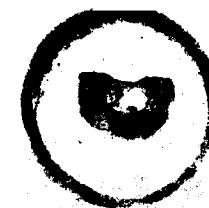


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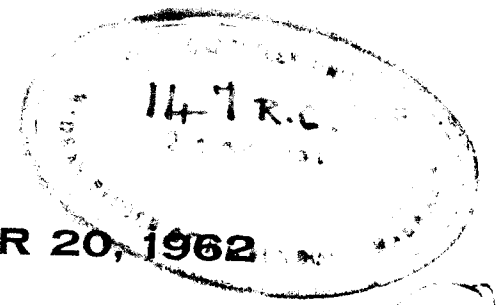
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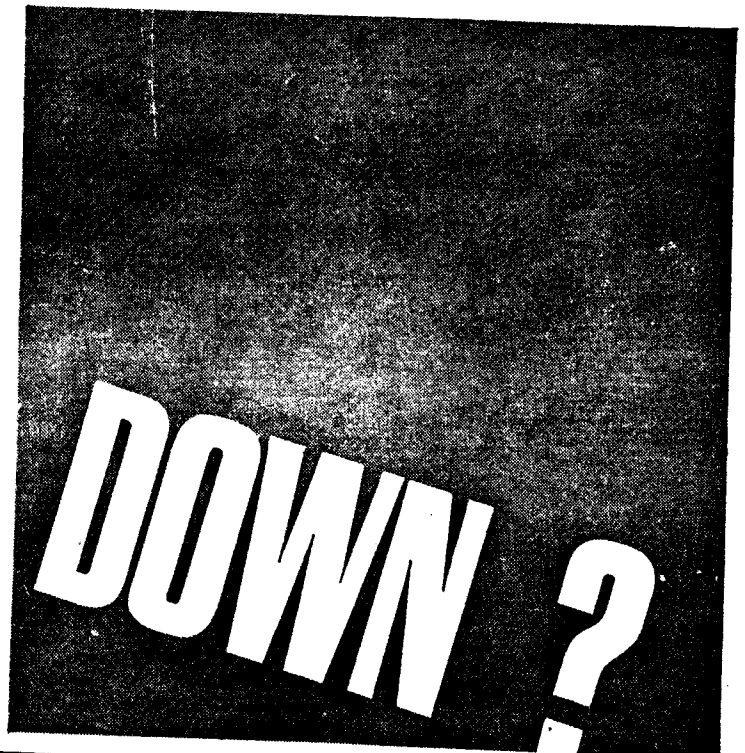


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THE ECONOMIES:

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No Afro-Asians

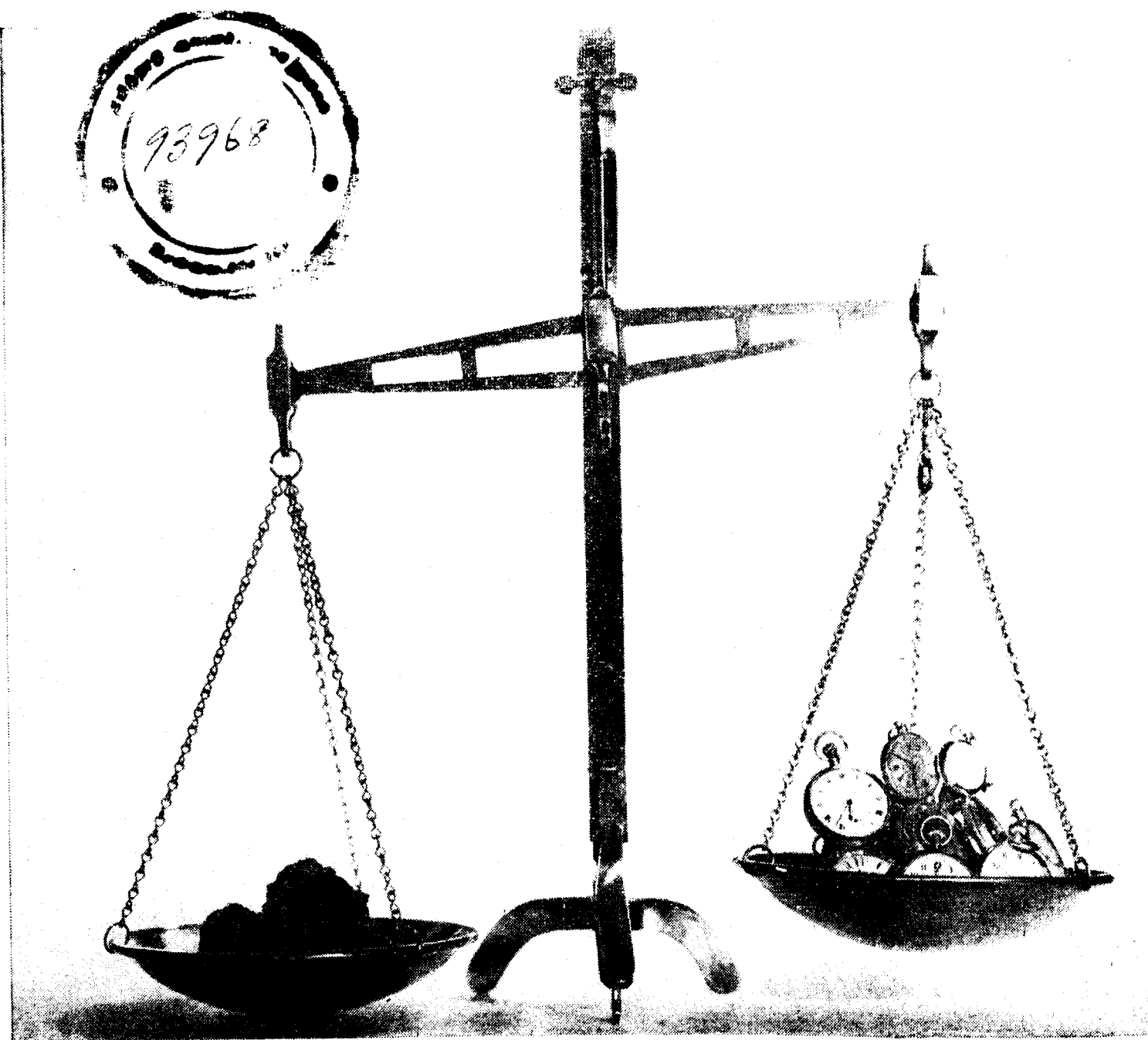
Consult the People? By what means should the common market issue be taken to the country?

Cities and the Car: Motor Survey pages 261-280

The Economist . 22 Ryder Street . St. James's . London . S.W.1.

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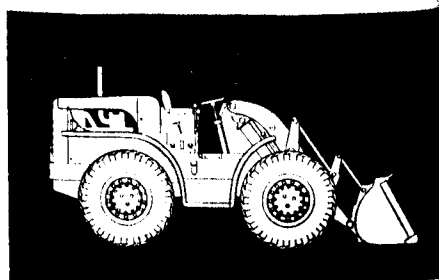
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The Economist this Week October 20, 1962

HOME

MONEY TALKS . . .

World deflation is an unpleasant possibility. Will the western economic managers recognise it as soon as it appears; and will they dislike it enough to stop it? (p. 283).

- The National Economic Development Council's first published thoughts are hopeful, but may not mean much yet in real terms (pp. 216 and 284).
- Exports are no longer rising, but imports now are (p. 290).

The reform of local authority finance will centre on Exchequer borrowings: a correspondent suggests an alternative approach (p. 285).

Tourism is Britain's seventh largest export

earner, and no mean spinner of native cash, either: with a little self-improvement, it could do better still (p. 214).

Choosing the decimal unit: first round to the pound (p. 299).

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The demands now being made in Britain for the mounting of a referendum—or a general election—on the issue of the entry into Europe should be treated seriously—and then rejected (p. 211).

Public opinion on the party conferences has been less favourable than the parties hoped—and perhaps expected—it would be (p. 216).

All three parties are hanging on the results of the five pending by-elections, which may be a better pointer than usual to the outcome

of any imminent general election—and one particular result may make all the difference to its imminence (p. 216).

More readers' thinking on the common market (p. 224).

MAN PROPOSES . . .

Dr Beeching may be planning to sap the railwaymen's wrath with pay rises, instead of using the extra money to ease the lot of the redundant men they are angry about (p. 218).

Mr Gaitskell's new posture on the common

INTERNATIONAL

AFRO-ASIAN DISUNITY

At the United Nations:

The Afro-Asian block is often pictured as a massive monolith, single-mindedly bent on attacking European interests. On closer look, this image falls apart (p. 209).

On Home Ground:

Ripples from Yemen's revolution wash against Arabia's ramshackle edifice of kingdoms, sheikhdoms and British proconsuls (p. 212).

Under a banner of anti-Nasserism, Syria's leaders are trying out their own version of democracy (p. 243).

Mr Nehru is responding to Chinese infiltration across India's frontier with Churchillian talk and disclaimers of Churchillian action (p. 237).

China, meanwhile, is working to isolate India from its Himalayan neighbours (p. 217).

Sir Hugh Foot's resignation brings home the

British Government's dilemma in Southern Rhodesia (p. 218).

Mr Tshombe goes on stalling (p. 218).

Was it wise of Britain to sell Buccaneer aircraft to South Africa? (p. 217).

EUROPE'S BATTLEFIELDS

General de Gaulle's political campaign has the professional gloss of a military training (p. 238).

Dr Adenauer's journey to Washington is a chance for the dogged Chancellor to show that anything his juniors can do, he can do too (p. 237).

Mr Khrushchev still procrastinates over his peace treaty with east Germany, but his terms do not get any better for the West (p. 217).

Flemings and Walloons in Belgium persist in finding it hard to coexist (p. 220).

The floods in Catalonia took a greater toll in human lives than in human property (p. 241).

market fence has led him to press for more on behalf of the Commonwealth than the Commonwealth needs—or perhaps wants (p. 223).

An advisory council has turned down a scheme for training young offenders without locking them up (p. 223).

Matchmakers play the numbers game (p. 299).

WHO DISPOSES?

There is a pressing need for some overall regional control in the wastelands of the Liverpool-Manchester complex: both authorities are trying hard (p. 255).

The task set to Selwyn Lloyd—to report on the Conservative Party's organisation—may be less harmless to the party than the party thinks (p. 220).

The arts were better cared for in Britain this year: but the provinces have done less well than London (p. 260).

CITIES NEED RELIEF

The Economist Motor Survey, 1962

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AMERICA'S CAMPAIGN

This year's gubernatorial contest in New York may be a dress rehearsal for the presidential election in 1964 (p. 245).

In Illinois, President Kennedy has to campaign against a Republican Senator who has been helpful to him (p. 246).

Unemployment shows no sign of ceasing to be a long-term problem (p. 248).

Mr Khrushchev is taking part in this year's election (p. 246).

PREVENTING THE WAR

Two new books on the nuclear arms race suggest a proposition that might, just might, help to keep the peace (p. 229).

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Detecting the drag

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

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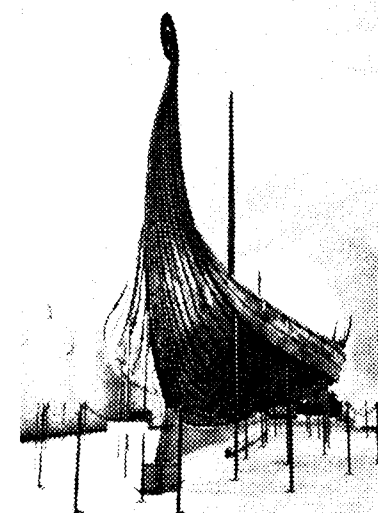
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THE CITY OF STEEL SELLS TO NORWAY



The Oseberg Viking ship, Bygdøy, 9th century A.D.



CALL FOR STEEL Looking like a giant hair-dryer, this new phone booth at Stavanger houses telephone equipment manufactured by Standard Telefon A.S. This company also makes deep-freezers and refrigerators and uses sheet steel from The Steel Company of Wales.

Norway, in area the fifth largest country in Europe, has a population of 3,601,000 almost equally divided between urban and rural areas. At least 4/5ths of the country is more than 500 ft. above sea level. The economic development of the country is rapidly progressing. Living standards are among the highest in the world and in the last four years wages have increased by 20%.

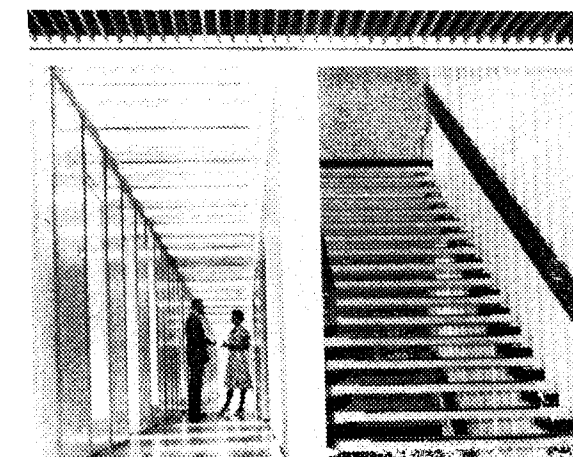
There is full employment in Norway and by far the largest groups are those working in industry and mining (25%), agriculture (17.2%) and commerce (10.8%).

In order to maintain her living standard Norway needs to participate in foreign trade. In 1959 her total imports and exports amounted to approximately £212 per inhabitant. Only eight other countries in the world were ahead.

The Steel Company of Wales exports sheet steel and tinplate to Norway for her industries. Last year the total world exports from 'The City of Steel,' the Company's vast steelworks at Port Talbot, amounted to £34 million. This included 54.7% of Britain's sheet steel and 72.8% of her tinplate exports, and these figures were achieved in the face of heavy competition.



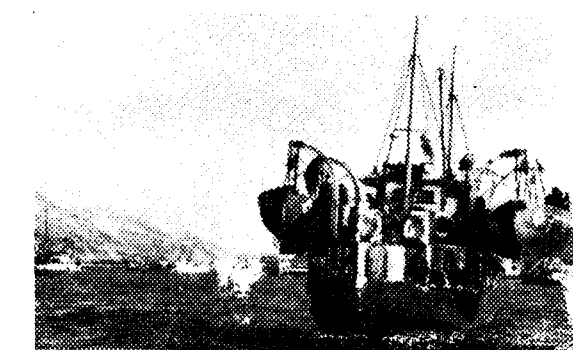
Visitors gaze at the Henrik Sørensen theme-mural in Oslo City Hall.



BRIGHTER OFFICES—WITH STEEL The steel partition walls in this building of the firm of Gustaf Aspelin Co. at Alnabru were supplied by Hovik Verk., a customer of The Steel Company of Wales.

OSLO GOES UNDER ▶

Like most world capitals Oslo has traffic problems. Here is Karl Johans Gt. in the city centre. By 1964 a new underground railway will be in operation, relieving the city's congestion. Passenger coaches are now being made by Stromens Verkstad, using sheet steel imported from The Steel Company of Wales.



NORWAY'S MARITIME WEALTH The catch from these fishing vessels will go to one of the Norwegian fish canners, many of whom are users of tinplate from The Steel Company of Wales.



Steel for the World from Wales

THE STEEL COMPANY OF WALES LIMITED



Why Kofi Asare moved house

Kofi Asare grew up in the quiet Ghanaian fishing village of Tema; going out in the boat every day with his father and brothers. Until two years ago he lived in a reed hut—like the rest of the villagers. But today, Kofi is a man with a promising future! With the building of the new £27,000,000 harbour at Tema (Africa's largest man-made port) his whole way of life has changed. Kofi now lives in a house in the new township of 40,000 people, and works as a leading hand on one of the modern fishing vessels operating out of Tema. His children attend a new primary school and his wife shops in modern

surroundings. Ghana's Tema harbour has brought a new standard of living to Kofi and to thousands of others like him.

Atlas Copco compressed air equipment and Sandvik Coromant drill steels and bits were used extensively in the construction of the harbour and its connecting roadways. Tema harbour is only one of the many large engineering projects in which Atlas Copco and Sandvik Coromant equipment have played an important role. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.

Atlas Copco puts compressed air to work for the world

SALES AND SERVICE IN OVER ONE HUNDRED COUNTRIES

The Economist

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No Afro-Asians

WHEN newly independent Uganda is admitted to membership of the United Nations, as it is expected to be next week, the total membership will rise to 110 states. Exactly half of them, 55, will be Asian and African states. The change that has affected the United Nations since it was set up in 1945 with only twelve Asian and African members out of a total of 51 founders is sweeping. A visitor to this year's Assembly session in New York has only to glance up at the presidential podium to see what looks like a neat bit of symbolism. In 1960 it was Mr Boland of Ireland who sat high above the ranks of delegates, and he was flanked by Mr Hammarskjöld and Mr Andrew Cordier of the secretariat: two Europeans and an American. Today, it is Zafrulla Khan who presides, flanked by U Thant and Mr Narasimhan: a Pakistani, a Burmese and an Indian. And the only other serious contender for the presidency this year was a Ceylonese.

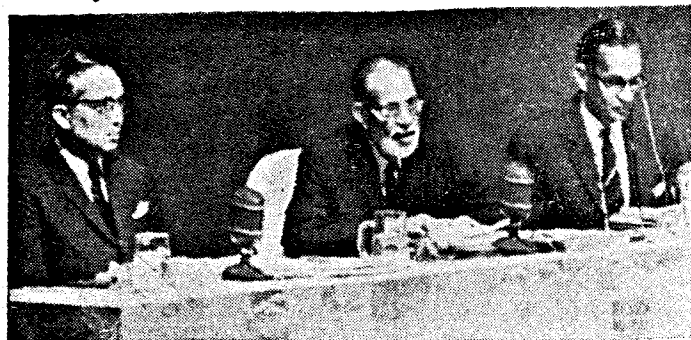
Asia and Africa have not attained a representation in the UN Assembly to match their predominant share, about two-thirds, in the world's total population. There is no possibility of the Assembly's Afro-Asian members ramming through a decision in the teeth of other members' solid opposition; for an Assembly resolution on any matter of substance requires a two-to-one vote in favour. The west European and American countries command forty votes, and could block any move that made them feel they must close ranks, even if it was being pushed by the Soviet block as well as by the entire Afro-Asian membership. Theoretically, the admission to the UN of another dozen emerging African states could bring it within sight of an automatic two-thirds majority in favour of any resolution solidly backed by the Asians and Africans and by the Russians. But in practice there has never been a line-up on such a sharply defined basis, and there is not likely to be. This is the significant point, and one too often overlooked by everybody.

It is, in fact, rare to find all the Asian and African states taking up the same attitude to a contended issue, either in the United Nations or outside. When they do, they are not alone. For instance, the plenary resolution on Southern Rhodesia on October 12th, which asked Britain to secure the release of Mr Nkomo and the lifting of the ban on his Zapu party, was carried by 84 votes to 2 (Portugal and South Africa). Twenty west European and American countries voted for it. In the last Assembly a series of resolutions on African issues were carried by majorities of between 90 and 99; some of them had the support of almost all the European members.

The notion, reflected in some recent utterances by British ministers, that in these matters the Afro-Asians are often led by the nose by the Russians, is not borne out at all by the record. On the contrary, a recurring pattern in the Assembly in the last few years has been the firm rejection by the Afro-Asians of Soviet proposals which Moscow had taken some pains to tailor to provide the maximum appeal to anti-colonial feeling. Considering that it is one of Russia's persistent aims to appear as the true champion of all struggles for national liberation, it is remarkable how often it has seen its supposed protégés set its drafts aside in favour of their own. It is equally noteworthy how consistently the Afro-Asians have tailored their own texts with an eye to attracting support among the western countries, instead of seeking a head-on collision with them.

Even to speak thus of "the Afro-Asians" is liable to mean putting misleading

emphasis on their unity. Faced with a question like that of Portugal's African colonies, it is natural and easy for them to unite. It is the common experience of European domination that binds together peoples as diverse and remote from each other as Indonesians and West Africans. But Afro-Asian solidarity, being so largely a European creation, can thrive only in soil fertilised by European efforts to hold on to positions of domination and privilege. The diehards of southern Africa are now the main prop and stay of that solidarity; where would it be without them?



Platform symbols: U Thant, Zafrullah Khan, Mr Narasimhan

The common struggle for economic development might be assumed to give all Asia and Africa a basic unity, regardless of political orientations. In practice, brotherhood in poverty is a fragile bond. Naturally Asians and Africans, with Latin Americans and others, are joined in pressing at the United Nations and other diplomatic centres for more generous economic aid from the advanced countries, for stabler commodity prices, for better terms for their own exports. But they are rivals as much as comrades in these struggles. It is perhaps here that their achievements of solidarity in the UN are most artificial in character, for the Assembly and the UN's economic organs are well suited to the airing of common grievances, while the silent in-fighting about the distribution of such concessions and aid as are available goes on elsewhere. According to each underdeveloped country's individual circumstances, its needs and hopes of succour from advanced nations may lead it to adopt a political posture best calculated to bring it economic advantages. The common urge can have strongly divisive effects.

There is much else that divides. It is too often assumed that the Asian and African countries can be simply classified according to their military links. At one extreme, the West's allies and associates in defence agreements: Turkey, Persia, Pakistan, Siam, the Philippines, Formosa-China, Japan, South Korea; at the other, communist Mongolia, China, North Korea, North Vietnam; between the two, the great mass of the "non-aligned," some of them shading penumbra towards one extreme or the other according to their degree of dependence on supplies of arms from Soviet or western sources, their readiness to provide bases on their soil, or their recourse to one great power or another for training missions or places at staff colleges. Another, and just as over-simple, approach has been to classify the Afro-Asians by their acceptance of economic aid from Russia, the West, or both. Neither formula does any justice to the kaleidoscopic variety of these countries' political positions.

One has only to look at the UN voting records to see how divided the Asian and African countries show themselves on issues that range from the Congo to the Chinese seat and the

financing of the organisation itself; how the lines of division change in each case, and sometimes change with time too. Similar divisions, less formalised but just as telling, emerge when Asian and African leaders forgather outside the UN—for example, at last year's Belgrade conference. They underline and explain the fact that the first Afro-Asian "summit" meeting, held at Bandung in 1955, has never been repeated, although Indonesia has long been canvassing a repetition.

The supposed Afro-Asian "block," so often pictured as a vast and menacing monolith, is in fact criss-crossed with rifts. As the number of new independent states has increased, the rifts have multiplied. Old leaderships have been challenged; new feuds have broken out. Quarrels among the Arab states have long been famous. The African estrangement between the "Casablanca" radicals and the "Monrovia" moderates is already familiar. Less commented upon, as yet, have been the simmering ill-will between India and Indonesia, and the ripples of speculation spreading through the African and Arab worlds as the appearance on stage of a newly sovereign and tough-minded Algeria portends the remaking of established patterns of influence.

A NUMBER of these alignments among the non-aligned have, in the past few days, revealed their interplay in an embarrassingly open fight for the seat on the UN Security Council that Egypt will vacate at the New Year. Precedent allots this seat to an Arab or Middle Eastern country, and Morocco was an early candidate for it, backed by the Casablanca group. As the only other Afro-Asian on the Council is Ghana, another Casablanca state, the Monrovia group would not accept Morocco; and, after a confused interlude during which Ethiopia and Mauritania offered their services, the Monrovia states found a more formidable candidate in Nigeria. The elections, which had been fixed for October 11th, had to be postponed to give time for private parleying.

But this delay, far from enabling the disputing factions to reach a compromise, yielded a third candidature, that of Persia. After two ballots, Morocco won the seat on Wednesday. These votes are secret, but the shifting line-ups clearly reflected not only the unhealed breach between Casabancans and Monroviens, but also divisions of opinion about how to meet emergent Africa's claims to more representation, about the proper balance between Africa and Asia, and about the changed status of the Arab group, which was the original nucleus of the greater Afro-Asian group in the UN. A further complicating factor was the established convention that the Council should always have one Commonwealth member, but not more than one: to put Nigeria in alongside Ghana would have breached this rule. Particularly significant was the fact that Persia's last-minute intervention showed that there was no simple rallying of "pro-western" ranks in order to keep Morocco out; when Persia was eliminated, most of its backers swung to Morocco.

Such an episode is worth noting for the light it sheds on the real nature and workings of the Afro-Asian group. The lesson that needs to be drawn is that Asia and Africa neither constitute a solid "anti-western" block nor do they, even in the private fights which show how little of a block they are, divide up neatly into pro-westerners and others. It is all a great deal more complicated than that—for them as well as for us.

Consult the People?

How cogent is the case for a referendum or a general election before Britain enters the European common market?

ANYBODY who joins in intelligent political discussion nowadays soon finds that there are many people who still feel in their bones that before Britain enters the European common market there ought to be some form of plebiscite, either by a general election or (as at least one of the country's leading political scientists has now flatly recommended) by a straight national referendum. Those who (like *The Economist*) are in favour of joining the market have a duty to engage in honest debate on this matter.

Honest debate can fairly begin by stating what most people will recognise as a constitutional fact, however undemocratic it may at first sound. Major political decisions in this country are generally taken when there is a balance of agreement among a majority of establishment opinion, of civil service opinion and of other informed opinion that it is time to move in a certain direction; and, indispensably, when the government of the day manages to persuade its own party supporters and Members of Parliament that the move is desirable. An intellectual oligarchy of this sort is very often resistant to change. That is why, in cases when establishment forces are standing fast against popular opinion in defence of the *status quo* (say, in supporting the continuance of public schools or of an economic policy based upon maintaining inequalities of income), radicals should constantly query whether "informed opinion" is really being mainly influenced by force of argument instead of by mere traditional prejudice. But when informed opinion has swung round to supporting so huge a change as British entry into the common market, the balance of prejudice can fairly be the other way round; there is then more ground for presuming that only a very strong force of argument can have pushed the staidest minds in the country into this remarkable new position.

This does not mean—fortunately it could not mean—that everybody should then abdicate from all opposition on the matter. But it does make it reasonable that governments should generally carry through the reforms which they and the balance of informed opinion believe to be advisable, and then go to the country only when the new policies carry with them the advantage of being already part of the new *status quo*. Many (perhaps most) progressive reforms in this country, from the abolition of hanging for sheep stealing to the adoption of the Keynesian economic policies of unbalanced budgets, have been made possible only because a majority of official opinion has led on just a little ahead of a majority of ballot-box opinion in this way.

Those who say that this analysis should not apply in the case of the common market usually base themselves on two arguments. First, they argue that joining the market would be a peculiarly irrevocable step; this does not seem to be a particularly strong argument, since everybody knows that Mr Gaitskell is at present deciding whether he thinks it will be to his party's and the country's advantage to state specifically that a Labour government would in fact revoke it. Secondly, the critics say that while the Government and establishment opinion may seem to have been converted to support of the

common market by a gale of change, it is plainly standing fast against the novel device of a referendum mainly because of prejudice and tradition. With the spread of education, the critics may claim, informed opinion should now be regarded as being much more nearly nation-wide; and in these new circumstances referenda may have become a respectable instrument of national policy-making. There is, frankly, a certain attraction for modern radicals in this argument. But it is necessary to consider how far the argument is real, and how far specious.

GENERALLY, four arguments are advanced against referenda. First, it is said that they are not a traditional part of the British constitution; this is a very poor argument indeed, since in constitutional as in other matters change should often be welcome and innovation acclaimed. Secondly, it is sometimes said that the result of a referendum could depend on the exact way in which the question at issue was phrased. This is not a strong argument in the present case, since everybody would know in his heart what he was really voting about.

Thirdly, there is the argument—stated, among others, by Dicey—that a referendum is a device for transferring "the government of the country from the rule of intelligence to the rule of ignorance"; this is, largely, the argument that has just been discussed above. It may have lost some of its force in modern conditions, but radicals should note that referenda are still generally devices which support reaction (witness the Swiss, who rule themselves largely by referenda, and still refuse women the vote). Again, left wingers should note that Labour governments who ruled over a Britain where referenda had become fashionable might conceivably never be allowed to nationalise anything again.

This leads, fourthly, to the most cogent argument of all against referenda. A referendum is, in essence, a device for keeping a government in power but not allowing its members to follow the policy which they feel convinced is right. It would be as absurd in present circumstances to keep Conservative ministers in office and tell them that they must not go into Europe, as it would be to put a Gaitskell government into office and tell it by referendum that it must go into Europe. Rule by referenda would be a device for ensuring that the government of Britain would have to be undertaken by time-servers, instead of by men who will resolutely express their opinions and try to put them into effect.

The Economist, for one, feels his fourth argument against a referendum to be overwhelming. One is left, then, with a general election as the only logical way in which a national vote can be taken. Since an election is bound to be held within two years anyway, the real question now is whether it should be morally obligatory for it to be held before ratification of the Treaty of Rome, as the Opposition demands, or whether it could take place after ratification if the Government so desires. There are two arguments against dictating to the Government on this matter. One of them has already been

mentioned already: as part of the normal political process, as part of the normal mechanism for ensuring that governments can sometimes implement policies of change which they believe will be more popular in the long term than in the short, it should normally be the right of a Prime Minister to decide when in any five-year period a general election should be held. A Government in office is inevitably more likely to pile up resentments against itself than an Opposition which is basking in a pleasant lack of responsibility; the right to decide the timing of an election is a legitimate right to redress this imbalance, and to give governments the elbow room in which to govern instead of constantly to electioneer.

Secondly, any early general election, even if nominally fought on the issue of the common market, would not really be fought on that issue alone. Until recently, at least, it seemed most likely that in any early general election Labour might win something close to the 44 per cent of the popular vote which it marked up last time; the other 56 per cent or so would presumably go overwhelmingly to the two parties who are in favour of the common market, the Conservatives and the Liberals. But, as the Liberals might well take around 15 per cent of the vote, a Labour government might then be returned to power—although it had nominally lost the plebiscite on the market issue by over five to four. The fact that many of those who had voted for the two pro-market parties might in their hearts be against the market, while many who had voted for Labour might in their hearts be in favour of it, would not make this sort of election-plebiscite more democratic; it would merely make it more absurd.

Arabia Felix

With the Yemeni revolution, all Arabia may have come to the end of a long sleep

UNTIL something is done about the lacework of British protected states that festoon the eastern and southern coasts of the Arabian peninsula, the Arab portrait of Britain is indelibly adorned with the horn and tails of an old-fashioned consul. The 11 sheikhdoms and sultanates on the Persian Gulf; the 25 states of the Aden Protectorate (11 of which have now formed the South Arabian Federation) share a feudal outlook and the benefit of British "advice." The states blessed with oil (Kuwait, Qatar, Bahrain, Abu Dhabi and, maybe, the Qaiti sultanate in the Eastern Aden protectorate) are much too rich, in fact or in prospect, for their own safety; those without oil scrape the sand and British subsidies for an exiguous living. Tidy-minded people who groped towards a more contemporary, and permanent, decor for this messy frieze of principalities found their visions bumped down to earth by the uninviting and uninspiring gloom of the setting. Dreams of federation, union or any sort of general tidying-up were cut short by the thunderous pre-condition: major changes in the Arab peninsula, and, in particular, Britain's own retirement, had to wait upon the emergence of more enlightened and, in a modern context, more durable forms of government in Saudi Arabia and Yemen.

Unexpectedly, it is Yemen that has opened the first crack

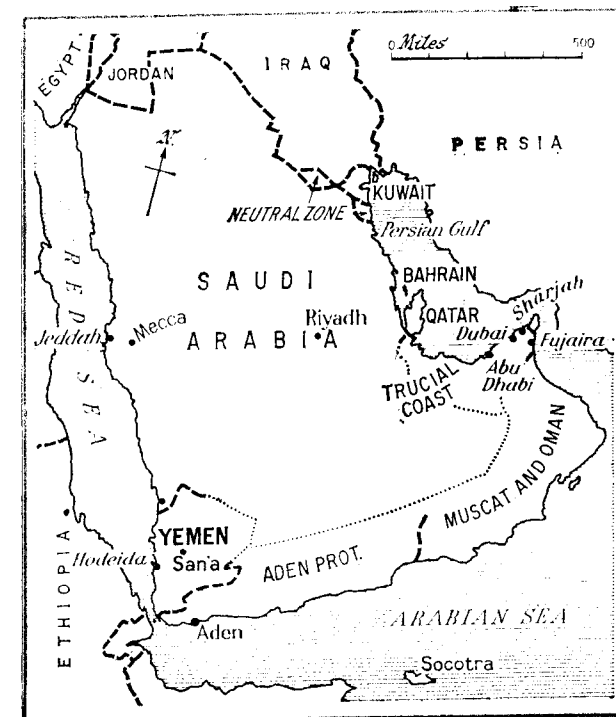
The right course, therefore, is surely to abide by the normal British constitutional practice, interpreted and swayed—as it inevitably and properly tends to be—by the wiles of leading politicians and by the pressure of events upon them. Once again the present indications suggest that those who say that this traditional system usually works in the end may be going to have the last laugh over those who reject it. One way in which Mr Gaitskell might force an early general election might be by saying that a Labour government would repudiate any Conservative signature on the Treaty of Rome. He is hesitating to do this at the moment, because he fears that it might cause a split in his own party. But that is a recognition of the obvious fact that a large number of people in the Labour party believe that the Government's policy on this issue is right; it is a perfectly proper democratic check. The Government, for its part, has always believed that there would in the end be a major swing in favour of the common market both by some of its own former rebels and by the country at large. It has been proved right in the first forecast, and there are increasing signs it may be going to be proved right in the second; if so, it may be able to hold and win an election earlier than it had previously dared to hope. In that event, it will deserve its victory. If this does not happen, if at no time before the end of this Parliament can the Government persuade the electorate that it has served it well, by its common market policies or by the sum of its other policies, then it will in due course be thrown from power. That is how democracy works; one cannot see why the historic issue of the common market should necessarily change its ground rules.

in what seemed a blind alley. Shrouded behind the heavily beaded curtains of its feudalism, Yemen had become to outsiders a joke kingdom of mediæval curiosities, seeming to offer little except a plunge into some of the nastier habits of the past. Now the new foreign minister, Mr Mohsin al Aini, has reminded a New York audience that Yemen was known to the ancients as "Arabia Felix." In antique days it was respected as the only part of the huge Arabian peninsula that was not a desert; he judged it necessary to tell his audience that his country was still largely green and fertile, sustaining six million people. Arabs still refer to it as "happy Yemen"; the revolutionaries have set out to strip the phrase of its irony.

How severe the hazards, how effective the counter-revolution itself, how material the aid or opposition coming from outside are still altogether speculative. Fighting goes on in the north and east of the country; the Zeidi tribes may still regard the Imam (but which one? The "dead" Imam now seems to have been on the wireless) as their ruling monarch as well as the spiritual head of their sect. The revolutionary government, under the prime minister, Brigadier Abdullah Sallal, has tended to play down the fighting as "skirmishes," although he accuses the counter-revolutionaries of getting help from King Saud in the north and from the Sharif of Beihan in the east. A louder war goes on over the Arab radios where Jordan and Egypt charge each other freely with supplying massive aid to, respectively, the revolution and the counter-revolution. But the notable fact is that this revolutionary

government, against the noisy background of shooting and transmitter battles, has, with resounding confidence, declared its intent to plunge into the modern whirlpool of planning and progress.

Whether these brave aspirations succeed or run into the sand, their echo is sure to rebound throughout Arabia. King Saud's decision, on Wednesday, to change his government, may have been precipitated by anxiety about Yemen. In Aden the repercussions have been loud and clear. Even when Yemen was still the dark imamate, there was a movement in Aden colony urging federation, and its supporters were not confined to the 80,000 Yemenis who work in Aden. The British decision to latch Aden on to the South Arabian



Federation gave the movement a lively shot in the arm. Moderate men turned disillusioned from what they sincerely believe to be British fast practice to look wanly at the possible alternatives offered by Yemen. Those alternatives have been made immensely more real and inviting by the revolution.

WITHIN three days of the revolution, photographs of Brigadier Sallal and of Dr Abdurahman Baidhani, his deputy, appeared miraculously all over Aden colony. They were peddled by small boys in the streets, used by cab-drivers on their windshields as stickers, produced from the pockets of waiters and lift-boys. Pictures claimed to be "exclusive" were offered at premium prices. The People's Socialist party (the political body of the Aden Trades Union Congress) which had been the mouthpiece for co-operation with Yemen, felt itself gloriously vindicated. Mr Abdullah Asnag, the president of the TUC, adopted the Yemeni revolution as his own. With the imamate out of the way, his aim is now clear-cut: the union of Aden colony and the Aden protectorates with Yemen, under the Yemeni flag.

The boisterous camaraderie with which the Yemeni revolution has been welcomed by Aden workers has not been echoed at Sana'a, the Yemeni capital. The Imams, whose foreign policies were uncomplicated and whose chief worries at home were self-survival, would steamily reiterate their claims to

Aden. Brigadier Sallal, who is concerned with transforming his country as well as with surviving himself, has spoken much more discreetly. When asked about his policy towards Aden by a British correspondent, he gave a meticulously correct reply:

We have to realise the fact that we have designed our revolution here within this area governed by the late Imam. Our intention for the time being is to develop this area and get it to stand up. . . . The aspirations of the people there in Aden are decisive.

Brigadier Sallal can afford to pitch his voice low. His revolutionary message will not be quarantined, even if he does not trumpet it. In Arabia, where tribal families wander back and forth across the largely undefined frontiers, no movement is isolated for long. The agitation that has been aroused in Saudi Arabia and in some of the Aden protectorates is intensified by the fear of regicidal ideas seeping through the tribes that live on both sides of the disputed frontiers with Yemen. The danger for King Saud is that this interaction at tribal level could, in time, work its way into his army, whose loyalty, like that of most Arab armies, is split between country and tribe.

But this is not how revolutions start, though it may be what helps them to succeed. Gusts of revolutionary infection will be bellowed out over Arabia not by the discreet brigadier but by Egypt, his less scrupulous, and less vulnerable, patron. Yemen's infant revolution has been lustily and joyously taken up by the old hands in Cairo. Certainly, Jordanian and Saudi Arabian propagandists have grossly exaggerated the amount of military aid that Egypt has already given the new government; on the other hand, there can be no doubt that Egypt will do what it can to ensure that the revolution survives in Yemen—and spreads throughout Arabia. Cairo has unearthed a pact signed by Egypt, Yemen and Saudi Arabia in April, 1956, at Jeddah which set up a joint command and committed the signatories to come to the aid of any one of them that was attacked. Saudi Arabia's part in this bond is being conveniently forgotten.

Whether or not Egypt finds it necessary to fulfil its carefully selected obligations under the Jeddah pact, Egyptian goods and technicians are arriving in Yemen as fast as Dakotas and frigates can carry them. There has been talk in Cairo of re-establishing the short and little blessed union between the two countries that was dissolved in 1961. Probably both parties would prefer to wait a time: Egypt in order to calculate the strength of the new regime; Brigadier Sallal, perhaps, to see whether he can manage without so much help—and interference. The Yemeni government has gratefully accepted the United Arab Republic's quick and unquestioning support; but there is no evidence that the young men at Sana'a want to abdicate any of their control over the exciting momentum of a new revolution.

Egypt's speed and vigour in taking up the Yemeni cause manoeuvred the other Arab republics into a quandary. Syria and Iraq, deeply involved in their own campaigns against President Nasser, recognised the new government only after considerable delay, and even then hedged their commitment with pious expressions of distaste for interference of any kind. Iraq, in particular, hesitated for ten days, during which pro-Yemeni demonstrations in Baghdad showed how awkward it was for any Arab republic to be caught lurking on the side of the "reactionary" kings.

Syrian, Jordanian, Saudi and other spokesmen persistently claim that President Nasser's influence in the Arab world has sunk to a nadir. The inevitability with which the young Yemeni revolutionaries recognised Nasser as their patron, though not their sponsor, shows how fallible this judgment is. Syria's experience has undoubtedly made all Arab politicians think twice about linking their countries tightly with Egypt; it has not prevented the rebels and potential rebels in all Arab countries from looking to Egypt for inspiration and succour. It was as natural for the dissident Saudi Arabian princes to set up their exile group in Cairo as it was for Mr Mohsin al Aini to make Cairo his first call after his sudden appointment as foreign minister.

Holidayland



Tourism in Britain pays off well for the national economy; but it could pay still better

THE tourist industry is Britain's seventh largest export earner, taking in £205 million last year; if the £93 million paid by foreign visitors in fares to British ships and aircraft is added on, tourism rises to fourth in the export league table below only machinery, vehicles and chemicals. In fact this country, according to the latest figures from the Organisation for Economic Co-operation and Development, earns more from its visitors than any other European country except Italy. For a small and damp island it is a pretty staggering success.

Is it likely to last? So far this year, the latest figures show that visitors from the United States have risen by 9 per cent (after a fall of 1 per cent in 1961) and those from Europe by 7 per cent. But the number of British holidaymakers going abroad is now rising faster still; their spending abroad exceeded foreign tourists' spending here by £21 million in 1961, and by £17 million in 1960. Even so, this deficit on tourism is little enough beside, say, the west German deficit of £140 million. Although Englishmen have always regarded themselves as lordly travellers, waited upon as of right by menial continentals, it is just as well for the Chancellor of the Exchequer that most Britons are home-bodies at heart. Of the 30 million who do actually take a holiday beyond their own back gardens each year, 26 million still scorn to set foot

If the light of a more modern world spreads over Arabia, it will be all to the good. But the flashes of light, especially if Cairo controls the lamp, will show up the anomalies, the anachronisms and the patchy attempts to bring them up to date. Brigadier Sallal has spoken civilly of Britain, although he naturally looks for recognition of his government and, more important, for a restraining hand on the agitated protectorates. But the flaws in the British Government's attempt to give security to the base at Aden by forcing through a federation that the majority of Adenis do not want are bound to be floodlit by the new ideas from Yemen. This need not be unhelpful; it was the calm which seemed to prevail before all this that was deceptive.

on foreign soil. A Channel bridge for the growing car ownership (nearly 50 per cent of British holidaymakers now travel by car) could, of course, change all that. Or could it?

Britain's hotels and boarding houses are still catering predominantly for a large and not particularly well-off home market, with an average holiday expenditure of £16 a head. By and large, except in London, the holiday trade contrives to segregate this market from that of the 1.8 million comparatively big spenders who come here annually from overseas. The Americans, who contribute a quarter (£48.4 million) of British tourism's foreign earnings, generally stick to a familiar, largely antiquarian and generally profitable round: they sleep in London, Edinburgh, Stratford, Glasgow and Oxford. The younger west Europeans who arrive here are distinctly poorer, and seldom show much inclination to penetrate north of the Thames valley. The bulk of the trade still comes from the Commonwealth (£89 million last year), chiefly families from the white dominions, Canadians predominating, often set on staying 3-4 months to look up relatives, with short trips to the continent increasingly *de rigueur*.

The biggest question facing the industry is how rapidly it can jack up its standards of service (the major complaint that foreigners lodge with their travel agents) and accommodation, and thus equip itself to meet increasing competition. More and more British people can be expected to go to Europe for at least part of their holidays; the North American globe-trotting trade (or at least the more lucrative parts of it) may be lured increasingly towards the exotic Far East. So far the economics of a local industry geared to two peak months (July and August) have left little scope for investment in the kind of improvements that Britain needs to hold its own.

The Board of Trade now subsidises the industry directly to the extent of £1.4 million a year. There is no financial help for hotel construction, except in Northern Ireland; and also no equivalent of the Swiss *kurtaxe* on visitors (although some people in Scotland would like one to raise capital for local improvement schemes, saying that at 6d. a night on each visitor to Scotland the levy would bring in £500,000 a year). The Government's money goes instead to meeting the greater part of the annual budget of the British Travel and Holidays Association. The BTHA itself is principally an overseas publicity organisation; and, despite the critics who say its sales line damages the image of British manufacturing industry, it knows perfectly well that the main assets it has to plug are history and scenery. Americans still flock to Britain's

"prettiest village" but not to Basildon new town. Antiquities are what many of Britain's new car families are after, too, so that with Stonehenge and the Tower already showing maximum throughput what is needed is more ancient monuments, not less emphasis on them by official publicity. (Thus the Ministry of Works believes that there are potentialities, if the right roads and hotels existed, in the monument-cluttered zone between York and Edinburgh.)

In its other job, that of trying to set British producers to rights, the BTHA has gone distinctly warily. Its predicament is obvious enough: if it really were, with much justification, to lambast British hotel service, menus and catering hours, it would get all its publicity where it least wants it. Its main hopes now seem to lie in encouraging the development of purposeful local associations to cajole the 1930s-oriented sectors of the industry into new life.

At long last the motel (variously defined) is beginning to sprout: there are now over 30 in Britain and the BTHA expects to see 20 more opened shortly. But the British motel is not on the classic, and cheap, early-American lines. For some time to come it looks as if the country hotel, with extra garage and parking space, will remain the most practicable arrangement for the new carriage trade; in many areas it is the only place where one can get anything to eat after 6 p.m. So far the boom in motorised holidays in the home market has chiefly helped the licensed hotel and the very primitive caravan site. It may be that as holiday spending goes up there will be a growing demand for better accommodation than the trailer camp: motels, particularly in the heavily-motorised West Country, should then come into their own. For the present, however, the best bet for new investment may be the motor hotel in good country within easy driving distance of the big urban centres, which has a chance to draw regular custom from the dowdy Victorian establishments in city centres, where trade already falls off ruinously at weekends. The pattern that one group is aiming at is to attract both the mid-week commercial trade and the better-off family weekenders.

The west end of London apart, the return on new hotel construction in British cities is still too small to attract developers. Britons without expense accounts (and often even more with them) are not yet prepared to pay for the room-with-bath accommodation that North American visitors take for granted: year-round home trade is thus not great enough to justify expanding peak-period export capacity. If there were more first-class hotel rooms at the height of summer, travel agents say, there might be a hope of filling more of those BOAC seats. In the countryside, too, the very short season is a major handicap; winter closure can make ends meet, but it means starting again each spring with a scratch staff—not the way to improve the quality of cooking or service. Small owners have too little capital to risk improvements like extra bathrooms. If the bottom ever fell out of coach tours (which has not happened yet, although a decline is visible) a number of smaller country hotels in the remoter districts would be in trouble. They need to spread ordinary bookings at each end of the summer, but here again some owners are unwilling to pay commission to travel agents who have the power to steer traffic their way. The result is that the agents stick to the established, and increasingly crowded, circuit.

The need for greater year-round occupancy of all rooms is a hoary problem. Until it is tackled, development like the Coventry venture (which went through sticky years subsidised by shop rents) is bound to stay stifled. American visitors, predominantly middle-aged, are now being attracted by off-season fares, but the home market of family holidays is still jammed into two months. Moving the August bank holiday from the beginning to the end of August is one only slightly plausible suggestion; the growing trend towards taking spring and autumn weeks off—as a supplement to the normal two-week summer holiday—should help; but the real solution depends on arranging a school year that takes rational account of the months when the sun actually shines.

In stark truth, Britain generally has too little sun and too little snow to make tourism an easy business. One small gleam in the north, however, is the emergence of the winter ski-ing trade in the Cairngorms, where investment in such aids as ski-lifts and a new road is bringing in a significant addition to the normal summer takings. Elsewhere, however, there is little enough to tempt the native, let alone the overseas, visitor. It may, however, become increasingly profitable to keep holiday camps (with indoor entertainments) open at Christmas-time, if only for the publicity this earns.

THE adaptation of the British tourist industry to modern society still has a long way to go. But, slowly, things are beginning to move. Multi-purpose holiday investment, as at Towyn on the Welsh coast, is starting up, on the principle that the people who are beginning to buy or rent their holiday chalets are going to want swimming pools, restaurants and children's playgrounds right on their doorstep. Local councils like Brighton's have grasped that the family car is upon them and will impose a new structure on the holiday trade. The most antiquated licensing laws (including Sunday observance in Scotland and Wales) are being improved. Even the casino-bingo movement may help to keep Britons contentedly on their own island when the Channel is bridged. But there are still other trends that need to be exploited. The growth of fully international spectator sports like football or motor racing could help some provincial centres (as arts festivals have helped others). New York actually imports European soccer teams for a summer tournament—why not Manchester or Sheffield? The small-boat craze is catching on: the next stage may be a rash of "boatels" in the warmer estuaries. But the family car will predominate. Catering for it will entail the designation and construction of scenic drives, particularly along the coast and in the north-west, with the appropriate camping sites and perhaps cheap, timber-built summer accommodation on the motel pattern. Local authorities and, better still, regional authorities should be thinking in terms of dividing the countryside between the car and the more sedentary holiday maker. The era of the seaside landlady is dying slowly; to replace her only a specialised and highly efficient holiday industry will do.

Appointments, Business and Personal notices, and other

Classified Advertisements: pages 303, 310 and 311

NOTES OF THE WEEK

AFTER LLANDUDNO

By Europe Alone?

BOTH the Liberal and Labour party conferences this year made a less favourable impact on outside public opinion than those who attended them originally expected. It may be that this will prove to be true of the Conservative conference as well. For the second year running the Conservative rank and file shone on the Thursday with a genuinely progressive glow; one has still not got over the strange exhilaration of seeing all those young Tory men (and an astonishing number of older Tory women) marching into the common market debate flaunting the one word "Yes" from their buttonholes. But this was the single pearl in Llandudno's oyster. In all other fields except Europe, minister after minister, from Mr Maudling downwards, sounded as if he was allowing himself to be much more impressed by the difficulties of his job than by its opportunities. Aside from the European adventure, there was no obvious sense of dynamism about this Government at Llandudno. One's main and most significant thought while watching Mr Macmillan on Saturday was how noticeably older he now is than any other mem-

ber of the cabinet ranged alongside him.

All three parties will be hanging breathlessly on the trend shown in the by-elections immediately ahead. The Tories feel confident that they have begun to recapture votes as a result of the common market issue, and certainly Labour is terrified that it has begun to lose them; that is why Mr Gunter and other Labour pro-marketters have begun another brave effort to pull Mr Gaitskell back away from his instinctive anti-Europeanism towards the depopulated fence. But the Government is in danger of forgetting that the by-elections will not be fought on the common market issue alone. They may also be fought in an atmosphere of mounting uneasiness about the possibility of world recession, and of complacency about Mr Maudling's apparent disinclination to start Britain re-expanding more quickly. And they will take place shortly after the announcement of a legislative programme in the Queen's Speech which—for all the promises about contracts of service and compulsory severance pay (reconfirmed by Mr Macmillan on Saturday)—looks like being quite ghastly dull.

there are signs that Mr Gaitskell may have scared some Tories back to their former fold. The Conservatives therefore exude a new-found confidence that the Government should hold all except Glasgow Woodside, and some Tories even assume that they might hold it. They may well be being too optimistic (they often are); but it is worth pointing out that if they are not—if by any chance the Tories should hold all five seats, including Woodside—then this cluster of by-elections could conceivably become really historic.

In order to win the next general election Labour must secure an average swing of 3.5 per cent across the country; it follows that Glasgow Woodside (swing needed 3.1 per cent) is one of the seats which Labour would normally expect to win on its way to even the narrowest of national majorities. The statisticians will say that an average Labour swing of 3.5 per cent would usually be compounded of below-average swings in seats (like Woodside) where Liberals fought last time, and of above-average swings where there were new Liberal appearances; but this is probably cancelled out by the belief that Scotland should be a better-than-average area for Labour just now. In very general terms, therefore, as Woodside goes next month, so might the country be expected to go in any immediate general election.

If the Tories should manage to hold it, together with the rest of the famous five, then—and probably only then—Mr Macmillan might conceivably wave away the chocks, take a quick look at some economists' forecasts of a world recession before the end of 1963, and roar off down the runway for an early "common market" general election.

THE ECONOMY

Don't Let Poor Neddy Starve

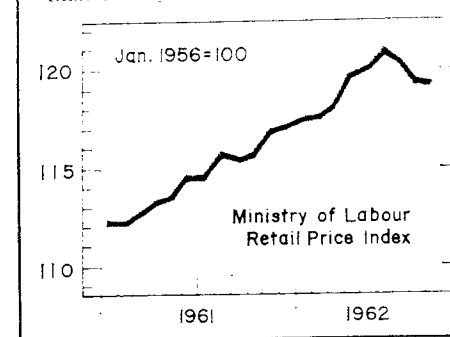
IT is still quite unclear how far the National Economic Development Council is going to succeed in making itself into a really effective national force. On Wednesday it tabled a paper setting out its guesses about how much might reasonably be expected to go respectively to consumption, investment, exports and government expenditure if Britain manages to increase its gross domestic product by 4 per cent a year between 1961 and 1966. The figures are discussed on page 284. They are fairly conventional guesses, not obviously different from those which many other economists might have suggested, impromptu, long ago. They are not necessarily any the worse for that.

So far—and quite rightly—all the work has been done by the "office" of full-time experts under Sir Robert Shone and Sir Donald MacDougall; the trade unionists and industrial leaders and other dignitaries on the council itself seem to have done little more than give a nod of approval to them. The "office" will now proceed to draw up recommendations for inclusion in Ned's end-year report about various new policies which it would favour on such matters as training more skilled workers, improving redundancy schemes, providing more incentives for exports and investment, and so on. At that stage, the trade union leaders and others on the council will presumably have more to say, probably often in the form of the one word "No". The danger is that Ned's proposals may then become no more than an interesting series of economic essays, with any ideas that are regarded as too contentious edited out of them.

But the real question underlying all this is whether those parts of Ned's plan that are agreed by the council, including the statistical paper published this week, are going to exert a real influence on the Government. Ned's programme for 4 per cent growth envisages that Britain's gross domestic product ought to increase by £1,150 million each year, in real terms, between 1961 and 1966. In the first year of the plan, between 1961 and 1962, it is already clear that gross domestic product

INFLATION HELD?

In the first half of this year food prices rose by nearly 7 per cent, but two-thirds of this increase was accounted for by seasonal increases, particularly exaggerated this year in the case of potatoes by shortage. Potato and vegetable prices have since come down and the general level of all retail prices (see chart) was lower in August than in any month since March.



will have risen by no more than about £400 million, if by that. The idea should therefore presumably be being burned into the Chancellor's consciousness that, if he is to make up this leeway and get back on target next year, the total of demand exerted upon British production ought to be some £1,900 million higher next year, during calendar 1963, than it has been during calendar 1962. So far, there is no sign that such an idea has even occurred to Mr Maudling in the policies which he has put in train.

BERLIN

Str-e-t-c-hing

ONCE again, for the umpteenth time in the four-year-old Berlin crisis, Mr Khrushchev has stretched yet another inch or two of elasticity out of his promise to sign a separate peace treaty with east Germany. It is quite true that, when he recently offered to put off his next move on Berlin until after the American elections on November 6th, he did not say that this next move would be the signing of the treaty. But that is how most people in Washington read his meaning; and the sheer cumulative force of all the repeated Russian talk of signing it "in the very near future" gave solidity to their fears. On Tuesday, however, he told Mr Kohler, the American ambassador in Moscow, that what he had in mind was more negotiations—which might include a meeting with Mr Kennedy (it might be at the United Nations Assembly in New York). The slogans adopted for next month's celebrations of the Russian revolution do not specify this year that action on the peace treaty must be "speedy." And, to rub home the point, the Polish leader, Mr Gomulka, touring east Germany, talked on Tuesday about the communist powers' patience on the subject. East Berlin papers, please copy.

If Mr Khrushchev is extending yet again the deadline he originally set for 1959, it may be a reflection of the failure of Rus-

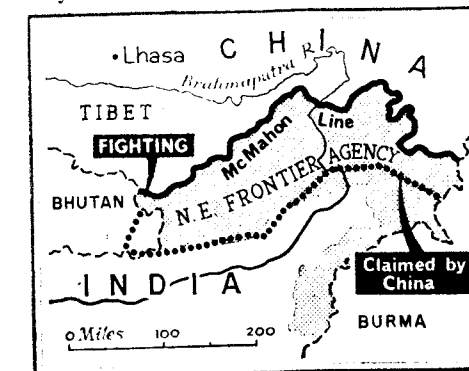
sian diplomacy to persuade any non-communist states to agree to attend a "peace" congress and sign such a treaty. But it must also mean that he sees the signing of the peace treaty as a very serious step indeed. For there is no evidence that the next round of negotiations is likely to get any nearer a solution than the last. The talk between Mr Gromyko and Mr Rusk in New York on October 6th confirmed that the Russians will not extend their blessings to the western garrison in Berlin in return for the creation of an international body to control the access routes to the city (the point of this international body being that it would give some measure of western recognition to the east German government). But the allies cannot raise the price they might offer, in terms of acknowledgment of the existence of east Germany, because west Germany will not let them. And the presence of the western garrison is quite simply and rightly not negotiable.

That Mr Khrushchev is now ready to plunge into this tangle again shows that the separate peace treaty with east Germany—if and when it ever comes—is likely to be no mere formality. One's guess is that it will not simply mean east Germans politely waving allied convoys down the road, instead of Russians. Herr Ulbricht is probably insisting that he must be allowed to rub home his sovereignty over the access routes on, and above, east German soil. If this is what a peace treaty means, the western powers, and west Germany in particular, ought to be prepared to go a bit further in negotiating before that elastic snaps in Moscow.

CHINA AND INDIA

Himalayan Isolation

PEKING's diplomacy, rarely brilliant, is currently attempting a flourish in the Himalayas. As the border dispute with India (discussed in an article on page 237) flares up into mountain warfare, the Chinese are trying to isolate India diplomatically from its Himalaya neighbours. The latest move came at the end of last week when a Pakistani delegation arrived in Peking to settle "the boundary between Sinkiang (China, that is) and the areas where defence is under Pakistan's control." Pakistan at first suggested that the talks should cover only the area outside Kashmir. However,



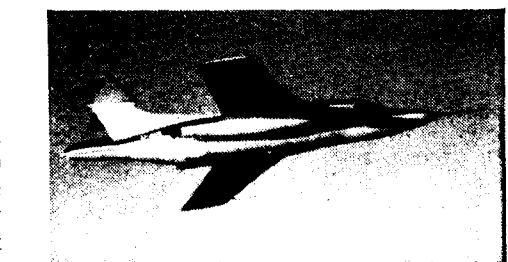
it seems that the fear of further Chinese intrusions into north-eastern Kashmir, together with the Pakistanis' hope of getting Chinese recognition for their claim to the whole of Kashmir (and the hope of scoring points off India) have led Pakistan to discuss the whole of the border, Kashmir and all.

At the other end of the mountains, China and Burma were in dispute about their border for many years after the Chinese communists came to power and Burma became independent. This was quite natural; administration on the ground never entirely coincided with the lines on the maps. But by 1960 Peking had reduced its more inflated claims, recognised Burma's "traditional boundary"—a continuation of the McMahon Line, which China will not accept in the case of India—and agreed to minor exchanges of territory. The *People's Daily* made China's point when it said that the 1960 agreement "was a good example of how other Asian countries could reach a reasonable settlement."

To complete the attempted isolation of India, Peking has put to its own good use the King of Nepal's resentment of India's traditional meddling in his country's affairs. The king especially dislikes India's support for Nepalese rebels who are trying to remove him. In a well-timed speech on October 4th, Marshal Chen Yi, the Chinese foreign minister, promised Chinese support if Nepal were ever attacked. When Mr Nehru offered similar support two years ago he was told that it was neither needed or wanted.

SOUTH AFRICA

Taking Sides?



THE Government has agreed that a British firm may sell thirty Buccaneer naval aircraft to South Africa. The contract is reported to be worth about £30 million. The Buccaneer was designed for use from aircraft carriers; South Africa has no carriers, but it is indicated that it will use these aircraft for shore patrol operations. From the point of view of the British aircraft industry, which has found few likely takers for this expensive type of aircraft despite its acknowledged qualities, the deal is a good one. But it has inevitably prompted some questions, and may prompt some more when Parliament reassembles.

It is contended that the South African government would have plumped for some cheaper and perhaps slower type if its real intention was to strengthen its arm still further against the violent internal upheaval

which many people regard as inevitably lying in wait for Dr Verwoerd's republic, and which its armed forces have already been drastically reshaped to meet. On the other hand, there is no doubt that the Buccaneers would be an effective, if needlessly over-elaborate, weapon in any such struggle; and there has already been some speculation about the possibility that they may have been chosen because South Africa found Britain reluctant to sell it aircraft more obviously suited to the repressing of rebellion.

To many South Africans there now seems no alternative to an eventual violent conflict between the government and the majority of its subjects. The tale of repressive acts continues to mount. Mrs Helen Joseph, a white liberal and believer in non-violence, has just been put under house arrest. Mr Nelson Mandela, a moderate African leader, is now on trial on charges of incitement and illegally leaving South Africa; his defence lawyer could not appear at his trial in Pretoria on Monday because the lawyer was himself confined to Johannesburg by a restrictive order. In London a radical African leader, Mr Porlako Leballo, has given warning that South Africa will soon face a violent uprising; and on Monday night members of the "Sword of the Nation" organisation had another amateur go at the use of explosives, and two transformers in an electric sub-station near Johannesburg were severely damaged. To picture British arms being used against a subject people that has been driven to violence by the closing of all other channels of redress is a dark thought. Is it wise even to act—with whatever motives—in such a way that this kind of picture can take shape in men's minds?

SOUTHERN RHODESIA

Independent Colony?

SIR HUGH FOOT, the British representative on the United Nations Trusteeship Committee, resigned on October 11th because he felt unable to defend British policy in Southern Rhodesia. By making the reasons for his resignation clear (although he declined to go into the substance of them in public), Sir Hugh acted in an indelicate manner for a civil servant. But this was an indelicate situation. The point of view Sir Hugh could not continue to defend was that Britain could do nothing about Southern Rhodesia. To a certain extent this is true. The white Southern Rhodesians on the spot possess the military and administrative power; Britain is deterred from attempting to use its reserved powers by the expectation that the attempt would be resisted, and by a repugnance to consider force.

But, of course, Britain can do something about Southern Rhodesia. It can put considerable political and financial pressure upon Sir Edgar Whitehead to speed up the pace of reform and give Africans more than a token say in the government of the country. There may be a case for not doing

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this right now, when a general election is expected by the end of the year and Sir Edgar's right-wing opposition is growing. But over the past year Sir Edgar's arm might well, and probably, have been twisted. For that matter, so might that of the African leader, Mr Joshua Nkomo.

Let there be no mistake about Southern Rhodesia, however. Unlike South Africa (where there are three million whites),



Sir Hugh: bringing it home

Southern Rhodesia can hardly claim to be a white man's country, or even a multi-racial country. It has only 220,000 whites, many of them immigrants from South Africa and many of the rest Britons who have gone out since the war. There are three million blacks. It is, by mathematics, their country; if their representatives, when they have some, govern it badly, the remedy will lie in their hands. Meanwhile, right is overwhelmingly on their side; even Sir Edgar's lowering of the colour bar in social matters has not spread much beyond show-places in Bulawayo and Salisbury. Putting blacks in power in southern Africa will certainly not bring the millennium, but that does not make it defensible for Britain to support the whites in an attempt to maintain their power indefinitely. Sir Hugh's resignation may have the effect of bringing this home to the British Government.

CONGO

Throwing the Bones

THE ruler of the Congo's breakaway province of Katanga, Mr Tshombe, is adept at offering crumbs of hope to those who want to reunite the Congo. In hopes that excessive delicacy on the part of the British Government and others will allow him a victory by default, he is stringing things along by making a series of minor concessions. On September 3rd he accepted a United Nations plan for reunifying the country. Since then he has offered \$2 million to the central government in Leopoldville (last year he received \$42 million, legally due to Leopoldville, from the Union Minière company). He has accepted the re-opening of telephone and telex communications and the rebuilding of an essential bridge on the copper-route railway line to Leopoldville. If a cease-fire agreement comes into force between the central government forces and the Katangese

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gendarmerie, some of his senior officers may swear oaths of allegiance to the President of the Congo, Mr Kasavubu.

But how much does this mean? According to a United Nations report published on October 8th, the air power of Mr Tshombe's forces has been considerably strengthened. The UN has photographed "at least" five new Piper aircraft, three Klemm aircraft, and seven Harvards; it strongly suspects that twelve Harvards armed with rockets and guns, four hundred 120 mm. rockets, and an unspecified number of P-51 Mustangs have been bought. In addition there are unconfirmed reports that aircraft are being assembled at the Union Minière factories at Kolwezi.

It seems plain that Mr Tshombe will go on stalling so long as he thinks that the British Government would veto economic or military action against him. The testing time will be the coming weeks, when the new constitution prepared in Leopoldville by Mr Adoula (with American advice and support) is presented to the provinces. This constitution is federal, but keeps strong powers (including power over the armed forces and police) in central government hands; it also divides Katanga into two separate provinces. Mr Tshombe's good faith may now be judged by how far he goes towards accepting the gist of this constitution, and, in the long run, divesting himself of his newly acquired arms—and the foreign soldiers who will presumably operate them.

STRIKES

Rough and Smooth

WHEN *The Economist* went to press on Thursday, the executive of the National Union of Railwaymen had not yet decided whether to accept Dr Beeching's new "peace proposals" as a basis for negotiation. This note is therefore having to be written when it is still uncertain whether Mr Greene will succeed in persuading his executive not to call another strike; and when the details of Dr Beeching's proposals on Thursday morning are still unknown.

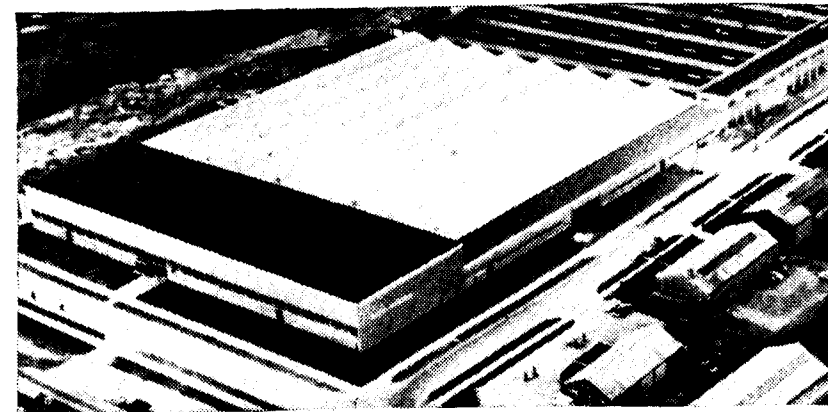
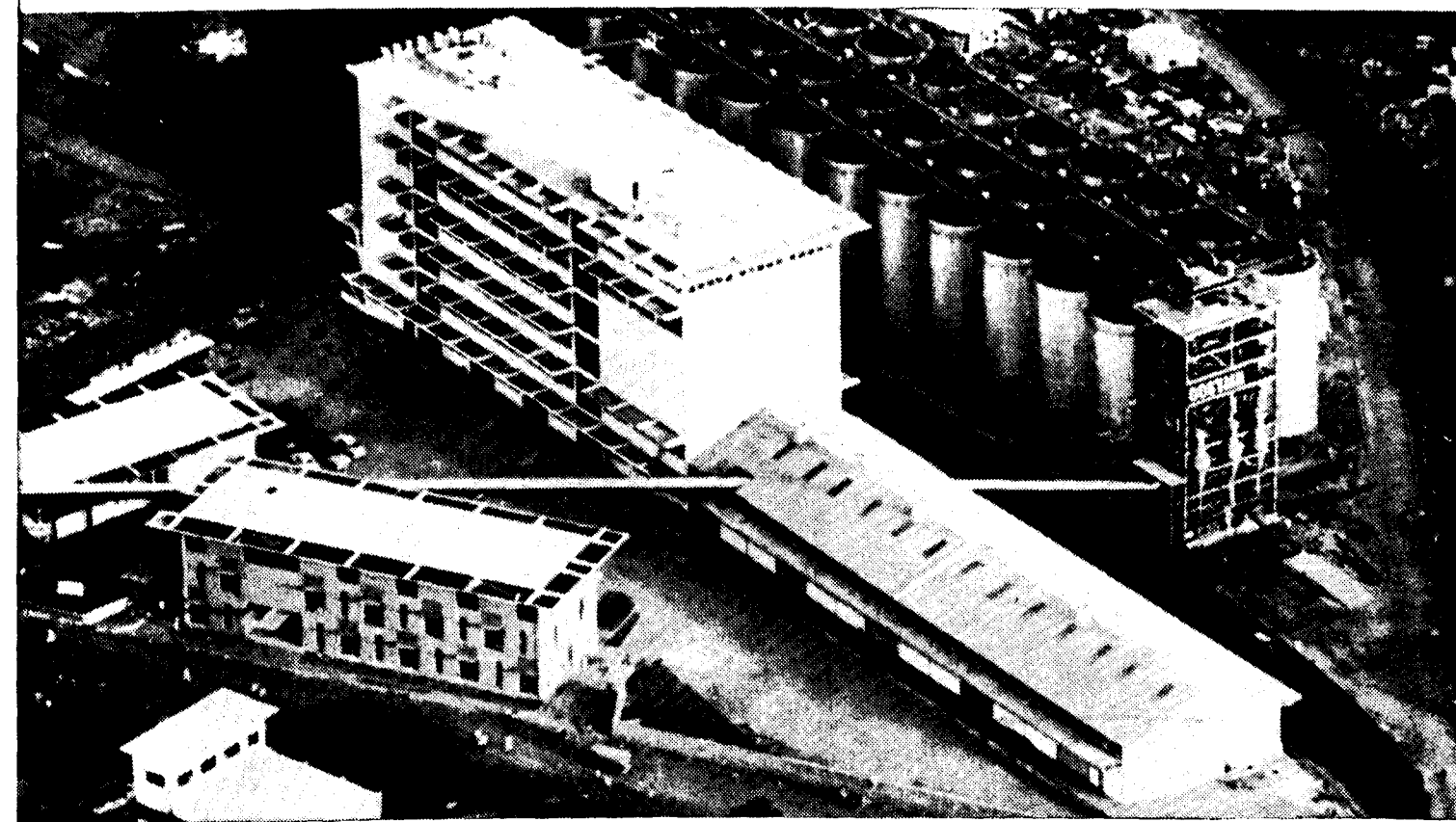
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But one widespread report was that the transport commission may now offer to give sympathetic consideration to a new pay rise (which, incidentally, it more or less promised for the autumn when the railwaymen got their last rise in the spring) in exchange for a more pliable attitude over redundancy. Dr Beeching is thought to be a high-wage man, believing that the way to get results is with a small but contented labour force—and in the long term he is certainly right. But the question here is one of priorities. If the railwaymen get, say, another 5 per cent wage rise, this one concession would cost around £20 million a year, or £60 million spread over the next three years; the cost would actually be the same as giving a once-for-all severance payment of £13,300 to each of the 18,000 railway shopmen who in these three years are due to be sacked, and whom the present crisis is meant to be about. Nobody is suggesting that there should be a complete wage freeze on the railways during the period while they are run down, but the contrast between the cost of wage rises and of decent redundancy provisions is obvious. In these next few years, it would be wiser and juster to give generous treatment to the men who have to be sacked, even at the expense of at last keeping in check pay rises for those who stay on. It would be a mistake for Dr Beeching to play for popularity with the unions by pitching his offers the other way round. The miners agreed in principle on Thursday to redundancy payments based on the earnings of the man affected.

Meanwhile London Transport has suffered a few tiny strikes in some bus garages, has dropped part of the package deal on modernisation that it was presenting to the unions, but is to go ahead next Wednesday with the introduction of the new Routemaster buses on selected routes. There are already cries of protest from some militant busmen's "delegates"—but there are also signs that the militancy of those whom they claim to lead is diminishing, if indeed it has ever been high. It is a pity that London Transport did not decide to fight its battle outright over a complete set of modernising measures.

MR SELWYN LLOYD

Appeasement by Hot Potato

THERE are several obvious advantages in Mr Selwyn Lloyd's appointment by the Prime Minister to conduct the Conservative party's inquiry into its own organisation. It will help to assuage bruised feelings. It can provide a stepping stone for Mr Lloyd's eventual return to some departmental office (like that other ex-Chancellor, Mr Thorneycroft) if Mr Lloyd wants it, although almost certainly not back to really top leadership. It is a job which Mr Lloyd will do as competently as anyone else could. But has anybody paused to ponder what sort of

NOTES OF THE WEEK

things he should eventually say?

This inquiry sprang originally from a complaint by constituency Conservatives that their views on policy were not "getting through" to the party's leaders. So long as the Tories remain in office, any idea of giving the Tory conference more say in the planning of policy is not likely to be effective; ministers will run their own bailiwicks. If the Tories went into opposition, the idea could become more effective—and singularly unfortunate. If the Tories had to rebuild their policies in the wilderness between, say, 1964-1967, one would much prefer the job to be entrusted to Mr Macleod (following Mr Butler's brilliant example in 1946-50) rather than to some new machinery for collating pressure groups' policies handed in from lower down.

In the more prosaic field of purely organisational efficiency—in improving canvassing techniques, propaganda, etc.—every British political party has a lot to learn, although the Tories less so than the others. It would be easy to think up several ways in which they could draw in still more money from business interests who support them. In putting over their image, they (and all other political parties) would certainly gain from relying still more on professional public relations consultants. The main sort of advice given by Messrs Colman, Prentis and Varley to the Conservatives just before the 1959 election is shown by the fact (quoted in the last Nuffield study on "The British General Election of 1959") that Tory propagandists:

never used the slogan frequently attributed to them, "You've never had it so good," because it was negative and because it was looking backwards. Instead... an election poster... read "You're having it good. Have it better. Vote Conservative." This latter slogan was "forward-looking," and the whole burden of the p.r. men's advice was that everything the party's spokesmen said must "emphasise the party's interest in the future." Mr Gaitskell might do well to take note of such counsel. But, even if the Tories' most efficient course now would be to rely on still more professional methods of both fund-raising and p.r., one is not entirely sure that it would be good public relations to publish a Selwyn Lloyd report openly saying so. It looks as if the balm now applied to the ex-Chancellor may have consisted of handing him a peculiarly hot potato.

BELGIUM

Tribal Troubles

A CURRENT Brussels joke about the quarrel between Flemings and Walloons has one Congolese saying to another: "A nice country, Belgium, but the Dutch and French gave it independence a little too soon." The perennial strife between the two linguistic groups in Belgium is at best undignified; at its worst, it calls the existence of a Belgian nation in question. The demonstrations last Sunday, when some 60,000 Flemings marched on Brussels to demand wider use of their language and

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larger parliamentary representation, went off relatively peacefully. Police intervened whenever clashes with the local French-speaking people threatened to get out of hand. All the same, the signs of growing embitterment are alarming. This is the second mass Flemish march on Brussels in just over a year.

The demonstrators had four main demands. They want the "linguistic frontier,"



On the linguistic frontier

which determines whether the official language in a given area is French or Flemish, to be adjusted in their favour. They want the heads of firms employing Flemings to be obliged to speak their language, and the Flemish element in Brussels to play a greater part in the life of the city. Above all, they want representation in the national assembly to reflect, exactly, the linguistic balance in the country (55 per cent Flemish).

Reasonable as it may look at a glance, this last demand would be fraught with risks in application. A rigid, arithmetic, division in the Belgian parliament would sharpen and exacerbate a division which most non-committed people would rather see blurred. What Belgium needs is an effort of reconciliation of the tribes and a concentration on other tasks, national and European, which will put the language difference in

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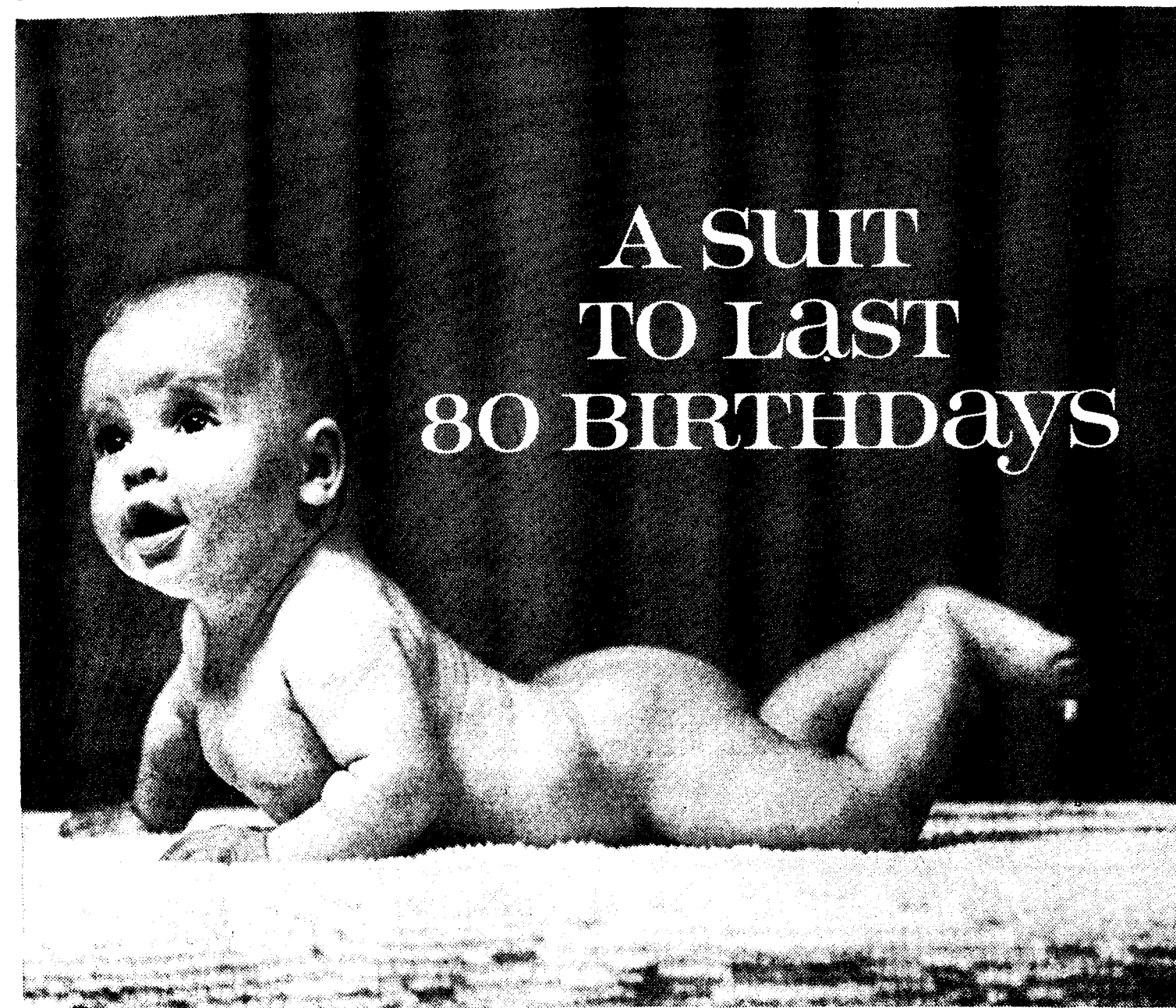
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ADDRESS

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We call it skin. It comes in a range of colours—and for most people it's a well-tailored, washable, hard wearing, trouble-free suit that lasts a lifetime—60, 80, maybe a 100 years! But for 1 in 10 of the population, this suit is not perfect. Last year in Great Britain alone, some 5,600,000 people consulted doctors nearly 14,700,000 times about skin disorders. Sometimes these were just pimples—sometimes more serious skin conditions that are disfiguring and embarrassing, even crippling and psychologically distressing to the sufferer. And until recently, doctors were limited in the treatment they could prescribe for these more serious skin diseases. Then came the great breakthrough, the discovery and development of the cortisone family of drugs. The Pharmaceutical Industry, including Cyanamid's Lederle Laboratories, spent many years and millions of pounds on research to find these wonder drugs. Now the skin no longer has to fight its enemies alone. For these new drugs are as effective in the treatment of

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proper perspective. In parliament, where the minister of the interior, M. Gilson, has recently introduced three bills for the regulation of the "language frontier," there has been some cooling of tempers lately; in consequence the Flemish socialist and liberal organisations did not take part in the weekend march. But in the country, as the demonstration showed, hotheads are still plentiful.

COMMON MARKET

More Commonwealth than Commonwealth

MR ROY JENKINS'S warning at the Labour party conference that the Labour party was in danger of becoming more perrnickety about certain Commonwealth interests than the Commonwealth itself is already coming true—over the first Commonwealth issue to be raised by Mr Heath in Brussels.

With the good wishes, no doubt, of all the British political parties, Mr Heath and his team have been pressing for improvements in the terms for India and Pakistan. On October 8th he asked that negotiations on their proposed trade agreements with the community should be begun as soon as Britain has joined and not left until later, and he resurrected the Asians' request that the common tariff should not be imposed on their exports until the trade agreements are complete. There are no European objections to the first idea (an early negotiation) but the second (putting off the common tariff) raises big problems, and officials who have been discussing the matter in the past fortnight have referred it back to the ministers for a political decision.

One main difficulty is the familiar problem of the "bridge." If the common tariff is not to be introduced until after the trade agreements are sewn up, India and Pakistan, the Six point out, might simply drag out the talks and put off the common tariff indefinitely. One answer might be to fix a definite period of grace for the negotiation of the trade agreements, at the end of which the new tariff would be applied whatever happened.

Mr Gaitskell goes further. In his television broadcast on September 22nd he suggested that the trade agreements should be negotiated now, before Britain joined. It is here that he differs from the Indians and Pakistanis. They want the trade talks to be held after Britain is in the community, so that Britain can influence the agreements in a liberal direction from inside. Some Indians even feel it might be wiser to postpone the completion of the agreements until the opening of the third and last phase of the transition period of the common market. In that phase, majority voting would ensure that one protectionist country could not stand in the way of the (presumably liberal) majority. Thus the need, which Mr Gaitskell would deny, to get Britain into the community so that it can help shape it from within, has begun to make its impact in the Commonwealth.

YOUNG OFFENDERS

No Training Centres

WHEN the last Criminal Justice Bill was passing through Parliament two years ago, an attempt was made to insert amendments in it to establish "training centres" for young delinquents in Britain, on the lines of the Citizen Training Group experiment in Boston in the United States. The Government resisted these amendments (which had been sponsored, outside Parliament, by the late Sir Basil Henriques). But it agreed to ask the Home Office's advisory council on offenders to consider the scope for "new methods of non-residential treatment for offenders under 21."

The essence of the Boston scheme is that boys between 12 and 17 may, as a condition of probation, be required to attend the group for two hours on five afternoons (3.30 to 5.30 p.m.) a week for twelve weeks. The week's programme consists of crafts, physical training, group discussion and visual education; and the boys are medically examined, psychologically tested and referred for psychiatric treatment where necessary. The attendance is followed by six months' supervision by a probation officer. In Britain, the only provision at all comparable is the attendance centre. At such a centre, which is usually in the charge of a police officer, a boy generally attends for two hours every other Saturday afternoon, and is made to do physical training, some sort of craftwork and listen to a talk on some form of citizenship. The minimum

age for attendance has recently been lowered to ten, and the maximum number of hours of attendance is twenty-four.

The purpose of the attendance centre is "punishment by deprivation of leisure." There is no after-care, and the boys who are sentenced to attendance are not at the stage of delinquency that would justify treatment at a Boston-type training centre. The training centre, in fact, would be an alternative to detention centres, approved schools or borstals. But in its report (HMSO, 1s. 9d.) the advisory council turns the idea down. It declares that only about 5 to 10 per cent of offenders under 21 now committed to residential training could be left at home were new methods of non-residential training available, and that it would be difficult for a court to identify them at the time of sentencing. Thus the provision of training centres would not relieve the overcrowded approved schools and borstals; they might well divert the services of skilled staff from schools, youth clubs and other forms of social service among the young. Even more important, they might encourage delinquency, because young offenders would be herded together in a group but without the constant supervision of a residential institution. The last argument sounds convincing; but it leaves the advisory council with nothing new to propose save worthy recommendations that the existing youth services should be strengthened, and that more should be done to get delinquent youths to join clubs or evening classes, preferably voluntarily but if necessary as a condition of probation.

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RELIEF IN LANCASHIRE

Sir,—I have for some time past been a good deal engaged, in connection with a Local Relief Committee, in the work of investigating and relieving the distress unhappily now prevalent in most districts of manufacturing Lancashire. I regret to say that my experience in this work has driven me to the very unwelcome conclusion, that the organisation of Relief Committees, independent of the regular parochial authorities, has been a great and lamentable mistake. . . . The most serious evil is the encouragement of the idea that it is less degrading to receive aid from charitable funds than from those upon which those out of employ have a legal claim, and towards which they themselves have been regular contributors. . . . Now the poor's rate is in some sense a Mutual Insurance fund in the case of that deserving class who have always contributed to it, and who never will touch a penny of it except under circumstances of unavoidable emergency like the present; and it is precisely these people who are now genuinely thankful, willing in all simplicity to receive aid from the parish if need be, and who in many instances have stipulated in receiving it that they shall be allowed to consider it as a loan to be repaid in full on the return

of better times. I am now quite convinced that the independence and right feeling of the operatives would have been much less subjected to injury had we left the whole matter to be dealt with by the regularly constituted authorities, whilst many other serious evils would have been avoided. To meet the pressure, Committees of influential ratepayers, such as those who now act independently, might have been appointed to aid the Guardians, without creating that division of responsibility which now exists. And as regards funds,—any general subscription that might have been raised would have been applied to prevent the poor rate in any township rising beyond the fixed limit. It would not in that case have gone one whit more directly to save the pockets of ratepayers than it is now doing, whilst the rate of relief in various districts, and the point at which public charity came in aid of the ratepayers, would have been infinitely more uniform. No one can appreciate more highly than I do the generous outburst of sympathy which has provided so liberally for the mitigation of this distress. But I am bound to add that I think it ought never to have been called for in this shape. I am, Sir, your obedient servant, L.C.M.

LETTERS

Airline Profits

SIR—Your headline last week—"BOAC: Profit must come first"—expressed an opinion to which, of course, you are entitled. The white paper on the "Financial and Economic Obligations of the Nationalised Industries" lays some stress on the desirability of all nationalised industries having a strong profit motive but makes some reservations in its concluding paragraphs. It is for the Government, not the corporation, to decide this fundamental issue—an issue that will no doubt be decided in the coming months.

I was somewhat disappointed to find that in writing on such an important issue a publication of your standing should have spoilt an otherwise good contribution to thought by including statements which may well be open to question. In particular, you state that BOAC pilots do approximately one-third of the work, in terms of miles flown, as those of Pan American. You do not indicate in any way the basis of this calculation and it would indeed be interesting to know how you arrive at such a conclusion.

The article also referred to the size of BOAC staff and compared it with that of TWA. A comparison of this kind can be highly misleading, which is why, in my annual report, I pointed out that no satisfactory criterion has yet been established for the measurement of productivity in our industry, so that output per employee is an index of very limited validity. BOAC has some 5,000 employees overseas, mostly local nationals. At 29 stations we handle aircraft for other operators, including the RAF, and for reasons often explained the practice of airlines at overseas places differs widely, not least in the use of agents or sub-contractors instead of staff. Thus it is clear that any comparison of output per man employed is not necessarily a sure index and a much more reliable guide is the cost per capacity ton mile. On that basis BOAC does not appear to be out of line.

You refer in your article, coupled with some gratuitous insults, to the results of our good friends Pan American and to the fact that they made a profit last year. This is true—but if you examine their accounts you will find that their operating revenue contained an item, "non-transport incidental revenues—*net* \$7,435,000", which is slightly more than half the airline's net income before taxes. Their dividend was \$5,311,000 and they increased their retained earnings by about \$2,000,000. It is plain that this "non-transport activity" went a long way towards paying their dividend. In short, our friends made a profit

but not, it would seem, wholly out of operating an airline.

With regard to the other airlines you mention, I would also ask you whether an organisation that does not have to service its capital either by way of dividends or interest on loans can be said strictly to be keeping itself out of the red? Perhaps the hair's breadth to which you refer is a split hair's breadth.

By what right do you infer that "BOAC alone believes that its administrative and management structure is beyond any significant improvement"? We certainly do not think so, and it is for this reason that we have made considerable use of management consultants. There are currently two teams at work. Moreover, it is nonsense and mischievous to suggest that relations between our management and trade unions have deteriorated to a stage "where unions lead management by the nose". Relations between management and the unions are by no means unsatisfactory.

BOAC's prime need is to have its aims and purpose clearly defined by the nation and, when this has been done, for its financial structure to be put on an appropriate basis.—Yours faithfully, M. S. SLATTERY,

Chairman,

British Overseas Airways Corporation
Hounslow, Middlesex

Common Market

SIR—May I add a little to Sir Roy Harrod's comments in your columns last week on your article of the previous week entitled "Much More than Fifty-Fifty"? I am delighted that after eighteen months you have unfolded your economic argument for the UK joining the common market, but am not surprised, having read it, that you were so coy about it.

You admit that joining on the proposed terms might add £300 million to our import bill and cost of living. You then virtually admit, and certainly do not try to answer, the contention that little, if any, rise in exports on balance can be expected from joining. We now know that, for two years, UK exports to the Six have been rising as fast as the Six's exports to one another without our signing the Rome Treaty (a crucial fact you constantly ignore). Taking this into account, and the loss of other exports, and the chance offered by the US Trade Expansion Bill, I do not see how anyone can seriously argue that we should gain exports materially on balance. I think we should lose. But, on your own argument so far, imports are dearer; exports not materially higher; and imports from Europe have increased.

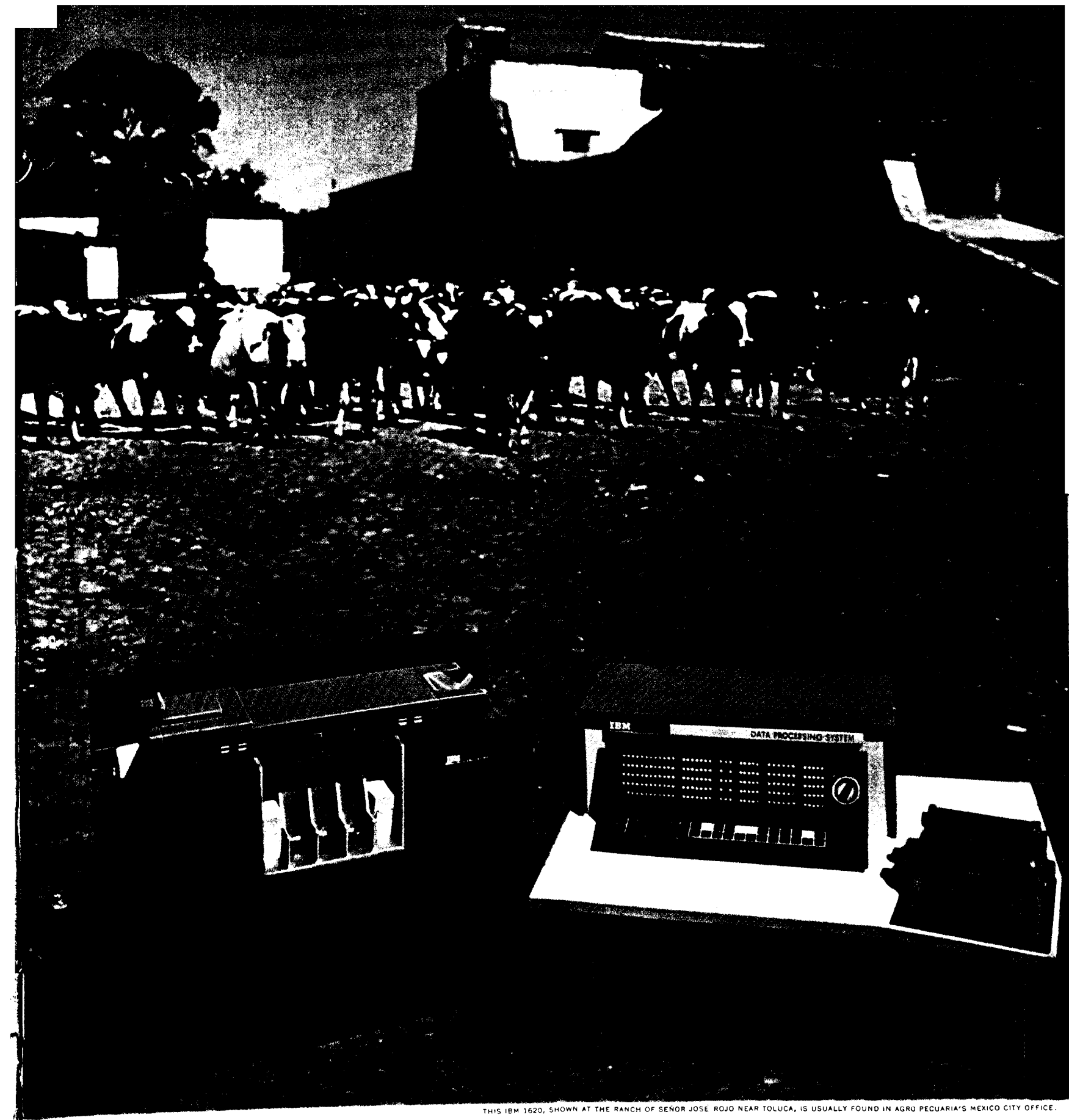
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Then you suggest that all these arguments (not to mention damage to the new Commonwealth) are offset by the prospective economies of large scale. But you astonishingly fail to see a glaring gap in your own logic. If we do not materially increase our exports, as a result of joining the Six, we do not reap material advantages of scale. The evidence that we should not gain exports weakens not merely the "great expanding market" claim but the argument about scale. Economies are achieved by increasing the scale of output, not by merely hoping to.

But let us ignore this, and examine your thesis that a "market of over 50 million" (of course we have a world market anyway) is vital to modern industry. Here the expert evidence is against you. To mention the more serious studies, L. Rostas ("Comparative Productivity in British and American Industry," National Institute of Economic and Social Research, 1948) concludes that the size of the market theory is much exaggerated since, outside a few industries, "there does not appear to be a close inter-relationship . . . between productivity and the size of the market." Comparing productivity in the UK to Sweden and Holland, he finds that "relative productivity is in no way relative to the size of the market. This points to the fact that the optimum plant (or firm) and specialisation can be achieved within the limits of a smaller market."

This study has been brought up to date by M. Frankel in his paper "Anglo-American Productivity Differences; their Magnitude and Causes" (American Economic Review 1955, Papers and Proceedings, pages 103-7). In a wide survey he finds "no regular relationship between differences in market size and differences in productivity." He recalls E. Rothbarth's finding that in 1870 the US market as a whole was probably smaller than the UK market. Yet it appears that US productivity in some industries was even then significantly greater. Frankel concludes that "50-60 million potential consumers should offer as great or almost as great an opportunity for gains from specialisation and mass production as one of 150-160 million."

Of course there are important economies of large-scale organisation; but the issue is whether these can mainly be won by a market of over 50 million. Clearly the expert evidence is against this. At the very best it is unproven. You try to argue that the potential gains are particularly large in the case of modern sophisticated products. Is there any evidence that (apart from aircraft) this is widely true? You also completely ignore one crucial point. Most of these economies are from large-scale organisation, not manufacture. Few would say that our plants are too small. Mr Paul Chambers last winter argued that it was large-scale research and management which would work wonders (but Courtaulds did not agree even with this). But these economies can already be gained by the technique



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of a parent holding company and subsidiaries manufacturing within tariff areas, which is now normal in British industry.

Whatever the exact truth on economies of scale, therefore, it cannot really be seriously argued that they are so clear and large as to justify the UK in damaging the Commonwealth, our Parliamentary institutions, and our balance of payments.

Incidentally, on a lower level, you argue that "all the overseas Commonwealth countries . . . are building up new secondary industries which Britain already has," and you imply that we should therefore sell instead to Germany and France which already have them too!—Yours faithfully,

DOUGLAS JAY

House of Commons, SW1

Britain and Europe

SIR—Sir Roy Harrod's argument last week against entry into the European Common Market, so far as it applies to strictly British economic self-interest, rests on two counts. Entry will do us no good, he says, because international specialisation in what he calls "science-based industries" will work in our favour whether Europe has a tariff up against us or not. On the other hand, it will harm us by causing some of our imported food to cost more.

On the second point the question is clearly one of quantity: how much of our existing cheap supplies of food from the Commonwealth (but also deriving from such places as Denmark and Holland) will have to be given up to make way for more expensive consignments from the common market? We do not know the full answer yet. But we do know that the Government has got the outline of an arrangement which will permit continuing imports on a large scale from New Zealand; and that it has also extracted a promise from Brussels that the community will pursue a policy in fixing internal prices which will provide "reasonable opportunities" for other Commonwealth exporters of temperate foods in Europe. I suggest that what this means is that an enlarged European community (with Britain inside it exercising its influence directly in the fixing of target prices) will not readily be able to push up domestic prices to the point where high-cost European producers flood the British market with grain and dairy produce, at the expense of the Commonwealth. Other EEC members, notably France and Holland, have a common interest with us in keeping prices low enough to encourage the Germans to produce less. That indeed is precisely what some British farmers fear.

But even if the extra cost of food does not turn out to be very onerous, it will still be a net loss against which Sir Roy is unable to see any offsetting gain. His point about the increasing division of labour among the advanced industrial countries is a crucial one, and it was of course the purpose of securing the maximum advantage

from this division and specialisation in a period of unusually rapid technological advance which supplied the main economic argument for European integration. We see again and again that it is not just a matter of achieving economies of scale in the simple traditional sense. A market of fifty million certainly seems large enough for that. It is the *time-scale* which is all important, when international trade in advanced manufactured goods consists increasingly of the exchange of new products with a short life and early technical obsolescence. In such a world the speed of innovation is decisive. Unless a nation is equipped to carry out research and development in industry on something approaching the scale of the United States—currently of the order of ten times the British total—it must either lag behind or specialise.

That means that it must deliberately set out to import more from other specialists; otherwise it will be slower than its competitors in achieving the latest advance in industrial quality or productive power. My contention is that the issue of the speed of innovation affects a very wide range of economic activity—including, e.g., railways and electric power—not just "certain sectors of highly science-based industries," as Sir Roy suggests. If that is so, then the greatly increased bill for industrial imports which I am proposing can only be faced if there is the clear assurance of a free run for the sale of British exports on a scale much larger than exists now or is in prospect. That is the economic justification for joining the common market. It is wrong to concentrate exclusively on the tariff issue; there are subtler and often more effective forms of discrimination against foreign goods. What the common market set out to do is to guarantee that within the area the imports from its members will, for all time, receive the same treatment as domestically produced goods. Such a guarantee provides a quite different basis from anything available at present for the planning of long-term investment in new products with a large potential market abroad.—Yours faithfully,

London, SW3

ANDREW SHONFIELD

Cuba and America

SIR—Viewed from here, the leading editorial in your issue of October 6th on Cuba looks eerie indeed. I feel I must comment upon it, expressing an entirely personal opinion, since it seems to outline a view widely held in the United Kingdom. Its prevalence does not make it more valid to me as an Englishman living and working in the United States.

I came away from my last visit to Cuba a month ago—the tenth of a series in which I have seen Dr Castro's revolution bloom, wither, and finally be given artificial resuscitation by an alien, self-seeking gardener—convinced of several facts. The predomi-

nant one is that Mr Khrushchev will now go as fast and as far in Cuba as the United States will allow. He is on one of the most venturesome "dares" of his career and I feel sure that if he can be faced with no alternative but to abandon Cuba he will do so without resorting to nuclear war, despite his bluster. The Americans will certainly not start an atomic war over Cuba and Mr Khrushchev will not start one until he is certain he will win it, which is not yet.

I do not by any means advocate direct American intervention to oust him and I have no precise formula for outmanoeuvring him there. One might suggest that the present policy of containment be pursued to its limit; that every possible help be given to Cubans seeking to liberate their country; that some kind of international anti-communist brigade be set up within the hemisphere; that the United States offer to Cuba the terms of a new relationship which will wipe out memories of exploitation in the past and give real attraction to a Cuban-American future; and that every political and diplomatic device, anything short of war, be used against Castro and Khrushchev.

Too much nervousness is being shown in and out of the United States, in my opinion, about the effects upon Latin American feelings of any American action about Cuba. Fairly regular acquaintance with events in Central and South America over the past ten years leads me to think that the United States will be much more respected there in the long run if she disposes of Mr Khrushchev in Cuba than if she lets him go on defying and goading her there. Even as I write, the *New York Times* announces that Radio Havana has begun to broadcast a "Radio Free Dixie" programme beamed at the negro population in southern states. . . .

One final word. I ask Britons who support the recommendation of passive containment of communism within Cuba if they would take the same calm and detached line if circumstances were to work to make it possible for Mr Khrushchev to set up a handy base for himself in Eire?—Yours faithfully,

EDWIN TETLOW

New York

Not So Angry

SIR—Reading your admirable review of Sir John Wheeler-Bennett's life of Lord Waverley in your issue of October 6th, it occurs to me that the answer to the enigma it raises as to "what made the man tick" may be answered by reference to two old adages; familiar enough to us older ones, and certainly to Lord Waverley, but less so, maybe, to the "angry young men" mentioned at the end of your review. Namely that great affairs are best conducted in the light both of Spinoza's "sub specie æternitatis," and of the old Greek philosopher's *μηδεν ἄγαν*.—Yours faithfully,

The Athenæum,
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The Case for Hoping

On the Prevention of War

By John Strachey.

Macmillan. 334 pages. 40s.

The Spread of Nuclear Weapons

By Leonard Beaton and John Maddox.

Chatto & Windus (for the Institute of Strategic Studies). 227 pages. 18s.

IN the last two or three years the literature of the nuclear arms race has become so fragmented and specialised that it is a rare pleasure to find two books, published within a week of one another, which not only see at least one part of the problem whole, but also complement each other. Different though these two books are in purpose—Mr Strachey's aim is to build up a thesis, Messrs Beaton's and Maddox's to knock down a misconception—their effect, taken together, is to leave a coherent proposition about our nuclear future in the reader's mind; and a faintly hopeful—no more—proposition at that.

The proposition is as follows. So long as the rival blocks of power continue to possess nuclear weapons, it is unlikely that war can be staved off for ever by what Mr Albert Wohlstetter called "the delicate balance of terror"; sooner or later the balance is likely to break down (when one side discovers a defence against missiles, for instance) or a political miscalculation will set off the nuclear exchange. But experience suggests that there is no hope of getting rid of nuclear weapons as long as the world remains divided into sovereign nations—since disarmament appears to require a world authority, superior to mere sovereignties, to make sure that nations really disarm. The only hope, then, until and unless such a world authority comes into being, is for the powers that possess nuclear arms to come to a working arrangement (a) not to let other countries get possession of these weapons and (b) to keep their own quarrels this side of an atomic conflict. Such a working arrangement might itself be the first step towards a world authority.

So far the argument is Mr Strachey's; now the Beaton-Maddox book takes up the thread. The United States and the Soviet Union seem to be beginning to understand their common interest in imposing a *pax Russo-Americana* on the rest of the world; but one's fear is that before they have finally groped their way through to an understanding, the chance will have been lost because the proliferation of nuclear weapons will have passed the point of no return. In fact, Mr Beaton and Mr Maddox

present a powerfully argued case for thinking that the number of countries likely to acquire a nuclear armoury is neither so large, nor so rapidly expanding, as most of us have tended to assume. The practical difficulty of building bombs and (even more) delivery vehicles is such, they suggest, that, together with moral scruples, it may prevent the nuclear club from expanding significantly for several years to come. In other words, we may have more time than we thought to work out ways of keeping the nuclear beast under restraint.

One reservation has to be entered about this second half of the argument. Hitherto a number of countries capable of making atomic arms have refrained from doing so because (among other reasons) they have felt themselves protected in one degree or another by one of the super-powers; this applies to Canada, and to a lesser extent to Sweden and Switzerland. But suppose China gets a nuclear armoury. This might crack several countries' inhibitions. India would very probably feel obliged to follow suit (which would cause some interesting reactions in Pakistan); so might even Japan. The crack having been opened, the other technically qualified powers might well conclude that restraint was no longer sensible. Mr Beaton and Mr Maddox suggest that in fact China may be farther away from nuclear status than the pessimists have feared. (The argument is that the irradiated fuel from the famous Peking reactor probably has to be returned to the Soviet Union, and is thus not available to make bombs.) The fact remains that, when China does go nuclear, as one day it undoubtedly will, the atomic club is liable to suffer a sudden expansion as others rush in too.

This reservation apart, it is hard to fault the Beaton-Maddox work; tightly argued, and full of facts, it is a remarkably useful eighteen bobs' worth. One's judgment on Mr Strachey's book is more complex. It has its flaws. There is one passage near the middle, dealing with communist attitudes towards the cold war, which amounts to little more than generalisations of the "by and large it is true to say" sort. Mr Strachey also appears to underestimate the case for keeping tactical nuclear arms in the Nato front line in central Europe. (The case is that forward deployment of these weapons, by making any fighting almost automatically nuclear, enables the West to wring the last few drops of credibility out of the doctrine of massive retaliation.)

But in the end this is not important. Neither of these passages is central to Mr Strachey's main theme; and on the question

of tactical nuclear arms he is probably right in his conclusion, even if he does not give the other side full credit for the strength of its case. It is for its main theme—as set out above—that Mr Strachey's book deserves to be greeted as one of the most sensible and stimulating contributions to the nuclear debate in the last few years. It has already been pointed out that one of his virtues is to have digested recent American and Russian works bearing upon the likelihood of a nuclear war, and the probable consequences of one, and then to have presented their arguments in a more readily understandable form than the originals. An even greater achievement, in fact, is to have set this discussion in its proper diplomatic context—that is, in the context of the present (very tentative) Russian and American attempts to keep their antagonisms within tolerable bounds.

The relative moderation of Mr Kennedy and Mr Khrushchev—against the opposition of more militant people in their own countries, and among their allies—is probably going to be pointless in the long run if its only object is to avoid war on a day-by-day, crisis-by-crisis, basis. To make peace reasonably stable, it is necessary for the nuclear super-powers to work towards a mutual understanding—no matter how rough and ready—to use their unrivalled strength to keep the rest of the world in order. The moderates in both camps are starting to grasp this; others are not. Mr Strachey, lucidly, helps to spread the word.

Cassandra

My Yesterday, Your Tomorrow

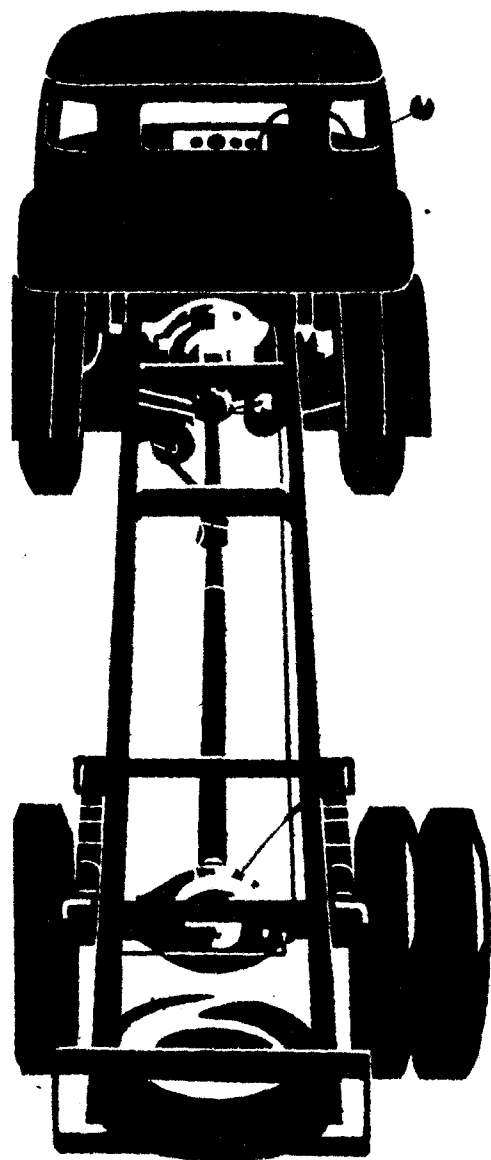
By Lord Boothby.

