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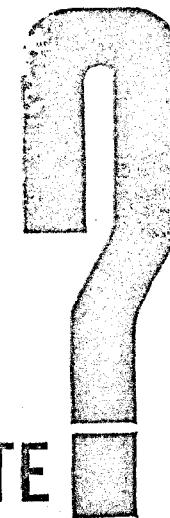
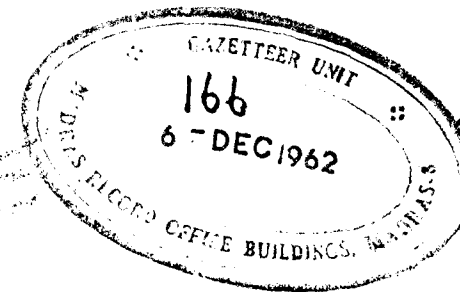
The Economist

DECEMBER 1, 1962

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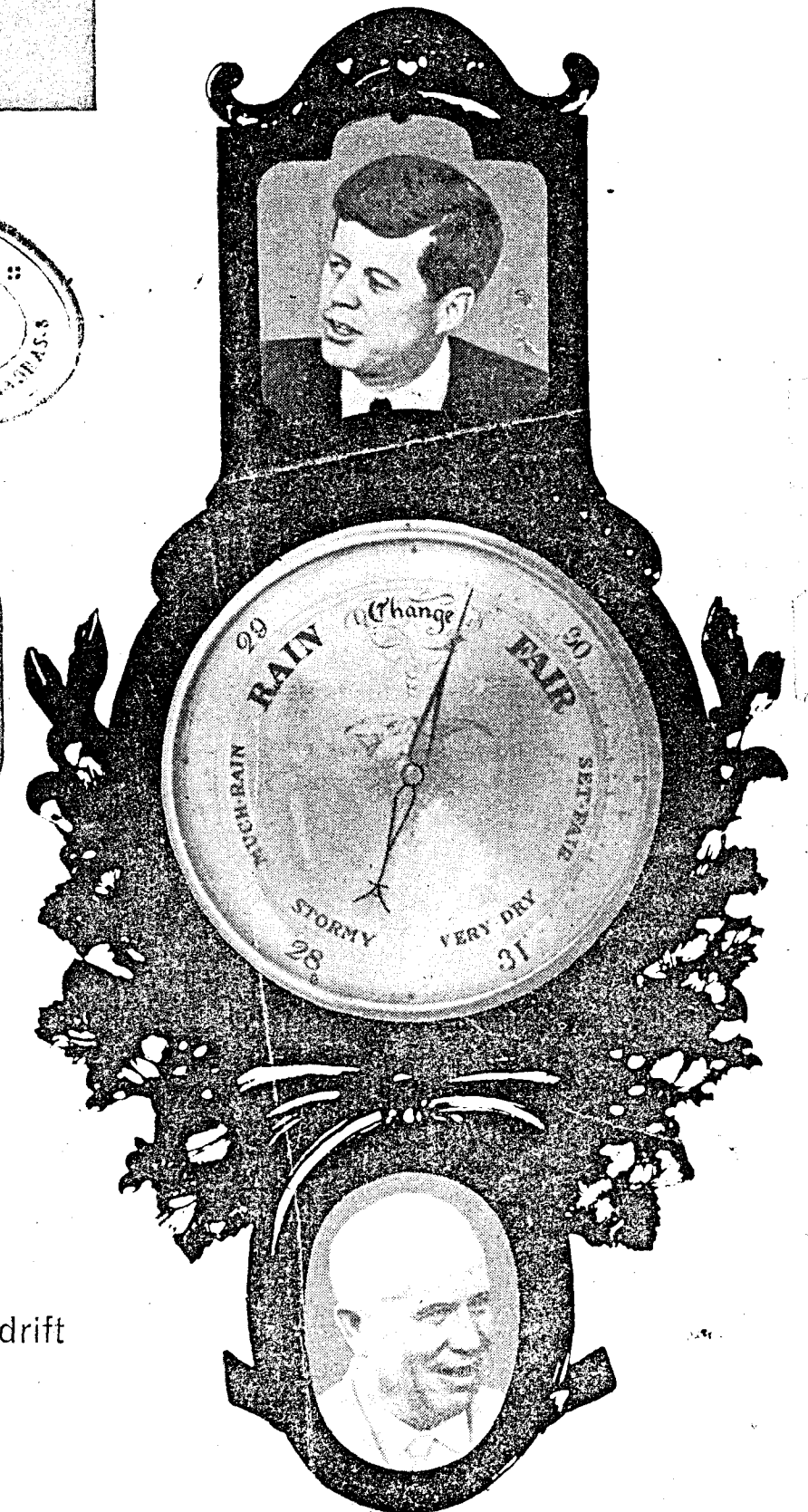


THE NEW CLIMATE

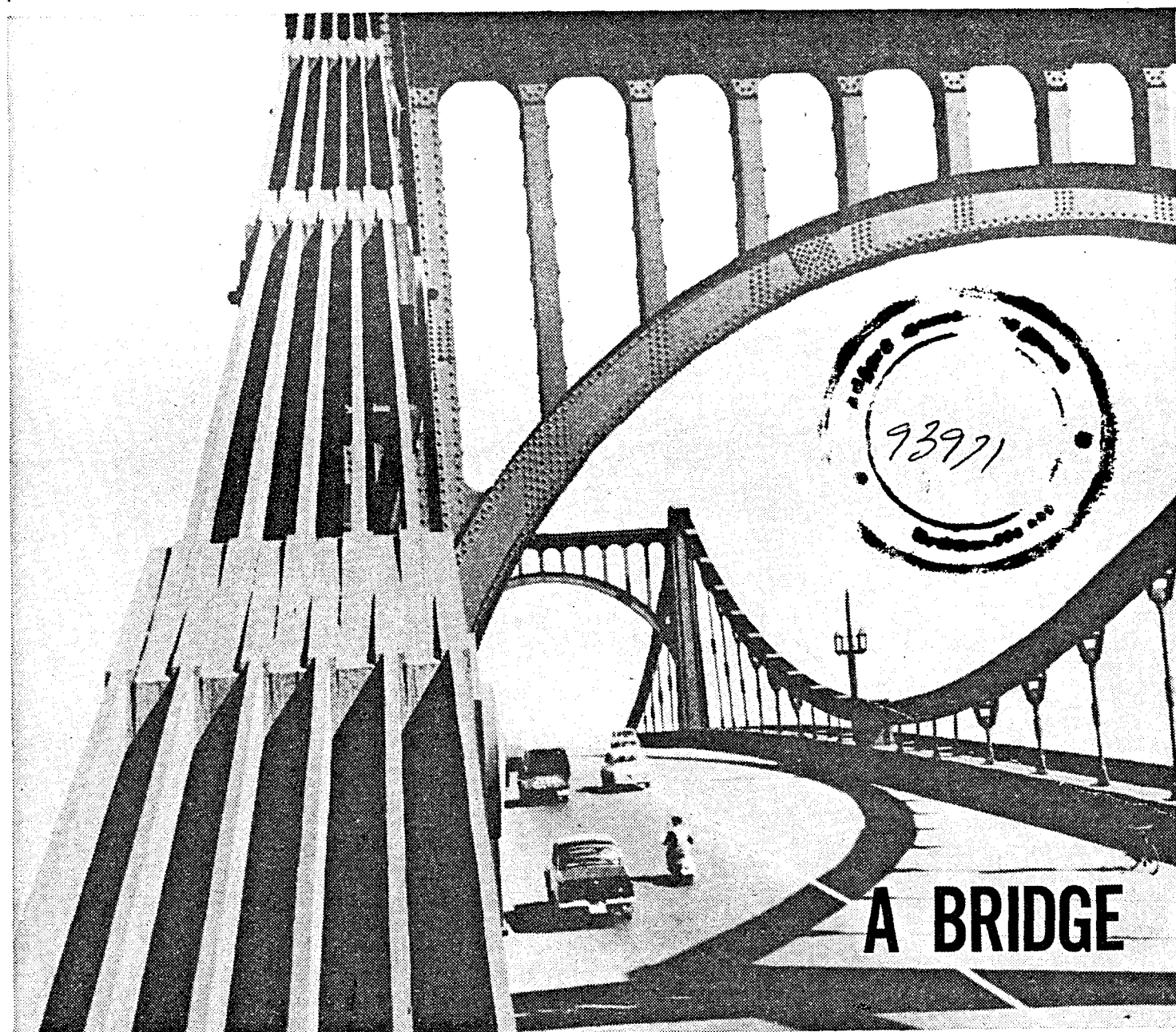
No more brinkmanship?

OECD: committed to growth?
After the by-elections: continuing drift
Protection for depositors
An Algerian in Paris
The Saragossa rockets
Germany's energy

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



Guide to contents: see over



It carries ox-carts and ores, food and freight cars, trucks and trade. It spans rivers and gorges... even centuries. It brings people together, their aspirations closer.

Bridges must be strong, for they carry the hopes of nations. Bridges must be durable, for they must link today's plans with the realities of tomorrow. Yet, bridges must be light enough not to weigh heavily on the meagre resources of emerging nations.

Fuji Iron & Steel Company makes beams, wire rods, and plates for bridges. In fiscal 1961* Fuji made 1.5 million tons of them. But this still isn't enough. In the next five years, Japan and the other democratic nations of Asia will need over 3,000 bridges using tremendous amounts of steel. They will need countless tons of plates and shapes and other steel construction materials. These needs are urgent; and providing for these needs is a big job.

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TRADE MARK

The Economist this Week December 1, 1962

THE WORLD

BENEATH THE UMBRELLA

Beside the nuclear cloud: questions of war and peace:

It is pleasant to assume that just because the world did not blow itself up about Cuba a month ago it is now too shocked to allow further crises to develop. Sadly, this may not be true. The diplomatic mood is usefully circumspect, but the world conflict will take a long time to resolve itself (p. 885).

- Mr Mikoyan's talks in the United States have disproved again the notion that peace is geographically divisible (p. 891).

- The American Administration is still on guard against the Russians, but not militantly so (p. 901).

- What can Mr Nehru do now? (p. 914).

- President Ayub Khan of Pakistan and Mr Duncan Sandys both seem to know (p. 892).

Rainy-day reading: *Don Quixote Zorin tilts at US "rockets in Spain"*—and *What Happened After That* (p. 921).

OUT IN THE RAIN

Common market, commonwealth, and commonpoverty:

Italy honestly wants to bring Britain in to sit by the warm common market glow—but

it might do more about opening the door (p. 888).

Europe: Dr Erhard's views about the vices of planning ran into a storm at Strasbourg (p. 897).

Trinidad has rejected Britain's *pourboire* (p. 896).

SUNSHINE AND SHOWERS

International business:

Atlantic World: Some blunt—but welcome—advice has been given by the Organisation for Economic Co-operation and Development to the government of the United States (p. 935).

France: The chances of fulfilling the Gaullist election promise of expansion without inflation are slim (p. 914).

Germany: Unless the explosive growth in fuel oil sales is voluntarily restrained, controls might have to be imposed—even if they go against the grain (p. 938).

Common market: A draft convention on European patents can raise some problems for British manufacturers (p. 949).

Switzerland is prepared to put some chips into the international financial pool but is not ready to be formally associated with the International Monetary Fund (p. 942).

BRITAIN

MUCH TOO LITTLE

Last week's by-election results need rigorous appraisal by both Government and Opposition: Labour's best hopes do not lie in harping on the serious shabbiness of north Britain; and the intervention of anti-common-marketters (of either party) is not in itself a real threat to the Government.

- In counting their chickens for a revival the Tories are less inclined to rely on the Prime Minister's personality than they were in 1958-59 (p. 887).

- The dimensions of the Tories' discomfiture are a measure of the continuing tide of feeling against them (p. 891).

- Meanwhile the Labour Party's fever, which threatened it with a fatal convulsion, has somewhat abated (p. 892).

With a powerful competitor aloft and two other contenders for the small jet market, the British Trident will have a job to make a big noise in the sky (p. 945).

MUCH TOO MUCH

The 6 per cent wage increase for railway-men has begun to have its wider fall-out: and a similar award to post office engineers (without reference to poor NIC) will help to blow up Mr Maudling's efforts (p. 892).

The Ford company's chairman has set about the builders of Merseyside, with some justification—if not as much as he has claimed (p. 898).

One in four of potential university entrants could not find a place this year: which is to say that traditionalist obstructions to the places' multiplication must be overcome (p. 897).

MUCH APPRECIATED

The intention of the Protection of Depositors Bill is to open investors' eyes to the risks they run—but not necessarily to protect them from their own blindness (p. 937).

HEAVY WEATHER

International monkey business:

In Central Africa black politicians are learning the European arts of compromise—and double-dealing (p. 889).

In France, General de Gaulle, who never did bother much about parliament, now has no need to bother at all (p. 914).

—But Algeria is still a bother (p. 913).

In Germany, Dr Adenauer is striving to calm the storm surrounding his government (p. 918).

OUTLOOK FAIR

American matters:

Mr. David Bell's new appointment improves the congressional prospects for foreign aid but worsens those for tax reduction (p. 902).

The President's order banning racial discrimination in government-insured housing does not go as far as many people would like (p. 904).

Atomic energy celebrates its twentieth birthday with some hope of becoming an economic proposition by its thirtieth (p. 902).

In New York an imaginative but expensive new approach to juvenile delinquency is being mobilised (p. 907).

Unemployment is really more serious in the United States than in Europe (p. 908).

New means are being sought—and one has perhaps been found—of fitting mentally sick people back into industrial society (p. 922).

A private member's Bill encourages the campaign towards simpler stock transfers (p. 952).

MUCH OF A MUCHNESS

Moves towards official economic co-operation between the two parts of Ireland, thought to have foundered on the obduracy of Ulster Unionists, may be reloaded (p. 923), but British co-operation with an Irish sugar industry has raised a controversy (p. 950).

The "new realism" of the Campaign for Nuclear Disarmament turns out to be roughly everybody else's old realism with added confusion (p. 898).

A recent case has drawn attention to the anachronistic but still legally valid advantages of being high-born (p. 895).

Det:iled contents on page 885

A word to Top Management

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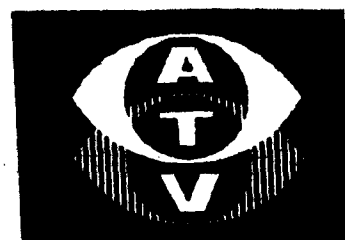
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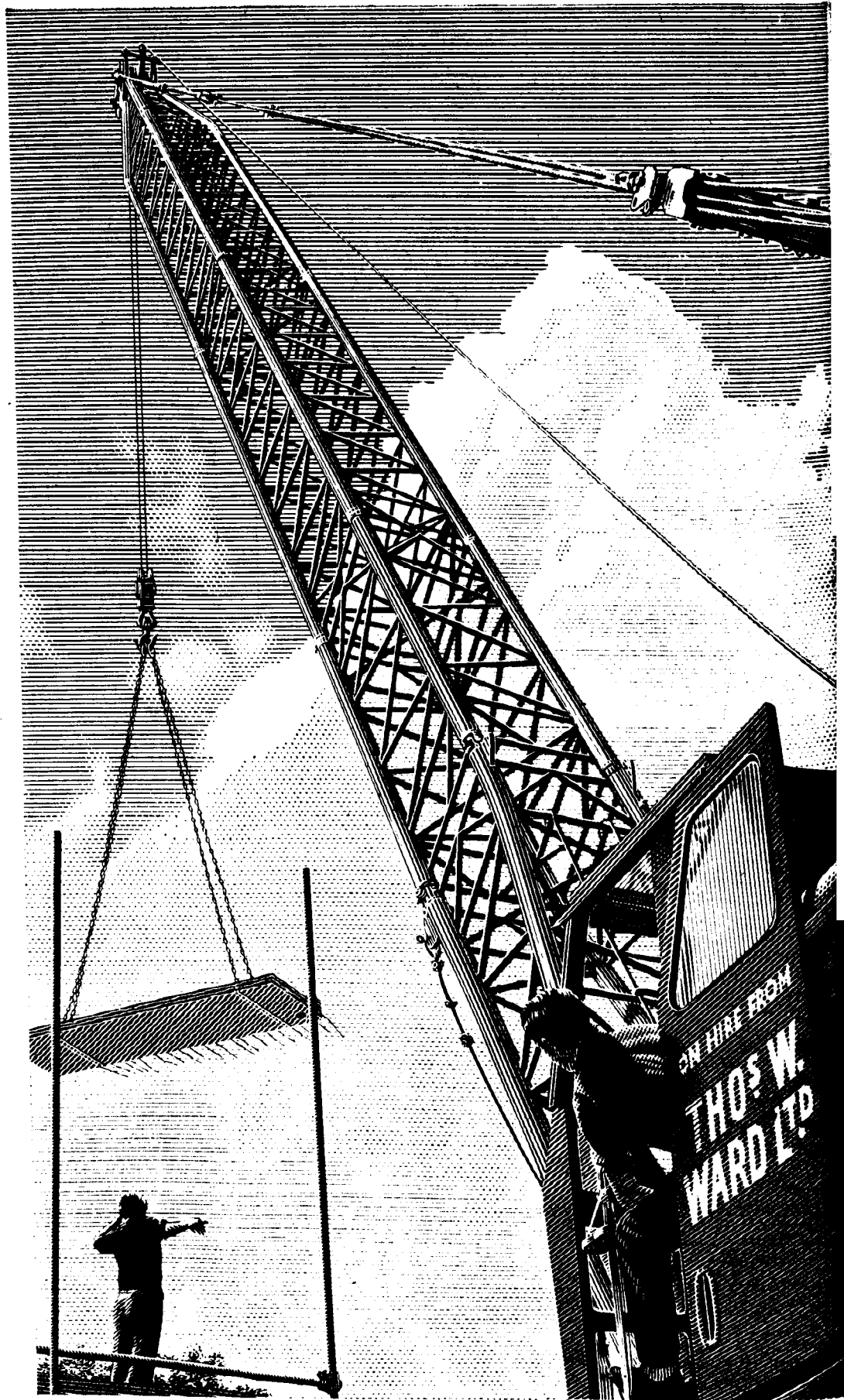
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Edinburgh	2.19 p.m.	4.0 p.m.	10.0 p.m.
Edinburgh	8.30 a.m.	10.0 a.m.	4.0 p.m.
Newcastle	10.34 a.m.	11.58 a.m.	5.58 p.m.
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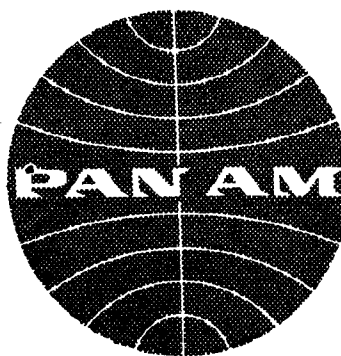
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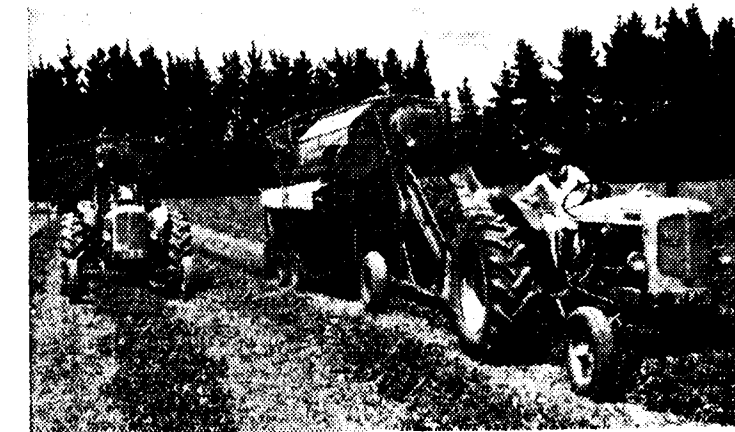
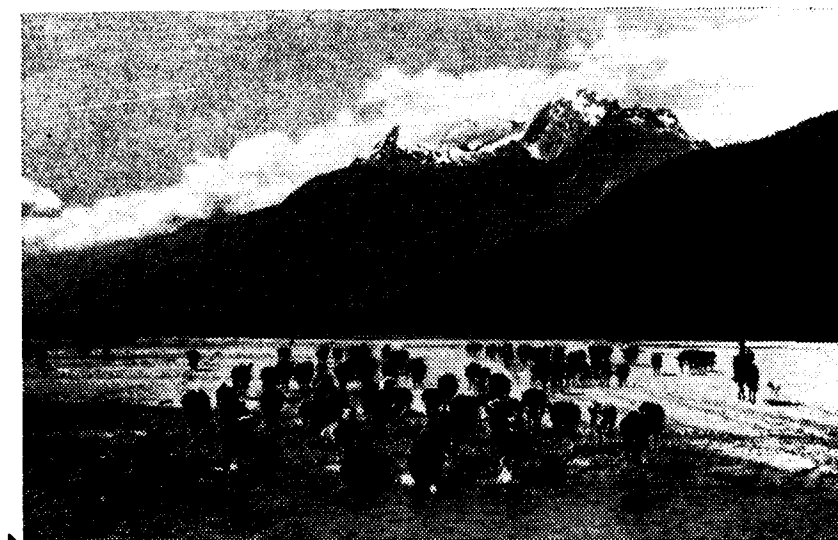
THE CITY OF STEEL SELLS TO NEW ZEALAND

The Commonwealth country of New Zealand is in area only slightly larger than Britain. It has a population of 2,372,000 including 160,000 Maoris. The principal city is Auckland, with 423,000 people, but the capital is Wellington, on the southern coast of the North Island and therefore approximately in the centre of the country. About 49% of the land of the two islands is agricultural and the country's main exports are wool, meat, butter and cheese. New Zealand produces a tenth of the world's wool and for every one inhabitant there are 20 sheep.

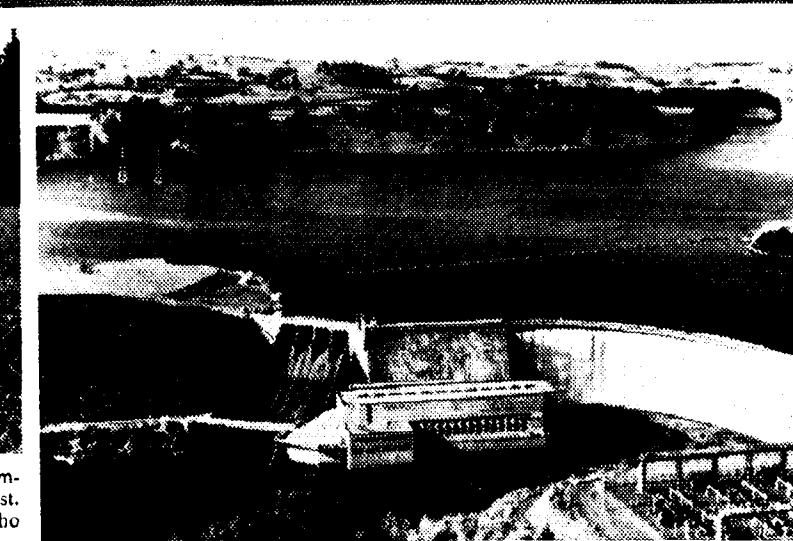
Britain is New Zealand's chief market: 56% of her exports was sent here in 1960. In return Britain exports machinery, metals and manufactures, vehicles, textiles and chemicals to New Zealand and is her largest supplier.

The Steel Company of Wales is active in the New Zealand market. In 1961 the total of *world* exports from 'The City of Steel,' the vast steelworks at Port Talbot on the Welsh coast, was over £34 million. This included 54.7% of Britain's sheet steel and 72.8% of her tinplate exports. These figures were achieved in the face of heavy competition.

Cattle droving in Arawhata Valley, South Westland



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WATER POWER HARNESSSED The 90,000 kilowatt Karapiro dam project is one of a chain designed to improve New Zealand's hydro-power output. New Zealanders use an average of 22% more electricity per head than the British. The Steel Company of Wales supplies New Zealand with electrical sheet steel for use in power and distribution transformers.



PAINT TEST Paint samples manufactured by Taubmans Ltd. of Wellington are tested by an employee on an outdoor surface. The cans containing the paint are manufactured by Alex Harvey and Sons (Wellington) Ltd. from tinplate supplied by The Steel Company of Wales.



COOKER LINE These modern electric cookers are being assembled and tested in a plant at Christchurch, South Island. Domestic appliances, such as refrigerators and cookers, that are made in New Zealand, use considerable quantities of sheet steel supplied by 'The City of Steel.'

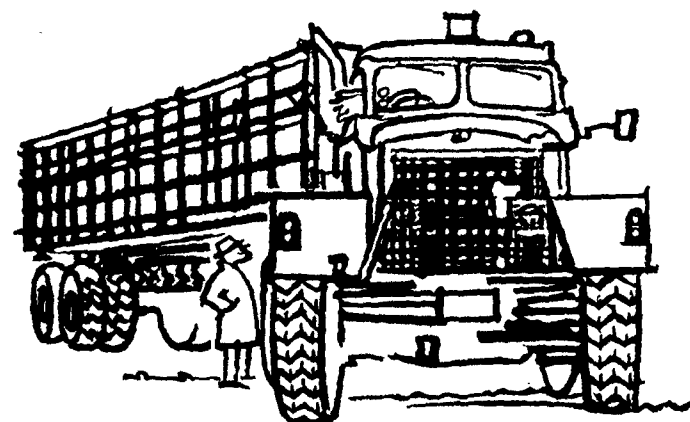
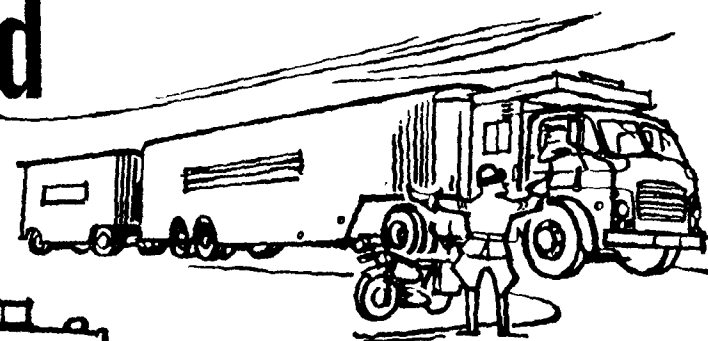


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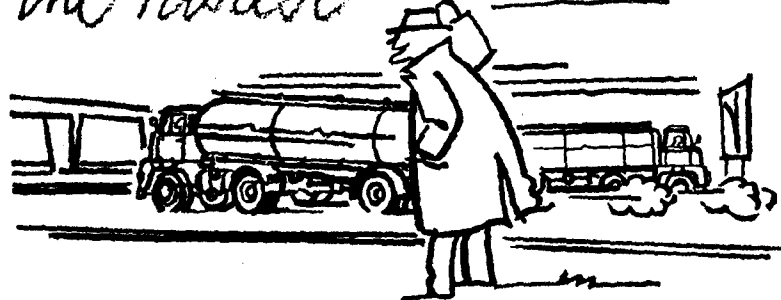
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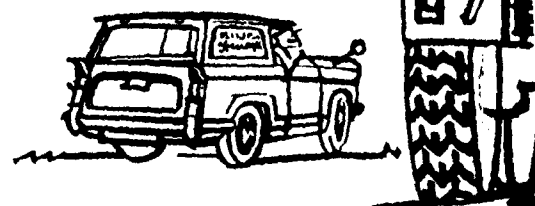


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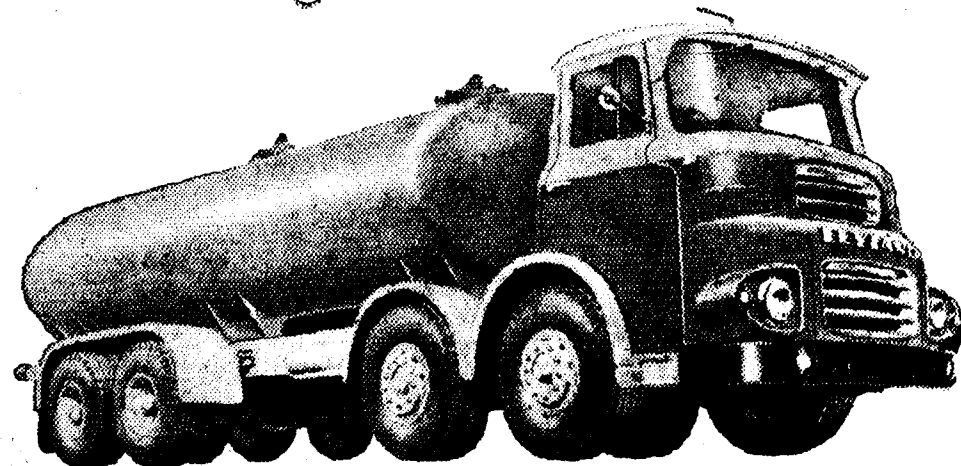
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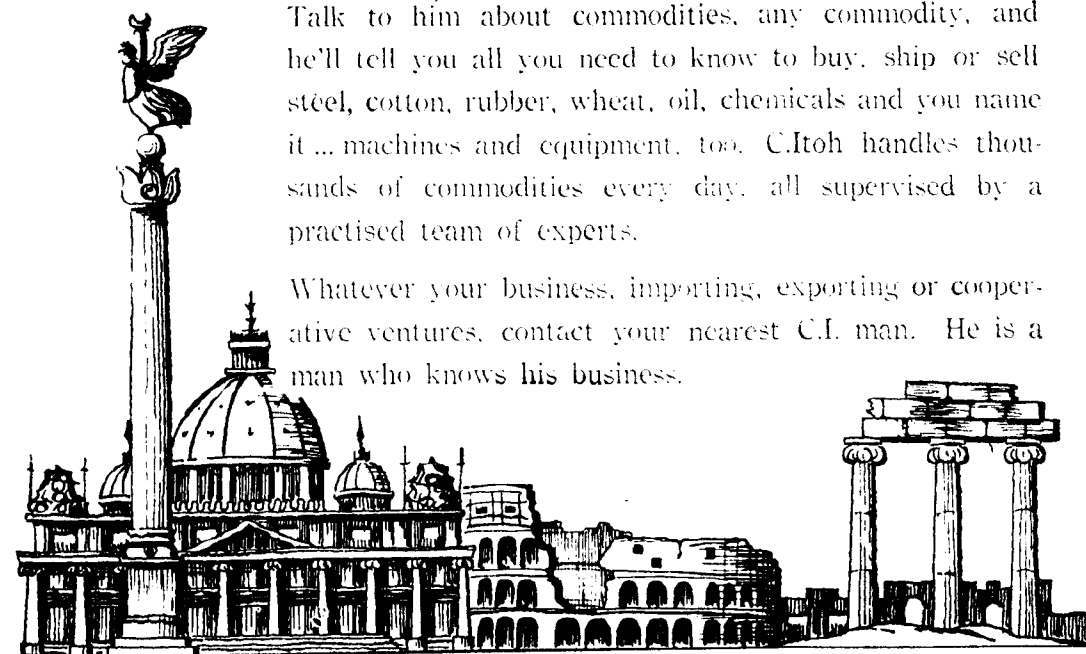
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The Economist

DECEMBER 1, 1962

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VOLUME CCV NUMBER 6223

The New Climate

THERE is nothing like a good scare to make a man take a rosy view of life. To judge from some recent comments, the fact that the world did not blow itself up about Cuba a month ago has sharply improved the chances that it will refrain from blowing itself up about anything else. Mr Nikolai Polyanov, who writes about international affairs in *Izvestia*, said on November 24th that the end of the Cuban crisis might mark the beginning of the end of other problems. In the same week, Mr Harlan Cleveland, an American assistant Secretary of State who sometimes seems to have the job of trying out new concepts for President Kennedy, talked of a "watershed" dividing the old pre-Cuban landscape from the new country opening up ahead; and Lord Home said the day was drawing nearer when Russia would recognise its community of interest with the western nations. Mr Kennedy and Mr Macmillan, meeting in the Bahamas on December 19th, will have to weigh the theory that the events of the last few weeks have been a blessing in heavy disguise: a crisis, perhaps, to end crises.

Were they? It is true that several people have learned a useful lesson this October and November. The United States has learned that, if it catches Mr Khrushchev far from home with his conventional trousers down, he is likely to back warily away without resorting to nuclear mayhem; those who were not at all sure that he would do this can indeed salute the coolness of Mr Kennedy's judgment. Mr Khrushchev himself has undoubtedly made a note not to get caught again in a situation where he is left with no choice except atomic war or backing down. And, while the United States and Russia have been redrawing the limits of their power, a far bloodier clash on the other side of the world has been forcing the Indians to redefine the limits of non-alignment.

Obviously things are not going to be quite the same again. But one suspects that the watershed that has been crossed (to go on with Mr Cleveland's image) is not a dramatic Himalayan divide, separating harsh mountains above from comfortable plains below, so much as one of those barely perceptible Pennine-style watersheds where the ups and downs on one side look—for a time, at least—remarkably like the ups and downs on the other. In other words, it is going to be a mistake to expect any very great or sudden shift in policy or alignment on anybody's part. The most that can sensibly be hoped for in the immediate future is that some of the fairly cheering things that were already beginning to happen before the United States Navy forced Mr Khrushchev's missiles out of Cuba, or the Chinese burst into north-eastern India, will be given a helping push on their way.

Two general points are worth making about the post-crisis world. The first is that the really important relationship to keep an eye on will continue to be that between Russia and the United States. Doubtless the Indians, and some of their friends in the uncommitted world, are feeling pretty disillusioned about China, but it is simply not realistic to expect this disillusionment to produce a headlong rush out of the camp of non-alignment. If only because Mr Nehru wants help from as many sources as possible, he is bound to keep one hand stretched out in Russia's direction as the other hand tries to ward China off. The western governments understand this well enough: but it is possible that western, and particularly American, public opinion will get restless as western arms go on flowing into India, and India stays stubbornly neutral in every quarrel.

except its own. It will have to be explained that there are compelling reasons why the present three-way division of the world, among western, communist and uncommitted nations, is unlikely to be upset by any startling changes of allegiance in the West's favour.

The second general point is that the relationship between Russia and the United States, which is still the heart of the matter, has not been fundamentally changed in the last couple of months. The two sides have had a horrid shock at finding themselves on the brink of war, and have learned something about the techniques for scrambling back from the brink. Mr Mikoyan's visit to Mr Kennedy this week shows that they want to keep these techniques in good practice. But neither side has had any reason to change its estimate of the other's aims in life (as Mr Nehru has with China). Right or wrong, their deep-rooted suspicions remain; and as long as they remain, there will be no meeting of minds on the really major points at issue.

This is why Mr Polyanov's suggestion in *Izvestia* that general disarmament is a subject on which "agreement should be reached speedily" wrings out a wry smile. Nothing that has happened in Cuba suggests that Mr Khrushchev is suddenly willing to let international inspectors pore over Mother Russia, or that the West has given up its insistence that disarmament will be meaningless unless they do. It is equally unlikely that Russia is about to give birth to a wholly new policy for central Europe. There were some minor changes of emphasis in the statement on the German question which the east German government published in *Neues Deutschland* on November 23rd. These suggest that Mr Khrushchev will probably go easy on Berlin for the time being; they do not suggest that he has anything more radical in mind.

WHAT does this leave? It leaves those matters on which America and Russia have a common interest in coming to an agreement—and on which they may now actually be spurred to agree by their traumatic Cuban experience. The obvious candidate is a nuclear test ban. The two super-powers have been banging away since the spring so heartily that, according to some accounts, their scientists have several years' data-processing work ahead of them in the laboratories. The difference about on-site inspection has gradually been narrowed, by the improvement of listening instruments, to a point where, if those co-operative sounds from Moscow really mean anything, a treaty may at last be within reach. And the nuclear field is rich in other areas where Americans and Russians may be happy to reach limited (and in some cases tacit) agreements. Their shared desire to prevent the spread of atomic weapons going any further may lead them to think about formal nuclear-free zones (in the Caribbean, for instance?) and, more informally, about arrangements for pulling back these weapons from the central European front line.

If the coming months were to bring even an approach to an agreement on these points, there would be no cause to sniff disdainfully. When President Kennedy came to office just under two years ago he picked out a nuclear test ban and a settlement in Laos as his two tests of Russian co-operativeness. If he gets a test ban treaty, both these conditions will have been satisfied (rather later than he

intended them to be, admittedly); in addition, he may also turn out to have won a respite, perhaps only temporary but perhaps not, from the pressure Mr Khrushchev has been putting on Berlin since Thanksgiving Day four years ago. This would not be a bad two years' work. Nevertheless, it falls a long way short of the larger hopes that have been circulating since the euphoric day when the Russian missiles were pulled out of Cuba. These hopes range from the expectation that Mr Khrushchev is about to call a general truce in the East-West struggle, to the wild-eyed dream that he will fairly soon discover that he prefers capitalist Americans to stalinist Chinese.

NOT just yet, not just yet, one must regretfully say. To understand why such hopes are still totally unrealistic, it is necessary to appreciate what would have to happen before they could be fulfilled. It is sometimes suggested that when Russia gets at loggerheads with the West—over Berlin, say, or Cuba—it is because Mr Khrushchev has simply decided to "cause trouble." On this theory, he starts international crises at times and places of his own choosing for the purely offensive purpose of frightening and dividing his opponents. If this were really the case, a single decision by Mr Khrushchev could cause the flow of crises to be turned off at the Kremlin stopcock.

But this theory really will not stand up. Of course Mr Khrushchev is delighted when his opponents get frightened and divided. But another reason why he gets embroiled in rows with the West is that he wants to defend what he conceives to be the Soviet Union's vital interests. In the case of Berlin, these interests were to save the client regime in east Germany from collapse; in Cuba, one guesses, he wanted in addition to redress the missile balance by putting some medium-range rockets on the island.

In other words, East-West crises arise from real clashes of interest, not from Luciferic raids on what would otherwise be a world-wide Garden of Eden. But this means that Mr Khrushchev is not entirely free to sound a general truce in the cold war even if he wanted to. He is, to a certain extent, a prisoner of the national and ideological interests he champions; of the people in the Soviet Union who would attack him if he failed to champion those interests properly; and of communists outside Russia who would claim that they could do the job better. Mr Mao Tse-tung already makes it plain that he thinks Mr Khrushchev a pretty poor fellow for defining his interests in too defensive a way. The fact that very similar considerations apply to the leaders of the West merely makes things more complicated. There is no unilateral way to guarantee peace.

It is possible to imagine two developments that might cause these considerations to lose some of their importance for Mr Khrushchev. One would be for the Soviet Union to grow so plumply comfortable, as its national wealth increases, that its zeal for championing its interests along the frontiers of the free world (and for trying to expand those frontiers) would wane away. The other would be for China's conduct to become so outrageously unbearable that the Russians decided upon an armistice with the West in order to concentrate on the greater threat from the east. It is quite possible that the first of these developments will occur one day, and just

conceivable that the second will. But neither will happen yet awhile. Mr Khrushchev may well get extremely impatient with the Chinese; but from impatience, and an occasional turn of the economic screw, it is a very long step indeed to giving them up as a bad job and turning westwards.

Thus, it is likely that the Soviet Union and the non-communist world are going to find themselves at odds about various subjects for some time to come. The real significance of the Cuban crisis is not that it has altered this

The Continuing Drift

Last week's by-elections suggest that the floating vote is still adrift from the Government in every part of Britain

IN last week's five by-elections the average net swing from Conservative to Labour was 6.9 per cent; repeated in a general election this would return Mr Gaitskell to power with a majority of around 110 in the House. In the twelve previous by-elections between last March and July the average net swing to Labour had been just over 7½ per cent, which would have sufficed to give Mr Gaitskell a general election majority of about 130. The so-called Conservative "recovery" since the summer was as wafer-thin as that.

The results in the different constituencies are discussed in more detail on page 891. But the really astonishing thing was once again how few regional or local differences there were. In each of these five widely scattered constituencies, between 25 and 40 out of every hundred people who had voted Conservative in 1959 seem to have drifted away to vote for some available non-socialist alternative this time. In four out of the five seats, a smaller proportion of the people who had previously voted Labour (about one out of ten on average) did the same thing—or else stayed away from the polls in sufficient numbers to have the same net effect.

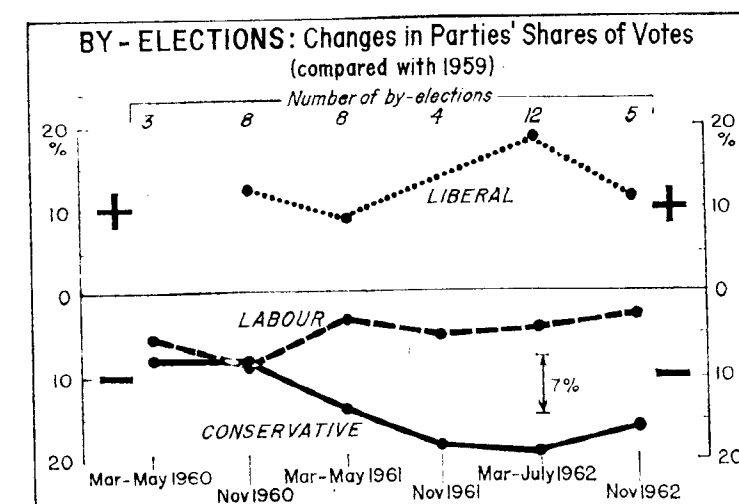
It is easy to overstate the lessons of these sorts of figures, but they do provide the best available measuring stick of current political trends; and it is extraordinary how many politicians seem intent on grasping the wrong end of it, preferring to talk about what ought to be happening instead of what actually is. For example, many people (including some Labour strategists) are still saying that Labour's main hopes for a great advance at the next general election lie north of the line from the Humber to the Mersey; Labour, it is said, can best hope to prosper if it constantly stresses in its propaganda how shabby and dirty and relatively ill-favoured the North is. One has always doubted the attractions of this argument (either in the North or the South), but up to last week it was based on most people's expectation that much the biggest net swing to Labour last Thursday would be in unemployment-affected Glasgow Woodside. In the event, the net swing there was the second smallest of the five. No doubt special factors (such as a Glasgow fog and a unilateralist candidate) helped to keep down the Labour vote in this constituency; but the fact that Labour captured many floating voters in Scotland and Lancashire in 1959 does tend to mean that it now has rather fewer natural floaters left there on whom to draw. Certainly, the Conservatives would be wise to conclude that at the next

prospect, but that Mr Kennedy and Mr Khrushchev have rediscovered for themselves in the most nerve-tingling way the simple truth that Marshal Bulganin and Mr Eisenhower lit upon at Geneva in 1955: that these arguments have got to be kept short of war. The leaders of 1962 seem to have gone a stage further, by starting to set up the machinery of consultation and informal negotiation by which they may be able to prolong the peace. In this sense, and nothing grander, Cuba may have changed the weather.

election they will face the possibility of as many damaging desertions in the prosperous South as anywhere else in the country.

Again, it is being widely said that after South Dorset—where the Tories lost a seat to Labour because of the intervention of Sir Piers Debenham as an anti-common market independent—Mr Macmillan must fear that similar interventions could cost him a large number of otherwise safe Tory seats up and down the country. But in fact (see page 891) the figures at South Dorset strongly suggest that Sir Piers drew the majority of his votes from former Tories who would otherwise have given their vague protest votes to the Liberals, illogical though this may seem; the best statistical guess one can make is that Sir Piers's intervention may have increased the net swing from Tory to Labour at South Dorset by about 2 per cent and reduced the net swing from Tory to Liberal by perhaps about the same margin.

At any given level of public opinion, there are generally between 30 and 40 Tory seats which might go to Labour with a net additional swing of 2 per cent (it is a pure coincidence that South Dorset was one of them). On the other side of the fence, there are a smaller number of Tory seats



The chart above shows the average gain (by the Liberals) and average loss (by Conservatives and Labour) in each of the six separate "by-election seasons" since 1959. The Liberals' averages are struck only for by-elections in seats that they also contested in 1959. The Conservatives would be likely to lose power at the next election if their "gap" below Labour, as shown on this chart, remained higher than 7 per cent; last week the average gap was 13.8 per cent.

which might be saved from going to the Liberals by the appearance of an alternative outlet for part of the protest vote. If at the next election candidates with Sir Piers's peculiar advantages and stature did in fact appear, with awkward precision, in all of these relatively few seats, the net effect would be mildly damaging to the Conservatives. But it is moonshine to suppose that they will locate their interventions with such devilishly well-judged cunning. After South Dorset one does not now believe that the intervention of anti-common market candidates will determine the fate of more than two or three seats at the next election, if indeed of that.

THE real problems for the Tories are at once less specific and therefore probably more difficult. There is no evidence from these by-elections that a rebellious army of impoverished northerners or anti-marketeers or white collar workers or any other easily definable group is indignantly on the march. What does seem to be happening is that a broad band of middle of the road voters right across the country is still on the drift. There is a general feeling that a change of Government would be no bad thing, even although the Labour Government that would then actually come to office on a minority vote is not the one that many of the floaters really appear to want. This, in short, seems to be a swing occasioned not so much by resentment as by boredom and by the normal swing of the pendulum against established authority.

There are several ways in which the Conservatives might recover the 3 per cent or so swing that they need before the general election. A first way would be if the Labour party, or organisations regarded as attached to it, stirred up more active public resentment against itself. One is coming to think that the swing against Labour which was reported by both public opinion polls last month—and which the Gallup poll had correctly reported had been wiped out before last week—owed less to Llandudno than to the unpopularity of the railway and Dagenham strikes. Probably all three parties could—but do not—draw interesting implications for trade union policy from that.

Who Picks the Music?

Italy's good will towards British entry into the common market is undeniable; why is it not more effective?

NOT a day too soon, Mr Heath entertained his Italian opposite number, Signor Colombo, at Chequers last weekend. There were talks about the difficulties in the way of British entry into the common market, and on Sunday afternoon a visit to Oxford, where Mr Heath played the New College organ for his guest. Signor Colombo, the minister of industry and commerce, represents Italy at ministerial meetings in the Brussels negotiations. With him were Signor Cattani, a European pioneer who now presides over what used to be the Fouchet six-power committee on political union; and Signor Ducci, the top Italian official delegate in Brussels. No group of people could be better equipped

A second possible source of major Tory recovery would be if Mr Maudling really managed to infuse dynamic growth into the economy, and if voters then decided that they dare not risk "letting Labour ruin it"; perhaps the biggest tactical mistake the government has made this autumn, apart from its retreat on railway wages, was in not formally calling Mr Maudling's autumn budget a budget, and excitedly advertising it as such. The third and biggest catalyst could, of course, be if Britain joined the common market, if voters began to realise what this meant, and if Mr Gaitskell's continued opposition to it made him seem the opponent of all change; but at the moment, while Mr Heath appears to the ordinary man to be still haggling about Europe's terms for kangaroo meat, the Brussels negotiations are paradoxically one of boredom's biggest temporary allies.

In general, therefore—despite their mounting gloom—the Conservatives may still have almost as much scope for recovery as they did at the same stage of the last Parliament. But in one particular respect they should now expect to be more cramped. A card which they probably cannot hope any longer to play is that of excessive personal veneration for Mr Macmillan. When Labour scoffed at Supermac and Mr MacWonder, just before the 1959 election, it illogically built up a picture of a man whom the ordinary voter began to regard as exceptionally wise, cunning, deep and shrewd; one might even say that it was the Opposition's own clumsiness which at that time put into him the valuable electoral mickey that has since been extracted (perhaps equally unfairly) by such satires as "Beyond the Fringe." To say that Mr Macmillan is now somewhat less of a major personal electoral asset for the Conservatives is a long way from saying that the rest of the Cabinet will now persuade him to take his peerage and depart; but one suspects that he will no longer be in as complete control of the Government's strategy and aims in the next twelve months as he would have been if last week's by-elections had not gone so badly for his party. And that, in itself, could represent an important change in the balance of personal power through which Britain is governed, and might select to be governed in future. The main responsibility for any recovery by the Conservatives now probably lies with Mr Maudling and Mr Heath.

to answer the riddle of how it is that the Italian professions of anxiety to get Britain into the common market find so little visible expression in action on the Brussels field of battle.

Among the latest of these professions was Signor Saragat's in his speech to the Social Democratic party congress on November 22nd. Signor Preti, the minister for foreign trade, told a meeting in London on November 19th that, in this matter, "the goodwill of the Italian government is very, very big." Signor Piccioni, the foreign minister, addressing the chamber of deputies on October 30th, came out strongly to the same effect. Signor Fanfani, the prime minister, and Signor Colombo share these views.

The sad thing is that when it comes to the matters that Signor Colombo discussed with Mr Heath last weekend—the usual lot: pigmeat, dried fruit, zinc, aluminium, newsprint, agricultural deficiency payments, and the financial

regulation for trade in agricultural products—these sentiments, however warm, however firm, have so far made little difference. Why? The answer, freely given by the Italians as well as by other members of the Six, is that unity is the first law of the Six in any dealings with a third party. Unless the Six have a common position, they point out, the negotiations with Britain cannot make progress; and if even the suspicion arises that one country is taking a line of its own, then the common position is never reached.

What this boils down to is that the Italians, loyal to the treaty and loyal to their friends, hesitate to give the required shove to the negotiating position of the Six for fear of rocking the boat. It is an intelligible attitude, and the Italians are not alone in it. But it does seem to mean that the common

Art of the Impossible

Black nationalists in central Africa are learning to play politics the white man's way, with some unexpected results

ON the evening of Sunday, November 18th, Mr Kenneth Kaunda, president of the Pan-African Freedom Movement for East, Central and Southern Africa (Pafmecsa) sat and supped with the arch-enemy of pan-Africanism, Mr Moise Tshombe of Katanga. Mr Kaunda was beckoned to the meeting at Kitwe by the newest recruit to Pafmecsa, the former "traitor" to pan-Africanism, Mr Harry Nkumbula. The meeting took place for the best of political reasons. At the Northern Rhodesian elections of October 22nd, with their fancy franchises, Mr Kaunda won 20,000 more votes than all other parties combined, but only 14 out of 34 seats.

Partly because of an electoral arrangement with Pafmecsa's arch-arch enemies, Sir Roy Welensky's United Federal Party, Mr Nkumbula won 5 seats, leaving him holding the balance between the UFP (15 seats) and Mr Kaunda's party. With eleven by-elections to be held on December 10th, Mr Kaunda, like everyone else, has been bidding for Mr Nkumbula's support. Mr Nkumbula, who relies for his party funds partly on Mr Tshombe, arranged the Kitwe meeting. Will he now go ahead and double-cross the UFP supporters who gave him votes and funds in the hope of an Nkumbula-UFP coalition that would keep Mr Kaunda out? On Tuesday he said in London (where he has come to demand a new constitution) that, in effect, he will.

This kind of machination, familiar enough in Europe, is something new out of Central Africa. Until now African politics has largely been a matter of standing firm and shouting for more. British governments, anxious to withdraw, have usually proved willing enough to placate the men to whom they have agreed to hand over power. The job of putting black men in charge where white men ruled before has also been done for many blacks by the departing British.

But Northern Rhodesia's peculiar constitution has given Sir Roy Welensky's white followers the prospect of a slightly longer lease of life; the possible support forthcoming from across the border in Katanga has given added hope. At first sight it might seem that Mr Kaunda, who appears to his friends outside as an innocent idealist, might be crushed

market position, once taken up, is going to be hard to shift as the negotiations near their final stage and the last craggy peaks of the really intractable questions are isolated one by one. Signor Colombo, like other leaders on the common market side, still expects an agreement in time for British membership to take effect on January 1st, 1964. Before that result is to be reached, there may be a moment when the Italians at Brussels, and not only in Rome, may have to give practical effect to their view that the European community will benefit by enlargement. The British have been culpably slow to grasp the fact that Italy is an important country nowadays. The Italians are being even slower; one consequence of importance is that unpleasantness has to be faced, when necessary, to ensure that one's view is heeded.

between the adept hands of Mr Tshombe, Mr Nkumbula, and Sir Roy Welensky. But Mr Kaunda has the overwhelming majority of Northern Rhodesia's Africans on his side; his goal is being kept before his eyes by the return to prominence of two radical members of his party; and, anyway, he has been learning in a hard school for many years.

For his part Mr Nkumbula has been urged by many of his own followers, and by the chiefs in Northern Rhodesia, to go Mr Kaunda's way and not Sir Roy Welensky's. At the same time Mr Tshombe's anomalous position once again looks precarious. The scarcely veiled warning to him issued jointly by the United States and Belgian governments on Tuesday was only one of several ominous portents. The faintly insane way in which the white air force that fights under his banner (if not his orders) has been peppering the loyal (that is, the larger) part of the Katanga province not only suggests desperation; it has also helped the United Nations command in the Congo to garner in ground and air reinforcements, some of them from "aligned" countries such as Norway. True, the *Union Minière*, the company that meets Mr Tshombe's own steep bills for his white military help, was quick to deny on November 24th a report indicating that it had at last seen the red light; and his backers' hopes of succeeding in continued delaying tactics were simultaneously raised by the wobbling motions of Mr McGhee, the American under-Secretary of State, along the London-Brussels-Washington orbit. But now UN and American impatience with Mr Tshombe, fears for the survival of Mr Adoula's Congo government, concern to secure U Thant for a longer term as UN secretary-general, and the exhaustion of the UN's financial resources for the Congo operation, all seem to be nearing a climax together: a conjuncture rich in meaning, which contributes to the present unusual fluidity of central African politics.

Here is the situation into which the British minister for central Africa, Mr Butler, must project himself in the months ahead. He must make several important decisions during that time. He is still master of Northern Rhodesia, which remains a colony under a governor's rule. If he allows a white government based upon a minority of votes to take control of the protectorate, he will increase the danger of a violent African outbreak or, just conceivably, of a joint

attempt on the part of Sir Roy's men and Mr Nkumbula to link the territory with Katanga. But if he puts Mr Kaunda's Africans into the government by directing his officials in the legislative council to vote that way, then the whites may resist with force. He will be saved if a firm deal between Mr Kaunda and Mr Nkumbula is worked out (as it apparently has been) and stuck to (as it has yet to be). If not, his best course would be to govern for a spell directly through the governor, scrap the present bizarre constitution, and start all over again working out a constitution as free as possible of fancy franchises.

Similarly, in Nyasaland, Mr Butler is faced with several choices complicated by a new-found political sophistication on the part of the Africans. In this case, however, the complications may be working in Mr Butler's favour. Dr Banda, leader of the Malawi government of Nyasaland, has shown himself willing to deal with the Portuguese in the interest of keeping his railway outlet through Portuguese-held Mozambique open after independence. The Rhodesian federal government controls the railway company, and Dr Banda (surprising though it would be) may eventually be forced to deal with Sir Roy Welensky himself.

Dr Banda's habit of facing realities led him to hold back demands for secession from the federation during the Nyasaland constitutional conference that ended in London on November 23rd. The constitution worked out at the conference will take Nyasaland to the stage immediately before independence. But Dr Banda has agreed that this can be done in two steps—the first (giving him a cabinet and making him prime minister) to be carried out next February and the second (putting the rest of the constitution into effect) as soon after as the drafters can finish their work. More significantly, Dr Banda has agreed to leave some important reserve powers

over finance and the police in the Governor's hands; he has accepted a bill of rights; and he has promised to keep the Colonial Office man in his post as finance minister until a Nyasaland can be trained to replace him. All this amounts to a recognition of the need for compromise if Nyasaland is to win a subsidy from the British Government for the years that must intervene between divorce from the federation and independent viability.

In Southern Rhodesia, where skilful politics are needed most of all, the Africans might well learn the lessons of what is happening in the northern territory. To be plain, where the white opponent is firmly entrenched in power, shouting and intransigence may prove to be a longer and bloodier way of getting him out than political accommodation and manoeuvre. The man who must learn this lesson, Mr Joshua Nkomo, is unfortunately still in detention in Southern Rhodesia. But the future is not altogether dark: a lot depends upon Mr Butler.

Mr Butler's first task is to do nothing, and to keep on doing nothing, until the elections of December 14th are safely past. Interference before then might well stampede the white voters towards support of a right wing pro-apartheid party. It is likely that the prime minister of Southern Rhodesia, Sir Edgar Whitehead, will win: his victory ought then to be cheered. For there can be no doubt that Sir Edgar has put an exceedingly courageous policy before his white voters: sweeping away all colour restriction and envisaging power for (admittedly, well-trained) blacks after fifteen years. After the elections Mr Butler's task will be to persuade Sir Edgar to cut down this period drastically.

He might fly out to Southern Rhodesia and try to bring Sir Edgar Whitehead and Mr Nkomo together again; if he persuades Sir Edgar to make some constitutional gestures in the African direction, Mr Nkomo should, matching Sir Edgar's boldness, accept and fight new elections; if necessary, he could keep up the agitation outside parliament as well. The alternatives for Mr Butler are to do nothing (which might lead to a bloody racial war in Southern Rhodesia); to override the complete home rule that has been granted to white Southern Rhodesians by the Westminster parliament (which could even lead to British soldiers shooting it out with their Rhodesian cousins); or to ditch the whole problem by granting Southern Rhodesia its independence under white government. This last alternative is tempting in a situation where Britain takes the blame for Southern Rhodesian actions over which it has no control and little influence; it would, however, be both wrong in principle and inexpedient.

Finally, Mr Butler has to decide how and when to allow the break-up of the Federation of Rhodesia and Nyasaland. He ought to try his best to keep as many economic links as he can; here the new-found political sophistication of Mr Kaunda and Dr Banda might, if it lasts, be a help. By letting federation go he will be destroying a powerful white state and putting Nyasaland (black), Northern Rhodesia (unpredictable), and Southern Rhodesia (currently white) in its place. What other course is there? Southern Rhodesian whites, who have the power on the spot, would not let him hand the whole federation to a black nationalist government; to keep the federation intact, in white hands, is now impossible; and even a white-managed combination of the two Rhodesias, without Nyasaland, would not work for very long.

NOTES OF THE WEEK

CUBA PLUS

The Man Who Came to Dinner

TANNED by three weeks in the Cuban sun, but visibly worn by his long exertions there, Mr Mikoyan reached New York on Monday in time for a dinner party in U Thant's office suite that left him and his fellow guests, Mr Stevenson and Mr McCloy, in a genial but not very communicative mood. By Thursday Mr Mikoyan was in Washington, closeted with President Kennedy. Both of them had indicated that they thought this an opportunity of exchanging views on subjects that would not be confined to the affairs of one Caribbean island. A leading article on page 885 is concerned with these wider themes. But meanwhile the American-Soviet contacts on the highish level of Messrs Stevenson, McCloy and Kuznetsov have continued. In name and form, these have been limited to the topic of Cuba. In practice, they have tended to disprove once again the notion that peace is geographically divisible.

The stated American objective in these talks is to make sure that Cuba is stripped of "offensive" Soviet weapons and kept stripped. But the United States is already aware that Dr Castro will not—indeed, in terms of hard political reality, cannot—agree to his country being subjected to any purely unilateral form of surveillance. The stated Soviet purpose is to secure for Dr Castro reassurances, in deed as well as word, against any future action by the United States to topple him. But the Russians for their part are aware that Mr Kennedy is in no position—despite his present strength in the context of domestic politics—to give a public assurance that Cuba is now "safe for communism." Thus, on both sides there is an emergent awareness—still unacknowledged, and only reluctantly referred to, even in parentheses—that there can be no neat tidying up of the Cuba situation except in the framework of something geographically larger. How far this geography may go, in the event, is still quite undecided and clearly the subject of bargaining yet to come. While the Cubans start from the initial (and obviously unrealistic) claim that some parts of the continental United States should be brought under inspection if there is to be any inspection at all, the Americans are in no mood to agree to inspection even of their Guantánamo base—and, although it is a useless, costly, and politically noxious property, there is no present possibility whatever of their extricating themselves from it.

The ripples from Cuba may therefore, widen out further than is yet appreciated before they die away. Ready to hand, when-

ever the principal parties care to reach for it, is the Brazilian project of designating the whole of Latin America as a zone to be kept free of nuclear weapons—which implies some kind of multilateral inspection to ensure that it is so kept. UN debate on this project, and on Cuba's own proposals to amend it so as to embrace United States-controlled areas (such as the Panama Canal zone), was postponed indefinitely on November 19th with a striking unanimity which in part reflected the irritation of other Latin American countries at not having been adequately consulted by the sponsors. If the UN Assembly gets back to this item before Christmas, will the discussion of "nuclear-freedom" be limited even to Latin America?

BY-ELECTIONS

Even Tide

IN last week's five by-elections the average net swing from Conservative to Labour was 6.9 per cent (which did not compare at all badly with the much-maligned Gallup poll's national forecast of 6½ per cent). The most remarkable fact was that the tide flowed so evenly across the country. The highest net swing to Labour was 8.4 per cent at South Dorset, one of the two seats which Labour gained by a narrow margin. Probably this swing would have been down to between 6 and 7 per cent had the anti-common market Sir Piers Debenham not intervened and secured 12.3 per cent of the poll. If most of Sir Piers's votes had come from the Tories, one would have expected—to judge from the average swing, elsewhere in the country—a bigger Labour majority. But, as our table shows, a main feature of South Dorset was that the Liberals did less well there than elsewhere; in fact, the rise in their share of the vote was exactly 8 per cent lower than their average rise in the other four constituencies, while the fall in the Conservatives'

share was just over 2 per cent greater. The exact calculation of these averages (which include South Northants, where there was no Liberal candidate in 1959) is open to dispute; but all the evidence must suggest that Sir Piers illogically drew most, though not all, of his votes from the Liberals.

The second highest net swing from Conservative to Labour was 7.5 per cent at Central Norfolk, which the Conservatives held by a whisker of 220 votes. This was the seat where the Liberals made their second smallest advance (there was, again, an anti-common market candidate in the field, but he got only 2½ per cent of the vote). It was also the only seat of the five where Labour's share of the vote actually increased compared with 1959. But there have been signs for some time of a long-term Labour advance in Norfolk, perhaps partly because, as older rural traditionalists die out, the newer agricultural labourers on its large farms are steadily becoming more like ordinary industrial workers in their outlook.

The net swing between the main parties at Chippenham (6.7 per cent) was near to the five seats' average. The Conservative victor retained 13,439 votes, which was 1,588 more than the second place Liberal; but at the next general election some of the 10,633 Chippenhamsters who voted Labour last week might well go over to Mr Grimond, in order to put the Tory out. This is probably now a very unsafe Tory seat indeed.

Swing to Fudge

ALTHOUGH Labour duly captured Glasgow Woodside, it was surprisingly with the second lowest net swing (only 6 per cent) in all the five by-elections. No doubt this low swing was partly explained by the foggy weather on polling day, which generally tends to cause more abstentions among apathetic Labour voters than among Tory ones; but this result casts increasing doubt on the argument that it is in unemployment-affected Scotland that the Tories will have most to fear next time. Glasgow Woodside is one of the seats that Labour would normally have to expect to win if it were to secure any sort of majority in the

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PARLIAMENT AND EXPENDITURE

THE Public Departments are at the present day almost without the old incentives to corrupt expenditure, and without the old opportunities for that expenditure if they were so inclined; but they are under very strong temptations to uncorrupt expenditure to which former epochs afforded no type or parallel. The very public spirit of the Departments which was so wanting in old times, and which is no characteristic of the present, of itself tends to expense. A zealous man wishes for improvement, and for one improvement which saves money, there are a hundred which cost money. The natural and legitimate object of ambition in a public servant is to improve the efficiency of the Department of which he is a member, and by far the greater number of augmentations of efficiency are augmentations of expense likewise. "What you gain in power you lose in time" is a principle of mechanics, and what you gain in power you lose in money may almost be made a principle of politics. If, then, a Department has, by an accidental surplus on vote A a sum of money which it can devote to object B, we fear it will so devote it. In the present state of science, with so many plausible improvements in the destructive arts pressing upon the attention of our Military Departments, it is a strong temptation to use, in that natural and pleasant manner, any little money which comes to hand. . . . From the nature of such things, the Executive—the Cabinet—call it which you will, must have a licence to spend money to meet unexpected military events. The main function of Parliament in such matters, therefore, is to choose a good Executive. They may watch them carefully, but watchfulness on these subordinate matters is not really effectual. The true business of Parliament is not to manage such matters, but to choose good managers. . . .

CHANGES IN PER CENT SHARE OF VOTE SINCE 1959

	Conservative	Labour	Liberal	Other	Net swing from Con. to Lab.
South Dorset	-18.0	-1.2	+6.2	13.0*	+8.4
Glasgow Woodside	-19.2	-7.0	+14.1	12.1*	+6.1
Chippenham	-15.3	-1.9	+15.6	1.6*	+6.7
Central Norfolk	-12.7	+2.2	+7.7	2.8*	+7.5
South Northants	-15.8	-4.4	19.3*	0.9*	+5.7

* Indicates no equivalent candidate in 1959. † Includes 12.3 per cent for Anti-Common Market candidate at S. Dorset, and 11.1 per cent for Scottish Nationalist at Glasgow-Woodside.

next Parliament, so it is noteworthy that its hold on the seat still looks distinctly marginal. The victorious Mr Carmichael got 36 per cent of the vote, compared with the Conservatives' 30 per cent and with 33 per cent for the Liberal and the Scottish Nationalist combined.

The Conservatives held on to South Northants with a net swing from them to Labour of only 5.7 per cent despite the fact that this was the one seat which had had no Liberal candidate in 1959. A new Liberal appearance nowadays picks up the votes of (a) the sort of people who voted Liberal in other constituencies in 1959 who included almost as many former Labour voters as Conservative ones), plus (b) the sort of people who have been drifting towards the Liberals since 1959 (overwhelmingly ex-Conservatives). That may be why Liberal interventions in constituencies which Liberals did not fight in 1959 now seem to be bringing less benefit to Labour than Liberal advances in constituencies which they did fight then; this is a striking reversal of the situation in the last Parliament.

Finally, more than 1,300 of the 172,000 people who went to the polls in all five constituencies last week thought it worth while to use their votes to try (unsuccessfully) to save the deposits of ingenious ex-service column dodgers. Where more than one ex-service candidate offered himself, the highest vote went to the one whose name appeared first on the ballot paper, by dint of the rule of alphabetical order. One of the candidates who thus attracted 82 votes in South Dorset was a certain Mr Fudge. The Tories may be excused for seeing something symbolic in that.

LABOUR PARTY

Domestic Calm

AFTER the excitements of the contest for the deputy leadership, and the good cheer from last week's by-elections, the Labour party seems now to be in one of its rare periods of domestic calm. The division that threatened the party over the common market now looks less imminent. Fundamentally Mr Gaitskell's attitude to Europe has not altered, but—thanks partly to Mr Carron and Mr Guntz—there has been a shift of emphasis and a change of tone.

It is true that this shift of emphasis may not seem very apparent in the next few months. Mr Gaitskell will still show no mercy in his questioning each time Mr Heath comes back from Brussels. He will harry the Government for what he will call its failure to redeem its pledges, perhaps with particular emphasis in the near future on pledges to EFTA countries (an emphasis which, incidentally, may prove to be something of a political mistake). When the final terms are known, the Labour leader will almost certainly reject them and demand an immediate general election. If

NOTES OF THE WEEK

this demand is not granted, he will come under strong pressure to announce in advance that a future Labour government would repudiate Britain's accession to the community. But it is now a little less likely that Mr Gaitskell would yield to this pressure than it seemed to be when he was making his Brighton speech. The dangers of such a course, and the revulsion which it might arise in the country, seem now to be a little bit further in the forefront of Mr Gaitskell's mind.

Meanwhile, the general sense of cosy satisfaction within the parliamentary party is shown by the results of last week's voting by Labour MPs for elections to the shadow cabinet. All twelve sitting members were re-elected, with a comfortable gap of 32 votes between Mr Lee in the twelfth place and his nearest contender. Mr Wilson dropped from first to third place, which may have been personally irritating—but has no particular political significance. Mr Callaghan moved to the top, which is a sign that he now has fewer personal enemies in the party. The strength of the Left remains constant at around seventy Labour MPs; they concentrated their votes on Mr Crossman and Mr Greenwood, who got exactly 74 votes each. It would be tempting to read some significance for the common market issue from the fact that Mr Jay, one of its most determined opponents, was the runner-up for the shadow cabinet with 88 votes. But, against that, the 68 votes for Mr Roy Jenkins showed the bedrock support on the pro-European side.

WAGES

Why Six?

THE current round of 6 per cent wage increases which began on the railways—and then spread, inevitably, to practically everyone connected with the railways—had already, even before last week, begun to arouse emulatory noises from engineers, busmen, power workers and dockers. Now it has been given a further filip because the Post Office Engineering Union has got between 5 and 6 per cent from the Civil Service Arbitration Tribunal, its second increase this year. The post office's top offer had been 3 per cent, in line with the Government's guiding light: the union had asked for varying amounts—based on the sacrosanct principle of "fair comparison" with workers in similar jobs—averaging around 13 per cent. The tribunal, as always, gave no reason for its award. One is therefore left to speculate in what proportions its motives may have been a combination of "splitting the difference," "fair comparison" and the need to pay men more for skills that are in short supply and hot demand.

This last, of course, is the only tenable argument. The civil service tribunal's decision on Tuesday to give 13 per cent to telecommunication technical officers at airports can probably be justified by it. But,

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in the absence of any statement that this was the motive for post office engineers, their 6 per cent is too great a coincidence to be ignored by other trade union claimants who, because of the mystery that surrounds the motives for arbitrators' decisions, can now pretend that this is the "fair" pattern for this winter's wage settlements. If this pattern is established, it is likely to be disastrous. Once again, the period of economic re-expansion which Mr Maudling is trying to set afoot is likely to run into cost inflation; once again, re-expansion is then likely to have to be slowed down.

The tragedy is that this sort of pace-setting award in the post office is precisely the sort that ought logically to have been submitted to the National Incomes Commission for a proper examination. But under the diluted terms of reference eventually provided for NIC earlier this month, arbitrators' decisions—one of the main engines of inflation in postwar Britain—remain uniquely irreversible, inexplicable and unappealable. Looking at them is one of the things that NIC may not do. After all the sweat and anguish of the pay pause, it is almost incredible that the Government should thus have chucked down the drain the opportunities to instal a national incomes policy which it once appeared to have won.

PAKISTAN

Talks in Time?

MR Duncan Sandys's swift shuttling between Delhi and Rawalpindi this week gave promise, as *The Economist* went to press on Thursday, of success in facilitating talks between India and Pakistan aimed at bridging the differences that had yawned between them the more perilously under the impact of China's border thrusts.

Emotions have been running high in Pakistan lately, and not entirely without cause. Many of the politicians are dissatisfied with the president's new constitution, which still considerably restricts their activities; there has also been a growing tendency towards neutralism in East Pakistan. But the real grievance has been the thought that by giving aid to India, Britain and the United States had weakened Pakistan's position in its quarrel with India over Kashmir—the focus of their foreign policy. Well aware of this mood, President Ayub Khan opened the national assembly's emergency session last week by choosing his words to give emotional satisfaction while not committing himself to unrealistic policies. Pakistan, the president said, should seek more friendly relations with China. This dig at the Indians was appreciated, as one might expect; but Pakistan genuinely needs to come to terms with China, and now is a good time as the Chinese are trying to impress the world with their "reasonableness."

Next, the president offered a continuous assessment of defensive pacts with western

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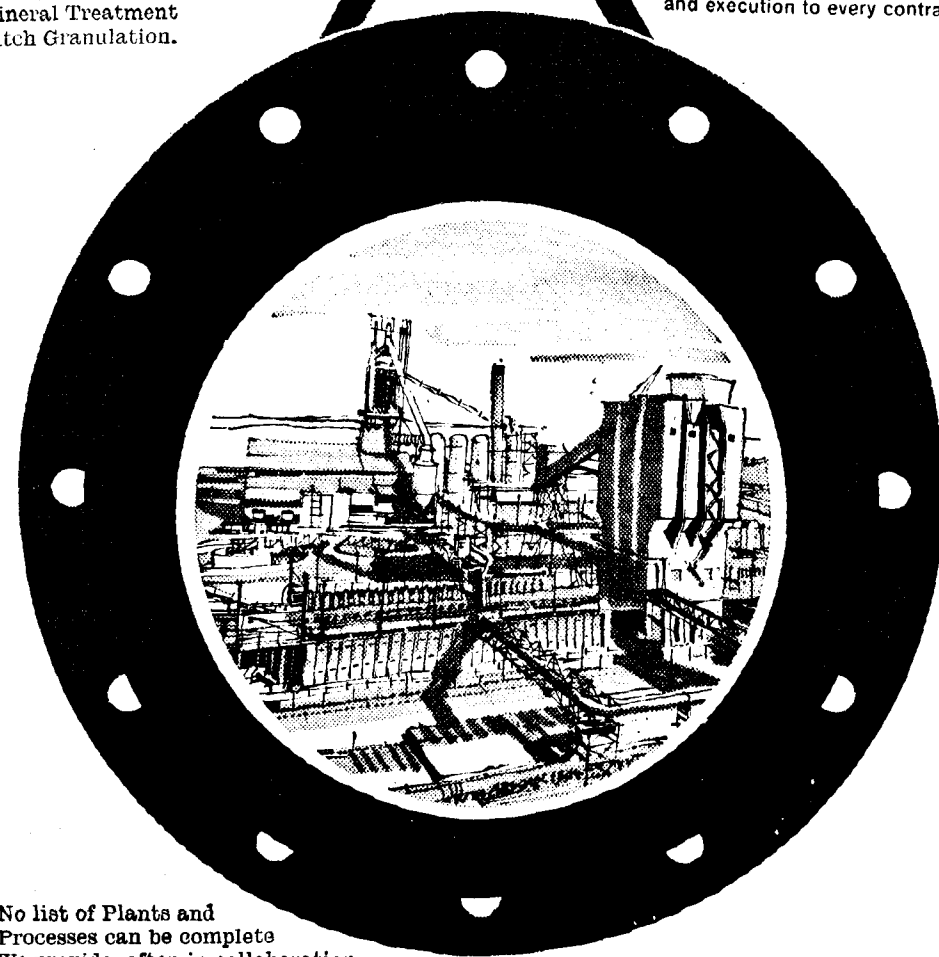
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countries. He could hardly avoid saying this. Pakistan belongs both to CENTO and to SEATO (mainly to get military aid to strengthen its hand against the Indians in Kashmir) and now loudly complains that Britain and America are neglecting an ally's interests. Finally, the president united his audience with the creed of no friendship with India until justice is done in Kashmir.

When the president left, the Assembly gave vent to its feelings. First of all the Americans were held responsible for western aid to India. On November 23rd, the minister of information, Mr Shah, called the agreement of 1951 (whereby the United States could give arms to India) "secret and conspiratorial." The point was dropped when he was told that copies of the agreement could be bought in Washington for ten cents. The spotlight of criticism then settled on Britain. Politicians were heard to describe Mr Averell Harriman as a member of Mr Sandys's delegation (the British minister arrived in Pakistan from India on Tuesday, the American assistant secretary of state on Wednesday).

Undiscouraged by hearing some of these tirades, Mr Sandys plunged on Wednesday into a day-long private talk with the president, armed with a draft for an announcement of new Indo-Pakistani negotiations. He had already secured Mr Nehru's assent to this draft during his stay in Delhi. Enough progress was made on Wednesday to enable Mr Sandys to fly back to Delhi next morning for a further round with the Indian prime minister. One gap in particular had still to be closed, it seemed; while Mr Nehru envisaged talks on various contentious issues, President Ayub Khan sought to focus attention on Kashmir alone. But there already seemed an encouraging difference between the intransigence expressed in Rawalpindi's public debates and the practical diplomacy of the Pakistani president.

COMMUNIST BLOCK

Mr Kadar's Congress

AFTER the dramatic goings-on in Sofia three weeks ago, the proceedings of the Hungarian party congress last week seemed distinctly tame. For Mr Kadar and his friends, however, this was something to feel happy about; it meant that they had managed their affairs more adroitly and with more sophistication than the Bulgarians had.

The attempt to close the yawning gap between party and people (based on a direct reversal of Rakosi's slogan "He who is not with us is against us") begun by Mr Kadar just a year ago, has met with plenty of misgivings and criticism within the party. But Mr Kadar has gradually pushed most (but not all) of the doubters and critics out of positions of influence and power. His speeches at last week's congress suggest that he now feels confident about his position and his policies. He declared that the per-

sonality cult had been eliminated, "once and for all"; that (*pace* the Chinese) "it is better for our people if the heat of the class struggle abates"; that 95 per cent of those imprisoned after the 1956 revolt had been released. Encouraged by a newly elected politburo and central committee in which the new faces (not very many of them) belong to his own men, Mr Kadar evidently feels secure enough to treat his opponents with magnanimity. Mr Istvan Friss and Mr Karoly Kiss for instance, were re-elected to the central committee; both had had close connections with the Rakosi regime and both had been demoted earlier this year.

The congress, however, was not entirely without its excitements. These were provided by the direct clash between the Chinese delegate, Mr Wu Hsiu-chuan, and virtually all the rest. Mr Wu's complaints about the public attacks on Albania (i.e., China) during the congress, were at once bluntly dismissed by Mr Gyula Kallai. Among the lesser guest delegates there were a sprinkling of direct references to China. Mr Wu in fact spoke on the whole rather less uncompromisingly than at Sofia; but this may simply have been the sensitive Chinese comrade's attempt to impress an audience that he realised was overwhelmingly hostile. Whether the Chinese were genuinely impressed by the direct and mollifying appeal to consider other points of view, made by Mr Kadar in his final speech, remains to be seen.

Mr Kuusinen's Slip?

ONE small episode at the Hungarian party congress throws an intriguing light on the battle of views about Cuba that is now going on in the communist world. The chief Soviet delegate, Mr Kuusinen, castigated Mr Khrushchev's critics on November 21st in the following terms:

Certain people, far removed from revolutionary Cuba—I have in mind the Albanian leaders—are now making a hue and cry to the effect that one should have acted quite differently. . . . God only knows to what extent these "courageous" talkers have been able to learn the great teachings of Marx and Lenin. (Laughter, animation in the hall.) But in any case they should know the elementary thing . . . namely the resolute struggle waged by Lenin against left-wing communists—for example on the conclusion of the Treaty of Brest-Litovsk. The revolutionary phraseology of the left-wing bawlers was regarded by Lenin as dangerous and harmful to the revolutionary movement. . . .

Mr Khrushchev's conduct of the Cuban affair has been hailed in Moscow as a success. But Lenin's Brest-Litovsk policy was always considered as, at best, a realistic and temporary admission of defeat. Mr Kuusinen (age 81) is old enough to know this. Did he just make a slip of the tongue in Budapest last week? If he did, it was a revealing sign of the perturbation created in Moscow by the Cuban argument.

Mr Khrushchev's Reshuffle

MR KHRUSHCHEV'S overhaul of the Soviet economic machinery has brought about a major reshuffle in the communist leadership. The primary purpose of the reform is to tighten party control, and its first beneficiary is the party secretariat. With its membership raised from eight to twelve, it now forms a sort of inner party cabinet. Two of its new members, Mr V. I. Polyakov and Mr A. P. Rudakov, have been put in charge, respectively, of the party apparatus in agriculture and in industry. Another secretary—Mr N. I. Shelepin, successively head of the Komsomol and of the security services—is appointed chairman of the new control commission, whose scope will now extend over both the party and the state apparatus. The new body entrusted with current planning, the Soviet of the National Economy, is to be headed by Mr V. E. Dymshyts, who has hitherto exercised the same function as chairman of the Gosplan.

These are only some of the numerous changes and promotions. It is more difficult to determine who has been downgraded. Mr Dmitri Polyansky, removed from the premiership of the Russian Republic to be one of the many deputy prime ministers in the Soviet government, is the most obvious of the doubtful cases. As for the others, it may be inferred that they are slipping simply because they have been by-passed in the promotion list. This may well apply to Mr A. Kosygin, the chief economic manager in the government, or even to the party's main ideologist, Mr Mikhail Suslov, despite the fact that only last week, on his sixtieth birthday, he was awarded the title of Hero of Soviet Labour. But it will be possible to check such guesses only when it is clear what the functions of the new organs are, and what the relationship is between the enlarged secretariat, the party presidium and the government.

It is now confirmed that on November 23rd, the last day of the central committee's session, Mr Khrushchev delivered a second, and hitherto secret, speech. Rumour has it that he spoke on literature and once again violently condemned the reign of informers that prevailed during the Stalin era. It would be surprising if he had not spoken on the same occasion about the Cuban crisis and its lessons. When the inside story of the communist controversy on this subject is disclosed, the Soviet reshuffle, too, may make more sense.

LAW

Privileged Peers

LORD MOWBRAY'S successful plea that it would be breach of privilege and contempt of Parliament for the High Court to order an issue of a writ of attachment

against him has rightly raised some radicals' hackles. Lord Hailsham has promised that the Government will now examine the rather recondite questions involved. Two separate points need attention here, the privileges of peers as peers, and the privileges of Members of Parliament as such, whichever House they belong to.

Members of Parliament do not enjoy any privilege of freedom from arrest in criminal cases, but they are free from arrest in civil cases while Parliament is sitting (and also for a period of forty days before and after each session—presumably to enable members to reach their constituencies, and peers their seats, free from molestation). There seems to be no good reason for retaining this freedom from the normal processes of law even in civil cases, and it could well quietly be done away with. Certainly it was never intended to protect a peer from answering a charge that he had not complied with a court order to hand over some personal property of his estranged wife, which was the issue in Lord Mowbray's case last week. Another point raised last week was that by common law "the person of a peer is sacred and inviolable at all times"; that is why it was not open to the court to issue a writ against Lord Mowbray leaving over the question of execution until forty days after the House of Lords had risen. This common law privilege should logically be abolished as well.

Other customary privileges of peers are harmless and picturesque, and should be left as they are. Peers have a right of audience with the sovereign, while others have to wait for a summons to the royal presence; but this right is never now exercised. Peers can also wear their hats



Lord Mowbray: inviolable

(or coronets) in court, a right which was in fact claimed by Lord Egmont in 1902 when he was arraigned on a charge of being drunk in Piccadilly; it should be retained, as rather fun. The right to trial by his peers instead of by ordinary jury no longer exists, having been abolished in 1948; it was invoked as recently as 1936 by Lord de Clifford when he faced a charge of manslaughter. Peers are still exempted from jury service; any change here should be part of a wider reform of the general conditions of jury service. Plainly, nobody is harmed by a peer's right to be hanged with a silken halter, or his privilege of killing two of the Queen's deer should he come across any when on his way to an audience with her. Lord Kingsale and Lord Forester have the additional right of being allowed to remain covered in the Queen's presence, but presumably *noblesse oblige*. The Duke of Atholl has the most curious privileges of all. He has a right to have his own private army, but this is balanced (in order not to encourage others?) by a privilege of being hanged from a gallows thirty feet higher than anyone else's.

TRISTAN DA CUNHA

Ile joyeuse?

MOST of the islanders of Tristan da Cunha have never made any secret of their desire to return to a storm-bound and volcano-threatened existence in preference to putting up with the alien charity on which they fumblingly pursue their lives here. In the face of their conviction that the island is once again habitable, even if on stringent terms, the Colonial Office has accepted the full implications of paternalism and offered to let them go, noting the while its reluctance to believe that all of them can really have been so badly impressed by the welfare state. Some of the islanders, it maintains, do not wish to return to the subsistence economy which the volcanic damage will impose on a resettled Tristan; and it is proposed to conduct a secret ballot to discover these objectors while sparing them the obloquy of their elders in the authoritarian tradition of the island. Such a ballot, however well-intentioned, would be likely to mark a new departure in fatuity.

Obviously those young refugees who want to remain in Britain should be allowed to do so and, if necessary, encouraged to make their wishes explicit; but it is a little naive to imagine that the remedy of the ballot box can relevantly be applied to this basally non-democratic situation. If those who wish to stay are reluctant to flout parental wishes or intentions openly, will they be less reluctant to do it by voting in a constituency in which, with only 250 electors, everyone must have a pretty good knowledge of where the division lies? Will the elders be less hurt for being told the decision of younger islanders by the Colonial Office rather than by the young islanders? Will, in fact, the ballot be anything more than a sop to official consciences? If interference there must be, it would be better kept to the minimum of persuading the elders that new facts have to be faced. But why should there be interference? Why not leave these put-upon people alone, to sort out their problems themselves?

TRINIDAD

If You Tip, Tip High

AFTER a profitable two months in western Europe, the mental satisfaction must have been greater than the financial wrench when Dr Eric Williams, the prime minister of Trinidad and Tobago, turned down Britain's parting tip. The custom has grown up that the British Government shakes the hand of each departing colony, leaving a little something in the palm. The new states, building their hopes on economic development, inevitably feel that they are being given much too little. Tanganyika complained lustily, and got a small increase. Jamaica ruefully but politely accepted what it felt to be a wholly inadequate amount. Dr Williams, who had asked for a loan of £5 million to be spent on a badly needed housing programme, was offered a credit of £1 million for British goods and services, together with the unspent portion of the old Colonial Development and Welfare Fund (about £250,000) and a gift of the four Viscount aircraft that the Trinidad airline at present has on loan. This offer has been rejected.

"Britain has no policy in the West Indies and has had none for the last 20 years," remarked Dr Williams with the simplicity of one repeating a truism. Others, with less charity, have commented that it is Britain's policy to get out of the West Indies as cheaply as it can. Compared with its neighbours, Trinidad is well off; it has a manageable population, profitable oilfields and a trade network independent of Britain. Dr Williams would counter this argument by saying that he is not asking for philanthropy but for investment. And he has found this investment easier to raise from the common market countries than from Britain.

Dr Williams has been frustrated in his dealings with the European Economic Community by his dependence on the tortuous process of Britain's entry and the future

position of the Commonwealth ("common wealth for Britain, common poverty for Trinidad," is his characteristic comment on this institution). Despite the diplomatic difficulties, he has already circulated a memorandum to Dr Hallstein and the governments of the Six on Trinidad's position as an oil producer and refiner. With European business concerns, as opposed to governments, he has been able to push ahead. The west Germans have responded enthusiastically; firms in Holland, Belgium, Switzerland and Italy have expressed interest. If all goes as Dr Williams plans, some half-dozen commercial firms will form a consortium to put their money in Trinidad's development. With these fine hopes up his sleeve, the fun of a rude gesture to the British must have seemed worth while.

UNIVERSITIES

Rejected One Quarter

IT is the invariable complaint of restrictionist dons that the pressure of suitable candidates for university places has been greatly exaggerated. Now, however, the Association of University Teachers has produced its own figures, the result of a questionnaire sent round a sample of English and Welsh schools. They show that this year one in four of eligible sixth formers (24 per cent of boys and 30 per cent of girls) who wanted to go to a university have failed to get in. The actual number of rejects with minimum entrance qualifications turned up by the inquiry was 5,289, or nearly enough to fill two new universities of the size that Brighton and York expect to reach in the early 1970s. To answer the

usual argument that some of these marginal applicants would have been better fitted to apply to what are said to be less exacting branches of higher education, such as technical colleges and teachers' training colleges (where 2,000 qualified girls are estimated to have been refused places), the AUT has delved deeper: it has discovered that 2,318 of the rejects had average marks in two or more "A" level papers at least 10 above the pass level. These are hardly marginal candidates anywhere.

This is an intolerable waste of talent, and one that is bound to grow as the present bulge of 15 and 16 year olds moves on towards the doors of the universities, and as the number of children staying on to the sixth forms increases. At this level of achievement the maintenance of formal differences in status between universities and, say, the colleges of advanced technology has become a piece of arrant nonsense—designed mainly to create an inferiority complex in those who go to the latter for the sake of maintaining a superiority complex in those who teach in the former. The success of Glasgow's Royal College of Science and Technology in securing full degree-giving status as a second university in one city has been at least a sign that prejudice can be breached—and the Robbins committee on higher education should be girding its loins to grant university status to other "second institutions," especially in London and Manchester. This is only a beginning: second universities (with, where necessary, a doubling up in facilities and staff) will have to become commonplace in other big cities in Britain. These dons who cling to the contention that "more university students means worse university

students" should study the chart on this page, which shows that there has been a clearly diminishing number of university drop-outs (despite deliberately competitive standards for second-year entry in some science faculties) during the student expansion of the 1950s.

COMMON MARKET

Erhard versus Centralism

THE meetings at Strasbourg of the European Parliament have a mock grandeur about them. That the debates resound with high purpose to slight effect is less the fault of the legislators than a characteristic of the European Community's political structure.

Last week's annual parliamentary debate with the Council of Ministers was a particularly grand occasion, heightened by the presence of Dr Erhard, the west German minister of economics. Addressing a packed house and gallery on November 20th, Dr Erhard launched an attack on the increasing tendency toward centralisation in the European Commission, the community's executive body. Specifically he opposed the recent action programme which the committee headed by M. Marjolin had prepared for the commission. What was implied in such a programme, he argued, was not only the amalgamation of six economies into one, but also a close-knit federal union with a strong central power. Dr Erhard preferred a "federally organised Europe in which the various countries and people can live their lives according to their own ideals."

Predictably, Professor Hallstein, the president of the European Commission, took up the gauntlet for the community, and replied that although the commission was not seeking to establish a totalitarian state, federation required a central executive body.

The parliamentarians seem to have been caught in the middle. As committed Europeans, they tend to believe in economic planning. In fact they can see no other way of getting the European economies to merge, and a majority would support the action programme. At the same time, they resent the commission's freedom from parliamentary control, albeit for reasons that differ considerably from those advanced by Dr Erhard. Indeed, the following day they suggested that the common market's legislature should be elected by direct universal voting and should have some share in the shaping of policy. But this seems a pious hope.

For the moment, the parliamentarians are allied with the commission against Dr Erhard. But no one knows just what would happen should the German economics minister succeed Dr Adenauer and—not, in German politics, an automatic consequence—put his ideas into practice. General de Gaulle in Paris, insisting on political and military independence for France, Dr

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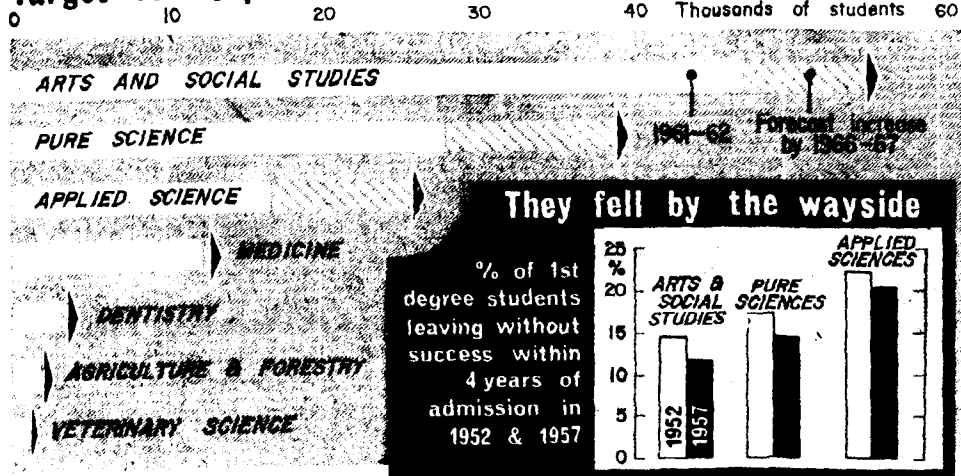
ADDRESS

University Students

The total university student population is expected to rise to about 150,000 in 1966-67 and the Government's aim is to continue the expansion to about 170,000 places by 1973-74. Expansion, so far, has

not meant any lowering of university standards; in fact, the failure rate was lower among students admitted in October, 1957 than among those admitted in October, 1952.

Target for expansion



Erhard in Bonn, holding aloft the flag of *laissez faire*—these are thoughts to keep the Eurocrats in Brussels awake at night, wondering how to lock these two countries into the community.

FORDS

The Halewood Story

THE Ford Motor Company, in the person of its chairman, has launched into yet another battle with "troublemakers" before its apparently victorious Battle of Dagenham is completely over. This time the men in question are not Ford employees, but work for the eighty-odd contractors who are building the company's new giant factory at Halewood—a suburb that stands in much the same depressing relationship to Liverpool as Dagenham does to London. The Halewood plant should ultimately employ eight or nine thousand men in depressed Merseyside, and a future extension could employ 2,500 others. Sir Patrick Hennessy is understandably exasperated that work there is six months behind schedule, and threatened on Monday that the extension may now never be built. He claimed that 81,000 working days had been lost there through unofficial strikes in the two years since work began, which would work out at 40 days lost per man. The main contractors claim that they can only trace 29,450 lost days (although even this would be bad enough); and loyal Liverpoolians insist that difficulties with the site, and contractors' errors, have also caused delays.

Sir Patrick also gave the characteristically Fordish impression that he thought the whole labour problem was inspired by communists. As always, this is a very partial truth. There are other problems at Halewood which fertilise the soil for the various sects of Marxists who have always flourished along the Mersey, and whose appearance in such a major project as this is not entirely surprising.

Before new jobs can be provided in Britain's underemployed regions, the construction industry must build and provide with services the factories in which men are to work. A modern plant almost always needs the services of a host of specialist sub-contractors; their teams will be working far from head office, and dealing with dozens of small specialist craft unions, which may also often have no experienced (or intelligent) local official. Significantly the main contracting firm at Halewood has had very little labour trouble, and the latest issue of the *Transport and General Workers'* monthly magazine contains a glowing account of co-operation on the site. It is between the small specialised firms and the small craft unions that most of the recent trouble has arisen—both are perhaps more concerned with techniques than with labour relations. Perhaps regional development associations could set up advisory bodies of employers and trade unionists to help iron out such

NOTES OF THE WEEK

squabbles, and to knock particular trouble-makers on the head. But for as long as the building industry continues its system of casual hiring, men will have an interest in spinning out the time a job takes, and in getting as much cash as they can grab while it lasts. This, sadly, is likely to be especially true in areas where work is scarce, and where new factories are therefore most urgently needed. It is not just the techniques of the building industry that need a hard examination.

NUCLEAR DISARMERS

Second Thoughts



THE promised new realism served up by Canon Collins's Campaign for Nuclear Disarmament on Tuesday turned out to be a curious mixture. The CND says the Cuban crisis has called into question the whole concept of nuclear deterrence. But does the Canon really believe, from the

course the crisis took, that the prospect of nuclear war had other than a powerful pacificatory effect on both the Mr Ks? The CND says that the Russians were wrong to put nuclear weapons into Cuba, but the Americans were equally wrong in stopping them. This is impartially carried to a familiar illogicality. The CND says that the Americans and Russians have shown themselves to be so irresponsible that Britain ought to get out of the arms race altogether. There are good arguments why Britain should not sink any more money in its own bomb, but this is the least convincing of them.

The CND can do nothing about the American and Russian nucleus. If it gets pleasure in clapping its hands when the Americans dismantle their Thors in Britain because they no longer have any military value, well and good; but it is not evidence of a policy. Cannot the CND ever bring itself to admit openly that it is the balance of power that is the stabilising element in nuclear matters?

It is even less evidence of policy for the CND to swell its ragbag of neutralism with such tags as "a test ban treaty now" and "a solution to the Berlin problem involving free access to east and west Berlin with adequate reinforced (sic) UN guarantees." What on earth does it imagine everyone else has been trying to achieve these past years? The CND's announcement that it is joining the campaign for these and similar "limited ends" cannot be counted at all a powerful or persuasive reinforcement.

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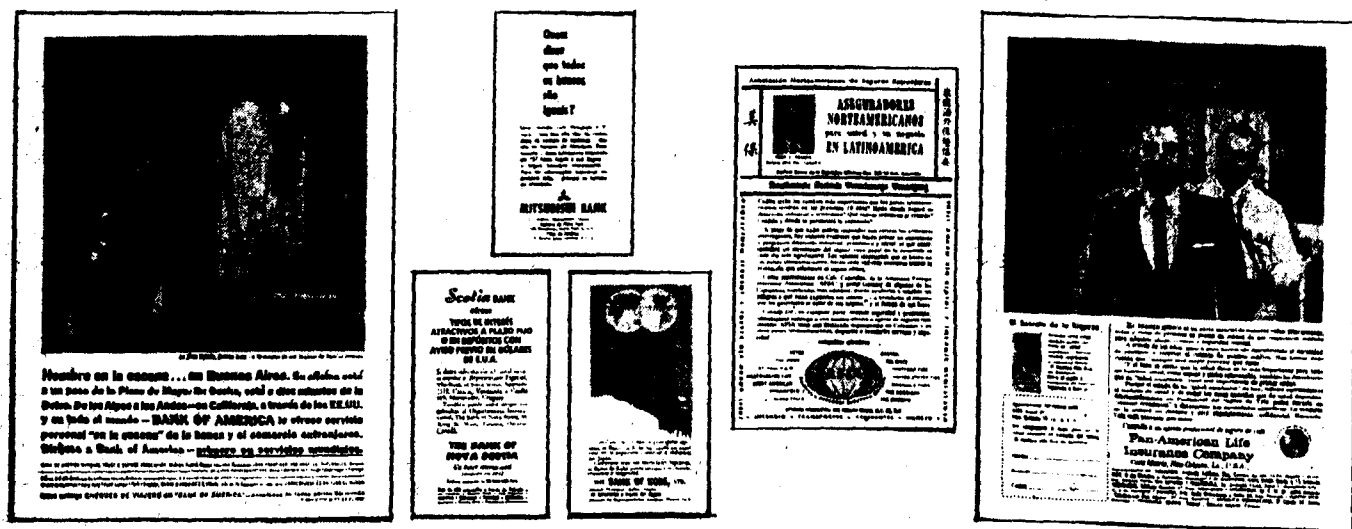
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AMERICAN SURVEY

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.

No More Brinkmanship?

WASHINGTON, DC

WHATEVER else Mr Mikoyan reports to Mr Khrushchev about his talks with Mr Kennedy, the President must have conveyed that the United States has never felt less like a paper tiger. But, to speak in an American rather than a Chinese idiom, it has never felt more like talking softly while carrying a big stick. All the deterioration now seems to be in relations between China and Russia, not between the latter and America. Mindful of its strength and of the world's peril, the United States continues to steer a careful course between irresolution and imprudence. But it is held that Mr Khrushchev must not be permitted to run off with a consolation prize under false pretences, by scoring points with his olive branches while the American eagle still brandishes its arrows.

The Secretary of State, Mr Dean Rusk, said last week that the world might be on the front edge of significant events. With this in mind the Administration has been referring to the Russians in terms so polite that some harder-nosed Americans chafe. It is leaning over backwards in order to avoid the least imputation that it is dizzy with success over Cuba. Anxiously it emphasises its full awareness that bold methods worked there because of special circumstances. Cuba is in home waters and the Russians, once they were found out, were over a barrel. There is heavy emphasis on the extreme unlikelihood of such methods being applied in Berlin. They might, of course, have to be applied but the exercise is not to be repeated if it can be avoided. Brinkmanship, in brief, is abhorrent.

It is admitted, in fact, that America's victory over the Soviet missiles and bombers in Cuba has created a danger of the loser trying to stage and win a return match. It is argued that Moscow might decide under cover of a *détente* to build up its force of nuclear submarines and its "hard" missiles, in order to negotiate from the traditional position of strength in the event of another confrontation. This might be arming to parley or it might be where we all came in and would all go out—but not necessarily. The Secretary of Defence is credited this week in a published interview with the cheery theory that a more stable balance of terror, with Russia less inferior in missiles than it is now, might make both a "first strike" against the United States and another adventure like the Cuban affair less appealing to the Russians. Americans are clearly in a sunny frame of mind when their top defence man can contemplate with equanimity and even optimism a reduction in his country's advantage in missiles.

The reasons are obvious. Whatever Mr Khrushchev's future intentions may be, he is being kept out of mischief at present by his need to straighten out his Chinese and other perplexities. A deepening schizophrenia lays its hold on the communist parties of the world, including the Indian communist party. In Brazil some left-wing elements are busily abusing Chinese policy as Trotskyist, while others applaud Mr Mao Tse-tung and accuse Mr Khrushchev of being an appeaser of the *bourgeoisie*. Such phenomena greatly hearten public opinion in America, where blood

pressure has long been kept high by a rich red diet of news and views depicting the Chinese and Russian leaders as diabolically shrewd, twin-minded masters of a monolithic international conspiracy.

Yet in fact the Administration's hopes are modest and its prevailing mood is one of caution. A genuine *détente* between Russia and the United States would presumably increase the crack between Moscow and Peking. Hitherto the Russians have tried to paper this over and the Chinese to widen it. Such a development may be too much to expect. It is felt, however, that the Russians might agree to some quicker means of dialogue between the world's two life-or-death arbiters: in the desperate hours of last month Mr Kennedy and Mr Khrushchev had to resort to press statements and wireless broadcasts because diplomatic channels took too long. It is also hoped, though more faintly, to reach some kind of agreement with Russia about atomic testing. There might then be a prospect of a little disarmament, if only by the elimination of some weapons which are in over-supply and rapidly becoming obsolete.

IN Cuba, in Europe and in the East the Administration sees almost as many dangers as opportunities. Some Americans continue to dislike the President's conditional pledge not to invade Cuba; they hope that, as the Russians have not fully carried out their part of the bargain, the pledge can be forgotten. In fact, however, and not for sentimental reasons, invasion is unattractive to the Administration. The tiger does not wish to eat the goat.

But the United States is still anxious to have inspection on the ground in Cuba, with at least one eye on Dr Castro's "fishing port" which the Russians promised to build. It is felt that this might harbour Soviet submarines. So the United States would probably feel happier if there were a United Nations "presence" in the Caribbean, even if this involved inspection beyond Cuba. Incidentally, such inspection might serve to restrain Dr Castro from trying to play the part of a Marxist Bolivar. Few Americans, even those who have been least hostile towards him, think that there is more than a very remote chance of Dr Castro becoming a Latin American version of Mr Sekou Touré, turning back to the west from the Russian sphere of influence.

The most interesting thing about Berlin, it is being said, is that last month nothing happened there. Nor is Mr Khrushchev now expected to try to spring any surprises there for some time. But the tooth still aches. Certain fillings have been proposed but no appointment has been arranged with the dentist. When last heard from by Mr Rusk, Mr Gromyko still wanted the tooth pulled. As President Kennedy has made clear, the Americans are aware that the Russians need reassuring about the presence of nuclear weapons in Germany, but do not quite know how best to reassure them.

The United States still feels that one way to get nuclear weapons out or pulled back would be to put in more, and more diversified, conventional weapons as well as more soldiers to man them. America remains outwardly helpful but inwardly sceptical about the military usefulness or practicability of having in European hands the class of missiles that Mr Khrushchev put into Cuba. But the long-term American dream continues to be, as it has been for a year and more, the creation by Europeans of a politically

and militarily united western Europe. Such a Europe, it is believed, would be strong enough to face the Soviet Union and could outgrow it. It might also take the edge off Russia's fear of the Germans by turning them, post-Adenauer, into good, Macmillanish Europeans. But it seems that a united Europe, capable as it were of diluting the Germans, must on no account be diluted by European neutrals. Mr Macmillan may have to discuss this once more, as well as other common market problems, when he sees President Kennedy later this month.

The Administration's mood regarding India is again one of circumspection, for an India that improbably decided to become a staunch ally would need an enormous amount of military bolstering. For this and other reasons, the United States is anxious not to shove ahead of Britain and the Commonwealth in any race to succour India. Congress is unlikely to oppose giving military aid to any country that is fighting a communist one. Nevertheless, Mr Nehru has never been an exuberant admirer of the American way of life and Americans find Pakistanis more congenial. The *New York Times* has argued significantly that American policy should aim at obtaining an Indian initiative to work for a settlement with Pakistan over Kashmir, perhaps with American aid to India as an incentive. Mr Harriman, the Assistant Secretary of State for Far Eastern Affairs, seems to have been working along these lines during his visit to Delhi this week.

In short, the Administration expects the world to go on being an unstable place in which conflicts of all kinds, with the possible exception of nuclear ones, will continue to occur. In such a world, however, there is now greater confidence that the western, not the Soviet, system will prevail, while it is felt that there is at least a chance of a sober reappraisal by the Russians. Mr Khrushchev's domestic and foreign troubles have not led to the formation in the United States of a "Save Khrushchev" party. But neither do they tempt those in authority to pursue bear-baiting as a winter sport. President Kennedy's cool and wary politeness is that of the fencer who steps back but stays on guard.

AID's Gain, Budget's Loss

AFTER some delay Mr David Bell has been nominated, as was expected in the beginning, to be the new Administrator of the Agency for International Development. The delay may have been because the President, still needing Mr Bell as head of the Bureau of the Budget, was hoping to find someone else able enough, tough enough and sympathetic enough, both to the White House and to Congress, to be capable of saving foreign aid's life. If anyone can do that Mr Bell is the man, for what the agency needs is just what he gave the Bureau of the Budget—a new approach to its purpose and an effective reorganisation—and he is adept at charming Congressmen.

But foreign aid's gain is the Budget Bureau's loss, particularly at a time when its function of striking a balance between the Treasury's estimates of revenue and other departments' demands for funds is particularly vital. Mr Kermit Gordon, Mr Bell's successor, comes from the President's Council of Economic Advisers convinced that a substantial cut in taxation is essential as soon as Congress reassembles in January. Most other members of the Administration, including the Secretary of the Treasury, now share this conviction which is also being endorsed by leaders of business as well as of labour. But it is doubtful whether Mr Gordon, with a less powerful personality than Mr Bell's, can crack down as successfully on the demands of defence and other agencies for more money. Mr Bell is staying at the Bureau until the end of the year, to see the 1964 Budget through its final draft, but even so Mr Gordon's appointment increases the prospect that

government spending, and therefore the deficit in the national accounts, may become excessive.

This in turn will increase Congress's reluctance to allow taxes to be reduced—although it will be decreased by the encouragement for both higher spending and lower taxes which is coming from Europe. The head of the Organisation for Economic Co-operation and Development made it clear that both were envisaged in "the action to stimulate demand" in the United States which was recommended in the final *communiqué* after this week's meetings in Paris. Thus congressional opponents of deficit financing will find it more difficult to argue that such expansive policies will renew European fears of an American inflation and so threaten the health of the dollar. On the other hand, the improved economic outlook, with a recession no longer regarded as probable in the early part of 1963, makes tax reduction seem less urgent to Congress, although not to the Administration. It advocates cuts more as an indispensable means of bringing the national output up to its potential level and fostering long-term growth than as an immediate stimulus for the sluggish economy.

Atomic Birthday Party

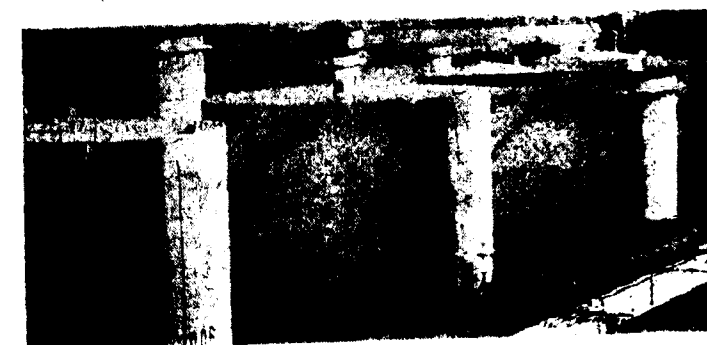
THE Atomic Energy Commission is celebrating the twentieth anniversary of the first controlled release of nuclear energy with promises of presents—although most of them will not be delivered for another ten years—for everyone concerned in the civilian, and far from flourishing, side of the industry—uranium producers, power companies and even coal miners. Gifts for all these groups are contained in a report to the President, made at his request; there is little new in it but it may revive interest, both in the Administration and in Congress, in the lagging programme for developing peaceful commercial uses for atomic energy.

For the producers of uranium, dependent on sales to the government which were guaranteed only until 1966, there is an extension of the AEC's contracts until 1970, although with deliveries spread out and at lower prices. After that the commission expects private demand for uranium to fill the gap. Indeed, the AEC foresees an eventual shortage of uranium and wants for this reason to step up the experimental work on advanced "breeder" reactors which produce more fuel than they consume. Between 1964 and 1976 it proposes that the government should finance the construction of seven or eight "true breeders" and "advanced converters," which produce more fissile material than the present reactors (although not as much as they actually use) and which can fill the gap until true breeders are generally available and, it is hoped, economically profitable. During the twelve-year period the AEC also advocates that private utility companies should build, with government help, about a dozen conventional reactors with capacities of 400 megawatts or so, twice as big as the ones now in use.

By the nineteen-seventies, the commission calculates, the costs of producing atomic energy should have been reduced enough to make it competitive with fossil fuels all over the United States; already it is near to becoming so in areas, such as New England and California, where coal and oil are expensive. By the turn of the century half of the electricity used in the United States will come from atomic generators, according to the AEC's forecast. Since the total demand for electricity will have increased tenfold, this should not damage producers of other fuels. In any case reserves of these minerals are limited and it is important that they should be conserved for uses for which atomic energy is not suitable—supplying power for some kinds of transport, for example—or for purposes other than generating electricity; the chemical industry, in particular, needs coal and petroleum as its raw materials.



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Foot in Housing's Door

LAST week the shoe dropped at last: President Kennedy issued his long-delayed order banning racial discrimination in new housing built with the aid of federal grants, loans or guarantees of mortgages. Inevitably the South was displeased but by waiting until Congress had adjourned Mr Kennedy had ensured that his legislative programme did not suffer; by waiting until after the election he safeguarded pro-Administration Democrats in the South from reprisals and himself from accusations of playing politics with the Negro vote. The move provoked more grumbling than alarm from builders and estate agents, who had known since 1960 that Mr Kennedy meant to end the federal government's part in perpetuating racial discrimination in housing. Many builders and landlords in the North already operate under local laws which, in theory at least, are more sweeping than the federal order.

Less than a quarter of all new houses will be affected by the President's ban. Last year 327,000 houses out of a total of 1,275,000 were financed with the aid of federal mortgage insurance and guarantees. But it seems unlikely, because of the heavy burden of enforcement, that individual owners who want to sell their houses will be covered by the order no matter how they financed their mortgages. The main targets are the big property developers in the suburbs and cities, including those who benefit from federal help in slum clearance and urban renewal. Violations will be punished by loss of grants, loans and mortgage insurance. Builders will be able to resort to conventional sources of mortgage money, banks and savings and loan associations (that is, building societies), which in any case supply the industry with three-quarters of its funds, but this will make houses dearer and harder to sell. The

Civil Rights Commission recommended originally that banks and other lending institutions whose deposits are guaranteed by the federal government should be brought under the order but, for the time being at least, the Administration has held its hand.

Experience in the cities and states with "fair housing" regulations shows that relatively few Negroes have made use of them; those who do are almost invariably the more sophisticated and highly-educated. Poorer

Negroes tend to cling to the segregated areas which they know; in any case, three-quarters of all Negro families have incomes too low to qualify them for government insurance of a mortgage. But for those with enough money who are prepared to put up with insults and to pin down evasive landlords the order provides a sharp new weapon.

—Even in the Suburbs

WASHINGTON, DC

NOW that a federal breach has been made in the wall of American *apartheid* builders may take more interest in the evidence that profits are to be made from offering homes to all comers irrespective of race. Negroes are said to spend \$1 billion a year on motor cars but only 6 per cent of the Negroes in the North own homes, though to do so is an integral part of the American

dream. Six years ago the Donbar Development Corporation took the bold step of building "inter-racial" suburban houses at Westbury, in Long Island; it has also put up some near Philadelphia. Most of the purchasers are in fact Negroes, who up to now have been excluded as a rule from desirable suburbs. The fact that Donbar has not had to foreclose on a single Negro buyer has dented the belief that Negroes are bad risks; the firm says that it now has no difficulty in arranging loans from banks.

In Westbury the white residents have not only accepted the Negroes but have actually helped to fight off a proposed rezoning plan which would have had the effect of introducing *de facto* racial segregation into the local schools; half of the children in them are now Negroes. The Donbar company is now putting up 500 inter-racial homes in suburban Washington. For a down payment of \$700 (\$300 in the case of ex-servicemen) anyone, including a Negro, can move into a three-bedroom, centrally-heated house costing \$15,650. Monthly payments of a little over \$100 are spread over 30 years through the use of federal loans and guarantees of mortgages.

Donbar also proposes to create an inter-racial country club in Maryland, near the notorious Route 40 where coloured people have been refused even a cup of coffee by segregationist restaurant-owners. The firm already operates two such country clubs in New Jersey, one near Atlantic City and one near Philadelphia, called Sandale I and Sandale II. The clubs' charter members include two bishops, Mr Thurgood Marshall, the new federal appellate judge, and Mr Duke Ellington, the jazz composer and band-leader. The clubs provide golf, swimming, tennis, riding and even shooting; the proposed club in Maryland is to have a yacht basin. Donbar also offers to sell members plots of land on which they can build homes to use at weekends and when they retire.

Another part of the American dream is to take a winter holiday in Florida. Donbar has opened one hotel at Miami Beach and proposes to create a chain of motels throughout the South which will cater to Negro travellers and holiday-makers. And it has laid out an inter-racial cemetery at Tappan, New York, with 7,500 plots. Negroes may not only live and play in the suburbs along with whites, they may now be buried alongside them as well.

Let the People Say

THE 51 million or so Americans who went to the polls in November—a record turnout, for a non-presidential year, of 47 per cent of those of voting age—had a great deal to decide beside who should be their Governors and members of Congress. Almost every state passed some burning problem to the people, whether it concerned representation, Sunday closing laws for shops, the outlawing of gambling or the legalisation of sales of liquor by the drink. Some of the issues on the ballot, printed in fine type and abominable jargon, were trivial, but in other instances they were of the first importance.

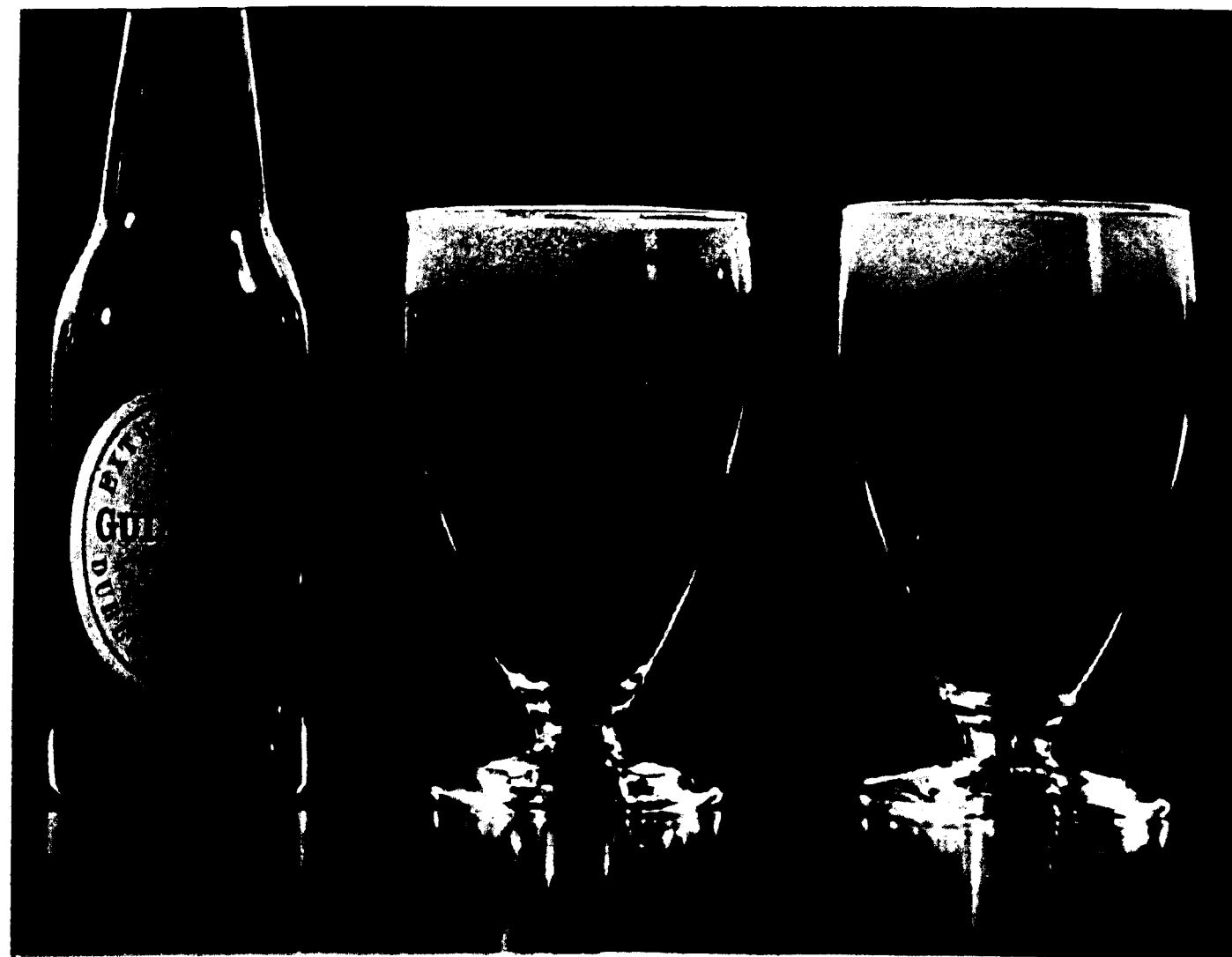
In California, for example, the voters rejected by a majority of 3 to 2 an amendment to the State Constitution which would have made organisations subversive at the mere declaration of a grand jury or federal officer or judge. In three counties surrounding San Francisco, to take another instance, a \$792 million bond issue squeaked through—for a system of suburban railways to syphon traffic off the roads—though it will cost the average householder about \$27 a year more in taxes. California accounted for over half of the nearly \$2 billion in bond issues which were approved; elsewhere, particularly in small communities, the voters were not so lavish, though St Louis, after years of talk, decided to borrow \$95 million to clean sewage from the Mississippi River.

