. The Turkish government, displaying remarkable restraint, was inclined at first to pass these incidents off as regrettable mistakes. But the "mistakes" persisted until, on August 16th, Turkish fighter aircraft patrolling the frontier shot down an Iraqi intruder. Since then, there have been no further violations and the Turkish government, still apparently anxious to believe the best of Baghdad, on Monday called off its patrol flights.

Turkish restraint has not been reflected in Baghdad. In dudgeon, the Iraqis have accused Turkey, in turn, of violating Iraqi air space and have demanded both apologies and compensation. The Turkish government is charged with allowing or perhaps encouraging (in collusion with Britain and the United States) the "mutineers and highwaymen" who use Turkish soil to hatch up aggression against Iraq. This charge is among the wilder of General Qasim's aberrations. However much the Turkish

government may shrink from Baghdad's leftward-leaning policies, it is unlikely to lift a finger to help the Iraqi Kurds in a revolt that is bound to be having repercussions among Turkey's own Kurdish population, known, euphemistically, as "mountain Turks." Mullah Mustafa Barzani, the leader of the year-old revolt, is fighting for autonomy for the Kurds within Iraq; he is reported as saying that the traditional idea of an independent Kurdistan embracing the tribesmen in Turkey, Syria and Persia is "impractical." All the same, the Turkish government's tolerance of the Iraqi intrusions may have had behind it a more solid consideration than diplomatic good manners.

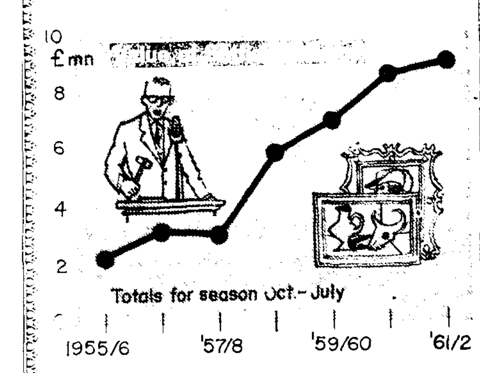
PRISONS

Full House?

If the prison population goes on rising, it will very soon make nonsense of the new prison building programme, which was designed to reduce overcrowding—over 8,000 prisoners now sleep three to a cell—and eventually to replace the antiquated monstrosities of the past. It will also place far too heavy demands on already undermanned staffs. The total population of prisons, borstals and detention centres at the end of last year was over

BIDDING FOR ART

The value of works of art sold at Sotheby's in the 1961–62 season amounted to £8,836,000—nearly £4 million more, it is said, than any other dealer in the world. Paintings accounted for £4½ million, £500,000 more than in the previous season; one picture only (Rembrandt's St. Bartholomew, £190,000) realised more than £100,000. Sales of jewels reached a record £904,000 but prints, though contributing only £126,000 to the total, showed the greatest percentage rise (50 per cent) over 1960–61.



30,000, and the average daily population for males only has increased within ten years by about 25 per cent. Nor is there any sign of the annual rate of increase slowing down. What can be done about it?

One answer can be found in the prison commissioners' report for 1961 (Cmnd. 1798, 11s. 6.). The prisons are still receiving people unnecessarily. Of the average male population of 28,094 last year, about 1,600 were untried prisoners and 442 were civil prisoners; there should certainly be room for some reduction of numbers here, instead of which the police seem to ask for, and magistrates to grant, remands in custody even more freely than in the past. But the great bulk of the prison population naturally consists of people sentenced to prison without the option of a fine; the number of men and youths in this category in 1961 averaged about 18,000. Of these, over 5,000 were Star prisoners, that is, were over 21 years old and were serving their first sentence. The subsequent record of Stars is notably good; of those discharged in any one year, well over 80 per cent of the older age groups do not return to prison, and about three-quarters even of those in their twenties. Is there not a case for suspending the prison sentence passed on many of these men?

Even so, the problem will remain formidable. The public has its part to play in accepting proposals for open prisons put forward by the prison commissioners instead of resisting them. The prison staffs will have to realise that many of the old rigid rules and some of the unnecessary discipline will have to be waived in the interests of economising in manpower. At a recent conference, a prison officer complained that because of staff shortages a prison was being run on the good will of the inmates. Three cheers—that is just what is wanted. Lastly, it must be more widely realised that in prison a potential labour force is at present largely idle. Last year, the value of the goods and services supplied by prison labour amounted to a paltry £44 a head, compared with nearly £900 outside. This is an appalling waste.

HUNGARY

Rakosi Expelled

In preparation for the Hungarian party congress in the autumn, Mr Kadar is doggedly pursuing his efforts to give a new look to Hungarian communism. A number of decisions by the central committee, announced on August 19th, are clearly designed to emphasise his determination to repudiate the bad old days of Mr Rakosi. The central committee has decided to rehabilitate 190 persons who were illegally imprisoned at that time and who have never since had their rights fully restored. Mr Karoly Kiss, who was particularly ruthless in suppressing those who took part in the 1956 rising, has been turned out of the politburo (but not out of the central committee) for failing to repudiate his part in the illegal trials of communists during the Rakosi regime.

Finally, 25 persons, including Mr Rakosi himself and his former colleague, Mr Ernoe Geroe, have been expelled from the party; most were implicated in varying degrees in the series of staged political trials, mostly of communists like Mr Rajk, between 1949 and 1953. Significantly, in the context of Jugoslavia's present improved relations with its communist neighbours, Mr Rakosi's guilt is said to be all the greater because of his "groundless suspicions" against the leaders of other Communist parties (for example, Marshal Tito?) which "caused immeasurable damage on an international scale." Mr Rakosi is in exile in Russia, and Mr Geroe, who was allowed to return to Budapest early last year, lives in obscurity and is in poor health; their party membership since November, 1956, has anyway been purely nominal. Their expulsion is therefore largely a symbolic gesture; but it is none the less significant for that. After all, Mr Khrushchev has never gone so far as to expel from the Russian party any members of the "anti-party group." Mr Rakosi, for his part, has never been without his sympathisers inside the Hungarian party—which, on being reconstituted just after the rising, naturally got more than its share of diehards.

It is not clear how dangerous these stalinist survivals now are within the top leadership. There is no confirmation of this week's Viennese rumours of an anti-Kadar conspiracy among leading officials. But within the middle and lower ranks of the party there has been considerable opposition to the more liberal policies that Mr Kadar has been trying to pursue since the 22nd Soviet party congress; his policy of putting efficiency first and giving important jobs, especially in industry, to non-communists is particularly resented. This opposition has been openly admitted and openly attacked in the communist press; and last month an article in the official party journal *Partelet* bluntly declared that those who could not co-operate with non-party experts would have to be transferred to other jobs.

Mr Kadar evidently feels strong enough to take a tough line with his communist critics—but perhaps not strong enough to denounce the numerous miscarriages of justice perpetrated against non-communists during the Rakosi regime, or to complete the release of all those imprisoned after the 1956 rising. Or are these points on which he and his communist critics are agreed that nothing should be done?

CHINESE STUDIES

Fiction, Peking Style

"Soviet literature—yes. Chinese literature—no," is a view shared even by those westerners passionately devoted to the cause of Chinese communism. Pasternak and Yevtushenko can be read and enjoyed, but hardly a western soul can stomach the literary output of contemporary Peking. There have been doubts whether the Chinese can take it either. One way and another, Chinese communist litera-

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 730.

☐ Payment enclosed ☐ Please send bill

The Economist, 22 Ryder St., London, S.W.1

NAME ....
(BLOCK CAPS)

ADDRESS ....

ture has tended to be left unread in the West. In an effort to correct this situation, the *China Quarterly* held a conference at Ditchley Manor, near Oxford, from August 13th to 17th. Mao Tun, head of the Chinese writers' union, had been asked for his thoughts on literature and its relation to communism, but remained silent in Peking. Those Chinese who came did not come from the mainland; but they brought a scholarly detachment and an understanding of China.

China's literary world under Mao Tse-tung contains the sort of paradox one half expects of any human system. Mao has always held that to transform traditional China into a communist society would need not only mass armies, but also mass literature. It would no longer do for literature to be above the heads of the peasants and the workers; it must be something which they could understand and associate themselves with. In this vein the "down on the commune" and "girl loves factory" stories—which seem like Chinese versions of "The Archers" or "Mrs Dale's Diary"—are meant to inspire the Chinese masses with the idea of communism and teach them its ways. But even the doctrinaire Mao Tun has to admit that most of the writers writing in China today desperately need to improve their style. Already it is noticeable that the old patterns of constructing stories and novels are being used, while the denunciation of the old literary ideas goes on. It is amid all this that one prominent non-conformist amateur stands aside from Mao's literary canons. He is none other than Mao Tse-tung himself, whose writings can be accused of classicism, romanticism, individualism and even sentimentalism.

Socialist realism has greatly restricted China's writers, but perhaps not disastrously. When the communists took control of China nearly all the literary talent remained, and Lao She, the author of "Rickshaw Boy," returned. In the past China's writers have managed to produce great works within the narrow margins of freedom which no system of control can entirely remove. Thus it does not do to give up hope for the Chinese intellectual, or for the peasant and his reading.

PAPER BULLETIN

analysing all sectors of the paper and board industry.

Special features in Current Issue:

THE COMMON MARKET—2

THE TREND OF BRITISH PAPER OUTPUT

SEASONAL FACTORS IN THE BRITISH PAPER 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 Limited, 5, Bury Street, S.W.1. Tel: WHI 0353 Ext. 35. 60, East 42nd Street, New York 17. Tel: Murray Hill 6850.

LORD CHAMBERLAIN

The Regulator

As the new Lord Chamberlain of Her Majesty's Household, Lord Cobbold, the former Governor of the Bank of England, will no doubt prove exemplary in arranging state ceremonies, granting royal warrants and even (should it be necessary) appointing poet laureates. But to nine-tenths of the country any Lord Chamberlain is inevitably the rather pompous ass who cuts the brightest lines out of otherwise unremarkable West End revues. It would be a relief to nearly everyone if, when he takes over from Lord Scarbrough in January, Lord Cobbold were to reduce this branch of his office's activity to a minimum.

That is probably the best that can be done. If the censor's shop were to be shut up altogether, liberal theatre critics say they would be delighted; but closure would gravely inconvenience the declining theatrical industry, by rendering risqué shows liable to direct prosecution for obscenity and by exposing the works of J. M. Barrie to the salacious imaginations of local government watch committees (*vide* Bradford's opinion of Arts Council nudes). The blunt fact is that theatre managers would then be much more timid than they are now. At present the news that the Lord Chamberlain has cut some lines can give bitter young playwrights and knowledgeable theatre managers one of the most effective forms of metropolitan advertising. This is another reason why Lord Cobbold should make cuts very rarely. He should watch the trade cycle at the box office, and recognise that his interventions here, unlike Bank rate, can sometimes inflate what he originally wanted to discourage.

Lord Scarbrough may well quit the Lord Chamberlainship, after a decade of theatrical activity, with relief. It is easier to be a straightforward censor of morals (which the Lord Chamberlain is not) than a judge of public taste. It was not until 1958 that Lord Scarbrough judged the general theatregoing taste to be advanced enough to accept "sincere and serious" plays on homosexuality like *Cat on a Hot Tin Roof*. His more recent brushes with revue authors have been excessively silly. If President Kennedy sees no objection to satirical sketches about himself, it is impossible to see who else can pretend to be offended by any such lampoon on "a friendly head of state." The same point applies to official touchiness about any references to Britain's head of state. Where the royal family is concerned commercial managements are always likely to be much too sensitive to audience reaction to get seriously out of line, and it seems invidious to all concerned that the censor should have to be an official of the household.

PROTECTION OF SKILL

Copyright in Design?

Any industrial design can at present be registered in Britain providing that it is "new and original"—which is interpreted to mean that it has novel features that differ from any previously registered design in more than immaterial details. Provided that the Patents Office accepts it for registration—after a process of search of of the designs already on the register, and recent trade periodicals, which is not nearly as rigorous as the search applied to patent applications, but seems fairly effective—the designer gets an absolute monopoly against infringement of this design, even if infringement occurs by chance and not by deliberate copying. But in granting this "design monopoly" the Patent Office excludes "representations of human beings, animals and existing objects," unless these are peculiarly distinguished or stylised in appearance.

A departmental committee of the Board of Trade has now recommended that this system of registration should be supplemented by a system of copyright in design, similar to that applying to original works of art. The essential difference between copyright and the registration system is that copyright would not exclude representations of existing objects, however exactly representational these might be; but in order to prove infringement of copyright, it would have to be shown that the design had in fact been copied, and was not merely a design, however similar, arrived at by chance or by equal precision in representing some actual object.

Original skill and labour may be embodied in even the most slavish reproduction for a model; and the proposed copyright system would protect this skill from anyone who simply mechanically reproduced an exact copy of somebody else's design. One company giving evidence to the committee said that when it sent out an original model of a stove front on a Monday morning, the design might be copied and offered for sale in competition with the original before Saturday night of the same week; and more cheaply because the copyist saved the original cost of the design. Not all industries, however, wanted the extension of this further protection to new designs. Certain fashion industries such as footwear, where the "fair following" of new trends in design is accepted as necessary and useful to the trade as a whole, oppose the idea. The departmental committee thinks that the Board of Trade should have powers to exclude particular industries and classes of product where it was persuaded that exceptions would be desirable.

Chemicals from Kirkby

... and Mrs Yeoman's washing water

CHEMICAL COMPANIES INTERNATIONAL ENTERPRISE

Sensible man, Henry Yeoman. Knows that no matter how efficient his wife's new washing machine, *hard water* could still prevent it doing a thorough job of the weekly wash—especially where his collars and cuffs are concerned. And that's where chemicals from Kirkby come in.

Albright & Wilson (Mfg) Ltd.—one of the companies of the Albright & Wilson Group—produces Calgon Water Softener at Kirkby. Supplied in bulk to industry, or sold to housewives through local shops. Calgon solves the hard water problem outright. Recommended by manufacturers of famous makes of washing machine—English Electric, indeed, include a sample in every new 'Liberator' and 'Tumblewash'—Calgon makes hard water soft every washday in homes like Mrs. Yeoman's.

This is only one of the many ways in which A & W chemicals play a part in the life of Mrs. Yeoman. 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

BOOKS

Throwing Up the Innovators

Theories of Economic Growth and Development

By Irma Adelman.

Stanford University Press. London: *Oxford University Press.* 174 pages. 30s.

On the Theory of Social Change

By Everett Hagen.

Dorsey Press, Illinois. 574 pages. $7.50.

MRS ADELMAN has neatly implemented the idea of setting out the growth models of Adam Smith, Ricardo, Marx, Schumpeter and the neo-Keynesians in the same semi-mathematical terms and within a common framework. Viewed as an answer to an examination question of the "compare and contrast" variety, her essay rates an alpha plus for its elegance and brevity. Viewed as an answer to the non-academic question of why country X is growing as fast or as slowly as it is, however, the book is not much help. The policy recommendations which the author attempts to distil are either too vague ("governmental agencies must play an active role in the planning process") or too general ("industries such as metals and investment goods in general ought to be emphasized") as the example of Hong-kong will indicate.

These defects are not surprising. Models of this sort presented in skeleton form, however elegantly, simply do not suffice to explain economic development. The evolution of an economy can, of course, be described in terms of a small number of measurable variables, if the necessary statistics are available, but it cannot be understood without reference to a host of factors peculiar to the economy in question. Nor is there any reason to suppose that the same policy recommendations will be right for Albania as well as for Honduras.

The objection raised is, therefore, that models as simple as these are either only very generally right or are particularly wrong. There is, however, a more fundamental point to be made. This is that even an extended and particularised economic model such as is easily conceivable would only explain the speed of growth once it has started, but could not explain the actual start of development. It is all very well paying lip service to the "relationship between technical progress and socio-cultural change", but none of Mrs Adelman's equations says anything about the exact nature of such a relationship. She recognises that entrepreneurial talent is necessary to growth, but her survey contains no discussion of why some societies do and others do not throw up entrepreneurial types.

Professor Hagen, an economist of repute, goes so far as to assert that economics can contribute very little to the understanding of why growth starts. He briskly dismisses various alleged economic barriers to growth, such as the size of markets and inadequate saving, and then gets down to examining the factors that cause a traditional society to become one where economic growth occurs. His basic, obvious and important point is that the personality of innovators is different from that of members of a traditional society. Since a large number of innovators are required for economic growth to start, it follows that a necessary pre-condition is a change in personality on the part of one or more groups in society. Personality, however, is largely formed during childhood, so any explanation of a process of personality change must run in terms of the impact of change upon childhood and the consequences of this, after a few generations, for personality patterns and behaviour.

All this is, or should be, obvious. But so are most important truths in the social sciences, a fact that has not automatically enabled people to see them. It is the great merit of Professor Hagen that he faced the obvious, learned psychology and anthropology and wrote this book. Whatever the experts may think of the details of the exposition, there can be no doubt that in combining several disciplines and attacking the problem as he has, Professor Hagen has made one of the most significant contributions to the literature on economic growth.

The first question tackled is the stability of traditional societies. Why, in other words, do they provide a childhood environment such that adults manifest no desire to change the hierarchical character of society, the rule of custom or existing methods of production? What are the characteristics of the "authoritarian" personality involved and how do they differ from those of creative personalities? The answer takes over a hundred pages and defies summary, but it should be noted that a great deal of it is fairly standard psychology and anthropology.

The second question is when and how social groups will emerge with the "innovational" personalities essential to the initiation of economic growth. Professor Hagen suggests that the basic cause of such a change is that some group realises that its purposes and values in life are not respected by other groups whose esteem is important. Thus in Japan the policies of the Tokugawa had a depressing effect on the samurai; in Russia the religious changes in the 1660s constituted a rejection of the Old Believers. His examples are few, but are mostly discussed in great detail later on. Meanwhile, he goes on to suggest the processes by which the "withdrawal of status respect" ultimately leads to the development of creative personality several generations later. This section of the book is the most speculative and the most difficult. The reader who is not himself a professional psychologist will accept the argument as being plausible while retaining an uneasy feeling that another author might have made an alternative analysis seem equally convincing.

The second half of the book is nearly all taken up with case studies: England, Japan, Colombia, Indonesia, Burma and the Sioux, the last two being examples where development has been hampered by reactions to colonial rule. These case studies are erudite, challenging and interesting. What is more, they include the results of some field work done by the author and his collaborators; thus there is an ingenious attempt to examine the religious affiliation and social background of innovators in the industrial revolution in this country.

After all this it is not surprising that the book took almost six years to write, three of them full time. The Centre for International Studies (at the Massachusetts Institute of Technology) where Professor Hagen wrote it has sponsored an extremely stimulating and valuable piece of inter-disciplinary research.

Clio's Many Faces

Approaches to History. *A Symposium,* Edited by *H. P. R. Finberg.*

Routledge. 231 pages. 25s.

THE nine essays contained in this volume have been written by distinguished specialists in some particular branch of historical study—local history, social history, universal history, the history of art etc.—in order both to justify their chosen field of learning and to render its fruits more accessible to those outside it. All are well written and interesting; Professor Bindoff on political history, Professor Hall on the history of science, Dr Finberg on local history and the late Dr Wainwright on archæology and place-names have, in particular, achieved a sense of space and depth remarkable in so constricting a form.

All the contributors are, necessarily, out to make a case for their own subjects, but it is instructive to note the differences in the manner of presentation. Professor Hall, for instance, devotes most of his space to a lucid and critical survey of the historiography of his subject. Dr Finberg makes a convincing claim for the insight into national history that only a scrutiny of local history can give. Dr Wainwright, so far from making extravagant claims for the study of place names, explains the methods and the difficulties of the technique with a mastery that inspires more confidence than the resounding tones in which some other scholars champion their less exact and less exacting disciplines.

It is, incidentally, an illuminating commentary on the recent development of historical studies that Dr Perkin should boldly claim for social history the supremacy so long accorded without question to political history; and that Professor Bindoff in his persuasive vindication of the traditional view should adopt a distinctly defensive posture. This book is one that every student of history will find informative and stimulating. And the general reader who opens it out of intellectual curiosity will widen his horizon.

One and a Half Parties

Parties and Politics in Contemporary Japan

By R. A. Scalapino and J. Masumi.

California University Press. London: *Cambridge University Press.* 202 pages. 30s.

THE last occasion on which Japanese politics became colourful enough to attract the attention even of the British press was in 1960. In the warmth of early summer, with the economy booming and the Government party filling two-thirds of the Diet seats, there seemed no obvious reason why the ratification of a security treaty with the United States should set off a crisis of such dimensions that government was paralysed for a month, a goodwill visit by Mr Eisenhower had to be cancelled because of continuous rioting, and in the shock and shame of it all the cabinet was forced to resign. It was stranger still, perhaps, that after an election which changed nothing and the formation of a new cabinet hardly distinguishable from its predecessor, Japanese politics should suddenly have reverted to their normal prosaic unobtrusiveness.

The elucidation of this incident is the peg on which Messrs. Scalapino and Masumi hang their able analysis of the intricacies of Japanese politics. Japan has a two-party system, but it is one which "in an age when the science of power is increasingly being mastered" seems in danger of becoming permanently a one-and-a-half party system. The conservative Liberal-Democrats may well keep their monopoly of power and confine the Socialists to their third share of the Diet seats, no longer, perhaps, because the electorate is content to ratify the authority of "natural" leaders, but increasingly because of the effective distribution of "benevolences" which a ruling party can command. Both parties are single-interest-group parties, the Liberal-Democrats intimately linked with business, the Socialists with the unions. Both are "cadre parties" of professional politicians with little organisational roots among the electorate. Both share certain attitudes deriving from traditional Japanese social organisation—a preference for resolving differences through private negotiation rather than public debate, a preference for unanimous, and a suspicion of majority, decisions. And yet neither is a fully integrated party; both may be best described as a loose federation of factions.

The book's most useful contribution lies in its analysis of the origin and composition of these factions, and the account of the Security Treaty crisis, which concludes the book, demonstrates one part of the authors' thesis: that a stable coalition of a majority of the factions of the Liberal-Democratic Party is a necessary condition of political stability. But they also show how tenuous that stability is bound to be. It is no longer enough for the Liberal-Democrats to be concerned with the nice distribution of power and prestige and the Socialists with the preservation of the purity of their ideology. The crisis of 1960 aroused public feeling to the point where the issue could not be contained within the Parliamentary framework simply because the parties were closed groups inadequately in touch with their electors.

The authors see signs of change, however, in the growth of interest-group organisations, in the attempts of the parties to create constituency branches, and in their increasing tendency to appeal impersonally on policy issues to the floating voter. Perhaps they are right. Luckily Japan is one of the few countries that can afford a gradual political evolution. A booming economy can tolerate a good deal.

An Establishment in Opposition

The Twilight of Federalism: *The Disintegration of the Federalist Party, 1815-1830*

By Shaw Livermore, Jr.

Princeton University Press. London: *Oxford University Press.* 302 pages. 48s.

ONE of the most encouraging aspects of recent American historiography is the fresh study of party history, a development that is only beginning to be visible in this country. Dr Livermore's book is a valuable addition to the corpus of revision of old legends. It is not a blockbuster like Professor Benson's "Concept of Jacksonian Democracy," but it is learned, fair and thoughtful. Dr Livermore is concerned to show that the Federalists did not simply fade away, after the end of "Mr Madison's War"; they existed as an important if disunited and, in great matters, impotent force until the old party system was dissolved in the Jacksonian revolution.

A great deal of the book will interest only the chosen few who enjoy the details of American politics: much of the discussion and intrigue hardly reached the level of parish pump politics. But it has a general, indeed, a topical interest. For it illustrates the failure of a would-be ruling group to adjust to the realities of their situation. The Federalists, "the good, the wise and the rich," had served the republic well in the first decade of the new constitutional epoch. Whether they could have continued to serve it profitably if Hamilton and John Adams had not loathed each other is a matter for speculation. Possibly the group that Professor Manning Dauder has called "the Adams Federalists" might have expanded if there had been no feud and if John Adams had had any managing talents. As it was, they were opposed by a master manager, Jefferson, who, in addition, had the feel of the country. The result was that the Federalists found themselves in the ludicrous position of an Establishment in permanent opposition; they were a group of Old Etonians without an Eton. Dr Livermore glimpses this truth if he does not stress it. "One cannot help but wonder if Federalists looked in the wrong places to account for their many defeats." One cannot indeed.

But Dr Livermore does not deal with an intrinsic weakness in the Federalist position. He ignores the importance of the emigration of the Tories in the revolution. Most of the "best people" had left the United States and never came back. Why should the masses of the people, not to speak of Virginian gentry like Jefferson and Madison, take seriously the aristocratic pretensions of the Federalists? They had genuine blue-bloods like the great Catholic landowner, Charles Carroll of Carrollton. But most of them were new men who had done well out of the Revolution, Balzacian characters like the rising Lowells and Cabots. The Federalists recall, with depressing fidelity, the French *gens bien* after the establishment of the Third Republic. There is the same belief in dodges like a restricted suffrage, the same comforting faith that they represent *le pays réel* as against the mere *pays légal.* There is another parallel. What doomed the Federalists (if indeed they ever had a chance) was the semi-treason of their New England wing. They were not allowed to forget the Hartford Convention where the élite of New England met to liquidate "Mr Madison's War" just as it was ending in peace and in the brilliant, if pointless, victory of New Orleans. The Federalists were like the Vichyites; they despaired too soon of the republic. There were honest and capable men among them like Rufus King; there were odious characters like Timothy Pickering and professional announcers of doom like Timothy Dwight. There were also great politicians destined to great things like Daniel Webster. But the Federalists deserved their fate. Their last years were spent in intrigues no more interesting or dignified than manoeuvres to make "Pop" at Eton or "Skull and Bones" at Yale.

Early Victoriana

The Making of Victorian England

By G. Kitson Clark.

Methuen. 325 pages. 30s.

HUNDREDS of undergraduates heard the Ford lectures for 1960 at Oxford; scores of thousands of people heard a much abbreviated version of them in the Third Programme. They have now appeared in book form, supplemented by the references scholars delight in and lecturers and broadcasters omit. The book consists of a useful summary of the work that Cambridge historians are doing in some parts of mid-nineteenth century English history, and makes valuable corrections to the accepted doctrines on the subject. For instance, the author discusses briefly whether the phrase "Industrial Revolution" may be used as everybody but the pedant uses it; agrees that it can; and makes the more interesting remark that "It was in fact morally neutral. It was not directed with any certainty to any particular end." He emphasises what most political historians neglect: that many significant activities had no connection with the political stratosphere at all. Other subjects he covers in outline are population growth, religion, higher education, and class. The connection between these two last is brought out neatly:

> It came to be assumed that a gentleman would have had the education of a gentleman, a proposition which might in time carry the convenient converse that someone who had had the education of a gentleman was likely to be a gentleman.

And his sketch of the strengths and weaknesses of the numerous Christian churches and sects in Albert's England provides the best available modern summary.

The other important subject the author covers is government by the civil service, of which he expounds both the origin and the necessity. In the nineteenth century people were in many ways less barbarous in their outlook than they had earlier been; this made the living conditions of the new-built industrial areas socially intolerable. But

> if the power of the community is to intervene effectively in the complicated problems of modern society, it must be guided to its task by experts. . . . The general public must not only surrender its freedom, but surrender it to the control of servants whose actions it cannot understand.

This provides one of the points where one has to remember the title of the book to be sure which century it deals with; the age of civil servants who apply accustomed remedies because they are too sunk in routine to see that the remedies no longer apply is not over yet.

A substantial appendix by Professor W. O. Aydelotte of Iowa State University examines the business interests of the gentry in the parliament of 1841, and indicates that "the heavy involvement of the landed classes in business stands out clearly enough no matter how the figures are arranged."

The main defect of the book is the narrowness of its field. The author discusses industrial expansion in terms of its impact on society, without considering its purposes or the overseas markets much of it was intended to serve; foreign and defence policies are hardly touched on; nor—Ireland apart—does he embark on colonial or imperial questions. As a result the picture of England he presents is lopsided and insular. And his careful scholarship is marred by an occasional absurd statement, such as the one that chattel slavery has long been abolished, or that "manhood suffrage had been achieved" in this country by 1900. These only bear out his point that the recent historical field is becoming too vast for single intellects to master.

How to Co-exist

May Man Prevail?

By Erich Fromm

Allen and Unwin. 263 pages. 21s.

DR ERICH FROMM'S politico-psychological studies, of which "The Fear of Freedom" is the best known, have generally worked outwards from psychoanalysis to politics. In this book his starting point is his feeling of despair with the theory of nuclear deterrence, which he believes has practically no chance of keeping the peace. He has nothing but contempt for the new book-keepers of nuclear death like Herman Kahn. Let us not dwell too much on the horrors of war, peace is horrible too, Kahn once said.

Hard as it is, the only sane policy, Dr Fromm protests, is multilateral disarmament, Russia being offered doses of inspection increasing with the scale of disarmament, and the West committing itself to total disarmament without mumbling doubts or reservations. The political counterpart must be East-West agreement to respect the status quo. If the West really wants to lighten the burden of Soviet rule in the satellites, it will never do so by threatening "liberation" in which it has already ceased to believe.

As for the uncommitted countries, Dr Fromm sees little point in western efforts to sell them systems of economic individualism that have long been superseded in every western country. The only choice for these countries is between different brands of socialism, and he thinks there is a good chance of Soviet-American acquiescence in democratic forms of moderate socialism in the new states such as would respect personal freedom while providing the economic basis for growth.

East-West agreement, however, is impossible—and this brings us to the core of the book—unless the Soviet Union is recognised for what it is, not a messianic force spreading communism by fire and sword, but a "conservative, totalitarian managerialism" chiefly interested in preserving itself and using ideology as a ritualistic exercise. "The only people who take Communist ideology seriously are we in the United States." Dr Fromm wants Americans to get wise to their habits of projecting their fears on to the Russians, imaging them as doctrinal crusaders when, as half the book shows, revolutionary zeal died in Russia before Stalin came to power.

Much of this is unexceptionable, though the psychology is sometimes given a wrench to make it fit the politics. The trouble is that the puzzle facing statesmen would probably stay the same, though it may be made easier to handle, even if Dr Fromm's "anticipatory rationalism" were adopted. It lies in the simple fact that neither side can be wholly sure that the other, whatever its social system, will keep any disarmament promises it makes. Dr Fromm explains that ordinary people fear many possibilities which never eventuate. Unfortunately governments, especially on matters of national security, tend to work on the gloomiest assumptions. And who can blame them?

Ghana's Early History

Maclean of the Gold Coast

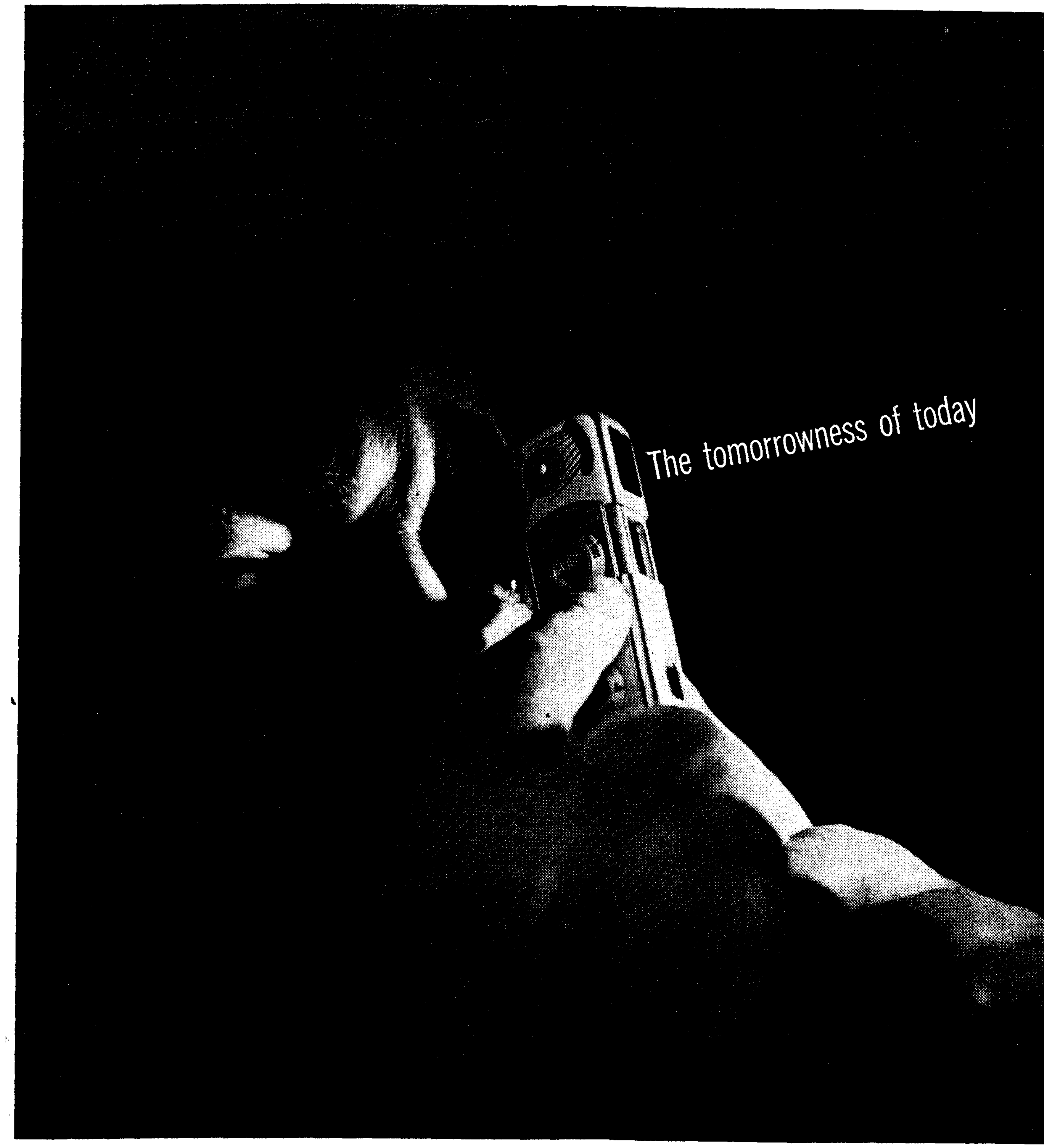
By G. E. Metcalfe.

Oxford University Press. 359 pages. 35s.

THE more one reads about British imperial history the more one wonders how on earth we ever became a colonial power. Profit and philanthropy, often conveniently hand-in-hand, persistently asked for the assumption by the Crown of responsibilities overseas, but their suggestions were treated for the most part by successive British Governments rather as if they were improper proposals aimed at either the purity or the purse of a spinster. Mr Metcalfe's book, which deals with the history of what is now Ghana between the years 1827 and 1847, illustrates this theme with a meticulous and merciless fairness.

George Maclean was a singularly unsuccessful army officer, who went out to West Africa in 1826 largely because he could not get any other employment. He died there twenty years later, a legendary figure to his contemporaries and, in the vernacular, "the white man in whose time all men slept sound." Soon after he arrived the home government, fed up with its expensive and tiresome responsibilities, handed over the Gold Coast forts to a council of resident merchants. Maclean became president of this council. The council's charter was to administer and protect the coastal settlements "avoiding all interference in the disputes of the natives, except when they have reason to believe that their influence or mediation may be effectual for the preservation of peace or the termination of hostilities." Maclean's interpretation of this proviso led him to embark on policies and practices that were soon to result, with an inevitability which he cheerfully and the Colonial Office gloomily even then foresaw, in a hundred years of British rule.

Maclean was a controversial figure. Mr Metcalfe deals with all the controversial events and policies with which he was involved, whether they were political like the questions of domestic slavery and ritual killing in Ashanti or personal like the circumstances attending the death of Maclean's wife, with the detachment, regard for proven fact and careful judgment of a true historian. The book will bring no comfort either to those who seek to justify everything the British did in West Africa, or for those who seek to condemn it all. Kindness and injustice, honesty and hypocrisy, the good



ISR

Britain's Synthetic Rubber People

A camera; compact, precision-built, efficient. ISR; compact, closely integrated, providing industry with versatile grades of synthetic rubber and efficient technical services. A camera, far seeing, fast moving. ISR use their enormous technical experience to anticipate industry's future needs and have the flexibility to provide them. A camera records today for tomorrow; ISR works for tomorrow today.

The International Synthetic Rubber Co Ltd · Southampton · London · Manchester deeds and the bad are analysed and judged with scrupulous fairness. Only on the unorthodox, pragmatic Maclean himself does the author fail to pass a final judgment; and perhaps the best comment was made by the perplexed civil servant who said of him that he did much good "but I could never find out by what law he did it."

Critics' Critic

The Literary Critics

By George Watson.

Penguin. 249 pages. 4s. 6d.

The title is an all-embracing one, but a glance at the cover makes it clear that English literary critics are Mr Watson's subject—though the modish typography, with its run-on lines, appears to include in the list such unfamiliar figures as Thomas Ry, John Dennis Alexan, William Wor and Matthew Ar. Sidney does not figure there, for he was more concerned with principles than with the description and evaluation of actual works of literature; and it is only descriptive criticism that Mr Watson deals with. Consequently Dryden (whose essays he recently edited) is the first on the list, which ends with the American New Critics. The chronological survey results in a kind of literary history, but with all the duller bits left out. There is no attempt to be exhaustive or to follow out the development of doctrines. It is the individual contribution, the characteristic method, the recognisable tone of voice that get full attention, and this makes for a lively book.

Mr Watson knows very well what he is talking about, and he speaks his mind. Several reputations are neatly punctured, and the weaknesses of even the greatest men carefully exposed; but there is such an evident relish for what is good and vital that we are left feeling braced, and inclined to believe that it is not so arid, after all, to read what a critic has to say about critics.

BRIEF BOOKLETS . . .

have been produced jointly by The Economist and The Economist Intelligence Unit to present the essential facts behind important current topics. Each takes about one hour to read. Here are the first three titles in this new series:

Brief 1 RHODESIA: BRITAIN'S DEEP SOUTH
by Joe Rogaly

2 MONEY FOR GROWTH
by Fred Hirsch

3 LABOUR IN BRITAIN AND THE SIX
by Val Schur

Each booklet costs 2/6d. post free for remittance with order from:

PUBLICATIONS DEPT.,
THE ECONOMIST 22 RYDER STREET
LONDON, S.W.1. WHI 1511

Sociology Today

Social Theory and Social Practice

Hans L. Zetterberg.

The Bedminster Press. 190 pages. 30s.

Society: Problems and Methods of Study

Edited by A. T. Welford and others.

Routledge & Kegan Paul. 592 pages. 50s.

It is, as the American author of the first of these two books points out, easy to say tulip, and hard to make one. In "Social Theory and Social Practice" Mr Zetterberg is concerned to show how practical treatment of social problems can be based on the theoretical knowledge that sociologists already possess. For example, he suggests, if a sociologist wishes to study the difficulties confronting any kind of organised opposition in a trade union, he can immediately draw on accepted theories of motivation, bureaucracy, power, authority and so on. On the basis of these ideas he can give a good analysis of the situation without having to indulge in yet another piece of costly research. We may, the author argues, still have doubts about the theories, but we cannot go on doing research for ever. Mr Zetterberg draws an interesting analogy between sociology today and medicine in the nineteenth century, and points out that if doctors had been similarly inhibited about the soundness of their theories, no one would have been treated at all.

In England this point has simply been ignored. The second book treats sociology as a statistical method for the study and analysis of social problems, and there is virtually no reference to pure theory at all. It consists of a collection of essays by many (though by no means all) of the big names in British sociology, and the sections cover a wide range of topics from road accidents to national intelligence. It is intended as a guide book to the subject for sociologists and laymen alike. Sociologists will certainly find in it a detailed study of Britain today, but laymen will probably find it hard going in places (why must academic sociology always be dull?) and it is not truly comprehensive. Apart from the theoretical gap, certain subjects such as social anthropology have been left out. The total effect is curiously flat, and the fact that there are four editors may account for the lack of a unified viewpoint of directive. If Mr Zetterberg would like some of his fellow-countrymen to borrow some of the English pragmatism, then a little more of the inspiration that lies behind American theoretical thinking would be welcome here. After all, compared with other scientists, sociologists are in a unique position, in that the objects of their study are simply other versions of themselves. Thus they start with a degree of understanding already available. It would be a pity if this understanding were to be buried forever under a pile of statistics, but the English book shows distinct tendencies in that direction.

Psychology and Poetry

Mirror of Minds

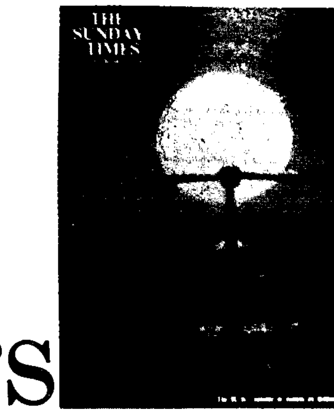
By Geoffrey Bullough.

Athlone Press. 279 pages. 35s.