Hutchinson. 279 pages. 25s.

LORD BOOTHBY has gathered together a number of speeches, lectures and articles written since the war on politics, economics, people and literature. There are two themes to the book. One, which is recurrent and fascinating, but needs no further mention, is Scotland. The other, more contentious, is that he was always ahead of his time, and warned the nation in vain of dangers which later befell us. The record is astonishing: appeasement, prewar deflation, the American settlement, the need for economic expansion, European union, the need for organised international liquidity, Suez; everything is there, and Cassandra's warnings always turned out right (did he also warn us against dangers which came to nothing? It is ungenerous to ask, and admittedly such speeches would not be worth reprinting). What is more, there was nothing of Cassandra's sibylline words; Lord Boothby is a model of clarity and his style is delightful.

Why was he not heard? Why did they not make him Chancellor of the Exchequer? It is a question which he often asks, and the obduracy of the establishment still astonishes him—most of all the obduracy

Steel IS TOUGH



of Sir Winston Churchill as soon as he became Prime Minister. Yet the answer is clear, and he gives it himself in an introduction: Lord Boothby is a prophet by nature, not a member of the Sanhedrin. He hates power, but will not accept subordination; and he is a radical. He has never descended to the field of daily compromise; he sees the shape of the wood clear, but he has not battled through the trees, half-blinded by undergrowth and the back-lash of unruly boughs. He has kept a clear view at the cost of renouncing the responsibility and corruption of power. Nor is it certain that his remedies would have worked as well as he thinks, particularly when their sharp edge had been blunted by practical application. The man who has held power must be judged by his fruits; the man to whom it was denied does not run this risk. Lord Boothby is a little too resentful of his own exclusion from power to be generous to the smudged record of those who held it.

Long may we continue to have such prophets as Lord Boothby; may the world's slow stain never touch him; and may he put his regrets on one side. It is a delight to read again some of his political speeches; yet, at least between hard covers and after the event, one rather prefers the pieces untinged with regret and resentment, which means, in effect, his non-polemical writings. Best of all is his Rectorial Address at St Andrews, a noble and passionate speech in favour of reason and tolerance.

The Spy

The Secret War

By Sanché de Gramont.

Deutsch. 515 pages. 30s.

STUDENTS of history have long recognised the validity of Clausewitz's famous doctrine that war is the continuation of political relations by other means. The same, and this is Mr de Gramont's message to us, is true, *mutatis mutandis*, of espionage, which in his very last sentence he neatly describes as "an organic branch of foreign relations and foreign policy." Indeed, this role is given formal recognition by the major participants in the cold war—therein, for instance, lies the true import of the 1960 U2 incident. All this is a far cry from the day in 1928 when a celebrated American Secretary of State, Henry L. Stimson, could close down his department's cryptographic bureau, saying, in pious outrage, "Gentlemen don't read other people's mail."

Today, just as the political leaders of a democracy are accountable for failures in foreign policy, so too they are made answerable for the often inevitable and all too much publicised mishaps to intelligence operations—an obligation which, if they had the option, they would unquestionably renounce. Their diffidence is understandable. The secrecy of intelligence operations and the open character of democratic poli-

tics are hard to reconcile. Intelligence operations are often likened to the iceberg: the public only sees the smaller, visible part (and the failures at that). How can we be sure that the largest, invisible, part is any more successful?

Mr de Gramont tries to take us some, if only a little, of the way behind the scenes. Between thoughtful first and last chapters on the implications of espionage today, he sandwiches a substantial meaty filling on the doings of the American and Russian intelligence services (not forgetting the syllabus of the Moscow School of Seduction), adds some savouries about Britain and Germany, and garnishes the whole with tidbits, probably from official sources. But at the end of the feast there is a feeling of anti-climax; really, we have learned precious little that an intelligent reader of the press could not have gleaned anyway. There may be some fresh disclosure to the British reader on Gordon Lonsdale or George Blake, but even this, like news about royalty, will probably not be news to readers of continental or American papers. Though we are told that Colonel Abel was "the master Soviet spy of the 20th century," and there is a fascinating account of his character and personality, of his actual achievements and his real value to his masters, we learn little. Quite the reverse: Mr de Gramont, almost in contradiction to what has gone before, states emphatically in his summing-up that Colonel Abel and George Lonsdale "did not send any sensational revelations to the center in Moscow." For, as he explains, the problem of communications for agents is an age-old one, and it is easy mistakenly to equate a successful communications system—the best that Phillips Oppenheim can offer—with a commensurately good intelligence end-product. Nor does a successful cover-story, in which the Russians specialise, necessarily make a good spy. Thus, Boris Morros (Hollywood and the Federal Bureau of Investigation) is quoted as saying of the late Dr Soblen's brother, Jack Soble, whose cover was a flourishing bristle-business, that he was more interested "in milking Moscow of its espionage funds . . ." than anything else.

None of this is to suggest that in this golden age of ideological treason and master professional spies, espionage can be laughed off. Mr de Gramont shows that it is not only the West that has its problems. Democracy's most serious source of defection has been among scientists, but to the Russians it is in their own intelligence services that defections are continuous and among the most eminent. Of the two, this may be the more critical problem. As scientific instruments, for instance satellites, take over on all sides from the human observer, this golden age may become the last age of intelligence services. But defections from the Soviet intelligence network strike at something else: at the vitals of Soviet society. Mr de Gramont can therefore finish on an optimistic note; if the Central Intelligence Agency is by nature a

"freak in a democratic society," the Soviet intelligence system is the "core of the régime, and its disappearance could lead to the end of Communist dictatorship . . . as we have known it."

Anglo-Saxon Attitudes

Anglo-Saxon England and the Norman Conquest

By H. R. Loyn.

Longmans. 430 pages. 30s.

THIS is the first volume of a new series, which is to cover the social and economic history of England in nine volumes. As the general editor, Professor Briggs, explains in an introductory note, the series seeks to avoid narrow specialisation. The various volumes will make a point of dealing with social as well as economic developments, and will draw on demography and sociology as well as historical geography. They are also designed to avoid what the editor regards as the dangers of this *genre* of history—the tendency to write in impersonal terms and to concentrate on categories rather than on flesh and blood human beings. To fulfil these admirably liberal intentions Professor Briggs has gathered a very strong team, a judicious mixture of "old hands" like W. G. Hoskins and Charles Wilson, and of younger scholars like the author of the present volume. If Dr Loyn's book is a representative sample, the series will be highly successful.

The period covered by the volume—from the withdrawal of the Roman garrisons to the aftermath of the Norman Conquest—provides unusual opportunities for the writer of a general survey. In a real sense these centuries saw the making of England; they have also attracted the energies of some of the finest scholars, from Maitland and Vinogradoff to Chadwick, Stenton and Lennard; and since the surviving evidence provides little scope for the indulgence of the historian's appetite for the minutiae of political manoeuvre, a large amount of attention has been concentrated on the economic and social history of the period. And knowledge of the main developments is still being extended, for example by the study of river-names and by numismatics. On the other hand the period is still a minefield of explosive controversies, on the course and nature of the Anglo-Saxon settlements, the extent of Roman survivals, the origin of the manor and on many other issues. Dr Loyn handles these complicated matters in a judicious and well-balanced way, though never with such an excess of scholarly caution as to disguise his own views on where the weight of the evidence points. He places the early English economy in a European setting and he deals not only with the mundane details of land-tenure, agricultural techniques and trade, but also with kingship and the nobility, and with the Church, learning and literature. The argument is at times necessarily technical, but it is invariably lucid, and the layman

will not feel, as he is apt to do when reading works on so remote a period, that he has strayed into a colloquium of experts discussing obscure and unimportant problems in the secret language of their guild. This is not only a book for the student, but also for anyone who is curious about the origins of England and wants an expert and intelligible account of current views in this field.

A "Natural Oligopoly"

The Price of Middle East Oil

By Wayne A. Leeman.

Cornell University Press. London: Oxford University Press. 292 pages. 40s.

THE early story of Middle East oil is beginning to attract the attention of economists. The more distant it becomes the more clearly recognisable are its contours; though, with time marching on and so much having changed already, what set out to be a fighting analysis tends to become nothing but a postmortem. Professor Leeman's book is only the first of the studies of the subject that are to be published in the near future, and one of its merits lies in the fact that its content goes well beyond the scope of the title. The book is in fact a very readable account of some of the economic aspects of what happened; writing it must have been as difficult as it was necessary, for there are so many elements of straight power politics involved (to say nothing of the legal and taxation aspects) that the economics of the case have so far failed to be noticed in their proper context.

Another positive feature of the book is its general approach: analytical in his methods and critical of some features of the industry, the author is not an apologist for the oil companies; on the other hand, he is not (as were some others) patently allergic to the oil companies as they happen to have developed.

Professor Leeman deals with the legal wrangle between the United States Government and some American oil companies whether the latter had overcharged the Marshall Plan (ECA) agency—the Queen's Necklace affair of international oil—and also with the so-called "Cartel Case." He describes how and why the oil companies came out almost unscathed from these ordeals, and then gets down to first principles: he establishes that the oil companies are not monopolists, that they have not since the war had any explicit cartel-like agreements, but that they have lived up to the fact that Middle East oil is—or at least was for some time—a "natural oligopoly." Since the entry into that sphere was originally open only to the biggest international operators, their behaviour was almost inevitably determined by the motives of oligopolists. They would compete vigorously in some spheres, such as research, products quality, service, sales outlets and advertising, but would shy away from straight price

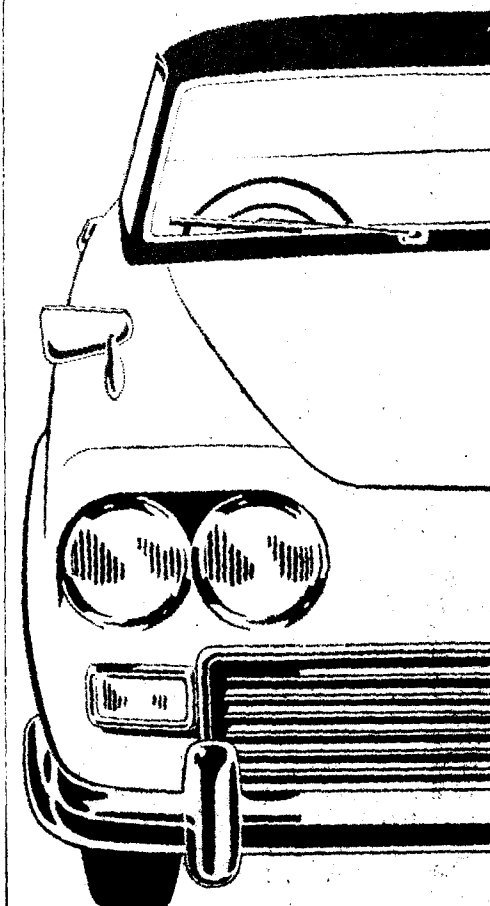
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competition, partly because of its self-defeating character in the circumstances. But such a situation tends to lead to a certain sluggishness, and thence to a rigidity; following American doctrines. Professor Leeman asks whether some obvious advantages of this kind of "stability" are not outweighed by its drawbacks. He traces the trend of Middle East oil prices since the war, and agrees on the whole with Mr W. J. Levy's noteworthy analysis of the range of prices within which Middle East oil is likely to move in the course of its co-existence with other sources of supply. Like Mr Levy, however, Professor Leeman considers "Middle East oil" or "Caribbean oil" as one competitive unit, without querying how competition among operators in each area might affect the picture. Some close attention to this problem would have given more strength to his misgivings that Middle East prices have been, on the whole, too high.

Professor Leeman goes on to trace the positions of the several parties interested in Middle East oil—producer countries, oil companies and consumer countries—and sees some divergence of interests which he would like to see tackled in a more business-like manner, and with more open competition than there has been hitherto. But his conclusion is hopeful: everybody concerned should have sufficient interest in a rational solution of the problems of Middle East oil to make a common sense approach possible.

Industrialism and Industrial Man

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By Lowell Thomas.
Arthur Barker. 284 pages. 25s.

SIR HUBERT WILKINS was one of the most remarkable men in a profession that attracts few who are not in some way remarkable. Explorers can hardly fail to have adventures, and Wilkins, a quiet, rather retiring man, had more than most. His explorations are fully recorded in his own writings and the narratives of his various expeditions. A biography in such a case can do two useful things: link-up and re-tell the adventures, and, more important, explain the motive.

This biography is the second to come out in as many years. The earlier one was by Mr John Grierson, a polar flier like his subject. That did the first job very well, but left us not much the wiser on the second count. Mr Lowell Thomas does not, unfortunately, provide the complement. His book reads very easily, and he tells the story well, but he debars himself from telling us anything really interesting by his chosen method of presentation. His book is written as if it were by his subject—it is apparently based on an unfinished autobiography of Wilkins's—so that no comment on his subject is possible. Furthermore, since there is no indication which parts of the book come from the original manuscript and which have been added by Mr Thomas, the reader must not draw any conclusions from what he may think are self-revelatory remarks. The worst of both worlds is thus ensured.

When Mr Thomas does, very occasionally, risk a footnote, it is not always specially helpful. The story of the air exploration of Graham Land in 1928, for instance, draws an explanatory comment that a feature on the ground is now named after Wilkins—and another after Lowell Thomas. It would have been more useful to call attention to the fact that the major discovery of the flight, that Graham Land was an island and not a peninsula, was later found to be wrong.

Important areas of Wilkins's life are not touched at all. His profoundly religious nature is not mentioned, nor is his great interest in thought-transference. Furthermore, a book largely about geographical matters can be hard to get the hang of if it is totally without maps. In short, this is a good book for a nephew's birthday, but it does not add much to our knowledge of a fascinating and complex character.

Essays on Novels

Scholars of the Heart

By S. Gorley Putt.
Faber. 239 pages. 30s.

MR GORLEY PUTT is the Penn of literary journalism. When he was at Cambridge he was converted by Dr Leavis, and he remains openly faithful to his principles. But years of writing for the *Times Literary*

Supplement, coupled to a generous temperament, have taught him courtly manners. The essays in this book are based on articles which he has written for many journals. They are all smooth and pleasant reading; and behind the smoothness lie both sense and sensibility. A few of them are a little light; admirable when the book which inspired them had just appeared, still readable, but hardly worth putting between stiff covers. However, most of them are worth preserving.

Much the best of the essays is one on Mr Gerhardt—witty, amusing and just. It was Mr Gorley Putt who not long ago reminded the reading public that one of the cleverest and oddest of English novelists is still in our midst, strangely neglected. Bringing back the half-forgotten is rather his forte: there are essays on Forrest Reid, on Anthony Hope (a most valuable guide which takes one through all his works and tells one which to avoid as well as which to read), and a rather dispiriting one on Maria Edgeworth, which does not give enough weight to her wit and knowledge of the world.

The book ends with a long section of musings on Henry James, in that curiously ruminant style which the master imposes on his admirers: little use to those who do not already read him, but stimulating to those who do.

A Planned Economy

Central Planning in Poland

By J. M. Montias.
Yale University Press. 425 pages. 60s.

POLAND is a country of special interest for those wanting to understand the nature of Soviet-style economics, and indeed to obtain an insight into planning problems in general. Polish economists include some very eminent and courageous individuals, with experience of the West, capable of expressing the special problems and difficulties of their country in a language which their western *confrères* can (or should) understand. Moreover, since 1956 these economists, and others, have been able to express their views with a degree of freedom hardly known elsewhere in the communist world. This freer atmosphere has also facilitated research by western scholars into the Polish economy, which sufficiently resembles that of other communist countries for any lessons to be of more than purely Polish relevance.

Dr Montias knows Poland, has met and talked with Polish economists and planners. He has also studied Soviet Russia and the economies of several other communist countries. He is therefore well qualified for his task, and he has written a most informative and stimulating book. It should be read by anyone interested in Poland, or in planning. After a most useful and subtle discussion of "planning in theory and practice", the author launches into a detailed survey of the development of the system down to 1956, with chapters on the political background, output planning and the allocation of in-

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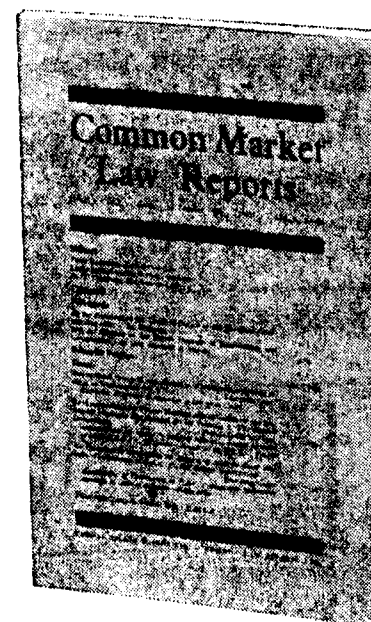
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puts, incomes policy, long-term planning and investment; he deals also with the socialist enterprises and prices. Dr Montias says much of interest on each of these inter-related themes, the more so as he presents us with a most judicious mixture of the institutional pattern and reality, of model and practice. For example, in discussing "efficient" solutions to planner's problems, he loses sight neither of the theoretical difficulty of defining what is to be maximised nor of the practical snags of ensuring the required collection and processing of information. There is a valuable survey of the place of foreign trade in the planning process, of vital importance to a country so dependent on imports. Events since 1956 are analysed in one of his best chapters, in which an account is given of the fascinating discussions on the "Polish model"; these dealt with the theoretical basis of pricing, the role of market forces, possible relationships between the central plan and local and enterprise autonomy, and other issues of fundamental importance. We are also told about the practical reforms that followed the events of 1956, and their consequences. This chapter has unfortunately to be followed by one entitled "counter-reforms", because there has been a trend towards renewed centralisation, for reasons that receive careful and dispassionate analysis.

It is a pity that Dr Montias did not devote more space to the relationship between the state sector and the still predominantly individual peasantry. As he points out, the government is unwilling either to allow the emergence of large private farms, or to impose collectivisation, and cannot effectively tax the peasants or persuade them to increase off-farm sales. His arrangement of his material is open to the criticism that 1956 and its aftermath is dealt with in detail in chapter 9, although the consequences of the 1956 reforms are also discussed under various heads in several earlier chapters. But these are minor criticisms of a book which, beyond any doubt, significantly enlarges our understanding of planned economies.

Blue Funnel

A Merchant Fleet in War: 1939-1945

By S. W. Roskill.

Collins. 352 pages. 25s.

THE merchant fleet described in this book is the Alfred Holt organisation, in which the principal company, the Ocean Steam Ship Company, is generally known as the Blue Funnel line, though the ships of another subsidiary are distinguished by their red funnels. When the control of the fleet was taken over by the Admiralty and the Ministry of Transport a week before war was declared, 87 ships were involved, of which 52 were lost during the next five years. Some, such as the fast modern ships of the Glen Line, which performed such admirable service in the Mediterranean, served under the white ensign; the rest suffered the same hazards of war as did the 9,400 ships sailing under the red ensign at that date.

The company is fortunate in securing the services of a distinguished naval historian to record its war efforts. By collating company records, the testimonies of survivors and British and German official documents, Captain Roskill has described the activities of a particular shipping line in the context of the whole war at sea. Such a book is, of course, primarily of interest to the company concerned, but it is also of value in providing a convincing justification for the strategy of convoy, which is now accepted as having provided the key to victory. This was far from the case before the war, and convoy continued to be disliked by members of both the Royal Navy and the Merchant Navy for a long time after hostilities had begun. Convoys are difficult to organise, and before 1942 they were far from efficient on account of the shortage of escort craft and weapons. If more books like the present one had been written about shipping experiences in the first war, such shortages might never have existed, because the protection of trade would have had a higher priority in naval thinking. As Captain

Roskill points out, the Japanese never learned the lesson, and because they squandered their merchant marine by refusing to provide adequate protection, they lost the war.

When the heroic endurance of those engaged in the Battle of the Atlantic is recalled, as it is here, and when the holocaust of shipping in the China and Indian oceans during the first period of the Japanese war is faithfully recorded, who can blame the masters of cargo ships for so frequently asking: what is the Navy doing? Kept in ignorance of the demands of grand strategy, they found themselves re-routed or deserted by their exiguous escorts to face the constant danger of torpedo and mine. What this book really does is to justify the ways of naval officers to their comrades in the merchant service, and to pay well-deserved tribute to the stoutness of the ships and the staunchness of spirit and sound seamanship of the men of the Holt line.

OTHER BOOKS

METTERNICH AND HIS TIMES. By G. de Bertier de Sauvigny. *Darton, Longman and Todd.* 315 pages. 32s.

This book is the fruit of much browsing through the vast mass of documents that Metternich left behind him, principally in the state archives in Vienna. It is not a biography or study of Metternich, but rather an anthology of his writings, assembled under different subject headings and linked together by explanatory comments. The first part of the book discusses Metternich's character, as revealed by himself, his ideas and his diplomatic methods. The second part describes his attitude and policies towards different countries and their rulers; in this English edition of the book the chapter on Britain has been considerably enlarged. This is not a book to be read in isolation; but for anyone interested in the period it is a useful, stimulating and often amusing source.

WHO OWNS WHOM (UK EDITION) 1962. O. W. Roskill, Ltd. 631 pages. £7.

This is the fifth edition of this invaluable reference book of parent, associate and subsidiary companies. The number of subsidiary and associate companies listed has risen from 19,000 to 22,000, and there is a new section showing subsidiaries and associates of British companies in the Commonwealth and South Africa.

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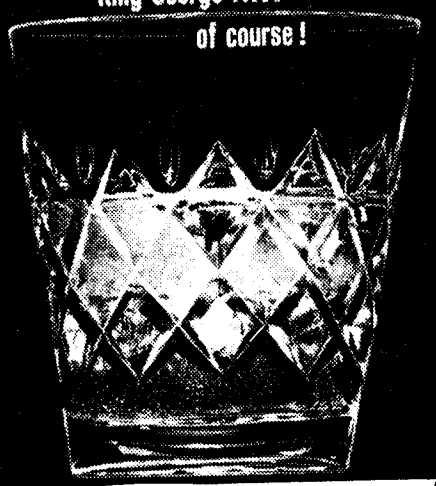
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FROM OUR CORRESPONDENT IN INDIA

FOR the first time since the Sino-Indian border dispute began the Indian people knows where it stands. After months in which New Delhi has blown hot and cold in successive breaths, one could almost feel the relief that greeted Mr Nehru's flat statement on October 12th that the army had been ordered to push the Chinese out of their latest foothold in the North East Frontier Agency. He followed it next day with an appeal to the people to back the troops in the front line "with discipline and increased production." No ifs, no buts. It was as if Chamberlain had given way to Churchill.

More sophisticated observers are not so sure. The "appeal to the people," at least, was largely the work of reporters demanding a message before Mr Nehru left for Ceylon, and of the sub-editors who played it up. The army has its orders—which is a good deal—and the government is committed not to negotiate unless "this particular aggression" is vacated, which is more. But if the job proves difficult, how long will the government retain the courage of the people's convictions?

The job may well be difficult. So far as one can tell through the fog of New Delhi's habitual half-truths and, till now, indecision (which, rather than ill intent, is the reason for most of the half-truths), the position is this. The Indians mean what they say about pushing the Chinese out; in the North East Frontier Agency, unlike Ladakh, terrain and logistics, though difficult, are relatively favourable to the Indians; they have at least 50,000 men deployed under a new and energetic, but not battle-trying, corps commander, General B. M. Kaul, who was moved two weeks ago from leadership of the army staff to take charge in the North East Frontier Agency, which till then had been combined with Nagaland and the East Pakistan frontier. Though Delhi denies it, the creation of a new corps for the agency was the logical accompaniment of heavy troop reinforcements for that area.

It is at the tactical level that the difficulties appear. The present fighting seems to be confined to the frontier just east of the tri-junction of Bhutan, the North East Frontier Agency and Tibet. The Chinese have come over the Thagla (Tang La) ridge, which according to the Indians marks the MacMahon line, and are dug in on the southern (Indian) side at a level of 13,000 to 14,000 feet, higher than India's Dhola post. Winter is coming on. The Chinese have ostentatiously proclaimed that their forces include veterans of Korea. They have substantial reinforcements at their main base, only twelve miles behind the ridge, and two airstrips within fifty miles. The Chinese have reacted very sharply to Mr Nehru's statements. A Note last Sunday accused India of making "preparations for war," and gave a warning that "Indian aggressors must bear full responsibility for the consequences of their crimes." Chinese troops are ready to strike "resolute counterblows."

What, precisely, is happening today? Here the fog descends in earnest. Official spokesmen remain convinced that the best news is no news, and uncertain whether their job is to love India more, or peace. Hence all movement and all firing must be initiated by the other side. One day perhaps they will face the fact that a sitting aggressor can only be removed by shooting at him, and begin to call things by their names.

It seems pretty certain that the initial incursion in early September was by the Chinese. But the first serious incident, near

the Dhola post on September 20th, offers an example of the difficulties facing the unbriefed and distant interpreter. The Indian version was that two Chinese soldiers crept up and threw grenades at an Indian post. The Indians fired Verey lights, and saw a substantial force of Chinese a few hundred yards away, on whom they fired. Why, asks the armchair tactician, would a large and presumably attacking force obligingly announce its arrival with grenades while still several hundred yards away? Perhaps it was the two Chinese who were stationary and the Indians who were on the move? Maybe, answers the soldier, but in this kind of war, is not this just the kind of muddle that happens? It is on such slender threads that any detailed speculation hangs.

In general, though, it is certain that the Indians are starting to hit back. The reported casualties of the latest incident (100 Chinese and 17 Indians, according to both Peking and New Delhi) hardly suggest an Indian attack uphill against dug-in troops. But they do suggest at least a pitched battle, in which, it appears, neither side gained ground. Did the Chinese attack, and get a bloody nose? Last Sunday's Note, which among other things suggests that the Indians have been dropping paratroops—a remarkable achievement in this kind of country—bears every sign of real alarm in Peking.

The most intriguing uncertainty is whether the area really is south of the MacMahon line at all. The Chinese do not recognise the line, but they allege that in any case the Indians are north of it. Having originally charged the Indians with attacking "Chedong," whose co-ordinates, undoubtedly north of the line, appear to have been those of an unrelated place called Le, they then decided that "Chedong" was where the Indians say Dhola is, i.e., latitude 27° 46.5' north. In this area, they say, the original 1914 Simla Convention map shows the line at 27° 44.5' north—two minutes of arc, slightly more than two miles, south of "Chedong." Further, they say, correctly, that the Indian officials who discussed the border question with the Chinese in 1960 said the line ran east from a point thirteen miles south of the Mela Pass at 27° 57' north: which would make the line run at 27° 45.5' roughly—still south of Chedong. The Indians say, equally correctly, that their officials later expanded their statement to indicate that the line was running east from a point at 27° 48' north—a mile and half north of Chedong. They explain the discrepancy with their original statement by saying that the thirteen miles were intended to be measured along the international frontier. Presumably a look at the original Simla map, which was on a scale of one inch to eight miles, could settle the question—if anyone cared to produce it.

Dr Adenauer Stops the Clock

FROM OUR BONN CORRESPONDENT

IT will be no great hardship to Dr Adenauer to fly to Washington for his third conference with President Kennedy on November 7th. In the Chancellor's calculations the trip will provide him with a timely opportunity to demonstrate that when it comes to hopping the Atlantic he is just as nimble as the vice-chancellor, Herr Erhard, the foreign minister, Herr Schröder, the defence

minister, Herr Strauss, the development aid minister, Herr Scheel, the governing burgomaster of West Berlin, Herr Brandt, and all the rest who these last few weeks have made the fashionable pilgrimage. Nobody here doubts that Dr Adenauer is hoping against hope to convince the country of his unflagging powers and continuing indispensability. If the political promises of yesteryear are more enduring than the snows, the Chancellor has just twelve months left before he is due to make way for a successor—who, as envisaged in the by now dog-eared coalition agreement of 1961.

Many west Germans, probably the majority, think it would be better for all concerned were Dr Adenauer to go now. Yet this autumn sees him exerting himself to persuade parliament and public that his active influence on state affairs should be prolonged. Encouraged by a few blindly faithful disciples, Dr Adenauer has disclosed that he is toying with the idea of remaining at the head of the government until 1964 and then standing for the office of federal president—a consummation that would keep him at the head of the state for the following five years, by the end of which he would be 93.

With the object of confounding the critics who observe that the old man is gradually, and in the course of nature, losing his grip, the Chancellor made some theatre at last week's reassembling of the Bundestag out of a long exposition of the government's domestic and foreign policy, solicitously devoting, for once, the greater part of his attention to home affairs, particularly the nagging worry of persistently rising wages and prices. If on this occasion his light did not shine as brightly as he had hoped it would, it was partly because he had chosen a moment when there was little new for him to say. He was disappointed by his reception. But next month's sortie to Washington, he may well reckon, will help to polish up the tarnishing image of energy and usefulness.

OTHERS might suppose the journey to be superfluous. The west German foreign minister, Dr Schröder, has been in Washington this week; what further business is there that could not be settled by telegraph, telephone and ambassadors? The paramount purpose of the present German-American exchanges is clear, even though it is not easy to accomplish. This is, first, to reach as close agreement as possible about the limits to which the West could go to accommodate Mr Khrushchev should he bring the Berlin issue to a head after the Congressional elections on November 6th; and second, to reach a similar accord about the joint action the western powers should take against this or that possible trespass on their rights in or around Berlin. An increased financial contribution by Germany to Nato, and Britain's entry into the common market, are less urgent subjects of discussion.

But there are other considerations on each side. For Dr Adenauer, in addition to the chance, as he must hope, of bolstering his prestige at home, the visit will give him an opportunity once again to pronounce his anathema on any concessions to the Russians, and to correct any impression Herr Schröder may have been giving of the federal government's willingness to take a more conciliatory line. For President Kennedy the meeting will be an occasion to allay the Chancellor's immense suspicion of United States policy, and to explore the meaning of one of Dr Adenauer's more hopeful remarks about west Germany's relations with the east German regime. This was in the "government declaration" which Dr Adenauer read to the Bundestag on October 9th. As had to be expected, he first restated the familiar thesis that the signing of a peace treaty between the Soviet Union and east Germany would be a brutal act of power politics. The Hallstein doctrine, he reiterated, remained valid; the Federal Republic would regard diplomatic recognition of the east German regime as an unfriendly act, tantamount to blessing the permanent partition of Germany. Yet, although Dr Adenauer wholly ignored recent talk of the

possibility of establishing west German trade missions in the east European communist states, he went on to make the following remark:

I declare again that the government is ready to discuss many things if our brothers in the zone can organise their lives as they would like to. Here human considerations play on even bigger part than national ones.

Such a course has been advocated before; but what would it mean? What would he be ready to discuss? The long-term credits for which the hard-pressed east German regime has been asking? Recognition of the Oder-Neisse line? Presumably Mr Kennedy would like to know.

In the meantime, the Bonn government keeps up an unyielding appearance. The German ambassador to the Vatican, Herr van Scherpenberg, lost no time on Monday in seeking confirmation or denial of Polish newspaper reports that the Pope, in an address to the Polish bishops now assembled in Rome for the Vatican Council, had spoken of "the Polish western territories" that had been "recovered after centuries." (Herr van Scherpenberg was told that there had been no change in Vatican policy.)

An unedifying feature of Dr Adenauer's saddening efforts to hold back the clock in the Palais Schaumburg is his disparagement, direct and indirect, of the man who is waiting to step into his shoes. While addressing the Bundestag on the present perils of the German economy, the Chancellor made no mention of Herr Erhard, who had been the first to raise the alarm and to advocate the policies Dr Adenauer is now recommending. But Herr Erhard's popularity with parliament and the public has so far survived the Chancellor's petty crabbing. At a meeting of the Christian Social Union in Nuremberg last Sunday, Herr Erhard was demonstratively hailed—among others by the defence minister, Herr Strauss—as the Chancellor's heir.

Herr Erhard is respected on all sides for his constant decency and honesty amid the political hurly-burly. He does not shrink from saying unpalatable things when he believes they should be said. Thus he told his admirers at Nuremberg that if every worker put in only two more hours a week, some 800,000 persons would be released for industries in urgent need of their help. At the same time he deplored the flamboyant and pretentious way of living of many west German business men. Having reminded the Bundestag that hourly wages in industry had risen by 36 per cent since 1959, while production had increased by only 12 per cent, Herr Erhard recommended that the June 17th holiday, celebrating the anniversary of the east German rising of 1953, should be abolished and everybody devote his earnings on that day to a national fund.

There can be little doubt that, were the seat to fall empty now, Herr Erhard would be elected Chancellor. But while he is waiting a rival of increasing stature is emerging. In Washington this week Herr Schröder has been quietly adding to his already growing prestige at home and abroad.

General versus Parties

FROM OUR PARIS CORRESPONDENT

GENERAL DE GAULLE'S dogged attendance at army and navy manoeuvres during the French government crisis is not without its bearing on the political outlook. His new political campaign appears to be based on rules of military strategy. It is now possible to piece together this *Kriegsspiel* that is designed to crush the existing political parties. One golden rule of the game is not to fight your main battle on the ground most favourable to your opponent. Since the political parties feel at their best during a general election, and since one was to be held before next spring, it was tactically advisable to defeat the political parties beforehand. If the parties

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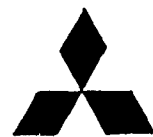
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are knocked out in the referendum (on October 28th) they will still be groggy by election time (the two ballots are on November 18th and 25th). In any case this second electoral round will lack the importance of the first.

Such considerations explain the general's sudden passion for the electoral system by which his successor is to be chosen. Indeed, as the campaign gathers momentum, the problem of the succession is almost entirely forgotten by the gaullists. The chief slogan of the official propagandists is that if you don't give General de Gaulle your vote, he will turn his back and go, and you will be left to your dreadful fate.

General de Gaulle's preventive coup makes strategic sense. When the frightened leaders of the Fourth Republic surrendered in May, 1958, and fetched the general back from Colombey they secretly hoped that he would be an absolute ruler only for the duration of the crisis, and would then accept the mantle of a constitutional monarch. But their exception was to be the general's rule. The compromise lasted until the Algerian war was ended. The bogey of the Secret Army could have kept the parties quiet for still longer, but—short of an officers' coup a year—the deputies were bound at some stage to claim a share of power. In this context it is irrelevant whether the parliamentary leaders were actually preparing an offensive on more favourable ground. Logic demanded that they should rebel sooner or later. The general decided to strike first in order to establish that the president is the undisputed master, and to get his version of the situation endorsed by a massive popular vote. What pretext could be more flattering for the electors than a constitutional change requiring that the president be directly elected by the people?

MANY commentators here maintain that the plan was more adroit than its execution. By-passing parliament altogether, the general spurred the timorous Assembly into action. Revealing only too clearly his anti-parliamentary purpose, he pushed all parties into opposition—all, that is, with the obvious exception of the disciplined troops of the gaullist UNR. Yet what has happened is not necessarily the outcome of a miscalculation. If the purpose of the whole operation is to emphasise the vanity of parliament and the impotence of the parties, it may have seemed clever to show that the general could beat them all single-handed.

General de Gaulle, who brought the Algerian war to an end, has plenty of assets. The first electoral largesse is being distributed; on Wednesday, the government decided to increase minimum wages and family allowances. The state apparatus of propaganda is getting into its stride. The bias of the French radio is almost too notorious to be mentioned. The television screen ("les étranges lucarnes" as they are called here in Saint-Simonian language) provide a prince president with a weapon that Louis Napoleon could hardly have dreamed of. But the general's principal asset is the weakness of the patchwork opposition which has failed to use the four years in the wilderness to renew its men and produce an alternative programme.

From Pinay's conservatives to Mollet's Socialists, the very names of the anti-gaullist coalition remind French people of the vagaries of the past. It is easy for official spokesmen to argue, with sarcasm, that the gravediggers of the Fourth Republic are hardly qualified to expound the virtues of parliamentary democracy. The opposition weakens its position still further by refusing to make a frontal attack on the general. With the qualified exception of the Communists—who are anyway outside the block—no party in the coalition says plainly what it would do in case of a parliamentary victory and the general's departure. The situation has reached the farcical stage at which the followers of the general proclaim that he will go if the constitutional project is rejected, while his opponents plead that it is his democratic duty to stay in office. (His broadcast on Thursday suggested that he would go if not

supported by at least half the nation.) An unsophisticated voter may, in these circumstances, be forgiven if he concludes that if the general is so precious, it is better to vote for him.

This does not necessarily mean that General de Gaulle is assured of a resounding triumph in the referendum. For years observers have been writing about the political apathy of the French people and the diminishing audience vouchsafed to the parties. Now comes the moment for testing how deep is the apathy and just how reduced the audience. In 1958, after the humiliating collapse of the Fourth Republic and with threats of civil war in the air, the triumphant general obtained 80 per cent of a high poll. But at that time, of all the big parties, only the Communists dared to oppose him. Now the situation is reversed with only the UNR standing faithfully behind General de Gaulle. How much will this shift be reflected in the referendum figures?

It is generally assumed that the Communists, and to a lesser extent the Socialists, will carry the bulk of their followers with them. The extreme Right—as was seen in the last referendum—has little electoral following. The big question is whether the parties of the centre and the traditional Right (the Radicals, the wavering MRP and the Independents) can bring many of their followers to vote against the President. If General de Gaulle once again polls more than 70 per cent of a fairly high vote, the *Cartel des Non*, which in any case will find it difficult to translate its pact into electoral alliances, will collapse under the shock. The general will either get a docile Assembly or, strengthened by his popular success, will treat any recalcitrant with contempt. If he polls between 60 and 70 per cent of a fairly high vote, both sides will claim a victory and the next round will be more complex. But should he get less than 60 per cent of those voting, which, it is calculated, would mean in practice less than half the total electorate, the anti-parliamentary operation will have failed. Unlike a player in the *Kriegsspiel*, he will not be able to put the pawns back in their starting positions. He would then have to revise his strategy and produce his secret weapons. The future course of the struggle between the general and the parties will thus be determined by the referendum.

Catalonia Counts the Damage

FROM OUR CORRESPONDENT IN BARCELONA

THE damage done by the floods of September 26th in the Barcelona region was heavier in human suffering than in property destroyed. The human tragedy was very great: over a thousand dead or unaccounted for (and local people say this is an underestimate). Many have lost relatives, their homes and all they possessed. The material damage, so far as can yet be assessed, was not remarkable by the standard of other floods in Spain. An estimate based on provisional figures collected from the local authorities a few days after the disaster put industrial and com-



mercial losses at 2,250 million pesetas and agricultural losses at 136 million; but insurance circles put the figure a good deal lower—about 1,000 million for industry (the main loser) and 100 million for agriculture (168 ptas £1).

But the essence of the economic damage is the crisis produced in the Spanish wool textile industry by the destruction of dyeing and finishing plants. Some 80 per cent of the wool textile industry of Spain is concentrated in the two Catalan towns of Sabadell and Tarrasa, which received the first impact of the storm and floods. The dyeing and finishing plants stood close to the rivers from which they drew their water supplies. Three-quarters of those in Sabadell and many of those in Tarrasa were swept away and wrecked (Rubí, the other town that suffered the worst casualties and damage, was an industrial dependent of these two). All this happened just when woollen manufacturers were about to deliver cloth for the winter season, and large stocks of highly priced goods awaiting despatch were destroyed or buried in the mud. The immediate problem is how to get the existing goods, let alone future production, finished and delivered to wholesalers before winter buying starts. Manufacturers may be forced to have some finished abroad.

The cotton industry was not hit in the same way, although

considerable damage was done to cotton mills, particularly at Ripollet, south of Sabadell, where three large mills were flooded. The cotton weavers send their goods for finishing to Barcelona, which suffered relatively little from the storm.

There remains the problem of rebuilding and repairing the factories and replacing the machinery. The damage to factory buildings, equipment and machinery in Sabadell alone is estimated at 500 million pesetas. Measures announced by the government include the declaration of the losses as a "disaster risk," to be met by the funds created for this purpose by the consortium of insurance companies; exemption from taxation for a year; the waiving of customs duties on imported machinery; and the granting of a long-term credit of 1,000 million pesetas through the Bank of Spain, 300 million of which has already been handed over. Manufacturers believe that, with this assistance, the industry will be working normally again in a year's time. The government has also taken steps to ensure that the workers thrown out of employment receive adequate unemployment relief, and expects them to be re-absorbed into industry within six or eight months. Some are being kept on the payroll of their former employers and are helping to repair the factories; others are being offered work by rival firms, as there is a shortage of labour nowadays in Catalonia.

Congress in Cordoba

FROM A CORRESPONDENT

IN Madrid today it is officially held that Spain is proud of its Arab past. But if you talk to a Basque or an Asturian you will probably quickly learn that this sentiment is not universal. Whoever you are talking to has very likely never been to Andalusia; he dislikes both Arabs and the *cante flamenco*, which is rather doubtfully claimed as part of the Arab heritage of modern Spain; and prefers to go for his holidays to any Nordic land rather than the southern half of his own country. A great many other Spaniards, however, do feel a sentimental attachment to the Arab past of their country. Manuel Machado, for instance, a poet with a wide popular appeal, began one of his poems by emphasising his kinship with the people "who coming to my country first won and then lost everything" and then went on to affirm that his "soul was impregnated with the fragrance of the Spanish Arab."

During the last hundred years interest in Spain's Arab past has been spread by the creation of a great school of Arabic studies. Founded by Francisco Codera, it was nourished by Julian Ribera and Asin Palacios, carried on by Gonzalez Palencia, who unhappily died prematurely in a motor accident, and is now represented at its best by Emilio Garcia Gomez, the scholar and litterateur (Señor Garcia has recently—it is to be hoped only temporarily—forsaken his professorial duties to become his country's ambassador, first in Baghdad and then in Beirut).

In the critical years between the end of the second world war and the beginning

of the cold war, when Spain was semi-blockaded by the victorious powers and badly needed allies, the possible political uses of the Arab connection became clear to the Spanish foreign ministry. The way had been prepared at the end of the civil war when the government introduced in the Spanish zone of Morocco a distinctly more liberal policy than that followed in the French zone. Teaching in Arabic was allowed and the links between the Spanish zone and the Arab world in the east were encouraged.

Some five years ago a further step was taken when an Hispano-Arab Institute for the encouragement of cultural relations between Spain and the Arab countries was started under the aegis of the foreign ministry; it was put under the direction of Garcia Gomez with another distinguished Arabist, Father F. M. Pareja, as his second. The Spanish government hopes that these connections will help to smooth away the difficulties caused by the Spanish enclaves in Morocco.

Meanwhile, at the Moscow meeting of the International Orientalist congress in 1960 the unwieldiness of these congresses, which now cover the whole of Africa as well as the whole of Asia, led a number of eminent Arabic scholars to form a separate, perhaps two-yearly, international congress devoted entirely to Arabic studies. The Spanish government was glad to act as host to a congress of this kind, and in the middle of last month the First International Congress of Arabic Studies assembled in Córdoba. Señor Garcia was, unfortunately, absent and a



number of other Spanish professors of Arabic also stayed away. Even so, the attendance, which it was originally hoped to limit to some 60-100 experts on Muslim Spain, rose to nearly 150, including observers. Scholars from western Europe and the United States were present, but there were very few Arab professors, probably because Arabic was not made one of the official languages of the congress.

The setting and the hospitality could hardly have been better. The Alcalde of Córdoba and the director of the Real Academia proved themselves fully aware of the traditions of their Muslim predecessors. The excursions, the parade of thoroughbred Arab horses, the display of flamenco dances, and the final banquet in the Alcazar of the Christian kings were not unworthy of the entertainment which in the 10th century the great Abderrahman III provided for his visitors from the barbaric north.

The rehousing of the homeless will probably be accomplished with reasonable speed in view of the priority given to it. A large proportion of the sufferers were poorly housed labourers—many of them had built their own dwellings, often by the river bank—who can be rehoused quickly, and a good deal better than before, in cheaply built blocks of flats. But many small farmers had their fruit and vegetable crops ruined and their plots rendered unusable by the flooding of the rivers Llobregat and Besós. The government is to provide credits and to undertake the cleaning of the land.

The effect of the disaster on public opinion has not been too adverse to the government. People are not inclined to blame the authorities, central or local. It is true that human fecklessness does much to make these natural disasters worse in their effects than they need be. These riparian industrial settlements had been allowed to grow up without much precaution against a rush of water from the mountain streams, or even against the fairly frequent flooding of the Llobregat and the Besós. The devastated towns were mushroom growths along the river beds; foresight in the siting of industry and of housing could have made them less appallingly vulnerable. But the negligence belongs to the past, and criticism is stilled by the fact that the storm was quite exceptional. General Franco's prompt visit to the stricken areas, and the holding of an emergency cabinet meeting in Barcelona, have made an impression on Spanish opinion. But the outstanding effect has been the revelation to the Catalans themselves of the strength of their solidarity. The response of the people of Barcelona and other towns to the news of the disaster was remarkable. It was shown not only in the rush to subscribe to relief funds and deliver blankets, clothes and anything else for the homeless, but in the numbers of volunteers who went out to recover bodies and clear up the devastation.

Syria's Fashion Show

FROM A CORRESPONDENT LATELY IN DAMASCUS

SYRIA, who first set the fashion for military regimes in 1949, now has the chance to encourage a general movement towards representative government. The free play of political forces in Damascus, and the formation, on September 17th, of Mr Khaled el-Azm's coalition cabinet are of more than local interest. If some form of democracy, however imperfect, can be seen to work in Syria, it cannot fail to influence, by example, the monolithic regimes of Cairo and Baghdad.

But there are flaws in the present Syrian model. Such is the weakness of party organisation and the strength of local factors that Syrian elections are a poor guide to the political forces confronting each other in the capital. Non-party men, whether landowners, businessmen, tribal and minority leaders or the heads of the largest and most powerful families, are regularly returned in great numbers, swamping the small groups who actually make policy and set the pace.

Only the exigencies of the current struggle with the United Arab Republic have allowed Syrian political leaders to step clear of the trammels of a traditional parliament and arrive at a working agreement that more closely reflects the active political trends. Three days after he formed his cabinet Mr Azm dissolved the assembly and secured special powers to rule by decree until new elections are held within a year. Despite its claim to legitimacy, the government is less a parliamentary coalition than an *ad hoc* alliance of the principal political forces and pressure groups in the country—both parliamentary and extra-parliamentary.

One of these forces is the army: the commander-in-chief, General Zahreddin, sits in the cabinet as minister of defence, and a former general is minister of the interior. To have sought to exclude the army altogether would have been to invite its more direct intervention. In view of the history of the last twelve years, the Syrian army cannot be expected to return overnight to its

barracks; it must be recognised as one force among several on the Syrian political scene, domesticated only by being intimately associated with the political process.

How then does the situation differ from the ungovernable nineteen-fifties? And what chance has Mr Azm's coalition of being both durable and effective? For one thing, Syria is no longer a cold war battlefield as in the immediate pre-union years: the Right no longer looks to the West for support against a Left in league with the Soviet Union. With the great powers out of the ring, domestic differences seem less irreconcilable.

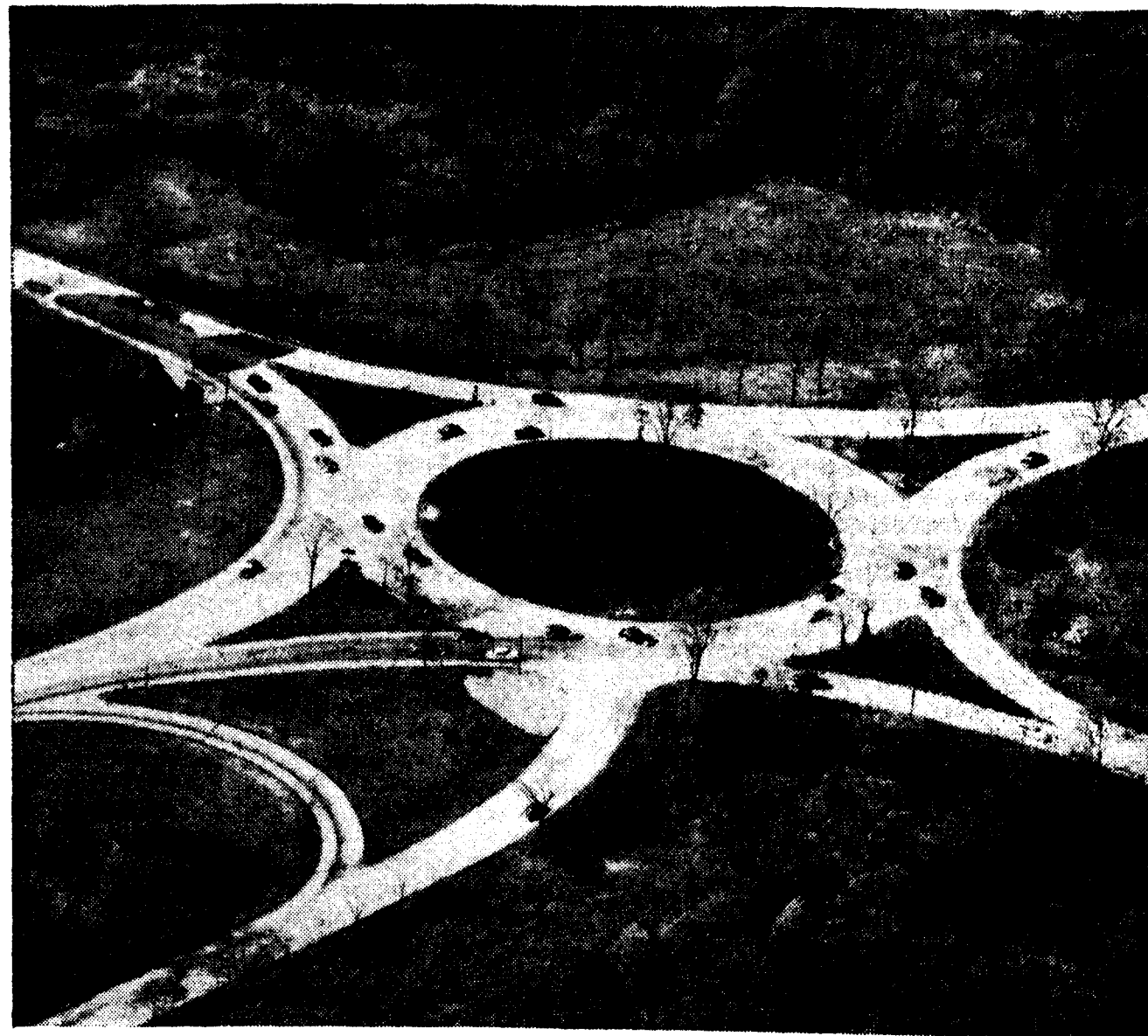
Another factor for stability is that the three years of union with Egypt have momentarily stilled the pan-Arab fever with which Syria was traditionally consumed. In the past, few Syrians believed in the future of their country as an independent unit outside some larger Arab entity. Salvation was thought to lie in a merger with one or other of Syria's neighbours. Today, the utopian vision of an Arab world miraculously united, enjoying overnight the benefits of socialism, has given way to a fierce defence of Syrian independence and to more modest objectives of inter-Arab co-operation.

THE Syrian Ba'ath party is much less influential than it was in the nineteen-fifties. Then its role was to provide Arab youth with an ideal of a progressive, renaissance and united Arab world in the face of rival doctrines preached by the Communists and by the *Parti populaire syrien*, the party advocating a Greater Syria. But the PPS finally destroyed itself by its bid for power in Lebanon last year, while the Ba'ath are now in the wilderness. Of all the doctrinaire parties, only the Communists remain. But they too, have been tarnished in the public mind by their violence in Iraq, and are no longer riding high, as in the period after the Suez crisis, on a flood of pro-Soviet sentiment. As yet they constitute no sort of immediate threat, although they are thought to be busily re-organising, and their voice is heard once more in the press clamouring against President Nasser.

With the virtual eclipse of these old rivals, Mr Akram Haurani's socialists (who have broken away from the main Ba'athist group) and the Moslem Brotherhood now confront each other as the two major centres of power in Syria. The revival of Haurani's fortunes in the last year has been remarkable. He realised that if Syrian independence was to be assured, President Nasser's legend must be destroyed, and that if his own reputation was to recover from his responsibility for union in 1958, he must lead the attack in person. He has thus broadened the base of his support, formerly limited to peasantry in the Hama area and to his socialist henchmen; he has won the somewhat incredulous admiration of many.

But of all the changes, the resurgence of the Moslem Brotherhood is perhaps the most striking. It is a reminder that the Arab masses, particularly in Damascus, can still be rallied in the name of religion. Islam, contrary to what many young Arab intellectuals would have one believe, is not yet a spent force. The present revival is, in part, a mass return to familiar roots in a moment of crisis; in part, a regrouping of traditional forces to fill the vacuum caused by the disintegration of the old conservative National and People's parties. It is also a personal triumph for the Brotherhood's spirited supreme guide, Issam al-Attar, at 35 the only newcomer to hold his own among the veterans.

Opposition to President Nasser is the cement that binds Syria's coalition government together. At its head, Mr Khaled Azm, subtle and authoritarian, faces the greatest challenge of his career. He is perhaps the only Syrian leader acceptable to all factions and strong enough to mould them into a working team. The right wing are reassured by his *grand bourgeois* background, the left wing recognise in him a former ally, while to the general public he is known as a champion of Syrian autarky and an early opponent of union with Egypt.



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AMERICAN SURVEY

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New York's a Stage

FROM A CORRESPONDENT IN NEW YORK

THIS year's election in New York State ought on its merits to be a quiet and one-sided affair, but it has taken on unique importance as a dress rehearsal for the 1964 presidential campaign. The Republican Governor, Mr Nelson Rockefeller, is a heavy favourite to gain a second four-year term; he is also generally expected to be his party's candidate against President Kennedy two years from now. Therefore he wants not only to win but also to increase his majority in order to show the Republican professionals in other parts of the country that he is, indeed, the right man for the presidential nomination. This means that he must improve on the quite handsome majority of 573,000 votes which he obtained over the politically inept Mr Averell Harriman in 1958. Last summer the task seemed easier than it has done since the Democrats chose as their nominee Mr Robert Morgenthau, a political unknown who has proved to be an unorthodox but surprisingly attractive candidate.

President Kennedy and his brother, the Attorney General, who is the Administration's chief political strategist, are in their characteristically long-headed and alert way doing everything within their power to reduce Mr Rockefeller's majority and—hopefully—to defeat him. They hand-picked Mr Morgenthau on the advice of Mr Louis Harris, a public opinion pollster upon whose assessments of political sentiment they rely greatly. Local party leaders, having no candidate of their own of star quality once Mr Wagner, the Mayor of New York City, refused to run, assented to the President's choice but the party convention ratified this decision only after angry protests from some of the rank-and-file.

The Harris analysis of past voting statistics and present sentiment spotlighted middle-class Jewish voters in the city and its suburbs as the critical floating group in the electorate. In 1958 Mr Rockefeller ran only slightly better than routine Republican candidates in his party's upstate strongholds but he made a personal impact in the city, particularly on Jewish voters who are traditionally liberal and independent. This analysis resulted in the prescription that what the Democratic party needed was "a Herbert Lehman-type candidate," referring to the former Governor and United States Senator who is the revered elder statesman of New York Democrats. The political witch-doctors succeeded remarkably well in filling this prescription.

Mr Morgenthau, aged forty-three, is a great nephew of Mr Lehman, the son of Franklin Roosevelt's Secretary of the Treasury and the grandson of Woodrow Wilson's Ambassador to Turkey; he exemplifies the tradition of the old German Jewish families which have played a prominent part in New York's business and civic life. A successful lawyer and a loyal Democrat, he entered active politics in 1960 when he served as one of the local chairmen of the Citizens for Kennedy organisation and was rewarded by being appointed United States Attorney, a major patronage plum. As the chief prosecutor in all cases involving violation of federal

law in metropolitan New York, he gained a reputation for vigour and high professional competence. Like his father, whom Roosevelt used to call "Henry the Morgue," the Democratic candidate for the Governorship is reserved and diffident and a mediocre public speaker. The attempt of the press to popularise him as "Morgy" adds a diverting footnote to the campaign.

To strengthen Mr Morgenthau in his difficult assignment, the Democrats nominated their customary "balanced ticket" of candidates designed to appeal to all elements in their complex racial and religious coalition. Those chosen to run for the other offices which are voted on by the electorate of the whole state include three Roman Catholics, two of Irish and one of Italian ancestry, a Jew and a Negro, thereby excluding no one except the newest minority, the Puerto Ricans, and the oldest, the white Protestants. Mr Edward Dudley, the Negro Borough President of Manhattan who was nominated for State Attorney General, is the first of his race to be designated for an important state office in New York by one of the major parties. He is accustomed to breaking fresh ground since he was the country's first Negro Ambassador to Liberia in 1948. The selection of Mr Dudley represents an attempt to increase political activity among the Negroes, who usually vote 3 to 1 for the Democrats when they bother to vote at all, which barely half of them do.

At first glance Mr Morgenthau would seem to pose no challenge to the fluent, self-confident Governor who has taken to politics with remarkable gusto and flair. The Democratic strategy is for Mr Morgenthau to point a contrast between himself and Mr Rockefeller rather than to attempt to compete with him in his own style. Unlike Mr Harriman, who tried four years ago to outdo Mr Rockefeller in marathon bouts of hand shaking and eating blintzes and frankfurters, Mr Morgenthau hopes to win support from voters with a taste for understatement.

THERE are virtually no issues in the campaign. Mr Morgenthau accused Mr Rockefeller of intending to ask for increased taxes, a charge which the latter has vehemently denied and which seems improbable on its face if the Democrats' other charge that the Governor has his eyes only on 1964 is true. Governors who hope to move to the White House do not normally begin their forward march by increasing the electorate's tax bill. Mr Morgenthau has also complained that Mr Rockefeller has failed to attract new industry to areas of chronic unemployment, has provided insufficient aid for education and has enlarged the loopholes in New York City's programme of rent-control. But these are fairly mouldy bricks which the outs have been throwing at the ins for several elections.

Mr Morgenthau's only chance of winning, which is slight but exists, is to convert the election into a plebiscite in support of President Kennedy and his policies. In New York as elsewhere the great imponderable of the election is how much of Mr Kennedy's personal popularity, which is very high, can be translated into votes for his party's candidates. Mr Rockefeller is not only the President's putative opponent in 1964 but he has also, in the past, made searching criticisms of Mr Kennedy's handling of foreign affairs, notably in the nuclear disarmament negotiations; here Mr Rockefeller argues that the United States has gone too

far in yielding to the Russian point of view. Mr Morgenthau stresses his own support of Mr Kennedy. The President has made two appearances in the state on his behalf and is to make a third before the campaign ends.

Recently the Governor has tried to minimise the plebiscitary quality of the election by speaking exclusively on state issues. He has refused to debate with his opponent on the sound premise that such encounters would only serve to make Mr Morgenthau better known. Democrats have twitted Mr Rockefeller for this calculated avoidance of his opponent as well as for what appeared to be an uncharacteristic lack of graciousness in refusing even to pose for photographs with Mr Morgenthau when they attend the same function.

One "issue" which is never mentioned in public but which is behind much of the political interest in this contest is how much the Governor's unexpected divorce last year after thirty-one years of marriage hurt him with the voters. There is no doubt that it damaged his image somewhat; previously this had been of rock-like moral solidity. New Yorkers as a group are urbane about matters of this kind but politicians will have their antennae out to detect even small shifts in the voting pattern of urban Catholics and conservative, small-town Protestants.

The election will provide a test of strength for the politically resurgent right-wingers who in New York have organised themselves as the Conservative party and are running their own candidates. The Republican party has finally abandoned the strenuous efforts to get the Conservatives ruled off the ballot on various legal technicalities; it is now reconciled to the view that they will not do the Governor serious harm. Although the Conservatives have criticised Mr Rockefeller occasionally for his social welfare programmes, the real target of their wrath is Mr Jacob Javits, the most liberal of the Senate's small block of progressive Republicans. But Senator Javits is so far ahead of his Democratic opponent, Mr James Donovan, the lawyer who is negotiating the release of the anti-Castro invaders held prisoner in Cuba, that nothing the Conservatives do is likely to impede Mr Javits's triumphant re-election.

At one time Mr Rockefeller had hoped to make up for any losses among the Republican party's right wing by an electoral alliance with the Liberals, New York City's durable third party, which is financed by the trade unions in the garment industry. But the Liberals, as is their custom, put their interest in the Democrats' national programme ahead of their admiration for the Governor and renewed their traditional alliance with the Democrats. Mr Rockefeller has, however, obtained endorsements from several other influential trade unionists who normally support Democrats. He is likely to do equally well with the rank-and-file of the Liberal party, a development which would not greatly surprise or distress that party's leaders despite its official protestations on behalf of Mr Morgenthau.

Visit Washington Week

LAST week's "Visit USA" campaign seems to have had a more striking impact on Bonn and Moscow than it did on London. This week the Russian Foreign Minister is calling on President Kennedy in Washington to tell him, so it is thought, that Mr Khrushchev will be coming to the United Nations in New York during November. In any case Dr Adenauer has ensured that he will get in first, by announcing that he will be in Washington on the day after the congressional elections; the German Foreign Minister is already there. For the Administration all this is welcome reinforcement for its present rather ostentatious insistence on the need to be ready for another serious crisis in Berlin before

Christmas. This insistence is designed partly to convince Mr Khrushchev that the United States is determined to resist any further encroachment in Berlin, partly to stiffen the western allies and to recapture the interest which has been concentrated on the bargaining over the common market and partly to give the American public something to worry about beside Cuba.

President Kennedy argues that the Russians are interfering in Cuba in order to divert attention from their much more dangerous plans for Berlin. But it is difficult not to feel that he himself is building up a sense of imminent emergency in Berlin in order to distract American voters from the Republican allegations that he has failed to cope with Dr Castro and that his foreign policy has been a constant backing down in the face of threats. The present stream of visitors to Washington certainly gives Mr Kennedy an answer to the charge that he has not provided leadership. Nevertheless his efforts may rebound against the Democrats since a growing number of Americans seems to agree with the officials in other countries who think that the Berlin crisis is being exaggerated and that Mr Khrushchev has no intention of bringing it to a head this year. His reported readiness to meet Mr Kennedy and to open a third round of negotiations over Berlin will strengthen this view. In Washington the chief fear is that Mr Khrushchev will again organise some unanticipated shock, if not along the lines of last year's Berlin Wall, then in another form.

Illinois Accent

CHICAGO, ILLINOIS

PRESIDENT KENNEDY is visiting Chicago and Springfield this week to support a man with an almost perfect pro-Kennedy voting record in Congress. Mr Sidney Yates, whose actual score is 97.6 per cent, is leaving the safe seat in the United States House of Representatives which he has held for fourteen years, in an attempt to replace Senator Dirksen, the Republican leader with a voice like tarnished silver whose throaty oratory is familiar to millions of television viewers. Mr Yates needs all the help he can get. People are saying already that he is more likely to find himself appointed to the judicial bench, as a reward for faithful service, than elected to the Senate and that Mr Kennedy may succeed only in stirring Republican voters out of the apathy which is Senator Dirksen's only real problem.

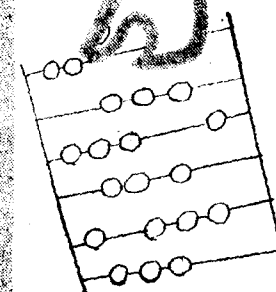
For a long time it was whispered that Mr Kennedy would not campaign for a Democrat in Illinois because he wanted Mr Dirksen to continue in the Senate so that, as minority leader, he could go on being helpful about foreign policy; it is now said that by campaigning against Senator Dirksen the President is endangering bipartisan unity. But whatever Mr Dirksen may have thought it desirable to do in Washington, he is now telling the voters in Illinois that Mr Kennedy is to blame for the mess in Cuba and that in the talks at Geneva with the Russians about a ban on atomic tests his mistaken policy has been "retreat, retreat, retreat." Mr Yates has preferred to attack Senator Dirksen on his domestic flank, saying that the Senator tried to "sabotage" the legislation for stricter control of the distribution of medicines which was passed after the sensation about thalidomide and also that he has always opposed hospital insurance for the elderly—there are a million people in Illinois over 65. But "medicare" does not seem to be quite the burning issue in Illinois, or elsewhere, that the Democrats persist in supposing it to be.

Mr Yates is a Congressman from Chicago and in the rural areas of the state he carries two handicaps. One is that he is a leading member of Americans for Democratic Action, which the farmers suspect of being a very left-wing organisation that wants to manacle them all on collective farms. The other handicap, one of quite



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is quite exasperating"**

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a different sort but no less serious, is that Mr Yates is widely regarded as having been hand-picked by, and of being helplessly dependent on, the Democratic "machine" of Cook County, of which Mr Richard Daley, the Mayor of Chicago, is boss. Illinois already has one Senator from Chicago and in the opinion of many rural voters one is quite enough.

This lakeside metropolis is expected to continue stoutly Democratic, because of the votes of organised labour and of its racial minorities, particularly the Negroes, who are said to control nine of the city's fifty wards and to be pressing hard for more equality. And Chicago continues inexorably to be itself in other ways. Beer barons still appear in court, charged with evading income tax, and are still slain in gang wars. The city is dynamic yet decays as fast as it rebuilds itself and, despite its art treasures and blocks of flats built like lighthouses, resembles its famous Loop which makes an immense roaring noise and goes round in a circle.

Well Off but Workless

THE September employment figures showed what the industrial production index for the month has now confirmed, that the economy is stuck in its groove of prosperity, "hanging high" as one official says of the number out of work. This was again 5.8 per cent of the labour force and unemployment is not likely to go below 5.5 per cent during the winter. With the seasonal stepping up of activity in the motor factories and the opening of the school year there were 400,000 fewer people actually without jobs than in August; long-term unemployment, lasting for more than six months, and the number of areas of "substantial unemployment" both went down to the lowest level for over two years. But the number of people at work declined more than usual for the time of year and the proportion of Negroes, women, young people and other unskilled workers who were jobless continued to be far above the average for the labour force as a whole. Therefore it is good news that the new programme for retraining unemployed workers has made a fast beginning. But it is bad news that Congress refused to approve an extension of unemployment benefits for those who have exhausted their rights under the existing scheme.

Another supposedly good sign, that in September the work week in factories had gone up for the first time since April, was disturbing because it suggested that manufacturers were so uncer-

tain about future demand that they preferred to pay extra wages rather than hire new workers; this process is potentially costly as a result of the pensions, supplementary benefits and so on to which employers are committed. The generosity of such schemes is the main reason why older people are retiring earlier than they used to do. This explains why the latest projection of the labour force (shown in the chart) forecasts rather smaller increases than were estimated a few years ago. In addition there is a growing and welcome tendency among young people to stay longer in school or to go to college instead of entering the labour market. This may mitigate the coming impact of the flood of post-war babies who are now reaching working age. Nevertheless by 1970 there will probably be 10 million more people wanting jobs which can only be provided in sufficient quantity if economic growth is speeded up in the United States.

Every Man His Own Borgia?

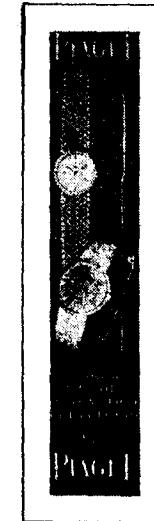
THE American manufacturers of agricultural chemicals do not yet know whether they have been injured or merely insulted by Miss Rachel Carson. But in private they are bemoaning the formidable literary powers which have been turned against their insecticides and pesticides, a \$300 million a year industry, and the enthusiasm with which the public has embraced Miss Carson's new book,* a diatribe against the poisoning of man's environment by "substances nature never invented." In their counter-attack the chemical companies and their associations are mustering battalions of public relations officers to explain how the new industry, which has not looked back since DDT was released for public sale at the end of the war and since methods were discovered of making agricultural chemicals from oil, has helped each American farmer to produce enough food for twenty-six people. In pre-pesticide 1940 he could feed only ten.

The industry does not expect to suffer serious financial loss as a result of the attack by Miss Carson, a biologist highly respected for an earlier book, "The Sea Around Us," although her gloomy prophecies are destined for wide distribution through the book clubs, paper-bound editions and magazine serials (one of which alarmed readers of *The New Yorker* magazine in the summer). Agricultural chemicals account for only one per cent of the annual \$30 billion worth of sales by the chemical industry as a whole. Moreover, those who may now decide to forswear Miss Carson's "elixirs of death" are householders and amateur gardeners, who provide only one-sixth of the market for weed and pest controls. Professional farmers—on whom both the industry and the Department of Agriculture work constantly to eradicate the conviction that if one dose of insecticide is good, two are better—are not likely to become converts to Miss Carson's belief in "natural" control of unwanted forms of life.

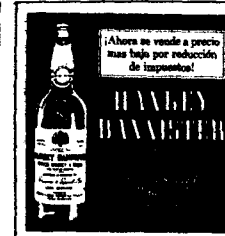
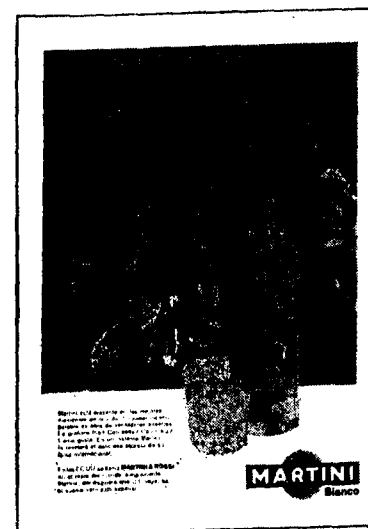
Nonetheless, the manufacturers, who include many reputable firms such as the Monsanto Chemical Company and the du Pont Company, which pride themselves on public spiritedness, feel that they have been unfairly accused of ignoring the safety of the people out of a desire for profits. They believe that in reality they have been more than vigilant in pointing out the risks of accident and in teaching proper methods of applying their products, whose enormous benefits they had felt patently to outweigh the dangers. One of their real fears is that public anxiety may force Congress to pass regulations concerning the use of pesticides on food crops even stricter than those which have been observed since the pesticide amendment was added to the federal Food and Drug Act in 1954.

Certainly Miss Carson presents a frightening case. Traces of

* *The Silent Spring*. By Rachel Carson. Houghton Mifflin Company, New York. 368 pages. \$5.



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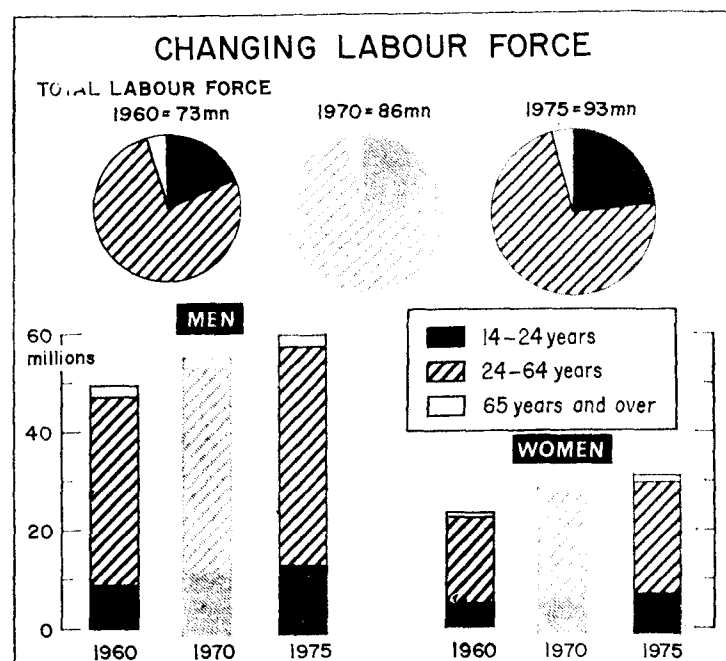
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the chlorinated hydrocarbons, such as DDT, and of the even more toxic organic phosphates, such as parathion, manage to find their way into the body; some tend to accumulate in fatty tissues. Since these substances are new, no one can know what they may do to humans over a long period (although an experiment conducted in Atlanta, Georgia, by the US Public Health Service found that convicts who volunteered to eat for over a year 200 times the amount of DDT absorbed by the average person suffered no ill effects). If the two groups of insecticides kill insects by damaging the central nervous system, though in different ways, will they not harm people similarly? Miss Carson also makes propaganda play with the fact that 11 per cent more Americans died of cancer in 1959 than in 1900. Moreover, apart from the danger to human life, she can foresee a kind of chemical devastation of the soil and wildlife such as has been described until now only by the most pessimistic Cassandra of nuclear holocaust. There could be a "silent spring," she says, in which the only living creatures might be those strains of cockroaches, mosquitoes and flies which had adapted themselves to the omnipresent poison.

THE Department of Agriculture, the journal of the American Medical Association and a committee of the National Academy of Sciences have recently reminded the public that pest control is necessary to maintain the food supply, and that there is still no clear evidence that insecticides, used properly, have caused illness or death. Officials of the Food and Drug Administration are taking the attack stoically, although it discounts to a large extent their work in guarding the public's safety. The FDA is constantly testing pesticides for toxicity; it establishes upper limits—tolerances—for the amount of pesticide which may remain on food transported across state lines. There is no tolerance for DDT in milk, for example; on unlinted cotton seed, a food for dairy cows, the limit for the insecticide chlordane at the time when the crop is sold is only .2 parts a million.

The FDA is also on guard in farm areas; when a heavy rain brought an infestation of red spider mites to lettuce fields in California just before the harvest, the FDA heard that a desperate farmer had illegally sprayed his crop with dieldrin (similar to but 40 times more toxic than DDT). Samples of the lettuce were taken and analysed and the entire crop was seized when it reached its market in New York. The great cranberry scare of 1959 cost the growers \$40 million worth of their crop because they had sprayed the bushes before, rather than after, harvest with aminotriazole, a weedkiller which had produced cancers in rats. The threat of such losses is felt to stay the farmer's hand. FDA methods are not foolproof; there are only 600 inspectors for the whole country, enough to sample only a minute fraction of the food reaching markets. Moreover, although most states adopt the FDA's limits of tolerance for pesticides, there are some in which the Legislatures, heavily weighted by representatives from rural areas, many of them farmers, soften the intra-state restrictions to favour growers.

From her crusade Miss Carson may have achieved a pyrrhic victory. She has frightened the public, whose delight in insect bombs and spray guns has made it the most dangerous user of pesticides. Her epitaph for dead robins, meadowlarks and wildflowers will undoubtedly give pause to communities which have unthinkingly ordered large spraying campaigns against mosquitoes or elm disease, for example. But with her extravagant language, "we are in little better position than the guests of the Borgias," her unscientific use of italicised innuendo ("Today, more American school children die of cancer than from any other disease"), her pantheism ("Nature fights back") and her disregard for the studies of the problem by her fellow-scientists in industry, the universities and government service, Miss Carson may have damaged seriously her professional reputation as a reliable scientific journalist.

Give and Take

IN the most comprehensive survey of foreign direct investment in the United States since 1941, the Department of Commerce has revealed that the stake of foreigners in American business has more than trebled to reach a book value of \$7.4 billion at the end of 1961. This total is still dwarfed by foreign holdings of United States shares and other portfolio investments, which have grown even more rapidly to exceed \$14 billion. Four-fifths of the increase in direct investments—mainly reinvested earnings of \$2 billion and capital inflows of \$1.6 billion—has taken place during the last decade. Europeans have contributed a predominant and rising share of this investment; reasserting their prewar eminence, they now account for 70 per cent of the book value of all foreign direct investment in America. Keeping pace, British investors have retained the lead. Indeed, United Kingdom holdings alone account for one-third of the total. Not surprisingly British investment in the United States remains particularly important in insurance and petroleum. The United Kingdom's holdings in finance and insurance are second to none and represent almost half of all foreign investments in this field. Its holdings in petroleum are outdistanced only by those of the Netherlands and still account for almost one-third of the total. The remaining British investments are widely spread. Altogether, at the end of 1961 their total book value was nearly equal to the value of direct investments which American companies have made in their turn in Britain.

BOOK VALUE AND EARNINGS OF FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES

Area and Industry	1950		1961	
	Total Investment	Net Earnings	Total Investment	Net Earnings
All areas, total	3,391	344	7,392	435
Petroleum	405	100	1,325	118
Manufacturing	1,138	131	2,754	154
Finance and Insurance	1,065	82	2,025	132
Other industries	784	31	1,286	31
United Kingdom, total	1,168	114	2,484	130
Petroleum	95	36	381	39
Manufacturing	337	22	750	39
Finance and Insurance	554	43	1,091	37
Other industries	182	13	260	15
Other Europe, total	1,060	129	2,645	189
Petroleum	254	63	744	61
Manufacturing	332	41	958	69
Finance and Insurance	316	20	599	42
Other industries	158	5	344	17
Canada, total	1,029	98	1,989	106
Petroleum	56	1	194	18
Manufacturing	468	68	975	44
Finance and Insurance	153	18	274	47
Other industries	352	13	546	—3
All other areas, total	134	4	274	10
Manufacturing	1	1	71	2
Finance and Insurance	42	2	61	6
Other industries	92	1	142	2

Although the British and American stakes in each other's economies are roughly comparable, the Americans have continued to earn far more than their British counterparts. Figures published by the Board of Trade in Britain, which exclude data on oil and insurance, indicate that the annual earnings of United States investments in this country have averaged some \$270 million during recent years. In contrast, earnings of British investments in the United States (excluding an estimated \$1.4 billion in oil and insurance) have averaged only some \$50 million a year. This is not by any means a phenomenon confined to the British case. Total foreign earnings on direct investments in the United States have risen very little during the past decade and in 1960 were equivalent to not much more than one-tenth of the earnings of American companies on a total of investment abroad just five times higher. The Department of Commerce advances no reason for this discrepancy. However, one aspect of the nature of foreign invest-

ment in the United States highlighted by the survey suggests a partial answer. Almost 80 per cent of the value of this investment is still accounted for today by firms acquired or established by 1941. Presumably American investment abroad, which has grown far more rapidly during the postwar years, has been directed to a larger extent towards newer and more dynamic industries. Despite the relative sluggishness of the earnings of foreign-owned companies in the United States, however, the income remitted to foreign countries has on average exceeded the flow of new capital to American from these sources by \$50 million a year.

Over the Pork Barrel

IN most election years members of Congress are panting to leave Washington. But last week, although many individuals had slipped away, making the finding of a quorum difficult, Congress seemed almost to have lost the trick of adjourning. One reason for hanging on was a Bill, disliked by the Administration, which authorised tax deductions for doctors, lawyers and other self-employed people who are outside the social security system and wish to make private provision for their old age. If Congress had gone home, the President could have administered a pocket veto: in fact, finally he signed the Bill. But for three more days Congress lingered, unable to extricate itself from disputes between the Senate and the House of Representatives over "pork."

Pork is the generic name for the tasty morsels of federal spending—usually on rivers, harbours and flood control—which a member of Congress likes to bring back to his constituents. But last week, in each case, it was the House—all of whose members must stand for re-election this year—which dug in its toes against last-minute additions to spending proposed by the carefree Senate. Even so, Congress appropriated in all at this session about \$101 billion, a record for peacetime. About \$94 billion of this is for the present financial year which began in July. Revenues are put at about \$87 billion, pointing to a deficit of some \$6 billion.

The growing bitterness between the House and the Senate over money matters is a question of prestige as well as economic principle. When the Senate added millions of dollars worth of politically useful spending to the agricultural appropriations Bill, the House pointed out in a chilly note that under the Constitution only the House can originate revenue Bills; over the years this has come to include appropriations. In the Senate Mr Russell of Georgia threatened to keep Congress in session till Christmas to prove that the Senate is the equal of the House but in the end—consoled by a handful of agricultural research laboratories strategically placed to help needy Senators—he had to give in. So did the mighty Senator Kerr when conferees from the House flatly refused to accept the addition by the Senate of \$1.7 billion to the authorisation of \$2 billion for work on rivers and harbours. By Saturday even the House was fed up and out-maneuvred its high priest of economy, Mr Cannon, to clear the way to adjournment. But the quarrel, which held up the whole appropriation process for weeks earlier in the session, seems certain to flare up again when Congress comes back in January.

The Big Fight

FROM A CORRESPONDENT IN NEW YORK

WITH a detective on one side and a prison chaplain on the other, Mr "Sonny" Liston, the new world heavyweight champion, has sworn that he has also won a moral fight and is a new man. His past includes convictions for armed robbery and the mauling of an unfortunate policeman in St Louis; he has also been associated with Mr Frankie Carbo, the underworld boss

of boxing, who is now in Alcatraz serving a 25-year prison sentence, and with Mr Frank "Blinky" Palermo, another gambler and racketeer, who is at large on bail of \$100,000 while he appeals against a 15-year sentence for conspiracy and extortion. These associations are the concern of the New York State Joint Legislative Committee on Boxing which has been investigating the influence of the underworld over the sport and which is considering whether or not it should be banned. The State Boxing Commission has belatedly recognised Mr Liston as the champion but neither New York nor California will give him a licence to fight.

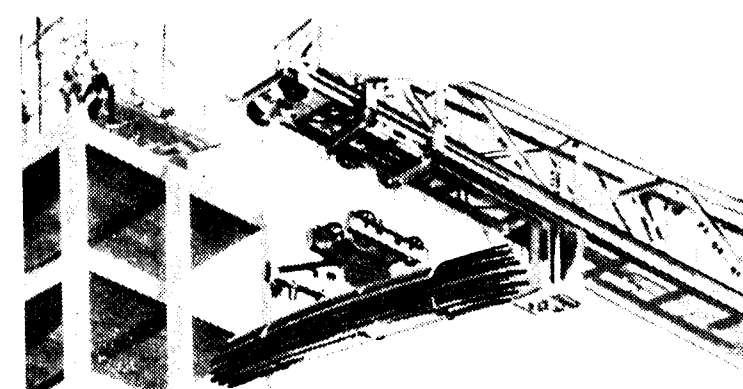
The promoters may suffer if Mr Liston cannot get a licence to box in New York, a city with large stadia and the home of wildly enthusiastic fans who will pay anything to attend a big fight—though they usually expect more for their money than the two minutes of spectacle which they got last month. But the takings at the ringside are becoming less and less important and the sale of ancillary rights, particularly closed-circuit television for showing in cinemas, looms larger all the time. Of the \$2 million involved last month, a tidy sum though less than the \$5 million expected, under \$700,000 was paid at the gate. These sums do not include the huge gambling business which flourishes under the counter.

Foreign Aid Warned

THE substantial cut in funds for foreign aid is proof—were any needed—that far-reaching changes are required if Congress is to agree to the United States continuing to carry the heavy burden of these programmes. It is true that the Senate, with a marked lack of enthusiasm, performed its usual rescue operation but, most unusually, the House was the victor in the final conferences over the amount to be appropriated. Last year the money for Latin America was dealt with in a separate Bill. If it is included in last year's totals for foreign aid—as it is in the table—about \$600 million less was appropriated this year than last year, over half of the cuts falling on the category of economic aid. The harshest blow is the failure of Congress to live up to its promise last year that it would honour its authorisation of up to \$1.5 billion a year for four years for the development loan fund. By comparison supporting assistance, for countries carrying too great a military burden, has come off comparatively well in spite of its supposed unpopularity. The appropriations for the various programmes are as follows:

	(\$ million)		
	Approp. 1961-62	Requested 1962-63	Approp. 1962-63
Economic Aid:—			
Development Loans.....	1,112.5	1,250	975
Development Grants.....	296.6	335	225
Alliance for Progress.....	600	600	525
International Organisations..	153.5	148.9	148.9
Contingency Fund.....	275	400	250
Supporting Assistance.....	425	481.5	395
Admin. and Other.....	52	245.9	85
Total.....	2,914.6	3,461.3	2,603.9
Military Aid.....	1,600	1,500	1,325
Total Aid.....	4,514.6	4,961.3	3,928.9

President Kennedy himself appeared to lose heart at the last moment, although he may have acquiesced in certain cuts to obtain some flexibility over aid to Poland, Yugoslavia and countries trading with Cuba. The final version of the measure prohibits assistance of any kind to countries which furnish military supplies to Cuba or allow these to be carried in their ships but, if the supplies provided or transported to Dr Castro are non-warlike, the President has discretion to waive the ban on economic aid. Military aid to countries conducting ordinary trade with Cuba is not affected but none is allowed to any communist country. Mr Kennedy may, however, permit economic assistance for Poland and Yugoslavia if he considers that this is in the interest of the United States.



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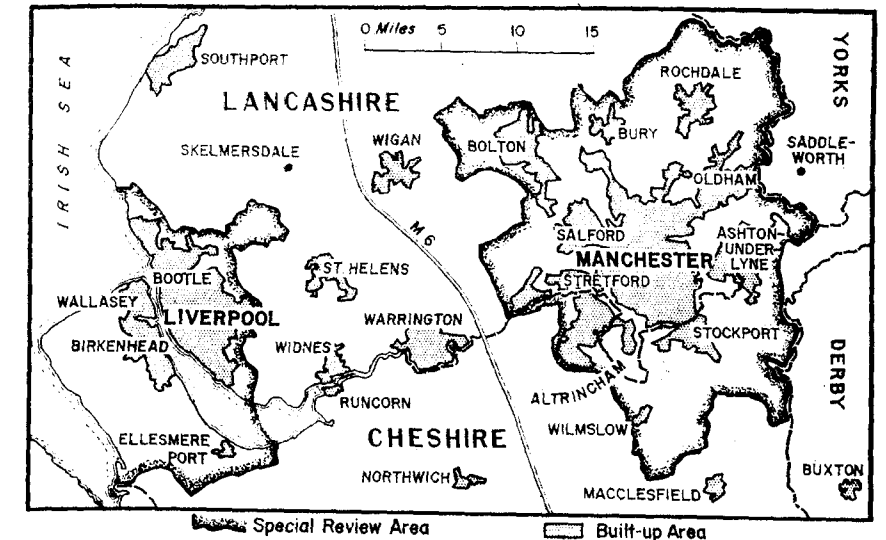
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HOME REPORT

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

Lancastrian Imperialists

FROM OUR SPECIAL CORRESPONDENT



THE case for redrawing the local authority boundaries in the two vast conurbations of south Lancashire is obvious to everyone who does not live there. The need is quite simply to give some authority the power to replan the endless square miles of decrepit housing, inadequate roads and (despite some recent progress) obsolescent factories that sprawl out around the two central cities of Liverpool and Manchester. The present situation in local government is a ludicrous and inefficient mess, inherited from a day when separate towns really were separate. Now the islands of brick have merged, so that no outsider can tell when he steps from the realm of one town hall to that of another. Even where the towns have not, in all but name, merged, their regeneration depends for its success on the use of land outside the formal city limits—in new developments or, ideally, in real new towns.

Industrial decline—in cotton and textiles, but not only in these old staple activities—is the spectre that haunts the region: but government subsidies to Merseyside (including money for a new crossing of the estuary) far greater than are already being granted can only, in the long run, go to waste in the absence of a coherent plan for the regeneration of the whole complex that surrounds and depends on Liverpool. Manchester, far better off, still shows the scars and gaps of war and of neglect. But Lancastrians obstinately—and in a curious way admirably—insist that they are citizens of St Helens or of Salford rather than of the conurbations of which these boroughs form part.

From the centres, however—from Manchester and Liverpool themselves—things look rather different. Any formal conurbation formed around the cities would obviously take the name, and contribute to the glory, of the centre. And, more important, they would contribute financially to the regional services that the cities already provide. The Local Government Commission, which has now got round to the job of considering what is to be done in its two special review areas around Liverpool and Manchester (shown shaded on the map), is likely to find the burgesses of the two cities its best allies in the attempt to impose logic on the region. Both city councils have been considering reports from their sub-committees this week that go even further towards ruthless elimination of the traditional borders than was suggested by the commission's terms of reference.

Not content with the limits of the review area, Manchester corporation is considering a plan from a sub-committee embracing fifty small local authorities on top of the fifty-three within the special review area. A suitable local government structure for the region, said the committee, would consist of nine new boroughs based on existing units (Bolton, Oldham, Ashton-under-Lyne, Bury, Rochdale, Salford, Stockport and Stretford as well as Manchester itself). The minimum population for these boroughs would be 200,000 (twice the size of the minimum English county borough,

although in line with the Herbert commission's proposals for London). The area they would cover contains 2½ million people, and stretches out into Cheshire, Derbyshire and Yorkshire beyond the Lancashire border, as far as Buxton and Saddleworth; and a new county authority with overall responsibility for this area—possibly something like the Greater London Council or the "continuous county" concept on Tyneside, whose planning, transport and overspill housing responsibilities will interlock with those of the individual boroughs—would be created from scratch.

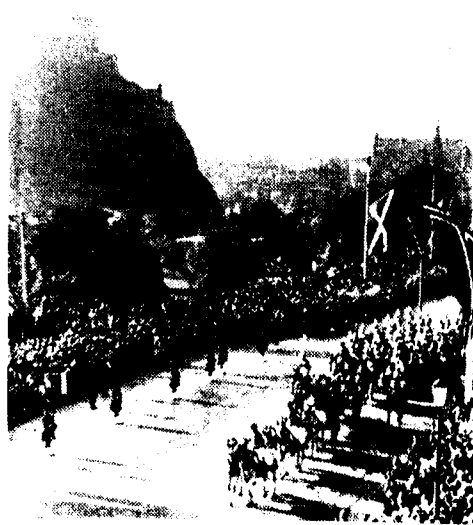
LIVERPOOL corporation approved on Thursday an equally bold proposal from its finance committee: once more the idea is for a two-tier system of government, with 2 million people and an area stretching from the Ribble estuary in the north—almost up to the boundary of Preston—down to take in Southport, Skelmersdale new town, St Helens, Widnes, Runcorn (together with its rural district) and finally embracing the whole of the Wirral peninsula, Hoylake golf course and all.

Both these projects rest on the same commonsensical assumption—that the fate of the towns and of their peripheral countryside is bound up together; and that it is possible to combine the traditional "intimate" structure of local government with the existence of a strong overall planning authority in close contact with that traditional structure. Both have been received with howls of rage and indignation from local conservatives (with a small c: such temperamentally Tory bodies as the Liverpool Chamber of Commerce have come out in strong approval of the idea of regional government, without necessarily committing themselves to these ambitious ideas). A representative view is that attributed to the chairman of Bootle's finance committee: "These are ridiculous proposals. They really have a gargantuan municipal appetite."

It has long been apparent that to get a rational local authority structure the Local Government Commission will have to ride roughshod over objectors of all kinds—industrialists wanting to hold on to locally prestigious jobs, farmers wanting to maintain their stock of subsidised cows, suburbanites wanting to retain their fancied social exclusiveness. This is the context within which the imperial ambitions of the two great cities (for no one can doubt that Liverpool and Manchester would dominate any regional organisation within which they are placed) are so welcome. It is uncertain to what extent the commission would in fact be able to adopt a plan stretching so ambitiously outside its terms of reference (and the example of the London County Council raises all sorts of questions such as the possible need to pay people for doing jobs as important and as time-consuming as membership of the proposed authorities would need to be); but even if the two committees have set their opening bids too high, they deserve the encouragement that should greet properly radical initiatives.

Too Parochial?

KING OLAV of Norway has been in Scotland this week on the first state visit of the kind that Edinburgh (which produced a crowd of 100,000 on Tuesday morning) has ever had. Its success makes the previous neglect of an unrivalled backdrop even harder to understand—and why should someone not be entertained in Cardiff, too? The Norwegian idea had been to give an affectionate recognition to the part Scotland played as the chief base for the exiled Norwegian forces during the war. In the event the visit took on unexpected overtones of Nordic solidarity: monarchs returning, after a judicious interval, to old dominions are invariably a hit. Edinburgh citizens, whose first parochial thought had been for the extra charge on the rates, visibly began to enjoy themselves and even to mutter about “the Norwegian example”: not all of them, however, were inclined to recall that the Highland Panel, in a report published last July, reserved most praise for Norway’s persistent readiness to subsidise rural industries.



But the visit also contrived to touch some exposed nerves. On Wednesday the *Guardian* took the opportunity to emphasise that for Britain to join the common market without Norway and Denmark would be “hard to swallow.” There have certainly been signs of a growing political reluctance in some circles in Europe to accept too many

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small (and, incidentally, liberal and Protestant) countries into the community. But the Norwegian government (a Labour one) is insisting that it will negotiate only on full membership, and it is still outwardly confident that it can solve the much more important economic problems involved, particularly those surrounding a common fisheries policy (which the Six have not yet worked out for themselves) and its effect on Norway’s desire to uphold its 12-mile fisheries limit. Whether Norway and Denmark will enter the community at the same time as Britain now look doubtful but there is no cause to write them off.

King Olav’s arrival was nothing if not written off in the London papers (a touch of chagrin, perhaps?). Tuesday’s *Evening Standard* gave his drive through Edinburgh two column inches on an inside page; the *Evening News*, in its late extra edition, refused to admit that he was in the country at all. No insult was intended, of course: the late King Haakon paid a state visit to London in 1951 which was suitably reported, but Norwegians may need to be reminded that there’s nowhere more parochial than the capital of Britain.

Houses for Courses



FROM OUR SPECIAL CORRESPONDENT

A WREATH was left at Hurst Park race-course last week. It did not mark the passing of an unfortunate punter but the closing of the course itself: a housing estate is to be built on 54 of Hurst Park’s 120 acres—although those jockeys and mounts who found the turf to their liking can take consolation from the fact that some of it is being transplanted at Ascot. Hurst Park is only the second major course to be shut down since the war (Gatwick was the other) but it seems likely that it will now be followed by others: two bids have already been made for Manchester racecourse, which customarily closes the flat racing calendar with the November handicap, while its directors also plan to develop the course.

There is precious little cause for anyone to shed tears. There are still some 70 courses left in this country, usually holding at the most four or five meetings each so that racing probably takes place on no more

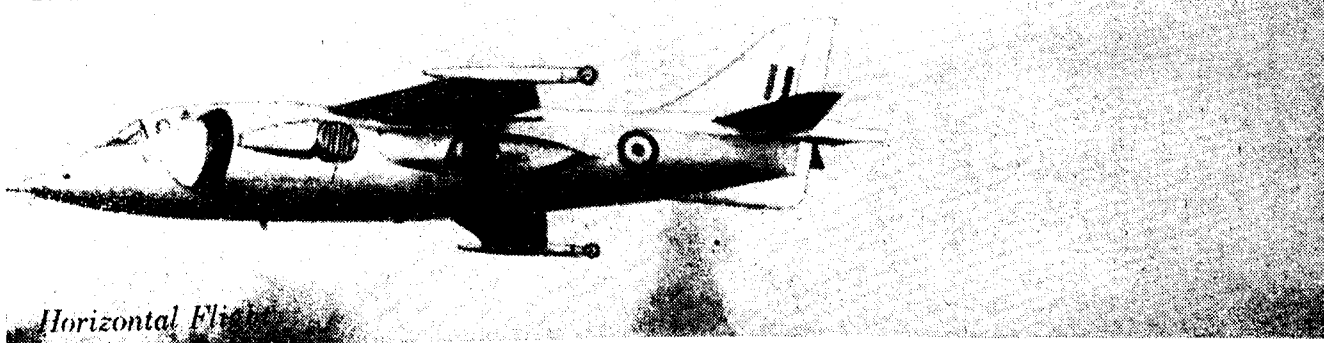
than 20 days in the year. This is hardly enough to make it an efficient operation and many courses have had to be heavily subsidised, first by the Tote and now by the Levy Board which will have upwards of £3 million to spend from its levy on book-makers. The board (set up under the Betting Levy Act of 1961) has announced its intention to bolster the prize money of British races by £1½ million a year, but it seems clear that a major part of its funds will be used to improve the amenities of racecourses, thus making them slightly less vulnerable to the attention of developers. But before it sinks too much capital the board should take a hard commercial look at courses like Hurst Park which could be used for housing development (particularly those courses close to towns) or even, as unintentionally suggested by the Hurst Park racegoers, as cemeteries—if this released sites nearer the city centre.

Paradoxically the injection of new funds into horse racing stems partly from the decline in attendances which has resulted from the growing popularity of betting shops (whose annual turnover is now put at around £100 million) and the widespread coverage of races by television. The racing authorities are drawing a useful income from the television companies and would hope to increase it still further if a third channel were opened. Clearly the board should use its funds to promote more and better meetings at popular courses rather than keep alive a number of smaller tracks as has been done in the past. Racing, like football, badly needs to adapt itself to the new society. Plenty of courses will remain: many are privately owned by horsey enthusiasts; Ascot itself is on royal property; others are in green belts.

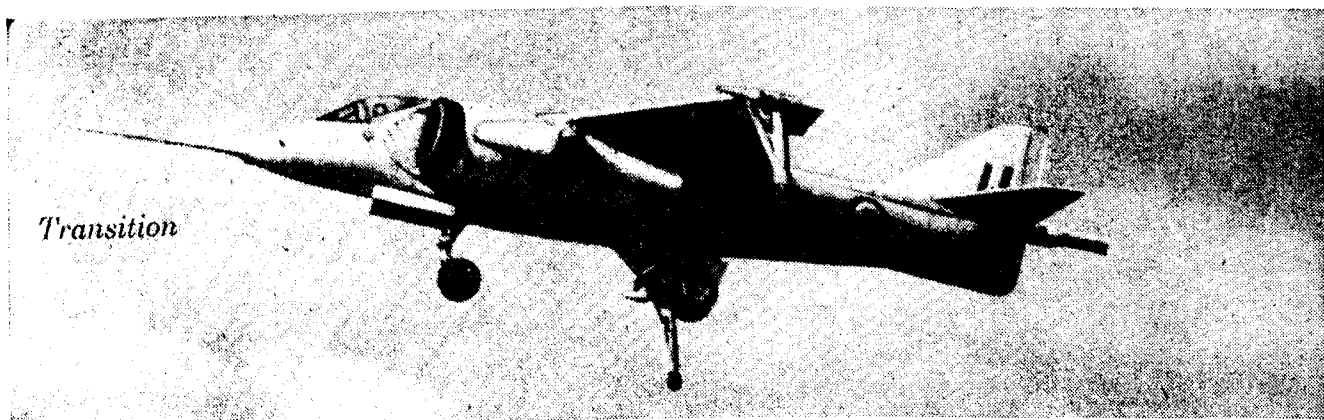
Some courses are now investigating the possibility of making a fuller use of their sites and this is one of the proposals put up to the Manchester racecourse for a joint participation in an “all the year round amusement and entertainment centre” with the race course remaining an integral feature. This is on similar lines to the plans of several greyhound racing groups, which have seen a steady and persistent fall in attendances since the postwar boom years, accentuated by the advent of betting shops, from about 25 million annually to what looks like being little more than 12 million this year. Gambling casinos and bowling alleys are among the attractions planned and their sponsors no doubt look wistfully to the sharply rising profits of the major leisure groups, Butlins, Mecca and Forte. It has yet to be proved, however, that diversification will pay off in this field.

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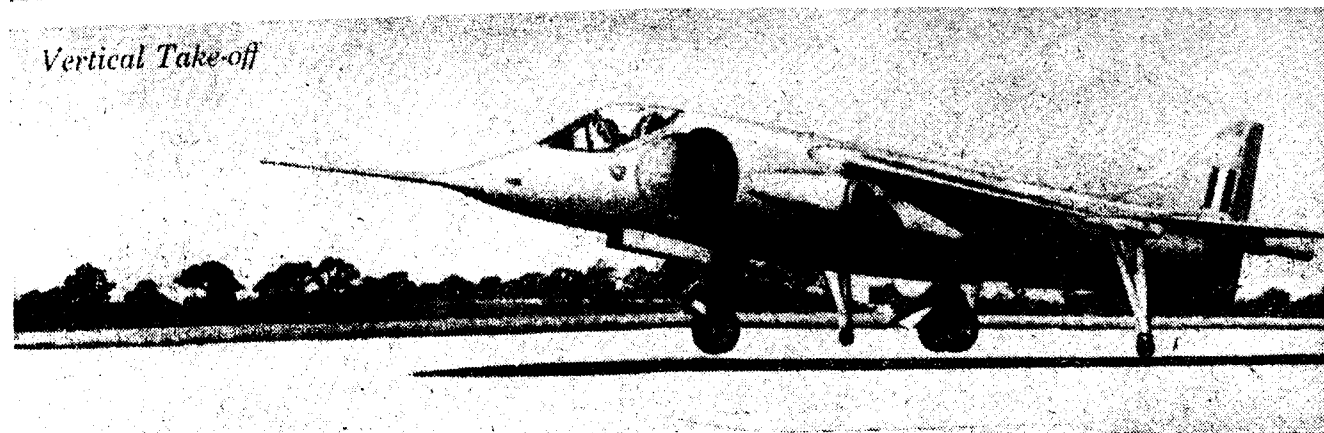
BREAK-THROUGH



Horizontal Flight



Transition



Vertical Take-off

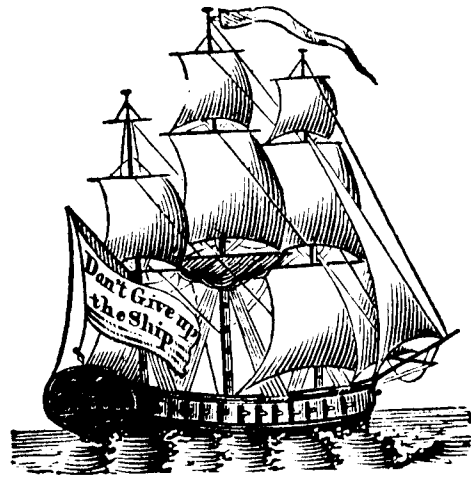
The Hawker P.1127—“A British project of imagination and originality!”

(Mr. Robert McNamara, U.S. Defence Secretary)

Perhaps once or twice in a generation there comes a great leap forward in any branch of knowledge—an advance so marked as to justify the name ‘breakthrough’. The jet engine was just such a breakthrough in aviation. And so, more recently, is the Hawker P.1127—the world’s first operational V/S.T.O.L. jet aircraft powered by a single engine giving both lift and thrust. The first tethered hovering flights of the P.1127 were made in October 1960. Since then several occasions the aircraft has flown faster than sound. The P.1127 provides a fighting aircraft that adds new flexibility and striking power in military operations. It combines helicopter versatility with high-speed jet flight, making long airstrips unnecessary. The aircraft also represents a vital stepping stone into the future of aviation, and gives the Hawker Siddeley Group and Britain a substantial lead over the rest of the world in the field of vertical and short take-off and landing.

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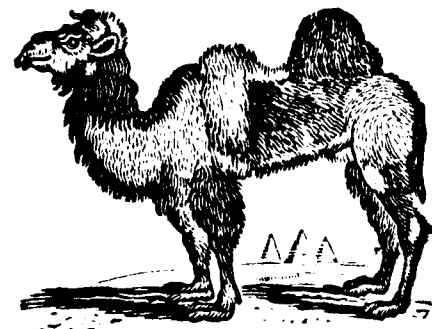
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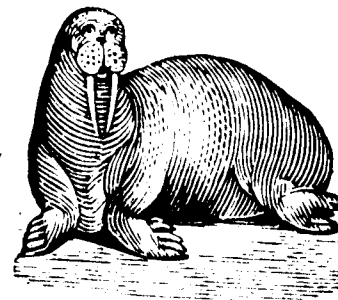
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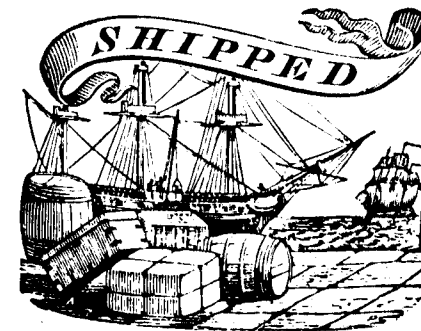
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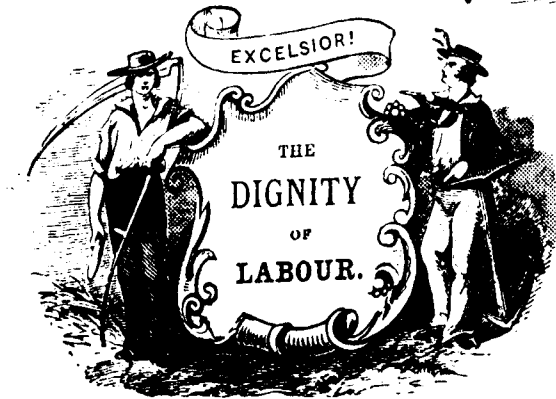
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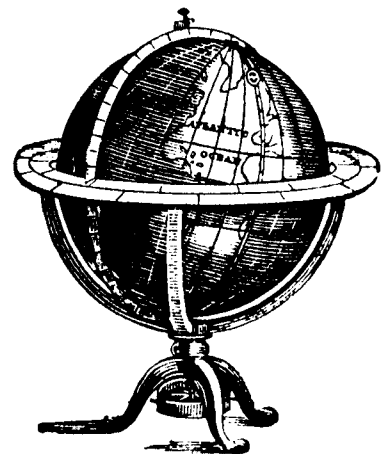
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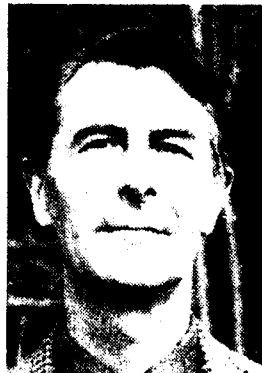


GKN

Guest, Keen & Nettlefolds Group Export Services Organisation, 22 Kingsway, London, W.C.2.

One-Tenth of a Pennyworth

"We are much indebted to Mr Selwyn Lloyd," writes Sir William Emrys Williams in his introduction to the Arts Council's seventeenth report,* in tribute to the extra £445,000 obtained from the Treasury this year. A third of this additional money has gone to hard-pressed repertory companies and this beneficence has apparently already persuaded many local authorities to follow suit. In addition, old



Treasury preacher?

theatres continue to be bought up by local authorities, as in Hull, Darlington and Sunderland, and new ones opened, as in Torquay, Chichester and (next month) Croydon.

The spreading of municipal support for the theatre owes much to the hard work put in by

Sir William himself, whose last report this is. When he retires shortly, the twelve years in which he has been secretary-general of the Arts Council will go on record, by many measures, as successful ones for the arts in Britain. The Treasury grant to the Arts Council has increased fourfold and the subsidy to the largest recipient, Covent Garden, is now based on a proportion of receipts without imposing any upper limit. The green light has been given to the National Theatre project and the South Bank developments. Outside the concern of the Arts Council, the National Gallery and the

* "A Brighter Prospect." 2s. 6d.

WHO PAYS FOR THE ARTS?