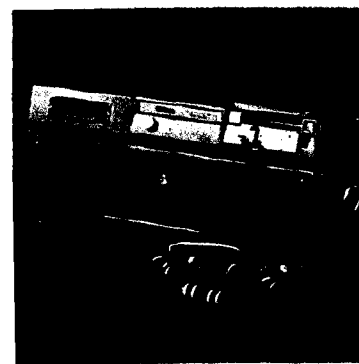
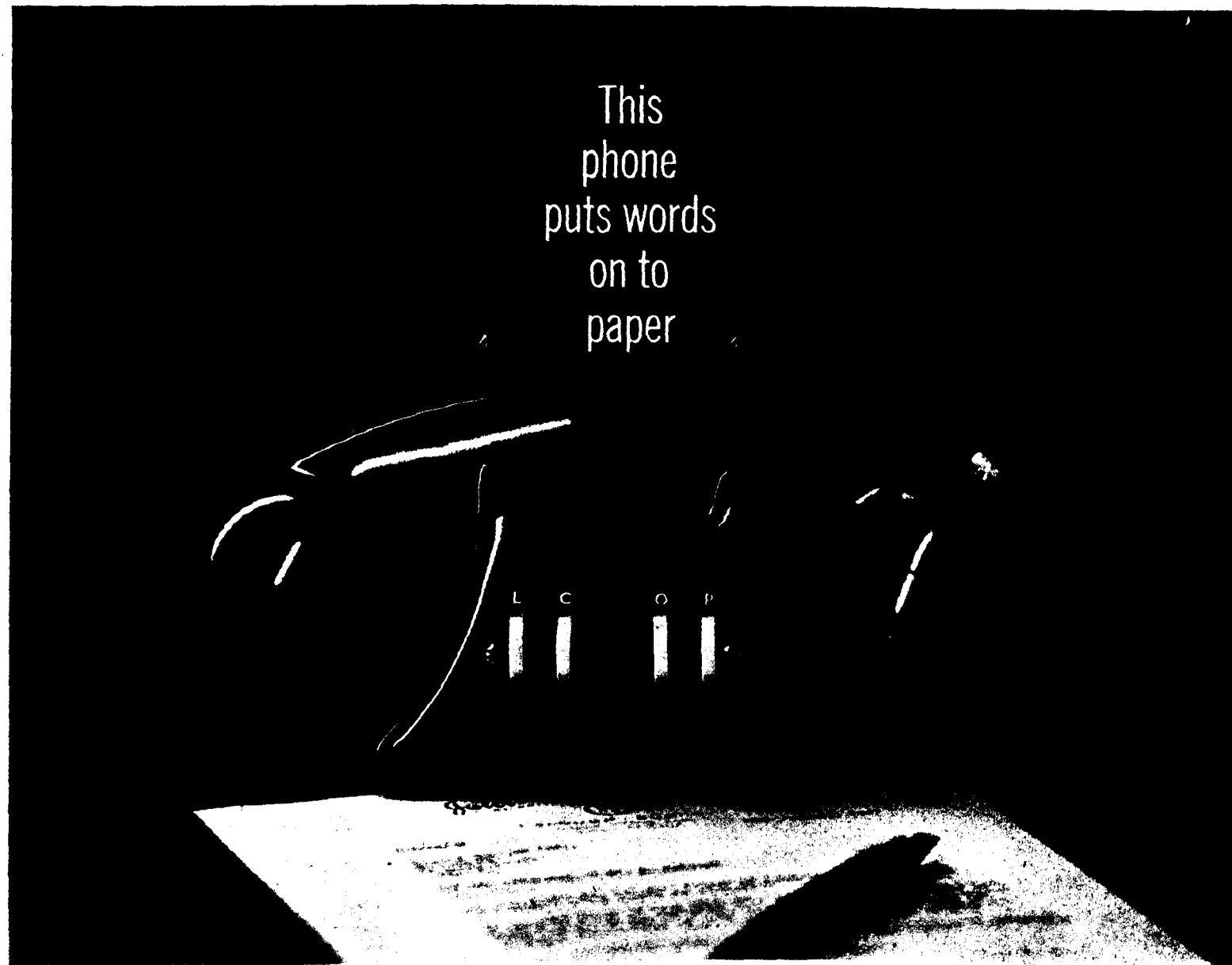
Continued on page 908
Status Seekers in the Slums—page 907

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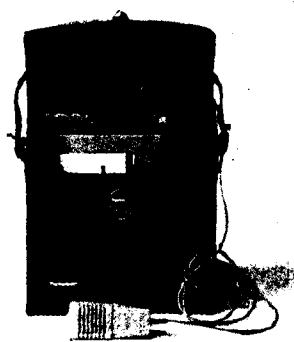
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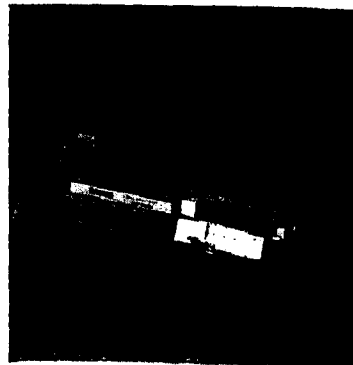


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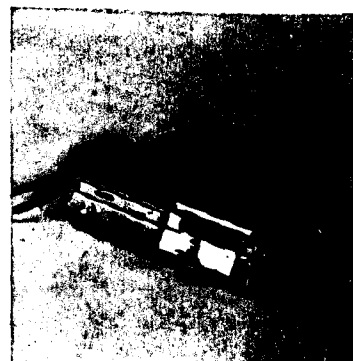
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Status Seekers in the Slums



NEW YORK

THAT heavy air of violence which distinguishes the slums of New York makes them a suitable, if formidable, training ground for recruits to the United States Peace Corps; indeed, the creation of a domestic corps is now being discussed seriously. The challenge is at last being treated with an antidote which matches its intensity. Mobilisation for Youth, a massive, expensive and unorthodox social experiment opened its doors recently in Manhattan's classic slum, the Lower East Side. Over the next three years it will devote a staff of 300 people and at least \$14 million to the demonstration of its thesis that the cause of juvenile delinquency is the seeking of status when no status is available and that the cure is to expand opportunities for work and education.

The project is considered to be the first systematic attack on crime among young people. Its costs are being shared by President Kennedy's Committee on Juvenile Delinquency, the National Institute of Mental Health, the Ford Foundation and the City of New York. The latter's contribution of \$1 million is particularly unbegrudged in the light of the \$90 million which it must spend each year to deal with delinquency.

Almost as revolutionary as the size of MFY's budget (which may be increased if Congress extends the life of the Presidential Committee from three to five years) is its theoretical basis. This is derived from Emile Durkheim rather than from Freud and holds that the reason why the Lower East Side produces the highest rates of delinquency in New York City (63 delinquents out of every 1,000 youths) is because its immigrant population is overwhelmed by its isolation from society, rather than by the sum of its neuroses.

This new approach involves a reversal of the existing tendency of social workers to concentrate on psychiatric case-work at the expense of social reform. MFY's staff argues that psychiatry is a middle-class prerogative and will remain one until its practitioners find techniques for reaching the unreflective and inarticulate. Instead the cure to be tested will be large-scale practical programmes to bridge the gap between the lower-class, largely Spanish-speaking, culture of the people in the district and the middle-class environment of employers, police, shops and schools.

The object of all this attention is an L-shaped neighbourhood on the East River

south of Fourteenth Street, the traditional stopping-place of New York's newest immigrants. In earlier days, when the population was three times the present 100,000, the social problems among the homogeneous waves of Italians and Jewish immigrants were largely those of poverty and overcrowding. Today, with a tense mixture of backgrounds among the new arrivals—Puerto Ricans now comprise 26 per cent of the population (50 per cent of the school children) and Negroes 8 per cent—the problems are crime and narcotics. Unemployment is high and the many unmarried mothers who head households actually provide, with their public assistance grants, an element of economic stability. Gangs still flourish, bearing pathetically arrogant names—Cadillacs, Centurions, Dragons, Young Lords—yet many of these have turned from the fierce street warfare which characterised the nineteen-fifties to the taking of drugs. This has only raised the level of crime and violence, as addicts are said to need \$100 a week to supply their needs, a sum which they are ill-equipped to obtain by honest means.

MFY's first programme, started on October 15th, is directed towards the unemployment of the neighbourhood's young people between the ages of 16 to 21; this is no doubt the harshest reality facing them. Early school leavers and unskilled, they may hardly be able to speak, let alone read, English. What MFY proposes to do is to serve as the necessary first employer, offering all the trappings of the working world: jobs, in building maintenance, electrical repair, food preparation and clerical work; time clocks; and wages, at 75 cents an hour, which will be paid by a cheque to be cashed at a local bank. It will also offer what the real employer cannot: endless patience, repeated instruction, tolerance of unreliability and of violent emotions and a short working day.

When young people are ready to venture outside this shelter (and the staff is prepared for this to take as long as six months) they will be placed as apprentices in television repair shops, hospitals, restaurants and wherever jobs that provide training can be found. The employers will be asked to keep them for three months, paying one-half of a \$1.25 an hour wage; MFY will pay the rest. Afterwards, the project's staff will help the youths to find permanent jobs or, better still, to return to school. For the first year of the

work programme, \$1 million has been allocated, yet even this may not be enough. The enrolment during the year was expected to be 1,000, but three days after a sign was hung out, advertising "Youth Jobs Service" in English and Spanish, 100 young people had come to apply.

Improving the opportunities for education may be more difficult. The cultural gap between the city's essentially middle-class school system and its slum-dwelling pupils is enormous; in one school it is estimated that 80 per cent of the teachers' time is devoted to keeping order. In response, MFY has designed an extremely delicate project, that of arranging for the area's school teachers (who tend to live elsewhere in better districts) to visit their pupils' parents in their homes. The teachers have protested, fearing for their personal safety. Privately, MFY's workers declare that this fear is an exact measure of the hostility between teachers and pupils; publicly, they have promised to accompany the teachers on their forays into housing projects and tenements. Among its other imaginative gestures, the project is hiring representatives from the Negro and Puerto Rican communities to work as consultants with local school authorities.

IN the great number of other programmes which it is putting in motion MFY urges the adoption of "lower-class styles." It will establish coffee bars which boast West Indian music and decoration. It will set up in vacant shops "neighbourhood helping centres" to assist the residents in facing everything from the problems of marriage to those of shopping. Special efforts will be made to rehabilitate young drug addicts (with little hope for success, incidentally) and young offenders released from detention homes. Most unorthodox of all will be the encouragement of political organisations and protest movements among ethnic groups. Puerto Ricans, especially, are felt to have much to learn from the experience of the Italians who, as new immigrants, shielded themselves from oppression, and what one MFY leader bitterly called "arbitrary arrest," by the skilful use of New York's political machinery.

If these methods of attacking juvenile delinquency work, they may be imitated all over the country, in spite of their costliness. This is particularly true of the work programmes. Last spring Congress approved a Manpower and Development Training Act to begin to deal with the problem of training the unskilled worker and Washington is acutely aware that 7,500,000 young people will try to enter the labour force in this decade without having completed secondary school. Moreover, several other cities—Los Angeles, Chicago and Detroit, for example—are preparing to ask the Presidential Committee on Delinquency for funds for projects similar to Mobilisation for Youth. Certainly New Yorkers will be waiting anxiously to see whether MFY can slow down the seemingly inexorable spread of delinquency. The Lower East Side is far from being the only trouble spot.

Continued from page 904

In thirteen states there were questions on the ballot relating to the great underlying issue of whether city-dwellers and suburbanites should be more fairly represented in State Legislatures where rural conservatives have long held sway. In the states of Washington and California (where suspicion of Los Angeles runs deep) moves toward reform were rejected. Mississippi and Florida also turned thumbs down on proposed changes but in these states it was the city voters who led the opposition; like Oliver Twist, they wanted more. Tennessee has approved a constitutional convention on what is called "re-map." Another problem which has grown with the mobility of Americans is that many are disfranchised when they move to another state. Arizona, Colorado, Idaho,

Kentucky and North Carolina all made it easier for newcomers to vote in presidential elections.

Metropolitan government—the absorption into new, larger and more efficient units of cities and their suburbs—suffered defeats in St Louis, Missouri, and Memphis, Tennessee, even though fleeing criminals, river pollution and traffic problems halt for no local government boundary. In the case of St Louis, an alteration to the State Constitution was involved and so voters all over Missouri were polled. But the result would have been no different if only those affected had voted, as they did in Memphis. Elected officials tended to oppose the change, which is not surprising; around St Louis over a hundred little governmental units would have disappeared.

Juggling with the Jobless

SPARKED off by an accusation in the *Reader's Digest* in September, 1961, that the Administration had inflated unemployment figures on purpose during the recent recession in order to get support for huge programmes of government spending, a good deal of political dust was raised before President Kennedy appointed a committee, under the chairmanship of Professor Gordon of the University of California, to look into the whole problem of measuring employment and unemployment. Ten months of fairly intensive study produced from the six non-official experts a 412-page report* which should confound all the critics. Briefly, it finds any charge of partiality quite unwarranted and describes the American system of manpower statistics as the most comprehensive in the world—but nevertheless suggests a long list of improvements.

Americans can no longer hope that their unemployment is high simply because of the way it is measured. When the 1960 national statistics of seven other industrial countries were adjusted, as far as possible, to American concepts, the rate of unemployment as a percentage of the labour force in the United States was exceeded only in Canada and was much more than twice as high as in any of the other countries except Italy.

COMPARATIVE UNEMPLOYMENT IN 1960
Rate as percentage of labour force

	Unadjusted	Adjusted to US Definitions
Canada.....	7.0	7.0
United States..	5.6	5.6
Italy.....	7.9	4.3
Great Britain...	1.6	2.4
France.....	1.1	1.9
Sweden (1961) ..	1.2	1.5
Japan.....	1.0	1.1
Germany (F.R.)..	1.2	1.0

Not all countries underestimate unemployment by American standards. The German rate had to be trimmed slightly

* *Measuring Employment and Unemployment*, President's Committee to Appraise Employment and Unemployment Statistics. US Government Printing Office, Washington 25, DC. \$1.50.

and the Italian rate nearly halved to make them comparable. Britain, however, was among the four countries whose rate was pushed up. The British government is now seriously concerned about the largest November count of unemployment since 1940, although it amounted to no more than a 2.4 per cent rate. Although adjustment to American standards may not be the same today as it was in 1960, it is probable that the British are worrying about an American-defined rate of a little over 3 per cent. There are areas in Britain where unemployment equals or exceeds the American average, but for the country as a whole it is probably still only about two-thirds.

BEFORE diving into this report, it would have been hard to credit that unemployment could be such a slippery concept. Of the seven countries compared in the table, three—the United States, Canada and Japan—currently determine their unemployment rates by direct sample inquiries, the other four from labour office records of varying comprehensiveness. In Britain, for instance, although unemployment insurance is widespread, the one-day-a-month count of the numbers registered at labour exchanges excludes many who would be caught in the American count. The incentives to register in Britain are either to obtain unemployment benefit or to get the help of the Ministry of Labour in obtaining another job. But there are various classes of people, chiefly married women who have opted out of the insurance scheme and teenagers straight from school, who have little incentive to register as long as jobs are plentiful. On the other hand, because the British count is taken only on a single day, it includes some people who, having worked for even an hour in the preceding week, would be omitted from the American count.

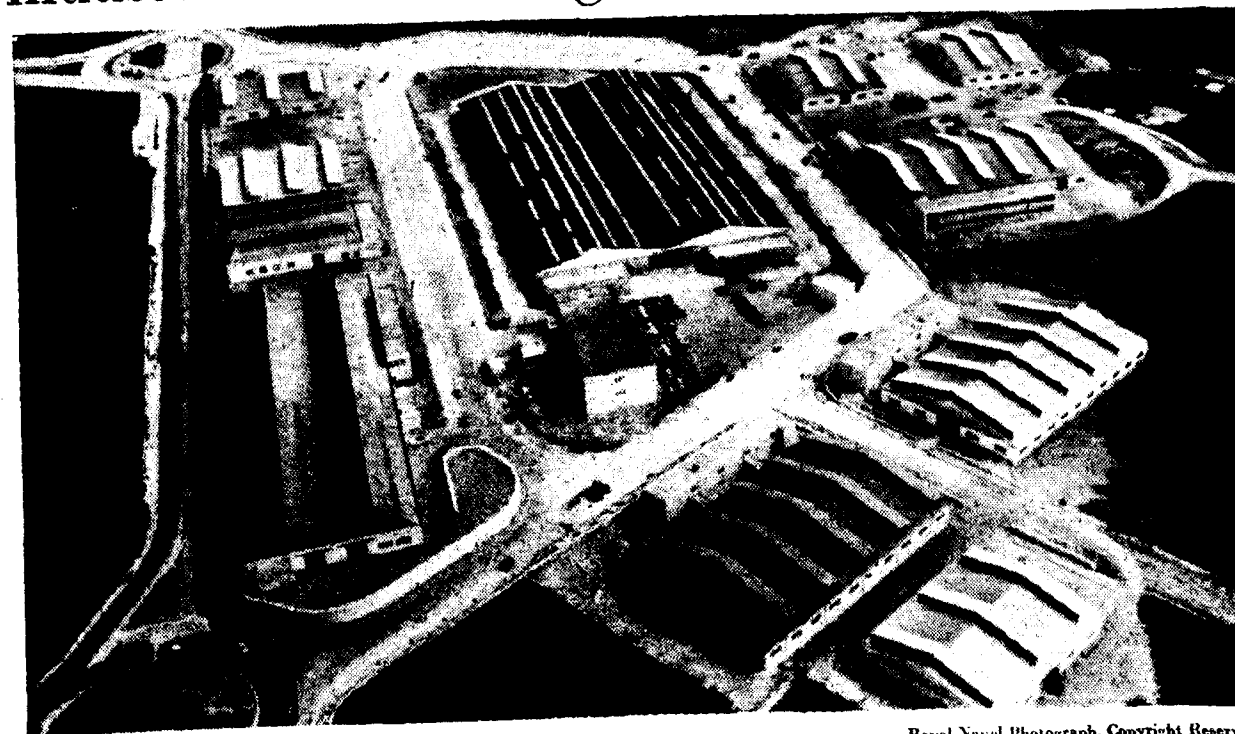
The Gordon committee believes in the American system of taking a household survey, but would like to see the sample

(at present 35,000 families a month) increased substantially, perhaps tenfold, and the questions sharpened up to avoid the ambiguities which now exist, without doubt. Instead of leaving it largely to the respondent to decide whether he, or a member of his family, is "looking for work" (although, on the face of it, who should know better?), the committee suggests that the person should state that he has actually tested the job market within some reasonable period, say 45 days. Obviously the committee has been influenced by a special survey made in August, 1955, which discovered one million people in the United States not included among the unemployed who had wanted work and had taken steps to look for a job within the past two months. Undoubtedly, this number included many youngsters who had only sought a temporary job at the beginning of the summer; nevertheless, the committee has pulled out a worrying, if not entirely convincing, finding.

Even after all the dust has been settled, it is impossible not to feel rather baffled. "You should say what you mean," the March Hare rebuked Alice; but what is meant by "looking for work" in a modern society in which the work-or-starve principle does not apply? The British concept of unemployment seems more of a distress signal, the better social indicator of the need for work, the American one the better economic indicator of the potential extra labour that could be drawn in at any moment, although in both countries there must be a hard core of well-nigh "unemployables."

The measurement of employment and the seasonal adjustment of manpower statistics also came under review. British officials fight shy of seasonally-adjusted persons; the Gordon committee believes that adjusted series are the more useful, but infers that the Labour Department's present technical methods of producing them could do with a good overhaul. Research, research, and more research is the committee's cry and funds are to be sought for this in the forthcoming fiscal year. Meanwhile the Department of Labour has already begun to act on some of the committee's recommendations.

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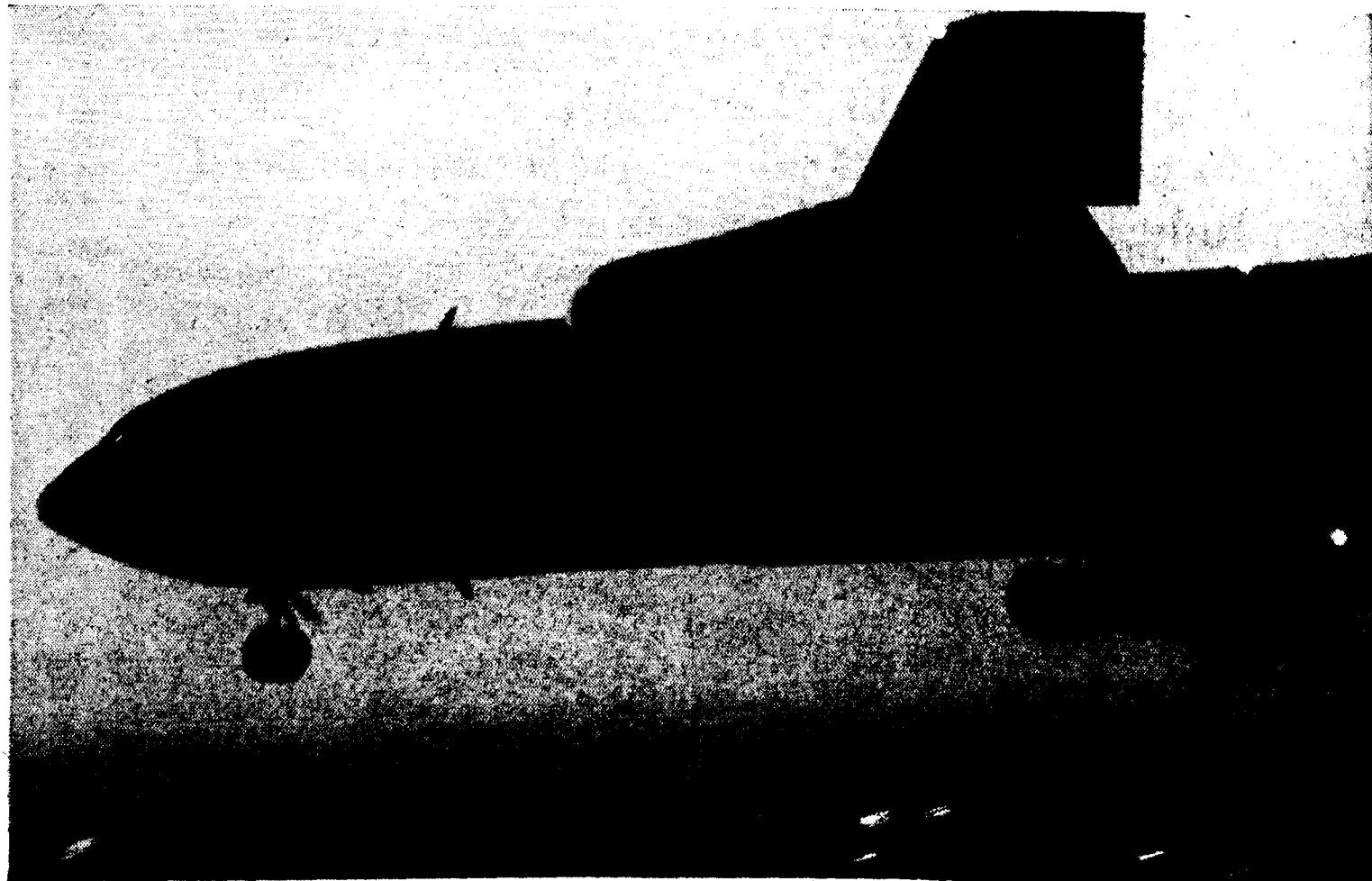
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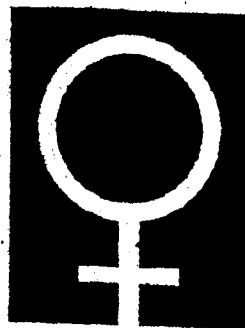
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Redeal for Discounters?

THE top brass of the General Motors Corporation was in Los Angeles last week for the opening of an anti-trust suit—expected to go on for three or four months—against the corporation, four of its officers and three of its franchised Chevrolet dealers. They are accused under the Sherman Act of conspiring to suppress competition by preventing other Chevrolet dealers in southern California from selling motor cars to automobile discount houses. The Department of Justice seeks to forbid any interference of this kind all over the country, as well as to punish the defendants in this particular case. The government insists that it is not attacking the system of franchise dealers as such but many feel that, if GM loses, big changes will be inevitable in the way cars and other products are sold.

At present each dealer has the exclusive right to sell a particular car—sometimes more than one—in a particular territory; he provides skilled servicing and spare parts in return and makes good on the manufacturer's guarantee which now runs for two years. The dealer has been approved by the manufacturer and often has invested substantial sums in facilities and stock. Automobile discount houses began to flourish in southern California about four years ago when sales were slow and dealers were glad to dispose of some of their cars at little or no profit. The discount house provides no servicing, will not make good on a guarantee and often carries little stock. Its prices are low because it has few overhead charges to meet, but a skilled bargainer can often do as well from a franchised dealer; not everyone, however, is eager to haggle or good at it. Many automobile discount houses have gone out of business in southern California since 1960, when they sold about 2,000 Chevrolets, worth about \$5 million, compared with total sales in the area of about \$250 million. But they are popping up in Texas, St Louis and Chicago.

GM insists that it is concerned about the discounters' inability to provide adequate servicing and maintenance, but presumably the company is also aware of the threat to its network of dealers—the envy of the industry—and the risk of price wars conducted by discounters with no stake in any particular car. GM maintains that it did no more than "express its views" on sales by its dealers to discount houses. But the Department of Justice doubts whether this, by itself, would have halted the practice within a week—as happened in 1960. It insists that the case is a classic one of restraint of trade and that the only issue is the right of people to buy cars where they like.

Tuna Round the World

FROM A CORRESPONDENT IN CALIFORNIA

A FEW years ago it would have been easy to write off both the Van Camp Sea Food Company of Long Beach, California, the largest canner of tuna fish in the world, and the American tuna fish industry as decaying enterprises being driven off the ocean by Japanese competition and by labour troubles. Now both are thriving at home and preparing busily to win new markets abroad. Van Camp is expanding from operations strategically located all around the globe, a world-wide development of fishing and packing facilities which was dictated by the hard facts of economics.

The American tuna fishing industry, heavily concentrated on the West Coast, had almost priced itself out of existence a few years ago. The packing companies were faced with a situation in which the owners of tuna boats and their crews, operating out of Long Beach and San Diego, were united in a policy of insisting on prices for their catch higher than those on the world market and divided against each other as to how the proceeds of their joint enterprise were to be allocated between management and labour respectively.

Disputes were frequent and protracted. Meanwhile the Japanese tuna industry was able to land fish at West Coast ports, in both raw and processed form, at prices Van Camp and other American firms could not match.

Since then the situation has improved as a result of limitations on imports. But basically the Van Camp Company has worked out its own salvation by operating in places where the rates of pay to boat owners, crews and cannery workers enable the firm to compete. The company now has fishing stations and packing plants in American Samoa, Puerto Rico and Ecuador and additional fish receiving stations in Sierra Leone, Senegal and the Ivory Coast. At its stations abroad Van Camp has aided nationals of the different countries to set up as independent fishermen, advancing them loans to buy boats which are repaid out of the proceeds of the catch.

On this global basis Van Camp has prospered greatly in recent years. Sales of its branded Chicken-of-the-Sea and White Star tuna fish were estimated at some \$70 million last year, an increase of 15 per cent over the previous year. Profits were also substantially higher and the outlook is for even better results. The consumption of tuna fish in the United States is rising at a rate of 7.5 per cent a year (much faster than the population) and this trend shows no sign of levelling off. The company also does a substantial business in by-products, including the sale of a new pet food which has been very well received by the public. In July, a fresh enterprise was started by the purchase of four Peruvian companies converting anchovies into fish meal. Van Camp has also been thinking of entering the European market, believing that the potential consumption of tuna fish there is considerably more than current effective demand. The company calculates that tuna canned at its Ecuador plant could be competitive with the Japanese and Peruvian products which are already established firmly in western Europe.

The chief centre of interest, however, remains the fast-expanding American market. By going global Van Camp has ensured a year-round supply of raw material for its main packing plant at Long Beach, with a degree of price stability now that it draws on several sources which was never possible so long as fish were being caught only in near-by Pacific waters. In addition, the competition from abroad has resulted in greater harmony and stability in the operations of the company's local fishing fleet. Incidentally, in spite of the expansion overseas, about 50 per cent of all the raw materials processed by the company is still landed by vessels flying the American flag.

SHORTER NOTES

The new US Commissioner of Education is to be Mr Francis Keppel, the dean of Harvard's Graduate School of Education. Mr Keppel is such a catch that, to get him, it is thought that the Administration must have promised to make this thankless post more powerful and more attractive. It pays only \$20,000 a year and the agency is largely a statistical and service one at present, but with more authority the capable Mr Keppel may help to push federal aid for education through Congress and may provide the educational leadership which, in theory, the office dispenses.

* * *

The United States is short of money—at least of cents, nickels, dimes and quarters. They are always scarce during the Christmas shopping season but the spread of sales taxes and vending machines, added to the growth of the population, has made the demand greater than ever. The supply, however, is inelastic; Congress refused the Treasury a supplemental appropriation to increase it, even though coining money is profitable. The Philadelphia mint does a good deal of coining for foreign countries, particularly the new ones in Africa.

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THE WORLD OVERSEAS

An Algerian in Paris

BY OUR SPECIAL CORRESPONDENT

IN preparation for his talks this week in Paris, Mr Khemisti, Algeria's foreign minister, described in Algiers last Saturday his government's attitude towards the Evian agreements. Addressing the national assembly, he went through the rights and the wrongs of the agreements one by one. In brief, they were not found fault with in any substantial way, except that French bases and nuclear installations were held to be "incompatible" with Algerian neutrality.

This was to be expected. Mr Benbella's own ideas about bases were expressed when he went to Cuba and joined Dr Castro in denouncing the American base at Guantánamo. He was later dismayed to find that the jolly Cubans had got themselves stuck with a Russian nuclear base over which they had no control. His immediate reaction was to declare that he would not tolerate nuclear tests in the Sahara. For this he can hardly be blamed. The one useful moral issue on which all neutral countries combine is their abhorrence of nuclear warfare; and since the Cuban debacle their sense of righteousness has grown. Algeria would now be counted as seriously letting the side down if it lent itself to nuclear explosions. The French cannot be unaware of this; and they do have alternative testing sites in preparation in the Pacific and Indian oceans.

The question of bases—the great Mers-el-Kebir naval base and its satellites—is more provocative, for it touches French national interests on the raw. It may be that the Algerians, having flashed their disapproval, will not press the issue too hotly—not so long, at least, as the Americans retain Guantánamo. To agitate now would certainly be injudicious. Mr Khemisti goes to Paris on behalf of a near-ruined country which is more—not less—in need of French assistance than it was when the Evian accords were made a few months back.

Both he and Mr Benbella have rather ambiguously said that the Evian agreements must be made "to conform to reality." Yet, what is reality when applied to them? The reality from the French point of view is that much that warranted these agreements has already gone by the board. France's huge financial commitment—£200 million a year for technical aid and development over the next three years—was intended in part to cushion Algeria's one million Europeans against the onrush of revolutionary socialism. Now three-quarters of that million are gone. The French nationals in Algeria today number only a few hundred more than those to be found in Morocco. Morocco gets only a tenth of the aid promised to Algeria.

CONVERSELY, the Algerians are confronted with an unforeseen physical reality: the departure of the Europeans has left them with much more leeway for pressing on with socialism. Two million acres of the best agricultural land have been abandoned. So have some hundreds of factories. The Algerian government has already frozen these assets and put them in the care of "workers' committees." In theory the measures are provisional. In practice it is hard to imagine that there will be any going back from these

first stealthy steps towards state control—not, at least, where they touch on the land.

It is therefore France, not Algeria, that must think again about Evian. For the French are now virtually asked to help in advancing the social revolution that they formerly hoped to retard. This, perhaps, is not out of the question. For a western power to support honest socialism in Africa might prove to be more rewarding than shoring up sheikhs in Arabia, as Britain still has to do. What France is concerned to know is how far and how fast this revolution is going, and what prospects it offers to the 200,000 Europeans who have stayed in Algeria.

In a statement to the press last week, Mr Benbella tried to answer their questions by outlining his socialist programme. Large agricultural properties will not be parcelled out among the peasants. Instead they will be run by the state, the peasants to be housed upon them and to work for wages. The government will take over some marketing. Mines and power are to be nationalised with the large exception of Sahara oil and gas, which will remain, as decided at Evian, in the hands of their European companies and worked on a fifty-fifty basis. The government will part-own some industries, but a large private sector will remain. On the face of it, Europeans will be debarred from the land but will be welcomed in commerce and industry. This would be reassuring if there were any certainty that what Mr Benbella says today will apply tomorrow, and that he can carry his quite sensible programme out.

UNHAPPILY nothing is certain today in Algeria. The most real of all its realities is that it is still nearly prostrate from the terrible blows that were dealt it by the Secret Army Organisation (OAS), the flight of key Europeans and the anarchy that prevailed when the Algerian leaders quarrelled. In spite of the return now of 12,000 teachers from France, the hasty recruitment of some thousands of new French technicians and the fact that France, since July, has been meeting all the bills for Algeria's general maintenance (about £700,000 a day), recovery is nowhere in sight. As one of the few civic centres where normality has been restored, Algiers is an ivory tower from which remote ministers issue their doctrinaire statements to a populace dazed by unemployment and hunger. In most other parts of the country—except possibly Kabylia, habitually self-reliant—public services barely function. With the tax machinery broken down, taxes have simply been going uncollected. Many people in Oran and the west are on the verge of starvation. There is little national cohesion. As a nation-wide binding force the National Liberation Front has all but melted away. The government has far to go before it can even be said to be in control of the country, let alone in a position to get socialist enterprises going.

All the more reason for hoping that Mr Khemisti in Paris will put his case wisely and well. In the long run other countries may take part in Algeria's regeneration. But at present there is a vacuum, which Mr Benbella has admitted could be "difficult to fill" should Algeria's "close ties" with France not be maintained.

Delhi at Wit's End

FROM OUR CORRESPONDENT IN INDIA



▲ Mr Chavan (defence minister) with Mr Harriman

WHAT would you do if . . . ? Mr Nehru has not been envied this week, sitting in his chair and facing the appalling decision: How to respond to the Chinese cease-fire statement? New Delhi's initial reaction had been easy and sensible: to take grateful advantage of the cease-fire to seek clarifications and to send no official answer at all. But as December 1st, the scheduled date for the beginning of the Chinese withdrawal, drew nearer the future course of action had to be fixed. The Chinese had unilaterally ceased fire, but they were under no obligation to carry out a unilateral withdrawal. According to the precise wording of the Chinese statement of November 21st, even if India did not make any positive response, China would "take the initiative to carry out" its measures. How far did that initiative extend? The Chinese had also threatened to start fighting again if Indian troops advanced to the "line of actual control." Suppose they did withdraw, were Indian troops to take the risk of pushing forward or not; and if so, how far?

As the days went by, a qualified rejection looked probable. Indian spokesmen stuck to Mr Nehru's snap response that India adhered to its plan for the restoration of the position obtaining before September 8th, and elaborated New Delhi's objections to the Chinese line of actual control of November 7, 1959. They maintained that the Chinese, by claiming that the line in Ladakh "coincided in the main with the traditional and customary line," were in fact pushing it miles ahead of what they actually held three years ago, and even ahead of what they held before their attack in October. The Indians also objected strongly to the Chinese statement that while the troops withdrew 20 kilometres from the line of control, "civil police" checkpoints would be set up in the demilitarised zone on the Chinese side of the line. Just what are civil police?

Yet while high-powered missions flew abroad to explain India's objections to the Chinese plan to the non-aligned countries of Africa and Asia, all but the most bellicose knew that the decision was indeed an appalling one. To seek a renewal of the fighting is to risk, at worst, general war in a country whose civil population has not the faintest conception of what modern war means. Maybe this is only remotely probable. Unofficially, New Delhi is working on the theory that Chinese aims are limited to Ladakh—though no one has yet explained why China should have launched a

▼ British aid on the way



minor war to force legal recognition of what it already held perfectly comfortably anyway. But, at best, renewed fighting now must almost certainly mean renewed defeats. New Delhi might declare boldly that the Chinese could not dictate victor's terms. But the fact remains—and it has sunk in during the cease-fire lull—that they have won a smashing victory. A helicopter located and retrieved the divisional commander, wandering with his staff like Brutus at Philippi, who a few days earlier had confidently told correspondents, who were enquiring about the danger that the Se La Pass might be outflanked, that the Chinese could not come through the Himalayas as if they were on a paved road. But thousands of his men were still lost in the jungles and ravines. Most of the limited artillery that the Indians had in the North East Frontier Agency (NEFA) is now in Chinese hands. Even after a renewed build-up, Assam remains strategically indefensible. And there is no guarantee that the Chinese would be so forbearing a second time. Even now their army commanders may be feeling like the paratroops ordered out of the Suez Canal zone in 1956.

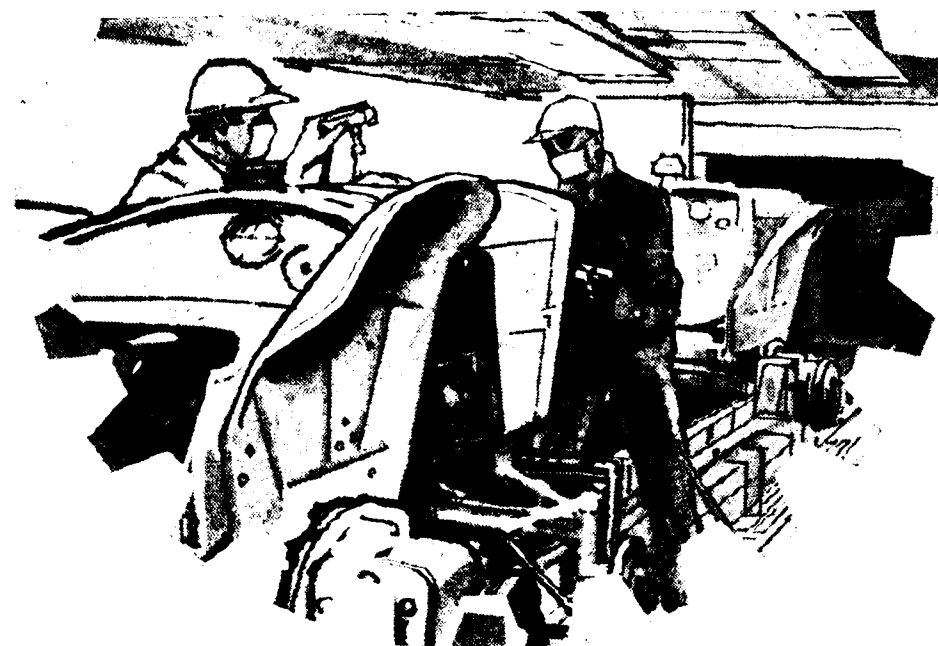
Obviously war, whether general or even limited, would be tragic for India; it might also be disastrous. But what alternative is less dangerous? Here Mr Nehru has to consider two issues: India's future and his own. The latter is not just a question of personal ambition or pride. If New Delhi were to decide that India's long-term interests demanded peace even at a price, Mr Nehru is the only man who could hope to carry the country with him on this policy; and even he would need enormous skill to do it. At this moment he would fail; and with him, parliamentary democracy might also fail. Any calculation of a "realistic" answer to the Chinese must take this into account. Explicitly to accept the Chinese offer right now would not be realistic. In the present state of opinion it would be both meaningless and hazardous. In the longer term, can India afford to leave the Chinese in possession of their claims in Ladakh? So long as the Chinese are out of NEFA the military answer is that they can. The political answer is much less sure.

New Delhi is therefore in a real dilemma, or rather two dilemmas: what to do, and how to do it. And if, as now seems probable, it intends to be tough, the Chinese have a still more devastating peace bomb in their armoury. Suppose they turn round now, blandly accept India's proposal of a return to the position before September 8th, and add: "Now let us talk"? This might solve the puzzle of how to do it, but only if New Delhi could bring itself to accept that the way out of the first dilemma is to seek peace; and that is the difficulty.

France's New Outlook

FROM OUR PARIS CORRESPONDENT

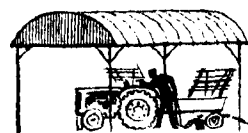
LAST Sunday's parliamentary elections in France confirmed and amplified the verdict of the first ballot on the preceding Sunday, November 18th. First among victims of the massacre comes the traditional French Right, now swallowed up by the neo-gaullist UNR. The traditional conservative party (the Independents) has almost vanished from the new Assembly. A score of its deputies survived the storm under the protection of the gaullist coupon. Headed by the general's ministers, and notably by M. Valéry Giscard d'Estaing, they are now busy regrouping under the new title of Independent Republicans. As for the non-gaullist Independents, the second party in the previous Assembly, they do not now have the thirty seats necessary to form a parliamentary group. The Catholic MRP, the second victim of the poll, has only just gained the required number of deputies. Swollen by this transfer of seats, the neo-gaullist UNR is only some eight seats short of the 242 needed for an absolute majority. Together with



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the Independent Republicans and a few other deputies elected on the gaullist ticket, it will command a comfortable majority. General de Gaulle, who never did bother very much about parliament, will not need to bother at all.

The fact that the UNR, on its own, did not succeed in getting some 300 seats is the result of what may have been the most significant feature of the second ballot: the surprising success of the left-wing alliances. This relative success on the left is surprising because, after 15 years of bitter struggle between them, the Communists and Socialists did not enter into an open alliance, but merely improvised an electoral pact. The Communists made the deal in public, and wholeheartedly; the Socialists accepted it with reluctance and shamefacedly. M. Jules Moch, in Hérault, was the only Socialist to speak at a Communist electoral meeting. And yet in most constituencies where only a single left-wing candidate faced the gaullist candidate in the second ballot, this candidate usually polled the bulk of the votes that had been cast in the first ballot for the Communist, Socialist and sometimes Radical candidates together. True, when the candidate was a Communist, the second total, as a rule, did not quite equal the first. But to understand what a revolution this change represents, it is enough to recall that when a Socialist candidate stood down between ballots in 1958 the bulk of his votes usually went to the UNR. The immediate effect of last week's improvised Popular Front was to double the (admittedly modest) number of left-wing deputies in the Assembly. More significant is that the Communists have ceased to be the untouchables of the French political game.

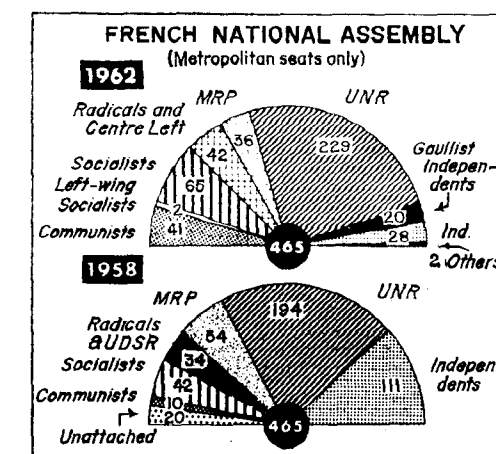
THE Communist-Socialist alliance did not, however, reserve the electoral trend. General de Gaulle has won the obedient Assembly of his choice. M. Pompidou succeeds himself, and will continue to carry out the general's orders with a reshuffled team. The government is assured of a comfortable majority. Such Gaullist policies as like the national nuclear force and the *Europe des patries* have nothing to fear from the opposition. The importance of the change, however, should not be exaggerated. Throughout the life of the Fifth Republic, General de Gaulle has not been induced to change a single major plan by any fear of parliamentary opposition. The last Assembly had a potential majority opposed to the general's European and Atlantic views, but that majority never dared to strike. True, had the UNR been defeated in this month's election, the general would have been obliged to find a method of cowing a recalcitrant Assembly. His electoral triumph has spared him this unpleasant task.

For the moment, nothing essential is changed in the Fifth Republic. But the emergence in France of a party with what amounts, practically speaking, to a parliamentary majority, has raised so many conflicting comments that it may be of some use to set this month's startling electoral results in a historical perspective. Much sophisticated argument is being deployed to explain in terms of sociological change the unprecedented success of the UNR, which, on November 18th, polled nearly a third of all the votes cast. The flaw in this argumentation is that the success is not, in fact, unprecedented. Shortly after its creation, the Gaullist Rally obtained about 38 per cent of the poll in the municipal elections of October, 1947. (The actual percentage is debatable: the new party could not then put up candidates in all the small villages and its share was, therefore, calculated on the basis of municipal councils of more than ten thousand inhabitants.) Since the Communists were stronger then than they are now, the parties between the two extremes—for whom the term "third force" was coined at the time—had no more support in the country than their recent heir, the ephemeral *cartel des non*. Unlike the *cartel*, however, they were in power and could dictate the rules of the game. Remaining deaf to all gaullist appeals for a general election, they

waited. By the time the election was held, in 1951, the gaullist wave was half spent. In the general election of 1956 it had vanished. It required the *coup* of May, 1958, to bring it back to life and power.

Other lessons are to be found in this historical parallel. Under the Fourth Republic, elections used to be held in large constituencies of several members and on the principle of proportional representation. (If it had been used on November 18th this system would have given about 150 seats to the UNR and about 100 to the Communists.) But in 1951, to ensure its survival, the third force added a clause, called the *apparentement*. This provided that if a party, or a coalition of parties, obtained more than half the votes in a constituency it pocketed all the seats. Thus, Socialists, Radicals and Catholics could vote each for their own party and yet their votes could be pooled. This was the only possible electoral device to keep together a heterogeneous coalition.

It was idle to expect that when General de Gaulle came to power he would establish rules favouring his opponents. This time, in single member constituencies, the *cartel des non* (grouping Conservatives and Socialists, Catholics and Radicals) was reduced to the awkward alternative of putting up a single candidate, and losing votes, or putting up several, none of whom was



- (1) Seventeen overseas seats are omitted.
- (2) The Gaullist Independents have since gained some adherents from the Independents.

likely to come out on top. It tried both methods with equal lack of success. True, its combined poll in the first ballot was slightly higher than that of the UNR. The cartel, however, was doomed to collapse. M. Mollet, sensing the mood of his troops, announced, in an attempt to prevent a gaullist victory, that the Socialists would in some cases vote for Communists. This was enough to frighten his middle-class partners. In the second ballot, when most people voted against communism or against gaullism, the independents and the MRP were deserted by their troops, while the Socialists and, to a lesser extent, the Radicals were saved by communist support. The third force was squeezed out, while the French voters divided on the whole on classic lines between the Left and the Right.

Under the Third Republic the alternation between right and left functioned through coalitions. The fact that the UNR, on its own, has nearly captured the majority of seats in the Assembly has encouraged suggestions that France is moving towards a British system of politics. But two points must be made at once. One is that the UNR is not an ordinary party. It is a government-backed machine for producing deputies willing to sign a blank cheque for General de Gaulle. Not knowing what the general will do next, it can hardly elaborate a programme (the gaullist deputies elected in 1958 on the platform of French Algeria have learnt this through bitter experience). Since General de Gaulle is no more likely to share power with his own party than with any other, it is far from certain that the UNR can survive him as the Conservative party of France.

But while the UNR lasts it raises the problem of the opposition. The "third force" may regroup in parliament. It knows that under the present rules it has no chance of getting a mandate in

the country. A governmental majority implies, almost requires, the existence of an alternative in opposition. The ease with which millions of Frenchmen have voted on "popular front" lines proves that they have, instinctively, grasped the mechanism. In France, however, as soon as the problem of a balance between left and right is raised, the problem of the place of the Communists in politics is raised too.

The government can, and will, deepen the differences between the Socialists and the Communists by staging a foreign affairs debate. The Socialist leadership is as Atlantic as the Communist party is pro-Soviet. Yet for the next few years the trend, or lack of it, towards a popular front in the country will be more affected by the government's economic and social policy than by foreign policy. The course of the parliamentary battles is predictable. But outside parliament there are many unknown factors. Will the Socialists revert to a systematic anti-communist line? Will the trade unions remain as divided as ever? Through his very success in uniting the French Right, General de Gaulle has made the unity of the Left a central question.

Bonn and the Strauss Question

FROM OUR BONN CORRESPONDENT

DR ADENAUER has spent the week trying, with diminishing public sympathy and growing parliamentary impatience, to reorganise his government. The task had looked rather easier last weekend than it did on Monday morning. On Monday the exigencies of party politics and self-survival, if scarcely of good will, impelled the Chancellor to telephone his congratulations to Herr Franz-Josef Strauss, the controversial defence minister. Herr Strauss has been the coalition cabinet's biggest personal liability since the state, croaking "treason!" lumbered into action against *Der Spiegel* on the night of October 26th, all unbeknown to the minister of justice, who is a Free Democrat. Yet Herr Strauss is also chairman of the Christian Social Union; and the party had emerged from last Sunday's *Landtag* elections with, for the first time, an absolute majority in the Bavarian state parliament, having won 108 of the 204 seats.

Dr Adenauer, who likes to keep things neat and simple—and usually succeeds more than most people—is now caught in a bewilderingly complicated and increasingly unprepossessing domestic political tangle. His own party, the Christian Democratic Union, which holds only 192 of the 499 seats in the Bundestag at Bonn, rules—somewhat desultorily these days—with the indispensable help both of the Bavarian-rooted Christian Social Union, which has 50 seats, and of the Free Democrats, who have 67. The Free Democrats are insisting that they cannot serve in the same cabinet with Herr Strauss, the minister in whom Dr Adenauer's Bavarian allies have just passed a thundering vote of confidence. Nor can Dr Adenauer have been emboldened to disregard the Free Democrats with his customary disdain by learning that 54 per cent of the persons questioned in a recent public opinion poll wanted Herr Strauss to go, and only 31 per cent thought he should stay. (A further 12 per cent could not make up their minds, and an other-worldly 3 per cent had no idea what all the fuss was about.)

The question everybody is asking is whether Herr Strauss may not now obligingly relieve the embarrassment, and rescue the coalition, by resigning voluntarily and unequivocally, the bitterness of the sacrifice assuaged by the well-founded hope of a return to power after a seemly interval. On Tuesday Herr Strauss reaffirmed that he had formally put his portfolio at the Chancellor's disposal, like the rest of the members of the cabinet. But that did not necessarily mean that he and his Bavarian following had renounced great expectations. Nor, at the time of writing, was

Herr Strauss telling what it did mean. Dr Adenauer, it is believed, at first proposed that Herr Strauss should take over the leadership of the Christian Democrats and the Christian Socialists in the Bundestag, and was toying with the idea of giving Herr von Brentano, who is the present parliamentary leader, either the ministry of justice or a new ministry for European affairs. But it was altogether unlikely that the Christian Democrat deputies, for all their record of sheepishness, would accept such a headstrong bellwether as *der Franz-Josef*. Herr Dufhues, the engaging chairman of the Christian Democratic Union, quickly told Dr Adenauer, his co-chairman, that this solution would not do. And, if he means what he says, Herr von Brentano, who was formerly foreign minister, does not want to return to the cabinet.

By Wednesday the west German newspapers were publishing photographs of Herr Strauss with a happier grin on his broad face than had been seen for a long time. One of Herr Strauss's sharper ploys has been to indicate publicly that the Chancellor knew in advance just as much as he himself knew about the pending action against *Der Spiegel*. Dr Adenauer has so far ignored this allegation which implies that if the defence minister should go on account of his responsibility for the *Spiegel* affair, the Chancellor, too, should go. But it has been widely reproduced and noted; and it has aggravated the general dissatisfaction with the Chancellor's shifty muddling and apparent contempt for public opinion. In his radio and television broadcast on November 23rd Dr Adenauer almost wholly ignored the disconcerting issues that were on his audience's mind: his



der Franz-Joseph

own anticipation at question time in the Bundestag, for instance, of a verdict of treason against some of *Der Spiegel's* staff and informants, the weird inter-ministerial contradictions, the rumour that the offending article in the magazine was a fruit of rivalry between two west German intelligence services, or perhaps of intrigue within Nato. He disregarded altogether the widely publicised misgivings of 144 university professors concerning the health of democracy in west Germany. Indeed, Dr Adenauer still does not seem to have grasped what all the excitement is about.

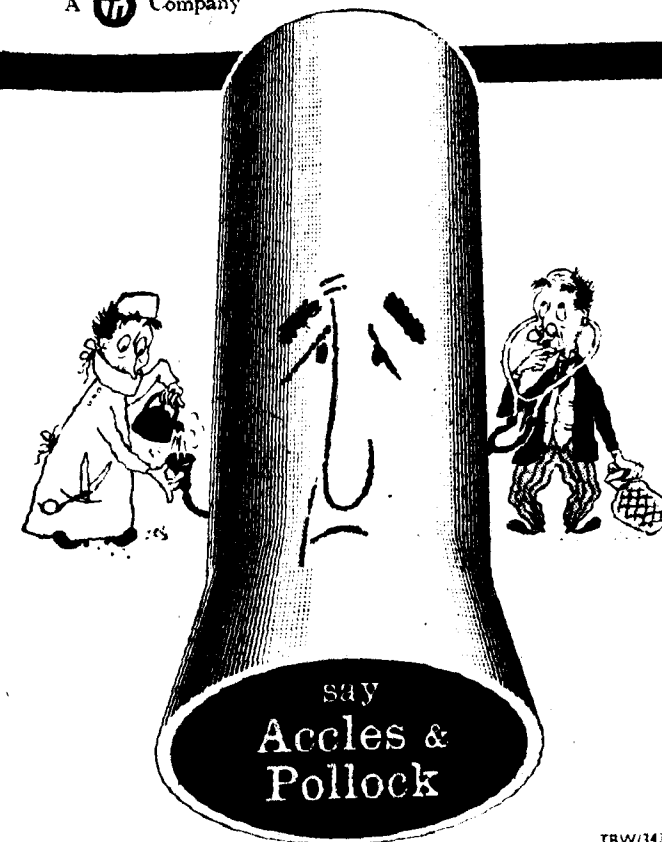
But the old man's complacency does not come from lack of prodding. Once more this week the Christian Democrat leaders openly urged Dr Adenauer to form a new coalition government as quickly as possible, in terms that left him free to negotiate with the Free Democrats and the Social Democrats. They added, in a statement for public consumption, a demand for "stability and continuity," having explained in private that they now expected him to make it clear who should take over the Chancellorship next year, and that the majority would like his successor to be Herr Erhard. At the same time they set up a small committee, including Herr Strauss, to advise Dr Adenauer in making his dispositions. Dr Adenauer will receive no help from the Social Democrats. They, having won an absolute majority in the Hesse state parliament on November 11th, and having increased last Sunday their representation in the Bavarian state parliament from 65 seats to 79, are in no mood to prejudice their record by associating them-

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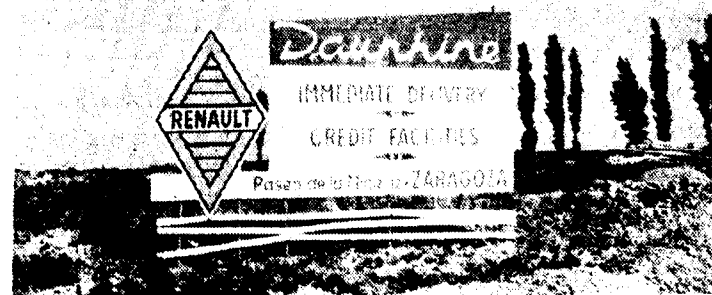
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selves with the last unhappy compromises of the Adenauer era. Dr Adenauer must somehow placate the Free Democrats if his regime is not to end abruptly through the Bundestag withdrawing its confidence in favour of another Chancellor—a prospect that is already being talked and written about.

Rockets in Spain?

FROM OUR SPECIAL CORRESPONDENT

WHEN Mr Zorin told the United Nations Political Committee recently that the United States government had installed secret rocket bases in Spain, he was only making public what many Spaniards have been saying in private for months. More helpful than Mr Zorin, communists and right-wingers alike in three or four Spanish provinces will inform the inquirer, with impressive unanimity, precisely where the American rocket bases are. One,



they say, is near Rosas, at the northern end of the Costa Brava; another is at Elizondo, in the Baztán valley, thirty miles inland from Irún; and the main base is just outside Saragossa. These details are presumably gleaned from the communist "Free Spain" radio or *Mundo Obrero*, for none of one's informants has ever actually seen these rockets, though some of them have a cousin whose nephew's brother-in-law (a bright lad who knows a launching-pad when he sees one) used to mix cement for the Americans.

Neither the Costa Brava, visited annually by several million tourists, nor the valley or Baztán, overrun with rambblers and smugglers, would seem to offer the ideal site for top-secret installations. But Mr Zorin had done his stint, and the free press had to do its. Dutifully, one set out to investigate.

The rocket-sites at both Rosas and Elizondo turned out to be US Air Force radar stations covering the approaches to Saragossa. Their purpose is to identify all aircraft approaching their sector of Spain, and they may call for fighter interception of doubtful aircraft. Two other radar stations, American officers said helpfully, form part of the same mission: one at Inoges, near Saragossa, the other on Mallorca. All are controlled from Saragossa.

Clearly, the Saragossa base was the crucial one. But here, too, the site seemed unsuitable for ballistic skulduggery. The base is overlooked by hills from which a Soviet agent with binoculars might observe everything that occurs in it, from rocketry to adultery. Soviet agents without binoculars need not despair: all they have to do is walk in. For whereas the British and French, in their base-building days, used to enghetto themselves within floodlit barbed-wire entanglements that were at once an insult and a challenge to every indigenous passer-by, the Americans have cut costs and gained goodwill by abstaining from erecting even a single-strand fence. As always, trust is rewarded: there is no pilfering. Shepherds occasionally wander in to conduct their incredulous flocks on a tour of what are probably the greenest lawns in Aragon—"but who cares? It's good for the grass."

The road into the base is guarded by an alert young man armed with a pencil. His office has a board beside it reading, in English and Spanish: "Peace is our profession." Sightseers who don't

speak English are waved in. At the sound of English he reaches for a log-book.

"What outfit you with, brother?"

"I'm a journalist."

"Then I don't have to write you down?"

"I don't think so. Do you know where I might find Captain Brady?"

"Don't ask me, brother. I'm new here. Why don't you just drive in and look around?"

So one drives in and admires the magnificent educational complex (toddlers to freshmen), the housing, the supermarket, the leggy young ladies in the bowling alley, the *filet mignon* in the mess, the compulsory Spanish lessons, the smooth, calm professionalism of it all.

There are 4,000 Americans (including dependents) at Saragossa; 136 families live on the base, 220 in an off-base village and about 670 in town. Salaries to one thousand Spanish civilian employees (36 million pesetas annually), payments to local contractors (another 36 million) and off-base private purchases (180 million) pump nearly five million dollars a year into the economy of Saragossa, but as most of the food eaten on the base is imported, and urban rents are controlled, the cost of living in the city has not been affected: it has in fact risen less than in the rest of Spain since 1958.

Conversation with Spaniards and Americans leaves no doubt that relations between them are harmonious. ("There's never been any trouble here like the limeys have with their Barbarian Army of the Rhine—er, you're not a Scotsman by any chance?") When, last June, the United States army held a "Spanish-American friendship day," 75,000 Saragossans—25 per cent of the total population of the city—took the day off (it was a workday) and made the ten-mile trip out to the base by truck, taxi, bicycle and donkey. American medical and firefighting services respond promptly whenever asked for assistance, and every unit has adopted a local orphanage or charity. The only discordant note is sounded by the small Protestant minority in the population of Saragossa. These Spanish protestants are not allowed to run charities or even to hold public services, but they had hoped for private social contact with their American co-religionists. Yet even the chaplains of the base have cold-shouldered them studiously. Is the interdiction, they ask, imposed by Washington?

The military business of the base—one remembers, guiltily, that this was what one came for—is to be found at the back of the golf club (open to all ranks), just beyond the main service station. One may inspect a gaggle of B-47 bombers (range 4,000 miles). Their crews and machines spend only three weeks in Spain; but during the whole of that time they can be airborne within 15 minutes. The bombers are flanked by one American squadron of F-102 fighters and one Spanish squadron of F-86s. Officially, to save General Franco's ex-nationalist face, this is a Spanish base and the Stars and Stripes is never flown; the ten-year agreement granting America military facilities in Spain expires in September, 1963, but both governments favour its renewal.

No rockets are visible. Admittedly, at the press of a button, the greens on the golf course may well hinge open to reveal ICBMs, though it is hard to imagine the golf-club committee standing for that. Back in Saragossa, Don J, an old-school falangist, laid out on his deck a crude sketch-map of the base showing a sinister pattern of launching-sites, each one with the right layout of feeder roads and service buildings. Reproduced in *The Economist*, it would provoke an international crisis. On reflection, one realised that the launching-pads were, in fact, car-parks. "But do ordinary American troops really have so many cars?" asked Don J. Indeed they do—and, scandalously, most of their cars are Opels and Volkswagens. British car exporters appear to know as little about America's Spanish bases as Mr Zorin. . . . But that is another story.

HOME REPORT

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



Wards into Workshops

FROM OUR
SPECIAL
CORRESPONDENT

EVERY year, on the average, about 2,000 patients who have been in mental hospitals for five years or longer are discharged back into the community. How do they fare when they have to pick up the threads of independence again, with the security of the hospital left behind?

If they can keep a job half the battle will have been won, and it is in order to restore a patient's capacity to work that many mental hospitals have in recent years been starting what is called industrial therapy. This is to be distinguished from occupational therapy, which involves carpentry, making felt animals, tea cosies, rugs, basket work, and so on, under the direction of enthusiastic young women in starched green overalls. Patients on industrial therapy may make soft toys too—there is a mental hospital near London which has a regular contract to turn out dozens of nylon teddy bears a week, stuffing them, sewing them up and firmly fixing in the eyes. But these teddy bears are made for an outside firm with an established home and export market. They are not exhibited for chance sales on the hospital's "open day."

Occupational therapy still has an important place in a mental hospital's regime. Nowadays, when an increasing number of patients come in for six weeks or less, it helps to fill the long hospital day and to overcome their social isolation. But these short-stay patients will not usually have lost the habit of work by the time they are well enough to be discharged. It is the long-term patients, who have had their whole lives organised by the hospital for years, often indeed for all their adult life, that benefit most from industrial therapy.

More and more mental hospitals (about two-thirds of them today, compared with 1 per cent in 1957) are now turning wards into workshops by starting industrial therapy units, and the regional boards for industry are encouraging local firms to place contracts with them. One advantage, for the firms themselves, is that they can get a lot of simple, repetitive jobs done that their own workers, particularly if skilled or semi-skilled, may object to or find boring. For instance, a mental hospital has had a contract for painting the

stitches on gloves, a finicky job, which a glovemaker is only too glad to shed. The advantage for the patients is that they are working in something like factory conditions, sometimes even clocking in, and are earning up to £2 a week.

For a variety of reasons a patient's earnings are not allowed to rise above this figure. Below it he can retain his sickness benefit, and he also avoids the obligation to pay national insurance contributions, a tiresome complication when potential earnings may fluctuate about the £2 level from week to week. Another reason is that it is important to ensure that a patient does not find himself worse off on discharge. To begin with at least, many patients will not earn very much outside the hospital, and they will have to find their own board and lodging; if they were to make, say, £3 to £4 all found in the hospital, they might prefer to stay there. But the work is done on piece rates, and the firms placing the contracts pay the hospital the rate for the job. The earnings limit thus means that the hospital accumulates a surplus fund. The Ministry of Health takes 10 per cent of the value of all contracts as a contribution towards overheads, and the balance is used on such things as additional equipment for the workshops and amenities, and to have a fund to supplement the earnings of patients who, because of illness or lack of suitable work, make very little in any particular week.

There is, of course, no limit on earnings when patients take up a regular job outside the hospital, returning to the hospital each night and paying for their board and lodging. That is usually the last stage in rehabilitation. Bristol has an intermediate stage. Associated with the mental hospitals in the area is the Industrial Therapy Organisation (Bristol) Ltd. It has its own factory, where patients do jobs like assembling ball pens before moving on to work in an ordinary factory, a "sheltered workshop" for patients whose disability prevents them from working in ordinary conditions, and a direct trading component in the form of a car washing unit. Another experiment has been tried for about a year in the Birmingham region. Here, at St Wulstan's, Malvern, a wartime American psychiatric hospital has been turned into an industrial therapy unit for, at present, about 200 patients selected from all the mental hospitals of the region. Every patient has been in hospital for at least two years, some perhaps for fifteen years or more, one continuously for thirty-four. The hospital's patients are, in fact, drawn from what is still the most distressing sight in a mental hospital—the hard core of chronic cases, indifferent, inert and intangible. But the contrast between the new arrivals, who are started off on extremely simple tasks like sorting needles, and those who have been regularly working for several weeks is marked.

THE advantage of a central unit like the one at Malvern is that the whole hospital can be geared to industrial therapy whereas in an ordinary mental hospital it may have to be fitted in to the general organisation. Thus, clinical treatment can be arranged outside working hours, and non-working hours can be, and at Malvern as a matter of policy are, as unregimented and informal as in ordinary life—even tidy beds and cubicles are not insisted on.

A difficulty is that a special hospital like this is dependent for its very existence on a steady supply of contract work from outside firms. Most hospitals could, in fact, do with more, and more varied, work; the ones that come off best seem to be those on the fringe of big cities with a lot of light industry round about. If the work is to be had, industrial therapy is likely to expand; the labour is there and the premises, and charge nurses can be turned into supervisors. Bexley Hospital, near London, has stepped up the value of its contract work from about £33 a head a year to over £50—and the taxpayer is saved 11s. 6d. a week on each working patient's pocket money. Last year the value of the goods and services supplied by the able-bodied labour available in English prisons was £44 a head. Need one point the moral?

Inter-Irish Co-operation

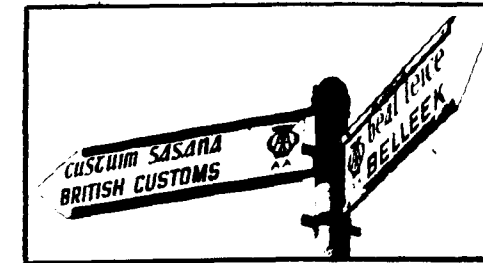
FROM A CORRESPONDENT IN BELFAST

IN Belfast just over a month ago the Home Secretary—his department is responsible for Northern Ireland affairs—said he thought the Stormont government should make contact with the government of the Irish Republic and see how far they could both co-operate in the interests of the economic development of the whole island. Mr Brooke was obviously influenced by the decision of the government in Dublin to reduce or abolish tariffs on a number of Northern Irish products exported to the Republic. But politicians, both Unionist and Labour, in Northern Ireland have taken little notice of Mr Brooke's advice. Some have interpreted his remarks as an attempt to "sell-out" Northern Ireland's constitutional position and tie the province economically to Republican Ireland, although he made it quite clear that he thought Ulster's economic relations with the rest of Ireland could be improved without endangering the "constitutional position."

Most Unionists are suspicious of any moves to bring the economies of Northern Ireland and of the Republic into closer contact with each other. Government leaders like Mr Brian Faulkner of the Ministry of Home Affairs (the Ulster Home Office) and his predecessor Colonel (now Judge) W. W. B. Topping have argued that economic integration with the South would hinder rather than help the economy of the North. Three years ago when Mr Lemass, prime minister of the Republic, put forward a plan for an all-Ireland free trade area Lord Brookeborough, his northern counterpart, rejected it. He did later say that he had no objection to private concerns making arrangements with the Republic but trade would not, so far as he was concerned, be talked about at government level.

Under Mr Lemass's proposed arrangement goods manufactured in Northern Ireland but not those of British origin would be allowed into the Republic duty free. This discrimination against British goods was another reason for Lord Brookeborough's rejection of the plan. However attractive the offer may have looked to manufacturers and traders in Northern Ireland the government feared it contained political implications not to their advantage.

WITHIN the past month, however, there have been slight signs of a change in Unionist outlook. Capt. L. P. S. Orr, who represents South Down in the Westminster Parliament, said in the course of an Ulster Television programme on November 10th that he was in favour of more economic co-operation. A few days earlier Mr Harry West, Northern Ireland's Minister of Agriculture, announced that he would be planting an experimental 200 acres of sugar



beet which would be processed by the state-sponsored sugar company in the Republic. The agreement in this case has been made at government level between Mr West and General Costello, chairman of the sugar company; the company has also recently concluded a fantastically complex agreement whereby the British Government, to exclude non-Commonwealth sugar from British markets, appears to be subsidising it to a hefty tune each year.

Irish farmers, of course, are inclined to ignore the border when it comes to their economic interests. Ulster's stock farmers depend on the cross-border trade in young beef cattle which, after a short stay in Ulster, qualify for British subsidies. The strict anti-tuberculosis regulations now in force in Northern Ireland have set this trade back a little: but the Republic is fast declaring tracts of land to be free from the disease. Cross-border cattle imports are worth some £10 million a year, nearly half of all Northern Ireland's imports from the south. Last summer the Ulster Farmers' Union and the National Farmers' Association in the Republic, anticipating similar problems if both parts of the country join the European Economic Community, formed a joint consultative committee which meets alternately in Belfast and in Dublin.

Water also provides a common interest as well as a border. For upwards of 12 years both governments have been running as a joint responsibility the fisheries at Lough Foyle, between County Donegal in the

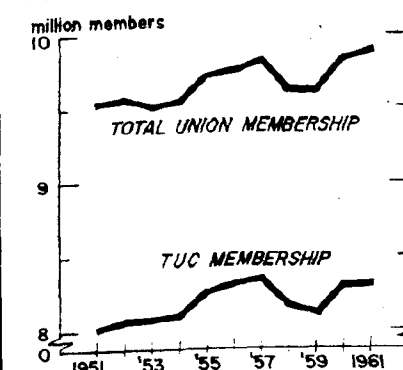
Republic and County Derry in Northern Ireland. The Foyle Fisheries Commission reports annually to both parliaments on the same day and its chairman and secretary rotate annually so that both governments take turns at being represented in these positions. The drainage of the Erne Valley and the building of the southern Electricity Supply Board's power station at Cathleen Falls near where the Erne flows into Donegal Bay was made possible some twelve years ago by the co-operation of the two governments.

ON the lower administrative level of schools and the fire service, there is also cross-border co-operation. Many children cross the border daily from the Republic into Northern Ireland or the other way to save the trouble and expense of having to travel many miles to the nearest school provided by their own authorities. Police and customs officers on the border work together more closely than they admit.

Those who believe that there is a future in the extension of Irish economic co-operation say that the first step should be the setting up of an inter-government commission to examine how far such co-operation could be carried. Obvious opportunities for co-operation lie in the development of tourism as an all-Ireland industry and in the investigation of foreign markets for Irish agricultural produce. (This may be one of the things the farmers' consultative committee studies.) There is scope for an all-Ireland system of transport and for joint government enterprise in an undeveloped industry like fishing or in creating a power grid that would serve both parts of the country more economically than the present two systems. All this could be done without endangering the "constitutional position" of Northern Ireland. After all the 1920 Government of Ireland Act emphasised that North and South would be both responsible for safeguarding the railways, then privately owned, and provided for a Council of Ireland which would bring both governments together on matters of mutual concern.

TRADE UNION MEMBERSHIP

In the United Kingdom

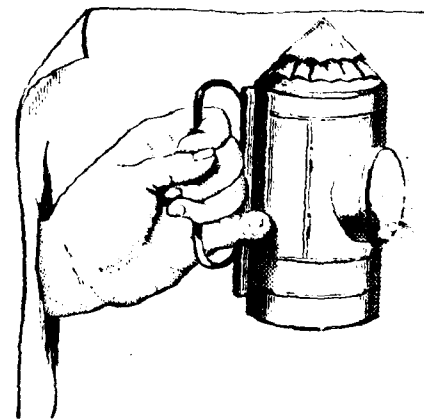


THE BIG UNIONS

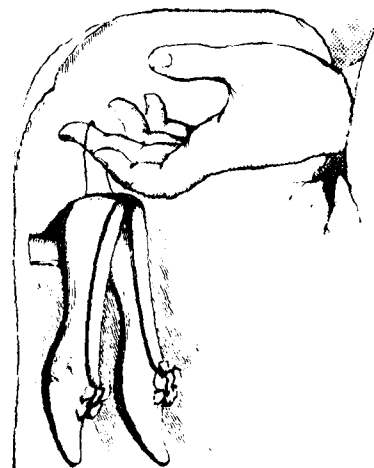
Membership (end 1961)	('000)
Transport and General Workers	1,318
Amalgamated Engineering	982
General Municipal Workers	786
Mineworkers	545
Shop, Distributive and Allied Workers ..	351
Railwaymen (NUR)	308
National and Local Government Officers (NALGO)*	285
Electrical Trades Union	253
Teachers (NUT)*	245

*Not affiliated to the TUC.

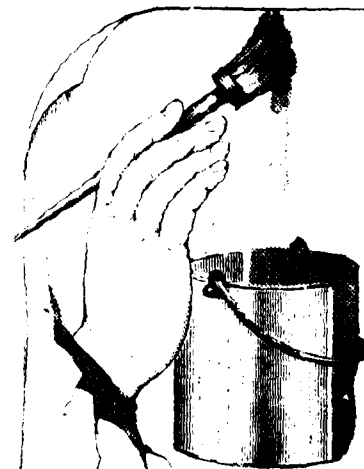
Just over one out of every two wage or salary-earners in Britain belongs to a trade union, but only one out of every four women. At the end of last year, the TUC unions numbered only 182 out of the total of 635. TUC membership made up 84 per cent of the total.



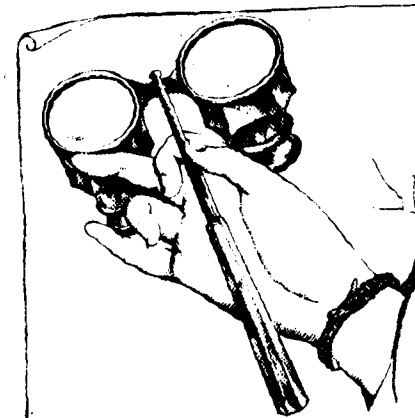
ARE YOU A SEEKER?



OR A FINDER?



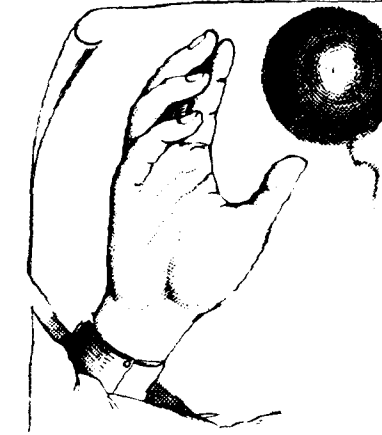
DO YOU PAINT THINGS?



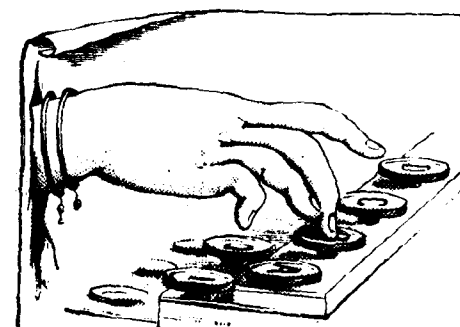
OR JUST PEER AT THINGS?



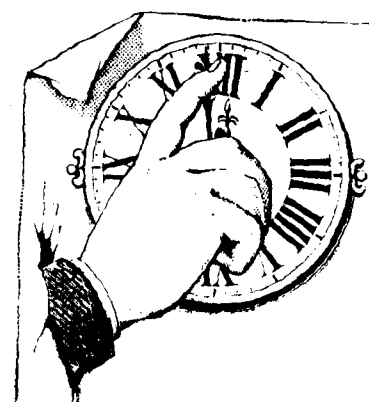
BLOW YOUR OWN TRUMPET?



ENJOY THROWING BOMBS?



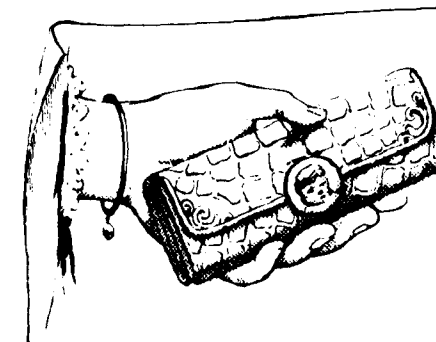
PREFER THE COMMON TOUCH?



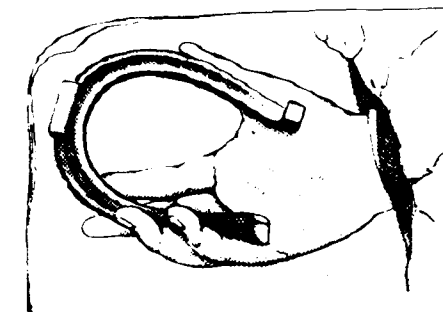
-SOONER OR LATER



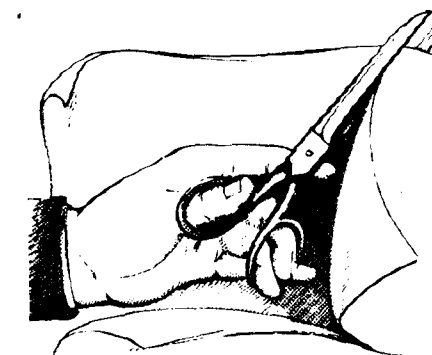
THE IDEA WILL COME



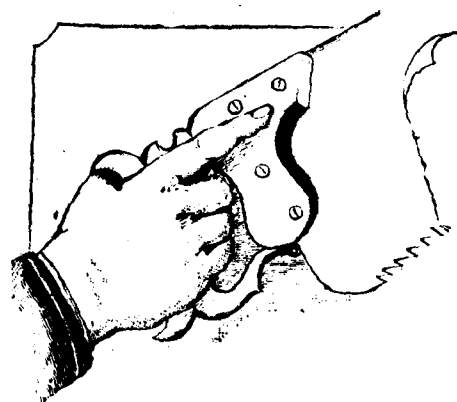
(HOW PROFITABLE!)



(& HOW FORTUNATE!)



TO CUT THROUGH



ALL OBSTACLES AND



HAMMER YOUR WAY



BY HOOK



OR BY CROOK—TO

GKN: The most worth-watching organisation in the world when it comes to capital equipment (induction heating, welding, oil refinery, petro-chemical, chemical, food processing, general heat exchange, mining and steel-making plant); tools (machine and hand); components (forgings, castings, pressings, assemblies, wire products); materials (iron, steel, non-ferrous metals and refractories in practically any form); and fastenings (the world's largest range for everything any industry can turn a hand to).

GKN FIND OUT

Guest, Keen & Nettletons, Ltd., Head Office, London Works, Smethwick 40, Staffs.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Farm Follies

SIR—In your article of November 17th you infer that horticulture is heavily subsidised. That is, of course, quite incorrect; horticulture is only marginally subsidised. You go on to be somewhat scathing about massive protection. Such protection as exists for horticulture is, in fact, far less massive than that applied to a great many sections of industry in this country.

I doubt whether you would find even one objective cynic who would support the reason that you have given for not wanting a real research organisation. The fact of the matter is that the National Farmers Union's proposals do afford an opportunity for development, both of markets and marketing. It is also a fact that the union itself was the principal sponsor of marketing research with the studies it made of apple and pear marketing and of tomato marketing, and it was, too, the sponsor of intensive investigation into markets on the Continent. The truth is that marketing development in an era of changing conditions inevitably is more likely to come from producers. Even the most superficial examination of marketing development that has taken place, in, for example, the realm of home-grown apple marketing, should prove this point.

It is, nevertheless, highly desirable that in this changing pattern of marketing the developments that are taking place should be fully appreciated by the other sections of the industry, and therefore there is great value in the consultative organisation which has now been established between the three

sections—producers, wholesalers and retailers.

For my own part, I firmly believe in the union's four main proposals:—

- (1) The undertaking of an overall examination into our horticultural markets and their future requirements, as a matter of urgency.
- (2) The establishment of grower groups capable of producing in larger quantities a standardised product and supplying that product where it is needed.
- (3) The establishment under the Industrial Organisation and Development Act, 1947, of an organisation which can undertake publicity for British produce as a minimum service, and can as a maximum service perform many other useful marketing functions.
- (4) The establishment, already effected, of a consultative and co-ordinating body for the bringing together of the three sections of an industry that deals with some £160 million a year farm gate turnover.

These four proposals, which in their formulation have taken into account an intensive study of what is happening in Europe, represent in fact a realistic opportunity for development in the marketing of a series of products which because of their very nature have presented great problems for many years.—Yours faithfully, E. H. GARDENER

Chairman, Central Horticultural
London, SW1 Committee, NFU

[It is good to know that Mr Gardener wishes, in these ways, to improve the efficiency of the garden produce industry. It is a shame that, by refusing to support the Horticultural Marketing Council, market gardeners, wholesalers and retailers have shown their unwillingness to do so. This is what *The Economist* said on November 17th.]

"golden heart" of the new Exeter.—Yours faithfully, W. G. HOSKINS
All Souls College, Oxford

Net Book Agreement

SIR—Your correspondent, in his zeal to oppose the Net Book Agreement has overlooked one factor: the reluctance of book-sellers to have constant arguments about prices added to an already over-long working day. If the Net Book Agreement was abolished many of us would leave the trade and advise friends and their children to stay away from it. There is, after all, a human factor in bookselling to be considered.—Yours faithfully, GERTI KVERGIC
London, WC2

Points

YOUR proposal (November 24th) that post secondary education should be a function of the Greater London Authority is a point which the Liberals have tried to persuade

the Government to adopt for some time. If this and similar amendments were made it would be possible for many of the proposed new boroughs to be less vast with considerable advantage both to councillors and electors. I am surprised that you refrained from commenting on the timidity of the Government for failing to abolish the aldermanic system root and branch, and for its unwelcome proposal to end annual elections for the boroughs. Annual elections contribute a great deal to civic consciousness. PETER H. BILLENNESS, Vice-Chairman, Liberal Party Local Government Committee.

THE refusal of Her Majesty's Government to appoint an ombudsman or alternatively to set up a parliamentary body, in order to deal with individual grievances which sometimes arise as the result of quasi-judicial decisions is disappointing. The Government cannot reasonably aver on the one hand that the citizen has the right of access to his MP and on the other hand block this "right of way" with the overloaded legislative machine. This society's experience is that some MPs may sometimes not be quite so vigilant as other members. If it is held that an ombudsman would not fit easily within our constitution, then an alternative should be found. Reform is needed, as much for the sake of MPs, officials and civil servants, as for the individual.—LILIAN HARDERN, Society for Individual Freedom, London, W1

I RECEIVE several hundred letters, invoices, delivery notes and statements a month. Most letters from business firms are typed on quarto paper (10 in by 8 in), 6mo, 8vo, and some A4 (11½ in by 8½ in). Invoices vary from 5 in by 5 in to 13 in by 16 in. Statements and delivery notes vary almost as much. If only all these could be standardised at A4 size as is the case in nearly all countries in Europe, or even at 10 in by 8 in, the amount of paper used might increase slightly, but the savings in man (and woman) hours would amount to millions of hours a year. CHRISTOPHER FOSS, London, W1

HUNDREDS of millions of pounds are spent in developing arms in order to achieve military superiority over potential enemies. If such superiority, obtained at so great a cost, is nullified by confidential information being handed over to our rivals, it follows that this expenditure is to a large extent wasted. The costs of the first class of security are so high that parsimony regarding the second is foolish in the extreme. With a Security Service independent of other departments, and using every known checking device, espionage can be prevented. By comparison, what was said by this or that individual in connection with the Vassall case, is a triviality of negligible importance. H. A. WILLIAMSON, Lymington, Hants.

PLEASE do not prune this letter. TYRRELL BURGESS, London, SW10

BOOKS

Radicalism and Rationalism

(The first of these two books has been reviewed by a member of the Labour party; the second by an active worker for the Liberals.)

Radical Alternative: Studies in Liberalism by the Oxford Liberal Group

Edited by George Watson.

Eyre and Spottiswoode. 194 pages. 21s.

The New Radicalism

By Bryan Magee.

Secker and Warburg. 238 pages. 25s.

OXFORD UNIVERSITY has so often and so unfairly been described as the home of lost causes that the publication of this volume of essays is bound to excite an unusually topical degree of curiosity. Have we here the herald of a new and glorious daybreak or merely a false dawn? Could these essays, in terms of intellectual content and hard political dividends, achieve for the Liberal party what the Fabian Essays and Mr Butler's charters accomplished for the Labour and Conservative parties?

Like the output of other political intelligentsia, this work cannot be viewed on the basis of academic standards alone; it must be evaluated in terms of the political movement whose philosophy it claims to express. The test is of course not an easy one. Some readers may query how far these are six valuable but essentially separate dissertations, or whether there is a genuinely unifying theme running through them. If the authors come back claiming that modern liberalism is basically a method rather than a corpus of ideology, then an even more difficult and topical question arises: how far the methodology and principles of liberalism are already the property of the two major parties?

For the reader who seeks an answer to the questions "Has the Liberal party a future?" and "What are the obstacles to its progress?" this is, even by token of its very omissions, a useful book. Both Mr McCallum in his introduction, and Mr Bonham Carter, one of the contributors, in effect take issue with the established parties because they are the mouthpieces of the past—outmoded social traditions or groupings. They fail, to this reviewer's mind, to point the alternative; after all, Gladstonian Liberalism atrophied not through loss of dogma—Liberalism had some fine thinkers in the 1920s—but through erosion of its social base in the working and business classes. Conversely, a Democratic Party continues to thrive in the United States precisely because it has its own social basis. If only one of the contributors had tried to

spell out the implications, in terms of political philosophy, of the Orpington "Révolution des clercs".

On its own, each essay has much to commend it. Mr Bonham Carter argues cogently for a reform of Parliament, to make British democracy more real. Mr Wiles prefers an individualist to a collectivist reply to the communist cold-war economy, but gives comfort to the left by in fact taking Labour's position on, say, Pilkington, the press and advertising. Mr Eltis's "Growth without Inflation" would certainly command the support of Sir Robert Shone and Mr Crosland. It might even please Mr Maudling and Mr Cousins. Many Labour educationists would agree with Mr Peterson's plea for more resources for education and a change in accepted patterns. The sentiments of Mr Ian E. Bush's "Policy for Science," if a trifle shrill, would no doubt be echoed by most members of that crusading but Establishment body, the Parliamentary and Scientific Committee. Lastly, Mr Deighton, in "The World Setting," makes a powerful political case for Britain's membership of the common market, which has a special relevance in the light of current tension between Russia and America.

To return: do these useful studies add up to a unified case for Liberalism? How far do the Liberals suffer both from being all things to all men, or having their (best) clothes, as in a previous century, stolen by the other parties? Time will provide an answer; meanwhile, each reader must judge for himself.

SIR ISAIAH BERLIN once spoke, in reference to another public figure, of the "dark instinctive rationalism of the blood"; it might have been Mr Magee. He holds passionately, on any issue you care to name, a considered moderate position. He must be the most dogmatic of all reasonable men.

Mr Magee was recently a Labour candidate, and has come to dislike very intensely his party's left wing. His object is to convert the Labour party into Liberals, thus crushing the Liberals. His views seem to differ at no point except this one from those of Mr Grimond. Not surprisingly, then, he refers to the Liberal party just three times, and only *en passant*—no doubt the very mention of the word gives him some discomfort. So he states his position as if it were only his own, and concentrates his fire on everyone else.

This book is a brilliant pamphlet. Particularly admirable is the ideological consistency of the whole, the constant and successful appeal to a few clearly stated

first principles. The key is the supremacy of reason, from which it can be inferred, for instance, that we must scrap the tyranny of words, which have no existence independent of our use of them (so do not be flummoxed if a party colleague tells you you are not socialist, or left); that you cannot arrive at truth or progress without criticism, therefore you must have democracy (which becomes *ipso facto* more important than nationalisation, and more efficient than communism); you can not validly refute other people's value judgments (so ITV and advertising are all right if people like them). A philosopher (Kebble, Greats) by training, Mr Magee puts himself squarely in the tradition of Socrates, Hume, Voltaire, Bertrand Russell and above all Karl Popper: all people who inferred from the same belief in reason the same brand of heuristic, humanistic radicalism.

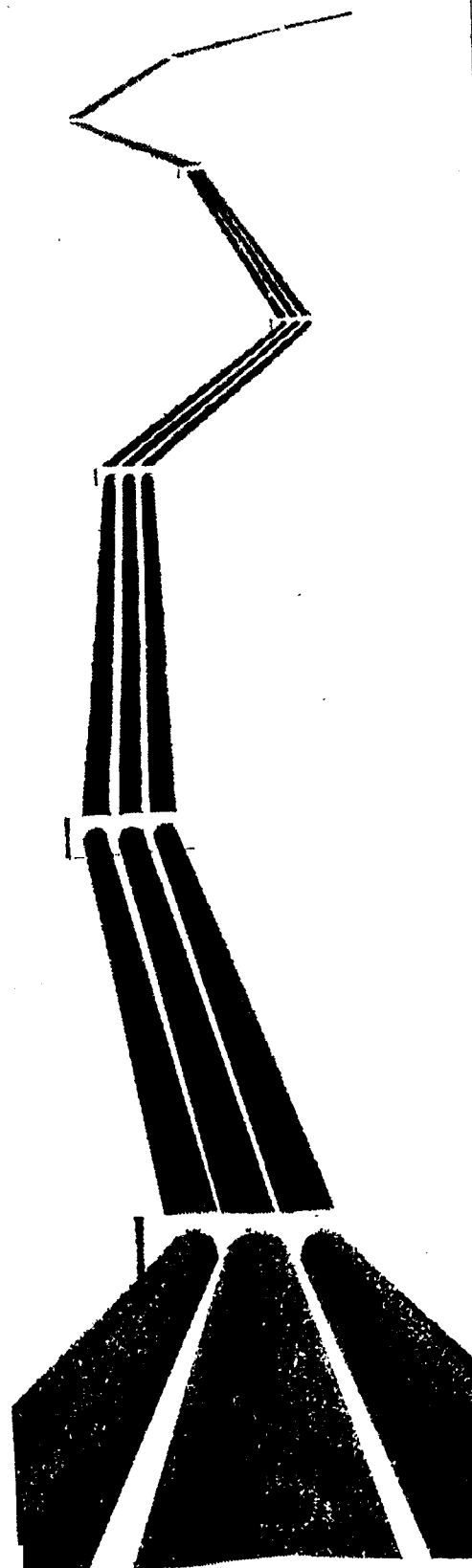
Mainly however the book is another "Labour Party with the lid off". On the traditionalists he is magnificently scornful and exact, in innumerable passages of cruel analysis that are a delight to read and will never be forgiven. Of the left-of-centre neo-opportunists he has much less to say, but what he does is again personal and unforgivable. These are all people near enough to his own position for him to understand: it is when we move farther left that we meet his principal fault—he lacks empathy and does not even know that he lacks it. He can write off the CND as if there were no real problems. He dismisses the New Left case against ITV and advertising with the ease of one missing the main point: that it is the broadcaster and advertiser who establishes the individual's value judgments for him.

His self-confidence and dogmatism betray him still more deeply when it comes to communism. Mr Magee almost reasons this movement out of existence—its success does not accord with his principles. How bad a guide he is here can be shown by three points almost at random. "Not one single newly independent country has gone Communist": formally true, but might it not have been decent to mention Cuba? Or "there is nothing remotely comparable with scientific discovery itself" in the Soviet lead in rocket technology. There speaks the Greats mind. Or again, the striving for full communism is not merely undesirable but pre-scientific: all Utopias are impossible. Certainly that is what Professor Popper thinks, but it looks as if history will belie him this once.

Facing right, Mr Magee deals faithfully with the Conservative party, in conventional terms. More interesting is his absolutely just complaint that Mr Gaitskell is not a radical; witness his reluctance to support Mr Wedgwood Benn. Mr Gaitskell and his circle are what might be called Moderate Managers, and this is not the author's cup of tea. For he, to repeat, is moderate in a more dogmatic, libertarian and proletarian tradition that has hitherto had no place in the party of his choice.

In any case he must surely, with this

Steel IS MILES



BOOKS

squib, have excluded himself from promotion. The book is indeed exactly what the Labour party needs. Every member should read it and try to learn from it: it is packed with excellent advice. But if formic acid cures rheumatism, the bee still dies.

Excess

Prohibition

By Andrew Sinclair.

Faber. 508 pages. 42s.

"PROHIBITION," a contemporary chronicler observed, satisfied "three tremendous popular passions, the passion of the prohibitionists for law, the passion of the drinking classes for drink, and the passion of the largest and best organised smuggling trade that has ever existed for money." Such satisfactions had to be paid for; some of the items on the bill were the 400 murders a year in Cook County, Illinois, an estimated \$136 million a year of protection money paid to racketeers in the same area alone, an addition of \$40 million a year to the salaries of doctors for writing medical prescriptions for whiskey. A full accounting would involve an examination of the whole of American life, public and private, in the 1920s, so swiftly and pervasively did Prohibition permeate every aspect of society.

This is the first problem which anyone who is going to write about Prohibition has to solve, and this is perhaps why no one before Mr Sinclair has attempted it. Isolated portions have been well told, but to pull together the story of the revolution, the politics of enactment and enforcement, the rise and triumph of the repeal movement—this is Mr Sinclair's considerable achievement. He has not always maintained perfect standards of relevance, we could trade the thumbnail sketches of presidents we know of old in return for a little more information on such king-makers as Wayne B. Wheeler and Bishop Cannon. But in general Mr Sinclair has skilfully combined the broad brush and the sharp pencil. He has avoided the snare which the subject spreads before all comers, the knowing wink, the Menckonian sneer, the continuously implied camaraderie of the wets. He is at pains to be fair, to recognise that the dries had a case and that the counter-revolutionaries were as capable of intolerance and cant as their opponents. His sub-title is "The Era of Excess."

The unifying theme which Mr Sinclair employs to order the rich and disparate phenomena of the Prohibition era is the clash between the country and the city, between agriculture and industry, between the Protestant, Anglo-Saxon, agrarian dream and the urban, Roman Catholic, immigrant reality, between the old America and the new. Thus at one end his theme shades into the story of the Know-Nothings and the Klan, at the other into the New Deal and the New Frontier. It is probable that nothing less embracing will account for such

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an astonishing aberration as the Eighteenth Amendment, and Mr Sinclair, drawing to the full on the Hofstadter analysis of American Progressivism, makes out a generally convincing case.

Yet some doubt persists. Why did Prohibition come when it did? Why did the countryside wait so long to hit back and, after waiting, hit so hard? Has not the hysteria, the insecurity, the positive vindictiveness of Prohibition got at least as much to do with America's new relations with the world outside as with the break-up of a Jeffersonian world within? Is not Prohibition linked at least as much with isolationism as with rural puritanism? Is it not Europe that the "noble experiment" was trying to keep out, as much as Rum and Rome?

Egyptian Nationalism

Founders of Modern Egypt

By Mary Rowlatt.

Asia Publishing House, London. 194 pages. 35s.

MISS MARY ROWLATT, child and great-grandchild of families who made their living in Egypt, wrote in 1956 a delightful book based on family papers. Now she has turned historian and attempted a more ambitious task. She has set out to introduce the English common reader to a neglected subject—the reason why Egyptian nationalism is so much more mature and authoritative than that of the other Arabic-speaking states. The answer is simple: it is deeper rooted because it germinated earlier in indigenous minds. This book describes its origins in educational and military circles—at the hands of Sheikh Mohammed Abdu in the one, and of Arabi Pasha in the other. Miss Rowlatt's research in English has been wide, in Arabic less so, and she is much happier in her handling of the soldier (whose impact on Britain was immense) than when writing of the most important thinker that modern Egypt has produced (whose renown spread only in limited English circles). Her account of Arabi's movement and the British bombardment of Alexandria in 1882 is fast-moving and full of interesting contemporary observations from the Egyptian end, though sketchy about the dilemma that faced a British liberal government.

Her simple style, well suited to descriptions of things that you can touch or see, adapts less well to accounts of thought and policy, and she does less than justice to the depth of Mohammed Abdu's mind; he is never seen grappling with the problem that was his biggest contribution to modern Egyptian thinking—a differentiation between what was essential and unchanging in Islamic theology and practice, and what was human innovation that could and should change with the times. None of this could she tackle without explaining more than she does about the essence of Islam as a way of life. Her book is too expensive for

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its size and content, but it is sympathetic to the modern Egyptian's indigenous development—a subject too rarely dealt with by British writers.

New Spain

Mexico

By Michael D. Coe.

Thames & Hudson. 244 pages. 30s.

A History of Mexico

By H. B. Parkes.

Eyre and Spottiswoode. 402 pages. 42s.

Mexico: Revolution to Revolution 1940-1960

By Howard F. Cline.

Oxford University Press for the Royal Institute of International Affairs. 389 pages. 42s.

CORTÉS told his Emperor that he had called Mexico "New Spain" because of its extraordinary likeness to the Old. To the visitor today the most striking feature of the country "south of the border" is its Iberianism, Europeanism, Catholicism, compared with the standardised materialism of *Norteamericanos*. Few people realise that its population is growing at one of the fastest rates in the world. It has doubled in a generation, largely because of high legitimate and illegitimate birth-rates, rapidly improved survival rates and the expansion of education and other services to conquer disease. The City of Mexico itself has grown from one million to 5 million inhabitants in the same generation, owing to the usual trek to cities from countryside in less developed but rapidly industrialising lands. This has brought terrible housing and other social problems.

Maize is still "the tyrant," normally sufficing for the everlasting pit-a-pat of hands slapping tortillas throughout the country, but often failing because of drought. An almost perpetual azure sky, punctuated by slow black vultures, looks down on the oldest buildings in the New World alongside the most daring new buildings in the whole world; on a riot of flowers alongside deserts and dry barrancas; on a people nearly 80 per cent *mestizos*, 20 per cent Indian, and but 2 per cent creoles or native (and immigrant) white; and on vast petro-chemical plants and factories not far from Neolithic agriculture.

One-fifth of modern Mexicans derive in direct descent and pure Indian blood from pre-Columbian peoples. The traveller today, as in Greece or Egypt, is more likely to be impressed by the singular, massive, monumental and always artistic ruins of the ancient inhabitants than by the cosmopolitan products of the moderns. Dr Coe's book, in the "Ancient Peoples and Places" series, is a fair introduction to the complex, isolated cultures of ancient Mexico—less, however, the fascinating but wide-roving culture of the Mayas in the borderlands of Yucatán, Guatemala and Honduras. The author justifies this disappointing omission by its com-

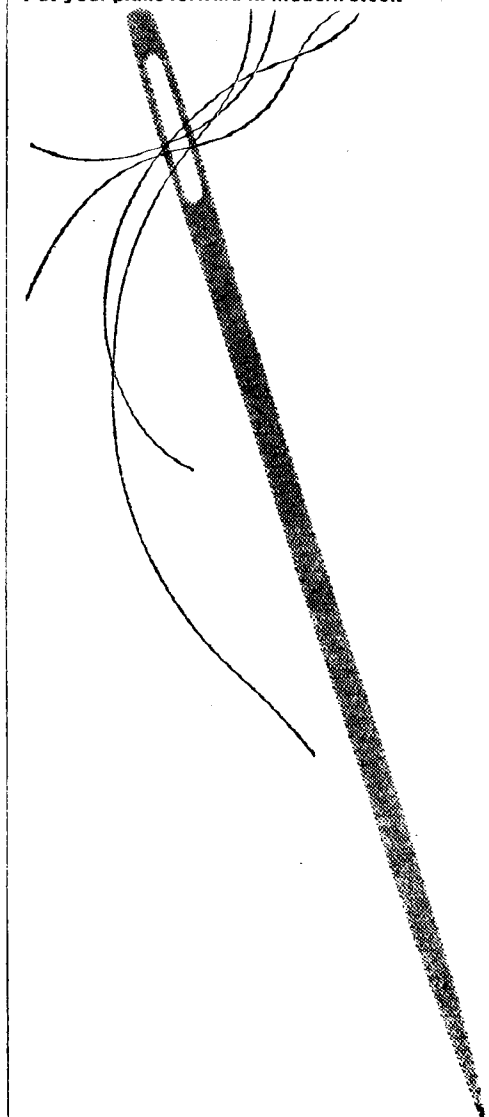
BOOKS

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Steel goes wherever you want it to go. Now it is miles of pipeline, a man-made river of the desert in which flows water or gas or oil.

Versatile steel is what you want it to be. Now it is a precision capillary tube with an internal diameter of 2.5 microns—one ten thousandth part of an inch. So small that a thousand tubes could be threaded through the eye of a darning needle. This is the versatility of modern steel.

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plexity and his lack of space. Presumably another volume in this enterprising series will be devoted to the Mayan lands. But in view of his own studies of early connections between Middle and South America, and of the still unsolved riddle of the early Olmecs and other cultures along the Gulf's southern coasts adjacent to the Mayan lands, his entitling of his book "Mexico" in such a series deprives the unwitting reader of essential material. On the other hand the book is well up to the form of the series in up-to-dateness, easy style, excellent line-drawings, index and bibliography. It is a handsome volume of necessary, but pleasantly assimilated, knowledge about the Mexican heritage.

The other two books differ from, but complement, each other. Professor Parkes's history was originally published in 1938 in the United States, then republished there; this is its first English edition, and it has been fully revised and a lot of new matter added. Its sweep is from archaeology to current problems, and though it is not literally correct to claim (as its dust-jacket does) that it is "the only single volume history of Mexico available in English", it is hard to imagine any better book as an introduction to the country. Its weakness is its omission of economic issues—it was perhaps inevitable, though economic history has been more influential on Mexican politics than elsewhere—but that omission is made good by Dr Cline's work. This is introduced by a short historical perspective, but then launches into the deep waters of the Revolutionary Party and its problems during the past two decades in which Mexico's modernisation has streaked ahead. Well-nigh every fact and figure needed to understand those problems is in Dr Cline's many tables or appendices, and he gives excellent diagrams and maps. The work is a mine of information and should be invaluable to any intending visitor, especially business men. Both books have model bibliographies and indices; both these aids are badly needed for the study of Mexico; and both publishers and authors deserve congratulation on providing such timely material for understanding an increasingly important, influential country. One reader's regret about both books is their inability to convey, by word or plates, the extraordinary and imposing beauty of the land. For that, the reader, having done his homework, must go there. He will not want to come away quickly.

Dissolution of an Empire

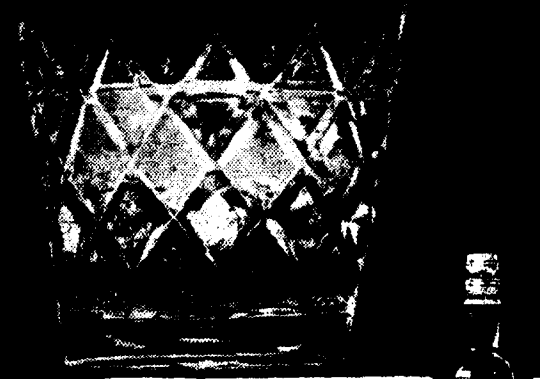
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By Harry Hanak.

Oxford University Press. 318 pages. 42s.

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subject races and in the victorious western powers—since the middle of the nineteenth century. It can hardly be doubted that if men were deciding the fate of a defeated Austria-Hungary today, fifty years later, they would see no more merit in breaking it up than Bismarck had seen fifty years earlier. Even during the first world war it was only slowly and late that they came to accept this solution. Among the subject nationalities the dissolution of the Empire, as opposed to an expanded Serbia and Italy or a greater degree of autonomy for the regions, was not demanded before 1917 except by a few individual exiles. In the western countries it was the same. Not till the spring and early summer of 1918 did the British and American governments include dismemberment among their war aims. What was deciding the issue was the tide of events, the slow failure of the central powers in the war. If there had been a negotiated peace the Habsburgs would have survived—for how long is another question. If Germany had been victorious *Mittel-europa* would have been established.

The movement of British public opinion between 1914 and 1918 on what to do about the Habsburg Empire after the war, the subject of Mr Hanak's book, is an especially intricate problem because of this tyranny of events over an issue in which most people were in any case unversed and uninterested. The book is most nearly satisfactory, as is to be expected, when it is analysing the views of the few extremists on each side who knew dogmatically from the outset what they believed and who consequently never wavered from their nostrums: of Wickham Steed and R. W. Seton-Watson and their associates, who regarded the Habsburg monarchy as the agent of German expansion and who were convinced that its component races would act as a barrier to Germany by living happily together as independent states, and thus demanded total victory over Germany and the dismemberment of Austria-Hungary; and of the Radicals of the UDC and the *Cambridge Magazine*, who opposed any programme for breaking up the Empire on the grounds that Germany was no more imperialist than any other great power (except Russia), that Western European civilisation could be saved only by a negotiated peace, and that a reformed Austria-Hungary was the only counterweight to Russian expansion.

On the other hand, Mr Hanak is far less successful in assessing the influence of these extremists upon government and opinion. He has put students in his debt by combing through the vast out-pourings of the wartime press, but he presents his findings with little regard for chronology or for any other kind of arrangement—with endless repetitions and unnecessary confusions piled up in consequence upon unavoidable uncertainty—and with no semblance of style. Nor is this the only mark of a pedestrian book. It is often difficult to judge where the author's summaries of newspapers end and his own judgments begin. From time

to time, however, he adds to a paraphrase a gloss. The radicals were "entirely ignorant" about Austria-Hungary or "intensely insular." Norman Angell's opposition to dismemberment, on the ground that the proliferation of petty states would be a retrograde step from the point of view of international order, was "the strangest argument ever put forward for the preservation of any empire." Such comments reveal his own position to be *parti pris* and thus incompatible with a rounded historical reconstruction.

Peculiar Institution

Lincoln and the Negro

By Benjamin Quarles.

Oxford University Press. 286 pages. 45s.

THIS is a worthwhile book on a little explored subject. Most scholars of Americana know that Lincoln's views against negro slavery did not crystallise until during the decade before his presidency: that is, during the 1850s, when he was in his forties. Even when he was president and before the war between the states broke out he was trying to find a way out of the narrowing impasse between the Southerners' "peculiar institution" (unaltered) and outright abolition as demanded by the extreme Northerners. He never wanted the Negroes to remain, as in fact they did, a permanent racial minority of less privileged citizens in the United States. Accordingly, and surprisingly to many students of Lincoln's development, his progress to the proclamation of emancipation—in the war which had begun—was that of a man being edged backwards inch by inch into an inescapable position. He desperately tried "colonisation": settling them in given areas reserved for them—something ominously relevant to British and other ex-colonial powers today. The American slaves feared that Lincoln's colonisation efforts might succeed: they did not want to live in reservations; still less did they want to be deported. Indeed, Lincoln's legalistic mind went so far as to allow slaveowners compensation for emancipation in the District of Columbia: he really appreciated the hottest arguments on both sides, and saw the slave as real property, forcible deprivation of which demanded compensation.

In the event, formalities and legalisms were brushed aside by war. There were no fewer than 186,000 negro soldiers of the Union: for many reasons most of them never saw combat, but they wore the uniform and did their work. It is hard for us today to realise what a ferment individual liberties could cause a century ago, when in Boston the celebrations of emancipation by Lincoln's proclamation brought to the platform Longfellow, Oliver Wendell Holmes, Charles Eliot Norton, John Greenleaf Whittier, Edward Everett Hale, Francis Parkman and Emerson—and, weeping at the crowd's calls, Harriet Beecher Stowe. Readers of this full, fair, straightforward,

comprehensive book will wonder that the tune of the Americans' national anthem is an eighteenth century English gentlemen's drinking-song and not the more characterful "Battle Hymn of the Republic." Europeans today are apt to overlook Americans' old-line, republican (small "r"), radical (ditto) passion for personal freedoms. This work is a scholarly corrective.

Last Wilderness

The Lonely Land

By Sigurd F. Olson.

Alfred Knopf, New York. 284 pages. \$4.50.

VOYAGERS from the St Lawrence in their canoe "brigades" used the complex maze of northern waterways as early as the eighteenth century to establish fur trade routes right across British North America and into the far north-west. Plying their paddles, toiling over portages and shooting tumultuous rapids, they laid the economic foundations of modern Canada. Travelling from three or four in the morning till dark, paddling, polling or tracking their heavy freight canoes loaded with trade goods or furs, covering the weary miles of portage between watersheds or round rapids, which even they could not "run" with at least two 90-pound "pieces" on their backs, they have left a tradition of invincible endurance, consummate skill and cheerful gaiety, their paddles keeping time to the rhythm of old French songs.

A group of modern *voyageurs* have been recapitulating, summer by summer, sections of the traditional eighteenth and early nineteenth century routes. This book is an account of one such journey from Isle-a-la-Crosse in northern Saskatchewan at the height of land between the Hudson Bay and Arctic drainage systems, down the Churchill River, across Frog Portage and so by the Sturgeon-Weir River to the Saskatchewan River and Cumberland House. In this vast, unpeopled land six men in three canoes relived the experiences of such early fur-trader explorers as Alex-

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ander Mackenzie, Philip Turner, David Thompson, Sir George Simpson, Sir William F. Butler. They used modern Peterborough canoes instead of birch-bark craft and twentieth century dehydrated foods and down sleeping bags instead of pemmican, buffalo robes and blankets, but they used paddles, not outboard motors, and packed their canoes and supplies and gear across the portages in the time-honoured fashion. Alone in the wilderness, save for the ghosts of the old fur-traders and the scattered Indians they encountered, they slipped back easily into the simplicities and satisfactions of the *voyageurs*—and experienced some of the hazards and arduous that were their daily lot. They escaped briefly from the pressure of twentieth century civilisation to the world of pre-history. The excitements of finding a channel among the spouting white horses and rocks of an unknown rapid, of racing combers across a gale-lashed lake; the exultation of finding a perfect camping place on a flat rock in a desert of swamp and mud, or of watching a sunset flame across a cliff-rimmed lake; the contentment of basking in sunshine after icy rain and wind and of fantastically good fishing—all these the reader shares in this account of the expedition by its American member. He shares, too, the sadness of the realisation that even this last wilderness is threatened by intruding roads, mineral exploration and other signs of advancing twentieth century development.

This is a book to enjoy, both the text and the attractive make-up with its evocative illustrations, fine type and useful map. It is a book to kindle nostalgia for the wilderness in anyone who, like the modern *voyageurs*, feels the lure of the lonely land.

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Paperback Selection

A feature of the autumn's vast output of paperbacks was the reissue by *Thames and Hudson*, a firm usually associated with the more pricey range of the book trade, of three of their art books. All previously published in the last few years, they are now available at about half the original price.

Below is a guide to some of the paperbacks received by this journal in recent weeks:

Anthropology and Archaeology:

THE GOLDEN BOUGH: A Study in Magic and Religion. (Abridged in one volume). By J. G. Frazer. 982 pages. 10s. 6d. (St. Martin's Library). Macmillan.

SONS OF THE SHAKING EARTH: The People of Mexico and Guatemala—Their Land, History and Culture. By Eric Wolf. 302 pages. 10s. 6d. (Phoenix). University of Chicago Press.

Art, Architecture, etc.:

THE SOCIAL HISTORY OF ART NO. 1. (4 vols.). By Arnold Hauser. 286 pages. 10s. each. Routledge.

ENGLISH CASTLES. By R. Allen Brown. 207 pages. 5s. THE ENGLISH ABBEY. By F. H. Crossley. 192 pages. 5s. Batsford.

ARTISTIC THEORY IN ITALY, 1450-1600. By Anthony Blunt. 176 pages. 5s. Oxford University Press.

IMPRESSIONIST PAINTINGS IN THE LOUVRE. By Germain Bazin. 320 pages. (357 plates, 101 in colour). 18s. THE HERMITAGE. By Pierre Descargues. 320 pages. (335 plates, 127 in colour). 18s. A CONCISE HISTORY OF MODERN PAINTING. By Herbert Read. 376 pages. (485 plates, 100 in colour). 18s. (World of Art series). Thames and Hudson.

Economics and Economic History:

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THE SOVIET ECONOMY: A Book of Readings. Edited by Morris Bornstein and D. R. Fursfeld. 391 pages. \$4.50. Richard Irwin, Illinois.

AN ECONOMIC HISTORY OF EUROPE, 1760-1939. By A. Birnie. 291 pages. 12s. 6d. (Hardback, 21s.) (University). Methuen.

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A SHORT HISTORY OF GERMANY, 1815-1945. By E. J. Passant. 264 pages. 10s. 6d. Cambridge University Press.

A SHORT HISTORY OF CHRISTIANITY. Edited by Archibald G. Baker. 278 pages. 10s. 6d. (Phoenix). University of Chicago Press.

A HISTORY OF RUSSIA. By B. Pares. 683 pages. 15s. (University). Methuen.

THE BREAKDOWNS OF CIVILIZATIONS. Study of History Vol. 4. By A. J. Toynbee. 663 pages. 15s. THE DISINTEGRATIONS OF CIVILIZATIONS, Parts I and II. Study of History Vols. 5 and 6. By A. J. Toynbee. 712 and 639 pages. 15s. each. Oxford University Press.

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ENGLISH SATIRE. By James Sutherland. 173 pages. 3s. 6d. GEORGE ELIOT: Her Mind and Her Art. By Joan Bennett. 218 pages. 8s. 6d. Cambridge University Press.

THE POETRY OF MEDITATION. By L. L. Martz. 400 pages. 15s. SHAKESPEARE: A Biographical Handbook. By G. E. Bentley. 264 pages. 10s. 6d. Yale University Press.

MALLARMÉ. By Wallace Fowlie. With drawings by Henri Matisse. 299 pages. 12s. 6d. THE STRUCTURE OF LITERATURE. By Paul Goodman. 280 pages. 12s. 6d. (Phoenix). University of Chicago Press.

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THE BUSINESS WORLD

OECD: Committed to Growth?

PROCLAIMING the need for doing, and offering concerted support for doing, what the American Administration was already committed to doing anyway, cannot be called an exciting exercise, even for the Organisation for Economic Co-operation and Development. Only a few years ago, however, it might have been politically impossible for any Administration to approve a joint communique telling it bluntly

In the United States there is unemployed labour and unutilised capacity. There is a clear need for action to stimulate demand. Exhortation from an international body may now be rather convenient for the American government, which wants to get its tax cuts through without alarming "sound budget" stalwarts at home too much. But it says something for the staid, workaday business of economic co-operation which OECD represents that such exhortation to the most important economy in the world should now be taken as natural, let alone welcome.

The United States contributes 60 per cent of the total production of the 20 OECD countries*; upon it, therefore, depend any hopes of fulfilling OECD's ambitions for economic growth in the sixties. In order to achieve the 50 per cent growth from 1960 to 1970 which these countries accepted as a "target" at last year's ministerial council meetings, the United States was set a bogey of 4.4 per cent annual growth in gross national product in a report that this week's ministerial council has decided to publish. That is not as stiff as it might sound; over the next decade the United States can count on an annual growth of close on 2 per cent in its working population alone, and in terms of productivity what OECD expects of Europe may be a good deal harder to achieve.

* The Six; the Seven; the United States and Canada; plus Greece, Iceland, Ireland, Spain, Turkey. Yugoslavia sends observers; Japan is associated with the OECD's Development Aid Committee.