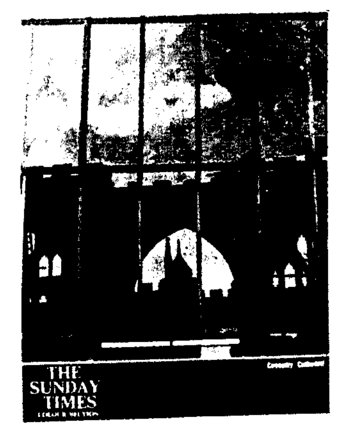
The trouble with this book is that it attempts to do far too much. It is an expansion of five lectures delivered at Toronto University in 1959, in which Professor Bullough examined changing psychological beliefs as they exhibit themselves in English poetry since the Renaissance. Current assumptions about man's relation with the universe, about the sources of his knowledge, about the various powers of the mind, are bound to affect the more philosophically-minded poets, in whatever age they live, and to consider how they write within the context of such beliefs is very well worth doing. When Professor Bullough writes as a literary historian, conversant with the ideas of the natural philosophers and the psychologists, he is, given a long enough perspective, very illuminating. There is a particularly valuable chapter on reason, the passions and associations from Dryden to Wordsworth. This is a period not much explored by the non-specialist, and there are unexpectedly interesting extracts from Prior's "Alma," Young's "Night Thoughts" and Akenside's "Pleasures of the Imagination." But even here, the wish to leave no stone unturned results in too rapid a survey of too many writers, and some rather banal comments on the better known ones; and when Professor Bullough comes to the twentieth century, it becomes apparent that the historian's feeling for inclusiveness is stronger than the literary critic's concern for intrinsic merit. When he gives himself time to consider a poet in some depth, as he does with T. S. Eliot, he is able to indicate some enlightening connections between philosophical ideas (those of Bradley and Bergson in particular) and the poetic handling of such themes as time and consciousness; but Yeats gets summary treatment, rather more attention being paid to Arthur Symons and Rupert Brooke.

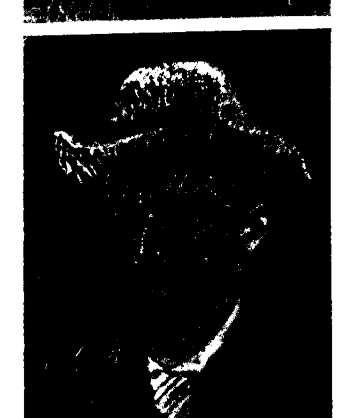
When one considers that Professor Bullough is trying to do within the compass of this single volume something not unlike what Professor Willey has done in a series of quite massive books on the background of thought against which writers worked in the seventeenth, eighteenth and nineteenth centuries, one must admire his temerity and his powers of compression; but it is tantalising to be rushed from one topic to another and from one poet to another at such a breathless rate.

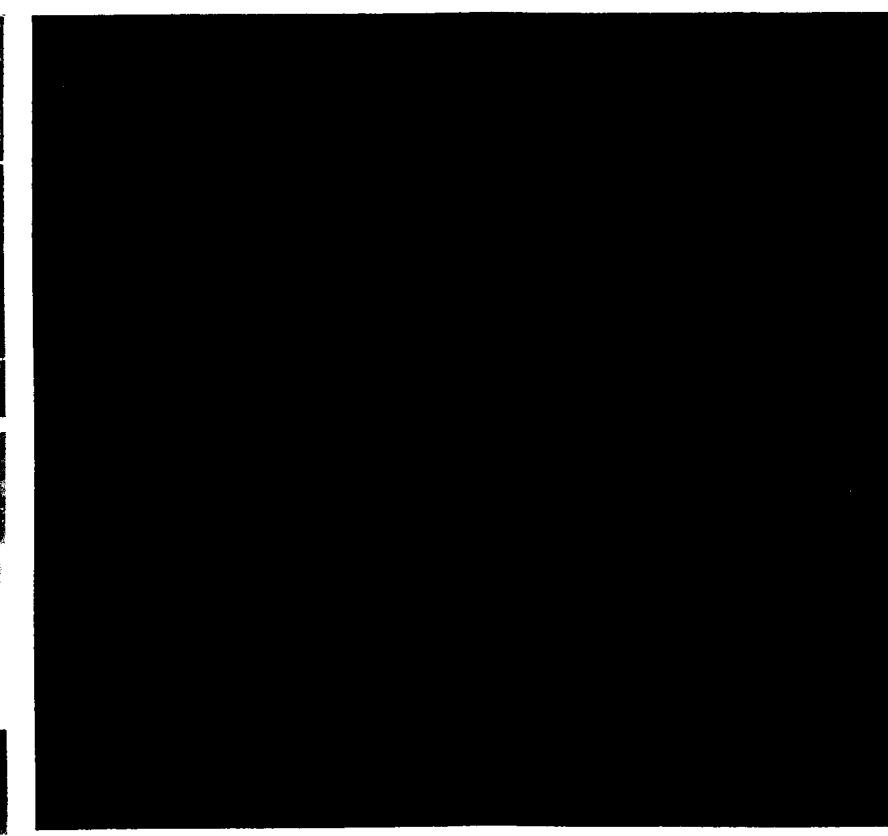
Colour sense for advertisers How to reach the big spenders for less money

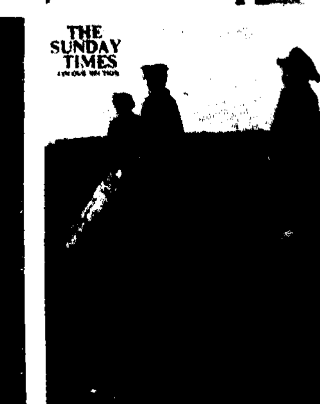


Who are Britain's biggest spenders? The men and women in the ABC1 classes. In which quality colour medium can you reach the largest number at the lowest cost per thousand? In the Sunday Times Colour Section. A whole page advertisement in full colour costs £2,700 and has a circulation of 1,110,457. If you were to take full colour pages in 8 leading quality periodicals (see list below) you would still have a smaller circulation, (1,069,352) and the total cost would be £4,350 — £1,650 more! £1,650 wasted!









When advertising to the quality market it's common colour sense to use

THE SUNDAY TIMES COLOUR SECTION

the fullest-read quality medium of our time

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

PHOTOGRAPHED BY IRVING PENN

THE DRY SHERRY ~ & THE ICE BUCKET

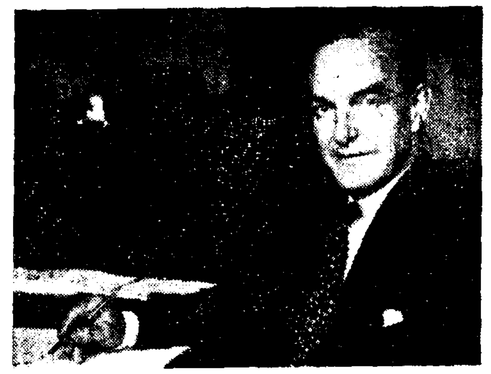
Last year a fable; today a fact

This is the picture that last year launched a thousand conversations. *Chill a sherry? Anything as fine and subtle as Harveys Bristol Dry? It sounded incredible!*

But those who dared were handsomely rewarded. For when a dry sherry has been matured in cask for many years like Bristol Dry, chilling actually reveals its depth of character. The dry, delicate flavour blooms with a glow of hidden warmth.

No sherry drinker who has once tasted Bristol Dry this way would dream of drinking anything else. By the end of last summer, Bristol Dry in its ice bucket had moved into all the very best houses. Now, to drink your summer sherry any other way is nothing short of reactionary. *Harveys Bristol Dry 22/6*

HARVEYS BRISTOL DRY



Mr Noble: bitter inheritance

HOME REPORT

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

Scotland Marks Time

FROM A CORRESPONDENT IN GLASGOW

It is still not at all clear what the Government means to do about the Toothill report on the Scottish economy, published last November. The new Secretary of State, Mr Noble, announced his considered (and very cagey) reactions on Thursday. They indicated no major innovation in policy on such central issues for Scotland as the distribution of industry in regions of slow, or nil, growth; changes in the Local Employment Act; or the future shape of the transport system. Since these depend on national decisions it is not surprising that Mr Noble refused to commit himself. More observations are promised later on: presumably this means that Mr Noble is still fighting his own battle inside the cabinet for the more fundamental changes that Toothill and others have called for—and in which north-east England and Merseyside are equally interested. But the Scots feel that they have most cause, among all the regions of declining opportunity, to insist on knowing the score as soon as possible. Is there a Government policy or isn't there? There is no doubt that Scottish morale has been sagging increasingly all year and that the Unionists (as the Tories are known north of the border) have never been less loved.

What is to be done about Scotland? Labour MPs and trade unionists are talking themselves almost into the belief that there is no future for it, so often do they preach the harsh facts of economic stagnation. Mr Noble himself, an Argyllshire gentleman farmer so recently elevated to run the Scottish Office and party machine in the north, has come into a bitter inheritance. There are 75,000 unemployed, 3.5 per cent of the working population (or more than double the national average). Emigration rose to 34,000 last year after running at a yearly average of 25,000, mostly drawn from the young and better-skilled, since 1950. Scotland needs 15,000 new jobs a year, but is currently losing existing work faster than new jobs are won. The coal board and the railways have either embarked on policies of massive closure or seem certain to do so. Some 35,000 jobs are said to be in the pipe-line at present, but these will not offset the existing retraction in steel, shipbuilding, engineering, coal, and transport.

While the Labour party demands more financial inducements to attract new industry to Scotland and, on the left, the direction of industry, the Tories complain that all this despondency merely drives potential incoming firms away. They also point out that strikes and go-slows at major projects like the Hunterston power station and the British Motor Corporation plant at Bathgate do not improve the Scottish image. Mr Noble remarks tartly, but with some truth, that Scottish industry has failed to make full use of the research and other facilities that the Government has already provided. But the non-party Scottish Council (Development and Industry) which produced the Toothill report is "pretty desperately concerned" and promises a bit of a battle when it sees Mr Noble and Mr Erroll, the President of the Board of Trade, next week; there are workers' marches; the kirk has voiced its concern, and even the right-wing press is full of anxious leading articles.

It is true that since the British Motor Corporation and Rootes were virtually driven northwards two years ago (to provide up to 20,000 jobs) there has been no sign of an integrated master plan. Six "development sites" have just been designated in the worst black spots, but industries will nonetheless have to be found to occupy the advance factories when they are built.

The most hopeful stirrings have been inside the Scottish Office itself. In June it was reorganised into two key departments, of which the challengingly-styled Scottish Development Department is officially felt to be of enormous significance. Its explicit purpose is to concentrate those economic planning, industrial, and allied functions hitherto somewhat clumsily dispersed around St Andrew's House in Edinburgh and Dover House in Whitehall. In this sense, at least, the Government has not let the Toothill proposals gather too much dust.

In fact the Unionists have, for them, gone to unprecedented lengths in social and regional planning. Under the previous Secretary of State, Mr Maclay, the basic decision was taken to make 80 square miles of the Lothians (pivoting on Livingston new town and the nearby BMC plant) a focus of new activity to link the Clyde Valley conurbation with the slowly expanding industries of east Scotland. Here the Government is committed to public investment on a major scale. Two distinguished Scots, Professor Sir Robert Matthew, the architect, and Professor D. J. Robertson, the economist, have been engaged as consultants, and there seems to be at least one eye in high places on what the common market Investment Bank could conceivably do for this type of enterprise.

As it is, a substantial infrastructure has been built up in central Scotland generally over the past five years by way of the trunk roads programmes, the Forth and Tay road bridge projects, the Clyde vehicular tunnels, and Glasgow's central redevelopment and overspill. A long-overdue drive to step up technical education and industrial training is beginning to show results. The Unionists are right to point to all this, but it has plainly not produced a self-sustaining regeneration in time to cushion the present (and admittedly overdue) cuts in the older, unprofitable industries.

The Scots have been told repeatedly by their own pundits that the long-term answer lies in industrial virility at home, in economic self-help, and in the will to make Scotland boom without outside aid. But the impression is also growing that all this is less easy to manage when the legislature is 400 miles distant and not particularly sympathetic to a separate rescue operation north of the border. It has always been said that Scottish nationalism would get serious political support only when high and persistent unemployment could be directly related to an economic system that permanently favoured southern England at the expense of the rest of Britain. There have been continuous arguments since 1918 over whether or not Scotland is getting more out of the union than it puts in: the point now is that the visible drift to the south, even before any entry into the common market, has become more painful—and been more resented—than at any time before.

The planners still doggedly predict that the congestion of population in the south and the midlands will eventually produce its own antidote, in a voluntary return to the relatively empty spaces in the viable regions of the north and west (including central Scotland). But that looks a terribly long time away, particularly if one lives and works in the dying coal and shale mines of West Lothian. Does Scotland have to wait indefinitely for the natural antidote? If not, how determined will Government action be to start and sustain a counter-drift? These are the questions that Mr Noble has not answered to local satisfaction.

Grey Skies, Blue Water

FROM OUR SPECIAL CORRESPONDENT

In the past ten years Stevenage New Town has ceased to be an experiment and become an achievement. Now and again the bright new fabric peters out into wheatfields or heaps of builders' rubble, but most of the citizens can ignore these signs of rawness and settle down to contentment in the neat, orderly houses so conveniently planned within striking distance of shops, amusements and workplaces. The senior residents are noticeably working up their own brand of locally patriotic Conservatism. For many people, complacency and a fascination with such status symbols as a fenced front garden have been the new townsmen's besetting sins. Or so it was until the events of the past few weeks.

First, the Minister of Housing wrote to Stevenage Development Corporation (in company with Harlow) to ask them to undertake a technical study of the possibility of enlarging the planned development of the town beyond its existing target of 80,000 people (the present population is 47,000). Now it is suspected that the Ministry is thinking in terms of an eventual population of 150,000. The suggestion was greeted by a howl of local indignation and an angry protest from the council, despite the warning of one of their number that they might seem to the outside world to be behaving just like those old towners (the indigenous inhabitants) who resisted and successfully delayed the original foundation of the new town.

Stevenage's second bombshell was launched by Mr Thorneycroft, the new broom at the Ministry of Defence, when he decided to stop work on the Blue Water missile. Blue Water was largely designed and made at the vast factory of the English Electric Company at Stevenage which employs 4,500 out of the town's total labour force of 21,000. If nothing turns up to replace Blue Water almost 2,000 of these will have to be sacked. English Electric is one of the two employers in Stevenage not tied to the consumer goods industries. Several local firms, while not avowedly in a state of slump, are chary of hiring new workers at present. What is more, the boffins and the highly-qualified technicians in the missile plant have provided for the new town an elite both in spending power and in education sorely needed by this rootless community.

For just as long as Britain remained in the big missile race the town was thus provided with a star employer at the top of the technological ladder and some justification was given for the familiar jibe that Britain's most peaceful social and industrial experiment rested on the arms race. Much has been made of this by the local trade unions which, in an environment better suited to the cultivation of roses than to old-fashioned working-class solidarity, have come to be dominated by the usual little groups of left wingers. But their protest meetings against the Blue Water decision under the slogan "Boom Town Not Doom Town—No More Missile Contracts" was a fiasco. Most Stevenage workers and shopkeepers want nothing better than peacefully to make weapons of destruction.

For many individuals who have come into Stevenage to make a new life in highly skilled jobs and a good environment the present position is very serious. For the real specialist there is not a chance of finding a comparable job. For others the idea that all those who live in Stevenage should have jobs there must go by the board, and even the qualified and motorborne commuter, who can reach within the hour a swarm of booming communities between north London and Bedford and Cambridge, must now compete for jobs with other redundant missilemen from Luton and elsewhere. The shock has come all the harder to a town whose prevailing atmosphere is of earnest self-improvement.

Many Stevenage people whose jobs are not directly affected bitterly resent the prophecies of doom for their town that have appeared in the national press. Even if the number of commuters out of Stevenage does increase, the levelheaded point out that this might have had to come anyway as a new generation grows up. The new towns have amply proved their worth to industrialists: this one, with easy access to markets anywhere in Britain or the world, has actually had to turn away applicants for factory space in the past few years. The English Electric setback, in short, could prove less important for the new town than the question of its optimum planned size.

Over 1,000 new houses a year are still being built and their costs are coming down as new techniques of construction are introduced. Office development is moving in to balance the jobs in factories, to the advantage of the bright young teenagers from Stevenage's excellent schools. In fact the dire effects of this withdrawal by an employer who has become the mainstay of the community may persuade everyone to think again about expansion. The council evidently feels that people can be happier in a medium-sized town, adhering to a good plan, than in a large one that could overstrain the town centre. Against this the idea is beginning to burgeon that a larger and thus more diversified town would also be shielded against even the quirks of British defence policy.

Going to the Doctor

In 1955-56, about 170 doctors in 106 general practices took part in a survey designed to show the prevalence and incidence of various diseases in England and Wales. Two reports on this survey have already been published, both of them mainly statistical. Now a third has appeared,* summarising the results, in words rather than figures, by groups of illnesses and describing the illnesses of the two age-groups most at risk—children and the over sixty-fives.

A very different picture of national ill-health emerges from this report than is obtained from mortality statistics or from the returns of patients treated in hospital. For instance, over one-quarter of the entire work of a family doctor was taken up with common respiratory disorders — mainly colds, sore throats, pseudo-influenza and bronchitis. These were particularly common among young children; about a half of the under-fives in all the practices were seen at least once in the survey year for a respiratory illness, and for each illness the child was seen, on an average, three times. At the other end of life, this type of illness, particularly bronchitis, is still the most common, but among the elderly and old a doctor spends more time treating diseases of the circulation—high blood pressure, coronary disease, arteriosclerosis, and so on.

As regards the middle aged, the survey has some interesting things to say about psychiatric disorders. True mental illness (psychosis) is rarely seen in general practice, although it requires nearly a third of all hospital beds. Psychoneurotic illnesses, however, were much more common, with a patient consulting rate of 46 per 1,000 at risk (compared with 264 for respiratory disease), and the most frequent type was an "anxiety reaction." According to the survey, psychoneurosis was about twice as common among women as among men and particularly high in women with families doing a part-time job.

If a woman really wants to avoid psychoneurosis, she had better avoid marriage—or at least motherhood—and sit at home. If a man wants to avoid it, he should not become an administrator or take any post of responsibility, but be a farmer or furnaceman. He should also know that, if he must have a neurosis, it is "U" to show an anxiety reaction, but distinctly "non-U" to show an asthenic one, that is, to complain of tiredness or weakness. He should also not take his wife to live in London or the south-east, but settle in the eastern region or, oddly enough, in the depressed north or Wales.

All this is entertaining reading, but is it a true picture? Of all disorders psychoneurosis is the most subjective diagnosis that can be made. This is clear from the survey itself: although the average incidence for all psychiatric illness was 50 persons per 1,000 at risk, the extremes varied from 18 to 208 per 1,000 in individual practices. Again, neurotic symptoms become more overt if there is more outlet for them. With more doctors and more hospital and specialist facilities available per head in the prosperous south-east, it may be more worthwhile trotting out your anxieties there than to an overworked harassed doctor in the north. As for the sex difference, may it not be partly explained by a woman's greater opportunities for contact with the doctor, as a result of consulting with her children? And does not a man tend to drown his worries at the pub? He is certainly three times as likely to have an ulcer.

* Morbidity Statistics from General Practice. Vol. III. HMSO. 16s. 6d.

LETTERS

Racial Intolerance

Sir—Your balanced article Shaming the Devil (August 11th) says ". . . . we will not give to politicians or policemen or magistrates the power to specify what shall or shall not be said." I agree: but that does not mean that a society may not decide what acts run contrary to its sense of right or wrong, and what acts offend against public taste; nor does it prevent society, if it sees fit, from forbidding its members to commit such acts. It is surely the right of every society, and at times its duty, to legislate in order to maintain its moral standards.

Racial hatred is abhorrent to the majority of Englishmen—at least as abhorrent as, for instance, unnatural sexual practices. Yet the public good does not automatically require either practice to be made illegal. But if either shows signs of becoming widespread, the government, as the mouthpiece of society, should show the general abhorrence of such acts by legislation. This legislation need not aim to prevent the acts themselves: only in very exceptional cases should the liberty of the individual be thus interfered with. It should instead be designed to prevent the corruption of others by those who practise these perversions. A law to make illegal public incitement to racial hatred would do just this.

As John Stuart Mill wrote. . . . "The maxims are first, that an individual is not accountable to society for his actions, in so far as these concern the interest of no person but himself. . . . Secondly, that for such actions as are prejudicial to the interests of others, the individual is accountable, and may be subjected either to social or to legal punishment, if society is of the opinion that the one or the other is requisite for its protection."

Racial intolerance is today increasing in this country. Although, I hope, unintentionally, the Immigration Act has given the appearance of public sanction to racial discrimination. Not only the riots and near-riots of Notting Hill, Trafalgar Square and Dudley, but also the eagerness of magistrates to deport for minor offences, show how close to the surface lies racial feeling. What is profoundly disturbing is that this feeling exists not only among a few ruffians and crackpots, but among people believing themselves to be guided by Christian principles. Surely, therefore, society is now bound to declare by legislation where it stands on this issue. Such action may be called intolerance of the liberty of the individual: but inaction is without doubt tolerance of what, by our ethical standards, is evil. At the same time, this very inaction would be taken by many as, if not tacit approval, at least absence of disapproval by society of such behaviour.—Yours faithfully,

Newton, Cambridge WALSTON

Priorities for Education

Sir—In Priorities for Education (July 21st) you rightly suggest that a policy of salary differentials could be used to help solve problems of recruitment and the distribution of teachers between various types of school. But salary differentials can only influence the distribution of teachers between schools if the teachers recognise their existence; and the complexity of the present Burnham scales makes this difficult. For example, many primary school non-graduates believe that they are treated less generously than their colleagues in secondary schools. Is this true?

Tables 41 and 42 of Statistics of Education 1961, Part I give information concerning salaries at March 31, 1961. (School teachers have had a salary increase since that date, but these are the most recent statistics available.)

If we consider only men aged 50-54 we find that the average salary for non-graduates in secondary schools was £1,153, whereas that for non-graduates in primary schools was £1,203. Also, whereas 15 per cent of the primary school teachers were earning more than £1,400, only 9 per cent of the secondary school teachers were in this income group.

The average salary for all non-graduate men was £1,040 in primary schools and £953 in secondary schools: 6 per cent of the former and 3 per cent of the latter have salaries of £1,400 or more. Again these statistics suggest that the man teacher will do better in primary than secondary schools.

On the other hand, for the age groups under 35, the average salary for men non-graduates was higher in secondary than primary schools. Also whereas eleven non-graduate men earned more than £2,000 in secondary schools, no non-graduate teacher in a primary school earned more than £1,800. Presumably the discontent among these primary school teachers arises from the fact that they are more conscious of the greater availability of special allowances in secondary schools than they are of the higher proportion of headships in primary schools.

In discussing salary differentials for mathematics and science graduates it is necessary to consider the relationship between the Burnham scales for schools and those for technical colleges. From Table 43 of the same publication, it seems likely that more than half the men graduates in technical colleges were earning more than £1,400 a year compared with 28 per cent for men graduates in secondary schools. Mathematics and science graduates in the schools certainly have better chances of extra allowances than other graduates, but there seems little doubt that salary differentials favour the technical colleges.

The case for salary differentials is generally an economic one: and it would be unrealistic to advocate a salaries policy which took no account of economic considerations. On the other hand, the existence of salary differentials may have an adverse effect on the quality of education provided in the schools. The existence of a high proportion of above-scale posts carrying a variety of allowances may well encourage more mobility among teachers than is good for their pupils. Also the emphasis on posts of special responsibility and advanced work may detract from the status of the class teacher upon whom the quality of education depends.—Yours faithfully,

FREDA CONWAY

The University, Leicester

The U.S. Capitol, seen from Delaware Avenue—just five minutes from a Bank of America office.

Man-on-the-spot . . . in Washington, D. C. His desk is four blocks from the Department of Commerce. In London, he's ten minutes from the Board of Trade. From San Francisco to Singapore—in California, across the U.S.A., around the world—**BANK OF AMERICA** can provide you with expert banking assistance where it counts: on the spot. Whenever your interests call for first-hand attention, see Bank of America—first in banking.

London Branch, 27/29 Walbrook, E. C. 4 • West End Branch, 29 Davies St., London

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.

Token Progress in the South

WASHINGTON, DC

It is the devout wish and reasonable expectation of all concerned that a few more young Negroes will be admitted into a few more previously all-white southern schools next month without provoking violence. Last year was the first without trouble since 1954 when the Supreme Court issued its historic decision declaring racial segregation in the tax-supported schools to be unconstitutional. But the mere absence of rioting would not signal the coming of a new order in the South or a widespread acceptance by southern whites that segregation cannot be maintained much longer. On the contrary, the South seems as determined as ever to maintain segregation but to maintain it, as far as possible, without resorting to howling mobs and brickbats. This effective rearguard action against any significant lowering of the colour bar takes two forms. In the states of the deep South there is a solid and unbending opposition to any form of racial integration, not only in the schools but also in eating places, hotels and other facilities open to the general public. Elsewhere in the South, the opposition is more subtle. Dr Martin Luther King, the Negro clergyman who has become the unchallenged leader of the fight against racial discrimination, calls it "planned and institutionalised tokenism"—a compliance with the letter but not the spirit of federal court rulings, under which token desegregation takes place but nothing approaching true racial integration is permitted.

The uncompromising stand of the deep South can be seen in the fact that not a single school district in Alabama, South Carolina or Mississippi has tried even token integration and only one district in Georgia (Atlanta) and one in Louisiana (New Orleans) have hesitantly admitted a few Negro students to previously all-white schools. But at present the dramatic symbol of resistance in the deep South is to be found in Albany, Georgia, a community of some 56,000 persons, including 23,000 Negroes. Albany's dominant white majority refuses resolutely to budge an inch to lessen the segregation of all public facilities, ranging from drinking fountains to courtrooms. Last year this uncompromising attitude brought into existence the militant but non-violent Albany Movement. Its leaders, Dr King and other Negro clergymen, keep asking the all-white City Commission to discuss the Negroes' grievances; when this demand is rejected they sponsor mass demonstrations in the street. More than 1,000 of the demonstrators have been arrested since last December.

What worries civil rights leaders even more than the intransigence of the whites in Albany is the tokenism practised in the supposedly more enlightened areas of the South. The invaluable *Southern School News* reports that 948 Southern school districts have discarded the colour bar, out of 3,047 districts which contain both Negro and white students, and 33 more districts are scheduled for desegregation this autumn. But these encouraging statistics can be misleading. They include states such as Missouri, West Virginia and Oklahoma which are not really southern in culture at all. And in the states of the old Confederacy what integration exists is of the token variety, with only handfuls of Negroes admitted to all-white schools.

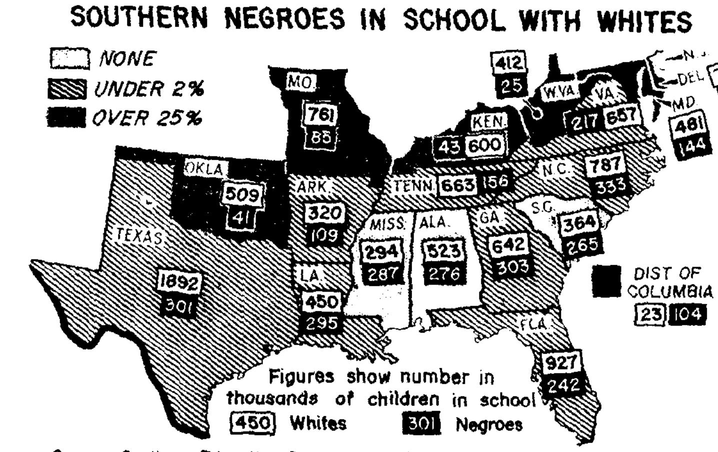
North Carolina, long regarded as the most enlightened of southern states, has become the master of tokenism. During the coming school year there will be racial mingling of some sort in 19 of its 173 school districts, but genuine integration will exist nowhere in the state. Fairly typical is the town of Salisbury, which begins "integration" next month by admitting three Negroes to an all-white school. More subtle are the practices of the charming city of Charlotte, where 414 Negroes will be assigned this year to bi-racial schools, compared with only 27 last year. But of these 414 Negroes 371 will attend the Bethune school and all but 40 white students at Bethune have applied for, and been granted, transfers to all-white schools. Thus the school does not become integrated but merely changes from a predominantly white to a predominantly Negro institution.

Although Dr King demands an immediate end to racial segregation in the South, more moderate Negro leaders and some sympathetic whites believe that the southern Negro will win his demands only when he secures and exercises the right to vote. Then, this theory goes, the southern politician will be forced to cater to the sentiments of his Negro as well as his white constituents. It is true that southern politicians admit in private that the entire political climate of the South will undergo a vast change when the region's immense Negro population begins to vote in significant numbers. One southern Senator with unchallengeable segregationist credentials is secretly building an underground Negro organisation in preparation for that day.

But that day may be too far in the future to have much relevance to existing conditions. It is almost as difficult to break down the barriers, overt and psychological, to Negro voting in the South, and particularly in the deep South, as it is to end discrimination in other fields. Here again, tokenism is at work; a few Negroes may be permitted to go to the polls in one election district after long and involved court struggles, but there is no easy way for Negroes to vote on the same basis as whites.

Furthermore, the right to vote, by itself, will not insure the election of Southerners who will be more responsive to demands for equal rights for Negroes. One veteran southern politician, Senator Olin Johnston of South Carolina, has always depended on Negro support and received nearly unanimous backing from the

SOUTHERN NEGROES IN SCHOOL WITH WHITES



Source: Southern Education Reporting Service this retreat on the grounds that the new regime—perhaps because of the violence of the reaction in Washington—has promised to hold and respect free elections (although not until next June); it has also released its political prisoners, undertaken to respect the country's international commitments and restored civil liberties. To withhold economic aid would have postponed work on Peru's problems and might have looked like Yankee dictation, particularly as most of the main Latin American countries have now recognised the new government which is very popular with the local American business community. But the other side of the coin is that in future American threats to cut off aid if democratic governments are overthrown will not be taken seriously.

Military assistance to Peru is not, however, to be resumed at once. The spectacle of an American-provided Sherman tank controlled by an officer trained in the United States smashing down the gates of the presidential palace in Lima has revived all the old suspicions in Congress of the military aid being given to Latin American countries—$500 million worth since 1952. Originally this was supposed to strengthen hemispheric defence, by standardising equipment and modernising the armed forces, and to prevent the buying of arms elsewhere. Just this week Mr McNamara, the Secretary of Defence, supporting a request for $1.5 billion for military assistance, $63 million of it for Latin America, argued that this aid exercised a "constructive influence" and was needed to put down communist subversion. But the critics both in Latin America and in Congress consider that military aid simply fans an arms race for the sake of national prestige, stimulates wasteful spending of over $1 billion a year and leaves democratic governments more and more at the mercy of their armed forces.

Satellite's First Step

PERHAPS the saddest aspect of the filibuster in the Senate against the communications satellite Bill was that it frustrated its own purpose. The liberal Democrats who tried to prevent the Bill coming to a vote were anxious to bring what they genuinely believed to be its dangers to the notice of the public. However, not only did the publicity generated by the method they used distract attention from the arguments in their prolonged speeches but the filibuster also prevented the Bill being amended in ways which might have improved it. Once the Democratic leaders in the Senate had managed to limit the debate, they were determined not to allow any amendments at all; changes would have had to be reconciled with the Bill already approved by the House of Representatives and the agreed version would then have had to be voted on again in the Senate, giving the liberals an opportunity for another filibuster. They may have this opportunity, nevertheless, for the Bill as originally presented to, and now approved by, the Senate differs from the House version in several respects, notably on the ownership of ground stations for the satellite system.

Basically, however, both versions of the Bill are the same; it is a compromise resulting from lengthy negotiations and hearings and its sponsors claim that it is only a first step which can be altered in the light of experience. It authorises the establishment of a private corporation to develop and run a commercial system of international communications by satellite, of which Telstar is the forerunner. The corporation will be financed through an issue of shares, half to be offered to the existing communications companies and half to the public. Each of these groups will be able to appoint six directors and three will be appointed by the President of the United States. The corporation will be regulated by the Federal Communications Commission but the liberal Democrats contend that, from past experience, this will not be enough to keep the companies and particularly the American Telephone and Telegraph Company, which is responsible for Telstar, from monopolising for private profit a development which has so far been financed mainly by the taxpayers. The argument has many ramifications but the fundamental demand is for outright government control of the satellite system or at least for much stronger control than is provided in the Bill.

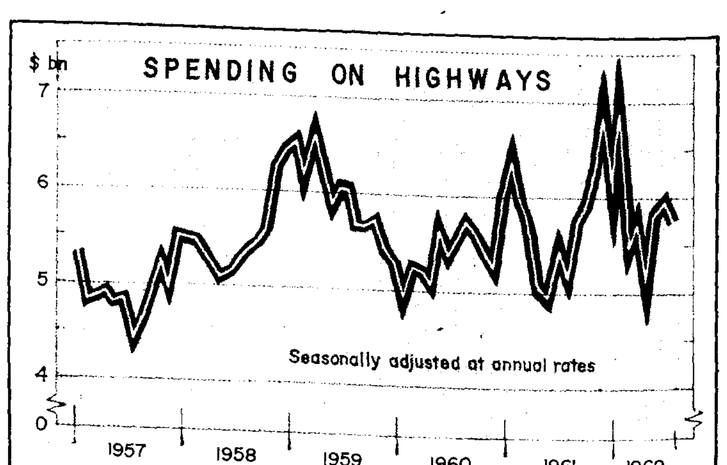
The immediate aim of the filibustering Democrats, however, was merely to postpone a final decision to allow time for further consideration. But this the Administration refused to accept, on the grounds that the new corporation must be in working order before the international conference which in a year's time is to allocate frequencies for use in space communications. There is undoubtedly also the fear that delay might lose the United States its lead in the one space activity in which it is obviously ahead of the Soviet Union.

Speed Up on the Roads

THE Administration has moved quickly to back up the President's plea to Congress, in his address last week, for the enactment of pending measures which would speed economic growth. The Department of Commerce, using powers which it has long had, awarded a $2 billion bonus to the states for building roads during the current fiscal year. They are now authorised to commit nearly $5.8 billion of federal money to subsidise highway construction before next July, instead of the $3.8 billion originally earmarked for the period. Under the Highway Act of 1956 90 per cent of all state outlays on the national system of super-expressways as well as 50 per cent of state expenditures on other primary and secondary roads are reimbursed by the federal government.

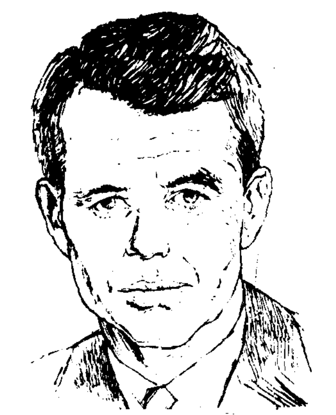
The stimulating effect will be virtually immediate in the fifteen or so states which had been waiting to sign contracts for the building of new highways until additional funds became available. They will be able to translate the bonus into actual construction at once; moreover, the whole extra $2 billion is to be released in the current quarter, instead of being parcelled out equally over the full year as has been the usual practice. This will have a direct impact on local economies over a large area of the country, including some states—California and Pennsylvania, for example—which are likely to be crucial in the November elections, and through the normal spilling over of spending the indirect benefits should be even more widespread.

The highway programme's function of helping to sustain a high level of economic activity, underlined this week, will continue for a decade; the full system is not scheduled for completion until 1972. It provides for 41,000 miles of interstate highways, to cost $41 billion and to be capable of handling the volume of civilian traffic expected by 1975 and of meeting the needs of national defence then. Already the project is well advanced, with some



30,000 miles of road in place, under construction, or at various stages of planning. The scheme was threatened earlier this year by the exposure of scandals involving conspiracies to overcharge for rights-of-way and other irregularities and during the 1958-59 recession by a deficit in the Highway Trust Fund, out of which the federal contribution is financed. However, since congressional investigation brought the scandals to light, both the Bureau of Public Roads and state highway departments have tightened up their controls and the fund has been restored to solvency by an increase in the taxes on road users which finance it.

Mr Attorney General



WASHINGTON, DC.

MR ROBERT KENNEDY, a younger brother of the President and at thirty-six the second youngest Attorney General of the United States in American history, detests fraud, hypocrisy and abuses of power. Visiting a well-known law school, he was asked whether a lawyer should ever lie to a judge: Mr Kennedy said in his cool, courteous Boston accent that he thought any six-year-old must know the answer to that sort of moral problem. As Attorney General and head of the Department of Justice, it is his job to give the President legal advice but, as the President's brother and closest associate, he is also consulted on defence, foreign policy and national security. He knows the President's mind and the President relies on him implicity to report on any situation with complete honesty. His advice is not always followed but it is always wanted.

Mr Kennedy took time off from being Attorney General last February to go round the world speaking for his brother, and in a book* published this week—the profits are to be used for scholarships at universities in Japan, Indonesia and West Berlin—he describes the trip which he made with his wife. He told Japanese and Indonesian students that it was time that they grew up, but he also admitted to Indonesians that Texas's war with Mexico in the last century was unjustified; this offended Texans, who also need to grow up. He claims to have helped to persuade the Indonesians to negotiate with the Dutch about New Guinea. He urged young Japanese to have the courage of their convictions and to be willing to stand up and be counted; he praised the bravery of the Japanese student who argued hotly with him, as well as that of the young Indonesian who faced arrest and punishment by throwing fruit peel in his face. When he left the Orient Mr Kennedy was more convinced than ever that the United States will be only a poor preacher on democracy as long as American Negroes are prevented from voting by threats, intimidation and legal trickery. Writing books seems to be second nature to Kennedys and other members of the New Frontier; Mr Kennedy records his dismay that a Djakarta bookshop had "not one book by the President of the United States."

He was his brother's campaign manager in the 1960 presidential election and he has a fiercely loyal team spirit, so long as the team is on the side of the Kennedys. Tirelessly athletic and happily married, he works with coat off, tie loose and sleeves rolled up, behind a huge desk in an enormous office in the Department of Justice's big building in Washington. He has boyish good looks yet is a shy and highly-strung man, intense and absorbed, with a burning-glass's power of concentration. But his sense of humour, like the President's, is never far away and runs habitually to slight self-mockery. He says the reasons why he became Attorney General are that he worked hard and that his brother was President—but not in that order.

After attending the University of Virginia's Law School, Mr Kennedy served as an assistant counsel on the notorious McCarthy committee but left it because he disliked its methods; later he became chief counsel for the Senate select committee on improper activities in the labour or management field. It was there that he first caught the public eye. Under his dynamic leadership the Department of Justice has gone after corrupt trade union leaders and business monopolies. It has also scourged gamblers and pedlars of dope, exposed crooked policemen and judges and pressed energetically for more civil rights for Negroes.

Mr Robert Kennedy is the Roman Catholic grandson of an Irish immigrant. But it is in the spirit of New England Puritanism that he conducts the affairs of the Department of Justice. He worries about the moral fibre of America. His creed is to reach out with stark, almost naïve honesty to do the things which he feels need doing. The Department of Justice is an instrument of singular power. It can put the squeeze on almost anyone by its ability to investigate almost anything, including income-tax returns. The Attorney General has his brother's ear and like the President himself is continuously on the prod. Gangsters and other public enemies are uneasily aware that little brother is watching them. One man once called him, with deep feeling, the blue-eyed monster. Under previous Democratic Administrations, the Department of Justice suffered from mediocre management by political hacks. President Eisenhower's men were capable but he did not back them up with any conspicuous enthusiasm. With the President's full support Mr Kennedy chose a team of brilliant deputies, one of whom has already gone to the Supreme Court.

The cause of justice, as Mr Kennedy conceives it, is being prosecuted with zeal and skill which have brought him both enemies and respect. Most of those who criticised the President for giving the job to his brother admit now that the Attorney General has done well. But although he appears as a dedicated man, people still ask what he is dedicated to other than President Kennedy. He himself says that businessmen ought to look on him as their friend, because he is on the side of the shrimps against the sharks, but some of them suspect that he regards big business as a form of organised crime. The swiftness with which he moved to investigate the steel industry this spring, dispatching his agents to knock up newspapermen at three o'clock in the morning, did nothing to reassure them.

Modestly he calls himself "an amateur in diplomacy" but there has been talk of him becoming Secretary of State and of him trying to become President in 1968 if his brother serves the two terms which are all that the law allows. But he is reported to be too shrewd to think that a Kennedy can succeed a Kennedy and to have said that "by then, they will be sick of us." Mr Kennedy gives eight-tenths of his furious energies to his present job, in spite of the time he spends at meetings of the National Security Council, and at present it is by his undoubted success as Mr Attorney General that he wishes to be judged.

* Just Friends and Brave Enemies. By Robert F. Kennedy. *Harper and Row*, New York. 211 pages. $3.95.

Match for Symington?