(1961-62 provision for Arts Council beneficiaries)

Box office receipts.....Over £31 million
Local authorities subsidies.....£250,000
Independent Television,
Gulbenkian Foundation
and Pilgrim Trust.....Over £80,000

Arts Council expenditure.....£1,745,000

Distributed as follows:

	to London	to rest of Great Britain
Opera	£448,000	£292,000
Ballet	£164,000	£66,000
Music	£27,000	£220,000
Drama	£92,000	£164,000
Visual art	£32,000	£49,000
Festivals, poetry, arts centres and clubs	£1,500	£47,500
Administration	£50,000	£93,000
Totals	£814,000	£931,000

Tate have purchase grants which are no longer hopelessly inadequate in size and extensions are planned for the housing of the two major art collections. Altogether, the outlook in London seems fairly bright.

But in the provinces, despite all the improvements, there is still a good deal to be done for the arts; only in a few places, notably in the north-east, is the problem being tackled in a balanced way. Throughout the country, large numbers of Victorian buildings need, at the very least, an interior reconstruction. Some new concert halls and much increased local support are essential if permanent orchestras are to be maintained outside London. In national and civic expenditure on theatres and opera houses, Britain comes tenth in a list of fourteen European countries, three places lower than Bulgaria, according to a recent investigation carried out by the Inter-

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national Theatre Institute. In the end, it comes down to money. And money leads on to the fact that between them ratepayers sustain the arts only to the extent of one-eighth of what taxpayers do through the Arts Council; the burden amounts to less than one-tenth of a penny rate. Sir William has given a splendid start to the job of stirring up local councils; it is left to his successor, Mr Nigel Abercrombie, to devise an acceptable formula for sharing the costs of the arts between central and local funds.

Some critics suggest it may prove to be a handicap that Mr Abercrombie is a civil servant. It seems much more likely, however, that his knowledge of how the wheels turn at the Treasury should be no bad thing. The only doubt may be whether Whitehall equips somebody to get out and about to preach the gospel. For Mr Abercrombie's prime task must be to make a personal assessment of the needs of the arts in different parts of the country and, by personal contacts, stimulate the civic pride of local dignitaries.

Nitrogen Farm

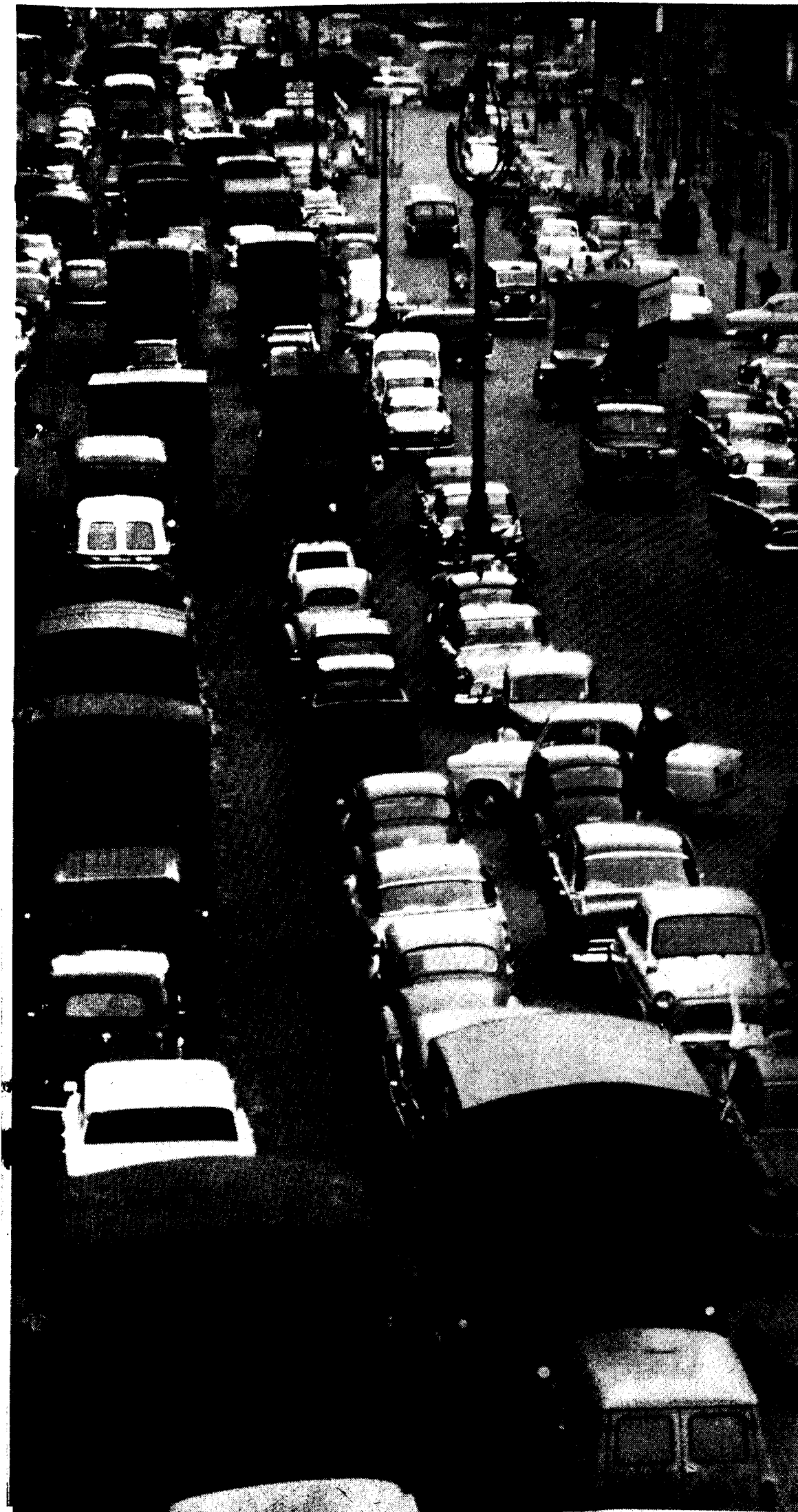
THE Aesopian view of anybody who thinks the grass is greener on the other side of the fence is one of greyly smug wisdom; but heard on a small farm at Crewkerne in Somerset it is merely the expression of the formidable agricultural expertise which ICI has employed to confute the grey, smug wisdom of the ancients of British dairy-farming. On two farmlets, each of 51 productive acres, the firm has set out an elegant five-year experiment to prove, in figures and hard cash, what most laymen have always believed to be true—that cows can thrive and produce milk on grass, helped along by good management and liberal dressings of fertiliser.

The two farms are as identical as nature allows—the same size, on the same soil, under the same crop (grass) supporting the same animals (cows): they differ only in that one is dressed with potash and phosphate and the other with both of these and nitrogenous fertilisers as well. Each was run, during the experiment (which ended in April this year), by one man, neither having any advantage in equipment or buildings. Yet one of them carried more than half as many cows again as the other, produced more than twice as much profit and nearly three times the return on capital to the tenant after the landlord had taken his cut of 6 per cent on his capital. This profitable farm was fed on nitrogen.

The experiment was designed so as to keep each cow's milk yield, and the feed additional to grass given in the winter, as near as possible equal on the two farms; and to use the extra growth on the nitrogen farm to carry more animals (between 32 and 39, compared with 22 on the no-

nitrogen farm). This has been done with a remarkable degree of accuracy, leaving one figure for comparison as an index of the performance of the nitrogenous fertiliser—the acreage required to support one cow: it was 1.4 on the nitrogen farm, 2.3 on the other. This difference was bought at the price of doubling, on the nitrogen farm, the feed and fertiliser bill on the other (£24 an acre—some on extra feed for the extra cows, most on the fertiliser—as opposed to £12); a price justified in the lower cost of a gallon of milk from the nitrogen cows (under 2s.) and the higher price it fetched (because there was more of it in winter), of 3s.

On both farms the main feed was grass, either grazed direct or taken as a particularly evil-smelling molasses-enriched silage, of which there was sometimes not enough on the no-nitrogen farm to allow the cows to feed themselves. On the nitrogen farm there was always enough: the annual number of crops off a single enriched field was seven or eight, but only four or five from the fields without nitrogen. Even this reflects a tremendous degree of management skill, confirmed in the profit of £15 an acre from the deliberately "impoverished" farm, which is above the national average. It reflects, too, an interesting light on the ability of dairy-farmers everywhere to cut their costs and raise their production—and to do it without (as food-faddists may like to assert) the impoverishment of the soil or "unnatural" treatment of the animals. Fertility on ICI's farm has actually improved over the experimental period and the cows (to the tune of 1,100 gallons of milk and a calf every thirteen months) are in the best of contented health.

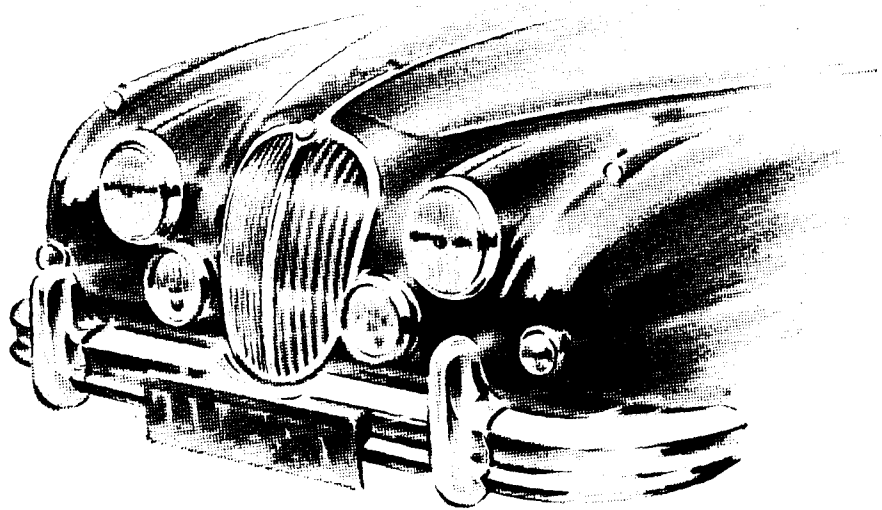


CITIES NEED RELIEF

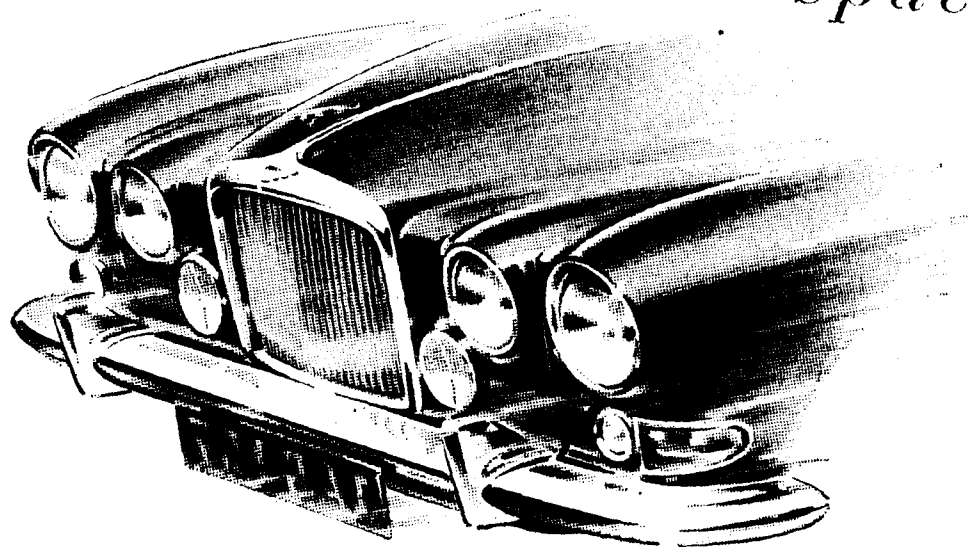
FITTING THE CAR
TO THE TOWN

The Cars in Our Lives
Planning for Traffic
Cars for Cities

THE ECONOMIST
MOTOR SURVEY
1962



grace...



space...

pace

Three basic models constitute the Jaguar range; the Mark 2, the Mark 10 and the "E" Type. Each is endowed with its own individuality, each is outstanding in its performance and, together, they satisfy every requirement of those motorists who, however diverse their needs, have a common aspiration—to enjoy a special kind of motoring which no other car in the world can offer.

JAGUAR



SEE THE JAGUAR RANGE ON STAND 108 EARLS COURT

The Cars in Our Lives

MAKING the motor car part of your ordinary life cannot leave the other parts just as they were. For the individual, the balance of plus and minus is almost entirely net gain; for the community, the adjustments are more complex, and it is not so easy to hold on to the net plus. As car ownership has grown, with this personal transport accepted (and afforded) as a right of every family, so the physical pattern of every Western community has to be stretched or pierced to make room for the motor car. And this is a means of transport that needs a lot of room—both for manoeuvre and at a standstill.

No community has yet managed this adjustment to the motor car to its complete satisfaction—partly because the multiplication of motoring is nowhere yet complete. In the United States, farthest along the road to motorised living, the postwar euphoria with swirling freeways and coiling clover-leaves as a panacea for all traffic problems seems generally to have dimmed. Traffic authorities cannot cease their multiplication of traffic lanes, as construction tries to keep pace with the demand for motor circulation; but any confidence that this is a sufficient solution seems generally to be ebbing. The return to public transport systems for motorised American cities is so far largely a matter of traffic engineers' despairing suggestions, rather than of physical construction or even of city authorities' firm decisions. But the widespread discussion of this course reflects a feeling that perhaps cities cannot, after all, hope to make room for all the personal transport that their citizens and visitors choose to use and leave about there.

One cannot assume, at least from any statistical evidence, that even the United States has yet reached any saturation point of cars to population. In Western Europe, where "car density" is as yet far short of the American—and where, perhaps as important, most countries have never anyway had anything like the sheer space per person that American communities still have—the pressure of mass motor ownership within cities, where most Europeans are tending to live, is only now being faced. It will inevitably build up—or seize up—faster from now on.

Fitting cars into cities requires more forethought than the other adjustment to the motor car upon which the Western European countries have already begun—fast motor roads between cities. Constructing a motorway calls basically for readiness to take firm decisions about investment; though economic criteria for estimating priorities for and return on

such projects are now being worked out, the decisions can still be taken fairly arbitrarily with a good chance of achieving a worthwhile investment. But sheer energy, and a readiness to spend money, are simply not enough for motor movement inside cities; they can sometimes result in intensifying the problems they set out to solve. Moreover, there is a shifting frontier of convenience between motor transport and the other activities that go on in cities. Even when traffic measures or the rerouting of roads does achieve a net improvement in traffic convenience inside and on the edges of the city, they may make inroads upon the convenience of business and shopping and the comfort of residence in cities. Yet motor transport, by common consent, is also essential to all of these. Could the modern city work without it?

ONE thing is certain: the Western citizen is not going to give up the right to own and use his car. (Mr Khrushchev thinks the Soviet citizen can, as well as should, be deprived of personal motoring; but how long will that doctrine stand if Russia should ever come within a mile of American standards of living?) The European motorist can be influenced to make do with a smaller and more manoeuvrable car (though not a slower one); he will accept the logic of paying for street parking and taking elaborate and roundabout one-way approaches to his destination; there are degrees of inner city congestion that may deter him from car commuting into big cities. But solutions that ask the motorist to forgo any large part of the convenience and flexibility of motor transport, however technically, ingeniously, aesthetically pleasing, or economically neat, are probably just not on. The sheer expression of individuality involved in driving one's car wherever one wishes is an extension of consumers' choice; public transport systems, however efficient for the mass delivery of bodies, are necessarily standardised. As the property-owning democracies prosper, more and more people gain such opportunities for self-expression, and one of the main justifications for free capitalism would be gone if they could not.

Making room for our motor cars would not be simple if the town planners and traffic engineers were simply building new towns. In fact, they are seeking to improve flow through and access to every part of huge aggregates of city capital. But this does not indefinitely block the planning task: these aggregates of business building, in any case, are in process of constant renewal. For both the planners and the engineers, the exercise is twofold, making the best use of what for the present cannot be changed in city layout and ensuring that change, as and when it comes, conforms to the margins of mobility that one can at least roughly outline. Master plans of city development for traffic would attract more confidence if the outsider were sure that these different kinds of experts could agree on what principles ought to be followed for cities. But there is no reason to assume that ways through the traffic maze cannot, inherently, be found for society; there may even be some short cuts. Motorists, travel hopefully.

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Planning for Traffic

If you could rebuild all Britain's cities, or on the other hand change all the British people's habits of motoring, the country's traffic problems might be a straightforward—though still a prodigious—job. You cannot. So the problems attract two classes of specialist: the traffic engineer who seeks to get the traffic moving as fast as possible through the existing streets, and the planner who wonders how or whether this traffic can be accommodated in a town without destroying its character as a place for civilised life—and what sort of an ideal city might make this possible. The two approaches are not exactly opposed, but they are separate and can conflict. Speculation about dream towns, either car-happy or carless, has become a hunting-ground for architects and sociologists, but the results are still pretty fragmentary and decidedly contradictory. Little is really known in detail about the purposes for which most motor vehicles are in fact being used in towns; for example, lorries obviously carry goods, but from where to where? So the extent to which traffic could be reduced, even theoretically, by making it still more difficult or expensive to drive into the centre of a town is virtually unknown: what is the average car in a city worth, in use, to its owner? Operating in a vacuum of ignorance, planners spin their theories and present a utopia of the city made peaceful for pedestrians or utterly free for speed as their inclinations lead them.

But the need to do something about both aspects of the problems has led Britain's Ministry of Transport to equip itself with two types of adviser, one for the short-term and the other for the long-term. The first derives from the (relatively) old-established Road Research Laboratory and the engineers already at the Ministry, which provided the staff for the London Traffic Management Unit; the other is the Urban Road Planning Group under Mr Colin Buchanan, which is preparing a report for the Minister on the planning of towns for traffic. While the former is sending the buses pouring down Gower Street and Pall Mall in a successful attempt to keep the traffic from coming to a halt, the latter is thinking how to keep traffic away from just that sort of district. So the Minister may find himself faced with conflicting advice.

The difference in the approach of the two types of adviser comes out in two papers recently published by Dr Smeed,* deputy director of the Road Research Laboratory, and by Mr Buchanan†—both looking, as it happens, at the long-term. Dr Smeed, a traffic engineer, looks at the effect of changes in the sort of road system used in a town on the number of commuters who can travel in by car. Mr Buchanan, an architect, considers how a town can be laid out to keep traffic away from where people live, work or shop, and how the amount of traffic that is compatible with pleasant town life can be estimated.

Dr Smeed's most interesting conclusion is that the amount

* "The Effects of Some Kinds of Routing System on the Amount of Traffic in Central Areas." Read to the Institution of Highway Engineers, September, 1962.

† "Towns and Traffic." Read at the Annual Conference of the Royal Institute of British Architects, July, 1962.

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of traffic that can come into a town centre is greatly increased if it follows a ring road around the circumference of a central area until it reaches a road leading in to its destination. Using certain standardising assumptions, he suggests that in a town where 20 per cent of the central area is devoted to roads or parking space (14 per cent of central London is so used), in the form of six-storey garages, about a million people could travel in to work by car (assuming an average of 1½ persons per car) if they followed a ring road, 100,000 if they followed a direct route, but only 50,000 if they drove first into the centre of the town and then out again to their destination. The great gain in capacity provided by the ring route comes from the reduction in traffic at the centre if this is only being approached and not driven through—though it also assumes that the ring road itself can be of a huge traffic capacity, able at any point to carry a quarter of the traffic entering the central area in an hour.

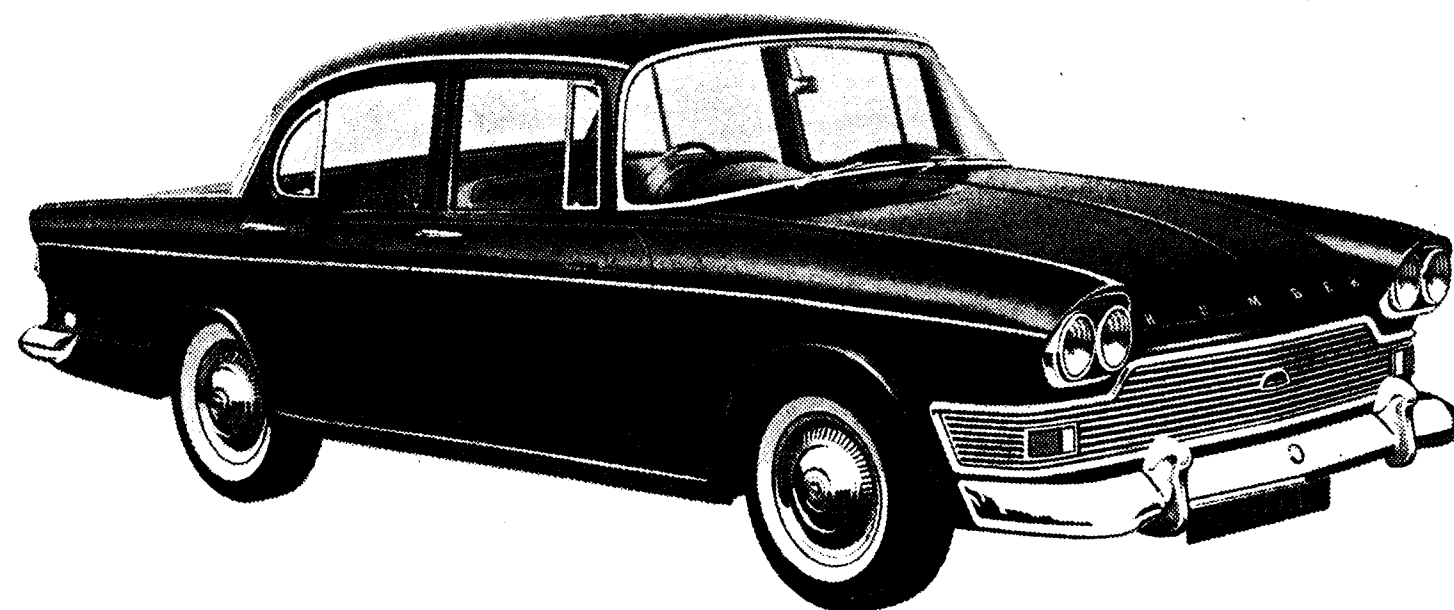
The problem, as Dr Smeed admits, would be to make people use the ring road. The difference between speeds on it and in the town would determine the extent to which it was used voluntarily, and if traffic could keep moving three times as fast on it as inside the city, perhaps half the traffic might use it—which should encourage those who unsuccessfully advocated a ring road for Oxford with such arguments.

So in practice, unless traffic was forced to use such a ring road, the gain in capacity from building one would be less than the simplified figuring would suggest. Dr Smeed has deliberately limited his analysis to commuter traffic, leaving out of account the local and goods traffic that forms a large though not yet precisely measured proportion of the total. For this reason, again, the effect of a ring road on traffic at the centre could not be as dramatic as a superficial reading of Dr Smeed's figures might suggest. He shows that with commuter traffic following a ring road, traffic near the centre would not be more than a fifth of that produced when it followed a direct route. But given the inevitable simplifications in a mathematical study, Dr Smeed has shown that ring roads are the most efficient means of reducing congestion in the centre of a town, to the extent that this is caused simply by traffic entering it; and the best way of increasing the number of vehicles that can enter any town.

MR BUCHANAN might not be interested in allowing more commuters to travel by car, but he would be attracted by any means of reducing traffic in the town centre. For some time he has been developing ideas on how to separate traffic from living and working areas in town. In this recent paper he suggests that a town could be divided into "precincts" separated by roads carrying through traffic—which would only be able to enter the "precincts" at a few points, and thus could not travel through them in the way that traffic now takes short cuts through residential streets, or is diverted along them by traffic engineers. Within each such self-contained area, therefore, traffic would be limited to vehicles going to or coming from the buildings in that district. And, Mr Buchanan argues, this traffic ought to be kept down to the amount that is compatible with maintaining reasonable living standards, just as the number of people living in a house is limited by health regulations.

He comes to this conclusion by analysing traffic at any place and time as a combination of vehicles passing the area on their

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Entry to one city, or to all cities; different prices for the first, second, and third leagues? Or should the licences be sold at first *ad lib*, for a short term, and then jacked up next time according to the congestion that resulted? One could surely achieve the same economic result more simply by flexible charging for the available space and telling potential road users when this is full.

The amount of parking space provided inside a city, on or off the street, ought to be related to the flow capacity of however much of the city area one plans eventually to devote to carriageway for moving vehicles—and also to the capacity of approach roads. And providing parking room for more cars than the roads can handle would be a worse error than providing less. Relating the city's room for vehicles at a standstill to its room for vehicles on the move, and the speed and number of stops that drivers want to achieve, is an exercise that still requires the far greater information Mr Buchanan would like about what traffic is actually doing inside a city. But in the meantime, there might be an advantage in keeping possible motoring entrants to the city continuously informed, by broadcasting, about the extent to which parking room is filled up and the degree of congestion at major intersections.

BUT more traffic than most of us realise—though how much nobody has ever steadily measured—originates and has its destination within cities, from residents and businesses inside or on the fringe of the outer ring. Ought all the motor vehicles that are regularly kept inside towns to be garaged? Aesthetically the answer is yes, but the cost is so high and the scale of rebuilding needed to provide garage space so great that it may be impracticable, certainly in the short run. Would it be feasible to insist that every such house or flat should have its garage or car-park when to provide one adds substantially to the cost? But the provision of garages for residents in a city is unlikely to increase the amount of traffic in nearly the same proportion as providing them for commuters, where the chance of getting into a garage could have a direct effect on the number of vehicles entering a town in the rush hour. So from the traffic control aspect, it is a much more desirable activity to build garages for residents than for commuters.

The lack of plans to make cities compatible with traffic is the worst condemnation of the present town planning system. The opportunity presented by bomb damage has by now largely been lost, so that future rebuilding will have to start mostly on established sites. And the cost of road building and of rebuilding between roads will therefore be frightening, quite probably frightening enough to cause yet more postponement of decisions. But if one wants life in city centres to become more mobile and yet not more unpleasant, money will have to be spent, in proportion to the desire to segregate traffic and to allow it into town centres. As Birmingham's experience shows, relatively small units like the Bull Ring can be redeveloped one at a time, each producing a miniature "precinct" that may eventually be linked with others to provide larger traffic-free areas in the centre of a town. In this example the building of a new inner ring road provided the stimulus for redevelopment by private capital. Perhaps this shows how public authorities can best stimulate the process—but they must decide first on what kind of city they want.

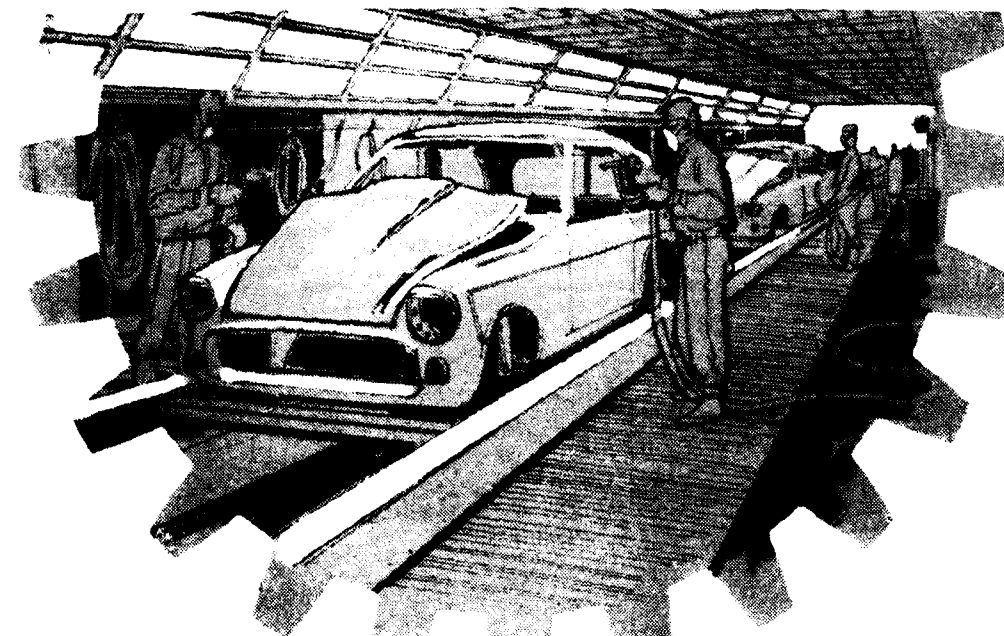
Cars for Cities

THE more crowded roads get, the smaller the car it is logical to drive. But people don't get any smaller—indeed, they keep on growing bigger. So inner pressures push cars out, and external pressures force them in: designers have to try to balance these forces as one part of the compromise of design. This year they have produced a whole new variety of answers, trying to offer more space and performance within the price range and usually within the external dimensions of the normal small car—not really an unexpected development, though a little surprising in its simultaneity. But it does give the chance to compare the answers of British, French, American and German engineers to the same problems, for they are expecting to compete in a common market.

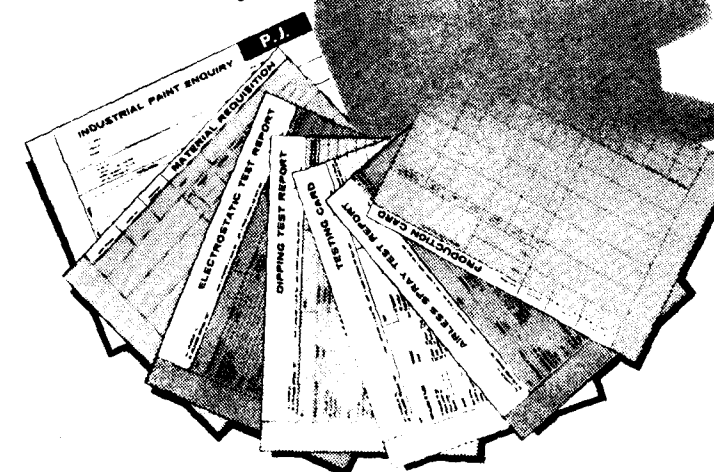
The Morris 1100 and Ford Cortina in Britain, the Ford Taunus 12M and Opel Kadett in Germany are the best examples of small cars with "internal expansion," roughly in this order of spaciousness; the Renault R8 has a narrower body but a higher performance. The Renault offers the sort of performance that could only be obtained in a 1½-litre car a year ago, while Morris, Ford and Opel provide as much—or nearly as much—internal space. How have they managed to do it?

The Morris and the Taunus have used some unconventional methods, the Cortina and Opel conventional ones; and Renault has stuck to what is normal to it. What the Morris gains by putting the engine across the frame is smaller external dimensions (though this could mean lower weight, it does not). The Taunus shares its front-wheel drive and uses a V-four engine to save space, though locating the gearbox conventionally behind the engine makes the unit in fact little shorter than one with four cylinders in line. The toeboard comes no farther forward than it does on the Cortina, on which it is placed about six inches farther back than that of the Morris; to compensate, the Cortina has five inches and the Taunus six inches more on the wheelbase. But the Morris still has 1½ inches more leg room than the Cortina, which has almost exactly the same dimensions as the Taunus. The Kadett is fractionally shorter on "lounge room" than the Cortina, but the R8 is about the same. Thus the Morris has 67 inches of usable seating space, from the pedals to the rear seat backrest, the Cortina and 12M have 65½ inches, the Kadett 64½ inches

Morris 1100



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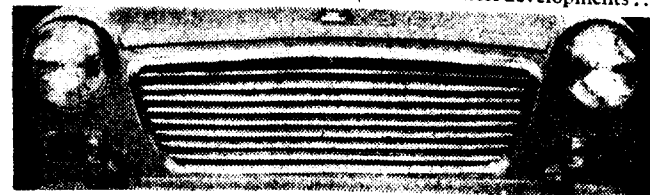
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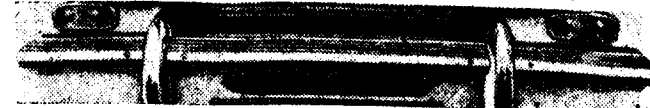
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THE ECONOMIST OCTOBER 20, 1962

and the R8 66 inches. The Kadett gets this amount of space despite seven inches less wheelbase than the Cortina by pushing the toeboard farther forward and the rear seat squab farther back. The Morris comes only half an inch behind so much bigger cars as the Austin A60/Morris Oxford in "lounge room," though lower seats make the real difference rather more than this, while the next three new cars mentioned above are comparable with the Hillman Super Minx and rather roomier than the old Minx. Compared with the Anglia and Minis, they have 2-3 inches more "lounge room." The Cortina is slightly wider than the Morris or the Taunus, but all the cars will really seat only four people.

Where the Fords and Kadett gain over the Morris is in luggage space; the Fords have boots each of 21 cubic feet in capacity, while that of the Morris is only 9½ cubic feet. To obtain this, they have about eighteen inches more overhang at the rear than the Morris, making them two feet longer. They are thus much less the true compact traffic car than the Morris, with 17 per cent more length to fit into parking spaces—though the uniform 18 feet provided by meters does mean that where these have come into operation, drivers gain virtually nothing where parking is concerned from owning a shorter car. And the greater impression of size that the Fords present may well prove to be one of their best selling points; there are still many buyers who like the car that looks biggest for their

Ford Taunus 12M



money. The Opel, 12 ft. 10 in. long, and the slightly larger Renault are the standard size for 1,000 cc cars.

WHILE the Morris weighs rather more than one would expect of a car twelve feet long (its most English feature) and the Taunus and R8 are about average for cars of their external dimensions, the Cortina and Kadett are decidedly light. As there are no obvious signs of weight-saving in their construction, such as the use of thinner steel than is normal, one can only assume that the careful study that Ford and General Motors have made of the stresses on a car's body has shown that one can save on the amount of metal normally used to reinforce the structure, now that no separate chassis is used.

The engine is the other possible source of increased efficiency; and all these cars but the Taunus 12M have units giving rather more power for their size than has been normal practice with small economy cars. With the Morris and the Cortina, this reflects the scope for development in the Mini and Anglia engines, already exploited in the Mini-Cooper and Ford Classic: the 1100 engine is nearly as highly tuned as the Cooper, having "hotter" camshafts and bigger valves than the Mini though retaining a single carburettor. The Cortina has the same camshafts as the Classic, to give slightly more power than the increase in engine size alone would provide. The R8's engine is virtually a new design, though having

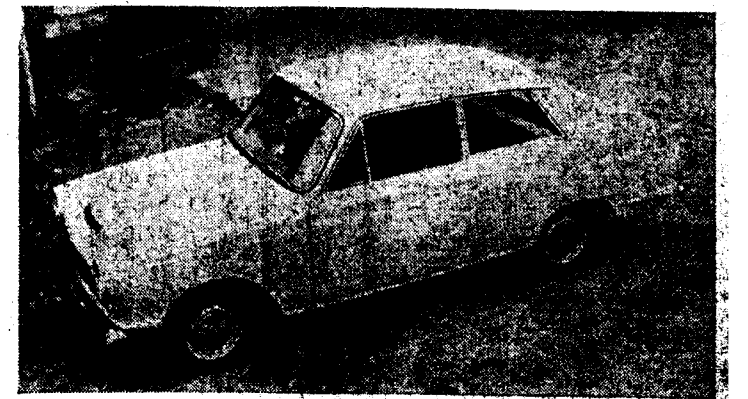
close family resemblance to the Dauphine's power unit and using the same gearbox and final drive unit. It is the only one of these cars to have a five-bearing crankshaft, which ensures smoothness at high engine speeds, and it develops about as much power in relation to its capacity as the Morris 1100 unit. Its most unorthodox feature is that, like other Renault engines, it has no oil filter.

The new cars have contrasting engines: the Kadett's unit is conventionally modern, with a family resemblance to other General Motors designs—four cylinders in line, where they are mostly V-eights, moderately over-square dimensions, overhead valves with a high-mounted camshaft and no rocker shaft. But it has a lower compression ratio than American engines, allowing it to run on commercial-grade petrol, and its output of 40 bhp is moderate for 1,000 cc. The Taunus 12M has an even less highly stressed engine, for it also develops 40 bhp but from 1,200 cc. But it has adopted a V-four layout with the cylinders at an angle of 60 degrees, when existing engines, like the Lancia, place them at an angle of less than 20 degrees.

The big attraction of the V-four is shortness; the disadvantage, increased by using a wide angle layout, is poor engine balance. With the 12M, the only benefit that Ford gains from the V-four is that the engine protrudes less beyond the front wheels, so that the overhang at the front can be kept to normal proportions. An in-line engine would add about nine inches to the car's length. But to secure this, Ford has had to go to considerable trouble; offsetting the poor balance of the engine involves using a shaft driven by the crankshaft but rotating in the opposite direction, and one wonders whether the extra design effort is worth this small advantage. Mounting the gearbox in line with the engine, behind the wheel centres, means that the bonnet is as long as that of a conventional car, so the benefit of front-wheel drive to the passengers is only a flat floor. As with the Kadett, the compression ratio is low enough to make the use of commercial-grade petrol possible, and the low specific power output gives scope for future development—as well as helping to give longer life, a characteristic of the Volkswagen that Ford is anxious to reproduce.

Suspension is the feature on which the designers have the most varied ideas, ranging from the "Hydrolastic" system of the Morris to the leaf springs of the Fords and Opel. But the profound difference in design between the Morris and the others does not produce an equally great difference in riding comfort. BMC is at the beginning of the development of rubber-hydraulic springing while the other companies are at

Ford Cortina



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Current Cars Compared

Grateful acknowledgment is made to "The Motor" for the use of this table of technical

MODEL (In descending order of price)	Kerb Weight (cwt)	Price in U.K. (excluding P.T.) £	Touring Fuel Consumption mpg	Max. Speed mph	Max. Gradient in Top Gear 1 in	ACCELERATION			ENGINE			No.
						Top Gear 10-30 mph	Top Gear 40-60 mph	0-50 mph through Gears	No. of Cylinders	Bore mm	Stroke mm	
Rolls-Royce Silver Cloud*	40½	4,565	13.0	112.3	7.1	2.4	5.4	7.9	V-8	104.14	91.44	1
Bristol 407*	32½	3,525	17.5	125.2	5.0	8.2	6.2	6.8	V-8	98.55	84.07	2
Aston Martin DB4 Saloon	27½	2,800	17.7	139.3	7.1	8.2	8.4	7.2	6	92.00	92.00	3
Daimler Majestic Major*	37½	2,113	16.9	122.3	7.6	9.2	7.9	7.1	V-8	95.25	80.01	4
Alvis 3-litre	31	1,995	20.2	102.3	9.5	9.2	10.6	9.3	6	84.00	90.00	5
Facellia F2 4-seater	22½	1,900	26.9	105.6	13.1	12.8	14.8	9.4	4	82.00	78.00	6
Mercedes-Benz 220S	26	1,887	26.4	105.4	9.7	9.8	10.9	9.7	6	80.00	72.80	7
Porsche Super 75	17½	1,707	36.0	106.6	12.0	9.9	12.9	9.1	4	82.50	74.00	8
Ford Galaxie Town Sedan*	35½	1,590	15.5	98.5	6.4	3.9	10.2	11.8	V-8	101.6	83.70	9
Chrysler Valiant Station Wagon*	26½	1,568	21.8	92.3	7.5	3.9	8.6	12.6	6	84.40	79.40	10
Jaguar E-type	24	1,513	21.3	149.1	5.0	5.6	5.4	5.6	6	87.00	106.00	11
Lancia Flavia	23½	1,499	30.0	92.6	14.3	16.1	18.8	13.2	4	82.00	71.00	12
Rover 3-litre	33½	1,379	22.0	108.0	8.6	8.8	10.1	10.1	6	77.80	105.0	13
Lotus Elite	13½	1,375	40.5	111.8	9.7	12.3	11.3	8.0	4	76.20	66.60	14
Citroën DS19	24½	1,263	31.0	93.3	20.3	...	19.2	12.8	4	78.00	100.00	15
Jaguar 3.4-litre Mark 2*	30½	1,210	19.0	119.9	8.1	3.4	5.6	9.0	6	83.00	106.00	16
Humber Super Snipe	31	1,120	24.6	94.7	7.8	...	15.5	12.1	6	87.30	82.50	17
Humber Hawk Estate	29½	1,095	24.6	84.9	8.9	...	16.9	13.9	4	81.00	110.00	18
Ford Falcon Fordor	21½	1,075	27.0	85.9	11.1	11.1	14.2	13.7	6	88.91	63.50	19
Daimler SP250 Sports	20	1,055	25.0	123.7	7.5	7.3	7.7	6.8	V-8	76.20	69.85	20
Fiat 2300	25	1,045	24.0	99.6	8.2	8.8	10.2	10.1	6	78.00	79.50	21
Volvo 122S	21	940	26.7	89.3	12.7	12.1	14.8	11.9	4	79.37	80.00	22
Austin A110*	30½	920	20.5	98.8	11.4	4.1	7.9	11.6	6	83.34	89.00	23
Peugeot 404	20½	915	30.0	84.0	11.8	11.4	15.2	14.5	4	84.00	73.00	24
Ford Taunus 17M 4-door	20½	895	31.0	78.8	10.8	12.1	15.3	13.4	4	84.00	76.70	25
Austin-Healey 3000	22½	870	23.5	112.9	6.9	8.8	10.5	8.3	6	83.34	88.90	26
Triumph TR4	19½	827	28.7	109.4	7.8	7.9	8.2	7.9	4	86.00	92.00	27
Fiat 1500	19½	785	27.6	92.3	9.1	10.5	10.4	9.8	4	77.00	79.50	28
Ford Zodiac Mark III	25	778	22.6	100.9	8.9	8.6	10.9	9.2	6	82.55	79.50	29
Peugeot 403B	20	775	34.0	82.4	13.4	11.5	17.6	15.6	4	80.00	73.00	30
Volkswagen 1500	16½	752½	33.6	76.3	13.5	17.6	18.3	16.5	4	83.00	69.00	31
Sunbeam Rapier Series III	21½	747	31.0	87.7	11.1	11.6	13.1	12.9	4	81.50	76.20	32
Riley 4/72*	22½	745	26.5	81.3	9.3	...	16.8	13.2	4	76.20	88.90	33
Sunbeam Alpine Series II	20	695	31.0	98.6	9.1	...	15.9	9.9	4	81.50	76.20	34
Vauxhall VX4/90	19½	674	30.0	88.4	11.4	11.6	13.8	11.9	4	79.37	76.20	35
DKW 800S	13½	634	35.9	72.2	16.0	...	23.9	16.3	3	70.50	68.00	36
Austin A60	21½	625	25.1	80.4	9.5	9.6	12.6	13.3	4	76.20	88.90	37
Saab 96	15½	624	43.5	71.8	9.1	13.5	14.2	16.3	3	70.00	72.90	38
Ford Zephyr 4*	22½	622	27.2	78.9	8.9	...	20.7	14.7	4	82.55	79.50	39
Hillman Super Minx	21	615	27.9	80.0	11.7	12.0	15.1	14.3	4	81.50	76.20	40
Simca Aronde Monthléry	18½	609	35.0	83.6	13.5	13.1	14.0	13.3	4	74.00	75.00	41
Riley One-Point-Five	18½	580	29.8	82.4	12.7	11.8	18.4	12.5	4	73.025	88.90	42
Ford Consul Classic 315	18½	565	35.8	78.4	12.0	12.5	15.5	14.0	4	80.96	65.07	43
Citroën Ami 6	12½	564	53.0	65.3	20.3	...	...	30.3	2	74.00	70.00	44
Renault R8	14	555	37.2	82.2	11.4	11.4	16.8	14.6	4	65.00	72.00	45
Vauxhall Victor Super	18½	547	32.2	76.2	12.7	11.7	17.5	14.7	4	79.40	76.20	46
Triumph Herald 1200 Convertible	15½	531	34.0	75.4	12.8	11.0	17.3	15.0	4	69.30	76.00	47
Wolseley 1500	17½	530	32.2	79.6	11.7	13.8	15.0	14.6	4	73.025	88.90	48
BMW 700	12½	529	37.8	70.4	23.4	...	28.0	17.4	2	78.00	73.00	49
Volkswagen de Luxe	14½	521	41.0	71.6	13.5	15.4	27.0	16.9	4	77.00	64.00	50
Hillman Minx IIC	19½	510	33.0	79.8	10.9	10.1	15.4	25.0	4	81.50	76.20	51
Simca 1000	14	508	40.0	73.8	13.9	16.5	20.3	16.9	4	68.00	65.00	52
Morris 1100	16½	505	37.0	78.2	11.5	12.4	16.8	15.2	4	64.50	83.70	53
Ford Taunus 12M	17	490†	40.0	78.1	14.4	16.1	21.5	16.9	4	80.00	58.80	54
Ford Cortina	15½	484	31.8	74.8	14.9	16.7	20.0	16.6	4	80.96	58.17	55
Renault Dauphine	13	479	45.0	70.3	12.1	12.2	23.8	19.8	4	58.00	80.00	56
Hillman Husky	18½	475	30.8	73.4	10.6	11.3	19.9	15.9	4	76.20	76.20	57
Morris Mini-Cooper	12½	469½	40.5	85.2	12.4	10.7	13.3	11.8	4	62.43	81.28	58
Austin 7 Countryman	12½	439½	40.5	67.3	13.1	13.4	38.6	20.5	4	62.90	68.26	59
Ford Anglia	14½	425	41.2	75.5	13.5	14.3	21.6	16.7	4	80.96	48.41	60
Skoda Oktavia	17½	415	34.0	75.2	15.0	14.8	22.7	18.7	4	68.00	75.00	61
Renault R4L	11½	413	47.0	60.3	13.1	14.2	...	34.2	4	54.80	80.00	62
Austin Mini	11½	370	43.5	72.4	13.1	14.8	21.7	17.0	4	62.90	68.26	63

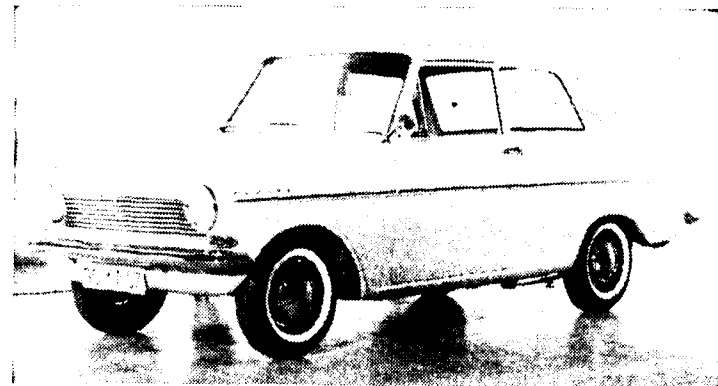
*Automatic transmission on car tested. †Price in Germany. ‡Gross power.

Power, Price and Performance

performance data established in "The Motor's" authoritative road tests.

No.	ENGINE				BODY DIMENSIONS					LENGTH		Turning Circle	
	Cubic Capacity	Net BHP	At Revs. per min.	Comp. Ratio	Dashb'd. to Rear Squab	Width at Front Seat	Front Seat to Roof	Width at Rear Seat	Rear Seat to Roof	Wheelbase	Overall		
	c.c.				ins.	ins.	ins.	ins.	ins.			feet	
1	6,230	...	4,100	9.0/1	74	54	40½	55½	39½	10' 3"	17' 9"	40½	Rolls-Royce Silver Cloud*
2	5,130	250	4,400	9.0/1	65	55½	41	53½	38½	9' 6"	16' 5½"	34½	Bristol 407*
3	3,670	240	5,500	8.25/1	58	55½	38½	49½	34	8' 2"	14' 9"	32½	Aston Martin DB4 Saloon
4	4,561	220	5,200	8.0/1	73½	59	42½	62	38	9' 6"	16' 10"	39½	Daimler Majestic Major*
5	2,993	115	4,200	8.5/1	68	52½	41½	49	37	9' 3½"	15' 10"	44½	Alvis 3-litre
6	1,647	115	6,400	9.4/1	59	50	38½	45½	36	8' 1"	13' 7½"	43½	Facellia F2 4-seater
7	2,195	110	5,000	8.7/1	70	58½	42	59	39	9' 0¼"	16' 0¼"	34½	Mercedes-Benz 220S
8	1,582	75	5,000	8.5/1	62½	51½	41	...	...	6' 11¼"	13' 1¾"	31	Porsche Super 75
9	5,441	225½	4,400	8.9/1	74½	60¾	40½	62	36½	9' 11½"	17' 10¼"	40½	Ford Galaxie Town Sedan*
10	2,790	101½	4,400	8.5/1	68½	55	41	52	39½	8' 10½"	15' 3¼"	35	Chrysler Valiant Station Wagon*
11	3,781	265	5,500	9.0/1	40½	55	39	...	...	8' 0"	14' 7½"	39	Jaguar E-type
12	1,500	78	5,200	8.3/1	70	53¾	40	53	36	8' 8½"	15' 0¼"	34½	Lancia Flavia
13	2,995	121	4,800	8.75/1	75	58	42	58½	37½	9' 3"	15' 8"	40½	Rover 3-litre
14	1,216	75	6,100	10.0/1	21½	53	39	...	...	7' 4¼"	12' 4"	35	Lotus Elite
15	1,911	83½	4,500	8.5/1	64½	55½	43½	53¾	37¾	10' 3"	15' 7½"	36¾	Citroën DS19
16	3,442	210	5,500	8.0/1	66½	56	42	57½	38½	8' 11½"	15' 0"	36½	Jaguar 3.4-litre Mark 2*
17	2,965	121	4,800	8.0/1	70½	58¾	41	60	36½	9' 2"	15' 5"	37½	Humber Super Snipe
18	2,267	73	4,400	7.5/1	68	59	41½	54¾	39¾	9' 2"	15' 4½"	34½	Humber Hawk Estate
19	2,365	90½	4,200	8.7/1	64½	56	41	56	36½	9' 1½"	15' 1½"	36¾	Ford Falcon Fordor
20	2,548	135	5,800	8.2/1	47	50	38½	37	...	7' 8"	13' 9¾"	31½	Daimler SP250 Sports
21	2,279	105	5,300	8.8/1	69½	53½	38½	54	37½	8' 8"	14' 8¼"	38½	Fiat 2300
22	1,580	85½	5,500	8.2/1	64	52½	41	52½	36	8' 6½"	14' 6"	31½	Volvo 1225
23	2,912	120	4,750	8.3/1	70½	58	41	58	36¾	9' 2"	15' 7"	38½	Austin A110*
24	1,618	72	5,400	7.2/1	68	54½	40½	55	38	8' 8¼"	14' 6"	30	Peugeot 404
25	1,608	60	4,400	7.0/1	68	46¼	40¼	52	37½	8' 7"	14' 4¼"	35¾	Ford Taunus 17M 4-door
26	2,912	132	4,750	9.0/1	43½	56½	39	...	...	7' 8"	13' 1"	33¾	Austin-Healey 3000
27	2,138	100	4,600	9.0/1	51¼	46½	36½	33	...	7' 4¼"	12' 11"	32½	Triumph TR4
28	1,481	80	5,200	8.8/1	67½	52	36½	51½	37½	7' 11¼"	13' 3"	32½	Fiat 1500
29	2,533	109	4,800	8.3/1	68	55	42½	57	38¾	8' 11¾"	15' 2"	35½	Ford Zodiac Mark II
30	1,468	65	4,900	7.2/1	68½	56	41	55¾	38½	8' 9"	14' 8½"	28½	Peugeot 403B
31	1,493	48	3,800	7.2/1	62½	53½	42	54½	37	7' 10½"	13' 11"	32½	Volkswagen 1500
32	1,592	75	5,100	9.1/1	66	51¼	41	50	36½	8' 0"	13' 6½"	33½	Sunbeam Rapier Series III
33	1,622	68	5,000	8.3/1	68½	55½	41	56½	36	8' 4½"	14' 10¼"	35¾	Riley 4/72*
34	1,892	80	5,000	9.1/1	49	51½	38½	...	...	7' 2"	12' 11½"	32	Sunbeam Alpine Series II
35	1,508	71-3	5,300	9.3/1	67¼	53	42	52¼	37½	8' 4"	14' 3¼"	34¾	Vauxhall VX4/90
36	796	34	4,000	7.0/1	63¾	49½	42	51½	37	7' 11½"	13' 1"	33½	DKW 800S
37	1,622	61	4,500	8.3/1	66½	54	39½	54	37	8' 4¼"	14' 6½"	34¾	Austin A60
38	841	38	4,250	7.3/1	62	48	43½	56	36½	8' 2"	13' 2½"	35¼	Saab 96
39	1,703	68	4,800	8.3/1	66½	56¼	43	58	38½	8' 11¼"	15' 0½"	35½	Ford Zephyr 4*
40	1,592	62	4,800	8.3/1	69	51½	42½	50¾	38½	8' 5¼"	13' 9"	36	Hillman Super Minx
41	1,290	60	5,400	8.2/1	65½	48	39½	58½	36½	8' 0¼"	13' 8¼"	30½	Simca Aronde Monthléry
42	1,489	60	4,800	8.3/1	61½	52	41	51	35½	7' 2"	12' 9¼"	32¾	Riley One-Point-Five
43	1,340	54	4,900	8.5/1	64½	50	40	50¾	39	8' 3"	14' 2¼"	32	Ford Consul Classic 315
44	602	22	4,500	7.2/1	67	49½	41¼	48	39	7' 11"	12' 10¾"	34¾	Citroën Ami 6
45	956	42	5,200	8.5/1	65½	50	38½	51	35½	7' 6"	13' 1¾"	30¾	Renault RB
46	1,508	49-5	4,600	8.1/1	68½	53	41	52½	38	8' 4¼"	14' 3"	31¼	Vauxhall Victor Super
47	1,147	39	4,500	8.0/1	54	50½	40	38	34	7' 7½"	12' 9"	22¾	Triumph Herald 1200 Convertible
48	1,489	43	4,200	7.2/1	61½	53	42	51	36	7' 2"	12' 8½"	33	Voilesey 1500
49	697	30	5,000	7.5/1	55	47½	40¾	48	36	6' 11"	11' 7¼"	33¼	BMW 700
50	1,192	34	3,600	7.0/1	59	46¾	42	52	36	7' 10¾"	13' 4½"	32¼	Volkswagen de Luxe
51	1,592	52-8	4,100	8.3/1	69½	51	42½	50	37	8' 0½"	13' 10"	34½	Hillman Minx IIC
52	944	45½	5,000	7.8/1	62½	49	40	50½	37½	7' 4"	12' 5½"	28¼	Simca 1000
53	1,098	48	5,100	8.5/1	71	50¾	41	40	36	7' 9½"	12' 3"	32½	Morris 1100
54	1,183	40	4,500	7.8/1	63	51	38	50½	36	8' 3½"	14' 2½"	33	Ford Taunus 12M
55	1,198	48-5	4,800	8.7/1	63½	53	40	52½	37	8' 2¼"	14' 3"	31¾	Ford Cortina
56	845	31	4,200	7.75/1	60	49½	40½	50	36½	7' 5½"	12' 11"	28½	Renault Dauphine
57	1,390	47-5	4,750	8.0/1	64½	51	42	51	38	7' 2"	12' 8"	32½	Hillman Husky
58	997	55	6,000	9.0/1	66	54	41½	52¼	35	6' 8"	10' 0½"	31¼	Morris Mini-Cooper
59	848	34	5,500	8.3/1	66	54	40¼	52¼	37	7' 0"	10' 10"	32	Austin 7 Countryman
60	996	39	5,000	8.9/1	64	48½	40½	47	36½	7' 6½"	12' 9½"	31¾	Ford Anglia
61	1,089	40	4,200	7.0/1	64	48¼	41½	49	37½	7' 10¼"	13' 4½"	31¾	Skoda Oktavia
62	747	24	4,500	8.5/1	59	44½	41	41½	40½	7' 11½"	12' 0¾"	27¾	Renault R4L
63	848	34	5,500	8.3/1	66½	54	40	52½	36	6' 8"	10' 0½"	32¼	Austin Mini

Opel Kadett



the end of centuries of experience with leaf springs. The Morris is more comfortable than the Cortina, but its comfort is still far from absolute.

For all the apparent conventionality of their suspension, too, the Fords and the Opel have some innovations in detail. The Cortina has its rear suspension designed to minimise the amount of longitudinal movement on the propeller shaft, for the friction this produces can provide an unplanned stiffening of the rear suspension, and the front suspension, while basically similar to that of other Fords, is also designed to minimise friction. The Kadett has its rear axle located by a short torque tube, pivoting beneath the rear seat, so that the springs do not have to take brake or engine torque—and the transmission tunnel is kept low. The Kadett and the Taunus have a transverse leaf spring with conventional wishbone-type front suspension, though the spring forms the upper suspension arm on the Taunus—which also has the lower arms mounted on the engine, perhaps to simplify assembly, but making stiff engine mountings a rather embarrassing necessity. Its rear suspension follows other front-wheel drive cars like the Lancia Flavia in retaining a rigid axle and leaf springs: as there is no transmission unit for it to carry, the axle can be light, so that the advantages of independent rear suspension are less than they are for a rear-wheel drive car. BMC, however, believes these are worth having, especially as it is more simple to devise an independent rear suspension system when there is no transmission to worry about—so the balance between the two systems is much the same as it is for rear-wheel drive cars. Renault is the only other maker in this group to use independent rear suspension, but this is almost an essential with a rear engine. The swing-axle system used, with coil springs, is basically the same as that of the 750 that began the present Renault family some 20 years ago, only altered in having longitudinal arms to take the engine torque—desirable now that engine power has been doubled—while the front suspension remains virtually unchanged.

Renault is the only maker to have adopted disc brakes on all wheels, though the Morris has them at the front. When they carry 60 per cent of the car's weight, they do nearly all the braking, but on the Renault the front wheels carry only 38 per cent of the weight, so that braking effort is more evenly divided between front and rear wheels. The American-owned companies stick to drum brakes, like their parents—a more justifiable decision; for on cars of this weight a disc brake will only have obvious advantages when the car is driven fast. But it then provides an extra margin of safety that is worth the small addition to the car's cost.

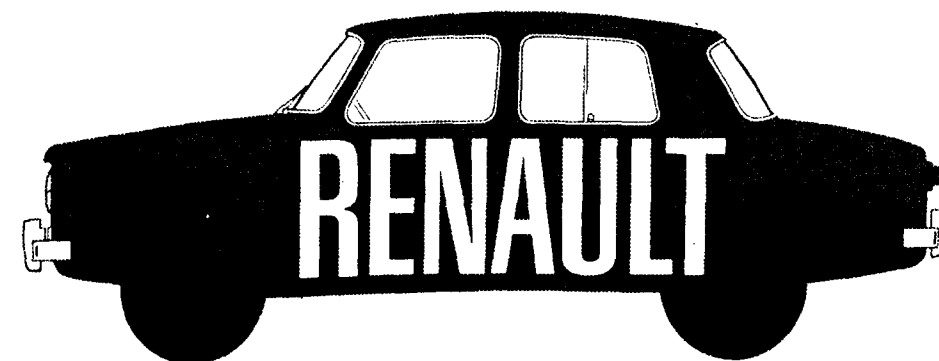
The performance of the Fords and the Morris is similar so far as top speed is concerned: they do 78 mph, but the Renault reaches 82 mph—and the Kadett has not been tested. There is much difference concealed within this similarity, more in top gear acceleration than in acceleration through the gears: the 12M with its high top gear is sluggish compared with the Morris, which can match the R8 in this respect. Indeed these two cars are little slower in top gear than the Vauxhall Victor and Hillman Minx, and all are comparable in maximum speed. Fuel consumption again shows a remarkable similarity: the Morris and Renault both returned a "touring fuel consumption" of 37 mpg in *The Motor's* road tests, and though the Cortina gave only 32 mpg it had apparently been somehow maladjusted—personal experience suggests its consumption is the same as that of the Morris. The 12M, as one might expect, is more economical to match its lower performance and gave 40 mpg. The Kadett remains an unknown quantity, but it should not differ much from the Morris and Cortina in acceleration and top speed; indeed, its low weight might give it better acceleration through the gears to 50-60 mph.

THIS batch of cars is now being released onto the European markets at prices that are often comparable—though the Morris tends to come above the others—and can match the price of that so far unbeatable best seller, the Volkswagen. Which will the public choose, and will the VW go under? Does the European buyer like the unknown or the known evils? The continental makers seem to lean pretty heavily to the view that the known is preferred, so the British Motor

Renault R8



Corporation is up against a tough commercial test if it is to show them that they are wrong. And it is again showing much courage in basing body design on logic, and keeping its dimensions to the minimum needed to contain the accommodation and mechanical parts. Size as they see it is still the criterion that many buyers adopt in choosing their car. Will congestion hand BMC the eventual victory? Renault will gain from the use of parts proved in the Dauphine, though lose from having less space to offer inside; Ford of Britain has the same advantage but not this disadvantage. Ford Germany can offer space inside and size outside, but a novel engine that is rough at tickover speeds; while Opel can provide conventional size, nearly as much interior space, and conventional if new mechanical parts. Backed by General Motors, it may well prove the short-term winner—pursued by the two Fords. The Morris may yet overtake them, though, if its price can come down to their level.



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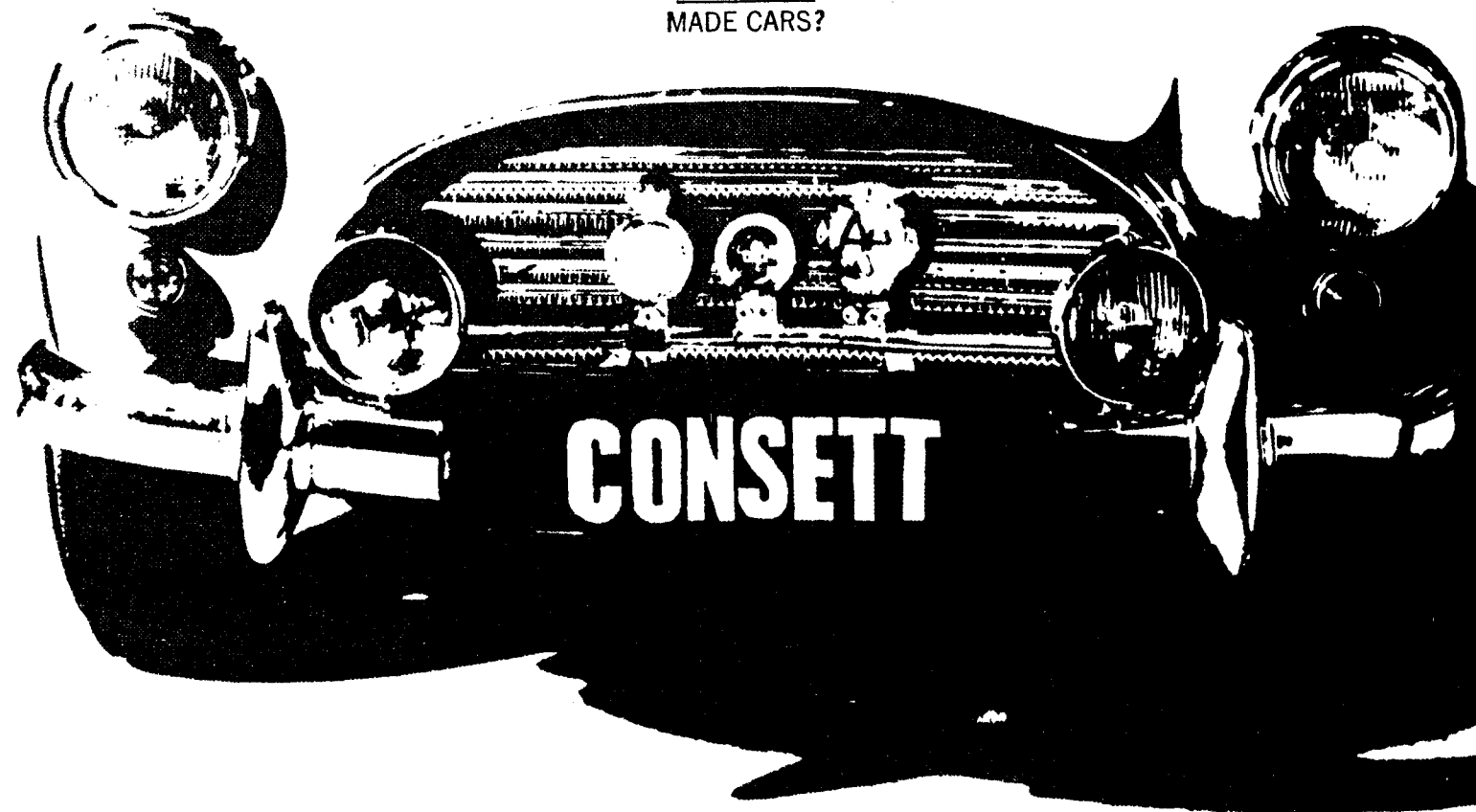
—extract from the Renault Statement of Price Policy in Great Britain

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Americans Seek Distinction

DETROIT

IF the sales figures that were piled up in the first nine months of 1962 can be believed, the US consumer has deviated from the bent for economy in his automobile, a leaning that prompted the introduction of so-called compact cars into the United States in 1960. Instead, this year's auto buyer is looking for something a lot more luxurious. That doesn't mean he is looking for a bigger car. In many cases, he is satisfied with one the size of the Rambler Classic, the Ford Falcon, or the Chevrolet Corvair. But he is ordering his car with bucket seats (for which he pays about \$75 extra), power steering, power brakes, automatic transmission, and often air conditioning. Putting such an energy demand on the power plant—before the auto is even in motion—has forced the auto companies to fit bigger engines.

So far in 1962, Detroit's automakers are enjoying their second best year in history. If sales continue at the same pace for the last three months, the industry should sell 6.4 million cars. With sales of about 350,000 imported cars, US customers will buy a total of 6.75 million autos this year. The best year in history was 1955, when the industry delivered 7.2 million cars. It looks as if 1962 will rank second.

During the 1962 model year, which runs from the first of October to the end of September, the most striking feature was the surprising strength of General Motors divisions, which increased their share of the US market to 55 per cent, after having enjoyed a steady share around 47 per cent. Among themselves, automen agree that GM's success can be attributed mainly to its divisions' sensing the trend to sportier cars and more luxurious trappings. One Ford executive said bluntly, "GM was closer to the market than we were. Their divisions offered a lot of the fancier, sportier cars that buyers wanted."

A good part of GM's gain apparently came out of the Ford Motor Company's traditional share. Ford's share dropped from around 30 per cent to 24 per cent. Looking back, Ford officials admit there were several reasons why Ford sales have been a little disappointing. Ford's total sales—Ford Division and Lincoln Mercury—ran about 10 per cent ahead of 1961, a reasonable showing until you realise that the industry average was 25 per cent ahead and GM ran over 40 per cent ahead of last year.

Last year, Ford introduced two so-called in-between models, the Fairlane in the Ford line and the Meteor in the Mercury line. These were to have the roominess of a standard-sized car inside and the low price tag and economy of operation of the compacts. In size, they were in between the compacts and the standard-sized cars. Unfortunately buyers didn't appreciate this or understand it. Instead of bringing in new customers to Ford and Mercury dealers, these in-between cars pulled Ford customers away from other Ford cars. A lot of people who would have bought Falcons or Comets bought the in-betweens; and a lot more who normally would have bought big standardised Galaxies or Montereys also bought the in-betweens. As a result, although the new lines reached the marketing goals set by Ford—about 7 per cent of the market—it was at the expense of Ford's own compacts and standard-sized cars, whose shares of the market fell sharply.

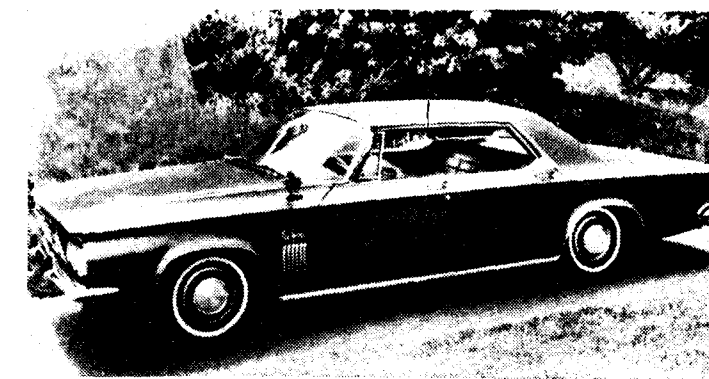
At Chevrolet, Ford's traditional rival, the situation was quite different. It too introduced a new car last year, the Chevy II, but the newcomer was so different from Chevrolet's rear-engined Corvair or standard-sized cars—it is really a compact car in the

style of the conventional and economical Ford Falcon—that it brought in new customers for Chevrolet. Another reason why Ford sales were not on a par with those of GM divisions was that Ford lacked some speciality models that were big sellers in 1962, like compact convertibles, low-priced hard tops, and a stripped down big car. For 1963, Ford has remedied these shortcomings with many additions to both the Ford and Mercury lines.

For 1963, Detroit companies will offer something for everybody, from stripped down compacts to luxurious pseudo-sports cars. The trend to more luxurious transportation is illustrated clearly by the large number of speciality vehicles that were introduced last month to compete in the distinctive market characterised by the Ford Thunderbird. These are cars that sell for from \$4,000 to \$5,700 each, and offer outstanding performance and luxurious interiors.

THIS demand for distinctive transportation has surprised many automen. For example, when the Thunderbird was first introduced as a luxurious two-seater sports coupe in 1954, Ford hoped to sell 12,000 a year. The company reached that number within two years and when Ford made the T-Bird a four-seater, sales mushroomed. Last year, 85,000 T-Birds were sold in the United States. In 1963, the most spectacular competition for the T-Bird is the new Buick Riviera, a low-slung luxurious four-seater auto

Chrysler New Yorker



whose price starts about \$4,500 with state and Federal taxes. The Riviera was responsible for much of the new competition. It had started as a new corporation compact at General Motors. Pontiac, Oldsmobile and Chevrolet all wanted it for their own lines. When Buick won the Riviera, because of the excellence of the division's engineering plans, the other divisions decided to introduce their own entries into this market.

Pontiac, which last year marketed its most expensive car with a special interior as a Grand Prix, now has styled a speciality car under the same name. Oldsmobile did the same thing with its Starfire model. Last year, the Starfire was just a souped-up Oldsmobile 98 with bucket seats; this year it has its own distinctive exterior styling with a concave rear window as its most individualistic mark. Chevrolet came up with the most devastating competition: a completely restyled and redesigned Corvette. To compete more exactly with the Riviera, Chevrolet added a fastback hard top to the Corvette series (which used to be available only as a soft top though it was possible to buy a detachable hard top). And some of the biggest changes have been mechanical ones. Steel reinforces the plastic body so that more of the car's weight is over the rear wheels for better traction; a new suspension system (the rear wheels have independent suspension) gives better adhesion, necessary with up to 360 bhp available. The Corvette drives easily and smoothly at 125 mph.

On top of all this General Motors competition, Studebaker last April introduced a plastic-bodied sports car called the Avanti. It was styled by Raymond Loewy and offered at a price around

Individualised interiors



\$4,500. After its introduction, Studebaker was swamped with orders for the new car and raised its production goal from 10,000 to 15,000 a year. But the company ran into serious production difficulties which have only been solved recently. Studebaker is having the plastic body, complete to seats and instruments, built by Molded Plastic Products in Ashtabula, Ohio; the body is dropped on a Studebaker chassis in South Bend. When production started, Studebaker found the body did not fit the chassis, and the plastic-reinforced-with-glass-fibre could not be hammered to fit. Finally, new dies had to be made. All this caused almost a four-month delay in getting cars into dealers' hands.

Edward O. Rollert, General Manager of Buick and a Vice-President of General Motors, estimates that there is a market for about 150,000 of these high priced sporty vehicles per year in the United States.

MORE proof of the move to more luxurious cars comes from the upgrading that is taking place in Studebaker's and Dodge's 1963 line. Studebaker has placed its economy compact Lark in the class that Detroit calls the luxury compact. The new Lark will have fancier interiors and a higher price than did the 1962 model. Dodge is doing the same thing. It has killed its Lancer economy compact and replaced it with a Dart compact which is six inches longer.

Styling changes in 1963 US cars are minor, except at American Motors, which has made its first major change since the Rambler appeared. AMC is offering a new unit side construction which, it claims, is stronger than a conventional side. With the new construction, 30 per cent fewer stampings are required to build a side, since it uses larger pieces. The new side construction is curved, bulging outward, and the glass in the side windows is also curved. This rounding has a pleasing effect on style, since it ties the roof line and belt line together neatly. Detroit rumours say that all General Motors Divisions are going to this same curved side construction in 1964 models. One fact is clear in styling for 1963. The roof line that was introduced on Ford's Thunderbird has now been adopted by every US automaker. This is a low roof line with the rear vertical sharp and slanting outward at the angle identified with the Thunderbird.

Engineering changes are slight, for the most part. Both Ford and Pontiac are offering transistorised ignition systems as options for the first time. In these, the traditional points of the distributor are eliminated. Contact is made magnetically, so there is no wear. The biggest advantage of the electronic system, however, is that it will not get out of adjustment. Once the timing is set, it will stay for the life of the engine. The transistorised ignition produces a stronger spark at high speed, a feature that appears desirable in engines whose horsepower is over 350. The

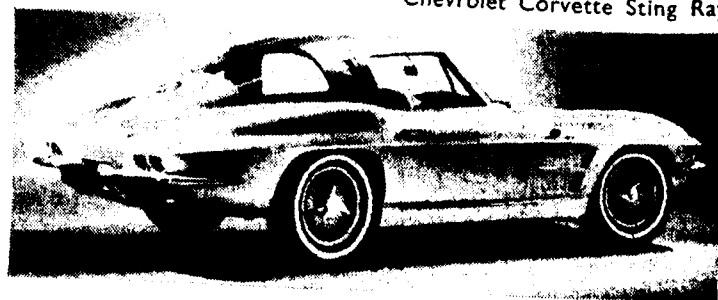
option costs about \$75. All General Motors Divisions, except Chevrolet, are offering a steering wheel that tilts to seven positions to fit any driver (Cadillac's tilts to only six) as an extra cost option. Price: about \$45. GM expects to equip 400,000 cars with the new accessory this year—further proof that the US consumer is splurging on his car. For 1963, all American models will have built-in crankcase air pollution devices which recirculate fumes from the crankcase back through the carburettor.

Warranties are longer for 1963 models, too. In these guarantees the auto company actually warrants through the dealer and it is the individual dealer who extends the warranty to a buyer. Chrysler is offering a standard 12-month or 12,000-mile warranty on all parts (except tyres and tubes) and a bonus warranty of five years or 50,000 miles on the components of the power train—the engine, drive shaft, transmission and rear axle. All other companies have extended their standard warranties to 24 months, or 24,000 miles. Last year, only Lincoln had such a long warranty; the rest had 12 months or 12,000-mile guarantees.

As the 1963 models go on sale, auto men will be watching two companies closely: Chrysler and American Motors. Chrysler, with new styling that is no longer out of the mainstream of US auto design, is expected to make a strong comeback. The company has had a falling share of the market almost for the past 12 years. Its 1962 sales were barely even with 1961, which was a disappointing year for the company. But Chrysler has more than new styling for 1963. Its new president has been in office long enough to have made some drastic changes in organisation and philosophy. Chrysler today is a lean operation, after having laid off 7,000 salaried employees to save almost \$5 million a month and having closed four plants.

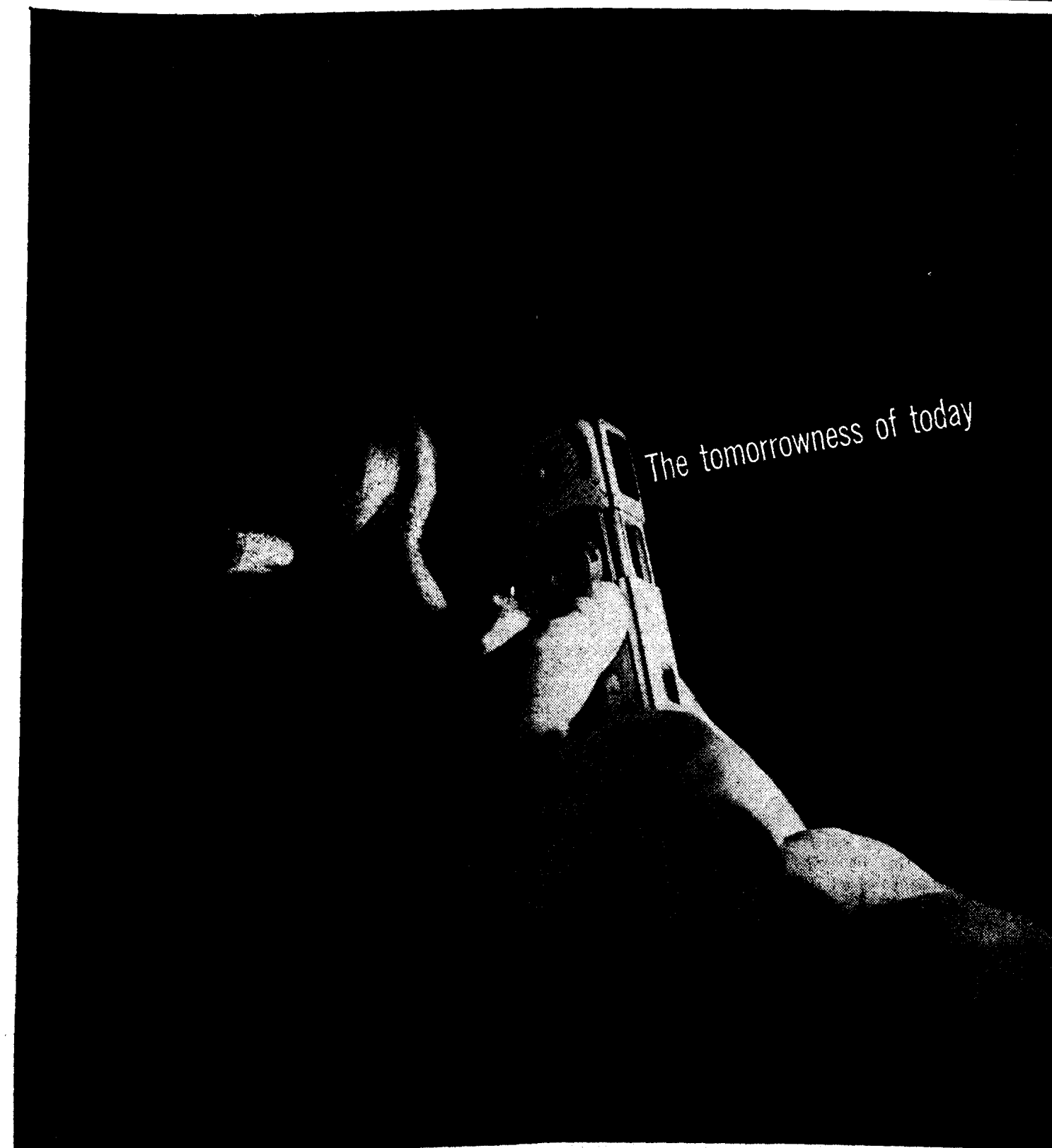
Chrysler's young president, Lynn A. Townsend, brought in a new Vice-President, Virgil Boyd, who had done an outstanding job at American Motors, to solve the company's most pressing

Chevrolet Corvette Sting Ray



problem: rebuilding its distribution net. Since February, Boyd has been signing up new dealers, realigning dealerships where too many dealers have been serving too small a marketing area, and listening to the real and imagined grievances of dealers. Chrysler's dealer organisation went into the 1963 model year with enthusiasm and loyalty rare for that organisation.

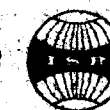
American Motors is having problems as a result of its sales success. The 1962 model year was the best in history for AMC, with sales of over 440,000 units. For 1963, AMC is shooting for US sales of 550,000. But the company is learning that an organisation that sells 550,000 cars a year has to be a different organisation than when it sold 250,000. Briefly, AMC's profit has not kept pace with its sales. In fact, earnings have slid so that during the record year of 1962, profit ran only about three per cent on sales (while companies like General Motors and Ford were running seven to ten per cent). For one thing, the company is more an assembler of automobiles than any other US company. Since it buys most of its components from outside suppliers, it hasn't reaped all the advantages of increased volume. Too much of the



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profits have gone into the hands of suppliers. And AMC's three plants are old and not as efficient as engineers would like. Its main plant, where all 440,000 Ramblers were assembled last year, is bulging with activity and had to work much overtime during 1962. With production running at full capacity, AMC lacks the flexibility to switch quickly to models that sell better.

Probably the biggest question in Detroiters' minds these days is whether the industry can put two over-six-million years back to back. The industry has never been able to do it before.

One factor automen watch closely is the reserve of retail credit. Since over 80 per cent of the cars purchased by US consumers are bought on instalments, the amount of credit available is a critical factor. During the somewhat dismal sales year of 1961, a great reserve of retail auto credit was built up as more consumers paid off their loans than started new ones. Despite the good sales of 1962, there still seems to be plenty of retail credit left in the reserve. Used car prices are a leading indicator that predicts how new car sales will go. Surveys show used car values are running almost at record highs. The scrap rate of autos is working in automakers'

favour, too. It has been running at a rate of about four million a year. Now statisticians say it is increasing as cars sold during the big sales years immediately after World War II are going to the scrap heap. Most industry statisticians are predicting that five million cars will be scrapped in the US in 1963, a substantial base on which the industry can build sales.

On top of all this, US suburban living continues to increase the number of two- and even three-car families. In 1955, auto salesmen spoke respectfully of the million or so two-car families in the United States. Today, they reserve that tone for three-car families; there are over 10 million two-car families.

The one factor automen have the least control over is consumer confidence. Today it is strong. Surveys show that consumers are in a buying mood. But estimates for auto sales in the United States next year range from General Motors' optimistic seven million (for 1962, GM estimated 7.25 million, well over the 6.75 million expected) to Ford Motor Company's more realistic 6.4 million (for last year Ford predicted 6.8 million). Detroiters are expecting 6.5 million, including about 375,000 imports.

Motor Racing in 1962

NINETEEN-SIXTY-ONE saw the 1½-litre formula well established, with these new Grand Prix cars that the pessimists thought would be underpowered for their weight and dangerously unresponsive breaking lap records and winning the leading road races at higher average speeds than the 2½-litre cars they superseded. Britain, however, was hampered by having unsuitable engines, and its new V-eight Coventry-Climax and BRM racing power units came along too late for her to stop the Italian Ferrari from taking the Manufacturers' Championship and the American driver Phil Hill from winning the Drivers' World Championship, driving these cars.

This season Britain has been on top all the way. The new engines have proved successful in providing just that little extra power and torque that was required. The BRM, after some internal staff changes in Sir Alfred Owen's racing division, has proved reliable after years of dubious racing, and Colin Chapman of Lotus, after building ever smaller and lighter space-

frame cars, introduced an entirely new conception of lightweight racing-car chassis design with his monocoque Lotus 25.

All this has given Britain almost unchallenged supremacy in the highest field of motor racing. Writing before the South African Grand Prix has been held, it seems obvious that the next World Champion driver must be Graham Hill of the BRM team or Jim Clark of Team Lotus. Ferrari, after the departure of several of his key engineering staff, which caused the uninitiated to forecast the end of motor racing for the little Modena firm, ran what were virtually last year's cars and never brought out its promised new models. Stronger opposition for British BRM, Cooper and Lotus cars came from the German Porsche Company, which was relying on a new air-cooled flat-eight cylinder engine.

Although British cars were superior to their Italian and German rivals, it is extremely satisfactory to find that no one make dominated the Grand Prix scene and that the new make of Lola, with motor cycle

champion John Surtees at the wheel, was in the picture. In every case the successes gained by the British cars were won with Coventry-Climax or BRM V-eight cylinder engines; last year's four cylinder power units were quite outclassed. Ferrari continued to use a V-six cylinder engine and Porsche only made any mark after getting teething troubles out of its new flat-eight cylinder power unit. BRM employed fuel injection.

If Ferrari was outpaced in racing-car contests, his sports cars won Le Mans, the Nurburgring 1,000 kilometres, the Targa Florio and the TT at Goodwood.

Drivers who handle Grand Prix cars command good pay; and so Formula Junior contests are hard fought, because drivers who put up good performances in these second-string cars are well placed to step into the cockpit of a Grand Prix team car next season. Lotus have tended to dominate this class of racing with typically low, light and compact cars. As in Grand Prix racing, so in this FJ field, no one make is supreme; but for the most part Ford engines prevail.

One of the disasters of the 1962 season has been the accident to Stirling Moss. In the absence of Moss, Graham Hill has become the most successful British driver.

John Surtees



Graham Hill



Jack Brabham



Phil Hill



Jim Clark



IHI's wharf cranes speed up stevedoring at Calcutta Port

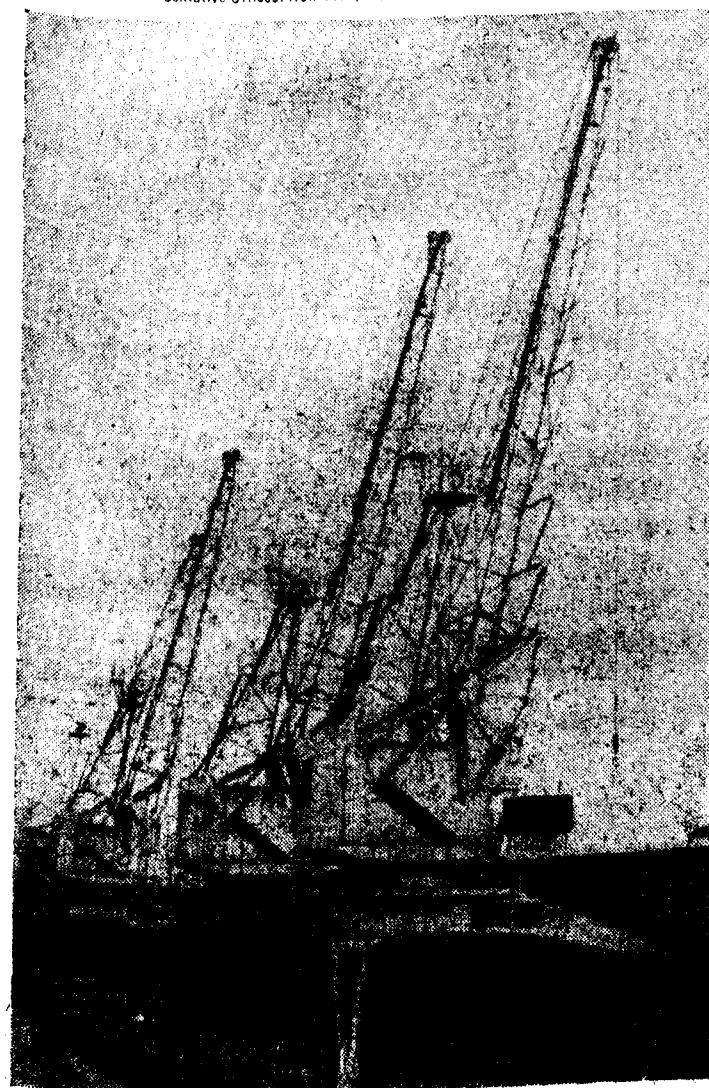
In recent international bidding IHI won an order for 25 wharf cranes from the Port of Calcutta. These versatile work-horses, which are now being installed, can be changed by simple adjustment of a gear mechanism to handle either 3 ton loads at higher speeds or 5-ton loads at lower speeds. Their new "three-legged" construction provides ample clearance and greater mobility and reduces total cost and weight.

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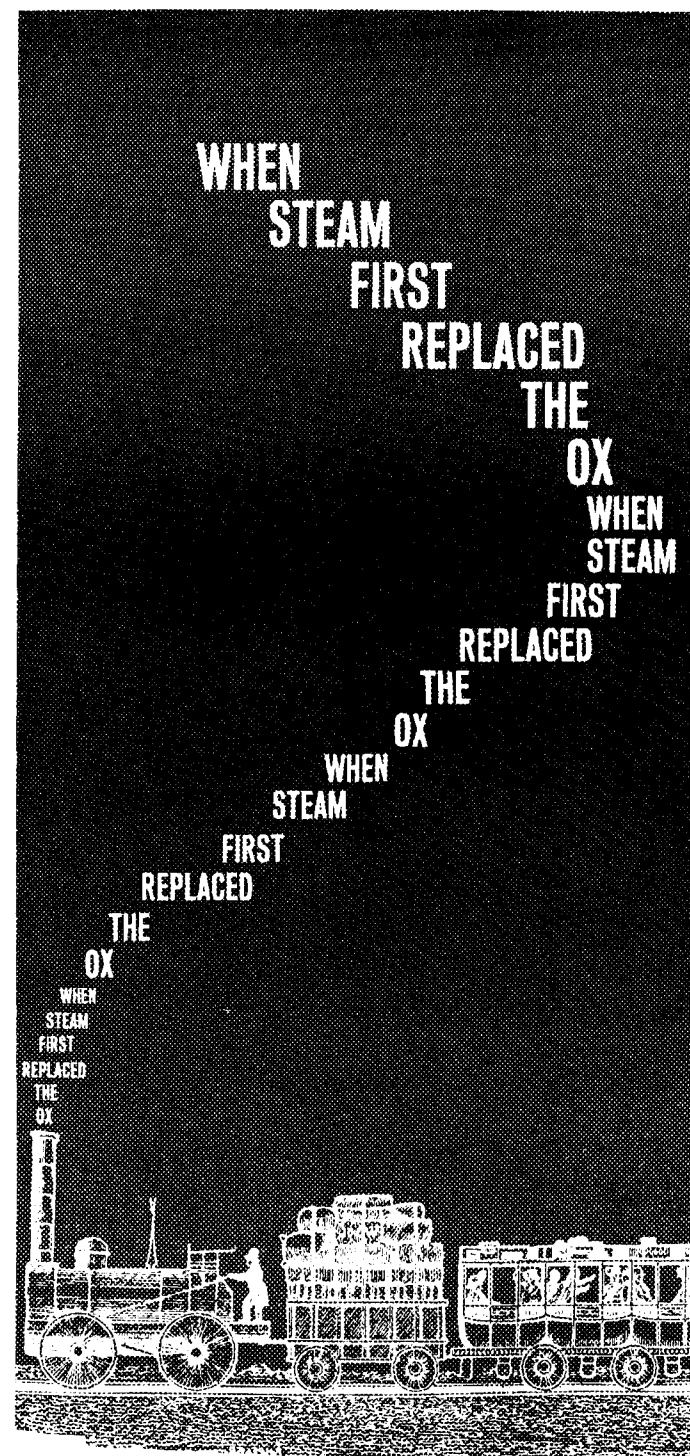
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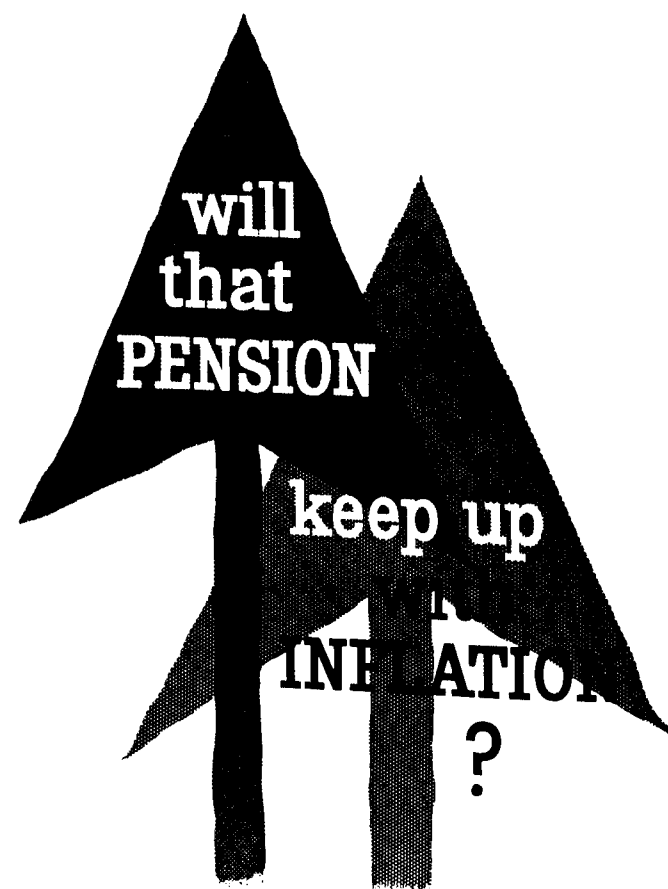


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THE BUSINESS WORLD

The Economies: Flat or Down?

Since the war there has been a great increase in the productive capacity of the industrialised countries. The problem now is to prevent this development from leading to deflation—declining employment, production and profits. The Western nations should act quickly to meet the threat of world-wide deflation. By the beginning of next year at the latest, more pronounced expansionary policies will be needed in the budgets and monetary controls of these countries.

Dr Per Jacobsson.

For a classical economist, faithful to the theory of cycles, it would seem that we are at the end of a boom. This is possible; but it seems to the Commission that one can actually envisage the future difficulties and examine here and now the remedies that it will be necessary to apply. . . . We are certainly moving into a less exuberant economic development; but after a period of relative stability, we could quite well have another phase of expansion without having to pass through a recession at all.

M. Robert Marjolin.

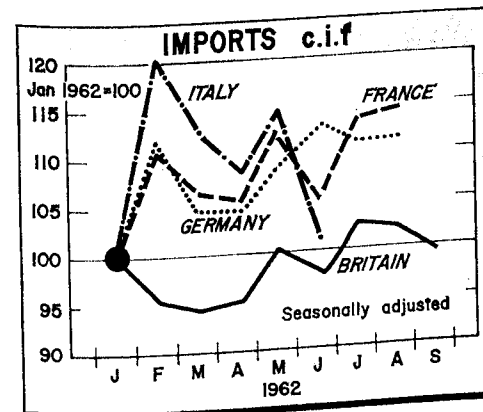
WARNINGS from the IMF, caution from EEC; against this new sobriety about recession, NED's first sketch of what faster growth might bring Britain may look a little oddly timed, even ingenious. Has Britain woken up to how nice growth would be just about the time, across the world, that the springs of growth are running down? This has been a private uneasiness for some ever since Mr Selwyn Lloyd took to the idea of planning fifteen months ago; now the uneasiness is gathering and becoming public.

Dr Per Jacobsson would never be classed as an expansionist at any price; but he called the turn accurately on inflation two years ago, and of late his main concern has been with the danger of world deflation. This concern, incidentally, was shared much more generally in private discussion among the sound bankers gathered for the World Bank and Fund meetings in Washington last month than was obvious from some of their formal public utterances. Dr Jacobsson is clearly uneasy about the possible conjuncture of renewed recession in the United States, of the continued droop of commodity prices for the primary producing nations and—the new element—of a slowdown and perhaps a dip in the proud

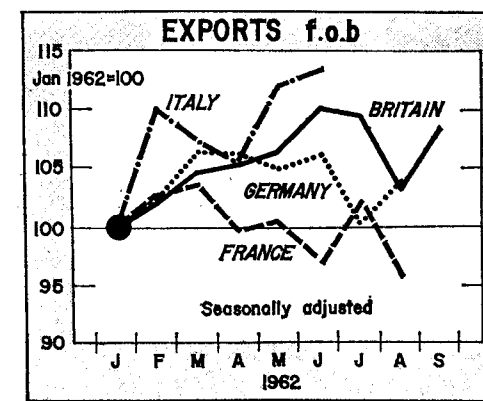
recent curve of West European growth. Developing simultaneously towards the back end of 1963, these could present the free world with a more real danger of recession than any that pessimists have sniffed at several times since the war, only to be confounded by renewed inflation.

M. Marjolin, perhaps the most distinguished official economist of a common market that has outrun the rest of the industrialised West for growth during recent years, sees the Western economies as having reached a stage where "one can hardly foresee whether what comes next is further ascent or a decline." The factors that he listed as signs of the end of a boom are:

- the continued fall in commodity prices, limiting the buying power of the industrialised countries' traditional overseas customers;
- difficulties in some industrial sectors—chemicals, non-ferrous metals, and steel;
- the fact that recovery in the United States has been less marked than one had hoped;
- reductions in profit margins in some industries, implying recourse to other sources of finance;
- the slowdown in investment demand;
- falls on the stock exchanges, which if they got worse could have economic effects; and



	May, 1962	Latest month available
Belgium	+1.4	+0.7 (June)
France	+2.1	+2.1 (June)
Luxemburg	-0.8	+2.3 (July)
Germany	+2.6	+1.0 (July)
Italy	+1.9	...
Netherlands	-0.6	-0.6 (July)
Britain	+4.5	+5.4 (Sept.)
United States	+3.5	+4.4 (Sept.)



the fact that almost the only driving force behind European expansion is "internal consumption" (plus building, much of which "is a factor of investment in name only"). But against these factors he sets the fact that the European economy is becoming autonomous, which is one reason why the classical method of cyclical analysis may not apply. Another reason is the competence of the "management" of the Western economies today—governments, and regional planning bodies such as the European Economic Commission—to take action with a good chance of forestalling world recession before it happens.

THESE managers have some time—not much—in hand. Looking at the world from a vantage point inside America, Dr Jacobsson wants more expansionary policies by the beginning of next year at latest. From Brussels, M. Marjolin's consideration of the possible need for stimulus soon has to take account of a continued rate of growth within the common market that is still very respectable, and in one

or two countries still quite rapid. The comparisons with last year, average to average, which the commission cites for individual countries in its latest quarterly report are rosier than the more recent run on seasonally corrected output during this year noted in the table on page 283; but certainly there is some, declining, momentum left in the common market boom.

There is some growth too in Britain. With the trade figures for September putting a possibly healthier complexion on the trade balance, and the industrial production index for August picking up a point of the two that it dropped in July, Mr Maudling has a plausible reason still for caution in stimulating home demand further. It is true that industrialists, as reflected in last week's survey from the Federation of British Industries and this week's from the National Union of Manufacturers, feel that production remains no more than stable, and show little optimism about any marked improvement in the near future. In the very short run, one would expect here some continued modest growth in personal consumption, public

be growing faster than private. So the emphasis on private industrial investment in this plan is probably much less than many expansionists would ordinarily assume.

The growth rate assumed for exports, again, which is nearly double the rate achieved in recent years, is postulated on the assumption that the balance of payments on current account improves to a surplus of £300 million by 1966 (some increase in net invisible earnings is also assumed). This means an improvement of say £50 million a year on the balance of trade over the current five years. So the growth assumption here allows for some increase in aid, in net investment of private capital overseas, and an addition to the reserves that should "help to remove the need for stop and go policies." (No benefit from continued improvement in the terms of trade is allowed for).

That last assumption, necessary but austere, has incidentally a significant effect upon the final result of this sketch for a plan upon personal consumption expenditure per head—which is, after all, the end in which all the other figures are met. This sketch of 4 per cent growth offers an increase of 2½ per cent per year in consumption per head (allowing for population increase); in recent years, with much less distinguished performance, we have managed 2.1 per cent a year per head, partly through favourable terms of trade.

The first five years of four per cent growth, therefore, would fall somewhat short of Mr Butler's famous doubling of the standard of living in 25 years, which required 2.8 per cent a year. But there would be a good deal of "once for all" acceleration in this first five-year burst. Stocks, once the 4 per cent rate was achieved, should not need to rise more than in line with output as a whole, perhaps less. Investment probably would; but would the current surplus, once attained, need to rise even as much as total output? So 4 per cent, eventually, should yield more jam tomorrow . . .

Sketch for A Plan

GROWING at 4 per cent a year, where would Britain get to by 1966? The table, which roughs out the main aggregates of demand and supply as they might be after five years of such a rate of growth from 1961 onwards, summarises the NED office's first exercise with a statistical "model" of the economy. It presented this exercise—75 pages of it—to the NED council two weeks ago; and this table, with a few notes, but no indication as to its methodology, to the public after the council met this week.

The figures that matter here are the rates of change of the components of demand and supply, and how they compare with the general assumption of 4 per cent growth. Imports are reckoned to rise somewhat more than the gross domestic product, so that the total resources available would grow by about 4.1 per cent. Personal consumption expenditure is assumed to grow less; current consumption by public authorities (including defence) by less than the basic 4 per cent, though somewhat more than consumption. Investment as a whole would, according to this reasoning, need to grow much more than the economy as a whole; and exports a good deal more.

This wisdom sounds conventional: accent on investment, export or die. It is in fact much less so than it chooses to appear.

This growth rate of 6.2 per cent a year in investment, for example, is a good deal lower than the planners would have come up with had they simply assumed that the relationships between investment and total output that have been operative in the British economy in recent years would have to continue. According to such ratios, investment might have had to grow by nearly 9 per cent a year, and constitute 24 per cent of GDP by 1966. That would have reduced the resources available for growth

1966—AFTER FIVE YEARS OF 4 PER CENT GROWTH PER YEAR

	1961 £ million	1966 Provisional £ million (at constant 1961 prices)	In- crease per year 1961-66 per cent
Supply:			
Gross Domestic Product* at market prices	26,486	32,225	4.0
Imports of goods	3,998	4,990	4.5
Net imports of services	83	95	—
Total	30,567	37,310	4.1
Demand:			
Consumers' expenditure	17,336	20,280	3.2
Public consumption	4,570	5,460	3.6
Investment	4,798	6,470	6.2
Exports of goods	3,863	5,100	5.7
Total	30,567	37,310	4.1

* GDP, excluding net income from abroad, is here taken as total domestic factor incomes plus indirect taxes less subsidies (as distinct from the National Income Blue Book definition, which excludes indirect taxes on imports).

in other sectors of demand—notably consumption—to a level that Sir Robert Shyne and his economists considered that people would simply not put up with.

Bringing the investment figure down to a bearable level that they could still consider consistent with the total growth assumption (getting consistency in such figuring is the main intellectual technique of this economic model-making) made it necessary to assume a considerably better utilisation of—or return on—investment than we have had of late.

Within the 6.2 per cent growth figure for total investment, moreover, it is worth noting that the growth of stocks (even, once again, assuming slightly more economical management of these) is quite significant; and most people would assume that public investment, over the next five years, would

consumption; and re-stocking; some little rise left, perhaps, in exports, but private investment dipping enough, probably, to offset the continued rise in public investment. Confidence is lacking throughout the economy, and perhaps affecting consumption as well as business readiness to invest: the failure of hire purchase sales of cars and consumer durables to rise as much as might be expected from the completion of earlier contracts may not be unconnected with the growing uneasiness about redundancy that is beginning to percolate into many layers of British employment.

It is possible to assume, therefore, that the managers of the Western economies still have the time to forestall incipient deflation—providing they also have the inclination and the foresight. It is in this respect that the very existence of NED, figuring away at how happy it would be possible for us all to be if we could only be virtuous, is a good mark for the managers of the British economy. Mr Maudling has had borne in upon him, as all Chancellors soon have, the still pitiable margins of room for manoeuvre that make it hard for Britain to say "Go" when sound opinion in the rest of the world is still only prepared to hear the word "Stop." But the existence of a state-appointed pressure group for faster growth, at a time when the danger is that growth will be getting slower, has at least the advantage of making acceleration respectable whenever it can be afforded.

An Alternative to PWLB

Reform is coming to local authority finance. Will it be of the right kind? A correspondent thinks not—and suggests an alternative.

"I DO, however, recognise," said Mr Maudling on October 3rd at the Mansion House on the subject of local authority capital finance, "that if temporary debt is to be kept within reasonable bounds, we must make it easier for the authorities to meet part of their capital needs by borrowing from the Exchequer."

Why from the Exchequer? Is there no other way of making it easier for local authorities to borrow than to cause them to borrow from the Exchequer? Is it, indeed, desirable that local government—in addition to the public corporations—should become dependent on the Government for capital finance? Mr Butler thought not in 1955 when he withdrew from local authorities their hitherto unrestricted access to the Public Works Loan Board. Mr Heathcoat Amory thought not in 1959 when he rejected the Radcliffe committee's recommendation that PWLB loans at prevailing gilt-edged rates should again be made freely available to local authorities. And if Mr Selwyn Lloyd thought otherwise during his term of office he never said so. It is Government policy, often reiterated, that local government should be strengthened, not weakened. How is it then that in this matter of capital finance, local government cannot stand on its own feet? Perhaps with a little encouragement it could—to the benefit of taxpayer and ratepayer alike.

One of the weaknesses of local authority capital borrowing is that there are too many authorities competing for the available resources. One of its strengths is an ability to tap sources

Mr Maudling's experience in Washington—among the same bankers who were privately prepared to sound worried about a slowdown in world trade—was not encouraging for British initiative, or as an index of general readiness among Western nations to engage in the "more pronounced expansionary policies" that Dr Jacobsson is now counselling. Complacency at many levels in the United States, though perhaps not at the highest, is more than matched inside the European Economic Community, as witness the German budget proposals. Dr Blessing, this week, put most effectively the arguments of those who are still fighting the last war against inflation:

I would think it wrong, in the interests of price stability, if measures were already to be taken now with a view to averting any cooling-off in economic activity. If, as some pessimists think, developments should really lead to a recession and not to a healthy toning-down, there would still then be time to take the appropriate measures. There still exist tendencies of price inflation, even though they may be less strong, and there is still an excessive demand on the labour market, with all the consequences this brings for internal stability. So long as this state of affairs continues I shall refuse to listen to those who demand measures to stimulate the economy.

The argument is well put, and entirely tenable. It is the attitude of mind behind it that gives cause for uneasiness. Will all the economic managers of the Western world recognise—and really dislike—deflation as soon as it may come?

of supply of capital moneys which may not be available to the central government; the local authority mortgage and temporary money market is an efficient organisation performing a useful function in this connection. And there does seem to be a way of keeping the virtues of direct access to the market without cluttering it up with an unmanageable number of individual borrowers.

The proposal is that the number of authorities charged with raising capital funds for local government should be considerably reduced; that capital finance, in fact, should be raised on a regional basis. For example, in the proposed Greater London reorganisation the Greater London Council could be made responsible; and the rest of England and Wales could be divided, for purposes of capital finance, into convenient regions, perhaps five or six in number, perhaps even fewer, each served by an *ad hoc* body comprising a panel of members appointed from among the elected representatives, and maybe senior officers, of the constituent authorities. Legislation would be required, of course; but legislation is required in any case for the comprehensive rationalisation of local government, and local government areas, which is already in train. Indeed, a major opportunity for imaginative reform of local government capital finance now presents itself.

Public finance, national economic planning and local government are interdependent. It is accepted that the scarce capital resources of the country must be assessed, husbanded and allocated sensibly and methodically. Capital control, to be effective, must be national. But local government, to be effective, must be local. In the local government sphere, therefore, control of the expenditure of capital should rest with the individual local authority, subject, of course, to general

economic and planning control; while the raising of capital, though remaining unequivocally a local government responsibility, resting on local government credit, should yet be as sensitive to the essential national control, without leaning on Government credit, as is practicable. To raise and to manage local government capital finance regionally would conduce to this.

WHAT is suggested, shorn of technical detail, is that each regional body, responsible for the raising of the capital requirements of all local authorities within its area, should set up an all-embracing consolidated loans fund; a fund into which would be paid all loans raised, and from which would be paid all advances made to the participating local authorities; a fund which would be responsible for the ultimate repayment, and continuing replacement, of all capital debt including existing capital debt, and into which would be paid from time to time the loan charges and relevant expenses attaching to the advances made to the local authorities and to the capital commitments taken over from them. It would be convenient, and highly economical, for all capital accounts of the participating authorities to be kept centrally by the regional authority. The use of modern computer techniques in this process would achieve significant economies of time, of money and of expert staff—currently three scarce commodities.