But the bogey is nearly twice as high as the United States managed between 1955 and 1960, and its performance in 1960-62, though better, is below the trend hoped for it. This bogey, moreover, is no more than the United States will need to hold its unemployment rate down to 4 per cent, which whatever the differences in figuring is not exactly what Europe calls full employment.

BITAIN, it need hardly be said, is in no situation to lecture here; we are below trend too (with an average growth of 2.1 per cent in 1960-62 against a bogey of 3.3 per cent). Nor is the OECD communique issued by ministers this week a lecture even to these major laggards. It notes the "substantial improvement in the international competitive position in the United States, in Canada, and in the United Kingdom," which "will contribute increasingly to a better balance in international payments." In Europe, it notes too, prices and costs have been rising; and it says the need there is for halting the rise "without restrictive policies which might arrest sound economic expansion."

Officials of these countries, in the working party report on policies for growth, are blunter:

Acceleration of United States growth and the solution of problems arising in other countries will not come about without new policies.

So far as the whole of OECD is concerned, they put the accent firmly on maintaining "adequate levels and rates of increase" in demand. Without this, they say, full employment cannot be maintained; and without full employment rapid growth cannot be expected to occur. Growth that is otherwise possible can be frustrated either by "inadequate demand for the fruits of production or inability to avoid continual increases in prices." And only after full employment is achieved, they feel, can "policies directed more specifically

OECD's RANKING AND BOGEYS (Average annual percentage rate of growth)

	1950-60			1955-60			Bogeys for 1960-70			Achieved 1960-62		
	Employment	Productivity	GNP	Employment	Productivity	GNP	Employment	Productivity	GNP	Employment	Productivity	GNP
France.....	0.4	3.9	4.3	0.6	3.6	4.2	0.8	4.1	5.0	1.3	3.4	4.7
Germany.....	2.2	5.2	7.5	1.7	4.3	6.0	0.3	3.7	4.1	1.3	3.2	4.5
Italy.....	1.6	4.3	5.9	1.9	3.9	5.9	0.9	4.1	5.0	1.4	5.2	6.7
United Kingdom.....	0.6	2.0	2.6	0.3	2.3	2.7	0.5	2.8	3.3	0.7	1.4	2.1
United States.....	1.2	2.1	3.3	1.0	1.3	2.3	1.7	2.7	4.4	1.1	2.4	3.5
Total 5 countries.....	1.2	2.5	3.7	1.0	1.9	3.0	1.1	3.2	4.4	1.1	2.7	3.8

Component	France		Germany*		Netherlands		Sweden		United Kingdom		United States		Canada	
	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output	Total	Total per unit of output
Wage and salary incomes.....	10.9	6.1	10.5	3.1	9.6	4.5	7.5	3.5	6.7	4.0	5.2	2.4	6.0	2.4
Other incomes.....	8.8	4.1	10.1	2.7	7.4	2.4	5.4	1.5	4.9	2.2	4.3	1.5	4.9	1.3
Net indirect taxes.....	10.0	5.2	9.1	1.8	4.5	-0.4	11.6	7.5	5.5	2.8	6.1	3.3	6.5	3.0
GDP at market prices.....	9.7	5.0	10.1	2.7	7.9	2.9	7.2	3.2	6.0	3.2	5.0	2.2	5.6	2.0
Import prices.....	...	(3.5)	...	(-0.7)	...	(0.2)	...	(0.2)	...	(0.4)	...	(0.1)	...	(1.5)
Effect of imports on general price level.....	...	-0.2	...	-0.7	...	-1.1	...	-0.7	...	-0.6	...	0	...	0
Total Costs=overall price level.....	...	4.8	...	2.0	...	1.8	...	2.5	...	2.6	...	2.2	...	2.0

* 1960 and 1961 data include Saar.

to stimulate investment have their full effects." This may be true in the coming ten years: it was not in the last. Less than full employment, in the sense of a reservoir of labour economically or politically eager to seek new jobs, was associated with high investment and rapid growth on the Continent. Full employment did not lead to particularly high investment in Britain, as against say Germany. The working party's emphasis on business confidence as a positive element promoting private investment—confidence in ability to export, as well as in a growing home market—is more convincing.

Over the ten-year run with which OECD is concerned, in any case, these experts do not think the rates of growth envisaged would involve sharp increases in the share of investment in national expenditure in any of the five major industrial countries in the table on page 936: in Germany, the share may well fall. (The investment problem, for the industrial powers of Continental Europe, may rather be that of developing adequate capital markets and financial mechanisms to ensure the financing of a continuing proportion of investment.) It is only in Britain, moreover, that even this bogey rate of growth (3.3 per cent annually as against NED's 4 per cent) would involve a slower growth in real consumption than in GNP as a whole.

For Europe, the ministerial communique records a more general problem: how to stop prices and costs rising "without restrictive policies which might arrest sound economic expansion." And the rather general interest expressed by ministers, as well as in another working party report, in developing "adequate incomes policies" impressed and somewhat encouraged the British delegation: NIC has understanding foreign friends, at least. The working party report on "Policies for Price Stability" sets out the several national approaches to this same question of influencing the growth of incomes in democratic economies, most of them tentative and none so far reliably successful. The official experts accept the need for simplicity in the advice that governments should offer on wage and salary negotiation; they admit that the link to a single figure of national productivity has its weaknesses, but argue that questions of relative pay between industries, as indeed those of the distribution of income in general, ought where necessary to be specifically taken account of by the governments concerned. Moreover,

... the need to provide guidance for non-wage incomes is likely to require governments to go further than most of them have so far done in developing views about the distribution of primary (factor) income also.

But NIC gets advice as well as encouragement. There was emphasis from Scandinavia, and from France, on the need to associate the interests involved, notably trade unions, with the formulation of national objectives for incomes over any given period, so that they are not merely asked to adjust their wage bargaining to some figure handed down from above. The working party notes that in Sweden and in Holland, where experience of incomes policies is longest, both governments generally relate wages and salaries in the public sector to what has happened in private business, not the other way round: "attempts to ensure that wage guidance is followed throughout the economy which rely solely upon setting a good example in the public sector run the risk not merely of being ineffective, but also of creating serious embarrassments for the governments concerned."

FROM the corridors of the Chateau de la Muette, no journalist can hope to judge the nuances of speeches that he has not heard delivered. Ministers and officials who have heard them are on such occasions honour bound to be encouraged. Certainly no controversies seem to have broken the placid surface of this ministerial council; Mr George Ball put what Mr Freeman had said about common market agricultural policy much more diplomatically this time, and the American emphasis on opening markets for developing countries as well as offering them aid was phrased so as to evoke affirmative echoes rather than to imply anyone was not doing anything they ought to. Some officials felt that the confidence European countries expressed about their short-term economic prospects was expressed in a more balanced way than in the preliminary meeting, when the governments were reacting rather sharply to what M. Marjolin of the European Commission had (not in fact quite) been saying. The communique, after all, recorded agreement "that should the need to take expansionary measures arise later on, it would be important for member countries to act quickly and in concert," and the working party report suggested that governments needed to develop wider public understanding of the economic virtues, on occasion, of deficit financing. Dr Per Jacobssen, benevolent and owlish, is after all said to have told OECD that he had confidence that its members would act in time, and that it had displayed the best international economic co-operation that he had seen for thirty years (since 1932?). So who is anybody else to remain uneasy?

Protection for Depositors

SURELY no one now doubts the need for the Protection of Depositors bill awaiting its second reading in Parliament; too many investors have lost their savings because they were dazzled by the high returns offered by companies that were never willing to prove their worth by a glimpse of their balance sheets, and often continued taking deposits long after they had become insolvent. The gap in existing legislation that has allowed these companies to play fast and loose with other people's money without ever lifting the cover on their operations is something of a legal accident: existing legislation through the Prevention of Fraud Acts was enacted largely before advertising for deposits became widespread.

There are now something like 1,200 hire purchase finance houses in Britain, even excluding the retailers who finance only their own business. True, only thirty to forty HP companies advertise for deposits, but these few hold the bulk of the £375 million of total finance house deposits; and nearly all the other companies are empowered by their articles to solicit deposits from the public should they wish to do so. In addition, an increasing number of companies in a range of trades from property development to pig breeding are financing themselves in this way. Indeed, virtually every new company of any kind that is formed nowadays takes the power under its articles of association to borrow on deposits.

There were two ways in which the Government could have tackled this problem. A system of compulsory registration that laid down minimum statutory ratios of liquid assets to deposits and of risk capital to borrowings was one way, parallel to that chosen for building societies. Building societies, however, are a fairly homogeneous group and do not operate

for profit; the companies which this act would have to control are a diverse collection of traders, all of them very much motivated by the pursuit of profit. Statutory regulations of business practice would hardly afford protection against the determined rogue, but would certainly hinder the honest majority in the legitimate pursuit of business.

The alternative, and the one the Government has sensibly decided to incorporate into the present bill, is that all companies advertising for deposits should give fuller information, over and above the demands of the Companies Act of 1948; so that the depositor, if he so wishes, can gauge the risk he is taking, and so that the authorities can intervene more promptly in a case of fraud. In essence companies will not be allowed to advertise for deposits unless the advertisement complies with Board of Trade regulations to be made under the new act, and unless they supply both the Registrar of Companies and the board with up-to-date audited annual accounts and half-yearly interim accounts. The board has the power to make what regulations it thinks necessary on the content of these advertisements and on the form and content of the accounts. It also has fairly wide powers to petition for the winding-up of a company covered by the act, to demand any books or papers it feels are necessary to obtaining a true picture of a company's financial position, and to obtain a warrant to enter and search a company's premises. Private companies that invite deposits will lose many of the privileges they enjoy under the Companies Act. And finally, companies must supply a copy of their latest accounts to each new depositor.

This confers seemingly wide discretionary power on the

The Proposed Regulations

Advertisements

Companies will be able to advertise for deposits only if they have first complied with the Board of Trade's regulations or if they have been exempted. Companies with exemption are banks (i.e., the one hundred and seven banking and discount houses on the Board of Trade's confidential list of banking institutions qualifying for the privilege of maintaining hidden reserves under the Companies Act); building societies; savings banks; industrial and provident societies; and local authorities. The board may also exempt other classes of institutions; these are not likely to include any group or association of hire purchase companies.

No exempt private company will be allowed to seek deposits from the public: private companies that wish to do so will lose their exemption privileges under the Companies Act and in certain ways will be required to follow the conditions imposed on public companies.

Accounts

Before an advertisement for deposits may be issued a company must present an

audited balance sheet not more than fifteen months old, and a profit and loss account covering a period of at least six months up to the date of this last balance sheet. If this audited balance sheet is more than nine months old then the company must also furnish an interim balance sheet and profit and loss account covering a period of not less than six months after the balance sheet date. Once a company has fulfilled these conditions and issued its advertisement it must continue to present its accounts regularly to the registrar and the board. This means that half yearly profit figures will in future be available for most of the large finance houses, and the accounts of many of the smaller companies will be on view for the first time.

Administration

A company may cease to be subject to the accounting requirements in the following circumstances:

If it has not advertised for fifteen months and has repaid all deposits to the public; If for three years after giving notice to the board of its intention to withdraw it has not advertised and has repaid all

moneys taken on deposit prior to the date of giving notice to the board. The company may continue to take deposits without prejudice during the three years.

The act will come into operation six months after the date of passing. Companies that have advertised within six months of the appointed day, or have advertised during the previous three years and have held deposits in the last three months, will have to present their accounts to the registrar and the board in the same way as a company wishing to start advertising.

A deposit-taking company may be wound up by the Board of Trade under the following circumstances:

If it defaults; if it is able to honour demands for repayment only by obtaining additional deposits; if its liabilities exceed its assets; if it has failed to deliver proper accounts at the proper time; or if the board is unable to ascertain the company's financial position.

In all these cases the company may be wound up by the court on a petition from the board. If a company fails to produce its accounts on the due date the court may, on the application of the registrar or the board, prohibit the acceptance of further deposits until the accounts are delivered.

Board of Trade. The importance of this piece of legislation will not be the act itself but the regulations the Board of Trade is likely to make under it, which should become clearer as the bill proceeds through Parliament. But Parliament does not by any means lose control. Regulations governing the content of advertisements can as usual be annulled by either House of Parliament; and prior approval, of both Houses of Parliament, is necessary for any regulation involving the accounting provisions of the bill. Finally, the Board of Trade, on past form, is more likely to err on the side of caution and moderation rather than heavy-handedness, and to use its powers too late rather than too early.

But there does seem to be one gap. The board can investigate and wind up a company; but no matter how rash a company's policies may appear to be, so long as it is not actually unsound and so long as it complies with the regulations, the board can do nothing but sit back and await the crash: and by then depositors will already have been hit. There is no parallel power to the stop order on deposits that the Registrar can impose on a building society.

IT may seem hard that in a bill designed to protect depositors this gap should exist. In fact the board has probably been sensible in its restraint; the civil service cannot suddenly become responsible for, or even a judge of, the financial standing of quite a wide sector of the business community. The board has fashioned a bill that will allow the investor to measure the risk he is taking. This is not the same thing as trying to reduce that risk to a minimum. Risk is the essence of all investment; a high risk is compensated by a high prospective return. The bill is designed to enable the depositor to discover what the risk actually is.

The job of policing this Act will fall, in fact, to the financial press. It should be less difficult to sort out the good companies from the bad once annual and half-yearly accounts are available. There is also no reason why the Bank of England, with its tremendous informal power, should not help to provide behind-the-scenes teeth for the bill. The Bank has for some time slowly been extending its purview of the financial markets to cover the more important hire purchase companies; clearly it could be a big help to the Board of Trade in putting some informal influence behind a necessarily limited regulatory act.

GERMANY'S ENERGY MARKET—1

Our Turn Tomorrow?

WHAT has happened to our energy market in the last five years," said an official of the German Ministry of Economics to an English visitor two weeks ago, "may be what is going to happen to yours in the next five." This is debatable: to an Englishman there seem to be some marked differences as well as similarities. But since what has been happening in Germany has brought Europe's most successful doctrine of neo-liberalism to a point where he may see no alternative but to make an already illiberal energy policy even more so, it is worth examining. For unless

Another limitation in the bill is that a company need provide accounts only after a deposit has been made, and not before. The reason for this limitation is obviously a practical one; the really big business in placing deposits is done by telephone between the companies, and the banks and money brokers. Business would come to a standstill if every deposit had to be preceded by the delivery of a set of accounts to the depositor. Presumably one of the board's first jobs when this bill is passed will be to make sure that each advertisement for deposits carries the offer to supply accounts on request—as the advertisements of the big hire purchase companies do already.

A nice problem of interpretation will be to decide just what is and what is not an advertisement inviting deposits. It seems likely that business transacted by telephone alone without supporting circulars will not constitute an advertisement, nor will business done by word of mouth. This may exclude from the bill the very big hire purchase companies and at the same time the great bulk of small companies that draw their finance from friends and relatives. The purpose of the bill would be defeated if the administrative mechanism became cluttered with hundreds of small companies. Common sense suggests that an advertisement must be an invitation to the public in general, and it may be that all those hire purchase finance companies that place "banker" after their name will find themselves embraced by the Act. Whether or not the word banker amounts to an invitation to make a deposit will be for the courts to decide, but there must be many companies already wondering if the respectability supposed to be conferred by this designation will now be worth the inconvenience it may bring.

This bill is sensibly flexible. It contains the necessary elements of control without sitting on the companies; and in a sphere such as this a heavy dependence on delegated legislation can hardly be avoided. While this legislation should have been introduced years ago, it has at the same time apparently benefited from the long deliberation that delay has allowed. It should serve as a guide to unit trust legislation. The board has not made the mistake of twisting the clauses to cover every contingency, and while the activities of the pig breeders will be controlled, the casino operators, who act only as the agent of the depositor to gamble his money, will remain outside the bill. The board feels, reasonably, that its job is to protect the investor, not the gambler.

Dr Erhard can induce some voluntary restraint upon the almost explosive growth of black oil sales in Germany, politically he could be forced to curb it with government controls.

On the face of it, his attempts at persuasion have now completely failed. In May this year, the Bundestag passed a resolution calling on the Minister to seek to achieve a voluntary reduction in the expansion of refining capacity planned between now and 1966; and failing this, to achieve the same end by one official means or another. In July, oil refiners operating in Germany gave him a figure of 71.6 million

metric tons a year as the minimum capacity that they would consider essential by the end of 1966 (against 46.3 million tons now) to cope with the growth of oil demand, allowing for a production in that year of just under 60 million tons and 4.5 million tons of imports. The Minister asked them to reduce this capacity figure by about five million tons a year. At the end of September the German affiliates of the Esso, Shell and British Petroleum groups wrote to him explaining why they were not prepared to reduce their own figures further; and at the end of October, the German refiners' trade association sent him a formal refusal, affirming that their previous minimum figure—in practice, fractionally raised to 72.6 million tons—was irreducible.

Against Dr Erhard's reluctance to interfere further in Germany's fairly free energy market, there is ranged the whole Ruhr lobby, coal-owners and trade unionists alike, with considerable right-wing support as well as that of the Social Democratic party, and also, it would appear, with the ear of Dr Adenauer. Unless Dr Erhard has found some new way to prevail upon the oil refiners—and there are signs at home and abroad that he is not yet taking "No" for an answer—he might not be able to avoid putting some kind of controls on oil expansion.

THE switch to oil as a general fuel began later in Germany than in most other industrialised nations of Europe, but when it came it came with a rush. Until 1953 Germany used well under a million tons of light and heavy fuel oils a year, less than one per cent of its total energy consumption; then the surge began. Since then the rate of increase in consumption of these black oils has seldom dropped below 30-35 per cent each year. In 1961 their consumption reached 18.2 million tons, or 12.9 per cent of German energy consumption; this year again it could be up by a third. As a proportion of total energy consumption in the country, German sales of fuel oil in 1961 still ranked lower than in any other country of the common market, though higher than the proportion in Britain; but its sustained rate of growth was higher than most, and its price competition, until recently, more bitter. Moreover, in southern Germany, where until now sheer geography has made oil prices less competitive with coal, refineries at the end of the crude pipelines are now opening fresh fields for fuel oil to conquer.

Behind an excise tax of DM.25 a ton on heavy fuel oil, and an import duty of DM.20 on imported coal (which is effectively prohibitive, apart from the duty-free quota of about seven million tons a year for traditional importing areas such as north-west Germany), German coal sales have fallen more sharply than in France, though not as sharply as in Britain or Belgium. But they are going on down, unlike those in the other coal-producing countries; and the effect on output has been concentrated on the Ruhr. Total coal consumption in 1961 was about 123 million tons, against 127 million tons in the postwar peak of 1956, but the 1961 figure included about 10 million tons for the Saar area, included in Germany since 1960. Solid fuel's share of total energy consumption, since 1960. Solid fuel's share of total energy consumption, dropped from about 89 per cent in 1953 to 71 per cent in 1961 (and inclusion of the Saar again tends to bolster up the share of coal). But coal sales may be down by another 3-4 million tons this year; and the coal figure that matters politically in Germany is that Ruhr coal production, from a capacity of

perhaps 145 million tons a year, is down to about 115 million tons.

All the open measures of protection for German coal are formally temporary, and due for review during the next six months; at the end of 1963, too, the present import duty on crude oil, which protects high-cost German oil production, is due to be abolished, under a special protocol to the Treaty of Rome. So far as coal is concerned, nobody has the least doubt that the duty on imported coal will be continued after it lapses at the end of this year, or that the excise tax on fuel oil, which would lapse at the end of April, 1963, will be renewed (a few people on the two sides have hopes or fears that it might go up). Apart from the protection that this tax gives coal, the DM.400 million that it now raises each year, with a built-in increase along with the growth of fuel oil consumption, has become too important to the budget to let go lightly; different ministers have different ideas about what to do with the money, but none wants to do without it. It seems likely to be renewed for four or five years; the oil industry's hopes that it might be made "degressive" (i.e. declining in rate each year) seem unlikely to come true.

Abolition of the duty on crude oil (effectively DM.80 per ton) will be necessary to bring Germany, in one step, into line with the nil duty on crude oil in the common external tariff of the EEC. Since German crude, on the average, costs considerably more than imported crude can be landed at, very little internal production could survive bereft of all protection; at least, exploration to develop reserves as they are run down would no longer be worth while. Under the treaty, the German government would be allowed to subsidise local oil production unconditionally for two years, and after that with the approval of its common market partners; it is now discussing ways and means with the local oil producers. These include some of the affiliates of the international groups, as well as independent German oil companies—some of which are interested in coal, too.

RUHR coalowners look with envy at what they consider the comfortable position of the National Coal Board (though to English eyes their political influence appears stronger, since Lord Robens and the National Union of Mineworkers have no particular pull in the Conservative party). Britain's own cut-back in the mines has been larger than theirs—down by 30 million tons a year and 130,000 men since 1957—but it is true that coal imports have been effectively banned and that competition in the fuel oil market has not pushed the discounts down as far here. There is no marked fear in Germany about British coal imports, though the Ruhr envies the Coal Board its one selling organisation for all the country's pits. It is acknowledged that the entry of Britain into the Coal-Steel Community would probably shift the balance of fully competitive coal tonnage in the community; but the coalowners are less interested in that than in seeking a weighty ally to defeat the liberal ideas about energy imports voiced by the European Economic Commission in Brussels. Entry into the Community, however, must mean that eventually the British fuel market will become as open as Europe's (however open that is). During the next few years, certainly, competition in the market for oil products of all kinds seems likely to intensify in Britain; so the Coal Board may soon have to meet the degree of competition that the Ruhr has already.

BUSINESS NOTES

SPECIAL DEPOSITS

All Back

RELEASE of the last £81 million in special deposits frozen at the Bank of England was announced on Thursday. Thus the whole of the three-stage release, from the peak ratios of 3 per cent for the clearing banks and 1½ per cent for the Scottish banks, has been achieved within six months, while Bank rate has been kept steady at 4½ per cent. This has been the right choice of action; the authorities now show a little more recognition of the support that relatively high interest rates can give the balance of payments in a continuing way and not only in short-term crises. And the Bank of England was never very enamoured of its new weapon of special deposits; it was sensitive to criticism of the arbitrary impact on the banks concerned; and it was anxious to show that

the deposits were not being impounded for the duration. Equally, however, it is not suggesting now that the special deposits will never be recalled.

This final release has been prompted by the sluggishness of bank lending shown in the November statements. While this is attributable to lack of public demand rather than lack of bank resources, bank liquidity is far from flush and it was clearly anomalous to squeeze it down at a time that official policy was set wholly for reflation. In the domestic economy there are still no signs that the several and not inconsiderable injections from both the Treasury and the Bank have been dangerously excessive; while externally sterling has been firm and the gold figures for November should be good.

BANK CREDIT

Advances Peter Out

INDUSTRIAL borrowing from the banks still shows no sign of reviving; the increase in net advances of the London clearing banks in the five weeks to November 22nd of only £19 million, including an increase of £6 million to nationalised industries, is unquestionably disappointing. In October, when the remaining restraints on lending were removed, advances rose by £44 million. It seemed then that the rise might be swollen by finance for property projects and personal loans that had been approved in principle and were merely awaiting the Chancellor's go ahead. This month's slackening tends to confirm this, especially as the banks have indicated that the rise is mainly in personal and professional loans and loans to retailers. The pick up in engineering borrowing, hinted at last month, seems to have petered out.

Despite the small scale of the rise in advances the banks were net sellers of gilt-edged during this banking period, for the first time since March. Total market investments fell by a net £14 million. Lloyds sold £5 million and the Westminster £13 million. This sale by the Westminster contrasts with purchases in the two previous months amounting to £31 million, which was needed to lift its liquidity ratio from 31.2 to 32.5 per cent. The aggregate liquidity ratio for all the banks has fallen a further two decimal places to 33.3 per cent, though Thursday's release of special deposits will put a full point back. It is

still possible that banks may be pressed against the minimum of 30 per cent in the new year. But they can now assume that in one way or another the authorities will see them through—by absorbing gilt-edged from them or by reducing still further the pressure of their funding sales. The limitation on advances over the months ahead is likely to be demand not supply.

THE BANK FIGURES November 22, 1962 London Clearing Banks

	£ mn.	Month	Year	Changes on
		£ mn.	£ mn.	£ mn.
Gross deposits.....	7,743	-10	+292	
Net deposits*	7,219	-9	+267	
Liquid Assets.....	2,578	33.3	+18	+8
Cash	634	8.2	-11	+29
Call money	726	9.4	-10	+39
Treasury bills.....	960	12.4	+17	-85
Other bills and "liquid" credits.	258	3.3	-14	+9
Special deposits.....	77	1.0	+2	-144
Risk Assets:				
Gilt-edged	1,197	15.5	-9	+196
Other market investments	111	1.4	-5	-
Advances*	3,491	46.8	+19	+261
(to State Boards).	66		+6	-7

Scottish Banks†

Gross deposits.....	831	-2	+2
Liquid assets	303	31.9	-9
Investments.....	224	23.5	-2
Advances.....	343	42.1	+17

* Excluding all items in transit, except ratio of advances to deposits; all other ratios are of gross deposits. † All ratios are of gross deposits and notes.

By contrast with the experience of the London clearing banks this month, the advances of the Scottish banks rose spectacularly, by £17 million. This is nearly as much in absolute terms as the rise for the clearing banks and signifies a rise of more than 4 per cent. It is equivalent proportionately to about £150 million in the advances of the London clearing banks. The Scottish banks give no reason for this movement, and it may be no more than the counterpart of the equally sharp fall in advances last month of £19 million.

MANPOWER

Fewer at Work

AFTER last week's worst November unemployment total for 22 years, the Ministry of Labour records this week that in October, for the second month running, total employment was lower than it had been a year before. If the trend is looked at more closely by applying the seasonal corrections of the National Institute of Economic and Social Research, it seems that in the first two quarters of this year, employment was rather lower than during the last quarter of 1961, recovered in July but fell over the next three months by some 0.3 per cent. Seasonal adjustment of these figures is only rough, but employment seems

UNEMPLOYMENT RATES AMONG MEN (Percentages)

Regions	November, 1961	November, 1962
Northern	3.2	5.4
Scotland	3.5	4.9
Wales	2.9	3.8
North Western	2.2	3.4
Midland	2.1	2.8
East and West Ridings.....	1.4	2.4
South Western	1.8	2.4
Eastern and Southern	1.6	2.0
North Midland	1.2	1.8
London and South East ..	1.3	1.8

to have taken a downward course. The hard facts are that in October there were some 60,000 fewer people in civilian employment than a year ago (100,000 fewer in manufacturing industries alone) and 145,000 more people "wholly" unemployed. The latter comparison was increased to 156,000 in November.

This situation may be awkward for the government and the trade unions, but it cannot have taken them by surprise. Production has been rising, but only modestly; capacity has risen much more. When the Federation of British Industries took its last sounding of business opinion early in October, two-thirds of firms, the same proportion as four months before, were working below capacity and in more than one out of three of these the amount of unused

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capacity had risen, and in only one out of six had it fallen. Only one in ten firms mentioned skilled labour as a factor likely to limit output compared with one in four a year before. It is not surprising that employers are less keen on hoarding labour; the FBI itself was bold enough to couple the better use of labour with a high level of investment as essentials for the future success of the economy.

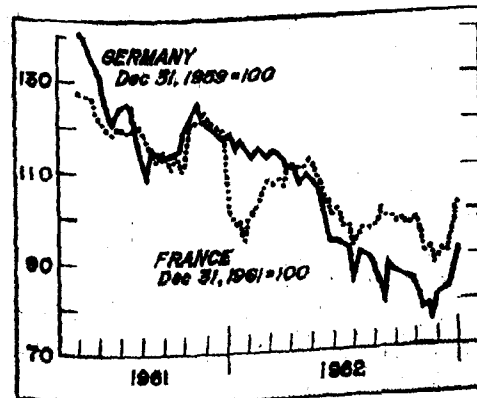
By American standards, as discussed on page 908, the November rate of unemployment of 2.4 per cent in Britain is still low. If it were evenly spread there would be much less to worry about. But in the Northern region, which is now the worst affected, the rate among men has risen above what any economist would think reasonable. And in the development districts as a whole, the rate (for all workers) was 5.4 per cent even by October, and as much as 11.5 per cent in Milford Haven and Pembroke Dock, 7.5 per cent in south-east Tyneside and 6.9 per cent in north Lanarkshire.

STOCK MARKETS

A Turn for the Better

DESPITE the upsets of Cuba and the Sino-Indian struggle, investors have for the last month been displaying more confidence in equities than at any time since the Wall Street crash at the end of May. The key factor is the prospect for the American economy next year and here views are more optimistic than they were only a few weeks ago. As a direct result equities on Wall Street, with only minor interruptions for profit taking, have advanced over the last five weeks carrying the Dow Jones average up by over 90 points to break through 650. Volume of business has expanded but the buying has come largely from institutional and some overseas investors rather than from private investors and mutual funds in the United States. A technical correction is thought to be likely but, apparently, there is no fear on Wall Street of a serious or prolonged decline. Record car sales, higher retail sales, price increases and better than expected corporate earnings have helped to sustain the advance, in which blue chip issues have scored the biggest gains.

Without this advance on Wall Street, it



BUSINESS NOTES

is difficult to believe that the British and Continental markets would have behaved so well in recent weeks. In Britain, the government's measures have helped to reinforce investors' confidence and despite the by-election results equities have remained firm this week with the *Financial Times* index hovering around 295-296 and *The Economist* indicator gaining 6.2 points to 354.9 in the week to Wednesday's close. With interest concentrated upon equities the gilt-edged market has remained quiet, but mid-week buying was encouraged by the prospect, confirmed on Thursday, that the remaining special deposits would be released to the banks. Investors have also noted the quickening flow of new issues; for example, three loan issues by Butlins, Dalgety and New Zealand Loan and Associated British Maltsters, amounting in all to £84 million, were announced on Wednesday.

As the chart shows, equities in Germany and France have been rising strongly. Buying on the French bourse was encouraged by the Gaullist success in the general election though after last week's strong advance, the bourse has had to absorb some profit taking this week. The reawakening of interest in German equities has taken place despite the continuing governmental crisis; but the chance of a clash over Berlin is now reckoned by investors to be less likely. But as in France, the rise has been interrupted by profit taking.

The more confident mood among investors is tinged with the reasonable scepticism that the economies of the western world are not out of the wood yet. British investors cannot ignore the unemployment figures nor the amount of unused capacity in the capital goods industries while German investors are still worried by the pressure on profit margins. And even if the spectre of economic recession has waned, many are still concerned about the rate of economic recovery and growth that will be achieved next year. The latest rise in equities may be justified but a further headlong advance would be another matter.

PUBLIC INVESTMENT

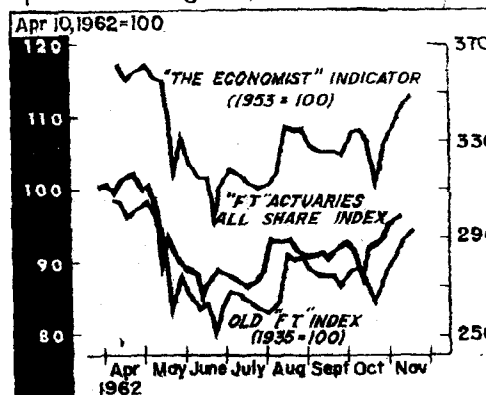
A Regulator?

THE debate in the House of Commons last Tuesday added little to what had already been said on the Government's plans to increase public investment in the White Paper published earlier last month. The £70 million or so that the Central Electricity Generating Board wants to spend in 1963-64 on strengthening the distribution system are still "under discussion," as is the investment programme of the Post Office. So the official estimate for public investment in 1962-63 remains £1,930 million and for 1963-64 £2,060 million, compared with £1,790 million in 1961-62—with the proviso that they are likely to rise next year. Mr Boyd-Carpenter, Chief Secretary

to the Treasury, explained that the Government has not fallen into the old trap of imagining that an increase in future public investment can act as a remedy for an existing recession: that it has authorised an extra £70 million of public service investment was, he explained, simply because it was possible to spend this much on short-term projects. About £15 million will be spent this year and £40 million in 1963-64—still hardly a quick-acting remedy. But it seems that the Treasury expects the slackness in private sector investment will last into 1964, and this opportunity should be taken to increase spending in the public sector. This seems rather like using public investment

NEW SHARE INDICES

FOR over thirty years the Actuaries Investment Index has charted movements in stock market prices. But since the war it has been a monthly index and the need for a daily indicator as comprehensive and as capable of sub-division as the Actuaries series was clear. This is now provided by the new FT-Actuaries indices, which completely replace the Actuaries Investment series. The new indices cover 693 securities, divided into 50 sub-sections. The two principal equity indices are one of 500 industrial shares (which are broken down into three main divisions: capital goods; durable consumer goods; and other consumer goods) and an all-share



index of 594 shares (which include financial stocks as well). Arithmetical averages of price relatives (weighted by market capitalisation) are used and the base date has been fixed on April 10, 1962, the day on which the capital gains tax was introduced. The *Financial Times* daily index of 30 ordinary shares will still be published and, as the chart shows, neither it nor *The Economist* indicator have moved, in the short term at least, very differently from their bigger and more elaborate new brother. Investors now have a proliferation of indices to choose from; but, as the use of the Dow Jones average across the Atlantic demonstrates, old favourites die hard.

as a regulator; what can be done quickly is not necessarily what needs doing most.

The Post Office's hope of being able to spend more than the forecast of £139 million in 1963-64—compared with £123 million this year—might, one suspects, be connected with its reported desire to raise charges for parcels and telephone calls. Its biggest investment programme now is for the extension of the automatic telephone system, which was intended to reduce costs by saving labour. Charges for telephone services were increased only a year ago; if it turned out that the Post Office wanted to make another, one would have to assume that the present charges are based on a miscalculation of costs—or that the Post Office have become over-enthusiastic about financing investment from its own resources, and does not want to borrow more from the Treasury.

SWITZERLAND AND IMF

All Help Short of Membership

A Swiss correspondent writes:

AGREEMENT in principle was reached in Berne at the end of last week on co-operation by Switzerland with the Paris (Lenders') Club of the International Monetary Fund. Swiss participation in these special stabilisation credits was envisaged from the first mootings of this scheme in Vienna in September, 1961; and a few days after the conclusion of the Paris agreement a little under a year ago Switzerland was formally asked to join. In principle the Swiss answer was not negative; but the Berne government immediately pointed out that Switzerland could not co-operate as a formal member of the club, because Switzerland is still disinclined to become a member of the Fund. The basic reason is that the authorities do not want their franc to become an international currency in the same way as the pound or the dollar. Switzerland wants to retain control over the utilisation of the Swiss francs that come into foreign hands—which, as a member of IMF, it would not. And Switzerland feared that entry into the Paris club would be considered by its people as entry into IMF by the back door.

So the Swiss government, in co-operation with the National Bank, prepared a project which was presented to Dr Per Jacobsson when he came to Berne for a first talk last April. Some important difference of opinion appeared, because Dr Jacobsson wanted the Swiss contribution to be granted through the IMF, which in turn would have distributed the Swiss francs to the borrowers in the Paris club. This was refused by Switzerland, as it would have involved the loss of control over destination of the credits. Dr Jacobsson also asked Switzerland to

make a loan in gold to the IMF, with which the IMF could purchase foreign currencies; and he wanted the amount of the Swiss contribution to be \$300 million, whilst Switzerland had always said it would not go above \$200 million.

The Swiss authorities therefore rejected these proposals but prepared a compromise under which, in order to avoid hurting the susceptibility of the IMF, it would be associated with the Swiss participation. The broad lines of this second project were accepted by Dr Jacobsson on his visit to Berne last week. Under this project:

1. A general agreement (*accord-cadre*) is to be concluded between the IMF and the Swiss Confederation in the form of an exchange of letters, indicating that Switzerland is willing to co-operate in the scheme of the Paris club. But the details and the conditions of this participation would be settled in bilateral agreement, first of all with the United States and Britain. So Switzerland will retain control of the amounts put at the disposal of Paris club member countries.
2. The agreement, which would be a kind of stand-by agreement, would provide that a Swiss contribution could be of three kinds:
 - (a) swap operations
 - (b) loans in Swiss francs
 - (c) loans in gold.
3. These contributions would be made on a reciprocal basis. This condition is not very important for Switzerland, but was inserted at the wish of the United States, which does not want the agreement to give the impression that Switzerland needs to "help" the dollar.
4. The maximum amount of the Swiss contribution would not go beyond \$200 million.

The broad lines of this project have still to be accepted by the Swiss government and the IMF; if they are not, a third meeting will be necessary. Eventually the project will have to be put before the Swiss Parliament in the form of a bill. So this addition to the Paris club will not be ready for use for at least six months.

EUROPEAN MONETARY AGREEMENT

Diplomacy, Treasury Style

THE British Treasury has won its technical battle over the European Monetary Agreement; whether this paper victory will serve the wider interests in international finance which the Chancellor of the Exchequer is himself pursuing is another matter. Broad agreement was reached at a meeting of the managing board in Paris on Monday, on the eve of the ministerial meeting of OECD, for a limitation of the effective dollar guarantees to five per cent of official holdings, covering a mere £11 million of sterling balances. While this represents an advance on the previous British offer of one per cent which was rejected by continental countries as derisory,

it is still little more than nominal and covers far less than normal working balances. Effectively, therefore, the whole of Part II of the European Monetary Agreement on central settlements, which British officials disliked from the start, will lose its residual significance; what remains, in Part I, is a mechanism for making credits to needy members which so far has been used only for small amounts for Greece, Turkey, Spain and Iceland. This amendment of EMA, which has been agreed only for the next year, will be arranged through an exchange of letters modifying Part II of the agreement, though some formal approvals have still to be obtained. At the same time, to make it clear that special support for sterling and other countries would still be guaranteed as in the past, the amending clauses will incorporate some statement about provisions for mutual support, which might effectively bring the mechanism of the 1961 Basle credits within EMA itself.

British officials, at any rate, are satisfied that there is no basic conflict in their recent stand against these dollar guarantees and the proposal for gold guarantees in the Maudling plan. The currency balances held by members of the European Monetary Agreement, they point out, are ordinary holdings of an international reserve currency: all such holdings are not guaranteed, so why should some be? The Chancellor's proposed mutual currency account in the International Monetary Fund, on the other hand, is an attempt to create a new internationally acceptable reserve currency in the hands of an international institution, and like all IMF holdings it would have an automatic gold guarantee of gold value.

But the test of these fine distinctions is not whether they can be logically justified by Treasury officials fighting the battles of 1955 and 1962 at the same time: the test lies in their reception by the people who have to be convinced. And the continental financial officials involved in the argument have seen Britain's action as a backward step in international financial co-operation, in the light of which the forward jump proposed by the Maudling plan looks either hypocritical or frivolous. Why, they ask, all this fuss about a guarantee in dollars which in the dollar's present straits, is unlikely ever to be a liability?

The continental reaction cannot be put down to misunderstanding alone. The Maudling plan did mark a new departure in British external financial policy, and therefore did demand some adjustments in other, peripheral aspects of that policy. The row in EMA has shown that this was not done, and that the distinction between "existing" and "additional" balances in the Maudling plan itself makes sense only to its authors. Did Mr Maudling really intend that the financial discussions in Paris this week should be totally concerned with sorting out a barren dispute devoid of any real moment? If the Chancellor is still serious about his initiative he would do well to get it more thoroughly accepted in London itself.

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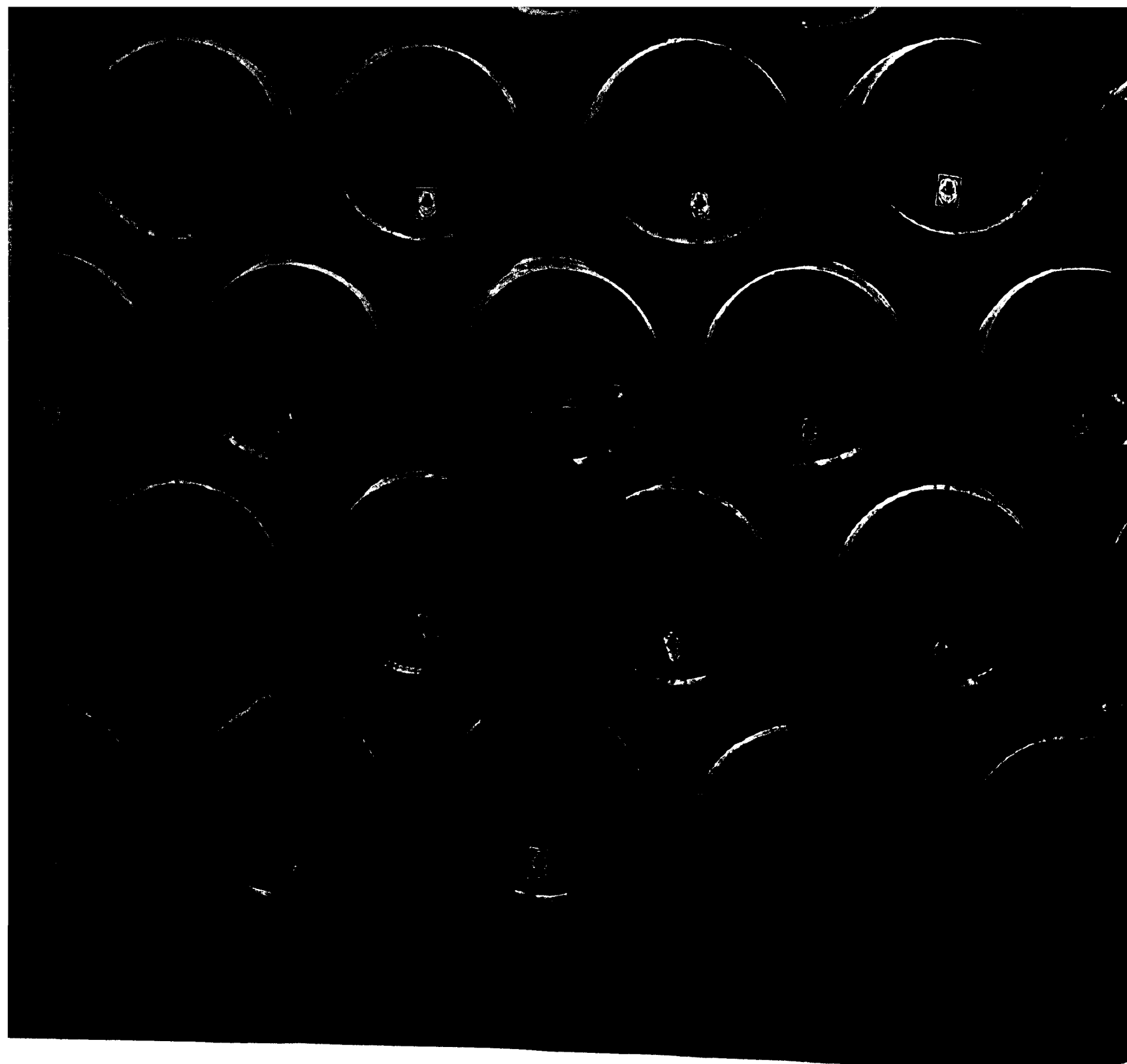
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AIRLINERS

Supersonic Signature

THE Minister of Aviation, Mr Amery, has now signed the agreement for the production of a supersonic airliner by Britain and France. The reasons why this project seems unwise have already been stated in *The Economist*; now Britain is committed to spending £75 to £85 million, on the Minister's estimate—and he would have to admit that no estimate can be firm in so risky a project as this—in the hope that the British and French aircraft industries will be able to win the lead in the supersonic airliner market. If the decision was not taken now, the Minister believes that Britain would lose all hope of maintaining its place as a maker of long-range airliners. The British share of the project, as already reported, will be the construction of the prototype of the long-range version of the airliner; that of the medium-range version will be built in France. About 40 per cent of the development work on the airframe will be done in Britain, and 66 per cent of that on the engine—the Bristol Olympus. Total expenditure will be shared equally, and be controlled by a board of officials representing the two Ministries of Aviation—which will supervise the management committee of the British and French companies concerned. Their share of the expenditure will be “appropriate,” but this apparently means a small part of the whole. British Overseas Airways Corporation and Air France will be “associated” with the project from the start. So far as BOAC is concerned, this means that it will first say what sort of aeroplane it wants—in those details not yet settled; then if when the characteristics of the aeroplane are established they meet BOAC's requirements, it will place an initial order for some of the aeroplanes. But because the nationalised airline does not believe it can decide whether the machine will prove economic until flight tests begin in 1966, the Government has agreed to underwrite BOAC's commitments; so if BOAC then decides that it does not want to buy the aeroplane after all, the Government will repay all its expenditure on progress payments and development work, which might amount to £10 million. It will then have some pretty unsaleable and very expensive aeroplanes on its hands; but when it is risking so much to help the British aircraft industry, this is only a small part of the whole curious operation.

War of Small Jets

Our Special Correspondent cables:

THE rain stopped and the clouds broke over Seattle on Tuesday morning in time for the Boeing company to roll its small jet 727 airliner out into the cold sunshine for the last adjustments before its first flight in the new year. The weather matched the company's mood. During the weekend, Boeing had lost a major military contract to

Convair and faces the virtual shut-down of one of its largest factories. But the new airliner represents a guarantee that whatever else may happen, Boeing will continue to be the major and perhaps ultimately the only manufacturer of civil aircraft in the United States for the rest of the decade. The medium sized, medium range 727 promises to take up the slack created by the rundown in orders for big jets, which has already brought the jet factories of Douglas to a virtual stand-still. Boeing has swept the board by selling the 727 to all four big domestic airlines in the United States, the first time for years that they have chosen identical equipment. To date, 131 have been sold, approximately half the sale required to break even.

The initial success of the 727 has a bearing on the fortunes of the British aircraft industry. Ignoring small differences in size and engineering, the 727 and the de Havilland Trident are virtually identical, from their three tail mounted engines to the markets they are intended to serve and the approximate dates within months when they are expected in service. The only customer for the Trident so far is BEA with 24 on order; Boeing, which must export to reach its break-even figure, has already begun to make inroads into the overseas market.

It is estimated that there is a world market for at least one thousand smallish jets of various types but the lion's share may divide between Boeing, with its sights set on 40 per cent of the total, and the British Aircraft Corporation's 111 jet designed for rather shorter ranges. This would leave the Trident and the French Caravelle to battle for the remainder. If this seems to understate the Trident's chances and overstate those of the 111, it can only be said that de Havilland is fighting a world established manufacturer with a product not so noticeably different in performance that it can easily tip the scales, while the 111 is on the verge of a major breakthrough in the United

States market with negotiations well advanced for the sale of 25 to the world's second biggest airline outside the iron curtain, American Airlines. If this sale takes place, the 111 will be airborne.

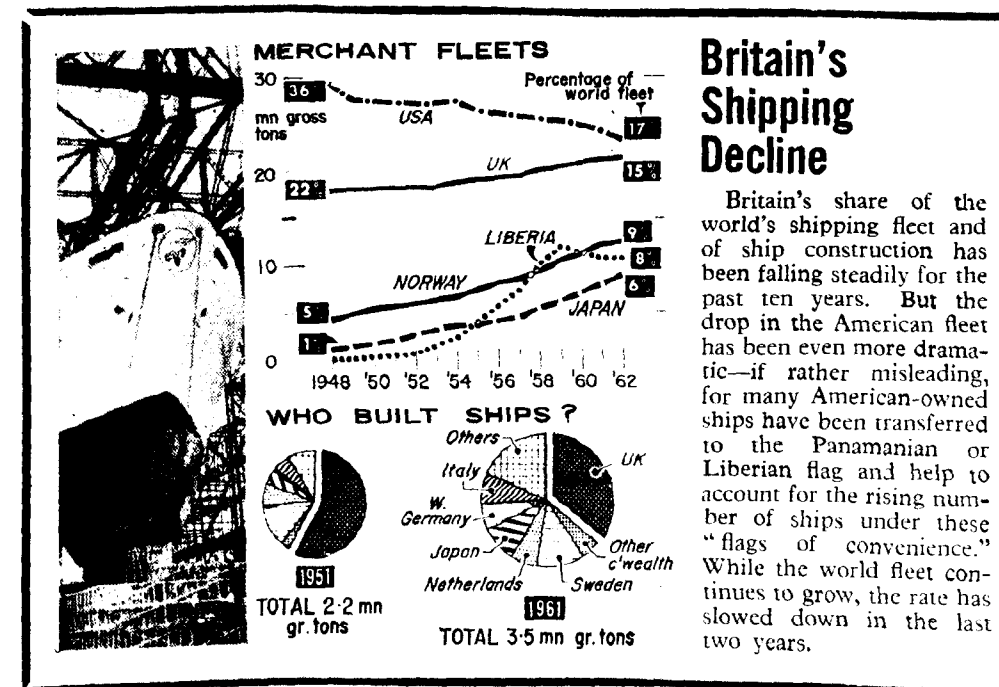
PIPELINES

Competing to Lay

THE Government will find itself faced with competing claims when it comes to decide who should build and operate the first oil pipeline to be constructed under the Pipelines Bill. The two oil groups that own most of British refining capacity, Shell-Mex and BP and Esso, have announced that they want to build a pipeline—in conjunction with the other major oil companies operating in Britain—from London to Merseyside. This is also the route along which Trunk Pipelines, an independent group set up to develop pipelines, wants to build a pipeline, to operate as a common carrier. The purpose of the bill was to prevent duplication in this new means of transport, so the Minister of Power will have to choose.

Esso is already building a pipeline from Fawley to London Airport, while Shell-Mex and BP had planned a pipeline from Shell-haven on the Thames to St Albans. Their proposed new pipeline would link these pipelines to Birmingham, Northampton and Nottingham as well as having local branches along the route. From the North-West a smaller diameter pipeline from the Shell refinery at Stanlow (Ellesmere Port in Cheshire) will join the new line from the South-East.

Two years ago Trunk Pipelines Ltd. wanted to build a pipeline from Canvey Island to London Airport. Later Shell-Mex and BP announced their plans for a pipeline from Shell-Haven to St Albans, and



Trunk Pipelines extended its project to run to Ellesmere Port. Both plans were shelved while the general legislation was going through Parliament. Though neither Shell-Mex and BP nor Esso were willing to say that they would use the Trunk Pipeline facilities, some other companies were said to have sent it "letters of intent." The line was to be a "common carrier." The smaller distributors in UK include Petrofina, Total, Regent, Gulf, Jet, Agip, Mobil and others. Mobil has a refinery, and Regent is building one; but Petrofina may rely on their

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expanded Belgian plant, while Total, Agip and Jet also buy in Europe and Gulf soon will have a refinery in Denmark. The chances of Trunk Pipelines, which is about to conclude its deal for the use of British Transport Commission land along the canals for laying a pipeline, are considerably weakened by the fact that Regent, Petrofina and Mobil are participating in the new pipeline organisation as well as the big marketers here, who have natural interests in not letting too many newcomers in. Will the Government give the licence

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to build a pipeline to these established users, or will it prefer to let a common carrier operate a service that will be open to all who wish to transport oil?

YUGOSLAV STEELWORKS

The Contract Signed

A CONTRACT for the supply of a large part of a steelworks to Yugoslavia has now been awarded to Davy and United Engineering and the Wellman Smith Owen

COMMON MARKET TAXES

Harmonising What?

AMONG the complex of reports that have been prepared in Brussels this autumn on further ambitious moves to financial integration is that of a committee of professors set up to investigate the practical requirements of harmonising the common market's taxes. The committee's report is expected to be published only towards the end of the year; but in London last week Professor Neumark, the German chairman of the committee, spoke freely on this subject at a conference arranged by the Federal Trust for Education and Research and by the United Kingdom branch of the International Fiscal Association. Professor Neumark, in line with the current fashion in Brussels, has no inhibitions about extending his recommendations well beyond the areas singled out for harmonisation in the Rome Treaty. Undoubtedly, the centralist tendencies of his report will not fully survive the scrutiny of the member countries. Yet the tenor of such thinking is an increasingly important practical influence in tax policies in European countries, including Britain even before it has actually joined the common market. From now on, every important tax change considered by the Chancellor of the Exchequer and his advisers will first be set against the general test of whether it moves towards or away from what seems likely to emerge as the European norm.

The immediate problem is over the different coverage and different methods of indirect taxation, which, as the Rome Treaty had to recognise, can themselves lead to artificial distortions in trade within a tariff-free community. Ideally, if fiscal frontiers within the community are to be abolished entirely, the federal purists argue that the present system of applying taxes on goods according to their destination (i.e. allowing tax rebates on exports and raising levies on imports) must be replaced by the "origin principle," under which the tax of the country of manufacture is applied wherever the goods are finally sold within the community. The application of this principle, however, would make

differences in rates of indirect taxes in the several member states a still more serious distorting influence on production and trade; and then, as Professor Neumark openly states, "the only possible expedient seems to be a complete harmonisation of indirect taxation."

THIS is almost certainly more than national governments will or should at present be prepared to concede for the formal satisfaction of seeing the abolition of fiscal frontiers (which because of the need to control entry from outside the community could still not mean the abolition of customs frontiers). So a move to the "destination principle" remains in the future. But the Council of Ministers is now considering a proposed directive of the Commission for harmonising the form of turnover taxes (still on the destination principle) and, after 1970, beginning to harmonise the actual rates.

The form of tax chosen is the French-type tax on added value (TVA). This can still be complemented by a sales tax at the retail stage, provided, in Professor Neumark's words, the level of this is kept "rather moderate." For this reason he rules out the British purchase tax, which anyway "can be considered a collection of special excise duties rather than a general turnover tax." Some British tax experts, and not only those in Customs and Excise, are now manifesting some nostalgic regrets for this unloved tax, which has the one great advantage of easing administrative collection—there are 60,000 collecting points in Britain, while 300,000 might be needed to collect the same revenue from a TVA tax. A single stage tax at the pre-retail stage—that is broadly the purchase tax unified to a single-rate—was in fact among the three possibilities put forward by the experts' committee to the European Commission, and some critics allege that this was passed over with inadequate consideration.

The Rome Treaty restricted itself more or less to indirect taxes; but the compart-

ments cannot be kept divided. As Professor Alan Peacock, now of the University of York, pointed out in a provocative opening address to last week's conference, changing the tax structure at one point immediately necessitates adjustments at others, whether to maintain revenue or to appease the injured. Thus the crude rule of thumb for Britain of increasing indirect taxes to the relief of direct taxes could, Professor Peacock points out, result in irresistible pressure for larger social services to compensate the worse off, and so have the paradoxical result of increasing the tax burden as a whole.

NOR can one assume that the existing balance of direct and indirect taxes on the continent is a permanent one or even a chosen one; in Italy and France it is largely the result of an inability to collect direct taxes, and both these countries have for years been girding themselves for a serious tax reform—which in some ways would move them closer to the British structure. Certainly many of the proposals made by Professor Neumark are well in line with progressive opinion in Britain itself. They include abolition of stamp duties; partial replacement of inheritance duties by a personal tax on wealth of say one per cent a year (Professor Neumark believes that Britain's entry into the common market will have to be followed by a "noticeable lowering" of its estate duty); harmonising of special excise duties and abolishing the minor duties on matches and the rest; and introduction of a special uniform corporation tax of say 50 per cent with a reduced rate of up to 25 per cent on distributed profits. All this is a useful spur to reforms that have been considered too complacently in national treasuries. But it need be no more than a spur. For many years yet tax harmonisation in Europe can and should be kept within distinct limits, so that the taxes can continue to reflect the real differences in national conditions that are bound to remain. If Brussels is really worried about distortions of competition it would do well, as Professor Peacock suggested, to turn its mind more closely to purchasing policies of official agencies—on which there is precious little sign of common market competition at all.

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PATENTS

Draft for European Patents

THE Brussels Commission has published a draft convention outlining a new system of European patents which would at first run parallel to, and might later eclipse existing patent systems in member countries. Other interested parties, including Britain, can make representations about the new system, but they will need to move with haste to reach conclusions on the complex issues raised by the proposed European patent law in time to influence its shape. Views of EEC members and other interested parties will be heard next autumn when a final version will be agreed. The timetable thus means that objections must be submitted by next spring, and if none are submitted tacit acceptance would be inferred, making it difficult for Britain to challenge the convention if it later joined the European Economic Community.

The new convention does not attempt to harmonise existing laws. A new supranational patent office will be set up with its own law and a European Patent Court established. The language in which the patent application is framed will be used throughout the processes leading to the granting of the patent though the claims contained in the patent specification will be published in English, French and German.

The European patent would be effective in all countries which are contracting parties to the convention. The national courts would be responsible for its enforcement, but they would not be competent to question the validity of the patent. An invention must be "absolutely" novel to obtain a European patent. That is, it must not previously have been available to the public by use or by written or oral description. European patents will be granted initially in provisional form. A provisional patent would be readily obtained providing the specification conforms to rules set out in the convention and is backed by a search for novelty made by an approved search organisation. The specification will be published along with the result of the search for novelty, but the specification need not be amended to include only the parts of the invention that appear novel in view of the search. A final, examined European patent must be sought within five years.

THOUGH the draft convention is remarkably detailed, some important points have been left open. The position of nationals of states which are not contracting parties is not clear. The intended future relation between existing national patent offices and the new body is also unclear. However, it seems clear that the owner of a European and a national patent for the same invention will not be able to enforce both against an infringer.

If Britain eventually becomes a contracting party to the European patent convention, British industry is likely to be affected to a greater degree than is commonly realised. British manufacturers might have to share the inconvenience of having to file patents farther from home. A more serious difficulty for some British manufacturers might be that patents affecting them could be published in French or German. Though the patent claims will be published in English as well as the original language, in most cases it will not be sufficient to read the claims of the patent specification to understand the full significance of the patent. On the Continent, patent claims are sometimes loosely worded, and British manufacturers might be unsure whether they were entitled to market a new product without infringing patent specifications originating in French or German.

A further potential difficulty is that from the published details of the result of the search for novelty it will not be easy to foresee what form the claims of a European patent will take. Third parties can apply to have the provisional patent of a rival examined before the five years' grace in which to apply for a full patent is completed. But this assurance might be of limited practical value. The criterion of "absolute" novelty which takes account of prior oral descriptions might also prove a stumbling block as traditional British practice in the grant of patents is concerned only with matters made publicly available in Great Britain. Alleged oral descriptions overseas and in an unfamiliar language might prove difficult to refute. The haste of the EEC countries to frame a new patent convention presumably reflects the realisation that the national patent laws might be used to frustrate the liberalisation of trade between member countries.

INDEX

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SHIPPING

Trying to Regulate Tonnage

JUDGED from the tone of a statement issued after a meeting in London of tramp shipowners of 15 different nationalities on Tuesday, the chances of starting an international tramp tonnage stabilisation scheme are rather better than before. The idea of attempting to stabilise the supply of dry-cargo tramp tonnage in accordance with fluctuations in demand, thus preventing freight rates from dropping to ruinously low levels, was considered by the International Chamber of Shipping as long ago as 1958, in the early stages of what has proved to be a long recession. In 1959 the International Tonnage Stabilisation Association was formed, and a provisional scheme was drafted, to compensate owners of laid-up tonnage by means of a levy on the freight rates paid to ships still operating. The object was to relate tonnage available to the volume of traffic moving, at the same time leaving individual owners freedom of action to co-operate at whatever they regarded as economic freight rates. Thus owners would receive some encouragement to take surplus tonnage off the market at an early stage in the cycle, and keep it off the market until conditions improved. The scheme would also have permitted compensation payments to be made for tonnage broken up for scrap, thereby encouraging owners to remove uneconomic ships from the market. No mention has been made, however, of any method of controlling the ordering of new tonnage.

Some British and many Scandinavian tramp shipowners, however, could not be persuaded to co-operate, preferring, apparently, the doctrine of the survival of the fittest and the scheme went on to the shelf. The continuance of the slump for a further two years seems to have caused second thoughts, and it has now been agreed that steps should be taken to revive the Inter-

national Tonnage Stabilisation Association. International co-operation is, of course, an essential element of the scheme; and this is not easy to secure in such a widespread field of interest and national and private competition. It was achieved before the war in the shape of an international tanker owners' pool, but in those days the sea transport of oil was a much more limited field, there being a comparatively small number of tanker owners, including the shippers (the oil companies) themselves.

The new scheme would be concerned with all dry-cargo vessels of 5,000 tons dead-weight and over, involving many owners of all nationalities under all the principal maritime flags, and concerned with the carriage of all kinds of bulk cargo. A further complication today is the tanker invasion of the grain trades; and many other developments, too, out of the control of tramp shipowners themselves, are having a depressing effect on freight rates. Nevertheless, this may not prevent owners from taking what steps they can to get out of the mercy of shippers.

SUGAR

Bitter Sweet

THE working of the Commonwealth Sugar Agreement was incomprehensible to the layman before the Irish got into the act. Now Eire is to be given rights akin to those enjoyed by Commonwealth producers and a befuddling barney has ensued between the Irish recipients of this favour and established Commonwealth sugar interests. The tonnage of sugar involved is a mere 10,000 tons, and the potential benefit to the Irish sugar industry next year is puny—£150,000 according to the Minister of Agriculture's estimate and as little as £75,000 at the current price of sugar. But the complications are something different. The British Sugar Board is to be empowered to buy refined sugar from Eire at £50 a ton and sell it back £10 a ton above the yearly average of the London

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free market price for raw sugar. Exports of refined Irish sugar to the United Kingdom will be limited to 10,500 tons a year, but exports of products containing sugar will continue to be unrestricted. The agreement bars the re-export of non-Commonwealth sugar in any form to the United Kingdom.

The unexpectedly sharp recovery in the price of sugar from below £20 a ton in January to £32½ a ton and the swift absorption of cheap supplies has put sugar producers and refiners in a far happier frame of mind, but the extreme reaction of the British refiners to the Irish sugar guarantee partly reflects the bitter taste still left by cut-throat competition resulting from the sugar glut. Through an alleged Irish manoeuvre known as "the three card trick," cut-price Polish and other foreign sugar has slipped under the net protecting Commonwealth supplies into Northern Ireland; but this inconvenient loophole has been quickly plugged.

Eire contends that the levy on sugar consumption in the United Kingdom, through which the higher payments to Commonwealth producers are financed, means that Eire subsidises its competitors. Mr Soames implied that it was to offset the latest increase in this levy (amounting to at least £150,000 a year on Irish exports to this country) that the new arrangements for Irish sugar were agreed. The same argument is valid for all non-Commonwealth suppliers, but whatever its merits it undoubtedly helped to smooth the way for the recent Anglo-Irish trade talks, and the Minister's reply suggests that the prospective establishment of a sugar beet growing industry in Northern Ireland might be facilitated by the agreement.

EXCHANGES

Sterling Balances Fall

OVERSEAS countries' holdings of sterling fell by £70 million in the third quarter of this year, to £3,459 million. This is the weak season for the overseas sterling area, and the decline in its balances by £24 million may not necessarily indicate

THE ECONOMIST DECEMBER 1, 1962

a change of trend—at £2,665 million on September 30th these balances are still £66 million above their level a year earlier. But there has also been a further decline, of £46 million, in balances of non-sterling countries, and at £794 million these are now nearly £100 million below their level at end-September, 1961, by when most of the balances lent under the Basle arrangements had been paid off. Movements in these official, and incomplete, figures of overseas sterling holdings have on occasion been clearly misleading—notably in the first quarter of this year when the holdings of non-sterling countries were shown to have fallen while all other evidence showed foreign money to be streaming into London. The movement for the third quarter, however—which has to be adjusted for an artificial reduction of £18 million as a result of putting the mutual swap arrangement with the United States on a stand-by basis—was broadly in line with the market indications of some small withdrawals, partly as a result of the sharp fall in rates in the local authority mortgage market.

So these figures tend to confirm that the firmness of sterling through its period of seasonal weakness has resulted from a strengthening of the underlying payments balance rather than support from short term funds. And now that adverse seasonal pressures are lessening, demand for sterling has edged up the rate, to \$2.80½ earlier this week, and has also brought dollars into the reserves. The exchange markets generally are comfortably stable at the moment, and are enjoying the unusual and welcome conjuncture of peace without quiet.

SHOPPING

More Ways to Cut Prices

ONE-STOP SHOPPING," operated on comparatively low margins, is the declared aim of more and more of the chain stores operating in town centres, as it is also the banner of avowed discount stores.

OVERSEAS STERLING HOLDINGS

End of period, £ million	Overseas sterling countries	Non-sterling countries					Total all countries	Non- territorial organisa- tions
		Total	North America	Latin America	Western Europe	Other		
1955	2,764	812	...	...	...	...	3,576	469
1956	2,730	692	...	...	...	...	3,422	669
1957	2,608	665	41	25	278	321	3,273	645
1958	2,519	834	58	18	408	350	3,353	623
1959	2,704	803	60	12	387	344	3,507	705
1960	2,478	1,405	303	63	699	340	3,883	549
1961 I.....	2,439	1,275	143	47	747	338	3,714	553
II.....	2,597	1,099	114	33	662	290	3,696	552
III.....	2,599	891	91	20	530	250	3,490	1,090
IV.....	2,631	919	93	14	573	239	3,550	958
1962 I.....	2,573	868	68	—16	568	248	3,441	871
II.....	2,689	840	94	—14	551	209	3,529	785
III.....	2,665	794	64	—24	536	218	3,459	590

THE ECONOMIST DECEMBER 1, 1962

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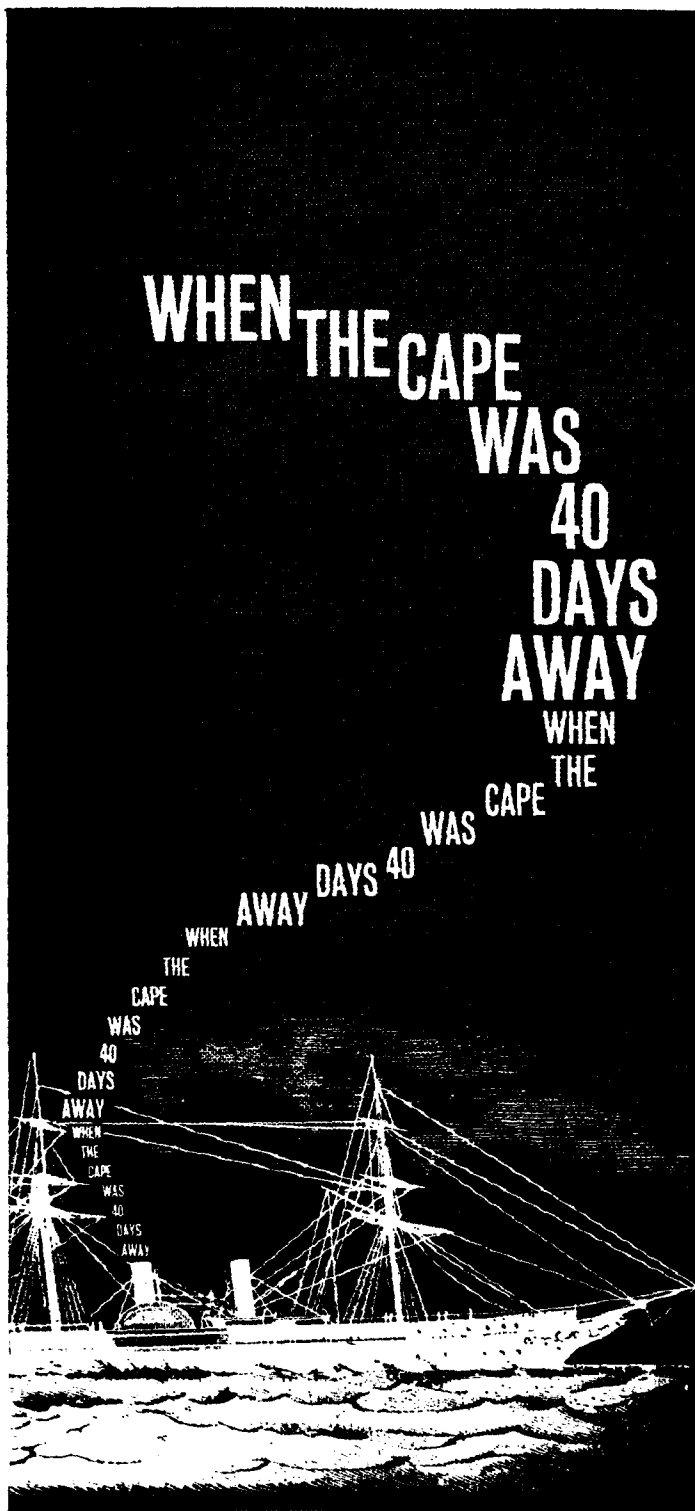
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CHILDREN'S CLOTHING
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REVIEW

Each month in Retail Business:
Detailed analysis of factors
affecting retail spending

Details from:
THE ECONOMIST INTELLIGENCE UNIT
LIMITED, 5, Bury Street, London, S.W.1.
WHitehall 0353 Ext. 116

This week Anthony Jackson's Foodfare, one of the smaller (in numbers of shops) super-market, chains, has announced a £1 million development programme which includes not only the opening of several more large supermarkets but also the introduction of comprehensive "economy stores" in central positions in large towns, with at least 20,000 square feet for selling "anything you can carry away." The term "discount store" has been avoided partly because the company think it has a shoddy image: prices of all types of branded goods will nevertheless be cut wherever possible, though Jackson's seeks no battles with price maintenance. Outside the food department, however, self-selection, on the Marks and Spencer pattern, will be used more than self-service. This will cut costs where existing department stores are being converted—as in Leicester, where from next April Jackson's form of low-priced selling will be in direct competition with Tesco's existing discount store.

Shortage of cheap sites has helped to slow the expansion of out and out discounting—stores with this label still number only about fifteen. Nevertheless the full-scale introduction of a form of discount store that has been widely adopted in the United States is planned by Bordergate Properties (in which City Business Properties has a large interest), whose chairman and managing director, Mr Jeffrey Rose, created the successful Grandways discount store in Leeds. The first of a series of about ten Bordergate stores will open in Rotherham, Yorkshire, in the new year: within it the different self-service departments for groceries, meat, soft goods,

hardware, electrical goods and other lines will be leased to concessionaires with experience in each of these fields. Each will be directly responsible for its own buying and selling, but Bordergate will guide general policy within the store on methods of price-cutting and on retail methods such as layout and display. Some of the concessionaires will be retailers but others will be manufacturers or wholesalers. Mr Rose believes that there is an untapped store of experience among wholesalers that could be of great value in this type of joint operation—though he admits to having had considerable difficulty in finding the right kind of operator.

Self-service department stores run by licensees—though not on discount lines—are also reported as the intention of the newly formed British subsidiary of GEM International, the American "closed door" (members only) discount group.

ROYAL MINT

Halfpenny Requiem

THE lively pen of Mr J. H. James, deputy master of the mint, has rallied all who wish to see Britain's coins and coinage reformed. But the Committee of Enquiry on Decimal Currency which should soon be reporting has deprived him of his best subject. In a potted history of decimalisation, included in the mint's ninety-second annual report, he does, however, allow himself a couple of digs at Britain's numismatic conservatism. For the rest Mr James sticks this year to the dry

statistics of minting, to speculation on the end of the halfpenny, and to an explanation of why the mint is no longer striking Maria Theresa thalers, that ubiquitous medium of exchange of the Red Sea. The mint struck 836 million coins in 1961, exceeding the 1959 record by 127 million. It continues to increase its profitable overseas business and in 1961, 64 per cent of the coins struck were for overseas governments. Last year Mr James paid homage to the passing farthing; this year he is hurrying the halfpenny into its grave. "The halfpenny is nearing its end," says Mr James. Indeed one hopes so; when it goes a minor obstacle to decimalisation will go with it.

SHARE TRANSFERS

Hopes of Success

IT is now two years since proposals for a simpler transfer system were put forward by a committee including, among others, representatives of the Stock Exchange, the Bank of England and the clearing banks. At the Conservative party conference in October, 1961, Mr Anthony Barber, then Economic and now Financial Secretary to the Treasury, said that the Government was already considering what legislation might be involved in the adoption of such proposals. Now, as he did a year ago, Mr Graham Page, MP, has brought forward a private member's bill on stock transfers. Last year its chances of success were small but Mr Page hoped that the bill would spur the Government into action. This year the chances are brighter, now that the report of the Jenkins committee is out of the way. Mr Page's new bill, which has not yet been published, is believed to have the backing of the numerous government departments involved and its aim is to put the recommendations of the advisory committee of the Stock Exchange into effect. The committee's principal proposals were that only one transfer form would have to be signed by the seller even if the holding had to be split among a number of buyers; that the signature need no longer be witnessed; and that the buyer would not have to sign the form at all.

NEW ISSUES

Problems of Placings

THE introduction of the capital gains tax was expected to curtail the activities of stags and other investors in the new issue market severely. It has not done so and its effect, with investors in newly-issued shares holding on for six months instead of taking a quick profit, has been to narrow the market in new issues and to make the price fluctuations more violent. This is particularly true for placings, where in any case only a few shares pass through the jobbers' hands. Shares in Robert Bradford, the Lloyds insurance broker, were placed for example in October at 17s., rose to 27s. 6d. on the opening day and now stand at

50s. 6d. Similarly the shares of Mark Lane (Turf Accountant) placed at 2s. 7½d. opened at 4s. 3d. touched 10s. 6d. and now stand at 8s. 1½d. looking a bigger gamble than backing an outsider. And this week Photopia and Bronx Engineering have both doubled their placing prices of 9s. 10½d. and 6s. respectively.

The Stock Exchange Council allows placings only as a concession in special cases where the company is very small and the demand for the shares appears to be limited. Clearly it cannot be pleased with the big premiums that many of the recently issued shares command and it may be less ready to grant this concession in the future. Some of the blame must be laid with the issuing houses in setting the issue price too low and there seems to be scope for a more extended trial of offers by tender. At present the Council requires at least 25 per cent of the equity to be placed and a quarter of these shares to be made available to the market. These are minimum requirements and sometimes it will demand a greater proportion. But are they high enough? For debentures only 20 per cent of the stock in issue has to be placed and a fifth of that proportion has to be made available to the market. Private investors have often had difficulty in securing stock once the issue had been advertised. An attempt to tackle this problem was made in the recent debenture issue by Redland (Holdings) and a wider market was, in fact, created as a result of a plan under which jobbers took up half their requirements before the advertisement and were given the right to call up the other half until the day after the issue. This plan requires the active co-operation of the sub-underwriting institutions in releasing the stock if the jobbers make the call.

SCOTTISH BANKING

Squeeze on Profits

IN just over a month the profits season for the bulk of the banks begins; this week Mr Ian Macdonald, in his annual report as chairman of the National Commercial Bank of Scotland has provided some analysis of its performance. Disclosed profits for the year to October 27th rose from £1,368,000 to £1,400,000, but this small increase was more than covered by the increased dividend from the bank's hire purchase interest in Lloyds and Scottish Finance. Mr Macdonald points out that although the average volume of advances has increased and the yield on the bank's portfolio of gilt-edged has improved, these improvements in earnings have been balanced by reduction in lending rates on advances and by the continued rise in costs. Similar influences have been at work in banking south of the border.

Mr Macdonald is disappointed by the small rise in deposits; he is likely to remain so unless the Scottish banks do something more positive than merely complaining about the "unfair" competition of the trustee savings banks. The National Com-

mercial has indeed started advertising on television and now runs a boat bank round the Orkney Islands. But these no more than scratch the surface of the problem. Individually Scotland's bankers know some of the answers to their problems, but they are tied by a rigid tradition of collective action that in the end amounts to inaction. In 1954 the National Commercial cracked this collective façade by moving into hire purchase; since then it has enjoyed the label "progressive." The bank could now do banking in general a great service by once more striking out on its own.

AUSTRALIAN MOTOR INDUSTRY

Still an Infant?

THE Australian motor industry is one of the biggest creations of an infant industry behind tariff walls; and despite the present boom in the local car market, it is now agitating for more compulsion on importers to use locally-made parts. This comes after the publication of a study of the industry by the Australian Department of Trade, which shows that

its turnover in 1960-61 was £A133 million, and that 61 per cent of the parts used in Australian-assembled cars were locally made. It also reported that there were few gaps in the range of parts produced in Australia; sealed-beam headlamps were the most significant omission among local products. The present agitation against the import of parts, however, appears to be based on the argument that these are being allowed in at low duties where the parts concerned have not been made at all in Australia or where production is still small. The BMC Minis, which have many parts unique to them, and the Chrysler Valiant are two models complained of as having a low local content; and Ford is attracting opposition to its reported plans to import many parts of the Cortina.

The Australian government will have to decide just how far it can go to help local industry at the expense of the consumer. Since Australian steel is the cheapest in the world, there is already one incentive to make parts locally quite apart from the protective legislation. One might think that the parts industry was growing big enough to be no longer an infant: the arguments for "infant industry" protection would seem more compelling if the infants could ever be persuaded they had grown up.

SHORTER NOTES

In compliance with new regulations, Consolidated African Selection Trust is to sell half the diamonds produced by its Sierra Leone subsidiary through the De Beers marketing agency. After 1960, when a former contract expired, CAST arranged to sell these diamonds privately, but from August, 1961, when the government of Sierra Leone cancelled CAST's export licence, these private sales had to be completed from stocks of diamonds held in Britain. Newly-mined diamonds were allowed to accumulate in Sierra Leone. The first sales under new marketing regulations are already under negotiation.

Sir Basil Smallpeice, managing director of British Overseas Airways Corporation, wrote in BOAC News last week that the corporation's load factor was 2½ per cent lower in the first half of the current financial year than it was a year before. The chances of a recovery in profits therefore seem to be disappearing.

The Bank of Japan has cut its rediscount rate from 6.93 to 6.57 per cent. This is the second cut in two months. At the end of October reserves were \$1,805 million, some \$300 million above the low point in the third quarter of last year. The Bank of Japan has also begun to repay the \$200 million borrowed a year ago from three US commercial banks, and will start to repay next year the \$125 million borrowed earlier this year under guarantee of the Export-Import Bank.

South Africa has cut its Bank rate from 4 to 3½ per cent; a reduction in bank overdraft rates by an equal amount to 5½ is expected soon, although building society mortgage rates are likely to remain unchanged at 6 per cent.

Iceland, as a member of the sterling area, is to raise £2 million in London with a 6½ per cent 1983-88 Sterling stock issue, at 97½. This is Iceland's second stock issue in London since the war.

British European Airways and the seven independent airlines that operate scheduled services within Britain have applied to the Air Transport Licensing Board for permission to increase fares by from 1s. to 4s. in the pound. The £3 3s. off-peak fares to Scotland, however, would not be affected.

COMPANY AFFAIRS

Comments on pages 962 and 963 on:
Great Universal Stores Metal Box
Berry's Electric Magicoal Allied Ironfounders
British Plaster Board Joseph Lucas
Combined English Mills Plessey
Associated British Foods Handley Page

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 964 and 965

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 966

Car Prices in Europe

THE prices of the new range of small European cars that appeared this autumn have by now been fixed in most markets; and, as the table shows, their prices have been set close together in the "open" markets of Belgium, Denmark and Switzerland—and also in Italy, where foreign manufacturers are making so big an assault on the market. Both British Motor Corporation and Ford are pricing their new cars in accordance with market conditions rather than with the cost of

production, leaving little if any margin for profit but placing themselves in a position that should allow a big increase in sales—if servicing facilities are good enough to give potential buyers confidence. Setting the price of the Cortina below that of the Taunus 12M may well make it the more popular of the two. All the new cars are close enough to the Volkswagen to be competitive; it would be surprising if its sales did not begin to fall now that it has so many attractive competitors.

	Ford Anglia	Ford Cortina	Ford Taunus 12M	Fiat 1100	Morris 1100	Opel Kadett	Renault R8	Simca 1000	Volkswagen 1200 Export
Belgium....	£ 496	£ 573	£ 580	£ 579	£ 588	£ ...	£ ...	£ 538	£ 545
Denmark...	762	901	909	819	1,034	...	944	812	846
Italy	529	593	604	508	n.a.	557	586	534	526
Switzerland	513	586	593	578	622	571	...	546	553
U. Kingdom	538	597	...	661	610	...	671	615	625

Selling prices in each country; European prices converted at official rates of exchange.

COMPANY MEETINGS



NATIONAL COMMERCIAL BANK OF SCOTLAND LIMITED

A YEAR OF COMPARATIVE TRANQUILITY
GRADUAL REDUCTION OF CREDIT RESTRAINTS
STRONG ACTION HAS DESIRED RESULTS

MR IAN W. MACDONALD ON SCOTLAND'S ECONOMY

The fourth Annual General Meeting of the National Commercial Bank of Scotland, Ltd. will be held on December 20th in Edinburgh.

The following is the Statement by Mr Ian W. Macdonald, C.A., Chairman of the Board, which has been circulated with the report and accounts:

Since my previous statement to shareholders the British Banks have experienced a year of comparative tranquillity. The severe credit restraints imposed in 1960-61 have gradually been modified with successive reductions in bank rate, a partial return of Special Deposits and the removal of all official restrictions on bank lending. Once the remainder of the Special Deposits (1 per cent from the Clearing Banks and $\frac{1}{2}$ per cent from the Scottish Banks) has been repaid the most recent monetary cycle will be virtually completed and it is therefore possible to assess in retrospect the effect of these measures. It is evident that the strong monetary action taken had the desired short-term external results. Sterling was made attractive not only by reason of high interest rates, but also by generating renewed world confidence in the British Government's determination to take the steps necessary to restore economic balance. One may presume that similar action on some future occasion would again be successful provided the British economy is basically healthy.

INFLUENCE OF SPECIAL DEPOSITS

It is less easy to assess the influences on the domestic economy. It would seem however that the purely monetary measures—high interest rates and credit restraint—do not bite so severely as might have been expected, and further it is extremely doubtful whether the Special Deposits at levels of 1 per cent to 3 per cent had much direct influence on bank lending. It is not possible to say that this new braking mechanism has been either a success or a failure, since the brakes were never really tested. It is of course well recognised from experience in other countries where compulsory reserve schemes are in force that such a device can and does influence bank lending and, assuming that Special Deposits are now regarded as an essential feature of British monetary policy, it is perhaps unfortunate that the authorities did not take this recent opportunity of making an adequate test of a powerful control. Had this been done some valuable lessons might have been learned. As it was the authorities not only shied away from a "biting" test but were remarkably slow in admitting that the testing time was finished.

The inflationary signals had all but disappeared by the Spring of 1962 but the first return of Special Deposits was not made until May and even then it was stressed that only a slight relaxation of bank lending was possible.

A further stage in this somewhat illogical progression was reached in September when all restraints on bank lending were removed but the Special Deposits were not fully repaid, and indeed still remain at 1 per cent and $\frac{1}{2}$ per cent! Meanwhile the Chancellor of the Exchequer has recognised that the economy is lethargic and needs stimulants—as evidenced by his recent decisions on postwar credits, public investment, purchase tax on cars and investment allowances. The point in this which must be somewhat disturbing to bankers is the seeming reluctance of the authorities to allow and encourage them to play their full part in the reflationary stage of the economic cycle.

It does however seem doubtful whether British industry will do more than mark time until the major question of our entry into the Common Market is resolved. While this vital question is under negotiation there is much forward planning by industry but little forward action. There is also in the background the shadow of a possible world recession in trade, all of which creates a climate of uncertainty for private industrial investors.

SCOTTISH ECONOMY

The Scottish economy unfortunately has not improved during 1962. The factors of undue dependence on shipbuilding, coal mining and heavy industry generally have all moved adversely and the present situation is probably less favourable than at any time since the war. It seems likely that further contraction in coal mining and rail transport is inevitable and that the speed of diversification may for some time be less than the rate of deterioration. On the other hand, I do not agree with the prophets of gloom who cannot visualise a balanced future for the Scottish economy.

On the bright side, it is clear that two of our important industries, agriculture and tourism, are forging ahead most satisfactorily, although neither is a large employer of labour. Indeed in agriculture the steadily growing productivity has been achieved with an overall reduction in the total labour force. Similarly the increasing distillation of whisky generates income rather than jobs. Nonetheless these growing industries are important elements in the economic balance sheet of Scotland. There is, however, a serious and major problem in the industrial field. It can be simply expressed as one of finding new jobs for old jobs. In a mechanised age this problem exists to a greater or lesser degree in all industrialised countries, but it is probably more acute in Scotland which traditionally and to this day relies on industries with a relatively large labour content in the end products.

There is increasing evidence that the Government recognises not only the nature of the

problem but also its urgency. It would, however, be wrong to think that government action can do more than encourage and perhaps speed up the movement towards the restoration of balance. In any free economy, enterprise and action must come from within and there is ample evidence of Scottish initiative, as witness in particular the continuing efforts of The Scottish Council (Development and Industry).

EARNING CAPACITY

Turning to the Bank's affairs as reflected in the accounts, we now have a clearer picture of our earning capacity during a year when our resources were deployed in satisfactory proportions between Investments and Advances. We have also had the opportunity of measuring more closely the influence on our profits of variations in interest rates. During the past year these rates have continuously moved downwards and such a movement has an adverse effect on our earnings. Moreover costs have continued to rise against us. On the other hand, the average volume of Advances has increased and there has also been a satisfactory improvement in the yield we obtain on our portfolio of Government investments. We have also received rather more by way of dividend from our hire purchase associate, Lloyds & Scottish Limited. Overall our Net Profit at £1.4 million is slightly up on the previous year.

Out of the year's Profit the Board has allocated £200,000 to Revenue Reserve, £250,000 to Officers' Pension Fund and £15,000 to the Widows' and Orphans' Fund. Interim dividends at the fixed rates on the Preference Shares and at 7 $\frac{1}{2}$ per cent on the Ordinary Shares have been declared and paid (less income tax). It is now recommended that the usual final dividends on the Preference Shares and a final dividend on the Ordinary Shares of 9 per cent (making 16 $\frac{1}{2}$ per cent for the year), less income tax, be paid. These dividends are the same as for the previous year.

GROWTH OF DEPOSITS

The Balance Sheet shows that the Deposits at £232 million have increased by some £4 million. While any increase in Deposits is satisfactory, there is not as yet any real evidence of a significant upward trend. From internal figures showing categories of Deposits we know that the smaller personal balances on Current or Savings Accounts are more or less keeping pace with the growing volume of money, whereas business Deposits have tended to sag, as might be expected during a period when industry was relying increasingly on Bank Advances and many individual firms had moved out of the category of depositors into the category of borrowers.

THE ECONOMIST DECEMBER 1, 1962

In these circumstances it is all the more necessary for us to be deposit conscious and in that connection we recently launched a television advertising campaign, designed particularly to try to bring the man in the street into the Bank. Also in a narrower area we had a real launching—that of a Boat Bank to ply between and serve a number of the Orkney Islands. In spite of abnormally boisterous summer weather, the Boat Bank's sailing schedule was well maintained and we have had many appreciative comments from customers, old and new, in these outlying islands.

LOANS AND ADVANCES INCREASED

Reverting again to the Balance Sheet, our Loans and Advances to customers show a marked increase at £119 million compared with £108 million. This rise is proportionately greater than that experienced in recent months by the Clearing Banks, but it is not inconsistent with the experience of Scottish Banks generally. An analysis of our Advances shows that the bulk of the increase related to the business categories and reflected the support which we have given to development and investment projects, particularly those in the engineering and heavy industries. We know from experience that the funding of these projects, either from internal or external sources, may take some time to complete and meanwhile the total of such advances will rise until a revolving stage has been reached. There is also every likelihood that when the hoped-for revival in shipbuilding comes about this will be associated with lengthy credit terms, which is the current pattern in that industry, and as a Bank we shall be expected to play a further part in financing these medium-term projects.

Our holdings of British Government Securities have fallen from £52 million to £46.5 million. The process of realisation to finance growing Advances has continued. Our portfolio is presently confined to loans with fixed redemption dates, all within a ten year period and having a market value in excess of the amount shown in the Balance Sheet. As regards other balance sheet items and relationships, there is little change in our Liquid Assets which stand at approximately 35 per cent of our Liabilities to the Public by way of Deposits and Notes in Circulation. The slight fall in the Note Issue has no particular significance but does indicate that the volume of money in use in Scotland has not expanded during the year.

BANK PREMISES

We continue to incur relatively heavy capital expenditure on Bank offices. Much of this emanates as a consequence of the merger. A large extension to our Head Office building is nearing completion and will enable us to bring together all of the central departments, some of which have been housed in our George Street Office. A section of this Head Office extension will be used as the Electronic Computer Centre. We have already made considerable strides towards the centralised processing of our customers' Accounts. We hope by mid-1963 to have something like 25 per cent of all customers' Current Accounts handled by the computer installation, in addition to a wide variety of other transactions.

The merging of neighbouring Branches has also involved the Bank in considerable outlay in extending and improving existing premises to accommodate the combined staff. Against this we have been able to sell a number of surplus properties at prices which show a considerable margin over book values and we are

COMPANY MEETING REPORTS

increasingly getting the revenue benefits from larger and more economic units.

HIRE PURCHASE GROUP

As regards the affairs of our hire purchase associate, Lloyds & Scottish Limited, I am glad to report that this group, through energetic and effective management, has turned the corner following the severe setback which afflicted all hire purchase companies from 1960 onwards. Shareholders will shortly receive a copy of the Lloyds & Scottish Accounts for the year to September 30, 1962, and in my statement as Chairman of that group I describe in more detail the progress which has been made.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION

HIRE-PURCHASE SUBSIDIARIES REORGANISED

MR J. N. BUCHANAN'S STATEMENT

The thirty-seventh Annual General Meeting of The Industrial and Finance Investment Corporation, Ltd., will be held on December 19th at Winchester House, Old Broad Street, London, E.C.

The following is the statement by the chairman, Mr J. N. Buchanan, DSO, MC, which has been circulated with the report and accounts:

I must first refer to the sad loss which the Company has sustained by the sudden death of Mr R. F. Norland last July. Mr Norland joined the Company on its incorporation in 1925 and became Managing Director in 1938. Recently he had not enjoyed good health and already before his death had communicated to the Board his intention of retiring. I should like to express our deep sympathy with his widow and family.

Since our last meeting a thorough reorganisation has been carried out of our hire-purchase subsidiaries. At one time we had a controlling interest in six companies. Two of these, at Colchester and Exeter, progressed slowly, confining themselves to local business, and have made satisfactory profits. The other four expanded far too quickly and were responsible for the large losses disclosed in these accounts.

RESULT OF REORGANISATION

As a result of the reorganisation three of these four companies are no longer trading. The business of the fourth has been drastically curtailed and its management taken over by Mr G. E. J. Gawthorn, the Managing Director of our Exeter subsidiary, which has made a bigger profit each year since we have been interested in it.

We have now, therefore, three hire-purchase subsidiaries, doing only local business. Two have consistently made profits and I see no reason why the third, with its activities restricted to local business, should not do likewise. The effect of the reorganisation is reflected in the accounts in the large reduction in outstanding hire-purchase debtors and bank overdrafts. This reduction is still continuing.

When bad hire-purchase business has been done it is frequently many months before its extent becomes apparent and a reasonably accurate assessment of the loss can be made. The losses shown in the accounts arose almost wholly on business done before June 30, 1961.

THE ECONOMIST DECEMBER 1, 1962

Towards the end of the year Sir John M. Duncanson intimated his resignation, for health reasons, from the Board. He was elected as a Director of The Commercial Bank of Scotland in 1949 and we are indeed sorry to lose the benefit of his advice and friendly counsel.

There has been no slackening in the demand for the many and varied services offered by the Bank and we know that our Staff has been fully and effectively occupied in all branches and departments. I take this opportunity of expressing on behalf of the Shareholders and the Board our thanks to the General Manager and to all Officers and Staff for the high standard of their services.

In view of this and the great reduction in our hire-purchase interests, your Board think that these are exceptional losses which may, therefore, be partially made good out of reserves. The provision for losses made in the accounts of all hire-purchase debts at September 30, 1962. We have thought it prudent, however, to make a further special reserve of £100,000.

VALUATION OF INVESTMENTS

With regard to our Investments which comprise the greater part of the Group's assets, it is gratifying to report that they have stood their ground remarkably well. The aggregate value of Quoted Investments held by the Investment Trusts and Finance Companies at June 30, 1962, was £3,332,000, compared with £3,818,000 at the beginning of the year. At first sight it may appear that this performance is only marginally better than that of the F.T. Index, which during the year declined from 322.0 to 268.5 (a fall of 16 $\frac{1}{2}$ per cent), but almost the whole of the difference in the valuation is accounted for by sales of Quoted Investments during the year, the proceeds of which exceeded the cost of purchases during the same period by £409,000. This is reflected in the Consolidated Balance Sheet, from which you will see that we have repaid Short-Term Loans of £250,000, and have increased our Short-Term Deposits to £250,000 available for investment as opportunity arises.

Included in the Finance Business were two public Offers for Sale during the year, of the shares of Imry Property Holdings Limited (through our subsidiary, Dawnay, Day & Co. Limited) and of Reed and Mallik Limited, Civil Engineering Contractors. We have continued to be active in the field of arranging long-term finance for substantial property companies; such arrangements were concluded during the year on behalf of The Stock Conversion & Investment Trust Limited and, since the end of the year, for Regional Properties Limited.

DIRECTORS' REMUNERATION

Accompanying the Accounts is a Notice convening an Extraordinary General Meeting to take place immediately after the forthcoming Annual General Meeting to consider a Resolution to alter the Directors' Remuneration.

At present under the Articles of Association of the Company the Directors are entitled to £550 per annum each (£825 per annum in the case of the Chairman), and to a further sum calculated by reference to the excess of profits over the amount required to pay the Preference Dividend and an amount equal to a dividend of 5 per cent on the Ordinary Shares. It is now recommended that the Directors' Remuneration should be limited to £750 per annum in the case of the Chairman and £500 per annum in the case of each other Director.



THE WALL PAPER MANUFACTURERS LIMITED

Group's increased profitability and financial strength

MR. IVAN C. SANDERSON REVIEWS GROUP'S WIDESPREAD AND DIVERSE ACTIVITIES

The 63rd Annual General Meeting of the Company was held on the 28th November in Manchester. The following is an extract from the Statement by the Chairman, Mr. Ivan C. Sanderson, circulated with the Report and Accounts:—

ACCOUNTS

The Group Profit before taxation amounts to £5,789,000 compared with £5,223,000 for the previous year, an increase of almost 11%. Taxation at £3,151,000 absorbs 54% of the profit.

K. L. HOLDINGS

K. L. Holdings have had an excellent year as wallpaper manufacturers and on their merchanting side.

SMITH & WALTON

The Smith & Walton businesses have made a modest profit; their contribution will grow as the benefits of integration accrue.

WALLPAPER DIVISION

In the early part of this year all our wallpaper factories which cater for the wholesale trade issued new books with the usual currency of two years. These new papers have been very well received and the Company enjoyed a record volume of trade from this new merchandise. A design from Palladio was again chosen for an award by the Design Centre this year.

PAINT DIVISION

The Walpamur Company is one of the largest paint manufacturers in the United Kingdom and has traded, since the first small beginning in 1906, exclusively in quality paints. Because Walpamur is so strong, it can afford to spend the very large amounts of money on research without which, in these days, no national paint concern can keep its place in the industry. During the recent recession in trade, there has been over-production in the paint industry and severe competition in margins but the Division has never de-based quality. It is hoped that we are now coming into a period of expansion when this policy will enable the Division to increase its turnover materially.

PAPER DIVISION

The Division includes the papermaking plants devoted to making the base paper for our wallpaper factories, together with two other mills which are largely engaged in general papermaking. Good results have been achieved despite plentiful supply and competitive conditions in the trade as a whole. The Board has sanctioned the expenditure of £2 million for the erection of a central power station in Darwen to feed paper mills, together with Walpamur and the Potter wallpaper mill (the biggest in the

Group) and other plants, with steam by pipeline and electricity by cable. This venture is scheduled to commence working during 1964.

SANDERSON DIVISION

Sanderson House in Berners Street is the headquarters of Sanderson administration. This Division controls the Sanderson wallpaper factory at Perivale and a vertical organisation which feeds its grey cloth and gum medium to its fabrics factory. These fabrics and wallpapers are distributed at wholesale level by the Division at home and world-wide. In addition, Sanderson and their subsidiary businesses everywhere buy fine fabrics and wallpapers from the best makers at home and overseas in order to offer a complete range to their customers. A slight drop in sales of fabrics on the home market has been offset by increased exports of wallpapers and fabrics; this in spite of import restrictions in some countries overseas.

RETAIL DIVISION

It has been a year of high activity but less profitable than the year before on account of the necessity to modernise a great many of our recently acquired properties.

RESEARCH DIVISION

We started operating from our new headquarters in Wilmslow, Cheshire, in August of this year. We are now in very commodious buildings and can house our research engineers, our chemists and our physicists all under one roof.

JAMES FERGUSON & SONS

This subsidiary had a very successful year, maintaining its reputation for quality and its service to customers.

EXPORT TRADE

We do an important export trade as a Group in furnishing fabrics, wallpaper and in paint—and to a lesser degree in

powdered mica and in plastic powders. As time goes on it is necessary to give our customers more and more service in the way of stocking facilities and showrooms. This year we have been very active in establishing such premises in Australia, and in making further progress with retail outlets overseas.

FUTURE PROSPECTS

We must anticipate very competitive conditions on the wallpaper side of our industry. This is nothing new, and we look forward with confidence. Our distribution interests enable the public to receive our merchandise as inexpensively as possible. There are signs, which I hope will not prove ephemeral, that the paint industry is at last shaking itself free from some of its difficulties which are connected with over supply in relation to demand. The Paint Division is poised to benefit from an expansion in the cycle of trade. We have been temporarily halted in our paint manufacturing expansion overseas on account of political uncertainties. The Paper Division has spent a lot of money in modernising for high speed quality work. We expect to make and sell more paper to our wallpaper mills and to our customers. I expect the Sanderson Division to improve its position both at home and abroad through the combination of saving in expenses, stemming from capital expenditure, and a planned improvement in control. I am optimistic in the matter of our retail outlets on account of the improved results which flow from better shop-keeping in all its aspects. James Ferguson has started the year well and I expect this tendency to continue.

The Report and Accounts were adopted. At an Extraordinary General Meeting immediately after the Annual General Meeting, new Articles of Association were adopted.

The Chairman announced that whereas in the past the Company had charged 2/6d. for the Registration of Transfers and Probates, in future no charge will be made.

COMPARATIVE FIGURES 1953 to 1962

Year ended 30th June	Group Profit before Taxation	Taxation	Net Dividends paid to Shareholders	Cash Flow (Profit Retained in Business plus Depreciation)	Group Net Assets	Additions to Fixed Assets in the Year
	£	£	£	£	£	£
1953	2,722,464	1,510,867	316,140	1,270,257	15,970,244	469,181
1954	3,229,587	1,689,260	409,129	1,485,698	17,207,255	337,484
1955	3,044,292	1,810,108	524,635	1,179,697	18,137,977	967,741
1956	3,739,338	2,166,069	621,845	1,360,925	20,120,929	2,514,539
1957	3,586,044	2,013,069	621,845	1,410,220	21,250,654	1,275,739
1958	4,032,148	2,329,318	670,374	1,680,619	22,598,184	1,505,089
1959	4,750,443	2,427,281	765,339	2,185,723	24,372,519	2,191,463
1960	6,198,714	3,353,002	920,872	2,796,211	26,837,440	4,495,009
1961	5,223,051	2,693,348	1,156,503	2,588,887	28,963,677	8,637,812
1962	5,789,560	3,150,712	1,265,086	2,974,036	40,005,219	2,829,198

MERLIMAU PEGOH

The fifty-third annual general meeting of Merlimau Pegoh, Limited, will be held on December 19th in London.

The following is an extract from the review of the Chairman, Mr T. H. Miller, for the year to March 31, 1962:

The results, after allowing for taxation of £136,750 have enabled a total dividend of 17½ per cent to be declared.

Market prices for natural rubber were considerably lower than in the previous year—the average spot London price for No. 1 R.S.S. for the year under review was some 5d. per lb. down at just over 2s. 0½d. per lb.

Total output of rubber amounted to 13,631,000 lbs. as compared with 12,178,800 lbs. for the previous year. Immature areas coming into bearing and increasing yields from other young areas contributed to the increase in output. The increase in crop is being maintained and output for the first six months to the end of September, 1962 amounted to 7,006,000 lbs. as against 6,627,000 lbs. for the corresponding period last year.

During the year we replanted 893 acres with rubber and 86 acres with oil palms.

The average spot London price for No. 1 R.S.S. for the six months to the end of September was approximately 1s. 10½d. per lb., which is almost 2d. per lb. lower than the average for the year under review. Fortunately the effects of any reduction in profit margins as a result of lower prices should be alleviated to some extent by the increase in output.

Groupement de l'Industrie Sidérurgique
Paris, France

G.I.S.

(Iron and Steel Finance)

The Annual General Meeting of G.I.S. was held in Paris on June 30, 1962, and the following are details of the report presented by the Board of Directors:

FRENCH STEEL INDUSTRY

The true consumption of steel in France allowing for movement in stocks increased during the year 1961 by about 5 per cent. Efforts to maintain exports at the level of 1960 despite sharp competition from foreign producers were crowned with success. The progress made by the French steel industry in 1960 to 1961 (+ 1.7 per cent) was higher than the average rate for the six countries of the European Coal and Steel Community (+ 0.6 per cent), while production in the United States fell by 0.8 per cent and in Great Britain by 9.3 per cent.

Expenses on works carried out totalled NF. 1,950m., an increase of 55.4 per cent over those of 1960 and 93.1 per cent over those of 1959.

On December 31, 1961, loans from public sources amounted to no more than 39.3 per cent (compared with 42.7 per cent at the end of 1960), of long and medium term debts of the industry, and debenture loans (individual or collective through the G.I.S.) amounted to 54.26 per cent (compared with 53.35 per cent at the end of 1960).

G.I.S. GUARANTEES AND LOAN

Total loans guaranteed by the Group fell by

STOTHERT & PITT, LIMITED

The seventy-ninth annual general meeting of Stothert & Pitt, Limited was held on November 15th at Bath.

Mr R. A. Riddles, CBE (the chairman), presided and, in the course of his speech, said:

All Departments were fully employed and the volume of work during the year was the highest yet achieved, but increased competition has affected earnings.

Aggregate gross trading profit for the year before providing £432,270 for taxation and £127,669 for depreciation amounted to £995,681 as compared with £860,034 in the previous year.

You will appreciate that in these days of strong competition, continual technical development, though expensive, is vital and you will be pleased to know that we are very alive to this and are introducing a steady flow of new and improved models of the types of equipment which we produce. In this connection I would particularly mention a new Builders' Tower Crane which we believe is the only one of British design being manufactured in this country.

I feel that our policy of diversification and expansion was soundly based and has proved beneficial during a most difficult trading period. We are constantly reviewing the possibilities of diversification, but strictly within the perimeter of our own field and capacity to manufacture.

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

REGIS PROPERTY COMPANY

REVENUE INCREASED

The twenty-fourth annual general meeting of Regis Property Company, Ltd., was held on November 27th in London, Sir Aynsley Bridgland, CBE, chairman, presiding.

The following are extracts from his circulated statement:

Last year I made reference to the increase in net property revenue from £629,224 in 1960 to £751,738. Today there has been a further increase in revenue to £845,603—a rise of £93,865. The net profit after tax and administration charges has only risen by £15,030—viz. from £207,345 to £222,375. The gross revenue this current year already shows an increase of 4.6 per cent over last year, and for the reason I gave last year should tend to rise substantially for some years to come.

I think, therefore, that we have every reason to expect increased net profits, but shareholders should be warned that the rate of growth of our gross rentals cannot be strictly related to the rate of growth of net income. So many different factors can arise that any calculations on this basis can be most misleading. Our future progress must depend partly on increased rents in respect of our present portfolio. We have had the benefit of increased rentals only to a modest degree since 1945/50, on the one hand because of the limitations of the Rent Restriction Acts on the flats and on the other because of the long leases on most of our offices. Rent restriction is still with us to the extent of 497 flats, but the old leases on our office properties are now commencing to lapse. Costs of maintaining properties have constantly risen since the war and are still doing so, and there is little chance of saving money in that field.

EXPANSION PROSPECTS

Our progress must also depend on the general level of interest rates which affect both our present net rentals and our future developments. We have felt that expansion of our portfolio by the use of money at high rates of interest would not in the long run be profitable. There are signs that interest rates are now falling, and as the result of the policy we have followed we shall be in a very strong competitive position to expand to the benefit of both our shareholders and our tenants.

We now propose to bring our capital more into relation with our assets by capitalising £3,300,000 of our reserves by an issue of one for one to existing shareholders. This will still leave us over £6,000,000 in capital reserves.

At an extraordinary meeting which will immediately follow our annual general meeting it will be proposed that the authorised capital be increased to £10,000,000, leaving £2,800,000 unissued for further expansion. We have no immediate intention of issuing the balance of the authorised capital but we must have room to manoeuvre.

At the same time it is proposed to reduce the Ordinary shares to 5s. units to facilitate market dealings in the shares.

The report was adopted and at the subsequent extraordinary general meeting the capital proposals were approved.

SOCIETE ANONYME METALLURGIQUE D'ESPERANCE-LONGDOZ BELGIUM

The Annual General Meeting of the SOCIETE METALLURGIQUE D'ESPERANCE-LONGDOZ was held on October 23rd, and the following is a summary of the report presented by the Board of Directors.

The Company succeeded in overcoming the problems due to the lowest level of prices for iron and steel products since the last war. If the iron and steel masters of Europe really want to moderate the effects of the surplus of capacity over demand, they must harmonise more closely their investment and other policies and activities. This requirement led S.A. METALLURGIQUE D'ESPERANCE LONGDOZ to join in the setting up of *Allegheny Longdoz* for stainless steel sheet. Similarly, agreements have been made with nearby works to operate an electrolytic tinning line belonging to one of them. The Company hopes soon to make a similar agreement for galvanised sheet.

IRON AND STEEL

S.A. METALLURGIQUE D'ESPERANCE LONGDOZ produced a total for the year of much more than 700,000 tons of billets for the first time. Output of cold and hot-rolled sheet rose, especially from the hot strip mill. It took in 784,912 ingot tons, including 732,989 ingot tons of E.L. steel, 36,186 ingot tons of steel bought from other producers, and 15,737 tons of worked sheets. By September, 1961, a fourth stand was added to the tandem mill which was widened to 1,600 mm. In October, 1961, the annealing plant for expanded coils for special qualities was commissioned. The new skin-pass four-high mill and the shearing plant for 1,500 mm. sheet commissioned in 1961, are operating satisfactorily.

The autumn 1961 recovery in sales was due partly to the rebuilding of stocks by merchants. By the end of 1961 the Company's order book, especially for the E.E.C., had risen markedly. The improvement continued for the rest of the Company's year, thanks particularly to the recovery in the European motor-vehicles industry. The recovery on export markets was strengthened by massive Russian orders for worked rolled products. During the first few months of 1962, orders, especially from the European Coal and Steel Community countries, continued to overhaul deliveries. Thus, the Company despatched 630,000 tons of iron and steel products during the year, or 65,000 tons more than in the previous year. Although prices remained at a very low level within the E.C.S.C., they rose in other countries from 114 dollars a ton, the lowest level on record, to 128 dollars a ton. Progress and prospects for tinplate and zinc or zinc electroplated sheet are satisfactory. Sales of coal (at 1,427,237 tons), mostly to other divisions of the Company, exceeded production by 69,304 tons.

The capital was increased during the year by B.Frs.479m. and the Company raised an additional loan of \$3m. from the High Authority of the Coal and Steel Community.

After deduction of depreciation (B.Frs. 538,937,077), financial overheads, workers housing fund and taxation and contingencies reserve contributions, the profit available for distribution was B.Frs.82,580,645. It was accordingly proposed to distribute a net dividend of B.Frs.200 per share, amounting to B.Frs.76,800,000 and to credit the reserves with B.Frs.5,780,645.

COMPANY MEETING REPORTS

CRYSTALATE (HOLDINGS)

The Annual General Meeting of Crystalate (Holdings) Limited was held on November 27th in London, Mr Jack Lesser, chairman and managing director, presiding.

The following is an extract from his circulated review of the year to March 31, 1962:

The Consolidated Profit and Loss Account shows a profit of £80,083 as compared with £120,911 and Group Net Profits after taxation are £46,578 as compared with £55,645. The Directors recommend a dividend of 12½ per cent, less Income Tax, on the Ordinary Shares. The Consolidated Balance Sheet continues to show a sound financial position.

Notwithstanding the fact that in September, 1961, there were already signs of a fall in national industrial requirements the "Orders in Hand" position of the manufacturing companies, Crystalate (Mouldings), Ebonesto Industries and Mica Products, was quite satisfactory. Subsequently, new business became scarcer and before the close of the period under review, the value of our output began to exceed the value of orders being obtained. Additionally the increasing rise in costs has had to be absorbed and although in some sections output was higher than the previous year the overall profit margin was lower. In the last month there has been a more heartening inward flow of orders. Your Group enjoys a very strong asset and financial reserve position. Members can have confidence that the present trading recession can only be an enforced temporary halt in our forward progress and expansion.

The report and accounts were adopted.

THE ECONOMIST DECEMBER 1, 1962

CRAIGIELEA RUBBER PLANTATIONS

The thirty-seventh annual general meeting of Craigielea Rubber Plantations Limited will be held on December 19th in London.

The following is an extract from the circulated review of the chairman, Mr T. H. Miller.

The results, after allowing for taxation and replanting have enabled a dividend of 10 per cent to be declared.

The total crop for the year under review amounted to 5,601,000 lbs. as against 5,251,000 lbs. for the previous year. It is pleasing to report that the increase in crop is being maintained and that the output for the first six months to the end of September, 1962, amounted to 2,771,000 lbs. as against 2,737,000 lbs. for the same period last year.

We replanted 657 acres of rubber during the year under review and we are dealing with approximately 400 acres this year.

The average spot London price for No. 1 R.S.S. for the six months to the end of September was approximately 1s. 10½d. per lb. which is almost 2d. per lb. lower than the average for the year under review. It seems likely that we will finish the year with a lower average price for our rubber than that which we received last year.

Whilst there may be increasing competition from synthetic rubbers, it is felt that the prospects for the natural rubber producing industry have many encouraging features.

Settled labour conditions and the stable Government in Malaya are a continued source of confidence to producers.

Welcome easing of purchase tax and home restrictions

B.M.C. ready to meet world-wide trend to smaller cars

Mr George Harriman in his annual statement to B.M.C. shareholders made the following points:—

B.M.C.'s programme of expansion, decided upon three years ago with new and advanced designs in prospect, sprang from confidence that B.M.C. products would continue to increase their popularity both at home and overseas. The revolutionary 'Minis' recognised the progressive and world-wide trend towards smaller cars and production of them last year reached a new high figure at 182,864. Production of the new Morris '1100' and M.G. '1100' is increasing to meet a very healthy order book.

Recent improvements in the 'B' range saloon cars have been followed by a new range of Austin-Healey and M.G. sports cars giving new impetus to B.M.C.'s competitive strength at home and abroad.

New B.M.C. factories—at Llanelli producing sub-assemblies, the domestic equipment factory at Kirkby and the commercial vehicle factory at Bathgate are progressively relieving the

parent plants of many production operations to enable concentration on greater 'Mini' and '1100' output without prejudice to the other popular models.



The new Morris '1100'

The recent relaxations of credit and the progressive reductions in Bank Rate and Purchase Tax are welcome, for our continuing export effort depends as much as ever on a strong home market.

THE BRITISH MOTOR CORPORATION



THE ECONOMIST DECEMBER 1, 1962

THE INDIAN IRON & STEEL COMPANY, LIMITED

(Incorporated under the Indian Companies Act 1913)

TARIFF COMMISSION'S REPORT AND GOVERNMENT'S DECISION

The Annual General Meeting of The Indian Iron & Steel Company, Limited, will be held on December 11th in Calcutta.

The following is an extract from the statement by the Chairman, Sir Biren Mookerjee, which has been issued to the shareholders for the year ended March 31, 1962:

The production of iron for the year at 1,187,397 tonnes and of steel ingots at 934,498 tonnes shows a small increase over the previous year. Yet in fact the rate of production remained more or less the same in the two years.

This apparent anomaly is due to the fact that there was a railway strike last year during which period there was a stoppage of all raw material coming into the works. As stocks of coal had run down to only four days' requirements, it left no alternative other than to carefully damp down all the four blast furnaces one by one as well as to reduce the input of coal into the coke ovens just to maintain sufficient heat to prevent damage to those plants. This calculated shut down last year, carried out under careful scientific observations by Works' executive experts, resulted in a computed total loss in production of some 27,000 tonnes of ingot steel. It will be seen, therefore, that while this year's production shows an increase over last year of 20,339 tonnes, it is in fact on the basis of actual rate of production less by some 6,000 tonnes.

DIFFICULTIES OF ACHIEVING PRODUCTION TARGETS

In this connection I would like to emphasise, that ever since the new blast furnace and melting shop expansions were completed some time round about the middle of 1959, every effort has been made to go all out to reach the rated capacity of iron and steel production. But we failed each year to achieve this owing to the poor quality of raw material and particularly in the case of coal, a quality almost unusable. Added to these difficulties there was the ever persistent irregularity of transport. How then in the face of these insurmountable difficulties can Government insist that 100 per cent production is to be maintained? Steel qua steel may be made at the cost of quality. Is that then what the Government desire, a sacrifice in quality and a mass rolling of unrequired sections of steel for the sake of production records?

RETENTION PRICE OF STEEL

In my statement last year I made reference to the Tariff Commission's enquiry in connection with the fixation of the retention price of steel effective from April 1, 1960. The Tariff Commission submitted its report to the Government in April, 1962, and it was not until September 7, 1962, that the Government's decision on this important matter was announced in Parliament according to which steel retention prices were increased by Rs. 10.50 per tonne on an assumed product mix basis commencing from April 1, 1960, as against the Tariff Commission's recommendations of an increase of Rs. 38 per tonne

COMPANY MEETING REPORTS

over the provisional increase announced by Government in February, 1961.

Apart from the fact of Government's rejection of the Tariff Commission's deliberations and conclusions it has come to an ad hoc decision totally divorced from the conditions specially laid down in 1953 for the calculation of retention prices of steel, after taking into consideration repayment of loans to Government and the World Bank (International Bank for Reconstruction and Development), maintenance of regular dividend and putting into reserve statutorily or otherwise sufficient sums in order to enable the Company to remain healthy and to continue to increase production and achieve expansion out of its own resources as and when the country needed extra steel. It now appears from Government's latest announcement in the papers that the Tariff Commission's sins are that it arrived at its conclusions according to these formulae and conditions laid down by Government earlier and according to which your Board of Directors agreed to accept loans on your behalf for the expansion schemes. If now these conditions and formulae for calculating retention prices are changed for the worse, as has been announced recently, there is little or no hope of further expansions to your plant.

It is my sincere suggestion that the matter

TOLEDO WOODHEAD SPRINGS

(Spring and Lockwasher
Manufacturers)

A VERY SUCCESSFUL YEAR

The twenty-fourth annual general meeting of Toledo Woodhead Springs Limited will be held on December 19th at Coronation Works, Aycliffe, Co. Durham.

In his Letter to the Shareholders accompanying the Report and Annual Accounts 1961-62, Mr Frank Woodhead states:

Our main business, that of manufacturing suspension springs, is closely tied with the fortunes of the motor car and commercial vehicle industries.

The year under review showed a recovery of the motor car industry at home from the depression of the previous year; trading conditions were, therefore, reasonably satisfactory but were marred by unsettled labour relations within the industry. In spite of this your Company's trading results have been, I think, very successful. The total group trading profit this year before charging depreciation is £165,186, which is little short of our best results to date.

Seasonal quietness reduced our deliveries to the vehicle manufacturers in the early part of the year but for the remainder of the year our productive facilities were operated to capacity.

During the year our efforts, to increase our export of suspension springs were successful, in fact, our exports for the year under review rose to a record level.

We do not lack confidence in our ability to make the most of the opportunities that lie ahead and with the group results which show an improvement upon last year, the Board have pleasure in recommending a final dividend of 12½ per cent making a total distribution of 20 per cent for its year.

should be reconsidered and given a second thought by Government. It must also be remembered that when vital issues of this nature are referred by Government to an independent semi-judicial and expert body like the Tariff Commission, its recommendations should not be flouted in the manner in which it has been done in this case, as it is bound to undermine confidence in the private sector and definitely make foreign aid participation very doubtful.

NEED FOR MAXIMUM INCENTIVE

It can be safely vouched and nobody will deny the special position and importance of the steel industry in our country, particularly in an era of expanding economy based on rapid industrialisation. Contribution made by this Industry in the past, specially in the field of saving foreign exchange is very considerable. Is it not a matter of elementary economics that the benefit of maximum possible incentive should be extended to the industry to allow it not only to exist, but to function and produce on as high and efficient a level as is possible? Why then deny it a healthy climate all round to earn a reasonable return on the capital employed, which is largely being ploughed back from profits and maintain an increasing output, thereby enhancing the growth of national wealth?