AT his press conference this week, President Kennedy was invited to comment on two charges arising out of the latest and liveliest phase of the investigation by Senator Symington's subcommittee into stockpiling policy under the Eisenhower Administration. The first, developed out of testimony before the subcommittee last week, was that excessive profits had been made out of supplying nickel for this strategic reserve by Mr George

Humphrey, President Eisenhower's Secretary of the Treasury, and the M.A. Hanna Company, of which Mr Humphrey was chairman until he entered the Cabinet and after he left it. The second charge, made by Mr Humphrey himself, was that the whole stockpile investigation was a "stab in the back" aimed at former President Eisenhower.

In his guarded reply, the President said that the Hanna Mining Company, a subsidiary of M.A. Hanna, had made "extremely large profits" out of a contract signed in 1953, four days before Mr Humphrey joined the Cabinet, to supply the government with 125 million pounds of nickel from hitherto undeveloped resources in Oregon. Until then, the United States had been dependent on imports from Canada, Cuba and elsewhere and the nickel was needed urgently for jet aircraft engines during the Korean War. But the President declined to include Mr Humphrey, as a responsible official of the company, in his criticism. Indeed, the Democrats may have cause to regret embroiling the former Secretary of the Treasury in a campaign to make capital for the November election out of accusations that the previous Republican Administration bought too much for the stockpile too expensively.

Mr Humphrey's attitude towards the committee was cavalier. He pooh-poohed as "bunk" and "baloney" the statistics of government auditors purporting to prove that he personally made $8 million out of the nickel contract and that Hanna Mining earned a profit on it of 57.4 per cent before taxes and 457 per cent on invested capital. And he told the subcommittee that it simply did not "understand big business," even though its chairman is a millionaire businessman. This, and Mr Humphrey's generally belligerent approach, tried Senator Symington's patience to breaking point. Smashing down his gavel, he adjourned the hearings abruptly and departed to hospital for a pre-arranged hernia operation. It is not thought that much more will be heard of the investigation before November although this wicked contract could do with further examination.

Slanted Story

To its list of superlatives Texas may be about to add the biggest theft in its history. The state's Attorney General, Mr Wilson, has discovered that at least 109 oil wells in the rich fields of eastern Texas do not, as the state law requires, descend in an almost vertical straight line to the pool of oil upon which they draw; instead they are slanted as sharply as a bent drinking straw in order to syphon oil from underneath neighbouring property. The scandal, with its hints that as much as $10 million worth of oil may be drained away from rightful owners every month and that perhaps half of the 19,000 wells in the celebrated East Texas Field may contain hidden deviations, has pushed the Billie Sol Estes case out of the limelight and left Texas, whose entire economy and emotions revolve around oil, in a state of shock. Already more than 100 independent operators, some of them millionaires, have been implicated and 557 oil wells, including all those on the leaseholds where slanted wells have been found, have been cut off from the pipelines which carry the oil to market. The further penalties for those who may be convicted will be severe: Texas has filed five suits seeking $24 million in fines already, after having completed just a fraction of its planned 1,000 investigations. There will be civil suits from the companies whose oil was stolen and the federal government has already brought 37 charges under the law against transporting illegally produced oil across the state lines.

The practice of slanting has been inspired in large part by dwindling supplies of oil on the western side of the East Texas Field; the still bountiful reserves, estimated at 3.5 billion barrels, on the eastern side have obviously been a temptation to those in a position to draw upon them illegally. There has also been a great incentive to outfox the state's strict regulation of how much oil each well is allowed to produce; the current limit is equivalent to eight days' output a month. But "marginal producers'" wells, said to be incapable of producing as much as 20 barrels a day, are exempt from regulation; thus each such well can lawfully produce 15 barrels or so every day in the month. This fact has led to the ingenious use of one slanted drilling to feel oil to several worn-out wells; this "Granddaddy" system, revealed by the Texas investigations, allows the maximum profit from one deviation.

The wide network of crooked wells—they have been found in three other fields—inspired a rumour that they had been drilled by joint agreement between the major producers and the independent operators in order to dodge the state's restrictions and to share the increased profits. But the independent operators, who have borne the brunt of the scandal so far, have complained that they are being persecuted by the state as a favour to the large companies. Both groups will have a chance to defend themselves at the inquiry which a committee of the State Legislature is to open next week.

Is Washington Typical?

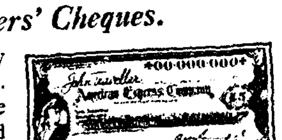
Even the stoutest friends of the under-privileged are having to admit that public assistance has been abused and maladministered, at least in the District of Columbia. Investigations demanded by the congressional committees which control the city's budget have suggested that over half of the families receiving aid under the joint federal and local programme for help to dependent children were not eligible for such relief. In the past the Department of Health, Education and Welfare has insisted that only about 1.5 per cent of public assistance funds went to people who were not entitled to this aid. Critics of these programmes—and particularly of that for dependent children which, they allege, encourages promiscuity and shiftlessness—now feel that their worst suspicions have been justified. The federal government is launching a nation-wide check of the children's programme.

The revelations have probably put paid, for the time being, to hopes that the District might take advantage of the more constructive approach to the problems of welfare embodied in a new Act. Its main aim is to help as many as possible of the recipients of assistance to become independent; it provides funds for nursery schools to enable mothers to go out to work, for retraining the unemployed, and for training and paying more social workers to help families to solve their problems. It also extends for five years the temporary programme of help for the children of the unemployed. In the past they received assistance only if the father had died or deserted his family or if the parents were divorced—a restriction which split up families and encouraged deception. But all these schemes require matching funds from the local community and Congress, exasperated by tales of assistance claimed by people in work, by mothers living with "paramours," of families on assistance with two television sets and of careless overpayments, is in no mood to authorise more spending for welfare in the District.

Instead it is demanding reductions, as well as convincing assurances that assistance will be administered competently in the future. But Congress cannot escape a share of the blame. Its penny-pinching has deprived the District of sufficient social workers. With an average case-load of 186 families, a social worker can devote only about five hours a year to visiting each one; the teams of investigators spent over thirty man-hours on each of the families which they caught out. Moreover the very strictness, in theory, of the rules under which relief is granted tempts both the recipients and social workers to break them. The city's problems have been increased by a tremendous influx of under-privileged and impoverished Negroes from the South. But the capital—and Congress—will be giving the country a wretched example if the sins of the mothers are visited upon hungry children.

Money you can't lose . . .
American Express Travellers' Cheques.

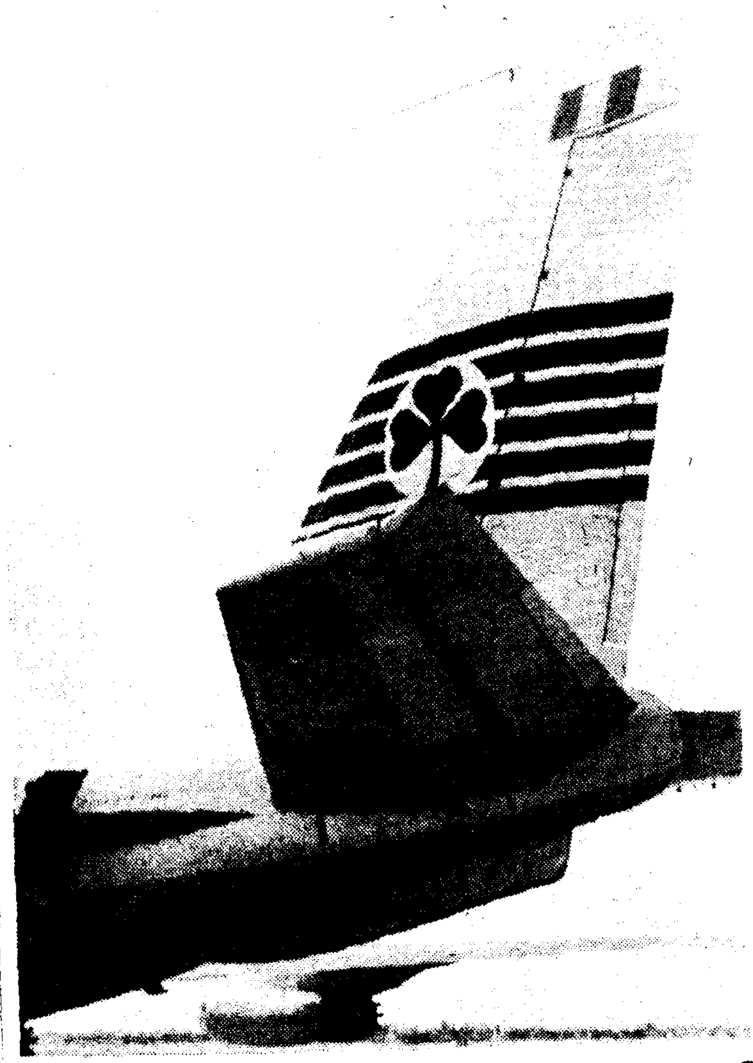
Foolproof. Thiefproof. Fireproof. The only hundred percent safe way to carry money. American Express replace lost cheques on the spot — no fuss. Get them from any bank. Spend them anywhere. Be travel-wise. Always carry American Express Travellers' Cheques.



WORLD WIDE · WORLD WISE

AMERICAN EXPRESS

A QUESTION TO EVERYONE WHO REGULARLY FLIES THE ATLANTIC



Can you make the mileage shorter and sweeter too?

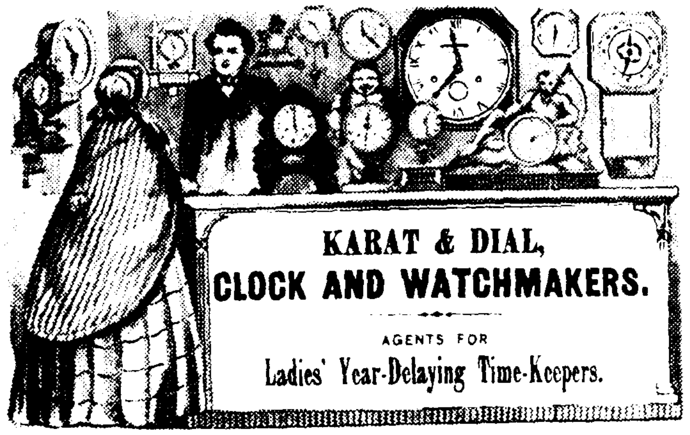
Yes! By Aer Lingus—Irish International Airlines. Catching a transatlantic jet need not mean hours of cross country journeying in the wrong direction. Aer Lingus flies *direct* from the major airport nearest you, to connect at Dublin with the daily Boeing jet to New York and Boston.

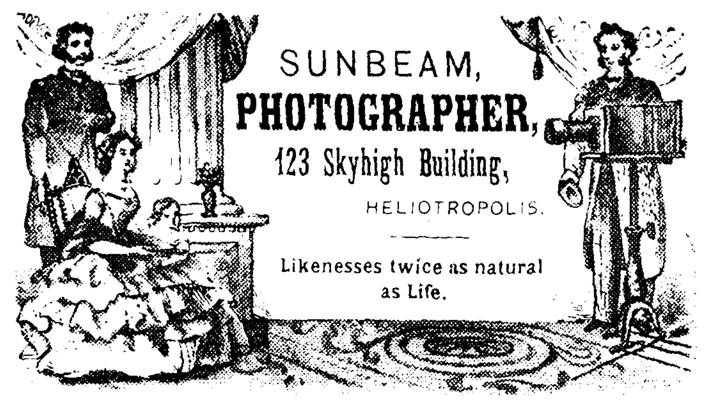
Not only is this far more practical, it is also more of a pleasure. *At Dublin* take a breath of fresh air, and enjoy a meal in the most famous airport restaurant in Europe. *At Shannon* stop off at the Duty Free shopping centre. Here the nicest things from Ireland and the rest of the world are all gathered under one roof and sold for a song. *In the air* you will discover that the Golden Shamrock menu and wine list are the finest that ever got off the ground.

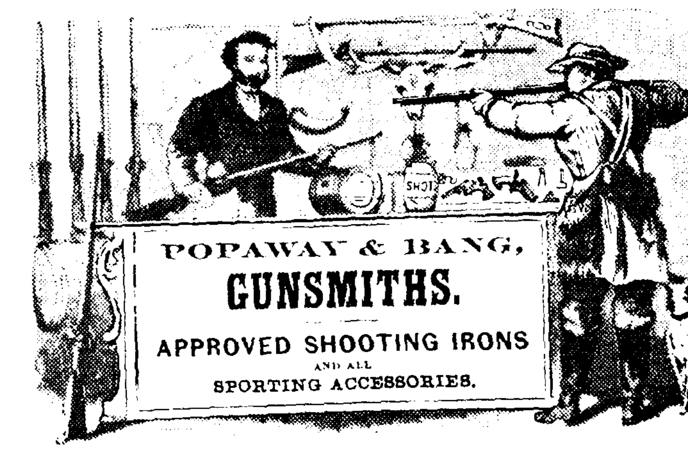
Your travel agent will give you full details of all Aer Lingus services from the airports listed here, and of the connecting flights to New York or Boston.

Check your home town against this list of Aer Lingus take-off points in Britain.	
1 BLACKPOOL	7 GLASGOW
2 BIRMINGHAM	8 ISLE OF MAN
3 BRADFORD	9 LEEDS
4 BRISTOL	10 LIVERPOOL
5 CARDIFF	11 LONDON
6 EDINBURGH	12 MANCHESTER

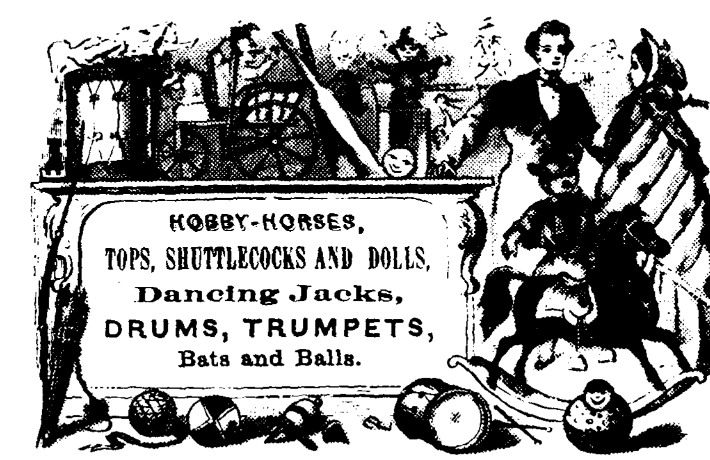
AER LINGUS
IRISH INTERNATIONAL AIRLINES
TELEPHONE: LONDON REGENT 1212 OR MANCHESTER DEANSGATE 8611
the airline that makes friends of its passengers



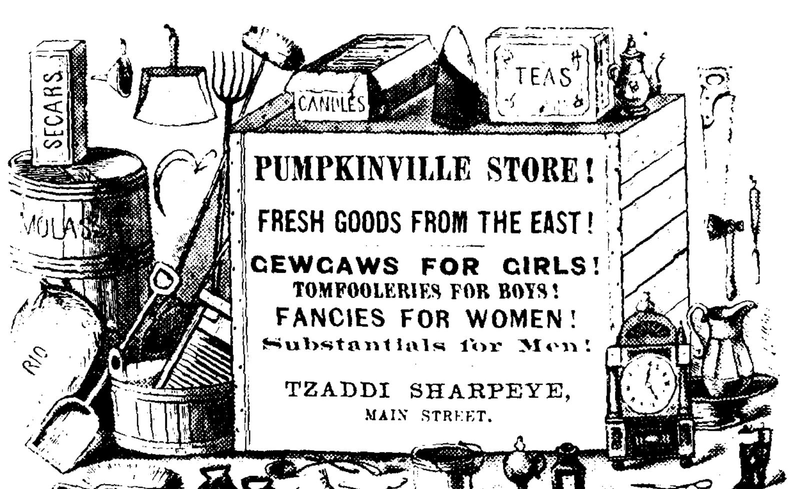




ONE THING THAT GKN HAS IN COMMON WITH ALL THE MOST WIDEAWAKE AND



ENTERPRISING EMPORIA (NAY, SUPERMARKETS) IS, OR ARE, ITS ENTERPRISE AND GO



— so go to GKN, if you want to make more of (or more out of) whatever it is you make. We have helped more (and bigger) people than there is room to enumerate on this page — or time to read about. With ideas, with capital equipment, with mountains of components and millions of fastenings. With special materials. With over 80 companies. With a bang.

GKN

Guest, Keen & Nettlefolds, Ltd., Head Office, London Works, Smethwick 40, Staffs.

THE WORLD OVERSEAS

Feudal Fish in Sardinia

FROM A CORRESPONDENT IN ITALY

THERE is more trouble at Cabras; fishermen have been arrested, and others have gone into hiding. But this state of affairs is by no means unusual in this Sardinian village on the Gulf of Oristano where the left wing has taken upon itself to challenge the validity of exclusive fishing rights held in private hands for some three hundred years. It is a bitter conflict—feudalism and communism make well matched opponents—but its importance is a good deal greater than a clash of interests exploited by the Left.

At first sight Cabras itself has little to distinguish it from any other backward Sardinian fishing village, with its rows of single-storeyed houses along dusty, unmade roads, many of its men barefoot and its women in traditional dress. But it has two distinctions. Maria Theresa of Austria was sufficiently impressed by the appearance of a Cabras woman to give her an imperial kiss, and thus continued the legend of the beauty of its women. Far more distinctive—since a number of places in Italy make a similar boast—is the lagoon. It is rightly famous for the richness of its fish. Visitors attracted by the first distinction—and perhaps by the Phoenician ruins of Tharros nearby—have recorded how impressed they were by the second; *très poissonneux* wrote the French consul to Sardinia at beginning of the last century, and of the mullet he remarked that they were *de la plus étonnante grosseur*.

Possession of the lagoon is therefore a valuable property. In its way it probably has no peer in Europe. Whether in the end it will prove so valuable as to justify the struggle for retention conducted by the present feudal lords is less clear. In insisting on what they claim to be their hereditary rights they have managed to humiliate the regional administration, undermine what little confidence there was in the national government, force on the people of Cabras a combative cohesion which they have never known before, and provide the Left with a perfect case for decrying continued injustice cossetted by an ostensibly democratic regime. It is dangerous ground.

The lagoon at Cabras—it is known there as a *stagno*—is in fact a lake divided from the sea by a narrow strip of land cut by canals. Young fish come in from the sea attracted by the warmer temperature, lack of enemies and abundant food. They cannot find their way out again and grow fat on the luxuriant vegetation. It is practically an aquarium, some 22 square kilometres in extent, surrounded by marshes and a misty coast. The effect on the sea of the attraction of the lagoon, and of centuries of coastal overfishing, is that few fish remain to be caught off the shore. That is one reason why the coastal fishermen are now providing the main pressure for throwing open the luscious *stagno* to the whole fishing community. They have organised symbolic occupations of its waters, just as the peasant occupied the land immediately after the war to demand agrarian reform. They fish illicitly. These efforts have at times brought enough *carabinieri* and police to the place almost to give the impression that Cabras was occupied by an alien army. Men are now being arrested on the streets as a result of renewed violence last month.

Ownership is really the point at issue. The existing rights go back to the sixteenth century when Sardinia was ruled by Spain. Philip IV needed money for his Catalan war and raised a loan from the Genoese banker, Gerolamo Vivaldi, offering as a pledge the lagoons, fisheries and dependencies of Cabras and Santa Giusta. In July, 1853, the heirs of Duke Vivaldi Pasqua made over the lagoons to a certain Don Salvatore Carta, a prominent figure in Oristano. The heirs of Don Salvatore, who now possess the rights, are a group of families at the head of which is a lawyer called Corrias; at one time Signor Corrias led the Sardinian regional administration—in other words he is well connected.

In 1956 the Sardinian regional assembly passed by an overwhelming majority a bill that extinguished exclusive rights to fishing in the inland waterways and lagoons of the island. The bill was tested by the Constitutional Court, found unobjectionable, and some two and a half years later came into force. Its application to the *stagno* of Cabras was immediately challenged; this challenge has so far not been overcome. The first and principal point raised by the feudal proprietors was that they owned the land, the bed of the *stagno* itself, and not just the fishing rights; it was a special case untouched by the law. The agitators were soon busy. With what seemed like the law on their side—but with the forces of law and order in the shape of the armed *carabinieri* ranged against them—they organised their demand for a proper application of the measure. They carried out their symbolic occupation. The result was practically nothing; the sea-fishermen went back to fishing in the the sea—and to brooding.

As the rights to the *stagno* are feudal, so a feudal system has evolved around the exercise of the rights. The scale of subsidiary privileges is exactly defined. At the top of this scale are the *servi*, a small group of some ten people whose title is a complete misnomer. They fish in the well-stocked weirs and see that they are working efficiently. For this work they are empowered to take on extra labour when necessary. They are influential, prosperous and disliked. To be nominated among the *servi*, it is said locally, is like mounting a royal throne.

Beneath them are the four classes of fishermen permitted—on stringent conditions—to enter the lagoon. There are the *sciaigoteris*, called after the fine-meshed net, the *sciabica*, which the proprietors permit them to use; half of their catch goes to the owners. The next grade, the *poigeris*, also give up half their catch, but do less well because the nets permitted them have a larger mesh. Both classes are allowed to use their boats and fish all the year round. The third stage is that of the *bogheris* who use hand-nets and are allowed in the lagoon only during the autumn and winter, but still hand over half their catch. At the bottom of this structure are the *palamitai*; they are allowed no boats, no nets and no freedom of movement. The *servi* tell them where they may fish and there they stay. They pay a set sum; it was 62,000 *lire*, about £35, but after the earlier agitation was reduced to 52,000. They use a line with many hooks. They can go into the lagoon from October 15th to April 30th.

ALONG this chain of decreasing privilege the dissatisfaction naturally grows the farther one is away from the top. It has in the past been effective in keeping the system intact because of the promise of a move up the scale, and the seeming inability of the fishermen until now to co-operate in attacking the whole system. The armed guards employed by the proprietors have done their part in maintaining the system. The change is happening; among the men who are reported to have gone into hiding are the chairmen of two fishing co-operatives. Outside the chain is the majority of fishermen who are never allowed into the lagoon. They are making up much of the weight of this new solidarity in Cabras. Lawyers are being found to defend the imprisoned men. A delegation has recently been in Rome to put their case to the minister for the merchant marine. The minister is now supposed to be studying a report on how much of the lagoon should technically be considered a part of the demesne; it appears to turn on the amount of salt water as opposed to fresh, of which there are both in the *stagno*.

At the ministry there is no sign of urgency and indeed little enough sign of interest of any kind in the matter. One of the baffling sides of the whole question is the indifference shown by both the regional and national authorities. For years a genuine grievance has been poisoning the life of a community and, by its example, has shown what value should be put on the democratic workings of society. What will emerge is a deeper civic awareness on the part of the inhabitants and an even deeper contempt for Rome and Cagliari. The owners have managed to maintain their privileges, according to the left wing and according to people who are not so far to the left, by means of money and useful friendships. The price is probably higher than they know.

Family Planning in China

FROM OUR HONGKONG CORRESPONDENT

BACKSLIDING into birth control is one aspect of the general strategic retreat in China. The revival of this marxist heresy has been undertaken guiltily and awkwardly, with a deal of snuffling and eye-rolling. The politburo has shied away from the blunt words "birth control" as sensitively as any parish priest: "family planning" is the phrase. The gathering campaign was at first directed against early marriages, on the grounds of immaturity, unhappiness, and the need for study and work. The argument has now been shifted against early parenthood, in the interest of the health of young wives, the proper care and education of children, and the rest and relaxation of young husbands between their work and their self-criticism.

The new party line, as promulgated by press and radio and at university and workshop meetings, is that no man should be a father until he is 26 and no woman a mother until 23 and that births should be spaced "according to the mother's capacity for work." This implies dissatisfaction with the existing minimum ages for marriage in China—20 for men and 18 for women. (Before "liberation" the ages were 18 and 16.)

The campaign is coming steadily into the open after its shy and hesitant introduction two or three months ago. Direct and explicit advice on contraception is being given. The old birth control clinics, which had fallen into relative disuse, are hustling for business once more. Letters to the *China Youth Newspaper*, seeking editorial advice on early marriages *versus* party wishes, and on Comrade Cupid *versus* Chairman Mao, are still published, with appropriately paternal footnotes, but one gets the firm impression of a second and more decisive stage in the campaign.

The first—and until now the only—birth control campaign in China was launched as a crash programme in 1957, after prolonged and earnest investigation, and after obvious disputation in the politburo about the need for a population policy. Some distinguished party bosses had to somersault. Thus the prime minister, Mr Chou En-lai, had told Mr Nehru in 1955 that there was absolutely no need for population control in China or any communist state. But in mid-1956 he informed an Indian agricultural mission:

> I personally am strongly in favour of family planning and birth control. Even if there were no problems of producing and distributing adequate quantities of foodstuffs, an increase in the number of children would necessitate that each family should receive a proportionately higher income to maintain the standard of living.

Liu Shao-chi evidently had his reservations also at the outset, but the politburo decision became law in March, 1957, with the edict that "all areas in our country must promote appropriate birth control." Significantly, nowhere at that time can there be found a personal pronouncement by Chairman Mao in approval of the decree, and nowhere at any time a personal pronouncement by him advocating birth control generally.

THIS first official birth control campaign ever undertaken in any communist state blazed with fierce heat for eight months. Then, abruptly in November, 1957, it was snuffed out without the slightest explanation. Chairman Mao made a brief public reference to population—but not to the presumably discredited campaign—at the party congress in May, 1958: "Our fast expanding population is an objective fact and is our asset." Chou En-lai and Liu Shao-chi, agreeably chameleon, cheered "the great flesh-and-blood force of our vast population, by which we can, or soon can, do anything within the realm of human possibility." The *People's Daily*, which had said in July, 1957, "An ideal family should have only three or at most four children in a planned manner," claimed in August, 1958, that "China will always have room for more people because of our rich resources, good natural conditions and wide territory."

Now the politburo is back where it was in the spring of 1957. The heresy has become an article of faith again. Nervous professors, who were ordered to advocate family planning in 1957, and who were denounced as rightists for doing so a year later, are once more preaching the old deviation. It must be remembered that conditions in China in 1956 and 1957 were an ominous if less critical preview of conditions today. There had been a bad harvest. There were industrial difficulties, urban unemployment, rumbles of inflation. Production had fallen. Planning was in flux. The moderate elements in the politburo urged prudence and retrenchment and got a majority decision in favour of a long-range plan for population control.

But evidently there was, at that time, a party revulsion and a shift of voting in the politburo. The admission that there could be too many Chinese people must have looked too like a confession of party failure. The air was electric with recriminations about the disastrous response to "the hundred flowers" campaign. Mao, on all the evidence, had gone along silently and reluctantly with birth control in 1957. It would seem that, having accepted his celebrated and expedient "one step backward" to birth control, he succeeded in regaining majority endorsement for his more celebrated "two steps forward" to boundless expansion, to the communes and to the catastrophic "great leap forward." When retreat changed to attack, birth control would naturally smack of defeatism.

It is surely reasonable to assume that the cautious mandarins of the party, in the face of today's dark difficulties and darker prospects, have again reimposed their prudent checks and restraints on Chairman Mao. Mr Chen Yun, the deputy prime minister and orthodox planner who had been in disfavour since he opposed the great leap, has made a comeback. The current reversion to birth control must imply therefore that Chairman Mao, composing or yielding to politburo tensions and rivalries, has either changed his mind about China's population problem, or has once more been unable to avoid accepting a policy that he still dislikes. Either way, there is food for thought.

Battle Tremors in the Model State

FROM A CORRESPONDENT IN MEXICO

When he visited Mexico at the end of June, President Kennedy gave his hosts a pleasant surprise by warmly praising the Mexican revolution of 1910. Nothing, not even Mrs Kennedy's looks, has done so much for the atmosphere of Mexican-United States relations. The President went further; he held Mexico up as a model of progress for Latin America, and publicly aired confidence in his prickly southern neighbour as the best bet for the success of the Alliance for Progress.

Can Mexico justify Mr Kennedy's hopes? To do so, it must maintain the political stability of the past 30 years, the basis upon which much useful work has been done, but it must also quicken the pace of economic and social advance, without which this stability is doomed. The Mexican government wears a confident air. But there are clouds, which President Kennedy's visit did not entirely dispel.

Since the beginning of his six-year mandate in 1958, President Lopez Mateos's expressed concern has been to raise the peasants' living standards and improve social justice within the framework of a rapidly growing economy. A man of the moderate Left, he has skilfully walked a tight-rope over the country's political, historical and demographic pitfalls. But recently he has had to face an increasing polarisation of political forces, largely as a reaction to the Cuban revolution. The Cuban regime's marriage with communism has weakened its appeal to left-wing groups; it has also sharpened the fears of right-wing factions, who have become extremely suspicious of government measures that they think smack of socialism, as well as of Mexico's firm policy of non-intervention in Cuba. Both Mexican and American investors became alarmed, and withdrew or withheld their capital; at the same time tourist income, an important factor, fell significantly. Twice last year the freely convertible peso was in danger of devaluation—a possibility which President Lopez Mateos is known to regard with something approaching horror. Indeed, 1961 was a nasty year for the Mexican economy. The national income rose by 3.5 per cent, only just keeping pace with the population increase, which at 3.4 per cent is the third highest in Latin America.

Some concessions had to be made to re-establish confidence, both in the United States and among Mexican investors. While maintaining its opposition to the expulsion of Cuba from the Organisation of American States and refusing to break off diplomatic relations, Mexico conceded at Punta del Este in January that Marxism-Leninism was incompatible with the American system. Soon after this, money started to flow back to Mexico. But something more was needed; and the occasion for it was President Kennedy's triumphant visit to Mexico. His presence here and his praise for the Mexican government has been a public vote of American confidence, despite the continued disagreement about Cuba. A material sign of this confidence was the fact that in the last few months Mexico has received nearly $200 million in loans from international banks and Alliance for Progress funds. The present prospects for economic recovery are good.

But there are other problems that cannot be solved by investment. The most urgent is on the land, where millions of peasants, after nearly 50 years of agrarian reform, are still living in desperate conditions. Thousands flock every year either into the cities or to the United States, where they get jobs as unskilled labourers; those who cannot do either sometimes express their frustration in demonstrations or minor insurrections, which are often suppressed with considerable violence by local military commanders. The good intentions of President Lopez Mateos are often brought to nothing by powerful vested interests whose sole aim is to get rich, usually at the peasants' expense.

The most glaring example of this occurred at the end of May when a turbulent peasant leader in the state of Morelos, Sr Ruben Jaramillo, was murdered with a brutality that most people had hoped belonged to Mexico's darker past. The crime aroused nation-wide revulsion and alarm, first for its bestiality—Jaramillo's pregnant wife and three children were shot with him in cold blood; second for the dismayed realisation that prominent, if unpalatable, popular leaders could still be assassinated in the mid-twentieth century; above all, because federal army troops were used to murder the family. There have been other, less important, assassinations in the provinces during the past four years, but the murder of Jaramillo was the most serious test of strength for the president. Many people doubt whether Sr Lopez Mateos is strong enough to expose the important people who were responsible. If they are right, it will be a serious blow to his championship of the peasants' interests.

During the past two years, the sniping at the president from both right-wing and left-wing extremes has growth into a barrage. Just now there is a welcome lull; the extreme Left is at loggerheads and in disarray, while the Right has been soothed by President Kennedy's visit. But the lull is likely to be only temporary. Both sides are marshalling their strength to do battle for the choice of the next president. In Mexican political parlance, this is known as "futurismo." The battlefield is the governing Institutional Revolutionary Party (PRI), with outside factions exerting all the pressure they can. The PRI and its predecessors have controlled the country and won presidential elections for more than 30 years, and the new president is effectively chosen in this internal battle. This is not as undemocratic as it sounds, since the PRI is a rambling coalition of social groups and political views, from right-wing Catholic to Marxist socialist, and reflects reasonably accurately the forces and trends in the country.

On this occasion the battle promises to be bitter. A preliminary survey of the forces on either side suggests that on the Left there are ranged: President Lopez Mateos; General Lazaro Cárdenas, a former president and the great old man of the Mexican Left; and the many provincial leaders who are loyal to Sr Lopez Mateos's predecessor, Sr Ruiz Cortines. On the Right there are: the Roman Catholic church—or rather, its unofficial representatives, since officially the church is outside politics; big business interests, closely allied to the church and finding a champion in the former president, Sr Miguel Aleman; the growing middle class—a new factor in Mexican politics; and, to a certain extent, the United

States. It is certainly not President Kennedy's desire that the United States should be aligned with the Right. But links between Mexican and American economic interests, as well as the exploitation of the President's Catholicism by the right wing, make it almost inevitable. It has always been easy in Mexico to find signs of impending doom, and they should not be exaggerated. There are hopeful developments, such as the growth of a stable middle class and a better understanding of Mexico in Washington. But pressures and strains have been increasing since the Cuban revolution, and it will be even more difficult for the next president to maintain a stable balance.

Latin Americans and Others

FROM A SPECIAL CORRESPONDENT

The value of calling in the neighbours to quiet a family dispute is sometimes dubious, but in the Conference on Tensions in the Western Hemisphere, held at Salvador, Brazil, in early August, this technique did well. As long as United States policy towards Latin America was being discussed, and in particular the aims and ailments of the Alliance for Progress, voices rasped and nerves tightened. But bipolar argument was tempered with polygonal conversation. When a European indicated that the common market was not a scheme to exclude Latins but might in fact welcome them, or a Nigerian praised the effect of skills brought back from Brazil to Africa by returning slaves in the 17th century, or a Hindu cited Indian experience in creating the psychological conditions for development within a political framework, the tone and temper of the meetings changed. A Brazilian put the point that "we don't want to be loved, but to be respected"; and it became evident that respect was a mutual response assumed to run not up and down the spine of the Americas, but back and forth across the oceans.

Within its chosen theme the conference divided its arguments into three, and considered tensions between nations; tensions within nations; and preconditions for economic and social development. The third section, chaired by Mr Paul Hoffman of the United Nations Special Fund, drew more than half the delegates, but failed to provoke much lively debate. But there was plenty of this in the first section, whose subject offered full scope for passions, prejudices and utopian ideas. "Between nations" was immediately construed to mean "between Latin American nations and the United States"; this interpretation provided rich scope for Latin grievances, but left untouched any consideration of trouble between the Latin American countries themselves.

Out of the week's discussion came some mutual education and a recognition of certain determining attitudes, trends and ideas. The most pronounced of these trends was the persisting Latin irritation against the United States and all its works; this often disappeared in private conversation, and may have been exaggerated by academic oratory, but at times it seemed so palpable as to constitute a serious barrier to any productive co-operation. It was recognised by the wiser American delegates as a useful form of blowing off steam; some feared that so much steam might clog the safety valve and explode.

The second trend was more cheering, and perhaps more useful. There was a warm response to European suggestions that the common market might possibly help to improve Latin American trade, which still depends on the sale of raw materials and the purchase of manufactured goods. The Latin countries are harassed by the fall in their terms of trade, nagged by fear of isolation, and envious of the favoured position enjoyed by African countries in selling their cocoa and coffee. The instinctive approach of most Latin Americans to the common market is a fearful expectation of new difficulties and more favouritism. It was soothing for them to meet the suggestion that adjustments might be made which would allow free entry of all tropical products to industrialised countries. At the same time, the suggestion that the existence of twenty Latin nations with twenty sets of problems was confusing to Europe, and that a federated Latin America might create a better climate for aid and trade, was received with an attention the more surprising since nationhood had been defended with such fervour. The political difficulties of any useful degree of federation are great. Yet in this period of changing alliances all things might, one day, be possible.

The Alliance for Progress, whose first birthday almost coincided with the conference, came in for analysis and criticism but little praise. Its progress was described as slow, and there was scepticism about the genuineness with which some Latin American leaders contemplated the promised reforms. The demand was pressed that the financing of the alliance should be centralised in the popular and successful Inter-American Development Bank. It was suggested that the bank's charter should be changed so as to admit Canada and interested European nations, and that its headquarters, as well as those of the Organisation of American States, should be moved away from Washington to an unspecified Latin American city. It was suggested that the veto power of the United States in the bank's operations should be abolished by eliminating the requirement of a two-thirds vote in approving loans. There was also a more general demand for "an attitude of humility on the part of the United States" when facing Latin problems, and the abolition of the advertising techniques used in propaganda for the alliance.

The conference was the sequel to one held last year at Oxford. Of 33 Latin delegates, 22 were Brazilians. The other 45 delegates included 24 Americans, and delegates from Europe, Canada, Japan, Egypt, Jordan and India. Most held academic posts but there were also business men, diplomats, politicians (including two Latin ex-presidents) and six United Nations officials. All came as private citizens. They managed, between them, to achieve more frankness, and in a more relaxed way, than is usually possible when illusions are being broken and accepted ideas turned inside out.

The Endurance of Gheorgiu-Dej

BY A CORRESPONDENT LATELY IN RUMANIA

The Rumania that greeted Mr Khrushchev in June with well-organised enthusiasm is a land of striking contrasts. By religion Orthodox, the Rumanians have long been proud of their Latin language and have boasted of their disputable Roman origin. Bucharest, less than a century removed from Turkish rule, has always regarded itself as a kind of Paris of the East. Even today, French is widely spoken by the intellectuals, more so even than Russian. The city centre, with its spacious avenues and huge parks, reminds one of Paris; it even has a copy of the Arc de Triomphe. But among its striking modern architecture, Bucharest also has its skyscraper in "Stalin wedding-cake Gothic"—the printing establishment of the party journal, *Scinteia*. The capital is a far cry from the primitive villages of Transylvania, and the still more benighted villages of Wallachia and Moldavia, with their thatched mud cottages, or log cabins. The excellent asphalt highways running through these provinces have few cars but plenty of ragged peasants, on horseback or burro, or barefoot, carrying great sacks, or bundles of brush; some are in white homespun with black vests and hats; some are driving rickety carts, and some are herding cows, goats, pigs, sheep, even water buffalo, on the road itself.

Unlike the other countries of the Soviet block, Rumania is very mixed ethnically; among its 17,500,000 people, it has more than a million and a half Hungarians and nearly 400,000 Germans, as well as Ukrainians, Russians, Serbs, Tartars, Slovaks, and others. The Hungarians have an autonomous region, with its capital at Tirgu-Mures. The ancient Hungarian cultural and political centre at Cluj is outside the region, although its population is half Hungarian. The once independent Hungarian Babes university was recently merged with the Rumanian Bolyai university, but is still organised in two sections, with five faculties mixed, and two (Law and Economics) purely Rumanian. Hungarian students do most of their work in Hungarian, with separate professors, but are required to learn Rumanian and to take certain general courses given only in Rumanian.

This merging of nationalities is also under way in elementary and middle schools, where mixed schools are replacing Rumanian and Hungarian schools. The ostensible purpose is to eliminate national animosities, and not to assimilate the Hungarian minority. In Cluj there is a Hungarian theatre and opera, and in Tirgu-Mures a theatre and a medical school. The German minority is less fortunate. Much reduced in numbers, but not expelled *en masse* as in Poland and Czechoslovakia, the Germans continue to enjoy education in elementary and middle schools in their own language, but have no university. Brasov, the centre of the Siebenbürgen Saxons before the war, when it was a town of 60,000, with Germans, Hungarians and Rumanians in equal proportions, has now grown to a city of 220,000, with only 6,000 to 8,000 Germans. There is little evidence of the once strongly German character of this ancient community.

Although governed since 1944 by one of the weakest Communist parties in eastern Europe, which lacked either radical political traditions or brilliant leaders, Rumania can now claim to be one of the most stable of the east European communist states. Its present ruler, Mr Gheorgiu-Dej, has been firmly in the saddle since 1945; only Mr Hoxha of Albania can rival him for longevity in power. Mr Gheorgiu-Dej spent the years from 1933 to 1945 in prison and was therefore not closely associated with the Comintern. He was the top party boss in Rumania during the Stalin period; but with the help of some discreet gestures to the new spirit in Moscow he managed to survive the years after Stalin's death.

There was in fact little response in Rumania to the events of 1956; this was partly because of a tradition of anti-Hungarian hostility, and partly because of the lack of a strong liberal intellectual tradition. Certain leaders, notably Chisinevski and Constantinescu, who seem to have urged a reappraisal of policy in the light of Mr Khrushchev's revelations at the 20th Soviet party congress, were removed in 1957. After the 22nd Soviet party congress last year, Mr Gheorgiu-Dej successfully shifted all responsibility for Stalinism on to their shoulders, and those of Ana Pauker and Vasile Luca, who had both been purged in 1952. The 22nd Soviet party congress gave rise to no ferment, political or intellectual, in Rumania, as it did elsewhere in eastern Europe. Mr Gheorgiu-Dej's unchallenged position was still further strengthened last year when he was made head of state, as well as first party secretary.