Each regional authority, in raising capital finance, should be able to pledge the whole of the area's credit. It should, therefore, be empowered to issue a precept on the counties, boroughs and districts within its area for the loan charges and related expenses which would become due to it. This would both facilitate orderly finance and provide legal sanction in a manner less cumbersome, and less expensive, than the exchange of mortgages. The regional authorities' credit in the capital markets, so founded, would rank second only to that of the Government. The marketability of local authority stocks, so rationalised, would be enhanced: the yield differential relative to Government stocks would accordingly be reduced. Competition among individual local authorities for capital finance would be eliminated. Expertise in the management of capital finance would be concentrated and so strengthened. Control by the Treasury would be simplified. And the orderliness of the capital market, beloved of the Bank of England, would approach the ultimate. The benefits of the PWLB type of financing would be available to local government without, to repeat, local government leaning on Government credit and losing its sense of responsibility and self-reliance.

At the same time, additional flexibility should be accorded to local government's new capital finances by permitting the regional authorities to borrow, as local authorities did in the past, by the issue of Local Government bills. The regional authorities together might be empowered to issue a maximum of, say, £400 million of one- to six-month bills with characteristics otherwise similar to those of Treasury bills, marketed either direct by the regional authorities to the London money market or, if preferred by the authorities, by the Bank of England, following existing arrangements for Treasury bills. This would relieve the banking system of undue strain on advances, while providing it—and the money market generally—with an augmented bill market. And it would enable local

authorities to be more flexible in their funding arrangements, ensuring adequate short-term finance at times when they preferred (as astute treasurers periodically should and will) to postpone incurring debt at long term. The Treasury, no doubt, will object to a loss of control over the liquid assets base. But the PWLB arrangements themselves involve an increase in Treasury bills—and why should the Treasury not adapt its arrangements to the interests of the local authorities?

The local authorities comprising each capital finance region should also be enabled to lend temporarily surplus revenue and other fund balances to the regional body, freely and at market rates. Conversely, the regional bodies should be empowered to lend to their constituent authorities against the receipt of revenues; and the regional bodies should be able to lend to, and borrow from, each other.

There will, no doubt, be objections from local government itself: there always are. This stems partly from the doctrine of *ultra vires* which inhibits innovation; and partly from the structure of local government, with its league table of authorities and its attendant promotion rivalries and jealousies. It will be objected that such a scheme as is here proposed would involve loss of "sovereignty" by the authorities which would lose their current responsibility for raising capital finance. But the control of expenditure is what really matters; and that would still be theirs. Local authorities are already sharing in the use of organisation and methods teams and co-operating in the development of common building techniques. Why not in capital finance? They are combining and co-operating voluntarily in the use of computers, and that must surely involve agreement upon techniques and accounting procedures. In any case, is not the adoption of standardised accounting, long preached within local government, overdue?

It is not claimed that regional local government borrowing would be better in every respect for every authority than PWLB borrowing. But it should be for the ultimate health of local government generally to be self-reliant in capital finance rather than to be dependent on Government credit.

FUNDING HAS BEGUN

Figures published on Thursday of local authority borrowing in the second quarter of the year show that funding of temporary debt had then begun. Total temporary borrowing was reduced from its peak of £1,190 million by £15 million; and a larger portion of the temporary borrowing itself was at more than three months' term. Bank overdrafts were down by £19 million, but other advances by banks and discount houses rose by £7 million; other temporary borrowing fell by £7 million. The local authorities repaid £13 million to the PWLB but at the same time took £28 million from the new issue market—which has provided even more since then—and £120 million in other loans and mortgages. These were mainly in the one to five year period, with gross borrowings of £131 million.

LOCAL FUNDING BEGINS NEW BORROWING BY LOCAL AUTHORITIES

	Net temporary borrowing*	Other mortgages and loans	Quoted securities	PWLB	Own superannuation funds	Total
1961 1st qtr...	88	51	6	—17	7	135
2nd	34	46	18	...	3	101
3rd	107	34	4	1	2	148
4th	37	65	3	—4	—2	99
1962 1st qtr...	131	65	14	—12	3	201
2nd	—15	120	28	—13	—2	118

* Up to 364 days.

It is no doubt administratively easier, just now, to loosen the PWLB purse strings than to undertake the legislation and planning that would be required for a change to regional borrowing by local authorities. But administrative expediency is a siren that has lured many a good principle to its doom. If, nevertheless, the prospect of reorganising the capital financing of the whole of England and Wales in one operation is too

daunting, an opportunity is at hand to try out such a scheme in London. A Greater London, comprising thirty or so London boroughs and an elected Greater London Council, is about to be created. Within a vast homogeneous area local government, inherently unresponsive to change, is to be excitingly rationalised. Could not capital finance be part of the master plan?

BUSINESS NOTES

STOCK MARKETS

Caution the Watchword

THERE is too much evidence of slackening in economic activity in Europe and North America and too much talk of the possibility of recession in these areas late next year for any investor to have much confidence in the immediate future of equity prices. Prices in many of the European stock exchanges, notably in Britain, Germany and Italy, had begun their long fall before the collapse on Wall Street in the late spring and early summer. As Dr Abs, the chairman of the Deutsche Bank has said, the fall was an acknowledgement of the exaggerated height that prices reached in the feverish search for "growth" when buying was often based on the scantiest of statistical evidence. But it took the sharp fall on Wall Street to drive the lesson right home to investors that the behaviour of the American and European economies would not sustain the concept of automatic growth in equity values. Then it was realised this was a competitive world where profits would be hard to earn and that the immediate flow of dividends would be insufficient to justify the prices paid at the top of the boom.

But while British and American equities have rallied from their low points, prices on the Continental bourses have continued to fall. Except in Belgium (where the Congo has prevented any boom in equities) and in Holland (where prices tend to follow Wall Street through the international list), all the

major Continental bourses touched new lows this month, with declines particularly marked in Germany and Italy. Prices have rallied a little this week, especially in Germany on hopes of an easing of tension in Berlin. Special factors are at work in these markets: in Italy, where the economy is still expanding, the bourse is worried about the attitude of the government towards business; in France the decline has not been particularly severe because the economy still appears to be healthy. But everywhere investors are openly acknowledging that the European boom is slowing down and are apprehensive about 1963.

Equities in London and Wall Street have in the meanwhile continued to mark time—around 275 on the *Financial Times* index and around 585-590 on the Dow Jones average. In London, almost all the buying has been concentrated upon gilt-edged stocks and the authorities have been encouraging investors to go longer. They have had almost an embarrassing success. Within six weeks the £500 million tap in the 2008-12's has run dry. A good part of the demand—perhaps as much as two-thirds—has represented switching out of other stocks, notably the 1982-84's and the 1986-89's but as soon as the tap ran dry on Thursday (when the 2008-12's rose by ½ to 97½) dealers in the market began to wonder whether the authorities could possibly control the market through the stock

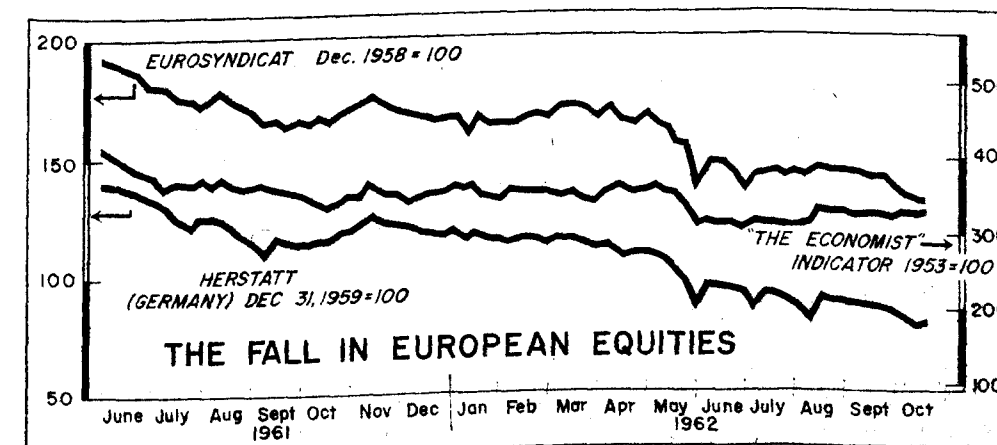
they had taken in from the switches or whether they will issue a new stock in the long-medium or long range.

In neither London nor Wall Street are equities absolutely friendless and there has been some selective buying of "cheap" stocks. The massive oversubscription of Forte's in the British market (where the ordinary shares rose to a premium of 8s. 6d. on the issue price of 20s.) and the buying of the so-called "dull blue chips" with stable earnings records and good dividend yields on Wall Street are examples of this. But a quip is going round Wall Street that while there is considerable debate whether the American economy is suffering from "high level stagnation" there can be no doubt that the stock market, where the trading volume is less than three million shares a day, is afflicted with "low level stagnation." The last part of the sentence holds true for the British market and so, probably, does the Wall Street forecast that equity prices will continue to move sluggishly within a narrow range. It may be that the adjustment of ideas and prices in the Continental bourses has gone far enough to allow this prediction to be extended to them. M. Marjolin has already uttered the warning that if stock prices continue to fall there may be repercussive effects on business confidence and with so many warning lights flickering it is difficult to believe that the governments of the heavily industrialised countries will ignore Dr Jacobsson's plea for more expansionary fiscal and monetary policies.

FLAT STEEL

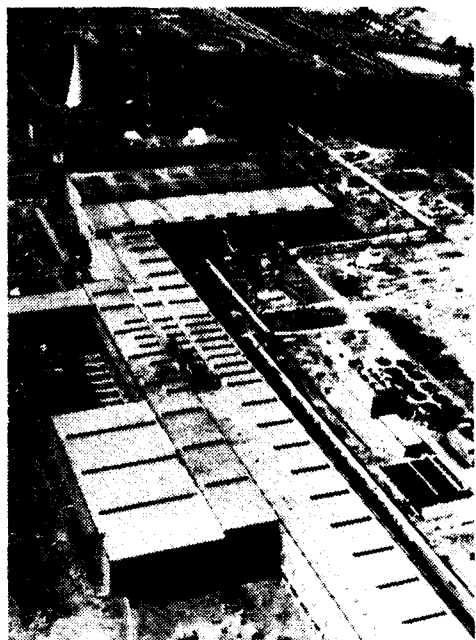
Capacity in Britain

DEMAND for flat steel is at present healthier than for any other group of steel products; at a time when the industry in general is producing to only about 76 per cent of capacity, the strip mills have been operating at 90 per cent or more. The Spencer Works at Llanwern near Newport will add only gradually to that capacity; it will be the end of next year before it is counted in for its whole initial 1.4 million ingot tons (of crude steel; some of its slabs will go to Ebbw Vale for rolling). Ravenscraig's cold reduction mill will be running



up during next year, too; but at present the steel planners are happier about keeping this developing capacity well occupied than they are about almost any other types of steel capacity. They are accepting the motor industry's estimates that car output may go ahead 10 per cent or so next year, and feel that there may be some recovery in durables, too. Moreover, demand for tinplate remains very strong, and the use of flat steel in other products (sometimes at the expense of other kinds of steel) seems to be growing steadily.

For this kind of steel, therefore, there is little hedging of the estimates of demand in



Spencer Works, Newport

1965 made a few years ago (though for steel as a whole there certainly is). Some uncertainty arises over tonnage demand for tinplate; here customers buy area and not weight, and there is an increasing shift towards lighter qualities. This can make a sizeable difference to the tonnage in a few years: against 108 lb per basis box of the thickness of tinplate still considered normal, the lightest, about six thousandths of an inch thick, can go down to about 50 lb, and increasing quantities of thicknesses weighing say 80 or 90 lb are being used. Thinning down the tinplate somewhat alters the pattern of work at the mills; one needs more coating per ton of throughput, and the thinnest gauges of plate have to be rolled on a five-stand and not a four-stand mill.

At present, strip mill capacity in Britain amounts to nearly 3½ million tons of sheet and about 1,350,000 tons of tinplate. By 1965, sheet capacity is expected to reach 4½ million tons; tinplate capacity hardly rises at all on present plans, being put at 1,400,000 tons for 1965. The industry's planners, on present showing, think the sheet capacity will be well utilised and the tinplate capacity could indeed be overstrained.

—and in the Six

By 1965, however, the steelmakers expect to be within Europe, and on the way to conforming fully with the competitive rules of the European Coal-Steel Community. And within the Six there is already no doubt that there will be quite a margin of surplus strip mill capacity.

The High Authority of ECSC reckons capacity for all flat steel products together, on the grounds that these mills can shift fairly flexibly between different products. Its present capacity for "sheet (including hot rolled coil for tinplate)" is about 13.7 million metric tons, and this is at present over 90 per cent employed. But its forward estimates of demand for flat steel indicate a "trend" figure of about 12.7

million metric tons, with a higher limit to their range of estimates of some 14 million tonnes by 1965. The capacity that it expects to have in being by then is about 16.7 million tonnes. For 1965, that indicates operations at only about 75-85 per cent of capacity.

Assuming that competition between Britain and these countries will be virtually open, with tariffs declining, by then, should one assume that the sharper competition certain on the Continent will make inroads into the sheet market that British strip mills are counting on? For the moment the British industry is prepared to concede that this may tend to depress or at any rate curb growth in prices of flat steel; but they are expecting to gain at least as much in this freer trade as they need concede here and there. At one or two points, Continental

ITALIAN LABOUR

Recruiting in Reverse

Milan
ITALY still has close to one million unemployed; yet the country is faced with a serious shortage of skilled labour. In the north, it is not rare for firms to tempt skilled labourers away from another firm by offering higher wages, or even expensive gifts. Nor do they stick to labour skilled in their own field. Motor companies, for example, are trying to hire pharmaceutical plant workers, arguing that it is easier to retrain any worker who is already skilled. The latest classification of labour statistics put out by Confindustria, Italy's confederation of trade associations, suggests that only 16.5 per cent of Italy's five million industrial workers are skilled and 40 per cent are semi-skilled.

One sign of the acuteness of the problem is ENI's attempt to persuade Italian skilled labour now in other countries to come back home. The state-owned gas and oil corporation agency is putting advertisements in Swiss and German newspapers with such slogans as: "Come back, your country needs you." Approximately 400,000 Italians work in Switzerland, and over 200,000 in Western Germany. Most of this Italian labour working elsewhere in Europe, however, had no craft or skill when they emigrated. Industry abroad trained them.

Unlike other common market countries, Italy has a chance of solving its skilled labour shortage problem, being the only EEC country with a surplus of total manpower. What was considered a serious Italian problem has now become an asset for the country. Italy can continue her industrial expansion without worrying about the manpower shortages that plague the other countries of Western Europe. Most of this pool of labour is in the rural areas of the south. From 1951

to 1961, Italy's industrial north absorbed over 600,000 new recruits, 60 per cent of them coming from the south. Nor does the flow of southern labour migrating to the prosperous Genoa-Milan-Turin industrial triangle show any sign of slowing down. The number arriving in 1961 was 50 per cent more than in 1960; the increase may be even higher in 1962.

The problem, therefore, is training this rich source of manpower to fit into Italy's rapidly developing industrial economy. Private industry, through on-the-job training programmes; the government, through increased investment in public trade schools and special training courses set up by the Ministry of Labour; and to some extent the labour unions are taking some action here. Specialised training courses offered in 1961-62 were organised in Italy for 471,353 trainees.

But under the Treaty of Rome, labour will be free to move across Europe; and its partners in EEC are still recruiting, in spite of ENI's counter-propaganda. Among others, this year, Volkswagen and Regie Renault have hired respectively 4,000 and 1,000 southern Italians for their Wolfsburg and Paris plants. Between 1956 and 1961 more than 2 million Italians left their country to work abroad, and over 1½ million emigrated to European countries. According to the Italian ministry of labour, emigration from Italy to other countries reached 400,000 people by 1956-57, dropped to 275,000 people in 1959, and rose again to level off at about 350,000 a year in 1960 and 1961. Whether the Italian government and Italian industry can stem the tide of unskilled workers flowing to other countries depends simply on whether training can make a job to keep them at home more attractive than elsewhere in Europe.



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fairy tale
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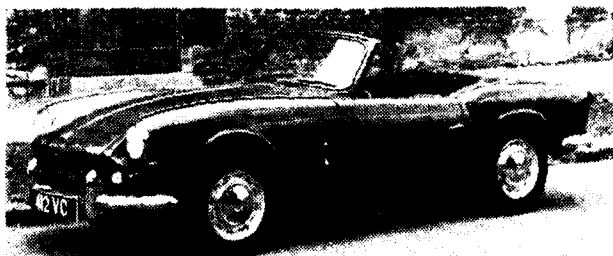
works may actually be closer to big customers for flat steel than British works (even Newport and certainly Ravenscraig) are; on the other hand, the British industry contains much less obsolete capacity, such as handmills, than some of the Continental industries.

There is no doubt that within ECSC there has been some extravagant investment in strip mills (though much of the money spent in recent years has been to balance up

finishing capacity constructed in the immediate postwar years). The British industry is not looking to much further growth in direct exports (its exports of tinplate into the Six have recently drawn complaints about dumping from within ECSC). But it is reckoning on some extra growth in indirect exports of flat steel, from larger sales of British vehicles—and possibly of British durable consumer goods as well—when we enter Europe.

MOTOR SHOW

New Wine



Triumph Spitfire

New engines for old cars have been the main surprise of the Motor Show: the British Motor Corporation has put the 1100 cc version of its A series engine, with the improved gearbox, into the Minor 1000, Austin A40, Austin-Healey Sprite and MG Midget, while Ford offers the 1200 cc engine of the Cortina as an option for buyers of the Anglia de luxe. So these old models are all brought into the performance class of their makers' newer cars—indeed, as they are lighter, they should have an even livelier performance. BMC has added £10 to the price of the Minor and of the A40 basic model, but £20 to that of the A40 de luxe; the 1200 engine costs £27 10s. extra on the Anglia, while the Super model, fitted with the bigger engine and with de luxe equipment, costs as much as the A40 de luxe. But the Minor two-door model is about £35 cheaper than the 1200 cc Anglia, so this veteran again becomes a strong competitor in its class. The Minis are also being fitted with the improved gearbox, and now have seats that should not sag; their price rises by £10.

The only new car on show is the Triumph Spitfire, Standard-Triumph's entry in the small sports car market. Using the Herald chassis, the third model to do so, it has the 1200 cc engine tuned to develop 63 bhp and sells for £730 in Britain. This makes it £63 more expensive than the Sprite, but it has 8 bhp more than this model and a more comfortable body—with winding windows, a desirable fitting for a car that is aimed mostly at the United States market. Standard-Triumph International has now completed the range of cars planned before Mr Alick Dick left the company, giving it a spread over the speciality and sports car markets from two basic models; any more new models will reflect the opinions of the Leyland directors.

Rootes and Rolls-Royce are the other two makers showing the most significant changes to their existing models. Rootes has made rather more drastic alterations to the Super Minx and Vogue than one might expect after

only one year of production; the engine is modified to improve fuel consumption, a higher axle ratio is fitted, disc brakes replace drums, greasing points are eliminated, the fuel tank repositioned to increase luggage space and different seats fitted—all of which are said to add more to the cost than the £30 put on the price. Rolls-Royce has also incorporated mechanical refinements in its range, such as a higher compression ratio to give seven per cent more power, while a concession to modern styling has been added in the form of four headlamps. And prices have again been raised—by £265.

Old Sentiments

THE Motor Show is becoming a rather gloomy occasion, timed as it is when car sales take their seasonal fall; this year it has followed hard on the news of the first short-time working, and some makers believe that it will become more widespread this winter than last. Stocks of new cars at the end of the summer were perhaps half as big again as they were last year, leaving less scope to increase them during the winter; and though sales in August and September were about 17 per cent higher than a year before, they were still 30 per cent below the average for May, June and July—with sales in September, unusually, slightly lower than in August. When exports are liable to fall as well, makers are almost bound to reduce output.

Ford is probably best placed, for the Cortina accounts for around 40 per cent of its car output while the 1100 forms barely a tenth of BMC's. And the way in which new cars attract the buyers makes the state of the makers relying on older models even less happy. The short time at Rootes, Pressed Steel and in some parts of BMC seems to reflect this problem: Rootes is probably worst placed of all makers, for its old Minx, which still accounts for the bulk of this Group's home sales, is most likely to be hit by the Cortina and 1100, as well as

sales of the old-type Classic at a reduced price. Vauxhall has its new sixes to stimulate sales, and needs to build up stocks of them; it also found that sales of the Victor in September were higher than expected, despite the competition of new models. BMC, with its dispersed range, might be expected to have a similarly mixed experience, and much will depend on the extent to which mechanical modifications add to the appeal of its old models.

The widespread price increases, only eschewed by Vauxhall and S-TI, may often be partly justified by improvements, and probably all too necessary to make production profitable, though they are oddly timed: last spring or next spring would have been more appropriate. The makers may have hoped that the Chancellor would by now have reduced purchase tax, so that they could raise prices without the public paying more; and they remain hopeful, and anxious, for such relief. The decline in home sales over the last two years becomes of increasing concern to them as their expansion schemes get nearer completion.

OVERSEAS TRADE

Trend Still Adverse?

SEPTEMBER'S overseas trade returns confirm that the sudden fall in Britain's exports in the previous month was temporary and non-recurring, possibly even the result of inadequate seasonal adjustment. But it appears also that exports are no longer on a noticeably rising trend, while imports now are. True, the monthly total of imports fell for the second time running. But at £378 million in September the total is still notably above the general level since the peak of late 1960—and this apparently before any large restocking movement has begun. Exports in September recovered from £309 million to £325 million season-

BRITAIN'S TRADE (£ million a month, seasonally adjusted)

	Imports	Exports	Re-exports	Crude
	cif	fob	fob	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
3rd ..	385	320	12	53
July ...	390	327	14	49
August ..	387	309	12	66
Sept. ...	378	325	12	41

ally adjusted, still below the June peak of £328 million. The upward trend that was shown in every month of the first half of 1962 now seems to have been broken, though the investigations of the Federation of British Industries then suggested some further rise in months ahead. In the third quarter as a whole exports were only marginally higher than in the second quarter.

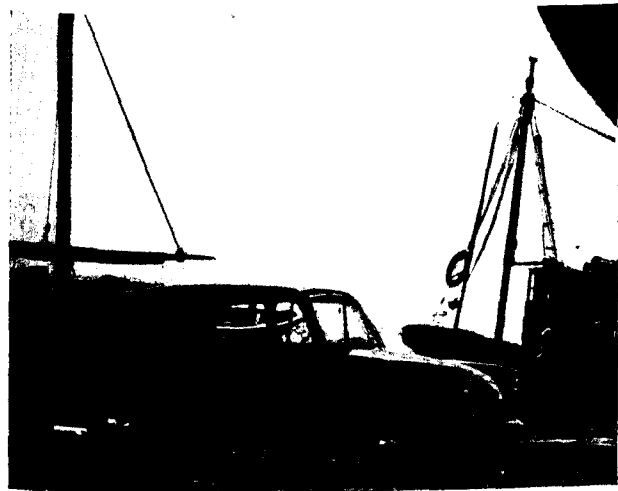
The balance of visible trade, on the basis of these unevenly valued customs returns,

FOR PACE & PRICE CHOOSE FORD — BRITAIN'S NEWEST RANGE!



NEW FAMILY FAVOURITE! Comfort is matched with economy in the CONSUL CORTINA—a five-seater with choice of 2 or 4 doors which puts full family-size spaciousness within everyone's reach.

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New Height of Luxury! The new ZODIAC MARK III offers over 100 mph with acceleration to match—plus comfort and fittings never before found on a car in this class. From £1,070.15.3 (tax paid).

New Statements of the Zephyr Formula! The surging ZEPHYR 6 gives sports-car performance plus big saloon-car roominess. Its sister, ZEPHYR 4, replacing the Consul 375, carries six in comfort—yet with real economy from its 4-cylinder engine. Zephyr 6 from £929.2.9. Zephyr 4 from £856.5.3 (tax paid).

New Heart for the Pacemakers! Make the pace as never before in the CONSUL CLASSIC 1½ LITRE and CAPRI 1½ LITRE—both now have a new 1500 cc engine for extra power, with 5-bearing crankshaft for extra smoothness. All this—with no increase in price! Classic still from £722.17.9. Capri from £863.2.9 (tax paid).

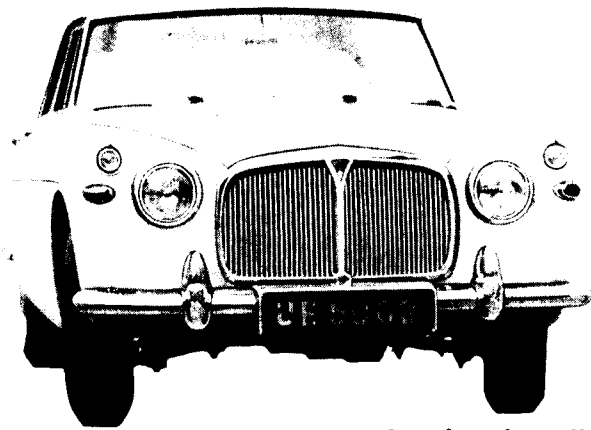
Big News for all New Ford Owners! Besides their individual virtues, most new Ford models offer major improvements for better, safer, easier motoring:—(1) FULL SYNCHROMESH 4-SPEED GEARBOXES. (2) 12 MONTHS/12,000 MILES WARRANTY. (3) 5,000 MILES OR "TWICE-A-YEAR" SERVICING. Add these to the existing merits of buying Ford and you have a range which offers the finest value in family cars.

SEE THEM AT THE SHOW - SEE THEM AT YOUR FORD DEALERS

FROM FORD OF BRITAIN



Besides the Standard and De Luxe Anglia (illustrated) and the Anglia Estate, there is a new sporty ANGLIA SUPER which offers a 1200 cc engine for extra performance, plus greater passenger comfort.



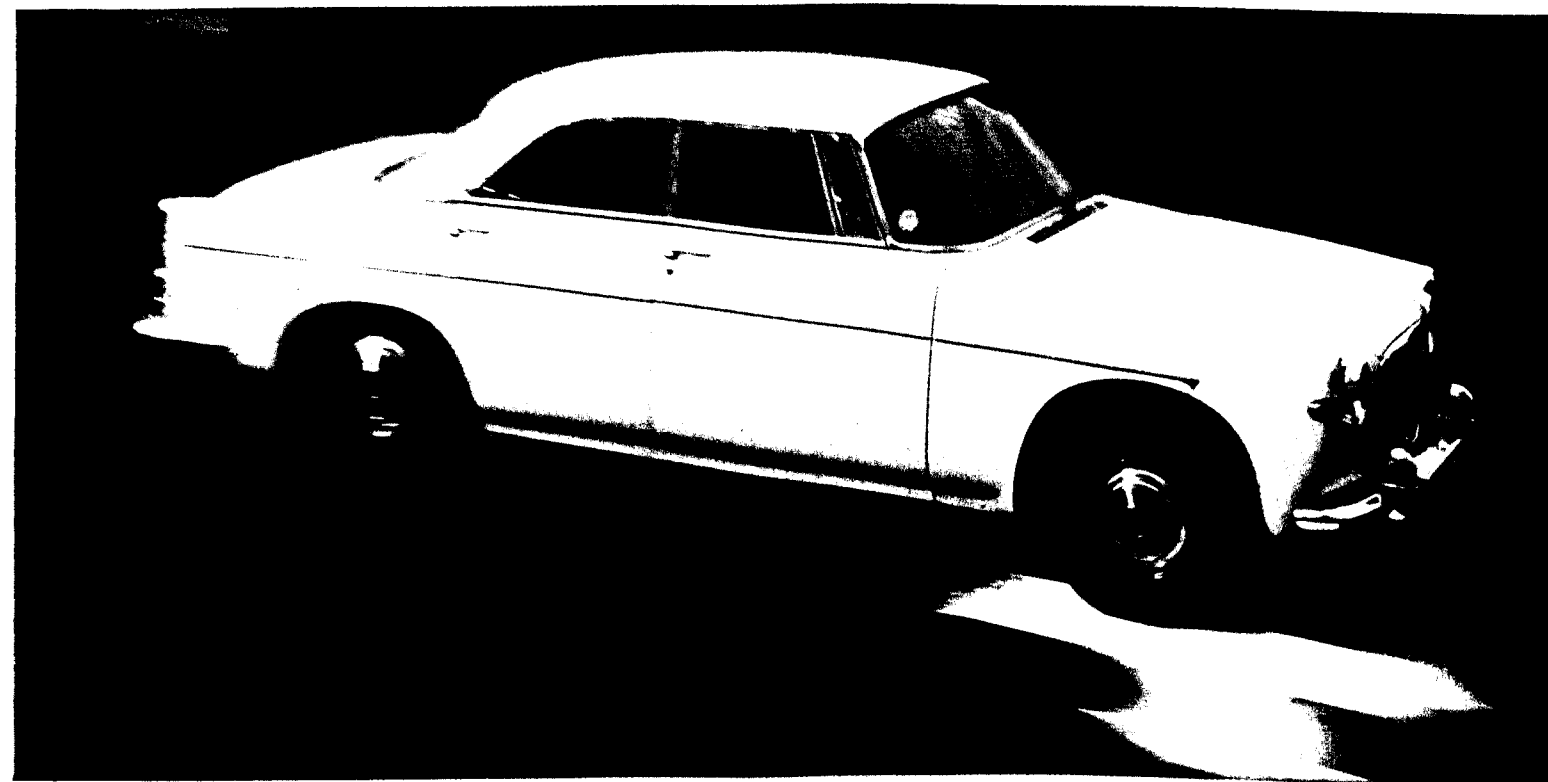
The Mark II 3-Litre—swifter version of an elegant car. For 1963, the famed Rover 3-Litre becomes a faster, even more luxurious car, i.e., the Mark II 3-Litre. Points to note: 17% more power; new stub gear lever; new sumptuous interior trim, immaculate new line. *Manual model* £1,325 plus P.T., £197.17.9. *Total* £1,822.17.9. *Automatic model* £1,375 plus P.T., £516.12.9. *Total* £1,891.12.9.

New Rover 3-Litre Coupé. The low and elegant shape is quite new. The controls and interior layout, with four deep bucket seats, are planned specifically for motorway driving. Under the bonnet, the new high output engine has been further developed to make this the fastest Rover in the range. And note the new stub gear lever. *Manual model* £1,199 plus P.T., £363.2.9. *Total* £2,062.2.9. *Automatic model* £1,519 plus P.T., £581.17.9. *Total* £2,130.17.9.

ROVER 1963

new coupé leads new

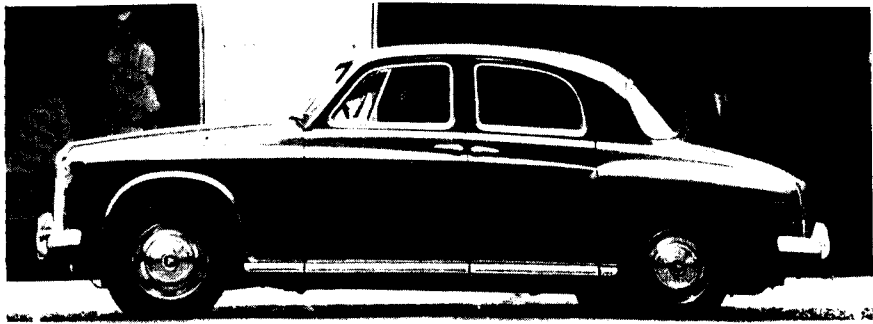
more powerful range of swift and silent cars



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NEW — the sleek and stylish 3-Litre high-performance Coupé.
The Mark II 3-Litre Saloon: swifter version of a widely acclaimed car.
The 110: faster, more powerful replacement for the 100.
The 95: luxury six-cylinder motoring for the family.

One of the world's best engineered cars. In every Rover ever built there is a nicely calculated balance between performance and comfort, between power and handling qualities—a balance that is never upset. The new engine modification for 1963 is an example. Rover engineers have developed the two 3-Litre models and the 110 to give 17% more brake-horse-power. And because of careful Rover planning this extra performance is achieved well within the cars' road-holding capacity. Balanced developments like this confirm the Rover claim to be one of the world's best engineered cars.



The new 110—faster replacement for the 100. This new Rover has a performance that belies its deceptively quiet looks. The familiar Rover 100 six-cylinder engine has been given more power, so that the new 110 will quietly attain—and surpass—the magic 100 m.p.h. *Basic price* £1,115 plus P.T., £119.2.9. *Total* £1,534.2.9.

The new 95—luxury six-cylinder family motoring. The new 95 offers you six-cylinder Rover luxury, replacing the four-cylinder 80 for very little extra cost. Its advanced engine produces an abundance of silk-smooth power and there are front wheel disc brakes (as on all Rover models) to curb it effortlessly. Altogether the 95 is the ideal introduction for the family to swift, silent, and comfortable Rover motoring. *Basic price* £998 plus P.T., £375.5.3. *Total* £1,373.5.3.

showed a seasonally adjusted deficit of £41 million last month; allowing for the built-in distortion this reflects broad balance on a payments basis. In the third quarter as a whole, however, there seems to have been a clear trade deficit, with an average crude gap of £53 million a month. For the second quarter, the balance of payments figures showed a small surplus, of £17 million over the three months together. But these payments figures, which are more meaningful in other ways, have so far not been seasonally adjusted; the Treasury hopes soon to issue an adjusted series, which will be more comparable with the monthly trade returns.

EXCHANGES

Euro-Dollars Will Survive

FOREIGN exchange markets continue to be reasonably stable, reflecting the better underlying balance that has been achieved in world trade and payments this year. Sterling has been in fairly good demand this week and the rate has remained at around \$2.80½. Demand for gold has reached moderate proportions at the daily fixing, but subsequent dealings have not been large and market activity is still well below speculative proportions. The dollar has weakened a little in the exchange markets, falling below 4.32 against the Swiss franc on Tuesday; but on Wednesday the decline was checked and the dollar was generally stronger on the continent. It remains at its support point in Paris, where the French franc was jolted only momentarily by the new political uncertainty. Almost unnoticed in the market has been approval by Congress of United States participation in the IMF Borrowing Scheme (the Paris lenders' club), which formally brings the scheme into being.

The most active topic of verbal speculation in the exchange markets is the effect on the Euro-dollar market of the new American law freeing banks in the United States from any restriction on the interest they pay on balances of foreign official holders. President Kennedy signed the bill this week, and New York banks are expected to raise their rates within a few days. In London the general view is that there will be no great drain from the Euro-dollar market. In the first place, the higher rates can be paid only to a restricted group of lenders—official bodies and those international institutions of which the United States is a member. This excludes a good number of international institutions which have large liquid funds to place, such as the Bank for International Settlements, the Coal-Steel High Authority and Euratom. And the weight of central banks in the Euro-dollar market is not nowadays very large. Some central banks may no doubt channel funds into the market indirectly, through commercial banks—but such funds are not eligible for the higher rates that may now

be paid in New York. And some central banks, notably those behind the iron curtain, have special reasons for wanting to keep dollar deposits outside the United States whatever the terms.

The new rates to be offered in New York, moreover, are even now expected to be perceptibly below those available in Europe. Thus three months deposits are expected to be at 3½ per cent, compared with the current rate of 3¾ per cent available in London. The big American banks are in fact not particularly anxious to attract funds at the moment. They are liquid enough, and can in any case acquire funds at the Federal Reserve at the re-discount rate of 3 per cent. Their participation in the Euro-dollar market, hitherto through their overseas offices, has sometimes been motivated by a desire to keep their hand in international banking rather than by any real need of additional funds. But other big American banks have begun to use the Euro-dollar market systematically as a supplementary source of funds. This limited modification of Regulation Q is unlikely to take much dollar business out of Europe: nor, *pace* Sir Charles Hambro, is it certain what effect a complete freeing would have. London bankers attending the Washington meeting of IMF last month were highly taken with a remark made privately by the most respected of international officials: "At last the most widely used currency in the world is in the hands of people who know how to use it."

WORLD BANK

The New President

CORRIDOR gossip in the Sheraton Park Hotel in Washington four weeks ago was rife about Mr Eugene Black's successor as President of the World Bank, but not a clue was vouchsafed, except that the announcement might have to wait until Congress had risen. So it has proved, and conceivably because the new president, Mr George D. Woods, was the subject of some Congressional controversy when he was proposed by the White House as head of the Agency for International Development a year ago. It is not that the World Bank appointment needs Congressional confirmation—as one American newspaper report has it, the Administration decided on Mr Woods as the US nominee (though only "after a long search and some internal tussling") thereby "assuring his selection by the bank's board of Governors."

If this is a somewhat stark way of describing the realities of Mr Woods's nomination, it would be equally relevant to add that this is not the boldest appointment among the *on dits* that were to be heard in Washington. Mr Woods has the needed banking background from his long connection with the First Boston Corporation, of which he is chairman. He has had an active role, too, in special missions on behalf of Mr Black, including the Anglo-

Egyptian settlement after Suez. His appointment evidently assures continuity of policy, with little departure from the strict but necessary standards that Mr Black has laid down for the bank's business. But the bank is a youngster that has reached maturity already, as Mr Black showed so clearly in his leave-taking speech last month; his main text then was to find new resources for the International Development Association to take care of technically sound but "unbankable" projects in the developing countries.

To get this money in volume and to break individual donors of their addiction to bilateral aid will be a prodigious task for Mr Black's successors. It is unlikely that Mr Woods can do more than start it, notwithstanding his undoubted energy, for he is 61 and is bound to go in four years under the bank's rules. This explains why many observers had hoped for the appointment of a younger man with ten or fifteen years to give, as Mr Black has given, and of no less liberal outlook and banking equipment. It is naturally being suggested that Mr Woods is to act as a seat-warmer, perhaps for Mr Dillon. If this sort of thinking should gain currency among the bank's staff, it will not be for the good. The momentum that Mr Black gave to the bank now needs to be given to IDA. Mr Black's legacy is to have satisfied a series of investment risks by converting them into an impeccable bank portfolio. IDA's wide-open risks and the means of meeting them are bound to present an even greater challenge.

AIR FARES

The Last Hurdles?

Chandler, Arizona

IT seems that the conference on air fares here is likely to end next week. There are only two matters holding up agreement on passenger fares on the lines outlined on page 169 of last week's issue of *The Economist*. First Pan American and Scandinavian Airlines are still insisting on the need for a cut-rate fare for piston engined airliners to counter competition from Icelandic Airlines, with the object either of making life intolerable for Icelandic or forcing it into the IATA cartel. Although first reactions to this attitude were favourable, some European airlines have since had reservations, on the ground that the same weapon might later be used against them.

The second stumbling block is a proposal by several airlines to permit any three members of IATA to sell at a discount when necessary to meet competitive cutting of IATA rates by other operators. This idea is supported by the two British corporations, Pan American, Trans Canada and TWA. But it is opposed by a small group of airlines, led by Qantas, which fears the open rate competition that might result. Some compromise on both these issues seems likely, and the expectation is that the

intended fare increases will be approved and become effective next April.

There is, however, no hope of agreement on cargo rates, on which a second conference is expected later this year or early in 1963. There is a division between carriers who favour lower rates to attract new business and those who favour increased rates to squeeze more revenue from present customers. Seaboard wants to hold the line or to lower rates for larger shipments, particularly of 1,000 kilos and over. Pan American wants to lower the top weight dividing line to 500 kilos and to raise the rates for higher weight consignments. The object is to divert mores mail shipments from the consolidators and into the belly compartments of jet airliners.

Much time has been taken up with airline malpractices and enforcement of IATA rules. Sir William Hildred lectured all the delegates in a long speech on this subject. Sir William has stayed aloof from discussion on fares and rates, but he has made it clear that the new czar to be appointed to replace the three-man commission that has hitherto dealt with breaches of the rules will sit in continuous session and have power to exact full penalties up to \$25,000 and even to order expulsion from IATA. He also declared that the uses of airline "slush funds" have been rising as well as discount selling—the latter having reached "dreadful proportions in some parts of the world." Passengers and agents were being bribed and enforcement officers intimidated. It was notable that when Sir William finished his speech, some of the worst offenders were first on their feet to cheer.

HIRE PURCHASE

Financing the Financiers

THE statistical fruits of the Radcliffe report of three years ago are still coming forth; the latest offering, included in the new and compendious monthly *Financial Statistics*, is an analysis of the financial structure of hire purchase companies, which also forms the basis of an article in this week's *Board of Trade Journal*. The new figures show that while the total of instalment credit itself was falling in the first half of 1962, the finance houses' other loans and advances rose slightly—from £108 million to £114 million. These advances are probably mainly to finance dealers' stocks; but they also include loans for house purchase.

The finance companies' most important source of finance is deposits, which provide more than two-fifths of the total on average—and over three-fifths for the large companies. Future inquiries are to delve into the sources of these deposits. The biggest change in financing sources since the time of the Radcliffe inquiry has been the increased importance of discounted bills, which rose from £17 million in 1958 to £80 million at the end of 1961, but then

dropped to £61 million in the next six months.

Another analysis shows the preponderant weight of the larger companies in hire purchase. This investigation covered 440 companies (and there are many more besides).

HIRE PURCHASE FINANCE

	End Dec. 1961	End Mar. 1962	End June 1962
<i>Certain assets:</i>			
Instalment credit.....	674	652	652
Other advances.....	108	113	114
Trade investments.....	36	37	37
Other securities.....	5	4	8
Assets with other financial intermediaries.....	10	5	7
Total.....	833	811	818
<i>Certain liabilities:</i>			
Deposits.....	337	351	377
Bills discounted.....	80	72	61
Other (mainly bank) borrowing, net.....	179	165	152
Issued capital and reserves.....	148	148	148
Total.....	744	736	738

Of these, 236 had less than £50,000 of instalment credit outstanding in mid-1962, and they accounted for less than 1 per cent of the total debt. At the other end thirteen companies with assets of £10 million or more accounted for 76 per cent of the selected assets.

CHARITIES

Investment Pool

FROM the beginning of next year a common investment pool for charities, the Charities Official Investment Fund, will be established. It will work much like a unit trust. Participating charities will be allotted a number of "shares" in the fund proportionate to the value of the investments or cash they contribute to it. The fund has absolutely unrestricted powers of investment and a "growing future income" will be its aim. This implies that some switch out of fixed interest stocks contributed by the charities into equities (or real property) will be made and at the outset the charities may therefore experience a small reduction in income. How many will join is anyone's guess, but the Charity Commissioners expect an initial contribution of at least £5 million in investments and the fund may easily grow to £15 million in a short time. All charities can join the scheme but they can do so only by making their contributions through the Official Custodian for Charities. Charity trustees can put the whole of their trust funds into this pool (where they can, if they wish, arrange for any income to be reinvested) or they can put in part of them. In the latter case, the part so invested will be regarded as "special range" property for purposes of the Trustees Act; this will leave the charity trustees free to split the rest of their trust funds fifty-fifty between the "wider" and "narrower" range of trustee investments.

The fund will be run by those who already manage the funds of the Central Board of Finance of the Church of England and the Local Authorities Mutual Investment Trust. The charities fund is closely akin to the Central Board fund, which also has unrestricted powers of investments. It differs from LAMIT in two respects. First, LAMIT does not have completely unrestricted powers of investment. Secondly, the growth of LAMIT largely depends upon the flow of accumulating contributions to the local authorities' pension funds; the growth of the charities fund will largely depend upon the readiness of trustees to transfer investments to it and upon any future bequests to the participating charities.

WOLFRAM

Two-Pronged Pressure

IN the case of wolfram, the bite of communist competition has proved worse than even its bark. Production in the West has been crippled almost before producers have been able to mount an effective campaign to persuade consumers of the alleged perils of relying on communist suppliers. The German and Austrian markets, for example, are said to have been lost almost entirely to Western producers without causing the protective reaction one would expect even for metals of far less strategic importance than wolfram, which is used in the manufacture of tungsten steels for armour plating and space missiles. But wolfram producers have no international mouthpiece through which to voice their warnings, and wolfram is a relatively small earner of foreign exchange for most producing countries.

UK IMPORTS OF TUNGSTEN†

	1960	1961	1962*
Western suppliers.....	5,719	5,479	2,923
Communist sources.....	1,078	1,148	1,107
Communist sources (per cent of total).....	15.9	17.3	27.5

* January–August. † Ores and concentrates.

Government representatives from many Western producing countries recently met in London to discuss their problems, and this meeting could be the forerunner of a permanent international committee to watch over producers' interests. The slump in prices has cut Western mine production sharply, including that of Beralit Tin and Wolfram, which announced this week that one of the company's mines is to be closed and its whole mining output drastically curtailed. The slump is partly the result of recession in steel output, but though prices have fallen no further than in 1958, the relatively low prices throughout 1961 caused by communist competition have weakened Western producers and have removed the prospect of a swift recovery to a highly profitable level, though some mines are benefiting, and others hope to benefit, from reductions in export taxes.

Continued on page 298



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French Refrigerators Boil Over

Paris

THE discriminating customer for a refrigerator in France is in great danger of ending up with brain-fever.

Pleased with his Conord or Vedette washing machine, he decides on a refrigerator of the same brand . . . and becomes the owner of an Italian appliance sold under a French trade mark. More conservatively, does he settle for a Satan, an old-established French make, rejecting Frigeco of whose links with Thomson-Houston he is aware? A few details apart, he gets the same refrigerator. Is he a faithful customer of the department stores, with more confidence in their goods than in those shops specialising in household appliances? If he buys Frigal from Galeries Lafayette he is, without knowing it, buying the Pontiac refrigerator of Royal Corporation that he disdained elsewhere. There is a lower price on the label in the department store, but he can get a discount off the list price at the specialised shop; so the price, regardless of labels, works out the same.

The French refrigerator industry has developed in a curious manner in recent years: centralised at the production stage, diffuse at the distribution end. This diffusion is such, and the links between the actual manufacturers and the brands on the market are so numerous and fluctuating, that it is difficult to find one's way around. One thing, however, is certain: there are only three manufacturers of compressor units, the essential (and the only complicated) component of any compression refrigerator, and absorption refrigerators are disappearing in France. These three manufacturers are General Motors, Thomson-Houston and Claret-P'Unité Hermetique (Claret-Compressor Units). The first two, branches of big American companies, manufacture under their own licence. The third is an enterprise of modest origins, manufacturing the American Tecumseh design under licence. A fourth manufacturer, Kelvinator, whose components were previously manufactured in France, has now stopped production and will henceforth import compressors either from the United States or from Italy.

For a long time, General Motors and Thomson-Houston produced units for none but their own makes (Frigidaire and Frigeco respectively), while Claret supplied the rest of the market. But this has altered over the last six years. Before 1955, refrigerators were a luxury article, bought by people who set more store by a reputation for quality than by price. Since then, refrigerators have rapidly conquered the mass market and sales have enor-

mously increased. French production since 1955 has soared in rapid development: 260,000 refrigerators in 1955, 375,000 in 1956, 575,000 in 1958 and 975,000 in 1961.

It has not been the makes which have been longest established in France that have made this running, but rather the newcomers, playing for sales at any price. In the supply of compressors it is almost exclusively Claret which has benefited from this expansion: it now supplies three quarters of the French market. Not until two years ago did General Motors and Thomson Houston depart from manufacturing simply for their own use and decide to sell units for other brands of refrigerators. But their decision may have come too late.

Side by side with the traditional makes of refrigerator, new brands have rapidly expanded. Some are big household appliance firms which had previously sold not refrigerators but washing machines: Bendix (the Boussac group), Arthur Martin (cookers and heating appliances), and Conord (washing machines). These undertakings already had commercial networks in the household appliance field. On the other hand, firms outside the household appliance market, moved into it via the refrigerator: Frigeavia (a branch of the aeronautical company Sud-Aviation), Frimatic and Royal Corporation, for example. Some of these were financially strong enough to extend their activities to refrigerators without great risk: Bendix, Arthur Martin, Conord (which joined the CEM-Brown-Boveri group) and Frigeavia.

Others took risks. The outstanding example was Frimatic, a private company that expanded its factories to become the largest manufacturer of refrigerators in France (150,000 in 1960) cashing in on the feeling of affluence. While the market was expanding rapidly, all went well. But when a decline set in last year and was accentuated this year, the means gave out: three months ago the firm had to cease production. As Frimatic declined, Royal Corporation, a firm of similar structure, has expanded to become the biggest producer in France.

These meteoric rises and disappearances are one of the outstanding characteristics of the French market. A second is the great number of liaisons between makes. General Motors manufactures for Singer, Thomson for Electrolux, Royal Corporation for the various subsidiary brands sold in department stores.

The demise of Frimatic could set in

motion a complete shakeup of the refrigerator industry in France. Claret, principal supplier and hence principal creditor, and also important shareholder (having been partially paid in shares), is taking over Frimatic. Is it doing so simply to reanimate the business and then sell it once it is afloat? Or with the idea of saving some of the money it is owed?

In taking over Frimatic, Claret has become the competitor of its customers. The commercial policy that it inherits requires a strong supply of ready money and continued expansion. Given the present state of competition on the French refrigerator market, will Claret succeed in re-establishing Frimatic without having to discriminate against its other customers for compressor units, some of whom are dangerous rivals of the make that it is trying to refloat? But if it discriminates, will it not drive certain of its customers towards other suppliers of compressors, especially Thomson Houston?

If Claret succeeds in refloating Frimatic, elevating itself to the same level as the three or four other big firms, competition between these may progressively eliminate the makers who do not produce their own compressor units. If it lacks the financial weight to support itself as well as Frimatic, it might come under the control of a big international household appliance enterprise. Finally, Claret may succeed in doing neither the one nor the other and pull out, abandoning its customers to the mercies—and profit—of the other manufacturers.

The problem is further complicated when seen in an international context. It is not so much the fact that General Motors and Thomson Houston are branches of American concerns: long-established in France, these act like French companies. But newcomers from abroad, importers such as Ignis from Italy and Bosch from Germany, or foreign investors such as America's RCA, and Philips, from the Netherlands, may take a hand.

The French administration, which always tries to avoid leaving any sector of the economy entirely under the control of companies whose basic decisions are taken abroad, consistently aided Frimatic and Claret to strengthen their position. Its first protégé has failed: but it may continue the policy. It could try to help Claret alone; the alternative might be attempts to bring that firm closer to the only French manufacturer that enjoys the support of a solid industrial concern (incidentally nationalised!), that is to say to Frigeavia (Sud-Aviation).

Continued from page 294

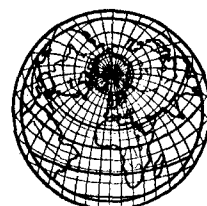
Communist exports to this country continued to rise in the first nine months of this year despite a further contraction in total imports of tungsten ores and concentrates. Their share of Britain's imports has risen from 16 per cent in 1960 to 17 per cent in 1961 and 27½ per cent so far this year. Russia appears to sell its own ore with a high manganese content, possibly keeping back Chinese ore which it is known to acquire for its own use. China has a selling agency in London, but supplies take about six weeks to arrive compared with a fortnight for Russian ore. But there has been an upsurge in imports of Chinese ore through Czechoslovakia which accounts for most of the recent communist gains in the British market. Wolfram has recently recovered from a low point of about 60s. a long ton unit to 84s. a unit. But demand is spasmodic for wolfram and business has faded once more. Communist sellers are as anxious as any to secure high prices for their exports, and Western production is now low, but the recent history of wolfram has been of rallies followed by renewed weakness.

AMMONIA

A Louder Whisper

WHEN the Dutch government announced earlier this year that large reserves of natural gas had been located in the province of Groningen, it was an open secret that they were much larger than stated. This has been confirmed: the reserves are now said to be 350,000 million cubic metres (equivalent to 450 million tons of coal) or more than twice the original estimate. The government has said that it does not intend to sell this gas cheaply to all customers and that only 25,000 m.c.u.m. are being set aside to attract industries to Groningen which would not otherwise have been established there. One use for the gas could be as a raw material for petrochemicals, though the government has laid down that it would not in general be made available cheaply for this purpose. It has now been announced that an ammonia plant is being planned in Groningen.

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cent cheaper than their equivalents, and an estimated 10,000 of them left in retailers' hands, other refrigerator manufacturers have little hope of pumping more into the still congested pipeline. A notoriously poor summer and the normal autumn withering of interest in refrigerators makes this anyway a poor moment for experiment. The real effects on the trade may not become apparent until next spring, by which time Mr Bloom may have launched his new model.

The seasonal improvement in washing machine sales has been less than was hoped for, though the experience of individual manufacturers varies considerably. Hotpoint is breathing hard down Hoover's neck and Rolls, with its overnight doubling of capacity, is an energetic third. Hotpoint reported greatly improved sales in August and September compared with last year, retail stocks having been thinned with the help of the reduced margin. Nevertheless the total number of machines sold at home by both manufacturers and retailers looks like being lower than in 1961. Exports in the first eight months of the year were worth 23 per cent more than in the same period of 1961, but the European market is tough on profit margins.

GAS TURBINE CARS

Will Chrysler Make It?

CHRYSLER has devoted more effort than any other company to developing a gas turbine that would be suitable for a car: and its experimental vehicle, as demonstrated at Silverstone last week, shows just how much nearer this goal the company has got than any British firm. It has sat down to think how a turbine can be made at a price competitive with a piston engine; concluded that this requires the use of cheaper metals and production techniques than are used for aircraft turbines; and then gone on to look for them. The result has been the discovery of three new alloys: two are based on iron, and though not containing expensive metals like cobalt, titanium and molybdenum, or large quantities of nickel, they are claimed to have the temperature resistance of alloys that do. One of these alloys is used for the combustion chamber and other parts made from sheet metal; the other for the turbine discs. The third alloy is said to acquire some characteristics of a ceramic at high temperatures and to need no lubrication; it is used for the seal between the hot and cold parts of the heat exchanger, in which the exhaust gas heats the air before it enters the combustion chamber.

So far as production techniques are concerned, Chrysler has made an equally startling development: it can cast the axial-flow turbines it uses in one piece, or cast the blades and the ring separately and weld them together. In neither case do the blades need machining. Axial-flow

turbines are now produced by stamping out each blade separately, then mounting them on the ring. Chrysler estimates it can make a turbine for £8, compared with £40 by conventional methods; and if production was on a scale comparable to that of piston engines, the cost of the whole unit should be no higher and, eventually, might even be lower.

Improving the performance of the gas turbine is the other problem: it is slow to respond to the accelerator and has a high fuel consumption when running lightly loaded. Here again Chrysler seems to have made notable progress. Using variable-pitch stator blades at the stage before the power turbine has reduced the time lag between opening the throttle and obtaining full power from seven to 1½ seconds, and also improved part-throttle efficiency; and fitting a heat exchanger of 90 per cent efficiency has given a simple engine a fuel consumption comparable to that of a petrol engine—on full load. Chrysler quotes a consumption of 21 mpg at 52 mph, but is chary of giving figures relating to driving in traffic. The gas turbine now seems a commercial possibility for mass-produced cars, where it had previously appeared limited to sports or luxury vehicles. And Chrysler, whose share of the United States market has been falling over the last twelve years, has some incentive to risk launching this novel vehicle. Its smoothness, low maintenance costs, and ability to use a simple transmission and cheap fuels may be enough to establish its appeal even against the American V-eights.

DECIMAL CURRENCY

Pros for the Pound

GOG and Magog, resplendent and aloof at the back of the Guildhall, looked down last Friday on the conference on decimal coinage organized by the Chartered Institute of Secretaries. Their impassive air was reflected in the conference itself. This was no heated debate on whether Britain should or should not go decimal; the speakers accepted from the start the government position that some form of decimal coinage should be adopted unless the Halsbury Committee, due to report its findings early next year, discovers any serious practical or financial obstacles. The committee was not asked specifically to assess the intangible problems of a change in coinage—those of emotion, personal affections and prejudices, tradition and, not least important, the prestige of the pound symbol.

The main problem now is the selection of the most satisfactory coinage system. The 8s. 4d./penny system must be dismissed at once as unpracticable. Its only merit, as Mr A. H. Hughes pointed out in his discussion on the pros and cons of the various possibilities, is the exact transferability of prices at the twopenny breadroll, ninepenny ball-point level of purchase; and

this is far outweighed by the inconvenience of converting all larger sums to pence, let alone multiplying by 2.4 every figure now given in pounds. The real contenders are the 10s./cent and the pound/cent system.

Currency and coinage in Britain cannot be a purely domestic affair, with so much of the world's business transacted in pounds sterling. The City has a strong case for retention of the pound; this was presented convincingly by Mr E. P. Jaggard, manager of the chief overseas branch of Martins Bank. Considering practical problems alone, the bother of multiplying by two all sums now in pounds cannot be disregarded. Most important, there would inevitably be some confusion and even cries of "devaluation," however misguided.

There is perhaps a growing feeling that, not only on the grounds of its indisputable international prestige and reputation, a system based on the pound has much to recommend it. At the practical domestic level the pound-based and 10s.-based systems have much in common. The 10s. system claims slight immediate advantage: greater ease in machine conversions and a smaller "smallest unit." In either case, however, an additional unit would need to be introduced temporarily as a fraction or decimal of the cent (worth either 1.2d. or 2.4d.). And apart from its traditional appeal, the pound may also be the best unit on the purely domestic side. The war and postwar drops in purchasing power have made a big difference here. If the housewife had to choose between the shilling or the pound, it might not be the "bob" which won the day.

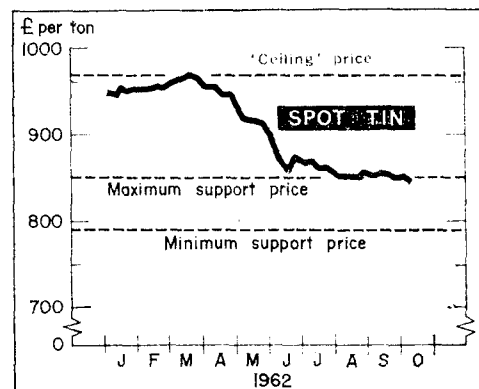
TIN

Propped Up

SINCE the end of July, when the International Tin Council's buffer stock manager entered the tin market to stem the drop in prices, he has had to intervene with increasing frequency. As a result, spot tin settled at his upper support price of £850 a ton, while the fear that this price will not be maintained caused forward tin to fall to a discount. A similar stalemate has also occurred in copper, and zinc is thought to have been supported by producers. Three of the four metals traded on the London Metal Exchange have therefore been supported by producers or their agents, who have halted the decline in the price of these metals at a point some 10 per cent above their average in the previous recession year of 1958. Since the beginning of August, when tin was stabilised, the price of all four metals had scarcely altered until this week when the squeeze on readily available supplies caused by producer buying caused a sharp rise in zinc and spot tin which jumped to £856 a ton.

The drop in forward tin was touched off by last week's sale of American stockpile tin below \$1.08 a lb, which some dealers had

assumed might be the minimum price for successful tenders. However, the average of prices in the three principal world markets for tin was below that level, and the stockpile authorities sold a small quantity of tin at \$1.07½ a lb to a buyer who pitched his bid up to the world level. The big steel companies are still content to place covering offers well below market prices in the cat and mouse struggle to obtain stockpile tin cheaply. Successive low bids by the important American manufacturers might possibly influence notions about future tin prices, and it will be difficult for tin to



keep clear of the buffer stock managers' price prop so long as American consumers persist in their present policy.

Though stocks of tin have been run down in the first half of this year, demand and supplies in the second half might be nearly in balance. The availability of stockpile tin might be enough to forestall restocking. Production declined and consumption recovered in the first half of 1961 compared with the previous six months, when consumption was particularly weak and stocks of tin rose. Production in Thailand has been expanding steadily since the abolition of export quotas in 1960, but in Malaya output appears to have levelled out after its gradual climb in 1961. The big mining units in Malaya are influenced by potential prices several years ahead, and the sudden reverse in the price of tin might now be taking its toll. Production in Bolivia, Indonesia and the Congo declined after the end of 1961. But total production remained higher than in the corresponding period a year earlier, and since the end of export restrictions, output in the second half of the year has been higher than in the first half, particularly in Nigeria where there is a seasonal fluctuation caused by the high cost of conserving water used in tin mining through the dry season.

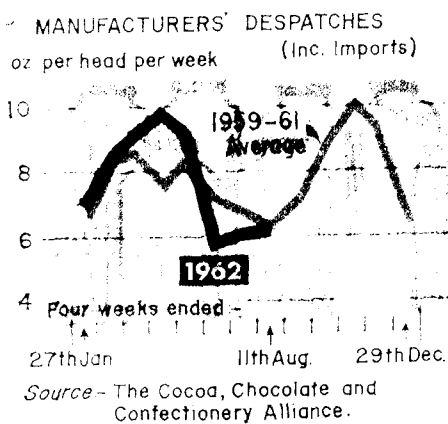
MATCHES

The Numbers Game

BRYANT AND MAY has increased its price from 2d. to 2½d. (including 1d. excise duty) for a box of matches and made a slightly more than proportionate increase in the contents—from 38 to 48. Other members of the British Match Corporation

STOCKS OF SWEETS

A sales tax on confectionery was announced in the budget on April 9th but it was not levied until May 8th. Distributors took advantage of this pause to lay in stocks at the old prices. This rush of demand on the manufacturers in the two four-week periods between March 25th and May 19th followed the pre-Easter rush (distinguished by the preponderance of chocolate supplied) in the four weeks ending March 24th.



will soon follow suit. This means that instead of saving on matches, as in the past, the manufacturers are meeting rising costs by saving on boxes, labour and distribution: a more satisfactory solution for the consumer than the reduction in contents which has been the answer so far. The company itself felt that its customers' patience had been tried far enough when, after the surcharge introduced last year, the 40 matches in a box designed for fifty were cut down yet again, to a minging 36. Only two more were added after the removal of the surcharge. The makers presumably feel free to start the numbers game again should costs continue to rise in the future. Timber and its transport have produced the biggest cost increases for the industry, but Bryant and May refuses to consider making what it regards as an inferior article, the Italian style waxed paper match.

The home market for matches is slowly declining, owing to the use of more permanent lighting devices; the decline was sharper than usual last year, when sales fell from 17.1 million units (of 7,200 matches each, a devious customs device) to 16.1 million. Imports were also affected but at 6.1 units were still the same in quantity, and therefore greater in proportion than they had been four years earlier. One favourite complaint is against the increased quotas permitted to Iron Curtain countries, which account for about a quarter of imports: their matches are said to be sold wholesale at less than the cost of British manufacturers' materials. Now the half-penny increase will give them a retail advantage too, in addition to the extra margin retailers have been able to take.

JUTE

Still Unsettled

JUTE has been chronically unstable because a few countries produce the fibre and a volatile textile industry uses it. The main exporter, Pakistan, has in the past attempted to reduce jute acreage to obtain higher prices but has only exacerbated a famine which could have ruined the industry. But the low prices that have prevailed this year could produce a similar imbalance in future seasons. The new Pakistan crop is expected to be smaller than in the 1961-62 season, mainly because of reduced sowings, and next season's acreage might be lower still. Export prices are not necessarily reflected in the return to growers and if the new jute laws which came into force in Pakistan last month do no more than maintain internal prices at a level which more closely reflects export price levels they will benefit foreign consumers in the long run.

But currently these new laws are causing confusion. The leftovers of the previous crop can still be purchased below the more vigorously controlled export prices. In the middle of last season export price control was suspended, though minimum prices set for the season were maintained. But these minimums were raised in July, and the Pakistani authorities have reimposed export price control and are now making a determined effort to get higher prices. Jute manufacturers are extremely busy. In Dundee, orders on hand ensure a high level of production for several months ahead. Output has been high since May and is currently back to about the 1960 level. Demand has revived for all jute products. But reduced prices are thought to have induced buyers to replenish their stocks and it is not certain that the recovery will be enduring or that the high price of jute goods in 1960-61 have left no damage. Despite the high output in most jute manufacturing centres, therefore, doubts about the current level of raw jute prices persist. London Jute Association firms have risen about £7 to £107 a ton since June, and manufacturers are anxious to see how effective the new laws, entailing stiff penalties for selling at less than authorised prices, will prove. There is currently no fear of a shortage of jute though Pakistan will not have a large surplus.

India has authorised the export of 200,000 bales of low-grade jute from last season though it normally has no surplus, but is asking prices equivalent to Pakistan export prices and so far has been largely unsuccessful in finding buyers. India is continuing to run its mills at maximum output though manufacturers' stocks are rising. So far Indian export prices for manufactures have also been maintained at a high level though they might now be lowered. Pakistan has doubled its consumption of jute in its new mills to about 1.6 million bales between 1957 and 1962 and is now breaking into the European market, particularly Germany, in competition with India.

MACHINE TOOLS

Cheapening Tape Control

THE Richmond tape-controlled drilling machine, introduced last month by Midgley and Sutcliffe, is claimed to be the cheapest numerically-controlled machine tool on the market: it sells for under £6,500, while the alternatives are said to cost around £11,000. This reduction in price has been obtained by using components of the standard Richmond drilling machine, itself a simple design, which are already in large-scale production, and adapting to them an existing tape-control unit—the British Airmec. The demand for this machine first arose in another company of the George Cohen group, making cranes: where production is in dozens, the conventional method of preparing a jig for each part that needs to be drilled is slow and costly—and the drill is only in action for about 25 per cent of the time. If it is tape-controlled, no jig is needed, saving the skilled labour used to make it and the investment it represents when stored for the production of further batches of the same part. And the drill can be in action for twice as long.

The attraction of the tape-controlled drill, in return for a cost about £4,000 more than that of a normal drill, is therefore that it saves skilled man-power and other investment where production in small quantities is concerned. The preparation for drilling is reduced to producing the punched tape that controls the drill, something within the abilities of a technician and comparable to the work of a draughtsman designing a jig; setting up the work on the machine requires little skill, and one piece can be put on the platform while another is being drilled. As the control system is non-electronic, the makers claim its maintenance is within the abilities of the average electrician.

SHORTER NOTE

Johannesburg Consolidated has applied to the Treasury for permission to transfer its residence for tax purposes from Britain to South Africa. In 1952 its application was turned down but earlier this year Union Corporation was successful on a similar reapplication.

COMPANY AFFAIRS

Comments on pages 304 and 305 on:
P & O Decca
United Drapery Charterhouse Group
Cammell Laird Grayson Rollo
R. & W. Hawthorn Leslie
British Electronic Industries
Astley Industrial Trust
International Distillers and Vintners

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 306 and 307

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 308

SAINT-GOBAIN

PARIS

(Glass, Chemicals, Paper, Petroleum, Atomic)

HIGHER GROUP SALES

The Annual General Meeting of Saint-Gobain SA was held on June 29th and the following are details of the report presented by the Board of Directors:

REORGANISATION

Two developments are particularly remarkable:

(1) Saint-Gobain absorbed those subsidiaries which were specialising in the hollow glass industry and which produced ware as separate companies until 1961.

(2) Since January 2, 1962, Société Produits Chimiques Pechiney-Saint-Gobain has been managing the chemical works of Saint-Gobain and of Pechiney.

TURNOVER AND CAPITAL

Turnover of Saint-Gobain's directly controlled units in France, Germany, Italy and Belgium amounted in 1961 to NF 1,214m. This turnover, less taxes and allowing for the alterations which took place in 1961, is about 7 per cent higher than the previous year and the turnover of the glass making units alone rose in 1961 to NF 790m.

The share capital of Saint-Gobain was increased from NF 387,597,075 to NF 521,950,800 in 1961. The capital was further raised to NF 626,340,900 in January, 1962.

Investments in new works amounted to NF 234.5m, and in shares and securities to NF 233.5m. Investments therefore totalled NF 468m, compared with NF 299m, in 1960.

Two new research centres were put into operation in France and two new laboratories were installed in Germany and Italy. Expenditure on research work amounted to NF 66.7m.

GLASS

The greatest increase in sales of polished plate glass took place in Spain, 31 per cent for polished glass and 48 per cent for "SECURIT" glass.

The respective increases in France and Italy were 5 and 11 per cent.

As a result of transformation work and the temporary stopping of production units in France, window glass deliveries fell by 3 per cent, whilst production in Germany and Spain remained at about the same level and fell in Italy due to strikes. Important progress was made in cast glass: production rose in Germany by 20 per cent, in Spain by 15 per cent, in France by 12 per cent, in Italy by 10.6 per cent.

Sales of moulded glass also rose appreciably: in Italy by 43 per cent, in Germany by 20 per cent, in France by 8 per cent and in Spain by 9 per cent.

Glass insulation fibres made by the "TEL" process are meeting with increasing success amongst consumers. This welcome is proved by the increase in sales in Benelux of 30 per cent, in Italy of 25 per cent, in Germany of 23 per cent, in Spain of 20 per cent, in Switzerland of 17 per cent and in France of 4 per cent.

The new Isoverbel factory at Etten in Holland came into operation in the spring of 1962.

Exports amounted to 18 per cent of the turnover at the Rantigny works.

Saint-Gobain indirectly acquired a preponderant position in the German Company Grünzweig und Hartmann which is the most important producer of mineral fibres in Europe.

The French members of the Saint-Gobain group in the hollow glass industry increased their deliveries by 5.5 per cent while the Italian bottle works suffered from the effects of strikes during the last 4 months of the year.

REFRACTORIES, TELEVISION

Société Quartz & Silice, in which Saint-Gobain holds 61 per cent of the capital, achieved a turnover 9 per cent higher. Société Electro-Réfractaire, in which Saint-Gobain holds 53 per cent of the capital, raised its turnover by 37 per

cent. Exports totalled 71 per cent of all shipments.

In the United States American-Saint-Gobain put into commission in May 1962 its glass works at Kingsport, Tennessee.

Compagnie Française de Télévision (common subsidiary of Saint-Gobain and C.S.F.) continued actively and successfully to develop the Secam television process.

CHEMICALS

Société Produits Chimiques Pechiney-Saint-Gobain, which for the past year has been responsible for the distribution and sales of chemical products made by the two mother companies, achieved an increase of 8 per cent in its turnover, whilst most of the various associated companies which manufacture chemical products made substantial progress.

ATOM, PAPER, PETROL

Société Saint-Gobain Nucléaire developed its activities considerably in research and other work, in particular at Marcoule, et La Hague and at Chinon. This company continues to co-ordinate the construction of the works at Mol in Belgium and to assist a Germany company at Karlsruhe in the construction of high radio-activity laboratories.

The paper-making group of La Cellulose du Pin, in which Saint-Gobain hold 57 per cent of the capital and at whose works at Factice the most important Kraft paper-making machine in France was installed, made remarkable progress and achieved an increase in turnover less taxes of 20 per cent over 1960.

Finally, the Compagnie de Raffinage Shell-Berre in which the subsidiary of Saint-Gobain, the Compagnie des Produits Chimiques et Raffineries de Berre, holds 40 per cent of the capital, refined 8.45m. tons of crude petroleum or 22.8 per cent of the total refined in France. Société de Pétroles Shell-Berre (in which Compagnie des Produits Chimiques et Raffineries de Berre holds 30 per cent of the capital) increased sales by 9 per cent to 5.38m. tons.

NET PROFITS

Net profits for the year 1961 amounted to NF 44,648,733 compared with NF 39,960,266 in 1960.

BANCO DE CREDITO DEL PERU

Head Office : LIMA

CONDENSED BALANCE SHEET

30th JUNE, 1962

ASSETS		LIABILITIES	
Cash and Funds available	S/. 1,042,525,691.81	Capital	S/. 100,000,000.00
Loans and Discounts	" 2,543,660,465.68	Reserves	" 175,374,028.73
Securities	" 49,360,748.92	Deposits	" 3,186,375,747.03
Securities held as Guarantee for Savings Deposits	" 31,838,215.00	Exchange Operations	" 627,111,206.59
Bank Premises, Furnitures and Fixtures	" 71,800,001.00	Provisions and Sundry Creditors	" 1,113,079,944.50
Exchange Operations	" 629,817,187.16	Interest Collected, Commissions and other income	" 199,024,821.34
Sundry Debtors	" 841,758,158.91		
Interest Paid and Payable, Personnel Expenses, Taxes, etc.	" 190,205,279.71		
Total	S/. 5,400,965,748.19	Total	S/. 5,400,965,748.19
Securities held as Collateral against Loans, and in Safe Custody	S/. 2,111,158,535.39	Deposits of Securities held as Collateral against Loans and in Safe Custody	S/. 2,111,158,535.39
Bills for Collection	" 4,172,516,398.45	Deposits of Bills for Collection	" 4,172,516,398.45
Mortgage Guarantees	" 232,985,507.56	Mortgage Guarantees	" 232,985,507.56
Debtors per Contra	" 85,194,218.48	Creditors per Contra	" 85,194,218.48
General Total	S/. 12,002,820,408.07	General Total	S/. 12,002,820,408.07

CENTRAL AND DISTRICT PROPERTIES LIMITED

The 28th Annual General Meeting was held on 12th October, 1962, in London, Mr. A. L. Ball, the Chairman, presided.

Summary of Results showing the continued and satisfactory growth during the past four years:

	1959 £	1960 £	1961 £	1962 £
ISSUED CAPITAL	2,895,616	4,798,516	4,798,516	4,798,516
NET ASSETS	6,792,960	7,835,263	8,257,313	9,206,934
NET RENTALS				
(less outgoings)	497,287	894,929	1,003,394	1,129,169
PROFITS				
BEFORE TAX	316,706	459,926	641,542	714,875
AFTER TAX	172,343	268,459	371,299	441,768
NET DIVIDENDS	123,303	202,988	327,019	375,582

ACROW
(ENGINEERS) LIMITED

ANOTHER RECORD YEAR

MR W. A. de VIGIER'S REPORT

The twenty-sixth annual general meeting of Acrow (Engineers) Limited was held on October 15th in London.

Mr W. A. de Vigier (the Chairman) presided and said:

It gives me great pleasure to be able to tell you that during the year under review your Company achieved new records in turnover and profits. Bearing in mind that these were achieved when the U.K. Engineering Industry's output was, to say the least of it, going through a very difficult and in many cases a declining period, our Executives and our staff are to be congratulated on their achievement.

From the accounts you will note that the consolidated trading profit for the year under review amounted to £910,626, an increase of £136,316 on the previous year. A final dividend of 23½ per cent on the Ordinary shares making 48½ per cent for the year is recommended by your Directors.

At a meeting to be held immediately following this one, your Directors will also recommend a bonus issue of one "A" share for every ten Ordinary or "A" Ordinary shares held.

By a determined effort—not without some loss of popularity—your Executives were able, for the first time in years, to hold rising costs. The result of this coupled with an intensive sales drive abroad is manifesting itself in the current financial year—our exports running already at 30 per cent above last year with a good prospect of a further increase.

Our best overseas customers have again been our Associated Companies which continue to make good progress except for Canada where we have decided to close the Works at Orangeville. Negotiations are afoot for Acrow Australia to become a Public Company. This will give our shareholders an opportunity to have a more

direct stake in Acrow Australia. With regard to the Common Market, we are strongly placed irrespective of Britain's entry.

STEEL PRICES AND LOSS OF ENGINEERING EXPORTS

The rigid price policy of the British Steel Industry towards the Engineering industry is causing untold harm to British Engineering exports. It seems illogical that British steel producers are prepared to sell unfabricated steel at lower prices to foreign competitors than they are prepared to sell to engineering concerns in this country whose finished products could be exported thus producing more foreign currency and more work at home. Surely it should not be beyond the bounds of human ingenuity to devise a scheme whereby British Engineering Companies exporting finished products could be placed on an equal footing with their competitors abroad. It is incredible when the British Steel Industry is operating at only 75 per cent of its capacity that we should have lost substantial orders as a result of the inflexible price policy of British Steel producers.

To remain a step ahead of our competitors we are constantly striving to bring out new products of advanced design, mainly material and labour saving. There is not one of our fourteen divisions which is not going to bring out something new within the next six months. This has and is entailing your Company in considerable development expenses—a premium well worth paying as an insurance for the future.

During the year under review we suffered the loss of our Director, Brigadier Keith Thorburn, who has been on the Board since we became a Public Company, and whose guidance in the course of the years has helped us so much in our continued growth.

Except for unforeseen circumstances I see no reason why we should not have another record year and maintain at least the present rate of dividend on the increased capital.

The report was adopted and, at the subsequent extraordinary general meeting, the one-for-ten bonus share issue, as recommended, was approved.

THE ENGLISH, SCOTTISH AND AUSTRALIAN BANK

STEADY DEVELOPMENT OF WIDESPREAD ACTIVITIES

The seventieth annual general meeting of The English, Scottish and Australian Bank, Limited will be held on November 7th in London.

The following are extracts from the circulated review of the chairman, **The Hon David F. Brand:**

Australia's economic situation during the year under review has been passing through a period of uncertainty following the Government's restraint of the boom that had developed late in 1960 but the economy now appears to be recovering, even though slowly, aided by the Government's endeavours to inject a measure of growth and vigour to replace the general lack of confidence that had arisen.

Although Common Market negotiations have clouded the outlook, there are no signs of undue pessimism about the outlook generally in Australia. Excessive optimism has been tempered in the past year or two but progressive utilisation and development of natural resources and carefully planned expansion in many fields of national activity are fully expected to add strength to the Australian economy.

The Consolidated Profit and Loss Account shows the Group's profit for the year to be £691,639, the improvement of £164,850 being largely due to the increased earnings of our hire purchase subsidiary, Esanda Ltd., and the profitable operations of our newly formed subsidiary E.S. & A. Savings Bank Ltd., and of E.S. & A. Managed Investments Ltd. (formerly E.S. & A. Federal Trusts Ltd.).

Esanda's result for the year is considered to be satisfactory in view of the continued difficult trading conditions, with business offering being lower than could have been handled, throughout the year.

Our newly formed Savings Bank has been most successful and its results so far have exceeded our expectations.

During the latter half of the financial year, over-the-counter sales of "Scottie Units" were commenced at all offices of the Bank throughout Australia, and this convenient and speedy method of facilitating sales of units in the investment trusts managed by our subsidiary, E.S. & A. Managed Investments, Ltd., proved to be popular with our customers.

The net profit for the E.S. & A. Bank Ltd., itself was £346,216 compared with £356,385 for the previous year. The lower net profit reflects to some degree the effect on a full year's operations of the smaller margin between interest paid on term deposits and interest earned on overdrafts, following the sharp increase in term deposit rates in November, 1960.

From the Bank's profits, an appropriation of £62,000 has been made to cover the Bank's contribution to the Officers' Provident Fund and a further appropriation of £122,500 was made to provide for the interim dividend of 4 per cent., less United Kingdom income tax, paid on May 31, 1962. The Directors now recommend a final dividend of 5 per cent, less tax.

With the various subsidiaries, to which I have referred, the Group is now able to offer its customers a full range of every type of Bank and finance facility, and I look forward to the steady development of all these activities.

SCRIBBANS-KEMP LIMITED

The thirty-fifth annual general meeting of Scribbans-Kemp Limited was held on October 11th in London.

In his circulated statement the chairman, **Mr F. N. Martin, FCA**, said that the year to March 31st last turned out a good deal better than his forecast of a year ago. He was glad to say that the improvement was well maintained in the current year.

Mr Martin continued: A notable contribution to our profits is made by the Sugar Confectionery division. Unfortunately this side of the

STERLING CABLE COMPANY LIMITED

MR JAMES S. CLARK ON HIGHLY COMPETITIVE CONDITIONS

The fourteenth annual general meeting of Sterling Cable Company Limited was held on October 18th in London, **Mr James S. Clark** (chairman and managing director) presiding.

The following is his circulated address:

Ladies and Gentlemen,

I have pleasure to submit the Report of the Directors and the Accounts of the Company for the year ended March 31, 1962.

The optimistic opinion expressed in November last year on trading results for the year ending March 31, 1962, proved to be fully justified.

THE YEAR'S RESULTS

The Group trading profit, before tax, was £171,455 (1961 £70,468) to which has been added exceptional credits of £10,807 (1961 £2,635). No provision has had to be made in this year's Accounts for United Kingdom Schedule "D" income tax since the Company has undertaken to make certain payments under a subvention agreement, with other members of the A. C. Cossor group, which will have the effect of cancelling out any assessment on Sterling's profits for the year to March 31, 1962.

The only tax charged to the Accounts is an amount of £1,032, under Schedule "A," after which the balance of £181,230 (1961 £40,613) is

business fell a victim to the new 15 per cent purchase tax imposed in this year's budget. The effect was immediate and severe but our confectionery business proved resilient and adaptable, and a good recovery is already under way, but the tax is bound to affect the profits of the current year.

Mr Martin added that chocolate business suffered even more severely, being relatively high priced products. They formed a substantial proportion of their total biscuit sales and unfortunately had not so far made much recovery.

Their cake businesses suffered from intense

left for appropriation. Out of this we have transferred £12,000 to a taxation equalisation reserve, paid £41,828 to other members of the Cossor group under the subvention arrangements referred to above, provided £5,993 for preference share redemptions and £5,914 for the preference share dividend.

Your Directors are recommending an ordinary dividend of 7½ per cent less tax, which will absorb a further £19,845 which leaves £80,650 to be added to the unappropriated profit brought forward from last year. The total amount then carried forward to next year's account is £159,664.

DEVELOPMENT OF EXPORT MARKETS

Our intake of orders continued at a high rate throughout the year and we increased output by more than 20 per cent. This increase, coupled with greater efficiency, produced the improved trading results now before you.

Our export turnover has expanded in proportion and we fully expect to increase this side of our business still further if the present negotiations with the Common Market countries are satisfactorily concluded.

We have provided the cabling necessary for a variety of sophisticated process control projects in various parts of the world and our continued experimental work in the field of plasma-physics has met with considerable success. Orders have been received from many countries, including the U.S.A.

This is a continuously developing industry; the great chemical undertakings of the world constantly bombard us with new materials each

competition but there was a good improvement so far this year.

"Our two recent acquisitions, Budgetts of Bristol and Hughes of Liverpool," said Mr Martin, "both exceeded our expectations."

After commenting on the Group's retail and export trade, Mr Martin said: We should regard an entry by Britain into the Common Market as holding good possibilities for us and we are actively preparing to exploit them.

Mr Martin concluded: We feel we may be confident as regards the future—a confidence which the current year's results so far would appear to justify.

having characteristics, electrical or mechanical, which indicate an advance on their predecessors. The ability to take advantage of these advances depends on a constant rhythm of research and development which is increasingly expensive. Price and delivery, therefore, are not the only factors in world competition.

We are now undertaking a major plant development and I hope to be able to tell you next year of its successful completion.

CURRENT YEAR'S PROSPECTS

Whilst we have not entirely escaped the effects of the recent credit squeeze, we are quietly optimistic about the results of the current year's trading.

I would like to have reported that our industry had fully recovered from the chaotic conditions of 1959-60. Unfortunately, this is not the case. Profit margins still do not adequately reflect the great amount of effort and expenditure necessary to keep your Company in the forefront of cable making. In fact, certain types of cable in demand in the home market are sold at prices little, if anything, above cost.

I can only express the continued hope that common sense and goodwill will prevail in the long run, and so increase the profitability—greater amounts can then be spent on research and development.

I have great pleasure, once again, in expressing to my colleagues, our staff and operatives, my warm appreciation for the notable way in which they have demonstrated their efficiency and goodwill.

The report and accounts were adopted.

APPOINTMENTS

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for (a) Lectureships or (b) Assistant Lectureships in Economics. Appointments on secondment will be considered. Salary scales: (a) Grade I, £1,880 x £80—£2,200 p.a.; Grade II, £1,450 x £70—£1,800 p.a.; (b) £1,200 x £50—£1,350 p.a. Passages to Salisbury for appointment, wife and dependent children on appointment, with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent. of salary. Assistance given for triennial visits overseas. Detailed applications (six copies) naming three referees by November 16, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1, from whom further particulars may be obtained.

MAKERERE UNIVERSITY COLLEGE—EAST AFRICA

Applications are invited for a Resident Tutorship in Department of Extra-Mural Studies. Appointee will work initially in Buganda, based on Kampala. Salary scale £1,350-£2,151 p.a., entry point determined by qualifications and experience. F.S.S.U. Child Allowance £50 p.a. per child (maximum £150 p.a.). Passages for appointee and family (up to five adult passengers) on appointment, termination and leave (three months every 21 months). Part-furnished quarters at low controlled rental or housing allowance in lieu. Detailed applications (six copies) naming three referees by November 22, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY OF AUCKLAND NEW ZEALAND

SENIOR LECTURESHIP IN ECONOMICS SENIOR LECTURESHIP IN ECONOMIC HISTORY

Applications are invited for the above-mentioned posts. The salary scale is £1,750 rising to £2,000 per annum, commencing salary being determined in accordance with qualifications and experience. An allowance is made towards travel and removal expenses. Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in New Zealand and London on November 30, 1962.

UNIVERSITY OF BELFAST

LECTURESHIP OR ASSISTANT LECTURESHIP IN POLITICAL SCIENCE

The Senate of the Queen's University of Belfast invites applications for a Lectureship or an Assistant Lectureship in Political Science from January 1, 1963, or such later date as may be arranged. For a Lectureship it will be an advantage, but not essential, to have a special interest in Public Administration or the Government of Northern Ireland. Salary scales are £1,150 to £1,950 plus contributory pension rights under the F.S.S.U. for a Lectureship, and £900 to £50 to £1,050 plus F.S.S.U. for an Assistant Lectureship. Initial placing on the salary scale will depend on qualifications and experience. Applications should be received by November 17, 1962. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

UNIVERSITY OF YORK DEPARTMENT OF ECONOMICS

Applications are invited for the post of Lecturer in Economics, from October, 1963, to assist with the graduate and undergraduate teaching programme. Interest in research into problems of public finance, fiscal policy and related specialisms would be an advantage. Salary within the Lecturer's scale according to experience and qualifications. Four copies of applications, naming three referees, should be sent by November 17th to the Registrar, University of York, the King's Manor, York, from whom further details may be obtained.

For further appointments and other classified advertisements see pages 310 and 311

UNIVERSITY OF KHARTOUM

Applications are invited for (a) Senior Lectureship or Lectureship in English and (b) Senior Lectureship or Lectureship in German. Salary Scales:— Senior Lecturer, £52,052 x £575—£52,127 p.a. Lecturer, £51,077 x £575—£51,977 p.a. Generous allowances payable. Passages for appointee and family on appointment, termination and annual leave. There is a superannuation scheme, and arrangements can be made to maintain F.S.S.U. policies. Direct appointment on contract normally for five years with possibility of renewal (secondment welcomed if possible). Unfurnished accommodation provided at rent (excluding rates) up to 7½ per cent. of salary. Applications (10 copies) detailing qualifications and experience and naming three referees by November 18, 1962, to Registrar, University of Khartoum, c/o Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1.

HERTFORD COLLEGE, OXFORD

The College proposes to elect an OFFICIAL FELLOW in ECONOMICS to take up his duties as from October 1, 1963. Applications and enquiries should be addressed to the Principal, and should reach him not later than Friday, November 30, 1962.

MONASH UNIVERSITY

MELBOURNE, AUSTRALIA. Monash University invites applications for appointment to the following positions in the Faculty of Economics and Politics:—

LECTURER OR SENIOR LECTURER IN ECONOMIC HISTORY

The courses offered in Economic History cover Australia, United Kingdom, U.S.A., Asia and Russia. The Faculty is particularly interested in applicants whose field of work includes Russian economic history and growth.

LECTURER OR SENIOR LECTURER IN ECONOMIC STATISTICS

Courses in Economic Statistics are given over all years of the degree and include most aspects of economic statistics.

Salary scales:— Senior Lecturer: £A2,400-£A3,000 per annum. Lecturer: £A1,600-£A2,450 per annum, with superannuation provision on the F.S.S.U. basis.

General Conditions of Appointment may be obtained from the Registrar of the University of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Enquiries concerning details of proposed courses should be addressed to Professor D. Cochran, Dean of the Faculty of Economics and Politics. Applications close in Australia and London on November 30, 1962.

COMPANY AFFAIRS

Apart from very heavy dealings in Forte's shares the London stock market has had a quiet and uncertain week. The large amount of money tied up in the Forte's issue had some effect on the volume of trading while company news has given little encouragement to investors. Over the week THE ECONOMIST indicator fell by 4½ points to 329.7. After consolidating their recovery last week gilt-edged stocks turned dull except for the long stock Treasury 5½ per cent 2008-12 but prices rose sharply on Thursday afternoon on the news that the £500 million tap had come to an end. The P & O dividend statement gave a much needed boost to shipping shares.

P & O's Dividend Policy

FROM a low point of 17s. 6d. in August the £1 shares of Peninsular and Oriental Steam Navigation had risen to 24s. by the middle of this week, and on Thursday they gained a further 3s. 9d. Optimistic investors who disregarded the slump in profits, the dividend cut and the chairman's gloomy forecast but looked at the group's massive assets (equivalent to 112s. 8d. a share), have been proved right. For shareholders who may have doubted whether even the reduced dividend of 6 per cent could be held there is ample reassurance, for with a maintained 3 per cent. interim comes the forecast of a total dividend of 10 per cent for 1962.

This does not point to the end of the shipping slump; indeed profits for the current year are not expected to cover the expected depreciation charge of around £15 million. Rather it reflects the reinforcement of cash resources as the rebuilding programme nears completion. These resources together with the cash flow should in the directors' view enable P & O to maintain the 10 per cent dividend rate in the foreseeable future without "impairing the ability of the company to compete effectively and profitably in its shipping business when trading conditions improve." This policy, which the directors point out would allow stockholders "more benefit than they have now from the asset backing of their investment," will be welcomed, and it is one that other companies well-endowed with cash but facing similar difficulties might consider following. But if it can be introduced now, was it really necessary to cut the dividend so savagely back in February?

Shareholders are also told that the directors are considering the "profitable development of the company's activities outside shipbuilding where there is scope," but in view of recent speculation about the group's properties it is as well that they make it clear that this is "not a field where any substantial potential exists." The £1 shares, which on the forecast dividend offer a prospective yield of 7½ per cent, are in the view of the directors "substantially undervalued by any criterion except that of current return." Their new

dividend policy should help to remedy this. But now that the initial adjustment to a 10 per cent dividend has been made, P & O must be seen simply as an income stock. There will be no equity in it until there are clear signs of a major revival in shipping.

Shipbuilding Shares

FACED with a scarcity of new orders and a sharp growth in excess capacity the shipbuilding industry may provide a fruitful field for those who try to pick out future take-over prospects. This is suggested by this week's bid by Cammell Laird for its Merseyside neighbour, Grayson Rollo & Clover. The negotiations were kept a close secret and the Grayson shares were close to their low point of 2s. 9d. before the bid and improved to 3s. 10½d. after it had been announced. The bid by Cammell Laird of one 5s. share, now quoted at par, plus 3s. 6d. in cash for every two 2s. 6d. shares in Grayson is worth 4s. 3d., compared with a peak of 6s. in 1959-60. Then the directors were paying comfortably covered dividends of 15 per cent but for 1961-62 the payment was cut to 7½ per cent and even this meant drawing on reserves. As Cammell Laird has forecast a maintained dividend of 10 per cent Grayson shareholders are offered an increase of one third in dividend income and a cash payment besides. Moreover, a holding in Cammell Laird provides them with a wider spread of interests—particularly in steel, though this is of limited worth at the moment. Cammell Laird equity will be diluted, as full acceptance will result in an addition of 14 per cent to its ordinary capital. But the acquisition should produce economies through the merging of the ship-repairing businesses, particularly as Grayson's dockyard has recently been extended and modernised.

Another reminder of the depression in shipyards came from R. & W. Hawthorn Leslie of Tyneside, whose net profits for the year to end June were more than halved from £643,000 to £307,000 even though its shipyard and marine engine works have both been "reasonably busy." Thanks to the directors' conservative dividend policy in more prosperous years the cut in dividend

THE ECONOMIST OCTOBER 20, 1962

has not been sharp and the payment of 20 per cent, against 25 per cent, is covered 1½ times, against the earlier three to four times. But there must be some doubt whether this lower payment can be maintained in the future and the 10s. shares at 17s. 4½d. yield as much as 11½ per cent.

Decca

THE stock market was mistaken about the outcome of Decca's results for the year to end-March for on Tuesday ahead of the announcement dealers marked the 10s. ordinary shares down by 1s. 6d. and the "A" shares by 1s. They had to revise their opinions swiftly in face of a sharp increase in profits and a higher dividend of 25 per cent. The recent results of Pye and EMI may have raised some doubts; but these companies have a big stake in the depressed markets for television sets and domestic appliances while Decca still appears to be adding to its share in the highly competitive record market. As the table shows, the group's profit margins have risen, even though the results reflect no benefit from the rearrangement of purchase tax in this year's Budget. This could help the current year's margins, for not all the tax reduction was passed on to consumers by the record manufacturers.

Years to March 31	1960 (£'000.)	1961 (£'000.)	1962 (£'000.)
Sales	25,200	24,500	27,600
Trading profit	3,468	3,796	4,482
Depreciation	1,020	1,134	1,209
Interest	246	313	303
Taxation	928	1,083	1,448
Net profit	1,238	1,227	1,482
Ordinary dividend	601	601	643
Ordinary Dividend (%)	23½	23½	25
Trading profit/sales	13.8	15.5	16.2
Net profit/sales	4.9	5.0	5.4

Apart from gramophone records, whose total UK sales in the 12 months to end-March for the industry as whole rose from £15.1 million to £16.4 million, it seems likely that Decca's navigator and radar subsidiaries also earned higher profits. Now with the ordinary shares at 77s. and the "A" shares at 76s. 3d. the respective yields are no more than 3½ and 3½ per cent. These are justified by the results but the going, at least in records, is likely to be tougher in the future.

British Electronic

AT last year's annual meeting of British Electronic Industries (formed by the merger of Pye and E. K. Cole two years ago) the chairman, Mr C. O. Stanley, was cautious about the outcome of trading in the year to March 31st last. The actual results came as a shock and if, as Mr Stanley claims, they were "very much in line with those anticipated" shareholders must wonder whether they were given adequate warning. The dividend has been cut from 15 to a nominal 2½ per cent; but this entails drawing on reserves, presumably

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because the directors wish to maintain trustee status for the shares. After tax the group made a loss of £155,000, against a net profit of £492,000, while the loss attributable to BEI after payments to minority interests was £290,000, against a profit of £291,000. The depression in the television market is reflected in the fall in Pye's own net profit from £780,000 to £488,000 and in the increase in E. K. Cole's net loss from £438,000 to £768,000. The setback would have been sharper but for profits on BEI's non-domestic interests (which include scientific instruments, electronic equipment and telecommunications). These, Mr Stanley says, were well up to expectations and were more than enough to cover the "usual" dividend, which in 1960-61 absorbed £660,000 net. Income from trade investments (which include Associated Television and British Relay) was higher at £401,000 and the higher overseas tax charge of £227,000 points to profitable trading by some of BEI's overseas subsidiaries.

At the end of March, 1961, the group held over £19 million in stocks and its net bank overdrafts amounted to £8 million. The 1961-62 figures suggest that there has been little change in the level of overdrafts, for bank interest has fallen only slightly from £783,000 to £764,000, while other loan interest has risen sharply from £326,000 to £515,000.

The shock occasioned by these results is softened by the forecast of better prospects, based largely on the Government's decision to go ahead with 625-line television which, says Mr Stanley, has opened up a future of "enormous possibilities." After falling to a new low of 7s. 6d. the 5s. shares have recovered to 9s. to offer the nominal yield of 1½ per cent.

United Drapery Stores

AT 44s. 9d. the 5s. shares of United Drapery yield 3.4 per cent, compared with the 4.1 per cent offered by the 10s. shares of Debenhams. United Drapery's lower yield is justified by its superior profit record; while Debenhams' trading profits fell by 2 per cent in the year to end-July, those of United Drapery for the six months to that date rose by 5½ per cent to £4,902,000. There is also the prospect of a "satisfactory increase" in its full year's profits for, as with Debenhams, the directors report higher sales in August and September. The interim dividend has been maintained at 10 per cent and the favourable forecast enhances the prospect of a higher final payment which was pegged at 20 per cent for 1961-62 in deference to the Chancellor's request for restraint.

Yet the interim results suggest that any increase in dividend may well be at the cost of reducing the earnings cover of 1½ times. While trading profits rose by 5½ per cent little of the increase filtered through to net

COMPANY AFFAIRS

available earnings which were just over one per cent higher at £2,122,000. The directors say that expenses have continued to rise. Profits were also kept down by a smaller credit from hire purchase provisions and higher depreciation and interest charges. Unfortunately there is no indication with the interim statement whether Whiteley is now making profits again after its reorganisation. In all, there is nothing in these results to suggest that if a bigger final dividend is declared an appreciable rise in the shares would be justified.

Hire Purchase Shares

HAVING made a net loss of £94,000 for the year to end June and cut its dividend in two years from 16 to 5 per cent Astley Industrial Trust is looking forward to a "substantial improvement" in the current year. The chairman, Sir Stanley Bell, is "more than hopeful" about this but shareholders may be left wondering about his assertion that Astley has emerged from this period of "disastrous events" with a "clean slate." Sir Stanley puts the blame for the troubles of the past two years on the severe competition which followed the relaxation in controls in 1959, the fall in second hand car prices, difficulties in collecting defaulting accounts through the courts, the Treasury's tardiness in reducing Bank rate and the "greater entry of certain types of customers into consumer credit, particularly of vehicles." This has coincided, Sir Stanley says, with an "irresponsible attitude by increasing numbers of hirers to their obligations under agreements." The courts too come in for their share of blame for "decisions which indicate that however much it might apply to a cash buyer, the rule of *caveat emptor* has no fear for hirers."

Since these dreary results were published the 5s. shares have gained 2s. 3d. to 15s. 3d. but this rise has been inspired largely by hopes that if the National Provincial is successful in its bid for the District Bank it will in turn make a bid for Astley, in which District holds a minority interest of about 30 per cent.

Another indication that better things are in store for hire purchase companies has come from the Charterhouse Group, on whose profits the hire purchase subsidiary, Charterhouse Credit, has acted as a drag in the last three years. Last year the group paid a single dividend of 6 per cent but the interim dividend for 1962 has been restored to the 1960 level of 4 per cent and a similar final payment is forecast. The directors say that the hire purchase company will make a further loss this year but that it will be "substantially less" than in 1961 and forecast "materially greater profits" for the group as a whole. The prospects of recovery are reflected in the share price of 28s. 1½d., compared with a low point of 21s. earlier this year, to yield 5½ per cent on the indicated dividend.

International Distillers and Vintners

GILBEY shareholders must be well satisfied with the short-term results of their association with the rapidly growing United Wine Traders group, for the forecasts made by the UWT directors at the time of the bid for Gilbeys have been well beaten. Not that these were conservative, for they pointed to a dividend increase from 60 to 100 per cent and a rise in profits before tax from £675,000 to £1 million. These were based on a full year's profits but the group, newly named International Distillers and Vintners, has brought forward the end of its financial year from June 30th to May 31st. So the latest results for 11 months show that UWT earned a profit of £1.2 million and is paying a dividend of 110 per cent (equivalent to an annual rate of 120 per cent). This reflects UWT's success in association with the Paddington Corporation in selling its J & B Rare whisky, in parts of the United States. It remains to be seen whether a sales campaign in other areas of the United States or in Europe will prove such a roaring success.

By contrast Gilbeys' profits performance is again disappointing, for against a forecast of "slightly in excess of £1 million" for the thirteen months to end January pre-tax profits amounted to £1.1 million in the 17 months to end-May. But the directors say that February to May are always poor trading months for Gilbeys and that £65,000 from the big pre-acquisition element in the profits has been written off. While Gilbeys' profits, which are made largely on gin, remain static they provide a useful base for the profits of the IDV group as a whole and if vodka drinking catches on in this country Smirnoff could perhaps do for Gilbeys what J & B Rare has done for UWT. With the results came the announcement of a massive capitalisation in which each 1s. share is to be written up to 5s. This is to be followed by a one for one scrip issue and the combined operation will raise the issued capital from £799,000 to £7,986,000. Having gained 2s. 9d. to 39s. 6d. the 1s. shares yield 3 per cent.

THE ECONOMIST INDICATOR				
(1953=100)				
1962	Indicator	Yield %	1962	
Sept. 12	326.6	5.25	High	Low
" 19	326.1	5.28		
" 26	325.1	5.29		
Oct. 3	333.8	5.16	364.1	310.3
" 10	334.2	5.16	(Jan. 17)	(June 27)
" 17	329.7	5.29		

FINANCIAL TIMES INDICES				
1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked
Oct. 11	275.8	5.65	5.61	10,652
" 12	275.5	5.65	5.58	10,948
" 15	275.9	5.65	5.58	13,006
" 16	275.0	5.67	5.60	10,678
" 17	274.4	5.68	5.60	12,204

High, 310.2 (Jan. 19). Low, 252.8 (June 25)
† July 1, 1935=100.