ALSTONS LIMITED

PRECIS OF PRESIDENT'S REVIEW

At the Annual General Meeting held on November 20th the Directors' Report and Annual Audited Accounts for the fiscal year ended June 30, 1962, were adopted.

The Profits of the Company after taxation, write-offs and transfer to reserves totalled \$748,678. Preference and Ordinary Dividends absorbed \$475,537, leaving \$273,141 to be carried forward.

A resolution was passed for the payment of final dividend of 10 per cent (less tax) in addition to interim dividend of 6 per cent (less tax) paid in April.

The Consolidated Group Accounts revealed profit (after taxation and write-offs) of \$1,049,312 of which profits attributable to shareholders of Alstons Limited (after adjustments and transfers to reserves) totalled \$740,339. Capital and Revenue Reserves totalled \$5,392,742 by comparison with \$4,651,817 at June 30, 1961.

Resulting from the take-over bid in July, 1961 by Caroni Limited for share capital of Woodford Lodge Estates Limited, a capital gain of \$379,551 on disposal of the Company's shareholding was realised.

Caribbean Development Co. Ltd., maintained payment of a 25 per cent Ordinary Dividend, although the trading profits were considerably less than those of the previous year due to general trade depression which affected trading business of the territory.

The subsidiary Brewing Company in Grenada made a small profit while the Brewing Company in St Kitts made a small loss.

With the exception of Styrotex (Caribbean) Ltd., and Metal Products Ltd. which incurred losses, all the other subsidiary companies maintained satisfactory results. Tugs & Lighters Ltd. maintained its rate of dividend on the increased issued capital.

The President referred to the sad loss that the Group suffered by the death of Sir Gerald Wight, who retired in 1961 as a Director, but who had been appointed as a consultant of the Parent Company.

KAMUNTING TIN DREDGING

IMPROVED RESULTS

MR ADDINSELL'S STATEMENT

The forty-ninth annual general meeting of Kamunting Tin Dredging Limited was held on November 27th at 55-61, Moorgate, London. E.C.2, **Mr J. Addinsell** (the Chairman) presiding.

The following is the Chairman's statement for the year ended March 31, 1962, which had been circulated with the report and accounts and was taken as read:

Since our General Meeting last year Sir Douglas Waring, CBE, has accepted an invitation to join the Board. His very considerable knowledge of the tin industry, particularly in relation to Malaya where he lived and worked for many years, will, I am sure, be of the greatest value to your Company.

The total production in Malaya and Thailand was 1,444 tons concentrate against 1,592 tons last year, when it will be remembered that we had in addition the benefit of sales of minhead stocks totalling 269 tons.

The output for the year was achieved notwithstanding the fact that, as I reported in my last statement to shareholders, our No. 6 dredge in Malaya ceased productive operations on the Tekka Taiping area on September 12, 1961. The average price realised for sales was equivalent to £912 per ton of metal against £776 per ton for 1960-61.

ACCOUNTS

The profit for the year was £398,750 compared with £364,210 last year. Taxation takes £162,000 and we have transferred £5,137 to Contingencies Reserve and in addition have placed to this Reserve the proceeds from the sale of our No. 4 dredge. The interim dividend paid on March 9, 1962, absorbed £51,201 and your Directors now recommend a final dividend of 37½ per cent which will take £153,604. The sum remaining to be added to our Carry Forward is accordingly £26,808 and brings this figure up to £117,934.

The Contingencies and Transfer of Dredges Reserves now stand at a total of £637,500, which should ensure that we have sufficient funds to meet the heavy expenditure we are now incurring on the transfer of the two Malayan dredges.

During the year the Malayan Government repaid the Company's contributions to the first

COMPANY MEETING REPORTS

Buffer Stock, together with our share of the surplus, amounting in all to £131,900 and since the close of the year we have received from the Thai Government our contributions and surplus amounting to some £58,000. Meanwhile, contributions are still being collected from the Company in respect of the second Buffer Stock.

The No. 5 dredge in Malaya ceased productive operations on June 21, 1962. This dredge was kept working in low value ground as long as possible but when it became uneconomic to continue dredging arrangements were made for its dismantling and transfer to the Company's Eastern Tailings Area. This operation will take about 12 months to complete and the dredge should therefore be ready to start work on this area fairly early in the second half of 1963. The reconstruction of the No. 6 dredge on the Taiping Rubber Company's Area continues and this, the Company's largest unit, should be ready to start working the area about the middle of 1963.

THE OUTLOOK

Shareholders have been frequently warned that the dredges transfer programme must necessarily have its effect on our output and profits for the year ending March 31, 1963, and dividends must likewise be affected, but your Board will consider at the appropriate time what dividends can be paid taking into account the carry forward on Profit and Loss Account and the liquid resources available.

Meanwhile we should be encouraged by the prospect of both our Malayan dredges being back in production in their reconstructed form during the latter half of 1963, and I am pleased to report that work on these dredges and on the new properties in which they will operate is well up to schedule.

The task of dismantling, transferring and rebuilding a large dredge is one which involves very considerable planning and hard work and I should like our General Managers, Anglo-Oriental (Malaya) Limited, to know that we fully appreciate the work they are doing and accordingly to them, and to the staff, the labour force and all who have contributed to the Company's well-being and its future, I offer once again our grateful thanks.

As the result of an amendment to the Companies Act, 1948, the Company was enabled in July of this year to open a branch register in Malaya for the benefit of shareholders in that country and Members were informed of this arrangement by circular dated June 27, 1962.

The report and accounts were unanimously adopted.

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BRITISH ELECTRONIC INDUSTRIES LIMITED

SUBSTANTIALLY IMPROVED CURRENT TRADING

"OUR FUTURE SHOULD BE A VERY BRIGHT ONE"

The second annual general meeting of British Electronic Industries Limited was held on November 22nd in London, **Mr C. O. Stanley, CBE, LLD, FCGI** (the Chairman), presiding.

The following is an extract from his circulated statement:

Despite the severe cut in dividends and the fall in profits, my confidence in the future of the business and its return to a satisfactory dividend-paying situation is not only greater but more solidly based than it was this time last year.

There are two reasons for this, both of great importance to every shareholder. The first is the decision taken by the Government to introduce 625 instead of 405-lines as the British standard of television. The second is that we now have complete executive control of the Ekco business.

I have already said to our shareholders that the very existence of the television business has been dependent upon the Government taking the right decision on the 625-line issue. Now, with this decision, a future full of enormous possibilities has been opened up.

Britain is to have a new television standard and there is a huge population which will demand any new television service.

The Chairman then reviewed the Group's widespread interests at home and abroad and, in dealing with the trading results, said: Aggregate profits from our activities in telecommunications, scientific instruments, telephones and other non-domestic products and from our subsidiaries in Australia and New Zealand exceeded £2,000,000, which, together with more than £400,000 from trade investments, were sufficient to cover debenture and other interest, preference dividends and the 15 per cent dividend which we paid last year on the Ordinary Shares.

Having regard to these results it is very regrettable that there has as yet been no revival in the domestic television industry and heavy losses were incurred in 1961-62. Considerable reorganisation and consolidation have been carried out to eliminate the losses arising from over capacity and overhead expenses have been severely cut. The benefits from these actions are beginning to have an improving effect on the trading prospects for 1962-63, but it is imperative that we retain our ability to increase production and be ready for the expansion of business expected when 625-line transmissions commence.

CHAIRMAN'S ADDITIONAL REMARKS

Addressing the Meeting, the Chairman said: We have examined very carefully our trading situation up to the end of October after seven months of the year have elapsed, and our figures to that date indicate a net profit several hundred thousand pounds higher than the figures at the same time last year.

If our figures continue to show the same trend as has taken place this year, we should, by the end of our financial year, be in a position

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to make a substantial increase in our rate of dividend.

Our figures for the revaluation of land, buildings, plant and machinery are now completed and show an increase in these valuations over the book values of nearly seven million pounds.

We have completed in the last few months a cross-licensing agreement between your Company and the Radio Corporation of America and also a similar agreement with the Western Electric Company. In this business the cost of research and development can become a very heavy burden and we hope that these two agreements will make available to your Company the benefits of great research expenditure undertaken by these companies and at the same time effect economies in our own research and development expenditure.

The recent increase in the Investment Allowance should help those sections of our business which are engaged in the manufacture and sale of capital goods, which, today, represent a substantial part of our business.

The Government's policy regarding the commencement of one new television network is now known and in 1964 the new Service will cover London, Birmingham, Manchester and the North, while, in the following year, a further new eight or nine stations will go on the air. This opens up not only a very large market for the sale of television sets but, in addition, a market for the new transmission and link equipment which will be required to establish the new system across the country.

Although our industry has had a rather long wait for the signal to go ahead, we can now say that at last we know our future should be a very bright one.

The report was adopted and an Ordinary dividend of 2½ per cent approved.

W. & C. FRENCH LIMITED

The annual general meeting of W. & C. French Limited was held on November 27th in London, **Mr Charles S. French** (the chairman) presiding.

The following is an extract from his circulated statement:

The Accounts for the year ended March 31 last show a marked improvement. The Gross Trading Profit has increased from £71,133 to £722,108, an increase of £650,975. This increase has been derived from contracting work only slightly greater in volume than in the preceding year and despite a further loss of £174,050 on the Crossness contract. The Net Profit for the year before taxation amounts to £177,501 as compared with a loss last year of £290,714. The Directors are recommending a dividend of 6½ per cent on the Ordinary and 'A' Ordinary Share Capital.

Contracting work progressed well throughout the year and a higher proportion of our contracts than ever before showed a satisfactory margin of profit. The L.C.C. Crossness contract operated at a loss throughout the year and continues to do so, but on a much reduced scale. The Directors are satisfied that any further losses on this contract, which will be substantially completed next year, will not have a material impact on the overall trading results.

The value of contracts on hand exceeds that for the preceding year, progress has been good throughout the summer months and preliminary figures show a satisfactory level of profit. Given average working conditions there is every reason to expect that the level of profit will at least be maintained and possibly improved upon.

The report was adopted.

COMPANY MEETING REPORTS

SUNGEI BAHRU RUBBER

The thirtieth annual general meeting of The Sungei Bahru Rubber Estates, Limited, was held on November 27th in London, **Mr J. R. Tannock** (the chairman) presiding.

The following is an extract from his circulated statement:

The increase in the rubber crop of 90,000 lbs. over that for the previous year has gone a long way towards off-setting the fall of nearly 2d. per lb. in the price realised for the commodity and the resulting group profit of £61,844 compared with £69,800 for 1960-61 can, I think, be considered most satisfactory.

We are now beginning to reap the benefits of the replanting which has been carried out during the last decade. The over-all yield per acre for the year was 902 lbs., compared with 828 lbs. for 1960-61 and 772 lbs. for the previous year. The crop for the first three months of the current year shows an increase of 99,000 lbs. over the corresponding period under review, and I am hopeful that the crop for the year will exceed 2,000,000 lbs. for the first time.

Associated Companies: Clarke's of Stillington Limited, the firm of Steel Stockists in which we have a large interest, has had a disappointing year. Scotia Investments Limited operates a Holiday Camp in East Cornwall, through its wholly owned subsidiary—Scaton Valley Co. Limited. We have a substantial interest in this venture, and I am happy to report that the Camp has had a most successful season.

The report was adopted and a dividend of 10 per cent approved.

S. SIMPSON LIMITED (Manufacturers of DAKS Clothing)

The twenty-ninth Annual General Meeting of S. Simpson Limited was held on November 22nd in London.

Dr S. L. Simpson, the chairman, presided.

The following is an extract from his statement:

The further wage increases during the year and some increase in overhead costs, together with the maintenance of selling prices, were responsible for the slight decrease in profit, which was minimised by increased efficiency drives.

Our Export trade has not progressed in all markets owing to special circumstances affecting some countries. Canada has been particularly disappointing owing to the continuation of the recession, revaluation of the Canadian dollar and import duties increased to 32½ per cent. In Australia, our bookings for 1962/3 have improved and our orders continue to represent a considerable proportion of imported high quality men's clothing. Manufacturing under licence in South Africa has gone through teething troubles, and a recent visit of one of our executives should lead to satisfactory progress. Our sales in the United States have again resumed an upward trend and, given general trade expansion, our trade in U.S.A. should make further advances. Our progress in Europe is noteworthy, and during the past five years there has been a steady increase in sales. This favourable trend should be considerably accelerated if the United Kingdom joins the Common Market.

SUSTAINED DEMAND

The sustained demand for DAKS clothing

C.L.R.P. INVESTMENT TRUST

LARGER DISTRIBUTION

The thirty-second Annual General Meeting of C.L.R.P. Investment Trust Limited was held on November 28th in London, **Mr H. D. Curry**, Chairman and Managing Director, presiding.

The following is an extract from his circulated statement for the year to August 31, 1962:

Owing to the 40 per cent increase in ordinary capital by the rights issue at par in July, 1961, few items in the revenue account for 1962 can readily be compared with the previous year.

One way of comparing the recommended ordinary dividend of 15½ per cent for the year under review with 1961 would be to say it is equal to 20 per cent on the capital before the issue, i.e. an increase of 1 per cent and permits 4 per cent on the £250,000 of new ordinary capital. The total distribution on preference and ordinary capital this year absorbs 76.82 per cent of net revenue as against 74.32 per cent last year.

The purchase of all the shares in an Australian Property Company called Noani Court Pty. Ltd. should prove a remunerative investment.

The net asset value of the ordinary 5s. stock units at August 31 last was 20s. 3d. At a price of 17s. 9d. the earnings yield on the 5s. ordinary stock units is 5.9 per cent and the dividend yield 4.3 per cent.

The report was adopted and the proposed re-conversion of the ordinary stock into shares was approved.

in the Home Market is indeed gratifying and we have combined with our Retailers in many successful promotion schemes throughout the country, such as the successful Carnation and Clubman schemes. There is no doubt that the name DAKS is synonymous with high quality clothing of modern design and made from the finest cloths in the world with superb craftsmanship. This tradition, which dates from the foundation of S. Simpson Ltd. in 1894 by a Master Craftsman, is the basis of our leadership in the clothing world. In accordance with this, the pace of training operations for the recent extension in Larkhall is based on quality and not quantity, and is in keeping with our plans for the steadily progressive utilisation of the supplementary capacity.

Your wholly owned Subsidiary Company, Simpson (Piccadilly) Limited, has had another successful year, with an increase in the number of customers being served. The reduction from 500 dollars to 100 dollars in the allowance given to visitors from the United States, under the American Government's Customs Regulations, continues to have some adverse effect upon trading in our Export Department, but new customers from all parts of the world discover Simpson's Piccadilly. There is widespread appreciation of the special character and quality of the goods our unique Store offers. Our Women's Department continues to lead Fashion Trends and DAKS skirts and DAKS sleekers are very much in demand. The decision to introduce one-way traffic into part of Piccadilly had the effect of making the road outside the main entrance resemble a racing track for several hours in the day. In the early days this one-way route undoubtedly had an adverse effect upon trading, particularly during spells of bad weather, but fortunately this is no longer the case.

METROPOLITAN ESTATE AND PROPERTY CORPORATION

The following are extracts from the Report and Accounts for the year ended September 30, 1962, which contained the Statement of the Chairman, **Mr. R. J. Dickinson**.

	1962	1961
	£	£
Gross Income	3,043,362	1,959,529
Net Profit for the year	1,079,751	748,456
Ordinary Dividends Paid (net)	(91½%) 891,402	(113½%) 629,308
*On capital as increased by 50% scrip issue		

CAPITAL

Authorised	Issued
£2,500,000	£2,025,000
£17,500,000	£15,319,478
Reserves £13,804,665	
Debenture and Loan Capital	£13,644,813

16, HANOVER SQUARE, LONDON, W.1.
also Manchester, and Toronto (Canada)

COMPANY AFFAIRS

In the London stock market prices stood up well at the end of last week to the by-election results. This week equity prices, helped by the sustained rally on Wall Street, moved ahead again and over the week to Wednesday's close The Economist indicator gained 6.2 points to 354.9. After a brisk start to the account on Monday business has been relatively quiet. Following the encouraging statement from Combined English Mills cotton textiles shares scored good gains but the sharpest gains once again came in new issues.

Halfway Stage

THE number of companies adding a few words of comment and profit figures to their interim dividend announcements is growing. The Jenkins committee blessed this practice without, however, insisting that it should be made obligatory—reasonably, for seasonal factors can play ducks and drakes with half yearly profits. But for those companies where the passage of the seasons is less important, efforts to keep shareholders informed at a shorter interval of time than twelve months are welcome. They can on occasions force the stock market to revise its opinions.

Great Universal Stores.—The interim dividend has been rounded up from the equivalent of 9½ to 10 per cent. The smallest total dividend that shareholders can expect for 1962-63 is 30 per cent and, judging by the results for the six months to September 30th, it could well be higher. Sales, including those on hire purchase, have risen and gross profits have advanced £12.6 million to £13.3 million and net equity earnings from £5.3 million to £5.7 million. GUS's mail order business has continued to do well and in a difficult period its furniture and radio and television divisions have added to their sales.

Metal Box.—The main feature of the six months' trading to end September was a substantial improvement in demand at home where sales rose from £34 million to £38.9 million. On the other hand sales overseas at £14.3 million although higher than a year ago were below those in the six months to March 31st and profit margins on overseas sales fell further. In all trading profits for the group rose by 9 per cent from £4.3 million to £4.7 million. The directors do not expect any further increase in home demand in the second half of the year although they say that home sales and profits should be higher than they were in the six months to end March, 1962. Overseas profits are expected to remain at the level of last year. The interim dividend is maintained

Prices and Yields

	1962		Div.	Price,	Yield
	High	Low	%	Nov. 29	%
Allied Ironfounders (£1)	60/6	33/9	15	59/9xd	5.0
Magicoal (5/-)	52/6	37/6	30	36/7½	4.1
Board (10/-)	29/6	20/10½	12½	29/11½xd	4.3
(5/-)	48/9	38/4½	30	47/-	3.2
(£1)	85/6	67/-	12	73/9	3.3

at 5 per cent; last year's full payment of 12 per cent was covered twice.

Allied Ironfounders.—Two years of falling profits and a cut from 20 to 15 per cent in the 1961-62 dividend had shaken the faith of investors in Allied Ironfounders, which includes the "Aga" range of products among the goods it sells to the building trades and householders. The directors are still cautious for in the face of a gross profit of £1,400,000, against £1,100,000, in the seven months to October 31st they have left the interim unchanged at its reduced level of 5 per cent on the grounds that the rate of improvement in profits may not be maintained over the rest of the financial year. But it looks as if the corner has been turned and that an early restoration of the dividend to 20 per cent may now be possible.

Berry's Electric Magicoal.—In contrast, it looks as if the days of exceptionally rapid growth for this manufacturer of electric fires are over—at least for the time being. The chairman suggested something of the sort in his last statement and it now appears that sales, while still high, are not matching the record figures of 1961-62 and a fall in profits is expected. Allowing for the one-for-two scrip issue, the interim dividend at 6½ per cent is effectively unchanged. The possibility that the 1961-62 rate of 45 per cent would be maintained on the increased capital now looks remote.

British Plaster Board.—Though this company's interim dividend has been left unchanged at 4 per cent, it is possible that the total for 1962-63 will be higher than the 12½ per cent paid for 1961-62. This is suggested by the increase in gross profits from £1,721,000 to £1,833,000 in the six months to end-September and by the statements that the demand for building materials at home has been maintained at a high level and that BPB's business overseas continues to make progress. The snag is that BPB will have more ordinary capital to service, for, as a result of an agreement to exchange technical information with United States Gypsum, the latter company will acquire a 15 per cent equity interest in BPB at 24s. 7½d. per share. This will cost US Gypsum about £4.1 million (thus putting BPB well in funds again) and in return

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BPB will spend nearly \$700,000 in acquiring 10,000 shares in US Gypsum. Shareholders have to agree to this deal. There is no reason for opposing it.

Combined English Mills

COTTON textile shares have been much brighter this week following the statement of Sir Cuthbert Clegg, the chairman of Combined English Mills. In the year to September 30th a net profit of £465,000 was translated into a net loss of £115,000; but although the dividend has been cut from 6 to 4 per cent, the volume of sales has tended to improve recently. Until mid-summer the increase was too small to arrest the decline in margins, and the results would have been much worse if production had not been concentrated into fewer units working longer hours, and extensive re-equipment and modernisation put in hand. Since the summer demand has picked up sufficiently to make it possible to refuse unprofitable business. Sir Cuthbert adds that present indications are that manufacturers' stocks are falling and that many weaving and hosiery firms are fully employed and delivering all their production.

For several months there have been suggestions in the industry that the worst of the recession was over, but investors may be too optimistic if they are expecting the recovery to be as sharp as that which followed the 1959-60 recession when the trading profits of Combined English jumped from £119,000 to £806,000. Since then Commonwealth imports have continued to rise. Sir Cuthbert argues that public confidence in the industry would be strengthened if it accepted that considerable imports of cheap cloth were here to stay. As these ceilings have already been fixed by the Government until 1965, he says "we must carve out a market which takes these imports into consideration." The £1 shares have gained 1s. 10½d. this week to 10s. 3d. to yield 7½ per cent. Last year they touched 17s. 7½d.; their net asset value is 42s.

Joseph Lucas



How did Joseph Lucas achieve such good results last year? The accompanying table shows an improvement in profit margins and the chairman, Sir Bertram Waring, attributes this partly to higher selling prices for some Lucas products but primarily to economies now being achieved in the vehicle equipment business through improved designs and better manufacturing. The rapid development of the group's overseas business both in direct exports and in local manufacture overseas is allied to both.

Last year about £4½ million was spent on factories at home and overseas and some £3½ million on investments in other companies (including the purchase of a 40 per cent interest in Ducellier et Cie, the largest motor electrical component manufacturer in France). At the end of July bank over-

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drafts were nearly £4 million higher at £5.2 million and have risen further since then. Short-term debts will be eliminated by a £4 million bond issue in Switzerland and a

	1960	1961	1962
Years to July 31	£000's	£000's	£000's
Sales	122,600	123,200	124,700
Trading profit	10,746	9,489	10,221
Gross profit	8,073	6,741	7,272
Net profit	2,923	2,368	2,480

	%	%	%
Ordinary dividend	13½	13½	13½
Trading profit/sales	8.8	7.7	8.2
Net profit/sales	2.4	1.9	2.0

£10 million debenture issue in this country and enough cash will be available to meet future expenditures, already reflected in capital commitments of £3.4 million.

Capital spending on this scale is being made with the "exciting" prospect of Britain's entry into the common market very much in mind. Joseph Lucas is certainly one of the companies that would gain from this. Sir Bertram welcomes the cut in purchase tax on cars on the grounds that a vigorous export business in vehicles can only be sustained by a healthy home market. The stock market is optimistic about Joseph Lucas's prospects. At 74s. 6d. the £1 shares yield 3½ per cent on the unchanged dividend of 13½ per cent, compared with nearly 5 per cent a year ago. An increase in the dividend in the current year is clearly discounted.

Plessey

SHAREHOLDERS in Plessey, somewhat bewildered by the turn of events in the company in the last few months and by the fluctuations in the shares, have received this week a full explanation in the first and last statement of the caretaker chairman, Sir Harold Wernher, who will be succeeded by Lord Kilmuir at the end of the year. The major happenings were the mergers with Automatic Telephone and Electric and Ericsson Telephone in October, 1961, and the death of the chairman, Sir Allen Clark, on the last day of the financial year, June 30th. This was followed by a difference of opinion in the boardroom about executive appointments and policy, after which three directors retired and Field Marshal Lord Harding, Mr Harold Watkinson and the chairman elect were appointed to the board. The fees of the directors are to be raised from £250 to £2,000, but the directors' total emoluments are likely to be substantially reduced from the exceptional level of £474,000 in 1961-62, of which £260,000 represented the contractual commission of 4 per cent on pre-tax profits paid to the late chairman.

Profits before tax at £6½ million were higher than had been generally expected. The profits of the original Plessey business improved despite the difficulties of the television and domestic appliance industries to which it supplies many components. The company is now reaping the benefits of the policy of diversification into electronics and allied fields. Garrard Engineering also enjoyed a more profitable year and it has a peak order book for its record players and changers. On the telephone side, Automatic

COMPANY AFFAIRS

Telephone made a loss in 1961 but has since made a good recovery. The improvement in profits in the telephone group and elsewhere is expected to continue as integration proceeds. Moreover, the current year will include a full year's profits from the new telephone companies compared with eight months in 1961-62.

The balance sheet reveals a sharp fall in liquid resources to £10.4 million as a result of the acquisitions and other additions to fixed assets. There is now also a bank overdraft of £6.3 million. At 44s. 9d. the shares are about 30 per cent above this year's low and yield 3.4 per cent on the dividend as raised from the equivalent of 12½ to 15 per cent—a return which appears to look well beyond the immediate benefits of rationalisation within the group.

Associated British Foods

OVER the past decade earnings of Associated British Foods have risen 2½ times while dividends have risen from the equivalent of 3½ per cent to 22½ per cent. This record of growth helps to explain the low yield of 2½ per cent now offered by the 1s. shares at 9s. 8½d. xd.—in the last two years the yield has been as low as two per cent. But will comparable growth be possible in the future? When a group grows as big and as rapidly as Associated British Foods further growth becomes less easy to achieve, and expansion of assets and sales does not always lead to bigger profit margins.

This is illustrated in the Associated British Foods report by the experience of the Howardgate retail grocery division—this includes Fine Fare—which has been involved in a rapid expansion of supermarkets. The cost of opening 80 such stores last year is reflected in a fall in this division's pre-tax profits from £863,000 to £529,000, which the chairman, Mr Garfield Weston, says is "a small price indeed to pay for the future prosperity of the company." This has the necessary sound of confidence, since a further 100 supermarkets will probably be opened in the current year. Moreover the published figures may not reflect the full cost for they carry an auditors' qualification in respect of trade creditors of £5.7 million and stocks of £1.9 million, arising from accounting difficulties associated with the pace of expansion; if these two items have to be adjusted, the auditors say, a "material effect" might follow for the amount shown as profit. In all ABF's sales rose by £20 million to £183 million and pre-tax profits from £8.7 million to £9.3 million but if the method for calculating the depreciation charge had not been changed profits would have been £8.8 million. The bakery division remains the mainstay of the business and Mr Weston says that there are signs that decline in national consumption of flour products has been halted. The group's biscuit companies increased their share of the market and the 15 per cent purchase tax imposed in the last Budget has not adversely affected sales.

Since the end of the financial year ABF has sold the Neilson ice cream business to J. Lyons; the sum is undisclosed but it will help to finance expansion elsewhere, notably in flour milling and in Europe and Australia and New Zealand. Capital commitments at the year end amounted to £5½ million but during the year £6 million was raised by a debenture issue and almost £4 million by a rights issue. The cash flow is now close to £8 million, comfortable for meeting development costs, and £A5 million is being raised locally in Australia.

Handley Page

THE death of Sir Frederick Handley Page last Easter led to a good deal of activity in Handley Page shares on renewed hopes of a take-over. These have not materialised so far and the shares slumped sharply a week ago on the results for 1961, which showed a net loss of £828,000 against a net profit of £190,000. Shareholders were told when eleven months of the financial year had passed that results should be at least up to those of 1960. The loss arises largely from writing off all research and development expenditure and tooling costs on the Herald and all excess costs on producing the first batch due to be completed early next year. The Herald has been priced on the basis of average costs with quantity production and the write off suggests that the gap between the break-even point of 80 or 90 planes and actual orders is still wide. The write-off relieves future years of any such charge and a clear slate for the Herald may point to better profits in future.

But, apart from the Herald, profits were falling last year and in cutting the dividend from 15 per cent, which has been paid each year since 1954, to 5 per cent the directors say that they have taken into account "the likely results for the current year." The directors should give a definite indication of current profits in the full report. In the meantime the 5s. shares show a net loss of 2s. and at 10s 10½d. yield 2½ per cent. The net asset value of the shares still must be higher than the market price but the latter is sustained only by the possibility of a bid.

THE ECONOMIST INDICATOR (1953=100)					
1962		Indicator	Yield %	1962	
Oct. 24	313.5	5.55			
31	330.2	5.26		High	Low
Nov. 7	336.4	5.16			
.. 21	345.4	4.98		364.1	310.3
.. 14	348.7	4.95		(Jan. 17)	(June 27)
.. 28	354.9	4.86			

F.T.-ACTUARIES INDICES (April 10, 1962=100)			FINANCIAL TIMES (1935=100)		
1962	500 Shares	Yield % 2½% Consols Yield	Ord. Index	Bargains Marked	
Nov. 22	97.78	4.65	5.87	295.2	13,001
.. 23	97.71	4.65	5.72	294.4	13,470
.. 26	98.32	4.62	5.74	295.7	15,641
.. 27	98.44	4.62	5.76	296.8	13,889
.. 28	98.73	4.61	5.71	296.3	12,954
High, 101.34 (April 27).			High, 310.2 (January 19).		
Low, 84.86 (June 25).			Low, 252.8 (June 25).		

STOCK PRICES

Prices, 1962		BRITISH FUNDS		Price, Nov. 21, 1962	Price, Nov. 28, 1962	Net Red. Yield, Nov. 28, 1962	Gross Red. Yield, Nov. 28, 1962	Prices, 1962		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Nov. 21, 1962	Price, Nov. 28, 1962	Yield, Nov. 28, 1962	Cover
High	Low	GUARANTEED STOCKS		1962	1962	1962	1962	High	Low		High	Low				
99 1/2	96 1/2	Exchequer 3%	1962-63	99 1/2	99 1/2	2 1/2	2 1/2	105 1/2	79 1/2	6 1/2	BANKS, DISCOUNTS & HP		83 1/2	84 1/2	3 1/2	
100 1/2	98 1/2	Conversion 4 1/2%	1963	100 1/2	100 1/2	2 1/2	2 1/2	70 1/2	53 1/2	5 1/2	Barclays		58 1/2	58 1/2	3 1/2	
98 1/2	96 1/2	Exchequer 2 1/2%	1963-64	98 1/2	98 1/2	2 1/2	2 1/2	29 1/2	20 1/2	7 1/2	Lloyds		26 1/2	26 1/2	2 1/2	
100 1/2	97 1/2	Conversion 4 1/2%	1964	100 1/2	100 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Martins		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Treasury 4 1/2%	1965	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Midland		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Treasury 4 1/2%	1965	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Nat. Provincial		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Savings Bonds 3%	1955-65	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Westminster		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Exchequer 5 1/2%	1966	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Australia & N.Z.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Savings Bonds 2 1/2%	1964-67	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Bk. of London & S. Amer.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Exchequer 5 1/2%	1967	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Bank of Montreal		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Funding 3%	1966-68	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Bank of New S. Wales		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Conversion 3 1/2%	1969	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Barclays D.C.O.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Funding 3%	1959-69	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Chartered		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Victory 4%	1920-76	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Hongkong & Shang.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Savings Bonds 3%	1960-70	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Nat. Com. Bk. Scot.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Conversion 3 1/2%	1971	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Nat. Bk. Canada		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Conversion 3 1/2%	1972	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Standard Bank		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Conversion 3 1/2%	1974	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Hambros		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Funding 4%	1960-90	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Schroders		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Savings Bonds 3%	1965-75	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Union Discount		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Treasury 3 1/2%	1977-80	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Bowmaker		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Funding 3 1/2%	1979-81	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Longbank		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Treasury 5 1/2%	1982-84	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Mercantile Credit		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Redemption 3%	1986-96	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	United Dominions		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Funding 3 1/2%	1999-2004	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Breweries, Etc.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	War Loan 3 1/2%	1952-57	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Bass & B.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Consols 4%	after Feb. 1952	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Charrington United		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Consols 3 1/2%	after Apr. 1966	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Distillers		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	Consols 2 1/2%	after Apr. 1975	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Guinness		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Electric 4 1/2%	1967-69	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Harveys		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Electric 3 1/2%	1968-73	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Ind. Coope. T.A.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Electric 3 1/2%	1974-77	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Whitbread A.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Electric 3 1/2%	1978-79	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Associated Portland		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Gas 3 1/2%	1967-79	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	British Plaster Bd.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Gas 3 1/2%	1980-95	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Richard Costain		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Gas 3 1/2%	1996-95	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Cristal Mig.		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Transport 3 1/2%	1968-73	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	International Paints		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Transport 3 1/2%	1974-77	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Rugby Portland		83 1/2	83 1/2	3 1/2	
99 1/2	97 1/2	British Transport 3 1/2%	1978-88	99 1/2	99 1/2	2 1/2	2 1/2	100 1/2	99 1/2	7 1/2	Wall Paper		83 1/2	83 1/2	3 1/2	

Prices, 1962		DOMINION AND CORPORATION STOCKS		Price, Nov. 21, 1962	Price, Nov. 28, 1962	Net Yield, Nov. 28, 1962
High	Low			1962	1962	1962
88 1/2	79 1/2	Australia 3 1/2%	1965-69	88 1/2	88 1/2	5 1/2
103 1/2	96 1/2	Australia 4 1/2%	1974-76	103 1/2	103 1/2	5 1/2
66 1/2	52 1/2	Ceylon 4 1/2%	1973-75	66 1/2	66 1/2	5 1/2
104 1/2	94 1/2	New Zealand 6%	1976-80	104 1/2	104 1/2	5 1/2
81 1/2	62 1/2	Rhodesia & Nyasaland 6%	1978-81	81 1/2	81 1/2	5 1/2
91 1/2	82 1/2	South Africa 3 1/2%	1965-67	91 1/2	91 1/2	5 1/2
69 1/2	48 1/2	Southern Rhodesia 4 1/2%	1987-92	69 1/2	69 1/2	5 1/2
91 1/2	77 1/2	Agricultural Mortgage 5%	1959-89	91 1/2	91 1/2	5 1/2
96 1/2	86 1/2	Birmingham 4 1/2%	1967-70	96 1/2	96 1/2	5 1/2
100 1/2	88 1/2	Bristol 5%	1971-73	100 1/2	100 1/2	5 1/2
100 1/2	88 1/2	Corporation of London 5 1/2%	1974-79	100 1/2	100 1/2	5 1/2
52 1/2	43 1/2	L.C.C. 5%	1980-83	52 1/2	52 1/2	5 1/2
100 1/2	87 1/2	Middlesex 5 1/2%	1980	100 1/2	100 1/2	5 1/2

NEW YORK PRICES AND INDICES

Nov. 21		Nov. 28		Nov. 21		Nov. 28	
\$	\$	\$	\$	\$	\$	\$	\$
Atch. Topeka	24 1/2	Boeing	41 1/2	Int. Harvester	49	49 1/2	
Can. Pacific	22 1/2	Celanese	37 1/2	Inter. Nickel	62 1/2	64 1/2	
Pennsylvania	12 1/2	Chrysler	70 1/2	Inter. Paper	27 1/2	28 1/2	
Union Pacific	33 1/2	Col. Palmolive	42 1/2	Kennecott	70 1/2	68	
Amer. Electric	35 1/2	Crown Zeller	44 1/2	Monaco	47 1/2	49 1/2	
Am. Tel. & Tel.	112 1/2	Distillers Seag.	42 1/2	Nat. Distillers	23 1/2	24 1/2	
Cons. Edison	78 1/2	Douglas	31 1/2	Pan-American	20 1/2	21 1/2	
Int. Tel. & Tel.	41 1/2	Dow Chemical	56 1/2	Procter Gamble	68 1/2	71 1/2	
South. Nat. Gas	4 1/2	Du Pont	23 1/2	Radio Corp.	74 1/2	75 1/2	
United Corp.	8 1/2	East. Kodak	104 1/2	Sears Roebuck	32 1/2	32 1/2	
Western Union	25 1/2	Ford Motor	45 1/2	Shell Oil	54 1/2	54 1/2	
Alcoa	53 1/2	Gen. Electric	173 1/2	Socoy-Mobil	54 1/2	54 1/2	
Aluminum	21 1/2	General Foods	71 1/2	Stand. Oil Ind.	47 1/2	48 1/2	
Amer. Can.	44 1/2	General Motors	55 1/2	Stand. Oil N.J.	55 1/2	56 1/2	
Am. Smelting	56 1/2	Goodyear	32 1/2	Union Carbide	102 1/2	103 1/2	
Am. Viscose	57 1/2	Guilford	37 1/2	U.S. Steel	44 1/2	49 1/2	
Anaconda	43 1/2	Heinz	44 1/2	West Electric	33 1/2	33 1/2	
Beth Steel	29 1/2	Int. Bus. Mach.	37 1/2	Woolworth	65 1/2	69 1/2	

Standard and Poor's Indices (1941=100)

1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Oct. 31	59.09	3.66	28.17	5.69	55.33	3.69	89.96	3.89
Nov. 7	61.48	3.50	29.24	5.48	56.78	3.62	90.06	3.88
" 14	63.04	3.40	30.49	5.42	57.61	3.56	90.28	3.86
" 21	63.68	3.43	31.26	5.32	58.52	3.51	90.46	3.89
" 28	65.13	3.38	31.82	5.20	59.20	3.48	90.06	3.88

425 Industrials—High 75.22 (Jan. 3). Low 54.80 (June 26).
 * Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 years. § The net redemption yields allow for tax at 7 1/2% in U.S. || Ex capitalization. ¶ 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 1/2 sterling. (g) After Rhodesian tax. (h) To latest date.
 (m) Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.

AND YIELDS

Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Nov. 21, 1962	Price, Nov. 28, 1962	Yield, Nov. 28, 1962	Cover
High	Low								
ELECTRICAL & RADIO									
37/3	23/1	10 c	3/4	A.E.I. Electronic Inds.	£1	36 1/2	37 1/2	5 3/7	1
12/6	7/6	15 c	2 1/2	Brit. Electronic Inds.	5/-	9 1/4	11 1/2	1 1/2	
69/6	51/9	9 1/2 b	4 a	B.I.C.C.	£1	67 1/2	69 1/2	3 3/8	2
16 1/2	11/6	4 6 a	7 1/2 b	Crompton Parkinson	5/-	16 1/2	16 1/2	3 1/2	2
89/6	63/7	7 1/2 b	17 1/2 b	Decca	10/-	82 1/2	84 1/2	2 9/8	1 1/2
45/6	32/3	5 c	12 1/2 b	E.M.I.	10/-	47 1/2	48 1/2	1 4/5	2
54/6	39/6	14 c	6 a	English-Automation	£1	30 1/2	32 1/2	1 9/16	1 1/2
54/6	32/9	5 c	3 b	General Electric	£1	38 1/6	39 3/4	5 10	2
39/6	26/7	3 c	7 b	C. A. Parsons	£1	56 1/2	56 1/6	4 4/2	2
59/3	34/6	8 1/2 b	4 1/2 a	A. Reyrolle	£1	55 1/2	56 1/6	3 4/5	2 1/2
57/3	38/6	6 1/2 b	3 1/4 a	Thorn Electrical	5/-	82 1/2	84 1/2	1 6/3	3
85/9	58/7	25 c	27 1/2 c						
ENGINEERING									
36/7	20/3	9 c	4 1/2 a	Babcock & Wilcox	£1	36 1/2	36 1/2	5 00	1 1/2
38/3	27/3	3 1/2 a	7 b	John Brown	£1	34 1/4	34 7/8	5 89	2 1/2
6 1/4	4/3	7 b	3 a	Cammell Laird	5/-	5 7/8	5 7/8	0 80	1
31/7	21 10/10	20 b	10 a	Internat. Combust.	5/-	30 3/4	30 3/4	4 96	1 1/2
38 1/4	3 1/4	9 1/2 b	2 1/2 a	Rich'd's'n West'g'h	10/-	3 3/4	3 3/4	3 9/3	1
17/7	10/6	10 b	5 a	Swan Hunter	£1	23 7/10	24 1/3	8 25	1 1/2
35/7	20 10/10	12 1/2 a	16 1/2 b	John Thompson	5/-	15 1/6	16 1/6	4 69	1 1/2
73 7/10	55/6	16 1/2 b	13 a	Coventry Gauge	10/-	34 1/4	34 3/4	4 17	2 1/2
60/6	33/9	10 b	5 a	Alfred Herbert	£1	63 1/2	63 1/2	4 67	2
99/9	67/9	10 b	5 a	Allied Ironfounders	£1	55 1/9	60 1/8	4 86	1 1/2
12 1/2	11 1/4	4 a	6 b	Avery	£1	74 1/6	78 1/2	3 85	2
12 1/2	8/6	4 1/2 a	8 1/2 b	B.S.A.	10/-	12 1/2	12 1/2	8 21	2 1/2
33/7	19/9	10 b	5 a	George Cohen	5/-	16 1/2	16 1/2	5 65	1 1/2
81 10/10	62 10/10	11 b	5 a	Davy-Ashmore	5/-	18 1/6	18 1/9	9 2	2 1/2
21/7	14/3	4 a	12 b	Guest Keen	£1	77 7/10	79 1/2	4 03	2 1/2
85/6	67/7	5 a	7 b	Head Wrightson	5/-	16 1/9	16 1/9	4 78	2 1/2
18/7	13 1/4	4 a	10 b	Metal Box	£1	73 3/3	73 2/5	2 24	1 1/2
60 10/10	43 11/10	7 b	3 a	Ransome & Marles	5/-	16 1/6	16 1/6	4 60	1 1/2
31 11/10	22 10/10	7 1/2 b	7 1/2 a	Renold Chains	£1	58 7/10	59 1/8	4 69	3
71/6	47/6	3 1/4 a	10 b	The Investments	£1	25 1/6	25 1/6	7 84	1
20/6	12/3	16 b	5 a	Vickers Investments	£1	58 1/2	57 1/6	4 78	3
				Woodall-Duckham	5/-	16 1/3	16 1/6	6 36	1 1/2
FOOD & TOBACCO									
28/9	19/9	10 c	10 a	Allied Suppliers	10/-	25 1/9	25 11/10	3 98	2 1/2
12 1/2	8 1/4	12 1/2 b	10 a	Assoc. British Foods	10/-	10 1/2	10 1/2	2 25	2
61/3	29/3	8 b	4 a	Bovril	£1	42 1/3	44 1/2	5 45	1 1/2
12/9	9/9	12 1/2 a	14 1/2 b	Brooke Bond 'B'	5/-	11 1/3	10 10/10	4 69	1 1/2
16 1/4	11 10/10	2 1/2 a	10 b	International Text	5/-	15 1/5	15 1/5	4 01	1 1/2
82/6	62/9	9 1/2 b	5 a	J. Lyons 'A'	10/-	35 3/3	37 11/10	3 77	1 1/2
28/3	23/9	9 b	5 a	Ranks & Hoskins	5/-	12 1/9	12 1/9	3 92	2 1/2
13 7/10	10 10/10	10 c	3 a	Spillers	5/-	49 1/6	49 1/6	4 85	2 1/2
50/9	43/9	12 c	3 a	Tate & Lyle	5/-	14 1/9	14 7/10	4 79	2
18/7	13 10/10	5 a	9 b	Unigate	5/-	61 1/6	61 1/9	5 95	3
65/3	52/7	12 1/2 c	15 1/2 a	Brit. Amer. Tobac.	10/-	30 3/3	30 9/9	6 50	2
41/3	28/3	15 b	5 a	Gallaher	10/-	30 3/3	30 9/9	6 50	2
63/9	47/6	14 b	8 1/2 a	Imperial Tobacco	£1	56 1/6	56 1/6	7 96	1 1/2
INSURANCE									
81 1/2	51 1/2	147 7c	38 3a	Britannic	5/-	75 1/6	71 1/2	2 71	1
68/7	48/9	25 b	20 a	Commercial Union	5/-	51 1/6	50 1/6	4 46	1 1/2
109/3	5 1/2	10 c	12 1/2 a	Equity & Law Life	5/-	71 1/6	71 1/6	1 42	1
60/6	42/6	30 c	10 1/2 a	General Accident	5/-	76 1/9	79 3/3	1 89	1 1/2
48 1/4	34/6	110 b	8 1/2 a	Guardian	5/-	46 1/6	46 1/3	2 88	1 1/2
180/7	138/9	12 1/2 b	9 1/2 a	Legal & General	5/-	38 1/6	38 1/6	1 22	1
131 1/6	10 1/2	170 b	130 a	Northern & Empl.	£1	163 1/9	166 3/3	2 65	1 1/2
29 1/4	21 1/2	1208 1/2	1231 1/2	Pearl	5/-	121 1/6	121 1/6	3 22	1 1/2
47 10/10	35 3/3	15 a	5 a	Prudential 'A'	4/-	25 1/6	25 1/6	4 11	1 1/2
127/9	95/6	11 1/2 b	7 1/2 a	Royal	5/-	101 3/3	101 3/3	3 66	1 1/2
				Royal Exchange	£1	100 3/3	101 3/3	3 70	1 1/2
MOTORS & AIRCRAFT									
18/3	12/6	7 1/2 a	12 1/2 b	British Motor	5/-	14 7/10	14 9/10	6 78	1 1/2
85/3	60/7	20 c	20 a	Jaguar Cars 'A'	5/-	72 1/9	72 1/3	1 38	1
41 1/6	23 11/10	8 c	2 a	Rolls-Royce	£1	24 3/3	24 3/3	1 8	1 1/2
6 1/8	67/10	4 c	4 a	Rootes Motors 'A'	4/-	5 1/5	5 1/5	2 84	1 1/2
94/6	63 1/10	4 c	4 a	Leyland Motors	£1	80 1/4	82 10/10	4 83	1 1/2
19 11/10	13 10/10	13 1/2 c	5 a	Bristol Aeroplane	10/-	17 7/10	18 10/10	7 15	2
29 11/10	19/3	6 b	5 a	Hawker Siddeley	£1	28 1/9	28 11/10	7 67	1 1/2
37/6	25 1/4	14 a	16 1/2 b	Dowty Group	10/-	36 1/4	36 1/4	4 82	1 1/2
39/7	25 3/3	15 1/2 b	5 a	Dunlop Rubber	10/-	28 7/10	28 3/10	5 59	1 1/2
22/7	12 11/10	21 1/2 c	11 1/2 a	Joseph Lucas	£1	74 11/10	74 11/10	3 70	2 1/2
39/7	31 11/10	5 a	10 b	Pressed Steel	5/-	14 1/2	15 3/3	1 64	1
				Triplex Holdings	10/-	36 7/10	36 7/10	1 40	2
MINES									
178 11/10	136/3	50 b	4 a	Anglo-American	10/-	170 1/2	170 1/2	5 29	1 1/2
73/7	56/6	18 1/2 b	10 a	Consolid. Gold Fields	£1	65 1/2	66 1/2	7 58	2
125/7	81 10/10	15 b	20 b	General Mining	£1	122 1/6	121 10/10	5 74	2
71/7	46/6	100 c	30 a	Union Corporation	2 1/2	66 1/6	67 1/2	6 09	2 1/2
20/9	16/9	40 b	40 a	Daggafontein	5/-	18 1/6	18 1/3	2 19	1 1/2
134 1/4	81 10/10	70 a	110 b	Free State Geduld	5/-	129 1/10	129 1/10	6 96	1 1/2
74 1/3	50/6	60 a	70 a	President Rand	10/-	87 1/6	88 1/9	6 99	1 1/2
45/6	32/6	31 a	31 b	W. D. Brown	£1	41 1/3	42 1/3	8 07	1 1/2
161/3	117/6	105 c	135 b	Western Holdings	5/-	150 7/10	148 1/9	8 07	1 1/2
20 1/4	15 3/3	5 a	6 b	Winkellhaak	10/-	18 11/10	17 7/10	6 24	3
56/9	42/6	36 1/2 b	13 1/2 a	Chartered	15/-	51 1/6	50 1/2	15 00	1 1/2
59/3	47/7	20 a	60 b	Rhod. Anglo-Amr.	10/-	55 3/3	55 3/3	14 18	1 1/2
37 1/4	24/7	6 a	15 b	Rhod. Selection Trst.	£1	28 1/9	29 7/10	5 08	1 1/2
191/3	141 11/10	180 b	21 1/2 a	Tanganyika Cons.	10/-	14 1/3	14 1/3	1 58	1 1/2
191/3	135/7	180 b	100 a	De Beers Devel. Reg.	5/-	190 1/2	187 1/6	7 47	1 1/2
151 1/10	93 11/10	31 60c	31 60c	Internat. Nickel	n.p.v.	1115	1110	2 82	1 1/2
18/9	14/9	30 b	71 1/2 a	London Tin	4/-	15 1/4	14 10/10	10 08	1 1/2
20 11/10	11 1/10	10 a	10 a	R.T.Z.	10/-	19 7/10	19 7/10	7 69	1 1/2
35/7	21/3	65 c	25 a	Tronoh	5/-	22 1/9	22 1/6	14 44	1
PAPER & NEWSPAPERS									
13 10/10	10 1/4	10 b	6 a	Daily Mirror	5/-	13 1/9	14 1/2	6 43	1 1/2
83/7	62/6	9 b	4 a	W. H. Smith & Son 'A'	£1	74 1/2	74 1/2	3 51	2
24/9	13/9	14 b	10 a	Thomson Org'n.	5/-	17 3/3	17 3/3	6 76	1 1/2
47/3	31/6	8 1/2 b	5 a	Bowater Paper	£1	35 1/9	35 3/3	7 80	1 1/2
49/3	35/7	11 b	5 a	Carte E. Reed	£1	47 1/6	49 3/3	6 50	1 1/2
43/9	34/6	8 1/2 b	4 a	Spicers	£1	40 1/2	40 3/3	6 21	1 1/2
60/7	44/6	10 b	4 a	Wiggins Teape	£1	55 1/6	59 1/9	4 69	1 1/2
MISCELLANEOUS									
27 1/9	19 1/9	10 a	20 b	Assoc. British Picture	5/-	21 1/3	20 1/6	7 32	2 1/2
33 1/3	18 1/2	20 a	40 b	Assoc. Television 'A'	5/-	22 1/6	22 1/6	13 33	1 1/2
52 11/10	33 10/10	16 a	14 b	Beecham Group	5/-	36 7/10	38 10/10	3 94	1 1/2
39 1/4	29 10/10	31 1/2 a	6 1/2 b	British Match	£1	34 7/10	37 10/10	5 28	2 1/2
16 1/3	9 10/10	6 1/2 b	4 a	British Oxygen	5/-	13 10/10	13 10/10	3 84	1 1/2
9 10/10	7 1/2	7 b	5 a	British Ropes	5/-	8 1/4	8 1/4	5 39	2 1/2
42/7	30 11/10	7 b	5 a	De La Rue	10/-	43 10/10	44 1/2	3 02	1 1/2
42/7	27 11/10	15 c	7 1/2 a	Getstetter 'A'	5/-	38 1/2	39 1/2	1 92	3 1/2
57 1/9	41 1/6	7 1/2 a	8 1/2 b	Glaxo	10/-	54 1/2	56 1/2	2 86	3
49 1/2	42 1/6	3 a	13 b	Harrison & Cr. De'd.	£1	43 1/2	43 1/2	7 44	2 1/2
41 1/3	29 1/2	20 b	5 a	Hoover 'A'	5/-	31 3/10	35 1/9	3 50	1 1/2
95 1/2	62 1/6	9 04 b	7 04 a	Hudson's Bay	£1	78 1/3	76 3/4	4 22	2 1/2
23 1/2	15 11/10	12 1/2 b	5 a	Ilford	£1	15 1/4	15 1/4	5 69	1 1/2
122 1/6	82 1/6	12 1/2 c	4 1/2 a	I.C.T.	£1	88 10/10	90 1/2	5 06	1 1/2
47 11 11/10	36 1/2	12 1/2 c	11 1/4 a	National Canning	£1	41 1/6	42 1/6	2 66	1 1/2
41 1/3	32 1/6	6 a	12 b	Powell Duffryn	10/-	37 1/2	36 1/9	4 90	1 1/2
40 1/6	32 3/3	17 1/2 b	5 a	Radio Rentals	5/-	37 3/10	38 1/9	2 90	2 1/2
37 1/2	24 1/6	7 1/2 a	17 1/2 b	Rank Organisation	5/-	32 1/6	34 1/6	3 62	2
38 1/2	24 1/6	7 1/2 a	7 1/2 b	Schweppes	5/-	26 1/6	27 1/6	4 36	1 1/2
35 3/3	25 1/2	25 c	25 c	Sears 'A'	5/-	27 10/10	27 11 1/10	4 47	2
29 10/10	23 1/10	11 b	8 1/2 a	Steeley	5/-	28 1/4	29 11 1/10	2 75	2
64 1/2	44 1/2	8 b	4 a	Turner & Newall	£1	57 1/2	56 1/6	4 25	2
47 3/3	30 10/10	15 32b	9 5 a	Unilever	5/-	38 3/3	39 1/3	3 18	3
11 1/8	7 1/6	13 b	8 a	Unilever N.Y.	12 1/10	8 1/2	9 1/8	2 74	3
18 1/9	12 10/10	10 b	5 a	United Glass	5/-	14 11/10	15 1/3	5 31	1 1/2
33 3/3	21 11/10	110 1/2 b	14 1/2 a	United Mosses	10/-	23 1/9	27 1/2	9 07	1 1/2
SHIPPING									
32 3/3	22 1/9	13 1/2 b	6 1/2 a	Brit. & Com'wealth	10/-	31 3/3	32 1/2	6 25	1
18 1/3</									

Money and Exchanges

EXCHEQUER RETURNS

For the week ended November 24, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £4,724,000 compared with a surplus of £16,642,000 in the previous week and a deficit of £38,261,000 in the corresponding period of last year. There was a net receipt "below-line" of £31,749,000 leaving a total cumulative deficit to date of £564,247,000 compared with £732,850,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Nov. 25, 1961	April 1, 1962, to Nov. 24, 1962	Week ended Nov. 25, 1961	Week ended Nov. 24, 1962
Ordinary Revenue					
Income Tax	2,790,000	981,926	1,066,062	28,258	30,570
Surtax	188,000	53,800	59,400	1,400	1,700
Death Duties	264,500	167,300	166,100	5,000	6,300
Stamps	95,000	63,700	61,700	1,600	1,800
Profits tax, EPT and EPL	374,000	235,300	271,500	7,500	10,700
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,502,026	1,624,762	43,758	51,070
Customs	1,653,000	1,069,507	1,093,419	33,421	34,107
Excise	1,077,000	671,640	713,300	13,740	19,840
Total Customs and Excise	2,730,000	1,741,147	1,806,719	47,161	53,947
Motor Duties	150,000	47,235	67,941	...	1,367
Broadcast Lic's	41,000	23,800	25,400	...	5,500
Miscellaneous	165,000	160,999	115,007	994	2,036
Total	6,797,500	3,475,207	3,639,829	91,913	113,920
Ordinary Expenditure					
Debt Interest	600,000	435,257	343,834	4,688	...
Payments to N. Ireland Exch.	100,000	56,208	56,506	3,894	...
PO Fund—Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,898	4,912	15	44
Supply Services	5,611,650	3,304,615	3,509,174	121,357	118,460
Total	6,323,650	3,808,260	3,914,426	129,954	118,504
Sinking Funds	41,000	24,164	24,369	220	140
"Above-line" Surplus or Deficit		357,217	298,966	38,261	4,724
"Below-line" Net Expenditure		375,633	265,281	23,034	31,749
Total Surplus or Deficit		732,850	564,247	15,227	27,025
Net receipts from:					
Tax Reserve Certificates	181,209	107,114	3,782	290	...
Savings Certificates	18,400	2,800	1,200	300	...
Defence Bonds	18,562	17,612	642	1,287	...
Premium Savings Bonds	27,200	24,300	600	1,200	...
Total	208,571	151,826	3,824	2,477	

* Net repayments of £5 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	Bank of England	Total Floating Debt
	Tender	Tap	Public Dept.	
1961				
Nov. 25	3,330.0	2,016.1	205.3	5,551.4
1962				
Aug. 25	3,000.0	2,053.1	203.8	5,257.1
Sept. 1	3,000.0	2,078.5	210.9	5,289.4
" 8	2,990.0	1,637.9	211.6	4,839.4
" 15	2,990.0	1,683.6	226.2	4,899.8
" 22	2,980.0	1,699.2	220.2	4,899.4
" 29	3,000.0	1,745.9	215.6	4,961.5
Oct. 6	3,020.0	1,572.9	220.5	4,813.5
" 13	3,010.0	1,598.3	215.2	4,823.6
" 20	3,020.0	1,595.6	204.1	4,819.7
" 27	3,040.0	1,637.6	201.0	4,878.5
Nov. 3	3,060.0	1,620.7	205.3	4,886.1
" 10	3,080.0	1,547.5	205.4	4,832.9
" 17	3,110.0	1,519.7	233.8	4,863.3
" 24	3,140.0	1,500.1	194.2	4,839.0

THE MONEY MARKET

THE syndicate of discount houses caught the outside bidders on the wrong foot at the Treasury bill tender on Friday of last week by raising its bid for the 91-day bills on offer by 4d. (a reduction of 1s. 4d. per cent in the annual rate) to £99 1s. 4d. The average rate of discount fell by only 1s. 2.06d. to £3 14s. 9.03d. per cent and the market received a very satisfactory 60 per cent of its application compared with 41 per cent in the previous week. Total applications for the £210 million 91-day bills rose by £30 million to £358 million. The market received 86 per cent of its application for the £50 million 63-day bills on offer which brought its average quota to around 65 per cent compared with 46 per cent a week earlier.

Credit was more or less adequate on the final three days of last week and again on Monday of this week. On Tuesday, money was tight and the authorities took the opportunity of indicating mild displeasure with the previous Friday's cut in the bill rate. The authorities gave the market a very large amount of help by special purchases of bills but not enough to prevent two or three houses going to the Bank of England for a small amount at Bank rate.

MONEY RATES

LONDON			
Bank rate (from 5% 26/4/62)	4½	Market discount rates (3 months)	3½-4½
Deposit rates (7 days' notice)	2½	Treasury bills	3½-4½
Banks	2½	Bank bills	3½-4½
Discount houses	2½-2½	Fine trade bills	5½-6½
Local Authorities	4½	Euro-dollar deposits (7 days' notice)	3½-3½
Call money	4½	3 months	3½-4½
Clearing banks' minimum	2½	Forward cover (3 months)	Annual interest cost, US dollar 1½
Day-to-day	2½-3½		
NEW YORK			
Official Discount rate (from 3½% 11/8/60)	3	Treasury bills	November 16... 2 833 November 23... 2 853

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot					
		November 28	November 27	November 26	November 25	November 24	November 23
United States \$	2 78-2 82*	2 80½-7½	2 80½-7½	2 80½-7½	2 80½-7½	2 80½-7½	2 80½-7½
Canadian \$	13 622-14 027	13 73½-14 027	13 73½-14 027	13 73½-14 027	13 73½-14 027	13 73½-14 027	13 73½-14 027
French Fr.	11 94-12 54½	12 09½-10½	12 10½-10½	12 10½-10½	12 10½-10½	12 10½-10½	12 10½-10½
Swiss Fr.	137 96	139 42½	139 40	139 42½	139 42½	139 42½	139 42½
Belgian Fr.	142 05	142 05	142 05	142 05	142 05	142 05	142 05
Dutch Gld.	9 98½-10 28½	10 09½-09	10 08½-09	10 08½-09	10 08½-09	10 08½-09	10 08½-09
W. Ger. D-Mk.	11 037-11 365	11 23½-24	11 23½-24	11 23½-24	11 23½-24	11 23½-24	11 23½-24
Portug. Esc.	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	1740½-14	1740½-14	1740½-14	1740½-14	1740½-14	1740½-14
Swedish Kr.	14 27½-14 70	14 49½-50½	14 49½-50½	14 49½-50½	14 49½-50½	14 49½-50½	14 49½-50½
Danish Kr.	19 06½-19 62	19 37½-38	19 37½-38	19 37½-38	19 37½-38	19 37½-38	19 37½-38
Norwegian Kr.	19 71-20 30½	20 02-02½	20 02-02½	20 02-02½	20 02-02½	20 02-02½	20 02-02½
* Official Limits							
One Month Forward Rates							
United States \$	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Canadian \$	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
French Fr.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Swiss Fr.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Belgian Fr.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Dutch Gld.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
W. German D-Mk.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Three Months Forward Rates							
United States \$	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Canadian \$	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Swiss Fr.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
W. German D-Mk.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Gold Price at Fixing							
Price (s. d. per fine oz.)	250/4	250/3½	250/3½	250/3½	250/3½	250/3½	250/3½
(\$)	35 09	35 09	35 09	35 09	35 09	35 09	35 09

BANK OF ENGLAND RETURNS

(£ million)	Nov. 29, 1961	Nov. 21, 1962	Nov. 28, 1962
Issue Department			
Notes in circulation	2,343.7	2,311.6	2,330.1
Notes in banking dept.	31.7	63.7	45.3
Govt. debt and securities	2,374.0	2,374.0	2,374.0
Other securities	0.8	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	11.0	13.7	13.2
Special deposits	232.7	80.8	80.8
Bankers	228.6	252.8	243.4
Others	70.5	73.9	73.3
Total	542.9	421.2	410.7
Securities:			
Government	443.3	314.2	303.1
Discounts and advances	65.7	40.3	59.2
Other	19.3	20.1	20.2
Total	528.3	374.5	382.5
Banking department reserve	32.5	64.6	46.1
Proportion	5.9	15.3	11.2

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 21st.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million)		91 Day	
	Offered	Applied for	Average Rate of Allotment	Allotted at Max. Rate
1961				
Nov. 24	220 0½	60 0	47.18	42
1962				
Aug. 24	230 0	390 4	75 4.50	48
" 31	240 0½	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
" 19	240 0	396 9	74 8.22	38
" 26	240 0	381 8	77 2.03	46
1962				
Nov. 2	200 0	60 0	44.38	32
" 9	200 0	60 0	44.7	31
" 16	200 0	60 0	41.09	41
" 23	210 0	50 0	42.4	60

On November 23rd tenders for 91 day bills at £99 1s. 4d. secured 60 per cent. Higher tenders being allotted in full. The offer for this week was for £210 million 91 day bills and £50 million 63 day bills. † Allotment cut by £10 million. ‡ Allotment cut by £30 million.

UK External Trade

Imports are valued c.i.f.; exports f.o.b.
Total trade unless otherwise stated.

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

BRITISH			
Prices and Wages	Oct. 27th	External Trade	This week
Manpower and Output	Nov. 10th	Industrial Profits	Oct. 13th
OVERSEAS			
Western Europe	Oct. 20th	United States	Nov. 17th

		Monthly averages			1961			1962				
Unit		1959	1960	1961	August	Sept.	October	June	July	August	Sept.	October
VALUE												
Imports :												
Total	£ million	331.9	378.4	366.5	358.8	343.1	378.0	369.9	387.2	382.2	343.4	412.8
Food, drink and tobacco	"	126.5	128.1	123.6	113.9	123.1	136.2	131.7	133.4	126.3	117.3	139.8
Basic materials	"	77.6	85.3	82.1	87.0	71.9	79.8	73.4	77.2	79.3	69.0	81.1
Fuels	"	38.9	40.0	40.3	38.7	35.3	40.0	44.3	47.5	52.7	43.7	51.7
Manufactures	"	87.6	120.5	118.9	117.8	111.3	120.6	119.1	127.5	122.4	111.9	138.2
Exports of UK produce :												
Total	"	277.5	296.2	306.9	305.2	260.5	319.4	317.0	327.8	289.8	284.9	346.6
Manufactures—Total	"	234.5	250.0	259.9	259.6	215.7	265.7	272.0	279.1	240.8	234.8	290.6
Metals	"	37.8	39.3	39.5	35.9	30.7	41.2	38.0	41.2	36.0	36.0	43.3
Engineering products	"	122.4	131.0	139.5	148.3	112.0	139.9	151.2	152.7	123.8	124.1	155.6
Textiles	"	20.7	21.7	20.8	19.1	18.1	20.8	21.3	20.9	19.8	17.5	21.7
Re-exports	"	10.9	11.8	13.2	13.4	12.5	13.0	13.4	12.3	10.6	10.5	14.7
Balance of trade (exports less imports)	"	-43.5	-70.4	-46.4	-40.2	-70.1	45.6	-39.5	-47.1	-81.8	-48.0	-51.4
VOLUME (1)												
Imports :	1954=100											
Total	"	122	138	135	128	115	132	140	138	120	115	152
Food, drink and tobacco	"	118	121	121	115	107	124	131	131	120	115	140
Basic materials	"	101	110	101	94	83	94	96	96	97	97	107
Fuels	"	143	157	164	155	141	161	178	178	201	191	215
Manufactures	"	150	201	196	157	131	192	202	202	201	191	228
Exports :												
Total	"	116	122	125	119	107	127	133	133	122	115	140
Manufactures	"	117	124	127	121	107	126	135	133	122	115	140
BY AREA												
Imports :	£ million											
USA	"	30.9	47.1	40.2	36.2	40.9	53.6	35.7	37.1	34.0	37.7	46.2
Canada	"	26.0	31.2	29.1	31.5	27.5	29.7	30.1	31.8	34.7	25.9	31.8
Latin America	"	26.8	25.8	23.2	21.8	18.4	18.9	25.6	29.8	28.8	17.4	23.2
West'n. Europe—Common Market	"	46.0	55.1	56.5	56.3	53.7	58.3	66.3	59.0	58.6	55.3	66.5
Free Trade Association (1)	"	39.0	46.5	46.2	47.2	46.3	45.3	44.6	49.5	46.5	45.6	54.6
Soviet Eastern Europe	"	9.7	11.6	13.0	16.7	14.9	17.6	14.4	13.9	15.8	14.6	16.9
Other Non-Sterling	"	32.7	35.6	35.7	29.0	28.2	34.1	35.8	29.2	38.5	30.6	39.4
Sterling area	"	120.2	125.5	122.6	120.1	113.2	120.5	117.4	136.9	125.3	116.3	134.2
Exports of UK produce :												
USA	"	30.0	27.1	23.4	25.2	23.7	27.3	26.1	27.4	25.9	25.9	32.9
Canada	"	17.3	17.9	18.5	18.7	12.3	17.2	17.5	18.3	15.0	13.6	15.6
Latin America	"	12.9	14.3	13.9	12.7	12.2	15.5	13.4	18.0	12.5	10.6	10.6
West'n. Europe—Common Market	"	38.8	43.3	51.1	46.4	44.7	58.6	58.2	66.1	54.5	54.2	66.2
Free Trade Association (1)	"	32.0	35.9	40.1	34.2	36.8	47.0	40.9	41.8	37.0	39.2	49.2
Soviet Eastern Europe	"	5.1	6.4	8.8	9.7	7.7	9.6	8.6	9.6	9.3	9.3	10.1
Other Non-Sterling	"	29.6	32.2	34.3	33.9	28.6	31.1	37.4	34.1	32.2	29.5	39.9
Sterling area	"	111.8	119.1	116.8	124.4	94.5	113.1	114.9	112.5	103.4	102.6	122.1
TRADE IN SELECTED COMMODITIES												
Imports :												
Wheat	'000 tons	356.3	342.0	327.5	350.6	269.1	332.0	364.0	330.7	371.6	243.5	342.2
Meat	"	67.6	69.3	61.2	51.3	53.5	52.9	48.6	74.3	62.4	49.8	69.7
Sugar, unrefined	"	201.8	183.3	172.4	172.1	148.2	204.0	192.9	161.9	114.1	152.7	220.5
Raw cotton (2)	"	22.5	22.5	18.4	16.0	10.9	15.2	19.9	13.9	14.5	11.9	17.4
Raw wool, sheep's and lambs' (2)	mn. lb.	58.6	49.8	49.4	32.0	18.9	32.1	34.7	49.2	33.6	23.8	38.9
Rubber, natural and synthetic (2)	'000 tons	17.0	16.2	16.2	18.9	12.2	13.5	12.3	12.0	19.7	15.9	18.6
Softwood	'000 stds.	121.7	150.0	134.2	202.3	171.1	158.1	168.7	191.3	202.9	161.2	170.4
Woodpulp	'000 tons	185.4	225.4	215.1	193.0	196.3	202.8	189.4	186.9	215.4	201.6	250.1
Crude petroleum	mn. galls.	847	963	1,059	1,065	895	1,093	1,145	1,234	1,397	1,137	1,312
Exports of UK produce :												
Coal, including bunkers	'000 tons	343	455	475	382	469	620	348	500	405	354	437
Woven piece-goods—cotton	mn. sq. yds.	29	27	24	21	22	24	19	21	17	16	20
Wool	'000 sq. yds.	8,536	8,089	7,528	7,964	6,211	7,361	8,269	7,807	8,385	5,677	7,160
Passenger cars and chassis	number	47,414	47,491	30,897	27,988	28,180	33,791	49,899	49,024	36,750	44,429	47,256
Commercial vehicles and chassis	"	10,619	12,127	13,913	11,428	10,914	12,188	12,685	13,061	9,541	11,078	12,953
Agricultural tractors	"	9,474	11,951	11,790	11,470	10,163	11,464	13,804	12,912	9,901	12,298	13,232
Machinery—electrical	£'000	5,706	5,257	5,506	4,758	4,199	5,105	6,351	5,814	6,141	4,442	5,651
Other	"	47,264	52,948	61,374	56,925	53,605	61,318	63,730	64,631	56,158	53,702	68,415
Chemicals, elements and compounds	"	5,862	6,442	6,422	5,620	5,885	6,634	6,452	6,876	6,492	6,136	7,748

APPOINTMENTS



APPOINTMENTS DIVISION

MANAGEMENT STUDIES Lecturer

Sundridge Park Management Centre, near Bromley, Kent, is sponsored by Personnel Administration Limited and provides residential courses for senior executives in all branches of management. A requirement has now arisen for an additional lecturer in sales and marketing management, to be selected from university graduates, preferably in economics, who are aged about 30-36 and who have had experience in market analysis, market research or technical sales. For a man with these qualifications and with an inclination for a semi-academic life, an attractive career is offered in delightful surroundings, with a starting salary of around £2,000 a year and good pension and life assurance arrangements.

(Ref. 841 FJB EC)

Applicants should forward brief details, quoting the reference number, to:

Personnel Administration Limited, Appointments Division, 2, Albert Gate, London, S.W.1.



FORMICA LIMITED

a member of the De La Rue Group

require an

ECONOMIST

for the Commercial Development Department. Necessary qualifications are a good Degree in Economics, plus at least two years' experience in sales, marketing, or market research in industrial products. In addition, candidates must have the ability to plan research, carry out field work and write up the results lucidly with the minimum of supervision. The Department is concerned with business forecasting, and the investigation, development and marketing of new products and applications.

Write (quoting reference number R 7220), stating age, education, experience and salary, to:

Assistant Personnel Officer,
FORMICA LIMITED, De La Rue House,
84-86 Regent Street, London, W.1.

OPERATIONAL RESEARCH

A major manufacturing company requires an experienced

OPERATIONAL RESEARCH SPECIALIST

to head a new section. He will be expected to lead and develop the application of operational research techniques in production, research and commercial activities.

A salary of about £3,000 per annum is offered immediately and prospects are good for a man of high quality.

Applicants should send a summary of qualifications and experience to Box 1673.

BOARD OF TRADE require an **ADVISORY OFFICER** to be based on GLASGOW to assist in the development of financial assistance under the Local Employment Act 1960. Applicants should have a good general industrial background and their experience should have enabled them to inspect undertakings applying for assistance under the Act and to report on their organisation, management, production methods and equipment. This post is unestablished, and the successful candidate will be appointed in the first place, for a period of two years. Starting pay will be assessed according to qualifications and experience within the range £1,834.12.250. Applications, giving details of qualifications, experience and references, to: Manager (H. 6641), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Only candidates selected for interview will be advised.

WILLIAMSON DIAMONDS LIMITED

(Incorporated in Tanganyika)

INVITES APPLICATIONS FROM QUALIFIED ENGINEERS FOR THE POSITION OF ASSISTANT SECRETARY

The Company is a substantial producer of Gem and Industrial Diamonds and operates in Tanganyika at Mwarid, a self-contained township of some 5,000 inhabitants situated 4,000 feet above sea level and enjoying an ideal climate. The Assistant Secretary is required to help the Company in its general administrative responsibilities, generally in discharging responsibility for all Administrative Departments of the Mine including the stores, financial and accounting functions. His duties will therefore be unusually varied, and will include close and constant interest in the training and progress of junior staff.

The total emoluments of this post will be initially not less than £3,000 p.a., and conditions of employment also include the provision, free of charge, of:

- (i) Accommodation, including hard furniture;
- (ii) Leave and return passages to UK for the employee and his family every 12 months;
- (iii) Baggage allowance;
- (iv) Comprehensive medical facilities.

The Company maintains a first class Elementary School, and there are generous allowances for Secondary education. A wide range of sporting and recreational facilities, including golf and sailing, are available.

Applicants should be married, preferably between 30 and 35 years of age, and have had some years post-graduate experience in the responsible management of an industrial or commercial enterprise. An able and adaptable personality would be a distinct advantage, provided this is not offset by a substitute for other qualities.

Applications, in writing, giving full details of education, experience, qualifications, age and marital status, should be submitted not later than December 31st, to:

J. A. Pateman, Esq. (Dept. C),
Williamson Diamonds Limited,
Chichester House,
278-282, Heath, Holborn,
London, W.C.1

THE UNIVERSITY OF WARWICK

APPOINTMENT OF REGISTRAR

Applications are invited for the post of REGISTRAR at the University of Warwick, which is to be established at Coventry. The Registrar will be the senior administrative officer of the University and will be responsible for the University's administrative and candidates must have had recent experience in University administration. The salary will be not less than £2,600 per annum, together with the usual superannuation and family allowance benefits.

Applications, together with the names of three persons to whom reference can be made, should be sent by December 31, 1962, to the Vice-Chancellor, the University of Warwick, c/o the Town Clerk, Council Office, Coventry, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

APPOINTMENT OF REGISTRAR

Applications are invited for the post of REGISTRAR at the University of Manchester, which is to be established at Coventry. The Registrar will be the senior administrative officer of the University and will be responsible for the University's administrative and candidates must have had recent experience in University administration. The salary will be not less than £2,600 per annum, together with the usual superannuation and family allowance benefits.

Applications, together with the names of three persons to whom reference can be made, should be sent by December 31, 1962, to the Vice-Chancellor, the University of Manchester, c/o the Town Clerk, Council Office, Coventry, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of REGISTRAR at the University of Manchester, which is to be established at Coventry. The Registrar will be the senior administrative officer of the University and will be responsible for the University's administrative and candidates must have had recent experience in University administration. The salary will be not less than £2,600 per annum, together with the usual superannuation and family allowance benefits.

SENIOR INVESTMENT MANAGER and consultant required. Substantial salary and participation offered. Highest qualification and references essential. All replies treated in strictest confidence. Write: Box 11724, C.O. Streets, 100 Old Broad Street, E.C.2.

DATA PROCESSING

BP has a career appointment in its Data Processing Development Team for an Honorary Graduate in Physics/Mathematics, widely experienced in computing and programming computers and associated communications equipment. In addition to its responsibilities in Head Office, the team will be involved in the selection of data processing techniques and equipment. Conditions of employment are commensurate with the importance of this appointment. Applicants aged 21 to 40 should write, giving full details, quoting reference B 5984 to Box 716, C/O Haway House, Clark's Place, E.C.2.

GOVERNMENT OF UGANDA ECONOMIC ADVISOR

Applications are invited for the above post in the Ministry of Economic Affairs. He will be required to advise the Government on economic policy, including fiscal and financial matters, and as head of the Economic Planning Branch to co-operate with an administrative unit in the preparation of long-term and annual development programmes. Candidates who must be UK citizens and preferably over 40, should have a good degree in Economics and several years' relevant experience. Appointment will be on contract with gratuity for one year of 21-27 months in the first instance. Salary, £2,800 p.a., plus £225 p.a. overseas addition. Free passage, rent, leave, local income tax.

Apply, in first instance, with summary of personal particulars, to the Director of Recruitment, Department of Technical Cooperation, Ministry Buildings, Great George Street, London, S.W.1, from whom fuller details may be obtained. Please quote reference number AS RC 121/153.02 and state full name.

UNIVERSITY OF SINGAPORE

Applications are invited for a Senior Lecturer in each of the following subjects:

(i) ECONOMICS
(ii) MEDICAL STATISTICS in Department of Social Medicine and Public Health.

Salary scales: Medical £2,128 p.a. non-medical £1,750 p.a. £2,100 p.a. Entry point determined by qualifications and experience. Allowances: expatriation £108 p.a., cost of living temporary in range £210-£500 p.a. Passages for appointee, wife and children, not exceeding 12 years. Partly furnished house for detailed applications of competent naming three referees by December 31, 1962, to Secretary, University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

CENTRAL ELECTRICITY GENERATING BOARD

STATISTICIAN

required in the RESEARCH & DEVELOPMENT DEPARTMENT

which is located in new well-equipped laboratories on the southern outskirts of Manchester. The working environment is extremely pleasant with good working conditions and amenities.

Salary within range £1,565—£2,145 p.a. Superannuable.

To advise on the construction of experiments, patterns of sampling and the interpretation of experimental or operational data so as to enable the maximum amount of significant knowledge to be extracted from data obtained. Candidates must possess a Degree in Mathematics and either be Associates of the Institute of Statistics or hold a post-Graduate Diploma.

Apply, giving full details and quoting names of two referees (previous and, if possible, present employer) to Director of Labour and Welfare, Central Electricity Generating Board, 825, Wilmslow Road, Manchester, 20, by 10th December, 1962. Please quote vacancy No. E.149/558/S.

UNIVERSITY OF SYDNEY

LECTURESHIP IN GEOGRAPHY

Applications are invited for the position of Lecturer in Geography. Candidates should have research experience in socio-economic geography, for preference in South-east Asia or Melanesia, with special reference to the geography of agriculture, commerce, and industry. Training in history and/or economic history would also be an advantage. The salary for a Lecturer is within the range £1,750 to £1,905 p.a. plus £245 p.a. cost of living adjustments (at present £144 p.a.) and will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Under the Staff Members Housing Scheme, in Great Britain, married men may be assisted by loans to purchase a house. Further particulars and information as to the method of application 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 London and Australia on January 25, 1963.

CENTRAL ELECTRICITY GENERATING BOARD SOUTHERN PROJECT GROUP Assistant (Contracts)

Applications are invited for the post of Assistant in the Contracts Office's Department of the Headquarters of the Southern Project Group, Finchley, London, N.3.

The salary will be within the range £971 to £1,095 per annum according to qualifications and experience.

The Group is responsible for the construction of nuclear and conventional power stations in Southern England. The successful applicant will be required to assist in the examination of the commercial aspects of the tenders for the necessary plant, civil engineering and building contracts, and to carry out general commercial duties. The post would be suitable for a young man or woman of some commercial experience, but not necessarily in this field. This is not a specialist post, and, while not essential, a University degree or some professional qualification in accountancy, law or branch of engineering would be an advantage.

Applications, stating age, qualifications, experience, present position and salary, should be forwarded to the Administrative Officer, Central Electricity Generating Board, Southern Project Group, Squire Lane, Finchley, London, N.3, to arrive not later than Wednesday, December 12, 1962. Envelopes should be marked "Confidential—ref. S/62/44".

H. H. GOTT,

Chief Project Engineer.

THE THOMSON ORGANISATION LTD

requires

SENIOR ECONOMISTS

The Work: The Economic Research and Marketing Intelligence Unit collates, analyses and interprets economic and statistical information to assist in developing the Organisation's wide interests in newspapers, printing and publishing.

Qualifications: A good Honours Degree with a minimum of five years' experience and an ability to make unfamiliar ideas clear to all levels of staff.

Please write, giving career details to:

Recruitment and Training Executive

THOMSON HOUSE,
200 GRAYS INN ROAD,
LONDON, W.C.1

BIRMINGHAM CITY OF EDUCATION COMMITTEE

COLLEGE OF COMMERCE

APPOINTMENT OF PRINCIPAL
Applications are invited on the appointment of PRINCIPAL of the City of Birmingham College of Commerce, to commence duty on September 1st, 1963, or as soon as possible thereafter. The salary scale is £2,500 to £3,200 p.a. plus £250 p.a. cost of living adjustments.

Candidates should have high academic qualifications and wide experience, including in teaching and commercial or industrial experience.

Application forms and details of the post may be obtained from the undersigned, to whom completed forms must be returned not later than Monday, December 10, 1962.

J. L. RUSSELL,

Chief Education Officer,

Margaret Street, Birmingham, 3.

UNIVERSITY OF ADELAIDE

The University invites applications for the following posts:

In the Faculty of Arts:

Reader or Senior Lecturer in History, Senior Lecturer in German, Lecturers in English, History, Psychology, Politics.

In the Faculty of Economics:

Lecturer in Economics.

In the Faculty of Law:

Senior Lecturer.

SALARY SCALES: Reader, £3,000-£3,600; Senior Lecturer, £2,400-£3,000; Lecturer, £1,675-£2,250, with superannuation on the F.S.S.U. basis. The initial salary may be fixed within the appropriate scale in accordance with the successful candidate's qualifications and experience. Salaries are paid monthly.

FURTHER INFORMATION:

(a) Full details of the University may be obtained in the Library of any University which is a member of the A.U.B.C. or at the office of the Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

(b) A potential candidate for any post should also seek from the Registrar of the University of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, the following documents:

(i) General Conditions of Appointment, which include particulars of tenure, superannuation, removal expenses, invalidity and study leave.

(ii) A statement giving further particulars of each post and of salary matters as help in housing, conference grants and special information for research.

(iii) The University will gladly supply any further information desired on request to the Registrar.

APPLICATIONS, in duplicate, should give the information listed in the final paragraph of the General Conditions of Appointment, and should reach the Registrar, The University of Adelaide, South Australia, not later than January 7, 1963.

MILK MARKETING BOARD

AWARDS IN AGRICULTURAL ECONOMICS

The Milk Marketing Board invite applications for their awards for vocational study and for research in agricultural economics. The awards are open to men and women who are graduates of universities in the United Kingdom in any subject, but preference is given to those whose degrees have been obtained in agriculture, in economics, or in social or business studies. Candidates are expected to have gained a first-class or second-class honours degree, but any second-class honours student may be accepted.

There are two categories of awards: (a) STUDENTSHIP (£1,000-£1,500 per annum) are for postgraduate students qualified to study for a postgraduate degree or diploma or to take up research work in agricultural economics; (b) FELLOWSHIPS (£1,000-£1,200 per annum) are for persons who have already had experience in post-graduate study in some subject connected with agricultural economics.

Applications should be sent not later than January 31, 1963, to the Secretary, Awards in Agricultural Economics, Milk Marketing Board, Thames Ditton, Surrey, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF NEW ENGLAND

Annals, New South Wales

LECTURER OR SENIOR LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited from suitably qualified persons for appointment as Lecturer or Senior Lecturer in Agricultural Economics. Salary will be within the ranges of £1,750 to £2,400 p.a. for a Lecturer and £2,500 to £3,200 p.a. for a Senior Lecturer, with commensurate rate determined in accordance with qualifications and experience. In addition, a cost of living allowance at present amounting to £44 p.a. is payable. Provision is made for travel and removal expenses, superannuation benefits and travel grants and full pay for sick leave. Under the Staff Members Housing Scheme, under grants and full pay for sick leave. Under the Staff Members Housing Scheme, under grants and full pay for sick leave. Under the Staff Members Housing Scheme, under grants and full pay for sick leave.

Further information may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close in Australia and London on December 31, 1962.



EXECUTIVE SELECTION DIVISION

is advising on the following appointments

OPERATIONAL RESEARCH CONSULTANTS

for Associated Industrial Consultants Limited. Due to the success of Operational Research projects undertaken for A.I.C. clients, an Operational Research Division was established in 1960 which has since expanded rapidly. The Division now comprises scientists, mathematicians, statisticians, engineers and economists who are engaged on highly interesting problems in industry, commerce and government departments. We would like to engage additional men who are fully experienced in O.R. and who are capable of successfully implementing their solutions. Attractive salaries will be offered. (Mr. D. V. E. Howard: Reference 846/4)

Brief written applications, quoting reference number, should be sent, in complete confidence to the Consultant concerned at:

ASSOCIATED INDUSTRIAL CONSULTANTS LIMITED
KNIGHTSBRIDGE HOUSE 181 KNIGHTSBRIDGE LONDON SW7

Associated Industrial Consultants

THE UNIVERSITY OF MANCHESTER

HALLS WORTH RESEARCH FELLOWSHIPS

Applications are invited for the above Research Fellowships for advanced work in the field of Political Economy (including Business and Public Administration). The value of the Fellowships will normally be within the range £1,000-£1,500 per annum, according to experience and qualifications. Regulations governing the award of the Fellowships may be obtained from the Registrar, the University, Manchester 13.

Fellowships should be sent not later than December 31, 1962.

UNIVERSITY OF GLASGOW

LECTURESHIP IN MATHEMATICS

Applications are invited for a Lectureship in Mathematics from persons qualified in Pure or Applied Mathematics. Salary scale: £1,150-£1,950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBERT T. HUTCHESON,

Secretary of University Court.

For further appointments and other classified advertisements see pages 968 and 970

UNIVERSITY OF GLASGOW

LECTURESHIP IN MATHEMATICAL STATISTICS

Applications are invited for a Lectureship in Statistics from persons qualified in Mathematical Statistics. Salary scale: £1,150-£1,950 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBERT T. HUTCHESON,

Secretary of University Court.

FORMICA LIMITED
a member of the De La Rue Group
require a young

MARKET RESEARCH EXECUTIVE

A young executive, aged 23-25, is required for the Commercial Development Department of Formica Limited. Essential qualifications are education to university standard, a clear, fast mind, and an ability to talk and write lucidly. It is desirable, though not essential, that candidates should have a degree in economics, and some experience with a manufacturing concern or an agency.

The department is concerned with economic and commercial intelligence, business forecasting and the investigation, development and marketing of new products and applications.

Write (quoting reference R 7221), stating age, education, experience and salary, to:

Assistant Personnel Officer,
Formica Limited,
De La Rue House,
84-86 Regent Street, London, W.1.

UNIVERSITY OF GLASGOW

RESEARCH FELLOWSHIP IN MATHEMATICS

Applications are invited for a Research Fellowship in Mathematics. Salary scale: £1,000-£1,500 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBERT T. HUTCHESON,

Secretary of University Court.

NABISCO FOODS LIMITED

Welwyn Garden City, Herts.

invites applications for the position of

RESEARCH OFFICER

to be responsible to the New Products Manager for the direction and supervision of all research appertaining to the marketing of existing and new products.

Ideal candidate will have about two to three years' market and consumer research experience, including product testing, motivation research and pre- and post-testing of advertisements. He will be looking for a progressive career in industry and be equipped in personality and temperament to become a vital part of a young management team occupied with the task of widening and diversifying the Company's range of products.

Applicants invited to write, stating age, educational background, qualifications, experience, present position and present salary, to DIRECTOR OF PERSONNEL.

UNESCO

Applications are invited for one- or two-year appointments as Professor of Statistics at the University College of Rhodesia and Nyasaland. Duties include development of facilities for training professional statisticians at University level and teaching statistics courses for University of London B.Sc.(Econ.) degree. Base salary equivalent to approximately £5,000-£5,500 p.a. plus substantial allowances, all tax free. Passages provided for appointee, wife and children under 18. Grants of 8 per cent of salary on termination. Appointment to commence as early as possible in 1963. Application forms available from the Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

KENT COUNTY COUNCIL

SENIOR PLANNING STAFF

Applications are invited for the following appointments in the Planning Department serving Kent, where problems of great interest are arising:—

(a) SENIOR DIVISIONAL PLANNING OFFICER. Scale CD (£1,615-£2,045).

(b) DIVISIONAL PLANNING OFFICER. Scale AB (£1,370-£1,730).

(c) SENIOR PLANNING ASSISTANTS at appropriate grades within Grades A.P.T. IV-V (£1,100-£1,515) according to qualifications and experience.

For post (a), an architect planner is required for the study of Central Areas and urban redevelopment problems, a large programme of work of this kind being in hand. Corporate Membership of the Town Planning Institute and of the Royal Institute of British Architects is essential.

For post (b), Corporate Membership of the Town Planning Institute is required. This officer will be concerned initially with the preparation of Town Maps and the review of the Development Plan, including related development control work.

For posts (c), one officer is required for central area and redevelopment work and one for Town Map and Review work or development control duties. Consideration will be given to applicants who have recently passed the Final Examination of the Town Planning Institute or been exempted therefrom, but Corporate Membership of the Town Planning Institute will be required for posts progressing beyond Grade IV.

For the post concerned with redevelopment problems, consideration will be given to the appointment in Grade IV of an applicant qualified as a Chartered Surveyor, Civil Engineer, Municipal Engineer, or Architect who has had acceptable experience of this kind of work and who intends to obtain a planning qualification.

The posts are superannuable. Five-day week. Applications, with names of two referees, to County Planning Officer, County Hall, Maidstone, by 31st December, 1962.

EXPERT POSTAL TUITION

for examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.(Econ. (three, if entrance is included) at moderate fees. 1,431 Wolsey Hall students passed London University B.Sc. Economics Exams., 1959-61. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.L., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

A FOREIGN LANGUAGE in a few months for yourself or your staff, with the easy ASSIMIL way. 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. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Pittman follow-on course available for technical and commercial expressions.—Details from ASSIMIL, 79, Farncombe, Godalming, Surrey.

DIRECTORS needing able office staff (m. and f.).—Consult Stella Fisher Bureau, 436 Strand, W.C.2. Temple Bar 6644.

EXPORT OPPORTUNITIES brought to your desk by Export Service Bulletin, twice weekly (one annual). Specimen copy from Board of Trade (K), Hillgate House, 35, Old Bailey, London, E.C.4.

FABULOUS NEW HOUSE, off Kensington High Street. Gracious sitting room with TV, under-floor heating, 3 bedrooms, dining room with hatchway to modern kitchen. Garage, 26 gns. weekly, minimum let one year, careful family only.—Write S.A.F., 175 Piccadilly, W.1. Phone HYD 5786.

LIKE TO PUT SCREWS ON THE CZAR? You can by having six friends in for DIPLOMACY, the new game of international intrigue from America. Put the clock back to 1900 and it's each great power for itself. DIPLOMACY from leading stationers and toyshops or 2 gns. post free (payable to Intellectual Diversions) from Dept. 5E, 11 Regent Square, W.C.1.

MR. D. H. KYLE, O.B.E., is to retire as Managing Director of B.I.S.C. (Ore) Ltd., on November 30, 1962. As from December 1, 1962, the general management of the company will be carried on by Mr. T. B. Roddy, F.C.I.S., Director and General Manager.

PHOTOGRAPHIC GIFTS. Free 36-page guide from Wallflec Hutton Ltd., 127 New Bond Street, W.1.

PICTURES FOR OFFICES. Keith Grant, Terry Lee, Donald Pass, at The New Art Centre, 41, Sloane Street, S.W.1. Until December 8. Daily 10.6-5.10.1.

WORKING IN LONDON? The Bloomsbury Coffee Pot is the smaller, livelier club for young professional people, graduates and their friends.—Box 1609.

INCORPORATED SECRETARIES' QUALIFYING EXAMINATIONS

are HELD each JUNE and DECEMBER, at 85 centres in U.K. and overseas. Candidates should apply to the nearest office for details regarding membership may be obtained from:

THE SECRETARY,
THE CORPORATION OF
SECRETARIES
DEVONSHIRE HOUSE,
13 DEVONSHIRE STREET, LONDON, W.1.

EDUCATION: BUSINESS AND PERSONAL

WANTED: Cum. vols. of "English Cat. of Books" "Cumulative Book Index" "Illustrated London News" after 1895. "Nature" "Brit. Mus. Subject Index" "Brit. National Bibliography" "London Libraries Cat." "Annual Register" after 1893. "Times" Indexes, and learned/scientific journals, trans. proc., etc. H. Pordes, 118 New Cavendish St., London, W.1. MUS £250

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Brinke Street, London, E.C.4.

ROYAL DUTCH PETROLEUM COMPANY

(N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ) established at The Hague, The Netherlands

GENERAL MEETING OF SHAREHOLDERS

to be held on Tuesday, 18th December, 1962, at 11 a.m. at the Company's office at The Hague, The Netherlands (entrance: 23, Carel van Bylandtlaan).

AGENDA

1.—Appointment of a Managing Director.
2.—Proposal to amend the Articles of Association and to authorise the Managing Directors, in accordance with the provisions of Section 45 of the Netherlands Commercial Code, to effect any changes which may be considered necessary by the Netherlands Ministry of Justice.

This agenda, the nomination relating to item 1 of the agenda and the proposal to amend the Articles of Association will be available for inspection from today until after the Meeting, and may be obtained by shareholders free of charge.

at the Company's office.

30. Carel van Bylandtlaan, The Hague, and at the offices specified below.
If the proportion of the issued capital required for an amendment of the Articles of Association in virtue of Article 40 should not be represented at the Meeting, a second General Meeting of shareholders will be held in accordance with the provisions of that Article, namely at the above place on 17th January 1963, to which Meeting the proposal mentioned under item 2 of the agenda will again be submitted.

In order to attend and address the Meeting and to exercise voting rights thereat in person or by proxy:

(A) Holders of share certificates to bearer will be required to deposit against receipt either their share certificates or evidence that their share certificates have been deposited in open custody with De Nederlandsche Bank N.V.

not later than Thursday, 13th December, 1962, at one of the places mentioned below, viz.:

- In the Netherlands: at Nederlandsche Handel-Maatschappij, N.V., Amsterdam; Kas-Associatie N.V., Amsterdam; Amsterdamsche Bank N.V., Amsterdam; Banque de Paris et des Pays-Bas, Amsterdam; Messrs. Hope & Co., Amsterdam; Messrs. Pierson, Helderling & Pierson, Amsterdam; Rotterdamsche Bank N.V., Amsterdam; Twentsche Bank N.V., Amsterdam; at Messrs. Schill & Capadoc, The Hague; Messrs. Pierson, Helderling & Pierson, The Hague; at Messrs. Van der Hoop, Offera & Zoon, Rotterdam; Messrs. R. Mees & Zoonen, Rotterdam; at the branches and sub-branches of these banking houses in the Netherlands;
- In the United States of America: at The Chase Manhattan Bank, New York;
- In the United Kingdom: at Messrs. N. M. Rothschild & Sons, London;
- In France: at MM. Lazard Frères & C^{ie}, Paris;
- In Switzerland: at Crédit Suisse, Zürich;
- In Belgium: at Banque de la Société Générale de Belgique, Brussels, and Crédit Lyonnais, Brussels;
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and

(B) Registered holders of registered shares must make known to the Company in writing their desire to attend and address the Meeting and to exercise voting rights thereat by not later than Wednesday, 12th December, 1962: (1) with respect to shares of New York Registry, at the office of The Chase Manhattan Bank, 80 Pine Street, New York 15, New York; (2) with respect to shares of Amsterdam Registry, at Nederlandsche Handel-Maatschappij, N.V., Amsterdam; and (3) with respect to all other registered shares, at the office of the Company in The Hague or at any of the offices listed in Paragraph A above.

THE BOARD OF DIRECTORS.

27th November, 1962.



number seven of a series

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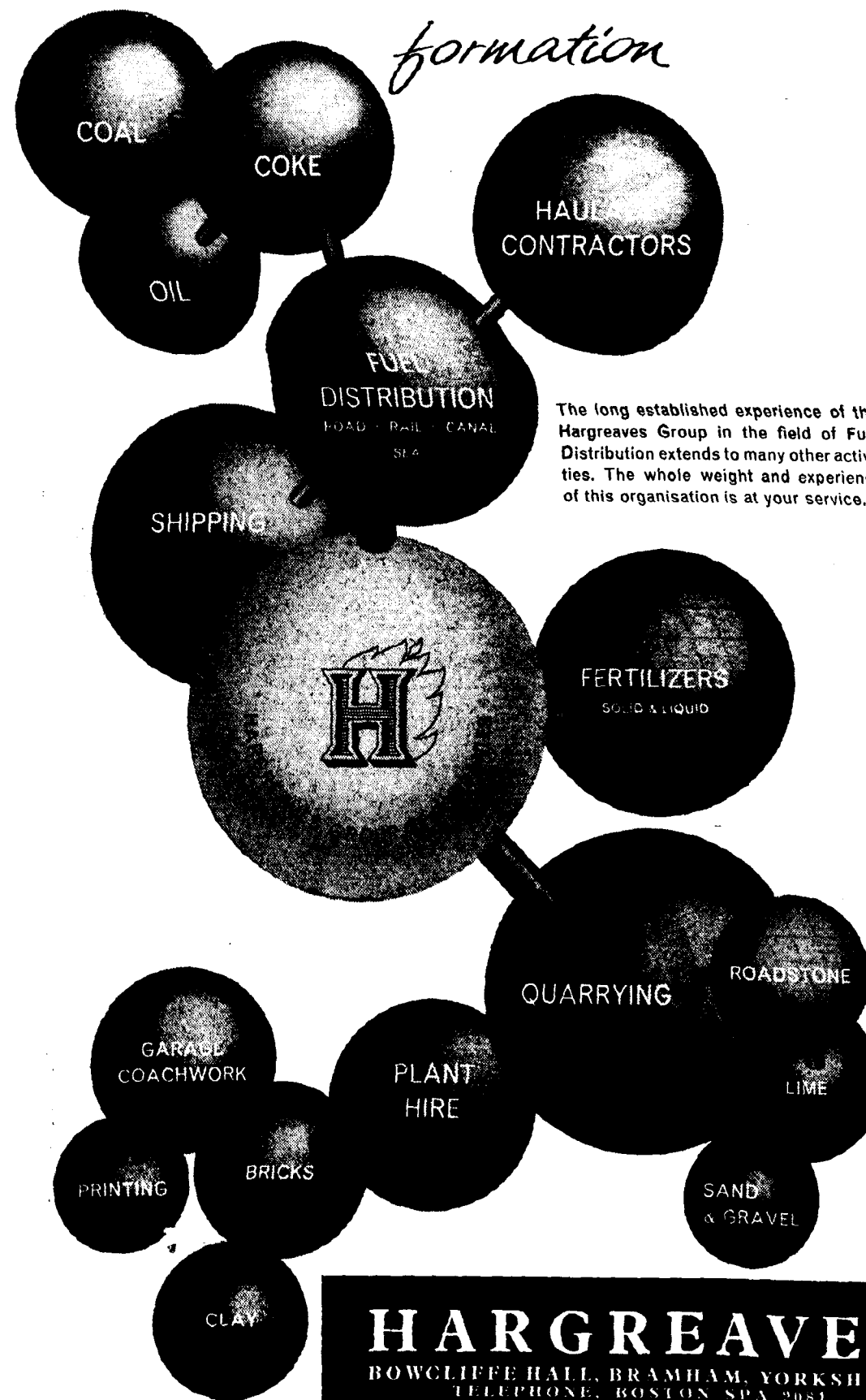
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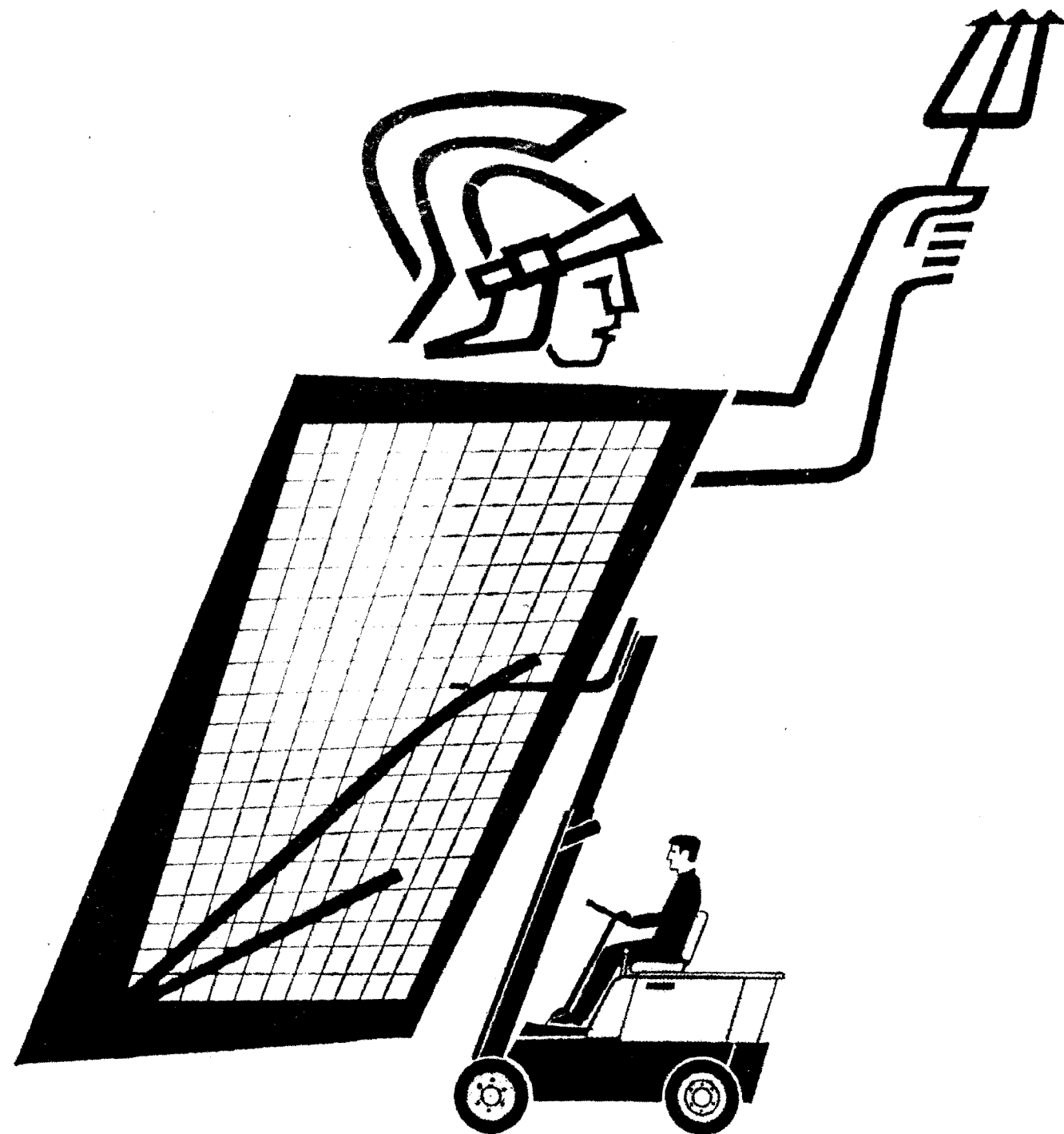
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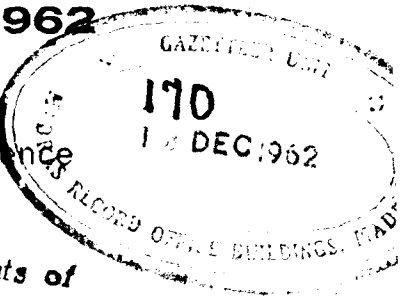
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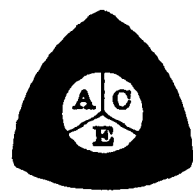
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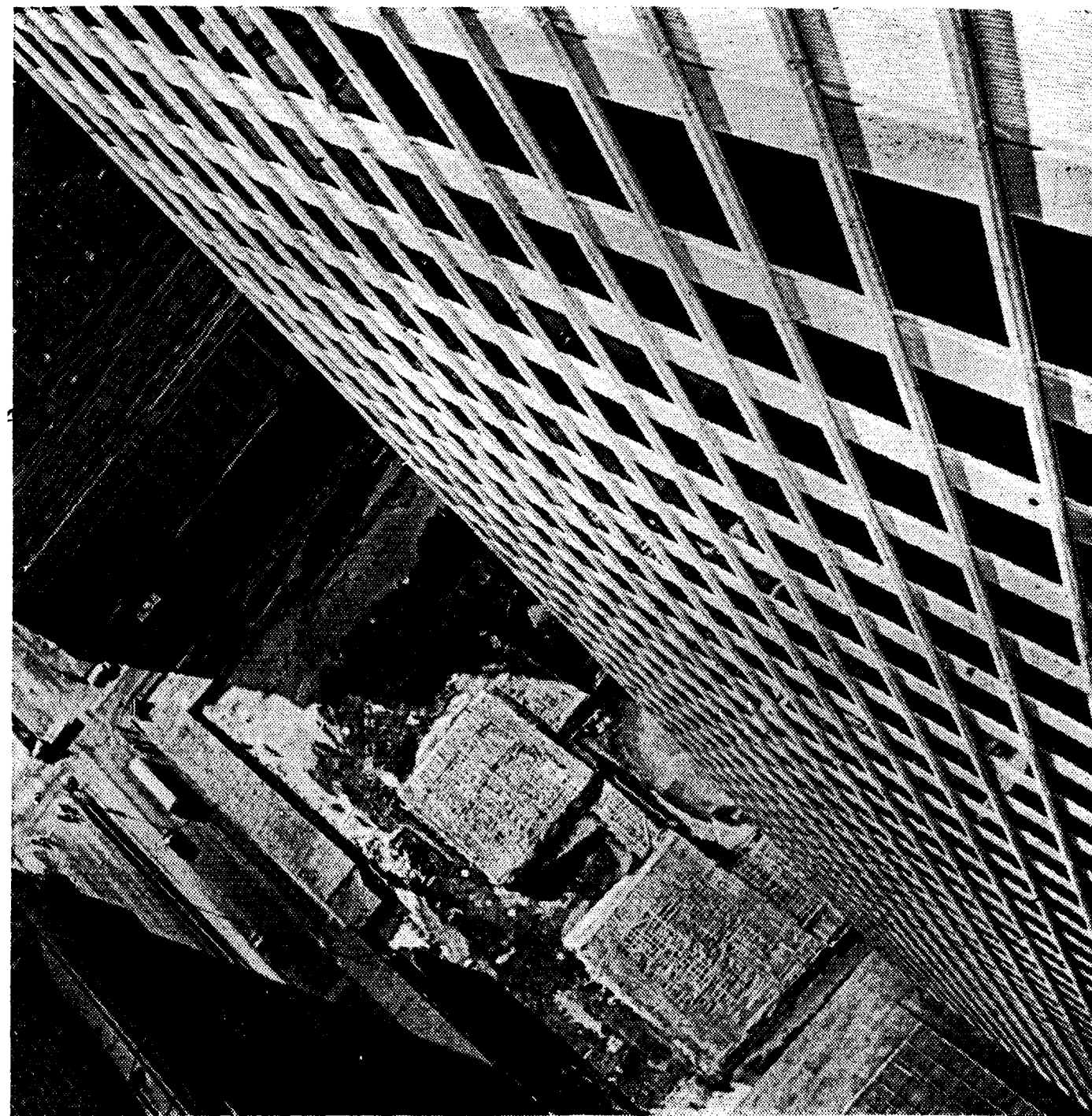
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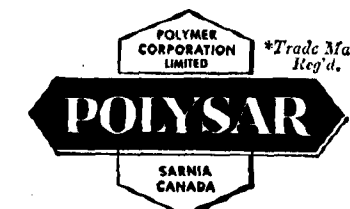


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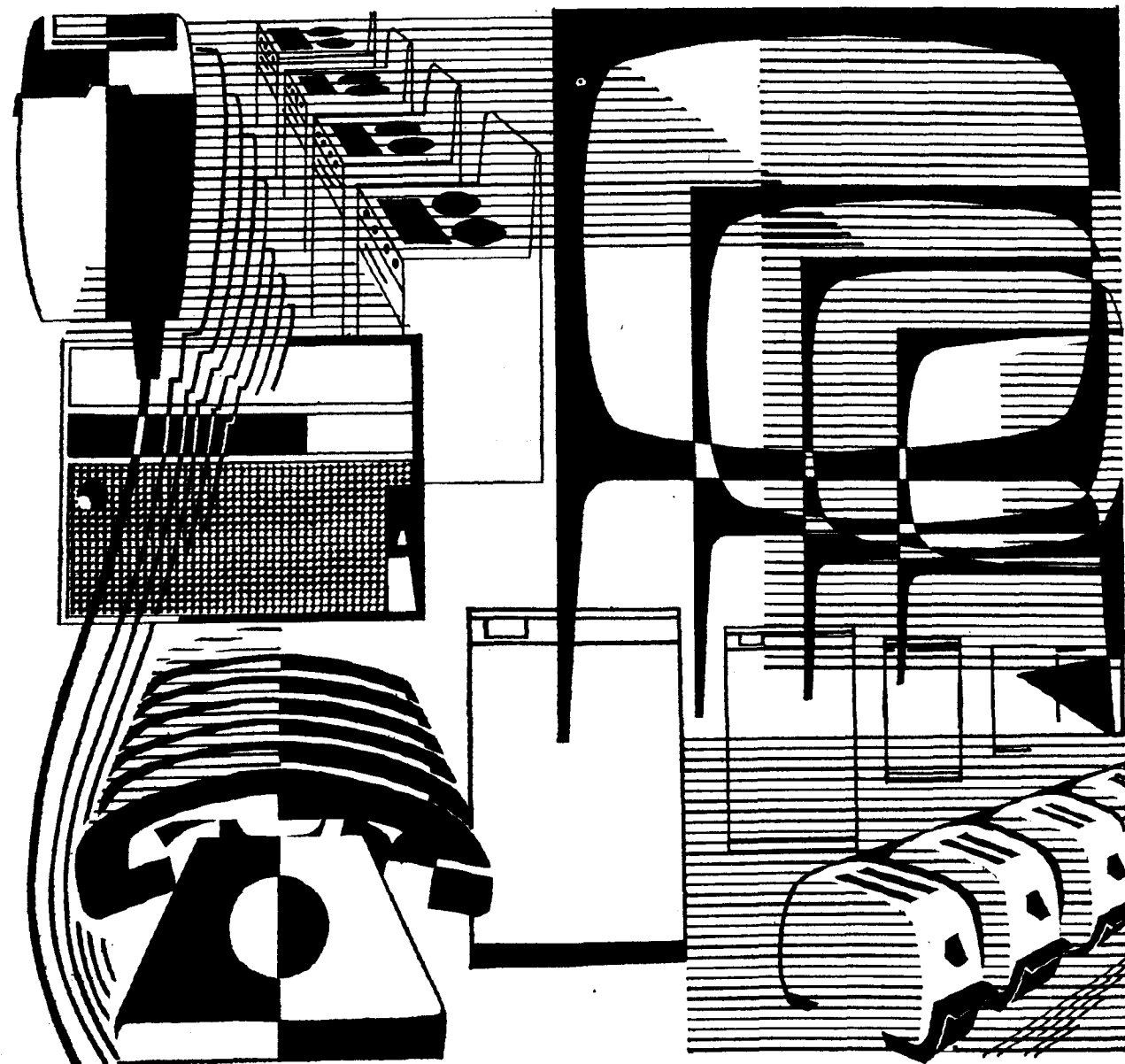
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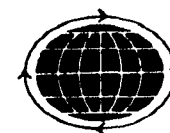


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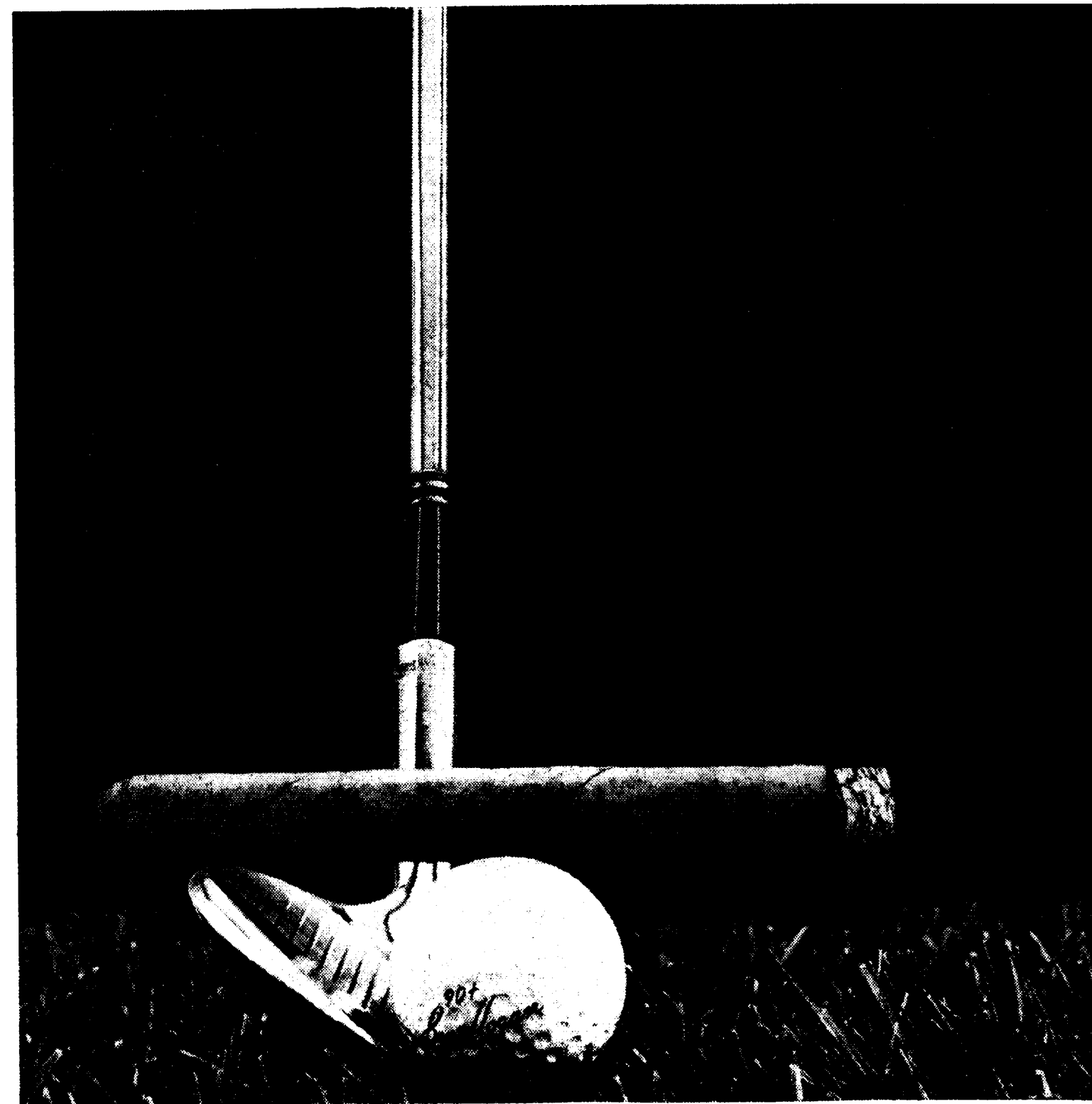


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The Economist

DECEMBER 8, 1962

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The Wars of Religion

WHEN, nearly seven years ago, Mr Khrushchev first denounced Stalin, and proclaimed peaceful co-existence with the West, he must have realised that he was starting something pretty big inside the Soviet Union. One wonders whether he fully realised how much trouble he was creating for himself in the communist world as a whole. Two years ago, a compromise between the opposing views of Moscow and Peking was painfully hammered out at a conference of 81 communist parties in Moscow. Both the Soviet and the Chinese press, each turning a blind eye to the real state of affairs, have recently been celebrating the anniversary of that declaration. As is proper with a compromise, each party managed to interpret it to its satisfaction. In fact the rift in the communist world is now as wide as it has ever been.

The pretence that the quarrel is not between the two communist giants, China and Russia, but is merely due to the excesses of two mavericks, Albania on the one side and Yugoslavia on the other, has been virtually dropped. "We must tell you frankly," said the Chinese delegate at the Italian Communist party congress on Tuesday, "that the Chinese communists have different opinions on certain matters to other Communist parties." The quarrel has become so pervasively obsessive that practically everything that happens in the communist world—whether it be Marshal Tito's "holiday" visit to Russia, or a communist party congress in Sofia or Budapest, or even one outside the Soviet block, in Rome—is judged primarily in the context of its effect on the quarrel between Moscow and Peking.

In fact, the 1960 Moscow compromise received a body blow a year ago at the 22nd Soviet party conference when Mr Khrushchev launched his new destalinisation campaign and made an open attack on Albania, which was publicly condemned by the Chinese delegate. The open break, which looked dangerously near, was avoided; for most of this year both parties, for reasons probably more domestic than ideological, managed to be comparatively civil to each other. The doctrinal quarrel, however, simmered on; towards the end of the summer it began to boil again, and Peking's vituperative reaction to President Brezhnev's visit to Belgrade in late September showed that Chinese patience was again running out.