Soldiering on: Mr Gheorgiu-Dej

Orthodox in its conformity to Stalinist and Khrushchevian policies alike, Rumania has none the less developed its own administrative pattern. Because of the small scale of its industry, it did not suffer so much from rigid centralisation and has not therefore had to copy the "decentralization" carried out in the Soviet Union. Industry is still run by the ministries. Regional councils formed in 1961, unlike the Russians' *Sovnarkoms*, are advisory and supervisory. In agriculture, by contrast, the newly created Higher Council of Agriculture, including both specialists and farm managers, has replaced the ministry, and will directly guide and manage collective as well as state farms, through regional and district agricultural councils. A somewhat similar degree of modest decentralisation has just been introduced into cultural affairs by the division of the former ministry of education and culture into a ministry of education and a state committee for culture and arts. The latter, a large collective body of intellectuals and cultural leaders, will also work through regional committees. Needless to say, none of these changes will affect the overriding control of the party at all levels.

In economics the Rumanians can also point to solid achievements which contrast sharply with the difficulties of their neighbours. Collectivisation, after proceeding slowly and cautiously for years, was completed early this year with a great burst of speed. This "victory of socialism" in the countryside will in due course be registered in a new "socialist" constitution. Spokesmen of the regime boast that this was accomplished without the fall in production that accompanied collectivisation elsewhere. Certainly Rumania has so far escaped the serious shortages of major foodstuffs now plaguing other eastern European countries. Industrial production, it is stated, has substantially exceeded the planned annual rate of growth of 13 per cent in the past two years. The regime started with a weak and underdeveloped economy at the end of the war; it can claim to have done something substantial with the country's natural resources and developed a system that is relatively flourishing by comparison with its immediate neighbours. This is not yet very noticeably reflected in living standards. The very high rate of investment, said to be approximately 20 per cent, that has been maintained for some years, has been concentrated more in heavy industry than in light industry or agriculture. All the same there seems to be hope of an improved living standard in both town and country if the development of the economy continues.

Six-Monthly Supplement
EUROPEAN ECONOMIC COMMUNITY
1st issue: 15th September 1962

EIU QUARTERLY ECONOMIC REVIEWS

This report will give essential information on EEC developments. It will facilitate comparison between economic indicators in the EEC and other industrial countries, and provide a continuing analysis of EEC trade. The contents include:

— calendar of events
— timetable of tariff changes
— indicators of economic activity
— statistical analysis of trade

Subscription: annual — £5; single copies — £3; subscribers to Common Market Group QER's — free.

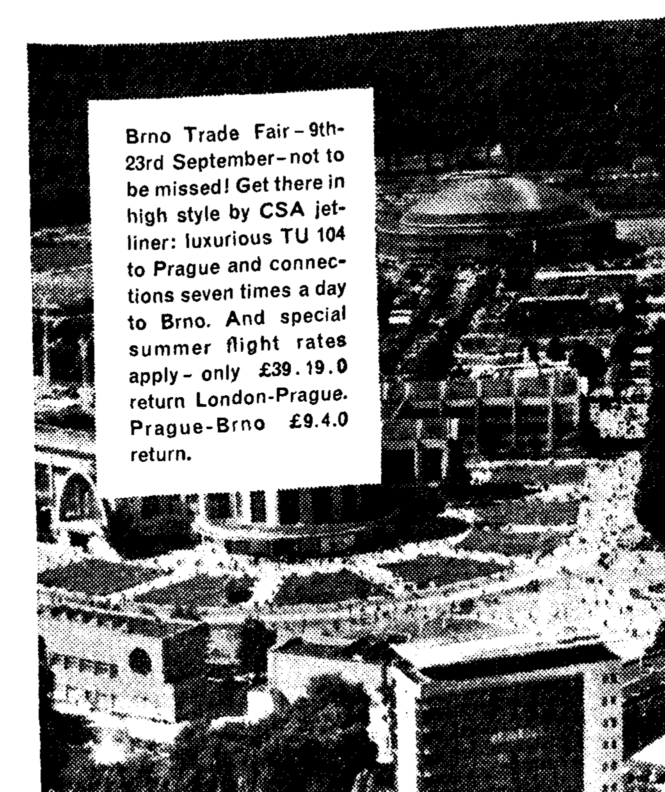
Further details from:
THE ECONOMIST INTELLIGENCE UNIT LIMITED
5 Bury Street, S.W.1. Tel: WHI 0353 Ext. 35
60 East 42nd Street, New York 17. Tel: Murray Hill 7-6850

Correction

The description of the Vice President of the United States as "Sir" Lyndon Johnson (page 601 of *The Economist* last week) was not an attempted joke, just the result of bad handwriting.

GO BRNO

GO CSA



CZECHOSLOVAK AIRLINES

45 Oxford Street London W1 Telephone: REGent 3726

without air conditioning...

will it soon be obsolete?

What's the biggest single change in building construction worldwide in recent years? Many builders agree it's the general trend toward *air conditioning*. The cleaner, quieter, more healthful atmosphere of air-conditioned buildings is now preferred by workers, customers, guests the world over. If you want your new building to retain its desirability in the competitive decades ahead, give it all the advantages of air conditioning. You'll be protecting a huge investment at small additional cost.

Air conditioning means automatic all-the-year-round control of temperature, humidity, air movement and air cleanliness. And the economical time to install it is now, at planning stage. Ask your architect to give you the benefit of his knowledge and experience in this area.

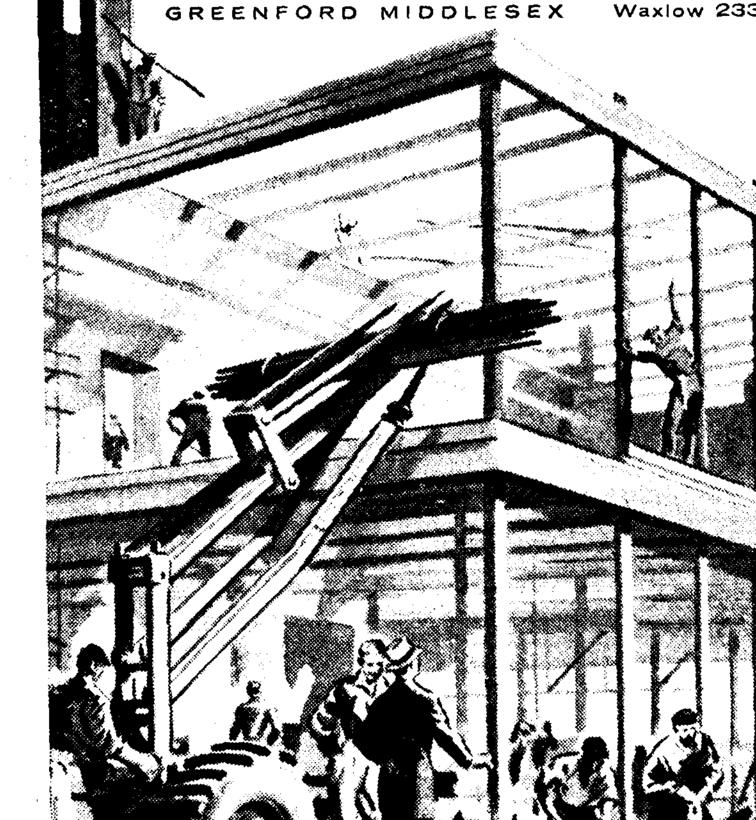
CONTROLS BY HONEYWELL—international experts on every aspect of air conditioning—are an important part of the systems in these recently completed buildings:—

- **B.O.A.C. Air Terminal, London**
- **Commercial Union Assurance Company, Exeter**
- **A.E.I. Ltd, Lincoln**
- **Imperial Hotel, Torquay**
- **Wilton Hotel, London**

Honeywell

H HONEYWELL First in Control SINCE 1885

HONEYWELL CONTROLS LTD
GREENFORD MIDDLESEX Waxlow 2333



Business in FRANCE?

Businessmen interested in developing trade with France will find it worth their while to discuss their plans with us. Barclays Bank (France) Limited, the largest British bank in France, has eleven branches there, as well as one in Monaco and two in Algeria; and it is of course an integrated part of the vast network of the Barclays Group. In London Barclays men have studied the possibilities of the Common Market. In France there are Barclays men, for the most part Frenchmen, who know the country well.
The manager of your nearest branch will be glad to explain more fully how our knowledge of France can be of help to you. Alternatively, please get in touch with any of our specialised Foreign branches:—

London: Chief Foreign Branch,
168 Fenchurch Street, 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

For trading with Africa

see THE STANDARD BANK in London

You can get sound up-to-the-minute advice right here in London—advice based upon nearly 100 years experience, daily renewed from over 870 offices in:

S. AFRICA · S.W. AFRICA · S. RHODESIA · N. RHODESIA · NYASALAND · KENYA · TANGANYIKA UGANDA · ZANZIBAR · BASUTOLAND · BECHUANALAND · SWAZILAND · PORTUGUESE E. AFRICA

THE STANDARD BANK LIMITED

HEAD OFFICE: 10 Clements Lane, London, E.C.4. OTHER LONDON OFFICES: 63 London Wall, E.C.2 – 9 Northumberland Avenue, W.C.2 and 117 Park Lane, W.1.

THE BUSINESS WORLD

After Thalidomide

THE record of the drug, thalidomide—perhaps 1,200 babies born in this country with missing limbs and internal malformations—is going to accelerate changes in the drug laws that have been discussed on and off for the better part of ten years. The danger now is that the nation's collective feeling of guilt towards these children and their parents will cause the kind of precipitate, conscience-salving legislation that will not necessarily prevent the reappearance of another thalidomide. This is a situation that requires cool heads to rule warm hearts: more and better testing of drugs is not the complete answer and it is cruel to encourage drug makers and drug takers alike to think that it is. This particular horse bolts in open country, and no amount of locks on stable doors will stop him.

The basic weakness in the way that doctors prescribe and patients swallow drugs is this: doctors depend almost exclusively on manufacturers for their information about new drugs, while manufacturers depend almost exclusively on doctors for their information about how these work. The flow of information is not equal in both directions. The doctor is told much more quickly about the merits of a drug than the manufacturer learns of its defects. One is exposed to the full blast of nearly £7 million worth of salesmanship a year; the other relies on the occasional letter from those doctors who grasp quicker than most the significance of what a drug is doing to their patients. This is why thalidomide has claimed hundreds of victims instead of tens. This is where changes are most urgently needed.

The layman might properly ask why he should be the guinea-pig; how is it that dangerous drugs ever get out of the laboratory and on to the chemists' shelves in the first place? The reason is neither scientific nor medical, but purely statistical. The obvious killers are identifiable in the laboratory. Really serious side-effects show up, if not in the laboratory, then at least when the drug is first tried out in hospitals. But the long odds chance, the disastrous reaction that appears in perhaps only one case in a thousand, will not necessarily be obliging enough to crop up during these controlled trials. Very many mothers who have taken thalidomide have given birth to normal babies.

A scrupulous manufacturer might expect to use as many as 15,000 laboratory animals a month testing the safety of a new drug. These tests give a statistical sample big enough to cover the kind of odds that make a drug a rogue. But the animals are small—rats, mice, rabbits and hamsters—and what they can tolerate could still be bad for man. The risk is somewhat reduced by doing a few tests on bigger animals, dogs, monkeys and the occasional pig, but on nothing like the same scale. These big animals are simply not available in the same quantity as rats and mice; and even if they were, public opinion and the Home Office would not allow them to be used for laboratory experiments in the numbers required for a proper statistical sample. Manufacturers must hope that a check using perhaps half-a-dozen dogs will throw up any marked difference between the behaviour of the drug in large and small mammals; and more than once these last safety checks have shown that it was wiser to put the drug down the sink than on the market. But the gap between man and animal remains. No one can predict that a drug, tested by the industry's highest standards, is 100 per cent safe when it leaves the laboratory; makers can only claim that it is as safe as modern science can make it, which is a vastly different order of certainty.

TO many people it seems an anachronism that it should be left to the good faith of manufacturers to decide whether a drug seems safe, or even how extensively it should be tested before it goes on the market. It is legally possible in this country to launch a new drug without any tests at all. The public's only protection is the industry's sense of responsibility and the knowledge that each company can stay in business only as long as it has the respect of the medical profession. This state of affairs is not likely to continue. The emotional reaction to thalidomide makes it almost certain that a drug registration scheme will soon be introduced, with evidence of laboratory trials required as a condition of registration. Some sections of the industry view the prospect with dismay, having their own good reasons for arguing that this would tend to reduce a manufacturer's sense of responsibility. Others welcome the idea, while praying that the actual machine will be somewhat less costive and bureaucratic than the American Food and Drug Administration which it seems likely to resemble. The FDA is at present basking beneath a halo acquired by one staff doctor's refusal to license thalidomide for sale in the United States, but it is not always gifted with such second sight. What it can do is hold up the sale of a drug for 60 days while deciding whether there is any reason why it should not be put on sale, or demand fresh tests from manufacturers. No one is suggesting that British manufacturers are lax in their testing, but there have been cases where, for example, a company assumed that the sum of two harmless products would also be harmless and so did not need trials. A registering authority might have been able to tell the company that this was untrue. But for the statistical reasons already given, neither the FDA, nor any registration body could necessarily nose out another thalidomide. The American public was only saved this particular tragedy because the drug was marketed first in Europe: some of its—less tragic—drawbacks were already coming to light when it was ready to be launched in the United States.

If such dangers cannot be picked up in the laboratory, can they be identified during hospital trials before doctors start prescribing a new drug in quantity? Again the answer is no. This is not what clinical trials in hospitals are for; they are to see whether the drug has any medical value and, if so, for what conditions and with what dosage. They may incidentally show what price the patient might have to pay for a cure, in terms of side effects that are sometimes more serious than the disease treated, but these will not inevitably show up in such trials. Manufacturers, for their part, may be able during clinical trials to arrange for blood and other samples for analysis; but they cannot ask hospitals to use their patients like laboratory animals, nor can anyone expect the regulations governing the introduction of new drugs to be changed so that hospitals will. Ethics apart, there are not enough patients to provide the statistical sample that would be needed to give the public the 100 per cent guarantee that sentiment naïvely demands.

If the drug proves worthless, it will be withdrawn at this stage; if not, the published results of the clinical trials may spark off interest among other doctors. Letters in the medical journals will begin to describe first, cures and then, as doctors acquire more experience, drawbacks and side-effects—until something analagous to case law has been built up about the drug and the medical profession as a whole has a fairly clear idea when to use it and when not. This can take about five years. In the last resort, the public is the guinea-pig: when the pharmaceutical industry's critics say that drugs are being launched and marketed without proper trial, what they really mean is that the industry's sales machine is working 100 per cent faster than this somewhat Victorian technique of gentlemanly communication and counter-communication. The industry as a whole is spending an average of 10 per cent of turnover on sales and advertising of these "ethical" preparations. Since some of the biggest companies are spending only a fraction of the national average on selling, others must be spending very much above it. Most doctors could name them.

With the incentive to maximise sales during the first three years, while a new drug remains free from Ministry of Health price control, sales promotion techniques are borrowed from the consumer industries (a none-too-happy innovation in itself) and are sometimes used to promote drugs while there is still relatively scanty case history to back them. Consequently, for every wonder drug that ends its first five years with a clean bill of health, there is probably another that has been quietly withdrawn from the market and at least two more whose use has been considerably curtailed because of dangerous, painful, or merely tiresome side effects. But as drugs get more powerful, better able to cure intractable diseases and put patients back on their feet, so their side-effects get more severe, for chemicals that have a sledgehammer effect on disease cannot be expected to leave the rest of the body unaffected. The risk, not necessarily of another thalidomide, but certainly of violent and unexpected repercussions to new drugs, grows rather than diminishes and is the price of medical progress via such preparations. The question exercising the Ministry of Health, its advisers and the industry, is how to keep this risk to a minimum.

The barrier to quicker reporting by doctors is that an individual doctor may have to experience three, five, perhaps a score of cases before he begins to link cause and effect. But if, it is argued, doctors sent details of their cases to a central register, with drugs given and results noted, a score of postcards from different parts of the country all mentioning a common symptom and a common drug, could alert the central office, and indirectly the manufacturer, that something more than coincidence might be at work. Postcards reporting malformed babies born to mothers to whom thalidomide had been prescribed for early-morning sickness would certainly have sounded the alarm earlier; limbless babies were reported in 1960, but the drug was not withdrawn in Britain until late last year. Suggestions for some scheme along these lines are growing more frequent; the stumbling block seems likely to be the attitude of individual practitioners. Doctors, who can be surprisingly reactionary at times, have nevertheless been heard to complain that an office of this kind would forever be sending out false alarms and inhibiting the development and use of new drugs. Oddly enough, this is not how the pharmaceutical industry sees it; but then a drug maker loses more of his customers when one of his drugs turn sour than the doctors lose of theirs.

Nitrex AG

Producers trying to rig the world export market for nitrogen fertilisers may have a huge future surplus to control

European producers of nitrogen fertilisers have banded together to form a nitrogen export cartel, Nitrex, which is to market their products overseas. This has long been expected: for several years intense competition for export business in these fertilisers has been skilfully exploited by a few monopoly buyers in communist China, India and Pakistan to force nitrogen prices down to levels which are said to be uneconomic, and the competitive bidding between European producers has made this all too easy. Members of Nitrex include the leading manufacturers of Europe, with two significant exceptions: ICI and ANIC, the petrochemicals arm of Italy's ENI. Even without these, Nitrex will be the world's largest exporter of nitrogen, with a capacity of 5 million tons a year at its disposal, and some market power to achieve its main objective, of "stabilising" nitrogen prices. The organisation will enable European producers to sell on a scale comparable with Soviet block countries (whose capricious forays into the market have been adding to the excitements of capitalist competition) and the United States. American producers admittedly do not compete for Chinese business;

nor has Japan been selling to China of late, though its growing capacity must affect the market there. Nitrex also hopes to rationalise the marketing of nitrogen fertilisers to avoid overlap between the producers, and to arrange barter and long-term credit deals. (The largest customer for this rapidly-consumed product, China, has recently been demanding—and getting—up to 18 months' credit.) Even though the cartel says its activities are to be strictly confined to the export field, as they need be if the agreement is to avoid being banned under the Rome Treaty, it is impossible to avoid comparisons with notorious pre-war cartels.

The circumstances which have led to the formation of Nitrex closely resemble those in which the first European nitrogen cartel was set up, in 1930. During the twenties, synthetic nitrogen capacity considerably increased throughout the world and this, combined with an agricultural depression, led to over-production and a fall in prices. The agreement, which sought to maintain prices, to increase nitrogen consumption and to allocate business by quota, came to an end at the outbreak of war and was not revived. Since the war, world nitrogen production has increased to 14 million tons a year and world capacity exceeds it by 2.5 million tons. Existing plans for new plants, if they all materialise, would increase capacity to 23 million tons a year by 1966; but much of this increase is planned in India, China and Japan, so that Europe's share of world production will drop. Forecasts of demand differ widely, but it looks unlikely to keep up with capacity. If the present rate of growth continues, total demand for nitrogen (including industrial uses) would reach only 16 million tons by 1966; but some manufacturers believe that the total will then be as much as 21 million tons (or 90 per cent of the planned capacity) on the grounds that the present efforts of agricultural missions in various underdeveloped countries might be bearing fruit by then. Certainly, if the base of nitrogen usage could be broadened to include peasant farmers, and if the underdeveloped countries could find the money, there would be a dramatic increase in demand. If not, the surplus capacity could make the attempt by Nitrex to hold prices in the export market very difficult indeed. (All of these figures are expressed as metric tons of nitrogen; the actual tonnages of the various fertilisers are three to six times as much.)

Trade in fertilisers, excluding that within the Communist block, accounts for a quarter of world consumption; a fifth of this is "cyclic movement" (e.g., from the West Coast of the USA to West Canada and East Canada to the Eastern States). In the world market proper, therefore, about 2½ million tons were sold last year, of which European exporters supplied 1.8 million tons. The biggest single buyers in the export market are government agencies in China, India and Pakistan; though these countries buy only 360,000 tons, 180,000 tons, and 70,000 tons respectively, this bulk buying gives them the power to offer very large contracts. The main reason why Nitrex has been formed is to make the European producers into a unit large enough to hold the line against them on prices. None of the producers want to repeat the experience of 1954, when China trailed temptingly large contracts from one country to another and brought export prices crashing.

A third factor in nitrogen supply has been an improvement in the techniques of ammonia manufacture which, although it has helped to ease the smart of slashed prices, has raised another bogey to frighten European producers. It may now be more economic to make ammonia at a source of cheap energy and feedstock (usually natural gas) and ship it to the markets than to ship the feedstock and make the ammonia in a "market-located" plant. Current plans to build plants in Trinidad, Kuwait and other surprising places, have to be taken into account by any European producers with plans to build plants themselves. Contracts for ammonia from these, as yet unbuilt, "source-located" chemical plants have been offered very cheaply in Europe and have contributed to the pressure on export prices, which have fallen by a half in the last ten years. The producers themselves have added to these pressures by competing for some markets as much for political as for business reasons. The formation of Nitrex has been accepted as inevitable since the mid-fifties, and prices have often been slashed to gain a foothold in some market to establish a strong share from which to bargain when quotas came to be allocated.

Members of Nitrex include Germany's three main producers: Ruhr-Stickstoff, BASF and Hoechst; a selling organisation representing all Italian producers except ANIC; the sole manufacturers of nitrogen fertilisers in Austria, Switzerland and Norway, respectively; and the central selling organisations of Belgium, Holland and France. In many of these, governments have a financial interest and thus find themselves in the position of being, indirectly, parties to a cartel. Of Europe's main producers only ICI—a moving spirit behind the pre-war cartel—and ANIC are not associated. ANIC is a maverick whose arrival in the Italian market with fertilisers based on natural gas precipitated a price war, but it is said not to be entirely unsympathetic to Nitrex and may even consider joining. ICI has said that it has taken no decision; it is certainly considering the matter and has made enquiries at Nitrex into the nature of the association. The two other British producers, Fisons and Shell, are both indirectly involved through interests in Dutch subsidiaries.

If Britain joins the common market, ICI will probably have to join, as a defensive measure. Although any restriction of competition within EEC by associations has been specifically forbidden in the Rome Treaty it seems possible that members will want to avoid the sort of unpleasantness that might arise from competing in each other's home markets. If this became the policy of Nitrex, the association would soon lose whatever acceptance it may now have from EEC. It has therefore had to confine its aims very clearly and completely to export, and if it sticks to them, it may serve the interests of Europe's nitrogen producers effectively. It is too soon to see how the arrangement will work; many administrative details have yet to be agreed, for instance the exact allocation of quotas. The testing time will come when the Chinese come into the market again and for the first time find the European producers united in their determination to stabilise prices. The chemical companies which make nitrogen, the European governments whose capital is invested in most of them and the coal interests for which it is such an important market are determined to lift the market out of its present anarchic conditions. But if they imagine they can stabilise prices against the bulk buyers in the face of vast surplus capacity, they are probably overestimating their power to rig the market.

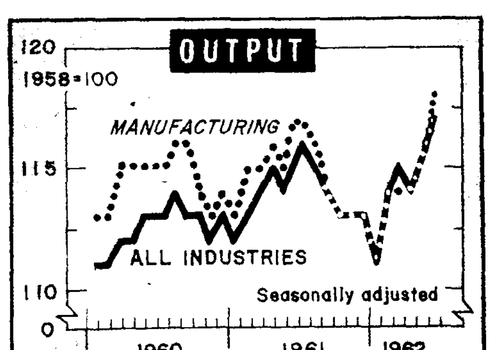
BUSINESS NOTES

THE ECONOMY

Manufacturing Goes Ahead

In the jump upward of industrial production during May and June, manufacturing output rose faster than the rest of industry, after several months of moving no more than in step. This is a return to what has been throughout the postwar years a more customary relationship between the manufacturing index and that for all industries; manufacturing in June, indeed, rose by two points for the second month in succession (which on an index rounded to three digits means at the least more than three points in two months). At 118 (1958 = 100), it passed the level of July last year and thus became the highest level of output yet recorded; so did the all industries index, which was 117 for June. The Treasury comments, soberly but proudly, that industrial output in the second quarter of the year was two per cent higher, on the average, than in the first quarter. This is not remarkable by European standards, but respectable: West German output rose by 2 per cent during the same two quarters, and French output by only one per cent.

Since there have been few signs of any marked increase in final demand at home during the second quarter of the year, the elements mainly responsible for this increase in production will certainly have been higher exports and probably an end to the rundown in stocks. In some of the industries where home sales recovered in the early part of this year, and particularly among their suppliers, stocks had come down significantly over the previous three to six months. Merely to have checked this minus element in total demand will have been a plus factor for manufacturing. If manufacturers now continue to rebuild



their stocks it will eventually pull in more imports, but for a while at least it will provide a welcome stimulus to output.

Export orders for the engineering industries in June, again, were more encouraging than for some months. New orders from abroad received in the month were much higher than those booked in April or May, and far above the level of June last year; the total of export orders on hand indeed rose during the month. New home orders were rather higher than in June, 1961, but well below deliveries; so home orders on hand fell by 3 per cent during June. There is no sign yet of any upturn in private industrial investment; on the other hand, the engineering industries are making good use of their slack capacity, for the time being, in filling foreign orders more quickly and securing others.

Despite the higher level of industrial activity, unemployment has since continued to rise and the number of jobs on offer has gone on falling. On August 13th, there were 464,191 people out of work in Britain, equivalent to 2.1 per cent of the labour force: this was the first count to go over the 2 per cent mark since January, 1960. Leaving seasonal variations aside, there were nine people registered as wholly unemployed this month for every four vacancies.

EXCHANGES

August Strain

Sterling has come under some selling pressure in the markets this week: on Tuesday the spot rate dropped by $\frac{3}{16}$ to 2.80\frac{9}{32}$, its lowest since last September. The Bank of England is believed to have stepped in with some supporting sales of dollars, but the volume was not large. On Wednesday sterling dipped a little further, to below $2.80¼ but it rallied on Thursday. The weakening of the pound in high summer has caused little concern in London. The usual seasonal demand for dollars for purchases of tobacco and other commodities has been decidedly late to develop; indeed, the feeling that the current sterling rate is unnaturally high for the time of year is itself responsible for some of the bear selling that is now under way from New York and Paris. This has been accompanied by repurchases of sterling forward, and this classic scissors movement between spot and forward rates seems a clear indication that operators are moved by short-term technical views rather than by sudden distrust.

Paris was also preparing itself earlier this week for a Bank rate reduction. But in London, Thursday's announcement of no change caused little surprise. While the authorities seem to be preparing themselves for a second release of special deposits and, more effectually, for a downward movement in the indirect tax regulator, they may feel that in the present international context Bank rate can best remain at 4½ per cent. Certainly it would be surprising to see it reduced at a time when foreign money is leaving London, as is now happening on a minor scale.

It has been a quiet week for the dollar. The London gold market has been pretty well balanced between private demand and normal supplies and the gold price, which had shown its now usual rise before the week-end, fell back in mid-week to $35.11½ an ounce. In the exchange markets the dollar remains at its support points against the French franc and the lira, slightly above it against the Swiss franc, and just below parity against not only sterling but also the mark. The mark has in fact held up well this week. It has been little affected by the new Berlin tensions (which may once again have had a greater immediate impact on sterling). Nor has there been any evident reaction in German markets to Dr Erhard's venting, in an open letter to a newspaper, of dire warnings to trade unions and brave reassurances about the currency—a mixture that to British ears is both familiar and a little ominous.

IN THE MARKETS

Sober Hopes

This week the market in industrial equities has behaved more rationally than it did in the exuberance of the earlier rally. The volume of business has not broadened and over the week's trading to Wednesday's close the *Financial Times* ordinary index was practically unchanged at 281.6 and *The Economist* indicator fell slightly, by 1.4 points to 335.1. The caution is understandable; but it is no less significant that a more sober reappraisal of prospects has not produced a fall in prices. Indeed, prices began to move higher on news of the rise in industrial production in June and the increase in engineering orders, and on Thursday the market responded to the resumption of the advance on Wall Street, which had been checked only momentarily by the cut in dividend by Republic Steel. The London market certainly appears to believe that equities are heading upwards and its willingness to contemplate this prospect more calmly and more soberly than it did only a few days ago may enhance the chances that they will do so, slowly and cautiously.

Far-North Finnair

Finnair, one of the first airlines to recognise the potential of the Caravelle, is also one of Europe's aeronautical old-timers. Operating international services since 1924, when they flew a four-seater Junkers F13 from Helsinki to Tallin in Estonia, Finnair today carry half a million passengers yearly to fourteen Finnish centres and twelve European cities. Among the latter is Paris where the modern equipment and highly-trained ground crews of Air BP chop money-saving minutes off turn-round times.

Fast flying FINNAIR... fast fuelling AIR BP

How to make gin

Photograph by Terence Donovan

You start with pure spirit. (Burnett's use the very purest.) You test it. You add water; there's a trick even here - ordinary tap-water definitely will not be good enough. You test again. Then you distil in, patiently and lovingly, a secret mixture of juniper berries, coriander seed, angelica root and subtle hard-to-get herbs. You test again. There are three snags. One: the excise. Two: the trouble. Three: however hard you try, you won't make a gin that is as clean and smooth and authentically dry as Burnett's.

BURNETT'S GIN

Investors in fixed interest securities seem to have no doubts at all about the immediate future of monetary policy, and gilt-edged prices have continued to rise. A reduction in Bank rate was again canvassed in the market but most dealers came to the responsible conclusion that in view of the seasonal strains on sterling a cut was not imminent and that in any case a reduction in special deposits was likely to come first. The market is still convinced that there will be a controlled and gradual fall in interest rates and this belief has been backed by buying of both short and long dated stocks. The clearing banks were buying the short tap stock, 5 per cent Exchequer, 1967, while other investors continued to buy the 5 per cent Treasury stock, 1986-89—and the market believes that the tap in this long dated stock will soon run dry. The buying is purposive. It is based on realistic assessments and not on wild flights of imagination; it already acknowledges, for instance, that the series of new issues by local authorities may continue for a few more weeks but that if the Government accepts the recommendations for reform in local government finance the pressure on the stock market should ultimately be reduced.

BANK CREDIT

Advances Turn Downward

Any doubts about the underlying slackness in demand for bank credit should be dispelled by the latest banking figures. In the four weeks to mid-August net advances by the London clearing banks fell by £3½ million, which seems to confirm that the rise of around £100 million in May-July was predominantly attributable to the special seasonal influence of the debiting of half yearly interest charges. Advances to state boards in August rose by £5½ million, so that net repayments by other borrowers were around £9 million. Advances by Scottish banks moved in line, with a net fall of £5 million. Despite this slackness of lending, the banks did not continue to rebuild their investment portfolios in the month to mid-August, though some significant purchases have been detected in the market in the past week. Liquid assets in the hands of the clearing banks were reduced, and net deposits fell by £36 million. The liquidity ratio was virtually unchanged at 33.15 per cent. It would be surprising, after these figures, if the monetary authorities delayed a further relaxation of credit control much longer—if only to give formal official blessing to freer lending for personal consumption.

RAILWAY WORKSHOPS

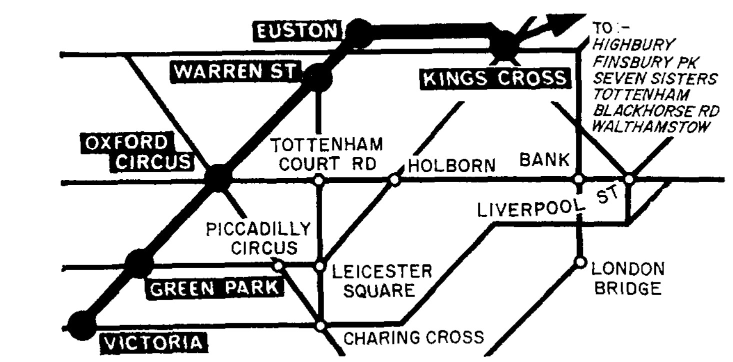
Shrinking Pains

The threatened second round of redundancies in the railway workshops has come, and the men now know just how sweeping they will be: out of the 56,000 employed in the 25 main workshops, 20,000 will go in the next five years—and nearly half of them by the end of next year. But

LONDON TRAVEL

Some Underground Relief

Three years after the London Travel Committee recommended that the Victoria line should be built, the Minister of Transport has accepted its opinion and given the London Transport Executive permission to start work. He has thus accepted that more off-street travel facilities have become essential. The spread of parking meters through central London may prevent traffic congestion worsening—unless the reduction in parking space that these bring about is offset by the building of private or public garages and limits the number of private cars that can enter the area with any hope of stopping inside. But the number of people wanting to come in is likely to go on rising with the continued development of office space, and buses are too slow for the medium or long journeys that these commuters mostly make. So the railways and the tubes will have to bear the brunt of the extra traffic: electrification is raising surface railway capacity, and new rolling stock that of existing tubes. When all that is completed in 1968 it would still not be enough, and neither change reduces overcrowding at railway termini. Hence the Victoria line. Even the extra capacity this offers may seem a drop in the mob by then; some co-ordination of travel facilities and employment in London, perhaps with a tax on employment in the centre, is needed if matters are not to get out of hand. Or would economic charges for all forms of travel into town be enough to check the lemming rush of commuters?



The somewhat elliptical course of the Victoria line through the less salubrious suburbs of north-east London was chosen to allow it to draw off as much traffic as possible from the suburban railway lines running into Liverpool Street and so to relieve this terminus and the Central Line that now has to carry passengers making their way west from there to Oxford Circus. As the new line gets south to Finsbury Park, it begins to duplicate and relieve other existing tubes.

Most of the traffic on the Victoria line will therefore comes off present services. In 1959 the London Transport Executive estimated that only 30 per cent would be newly generated; 36 per cent would come from other underground lines, 18½ per cent from its buses and 15½ per cent from the railways. It was then reckoned that though the line should, on the basis of fares then charged, show an operating profit of about £600,000, the receipts lost by the other services would turn this into a net loss of about £200,000 a year—to which interest charges of about £3 million need to be added. So to break even with the new line operating the LTE would have to add more than £3 million to its present revenue of some £30 million from railways—which in itself fails to cover full costs.

But £3 million a year may be a comparatively modest charge in relation to the cost of providing similar carrying capacity by improving roads at London surface values. The delay in deciding to build the Victoria line has had technical advantages, not perhaps fortuitous. The LTE has nearly finished tests on the experimental stretch of tunnel that it has had dug near Finsbury Park to try out a fast new method of rotary digging with a flexible, unbolted tunnel lining, and to decide whether it can use concrete instead of the traditional cast iron for the new route. The half dug by Kinnear, Moodie has a pre-cast concrete lining, and that dug by Edward Nuttall, Sons and Company (London) one of cast iron.

This new tunnelling method should keep the cost down to £56 million, only £1 million more than the 1959 estimate; if concrete can be used instead of iron, the saving might be more. But tunnelling would account for less than a third of the total of £56 million, with stations expected to cost £22 million and presenting the trickiest jobs—for in many cases the work has to be done while an existing station is used. Oxford Circus station alone will take the full six years to rebuild: a new station booking hall has to be built under the circus itself, which is one of the busiest road junctions in London. The LTE engineers propose putting in a steel platform to carry the roadway, then burrowing beneath to create the new station. All this digging will give civil engineering contractors some rather unfamiliar if relatively straightforward work: apart from the test tunnel for LTE, water tunnels for the Metropolitan Water Board and the tunnels under the Thames have been the only recent local underground projects undertaken in Britain.

the British Transport Commission, while able to say precisely how many men it will need in the three main categories of locomotive, carriage and wagon work from now until 1967, still pretends that it cannot yet estimate where these men will be needed—and so refuses to tell the unions how many men will lose their jobs at each workshop. Keeping men ignorant of their fate when in some cases those dismissed will have real difficulty in finding new work may be an unnecessary refinement of the technique of releasing bad news in driblets that seems the present practice of the BTC.

The present announcement relates only to the bigger workshops, where locomotives and rolling stock are built or given major overhauls. The remaining 45,000 or so workshop staff are scattered around the country in many smaller shops, where their chief activity is running repairs to locomotives and rolling stock. Work at these will be reduced as the railways shrink, but they will not be affected as the main workshops are by the completion of the re-equipment programme. So redundancies there may prove proportionately smaller, and probably no more concentrated than those caused by closing lines.

Work in the main workshops is expected to fall drastically in the next five to ten years; construction and repairs on locomotives will fall 42 per cent by 1972, while work on carriages will drop 19 per cent by 1967 and that on wagons 52 per cent. The BTC says that it is keeping as much as possible of the shrinking amount of new construction for the workshops: with private makers and their workers suffering as badly or worse, the unions must recognise that taking work from these would be no solution.

COAL

Export Enthusiasm

If the British coal industry cannot meet the price of American coal landed at its own ports, can it hope to meet the same competition with British coal on the coast of Europe? It is true that the British coal which the National Coal Board would like to dump in Europe would be power station smalls, while the American coal that it invokes Government protection to avoid having dumped in Britain is mainly of coking qualities. At the moment Britain is selling coal for electricity generation in Denmark against the competition of Polish supplies. If Britain gets into Europe and if a European energy policy, including limitations on fuel from the Soviet bloc, should come into being, British coal would gain a measure of protection in Western Europe from that competition too.

Lord Robens, always ready to shake new ideas and confidence into his grimy industry, has determinedly harped upon the "outward" possibilities that joining Europe would bring the British coal industry; and certainly in the cross-trade in coal that might develop Britain on balance would probably gain. But this outward ebullience is accompanied by a resolute refusal to contemplate the greater liberalism in coal and oil imports which joining Europe might possibly (though not certainly) enjoin upon this country in the coming years. His hopes for the use of bulk carriers, again, show a characteristic enthusiasm for every new technical possibility. But whether short hauls, and a comparatively high proportion of a ship's time taken up loading and unloading, are ideal circumstances for the employment of the bulk carrier is rather doubtful. And even if the big carriers could be economically employed on such trades, financing and building them would surely have to be based on firm long-term contracts without significant escalation. Certain fuels available around the world are nowadays being offered on such terms; but can British coal yet be?

STEEL

Borrowing More for Ravenscraig

Last month Colvilles had to swallow its pride and ask the Government, after all, for the loan of £5 million that it had said a year before it could manage without. Now it has had to arrange further loans from outside: £7 million from the Finance Corporation for Industry, and an increase in its overdraft facilities with the National Commercial Bank of Scotland. The FCI loan is repayable by 1970; during its whole term FCI will have an option to purchase 250,000 Colvilles ordinary shares at 35s. each. A year ago Colvilles rights issue was at 57s. 6d.; today its ordinary shares stand at about 30s.

The original amount of the Government loan arranged for Colvilles when it was agreed to build a semi-continuous strip mill at its Ravenscraig works was £40 million; this was later put up to £50 million. Last year Colvilles told the government that it would not need more than £45 million; last month, asking for the last £5 million, the company found the Ministry of Power most understanding. It will have drawn another £10 million, making the total £45 million, by the end of September, and is assured of the last £5 million after that. Its period of heaviest requirements, from all these extra sources of credit, will probably be next summer.

Colvilles needs the extra money on loan because "the amount of self-generated finance which we had anticipated being able to contribute towards the cost of Ravenscraig has been adversely affected by a number of factors beyond the company's control." Steel has been in recession; the Iron and Steel Board did not let the industry put up its prices as much as it would have wished (and was confident it could get away with even when sales were falling); and to the tax on fuel oil has been added the selective increase in the price of Scottish coal. This last element, taken alone, is a move part of the way towards realism in the costs of local resources, of which in isolation Colvilles could hardly complain; it has simply brought into the open one of the cost disadvantages that were hidden at the time that Ravenscraig was chosen. But the company can fairly reply that the tax on fuel oil, and the refusal to allow it to import American coking coal, deprive it of the chance to make the best of its debatable location, which after all, the Government chose.

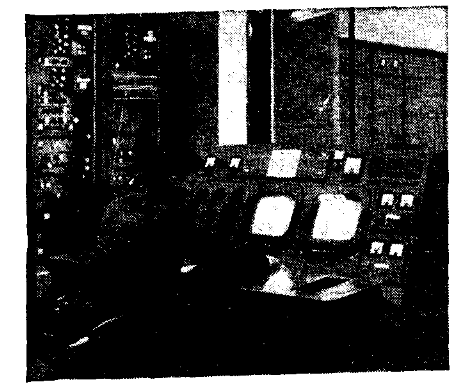
NAVAL DOCKYARDS

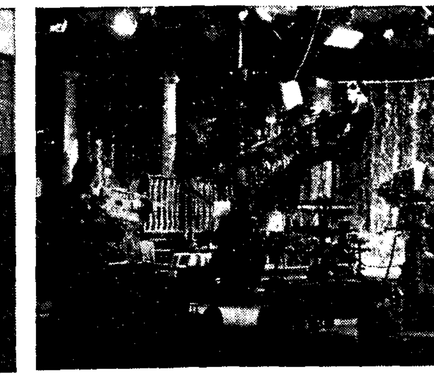
Admirals Think Again

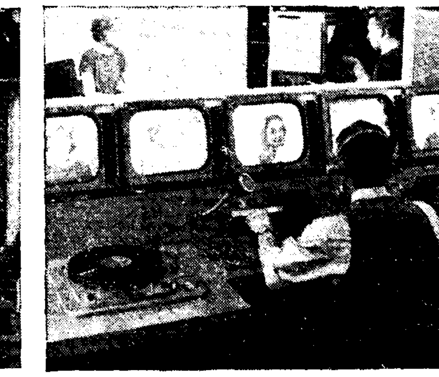
Back in 1951 the then Select Committee on Estimates suggested that Britain's four naval dockyards would be better run if each had a general manager and a senior personnel officer. The Admiralty's reply was to dismiss both suggestions on the grounds that the jobs in question could not possibly be done by any single man. Eleven years later, it is now in the process of appointing general managers and functional personnel departments to each dockyard: Chatham is being developed as the "pilot" yard for the new pattern of organisation, and a start has been made at Rosyth. The reorganisation should be complete by 1968.