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

Prices, 1962		BRITISH AND GUARANTEE STOCKS		Price, Oct. 10, 1962	Price, Oct. 17, 1962	Net Red. Yield, Oct. 17, 1962½	Gross Red. Yield, Oct. 17, 1962	Prices, 1962		Last Two Dividends (Oct. 1-1)		ORDINARY STOCKS		Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover					
High	Low			1962	1962	1962½	1962	High	Low					1962	1962	1962						
100 1/2	100 1/2	Treasury 2 1/2%	1962	100 1/8	100 1/8	2 1/2	4	100 1/2	29 1/2	6 1/2	6 1/2	BANKS, DISCOUNT & HP										
99 1/2	96 1/2	Exchange 1%	1962 43	99 1/2	99 1/2	3 1/2	4	100 1/2	61	6 1/2	6 1/2	Barclays						£1	84 1/2	84 1/2	3 1/8	
100 1/2	98 1/2	Conversion 4%	1964	100 1/2	100 1/2	1 1/2	4	100 1/2	53 1/2	5 1/2	4 1/2	Dunlop						£1	98 1/2	98 1/2	2 5/8	
98 1/2	98 1/2	Exchequer 2%	1963 64	98 1/2	98 1/2	2 1/2	11	70	20	2 1/2	1 1/2	Thames						£1	57 1/2	56 1/2	1 3/4	
100 1/2	97 1/2	Conversion 4%	1964	100 1/2	100 1/2	2 1/2	7	101 1/2	80	21 1/2	21 1/2	Maidland						£1	86 1/2	88 1/2	3 3/4	
99 1/2	99 1/2	Treasury 5%	1964	99 1/2	99 1/2	2 1/2	11	100 1/2	73 1/2	7 1/2	7 1/2	Nat. Provincial						£1	80 1/2	81 1/2	3 1/4	
99 1/2	99 1/2	Treasury 4%	1965	99 1/2	99 1/2	2 1/2	6	97 1/2	71	6 1/2	6 1/2	Westminster B.						£1	82 1/2	84 1/2	3 1/5	
101 1/2	90 1/2	Savings Bonds 3%	1955 65	101 1/2	90 1/2	4 1/2	8	98 1/2	40 1/2	8 1/2	8 1/2	Austalia & N.Z.						£1 p.p.	47	47	5 1/2	
92 1/2	85 1/2	Savings Bonds 2 1/2%	1964 67	92 1/2	85 1/2	3 1/2	8	99 1/2	34 1/2	5 1/2	5 1/2	R. Bank of N. S. Amer.						£1	36 1/2	36 1/2	4 1/2	
103 1/2	98 1/2	Exchequer 3%	1967 103 1/2	103 1/2	98 1/2	2 1/2	6	125 1/2	117 1/2	\$2 05	\$2 05	Bank of Montreal						\$10	19	19	3 1/2	
93 1/2	83 1/2	Funding 3%	1966 68	93 1/2	83 1/2	3 1/2	4	9 3/4	32 1/2	5 1/2	5 1/2	Bank of New S. Wales						\$20	35 1/2	35 1/2	4 00	
95 1/2	84 1/2	Conversion 3%	1969 94 1/2	94 1/2	84 1/2	3 1/2	2	10 11	58 1/2	5 1/2	5 1/2	Chartered						£1	55 1/2	55 1/2	5 41	
92 1/2	82 1/2	Funding 3%	1959 49	92 1/2	82 1/2	3 1/2	5	7 10 1/2	119 1/2	10 1/2	5 1/2	Hongkong & Shanghai						\$25	117 1/2	117 1/2	4 23	
98 1/2	92 1/2	Victory 4%	1920 76	98 1/2	92 1/2	2 1/2	4	6 9	49 1/2	7 1/2	7 1/2	Nat. Com. Bk. Scot.						\$10	52 1/2	52 1/2	3 14	
78 1/2	78 1/2	Savings Bonds 3%	1960 70	78 1/2	78 1/2	3 1/2	9	129 1/2	121 1/2	\$2 37 1/2	\$2 37 1/2	Royal Bk. Canada						\$10	224 1/2	224 1/2	1 36	
103 1/2	90 1/2	Conversion 5%	1971 102 1/2	103 1/2	90 1/2	2 1/2	2	14 10	46 1/2	3 1/2	3 1/2	Standard Bank						£1	45 1/2	45 1/2	6 49	
109 1/2	97 1/2	Conversion 6%	1972 108 1/2	109 1/2	97 1/2	2 1/2	2	18 6	54 1/2	3 1/2	3 1/2	Hambros						£1	37 1/2	37 1/2	3 02	
105 1/2	91 1/2	Conversion 5 1/2%	1974 104 1/2	105 1/2	91 1/2	2 1/2	5	17 9	99 1/2	5 1/2	5 1/2	Schroders						£1	68 1/2	69 1/2	2 17	
95 1/2	87 1/2	Funding 4%	1960 90 1/2	95 1/2	87 1/2	2 1/2	8	9 9 1/2	65 1/2	6 1/2	6 1/2	Union Discount						£1	65 1/2	63 1/2	4 40	
83 1/2	70 1/2	Savings Bonds 3%	1965 75 1/2	83 1/2	70 1/2	3 1/2	0	16 5 1/2	14 1/2	10	10	Bowmaker						£1	12 10 1/2	12 9		
82 1/2	69 1/2	Treasury 3 1/2%	1977-80	81 1/2	69 1/2	3 1/2	11	5 3 1/2	14 3 1/2	9 9	9 9	Lombard Banking						£1	10 1/2	10 9		
												Mercantile Credit						£1	12 7 1/2	13	2 61	
												United Domin. Est.						£1	30 1/2	31 1/2	4 27	
81 1/2	68 1/2	Treasury 3%	1979 81	80 1/2	68 1/2	3 1/2	4	5 3 10 1/2	44 1/2	28 1/2	4 1/2											
102 1/2	90 1/2	Funding 5 1/2%	1982-84	101 1/2	90 1/2	3 1/2	6	5 3 10 1/2														
93 1/2	82 1/2	Treasury 5%	1986 89	92 1/2	82 1/2	3 1/2	5	5 11 1/2														
69 1/2	56 1/2	Redemption 3%	1986 66	65 1/2	56 1/2	5 12 1/2	5	4 3 1/2	18 1/2	13 1/2		Bass, M. & B.						£1	14 1/2	14 1/2	3 83	2
97 1/2	84 1/2	Treasury 5%	2008 12	96 1/2	84 1/2	3 1/2	9	5 13 11 1/2	14 10 1/2	12 10 1/2		Charrington United						£1	14 1/2	14 1/2	4 17	1 1/2
99 1/2	58 1/2	Consols 4%	after Feb. 1957	68 1/2	58 1/2	3 11 10	5	5 17 10 1/2	41	30 1/2	8 1/2	Distillers						£1	33 10 1/2	33 1/2	4 38	1 1/2
62 1/2	52 1/2	War Loan 3%	after 1952	61 1/2	62	3 10 1/2	1	5 15 5 1/2	34	21 1/2	14 1/2	Guinness						£1	45	42 1/2	5 18	1 1/2
61 1/2	52 1/2	Conv. 3 1/2%	after Apr. 1961	60 1/2	52 1/2	3 10 1/2	7	5 15 5 1/2	15 7 1/2	11 10 1/2		Harveys						£1	21 1/2	21 1/2	3 36	2 1/2
45 1/2	44 1/2	Treasury 3%	after Apr. 1966	51 1/2	45 1/2	3 11 1/2	3	5 16 6 1/2	29	21 1/2	12 1/2	Ind. Couper, T.A.						£1	12 1/2	12 1/2	5 00	1 1/2
42 1/2	38 1/2	Consols 2 1/2%	after Apr. 1975	41 1/2	38 1/2	3 9 1/2	5	5 13 10 1/2	42 1/2	31 3/4	30 1/2	Watney Mann						£1	23 1/2	23 1/2	3 79	2
100 1/2	89 1/2	British Electric 4%	1967-69	100 1/2	89 1/2	2 1/2	2	4 11 1/2				Whitbread A.						£1	34 1/2	34 1/2	4 32	1 1/2
86 1/2	74 1/2	British Electric 3%	1968 73	85 1/2	74 1/2	3 9 1/2	4	4 15 4 1/2	61 1/2	50 1/2	3 1/2	BUILDING, PAINT, Etc.										
81 1/2	69 1/2	British Electric 3%	1974-77	80 1/2	69 1/2	3 10 1/2	6	4 17 1/2	27 1/2	20 10 1/2	4 1/2	Associated Portland						£1	55 1/2	55 1/2	3 42	2 1/2
90 1/2	79 1/2	British Electric 4 1/2%	1974-79	90 1/2	79 1/2	3 6 1/2	5	2 2 1/2	18 10 1/2	14 10 1/2	6 1/2	British Plaster Bk.						£1	26 1/2	26 1/2	4 2	2 1/2
93 1/2	70 1/2	British Electric 3 1/2%	1976-79	91 1/2	70 1/2	3 10 1/2	5	1 1 1/2	13 8 1/2	10 1/2	6 1/2	Richard Costain						£1	17 1/2	17 10 1/2	4 48	2 1/2
95 1/2	82 1/2	British Gas 4%	1969 72	95 1/2	82 1/2	4 2 1/2	4	4 13 3 1/2	14 11 1/2	9 10 1/2	6 1/2	Critical Mig.						£1	13 1/2	13 8 1/2	6 17	2
80 1/2	67 1/2	British Gas 3 1/2%	1969-71	81 1/2	67 1/2	3 13 1/2	2	4 13 3 1/2	14 11 1/2	9 10 1/2	6 1/2	International Paints						£1	12 1/2	12 1/2	7 50	1 1/2
66 1/2	53 1/2	British Gas 3%	1990-95	65 1/2	53 1/2	3 13 1/2	2	4 13 3 1/2	14 11 1/2	9 10 1/2	6 1/2	Rugby Portland						£1	57 1/2	59 1/2	2 10	3 1/2
86 1/2	74 1/2	British Transport 3%	1968-73	85 1/2	74 1/2	3 9 1/2	4	4 15 4 1/2	24 1/2	18 11 1/2	11 1/2	Wall Paper						£1	19 1/2	19 10 1/2	4 19	2 1/2
90 1/2	77 1/2	British Transport 4%	1972-77	90 1/2	77 1/2	3 6 10 1/2	5	1 1/2	25 7 1/2	20 9	14 1/2	CHEMICAL										
69 1/2	56 1/2	British Transport 3%	1978-88	68 1/2	56 1/2	3 15 8 1/2	5	6 1 1/2	25 7 1/2	20 9	14 1/2	Albright & Wilson						£1	24 1/2	24 1/2	4 08	2

Prices, 1962		DOMINION AND CORPORATION STOCKS		Price, Oct. 10, 1962	Price, Oct. 17, 1962	Net Yield, Oct. 17, 1962	43/3	25/6	11 c	4 a	Fisons	£1	31/9	31/3	5 18	1 1/2
High	Low						58/-	47/6	71 1/2	12 c	34 a	Monsanto	5/-	54 1/2	53 1/2	1 1/2
88 1/2	79 1/2	Australia 3 1/2%	1965-69	88 1/4	88 1/4	£ s. d.	35/3	25/3	8 b	4 a	Boots Pure Drug	5/-	26/-	25/6	2 35	2 1/4
103 1/2	96	Australia 6%	1974-76	102 1/2	102 1/2	5	8	0	3	5 b	Montague Burton	10/-	24/9	23/3	2 96	2 1/4
66	52	Ceylon 4%	1973-75	56 1/2	56 1/2	10	5	0	65/-	55 a	Debenhams	10/-	51/-	45/6	4 22	1 1/2
104	94 1/2	New Zealand 6%	1976-80	103 1/2	103 1/2	5	14	0	40/3	27 1/2 b	G.U.S. 'A'	5/-	62/-	62/-	3 23	2
81	62 1/2	Rhodesia and Nyasaland 6%	1978-81	81	80 1/2	5	14	0	40/3	13 1/2 a	House of Fraser	5/-	33/-	31/9	4 72	1 1/4
91	82	South Africa 3 1/2%	1965-67	90 1/2	91	5	16	6	12/9	71 1/2 b	S. Lewis's Invest. Tst.	4/-	37/11	33/3	3 77	2
69	48	Southern Rhodesia 4 1/2%	1967-92	68 1/2	69	7	1	0	52/6	25 b	Marks & Spencer 'A'	5/-	82/11	81/6	2 91	1 1/2
91	77 1/2	Agricultural Mortgage 5%	1959-80	90 1/2	90 1/2	5	12	0	53/-	10 1/2 a	United Dispensary	5/-	45/6	45/-	3 33	1 1/4
96	86	Birmingham 4 1/2%	1967-70	95 1/2	95 1/2	5	2	0	51/-	10 1/2 a	Woolworth	5/-	46 1/4	45/3	3 96	1 1/4
100 1/2	88 1/2	Bristol 5%	1971-73	98 1/2	98 1/2	5	7	0	43/6	19 84 c	OIL					
100 1/2	88 1/2	Corporation of London 5 1/2%	1976-79	99 1/2	100	5	19	0	44/6	17 1/2 c	British Petroleum	£1	43/6	43/3	7 43	2
52	43	L.C.C. 3%	after 1920	50 1/2	50 1/2	5	8	0	415 a	12 1/2 a	Burmah Oil	£1	44/6	43/3	7 78	1 1/4
96	84	L.C.C. 5%	1980-83	95	95 1/2	5	7	0	36/6	26 1/2 c	Royal Dutch	20 fl.	51/4	51/4	3 54	2 1/2
100	87	Middlesex 5 1/2%	1980	98 1/2	99 1/2	5	6	0	32/9	11 1/2 a	Shell Transport	£1	36/6	36/6	5 63	2 1/2
											Ultramar	10/-	23/9	32		

NEW YORK PRICES AND INDICES

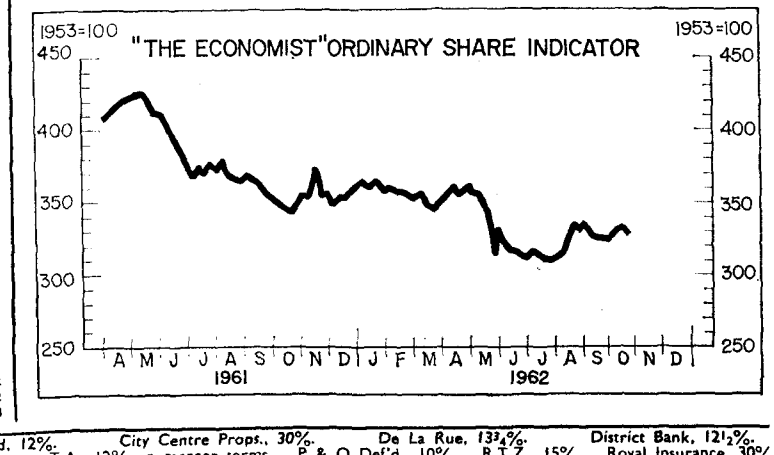
[illegible]

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %
Sept. 19	61.72	3.49	27.61	5.85	57.68	3.57
" 26	58.62	3.67	27.04	5.91	55.75	3.70
Oct. 3	58.62	3.67	26.94	5.95	55.68	3.71
" 10	59.74	3.62	27.53	5.82	56.99	3.62
" 17	59.39	3.64	27.43	5.84	56.52	3.65

FOREIGN AND OVERSEAS STOCKS

	Oct. 10	Oct. 17		Oct.	Oct.		Oct.	Oct.
	10	17		167	17		17	17
FRANCE	Frcs.	Frcs.	GERMANY	%	%	HOLLAND	%	%
Air Liquide.....	1,040	1,042	A.E.G.	350	344	A.K.U.	349 ⁸ .	344 ⁸ .
Banque de Paris ..	485	482	Bad'che. Anilin..	359	361	Bienkorf.....	802	775
Citroen.....	187	181	Bayer.....	399	396 ¹ .	Heineken.....	448	401 ² .
C. F. Petrole.....	293	306	Commerzbank....	350	340	Interne (F.50) ..	524 ³ .	Fl. 173
Cie. G. d'Electr....	1,129	1,118	Deutsche Bank....	392	403	K.N. Hoogwerf..	617 ¹ .	496 ¹ .
Machines Bull....	399	397 ⁸ .	Hoechst Farb.....	354	361	Kon. Zout-Ket... (F.95)	693 ¹ .	688
Pechiney.....	213	218	Kundenkredit....	362	350	Philips (F.25)...	Fl. 139	3 Fl. 135
Printemps.....	524	540	Lowenbrau.....	730	750	Robeco (F.50) ..	Fl. 199	Fl. 198
Rhone-Poulenc...	384	387	Mannesmann.....	499	493 ¹ .	Rotterdam Bk....	358	340
S.I.M.C.....	346	330	Siemens.....	494	495	Thomassen & D.	674	650
Saint Gobain.....	322	318	Thyssen-Huetten	173	173	Valeurop.....	Fl. 68	Fl. 67
Usinor.....	189	182	Volkswagen.....	445	448	Zwanenberg.....	815	800
Index.....	91.2	92.1	Heistat Index.....	78	79	Index.....	316.4	307.8
Dec. 30, 1960=100			Dec. 31, 1959=100			1953=100		
ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr.	Kr.
Ass. Generali.....	127,550	121,490	Arbed.....	26,000	26,425	Asea.....	195	192
Bredas.....	3,280	4,680	Bqe. Nat.de Bel..	10,350	10,245	Elektrolux.....	120	120
Edison.....	3,380	2,280	Bque. Soc. Gen..	3,055	3,055	Eriksen B.R. 35	126	124
Fiat.....	2,592	2,510	Cockerill-Ong....	2,476	2,462	Separator B.	295	294
Finsider.....	1,231	1,200	Esperance Long..	5,390	5,320	Skand. Bagen....	221	220
La Centrale.....	10,060	9,520	Hoboken.....	16,075	16,125	Sv. Cellulosa.....	178	176
Montecatini.....	2,650	2,518	Innovation.....	6,280	6,250	Svens Handelsbank	216	216
Motta.....	28,600	27,320	Photo Gevaert... (F.50)	2,650	2,590	Tandisk B.K.R. 50	159	157
Olivetti.....	4,540	4,609	Sidra.....	956	954	Indust. Priv. Bk.	165	163
Pirelli S.p.A.....	5,100	4,830	Soc. Generale.....	13,625	13,800	Dec. 29, 1956=100.		
Ricinascent.....	663	661	Sofina.....	7,980	8,000	NORWAY	%	%
Snia Viscosa.....	4,801	4,550	Un. Miniere (F.10)	1,124	1,222	BergensPriv.bk.	215	215
Index.....	608	583	Index.....	400	400	200	200	187 ¹ .

Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover	Price, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Oct. 10, 1962	Price, Oct. 17, 1962	Yield, Oct. 17, 1962	Cover				
High	Low									High	Low												
ELECTRICAL & RADIO																							
34/6	23/-	10	c	34/6	A.E.I.	£1	33/9	33/6	5.97	1	27/9	19/9	10	a	20	h	Assoc. British Picture	5/-	21/-	6.98	2 1/2		
12/6	7/6	15	c	2 1/2	Bent. Electronic Inds.	£1	9/4 1/2	8/10 1/2	1.41	2	33/3	18/-	20	a	40	b	Assoc. Television 'A'	5/-	21/3	14.12	1 1/2		
66/3	51/9	9 1/2	b	4 1/2	B.L.C.C.	£1	63/10 1/2	64/7 1/2	4.11	2 1/2	32/11	33/10 1/2	20	a	14	h	Beecham Group	5/-	37/6	4.04	1 3/4		
14/3	11/6	6 1/2	b	4 1/2	Crompton Parkinson	£1	14/11 1/2	13/10 1/2	3.21	2 1/2	26/3	29/10 1/2	31	a	6 1/2	b	British Match	£1	32/6	6.06	2 1/4		
89/6	63/-	7 1/2	a	17 1/2	Deca	£1	76/-	78/-	5.04	1 3/4	9 1/2	7/5 1/2	7	b	3	a	British Oxygen	5/-	12/11 1/2	11/6	4.63	1 3/4	
45/6	32/3	5	a	12 1/2	E.M.I.	£1	54/6	44/6	1.57	2	44/-	30/1 1/2	...	...	...	...	British Ropes	5/-	7/6 3/4	6.72	1 1/2		
54/6	39/-	5	a	9	Elliot-Automation	£1	26/3	25/9	5.61	2 1/2	42/-	27/11 1/2	15	c	12	a	De La Rue	10/-	42/6	3.27	2		
27/9	20/9	5	b	3	General Electric	£1	36/-	35/6	4.68	2	39/9	42/6	7 1/2	a	12	b	Getintex 'A'	10/-	47/4 1/2	5.33	1 3/4		
37/3	26/3	3	a	8 1/2	C. A. Parsons	£1	50/-	51/3	4.00	2 1/2	41/3	29/-	20	b	5	a	Harrison & Cr. Delf.	£1	47/6	6.49	2 1/2		
51/3	34/6	6 1/2	b	3 1/2	A. Reyrolle	£1	50/-	51/3	1.61	3 1/2	15/7 1/2	15/7 1/2	12 1/2	b	5	a	Hoover 'A'	5/-	30/-	4.17	1 3/4		
85/3	58/-	25	c	27 1/2	Thorn Electrical	£1	83/9	85/3	6.42	1 1/2	122/6	82/6	7 1/2	a	4 1/2	a	Ilford	5/-	15/7 1/2	5.60	1 1/4		
ENGINEERING																							
35/-	20/3	9	c	4 1/2	Babcock & Wilcox	£1	34/1 1/2	34/6	5.22	1 1/2	47 1/2	36/9 1/2	12 1/2	c	11	a	I.C.T.	£1	90/9	85/6	2.63	2 1/2	
38/3	21/3	3 1/2	a	7	John Brown	£1	5 1/2	4 1/2	10.13	1	37/	24/6	7 1/2	b	5	a	National Canning	£1	64/4 1/2	36/6	4.93	1 1/2	
6/-	4/3	7	b	3	Cannell Laird	£1	30/6	30/-	5.00	1 1/4	38/	24/6	6 1/2	b	7 1/2	a	Radio Rentals	5/-	34/6	3.04	2 1/4		
31/-	21/10 1/2	20	b	10	Internat. Westg. Ind.	£1	4/11 1/2	3/9	8.89	1 1/2	35/3	26/6 1/2	25	c	25	c	Rank Organisation	5/-	29/3	29/6	4.24	2	
5/6	3/4 1/2	9 1/2	b	2 1/2	Swan Hunter	£1	22/6	22/6	4.76	1 1/2	32/11 1/2	23/-	11	b	5	a	Schweppes	5/-	26/-	25/3	4.75	1 1/2	
28/6	20/6	10	b	5	John Thompson	£1	16/3	15/9	4.54	2 1/2	29 1/2	21/9	11 1/2	b	8 1/2	a	Sears 'A'	5/-	28/10 1/2	27/8 1/2	4.51	2	
34/1 1/2	21/10 1/2	12 1/2	a	16 1/2	Coventry Gauge	£1	62/6	60/6	4.86	2	47/3	32/6	9	a	15	32b	Steelco	5/-	28/10 1/2	29/10 1/2	2.68	3	
73/7 1/2	55/6	16	b	13	Alfred Herbert	£1	47/6	49/-	6.12	1 1/2	11 1/2	7 1/2	8	a	13	b	Turner & Newall	£1	50/6	49/3	4.87	2	
49/6	33/9	5	a	10	Allied Ironfoundries	£1	73/-	73/6	4.04	2	18/9	13/4 1/2	10	b	5	a	Unilever	5/-	34/9	34/-	3.65	3	
99/9	67/9	5	a	10	B.S.A.	£1	15/3	15/3	7.65	1 3/4	33/3	22/3	14 1/2	a	110 1/2	b	Unilever N.V.	12 1/2	8	7 3/4	3.22	3	
20/3	11/9 1/2	7 1/2	b	4 1/2	George Cohen	£1	10/-	10/1 1/2	6.42	2	...	...	...	...	...	...	United Glass	5/-	14/-	13/4 1/2	5.61	1	
8/6	7/6	11	a	8 1/2	Davey Ashmore	£1	16/3	16/6	4.88	2 1/4	32/3	22/9	6 1/2	a	13 1/2	b	United Molasses	10/-	23/6	22/3	11.01	1	
13/-	15/9	10	a	17 1/2	Guest Keen	£1	17/3	16/6	4.85	2 1/2	18/3	15/3	6	c	Nil	c	Brit. & Com. wealth	10/-	27/10 1/2	28/6	7.02	1	
81/10 1/2	64/11 1/2	5	a	11	Head Wrightson	£1	70/3	69/6	3.45	2 1/2	21/6	16/9	7	c	7	c	Cunard	£1	15/4 1/2	15/7 1/2	...	2 1/2	
21/-	14/3	4	a	12	Metal Box	£1	16/6	16/6	4.24	3	31/6	20/-	10	c	8	c	France Fenwick	£1	20/6	20/6	6.83	1 1/2	
85/6	67/-	5	a	10	Ransome & Marles	£1	40/6	40/-	5.00	2 1/2	9 7/2	4/6	...	...	...	...	Furness Withy	£1	20/6	21/9	7.36	...	
18/-	13/4 1/2	4	a	7	Renold Chains	£1	52/11 1/2	50/7 1/2	4.23	3	31/-	17/6	...	...	...	...	London & Overseas	5/-	24/6	24/6	8.33	...	
48/3	33/11 1/2	7	b	7	Tube Investments	£1	63/6	64/-	8.29	1	12/11 1/2	7/-	2 1/2	c	Nil	c	P & O Delf.	£1	24/6	24/6	...	...	
31/11 1/2	23/6	7 1/2	b	2 1/2	Vickers	£1	63/6	64/-	8.29	1	12/11 1/2	7/-	2 1/2	c	Nil	c	Reardon Smith	10/-	7/7 1/2	7/-	3.57	...	
71/6	54/-	3 1/2	a	10	Woodall-Duckham	£1	17/6	17/3	6.09	1 3/4	12/9	7/6	5	c	Nil	c	Royal Mail	£1	9/3	9/3	...	...	
20/6	12/3	5	a	16	...	£1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
FOOD & TOBACCO																							
28/6	19/9	10	c	10	Allied Supply Foods	£1	27/3	26/3	3.81	2 1/2	48/4 1/2	25/7 1/2	16	c	5	a	Colvilles	£1	28/3	26/3	...	2 1/2	
12/4 1/2	8/4 1/2	8	a	12 1/2	Bosch British Foods	£1	41/9	40/3	5.96	1 1/2	27/3	15/3	10	c	2 1/2	a	Dorman Long	£1	17/6	16/6	...	2 1/4	
61/3	29/3	8	b	4	Brooke Bond 'B'	£1	11/9	12/3	3.91	1 3/4	31/3	21/10 1/2	10	c	Nil	a	Lancashire Steel	£1	27/11	25/10 1/2	8.50	3	
12/9	10/9	13 9/10	b	11	International Tea	£1	15/9	16/-	4.06	1 1/2	31/3	22/3	10	c	3 1/2	a	South Durham	£1	12/6	11/6	...	1 1/4	
16/4 1/2	11/10 1/2	2 1/2	a	10	J. Lyons 'A'	£1	24/6	23/6	4.24	2	36/10 1/2	24/3	10	b	5	a	Steel Co. of Wales	£1	25/3	24/6	8.16	2	
62/6	62/9	5	a	10 1/2	Ranks Hovis	£1	32/6	33/-	3.85	2 1/4	34/7 1/2	26/4 1/2	6	b	4	a	Stewarts & Lloyds	£1	31/-	28/9	10.43	2	
33/3	29/9	9	b	5	Spillers	£1	49/6	50/6	4.75	2 1/4	42/4 1/2	25/9	12	c	4	a	John Summers	£1	28/9	27/3	7.34	2	
13/7 1/2	10/10 1/2	10	c	3	Tate & Lyle	£1	15/3	15/-	6.00	2	41/-	28/3	8 1/2	a	4	a	United Steel	£1	30/9	28/6	...	1 1/2	
50/9	43/3	12	c	9	Unigate	£1	67/3	61/3	6.67	2	32/-	25/4 1/2	10	b	5	a	Whitehead	£1	30/-	28/3	...	2	
18/10	13/10 1/2	5	a	9	Brit. Amer. Tobac.	£1	30/6	30/6	8.04	1 3/4	26/4 1/2	18/9	10	b	5	a	English Sewing Cotton	£1	27/7 1/2	27/10 1/2	8.97	...	
65/3	52/3	12 1/2	c	15 1/2	Gallaher	£1	57/-	56/-	3.80	1 1/4	50/9	30/10 1/2	10	b	5	a	Fine Spinners	£1	20/7 1/2	20/4 1/2	12.27	...	
41/3	28/3	15	b	8 1/2	Imperial Tobacco	£1	57/-	56/-	3.80	1 1/4	48/10 1/2	37/10 1/2	10	c	8 1/2	a	Lancashire Cotton	£1	33/3	36/-	...	...	
63/9	57/-	14	a	8 1/2	...	£1	...	...	...	...	61/10 1/2	54/4 1/2	9 1/2	b	8	a	Langshire Cotton	£1	46/6	46/11 1/2	5.42	1 1/2	
INSURANCE																							
81 1/2	59 1/2	147	7c	38	Britannic	£1	61 1/2	61 1/2	3.21	...	81/6	68/6	13	b	8	a	Illingworth Morris	4/-	5/9	5/10 1/2	9.08	1 3/4	
68/-	50/-	25	b	20	Commercial Union	£1	53/3	51/6	4.37	...	30/9	20/3	21	c	2	a	West Riding Worried	£1	70/3	72/3	5.81	2 1/2	
9	5 3/8	30	c	12 1/2	Equity & Law Life	£1	7/7	7/6	1.95	...	20/10 1/2	14/4 1/2	6	b	6	b	Woolcombers	£1	22/9	22/6	8.89	1 1/4	
109/3	69/-	30	c	12 1/2	General Accident	£1	47/6	47/6	2.81	...	13/3	8/3	71	a	12 1/2	b	Bradford Dyers	£1	16/7 1/2	16/4 1/2	7.33	1	
60/6	42/9	80	a	110	Guardian	£1	36/9	36/9	2.77	...	48/6	38/9	33	a	8 1/2	a	Calico Printers	5/-	8/4 1/2	8/4	11.76	3 1/4	
49/3	32/3	80	a	110	Legal & General	£1	161/3	158/9	3.51	...	10/9	8/1	10	c	7 1/2	a	Costs Patons B.	£1	39/6	37/6	6.33	1 3/4	
180/-	138/9	12 1/2	b	9 1/2	Northern & Empl.	£1	25/8	24/8	3.04	...	27/11 1/2	18/10 1/2	10	c	7 1/2	a	Jute Industries	10/-	8/10 1/2	8/9	...	2 1/4	
131 1/2	105	170	b	130	Pearl	£1	38/1 1/2	36/10 1/2	4.07	...	...	...	...	...	...	...	Tootal	£1	20/-	18/10 1/2	7.95	1 1/2	
29 3/4	21 1/8	1208 1/2	c	1231 1/4	Prudential	£1	38/1 1/2	36/10 1/2	4.07	...	...	...	...	...	...	...	...	...	...	...	...	...	...
47/10 1/2	35 1/2	10 1/2	a	15	Royal Exchange	£1	100/9	98/9	3.80	...	27/7 1/2	19/7 1/2	12 1/2	c	5 1/2	a	Alliance Trust	5/-	21/6	22/3	2.81	1 1/4	
127/9	96/-	11 1/2	b	7 1/2	...	£1	...	...	...	...	61/6	41/6	37 1/2	b	12 1/2	a	B.E.T. 'A' Delf.	5/-	47/-	48/9	5.13	1 1/2	
MOTORS & AIRCRAFT																							
18/3	12/6	12 1/2	b	20	British Motor	£1	14/5 1/4	14/4 1/2	6.96	8 1/4	17/9	13/6	10	c	5	a	Cable & Wireless	5/-	14/10 1/2	15/7 1/2	3.20	1 1/2	
85/3	60/-	18 1/2	b	6 1/2	Jaguar Cars 'A'	£1	71/9	71/6	6.04	1 1/4	71/9	54/3	10	c	12 1/2	b	City Centre Props.	5/-	79/-	60/11	...	...	
41/6	23/11 1/2	5	a	3	Rolls-Royce	£1	27/3	26/6	3.20	...	89/-	69/9	8 1/2	b	7	a	City Real Prop.	£1	79/-	78/9	3.17	1	
6 1/8	4/3	12	c	4	Rootes Motors 'A'	£1	78/-	75/9	5.32	...	38/6	22/6	9	a	4	b	Hudson's Bay	£1	70/-	70/-	4.59	2 1/2	
94/6	67/4 1/2	20	c	5	Leyland Motors	£1	77/10 1/2	77/9	7.61	2	39/-	30/9	6 1/2	a	2	a	Land Securities	10/-	28/3	28/6	2.11	1	
180/2	130 1/2	13 1/2	c	5	Bristol Aeroplane	£1	23/12	24/9	8.89	1 1/4	46/6	38/-	12 1/2	a	11 1/2	b	London City Freehold	10/-	32/6	31/9	4.20	1	
25/-	19/3	5	a	6	Dowty Group	£1	37/-	37/-															



* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. ¶ Ex rights. ** Ex all. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) To earliest date. (e) Flat yield. (f) Equivalent to 7.2 sterling. (g) After Rhodesian tax. (h) To latest date.

* Yields based on assumed dividends:—Bass, Mitchells & B., 11%; Charrington United, 12%; City Centre Props., 30%; De La Rue, 13%; District Bank, 12½%; English Sewing Cotton, 12½%; Equity & Law Life, 12½%; Guardian, 26½%; Ind Coope, T.A., 12% on merger terms. P & O Def'd., 10%; R.T.Z., 15%; Swan Hunter, 10%; Royal Insurance, 30%.

Western Europe

BANK OF ENGLAND RETURNS

(£ million)	Oct. 18, 1961	Oct. 10, 1962	Oct. 17, 1962
Issue Department:			
Notes in circulation	2,305.4	2,301.6	2,287.6
Notes in banking dept.	20.0	21.8	37.7
Govt. debt and securities	2,324.0	2,324.0	2,324.0
Other securities	0.7	0.8	0.8
Gold coin and bullion	0.4	0.4	0.4
Coin other than gold coin	0.3	0.3	0.3
Banking Department:			
Deposits			
Public accounts	12.2	11.3	12.6
Special deposits	230.1	118.4	79.1
Bankers	263.2	256.0	278.9
Others	74.1	73.4	71.0
Total	579.9	459.2	441.5
Securities			
Government	469.1	403.9	353.5
Discounts and advances	88.3	28.3	47.2
Other	194.4	20.0	20.0
Total	576.8	452.2	420.7
Banking department reserve	20.8	24.6	38.6
Proportion	%	%	%
	3.5	5.3	8.7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,325 million on September 12th.

LONDON

Date of Tender	Amount (£ million)		91 Day		
	Offered	Applied for	Average Rate of Allotment		Allotted at Max. Rate %
1961	<i>91 day</i>		<i>s.</i>	<i>d.</i>	<i>%</i>
Oct. 13	260 0;	419 0	120	0 28	59
1962					
July 13	230 0†	404.5	77	9 32	23
" 20	220 0	382.1	78	7 14	29
" 27	226 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
" 24	230 0	390.4	75	4 50	48
" 31	240 0;	397.1	75	0 42	45
Sept. 7	240 0	439.3	74	4 55	48
" 14	230 0	388.0	73	11 97	44
" 21	250 0	406.1	74	0 01	40
" 28	250 0	407.5	72	8 42	51
Oct. 5	250 0;	415.2	72	4 13	37
" 12	230 0	386.8	72	3 07	38

Official Discount	%	Treasury bills.	%
rate:		October 8.....	2.760
(from 3½%, 11.8, 60)	3	.. 15.....	2.757

LONDON CLOSING EXCHA

One Month Forward Rates

[illegible]

United States \$	1-2-3c. pm	1-2-3c. pm	1-2-3c. pm	1-2-3c. pm	1-2-3c. pm	1-2-3c. pm
Canadian \$	11-14-3c. dis	11-14-3c. dis	9-14-3c. dis	11-14-3c. dis	11-14-3c. dis	11-14-3c. dis
Swiss Fr.	31-2-3c. pm	31-2-3c. pm	31-2-3c. pm	31-2-3c. pm	31-2-3c. pm	31-2-3c. pm
W. German D-Mk.	35-38-3pf. pm	35-38-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm	31-2-3pf. pm

Gold Price at Fixing

	GOLD PRICE AT FIXING				
Price (s. d. per fine oz.).....	250/10 35-13½	250/9¼ 35-13½		250/8½ 35-13	250/8½ 35-13½

16 million

	Austria	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Nether- lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION ⁽¹⁾ (1958=100)													
1956	93	106	90	88	92	84	99	90	98	95	96	...	100
1960	117	111	112	116	119	111	118	128	124	117	112	...	112
1961	121	116	...	122	126	117	128	140	126	125	116	...	114
1962, February	118	122	...	129	125	106	125 ⁸	146	133	136	119	...	117
.. March	123	121	...	129	125	106	...	160	129	138	116	...	120
.. April	125	123	...	130	134	114	...	148	129	123	118	...	113
.. May	127	123	...	131	135	117	...	161	131	127	118	...	119
.. June	127	...	...	131	136	...	...	145	128	135	114	...	117
.. ..	...	...	...	...	122	...	...	...	...	90	...	...	109 ¹²

VALUE OF EXTERNAL TRADE (2)

[illegible]

Exports (f. o. b.)

			640 ³	1,325	2,571	475	9.0	112	906	472 ³	839 ³	71.2	261.9
1956	1,840	13,177	860	2,822	3,993	508	12.7	190	1,275	524	1,106	143.4	296.2
1960	2,427	15,731	860	2,822	3,993	558	15.0	218	1,309	553	1,181	260.4	306.9
1961	2,605	16,352	885	2,967	4,246	...	...	...	...	...	...	...	...
1962, April	2,730	17,795	918	2,934	4,240	478	10.8	227	1,241	545	1,216	149.2	327.3
May	2,850	17,959	927	3,020	4,664	445	13.5	250	1,369	531	1,388	301.7	337.6
June	2,716	18,600	927	3,031	4,293	344	14.2	239	1,434	564	1,316	170.0	317.0
July	2,833	17,800	928	2,940	4,480	...	14.4	...	1,288	547	1,170	171.0	327.8
August	...	...	...	...	4,160	...	...	...	...	...	...	...	289.8

CONFIDENTIAL (S) (1958, 199)

[illegible]

TABLE OF PRICES (6) (1958-1960)

EXPORT PRICES (%) (1956=100)													
	102	104	104	85	98	105	96	101	101	103	103	79	96
1956	100	98	101	114	99	89	102	96	99	98	98	161	101
1960	100	97	99	113	100	90	101	92	97	97	99	169	102
1961													
1962, March	...	...	99 ⁸	113 ⁸	99	91 ⁸	102	92	98	95 ⁸	96	172	103
April	...	...	...	...	99	85	102	91	102	...	97	...	103
May	...	...	...	...	100	88	104	90	99	96 ⁹	96	...	103
June	...	...	...	...	99	...	...	...	99	...	96	...	103
1963	...	...	...	...	100	...	...	...	97	...	96	...	103

EXCHANGE HOLDINGS (?) (mn. US dollars, end of period)	
1970	1971
1972	1973
1974	1975
1976	1977
1978	1979
1980	1981
1982	1983
1984	1985
1986	1987
1988	1989
1990	1991
1992	1993
1994	1995
1996	1997
1998	1999
2000	2001
2002	2003
2004	2005
2006	2007
2008	2009
2010	2011
2012	2013
2014	2015
2016	2017
2018	2019
2020	2021
2022	2023
2024	2025
2026	2027
2028	2029
2030	2031
2032	2033
2034	2035
2036	2037
2038	2039
2040	2041
2042	2043
2044	2045
2046	2047
2048	2049
2050	2051
2052	2053
2054	2055
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2058	2059
2060	2061
2062	2063
2064	2065
2066	2067
2068	2069
2070	2071
2072	2073
2074	2075
2076	2077
2078	2079
2080	2081
2082	2083
2084	2085
2086	2087
2088	2089
2090	2091
2092	2093
2094	2095
2096	2097
2098	2099
2100	2101
2102	2103
2104	2105
2106	2107
2108	2109
2110	2111
2112	2113
2114	2115
2116	2117
2118	2119
2120	2121
2122	2123
2124	2125
2126	2127
2128	2129
2130	2131
2132	2133
2134	2135
2136	2137
2138	2139
2140	2141
2142	2143
2144	2145
2146	2147
2148	2149
2150	2151
2152	2153
2154	2155
2156	2157
2158	2159
2160	2161
2162	2163
2164	2165
2166	2167
2168	2169
2170	2171
2172	2173
2174	2175
2176	2177
2178	2179
2180	2181
2182	2183
2184	2185
2186	2187
2188	2189
2190	2191
2192	2193
2194	2195
2196	2197
2198	2199
2200	2201
2202	2203
2204	2205
2206	2207
2208	2209
2210	2211
2212	2213
2214	2215
2216	2217
2218	2219
2220	2221
2222	2223
2224	2225
2226	2227
2228	2229
2230	2231
2232	2233
2234	2235
2236	2237
2238	2239
2240	2241
2242	2243
2244	2245
2246	2247
2248	2249
2250	2251
2252	2253
2254	2255
2256	2257
2258	2259
2260	2261
2262	2263
2264	2265
2266	2267
2268	2269

GOLD AND FOREIGN EXCHANGE HOLDINGS (in million sterling)													
1956	406	1,163	131.2	1,180	4,120	204.1	234	1,236	1,038	178.9	510	225	2,237
1956	697	1,422	255.1	2,070	6,737	223.5	268	3,080	1,742	282.7	490	252	3,231
1960	827	1,657	252.2	2,939	6,542	250.5	286	3,419	1,715	278.3	673	229	3,318
1961													
1962, May	863	1,636	227.3	3,492	6,082	274.1	278	3,204	1,786	237.8	737	229	3,525
" June	919	1,603	245.7	3,484	6,233	279.6	279	3,239	1,795	229.6	734	227	3,433
" July	992	1,631	218.2	3,332	6,309	271.0	286	3,152	1,866	239.4	749	253	2,915
" August	1,031	1,625	206.9	3,414	6,257	...	287	3,230	1,775	...	760	218	2,840

(1) Denmark and Greece manufacturing production only. (2) Special trade (excluding re-exports) with the exception of Ireland, Denmark, Norway and Sweden which cover general trade. Belgium includes Luxembourg, Italy includes Trieste. The Saar is included with France before July, 1959, and with Germany after the date. Turkey, beginning September, 1960: 9 liras per U.S. dollar, previously, 2.8. (3) Special trade. (4) Goods, in the form of capital goods, for Turkey and for Greece prior to January, 1960: Denmark and Belgium exclude rent. Denmark includes direct taxes. (5) Average number of unit value which are influenced by changes in the composition of trade as well as price movements. Turkey index in terms of U.S. dollars. (6) Holdings of the government and central bank. Norway and Sweden include foreign investments. Ireland includes some long-term British securities. (7) Average for first quarter. (8) Average for second quarter. (9) September, 334. Number 284.9. (12) August, 100. (13) September, 2,792. (14) September, 109.

APPOINTMENTS



EXCEPTIONAL OPPORTUNITIES FOR YOUNG ACCOUNTANTS AND ECONOMISTS

Qualified Accountants and graduate economists, preferably within the ages 22-28, are offered unusually interesting openings in the finance staffs of Ford of Britain. Opportunities with Ford are exceptional as promotion and salary will depend entirely on merit.

Appointments will be made to both the central finance staff of the Company and to the decentralised financial controllers' offices in the manufacturing, sales and engineering divisions. Prospects are equal in all areas as the Company management development policy ensures that men of ability are detected and advanced as rapidly as their capacity can sustain.

Vacancies cover a wide variety of finance activities including practical cost control in manufacturing plants, accounting procedures and controls, operational accounting, product costing, internal audit, office systems and methods, data processing, budgetary control, profit planning and analysis, cash forecasting and management, capital expenditure analysis and control, price analysis, investment and economic studies.

Applications should be marked "SF1" and addressed to:

P. G. SLIP
RECRUITMENT AND PLACEMENT
FORD MOTOR COMPANY LIMITED
DAGENHAM ESSEX

WOOLWICH POLYTECHNIC LONDON, S.E.13

Principal: Harold Heywood, D.Sc., Ph.D.,
A.C.G.I., W.Sc., M.I.Mech.E., M.I.Chem.E.

Applications are invited for the post of
Lecturer in Government and Political Theory
for B.Sc.(Econ.) Degree courses. Applicants
should have a good Honours Degree; a Higher
Degree and/or research experience are desirable.
Salary: £1,000-£1,500 plus London Allowance
£45-£60.

Particulars and application form from Clerk
to the Governors, to be returned by November
9, 1962.

UNIVERSITY OF READING DEPARTMENT OF AGRICULTURAL ECONOMICS

Applications are invited for two posts of
ASSISTANT RESEARCH ECONOMIST. One
post will be concerned with an investigation
of changes in the structure of farms and estates,
the other with the economics of horticultural
production and marketing. The persons
appointed should take up their duties at as
early a date as can be arranged. Further
particulars may be obtained from the Registrar,
Room 22, O.R.B., The University, Reading,
by whom applications should be received not
later than November 10, 1962.

Group Pensions Officer RECKITT & COLMAN HOLDINGS LIMITED

wish to appoint a Deputy to their Group Pensions Officer with
a view to succession.

The immediate duties will be to assist in supervising the Group's
pension schemes, which include both self-administered schemes
and schemes operated by insurance companies for employees
in all parts of the world.

The man appointed should be conversant with Actuarial reports,
with the handling of investments and with the conduct of
meetings, and should, preferably, have some professional
qualification.

The Company attaches considerable importance to the main-
tenance of good relations between the Pensions Department
and all sections of employees.

PREFERRED AGE—35-40.

The salary offered will be appropriate to the qualifications and
experience of the man appointed.

Those interested are asked to address their enquiries to:

The Personnel Adviser,
Reckitt & Colman Holdings Limited,
Dansom Lane, HULL, E. Yks.

MARPLAN LIMITED

Market Research Specialists

We are looking for a graduate to administer our Statistical
Unit. A degree in Statistics, a familiarity with statistical sources
and experience of sampling technique are required. A knowledge
of interest in the application of computer techniques in the field of
statistical analysis would also be an advantage.

Salary range £1,500 to £2,000 plus, according to qualifications
and experience. Please apply in writing to THE GENERAL
MANAGER, MARPLAN LIMITED, 2-3 Corsico Street, London,
E.C.4.

THE ECONOMIC RESEARCH INSTITUTE, DUBLIN

Research Officers

Applications are invited for posts on the
research staff of The Economic Research Insti-
tute. Grades and salaries are as follows:

RESEARCH OFFICER

Salary £1,200 increasing by £50 to £1,500 p.a.

ASSISTANT RESEARCH OFFICER

Salary £1,200 increasing by £50 to £1,500 p.a.

These posts are pensionable under a Super-
annuation Scheme similar to I.R.S.I.
Essential qualifications are high academic
attainment and experience in applied economic
research.

Application forms may be obtained from The
Secretary, The Economic Research Institute, 3
Lower Ranelagh Street, Dublin 6, Ireland.

STATISTICAL ASSISTANT

The British Oxygen Company has a
vacancy for a male statistical assistant
age 25-45 in its head office industrial
sales department.

Applicants should have had a good
experience in sales, budgets and
statistical work.

Good staff benefits include a pension
fund and an excellent remuneration.

Please write, in confidence, to:

The Personnel Officer of SORECO
THE BRITISH OXYGEN COMPANY LTD.
Hammersmith House, London, W.6.

VICTORIA UNIVERSITY OF WELLINGTON New Zealand

LECTURER IN ACCOUNTANCY

Applications are invited for the above
appointment. The appointee should have had
experience as an accountant in public practice,
University training and teaching experience is
desirable but not essential.

The salary for a Lecturer will be £1,250 per
annum rising to £1,700 per annum, the initial
salary being determined according to the qualifi-
cations and experience of the appointee.

Approved fees to Wellington will be allowed
for the appointee, his wife and his dependent
children. In addition actual removal expenses
will be allowed within specified limits.

Further particulars and information as to
the method of application may be obtained
from the Secretary, Association of Universities
of the British Commonwealth (Branch Office),
Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and
London on December 1, 1962.

UNIVERSITY OF KHARTOUM

Applications are invited for (a) Senior Lectureship
of Lectureship in Agricultural Economics and
(b) Senior Lectureship of Lectureship in
Economics.

Salaries Scale:—
Senior Lecturer, £52,052 x £875 — £52,127
p.a.

Lecturer, £51,077 x £875 — £51,977 p.a.
Generous allowances payable. Passages for
appointee and family on appointment, termina-
tion and annual leave. There is a super-
annuation scheme, and arrangements can be
made to maintain I.R.S.I. policies. Direct
appointment on contract normally for five years
with possibility of renewal; secondment
welcomed if possible. Unfurnished accommodation
provided at rent (excluding rates) up to
75 per cent. of salary.

Applications (10 copies) detailing qualifications
and experience and naming three referees
by November 18, 1962, to Registrar, University
of Khartoum, c/o Inter-University Council for
Higher Education Overseas, 29, Woburn Square,
London, W.C.1.

BBC

Leaves News Correspondent to be
stationed in Aden, to be responsible
for broadcasting and obtaining news dispatches
and similar material to London for use in the
BBC's External Services, particularly the Arabic
Service. The area to be covered extends from
Sudan to Persian Gulf, including Somalia and
the correspondent will be required to travel
frequently within this area. First-class
non-habitable, undisturbed, essential, previously
with experience of reporting on foreign affairs.
Knowledge of Arabic, though not essential, a
considerable advantage. Candidates should be
from an easily understandable family and to
report interestingly on non-political matters.
Salary between £1,175 and £2,500 rising by
five annual increments to maximum between
£2,225 and £2,500 p.a. according to qualifica-
tions and experience of selected candidate plus
appropriate allowances while in Aden. Requests
for application forms enclosing addressed
envelope and quoting reference 62.G.405 E.C.4
should reach Appointments Office, Broadcas-
ting House, London, W.1, within five days.

HOSPITAL STATISTICIAN required for
work within the newly formed Clinical
Research Department of the Royal Marsden
Hospital and Institute of Cancer Research.
Applicants should be graduates, preferably with
biological or social medicine background and
training in medical statistics. Appointment
within the framework of the National Health
Service, commencing salary £4,105 rising to
£1,445. Appointment for three years in the
first place. Duties will include advising clinicians
about the statistical treatment of data and carry-
ing out the necessary complex collaboration in
the design and execution of clinical trials
research based on hospital records and the
compilation of Hospital Reports. Applications
to the House Governor, Royal Marsden
Hospital, Fulham Road, S.W.6.

The Personnel Officer of SORECO
THE BRITISH OXYGEN COMPANY LTD.
Hammersmith House, London, W.6.

General Manager ITALY

A General Manager is required for a
new Common Market subsidiary of a
large U.K. Group which has just been
formed in Italy.

This Company will specialise in
capital equipment related to the Bulk
Materials Handling industry, and appli-
cants will preferably have had good
commercial and selling experience in this
field. A nucleus of high quality staff
covering the sales and technical engineer-
ing fields has already been appointed,
but the General Manager will be expected
to take full and complete responsibility
for promoting the future interests of the
Company and also for all aspects of the
day-to-day administration including man-
aging, technical, engineering, office
procedures, etc., and will report directly
to the Board of Directors.

The applicant will be either an English
National with fluent Italian or an Italian
National with fluent English, and in
either case should have a good knowl-
edge of general Italian business proce-
dures.

Salary by arrangement but not less
than £2,500 per annum, and a bonus
is contemplated relating to future profits.

Applicants should apply in writing,
giving details of age, experience, present
position and salary to—

The Secretary,
PRESSOTURN LIMITED,
Leam Terrace, Leamington Spa.

MEDICAL STATISTICIAN

A pharmaceutical company in the London area wishes to
engage a full-time experienced Medical Statistician.

The successful applicant will be required to design field
trials, analyse the results, and advise doctors within the
company on all statistical matters. The scope and design
of these trials will be such as to offer a challenge to
a person with creative ability who wishes to find a
stimulating atmosphere in which new ideas and techniques
are encouraged.

Write, in strict confidence, to Staff Manager, Box 1662.

STATISTICS OFFICER

is required for a large Group of
BUILDING, CONTRACTORS AND
COMPONENT MANUFACTURERS

The man or woman appointed will be
responsible for collection and pre-
sentation of Marketing and Sales
Statistics.

This is a new appointment with
excellent prospects of progress.

- Essential qualifications:
1. Minimum age 25.
 2. Educational background of econom-
ics, statistics, marketing, account-
ancy or building.
 3. Three-five years experience in collec-
tion and presentation of marketing
or sales statistics.
 4. Ability to draw from data collected,
practical conclusions and to explain
these to Management at all levels.

Location: West London.

Salary entirely dependent on qualifi-
cations and experience, but not less
than £1,200 p.a.

Confidential applications should be
addressed to: Urwick, Orr & Partners,
Ltd., at 8 Buckingham Palace Gardens,
London, S.W.1, who have been asked
to advise on this appointment, quoting
reference SO 1683 on the envelope.

THE UNIVERSITY OF SOUTHAMPTON

Applications are invited for a research
appointment tenable in the Department of
Economics, University of Southampton.
The successful candidate will be required to work
in a project connected with the relative
efficiency of industrial enterprises. An appoint-
ment may be made at either Research
Assistant or Research Fellow level. Salary will
be according to qualifications and experience
and within the range £1,000 to £1,250. Appli-
cations (three copies, giving brief curriculum vitae
and the names of two referees, should be sent
to the Secretary and Registrar, The University,
Southampton, before October 31, 1962.

For other appointments
see page 303

UNIVERSITY OF YORK DEPARTMENT OF ECONOMICS

Applications are invited for the post of
Lecturer or Assistant Lecturer in Economic
History, from October, 1963, to assist with the
graduate and undergraduate teaching pro-
gramme. The person appointed will be expected
to teach 19th and 20th century British, European
and/or American Economic History. Salary
within the Lecturer or Assistant Lecturer's scale
according to experience and qualifications.

Four copies of applications, naming three
referees, should be sent by November 17th to the
Registrar, University of York, The King's
Manor, York, from whom further details may
be obtained.

ECONOMIST/STATISTICIAN

The Joint Iron Council wishes to
appoint an Assistant in the Economics
and Statistics Department. This post
gives wide opportunity of experience in
Applied Economics and is suitable for a
graduate of one or two years' experience.
A wide salary range commencing at
not less than £900 is offered and the level
of remuneration will depend upon qualifi-
cations and experience.

Applications to Economics and Statis-
tics Officer, The Joint Iron Council, 14
Pall Mall, London, S.W.1.

BBC

invites applications (men only) for a
reserve of administrative staff to meet
future commitments. Education: preferably
University degree (or equivalent). Qualifica-
tions: training and at least three years
management or administrative experience at a
responsible level in commerce, industry or
public service. Age limits: twenty-five to
thirty-five. Salary: initially between £1,000
and £1,300, with first permanent post on grade
£1,300 rising by five annual increments to
£1,700. Good prospects of subsequent pro-
motion. Requests for further particulars and
for application forms (enclosing addressed
envelope and quoting reference 62.G.415 E.C.4)
should reach Appointments Office, Broadcas-
ting House, London, W.1, within five days.

STANDARD TELEPHONS AND CABLES LIMITED

MANAGER

MARKET RESEARCH

The Components Group, a vigorous
and expanding part of the S.T.C. organi-
zation, intends to make the above
appointment at its headquarters at
Leeds, Cray.

The man selected will report to the
Group Marketing Manager and will be
responsible for conducting market
research within the Group and also in
the consumer field. He will work in
liaison with the Group's Market
Development Manager and with the
Company's Market Research Manager.

It is expected that the appointment
will progress rapidly in scope and will
involve the control of a small staff.
A considerable amount of travelling
within the U.K. will probably be
involved.

Applicants should preferably be
Graduates in Economics, with a very
good knowledge of market research
techniques; they should not be
frightened of operating in a highly
technical industry.

Leeds Cray is a residential district
only 13 miles from the centre of
Leeds.

The Company operates a wide range
of attractive welfare benefits including
a NON-CONTRIBUTORY pension
scheme.

Write stating experience and qualifi-
cations to—

W. J. VLOMANS, Personnel Manager,
STANDARD TELEPHONS AND
CABLES LIMITED
Leeds Cray, Sidcup, Kent.

THE UNIVERSITY OF MANCHESTER

SIMON FELLOWSHIPS

The University offers a number of Simon
Fellowships for advanced study or research in
the social sciences. This term is used in a
wide sense to include not only Economics,
Government, Sociology and Social Anthro-
pology, Economic and Social Statistics, etc.,
but also fields such as the Organisation of
Business, Literature, Jurisprudence, Law, Social
Administration and Social Medicine. The
Fellowships will be tenable normally for one
year from October 1st in the academic sessions
1963-64, 1964-65 or 1965-66. Values normally
within the range of £1,200-£2,100 (Simon
Research Fellowships), or within the range of
£2,000-£2,500 (Simon Senior Research Fel-
lowships), according to qualifications and experi-
ence. They are not confined to persons with
academic experience. Applications, stating the
Session in which the Fellowship will be taken
up, should be sent by December 15, 1962, to
the Registrar, The University, Manchester, 13,
from whom further particulars may be obtained,
and who will be pleased to answer any enquiries
regarding the scope of the Fellowships.

THE THOMSON ORGANISATION LTD.

require a Junior Assistant in the Information Section of their
Economic Research and Marketing Intelligence Unit. Education
to G.C.E. Advanced Level and some experience of information
work in special libraries would be an advantage. Please write,
giving details of age, education, experience and salary required
to:

Information Section, Marketing Division, Thomson House,
200 Gray's Inn Road, London, W.C.1.

EDUCATION: BUSINESS AND PERSONAL

FRENCH CORRESPONDENCE COURSES

(1) Cours de Langue et de Civilisation
Françaises.
(2) Basic French for Conversation.
(3) Translation Courses.
Lesson-by-lesson teaching by French teachers.
First payments. Send for prospectus. Mentor,
11, Charing Cross Road, London, W.C.2.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Account-
ancy, Commerce, 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
advice, mentioning examination of
subjects in which interested, to the Secretary
(69-21).

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 G.O., B.Sc.(Econ.),
three, if entrance is included at moderate fees.
1,331 Wolsey Hall students passed London
University B.Sc. Economics Exams, 1960-61.
Tuition also for G.C.E., Law, Statistical, other
exams. Prospectus (mention examination) from
I. W. Swan Fletcher, C.B.E., LL.B., Director
of Studies, Dept. P.17.

WOISEY HALL, OXFORD

A FOREIGN LANGUAGE in a few months
for yourself or your staff, with the easy
ASSIMILAY. You assimilate the language
and acquire the accent naturally by listening
to the living language on gramophone records
with an illustrated book to guide you. Pre-
liminary and course books in French,
German, Italian, Russian and Spanish. A Pit-
man follow-on course available for technical
and commercial expressions. Details from
ASSIMILAY, 29, Farncombe, Godalming, Surrey.

BRITISH ASSOCIATION GRANADA LEC- TURES 1962 on Communication in the Modern World. The third lecture is by The Hon. Dr. J. K. Galbraith, United States Ambassador to India, on leave from Harvard University, on "The Language of Economics". Friday, London, 8.30 p.m. on Tuesday, October 23rd. Limited number of tickets avail- able. Apply: B.A. Granada Lectures, 36 Golden Square, W.1.

COMMON MARKET—IN OR OUT? Two-
day Conference devoted to the expanding
business activity of the European Economic
Community and the prospects for Britain. To
be held on November 7-8 at the Comaught
Rooms, London, W.C.2. For further details
apply to The Secretary, Federal Trust, 40
Wyndham Place, London, W.1, PADDINGTON
6670.

EXPORT OPPORTUNITIES brought to your
desk by Export Service Bulletin, three
times weekly, 10 p.m. annually. Specimen copy from
Board of Trade (K), Hillgate House, 35, Old
Bailey, London, E.C.4.

TYPEWRITERS: Six Portable machines
offered at many pounds below list price.
Brand new. Full guarantee. Typewriter &
Office Services Ltd., 38, The Broadway, W.6.

THE REBUILDING OF CITY CENTRES:
Victor Gruen, the eminent American
Architect, will address an open meeting of
the Architectural Association at 8.15 p.m. on
Wednesday, October 24th, in Congress Hall,
Great Russell Street, W.C.1.

EUROPEAN MARKETING DATA & STATISTICS

The most comprehensive statistical
background to the E.C.C. For the first time
a single report providing vital
information about France, Belgium, Italy,
Germany, Netherlands. This is the only
extensive marketing guide to the Common
Market and covers all industrial, manu-
facturing and consumer products. Facts
and figures covered in this unique publi-
cation include production, trade, con-
sumption, trends and forecasts. The
price per copy is £21 and is available
from European Research Consultants
Ltd., 125, Pall Mall, London, S.W.1.

Business Manager,
Sworn in and subscribed before me this
fourth day of October, 1962.
WILLIAM E. PARKER
A Commissioner for Oaths.

Abridged Particulars

Application has been made to the Committee of the Liverpool Stock Exchange for permission to deal in and for quotation for the whole of the Issued Share Capital of the Company.

ROBT. BRADFORD (HOLDINGS) LIMITED

(Incorporated under the Companies Act 1929)

SHARE CAPITAL

Authorised £	Issued and Fully Paid £
100,000 in 100,000 5% Cumulative Redeemable Preference Shares of £1 each	100,000
2,000,000 in 8,000,000 Ordinary Shares of 5/- each	1,500,000
£2,100,000	£1,600,000

Neither the Company nor any of its subsidiaries has any Mortgages, Debentures, Guarantees (other than in the ordinary course of business) or other loan capital or bank overdrafts outstanding.

The full particulars show (*inter alia*) that:—

(1) The Company was incorporated in 1945 and on incorporation acquired one of the oldest Lloyd's Insurance Brokerage businesses and a substantial Lloyd's Underwriting Agency carried on by Robt. Bradford & Co. which was established in or before 1820 by Robert Bradford the great grandfather of the present Chairman of the Company. The present Group comprises two Insurance Companies, several Insurance Brokerage businesses, a Reinsurance Brokerage business, two Insurance Underwriting Agency businesses, three Investment Trust Companies, a Property Investment Company, a Property Owning Company, a Reinsurance Company and a Reinsurance and Finance Company. The Insurance Companies undertake all classes of insurance other than life; one Brokerage Company acts as Lloyd's and General Insurance Brokers and the others act as General Insurance Brokers, all on a world wide basis.

(2) Subject to unforeseen circumstances the Directors consider that the profits of the Group for the year ending 31st December, 1962, will not be less than £575,000 before taxation, in which event it would be their intention to pay a second interim or final dividend of 12 per cent, which with the interim dividend already paid would be equivalent to dividends in respect of that year totalling 17% on the present Issued Ordinary Share Capital of £1,500,000. This 17% distribution would be covered 1.68 times. The estimated Group profits before taxation of £575,000 include estimated investment and rental income of £270,000 (£58,988 of which rental income is receivable from other Companies in the Group), which, after deduction of profits tax where applicable, almost covers a dividend of 17 per cent.

(3) The book value of the net assets of the Group at 31st December, 1961, amounted to £2,074,594. A substantial part of the assets consists of quoted investments included at or under cost but the market value of these is considerably higher.

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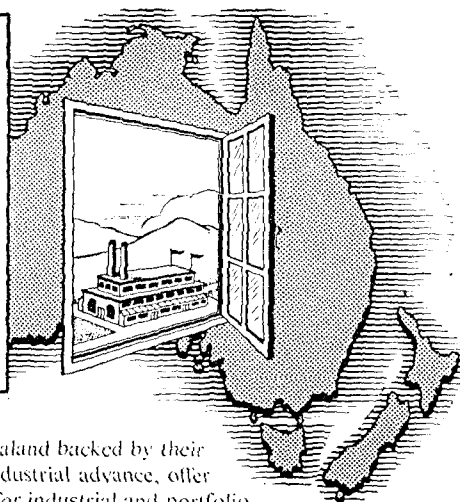
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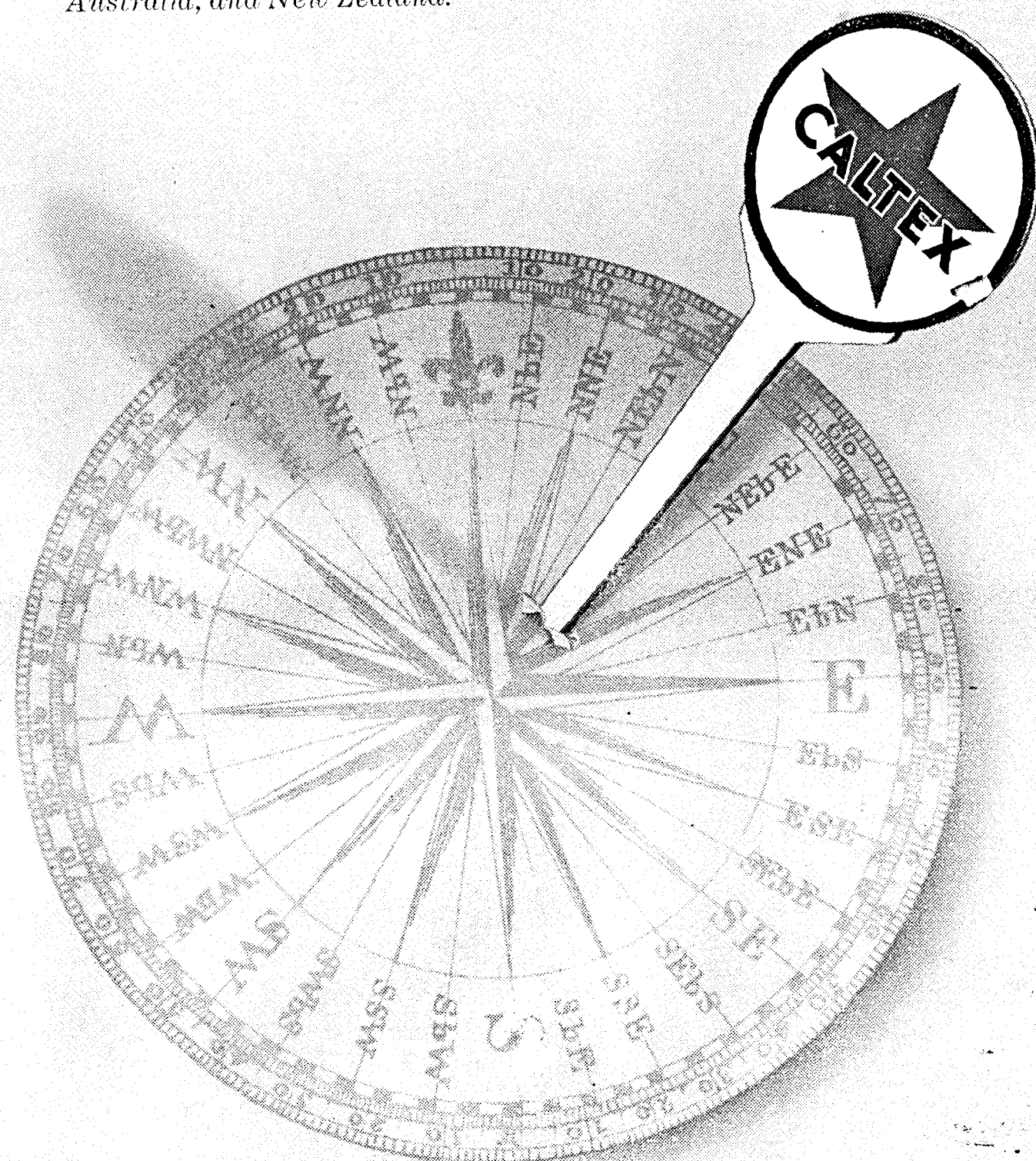
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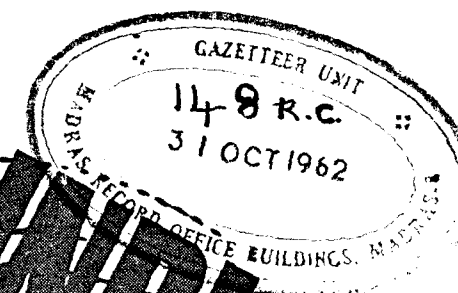
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The Economist this Week October 27, 1962

CYCLONE CUBA

If a breathing space has been won in the crisis over Cuba, it cannot mean that Mr Khrushchev is accepting defeat all along the line; at best, there may be a chance now to get negotiations going before he resorts to a counter-blow elsewhere (p. 327).

WASHINGTON is well aware of the dangers of its Cuban blockade but feels that this direct confrontation of the Soviet Union in "home waters" is unavoidable (p. 359).

The possibility of a war economy has improved the short-term economic outlook, but it has made the long-term one more cloudy than ever (p. 359).

LONDON: Mr Macmillan, rejecting separate initiatives "merely for the sake of appearing to do something," supports the good offices of the United Nations (p. 334).

BERLIN: Fears of Russia moving against the city in earnest have been given encouragement (p. 334).

The blockade is affecting not only arms shipments:—

The United States, with the dollar under strain, may also find itself under some financial constraint (p. 379).

Gold (p. 379), the exchanges (p. 387), the stock markets in London and New York (p. 386), money markets (p. 387), commodities (p. 387), marine insurance and shipping (p. 388) have noticed the changed international atmosphere.

INTERNATIONAL

AFRO-ASIAN MALADIES

India, for all its present problems, has no intention of losing its status by falling back on western support (p. 329). Our correspondent reports India's reaction to the shock of seeing the Chinese advance further into India instead of being thrown out (p. 369).

Yemen's prime minister has the honesty to say that he does not know where to start with reforms, but that diplomatic recognition would be useful—in asking for aid (p. 335). The sweeping changes in Yemen have heightened the Adenis' misgivings about joining a South Arabian Federation. Britain may have to look at the problem again (p. 336).

The United Nations and its members, now tied up in the latest tangle of international crises, can pay little attention to Mr Tshombe; Congo chaos is possible (p. 335).

King Hassan II of Morocco, having maintained so far an exquisite balance between autocracy and liberty, is looking for the next step (p. 370).

Northern Rhodesia's election results will be no guide for the British Government, but the breakdown of the voters' attitudes will provide one (p. 340).

PLANNING PROBLEMS

Europe's Six are trying to handle one thing at a time; they have made an effort to accommodate the proposed associates from Africa (p. 339), but are inclined to leave the question of fitting in the Seven until after Britain joins (p. 339).

Resigned to losing the referendum, the opposition parties seem too hopeful of

trouncing President de Gaulle's followers in the French general election (p. 369).

Mr Khrushchev cannot keep all the Kremlin's ghosts locked up and stay at the top as well (p. 373).

Austria is trying to put its picturesque Alpine farms on sounder economic ground (p. 374).

Czech planning has produced better supplies of household goods, thus giving the people more time to queue for erratic food supplies (p. 375).

France is planning a larger role for its capital market: but for its own benefit and not—in spite of an abundance of foreign exchange—for America's balance of payments (p. 382).

Amid all the international difficulties Father Pire's personal university provides for peace and reflection (p. 376).

BEHIND THE LINES

Our Washington correspondent reported on some election campaigns in the Middle West before the Cuban crisis (p. 363).

Last week's reduction in required bank reserves does not necessarily mean an easing of credit in the United States (p. 364).

Congress has approved stricter controls on the marketing of medicines but more reforms are needed (p. 366).

HOME

HERE AND NOW

While waiting for the Godot of a common market—and worrying about Cuba—Parliament should set its mind to its large and detailed legislative programme (p. 333).

Ford Motors is engaged in the latest of a series of conflicts that could healthily reshape labour relations in Britain (p. 344).

In a refusal to reshape, Britain's biggest white collar union has democratically declined to join the Trades Union Congress (p. 336).

HERE AND THERE

The Hall committee on the Northern Irish economy disappointingly failed to agree on its main recommendations: but its doubts provide a useful stimulus to thought about Britain's place in Europe (p. 331).

Meanwhile, the other Irish are worrying about their chances of becoming full members of Europe (p. 339).

There are signs that the use of atomic energy may be creeping back into favour. The Dounreay reactor could help this process by urging the Atomic Energy Authority to find ways of using its plutonium (p. 380).

London's planners should start thinking about practical means of ensuring that tall buildings do not end up as sore thumbs (p. 347).

New rules for art exports (p. 340).

HERE TO ETERNITY

The sentencing of a spy to 18 years in jail leaves some questions that should be answered—and others that never can be (p. 335).

The renewal of Britain's dying urban regions must be a first national priority: and to remodel the techniques of local planning could speed the task (p. 336).

There should be second thoughts about cutting back the Gurkhas (p. 343).

Detailed contents on page 327

INSTANT HOLLAND



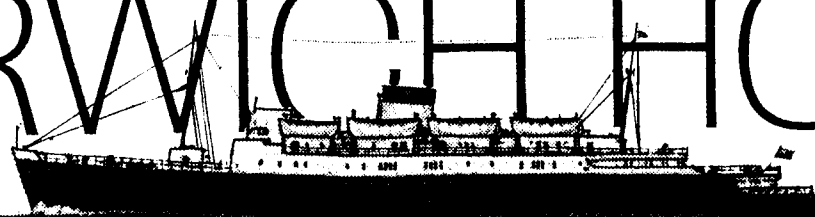
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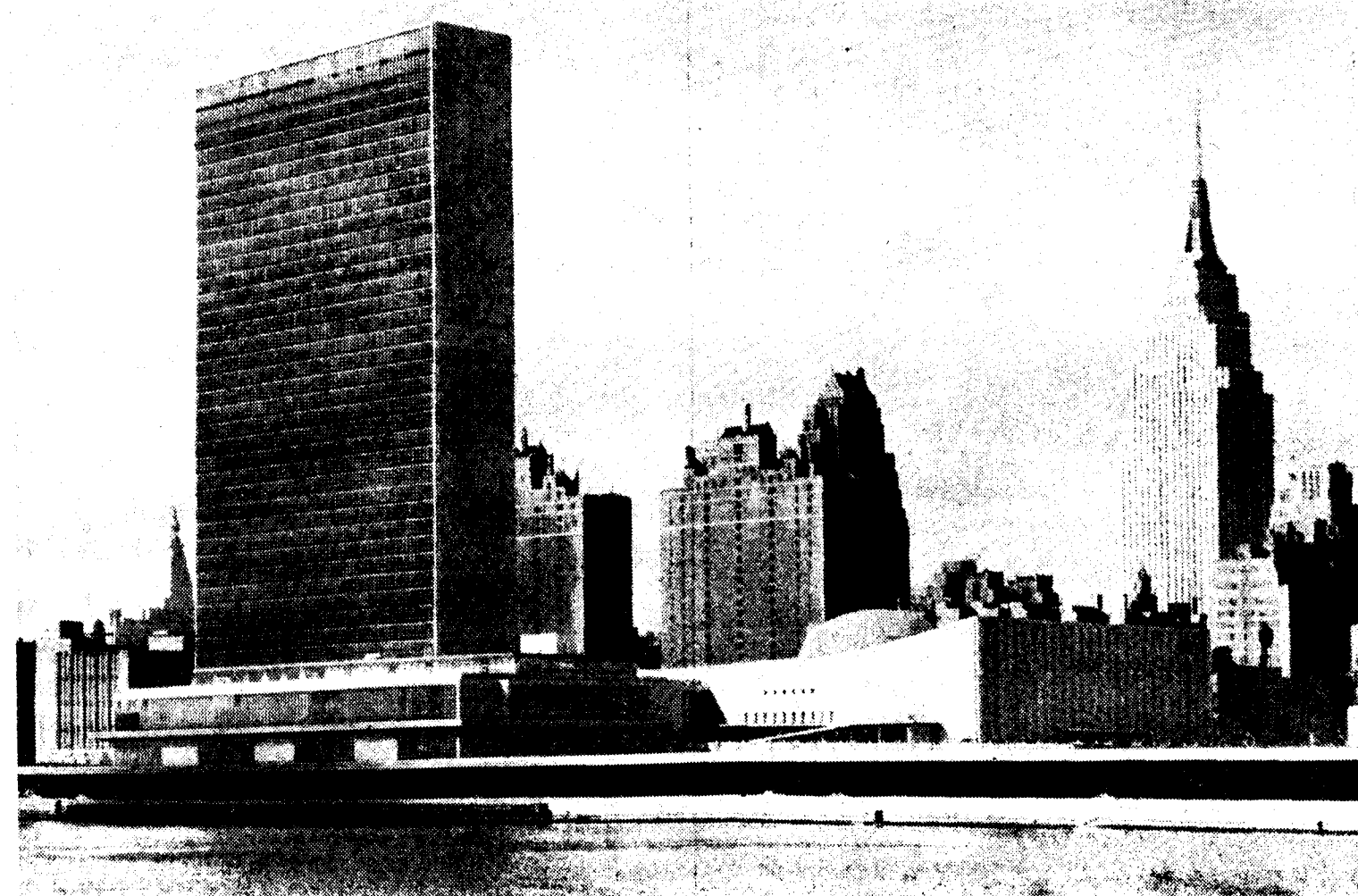
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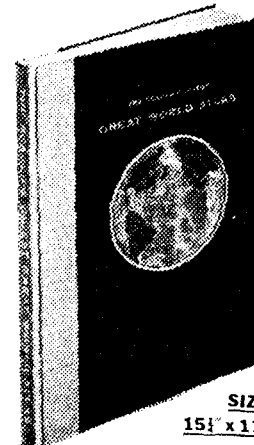
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"Book of Psalms, Dad; and you've got your quotation right as well. Fifteen all!"

"Son, where's all this cross-talk taking us?"

"Back a hundred years to 1862, Dad!"

"A memorable year, Son, for, amongst other things, the birth of Debussy, the capture of Garibaldi, and the then highest recorded ascent in a balloon!"

"And, Dad, for the earliest recorded advertising leaflet of the Patent Plumbago Crucible Company, forerunner of The Morgan Crucible Company. It claimed that they sold crucibles to Mints in Australia, India, France, Russia and elsewhere!"

"Quite a performance for those days, Son!"

"Yes, Dad; and, what's more, this leaflet was printed in English, French, German, Swedish and Spanish!"

"And we're still talking today about the need for English exporters to use the customer's language, Son. Well, well!"

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"I suppose there's no danger of their getting smug, Son, is there?"

"Hard to say, Dad; but they've reason to be proud of their past achievements, I think!"

"Then what of the future, Son?"

"Well, Dad, between 40% and 45% of The Morgan Crucible Group's sales are now outside the U.K., made up of nearly all the products manufactured in the U.K.—carbons, pots, Crucilite elements, refractories, resistors, colloidal dispersions—and of those products manufactured by its overseas subsidiaries; and they aim to keep it that way!"

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"Indeed they do, Dad. And the verdict of the world is conclusive!"

"St. Augustine, Son!"

"Correct, Dad. Wasn't it also he who prayed: Give me chastity and continency but do not give it yet?"

"Son, I hardly think..."

"Don't worry, Dad; I only wanted to say that there's no containing Morganite Exports Limited, and as for being chaste—well it's they who do the chasing!"

"Son—you're incorrigible!"

With apologies to Harold Wincott

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Cyclone
Cuba

FOR the moment, though it is impossible to be sure that what is written on Thursday afternoon will continue to be true on Friday morning, the worst dangers that might have flowed immediately from President Kennedy's decision to impose a blockade on Cuba seem to have been averted, or at least put off. The acting secretary-general of the United Nations, speaking for practically every member of that body, has appealed to both the United States and Russia to steer clear of actions that could lead to the shot that would be heard around the world until they have had a chance to talk things over. Mr Khrushchev, in his sensibly worded message to Lord (Bertrand) Russell on Wednesday, has shown a keen awareness of the dangers the world is running, and an apparent willingness to negotiate with Mr Kennedy. So far there has been no clash in the Caribbean between Russian merchant vessels and American warships, and if the sense of Mr Khrushchev's remarks to Lord Russell has been transmitted to the Russian captains there may not be a clash—at least in the Caribbean, at least just yet.

Some Americans, but we hope not Mr Kennedy, may be tempted to interpret these developments in what could well be a dangerously wrong way. They may be persuaded that by forcing a showdown over the shipment of Russian arms to Cuba the United States has publicly and triumphantly made Mr Khrushchev back down; in other words, that the United States had achieved that decisive victory in the "contest of wills" which the extremists of both East and West have been pursuing, like a will o' the wisp, for years past. If this interpretation were adopted by Mr Kennedy, certain conclusions would inevitably be drawn in Washington. The Americans would decide that they could press ahead with their demand that the Russian missiles already in Cuba must be dismantled, and if necessary enforce their will by military action. They might also reason that, having bent Mr Khrushchev's will over Cuba, they no longer needed to fear a showdown in, say, Berlin, on the principle that one backing down by the Russians would inevitably lead to another.

This could be perilous reasoning. For one thing, the possibility of the fatal spark being struck in the Caribbean has not yet vanished, or even seriously diminished. Mr Khrushchev's feeling that he cannot make a "confession of weakness" (how it twists the heart to hear these identical phrases tripping from American and Russian tongues alike) may yet lead him to try to push a ship or two through the blockade to Cuba; just as the western powers would probably feel obliged to push a convoy or two up the Berlin autobahn if the Russians imposed a blockade there. There is also the ominous possibility, mentioned by our Washington correspondent on page 359, that the blockade does not mark the end of American plans for action against Dr Castro's island. If Mr Kennedy is really as alarmed as he says he is by the arrival of Russian missiles in Cuba, the reports that he would like to winkle out those that got there before the blockade was imposed may yet receive a grim confirmation.

But let the very best be assumed for events in and around Cuba. Take it that Mr Khrushchev will realise that he does not possess sea and air power enough to maintain his position in the Caribbean, and that he will back down from his commitment to Dr Castro rather than face a conflict on the Americans' home ground. The real weakness of the theory that the Russians, once humiliated, will be twice shy of causing trouble either in the Americas or anywhere else lies

in the metaphor Mr Khrushchev used to Bertrand Russell on Wednesday: "If one tries to mollify a robber by giving him first one's purse, then one's coat, the robber will not become more merciful, will not stop robbing." One can reject this interpretation of the Americans' policy in Cuba, while still recognising the extraordinary similarity between these words and the feelings that led Mr Kennedy to act last Monday night. Neither East nor West, in short, can expect the other to keep on backing down in a series of encounters. If one of the antagonists backs down in one place, it simply increases the chance that he will seek compensation somewhere else.

IF a momentary breathing space has been won, as seems possible, the real conclusion to be drawn is not that Mr Khrushchev is acknowledging a general defeat (he cannot) but that he is now making up his mind whether to negotiate seriously over the whole tangle of issues—Cuba, Berlin, and other matters as well—or to prepare a counter-blow. The aim of those who prefer settlements, even partial and uneasy ones, to showdowns should clearly be to steer the course of events towards the first of these alternatives: negotiation, at whatever level is necessary, involving compromise if need be, before a counter-blow calls forth a counter-counter-blow.

"We cannot give ground to force, for that would be a confession of weakness"; thus Mr Khrushchev to an eminent Belgian interviewer, Mr Raymond Scheyven, in an interview published this week in a range of western European newspapers. Mr Khrushchev was talking in the context of Berlin, where the deployment of physical force favours him. With the challenge transferred to the Caribbean, where it does not favour him, what sensible course can he take but to back down? But, if back down he must, it will involve him in abandoning a chosen ally and willing disciple in circumstances as directly and obviously humiliating as they can be made to be. No point for him, after that, in pursuing the long, laborious dialogue (Thompson and Gromyko; Gromyko and Rusk; Adzhubei and Kennedy; McCloy and Khrushchev; Gromyko and Kennedy) that has been, with all its limitations, the most notable contribution of the Democratic Administration to East-West diplomacy. The theory that represents Mr Khrushchev as needing only to be convinced of American willingness to go to war, and he then will negotiate in earnest, is too facile. Without doubt he has been aware of that willingness for long enough. Being aware of it, he has gone very, very slowly with his own plans for Berlin and east Germany. He is not going to regard undignified defeat in Cuban waters as a promising point of departure for a further attempt at an accommodation with the United States.

CUBA

Aspects of the Cuba Crisis discussed on other pages are . . .

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Only with great good luck will the international hunt for a compromise that is now on yield such a point of departure. If it does not, Mr Khrushchev would seem compelled to do something else to restore the balance of humiliation. Where? Mr Kennedy's broadcast clearly anticipated that it might be in west Berlin, to whose "brave people" he gave a particular assurance that American action would meet any move against them. So it may be. Berlin's closeness to the central field of east-west conflict, which is still in Europe, speaks for that possibility; so does the obvious fact that the normal functioning of Berlin under western protection depends not only on communist tolerance but, in various fields of administration and communications, on active communist co-operation. Thus the communists can, if they choose to be resolute and circumspect, render the western position in Berlin difficult (and even, perhaps, humiliating) while still leaving it to the West to take, or to draw back from, the step into war. Some possibilities there are discussed on page 334.

EVENTS may soon show whether Berlin is to be the next point of conflict. But the West cannot take it for granted that it will be; to do so may be to underestimate the fundamental character, in strategic terms, of the issue upon which Mr Kennedy has chosen to throw down the gauntlet. The basic American challenge is contained in Mr Kennedy's assumption, restated in the American resolution before the Security Council and by Mr Adlai Stevenson in submitting it, that a ground-to-ground missile sited with Soviet connivance in the western hemisphere is "offensive" and an intolerable threat, whereas an American-controlled missile sited in the eastern hemisphere is a normal defensive precaution, which the Russians must live with.

The fact that most people in western Europe and North America would heartily concur in both these propositions is not really to the point. The two propositions express, the one the Monroe doctrine of excluding European intervention from the western hemisphere, the other the Truman doctrine, the military containment of Soviet power along the periphery of the communist world. Mr Walter Lippmann wrote on Monday that the United States was not now omnipotent, and could not therefore enforce both doctrines at once, one in each hemisphere. It needs to be remembered that in 1947, when the Truman doctrine was adopted, the monopoly of nuclear weapons, added to its overwhelming economic preponderance, made the United States more nearly omnipotent than any modern power, at any rate, has ever been.

This is so no longer. The Americans still possess preponderant military power, but that is not the same thing; to make their will effective, they have had to resort to increasing frequency to the threat of war. It is not a threat to be used too often in too many places, as the Russians doubtless see. Berlin's best hope of an undisturbed winter may lie in the possibility that the Russians will see in an assault on the system of containment the most appropriate response to this week's enforcement of the American protectorate over the western hemisphere. They may prefer to attack containment where it is weak and extended, somewhere along the southern borders of the Soviet Union from, say, the Bosphorus to Pakistan. This is a region where military and political means might, without great difficulty, be com-

bined and the onus of resort to the ultimate weapons left to the West.

WHAT practicable alternative exists to a spiralling outward from the Caribbean storm centre? If one can be found, it must take the shape of a device that enables the disputants, whose prestige is now as heavily involved as their military interests, to back away from their perilous confrontation without having to eat dirt and with some element at least of reassurance to take the edge off their immediate and most pressing fears.

Whether anything of the kind is possible depends primarily on two questions. First, do the parties mean everything they have said about facing a decisive showdown, or have they really been drawn by miscalculation into more extreme postures than they would have wished? If the latter is the case, their public show of resolution may conceal a real preference for a form of disengagement. Second, can they be spared the appearance of surrender? Neither of the great powers can be expected to yield simply at gunpoint. A less undignified backward bowing can be achieved only by bringing in the element of persuasion by third parties. Mr Kennedy seems committed to maintaining the "quarantine" until UN inspection teams report Cuba clear of nuclear arms: Dr Castro has apparently rejected all idea of international inspection. Are these positions absolute? Might America conceivably accept a control that left Cuba with an armament sufficient to deter an American attack but not capable of devastating the United States? Would Castro really repel an inspectorate

that turned out to be manned mainly or wholly by the non-aligned countries with whom he proudly associated himself at the Belgrade conference last year?

Whatever the possibilities, it became clear within a few hours of the onset of Cyclone Cuba that the place to seek them was the United Nations. And there, as on earlier occasions—the Lebanon-Jordan crisis of 1958, which set a somewhat similar problem in disengagement, comes to mind—they are more to be sought in the anxious activity behind the scenes than in the clash of public debate (the interruption of which for a UN Day concert on Wednesday was perhaps all for the best). The likely transfer of the formal proceedings from a Security Council in which Russia can veto any American move, but cannot hope to carry its own proposals, to the 110-member Assembly, in which neither the American nor the Soviet-Cuban case can be expected to win resounding support, will not alter this essential point.

Already the acting secretary-general, U Thant, has offered his personal good offices to the disputants, and has appealed directly to Mr Kennedy and Mr Khrushchev to suspend, respectively, the blockade and the shipping of arms to Cuba, for a period of two weeks that would permit of negotiation. A large group of non-aligned states has been discussing a draft resolution which would ask all parties to do nothing to aggravate matters and to consult with U Thant at once. But as a source of such de-fusing initiatives, effective or not at first shot, the United Nations was never more urgently needed than it is this week. If it did not exist, it would now be necessary to invent it—if there was time.



The temptation to gloat over India's present predicament should be resisted

India's Ring of Troubles

INDIA'S difficulty is a beguiling opportunity for some of its critics in the West. The sight of Mr Krishna Menon declaring that "We will fight to the last man and to the last gun" is bound to evoke, if not gibes, at least some dry smiles. In the years when the Atlantic allies were closing ranks against the Soviet military power which they saw threatening western Europe, Mr Nehru's government emerged as the most vocal—and thus, to the allied countries, the most irritating—apostle of non-alignment. Western leaders, preoccupied with evidence of the communist powers' expansionist aims and bad faith, detected a blend of hypocrisy and folly in India's insistence that its relations with those powers were firmly based on the famous *Panch Shila*: the five principles of trustful co-existence that were first framed in the 1954 Tibet agreement between India and China, and later elevated to a near-universal dogma. Now, with the Chinese army relentlessly driving through India's Himalayan defences, various voices are raised to say, in effect, "We told you so."

The Chinese action of the past week is discussed in more detail on page 369. Mr Menon has branded it as "naked and large-scale aggression." It is not the only factor (though it is, of course, much the most serious) in India's present

predicament. There is trouble, quite literally, on every side. An exchange of fire has taken place this month across the Pakistan border, where there has also been renewed movement of refugees and expellees. In Kashmir, ominous rifts have appeared in the state government even while the long-delayed trial of the deposed leader, Sheikh Abdullah, recalls old dangers and evokes new murmurs. Raids into Nepal by exile groups that support its imprisoned ex-premier, Mr Koirala, have resulted in counter-raids into India as well as in a sharp worsening of India's relations with King Mahendra's government. Along the Burma border, the "pacification" of the rebellious Nagas has stretched out for seven years in spite of repeated official assurances, only too reminiscent of Algeria, that the revolt had reached its "last quarter of an hour." In the south, the Tamil separatist movement is still making slow but disturbing headway. Mr Nehru's visit to Ceylon this month has not, as some expected, opened a way to the solution of the problem of the large Indian "stateless" community there.

Delhi's troubles are naturally gratifying to Peking, which has gone out of its way to publicise them through broadcasts and press services distributed internationally, and to exacer-

bate them by ostentatious gestures to Nepal and Pakistan. For westerners to find satisfaction in them, on the other hand, would be short-sighted as well as small-minded. Pakistan is allied to the western powers, but their true interest lies in seeing Pakistan and India reconciled with one another, whereas China has every reason to foment ill-will between them and to keep their disputes unresolved. Likewise, the West has no conceivable interest in bad blood between India and Nepal, and its refusal to take sides in their present quarrel, however disappointing to King Mahendra's hopes of getting Britain and America to put pressure on Delhi, has been wise.

WITHOUT any doubt, India has made some serious mistakes. It has mishandled the Nagas tragically, and failed to take due account of Nepalese sensibilities. Faults may be found in plenty, and on both sides, in the tangled record of its feud with Pakistan. Britain's share of responsibility for the creation of the original imbroglio must be frankly admitted by anybody in this country who ventures to comment on the present problem; but, having done that, one may fairly argue that India, as the larger, stabler and better equipped of the two who make this quarrel, has a special obligation to show more than its share of forbearance and generosity.

Has Delhi committed a fatal error, on the other hand, in showing too much forbearance toward China? Many of Mr Nehru's critics, inside India as well as elsewhere, would say so. Now that the prime minister speaks of "five years of continuous aggression," he is receiving embarrassing reminders of his earlier persistence in playing down the threat to India's northern frontier, of his addiction to the theme that friendship between India and China was indissoluble after millennia of peaceful contact. In the purely military sphere, there seems little doubt that the defences of the Himalayan frontier would be in better shape today if the danger had been more frankly faced at an earlier stage. But it is less easy to answer the political question whether India as a whole (and Mr Nehru's utterances reflect its moods quite as much as they shape them) could have been galvanised into vigorous action against the Chinese before they showed their hand as plainly as they are now doing.

Physical geography plays its part here. Faith in the Himalayas as an "impassable" protective barrier long rested on impressive evidence. But the political atmosphere of newly independent India in its first years was surely more important. Inevitably, the most intense suspicion was reserved for anything that smacked of an attempt to undermine the new-won independence by attaching India to western policies. The very creation of Pakistan, although recognised as inevitable by the Congress leadership, was suspect as a possible "divide and still, somehow, rule" gambit; and suspicion deepened when Pakistan was wooed and won over to alliances with the West which some of its leaders plainly regarded less as bulwarks against communist expansion than as devices for strengthening their hand against India. Westerners resented the "holier than thou" of India's disdain for military precautions which they deemed vital. They tended to overlook the fact that the Indians were still involved in the psychological struggle to resist the appeal to "loyalty" that lingered from the days of the British Raj. The circumstances of India's achievement of independence made this struggle a more complex and painful business for them

than it was for, say, the Indonesians or the Burmese.

Each warning against China that came from a western source—and India was given many such warnings—tended, therefore, to set up a contrary reaction. Was not China standing up boldly and impressively against western domination? In India, admiration for the new Peking regime's achievements was not by any means confined to communists and their fellow-travellers. Disenchantment came slowly, for any Indian who returned from China with eye-witness evidence about the darker side of Mao's moon was vulnerable to the charge that he was toadying to western hopes of setting the two great Asian countries against one another. The idea that Indian reluctance to think ill of China has been solely due to sinister machinations perpetrated by Mr Krishna Menon takes no account of this widespread attitude among Indians of many shades of political belief: an attitude of more significance in this context than the Gandhian gospel of non-violence, which, it should be remembered by those inclined to mock India when it defends itself as readily as they would do if it failed to defend itself, was never accepted either by Mr Nehru or by Congress as a whole as an all-embracing philosophy.

THE angry rallying of national sentiment which China's new onslaughts have evoked is a reminder that *ahimsa* is not the only thread in Indian political tradition. Was Peking itself misled by too great a faith in Indian attachment to non-violence? If, as has been suggested, the Chinese aim is now to humiliate India and serve warning that it is foolish for anyone in Asia to oppose himself to Mao's might, it is nevertheless surprising that Peking did not foresee that such a course would stiffen Indian resistance. In the earlier stages of Chinese encroachment in the Himalayas, there were awkward rifts between those Indians who demanded a vigorous response and those who urged caution. Now the ranks have abruptly closed. The crisis should ease Delhi's perennial task of restraining the many forms of separatism that plague the huge country. Already Mr Menon has publicly rated China's offence as much more serious than Pakistan's. Confusion is now confined to the unhappy ranks of the Indian Communist party, whose heightened dilemma has been reflected in Moscow's decision—at least until this week—to spare Soviet newspaper readers the pain of reading about the Himalayan fighting.

Obscure though Peking's aims are, it hardly seems that it can profit China to drive India into such massive anger, and to alienate, in varying degrees, the non-aligned countries as a whole; unless, that is, it is really part of the Chinese plan to expose and discredit India in the eyes of those countries by forcing it into the arms of the western allies. Even if this somewhat far-fetched assumption were valid, there would seem not the slightest hope of such reasoning being proved justified. India's leaders have made it very plain that, while seeking the military equipment they need wherever it is to be found, they are not going to throw themselves into the West's embrace. They have also, as it noted, thanked Mr Khrushchev politely for his suggestion, made last Saturday, about negotiating a settlement with Peking, and firmly restated that there can be no negotiation under duress. India, with all its troubles, is not going to be easily budged from its independent stand.

Split over Ulster

How far does Northern Ireland's unemployment problem spring from the fact that it cannot pursue a more independent economic policy?

THERE are two good reasons why everybody in Britain should pause to consider the economy of Northern Ireland. First, this is a part of the United Kingdom which has had a persisting unemployment rate in the last decade of between 6 and 10½ per cent, and it would be appalling to assume (as in places some of the widely split signatories of the Hall report, Cmd 1835, come near to assuming) that almost nothing can be done about it. Secondly, Ulster's story is full of economic lessons for Great Britain itself—among other things, lessons about how far economic integration between Britain and Europe should be allowed to go if Britain enters the common market.

The Hall committee (composed of Northern Irish and English civil servants, but with a recently retired Economic Adviser to the British Government as outside chairman) is crystal clear about Ulster's economic disadvantages: they are "remoteness, a small domestic market, and a lack of home supplies of raw materials and fuel." If Ulster is to be competitive with the rest of the United Kingdom, therefore, "other elements of cost (i.e. costs other than those of transport and material, and to some extent costs related to economies of scale) should be lower than they are in Britain." The cost of new capital in Ulster is in fact lower; thanks to the province's extensive schemes of capital assistance (largely subvented by the British taxpayer), businessmen sometimes have to pay less than one-third of the real gross cost of the new investments that they undertake there. But wage rates—which clearly ought to be lower in a country with heavy unemployment—are approximately the same as in Britain though earnings work out 10-20 per cent less. "This is mainly because 80 per cent of the organised workers in Northern Ireland belong to unions based on the mainland," and their wages are often determined under settlements covering the United Kingdom as a whole.

THE committee permits itself a snort of protest at this absurdity, which helps to keep total costs per unit of output in underemployed Ulster so uneconomically high. (The point, incidentally, ought also to be noted by those economists who say that there is no such thing as wage push inflation, and who aver that the only thing that keeps costs high in Britain is excessive demand for labour). But, because all the committee's members have accepted as part of their given terms of reference that the existing degree of economic integration between Ulster and Britain must stay inviolate, the only weapons they can suggest for aiding Ulster are further increases in the subventions already given to it by the British taxpayer. The essence of the Hall report was that some members of the committee (perhaps sometimes the radicals, but probably often merely the Northern Irishmen) kept recommending new ways in which these subventions might be increased, in order to push particular costs in Ulster lower; other members, who now seem to have been supported by the British Government on all matters but one, kept on objecting.

On the six main recommendations fought over in the report, *The Economist* finds itself twice on the side of the objectors, twice on the side of the Northern Irish, and twice uncomfortably on the fence. It may be best to deal with these six specific matters first—before going on to ask the central question, which is whether the existing degree of integration between Northern Ireland and Britain may not be entirely the wrong mixture.

(1) The objectors are probably right to resist the suggestion that there should be a large new subsidy for freight services to and from Northern Ireland; this would favour manufacturers of bulky goods, probably the least economic sort of manufactures for Ulster to encourage. The main disadvantages in the fact that goods have to be transported to and from Ulster's factories "by sea and land rather than by land alone" do not seem to arise simply from heavy freight charges. They "arise mainly from delays, handling and consequent breakages, pilferage and the difficulty of tracing components. Many firms appear to find, in consequence, that they have to maintain larger stocks. . . ." (The more one reads this part of the report, the more one becomes convinced that a Britain-in-Europe should press forward with plans for building a Channel tunnel.)

(2) It was surprising that the committee could not reach united agreement on the need to change Ulster's system of fuel subsidies. Until now the use of coal imported from Britain has been subsidised, while fuel oil (as in Britain) has been taxed. This has discouraged conversion to oil, although—because the transport costs of carrying crude oil to Ulster are approximately the same as of carrying it to Britain—oil "appears to be the more economic fuel" for Ulster's special circumstances. Obviously, if fuel subsidies are to continue at all, it would be in Ulster's interests to subsidise all fuels equally; the British Government has accepted this, and fuel oil is now to get the subsidy too.

(3) The objectors are probably right in opposing any increase in the already massive capital grants which are made available in Northern Ireland to individual firms for re-equipment or new investment. One suggestion before the committee—that firms should be able to claim depreciation allowances on the whole cost of any piece of capital investment, instead of only on the amount contributed by the firm—could have reduced the net cost of an investment undertaken by a new business to less than one-tenth of its gross cost. One doubts if the most economic forms of new industry really would come into Northern Ireland when nine-tenths of the cost of any new investment would be paid by somebody else.

(4) The Northern Ireland representatives on the committee wanted new investors in Ulster to be given an option: instead of taking the capital grants as now, they could opt for a new system under which they might be allowed a "tax holiday" on their profits for up to seven years—provided that the maximum amount of tax remitted was not more than twice the amount of the capital grants for which the firm would otherwise have qualified. The firms that would opt for the new arrangement would presumably be those which considered (rightly or wrongly) that they could establish themselves

Another proposal in the Shawcross report—for setting up a special court to inquire into proposed newspaper amalgamations—is by itself difficult to sustain. Prior inquiry into major **business mergers** as a whole would be a different matter, but present indications are that the Government is not minded to set up courts for this. However, it is known that the Government has been considering a review of the whole present state of monopolies and restrictive practices legislation; it is frankly impossible—at least within the scope of a short article—to offer crisp suggestions about this until some hard new Government proposals are available for comment.

The nature of the Jenkins report on company law did not make it likely that any new general new company legislation will be introduced this session. **Protection for depositors**, and control over solicitation of deposits by various forms of companies, is probably the most urgent problem here; but this was not looked at by the Jenkins committee in detail.

THE Government should certainly be urged to press forward this session with legislation to prepare the way for election of a Greater London Council and to reorganise the **government of London**, as recommended in the Herbert report of 1960. This is a hot political potato, because Labour is furious at the idea that the GLC (unlike the existing Labour-controlled London County Council) will contain sufficient plush suburban electors in its domain to make it probable that the new council will initially be elected as a Conservative one; while many of the existing Conservative councillors in those plush suburbs are equally furious at the idea that a Greater London Council should have power to

initiate some large-scale redevelopment and planning schemes which will be designed to benefit, not so much their existing suburbanites, but Londoners from less fortunate areas. But the Government has a duty to drive forward past the protests of these strange bipartisan bedfellows of obstruction and reaction. (For further discussion, see our note on "Speeding Renewal" on page 336.)

The other bills generally expected to be in prospect will hardly set the Thames at Westminster afire. The Government should introduce new legislation on **water conservation**; here again the emphasis should always be on efficiency, and never merely on the placating of existing interests. This year's row at Winchester may lead to the introduction of a bill about **underground gas storage** (a subject on which the Gas Council should not be blocked, but should be told to behave better). There are said to be two or possibly three technical Scottish bills due to be introduced (where the parliamentary task of the new Secretary of State for Scotland will not be made any easier by the fact that the Conservatives now have no Scottish legal officer in the Commons). Now that the three main international airports—London Airport, Gatwick and Prestwick—are within sight of paying their way as a group, the Ministry of Aviation is expected to present its long-awaited bill to put them under the control of an **independent airport authority**, something that it was, sensibly, unwilling to do while they needed a subsidy. Thus the Government intends to get out of the controversial business of day-to-day airport management; the smaller provincial airports at present run by the Ministry should then either be taken over by local authorities or closed down, although special agency arrangements have been promised for the handful of "social service" airfields (many of them little more than strips of sand in Scotland and the Scilly Isles).

NOTES OF THE WEEK

BRITAIN AND CUBA

England for U Thant

A STUDIED calm, broken only by the cries of youthful demonstrators and the fall and rise of share prices, has been London's ostensible reaction to the sudden Cuban crisis. No British military moves were being made, said the Ministry of Defence on Wednesday. The ineluctable disquiet that a maritime blockade was being imposed in peace time, and that Britain's principal ally, in imposing it, informed but did not consult the British Government, was reflected in the (generally speaking, moderate and unexcited) statement by the Labour party national executive on Wednesday; but its place in Government utterances was marked by silences and omissions, not by words.

Mr Macmillan sustained this reticence when he met the Commons on Thursday for the prorogation. For the American blockade measures he had an excuse and a defence: they were designed to meet a "situation without precedent," and they were "studiously moderate" granted the American contention, which he accepted,

that the Russians were turning Cuba into a base for a nuclear attack on the United States. This was a "deliberate adventure" on the Russians' part; and Britain was supporting the American resolution presented to the United Nations Security Council when the blockade was announced.

Beyond this assurance of solidarity with the United States on the substance of its case against Russia, he refused to take up hasty positions. He discouraged any expectation of a British initiative, such as a trip to Washington or an effort to get a summit meeting under way: he would not take an initiative "merely for the sake of appearing to do something." But he reported U Thant's proposals of Wednesday to the House in full, commended the secretary-general's approach, and said that the United Nations was the best instrument to use just now. Of that "crisis of confidence" in the UN that eminent members of the Government were suffering from not long ago there was, this week, no sign; not even a memory.

CUBA AND BERLIN

The Retaliation Cycle

IF Mr Khrushchev decides to retaliate for Cuba at a place and in a manner of his own choosing, and if the place he chooses is Berlin, there are broadly two different things he might do. One would be to slap a blockade of his own around west Berlin. The merit of this, from his point of view, is that it would draw the parallel with Cuba as pointedly as possible. The east Germans, after all, have long complained that the city is used as a base for offensive operations against them, even though these operations are not the military kind the Americans say they fear from Cuba. It would then be open to Mr Khrushchev to offer to lift his blockade if Mr Kennedy lifted his.

The disadvantage of this method of retaliation, on the other hand, is that it would immediately face the Americans with the necessity of deciding whether or not to try to break the Berlin blockade, and (if they tried and failed) whether or not to counter-retaliate with nuclear weapons. It is the all-or-nothing method. The pressure on Mr Khrushchev to choose this method will, however, be increased if the Americans

follow up their blockade of Cuba with a military attack aimed at removing the missiles already in the island—as reports from Washington on Wednesday said they might.

The alternative is for Mr Khrushchev to speed up the signing of his separate peace treaty with east Germany. That this peace treaty is not designed to be a mere formality was confirmed in an interview Mr Khrushchev gave on September 18th to M. Raymond Scheyven, a Belgian member of parliament, details of which were given in the Cologne *Deutsche Zeitung* on Monday. Mr Khrushchev explained that the peace treaty would declare west Berlin to be a "free city," and would "liquidate the Nato military base" there. Some action to enforce these claims can almost certainly be expected to follow the putting of pen to paper on the treaty. But the range of possible actions would be considerably wider than the sudden, all-or-nothing, imposition of a blockade. The communists might start, for instance, with a simple demand that American convoys going to and from Berlin should submit to east German, instead of Russian, inspection.

For the last four years it has been the aim of western diplomacy to persuade Mr Khrushchev to keep on putting off the moment when the West might be obliged to choose between accepting a major humiliation (the surrender of west Berlin, or—for those who regard this as a humiliation—the acknowledgment of east German sovereignty) and beginning military action. But the American action over Cuba may very likely have the contrary effect of hastening this fearsome moment. If Mr Khrushchev is obliged to climb down over Cuba, the chances that he can be persuaded to climb down over Berlin as well are pretty small; each side can perhaps be expected to put up with one serious loss of face, but neither can really expect the other to put up with two. The effect of pushing things to this point might thus be either, in effect, an exchange in which the West would get the worst of the bargain; or war.

CONGO

Chaos is Come Again?

THE slow and patient work done by the United Nations and the Americans in the Congo may all soon crumble to nothing, leaving the country in chaos once again and Katanga a victorious separate entity. The first reason for believing this is the apparent instability of the central government in Leopoldville, where the prime minister, Mr Adoula, seems to feel forced to placate his left wing by not appearing too soft on Mr Tshombe, the leader of Katanga. Thus when Dr Ralph Bunche, of the United Nations, arrived in Leopoldville on October 22nd, he found a belligerent-sounding Mr Adoula, a man apparently un-

willing to accept a compromise formula for the patching-up of relations between the central government and Katanga. The truce agreed in north Katanga a week previously had been repudiated and Mr Adoula was explaining that he could not always argue successfully against the more impatient members of his cabinet. Thus there seems to be an increased danger that Mr Adoula's government might founder; no one can say how long it would take to gather together another government from the disparate elements of Congolese politics.

Leopoldville's troubles apart, things seem generally to be working in favour of Mr Tshombe. Most of the United Nations troops in Katanga are Indian, and it cannot be certain that the Indian government will allow them to stay, or fight, while hostilities between India and China continue. Again, by diverting world attention (and United Nations time) from the issue, the Cuban crisis is working for Mr Tshombe. There is a belief abroad—especially in Leopoldville—that the American government is wavering in its determination to bring Mr Tshombe to heel. If this is so, it may be that President Kennedy felt that it would be as much as Washington could do to concentrate on Cuba and its side-effects, without simultaneously putting economic pressure on Katanga against the real wishes of its British and Belgian allies. Finally, a dangerous theory seems to be gaining ground in Britain: that Katanga is best kept under Mr Tshombe in the interests of strengthening "multi-racial" (i.e. white-influenced) government in central and southern Africa. This theory might be exploded by an African nationalist victory at the polls in Northern Rhodesia on October 30th.

For all these reasons the United Nations plan for the Congo, announced by the acting secretary general, U Thant, on August 2nd, has apparently flopped. None of Mr Thant's conditions have been met by Katanga, although his time-limits have run out. The threat to enforce compliance by Katanga by means of economic sanctions has not been carried out. The repercussions may be felt in Leopoldville—and all the Congo—soon.

SPY CASE

Quis Custodiet?

IT is a bit hard on the security services that they always come in for a newspaper drubbing whenever they actually catch a spy. Inevitably, however, the latest case—the sentencing of another Admiralty clerk to 18 years' imprisonment for passing secret information to the Russians—raises many questions, only some of which can be answered satisfactorily by the three-man committee of civil servants which has been set up to inquire into the case. The answerable ones will concern, presumably, the responsibility for any neglect of standard

security procedure among those for whom William Vassall worked. The unanswerable ones have been asked by most newspapers, and will also be asked in Parliament: why are the British so complacent that nobody thought twice about a £700 a year clerk, a homosexual who had worked in Moscow, who was living in a Dolphin Square flat where he must have been spending more than £700 a year. To this might perhaps be added a further question: how did it come about that a man of 38, acting as personal assistant to the Deputy Director of Naval Intelligence, with access to important secret documents (and the concomitant burden of responsibility), earned only £700 a year—less than a good typist in the commercial world?

Inevitably, after this case, some influential, if unofficial, quarters, are suggesting again that the present security system—whereby each office takes care of its own arrangements (a system "effective within its limits" according to the Radcliffe committee)—ought to be scrapped and replaced by a centralised system operated by the security service. This would surely be a mistake, not merely because of the dangers of abuse in such a big brother system, but because such remote control would almost certainly be inefficient. Presumably there is some sort of overseer security system in the British Embassy in Moscow; but it was there that this particular tragedy began. Someone ought to give more thought to the strains on junior and clerkly men in uninspiring posts in embassies abroad, where the sometimes rather hierarchical system of embassy friendships, the round of official receptions, routine paperwork and empty strolling among the native population, far from being "the envy of any bachelor in England," is only too liable to lead them to look for excitement and companionship in dangerous places: the beastly story of Vassall's framing and subsequent blackmailing by the Russians shows that the Soviet spy service certainly has thought about those strains, and capitalised on them.

SOUTH ARABIA

Yemen Hopes

YEARS of solitary confinement in the Imam's dungeons have helped Brigadier Sallal, the prime minister of Yemen, to grasp the essential without, it seems, impairing his humour. While his ministers have been attacking Britain, "the real enemy of the Yemeni people," for the tribal skirmishes on the frontier between Yemen and the Aden protectorate, the brigadier has commiserated with London for being stuck with an embarrassing responsibility towards the "merchant" Sherif of Beihan. A month after the coup, Yemen's revolutionary regime seems to be in sufficient control of its territory for Britain to exercise its customary criterion for the recognition of new governments. So far, west Germany is the

only western country to recognise the regime. It would be a pity if the incident on October 22nd, when a Yemeni aircraft bombed a village in Beihan, killing a child, and the subsequent movement into Beihan of troops of the South Arabian Federation army (led by British officers), results in a further delay before Britain decides to recognise that the Yemen revolution has come to stay.

Fighting in the north of Yemen has died down, and Brigadier Sallal has invited foreign correspondents to visit the area—if, that is, they could face the journey. The Yemenis, who now, according to Cairo, have the help of "an effective Egyptian striking force," claim to have scattered the counter-revolutionary reinforcements that came over the frontier from Saudi Arabia. But Imam Mohammed Badr (Prince Hassan gracefully abdicated his claim to the imamate when the evidence showed that his nephew had really risen from the presumed dead) is intent on rallying the loyalist tribes, and Mecca radio relays his messages from "somewhere in Yemen." While it is highly improbable that he will succeed in overturning the new regime, the uncertain security adds to the turbulence of change.

The prime minister does not disguise his bafflement before the towering load of problems facing a reformer in Yemen. When he was asked about his plans at a press conference on October 21st, he replied simply that he did not know where to begin. Diplomatic recognition was needed as a preliminary to asking the western governments for technical aid. He expressed his friendship for Britain and his respect for the present frontiers; it was up to his "brethren in the south," he reiterated, to determine their own destiny.

Aden Doubts

BUT it is the belief that their destiny is being decided for them that distresses so many of the brigadier's brothers in Aden. A queue of worried men have been arriving in London to put different points of view before the Colonial Secretary. The first to arrive, early this month, were three ministers from the South Arabian Federation. They discussed the implications of the Yemeni revolution but insisted, on their return to Aden, that there could be no going back from the proposed merger between the colony and the federation. They were followed by the colony's minister for education and information, who came to London ostensibly to discuss television but seems to have stayed on to talk about more controversial affairs. Finally, Sir Charles Johnston, the governor of Aden, spent last weekend in consultations with the Colonial Office.