It is, however, the Cuban crisis and the Chinese invasion of India that between them have made the crisis so acute now. All the dreary and repetitive wastes of ideological polemics were suddenly made actual. Mr Khrushchev's withdrawal from Cuba and, perhaps to a lesser extent, the Chinese invasion of India, owe far more to considerations of power politics than to ideology. But both go straight to the heart of the practical problems which are what the ideological quarrel is fundamentally about—the relations of the communist world with the West, and how to bring the uncommitted world within the communist fold.

According to the Peking *People's Daily*, on November 15th, "The distinction of a Marxist-Leninist from a modern revisionist lies, first of all, in the attitude towards imperialism." The Russians, as much as the Chinese, agree that imperialism is wicked and an active danger. (Each in fact tries to pin it on the other by suggesting that the Albanians—or the Yugoslavs—are actively helping the imperialists.) But while the Russians distinguish between "aggressive circles" in the United States, and those Americans, like President Kennedy himself, who appreciate the dangers of nuclear war, the Chinese and the Albanians

tar all Americans with the imperialist brush. The Russians believe that because of the common danger of nuclear destruction they can come to an understanding with the Americans. Their opponents are shocked at the very idea of trusting an imperialist: "Kennedy," as the Albanian premier, Mr Shehu, declared last week, "is no more sincere or peace-loving than Hitler." Thus, while in the Russian view Mr Khrushchev has triumphantly vindicated the peace-loving nature of communism, defeated the designs of the imperialist groups in America, and paved the way for better relations with the United States, in the Chinese view Mr Khrushchev is a traitor to the communist cause: he has retreated before the imperialists and deserted the brave Cuban people who form the spearhead of revolutionary communism in the western hemisphere.

RUSSIA's reaction to China's invasion of India has been much more muted than China's reaction to the Cuban crisis. No doubt the delicacy of Moscow's diplomatic position between New Delhi and Peking has had an inhibiting effect. But it must have been very galling for the Russians to see the Chinese pushing the Indians off their non-aligned course, further demoralising the Indian communist party, and presumably filling the rest of the uncommitted world with doubts and disillusion about the communists' peaceful intentions. The Chinese may hope that they have given the timid Russian comrades a convincing demonstration of how to impose your will on another country (or heave a local communist party into power) by armed force without sparking off a nuclear war—although they can hardly say this openly since their action was allegedly purely defensive.

The Russians are more likely to be impressed by the evidence of the strength of Asian nationalism provided by the divided Indian communist party's public denunciation of "Chinese aggression"; they may well have felt confirmed in their own less crude methods of peaceful penetration. This week, in the sympathetic atmosphere of the Italian party congress in Rome, both Signor Togliatti and the chief Soviet delegate, Mr Kozlov, made clear their deep disapproval of the Chinese action against India. It is significant that the Russians, who up to now have been reluctant to expose their quarrel with Peking to prying western eyes, should have chosen to criticise the Chinese so plainly at a western communist party congress where their words could be expected to receive the maximum publicity in the West.

For the Italian communist delegates assembled in Rome this week, their congress must seem a rather curious affair. Threatened by growing political isolation at home through the Nenni Socialists' involvement with Signor Fanfani's centre-left experiment, they have particularly tricky problems of domestic tactics to worry about; but what in fact has monopolised their attention and their interest has been the inflamed international conflict between Moscow and Peking. This inflammation is bound to have its effect on the argument about internal policies that is now going on inside most communist parties—between the adherents of Mr Khrushchev, and those who sympathise with the "dogmatic" Chinese and fear a too rapid retreat from stalinism. Three weeks ago the Albanian party paper published a long and detailed condemnation of the "theses" that have been presented this week to the Italian party congress; the Italian attitude was

condemned as "a total slide into opportunism and revisionism." This article represents an extreme case of one of the most rigid communist parties attacking one of the most experimental. For most of the important communist parties in power in eastern Europe, the Khrushchev line is accepted in principle; the argument is about how far and how fast to put it into practice.

In Hungary, for instance, the process of what the West calls liberalisation seems to be going comparatively fast. Czechoslovakia is different: Mr Novotny has kept his foot firmly on the brake and is clearly very reluctant to let it off even a little. In his opening speech at the Czechoslovak party congress in Prague on Tuesday, he announced that the political trials held between 1949 and 1954 (including presumably that of Rudolf Slansky) would be reviewed "once again," and "basic conclusions" drawn within four months. Plainly Mr Novotny feels compelled to promise a political post-mortem; just as plainly, he would dearly like to wriggle out of it. But when the quarrel between Moscow and Peking is in an acute phase, as it is at present, it increases the pressure on lesser communist leaders in the Soviet block to follow the Khrushchev line on internal policies.

This does not mean that what is now going on in the communist world is just a crude struggle for power by Russia—although the Chinese, with their baleful references to the dangers to the communist movement of "great-power chauvinism," would obviously like to insinuate that it is. True, the reported circumstances of Mr Yugov's fall from power at the Bulgarian party congress last month suggest that Mr Khrushchev is not above throwing his weight about when it is a question of preventing a possibly pro-Chinese regime in a European communist state. But today, with the doctrine of different roads to socialism firmly established, this sort of behaviour is the exception rather than the rule. Marshal Tito, who knows his Russians, would never have gone to Moscow this week if he had not felt reasonably confident that he could do business with the Russian leader on acceptable terms. Mr Khrushchev would almost certainly not have cultivated Marshal Tito so assiduously in recent months had he not been quarrelling so heartily with the Chinese, and had he not felt that the support of the arch-revisionist might be useful. It remains to be seen how much he is prepared to offer for that support.

ALTHOUGH considerations of national power and prestige are basically involved in the calculations of both Moscow and Peking, what is going on between them is not just an old-fashioned struggle for power; it is primarily a clash of doctrines on the correct methods of developing and extending the communist world. As with all doctrinal disputes, this one has become bitter, and neither side any longer shows any real wish to compromise. Mr Khrushchev seems to be forging ahead on his chosen course with conviction and even with bravado. He has embarked on a major reorganisation of the Soviet communist party, not in order to improve the party politically and ideologically, but in order to make the Soviet economy more productive and the Soviet people more prosperous; the ideological pundits in Peking can pick all sorts of doctrinal holes in such a course. The allocation of funds between defence and agriculture in the new budget (to be presented to the Supreme Soviet next week) will give

a significant indication of how far Mr Khrushchev means to go in concentrating on Russia's internal needs in reliance upon the good intentions of the West.

Outside the Soviet Union, the Russians' insistence on publicly advertising their differences with the Chinese at every available party congress suggests that they are now determined to do all they can to isolate their opponents. But, although at the moment the tide in the communist world is

North to Elizabetha

What magnetic industries could the Government persuade to move to the north of England (See "Anatomy of Unemployment" on page 1037)? The most dynamic one to move would be central government itself—to a newly built administrative capital—a Brasilia for Britain—somewhere north of the Trent

WHAT has the south of Britain got that the north really wants? Short answer: the economic and social stimulus of a London. What has the south got that it would be well rid of? Short answer: the inefficiency of a congested central London (where office employment alone is rising by 15,000 a year). The chief arguments for re-invigorating the north are only too well known to every politician and economist—and, indeed, to everybody with any social conscience—at the present time. The chief arguments for decongesting the south-east are that a prolonged and unregulated influx means a high cost in road building and traffic jams; excessive journeys to work; and the effect of soaring urban land values on the provision of housing and other social needs (like schools and hospitals). The troubles of the north and south are, at least to this degree, complementary. If only something could be done to move one of London's fundamental magnets to employment (and especially to office employment) up to the north, the problem of Britain's steady relapse into being "two nations" could be solved at a single blow.

Up to now, all British political parties have assumed that the right magnets to try to move northwards are manufacturing industries, particularly of new style consumer goods. This policy has never really worked, because it means trying to cajole private commercial enterprises to go to one part of the country when they know in their hearts that they would make bigger profits if they operated somewhere else. Unfortunately, in the near future this policy is likely to work even less well still. The pull of Europe, whether Britain is in the common market or not, is calculated, for good economic reasons, to increase the flow of industry and population into the south-east. No government, whether Tory or Labour, could really bring itself to prohibit this movement into the British segment of the largest consumer goods market in western Europe. But, in return, is there any major, non-manufacturing, non-market-located and really magnetic growth industry that could be safely and profitably transplanted north of the Trent? The most obvious candidate, despite the horrified cries of protest that will be sent up, is the industry of central government itself.

London's past pride and present headache is to have become three capitals in one: the centre of commerce, finance and

flowing strongly Mr Khrushchev's way, in virtually every communist party (and especially in the Asian ones) there are undercurrents of varying strength flowing Peking-ward. If the quarrel goes too far, it will indeed split the whole communist world from top to bottom. Both Moscow and Peking may well shrink from the responsibility of dealing the proselytising power of the communist movement such a crippling blow.

administration. In the nineteenth century, it was the financial capital and the administrative capital only. The centre of gravity for industry and commerce in those days lay in the north. As industry has congealed into large corporate agglomerations, and as boards of directors have therefore become financial tycoons rather than men of the workshop manager type, the centre of commercial power has inevitably moved down into the financial capital of the country. The financial mechanism of the City of London could not be successfully uprooted and shifted now, any more than the nearby continent of Europe can. But administration is something different, more detached and (highly important) happens to be directly under the Government's own control. A civilised Peter the Great is what Britain's top planning needs.

WITH modern means of communication (telephones, teleprinters, television) it is no longer a handicap to have the administrative capital of a country separated from its financial capital. America, Australia, Brazil, Canada, Holland, Switzerland, West Germany and others have them separated; they have even found that there are certain governmental advantages in that fact. True, there are certain other forms of employment that have to be in or near the administrative capital. Often, they are industries of a non-manufacturing type (newspapers, lobbyists and the like); but even among manufacturers it is obvious that for the new, science-based industries, proximity to government and the dispensers of governmental contracts has had a demonstrable influence on postwar factory location. And it so happens that the lack of these new industries beyond a 3½-hour travelling distance from Whitehall is a primary cause of the decline neurosis that has now overtaken even the most viable regions of the north and west. It would be a major advantage of shifting government bodily to a more central position in Britain that it would carry with it these and other dependents and ancillaries, and thus make it more possible to allow the industries that want to get closer to Europe to open up new factories in the south.

The proposal of this article is therefore as follows: to start building a new administrative capital for Britain—a Washington, a Canberra, a Berne, a Brasilia—somewhere north of the Trent, and to move Queen, Parliament and civil

service into it. A site on, say, the open building land between York and Harrogate (the Marston Moor country) might best fit the bill. It is midway between Thames-side and Clydeside; it would have good north-south communications; it would be within easy reach of the industrial areas of Lancashire and the West Riding (thus saving it from the complete social isolation of a Canberra); it would have on one side an historic city which, with its new university, is beginning to shake off the lethargy of its past and, on the other, a potential posh-suburb (highest current social rating outside the south-east) with an impressive initial stock of hotel accommodation.

The only workers whom the Government would be directly responsible for moving would be the 75,000 headquarters civil servants in the London region, plus another 25,000 members of the royal household, MPs, embassy staffs and miscellaneous dogsbodies. The new city of Elizabetha would thus have a basic bureaucratic population, at the family ratio of $3\frac{1}{2}$ persons per salary earner, of 350,000 at the end of the first stage (five to seven years after construction began). This would be exactly equal to the number of people who migrated from the less favourable regions of England and Wales in the decade 1951-61. But with the build-up in service employment Elizabetha would rapidly pass the half-million mark; it would draw northwards to itself or its radial satellites such institutions as the law courts, elements of Fleet Street, the big lobbying establishments (public relations men, engineers and others) and, increasingly under the ægis of Bishopsthorpe, the Church of England.

Elizabetha would be at once the greatest single enterprise in Britain, or anywhere else, in modern architecture and town planning—and the effect of having one city securely anchored in modernity might be healthily cumulative elsewhere. Indeed the psychological consequence of having modern archi-

ture, instead of those quaint old Houses of Parliament, as Britain's central governmental symbol could be a massive national advantage in itself. The net loss of population and even spending power to London would be comparatively small by London's standards; the potential gain to the north (by northern standards) would be very substantial.

A GAINST the constructional cost and initial human discomfort of moving this nationalised industry into new quarters must be set the advantages of social and administrative efficiency that this beacon of the new Britain would accrue to itself. To have a big city designed from scratch for the motor age; to have the space to build half-decent Houses of Parliament and give MPs their office accommodation; to set up an administrative centre that neither requires the odd £900,000 (latest revised estimate for Downing Street) to save the most important bits of it from dry rot nor involves the dispersal of ministries in job lots throughout the metropolitan region—all these should be glowing incentives to the displaced administrators themselves (if the Admiralty still wants to, it could even reclaim its chaps from Bath).

To the north the stimulus would not only be psychological. It would bring it into much closer contact with, and influence upon, government; the Establishment would live in the new capital, and to retire to and visit the north would become one of the In things to do. The move would bring with it the construction of a convenient second international airport that actually connected the north of Britain with the outside world; and it would mean, to the outside world, the opening up of a whole under-developed interior. Elizabetha would do precisely the job Brasilia is trying to do, with considerably less risk and vastly more immediate effect.

For London, shorn of its one movable central industry, there would come the last, great chance to plan itself properly in a situation of temporarily relieved congestion at its heart. To pay for the move one would like to see the sale of most of the abandoned high-value sites to the highest bidder. The sites at Whitehall and Buckingham Palace could be sold off to Messrs Cotton and Clore, albeit under sensible town planning restrictions which saw to it that London's peak-hour traffic problem would be sensibly diminished. The more historic buildings whose destruction would pain Mr John Betjeman too deeply (with the Houses of Parliament at their head) could be turned into the nucleus of London's second and third universities; nobody except dons and students will easily put up with the discomfort of actually living and working in them much longer. The shopping and entertainments centres would remain in the old financial capital (Broadway and Fifth Avenue have not moved to the Potomac).

None of this would therefore knock the economic stuffing out of London. It would, indeed, give it the opportunity to become again an efficient commercial capital and port, secure in its own large local consumer market and poised to make the most of a Channel bridge or tunnel or dam with the continent. Heaven knows there is a multitude of built-in resistances to moving anything worth-while from the south-east to the north; government happens to be one of the most mobile and potentially one of the most magnetic industries of all. There are no prizes for spotting difficulties. But, really and truly—if politicians are serious about the need for long-term planning in Britain—why not?

Splitting Nato's Atoms

AN intercontinental pundit himself, Mr Walter Lippmann was intercepted on Monday by an anti-pundit pundit in the shape of M. Raymond Aron. The two met nose-cap to nose-cap on the most difficult of all the questions now troubling the western alliance—the question who is to be responsible for the nuclear protection of western Europe. Mr Lippmann, talking to an assembly of journalists in Paris on November 29th, said that the European members of the alliance, like passengers in a car, could help the driver to map out the general direction of nuclear policy, but once the road was chosen “there can be only one driver at the wheel.” For some years to come this solitary figure will obviously, in Mr Lippmann's view, be the President of the United States. On Monday M. Aron replied in *Le Figaro*, with a back-seat driver's tartness, that if this was what the Americans really wanted they were going to push the Europeans into buying a car of their own; even if (he might have added) it was only a modest little mini-deterrent.

Mr Lippmann does not speak for the American government, nor M. Aron for western Europe. But the clash between them does illustrate the conflict between the two impulses at work within the alliance. One is the impulse towards unity; the other the impulse for parity between western Europe and North America. The two may in the end prove irreconcilable. President Kennedy's Administration, however, has made a number of attempts to reconcile them, by offering the European allies a rather larger share of responsibility in nuclear matters short of full independence. The last such offer was made on November 16th in Paris by Mr George Ball, the second-in-command of the State Department, who said that the United States was ready to consider “a genuinely multilateral, medium-range ballistic missile force, fully co-ordinated with the other deterrent forces of Nato.” The foreign and defence ministers of Nato, who meet in Paris next Thursday and Friday, will have to consider this offer, though they are most unlikely to come to any decision about it. It may be worth while to spell out, in broad terms, why it was made and what it probably means.

Why an American offer at all? If they want to, the Americans can make it a very long and expensive business indeed for the western European countries, either separately or in combination, to break the Americans' near-monopoly in nuclear arms. The total defence budgets of the six common market countries plus Britain add up to rather less than the \$15 billion that the United States is spending this year on its nuclear armoury alone. The doubling of defence expenditure that would thus theoretically be necessary if these seven countries wanted to duplicate the American effort would be equivalent in Britain's case (to make it a joke) to roughly an extra seven-and-sixpence on the income tax. Of course, the Europeans would never try to duplicate the Americans' seven major nuclear weapons systems (the B-47, B-52 and B-58 bombers, and the Atlas, Titan, Minuteman and Polaris missiles). They would settle, at the most, for a relatively cheap range of two or three systems. But even this would be hideously expensive without American help.

Nevertheless, the fact is that some Europeans seem deter-

Nuclear weapons can cause either fission or fusion in the western alliance

mined to damn the expense, and make a plunge for nuclear equality in some form or other. Unless they are frightened out of it later by the size of the bills, the only question left is what form the plunge will take. There are basically four possibilities. At the Western European Union assembly in Paris on Monday and Tuesday the French foreign minister and the British minister of defence, M. Couve de Murville and Mr Peter Thorneycroft, found themselves defending the national nuclear forces on which their governments have so far put their money.

A good many people, on the other hand, would much prefer to aim for some kind of united European force instead of a series of local atomic satrapies. This combined force is presumably the preference of those who want to see western Europe become in some sense or other a single unit, not just an alliance of separate states. They may or may not include Mr Thorneycroft (who spoke on Tuesday of Europe as a future “world power”). However, whether Europe decides in the end to go the national or the supra-national way, the nuclear forces that come into existence—of whichever kind—can either be meshed in with their American counterpart, or stand separate and independent. It is in order to make sure they are meshed in that the Americans have recently been dropping hints about “multilateral” forces.

Is the United States proposing an Atlantic deterrent? Not in the full sense of the term. The multilateral missile force mentioned by Mr George Ball on November 16th would probably consist of a number of Polaris submarines jointly financed and jointly manned by several Nato countries, including the United States. The Americans have worked out, and are circulating among their allies, an ingenious scheme for operating Polaris submarines with international crews. But it is pretty clear that no scheme can be devised for an international decision on whether and when to fire their missiles. It will be the Americans in the crew, taking their orders from the White House, who man the compartment with the firing button.

The point is that a genuinely transatlantic nuclear force will have to wait until a political bridge strong enough to support it links the two sides of the Atlantic. The man at the driver's wheel, in Mr Lippmann's phrase, would then be the accredited chief executive of a united Atlantic community instead of merely the head of one member of an alliance. But no such community is in sight. Until and unless the ideal solution of a really unified nuclear force becomes possible, Nato collaboration can usefully include joint ownership and joint manning of nuclear delivery vehicles; but it is bound to stop short of true joint control.

Is a combined European force more feasible? Marginally, yes. This is simply because the political binding together of western Europe, which is the essential prerequisite of a united military arm, is likely to go faster and further than the binding of western Europe to North America. (Even so, it may never go far enough.) There are signs that the Americans recognise this possibility, and are allowing for it. In a speech in Copen-

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PRESIDENTS AND MINISTRIES

Q It is a minor but still considerable defect of a Presidential Government, that not only does it compel the nation to wait during a certain interval before it makes a new choice of a supreme ruler, but also that it enforces a choice at the end of that interval. In a Parliamentary Government there is no stated day at which Lord Palmerston must be rechosen Prime Minister. He is removable at pleasure, but he is not under notice to quit; his power does not of itself cease and determine at a particular time. The country, therefore, is not bewildered, nor is its policy deranged, by the proximate probability that upon a certain 4th of March the entire machinery of Government may be changed—that everything which is may cease to be, and everything which is not as yet may begin to be. In a Presidential Government, therefore, the Executive administrator is chosen by unskilled persons, whereas in a Ministerial Government he is chosen by comparatively skilled persons; he is chosen by persons who have few opportunities of judging, whereas a Parliament has many and good opportunities; he must be chosen at a fixed time, whereas in a Ministerial constitution the country is never convulsed without necessity, and the same Cabinet may last twenty years; he is chosen for a fixed time, and during that period he must remain, however incompetent he may be to new events and changing circumstances, and though by his gross unfitness he may be palpably ruining the country. Even these several points of superiority are not all which a Parliamentary Government possesses, but they are enough to show that we need not grudge our Transatlantic relatives that form of Government which the disunited States, both North and South, from habit, blindness, and ignorance of what is better, seem both of them disposed to retain.

hagen on September 27th, Mr McGeorge Bundy, the chief foreign policy adviser in the White House, talked about the possibility of "a genuinely multilateral European deterrent, integrated with ours." This differs from Mr Ball's formula by the insertion of the word "European."

Obviously, the United States is feeling its way very carefully towards the exact degree of nuclear power it will have to share with western Europe. If the demand from Europe is strong enough, the Americans may be willing to help in setting up a joint European missile force, manned and theoretically owned by Europeans alone. But here again one runs directly into the question of who is to control the warheads. It is hard to imagine Congress agreeing to hand over the warheads as well as the missiles (although not to hand them over would raise some baffling problems in the case of a purely European-manned submarine force). And even if circumstances changed enough for the Americans to relinquish control of the warheads, they would undoubtedly insist on the closest possible integration between this new force and their own.

What will the outcome be? This is the hardest question of the lot. All one can do is to identify the best possible solution, and the very worst, and hope that something reasonable can be achieved in between. The ideal outcome would plainly be a genuinely Atlantic nuclear command based on a full-

bodied Atlantic political community. This is certainly something to be worked for; but it is too remote to affect the decisions that now press upon the statesmen. The worst, and quite intolerable, outcome would be for the Europeans, either separately or together, to set up their own private atomic armoury without any links to the American one. This would polarise the alliance, since separate nuclear forces will nourish separateness in foreign policy. It would also alarm the east Europeans so much that a relaxation of tension in the middle of the continent might no longer be possible.

It may be that, as bombers grow obsolete and missiles and orbiting spacecraft become the order of the day, the Europeans will find the cost of sharing nuclear responsibility too great and, led by Britain and France, will back out of the competition. If that does not happen, however, the essential objective will be to weave the continuing European contribution—whatever its form; whether it is national or multilateral—as intimately as possible into the American contribution. The weaving could take several forms: combined planning, co-operation in fixing targets, perhaps in some cases collaboration in buying and manning weapons. Whatever the details, the aim should be to make it as hard as possible for either half of the alliance to act without the advice and consent of the other: otherwise, sooner or later, they will, calamitously, wrench apart.

Three in the Himalayas

The threefold partition of Kashmir is likely to remain a fact, even if the Indo-Pakistani agreement to talk about it yields positive results—which is not likely

WHAT used to be, under successive Sikh and British paramountcy, the princely state of Jammu and Kashmir is now physically partitioned among three powers, India, Pakistan and China. From the time of the Indo-Pakistani cease-fire secured by the United Nations in January, 1949, India has held the greater part of the state—Jammu in the south, the Srinagar valley in the centre, and Ladakh in the east, together containing three-quarters of Kashmir's 4½ million inhabitants; while Pakistan has effectively controlled, through a rather shaky "Azad (free) Kashmir" government, a thin strip along the western border (which runs only forty miles from Rawalpindi, Pakistan's new capital), as well as a large area in the remote northern mountains. Now China has carved itself a third slice, in the north and east; a substantial acquisition in terms of territory—some 12,000 square miles, the size of Belgium—but virtually uninhabited.

India, struggling against this latest partition, now finds the question of the older one consequently revived. For the best part of a decade, the Kashmir dispute had been a one-sided affair, repeatedly raised by Pakistan, while India, having the nine-tenths of the law conferred by possession of the best three-quarters, sat tight and insisted that the case was closed. The more complacent Delhi appeared, the more frustration grew in Karachi and Rawalpindi. After President Ayub Khan's strong but restraining hand had restored some stability to Pakistan's previously often frenetic politics, a

major work of reconciliation between the two neighbour countries was achieved in the 1960 treaty on division and redeployment of the Indus basin waters; but the momentum of that year was lost before it could carry them as far as a compromise over Kashmir, and their relations were soon marred again by a series of lesser border affrays. Nor has the new Chinese attack in any real sense improved the atmosphere between them: its effect has been to worsen it.

Only the poisonous working of the Kashmir dispute can explain the wild joy with which many Pakistanis have hailed India's discomfiture at the hands of China's army. It is not



Two of the three: Ayub and Nehru, 1959

so many months since President Ayub was chiding India for its refusal to discuss with him the joint defence of the Himalayan frontiers against encroachment from the north. Pakistan then had the posture of the West's sturdy ally in resistance to the communist powers' ambitions, and scorned the spinelessness of India's refusal to stand up in the same line and be counted. But now its president is deafened by

his fellow-countrymen's cheers for communist victories, urged by many of them to renounce alliance with the West, and urged by virtually all to make India's difficulty Pakistan's opportunity to redress the Kashmir account. The Chinese, whom Mr Nehru bluntly labels "imperialists," have certainly found for themselves the classical type of situation that has so often made imperialist expansion an easy job in the past: a quarrel between two neighbours so bitter that one of them gladly welcomes the armed intervention of a third and more powerful state, heedless of the familiar consequences. (Did not the British establish themselves in the Indian sub-continent, with remarkably little resistance, through the workings of just this same historical pattern?)

When Mr Nehru and President Ayub announced on November 29th their decision to try once again to resolve their differences "on Kashmir and other related matters, so as to enable India and Pakistan to live side by side in peace and friendship," it must have seemed to many far-off observers that sanity had triumphed. The family fight was apparently going to be settled so that the northern intruder could be held off. A closer view, such as our correspondent in India takes on page 1005, is much less comforting. The agreement to talk has indeed been made; that is something. The talks may well proceed from the initial stage at ministerial level to that of a personal meeting between the two heads of government. If things do get that far, some papering-over device may be worked out (indeed, to save face, something will have to be worked out). One or two marginal issues might get settled; some kind of continuing mechanism for consultation, perhaps in the shape of joint committees at the "expert" level, might be left behind. But that is just about all that can be expected, as matters stand.

THE plain fact is that the agreement to talk has itself been achieved only in consequence of the strenuous diplomacy of the special British and American emissaries, Mr Duncan Sandys and Mr Averell Harriman, who were in India and Pakistan last week. The agreement represents no real shift toward a Kashmir settlement. In Rawalpindi on Tuesday, Sardar Bahadur Khan urged in the name of Pakistan's renaissance parliamentary opposition that the talks should not even be started. For the government, Mr Bhutto pleaded for "one last attempt to settle our differences with India by good will through negotiation. The future of the sub-continent is at stake." This ministerial speech on the last day of the emergency debate was a great improvement over the initial one that the foreign minister, Mr Mohammad Ali Bogra, had made on November 22nd, before retiring, or being retired, to bed. All the same, the president will enter the talks with India (assuming they can be started) with his ears ringing. He dare not speak too openly of realism and compromise after seeing the effectiveness of the wretchedly demagogic tactics deployed inside the national assembly by Bahadur Khan (his own brother), and outside it by the agile ex-prime minister, Mr H. S. Suhrawardy, with their all-or-nothing slogans.

On the Indian side, even the government itself gives the clear impression that it agreed to talk only as a gesture to the United States and Britain, on which it now counts for vital supplies. There is no doubt that Mr Sandys and Mr Harriman, concerned not only to enable India to switch troops from the Pakistan borders to the Chinese invasion

zones, but also to sidetrack the very real Pakistani anger with America and Britain for arming India, gave Delhi to understand that the western governments would be better placed to help if it showed reason over Kashmir. A few hours after the agreement to talk had been announced, Mr Nehru's comment that "anything that involved an upset of the present arrangements would be very harmful to the people of Kashmir, as well as to the future relations of India and Pakistan," nearly scuppered the project, brought Mr Sandys whizzing back to Delhi for another round of reassurance, and at the same time laid bare the heart of the matter as India sees it.

BRITAIN and America, as Mr Sandys indicated in the Commons on Monday, have to go very cautiously in this affair. In the past six weeks they have won a mass of genuine goodwill in India by visibly attaching no strings to their urgently needed, and swiftly supplied, help. All of that could be lost again if they seemed to be exploiting India's troubles to squeeze it into concessions over Kashmir. Indians are, not surprisingly, more sensitive than ever at this moment about "friendly" pressure on them from any quarter. They have viewed with foreboding the "summit" meeting of six other non-aligned states—Ceylon, Burma, Cambodia, Indonesia, Ghana and the United Arab Republic—that Mrs Bandaranaike has called for next week in Colombo in hopes of contributing to a settlement between India and China. Senior envoys from Delhi have been chasing their opposite numbers from Peking round the capitals of these states, restating India's reasons for looking askance at China's plausible-sounding terms. Similar Indian qualms about their "friends'" intentions have contributed (along with some spectacular clumsiness on the part of Dr Nkrumah) to nip in the bud several attempts in the past three weeks to mobilise the non-aligned group at the United Nations for a Himalayan conciliation effort. Hurt and enraged by China's brutal thrusts, India is in no mood to take kindly to any chivvying from flank or rear.

It may well be that, as the latest indications suggest, India is bound in due course to accept the hard reality of China's hold on north-east Kashmir. Its formal position at present is that the Chinese must quit every inch of the disputed soil; but, then, it has also been formally committed for years to the proposition that all of Kashmir is Indian and that the Pakistanis in the north and west of the state must likewise "vacate their aggression." The most probable prospect is that the threefold partition of Kashmir will continue, with tacit understandings slowly prevailing over formal claims; perhaps with some modification in favour of Pakistan, perhaps not, but certainly with no sweeping change. It is wholly permissible for its real friends to remind India, now as at any other time, that it would serve its own best interests if it could achieve a "good neighbour" relationship with Pakistan by letting the restive people of the Srinagar valley decide their own fate. It is good that Indo-Pakistani talks have been agreed, and the British and American contribution to securing this agreement deserves praise. But to twist India's wounded arm would be quite a different, and almost inevitably a very damaging, thing.

Appointments, Business and Personal notices, and other

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Two Sighs for Training

The Government's new proposals for training skilled industrial workers are only a small advance towards tackling an extraordinarily badly handled British problem

THE first reaction to the Minister of Labour's new white paper on industrial training must be two familiar sighs. The first is of relief that somebody is at last attempting to widen the cramping economic bottleneck formed, even when unemployment is the talk of the day, by the national shortage of skilled labour. The second is of regret that the attempt is, at this stage, so limited in its scope.

The urgent needs for a reform of industrial training in Britain are perfectly plain. In many crafts the traditional apprenticeship periods should be drastically cut down. Age-limits on entry to apprenticeships should be done away with; it is absurd that the only people who can qualify for training in some skilled manual jobs are youths who have left school at the age of 15, and who then have no opportunity to move on to train in another trade if they find that their first haphazard choice has not been suitable. For all young people, training needs to be much more closely integrated with their education. And the supply of people trained, maybe for quite short periods, in techniques that do not rank as crafts needs to be vastly increased, which means a far more methodical approach to the retraining of adults—especially of adults made redundant by the decline of an industry. The scale of the reforms that are needed has led an increasing number of people to wonder whether large-scale national training schemes should not be introduced to supplement the traditional British system of training in individual firms: whether the French system of state-run *centres d'apprentissage* would not be the right answer in Britain as well.

Mr Hare's new white paper contains no such dangerous thoughts. Instead, the problem is to be left in the hands of tradition-bound people from both sides of industry, but they are to be mobilised into some new committees. The minister proposes to introduce (perhaps in the next session of parliament, which means next winter) a bill enabling himself to set up statutory industrial training boards, organised by and for individual industries, and composed of employers, trade unionists and government representatives; some educationalists might be brought in to partner officials from the Ministry of Labour, in view of the overlapping between training programmes and schooling. The boards will be able to levy money on firms in their industry and to pay back some training costs of firms that are doing a good job, as well as making grants to trainees; they should agree on a coherent training policy, establish tests both for pupils and for instructors, and if necessary set up their own training centres.

All this holds out some real promise of advance. Given that this is to be the framework chosen, what needs to be done to enable the promise to be fulfilled? The first point to make is that the new and regular levies on firms should be stiff enough not merely to meet the running costs of the schemes that the boards will introduce, but also to serve another purpose that should not be purely financial. Ideally, the levies should come to look like some kind of a fine imposed

on those firms that make no attempt to train workers, while those that do their bit should get back at least as much as they spend. The gap between the big firms that run their own apprentice schools and the mass of industrial concerns that do not is enormous. The fact that so many companies are content to cannibalise other people's training schemes by luring away their skilled labour (using the cash they have saved by not training in order to pay inflated wages) has for long deterred a number of fairly well-intentioned companies from taking on their share of trainees. Under the proposed scheme it should be possible to penalise the lazy, to give the well-intentioned an easy way of paying their whack, and to favour the virtuous.

Unfortunately, an additional difficulty is that almost a quarter of all factory workers are employed in buildings containing fewer than fifty men. Small firms can do little training within their own plants, because they cannot spare the skilled labour. The white paper talks of fixing a size-limit below which firms should be exempt from paying the levy—but it is important that this should be set at a level to spare only the very small employer, since all firms must eventually benefit from an increase in the supply of trained men.

ON the union side the obstacles to improving the training system are still more formidable. Any craft union with unemployed members anywhere in the country is obviously under pressure to restrict entry to its trade, even if there is a dramatic shortage of craftsmen elsewhere in the country; even where there is no unemployment, unions sometimes think that they can push up wages by maintaining a labour scarcity, through sticking to traditional long apprenticeships for their trade, or to an arbitrary age-limit on entry to training schemes. One of the worst of the results of this last restriction is that it excludes from the chance of acquiring a manual skill many boys who stay on at school after the age of sixteen, only to discover that they will not quite make the grade in "a grammar-school type job": these brighter-than-average people are just the sort who would make the adaptable operatives and foremen who are desperately needed by industry.

This legacy of conservatism—on both sides of industry—gives one reason to distrust the likely zest of training boards formed of people who, with the best will in the world, cannot help being marked by it. Against this, it will be argued that those within an industry are best able to see what kinds of skill it is likely to need; and the minister hopes that the boards can plan their training programmes in line with the National Economic Development Council's tentative forecasts of rates of expansion in different industries. A useful step here—and one which the minister would do well to think about—is that the reports of the new boards (and one devoutly hopes they will publish annual reports) should be open to searching scrutiny and public comparison by some central body unconnected with the industries concerned. Since select committees on estimates—i.e. committees of MPs—now inquire into the nationalised industries as well as into government expenditure, could they not also take annual power to rout through the achievements, or the non-achievements,

ments of these different industrial training boards as well?

Early in their researches, the boards are likely to come up against the difficulty that many 15-year-old school-leavers have no information on which to base their choice of job, and that some boys who tumble into apprenticeships are unsuited to absorb the special training needed. One immediate and practical step that could be taken would be to expand and strengthen the Youth Employment Service that is supposed to provide a measure of vocational guidance for school leavers. At present its officers are few and poorly paid, while the service itself is, with fantastic illogic, sometimes run directly by the Ministry of Labour and sometimes by local authorities. No amount of improvement in apprentice schemes will do good if the right people are not picked for training.

Finally, it is essential to keep emphasising that today the

training problem is by no means confined to the young: redeployment out of some old-established industries over the next few years must make it necessary to retrain ever-increasing numbers of adults. At the same time the demand for semi-skills seems bound to increase: the building industry, with the need for men to put together prefabricated bits and pieces of houses, is only one example among many. Here, in fact, the Ministry of Labour has itself recently made a modest step forward with the setting up of two small retraining centres for adults in Scotland. It would be a pity if this new initiative of industrial training boards were to divert attention from—or even set up a vested interest against—the recognition that more initiatives of this kind, with generous retraining allowances, are urgently needed. With this week's white paper Britain has only just begun to nibble at one of its worst-handled problems.

NOTES OF THE WEEK

CONSERVATIVES

Are They Downhearted?

LIKE St Sebastian, the Conservative party has been shot through with arrows, but, like him, its inner morale still seems surprisingly high. There is no real sign of panic, much less any crisis of conscience such as that which seized the party at the time of Suez. Mr Macmillan's personal position has not been seriously challenged by Tory MPs in the fortnight since the by-elections, despite his disastrous slump in popularity in the public opinion polls and despite some murmurings from Sir Harry Legge-Bourke, who wants to get in on the act once again. Cynics are saying that the wisdom of Mr Macmillan's elevation of Mr Butler to deputy-Prime Minister is now apparent, since most people in the party do not really think that much would be gained by substituting Mr Butler for the present premier at this stage.

There are other able men in the Tories' front rank—Mr Macleod, Mr Maudling and Mr Heath; but none can command a wide enough front in the party to make the immediate displacement of Mr Macmillan a possibility. Mr Macleod, potentially the ablest of all, is being badly burned on the hot seat of the party chairmanship, where he has had to base himself on the part of the party that views his ideals and achievements with the least sympathy and the most distrust. The latest chortle at Westminster is that the race for the Tory leadership could be transformed if, after the impending report of the select committee on the Lords, all hereditary peers were allowed a period of grace in which to renounce their seats in the Lords and to become eligible for one in the Commons. The return of Lord Hailsham to the Commons would be of no importance for succession to the leadership, since he

would be unacceptable to the parliamentary party, however popular he is in the country; but Lord Home's return there, in the unlikely event of his leaving the Lords, would be quite another matter. All sections of the party, right, left and centre, could unite behind him. That, however, is at most a rather outlandish hypothetical prospect for the next parliament, not a real problem for this one.

For the time being, Tory fortunes, as well as Mr Macmillan's, are still inseparably linked to the success of the common market negotiations. Although there is no disguising government anxiety about the present situation at Brussels (see page 1005), ministers are still saying, with a confidence that does not yet sound too much like desperation, that they expect to push the issue through to a successful conclusion. After recent disappointments, many people had feared that a wave of impatience against Europe might sweep over the Tory back benches, but so far there have been no "quit Brussels" speeches by any waverers who really matter; what has happened is that pro-European Tories have rightly warned Europe that these speeches could erupt at any time. Mr Macmillan is said to have some hopes of exercising a little persuasion on President de Gaulle at their coming meeting; if Mr Heath reached deadlock at Brussels, a call for a European Summit rather than a cowed report to Westminster would be the Prime Minister's most likely reaction. The next month or so will be perhaps the most difficult of all for the Tories—with a hostile press, rising unemployment, and the psychological stress induced by uncertainties at Brussels. But they look, at present, as if they are taking the strain.

UNITED NATIONS

Better Mouse-Trap

UNANIMOUSLY elected on November 30th to serve for a further four years (which, with the year he had already served as acting secretary-general, adds up to a five-year term), U Thant can truly be described as a man who has had greatness thrust upon him. When his name emerged from the awed murmurs that followed Mr Hammarskjöld's death last year, there were those who assumed that the UN had found itself a chief executive whom all the powers would accept as nice, quiet and "safe." The gentle Burmese has, in fact, proved just as much of a surprise as the "safe" Swedish technician about whom the same mistake was made in 1953. He has turned out to be plain-spoken (instance his characteristic speech at Johns Hopkins University immediately after his re-election). His skilfully timed interventions—notably in "Cuba week"—have inspired widespread confidence. Yet it is the dynamic of the evolving UN itself that has propelled him, a man not driven by personal ambition, to the place in the world that he fills today.

"Fills" is here the right word. U Thant may have only about two more divisions than the Pope; but the nations have come to recognise their need for an occupant of his lofty, though temporal, office: an occupant who has to be a good deal more than a titular focus of respect. Did the thought not even occur to Mr Khrushchev, at some point during the Cuba crisis, that the defeat of his attempt to shackle the secretariat had its consoling side?

The troika has now visibly ceased to roll. The day before Mr Thant's re-election, the Soviet block suffered a resounding defeat in the UN assembly's administrative committee, which voted by 84 to 10 in support of his proposals for future staff recruitment, sweeping aside Russia's renewed demands

for the reshaping of the whole secretariat on a three-block basis. As to the secretary-general himself, the Russians have had to abandon all hope of tying strings on to his freedom of decision. He had openly declared for the broad "Hammarskjöldian" interpretation of his function that Mr Khrushchev condemned with bell, book and candle in 1960; yet he has been confirmed, and strengthened, in office. And a man who has been begged to stay on disposes of a powerful weapon—the threat of resignation if others fail to co-operate. Mr Thant may yet be seen wielding this weapon with effect.

CENTRAL AFRICA

Gentlemen and Players

THE territories of central Africa are strung together as in a mobile: touch one and all the others move. On Monday and Tuesday, for example, Northern Rhodesia's African nationalist leader, Mr Kenneth Kaunda (accompanied by his new-found ally, Mr Harry Nkrumbula), spoke at length in London with Mr Butler. These talks ranged beyond the immediate issue of who is going to form the government in Northern Rhodesia after next Monday's by-elections. Mr Kaunda's attitude to the Katanga province across his border, as well as his ideas on the future relationship between the three (British) central African territories were also, it can safely be assumed, of deep interest to Mr Butler.

For their part, Mr Kaunda and Mr Nkrumbula remain closely concerned with developments in Southern Rhodesia—still the core of the central African problem. Southern Rhodesia's nearly all-white electorate will choose next Friday between Sir Edgar Whitehead's liberal programme and the opposition Rhodesian Front's apartheid. The assumption in Britain is that if Sir Edgar wins, all will then be on the way to being put right. (It certainly will not be if the Rhodesian Front wins.) But Southern Rhodesia's Africans, who are not taking part in the election, do not share this faith in Sir Edgar. They fear that he may be stringing the British Government along with reforms (and promises of more to come) in the hope of getting independence for Southern Rhodesia in the likely event of an early break-up of the Federation of Rhodesia and Nyasaland. This would be independence under white control and, the Africans argue, there would then be nothing to protect them from a backward-looking white-elected Southern Rhodesian government.

In the House of Commons on Monday Mr Butler dismissed a direct challenge to promise not to let Southern Rhodesia go until Africans are in charge (or well on the way to being in charge) by saying that the question was hypothetical. But it is still the important question. If Mr Butler did declare an intention to retain British control until there is majority rule in Southern Rhodesia, then the African nationalists

NOTES OF THE WEEK

might turn back to constitutional methods of opposition. An extension of the franchise might be thrown in as an added inducement. And, of course, bringing Southern Rhodesia's African nationalists out of detention and into the light would have an effect on African decisions in all Central Africa.

KENYA

Stumped at Lords

LED by Mr Milton Obote, the prime minister of Uganda, east Africa's nationalists are getting impatient about Kenya. It now seems that this most intractable (and expensive) of colonies will not be able to raise its independence flag for another eighteen months at least. This is partly due to the difficulty of welding a unity of purpose out of the tribally-dissident Kenya politicians, but part at least of the fault lies in Westminster. Kenya's new constitution was agreed upon in principle in April; but, as Lord Lansdowne, the minister of state for colonial affairs, admitted in the House of Lords on Monday, the details are only about one-third filled in.

One of the more important details is the appointment of a central land board to manage the schemes for resettling African farmers on the former White Highlands. A move that could be made quickly might be to announce the name of the chairman-designate of the board, General Sir Geoffrey Bourne. Several Lords asked for it on Monday, but by Thursday the Colonial Office had made no statement. It is hard to understand why announcements of this sort should be held up when some of the people who are awaiting them are already so suspicious of Britain's intentions in Kenya. The sooner General Bourne, an excellent choice, can be got to Kenya, the better.

Not only African nationalists are made unhappy by slowness in settling Kenya's affairs. Lord Lytton described on Monday how he had written to fifty Kenyans of all races and shades of opinion asking for their points for the debate—and how, to his surprise, all had replied. Lord Lytton read out reply after reply, from black, white and Asian Kenyans, all asserting that the longer the delay between now and the next election the greater would be the loss of confidence in Kenya. It was unfortunate that in the same debate Lord Salisbury talked about "the primitive African" and "men who are still only one generation removed from a savage state." Phrases like this are read by Africans as further evidence of a British desire to hang on to Kenya as long as possible.

RAILWAY RE-ORGANISATION

Slow Coach?

THE Commons were told last week that Dr Beeching's plan for railway re-organisation may not reach the Government's hands until "a month or two after

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Christmas." Thereafter, to judge from the tone of Government spokesmen in the debate, it may be handled like a very hot potato. Mr Hay, deputising for his indisposed chief Mr Marples, did not exactly slow his pace to that of an old-style Parliamentary train; but his constant emphasis on consultation procedure made it fairly plain that he might well prefer some of the necessary pruning to be hidden under a bushel until after a general election.

Three points should be made. First, Dr Beeching himself is not a great believer in bushels. Secondly, although there are always loud protests before any proposed closure (especially so long as any local interests think they can baulk it), one fifth of the mileage of Britain's railway system has already been shut down since 1950 without any visible effect on Tory electoral fortunes in the areas concerned (and without most people elsewhere in the country even noticing it). One suspects that this is another of the familiar issues where the Government has much more to lose by fumbling than by firmness, particularly as protest strikes by the workers do not cost it votes.

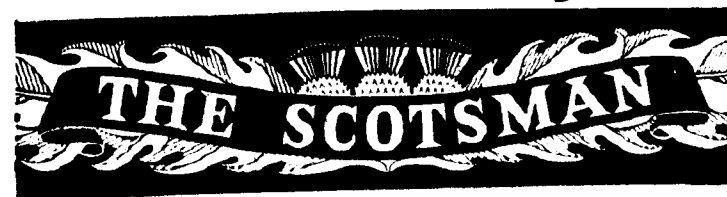
Thirdly, the backbench debate in the House was surprisingly an almost progressive one. True, Labour was moving an absurd amendment which viewed "with deep concern the proposed large-scale closure of railway workshops [even when there is no work for them to do?] and the withdrawal of unprofitable branch line services"; but the best points made from the Labour side were complaints, not against closures, but against the shabby little economies that are almost inevitable so long as an industry is still operating with a £150 million a year deficit—such as the pension of only 13s. 6d. a week for long-service engine drivers, and the fact that the Transport Commission is emulating the worst private landlords in not using improvements grants to put decent lavatories into railway-owned houses. From the Conservative backbenches, there was some surprisingly robust support for a new broom. Mr Geoffrey Wilson foresaw a great change in businessmen's attitudes to the railways when Dr Beeching implements his idea of having freight trains permanently made up of flat wagons into which large containers can be loaded, with the knowledge that the train will be leaving at a certain time and will arrive at a certain time, and that it will be travelling at 60 or 70 miles an hour; businessmen shy away from railway freight at present, he said, because we are "basing ourselves on the single railway truck, shunted from point to point, marshalled and remmarshalled and put into a train a dozen times in 150 miles, with the result that there is tremendous uncertainty of delivery in railway traffic." The Government would be well-advised to decide now to move right over and act as a spur instead of as a brake to Dr Beeching's changes; this will be one of next year's major tests of whether it wants to keep campaigning on the issue that it is the party that regards reform as its ally.

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Much-Wanted Men

N EARLY a hundred senior civil servants (£2,000 a year and upwards men) have been allowed during the past ten years to take jobs in industry within the statutory two years of leaving government service; 61 of them came from the Ministry of Aviation which has the closest commercial dealings with industry of any government department. This has given rise to some needling questions in Parliament. No one has yet asked how many service officers have won similar concessions; but a quick count shows that the five main aircraft companies employ eight air marshals among them, including a recent chief and vice-chief of the air staff, both working for the same company.

The rule that public servants should not take jobs within two years of retirement without special permission was laid down in 1937. The motive behind it—to see that when industry employed ex-public servants it did so for their special skills rather than their special connections—may seem as sound today as then. Industry, on its side, frequently insists on harsh service contracts to prevent senior executives from working for competitors; but industry generally pays more than the Government and compensates handsomely for this loss of freedom. The big change in the last twenty years is that few Government servants have the private means that they might have been expected to have in the 1930s; to ask an active and able man to kick his heels today for two years is to impose a very real hardship. This fact, combined with the shortage of skilled men in industry (and it is presumed that a man who reaches senior Government rank has above-average ability) tends to make more and more people feel that equity and the possible gain to the economy together outweigh the marginal risk that here and there a public servant might allow his integrity to be dented by the whiff of industry's golden carrot.

By odd coincidence, this same view is contained in a pamphlet on Science in Industry published by the Conservative Political Centre on Tuesday. Indeed the committee which drafted this report goes further. It wants a special scientific-cum-economic secretariat to advise the Government on the growing points of technology. To staff them, says the committee, "we attach great importance to the development of an interchange (in both directions) of personnel between the civil service, industry and the universities . . . we recognise the risk to civil service objectivity . . . we believe it to be a risk worth taking." Recent Government committees have suggested much the same kind of two-way traffic between government and industry without seeming to think that it would introduce abuses. Is there any evidence to show that the fairly modest drift from the top to date has produced any recognisable ones? Is it, perhaps, objectionable only because it always seems to be one-way?

Incentives for Dons?

I S there a better way of adjusting university teachers' salaries upwards than tying them, irrespective of merit or need, either to an inflationary escalator within the civil service (as the Association of University Teachers wants) or to the intermittent flat 3 per cent of a Treasury paymaster? The real pinch, and with it the thought of moving to industry or North America, comes when a don is in his middle or late thirties: even with ten years' experience behind him he may still be getting well under £1,500 a year, a derisory sum by commercial standards. To get a real boost in salary through promotion he faces another ten to fifteen years kicking his heels until some professor somewhere dies or is pensioned off. The emergence of good jobs in new universities and other institutions is beginning to break the log-jam, but the prospect of high mobility among dons following the main chance has started fears in the older civic universities that their teaching departments are going to be broken up for avoidably marginal financial reasons. The most sensible answer would seem to be to abolish the arbitrarily-fixed ratio of professorial to other appointments and make promotion (and salary) dependent on actual work.

Thus, in the United States, the first step is the non-pensionable post of assistant professor, usually attained after an apprenticeship of five years or more. To get permanent tenure and a pension the assistant professor has up to seven years more (and usually needs five) to qualify as an associate professor. This kind of incentive is completely lacking among English dons when they get their fellowship. Having got his foot firmly on the hierarchical ladder at the age of, say, 34 the American may then hope to reach a full professorship in another five to ten years, depending solely on the quality of his work and not on the number of empty shoes above him. Most Americans do work and do get this promotion. The slope of the salary scale from bottom academic posts to top in England is of the order of 1 to 3 (£900 to £2,700) although it is lower in Wales and steeper in Scotland. In the United States it is 1 to 2 (\$6,000 to \$12,000). The real difference is that the American system is manifestly a career open to talents; the British, all too often, is one of genteel subsistence—or downright luck.

ALGERIA

Cracking the Whip

A NATIONAL purge committee, with panels in every region, is to weed out slackers and bunglers from the Algerian civil service. The committee will be responsible to the political bureau alone. This new big brotherly power, assumed by the political bureau, was announced last Saturday, while Mr Khemisti, the Algerian foreign minister, was still in the throes of his five-day talks in Paris. He himself, at a Paris press conference, put his government's worries in a nutshell: "When decisions are made in Algiers they are not always carried out locally in a good spirit." Probably not. But feuds between Algeria's leaders were bound to confuse government servants' loyalties.

Whether the Gestapo approach is the best way of recreating a national esprit de corps is open to doubt. It is clearly the whip-lash way of Mr Mohamed Khider, the bureau's secretary general and big brain behind the government. The prime minister, Mr ben Bella, is believed to prefer gentler methods, such as might help heal the quarrels between Algeria's leaders and thus truly reconsolidate the FLN (National Liberation Front).

Attempts to establish the front as the country's single party have so far taken the limited form of suppression. The communist party has been outlawed, the UGTA (General Union of Algerian Workers) denied any separate political identity, the Federation of France not only dissolved (as is proper) but set up with a liaison committee to see that its former members toe the political bureau's line. The press is severely censored. This kind of political strait-jacketing might be all very well were the "single party" not divided, and the communists and any others who consider themselves ill used not free now to throw their weight behind the political bureau's critics within the FLN. The crack of the whip has anyhow made a disturbing accompaniment to Mr Khemisti's negotiations in Paris, though he himself earned respect there by his obviously sincere exposition of Algeria's intention to make co-operation work. It is interesting that he singled out the Sahara as the one sphere in Algeria where Franco-Algerian co-operation was "perfect."

JORDAN

The Party Spirit

ON the brighter side of the Arab political medal, Syria and Jordan are both thinking, rather sportingly, of reviving party politics. Parties have been banned in these countries for respectively six and five years. The Syrian government confirmed a fortnight ago that the parties would reconstitute themselves next year, and elections follow later. King Hussein, judiciously perhaps, has held out some hope for the parties only after carrying out elections (on November 24th) and finding the results to his liking. This was a great satisfaction, since by every account the elections were relatively free. The withdrawal of some of the candidates as a protest against the king's policy in Yemen did not lead, as was feared, to a large-scale boycott, although the Yemeni issue was hotly disputed during the electoral campaign.

What seems clear is that many Jordanians are doubtful of the king's foreign policy but have liked Mr Wasfi Tel's government for what it has done in improving the country's whole administration. A general trend

in the poll was to throw out conventional old-timers and put in young professional men. Mr Tel and his modern young ministers have all come back into office with only one new addition—a minister of development who once served in Mr Nabulsi's pro-Nasser government. If these elections are anything to go by, domestic issues in Jordan are beginning to outweigh foreign ones—a sign of political maturity that has perhaps encouraged the king to believe that political parties may safely be revived.

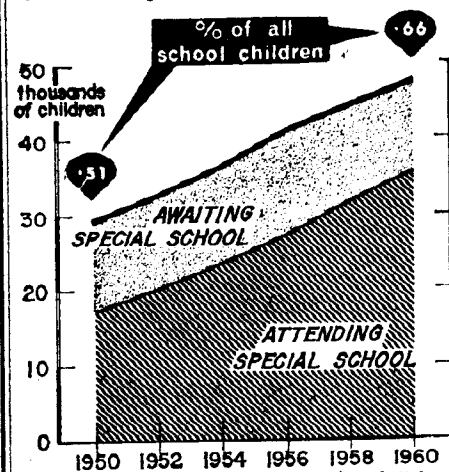
SOUTH ARABIA

Fuel for Cairo

BRITISH members of parliament who, a week ago, spent 48 hours exploring Yemen were taken aback by the virulence with which British policy was attacked by their host, Dr Abdur Rahman Baidani, the Yemeni vice-president. Dr Baidani, whose relationship to President Sallal is being compared with Nasser's to Neguib ten years ago, made charges ranging from the fantastical to the prosaic: from some sort of involvement with the alleged dispatch by Israel of Yemeni Jewish soldiers to fight on the royalist side, to transmitting Saudi messages through Aden and supplying the Jordanian air force with a map marked with military targets. But the charge to which Britain is most vulnerable is that British military equipment sent to the Emir of Beihan and to his father, the Sherif (who is minister of the interior in the South Arabian Federation), has been finding its way into the hands of the Yemeni royalists.

THE LOWER IQ

There has been a steady rise in the number of educationally subnormal children attending or awaiting entrance to Special Schools. This, however, according to the Ministry of Education's report "The Health of the School Child 1960 and 1961," does not necessarily reflect a growing number of really defective children—i.e., those with an intelligence quotient below 70. About a third of the special school pupils have an IQ above 70; the prevalence of IQs below 70 is around five per thousand school children.



NOTES OF THE WEEK

With this in mind, it can be questioned whether this was the time for Britain to announce the handing over of £1.5 million worth of military stores to the federation's army. Clearly it is up to the British to see that the new federal army takes over as smoothly as possible from the former Aden Protectorate Levies, whose British officers and other ranks are gradually being replaced by Arabs. The transfer does not actually affect events in Yemen in any way. But the announcement has been seized on by Cairo radio as evidence of Britain's hand-in-glove association with the ruler of Beihan.

If Britain could bring itself to recognise the republican government in Yemen, the transfer of stores to the federal army could be dismissed as routine. But recognition still hangs fire, on the argument that President Sallal depends too much on the Egyptians to be in effective control himself. Certainly once Egypt, Saudi Arabia and Jordan had weighed into the civil war, matters were partly taken out of Yemeni hands. However unwilling the Egyptians may be, for financial and security reasons, to leave their units for long in Yemen, their support is still decisive. The Imam's regular army took his overthrow as a signal to disperse to their villages, and the raggle-taggle national guard would probably not yet be an effective instrument to prevent any new foray by the loyalist (and Saudi-paid) tribes in the north.

But the fact that the republicans are leaning heavily on Egyptian help is not, by itself, a convincing reason to delay recognition. The United States, which also has not yet recognised the republicans, has been sounding out the Arab governments concerned in an effort to mediate. But Lebanon and Tunisia, which have also been trying their hands as peacemakers, make the point that a useful first step to peace would be recognition by the major powers. The alternative, both for the United States and for Britain, is bound to be their ready identification with the Imamate and with what it stood for.

TELEVISION FEES

Killing the Goose

AFTER its successful raid on the coffers of the independent television companies last winter, Equity, the actors' union, has turned its attention to the steam-radio-orientated scale of fees paid by the BBC. In quiet and intelligent negotiations, the union has pleased the BBC by recognising the different natures of the two operating systems, the relative poverty of the corporation (£20 million a year from licences as opposed to £90 million from advertising) and the comparative irrelevance, in the corporation's case, of networking and audience size. All that Equity is asking for is some less tenuous financial relationship between more prestigious BBC and more lucrative ITV work. Little has emerged publicly from the talks between the union and the corporation; but from the general tone of

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guarded comment it seems likely that an agreement, quite possibly mutually satisfactory, may soon be arrived at.

But the BBC has not only this—on this occasion—model union to deal with. The Variety Artists' Federation (which with much publicity first joined and then abandoned the actors' strike against ITV companies last winter) is negotiating separately for an improvement of the apparently penurious lot of the 50 or so of its 3,000 members who appear regularly on the television screen. They have been getting a minimum of £8 for each BBC appearance (although it is difficult to trace anyone actually paid at only this rate), and are demanding a fee near the £30 minimum paid by ITV for a national broadcast; they are threatening "trade union practices" if they do not get satisfaction at the hands of an arbitrator. BBC offers, first of £16 and later of £18 minima, have been rejected as ludicrous. The BBC's hope is presumably that the VAF—which is led, sometimes with considerable publicity, by Mr Jimmy Edwards—will eventually accept the terms offered to Equity, as it did after the ITV dispute. The VAF would not be in a very good position to refuse. The impression that the ITV companies have cut down on the number of artistes they use since they have had to pay more for them is denied by all sides; but it apparently has enough substance to have provoked Equity to a full-scale analysis of employment since the strike, with particular reference to the use of inexperienced actors at minimum fees as replacements for more expensive old troupers (which some critics may think to be no bad thing). Clearly, the variety artists, if they insist on separate and inflated claims, would have to speculate on whether the BBC's income problems might not tempt the corporation to economise.

EFTA

Touché

WHEN novels come to be written about the power struggle between the political statesmen who determined whether or not Britain would enter the common market, one supposes that the French will be cast as the villains. This particular thought is prompted by still another delicate French manoeuvre when the deputies of the Six met in Brussels last week. Just before the weekend the French delegation raised the question of Britain's convention with the European Free Trade Association, which requires a member country to give twelve months' notice before quitting the association. The French point is that, if Britain hopes to join the common market by January 1, 1964, then theoretically notice has to be given to Efta by the end of this year.

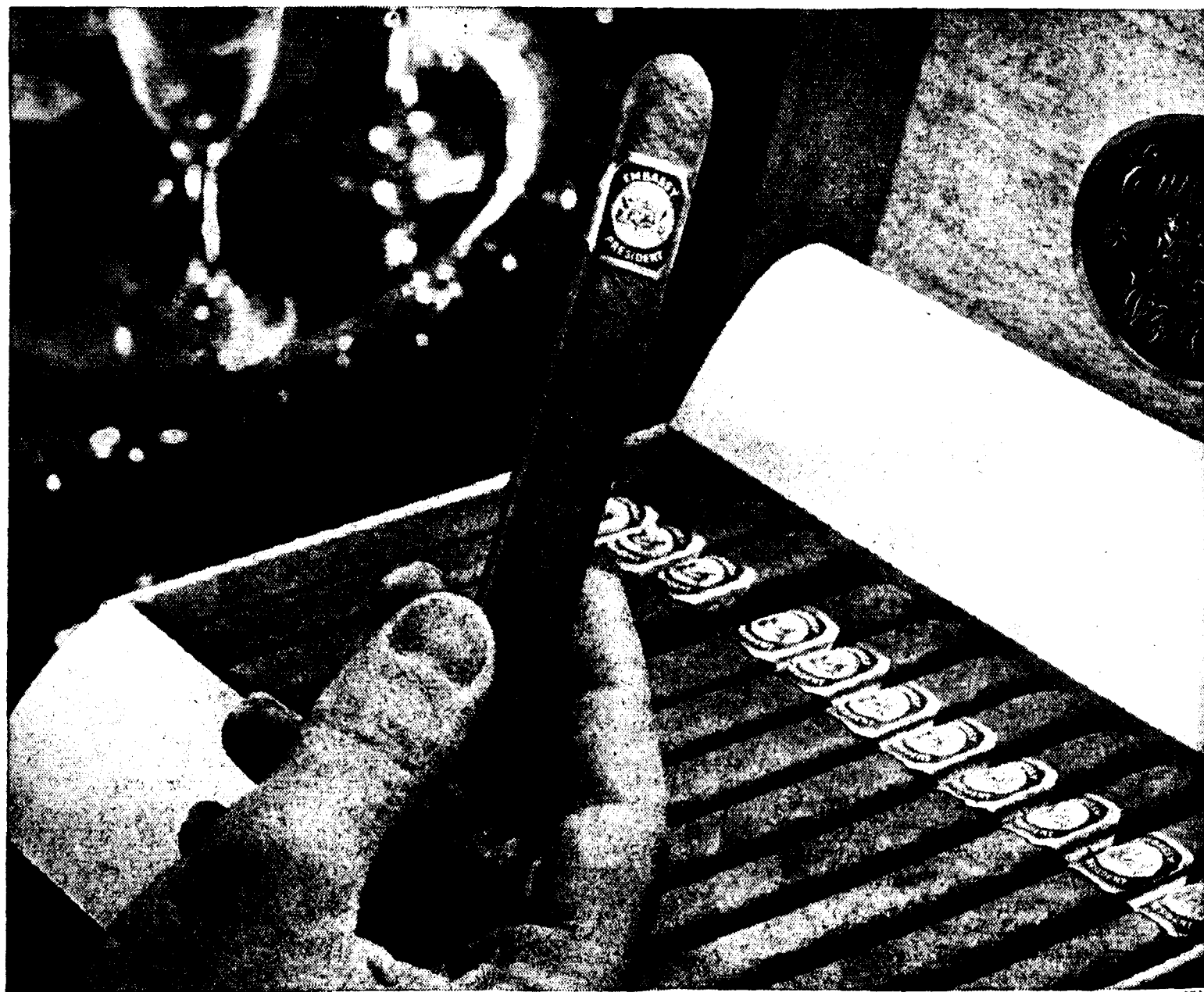
One says "theoretically," since the Efta ministers were somewhat vague in their joint statement in June, 1961, in London. They resolved on that occasion "to co-ordinate their actions and remain united

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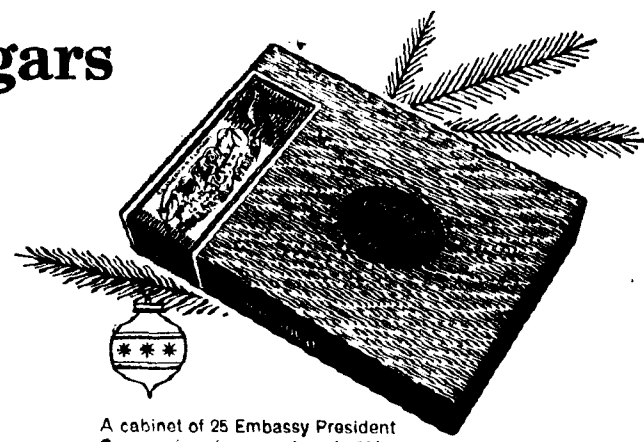
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throughout the negotiations"—until satisfactory arrangements had been made to meet the legitimate interests of all members. However, these legitimate interests are various. Britain, Norway and Denmark want full membership; Austria, Sweden and Switzerland, fighting shy of political entanglements, want a form of association; Portugal would like almost any kind of co-operative arrangement. Is Britain to negotiate for each special interest involved? Clearly not, if only because the other members of Efta want to argue their own cases.

All the Efta countries agree that Britain's negotiations with the Six must be concluded (successfully or otherwise) before any of theirs can be pressed to a finish. Until this happens Mr Heath can do no more than keep his colleagues in the Seven briefed on what is happening in Brussels, and get their approval for the order in which things are done. Unfortunately, the six ministers concluded on Wednesday that terms for association cannot be settled before British entry. In principle this would require Britain to adopt the common external tariff against these countries from the date of its accession. There is a hint of possible standstill arrangements to get round the difficulty.

The French have scored a good debating point. They can, if they wish, use the terms of the Efta convention to raise further doubts about the timing of Britain's entry into the common market. But it is too much to expect Britain publicly and humiliatingly to cut its links with the rest of the Seven before it knows what will happen to its own application; or to sign on the Six's dotted line before it knows what is to happen to the rest of Efta.

EUROPE

Don't Shoot the Pianist

LAST week's comment in *The Economist* (page 888) on Italy's position in the common market negotiations has been misunderstood in some parts of the Italian press. It was not an attack on Signor Colombo. His visit to London seemed as good an occasion as any to ask why Italy's weight has not been as obviously and as clearly felt in the Brussels negotiations as the British, among others, would wish. The answer does not lie in any lack of ability or goodwill on the part of the Italian minister of industry and commerce.

This week, when the six ministers have been thrashing out their own attitude on matters that closely affect Britain's chances of getting in, the strain at Brussels has been punishing. (What happened is described on page 1005.) The negotiating problem is indeed complex: the talks with Britain cannot get on unless the Six can agree, nor can they get on if, in order to agree, the Six settle on solutions that are too much for the British to swallow. The dilemma is the same for all the common market ministers, or at least for all those who are friendly to the British application. Of these, Signor

Colombo is undoubtedly one (as he showed, incidentally, this week in his energetic championship of the proposal to offer Britain a one-year moratorium in the dismantling of the agricultural deficiency payments). To say that he is caught in the same dilemma with the others is not to cast doubt on his personal qualities, which include clarity, intelligence, and not least valuable in this situation, an unquestioned reputation for having his heart in the Community.

It remains true that Italy's spectacular transformation into a modern country entitles the Italian government to more weight in European decisions than it is habitually accorded, or than it usually accords to itself. Some Italian self-assertion is probably essential if the common market team is to function in the way it set out to function—as a team.

SPAIN

Planners' Prelude

THE Spanish government has published the prelude to its impending long-term development plan. In effect, its "preliminary measures" decree is a deck-clearing exercise for action on the recommendations of the World Bank mission; the decree is discussed more fully on page 1046. Spanish economists have been powerfully impressed by the French formula for entrusting the strategy of development to a central planning commissariat, while leaving the tactics to private enterprise. The decree strengthens the planners' essential powers while seeking to stimulate business initiative at the same time. Official spokesmen in Madrid say that the government is trying not only to improve the competitive efficiency of the economy, but to reshape it in the way most likely to facilitate Spain's association with—and ultimate integration into—the European common market.

The various reactions in Madrid to the decree are of interest. Spanish and foreign business people in Madrid have welcomed the decree. Old-school falangists deplore this "further sell-out to foreign capitalism and liberalism"; but their influence is now negligible. Slightly more significant is the displeasure of the officials in charge of the workers' wing of the government-controlled *sindicato* (trade union) movement, who, only six weeks ago, published a statement urging massive wage increases, stricter price controls, and other measures that would strait-jacket, not liberalise, the economy. Sr Solis Ruiz, the Minister for the Movement (that is, in charge of falangist and *sindicato* affairs), has associated himself with this demand. Both in business and in church circles the suspicion is heard that he may be developing a demagogic line that will allow him, at the appropriate moment, to "fall to the left"—with a view, it is said, to re-emerging as a labour leader in whatever régime succeeds the present one. Whether the imputation is fair or not, his reaction to the "preliminary measures" decree is one pointer to an issue in future Spanish politics.

ART

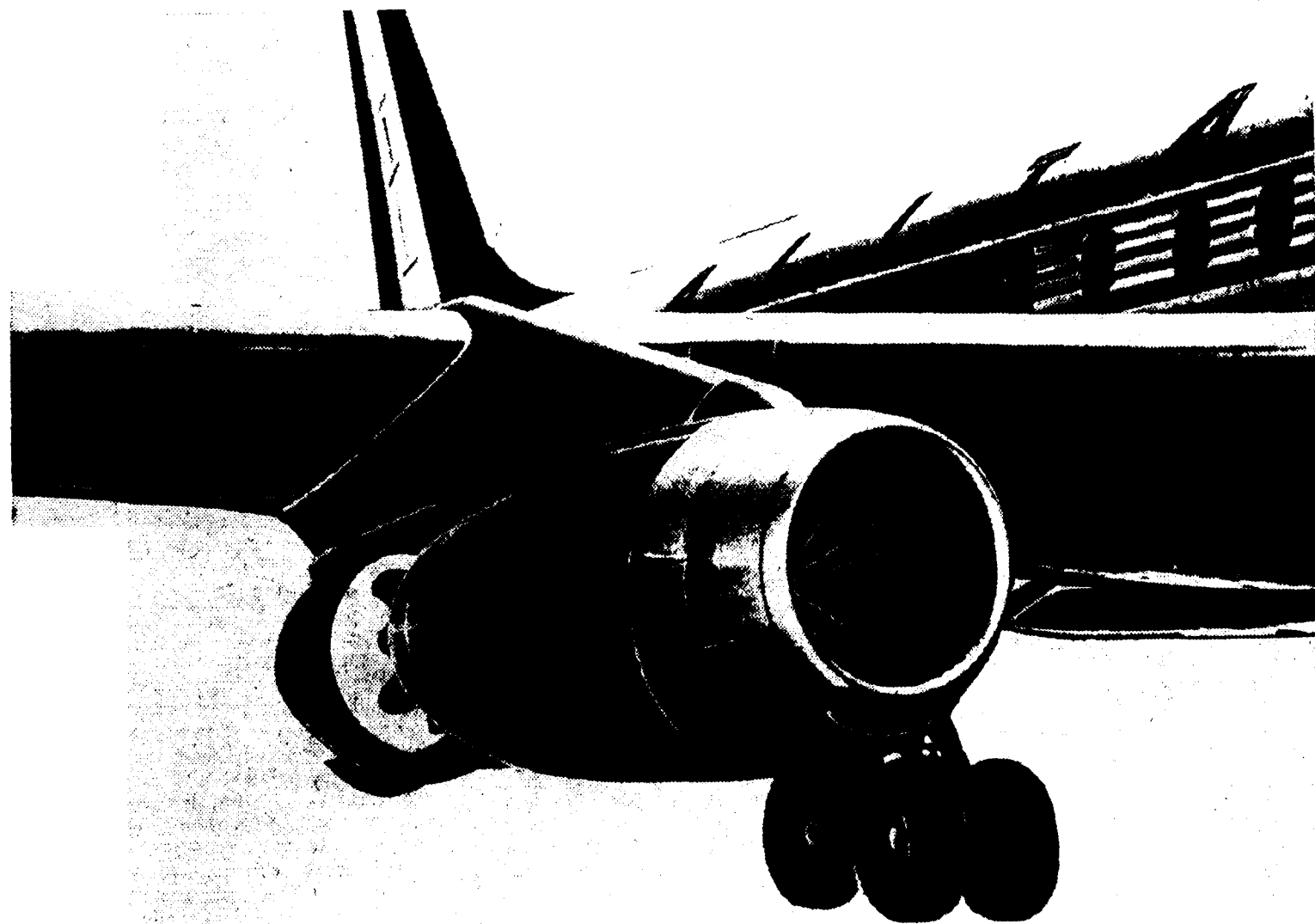
Colour As You Like It

IT may come as something of a shock to the innocent who hang a colour reproduction of an old master, in the belief that they have got something for £5 which is indistinguishable from the original £50,000, to see the exhibition next week at the London offices of the Consumers' Association. On view will be reproductions of 46 well-known paintings, ten of which are in London galleries. Of most of the paintings, there are at least two, and often four, different prints. Many of them differ violently in colour from the original and from each other; others have been savagely cropped to leave out part of the original painting, while at least one is bigger than the original.

Summarising the views of four art experts (names undisclosed) on these reproductions, the current issue of *Which?* gives top marks to the Ganymed reproductions, printed in the United Kingdom at about £3 10s. od. a print, a little dear but by no means the most expensive. Second place goes to Odhams with their Swiss prints sold by mail order at about 15s., which is well on the cheap side. Two popular beliefs are seemingly knocked for six, the one that the best colour printing is done outside this country and the other that quality depends on how much is spent on the process. For many of the fancier sides of the business, which usually add quite a bit to the cost, the experts have little good to say: they mostly disapproved of such gimmicks as surface-raising, overpainting to simulate brush strokes, the sticking of paper on canvas or the embossment of an imitation canvas pattern on cardboard.

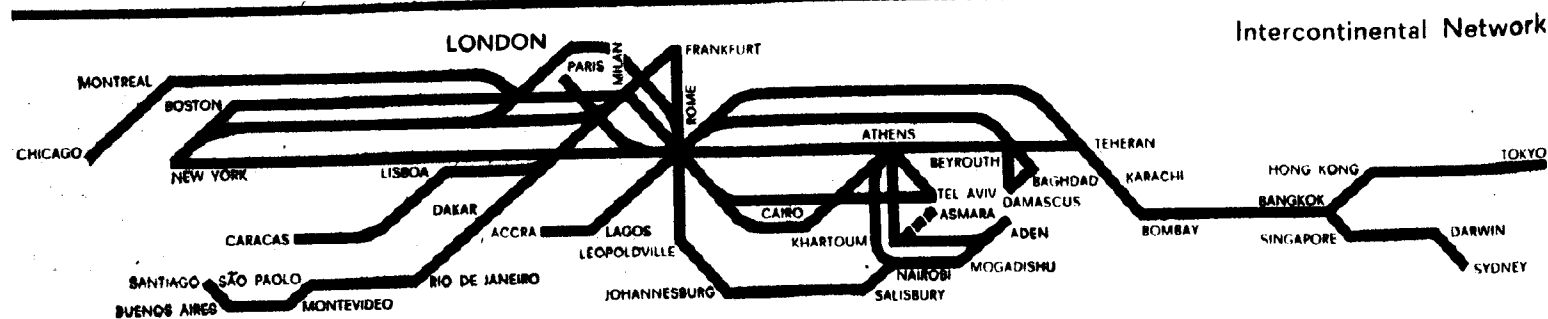
This little investigation is offered by *Which?* in a Christmas spirit and it certainly must not be taken as the last word on the subject. There are about thirty publishers and distributors in Britain selling colour reproductions and only twelve have been assessed in this "test," if it can be so glorified. Some works are much more easily reproduced than others. Water-colours and drawings are more successful than oils and Ganymed has built up its reputation on facsimiles of these, three examples of which are included in this show. Only three Odhams prints, out of its two dozen or so titles, have been judged. The shopper is not told whether one printing process is clearly better than another; apparently this did not emerge. Perhaps the majority of buyers of these prints have never seen the originals; perhaps they like the choice of the same Renoir in blue or pink. Does it matter so very much?

What the *Which?* exercise has done is to draw attention to some of the insensitive liberties taken in this reproduction work. If publicity should set a better standard, might framed reproductions return to fashion in the more sophisticated circles? And what could happen to parts of the art market then?



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THE WORLD OVERSEAS

Common Market Treadmill

FROM OUR BRUSSELS CORRESPONDENT

THIS week's discussions among the ministers of the Six on Britain's entry into the common market ended fairly quietly on Wednesday afternoon: the fireworks will come later. The Six made little progress in settling their internal dispute (outlined in *The Economist* of November 24th) on the agricultural finance regulation. Professor Hallstein's proposed compromise was coldly received, and they are all to think again. Hence they are not yet ready to discuss this with the British. But enough emerged on agriculture and on the European Free Trade Association (Efta) to make it possible for things to start moving again, after the uneasy pause of the last few weeks, when Mr Heath returns to Brussels on Monday. Indeed, if M. Spaak has his way, the negotiations should reach their grand finale early in the New Year, when the chairmanship of the Six passes to Belgium. His feeling that the British affair must be settled soon, one way or the other, reflects the general mood here, which is shared by everyone except that perennial dissident, France. Undoubtedly, M. Spaak's appeal for an *esprit communautaire*, which in this context means rallying to the opinions of the majority, was addressed to France. Whether it will have any effect remains to be seen.

On British domestic agriculture the Six's proposals remain substantially what they were: deficiency payments to end on entry, and the transition period to end by 1970, with two new modifications. These are that pigmeat and egg production should continue to be subsidised until 1970; and that the deficiency payment system, while abandoned in principle, should in fact continue, in accordance with the British Government's pledges, until the end of the present parliamentary mandate. Next week will show whether these two gestures are a substantial help to Mr Heath and Mr Soames. They do not appear to meet the British contention that the change should be gradual; indeed a standstill of perhaps a year would mean that the transition, when it came, would have to be accomplished within even shorter limits—though the British farmers would have had that much more time to prepare themselves for the change. Moreover the Six's nervous fear of deficiency payments implies also that they have not yet taken the point that, if phased out on the lines proposed by the British, these could disappear anyway within two or three years. Next week's discussions along these lines could lead to an acceptable compromise, or they could end in deadlock.

Regarding Efta, the Six point out that Britain should sufficiently clear up its commitments to its trading partners to be able to apply the community's common external tariff upon entry. The tariff would not, of course, be applied against any Efta country which the community itself had an agreement with. This might meet the case of Denmark, whose own negotiations with the Six are already well under way, and possibly that of Norway also, though Norway has not proceeded very far or very fast with its application for community membership. But it clearly presents difficulties with regard to Portugal (whose overseas "departments" make it a special case in everyone's eyes including its own) and the neutrals, Switzerland, Sweden and Austria. The Six have not yet even decided on the bases of future discussion with these three, and, given the habitual snail's pace of their negotiations, it is quite likely that the talks with the neutrals will not have got very far before the time comes for Britain to enter.

The neutrals, and Britain, no doubt each have their own ideas on how the dilemma should be resolved, but within the Six various suggestions have been made this week: that until the negotiations finish, the enlarged community might apply a special tariff; or that it might begin gradually to apply the common external tariff in the same way as to Commonwealth countries; or that in the meantime Britain should maintain the *status quo*, (that is, a 50 per cent customs reduction) with its Efta partners.

Discussions on this question form part of next week's agenda for the ministers. Already the French have stood out against any continuation of the Efta *status quo* beyond Britain's entry. The problem, they maintain, is Britain's own and the community should not be expected to solve it. On the other side, the neutrals may be unwilling to adopt any of the temporary expedients and may insist that they should share in the integrated European market from the same date, on the lines of the London declaration of June, 1961.

This has always been one of the most tricky problems of the negotiation, and one that sooner or later had to be faced—if one sets aside the earlier hopes that, if the negotiations had proceeded fairly quickly, Efta might have peacefully dissolved of itself, to everyone's mutual satisfaction. Given a little goodwill from all the interested parties, it should not be impossible to resolve it, among European countries whose interdependence is already geographically and commercially very real. The question is, will the goodwill be there?

No Road in Kashmir

FROM OUR CORRESPONDENT IN INDIA

THE Indo-Pakistani talks may conceivably ease the Kashmir dispute, but cannot hope to solve it and may very well peter out in complete failure. That is the feeling of most Indian commentators today. There is no sign that the Indian government is prepared to consider any concession which could satisfy Pakistan. It will be something of a small miracle if the talks start at all. The agreement to talk, joyfully launched on Thursday of last week, seemed to have been shot down in flames by Mr Nehru within twenty-four hours. His prepared statement to parliament, making plain that India could not contemplate "anything upsetting the present arrangements" in Kashmir, and his still stronger impromptu amplification of this seemed to make nonsense (the head of the Pakistan foreign office said "absolute nonsense") of any negotiations. Did Mr Nehru want to talk or didn't he? By Saturday, after some more frantic diplomacy by Mr Duncan Sandys, it appeared after all that he did. Despite a further speech on Sunday by the Indian home minister, reiterating the theme of "no further partition of the country," the Pakistani foreign office was soon urging a speedy start to the talks. The conspicuously quiet tone of Pakistani statements suggested that Rawalpindi saw prospects of some real gain.

But what gain, apart from the propaganda satisfaction of blaming India if the talks fail? Either Mr Nehru's statement in parliament

was pure bluff, preliminary to bargaining, or, as the *Times of India* said, "as of now there is absolutely no conceivable basis for negotiations." The reasons are twofold. At the diplomatic level, what can India gain from concessions over Kashmir? As New Delhi sees it, not much. At infinitely remote best, a joint defence pact. More possibly, a non-aggression pact. New Delhi regards neither as necessary, though they might be agreeable. Indians do not seriously believe that the Pakistanis will make a military attack on Kashmir. If nothing else, western pressure would surely be enough to prevent them. So a non-aggression pact would only make safer the removal of Indian troops from their positions facing the Pakistanis in Kashmir, which already seems reasonably safe and is now extensively under way. A joint defence pact seems inconceivable unless the Chinese appear likely to pounce on Pakistan. In that case, New Delhi argues, the Pakistanis will come running for a joint defence agreement anyway. Lesser gains such as a right of transit through East Pakistan for Indian troops and equipment would certainly be valuable if the Chinese renew their attack in the North East Frontier Agency (NEFA). But New Delhi does not really believe that this will happen.

Possible gains are therefore limited, and the one remaining possible gain, a settlement of the Kashmir dispute *per se*, does not rank high among Indian priorities. New Delhi likes to pretend that Kashmir is a settled issue, and so far as India is concerned actually feels so: Kashmir is part of India, period. No one is worried about Pakistan-held "Azad Kashmir": India would accept the present Indo-Pakistani ceasefire line as a definitive international line after a minimum of face-saving noises. But emotional attachment to the Kashmir valley as being Indian soil, built up by years of propaganda, is as strong today as ever and has been strengthened by resentment at unofficial Pakistani threats to grab it when India is being kept busy elsewhere. This, as always, is a spanner in the works of any proposed settlement. India has no real interests in the Kashmir valley in exactly the sense, but only in the sense, that Britain has no real interests in the Channel Islands. A settlement preventing Indian military movement from Srinagar would today make it more difficult to defend Ladakh (which, being Buddhist, would stay Indian in any settlement). But, short of the Kashmir valley going to Pakistan outright, which India will never accept, this difficulty could be overcome. The real difficulty is Indian national emotion, which the prime minister fully shares.

THE one remote hope of settlement is that much of the Indian emotion over Kashmir is essentially emotion against Pakistan. Autonomy for the valley would not be as hard to sell to Indian opinion as a transfer to Pakistan. But it could only be a distress sale, and there is no sign of anyone ready to promote it. Even the minority that knows (as the general public does not) that in any hypothetical plebiscite the Kashmir valley would vote for Islam, does not therefore feel that India must now seek the end of a quarrel which it has survived for fifteen years.

This is indeed the sad lesson of the Chinese attack: while it has brought out the essential unity of India, it has not demonstrated any essential unity of the sub-continent. If and when both countries found themselves under common attack, mere geography would make them cling together. But, on present evidence, there is little hope that this would last a moment longer than the threat that produced it. The unwitting cause of the trouble is India's large Moslem minority. Because of them India cannot afford to accept Jinnah's "two nation theory"—that Moslems are a nation as Moslems, and Hindus as Hindus. Even in the midst of his Chinese troubles, this thought remains as ever in Mr Nehru's mind as he ponders Kashmir; and the fear it arouses is not an idle one. But this means that India has to pretend that ideologically Pakistan is a myth. Pakistanis in their turn pretend that secular India is a fake. These feelings have deep roots. Unless India is to become

a Hindu state, or Pakistan a secular one, the conflict can be eradicated only when both countries manage to accept abroad a theory which they with equal truth deny at home. Six weeks of limited attack from China could not be expected to achieve anything so difficult.

Soviet Frontiers of Freedom

TWO events, in quick succession, have demonstrated both the progress made by artistic freedom in Russia, and its limits. Mr Khrushchev has apparently played a part in both, though in one he appeared as a benefactor and in the other as a villain. The first event was the publication last month of A. Solzhenitsyn's long short story on life in a stalinist concentration camp. The sixty-six pages in *Novy Mir* describing "One Day in the Life of Ivan Denisovich" are, in their moving sobriety, more damning than thousands of speeches. It is reported that Mr Khrushchev's blessing was needed to allow their publication. Yet, a few days later, on December 1st, Mr Khrushchev, parading as an arbiter of the arts, pronounced a public anathema on abstract painting, which is "alien to the Soviet people." Thus he delivered at least a temporary setback to the timid advance of modern art in Russia. (The Soviet leader asked rhetorically whether abstract paintings were not the work of a donkey's tail. His metaphor suggested an unexpected knowledge of the anecdotal side of western art. It seemed to refer to the famous hoax perpetrated by anti-impressionists, towards the end of the last century; they managed to get a picture, "painted" by a donkey's tail, accepted for exhibition. On second thoughts, however, Mr Khrushchev may not have known the background of his metaphor. Impressionists, after all, are now hailed as masters in Russia too.)

Concentration camps hold no mystery for millions of Soviet citizens. But in the Stalin era, the subject was only broached in whispers. In the last five years the existence of the camps and the fate of their innocent victims has been publicly admitted and condemned. Yet, never before in Russia has concentration camp life been described in such revealing detail. The hero of Mr Solzhenitsyn's story is an ordinary man who does not really know why he was deported. His fellow inmates are equally ordinary. The day described does not differ from the 3,653 other days of the ten-year sentence, including three leap years. The prosaic story achieves an epic tone because of its quiet compassion. In Russia, where literary projectiles are explosive, this tale from the camp of the dead is bound to have a tremendous impact.

No wonder that there was opposition to its publication and that Mr Khrushchev's permission was required. If the rumours coming from Moscow are to be believed, he not only gave his blessing, but devoted the bulk of his still secret speech before the central committee, on November 23rd, to a violent condemnation of the literary practices of Stalin's day and to a plea for greater freedom. It may, therefore, seem strange that a few days later he should have donned the mantle of a stalinist philistine.

The painting incident would be relatively trivial, were it not an example of how difficult it is to get rid of conditioned reflexes from the Stalin era. That Mr Khrushchev, with his background, should have Victorian tastes and a horror of abstract painting is neither surprising nor shocking. His views on art (like those of Zhdanov in Stalin's time) would be echoed approvingly in many a London club. It might, equally, be perfectly legitimate for communists to criticise abstract art on ideological grounds. But there are two major snags to Mr Khrushchev's behaviour. The first is that his position in the party hierarchy gives him a curious right to pose as an authority on art. He can tell painters how to paint in the same way that Stalin used to advise composers to put more tones into their scores. The second, and connected, snag is that

Mr Khrushchev is no ordinary onlooker. He is both the chief critic and the exclusive patron. The way in which his strictures are now being played up by the whole Soviet press suggests that they may be a signal for a halt in innovations in Soviet painting, music and possibly even in literature.

The attack on modern painting will not be unpopular. If Solzhenitsyn's story had been censored, it might have circulated from hand to hand. Young poets, like Yevtushenko or Voznesensky, can fill a hall. On the other hand, all Moscow correspondents seem to agree that wherever Russians have had an opportunity to look at modern paintings (for example, in Western exhibitions) their reaction, as a rule, has been similar to Mr Khrushchev's. It is principally among the young intellectuals that the new blow will be resented.

And yet the new setback is also a sign of the distance that has already been covered. In the Stalin era, during Zhdanov's reign over the arts, nobody would have dared to stage an exhibition of abstract art; if he had dared, he would have shared Ivan Denisovich's experiences in Siberia. Now, at the worst, the orthodox counter-attack will simply mean a delay. The most consoling conclusion after nearly a decade of battles over artistic freedom in Russia is that each time the authorities, frightened lest the trends should get out of control, fix new frontiers, these are more distant from the original Stalinist line than their predecessors. It was idle to expect that the Soviet bid for freedom would reach its destination in one go. The hopeful sign is that, amid advances and setbacks, the general direction is towards greater freedom. The movement may well carry Russia beyond Mr Khrushchev's expectations.

The Vatican Council's Start

BY OUR CORRESPONDENT

WHEN the Pope, in June, 1959, announced the calling of the twenty-first general council of the Roman Catholic Church, he made it plain that he looked to the Council to renew the inner life of the Catholic Church, bring it into relationship with the modern world, and remove the obstacles to a closer accord with other Christian churches. This weekend, on December 8th, the feast of the Immaculate Conception, the first session of the council comes to an end. How far have the Pope's hopes been fulfilled?

By any judgment progress has been remarkable. As soon as it opened two months ago, it was clear that the council was not made up of deferential bishops who would carry out the behests of a conservative-minded Curia. This second Vatican Council assembled in an atmosphere very different from that of the first. In 1870 the conservatism of Pius IX, reinforced by the obscurantism of

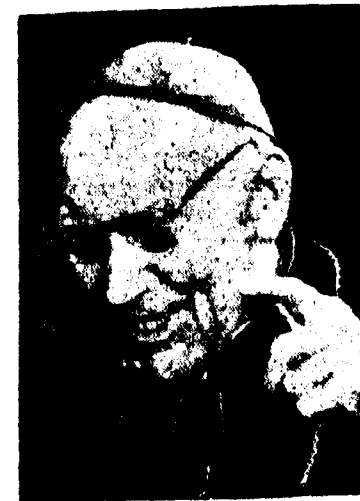


Cardinal Antonelli, his secretary of state, and the fanaticism of Cardinal Manning, set the gathering's prevailing tone. This time John XXIII's opening address firmly repudiated reaction, pessimism and those whom he termed "the prophets of gloom." Hailing the present freedom of the Roman Catholic Church in non-communist countries from the fetters of state establishment, the Pope proclaimed that today the message of the Church could only be delivered by using the forms of modern thought and the techniques of contemporary scholarship. Anathemas were out of date, and today "the Church prefers to make use of the medicine of mercy rather than that of severity."

Pope John, as Benjamin Jowett might well have remarked, is clearly a "capital fellow"; do his fellow bishops measure up to him? The answer came at once on the second day of the Council; the assembled fathers refused to be railroaded by the Curia into electing a list of nominees to the vital commissions which are to reduce the bishops' decisions to their final form, before they are presented for approval to the Pope. The voting was put off until they could fully discuss the matter among themselves. In the end, the bishops elected to the ten commissions came from 42 countries and fully represented the international character of the Church. The Pope followed this up by observing the same principle in his personal nominations to the commissions.

The Council fathers went on to debate the first "schemata," on the future of the liturgy. These debates are still secret but as with private meetings of British political parties, information about what has gone on somehow gets around. Evidently the reformers carried the day. Italianate devotions are on the way out; simplicity is in: the mass is to have its proper position as the centre of all liturgical devotion, and much of it is to be said in the vernacular. Latin has had its day. As the Patriarch of Antioch, Alexandria, Jerusalem and All the East is reported to have remarked, "Christ, after all, talked in the language of contemporaries." The use of the vernacular will no longer need direct authorisation from Rome but will be left to the bishops.

So far so good, but the real test came with the discussion on the second "schemata," on the sources of revelation. This paper, drafted by a group of predominantly conservative theologians under the redoubtable leadership of Cardinal Ottaviani, head of the Holy Office, who has passed all his 72 years within a stone's throw of the Vatican, outraged not only the northern liberals but the great majority of the Council as well. Its rigid distinction between the tradition of the Church and the Scriptures as sources of revelation would, they feared, drive Catholics and Protestants farther apart. Its distrust of contemporary biblical scholarship made nonsense of the Pope's championship of the scientific approach. In a sharp debate, the name of Galileo, which is bandied about more often at meetings of the Protestant Truth Society than in the august setting of St. Peter's, echoed through the nave. The draft was defeated by 1,300 votes to 800, but the minority, taking advantage



Eminence grise—Cardinal Bea



Eminence noire—Cardinal Ottaviani

of the two-thirds majority rule required for reference back, insisted on continuing the discussion; this dismayed the majority, who felt that unfair use was being made of procedural rules to impose a rejected view. At this point the Pope, exercising his final authority, intervened to announce that the "schemata" would be redrafted by a special commission headed jointly by Cardinal Ottaviani and Cardinal Bea, the head of the Secretariat for Christian Unity. It is reported that Cardinal Bea's services had earlier been rejected by the theological commission. A very different draft will undoubtedly be brought forward as a new basis for discussion.

This debate was followed with keen interest by the forty non-Catholic observers, who expressed their frank surprise and delight at the freedom of discussion in what they had always regarded as a monolith. The observers have also expressed their appreciation at receiving the same documentation as the council fathers. They have even been invited to do something that good manners might otherwise have inhibited them from—namely, express their views on the things they find most distasteful in the Catholic Church. Clearly a wind of change is blowing in the Vatican.

Unfortunately it has not fully penetrated the Vatican press office. This is presided over by Archbishop Felici, who recently announced thankfully that he had never been farther north than Milan. Some of his press releases have raised journalistic eyebrows. One release contained fifteen condemnations, which might be considered pretty good going, and another contained the following not untypical sentence: "this Deposit of Faith does not appear as an inert collection of dust-catching backfiles but rather as a continual spring." The press conferences have been happier; one given by Monsignor Cardinale, a high official of the Curia, on the subject of Church and State, was highly praised. For officials of the Secretariat of State to give any press conference is in itself revolutionary.

As expected there have been clashes between liberals and conservatives at the council. One dramatic highlight came when Cardinal Alfrink, who was in the chair, cut short Cardinal Ottaviani when the latter exceeded his allotted time; the council fathers broke into spontaneous applause. Doubtless this owed something to a slender appetite for other people's Latin, but it had a symbolic significance, since the desire for reform shown by the bishops of the centre has been a surprising and unsuspected feature of the council. The pace has been set by the great reforming prelates of the north, but the centre has been sympathetic. The English bishops so far have not played any prominent part, but their weight, such as it is, has been cast on the side of the *status quo*.

The conclusion of this week's discussion of the draft on the nature and government of the Church has had to be held over until the

council reassembles next September. The postponement is important because it will give an opportunity for substantial redrafting of "schemata" which in the present temper of the council might well be unacceptable.

The council has had its disappointments, particularly that the Greek Orthodox representatives stayed away, although surprisingly the Russians came. The Pope's illness has been a worry. Secular Rome has undoubtedly taken to the fathers. Italian radio and television paid them the tribute this week of a performance of Beethoven's Ninth (Choral) Symphony in St Paul's Outside the Walls, the sister basilica of St Peter's. The second Vatican Council has made a more liberal, and decidedly more interesting, start than most people expected.

Bonn's Wobbling Pillars

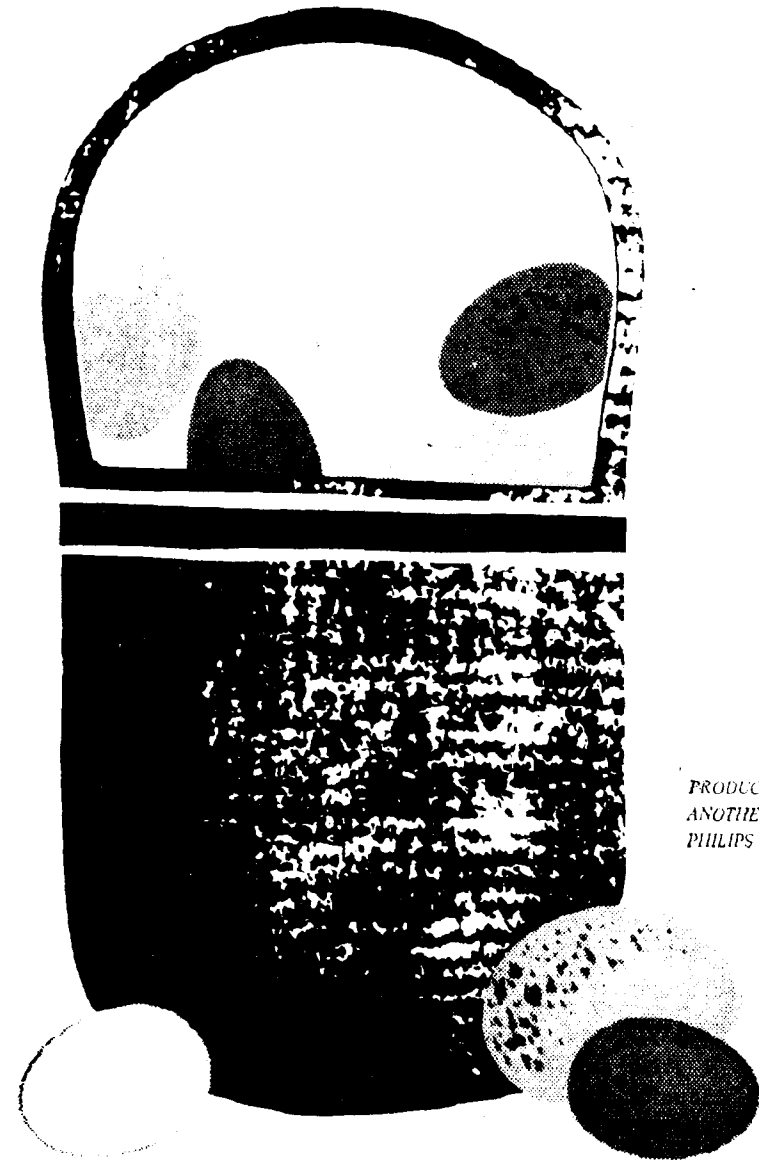
FROM OUR BONN CORRESPONDENT

THE stir in German public life caused by the gradual, yet quite visible, decline of Dr Adenauer's thirteen-year-old authority developed this week into something like a commotion. Both collectively and individually, the deputies of all three parties represented in the Bundestag are now openly jockeying for what seem likely to be the most advantageous positions when the Chancellor goes. That great solitary, Dr Adenauer himself, is still pertinaciously manoeuvring to delay his exit as long as possible.

The Free Democrats are perhaps the unhappiest group in the general scrimmage. Pitting a mere sixty against 439, they have glimpsed the horrific prospect of their exasperated coalition partners, the Christian Democrats, doing a deal with the Social Democrats that might well beget a new electoral law which might do away with proportional representation in parliament. Such a change would be a mortal blow to the Free Democratic party, none of whose candidates were directly voted to the Bundestag in the general election of September 17, 1961.

It was from that day, when a majority of the west German electorate voted against him, that Dr Adenauer's authority began inexorably to wane. It then took him some three months to get his coalition government into harness. The team has since seldom pulled harmoniously together, and in consequence much of its promised legislation is in arrears. The ministerial blunders exposed to the public gaze after the legal action launched against the magazine *Der Spiegel* on October 26th revealed something of the extent of the estrangement between the coalition partners—an estrangement widened since by the Free Democrats' insistence upon Herr Strauss leaving not only the defence ministry but also the cabinet altogether. Herr Strauss complied on Friday, November 30th. On the preceding Wednesday the Free Democrats had refused to meet him at Dr Adenauer's dinner table. For the host and his party friends this it seems was the last straw.

And so, accustomed as they have grown to the spectacle of politicians eating proud words, the west German public were startled to read in their newspapers on Tuesday morning that Dr Adenauer and a majority of his Christian Democrats were ready to invite their long-despised opponents, the Social Democrats, to share the honours and responsibilities of governing the country. Was this just a familiar stratagem, intended to sober their obstreperous coalition partners intoxicated by Herr Strauss's blood? For once, apparently not. Had Dr Adenauer, then, ceased to hold the dire opinion that should the Social Democrats come to power in Germany it would be time for all decent citizens to emigrate? Apparently he had. The Social Democrats announced that they had actually received an invitation to talk, and that the supplementary details were promising enough to warrant further investigation. The committee which they set up to examine the Christian



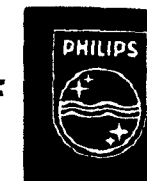
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Democrats' offer included Herr Ollenhauer (the party chairman), Herr Brandt (the party's alternative to Dr Adenauer in the 1961 election), Herr Wehner (the vice-chairman and former communist who once filled Dr Adenauer with thoughts of emigration) and Herr Erler (the party's solid specialist on defence questions). The Free Democrats, who had been building coalition castles in the air over the weekend, felt they had been outrageously duped. Within a few hours they, too, were putting out feelers to the Social Democrats, protesting simultaneously against any tampering with the existing electoral law.

Dr Adenauer's placid government reshuffle had burst into a bewildering free-for-all in which the play of national, party and individual interests was inextricably joined. The west German radio stations that talk especially to east Germany did their best to explain the confusion to possible doubters. Rias (Berlin) told its listeners not to worry. This was not a state crisis, it was a government crisis. And in a democratic state the essential pillars did not collapse when the government changed.

The Christian Democrats admitted that their leaders' decision to open negotiations with the opposition had been hotly contested among them; and the Social Democrat leaders admit that, in responding, they likewise were acting against the wishes of "a substantial minority." The Socialist rank and file especially were dismayed by their leaders' turnabout. It meant, apparently, that they were ready after all to serve under Dr Adenauer. To the pure in heart this revocation was too high a price to pay, even for nine of the twenty-one ministerial portfolios, which, it had been suggested, should be theirs. But to Herr Wehner, who had represented the Social Democrats in the preliminary exchanges, the Christian Democrats' offer presented a useful opportunity to bring pressure to bear upon Dr Adenauer's regime from within.

Christian Democratic misgivings about Dr Adenauer's surprising move derive in part from Herr Wehner's reputation as a Marxist student of power, and one whose heart has long been sick for want of wielding it. When Dr Adenauer gathered on Wednesday that the Social Democrats were toying with the idea of imposing a time-limit on his chancellorship as part of the bargain, he abruptly cancelled the arrangements that had been made for a second meeting of the coalition negotiators on Thursday morning. Herr Ollenhauer promptly despatched a conciliatory letter to the Chancellor, maintaining that there had been a misunderstanding. Dr Adenauer relented and agreed to a meeting on Thursday evening. A little colour had come back into the Free Democrats' cheeks. After all, Dr Adenauer was still negotiating with them too.

Regions for Italy

FROM OUR ROME CORRESPONDENT

WHEN the Italian Socialists agreed to support (without joining) Signor Fanfani's government as a step towards fuller collaboration in the future, they made two conditions. The government must nationalise electricity and set up the self-governing regions into which, in theory, the constitution divides the Italian Republic. The first part of this pact has been honoured. The bill to nationalise power has been passed and takes effect on January 1st. Now the government, after a sharp tussle between Signor Fanfani and the Christian Democrat moderates, has presented four bills on the formation of the autonomous regions. Another bill to regulate regional elections is also before the Chamber. The government has not made clear how much of this regional legislation it intends to push through before this Parliament dies next spring. The time factor is important. The Communists and Signor Nenni's obstreperous left wing are trying to prove that the government's slow-

ness amounts to a default on its pledge. The conservative opponents of the regions (that is, the Liberal party, the Monarchists, the neo-fascists and a Christian Democrat minority which probably would not vote against the party line) hope that if they can retard things in Parliament the regional laws will not pass before the elections.

Signor Fanfani would certainly like to see all the regional laws passed this session, but he knows that this is a lot to ask of his party. His proudest adversary, Signor Scelba, and the moderates, some of whom are in his government, are using the regional issue as a lever in the struggle for power—more personal than ideological—inside the party. They have small chance of ousting Signor Fanfani, still less of putting a centre right government in place of his centre left coalition. But this does not make their opposition less bitter or less dangerous. A government crisis was narrowly avoided the other week and Signor Fanfani has had to make room for another moderate, Signor Carlo Russo, in his cabinet.

The regions have become a test case for the centre left. The Social Democrats and the Republicans are pledged to promote them. Signor La Malfa, the (Republican party) minister directly responsible for their promotion, considers that they are the spring-board for his economic development plan. He is thinking as much of industrial as of bureaucratic decentralisation. It is this economic aspect of the regions that has turned the Liberal party against them, made it deny its own doctrine and led it to misquote one of its most venerated leaders, the late Luigi Einaudi, who wanted to give Italy regional governments with wider powers than those proposed by this government. In fact Einaudi was such an ardent regionalist that he wished to abolish the prefects as unnecessary agents of the central administration. Signor Fanfani has no intention of going that far.

FOR obvious historical and natural reasons the idea of regional autonomy has been a recurrent theme in Italian politics since the unification. Cavour and Minghetti toyed with it but, after Cavour's death, it was feared that the new state was too weak to risk decentralisation. At that time only two per cent of the population habitually spoke Italian. Later the idea was revived by the Popular party and became part of its doctrine. At the end of World War II all the anti-fascist parties were regionalist and the Radicals (Action Party) even wanted to make Italy a federal state. Sicily was then in the throes of separatist agitation and received a statute of self-government before the Constituent Assembly had devised the constitution of the republic.

Anti-regionalists often point to Sicily as an example of the dangers of regionalism. Constitutional conflicts between Rome and Palermo are fairly common and many aspects of Sicilian regional politics are unedifying. Signor La Malfa's answer is that Sicily is an example of the sort of region this government does not want to set up. It has primary legislative powers whereas the new regions will only be able to legislate on local matters in the framework of national laws. They will not levy their own taxes or dispose freely of money assigned to them by the central government, nor will they be free to set up new offices and appoint new personnel. The government project is essentially a transfer of money (£180 million) and staff (8,000 employees) from the state to the regions.

The constitution of 1948 divided Italy into five special or frontier regions and fourteen ordinary regions. Four of the frontier regions received their statutes immediately. The fifth, Venezia Friuli, was set up this year. The fourteen ordinary regions have existed only in name. The urge to set them up now is partly due to the economic "miracle" which has emphasized the need to correct the unbalance between the different parts of the country. Regional planning, incidentally, is also a development of the common market ethos, as witness M. Marjolin's ideas which were discussed in

EXPAND with Coseley Buildings...and save

Rome last week-end. Politically, the regions have become a practical possibility as a result of the "opening to the left." So long as the Socialists were closely tied to the Communists there was a real danger that the two central regions, Tuscany and Emilia, might form a "red belt" dividing Italy in two. This danger hardly exists today. When the Christian Democrat party recently asked the Socialists to give a formal pledge that they would not form regional juntas with the Communists, Signor Nenni replied by proposing a pact between the four centre left parties to act together at every level—municipal, provincial, regional and national—for the duration of the next Parliament. The five year pact has not been signed but substantial agreement is implicit in the government's promotion of the regional bills. If they are passed by this Parliament the centre left should look forward to a long innings and Italy to a period of stable government.

Australian Tariff Policy Rift

FROM A CORRESPONDENT IN MELBOURNE

AUSTRALIANS, as everyone knows are upside down. They are preparing for the fight for new export markets by doubling the protection given to home industry—a protection that had already made it unnecessary to keep Australian costs in line with world costs. This is the basic truth that underlies the announcement on November 7th of the resignation of Sir Leslie Melville, chairman of the Australian tariff board.

Sir Leslie, an experienced administrator and economist, came to the tariff board from the Australian National University, of which he had been vice-chancellor. In theory the board, established under an act of 1921, is an independent body, whose advice (published as a report after a public inquiry) the government is not bound to accept but must at least obtain before making any change in the tariff. The principles governing its recommendations are rather vague, but it is supposed to have a regard not only for the damage caused by competing imports, but also for "economic and efficient" production. Although its special care is for import industries, it does not grant protection in advance of their establishment, and in order to qualify for protection they should be, in the words of the 1957 trade agreement between Australia and Britain, "reasonably assured of sound opportunities for success".

These principles might allow of a wide variety of interpretation, but in theory at least that interpretation was the board's own. In practice there was for many years a remarkable harmony between the board and the department of trade, not unconnected with the facts that Sir Leslie's predecessor, Dr Westerman, was an official of the department (he has now returned to it as its permanent head) and that the tariff board draws its staff from the department.

Sir Leslie disliked this close link and wanted the tariff board to have its own establishment—and a larger one, too, in order to speed up its work. But his efforts to strengthen its independent status foundered on the results of the general election of December, 1961. The government, having discovered that even some of its old friends, the manufacturers, had voted against it, immediately set out to placate them for all it was worth. Not only did it go into full retreat from the credit squeeze; it also obliged with extra protection against competing imports. It could not just restore the import quotas whose removal in February 1960, in boom conditions, started the run on the reserves which later was dealt with so drastically. To do that would have meant too much loss of face. But it is increasing tariff protection, and even quantitative restrictions will shortly make a furtive reappearance by the back door.

The government's first action was to empower the deputy chairmen of the tariff board to grant temporary, emergency increases in

duties to suffering industries. But the deputy chairmen were too much in line with normal tariff board policy to satisfy the manufacturers, who now had the whip hand and knew it. So the government appointed a single individual, the recently retired head of the department of customs, Sir Frank Meare, and gave him the grand, collective-sounding title of "The Special Advisory Authority." Unprejudiced by an expert investigation of applicants' circumstances and undistracted by wider considerations of the national interest, Sir Frank can recommend emergency tariff increases as he pleases, and can even put quantitative restrictions on imports if he thinks that a duty will not be protection enough. After three months, any changes so made are reviewed by the tariff board; but as Sir Leslie Melville pointed out in a protesting letter to the minister for trade, Mr McEwen, to reverse a decision once made causes manufacturers to feel aggrieved, and justifiably so, since business planning in such circumstances is impossible.

What is most disturbing about all this, however, is neither the difficulties of business men nor the personal position of the tariff board's chairman. The effective power of the tariff board has been eroded, and if Sir Leslie is succeeded, as he probably will be, by a tame department of trade man, the board will simply be another instrument of the government, and the tariff-making might just as well be done by the department of trade directly.

The worst of it is that special advisory authority is a device for dishing out protection to all and sundry, and the last remaining scruples about "efficient and economic" production are being swept away. Naturally there has been a rush by manufacturers to secure additional protection, whether they really need it or not, while the going is so good.

IN Australia, because of this nation's peculiar philosophy about employment, protection, once given, is especially difficult to withdraw. Not only must there be a job for everyone, but nobody must ever find himself obliged to change his job, still less to move to another place in search of work. There can therefore be no question of allowing uneconomic and uncompetitive industries to die a natural death and their work force to be absorbed by up-and-coming enterprises that could do something for the country's economic future. They must be propped up by subsidies and import duties at the expense of the taxpayer and consumer.

The consumer in Australia is happily unconscious of any connection between subsidies and import duties, and the high prices he pays in the shops. Quite the contrary, he is inclined to complain that goods are imported that can be made just as well domestically. By the same token, hardly anyone in Australia understood what the government was trying to do with its credit squeeze in 1960-61, which was regarded as a senseless blow at Australian prosperity. So the government, bowing to public feeling, has reinflated the economy to the point where unemployment is again below 2 per cent of the work force. Now only the bad effects of the old policy remain—the loss of production and the unused capacity, the shaken confidence, the fear of panic measures suddenly imposed and suddenly withdrawn.

The good results, by contrast, are being lost, or were never given time to show themselves. The unions have never drawn in their horns and still ask for more. Prices will soon begin to climb again, as wages and demand rise, and as competing imports are excluded. Manufacturers can turn back to a prosperous home market after only a brief and uncomfortable glance at overseas markets. A run of four deficit months in foreign trade has just been broken. But unless famine or war should give a boost to the export prices of primary products, another balance of payments crisis may be looming up even before the government has expunged from the mind of the electorate the memories of the last crisis and its painful aftermath.

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.

Nuclear Arms Found Wanting

WASHINGTON, DC

THE defence budget which President Kennedy will recommend to the new Congress next month may give a clue to the fate of Skybolt, the missile which it is hoped to fire from an aircraft as a Polaris missile is fired from a submarine and the one with which Britain is vitally concerned. The amount of money that it is proposed to spend on the research and development of a new weapon generally indicates how it is coming along. Developing Skybolt is going to cost nearly \$500 million, instead of the \$170 million estimated originally, and it has had five failures in recent tests. The United States Air Force wants Skybolt persevered with, and so no doubt does Mr Macmillan. But many people, discouraged by its succession of launching failures, think that Skybolt's future is dark. Congress will be asked to vote more money for Dyna-Soar, an aircraft whose pilot will, it is claimed, be able to take it in and out of orbit; and also for Zeus, which its backers hope will prove to be an effective anti-anti-missile. Another \$50 million already allocated to the proposed "reconnaissance strike" bomber RS-70 raises the cost of developing this monster to \$1.5 billion so far.

These experiments continue partly because of the political and military lobbies which sustain them but also because there is now an inclination to turn back (while there is still time) from fully automated, push-button war in which, once the basic decisions were made, computers would take over. The Cuban crisis may encourage this trend, just as it has helped to confirm the American belief that Russia's nuclear inferiority makes it more, and not less, urgent for the West to have conventional weapons. It is argued that western nuclear superiority may block Russian attempts at nuclear blackmail but that this will be done clumsily and dangerously without strong conventional military forces. The American hope is that Mr Khrushchev's setback in Cuba gives the West time to chew over the event and to apply its lessons to Europe's military affairs.

Like the rest of the world, the two superpowers are still living in the age of the bomber and this age promises to have a more lengthy twilight than expected. Intercontinental missiles are still relatively rare. America's long-range jet bombers will continue to fly well into the nineteen-seventies. Both the United States and Russia continue to rely on aircraft to carry most of their nuclear warheads and there is an evident disposition to keep those aircraft as far as possible out of harm's way in a crisis, until they may be actually needed. During the Cuban crisis B-52s and older B-47s on training flights joined with the Navy to maintain a watch on the 2,000 ships that were in the Atlantic Ocean area. But most of the force of B-52s was kept airborne, over a period of four weeks, to ensure that it would not be destroyed on the ground.

Strategic bombers were moved out of bases in Florida to make room for tactical fighters, reconnaissance and troop-carrier aircraft. Navy and marine aircraft flew more than 6 million miles from October 22nd until November 20th when the quarantine of Cuba

was lifted and the Atlantic fleet had 183 ships, including eight aircraft-carriers, patrolling more than 2,000 miles of ocean. The fleet's anti-submarine force is still on the prowl and will continue to be so until December 20th, according to present plans, in order to find and photograph Soviet ships leaving Cuban ports with Russian bombers aboard. But almost 200,000 men and 1,400 aircraft have now returned to normal duties from their Cuban preoccupations.

It is against this background of recent events that the Department of Defence is preparing its annual budget. Congress will probably be asked to appropriate at least \$2 billion more for defence for the fiscal year which begins next summer. If Congress agrees, servicemen will get more pay, the Army will get more aircraft, the Navy will get new ships and civilians may get more bomb shelters. Some time after he delivers his Budget Message, Mr Kennedy will have to submit one or more supplemental appropriations for the current fiscal year that ends next June to cover the cost of the Cuban operation. But for the ensuing fiscal year, to which the Budget Message will apply, it is hoped to suggest some economies, as well as some additional expenditures. In this way the defence budget may be kept from going quite as high as \$53 billion; \$50.3 million was appropriated last year.

This \$53 billion ceiling may be too low. Much will depend on what happens in Asia and in and around Berlin. It is expected that more than \$1.5 billion will be asked for higher pay and allowances for servicemen. This is less than was recommended by a committee which studied how to keep men with technical skills from leaving the services for jobs in industry. In addition, the Secretary of Defence, Mr McNamara, formally yielded last week to political pressure against his plans for an immediate reduction of the National Guard and the army reserves from 700,000 to 640,000 men. The number will be reduced more slowly by imposing higher physical, mental and training standards. The aim is to have a compact reserve establishment more closely designed to supplement the active Army and to correct the defects exposed during last year's call-up over Berlin. Eight less effective reserve divisions will become brigades while six others will be given much higher priority for men and equipment and the rest strengthened moderately. Of the eight thousand small detachments of reserves scattered all over the country over a thousand are to be reshaped and over seven hundred dropped altogether.

THE pattern of spending seems to indicate fairly well the policy that the Department of Defence is pursuing. There has been an increase of 45 per cent in America's conventional forces, with 16 instead of 11 army divisions ready for combat and with more mobility, more airlift and more tactical air support. The United States Army has 5,650 aircraft and helicopters for use on the battlefield (compared with 16,000 for the Air Force) and is to get more. More money is also to be requested for research and development of the new fighter, the TFX, which will fly at two and a half times the speed of sound and which is to be used by both the Air Force and the Navy. The Navy still needs new destroyers, to replace the large numbers which were built during the Second World War and which are all reaching obsolescence at about the same time.