The Admiralty's belated conversion followed on despatching a team to examine the organisation of American naval yards, and a study of the British yards by an Admiralty working party in 1956. The traditional organisation of these yards consisted of three comparatively autonomous "professional" departments—"constructive," engineering, and electrical engineering—under an Admiral Superintendent responsible for command of the yard as a whole. The new organisation retains the Admiral Superintendent—though he may combine this command with other flag duties—but puts underneath him a general manager, controlling functional departments for planning, production, personnel, yard services, and finance.

The Estimates Committee of 1961-62, reviewing the reorganisation that is in progress, broadly approves it, but with some reservations. It is uneasy about overlapping between the Admiral Superintendent of a yard and its general manager; in the equally reorganised headquarters organisation at the Admiralty, too, it fears that there may be some duplication. The whole reorganisation, moreover, involves some increase in the proportion of non-productive staff. This change is customary when one improves the planning of large engineering operations anywhere. But the committee is worried, as directors of large and diverse engineering establishments doing mainly one-off jobs often are, by the fact that one cannot be sure whether the efficiency actually is being improved. Measuring productivity in a ship repairing operation where no two jobs are alike—particularly since there is no readily comparable "competition" for many of these naval jobs—has so far defeated the dockyards' new planners.


The Marconi equipped B.B.C. London Transmitting Station at Crystal Palace.


A Marconi equipped studio at the B.B.C's new television centre White City.


Packaged television station designed for minimum staffing.

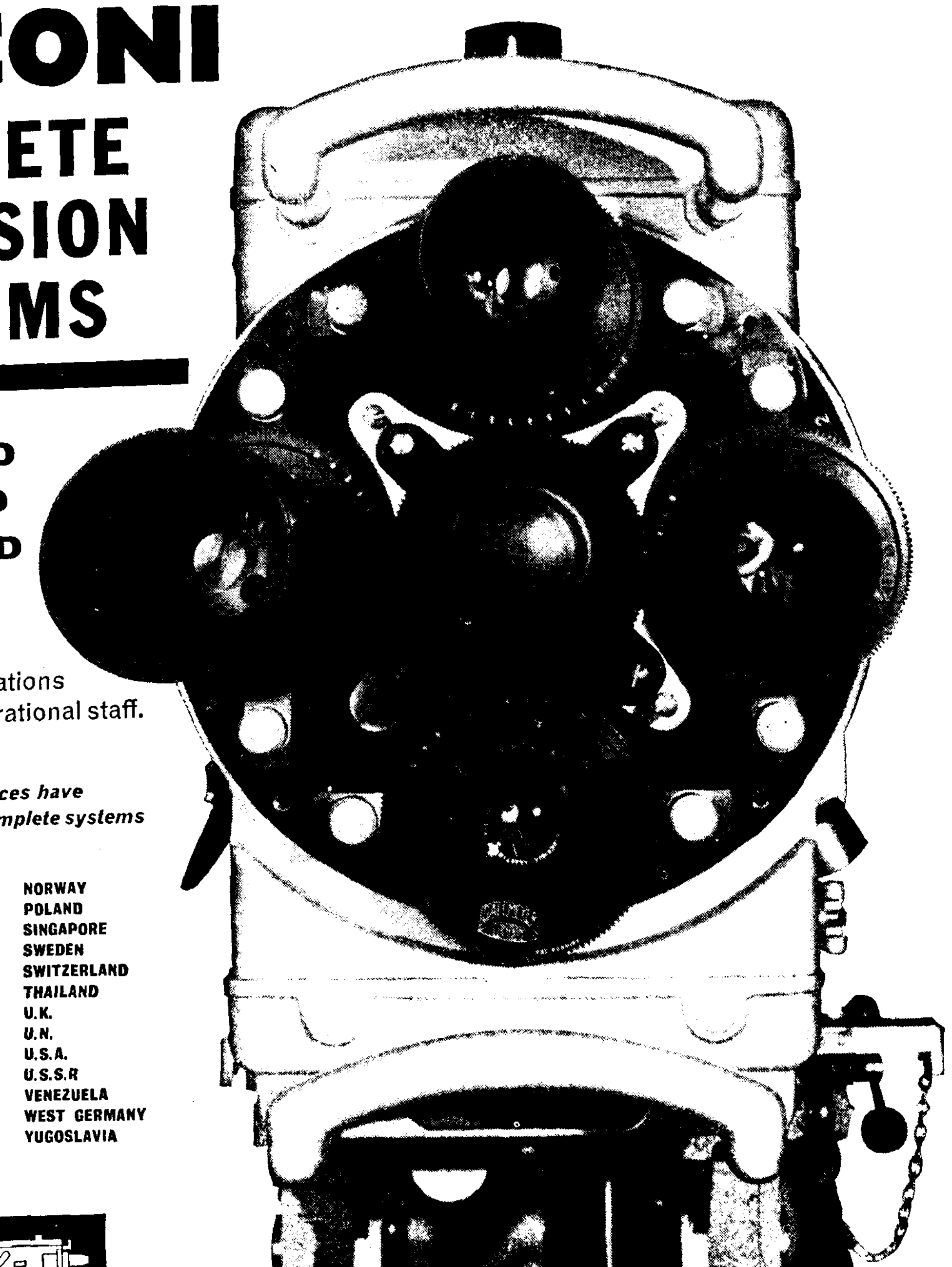
MARCONI
COMPLETE TELEVISION SYSTEMS

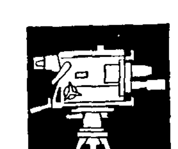
SURVEYED
PLANNED
INSTALLED

Marconi's have designed and installed systems from large television centres to small stations requiring the minimum of operational staff.

Marconi's world wide system services have provided television equipment or complete systems to 41 countries.

ARGENTINA, AUSTRALIA, AUSTRIA, BRAZIL, CANADA, CHINA, CYPRUS, CZECHOSLOVAKIA, DENMARK, EAST GERMANY, EGYPT, EIRE, FINLAND, FRANCE, GHANA, GIBRALTAR, HOLLAND, HONG KONG, HUNGARY, INDIA, ITALY, JAPAN, KENYA, LEBANON, MALTA, MEXICO, NEW ZEALAND, NIGERIA, NORWAY, POLAND, SINGAPORE, SWEDEN, SWITZERLAND, THAILAND, U.K., U.N., U.S.A., U.S.S.R, VENEZUELA, WEST GERMANY, YUGOSLAVIA




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

B17A

LOCAL FINANCE

Easier Money

Last Saturday the Public Works Loan Board reduced its rates for new loans by a nominal ⅛ per cent to 6⅝ per cent for all maturities. This reduction recognised the easing of rates in the open market for local authority loans; it is not linked to the change in policy expected to be recommended by an official committee, which was discussed in these columns last week. Rates have been moving in the local treasurers' favour since the turn of the half-year, and seven-day money is now available at 4 per cent, compared with rates which were more or less consistently above Bank rate in the first half of the year.

This fall in short-term rates has followed quite substantial repayments of temporary money by local treasurers who have benefited from the increase in stock issues and the inflow of money on two to five year mortgages as a result of press advertising. Many authorities have indeed now temporarily stopped advertising while others have reduced their rates from 6½ to 6¼ per cent. At the same time many treasurers, aware that the monetary authorities may soon limit all temporary borrowing to 15 per cent of total debt, have been funding in the London market. There has been a substantial turnover in two to five year mortgages at 6⅝ per cent and in five-year escalator mortgages at 6⅜ per cent. Treasurers have also been lengthening their temporary debt by taking loans up to 364 days and repaying seven-day money.

The figuring on local borrowing in the first quarter of 1962 is published this week in *Financial Statistics*. Net borrowing increased by £202 million, £68 million more than in the same quarter of 1961, and £132 million of the borrowing this year was in temporary deposits. The clearing banks, under official pressure, actually reduced their overdrafts to local authorities by £13 million, but treasurers had no difficulty in finding money elsewhere, and in particular by borrowing a further £86 million from London's merchant banks, overseas banks, and foreign banks. About three quarters of the deposits of these banks is on foreign account; so perhaps over a half of the increase in temporary borrowing of the local authorities in the first quarter of 1962 was of foreign origin.

Total lending to local authorities by these banks, according to the group totals published in the Bank of England's quarterly bulletin, amounted to £278 million on March 31, 1962. The CSO figure lumps lending by the discount market together with these banks, giving a total lent by non-clearing banks and discount houses of £289 million. The difference of £11 million is however attributable partly to foreign banks that have no branches in London and therefore do not appear in the Bank of England figures. Lending by the discount houses in this local authority market is estimated by informed market sources at no more than £3-£4 million. The discount market can lend only its unsecured money in this way, since local authority deposit receipts are not negotiable, and cannot be lodged as security with the banks or the Bank of England. Discount houses now pay only 2½-2¾ per cent for these deposits from the public and can therefore make a good turn in the mortgage market. If they were prepared to break with tradition, risk retaliation from the clearing banks and be more generous with their rates for this money the discount houses might develop this profitable sideline a good deal further.

Spain Takes Advice

Looking forward in economics and back in politics, Spain continues to present a baffling scene to watchers from north-west Europe. A milestone in economic practice was passed this month with the lifting of the licensing requirement for internal changes in industrial plants. Thus a fact, not without its symbolism, is recognised: exciting though new factories are, what Spain needs much more urgently is the improvement of the factories it has already. But plant extensions and improvements have been half-stifled by the cumbrous and detailed controls. Licensing requirements remain, in plenty; but the trend is away from state paternalism, at least in economics.

Most notable of recent events in Spain, the moment of presentation to the Spanish government of the report of the World Bank team, headed by Sir Hugh Ellis-Rees, has come and gone with every sign of harmony and concord. This report suggests what should be the general lines of Spanish economic policy for the next five years. The only trouble is to find out what it says. The Spanish government is willing, indeed eager, to make the contents of the report known, and a brief outline of the main points by the able commissioner for the development plan, Señor López Rodó, was published on August 14th. To translate and publish the report itself, some 400 pages, is a big job. But the Spanish government intends to give it "the widest possible circulation" in Spain.

In the meantime we have to rely on the indications of what the report contains given by Sr López Rodó. He made it clear that the general emphasis is on freedom of private commercial and industrial investment, and that the Spanish government accepts this. Controls and forms of direct state intervention devised in more difficult times are to go. The once-dreaded state industrial octopus, INI, which at one time soaked up so much new capital that little was left for the expansion of unprivileged commerce, is invited for the future to limit itself to a "pioneering" role. The government is urged not to try to see to everything itself, but to set the economic goals and pursue policies that will assist the economy to reach them. Its preoccupations with maintaining employment and levelling up the regions are recognised, but the insistence is on mobility of capital and labour, as means towards the economic use of resources and the conditioning of Spanish industry to meet competition in export markets. The World Bank team hopes that an annual rate of growth of national income of 5 per cent a year can be reached and, if these principles are followed, maintained for a long period ahead. It mentions a possible doubling of incomes in industry and services in ten years, and (somewhat more diffidently, to judge by the Spanish report) a commensurate increase in agricultural incomes.

While some will ask whether these increases are going to be sufficient to satisfy Spanish discontents, others will ask how they are going to be attained. Evidently the report gives a good deal of attention to what should not be done, and in particular to ways in which effort should not be dispersed. Thus, it is against ambitious new road schemes: with the one exception of the planned Mediterranean coast motorway, from the French frontier to the Levante provinces, the road effort should be confined, for perhaps four years, to the repair and better maintenance of those existing roads that carry the heaviest traffic. On railways the judgment is much the same: some 4,900 kilometres of track need modernisation, and the locomotive park needs renewal, but neither wholesale electrification, nor the building of new lines, is recommended. Similarly with the ports: in general they are big enough already; what is wanted is more, and regular, dredging. Clearly the World Bank team is convinced that public investment must be limited if industry is not to be kept starved of the capital it needs for expansion. On agricultural policy there is a similar concern to avoid dispersal of resources. Thus, while the value of irrigation schemes is conceded, it is urged that the state should not start simultaneously on so many schemes that their completion is delayed. The central object of agricultural policy, said Sr López Rodó, "should be to get a sufficient volume of production of each crop at the lowest possible cost." An expanded agricultural production is treated as not only desirable, but necessary; but the report urges that efforts should be made to project probable demand, crop by crop, and relate production to it.

All this sounds elementary, and indeed Sr López Rodó gave the impression of a report abounding in pertinent platitudes. If heeded, however, these statements of the obvious will imply a modernisation of the Spanish government machine and a spring-cleaning of the process by which policies are made. Some specific suggestions of this kind—a ministry for export promotion, the use of Treasury bills and other credit control instruments made available by this year's bank reform, methods of increasing the volume of new low-cost housing by other means than direct labour—are mentioned.

In general, the report is an attempt to face the problem of combining the orthodox principles of the stabilisation period (1959 to 1961) with a new dynamic element of growth. Stabilisation was a success in that it did what it set out to do, but at the cost of a heavy recession and painful social scars, reflected now in the persistent grumbling on the labour front. As the report points out, Spain now has a foreign exchange situation good enough to allow freedom of manouvre. What is hoped is that if the economy is released, its latent forces of expansion will do the rest.

ANNUITIES

At Death's Door

The chance of purchasing a Government annuity ends on the last day of this month; ironically this may be the first time that many people realised that such a possibility even existed. Government annuities are to go the same way as Government life insurance went in 1928, when only 12,000 policies were outstanding. Annuity contracts granted in 1954-60 averaged 400 a year; in 1961 this figure fell to 250.

Available through the National Debt Office, the Post Office, and the Trustee Savings Banks the money received in consideration for the annuities was used to cancel part of the National Debt. Recently the scheme has not been worth the trouble, and the Government now feels that there is no demand for the service. In fact the annuities were uncompetitive and cumbersome to acquire and the range of annuities offered was very narrow compared to that offered by the insurance companies. The cost varied with the market value of 2½ per cent Consols and while the proposal forms of the assurance companies are simple, the Government's were lengthy affairs that demanded a declaration to be made before a Justice of the Peace, a magistrate, a Commissioner of Oaths, or an official of the National Debt Office in London. A misstatement could mean imprisonment or a fine or both. Investment was tied to Government securities. If the Trustee Investment Act had widened the investment outlets; if the system had been streamlined; and if it had been advertised, then it might have survived.

A much more successful effort to attract private savings has been made by the Trustee Savings Banks. Deposits with their special investment departments have risen from £119 million ten years ago to £555 million in May, 1962. In that period the rate of interest paid on the bulk of deposits has risen from 2¾ per cent to 5 per cent.

COTTON

No Sale

Despite the late boost in cotton exports provided by stepped up disposals under aid programmes and a rise of 750,000 bales in American mill consumption to 9 million bales, the United States wound up the 1961-62 cotton season holding 400,000 bales more cotton than it held a year earlier. Apart from a rise of 150,000 bales in the depressed 1958-59 season, this was the first substantial reversal of the declining trend in American cotton stocks since the peak reached in 1956. The stocks of the rest of the free world are estimated to have declined by nearly 1 million bales in this period. End-season stocks in the United States amounted to about 7.2 million bales in 1961, of which the United States Government through the Commodity Credit Corporation owned only 1½ million bales. This year it has some 4.7 million bales of the total American carry over of 7.6 million bales.

To help move this accumulation into commercial outlets, the existing export arrangements were supplemented by an export sales programme which is meant to begin to operate when the average price of 1-inch middling cotton in American markets reaches 34.22 cents a lb for a full week. Sales by competitive bids can be made at a minimum of 34.82 cents, to which carrying charges will be added from November. Allowing for the export subsidy of 8½ cents, the cotton could be shipped to Britain for 26d. a lb. But American cotton is available

ITALIAN POWER

How Utilities Have Hedged

Milan

One article in the current bill for the nationalisation of Italy's electricity industry lays down that the expropriated utility companies will not be dissolved, but encouraged to invest and diversify in other fields of industry. This will leave in existence efficient managerial organisations capable of intensifying or broadening the process of Italy's industrialisation; any attempt to dissolve the expropriated companies, which are already highly diversified, would have struck public opinion as doctrinaire and incidentally posed a thorny technical problem.

When the first rumblings of nationalisation were heard soon after the second world war, Italy's utility companies saw the writing on the wall. Edison of Milan, which accounts for 25 per cent of the total power produced in Italy, embarked as early as 1950 on a vast programme of diversification—"to safeguard the interests of our stockholders." Since then, the company has developed into a chemical, petrochemical and synthetic fibres giant second only to Montecatini group. In the last five years alone, Edison has poured more than £180 million into the seven distinct chemical subsidiaries and affiliates through which it operates a dozen-odd plants from the Alps to Sicily. It is also involved in several other industries and financial activities.

La Centrale, Italy's second largest private utility company, producing 10 per cent of the country's total power, has diversified into six major industrial and financial areas over the past ten years. These include electronics, paper mills, foods, construction, and financing. The company signed an agreement last year with Britain's Reed paper group to build a large paper plant near Cassino, south of Rome. In the construction field, La Centrale has interests in half a dozen functioning and prospected toll highways, and in construction projects in Egypt, Pakistan and Nigeria. In financing, the company has set up several subsidiary holding companies in the fields of underwriting and investment. SADE (Società Adriatica di Elettricità), the third largest private power producer with headquarters in Venice, and with an extensive network covering the north-east corner of Italy, is reportedly moving heavily into tourism, hotels and real estate development.

Italy's utility companies are ready to discuss the new ventures that they have already embarked upon; but so far none of the electric power groups has stated openly yet what they plan to do with the money they receive in repayment for their electricity assets, despite the rumours flying around in Italian business circles. They have two reasons to keep their plans quiet. The nationalisation draft law has to pass both Houses of Parliament; final approval seems unlikely to come until early fall. Secondly, if the bill is passed, future investment of these repayment funds will be subject to approval by a special credit committee of the Bank of Italy, to see whether they fit in with Signor la Malfa's economic plan.

2d. a lb cheaper from non-official sources, and even this price is being undercut by as much as 2d. a lb by rival cotton producing countries.

The first official forecast of the current American crop puts cotton output at 15.1 million bales, the first time production has topped the 15 million mark since 1953-54. The United States Department of Agriculture thinks that the usage of American cotton will again be about 14 million bales, a drop in home consumption being offset by a recovery in exports. This looks an optimistic forecast unless the American authorities are prepared to shade prices to meet foreign competition. American exports are currently lagging badly. Cotton production outside the United States is expected to increase, but unless consumption improves quickly in Japan, Britain and some other European countries, there is unlikely to be any increase in demand for cotton outside the United States. The difficulty with the floor which American export policy places below world cotton prices is that it always seems likely to collapse if overloaded. It is not surprising that the added pressure which the new season seems likely to generate has given rise to renewed rumours about a possible increase in export subsidies.

LOBITOS OIL

Before and After the Bid

THE four for five share exchange offer by Burmah Oil for the shares of Lobitos was quickly recommended to shareholders by the Lobitos directors. They have now decided to defer the proposed one for one scrip issue but they have declared an interim of 16 per cent which accords with their forecast of an 8 per cent interim on the doubled capital. For 1960-61 the interim was 8 per cent, followed by a final of 20 per cent. The bid holds out the prospect to Lobitos shareholders of an income almost double that received last year. The price of their shares has more than doubled this year so that they can have no cause to complain about the terms of Burmah's offer. Nevertheless there has been some speculation whether a rival American bidder was waiting in the wings. A large holding had been built up earlier by Guaranty Nominees, a nominee company of Morgan Guaranty Trust, which is shown in the register as the owner of about 360,000 shares. This may represent the holdings of numerous American investors; indeed in April the register shows this holding at over 410,000 shares, which has been reduced since then by a number of small sales.

One other holding which has aroused comment is that of C. T. Bowring, an insurance firm, whose chairman is Mr F. C. Bowring who is also chairman of Lobitos. The firms have had close links since Lobitos was founded in 1908, but it is only this year that C. T. Bowring has really built up its shareholding; the chairman says that this decision was taken in the light of the injection of new management into Lobitos, which made it an attractive investment prospect. To C. T. Bowring's earlier holding of 34,000 shares, 70,000 shares were added in January, when the price was around 14s., by the purchase of a single block of shares. Then in May, having notified the Lobitos directors, C. T. Bowring decided to buy up to 100,000 shares through the market. In fact however 72,000 shares were purchased (of which about 60,000 so far appear on the register). The last purchase was early in July when the price stood at about 15s. 6d. Mr Bowring has said that at that time the Lobitos directors did not have a scrip issue or a higher dividend in mind and that he had no knowledge of the Burmah bid until August 10th, when the shares in response to the scrip issue and dividend forecast stood at 22s. They now stand at 29s.

RADIO SHOW

Whistling Up the BBC

THE men of the radio industry are not quite the tragic clowns in greasepaint that they were at last year's radio show. They have disposed of their stocks of 17 in. sets and now have the Pilkington Report, even if probably the majority of them would prefer not to be committed to building sets for the ultra high frequency wavebands by 1964. Mr C. O. Stanley of Pye says that the industry hopes for UHF transmission by the end of next year, though the BBC says that it plans to start its new service early in 1964. Once there really is a 625-line UHF service operating, even if it is at first limited to part of the London area, the industry reckons it should be easier to persuade people that they should buy sets that can receive such broadcasts—or can be modified to do so. The set makers are still mostly divided between those who provide "switchable" sets, already adapted to 625-line operation and sometimes even including a UHF tuner as well, which need little or no modification to receive the new service, and those making convertible sets—for which a new unit costing now around £10 will be needed to adapt them for 625-lines and UHF. Some are now hedging by making both.

The end of uncertainty about standards will, set makers hope, mean a new leap forward in sales. After the depressed state of trade in past two years, they could hardly fall any further; but the immediate reaction to the Pilkington Report and the cut in hire purchase deposits was public indifference. It had taken a more optimistic view of prospects than the retailers in the first half of the year, and has built up its stocks of television sets by about 130,000 while the retailers continued to run theirs down. Production was 29 per cent higher than a year before, but home deliveries fell 23 per cent. Exports, though still relatively small, rose 22 per cent. But one may doubt whether the show or even the new BBC service will send buyers rushing for new sets. So it would be unwise for the industry to assume that it can expect much more than the normal replacement demand of around 1¼ million sets a year.

Much of the steam has gone out of the radio boom this year; home sales rose only six per cent, and the proportion of cheap sets rose. So radio still accounts for only about a quarter of set sales in terms of value, with some of the most successful makers of transistor portables, like Perdio, specialists in this field. It is to a revival of television set sales that the industry in general must look for prosperity.

BARLEY

Prodigal's Return

BARLEY has come off its high horse, and prices again bear comparison with maize. Even now it is only new crop home-grown barley that is being bought, at about £21 for November delivery. Trade in imported barley is so slow that the National Farmers' Union has not yet put out its customary price guide to farmers, though the first of the new English barley has already been harvested. The NFU's indicated ex-farm value is based on the landed price of imported barley, of which there was at this time last year an impossible glut that rocked prices before the weight of the home crop was heaped upon the market. This year Canada is probably holding back its reduced stocks of barley against further prospective sales to China. Australian barley, much of which might be earmarked for the same client, will not arrive until around the last two months of the year, and there are no other pressing sellers. The prohibition on barley landed here for less than £20 a ton has been lifted and will probably not be required again this season.

About £25 a ton was wanted for Canadian barley only a month ago and demand was consequently negligible. Maize, which has remained below £20 a ton, has been used as an alternative, filling a large part of the extra demand for feeding stuffs following the unfavourable weather. Stocks

To the eloquent tributes that have been paid to Sir Cecil Ellerton this week, *The Economist* would add this: Cecil Ellerton was a master banker and a most human person. He had no arcane professionalism about him, and he wanted ordinary people to understand what banking is and what bankers are. Perhaps his best monument is the wider understanding of these matters that he did so much to foster in his work at Barclays Bank and in his support of Banking Information Service right up to his death.

of barley on farms, and presumably in compounders' stores, have been largely cleared because of the high prices. But the recent improvement in weather might bring a heavy weight of barley on to the market very soon. The Ministry of Agriculture's forecast of a slight fall in barley production—the first since 1956—was based on estimates made when conditions were less favourable in many areas than now. French and West German crops are also shaping better than expected.

On the Ministry's estimate production is expected to reach 4.3 million tons, compared with 4.4 million tons last season. But wheat production may rise to 3.1 million tons, compared with 2.4 million in 1961. There should be a larger tonnage of animal feeding stuffs available this year—depending on how much of the wheat is millable and how much barley is exportable for malting. Maize is comparatively cheap, but compounders try to ensure that home-grown barley is taken up in preference to imported grain.

WOOL

Well Met

THE United States wants a meeting of that almost forgotten body, the international wool study group, in November. Inter-governmental wool gathering is rare. The United States says it has been moved to make this unusual request by the conditions of trade in wool textiles and by the stiff competition from synthetic fibres. The management committee of the study group was to meet on Thursday to consider the request. Some years ago a similar motion failed to get through the committee stage, and the last full meeting of the study group was as far back in 1955. It was mainly concerned with statistics; and behind the scenes, the group's statistical agency still functions. If the new conference is held, it will obviously have more flesh on it.

The American suggestion is said to have been favourably received by members. British wool textile manufacturers are anxious to know what might be in it for them, but they are putting on a mystified air about it—when they really know what the November meeting will be about, they will put on official hats to consider what they must all be privately turning over in their minds. Last year, quotas were arranged for international trade in cotton textiles. Cynics said then that woollens and worsteds would follow cottons as night follows day, even though agreement in wool textiles might not be so easy to achieve as in cottons.

For Britain's wool textile industry, American proposals could cut either way. Restriction of exports to the United States, for instance, might fence off a bigger slice of the market from British exports than it protects by freezing trade in the prevailing pattern. Base dates for calculating quotas would inevitably give rise to difficulties, as would the distortion of trade that already exists through American attempts to protect its manufacturers and sheep rearers.

Four important exporters of wool textiles, Britain, Belgium, France and Italy, are prospective bedfellows in the common market. Britain is also currently rounding off discussion of a trade treaty with Japan, Britain's powerful competitor in wool, which would relax restrictions on trade between the two countries and perhaps bring about a change in Japan's methods of artificially boosting its exports. With so much going on, if international quotas were discussed, the British industry's brain box would at the moment be taxed to know where its advantage would lie. But in view of its difficulties in the American market Britain seems likely to plump eventually for international regulation if it gets the choice.

TELEVISION SHARES

Short Life Gold Mines

THOSE, including members of the Pilkington committee, who look on the television programme companies as gold

Can Poland Run Short of Coal?

FEW coal merchants in western Europe would find it easy to believe that Poland has any prospect of running short of coal: Polish coal has been on offer all round Europe since the war, undercutting other European coal prices and sometimes even cheaper than American imports. Yet, looking forward, the Poles do forecast a fuel shortage and even one of coal. The war cost the country its major crude oil deposits, but gave it Lower Silesian and Upper Silesian coal-mining areas. Immediately after the war the Polish domestic market was simply unable to accept nearly as much coal as these rich fields could produce: so most of this was exported and brought in much of the foreign currency Poland earned. But internal consumption of coal rose from 48 million to 89 million tons (including soft coals), and though coal still contributes 20 per cent of the country's foreign earnings, home demand is soon likely to swallow this up. In spite of continued growth, planned to offer 114½ million tons of hard coal and 27 million tons of lignite a year by 1965, and 135 million and 60 million tons respectively by 1975, Polish planners foresee a total shortage of 10-12 million tons of "coal equivalent" by 1975. This means an end to coal exports: Poland's fuel deficit, it is assumed, will have to be met through the construction of gas pipelines from the USSR, the "Friendship" crude oil pipeline, and imports of refined products.

The new refinery being built at Plock on this Russian pipeline will be ready to treat 2 million tons of crude by 1965; it is planned for extension to 6 million tons a year by 1970. But this refinery is intended to make very little fuel oil; its crude will almost all be converted to petrol and diesel automotive fuels.

Gas consumption in Poland is rising: Silesian coal-gas, natural gas which has been found in good supply in areas just west of the new Polish-Russian frontier, and finally gas imported from the USSR by pipeline have all been linked up with centres of industrial and domestic consumption. Petrol is being obtained from natural gas liquids. Total demand for petrol is expected to reach 2-2½ million tons, and demand for fuel oil and diesel oil 4½ million tons each by 1975, so unless a second new refinery is by then built much of this will have to be imported as products.

POLAND's search for oil and gas has been full of unfulfilled promise. Its proved areas in the south have yielded some small production for more than a century; but they are largely worked out, and are responding very poorly to secondary recovery methods such as water-flooding. The northern lowlands are being surveyed at a slow rate owing to lack of trained men and the right equipment. Oil has been found at Krosno, a town of the same name as the capital of the old "oil country" in the south. The Poles believe that east German fields near the border there extend to the east; they are hoping for as much as 3½ million tons a year from this area by 1975, though these are paper plans indeed. Even so, the country would have to import another 3½ million tons of crude to fill its planned requirements, as well as 1½ million tons of products.

COMPANY AFFAIRS
Comments on pages 731 and 734 on:
Distillers — National Canning
Lewis's — H. S. Whiteside
Sheepbridge Engineering — Tunnel Portland
Ready Mixed Concrete — Redland Holdings

STOCK PRICES AND YIELDS
Stock prices, yields and security indices on pages 732 and 733

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 735

mines making easy profits should accept the method chosen by a leading firm of stockbrokers of evaluating these shares as if they were a gold mine with a limited expectation of life. The authors estimate that by 1964 when the licences expire the total of current equity assets plus the accruing cash flow per share will be close to—and in the case of Associated British Picture will comfortably exceed—the current price of the shares. If so, there should not be much risk of a further substantial fall in share prices, not least because whatever form future legislation takes the companies will presumably be left to make some profits. This will comfort the many who already have considerable book losses on their television investments. But equally

	Latest pre tax profits £ mill.	Equity assets plus cash flow† £ mill.	Equity assets and cash flow per share	Current price	Yield per cent
Associated Brit. Picture	5·0	20·9	26/2	20/6	7·3
Associated Television..	6·4	17·9	19/5	19/3	16·1
Granada............	6·4	17·3	20/7	21/-	10·7
T.W.W.	1·3	3·6	14/5	15/4½	§
Tyne Tees	1·0	2·2	19/-	16/-	13·7
Associated Rediffusion	8·4	25·7	68/7‡	*	*

* Shares not quoted. † Until 1964. ‡ Per £1 of capital § Interim dividend recently cut.

these brokers do not expect any immediate sharp rise in prices. For the moment the best prospects seem to be those of the rental companies, particularly if Pay-TV is to be given a trial, but once the uncertainty about the future of television is resolved, a revival of interest in the shares is possible.

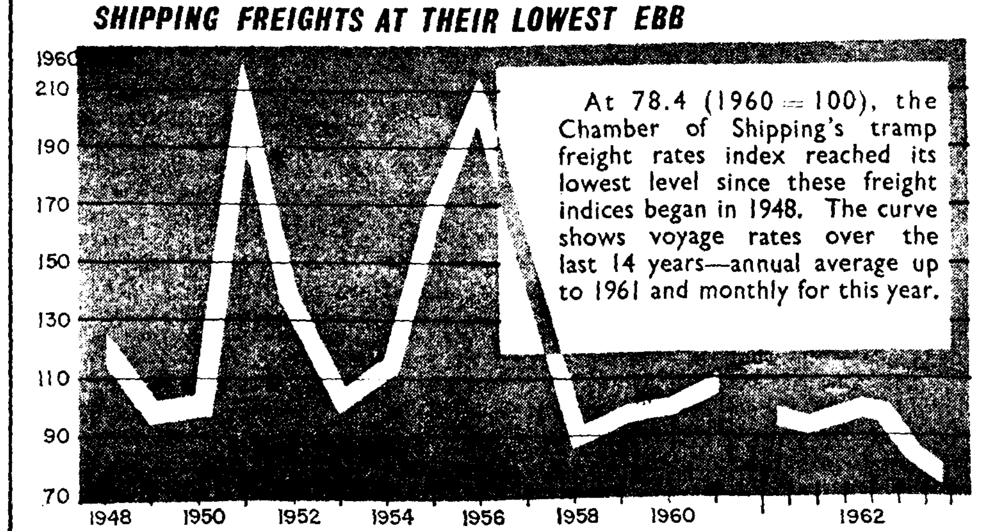
The opening of a new BBC station would however cut into the audiences of the older channels and thus advertising revenue would fall. At the same time there would be greater competition for talent which could force up costs. Accordingly the brokers estimate that even without further action by the government to trim the contractors' profits, these might well be halved by 1965. Nor do they find much promise in the profits that might be earned by a second commercial channel after 1968. If by then advertising revenue had recovered to £120 million, about 20 per cent above its current level—a more pessimistic forecast than some—the new station on projected rates of running costs would still be in the red and a marginal profit would emerge only if the expected rate of growth in TV advertising is achieved.

BUILDING STANDARDISATION

Disputing the Means

PREDICTABLY, the Royal Institute of British Architects has stirred the brickmakers into argument—by recommending the adoption of the 4 in/10 cm module as the basis for industrialised building—as, perhaps, it intended to do. The Brick Development Association reiterates its preference for a system of "preferred dimensions"—different bases for different parts as advocated by the Building Research Station—which, it says, would be more efficient and avoid dislocation of existing production. In saying so, it is assuming that the RIBA intends its recommendations to extend beyond industrialised building to those that use bricks. To press for the adoption of the 4 in/10 cm module for all components used in industrialised building is, it considers, "a serious and premature decision." As the British Standards Institution has spent 14 years trying to get agreement on standardisation, one might question whether it is premature; having both the BRS and BSI studying the subject, each possessing different ideas, has helped make discussions so long-winded. In the meantime many countries have adopted the 4 in/10 cm module. The great virtue of the RIBA's recommendation is that it puts some urgency into discussion—and the BDA has offered to talk the matter over with the RIBA. With industrialised building growing in popularity, standardisation of parts between the various systems used becomes vital if it is to offer all the benefits it can.

SHIPPING FREIGHTS AT THEIR LOWEST EBB



SHORTER NOTES

According to a detailed survey of the implications for the cotton textile industry of Britain's entry into the European Economic Community published by the Cotton Board this week, its early effects will be slight. At present only about one half of one per cent of Britain's production of cotton and man-made fibre cloth is exported to the common market. But costs in EEC countries are lower; productivity has been rising much more sharply and utilisation of machinery is more intensive than in Britain. Though there are wide differences in efficiency between firms, in general, producers of quality combed yarns, quality shirtings and some coloured woven goods should benefit. The weavers of man-made filaments and the resin finishers should also be successful. Manufacturers of sewing threads should break even. The rest had better watch out.

★

Brazil has devalued its cruzeiro by slightly over 11 per cent from 350 to 400 cruzeiros to the US dollar. The Chamber of Deputies has passed a bill, which now awaits the President's signature, limiting the remittance of profits to 10 per cent in any one year and of capital to 20 per cent. A section of the Brazilian press has attacked the bill pointing out that not only will it discourage future foreign investment but that it will penalise those foreign firms that regularly reinvest large portions of their profits in Brazil.

★

The International Monetary Fund has agreed to a drawing by Ghana equivalent to $14.25 million. Half will be in dollars and half in sterling. Ghana has intensified import control, reduced government expenditure, and tightened credit control. The drawing is intended to bolster the reserves while these policies take effect.

★

Mr Selwyn Lloyd, who was a director of the Alliance Assurance Company before he joined the government in 1951, is rejoining the board and has also been appointed a director of the parent company, Sun Alliance Insurance.

★

In the succession of price cuts at petrol stations that was initiated last week by Esso, Jet Petroleum and other marketers selling more cheaply than the established major companies have brought down the prices of their own lowest grades, maintaining their price differentials below all the majors' regular grades and Esso's "mixture" grade (which have been somewhat improved in octane rating).

★

The accounts of Oldham and Son, the battery makers, for the year to March 31st are accompanied by a statement from the chairman, Mr John Oldham, printed in both French and English.

COMPANY MEETINGS

THE DISTILLERS COMPANY LIMITED

DCL

SIR GRAHAM HAYMAN'S STATEMENT

The eighty-fifth Annual General Meeting of The Distillers Company Limited will be held in the North British Hotel, Edinburgh, on Friday, the 14th day of September, 1962, at 12.15 p.m. The following is the Statement by the Chairman, **Sir Graham Hayman**, which has been circulated with the Report and Accounts for the year ended March 31, 1962:

I have to report the following changes in the Directorate since my last Statement.

Mr William Reid, who had already retired from executive duties, resigned from the Board on March 31st last. In renewing our thanks to him for his valuable services, we also extend our best wishes for a happy retirement.

Sir Laurence Merriam has been appointed a Director. He is Chairman of The British Xylonite Company Limited, whose acquisition by your Company was reported in my last Statement.

The Earl of Halsbury was also recently appointed a Director. Throughout his career he has been actively identified with scientific research and industrial and engineering problems.

We are glad to welcome both these gentlemen as members of our Board.

Mr G. W. Scott retires from the Board by rotation at the forthcoming Annual General Meeting and does not seek re-election. We desire to express our thanks to him for his services to the Company. Mr H. H. Woolveridge will retire from the Board at that Meeting, having served 37 years with the Company. In recording their appreciation of his services over this long period, his colleagues extend their best wishes to him in his retirement.

GENERAL OBSERVATIONS ON TRADING

The year under review was a very active one and turnover for the Group amounted to £267 million—a slight increase over the previous year although in the main the volume was appreciably higher.

Our Scotch Whisky and Gin Companies earned a moderate increase in profits and their proportion of the Group total is at present 88 per cent.

Our industrial activities had a sharp set-back in earnings due to the generally unsettled state of trade which has adversely affected the Chemical and Plastics industries in the United Kingdom. I shall be making more detailed reference later to those sections where exceptional trading conditions have operated.

Referring now to the Accounts, the trading profit of the year after depreciation was £30,625,818 compared with £31,901,589 in the previous year, a reduction of £1,275,771. We have consolidated for the first time the results of the British Xylonite Group, which was acquired towards the end of the previous financial year. This Group shared in the set-back referred to above and consequently made a smaller contribution to our profits than had been hoped. Further, it will be observed that the charge for depreciation has increased from £2,759,764 last year to £4,223,105. This is largely due to the incorporation for the first time of the charge relating to The British Xylonite Company. However, it also reflects the initial charges for depreciation in respect of our new Acetic Acid Plant, which only came into operation towards the close of the year, and the most recent extension to the PVC plant, which was completed last September. To that extent, therefore, the charge of a full year's depreciation on these two plants has adversely affected the results of our industrial side in the year under review.

Income from trade investments was higher at £2,744,146 (£2,556,571) and interest on loans somewhat lower at £573,055 (£590,432), so that the Group profit before elimination of outside interests was £32,796,909 (£33,867,728). The profit before taxation attributable to The Distillers Company itself was £519,494 less than last year at £32,971,112 (£33,490,606). At the higher rate imposed by the Finance Act of 1961, taxation required £16,476,573, making the net profit attributable to the Company £16,494,539 compared with £17,224,224 last year.

Shareholders may be aware of the complicated taxation situation which has arisen through a number of British Companies selling technical information (commonly called "Know How") to other parties. It has been the practice of your Company to treat receipts of this kind as capital. Recent judicial decisions, however, have indicated the possibility that some part of these receipts might be regarded as taxable. While we consider that the facts upon which these decisions were based are distinguishable from ours in important respects, we have considered it prudent to provide for this possibility. An appropriation to cover the maximum amount of tax which could be involved has been made in the Accounts under consideration.

During the year under review, the Company obtained additional capital by way of a rights issue in the proportion of one new ordinary share for every ten held. The expenses of the issue have been written off.

Your Directors have appropriated £4 million to general reserve and recommended that a final dividend be declared on the Ordinary capital at the rate of 7½ per cent which, with the interim of 6 per cent, makes 13½ per cent for the year, the same rate as last year but of course on the capital as increased by the recent issue.

In the Consolidated Balance Sheet, you will observe that almost £10,000,000 has been expended upon additional buildings and plant. The main items on the Potable side of our business were the construction of additional warehouse accommodation at our Distilleries and part of the cost of the new blending and bottling warehouse at Perth. In the Chemical Division, our principal expenditure was on the construction of the new plant at Hull for the manufacture of acetic acid and, in the Plastics Division, our main project was the extension of the polyvinyl chloride plant at Barry.

Our stocks of Scotch Whisky again rose substantially, broadly accounting for the increase in the stock figure shown in the Balance Sheet.