The merger has been accepted by the South Arabian federal council and by Aden's legislative council. It has still to pass through the British Parliament, and it is this

NOTES OF THE WEEK

process that may provide an opportunity for second thoughts. The issue at stake is not whether British politicians think the merger a good idea (which it basically is) but whether the Adenis themselves should, first, be given a say. The present legislative council is not, because of boycotts and a restricted franchise, representative; the elections that were due in December have been strategically postponed for a year. It is this suspicion of fast practice that, more than anything else, led to the wave of disturbances and strikes in the colony, and has made several Aden ministers, who formerly supported federation, uneasy about the consequences.

These doubts have been greatly augmented by the changes in Yemen. The revolutionary ideas blowing out of San'a have freshened Aden's aspirations for self-determination—and independence. If a referendum about the merger, on its present terms, were now held in Aden colony, it would certainly be turned down. This might seem lamentable to the planners who recognise the wisdom of joining the port with its hinterland. But, in the long run, it would be more of a calamity to force a federation on an unwilling Aden. The British Government has already had sad experience of unpopular federations—and also of the futility of maintaining military bases in a country once it has become hostile to British interests.

NALGO

Keeping Out

THE National and Local Government Officers' Association, in defiance of the quietly confident forecasts of its leaders, has voted against affiliation to the Trades Union Congress. To the simple question—to join or not to join—put to them by their executive, 117,312 members voted No and 111,489 voted Yes; over three quarters of the total membership of around 296,000 took part in the ballot. So the largest white collar union in the country is to remain on its own; and the chances that such other middle-class bodies as the National Union of Teachers will join the TUC are diminished. This is a pity—not just because the TUC will be weaker without the white collar men; there are plenty of people who don't want a stronger TUC—but because the arrival within the TUC of the cool-headed, modern-minded, adequately paid men who lead these unions could do a great deal to help the TUC to bring itself up to date.

The most surprising thing about the vote, however, is the extent to which the leaders of Nalگو were wrong about their members' mood. Four times since 1946 the union's membership has been asked to vote on this issue. Each time, as expected, the pro-TUC vote has risen. It was expected that the recent influx of new members, and the (supposedly general) white collar resentment against the pay pause, would be enough this

THE ECONOMIST OCTOBER 27, 1962

time to conquer the town hall men's fear that the TUC is damagingly linked with the Labour party. (At this year's congress at Blackpool the white collar unions within the TUC secured the adoption of a resolution emphasising that affiliation did not involve a party attachment; they objected unsuccessfully to part of an important resolution which called for the return of a Labour government, but there was never any suggestion that they need be bound by this). It is now apparent that even in unions as well run as Nalگو there can be significant differences between the leaders and the militants on the one hand and the solid and much more conservative rank-and-file on the other. In this case, they may have been too conservative; but it is at least a welcome example that the decision was reached by a genuine poll, in which there was participation by so high a proportion of the members.

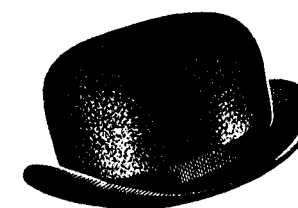
TOWN PLANNING

Speeding Renewal

How and how fast should the blighted parts of Britain's cities be renovated or cleared? Speaking to the Town and Country Planning Association's conference this week, Sir Keith Joseph again promised that the pace of slum clearance (currently about 60,000 dwellings a year in England and Wales) would soon be doubled or even trebled in the areas of greatest need. But the Minister of Housing also recognised that there are two million obsolescent dwellings over 100 years old not covered by the present clearance programme, with another two million dwellings over 70 years old also deteriorating fast. Only a small proportion of these old houses are receiving the palliative of improvement grants, and it seems all too probable that the Ministry's current researches into housing conditions are going to show that slums are developing faster than they are being demolished.

Only a much faster rate of housing replacement—probably something like 200,000 dwellings a year—can prevent the vast legacy of late Victorian housing from continuing well into the twenty-first century; and this is something that an affluent society ought surely not to contemplate. Sir Keith's present intentions do not go beyond considering what form redevelopment might eventually take in the obsolescent near-slum areas (the Fulhams, Hackneys and Islington and their more widespread northern equivalents). But the right ideas, legislation, and machinery for dealing with them ought to be produced quickly.

This is a peculiarly tough problem since most of the redevelopment in these areas will inevitably fall to local authorities and will be extremely expensive. Yet it ought to be possible to get private developers to play an increasing part also if—and it is a crucial if—the present dreary environment (the clogged shopping arteries, monotonous street patterns, absence of trees, grass, or



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playgrounds) is simultaneously reshaped. To prepare the way for this vast task two steps are necessary. One is the reintroduction of Exchequer grants for the comprehensive redevelopment of blighted areas—excluding, however, city centre schemes which should not need support. (In America one of the very few Federal grants to cities is for urban renewal—a just recognition of the importance of this task and of its unequal incidence.) The second necessary step is for local authorities to be large enough to be capable of initiating large redevelopment schemes and of redistributing population over a fairly wide area to minimise “over-spill.” The Minister hopes that current local government reorganisation plans will have this effect—but they will do so only if the new Greater London and Tyneside bodies are given powers enough (a point of much doubt), and if Manchester and Merseyside get similar treatment.

And Renewing Plans

THE town planners' conference also heard from Mr Lewis Keeble and others a dreary tale of effort wasted on ineffective and outdated local plans. Ironically the liveliest local councils (Bedford is an example) seem to push through their redevelopment schemes without the benefit—or burden—of a statutory planning scheme at all. The reasons are twofold. First, a detailed formal plan crystallises opposition and blights property values in ways that can be avoided if the local authority skilfully feels its way. Secondly, the Ministry of Housing takes so long to approve those plans that must be produced (the local development plans) that the quinquennial review becomes due before the plan takes effect—thus increasing uncertainty and putting a premium (from the local authority's view) upon uninformative plans.

The standard ministerial defence is that it is better to get the plans right than to be in a hurry: but with conditions changing fairly fast, and plans anyhow needing review, this defence is not at all persuasive. It is time that the ministry cut down its function of approving plans—and that of hearing planning appeals also—to the volume of work which it can efficiently and expeditiously handle. If this means giving more discretion on some matters to local authorities, the risk should be taken. But still more important is a new inquiry into what kind of plans are really most useful. Some of the present ones seem pointless, abstract exercises—while important creative tasks like redevelopment get too little planning.

EUROPE

Time and the Seven

THE European Free Trade Association has been many things to the British—a stick to beat the Six, a club of loyal friends, at times of late an awkward obliga-

tion. Recently it has been assuming another characteristic, that of a source of anti-common market rumours about the intentions of Britain and the Six. The Six, it has been said, are becoming increasingly reluctant to accommodate even Denmark and Norway as full members; the British, so talk has had it in Brussels and London, have no intention of honouring their obligation to the Efta countries.

The meeting of ministers from the seven countries, which took place in Oslo on Monday, had the task of sitting firmly on the rumours. They had evidently not been taken seriously by the ministers themselves. But public opinion in some of the small countries was in need of reassurance.

Fortunately there is no need to interpret the odd airing of doubts as evidence that the Six are in fact opposed to membership for Denmark and Norway. The “neutral” countries have all along posed tricky problems. And many influential minds on the Continent are exercised by the problem of fitting a large number of countries into a European political union. But none of this implies that membership of the Economic Community is to be limited to the Six and Britain.

The Six, however, are in no hurry to tie up the negotiations with Britain's small friends. They have their hands full, as it is, working out the manifold implications for their policies of British membership. Then, once the British negotiation is complete, a good deal more time will be needed to sort out the problems of the Seven. The time factor could make trouble for Mr Macmillan when he comes to put the common market terms to the country. He may not wish to wait so long. Efta countries might in the end get better terms in negotiation with a community of which Britain is a member, than they could if Britain holds back. But the Conservative party, and British opinion generally, will want to see the terms for Efta sewn up before Britain joins.

EUROPE AND AFRICA

Outward Bound

MANY African and Asian politicians speak of the European common market as a rich white man's club designed to keep the poor coloured nations poor. This is an unfortunate image, as Mr Spaak, the Belgian foreign minister, probably reminded the ministers of the six common market countries in Brussels on Wednesday. Mr Spaak's talk to the ministers came in the middle of negotiations between the 18 (mainly African) countries associated with the common market, and the Six themselves, on the vexed question of how generous Europe is prepared to be.

Mr Spaak was, it seems, effective. Negotiations between the Six and the 18 ended in an atmosphere of some bitterness in July, when the offer of aid made by the Six fell somewhat short of the demands

made by the underdeveloped countries. When the negotiations began again on Tuesday, it seemed that they would once again get nowhere. But after Mr Spaak's address the European offer was raised by \$30 million to \$730 million; this did not meet the original African demand for \$810 million, but it was at any rate accepted. Mr Spaak was not the only comfort in Brussels: the new chairman of the 18, Mr Gustav Anguille, of Gabon, was far more conciliatory than his predecessor had been in July.

Will this happy new atmosphere last? The present time-table for signing the new terms-of-association agreement includes talks in November and, hopefully, lays down mid-December as the date for initialling. Even so, the agreement will probably not be in working order by January 1st when the present agreement lapses; the present agreement may have to be extended. What happens next may depend partly upon how outward-looking the Six now decide to be. It was agreed in principle on Wednesday that the common market countries shall be given tariff preferences in the associated states, but the details of this agreement were left vague—partly to mollify those African ministers who protested that they thought there were no strings attached to the giving of \$730 million of aid. Mr Spaak may have to speak again.

IRISH REPUBLIC

Ireland into Europe?

Our correspondent in Dublin reports:

IT must be many years since the deliberations of the Conservative party were followed with such interest in Ireland. But after the decision at Llandudno, it is now being assumed here that the United Kingdom will join the European common market. The next question, then, is whether Ireland will also be admitted, and on what terms. Mr Lemass has made a round of the capitals of the Six, beginning with the Benelux

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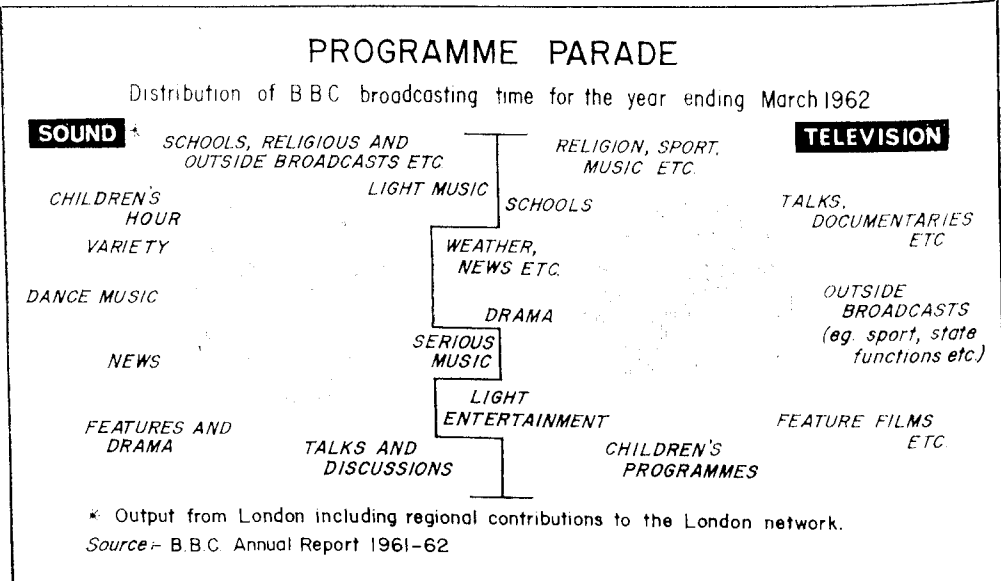
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countries and ending with General de Gaulle and Dr Adenauer. His statements have been optimistic; in some people's view, a great deal more optimistic than can be justified by reports from Brussels which suggest that association might be as much as the Republic can hope for. Association might be better than nothing, but it would be accepted with disappointment. The present mood is set towards a total acceptance of the Treaty of Rome, on which there are probably fewer mental reservations in Ireland than anywhere else. It would be a great pity if this outward-looking spirit were to be rebuffed; and if the Irish application for full membership were to be rejected, not so much on its merits as on account of the community's policy towards the smaller states.

On the economic front, the year has seen a continued advance, though the pace has not been as rapid as in the recent past. The economy has not had any luck with the weather; there have been four bad harvests in the last five years and better weather came too late this year. The cattle trade, although it has recently improved, has been running below last year's level. Much the same is true of the tourist season. On the other hand, industrial production continues to grow. The trade figures for the first three quarters of the year are not as good as those for 1961, but they are a great deal better than was feared. Exports are down by £6 million to £127 million, which reflects lower cattle exports; imports are up by £3 million to £199 million; but external assets have again increased, which must reflect continued foreign investment. There is nothing in this situation to weaken confidence.

It will be interesting to see if Mr Lemass will now proceed to an overall reduction in tariffs as a token of Ireland's ability to live in the common market. Hitherto, he has refrained from any such step (apart from the proposed relaxations in favour of



Northern Ireland producers) lest it would not be taken into account after admission. That danger remains; but there seems a lot to be said for an initial reduction soon. It might be a good ploy to use at Brussels; and it would certainly bring home to Irish producers that the time of excessive protection is running out.

ART SALES

Bottomless Pool?

THE latest hornet's nest in the field of art exports was stirred up by the case of the Rubens modello. This painting, which belonged to Earl Spencer, was offered, at a price unstated, to three public collections. One of them, the National Gallery of Scotland, wished to buy it; but failed to get the necessary Treasury support. The dealers, acting for the owner, then found a private American collector prepared to pay £70,000 for it. They applied for an export licence. The matter was referred to the reviewing committee on the exports of works of art which recommended the withholding of an export licence (as it did in only three other cases last year), in order to give the National Gallery of Scotland another chance to hammer at the Treasury doors. This was of no avail and eventually the picture crossed the Atlantic, but only after a great deal of inconvenience had been caused to all concerned.

This incident has provoked the reviewing committee to recommend in its latest annual report that, in future in similar circumstances, its opinion should be called for as soon as Treasury support is being sought. If such support is not forthcoming, no objection should be raised to an export licence within the following twelve months. This seems sensible enough. The committee's more contentious recommendation is that a fund of £1,000,000 should be set aside by the Treasury to finance grants, where necessary, for purchasing works within the export control. This fund might be

expected to last "for not less than three years," but the committee thinks that it should be replenished automatically when it falls below £500,000. Almost simultaneously, the Government announced that the reviewing committee, with four co-opted members, would look into the procedure governing the sale for export of major works of art by public or semi-public bodies. The whole set of rules, therefore, seems in the melting pot.

Before any Government should even consider making available a largish reserve pool, it should demand answers to at least three questions. How many works of art are there in this country outside public collections on which there is widespread agreement that it would be wicked to let them go? What are the important gaps in the nation's combined collections? Is it impossible for the galleries to raise some money for the proposed fund themselves, by selling pictures by artists who are over-represented in their collections? The standing committee on museums and galleries is due to report this year on the provincial collections. This should form the basis of a wider assessment. The easy persuasion of the argument that art is such a limited commodity that it must be bought as available should not prevent some sensible stock-taking.

NORTHERN RHODESIA

Counting Heads

ON October 30th the four main parties in Northern Rhodesia will fight an election under one of the most complicated constitutions ever cooked up. The complications are so vast that it is worth saying now—before the election is held—that only a count of actual votes won by each faction will mean anything afterwards. The seats won will, of course, dictate which party or combination of parties is called upon to form a new government; but unless the new government can demonstrate, by count-

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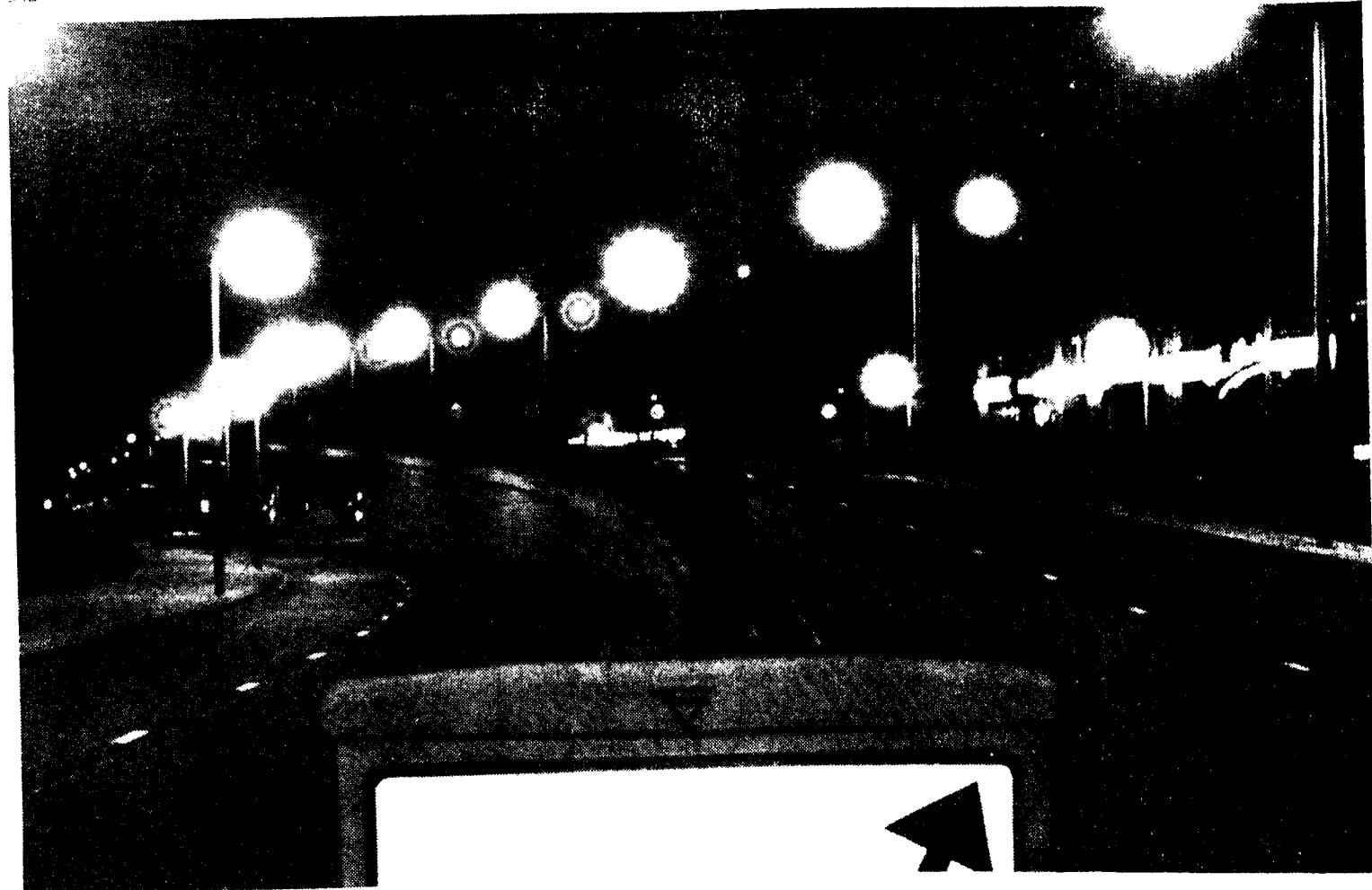
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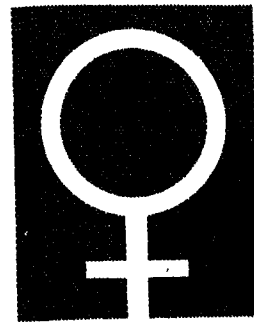
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ing heads, that it has a solid basis of support in the country, then its tenure of office is certain to be exceedingly brief.

The first figures to look for, then, are those that will show whether or not the African nationalist voters are united. If an overwhelming majority of African votes are won by Mr Kenneth Kaunda's United National Independence Party (Unip) then the British Government will plainly have to set Unip on the short road to office and responsibility so successfully traversed by Dr Banda's Malawi party in Nyasaland. But if a large minority, or a majority, of African votes are cast for the opposition African National Congress, the next move will be far harder to decide. The ANC is closely allied to Mr Tshombe of Katanga: an ANC-governed Northern Rhodesia might link its fortunes with Katanga's. This would cause disunity within Northern Rhodesia (since many Africans there oppose Mr Tshombe) and it would call down the curses of the African and Asian world.

The ANC maintains close relations with Sir Roy Welensky's United Federal Party—and the two parties are each leaving certain seats to the other. Because of the complexity of the constitution this could lead to a substantial block of ANC-UFP seats in the new legislative council. If the two parties governed jointly, they might ally Northern Rhodesia with Katanga: this would be especially dangerous if an ANC-UFP government were not supported by a majority of Northern Rhodesians of all races.

The figures to look for next are those that might (computers aside), show white nationalist feeling. If, as is expected, most whites vote UFP (or, where instructed, ANC) it will mean that white resistance to genuine African nationalist control will continue for as long as possible. If there are many votes cast for the extreme right-wing fringe parties, it will mean that this resistance may be tougher than is expected; if the white-led Liberal party or, miraculously, Unip, won many white votes the opposite might be expected. These figures should enable the British Government to see how

easy or difficult it will be to push ahead with the conclusions based on the first figures—those that show African thinking.

Finally, most votes are sure to be cast against the continued existence of the federation of Rhodesia and Nyasaland—since only the UFP is for the federation. On this point, the British Government should find clear guidance on October 30th. But no decisions should be made by talking to any shaky government that might scrape in through the opportunities of a fancy franchise. In such an event, a better constitution ought to be brought in and Northern Rhodesia allowed to try again.

GURKHAS

Whitehall Kukri?

IN spite of Mr Profumo's assurances to his questioners in the House of Commons last May—that no hasty action would be taken, nor any “tampering” done, with the future of the British Brigade of Gurkhas—it is now fairly certain that Sir John Smyth's fears of a 50 per cent cut in the brigade's strength were not unfounded. Mr Thorncroft is said to have approved a plan for the elimination of four of the eight Gurkha battalions at present serving—mainly in Malaysia—with the British Army.

Why? Two of the reasons being suggested sound too silly to be true. One is the Treasury's alleged disturbance over the drain of the brigade on foreign exchange; even Whitehall must know that the greatest of Britain's external problems is not its balance of payments with Nepal, and that it would hardly be an obvious economy to maintain expensive British soldiers in many places abroad when cheaper Gurkhas were available. The other is the suggestion that now the army has got more British recruits some senior officers might prefer to dispense with the Brigade of Gurkhas altogether, in order to stop anybody suggesting instead that there should be any further amalgamations of Britain's too numerous

home infantry regiments. At a time when many British infantry battalions are still below operational strength, and when some national service conscripts are still being kept in the army for longer than originally intended, this sort of insular thinking would be inexcusable.

There are two other arguments that may have more substance. There can be some doubt about where Gurkhas could best be



stationed when Britain's rapidly-diminishing commitments in South-East Asia finally disappear. There is an acknowledged difficulty in using Gurkhas in action against other brown or black men in the Middle East or Africa; there would be even stickier implications in using them against white men in a black country, if Britain ever had to come to that. There is the further possibility that the Gurkhas, among the world's finest foot-soldiers in the type of war the world has known heretofore, may not have quite the same stature in the electronic and mechanical jungle of the nuclear army as they did in more familiar forests. But, if and when any decision to wield the Whitehall kukri is announced, Parliament should certainly be ready to question it hard.

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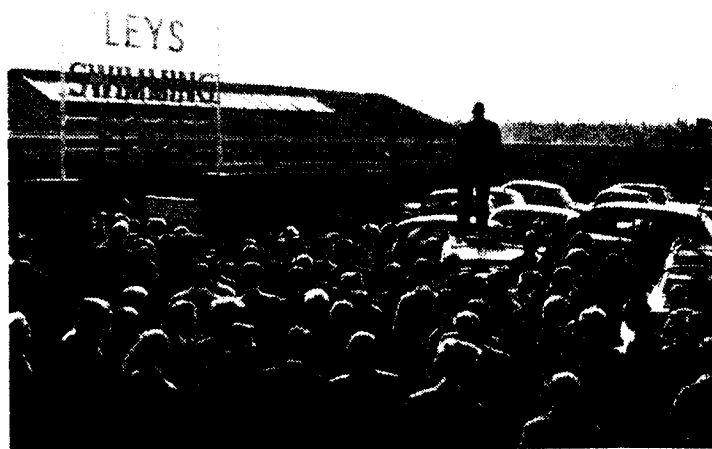
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HOME REPORT

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



Fords in the Frying Pan

FROM OUR SPECIAL CORRESPONDENT

THE dreary landscape of Dagenham—one of the most depressing, even though prosperous, industrial suburbs in the country—has been the setting this week for a dreary conflict between Ford Motors and a persistent group of their 32,000 workers. Most reports of the action, as always in these unofficial strikes that plague the motor industry, have necessarily been wildly inconclusive: journalists, hanging wearily about outside strike meetings from which they were excluded, have heard wafting over the wall such gems of shop-stewardry as an appeal “to stand by the fundamental principle that we meet again on Thursday at two.” But the atmosphere, despite all the irrelevancies, has been unusually decisive. This looks like a fight to the finish.

Fords have announced that, if the men do not go back to work, part of the plant will have to close—with the rather doubtful implication that export work can just as well be done in Germany. The company has also announced that the labour force will in any case need to be cut as a result of the strike. The strikers' leaders, on the other hand, proclaim their intention not to start work again until the left-wing shop steward, Mr Francis—whose sacking, after he had called an unauthorised meeting on factory premises, sparked off the dispute—is taken back on the payroll. They also demand that the national officials of their unions, who, on October 12th, reached a new agreement with the company, come down to Dagenham and explain just what that agreement said. One influential steward, hoarse from addressing a meeting of around 1,000 men—some of them strikers, some idle because of the strike—assured your correspondent that he had not seen a national official of his union (the Amalgamated Engineering Union) for six months.

The essence of the new agreement was to grant a pay rise of around 3½ per cent (the average manual worker at Fords gets over £20 a week: this award will cost £1½ million a year, which the company said it could not afford) in exchange for a promise of union co-operation to reduce manpower inefficiencies at Fords. In the eyes of both the company and the official unions such co-operation must include an endeavour to eliminate the petty unofficial strikes that have notoriously beset the Dagenham plant;

on average, there has again this year been a petty stoppage of some sort every other day. The meeting which led to the sacking of Mr Francis was held to consider a switch of men on the production line making the Classic car, where there had for some weeks been dissatisfaction with the men's performance. The meeting was not, as the company originally seemed to claim, in working hours, but in the lunch break; it was unconstitutional for being held inside the plant itself. The stewards understandably claim that the only convenient way of getting their members together is during breaks in work. Outsiders may comment that one of the most ridiculous aspects of the system which divides responsibility for negotiations at Fords between 22 unions is that there is no “official” provision enabling all those who work in a particular workshop to discuss its special problems.

The strike leaders claim that the sacking of Mr Francis is a direct consequence of the agreement of October 12th; they see the new efficiency drive as a direct attack on their now traditional powers to call a strike at the drop of a hat; and they take the company's warning that it will not take everybody back afterwards as a threat to “victimise” the militants by getting them out of the plant. They are probably dead right on all counts: the difference in emphasis being that all these things might well be regarded as beneficial both by the company and by the more sensible of the national union leaders (as well, perhaps, as by at least some of the workers).

In fact this disruption falls too patly into a pattern for outsiders not to indulge in some speculations about it. The motor show, taking place this week and last, is a favourite period for shop stewards to try to twist the industry's arm: with new orders and fixed delivery dates, the companies are especially vulnerable at this time. Since the show began last week there have been small strikes at the British Motor Corporation, at an important Birmingham component plant, and even at Vauxhall's, where there had not been a stoppage for 25 years. There are suspicions that these troubles have been co-ordinated by somebody somewhere. On the employers' side the likelihood of collusion in resistance is even greater. Last year at motor show time the Rootes Group bravely stuck out through a wildly expensive three-month strike at one of their plants in north London: Pressed Steel, who make bodies for several large car manufacturers, have also stood firm against a disruptive strike. Outside the motor industry, both the Steel Company of Wales and Richard Thomas and Baldwins have ridden out uprisings that, a few years ago, might have won their inflationary effect almost without comment.

THE official trade unions, too, have—with varying degrees of determination—failed to give comfort to their members when they have acted unconstitutionally. The unions at Fords are going farther; when the new agreement was announced, they also revealed that contact between the local shop stewards and the national union officials is to be greatly strengthened—and that the stewards are to be drawn into the stream of official company-union contacts by regular meetings with executives. (It is, of course, fantastic that nobody ever did this before: and it is equally absurd that the unions' joint negotiating committee declared itself unable to issue proper credentials to the stewards as that remains a job for the individual unions.)

This week's battle, then, may be seen as a last throw by the left-wing stewards to keep their old status, unanswerable to anyone. According to the company only 1,500 men have directly followed them (6,000 men are also not working, but because the strike has deprived them of their jobs). Some meetings called by the strike leaders have collapsed through lack of support; attempts to spread the strike to other parts of the plant have failed; and the mood even of those strikers who have attended meetings has seemed to be one of waiting to see which way the cat jumps.



MEET JOHN MARVIN

We have a new Editor. His name is John Marvin. the editorial chair of the Financial Mail of Johannesburg. In all probability you will already have met him, Under John Marvin the Investors Chronicle will perhaps without knowing it. Either in the financial columns of the Daily Telegraph, or in be even more the weekly financial newspaper for the City pages of the Economist or—perhaps in intelligent advice and sound information.

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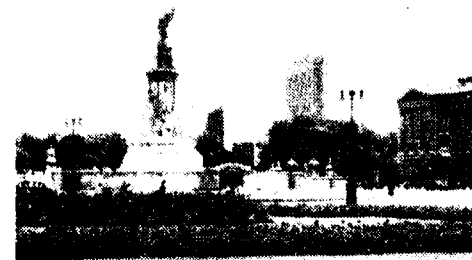
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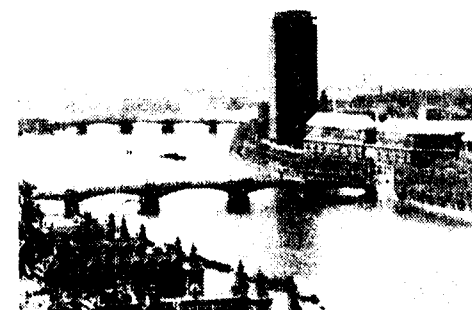
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Building High

FROM OUR SPECIAL CORRESPONDENT



LONDON has acquired a skylful of surprises. The 380-foot Vickers building leaps boldly up-river from Westminster and, from Piccadilly, looms ghostlike behind St James's Palace. The Hilton Hotel at Hyde Park corner, Thorn House in St Martin's Lane, Portland House near Victoria Station unexpectedly demand attention from a multitude of unlikely places in central London. These beanstalk phenomena, natural growths from the decision to free London from the sixty-year-old 100-foot ceiling which cramped ground space and deadened the skyline—and from the desire of big business for a prestige position in the capital—are bound to shock. The thing that matters is that they should do so dramatically but not painfully, and, to ensure this, their total effect on the townscape should not come as an unforeseen surprise to the people whose hands, however loosely, govern London planning.

The rules about plot ratios prevent a new building in London having more floor space than the site previously possessed, apart from the awkward 10 per cent cubic addition permitted to offices by the famous Third Schedule to the 1947 Town and Country Planning Act. The higher a building goes the slimmer it must get and the more space, light and air it can have around it—all excellent reasons for preferring it to a squat dense block. The planners' question with regard to high buildings has become not "if" but "where": above all it is a problem of siting.

The London County Council recognised this in its high buildings policy adopted in 1956. In July of this year, after it had

become painfully obvious that some irreparable howlers had got through (though over two, Portland House and the Hilton, the LCC was overruled by the Government), the policy was revised and reinforced, but mainly on negative lines. What has emerged is an attitude perhaps more non-committal than was in fact intended; but it is important to ask whether, in view of the practical, financial and political forces which generally work against the best possible solution, the planners should not have the courage to arm themselves with the strongest weapons within their grasp.

The LCC still believes that it is best to consider applications for high buildings—of which it has received 500 and approved 250 since 1956, though only 8 over 200 feet have so far been permitted in the central area—on their individual merits, against a set of stock principles. These refer to the appearance and amenities of the immediate neighbourhood, the relationship to other tall buildings and to buildings of interest and merit, and the effect on views from the open spaces which are such an important part of London's character. A tall building, being looked at more than most, should be more than usually worth looking at. LCC officials, who do daily penance at the sight of their outsize neighbour and ground tenant, Shell Centre, now stipulate that the design and finish of a high building should be of "exceptionally high standard" instead of merely "sufficiently high quality."

It remains to be seen how ruthlessly buildings will be judged in future. Total rejection of an application for a high building on grounds of appearance alone is so far unknown. Alterations are often demanded, but it is anyway doubtful how much any number of aesthetically well-qualified committees can do to a design that is not on the right lines to begin with (Castrol House, much improved at committee stage, was amenable). The best way for the LCC to encourage the sort of high buildings which it will be a pleasure to look at is to make it clear that it is not, on principle, against building into the sky. This, unfortunately, is not the tenor of the revised policy, which puts the onus on the developer to prove "substantial advantages to the public interest" from a high building before it can be preferred to one of conventional height.

Again, though the LCC was probably right to avoid a rigid system of height zoning, more suitable for smaller cities of unified character like Oxford, there seems no adequate reason for its refusal to adopt the proposal of the Royal Fine Arts Commission that it should indicate areas in which high buildings would be encouraged, or at least give examples of such areas. Though it may have been anxious to avoid stirring up protests, or to introduce yet another distorting factor into property values, this is surely shirking the duty of a planning authority by failing to give potential builders a legitimate and effort-saving piece of

guidance—which in time might have the effect of producing at least some high buildings in the right places.

On the defensive side, one suggestion recently put forward by Mr Tim Rock, in a talk to the Town and Country Planning Association, is that certain parts of London, considered of national rather than local importance, should be declared Areas of Special Control in which proposals for high buildings would be treated with particular care—to be preserved from the wrong new buildings and embellished with the right ones. One way of determining these areas in central London might be simply the tourist's eye view—from picture-postcard viewpoints such as the Mall, and Westminster, Waterloo and the Serpentine bridges, the eye's area of vision would determine the region of control. This would, for example, take into account such unexpected effects as the overshadowing of Buckingham Palace by the proposed 280 to 400 foot buildings on Knightsbridge Green, or the distractingly uncomfortable effect on the view of St Paul's from Waterloo Bridge by the high slab to be erected in Paternoster Row by no other people than the Church Commissioners themselves—a building whose good manners were considered in relation only to the immediate precinct of the cathedral.

Finally, all available tools should be used to obtain an accurate idea at an early stage of the effects, near and far, of proposed high buildings. Sections of at least certain key areas should be prepared. The fiasco of the Shell site balloon, which refused to stay put at the proposed height, should not bring into disrepute this simple and cheap planning aid. Far from cheap, but in the long run invaluable, as has been proved in Prague and other cities, would be a scale model of the whole central area into which models of new schemes could be fitted—the LCC is already doing this for certain districts. No practical and positive aid should be ignored: sore thumbs cannot be converted into sights for sore eyes simply by feeling hurt about them.

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LETTERS

Cuba

SIR—As an American "obsessed by Cuba" (your issue of October 6th) permit me to challenge your comments. Firstly, your posture hardly qualifies you as an "outsider." Aside from the controversial aspect of British shipowners engaging in the Soviet/Cuban trade, your Commonwealth partners have aggressively sought and obtained, and hope to maintain, a goodly percentage of the US sugar quota formerly supplied by Cuba. Canada has adopted an "all that the traffic will bear" attitude in dealing with the "Red Little Island." Needless to say all these dealings come on top of heavy exports of agricultural surplus by Canada and Australia to Red China.

But the fact that you are heavily "inside" does not enable you to ignore the facts on Cuba, which is an armed camp where 6 million people are living under a wave of terror. Neighbour is turned against neighbour, child against parent, religion is ridiculed. Illiteracy is abolished in order to indoctrinate the people against the western world and its traditional values. Thousands are imprisoned without recourse to judicial proceedings. In essence all human liberties have been suppressed. How to restore their freedom is the primary problem. How to prevent this system from spreading its philosophy is a secondary but important problem. That their intention is to do just this has been echoed by Castro *et al* many times. Raul Castro on September 13th of this year stated, "The question of Cuba... is not a strictly Cuban question... it is a vital question to 200 million Indo-American brothers. Today more than ever we have blind faith in the victory of our cause, first in Cuba and later throughout the world, because the happy moment for humanity undoubtedly must come."

Yes, we are "obsessed," obsessed with the burning desire to return freedom to our Cuban neighbours. This is the same freedom for which our soldiers are dying in Laos and for which so many of your countrymen died in preventing the world conquest of Hitler. We will not repeat the mistakes, in the Caribbean, that enabled Russia to devour eastern Europe.

In proving, before it is too late, that we are champions of the free world it is, I am sure, the hope of every American, that our English ally will rally around us with that fervent spirit that enabled the allies to emerge victorious in the second world war.—Yours faithfully, ROGER A. COE
Flushing, N.Y.

Common Market

SIR—It would be presumptuous of me to cross swords with Mr Douglas Jay in

economic argument, although I am bound to say that I find it difficult to follow his reasoning that because our exports to the Six have been rising they will not continue to do so as tariffs and other obstacles are reduced.

I write, however, to support from my own knowledge of the electrical industry your contention that we have large potential gains in the export of modern sophisticated products. It is in the newer and growing sectors of the electrical industry that Britain clearly stands to gain from membership of the common market, in particular domestic appliances and electronic equipment which rely on quantity production and mass consumption and are closely associated with rising standards of living.

These large mass markets are on our doorstep; they will not be subject to violent fluctuations, such as changes in purchase tax or import duties and the rising incomes in Europe will give us a chance to plan large scale production and secure benefits of scale far beyond those available outside Europe.

Of course, there will be two-way traffic, but through rationalisation and specialisation this could well prove one of the long-term benefits of the common market. As I see it the important thing is to be ready to get off the mark quickly and the only way to do this is for industry to assume that we are going in and prepare accordingly.—Yours faithfully,

STANLEY STEWARD
Director, British Electrical
and Allied Manufacturers'
Association

London, WC2

Maintenance Orders

SIR—I would like to raise a small matter which has wider implications.

Some people lead rather untidy lives, and as a result find themselves in court and are landed either with a maintenance order to pay so much a week to their wife, or with an affiliation order to pay so much a week to the mother of their child. Not unexpectedly they are not very good about paying these amounts regularly, and soon accumulate arrears. They are then brought back into court and find themselves in the end facing the alternative of paying up or going to prison. Sending people to prison is remarkably expensive. The direct, marginal costs are high enough as the food bill for a prisoner is about £5 a week, but the full rolled up cost of sending somebody to prison for a week must be well over £200. It is typical that we don't know what the full cost is. It has, however, been sufficiently high, and the whole situation was sufficiently untidy for a sensible piece of legislation to be put through in 1958—the Maintenance Orders Act.

Under this a magistrate's clerk can order an employer to pay directly to him, and so to the woman, any excess of a man's earnings over an assessed minimum, and this system is now in full swing. From many points of view it is a most sensible thing to do as deductions at source are an effective method of collection, but it puts the work of running the welfare state on to the employer, who is allowed to deduct an additional 6d. from the man's earnings for each payment to cover his costs. As, however, he has to pay 2d. on his cheque and 3d. for the stamp sending the letter, he is in fact paying an extra 5d. tax and getting only 1d. for his work. My estimate is it costs an employer at least 4s. a week in work to deduct these payments, and the employer is therefore being taxed in kind and money to the tune of 4s. a week for each of these cases. On south Tees-side there are said to be 2,500 of these cases and it can therefore be said that the employers of this district are bearing £20,000 a year in invisible taxation. This is a direct overhead on the nation's basic industries, an addition to our national costs made at a very early stage in our economic processes.

The trouble is that a good many employers find the bother of making these payments one more reason for sacking such a man. This means that both the families for which he is responsible end up on national assistance, and so once more up go the national costs. It would be a refreshing and surprising change if there was somebody in the Treasury or anywhere in the system who had the wit to see that the sensible course is to pay employers five shillings a week for doing the state's job, thus giving them a small incentive to keep on these people. There is the small matter that everybody would probably be happier that way.

The essence of this letter is that there is apparently nobody in the whole of our system who is responsible for the national cost of any act of government, the fully rolled up national cost of what we do, and in fact there appears to be nobody in the Treasury with the sort of mind that understands that we have in fact got a national cost system and that what matters in any costing system are the side effects. The result of any discussions with a ministry is the impression that they neither know of nor are interested in what other ministries do, and in particular with the work they place on industry.—Yours faithfully,

Saltburn-by-Sea, Yorks. N. CHARLTON

Off Limits

SIR—I very much doubt whether there is such a word as "demarcationism" (page 1182, September 29th) and if you have invented it you ought to be bloody well ashamed of yourself.—Yours faithfully,
Prestbury, Cheshire W. G. BATTERSBY

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Hot Metal

SIR—Having read with interest and appreciation your article on the future of the printing trade I would like to take issue with you on one point alone, namely your statement that automation of typesetting “has for its end the use of unskilled labour.” I think this is wrong on two grounds, firstly because typographic skill will have a valuable part to play in automated typesetting and secondly because the unionised labour which prints and finishes the product cannot be expected to collaborate in the brusque elimination of their old-time colleagues from a developing field of typesetting.

What is urgently needed to allow the printing trade to take its place creditably alongside contemporary industry is that skilled union labour will be given the opportunity and will accept the obligation to produce competitively against all comers even though in doing this established practice and craft methods must be discarded.—Yours faithfully, ADAM MAITLAND
St. Clement's Press, E.C.4

Adenauer and Erhard

SIR—In your issue of October 6th (page 29) you publish an article on the question of Dr Adenauer's probable successor in the course of which you state that Dr Adenauer himself initiated the programme for budgetary retrenchment, thereby once again successfully out-maneuvring Herr Erhard. This does not fully coincide with the facts: what actually happened was that Dr Adenauer had resisted pressure in his cabinet on this very issue as long as possible but had in the end been out-maneuvred himself by the leaders of the group pressing for budgetary retrenchment: Herr Erhard and Herr Starke. This is one of the rare instances where he has been successfully forced to do something against his will by anyone within or outside his party.

What then happened was merely a political trick employed by Dr Adenauer to cover up his defeat. Finding himself alone in opposition, he suddenly turned about and claimed to have championed the measure all along. Your report is probably founded on this incorrect statement.—Yours faithfully,
KONRAD VON MOLKE
Munich

Dutch Courage

SIR—May I contribute to the mutual understanding of the nations and sum up for your readers the expressions of the Dutch language in which the word English is used in a special, perhaps unpleasant, sense.

“To write an English letter” means “to take a nap”; “English done” is “underdone” (not cooked, baked enough); “done with the English turncrew” is said when a screw has been driven in with a hammer; “English disease” means the rickets; the expression nowadays not often heard: “he talks English” echoes time immemorial: “he is very rich.”—Yours faithfully,
Arnhem, Holland G. VAN WOERKOM

BOOKS

Not to the Aid of His Party

Aneurin Bevan. Volume 1: 1897-1945

By Michael Foot.

MacGibbon and Kee. 536 pages. 45s.

MR MICHAEL FOOT has written a tribute in a polemic. The tribute, deeply felt, finely said, and sensitively (and uncommonly) restrained, is to Aneurin Bevan himself; the polemic is against, not the Tories, but the Labour party. Mr Foot can write so well about Mr Bevan because for a generation they thought alike: the workers and the unemployed were let down before the war not so much by Ramsay MacDonald and the other Labour deserters to the National coalition as by all the other Labour leaders who stayed but would not fight for them; the anti-fascist cause before the war was undermined not so much by the inevitable reluctance of the “reactionaries” in power as by the weak-kneed compromises of the “progressive” Opposition itself; the indispensable function of parliamentary criticism during the war fell upon Mr Bevan and a handful of others because the Labour leaders were only too willing captives of the Coalition. No doubt the next volume of this remarkable and dramatically readable biography will stick to the same thesis and go on to show that the Labour government of 1945-1951 itself sapped its own strength, and sacrificed Mr Bevan, for the same reason: that Labour had not the courage of Mr Bevan's (and Mr Foot's) convictions.

Aneurin Bevan died tragically too soon. His career had no climax. The riddle remains whether he could have become both a successful politician, which he never was, and a statesman. “It remains therefore,” he said eighteen years ago, “for British Labour to show the way.” His theme was—Europe: “an organic federation of the western European nations, like France, Holland, Belgium, Italy, Spain, the Scandinavian nations along with a sane Germany and Austria, and a progressive Britain, is the only solution likely to lay the foundation for peace and prosperity in Europe.” Would he then now be backing Mr Macmillan as only five years ago he bravely and bluntly backed Mr Gaitskell on the bomb?

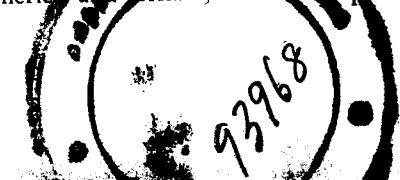
The answer, presumably, is No. The key to his European prophecy is the word “progressive.” The purpose of his federation was to prevent western Europe from becoming “a ground of contention between Russia on the one side and American and British capitalism on the other”; and “America and Britain, with their present

policy of reaction, will be unable to bring it about.” He would have applied the same test between “progressive” and “reactionary” to western Europe's present rulers. It is the test that he applied to Baldwin and Chamberlain in the thirties when he was unwilling to trust them with the arms they needed to have (and were themselves too slow to get) to stand, as he demanded, against Hitler and Mussolini.

In fact, Aneurin Bevan trusted nobody in authority, in his own party any more than anywhere else. He was born to be, and bent upon being, the voice crying truth in the wilderness. His pride in thought and talk as he educated himself was to pluck his own answer from everything that came his way, and to put it into his own vivid words. He minted his ideas for himself, and wore them always with a difference. And to him other people's ideas, and policies, were mostly secondhand—and so secondrate. More often than not, as Mr Foot fairly shows, his intuition and insight did touch the right spot, in economics or industrial relations or foreign affairs or even the concentration of force in war; most often he stopped there, fastidiously sure of the rightness of his diagnosis but unable, or unwilling, to devise or press successfully upon others a prescription that would work. By the test of a politician, which is to get things done by persuading others to do them, he fell far short of his great gifts; and his life had no last chapter, as Winston Churchill's has had, to bring in a late harvest.

It is not by any means enough to explain Aneurin Bevan's sad short-fall, as Mr Foot seems to do, simply by blaming the stupidity and envy of the Labour establishment. Even among the so-called Bevanites after the war he was not a Bevanite; he was, in politics, a lone wolf, not by his choosing but by his style—or, as Mr Foot might insist, by principle. Personally, he was gregarious and truly civilised, the best of good friends, magnanimous and gay, hating and worrying about the discord with his colleagues. Politically, he was a puritan, who did not think it possible he might, in the bowels of Christ, be mistaken.

Yet the seeds of greatness were surely there in this astonishing and astonishingly courageous man: the biggest man in his party, usually a nuisance but never squalid. It will be Mr Foot's next task, when he lights up Aneurin Bevan's last truncated fifteen years in his second volume, to look again at the great expectations that were dashed. There was a moment, at the Brighton conference in 1957, when Mr Bevan seemed



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to believe that he had found his statesman's mission at the centre, not on the fringes, of his party and the nation; to save the peace as Labour's next foreign secretary. But his life flickered out too soon—and Labour never came back. If Mr Foot can give us the fourth and fifth acts of this political tragedy with the sweep and depth of understanding of these first three from boyhood and the pits (all admirably told) to Parliament and office, the work will match the man it is about.

Our Fathers' War

The First Battle of the Marne

By Robert B. Asprey.

Weidenfeld and Nicolson. 224 pages. 21s.

1916: Year of Decision

By James Cameron.

Oldbourne. 240 pages. 18s.

1918: The Last Act

By Barrie Pitt.

Cassell. 332 pages. 30s.

It is now as fashionable to write about the first world war as the second. The fashion is easier to date—Mr Alan Moorehead was the pioneer in "Gallipoli"—than to explain. It may be that today's strategic stalemate has made us more conscious and more willing to analyse yesterday's military

BOOKS

deadlock. It may simply be part of the vogue of military history, which is more exciting and more dramatic to read than political history, and that publishers and authors alike, sensing that until more papers are published there is little fresh or startling to say about the 1939-45 war, have turned to the more richly documented years, 1914-18. Even here, not all the evidence is published; but there is plenty of material to permit reconstruction, and enough time has elapsed to allow the sons to indulge in judgment on their fathers. There were more than enough casualties to arouse emotion; enough squabbles between the brass and the frocks to create drama; and enough stupidities to license virulence or irony.

We can now, in fact, kick the stones away and see the life, some of it exceedingly unpleasant, beneath them. In time the second world war may be similarly exposed, and the Tizard-Cherwell conflict suggests that we may not like everything that we will then see. Nevertheless, the feeling that the politicians and the military conducted themselves more honourably and intelligently in 1939-45—that, indeed, the war was better managed—than in 1914-18 is inescapable. Set against the number of deaths they caused, there is something mean, petty and blindly self-seeking in the manner in which men in command then conducted themselves. But in 1914-18 the problems associated with a world at war—co-operation between allies, the relationship between political direction and military execution, and the permissible area of political and economic freedom—were new. Our fathers may have fumbled the problems badly; but we need to mix sympathy in with the condemnations.

None of these three authors lacks sympathy or ability. Yet none of their books is really illuminating. The book on the Marne is interesting simply because it has been written by a young American and because it attempts to rehabilitate Joffre. Unfortunately, it is unconvincing. One might just forgive the silly slip that describes the Lebel rifle as muzzle-loading; but when a mass of evidence about the genesis of the battle is ignored, and when that which is paraded is twisted to present a case rather than to support it logically or conclusively, forgiveness is stretched to breaking-point.

Mr Cameron writes easily, fluently and almost lightly about that terrible year when Britain's great volunteer army was slaughtered on the Somme. The year is seen, as it were, across the Cabinet table. But the balance of the book is odd. Little is said about the military operations; the guns in France are the rumbling bass in the background. Nothing new, apart from a few stray anecdotes, is said about the political conflict in Whitehall. Too much space is devoted to political trivia and too little to answering the question why men behaved as they did. This is a quick, facile and inconsequential sketch in water colours.

Mr Pitt is more plodding—a carpenter

THE ECONOMIST OCTOBER 27, 1962

fashioning a utilitarian chest of drawers. His is the most useful book of the three. He says little about the political or strategic direction of the last year of the war, contenting himself with a detailed description of the operations on the Western Front. The first part of the book where he has some sensible, though not particularly fresh, things to say about morale and where he analyses the German offensive in March with great skill, is better than the latter part where the sudden German collapse seems almost to bewilder him.

The sense of bewilderment is compounded by the notions he entertains about some of the field commanders. He admires Pétain's common sense, but so much so that he ignores the streak of pessimism that in 1918 came close to defeatism. He sees the charlatan in Foch and scorns his displays of rhetorical fireworks, but, in doing so, misses the part that Foch's will and energy played in keeping the attack going. He sees the toughness and ambition in Haig but not the man who was armoured against the world by a sense of aristocratic, egotistical rectitude. Mr Pitt, indeed, avoids judging this mixture of stolidity and limited intelligence by describing Haig as an "enigma." He admires Ludendorff, but never properly answers the question why Ludendorff's nerve cracked in August. In the spring, Haig's did not and neither, for all his agonised fumbings, did Joffre's in 1914. This may simply represent the difference between a staff-trained, hair-triggered mind and those which were essentially duller but, at the point of crisis, more stable. Mr Pitt's and the other books would have gained had they recognised that these men were not heroes and titans—but neither were they knaves and fools.

Contrast in Black and White

The Economics of the Political Parties
By Seymour E. Harris.

The Macmillan Company, New York. 53s. 416 pages.

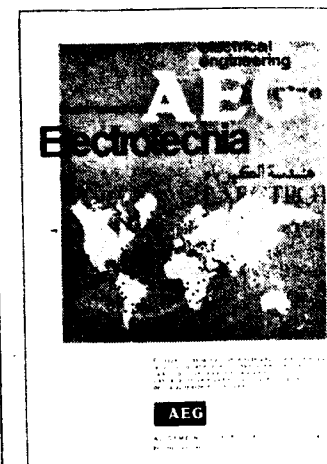
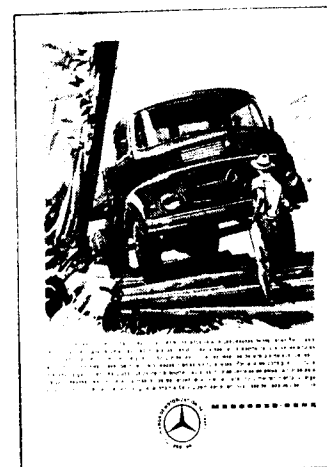
THE professor of economics at Harvard is also adviser to President Kennedy, and his topic is the differences in economic approach of Mr Kennedy and Mr Eisenhower. And Professor Harris's own approach to this topic is rather like that of the old-fashioned Western film, or "horse opera." That is to say, there are only "goodies" and "baddies." By his simple casting system, Eisenhower is the dim-wit, Nixon and Mr George Humphrey the bad men, and Kennedy the hero.

Professor Harris is a Keynesian and the Republican Party is not. Republican Party economic policy therefore merits such adverbs as absurd, nonsensical, tragically mistaken, and fearful. The Democrats on the other hand are the party of the strong President and the adequate

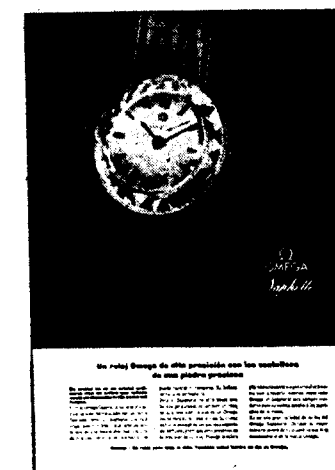
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budget, the party that will mobilise all weapons to deal with a recession, stimulate growth, and provide maximum employment and minimum unemployment. And Mr Kennedy correspondingly is politically astute and in all other ways highly intelligent, while Mr Eisenhower is merely the dupe and tool of the businessmen.

Professor Harris makes some telling points in support of his thesis. The Eisenhower Administration not only practised thrift by stealth, fearing to boast of it lest this led to demands for looser purse-strings; it also kept budget expenditures from rising very much by using trust funds to which less public attention was paid. In much of this, Professor Harris seems to detect the hand of Mr George Humphrey, President Eisenhower's first Secretary of the Treasury. (By contrast, Mr Dillon, though a Republican, is hailed by Professor Harris as promising to become "the Alexander Hamilton of the twentieth century".) Mr Nixon "persistently" voted against or opposed advances in housing, health, social security and education.

Towards the end of a long book, Professor Harris concedes that the 1960 platform of the Republican party was a little more enlightened than all this would suggest, but explains the change as reflecting the views of Mr Nelson Rockefeller, whom he regards as being practically a Democrat anyhow; and, despite it, he concludes that the Republicans "accept a philosophy of individual selfishness, and suppose that in some mysterious way this will assure the national welfare." Mr Eisenhower is described as veiling the cynicism of business self-interest with his own moralism; but Mr Kennedy is excused from being a good economist (in the event that after all he spends too little) because after all he has to think of Congress.

Perhaps the only thing that Republicans would agree with is Professor Harris's prediction that the real test for Mr Kennedy would come in 1962 and would be his success or failure in bringing unemployment down to four per cent. Prediction can indeed be hazardous when given semi-permanency in cold print: his book reveals Professor Harris as apparently still thinking that Mr Eisenhower was "completely misinformed on the United States missile lag because his staff had given him an incomplete picture of the crisis."

A Group at Work

Autonomous Group Functioning: An Exploration in Behaviour Theory and Measurement

By P. G. Herbst.
Tavistock Publications. 279 pages. 36s.

THE starting point for this book was a group of miners who formed into a team to take over completely the various operations involved in mining at the coal face. (This was known as composite working.) There were no fixed jobs or rules,

and the men organised themselves to cope with the tasks involved. Wages were not paid individually, but to the team, on the negotiated price per ton of coal which the team were able to produce. During the three months that the men worked as a group the author, Dr Herbst, was able to study them intensively.

The first short section of the book summarises his findings. He saw, for example, that while the group had worked extremely well under a variety of difficult conditions, the arrival of a new member had very adverse results; all performance rates declined, and the output rate sank to a low level. According to Dr Herbst this was because the main energies of the group were concerned in absorbing the new member. News that the team might not be able to continue working together in the same way for a further three months again had an adverse effect; absenteeism went up immediately and technical hitches increased. As was to be expected the advantages of team work showed themselves in the very good results the group achieved. But the author was concerned to probe deeper than usual, and one very interesting point to emerge was connected with stress—defined as any external event or object that interfered with the purposes of the group. He found that while stress tended to interfere with many of the characteristics of the group that normally contributed to high output, the actual rate of output was higher under conditions of stress than under conditions of minimum interference. This runs completely counter to many theories of industrial psychology, which advocate a reduction of any kind of interference to the lowest level possible. Dr Herbst suggests that the reason for this increase in output is to be found in the fact that the group compensates for the disturbance by an all-round increase in activity.

Certainly today, when so many of the satisfactions from craftsmanship have vanished, and so much of work is mere routine—a means of buying leisure—the more we can learn of the ways production can be stepped up by increasing the involvement of the men the better, and studies that reveal the unexpected confirm that simple common sense is not enough. However, Dr Herbst's main aim was not simply to outline his findings but rather to discuss in theoretical terms the various ways of handling and analysing the data that such a study provides, and the main body of the book is taken up with just this. The book is therefore rather hard going, and is not really suitable as bedtime reading for the go-ahead managing director who likes to keep up to date with developments in industrial psychology. This is a pity, for in between the formulae some very valuable points are made. Unfortunately, social scientists, eager to demonstrate their scientific pedigree, are often tempted to concentrate too much on improving their tools of enquiry and thus sacrifice all their findings to this end; whereas in the long run it is the facts not the formulae that will prove to be more valuable.

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Columbia University Press
6a Bedford Square, London, W.C.1.

Writer by Trade

William Hazlitt

By Herschel Baker.
Harvard University Press. London:
Oxford University Press. 544 pages. 60s.

WRITING was Hazlitt's trade; he never thought of it as his chosen vocation. He would rather have been a painter or a philosopher, but showed no great aptitude in either of these directions, and instead produced enough journalism, political and literary, to provide twenty-one volumes in the centenary edition of his collected works. He had no exalted opinion of his own work, though he rightly prided himself on being no hack, hypocrite or timeserver. His reputation as a critic does not now stand high and, though he was a good essayist, belles lettres are at present out of favour; but to anyone interested in English Romanticism he is a fascinating figure, and Mr Herschel Baker has written a very good book about him.

The life story, so full of frustrations, is unfolded against a carefully studied panorama of the events and ideas that formed Hazlitt's mind, and of the men—writers and artists in particular—whom he knew. This comprehensive method has resulted in some repetitiousness, for Mr Baker sometimes draws on later writings to illuminate an earlier phase, and then treats them in greater detail when he comes to assess them in their chronological place. By the time we reach the final retrospective summary, we have already encountered most of the author's critical comments on Hazlitt. But he writes without pedantry, and his energy carries us along. He is good on the dissenting, radical background that determined Hazlitt's uncompromising and opinionated temper; good, too, in his analysis of the principles underlying his art-criticism. Mr Baker does not attempt to make the man less disagreeable than he appeared to most of his contemporaries, but he succeeds in conveying his extraordinary capacity to feel and convey enthusiasm:

The secret of his power as critic was, his plastic, supple mind that, as it were, went out to meet experience. He thought that a sympathetic identification with the objects of perception was the ripest kind of knowledge, and that 'feeling', rather than the constructs of discursive reason, was the highest kind of truth.

This book, American in origin, is beautifully produced, but a few minor errors of fact might be noted: Wisbech is consistently misspelt, Burleigh House is not in Leicestershire, and it was not the Samaritan but the publican who prayed, "Lord, be merciful to me, a sinner."

1984 and all that From Utopia to Nightmare

By Chad Walsh.
Bles. 191 pages. 15s.

THIS entertaining book springs from a set of lectures, and retains the light touch of a witty man's spoken word. But

the subject is serious, and so is Professor Walsh, who is a liberal protestant theologian as well as a literary critic. However, his protestantism is so liberal that one does not have to share his religious views to profit by his book. His problem is this: from Plato onwards, men have written utopias; but towards the end of last century, and still more in this, the vein tended to run out and the most noteworthy books written within this framework have been dystopias, showing utopias gone wrong. The prime English examples are "Brave New World" and "Nineteen Eighty-Four."

What does this signify? Professor Walsh goes into the question at some depth, without adding very much to what one had already guessed: that we now have many of the material trappings of earlier utopias without seeing any perfection of human nature; that the events of this century have given a harsh blow to the concept of moral progress by human effort; and that Freud has undermined the easy hope of growing rationality. This theme is well developed, with enough but (thanks to Professor Walsh's restraint) not too many examples from the ample literature of Utopia. A very readable book.

Chinese Facts

Contemporary China IV: 1959-60

Edited by E. Stuart Kirby.

Hong Kong University Press. London:
Oxford University Press. 379 pages.
37s. 6d.

AN annual review of contemporary China by experts is welcome in the hope that it will provide much information and some informal conclusions. As far as one can generalise about a collection of separate papers, the leading theme of "Contemporary China IV" is the food problem and agricultural production. Sources of information are scanty and diverse, and a lot of deciphering and processing must be done before even such basic economic and social studies as make up "Contemporary China" can be presented. For readers expecting such prepared but at the same time very detailed information there is a copious bibliography, a day-by-day chronology of events between January 1 1959 and June 30 1960, and for the first time in "Contemporary China" a section of seven tables of statistics covering the period 1958-59. These are divided into absolute and relative figures. It is gratifying to have, but difficult and brave to give, absolute figures, albeit with gaps, when official Mainland figures are nearly always relative. The sources quoted are *People's Daily*, *China Reconstructs*, New China News Agency, and the Government Report on the final state accounts for 1958 and the draft budget for 1959.

For more analysed information there are the papers, and introducing the statistical tables is a reprint of the report on the draft 1960 National Economic Plan by Li Fu-

ch'un, Chairman of the State Planning Commission. An increasing concern with agriculture can be discerned in it and a tendency to play down the importance of industry and to stress its role in supporting agricultural production. According to Li Fu-ch'un, it is normal for the pattern of economic development in China to be U-shaped, going from balance to imbalance, to balance, and the period covered was at a point of imbalance. There was a food shortage; in relation to this, in a very informative paper, T. C. Lee discusses the problems of deciding the ratio of land given to producing for consumption to that given to producing for industry. In another paper K. Lee more dramatically describes how people had to eat less than before (this is a bit open to doubt) so that consumer products could be exported in order to balance industrial imports. Both make the interesting point that industrial production was found to depend directly on the previous year's harvest.

These are valuable papers and it is therefore a pity to find among and sometimes in them emotionally heightened comments or one-sided articles on subjects that are well known to be, to say the least, controversial.

OTHER BOOKS

THE IDEA OF PRE-HISTORY. By Glyn Daniel. 171 pages. THE GREEKS. Edited by H. Lloyd-Jones. 274 pages. ECONOMIC PHILOSOPHY. By Joan Robinson. 150 pages. All at 15s. Watts. The New Thinker's Library.

This small new hard covered series by high-brows for middlebrows is supervised by Mr Raymond Williams. Part of the contents of these first three titles is salvaged from lectures and broadcasts already delivered.

THE AUTOBIOGRAPHY OF THOMAS WHYTHORNE. *Modern Spelling edition*. Edited by J. M. Osborn. Oxford University Press. 257 pages. 30s.

This is an edition in modern spelling of the autobiography of Thomas Whythorne, Elizabethan poet and musician, which was published in its original spelling last year. It is claimed to be the earliest autobiography in the English language.

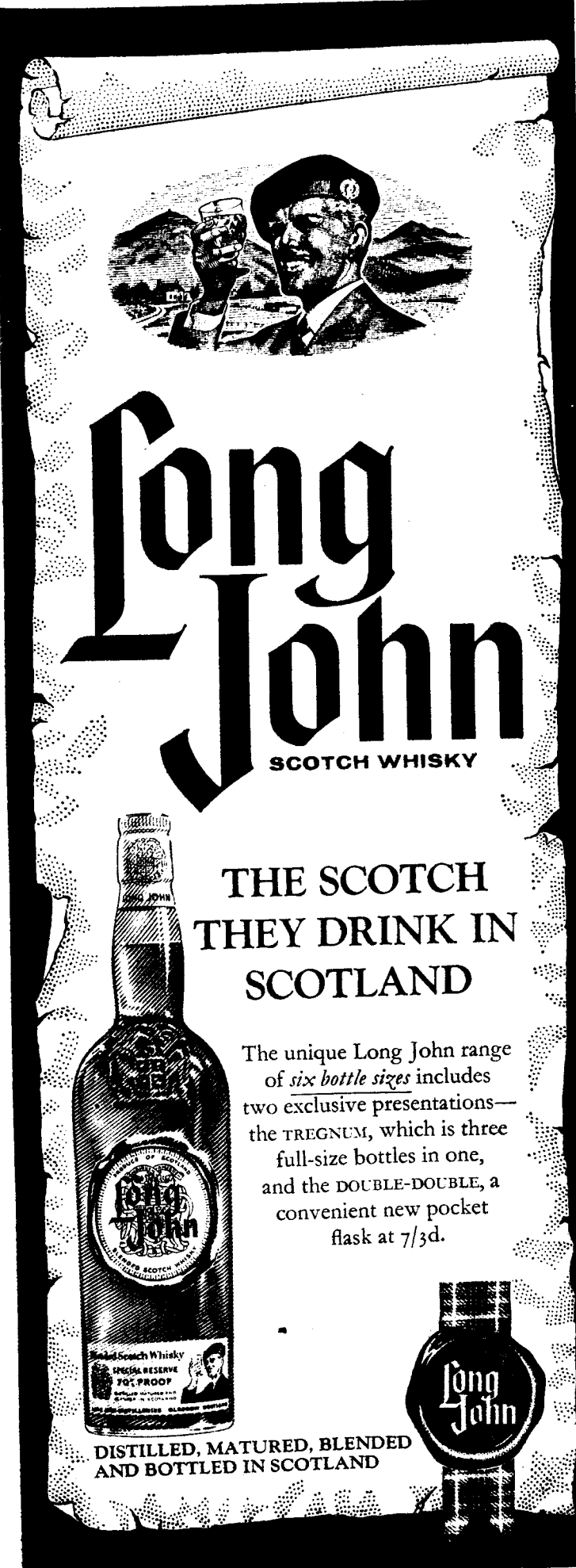
CONGO MY COUNTRY. By Patrice Lumumba.

This book, which was reviewed in our issue of September 29, is published by Pall Mall Press with Barrie and Rockliff.

HENRY II: *The Vanquished King*. By John T. Appleby. Bell. 367 pages. 35s.

It is a pity that for most people Henry II is the man who ordered the murder of Becket. This incident, although good theatrical material, is peripheral to the main achievements of Henry's reign, which are his work as an administrator and "the creation of the Common Law and its Courts." It is therefore unfortunate that Mr Appleby announces in his preface that Henry's legal reforms are so far-reaching that "a biography . . . is hardly the place for a detailed examination of his great enactments. . . so the reader is referred to Pollock and Maitland. Since Mr Appleby describes English law before Henry's reign as "little more than a set of tribal customs," perhaps this is just as well; but it does not make for an authoritative stimulating biography.

There is so much contemporary material on Henry that it would be impossible to write an uninteresting book. Mr Appleby has at least gathered together the facts in a readable if oversimplified form. But with a reign as vital as this one, it is a pity not to have something more.

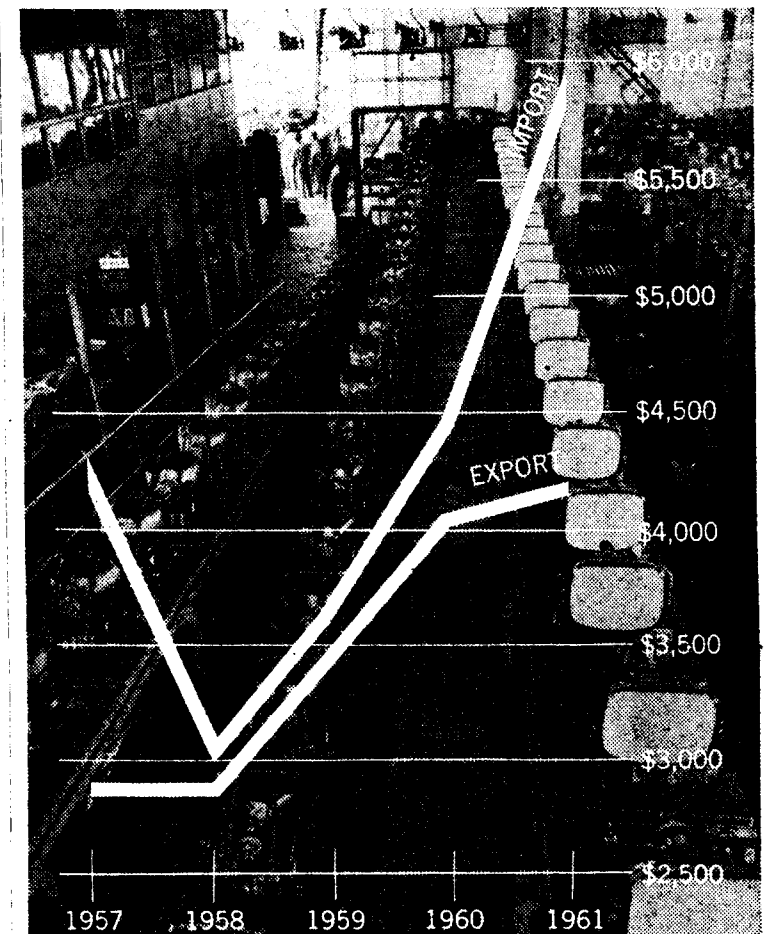


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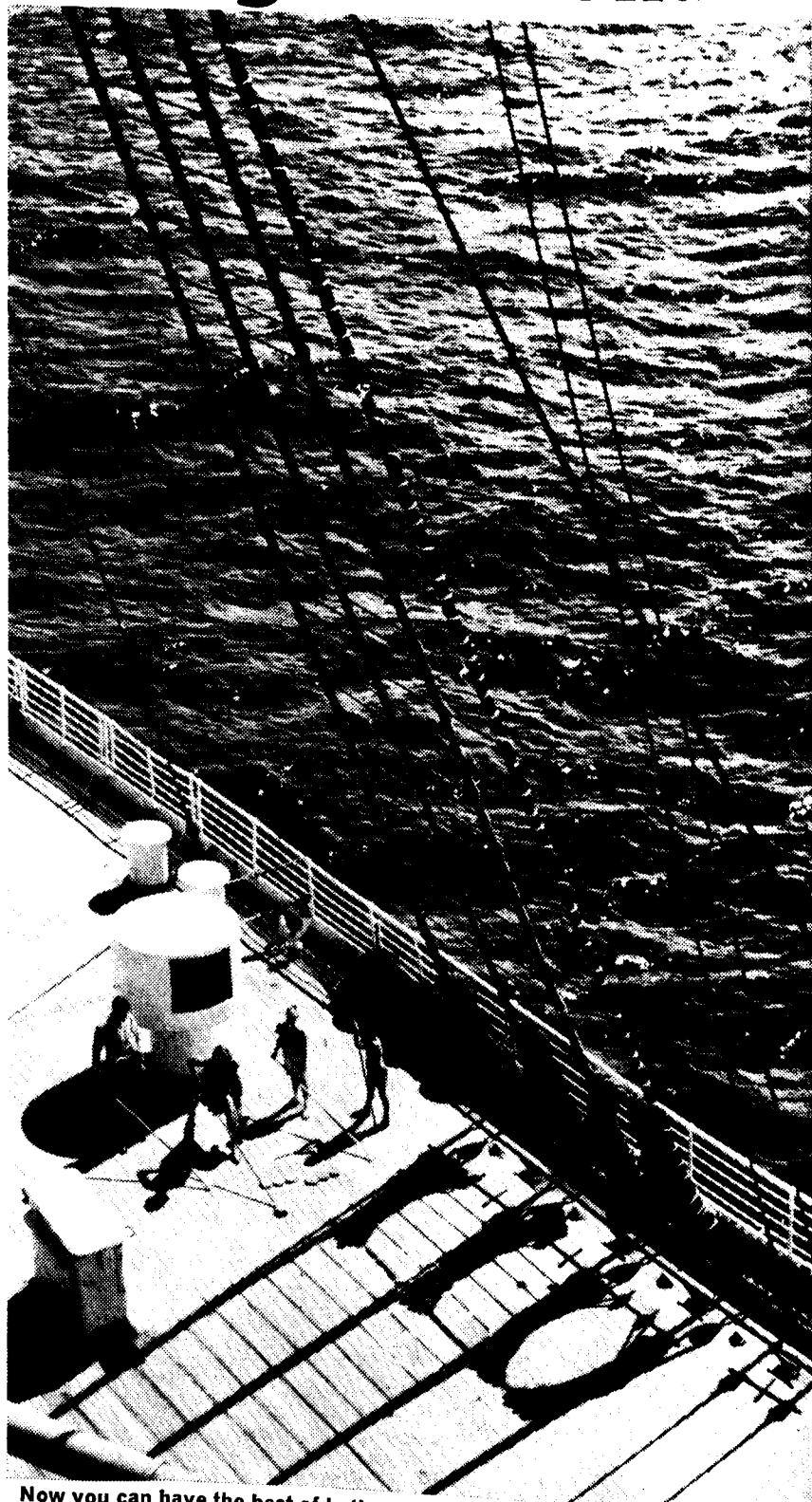
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AMERICAN SURVEY

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

Confrontation in the Caribbean

WASHINGTON, DC

NEITHER talk about a summit meeting between President Kennedy and Mr Khrushchev nor the latter's amiable assurances to Lord Russell seem likely to divert the United States from its insistence that Russian missile installations in Cuba must be dismantled speedily and satisfactorily. An American invasion of Cuba primarily for this purpose remains a distinct possibility in the future even though the President is reported to have rejected sharply Senator Russell's demand for an immediate invasion, made when congressional leaders were rushed back to Washington last Monday from their electioneering to be briefed on the Cuban situation. Proposals such as U Thant's suggested compromise—that the United States should lift the blockade and the Soviet Union should agree to dispatch no more "offensive" weapons to Cuba—are highly unlikely to be entertained by the American Administration before November 7th, when the election will be safely over, and after that they are sure to be rejected unless they are accompanied by arrangements for inspection of the sort which Dr Castro has already refused to consider. Rigorous inspection will also certainly be attached, as a condition of American acceptance, to any proposal for dismantling North Atlantic Treaty Organisation installations, say in Turkey, in return for the abandonment of its Soviet missiles by Cuba.

Mr Khrushchev's motives for placing in Cuba the missiles which he appears to have withheld from other satellite countries remain alarmingly obscure. Mr Kennedy's motives for acting and speaking as he did this week seem clearer but have been criticised, notably by Mr Walter Lippmann who argues that the President should have warned Mr Gromyko of what was coming when he saw him last week and thus have given the Russians a chance to withdraw without publicity. Mr Kennedy has been very aware of the danger of tumbling into a Berlin bunker through stubbing his toe on an obsession with Cuba. In September he said that Cuba was not a military threat and this month he rebuked sternly those calling for action that would lead to war. But he listed six specific factors which could make him change his mind:—

- If the Guantanamo base were threatened;
- If passage of the Panama Canal were threatened;
- If American activities at the Canaveral missile testing station were interfered with;
- If lives of American citizens in the United States were threatened;
- If force were used or threatened by Cuba against any country in the western hemisphere;
- If Cuba attempted to become an offensive military base for Russia.

What has perturbed the Administration greatly is that in its view Mr Khrushchev has pressed every one of these six panic buttons, particularly the last, and has done so apparently quite deliberately in the full knowledge that the move was bound to be detected.

When Mr Kennedy had to eat his September words, he chose to do so against the black velvet curtains of a sudden grave national emergency, the exact nature of which was kept secret until the President announced it on a stage which was ablaze with tension and excitement. Even though the crisis means that neither

President nor members of his Cabinet will take any further direct part in the election campaign, the drama was certainly played for its maximum effect on a domestic political situation in which Mr Kennedy's alleged "softness" on Cuba had become an important factor. With a mixture of relief that at last something has been done against both Dr Castro and the Russians and doubtful hope that this may not mean war, the country has of course rallied overwhelmingly behind the President. The voters are now probably disposed to show their approval by sending Democrats back to Washington. But the Republicans seem far from disposed to permit the President to get the political jump on them over Cuba when they thought that there they had it on him. General Eisenhower has indicated that bipartisan support for the President in this crisis abroad does not involve the abandonment of all political criticism at home.

Mr Kennedy warned Americans to expect weary months of tests of will-power and patience rather than atomic annihilation. The United States may find itself trying simultaneously to enforce one blockade while attempting to break another, for trouble over Berlin is by no means ruled out. Some people even speculate that Cuba is Mr Khrushchev's mousetrap and that the missiles there are cheese supplied precisely to strengthen the Russian hand in Berlin. On this reading of the situation an American invasion of Cuba would not necessarily disconcert Mr Khrushchev; rather it would give him a welcome chance of exploiting American "provocation" in the Caribbean. The Administration's view seems to be that in Cuba Mr Khrushchev grasped a golden opportunity to improve his inferior ability to deliver a nuclear strike against the United States. As this is a field in which Washington has announced that it will never accept parity, it was decided to grapple with this Caribbean bid to close the Russian missile gap by a direct confrontation between the United States and the Soviet Union rather than by a "proxy war" with Cuba.

Economy Blown Off Course

NEW YORK

PRESIDENT KENNEDY'S blockade of Cuba brings with it the possibility of a war economy, complete with controls over wages, prices and production, something which had not entered into the calculations of economic forecasters. They are taking refuge in the standard claim that all bets are off should there be a war and that the Cuban crunch has the same effect. Previous crises in the cold war have served frequently to salvage the reputation of economic prophets; last year, for example, the deterioration in the Berlin situation produced a sizeable increase in military outlays which helped to accelerate the recovery. But there is no telling what lies ahead now and any shift in government spending beyond the normal range needed to deal with a normal crisis—a Suez or a Berlin, for example—would upset even the most flexible forecast.

The Cuban "quarantine" is the latest shock to an economy which has already been subjected to a series of rude surprises this year. But, unlike the dispute with the steel companies and the crash on the stock market, ultimately it should not have a depressing effect. In fact it should bring to a fairly early end the pause which has spread through the economy for the third time in twelve months. Everyone has had a finger in the air trying

to determine whether the winds that followed the lull would be fair or foul. The Administration's own forecasters were predicting that the rise would be resumed once more, although they added that a tax cut would be needed to sustain this more favourable climate. Washington's official optimism, however, has been met with scepticism elsewhere. On Wall Street the general expectation was that the present lull would be followed by a storm—and most businessmen and economists were inclined to agree. Forecasts made last week by the Business Council, a government-sponsored group of top corporate executives, and at a business outlook conference at the University of Pittsburgh suggested that the blow would be exceedingly mild, but a growing number of economists had been veering to the view that the coming decline would be the most severe of the postwar era.

Now, increased expenditures on defence may well help to stimulate activity but any sizeable addition to government outlays will probably end all hopes for the tax cut which has been considered essential if any improvement is to be maintained. The government, which had hoped for a small surplus in the Budget for the current fiscal year, is already facing a deficit of at least \$6 billion. Indeed, the President's warning that sacrifices are in order may mean a rise in taxes; the Secretary of the Treasury advised this during the Berlin crisis last year. On the other hand, a war-like economy would mean the end of the sluggishness in the rate of growth which has been afflicting the economy for the past several years—though this is hardly, to say the least, a desirable way of dealing with this problem.

BUT in fact, the economy might have come out of the pause with renewed momentum in any case, even though most economists did not regard this as likely. Their generally sombre mood did not actually represent a worsening of sentiment. Their gloom was even more pronounced, at least in private, just after the hurricane which swept through Wall Street in May and June. Many who had voiced the standard forecast, which was for a rise throughout the year, as well as the Administration's economists, who took a super-standard position, shifted then to the view that a recession was on the horizon and that only a tax cut could forestall it. No tax cut was voted, yet economic activity managed to advance without it. Admittedly, the pace slowed down and at present the upward movement is almost imperceptible but the performance since the stock market crash has not been unimpressive, considering the buffeting which that gave to the confidence of both businessmen and consumers. As a result, the forecasters had recovered some of their poise and before the Cuban crisis they were conceding that a downturn might not be coming immediately even though the economic indicators were showing the advance signals of a recession.

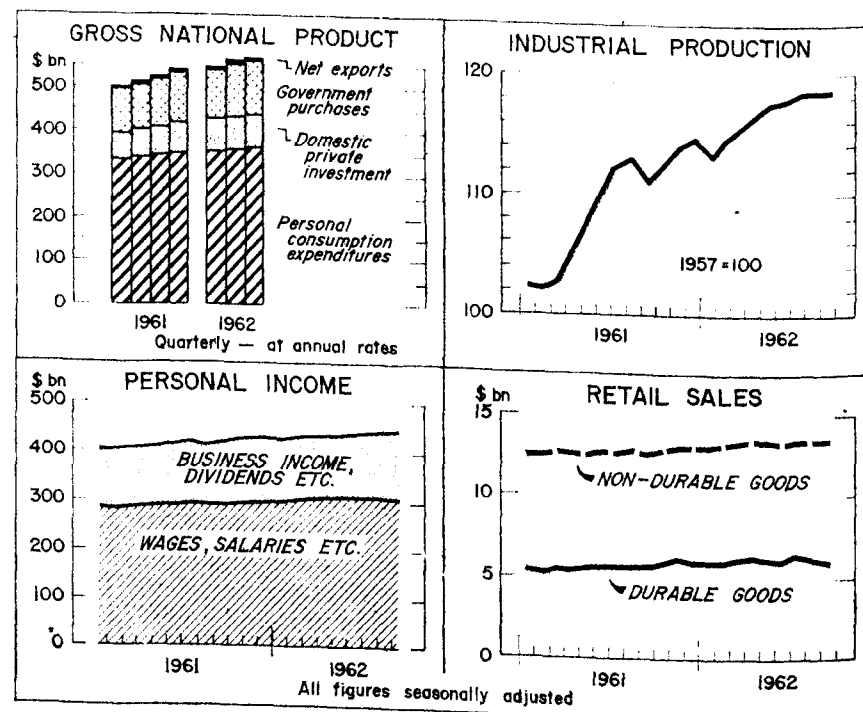
In justice to the forecasters the economic currents have been extremely tricky and hard to chart. The lull is most obvious on the surface. It is evident, for instance, in the sluggish rise in gross national product, which between June and September showed the smallest quarterly increase since the recovery began in early 1961. The lull is also apparent in the Federal Reserve Board's index of industrial production and in the stability of personal incomes. Unemployment, stuck at 5.8 per cent of the labour force, is another sign of stagnation. But many of the currents seem to be flowing in opposite directions. In September, for example, new construction showed a gain but there was a decline in the number of new houses started. Retail sales dropped for the second month in a row yet hire purchase buying registered a big increase. Manufacturers' sales of hard goods held steady but new orders rose and average hours worked increased for the first time since

April, while average hourly earnings in manufacturing climbed back to their old peak. The reception accorded to the 1963 automobiles has been unexpectedly good; in the first ten days of October sales established a new record for the period.

Business activity, then, is not robust but neither can it be considered feeble. Certainly the yardsticks do not support the claim made in some circles that a recession has already begun; industrial production has not declined as yet, as it did in the lulls of September, 1961, and January, 1962. If the expansion is in fact topping out, there is nothing in the way of hard fact to suggest that the ensuing decline will be prolonged or steep. Such predictions are clearly based on factors which are not susceptible to measurement and suggest that the black clouds of pessimism which appeared during the summer have not lifted entirely. Those who have been predicting dire days ahead are going by feel rather than by fact.

However, it has not been possible to dismiss these forebodings, if only because the uncertain and quixotic economic climate has induced businessmen and consumers to take an extremely cautious attitude. Pessimists can also point to some other disquieting symptoms, particularly the softness in prices in most basic industries. This is evidence of intensified competition and excessive industrial capacity which would normally disappear with an acceleration in business activity. But if controls of any kind are now decided upon there may well be a run on goods and on production lines. There is thus a possibility of an immediate rise in purchases, at all levels, but no provisions will be made for long-term needs until the extent of the crisis is clear.

Before Cuba erupted businessmen seemed to be preparing to brave the elements. Stocks of goods had been trimmed back so far that any rise in demand would have triggered an expansion in purchases and corporations were planning to increase their capital outlays. Evidently businessmen who had been lukewarm towards the Administration's schemes for encouraging such spending with revised depreciation allowances and tax credits were having second thoughts. Apparently they felt that, even though excess capacity existed, the need to cut costs and maintain a competitive position demanded increased investment in new plant and equipment. Profits might not be all that had been hoped for, yet they were sufficient to support an expansion in capital expenditures. In fact corporations were generating a very high level of internal earnings



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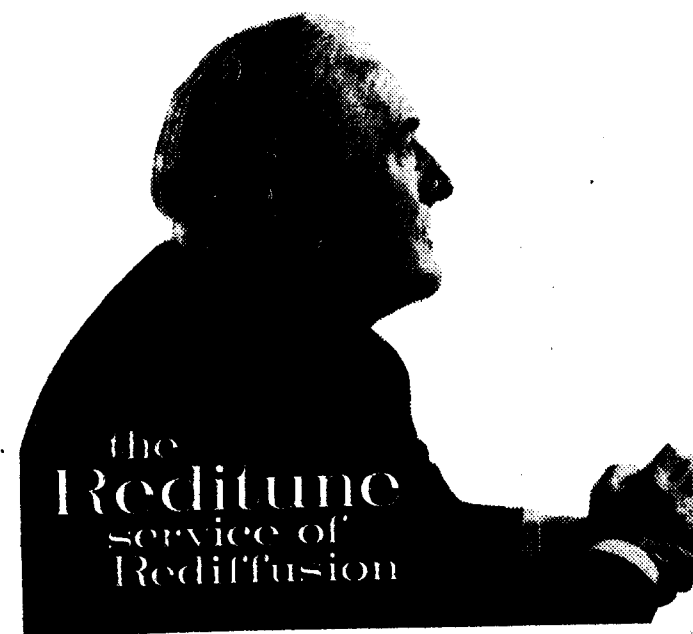
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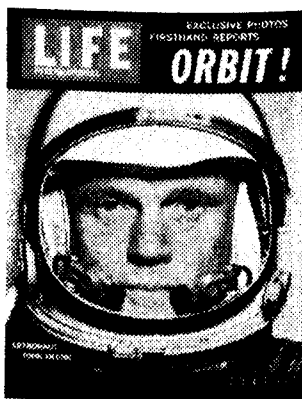
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and if they kept to their spending plans then a recession was neither imminent nor inevitable.

This was the official view in Washington before the Cuban crisis. The Administration had not seen fit to press for the powerful and overt stimulus of a general reduction in taxes, largely because Congress would not accept this, but it had been furnishing some fairly substantial tonics. The tax credits and new depreciation allowances seemed to be having some effect. In addition, government spending had been stepped up by a modest amount and this, combined with the failure of tax revenues to come up to earlier estimates, had produced a deficit in the Budget. This may not provide any new momentum but it will serve to cushion any decline. The same can be said of the central bank's monetary policy, which has been designed to keep credit readily available. Its latest move in reducing the reserves which commercial banks are required to hold (discussed on page 364) is not necessarily a move towards still easier money but psychologically it implies that, if there is any shift, it will be in that direction. Moreover, the pledge that there would be a tax cut next year was beginning to be taken seriously even though there was plenty of room for doubt about what Congress would do on this score.

But now it is doubtful whether the Administration will ever press for the tax cut and the economic outlook is anyone's guess. The short-term prospects have improved but the long-term outlook is murkier than ever. For the country needs a major change in fiscal policy in the form of lower taxes to assure a powerful and prolonged upturn. Economic activity may increase as a result of this week's events, but it will be the sort of upsurge which will add to problems rather than resolve them.

Midwestern Circuit

Our Washington correspondent, who has been travelling in the Middle West, reports on the climate of opinion there before President Kennedy moved to blockade Cuba.

I—Communist Bogies

MILWAUKEE, WISCONSIN

THE people of the Middle West have always tended to distrust the Easterners, those city slickers with smooth tongues who inhabit the seaboard which faces and trades with Europe. Now, inflamed by Cuba—for when it comes to communism the area is the reverse of isolationist—many mid-westerners seem to fear that President Kennedy is showing his true colours as an effete Bostonian appeaser. Communism and Cuba are playing a part in the politics of Wisconsin and Minnesota and in both states are producing a fine, confused brew.

McCarthyism may be dead in Wisconsin, its birthplace, but still it refuses to lie down. The Democratic Governor, Mr Gaylord Nelson, recently felt impelled to go to the defence of Mr Wilbur Renk, a moderate Republican who had hoped to run for Governor. Mr Renk was defeated for the nomination after 15,000 copies of a circular hinting that he was supported by local communists were quietly inserted one Sunday by persons unknown behind the wind-screen wipers of the parked cars of churchgoers. Mr Renk lost, by 50,000 votes, to Mr Philip Kuehn, who says that he will not decline the support of members of the extremist right-wing John Birch Society who want to vote for him for Governor next month. Mr Kuehn's Democratic opponent is Mr John Reynolds, a liberal who would like to see taxes in Wisconsin bear more heavily on the rich and less heavily on the poor because he believes that lack of purchasing power is what is wrong with capitalistic society. He also calls Wisconsin Republicans the most fanatically right-wing group in the nation.

Governor Nelson is not seeking re-election, preferring to run for the Senate against Senator Wiley. Senator Wiley, a Republican

who is 78 and has been in the United States Senate almost a quarter of a century, has called Mr Nelson "a nitwit" who tells "damned lies." Mr Wiley was angry because it was suggested that his campaign managers had asked doctors in Wisconsin to contribute \$50,000 to show their appreciation of his vote against governmental hospital insurance for the elderly. The doctors' organisation did not deny that it was prepared to be grateful to the Senator to at least that amount.

But it is communists who really rouse Senator Wiley. He claims that Wisconsin is full of communists, who have succeeded in infiltrating everywhere, including chambers of commerce. And he warns that it is no good expecting resistance to them to come from Washington, because "things are pretty foggy down there too". Wisconsin has to watch out for itself. In spite of these opinions, Senator Wiley is not, in the view of Americans for Conservative Action, a completely reliable anti-communist. This right-wing group says that he has "slipped substantially away" from constitutional conservatism and now has a rating of only 33 out of a possible 100. This puts him below Wisconsin's other Senator, Mr Proxmire, who is a Democrat. Senator Wiley is expected, however, to beat Mr Nelson, even if only narrowly.

In neighbouring Minnesota the leading anti-communist, Mr Walter Judd, the Republican Congressman from Minneapolis, is also expected to win, though in his case also the race will probably be close. Mr Judd's Democratic opponent, Mr Fraser, a strong supporter of the President's welfare plans, has Mr Kennedy's endorsement. But Mr Judd has received encouraging words not only from Senator Javits, a liberal Republican, but also from Senator Dodd, a conservative Democrat, and even from the Secretary of State, Mr Dean Rusk, who praised him warmly as a "workhorse for us on foreign policy." Mr Judd is the key Republican on the Foreign Affairs Committee of the House of Representatives and has very strong views on Cuba, which he says represents a state of affairs "worse than Pearl Harbour." A former medical missionary in China, where he was imprisoned by the communists and set free by the Japanese, he claims that his experience constitutes "unique preparation for this moment of crisis." More dubiously, he has hailed as a "kindred spirit" Mr Fred Schwarz, the crude evangelistic fervour of whose "Anti-communist Crusade" only promotes sales resistance in most people. But such extravagances do not much dilute the respect and affection in which Mr Judd is held and even the drastic redrawing of his electoral district which the Democrats imposed on the Republican Congressman is not expected to give Mr Fraser victory.

II—States in Stalemate

DETROIT, MICHIGAN

IT takes only a few minutes to fly over Lake Erie from Detroit, in Michigan, to Cleveland, in Ohio. In next month's elections, the Republicans hope to capture the Governorships of those two important adjacent states in America's industrial heartland. The Republicans already control both the State Legislatures and both the Democratic Governors complain bitterly that nearly all their legislative proposals are stalled by relentless Republican obstruction. Now the Republicans are suggesting to voters grown weary of these stalemates that the way to break them is to put in Republican Governors whose policies the State Legislatures will support, not thwart. The Democrats beg the voters not to compound a felony but instead to support efforts to put an end to the over-weighting of rural votes which gives the Republicans their political stranglehold on both states; it is said, for instance, that in Michigan the cows outvote the people. But the Democratic voice tends to sound either muffled or too shrill. In Ohio the Democratic party is so riven with factions that it can scarcely be said to exist as a state-wide entity. In Michigan it is suspected of being a dog that is wagged by its trade union tail.

Detroit's big labour vote is being sought energetically by Mr George Romney, the motor-car manufacturer whose compact reply to the challenge of small foreign cars began a new fashion in American automobiles. Mr Romney has pursued this labour vote fearlessly, even into trade union rallies. That he should do so indicates a startling change from the quite recent times when the motor industry refused to recognize the trade unions, bloody gun battles were fought at factory gates and union organisers like Mr Walter Reuther and his brother Victor were attacked by hired assassins. Mr Romney offers to create new jobs for Michigan and to wipe out the state's deficit of about \$75 million by deploying the qualities of dynamic leadership which transformed the American Motors Corporation (of which he was president) from a money-losing company into one which pays bonuses to its workers. If he is elected Governor of Michigan next month in place of Mr John Swainson, the Democrat who is running for re-election, Mr Romney is expected to turn his masterful gaze more ardently towards the White House. The recapture of the Governorship of a state where labour is powerful by a Republican businessman, after fourteen years of Democratic rule, would be a serious blow to the Administration. Mr Romney's election could also be the signal for fresh tensions in a state which is a cockpit for powerful trade unions and powerful industrialists.

The Democrats suspect Mr Romney of having some very reactionary ideas despite his professions that he is a moderate who dislikes Big Business as well as Big Labour. These suspicions distress Mr Romney, who was a Mormon missionary in his youth and still prays ostentatiously for divine guidance before making difficult decisions. He protests that he really meant nothing serious when he called former President Truman a socialistic fellow-traveller, wondered aloud about the "Americanism" of a leading Michigan Democrat and said that communists had held important positions in the Democratic party and in Democratic Administrations.

The Republican candidate for Governor of Ohio, Mr James Rhodes, has made a Churchillian pledge that "as Governor I do not intend to preside over the decline and fall of Ohio". Like Mr Romney in Michigan, he too says that if elected he will supply new,



A Diversity of Democrats

dynamic leadership and create more jobs. He has put the Democrats and the Democratic Governor, Mr DiSalle, on the defensive. They have tried to suggest that Mr Rhodes, who is State Auditor, borrowed Republican campaign funds for personal purposes and that therefore his income-tax returns ought to be investigated, but this has failed to divert public attention from a scandal apparently involving state-run liquor stores and Democratic officials. The Democrats are also suffering from self-inflicted wounds sustained when three factions were locked in a death struggle over who was to be nominated as Mayor of Cleveland in place of Mr Anthony Celebrezze, President Kennedy's new Secretary of Health, Education and Welfare. The acting Mayor, Mr Ralph Locher, won but

some of his disgruntled opponents are talking of throwing their support to the Republican.

The only Democrat in next month's election in Ohio whose success is regarded as assured is Senator Frank Lausche. As a leading Democrat and probably Ohio's best known politician Mr Lausche has President Kennedy's personal endorsement, even though he has opposed publicly almost every Kennedy proposal except federal hospital insurance for the elderly. When Ohio University students demanded tougher action over Cuba, Governor DiSalle could only murmur that nobody should criticise the Administration without knowing all the facts. But Senator Lausche is just as full-blooded as the students in his demand for sterner deeds and fewer words: even his Republican opponent, Mr Briley, is said to have commented that Senator Lausche behaves as if Dr Castro were sailing up Lake Erie.

Nautilus Torpedoed?

THE proposed sale to France of a Nautilus atomic-powered submarine represents a last attempt to head the French away from large-scale production of atomic weapons and of the enriched uranium needed for this purpose; presumably the uranium to fuel the submarine was included in the bargain. The offer, which President Eisenhower tried to make four years ago, is almost certainly too late but it was hoped that it would improve relations with the French; these have been soured by American reluctance to help France to become even a token member of the atomic club. Incidentally the sale would provide a useful offset to the \$250 million a year which defence costs in France add to the deficit in the American balance of payments. All these hopes have now been jeopardised by Mr Holifield, the chairman of Congress's Joint Committee on Atomic Energy, who has not only repeated his long-standing opposition to any proliferation of atomic weapons but has also given gratuitous offence by his remarks about unstable countries which cannot be trusted to keep atomic secrets.

Under American law such a transfer requires congressional assets, but it had been understood that this would be forthcoming for an early model such as the Nautilus which carries no ballistic missiles. It now appears that not only Mr Holifield but also other members of the committee are either flatly opposed to the sale or sceptical about it; Senator Anderson, for example, fears that the transfer might set a precedent for sales to other countries as they reach France's state of nuclear knowledge. If the President certifies that no unreasonable risk is involved—as he must under the law if the sale is to go through—Congress may yet give him the benefit of the doubt. But evidently this will be done grudgingly and probably only after lengthy delay. The proposal must be presented to the committee while Congress is in session—which it will not be until January unless the President recalls the legislators—and must then lie before Congress for sixty days unless this provision of the law is waived.

Monetary Tightrope

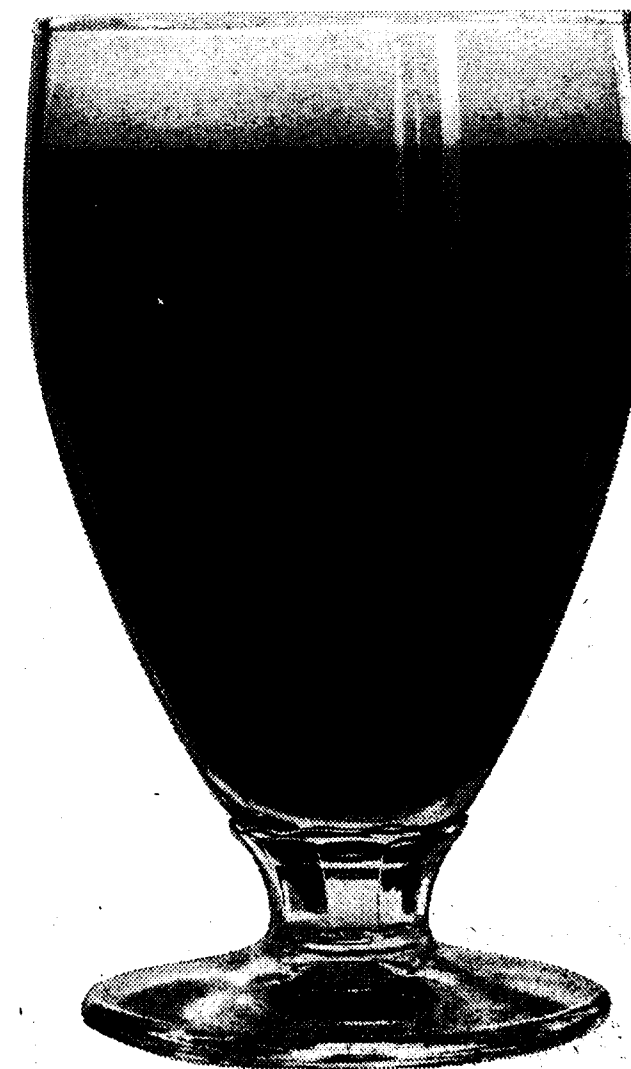
AGAINST a backdrop of sluggish domestic economic activity and a continued concern over the deficit in America's international balance of payments, the Federal Reserve Board has announced a reduction in the reserves which banks belonging to the Federal Reserve System are required to hold against savings and time deposits. The reserve requirements represent a specified percentage of customers' deposits which the banks must hold in cash or on deposit with the Federal Reserve System. The reduction, to 4 per cent from 5, will release funds sufficient to back an expansion of \$4.6 billion in bank credit. In practice, however, most of the easing of bank positions produced initially by the cut

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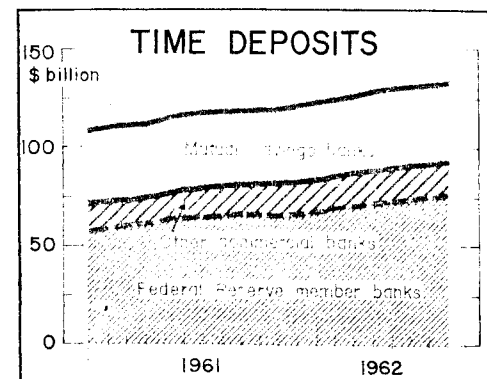


will probably be offset during coming weeks by reduced purchases of government securities in the open market by the Federal Reserve authorities. Indeed, the central bank made it quite clear that the measure was intended not as a further relaxation of its already easy monetary policy but as a "technical adjustment" to enable the banks to meet the heavy seasonal demands for credit in the weeks before Christmas. The easing may prove more psychological than real.

The monetary managers in the United States usually act to meet bulging seasonal demands for credit by stepping up their open-market purchases of government securities. Their decision at this juncture to lower reserve requirements instead was dictated by several considerations. One was the desire to relieve pressures on the banks caused by the rapid growth of savings and time deposits since last January, when the ceiling was raised on the interest which could be paid on these deposits. Another may have been the opportunity to move towards the eventual elimination of reserve requirements against these deposits—a reform strongly urged by many experts. Clearly, however, the controlling factor guiding the board's decision was its concern over the country's balance of payments difficulties.

Throughout the 1960-61 recession and the subsequent painful recovery the United States authorities have striven to pump a ready supply of loanable funds into the domestic economy and, at the same time, to prevent a decline in short-term interest rates which could induce an outflow of funds to overseas money markets. For this dual purpose the lowering of reserve requirements is an attractive weapon. Substantial purchases of government securities by the Federal Reserve System in the open market have tended in the past to place considerable downward pressure on interest rates, particularly at the short end of the market. The release of funds to the banking system through lower reserve requirements entails no comparable immediate and direct impact on these rates.

The authorities' efforts to use interest rates wherever possible to stem American losses of gold were highlighted further by the



signing into law last Monday of a Bill exempting the time deposits of foreign governments and international institutions in United States banks from federal ceilings on interest rates for three years. With the major New York banks setting the pace, rates offered are expected to rise substantially on deposits of 90 days or less—to a range of 2½-3 per cent from the range permitted under the suspended ceilings of 1-2½ per cent. Little change is anticipated on longer deposits.

Thalidomide's Silver Lining

THALIDOMIDE is a sedative but its cruel effects on unborn babies woke the United States up to the need for stricter controls over the flood of new medicines. Without thalidomide it is unlikely that the Bill which Congress passed without a dissenting vote and which the President signed earlier this month would have given the Food and Drug Administration, in the words of one of its own officials, "practically all we have been seeking for years"—though only for medicines sold on prescription and not for all of them.

The new amendments to the Food and Drug Act provide that no new medicine can be put on the market without the affirmative

approval of the FDA; manufacturers must show that it is both safe and effective. Up to now sales have followed automatically unless the FDA found a medicine unsafe. Moreover, the FDA can require the withdrawal of any medicine which it considers hazardous without going through the long and difficult business of proving this conclusively. Manufacturers and packagers must register and will be subject to more effective inspection to ensure purity and quality; batch-by-batch testing will be required for all antibiotics for human use, not just a handful of them as in the past. The generic name of medicines must be printed on their labels and a summary of their possible adverse effects must be included in all advertising aimed at doctors. None of these provisions are a guarantee that there will never be a repetition of the thalidomide case, but even before the law was passed the FDA was drawing up fresh regulations to govern the testing of new medicines on animals and on human beings.

The FDA may be well satisfied with its new powers but many critics are far from satisfied with the FDA or with the way in which it may use them. The industry, though it feels that it can "live with" the new law—particularly now that it contains nothing about reducing the prices of medicines—fears that the emphasis on safety may inhibit the development of new drugs. In Congress, which is about to undertake two parallel investigations of the FDA, one under Senator Humphrey and one under Mr Fountain, the fear is much more that the FDA lacks the vigour and the scientific competence and integrity which it ought to have. Long ago in hearings before the Kefauver subcommittee it was alleged that officials of the agency fraternise too much with the industry which they are supposed to regulate; Mr Larrick, its head, is under fire for failing to set a sufficiently high and effective standard of supervision. Partly, of course, this is due to the enormous growth, in the past decade, of the field which the FDA polices. But a year ago a committee of outside experts was appointed to determine what reforms are needed; its report—said to be highly critical—is expected at any moment.

Bomb-shell for Democrats

FROM A CORRESPONDENT IN MARYLAND

ON October 10th President Kennedy came to Baltimore to urge the election of all the Democrats running for statewide office and for Congress in Maryland. Six days later a federal grand jury indicted one of those thus endorsed, Representative Johnson, on charges of conspiracy and illegally accepting \$24,918 to influence a case of postal fraud involving savings-and-loan associations, which correspond to Britain's building societies. Also charged in what is billed as the first simultaneous indictment of two members of Congress are Representative Boykin of Alabama, Mr Kenneth Edlin, a Florida financier who has just served a prison sentence for postal fraud in his savings-and-loan operation, and one of his business associates. Mr Boykin, who is not standing for re-election, was charged just as he was leaving to receive a medal from grateful constituents at a \$25-a-plate dinner.

Until this bomb burst most Marylanders, unlike the national commentators, had believed that the Democrats would do well in the state, if only because the Republicans had assembled a team largely devoid of popular appeal. Those who know the web-footed rustics who make up the bulk of Mr Johnson's constituents on the Eastern Shore still say that his troubles need not cost him his seat. The case cannot come to trial before Election Day and too many of his supporters live on the borderline of illegality, ranging from the pirating of oysters to violation of the federal game laws, to find an indictment very shocking. Moreover, the Democrat is "one of ours" while his opponent, Mr Roger Morton, the brother of Senator Morton of Kentucky, has lived on the Eastern Shore for only ten years.

But the urban areas of Maryland may be more squeezamish. Recently the savings-and-loans scandals which made Maryland notorious have seemed to be pretty much of a dead issue. Now they are very much alive again and old charges are being revived to stand beside the new ones. The voters are being reminded that other prominent Democrats who have not yet appeared in court were nevertheless deeply involved in dubious aspects of the savings-and-loan industry and that some of them are up for election again. Doubts generated by Mr Johnson's indictment may rub off, not only on this group of politicians, but also on Maryland's Democratic candidates as a whole. In the larger aspect, the presidential habit of blanket endorsement of party candidates, already considered of questionable efficacy, is called further in question by Mr Kennedy's support of Mr Johnson. If the charges are proven, they might burn holes in the presidential coat-tails on which minor candidates often ride to victory.