Since 1961 spending on long-range missiles, mainly solid-fuel ones like the Minuteman and the Polaris, has doubled but it is not likely to go on rising at this rate, though technological progress

can always be counted on to create a clamour for expensive adaptations and improvements. The generation of solid-fuel, long-range missiles that is now being placed in "hardened" underground sites in the United States and in American nuclear-powered submarines is expected to endure for years. By 1965 it is calculated that the American lead in those weapons will have increased considerably. Americans hope that Mr Khrushchev will decide that he cannot now catch up with the United States in strategic military strength. In order to do so, failing such tricky short cuts as his Cuban venture, he would, it is estimated, have to maintain his spending at twice what the United States is now spending on arms. The state of the Russian economy is regarded as a barrier to Soviet military effort of this order.

Nevertheless, it has to be assumed that the time will come eventually when both sides will have many solid-fuel missiles placed in hardened sites. Mr McNamara has declared that this will constitute a more stable balance of terror than that which exists now. He did not go quite so far as to say that the strategic nuclear weapons of the two sides would then apparently cancel each other out. He said that, with a more stable balance of terror, there might be nuclear exchanges which would be confined to military targets. But many Americans are sceptical of this "no cities" doctrine. It ignores certain facts such as that many military targets are near or even in cities and that missiles fired from submarines under water cannot, as yet, be aimed very accurately. Moreover, it has been pointed out that even if a "no cities" strategy were adopted by both sides and even if there were bomb shelters for all city-dwellers, the cost of using strategic nuclear weapons would still be at least twenty million American dead.

In the light of Cuba, most Americans hope that Russia would not run the risk of the nuclear attack on the Soviet Union which, it is said officially, might be the American response to a massive invasion of western Europe by the Russians even if they were armed only with conventional weapons. But Mr McNamara has said that an American nuclear response to mere Soviet "pressure" is "incredible." Many Americans, including knowledgeable military officers, are dubious about a tactical nuclear response to a Soviet military probe. They think that, once tactical nuclear weapons were used, the fighting would escalate into total general war. Therefore there is some demand for the pulling back of these weapons from front-line units in Europe.

The stories in *Der Spiegel* about alleged inadequacies in the west German military forces have induced some dismal American thoughts about the probable brevity of the "pause" that would ensue, theoretically, before western tactical nuclear weapons were employed during any clash between the Soviet and western conventional forces in Europe. Mr McNamara has noted that even the 25 per cent increase in the strength of the North Atlantic Treaty Organisation has not provided the "conventional option" that he would like the West to have in Europe. In Paris next week the Americans will again attempt to persuade the other Nato countries to help to provide this "conventional option."

Stevenson Unaligned?

EARLY winter seems to be a particularly stormy season for Mr Adlai Stevenson. It is then that his work as United States Ambassador to the United Nations reaches its annual peak with the General Assembly. And it is then that the rumours that the President would prefer someone else to be doing that work reach their peak as well. Last year they centred round the suggestion that Mr Stevenson might be sent back to Illinois to try for a Senate seat. This year they centre round the appointment of Mr John McCloy, an experienced international negotiator, to assist Mr Stevenson at the height of the Cuban crisis and to bargain with the Russians on the details of the subsequent settlement.

It would seem fairly obvious both that Mr Stevenson needed help with this extra burden and also that it was desirable to associate an authoritative Republican like Mr McCloy with the negotiations. But the rumours have now hit the headlines with an article in the *Saturday Evening Post* by two well-known journalists who have close personal links with the White House. They maintain that Mr Stevenson was opposed to the military blockade of Cuba and that he wanted to deal with the Russian missiles there by political negotiation only. The authors suggest that he might have been prepared to bargain over bases in Turkey and in Europe. They even go so far as to mention the dirty word "Munich."

Mr Stevenson has castigated the article as a classic "example of irresponsible journalism" and the President has declared his complete confidence in his Ambassador. But Mr Kennedy did not jump to Mr Stevenson's side quite as quickly as he might have done and few people doubt that Mr Stevenson had at least initial hesitations about the Administration's toughness on Cuba. Yet it is just this imaginative, high-minded flexibility which makes Mr Stevenson so valuable to Mr Kennedy as a reassurance not only to those Democrats who distrust the President's pragmatic approach but also to the representatives of African and other non-aligned countries at the United Nations. Mr Stevenson does not make policy (although he is a member of the Cabinet) and once it is made he presents it brilliantly and loyally—as he demonstrated when he put the American case on Cuba to the United Nations.

Learning a Living

ONE of the most intractable labour problems in the United States has been the persistently high level of long-term unemployment. The number of Americans out of work for six months or more rose tenfold between 1953 and 1961 to more than 800,000; nor has the moderate recovery in economic activity this year made much of a dent. The hard core of the long-term unemployed—largely Negroes, women, young people and other unskilled workers—represents the human backwash left by rapidly changing markets and technology. Chronic unemployment in the textile towns of New England and the mining areas of Minnesota and the Appalachian states has been supplemented by the emergence of pools of unemployable labour in places like Detroit and Pittsburgh, a result of the replacement of semi-skilled workers by machines. And officials of the Department of Labour estimate that a million production workers in manufacturing will be displaced by mechanisation each year over the coming decade.

So it is good news that the Administration's programmes for teaching jobless workers new skills under the Area Redevelopment Act (ARA) and the Manpower Development and Training Act (MDTA) have made a fast start. More than 14,000 workers in depressed areas across the country have enrolled in or completed courses in the training projects created under the ARA in 1961. The more ambitious MDTA—designed to retrain 400,000 people and give limited on-the-job training to 250,000 more by 1965—is barely three months old, yet 279 projects involving some 10,600 workers have already been approved under it.

These statistics, however, mask formidable difficulties in the recruitment and placement of trainees. Far too many of the long-term unemployed are either too apathetic or too poorly educated to be drawn into the new programmes. In a West Virginia project 1,015 jobless workers were notified to appear for aptitude tests; only 640 showed up and of these only 240 passed. It is estimated that half of that state's unemployed cannot be retrained because of deficiencies in basic reading and arithmetical skills. This position is not atypical and it has spurred the Administration's plans to ask Congress for new legislation to provide more training for school



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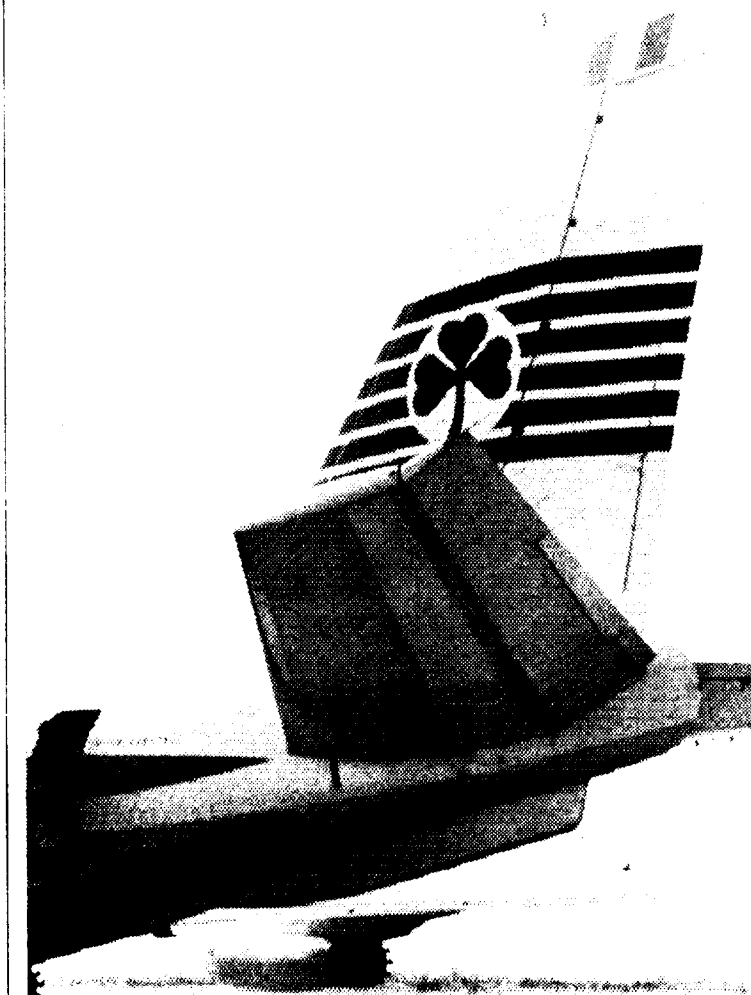


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drop-outs and other poorly-educated youngsters. Difficulties in placing retrained workers have been less serious. To a large extent the shortfalls which have occurred have reflected the fact that there are simply not now enough jobs to go around in the economy. The welcome improvement in the unemployment figures registered in October was reversed last month: 5.8 per cent of the labour force is again out of work. And until current efforts to generate more jobs through accelerated outlays on public works and other measures begin to take effect, the task of placing newly-trained workers in many areas is likely to remain thankless.



Fly Like a Bird

THE biggest contract for fighter aircraft to be placed since the war has just been carried off by the General Dynamics Corporation, in association with the Grumman Aircraft Engineering Corporation, after nearly two years of hard-fought competition and weeks of excited speculation in the stock market. The contract is for the TFX (Tactical Fighter Experimental), now to be renamed F111, a revolutionary supersonic aircraft for both the Air Force and—with some modifications to adapt it to life on an aircraft carrier—for the Navy. This bagging of two birds with one design is expected to save about \$1 billion. The radical new feature of the TFX is its retractable wings. Held straight out, they enable it to take off and land at slow speeds on short runways on shore or afloat; tucked in, either partially or entirely, they will reduce the "shock-wave drag" encountered at supersonic speeds and enable the aircraft to fly at over twice the speed of sound at high altitudes. The idea of varying the sweep of the wings is not new but the pivot for the outer portion of the wings, which made the idea practical, was only worked out in 1959 after studying British experiments.

The award of the contract was greeted with cheers at Grumman's plants on Long Island, New York, a state which complains that it has not received its fair share of defence contracts, and with even greater enthusiasm at Fort Worth, Texas, where General Dynamics recently produced its last B-58 bomber. The firm is Texas's largest employer; last year it lost \$143 million on its operations as a whole. At the Boeing Company, the runner-up whose designs are said by some to have been superior, the news was received with dazed stoicism. Production of the TFX at the Boeing plant in Wichita, Kansas, would have prevented the plant from closing as production of bombers finished and taken the edge off middle-western complaints of neglect by the Defence Department, but Boeing itself is not hard up for work. In any case over half of the prime contract will be farmed out to other firms.

The experimental models now being ordered will bring in nearly \$1 billion, but if the government goes on to order, say, 1,500 operational models over the next five years or so the contract may be worth over \$5 billion. Experience of the movable wing in military service is also a key factor in designing a supersonic passenger aircraft. (This is discussed further on page 1039.) Whether or not there is any justification for nicknaming the TFX the LBJ—for the Vice President, Mr Lyndon Baines Johnson—his state of Texas has real cause to rejoice. The Department of Defence insists, however, that the contract went to General Dynamics because its proposals were best designed to satisfy the needs of both services.

A Governor's Lot

IT is now a month since the elections but voters in Massachusetts and Maine cannot be absolutely sure whom they elected as Governor until recounts are completed. It is not expected, however, that either Mr Peabody, the Democratic newcomer to politics who defeated Governor Volpe of Massachusetts, or the incumbent Republican Governor of Maine will have their victories snatched from them. Just this week the last Senate contest was decided—giving the Democrats 67 and the Republicans 33—when South Dakota finally plumped for Mr McGovern, the former director of Food for Peace. A Republican, Mr Chafee, has just seized the Governorship of Rhode Island from a Democratic incumbent by 389 votes. But in Minnesota the decision that the Republican incumbent, Mr Andersen, has retained the Governorship by just over a hundred votes is being challenged. Mr Rolvaag, the Democratic-Farmer-Labour candidate, is demanding a full recount even though his party will have to pay \$100,000 for it if it confirms Mr Andersen's lead.

If it does, the Republicans will have won seven Governorships and lost six, a much poorer showing than had been expected, even though three of the states which they won were big and important ones: Pennsylvania, Ohio and Michigan. Given no upsets, there are now 33 Democratic Governors and 17 Republican ones. What has also attracted attention is the hard row which incumbents now have to hoe, whether they are Democrats or Republicans. Ten of them were defeated and only in four small states was a Governor re-elected with an increased majority. A courageous record in office may hurt, not help. The political mortality of Governors is, indeed, greater than that of holders of any other major office.

The main reason is clear. Unlike Senators and Representatives in far-off Washington, Governors cannot side-step controversial bread-and-butter issues; whatever they do is bound to affect some group of voters with long and unforgiving memories. A Governor is usually punished—as Mr DiSalle was in Ohio—if he cannot meet the soaring costs of education and welfare without raising taxes. Often his term is only for two years, sometimes he cannot succeed himself, his powers are frequently restricted and his salary exceeded by that of other officials in the state. It is not surprising that Governors—once the prime source of presidential timber—are often mediocre or that they envy Senators with their six-year terms, large rewards and relative remoteness from deeply-felt local issues. Few Governors are, however, as lucky as Mr Mechem of New Mexico, a Republican who was defeated last month. The Governor had the power, which the Democratic Legislature tried unsuccessfully to end, to appoint a successor to Senator Chavez, a Democrat who died recently with two more years of his term to run. Mr Mechem has resigned in favour of his deputy, who has dutifully appointed the ex-Governor to the Senate, thus giving him a new lease of political life.

Mr Zeckendorf's Troika

FROM A CORRESPONDENT IN NEW YORK

A YEAR has now passed since Mr William Zeckendorf, the archetype of the free-wheeling American promoter of land development projects, reached to the City of London for roughly \$18 million in sorely-needed new capital to keep his ailing company, Webb & Knapp, Inc., afloat. This spectacular transaction made it possible to arrange conventional bank financing of another \$25 million. Thus Webb & Knapp was able, at one swoop, to eliminate \$40 million of short-term debt on which interest was being paid at rates of up to 20 per cent. To be sure, a stiff salvage fee was exacted. Mr Zeckendorf's partners in London—principally

Philip Hill, Higginson, Erlangers, Ltd., and the Second Covent Garden Property Company, Ltd.—demanded and obtained half of Webb & Knapp's interest in ten of its choicest properties and also a virtual power of veto over the ebullient Mr Zeckendorf's future dealings. But at long last Webb & Knapp seemed to be in a position to bring its multitudinous schemes for urban re-development to fruition.

But in fact things have not gone as smoothly as either Mr Zeckendorf or the Philip Hill group might have wished. In the first place the Zeckendorf Property Corporation which took title to the thirteen properties which were handed over, and which is controlled in approximately equal proportions by Webb & Knapp and Philip Hill (with a small minority holding by the Aluminium Company of America), failed in an attempt to sell 200,000 shares to the public. Another attempt will presumably be made when the stock market has recovered sufficiently since the Bank of England sanctioned the Philip Hill participation on the understanding that a public market would be created "as soon as possible" in Zeckendorf Property shares.

In the second place it is clear that the capital requirements of these projects have been underestimated, even by Mr Zeckendorf himself. Thus, within the last few weeks, both Zeckendorf Property and its nominal parent, Webb & Knapp, have been forced to solve their need for cash by trading existing holdings for ready money. ZPC sold five housing developments for middle-income families to the Alcoa Urban Development Corporation, 90 per cent of which is owned by the Aluminium Company and 10 per cent by ZPC. Alcoa contributed \$10 million in cash to finish the projects and ZPC received a 10½-year note for \$25.6 million. For its part, Webb & Knapp established yet another liaison with the City of London by selling a one-third interest in New York's Savoy Hilton Hotel to Mr Max Rayne's London Merchant Securities Ltd. He, too, was able to exact his ransom; for though he has but

one-third of the equity, he now has equal voting power with Webb & Knapp in the corporation controlling the hotel.

Of the two deals, that with Alcoa is by far the more significant. It marks the emergence of Alcoa as a force of the first order in American property development: the company is now involved, generally playing a minor part, in eleven urban building projects that are expected eventually to cost \$1 billion. Alcoa Urban Development passed long ago beyond the initial conception of a device to promote sales of aluminium building products; it is now involved in property investment for its own sake or rather for the sake of the tax-sheltered income which such investment provides in the United States. Alcoa Urban Development will be consolidated on its parent company's tax return; its substantial charges for depreciation will be deductible against the 52 per cent rate of corporate taxation, while any profits on property sales will be taxed at the low 25 per cent rate charged on capital gains.

But the understanding between ZPC and Alcoa is far broader than appears on the surface. Alcoa Urban Development has the option to acquire, at cost, any or all of the eight remaining ZPC projects. The clear intention is that the parent company, Alcoa, with its apparently endless stock of cash and credit will take over each project as it nears completion and thus provide funds for those in earlier stages of construction. Moreover, between October and November of 1972, under the terms of yet another option, Alcoa has the right to exchange its entire holding in Alcoa Urban Development for 1.1 million ordinary shares of ZPC. If this option were exercised, as it appears reasonable to assume it will be, it would have the effect of putting Alcoa in a three-cornered partnership with Webb & Knapp and the Philip Hill group. It would also seem to assure that Webb & Knapp may eventually be able to distribute dividend-paying ZPC shares to its own ordinary stockholders as the first tangible evidence of return that they have had in the twenty-five long years of Mr Zeckendorf's hegemony.

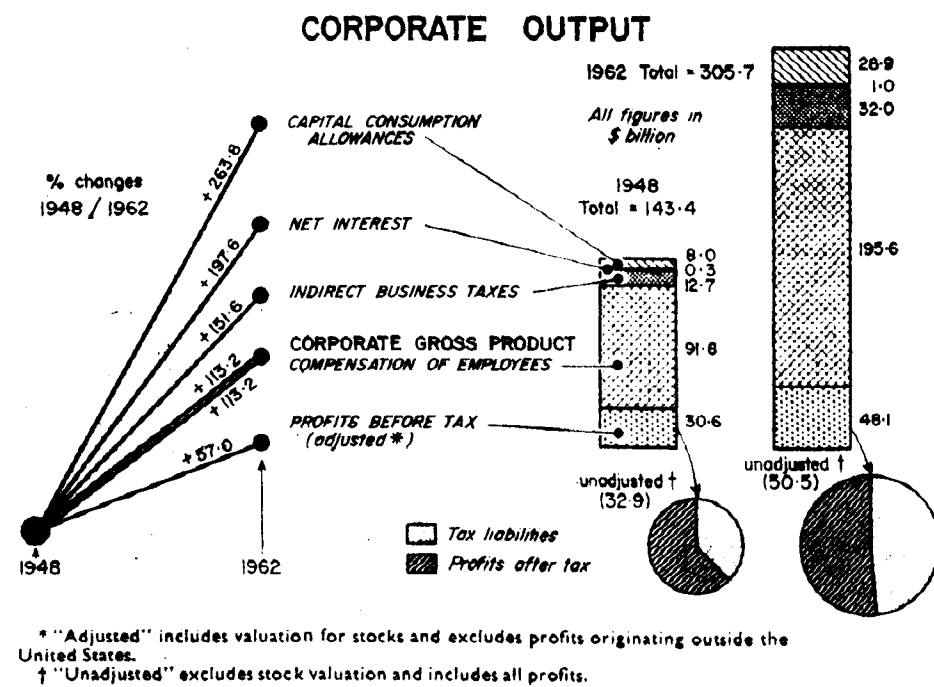
Postwar Profits

ONE thing emerges clearly from the Department of Commerce's new estimates of the gross output of corporations since 1948 (*Survey of Current Business*, November, 1962): the profit squeeze has been a reality, particularly between 1951 and 1957 when profits went up hardly at all. Since 1948 corporate output has more than doubled while profits have risen by less than three-fifths before direct taxes on them are paid and by only one-fourth when allowance is made for these tax liabilities; then total profits in 1962 were only \$25.9 billion compared with \$20.5 billion in 1948.

Something else which emerges clearly from the analysis is that the blame cannot be attached to increases in labour costs—wages, salaries and "fringe benefits"—which have gone up at exactly the same rate as corporate output and which have accounted for an almost constant 64 per cent of total corporate product throughout the post-war period. Businessmen argue, however, that this proportion ought to have fallen because of the large sums spent on labour-saving equipment.

These heavy outlays on expensive capital goods, leading to big increases in depreciation allowances and also to faster write-offs for tax purposes, are one reason why profits have lagged in recent years. Another is that since 1957 this additional capacity has not been used to the full. But

a third reason for the lag is the rise in indirect levies on business, chiefly taxes on property and on sales; these are paid mainly to state and local governments and their increase reflects the increased demands made on these governments by a growing economy.



THE TOWER BLOCK OF SHELL CENTRE

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While the need to trade property for cash has obviously robbed Philip Hill's American venture of some of its sheen, it has done little to alter Mr Zeckendorf's own long-range effort to rationalise his far-flung empire into a troika-like organisation of three corporations—Webb & Knapp, Zeckendorf Property and, finally, another Webb & Knapp subsidiary, Gulf States Land & Industries Inc.—each with a distinct part to play. Mr Zeckendorf owns over 35 per cent of Webb & Knapp's 32.5 million ordinary shares and that company, in turn, is the fulcrum of his control elsewhere, in Webb & Knapp (Canada) Ltd., for example, with its elegant Place Ville Marie development in Montreal. But the financial strain of urban redevelopment on a national scale—with each project requiring years while existing buildings are pulled down, financing negotiated, new buildings put up and finally rented—has proved too much for Webb & Knapp, given the maze of other alliances and entanglements facing the company. Hence, the decision was taken at the time of the Philip Hill financing to transfer all of Webb & Knapp's major construction ventures to Zeckendorf Property.

This had the effect of separating Webb & Knapp, which needs a large pool of unencumbered cash for the in-and-out property deals so dear to the Zeckendorf heart, from the quite disparate redevelopment schemes, where huge sums of money are committed over a long term in the hope of generating recurring income at the end. There are indications that most of the remaining Webb & Knapp properties are on the block as well and that the company may emerge as a holding operation, maintaining extreme liquidity in order to capitalise on short-term opportunities as they arise. For example, in the six months ending on September 30th Webb & Knapp made almost \$13 million in trading profits. These more than offset \$7.7 million in operating losses which were produced, in fact, by the Zeckendorf Hotels Corp.; this company operates—but does not own—seven New York City hotels.

At the same time, Gulf States Land is the receptacle for a grab bag of other promotional schemes outside the property field which Mr Zeckendorf has been unable to resist over the years. Inevitably, this company is also involved in property development in Louisiana and in New York, but these undertakings are only incidental to the company's long run potentialities which are bound up in three very un-Zeckendorf areas—steel, copper and oil. Gulf States owns rights to an immense pile of copper slag in Arizona that, theoretically at least, contains enough low-grade ore to make its exploitation commercially feasible. It owns all the common stock of the Chemetals Corporation, which claims to have a revolutionary process for the large-scale recovery of copper powder from both ore and scrap. Additionally, Gulf States has oil and gas rights, in Louisiana and the West Indies, which are gradually beginning to produce an income.

Fascinating as the speculative possibilities in Gulf States may

be, the company does not hold the ultimate key to profitability for Webb & Knapp. This still depends on real estate and on the undeniable genius of Mr William Zeckendorf for buying property low and selling it high. And if Webb & Knapp can escape from its multiple misadventures—in hotels, in amusement parks and, to some extent, in shopping centres—without suffering irreparable financial damage, it may indeed fulfil the typically grandiose Zeckendorf boast that "if we can solve our problems, we'll be one of the greatest companies in the world."

Railways in Line

FROM A CORRESPONDENT IN CHICAGO

LAST week the federal Court of Appeals in Chicago ruled that the railway companies have the right, under the Railway Labour Act, to introduce without further delay the changes in work rules which have been under negotiation for three years and which the trade unions still refuse to accept. The men involved are those who actually run the trains and the changes are designed to eliminate unnecessary jobs of various kinds—the requirement that diesel engines should carry firemen, for example—and to save the railways at least half-a-million dollars a year. Unless some further means of legal delay is devised by the unions, the companies now intend to go ahead, the men intend to strike and the President, it is presumed, intends to appoint yet another fact-finding board which would keep the railways running for another two months while it prepares yet another report which can hardly fail to agree that the changes are justified. Then presumably will come an attempt to submit the whole matter to binding arbitration, with Congress perhaps making this compulsory.

This and other recent efforts to eliminate featherbedding on the railways have all been opposed by a united front of the 23 railway trade unions in mortal fear of technological unemployment. This has brought in response a united front of the 105 railway companies whose lines interlock across the continent and most of which are in mortal fear of bankruptcy. In the past the three regional railway conferences—the eastern, the western and the midwestern—tended to go their separate ways in spite of their common problems. As a result almost always the men had the initiative. But now the carriers have set up in Chicago, the railway centre of the country, a National Railway Labour Conference, which will mean that, for the first time, management will be bargaining on an industry-wide and permanent basis. Obviously, the unions will be forced to follow suit and, because the federal government is always a party to collective bargaining in this industry, Big Labour, Big Industry and Big Government will all become bigger.

The conference, something new for America, will be a continuing organisation with its own secretariat of lawyers, statisticians and public relations men, a mighty propaganda forum whose announced objective is to plan strategy years ahead and thus to seize the initiative from the unions. It will not only co-ordinate labour policies but pile up statistics and slogans in an effort to anticipate and to circumvent union moves. This, however, may not necessarily always be against the welfare of the workers. Circumscribed as the railways are by a multitude of federal and state laws, any plans to rationalize the industry will have to provide cushions and carrots galore in the form of schemes to ease the pain of being sacked. The emergence of industry-wide bargaining might also be to the benefit of the unions if the result is a uniformity which automatically upgrades substandard contracts and hastens the settlement of disputes. Labour's immediate reaction, however, was that this was part of an attempt to create a "railroad monopoly" and to speed up the mergers which many railways regard as a form of salvation.

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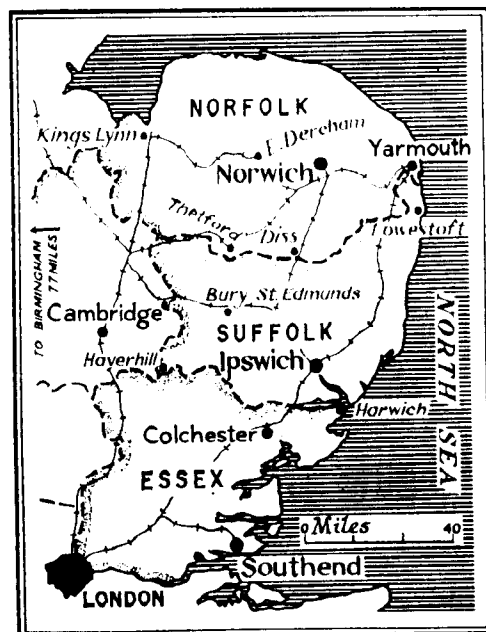
FROM A CORRESPONDENT IN NORWICH

NORFOLK and Suffolk together cover more than two-and-a-quarter million acres, but their joint population is only just over one million—less than that of Birmingham alone. Almost ignored by the industrial revolution, they seem to their frequenters—and to the more conservative of their residents—to have borne a charmed life. It is only in summer, when Midlanders on holiday descend on the East Coast and the Broads, that the native East Anglian is reminded of the teeming industrial and urban population at all. By the end of September sugar beet lorries have replaced the motor coaches on the roads, and life returns to its norm.

It is, however, being borne in upon East Anglia that the cathedral city of Norwich is only 112 miles from the Great Wen, and that the latest industrial revolution is catching up with the countryside. Sooner or later, the drift of population from the north to the south-east will lap over the charmed border, or (even more certainly) the overspill from London will come welling up out of Essex into Suffolk and thereafter into Norfolk. Already King's Lynn and Thetford, in west Norfolk, and Bury St. Edmunds and Haverhill, in west Suffolk, have welcomed London overspill for the sake of the industrial prospects it offers. Now the prosperous port and engineering town of Ipswich, on the Orwell estuary, is the subject of a survey by planners from the Ministry of Housing and Local Government, to see whether its population of 117,000 could conveniently be increased to half as much again, or even doubled.

The Norfolk County Council—rather with the air of one giving hostages to fortune lest worse should befall—has produced a report suggesting that Norfolk could accommodate 200,000 Londoners on its 1,300,000 acres, and among its 560,000 people. There are, however, some careful reservations—particularly about the water supplies of the county which are not plentiful, and are being heavily drawn upon for agricultural irrigation as well as for domestic and industrial purposes. It is proposed that King's Lynn (pop. 27,000) and Thetford (5,000), both of which have agreed with the London County Council upon town expansion schemes of 10,000 apiece, should both raise their sights, and that the industrialised market town of East Dereham (8,000) could be the subject of another expansion scheme. It is also suggested that two new towns should be built—one in west Norfolk (on the route to the Midlands) and the other in south Norfolk (beside the road and railway to Ipswich and London).

However, this tentative report has already raised an outcry from the defenders of the rural peace, who declare it means the outright rape of Norfolk. King's Lynn and Thetford have protested, less vehemently, that they have contracted only for moderate expan-



speed and dubious about the economics of small town expansions. The national movement of population demands something bigger. There is also the important question of the wishes of the overspill—a word which is one of the planners' least fortunate inventions, since it tends to obscure the fact that this is a movement of people, who are possessed of characters and preferences. East Anglia suspects that the immigrants, being urban people, would probably prefer to move, if they must, to biggish towns.

The Norfolk County Council, however, has carefully omitted from its proposals the two county boroughs of Norwich and Great Yarmouth. It says that Norwich—which, together with its outer suburbs, is now an industrial and commercial community of 165,000—is likely to grow without any artificial stimulation to 200,000. In the county council's view, a larger growth would be in danger of destroying the character of the city, and would, moreover, confront the county with a problem of Norwich overspill. As for Yarmouth (53,000), it is too closely pent between the sea and the rivers and marshes of Broadland to be susceptible of really large expansion.

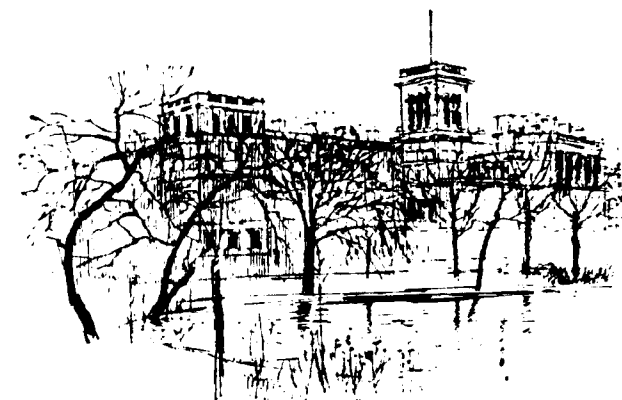
NOT unexpectedly, in the state of local government relations, these comments by the county council were bound to infuriate the corporations of Norwich and Yarmouth. Nothing, in fact, could have been better calculated to make them keen on accommodating Londoners. The cold war had already been warmed up, in Norwich, by the county's opposition to the proposed extension of the city boundary, and by its desire for statutory definition of a green belt outside the suburbs. Now the Norwich Planning Committee—in spite of local counsels that bigger does not necessarily mean better—is talking about the desirability of expansion to a quarter of a million.

As for Yarmouth, its primary concern is the fear of losing its status as a county borough. Being a seaside town, it suffers from winter unemployment, and it badly needs more permanent jobs in industry. It feels it has plenty of room to expand to the southward—into east Suffolk, where, in conjunction with Lowestoft, it can be regarded as part of an industrial, seafaring and holiday catering community of about 100,000.

To an observer detached from the rivalries of town halls and shirehalls, the situation seems to call for a summit conference, presided over by someone who can see East Anglia as a whole, in relation to the national problem as a whole. It might also be desirable to correct the implicit assumption that overspill is a plastic and obedient mass of industries and units of labour, which can be placed exactly where planners want it to go.

sions, and do not want to be overwhelmed by overspill. The market town of Diss, in south Norfolk, has objected that although it would like some more people and industries it does not want to be reduced to a suburb of some brash new neighbour.

If the wishes of the market and seaside towns of Norfolk and Suffolk were consulted, all of them would probably welcome new industries, and many would welcome expansion by five or ten thousand new inhabitants—which would nicely coincide with the limitations of the water supply—but none of them wants to be flooded by the overspill. This is prompting a digging-in of heels just when London's planners seem to be getting impatient with the



The FO: another £1½ million

Moving the Government

FROM OUR SPECIAL CORRESPONDENT

LAST week the Ministry of Health moved. Minister and all, to across the river to the Elephant and Castle: the Government's intention to save some taxpayers' money, and to improve its efficiency, by getting its central departments at once under one roof and out of the most expensive areas of London, takes another step forward. Surprisingly enough, the area occupied by central government workers in London has actually gone down over the past ten years, by a million square feet and 9,000 people: of the total 103,000 civil service headquarters staff (excluding the Post Office), 62,500 work in central London—including as such Earls Court, Southwark, the City—while 12,500 work in the London suburbs and 28,000 in the provinces. Next year the Admiralty will be moving out of Victoria to the vast building they have rented in Earls Court; almost 2,500 other government workers are due shortly to get out of Lon-

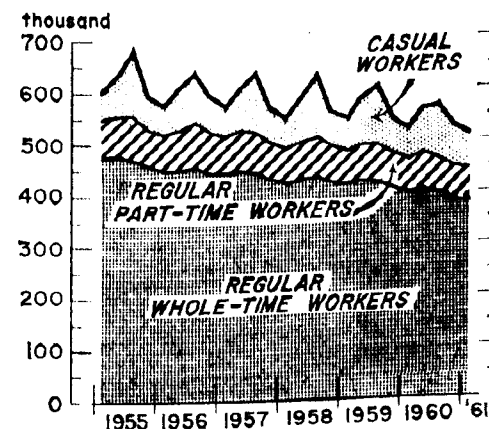
don to Southend, Southampton and Basil-don.

All this is a welcome, if fairly insignificant, contribution to the relief of congestion in the capital. But it is being done with an eye almost exclusively to finance—to the securing of less expensive accommodation—rather than to planning considerations. If enough attention were paid to this aspect, the odds and ends of umpteen departments would never have been allowed to move into the expensive State House in Holborn—where transport is (through no fault of London Transport itself) thoroughly inadequate, and where nobody likes working anyway. The machinery simply does not exist that would permit the various departments of state to look sternly at themselves and decide that such and such departments—probably a good many—do not need to be in regular contact with the minister, which means within a ten-minute drive from the palace of Westminster. What happens is that departments decide that they need new accommodation, the Treasury says how much can be spent on providing it, and the Ministry of Public Building and Works (to give it the proud new title) decides how the two conditions are to be reconciled. Nobody asks the two vital questions—how many, where?

The curious case of the Foreign Office may be to the point—although this is one of those rare departments in which the ministerial nucleus cannot be clearly separated from the other, more easily decentralised, departments. The present building, designed in the 1860s by Sir Gilbert Scott, is a splendid example of clubland Palladian—just as St Pancras Station, said to be his first proposal for this site overlooking St James's Park, is a splendid example of industrial Gothic. On three floors the rooms are 25 feet high, magnificent for receiving foreign dignitaries, but heated often by open fires, inadequately wired for electricity, and provided with decrepit old lifts; above this stately slum lies a semi-attic squalid slum. A plan was, it seems, prepared for rebuilding the whole thing; but at a vital moment (Foreign Office men insinuate) a new master came to foreign affairs, and a

OFF THE LAND

The number of regular workers employed on agricultural holdings in England and Wales has continued to decline over the last seven years. The estimated numbers of casual workers have, however, maintained a fairly even ebb and flow with the summer influx reaching its height at harvest time: in September the March figure of between 50,000 and 60,000 is almost doubled.



new project came to favour that would preserve Scott's façade.

The new plan will, for £1½ million, provide new heating, wiring, lifts and so on—and, to provide the space that the office wants to reassemble its scattered departments, a complete new storey on top designed not to spoil the Italianate outlines. The point is not an aesthetic one—although there certainly are good arguments for preserving the Scott building; nor is it an economic one—there are arguments for not knocking down this side of Whitehall during the next ten years, while the other side of Whitehall is being rebuilt, and while government resources are heavily engaged in other important public building. The point is that this decision seems to have been made in an informal, old-boyish way, with no particular regard to the genuine economic and aesthetic choices that exist between a new, expensive, efficient and controversial-looking Foreign Office and a patched-up, cheap, pretty inefficient and accustomed one. This, one fears, is how so many such decisions are taken—considering, for example, existing civil servants' (or, worse, ministers') convenience rather than the long-term advantages that might be obtained from, to take the prime example, moving outside London. But there is one hope. The new Ministry of Public Building will have far more say both on budgetary and on technical considerations than ever did the old Ministry of Works. Perhaps these twin powers will attract to themselves the capacity to think (as nobody is empowered to at present) about the Government's part in helping to create a decent environment in Britain.

Top Mast

BY OUR SPECIAL CORRESPONDENT

COMMUTERS through the featureless desert of Croydon have, over the past year, been able to relieve the tedium of their passage by assessing the measurable daily growth of a new television mast which has come increasingly to dominate its skyline of subtopian semis. On Wednesday it was formally brought into operation by Croydon's mayor, and independent television programmes began to radiate from a point in space 300 feet above the aerials of the temporary tower, which, looking niggardly a mere 200 feet above Beulah Hill, is now replaced and may shortly be moved to a doubtful reception area, perhaps in Scotland. Much improved reception is claimed as the certain result for the whole of the London viewing area and far beyond, to Oxford, Stevenage and Bishop's Stortford, 400,000 viewers in which were beyond the old aerial's coverage.

Something of a technical triumph, the new mast radiates at different strengths in different directions in order to extend the

Channel 9 cover of certain desirable areas while inhibiting it in areas where other ITA transmitters (notably in Devonshire) might be subject to interference: thus the effective power north-westerly is 400 kW, that to the south-west only 50 kW. It is also slimly pleasing to the eye, an advantage dictated more by the nature and size of the site, only 100 yards from the temporary tower, than by the avowed aestheticism of the authority and its planners; and it was built in a remarkably short time, having been started from scratch in January and completed, by teams usually of no more than a dozen men, last month.

Viewers in London will be most interested in its effects on their set pictures which, in certain notorious areas, have been only marginally enjoyable (and lately most of London has been plagued by double vision, not the fault of the old transmitter

mast): by now they will have noticed any improvement, perhaps not quite comparable to that at Southend, where signal strength was said to have been increased five-fold, but significant enough to make the expenditure of £130,000 seem worth the authority's while. It is not thought that much difference will be made to the level of interference from unsuppressed hair-dryers, vacuum cleaners, motor cars, electric drills and jet aircraft (but people plagued by these things—other than the last—during their favourite soap opera have a remedy in legislation operated by the post office which insists on the fitting and maintenance of suppressors in most new equipment and provides for the tracing and silencing, by persuasion, of the subject of any viewer's complaint). And it is certainly not to be expected that the programmes themselves will get any better—only clearer.

Oxford's New Sieve



FROM A CORRESPONDENT IN OXFORD

OXFORD'S decision in principle (the details have still to be worked out) to revise its procedure for sifting entrants is a concession to its critics. Traditionally, the university has been, not a unified body, but a federation of states—the individual colleges. Some of these states have been, and are, larger and more powerful than others: all, even the newest, are jealous of their autonomy, tend to regard the university as a potential encroacher on their liberties, and are suspicious of outside direction or planning of their affairs.

The situation in practice is, of course, less anarchic. The growing science sector, with its powerful laboratories, cuts across the college structure. The state's contribution to university finance is now so large that even the most diehard dons must admit its claim to a share in deciding policy. And as between colleges arrangements on a private basis to share or swap teaching along specialist lines are commoner than they were. Even lecture lists are being planned in a rudimentary way and syllabuses revised. Still, their right to "choose the young men" (the recent agreement applies only to the men's colleges) is one about which most colleges feel very strongly indeed. Their willingness to depart from existing methods of selection is the more significant.

The present unreformed system is a mixture of design, chance and nepotism. For scholarship purposes—and over 60 per cent of all entrants were chosen on such examinations last year—colleges form groups of five or six, which (in December, January and March in rotation) examine together, in the sense that candidates express preferences between the members of the group and may

be passed on to their second or third choice college for an award if their first choice college cannot give them one. About 30 per cent of all entrants will be given awards, and another 30 per cent places as a result of these examinations.

Separate entrance examinations are also held by a number of colleges, and it is in this sector that there are the widest variations of practice and opinion. The meshes of some colleges' entrance nets are generously spaced, and critics complain far more of this than of the small number of avowedly nepotistic candidates which every college accepts on a variety of personal grounds. The "good commoner" who will contribute to the life of his college without necessarily flying high academically is regarded with great reverence in some colleges and with suspicion in others—which take all their entrants on the scholarship results.

THIS loosely-organised system will, unless unforeseen difficulties occur, operate for the last time in 1962-3. The dynamic behind this change is the growing multiplicity of applications for places at provincial universities, which led to the setting up of the Central Council for University Admissions under Mr J. S. Fulton, the vice-chancellor of Sussex University. The council aims to establish a clearing-house which will effectively sort all applications (except those for Scottish universities and Oxbridge). But to do this it needs to eliminate the Oxford examinations in March, for while these are still held other universities cannot get a firm acceptance of places with them from candidates who still hope for an

THE ECONOMIST DECEMBER 8, 1962

Oxford place instead. (Cambridge scholarships are examined only in December.)

Oxford appointed a working party of eight dons last February to study the whole question of admissions. Presided over by Mr Frank Hardie, a business-like and popular philosopher, who is president of Corpus Christi College, this committee held twenty-six meetings, and wrote its report, by the end of Trinity term. The difficult process of securing agreement by individual colleges has occupied part of the present term.

The main features of the new scheme are that candidates for scholarships will be required to sit an examination in two parts, the first in October, the second in either December or January. The first part will act as a sieve to reduce the number of candidates for the second. Entrance (as distinct from scholarship) candidates can be chosen on part one alone or on both parts. In this way, the variant practices of colleges are reconciled, or intended to be reconciled. At present, work on the details of the scheme, including the formation of colleges into "equipollent" (i.e. scholastically equivalent) groups is proceeding. There are dark rumours of unilateral secession by colleges or—more interestingly—by faculties, but current opinion in the university is that the new proposals should be given a fair run to see how they work. Once in operation, they will probably soon become a new strongpoint of orthodoxy, to be defended at all costs against change.

In the article "Town Clerks or City Managers" on November 24th the population figure to which town clerks' maximum salaries are related was said to be 60,000; it should have been 600,000.

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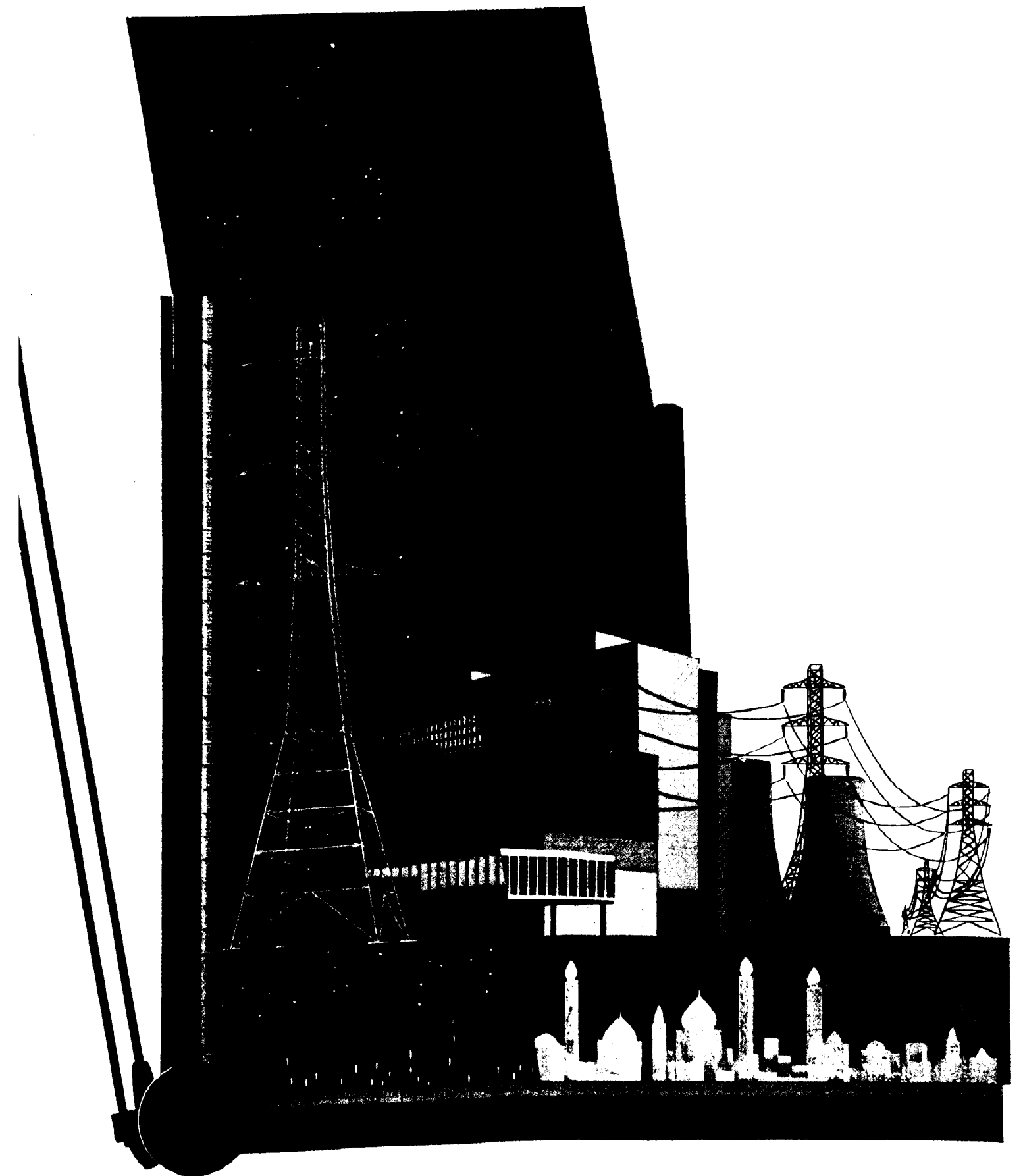
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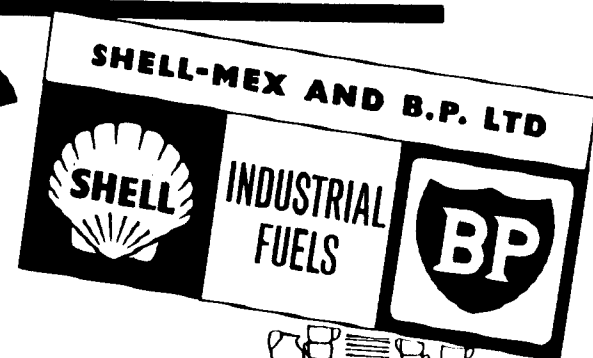
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LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Morocco

SIR—In your issue of November 24th you mistake the significance of the introduction of Mr Boutaleb in the King's government. Mr Abdelhadi Boutaleb resigned from the UNFP at the end of 1960 for personal reasons as well as Mr Ahmed Bensouda and Mr Thami Ouazzani. Afterwards they were employed by the King: Mr Ouazzani as ambassador at Belgrade and then general secretary of the "Casablanca Group"; Mr Bensouda as governor of Rabat district (October 1962); Mr Boutaleb as ambassador in Damascus and recently Secretary of State of Information.

None of these personalities now claims any connection with the UNFP. Nevertheless the King's propaganda tried to present these last nominations as a manifestation of liberalism to the opposition. The King has obstinately refused during the last 20 months to take into consideration our proposals for the formation of a transitory government on the basis of national union, and with a limited mission to prepare elections for a constituent assembly. We have always confirmed that we desire a constitutional monarchy.

The two main reasons which have decided us to boycott the referendum on King Hassan II's constitution can be summarised. It is for us an untouchable principle that the sovereignty belongs to the people and remains in the people, and to be valid the constitution has to be made by a constituent assembly and not handed out by the Palace. The participation of the voters by "yes" or "no" will be a kind of resignation of the people from their natural rights and at the same time it will be a kind of plebiscite for or against the King, which is a very dangerous adventure for the monarchy. Even if the percentage of "no" is low the King will lose his functions as "arbitrator" to become the leader of the "yes" party.

The proposed constitution is an accentuated Gaullism in a sense of an absolutist regime *de bon plaisir*, based on revived feudal structures and reactionary and colonial interests in an underdeveloped country which needs, more than anything else, stability without dictatorship, efficiency without corruption, and a minimum of sincerity and honesty.

I am sending you this letter from Cologne where I have just arrived from Morocco for medical consultation after my "accident". Before leaving Morocco I brought an action against the Minister of the Interior and the Director General of the Sûreté Nationale for an attempt at assassination by simulated accident.—Yours faithfully,
EL MEHDI BEN BARKA
Cologne

Canadian Problems

SIR—Your survey of Canada's economic and political problems dismissed a key issue rather briefly. "The emerging population bulge is a formidable question," your correspondent said, "which can only be answered by a much improved expert performance by manufacturing industry."

The structure of the Canadian population is indeed important. Total population grew by about 30 per cent in the 1950s compared with a 23 per cent increase in the labour force and a 20 per cent increase in employment. In the 1960s the stimulus of a population growing faster than the labour force is likely to be absent. My forecasts, which ignore the effects of immigration and emigration (these may well balance out, as in the last eighteen months) and which allow for some increase in higher education, suggest that both total population and the labour force will increase by about 19 per cent in the present decade. Employment will have to increase even faster if any permanent inroad is to be made on the 7 per cent level of unemployment which prevailed in 1960. And a higher level of immigration is only likely to help, if policies can be devised which encourage a greater inflow of dependants rather than workers.

Will Canada be successful in finding the new markets outside its own economy to keep this rapidly growing labour force fully employed? If exports cannot be expanded fast enough, then the labour force may shrink. Canada's traditional export of skilled and professional manpower south of the border might increase, and the girls who make up the so-called population "bulge" might start to replace the large number of married women who have found jobs since the war. Jobs for older men might get even harder to find than they are to-day.

This kind of adjustment is far less palatable because it slows down the long term growth of the economy. But, given the present government's policies, it seems a more likely outcome than the rapid growth of exports (and replacement of imports) needed to avert it.—Yours faithfully,

RICHARD LINE
College of Technology, Oxford

Wards into Workshops

SIR—In seeking contracts, the mental hospital, while remaining a therapeutic community, is entering the industrial world and therefore accepts the normal obligations as to price, quality and delivery. As regards the hospital at Malvern, referred to in your article of December 1st, one firm is so satisfied that it has transferred one of its processes completely to St Wulstan's and is therefore entirely dependent upon the

hospital for this part of its output. It is already clear that the hospital is not asking for industrial charity but will provide a sound economic service as a fundamental condition of its existence.—Yours faithfully,
J. GLYN PICTON

Member of the Birmingham Regional
Birmingham Hospital Board

POINTS

FACILE interpretations of the recent by-elections indicate that Labour would have won a general election projected on the basis of the five contested constituencies. Whether such a projection is valid, however, is open to question. Especially since the shift in voting since 1959 was definitely anti-Tory rather than pro-Labour, could one not speculate that anti-Tory voters, faced with a decision that might install a Labour government (as last week's contests had no chance of doing), would divert their Liberal protest votes back to the Conservative party?—ROBERT E. HUNTER, London, WGI.

YOUR comment last week that the Woodside result "casts increasing doubt on the argument that it is in unemployment-affected Scotland that the Tories will have most to fear" seems to ignore one important factor. Since 1959, an estimated 12 per cent of the electorate has left this constituency, almost entirely from the working-class tenements, now demolished. Thus, the *real* swing to Labour was probably not 6 per cent, but around 10 per cent. We can expect a more distinct reflection of this trend in neighbouring constituencies, in which these Labour voters have been rehoused, at the next election.—ROBIN A. G. BENNETT, Glasgow

YOU repeat (December 1st) the maxim that Labour voters are more apathetic than the Conservative ones, from which it follows that Labour stands to gain from a high poll. Yet in the ten general elections since the present party system emerged, of the five in which the total poll has gone up, 1924, 1931, 1945, 1950 and 1959, the Conservatives have gained in four, while Labour has gained in three of the five elections in which the total poll has gone down. The correlation between falling polls and Labour gains is especially marked in the pendulum-swinging years before the war.—CHRISTOPHER CLAPHAM, Oxford.

RECENT reports on thalidomide babies, wrong patient operations and tests on patients underline the need for an association to represent the interests of patients. A group of people are proposing to form such an association. May I invite interested readers to write to me? —HELEN S. U. HODGSON, 47 Cumberland Terrace, London, NW1.

BOOKS

The Paris Correspondent

A Prince of Journalists: The Life and Times of de Blowitz

By Frank Giles.

Faber. 228 pages. 25s.

READERS of the eleventh edition of the Encyclopaedia Britannica, still a useful work, may notice the florid style and wealth of gallicisms in the account of the modern history of Paris, together with the initials of the contributor, "De B." This was Henri Stefan Oppé de Blowitz, the great Paris correspondent of *The Times*, who brought the story up to date with the Universal Exhibition of 1900, "a grand manifestation of human concord." He was eased out of his post in 1902, reluctant, as journalists are, to leave the scene, arguing to the last about his pension, the cost of his carriage, and the need to keep up his Paris flat; and died a month after.

Blowitz giving utterance to general sentiments was something pretty pompous, very ready with sententious bits of twaddle about "serving the cause of peace" and what not. Blowitz ferreting out a story was quite a different matter. Mr Frank Giles, one good journalist writing about another, amiably baffled about the man but showing a shrewd understanding of the job, picks a number of stories that Blowitz was "on" and shows how he tackled them. This is well worth while. There is Blowitz getting the most celebrated of all diplomatic scoops at the Congress of Berlin in 1878, and, what may have been harder, getting it back to his newspaper in the neatest possible way; Blowitz driving through the snow into the courtyard of the Hotel Basilewski on New Year's Eve, 1874, to interview Don Alfonso whom a revolution had just put on the throne of Spain; Blowitz having Nubar Pasha to lunch, talking his guest's head off from soup to coffee, and yet extracting from the air a long, penetrating and informed article on Egyptian affairs that reflected his guest's views with embarrassing exactness.

Blowitz's personal way of doing his job, together with his resounding success in it, must have led many a good correspondent astray. He maddened his colleagues in other capitals by writing at length about the affairs of their countries, often from the vaguest sources. He made himself a factor in diplomacy and in politics. He kept up a state that he could not afford, hobnobbed with the great to a perhaps pathological extent, attached himself to cliques, got involved with the causes of his highly-placed

friends, and lent himself on notable occasions to their axe-grinding. If later foreign correspondents have fallen prey to a somewhat artificial conception of what their job consists of, Blowitz is a good man to blame.

He justified all the spoofing and nonsense by giving results: *The Times*, in his heyday not the most awesome, dignified or antique of newspapers but simply the best, got the benefit of an endless flow of informed, ingenious, exhaustive, often highly-coloured stories that it was easy to pick holes in but impossible to compete with. His great years were the eighteen-seventies and eighties. The nineties saw a new team in power in Printing House Square—Arthur Walter, Moberly Bell and MacKenzie Wallace. Blowitz found himself exposed to a new set of criteria of newspaper work; and as the correspondence between Paris and London went elaborately on (they were all terrific letter-writers) it began to appear that he was an archaic survival and in rather bad taste.

Mr Giles's treatment of his subject, mildly flippant, cheerfully exposing the flaws, pretences and weaknesses, has been taken as an attack on Blowitz; but if one looks in the round at the picture he draws, it is not. The flaws are all there; so are the qualities. It is a matter of taste whether one takes the judgment to be, in sum, adverse or not. One thing that is made plain is that Blowitz was a superlative newspaper man. What of the judges who sat in Printing House Square in the nineties, finding his idiosyncrasies not at all the thing for *The Times*? They too were able men, thorough, learned, principled, dedicated.

Bell and Wallace attempted something new, to organise the foreign department of the paper in a logical and systematic way, and it is obvious enough that Blowitz, the supreme individualist, did not fit in to such a way. However, it is a matter of record that under them the fortunes of the newspaper declined, and that by the early years of the century it was ripe for the Harmsworth take-over. Certainly competition was terribly stiff in those years. The team that was so hard on Blowitz may have been unlucky; still, their prescription of exactitude, discretion, dignity and conscientiousness did not work. Thus it was not Blowitz who turned out to be out of date. In a way, the great character actors of journalism (of whom he was one, and Wilmot Lewis another) are timeless. Bores they may be; but any newspaper can gain from their urge to be visibly in the know.

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The Russian Threat

Strategy and Tactics of Soviet Foreign Policy

By J. M. Mackintosh.

Oxford University Press. 336 pages. 38s.

THE reason why there is now no Communist government in Paris is because in the circumstances of 1945 the Soviet Army was unable to reach French soil. When Stalin wrote these frank words—to the Yugoslavs in 1948—he had brought most of eastern Europe under his control by a "revolution from above" imposed and maintained largely by military force. In the years that followed, as this study shows, wherever Stalin pursued his empire-building ventures, his standard practice was to form an enclave under Communist control, which could then be extended further as the opportunity arose. Already during his lifetime it was becoming clear that this crude strategy was obsolete. It involved a high risk to Soviet security and led the West to consolidate its defences under United States leadership. The last occasion when these methods were applied, rather cautiously, was by the Malenkov government in Vietnam in 1954.

At this time the Soviet leaders were engaged in a great strategic debate. Malenkov seemed ready to recognise the principle of mutual deterrence. But Mr Khrushchev, who won the argument, held that Russia must prepare to use nuclear weapons, both defensively and to forestall an enemy about to strike. Hence his efforts to secure a disarmament agreement that would avert a surprise attack. By 1959, with the successful development of the Soviet missile programme, he had become confident that the United States would not dare to launch an all-out nuclear war. He also recognised the corollary to this: that the Soviet Union could not afford to launch a surprise attack itself. Mr Mackintosh thinks that the Soviet leaders may even have concluded that "war by proxy in the pursuit of new conquests is too risky in the modern world." One hopes he is right: he evidently takes a rather benevolent view of Soviet actions in Laos before the recent settlement, since he does not discuss them. Nevertheless, most observers seem to agree that the Soviet leaders now have less scope for the use of military force in support of their expansionist aims than they had in Stalin's day—as is well brought out in this well-balanced analysis of the development of Soviet strategic thinking since 1944.

So far as Soviet foreign policy as a whole is concerned, however, the strong emphasis placed in this book on the military aspect produces a less satisfying picture. In Mr Mackintosh's view the dominant theme of Soviet policy in recent years has been an endeavour to stabilise the situation on Russia's flanks in Europe and the Far East in order to concentrate on undermining the western position in the Middle East, Asia and Africa. This may perhaps be so; but do the Soviet leaders really think in such geographical terms as this implies? Their

THE ECONOMIST DECEMBER 8, 1962

approach is surely more complex. Mr Khrushchev has been most skilful in applying pressure simultaneously on several planes—political, economic and psychological as well as military. It is precisely this flexibility, backed by increased power, that makes the Soviet threat harder to deal with than it was a decade or so ago. Mr Mackintosh would probably agree. But his treatment of the problems involved is rather sketchy. No mention is made, for example, of Mr Khrushchev's use of the United Nations as a forum for mobilising nationalist and neutralist opinion against the West, or of the Soviet Union's involvement in Cuba. It would also have been useful to have up-to-date figures for Soviet aid to underdeveloped countries: those given here relate only to 1958.

Nevertheless there is also much sound sense in these pages, and the treatment of Soviet policy in the Middle East during and after the Suez crisis is particularly stimulating. Mr Mackintosh is not afraid to question official western orthodoxy. He is probably right in thinking that the Soviet decision to deliver arms to Egypt was a response to the Baghdad Pact. He also reminds us that initially, at any rate, the Berlin crisis was in part a reaction to the western decision to arm Nato with nuclear weapons and set up intermediate-range missile bases in Europe. One hopes that superficial readers of this useful book will not jump to the conclusion that it is enough for the West to improve its military posture

BOOKS

1031

to meet the multiple challenge presented by the Soviet Union to the international status quo.

The Aid Programmes

United Nations and US Foreign Economic Policy

By Benjamin Higgins.

Richard D. Irwin, Inc., Illinois. 241 pages. \$3.75.

THIS study is presumably addressed primarily to Congress and the American taxpayer. Its purpose is to compare the performance of United States and United Nations aid programmes in implementing the objectives of American foreign economic policy, and

to arrive at some conclusions regarding the appropriate role of the United Nations as an instrument of United States foreign economic policy.

The objectives of this policy, as defined by Professor Higgins, are to accelerate growth in the underdeveloped countries in ways that will contribute to the growth of representative, responsible and independent governments that are not hostile to the West, and to assist in economic stabilisation of other countries. He does not mention a third increasingly prominent objective that might be thought to have a direct bearing on his subject—the need to persuade other high-income countries to assume a larger share of the aid burden.

Unfortunately Professor Higgins has not chosen to offset his rather peculiar viewpoint of the United Nations by any serious discussion of the aims of the various United Nations aid and technical assistance programmes as seen by the UN organisation itself. Admittedly this would be a hard task, as substantial disagreement exists not only among the member countries but also among the various parts of the system: the views of the World Bank, for example, with a smaller membership and a system of weighted voting favouring the donor countries at times differ widely from those of Ecosoc and the General Assembly, with their more diverse memberships and unweighted votes. Nevertheless such a study would be worth undertaking, as a distinct United Nations viewpoint about the meaning of development has emerged as its technical assistance and aid work has expanded.

It would be wrong to suggest that the author is without insight in these matters. In the chapters discussing the records of United States and United Nations aid programmes over the past fifteen years, he has some penetrating things to say about the difficulties encountered by technical assistance experts in the field (he has worked for the United Nations in Libya, Indonesia and the Philippines) and about the different kinds of administrative problems encountered by the United States and the United Nations. But the framework of his book makes it hard for him to reach any par-

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ticular useful or illuminating conclusions. And one must have the gravest doubts about the effect of some of his rather over-bearing language on non-American readers of his book. He sometimes sounds like a brisk missionary-doctor, a believer in the virtues of "carrot-and-stick" (simultaneously) and in the necessity of "intervention" for the good of the souls he is called upon to save.

Plans under Scrutiny

Prospects for Indian Development

By Wilfred Malenbaum.

Allen and Unwin. 325 pages. 35s.

OF late there has been published in India an unprecedented mass of information about the economy. There have been national income estimates, national sample surveys, five-year plans, progress reports on the plans, the report of the All-India rural credit survey, and the reports of the agricultural labour inquiries, to name only the main ones. Hitherto, nobody has put this information together into a coherent whole; nobody has seen whether one part of it is consistent with the other parts.

All planning has to be based on assumptions about the present and guesses about the future. If the planning is to be successful, the assumptions must be checked, and the guesses must be corrected, by the facts as they happen. Professor Malenbaum's book is the first major attempt to use the published data to do this. He begins by presenting an outline of the Indian economy and of what the government is trying to achieve. He gives the figures of poverty and population growth; he makes clear the stagnation of the fifty years before independence; he shows how small was the modern industrial sector when planning began; and he insists on the difficulties posed for the government by its determination to be democratic, to do its planning by consent, in so unfavourable an environment.

So much is fairly well known, though it is useful to have it presented with all Professor Malenbaum's scholarship. His main contribution, however, is his careful study of the validity of the assumptions on which the plans were based, of how far their objectives have been achieved, and of whether they in fact chose the easiest path out of poverty. His conclusions are, on the whole, favourable. The priorities given in the plans to fertilisers and steel were correct; there has been a reasonable balance between agriculture and industry; the foreign aid needed has been obtained and reasonably used; savings have been rather higher than expected.

Some of the facts that come out of this study are, nevertheless, surprising. Seventy-five per cent of India's savings are invested by those who make the savings. A good crop produces a considerable increase in saving, the money is not all spent. Income elasticities of demand vary a great deal between the peasant and the townsman; the peasant spends much more of any increase

on food grains than the townsman does. The government has only been able to borrow about a fifth of the community's savings; the rest of what it needs it has had to get from tax, or deficit finance, or foreign aid. The private sector has always fulfilled, and sometimes over-fulfilled, its targets. The public sector has always lagged behind.

The importance of Professor Malenbaum's book is in its facts. His conclusions, notably that the government should give the individual and his savings more head, are very tentative. There is no better place to get the facts; it would have helped if, just occasionally, they could have been vividly presented.

Assertions Unproved

Masters of Indecision

By George K. Young.

Methuen. 207 pages. 21s.

AScot partly educated in Germany and at Yale, and with experience of journalism, the army, the foreign service and merchant banking, might seem well equipped to comment upon the political problems of contemporary Britain from a practical point of view. One might even hope that the national predilection for abstract thought might enable him to make an original contribution to political philosophy. But to do both within a span of 200 pages demands a degree of intellectual discipline which Mr Young shows no sign of possessing. The book has all the amateur's weakness of trying to stuff far too much into far too little space; almost every chapter has the material for a book in it. And as a result Mr Young is driven to make a series of assertions that may or may not be true, but which certainly require more in the way of proof than he has space to give. What might have been an original and challenging work is thus at best provocative, and at worst exasperating, not to say downright silly.

It is particularly painful for the present reviewer to have to say so, since on many points his own prejudices coincide with those of Mr Young; nor does he differ with him on the side of prescription in some respects—the need for Britain to go into Europe rather than indulge in pretences about the new Commonwealth; the need to reform and invigorate Parliamentary procedure; the need for a new look at the role of the professional civil servant both at home and abroad. But Mr Young's presentation of his point of view may, through over-emphasis, do more harm than good.

It is, for instance, valuable to have the *Observer* picture of the world put on the dissecting-table: the view that talent and virtue vary inversely to the colour of a man's skin; that Asia and even Africa are more interesting intrinsically than our own far more creative continent; that departures from what we regard as proper political norms in these countries are temporary

aberrations rather than a reassertion of their own more familiar attitudes towards government; that with a little more financial or technical aid the "take-off" can be ensured, and with it the appropriate commitment to "western values." So, too, the guilt complex about our treatment of, and our alleged inferiority to, the civilisations of Asia—the whole lamentable Toynbee ethos—is summarily dismissed. But need all this be combined with a defence of South African apartheid? Or with the view that only severe restrictions on immigration can save Britain from becoming "a multi-racial slum" and enable it to survive as a healthy community? Or with the idea that any legal protection for minority rights in Britain is somehow an outrage upon the principles of common law?

And if Mr Young has not clearly sorted out his ideas about race and civilisation, the same is true of Government. For someone so scornful of the myth of the Commonwealth, it is curious to argue for "Europe" on deliberate myth-making grounds. Nor can one really reconcile the argument that increasing "interdependence" makes nonsense of government responsibility with advocating a still fuller measure of integration into a United Europe. Mr Young finds Western Europe today more to his taste than the United States, and that would seem all there is to it. A rather shaky foundation for a foreign policy.

The Industrial Society

Industrialism and Industrial Man

By Clark Kerr, J. T. Dunlop, F. H. Harbison and C. A. Myers.

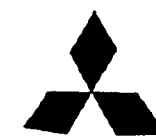
Heinemann Educational Books. 323 pages. 30s.

THE central theme of this book, by four prominent American professors, is the universal evolution of societies through the process of industrialisation to a state of "industrialism." Industrialism is an abstraction, an ideal system which no country has yet reached, although several of its characteristics are already apparent in the more advanced industrial societies. In an early chapter of the book entitled "The Logic of Industrialism" these characteristics are set out: they include such features as a wide range and broad distribution of skills throughout the work force, a high degree of occupational, geographical and social mobility among workers, an educational system functionally related to the demands of the economy, the dominance of urban living, an increasingly important co-ordinating role for governments, an elaborate set of rules governing relations between managers and managed, the dominance of an ethic of hard work, and so on. The authors' thesis is that all societies will be forced by the demand of industrial technology to adopt this sort of pattern. They



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thus see a tendency for differences of social and economic structure gradually to disappear until industrialism reigns throughout the world. In the place of ideological conflict we shall devote ourselves to the realistic and practical, finding relief from our bureaucracy-dominated work in greater leisure.

Despite their belief in the ultimate achievements of uniformity, the authors recognise that the present situation is one of great variety in the industrialisation process, in different parts of the world. They attribute these variations basically to different "strategies of the industrialising elites", which in turn arise partly out of diverse cultural and social situations. From a broad study of different industrialising societies at varying times and places, they identify five main types of "elite"—the traditional dynastic, middle class, revolutionary intellectual, colonial and nationalist. (These ideal types today correspond roughly with, say, Saudi Arabia, Britain, Soviet Russia, Angola and Indonesia.) Each type of elite has its own characteristic strategy of industrialisation. In a series of chapters with detailed tables, the authors set out the type of unemployment recruitment and wage policies, labour organisation, training systems, social values, etc., which tend to be associated with each sort of strategy and elite at the same time underlining the consistencies that must exist between the different parts of any industrial system.

The book thus attempts nothing less ambitious than a theory of culture and society, and even though experts on particular societies will undoubtedly be able to bring forward a host of phenomena that do not fit the elaborate typology, it represents a brave attempt at explaining the contemporary world and the direction in which it is moving. Most people will jib at the authors' tendency to ascribe independent roles to such abstractions as "the forces for uniformity and for diversity" or "the push of progress" and will doubt whether the existence of industrialising "elites", each having its own "strategy of industrialisation," completely reflects historical truth. Nevertheless it is useful to be reminded in this context that the industrial revolution of the eighteenth and nineteenth centuries was probably unique in its lack of conscious direction and that industrialisation in the twentieth century is everywhere increasingly guided and planned. This is particularly true of the newly developing countries, whose industrialising problems, though unfortunately not the solutions, are clearly set out in this book.

It is perhaps inevitable that a work of this sort should be studded with generalisations. The reader should expect to disagree with some of these and also to be irritated by such statements as "an initiating human agent is requisite" for industrialisation even in Kuwait. He must also be prepared to struggle with words, and phrases like "pluralistic industrialism," "societal" and section headings entitled "The Hour on the Clock of Evolution", "The Culture of the Industry", "The Push of Progress".

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Science Goes to War

The Rise of the Boffins

By Ronald W. Clark

Phoenix, 287 pages, 25s.

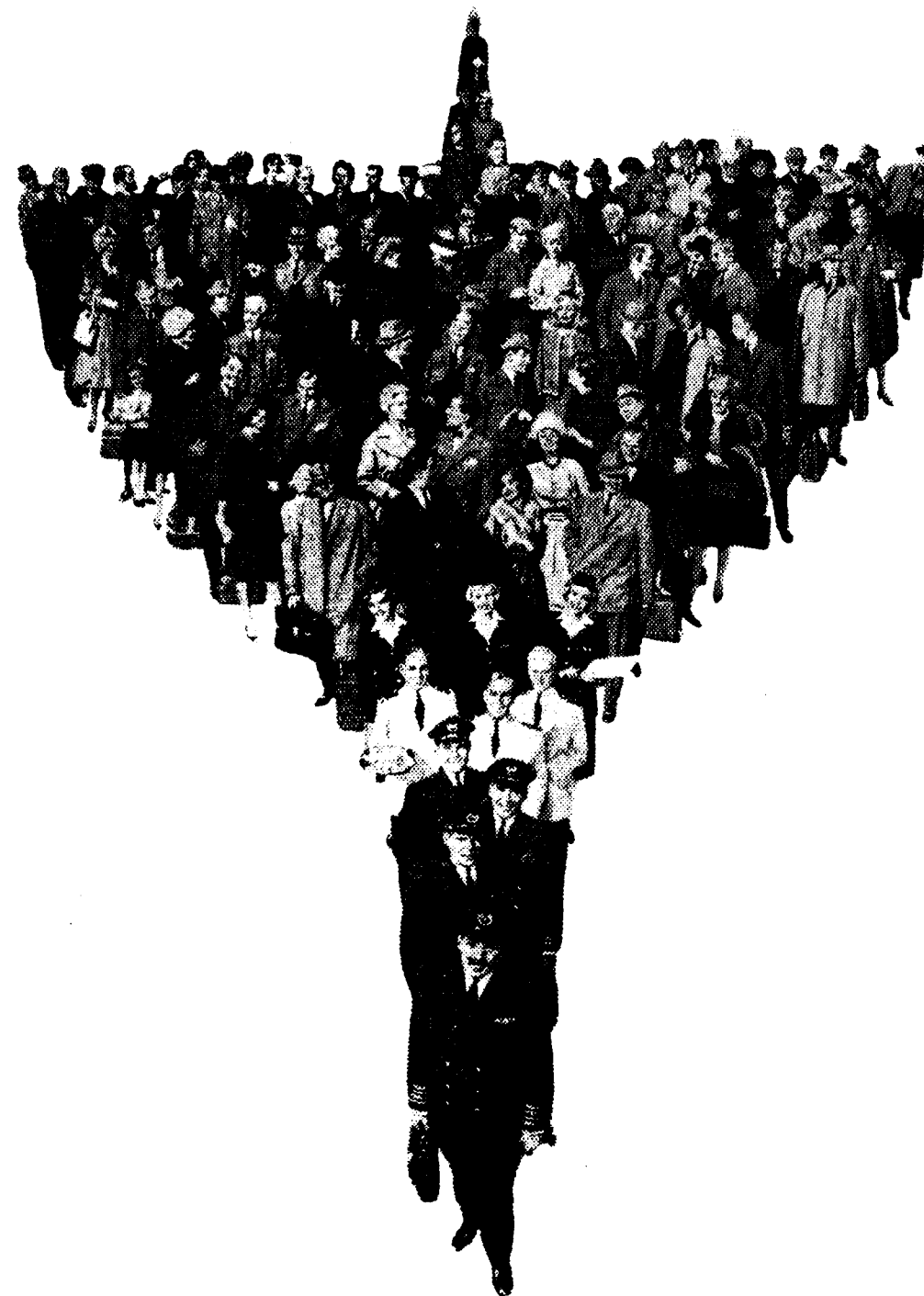
MR CLARK is a light-weight writer with a penchant for heavy-weight themes, but one is obliged to bite back the obvious criticism that here, once again, he is attempting what is beyond his compass by the realisation that although there must be many far better equipped to tackle these cosmic subjects—in this case the conscription of science as the fourth arm of defence—they have not done so and Mr Clark has the field virtually to himself.

What does he make of it? An account on a competent Sunday-paper level of the rise in the late thirties of a special type of scientist now extinct, the "boffin." The boffin was trained in the universities, steeped in a liberal tradition that did not always stop this side of eccentricity. War, until the boffin took a hand in it, was simple bang-bang based on a little chemistry, a little crude engineering and a great deal of hot-blooded, unthinking courage. The boffin, profoundly disturbed at the disappearance of freedom over Europe, produced a new formula that leaned heavily on theoretical advances in physics, both nuclear and solid-state, and recommended at the same time the introduction of a little scientific method into the planning of war and the measurement of results. This produced a new industry, a new strategy, a new type of fighting man. Electronics, nuclear weapons, precision engineering, operational research, technicians, not heroes—the changes have still to be fully worked out. In the meantime, the boffin disappeared, to be replaced by the professional defence scientist, to whom weapon designing is not something to which he turns his hand in national emergency, but a way of life.

Science came slowly to Whitehall and in the teeth of apathy and a suspicion that seems human enough in view of the unmerciful in-fighting among the scientists themselves. To Mr Clark, they are all simply splendid chaps with the possible grumpy exception of Lord Cherwell, which is no doubt wise since the majority are still living and no more tolerant of fools—i.e., those who disagree with them—now than they were then. But he neither asks nor answers the question of what place and how much responsibility should be given to scientists in the planning of defence. Scientific training does not automatically turn ordinary mortals into super-men, as some seem to think it does. It does not widen narrow minds, sometimes the opposite. How much power, then, should the scientist be given? The rapid switches of policy since the war, the arbitrary cancellation of weapons and ordering of others suggests one of two alternatives. Either the quality of scientific advice available to the Government since the far is not all it should have been, or it is not being taken. Which is it?

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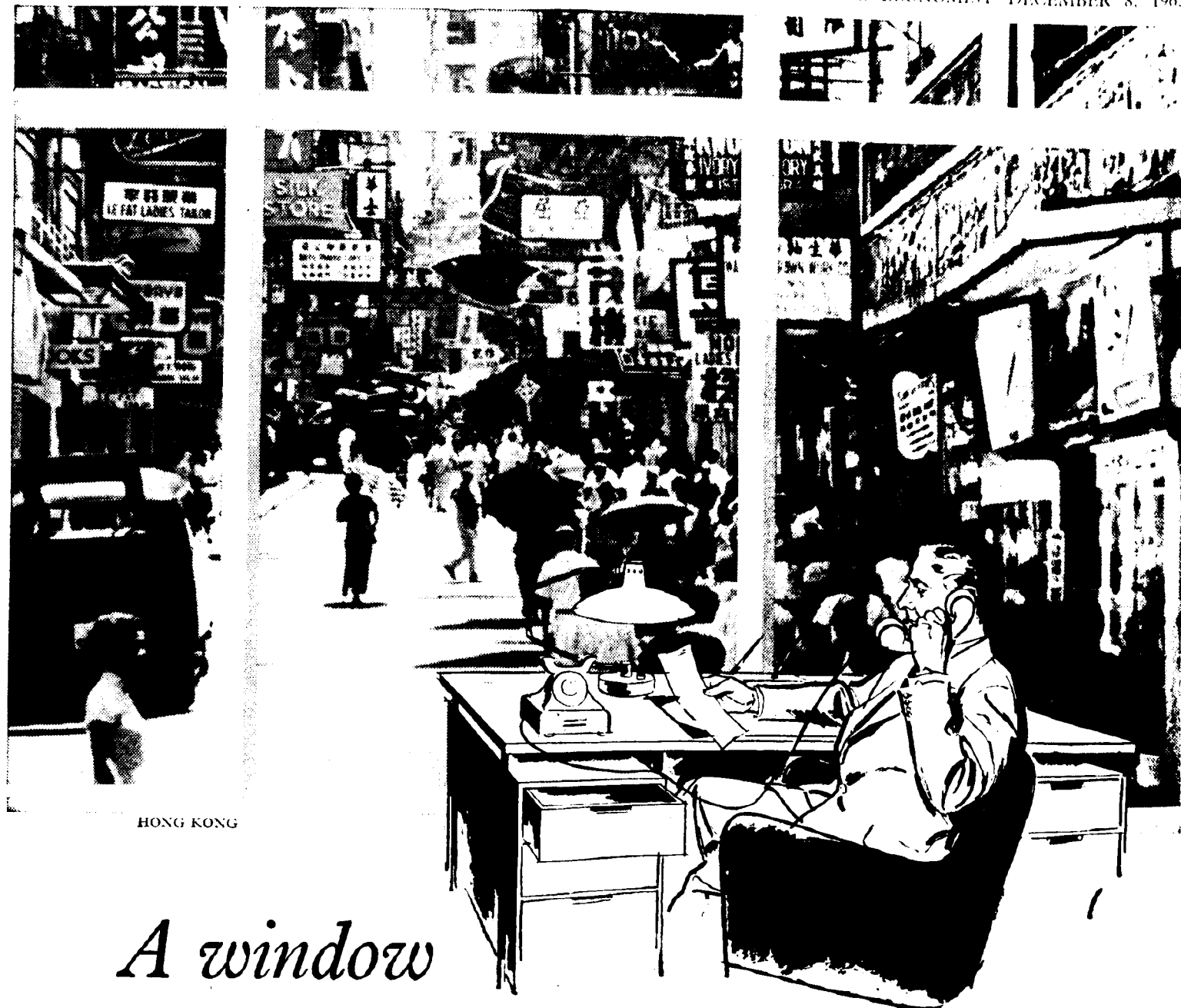
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Anatomy of Unemployment

SOMEHOW, 2.4 per cent does not sound tragic. It is a lower rate of unemployment than Britain was prepared to put up with before it learned better economic sense; and some countries (including, say, the United States) would accept it as welcome prosperity. But serious it most certainly is. It means 544,451 men and women out of work, and over half a million of them have no job to go back to. In just a month, from mid-October to November 12th, the count of the unemployed jumped by 42,000, compared with the 18,000 or so that might be expected to lose work at this season of the year. The midwinter figures are bound to break 600,000, and perhaps by a margin—the second time within four years that such figures have been recorded. What is new is not the size of the unemployed but the nature of their unemployment. In the winter of 1958-59, unemployment reached 620,000, not far short of 3 per cent. Restraint on home demand (which was intended to strengthen the balance of payments and in some degree succeeded) had by then produced a sizeable recession in the engineering and vehicle industries.

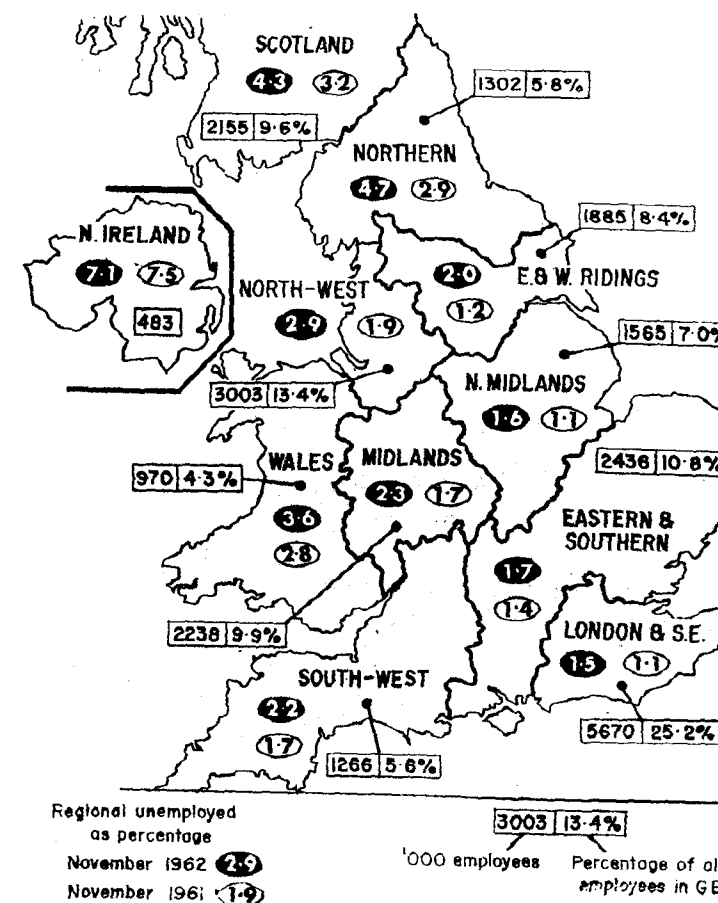
With so much capacity in steel, engineering, shipbuilding and vehicles presently underused, there are obviously some comparisons that can be made between now and four years ago. But there is now the threat of a pattern of unemployment that takes minds back irresistibly to the thirties—a predominantly prosperous South and a basically regressive North. The latest returns show unemployment percentages of 1.3 for Greater London, less than 1 per cent for Oxford, Cambridge, Slough and Northampton, 2 per cent or more around Birmingham, though over 4 per cent in Coventry. But Middlesbrough and Stockton are over 5, and Hartlepool and Workington 8 or more; so is Girvan, and Greenock is nearly 9; in Wales, Milford Haven and Pembroke Dock (despite great capital investment there) lead the national field with 11½ per cent registered unemployed.

Whether one accepts the current "two-nation" cliché, it is difficult to pretend that healthy local societies can be founded on the basis of one in twelve being out of a job. A former member of the Government, Lord Eccles, has been advocating a crash programme of help for these seriously affected areas. Ministers who remain responsible have stopped well short of that idea. The Chancellor of the Exchequer in a television discussion on Monday managed to combine a sympathetic understanding for the unemployed workers and under-employed managers who were questioning him, with the assurance (honestly meant but seemingly optimistic for this winter) that his recent measures would come to the help of the north-east coast. The Prime Minister on Wednesday declared that Scotland's prospects would be improved by

general measures towards expansion, and by special measures for the development areas, including "all the other proposals which we have in mind."

Here indeed is the dilemma. When the Prime Minister, quite rightly, says that expansion is limited "by our great need not to fall into another danger through the incomes policy not being adjusted to general expansion," he cannot expect to make much impression on the minds of those whose incomes policy for several or even many weeks past has been determined for them by their rates of unemployment pay. In the still moderately fully occupied sector of the economy south of that industrial barrier Humber to Mersey (or is it now Humber to Severn?) an incomes policy retains its meaning. But what sort of incomes policy would bring back the much under-employed areas to the north into fair prosperity? There is no permanent solution in shoring up industries that are obsolete or whose costs are too high.

It is, indeed, beginning to look as though the basic structural troubles of some of these areas, which were half hidden



while the economy had a chance to grow, are now emerging once again as serious problems. This is not the fault, necessarily, of particular industries or areas. Shipbuilding is not commonly regarded as the diadem in the crown of British industry, yet it has spent enormous effort and money trying to get up to date. It is not getting many orders, but that is not wholly its fault; the fact that it is getting any orders at all, as in the last few weeks, argues for its competitiveness. But the capacity that a few years ago helped to satisfy a world boom in new ships is as excessive here as it is in Europe or

INCREASE IN NUMBERS EMPLOYED 1951-60													
Vehicles		Engineering & Electrical		Paper, Printing & Publishing		Professional & Scientific Services		Banking, Finance & Insurance		Distributive Trades			
'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
Lond. & S.E.	12	9	96	20	31	15	96	23	33	14	154	25	
Eastern . . .	39	94	58	62	10	29	45	69	8	61	42	38	
Southern . .	17	30	38	80	7	37	50	47	7	56	26	25	
S. Western .	23	41	22	40	2	6	45	...	9	64	30	32	
Midland . . .	33	16	51	22	3	10	49	43	11	54	45	29	
N. Midland .	11	20	26	24	3	13	37	47	7	62	45	37	
Wales	Fall	...	12	36	2	29	26	39	4	46	18	22	
N. Western .	17	19	25	10	12	17	52	30	4	7	39	13	
East & West													
Ridings . . .	1	1	Full	...	2	8	38	36	10	55	29	17	
Northern . .	...	3	17	19	2	16	28	36	5	38	28	24	
Scotland . .	Fall	...	21	15	4	8	45	27	10	33	30	13	

Source : Graham Humphrys, District Bank Review.

Japan. What, again, does one make with new rolling mills intended for structural steel when the building industry has brought reinforced concrete construction to such an economical art? Obviously general expansion across the world will put many local excesses of capacity at least partly right—for a time. But the fact is that the areas now most affected by unemployment are the ones that have been least able to secure industrial innovation and growth. One answer here, that Mr Maudling has recently emphasised, would be to attach aid for underdeveloped countries more directly to spare resources—ships for India built on Tyneside, or heavy engineering products from Scotland. Yet one cannot see this helping more than marginally—and it runs against the principle of multi-lateral aid that (on general grounds) one would wish to see extended.

In an article in the *District Bank Review*, Mr Graham Humphrys of University College of Swansea bravely attempts to relate the impact of growth industries on the regional economies of Britain. There is none too much statistical straw about either, so his building bricks are distinctly rough. Taking the decade 1951-60, Mr Humphrys shows that employment grew in sixteen industries and fell in eight; the sixteen that grew averaged a 12 per cent increase, but of these there were six industries above the average that absorbed four-fifths of the increased employment in growing industries in this period—engineering and electrical goods; vehicles; paper, printing and publishing; professional and scientific services; banking finance and insurance; and distributive trades. The last three are service industries, distributed broadly by population needs; the first two are of the kind that stagnant areas might seem to need for growth.

Mr Humphrys puts these figures together in two tables which have been combined above; they need to be read against the fact that over half the employment in engineering and electrical goods and also in vehicles is concentrated in London and the South East, the Midlands, and the North West, and in paper and printing (though less important absolutely) nearly three-fifths. So the industries that have

grown fastest are concentrated in three of eleven regions. Scotland and Wales lost employment in vehicles in the 1951-60 decade, and the “two-nation” dividing line can be traced pretty consistently through the table—the dominating job-creating power of London in particular.

It would be easy to slip from this demonstration into the false idea that the backward regions would be fine if they could chisel off a piece of some other region's growth. The fact that the growth industries are least to be found in the areas where growth is most needed does not automatically guarantee that the relocation, or extension, of a growth industry in another region will carry with it the accustomed rate of growth in its old location. It may so happen where an industry has overgrown (like vehicles in the Midlands) and has drained all the skilled labour from its hinterland. And capital assistance, tax incentives, retraining of labour and management, deliberate steering of government orders—all these elements of development area policy can help, though not forthwith, in improving the lot of the hardest hit regions and localities. But one must also allow for the possibility—perhaps most tangible in shipbuilding—that there is some capacity that is by no means economically disreputable which cannot hope to get business except towards the top of the demand cycle; and when that is coming in shipping would need a brave guess. Further, there is a slimming of labour forces in the prosperous areas, as well as the radical cuts in regions where business has been declining, which must be counted for good—in terms of cost paring, higher efficiency and the switching of jobs where this is still possible.

But, over a limited industrial and geographical area (though one too big for comfort) government, people and industry are facing a mixture of cyclical and secular problems which is incapable of a single solution. In the widest areas of international economic policy, the signals have been made for more expansion. The external crisis that forced nearly 3 per cent unemployment on Britain four years ago does not exist today; risks can be taken now, particularly in external finance and aid, that were not possible then. Mr Maudling's general measures are likely to emphasise, at least for a time, the “two nation” differences they are intended to level out—for all past experience suggests that south-domiciled industry is faster in its response to expansionary noises and measures. They will not mean a prompt increase in orders for depressed industries and areas, even though he fairly claimed on Monday that their help would spread through the economy.

The fatal mistake, on any sensible long-term view of what the British economy needs, would be to panic into crash programmes of help for industries whose ailment is not a sudden cold but is associated with age and decline. Steering private and public investment to help depressed places is admirable so long as growth is never denied to the areas that can best achieve it. Nor is labour mobility a negligible factor today in securing it. Some element of rescue will have to come into the operations for the northern nation. But an equally urgent need will be to secure the bases of sustainable growth in areas that have so far achieved too little of it. One needs, so to say, more IBMs in Glasgow to make Scotland grow; and fewer of the crazy Solomon decisions that divide a steel mill into two inefficient halves in the name of balanced regional advance.

How Much Faster than Sound?

Our Aviation correspondent, back from the United States, reports on supersonic thinking there

Now that the decision has been taken to proceed with an Anglo-French airliner flying at twice the speed of sound, the chips are down and arguments about the soundness of the choice become academic. The aircraft's future—and that of the taxpayer's investment in it—will now depend largely on the kind of competition that it is going to meet. The only competition that matters is whatever will come from American factories, and it had better be recognised straight away that Mr Amery's signature on the Concord agreement plays straight into the hands of those government agencies in the United States that are raring to try their hand at supersonic designing. Pressure from government scientists to mount the supersonic band-wagon is at least as great on that side of the Atlantic as on this; what has held them back so far is the conspicuous reluctance of American aircraft builders to get in on the act. It is assumed there, as here, that the government will have to finance the development of any supersonic airliner; to date the American government has confined itself to placing small development contracts across the industry to investigate specific features of supersonic design. But in the past few weeks, the head of the Federal Aviation Agency (whose role would be similar to that of the Ministry of Aviation) has said repeatedly that an Anglo-French agreement would force the United States to come to a decision in the following six months. The agreement has been signed; what will Mr Halaby now decide?

Most American designers would say that they do not know. They have a clear distinction in their own minds between a supersonic airliner, and a good supersonic airliner. By the latter, they mean one that meets at least some of the criteria laid down by the International Air Transport Association, including the important proviso that the operating costs of such an aircraft should be no worse than those of today's big jets (privately, most airlines think that they could charge a small premium for supersonic flights). With unexpected humility, American designers have been saying in almost identical words, “If they want us to produce nothing more than a machine that will fly passengers at supersonic speeds, we could start tomorrow. But if they ask for an airliner that will do this economically, then we do not know where to begin.” What is one to deduce from this? That the English and French aircraft industries are more knowledgeable than the American, or that they are more rash?

It is possible that the industries on the two sides of the Atlantic are working to different ends. The English and French are bidding to snatch a lead in world markets, even a short-lived one. Such an aspiration would lend a semblance of logic to a choice of design that is indeed difficult to justify on technical or commercial grounds. The cult to justify on technical or commercial grounds. The Americans, for their part, are not interested in short-term gains, but only in long-term production runs. Their engineers know only one way to build aircraft, by mass-production methods requiring massive investment in jigs and tooling. Since supersonic airliners will be ordered in smaller numbers than today's jets (fewer being needed to do the same work),

it is vital for the Americans to choose a design that can stay in production over a long period if they are to see their money back. It is not always realised that the US aircraft industry has taken staggering losses on its jet airliner production. Only the Boeing company is within sight of recouping its development costs, and it will still take another two years before the company finally does so, by which time the 707 will have been in service for six years. Lockheed, Douglas and Convair are less fortunate; each has written off sums that range in ascending order to the near-incredible.

The supersonic aircraft promising longest life is an aircraft built entirely of steel, so that its performance can be improved without running into limits imposed by the rising temperatures that come with rising speeds. The light alloys which will be used for the Anglo-French aircraft will already be up against these limits, so that the Concord will be an aircraft offering no further scope for development. This is the key difference in the approach to supersonic design on the two sides of the Atlantic. The American industry has not abandoned all idea of building a light alloy aircraft. Most companies have their Concord-type designs and are discreetly writing for European samples of the sintered aluminium, out of which the British and French aircraft will be built and which is said to be the secret of its performance (this material is not made in the United States). But the American industry would prefer to build its supersonic aircraft from steel, and will choose light alloys only if steel proves to have insoluble drawbacks, as the British and French say it has.

The Americans would be the first to admit that huge gaps exist in their knowledge of how aircraft and materials behave at speeds between 1,500 miles an hour and 3,000 miles an hour, which would be the tentative speed range for a supersonic airliner built of steel. This is precisely why they cannot for some years put such an aircraft into production. They have no more evidence to prove that it can be built than the British have to prove that it cannot. But against British comment that few aircraft have ever flown at these speeds, and then only for minutes, must be set the fact that the world's first big steel aeroplane is due to fly this spring and when it does, American designers will begin to fill the gaps in their data. This aircraft, the B.70, was planned as a 2,000-mile-an-hour bomber, but out of that controversial and ill-fated programme are emerging two prototypes that will serve as supersonic flying test-beds and settle, among other things, arguments about the sonic bang from a big aircraft. The B.70 holds the key to what the Americans will do next.

If the American industry builds the kind of supersonic airliner that it wants to build, and which it certainly will build unless data from the B.70 flights are sadly disappointing, the American factories might be offering delivery of a supersonic airliner five to seven years after the Concord, assuming that the British and French factories can meet their tight schedule of putting the Concord in service by 1970. This week's fire in the prototype engine shows how the unpredictable accident can upset any time-table. How, in these circumstances, are the world's airlines going to react? Will they buy British? Or will they wait, as they waited

when they were offered Comets and Britannias, for bigger, faster American aircraft more closely tailored to their requirements? Britain is again attempting to steal a march on the competition by offering early delivery of an interim aircraft. Will the airlines take the bait this time?

The bait is a deal tastier in the case of the Concord than it was with the Britannia. If Air France and the British Overseas Airways Corporation both put the Concord into service on the North Atlantic (even if their respective governments have forced them to do so at gun-point) other major North Atlantic airlines cannot fail to buy the aircraft. BOAC and Air France between them control too much North Atlantic business to allow American lines to shrug off this kind of competition. But the big airlines will buy, if they must, only the minimum needed to hold off the worst of the competition until they can get the kind of supersonic airliner they really want. They would react in the same way to any maverick that put Concorde on the American domestic network. Like the American manufacturers, these airlines want an aircraft with a long life; a light alloy aircraft that may be outdated in a few years by a potentially (but not necessarily initially) faster steel one does not seem to them to fit the bill. The trend in the United States is towards longer depreciation; while BOAC is prematurely writing down much of its fleet, United Airlines, the biggest airline in the world after the Russian Aeroflot, is extending the depreciation of its jets from ten to fourteen years and setting a precedent of which the airline industry generally approves. It is difficult to see the Concord fitting into this pattern unless it can be proved that it does in fact represent the ultimate in supersonic design, and that speeds of more than the Concord's 1,400 miles an hour are unattainable in a civil transport.

If Concorde had to be bought as a stop-gap, the number would turn on the time-lag between British and American

delivery. A gap of three years could mean that American airlines would buy none at all. One of between four and five years could find them buying token quantities, with the numbers increasing as the gap widened. The balance could be tipped slightly by making the Concord more acceptable to the airlines than it is today. Major airlines outside Britain are accustomed to have a large say in the designing of any new airliner and have engineers qualified to do this. There appears to have been scant consultation of this kind while the Concord was being designed and the aircraft has features to which airlines are already taking exception. Not least of these is the tendency of all machines of this shape to land with their tails scraping the ground, their noses high in the air and their passengers presumably on their backs contemplating their toes until the machine returns to the horizontal with a wallop. Nothing about the behaviour of the Ministry of Aviation's research aircraft suggests to the airlines that the British have an answer to this—hence airline interest in wings that change their degree of sweep according to whether the aircraft is flying supersonically, when it needs a lot of sweep, or slowly, when it needs very little (this also has an important bearing on operating costs). American designers are offering this British-invented refinement in their supersonic designs; it is already going into American military aircraft like the one described on page 1017.

But no amount of improvement or improvisation can remove the spectre of untimely obsolescence that turns the prevailing mood in the United States against the idea of standardising on an all-Concord supersonic fleet. The airlines intend any purchases of Concorde to be marginal, and it will be difficult to change their minds. Whether such export prospects justify a joint Anglo-French investment that may in the end come to £200 million is a question that the two governments alone can answer.

GERMANY'S ENERGY MARKET—II

Retreat from Liberalism?

THE company structure of the German energy business, to an Englishman, is one obvious way in which it differs from the British market. Coal is mainly though not entirely privately owned, often by groups having large steel interests. What are nicknamed the "zebra companies"—those with mixed coal and oil interests—have a sizeable stake in German refining and oil marketing, as well as in mining; some were originally based mainly upon local crude oil, but are nowadays also "arm's length buyers" of imported crude wherever—and as cheap as—they can get it. The government owns some coal mines and one or two refining groups (one of which processes some Russian oil). Among the German affiliates of international oil companies, Esso, Shell and Mobil have significant interests in German crude production; Mobil is associated in the ownership of one refinery with one of the bigger coal-oil groups. And perhaps the biggest splash in the widely covert South German market has been made by the plans of a group dominated by ENI, the nationalised Italian gas and oil company.

Price-cutting independents no longer retain the large share of the German market for motor spirit, 15 per cent or so, which

they touched some years ago; the larger companies cut prices too, and now the original price-cutters are down to perhaps 8 per cent of this market. A German group, BV Aral, has the largest single share of this retail market; but counting in all products, it is possible that Esso ranks first. The big companies have largely mopped up the competition from Russian oil products, though a number of the German independent refiners are refining some Russian crude. Most of the products come in via East Germany, against which the Federal Republic charges no customs duty; products refined from East German crude oil even get the same protection as those refined from West German crude.

Coal lobbyists in Germany, in spite of their side interests, present a firmly united front; not so those of oil. In reviewing their plans for refinery expansion—and refusing to reduce these as the German government asks—some of the major international companies have emphasised to Dr Erhard that they themselves are practising moderation; they aver that it is the "zebra companies," planning to increase their share of German refining capacity from about 40 to about 45 per cent by 1966, whom he and the coal owners should bring to book.

Does this mean, counter the coal-oil companies, that they should be prevented from developing the growing side of their business; and is not the major's moderation in refining plans inside Germany explained by the fact that some of them have refineries just across the French border from which they are planning to increase fuel oil imports into Germany?

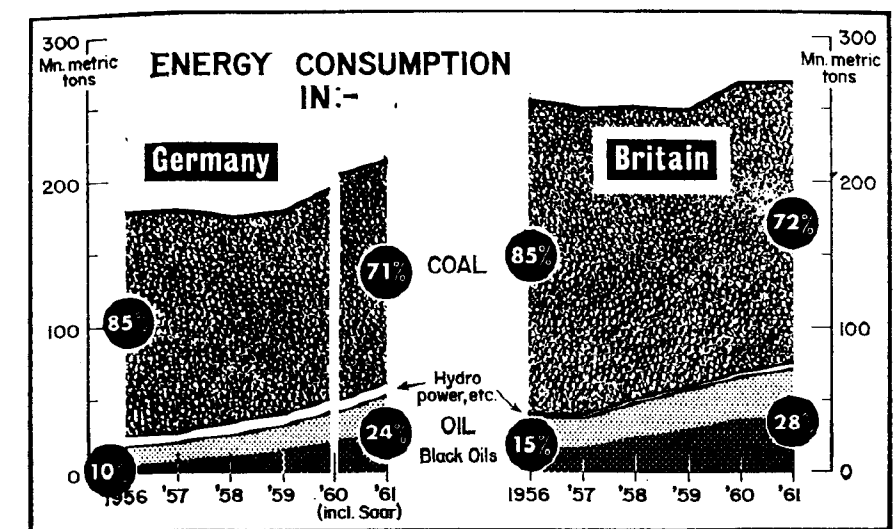
The German-owned refining companies, whether or not they have interests in coal, also contend that the most bitter price competition of recent years came from the major companies while these were building up the fuel oil market and their shares of it. Refining affiliates of these international groups, their German rivals complain, can price themselves into the red while trading in Germany, yet have their books brought into balance at the end of the year by various forms of adjustment from international profits made in the Middle East or elsewhere. And it takes astute buying—even from the Russians—for any independent refiner to get big enough discounts on his crude to match this.

ON one issue, however, the oil companies do say the same thing—that the refinery expansion they have in mind is not excessive. And that German consumers, given freedom of choice, would be glad to buy the oil which the new capacity will produce, plus a margin of imports, is not in dispute. What is disputed is the growth one can expect in total energy consumption, and how much room will be left for coal. The oil companies reckon that total consumption will grow at roughly 2½ per cent a year from now until 1966, which they consider is quite moderate by comparison with the estimate of a 2.8 per cent average growth up to 1975 that was made of early this year in an *enquête* conducted by a group of German economic institutes. The coal companies and trade unions argue that the growth may be nearer 2 per cent yearly; on this analysis, they think the refinery capacity planned may bring about a surplus of say 5-10 million tons of coal a year by the late sixties. Nobody questions that if the surplus arises it will be one of coal; even with a price stabilising at around DM.75-80 a ton (including the DM.25 tax), fuel oil is more than competitive with coal, and by 1966 the new refineries will penetrate the last few refuges in South Germany where coal still retains some price advantage.

Coal means votes, political backing for parties of more hues than one, the traditional stronghold of German capital. Oil does not employ many people, and much of the capital with which it is intensive is foreign. Another basic difference between Germany and Britain that an Englishman notes everywhere—even in its admirably unbiased Ministry of Economics—is that Germany has no national interest in international oil. "At least in our professor of economics' pack of liberals," said a sardonic coalowner to his visitor last month, "nobody stands to attention when they hear the word Shell. Can you say that at home?" (He was clearly confident that there are plenty of ministries in Bonn ready at a moment's notice to turn out the guard for the Ruhr.) The Ministry of Economics would like to see more German interest in foreign oil; indeed, one reason why it is reluctant to give open-ended subsidies for local crude production is that it gives German oilmen "the chance to

look for oil comfortably where it probably isn't, rather than in nasty places with sand and mosquitoes where it probably is." But it retains a certain un-British detachment towards the fortunes of the major international groups; towards American companies, indeed, it is apt to raise the point that Russia is not the only big oil-producing country that has largely closed its own home market to foreign oil and from behind this protection can afford to push competition hard abroad.

This ministry wants Germany to enjoy the benefits of cheap energy: its own energy policy is becoming nearly as pragmatic as Britain's, though still with a rather larger dash of liberalism. Its hopes of any early progress towards any common energy policy for the European community are not high: it regarded the most recent Marjolin-Lapie draft for such a policy with indulgent scepticism, as an intellectual construction trying to face too many ways at once. It is highly reluctant to intervene in what it regards as a fairly free market for oil, for the sake of further protection of "coal-owners whom it would be a pity to see reduced to selling matches." It has no doubt that all future growth of fuel demand in Germany must be met from imports; even if German mining is rationalised down to an efficient and competitive core (do not ask how big) its chances of attracting labour while maintaining its costs fairly level seem low. The Ministry is worried only about the rate of growth of oil sales; it fears that the rush of refinery construction for the Bavarian market set off by ENI can in practice push coal farther down in the rest of the sixties than the coal policy of retreat and rationalisation can take care of. Its own room for political manoeuvre is clearly limited, with a government in difficulties and conceivably prepared to toss liberalism on this issue overboard for any extra chance to re-establish its position. The Ministry is still reluctant even to discuss the two obvious methods of intervention: import quotas on crude and fuel oil, which unless put on oil from the rest of the Community under an escape clause of the Treaty of Rome would simply invite an influx of imported products from other common market refineries; or some form of refinery licensing, a long way short of France's *dirigiste* oil policy but a move in that direction. Low water on the Rhine, and a really cold winter—which might make fuel short in Bavaria and even divert the Ruhr's attention slightly from lobbying—would help it play for time. But there are plenty of Parliamentarians to press illiberal action upon it.



BUSINESS NOTES

RESERVES AND EXCHANGES

Sterling's Strength

THE sterling area's gold and convertible currency reserves rose by £22 million in November to £1,030 million; and on this occasion there were no special factors to distort the figures. The seasonal pressures of autumn have left sterling relatively unmarked this year. In September the reserves fell by £13 million, after allowing for special factors, but they rose again in October by £11 million. The rise in November reflects both the ebbing of the seasonal strains, the stronger balance of payments, and the confidence shown in sterling in the foreign exchange markets.

This is the best performance since the rises recorded in the first five months of the year when a good deal of foreign money was being pulled into Britain by high interest rates. There were no signs of any such inflow in November. In fact, as far as these movements can be spotted, there seems to have been a small net outflow of foreign money during the month. During November, it is true, there was a small amount of switching from American to British Treasury bills to take advantage of the covered arbitrage margin of around ½ per cent, but this seems to have been more than balanced by a steady, but small, out-

flow over the whole month from the local authority mortgage market into the Euro-dollar market, where the three months' rate remained at around 4½ per cent on a good demand from the Italian banks. Throughout November the local authorities, with rate money coming in and a good deal of accumulated money from new issues and mortgages available, were repaying their maturing short-term debts without renewing them.

Sterling was consistently strong throughout November, keeping within the range of 2.80½ to 2.80¾ against the US dollar. The Sino-Indian dispute passed without a ripple. Confidence in sterling now seems to be stronger than for a very long time. This good external performance contrasts with the growing public feeling about unemployment; the gold figures have revived expectations of a cut in Bank rate to 4 per cent. But the Government has already pulled out most of the monetary stops and a good few of the fiscal ones too; and more might be needed. Bank rate with its predominantly external impact, remains a useful guard against external pressure on sterling—and notwithstanding the good November gold figures, that guard may still be needed.

INTERNATIONAL CREDIT

Multilateral Swap

A correspondent writes:

THE American and Swiss authorities have arranged a further currency swap, not as yet officially disclosed, which for the first time involves a third currency. The Federal Reserve has a liability of \$30 million maturing in Switzerland that must be covered. This is part of the \$60 million taken off the Swiss market at the time of the Cuban crisis by the National Bank, which then passed on these dollars to Swiss commercial banks on a short-term swap against Swiss francs, which would be returned to the banks before they made up their accounts at the end of the year.

Now the American authorities have covered this maturity, and in an intriguing way. They have made use of the one foreign medium of exchange with which they are flush, German marks; and in order to do so they have used the Bank for International Settlements as an intermediary in a three-cornered swap operation. The

American authorities have used their marks to acquire Swiss francs, on a swap basis, from the BIS; and with the proceeds they have repaid the Swiss National Bank. The BIS in turn has acquired the Swiss francs (those it swapped with the Americans) from the Swiss National Bank, again on a swap basis, this time against gold. All these operations will have to be reversed when the swaps mature in three months. So the Americans will still need to find Swiss francs in the new year, though it is hoped that the underlying commercial deficit in the Swiss balance of payments may by then again be making itself felt.

The Federal Reserve could not use the marks directly because the Swiss authorities hold only gold and dollars in their reserves, apart from small working balances. Nor did the American authorities want to use up what remained of the Swiss franc balances obtained by the \$200 million swap arranged in mid-July and renewed for three

months in mid-October, and the two borrowings, also in mid-October, of 220 million Swiss francs from the Swiss Confederation, and 200 million Swiss francs from the Swiss National Bank. The Americans prefer to use these francs to purchase gold from the Swiss. In November the US Treasury made two gold purchases from the Swiss National Bank; the first was of \$20 million that the National bank had obtained on a swap basis from the BIS, and the second was a purchase of \$30 million in the week to November 23rd—a purchase which was reflected in the National Bank's weekly statement.

THE ECONOMIES

Planning Or Not?

DR Ludwig Erhard took the opportunity once again last week, at the session of the European Parliament in Brussels, to say that he was utterly opposed to the spirit of planning that he sees thinly veiled behind the *programmation* recently advocated by the European Economic Commission in Brussels; and M. Robert Marjolin, vice-president of the commission, finally came out, at a conference in Rome, and used the word *planification*. Dr Erhard, continuing his controversy with Dr Hallstein, president of the commission, said that he had the support of Dr Adenauer in his stand against this extension of centralised planning. M. Marjolin, without entering this controversy, was at pains to remark in his speech how much the disciples of the "social market economy" in Bonn do in practice find themselves intervening in the conduct of German business.

Germany's *laissez faire* economists, when the common market began to be built, had hoped that their own, then hugely successful, economic ideas would prevail over any spirit of French planning within the Brussels bureaucracy. In practice, though M. Marjolin himself is often at odds with the French Government over common market policies, his own approach to the problems of the *économie concertée* inevitably parallels that of the Commissariat du Plan; Dr Hallstein, too, seems to have lost some of the doctrinaire liberalism that Bonn requires.

M. Marjolin, in Rome, cited the open resort to planning in France, Belgium, the Netherlands, and Italy, and added that in Germany the government had exerted considerable influence on investment, particularly regarding the heavy industries, some backward areas, and the export industries. He suggested that the German economy, no longer benefiting from the impetus given to exports by an undervalued currency, now

faces new problems, and that it would be forced into new techniques of public intervention in the private sector of the economy.

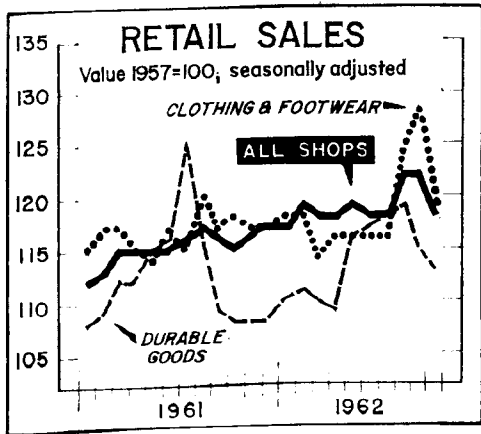
Two philosophies are in conflict here within the common market: the commission has much of the practical initiative in its hands, though here too, finally, ministers dispose. Before Europe could adopt a free market policy in the Erhardian sense (providing it so chose) it would have to become a common market. Common external tariffs, harmonisation of the agricultural policy and taxes and social policies—all these are tasks that could hardly be tackled without the help of a planning bureaucracy formally in the saddle which is able to lay clear cut proposals before the Council of Ministers. It is not M. Marjolin's socialism but the impetus of European economic integration which gives the commission in Brussels its preponderant emphasis.

CONSUMER SPENDING

Back on Course

IT was not surprising that the fashion trade did less well in October than in the two preceding months, when it had benefited from an especially early spree of autumn and winter clothes-buying. Even at the lower level, the turnover of the clothing and footwear shops, according to the Board of Trade's seasonally adjusted

series, was still 2 to 3 per cent above what it had been in the second quarter of the year. The more disappointing features of the October retail trade returns were a quietness in the food trade, and a further decline in the sales of durable goods shops, to their lowest level in six months. The credit business of household goods shops was likewise in the doldrums, the rise in October, as in September, being smaller



than might be expected for the time of year. Thus, the stimulus given by the reduction in minimum deposits on June 5th, which was maintained in July and August, has since lost some of its force.

As a result of these changes, total spending in the shops in October fell back to the

June and July level, after having been 3 per cent above it. Since prices had edged downwards a little, however, the volume of business did not fall off quite as much, although it was barely any more than at the same time last year. The poorer showing in October may be explained away by "unseasonably mild weather" which puts paid to those "seasonal" corrections, or it may be wrapped up with the September results to show that trade was "marginally higher." On the face of it, however, it looks as if the Indian summer for the shopkeepers was over and that buying was once more at the level at which it has stuck, more or less, for the last eighteen months. Yet the Chancellor asserted in the House on Tuesday that he cut purchase tax on cars instead of using the general regulator, because "consumption was rising and is rising." Did he mean outside retail trade, in the other half of personal spending? The only available indication on this side relates to car-buying on hire purchase

Will Car Sales Rise?

THE motor industry finds the first month after the cut in purchase tax a disappointment and a puzzle. After selling 60,000 cars at home in October, matching the record of 1959, it finds that sales in November may have fallen by perhaps 10 per cent, when seasonal factors would cer-

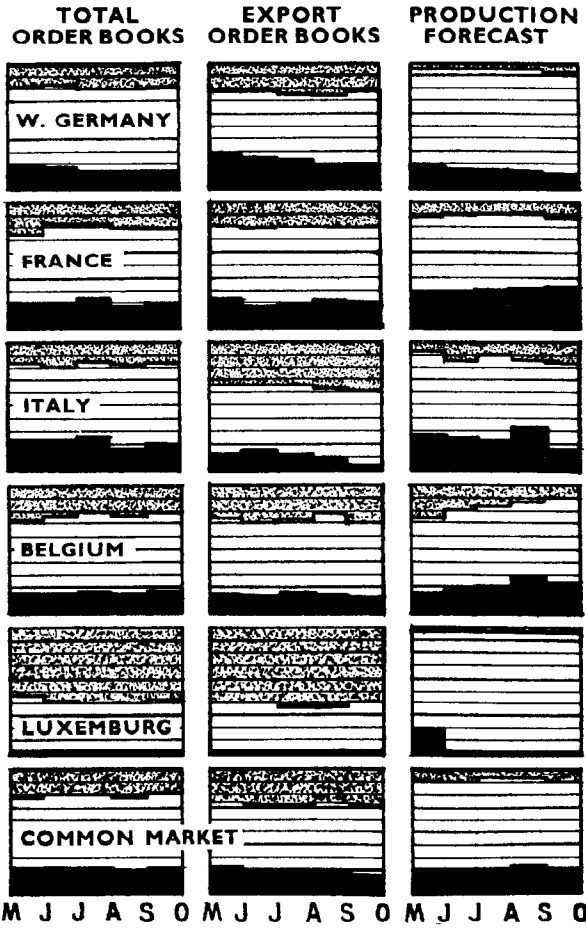
Business Attitudes in Europe

BUSINESSMEN in the common market hope that their output will grow at a moderate pace in the next few months; but their total order-books are fairly static, as a result of declines in export orders. Slack is developing in the capital goods industries, where stocks of finished goods are mounting; the consumer goods industries show clear signs of a further rise in output.

Sampling of company directors' feelings about the state of their business began in Europe a good time before the Federation of British Industries took it up here: the IFO Institute in Munich devised its *Konjunkturtest* technique in 1949. Such questionnaires, framed to be answered with technique in 1949. Such questionnaires, framed to be answered with "Up," "Same," or "Down," are now regularly answered in all the common market countries. This spring the European Economic Commission began sending out a standardised questionnaire to 13,000 businessmen in all these countries but the Netherlands, where businessmen do not altogether approve the form of the EEC test and in any case want the results kept secret.

The charts show the answers, as now published, for three of the six questions that the commission asks; they are published in this graphic form only, without any figures. The Europeans prefer this kind of presentation, which gives full weight to the "No change" answers, to the method often used for the FBI survey, where the answers are often given in terms of the balance of the percentages "Up" or "Down," ignoring the "No changes."

In graphic terms the Europeans may be right—though presentation of the graphs without three colours is almost inevitably ugly—but it would probably be better to publish figures too, for anyone wanting a different presentation. These surveys, however, are monthly, with big samples, and more detailed than the British: there may be an advantage in bringing those of the FBI into line, whether we enter the common market or not.



tainly not indicate any bigger fall and are generally expected to produce a rather smaller one. Hire purchase business, however, remained almost the same as in October, so if the signs of a fall in sales prove correct, the reduction in deposits demanded by members of the Finance Houses Association must have raised the proportion of cars bought on hire purchase to nearly 25 per cent.