On the liabilities side of the Consolidated Balance Sheet, the capital is increased by the rights issue to which I have already referred and by the small additional issue required to complete the acquisition of The British Xylonite Company Limited. The premiums involved in these issues totalled £22,123,765 and account for the major portion of the increase in capital reserves. I might at this point observe that the consolidated reserves of the Group have increased by £29,377,039 during the year. In addition to the main item mentioned above, the Group retained for future development £7,253,274.

SCOTCH WHISKY

Our Malt and Grain Distilleries had a successful season and the output and quality of our new whiskies have never been higher.

The reconstruction of Talisker (Isle of Skye) Distillery, which was extensively damaged by fire, is now well advanced and normal operations will be resumed in September next.

It is now proposed to re-equip Linkwood Distillery, Elgin, and this work will be carried out during the coming season.

The new blending and bottling plant and offices of John Dewar & Sons Limited, near Perth, were completed early this year and, on June 15th last, we were privileged to have The Rt Hon Lord Polwarth, TD, Chairman of The Scottish Council (Development and Industry), perform the official opening ceremony. Full reports have already appeared elsewhere on this notable milestone in the history of the House of Dewar and it is gratifying that so much favourable comment has been made on the impressive modern establishment, attractively situated and efficiently designed to meet the increasing demand for Dewar's White Label Scotch Whisky, both at home and abroad. It is fitting that I should record our appreciation of the efforts of our Scottish Engineering Division which, in conjunction with Dewars, was responsible for the design and planning of this project.

Stocks of Scotch Whisky held by the Industry have again increased and, at March 31, 1962, stood at 327.2 million proof gallons. This compares with 296.9 million proof gallons at the same date in 1961. These figures continue to reflect a high degree of optimism as to the future trend of sales of the Industry. In this connection it will be noted from the figures set out below that although further substantial progress was made in exports during the past year, the Home Trade figures were substantially unchanged.

TOTAL SALES FOR THE INDUSTRY

Year to March 31st	Home Proof gallons	Export Proof gallons	Total Proof gallons
1958	6,075,000	18,108,512	24,183,512
1959	6,224,000	19,561,008	25,785,008
1960	6,636,000	22,381,988	29,017,988
1961	7,587,000	24,235,131	31,822,131
1962	7,662,000	27,507,551	35,169,551

The Home Trade figures have undoubtedly been adversely affected by the 10 per cent surcharge imposed by the Chancellor in July 1961 and subsequently consolidated as part of the Budget proposals in April, 1962.

The consolidation of the surcharge came as a most unwelcome surprise to the Industry, particularly as both the Prime Minister and the Chancellor had been good enough to state that a good case had been made by the Scotch Whisky Industry for a reduction in duty. One might therefore expect that an industry which for so many years has made, and still continues to make, so great a contribution to Britain's balance of payments, should not be given such inequitable treatment by HM Government.

As I pointed out last year, the basic duty on imported heavy wines has been reduced on two occasions in the last four years and consequently the effect of the surcharge, which was imposed on all excisable beverages, weighed less heavily on these imported articles than on Scotch Whisky and Gin. There is no doubt that the punitive rate of duty not only depresses demand at home and diverts consumers to imported products but, by force of example, continually encourages overseas Governments to raise their own duties. The British duty has been raised no less than seven times since 1939 and today the Chancellor is taking 27s. 1d. on a bottle of Scotch Whisky priced to the consumer at 41s. 6d.

The result of the imposition of the surcharge was two-fold. First, by raising the price of a bottle of Scotch Whisky, it not only slowed down any increase in consumption but in addition, because of the alleged temporary nature of the surcharge, it resulted in a running down of stocks by every section of the distributive trades. Unfortunately, the Chancellor has again sought those special powers which will continue this feeling of uncertainty.

So far as our own home sales are concerned, until the full effect of the surcharge became apparent in the early months of 1962, we had a reasonable expectation of a substantial increase. In the event, our Home Trade sales were almost identical with those of last year.

I have already referred to the expansion which has taken place in export shipments by the Industry and I am glad to say that our own export sales showed a satisfactory increase, although I should add that owing to exceptional circumstances in one or two markets, certain substantial shipments were made in the last few months of the financial year which might otherwise have formed part of the current year's trading.

The United States continued to take increased supplies. Although we shared in this additional demand, our proportion of the increase was less than that secured by the rest of the Industry, which may be attributed to two factors: first, the continued exports of Scotch Whisky in bulk for bottling in the USA, in which for policy reasons we are not participating and second, the continued growth of competition from other brands.

These are conditions which must be expected, and met, in an expanding and competitive market but they must also be viewed against the solid progress of our own brands and the eminent position which they hold throughout the world.

The United States recently announced a decrease in the rate of customs duty on Scotch Whisky which, while welcome, is not significant but our efforts are still directed to the more important problem of the removal of tax discrimination against imports in bottle in favour of bulk shipments, to which I referred last year.

Australia continues to be an excellent market and our business there gives us every cause for satisfaction.

In New Zealand, import control is still in operation but I am glad to say that we are obtaining a substantial share of the business which is available.

So far as Canada is concerned, the Scotch Whisky Industry as a whole is apparently doing little more than maintaining its sales. We are hampered by the various conditions to which I have referred previously, namely, differentials of taxation and mark-up as between Scotch Whisky and Canadian Whiskies. The recent emergency increase in tariffs of 15 per cent must inevitably add to the handicaps on our selling efforts in this market.

In Venezuela, following upon the reduction in duties to which I referred last year, there has been a marked improvement but in present circumstances it is difficult to envisage Scotch Whisky sales in this market reaching the high level achieved prior to the increase in the duty towards the end of 1959.

During the year under review, the Common Market countries have again taken greatly increased supplies, the overall growth being approximately 24 per cent over the Industry's shipments during the previous year. As the standard of living in these markets rises, exports may be expected to expand further, whether or not the UK joins the European Economic Community.

In referring to this subject last year, I said that our investigations indicated our position would not be materially affected if and when the United Kingdom should join the Common Market, and we have no reason to alter that view. I should, however, qualify this statement by pointing out that as one of the ultimate objects of forming this European Union is to harmonise the economies of member States, it is conceivable that internal revenue duties (as distinct from Customs duties) may eventually be brought more into line. In that event, the unduly high British Excise duty might be appreciably lowered or, alternatively, other Common Market member States might raise their internal revenue duties, which on average are at present approximately only half the British Excise duty.

We are now in a position where we are just about able to supply all demands both at home and abroad, with the exception of our de luxe brands which are still in short supply. Competition continues to be severe and, in a number of countries, local products consisting of an admixture of domestic spirits and imported Scotch malt whisky provide a type of competition on a very much lower price basis.

However, there are good reasons for believing that Scotch Whisky exports will continue to grow year by year. This applies particularly to industrialised countries where the standard of living is rising and also where trading can be carried on under reasonably normal conditions.

RECORD OF PROFITS AND DIVIDENDS

Year ended March 31st	Group Profit before Taxation	Net earnings attributable to Ordinary Capital	Whereof: Retained	Whereof: Distributed	Rate of dividend on Ordinary Share Capital adjusted for scrip issues subsequent to declaration
1953	£11,059,297	£4,030,122	£1,237,173	£2,792,949	6
1954	17,632,289	7,243,949	4,029,782	3,214,167	$6\frac{2}{3}$
1955	17,956,109	7,799,159	3,903,769	3,895,390	$7\frac{1}{3}$
1956	20,311,430	9,133,969	4,920,267	4,213,702	$7\frac{7}{8}$
1957	22,452,798	9,741,687	5,222,090	4,519,597	$8\frac{1}{3}$
1958	23,463,856	10,506,918	5,676,398	4,830,520	$8\frac{8}{9}$
1959	26,090,103	13,093,720	7,181,913	5,911,807	$10\frac{5}{12}$
1960	32,143,839	16,785,575	9,549,638	7,235,937	$12\frac{1}{2}$
1961	33,867,728	17,143,374	9,134,804	8,008,570	$13\frac{1}{2}$
1962	32,796,909	16,413,689	7,476,313	8,937,376	$13\frac{1}{2}$

GIN

So far as the home market is concerned, the impact of the 10 per cent surcharge applied with equal force to Gin as to Scotch Whisky, with the result that our Home Trade sales showed a slight decline as compared with the previous year.

With regard to the overseas markets, we are continuing the policy to which I have previously referred, namely, the production of one or more of our brands of Gin in those areas where the changing economic conditions and competition from local manufacture—often enjoying a preferential rate of duty—make this desirable. We are today manufacturing Gin in the United States, South Africa, Australia, New Zealand, France, Brazil, Venezuela and the Argentine. In certain of these markets production is being carried out in conjunction with other concerns and capital expenditure by the Group is thereby kept to a minimum.

The continued increase of manufacture overseas is naturally affecting our exports from this country and, in the year under review, these showed a slight decline from the previous year. On the other hand, however, this decline was more than offset by increased sales of Gin manufactured overseas. In the United States in particular, we had a very substantial increase in sales and Gordons is undoubtedly the leading brand of Gin in that market—and indeed in the world—today.

The distillery for the production of spirit for Gin manufacture at Auckland, New Zealand, in which we are shareholders, is now operating and our own gin rectifying plant is also in full operation. The results to date are very satisfactory.

In South Africa, Gordon's Dry Gin Company Limited again showed an increase on the previous year's sales and with the advent of legislation permitting Africans to purchase spirits without restriction from August of this year, we are looking forward to further expansion in this market.

In Brazil, sales of Gordon's Gin showed an increase on the previous year but have not yet reached a satisfactory level.

VODKA

I referred last year to the introduction of a brand of Vodka in the United Kingdom under the trade mark COSSACK. This was launched in September and initial sales have come up to our expectations. We are also developing an export trade in Vodka and propose to make use of our various gin plants throughout the world for its manufacture. Meantime, the sale of Gordon's Vodka in the United States continues to make steady progress.

INDUSTRIAL GROUP

The competitive factors to which I referred last year, together with the recession in the demand for consumer goods, led to unsettled conditions in the heavy organic chemicals and plastics field in which the major part of our industrial activities lies.

The volume of our sales has been well maintained and in certain cases increases have been achieved. The overall position of the British market, however, has not given evidence of any significant growth and selling prices have come under considerable pressure. These abnormal conditions have made the year a difficult one and brought about a sharp contraction in profits. Additionally, certain products have been seriously affected by dumping of foreign materials. It is our hope that the Government will more readily apply the existing anti-dumping legislative machinery to remedy this state of affairs. In a general sense, the keen competitive conditions will continue until such time as there is a more positive increase in demand and less heavy marginal surpluses of production, which are having an adverse influence on many world markets.

It is our view that on balance the British chemical and allied industries will benefit from our entry into the Common Market. There may well be additional competition in some sections but, on the other hand, it would appear that fair trading conditions should be more readily established within the European Community.

Chemical Division.—Sales of our general chemicals held up very well, with the exception of calcium carbide. Our carbide factory at Kenfig (which is rented from the Ministry of Aviation) has been operating at only two-thirds capacity for some months. Calcium carbide is to some extent being replaced by our petroleum derivatives and there seems little prospect of returning to full-scale operations.

Carbon dioxide sales have continued to rise and the fields of application are also expanding. Some additions have been made to our available production capacity and, as the present trend of sales seems likely to continue, it has been decided to establish a large new production unit.

Our new plant for producing acetic acid has been completed and is now in operation.

British Hydrocarbon Chemicals Limited.—British Hydrocarbon Chemicals continued to make progress and production of many chemicals, including such basic products as ethylene and phenol, reached new records. During the year, a large methanol plant was successfully commissioned and I am glad to say that we have been able to sell almost its entire output in home and export markets. The plant for producing Rigidex high density polyethylene is now working to capacity, but present market prices are low.

Substantial progress is being made with the construction of the large petroleum chemicals plant at Baglan Bay, in South Wales, which is expected to start up in the first half of next year.

Plastics Group.—Our Plastics Group has once again increased its output and sales of plastics materials during the year. Owing, however, to markedly lower selling prices, and despite efforts to reduce production costs, trading results were unsatisfactory. This section of our Industrial side has been the worst hit by low-priced imports, particularly in the case of polyvinyl chloride, notwithstanding the installation of lower cost production facilities. The problem of polyethylene dumping having been dealt with by the Board of Trade, it is hoped that a satisfactory solution will also be achieved in respect of polyvinyl chloride.

The long-term trend of consumption continues to rise and, despite the present situation, further expansion in production is under consideration in order to take advantage of the new outlets constantly being found for plastics, and to reduce production costs.

The British Xylonite Company, which your Company acquired last year, is concerned mainly with the conversion of plastics materials into semi-fabricated and fabricated articles and, where it is dependent on the consumer goods and automotive trades, it was adversely affected by the general slowing down and uncertainty of business. In those fields where the Company sells direct to the public, the trading results were very much more satisfactory and considerable progress was made.

The rate of development in methods and machinery in fabricating techniques has never been faster. The Company has an outstanding position in this field and, with a return to more normal trading conditions, this will prove of considerable value.

Biochemical Division.—Conditions in the pharmaceutical industry at home and overseas remained highly competitive. Export prices of basic antibiotics such as penicillin and streptomycin were under pressure and margins contracted, although operating efficiencies improved and the volume of sales increased.

The Division withdrew its Thalidomide products from the market immediately following receipt of the first report from abroad suggesting the association of this drug with certain cases of congenital abnormality. The drug had been subjected to thorough testing in accordance with all recognised procedures, and was highly regarded by the medical profession as being of exceptional value in the treatment of certain conditions.

The utmost sympathy must go to the parents and children who have suffered tragedies which may be associated with this drug.

Food Division.—Home sales of bakers' yeast were slightly below last year's level, due mainly to the national decrease in bread consumption but exports of dried yeast continued to expand satisfactorily and our total production constituted a record. Additional capacity came into operation during the year and further expansion is now being installed.

Sales of other food products marketed by the United Yeast Company also increased.

The Peerless Refining Company (Liverpool) Limited, who are large suppliers of oils and fats, had a very satisfactory year.

OVERSEAS

Australia.—In view of the growth and spread of our manufacturing and marketing interests in Australia, it was arranged that as from September, 1961, one of our Directors, Mr E. G. Gross, should take up permanent residence in that country.

Our subsidiary, United Distillers Pty. Ltd., which produces Australian Whisky and Gin, was successful in increasing its share of the available market, although conditions were generally difficult.

In my last report, I referred to the acquisition of Tolley, Scott and Tolley Ltd., who have been producing high quality Australian Brandy for over a century. I am glad to report that the results of its trading operations to date are satisfactory.

Our associate company, C.S.R. Chemicals Pty, Limited, had a difficult year for reasons similar to, but more acute, than those which operated in the United Kingdom market. This seriously affected the earnings of the chemical industry in that country but the Australian Government has now taken action to restrict the serious effects of competition from imports and there is evidence of some improvement in trading conditions.

South Africa.—Our associate company, National Chemical Products Limited, had a very satisfactory year and made further progress in their general development programme.

India.—A Company is now being formed in India to manufacture a range of chemical products near Bombay. This will be operated in association with Nowrosjee Wadia and Sons, of Bombay, and the Hercules Powder Company of U.S.A. Our holding in the equity of the Company will be about 25 per cent.

During the year, the Indian Yeast Company Limited, in which we have a 40 per cent interest, successfully commissioned its new plant.

TECHNICAL DEVELOPMENT

Our scientific and engineering staffs have been fully occupied on a wide variety of projects ranging from exploratory research to the erection of a number of manufacturing plants. The challenge which British industry faces today gives still greater emphasis to the necessity for maintaining these services at the highest level of efficiency.

PERSONNEL

I should like to record the thanks of the Directors to all ranks of our employees for their sustained efforts during a difficult year.

FUTURE PROSPECTS

It is especially difficult to make a short-term forecast on this occasion. Much will depend upon the Government's economic policy and other issues of major importance which have still to be resolved.

Subject to these reservations, I believe the long-term outlook for Scotch Whisky and Gin is favourable and one of expansion. Our investment programme has had full regard to productive facilities and the building up of substantial stocks of Scotch Whisky and the reputation of our brands in world markets provides the best assurance of further progress.

So far as the Industrial Group is concerned, the conditions to which I have referred have not yet materially changed during the current year, although there are now indications of some slight improvement in prices and demand, which may assume more tangible proportions in the course of the next few months. While competitive conditions will undoubtedly continue, the present phase of surplus production in European and North American countries has had an unduly disturbing effect on markets. Your Company's pattern of activities has been based upon sound economic processes, and a return to more normal trading conditions will undoubtedly enable further progress to be made.

As I shall be retiring at the end of March next, having reached the age of 70 years, I should like to end my report on a somewhat personal note.

It has been a great privilege to serve the Company, whose success over many years provides an encouraging and stimulating background for its future progress.

Your Directors propose to appoint Mr Ronald S. Cumming as my successor and to him I extend my best wishes, as well as the expression of my confidence that his long experience in the service of the Company will well equip him to discharge the responsibilities of his new office to the advantage of the Company and its shareholders.

UNILEVER LIMITED AND UNILEVER N.V.

Interim Announcement of Turnover and Results 1962—First Half-Year

The Boards of Unilever Limited and Unilever N.V. announce the Companies' estimated combined turnover and consolidated results for the first half of the current financial year. The corresponding figures for the first and second half-years of 1961 are given for comparison.

(ALL FIGURES REPRESENT £ MILLIONS)

	1962 First Half-year	1961 First Half-year	1961 Second Half-year
TURNOVER	953	947	943
of which sales to third parties	740	720	724

RESULTS	1962 First Half-year Combined	1962 Limited	1962 N.V.	1961 First Half-year Combined	1961 First Limited	1961 First N.V.	1961 Second Half-year Combined	1961 Second Limited	1961 Second N.V.
Profit before taxation	52·1	25·7	26·4	51·9	29·0	22·9	51·2	22·6	28·6
Taxation on profit	26·3	13·6	12·7	26·5	15·0	11·5	25·6	11·9	13·7
Profit after taxation	25·8	12·1	13·7	25·4	14·0	11·4	25·6	10·7	14·9
Exceptional items	Minus ·9	Minus ·9	—	2·5	Minus ·2	2·7	1·4	·9	·5
Minority interests	1·1	·4	·7	1·0	·4	·6	1·0	·4	·6
CONSOLIDATED NET PROFIT	23·8	10·8	13·0	26·9	13·4	13·5	26·0	11·2	14·8

The Boards have decided henceforth to comment briefly on the figures published in the half-yearly statements.

Third party sales of the United Africa Group were £16 million lower in January to June, 1962, than in the corresponding period of 1961. A substantial loss was incurred on operations in Nigeria and profits elsewhere in West Africa were lower.

The traditional industrial businesses, particularly in the detergents field in Europe, had a satisfactory half-year; third party sales increased by £36 million or 6% and profits before taxation by 8%.

16th August, 1962.

THE TUNNEL PORTLAND CEMENT COMPANY LIMITED

FUEL OIL TAX MAKES EXPORTS UNPROFITABLE

The fifty-first Annual General Meeting of The Tunnel Portland Cement Co. Ltd. will be held on September 13th.

The following is an extract from the Review by the Chairman, **Mr N. M. Jensen**, which has been circulated with the Accounts:

In spite of a sharp decline in exports, the parent company's total deliveries for the year ended March 31, 1962, were a record. When we include a half share of the Ribblesdale Company's deliveries, our total deliveries have exceeded 2,100,000 tons for the year, an increase of 6 per cent on the previous year's deliveries. It is disappointing, therefore, that the Profit on Trading shows a slight setback on the previous year's. This is mainly due to the imposition of the fuel oil tax in April, 1961, and the 10 per cent surcharge introduced in July. Altogether, this excise tax on fuel oil will have cost us £440,000, of which only a portion has been recovered from the Home consumer by increased prices.

The fuel oil tax is particularly unfortunate in connection with our Export market because, whilst ten years ago more than 50 per cent of our profits were derived from Exports, we can now no longer export cement at a profit. There is, of course, much more competition in Export now, but it is disappointing that, in spite of clear evidence of the effect of this damaging tax, the Chancellor was only prepared to make a token reduction by cancelling the 10 per cent surcharge in his 1962 Budget.

Last year I made it clear that British fuel was sold on the Continent at prices considerably below those in the Home market. If Great Britain enters the Common Market, such absurdities must presumably come to an end. If we do not join the Common Market, I sincerely hope that we shall have a well considered fuel policy. It cannot be right economics to have consumers of fuel oil, which include the Electricity Board and Railways, pay for the inefficiency of a portion of the coal industry. I am happy to say that we have now received more favourable offers for fuel oil, but one of our works, namely, at Padeswood, in Flintshire, is reverting to coal. If the Coal Board were not so inflexible, but a little more up to date in their trading and delivery methods, we might use more coal.

With regard to former Egyptian investments, Mr Jensen says: The total compensation received to date is £787,714, which is only 22½ per cent of our agreed claim of slightly under £3.5 million. Under the present Government scale a large company with a small Egyptian claim receives a higher proportionate distribution than does a smaller company with a large claim. It is to be hoped that this position will be rectified when further distributions are decided upon, and may we also hope that further distributions are made at an early date.

The total capital cost of our programme for expansion and reconstruction at West Thurrock and Pitstone, together with some minor expenditure at other works, is now estimated at about £4,000,000. When completed, our works will be more economical in operation, especially in regard to fuel consumption, and most of our output will be from post-war plant.

HUMPHREYS LIMITED

(Building and Civil Engineering Contractors)

RECORD LEVEL OF TURNOVER

SIR AYNSLEY BRIDGLAND ON SETTLEMENT OF CLAIMS PROBLEM

The seventieth annual general meeting of Humphreys Limited will be held on 20th September, 1962, at Winchester House, Old Broad Street, London, E.C.2.

The following is the statement by the chairman, **Sir Aynsley Bridgland, CBE,** which has been circulated with the report and accounts:

The rise in our trading profit is still continuing but at a lesser rate this year than last, mainly due to large additional contracts having been started which have had very little chance yet to show profits. Compared with last year the increase is £23,508 as against £50,565.

If you look at the Profit and Loss Account you will see that Bank and interest charges have cost us £27,392 more, which is a figure almost identical with the lower rate of increase in the trading profit. Otherwise the other items in our Profit and Loss Account do not call for comment.

Our turnover for the year is a record and is likely to be exceeded this current year. This is reflected in the Works in Progress item of £2,083,698, which is up by £717,068.

Also stocks of material are up by £33,613 and debtors, loans and prepayments are up £134,260.

On the other hand, Bank overdrafts are up by £161,706 and Trade Creditors by £653,865, whilst provision for taxation has called for an additional £9,907.

Other movements in our Balance Sheet items are the creation of a Capital Reserve of £43,702 due to a revaluation of properties, while our investment in associated companies has dropped by £57,034—representing the sale of the whole of the ordinary share capital of R. H. Morris (Pty.) Limited of Cape Town. I will deal with this matter more fully later in this Statement.

SETTLEMENT OF CLAIMS

Last year in my Statement I dealt with contractors' difficulties, notably in the settlement of claims. These remarks are still very pertinent. It seems incredible that a better system of dealing with this problem cannot be effected. Outstanding amounts due to us on claims, adjustments, etc., now reach a formidable figure and the interest charges paid by the Company for Bank accommodation to carry claims which cannot be recovered within a reasonable period can be readily appreciated when one looks at the cost of Bank charges which we must set against our trading profits.

Of course, contractors cannot argue that they are immune from criticism in setting forth their claims but the situation has reached a stage where in order to arrive at a fair settlement of what is due to them, claims must be made at figures that allow for arguments and interest on Bank loans which must be recovered in some way or the other in fairness to our shareholders. Moreover, in a great number of cases it is clear that the final arbiter is the party which has made the claim necessary, and that seems quite indefensible.

DELAYS IN REACHING A DECISION

In some cases two years and over are reached before settlement is obtained and these delays in reaching a decision on claims have reached a point where they are unconscionable. It is only necessary to add that if more prompt attention were given we in this Company would see our Bank charges halved and if 6-12 months only were necessary to get settlements—surely a modest requirement—our cash resources would be increased by several hundred thousand pounds. It is difficult to imagine that any other form of business has to give credit such as this interest free for anything from six months to two years or over.

Of course, your Company is not alone in having to meet this problem. It is not unfair to say that the complaints from contractors are general—in fact, as the situation is today the method of calling for tenders automatically provides the cause of this serious disservice to the building industry. What is not generally understood is that a negotiated contract, if modified and checked in various ways, does produce a much better arrangement for both owner and builder.

We have used such a system with certain of our larger clients over the years and the experience we have had shows that our customers are very happy indeed with the results. But, while it is difficult to persuade the public that the method of tendering does not produce the cheapest or best results, I am firmly of the opinion that new and better arrangements must be evolved in the near future—and the sooner the better.

SALE OF SOUTH AFRICAN INTERESTS

South African conditions have been a serious problem to us ever since the "apartheid" legislation was enacted soon after we went there. This brought with it a cessation of new money entering the country, and later on exchange restrictions were instituted, which prevented the movement of monies out of the country except by permission, which was not easy to obtain.

We were met as well with a sudden exodus of many professional men from South Africa whom we needed badly in our Company there and this added to our troubles. However, we have not lost faith in the future of this very wealthy part of the world, but to carry on would put too heavy a burden on our cash resources.

With our business growing in this country and calling for more and more liquid resources, we came to the conclusion that we should sell our interest in one of the South African companies. Consequently, we sold our ordinary shares in R. H. Morris (Pty.) Limited for their book value to a company formed in the UK in collaboration with other companies with which we are associated, which has considerable interests in this country, but we have agreed to manage R. H. Morris (Pty.) Limited for the new holding company in future.

ELIMINATION OF BANK GUARANTEE SOUGHT

After the sale of these shares we still remained liable under our guarantee to the Bank in South Africa and arrangements are being made to eliminate this guarantee. These arrangements require a cash investment by your Company in the newly formed UK company, to which I have referred above, and, as a result, your Company should eventually have an income-earning investment in this country in lieu of an indeterminate liability under the Bank guarantee in South Africa and by virtue of their management of the South African company and their interest in the new holding company will continue to preserve an interest in contract business in South Africa.

As to the National Quarries, their results speak for themselves. There again the demand for stone and the possibility of even heavier demands will probably bring competition. It behoves us to see that our present quarries as well as the other new ones which we are in process of opening will be able to meet any contingency that may arise.

Finally, as I have already said, last year represented the largest turnover we have ever had and we already know that this year's will be in excess of the year under review. We cannot as yet show the profits from this increased business—rather it helps to lessen the other profits in the business at first but as the work progresses we should show considerable benefit from the enlarged and increasing turnover.

CARTER & CO.

The fifty-fourth Annual General Meeting of Carter & Co., Ltd., was held on August 23rd at Poole, **Mr C. Cyril Carter,** Chairman, presiding.

The following are extracts from his circulated statement for the year to March 31, 1962:

The year we are considering has in general been one of steady progress and consolidation. The pattern of trading as between the units of the Company has been uneven, as it so often is. Group profit before taxation is virtually the same as last year (£100,677 against £101,202); tax takes slightly more this year but this is offset by a provision for tax not now required.

Total production has been increased and the present-day trend calls for ever-increasing Work in Progress and Stocks for early delivery. In spite of the persisting uncertainty, national and international, with the better utilisation of our resources we feel that this year we are justified in recommending the increase in dividend announced.

Our Poole Pottery subsidiary tends to steal the thunder in the public mind but it is important not to lose sight of the fact that our main concern is with the making of floor tiles and of glazed wall tiles, in which fields we probably produce a more varied range than do our competitors. There we depend largely on the general activity of the building industry.

In our Contracting Companies—contracting for the installation of tiles, marble and terrazzo—we have taken steps to bring about a measure of administrative integration which it is hoped will be beneficial.

The report and accounts were adopted.

THE HEPWORTH IRON COMPANY LIMITED

FURTHER EXPANSION AND PROGRESS

The sixty-fifth annual general meeting of The Hepworth Iron Company Limited will be held on September 12th at Hazlehead, Nr. Sheffield.

The following is an extract from the circulated statement of the Chairman, **Mr J. F. Booth**:

In presenting the Accounts for the year ended on March 31, 1962, I am once again able to report that the group had a satisfactory year of trading. The improvements in demand and production to which I referred last year were maintained.

In our main business of Clay Pipe Makers, we continue to invest heavily in new equipment and have increased our fixed assets by the expenditure of over £450,000 on improvements and expansions. In addition you will see also that commitments to capital expenditure at March 31, 1962, amounted to £310,000.

Research and development, both into more efficient methods of production and further uses for our products is being pressed forward vigorously and we continue to invest considerable sums for this purpose.

Towards the end of the year under review, we purchased the whole of the share capital of Oil Recoveries Co. Ltd. This is a small concern engaged in the collection and refining of waste oils for subsequent use as fuel. Companies within the group are its main customers.

Since the end of the financial year, the parent Company has acquired in exchange for shares the whole of the issued share capital of Thomas Knowles, Ltd., of Darwen, who are an old established firm of sanitary pipe manufacturers. The acquisition represents a further step in the expansion of the group's sanitary pipe making capacity.

Your Board of Directors recommend a dividend of 7½ per cent in respect of the year ended March 31, 1962. The policy of the Board remains to finance expansion out of profits and, in fact, once again the profits earned in the year have been re-invested in the form of additions to fixed assets. The Board therefore propose to recognise this by capitalising the sum of £261,412 15s. 0d., to be applied in paying up 1,045,651 new ordinary shares to be issued to the members at the rate of 1 share for every 4 ordinary shares held. Resolutions will also be proposed increasing the Company's authorised share capital to £2,000,000 by the creation of 3,000,000 additional ordinary shares of 5s. each.

So far as the current year is concerned, production and sales continue at a high level and the results of the group up to the present time are considered satisfactory. Subject to any very exceptional circumstances it is the intention of the Board at least to maintain next year the dividend at the rate of 7½ per cent on the capital as increased by the bonus issue.

COLVERN LIMITED

EXCELLENT TRADING RESULTS

The seventh Annual General Meeting of Colvern Limited was held on August 16th in London.

Mr L. A. Redall, FCA, the chairman, presided.

The following is an extract from his statement which had been circulated with the report and accounts for the year ended March 31, 1962:

Net profits before Tax have been maintained at a very similar level to last year, namely, £260,471 (£264,007).

After Tax, the rates of which increased again this year, the profits remaining amount to £124,150.

On this result your Directors are recommending a Final Dividend of 27½ per cent on the Ordinary Share Capital, making a total for the year of 37½ per cent.

The forecast in my interim statement in January of a successful year is thus borne out. This excellent result has been achieved in an era of falling profit margins due to advancing wage rates and material costs without recourse to price increases, but by expanding sales both at home and overseas, and the devotion of a great deal of thought and energy to organisation and methods to reduce operating costs and improve efficiency.

During the year under review additional expenditure was incurred on (i) Research and Development, and (ii) Overseas Publicity. Shareholders will readily appreciate the vital necessity of the former in the highly technical and rapidly advancing electronics industry. In the case of the latter our exports, particularly to Europe, are already extensive but with the advent of the European Common Market we have participated in Overseas Exhibitions in that area. Whilst such expenditure affects profit margins I do not look on this as a reduction of profits but as a valuable investment for the future.

The major building extension referred to in previous statements was again slightly delayed during the year but I am pleased to report that we should be able to take possession by the end of August.

Our Order Book was never in a healthier position than it is at the present time and whilst we do not anticipate great benefits from our extensions during this year, given stable economic conditions your Directors are confident that your Company will continue to prosper.

The report and accounts were adopted.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail UK and Canada £4 10s. ; elsewhere overseas £5

By air see below

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£12 5s.	—	China	£12 5s.	—	Iran and Iraq	—	£7 15s.	Philippines	£12 5s.	—
Canada :—			East Africa	£10 10s.	£7 10s.	Israel	£7 15s.	—	Rhodesia	£10 10s.	—
Quebec & Ontario Provinces	£10 10s. or $31.80	£8 5s. or $25.00	Egypt	£7 15s.	—	Japan	£12 5s.	—	South Africa	£10 10s.	£7 10s.
			Europe	£6 0s.	—	Jordan	£7 15s.	—	S. & C. America	£10 10s.	—
			Ghana	£10 10s.	£6 10s.	Lebanon	£7 15s.	—	Sudan	£7 15s.	£6 15s.
Other Provinces	£10 10s. or $31.80	£9 0s. or $27.25	Gibraltar, Malta	£5 0s.	—	Malaya	£10 10s.	—	U S A	$29.50 or £10 10s.	$25 or £9 0s.
			Hongkong	£10 10s.	£8 15s.	New Zealand	£12 5s.	—	West Indies	£10 10s.	—
			India	£10 10s.	£7 10s.	Nigeria	£10 10s.	£6 10s.			
Ceylon	£10 10s.	£7 5s.	Indonesia	£10 10s.	—	Pakistan	£10 10s.	—			

NOTES: **Air Freight** is normally 24/48 hours slower than airmail. **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 Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskato, 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 Kauffman, 28 Rue du Stade, Athens. HOLLAND: N.V. V/H Van Ditmar's Import, Schiestraat 32-36 Rotterdam 4. 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 or 23 Hamam Street, Bombay 1. 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. KOREA: Foreign Publications Supply Co., P.O. Box 238, Kwang-Hwa-Mun, Seoul. 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., 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., P.O. Box 584, 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. 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 Internacional, 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: Librarie 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.

COMPANY AFFAIRS

After last week's sharp advance equity prices on the London stock market marked time early this week and The Economist *indicator slipped back by 1.4 points to 335.1. Later in the week, however, more buyers appeared, encouraged by the rise in industrial production in June and the increase in engineering orders and by the resumption of the rally on Wall Street. Steel and engineering shares attracted attention and oil shares recovered most of earlier falls. Gilt-edged have remained firm with investors continuing to buy the short and long dated tap stocks.*

Drag on Distillers

DCL

DISTILLERS' investment in chemicals, pharmaceuticals and plastics has never been revealed and it has rarely been possible to judge whether the return has been adequate. For the year to March 31st, however, there can be no doubt. The whisky and gin companies contributed as much as 88 per cent of the group's total profits compared with 82 per cent in 1960-61 and about 80 per cent in 1959-60. Despite a moderate increase in whisky and gin profits and the inclusion of the results of British Xylonite for the first time, total profits fell and the gross rate of return on capital employed came down from 26¼ to 20 per cent. Depreciation has been exceptionally high and the £30 million odd raised by last year's rights issue has not been fully invested in capital developments; the group was holding £20 million in tax reserve certificates at the end of March. But when all allowances are made, the vulnerable nature of Distillers' industrial investments is exposed.

	1959 £ mil.	1960 £ mil.	1961 £ mil.	1962 £ mil.
Sales	209	233	263	267
Trading profit	27·3	32·9	34·7	34·8
Gross profit	25·7	31·6	33·5	33·0
Net equity earnings	13·1	16·8	17·1	16·4
Retained cash flow	9·5	12·1	6·6	7·7
Net fixed assets	27·1	29·7	39·6	45·8
Trade investments *	8·3	8·9	11·3	13·8
Net current assets	91·7	100·4	105·8	134·9
Net liquid assets	8·1	10·6	4·2	26·4
Net equity assets	97·9	108·9	125·9	165·1
Ord. earnings (per cent)†	*23·1*	*29·0*	*28·5*	*24·2*
Ord. dividend (per cent)†	*10·4*	*12·5*	*13·5*	*13·5*
Gross profit/sales	*12·3*	*13·5*	*12·7*	*12·4*
Gross profit/net equity assets	*26·2*	*29·0*	*26·7*	*20·0*
Net earnings/net equity assets	*14·4*	*15·4*	*13·6*	*10·0*

Price (10s. shares): 33s. 6½d. Earnings yield: 7·2%, equal to 13·9 years' earnings.
Dividend yield: 4%.

† Adjusted for scrip issues. * At book value

It has indeed been a bad period for chemicals and Sir Graham Hayman draws attention to a string of influences that has become familiar: selling prices under considerable pressure; dumping of foreign chemicals; marginal surpluses of capacity; markedly lower selling prices for plastics; and lower margins for basic antibiotics. Sir Graham now sees "indications of some slight improvement in prices and demand, which may assume more tangible proportions in the course of the next few months." Distillers, like ICI, has confidence in the longer range prospects, and is devoting almost the whole of the new capital to the industrial side of the business.

In this decision, it must be expecting more to be gained from chemicals and plastics than from potable spirits. Sir Graham again describes the long term outlook for gin and whisky as "favourable." But there are worrying signs on this side of the business as well. The failure to add much to the home trade can be blamed on the 10 per cent surcharge, but there seems to be no strong hope of rapid growth. Exports, unaffected by the surcharge, were again higher, but Distillers failed to secure its proportionate share of the increase in exports to the United States—partly because of the continued growth of competition from other brands and partly because it is refusing (on grounds of commercial policy) to export whisky in bulk for bottling in the United States, so that it has to pay more in duty in the bottle. Elsewhere, too, Scotch is faced with keener competition from local whiskies—particularly where it has to climb over a tariff wall. Total stocks of Scotch whisky held by the industry have risen from 297 million proof gallons to 327 million proof gallons and one wonders whether, to use Sir Graham's phrase, "a high degree of optimism as to the future trend of sales" could turn into over-stocking. The cost of carrying stocks is high and the value of Distillers' total stocks of industrial products as well as whisky and gin have risen from £94.7 million to £102.4 million.

Ultimately stockholders in Distillers may be faced with a slower rate of growth in potable spirits and a faster rate of growth in chemicals and allied products—the reverse of the present situation. Compared with a smaller distillery, Teachers, whose shares yield 2¾ per cent, 2½ times covered, the yield of 4 per cent, 1¾ times covered, offered by Distillers may not look unfavourable. But if investors are thinking three or four years ahead, might not the yield of 5½ per cent offered by ICI, though with a current dividend barely covered by earnings, be thought more attractive?

National Canning

MR W. V. SMEDLEY, the chairman of National Canning Company, said a year ago that canned garden peas were the group's biggest single item of production; after the glut of canned peas, the group's diversification alone protected gross profits, more than halved from £637,000 to £290,000 in 1960-61, from a bigger slump. In the year to May 31st last some of the leeway was made good. Canned peas were less of a burden and sales of other canned and frozen foods were higher; so profits recovered to £478,000, though this is still below the 1959-60 level. The tax charge rose sharply from £94,000 to £233,000, but net equity earnings went up from £194,000 to £242,000—exactly the same level as three years ago. The maintained ordinary dividend of 12½ per cent is covered just over 1½ times.

The immediate market reaction was to mark the £1 ordinary shares up by 3s. to a new high of 52s. 9d. but they have since fallen to 49s. 10½d. to yield 5½ per cent, if the dividend is maintained after the one-for-ten scrip issue. For the future, much depends upon the successful sale of the broader range of products which the group has introduced over the past two years. There are strong competitors in this business and though the scrip issue may be a sign of confidence the earnings record is rather erratic—profits are still below the levels of 1952 and 1953—and it will need a further advance in profits to reassure shareholders that National Canning can trump its competitors.

Lewis's Investment Trust

IN the year to February 1st last, trading profits of the Lewis's Investment Trust group of department stores were virtually unchanged at just over £6 million. Profits were depressed by the bad weather in the peak months of December and January, by government measures to restrain demand and by the addition of £750,000 to the wages bill. They seem unlikely to show much change again this year and in the six months to August 1st they amounted to £2,232,000, against £2,179,000. The weather has been depressing and the retail trade has hardly changed, though the July retail figures at least hold out hope that trade is picking up again. This is just as well for the Lewis's Trust directors appear to be looking to an improvement in the economic climate to offset further increases in wages and other operating costs.