All's Fair in Seattle

FOR reasons which became clear on Monday night, President Kennedy could not visit Seattle, as he had planned to do, to turn over to a non-profit corporation the star attraction of its World's Fair, the beautiful and exciting Science Pavilion provided by the federal government. But this disappointment aside, the fair closed its six-month run in a blaze of congratulations, all the greater because of the doubts which were once felt over whether Seattle was capable of mounting a successful enterprise of this kind. It is the only World's Fair in the United States to have made money since the one in Chicago in 1933-34; about 10 million people visited the Century 21 exposition, about a million more than were needed to make it a financial success.

Shopkeepers, hotels and restaurants benefited; so did other nearby attractions like national parks. But the real reward for those who worked so hard on the fair is that it brought many people to the Pacific North-west for the first time and that it leaves the city of Seattle not only the science exhibit—said to be the finest in the world—but also a whole complex of civic buildings: an opera-house, a theatre, a display hall and a coliseum, in addition, it seems, to the monorail which carried visitors to the fair ground from the centre of Seattle. The privately owned 600-foot-high space needle, with a restaurant on top and wonderful views of the mountains and Puget Sound, will also remain and so will part of the British Pavilion, which is to be used as a civic museum. It is no wonder that other places have been impressed and have been seeking Seattle's secret; even New York City, which is planning a much more ambitious fair for 1964, is interested.

The prospect of endowing Seattle with a civic centre was the main reason why the city and the State of Washington invested about \$25 million in the enterprise. Like all fairs, it had its tawdry side but these sideshows seem to have done conspicuously badly. The great attractions were the space needle and the Science Pavilion. This, which includes the Boeing Spacearium, is now leased to the Pacific Science Centre Foundation and will continue to enthral and educate even the non-scientifically minded. It is also hoped to use it for meetings of scientists and educators from all over the world.

Mournful Numbers

FROM A CORRESPONDENT IN SAN FRANCISCO

SINCE 1958 the American Telephone and Telegraph Company has been quietly substituting figures for the letters in telephone numbers all over the country—Murrayhill yielding to 68, YUkon to 98. The purpose of All-Number Calling (ANC) is to postpone the day, which was just around the corner in such centres of telecommunication as New York City, when existing telephone areas

would have to be split up because all possible permutations of the two-letter, five-number designation were exhausted. At first, this gradual revolution proceeded without incident. The citizens of Wichita Falls, Texas, did not contest the loss of their old exchanges four years ago and some 21 million of the country's 79 million telephones have since given up their letters peaceably. But this year there have been rumblings in the press, even *Time*, no radical journal, calling ANC "a numerological nightmare." And when "the numbers explosion" reached San Francisco, where the poetry of life is cherished beyond anything possible in Texas, protests took an organised form: the Anti-Digit Dialing League embarked on the congenial task of badgering the world's biggest corporation, AT & T (28 & 8, as perhaps it should now be called).

The League grew from a small notice in the classified advertisements of a San Francisco newspaper, which invited the public to voice its feelings about ANC—if it had any. Over 3,500 people had and ADDL was soon launched as a non-profit-making corporation. The League has had a friendly press. Even the *New York Times* gave its editorial blessing, predicting that an Anti-Digit Dialing Party would eventually capture the White House unless the telephone company could find a way to restore HYacinth and MAGnolia to the country. Such strong feelings seem to puzzle AT & T; one official said sadly: "The arguments these people use are not logical, they're emotional." The opposition is not wholly sentimental, however. ADDL's psychologists assert that seven numbers are harder to remember than two letters plus five numbers; the State of California introduced letter-number combinations on its motor-car licence plates for just this reason.

The company responds that people cannot spell HYacinth or even YUkon and also that, while it is more difficult to remember an unbroken series of numbers for a long time, it is easier to learn it for the few moments required to get from the telephone book to the telephone. The company also appears to be using a subtle form of brainwashing, removing from directories all but the first two letters of the names of its old exchanges; the inquiries operator no longer says that a number begins "YUkon," but only that it is "Y-U," etc. No estimates are available of the company's expenditure in fighting ADDL-minded critics but, since the defence has included full-page advertisements in leading newspapers and vast mailings to telephone subscribers, the cost must be considerable.

The California State Public Utilities Commission has entered the fray by announcing an investigation "into the rates, tolls, rules, charges, operations, practices, contracts, services and facilities of the Pacific Telephone and Telegraph Company." The League intends to testify before the commission and the issue will probably be referred to the Federal Communications Commission in Washington as a national question. If the FCC hears AT & T versus ADDL, the cause of alphabetism will at least enjoy a Götterdämmerung before numbers prevail and we head for 1-9-8-4.

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THE WORLD OVERSEAS

Plain Tales from the Hills

FROM OUR CORRESPONDENT IN INDIA

WHEN the fog cleared, the Chinese were right there behind it. It is now evident that the Indian government had massively miscalculated Chinese strength and determination on the northern border. What seemed signs of alarm in Peking were only signs that China took the Indian military efforts seriously enough to feel that they must be smashed.

Smashed they have been. At this writing it is still uncertain whether the Chinese objectives extend beyond that. In Ladakh, the Chinese have already overrun most of the advanced posts pushed forward by the Indians during the spring and summer; but they are not yet beyond what they claim is their territory. In the North East Frontier Agency (NEFA), at the western end, the Chinese attack has reached slightly beyond their version of the McMahon line, some four miles south of the Thagla ridge, which the Indians say is the line. The Chinese have also violated the line near the Burma tri-junction in the east. In this area an attempt by the Chinese to occupy the full extent of their claims would bring them almost to the Brahmaputra valley, which could only end in full scale war.

The Chinese attack was heavily supported with trucks and artillery and, in the Pangong lake area of Ladakh, even with tanks. The crisis found the Indian defence machine, which was ready enough for this summer's policy of forward probing, materially and to some extent mentally unprepared for major operations. The defence minister, Mr. Krishna Menon, explained the Chinese artillery superiority in NEFA by saying that this was a war "for which the Chinese had prepared for a long time." What, one wondered, had the Indian defence ministry been doing? A still more remarkable reminder of the days of *panch shila* was the statement of an official spokesman on Monday, which is worth quoting verbatim: "I categorically state here that no air force aircraft of an offensive type has flown in this area. It is only transport planes which are being used." Before he spoke, two such peaceable Indian planes—helicopters for evacuating casualties—had already been shot down.

Even before these statements were made, some of Mr. Menon's habitual critics had seized on some unwise phrases in a speech to charge him with being less determined than he ought to be. But the general feeling in India is that the time for recriminations is past. The last few days have seen a massive and moving rallying of the nation round its leaders. Opposition politicians have promised full support. The Congress chief minister of Orissa has suggested an all-party government. Workers have pledged higher production and no strikes. Five hundred Bihar youths sent a pledge signed in blood to work for the defence of India. The only division is in the Communist party of India, which is split from top to bottom. After long argument, the Communists had achieved a facing-both-ways resolution on the Chinese attack. Important nationalist sections of the party at once denounced it outright.

Mr. Nehru's broadcast on Monday caught the national mood in displaying complete determination to defeat "the greatest menace that has come to us since independence." India must abandon the slow moving methods of peacetime, he said, and "build up our military strength by all means at our disposal." He called on the people to prepare for a long struggle. It was a sad speech too.

As Mr. Nehru recounted India's efforts to live peacefully with China, it was evident that whatever illusions he may have had about Chinese intentions have been irretrievably destroyed.

His speech contained two important statements of policy. India would not abandon the third five-year plan or reduce any important element of it, Mr. Nehru said; nor would it give up the policy of non-alignment. Economists here are frankly sceptical about the first of these objectives. Resources to beat the Chinese have to be diverted from somewhere. Unless there is substantial extra foreign aid, where can these resources come from except from development expenditure? The economy has no great reservoir of consumer goods production. The government might, of course, lay hands on private gold hoards. Gold prices have risen sharply as investors got out of shares into something more solid.

As for non-alignment, this is credible enough. Mr. Nehru argued that it was the best possible way of meeting the crisis. The Russians are being pressed to exercise a restraining influence on China, and it is feared that open acceptance of western help might make this impossible. But there are signs of some public rethinking.

United They Fall?

FROM OUR PARIS CORRESPONDENT



AT midnight this Sunday, October 28th, the day of the referendum on constitutional reform, the lists will be closed for November's general election. The two battles are obviously linked. The political parties, half-resigned to a victory for General de Gaulle in the plebiscite, are already thinking of sweet revenge at next month's polls, where they hope to massacre the faithful troops of the gaullist party, the UNR. They may be rejoicing too soon; it may be the parties themselves that are massacred.

Why did all the parties unite to oppose the general on the difficult issue of whether future presidents should be elected by popular vote? When a former admirer, like M. Paul Reynaud, or a once useful servant, like M. Mollet, turns against the French president there can be no question of spite or mere tactical error. The answer is that the political leaders have grasped the fact that in the "guided democracy" envisaged by General de Gaulle there will be no place for political parties unless they follow the UNR rule of unconditional obedience. The manner in which the general has run his campaign has confirmed their view that his objective is to subjugate parliament and vanquish the traditional parties.

So the parties came to the aid of parliament. Once they had

united in defence, the non-communist leaders insisted on the common denominator of opposition to gaullist foreign policy on the ground that it was too nationalist both in Europe and in the Atlantic alliance. In the sixty minutes of radio time allocated to all the parties on Monday and Tuesday (the president, his defeated ministers and their juniors can use the radio and television at will until polling day), five out of the six party spokesmen pleaded emphatically for *non*. This determination at the top is echoed with a vigour that varies according to party and region.

Starting from the Right, the conservative Independents can be subdivided into three unequal groups. One small group seeks revenge for the general's betrayal of his *Algérie Française* pledges. The largest section is stirred, as is M. Reynaud, by a mixture of parliamentary instinct and a conviction that the Atlantic alliance must be fostered. The third group of these conservatives, looking forward to the new regime and an alliance with the UNR, ignores the party whip. As is natural, the conservative ministers in M. Pompidou's government belong to this last faction.

The MRP (Christian Democratic party) has found the referendum issue particularly awkward. Many Christian Democrats favour some sort of presidential system. When there was talk of a vice-president, M. Pflimlin, the last prime minister of the Fourth Republic, was strongly tipped for the job (possibly as a reward for services rendered in May, 1958). It was only the way in which the general has organised his scheme as an anti-parliamentary campaign, together with pressure from their younger members, that drove the MRP into opposition. In the constituencies of former gaullist ministers, such as M. Pflimlin and M. Maurice Schuman, the local parties have chosen neutrality, and tell their supporters to vote how they will.

Other parties are less divided. The Radicals are now in their element. It is no accident that the most moving defender of parliamentary institutions has been their spokesman and the president of the senate, M. Monnerville. M. Mollet is driving his Socialists into battle. He is already busy forming electoral alliances with the Right and the Centre, worried as he is lest the logic of the anti-gaullist struggle lead his troops into electoral alliances with the Communists.

Such a left-wing coalition, with a minimum common platform, had been proposed by the Parti Socialiste Unifié. This small party, founded by former Socialists, Communists and Mendésistes, has in M. Mendès-France an almost awkwardly eminent member but, as yet, little electoral following in the country. Its proposal, rejected by M. Mollet, never had any chance of success. The Communists are, at this stage, parading in republican, nationalist and moderate clothing. They turn the other cheek after each new slap by M. Mollet, thinking, apparently, that the referendum, followed by next month's elections, offers them a splendid chance to escape from political isolation.

All the parties are intent on the electoral battle. They have not tried to offset the government's radio advantage by holding mass meetings but have relied on leaflets, on personal canvassing and on the influence of local leaders. By these methods they hope to undo the damage of their almost certain defeat in the

Previous Referendum Results

	Abstentions % of registered voters	Ayes % of votes cast	Ayes % of registered voters
September, 1958	15.4	79.25	66.41
January, 1961	23.5	75.26	55.91
April, 1962	24.4	90.70	64.86

referendum. But the damage could be heavy. Everything seems to be working against the parties: the fact that the general's personal position is at issue, General de Gaulle's prestige (undisputed by his opponents), the parties' lack of a programme; even the Cuban crisis can now be used as an argument in favour of stability. The very width of the coalition is a disadvantage. It is idle to argue that the 1958 constitution had also been sponsored by a strange alliance that ranged from Massu (or Soustelle) to Mollet. The pre-referendum confusion does not help the electors to grasp that neither M. Mollet's merits nor the general's resistance record are the issue, but rather the future of France's parliamentary institutions.

Morocco the Eclectic

FROM OUR SPECIAL CORRESPONDENT

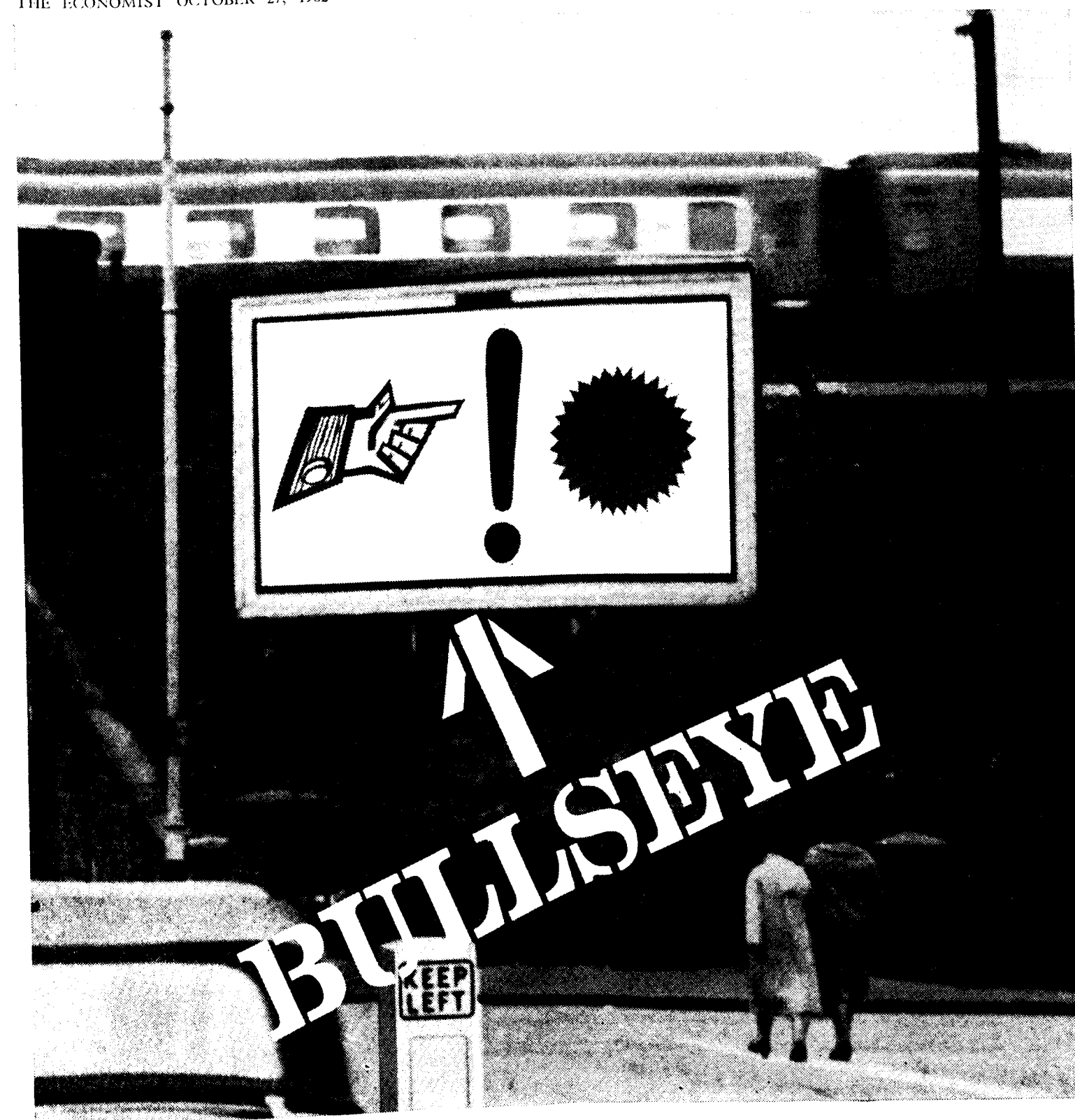
IN Rabat's modern shopping centre a large car parks itself neatly and its driver, a veiled woman, glides impersonally into the street. In any other Arab state this woman would either not drive a car or, if she did, would unveil herself. But not in Morocco. This is a country with a talent for having its cake and eating it, taking what suits it best from every possible world.

In a continent of young republics Morocco upholds a three hundred year old dynasty. Its young king, Hassan II, is brisk, direct, modern-minded. But the ritual of his court has lost little of the colour that the early Alaouites gave it. He still rules as an absolute monarch, with neither constitution or parliament. Yet probably nowhere in any other Arab country is there greater liberty of political expression. Opposition is conducted openly. Parties and press are free. There are no political prisoners. Though the throne draws strength from a sizeable, well-disciplined army, the soldiers do not meddle in politics. In most of the larger towns the mayors belong to the UNFP (*l'union nationale des forces populaires*, the main opposition party), a consequence of municipal elections held freely two years ago. From a huge Casablanca skyscraper the UMT (*l'union marocaine du travail*) operates one of Africa's largest trade union movements. The communists, although alone in having their party suppressed, still jog along and issue their news sheets openly. Even the Istiqlal (government party) press frowns primly from time to time on corruption among officials, while that of the opposition has almost exhausted its expletives—not excluding dark comparisons with revolutionary Yemen—in attacking “autocratic rule.”

Some complacent members of the government are inclined to think that this balance between two extremes—autocracy and liberty—is something exquisitely Moroccan, which, having been artfully arrived at, should not be departed from. But the king himself is aware that the sun will not stand still for him. Freedom without opportunity cannot be sustained for long. The Algerians are setting new fashions in social and political deportment. And he has, anyhow, promised Morocco a constitution by New Year, 1963.

This promise may not be ill-timed. Discussion of the constitution ranges far and wide in Morocco, but the swelling tide of expectation is not running against the throne. In the rank and file of all parties plain men, who yesterday were absolute monarchists or absolute republicans, are striking their hearts and declaring themselves “constitutional monarchists.” A constitution, cheerfully given, might thus reinforce the monarchy. The problem is less how to give it than how to make it acceptable.

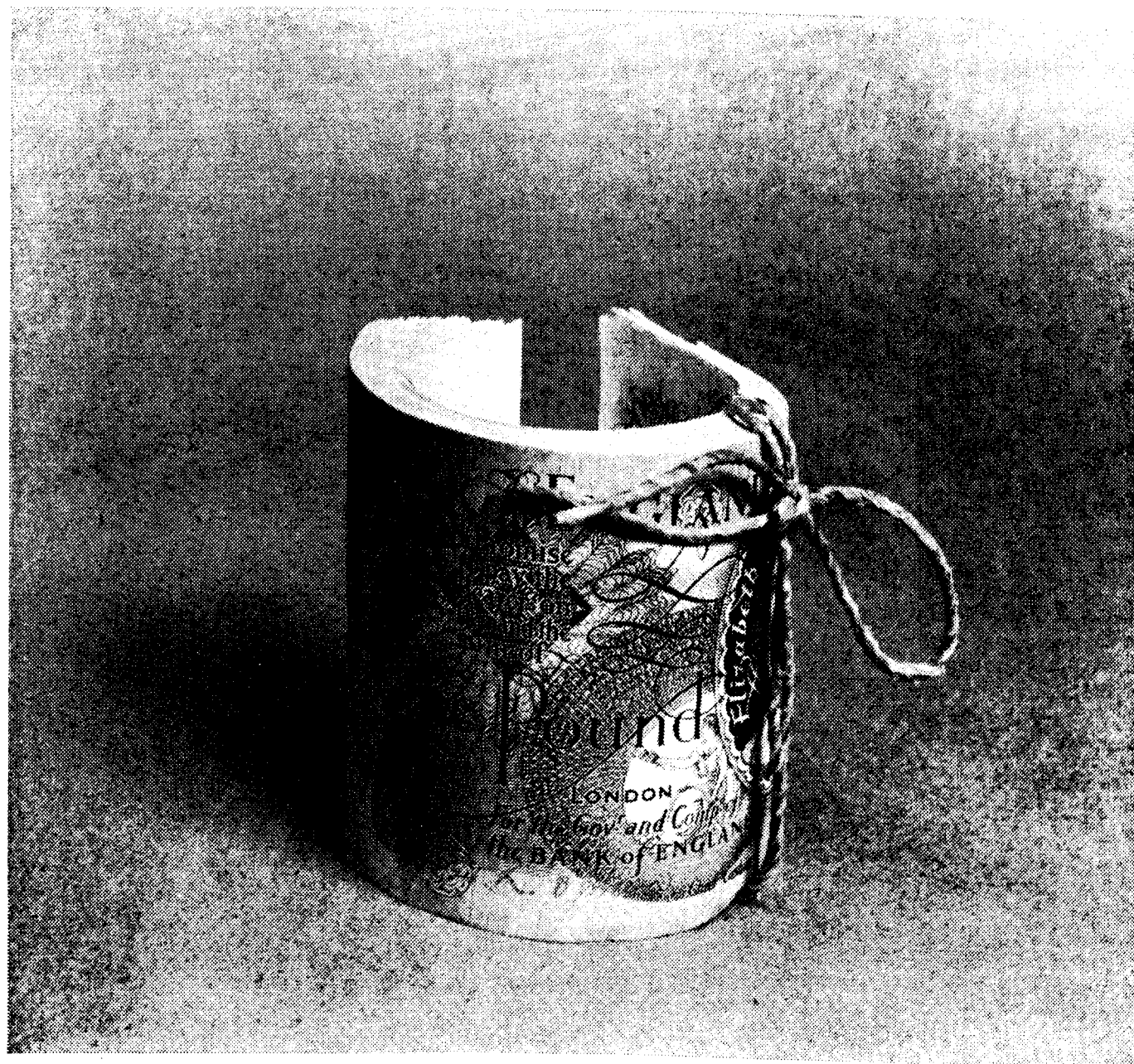
The king is reputed to have a constitution ready made. But the UNFP are indignant at the prospect of being offered an article straight off the palace peg. They point to Algeria, where an elected constituent assembly is tailoring a constitution, and say they want one like that one—with the hall mark “made by the people.” That



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Algeria's single list elections did not represent all the people does not at all dismay them. Mr ben Bella, they say, will be nobody in two years time.

Many people believe that Morocco's genius for compromise will find a way out of what seems a procedural wrangle. Some argue that if, as hoped, the ready-made constitution provides for free parliamentary elections, the parliament so elected can gradually amend any clauses of the constitution it does not like. These terms are of course all relative. Nobody is under the illusion that anywhere in Africa today free institutions can flourish without some manipulation. But constitutional government is seen by most Moroccans as a necessary status symbol, and any sort of parliament as better than none.

KEEPING up with the Algerians poses new social problems, not least that Algeria bases its whole revolutionary ethic on land reform. Agrarian reform does figure in the Moroccan government's plans for developing the country and for providing its under-employed population with a future livelihood. But hitherto industrial expansion has been given much greater prominence. The Istiqlal is credited with wanting to concentrate on industry, while the UNFP carries the banner for land reform. But these distinctions are becoming a trifle blurred. After scoring a notable success with his pet scheme, the *promotion nationale*, by which many unemployed peasants have been set to work, clearing land, planting trees and building roads and dams, each group in its own district, the king appears to be ready to accelerate land settlement plans.

This is bound to be a long story in a country where 40 per cent of the rural families are landless. (The rural population numbers roughly eight million out of Morocco's total of nearly twelve million, and the total is increasing by 300,000 a year.) The government has earmarked more than four million acres of land for setting up peasant co-operatives and this will affect the big French estates, which occupy more than a million acres of the richest land. Because they are so beautifully farmed and do at least employ peasant labour, the Moroccan government has hesitated to disturb them; it has repossessed itself of only 50,000 acres. But new entrenchments are foreseen. Wherever dispossession becomes necessary Morocco will look to France to facilitate the compensation of any outgoing Frenchmen. Since this will be small beer compared with what France is committed to do in Algeria, under the Evian agreements, such assistance is not likely to be grudged.

Although Morocco leans heavily on France economically, a galaxy of foreign interests is reflected in the aid it is getting and in its industrial growth. The United States outstrips France in the value of its loans and relief grants. Russia sends shiploads of arms, but nobody knows where they go. Only the twelve Miggs, delivered two years ago with thirty Russian instructors, have been seen in public again. The Chinese have been a disappointment; they tried to introduce tea-growing, but gave up with the first setback, and have been criticised for not persevering; Moroccans drink a lot of tea. Both western and eastern undertakings are active in Morocco's industrial programme, which calls for much foreign investment. Morocco has the mineral wealth, the world's biggest phosphate deposits, and the best roads, ports and airfields in all north Africa. But it lacks the money and the experts.

Foreign firms team up with BEPI (*bureau d'études et de participations industrielles*) to form joint companies. France and the United States are prominent in by far the biggest enterprise, a chemical complex based on phosphates. And the United States and Italy are in projects already in full swing (oil refinery, car assembly, tyre making). Britain is coming in to manufacture tractors. Poland got the contract for machinery for a sugar factory, for which the World Bank will finance the new sugar-beet cultivation. A Russian study for a shipyard in the bay of Tangier, overlooking Gibraltar, has had a mixed reception. Morocco would

like impoverished Tangier to pick up some ship repair work, but wants to avoid enterprises with political overtones.

Amidst all this foreign activity, France provides the main key to progress in sending out men with the know-how to Morocco's government departments—19,000 technicians (9,000 of them teachers)—and missions to the army and air force. It is largely upon their loyal service and readiness to teach Moroccans to take over from them reasonably quickly that a happy future depends. Some Moroccans are anxious lest in this generous French forcing house, they lose some of their Arab identity. This seems extremely unlikely. Few nations possess a more pronounced national character or less interrupted traditions; and their talent for taking what suits them, and quietly discarding what does not, shows no sign of running dry.

Ghosts in the Kremlin

"As long as Stalin's heirs are on earth it will seem to me that Stalin is still in his mausoleum."

Yevtushenko in *Pravda*, October 21, 1962.

HALF-TRUTHS will not last; or so the Russians are finding in their efforts to rewrite Soviet history, leaving out the most obvious Stalinist falsehoods, yet providing a version that would not undermine the present leadership or the party monolith. But one truth and another are links in a chain and in this case it is the good coins that drive bad ones out. The issue of *Pravda* which contained Mr Yevtushenko's anti-Stalinist poem also had a lengthy article on the party's seventh congress, held in 1918. This article coincides with the publication of the stenographic report of the seventh congress. The *Pravda* writers maintain that the Soviet regime was saved at the time of the Brest-Litovsk negotiations by wise, stern leadership from Lenin, in the face of Trotsky's treachery, the "factional activity" of left-wing Communists and Stalin's own "wavering." This condemnation of factions and of their "hysterical" outbursts is understandable. A Russian reader of the verbatim report is bound to contrast the lively controversies of Lenin's time with the rule of unanimity prevailing under Mr Khrushchev.

Until quite recently the posthumous rehabilitation of Stalin's victims was limited to two groups. Marshals, such as Tukhachevsky and Blucher, were rehabilitated first, probably under military pressure at a time when Marshal Zhukov was still influential. The other group consisted of good Stalinists, like Kossior and Chubar, who had served their master as faithfully as Mr Khrushchev or Mr Malenkov did; yet he had them executed. Towards Stalin's true opponents the official attitude has been more ambiguous. It was his method of eliminating rivals, not the fact of their elimination, that was being condemned.

On October 17th, however, the Moscow correspondent of the Yugoslav newspaper *Politika* revealed that last summer, without



Radek



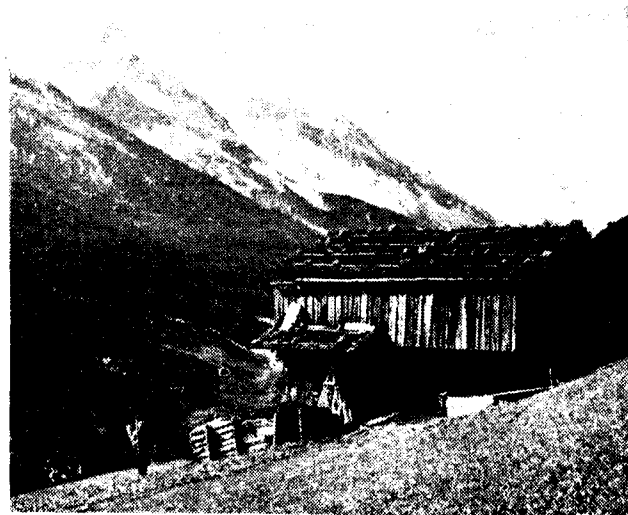
Bukharin



Rykov

Alpine Farming

FROM OUR CORRESPONDENT
IN VIENNA



A THREE-DAY conference on alpine agriculture opens at Vienna on November 7th with delegations from Austria, Switzerland, Germany, Italy, and France, which supplies the chairman, Professor Zépède. These delegations form the alpine subsection of the *Confédération européenne d'agriculture*, which meets every two years or so under the auspices of the Food and Agriculture Organisation to exchange information and, where possible, to co-ordinate policy.

The chronically defensive position of the alpine farmer, living from generation to generation only very little above subsistence level, has led to a gradual withdrawal from the highlands, which the governments concerned wish to stem. The following review of the problems as they apply to Austria is also, in many ways, relevant to the whole alpine area.

About half the population of Austria earns its living on 432,000 farms, about a third of them alpine or sub-alpine. An average mountain farmer will own, say, 25 acres of productive land plus 50 acres of standing timber. If he owns no forest land he will usually have annually accruing timber rights, and will own an alpine pasture or have grazing rights. Clearly, to talk of an "average" farmer is deceptive. There are those who own 80 or more head of cattle, and there are the subsistence holdings that provide grazing for no more than six cows, a couple of heifers and a pig. All are in varying degrees menaced by the forces of nature: avalanches, torrents, floods, landslides, hail and drought. They are placed at a disadvantage by their distance from the markets, by inaccessibility (particularly to mechanised transport), by dilapidation of buildings and the impracticability, where electric power is available, of carrying mechanisation beyond a certain point. There is the ominously increasing shortage of labour, and the old-time market for certain handicrafts (copper or wooden kitchenware) has gone. This gloomy scene, so far removed from the

romantic idea of the gay, yodelling peasantry, provokes the question: why keep up the unequal struggle? In view of the labour shortage in all areas, why pump money into marginal undertakings?

The Austrian ministry of agriculture and forestry gives these answers:

1. Austria's greatest asset is its forests. More than half the total forest area is shared out among the farming community, who not only work on their own ground but provide the main labour force in the mountain forest areas. It is vital for the smallholder to find local employment at times when his farm work slackens off, and equally important to the national interest that he should be available. Imported labour housed in temporary barracks is not suited to Austrian forestry practice which avoids large-scale felling.

2. The tourist trade today calls for an alternative to crowded, noisy resorts. There is a growing demand for quiet and seclusion, for accommodation in farms and small inns in the setting of normal country life. The artificiality of a luxury hotel dumped down in an alpine desert would be a negation of this contemporary trend.

3. Alpine stockbreeding is a vital factor in the maintenance of high quality in the lowlands. Some 373,000 head of cattle spend on an average 100 days a year on the high pastures, in addition to 14,000 horses, 243,000 sheep, 36,000 goats and 24,000 pigs. It is calculated that these pastures, lying between the tree line and the perpetual snow, enable the highland farmers to keep in all about 130,000 more animals than they could if confined to their home ground. Life at a high altitude means a harsh climate with minimal protection, rarefied air and alpine sun rays. These combine to produce a tough, self-sufficient, fertile and long-living breed of cattle with a high resistance to disease. Similarly, the mountains provide healthy areas for disease-free potato cultivation.

4. Owing to labour shortage, lowland farmers are slowly abandoning milk production and concentrating on crops, such

as cereals or beet.

The ministry's policy may be summarised as follows:

Road and track building: wherever possible all farms are to be rendered accessible by mechanised vehicles. This has first priority. **Mechanisation:** there are still 14,000 alpine farms, mostly on the highest levels, without electricity. Where electricity is available, cable lifts have been built, and ploughing, hoeing, transport of manure and fertilisers are, to a large extent, carried out by means of rope winches. It will not be long before electricity has been brought to all but the most remote farms. Road-building and electrification are financed by the federal, Land and local governments jointly.

Amalgamation of land: separate plots of land, often far distant from the farmhouse and from one another, are gradually being reallocated on a majority agreement basis among the farmers themselves. For this a simple majority is enough.

Reafforestation of under-productive land is being undertaken and will provide the owner with a valuable asset instead of poor grazing. The ministry hope to induce the state forest authority to relinquish certain small areas to individual farmers to prop up their holdings.

A complete **Land Register** of all alpine farms, which will facilitate the work of the ministry and the farmers' unions, is at last nearing completion. This is already paying for itself as vague estimates give way to exact statistics, and policy can be better co-ordinated and waste avoided. Since 1953, **milk transport costs** have been pooled so as to secure equal profits for all irrespective of distance between producer and market. **Tariffs** protect the farmer against cheap imported cattle food and beasts. A high and increasing percentage of young farmers attend **agricultural schools:** the ministry claim to have proved that the profit earned on a farm is in direct ratio to the educational level of the farmer.

Housing: the smaller, picturesque but often squalid farmhouses are disappearing fast; the larger ones built of stone or stone-and-timber will, one hopes, remain. Owners of these highland farms are being encouraged to modernise their buildings in order to take in visitors.

This modernisation on all sectors of the farm is being done by means of grants and loans. Loans, at three per cent and repayable over ten years, are available to farmers whose means of subsistence is reasonably well established. A man who can show that, though capable and hard-working, he is struggling against great odds can now receive a grant of up to 60 per cent of the capital investment required to put his farm on its feet. "In the end," said a ministry official, "you're up against one unknown quantity: the man himself."

any publicity, the families of some men sentenced at the great Moscow trials of the nineteen-thirties were informed of their post-humous rehabilitation. True, this surreptitious rehabilitation refers to the criminal charges and not to the political reproaches against these men—Bukharin, Rykov, Tomsy, Pyatakov and Radek. Of these, Nikolai Bukharin is the most famous. Lenin, in his testament, described him as the party's "favourite" and a most valuable theoretician despite "scholastic" tendencies. At the time of Brest-Litovsk, towards the end of the first world war, he was one of the leaders of the so-called left Communists who rejected the German peace in the name of socialist ideals and in the hope of a European revolution. When that revolution failed to materialise and Russia started to "build socialism in a single land," Bukharin became a leader of the right wing, preaching slow industrialisation and advocating concessions for the peasants. (The dialectical causes of this seemingly strange conversion are explained in Mr Deutscher's biography of Trotsky.)

It is in this second role, as the protector of the peasants, that Bukharin is best known. Together with Alexey Rykov, who had succeeded Lenin as head of government, and Mikhail Tomsy, who led the trade unions, he was Stalin's indispensable ally in the Politbureau until the start of collectivisation. Then came defeat and disgrace. Their recantations bought them breathing space, but no more. Only Tomsy, by committing suicide, escaped Vyshinsky's prosecution and the firing squad.

Bukharin and his allies represented the Right in the struggle with Stalin. Through Yuri Pyatakov, one of the organisers of Soviet heavy industry, and Karl Radek, the most brilliant and biting of Communist pamphleteers, the finger of history points Trotsky's way. The time may yet come for a revision of his case. Indeed, the documents now being published make it increasingly difficult to play down the part played in Soviet history by either Trotsky or the Bolshevik old guard. It is not only a question of the men themselves. The issues discussed—the pace of industrialisation, the attitude towards the peasants, the amount of freedom to be allowed within the party—though altered by circumstances, are more topical than ever.

Since the anti-party group was eliminated in 1957, and attacked ever since, the Soviet public has never heard the case for the defence, only its parody presented by the prosecution. Learning from documents about these past controversies, the new Soviet generation will ask questions about the present. No wonder, in these circumstances, that rehabilitations are carried out surreptitiously and that the documents are accompanied by a host of explanations.

"We have thrown Stalin out of the mausoleum, but how shall we sever him from his heirs," writes Yevtushenko. Mr Khrushchev's anti-Stalinist supporters are becoming awkwardly radical. They are demanding the rapid elimination of the vestiges of Stalinism and, by the same token, the rehabilitation of the victims. *Le mort saisit le vif*, say French jurists to explain the continuity of the legal personality in inheritance. In the Kremlin the ghosts of Stalin's victims are haunting his living heirs, forcing their hand and threatening the party structure.

Czech Economic Strains

BY A CORRESPONDENT LATELY IN CZECHOSLOVAKIA

THE scene is Brno, Czechoslovakia's second largest town. The time, an unusually warm day at the end of September. A green lorry draws up in front of a shop and unloads three sacks of potatoes on to the street. Before the manager has time to

deal with the delivery, a group of casual passers-by has already formed a disciplined queue. Barely five minutes' walk away, what is proudly claimed to be the leading international engineering fair in Europe is in full swing. Visitors are admiring the impressive array of Czech machinery in the spacious halls, and in the improvised offices businessmen from around the world are daily concluding deals to the value of millions of pounds.

Those two scenes are in many respects characteristic of present-day Czechoslovakia. Shortages, particularly of meat, but also of dairy products, and bottlenecks in the supplies of a wide range of consumer goods, are being felt throughout a country that is still regarded by western visitors as the shopwindow of the Soviet block, and by jealous Communist neighbours as the "bourgeois in the socialist family of equals." Long queues form in the early morning outside every butcher and every greengrocer in many villages and in nearly every town; but there is plenty of meat in the better restaurants. Despite the irritating scarcities, the 14 million Czechs and Slovaks live considerably better and have incomparably more consumer goods, particularly of durables, than the people in any other Soviet block country. But while the Hungarians and the Poles have some tangible proofs that their (admittedly, lower) standard of living is steadily rising, the Czechs have not. The angry official outbursts against the "schnitzel patriots," who compare the relative prewar prosperity of their country with the present state of affairs, and the Czechs' blunt criticism of the unpopular party leadership to foreigners, suggest that ordinary people are becoming increasingly fed up with the persistent economic difficulties.

MANY political jokes and remarks made to this correspondent reflect the opinion of the non-Communist majority that the economy has been overstrained by the lavish handing out of aid to the underdeveloped countries. As the manager of a large hotel put it to me: "Our trouble is that we are giving those countries too much too quickly. But this is the policy of our government, and we can do nothing about it. . . ." Popular bitterness has been heightened by western broadcasts. According to American calculations, the Czech contribution to Soviet block aid schemes amounts to \$47 a head, or three times as much as the comparable Soviet figure in the period up to December, 1960. Even so, excessive foreign aid alone could hardly have plunged this highly developed country into its worst postwar economic crisis.

One gets the impression that structural disproportions are causing the economy to strain at the seams. The government's recent decision to abandon the current five-year plan, due to end in 1965, and after an interim one-year plan to embark on a seven-year plan for 1964-70, was really a confession of the gravity of the crisis. Lagging farm output is undoubtedly one of the major factors in what Mr Simunek, the deputy premier now in charge of his country's contribution to the economic integration of the Soviet block, has recently described as "the circle of mutually dependent problems." Whereas consumption of food, particularly of meat, has sharply risen since the war, agricultural production during the past four years has failed to show any progress; in fact, it is believed to be lower than it was twenty-five years ago. The relative stagnation of agriculture stems from disproportionately small investments compared with the other branches of the economy, the uneconomic price structure and ruthless collectivisation. The results of peasant hostility and the lack of incentives can be seen in the latest statistics; during the first three-quarters of this year planned deliveries of meat fell short by 20,000 tons, of poultry by 3,000 tons, of eggs by 163 million and of milk by 55 million gallons. With plenty of jobs available in industry, and collective farm incomes reaching less than half of industrial wages, it is difficult to see how the large-scale migration to the towns

can be halted and the level of agricultural development raised to that of industry by 1970, as is required by the central committee's directives for the forthcoming party congress.

As it is, food imports last year were nearly a fifth of all imports and cost the state some £130 million (at the official rate of 20 crowns to the £). They are likely to be substantially higher this year. The heavy strain on the balance of payments is made worse by serious shortcomings in such key industries as metallurgy, heavy engineering and building. Czechoslovakia, for all its limited home market, is still producing a range of engineering products that cover perhaps 70 or 80 per cent of the varieties contained in the world's engineering assortment. But about 30 per cent of its miscellaneous engineering products are manufactured on the basis of blueprints ten years old. The industrial growth rate dropped from an average of 11 per cent in the years 1958-60 to 8.9 per cent last year, and to the equivalent in the first half of 1962 of an annual rate of only 6.7 per cent, though the plan originally projected a target of 9.4 per cent for this year. Productivity also shows a marked tendency

to fall off. Instead of the planned 7 to 8 per cent, it has risen by a mere 3.2 per cent this year.

As a result of "loose" planning, continued production of obsolete models and wild investments by local authorities, large funds are frozen in accumulated stocks and big unfinished investment projects. Meanwhile, despite the acute labour shortage, the ponderous bureaucratic apparatus encourages labour hoarding and stimulates the senseless drive for "global fulfilment" of the planning targets, regardless of damage to quality—which, this year, is expected to cause a loss of £20 million in metallurgical rejects.

Several important external factors have also combined to aggravate the country's economic plight. Military expenditures are said to have been raised considerably since the beginning of 1961. Trade with China has abruptly fallen from £70 million in 1960 to an estimated £20 million this year; this makes necessary some painful adjustments in imports. Finally, the economic rivalry and lack of co-operation within the Council for Mutual Economic Aid have had widely felt repercussions in Czechoslovakia.

Father Pire's University

BY A CORRESPONDENT

ARMED with his Nobel prize award of £28,000, Father Dominique Pire has planted on the banks of the Meuse in his home town of Huy, in Belgium, the nucleus of what he hopes will be a "University of Peace." Some two hundred students from all parts of the world came there to attend courses in the past summer.

Father Pire is a Belgian Dominican monk, based on the monastery of La Sarte at Huy, who for the last fifteen years has been establishing "European villages"; he now has seven of these in various parts of the continent. He populates them with "unwanted" refugees, whom he calls the discards of life. Hundreds of people are now happily settled in these villages, and he returned not long ago from Pakistan, where a similar movement is starting.

In his office at Huy, Father Pire's files are packed with names of such people. He comes down from the monastery every day to deal with correspondence from all over the world. Now that his "European villages" are a going concern, and have developed a local community life, he is specialising in establishing contacts between individuals through correspondence. He seeks by these letters to break down the isolation of lonely people, and to open up what he calls a "fraternal dialogue."

Out of this experience in dealing with people of all races and religions—which won him the Nobel Prize in 1958—Father Pire has come to his idea of a "University



of Peace" where young people can learn to understand one another's point of view. He claims that, in dealing with different kinds of people, he has learned to respect a basic humanity in everyone, and that this is relevant to the problem of international relations. Claiming that it is easy to rouse people and governments to relieve physical suffering (he gets a steady flow of money and materials to assist his refugee work), he is now concerned with the "fraternal dialogue" in men's minds.

Father Pire's university is a very modest affair that has so far been paid for out of his Nobel prize money. It is a simple quadrilateral of glass and concrete, still unfinished and only partly furnished, with rooms for 80 students. The first set of buildings is called the Gandhi International Centre; the second may well be named after Albert Schweitzer, for these two men have been the dominant influences in Father Pire's life. He does not count himself as an orthodox pacifist.

Everything he does must be "pro-human." "I fight against barriers, against prejudices and stereotyped social ideas. I am not interested in converting people to Roman Catholicism. My aim is to build a bridge of light and love across the turbulent waters of imperialism, anti-imperialism and racial hatred."

This spirit he hopes to encourage in the students who come for fortnightly courses under his guidance. The students are fed, but must otherwise pay their own way. Lecturers from different parts of Europe teach history, geography, economics and philosophy. To look at the summer programme is, at first glance, to see a familiar enough assembly of world problems. It might be any summer school of world citizenship. But Father Pire hopes that his students will carry on the "fraternal dialogue" of good will when they get home. He expects them to do things that unite people rather than things that divide them; he sits an Arab alongside an Israeli, a black African alongside a white one.

This approach is symbolised by the drawing on the letter paper Father Pire uses. It is a globe cleft into two sections, with a heart at the centre; the phrase he uses is "heart open to the world." Father Pire is impressed by the idealism of young Asians and has invited many of them to Huy this summer. He has avoided anti-communists as much as anti-nuclear campaigners, saying that he is not anti-anything, just pro-human. He makes no great claims for his little embryo-university, and he is aware that many may come sceptically, or for fun. But from the letters he has received, as the result of last year's initial course, he hopes that in the next ten years he can encourage some hundreds of young people to understand his approach to the problem of peace.



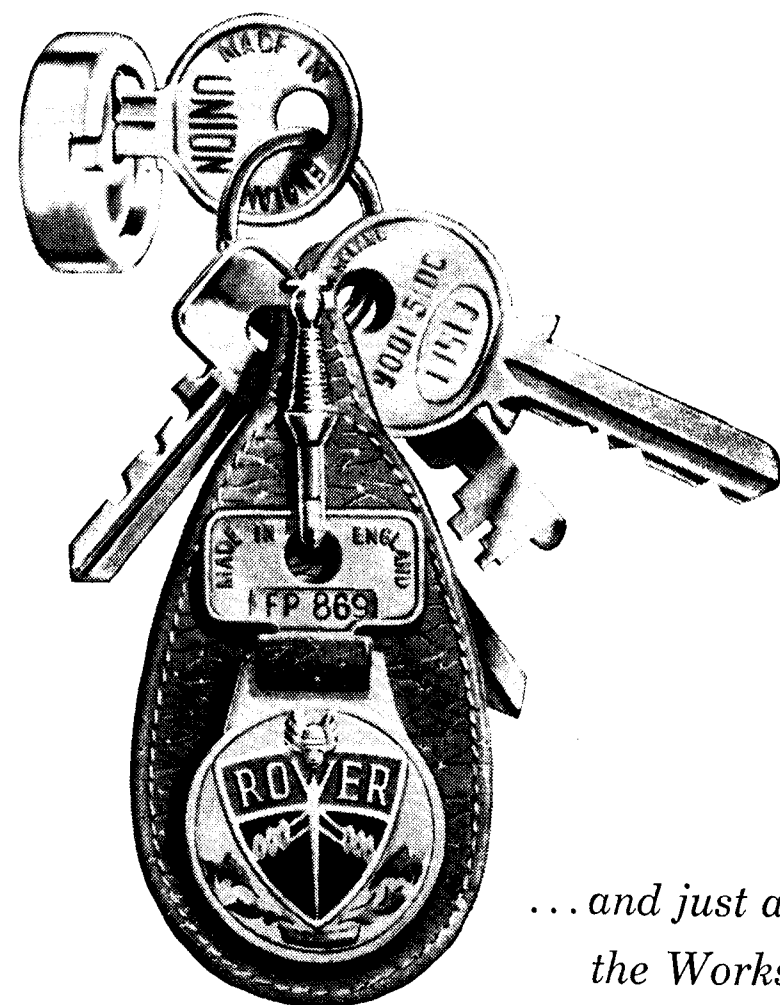
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THE BUSINESS WORLD

Twenty Billion Dollar Question

BUSINESS reactions to the Cuban crisis have been bewildered rather than considered, for the good reason that no considered view is possible. The ultimate uncertainty of the nuclear age, paradoxically, itself removes the rationale of panic of the kind which accompanied the threat of less cataclysmic war. Some investors still respond instinctively to the standard maxim at such times of "Go liquid, go home"; but far more have simply sat tight and sensibly refused to embark on fanciful hypothetical prognostications which would have little relevance even if they turned out right. Thus while the immediate impact of the crisis on the stock markets, the exchange markets and the commodity markets was quite sharp, it produced no speculative spiral; and by Wednesday afternoon the markets were already showing signs of steadying.

At one point, however, the disturbance has been considerably more serious. There has been large switching out of paper money and paper securities into gold—gold coins by the smaller fry and gold bars by the rich. Sterling has been affected by these movements, as it always is; but this time sterling is not in the front line. The big movements have been out of the mark, and the dollar itself. Demand for gold on the London market on Tuesday was estimated in some quarters at 20 tons or more (roughly the same in millions of dollars), and it looked as large again on Wednesday. Buying on this scale probably exceeds even that of the gold rush exactly two years ago. But the market now is under strict control, so that instead of soaring as it did then to over \$40 an ounce in a market devoid of sellers, the gold price has risen only gently, from \$35.13 to \$35.20, as the Bank of England has been a ready supplier at prices of its choosing. So far, therefore, central banking co-operation has withstood the strain without any outward sign of difficulty. This is a considerable tribute to the improved co-operation of recent years, which was designed to meet just such tests as this. On Thursday, moreover, speculative activity ceased abruptly, as the prospect of a diplomatic solution to the crisis improved. Market operators were waiting on the sidelines, their eyes fixed firmly on the Russian ships reported to have changed course.

But the real test could still lie ahead. What has happened so far is that the Bank of England, and perhaps other European central

banks under the gold pool arrangement for controlling the London market, have been meeting the demands of private buyers by selling them gold in exchange for dollars. The big question, which so far as is known the gold pool agreement has never faced, is what these central banks will do with the dollars if the speculative movement into gold does not fairly quickly reverse itself. The "gold pool" was originally believed to be of the order of \$250 million when it was set up in the early months of this year. It was soon increased by some quiet purchases of gold in the markets, particularly when Canada was selling; then it was drawn on quite heavily to meet the speculative wave that followed the Wall Street crack after the end of May; and, just possibly, it may have been rebuilt in a small way in the quieter markets that have prevailed since President Kennedy's assurance via Telstar in late July. But if the pool could run to or near extinction earlier in the summer, it is plainly still less adequate to cope with the pressures that could continue to bear on the dollar now, if on the one hand the Cuba blockade simply maintains tension or if it adds a continuing burden to United States defence expenditure, and so to its balance of payments.

If the stability of the exchange structure is to be defended, therefore, new international defences for the dollar may be needed. And the broad effect they have to take seems pretty clear—agreement, in one form or another, among European central banks not to present for conversion into gold in New York the dollars they are taking from their private citizens. Moves for an agreement of this kind, perhaps embodying standard ratios for the holding of gold, dollars and other currencies in national reserves, had already been mooted before. Mr Roosa's schemes for extending the area of *ad hoc* financial co-operation now become urgent. Under the pressure of immediate events, there can be little doubt that the western central banks will rally round; and the European members of the Paris Club would no doubt do their part to enable the United States to draw up to its whole quota of \$4,125 million from the International Monetary Fund if the

need were to arise. But if they are to secure the co-operation they want and need, the United States authorities must revise some of their ideas. Defence of the dollar has this year been emotionally charged with a kind of "go it alone" nationalism that now becomes harder to sustain. It is

DOLLAR BALANCE SHEET

Reserves end-August		Liabilities* end-July	
		(\$ million)	
Gold	16,140	Official	10,974
Foreign exchange ..	420	Commercial Banks ..	5,500
		Other holdings	2,540
Total	16,560		
IMF Quota	4,125	Total	19,014

* Short-term dollar balances classed by holder and excluding international institutions.

ironical that a mere month ago Mr Maudling's scheme for international deposits in an IMF mutual currency account, which would in fact admirably serve the dollar's present need, was received with such aloofness by American officials. Now, if they are to induce other countries to hold more dollars than they really want for any length of time, they may well be brought directly to the question of a value guarantee on those balances, so that the helpful creditor is not faced to carry the whole risk.

The United States, for the first time, stands exposed internationally on the political and financial fronts at the same time. The two can, as Britain well knows, interact. Sir Anthony Eden himself judged that perhaps the biggest single influence forcing his cease-fire at Suez was pressure on the pound. The parallel with the Americans' position over Cuba is not close—on the one side the reserve backing for the dollar

is itself much stronger, and on the other the reactions of other western countries to their unilateral action is nothing like so hostile. But some financial constraint exists; and to secure the financial support that it needs, the United States cannot be indifferent to the reasonable demands which its supporters make upon it for consultation and co-operation, financial as well as political. In their own interests, the American authorities need to make more gestures in this direction. And they must never show signs of losing patience. Any suggestion that the pressures of policy in the Caribbean might be made the occasion for a gold embargo—and such suggestions are already being bandied about in the markets—have to be immediately quashed. And that means providing convincing alternative arrangements by which pressure on gold, if it grows, is to be met.

Calder Hall to Dounreay

There are signs—small but unmistakable—that atomic energy is coming back into favour

IT is some considerable time since Sir Christopher Hinton, atomic knight turned chairman of the Central Electricity Generating Board, made one of his redoubtable and justly dreaded attacks on the economics of nuclear power stations. In Europe, proposals for experimental atomic plants that have been gathering dust have been taken down from the shelves. Contracts are being discussed in Asia, not only in India but also in Pakistan. The heads of international atomic agencies report a quickening of interest in the countries under their purview. Euratom is beginning to flex its muscles. . . .

This slow thaw is inspired by nothing so firm (or so fallible) as a favourable re-assessment of nuclear power economics. It seems to draw much of its inspiration from an uneasy feeling among electricity producers about the long-run price stability of other fuels. An electricity producer designing a station now has to consider its costs for the 20-30 years that begin in, say, four years' time. He knows indigenous coal prices are likely to rise; he may be unsure about American prices if he accepts American forecasts about demand there, even on the best assumptions about freight rates. Oil, today, can be imported much cheaper than American coal; but no company will yet make contracts over as long a term as power station operators might desire, even while short-term forecasts suggest the oil surplus will remain for quite a long time yet. And with OPEC breathing down the oil companies' necks, their customers may well reckon that for the seventies the safest bet is that oil prices will move up into line with those of imported coal.

What does this imply for the generating costs of a fossil-fuel-powered generating station built now? In these circumstances, atomic power seems worth a second look. It is still not competitive if it is measured by the performance of Bradwell or Berkeley in this country and Dresden or Yankee in the United States. Bradwell and Berkeley, for example, look like producing electricity for 1d. a unit against ½d. for a good coal-fired station. But this is not the comparison that counts.

What matters is the accumulating evidence that suggests that engineers are getting better at building atomic power stations. This is being proved true in Britain, where ten atomic power contracts have been or are being placed, all for the same natural uranium, Calder Hall type of power station but each showing engineering improvement on its predecessor. And some of these improvements are of major importance, as in the change from steel to concrete pressure vessels. It is also being proved true in the United States, where the equally simple boiling water reactor developed by General Electric has emerged as the only other potentially commercial system of nuclear power, and is gaining great popularity in Europe. The engineering "stretch" being shown by both designs is encouraging and exciting, but the message is that such rewards are open only to those who build atomic power stations and are prepared to learn from their mistakes. This accounts for a tendency among potential customers, particularly in highly industrialised countries, to be less affected by guesses about costs—which can be made very much to taste—and more interested in potentialities for development.

This change of view is not likely to lead to a spate of nuclear power programmes on the British scale—not unless the oil-producing countries strike attitudes that really worry Western markets about the prospective price of imported fuel. But if it leads, as well it might, to a gentle increase in nuclear power station construction across the world and in western Europe in particular, it will expose one of the fundamental weaknesses of nuclear power, as it has been developed so far. This is the fact that engineers, and indeed the scientists whose work precedes theirs, can still offer what is at best only half a nuclear programme.

ALL atomic power stations built today, with the single exception of the Canadian system, produce some plutonium as a by-product. During its life in the reactor, this plutonium ages and becomes partly non-fissile; it is

therefore unusable for weapons. But it could be immensely valuable as an atomic fuel—were there any reactor system capable of exploiting its potentiality. No such system now exists; nor is there any certainty that one will be developed. This is why the once-sizeable credit allowed for the by-product value of plutonium in calculating the cost of atomic electricity has since been reduced to a point where it makes a barely significant difference to these cost estimates. So long as any atomic power network is producing plutonium and failing to use it, therefore, it is in the position of oil wells that burn off their natural gas—wasting what could be a golden egg.

The reasons why plutonium is so intractable a fuel compared with uranium are still imperfectly understood. It may be that scientists at the Atomic Energy Authority and all over the world are to be blamed for insufficient effort to tame this man-made material which does not appear in nature and to combine it with uranium as a fuel for present-day nuclear power stations. The Calder Hall type of station does in fact consume a good deal of plutonium as it is produced, and the Canadians are attempting to develop this characteristic to a stage where anything still contained in the spent fuel that comes out of their heavy water reactor will not be worth recovering. This is one feature that makes the Canadian line of atomic development so interesting. But most scientists would answer that only one type of nuclear reactor is suited to use plutonium; this is the "fast breeder," a system on which much work has been done all over the world and of which the biggest working version has been built by the Atomic Energy Authority at Dounreay.

THIS, without doubt, is the most important project the authority has tackled since the last concrete was poured at Calder Hall; and it is many times more difficult and dangerous. Nearly eight years of work have been needed to bring the Dounreay experimental reactor up to power. Design changes put back the date when it could start operating by about eighteen months, and it has taken three years since then to coax and coddle this malevolent little installation from the point of just ticking over up to half-power, giving 30 megawatts of heat (and a bonus of 3 megawatts of electricity as some compensation for past bad behaviour), against its designed capacity of 60 megawatts. The authority has spent £25 million on this reactor and its ancillary services, and is now contemplating another £20 million on a power station prototype.

There are those who see Dounreay as the AEA's biggest folly. But to argue this is to overlook the blunt fact that between 20 and 30 tons of by-product plutonium will have been stockpiled at Britain's nuclear power stations by 1970 and will continue to accumulate from then on at the rate of 5 tons a year—more if more nuclear stations are built. The need to find a way of using plutonium is more acute for Britain and the authority than it is for other countries less heavily committed to nuclear power. The AEA would be open to censure were it not seeking the answer. If one could find a way of using this plutonium, it would do the work of 6½ to 10 million tons of coal, and would be worth between £30 and £50 million.

The next stage will be to incorporate the lessons already

learnt at Dounreay (which still works on uranium) in a pilot power station; the present reactor is too small and its design would be wrong for this purpose. But here the AEA's task is complicated by the pace of development on the generating side of the electricity industry. A reactor is basically a special kind of furnace providing heat to raise steam; and although the electricity industry is prepared to tolerate sub-standard steam and generating sets of low thermal efficiency in its present nuclear power stations, it will not do so indefinitely. Nuclear power stations of the 1970s will need to work with the same size of set and the same steam conditions as coal- or oil-fired stations if they are to be competitive.

WHAT size will this be? The answer that the Generating Board has given to the Dounreay designers is startling. The CEBG has advised them to think in terms of reactors that can be matched to 750 megawatt generating sets using steam under super-critical temperature and pressure. This is the kind of advice that evokes a long, low whistle from anyone contemplating the engineering problems of producing a generating set of this size, although it is in line with the trends of the past few years, which have seen generating sets jump in size from a standard 60 megawatts to 500 megawatts. It is also 50 per cent bigger than the 500 megawatt set that the AEA had had in mind as the commercial target for a plutonium-burning power station, and it raises new doubts about the right size of pilot power station that should be built if its results are to be extrapolated safely to a monster 750 megawatt installation. The answer comes out somewhere between 100 and 200 megawatts of electrical output, the equivalent of quite a big modern power station. An undertaking of this size is very different from the AEA's previously modest experiments in electricity generation; and it may well be asked whether the AEA should embark on the generation of electricity on this scale.

But what is the alternative? This is no easy experiment; reports that the Russians are cutting back their work on similar systems suggest the great technical difficulties—and the cost. No other country except the United States has

DOUNREAY DEFINED

The terms "fast" and "breeder" apply to two different features of the reactor. The first defines the speed of the neutron particles that cause fission: "fast" neutrons travelling at up to 14 million metres a second, much the same as the speed at which they burst from the atom, are specially suited for use with plutonium, as distinct from the "slow" neutrons of present-day reactors which are deliberately moderated to speeds of not much more than 2,000 metres a second, by the vast quantities of graphite or water put into the reactor for this purpose.

The term "breeder" indicates that there is a substantial balance of these neutrons in hand to produce fresh fuel. All reactors manufacture some new fuel while they are running; only the "breeder" does this at a faster rate than it is running down its own fuel charge. So Dounreay, over time, would convert, and burn a far greater proportion of the basic uranium ore that is the starting point for all forms of nuclear power than any other system known.

tackled fast breeder design on this scale, and it cannot be seriously suggested that the CEGB could order a fast breeder power station now without going through the pilot stage proposed by the Authority.

The AEA is aiming at a commercially attractive system that could be built for about £70 a kilowatt and would need, in the authority's view, to generate electricity at something less than 0.4d. a unit to be competitive. An initial inventory of 4 tons of plutonium would be required for each 750 megawatt station, including fuel in the pipe-line, which would for

some years be provided by the first chain of nuclear stations. By the time these were approaching the end of their useful life, the fast breeders would be producing sufficient extra fuel from their "breeding" operations to provide the initial charge for successive reactors. This is the original British view of nuclear power and still, economically, the most promising. The two types of reactor are complementary—more, they are interdependent. Generation from plutonium may be only a dream. But if it is, Britain will be left with the hind legs of a nuclear programme.

France in Search of a Capital Market

France is planning a larger role for its capital market—but French industry, not America's balance of payments, is the intended beneficiary

FROM A PARIS CORRESPONDENT

WITHIN a few days two official reports have discreetly attracted the attention of specialists to changes in the financial structure in France that are called for in order to maintain the expansion of the French economy. The first of these is the "Economic and Financial Report," which underlies the draft budget for 1963. The second, still confidential, is the report on the execution of the Plan, reviewing the final stages of the third plan (1958-61) and tracing the inception of the fourth (1962-1965).

In the two texts the necessity for "an extension of the *circuits financiers*" (*vide* report on the plan) in order to satisfy "the strong increase in the need for long-term capital loans" (*vide* draft budget) is brought out in very similar terms. There is nothing astonishing in this, since these reviews are drawn up by the same high officials of the *Comptabilité Nationale*, of the Treasury and of the Plan, and all three come under the authority of the finance ministry.

But the coincidence of these remarks has attracted the attention of informed observers—all the more since M. Giscard d'Estaing in a farewell statement to the press after the fall of the Pompidou government slipped in a sybilline remark on the desirability of reform of the capital market.

Why so much persistence, combined with so much discretion, in setting out facts or announcing plans? The answer is not simple; but shortly it is that while the force of events may necessitate an extension of the financial markets, neither the outgoing government nor any of its experts have laid down the internal means of doing so, or foreseen its external repercussions. Hence their discretion over a development which appears to them inevitable.

The pressure to extend the capital market in France, it must be said at the risk of offending the partisans of classical liberalism, does not rest on doctrinal reasons. If Paris currently favours a "return to the past" in the financial field, it is from the pressure of necessity and because international economic competition, as well as budgetary limitations, leave no choice.

Since the war, investment in French business has for the most part been supplied either internally, by reinvestment of

profits, or by official credits. Self financing has generally represented much more than half of business investment and sometimes more than three-quarters. In this respect rising prices, long supported by the inflationary climate, constituted a powerful source and stimulant. The remaining investment funds came, essentially, from state loans—directly through the budget or indirectly through specialised public institutions such as the *Crédit National*, the important *Caisse des Dépôts et Consignations*, and the *Crédit Hôtelier*. This concern, indeed, formed the origin and objective of the French plans after the war: to furnish to the sectors accorded priority the financial means for reconstruction and later for their development. Shortly after the liberation, these public or semi-public loans represented the greater part of the reconstruction resources of undertakings: their share in total business investment has been decreasing ever since.

Now both sources of finance are drying up. Internal financing is suffering from world competition, reinforced by the common market: industrial prices are virtually static while costs are rising, because of increasing wages (at the annual rate of some 9 per cent over the last three years) and of the increasing cost of servicing previous loans. As a result the savings of enterprises actually diminished in 1961, and this year have increased only by 3.5 per cent, at constant prices, against an annual rate of growth in the whole economy of 5.6 per cent.

At the same time, for budgetary reasons, the state is reducing its own investment loans to business enterprises. Unable to finance everything at once—the nuclear striking force and the salaries of civil servants, farmers' subsidies and aid to different forms of investment—it has settled on priority for strictly public investment (such as schools, hospitals, roads, cheap housing . . .) which has meant smaller aid for business investment and even for nationalised industries. In 1962 and 1963, for example, budgetary aid to nationalised undertakings such as coalmines, railways and airports will be lower; and even more severe cuts will be applied to budgetary support for private firms.

Hence these undertakings will have to find elsewhere the capital they require to expand according to the Plan (a national growth of 24 per cent over the next four years). Last year, issues of shares provided firms with less than 9 per cent of their investment resources, and fixed interest obligations even less. Including medium-term credits obtained here and there from banking institutions, the financial markets furnished less

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than a fifth of the capital necessary for business development. This share must now be increased, as the previous sources of finance are drying up.

Dollars too precious . . .

SIMULTANEOUSLY, a similar pressure for a wider capital market arises from the abundance of foreign exchange in France. Formerly so short of dollars, France is now overflowing with them—with \$1 billion in dollar balances in addition to \$2½ billion of gold. And this is in spite of large-scale repayments of foreign loans; \$500 million has already been repaid since the beginning of the year, \$475 million in advance.

Everything points to the likelihood that this influx of foreign exchange will continue. The French balance of payments has shown a surplus of the order of \$50 million during the first six months of 1962, and it is expected that, in view of the excellent balance of trade, the excess over the year will exceed \$1,000 million. Since, however, France's foreign debts now amount to no more than \$1,170 million (38 per cent of what they were four years ago), there is no longer much scope for major foreign repayments. What, then, is to be done with all these dollars?

It is not only abroad that this question has been put: France, too, is beginning to wonder about the answer. In a widely noted paragraph of its recent report on France, the Organisation for Economic Co-operation and Development declared:

The restoring of an important role to the capital market would, moreover, provide greater opportunities for foreign borrowers and enable France once again to play its part as a major developed country in the international financing of investment.

This appears, *a priori*, an attractive idea, since it would reconcile the need of French industry for a more extensive capital market with the wish of other countries to have access to France's external reserves.

. . . to be lightly spent

IT would, however, be wrong to imagine that such a scheme will rapidly come to pass. There are three main obstacles:

(1) It is considered in Paris that the accumulated store of external reserves is still relatively small compared to the American and German reserves: 3.5 billion dollars against, respectively, 16 and 6.5. For a country whose imports—without even counting those of the rest of the franc zone—reach some 6 billion dollars a year, this represents a relatively moderate margin of safety. Though there may be no cause for alarm, neither is there any reason for throwing the dollars out of the window. The “hot money” argument (300 million dollars, it is said in Paris, might disappear at any minute) is there to calm the enthusiasm of the optimists.

(2) A political motive works in the same direction. M. Giscard d'Estaing came back from the meeting of the International Monetary Fund convinced that a prosperous country could make itself heard in international bodies. Why, then, deprive oneself of such an asset so long as the policy of international prestige, dear to the heart of General de Gaulle, requires of French ministers that they make their mark in international counsels? After all, the success of M. Baumgartner, who last year managed to impose his terms on the international agreement finally signed in Paris, proves the efficacy of this technique; better, therefore, to speak of the money one has and promise to lend it in case of need, than risk losing it immediately through the play of a capital market open to all comers.

(3) Finally, and again in the same direction, the *patronat*

invokes a commercial argument. France must employ its dollars where they will bring most profit. Repayment of foreign debts, in this view of the industrialist, is not very useful. To risk letting foreigners borrow France's money on a free market is still less so; the loss of investments made before 1914 in Russia is nowhere forgotten. Business opinion advocates, rather, a drive for direct and selective capital exports. France should pick countries where an important commercial effort would be profitable; and it should then utilise its monetary reserves on market research, guarantees of export credits, and public and semi-public loans to responsible organisations in these countries. On this point the industrialists fall in with the wishes of the planners who prefer concerted and concentrated commercial initiatives to the hazards of the market.

All these considerations, although not necessarily admitted in public, make the government reticent about allowing foreigners free access to the French capital market. For the last two years the procedure for both the entry and export of capital has been slightly eased; but there has been no question of altering the general policy of control.

Priorities for the Surplus

FRANCE will proceed only slowly along the road towards liberalisation of capital movements which it is obliged by its common market obligations to take. The only political consideration that might induce a large-scale export of capital would be a direct call for help from the United States or from Britain; but these two countries are now in better financial health.

The order of priorities for the utilisation of the French monetary reserves at the present juncture, as seen in Paris, is more or less as follows:

(a) To continue to repay foreign debts—in advance, if need be—in such a way as to economise on interest payments and, above all, to aid the United States, France's principal creditor.

(b) To participate in international agreements (such as the Paris lenders' club, or the “Argentine club”) providing for concerted action to deal with disruptive movements of capital or with the threatened breakdown of certain economies; participation in such agreements is less costly in foreign exchange than direct aid.

(c) To invest capital, in a prudent and selective manner, in countries chosen for the value of the outlets they offer the French economy; the present exhibition in Mexico, after that of Moscow, illustrates this technique. France has indeed just arranged a credit of \$150 million to build up Mexico's petrochemical industry.

(d) If surplus funds remain, to allow French reserves of gold and foreign exchange to increase moderately.

In these conditions, how is the government's resolve to create the extensive capital market which French industry needs to be reconciled with the caution that exists about opening the market for external use? Plainly, by maintaining the separation of the market accessible to French borrowers from that open to foreigners.

The French capital market will certainly be developed. The means will include less resort to loans by the State; fiscal encouragement to saving; simplification of borrowing and lending procedures. But access to this enlarged market will remain difficult for foreign borrowers, or at least for those who do not fit into the commercial schemes of the industrialists and the planners. In short, the enlarged capital market will, for a time, remain an internal market, to be opened only very cautiously to the outside world.

Realism or timidity? Wisdom is often made up of both.

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BUSINESS NOTES

Markets all over the world have been dominated by the Cuban crisis this week. On Tuesday, when fears were at their height, market movements were violent, though in most centres still short of panic. Subsequently, as the danger of a conflagration seemed to recede a little, the markets regained their poise. Even so, by the end of the week markets remain tender and sensitive to hour-to-hour changes in the political confrontation.

STOCK MARKETS

Well Short of Panic

IN London the stock market showed the classic reaction to an international crisis—a sharp initial fall in prices on Monday and Tuesday, a calmer period of reflection on Wednesday followed by a recovery when the international dangers seemed to ebb a little on Thursday. The speed of the decline earlier in the week when in two days the *Financial Times* ordinary share index tumbled by 13.7 points to 264.4 was partly exaggerated and was out of proportion to the volume of selling. The jobbers cut their prices and widened their quotations right at the outset; but nevertheless, the pressure of small selling persisted, particularly on Tuesday. The falls were widespread but oil shares were among the weakest; while the threat in India rather than Cuba sparked off some heavy selling of Indian Tea shares. At the end of last week equities had been looking much steadier although there seemed little incentive for an upward movement in prices. But as a result of this week's falls *The Economist* indicator over the week to Wednesday was 16.2 points down at 313.5. However, some investors take the view that price levels are already discounting bad news and even before Thursday's rally there had been some "cheap" buying of equities. Others who feel that the fall has been overdone have been taking out "call" options to be exercised in three months' time. But it has been the gilt-edged market which had risen so strongly before, that has proved particularly vulnerable to the Cuban crisis. Investors were quick to close speculative positions, which had been numerous, and foreign investors in particular unloaded their stocks. On Tuesday prices fell by over 2 points, and by Wednesday medium dated stocks showed losses of up to 3 points on the week and War Loan was 2½ points

down at 59. Thursday saw some recovery. Cuba apart, it was apparent that gilt-edged prices were likely to come under pressure, for the end of the long dated "tap" in Treasury 5½ per cent 2008-12 touched off, as it happened, substantial profit taking sales. The authorities showed no haste to support the market at first on Monday and Tuesday, but later in the day they were prepared to take stock at lower prices. Some of the main speculative positions had been built up in corporation loans and prices fell sharply. The weak market left almost all of the £2 million new Belfast issue with the underwriters. Even in a better market its terms seemed no more than adequate and only 99 applications were received for £112,500 of stock. Issued at 98 with a 5½ per cent coupon the stock opened on Thursday at 2 discount, and closed at 1½. The European bourses, like London, have been very much the mirror of Wall Street and only Belgium failed to touch a new 1962 low this week. After last week's rally,

prices in Germany fell sharply again in response to new fears about Berlin. In Italy the easing of local credit restrictions softened the blow while in France, where business was very quiet, the impact of Cuba was slight. All these markets, however, showed good gains on Thursday.

Wall Street's New Spur?

A New York correspondent cables:

THE Cuban crisis ended Wall Street's doldrums with a bang, generating a huge increase in trading volume and big gyrations in prices. The mounting tension on Monday saw the Dow Jones average break through what technicians considered a resistance level at 570, which touched off a wave of selling with the volume reaching 5,600,000 shares. On Tuesday, selling increased, particularly at the close and the Dow Jones index fell over 10 points to 558, with 6,100,000 shares changing hands.

Wednesday's market churned wildly until the last few minutes when a mighty wave of buying, including short covering, took place after the first reports of Mr Khrushchev's readiness to talk. The Dow Jones index jumped over 18 points to 576 and the volume increased to 6,700,000 shares. Weary brokers who had been largely idle for the past few months seemed to think that the revival will continue with considerable buying if Russian ships do not test the blockade—but that a new wave of selling must be expected if they make the challenge. There are still enough uncertainties to justify Thursday's mixed opening.

Although the averages regained on Wednesday all the ground lost in the previous two sessions, the complexion of the market has shifted radically. Oil, chemical, and consumer stocks (including those in the leisure field) were hard hit and recovered only part of their losses. Hard goods issues associated with military spending, like aircraft, missiles and machinery fared well. So did railroad stocks, on hopes of benefit from increased military movements. The depressed steel stocks were also supported as beneficiaries of any advance in military procurement—even Bethlehem and US Steel, though they are expected to cut their dividends. Commodity futures which had been all but dormant attracted renewed interest and a speculative rush ensued for sugar company shares. On the other hand utility issues, including American Telephone, declined steeply, since they might be subject to new taxes and a

HOW THE MARKETS REACTED

	1962							Change on week
	Jan. 2	May 29	Oct. 18	Oct. 22	Oct. 23	Oct. 24	Oct. 25	
Exchequer 3% 1962-63	96½	98½	99½	99½	99½	99½	99½	1½
Savings 2½% 1964-67	84½	87½	92½	91½	90½	90½	90½	1½
Conversion 5½% 1974	91½	91½	103½	102½	99½	99½	100½	3½
Funding 5½% 1962-84	90½	91½	100½	100½	98½	98½	98½	1½
Treasury 5½% 2008-12	83½	89	97½	96½	93½	93½	94½	3½
War Loan 3½%	51½	55½	61½	60½	58½	58½	59½	1½
AEI	31½	23½	33½	32½	30½	31½	31½	1½
Brit. Petroleum	32½	30½	43½	41½	38½	37½	39½	3½
City Centre	60½	60½	60½	58½	56½	56½	58½	1½
Distillers	37½	37½	33½	33½	32½	32½	33½	1½
Guest Keen	78½	70½	65½	65½	63½	64½	65½	1½
ICI	57½	48½	53½	52½	53½	54½	54½	6½
Marks & Spencer 'A'	99½	86½	82½	80½	79½	81½	81½	1½
Thorn Electrical	67½	76½	84½	83½	78½	77½	81½	3½
Tube Investments	63½	47½	50½	50½	49½	49½	50½	1½
Unilever	46½	33½	37½	32½	31½	30½	32½	9½
United Steel	39½	26½	29½	28½	27½	27½	29½	1½
Whitbread 'A'	36½	35½	34½	34½	32½	32½	33½	1½
Midland Bank	89½	86½	89½	89½	86½	85½	87½	1½
Legal & General	40½	39½	36½	36½	35	34½	35½	1½
F. S. Geduld	94½	101½	126½	126½	124½	122½	126½	7½
FT Ordinary Share Index	307½	261½	276½	272½	264½	263½	270½	5½

Gilt-edged prices are shown net.

clamp-down on rate increases if wartime mobilisation should take place.

Institutions which have been shifting partially into fixed income securities were evidently sellers on balance during the first two days, particularly of consumer goods stocks. But individuals were back in the market in volume for the first time since the spring, some forced in because of margin calls and some anxious for liquidity. Technically the market was in a very strong position after Monday's drop since a big short position already existed but fear of a shooting war brought more selling and short selling. The Wednesday rebound was sparked by short covering but it also embraced institutional purchases of issues that had come within their buying range and individual purchases aiming at a quick profit.

Plenty of money is available for investment but there is a good deal of hesitation about making commitments, both on the part of individuals and institutions. Certainly the immediate reaction to the crisis was to dump equities but the quick turn-about suggests that equities may come back into fashion much faster than had been expected recently on Wall Street. The crisis has ended Wall Street's private recession and it could become the spur, as it was during the Korean war, to a new rise in stocks.

EXCHANGES

Sterling Stays Neutral

SEEN from the City of London, the outstanding feature of this international crisis has been the mildness of its impact on sterling. It has sometimes seemed in the past that sterling is plagued to bear the burden of any and every international upheaval; it is not so long ago since alarums over Berlin brought the strange accompaniment of sales of pounds in favour of marks. But the impact of a political upheaval on the currency markets, it is now clear, does depend a good deal on the underlying, ex-crisis, influences: what the crisis mainly does is to exacerbate these. That is why, this time, the two main subjects of attack have been the mark and the dollar. The effect on sterling may have been no worse than neutral—there are no signs that the Exchange Equalisation Account lost any dollars on balance on Tuesday and Wednesday. The recipients of the flight money were reduced to those hard core repositories in times of trouble, gold and the Swiss franc. The movement into Switzerland was to a substantial extent out of Germany, and the mark also weakened sharply against the dollar itself to 4.01, the lowest rate since revaluation in March, 1961. But the dollar was being sold against other Continental currencies, as well as against gold. The rate in Switzerland quickly fell to the intervention point of 4.31½. On Thursday, however, came the first signs of an ebbing of the

movement out of dollars, which were in demand both in Switzerland and Holland.

This has been an appropriate week for the announcement of two further additions to extensions of American credit arrangements—though both remain on a distinctly modest scale. In Switzerland the United States Treasury has taken loans in Swiss francs equivalent to \$73 million from the Swiss Confederation and the Swiss National Bank, for terms of five to fifteen months. These credits, which are distinctive because they are not on a swap basis, are for more than three months and are straight loans in local currency (thus disposing of any complications on exchange guarantees) are presumably designed partly to deal with the maturing of the three months swap arrangement made between the Federal Reserve System with the Swiss National Bank and Bank for International Settlements in July. The Federal Reserve was reported to have drawn \$110 million of the \$200 million available, but before the latest strain began it had already succeeded in accumulating part of the Swiss francs needed for repayment. The new credit will clearly not be sufficient to repay the remainder and cope with any large new strains. Secondly, the Federal Reserve has now arranged one of its standard \$50 million three months swap arrangements in Italy, where the US Treasury had already been active on its own account and had taken up a credit line of \$150 million in lire with the Italian Exchange Office. The dollar has nonetheless remained almost continuously at its support point against the lira.

MONEY MARKET

Bill Rate Rises

PRESSURE on the dollar has led to strong demand for Euro-dollars, as speculators seek to take short positions in dollars by borrowing them and switching the proceeds into gold or Swiss francs. Equally, offers of Euro-dollars have tended to dry up, and rates in London have hardened by ½ to ¾ per cent, taking the seven-day rate to 3½ per cent and the three months rate to 4½ per cent. No parallel rise has taken place in lending rates on external account sterling quoted in Paris, which have rather edged down a shade, to 4½ per cent on three months term.

Nor, although a crisis usually sends hot money spread around the world scuttling home, was there any such rush out of London in the two days after the announcement of the blockade. In the local authority loan market, foreign banks withdrew some small amounts, which were easily replaced by domestic money. The seven-day rate hardened by ½ per cent to 4 per cent, but this was put down to end of month influences rather than to foreign withdrawals. Rates for mortgages up to 10 years at 5½ per cent are still below the Public Works Loan Board rates, even

though these were cut for the fifth time this year at the end of last week. Rates on loans up to 15 years were cut by a full ½ per cent to 5½ per cent, and on longer loans by ¼ per cent to 6½ per cent. However, the sharp turn in the gilt-edged market has now narrowed the differential between gilt-edged yields and local loans.

Lombard Street itself felt no constraint from the international crisis. It took a full day for the activity in other London markets to work through to the money market; and on Wednesday the previous day's selling of gilt-edged and equities produced a surplus of credit which continued into Thursday. Rates on call loans by clearing banks fell to the minimum of 3½ per cent, while outside funds were offered at as little as 1 per cent in some instances.

The Treasury bill rate, by coincidence, had already begun to move up at the tender before the Cuban flare-up. The syndicate of discount houses recognised that there was little chance of a further reduction of Bank rate in the near future and reduced the common bid by 8d. to £99 1s. 3d. per cent, so that the Treasury bill rate rose sharply by ½ per cent to just under 3½ per cent. With its average money cost at around 3½ per cent the market is once more earning a profit on bills, though it has suffered some sharp reverses in bond values from this week's setback. Even so the bond book must still look good. While the international situation remains tense any reduction in Bank rate is clearly less likely, and a rise cannot be ruled out. The feeling in mid-week was that the Treasury bill rate would again rise on Friday.

COMMODITIES

No Blaze

COMMODITIES have been living so long with their own worries that they seem to have lost their quickness of response to crisis. Certainly, the blockade announcement put commodities better but did not set the markets ablaze, as the table below shows:

	Jan. 2nd	Oct. 18th	Oct. 23rd	Oct. 25th
Copper	£229	£234	£236	£234
Tin	£947	£857½	£862	£860
Wolfram	104½	80½	80½	80½
Zinc	£72	£67	£69	£68
Sugar	£21½	£27	£29	£29½
Rubber	24d	23½d	24½d	24d
Lute	£128	£107	£107	£107

Metals as a group show the strongest gains, which is natural given their strategic importance; but only copper, which has been so long depressed, shows any advance over the beginning of the year. Other commodities have responded even more calmly. But sugar, with its special Caribbean connection, has risen by £2 10s. to £29 10s. All commodities after showing an entirely predictable panic increase on the day after the ultimatum, were quickly checked as

speculators took their profits and held prices down, though markets have continued edgy and erratic.

Compared with the first few days of the Korean war, when the threat of full-scale war sent prices sailing, this week's reactions have been tempered by the present surpluses of most commodities. When the Korean war began commodities were scarce, and lead, tin and zinc more than doubled in price; rubber increased by more than three times. Suez was on a smaller scale, and less likely to lead to a world war. And the succession of little crises since have moved the markets so little that perhaps only the threat of a total war could jerk them out of their preoccupation with surpluses and stockpiles.

SHIPPING

Freight Rates Unaffected

THE "quarantine" had no immediate effect on tramp shipping freight rates. Nor was any to be expected, so long as the cargoes affected are purely military, for arms and missiles would not be carried except in Russian flag ships. In the longer term a tense political and quasi-military situation could lead to a build up of stocks of food and raw materials as happened in the Korean war and the Suez Canal crisis. A

sharp rise in commodities could be followed by a sympathetic rise in freight rates, but the large cushion of laid-up tonnage will tend to minimise any increase in voyage rates. Any general effect on freight rates would probably first be noted in an increase in long-term time charter rates.

Certain British shipping firms have ships on charter to Russia, notably Mr Mavroleon's London and Overseas Freighters, some of whose tankers have been used to move Soviet oil to Cuba. Other British ships have been trading to and from Cuba during the year. There is little likelihood that any of these, including the freighters on long-term charter to the Russians, will have been used to move "offensive military equipment." But if the American ban were widened to include materials of strategic importance, oil could easily become involved. And all these vessels will be affected by the other restrictions on shipping to Cuba that the United States has lately been discussing with other shipowning nations.

Marine insurers' reaction to the blockade was swift and involved an amendment by the war risks rating committee of the Institute of London Underwriters to the war and strike, riot and civil commotion shipping risk schedules for Cuba. Until now the basic rate for cover on Cuban cargoes has been 9d. per £100 but now the rate is "held covered," which means that there is no fixed rate, and that ships will have to negotiate rates independently.

THE ECONOMY

Employment Dips

THE most up-to-date economic indicator of what is happening in Britain's economy shows that unemployment rose more between mid-September and mid-October than between any other monthly unemployment counts since the upward drift started in June, 1961. In the five weeks to October 15th the number wholly unemployed rose by 48,000 although the usual seasonal increase is only about 26,000. Vacancies have continued to get fewer and the seasonally adjusted series showed that by October there were five unemployed for every two jobs on offer.

Although unemployment in Britain has been rising almost continuously since the middle of last year, apart from seasonal fluctuations there has not been much change in the figures of people actually employed. Gradual expansion of the working population, that is to say, has been largely offsetting the increase in numbers unemployed. It is much less easy to allow for seasonal variations in employment than in unemployment, owing to revision of the basic figures, which are estimates. But it looks as if there was a small dip in employment at the end of last year; and between August and September it may have gone down more than seasonally again.

At any rate, between mid-August and

mid-September the numbers employed fell by 20,000; and for the first time this year there were fewer people employed than a year before. In manufacturing industries

	Nos. at mid- Sept., 1962	Change since end- Sept., 1961
Engineering and electrical goods...	2,172	-9
Vehicles	888	-13
Metal manufacture	603	-26
Shipbuilding & marine engineering	230	-13
Metal goods	563	-7
Chemicals	526	-10
Textiles	811	-29
Clothing and footwear	588	+1
Food, drink and tobacco	858	+11
Other manufactures	1,672	+2
Agriculture, forestry, fishing	950	-7
Mining and quarrying	708	-18
Construction	1,626	+3
Gas, electricity and water	390	-7
Transport and communication	1,683	-7
Distributive trades	3,332	+3
Financial, professional, etc., services	5,165	+89
National and local government	1,283	+11
TOTAL civil employment ...	24,048	-12

as a group, the decrease over the twelve months was 93,000 or 1 per cent. This was nearly balanced by the increase in employment in the financial, professional, scientific and miscellaneous group of service industries.

BANK CREDIT

Freedom's Prize

BANK advances have responded immediately to the ending of official credit restraint. In the four weeks to mid-October—a period for which there has been no clear seasonal trend in recent years—net advances rose by £44 million, compared with a fall of £34 million in September and £31 million in August. The October period covered both the release of a further £75 million of special deposits and, on October 3rd, the end of the remaining restraints on bank lending. Since the latest figures cover only two weeks of freedom they seem to confirm that there were a number of proposals on the banks' books merely wait-

LONDON CLEARING BANKS OCTOBER 17, 1962

	£ mn.		Changes on Month	Year
			£ mn.	£ mn.
Gross deposits	7,752		+160	+317
Net deposits	7,227		+96	+260
Liquid assets	2,596	33.5	+37	-4
Cash	645	8.2	+22	+30
Call money	735	9.5	+43	+96
Treasury bills	943	12.2	-25	-163
Other bills and "liquid credits"	273	3.6	+3	+33
Special deposits	75	1.0	-75	-143
Risk assets :				
Gilt-edged	1,206	15.6	+84	+221
Other market invest- ments	117	1.5	+5	+4
Advances*	3,472	46.6	+44	+223
(To State Boards)	58		+3	-4

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

ing for the removal of the restraint on property, personal, and hire purchase lending. Whether or not this rise in borrowing also contained a significant industrial element is less clear, but the banks hint that engineering had been prominent among the new borrowers. However there is no clear reason why industrial borrowing should suddenly revive when it has been free of restraint since last May.

After the previous release of special deposits in May the banks became heavy buyers of gilt-edged, taking up £74 million in the five weeks to mid-June. This time the banks once more entered the gilt-edged market in strength and took up a further £84 million. A good part of this increase was certainly in the new issue of Treasury 4 per cent 1965 stock which was oversubscribed at the beginning of this month. The ratio of investments to gross deposits is now 17.1 per cent compared with a low point of 13.9 per cent in July 1961.

The rise in both advances and investments was sufficient to reduce the liquidity ratio slightly, from 33.7 per cent in September to 33.5 per cent. The banks feel that, although this figure is well below last October's 35 per cent, it is nonetheless about right for this time of the year. The Westminster has been particularly active this month, accounting for a quarter of the total



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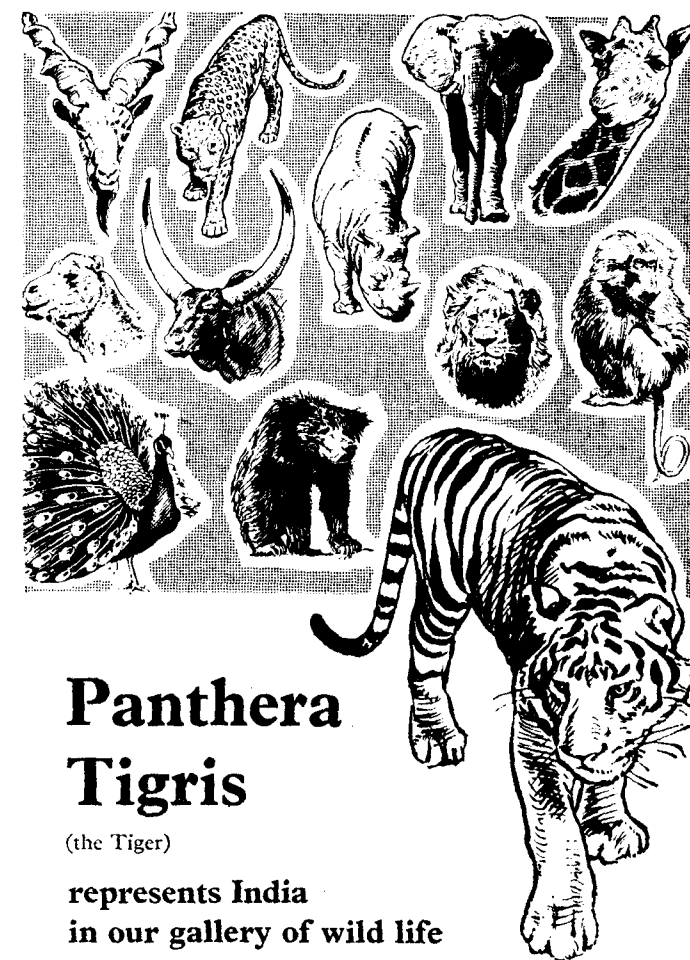
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increase in investments and nearly half of the rise in advances. As a result its liquidity ratio at 31.2 per cent is the lowest of all the clearing banks.

OVERSEAS TRADE

The Largest Market

THE full figures for Britain's trade in September issued this week show that half of the increase of £16 million since August in exports (seasonally adjusted) went to the sterling area, mainly to New Zealand and India. Over the full third quarter, however, exports to the sterling area were 4½ per cent lower than a year earlier. Exports to the Common Market, in spite of another slight decrease in September, were still 21 per cent higher than last year in the whole third quarter and exports to all Western European countries were up 15 per cent. A notable landmark was that for the first time, over a full quarter, exports to Western Europe exceeded those to the sterling area.

On a commodity classification, the recovery in exports in September was due mainly to increased deliveries of road vehicles, bringing the third quarter average up to the level so far maintained this year and well up on last year. Machinery and instruments also made a good recovery in September and the third quarter total maintained the high level reached in the second quarter. In this category during the last six months office machinery (£17 million) and machine tools (£21 million) show impressive increases over last year. Deliveries of ships and aircraft have been as erratic as usual. After a rise in the second quarter these fell again, bringing the nine months' total for ships to £28 million compared with the exceptionally high total of £73 million in the first nine months of 1961, and for aircraft to £31 million compared with £49 million.

One of the most notable features of the third quarter was the increase in exports of refined oil: in the first six months their value was 13 per cent above the same period in 1961, in the first nine months it was up 26 per cent. Most of this increase went to the Netherlands and West Germany; comparing the first nine months of 1962 with 1961, exports of fuel to these two countries have more than doubled. At the same time, there has been a matching increase in imports of fuel, particularly crude oil from Kuwait.

Total imports in September were valued at £376 million, seasonally adjusted, £11 million lower than in August. Food imports have been at a high level for most of the year but now appear to be past their peak. The seasonally adjusted value in September of £128 million for food, beverages and tobacco was £10 million lower than in August.

Imports of basic materials, having been falling in value since their peak at the begin-

ning of 1961, rose slightly in the third quarter. The value of goods imported for further processing has also remained well below the first quarter of 1961, but in the last two quarters it has started rising again. Manufacturers ran down their stocks of materials and fuels in the last quarter of 1961 and the first half of this year. The rise in imports of industrial materials may be a portent of the figures, yet to be published, of stocks at the end of September.

MOTORS

Better for the Big Two

CAR production in September was twelve per cent higher than in August, reaching 26,390 a week, which made it 30 per cent higher than a year before. The British Motor Corporation and Ford both made more cars: Ford's output had been affected by a strike in August, but September was a strike-free month for this company, so that it was able to increase production by about 1,400 a week—half the total increase. BMC's output seems to have risen rather more than Ford's, perhaps as much as 2,000 a week; the smaller companies would seem to have cut production—notably Rootes, which went onto a four-day week in October, and Vauxhall, which was changing its six-cylinder range. The reason for the contrast in fortune presented by the bigger companies is, for Ford, simply the Cortina; with the launching date September 22nd, it was anxious to make as many as possible last month—and indeed still is. Only a part of BMC's increase in output, however, seems attributable to the introduction of the 1100; there was also a rise in output across the whole range, as the company sought to increase stocks that were, for some models, inadequate at the end of the summer, and to meet export demand.

Exports recovered from the holiday slump in August, but they remained about ten per cent below the level they had maintained during the first seven months of the year. Europe continued to be the best market, with shipments to the United States and Canada falling slightly as a result of the disappointing sales there this year. Orders reported from the Motor Show this year for next year's shipments to America are generally smaller than last year's—which in many cases have proved greater than demand justified and so have not been fully taken up. But with sales in Europe continuing high if unprofitable, and likely to be stimulated by the new small cars, the industry is more confident about its prospects abroad than at home. The total for this year should not be very far behind the 570,000 exported in 1960.

HIRE PURCHASE

Looking for Trouble

THE members of the Finance Houses Association have decided to modify their voluntary "Code of Practice" by

reducing the minimum deposit they accept on new car business from 25 to 20 per cent. There is, however, a proviso: the lower deposit will be available only for the more trustworthy customers. This means that for these people the FHA rules are now the same as the statutory minimum—20 per cent down and 36 months to pay.

The reason given by the FHA for this relaxation is that many members found that they were turning away customers who, while of "outstanding creditworthiness," could not find the necessary 25 per cent for the deposit. There seems little doubt that the move is designed to improve the competitive position of members as against non-members—the smaller finance houses and self-financing motor dealers—who are reported to be increasing their share of a market that has conspicuously failed to expand despite the many predictions to the contrary.

With the losses and lessons of the past in mind there are a number of questions that the FHA members ought now to be asking themselves. How do they intend to discover who is and who is not a first class credit risk while their proposal forms are still as sketchy as ever and their credit rating service is still in its infancy? As it is, the people on whom they do have credit information will probably be trading in an old model, worth a good deal more than 25 per cent of the purchase price of a new car. Paradoxically about the only guide that the finance houses have to a customer's creditworthiness is the size of the deposit he is willing to put down. Equally, now that the banks have relaxed their squeeze on personal loans, anyone who is "exceptionally creditworthy" can probably get the money he needs at a lower rate of interest from his bank. Even so, are the FHA members sure that they will be able to confine this lower deposit to selective cases? Dealers are not going to like losing potential customers because they are forced to say: "Sorry, but your creditworthiness will not permit a 20 per cent deposit," knowing full well that the customer will go down the road and get the very terms he has just been denied. But most important of all, if on past experience the FHA was right in deciding that 25 per cent was the lowest possible deposit compatible with safety, then the smaller companies taking business on 20 per cent deposits are heading for trouble. So why join them?

This is not to deny that finance houses ought to be selective in their dealings with hirers, basing terms and charges on the client's credit rating. They should be; but they cannot hope to be, with any success, until they have established an efficient credit rating system. Until then the big national companies will always be undercut by the small local companies with an intimate knowledge of the area in which they operate, and the big companies should not try playing a game the smaller companies are likely to win.



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COTTON

Advice on Parting

GOOD advice is something the cotton industry never lacks, even if it seems able to resist it as well as a silicone-proofed (cotton) raincoat can repel rain. Lord Rochdale, who has just ended five years of proffering good advice in his capacity as chairman of the Cotton Board, gave the industry a parting homily at the board's annual conference last Sunday. The industry should, he told it, be concentrated into fewer, vertically-integrated firms, so that the producing sections should be in close enough contact with the customer to be

better able to influence or adapt themselves to changes in demand—and to avoid some of the present violent fluctuations caused by adjustments to stocks. What Imperial Chemical Industries thought would be good for it should be good for the cotton industry, too. But vertical integration, successful though it has proved in some cases, is only a means of increasing resilience, not of ending the bumps; and it places a greater strain on management, probably Lancashire's weakest point. It would give the greatest benefit to the industry if it brought in some new, commercially-hot blood from the consumer end of the business.

Re-equipment is what the industry has most been urged and bribed into doing, and Lord Rochdale was able to report that the final total of applications for aid under the

AIR UNION

General de Gaulle Votes 'Yes'

Paris

GENERAL DE GAULLE has finally handed down his decision. After long months of doubt and hesitation, the French government has agreed to France's joining "Air Union." Air France and the private French airline TAI-UAT will be joining the Belgian airline Sabena, the German Lufthansa, and the Italian Alitalia airlines. These four, all of whom supported the Air Union idea from the beginning, have decided to pool their receipts and their running expenses, and pursue a common commercial policy. And, most important, they have decided to allocate shares in traffic on the basis, not of current business, but on forecasts for 1970, in order to allow for growth of the "junior" associates, Alitalia and Lufthansa.

In finally giving the green light, the French Government has introduced an important "European" modification in the initial scheme; it has stipulated that what began as a purely commercial organisation shall be fitted into a political framework—that is to say, a body that will contain representatives not only of the airlines but also of the member states. The necessary diplomatic negotiations to set up this quasi-Civil Aeronautics Board are not likely to cause difficulties and Air Union may therefore see the light of day in a few months' time.

It may come as a surprise that since Air France was to play a leading role, and since the institution of Air Union was in line with the French "European idea" it has taken four years to put this scheme into effect and that the most obstinate objections have come from the French government. In fact, these hesitations have sprung from two sources. First, Air Union has been opposed by those who sincerely fear that so powerful a group will override the individual states and dictate a European air transport policy which will take no account of other

obligations. The creation of the European "CAB" stipulated by France is designed to appease these doubts.

But it does not see that this political argument played anything like so large a part in holding up agreement as quarrels between Air France and the French private airlines.

France's air transport network is divided between internal, North African, and purely international traffic in varying proportions and with unequal commitments and obligations. On internal flights, the creation of a joint company by Air France and the railways, with a monopoly of scheduled air services, has solved possible friction between them. All that is left for the private airlines is charter work. Over the rest of the network, however, Air France and the private airlines (TAI and UAT who have since merged), meet and compete with varying success. Air France, the national carrier, is obliged to undertake commercially unprofitable services with North Africa and in the world at large, while TAI-UAT, on the contrary, can limit its network to commercially attractive routes.

Participation in Air Union seems to have been a way for French private interests to buy a share in Air France's traffic. Agreement seems finally to be taking shape on an allocation which will exclude TAI-UAT from the international scheduled traffic and bar Air France (at least partially) from traffic with or within North Africa. In short, thanks to Air Union, private airlines have swapped uncertain routes for an established network.

It is true that there is no guarantee that the French flag will long retain the African monopoly. It is also true that the losses Air France will sustain from giving up these routes will be offset by the better general distribution of business which its entry into Air Union should afford.

Government's present scheme has reached £116 million, much more than expected—though actual outlay has so far been only £18.3 million, and if the equipment is to be installed before the scheme ends in July, 1964, it might already be too late to place orders. So the Government's commitment in subsidy may prove substantially less than the £29 million that an investment of £116 million would involve.

Fear of imports is the excuse the industry has offered for postponing re-equipment, just as it has been used to justify most other weaknesses it shows. Lord Rochdale does not feel much sympathy for this attitude: he told the industry that those who predicted the destruction of the industry by a flood of imports were themselves contributing to its downfall, and that such activities put cotton in a needlessly unfavourable public light. But the complaint of uncertainty at least no longer holds, until the end of 1965; the Government has assured the industry that if Pakistan continues to refuse to limit its exports voluntarily, it will impose a limit on them similar to that accepted by India and Hong Kong. Imports from these three countries will continue to be subject to the present ceilings for cloth and made-up goods, while yarn imports cannot exceed those in 1961.

DRUGS

End of the Road

DISTILLERS can be shedding few tears over the sale of its drug- and antibiotics-making subsidiary, Distillers Biochemicals (DCBL), to Eli Lilly, the American drug company. Not because of the difficulties which thalidomide caused for the company—though that must be hard to bear—but because it was a poor investment for Distillers and would almost certainly have become worse. DCBL's main products are antibiotics based on penicillin and streptomycin, both of which it makes; it also makes vitamins, animal feedstuffs supplements and a small number of other drugs. Eli Lilly has been established in the UK since 1934, mainly as a compounder of ethical drugs. The acquisition, if approved by the Treasury, will give it antibiotics manufacturing facilities and research laboratories.

It is becoming increasingly hard these days for small drug companies to survive. While they may valiantly spend large proportions of their incomes on research, the amount of money (hence the amount of research carried out) must be small, and the chances of discovering commercially-successful drugs and fully exploiting them even smaller. Eli Lilly spent £8 million on research last year; Distillers spent £2½ million, of which only a small part was on drugs. On this count alone, DCBL might be a candidate for swift extinction unless it carried a steady line of proprietary medicines—which it does not—or managed

to get a licence for some vital new one. It did, but what it got was thalidomide.

It was doomed twice over: it was too small, and it made the wrong products. Distillers went into drug-making in 1945 at the invitation of the Ministry of Supply. Its experience of fermentation processes made it an obvious choice to run the penicillin factory at Speke which, in 1947, it bought. Later it made streptomycin, by a similar

GREEK BONDS

Prodigal's Return

THE agreement between the Greek Government and the Foreign Bondholders Protective Council of the United States on Greece's pre-war dollar debts should mark the prelude to a settlement with other debtors—and, one must hope, the end of a vexatious question that has often proved more of an embarrassment to the British and American Governments than to the Greeks themselves. Until last week Greece was the only non-communist country not to have reached some agreement with the holders of its pre-war external debts. This put Greece completely out of court as far as the World Bank was concerned, and although a number of individual countries relented and advanced money to Greece—the common market countries agreed in 1961 to advance \$125 million over five years—the British Government has stood firm and last July refused to join a Greek aid consortium set up by the Organisation for Economic Co-operation and Development.

The Greek Government stopped payment on its external bonds, amounting to about £70 million (\$190 million) of which perhaps half is thought to be held by Greek residents, in April 1941, and the accumulated interest payments now stand at around £80 million. The agreement with American holders covers \$36 million, or 19 per cent of the total external debt. The actual issues involved are the 7 per cent Refugee Loan, 1924, the 6 per cent Gold Stabilisation and Refugee Loan, 1928, and the 4 per cent (formerly 8 per cent) Waterworks Gold Loan, 1925. Under the New York agreement, the face value of the bonds remains intact but the gold clause provision has been abolished. Interest repayments will begin next year starting at 2 per cent on the 6 per cent bond, 2.35 per cent on the 7 per cent bond, and 1.34 per cent on the 4 per cent bond. The rates will increase gradually to reach a maximum of 3 per cent on the 6 and 7 per cent bonds and 2 per cent on the 4 per cent bond by 1967. About \$51 million of the \$55 million of interest arrears on the dollar loans will be annulled and the balance capitalised on the surrender of dividend coupons for the years up to 1962. The holder of a \$1,000 7 per cent bond, for example, will receive an additional bond of \$136.

The bonds will no longer carry a fixed maturity but will be redeemed through a

BUSINESS NOTES

process, and these have remained its two main products. By the mid-fifties penicillin manufacturers, their numbers enormously swelled, were in trouble: in 1947 the price of penicillin was 13s. 4d. a mega unit, 4s. 4d. in 1950, and 1s. 9d. in 1954. At the moment it is 1s. 0½d. DCBL contributed less than 1 per cent to Distillers' profits last year. It is unlikely that it will be much missed.

sinking fund over 42 to 45 years. The sinking fund may be used either to purchase bonds in the market or to redeem them at par. At the moment this is a temporary agreement and the Greek Government has the right to convert it to a final settlement any time before July 1, 1967. If other holders of Greek external bonds manage to negotiate more favourable terms, then such terms will be extended to the dollar bonds.

It is laudable that the Greek Government should wish to rehabilitate its international credit standing but the method used was not the best and fairest. Such negotiations ought to be on a multilateral basis with all debtors. Sterling bonds, amounting to some £55 million, form just under 80 per cent of the pre-war external debt, and although relations between Greece and Britain were erupting over Cyprus when negotiations with the Americans first began five years ago, there was little excuse for not bringing in British bondholders at a later stage. As it is, the Council of Foreign Bondholders now expects to be presented with a *fait accompli* with little chance of negotiation.

It so happens that on this occasion it may not matter too much since the terms are much the same as the British Council of Foreign Bondholders had been expecting for some time. However many investors were expecting something a little more generous and their announcement brought a sharp fall in the price of Greek bonds in London. Anyone getting ready to howl in protest at the terms should remember, however, that the Greek Government has decided to settle its domestic public debt at a mere 5 per cent of its nominal value.

GERMANY

Herr Krages Baulked

Düsseldorf

HAS the tide turned against Hermann W. Krages, the timber merchant of Bremen who, up to now, has enjoyed the reputation of being one of Germany's most successful stock exchange speculators?

With good instinct and boundless optimism Herr Krages began, soon after the German currency reform of 1948, to buy shares at a time when the shadow of dismantling and decartelisation still hung over German industry, when everybody else pre-

THE ECONOMIST OCTOBER 27, 1962

ferred to hoard goods, and when shares were sold at ridiculously low quotations. The steady rise of all shares in the fifties showered enormous profits on him, which remained exempt from any taxation owing to the German system that makes profits from speculation tax free if the shares remain for at least six months in one portfolio. But the dream of his life, to enter the charmed circle of the captains of German heavy industry on the Ruhr, was not fulfilled. In a series of lawsuits he fought in vain against this closed circle which, often by legally doubtful amendments to company statutes, foiled his attempts to get control of one of Germany's biggest concerns, the Gelsenkirchner Bergwerks AG.

Krages therefore shifted his interest to other sectors of the stock market. But the steady slump on the stock exchange in recent months seems to have brought him into difficulties. It was known that his share portfolio was considerably burdened by bank credits which, in May, 1962, were estimated at about DM 200 million. So every time sales on the exchange became hectic, rumour had it that Krages had to sell to reduce his obligations—usually followed by a *dementi* from him. But in the course of last week, he admitted having parted with two big packets, his shares in Chemieverwaltung and of Gelsenkirchner Bergwerks. The Dresdner Bank's name appeared as buyer.

But the more details of this transaction that became known, the gloomier the picture became for Krages. In the summer of 1960, Chemieverwaltung stood at 1,100; but Krages had to sell at 225, the lowest quotation for many years. So it can hardly be denied that Krages had to sell under pressure and that the Dresdner Bank, as his main creditor, was in a position to turn the screws somewhat.