Though nobody expected that there would be an immediate rush of buyers after the cut in tax, everybody thought sales would show some improvement. If they prove to have fallen the industry will wonder how much effect the cut in tax will have in the long run, when the public has had time to work out the effect on them. Forecasts for next year are already tending to become slightly less optimistic, while the results of December and then January are being anxiously awaited by harassed prophets. When purchase tax was cut in the budget, the big rise in sales came in May: so those months should give the final answer.

STOCK MARKETS

Norfolk's Success

FOLLOWING the final release of special deposits, business in the gilt-edged market remained thin and renewed suggestions of a reduction in Bank rate did little to stimulate buying. But prices have continued to improve and where they have had the opportunity the authorities have tried to nudge them up. Corporation stocks have followed and so brought success to the £3 million offer by Norfolk County Council of a 5½ per cent stock, 1971, at 98, offering a yield of 5½ per cent to redemption. Nearly two months have passed since the last corporation issue, and the Norfolk loan was regarded by the authorities and the market as a test case. At the tail-end of the boom in local authority issues Somerset just scraped by with a 5 per cent coupon, but that stock now stands at a discount and the decision was taken to re-test the market with a 5½ per cent coupon for Norfolk. Its oversubscription of more than 30 times will encourage the authorities to bring a bigger local authority issue forward on finer terms.

Equities in the British and Continental markets have tended to follow Wall Street, dipping on the slight technical reaction in dollar stocks and then rallying on the recovery which carried the Dow Jones average up to 654 on Wednesday. Renewed European interest in dollar stocks has been reflected in a slight hardening of the dollar premium in the London market. The concern among British investors about domestic unemployment was expressed in quite a sharp dip in equity prices on Tuesday. But the gold figures and the rally on Wall Street gave fog-bound Throgmorton Street a little more confidence later in the week. Even so,

BUSINESS NOTES

as a result of the earlier fall, *The Economist* indicator was 6.8 points down at 348.1 in the week to Wednesday's close.

SWEDISH CAPITAL

Break-up on the Stockholm Market

Stockholm

THIS year has witnessed a conspicuous turnabout on the Swedish credit market. At the beginning of this year when there were indications of a slowing-down in the rate of economic expansion in Western Europe and private capital expenditure in Sweden seemed no longer to be increasing, the Riksbank successively loosened its strong hold on bank lending. The banks became free again to extend new credits and were even encouraged to do so. The money supply was deliberately increased and the official discount rate lowered—in April by ½ per cent to 4½ per cent and two months later by another ½ per cent. But the changes on the capital market have been even more drastic and far-reaching than those on the market for bank credits. For years prospective long-term borrowers, consisting of industrial enterprises, municipalities and mortgage institutes, had been queuing at the Riksbank's issue door to get permission to make bond issues. More often than not, they had had to wait for several years before an issue permit was granted, and it fell to the banks to try to find ways and means of financing these long-term credits. There were signs last year of a better balance on the capital market, but this year a real break-up has taken place.

At a rate deemed unbelievable only a year or two ago, bond and debenture loans have been issued and almost immediately absorbed by the market. In all, more than 4,000 million kronor have already been placed this year against some 2,150 million during the whole of 1961. Industrial companies and power authorities which had previously been most starved of new issue permits, have been able to borrow three times as much as in the whole of 1961 and no less than twelve times as much as in 1959. Only recently has the market begun to suggest a certain state of saturation, but the once long queue of borrowers has virtually disappeared and the most pressing requirements have undoubtedly been satisfied.

Several factors explain this remarkable change-over. On the demand side for new investments the National Pension Fund has become an increasingly important source of finance since it was set up in 1960. Its resources are rapidly rising and next year it will have not far short of 2,000 million kroner to invest. On the other side, the Government, having a surplus on the budget, keeps away from the market, leaving other borrowers to enter. This more satisfactory balance on the capital market to all appearances will persist and perhaps

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improve this coming year; it has given rise to expectations of a further lowering of interest rates. It is hard to say whether this will materialise. Experience shows that changes of the official discount rate are generally decided on grounds other than pure demand and supply in the credit market. As a rule, forecasts of business development have been the decisive factor, and, on present evidence, these would not appear to warrant an easier credit market.

COTTON TEXTILES

Curb on Pakistan

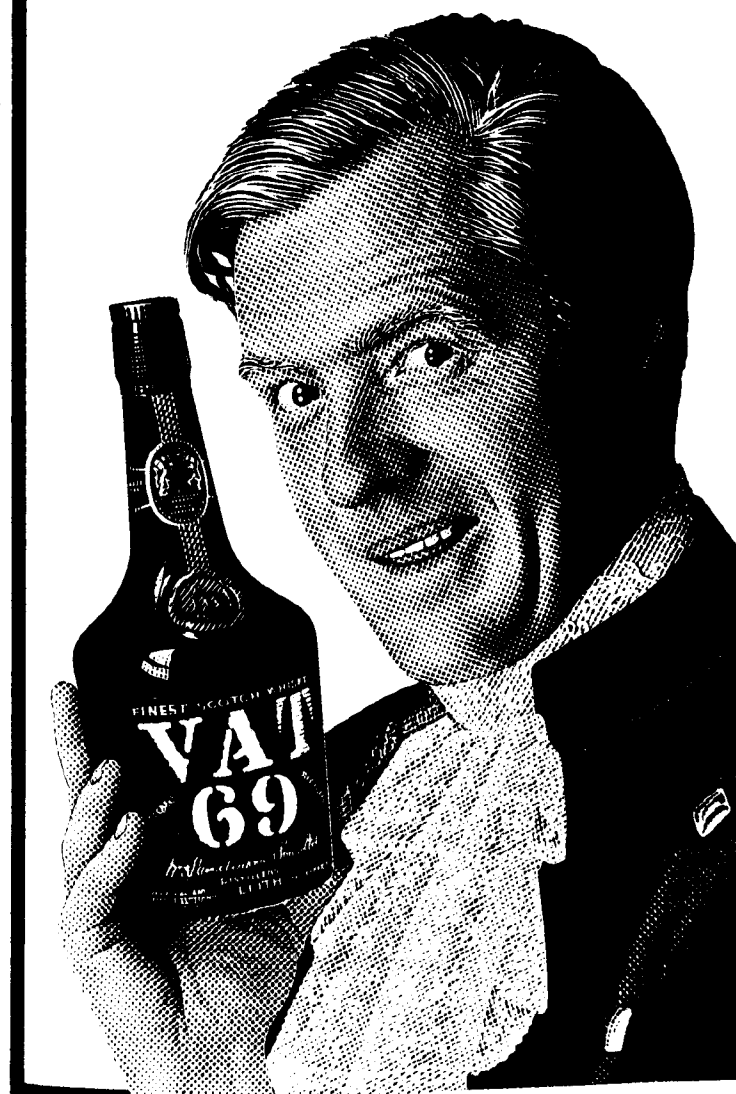
SINCE summer, India and Pakistan have been ready to restrict exports of yarn to Britain and to extend current quotas on exports of cloth and garments when they expire at the end of this year. But despite considerable pressure, Pakistan has so far withheld its consent to this voluntary limitation. Last month, the President of the Board of Trade stated openly that, failing agreement, the British Government would step in to enforce restrictions, and it has now done so. Imports of cotton yarns from Pakistan have been fixed at 1.2 million lb over the two years, 1962 and 1963. Licensing has been put into effect immediately though spreading the quota over two years would appear to remove the urgent need for the new arrangements.

The yarn quota is based on imports in 1961, the last full year in which the Commonwealth suppliers competed here freely. Pakistan unfortunately came off badly in 1961 partly because re-equipment was dislocating its industry, and therefore it has a case to plead. No action to restrict Pakistan exports has had to be taken up till now because they were lagging badly for most of the year and were heavily down on the 1961 level until quite recently. But an upsurge in Pakistani exports to this country has occurred and orders placed in Pakistan, which the Board of Trade has apparently also taken into consideration, have been large. The expansion is a sign both of quickening trade in the Lancashire cotton industry, in which so far not all manufacturers have shared, and a tribute to the effectiveness of a restored export subsidy in Pakistan.

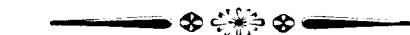
India and Pakistan have kept their yarn exports to Britain within the 1961 level pending Pakistan's agreement to do the same. Pakistan has not yet agreed to extend cloth and garment export "ceilings," but if this warning is not enough to bring Pakistan to heel, import controls will be used. Controls are more easily applied and dignified when applied in the producing countries; the trend should be towards self-administered restraint but many importers have recently been forced to impose import restrictions on cotton textiles. Pakistan now appears determined to set the clock back further.

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HIRE PURCHASE

Repeat Performance

THE Protection of Depositors Bill received an unopposed second reading this week, but six years is a long time to wait for such a straightforward bill. The third attempt at a Weights and Measures Bill is no improvement on earlier dismal efforts. Now, in what must be almost a negation of government, the Government has returned the job of reforming hire purchase law to the private members.

Just one year ago this week the private bill of Mr W. T. Williams, Labour MP for Warrington, was talked out on the grounds that it anticipated the report of the Molony

Committee. That report appeared last July: three weeks ago Lord Derwent, Minister of State at the Board of Trade, blandly pointed out that hire purchase was a traditional field for private legislation and invited private members from either house to introduce bills. Lord Peddie has taken up the invitation and introduced a shortened version of Mr Williams's earlier bill.

What happens now? If the Government has any sense it will realise that this matter is too important for a private member's bill and it will find time for comprehensive legislation. Lord Peddie's bill extends the protection of the 1938 Act to cover goods up to a total hire purchase price of £1,000 and proposes a 72-hour "cooling off" period for all contracts not signed at a regular retail outlet. The arguments of a

year ago against reform in this shape still apply: extending the 1938 Act means that a finance house can never recover more than half the hire purchase price from a defaulting hirer. Most companies themselves now follow the reasonable practice of charging the hirer who terminates his agreement the balance owed less the amount received for the re-sale of the car.

A change in the law must recognise the need to protect the consumer, but it must also see that the finance company gets a square deal when a contract is broken. At the same time it must open up the way for the companies to enter the personal lending business, now that they are building up their credit rating service, by exempting them from the Moneylenders Act. This would avoid the present problem of the finance

explicitly and individually confirmed by the *Comision*. One of the immediate consequences is the disappearance of the Price Control Board (*Fiscalia de Tasas*).

IN foreign trade, the simplification of the inspection of goods in import and export trade, and the merging of all export levies into one, will be greatly welcomed by traders. Another step in the same direction is the streamlining of foreign trade: by making tariffs more homogeneous (by putting sub-items, if possible, all in the same group of trade, and by transferring more commodities from state trading to private hands.

Other articles of the decree refer to the definition of economic policy: the lack of clear principles in the past had been held responsible for the "wait and see" attitude of the public. The *Comision Delegada* will list and define all economic branches in which official authorisation will no longer be required for foreign participation of more than 50 per cent. (The exceptions mentioned in the decree of July 27, 1959—enterprises directly related to national defence, public information and public utilities—remain in force.)

New conditions will facilitate foreign participation in Spanish official tenders and new legislation will favour the establishment of temporary joint ventures by foreign and national firms.

To check abuses, the decree stipulates that all restrictive trade practices, and monopolies which try to dominate markets, will be dealt with under new legislation. At the same time state-owned industries will henceforth have to limit themselves to activities not sufficiently covered by private enterprise or to sectors where monopolies or restrictive practices have to be fought.

On all these matters the Government pledges its word to prepare pertinent legislation within six months from now. The new team that is conducting Spain's New Deal has kept up, and even accelerated, the initial push with which it started, back in 1957.

house, as legal owner of the goods, being responsible for a dealer's misrepresentation. Finally, if the third party who in good faith buys a car still subject to a hire purchase agreement is to be protected, then car registration books must be recognised as documents of title: an inter-departmental inquiry was considering this as long ago as last July.

PROFITS AND DIVIDENDS

In Reverse

EVIDENCE in the summer that industrial profits had begun to turn the corner has not been confirmed by company results published in October and November. Following a fall of 3½ per cent in October, profits of 217 companies publishing their accounts in November fell by 5½ per cent. Last month's analysis included leading companies in the motor and component industries. Indeed, Joseph Lucas was the only really bright spot in the motor group where in all profits fell by 20 per cent. The biggest company in last month's analysis was Tube Investments, whose profits fell by £5 million. BMC's profits fell by the same amount and together these two giants accounted for £10 million of the total fall of £11 million in profits. These were not the only companies to have a difficult year: Fisons contributed to the fall of 5½ per cent

PROFITS AND DIVIDENDS
(£ million)

217 companies reporting in November	Previous year	Latest year
Trading profit	212.1	202.1
Gross profit	153.7	135.9
Net equity earnings	68.3	58.3
Net ordinary dividends	34.6	35.3
Times covered	2.0	1.7
Net equity assets	880.2	963.3
	%	%
Gross profit/net assets	17.5	14.1
Net earnings/net assets	7.8	6.1

in chemical profits and Combined English Mills to the slump of 54 per cent in cotton profits. Profits of the widely spread engineering group were also lower and the electrical manufacturing group reflected the slight fall in EMI's profits. A few groups reported increases in profits of between 15 and 20 per cent—notably breweries, building and food. Property companies, with Metropolitan Estate to the fore, achieved an increase of one-third in profits.

Several companies which earned lower profits in 1961-62 forecast better things to come in the current year and this helps to explain why, in the face of a fall of 14½ per cent in net equity earnings, dividends in general have been left unchanged. As a result the average dividend cover for the November companies came down to 1.7 times, just as it did in the preceding months. It will need a smart recovery in profits and an ampler air of confidence in the boardrooms to start dividends moving up again.

INDUSTRIAL LOCATION

Slough or Belgium?

SLOUGH ESTATES has decided to establish a trading estate in Belgium because, it says, the Board of Trade refuses to allow a new factory estate to be built in the south of England. The site it has chosen is 14 miles from Antwerp, at Sint-Niklaas, and it plans to spend up to £3 million on developing it. The Bank of England has given permission for the company to transfer £200,000 to Belgium to start the operation; £750,000 will be raised on the continent, though further funds may be raised either in Britain or on the continent.

The Board of Trade's pressure to force new industrial development into the areas of high unemployment may once or twice have already sent firms overseas; but in this case Slough Estates seems more likely to be catering for foreign companies than British expatriates. And the arguments for allowing free development in the south, staffed by migrants from the depressed and depressing north, have to answer the question of whether we want more Sloughs in southern England.

FRANCE

Price Rise Continues

Paris

ECONOMIC expansion with monetary stability" was the slogan of the Gaullists in their successful election campaign; yet prices in France continue to rise. In October the cost of living index increased by 0.4 per cent, and there is every indication—particularly in the weekly food price statistics—that there was a further increase in November.

At present, the cost of living in France is 5.4 per cent higher than last year, bringing the increase which has taken place since the devaluation of December, 1958 to 17.8 per cent. Foodstuffs (particularly the sharp increases in the prices of fruit, vegetables, meat and wine) account for about half of this persistent rise. But, contrary to official expectations other prices too have continued to rise over the past year—including rents, clothing, shoes, transport, and entertainment.

Even industrial products, which have long remained steady, are now affected: the recent rise in steel prices (6 per cent on rolled steel) has brought about corresponding increases in cars and household appliances. This is all the more disturbing as further increases have been announced—in rents, sugar, newspapers, and tariffs on railways and the Paris métro.

So the vaunted stability of prices is far from a fact; and a new factor threatens to make matters worse. Up to now, wholesale prices have on balance remained steady, the increases (in steel and building materials) being compensated by decreases (especially

in imported raw materials). But the continuous increase in wages is becoming faster: after a rise of 2.5 per cent during the third quarter, it is estimated that over the year as a whole the rise will amount to more than 10 per cent for wage earners, and about 12 per cent for managerial grades.

This trend has already for many enterprises whittled down the profits available for self-financing, slowing down private investment below the rate envisaged in the Fourth Plan. If this squeeze continues, it is in danger of producing two more serious effects—an increase in the price of many industrial products; and the creation of bottlenecks in production as a result of equipment being insufficient. The outgoing government was already showing signs of anxiety over prices: the battle against cost inflation will demand the first attentions of the new cabinet.

GREEK BONDS

Tactical Breakdown?

NEGOTIATIONS between the British Council of Foreign Bondholders and the Greek government have collapsed; and the price of Greek bonds on the London market fell sharply this week. The 6 per cent Public Works Loan, 1931, dropped 4 points to £41½. Settlement of Greece's £55 million of prewar sterling debt now seems as far away as ever. But is it? The terms of the agreement with the American bondholders in October so enraged many British holders that the Greeks may have decided that their wisest course was to offer the British unacceptable terms at first in the hope that terms on the same basis as the American settlement if offered would be gladly accepted. This sort of conditioning process has been fairly common in the past. It is unthinkable that the Greeks will be able to get away with anything less than the equivalent of the American terms, and at the same time, having reached a settlement with the Americans, they will surely not jettison the chance of financial respectability and loans from the World Bank by refusing to concede the same terms to the British.

The British Council of Foreign Bondholders found the Greek offer unacceptable on two counts. First, the Greeks offered "American" terms only on the later issues in an apparent attempt to differentiate between original holders and "speculators" who had bought in the market. The council argues that all non-Greek holders of the debt must be treated alike. Secondly, the Greeks are not prepared to recognise the currency option on the 6 per cent Public Works loan, 1931, allowing the payment of principal and interest in Dutch florins, Swedish kronor, or Swiss francs. The Swiss franc rate was 25.2 at the time and compares with the present rate of 12.10 to the pound. The council is not prepared to negotiate unless the Greeks

SPAIN

Controls Coming Off

Madrid

SIR Hugh Ellis Rees, head of the team of international experts who wrote the report on Spain for the World Bank, can already see some concrete results from his work. His ears should be burning. After the release of the report at the beginning of October the Madrid paper *Ya* wrote that everybody could see that the report had been written by a group with an Anglo-Saxon majority:

It is a document full of common sense, unbiased, cool, and with one object in view of establishing—far from all doctrinaire arguments which lead nowhere—a close contact with Spanish realities in order to become a realistic and practical contribution towards Spanish economic development.

This acclaim was indeed surprising. True, there were some discordant voices as well, but they did not count. The report has sold over 10,000 copies in a country where 2,000 copies are considered normal and 5,000 a great success. Last week *Codorniz*, which is Spain's equivalent to *Punch*, shows on its cover a Spanish John Doe poring over three thick volumes of the World Bank report with a Russian abacus as a calculating aid.

The latest and most promising success for the report, however, was last week's approval by the Cabinet of the "Preliminary Dispositions", meant to prepare the legal ground for the Economic Development Plan which will officially come into force in January, 1964. Events of the last twelve months have proved that cooperation between Spain and the World Bank is continuous and close. Some advice which appeared subsequently as a modest opinion in the report had been carried into effect several months before publication: increased trade liberalisation, autonomy for Spanish Railways, the aversion to new state industries (as in the case of the Barcelona



refinery); and the creation of an Undersecretariat of Tourist Trade.

The purpose of these "Preliminary Dispositions" may be seen mainly in three directions: the suppression of controls, the clear definition of economic policy, and the fight against abuses. Although the text itself has not yet been published (it has probably still to wait for General Franco's signature) such publicity was given to the decree by the authorities that the reconstruction of its contents offers no problem.

On the abolition of controls and further liberalisation, the decree is well-nigh sensational: the introduction of new controls, on goods, services, or even wage and welfare problems, will require in future the explicit previous approval by the so called *Comision Delegada* which is formed by the ministers of the seven economic departments plus the Commissioner of the Economic Development Plan. More: all such controls at present in force will automatically come to an end within three months unless they are

offer all British holders the same terms as were offered to the Americans, and also recognise the currency clause. If the Greeks conceded these two points a settlement would probably quickly follow. The extra cost to the Greeks would not be great, and the eventual benefits would be well worth the price.

MOTORS

Rumours of New Cars

DETAILS of a new car can hardly remain secret in these garrulous days: the latest victim is Rootes. Its new small car, it appears, will be called the Imp and have a rear-mounted aluminium engine of 875 cc that can give a maximum speed of 90 mph—but will be detuned to provide a more modest performance for production cars. Coventry Climax advised Rootes on the design of the engine in its earlier stages; a light engine for its power is desirable in a rear-engined car. The springing will be independent on all wheels; as Rootes is making a big effort to avoid the handling characteristics of most rear-engined cars, which are generally more prone to tail slide than others, it may well be using some more elaborate type of suspension than the simple swinging half-axes commonly used.

If the Imp can really be sold at its reported price of under £500, it should be a strong competitor for existing small cars. But the experience of the British Motor Corporation suggests that it is difficult to make a small car profitably at this sort of price—especially when it contains many special parts, as the Imp seems likely to do. And its aluminium engine must add something to the cost. The Imp will be made at a maximum rate of perhaps 150,000 a year; so if Rootes makes its price really competitive with the larger-volume Minis, it may find that it is less profitable.

As the opposite end of the scale, rumours are increasing about some link between Rolls-Royce and BMC. The latter is known to have made the prototype of a smaller car for Rolls-Royce, which might use the BMC 3-litre engine and would, presumably, be intended to sell for less than £2,000. But the companies have said no more than this about their discussions, which are still, officially, limited to exploring the possibility of technical collaboration. On the aero-engine as well as the car side, Rolls-Royce may be facing some future difficulties: the desire to profit from the asset of its name must be getting stronger; and BMC remains weaker than Ford in the profitable big-car market. A joint effort might well therefore appeal to both.

ATOMIC ENERGY

Twentieth Birthday

IT is twenty years since Enrico Fermi started up his—and the world's—first atomic reactor in great secrecy at Chicago, the "Italian navigator" who in the words of the immortal code message "reached the

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New World" and found the natives "very friendly." Today, the world contains an estimated 381 reactors operating, not counting several that have already reached the end of their safe life and been shut down. Fermi's memorial in the United States, where he died, is the 286 reactors now either working or under construction. Nothing better illustrates the difference between the British and American approach to atomic energy than the contrast between this figure and the 39 reactors built or under construction in Britain, which has a much larger nuclear power investment programme than the United States. The United States has a greater variety of reactors of different design, a greater number of research and training and teaching reactors, some of them very small, than any other country. Britain is only now beginning to make grants to the universities for their own small teaching reactors, but has a more intensive programme of atomic power development than the United States either needs or could justify.

The Soviet Union seems to work on British rather than American lines; it has an estimated 39 reactors, some of which are known to be very large. The International Atomic Energy Agency has just revised its directory of nuclear power stations but its information on the three Soviet nuclear plants included in the new directory date from March, 1959, as against early to mid-1961 for all the other systems described. France ranks as the fourth nuclear power with 25 reactors, but the world-wide dispersal of small to tiny research reactors, most of them American-built, is demonstrated by the presence of nearly a score in West Germany, and 14 in Italy (including two power stations) against only 10 in Canada which in terms of research, design ability and concrete achievement ranks fifth in the atomic table after France.

FURNITURE

Cinderella of the Home

THE short-lived improvement in demand for domestic furniture of last winter and spring gave way to months in which

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manufacturers' output and orders have been persistently lower than last year. At the end of October order-books added up to £10.5 million, £2 million less than a year earlier, while the index of deliveries in that month, allowing for price changes, stood at 127 (1958 = 100) compared with 137 in October 1961.

Seeking explanations, the industry slips easily into grievance—its complaint this year is the increase in its purchase tax from 5 to 10 per cent (which simply brings it nearer to the level of other consumer durables). But the truth is as it always has been: people are often quite happy with old or secondhand furniture when they insist on new cars or washing machines, and when spending is limited furniture will most readily be made to last. Small additions, such as easy chairs, sell most easily, which helps to explain why in recent company results those like Parker Knoll and Jentique have done better than bigger firms with a wider coverage.

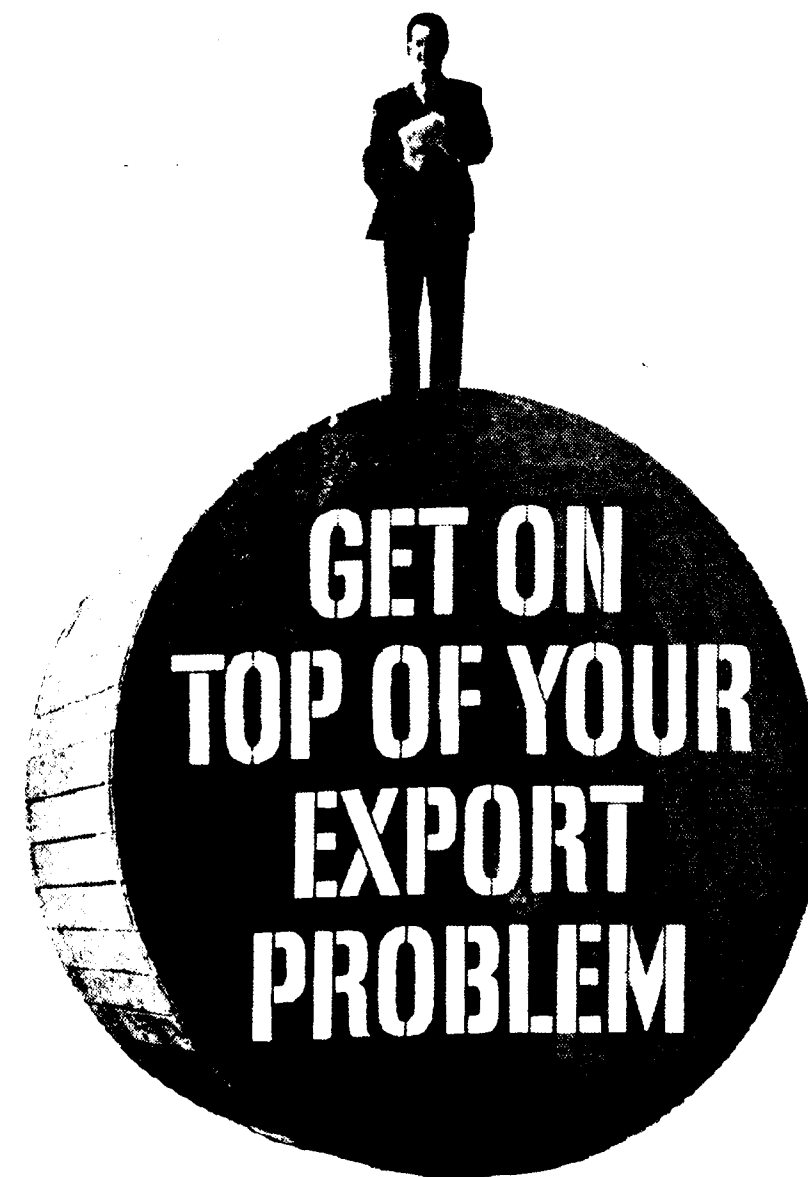
Bigness is no advantage in this industry: under-used capacity produced poor results from Harris Lebus and especially from Gomme (G-Plan) which for the second year running made a net loss before tax—in the year ending 27th July this was £153,511, slightly smaller than the year before. But even a smaller group of more specialist interests, Avalon (formerly Yatton) Furniture which did comparatively well in the year to the end of April, is not optimistic about current prospects.

SISAL

Carrying the Burden

GRAIN crops this year have outstripped expectations while production of sisal used in baling and binding has continued to decline. As a result, the price of sisal has shot up, as it did in different circumstances a year earlier. But starting from a higher level, East African sisal at £118 a ton for the top grade has reached a level which has provided the government of newly-independent Tanganyika with an opportunity for raising additional revenue

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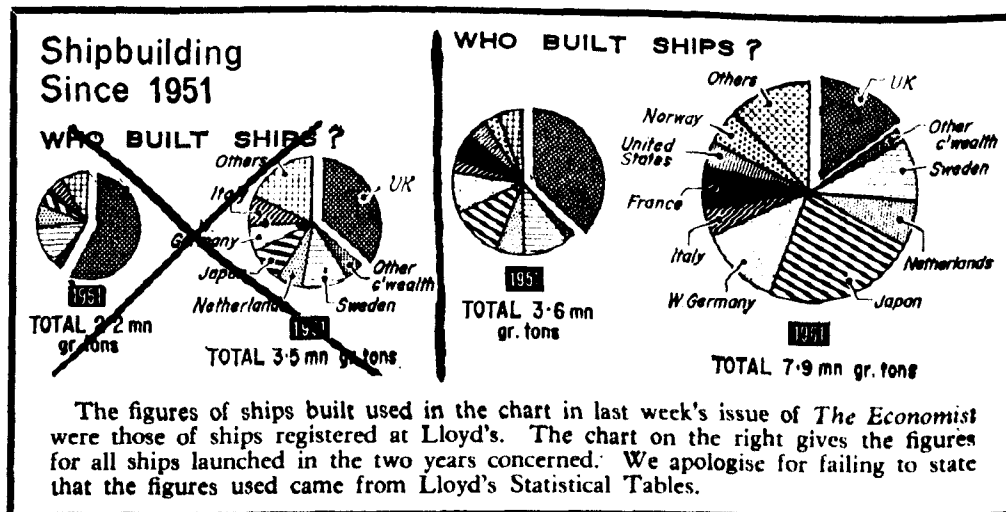
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which it could not resist. A 5 per cent export tax has been loaded on Tanganyikan sisal valued at £60 a ton or more, which covers all but the cheapest varieties. After a period of confusion in which buyers at first resisted producers' attempts to pass on the tax, the price of grade 1 fibre rose to £120-£122 a ton, though not all the rise resulted from the imposition of the export tax.

Production of export commodities in British East Africa has thrived in a world in which so many producers have levied export taxes because in general such taxes have been avoided in these territories, except as an anti-inflationary measure at the time of the Korean war. But in 1951, the average price of East African sisal was about £230 a ton for the top grade. The latest impost follows rapidly upon the granting by an African arbitrator of a wage increase ranging up to 40 per cent for estate workers in Tanganyika, which probably raised production costs by about £10 a ton. Though in its latest spurt, sisal has jumped from £100 at the end of August, at current prices, producers on estates retain little of the profit for themselves. However, Tanganyikan production has now recovered to a level higher than a year ago, after last year's floods in East Africa which have contributed to the scarcity of sisal.

As in 1961, when production in East Africa dipped for the first time since the war, the decline in output in British East Africa, which last year accounted for 46 per cent of world production, has been the main prop for high prices. But supplies from the other big producer, Brazil, and many smaller supplies, including Cuba, have also been cut. Prices are relatively high, but sisal producers are confident that neither alternative fibres nor alternative means of ensuring that all the harvest (including the valuable straw) is safely gathered in, will restrict future demand for sisal.

CAKE-MIX

Recipe Fails

THE patent failure of American manufacturers to beat life into the British cake-mix market has not prevented another

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of them, Pillsbury, making a bid for an established British firm—Green's, who have been making sponge-mix for 50 years. The post-war peak of nearly £6 million for retail sales of these mixes, reached in 1955, was largely the result of shortages of other foods; demand subsequently fell off steadily in spite of the launching of more elaborate and varied American-style products. These are also more expensive, which helps to account for the slight recovery in money turnover which has taken place in the last two years bringing sales in 1961 back to not far below the 1955 level. Little success can be claimed for most of the disproportionately heavy advertising in the cake and pudding mix field, which has been increasing at the rate of about 10 per cent a year and in 1961 totalled £975,000, or about 30 per cent of manufacturers' sales (nearly 20 per cent of what customers paid in retail sales).

Among the leading brands market shares do not always show much response to the volume of advertising. Viota cake-mix, made by the British firm Stoddart and Hansford, last year sold about as many packets (though more cheaply) as the heaviest advertiser, Mary Baker (Nabisco Foods)—the latter accounted for 28 per cent of total advertising compared with Viota's 17 per cent. Betty Crocker (General Mills), another favourite of American housewives, entered the British market early last year through the purchase of Latham Foods, Cheshire; it spent nearly as much as Viota on advertising but managed to sell only about a quarter of the quantity.

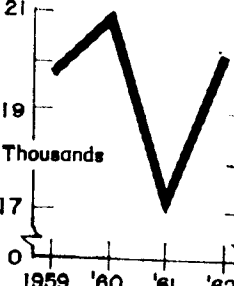
Betty Crocker's failure to do well so far in Britain this year is as significant as the noticeable absence of its only superior in the American market—Duncan Hines, the Proctor and Gamble subsidiary. How long will General Mills' faith in the British—or other European?—markets continue to burn in these disencouraging conditions? Another question no maker can answer is just why the British and American housewives should behave so differently. Possibly the inconvenience attached to this so-called "convenience" food is the main reason—cake-mixes need mixing, and American women have more mechanical aids to the wrist.

Executives in Demand

Advertisements in six major newspapers for executive posts carrying salaries of £1,000 or more increased by 18 per cent in the first eleven months of this year compared with the same period of 1961. The main part of the increase took place in the latter part of the year—for example 250 accountants were advertised for in November.

NUMBER OF APPOINTMENTS ADVERTISED

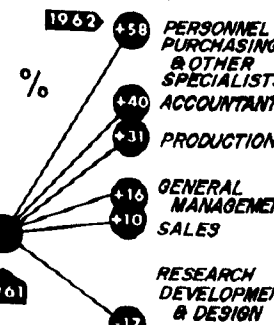
(£1,000 or over)
First eleven months



Source: Management Selection Ltd.

TYPES OF EXECUTIVES NEEDED

Percentage change 1961-62



THE ECONOMIST DECEMBER 8, 1962

USED CAR PRICES

REDUCING the price of new cars by 12 per cent seems to have brought the prices of two-year-old cars down by around 10 per cent—though there are variations from model to model, depending on their popularity and whether changes were made for 1963. Newer cars are affected slightly more—especially those that are only a few months old—but the effect still tails off as cars get older. A five-year-old or older car seems to be little affected by the price of a new car, for its potential buyer cannot afford one, and the only effect from the new car market comes indirectly through the fall in the price of newer used cars. Despite this fall in real prices, many dealers are refusing to mark down their stocks of used cars in the over-optimistic hope that the new year will bring a recovery to the old price levels.

MR. MAUDLING'S CUTS

	Oct. 1962	Nov. 1962
January, 1961, models of:		
Austin Seven	£60	£320
Austin A55	510	460
Austin A99	645	580
Ford Anglia	400	375
Ford Popular	350	315
Ford Zephyr Six	530	490
Jaguar 3.8 litre	1,075	1,015
Morris Minor 1000	420	385
Rover 80	900	825
Triumph Herald	440	410
Vauxhall Victor	450	415
Vauxhall Velox	520	475

Prices supplied by Southern Counties Car Auctions.

INSURANCE

A Dutch Merger

Amsterdam
HOLLAND'S two biggest life assurance companies have recently merged; speculation on further mergers has led to an increased interest in insurance shares on the Amsterdam bourse. The Nationale van 1868 and De Nederlanden van 1845 together account for 24 per cent of the life business in Holland and the new company, Nationale-Nederlanden NV, will be the second largest in the common market—surpassed only by Germany's Allianz Versicherung. De Nederlanden brings to the merger a recently acquired interest in the British Orion Insurance Company. This will give the group its first foothold in the London market.

Life assurance in Holland is in the hands of about sixty companies, but eight major companies account for about 60 per cent of total business, 95 per cent of which is contracted in Holland, and the remainder in Belgium, France, Canada and Australia. Competition from foreign companies is limited but is increasing; the seven foreign companies operating in Holland, of which Gresham Life and Union Life are British, accounted for no more than 2 per cent of new life contracts in 1961. Life business as a whole is buoyant; between 1958 and 1961 sums assured rose by 34 per cent to

BUSINESS NOTES

Fl.43 billion (£4.3 billion), while national income rose by 24 per cent.

There are 179 general insurance companies in Holland, but a good many of these are subsidiaries of the larger life companies. Foreign competition in this sector is fierce; British, American and Swiss companies have strong positions in the market. Expenses are rising, as are loss ratios, but most companies have good reserves and are not over-worried about the present lean period. The Brandaris debacle in 1961 caused by over-trading and undervaluation of risks did not shock the companies. The Dutch authorities, however, took a different view and there is now a bill before Parliament, much to the annoyance of the companies, providing for a certain degree of governmental supervision for non-life offices—supervision which has applied to the life offices since 1922.

DUMPING

Quicker Action

ALTHOUGH the Board of Trade has the power to impose anti-dumping duties summarily, it has steadfastly refused to wield it. Last week it bowed in the direction of flexibility and imposed a temporary shilling a pound duty on imports of lithium carbonate from Canada until its present investigations are completed. The chemical industry, which has long badgered the board to impose anti-dumping duties quickly and freely, may regard this as evidence of a change of heart. It is likely that the board would rather this duty be seen as the first case where summary action was appropriate.

Applications for anti-dumping duties on lithium carbonate and hydroxide from the USA and West Germany, and on the carbonate alone from Canada were announced in September and October. They were made by Associated Lead, the only UK producer, and were aimed at the surplus material whose imports had forced the price of the carbonate down by nearly 40 per cent in the last two years. The surplus was created by cancellation of contracts in the USA by the Atomic Energy Commission (which uses lithium to make hydrogen bombs), leaving large stocks and excess productive capacity. Because of the importance to American producers of the AEC contracts, which British producers regard as a subsidy, the Board of Trade was also asked two weeks ago to impose a countervailing duty (specifically aimed at subsidised imports) on imports from the USA.

No explanation for quicker action this time has emerged from the Board of Trade, but it is likely to have had one of two causes. Either exporters were forestalling—anticipating a duty by stepping up, and stocking, exports—or just stalling, and holding up investigations by not co-operating. The Board has caused the chemical industry much unhappiness in the past by refusing to take summary action when it

stalling was alleged. It is possible to sympathise both with the Board's reluctance to act before ready and the frustration felt by industries as dumped imports increased even while home producers tried to have them stopped. There may be a case for amending the 1958 Act to make anti-dumping duties effective from the date on which the application was first announced; the action would be retrospective (and perhaps administratively difficult), but importers would have had fair warning.

TYRES

Rubber Prosperity

Milan

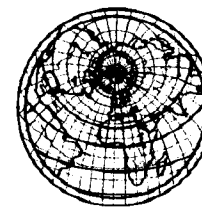
ITALY'S rubber industry is booming with the tyres equipping Italian-made motor vehicles. Accounting for 60 per cent of the output of rubber products, the value of the Italian tyre market reached approximately £65 million in 1961, up by 15 per cent from 1960, and is expected to hit a record figure of over £67 million in 1962. The surge in demand, caused mainly by Italy's rising car output, has forced Italian tyre makers to expand their productive capacity by 70-80 per cent over the three-year period.

The Italian market is dominated by three Italian tyre companies. Pirelli of Milan accounts for about half of domestic sales. CEAT and Michelin Italiana, both of Turin, share most of the rest, with tyres from about half a dozen foreign firms with sales organisations in Italy a long way behind.

No foreign tyre firm manufactures on its own account in Italy, although General Tyre has a technical agreement with CEAT and Goodyear has a manufacturing arrangement with the same firm. A third American firm, Seiberling Tyre, last year signed a licensing agreement with Dardanio Manuli S.p.A. of Milan to supply the Italian firm with know-how and technical assistance for the purpose of setting up a new tyre plant in Southern Italy.

Foreign companies selling in Italy concentrate on the replacement market and

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special items such as heavy duty tyres not manufactured locally. Pirelli, CEAT and Michelin supply practically all of the original tyre equipment as Italian auto-makers give preference to national companies in which they often participate financially.

Italy's tyre makers are now preparing to meet both increasing demand and competition. Unofficial estimates place the industry's investments at close to £15 million this year. New plants include those currently under construction by CEAT just outside of Turin, by Pirelli at Villafranca, Sicily, and by Michelin Italiana at Cunco in northern Italy. Future investments are expected to level off at £9 million a year to keep in step with motor vehicle production. The main hopes of foreign tyre manufacturers depend on imports of foreign cars, and the chance that in replacing tyres on them Italian motorists may be prepared to fit the original brand again.

TIN

Enforced Follow On

As the *de facto* boss of tin now resides in Washington, the latest meeting of the International Tin Council in Bangkok is seen as merely a preliminary to discussions with American stockpile authorities. The ITC dispatched its routine business in Bangkok, presumably worked out proposals to put to the Americans, which the chief Malayan delegate has described as "really hot," and picked its men for Washington. A new round of stockpile talks will begin on December 13th to clear the ground for a new series of disposals following the final sale under the current programme on December 19th. Producers fear that the United States will suggest a higher maximum rate for releases. That much American officials are almost certain to do, if only to establish a first bargaining position. Similar tactics appear to have been used quite coldly in the past. The reported divergence between American estimates and official ITC statistics on the size of the shortfall in tin production is presumably also part and parcel of the stockpile preliminaries.

Apart from an extraordinary premium on spot supplies of tin in London, the market has sobered down in recent weeks after two years' cavouring. But having had the opportunity to let off steam without inhibitions, the market appears now to have settled at £865-£870 a ton merely because it does not know in which direction to turn next. The future of tin has seldom been more obscure. As producers and consumers are aware that the rate of stockpile releases will dictate the price range of tin for many years to come, contributions to discussion of what ought to be a fair price for tin have been couched in theoretical and extreme terms. Producers threaten that through their guardlines consumers will eventually deprive them

selves of supplies of tin, while some consumers would claim that because of producers' greed for high prices, tin might be displaced by substitutes.

The ITC is keeping its counsel—and estimates—for American cars, so that no further guide to the extent of the expected shortfall in production below consumption is available. The Malayan Finance Minister is cautiously budgeting for a somewhat smaller output in 1963 and foresees an apparently unavoidable reduction in Malayan production in later years. But the further discovery of likely tin-bearing land is reported in Malaya, so that the long threatened run-down in tin output could be staved off yet again.

RESTRICTIVE PRACTICES COURT

Heavier Burden?

THE Court of Appeal has upheld (with one dissension) the right of the Restrictive Practices Court to consider whether an oral agreement on newspaper prices and terms of sale was contrary to the public

Merchants in the export trade, according to a survey carried out by the Association of British Chambers of Commerce, are more optimistic than they were four months ago. Of those reporting a change in the rate of export orders received, more say these have gone up than say they have gone down—though export deliveries seem to be rising even more strongly, and the outstanding export order books are being reduced. The length of time they can quote for delivery, therefore, is tending to come down. Merchants also note that higher prices for some British exports are being accepted abroad, and they expect orders to go on rising. It should be noted, however, that much the same picture is reported by import merchants; the rate of ordering abroad is going up, import arrivals have increased, higher prices are being paid for foreign goods, and the outstanding import order book is going on rising.

Television stations earned in total less revenue in October than they did in October last year, according to calculations by Media Records Ltd., though three less stations were in operation last year. Total revenues were £8,689,000 compared with £8,859,000 in October 1961. With the addition of 11 per cent tax, total expenditure on television advertising in October was £9,643,000 compared with £9,833,000 a year earlier.

Canada has repaid a further \$25 million of the \$100 million borrowed from the Bank of England in June. This leaves \$25 million

interest, even though the agreement had been terminated before it had come before the Court. Whether or not this particular judgment is upheld—the appellants have leave to go to the House of Lords—a very important interpretation of the Restrictive Trade Practices Act has been raised.

If, as Lord Denning said in his summing up, the Registrar has not only a right but a positive duty to bring before the Court all registered agreements even if these have expired or been abandoned since registration, a mountain of work materialises. About 1,400 registered agreements have so far died, been voluntarily killed, or rendered innocuous by the removal of relevant sections. This figure compares with 20 contested and over 60 undefended cases so far dealt with by the Court. The point made by Lord Denning was that the power of the Court not only to condemn an agreement but also to issue an injunction restraining the parties concerned from making a similar one in the future meant that a useful purpose was served in passing judgment on dead agreements. Especially where these have died merely from an explicit time limit this could mean that the already lengthy list of cases liable to be defended to the end would swell to fantastic proportions.

SHORTER NOTES

outstanding. The repayment does not affect Britain's reserves since the \$100 million was never deducted in the first place.

Export orders for machine tools recovered in September, though they were only one per cent higher than a year before compared with an increase of nine per cent for the year as a whole. The slump in home demand continued to accelerate, however, with September orders 55 per cent below those of a year before. Total orders for the month were 40 per cent below those of a year before.

Courage Barclay and Simonds is making a £2 million bid for Harman's Uxbridge Brewery. The offer of £10 for each £1 ordinary share has already been accepted in respect of 59 per cent of the equity and it is to be extended to minority holders on the same terms. The shares do not have a quotation.

COMPANY AFFAIRS

Comments on pages 1063 and 1064 on:
United Steel Thos. Firth & John Brown
Watney Mann Land Securities Trust
Kardomah d'Outremer
Dannimac R. A. Lister
Richard Costain

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 1064 and 1065

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1067

COMPANY MEETINGS



THOS. W. WARD LIMITED

MR H. W. SECKER ON A DIFFICULT YEAR

PARENT COMPANY

The reduction in demand for scrap, and in stocks at the steel works, has severely restricted the activities of our scrap and shipbreaking departments. From November 1, 1961, we have been able to sell scrap abroad but there is no sign of an increase in demand for home consumption.

Unless we can induce the steel industry to value shipbreaking scrap as other countries, at a higher price than is paid for ordinary production and collected scrap, British shipbreakers are in danger of being forced out of business.

Our Machinery Division has experienced a satisfactory year and turnover, but profits show a slight fall due to intensity of competition. The Factory Planning and Installation Department has undertaken many contracts of a very interesting nature, among them being one for the new B.M.C. factory at Bathgate; 750 machine tools have already been removed and installed, and the programme involves another 2,500.

Railway Sidings, Wagons, Dismantling and Foundry Supplies Divisions have maintained a satisfactory turnover, but Contractors Plant showed a fall in turnover, and a decline in profits.

CEMENT AND QUARRIES

Ketton Portland Cement Co. Ltd. showed an increase in profit and its new unit, brought into operation at the end of May, should add 150,000 tons per annum to the capacity.

Ribblesdale Cement Ltd., and its subsidiary, the Horrocksford Lime Co. Ltd., jointly owned with the Tunnel Portland Cement Co. Ltd., have continued to work at full pressure.

Shap Granite Co. Ltd., Eldon Hill Quarries Ltd., and De Lank Quarries, have had a reasonably good year, and the Company is pursuing a policy of increased mechanisation to offset the continued rise in production costs.

ENGINEERING

A difficult year has been experienced by Thomas Smith & Sons (Rodley) Ltd. where inflow of orders deteriorated very considerably during the second half of the year particularly on the home market. The export market is proving difficult, but during the year, a contract for 12 cargo-handling cranes for the Lyttelton Harbour in New Zealand, one of the Company's largest individual contracts, was obtained.

John Smith (Keighley) Ltd. achieved an increase in turnover, and maintained reasonable profit margins by close attention to specifications and designs.

The machine tool businesses of Woodhouse & Mitchell and Fredk. Town & Sons Ltd. were merged under the name of Town Woodhouse Ltd. to obtain benefits from the integration of design, selling and production methods.

The results of Widnes Foundry & Engineering Co. Ltd. were satisfactory, and though conditions of extreme competition have developed, a fair share of the business is being obtained.

Darlington Railway Plant & Foundry Co. Ltd. and Railway & General Engineering Co. Ltd. have suffered from drastic restrictions on expenditure by nationalised industries and steel-works in both the foundry and engineering sections. There is a substantial falling away in the number of enquiries for exports, and fierce competition for the small amount of business offering.

George Cooper (Sheffield) Ltd. has experienced a relatively satisfactory trading year, although the profit shows a small decline.

MANUFACTURE OF IRON AND STEEL AND NON-FERROUS METALS

Against severe competition, Wolverhampton & Birchley Rolling Mills Ltd. have kept all mills fully employed and good progress is being made with the replacement of the 12 inch mill, expected to be in commission about the end of June, 1963.

The depressed state of trade in Scotland and the North East has had adverse effects on John Williams (Wishaw) Ltd. There has been some improvement since June 30th; if this continues, we should reap benefits from the new plant installed two years ago.

The Midland & Low Moor Iron & Steel Co. Ltd., and its subsidiary, Steel (Sheffield) Ltd. suffered a reduction in turnover due to the recession and increased costs of production, but the profit is not unsatisfactory.

Alexander Metal Co. Ltd. achieved its highest turnover but generally speaking, business has been unremunerative. At the present time the order book is substantial, and the Company should benefit from a programme of modernisation and development.

MISCELLANEOUS

Results of E. H. Pickford & Co. Ltd. and Deighton Motor Co. Ltd., affected by the strike at the Rootes Works last autumn, are in the circumstances satisfactory.

Conditions have been extremely adverse for our insulating interests, Dick's Asbestos & Insulating Co. Ltd., and Anchor Insulating Co. Ltd., due to limited work in power stations and shipbuilding industries.

Profits of Watson (Metallurgists) Ltd. are extremely satisfactory, and recent development plans will enable the Company to reap benefits when conditions in the steel industry improve.

Ward, Longbottom Ltd. has achieved a useful increase in profit. George Hassall Ltd. of Stoke show consistently satisfactory results, and Frank Parker & Co. Ltd. of London are consolidating their position in the supply of contractors' tools.

The French Company has had a satisfactory year, and, together with the Belgian Company, can prove of value in the event of our entry into the Common Market. The Australian Company is now operating in Melbourne as well as Sydney. Difficulties experienced by the Australian economy have not helped, and in the circumstances the profit is not unsatisfactory. The Swedish Company continues to make good progress, mainly in selling excavators in Sweden for Thos. Smith & Sons (Rodley) Ltd.

Many difficulties have been encountered in the Parent Company's export business, but tours have been made of the Far East and Australia and New Zealand by Directors and executives, from which valuable information has been obtained.

APPROPRIATION OF PROFIT

The available profit for the Group after taxation is £1,400,984, from which £216,791 is to be deducted being the profit attributable to Minority Shareholdings, leaving the profit relating to the Parent Company at £1,184,193.

The incidence of profits tax and income tax for 1962 is 45½ per cent compared with 46 per cent in 1961 but the profit for 1962, however, has had to bear the full impact of the increase in profits tax from 12½ per cent to 15 per cent made in the 1961 Finance Act.

Out of the profit relating to the Parent Company of £1,184,193 there has been retained £393,717 in the accounts of the subsidiary companies, leaving a balance of profit of £790,476, after deduction of dividend on Preference Shares and interim dividend on Ordinary Shares, is left a balance of £643,008. Your Board recommends a transfer to General Reserve of £350,000 and the payment of a final dividend of 10 per cent less tax on the ordinary share capital making a total of 13½ per cent less tax for the year. A balance of £792,978 to be carried forward to next year.

BALANCE SHEET

Capital and reserves in the consolidated Balance Sheet total £14,762,063, compared with £13,982,347. Capital additions during the year are approximately £2,200,000.

The reduction in debtors and creditors reflects the contraction in trade and for this reason, bank balances have increased approximately £285,000. The cover provided by Current Assets over Current Liabilities approximates 2.2 times, which again may be regarded as very satisfactory.

PROSPECTS

The outlook for the coming year is very uncertain. At least 60 per cent of the Group's business is linked with steel and heavy engineering industries, in which are few signs of recovery in the immediate future. In other activities there are bright spots, particularly in cement, but the relatively large minority shareholdings in the subsidiary and associated Company mean that the profits these companies may achieve do little to offset decrease in profits experienced in the depressed industries.

Unless there is some sudden improvement, which I cannot foresee at the present time, it may be very difficult to improve on the profit shown for the year to June 30, 1962.

The report and accounts were adopted and the dividends recommended declared. The retiring directors were re-elected and the auditors re-appointed.

CHARTERED INSTITUTE OF SECRETARIES YEAR OF ACTION AND INTEREST



Sir Denys Lowson, Bt.,
President, Chartered Institute of Secretaries, 1962

The seventy-first Annual General Meeting of the Chartered Institute of Secretaries was held on Tuesday at the Chartered Insurance Institute, 20, Aldermanbury, London, E.C.2.

Sir Denys Lowson, Bt., President, in moving the Report of the Council for 1961-62, said:—

This has been a most active and interesting year for the Institute. I should like to refer to some of those activities of the Institute undertaken in discharge of the responsibility laid upon us by our charter "of submitting advice on matters of law and practice relating to all things connected with the profession of secretary." During last summer the Report of the Jenkins Committee on Company Law Amendment was published and it was interesting and pleasing to see how, on many aspects of the law, the views of the Institute were in close correspondence with those of other leading professional bodies and of the Jenkins Committee proposals for legislation are introduced by the Government, to submit further considered views. We have continued to work in close co-operation with the Stock Exchange, London, and other bodies on transfer and dividend procedure. We have had several meetings with representatives of the Committee of London Clearing Bankers on problems resulting from the introduction of electronic machinery—in particular the use of sorting code numbers and personal account numbers. Perhaps one of the outstanding events to which reference may properly be made under this head is the conference held in Guildhall in October on decimalisation of the currency, organised by the London Branch in conjunction with the Council of the Institute.

I look forward to further events of this kind. For example, the many legal and practical problems which may well confront company secretaries and staffs if and when Britain enters the European Economic Community perhaps provide suitable material for another conference which was held in Leamington Spa in May and over which I had the privilege of presiding. We then had the pleasure of studying three important papers, two of which had been prepared by colleagues of mine on the Council of the Institute, Sir David Muir on Australia and Lt. Col. F. W. McGuinness on the wine trade. Mr H. G. Lazell, Chairman of the Beecham Group, gave us a most interesting address on sales promotion and advertising.

EXAMINATIONS

This year saw the coming into force in June of the new regulations governing our examinations. Inevitably, the examinations have become more difficult, and it would not really have been surprising if our student population had fallen. In fact, however, it has increased—by more than 1,000 in the last 12 months, reaching a total today of more than 20,000. And at the last diet of examinations in June, 1962, an all-time record number of candidates, sat—nearly 6,800 in almost 200 centres in many widely separated parts of the world.

The results of the examinations were about average with a still disappointingly low percentage of success (34 per cent) in the Final. The simple explanation, as before, is that too many candidates attempt the examinations, which in practice require five years' part-time study, with inadequate preparation. We may indeed have to look again at the regulations in this connexion.

MEMBERSHIP

We now have over 28,000 members and licentiates, and the numbers steadily increase by about 700 every year. Such a membership, spread all over the English-speaking world, constitutes a great reservoir of knowledge and practical experience, which may be drawn upon by virtually anyone who requires help or advice. It cannot be too often emphasised that administrative matters and that we have what may be, for professional bodies, a unique opportunity and responsibility of obtaining advice from some, and providing it for others—independence and to assume responsibility for its own administration.

I am particularly glad to say that the Institute is very strong in Australia, a country with which I have long had very close business and personal connexions. Of our 28,000 members, no fewer than 7,000 are in Australia, and they, as we ourselves, are much looking forward to organisation on Australian soil. We were therefore particularly happy that the Governor-General of Australia, the Right Honourable Viscount De L'Isle, VC, GCMG, during the year accepted Honorary Membership of the Institute. In New Zealand, Canada and Southern Africa too, where we have Divisions, steady progress is being made.

CONCLUSION

As the latest in a long line of Presidents taking the chair at the Annual Meeting, two others of whom besides myself (in the persons of Lord Broadbridge and Sir Stephen Killik) have also occupied the position of Lord Mayor of London, I should like to assert once more the purpose of the Institute. We believe that bodies such as ours, training the young, providing the firm and accepted standards of knowledge and integrity, and binding together, through their common interests and experience, administrators in many lands, make a very substantial contribution to the basic ideals of peace, order and good government.

The Report and Accounts were adopted unanimously, and the proceedings terminated with a vote of thanks to the President for all that he had done during the year.

Lloyds & Scottish Ltd

Group profit more than doubled

SOME CONTRACTION IN VOLUME, BUT LONG-TERM GROWTH PERIOD AHEAD

Statement by the Chairman, Mr. Ian W. Macdonald

In his statement accompanying the Report and Accounts for the year ended 30th September 1962, the Chairman reviewed the integration of the two former operating companies, with clearance of arrears, during the earlier months; and the Group's steady advance since then, with a marked increase in earnings. His statement follows:

The activities of our Group during the past year may conveniently be divided into two phases. In the early months we were preoccupied with management integration, both at home and overseas. In my previous statement to shareholders I intimated that from 1st October 1961 Lloyds & Scottish Finance had become the main operating company, superseding Olds Discount and Scottish Midland Guarantee Trust. The consequential streamlining of activities and procedure involved many decisions and much hard work at all levels of management and our shareholders are grateful to Mr. McQueston and his colleagues for their energy and enthusiasm in tackling and completing this major exercise. The integration phase was made the more burdensome as it unfortunately coincided with the final stages of clearing the considerable volume of arrears which continued to emerge from 1958-60 contracts. In that connection shareholders will be glad to know that the management consider that adequate provision has now been made for all material losses on these older contracts in the United Kingdom. The one reservation which has to be made is in relation to certain overseas subsidiaries, to which I shall refer later, where there is still a measure of doubt about the true value of outstanding contracts.

The second phase might be described as a slow but steady advance all along the line by the combined and integrated forces. The extent of this advance was of course influenced, certainly in this country, by the prevailing hire purchase climate, which could not be described as set fair. Indeed the barometer of the industry as a whole kept falling during the early months of the year and then levelled off. The two main sections of the economy on which we rely for the volume of our business, i.e. vehicles and consumer goods, were both in a somewhat depressed state during much of the year, but there has been a slight upward trend in the last month or two in consumer goods following a relaxation by the authorities in the minimum deposit for certain categories of household durables.

Long-term growth prospects

It is still too early to measure the effect on hire purchase business of the recently announced cut in purchase tax on cars. Any stimulus which increases the demand in the home market should eventually be reflected in an improved volume of hire purchase business. The immediate reduction in second-hand prices may however, postpone the re-entry into the market of hirers with future instalments which now aggregate more than the market value of the vehicle. While there is not as yet any positive evidence of the resumption of a general upward trend, there is still good reason to believe that in this country we are in a long-term growth period for hire purchase and instalment finance in all its different forms.

The factors which influence our United Kingdom profit have fortunately tended to move in our favour. The cost of money has fallen steadily in association with several reductions in bank rate, and the incidence of bad debts has been a receding element. As a result, our earnings, as compared with the previous year, show a marked improvement. Perhaps the most encouraging feature is the extent of that improvement in the last few months of the financial year.

Overseas: disappointment and progress

Turning to our overseas activities, these might be divided geographically for the purpose of description. In Africa our local subsidiary companies have all contributed to the group profits and this success is due not only to the ability of our local managers but also to the enthusiasm of our local directors. On the other hand, in the Caribbean area we have encountered continuing difficulties, stemming from a variety of adverse factors including economic and political disturbances. It is not yet possible to say that these have been entirely surmounted, although we now hope that we have their measure in so far as this lies within the control of our management. It will be seen from the consolidated profit and loss account that certain subsidiary companies in this area incurred considerable losses against which, unfortunately, there is no means of obtaining British tax relief. As I said earlier, we cannot yet be confident that further losses will not emerge in these areas. In the meantime we have made full provision for our share of all ascertained losses.

As shareholders will know we have, in association with Bowmaker, a considerable investment in Western Europe and during the year this has been further extended by the acquisition of a controlling interest in two established and well managed finance companies in Holland. The other subsidiaries of our Swiss holding company (in France, Italy and Switzerland) have made steady progress and we are satisfied with our participation

in the growth of instalment finance business in Western Europe.

Molony Committee recommendations

Reverting to home affairs, the past year has been one of comparative tranquillity after the storms and upheavals of recent years. There has been no intervention by government, apart from the slight easing in deposit terms on certain classes of goods. There have been no sudden or unexpected changes in bank rate and the variations in the national volume of business, although mainly adverse, have not been substantial.

One subject which may prove to be of considerable importance to the hire purchase industry is the Molony Committee Report on Consumer Protection. Many of the Committee's proposals relating to hire purchase are of a minor nature and if put into force will improve both law and practice. The most important recommendation is to extend the protective legislation—which requires court consent prior to repossession—to all classes of hire purchase and credit sale agreements covering goods intended for private or consumer use. (Paragraph 557.) The present protection covers goods with a hire purchase price not exceeding £300 at the date of the contract. This proposal would have its main impact on new and better class second-hand private cars, where deterioration in value could be rapid if remaining in the possession of a defaulting hirer for some considerable time pending a court decision. It seems inevitable that in practice finance companies would suffer from such a change in the law, and would in consequence increase their charges to meet this new hazard. It is to be hoped that the Government will carefully weigh and compare the advantages and disadvantages to the consumer of this controversial recommendation.

Finance Houses Association

It is only right that the major national companies should have a special interest in the progress of the Finance Houses Association, of which we are members. As I see it, this Association—and the Industrial Bankers Association, whose members are finance companies somewhat smaller in size—have already done much useful and valuable work in guiding and steering the affairs of a relatively new industry, and I suggest that there is particular need for

such associations when a national industry is still more or less in its infancy and yet growing rapidly. Through these associations it is possible to promote more quickly a general acceptance of higher standards of commercial practice and greater measures of protection for members of the public who in the past have not always been able to protect themselves. One occasionally hears accusations levelled against the Finance Houses Association of restrictive practices as regards rates and terms offered to the public, but I am satisfied, from an analysis of their activities, that these could better be summed up as protective practices designed to benefit both themselves and their customers. It is certainly our intention to give solid support in future to this Association.

Credit information

Another topic of special interest to the Finance Houses is the continuing effort to improve the standard of available credit information. As shareholders already know, we are partners with other national Finance Houses in the development of Kemp's Mercantile Offices Ltd. Through this agency—and in association with other credit givers—we are striving to make up for the lost years when the granting of credit surged far ahead of the registering of credit information. It should perhaps be emphasized that the gap in the structure is not so much the non-existence of vital information as the failure to centralize it. This point is demonstrated in relation to a pilot scheme presently being undertaken by Kemp's in a selected area. The information being collated into the new register is mainly of a positive nature, flowing from existing sources, and the only new feature is its convenient availability to any regular credit giver in the area. It therefore offers an improved measure of protection to the finance house or credit retailer and helps to restrain the unwise hirer from excessive commitments.

Profit more than doubled

The Accounts show that the group profit before taxation has increased from £739,004 to £1,741,431. The Directors thought it appropriate to utilize part of the Contingency Reserve to absorb certain bad debts which were known to be doubtful when the accounts were closed last year but only crystallized during the current year. £150,000 of the Reserve was applied in this way.

As I have already stated, the volume of our group business declined over the year as a whole and the Consolidated Balance Sheet shows Hire Purchase and other Debtors at £90 million compared with £102 million.

Our colleague, Mr. Stanley Keywood who prior to the integration was Chairman and Managing Director of Olds Discount, reached retirement age during the year and resigned from the parent board. Mr. Keywood had long experience of hire purchase, particularly in relation to consumer goods, and made a valuable contribution to our growth and strength in that field.



Lloyds & Scottish Ltd

OWNED BY LLOYDS BANK LTD
AND NATIONAL COMMERCIAL BANK OF SCOTLAND LTD

BROKEN HILL SOUTH LIMITED LOOKS TO FUTURE

INCREASED WORLD DEMAND FOR LEAD AND ZINC EXPECTED

Addressing shareholders at the annual meeting of Broken Hill South Limited in Melbourne on November 5th, the Chairman of Directors, Mr G. Lindesay Clark, struck a note of optimism both with regard to the Company's present activities and the development of a number of its projects.

Mr Clark said that increased world demand for lead and zinc, as well as an increase in price for silver was beneficial to the Company. He reported favourably on other big investments by the Company including the progress of Alcoa of Australia which is constructing a £45 million aluminium complex in Australia; Cobar Mines Pty, Ltd. which is developing the C.S.A. copper mine at Cobar, N.S.W. and other exploration activities.

FINANCIAL

Profit—The net profit of the Company fell to £567,000 from £761,000 in 1961, due to lower prices realised from lead and zinc, as well as the low level of production voluntarily maintained under the International Agreement restricting mine output.

The surplus from working the South Mine declined by £224,000. Investment income, including £50,000 in dividends from the subsidiaries Barrier Central and Zeehan Mines, totalled £600,000 which showed an increase of £3,000 on the previous year.

Mining expenditure charged to the working account was down £200,000 due to the lower mine output, and to the capitalisation of £170,000 expended on the development of the Junction mine; a sum which appears in the balance sheet under "assets" for the first time.

Strong representations are being made to the South Australian Government for a reduction in the excessive high rates applying to railage.

The Chairman advised that it was the Company's intention to call up 2s. 3d. per share (including 9d. premium on January 31st) on the contributing shares.

Dividend—Dividend No. 114 of four pence for each stock unit payable on December 4th, will require £274,167.

Balance Sheet—The substantial rise in shareholders funds reflects the reorganisation and issues of share capital and the revaluation of certain assets. The Share Premium Account credit balance stood at £444,000; an additional £704,000 will be credited to this account as premiums are received from Shareholders.

The Assets Revaluation Reserve has a credit balance of £2,145,000 after capitalisation of the sum of £3,200,000. Market value of listed securities is higher than that reported on the balance date. Current assets amounting to £2,575,000 include £392,000 invested temporarily in Commonwealth Loans but since sold toward payment of a call on shares by Alcoa of Australia Pty. Ltd. current liabilities amounting to £1,863,000 are adequately covered by the remaining current assets of £2,183,000. Contingent Liabilities include £3,297,000 uncalled on Alcoa of Australia Pty. Ltd. contributing shares, since reduced to £2,748,000 by the payment of a call.

BROKEN HILL SOUTH MINE

Operations.—Operating expenditure increased from £7 6s. 0d. per ton of ore to £7 18s. 8d. for reasons already explained.

The latter figure includes the cost of development expenditure which has been capitalised in the accounts.

Operation on the British Junction Leases, acquired from North Broken Hill Limited, commenced during January, 1962. Following investigation it was decided to extend the 1,480 ft.

level drive some 6,200 ft. north to connect with the British Junction working. The drive will be the main transport opening for ore produced at Junction.

Reserves of ore are 220,000 tons higher than the previous year due to the acquisition of the British Junction Cases.

Mine production this year to date is approximately 50 per cent higher than it was for the same period last year. It is proposed to increase the annual rate of production to 350,000 tons as compared with 259,000 tons produced last year. The achievement of this rate during the current year will depend on whether the Junction haulage drive is completed by March, 1963. Diamond drilling of the deep fold structure in the Western Zone was continued from two locations. On the first location two further deflections were drilled from holes Nos. 1093 and 1126. The first passed beneath the main fold whilst the second intersected the structure exposing three feet width of ore at a grade of 14 per cent Pb. 5.5 ozs. Ag per ton and 3.7 per cent Zn. A third deflection is in progress.

On the second location Hole No. 1205 was completed and passed beneath the fold structure, indicating the position of the structure to be higher than anticipated. Drilling from the Junction haulage drive to test the position will be delayed until next April.

Exploration—Diamond drilling on geophysical anomalies in the Broken Hill district has been increased, and five geophysical anomalies located, and a further two being drilled. Of those tested two contain considerable widths of strongly mineralised lode material whilst the remaining three are minor sulphide or graphite disseminations not warranting further investigation. The two well mineralised positions occur at Staurolite Ridge and Stirling Vale, the former about sixteen miles South of Broken Hill, and the latter six miles South West. Two further holes drilled 5,000 ft east of the first location showed a similar lode with less iron but somewhat stronger, though uneconomic copper content. At Stirling Vale a similarly broad iron sulphide mineralisation was intersected in the one hole drilled to date. The discovery of these mineralisations marks an important step forward in the effectiveness of our geophysical techniques.

The exploration in the district is being financed jointly with North Broken Hill Limited and Electrolytic Zinc Co of Australasia Limited. Exploration work beyond the Broken Hill district is being carried out by the Broken Hill South subsidiary, Mines Exploration Pty. Ltd., in conjunction with McPhar Geophysics Ltd. of Canada, and North Broken Hill and the Electrolytic Zinc Co. propose to participate.

Geological and geophysical testing has been done in the Kanmantoo and Tumby Bay districts in South Australia, resulting in some twenty-four mineral claims being pegged. In Queensland a number of anomalies have been located in the Chillagoe area.

Drilling has been started to test two anomalies disclosed in the Moonta-Wallaroo district on Yorke Peninsula, South Australia, by Western Mining Corporation, a project in which Broken Hill South has a 30 per cent equity.

COBAR MINE

Satisfactory progress is being achieved in the C.S.A. Mine No. 1 ventilation shaft of 14 ft. diameter was sunk to a depth of 174 ft. initially, and sinking in No. 2 service shaft of 18 ft. diameter was suspended at 157 ft. The installation of the head frame and sinking winders at No. 1 shaft is now virtually complete and sinking operations recommenced on November 5th.

The sinking head frame has been erected over No. 2 shaft. The three deck sinking stage is being assembled and sinking will resume within the next few weeks.

In the power station four of the five diesel alternators have been commissioned, and the four stationary air compressors are available for use.

Tenders have been called for the erection of the pilot ore treatment plant.

Experience over many years in the various Cobar ore-bodies reveal that both ore and enclosing rock are strong and that the ore stands well without support over considerable widths during mining. Early work on the upper levels of the C.S.A. western orebody showed that it had a similar property. Diamond drilling to below 3,000 ft. has indicated that this favourable characteristic should continue in both eastern and western orebodies, making them suitable for extraction by some open stoping method. To select the particular mining method most suitable for the wall and lode condition at C.S.A., Mr M. Howell, Executive Director of Broken Hill South, and Mr L. Thomson, General Manager of Operations at Cobar visited a number of comparable deposits overseas, and inspected newly developed mechanical equipment for underground use. Following this visit it has been decided to adopt a mechanical cut and fill system of mining, which will enable mining to be carried out at costs comparable with open stope methods.

Broken Hill South holds a 76 2/3 per cent interest in the Cobar Mines and Consolidated Zinc Pty. Ltd. the remaining 23 1/3 per cent. An amount exceeding £2,100,000 has been expended to date, including prospective development at the C.S.A. Mine, and acquisition of fixed assets. The initial finance for 1963 calendar year will be provided by short term borrowing. Discussions are in progress with the State department and various State authorities in New South Wales for the provision of essential public services and housing needed for the establishment of the enterprise.

The assessment of the capital requirements for Cobar accordingly has to await the conclusion of these discussions.

ALCOA'S PROGRESS

This company has a 16.6 per cent interest in Alcoa of Australia Pty. Ltd., consisting of 486,111 fully paid £1 shares and 3,663,889 contributing shares of £1 each on which 5s. per share has been paid to date totalling £,916,000.

The company budgets to meet a further £2,100,000 for Alcoa during 1963 and 1964. This liability is covered by the outstanding balance of 5s. 3d. per share on Broken Hill South's own contributing shares. The provision of the balance of £641,000 will be considered at the appropriate time.

Alcoa reports good progress at its refinery at

BRITISH OVERSEAS STORES

The forty-first Annual General Meeting was held on November 30th in London. Mr H. C. Mumford presiding.

The following is an extract from his circulated statement for the year to March 31, 1962:

The very disappointing results again reflected in the accounts have led to the decision that no Ordinary dividend is to be paid.

Our Caribbean interests have been disposed of in their entirety. The political uncertainty

NETHERLANDS BANK OF SOUTH AFRICA LIMITED

DIVIDEND 10 PER CENT

The twelfth Ordinary General Meeting of shareholders of the Netherlands Bank of South Africa Limited was held on December 4, 1962, Dr F. J. C. Cronje (the chairman) presiding.

The following is an extract from his circulated statement:

POSITION OF THE BANK

Accounts: The increase in the Bank's credit monies and the lower level of advances and discounts resulted in greatly enhanced liquidity during the year as was, for instance, reflected in a considerably larger holding of Government Stock.

This position accorded with the general financial and economic situation in Southern Africa during the period under review.

A significant development is, however, that the Bank's commission earnings, which may be regarded as a useful barometer of business activity, have shown substantial improvement since the second quarter of 1962.

Continued restrictions on imports affected our business in this particular field but our export financing activities showed a satisfactory development.

It is gratifying to mention that, in spite of a further increase in expenses, the Bank's profit could be maintained at about last year's level.

In December, 1961, the Bank's issued capital was increased by R1m. to R6m. All the new shares were locally issued and taken up, together with 400,000 old shares held previously by the Nederlandse Overzee Bank N.V., in Amsterdam. As a result the majority shareholding in the Bank passed to South African investors.

At the same time our Institution was offered a 12 per cent share in the capital of our erstwhile parent company in Amsterdam with representation on its Board of Directors. The offer was

Kwinana and its smelter at Point Henry. Kwinana with a capacity of 210,000 tons of alumina per annum is expected to commence operations in the last quarter of 1963, whilst the first stage of the Point Henry Plant, with an annual production of 20,000 tons of aluminium is expected to commence production about March, 1963, initially from imported alumina.

The second stage at Point Henry will increase the smelting capacity to 40,000 tons per annum. Work on the fabricating plant has commenced and production from the first segment should begin about the middle of 1963.

Long range prospects both at home and abroad are bright for Australian aluminium,

in Portuguese East Africa and the Federation of Rhodesia and Nyasaland continues to have a very marked influence on trading. In South Africa the results have continued to be unsatisfactory and a general programme of reorganisation and modernisation has been undertaken. In Kenya our small company in Nairobi is affected by the decisions of many Europeans to leave the colony and prospects are extremely uncertain.

In New Zealand Kirkcaldie & Stains' turnover and net profit are new records. However, the uncertainty regarding Britain's application

taken up and this placed our Bank in a position where it would be able to participate in the development of its affiliated company within the European Economic Community and elsewhere in Europe as well as on the American continent. This strengthened link will also prove beneficial to the Bank's customers.

It is also important to mention here that the expected dividend income accruing from our participation in the share capital of the Nederlandse Overzee Bank N.V., should become available only during the next financial year and has not influenced our results in the period under review.

In regard to the expansion of our local activities it gives me pleasure to place on record the elevation of the status of our Regional Manager's office in Cape Town to that of an Assistant General Manager's office.

Furthermore, I would like to mention that in January this year we moved into the first completed part of our new Head Office premises under construction in Johannesburg. The second stage of the building is expected to be ready for occupation towards the end of 1963.

The construction of a new building in Bloemfontein, to accommodate the Regional Manager's office for the Orange Free State, is also proceeding according to plan and is likely to be completed in November next year.

A new South African branch was opened in Johannesburg (Newtown), while in Southern Rhodesia a branch was established at Que Que. In both countries our representation was extended by the establishment of new sub-branches and agencies.

Our business outside this continent could be maintained on a satisfactory level although the activities of our London office were affected by the reduced level of import spending by South Africa and the Federation.

Our relations with the Nederlandse Overzee Bank N.V. and its subsidiaries and affiliates were again of great benefit to us. During the year the Nederlandse Overzee Bank N.V. participated in the capital of a Swiss banking institution and

initial sales contacts having proved to be encouraging.

World Market Trends—The Lead/Zinc Study group meeting at Geneva predicts a further statistical improvement in the metal field. According to estimates by the delegates the Free World's consumption of lead this year will reach a record level, and new supplies will fall short of demand by 75,000 tons. With regard to zinc the study group also forecasts a consumption record for 1962. The world price of silver has risen since November, 1961, and is now approximately 10s. 8d. per ounce as against 8s. 3d. in June, 1961. Indications point to stability.

to join the European Economic Community is being felt and there has been a downward trend in sales since April and the likelihood is that profits will be less than those of past years.

Economic and political uncertainties in various parts of the world in which Whiteaway, Bickley & Bell Limited, London, trade have resulted in reduced turnover. Generally, it is expected that the realistic measures that have been taken in the last few months will be reflected to some extent in the current year and more certainly in the years to come.

The report and accounts were adopted.

also established a new, wholly-owned, subsidiary in New York.

Our own Representative's office in that important centre continues to render us valuable services.

Finally, it should be mentioned that, as is customary, all additions to the Bank's office equipment, furniture and stationery were written off while adequate provision was made for taxation, possible bad and doubtful debts, depreciation of bank buildings and for the usual strengthening of the Pension Fund.

NETHERLANDS FINANCE AND INVESTMENT CORPORATION LIMITED

In previous years no detailed figures of our fully owned subsidiary "Netherlands Finance and Investment Corporation Limited" were published. However, the activities of this company, mainly in the field of industrial finance by way of participations or medium-term lending, have grown in importance lately. For the first time its balance sheet and profit and loss account, for the financial year ended September 30, 1962, are now published for the information of shareholders. Consequently, the publication of a consolidated balance sheet of our Institution became necessary.

DIRECTORS' REPORT

You will have noticed from the Directors' Report that, as a result of the issue of 500,000 shares of R2 each to which I referred earlier, our general reserve could be increased to R3.7m. by the share premium, which amounted to R500,000. In addition, your directors propose to allocate a further amount of R200,000 from this year's profits, which will bring the total reserve figure to R3.9m.

The results obtained during this financial year enabled your directors to declare an interim dividend of 5 per cent, which was payable in July last. It is recommended to shareholders to declare a final dividend of 5 per cent, making a total of 10 per cent, which equals last year's dividend.

The report and accounts were adopted.

INTERNATIONAL DISTILLERS AND VINTNERS

Confident of Increased Profitability and Expansion, says
Mr H. C. B. Berens

SHAREHOLDERS APPROVE CAPITAL REORGANISATION AND SCRIP ISSUE

The tenth Annual General Meeting of International Distillers and Vintners Limited was held on December 5th in London. The following are extracts from the Statement by Mr H. C. B. Berens, Chairman of I. D. & V., which has been circulated to Shareholders. Mr Berens stated:

"In the spring of this year we carried through by far the most important step forward in the Company's expansion by the merger with the well-known firm of Gilbeys Limited. Full particulars of the merger were sent in the Letter of Offer dated April 19, 1962, from Hambros Bank Limited to I.D.V. shareholders and, of course, Gilbeys shareholders who are now shareholders in I.D.V. As a result of the merger the name of your Company was changed in May this year from 'United Wine Traders Limited' to its present title, it being considered that this was a more suitable name.

"Although the merger was a bringing together of two Groups basically in the same trade, their structures, methods of operation and administration were in many ways different. Nevertheless, the integration of ideas and interests is going very well and although the merger only became effective in May, a number of important steps have been taken.

"It is not expected that these steps will have any material effect on combined profits in the current year but your Board are confident that such steps as these will form a sound platform for increased profitability and expansion in the future."

He pointed out that the Accounts now being presented to Shareholders were for the period to May 31, 1962, and covered a period of 11 months for the old I.D.V. Group, then called United Wine Traders, while those of Gilbeys cover 17 months.

RECORD SALES

Reporting on United Wine Traders, as it was constituted before the merger Mr Berens said it had another record year. Profits after all charges, but before taxation, rose from £674,701 for the 12 months to June 30, 1961, to £1,199,007 for the 11 months period to May 31, 1962, equal to over £1,300,000 for a 12 months period. Out of this figure unfortunately, £667,991 had to be provided for taxation. This was an abnormally high figure due to the change in the accounting date.

"As in the last few years," said Mr Berens, "this increase in profits is largely due to the continued success of Justerini & Brooks' 'J. & B. Rare' Scotch Whisky in the United States of America. The value of sales to that area increased over the previous 11 months period by 90 per cent. As you will be aware during the year 'J. & B. Rare' was made generally available in this country for the first time and your Directors are fully satisfied with initial sales. Agents have already been appointed in some 50 countries throughout the world.

"In Europe initial sales are most encouraging and with whisky becoming a more and more popular drink on the Continent I see no reason why 'J. & B. Rare' should not get its fair share of this increasing market. If this country does join the Common Market it is your Board's opinion that it will have beneficial effects on this aspect of the Group's trade.

"Once again our thanks must go to our American agent the Paddington Corporation for making 'J. & B. Rare' one of the best selling brands of Scotch whisky in the U.S.A. The value of sales has more than quadrupled in the last four years, a truly remarkable

performance. While we are confident there will be no flagging in the energy and desire for achievement of our friends over there, and while there are still many areas to conquer in that vast country, one cannot expect this rate of increase to continue. However, sales for the first 4 months of the current year show an increase over sales in the corresponding period last year.

"In the home trade, Justerini & Brooks, Charlie Richards and Julian & Trower have had another very good year. Value of sales over all departments have increased in the 11 months period as compared with the 11 months period last year by about 17 per cent.

"In the year to June 30, 1961, the results of Twiss & Browning & Hallows showed a marked improvement on the previous year and this has been maintained in the period under review. Sales of Hennessy Brandy show a further steady increase in the home market and the decision to market their well-known Three Star Brandy in a new and attractive design bearing the name of the Hennessy family crest 'BRAS ARME' appears to have met with universal favour. This subsidiary continues to handle certain export markets for Hennessy Brandy and Heidsieck 'Dry Monopole' champagne and these brands maintain their firmly established position in the countries concerned."

DIVIDEND POLICY

On the question of dividends, Mr Berens said: "Your Board recommend payment of a final dividend of 35 per cent less tax on the capital increased to £798,555 as a result of 100 per cent Gilbey acceptances. With the interim already paid, this makes a total payment of 110 per cent less tax.

"In the current year we will revert to normal dividend date payments and your Board would accordingly expect to pay an interim dividend about June, and a final dividend about December.

"The equivalent of 110 per cent total dividends which can be said to have been paid on the capital of £798,555 would be 11 per cent on the proposed increased capital. Barring unforeseen circumstances, your Directors would expect to pay at least such total dividends for the year ending May 31, 1963."

SCRIP ISSUE

At the Annual General Meeting shareholders approved resolutions to increase the capital and make a Scrip Issue. In his statement Mr Berens pointed out: "After capitalisation each Ordinary shareholder will hold two Ordinary Shares of 5s. each fully paid for each Ordinary Share of 1s. held on October 27, 1962, one of such Ordinary Shares being comprised in a Renounceable Share Certificate, which will be posted on December 7, 1962, and which will be renounceable up till January 18, 1963. The Ordinary Shares to be issued for consolidation and capitalisation will not rank for the final dividend of 35 per cent for the period ended May 31, 1962. Application will be made to the Council of the Stock Exchange, London, for permission to deal in and for quotation for the issued Ordinary share capital of the Company in shares of 5s. each.

"The authorised Ordinary Shares capital is now £10 million divided into 40 million Ordinary Shares of 5s. each of which 31,942,214 Ordinary Shares of 5s. each will have been issued, which figure will be increased to 33,194,021 shares when acquisitions have been completed leaving a balance of 6,805,979 unissued Ordinary Shares of 5s. each."

BANK OF MONTREAL

ASSETS NOW \$4,015 MILLION

The one hundred and forty-fifth Annual General Meeting of the Bank of Montreal was held on December 3rd in Montreal.

Mr G. Arnold Hart, the President, in the course of his speech, said:

In general, the level of economic activity in Canada during the past year has been high and rising, continuing the advance that began early in 1961. On the whole this has been a year of progress, and it now seems certain that total output in 1962 will reach a record high.

It is unfortunate that the degree of economic progress that has been achieved has tended to be obscured by the headlines which at mid-year accompanied a major foreign exchange crisis.

The crisis was triggered by an abrupt and temporary cessation of the net inflow of foreign capital, which for some ten years had offset a continuing imbalance in Canada's trade in goods and services.

While it is a matter of considerable satisfaction that the situation was brought under control promptly it would be a mistake to reach the conclusion that all problems in this area have been solved. While the problem of obtaining balance in Canada's external position is far from being solved, I should like to make it clear that I am not among those who view Canada's future with gloom and foreboding. Some slowing down in the general level of business activity must be expected from time to time, but I am confident that Canadians will rise to the new challenges with a new approach and that there continues to be a bright future for Canada and for the Bank of Montreal, which throughout the past 145 years has been so intimately connected with the nation's growth.

GENERAL MANAGER'S ADDRESS

In the course of his address, Mr R. D. Mulholland, Vice-President and General Manager, said: The 145th Annual Statement of the Bank records increased revenues and profits from the employment of our assets and from our services.

Our net profits for the year amounted to \$16,013,512 after depreciation of premises and equipment and transfers to inner reserves, and after providing for income taxes. A provision of \$12,757,500 has been made out of net profits for regular and extra dividends, equivalent in total to \$2.10 per share, compared with \$2.05 per share for the preceding year.

Total assets of the Bank amounted to \$4,015,000,000 at the end of the fiscal year, an increase of \$65,000,000 from the end of the previous year. This is the first year end in which our assets have exceeded \$4 billions and we derive some satisfaction from it in the light of the restrictive official monetary policy of the past few months and the changes brought about by the exchange reserve crisis of last June.

On October 31st, our total deposits amounted to \$3,713,000,000 compared to \$3,647,000,000 a year earlier. It is encouraging to observe the continuing strength of personal savings deposits which increased by \$85,000,000 during the year. Such savings deposits are the life blood of the banking business, and it is therefore, most pleasing to be able to report that our personal savings accounts rose in number by more than 100,000 during the year.

NATIONAL MINING CORPORATION

The annual general meeting of National Mining Corporation, Ltd., was held on November 30th at the Chartered Insurance Institute, London, E.C.2.

Mr C. J. Burns, Chairman, presided, and the following is an extract from the circulated Statement:

The year ended March 31, 1962, was marked by the continued growth in our investment income, the present figure of £20,411 comparing with £17,863 for the previous year, and the increased profit of our wholly-owned subsidiary company, British Patent Glazing Co. Ltd. These increases have, however, been offset to some extent by lower revenue from sales of investments and from oil royalties. Our portfolio of investments at the commencement of the year of £219,761 (market value £247,654) compares with the present day figure of £229,146 (market value £251,556), notwithstanding profitable realisations as shown in the Accounts and subsequently.

The profit for the year at £42,839 compares with £41,796; and an interim dividend of 5 per cent in respect of the year was paid on November 30, 1961, and a final dividend, also of 5 per cent, is now recommended.

The board is maintaining the interim dividend at 5 per cent on account of the current year.

The Canadian companies, namely, Loders Lime (Alberta) Ltd. and Lado Co. Ltd., both traded at a small profit in spite of the continuing depressed state of the Canadian economy. For several years I have had to report that capital has not been forthcoming for the development of our lead/zinc interests in Eastern Nigeria, represented by our shareholding in Mines Development Syndicate (West Africa) Ltd. At the present time, however, powerful international financial interests are closely examining the Nigerian project with a view to bringing it to production.

British Patent Glazing Co. Ltd. transferred its operations to new factory premises. Sales during the year were a record.

The report and accounts were adopted.

THE NATIONAL BANK OF AUSTRALASIA LTD.

Extracts from the Chairman's 1962 address

Mr. J. A. Forrest, Melbourne, 28.11.1962

BUSINESS RECOVERY HESITANT. Against the rapid expansion of the 1950's business recovery has been somewhat hesitant and many have felt it has neither been fast enough nor sufficiently embracing. However, most classes of business are reporting increased sales, and profitability, though still well below what is generally desirable, has begun to improve, but tougher trading conditions are to be expected for some time to come.

THE COMMON MARKET AND US. Anything said on this issue is still largely conjectural as the terms on which Britain may be enabled to join are not yet known. Of £206m. of exports to Britain last financial year (approximately 19% of our total exports), dairy products, fruit, sugar, wheat and meat were worth more than £100m. The future of these industries naturally gives cause for concern should she enter, and the most desirable outcome would be arrangements to give us access to the enlarged market on terms designed to offset, to some degree, our long-enjoyed British preferences. However, with Britain in a united Europe may progress so rapidly that industrial expansion and rises in the living standard of 225,000,000 people would lessen our possible export difficulties.

OUR INDUSTRIAL GROWTH MUST CONTINUE. Rough estimates suggest that our workforce may reach 4.6m. in three years time and about 5.2m. by 1970, and provision of productive employment for this rise requires that growth of secondary industries and those in the tertiary sector should be as rapid as possible, and on a sound economic basis. Even with no further rise in prices, gross national production (£7,300m. last financial year) will need to be about £900m. higher by 1965, and near £2,500m. higher by 1970, to employ our workforce and provide a small advance in real productive value per head.

A BRIGHT PROSPECT FOR AUSTRALIA. The estimates imply plenty of room for growth in our production and commerce. We must not be discouraged by the changes in the business and trading scene of the last year or so; they may require more flexibility in our outlook, and more self-reliance but are no cause for loss of confidence. Many of the world's peoples have a new vista of higher standards of living, and rising living standards suit the businessman, as they permit the efficient use of capital equipment and the knowledge and skill of the workforce. Against this background, Australia's prospects are bright, whatever the problems of the 1960's.

ACCOUNTS. Consolidated balance sheet assets at £401m. are a record, and over £32m. higher on the year resulting from a rise of £19m. in the assets of the parent Bank, and accrual to 30th September of £15m. of assets by the new Savings Bank. Deposits increased by nearly £32m., there being an addition of £18m. by the parent Bank and £14m. by the Savings Bank. Consolidated gross earnings, at £12,581,000 were £380,000 higher than in 1961, but expenses rose by £427,000. After slightly lower taxation provisions, net profit at £1,065,486, was £9,401 below the 1961 figure.

STAFF THANKED. The Australian and London staff were thanked for their efforts in maintaining their high standards of service.

THE NATIONAL BANK OF AUSTRALASIA LTD.

and its wholly owned subsidiary

THE NATIONAL BANK SAVINGS BANK LTD.

Head Office: 271-285 Collins Street, Melbourne.

Chief London Office: 6-8 Tokenhouse Yard, E.C.2.

923 Offices throughout Australia, Papua/New Guinea and 3 in London.

(Incorporated in the Commonwealth of Australia)

HALEYBRIDGE INVESTMENT TRUST LTD.

HIGHER PROFITS AND DIVIDEND

FUTURE VIEWED WITH CONFIDENCE

The fifteenth annual general meeting of Haleybridge Investment Trust Limited, was held on November 29th, in London, Sir Aynsley Bridgland, CBE, the chairman, presiding.

The following is an extract from his circulated statement:

After providing for a transfer by a subsidiary company of £93,869 to Capital Reserve, the group earned net profits after tax of £181,881 as against £138,674 last year, a rise of £43,207. Your Board proposes a final dividend of 8½ per cent, making a total payment of 13½ per cent for the year as compared with 12 per cent last year.

CONSOLIDATED BALANCE SHEET

The market value of our various investments at June 30, 1962, show an unrealised surplus of £2,752,306 over book value as compared with £2,497,769 last year. There has been a further considerable increase in this surplus since that date.

We propose to sub-divide our £1 Ordinary Shares into 4 shares of 5s. each. Our present shares stand at over £3 each on the market and at that price are a bar to the smaller investor who may wish to acquire an interest in our ventures.

DEVELOPMENT POLICY

In property we are dependent on the rents receivable from our developments and these rents are in turn dependent on the cost of the buildings we erect. Should the money we borrow bear a high rate of interest, we must pass this cost on to our tenants if we are to have an economic investment. If there are no tenants available to pay the rentals necessary to assure our profit or if tenants are obtained who subsequently find they cannot carry on with such a burden not only would our anticipated profits be imperilled but also we should be liable to meet high rates of interest on our borrowings out of our own resources.

For this reason, rightly or wrongly, we in this group have withdrawn from competition in developing areas where site values are high, tenants are limited, and risks consequently enlarged, and have confined our operations to that sphere where we can, except in isolated instances, be reasonably immune from these risks until the costs of borrowing are stabilised at a lower level.

I must frankly confess that having been made aware of prices paid for sites, in many cases on borrowed funds at high rates of interest, I personally am very glad that we are not taking part in such business.

THE FUTURE

As to our future, I feel we can face it with confidence. Our Balance Sheet is exceptionally strong, our dividends are amply covered and only paid out of true income and realised profits and we are still continuing to build up our reserves.

The report and accounts were adopted and, at the subsequent extraordinary general meeting, resolutions in connection with the proposed sub-division of the Company's Ordinary Shares were approved.



DEBENHAMS LIMITED

Mr. John Bedford's review

The Annual General Meeting of Debenhams Limited was held in London on December 6. The following are the salient features from the circulated statement by the Chairman, Mr. John Bedford, O.B.E.

Trading Results

The Consolidated Trading Profit and other income for the year under review amounts to £8,464,145 which is just under 2% lower than the figure for the previous twelve months. However, during the last few months there has been a considerable improvement in the sales throughout the Group. The Consolidated Net Profit before taxation at £6,945,128 shows a reduction of 3.8% on the previous year. The net profit available for appropriation is £2,717,560 compared with £2,649,201. The Directors recommend a Final Dividend of 14d. per share be paid on the Ordinary Shares making 111d. per share for the year.

The Consolidated Balance Sheet shows the continuing expansion of the Group with total assets up by £6,297,766 and the capital and reserves up by £6,584,105.

Acquisitions

During the year the family business of Gammons Ltd. was acquired and since the end of the financial year the companies owning the Matthias Robinson Stores have been purchased. I am very pleased that it has been possible to bring these new stores into the Group and thus extend our activities into new areas.

Properties

Investigations have continued into the way the various Group properties are being used and discussions are taking place with one of the largest property development companies to form a joint enterprise in connection with one of the larger sites in the Group; preliminary talks have also started with the view to the development of a second site.

Organisation

The reorganisation of our central buying operation has continued and as our initial experience in the Chain Store field has proved satisfactory, we propose to extend this part of our activities. The reorganisation of the Debenhams Food Division is proceeding. In an age when so large a proportion of the spending of the public is on food this should prove a valuable addition to the Group. We have extended the range of merchandise sold under our own brand names, and we are introducing new methods of presentation and sales promotion throughout the companies.

The Future

The time is overdue for a new appraisal of our taxation system and as a first step the increases in profits tax and purchase tax brought in as regulators might well be reduced to their previous levels. If the Government are successful in their plans to stimulate the economy, we are in a sound position to take full advantage of the opportunities available and to meet whatever challenges we may have to face both in this country and in Europe.

With a great nation-wide million-pound-a-week Buying Power, the Debenhams Group searches the world's markets to bring to their stores quality merchandise of impeccable good style. Even in the fickle world of high fashion the exclusive branded goods of the Debenhams Group create new standards of value—values that challenge comparison.

CROMPTON PARKINSON LIMITED

STRENUOUS BUT SUCCESSFUL YEAR

INCREASED EARNINGS

MR ALBERT PARKINSON'S REVIEW

The forty-ninth Annual General Meeting of Crompton Parkinson Limited was held on December 5th in London, Mr Albert Parkinson, MBE, the chairman, presiding. The following is an extract from his statement, which had been circulated with the report and accounts for the year ended June 30, 1962:—

We can look back on a strenuous but successful year. The Company has been busy in conditions which demand complete fitness to meet competition. It has been, above all, a year for realism, and plans and efforts to achieve greater efficiency have dominated our activities. The Company has a team capable of meeting and putting to advantage the exacting problems and challenges which arise every day. The good employee relations which we have been fortunate enough to enjoy in the past continue to have our closest care and attention at the highest level. The Consolidated Net Income attributable to your Company showed, at £1,391,000, an increase of 6.5 per cent. The total dividend for the year is equivalent to 12 per cent on the increased capital, compared with 11.3 per cent last year.

OVERSEAS

In Australia, our factories in Sydney and Campbelltown have had an excellent year. Despite continuing adverse trading conditions, a high level of trading in CP manufactured products, merchandised engineering products and non-ferrous metal extrusions was maintained by

the Noyes Company. The straitened circumstances of India's economy and her need to manufacture all she can for her development have kept our Indian factories in full production throughout the year, and there has been a steady and strong upsurge in turnover necessitated by the electrical demands of this growing nation. Unfortunately, rising costs have not enabled us to report any comparable increase in profit.

U.K. ACTIVITIES

It has been a better year for our heavy products. Transformers at Hayes works have had a very good year. We have recently been entrusted with a further substantial order for traction equipment which will go into production in 1963. Our industrial machines have had a good year. The fractional horsepower motor market has reflected the keen competition for business limited by economic conditions which have been far from buoyant. Our instrument business makes excellent progress. The Company's lighting fittings business operates in a field where there is still much scope for expansion. The lamp industry has continued to enjoy an increasing demand and the battery business continues to show a steady growth, but profits are under constant pressure from rising costs and increased competition.

THE OUTLOOK

Even those most closely associated with the electrical manufacturing industry are not always able to forecast the movement of the forces which initiate the ebb and flow of its trade. What we can and will do is to ensure that Crompton Parkinson can meet the requirements of the inevitable and remarkable increases in the use of electricity. We shall, I think, have a hard year which I believe our managerial, physical and financial resources are well equipped to meet.



Electric & Musical
Industries Limited

Rising prosperity means big opportunities for EMI

From gramophone records to computers, from television to refrigerators, EMI products are products of prosperity. Rising prosperity will bring big opportunities which the group is ready to grasp, reports Sir Joseph Lockwood, Chairman of EMI. Other points from his review of EMI's financial year ended June 30, 1962, were as follows:

Last year there was intense competition with Capitol Records in the United States and with the refrigerator business in the U.K. The rest of the group had a most successful year and their profits reached a record level.

Records and Computers In the U.K., our sales of records increased further and we improved our share of the market. EMI Records Ltd. won 9 out of 15 National Record Awards by the Gramophone Record Retailers Association.

Our supremacy in the classical market is ensured by the cream of the world's great classical artists combined with superb recordings.

New arrangements have been made on magnetic tape with Philips Gloeilampenfabrieken and on business computers with International Computers and Tabulators Limited. They have strengthened EMI in fields which will offer excellent opportunities for expansion.

Television Booming exports of broadcast television equipment include the first orders from Western Germany for six years.

The Government's plan for television will mean large orders for broadcasting equipment. EMI have been making 625 line cameras and transmitting equipment for overseas buyers for years and can start producing for the British market immediately.

From the Accounts Year to June 30, 1962

Group Sales	£82,581,000
Trading Profit	£ 7,390,000
Depreciation	£ 2,044,000
Interest	£ 544,000
Pre-tax Profit	£ 4,802,000
Tax	£ 2,311,000
Net Profit	£ 2,316,000

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic
of South Africa)

EXTRACTS FROM MR H. J. JOEL'S SPEECH

The annual general meeting of Johannesburg Consolidated Investment Company, Limited, was held on December 4th in Johannesburg.

Mr H. J. Joel, the chairman, presided and, in the course of his speech, said:

The profit, before tax, for the year ended June 30, 1962, of your Company and its wholly-owned subsidiaries, Barnato Brothers Limited and Barnato Holdings Limited, amounted to the record sum of R6,599,657 (£3,299,829), an increase of R1,324,507 (£662,254) over the comparable figure for the previous year.

Our dividend income amounted to R5,982,830 (£2,991,415), which was also a record, the increase on last year's figure being of the order of R200,000 (£100,000). This improvement was accompanied by an increase in profit from the realisation of investments which at R1,105,242 (£552,621) was substantially higher than the average for the past few years.

The net profit after tax amounted to R4,007,631 (£2,003,816).

During our financial year, there was a general increase in the London market value of shares in companies operating in Southern Africa, with a consequential increase of some R8.5M (£4.2M) in the aggregate market value of our portfolio. The book value increased by R2,420,768 (£1,210,384), of which amount approximately one-half was accounted for by net investment during the year and approximately one-half by a re-appreciation in value.

TRANSFER OF RESIDENCE

After commenting on the Company's successful application to H.M. Treasury for consent to transfer the residence of the Company from the United Kingdom to South Africa, Mr Joel then referred to the consequences of such transfer, and said: On the basis of present rates of taxation in the United Kingdom and South Africa, and assuming the same size and type of portfolio, and an estimated average incidence of investment depreciation and realisation profits, the reduction in the annual tax charge in relation to the Company itself may be put at around R900,000 (£450,000) for a full year.

The change in residence will also alter the incidence of taxation payable by shareholders of the Company. Subject to any changes in the other factors affecting the dividend decision, it is intended that the total dividend in future should be increased to an extent sufficient broadly to compensate United Kingdom shareholders for the adverse change in their position, which change will be uneven in its incidence. A dividend of 4s. 0d. per share as compared with the past net dividend of 3s. 1d. would appear to satisfy this aim. Present indications are that the Company will be able to pay such a dividend for the current year.

HARRIS LEBUS

EFFECT OF RESTRICTIONS

The fifteenth annual general meeting of Harris Lebus Ltd. was held on November 30th in London, Mr Oliver Lebus, chairman, presiding.

The following is an extract from his circulated statement for the year to July 13, 1962:

The restrictive measures which the Chancellor imposed in July, 1961, on the economy generally added further to the problems of the furniture industry which, before that, was already in a depressed state. I warned stockholders in my review and later at the annual general meeting that this would be a very difficult year.

The stimulus to the economy which was intended in the Budget and in June, 1962, far from helping the furniture industry, in fact put it at a disadvantage relative to many other industries in the consumer durable field. Whereas the rate of purchase tax for motor cars, radios, television

and household appliances was reduced, the level for furniture was virtually doubled to 10 per cent. Whereas the deposit required on hire-purchase transactions on all the products I just mentioned was reduced, on furniture the deposit remains unchanged at 10 per cent.

The overall effect of these conditions, in spite of substantial contributions from some of the other activities of the group not so directly involved in the manufacture and sale of furniture, has contributed to a reduction of trading profits to £136,489 as compared with £255,586 last year.

RESULT OF YEAR'S OPERATIONS

The net result is a group loss of £15,519 for the period. After providing for the amount of £24,500 for the dividend paid on the preference stock and £60,000 for losses expected on the curtailment of the Rhodesian subsidiary, the retained profits of the group have been reduced by £100,019 and now stand at £973,574. In these circumstances, your board reluctantly recommends that no dividend be paid on the ordinary stock.

The pattern of the contribution of the various

divisions of your company towards the group trading results has been broadly similar to last year with the transport and upholstery divisions and that dealing with hire purchase finance making the largest contribution. Losses in the wooden furniture division and the overseas companies offset these.

Your company has for many years been in the forefront of the industry regarding conditions of work, amenities, and levels of remuneration. We have recently introduced an improved scheme of payments in the event of redundancy of hourly paid employees.

Many of the country's best brains inside and outside Government circles forecast that a growth in the economy would develop in the spring of 1962. This has been both slower in coming than many had expected and of smaller degree, especially in the trade of consumer durables and the furniture industry was handicapped in participating in this growth. Your board believes that given reasonable trading conditions its position will slowly but surely improve, and it is devoting its full energies to this end.

The report and accounts were adopted.

THE BANK OF NOVA SCOTIA

GENUINE IMPROVEMENT IN CANADIAN ECONOMY

The past year has been one of genuine improvement in Canada's economic position though there is still need to get the economy moving ahead at a better pace, F. William Nicks, President, The Bank of Nova Scotia told the Shareholders at the Bank's 131st Annual Meeting held on December 5th in Halifax, Nova Scotia.

Canada is in a better position to go ahead than it was a year ago Mr Nicks said, "There is no longer undue preoccupation with the fear of inflation nor on the other hand are there unrealistic expectations of what easier money can do. Canadians are now much more aware of the kind of competitive world in which they live and are adjusting themselves to it. Moreover we have an exchange rate which is at least in

reasonable alignment with our underlying economic interests. It may indeed be that we are emerging from a period of economic disturbance into one more favourable to economic growth."

However, he pointed out, circumstances are as yet by no means satisfactory, for the economy is still operating well below its real potential with a considerable degree of unemployment and excess productive capacity. In planning for the future, he emphasised it is essential that Canada be able to compete effectively.

GENERAL MANAGER'S REMARKS

The General Manager, J. Douglas Gibson in his review of the year's operations, told the Meeting that the Bank's assets during the year had increased by \$179 millions, or about 8 per cent, to reach a total of \$2,448 millions. "Both our Canadian and our external business expanded significantly," he said.

The main feature of the Canadian banking picture during the year, commented Mr Gibson was the sharp advance in the demand for

loans which developed during the spring and summer. After the rapid sequence of financial events in June it was necessary during the mid-summer to become more selective in lending policies but a vigorous drive for deposits, combined with the co-operation of some larger customers who used alternative sources of funds, enabled the Bank to continue to lend to those who needed working capital and to those who applied for Scotia plan loans. Special attention was paid to the needs of small business borrowers not in a position to draw on other sources of financing.

In view of the increased competition for personal savings from trust and savings companies, and from credit unions—"The increase of 6½ per cent in personal savings deposits is particularly gratifying. It is the best record among the chartered banks."

During the year Scotia Bank opened 25 new branches, bringing the banks total number of branches to 626. International offices were also established in Amsterdam and Tokyo and three new ones are being opened in Munich, Houston, Texas, and in the U.S. Virgin Islands.

COMPANY AFFAIRS

The growing unemployment figures were a dominating factor in the London stock market early this week. On Tuesday prices fell back sharply with "Panorama" not for the first time playing its part, and over the week to Wednesday's close THE ECONOMIST indicator fell by 6.8 points to 348.1. The fall would have been sharper but for a brighter showing on Wednesday by equities helped by the gold reserve figures and the rally on Wall Street. This was in sharp contrast to the murky gloom elsewhere which kept business down to a low level.

First Steel Results

THE opening of the steel dividend season has been awaited by the stock markets with fear and trepidation. Running down of consumers' stocks caused a drop in production in the "steel year" to end September of about 12½ per cent. Most companies were operating at about 70 per cent of capacity in the first half of the year but activity crept up to about 75 per cent in the later months of the year. The one bright sector of the industry has been sheet steel, thanks to the recovery in the motor industry, and John Summers alone of the steel companies reporting this month is expected to show higher profits.

United Steel.—Sheet steel is the only important product not manufactured by United Steel, the largest and most diversified of all the steel companies. Its trading profits fell by just under a third from £22.1 million to £15.4 million while ingot output fell by 16 per cent in the year to September 30th. For the first 24 weeks of the year profits were down by some 44 per cent, so that there must have been some improvement in margins in the last few months. This confirmed the statement made by the directors in June that while the February increase in steel prices was insufficient to cover increases in costs the rate of earnings had shown a marked improvement since March. In the second half of the year United Steel profits before all charges fell by 15 per cent, but it must be remembered that in the corresponding period in 1961 they had already fallen by 30 per cent from the peak level of 1960.

As expected the final dividend has been cut from 7½ to 6 per cent to make the total payment 10 per cent, against 12.3 per cent. The computation of earnings is complicated by the incidence of substantial investment allowances. Tax relief of £2.3 million arising from these allowances is included in the £3 million transferred to fixed assets replacement reserve. On the lower tax charge the reduced dividend is covered 1.9 times; but if the credit for investment allowances is excluded the cover is only 1.1 times. If the allocation to fixed assets replacement reserve is treated as additional depreciation, earnings then work out at only 9 per cent. One important feature of

the preliminary statement is the profit of £1.8 million made on the sale of investments. This almost certainly refers to the sale of some of United Steel quoted trade investments, which in the 1961 balance sheet had a book value of £1.5 million and a market value of £5.9 million. Among the investments believed to have been sold is all or part of its stake in the John Summers equity. To pull out of sheet steel now, when it is the most prosperous sector of the industry, may at first sight seem odd but on the longer view, taking account of the growth of sheet capacity in Britain and on the Continent, such a decision may not be ill-timed. On the results the £1 shares gained 2s. 3d. to 28s. 6d. to yield 7 per cent on the smaller dividend.

Thos. Firth and John Brown.—Despite its emphasis on stainless and other special steels this company appears to have fared as badly as other steel producers, reporting a fall in trading profits from £4.6 million to £3 million. Investment income, which includes the dividend from Firth-Vickers Stainless Steel jointly owned with English Steel, was £13,000 higher at £844,000. As in 1960-61 this more than covers the maintained dividend of 12½ per cent. Earnings are down from 40 to 26½ per cent and the £1 shares at 38s. yield 6.6 per cent. This is slightly better than average and reflects expectations that the demand for the alloy steels, particularly stainless steel, will grow.

Land Securities Investment Trust

FOLLOWING Mr Selwyn Lloyd's request to insurance companies to curb their investment in property development, lending was limited to schemes already arranged and the pipeline was practically empty when Mr Maudling announced a relaxation on lending limitations early in October. The latest deal between Land Securities and the Prudential, is the largest ever single property-insurance link. Previously Land Securities had looked largely to the Legal and General for its funds, though it had links with Norwich Union and the Church

Commissioners as well. Over the past three years Legal and General has lent or agreed to advance £21 million on 6½ per cent debentures to Land Securities. In addition it has been given options on 3.7 million shares of 10s. each in Land Securities. These arrangements are dwarfed by those now made with the Prudential which provide for £30 million, also on a 6½ per cent debenture, plus £3½ million through an issue of 3 million shares at 25s. per share. This will give the Prudential a 7½ per cent stake in the enlarged equity. This will come down to 7 per cent when Legal and General through its options takes up its full stake of 9½ per cent.

The issue price of 25s. compares with the current market price of 28s. 9d.; allowing for the July rights issue (which raised a further £4.6 million) the shares were as high as 38s. 6d. earlier this year but fell back sharply on the very modest increases in profits and dividends announced in May. At the current price the shares yield 2½ per cent. This looks a long way ahead—to the fruition of some of the property developments for which the new funds are being raised. In London, Land Securities' major development schemes include those in Oxford Street and Victoria Street and its Ravenscroft subsidiary in under-taking schemes in the provinces, of which the most important is the comprehensive redevelopment of a five acre site in the centre of Liverpool.

Watney Mann



IN the first six months of the year to end-September the gross profits of Watney Mann fell slightly from £3,440,000 to £3,392,000 but the directors said in June that trade was improving. The full results show that gross profits in the April-September period rose by nearly 10 per cent from £4,432,000 to £4,851,000. This suggests that sales rose sufficiently to offset the pressure on profit margins exerted by higher costs. For the full year gross profits rose from £7,872,000 to £8,243,000 and the dividend has been raised from 18 to 20 per cent so that the 5s. shares at 24s. 9d. now yield 4 per cent. Earnings are slightly higher at 39½ per cent covering the bigger dividend nearly twice. The increase in sales is probably due to Watney Mann's successful promotion of its keg beer "Red Barrel" and other high gravity draught beers. The current year has started off on a good note, with sales higher in the first two months.