This none too encouraging prospect hardly squares up with the yield of 3½ per cent offered by the 4s. shares which now stand at 14s. 10½d. But the twofold cover on the 12½ per cent dividend is above the

(*Continued on page* 734)

STOCK PRICES AND YIELDS

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

Prices, 1962 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Net Red. Yield, Aug. 22, 1962§	Gross Red. Yield, Aug. 22, 1962
					£ s. d.	£ s. d.
100 15/16	100 9/32	Treasury 5½%............1962	100 7.5	100 7.3	...	3 14 4
99 5/16	96 1/16	Exchequer 3%.........1962-63	99 3/16	99 5/16	2 11 6	4 0 6f
100 11/16	98½	Conversion 4½%..........1963	100 21/32	100⅝	1 13 8	3 18 10
97 5/16	93 7/16	Exchequer 2½%.......1963-64	97 5/32	97 3/16	3 1 0	4 3 11f
100 19/32	97 1/16	Conversion 4½%..........1964	100 9/16	100 19/32	2 2 1	4 2 5
95 11/32	90 11/32	Savings Bonds 3%......1955-65	95 11/32	95 7/16	3 9 0	4 13 11f
101 21/32	98 3/32	Exchequer 5½%..........1966	101 17/32	101⅝	2 18 7	5 0 1
89 1/16	85	Savings Bonds 2½%....1964-67	89 1/16	89 1/16	4 0 10	5 3 0f
100⅛	98	Exchequer 5%............1967	99¾	100⅛	3 3 0	5 3 4
88⅞	83 5/16	Funding 3%............1956-68	88⅜	88 7/16	4 1 4	5 6 7f
90 3/16	84⅞	Conversion 3½%..........1969	89⅛	89¼	4 0 7	5 9 5
88 1/16	82⅝	Funding 3%............1959-69	87⅞	88	4 0 7	5 7 3f
97	92¼	Victory 4%............1920-76	95	95		4 16 2f
84 13/16	78 15/16	Savings Bonds 3%......1960-70	84⅛	84¼	4 3 3	5 8 10f
96 5/16	90⅞	Conversion 5%...........1971	96 3/16	96 5/16	3 11 10	5 12 2
102⅞	97¼	Conversion 6%...........1972	102⅝	102⅞	3 7 4	5 13 3
97⅜	91⅛	Conversion 5¼%..........1974	97⅜	97 3/16	3 10 8	5 13 3
91	87¼	Funding 4%............1960-90	90 13/16	91	3 8 9	5 2 10f
75⅞	70 7/16	Savings Bonds 3%......1965-75	75⅝	75⅞	4 5 8	5 13 1f
74 15/16	69 1/16	Treasury 3½%..........1977-80	74⅝	74⅞	4 3 10	5 17 0f
73 1/16	68 1/16	Treasury 3½%..........1979-81	73½	73⅝	4 4 4	5 17 3f
95⅜	90 3/16	Funding 5½%...........1982-84	94¾	95 5/16	3 14 3	5 18 9
88 1/16	82⅞	Treasury 5%...........1986-89	87 15/16	88⅛	3 16 10	6 0 8
60⅞	54	Redemption 3%.........1986-96	60½	60⅞	3 19 8	5 13 10f
64½	56 15/16	Funding 3½%.........1999-2004	63½	64⅜	3 17 8	5 15 11f
93⅜	84⅞	Treasury 5½%..........2008-12	91⅝	92½	3 13 10	5 19 2
66⅛	58¼	Consols 4%.......after Feb. 1957	65 13/16	66⅛	3 14 3	6 1 5
59⅜	52 1/16	War Loan 3½%..........after 1952	58 15/16	59⅜	3 12 10	5 19 6f
59½	52 7/16	Conv. 3½%.......after Apr. 1961	59 1/16	59½	3 13 1	6 0 6f
51	44⅜	Treasury 3%......after Apr. 1966	50⅝	51	3 13 1	6 0 5f
43¼	38⅜	Consols 2½%.....................	42¾	43¼	3 11 2	5 16 6f
43¼	38 1/16	Treasury 2½%.....after Apr. 1975	42¾	43¼	3 11 10	5 18 4f
94 11/16	89 15/16	British Electric 4¼%.....1967-69	94½	94 11/16	3 12 10	5 9 2f
80 7/16	74⅜	British Electric 3%......1968-73	80⅜	80 7/16	4 4 4	5 12 1f
73⅞	69	British Electric 3%......1974-77	73¼	73⅞	4 5 11	5 13 8f
84½	79 1/16	British Electric 4¼%.....1974-79	84¼	82 13/16c	3 19 8	5 16 4f
75⅞	70⅜	British Electric 3½%.....1976-79	75⅝	75 13/16	4 3 6	5 16 8f
87⅞	82¼	British Gas 4%...........1969-72	87⅜	87 7/16	3 18 9	5 12 4f
86⅜	80 3/16	British Gas 3½%..........1969-71	85 7/16	85½	4 1 3	5 10 10f
61¼	53 13/16	British Gas 3%...........1990-95	60½	61⅛	4 0 4	5 13 11f
80 7/16	74⅞	British Transport 3%.....1968-73	80⅜	80 7/16	4 4 4	5 12 1f
82½	76⅛	British Transport 4%.....1972-77	82 3/16	82 7/16	4 0 9	5 16 4f
63⅞	56½	British Transport 3%.....1978-88	62½	63⅞	4 4 2	5 16 1f

Prices, 1962 High	Low	DOMINION AND CORPORATION STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Net Yield, Aug. 22, 1962
					£ s. d.
84½	79½	Australia 3¼%...........1965-69	84⅛	84½	5 19 0f
100½	96	Australia 6%............1974-76	100	100½	6 2 0f
66	52	Ceylon 4%...............1973-75	54	52½c	10 18 0f
99¼	94¼	New Zealand 6%..........1976-80	97½c	99	6 0 0f
75¾	62½	Rhodesia and Nyasaland 6%...1978-81	75½	75¾	8 13 0f
90¼	84	South Africa 3½%........1965-67	90¼	90¼	6 3 0f
59½	48	Southern Rhodesia 4½%...1987-92	59¼	59½	8 2 0f
85	77¾	Agricultural Mortgage 5%...1959-89	84½	85	6 1 0f
90¾	86	Birmingham 4¼%..........1967-70	90⅝	90⅝	5 15 0f
93¼	88⅝	Bristol 5%..............1971-73	93¼	93¼	5 18 0f
93¼	88	Corporation of London 5¼%...1976-79	93	93¼	5 19 0f
48⅞	43	L.C.C. 3%...........after 1920	47¾	48⅜	6 3 0f
89	84	L.C.C. 5%...............1980-83	88⅞	89	6 1 0f
93	87	Middlesex 5¼%...............1980	91*	91¼*	6 0 0f

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**BANKS, DISCOUNT & HP**				
105/-	79/9	6½ b	6½ a	Barclays..............£1	89/-	88/3	2.95	...
83/6	61/-	...	...	District..............£1	82/-	81/9	3.06**	...
70/6	53/3	5.1 b	4½ a	Lloyds................£1	61/9	59/3	3.21	...
25/6	20/-	7 b	7 a	Martins...............5/-	24/10½	24/9	3.03	...
101/-	80/-	7½ b	7½ a	Midland...............£1	87/9	89/3	3.36	...
100/9	73/3	7 b	7 a	Nat. Provincial.......£1	85/3	84/-	3.33	...
97/9	71/-	6⅔ b	6⅔ a	Westminster 'B'.......£1	81/9	83/3	3.20	...
48/3	40/6	8 b	4 a	Australia & N.Z...£1 p.p.	41/6	41/9	5.75	...
40/9	34/3	5 b	3½ a	Bk. Lond. & S. Amer...£1	36/-	36/3*	4.60	...
£25 9/16	£17½	$2.05c	$2.05c	Bank of Montreal....$10	£20 1/16	£19 9/16	3.47	...
35	27¼	8 c	9 c	Bank of New S. Wales £20	33¼*	33½	4.30g	...
39/-	32/6	5 b	5 a	Barclays D.C.O........£1	37/9	37/6	5.33	...
58/6	53/-	7½ a	7½ b	Chartered.............£1	55/6	56/3	5.33	...
£19¾	£16	10/- b	5/- a	Hongk'g. & Shang....$25	£17	£17¼	4.35	...
62/-	49/-	9 b	7½ a	Nat. Com. Bk. Scot..10/-	52/3	53/6	3.09	...
£29 7/16	£21	$2.37½c	$2.50c	Royal Bk. Canada....$10	£23 5/16	£23 3/16	3.57	...
45/3	37/6	5 a	10 b	Standard Bank.........£1	44/3	44/3	6.78	...
54/4½	38/3	7 b	2½ a	Hambros...............5/-	40/3	40/-	2.81	...
99/9	72/-	5 b	2½ a	Schroders.............£1	76/-	77/-	1.95	...
60/9	53/-	6¼ b	6¼ a	Union Discount........£1	59/9	60/9	4.12	...
14/1½	10/-	18 c	Nil c	Bowmaker..............5/-	11/9	11/9	...	...
14/3	10/3	5 a	10 b	Lombard Banking.......5/-	10/6	11/6	4.35	1¼
16/4½	10/6	2½ b	2 a	Mercantile Credit.....5/-	12/3	12/3	3.06	1½
44/1½	28/6	4 a	22½ b	United Domins. Tst....5/-	30/6*	32/3	4.11	¾
				BREWERIES, Etc.				
18/6	13/3	...	4 a	Bass, M. & B..........5/-	15/4½	15/4½	3.58**	2
14/6	12/10½	...	...	Charrington United....5/-	14/4½	14/3	4.21**	1¾
44/-	32/6	8½ b	6 a	Distillers...........10/-	35/-	33/3*	4.36	1¾
51/6	42/4½	14 b	8 a	Guinness.............10/-	47/-	45/6	4.84	1¾
34/-	22/6	3½ a	10⅔ b	[illegible]	24/-	24/-	4.38	2
15/7½	11/10½	...	8 b	Ind Coope, T.A........5/-	13/4½	...	4.62**	1½
29/-	21/3	12 b	6 a	Watney Mann...........5/-	27/-	25/-	3.60	2
42/4½	31/9	9 a	21 b	Whitbread 'A'.........5/-	37/3	36/9	4.08	1¾
				BUILDING, PAINT, Etc.				
61/-	50/6	3 a	6½ b	Associated Portland...£1	54/10½	55/1½	3.45	2¼
27/4½	20/10½	4 a	8½ b	British Plaster Bd...10/-	26/7½	25/6	4.90	2
18/10½	14/10½	6 a	10 b	Richard Costain.......5/-	17/7½	17/7½	4.54	2¾
13/7½	10/6	10 a	12½ b	Crittall Mfg..........5/-	11/9	12/-	7.03**	2
14/1½	9/10½	6 a	16½ b	International Paints..4/-	11/4½	11/10½	7.58	1½
69/6	48/9	25 c	25 c	Rugby Portland........5/-	55/9	58/9	2.13	3¼
24/3	18/1½	11½ b	5 a	Wall Paper Defd.......5/-	20/3	20/3	4.12	2¼
				CHEMICAL				
25/7½	20/9	6 a	14 b	Albright & Wilson.....5/-	24/3	24/-	4.17	2
19/3	13/11¼	11½ c	11½ c	Borax Defd............5/-	16/1½	16/1½	3.57	2½
43/3	25/6	11 c	4 a	Fisons................£1	31/6	30/6	...	...
58/-	47/6	6¼ a	7½ b	I.C.I.................£1	52/1½	52/7½	5.23	1
18/6	12/-	5 a	5 b	Monsanto..............5/-	13/9	13/6	3.70	1½
				DRAPERY & STORES				
35/3	25/3	4 a	8 b	Boots Pure Drug.......5/-	30/6	30/1½	1.99	2¼
33/9	18/9	5 b	2 a	Montague Burton......10/-	20/10½	23/6	2.93	2½
59/6	42/9	13½ b	5⅝ a	Debenhams............10/-	50/3	50/7½	3.79	1½
65/-	51/1½	12½ a	27½ b	G.U.S. 'A'............5/-	61/-	60/6	3.31	2
40/3	28/9	13½ a	16⅔ b	House of Fraser.......5/-	34/9	35/3	4.26	1¼
16/6	12/9	7½ b	5 a	Lewis's Invest. Tst...4/-	15/-	14/10½	3.36	2
100/6	79/6	12 a	32½ b	Marks & Spencer 'A'...5/-	85/1½	84/7½	2.81	1½
52/6	39/6	10 a	20 b	United Drapery........5/-	43/7½	45/-	3.33	1¾
53/-	44/-	25 b	10⅚ a	Woolworth.............5/-	49/-	48/9	3.67	1¼
				OIL				
38/4½	30/6	‡2.78a	‡7½ b	British Petroleum.....£1	37/-	35/6	9.05	2
49/-	30/6	‡2½ a	‡2½ a	Burmah Oil............£1	38/3	37/3	8.13	1¼
£14 9/16	£12 5/16	11¼ a	15 b	Royal Dutch.........20 fl.	£14 3/16	£14¼	3.65	2½
34/10½	27/-	†10 a	†15 b	Shell Transport.......5/-	34/9	34/-	6.00	2½
32/9	20/6	...	...	Ultramar.............10/-	24/6	24/3	...	d

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**ELECTRICAL & RADIO**				
32/6	23/-	5 a	5 b	A.E.I..................£1	30/-	30/-	6.67	1
12/6	9/-	...	15 c	Brit. Electronic Inds..5/-	9/7½	9/10½	7.59	¼
66/3	51/9	4 a	9½ b	B.I.C.C................£1	58/9	58/6	4.62	2
14/8¼	12/7½	7½ b	5 a	Crompton Parkinson.....5/-	13/9	14/-	4.46	2½
89/6	63/-	23⅓ c	7½ a	Decca..................10/-	73/-	75/-	3.11	1¾
45/6	33/9	12½ b	5 a	E.M.I..................10/-	35/-	35/6	4.93	2
54/6	39/-	5 a	9 b	Elliott-Automation.....5/-	44/9	46/-	1.52	2
27/9	20/9	5 b	3 a	English Electric.......£1	25/9	25/6*	6.27	1½
34/-	26/-	3 a	7 b	General Electric.......£1	34/-*	33/-	6.06	¾
59/3	34/6	4⅜ a	8⅛ b	C. A. Parsons..........£1	46/9	46/-	5.43	2
47/9	38/6	3¼ a	6½ b	A. Reyrolle............£1	45/-	45/-	4.33	2½
82/-	58/-	25 c	27½ c	Thorn Electrical.......5/-	72/6*	73/9	1.86	3
				ENGINEERING				
35/-	20/3	9 c	9 c	Babcock & Wilcox.......£1	34/4½	34/3	4.01	1½
38/3	27/3	3.2 a	7 b	John Brown.............£1	34/-*	34/3	5.96	2¼
6/-	4/3	3 a	7 b	Cammell Laird..........5/-	5/-	5/-	10.00	1
27/4½	21/10½	20 b	10 a	Internat. Combust......5/-	26/4½	27/4½	5.48	1¼
5/6	3/4½	...	...	Rich'ds'ns. Westg'th. 10/-	4/10½	4/4½	...	...
38/4½	26/-	2½ a	9½ b	Swan Hunter............£1	29/4½	28/7½	8.38	1¾
16/-	10/6	5 a	10 b	John Thompson..........5/-	15/9¾	15/9	4.76	1½
34/1½	21/10½	†2½ a	†6¼ b	Coventry Gauge........10/-	31/3	31/6	4.54	2¾
73/7½	55/6	†6 b	†3 a	Alfred Herbert.........£1	63/3	62/9	4.68	2
48/-	33/9	5 a	10 b	Allied Ironfounders....£1	48/-	46/9	6.42	1½
99/9	67/9	5 a	10 b	Averys.................£1	74/9	75/9	3.96	2
20/3	11/9¾	7⅔ b	4 a	B.S.A.................10/-	13/6	13/3¾	8.77	2¼
11/6	8/6	4½ a	8½ b	George Cohen...........5/-	9/10½	9/6*	6.84	1¾
33/-	16/9	10 a	17½ b	Davy-Ashmore...........5/-	19/7½*	19/10½	6.92	2¼
81/10½	64/1½	5 a	11 b	Guest Keen.............£1	71/3	72/9	4.40	2¼
21/-	14/3	4 a	12 b	Head Wrightson.........5/-	15/6	19/6	4.10	2½
85/6	67/-	5 a	7 b	Metal Box..............£1	72/-	73/9	3.25	2¼
18/-	13/4½	10 b	4 a	Ransome & Marles.......5/-	15/1½	15/7½	4.48	3
48/-	34/-	3 a	7 b	Renold Chains..........£1	36/6	37/-	5.41	1¾
64/10½	43/1½	7 b	7 a	Tube Investments.......£1	51/6	54/10½	5.10	3
31/1½	23/6	2½ a	7½ b	Vickers................£1	26/7½	26/7½	7.51	1
71/6	54/-	10 b	3¾ a	Ward (Thos. W.)........£1	56/-	58/6	4.70	3
20/6	12/3	5 a	16 b	Woodall-Duckham........5/-	15/-	15/6	6.77	1¾
				FOOD & TOBACCO				
26/3	19/9	10 c	10 c	Allied Suppliers......10/-	26/3	25/9	3.88	2½
12/4½	8/4½	10 a	12½ b	Assoc. British Foods...1/-	9/7½*	10/-	2.25	2
61/3	39/3	8 b	4 a	Bovril.................£1	41/9	45/9	5.25	1½
12/9	10/9	†3.9 b	†1.7 a	Brooke Bond 'B'........5/-	12/3	12/4½	3.69	3½
15/10½	11/10½	2½ a	10 b	International Tea......5/-	13/9*	13/9	4.55	1¾
82/6	62/9	5 a	10⅚ b	J. Lyons 'A'...........£1	70/-	68/6	4.62	1½
38/3	29/9	9 b	5 a	Ranks Hovis...........10/-	34/6	34/1½	4.10	...
13/7½	10/10½	7½ b	2½ a	Spillers...............5/-	12/3	12/7½	3.96	2¼
50/9	43/3	12 c	3 a	Tate & Lyle............£1	48/4¼	48/-	5.00	2¼
18/-	14/9	5 a	9 b	Unigate................5/-	15/6*	15/-	4.67	2
63/9	52/-	†22½ c	†5⅚ a	Brit. Amer. Tobac.....10/-	58/-*	57/9	6.36	3
41/3	28/3	5 a	15 b	Gallaher..............10/-	33/3	32/9	6.11	2
63/9	47/6	14 b	8½ a	Imperial Tobacco.......£1	56/9*	56/3	8.00	1¾
				INSURANCE				
8 15/16	5 11/16	†47.7 c	38.3 a	Britannic..............5/-	6 7/16	6 5/16*	3.08	...
68/-	50/-	20 a	25 b	Commercial Union.......5/-	55/6	55/-	4.09	...
35 15/16	21½	†41.17 c	†62.74 c	Equity & Law Life......8/6	25⅝	27⅜	1.59	...
109/3	69/-	10 a	20 b	General Accident.......5/-	82/9	83/3	1.80	...
60/6	42/9	...	...	Guardian...............5/-	52/3	51/-	2.61**	...
48¾	32½	80 a	110 b	Legal & General........5/-	38	37⅝	1.26	...
180/-	138/9	8½ a	12½ b	Northern & Empl........£1	153/9	166/3	2.53	...
13 11/16	10⅝	†20 a	†70 b	Pearl..................5/-	12 9/16	12 11/16	2.90	...
29¾	21⅞	†208⅓ c	†208⅓ c	Prudential 'A'.........4/-	25 5/16	25⅝	2.66	...
47/10½	35/10½	...	...	Royal..................5/-	40/1½	39/7½	3.79**	...
127/9	96/-	7½ a	11¼ b	Royal Exchange.........£1	106/3	108/3	3.46	...
				MOTORS & AIRCRAFT				
18/3	12/6	12½ b	7½ a	British Motor..........5/-	14/9¾	15/1½	6.61	¾
85/3	60/-	20 c	20 c	Jaguar Cars 'A'........5/-	68/9	73/3	1.37	8
41/6	23/1½	5 a	3 b	Rolls-Royce............£1	26/3	26/9	5.98	1¼
6/8½	4/3	12 c	4 c	Rootes Motors 'A'......4/-	4/5¼	5/0¾	3.16	...
78/7½	60/11¼	11 b	5 a	A.C.V..................£1	78/7½	78/4½	...	...
94/6	67/4½	20 c	5 a	Leyland Motors.........£1	78/7½	78/4½	5.10	...
17/7½	13/10½	8 a	5½ b	Bristol Aeroplane.....10/-	16/3	15/7½	8.64	2
25/-	19/3	5 a	6 b	Hawker Siddeley........£1	24/4½	23/1½	9.51	1¼
36/9	25/9	†4 a	†6½ b	Dowty Group...........10/-	33/6	32/3	5.32	2½
39/-	27/3	5 a	15⅚ b	Dunlop Rubber.........10/-	30/6	32/3	4.91	1¾
77/-	62/1½	11¼ b	2½ a	Joseph Lucas...........£1	68/4½	68/7½	4.01	2¼
22/-	12/-	5 c	9 a	Pressed Steel..........5/-	13/9	15/-	1.67	...
39/-	31/1½	12½ c	5 a	Triplex Holdings......10/-	33/9	33/6	3.73	2¼
				MINES				
178/1½	136/3	40 a	50 b	Anglo-American........10/-	171/3	170/-	5.29	1¾
73/-	52/6	18¾ b	6¼ a	Consolid. Gold Fields £1	67/9	66/3	7.54	2½
120/-	81/10½	15 a	20 b	General Mining.........£1	118/9	116/3	6.02	2
71/-	46/6	†26 a	†74 b	Union Corporation.....2/6	66/-	65/-	6.28	2½
20/9	16/9	40 b	40 a	Daggafontein...........5/-	18/3	18/3	21.92	1¼
128/1½	81/10½	100 b	70 a	Free State Geduld......5/-	122/6	122/6	6.94	1½
70/-	50/6	60 b	60 a	President Brand........5/-	66/9	66/9	8.99	1½
96/3	72/6	31 a	31 b	W. Driefontein........10/-	87/6	86/3	7.19	1¾
45/6	34/-	...	...	Western Deep 'A'.......£1	41/9	41/6	...	...
161/3	117/6	210 c	105 a	Western Holdings.......5/-	154/4½	153/9	6.83	1¼
19/6	15/3	6 b	5 a	Winkelhaak............10/-	19/1½	19/4½	5.67	3
56/9	42/6	13⅓ a	36⅔ b	Chartered.............15/-	49/9	49/3	15.23	1½
56/6	47/-	60 b	20 a	Rhod. Anglo-Amer......10/-	55/3	55/3	14.48h	1¾
37/4½	24/-	...	6 a	Rhod. Selection Tst....£1	30/-	30/-	12.00**h	...
21/9	14/9	32½ c	Nil a	Tanganyika Cons.......10/-	15/3	15/4½	...	1¼
175/-	135/-	100 a	180 b	De Beers Defd. Reg.....5/-	172/6	171/3	8.18	1¾
$151½	$98½	$1.50 c	$1.60 c	Internat. Nickel....n.p.v.	$119	$117	2.44	...
18/9	13/1½	7½ a	30 b	London Tin.............4/-	15/1½	14/10½	10.08	1¼
16/9	15/3	...	...	R.T.Z.................10/-	16/4½	16/-	9.38**	...
35/-	21/3	65 c	25 a	Tronoh.................5/-	23/3	22/6	14.44	1
				PAPER & NEWSPAPERS				
12/10½	10/4½	5 a	10 b	Daily Mirror...........5/-	11/3	11/6	6.52	1½
83/-	62/6	4 a	9 b	W. H. Smith & Son 'A'..£1	80/-	78/-	3.33	2
24/9	13/9	10 a	14 b	Thomson Org'n..........5/-	14/4½	15/7½	7.68	1½
47/3	32/-	5 a	8¾ b	Bowater Paper..........£1	38/3	35/6	7.75	1
45/-	35/-	5 a	11 b	Albert E. Reed.........£1	43/-	42/3	7.57	1½
43/9	33/6	4 a	8½ b	Spicers................£1	38/6	39/6	6.33	1½
55/-	44/-	4 a	10 b	Wiggins Teape..........£1	53/9	53/9	5.21	1¾

Prices, 1962 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 15, 1962	Price, Aug. 22, 1962	Yield, Aug. 22, 1962	Cover
		%	%	**MISCELLANEOUS**				
27/9	19/9	10 a	20 b	Assoc. British Picture 5/-	20/6	20/6	7.32	2¾
33/3	18/-	20 a	40 b	Assoc. Television 'A' 5/-	21/6	19/3*	15.58	1½
52/1½	33/10½	16 a	14 b	Beecham Group..........5/-	40/3	40/6	3.70	1¾
39/4½	30/9	3⅓ a	6⅔ b	British Match..........£1	33/9*	33/-	6.06	2
16/3	11/6	6⅔ b	4 a	British Oxygen.........5/-	13/6	13/6	3.95	1¾
9/10½	7/6¾	3 a	7 b	British Ropes..........5/-	7/11¼	8/2¼	6.11	1½
40/6	30/1½	...	...	De La Rue.............10/-	40/6¶	38/9	3.55**	2
42/-	27/1½	5⅝ a	9⅜ b	Gestetner 'A'..........5/-	37/6	37/6	2.00	3¾
55/9	41/6	15 c	7½ a	Glaxo.................10/-	49/6	48/-	3.13	3¼
49/-	42/6	3 a	12 b	Harrison & Cr. Defd. £1	46/10½	48/9	6.15	2½
41/3	29/-	20 b	5 a	Hoover 'A'.............5/-	37/-*	36/-	3.47	1¾
23/3	16/-	12½ b	5 a	Ilford.................5/-	16/-*	17/6	5.00	1¼
122/6	82/6	7 1/12 b	4⅙ a	I.C.T..................£1	93/6	98/9	2.28	2½
52/9	40/6	12½ c	12½ c	National Canning.......£1	48/9	50/1½	4.99	1
41/3	33/9	6 a	12 b	Powell Duffryn........10/-	36/9	37/-	4.86	2¼
40/6	32/3	17½ b	5 a	Radio Rentals..........5/-	38/-	38/-	2.96	2¾
37/-	24/6	15 b	7½ a	Rank Organisation......5/-	28/-	28/6	4.39**	...
38/-	24/6	7½ a	16½ b	Schweppes..............5/-	28/6	27/-	4.44	1½
35/3	26/6¾	25 c	25 c	Sears 'A'..............5/-	30/4½	32/4½	3.86	2
32/1½	23/-	5 a	11 b	Steetley...............5/-	26/7½	26/4½	3.03	3
29/10½	21/9	8½ a	11½ b	Thomas Tilling.........4/-	25/-	25/6	3.14	2
64/-	44/-	8 b	4 a	Turner & Newall........£1	53/6	52/6	4.57	2
47/3	32/6	9.47 a	15.32 b	Unilever...............5/-	36/-	34/6	3.59	3
11⅝	7½	8 a	13 b	Unilever N.V.........12 fl.	8⅝	8⅜	2.99	3
18/9	13/6	5 a	10 b	United Glass...........5/-	14/3	14/3	5.26	...
33/3	23/-	†4⅙ a	†10⅚ b	United Molasses.......10/-	27/3	25/9	9.51	1
				SHIPPING				
32/3	22/9	6½ a	13½ b	Brit. & Com'wealth....10/-	26/-	26/1½	7.66	1
18/3	15/3	6 c	Nil c	Cunard.................£1	16/3	16/9	...	...
20/3	16/9	7 c	7 c	France Fenwick.........£1	20/3	20/3	6.91	1½
31/6	21/-	10 c	8 c	Furness Withy..........£1	23/6	23/6*	6.81	1
9/7½	5/-	...	...	London & Overseas......5/-	5/3	5/3	...	...
31/-	17/6	3 a	3 b	P & O Defd.............£1	19/9	19/10½	6.04	...
12/1½	8/4½	2½ c	2½ c	Reardon Smith.........10/-	8/6	8/1½	3.08	...
12/9	7/6	5 c	Nil c	Royal Mail.............£1	10/3	10/-	...	...
				STEEL				
48/4½	27/4½	16 c	5 a	Colvilles..............£1	31/4½	30/-	...	2½
27/3	15/3	10 c	2½ a	Dorman Long............£1	20/-	19/10½	...	2¼
34/-	21/10½	7½ b	3½ a	Lancashire Steel.......£1	26/1½	27/6	8.06	3
21/4½	11/-	10 c	Nil a	South Durham...........£1	12/6	12/3	...	1¼
31/3	22/3	10 c	3¾ a	Steel Co. of Wales.....£1	29/-	27/9	7.21	2
36/10½	24/3	10 b	5 a	Stewarts & Lloyds......£1	34/4½	32/6	9.23	2
51/10½	39/6	9 b	6 a	John Summers...........£1	44/9	48/-	6.25	2
42/4½	25/9	12.3 c	4 a	United Steel...........£1	34/6	32/6	...	1½
41/-	30/9	8¾ b	4 a	Whitehead..............£1	32/9	31/6	...	2
				TEXTILES				
32/-	25/4½	5 a	7½ b	English Sewing Cotton £1	29/3	30/9	8.13	1
26/4½	18/9	5 a	7½ b	Fine Spinners..........£1	22/-	22/9	10.99	¾
50/9	30/10½	17½ b	5 a	Lancashire Cotton......£1	35/6	35/3	...	1¼
46/1½	37/10½	3¾ a	8¾ b	Courtaulds.............£1	46/-	46/4½	5.39	1¼
6/10½	5/4½	9⅓ b	4 a	Illingworth Morris.....4/-	6/9	6/3	8.53	1¾
81/6	68/6	13 b	8 a	West Riding Worsted £1	69/6	69/-	6.09	2½
30/9	20/3	2½ a	7½ b	Woolcombers............£1	23/3*	23/3	8.60	1¼
20/10½	14/1½	6 c	6 c	Bradford Dyers.........£1	18/4½	19/1½	6.27	1
13/3	8/7½	13¾ b	7½ a	Calico Printers........5/-	9/9	10/7½	9.41**	3¼
48/6	38/9	3¾ a	8¾ b	Coats, Patons & B......£1	42/-	43/7½	5.73	1¾
10/9	8/4½	13 c	1½ a	Jute Industries.......10/-	8/4½	8/-*	...	2¼
27/1½	20/10½	10 c	10 c	Tootal.................£1	22/1½	22/7½	8.84	1¼
				TRUSTS, LAND & PROPERTY				
27/7½	19/7½	4⅙ a	8⅓ b	Alliance Trust.........5/-	24/6	23/9	2.63	1¼
61/6	41/6	37½ b	12½ a	B.E.T. 'A' Defd........5/-	47/9	47/6	5.26	1½
17/9	13/3	10 c	5 a	Cable & Wireless.......5/-	15/6	15/3*	3.28	1½
71/9	54/3	31⅔ c	10 a	City Centre Props......5/-	59/9	59/6	2.13**	...
89/-	69/9	3½ a	8½ b	City Lond. Real Prop. £1	77/3	78/3	3.07	1
95/-	62/6	7.04 a	9.04 b	Hudson's Bay...........£1	77/6	72/6	4.44	2½
38/6	22/6	4 b	2 a	Land Securities.......10/-	26/6	28/9	2.09	1
39/-	30/9	6⅔ a	6⅔ b	Lond. Cnty. Freehld. 10/-	34/9	35/3	3.78	1
				TEA & RUBBER				
46/6	38/-	†2½ a	†12½ b	Cons. Tea & Lands......£1	39/-	40/6	12.10	2
35/6	30/9	†11 b	†3 a	Jokai (Assam)..........£1	35/3	36/6	12.52	2½
9/6	7/6	...	7½ c	Nuwara Eliya...........£1	8/-	8/3	18.18	1½
5/9¾	4/10½	12½ a	29⅙ b	Highlands & Lowlands 2/-	5/3¾	5/4½	15.50	1½
5/3¾	4/5¼	7½ a	32½ b	London Asiatic.........2/-	4/8¼	4/7½	17.30	2
76/9	62/1½	10 a	35 b	United Sua Betong......£1	68/7½	69/3	13.00	1½

NEW YORK PRICES AND INDICES

	Aug. 15 $	Aug. 22 $		Aug. 15 $	Aug. 22 $		Aug. 15 $	Aug. 22 $
Atch. Topeka	21⅝	22⅜	Boeing	40⅛	43	Int. Harvester	46⅞	47
Can. Pacific	21	21⅞	Celanese	35¾	35⅜	Inter. Nickel	66⅛	64⅞
Pennsylvania	11⅜	11¾	Chrysler	53⅝	57⅜	Inter. Paper	26½	27
Union Pacific	30¼	30⅞	Col. Palmolive	40⅞	42½	Kennecott	70½	71½
Amer. Electric	62¼	62⅞	Crown Zeller	39¾	41	Monsanto	37¾	39½
Am. Tel. & Tel.	112½	114¼	Distillers Seag.	42	42¼	Nat. Distillers	25¼	24⅞
Cons. Edison	74	77¼	Douglas	24⅞	26	Pan-American	18½	19¾
Int. Tel. & Tel.	42⅛	43⅞	Dow Chemical	46⅛	48½	Procter Gamble	69½	70
South'n. Nat. Gas	43⅜	44½	Du Pont	200	199*	Radio Corpn.	46½	48½
United Corpn.	7½	7½	Eastman Kodak	98	100¼	Sears Roebuck	71½	74½
Western Union	27	29⅜	Ford Motor	42¾	45	Shell Oil	32⅝	35⅝
Alcoa	63⅛	60¾	Gen. Electric	67¼	69½	Socony-Mobil	44¼	45¾
Aluminium	23⅞	24	General Foods	70½	70⅛	Stand. Oil Ind.	50	51¾
Amer. Can	44⅝	45	General Motors	52⅜	53¼	Stand. Oil N.J.	52	52⅜
Am. Smelting	51	52⅝	Goodyear	29⅞	29¾	Union Carbide	91¼	93¼
Am. Viscose	54¼	55⅛	Gulf Oil	34¾	35½	U.S. Steel	42½	44⅝
Anaconda	40¾	42⅛	Heinz	46½	46⅛	West. Electric	26⅝	29⅛
Beth. Steel	33⅛	32⅞	Int. Bus. Mach.	386½	409	Woolworth	68¼	69¼

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

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
July 25	59.08	3.65	27.87	5.79	55.02	3.73	88.70	4.01
Aug. 1	60.46	3.56	27.98	5.77	56.24	3.64	88.39	4.04
" 8	60.20	3.58	27.67	5.83	56.17	3.65	89.01	3.98
" 15	61.48	3.50	28.00	5.76	56.85	3.61	89.12	3.95
" 22	62.67	3.44	28.49	5.66	57.78	3.55	89.64	3.92

425 Industrials:—High, 75.22 (Jan. 3). Low, 54.80 (June 26).

FOREIGN AND OVERSEAS STOCKS

	Aug. 15	Aug. 22		Aug. 15	Aug. 22		Aug. 15	Aug. 22
FRANCE	Frcs.	Frcs.	**GERMANY**	%	%	**HOLLAND**	%	%
Air Liquide	1,197	1,193	A.E.G.	408	406	A.K.U.	373¾	367½
Banque de Paris	512	515	Bad'che. Anilin	407	403	Bijenkorf	828	824½
Citroen	185.5	187	Bayer	473	470	Heinekens	465	470½
C. F. Petrole	287.5	288	Commerzbank	408	415	Interunie (Fl.50)	Fl.179.5	Fl.181
Cie. G. d'Elect.	1,255	1,295	Deutsche Bank	440	450	K.N. Hoogoven	581½	561¼
Machines Bull	509	515	Hoechst Farb.	404	397	Kon. Zout-Ket	737	735
Pechiney	242.3	249.1	Kundenkredit	384	376	Philips (Fl.25)	Fl.160.3	Fl.157.3
Printemps	524	531	Lowenbrau	870	880	Robeco (Fl.50)	Fl.206	Fl.206
Rhone-Poulenc	428	449.5	Mannesmann	230	223	Rotterdam Bk.	340	352
S.I.M.	351.2	363	Siemens	580	587	Thomassen & D.	670	670
Saint-Gobain	379.6	382	Thyssen-Huette	185	180	Valeurop	Fl.72.4	Fl.72.8
Usinor	212	211	Volkswagen	510	515	Zwanenberg	892	876
Index	N.A.	99.5	Herstatt Index	89.01	87.96	Index	325.5	329.6
Dec. 30, 1960=100.			Dec. 31, 1959=100.			1953=100.		
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	143,600	141,100	Arbed	27,800	28,100	Asea	231	238
Breda	5,920	5,880	Bque. Nat. de Bel.	10,750	10,700	Elektrolux	127	126
Edison	4,030	3,815	Bque. Soc. Gen.	3,000	3,060	Ericsson B. Kr.35	136	135
Fiat	2,940	2,880	Cockerill-Oug.	2,770	2,770	Separator B	294	300
Finsider	1,359	1,340	Esperance Long	5,680	5,680	Skand. Banken	219	223
La Centrale	11,700	11,500	Hoboken	16,825	17,300	Sv. Cellulosa	190	190
Montecatini	3,154	3,045	Innovation	5,910	6,100	Sv. Handelsbank	214	217
Motta	31,699	30,700	Photo Gevaert	2,935	2,925	Tandstk. B Kr.50	162	165
Olivetti	8,150	8,160	Sidro	1,004	994	Index	172.94	172.82
Pirelli S.p.A.	6,275	6,160	Soc. Generale	13,450	13,775	Dec. 29, 1956=100.		
Rinascente	767	744	Sofina	7,860	7,810	**NORWAY**	%	%
Snia Viscosa	5,560	5,450	Un. Miniere 1/10	1,162	1,214	Bergens Priv'bk.	215	217½
Index	N.A.	679.95	Index	N.A.	406.6	Borregaard	222	217½
1950=100.			May 9, 1940=100.			Norsk Hydro	302½	303¼

UNIT TRUST PRICES

	August 22		Yield
Allied Investors:			
Elect. & Ind. D.	9/7½	10/4½	6.17
Metals & Mins.	14/7	15/6	6.94
British Life Office:			
British Life Units	4/10	5/1	4.02
Commonwealth Unit Trust Fund:			
A E & G Un. Tst.	14/6½	15/6½	3.36
Commonwealth	10/3	11/1½	5.35
Orthodox Unit	13/7½	14/7½*	4.78
Municipal & Gen.:			
Second M & G	8/11½	9/5½	4.81
M & G Gen. Tst.	11/8¾	12/4½*	4.80
Mid. Ind. & Gen.	8/11½	9/5½*	4.73
National Group:			
Nat. B.I.F.S.	6/10¾	7/4	3.73
Domestic Unit Fd.	4/4¼	4/8	4.50
Shield Unit Fund	4/3¼	4/7*	4.20

	August 22		Yield
P. Hill, Higginson, Erlangers:			
Brit. Sharehldrs.	12/11½	13/10½	4.30
B S International	9/5½	10/1½*	4.83
Save & Pros. Gp.:			
Bank Insurance	7/7½	8/1½	2.80
Bank Units	9/11½	10/7½*	3.71
Consol'd. BITS	14/2	15/1	2.92
Capital Units	6/11	7/4½	3.40
Income Units	4/9	5/1*	5.79
Insurance Units	17/5½	18/7	2.14
Investment Trust	7/1½	7/7	3.01
Scotbits	5/-	5/4*	2.70
Scotshares	4/7	4/11	4.86
Dillon Walker:			
Community Un.	2/9½	3/0½	5.44
Falcon Trust	4/6	4/10½	5.27
Intrust Fund	19/6½	20/6½	5.03
Unicorn Trust	6/4½	6/10*	3.91

* Ex dividend. † Tax Free. ‡ Assumed average life, 7¼ 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 Daiwa Securities, Tokyo.

** Yields based on assumed dividends:—Bass, Mitchells & B., 11%. Calico Printers, 20%. Charrington United, 12%. City Centre Props., 25⅓%. Crittall Mfg., 16⅞%. De La Rue, 13¾%. District Bank, 12½%. Guardian, 26⅔%. Ind Coope, T.A., 12% on merger terms. R.T.Z., 15%. Rank Organisation, 25%. Rhodesian Selection Trust, 18%. Royal Insurance, 30%.

(Continued from page 731)

average for department stores. The earnings yield is thus just over 7 per cent and its only justification lies in the substantial capital programme now being undertaken by the group which owns Selfridges in Oxford Street and stores in many provincial centres.

H. S. Whiteside

PROFITS of H. S. Whiteside, the food manufacturers whose brands include "Sun-Pat" and "Maconochie," have risen for the fourth consecutive year. But the latest rise of 10 per cent from £525,000 to £577,000 in 1961, was little more than half the 1960 advance. This no doubt reflects the "ever-increasing competition and steadily rising costs" to which the chairman, Mr T. A. Barnes, referred a year ago. Bigger provisions for depreciation and tax left net profits less than 1 per cent higher at £216,000, against £212,000. A final dividend of 18 per cent, against a forecast of 16 per cent, is being paid on the capital as increased by the one-for-four scrip issue in December; the interim dividend of 10 per cent was paid on the capital as increased by last year's three-for-four rights issue so that the dividend on the current capital is equivalent to 26 per cent, covered 1.4 times. Now another one-for-four scrip issue is on its way.

Profits could again be higher this year. First, interest charges will be lower as the £900,000 raised by the rights issue in August, 1961, will have funded overdrafts. Secondly, the rationalisation of some of the subsidiaries should bear more fruit: a year ago Mr Barnes said "the benefits of certain major steps taken will obviously not be reflected in earnings until 1962." Thirdly and most importantly, the attitude of Whiteside's management is progressive—a vital quality in the highly competitive food trade: last year, for instance, a new factory was begun in Italy and two Anglo-American projects were started and the day before the latest results were published Whiteside and Marmite, the Bovril subsidiary, announced a joint venture to produce potato crisps and associated foodstuffs. This arose out of an idea of Whiteside to use "Marmite" as flavouring for some of its products, and has resulted in the creation of a separate company, Branded Foods, with an initial capital of £200,000 divided equally between Marmite and Whiteside. Evidently Branded Foods intends to enter the increasingly competitive business of selling potato crisps where flavoured crisps are growing in popularity; but the going will not be easy, with a major sales campaign from Smiths under way and Imperial Tobacco setting up a new Golden Wonder Crisp factory this October. Whiteside's 1s. ordinary shares gained 7½d. to a new high point of 6s. 9d. after the results were announced but later fell back to 6s. 6d. to yield 4d. per cent on a 26 per cent dividend. A maintained dividend on the capital as increased by the scrip issue is well within the bounds of possibility.