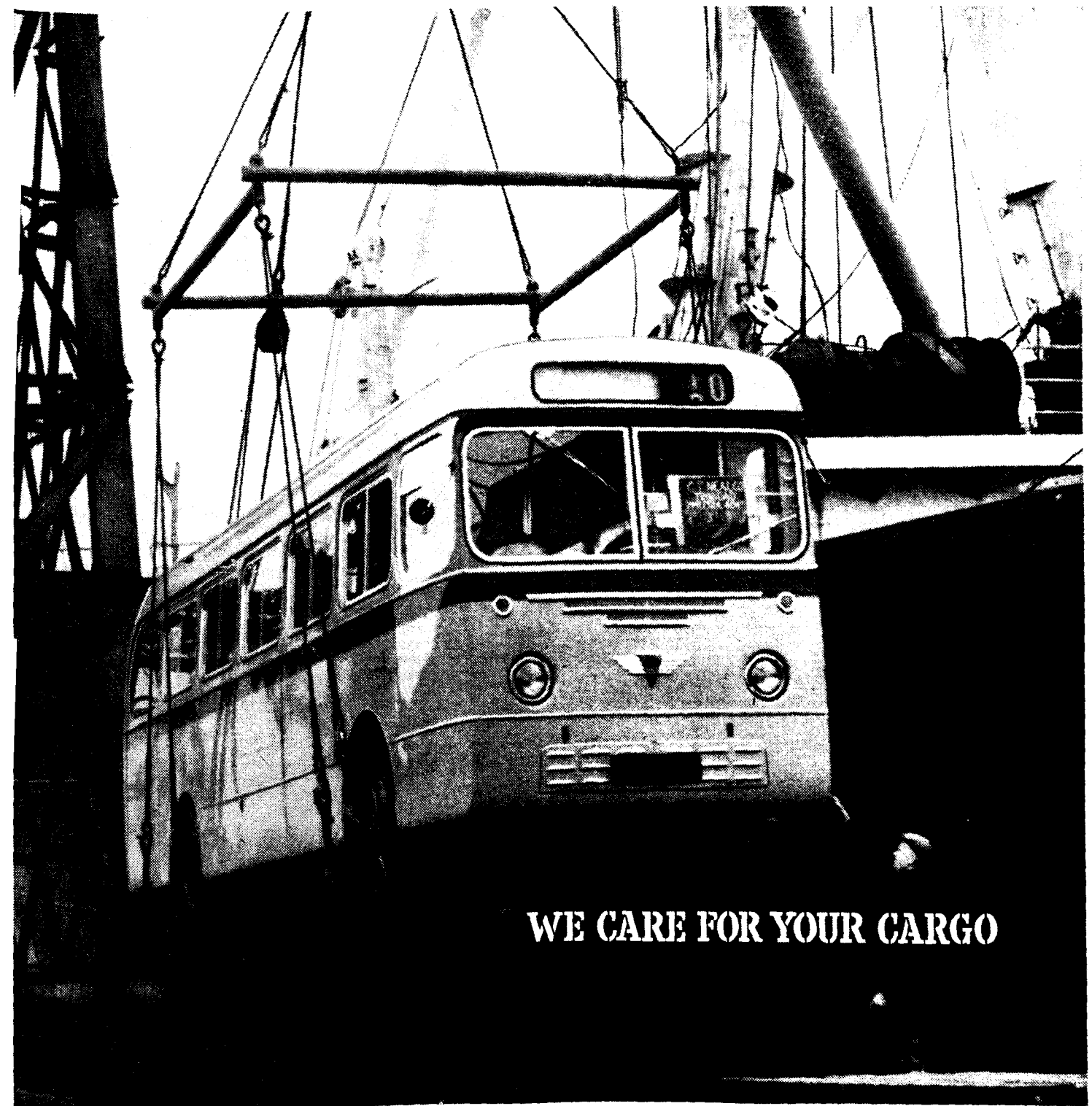
The Krages case is certainly no second Schlieker case. The timber merchant is far from being ruined, and his personal fortune still enjoys a rather high estimate. But another of Germany's most sensational success stories in the field of the "economic miracle" has run into an anti-climax.

AIR FARES

End in Sight

Chandler, Arizona

THERE were signs, as this issue of *The Economist* went to press, that the international meeting on air fares was about to end, unhappily and inconclusively. The private vendetta that Pan American and the Scandinavian SAS have been conducting against Icelandic Airlines, a non-member of the International Air Transport Association which runs cut-price piston engined services across the Atlantic, may yet win North Atlantic passengers a reprieve from the proposed 5 per cent increase in return fares, simply because at least three other North Atlantic airlines refuse to go along with the Pan American-SAS proposal for an "open"



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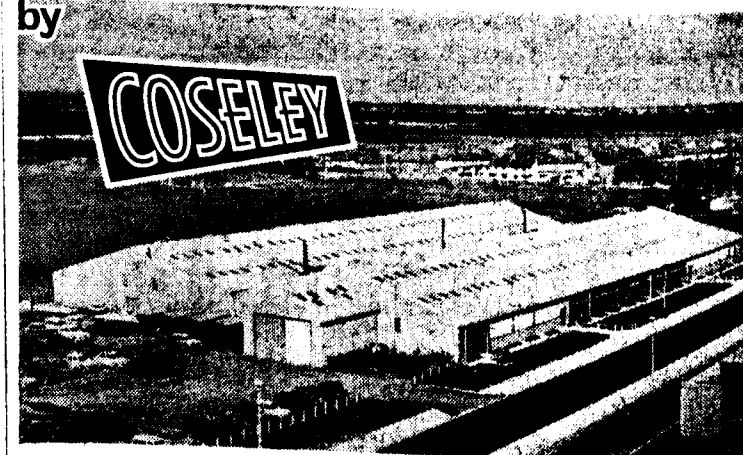
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THE ECONOMIST OCTOBER 27, 1962

ie, uncontrolled, rate for piston powered aircraft on this route. Should these two airlines feel strongly enough about Icelandic competition to throw the book at IATA, an interesting situation could develop. A failure to reach unanimous agreement on any set of routes means, theoretically, that all existing agreements lapse and airlines are free to charge what fares they like. In practice, governments step in to freeze rates at whatever happens to be their existing level, as the airlines well know when they try this ploy. But if PAA and SAS promised to restrict the free-for-all to piston aircraft, might they this time get away with it? It looks very much as if they intend to try, unless the IATA Director General, Sir William Hildred, can find an acceptable compromise formula.

Not all Sir William's diplomacy has been able to get agreement on freight rates. In spite of the tremendous boost given to freight traffic by the new low rates introduced last year, airlines are still stubbornly pressing for an increase. Discussions at Arizona have suggested an increase of about 2s 2d a kilo on the present rate of 15s 9d a kilo for small shipments between London and New York, with progressively smaller increases for larger consignments, tailing off to an extra 2d a kilo on half-ton loads. But airlines like Air France were protesting with such vehemence during the week that "breakpoints [for large consignments] were still too high and rates too low generally" that the only certain fact to emerge from Arizona is that freight rates will go up, leaving a second conference to decide by how much.

REFRIGERATORS

France Seeks a Safeguard

TURMOIL in the French refrigerator market, discussed in an article in *The Economist* last week, has now reached a stage where the French government is considering the "isolation" of its internal market from the European common market as a whole. This would be possible under an article of the Treaty of Rome which permits such a safeguarding escape clause from common market obligations where imports are accepted to be leading to a "substantial disruption" of any country's home market and industry.

France's main complaint seems to be against Italy, from which large numbers of refrigerators have of late been imported, some of them to be sold under French trade marks. The industry appears to have persuaded the government that these imports now amount to dumping; the government is investigating this, and may seek to invoke the relevant article of the treaty.

Refrigerators are not the only products that France argues are nowadays being sold in its home market by foreign firms at lower prices than these producers sell them at home. France is already complaining about

BUSINESS NOTES

British steel exports at low prices, and apprehensive about the possible inroads of British coal when Britain joins the European Coal-Steel community. Industrial countries everywhere are encountering the fact that for highly-capitalised industries in markets enjoying some degree of protection dumping, to some degree, becomes entirely logical behaviour. Everybody does it; it is only when higher tariffs in one country than another make it difficult for the dumped-upon to retaliate that the protests and calls for government action begin.

ENGINEERING

Flattening Out

THE engineering industries saw a slight increase in orders from the home market during July and August compared with the earlier part of this year, but export orders were rather lower. Home orders remained four per cent lower than a year before; with export orders down by about one per cent, there was a fall of three per cent in the total orders received. Deliveries continue to be higher than last year, though the increase was less than two per cent: exports were eight per cent higher, but deliveries to the home market were unchanged. The result was that the industry's order book continued the slow if unsteady decline that has lasted since May 1961, when the boom in home orders passed its peak; it is now two per cent smaller than in April this year, but as big as it was last January. So the investment recession seems, so far as the engineering industries are concerned, to be proceeding in slow motion. And the cushion of orders on hand still seems fat enough to maintain output at its present level for some time to come.

WAGES

Regional Differentials

FOUR weeks ago in these columns some new figures were discussed of men's actual wage earnings in individual industries region by region. The Ministry of Labour

MEN'S WEEKLY WAGE EARNINGS
(In manufacturing: April, 1962)

Region	£ s. d.	Per cent increase from April, 1960
London & South-Eastern	17 3 3	12.6
Eastern & Southern	16 19 9	9.6
Wales	16 17 7	7.5
Midlands	16 15 5	8.2
Northern	15 14 1	9.7
North-western	15 9 11	10.2
South-western	15 7 8	13.4
Yorkshire & Lincolnshire	15 6 9	9.0
Scotland	14 13 9	8.5
Northern Ireland	12 18 8	7.3
United Kingdom	16 3 10	9.3

has now combined the results to produce figures of average regional earnings. The table shows that in April this year in manufacturing industries as a whole men in the

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London and South-Eastern region earned about £2 10s. a week more than those in Scotland and over £4 a week more than those in Northern Ireland.

SHIPBUILDING

Touching Bottom

THE British shipbuilding industry can hardly see demand fall lower than it did in the third quarter of this year: the orders it received amounted to only 34,000 tons, compared with launchings of 307,000 tons, and orders for 160,000 tons in the same quarter of 1961. Though the order book of British shipyards still totals 2,147,000 tons, it has dropped 650,000 tons in the past year, and according to the Shipbuilding Conference some yards now have no orders and others are working on their last contracts. Only 840,000 tons of the total order book remains to be started, with 798,000 tons on the berths and 526,000 tons fitting out. So if the present rate of ordering continues the industry will come virtually to a standstill during the next year or so. And with the demand for shipping remaining so depressed, there seems little prospect that shipowners will feel inclined to order heavily, least of all from a country with a reputation for slower building than most of its rivals.

One attempt to meet these objections to building in Britain has already been made by Swan Hunter, which introduced its first standardised 10,000/12,000-ton freighter last summer and has now followed it with a standard bulk carrier of 22,000 tons. Cammell Laird is working on similar lines but more ambitiously: it now offers six standard designs, ranging from a 3,150-ton short-distance freighter to 56,000/57,000-ton tankers and bulk carriers. Its prices for these ships will, it says, be substantially lower than those for a custom-built vessel and comparable to those quoted by Japanese shipyards, while buyers will be offered up to ten years in which to pay. Bold measures like these, made possible by modernising shipyards, should at least allow British companies to fight for a share of the business available; but when there is so little to get, in the short run the fight may avail them little. Swan Hunter has received no orders for its standard freighter, though many shipowners have shown their interest in it.

CHEMICALS

Optimism in Spain

ONE firm plan has at last emerged from the tangle of rumour that surrounds INI's (Instituto Nacional de Industria) refinery project at Puertollano. ICI has agreed with the Spanish oil organisation, Empresa Nacional Calvo Sotelo, and Sociedad Anonima Cros to form a company to make and sell polythene. A plant will be built at Puertollano to make 30,000

BUSINESS NOTES

tons a year of low density polythene, using an ICI process: the ethylene feedstock will be supplied from Calvo Sotelo's olefines plant.

Alcudia, the new joint company, is by no means the only company with foreign interests considering investment in chemicals in Spain: Philips Petroleum is also planning to make petrochemicals with Calvo Sotelo at Puertollano; INI is said to have signed an agreement with Montecatini to make a range of petrochemicals which includes polythene and polypropylene; Dow

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Chemicals has formed a company with the chemical firm, Unquinesa, also to make plastics and other petrochemicals.

These projects have more than their products in common: they have a profound optimism, as the market in Spain for the suggested products hardly yet exists. They include several products suffering most from the present conditions of world over-supply and it seems unlikely that production on the scale suggested for some of them would be economic—even less so without tariff protection.

SHORTER NOTES

New "commercial" policies (as opposed to "national interest" policies) issued by the Export Credits Guarantee Department in the third quarter of 1962 amounted to £221 million—a new peak and 16 per cent up on the same quarter last year. Of this total some £45.8 million was for policies involving more than six months' credit. So far the Department has issued two Financial Guarantees but sixteen more have been approved in principle.

Manufacturers' home deliveries of television sets improved sharply in August from the extremely low level of the previous four months. The total of 115,000 was the highest monthly figure since December, but the year's total deliveries up to the end of August were still 22 per cent below those for the same period of 1961.

Norwich Union and its subsidiary, Scottish Union and National Insurance, are withdrawing their companies from active business in the United States and the business will be transferred to one of the Continental Insurance companies.

Brick production and deliveries in September were slightly lower than a year earlier, allowing for seasonal factors, while cement production, at 1,151 tons, was 3 per cent higher (seasonally adjusted) and home deliveries nearly 5 per cent higher than in September, 1961.

rutted sandbanks; but Vickers emphasises that ferry services will account for only a small proportion of likely hovercraft services. They should find their main uses over land or rivers where normal transport is not now available.

The Royal Bank of Scotland is to raise £6.9 million by a rights issue of one new share of 72s. 6d. for every five shares held. The shares now stand at 85s. 6d. to make the rights worth 2s.

In the article "French Refrigerators Boil Over," in last week's issue, the Compagnie Francaise Thomson-Houston was inaccurately described as belonging to the American Thomson-Houston group. In fact, this is an entirely independent French-owned company.

The new Bank Leumi "A" shares offered in the four-for-five rights issue have a subscription price of about 6s. for UK residents after taking into account the premium on investment dollars. The new shares now stand at a premium of 2s. 6d.

The Treasury has given permission for Dominion Tar and Chemical Company of Canada to make a share exchange offer for Hendon Paper Works of Canada. Until now the Treasury has always insisted on cash for bids from overseas companies.

COMPANY AFFAIRS

Comments on pages 403 and 406 on:

Plessey	Brooke Bond
Rover	Carreras
Tootal	Daily Mirror
Wall Paper Manufacturers	Robeco
Starkey, Knight and Ford	

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 404 and 405

MONEY AND EXCHANGES

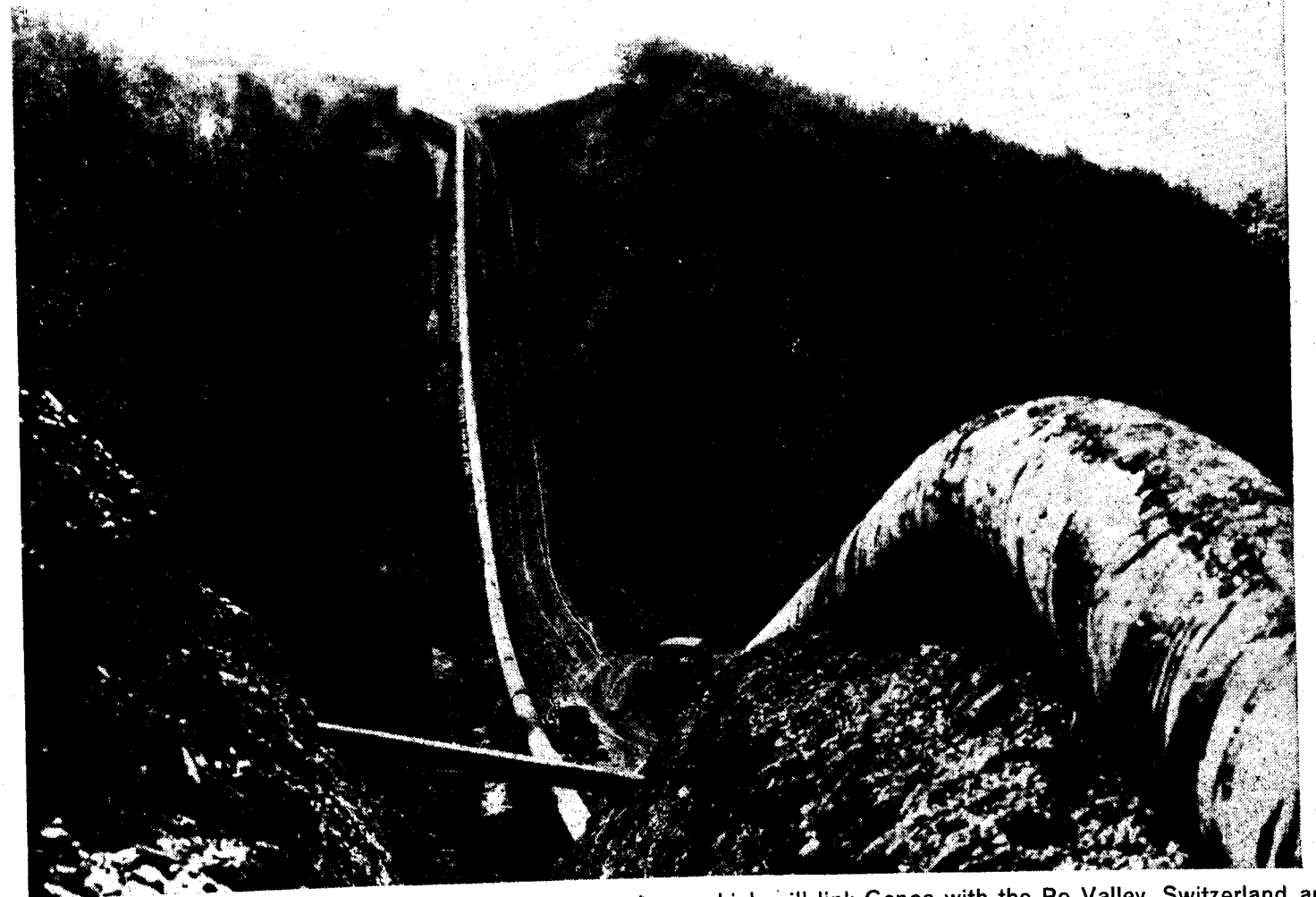
Money market report, exchange rates and public finance on page 407

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COMPANY MEETINGS

ENI

ENTE NAZIONALE IDROCARBURI-ROME



Laying the Central Europe Pipeline, about 1,000 kilometres long, which will link Genoa with the Po Valley, Switzerland and southern Germany. This pipeline, with a flow capacity of 18 million tons, will double the volume of traffic in the port of Genoa.

OPERATIONS IN THE 1961-62 FINANCIAL YEAR

Exploration and production.—AGIP MINERARIA and its associated companies engaged intensively in oil and gas exploration and development in Italy and abroad, employing, amongst other equipment, 62 drilling rigs and 5 offshore drilling platforms. A total of 308,789 metres was drilled in Italy and 145 wells were completed, 66 of them exploratory. Besides this 6,667.9 million cu. metres of natural gas were produced in Italy, representing 97.2% of the country's output, plus 558,177 tons of liquid and liquefiable hydrocarbons. There were fresh discoveries of natural gas in Basilicata, Sicily and the Po Valley. Operations abroad were very active in the exploration areas in Morocco, Tunisia, Libya, Egypt, Sudan, Somalia and Iran, and oil was struck in Libya. A preliminary agreement was signed in the United Arab Republic, where in 1961 COPE's output of crude from its Sinai fields was about 24 million tons, for exploration concessions in the Nile Delta and Khaliq-el-Zeit areas. Agreement was reached in Iran

for the commercial exploitation of the field brought to light in the Persian Gulf which is expected to yield some 2 million tons of crude oil per annum from 1963 on. An extensive exploration area was obtained in Nigeria.

Transport.—The natural gas pipeline network in Italy was 4,557 kms long at the end of 1961. Towards the south SNAM started building a trunk line in Apulia, with branches to Bari and Monopoli, and also began planning the pipeline through Abruzzo, with branches to Terni and Rome, in the central regions. The first stretches of the Central Europe Pipeline were laid in the Po plain and Switzerland. The Group's fleet was expanded. Three turbo tankers of 49,000 dwt went into service in 1961 and two motor tankers were launched early in 1962. When the building programme is complete ENI's fleet will have a tonnage of 470,000 dwt altogether.

Refining.—In Italy, work began on ANIC's refinery at S. Nazzaro de' Burgondi (Pavia), with a

throughput capacity of 4 million tons of crude oil per annum, and IROM's refinery at Porto Marghera (Venice) was extended. Abroad, SAMIR's refinery at Mohammedia (Morocco) was completed and the refineries at Ingolstadt (Germany), Bizerta (Tunisia) and Tema (Ghana) were started. The refineries in which the ENI group holds an interest processed 6.5 million tons of crude in 1961, yielding 6.1 million tons of products.

Marketing.—AGIP added to its number of roadside filling stations and considerably expanded its sales of all products. Compared with 1960 the growth was 30.4% for gasoline, 16.2% for gas oil, 19.7% for fuel oil and 30.9% for lubricants. Sales by AGIP's associates in Europe made steady progress in Austria, Germany and Switzerland, and are just about to start in England. In Africa, business proceeded in Libya, Ethiopia and Somalia and began in Morocco, Tunisia and Sudan. Filling stations

were built in Ghana, Kenya, Tanganyika and Uganda and new petroleum products sales companies were set up on the Ivory Coast, in Togo, Dahomey, Nigeria, and Cameroun. Agipgas (liquefied petroleum gas) sales rose in Italy (-7.1% compared with 1960) as well as in other countries such as Argentina, Greece and Lebanon.

Petrochemicals.—In July, 1961, ANIC began the work of building a petroleum chemicals plant at Pisticci (Matera) to make plastics intermediates, solvents and synthetic textile fibres. Output of rubber and fertilizers in the Ravenna plant, and of carbon black and polyvinyl chloride by ANIC's associates, reached a high level. ANIC GELA continued building the petrochemicals plant at Gela (Caltanissetta), and the first production lines will start in 1962. Early in the year a majority holding was acquired in LANEROSI enabling, by this integration of ANIC's activities with textile manufacture and marketing, the synthetic fibres from the Pisticci plant to be usefully employed.

Nuclear energy.—AGIP NUCLEARE, in conjunction with the Italian Nuclear Energy Committee, continued with the programme for irradiating uranium alloy samples in the Ispra reactor, with building a 30 thermal MW organic-moderated prototype reactor, and with studies on gas-graphite reactors. Work began on building an "Argonaut" research reactor at Bologna University. The construction of the Latina nuclear power plant reached a very advanced stage. SOMIREN continued its search for radioactive minerals in Italy.

Engineering — Design — Erection.—NUOVO PIGNONE's output of equipment for the oil and petrochemical industry went ahead and many orders were received from abroad. The Vibo Valentia (Catanzaro) works is in the completion stage and will soon be in operation. The

COMPANY MEETING REPORTS

PIGNONE SUD factory at Bari is already working. FUCINE MERIDIONALI, formed at Bari by NUOVO PIGNONE and Finanziaria Breda jointly, will turn out iron and steel and special alloys. Besides the work SNAM PROGETTI and SAIPEM carried out in Italy designing and erecting refineries, petrochemical plants and nuclear power stations, they also developed foreign projects and, among them, the Aigle refinery in Switzerland, the Bizerta refinery in Tunisia, the Tema refinery in Ghana, the oil pipeline connecting Nahorkatiya and Barauni, with

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branches going to Calcutta and New Delhi, in India, development wells drilled for the state-owned corporation Yacimientos Petroliferos Fiscales in Argentina (410 wells completed by the end of 1961) and the gas pipeline from Santa Cruz to Buenos Aires, 1,700 kms long ordered by Gas del Estado from the SAIPEM-Siderexport consortium.

Personnel.—The number of employees in ENI and the Group companies rose from 24,060 at the end of 1960 to 47,804 at 31st December, 1961.

406,000 MILLION LIRE TURNOVER

ENI GROUP ECONOMIC AND FINANCIAL RESULTS FOR 1961			
Turnover	Million Lit. 406,000	Interest and dividends paid	Million Lit. 27,600
Added value	" 141,000	outside the Group	" 148,800
Labour costs	" 54,600	Property, plant and equipment	" 91,000
Payments to the State:		Depreciation of property, plant and equipment	" 41,300
indirect taxes	" 117,600		
direct taxes	" 9,700		
net increase pertaining to ENI	" 7,800		

MAIN ITEMS IN ENI'S BALANCE SHEET AT 30th APRIL, 1962			
Shareholdings	Million Lit. 118,000	Endowment fund and reserves	Million Lit. 49,200
Financing to subsidiary companies	" 149,100	Loans and bonds	" 228,700
Other assets	" 108,000	Other liabilities	" 91,000
	Lit. 375,100	Profit for the year	" 6,200
			Lit. 375,100
According to Art. 22 of the law establishing ENI, the profits for the year were allocated as follows:			
		Treasury	Million Lit. 4,000
		Ordinary reserve	" 1,300
		Scientific and technical research and professional training	" 900

LONDON MERCHANT SECURITIES LIMITED

The following are extracts from the Directors' Report and Mr Max Rayne's circulated Review of the Ninetieth Annual General Meeting of the Company.

CONTINUED PROGRESS: The successful development of the Company's interests has continued during the year under review and substantial increases in both net income and asset values are again recorded.

SCRIP ISSUE: It is proposed to apply a portion of the reserve to paying up in full 3,600,000 new Ordinary Shares of 5s. each, to be allocated to shareholders as a free scrip issue in the proportion of one new share for every three held.

DIVIDEND: A dividend of 10 per cent is recommended on the capital as increased by the previous scrip issue of one share for each two held.

PROPERTY DEVELOPMENTS: Yet another happy association has been achieved in the conclusion of the arrangements with the New River Company Limited. There are encouraging possibilities of other joint undertakings—both in the United Kingdom and overseas—while our existing property companies continue successfully to develop and extend their activities. The completion and revaluation of property now under construction will produce further substantial revenue and capital increments.

THE INVERGORDON DISTILLERS LIMITED: It is estimated that a total of 2,850,000 proof gallons will be produced during the calendar year 1962 and firm orders for the whole of this output have already been received. The steadily increasing demand for Invergordon Scotch Grain Whisky has necessitated expansion of the distillery and steps have been taken to increase production capacity to 120,000 proof gallons per week. Although the initial pioneering operations resulted in a deficit for the period under review, the current year's activities and future prospects provide ample grounds for confidence.

ARMSTRONG EQUIPMENT LIMITED

The twenty-seventh annual general meeting of Armstrong Equipment Limited was held on October 22nd in London, Mr William Armstrong, BSc, AMIMECHE, AFRAcS (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

It is pleasing to report that the Consolidated Profit shows a considerable increase as compared with last year (£461,000 against £354,000), and in view of this your Directors feel justified in proposing a Dividend of 27½ per cent. Further, it is proposed to capitalise the bulk of the Share Premium Account by means of a one-for-two Bonus Issue.

Besides the growing activity of our Overseas Companies, our direct Exports of Shock Absorbers and other Equipment continue to increase with particularly gratifying results and prospects in Europe both in the Six and the Seven. Our Licensees in France continue to manufacture a record volume of our Shock Absorbers under licence and in India production is on the increase, although this is clearly a long term market.

Both our British Factories at Beverley and York are very fully occupied and it looks as though this situation will continue for the rest of the financial year and the foreseeable future.

Overall I feel that the present situation both at Home and Overseas gives grounds for confidence in the future.

The report was adopted and the Bonus Issue approved.

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PIFCO HOLDINGS

FURTHER PROGRESS

The fiftieth annual general meeting of Pifco Holdings Limited was held on October 23rd in London, Mr A. D. Webber, chairman and managing director, presiding.

The following is an extract from his circulated statement for the year ended April 30, 1962:

Despite the many difficulties of the past year, I am happy to report further progress in turnover and trading profits.

COMPANY MEETING REPORTS

In my previous review I referred to the problem of a continued rise in costs and intensive competition in the field of Electrical Appliances. We have endeavoured to avoid price increases and, with very few exceptions, we have achieved this. We have relied on increased turnover to maintain our level of profitability.

The Group Profit for the year before providing for Taxation amounted to £255,051 as compared with £253,128 for the preceding year, which I trust you will agree with me is a satisfactory result. The liquid position of the Company is strong and adequate for all requirements. Your Board recommends a final divi-

dend of 12½ per cent less income tax which makes a total of 20 per cent for the year.

No doubt you will expect an indication of the outlook for your Company in the current year. It is difficult to forecast in present conditions with so many factors which are outside our control, but turnover and profits to date show no contraction, and the order book is at a satisfactory level.

We have an attractive range of Electrical Appliances for the home and its popularity is based on technical excellence, good presentation and popular prices.

The report and accounts were adopted.

CAWOODS HOLDINGS LIMITED

The fortieth Annual General Meeting was held on October 19th in Leeds; Mr E. W. Towler, the Chairman, presiding.

The following is an extract from his circulated Statement:

The Group Trading Profit for the year under review is £653,320 (£274,078), after Depreciation £248,889 (£193,832). Capital and Reserves increased from £1,688,971 to £2,354,197; the net current assets amount to £1,248,657. The Directors recommend a dividend of 2s., less Income Tax, per Stock Unit.

The record Group Profits included a full year's profit from the Heaton and Thrutchley Groups, and record profits from our quarrying group.

Opencast and coal tonnage to steelworks was down, as well as our exports to Scandinavia as a result of competition from oil and low Polish and Russian coal prices. Our Skelton Grange Power Station contract for coal by barge is now running satisfactorily.

In the inland industrial distributive trade, competition from oil has intensified, and is expected to increase. Despite the efforts of the N.C.B., with whom we collaborate to the full, the demand for oil continues to increase, and our Group profits are now steadily benefiting from the national organisation we have developed, primarily to sell and deliver Regent Fuel Oils; also from the Thrutchley Group who are Esso Authorised Distributors.

On quarrying, the Essex Group showed record outputs and profits; developments continue in association with Ready Mixed Concrete Limited.

The Blackwall Lane Block Works last year produced and sold good outputs at reduced margins.

Plans for the development of Mulberry Wharf on general wharfage are being considered in view of its proximity to the Purfleet tunnel; the kiln at the high duty refractory grog works at Mulberry is to be extended, though profitable operation is not expected to be attained for some time yet.

Group profits, so far this year, compare favourably with the corresponding period of last year, and subject to unforeseen developments, it is anticipated that we shall be able to recommend next year the distribution in dividend of at least the same aggregate amount as this year.

An Extraordinary General Meeting held immediately after the Annual General Meeting approved the capitalisation of £750,000 of the Reserves, and the allotment of Three Ordinary Shares of 5s. each for every Two Ordinary Stock Units now held.

MEDIOBANCA

PAID UP CAPITAL LIRE 10,000,000,000 - RESERVE LIRE 3,000,000,000
HEAD OFFICE: 10, VIA FILODRAMMATICI, MILAN (ITALY)

The Shareholders' Annual General Meeting, held in Milan on October 23th, 1962, approved the following

BALANCE SHEET AS AT JUNE 30th, 1962

LIABILITIES		ASSETS	
Capital	L. 10,000,000,000	Current Assets:	
Reserve Fund	" 3,000,000,000	- Cash	L. 110,382,218
Time deposits:		- Balances with Banks	" 43,991,196,737
- Savings Books	" 97,524,532,737	- Treasury Bonds	" 11,692,877,500
- Current Accounts	" 145,455,390,012	- Government Bonds and Securities with Government Bond Status	" 2,080,598,015
Mediocredito: Transactions under Public Law N. 955 of December 22nd, 1953 and N. 635 of 5th July 1961	" 6,385,105,608	Loans against Stocks	" 14,978,676,740
Deposit Pledged in favour of Holders of Option Warrants issued abroad	" 382,591,440	Discounts	" 19,877,141,754
Sundry Creditors	" 1,812,129,700	Loans	" 160,538,140,372
Staff Leaving Fund	" 220,427,124	Securities:	
Unearned Discount, Interest	" 4,927,099,930	- Bonds	" 5,213,345,750
Profit Brought Forward	" 24,545,308	- Shares	" 12,265,988,455
Balance of Profit and Loss Account	" 1,944,321,494	Investments	" 75,000,001
	L. 271,676,113,353	Bank Premises	" 1
		Furniture and Fixtures	" 1
Customers for amounts at their disposal under existing contracts	" 49,182,663,172	Sundry Debtors	" 384,869,057
Debtors for uncalled subscribed capital	" 128,750,000	Accrued Interest Receivable and Prepayments	" 458,896,752
Stock issues underwritten	" 11,342,187,500		L. 271,676,113,353
Creditors for guarantees	" 2,117,000,000	Amounts at the disposal of customers under existing contracts	" 49,182,663,172
	L. 334,446,714,025	Uncalled subscribed capital	" 128,750,000
Contra Accounts	" 186,037,869,629	Participation in underwriting syndicates	" 3,780,729,166
	L. 520,484,583,654	Debtors for participations in underwriting syndicates	" 7,561,458,334
		Debtors for guarantees	" 2,117,000,000
			L. 334,446,714,025
		Contra Accounts	" 186,037,869,629
			L. 520,484,583,654

The Shareholders' Meeting decided:

- to allocate Lire 800 millions to «Reserve Fund»;
- to allocate Lire 75 millions to devaluation of the item «Investments»;
- to allocate Lire 150 millions to securities devaluation fund;
- to pay a dividend of 9% on capital, i.e. Lire 900 per share, encashable from 24th October 1962.

GRAFTON INDUSTRIAL SECURITIES LIMITED

YEAR OF SATISFACTORY PROGRESS

The Annual General Meeting of the Company was held on October 18th in London.

The following are extracts from the Report and Accounts and the statement by the Chairman, Mr. Gordon Heynes, C.A. for the year ended June 30, 1962.

	1962	1961	1960	1959
	£	£	£	£
Group Profit before Tax	124,179	122,076	63,126	88,090

In his statement the chairman said that the year 1961-62 had been one of satisfactory progress. Emphasis continued to be on improved methods, the introduction of new lines and increased turnover.

Reporting on the subsidiaries' activities he said that Quicktoll Engineering Limited, after a period of uncertainty, had emerged with a considerably increased profit. The order book was showing a very satisfactory upswing with a number of substantial contracts under active negotiation.

Peak Engineering Company Limited had had a highly successful year, quite contrary to the general trend of the section of the engineering industry in which it operated. Turnover was an all-time record and although profit margins had been lower a very satisfactory net profit resulted.

Air Engine Services Limited earned a record profit and the board had every confidence that the company would continue to produce good profits.

Concluding his statement, the chairman anticipated that the general trend of progress would continue in 1962-63. Long term prospects, he said, continued to be excellent and the financial position was strong.

Copies of the full accounts are obtainable from the Secretary, 5 Grafton Street, London, W.1.

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English Company with surplus resources in Germany, including a factory on the Rhine with space, services and capital available, would like to participate jointly in new manufacturing projects.

Companies considering extending their interests to Germany are invited to write to Box 1665.

APPOINTMENT REQUIRED

COMMON MARKET and Japan. Experienced trader/economist, B.Com., A.C.I.S. fluent German, adequate French, wishes to return to commerce after short spell in public employment. Min. salary £2,000 p.a.—Write Box 1664.

APPOINTMENTS

THE ROYAL COLLEGE OF NURSING

Applications are invited for post of ASSISTANT SECRETARY in Labour Relations Department. Applicants should hold a qualification in law, economics or industrial relations, and preferably have administrative experience. Salary scale, £950-£1,200 (5 x £40.4 x £50), starting point according to experience; the post is superannuable. Particulars and application form from General Secretary, Royal College of Nursing, Henrietta Place, Cavendish Square, London, W.1. Closing date for applications, November 12, 1962.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

DIRECTOR, RHODES LIVINGSTONE INSTITUTE

Applications are invited for post of Director of Rhodes Livingstone Institute, Lusaka, Northern Rhodesia. The appointee will be of professional status and full-time member of the College staff, but will be stationed in Lusaka. He will be the responsible administrative officer at the Institute, and will be expected to direct staff research activities, plan further research and generally stimulate social and economic research in Central Africa. Sound academic training in one of the social sciences and broad interest in the others essential. Salary scale: £2,700 x £100-£3,000 p.a. Passages to Salisbury for appointee, wife and dependent children on appointment with allowance for transport of effects. Installation grant of £100 in addition for persons recruited from outside Africa. Superannuation and Medical Aid Schemes, partly furnished accommodation at rent of 15 per cent of salary. Overseas passage for appointee, every second year. Detailed applications (with copies of three referees) by November 26, 1962, to Secretary, Inter-University Council for Higher Education Overseas, 29, Moynan Square, London, W.C.1, from whom further particulars may be obtained.

HERTFORD COLLEGE, OXFORD

The College proposes to elect an OFFICIAL FELLOW in ECONOMICS to take up his duties as from October 1, 1963. Applications and enquiries should be addressed to the Principal, and should reach him not later than Friday, November 30, 1962.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES

Applications are invited for the CHAIR OF POLITICAL SCIENCE within the Research Studies. The Chair has become vacant by the death of Professor L. C. Webb. Salary of the Chair is at present £4,700. Reasonable travel and removal expenses are payable. One year's study leave with travel allowance will be granted after each three years' service. Financial details of the Chair are available on request.

The Professor will be Head of the Department of Political Science. It will be his duty to conduct and to organise research within the Department, and to supervise the work of the small number of post-graduate students provided by the Department. The establishment of the Department consists at present of the Professor, two Readers, one Fellow, three Research Fellows and three Research Assistants. Research recently in progress within the Department includes work on political institutions and movements, political theory, comparative political studies and public administration. The University does not wish to prescribe in advance the field of work of the new Head of the Department. There is a separate Department of Political Science in the School of General Studies within the University, and a Department of International Relations within the Research School of Pacific Studies.

Further particulars should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in Australia and London on December 31, 1962. Notwithstanding this advertisement, the University retains the right to fill the Chair by invitation at any stage.

VICTORIA UNIVERSITY OF WELLINGTON

Senior Lecturer or Lecturer in Commercial Law

Applications are invited for the above-mentioned appointment in the Department of Accountancy. Although his primary responsibilities will be in this Department, the appointee will become a member of, and may have some teaching duties in, the Faculty of Law. Experience of law practice is a necessary qualification; university training and teaching experience is desirable but not essential.

The salary for a Senior Lecturer will be £1,750 per annum rising to £2,000 per annum and for a Lecturer £1,250 rising to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.

Approved rates to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within specified limits. Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in New Zealand and London on December 16, 1962.

BRADFORD INSTITUTE OF TECHNOLOGY

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited from Social Science or Economics Graduates for the post of RESEARCH ASSISTANT IN THE DEPARTMENT OF INDUSTRIAL ADMINISTRATION to participate in a projected Social-economic Survey of the Yorkshire Industrial Area. Salary Scale for honours graduates, £770-£1,490. Initial salary according to training and experience.

For other appointments see pages 409 and 410

VICTORIA UNIVERSITY OF WELLINGTON

Lecturer in Sociology

Applications are invited for the above-mentioned post. Applicants must be graduates in Sociology. Knowledge and interests in a specialised field such as demography or small group theory, could be an additional advantage. The salary will be £1,250 per annum rising to £1,700 per annum. The initial salary will be determined according to the qualifications and experience of the appointee.

Approved rates to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within specified limits. Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in New Zealand and London on November 30, 1962.

COMPANY AFFAIRS

In the London stock market this week prices fell sharply in reaction to the Cuban crisis. The falls were the sharpest since the Wall Street slump last May. All sections of the market were affected but selling was particularly heavy in the gilt-edged market and on Tuesday losses ranged up to 2½. Among equities oil shares showed heavy falls; over the week to Wednesday The Economist indicator fell by 16.2 points to 313.5. On Thursday, following Wall Street's sharp rally and with signs of some easing of international tension, prices in London showed a general advance.

Plessey

THE sharp fall in the price of Plessey shares this year followed board room disputes after the death of the chairman, Sir Allen Clark, who had been the driving force behind Plessey's recent impressive record of growth. These resulted in the resignation of three long serving directors and their replacement by Lord Kilmuir, Mr Harold Watkinson and Field Marshal Lord Harding. These resignations raised some doubts about the group's trading results although the new chairman, Sir Harold Wernher, who was the chairman of Ericsson Telephone when it and Automatic Telephone merged with Plessey a year ago, said that the clash was one of "personalities and not of policies."

The results for the year to June 30th, which include eight months profits from the two telephone subsidiaries, are certainly up to best expectations, for profits before tax are £6½ million compared with £4 million for 1960-61. In a full year, Automatic Telephone and Ericsson were expected to add about £2 million to gross profits and clearly Plessey's wide spread of interests in telecommunications and electronics has helped it to weather the recession in the television and domestic appliances trades for which it supplies many components. The results also suggest that economies in production and research resulting from the merger of the telephone companies may already have played their part. The dividend of 15 per cent is as forecast at the time of the merger and for original Plessey shareholders this compares with the equivalent of 12½ per cent. Now at 38s. 6d. against a 1962 peak of 49s. 1½d. the 10s. shares yield just under 4 per cent.



Rover cars; it builds the specialised commercial vehicle, the Land-Rover, which accounts for more than half its turnover. This does much to

explain the unexpectedly good profits earned by the company for the year ending August 4th. Trading profits fell less than £200,000, to £2,826,000; an increase of £315,000 in depreciation was offset by a sharp fall in the tax charge from £1,007,000 to £603,000, to leave net profit only £119,000 down at £1,071,000. The maintained dividend of 9½d. a share is still more than twice covered by earnings thanks to tax relief resulting from the present high rate of capital spending.

The company has made substantial changes to its car range for the current year, improving the performance of the 3-litre, which must be its biggest seller, to compete better with the Jaguar; but it still relies on the basically thirteen-year-old 95 and 110 for the lower-priced section of its range. Rover's expansion programme will greatly increase its capacity for making cars as well as Land-Rovers, and new models will be needed to fill it. So the longer-term outlook for the company depends on the success it may achieve with new designs, as well as its ability to continue to fight off the British Motor Corporation in the go-anywhere vehicle market—two factors which add some uncertainties to the prospects of what seems for the moment a share with a stable dividend; at 14s. it yields 5.6 per cent.

Brooke Bond

DESPITE the qualification of the Brooke Bond directors, their decision last April to maintain the interim dividend on the capital as increased by a one-for-five scrip issue had been generally regarded as an indication that the final payment would also be unchanged. In fact the tax free dividend has been set at 2½d. against 2½d. per share on the smaller capital so that the total dividend for the year to June 30th has been raised from the equivalent of 3½d. to 3¾d. a share. In face of an increase of 30 per cent in gross profits to £5,231,000 (or of 38 per cent if allowance is made for non-recurring items) this may seem a niggling decision, but in fact a sharp rise in the tax charge (which takes 59 per cent of gross

profits) has caused the increase in profits to evaporate at the net level where profits were £100,000 lower at £2,073,000. The rise in British tax from £541,000 to £1,406,000 was particularly sharp, largely as a result of bigger remittances from overseas subsidiaries and exceptional expenses and losses not allowable.

But the unusually high tax charge should not be allowed to mask an impressive trading performance. The group's turnover was £6 million higher at £113½ million, mainly due to bigger sales of packet teas at home and overseas. This has been backed up by excellent crops from Brooke Bond's plantations interests (although Doom Dooma profits have not had a material effect on group profits) while margins on packet teas have improved as a result of adequate supplies at "satisfactory prices." Although there seems little scope for increased consumption of tea in the home market (where Brooke Bond continues to improve its sales presumably at the expense of other merchants) there is clearly ample potential for expansion in overseas markets, but this is fairly well discounted in the 4½ per cent yield offered by the 5s. "B" shares at 11s. 6d.

Carreras

AT 5s. 7½d. the 2s. 6d. "B" shares of Carreras yield 4½ per cent, well below the yields on Gallaher and Imperial Tobacco and clearly postulating a further swing towards filter tip cigarettes which now account for 90 per cent of Carreras' production for the home market. In the year to June 30th its sales of filter cigarettes increased by 20 per cent, gross profits rose from £2.6 million to £2.9 million and the ordinary dividend was raised from 9 to 11 per cent. Statistics in the Carreras report suggest that there may indeed be scope for higher consumption of tipped cigarettes here for their share of the home market is no higher than 25 per cent, compared with 55 per cent in the United States, 75 per cent in Australia and 85 per cent in South Africa. Exports, too, were higher last year and the Basildon plant accounted for about 40 per cent of all British cigarettes sold abroad, compared with 30 per cent in 1960-61.

Further extensions are now planned at Basildon and new factories are to be built in Northern Ireland and Jamaica. This could mean calling on the shareholders for fresh funds, for stocks had risen by £2 million to £13½ million at the end of June and net overdrafts were £2¼ million higher at £5¼ million; the net cash flow is running at about £1¼ million. The chairman, Mr J. H. Hansard, looks for continued progress, although competition will remain severe; sales of the new Piccadilly tipped brand are going well and the introduction of this 3s. 10d. range should give Carreras another opportunity in the expected expansion of the filter cigarette business.

Continued on page 406

STOCK PRICES

AND YIELDS

Prices, 1962		Price, Oct. 24, 1962		Price, Oct. 24, 1962		Net Red. Yield, Oct. 24, 1962		Gross Red. Yield, Oct. 24, 1962		Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Oct. 17, 1962		Price, Oct. 24, 1962		Yield, Oct. 24, 1962		Cover	
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
BRITISH FUNDS AND GUARANTEED STOCKS																							
100 ¹ / ₁₆	100 ¹ / ₁₆	Treasury 5 ¹ / ₂ %	1962	100.2 11	100.2 1	£ s. d.	£ s. d.	105 ¹ / ₁₆	79.9	6 ¹ / ₁₆	6 ¹ / ₁₆	BANKS, DISCOUNT & HP											
99 ¹ / ₁₆	99 ¹ / ₁₆	Exchequer 3%	1962-63	99 ¹ / ₁₆	99 ¹ / ₁₆	2 10 0	4 7 1	100 ¹ / ₁₆	61 ¹ / ₁₆			Barclays	£1	84.4	79.9	3.26							
100 ¹ / ₁₆	98 ¹ / ₁₆	Conversion 4 ¹ / ₂ %	1963	100 ¹ / ₁₆	100 ¹ / ₁₆	1 12 10	4 10 7	101 ¹ / ₁₆	53 ¹ / ₁₆	5 11 b	4 ¹ / ₁₆	District	£1	98.3	95.	2.63							
98 ¹ / ₁₆	93 ¹ / ₁₆	Exchequer 2 ¹ / ₂ %	1963-64	98 ¹ / ₁₆	97 ¹ / ₁₆	3 8 2	4 7 4	102 ¹ / ₁₆	26 ¹ / ₁₆	7 1 b	7 1 b	Lloyds	£1	56.6	54.3	3.50							
100 ¹ / ₁₆	97 ¹ / ₁₆	Conversion 4 ¹ / ₂ %	1964	100 ¹ / ₁₆	100 ¹ / ₁₆	2 14 10	4 8 8	103 ¹ / ₁₆	20 ¹ / ₁₆	2 7 b	7 1 b	Martins	£1	56.6	25.3	2.97							
99 ¹ / ₁₆	92 ¹ / ₁₆	Treasury 5 ¹ / ₂ %	Ass'd. (11)	99 ¹ / ₁₆	98 ¹ / ₁₆	3 5 5	4 18 9	104 ¹ / ₁₆	70 ¹ / ₁₆	7 1 b	7 1 b	Midland	£1	88.6	85.3	3.52							
98 ¹ / ₁₆	90 ¹ / ₁₆	Treasury 4 ¹ / ₂ %	1965	98 ¹ / ₁₆	97 ¹ / ₁₆	3 5 5	4 17 8	105 ¹ / ₁₆	99 ¹ / ₁₆	7 1 b	7 1 b	Nat. Provincial	£1	81.6	79.9	3.54							
96 ¹ / ₁₆	90 ¹ / ₁₆	Savings Bonds 3%	1955-65	96 ¹ / ₁₆	94 ¹ / ₁₆	3 13 2	4 18 11	106 ¹ / ₁₆	40 ¹ / ₁₆	8 1 b	4 1 b	Westminster	£1	81.6	78.9	3.38							
103 ¹ / ₁₆	98 ¹ / ₁₆	Exchequer 5 ¹ / ₂ %	1966	103 ¹ / ₁₆	101 ¹ / ₁₆	2 17 4	5 1 0	107 ¹ / ₁₆	34 ¹ / ₁₆	5 1 b	3 1 b	Australia & N.Z. (1 p. p.)	£1	46.6	46.6	5.16							
92 ¹ / ₁₆	85	Savings Bonds 2 ¹ / ₂ %	1964-67	92 ¹ / ₁₆	90 ¹ / ₁₆	3 19 3	4 19 10	108 ¹ / ₁₆	25 ¹ / ₁₆	\$2 05 c	\$2 05 c	Bk. Lond. & S. Amer.	£1	36.6	35.3	4.73							
103 ¹ / ₁₆	98 ¹ / ₁₆	Exchequer 5 ¹ / ₂ %	1967	101 ¹ / ₁₆	99 ¹ / ₁₆	3 2 0	5 0 3	109 ¹ / ₁₆	36 ¹ / ₁₆	8 c	9 c	Bank of Montreal	\$10	£19 ¹ / ₁₆	£18 ¹ / ₁₆	3.59							
93 ¹ / ₁₆	83 ¹ / ₁₆	Funding 3%	1966-68	93 ¹ / ₁₆	90	3 17 5	5 3 4	110 ¹ / ₁₆	32 ¹ / ₁₆	5 1 b	5 1 b	Bank of New S. Wales	\$20	36.	36.	3.97							
95 ¹ / ₁₆	84 ¹ / ₁₆	Conversion 3 ¹ / ₂ %	1969	94 ¹ / ₁₆	91 ¹ / ₁₆	3 16 4	5 3 4	111 ¹ / ₁₆	53 ¹ / ₁₆	7 1 b	7 1 b	Barclays D.C.O.	£1	38.	36.6	5.48							
92 ¹ / ₁₆	82 ¹ / ₁₆	Funding 3%	1959-69	92 ¹ / ₁₆	88 ¹ / ₁₆	3 16 4	5 1 7	112 ¹ / ₁₆	49 ¹ / ₁₆	10 1 b	5 1 b	Chartered	£1	55.6	54.9	5.48							
90 ¹ / ₁₆	78 ¹ / ₁₆	Victory 4%	1920-76	90 ¹ / ₁₆	88 ¹ / ₁₆	3 1 9	4 14 4	113 ¹ / ₁₆	49 ¹ / ₁₆	9 1 b	7 1 b	Hong K. & Shang	\$25	£17 ¹ / ₁₆	£17 ¹ / ₁₆	4.41							
103 ¹ / ₁₆	90 ¹ / ₁₆	Savings Bonds 3%	1960-70	98 ¹ / ₁₆	86 ¹ / ₁₆	3 18 8	5 4 7	114 ¹ / ₁₆	10 ¹ / ₁₆	30 c	10 c	Nat. Com. Bk. Scot.	£10	52.6	49.9	3.32							
109 ¹ / ₁₆	97 ¹ / ₁₆	Conversion 5%	1971	103 ¹ / ₁₆	99 ¹ / ₁₆	3 4 2	5 4 8	115 ¹ / ₁₆	37 ¹ / ₁₆	5 1 b	10 1 b	Royal Bk. Canada	\$10	£24 ¹ / ₁₆	£22 ¹ / ₁₆	6.62							
105 ¹ / ₁₆	91 ¹ / ₁₆	Conversion 5%	1972	109 ¹ / ₁₆	105 ¹ / ₁₆	3 1 0	5 7 3	116 ¹ / ₁₆	35 ¹ / ₁₆	7 1 b	15 1 b	Standard Bank	£1	46.3	44.3	6.78							
95 ¹ / ₁₆	87 ¹ / ₁₆	Funding 4%	1960-90	101 ¹ / ₁₆	95 ¹ / ₁₆	3 3 1	5 5 4	117 ¹ / ₁₆	68 ¹ / ₁₆	5 1 b	2 1 b	Hambros	£1	37.3	35.9	3.15							
83 ¹ / ₁₆	70 ¹ / ₁₆	Savings Bonds 3%	1965-75	81 ¹ / ₁₆	79 ¹ / ₁₆	3 17 1	5 9 9	118 ¹ / ₁₆	10 ¹ / ₁₆	16 1 b	6 1 b	Schroders	£1	69.	68.3	2.20							
82 ¹ / ₁₆	69 ¹ / ₁₆	Treasury 3 ¹ / ₂ %	1977-80	83 ¹ / ₁₆	79	3 17 2	5 9 9	119 ¹ / ₁₆	9 ¹ / ₁₆	10 c	10 c	Union Discount	£1	63 ¹ / ₁₀	62.9	4.48							
81 ¹ / ₁₆	68 ¹ / ₁₆	Treasury 3 ¹ / ₂ %	1979-81	80 ¹ / ₁₆	77 ¹ / ₁₆	3 17 8	5 10 0	120 ¹ / ₁₆	28 ¹ / ₁₆	4 1 b	2 1 b	Bowmaker	£1	12.9	12.11	1.1							
102 ¹ / ₁₆	90 ¹ / ₁₆	Funding 5 ¹ / ₂ %	1982-84	101 ¹ / ₁₆	99 ¹ / ₁₆	3 9 0	5 12 0	121 ¹ / ₁₆	10 ¹ / ₁₆	4 1 b	2 1 b	Nat. Banking	£1	10.9	10.11	1.1							
93 ¹ / ₁₆	82 ¹ / ₁₆	Treasury 5 ¹ / ₂ %	1985-87	92 ¹ / ₁₆	89 ¹ / ₁₆	3 13 5	5 15 4	122 ¹ / ₁₆	13 ¹ / ₁₆	18 1 b	6 1 b	Mercantile Credit	£1	13.	12.7	2.97							
66 ¹ / ₁₆	54	Redemption 5 ¹ / ₂ %	1988-99	65 ¹ / ₁₆	62 ¹ / ₁₆	3 16 11	5 9 6	123 ¹ / ₁₆	13 ¹ / ₁₆	14 1 b	4 1 b	United Domin. Inst.	£1	31.	29.	4.57							
98	56 ¹ / ₁₆	Funding 3 ¹ / ₂ %	1999-2004	68 ¹ / ₁₆	66 ¹ / ₁₆	3 15 9	5 13 8	124 ¹ / ₁₆	30 ¹ / ₁₆	14 1 b	4 1 b	BREWERIES, Etc.											
98	58 ¹ / ₁₆	Treasury 5 ¹ / ₂ %	2008-12	97 ¹ / ₁₆	94	3 13 0	5 18 5	125 ¹ / ₁₆	13 ¹ / ₁₆	14 1 b	4 1 b	Bass, M. & B.	£1	14.4	13.6	4.07							
67 ¹ / ₁₆	58 ¹ / ₁₆	Consols 4%	after Feb. 1957	68 ¹ / ₁₆	66 ¹ / ₁₆	3 14 1	6 1 7	126 ¹ / ₁₆	30 ¹ / ₁₆	14 1 b	4 1 b	Charrington United	£1	14.4	13.7	4.40							
62 ¹ / ₁₆	52 ¹ / ₁₆	War Loan 3 ¹ / ₂ %	after 1952	62 ¹ / ₁₆	58 ¹ / ₁₆	3 13 2	5 19 2	127 ¹ / ₁₆	20 ¹ / ₁₆	14 1 b	4 1 b	Distillers	£1	33.1	32.11	4.51							
61 ¹ / ₁₆	52 ¹ / ₁₆	Conv. 3 ¹ / ₂ %	after Apr. 1961	60 ¹ / ₁₆	58 ¹ / ₁₆	3 13 6	6 0 2	128 ¹ / ₁₆	17 ¹ / ₁₆	14 1 b	4 1 b	Gumers	£1	26.6	41.	5.37							
52 ¹ / ₁₆	44 ¹ / ₁₆	Treasury 3 ¹ / ₂ %	after Apr. 1966	51 ¹ / ₁₆	50	3 13 8	6 0 7	129 ¹ / ₁₆	21 ¹ / ₁₆	12 1 b	6 1 b	Harveys	£1	21.6	41.	5.37							
45 ¹ / ₁₆	38 ¹ / ₁₆	Consols 2 ¹ / ₂ %	after Apr. 1975	44 ¹ / ₁₆	42 ¹ / ₁₆	3 12 3	5 18 1	130 ¹ / ₁₆	21 ¹ / ₁₆	30 c	10 c	Ind. Co-ops. T.A.	£1	12.	11.7	3.16							
100 ¹ / ₁₆	81 ¹ / ₁₆	British Electric 4 ¹ / ₂ %	1967-69	101 ¹ / ₁₆	97 ¹ / ₁₆	3 6 1	5 2 11	131 ¹ / ₁₆	20 ¹ / ₁₆	14 1 b	6 1 b	Wayne Mann	£1	23.9	22.6	4.00							
86	74 ¹ / ₁₆	British Electric 3 ¹ / ₂ %	1968-73	85 ¹ / ₁₆	82 ¹ / ₁₆	3 18 3	5 4 6	132 ¹ / ₁₆	50 ¹ / ₁₆	3 1 b	6 1 b	Whitebread 'A'	£1	34.9	32.9	4.19							
81 ¹ / ₁₆	69	British Electric 3 ¹ / ₂ %	1974-77	81 ¹ / ₁₆	77 ¹ / ₁₆	3 17 9	5 4 11	133 ¹ / ₁₆	20 ¹ / ₁₆	4 1 b	8 1 b	BUILDING, PAINT, Etc.											
90 ¹ / ₁₆	79 ¹ / ₁₆	British Electric 4 ¹ / ₂ %	1974-79	90 ¹ / ₁₆	87 ¹ / ₁₆	3 12 7	5 8 11	134 ¹ / ₁₆	10 ¹ / ₁₆	6 1 b	8 1 b	Associated Portland	£1	55.6	54.6	3.49							
83 ¹ / ₁₆	70 ¹ / ₁₆	British Electric 3 ¹ / ₂ %	1976-79	82 ¹ / ₁₆	79	3 16 7	5 7 3	135 ¹ / ₁₆	10 ¹ / ₁₆	16 9 c	5 1 b	British Plaster Bk.	£1	26.	26.1	4.85							
95 ¹ / ₁₆	82 ¹ / ₁₆	British Gas 4%	1969-72	95 ¹ / ₁₆	92 ¹ / ₁₆	3 13 6	5 7 3	136 ¹ / ₁₆	10 ¹ / ₁₆	16 9 c	5 1 b	Richard Costain	£1	17.10	16.	4.85							
95 ¹ / ₁₆	80 ¹ / ₁₆	British Gas 3 ¹ / ₂ %	1969-72	95 ¹ / ₁₆	92 ¹ / ₁₆	3 13 6	5 7 3	137 ¹ / ₁₆	10 ¹ / ₁₆	16 9 c	5 1 b	Crittal Mfg.	£1	13.8	13.4	6.32							
95 ¹ / ₁₆	81 ¹ / ₁₆	British Gas 3 ¹ / ₂ %	1970-95	95 ¹ / ₁₆	92 ¹ / ₁₆	3 13 6	5 7 3	138 ¹ / ₁₆	10 ¹ / ₁₆	16 9 c	5 1 b	International Paints	£1	12.	11.	8.18							
86	74 ¹ / ₁₆	British Transport 3%	1968-73	85 ¹ / ₁₆	82 ¹ / ₁₆	3 16 9	5 8 8	139 ¹ / ₁₆	48 ¹ / ₁₆	25 c	25 c	Rugby Portland	£1	59.7	57.	2.19							
90 ¹ / ₁₆	77 ¹ / ₁₆	British Transport 4%	1972-77	90 ¹ / ₁₆	87 ¹ / ₁₆	3 12 6	5 7 6	140 ¹ / ₁₆	18 ¹ / ₁₆	10 c	33 c	Wally Paper	£1	19.10	18.6	4.59							
69 ¹ /																							

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Tootal

SHAREHOLDERS in Tootal, whose 1961-62 dividend has been cut from 10 to 7½ per cent, will find little consolation in the statement of their chairman, Mr T. A. Fairclough. Following the sharp fall in pre-tax profits from £570,000 to £234,000 in the year to end June, he now warns shareholders that the difficulties, particularly in the textile trade, are "ever more intense" and that the first few months of the current financial year compare unfavourably with conditions of a year ago. This suggests that Tootal may be strained to maintain even this lower rate of dividend which was only covered in the past year by virtue of a very low tax charge arising from allowances in respect of new machinery. On a normal tax charge earnings for 1961-62 would have been no more than 4½ per cent.

Apart from the well-known difficulties of the cotton textile trade which made their full impact on Tootal's earnings, heavy expenditure has also been incurred in launching the new Tootal shirt in a highly competitive market. Exports fell sharply and the combination of reduced turnover and lower prices involved much writing down of stocks which still stood at £4.7 million at the end of June. Tootal's policy is to reduce its stocks and improve its liquid resources: the balance sheet now shows a net overdraft of over £400,000. The group has derived little benefit from diversification outside the textile industry, for the plastics division made a loss while the paper subsidiary, Yates Duxbury, showed lower profits. Here too the immediate outlook shows no sign of improvement and for any consolation shareholders must look to possible benefits from Tootal's new "no need to iron" process. At 17s. 7½d., their lowest level for some years, the £1 shares yield just under 8½ per cent.

Daily Mirror

THE Daily Mirror group has a large stake in the Sunday Pictorial and terms for a complete merger of the two newspaper groups are being examined by the merchant banks, S. G. Warburg and J. Henry Schroder Wagg. Earlier this month the Sunday Pictorial raised its interim dividend and it was no surprise when the Daily Mirror followed suit, raising its payment from 5 to 6 per cent. While the trading profits of the Sunday Pictorial fell slightly in the six months to end-August those of the Daily Mirror rose from £5.2 million to £5.7 million. But like the Pictorial there was also a sharp increase in income from trade investments, which doubled to £1.4 million primarily as a result of its holding in Albert E. Reed, so that profits before tax at £6.9 million were 21 per cent higher.

The directors say that profits were helped by "more buoyant" advertising in the newspaper field and by benefits arising from

the merger of women's magazines. But they do not expect such good results for the second half of the year when group spending on publicity for its magazines is particularly heavy. Thus, trading profits for the six months to end February are expected to be close to the level of £3.9 million for the corresponding period in 1961-62, which would mean a fall of over 30 per cent in profits over the two half-years. Nevertheless, earnings for the full year should show a useful increase and the increased interim suggests that a total payment of 18 per cent against 15 per cent is possible. On this basis the 5s. shares at 12s. 4½d. would yield just over 7½ per cent but it seems likely that before the final payment is due a merger between the Daily Mirror and the Sunday Pictorial will have been arranged.

Wall Paper Manufacturers

ALTHOUGH the results from Wall Paper Manufacturers prove to be a little better than the directors indicated in their interim statement they are still unimpressive. Attributable profits before tax for the year to end-June amounted to £5,657,000 against £5,160,000, but, after a substantially higher tax charge, net profits were only £4,000,000 higher at £2,506,000. The dividend of 17 per cent compares with the equivalent of 16½ per cent. In these comparisons, moreover, the profits of 1960-61 were sharply affected by the two-year cycle of decorators' pattern books and it was hoped that the past year would bring a much stronger demand for wallpaper as in 1959-60 when profits before tax amounted to £6,078,000 and net profits to £2,724,000. In addition, the latest profits include a full year's earnings from the two major paint and wallpaper manufacturers, K. L. Holdings and Smith and Walton, acquired early in 1961 and which together in 1959-60 made pre-tax profits of £975,000. Finally, last year's £10 million rights issue should have resulted in a considerable saving in interest charges.

It would seem, however, that the gain in profits resulting from these factors has been partially offset by the increasing pressure on margins, particularly in the group's paint and paper divisions. There is little sign of any slackening in competition in either of these industries and with profits again likely to suffer from customers reducing their wallpaper stocks the immediate outlook is unexciting. The 5s. shares are down from 24s. 6d. to 18s. 7½d. but still yield only 4½ per cent on the twice covered dividend.

Robeco

THE net asset value of Robeco shares had fallen from Fl 252 at the end of December to Fl 206½ at the beginning of June and at October 1st it stood at Fl 197. This reflects the general weakness in world stock markets over that period and particularly in Wall Street for in 1961 this big Dutch

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investment trust had been building up its dollar portfolio and American stocks now represent about 35 per cent of its total holdings. In recent months it has been buying South Africa gold shares again and its purchases in this field amounted to £2½ million between June and October. The managers say that they have returned to them (the previous holding of Africa shares had been sold by early 1961) partly on account of their attractive yields and partly as a hedge against "a possible change in currency relationships."

British companies now account for just under 5 per cent of Robeco's portfolio and investors who are thinking that the shares of Marks and Spencer are beginning to look attractive at their current price will endorse its recent purchase of 20,000 "A" shares. At the current price of £20 the Fl 50 shares yield just over 4½ per cent and their attraction to English investors is primarily as a means of obtaining a stake in common market securities.

Starkey, Knight and Ford

THE bid by Whitbread for Starkey, Knight & Ford is the fourth it has made in the past eleven months for a company already under its "umbrella." Based at Bridgwater, Starkey has about 430 houses in the West country, an area where Whitbread is well represented, and the merger is expected to provide opportunities for rationalisation. With Whitbread "A" at 32s. its offer of five "A" shares for each of Starkey's 465,000 £1 ordinary shares is worth about 160s. which is close to their pre bid price but nevertheless the shares are being valued on an earnings yield of under 6 per cent. Both the Starkey 6 per cent cumulative and non cumulative preference stock have voting rights and for every £100 of these stocks Whitbread is offering £112 10s. and £110 respectively of its 6 per cent third preference stock. The bid is recommended by the directors who with Whitbread hold more than one third of the votes which should ensure its success. However, few of the ordinary shareholders are likely to oppose an offer which will bring them a 50 per cent increase in income.

THE ECONOMIST INDICATOR (1953=100)					
1962	Indicator	Yield %	1962		
Sept. 19	326.1	5.28	High	Low	
Oct. 26	325.1	5.29			
Oct. 3	333.8	5.16	364.1 (Jan. 17)	310.3 (June 27)	
Oct. 10	334.2	5.16			
Oct. 17	329.7	5.29			
Oct. 24	313.5	5.55			

FINANCIAL TIMES INDICES					
1962	Index †	Ord. Yield	2½% Consols Yield	Bargains Marked	
Oct. 18	276.0	5.65	5.54	11.652	
Oct. 19	278.1	5.60	5.54	11.663	
Oct. 22	272.2	5.73	5.65	14.412	
Oct. 23	264.4	5.89	5.88	14.629	
Oct. 24	263.7	5.91	5.88	10.883	

High, 310.2 (Jan. 19). Low, 252.8 (June 25)
† July 1, 1935=100.

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EXCHEQUER RETURNS

For the week ended October 20, 1962, there was an "above-line" surplus after allowing for sinking funds of £3,072,000 compared with a deficit of £3,370,000 in the previous week and a surplus of £4,577,000 in the corresponding period of last year. There was a net receipt "below-line" of £313,000 leaving a total cumulative deficit to date of £533,409,000 compared with £643,584,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961	April 1, 1962	Week ended Oct. 21, 1961	Week ended Oct. 20, 1962
Ordinary Revenue					
Income Tax	2,790,000	852,100	920,490	20,027	22,379
Surplus	188,000	46,900	51,700	1,100	1,300
Death Duties	264,500	145,000	141,500	4,800	4,300
Stamps	95,000	55,600	53,000	1,400	1,900
Profits tax, EPT and EPL	374,000	197,300	229,700	7,200	7,200
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,296,900	1,396,390	34,527	37,079
Customs	1,653,000	900,800	926,110	33,275	34,734
Excise	1,077,000	496,430	523,630	7,745	8,565
Total Customs and Excise	2,730,000	1,397,230	1,449,740	41,020	43,299
Motor Duties	150,000	39,718	58,261	3,614	2,281
Broadcast Lic.	41,000	19,100	19,900	4,900	4,700
Miscellaneous	165,000	148,650	95,048	8,950	1,323
Total	6,797,500	2,901,606	3,023,339	93,011	88,682
Ordinary Expenditure					
Debt Interest	600,000	396,362	343,834	...	...
Payments to N.I.	100,000	45,069	48,920	...	...
PO Fund—Initial settlement	...	...	...	...	...
Other Consolidated Funds	12,000	4,182	4,402	14	21
Supply Services	5,611,650	2,771,754	2,961,984	87,710	84,900
Total	6,323,650	3,217,366	3,359,140	87,724	84,921
Sinking Funds	41,000	21,208	21,368	710	689
"Above-line" Surplus or Deficit		336,968	357,169	4,577	3,072
"Below-line" Net Expenditure		306,616	176,240	19,099	313
Total Surplus or Deficit		643,584	533,409	23,676	3,385
Net receipts from:					
Tax Reserve Certificates	140,905	92,844	2,423	504	
Savings Certificates	16,400	1,000	2,400	300	
Defence Bonds	18,506	9,386	199	1,037	
Premium Savings Bonds	22,700	19,600	800	1,000	
Total	168,511	120,830	1,022	2,241	

* 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		Ways and Means Advances		Total Floating Debt	
Tender	Tap	Public Dept.	Bank of England		
1961					
Oct. 21	3,270.0	1,987.8	183.1	...	5,450.9
1962					
July 21	2,980.0	2,018.0	218.4	2.0	5,218.4
Aug. 4	2,980.0	2,050.5	241.7	1.0	5,279.2
Aug. 11	2,980.0	2,012.5	227.3	...	5,219.9
Aug. 18	3,000.0	1,983.6	225.1	0.3	5,209.9
Aug. 25	3,000.0	2,009.3	240.1	5.5	5,254.9
Sept. 1	3,000.0	2,053.1	203.8	0.3	5,257.1
Sept. 8	3,000.0	2,078.5	210.9	...	5,289.4
Sept. 15	2,990.0	1,637.9	211.6	...	4,839.4
Sept. 22	2,980.0	1,653.6	226.2	...	4,869.8
Sept. 29	2,980.0	1,699.2	220.2	...	4,899.4
Oct. 6	3,020.0	1,745.9	215.6	...	4,961.5
Oct. 13	3,020.0	1,572.9	220.5	...	4,813.5
Oct. 20	3,020.0	1,598.3	215.2	...	4,823.6
Oct. 27	3,020.0	1,595.6	204.1	...	4,819.7

Money and Exchanges

THE MONEY MARKET

THE flare-up over Cuba had little direct effect on the London money market although the increase in liquidity produced very easy market conditions on Wednesday and the authorities sold a large number of bills to absorb the surplus credit. At the Treasury bill tender on Friday of last week, before the blockade was announced, the syndicate of discount houses reduced its bid by 8d. to £99 1s. 3d. and the Treasury bill rate rose by ½ per cent to £3 14s. 8.22d. per cent. This trend is expected to be repeated at this Friday's tender. With its money costing, on average, 3½ per cent the market is once more earning a profit on its new bills. Total applications rose by £10 million to £397 million and the market received a quota of 38 per cent, the same as in the previous week.

Foreign banks withdrew small amounts from the local authority loan market this week, but these were easily replaced from domestic sources. However the seven day rate, on end-of-month influences, did harden slightly by ½ to 4 per cent. The supply of Euro-dollar deposits tended to dry-up on the Cuban news, and with many dealers keen to go short of dollars, the rates hardened by ½ to 1 per cent.

MONEY RATES

LONDON			
Bank rate (from 5% 26/4/62)	4½	Market discount rates (3 months):	
Deposit rates (7 days' notice):		Treasury bills	3½-4½
Bank bills	3½-4½	Bank bills	3½-4½
Discount houses	2½-3½	Fine trade bills	5½-6½
Local Authorities	4	Euro-dollar deposits:	
Call money:		7 days' notice	3½-4½
Clearing banks' minimum	2½	3 months' notice	3½-4½
Day-to-day	2-3½	Forward cover (3 months):	
		Annual interest cost, US dollar	7½

NEW YORK			
Official Discount rate:	4	Treasury bills:	
(from 3½% 11/8/60)	3	October 15	2.749
		October 22	2.742

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits		Market Rates: Spot						
		October 24	October 18	October 19	October 20	October 22	October 23	October 24
United States \$	2.78-2.82	2.803½-516	2.803½-516	2.803½-516	2.803½-516	2.803½-516	2.803½-516	2.803½-516
Canadian \$	13.622-14.027	3.017½-916	3.017½-916	3.017½-916	3.017½-916	3.017½-916	3.017½-916	3.017½-916
French Fr.	11.94-12.54½	13.727½-73½	13.727½-73½	13.727½-73½	13.727½-73½	13.727½-73½	13.727½-73½	13.727½-73½
Swiss Fr.	137.96-	12.108½-11½	12.108½-11½	12.108½-11½	12.108½-11½	12.108½-11½	12.108½-11½	12.108½-11½
Belgian Fr.	142.05	139.45-	139.45-	139.45-	139.45-	139.45-	139.45-	139.45-
Dutch Gld.	9.984½-10.28½	10.108½-11	10.108½-11	10.108½-11	10.108½-11	10.108½-11	10.108½-11	10.108½-11
W. Ger. D-Mk.	11.037-11.365	11.22½-12	11.22½-12	11.22½-12	11.22½-12	11.22½-12	11.22½-12	11.22½-12
Portug. Esc.	80.15-25	80.15-25	80.15-25	80.15-25	80.15-25	80.15-25	80.15-25	80.15-25
Italian Lire	1725-1775	1739½-34	1739½-34	1739½-34	1739½-34	1739½-34	1739½-34	1739½-34
Swedish Kr.	14.27½-14.70	14.43½-44½	14.43½-44½	14.43½-44½	14.43½-44½	14.43½-44½	14.43½-44½	14.43½-44½
Danish Kr.	19.06½-19.62	19.40½-12	19.40½-12	19.40½-12	19.40½-12	19.40½-12	19.40½-12	19.40½-12
Norwegian Kr.	19.71-20.30½	20.03½-04	20.03½-04	20.03½-04	20.03½-04	20.03½-04	20.03½-04	20.03½-04
* Official Limits		1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
United States \$	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Canadian \$	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis	3½-3½c. dis
French Fr.	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Swiss Fr.	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Belgian Fr.	22-17c. pm	22-17c. pm	22-17c. pm	22-17c. pm	22-17c. pm	22-17c. pm	22-17c. pm	22-17c. pm
Dutch Gld.	2-13c. pm	2-13c. pm	2-13c. pm	2-13c. pm	2-13c. pm	2-13c. pm	2-13c. pm	2-13c. pm
W. German D-Mk.	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Three Months Forward Rates		1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
United States \$	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Canadian \$	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Swiss Fr.	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm	2½-2½c. pm
W. German D-Mk.	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm	3½-3½c. pm
Gold Price at Fixing		250/9½	250/9½	250/9½	250/9½	250/9½	250/9½	250/9½
Price (s. d. per fine oz.)		35.13½	35.13½	35.13½	35.13½	35.13½	35.13½	35.13½

BANK OF ENGLAND RETURNS

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..... Sept. 29th
 Manpower and Output.... Oct. 6th Industrial Profits..... Oct. 13th

OVERSEAS

Western Europe..... Oct. 20th United States..... Sept. 15th

Unit		1959	1960	1961	1961			1962				
		mid-June			Oct. 10	Oct. 17	Oct. 24	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23
WORLD PRICES												
Commodity Price Indicator :		1958	100									
All items		96.8	98.3	95.3	92.5	92.4	91.8	91.5	91.2	90.8	91.0	92.4
Food		95.8	93.0	93.0	89.3	89.5	88.6	89.3	88.5	87.8	88.0	89.8
Fibres		95.3	98.7	104.4	100.2	99.3	99.2	97.5	97.7	98.3	98.3	98.3
Metals		113.0	122.4	115.0	113.0	113.5	112.8	110.6	110.9	110.6	111.0	112.5
		Monthly averages			1961			1962				
		1959	1960	1961	July	August	Sept.	May	June	July	August	Sept.
Materials used in :												
All manufacturing industries	1954	100	101.7	101.8	100.6	100.7	100.2	100.9	100.0	100.3	99.0	99.2
Mechanical engineering	"	"	124.5	126.2	128.1	128.6	128.7	128.7	130.4	130.1	130.2	130.1
Electrical machinery	"	"	115.6	116.9	118.3	118.9	118.9	118.9	120.3	120.1	120.2	120.1
Construction	"	"	113.4	115.1	118.2	118.8	118.9	118.8	120.5	120.5	120.6	120.6
House building	"	"	111.0	114.0	118.0	118.6	118.6	118.6	120.2	120.2	120.3	120.4
Products of :												
All manufacturing industries	"	"	111.5	113.0	116.0	116.1	116.9	117.1	118.3	118.5	118.7	118.8
Chemicals and allied trades	"	"	106.6	106.0	105.1	104.7	105.2	105.0	104.7	104.1	103.9	104.4
Iron and steel	"	"	129.0	128.5	129.7	130.2	130.2	130.2	133.9	133.9	133.9	133.8
Textile industry (1)	"	"	96.0	100.8	103.3	103.5	103.2	103.2	102.5	102.5	102.5	102.4
Food manufacturing	"	"	106.9	106.9	107.2	107.2	107.2	107.1	110.5	110.9	111.5	111.2
New construction (2)	"	"	113	114	118	117	117	117	122	122	122	122
Commodities :												
Cotton, raw	"	"	68.6	75.0	74.8	74.3	73.7	73.9	73.8	73.4	72.8	72.5
Wool, raw	"	"	76.6	76.3	76.2	77.8	78.6	77.2	78.0	77.9	77.7	74.5
Rubber, No. 1 RSS, one month future	"	"	148.1	158.0	122.8	123.4	125.0	126.7	116.2	111.3	111.4	110.4
Softwood, imported	"	"	95.4	104.9	107.3	107.0	106.9	106.8	103.9	103.8	103.8	103.8
Copper, ex-warehouse	"	"	95.6	99.0	92.3	92.4	92.9	92.2	94.2	94.2	94.2	94.2
Coal	"	"	135.4	137.4	144.9	142.5	142.5	142.3	150.4	150.7	150.8	150.9
General chemicals	"	"	106.7	105.0	103.9	103.7	103.7	103.7	101.7	101.7	101.6	102.0
UK RETAIL PRICES		Jan. 17,										
All items (1)	1956=100		109.6	110.7	114.5	114.6	115.7	115.5	120.1	120.9	120.4	119.4
Food	"	"	108.2	107.4	109.1	110.7	109.9	108.5	115.9	117.8	115.8	112.8
1938=100:			273	276	285	285	288	288	299	301	300	298
All items	"	"	285	282	287	291	289	285	305	310	304	297
Food	"	"	180	186	194	195	195	196	205	206	206	207
Housing	"	"	268	271	276	276	276	277	284	285	285	286
Clothing	"	"	284	291	309	302	303	304	323	324	325	326
Fuel and light	"	"	300	300	305	305	307	308	310	310	313	313
Household durable goods	"	"	261	256	274	265	277	279	282	282	283	282
Drink	"	"	428	444	467	455	491	491	491	491	491	491
Tobacco	"	"										
Purchasing power of £ (based on all consumer spending)	1938=100		35.7	35.4	34.4	34.5	34.2	34.2	33.0	32.7	32.8	33.1
UK TERMS OF TRADE												
Import prices :		1954=100										
All items	"	"	98	99	97	97	95	95	95	96	95	95
Food drink and tobacco	"	"	98	97	94	92	91	91	94	96	95	94
Basic materials	"	"	93	96	95	97	96	95	91	91	90	90
Fuels	"	"	104	98	96	96	93	95	96	94	95	95
Manufactured goods	"	"	104	107	107	107	106	106	104	104	104	105
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	118	119	117	120	120	119	120
Engineering products	"	"	117	120	122	121	122	123	123	123	124	124
Textiles (excluding clothing)	"	"	98	102	106	105	107	106	106	106	105	105
Terms of trade :												
Ratio of import to export prices	"	"	90	89	86	86	85	85	84	85	84	84
SHIPPING FREIGHTS												
Tramp shipping freights	1960=100		96.9	100.0	106.8	105.8	107.2	110.6	97.9	84.4	78.4	79.4
UK WAGES												
Normal weekly hours :		Jan. 31,										
All workers	1956=100		99.6	98.0	95.9	95.9	95.8	95.8	95.1	95.1	95.1	95.1
Weekly wage rates (3) :												
All workers (3)	"	"	117.0	120.0	125.0	125.1	125.2	125.4	129.1	129.3	130.3	130.6
Men	"	"	116.8	119.7	124.6	124.6	124.7	124.9	128.6	128.7	129.8	130.1
Women	"	"	117.0	120.8	125.3	125.8	126.1	126.4	129.7	130.2	131.2	131.3
Juveniles (4)	"	"	119.0	123.2	130.3	130.8	130.8	131.1	135.0	135.2	136.2	136.5
All workers	Sept., 1939=100		304	312	325	325	325	326	336	336	339	339
Changes in weekly wage rates :												
Workers affected by increases	'000		392	927	654	801	439	644	1,503	450	3,575	1,978
Net increase in weekly wage bill (5) ..	£'000		104	359	343	182	146	249	499	123	969	440
												660
												188

(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: September, 101.5. (11) Revised figures from 1961. (12) Average for third quarter.

APPOINTMENTS



British Transport Commission

Economist

Applications are invited for a senior post in the Economics Division of the Finance Department. The successful candidate will probably be aged between 30 and 40 and have a good academic qualification in economics and statistics. His judgment will have matured from practical experience of management problems, preferably in a large and diverse organisation, while retaining a critical and imaginative approach. In particular he should have experience of some or all of the following management activities: price policy, investment decisions, receipts and expenses budgets, collection, collation and assessment of market data of all kinds. The ability to write and talk about management problems without recourse to economic jargon is important. A fluent knowledge of French or German would be an advantage.

The qualifications and experience of the selected candidate will determine the starting salary, which will be between £2,000 and £3,000 a year.

Contributory Superannuation scheme, certain travel facilities, medical examination.

Applications stating
 e, present salary,
 ualifications and
 experience to

Director of Establishment,
 British Transport Commission,
 222 Marylebone Road, London NW1
 within 14 days.

CIVIL SERVICE COMMISSION,
DUBLINVACANCIES OF INTEREST TO
UNIVERSITY GRADUATES
AND OTHERS

A competition for 4 posts as ADMINISTRATIVE OFFICER will be held, commencing with the written examination on December 4, 1962. The competition is open to men and women who, on November 1, 1962, were 20 years and

(a) who hold a FIRST OR SECOND CLASS HONOURS UNIVERSITY DEGREE or an equivalent qualification; or
 (b) who have passed a degree examination with FIRST OR SECOND CLASS HONOURS (these candidates will have to have their degrees conferred later); or
 (c) who are ESTABLISHED CIVIL SERVANTS with certain service.
 Page £800 rising to £1,265 (woman or unmarried man) or £1,580 (married man). Plus children's allowances.
 Prospects: Promotion guaranteed after 7 years' certified service.
 Tests: Essay, Precise and Interview. Qualifying test in Irish.
 Intending candidates should write to Civil Service Commission, 45, Upper O'Connell Street, Dublin, 1. The latest time for the acceptance of completed application forms is 5 p.m. on November 13, 1962.
 A further competition will be held in the Autumn of 1963. Details will be announced in due course.

For other appointments
 see pages 402 and 410

D.S.I.R.

ROAD RESEARCH LABORATORY,
Harmondsworth, Middlesex

requires ASSISTANT EXPERIMENTAL OFFICERS or EXPERIMENTAL OFFICERS in the Tropical Section.
 DUTIES: Research in the fields of TRAFFIC ENGINEERING and TRANSPORT ECONOMICS in developing countries normally involving visits to countries in tropical and sub-tropical regions (usual Foreign Service Allowances).
 QUALIFICATIONS: A degree in a science subject, engineering, economics (if with some scientific qualification) or mathematics, and an interest in the life and economy of tropical countries.
 SALARY (NATIONAL): Assistant Experimental Officer, £671 (at age 22); £831 (age 26 or over); £1,022 (Experimental Officer (minimum age 26); £1,130-£1,389.
 The Laboratory will be moving to new accommodation at Crowthorne, Berks., in about four years' time. A London Weighting of £35-£50 is payable on the above salaries at Harmondsworth, but not at Crowthorne.
 Application forms from Director at above address quoting RRL/40 BCF. Closing date, November 26, 1962. (5)

UNIVERSITY OF ABERDEEN

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for the post of LECTURER, Salary on scale £1,150-£1,850, with placing according to qualifications and experience. F.S.S.U., child allowance and removal allowance.
 Further particulars should be obtained from the Secretary, The University, Aberdeen, with whom applications (eight copies) should be lodged not later than November 19, 1962.

FINANCIAL CONTROLLER

Important United Kingdom subsidiary of large and progressive American manufacturing company requires controller who will be based in Scotland. Initially he will be required to administer the various departments of the finance division. This post is a responsible one, carrying excellent prospects of early advancement in the management of the company, and only applicants of outstanding qualifications and personality will be considered. Starting salary not less than £3,000 per annum. Reply, giving full details and present salary, to Box 1663.

IBM

needs a
**SCIENTIST or
 ENGINEER**

with experience in the application of computers to industrial control systems and general scientific problems.

He will be expected to assess the total market requirements in these areas and to consider products under development and their effectiveness. His work will directly affect new products developed by the company and will involve liaison with laboratories and planning staffs in the U.K. and overseas. Contact with potential customers will also be required.

This is a highly responsible post and applications are invited from those with experience in this field, with a degree or professional qualification, able to work on their own initiative in the planning and carrying through of projects.

This post carries a high salary and presents opportunity for advancement.

Please write to Mr. W. M. R. Jeffreys, Manager of Personnel Selection, IBM United Kingdom Limited, 101 Wigmore Street, London W.1, quoting reference HO/EC/529.

RTB

OPERATIONAL RESEARCH

Several of our senior staff have recently been appointed to numerous posts in the Company. To meet the strong demand for O.R. studies of policy and planning, control systems and general operations, some of them at the new Spencer Works, we are recruiting to all levels.

— For those with O.R. experience — ASSISTANT MANAGER for Research, Education and Methods

Our widening areas of O.R. application and the development of methods and techniques now require the appointment of a senior man to look after education within the Department, to provide a high level of technical guidance for project teams, and to carry out research. High academic achievement must be coupled with good practical O.R. experience.

ASSISTANT MANAGER, Projects

We need a man to take charge of an O.R. team of about 10 men being built up for a large integrated steelworks. He should have at least 4 years' O.R. experience and a total post-graduate experience of about 10 years.

SENIOR PROJECT LEADERS, and PROJECT LEADERS

We need men with several years' post-graduate experience, including 3-5 years in O.R., capable of leading large and medium size project teams. (Preferred age range 25-32.)

These vacancies will particularly appeal to O.R. men looking for an opportunity to apply their ability and experience in a most favourable environment.

— For those without O.R. experience — (or with 1 or 2 years in O.R.)

PROJECT STAFF

We invite applications from men with good honours degrees in Science subjects and with some post-graduate experience.

We are particularly looking for PHYSICISTS, MATHEMATICAL ECONOMISTS and MATHEMATICAL STATISTICIANS. These are needed for such work as the development of economic analogues for company planning and of adaptive process control systems respectively. They would be appointed at a level appropriate to their experience.

Many first class scientists, after successful work in their own disciplines, have transferred to the broader field of O.R. with excellent results. They find the work intellectually challenging and its practical applications stimulating.

The Department is based mainly in Monmouthshire amid a unique combination of the Welsh mountains, the Usk and Wye Valleys and the Bristol Channel. Cardiff and Bristol are within easy reach and London is only 2 1/2 hours away by train.

All staff attend university short courses from time to time as part of their training, and one or two are selected each year for one-year post-graduate courses.

Competitive salaries will be offered.

For fuller details of the Department and its activities, of the vacancies and of careers in O.R. generally, please write to:—

The Manager, Operational Research Department,
RICHARD THOMAS & BALDWIN LIMITED,
33/34 Commercial Street, Newport, Mon.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of LECTURER in MODERN SOCIAL AND ECONOMIC HISTORY in QUEEN'S COLLEGE, DUNDEE. Present salary scale: £1,150 to £1,500. Present salary scale: £1,150 to £1,500. Placing according to qualifications and experience. F.S.S.U. family allowance, grant towards furniture removal expenses. Applications (six copies), containing the names of three referees, to be lodged not later than November 23, 1962, with the Secretary of the University at Queen's College, Dundee, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF NORTH WALES, BANGOR. Applications are invited for the post of LECTURER in AGRICULTURAL ECONOMICS in the Department of Agriculture. The person appointed will be required to take over existing courses and develop new courses in his subject. He should have a degree in Agricultural Economics or in Economics or Agriculture with post-graduate experience in Agricultural Economics. The salary scale is £1,150 to £1,500. F.S.S.U. benefits and family allowances. Two copies of the application should reach the Registrar, from whom further particulars may be obtained. NOT LATER THAN NOVEMBER 19, 1962.

VACANCY FOR A STATISTICIAN

in the Central Statistics Office, Dublin. Salary Scales: At women and unmarried men £800 to £1,417; £1,200 to £1,600; and £1,600 to £2,000. Higher entry salary in certain circumstances up to £1,417 on Scale A and £1,200 on Scale B. Special incentive after eight years' service: Up to £125 on Scale A and £120 on Scale B, subject to certain conditions. Maximum Age Limit: 35 years, with an extension in certain circumstances. Essential: First or Second Class Honours Degree or equivalent in Mathematics or Mathematics and Physics or Mathematical Statistics, or for First or Second Class Honours Degree or equivalent in Economics with aptitude for Mathematics, or for First or Second Class Honours Degree or equivalent with aptitude for Mathematics and adequate experience in practical statistical work. Note: A person awaiting conferring of his degree will be admitted. Applications, from Secretaries, Civil Service Commission, 15 Upper O'Connell Street, Dublin, 1. Latest time for receiving completed applications: 5 p.m. on NOVEMBER 15, 1962.

KODAK LIMITED have a vacancy in their OPERATIONAL RESEARCH DEPARTMENT at Harrow

Applications are invited from men between 30 and 45 with direct experience in the development of planning and control projects. Preference will be given to candidates with wide knowledge of, and considerable interest in, systems analysis, mathematical statistics and economics. The position can be classified as permanent, progressive and pensionable. Commencing salary according to qualifications and experience.

Write full details to:
Personnel Department (HRW)
KODAK LIMITED (FACTORIES),
Weybridge, Harrow, Middlesex

THE UNIVERSITY OF LEEDS DEPARTMENT OF SOCIAL STUDIES, GRANADA TV RESEARCH UNIT

Applications are invited for appointment to the Granada Television Research Fellowship recently held by the late Dr. J. Freeman. The Fellowship, which will be tenable from as early a date as can be arranged, will be of a value of between £1,500 and £2,500 a year, and will be for a period of up to five years in the first instance. The Fellow will be expected to undertake research into the public impact of television over as wide an area of enquiry as practicable. The Granada TV Research Unit at present includes a Research Assistant and a Clerk, and provision has been made for the payment of additional expenses arising in the course of the research. Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 (from whom further particulars may be obtained) not later than 19th November, 1962.

UNIVERSITY OF EDINBURGH DEPARTMENT OF SOCIAL ANTHROPOLOGY: LECTURER OR ASSISTANT LECTURER

Applications are invited for the post of LECTURER or ASSISTANT LECTURER in the Department of Social Anthropology. Salary Scales: Lecturer £1,150 to £1,500; Bar £1,400 to £1,800; £1,500 to £1,950 per annum. Assistant Lecturer £900 to £1,050 per annum. Placement on the scales will be according to qualifications and experience. The posts are subject to superannuation, and family allowance is payable where applicable. The successful candidate will be expected to take up duty on January 1, 1963. Candidates should have conducted research in some aspect of modern society in addition to possessing qualifications in either Social Anthropology or Sociology. Further particulars may be obtained from the undersigned with whom applications (six copies), giving particulars of qualifications, including publications and the names of two referees, should be lodged not later than November 14, 1962. CHARLES H. STEWART, Secretary to the University, September, 1962.

Another Worthwhile Job available for an ECONOMIST

interested in a career as a lecturer and tutor to adult students attending full-time, sandwich, revision and part-time courses for intermediate and final professional and diploma examinations to start on January 7, 1963.

Salary range on appointment as Assistant Lecturer Grade B from £815 to £1,730 according to age, qualification and experience. Candidates with appropriate educational and business experience could be considered for Lecturer scale from £1,645 to £1,860. Application forms and further particulars from the Principal.

(HE-4/C/2507/10)
Bulham & Tooting
College of Commerce,
Tooting Broadway, S.W.17

PEP INVITES applications for the post of RESEARCH ASSISTANT to undertake economic analysis for a study of Attitudes in British Industry. Applicants should be under 40 and have a good honours degree in Economics or a related subject. Salary according to experience. Apply: Director, PEP, 16 Queen Anne's Gate, London, S.W.1, in writing.

UNIVERSITY OF BIRMINGHAM DEPARTMENT OF ECONOMICS AND INSTITUTIONS OF THE U.S.A.

Applications are invited for a Research Associateship (£750-£1,000) or Senior Research Associateship (£1,000-£1,350) in the Department of Economics and Institutions of the U.S.A. Candidates should have a knowledge of Russian, and a University degree or experience in research in any field of social science. The duties will be to handle the collection of research material and to assist with the Department's research work. The initial appointment will be made in the range £750-£1,050. Applications (2 copies), naming two referees, should be sent by November 17, 1962, to the Assistant Registrar (Commerce and Social Science), The University, Birmingham 15, from whom further particulars can be obtained.

For further appointments and other classified advertisements see pages 402 and 409

AUSTRALIA THE UNIVERSITY OF NEW SOUTH WALES

Applications are invited for appointment to the position of

SENIOR LECTURER OR LECTURER IN ECONOMICS
NEWCASTLE UNIVERSITY COLLEGE

Salary: Senior Lecturer, £A2,592 range £A3,042 per annum. Lecturer, £A1,772 range £A2,477 per annum.

Commencing salary according to qualifications and experience. These salaries are under review. Applicants for appointment as Senior Lecturer should have a higher degree and lecturing or research experience. For appointment as Lecturer, applicants should have a good honours degree. Special interest in economic statistics would be particularly valuable.

Successful applicant will be eligible, subject to passing a medical examination, to contribute to the State Superannuation Fund.

First-class fares to Sydney of appointee and family will be paid. Four copies of applications (including the names of two referees) should be lodged with the Agent General for New South Wales, 55-57 Strand, London, W.C.2, and a copy forwarded to the Appointments Section, The University of New South Wales, Box 1, Post Office, Kensington, N.S.W., Australia, by airmail to reach there before November 19, 1962.



MOBIL OIL COMPANY LIMITED

wishes to appoint a

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This is a senior position in the Company's self-administered pension fund which is expanding rapidly. Applicants should be aged 30-40 with considerable experience in administering Pension Funds for U.K. and overseas employees. The Company offers an attractive starting salary and extensive employee benefit policies.

Please write quoting 458 with full details to

P. J. Murray, Mobil Oil Company Limited, Caxton House,
Westminster, London, S.W.1.

BLYVOORUITZICHT GOLD MINING COMPANY, LTD.

(Incorporated in the Republic of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1962.

Ore Milled 1,684,000 tons. Slime treated for Uranium Oxide 1,704,910 tons.		Uranium Oxide yield	
oz. fine	dwt. per ton	lb.	lb. per ton
1,047.152	12.436	635.313	0.373
Gold:		Per ton milled	
Total Working Revenue		R26,222,548	R15.57
Total Working Expenditure		10,473,488	6.22
Working Profit		15,749,060	R9.35
Uranium and Sulphuric Acid Working Profit		1,566,000	
Total Working Profit		17,315,060	
Sundry Revenue, less Expenses		248,094	
		17,563,154	
Taxation (R6,906,653) and Mineral Lease Consideration (R1,571,584)		8,478,237	
Profit after Taxation and Mineral Lease Consideration		9,084,917	
Balance of Income and Expenditure Account at 30th June, 1961		5,531,851	
Dividends: No. 32 of 13c and No. 33 of 14c per share		6,480,000	R14,616,768
Transfers to Capital Reserve:			
Repayment on account of capital portion of uranium and acid loans		R1,158,033	
Net expenditure on mining assets and trade investments		2,999,490	
Less: Interest-free loan		4,157,523	
		670,000	
		3,487,523	9,967,523
Balance of Income and Expenditure Account at 30th June, 1962			R4,649,245

The full Report and Accounts may be obtained from the London Secretaries, A. MOIR & CO. LTD., 4, London Wall Buildings, London, E.C.2.



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*Capital fully paid Swiss Francs 180,000,000

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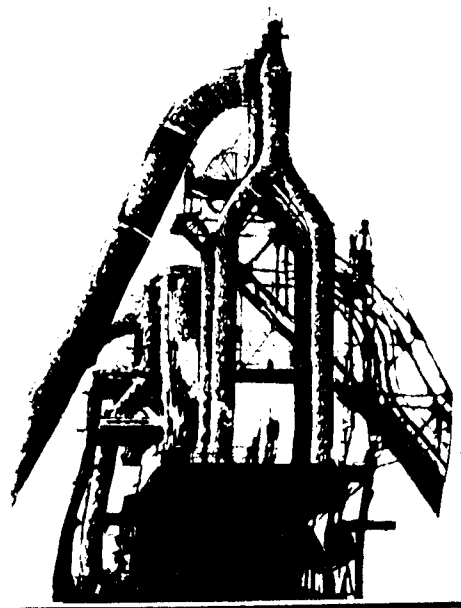
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Our Bank specializes in supplying leading industries with long-term capital and is authorized to issue bank debentures for this purpose in accordance with the Long-Term Credit Bank Law. In addition, we operate various businesses facilitating long-term financing such as guaranteeing loans from domestic and foreign banks and acting as trustee in connection with secured bonds. Through such activities our Bank plays a vital role in the development of Japanese industries.

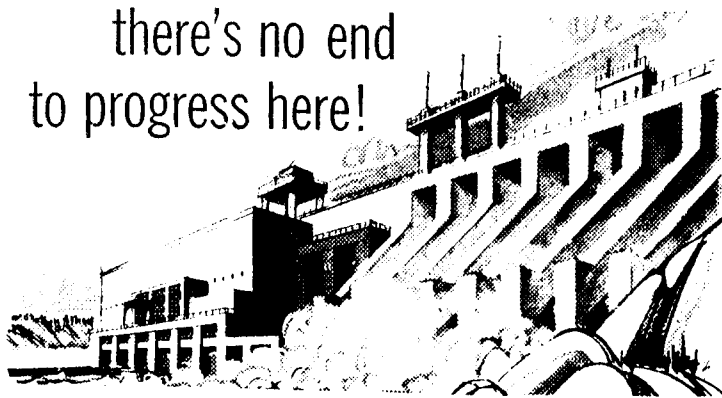


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HERE'S HOW TO MAKE A SUCCESS OF YOUR NEXT LUNCHEON



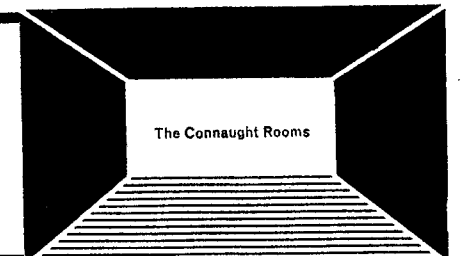
Let's assume that you are an efficient man, accustomed to getting value for money. As a specialist in your own field, you expect equal expertise in others. How, then, would you ensure the success of your next luncheon? You would do well to choose the Connaught Rooms, which is not an hotel but an establishment which specialises in banqueting, and is situated in the very heart of London. There you have the choice of several rooms, separately or in suites, for the entertainment of any number of guests—from 8 to 800. Whatever you ask for... soup with snow eggs... closed circuit TV... you get, quickly and with pleasure. And the reasonable cost will surprise you. Connaught Rooms will arrange and organise everything exactly as you want it. A word from you will bring immediate action. Helpful suggestions, advice and estimates are equally forthcoming. Please remember that luncheons are only one aspect of the service available. Contact Connaught Rooms regarding your next function—whatever it may be.

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AP. 64

INVESTING IN JAPAN HOW TO BEGIN

It's a well established point that investments in Japan are good investments. Phrases like "exceptional growth" and "high yield" are used daily during discussions about the stock market in Japan. But, how can you get started in an investment programme in Japan?

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1. Send us a power of attorney to satisfy the government requirement.
2. Write out a letter of purchase.
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Three simple steps to becoming one of the growing number of investors in Japan. There are other details regarding taxes, dividends, sales and other transactions. We can't explain them all here, so we've prepared a pamphlet, "How to Invest in Japanese Securities", which covers them. It contains up-to-date information concerning the recent changes in the investment laws in Japan.

To receive your free copy of this pamphlet, send your name and address to Nomura Securities. There is no obligation, of course.

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Highlights in the November

Discovery

The Magazine of Scientific Progress

THUNDERBOLTS AS THE 'X' WEAPON *C. M. Cade*
An astonishing article describing work now going on to develop artificial ball lightning into an anti-missile weapon.

RADIATION AND PLANT LIFE *Professor R. B. Platt*
A subject of vital importance. How does radiation affect the delicate balance of nature? What will happen to plant life after a nuclear war?

THE LINEAR MOTOR *Dr. E. R. Laithwaite, Manchester Univ.*
The author gives technical details of this revolutionary advance in motive power. The reader will be able to suggest new applications in his own field since all uses of this new-type motor are far from being fully explored.

THE NEUTRINOS *Melvin Schwartz, Columbia University*
A leading American physicist describes investigations into these mysterious fundamental particles. A definitive article written by one of the foremost authorities in the world.

THE RADIO SUN *Dr. Anthony Hewish, Cavendish Laboratory*
The new science of radio astronomy is bringing us vital knowledge about the sun that cannot be obtained by optical telescopes. Well illustrated.

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103-119, Waterloo Road, London, S.E.1.

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.



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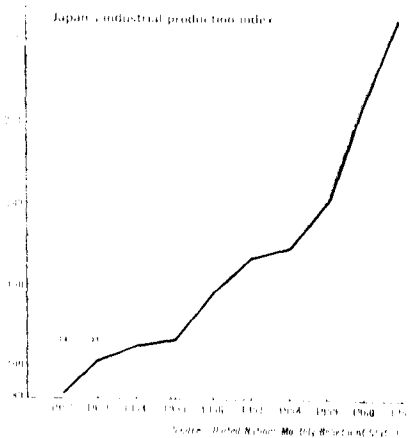
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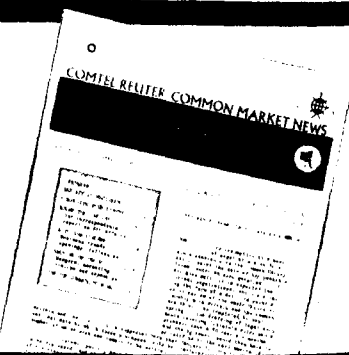
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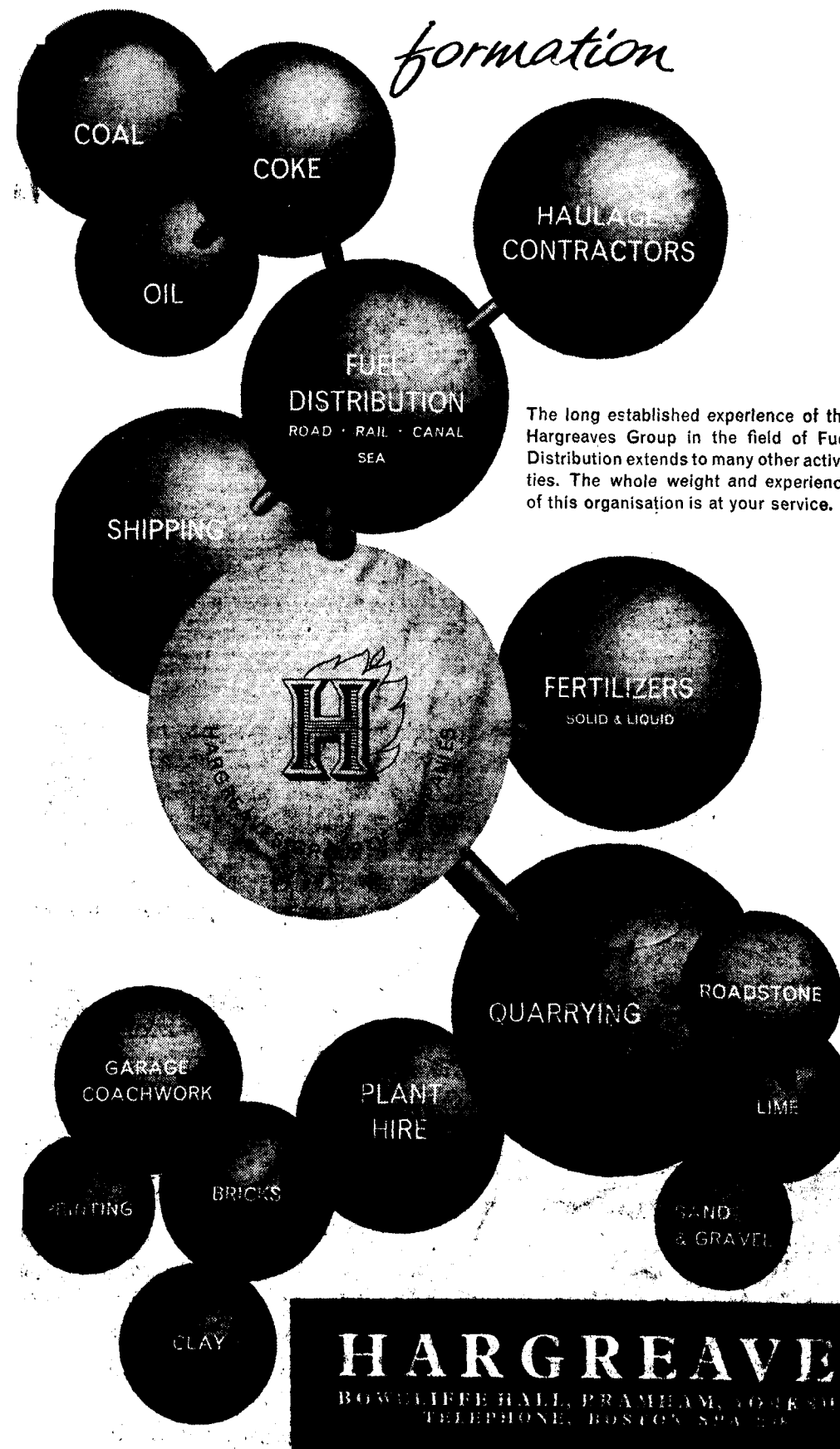


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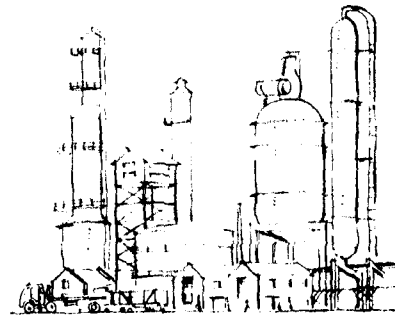
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