Sheepbridge Engineering

A LIST of the customers of Sheepbridge Engineering—public work contractors and nationalised industries, engineering companies, the motor, aircraft, oil and chemical industries—does not at first sight suggest that the group could have expected much better results in the year to March 31st. Indeed, a year ago the chairman, Lord Aberconway, said merely that the "overall profit should be maintained." In fact, gross profits rose by 5½ per cent from £1,158,000 to the record level of £1,220,000 and earnings for the ordinary dividend, maintained at 15 per cent, have risen slightly to nearly 24 per cent.

Lord Aberconway says that "though the recession in the motor industry had its effect" most Sheepbridge subsidiaries achieved record sales. In the current year there should be some improvement in the results of the motor component subsidiaries, which accounted for 21 per cent of the group's turnover last year. Elsewhere, Lord Aberconway points to increases in demand and capacity. A new range of flexible couplings, made under a German licence, "should prove a profitable addition"; and a new factory at Exeter is expected to boost sales of Hardinge Machine Tools, whose order book is good. Competition is keener but Lord Aberconway expects the group to obtain its full share of available business. The 5s. ordinary shares at 11s. 6d. xd are not far below their high point for the year and yield 6½ per cent but the market cannot be far wrong in looking for another rise in profits.

Building Materials

THE second of the big three cement manufacturers in this country, **Tunnel Portland Cement,** again produced rather disappointing results in the year to March 31st, when its gross profits after a bigger provision for depreciation fell by 4 per cent from £2,806,000 to £2,690,000. This is especially disappointing, as the chairman, Mr N. M. Jensen, reveals that Tunnel's total deliveries of cement rose by 6 per cent to establish a new record. He attributes the setback mainly to the fuel oil tax imposed in April, 1961, and the 10 per cent surcharge introduced three months later. The extra cost of these taxes amounted to £440,000, of which the group was able to pass on very little in higher prices to customers. Ironically Tunnel is reverting to coal in one of its plants.

In deference to the recommendations of the Jenkins Committee, the directors have given details about Tunnel Portland's trade investments, which include a 50 per cent stake in Ribblesdale Cement. Compared with a book value of £1,571,000 for equity trade investments, the total market value on March 31st was no less than £4,406,000. The companies concerned have been distributing less than half their profits. This is a source of strength for Tunnel's ordinary shares. On prospects, however, the report is far less cheering. Mr Jensen says that at the beginning of the calendar year, demand for cement fell and though it picked up in the summer it may well fall again by the end of the year. The 10s. ordinary shares gained 6d. on the report and at 38s. 3d. yield 5 per cent on a dividend of 16 per cent and a tax free capital distribution of 2 per cent.

In contrast with those of Tunnel Portland, the results of **Redland Holdings** for the year to March 31st were better than expected. A full year's profits from two acquisitions were included in 1961-62, when gross profits rose by 42 per cent from £1,346,000 to £1,920,000. Equity earnings rose from 33 to 45 per cent and the ordinary dividend was raised from 15 to 20 per cent. The chairman, Mr A. F. F. Young, says that the year brought a "large increase in turnover and profits" and that the prospects for the group's tiles, bricks, pipes and quarrying interests remain favourable. He adds that the ready mixed concrete business, "though highly competitive, can show satisfactory profits." The group's German tile-making subsidiary, Braas and Company, had another successful year and added two new factories to the existing six. The group has disposed of most of its unprofitable interests in rubber and plastics and its turnover and profits were maintained in the first three months of the current year. The 5s. ordinary shares stand at their high point for the year of 29s. 3d., to yield 3.4 per cent, and clearly the market shares Mr Young's "cautious optimism."

The results of **Ready Mixed Concrete** for the year to June 30th are close to the prospectus forecast though they may disappoint extreme optimists. In May, Ready Mixed Concrete's offer for sale of ordinary shares at 24s. each was oversubscribed 61 times and the shares now stand at 34s. 4½d. The company's gross profits amounted to £611,000, compared with the forecast of £600,000, and the dividend of 20 per cent is covered 2.2 times; the shares yield only 2.9 per cent.

THE ECONOMIST INDICATOR

(1953=100)

1962	Indicator	Yield %	1962 High	1962 Low
July 18	312·9	5·51	364·4 (Jan. 17)	310·3 (June 27)
,, 25	310·9	5·55		
Aug. 1	312·8	5·50		
,, 8	317·6	5·41		
,, 15	336·5	5·09		
,, 22	335·1	5·13		

FINANCIAL TIMES INDICES

1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Aug. 16	281·5	5·54	5·80	13,947
,, 17	280·6	5·56	5·80	11,864
,, 20	281·1	5·55	5·80	13,271
,, 21	280·0	5·57	5·80	10,404
,, 22	281·6	5·54	5·78	9,836

High, 310·2 (Jan. 19). Low, 252·8 (June 25).
† July 1, 1935=100.

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 18, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £36,990,000 compared with a deficit of £5,077,000 in the previous week and a deficit of £64,956,000 in the corresponding period of last year. There was a net expenditure "below-line" of £8,275,000 leaving a total cumulative deficit to date of £319,977,000 compared with £378,667,000 in 1961–62.

£'000	Estimate 1962–63	April 1, 1961, to Aug. 19, 1961	April 1, 1962, to Aug. 18, 1962	Week ended Aug. 19, 1961	Week ended Aug. 18, 1962
Ordinary Revenue					
Income Tax	2,790,000	606,504	641,163	28,916	30,985
Surtax	188,000	37,000	40,800	1,000	1,100
Death Duties	264,500	106,400	105,000	4,800	6,100
Stamps	95,000	41,400	37,900	1,200	1,100
Profits tax, EPT and EPL	374,000	129,600	137,800	12,500	10,500
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	920,904	962,663	48,416	49,785
Customs	1,653,000	616,320	628,125	30,826	34,064
Excise	1,077,000	401,435	418,550	21,720	25,570
Total Customs and Excise	2,730,000	1,017,755	1,046,675	52,546	59,634
Motor Duties	150,000	27,218	42,043	535	1,235
Broadcast Lic's.	41,000	11,200	11,500	2,400	2,100
Miscellaneous	165,000	114,438	61,917	557	2,884
Total	**6,797,500**	**2,091,515**	**2,124,798**	**104,454**	**115,638**
Ordinary Expenditure					
Debt Interest	600,000	322,966	291,661	66,944	56,110
Payments to N. Ireland Exch.	100,000	30,948	33,748	...	...
PO Fund — Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	3,947	3,891	16	138
Supply Services	5,611,650	1,868,743	2,015,931	101,900	96,100
Total	**6,323,650**	**2,226,604**	**2,345,231**	**168,860**	**152,348**
Sinking Funds	41,000	11,394	12,239	550	280
"Above-line" Surplus or Deficit		146,483	232,672	64,956	36,990
"Below-line" Net Expenditure*		232,184	87,305	67,421	8,275
Total Surplus or Deficit		378,667	319,977	132,377	45,265
Net *receipts from*:					
Tax Reserve Certificates		58,373	61,359	598	132
Savings Certificates		*– 8,800*	*– 1,000*	*– 1,400*	*– 100*
Defence Bonds		22,555	7,326	308	1,107
Premium Savings Bonds		16,350	12,900	400	400
Total		**88,478**	**80,585**	**—94**	**1,539**

* Net repayments of £10 million to the Civil Contingencies Fund in 1962–63 compared with net repayments of £5 million in 1961–62.

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 Aug. 19	3,290·0	1,732·5	316·8	1·5	5,340·7
1962 May 19	2,940·0	2,221·9	283·8	0·3	5,445·9
,, 26	2,950·0	2,258·8	229·3	...	5,438·1
June 2	2,960·0	2,299·9	230·7	1·5	5,492·1
,, 9	2,970·0	2,307·8	233·6	...	5,511·5
,, 16	2,980·0	2,314·5	287·2	0·8	5,582·5
,, 23	2,990·0	1,936·1	250·9	2·8	5,179·8
,, 30	2,990·0	2,013·4	264·2	2·3	5,269·8
July 7	2,990·0	1,980·0	230·3	6·3	5,206·6
,, 14	2,990·0	2,015·7	230·0	2·5	5,238·2
,, 21	2,980·0	2,018·0	218·4	2·0	5,218·4
,, 28	2,980·0	2,050·5	241·7	1·0	5,273·2
Aug. 4	2,980·0	2,012·5	227·3	...	5,219·9
,, 11	3,000·0	1,983·6	225·1	0·3	5,208·9
,, 18	3,000·0	2,009·3	240·1	5·5	5,254·9

THE MONEY MARKET

VIGOROUS use of Bank rate by the authorities in the days preceding the Treasury bill tender on Friday of last week persuaded the syndicate of discount houses to leave its bid unchanged at £99 1s. 1d. The outsiders raised their bids marginally and the average rate of discount fell by 0.49d. to 75s. 8.35d. per cent. At the same time, however, total applications for the unaltered bill offer of £230 million fell by £28 million to £368 million, and the discount market received a quota of 53 per cent—only one point below the previous week's allotment.

Money was fairly comfortable on Thursday and Friday of last week and although the rate for day-to-day loans opened at 3⅞ per cent it fell to the clearing banks' minimum of 2⅞ per cent by the afternoon on each of these days. Credit became more difficult on Saturday and the authorities helped the market by the special purchase of a fairly large number of bills on either side of the week-end. On Tuesday two or three houses were again forced to borrow a small amount at Bank rate. Credit was again short on Wednesday and the authorities gave a moderate amount of special help.

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	4	6 months	4–4⅛
Call money:		Fine trade bills:	
Clearing banks' minimum	2⅞	3 months	5½–6
		4 months	5½–6
Day-to-day	2⅞–3⅞	6 months	5¾–6½

NEW YORK

	%		%
Official Discount rate: (from 3½%, 11/8/60)	3	**Treasury bills:** August 13	2·867
		,, 20	2·837

BANK OF ENGLAND RETURNS

(£ million)	Aug. 23, 1961	Aug. 15, 1962	Aug. 22, 1962
Issue Department:*			
Notes in circulation	2,341·8	2,361·5	2,332·3
Notes in banking dept.	58·6	63·9	43·1
Govt. debt and securities*	2,398·7	2,424·0	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	0·5	0·3	0·3
Banking Department:			
Deposits:			
Public accounts	14·3	12·6	11·6
Special deposits	206·1	159·6	159·6
Bankers	249·4	242·4	227·2
Others	67·9	72·3	72·0
Total	537·7	486·8	470·4
Securities:			
Government	387·0	356·9	376·4
Discounts and advances	91·7	64·6	49·4
Other	18·1	18·9	19·0
Total	496·8	440·4	444·7
Banking department reserve	59·3	64·8	44·0
	%	%	%
"Proportion"	11·0	13·3	9·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue decreased by £50 million to £2,375 million on August, 22nd.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	91 Day: Average Rate of Allotment	91 Day: Allotted at Max. Rate *
	91 day		s. d.	%
1961 Aug. 18	250·0	379·6	134 1·83	61
1962 May 18	230·0	383·6	77 1·04	61
,, 25	230·0	398·4	76 3·81	47
June 1	240·0	417·3	75 7·98	43
,, 8	240·0	421·0	75 0·28	47
,, 15	240·0	423·5	74 4·01	40
,, 22	230·0	370·2	76 11·84	42
,, 29	230·0	365·3	78 5·03	45
July 6	230·0	405·4	78 0·63	49
,, 13	230·0†	404·5	77 9·32	23
,, 20	220·0	382·1	78 7·14	29
,, 27	220·0	387·6	77 8·89	54
Aug. 3	240·0	402·7	76 5·05	60
,, 10	230·0	396·1	75 8·84	54
,, 17	230·0	368·1	75 8·35	53

* On August 17th tenders for 91 day bills at £99 1s. 1d. secured 53 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 August 22	Market Rates: Spot August 16	August 17	August 18	August 20	August 21	August 22
United States $	2·78–2·82*	2·80 7/16–9/16	2·80 7/16–9/16	2·80 7/16–9/16	2·80 7/16–9/16	2·80 1/4–3/8	2·80 3/16–5/16
Canadian $	...	3·02 1/4–3/8	3·02 3/16–5/16	3·02 3/16–5/16	3·02 3/16–5/16	3·02–02 1/8	3·01 7/8–02
French Fr.	13·622–14·027	13·74 1/4–1/2	13·74 1/4–1/2	13·74 1/4–1/2	13·74–74 1/4	13·73–73 1/4	13·73 1/8–3/8
Swiss Fr.	11·94–12·54 7/8	12·11 3/4–12	12·11 7/8–12 1/8	12·11 7/8–12 1/8	12·11 3/4–12	12·11 1/4–1/2	12·11–11 1/4
Belgian Fr.	137·96–142·05	139·45–50	139·45–50	139·45–50	139·42 1/2–47 1/2	139·35–40	139·35–40
Dutch Gld.	9·98 3/4–10·28 1/2	10·11 1/8–3/8	10·10 3/4–11	10·10 3/4–11	10·11 1/8–3/8	10·10 3/8–5/8	10·10 3/8–5/8
W. Ger. D-Mk.	11·037–11·365	11·20 5/8–7/8	11·20 5/8–7/8	11·20 3/8–5/8	11·20 3/8–5/8	11·19 3/4–20	11·19 7/8–20 1/8
Portug. Esc.	...	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25	80·15–25
Italian Lire	1725–1775	1740 1/2–41	1740 1/4–3/4	1740 1/4–3/4	1740–40 1/2	1739–39 1/2	1739–39 1/2
Swedish Kr.	14·27 1/2–14·70	14·43 1/8–3/8	14·42 5/8–7/8	14·42 5/8–7/8	14·42 1/2–3/4	14·42 1/8–3/8	14·42 1/8–3/8
Danish Kr.	19·06 1/2–19·62	19·39 1/4–1/2	19·39 5/8–7/8	19·39 5/8–7/8	19·39 5/8–7/8	19·39–39 1/4	19·38 1/2–3/4
Norwegian Kr.	19·71–20·30 1/2	20·03 3/4–04	20·03 5/8–7/8	20·03 5/8–7/8	20·03 3/4–04	20·03 1/4–1/2	20·03 1/4–1/2
	* Official Limits	**One Month Forward Rates**					
United States $		1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	1/4–1/8c. pm	3/16–1/16c. pm
Canadian $		1/4–3/8c. dis	1/4–3/8c. dis	1/4–3/8c. dis	1/4–1/2c. dis	1/4–3/8c. dis	7/16–7/16c. dis
French Fr.		1 1/4–3/4c. pm	1 1/4–3/4c. pm	1 1/4–3/4c. pm	1 1/4–3/4c. pm	1–1/2c. pm	7/8–3/8c. pm
Swiss Fr.		2–1 1/2c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	2 1/8–1 5/8c. pm	2–1 1/2c. pm	1 3/4–1 1/4c. pm
Belgian Fr.		20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm	20–15c. pm
Dutch Gld.		2 5/8–2 3/8c. pm	2 5/8–2 3/8c. pm	2 5/8–2 3/8c. pm	2 3/4–2 1/2c. pm	2 3/8–2 1/8c. pm	3–2 3/4c. pm
W. German D-Mk.		1 7/8–1 3/8pf. pm	1 7/8–1 3/8pf. pm	1 7/8–1 3/8pf. pm	1 5/8–1 1/8pf. pm	1 1/2–1pf. pm	1 3/8–7/8pf. pm
		Three Months Forward Rates					
United States $		5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	5/8–1/2c. pm	9/16–7/16c. pm	1/2–3/8c. pm
Canadian $		7/8–1 1/16c. dis	13/16–1 1/16c. dis	13/16–1 1/16c. dis	15/16–1 3/16c. dis	7/8–1c. dis	15/16–1 1/16c. dis
Swiss Fr.		5 1/8–4 5/8c. pm	5 1/4–4 3/4c. pm	5 1/4–4 3/4c. pm	5 1/8–4 5/8c. pm	5–4 1/2c. pm	4 3/4–4 1/4c. pm
W. German D-Mk.		4 3/4–4 1/4pf. pm	4 5/8–4 1/8pf. pm	4 5/8–4 1/8pf. pm	4 3/8–3 7/8pf. pm	4 1/8–3 5/8pf. pm	3 7/8–3 3/4pf. pm
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/6 1/4	250/6 3/4	...	250/6 1/2	250/7 1/4	250/7
,, ($,, ,, ,,)		35·13	35·14	...	35·13 1/2	35·12	35·11 1/2

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	Aug. 4th
Manpower and Output	Aug. 11th	Industrial Profits	July 14th
OVERSEAS			
Western Europe	Aug. 18th	United States	July 21st

	Unit	1959 mid-June	1960 mid-June	1961 mid-June	1961 Aug. 8	1961 Aug. 15	1961 Aug. 22	1962 July 24	1962 July 31	1962 Aug. 7	1962 Aug. 14	1962 Aug. 21
WORLD PRICES												
Commodity Price Indicator:												
All items	1958=100	96·8	98·3	95·3	93·4	93·5	93·6	91·7	90·9	90·4	90·6	91·4
Food	"	95·8	93·0	93·0	89·8	90·1	90·0	89·0	87·9	87·2	87·3	88·7
Fibres	"	95·3	98·7	104·4	103·7	103·5	102·8	100·5	99·4	99·4	100·3	100·4
Metals	"	113·0	122·4	115·0	114·2	114·3	114·9	110·9	110·6	110·7	110·5	110·4

	Unit	Monthly averages 1959	1960	1961	1961 May	1961 June	1961 July	1962 March	1962 April	1962 May	1962 June	1962 July
BRITISH WHOLESALE PRICES												
Materials used in:												
All manufacturing industries	1954=100	101·7	101·8	100·6	101·5	100·7	100·6	101·6	101·6	100·9	100·2	100·3
Mechanical engineering	"	124·5	126·2	128·1	128·4	128·3	128·6	130·3	130·4	130·4	130·2	130·2
Electrical machinery	"	115·6	116·9	118·3	118·5	118·7	118·9	120·2	120·2	120·2	120·1	120·1
Construction	"	113·4	115·1	118·2	117·8	118·0	118·8	120·1	120·4	120·5	120·5	120·6
House building	"	111·0	114·0	118·0	117·6	117·8	118·6	119·6	120·1	120·2	120·1	120·2
Products of:												
All manufacturing industries	"	111·5	113·0	116·0	115·5	115·8	116·1	118·3	118·2	118·2	118·4	118·5
Chemicals and allied trades	"	106·6	106·0	105·1	105·5	105·2	104·7	105·1	104·9	104·7	104·4	104·4
Iron and steel	"	129·0	128·5	129·7	129·0	129·4	130·2	133·7	133·9	133·9	133·9	133·9
Textile industry	"	96·0	100·8	104·0	104·6	104·2	103·5	102·6	102·5	102·5	102·5	102·6
Food manufacturing	"	106·9	106·9	107·2	107·6	107·3	107·2	110·6	110·4	110·4	110·8	111·3
New construction (8)	"	113	114	117	117 (9)	...	117 (12)	121 (11)	...	122 (9)	...	...
Commodities:												
Cotton, raw	"	68·6	75·0	74·8	75·0	74·9	74·3	73·8	73·7	73·8	73·4	73·1
Wool, raw	"	76·6	76·3	76·2	80·5	79·4	77·8	77·7	78·7	78·0	77·9	77·9
Rubber, No. 1 RSS, one month future	"	148·1	158·0	122·8	131·1	124·2	123·4	118·3	116·3	116·2	111·3	111·4
Softwood, imported	"	95·4	104·9	107·3	107·1	106·9	107·0	104·0	104·1	103·9	103·8	103·8
Copper, ex-warehouse	"	95·6	99·0	92·3	97·5	95·1	92·4	94·4	94·2	94·2	94·2	94·2
Coal	"	135·4	137·4	144·9	142·5	142·5	142·5	151·5	151·5	150·4	150·4	150·5
General chemicals	"	106·7	105·0	103·9	104·0	103·8	103·7	102·5	102·3	101·7	101·7	101·7
UK RETAIL PRICES (10)												
All items (1)	Jan. 17, 1956=100	109·6	110·7	114·5	113·6	114·6	114·6	118·1	119·7	120·1	120·9	120·4
Food	"	108·2	107·4	109·1	109·5	111·4	110·7	111·7	115·2	115·9	117·8	...
All items	1938=100 (2)	273	276	285	283	285	285	294	298	298	301	300
Food	"	285	282	287	288	293	291	294	303	305	310	...
Housing	"	180	186	194	194	194	195	199	205	205	206	...
Clothing	"	268	271	276	275	275	276	278	281	284	285	...
Fuel and light	"	284	291	309	300	302	302	326	327	323	324	...
Household durable goods	"	300	300	305	304	305	305	313	310	310	310	...
Drink	"	261	256	274	257	258	265	282	282	282	282	...
Tobacco	"	428	444	467	449	454	455	491	491	491	491	...
Purchasing power of £ (based on all consumer spending)	1938=100	35·7	35·4	34·5	34·8	34·5	34·5	33·5	33·0	32·9	32·7	32·8
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	98	99	97	99	98	97	96	96	95	96	...
Food, drink and tobacco	"	98	97	94	96	95	92	94	96	94	96	...
Basic materials	"	93	96	95	97	96	97	92	92	91	91	...
Fuels	"	104	98	96	96	95	96	96	96	96	94	...
Manufactured goods	"	104	107	107	109	108	107	105	105	104	104	...
Export prices:												
All items	"	109	111	112	112	112	112	113	113	113	113	...
All manufactures	"	111	114	115	115	115	115	116	116	116	116	...
Metals	"	115	118	118	117	116	118	120	120	120	120	...
Engineering products	"	117	120	122	120	121	121	123	123	123	123	...
Textiles (excluding clothing)	"	98	102	106	107	108	105	107	107	106	106	...
Terms of trade:												
Ratio of import to export prices	"	90	89	86	88	88	86	85	85	84	85	...
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100	96·9	100·0	106·8	111·3	108·7	105·8	96·9	99·4	97·9	84·4	78·4
UK WAGES												
Normal weekly hours:												
All workers	Jan. 31, 1956=100	99·6	98·0	95·9	96·1	95·9	95·9	95·2	95·1	95·1	95·1	...
Weekly wage rates (3):												
All workers (3)	"	117·0	120·0	125·0	124·6	125·0	125·1	127·7	128·7	129·1	129·2	...
Men	"	116·8	119·7	124·6	124·2	124·6	124·6	127·3	128·3	128·6	128·7	...
Women	"	117·0	120·8	125·3	124·8	125·7	125·8	128·3	129·2	129·7	130·0	...
Juveniles (4)	"	119·0	123·2	130·3	129·8	130·6	130·8	133·5	134·5	135·0	135·2	...
All workers	Sept., 1939=100	304	312	325	324	325	325	332	334	336	336	...
Changes in weekly wage rates:												
Workers affected by increases	'000	392 (6)	927	648 (7)	918	1,118	799	847	1,986	1,468	447	...
Net increase in weekly wage bill (8)	£'000	104	359	339	337	424	181	390	630	487	122	...

(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. April figures are: Men, 1960: 282s. 1d.; 1961: 301s. 4d.; 1962: 312s. 10d. Women (full time), 1960: 145s. 0d.; 1961: 152s. 7d.; 1962: 157s. 2d. Youths (under 21), 1960: 123s. 1d.; 1961: 135s. 9d.; 1962: 141s. 3d. Girls (under 18), 1960: 93s. 1d.; 1961: 99s. 11d.; 1962: 104s. 6d. (6) 18,000 workers had a net decrease in wages over the year. (7) 25,000 workers had wage cuts in November, 1961, but over the whole of 1961 no worker had a net decrease. (8) Index of building costs. (9) Average for second quarter. (10) Using the revised retail price index based on January, 1962=100: July, 102·5. (11) Average for first quarter. (12) Average for third quarter.

APPOINTMENTS

COMMONWEALTH OF AUSTRALIA

Career Opportunities for

UNIVERSITY GRADUATES

Applications are invited for a number of positions in the

BUREAU OF CENSUS AND STATISTICS IN CANBERRA

TYPE OF WORK:
A comprehensive range of Australian official economic and social statistics is compiled and published by the Bureau. The following are positions for which applications are invited:

Senior Research Officer **£1761-£2101**
Investigation into estimating specific components of statistical series, including National Income and Balance of Payments. Analysis and interpretation of data for official statistics.

Research Officer Grade 2 **£1651-£1871**
Assistance in the specification, design and operation of statistical collections and analysis of data.

Research Officer Grade 1 **£1321-£1651**
Investigations concerned with the development of particular statistical series.

QUALIFICATIONS:
University degree in Economics, Statistics or Mathematics. Experience in statistical work would be an advantage.

CONDITIONS OF APPOINTMENT:
First-class fares paid for successful applicants and their families. Salary determined according to qualifications and experience will be paid from the date of embarkation. A superannuation scheme applies.
All salaries quoted in Australian currency.

APPLICATIONS:
Should be made on forms obtained from the Recruitment Officer, Personnel Branch, Office of the High Commissioner for Australia, Australia House, Strand, London, W.C.2, and returned by September 14th.

CITY OF LEEDS

LEEDS COLLEGE OF COMMERCE

Required as soon as possible: LECTURER in MANAGEMENT STUDIES. Candidates should possess a good degree; business experience is a recommendation. A special interest in applied economics and/or quantitative methods in the solution of business problems would be an advantage.

Application forms and further particulars may be obtained from the Principal, Leeds College of Commerce, 43 Woodhouse Lane, Leeds 2.

GEORGE TAYLOR
Chief Education Officer.
Education Department,
Calverley Street,
Leeds 1.

UNIVERSITY OF MELBOURNE

HEARN CHAIR OF LAW

Applications are invited for the above Chair. The salary will be £A4,400 per annum, and superannuation similar to F.S.S.U. in Great Britain will be provided.

Further information and conditions of appointment can 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 *October 31, 1962.*

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited from graduates for the post of Research Assistant in the Faculty, to assist in the collection of documents for publication, relating to English Economic History and other work in the field of economic history.

The appointment may be full-time or part-time and the salary will be, according to qualifications and experience, on scale £475 x £25 to £750.

Applications, naming not more than two referees, should be sent by 1st September, 1962, to the Clerk to the Faculty of Commerce and Social Science, The University, Edgbaston, Birmingham 15, from whom further particulars may be obtained.

THE ECONOMIST INTELLIGENCE UNIT

wishes to make further appointments to the staff of its Research Divisions. Candidates for these posts should have at least an upper second class degree preferably, but not necessarily, in economics or statistics, and should have had some experience in industry, finance, commerce or marketing; knowledge of foreign languages is an advantage.

Please send full particulars, including age, qualifications, experience and present salary, to "Research," 5 Bury Street, London, S.W.1.

BRITISH CELLOPHANE LIMITED
MARKET RESEARCH DEPARTMENT

Applications are invited from male Economics graduates in their early 20's for the post of Market Research Assistant.

The Company produces "Cellophane," polythene and other plastic films and field surveys are carried out into the existing and potential markets for these products.

The successful candidate (previous experience useful but not essential) should be capable of interviewing at all levels and of preparing concise reports on a wide range of topics.

Candidates must be prepared to live in the London area. A contributory pension scheme is operated and working conditions are excellent. Application forms can be obtained from the Personnel Officer, Bath Road, Bridgwater, Somerset.

LANCHESTER COLLEGE OF TECHNOLOGY, COVENTRY

Principal: A. J. Richmond, B.Sc.(Eng.), Ph.D., M.I.Mech.E.

Applications invited for following post, duties to commence as soon as possible.
DEPARTMENT OF MANAGEMENT AND BUSINESS STUDIES
Head of Department: W. F. Frank, B.Com., LL.B., M.Sc.(Econ.), Dr. jur., M.B.I.M.
ASSISTANT LECTURER GRADE B IN LAW
Candidates should preferably be University Graduates and/or have a professional qualification in Law.
The successful candidate will be expected to teach his subject in part-time courses leading to professional qualifications and in full-time courses leading to awards of Ordinary Degree level.
The Department is housed in new buildings occupied in 1960. There are good general facilities and encouragement is given to undertake research or consulting work. An outstanding feature of all Departments are many well supported post-graduate courses of lectures.
Salary: £770-£1,670 p.a., depending on age, experience, qualifications and training.
Further particulars and application forms (s.a.e. foolscap) from Vice-Principal, Lanchester College, Priory Street, Coventry, to whom applications should be submitted by September 1st.

P E P invites applications for the post of RESEARCH ASSISTANT for a study of Attitudes in British Industry. Applicants should be under 30 and have an appropriate degree. The work is likely to involve some background research and some interviewing. Salary according to experience.—Apply The Director, P E P, 16 Queen Anne's Gate, London, S.W.1, in writing.

THE METAL BOX COMPANY LIMITED

require a

NEWLY GRADUATED ECONOMIST OR ARTS MAN

to assist in economic and statistical work and to prepare and examine national and international production and trade statistics.

Apply to
Head of Staff Division
(Quoting Ref. I.S.X/4),
The Metal Box Company Limited
37, Baker Street, W.1.

LEADING firm of stockbrokers requires experienced INVESTMENT STATISTICIAN preferably, but not necessarily, with professional or academic qualifications. Good prospects and working conditions.—Write, giving details of age, qualifications, experience and previous employment, to Box TE. 858, c/o Hanway House, Clark's Place, E.C.2.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of ASSISTANT LECTURER in AGRICULTURAL ECONOMICS. The Salary scale is £900 to £1,050 per annum. Membership of F.S.S.U. and Children's Allowance Scheme. Applications should be sent not later than September 8, 1962, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF SOUTHAMPTON

Applications are invited for a Research Fellowship tenable in the Department of Economics for work on a project concerned with British overseas investment. Some research experience is essential and a knowledge of European languages would be an advantage. Salary according to age and experience within range £1,000-£1,250 per annum.
Applications, giving brief *curriculum vitae* and the names of two referees, should be sent to the Secretary and Registrar, The University, Southampton, before September 14, 1962.

ROTHMANS FELLOWSHIPS

Rothmans of Pall Mall (Australia) Limited have set up the Rothmans University Endowment Fund to encourage higher education and research for the benefit of the Australian national welfare.
The Trustees have agreed to establish Rothmans Fellowships at Senior and Junior levels to enable Fellows to undertake post-graduate work within a University or approved institution. The SENIOR FELLOWSHIP is of annual value of not more than £4,000 (Australian). The JUNIOR FELLOWSHIP is in two grades, the first of an annual value of from £1,000 to £1,250 (Australian), the second of an annual value of not more than £2,300 (Australian). At the discretion of the Trustees, a Fellow may be paid travelling expenses incurred in taking up the Fellowship and returning to his home.
In addition, an amount of £500 (Australian) per annum is available, at the discretion of the Trustees, to the University or institution where the Fellow is working for the payment of fees and expenses including the purchase and maintenance of equipment.
Preference in the award of the Fellowships will be given to those applicants who wish to work in an Australian University or institution and only in exceptional circumstances will an award be made in respect of work to be done elsewhere. Applicants must have had at least one year's post-graduate research experience.
Application forms and further details may be obtained from the Secretary, Rothmans University Endowment Fund, c/o University of Sydney, Sydney, Australia. Applications close on *October 15, 1962.*
H. G. McCREE,
Secretary,
Rothmans University Endowment Fund

ECONOMIC AFFAIRS REFERENCE SERVICE

CENTRAL OFFICE OF INFORMATION (ECONOMIC UNIT) requires an Information Officer (unestablished) to write reference information papers and provide factual briefing for overseas use on British and international affairs. Desirable qualifications are a university degree in economics or a related subject, research experience, and the ability to present factual information concisely and accurately. Familiarity with technological matters would be an asset. Candidates may be asked to produce examples of written work. Salary £1,331-£1,547 p.a. Write, giving age, full details of experience and qualifications, to Manager (PE.1430), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

NATIONAL DAILY has vacancy for Qualified Statistician (man or woman) to collect and collate economic data and to help with share indices. Salary £750-£1,000.—Box 1652.

APPOINTMENT REQUIRED

SALES EXECUTIVE, 46, highly trained all aspects commerce, accustomed handling large sales force, recently engaged launch national product, seeks position where there is greater scope for his experience.—Box 1651.

BUSINESS AND PERSONAL

WANTED: "The Times"; "Palmer's" and "Official Index to The Times"; early "Economist"; Trans. and Procs. of the Royal Society; Journal of the Roy. Statistical Soc.; "Annual Register"; "English Catalogue of Books"; "British National Bibliography"; and almost any learned and scientific periodicals.—H. Pordes, 138 New Cavendish Street, London, W.1. MUSeum 5250.

OFFICE FACILITIES IN IRELAND: Telephone-answering and secretarial service offered by professional man, Co. Dublin. Efficiency and integrity guaranteed.—Box 1650.

DIRECTORS needing able office staff (m. and f.)—Consult Stella Fisher Bureau, 436 Strand, W.C.2. TEMple Bar 6644.

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

DECEMBER 1962 EXAMINATIONS

The next Intermediate and Final Examinations will be held at the usual Home and Overseas Centres on December 3, 4 and 5, 1962. Applications on Form C (obtainable on receipt of self-addressed gummed label) should be lodged with the undersigned as soon as possible, and in any case not later than September 10th for Overseas and October 10th for Home candidates. *No late entries will be accepted.*

DEREK DU PRE,
Secretary.
63 Portland Place,
London, W.1.

EDUCATION AND COURSES

HIGHER NATIONAL DIPLOMA IN BUSINESS STUDIES

B.Sc. (ECON.); B.A. (GENERAL) LONDON

Full-time courses commence September 24, 1962.

Details and application forms from the Registrar, Kingston College of Technology, Penrhyn Road, Kingston-upon-Thames, Surrey.

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., 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17,

WOLSEY HALL OXFORD

BOYS' and GIRLS' BOARDING SCHOOLS. Common Entrance and G.C.E. examination successes. Children's seaside holidays without parents.—The Broombank Group, Selsey-on-Sea, Chichester, Sussex.

B.Sc. (ECON.)

LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

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 at 30 Queen Victoria Street, London, E.C.4. Established 1910.

✻ You can take SECURITY for granted... with the

TEMPERANCE PERMANENT

- *Shares & Deposits are Trustee Investments*
- *No Capital depreciation*
- *Withdrawals paid promptly*
- *Income Tax paid by the Society*

✻ INVESTMENT SHARES $3\frac{3}{4}\%$ | SAVINGS ACCOUNTS $4\frac{1}{4}\%$

Send for full details and Investment brochure Ref. R. 6

TEMPERANCE PERMANENT BUILDING SOCIETY

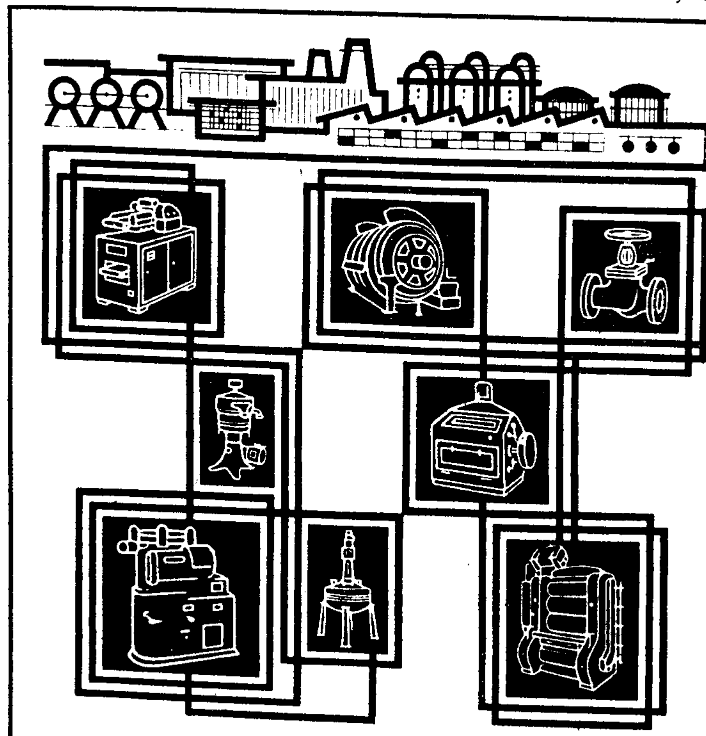
(Member of the Building Societies Association)

223-227 REGENT STREET, LONDON, W.1.
Phone: REGent 7282
Branches throughout the country

The Importance of Good Counselling

The present trend of moderation in the phenomenal growth of the Japanese economy is attributed to the Government's policy of controlled capital investments. In portfolio management, proper counselling is just as important, if not more so, during this period of readjustment. Nikko ... adviser to the U.S. Japan Fund ... offers you complete data on Japanese stocks gained through experience and comprehensive research. Your nearest Nikko office will be pleased to give you up-to-date market information.

The Nikkō Securities Co., Ltd.
New Marunouchi Bldg., Tokyo, Japan
Telex: TK 2410 Cable Address: NIKOSE TOKYO
New York Branch: 1 Chase Manhattan Plaza, New York 5, N.Y. Teletype: NY 1-2759U



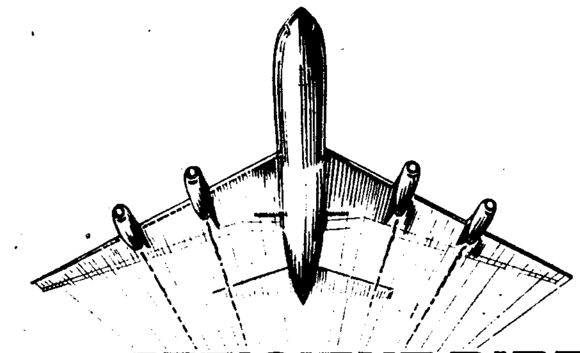
PLANT FOR CHEMICALS AND CONSUMABLES

For more than ten years now we have exported to over 55 countries: packaging machines and plant, cooling and refrigeration equipment, cold storage installation, air conditioners and fittings for many branches of industry.

At the Leipzig Autumn Fair, 1962, our stand will be in Halle 6 in the Technische Messe.

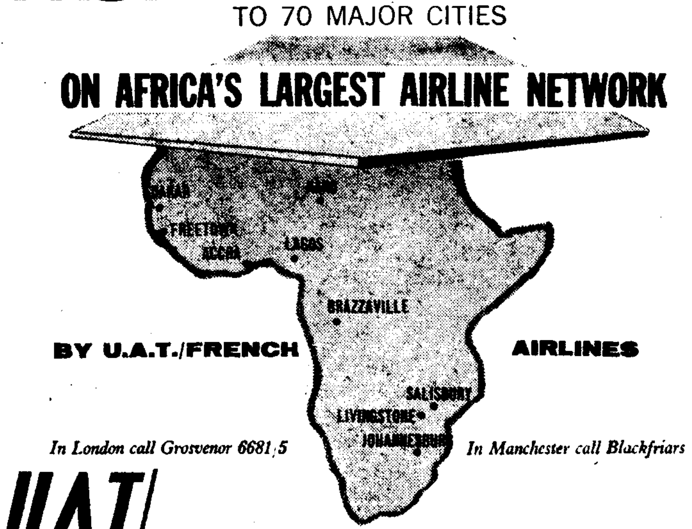
On display will be a selection of cooling equipment. Our staff will welcome visitors to the stand to discuss these products and also the work of all other divisions of our export programme.

CHEMIEAUSRÜSTUNGEN
Deutscher Innen- und Aussenhandel
Berlin W 8, Mohrenstrasse 53/54
GERMAN DEMOCRATIC REPUBLIC



FAST EFFICIENT DIRECT
TO 70 MAJOR CITIES

ON AFRICA'S LARGEST AIRLINE NETWORK



BY U.A.T./FRENCH AIRLINES

In London call Grosvenor 6681/5 *In Manchester call Blackfriars 7891/2*

UAT
FRENCH AIRLINES 9 & 10a Berkeley Street, London, W.1 • 32 Deansgate, Manchester 3

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

NOMURA

THE ECONOMIC MIRROR

What single factor reflects, most completely, the economic picture of Japan? The Japanese stock market. And what is the picture now? After some fluctuation, the market looks good for investors who are interested in growth stocks.

The basic policy of Nomura Securities is that investments are a type of savings. That is why we have always recommended long term growth stock to our clients. We can't say that investing in Japan is the direct road to wealth. And we can't promise certain results from all investments. But we can promise that the data which we give you about investing are complete and factual.

We place research above everything else when we consider the economic situation in Japan. May we help you with your investments?

Write to Nomura Securities for timely information on the Japanese economy which is backed by facts ... through research.

THE NOMURA SECURITIES CO., LTD.

Head Office: Nihonbashi, Chuo-ku, Tokyo, Japan
Cable Address: NOMURASHIN, TOKYO
U.S. Offices: 61 Broadway, New York 6, N.Y., U.S.A.
This is neither an offer nor a solicitation of orders for any particular securities.

Registered as a N... as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press, Ltd., London, E.C.4. Published by The Economist ...t 22 Ryder Street, London, S.W.1. Telephone: Whitehall 1511. Postage on this issue: UK 4½d.; Overseas 4½d.