Forte/Kardomah

IN 1961 Kardomah "A" shares stood at 26s. Now they are valued at 65s. by the bid, worth £2 million, from Forte's Holdings of five "A" shares, currently priced at 30s., plus 110s. cash for every four 5s. "A" or ordinary shares. Last month Forte said that it would not make a bid unless it

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1657, 1659, 1661, 1663, 1665, 1667, 1669, 1671, 1673, 1675, 1677, 1679, 1681, 1683, 1685, 1687, 1689, 1691, 1693, 1695, 1697, 1699, 1701, 1703, 1705, 1707, 1709, 1711, 1713, 1715, 1717, 1719, 1721, 1723, 1725, 1727, 1729, 1731, 1733, 1735, 1737, 1739, 1741, 1743, 1745, 1747, 1749, 1751, 1753, 1755, 1757, 1759, 1761, 1763, 1765, 1767, 1769, 1771, 1773, 1775, 1777, 1779, 1781, 1783, 1785, 1787, 1789, 1791, 1793, 1795, 1797, 1799, 1801, 1803, 1805, 1807, 1809, 1811, 1813, 1815, 1817, 1819, 1821, 1823, 1825, 1827, 1829, 1831, 1833, 1835, 1837, 1839, 1841, 1843, 1845, 1847, 1849, 1851, 1853, 1855, 1857, 1859, 1861, 1863, 1865, 1867, 1869, 1871, 1873, 1875, 1877, 1879, 1881, 1883, 1885, 1887, 1889, 1891, 1893, 1895, 1897, 1899, 1901, 1903, 1905, 1907, 1909, 1911, 1913, 1915, 1917, 1919, 1921, 1923, 1925, 1927, 1929, 1931, 1933, 1935, 1937, 1939, 1941, 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1957, 1959, 1961, 1963, 1965, 1967, 1969, 1971, 1973, 1975, 1977, 1979, 1981, 1983, 1985, 1987, 1989, 1991, 1993, 1995, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015, 2017, 2019, 2021, 2023, 2025, 2027, 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2043, 2045, 2047, 2049, 2051, 2053, 2055, 2057, 2059, 2061, 2063, 2065, 2067, 2069, 2071, 2073, 2075, 2077, 2079, 2081, 2083, 2085, 2087, 2089, 2091, 2093, 2095, 2097, 2099, 2101, 2103, 2105, 2107, 2109, 2111, 2113, 2115, 2117, 2119, 2121, 2123, 2125, 2127, 2129, 2131, 2133, 2135, 2137, 2139, 2141, 2143, 2145, 2147, 2149, 2151, 2153, 2155, 2157, 2159, 2161, 2163, 2165, 2167, 2169, 2171, 2173, 2175, 2177, 2179, 2181, 2183, 2185, 2187, 2189, 2191, 2193, 2195, 2197, 2199, 2201, 2203, 2205, 2207, 2209, 2211, 2213, 2215, 2217, 2219, 2221, 2223, 2225, 2227, 2229, 2231, 2233, 2235, 2237, 2239, 2241, 2243, 2245, 2247, 2249, 2251, 2253, 2255, 2257, 2259, 2261, 2263, 2265, 2267, 2269, 2271, 2273, 2275, 2277, 2279, 2281, 2283, 2285, 2287, 2289, 2291, 2293, 2295, 2297, 2299, 2301, 2303, 2305, 2307, 2309, 2311, 2313, 2315, 2317, 2319, 2321, 2323, 2325, 2327, 2329, 2331, 2333, 2335, 2337, 2339, 2341, 2343, 2345, 2347, 2349, 2351, 2353, 2355, 2357, 2359, 2361, 2363, 2365, 2367, 2369, 2371, 2373, 2375, 2377, 2379, 2381, 2383, 2385, 2387, 2389, 2391, 2393, 2395, 2397, 2399, 2401, 2403, 2405, 2407, 2409, 2411, 2413, 2415, 2417, 2419, 2421, 2423, 2425, 2427, 2429, 2431, 2433, 2435, 2437, 2439, 2441, 2443, 2445, 2447, 2449, 2451, 2453, 2455, 2457, 2459, 2461, 2463, 2465, 2467, 2469, 2471, 2473, 2475, 2477, 2479, 2481, 2483, 2485, 2487, 2489, 2491, 2493, 2495, 2497, 2499, 2501, 2503, 2505, 2507, 2509, 2511, 2513, 2515, 2517, 2519, 2521, 2523, 2525, 2527, 2529, 2531, 2533, 2535, 2537, 2539, 2541, 2543, 2545, 2547, 2549, 2551, 2553, 2555, 2557, 2559, 2561, 2563, 2565, 2567, 2569, 2571, 2573, 2575, 2577, 2579, 2581, 2583, 2585, 2587, 2589, 2591, 2593, 2595, 2597, 2599, 2601, 2603, 2605, 2607, 2609, 2611, 2613, 2615, 2617, 2619, 2621, 2623, 2625, 2627, 2629, 2631, 2633, 2635, 2637, 2639, 2641, 2643, 2645, 2647, 2649, 2651, 2653, 2655, 2657, 2659, 2661, 2663, 2665, 2667, 2669, 2671, 2673, 2675, 2677, 2679, 2681, 2683, 2685, 2687, 2689, 2691, 2693, 2695, 2697, 2699, 2701, 2703, 2705, 2707, 2709, 2711, 2713, 2715, 2717, 2719, 2721, 2723, 27

STOCK PRICES

AND YIELDS

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

Prices, 1962		Price, Nov. 28, 1962	Price, Dec. 5, 1962	Net Red. Yield, Dec. 5, 1962	Gross Red. Yield, Dec. 5, 1962	Prices, 1962		Last Two Dividends (a) (b) (c)	Price, Nov. 28, 1962	Price, Dec. 5, 1962	Yield, Dec. 5, 1962	Cover
High	Low					High	Low					
BRITISH FUNDS AND GUARANTEED STOCKS												
999 1/2	963 1/2	Exchequer 3% 1962-63	999 1/2	2 1/4	11	105 1/2	79 1/2	6 1/2	84 1/2	83 1/2	3 10	...
1001 1/2	981 1/2	Conversion 4 1/2% 1963	1001 1/2	2 10	10	70 1/2	53 1/2	5 1/2	58 1/2	56 1/2	3 36	...
981 1/2	931 1/2	Exchequer 2 1/2% 1963-64	981 1/2	2 15 1/4	3 10	29 1/2	20 1/2	7 1/2	26 1/2	26 1/2	2 86	...
1001 1/2	971 1/2	Conversion 4 1/2% 1964	1001 1/2	2 10	10	101 1/2	80 1/2	7 1/2	85 1/2	84 1/2	3 55	...
999 1/2	961 1/2	Treasury 4% 1965	999 1/2	2 12 1/2	4 4	100 1/2	73 1/2	7 1/2	83 1/2	82 1/2	3 40	...
999 1/2	981 1/2	Treasury 4% A 1965	999 1/2	2 12 1/2	4 4	97 1/2	71 1/2	6 1/2	81 1/2	80 1/2	3 40	...
961 1/2	901 1/2	Savings Bonds 3% 1955-65	961 1/2	2 1	4 8	50 1/2	40 1/2	6 1/2	48 1/2	47 1/2	3 22	...
1011 1/2	981 1/2	Exchequer 5 1/2% 1966	1011 1/2	2 6 3/4	4 11 1/2	40 1/2	34 1/2	5 1/2	39 1/2	38 1/2	4 90	...
921 1/2	85 1/2	Savings Bonds 2 1/2% 1964-67	921 1/2	3 12 1/2	4 13	101 1/2	80 1/2	7 1/2	85 1/2	84 1/2	3 45	...
1031 1/2	98 1/2	Exchequer 5% 1967	1031 1/2	2 16 1/2	4 15 1/2	37 1/2	27 1/2	8 1/2	37 1/2	36 1/2	3 12	...
931 1/2	83 1/2	Funding 3% 1966-68	931 1/2	3 9 1/2	4 15 1/2	40 1/2	32 1/2	5 1/2	39 1/2	38 1/2	3 13	...
95 1/2	84 1/2	Conversion 3 1/2% 1969	95 1/2	3 8 1/2	4 18 1/2	58 1/2	53 1/2	7 1/2	54 1/2	53 1/2	5 56	...
92 1/2	82 1/2	Funding 3% 1959-69	92 1/2	3 10 1/2	4 16 1/2	219 1/2	216 1/2	10 1/2	219 1/2	217 1/2	4 35	...
98 1/2	92 1/2	Victory 4% 1920-76	98 1/2	3 18 1/2	4 11 1/2	229 1/2	221 1/2	12 1/2	229 1/2	227 1/2	3 19	...
90 1/2	78 1/2	Savings Bonds 3% 1960-70	90 1/2	3 13 1/2	4 19 1/2	46 1/2	37 1/2	10 1/2	46 1/2	45 1/2	3 12	...
1031 1/2	90 1/2	Conversion 5% 1971	1031 1/2	3 1	5 2	54 1/2	35 1/2	15 1/2	54 1/2	53 1/2	6 63	...
1009 1/2	97 1/2	Conversion 5 1/2% 1972	1009 1/2	3 2 1/2	5 3	99 1/2	68 1/2	15 1/2	99 1/2	98 1/2	2 94	...
1051 1/2	97 1/2	Conversion 5 1/2% 1974	1051 1/2	3 2 1/2	5 3	59 1/2	47 1/2	16 1/2	59 1/2	58 1/2	4 35	...
95 1/2	87 1/2	Funding 4% 1960-90	95 1/2	3 4 1/2	4 12 1/2	14 1/2	10 1/2	18 1/2	14 1/2	13 1/2	...	...
83 1/2	70 1/2	Savings Bonds 3% 1965-75	83 1/2	3 14 1/2	5 1 1/2	16 1/2	10 1/2	21 1/2	16 1/2	15 1/2	2 33	...
82 1/2	69 1/2	Treasury 3 1/2% 1977-80	82 1/2	3 14 1/2	5 1 1/2	44 1/2	28 1/2	22 1/2	44 1/2	43 1/2	3 63	...
81 1/2	68 1/2	Treasury 3 1/2% 1979-81	81 1/2	3 14 1/2	5 1 1/2	6 1/2	5 1/2	4 1/2	6 1/2	6 1/2	...	...
1023 1/2	90 1/2	Funding 5 1/2% 1982-84	1023 1/2	3 5 1/2	5 9 1/2	...	...	...	...	...	...	...
93 1/2	81 1/2	Treasury 5% 1986-89	93 1/2	3 10 1/2	5 11 1/2	...	...	...	...	...	...	...
66 1/2	54 1/2	Redemption 3% 1986-96	66 1/2	3 13 1/2	5 10 1/2	18 1/2	13 1/2	...	18 1/2	17 1/2	...	...
69 1/2	56 1/2	Funding 3 1/2% 1999-2004	69 1/2	3 12 1/2	5 9 1/2	14 1/2	12 1/2	...	14 1/2	13 1/2	...	...
98 1/2	84 1/2	Treasury 5 1/2% 2008-12	98 1/2	3 10 1/2	5 14 1/2	44 1/2	30 1/2	...	44 1/2	43 1/2	...	...
69 1/2	58 1/2	Consols 4% after Feb. 1957	69 1/2	3 12 1/2	5 18 1/2	34 1/2	26 1/2	...	34 1/2	33 1/2	...	...
63 1/2	51 1/2	War Loan 3 1/2% after 1952	63 1/2	3 12 1/2	5 18 1/2	34 1/2	26 1/2	...	34 1/2	33 1/2	...	...
61 1/2	52 1/2	Conv. 3 1/2% after Apr. 1961	61 1/2	3 11 1/2	5 15 1/2	17 1/2	11 1/2	...	61 1/2	60 1/2	...	...
52 1/2	44 1/2	Treasury 3% after Apr. 1966	52 1/2	3 11 1/2	5 16 1/2	29 1/2	21 1/2	...	52 1/2	51 1/2	...	...
45 1/2	38 1/2	Consols 2 1/2% after Apr. 1975	45 1/2	3 9 1/2	5 12 1/2	42 1/2	31 1/2	...	45 1/2	44 1/2	...	...
44 1/2	38 1/2	Treasury 2 1/2% after Apr. 1975	44 1/2	3 10 1/2	5 14 1/2	...	...	...	44 1/2	43 1/2	...	...
100 1/2	89 1/2	British Electric 4 1/2% 1967-69	100 1/2	3 2 1/2	4 19 1/2	62 1/2	50 1/2	6 1/2	3	0	3 67	2
86 1/2	74 1/2	British Electric 3 1/2% 1968-73	86 1/2	3 14 1/2	5 0 1/2	29 1/2	20 1/2	8 1/2	4	0	14 1/2	1 1/2
81 1/2	69 1/2	British Electric 3% 1974-77	81 1/2	3 13 1/2	5 0 1/2	19 1/2	14 1/2	10 1/2	6	0	19 1/2	4 24
90 1/2	79 1/2	British Electric 4 1/2% 1974-79	90 1/2	3 9 1/2	5 5 1/2	14 1/2	10 1/2	16 1/2	5	0	14 1/2	4 27
83 1/2	70 1/2	British Electric 3 1/2% 1976-79	83 1/2	3 13 1/2	5 4 1/2	14 1/2	9 1/2	16 1/2	6	0	14 1/2	7 74
92 1/2	80 1/2	British Gas 3 1/2% 1969-71	92 1/2	3 10 1/2	5 0 1/2	69 1/2	48 1/2	25	6	0	12 1/2	1 1/2
95 1/2	82 1/2	British Gas 4% 1969-71	95 1/2	3 7 1/2	5 1 1/2	24 1/2	17 1/2	5	12	0	6 1/2	1 97
86 1/2	74 1/2	British Gas 3 1/2% 1970-95	86 1/2	3 12 1/2	5 4 1/2	...	...	...	...	...	...	...
84 1/2	72 1/2	British Transport 3% 1968-73	84 1/2	3 14 1/2	5 0 1/2	...	...	...	...	...	...	...
90 1/2	77 1/2	British Transport 4% 1972-77	90 1/2	3 10 1/2	5 4 1/2	25 1/2	20 1/2	14	6	0	12 1/2	3 4
69 1/2	56 1/2	British Transport 3% 1978-88	69 1/2	3 16 1/2	5 6 1/2	43 1/2	35 1/2	11 1/2	5	0	24 1/2	4 06

Prices, 1962		DOMINION AND CORPORATION STOCKS	Price, Nov. 28, 1962	Price, Dec. 5, 1962	Net Yield, Dec. 5, 1962
High	Low				
88½	79½	Australia 3½% 1965-69	86½	86½	£ s. d. 5 16 0
103½	96	Australia 6% 1974-76	101½	102½	5 16 0
66	52	Ceylon 4% 1973-75	57½	57	10 6 0
104	94½	New Zealand 6% 1976-80	101½	102½	17 0
81	62½	Rhodesia and Nyasaland 6% 1978-81	77½	78	8 12 0
91½	82	South Africa 3½% 1965-67	91½	91½	5 13 0
69	48	Southern Rhodesia 4½% 1987-92	67	67	5 13 0
91	77½	Agricultural Mortgage 5% 1959-89	90½	88½	5 13 0
96½	86	Birmingham 4½% 1967-70	93½	92½	5 8 0
100	88½	Bristol 5% 1971-73	95½	96½	5 8 0
100½	88	Corporation of London 5½% 1976-79	97	97½	5 9 0
92	83	L.C.C. 3% after 1920	99	99½	6 0 0
96	84	L.C.C. 5% 1980-83	93½	94½	5 10 0
100	87	Middlesex 5½% 1980	96½	97½	5 11 0

Nov. 28		Dec. 5		Nov. 28		Dec. 5		Nov. 28		Dec. 5	
28	5	28	5	28	5	28	5	28	5	28	5
NEW YORK PRICES AND INDICES											
Arch. Topeka	24 1/2	25	Boeing	38 1/2	39 1/2	Int. Harvester	49 1/2	49 1/2	1 1/2	1 1/2	1 1/2
Can. Pacific	22 1/2	23 1/2	Celanese	37 1/2	38 1/2	Inter. Nickel	64 1/2	64 1/2	549	542	542
Pennsylvania	13 1/2	14 1/2	Chrysler	70 1/2	72 1/2	Inter. Paper	28 1/2	28 1/2	203	203	203
Union Pacific	33 1/2	34 1/2	Col. Palmolive	42 1/2	43 1/2	Kennecott	68 1/2	68 1/2	311 1/2	328	328
Amer. Electric	33 1/2	33 1/2	Crown Zeller	46 1/2	48 1/2	Monsanto	49 1/2	49 1/2	869	851	851
Am. Tel. & Tel.	114 1/2	114 1/2	Distillers Sec.	42 1/2	43 1/2	Nat. Distillers	24 1/2	24 1/2	480	458	458
Cons. Edison	79 1/2	79 1/2	Douglas	33 1/2	34 1/2	Pan-American	21 1/2	22 1/2	236	228	228
Int. Tel. & Tel.	43 1/2	45	Dow Chemical	39 1/2	40 1/2	Procter & Gamble	71 1/2	72 1/2	614	608	608
South. N. Gas	43 1/2	44 1/2	Du Pont	23 1/2	24 1/2	Radio Corp.	37 1/2	38 1/2	443	418	418
United Corp.	27 1/2	28 1/2	East. Kodak	108 1/2	108 1/2	Sears Roebuck	75 1/2	75 1/2	373	372	372
Western Union	27 1/2	27 1/2	Ford Motor	45 1/2	45 1/2	Shell Oil	32 1/2	33 1/2	360	343	343
Alcoa	58 1/2	56 1/2	Gen. Electric	74 1/2	74 1/2	Socony-Mobil	54 1/2	54 1/2	1887	176	176
Aluminium	22 1/2	22 1/2	General Foods	75 1/2	74 1/2	Stand. Oil Ind.	48 1/2	48 1/2	...	...	...
Amer. Can.	44 1/2	44 1/2	General Motors	55 1/2	56 1/2	Stand. Oil N.B.	56 1/2	56 1/2	...	...	...
Amer. Smelting	56 1/2	55 1/2	Goodyear	33 1/2	32 1/2	U.S. Carbide	103 1/2	104	...	...	...
Am. Viscose	58 1/2	58 1/2	Gulf Oil	38 1/2	38 1/2	U.S. Steel	49 1/2	49 1/2	...	...	...
Anaconda	43 1/2	42 1/2	Heinz	50 1/2	50 1/2	West. Electric	33 1/2	32 1/2	...	...	...
Beth. Steel	32 1/2	30 1/2	Int. Bus. Mach.	39 1/2	39 1/2	Woolworth	69 1/2	67 1/2	...	...	...

Standard and Poor's Indices (1941-43=10)								
1962	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 7	61.48	3.50	29.24	5.48	56.78	3.62	90.06	3.88
" 14	63.04	3.40	30.49	5.42	57.61	3.56	90.28	3.86
" 21	63.68	3.43	31.26	5.29	58.52	3.51	89.96	3.89
" 28	65.13	3.38	31.82	5.20	59.20	3.48	90.06	3.88
Dec. 5	65.95	3.34	32.67	5.06	59.70	3.46	89.96	3.89

Continued from page 1063

had the full support of the Kardomah directors, who control about 60 per cent of the ordinary and 29 per cent of the "A" shares; they are recommending other shareholders to follow their example in accepting the offer. There is an alternative cash offer, based on 28s. in cash for the Forte "A" shares, which values Kardomah shares at 62s. 6d. The bid puts these shares on an earnings yield of only 5½ per cent (which is still, however, above that on Forte's shares). The bid clearly takes account of the strength of Kardomah's assets, for in July its net equity assets (allowing for the revaluation of properties) were equal to about 47s. a share and its quick assets of £666,000 to about 21s. 6d. a share. Thus on balance Forte has relatively little cash to find as the cash portion of the bid (excluding the cash alternative) will take about £850,000. Kardomah's pre-tax profits for the year to July last amounted to £154,000, about one-seventh of those forecast by Forte for the year to end January, 1963, and the bid on a full acceptance would add about 12½ per cent to Forte's ranking equity. Kardomah's trading record has been far from inspiring but it is now beginning to reap the benefits from its modernisation programme and its chain of 32 cafés and coffee houses should fit in well with Forte's expanding empire. Kardomah also blends and distributes tea and coffee.

Compagnie d'Outremer

THE Compagnie d'Outremer completely controls the Banque Lambert, the fourth Belgian bank in size but the one closest in its operations and ambitions to a British merchant bank. More of its bearer shares, currently priced at Fr 1,220 to yield about 3½ per cent, are owned in this country than those of any other Belgian bank. The company wants to spread its wings internationally, as the growth it can secure within Belgium is limited. It has three strings to its bow—banking, portfolio investment and real estate. It is a *banque d'affaires*, participating in new issues, managing unit trusts, holding shares in other banks and the like; but it is also a commercial bank, with half of its deposits in Euro-currencies. As a holding company, it has invested money in the shares of leading Belgian concerns (such as Sofina and Petrofina) because as the managing director, M. Jacques Thierry, says "in Belgium a permanent shareholding in a company is generally the price to be paid for its faithfulness as a customer." About an eighth of Outremer's investment portfolio is still in Africa, including shareholdings in "Rhoango" and De Beers as well as interests in the Congo such as the participation with Heineken in brewing. Outremer's third and newest interest is in real estate.

This side of the business will be more than doubled as a result of three new acquisitions. Belgika, a holding company in which Outremer has had a substantial

shareholding for a number of years, was a commercial company in the Congo and it has suffered substantial losses; but these and the fact that about a quarter of the current value of its net assets is still invested in Africa have been taken into account in arriving at the take-over price. Its attractions to Outremer are its quick assets and buildings in Belgium and its accumulated tax losses. The latter will presumably be set against the tax liabilities of Imber and Siber, the two other acquisitions. These are Luxemburg companies but their main asset is the equity capital of Immobilière Bernheim, which is believed to be the biggest real estate company in Belgium owning big areas of undeveloped land in Brussels and Liège. Here, in securing a firm base at home and in its willingness to participate in developments in other countries, Outremer is following British and American examples—as it does in its other ventures.

Dannimac

THE fall in Dannimac's trading profit from £504,000 to £401,000 in the year to April 10th came as a shock, for a year ago the chairman had forecast satisfactory results on the basis of higher sales in the first eight months of the year and a satisfactory order book for the 1962 spring season. Suggestions that the unusually dry and cold weather in the summer of 1961 and the spring of 1962 were responsible for this setback are not confirmed by the chairman, Lord Keyes, who says that sales of Dannimac rainwear showed a satisfactory increase. It seems that higher wages and overheads, coupled with the additional purchase tax on clothing not passed on to the customer, were responsible. Following the results the 1s. shares fell by 2s. 10½d. to 16s. 6d. but recovered to 18s. 3d. to offer one of the lowest dividend yields in the market—0.4 per cent. This stems from the board's ultra conservative dividend policy; for years the payment has been held at 7½ per cent although earnings have often topped 200 per cent. On the 1961-62 figures the payment is still covered over 22 times.

With the final repayment of a deferred liability in 1960-61 some loosening of the purse strings was expected despite the directors' firm statement that they intended to conserve Dannimac's resources for further expansion. Lord Keyes says again that this is still the directors' policy "with a view to profitable investment as and when opportunities arise." So far there is little sign of new investments, apart from the decision to increase the capacity of the Middlesbrough factory acquired in July, 1961, by two-thirds. This is hardly likely to absorb the cash flow, amounting to £210,000 in 1961-62, and thus net liquid assets amounting to £1,315,000 or about 6s. 6d. a share, are likely to remain intact. With forward orders for the next spring season again higher, Lord Keyes once more forecasts satisfactory results. Shareholders

will hope that this will mean something different from the experience in 1961-62. But if it does, will better profits put more money in their pockets? Not every shareholder in Dannimac can be a surtax payer.

R. A. Lister

THE preliminary results of R. A. Lister, manufacturers of diesel engines and agricultural and dairy equipment, pleasantly surprised the stock market which is in no mood nowadays to be optimistic about the performance of the capital goods manufacturers, especially those having even a limited connection with shipbuilding. The dividend has been raised from 14 to 15 per cent following a rise in net equity earnings from £641,000 to £706,000 after a tax charge that appears to reflect bigger investment allowances. Before tax profits in the year to September 30th rose by just under 8 per cent from £1,295,000 to £1,398,000. The £1 shares were immediately marked up 6s. to a new peak of 57s. 6d., so that they now yield 5½ per cent, covered 1½ times.

Richard Costain

PROFITS of Richard Costain may be slightly higher and Sir Richard expects the dividend to be maintained at 16 per cent. The ending of the credit squeeze has not as yet given a boost to Costain's house building business and Sir Richard Costain believes that increased activity is unlikely unless there is an improvement in mortgage terms for buyers of smaller houses. The government's slum clearance drive should provide new work for Costain and further expansion both in construction and civil engineering work is expected in 1963. But increased competition for work overseas is resulting in low profit margins which are "often not in keeping with the work involved." There is to be a revaluation of certain of the group's fixed assets. The surplus will not be written into the accounts but will be kept in reserve against possible losses on the realisation of assets in countries subject to political or economic disturbances. At 18s. 7½d. the shares yield 4½ per cent.

THE ECONOMIST INDICATOR (1953=100)							
1962	Indicator	Yield %	1962				
Oct. 31	330.2	5.26	High	Low	310.3 (June 27)		
Nov. 7	336.4	5.16					
" 14	345.4	4.98					
" 21	348.7	4.95					
" 28	354.9	4.86					
Dec. 5	348.1	4.96					
FT-ACTUARIES INDICES (April 10, 1962=100)			FINANCIAL TIMES (1935=100)				
1962	500 Shares	Yield %	2 1/2 % Consols Yield	Ord Index	Bargains Marked		
Nov. 29	98.23	4.63	5.68	295.6	12,386		
30	98.28	4.63	5.65	294.7	12,455		
Dec. 3	97.88	4.65	5.69	293.2	15,164		
" 4	97.09	4.68	5.68	289.3	12,635		
" 5	97.60	4.66	5.67	291.5	9,991		
High. 101.34 (April 27).				High. 310.2 (January 19)			
Low. 84.86 (June 25).				Low. 252.8 (June 25).			

EXCHEQUER RETURNS

For the week ended December 1, 1962, there was an "above-line" deficit (after allowing for sinking funds) of £72,037,000 compared with a deficit of £4,724,000 in the previous week and a deficit of £31,586,000 in the corresponding period of last year. There was a net expenditure "below-line" of £25,073,000 leaving a total cumulative deficit to date of £661,357,000 compared with £795,676,000 in 1961-62.

£'000	Estimate 1962-63	April 1, 1961, to Dec. 2, 1961	April 1, 1962, to Dec. 1, 1962	Week ended Dec. 2, 1961	Week ended Dec. 1, 1962
Ordinary Revenue					
Income Tax	2,790,000	1,018,929	1,106,232	37,003	40,170
Surtax	188,000	55,600	61,000	1,800	1,600
Death Duties	264,500	173,100	169,800	5,800	3,700
Stamps	95,000	65,500	63,600	1,800	1,900
Profits tax, EPT and EPL	374,000	241,900	276,200	6,600	4,700
Other Inland Rev. Duties	...	...	...	...	...
Total Inland Rev.	3,711,500	1,555,029	1,676,832	53,003	52,070
Customs	1,653,000	1,102,442	1,130,630	32,935	37,211
Excise	1,077,000	699,305	742,890	27,665	29,590
Total Customs and Excise	2,730,000	1,801,747	1,873,520	60,600	66,801
Motor Duties	150,000	47,235	67,941	...	...
Broadcast Lic.	41,000	23,800	25,400	...	...
Miscellaneous	165,000	183,375	118,718	22,376	3,711
Total	6,797,500	3,611,184	3,762,411	135,977	122,582
Ordinary Expenditure					
Debt Interest	600,000	466,028	369,791	30,771	25,957
Payments to N. Ireland Exch.	100,000	56,208	60,580	...	4,074
P.O. Fund—Initial settlement	...	7,282	...	...	...
Other Consolidated Funds	12,000	4,954	5,111	56	199
Supply Services	5,611,650	3,441,163	3,673,303	136,548	164,129
Total	6,323,650	3,975,635	4,108,785	167,375	194,359
Sinking Funds	41,000	24,354	24,629	190	260
"Above-line" Surplus or Deficit	388,803	371,003	31,584	72,037	
"Below-line" Net Expenditure	406,873	290,354	31,240	25,073	
Total Surplus or Deficit	795,676	661,357	62,826	97,110	
Net receipts from:					
Tax Reserve Certificates	186,960	115,676	5,751	8,562	
Savings Certificates	18,900	5,000	500	2,200	
Defence Bonds	19,046	19,487	484	1,875	
Premium Savings Bonds	28,700	25,100	1,500	800	
Total	215,806	165,263	7,235	13,437	

* Net repayments of £5 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					
Dec. 2	3,350.0	2,078.9	228.5	...	5,657.4
1962					
Sept. 1	3,000.0	2,078.5	210.9	...	5,289.4
" 8	2,990.0	1,637.9	211.6	...	4,839.4
" 15	2,990.0	1,683.6	226.2	...	4,899.8
" 22	2,980.0	1,699.2	220.2	...	4,899.4
" 29	3,000.0	1,745.9	215.6	...	4,961.5
Oct. 6	3,020.0	1,572.9	220.5	...	4,813.5
" 13	3,010.0	1,598.3	215.2	...	4,823.6
" 20	3,020.0	1,595.6	204.1	...	4,819.7
" 27	3,040.0	1,637.6	201.0	...	4,878.5
Nov. 3	3,060.0	1,620.7	205.3	...	4,886.1
" 10	3,080.0	1,547.5	205.4	...	4,832.9
" 17	3,110.0	1,519.7	233.8	1.8	4,865.3
" 24	3,140.0	1,500.1	194.2	4.8	4,839.0
Dec. 1	3,170.0	1,510.8	242.5	...	4,923.3

Money and Exchanges

THE MONEY MARKET

THREE or four discount houses were forced to borrow a small amount at the penal rate from the Bank of England on Tuesday. In the past two weeks the Treasury bill rate has fallen by nearly ½ per cent; the authorities seem to feel that the pace of the fall needs checking. The latest release of special deposits, however, will mean an increased demand for Treasury bills from the banks, which the discount houses will be obliged to satisfy. The downward pressure on the rate is likely to increase despite the mild official brake.

At the Treasury bill tender on Friday of last week the syndicate of discount houses raised its agreed bid for the 91-day bills on offer by 2d. to £99 1s. 6d. The outsiders topped the market's bid, however, and the bill rate fell 11.56d. to 73s. 9.47d. per cent, so that the market's quota fell to 39 per cent compared with 60 per cent in the previous week. The market received 74 per cent of its application for the 63-day bills on offer, and its average quota was 45 per cent.

Rates in the local authority loan market were firmer this week on a good demand to cover the difficult year-end period. The three months' Euro-dollar rate remains at 4½ per cent and continues to offer an attractive investment to holders of dollar deposits.

MONEY RATES

LONDON					
Bank rate (from 5% 26/4/62)	4½	Market discount rates (3 months):			
Treasury bills	31½	Bank bills	31½		
7 days' notice	31½	Bank bills	31½		
Discount houses	2½-2¾	Bank bills	31½		
Local Authorities	4¼	7 days' notice	31½-3½		
Call money	3½-4½	3 months'	31½-3½		
Clearing banks' minimum	2½	Forward cover (3 months):			
Day-to-day	2½-4	cost, US dollar	17½		
NEW YORK					
Official Discount rate	3	Treasury bills	2-8½		
(from 3½% 11/8/60)	3	November 26...	2-8½		
		December 3...	2-8½		

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits		Market Rates : Spot					
December 5		November 29	November 30	December 1	December 3	December 4	December 5
United States \$	2-78-2-82	2-80½-3	2-80½-3	2-80½-3	2-80½-3	2-80½-3	2-80½-3½
Canadian \$		3-01½-16-13½	3-01½-16-02½	3-01½-02	3-01½-4	3-01½-4	3-01½-4
French Fr.	13-622-14-027	13-733-5	13-733-5	13-733-5	13-733-5	13-733-5	13-733-5
Swiss Fr.	11-94-12-54½	12-09½-10	12-09½-10½	12-09½-10	12-09½-5	12-09½-4	12-09½-5
Belgian Fr.	137-96-	139-42½-47½	139-42½-47½	139-42½-47½	139-35-	139-35-	139-40-
Dutch Gld.	9-98½-142-05	10-09½-8	10-09½-8	10-09-09½	10-09-09½	10-09-09½	10-09½-10
W. Ger. D-Mk.	11-037-11-365	11-22½-9	11-22½-9	11-22½-9	11-207-21½	11-21-21½	11-21½-9
Portug. Esc.		80-15-25	80-15-25	80-15-25	80-15-25	80-15-25	80-15-25
Italian Lire	1725-1775	1740½-41	1740½-41	1740½-41½	1740½-41	1740½-41	1740½-41
Swedish Kr.	14-27½-14-70	14-51½-52	14-52-52½	14-52-52½	14-52-52½	14-52-52½	14-53-53½
Danish Kr.	19-06½-19-62	19-35½-36	19-35½-36	19-35½-36	19-35½-36	19-35½-36	19-34½-34
Norwegian Kr.	19-71-20-30½	20-01½-8	20-01½-8	20-01½-02	20-01½-02½	20-01½-02½	20-02-02½
Official Limits							
United States \$		3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm
Canadian \$		Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis
French Fr.		3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm
Swiss Fr.		7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm
Belgian Fr.		13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm
Dutch Gld.		1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm
W. German D-Mk.		1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm
One Month Forward Rates							
United States \$		3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm
Canadian \$		Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis	Par-1½c. dis
French Fr.		3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm
Swiss Fr.		7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm	7½-8c. pm
Belgian Fr.		13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm	13-8c. pm
Dutch Gld.		1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm
W. German D-Mk.		1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm	1½-7½c. pm
Three Months Forward Rates							
United States \$		3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm	3½-1½c. pm
Canadian \$		1½-1½c. dis	1½-1½c. dis	1½-1½c. dis	1½-1½c. dis	1½-1½c. dis	1½-1½c. dis
French Fr.		2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm
Swiss Fr.		2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm	2½-1½c. pm
W. German D-Mk.		1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm	1½-1½c. pm
Gold Price at Fixing							
Price (\$s. d. per fine oz.)		250/4	250/3¼	...	250/3¼	250/3¼	250/3¼
...		35 08½	35 08½	...	35 08	35 08	35 08

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.....	Dec.
Manpower and Output.....	Nov. 10th	Industrial Profits.....	Oct. 13th
OVERSEAS			
Western Europe.....	Oct. 20th	United States.....	Nov. 17th

	Unit	1959	1960	1961	1961			1962				
		mid-June			Nov. 14	Nov. 21	Nov. 28	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
WORLD PRICES												
Commodity Price Indicator:												
All items.....	1958=100	96.8	98.3	95.3	92.0	92.0	91.9	91.7	91.9	92.1	92.9	93.1
Food.....		95.8	93.0	93.0	89.6	89.1	89.3	88.7	88.9	89.3	90.3	90.7
Fibres.....		95.3	98.7	104.4	99.6	99.7	99.7	99.0	100.1	100.2	100.3	100.7
Metals.....		113.0	122.4	115.0	111.6	112.3	112.9	111.6	111.5	111.7	112.5	112.3
BRITISH WHOLESALE PRICES												
Materials used in:												
All manufacturing industries.....	1954=100	101.7	101.8	100.6	100.7	100.2	99.4	100.0	100.3	99.0	99.0	99.6
Mechanical engineering.....		124.5	126.2	128.1	128.7	128.7	128.4	130.1	130.2	130.2	130.1	130.4
Electrical machinery.....		115.6	116.9	118.3	118.9	118.9	118.8	120.1	120.2	120.1	120.1	120.3
Construction.....		113.4	115.1	118.2	118.9	118.8	119.1	120.5	120.6	120.6	120.7	120.8
House building.....		111.0	114.0	118.0	118.6	118.6	118.9	120.2	120.3	120.4	120.4	120.5
Products of:												
All manufacturing industries.....		111.5	113.0	116.0	116.9	117.1	117.1	118.5	118.7	118.8	119.0	119.0
Chemicals and allied trades.....		106.6	106.0	105.1	105.2	105.0	104.7	104.1	103.9	104.4	104.5	104.0
Iron and steel.....		129.0	128.5	129.7	130.2	130.2	130.2	133.9	133.9	133.8	133.8	133.8
Textile industry (1).....		96.0	100.8	104.0	103.2	103.2	103.1	102.5	102.5	102.4	102.4	102.3
Food manufacturing.....		106.9	106.9	107.2	107.2	107.1	107.2	110.9	111.5	111.2	111.7	111.7
New construction (2).....		113	114	118	117.2	117.2	117.2	122.1	122.1	122.1	122.1	122.1
Commodities:												
Cotton, raw.....		68.6	75.0	74.8	73.7	73.9	74.0	73.4	72.8	72.5	71.9	72.1
Wool, raw.....		76.6	76.3	76.2	78.6	77.2	74.2	77.9	77.7	74.5	74.4	75.1
Rubber, No. 1 RSS, one month future.....		148.1	158.0	122.8	125.0	126.7	121.2	111.3	111.4	110.4	109.5	114.1
Softwood, imported.....		95.4	104.9	107.3	106.9	106.8	105.2	103.8	103.8	103.7	103.8	103.7
Copper, ex-warehouse.....		95.6	99.0	92.3	92.9	92.2	92.0	94.2	94.2	94.2	94.2	94.2
Coal.....		135.4	137.4	144.9	142.5	142.3	142.5	150.7	150.8	150.9	150.9	150.7
General chemicals.....		106.7	105.0	103.9	103.7	103.7	104.0	101.7	101.6	101.6	101.6	101.5
UK RETAIL PRICES												
All items (1).....	Jan. 17, 1956=100	109.6	110.7	114.5	115.7	115.5	115.7	120.9	120.4	119.4	119.3	119.1
Food.....		108.2	107.4	109.1	109.9	108.5	108.0	117.8	115.8	112.8	111.9	111.3
Import prices:												
All items.....	1938=100	273	276	285	288	288	288	301	300	298	297	297
Food.....		285	282	287	289	285	284	310	304	297	294	292
Housing.....		180	186	194	195	196	197	206	206	207	207	208
Clothing.....		268	271	276	276	277	277	285	285	285	286	286
Fuel and light.....		284	291	309	303	304	305	324	325	326	327	328
Household durable goods.....		300	300	305	307	308	309	310	313	313	313	313
Drink.....		261	256	274	277	279	282	282	283	283	284	284
Tobacco.....		428	444	467	491	491	491	491	491	491	491	491
Export prices:												
All items.....		109	111	112	112	112	112	113	113	113	113	114
All manufactures.....		111	114	115	115	115	115	116	116	116	117	117
Metals.....		115	118	118	119	117	118	120	119	120	119	120
Engineering products.....		117	120	122	122	123	122	123	124	124	125	125
Textiles (excluding clothing).....		98	102	106	107	106	106	106	105	105	106	106
Terms of trade:												
Ratio of import to export prices.....		90	89	86	85	85	85	85	84	84	84	84
SHIPPING FREIGHTS												
Tramp shipping freights.....	1960=100	96.9	100.0	106.8	107.2	110.6	108.0	84.4	78.4	79.4	81.0	84.3
UK WAGES												
Normal weekly hours:												
All workers.....	Jan. 31, 1956=100	99.6	98.0	95.9	95.8	95.8	95.4	95.1	95.1	95.1	95.1	95.1
Weekly wage rates (3):												
All workers (3).....		117.0	120.0	125.0	125.2	125.4	126.2	129.3	130.3	130.6	130.7	130.9
Men.....		116.8	119.7	124.6	124.7	124.9	125.8	128.7	129.8	130.1	130.2	130.3
Women.....		117.0	120.8	125.3	126.1	126.4	126.4	130.2	131.2	131.3	131.6	131.8
Juveniles (4).....		119.0	123.2	130.3	130.8	131.1	131.7	135.2	136.2	136.5	136.8	137.0
Changes in weekly wage rates:												
Workers affected by increases.....	'000	392	927	654	439	644	1,635	450	3,577	1,988	660	420
Net increase in weekly wage bill (5).....	£'000	104	359	343	146	249	839	123	970	444	187	119

(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: October, 101.4. (11) Revised figures from 1961. (12) Average for third quarter. (13) Average for fourth quarter.

APPOINTMENTS

RESERVE BANK OF AUSTRALIA FIFTIETH ANNIVERSARY POSTGRADUATE SCHOLARSHIPS

Applications are sought for eleven Reserve Bank of Australia Fiftieth Anniversary Post-Graduate Scholarships, which are open to graduates of high intellectual promise willing to undertake post-graduate study at an Australian university for two years. Value £A1,250 plus generous travelling and other allowances. Applicants will be given the opportunity of specifying the department of study and subject of research for which the Scholarship is sought. Details from the Association of Universities of the British Commonwealth, Marlborough House, Pall Mall, London, S.W.1. Closing date in Australia, May 31, 1963.

CARRERAS LIMITED

CIGARETTE MANUFACTURERS BASILDON NEW TOWN ESSEX

This Company which is associated with a world wide group of companies is expanding rapidly and, whilst calling for maximum efforts from Management and Staff, it offers unusual opportunities for advancement to able men. Applications are invited for the following appointments created by expansion and promotion.

Assistant Secretary (Ref. 62/34)

Applicants should be admitted Solicitors aged 25-35 with two or three years' experience in a firm having a substantial commercial practice. The person appointed will be responsible to the Company Secretary. He will be required to undertake the full range of secretarial duties and will not be confined to legal work.

Initial salary will be at least equal to current incomes in the profession for persons of comparable age and experience.

Economist/Statistician (Market Research) (Ref. 62/35)

Applicants should be aged 25-30 and be Graduates in Economics with Statistics with some experience in economic analysis and the techniques of Market Research.

The duties will include assisting in sales analyses and market surveys and initiating, progressing and reporting on consumer and advertising research projects.

Initial salary will depend on experience and qualifications but will be not less than £1,150.

Quality Controllers (Ref. 62/36)

Applicants should be aged 23-27 and be Graduates in Science or Technology, preferably with previous industrial experience and with a knowledge of and interest in the principles of quality control and the application of statistical method. The posts will entail a line responsibility for a team of inspectors and inspectors.

Initial salaries will depend on experience and qualifications but will be not less than £1,150.

The Company operates a generous Superannuation Scheme and, if required, housing may be available in Basildon New Town.

Applications giving details of age, qualifications and previous experience and quoting the reference number shown should be addressed in confidence to:-

Personnel Director, Carreras Limited,
Christopher Martin Road, Basildon, Essex.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT ARCHITECTS

The Civil Service Commissioners invite applications from men and women for the following posts:

Assistant Chief Architect	£3,415
Main Grade Architect	£1,579 — £2,693

(Starting salary may be above the minimum.)

The Ministry is undertaking new work in the study and the promotion of industrialised building techniques in housing, for both flats and houses. This work will include liaison with manufacturers and contractors, with local authorities in England and Wales, and with other government departments. The Assistant Chief Architect will take charge of this work, under the direction of the Chief Architect, and will also be responsible for general supervision of the architectural and surveying staff of the Ministry's new Manchester office. The work of this office is to assist local authorities with big slum clearance problems in the North and Midlands, in the preparation and execution of large-scale programmes, in making full use of industrialised building methods, and in initiating and carrying through pilot schemes. The Assistant Chief Architect, assisted by a small staff in London, will work in close liaison with the Development Group, the Manchester office and the regional architectural staff based on London.

The Main Grade Architect will work under the direction of the new Assistant Chief Architect. He will be based on London but will be specially assigned with the work of the Manchester team. The duties will entail some travelling.

Candidates should normally be at least 40 on December 1, 1962 (at least 35 for the Main Grade post) but younger applicants may be considered if exceptionally well qualified.

Candidates must be Registered Architects and hold professional qualifications in architecture. The post of Assistant Chief Architect calls for experience of new building techniques and contractual procedures, for organising capacity of a high order, good persuasive powers and the quality of leadership. The post of Main Grade Architect requires good design and practical building experience, preferably with some background of, and a strong interest in, industrialised building techniques.

The appointments will be for five years initially, but may be extended. They will not normally be pensionable, but, where possible, existing superannuation rights will be safeguarded.

Write Civil Service Commission, 17 North Audley Street, London, W.1. for application form, quoting S/5603, 02. Closing date December 31, 1962. (3)

THE UNIVERSITY OF WARWICK UNIVERSITY LIBRARIAN

Applications are invited for the post of University Librarian at the new University of Warwick which is to be established at Coventry. The salary will be based on qualifications and experience but will be not less than £2,600 per annum together with the usual superannuation and family allowances benefits. Further particulars may be obtained from the Vice-Chancellor, c/o The Town Clerk, Council House, Coventry, to whom applications must be sent not later than January 12, 1963.

DORMAN LONG (STEEL) LIMITED SYSTEMS ANALYSTS

Vacancies exist for Systems Analysts to investigate and plan clerical and administrative procedures including computer applications.

Some experience of this type of work would be an advantage and a university degree or a professional qualification is desirable. Brief written applications, in confidence, should be addressed to:

Chief Accountant,
Dorman Long & Co., Limited,
G.P.O. Box 2,
Dock Street,
Middlesbrough.



PRO OR MOSCOW-TRAINED EXECUTIVE between the ages of 30 to 35, with a proven record of promotional experience, is required by a large organisation to undertake specialised promotional work in an unusually interesting field.

He should have a knowledge of production engineering, must be able to write clearly on technical subjects, and be equally at home with the staff of technical institutions and all levels of personnel in industry. He will be based in London but required to travel in the U.K. and the Continent.

The appointment, which is pensionable, is a senior one and commands an attractive salary. Applications, which will be treated in strict confidence, should give full particulars and be addressed to:

T. J. Burke, Esq.,
40, Holborn Viaduct,
London, E.C.1.

THE UNIVERSITY OF LEEDS DEPARTMENT OF CHINESE STUDIES

Applications are invited for two posts of Lecturer or Assistant Lecturer in the newly created Department of Chinese Studies. It is hoped that the Department will begin undergraduate teaching in October, 1963, and that students will be enrolled in courses in which the study of Chinese Language is combined with one of the Social Sciences. One of the posts will be reserved for a person qualified to teach Chinese language; for the second, ability to read and speak Chinese is essential, but the holder will be expected to work in the field of Chinese Economic, Social and Political Institutions. Salary for a Lecturer will be on the scale £1,150 x £50 — £1,500 x £75 — £1,950 (efficiency bar £1,650) and for an Assistant Lecturer within the range £900-£1,050. Applications (three copies), together with the names of three referees, should reach The Registrar, The University, Leeds, 2 (from whom further particulars can be obtained), not later than January 6, 1963.

For further appointments and other classified advertisements see pages 1070 and 1071

ODHAMS PRESS RESEARCH DIVISION

wishes to appoint another Senior Research Executive to the staff. Surveys undertaken by the Division cover virtually the whole range of consumer investigation — attitude, market, and readership studies, opinion polls — and occasional retailer and trade surveys.

Applications are invited from Research Executives who have had considerable experience in both overall and detailed design and control of field surveys, and in the preparation of the final report. The salary level envisaged will be commensurate with the responsibility of the post. Write with full particulars of qualifications, experience, age and present salary to — Personnel Manager, Odhams Press Ltd., 96 Long Acre, London, W.C.2.

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A Market Research Officer with a good level of education and capable of clear thinking and concise expression is required by the manufacturers of Bird's Custard Powder and Maxwell House Coffee.

This position affords the opportunity of developing a rewarding career in the progressive Marketing Department of one of the leading manufacturers of branded foods. An attractive starting salary will be paid and there are good Employee Benefits.

The Company rates the Market Research function highly and previous experience of Market Research or a statistical background are desirable. The main duties will concern the initiation and interpretation of *ad hoc* surveys covering a broad area; the control and interpretation of standard research services and the collation and reporting of general marketing and economic data.

Please write, marking your letter "R", No. 1070 and detailing your age, education and experience, to:

THE PERSONNEL MANAGER,
ALFRED BIRD & SONS LIMITED,
DERBY.
BIRMINGHAM 12.

BOARD OF TRADE require an **ADVISORY OFFICER** to be based on GLASGOW to visit firms who have applied for financial assistance under the Local Employment Act, 1960. Applicants should have a good general industrial background and their experience should have qualified them to inspect undertakings applying for assistance under the Act and to report on their organisation, management, production methods and equipment. This post is unestablished and the successful candidate will be appointed, in the first place, for a period of two years. Starting pay will be assessed according to qualifications and experience within the range £1,834-£2,250. Applications, giving date of birth, education, qualifications and experience, to: Manager (P1, 6061), Ministry of Labour, 1, Kensington Road, London, E.C.4. Only candidates selected for interview will be advised.

WORK STUDY

A major industrial group wishes to appoint a man to the existing section which is responsible for training Work Study practitioners and for maintaining in them a high uniform and acceptable standard of professional competence. Courses are also mounted for all levels of management.

The position will involve the design and execution of courses in a wide field of associated subjects, from fundamentals to advanced techniques. Consequently, a broad background is necessary, which must include considerable non-academic experience. Indeed, actual teaching experience is not essential, but evidence of capability in this respect will be required. A degree would be a distinct advantage. There may later be opportunities for laboratory and development work. This section is based near London.

The age envisaged is about 30, and the starting salary will not be less than £1,500 per annum.

Candidates should send brief details, in complete confidence, to Box 1671.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN MATHEMATICS

Applications are invited for an Assistantship in Mathematics. Salary scale: £900-£1,050 per annum. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than January 31, 1963, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court

WANTED at the Headquarters of Economic Commission for Africa, Addis Ababa:

STATISTICIANS

in various fields, including assistance to African countries in national income, field surveys, trade or population statistics. University degree in economics and/or statistics. Range of actual professional experience five to ten years. Fluency in English or French, bilingual candidates will be preferred. Salary range including cost of living allowance: US\$7,066-13,256 net per annum.

Apply to the Personnel Officer, E.C.A. P.O. Box 3001, Addis Ababa, Ethiopia.

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- **NATIONALLY** is immaterial provided English is fluent. Other relevant languages are desirable.
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CHAIR OF AGRICULTURAL ECONOMICS

The Council invites applications from suitably qualified persons for appointment to a Chair of Agricultural Economics. This will be a Second Chair in the Department of Economics. In the first instance the teaching commitments will involve teaching third year pass and fourth year honours students in the Faculty of Economics and the supervision of candidates for higher degrees. While the Faculty will be taking 200 students into first year in 1963 the third year numbers will only be about 30.

Salary: £4,425 per annum. Superannuation on the F.S.S.U. basis.
Full information on application procedure, conditions of appointment, etc., is available from the Secretary, The Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1, or the Registrar of the University, P.O. Box 92, Clayton, Victoria, Australia.

Closing Date: Applications close in Australia and London on 4th February, 1963.

The Council reserves the right to make no appointment or to appoint to the Chair by invitation at any stage.

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DEPARTMENT OF MANAGEMENT AND SOCIAL SCIENCES

LECTURE AND DISCUSSION SERIES

14 lectures, weekly on Wednesdays (10 a.m. to 5 p.m.) from January 23 to May 8, 1963, entitled **DIRECTION AND LEADERSHIP OF SCIENTIFIC AND ENGINEERING PERSONNEL**. Fee 50 gns.

9 lectures, weekly on Mondays (2.30 to 5 p.m.) from January 21, 1963, entitled **THE MANAGEMENT OF MEN AND RESOURCES**. Fee 4 gns.

10 lectures, weekly on Tuesdays (2.30 to 5 p.m.) from January 29, 1963, entitled **INDUSTRIAL RELATIONS**. Fee 5 gns.

12 lectures, weekly on Tuesdays (7 to 8.45 p.m.) from January 15, 1963, entitled **COMMUNICATION IN MANAGEMENT**. Fee 3 gns.

10 lectures, weekly on Thursdays (2.30 to 5 p.m.) from February 7, 1963, entitled **ECONOMIC PROBLEMS OF MANAGEMENT**. Fee 5 gns.

10 lectures, weekly on Tuesdays (6.30 to 8.30 p.m.) from January 22, 1963, entitled **PRODUCTION CONTROL**. Fee 3 gns.

12 lectures, weekly on Tuesdays (6 to 8 p.m.) from January 15, 1963, entitled **EFFICIENT READING**. Fee 3 gns.

10 lectures, weekly on Fridays (6 to 7.30 p.m. and 7.30 to 9 p.m.) from January 11, 1963, entitled **EFFECTIVE SPEAKING**. Fee 3 gns.

9 meetings, weekly on Fridays (2.30 to 5 p.m.) from January 18, 1963, entitled **ANALYSIS OF THE MANAGER'S JOB—A Research Seminar**. Fee 25 gns. including refreshments.

Further information and instructions for enrolling from the Secretary.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for a post as Senior Research Officer in the Economics Research Division. Duties, partly administrative and partly academic. The Officer would be in charge of the administrative arrangements for appointing research assistants and organising their work in consultation with staff in Economics. He would have time to develop his own research interests, and could if he wished do some teaching. Academic qualifications in the field of economic statistics important and a flair for efficient administration and handling junior research assistant staff essential. This is a new appointment and is part of a general scheme to develop the Research Division in Economics. Salary scale £1,200 x 450 = £1,500 x 475 = £1,800 a year, plus £60 a year London allowance. A higher maximum may be approved for a candidate with exceptional qualifications. Appointment in the first instance for five years. Applications, with the names of two referees, should be received by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, not later than January 7, 1963.

Anglo-Transvaal Group of Companies

DECLARATION OF DIVIDENDS

NOTICE IS HEREBY GIVEN that dividends have been declared in the amounts of Republic of South Africa currency set out below and payable to holders of Preference and Ordinary (and Participating Preference) shares registered in the books of the undermentioned Companies at the close of business on the 19th December, 1962, and the 31st December, 1962, respectively. Preference dividends are in respect of the half-year ending 31st December, 1962.

In the case of those Companies which have a London Office, dividends will be paid to members on the London Register from the London Office in United Kingdom currency at the rate of £1 United Kingdom Sterling for R2 South African currency, unless there is a difference regarded by the Boards as material in the rate of exchange between the United Kingdom and South African currencies. Should there be such a difference the London Office will pay in United Kingdom currency calculated at the rate of exchange ruling on the 31st December, 1962, in respect of Preference shares and on the 2nd January, 1963, in respect of Ordinary and Participating Preference shares, for conversion of South African currency into United Kingdom currency.

Warrants in payment of the Preference dividends will be posted on or about the 31st December, 1962 (unless a material difference in exchange rates occurs rendering a postponement necessary) and warrants for Ordinary and Participating Preference dividends will be posted on or about the 7th February, 1963, to members at their registered addresses or in accordance with their existing instructions, unless instructions to the contrary are received in writing on or before the respective books close, and the necessary Exchange Control authority is obtained.

Members with registered addresses in the continent of Africa south of the Equator, will be paid from the Head Office, Johannesburg, and members whose registered addresses are elsewhere will be paid from the London Office (in the case of those Companies which have a London Office). Any requests by members with addresses within the Republic for dividends to be paid to addresses outside the Republic will require the approval of the Exchange Control Authorities. South African non-resident shareholders' tax and United Kingdom income tax will be deducted from dividends where applicable.

The Transfer Books and Registers of Members will be closed as follows:—

Preference Shares: from 20th to 31st December, 1962 (both days inclusive);
Ordinary and Participating Preference Shares: from 1st to 7th January, 1963 (both days inclusive).

NAME OF COMPANY (All incorporated in the Republic of South Africa)	Dividend Number	Amount of dividend in South African currency	Amount of dividend in UK currency calculated at the rate of £1 UK Sterling to R2 South African currency	Remarks
Anglo-Transvaal Consolidated Investment Company Limited	6% Cumulative Preference	49	62	7.2d.
do.	5% Cumulative Redeemable Second Preference	30	50	6d.
do.	Participating Preference	17	100	1/-
do.	Ordinary and "A" Ordinary	34	100	1/-
Anglo-Transvaal Collieries Limited	6% Cumulative Preference	53	130	1.8d.
do.	Ordinary	48	62	7.8d.
Anglo-Transvaal Industries Limited	51% Cumulative Preference	37	510	6.6d.
Associated Manganese Mines of South Africa Limited	7% Cumulative Preference	52	100	2.1d.
do.	Ordinary	47	220	2.3
Consolidated Murchison (Transvaal) Goldfields & Development Company Limited	Ordinary	37	720	7.3
Hartebeestfontein Gold Mining Company Limited	Ordinary	14	250	2.6
Middle Witwatersrand (Western Areas) Limited	Ordinary	18	40	4.8d.
Nail and Chain Limited	51% Cumulative Preference	50	50	6.6d.
National Bolts & Rivets Limited	6% Cumulative Preference	35	60	7.2d.
South Atlantic Corporation Limited	61% Redeemable Cumulative Preference	18	610	7.8d.
Wright Anderson (South Africa) Limited	51% Cumulative Preference	31	50	6.6d.

By Order of the Boards.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED. Secretaries.

Per: R. E. FINNEMORE.

London Office:
Bilbao House,
36, New Broad Street,
London, E.C.2.

4th December, 1962.

Head Office:
Anglovaal House,
56, Main Street,
Johannesburg.

RAND LEASES (VOGELSTRAIS- FONTEIN) GOLD MINING COMPANY LIMITED

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Republic of South Africa)

NOTICE TO MEMBERS

REPAYMENT OF CAPITAL No. 8

NOTICE IS HEREBY GIVEN that Capital Repayment No. 8 of 5 cents (5d.) per share will be made in Republic of South Africa currency to members registered in the books of the Company at the close of business on 31st December, 1962.

Repayments to members on the London register will be made from the London Office in United Kingdom currency at the rate of £1 United Kingdom Sterling for R2 South African currency, unless there is a difference regarded by the Board as material in the rate of exchange between the United Kingdom and South African currencies. Should there be such a difference the London Office will pay in United Kingdom currency calculated at the rate of exchange ruling on 2nd January, 1963, for conversion of South African currency into United Kingdom currency.

Warrants in payment will be posted from the Head Office in Johannesburg on or about 7th February, 1963, to members at their registered addresses or in accordance with their existing instructions, unless instructions to the contrary are received in writing on or before the date the books close, and the necessary Exchange Control authority is obtained.

Members with registered addresses in the continent of Africa south of the Equator will be paid from the Head Office, Johannesburg, and members whose registered addresses are elsewhere will be paid from the London Office. Any requests by members with addresses within the Republic for repayments to be made to addresses outside the Republic will require the approval of the Exchange Control authorities.

The Transfer Books and Registers of Members will be closed from 1st to 7th January, 1963, both days inclusive.

By Order of the Board,

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED. Secretaries.

Per: G. W. KING.

Head Office: Anglovaal House,
56, Main Street, Johannesburg.
London Office: Bilbao House,
36, New Broad Street, London, E.C.2.

4th December, 1962.

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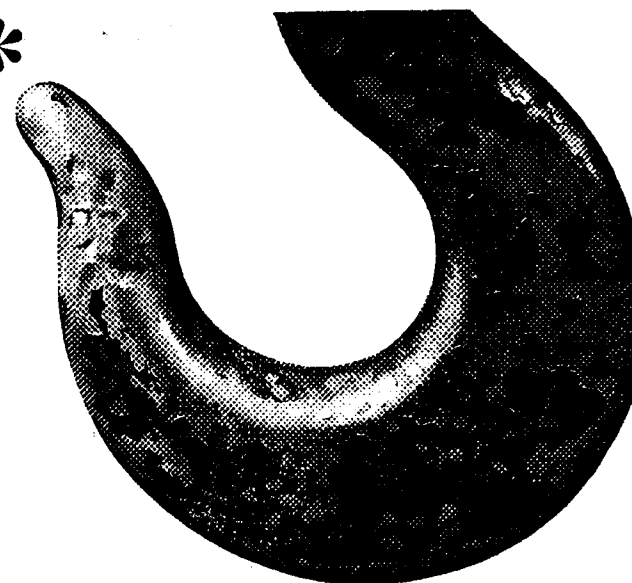
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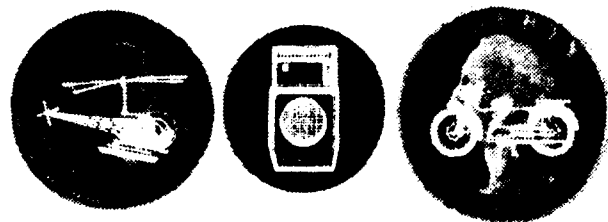
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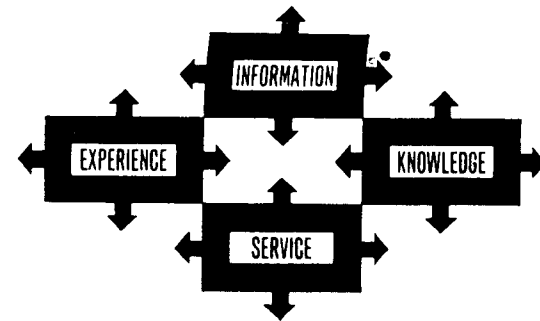
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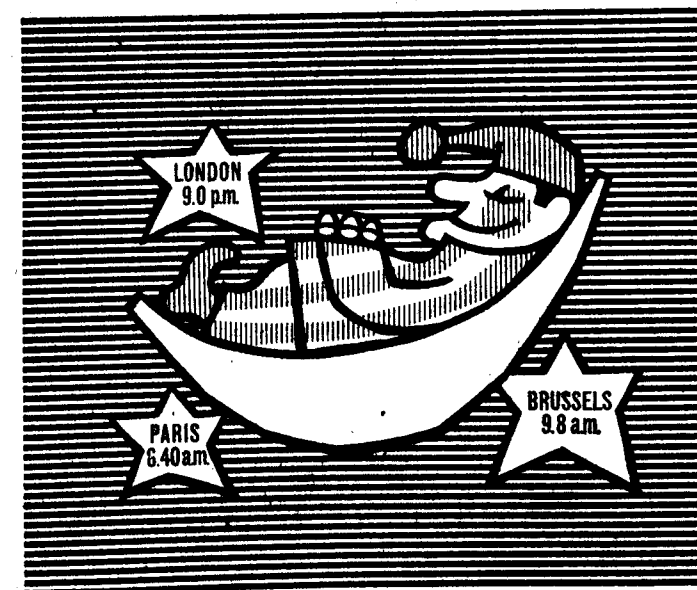
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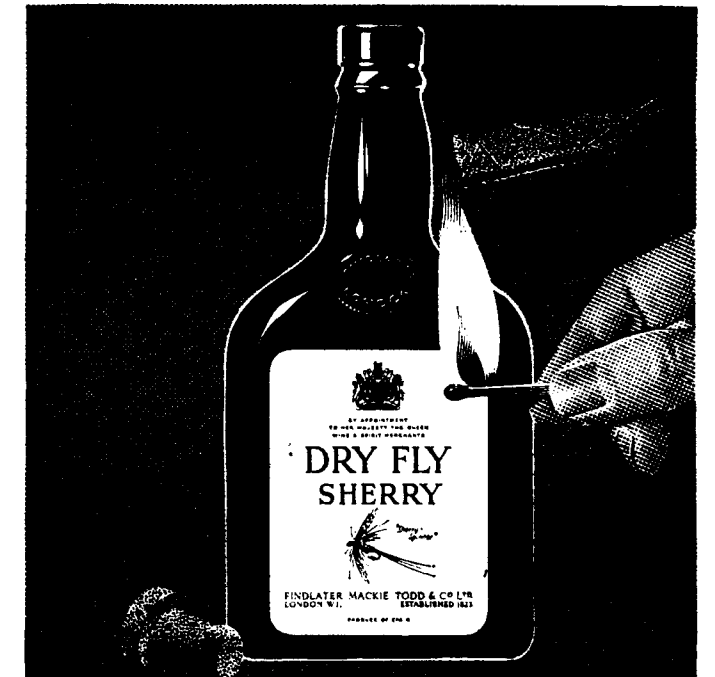
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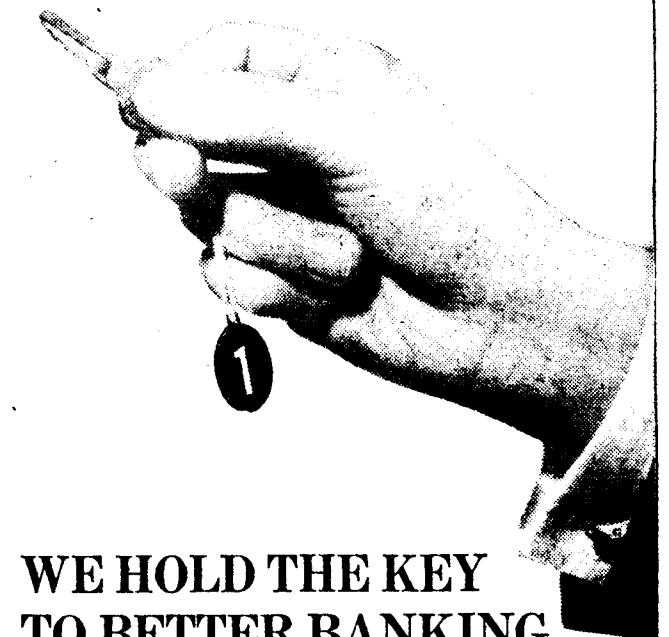
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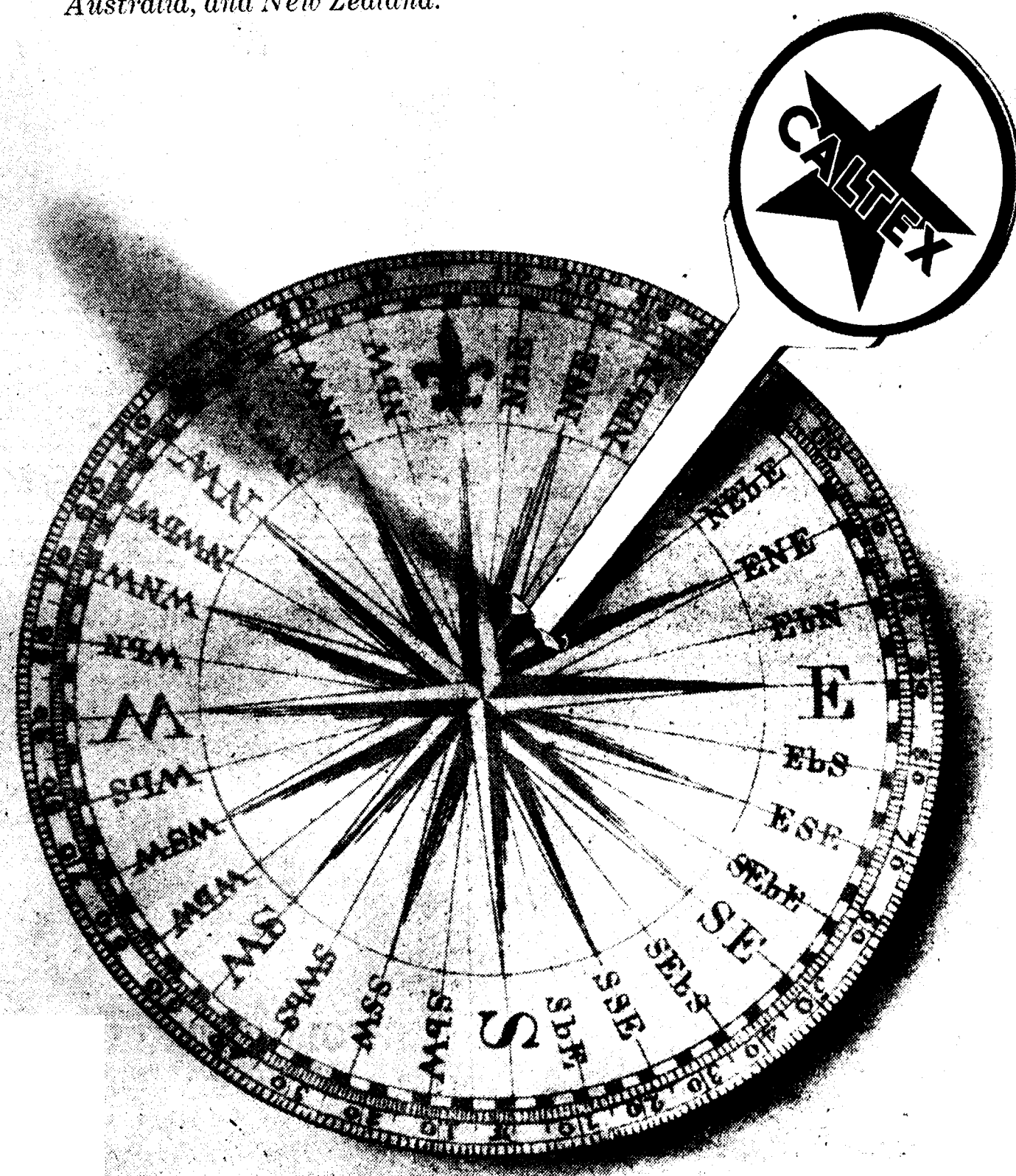
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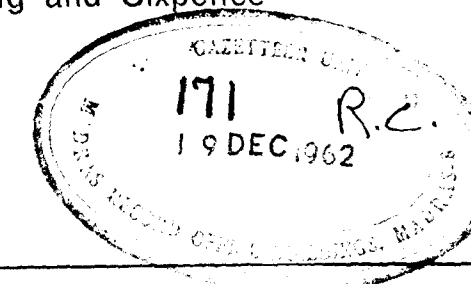
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DECEMBER 15, 1962

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Skybolted**

The Play goes on in Brussels

The British Alternative

A French View

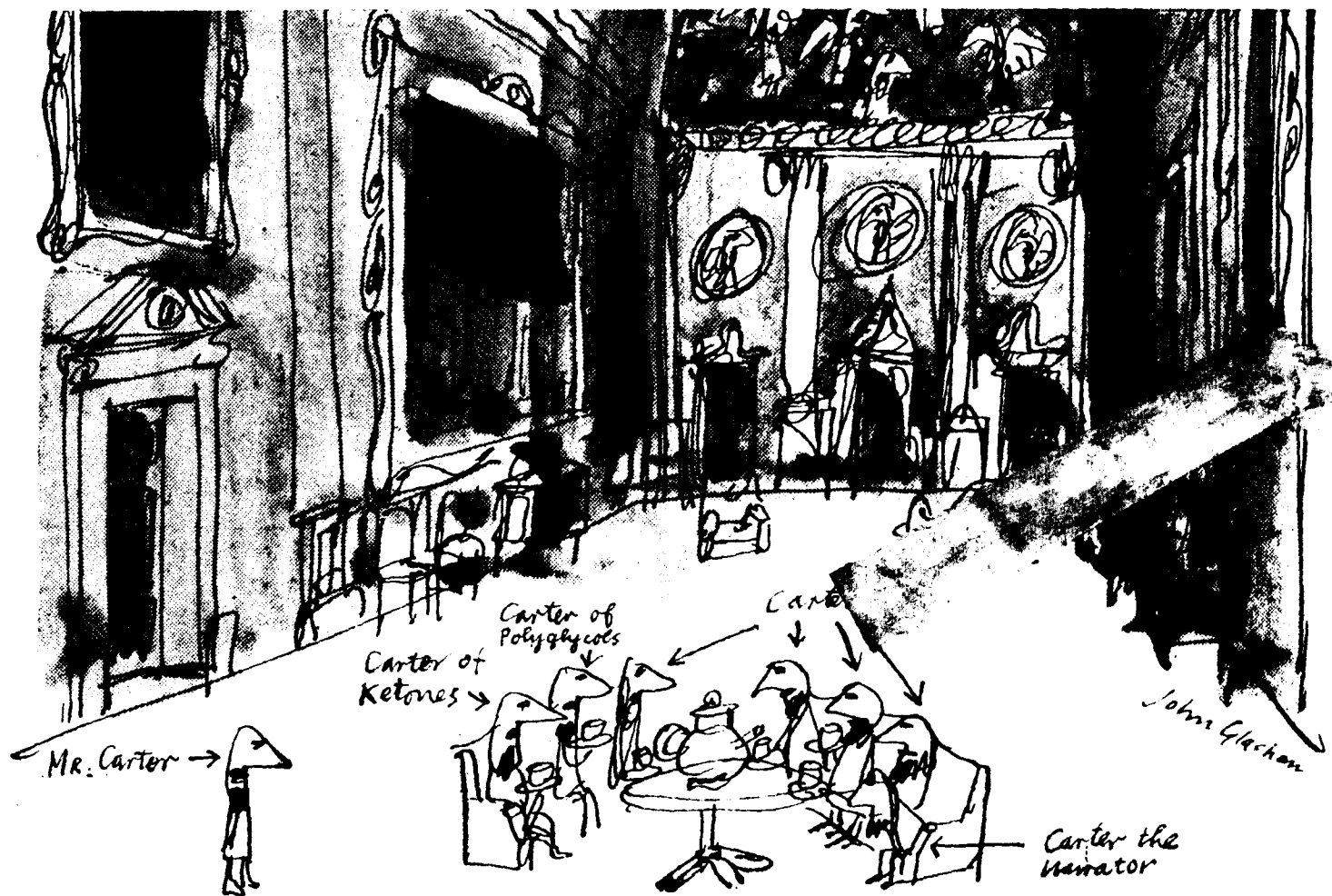
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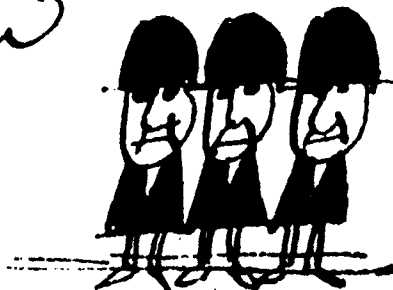
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The Economist this Week December 15, 1962

BLOCKS

MIEUX SAUTER

The real moral of Mr Acheson's much publicised admonitions is that Britain's best way of trying to weave western Europe into an intimate relationship with North America, and a tolerably amicable one with eastern Europe, is to get weaving (p. 1085).

Britain's worries over the faltering American Skybolt missile should turn the Government's mind to sensible, conventional methods of defence (p. 1087).

Has anyone noticed Britain's H-bang? (p. 1093).

PIS ALLER

What will be a possible (and no doubt painful) second-best economic policy for Britain if the worst happens and the Brussels negotiations break down? (p. 1088).

The French negotiating position at Brussels does reflect French interests and built-in French attitudes, and does not just flow from General de Gaulle's lofty personal view (p. 1090).

The European Six claim that their agricultural policy can be reconciled with Gatt;

other members of Gatt are certainly not happy about it (p. 1137).

Visiting the American Middle West, Professor Hallstein appealed more to the idealist than to the farmer (p. 1127).

In Brussels there was a not too discouraging note for the British this week, but a dramatic one for the press (p. 1114).

For an American view (from Paris) of Britain's misconceptions about the common market see p. 1106.

NATIONS

In the East . . .

Of the twin evils of dogmatism and revisionism, Mr Khrushchev has dubbed dogmatism the worse. Whatever long-term hopes he may have for the present detente, 1963 will be a year of more armed coexistence (p. 1113).

A book reviewed on page 1107 looks at communist economics through western eyes. While Mr Novotny has sallied forth with Mr Khrushchev against the Chinese, he has kept the Czechoslovak communist party on a dogmatic course at home (p. 1098).

Signor Togliatti has reason to be pleased with his Italian communist party's growth; but it will be a long time before Italy joins the East (p. 1118).

In the West

Dr Adenauer—under notice—has another Cabinet in harness, but it looks very much a horse of the same colour (p. 1115).

In the United States, businessmen, labour leaders, officials and experts are all now in favour of tax reductions—and therefore even Congress may join this united front (p. 1121).

Fear of automation is a factor in New York's present newspaper strike (p. 1122); and also in the impending strike in the docks (p. 1128).

President Kennedy has repaid Senator Kerr for supporting the Trade Expansion Bill by tightening restrictions on imports of oil (p. 1127).

For technical reasons, the United States might need to draw on the International Monetary Fund (p. 1137).

"Relay" is only one more of a whole series of communications satellites (p. 1128).

To the South

The six non-aligned countries discussing the Sino-Indian dispute in Colombo have found themselves in difficulties (p. 1093).

The rebellion in Brunei shows the local doubts about the coming Malaysia, but it has other sources, too (p. 1092).

Britain presses on, trying to subdue opposition to a federation around Aden (p. 1093).

Although Northern Rhodesia's elections have finished, political smog makes it hard to see what lies ahead (p. 1094).

King Hassan II has won a surprisingly sweeping victory in Morocco's constitutional referendum (p. 1097).

Morocco still looks to the West, and its difficulties with Spain may be settled (p. 1117).

AND IN BRITAIN

Producers

Newfangled motor cars need not be costly to develop; but worthwhile innovations are few and far between (p. 1135).

Stewarts and Lloyds' steely diplomacy might be faulted; but the logic of its merger approach to Whiteheads seems impeccable. Steel output in 1962 is the lowest for three years (p. 1138). Slump in steel profits (p. 1160).

Airlines hope to raise fares by 5 to 25 per cent next April (p. 1144).

The transport commission has allied itself with a score of property concerns (p. 1146).

Planners

The Tory workers' charter, after fifteen years' gestation, turns out to be a feeble mouse (p. 1092).

County Durham's new towns are facing difficulties from local clumsiness as much as from national inadequacies (p. 1101).

The parliamentary Labour party, with one honourable exception, criticised the London government bill for the wrong reasons (p. 1094).

Novel homes for Londoners are to rise from a Thames-side marsh (p. 1144).

The National Incomes Commission has a testing subject for its trial run (p. 1092).

Censorship and McCarthyism, those nasty reflexes, have turned up again in Britain (p. 1098 and p. 1094).

Detailed contents on page 1035

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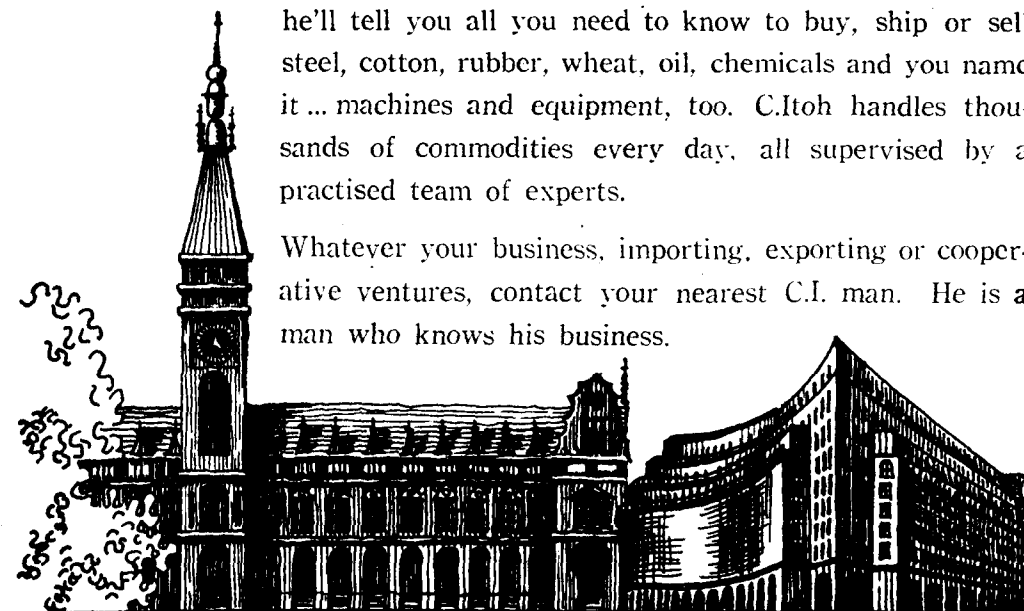
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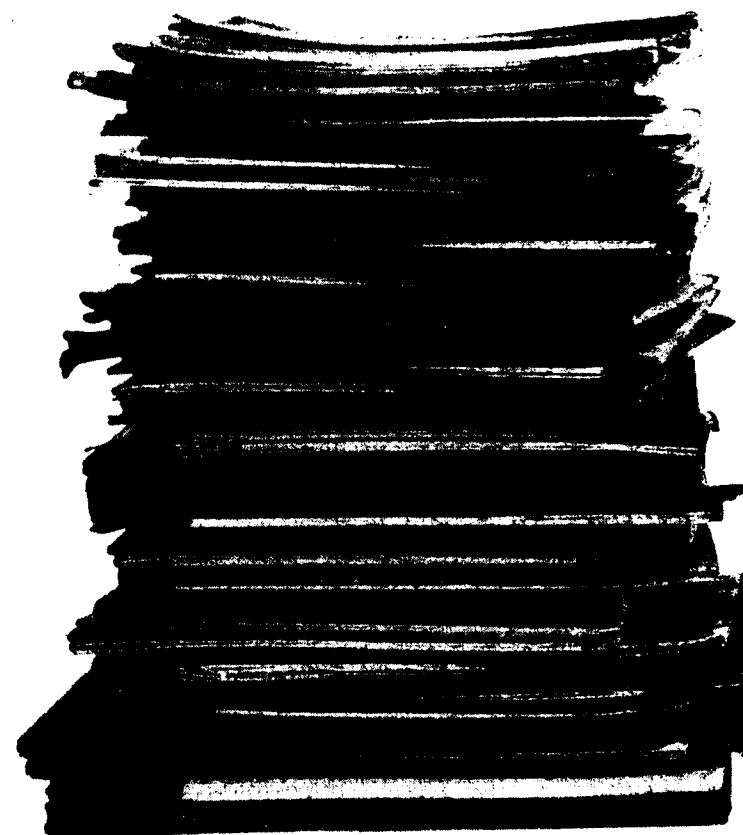


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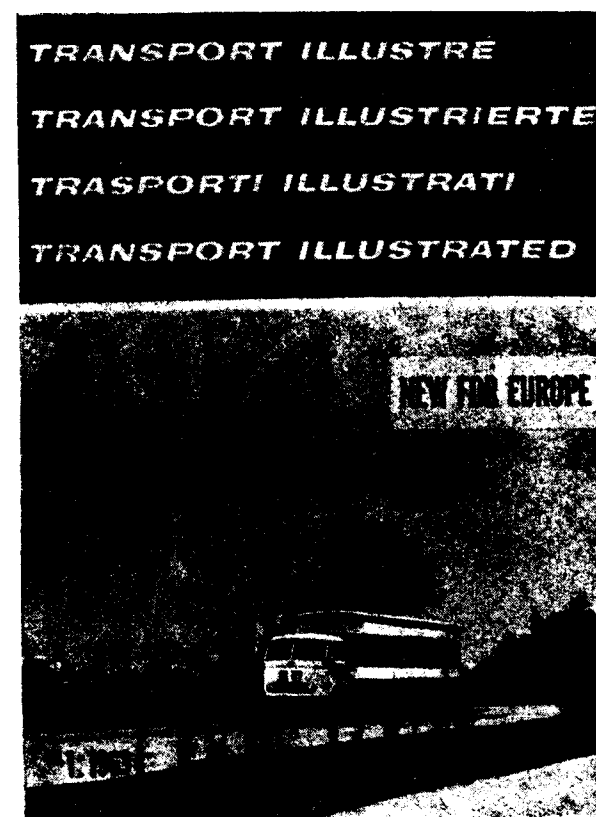
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VOLUME CCV - NUMBER 6225

From the Urals to the Cascades

ONE sure way of telling whether a country knows the part it wants to play in tomorrow's world is to see how much of its time and attention it devotes to reminiscing about the part it played in yesterday's. On every count except perhaps one, which has to be discussed separately, what Mr Dean Acheson told the cadets at West Point on December 5th is plainly true. The strange and disturbing thing is not that this urbane and intelligent near-Englishman should point out that Britain's hope of performing "a separate power role, apart from Europe" is about played out. It is not even surprising that the *Daily Express* should have misquoted him as saying that Britain was down and out as an independent power.

What is really frightening is that even some of the people in Britain who have accepted the case for trying to join the European community should apparently not recognise in Mr Acheson's words the very reason that led them to take the decision. It is hard to tell which part of last week's Mutt-and-Jeff turn between the Institute of Directors and the Prime Minister was the odder: Lord Chandos's grave proffering of the cue, or Mr Macmillan's grave response, classing Mr Acheson with Hitler and Napoleon. Roll up that map, Mr Macmillan seemed on the brink of saying, it will not be wanted these ten years.

Very likely this underestimates the Prime Minister's grasp of reality, and his political reasons for not wanting to admit that he grasps it. But it is a bad mistake to encourage the already unhealthily strong tendency of the British to define the job they have to do in the future in terms of the job they did in 1940, or in 1805. The reply one would prefer to see made to Mr Acheson is not that Britain wants to go on playing its pre-1945 part in the world, which he perfectly rightly says it cannot; but that some serious thought is being given to the quite different tasks Britain will want to perform (and perhaps only it can perform) in the vastly altered circumstances in which it finds itself.

The trouble is that nations, unlike actors, tend to change their parts only when events force them to, and the feel of events moving under one's feet is not conducive to serious thought. Mr Acheson's speech has been followed in quick succession by two other unsettling experiences that may add to the urge to jump clean off the escalator. On Monday Mr Heath went back to Brussels, to resume the attempt to reconcile Britain's acceptance of the common market's agricultural policy with the desire to shield British farmers and housewives from the effects of that policy for a limited period. It immediately became clear that neither side had shifted, in a French delegate's phrase, a millimetre (for Britons, still on imperial weights and measures, not even a twentieth of an inch). This does not at all mean that the negotiations will yet break down on this issue; but it does mean that the warning coughs lately coming from British ministerial throats (Mr Erroll's last Saturday, Mr Maudling's on Monday) have not yet caused the intended paling of cheeks south of Dover.

On Tuesday this show of continental unflappability was followed by the arrival in London of the American Secretary of Defence, Mr McNamara, to talk about the Skybolt missile. Mr McNamara confirmed the reports that the pre-natal period of the expensive Skybolt is proving remarkably difficult. The implications of this for British policy are described in the next article. All that need be said here is that the miscarriage of Skybolt would confront Britain with exactly the same unpleasant choice as a possible miscarriage at Brussels.

The choice is between looking wildly around for some costly, makeshift and decidedly inferior alternative (the rational alternative to the common market is discussed on page 1088) and frankly owning up that the only way for Britain to go on wielding power and influence is through a combination with other countries.

The ability frankly to own up what is clearly the case would be the ideal gift for Britain this Christmas. Instead, alas, the Santa Claus in Admiralty House is handing out sepia illustrations of Great Moments in British History. The British will never wrench themselves away from the nostalgic contemplation of their past until someone sets out in plain language the equally challenging (and equally rewarding) job that awaits them if they enter the European community. This is the sense of purpose for which Lord Hailsham could be banging a drum. Given the British view of the world, and the circumstances within which this world view has to work, it is not difficult to describe the task in outline.

The next job for Britain is, from within Europe, to influence the design of the growing European structure so that it keeps a maximum of open doors to the rest of the world—and, in particular, to its great neighbour-relations to the immediate east and west. In other words, Britain's function is to keep on insisting that western Europe is part of something bigger. Its unity needs to be used to unite, not divide, the Atlantic world. It should also seek to diminish, not deepen, the rift that at present divides east from west within the historical community of European peoples. To modify General de Gaulle's phrase, pointedly, this divided European world stretches from the Urals on one side to the Cascade mountains in the western United States on the other.

SPELLING out the aim in these broad terms is not very hard. How to start putting it into practice in the difficult years just ahead is another matter. One way of seeing what it involves is to imitate Mr Acheson, and take a quick and realistic look at the dominant features of the European political scene right now.

The first dominant feature is the fact that the new coalition government unveiled in west Germany on Tuesday is virtually indistinguishable from its predecessor, save for the replacement of Herr Strauss by Herr von Hassell, and for a few changes in minor posts; our Bonn correspondent's account is on page 1115. Pretty clearly, so far as foreign policy is concerned, there has been no shift in the uneasy balance of power between what one must call (for want of better words) the Adenauer traditionalists and the Schröder modernisers. So long as this uneasy balance lasts—which is at least until Dr Adenauer retires—no new initiative can be expected from Bonn, and no reassessment of west Germany's position in Europe. But this means that, during the prolonged pause, Britain can continue to argue the case, remembering that the fort has to be held against foes, for a conciliatory German policy towards eastern Europe—in the hope that the modernisers, at least, in Bonn will see the argument's force.

It is in this context that a long, hard look has to be directed at the part of Mr Acheson's West Point speech which dealt with the question of German reunification. Calling for bigger allied conventional forces in Europe, which are no doubt needed, Mr Acheson said that these might make it "increas-

ingly impracticable" for the Russians to intervene to support the east German government, and that "a solution of the German question by Germans" might then be possible. This could be read, and will be read in eastern Europe, as a proposal for American, French and British troops to hold the ring while the two German governments fight out their differences. Probably Mr Acheson did not mean anything quite so hair-raising. But, at the very least, his suggestion is a full-blooded return to the traditional Adenauer policy of glaring stonily across the Elbe until east Germany falls into west Germany's lap. In east-west matters Mr Acheson, it seems, is regarded in Washington as the beakiest of hard-nosed hawks. One wonders whether hawks are any longer the ideal birds for the central European air; more important, some of the younger men in Bonn seem to be wondering the same thing.

ANYONE who hopes that western Europe will open some more doors and windows towards the east will be obliged to argue against a return to outdated attitudes and policies in the middle of the continent. But the other half of Britain's aim in life is to keep open the doors that face westward; and here the dialogue is going to be primarily with General de Gaulle. The general, too, has just formed a new government, on December 6th, and this new government contains even fewer variations on the old one than Dr Adenauer's. But in France the ministerial *status quo* is not a sign of a delicate balance between different tendencies, as in west Germany; it is a token of the total victory of the gaullist force. This victory at least has the virtue of opening up some new possibilities within France; it will now be possible to see, for instance, whether General de Gaulle really wants to reform the party system in a democratic fashion, allowing for an opposition, or whether he is merely interested in keeping a tame parliament on a leash.

In terms of France's relations with the western world, however, the general's victory means a narrowing of the range of possibilities. For instance, although there is no reason to think that the French negotiators in Brussels will actually get orders to keep Britain out of the common market at all costs, the chance that a victorious parliament might have enforced a more accommodating attitude to the British application has now totally disappeared. (It never loomed very big.) And those other elements in General de Gaulle's cast of mind that make him think of France and Europe in inward-looking terms have presumably been reinforced by his triumph at the polls on November 25th. This inward-looking tendency already shows itself in his refusal to share control of nuclear weapons, and in his apparent preference for western European self-sufficiency in other matters. It will not be easy to check these tendencies; but checked they will have to be, unless the links that tie the European community to the other western nations are to slacken and, perhaps, fall away.

What is the lesson of all this? Plainly, for the British in general, that the best way of trying to weave western Europe into an intimate relationship with North America, and a tolerably amicable one with eastern Europe, is to get in there and argue for such a weaving; for Mr Macmillan in particular, that he cannot expect the British to see this as

Britain's chief purpose in life until he explains it to them. The aim of keeping the three great centres of production and power that lie between the Urals and the Cascades on decent terms with each other, in the hope that they may one day come to recognise a community of interest, is a sufficient challenge for a middle-aged, middle-sized country like Britain. It provides a better national occupation, at least, than boring everyone with recollections of the great, dead, past.

Skybolted

Defence is the art of the practicable

MR THORNEYCROFT and Mr McNamara left London for Paris on Wednesday agreeing only that the Skybolt discussions will continue. This means at least until the Prime Minister has seen President Kennedy next Wednesday. But what is the Government really prepared to argue for? Does it insist on having Skybolt itself, or on getting American assistance for the continuation of a British-manned nuclear striking force of some sort? Or does it really just want to save face in what has become an awkward political situation?

If the Government wants Skybolt, it is crystal clear that it is not going to get it either at the price or at the time expected under the original arrangement with the United States in 1960. These were Skybolt's two advantages: it was thought to be relatively cheap to buy, since the Americans would be making it for themselves, and it was the one missile which, if delivered by 1965, would keep the British V-bomber force relatively credible against the Russian defences until 1970. It is now quite sure that it is not going to be cheap; the Americans estimate that the cost of fulfilling the Skybolt project could now be around £1,000 million instead of the £175 million they originally hoped to get away with. There is also no hope of it appearing by 1965, since its first five trials have been failures; and if it cannot come quickly, it had better not come at all.

Even a workable Skybolt, as a second strike weapon travelling at eight times the speed of sound but carried for the first 1,000 miles towards central Russia by relatively slow and vulnerable British V-bombers, would be a distinctly diminishing asset by the later 1960s. It is a pity that this means that the expensive British V-bomber force will now become obsolescent more quickly; the V-bombers' hope of penetrating Russian defences in sufficient numbers with older stand-off bombs such as the American Hound Dog or a souped-up British Blue Steel (range 300-500 miles, against Skybolt's intended 1,000 miles) must decline sharply in two or so years' time. But to say that we must justify Britain's partly wasted expenditure on V-bombers by demanding that the Skybolt project must be continued is to demand that good money be thrown after bad; this is never a sensible excuse to suggest, even when the idea is that some of the good money should be thrown by somebody else. The most that can reasonably be said is that the Americans should recognise the costs that Britain has incurred when totting

up who pays for what in the finance of the grand military alliance.

Since this bet has flopped, should Britain stay in the business of strategic nuclear deterrence at all? (With the contour-flying TSR-2, itself raising major technical problems, the RAF is likely to stay in the tactical business for some time yet.) Given American acquiescence, Mr Thorneycroft could have two options besides Skybolt. There is, first, the land-based, solid-fuelled Minuteman, a successful inter-continental rocket now being installed in "hardened" bases in the United States. But if Mr Thorneycroft is hankering after this he should quickly reflect on the ease with which the Russians could blanket this country (as opposed to continental North America) with their multiplicity of medium-range weapons. This is not a matter of national prestige but of national geography. Neither in a hardened base nor on mobile carriers has a second-strike missile any real credibility inside this island; this, after all, was the primary argument against Blue Streak.

The other option is Polaris. Mr Thorneycroft might put this missile relatively cheaply into surface ships, but its vulnerability to Russian attack would then be very high indeed by the later 1960s. If he were to put it into new British-built nuclear submarines, as the Royal Navy would like, the cost of a significant force would make a huge hole in Britain's annual defence budget. Very little of this force would actually exist before 1967-68 (the Admiralty's one existing nuclear submarine, the Dreadnought, is still a full year away from becoming operational—and would need to be pulled apart again to fit in a missile section). Even more important, the type of Polaris that the Americans have now, and could offer Britain, is only a pale imitation of the kind of weapons system that will be needed by 1970.

THERE need be no dilemma here. The present state of the nuclear competition between East and West simply does not justify an expensive British effort on the scale of a Polaris fleet. The present, and increasing, missile superiority that the United States possesses over the Russians makes another hundred Polaris (or Skybolt) weapons a wasteful duplication for the foreseeable future. In conventional forces the East-West balance is quite the reverse; there the Russians have the greater force, and Britain ought logically to be spending what extra money it can on men and conventional equipment. Within the alliance a new British deterrent starting from scratch is unnecessary; outside the alliance it would be an economic impossibility. And what counts is the alliance.

To those who argue on patriotic or diplomatic grounds that Britain should be able to afford to do what the French are doing, the answer is that President de Gaulle has not even reached the stage where he knows what the bill for a credible French force will be. The American, the British and (it seems, on present evidence) the Russian experience has been that nuclear weapons are cheap and easy to develop; but their delivery systems are difficult, horribly expensive, and quickly obsolescent. Britain's efforts will now be better directed to contributing to a total, balanced deterrent within the alliance in terms of the likely strategic needs of 1970—not on twisting the Americans' arms for face-savers, flag-wavers and evanescent expedients.

The British Alternative

The negotiations in Brussels are not at the moment going too well, though our correspondent there does not take as gloomy a view as some other reporters (see page 1114); and two senior British ministers in charge of economic affairs this week referred publicly to the possibility that they might even have to be broken off. What alternative economic policy could Britain follow if the worst—and it should be clear that *The Economist* would regard it as the worst—happened?

ONE of the misfortunes of the Brussels negotiations at the moment is that the economic importance of most of the issues being bargained about is being steadily and indignantly overrated, while the economic changes that Britain would be wise to put into effect if the negotiations were to fail are almost certainly being undercalled. The big issue of the past week has been whether Britain should suffer the considerable administrative inconvenience of moving unreasonably quickly instead of reasonably slowly from its present pretty uneconomic (and eventually unworkable) system of agricultural support to the even more uneconomic (and in the long term perhaps more unworkable) European support system. Beside the historic possibility of British entry into Europe there is frankly a tang of fairly small beer even in this debate, and also in most of the debates about what should be the initial level of European tariffs on various items of Commonwealth produce. That is the first point that anybody who professes to hold a balanced view should keep constantly in his mind. What would happen later, after Britain became a member of the European Economic Community, would be of vastly greater importance to every single interest concerned.

Nevertheless, it is becoming increasingly necessary to consider what alternative economic policy Britain should follow if either side at Brussels slams the door shut. The usual alternative that is suggested is that Britain should strive to arrange freer trade areas with anybody else in or outside the Commonwealth who would listen to us, and the wider those areas the better. This would without any doubt be the ideal policy, in the same way as an ideal alternative to not having bread is to have cake. But it suffers from the usual defect of a Marie Antoinette alternative, in that it is unlikely to be available.

The Commonwealth countries would not readily agree to allow genuinely freer entry for our manufactured exports, because they are intent on building up and protecting their own infant industries. The United States and the European Six (even with Britain excluded) might move at a leisurely pace towards freer world trade in particular manufactures which do not especially matter to them, but the pace they seem likely to contemplate could not begin to provide the dynamic that Britain so urgently needs either to keep expanding its modern exports of sophisticated goods or to keep constantly increasing the efficiency of its whole national economic machine by the spur of competition from free imports. Essentially, therefore, those who talk vaguely of negotiations for "freer Atlantic trade" as an alternative to joining Europe are really assuming that Britain could slip

simply back into its former mode of managing its economic affairs. But that mode did not put Britain in a very strong internal economic position in the 1950s, and Britons should bluntly realise that after a Brussels breakdown the prospects for a Britain governed by the old "orthodox" economic policies would be likely to become very much worse.

DURING the last eighteen months the one real spur to the most forward-looking parts of British industry has been the belief that Britain was about to enter Europe, and this belief has also been a major factor in the recent build-up of greater international confidence behind sterling. If early next year a puncture at Brussels were to cause both this internal buoyancy and this external optimism to disappear, and if Mr Maudling were to handle the consequent ebb tide of confidence and currency in the familiar restrictive manner, it would be singularly unlikely that he could restore national prosperity before the next general election.

If that election then produced a Labour government with a brand new and imaginative alternative economic policy, this awkwardness of the political timetable would not matter; but the prospect of a new Labour government producing any policy of the sort seems remote—even on the party's present form, let alone in the circumstances being envisaged here. For these circumstances, to repeat, would be of Labour coming to power, carrying with it its tendencies to temper winds to shorn lambs and to look like a scarecrow to international bankers, at a time when the mainspring of foreign economic policy that might otherwise have helped to drive Britain towards competitive efficiency had just been dismantled and when foreigners were already talking down the exchange rate of the pound. No very great confidence could be reposed in how any government would handle a situation of this sort; one's guess about a Labour government is that it would repeat the sad saga of 1945-51, with a retreat into national ossification and possibly a crippling economic crisis every other year.

If there should be a complete breakdown at Brussels early next year, one's preference would therefore be for a dramatic and immediate attempt to overhaul the whole structure of British financial and industrial policy, hugely difficult though such a change would be. There would be a strong case for saying that in these circumstances the Conservative government should not call a general election immediately; instead it might serve the nation better by the prompt implementation of alternative economic policies, designed to be sufficiently far-reaching to change the whole atmosphere of British

economic decision-making before the eighteen months or so that would theoretically still be left to this Parliament were exhausted. Let it be reiterated here that the policies now to be discussed would, in *The Economist's* view, be very much a *pis aller* to entering Europe. It should also be said that there is not the slightest sign that the Government has even considered such policies; indeed some people will say that it is irresponsible to indulge in discussion of "wild" alternatives at this stage. But it is necessary to be realistic. The present Brussels negotiations could run on the rocks, and Britain would then need, not just a lifebelt (which is not a device with which one can make swift progress), but an alternative motor boat. It is time to risk the charge of irresponsibility by discussing what this alternative could possibly be.

THE economic advantages of securing free trade with Europe would have been the provision of:

- (a) a stick against inefficiency, because British manufacturing industries which are so uncompetitive that they could not stand up to tariff-free imports into Britain would then be steadily cut down in size;
- (b) a spur for efficiency, because the most competitive British exports ought to be able to expand rapidly once they could enter Europe duty free—instead of having to compete over a tariff barrier of, say, between 10 and 20 per cent.

Theoretically, advantage (a) could be even more fully secured by Britain cutting its tariffs unilaterally, on imports from all overseas countries as well as from Europe. Theoretically, advantage (b) could be very partially secured by devaluing the pound sterling by between 10 and 20 per cent; or, alternatively, by introducing tax remissions for all exports equal to between 10 and 20 per cent of those exports' price.

If the present round of Brussels negotiations did reach an irremediable break, there could be a strong case for giving prompt consideration to a move in both these directions: towards the unilateral cutting of British tariffs, and towards either setting the sterling exchange rate free to float or introducing direct tax subsidies for exports. The first course would be criticised on the grounds that it was unduly generous to foreigners; cuts in British tariffs, it would be said, should be used as bargaining counters and made only to those countries who reduce their tariffs to us. The second course would be criticised on the grounds that it would be unfair to foreigners and, sensibly enough, that it might lead to retaliatory action against us; competitive devaluation would be deplored by the International Monetary Fund and tax subsidies for exports from so large a trading nation as Britain would make a mockery of the General Agreement on Tariffs and Trade.

To some extent, these two arguments, for all their inherent force, cancel out. If the Europeans and Americans allowed them to cancel out, if in tariff negotiations with Britain they agreed to drop their tariffs against British goods as quickly as we were dropping our tariffs against theirs, then so much the better; in those circumstances Britain should certainly agree not to grant tax subsidies to its exporters and should strive to hold sterling at its present exchange rate. Britain would then be doing something more than merely

seeking through diplomatic *démarches* to ask everybody to co-operate with us in moving towards free trade between all the developed countries of the free world; it would be operating a positive mechanism for hurrying the process along. In the more probable event that we could not reach such a formal agreement, our unilateral tariff cuts would give us the internal spur to greater efficiency, and action on exchange rates or through export subsidies would then seem likely to be needed to expand our exports in order to pay for the greater imports involved.

Moreover, any such policy of British advance towards free trade should quite frankly be applied (from our side, even if we got no reciprocation) to agricultural imports just as much as to industrial ones. We should in these circumstances positively encourage the import of cheap food from the Commonwealth and elsewhere, and British farmers should be told now that the alternative to joining Europe will not be more protection but the imposition of a strict upper limit to the amount of protection that they are getting through subsidies at present; they should be told that any Conservative-implemented change in the system of agricultural support in the next Parliament would then not be in the direction of restricting imports but of aiding less efficient British farmers to resettle in other jobs. And if Britain maintained free entry of food from the Commonwealth after a rebuff from Europe, it should no longer feel under any obligation to agree to help sponsor "world commodity agreements" or other cartel

The Economist

DECEMBER 13, 1862

REVENGE OR REFORM?

Several Grand Juries, at Sessions and Assizes, who ought to represent the collective information and good sense of their respective counties, have recently been distinguishing themselves by various "Presentments" on the subject of convicts, garotters, prison discipline, and the like—Presentments of which, to say the least, the agreement is more remarkable than the sagacity. With a unanimity which is not creditable, but which clearly indicates the common source whence they draw their inspiration, these documents echo the platitudes and prejudices of the public and the public press, and clamour for scantier prison diet, for the abolition of tickets-of-leave, and for the revival of transportation in language of which the *Times* and the *Morning Post*, and a few of the Assistant Judges have set a most unfortunate example. If something cannot be done, and done soon, to enlighten and warn the popular feeling on these subjects, we fear it may become too strong for a puzzled Parliament and a busy and unphilosophic Government to resist; and not only shall we be driven to some hasty decisions at once mischievous and dangerous, but we shall be diverted from seeking salvation and security in the only direction in which, as we have argued for years, they can alone be found. The present system of tickets-of-leave as carried on in England under the management and advice of Sir Joshua Jebb, is, as we have often urged in these columns, the very worst conceivable. It operates, no doubt, to render the prisoner amenable to discipline while in gaol, but it does nothing more. It works no reformation. It induces no new habits. It facilitates no new career. It puts him under no additional supervision. . . . If the "ticket-of-leave" men had been habitually liberated in England on the same actual conditions, and with the same preliminary preparation and subsequent precautions as in Ireland, the present outcry against them would never have arisen. As it is even now, however, bad as our system of dealing with hardened and atrocious criminals in this country probably is, the one change by which it would be as indisputably altered for the worse, would be that which the Grand Juries have so consentaneously advised—viz., the abolition of the rule in virtue of which a convict can shorten his sentence if he will.

arrangements that might enable overseas farmers to put up their prices against us.

NOBODY but a madcap reformer would welcome such a programme with any glee: it would be, to repeat, a *pis aller* and hazardous. It is right to feel horrid doubts about how far Britain could really hope to coerce larger powers into freer trading policies by such disturbance tactics; but equally right to fear that a non-disturbing Britain locked out of Europe might otherwise be steadily coerced into an even gloomier economic posture by the pressure of events. There must be wide respect for the fears of central bankers and others about the upheaval in the world's monetary and trading system which any such a policy could cause; yet the experience of

THE COMMON MARKET—2

A French View

Discussion in Brussels is burdened with misunderstanding. What follows here is the point of view of a French journalist troubled by the weight of this burden. It seems clearly to show a fact that, though obvious enough, is much overlooked: that the French view of Britain's application flows from French interests and built-in French attitudes, and not merely from idiosyncrasies of General de Gaulle.

IT is too late for regrets that you got on the wrong horse in 1950 when you were invited, with the Six, to the preliminary conference on the coal-steel community, and again in 1955 when the Brussels conference was outlining the common market. But there is still time to understand your reasons for refusing.

All the countries of the Six were defeated and occupied during the war. Most of them had to change their political regime. They had recognised their weakness and the impossibility of staying independent. You had worked hard during the war, suffered much and given much—but you won, and reasonably enough you did not find in that any cause for humility. You thought it possible to go on as before, with no essential changes in your politics, or in your pound sterling, or in the Commonwealth. All the ingredients of greatness in what de Gaulle might call *l'Angleterre de Papa* seemed to you bound to last. And one essential element in them was the balance of power in Europe—the British opposition to all European groupings, and the old game of playing one country off against another, based on a free hand and independent sovereignty for all.

But for us in the Six, this game was no longer on. Germany was divided in two, crushed and ripe for the rebirth of Hitlerism or the flowering of communism. The only hope was to integrate western Europe in a solid, strong and lasting system. You could have made a big contribution to this; you preferred not to do so. So it had to be done without you. You stayed neutral even if well-disposed—but, rightly or wrongly, we felt that you were waiting for the collapse of our childish house of cards.

When in 1956 it became clear that the European common market was a serious proposition, you could not bring yourself to acknowledge that a great new country was in the process of creation, and that it represented a decisive stage for the

the 1950s suggested that the present world monetary system lays upon Britain, as the upholder of one of the two international key currencies, a burden which a slow-moving, small country fenced out of Europe would not be able to bear for long.

To say that something of the sort discussed above would seem the least bad alternative to entering Europe is therefore to say once again that ministers in charge of Britain's economic affairs should not contemplate too lightly what their tasks and problems would be if Brussels failed. There should be an end to ministerial speeches which suggest that Mr Heath's negotiations, while of the most fundamental importance, need make no major difference to anybody's economic policies if they do not succeed.

peace of the world, since it would bring France and Germany together and get rid of the cause of wars that had cost the world—and you—so dearly. Of course, you could cite any number of statements at that time in which you expressed your admiration of this emerging Europe. But you also added that there was no need for commercial "discrimination" in making the new Europe. That was the big word then. You wanted France and Germany to agree, but only if they kept no commercial privilege for themselves. You wanted a European union, but not one with practical consequences.

You did make a big effort to get back into Europe, at Mr Macmillan's behest, in the European free trade area. It was a new idea, yet you took it up with enthusiasm. But the Europe you were hoping for, with full sovereignty for each country, imperial preference in, and agriculture out, was turned down. Why? Because the French didn't want it, you say. That is true. But was it something that France could accept? France is a country that has a third of its people in agriculture and a quarter communists. So it cannot be governed without the support of farmers and communists, and that means protection for foodstuffs and so a higher level of wages. Of the British population, only 5 per cent are farmers. To open the market for industrial products only would give outlets in France for almost all British products, whereas a free opening to the British market would have been of advantage to only a part of French industry, handicapped by the heavy burden of support for a big farming industry. With the advantage at the same time of the European market and of the Commonwealth, Britain would have been much better placed than its partners for investment.

From the European viewpoint, a common external policy and a common tariff (with no big exceptions, which ruled out your plan) were the powerful cement. We were right not to want to give them up, to think that European union

could create a great nation, that this could not come about without agriculture and industry taking equal part, without the same customs duties at Bordeaux and Hamburg, and without an external commercial policy effective equally for Normandy and Tuscany. All this you could not see; you clearly aimed at detaching Germany and Benelux to restrain France—which would have meant the death of Europe.

French objections were not simply a whim of the government. There were Frenchmen whose minds were open to a free trade area, but none prepared to fight for it. The trade unions were against it, and farmers and industrialists fiercely so. The project was an impossible political proposition. Without agriculture and without a common commercial policy, no Europe was possible for France.

NOW that you have "accepted the Treaty of Rome" officially on October 10, 1961, and Mr Heath with his smiling briskness and his remarkable team have been negotiating in Brussels, have the misunderstandings gone? You still seem to want, within the machinery of the Rome Treaty, just an arrangement to which you could accommodate yourselves comfortably. You were counting particularly on the extension to the Commonwealth of the famous protocol for Morocco and were disappointed to learn that this exceptional breach had been agreed to at the last minute because it involved only 5 per cent of French imports and one per cent of community imports. It was out of the question to stretch this to the powerful Commonwealth where the proportions are entirely different.

You were still counting on a liberal interpretation of the text of the Rome Treaty, like the Bible ("all possibilities are provided for"). You were disappointed to come up against the limited interpretation of the Brussels high priests. Admittedly, the treaty was just the foundation on which, since 1957, a strong house has been built; but there is no question of knocking it down and putting up one in a different style on the same foundation.

It all comes down, the British say to us, to a single political question: does General de Gaulle want us in the common market or not? On General de Gaulle's attitude, the last word has yet to be said; but there was an evening, some months ago, when he made it clear in a private conversation during a reception at the Elysée. "I prefer," he said, "Europe to Nato, and the Europe I prefer is the Europe of the Six. But if our partners are bent on Britain coming in, I shall not oppose them." Some time later in an official statement, M. Couve de Murville defined the French position. "Our tradition of friendship with Britain and the memory of what she did in the war," he said in effect, "lays upon us the duty of welcoming her in the European Economic Community if she wants to come in. But she will have to accept both the fact and the spirit of the common market. It cannot be distorted for her convenience. This, we know, will mean big sacrifices for her."

France knows that she would be alone if she opposed your entry illegitimately. She knows that if you really want to join in the European movement, it must serve the cause of peace. Neither General de Gaulle nor the foreign minister wants to (or indeed could) prevent Europe from growing as she can. If Britain will accept the full conditions required of a real member of the great nation that forms Europe, she is in.

France is not the only member of the community, and some other countries think, as you do, that certain conditions put by the French could be simplified and so help you to come in. But the secret of French influence is that she has all along maintained an irreproachably European position, and one so governed by a sense of common interest and the strengthening of the community that up to now France has often been the best ally of the European commission. Whatever encouragement you might have received in other capitals, the Six, when they are together, always find agreement pretty close to the French view. So it is that cautious France must play the European to maintain her influence; but then the other Europeans will follow.

It is not a matter of Europe only. The rest of the world, and in particular the United States, accepts more or less readily according to the circumstances that Europe is becoming a single nation; but it gets annoyed when the common market gives preferential conditions to associated countries because it reckons that this must be detrimental to it. And the political pressure of the rest of the world strengthens the opposition to preferential treatment for countries that are not members of the European community, even if they belong to the Commonwealth or to the European Free Trade Association.

BRITISH interests can be safeguarded, but only within a genuine European framework. Often enough, journalists have been disappointed to see the British take up positions that they must have known straight off could only be rejected, since they were never acceptable. The British always come back to the political argument that everything can be fixed up "if one is nice to them." They are like some rich man who wants a seat in the first airplane that has got off the ground and is angry because he cannot find enough room for his legs and his bags. The common market is a mechanism marvellous beyond hope, but working out entirely new techniques. One false move could destroy all its expectations. To bring Britain in is quite an adventure. But this cannot be allowed to upset the delicate mechanism before experience has shown whether it can function.

So what should be done? Look for practical solutions. One such has been found by the commission—to fix for India, Pakistan and Ceylon a level of foreign exchange earnings and if this is not achieved to find out why and take remedial measures, even if this means some bending of principle. One must work out other problems in the same way. For the Commonwealth, as you well know, imperial preference is a weakening bond, but there are a dozen others; it has often happened that one of them breaks and always you find others. If you come into the common market, your associates will have an intense need for you to the extent that you decide to co-operate with them strictly to solve problems as they present themselves. For it is increasingly clear that no single country can beat the problems of money, growth and aid to underdeveloped countries.

It is up to you. But please do not answer yet again that there is no problem except in French imagination, or that with a little kindness, gratitude or political good will, Paris and Brussels can arrange everything to suit you. If that is your answer, your misunderstanding will be profound and it will be the greatest of pities.

NOTES OF THE WEEK

WAGES

In the Nic

MR MAUDLING has chosen wisely in his first references to the National Incomes Commission. The Scottish building employers' concession of a 40-hour week to their 90,000 employees as from next November, and the Scottish plumbing workers' securing of a similar concession from last October, should provide Nic with splendid preliminary canterers. First, these are concessions that are not what they seem, and that would not otherwise have been at all widely criticised in the national press: pretty plainly the reductions in hours are designed to increase pay rather than leisure. Secondly, these are union gains (won under threats of a strike, and giving building workers in Scotland more than their colleagues in England and Wales) that could all too quickly flow out into other fields. Thirdly, the building workers in question have already had a 15 per cent rise in hourly pay rates and a reduction in hours from 44 to 42 since October, 1961.

There are three reasons why building wages should be particularly closely examined in the public interest. Labour costs may form around 40 per cent of the cost of new building. There is no foreign competition in this industry—but its increased costs are passed on to customers who then have to face foreign competition. Third, such plans as may exist to promote new industrial development in Scotland are likely to be discouraged by an exorbitant rise in building costs there; and this is a case where the close connection between wage inflation and unemployment can be dramatically pointed up.

There are some arguments which can be made on the other side. First, a 40-hour week is quite certainly on its way in many industries. (Some top British trade unionists have this week been meeting at a conference in London an American union leader whose proudest boast is that he has won a 25-hour week for New York electrical workers in the construction industry.) One sometimes suspects, too, that higher labour costs in building could do something to push the employers towards labour-saving standardisation: and if a few of them went bankrupt, leading to greater concentration in the industry, few tears would be shed. The virtue of Nic, however, is that it is entitled to consider—and to inform the public about—these long-term prospects as well as about the obvious short-term dangers of this concession. Critics will say contemptuously that Nic can only issue reports; it has no power to take action to cancel or forbid awards. But the slow catharsis of hitherto unchallenged habits of

thought which it might conceivably set in motion is not wholly to be underrated.

WORKERS' CHARTER

Mr Hare's Mouse

THE long-promised Workers' Charter, requiring employers to give written contracts of employment to their workers, looks like a rather old-fashioned mouse even at the moment of its birth, after seventeen years of gestation. Indeed it even seems likely to be widely criticised, quite unfairly, as an anti-trade-union measure. The main provision of the bill is that both employers and employees will have to give a fortnight's notice before an employment contract ends, provided the worker has been employed for two years; after five years' employment the period of notice will rise to four weeks. During the period of notice the man would be paid at his average rate of earnings over the preceding six months (which could actually encourage firms to keep on redundant workers on short time instead of releasing them for work elsewhere). Because the obligation to give two weeks' notice will lie on employees as well as employers, a man who walks out on lightning strike would theoretically forfeit the rights (including those to a period of notice before dismissal) in his written contract of employment.

This bill will do very little to help the two industries in which workers suffer most grievously from job insecurity—in ship-building and in construction far more than half the manual labour force is employed on a casual basis for far less than two years. Its provision that a worker's pay during the obligatory period of notice shall be reduced by the sum due to him under an existing severance pay agreement would tend to weaken existing redundancy pay schemes (which are already too few and too ungenerous). As for the provision about lightning strikes, it is entirely reasonable that a worker should stand to lose some contractual rights if he has broken a recent specific bargain from which he has gained some advantage—say, a promise not to strike except after a certain period of notice which has been tied to some recent wage rise. It is not so obviously right that, even when no such specific bargain has been recently agreed, penalties should be imposed on anybody who ever takes any prompt protest action—say, by walking out of some part of a factory because it is too cold; and it is a bit odd (trade unions will call it "disruptive") that penalties should be bigger in

the case of long-service workers than of others. But, in any case, the matter is a fairly small one because unions will always bargain for "no victimisation" after a strike.

Paying Off

THERE is little hope of real benefits within the framework of thinking in this bill. The best way of helping those who became unemployed, while still encouraging workers to change jobs, would be by a new national unemployment insurance scheme—based upon broadly the same principles as the national insurance fund's graduated pensions scheme. Employers should be required to pay into this fund a sum equal to a certain percentage of each worker's earnings; benefits from this fund would then be graduated according to the worker's previous earnings too, and they would be paid from the fund itself (so that a differential penalty would not be laid on firms precisely at the moment when they are in financial difficulty). Firms that were willing to operate more generous redundancy schemes could then contract out of this national scheme, and the extra rights which their private schemes provided could be written into the new contracts of employment; it would be reasonable that these extra rights should be forfeitable when workers go on lightning strike in defiance of the terms of a recent wage or other bargain from which they have derived benefit. But Mr Hare's good-natured Contracts of Employment Bill does not make even the beginnings of a real advance in that direction.

BRUNEI

Food for Thought

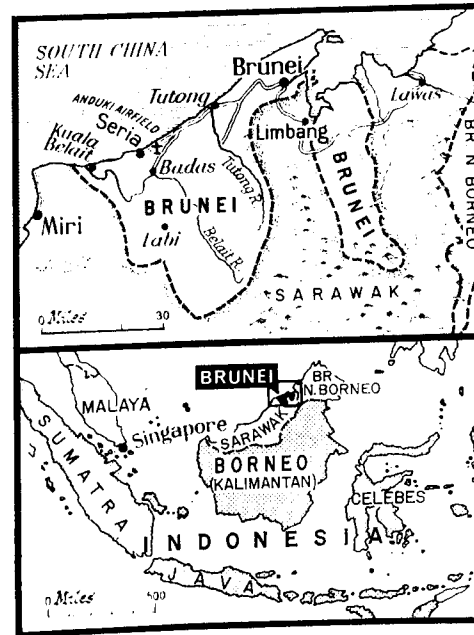
LAST Saturday's rebellion in Brunei should give both the Sultan and Malaya's prime minister, Tunku Abdul Rahman, food for thought. Though Mr Azahari is not an inspiring leader and has spoilt his case by resorting to violence, one cannot blink the fact that his Ra'ayat party won all the elected seats in the August elections (they are outnumbered in the Legislative Council by the Sultan's nominees). Whatever its



"Beloved" Sultan, and rebel

origins, there is clearly a good deal of discontent with the British and Malayan decision to create a Greater Malaysia federation, in which Brunei, North Borneo and Sarawak would be linked with Malaya and Singapore. Mr Azahari's admitted purpose was to frustrate this plan.

For the Sultan, the clear implication of the rising is that if he is going to join the new federation, he should make haste; hitherto, he has accepted only in principle



without formally committing himself, presumably in the hope of securing parity of status with the traditional rulers of Malaya. For the Tunku the lesson seems to be that he has a lot of patient work ahead of him convincing the peoples of North Borneo that they have nothing to lose once the federation is created.

There are bizarre overtones to the whole story. Mr Azahari is credited with communist sympathies, and his Indonesian connections certainly include the powerful Communist party there; but the programme he announced from Manila last weekend pledged him to establish a "neutral but anti-communist state." This has not deprived him of the support of communist radio stations and newspapers everywhere. The Philippine press quoted him as saying (perhaps jokingly, though this is not the impression conveyed) that he would confiscate the British oil installations in Brunei and hand them over to the Americans. It is hard to see how this would make them less "imperialist." More strangely still, the fourth clause in the programme calls on God to support "our beloved Sultan." The ruler of this small but valuable plot of land will know what to think of that one.

ADEN

Pressing on Regardless

ATTEMPTS to stick together contiguous pieces of a collapsed empire have not been among the happiest ventures in

Britain's post-war colonial policy. A tale of past failure and present trouble is brought to mind by Britain's federal efforts in the West Indies, central Africa, Aden and Malaysia. Seemingly undeterred by such thoughts, the Government is resolutely pressing on with its attempt to subdue the Aden opposition into accepting the federation between colony and protectorates. On Wednesday, Mr Abdullah Asnag, the secretary-general of the Aden Trades Union Congress and the federation's most formidable opponent, was sentenced by Aden colony's chief magistrate to a year's imprisonment. Mr Asnag, and two other union officials, were found guilty of "sedition" for their part in publishing an Arabic pamphlet called "An Immortal Day," commemorating the anti-federation demonstrations on September 24th.

Left without a leader, the Aden TUC is objecting to an Aden government bill on the registration of societies. The congress, which prints its address as "Maalla, Aden (South Yemen)", claims that the bill, if enacted, will cripple the activities both of their own organisation and their political voice, the People's Socialist party. Another cause for discontent is the treatment of political prisoners. Compared with the major error of judgment of pushing ahead with a federation that shows every sign of not working, the caning of nine prisoners in Aden gaol last month was a minor but repulsive blunder. The men's offence sounds trivial and rather pathetic: they had refused a meal in order to show moral support for one of their colleagues who was being punished for having been too frightened to have a tooth out, as the doctor had ordered.

In Parliament on Tuesday, the Colonial Secretary, Mr Sandys, dismissed the incident as a "simple breach of the regulations." He was referring only to the fact that in the case of five of the nine prisoners the statutory interval of 24 hours between the sentence and its execution had not been observed. All the same the rules are being changed, and in future a closer watch will be kept on the prison superintendent. But there is nothing about the whole nasty incident, which has been thoroughly publicised in Aden, to endear the Adenis to British authority or to British plans.

INDIA AND CHINA

Colombo Doves

LIKE Britain, India is undergoing a period of uneasy relations with "the six"—in this case, the six other non-aligned Asian and African countries which, while a brooding lull overhangs the Sino-Indian border conflict, have got together to seek remedies for it. Their meeting at Colombo, which ended on Wednesday, has proved something less than the summit envisaged by the hostess, Mrs Bandaranaike. Presidents Nasser, Nkrumah and Sukarno did not appear in person, and General Ne Win of Burma did not stay

long; only Prince Norodom Sihanouk of Cambodia stayed the three-day course. The Sino-Indian conflict is itself a grave embarrassment to non-aligned Afro-Asia, but any open involvement in it threatens to be still more embarrassing. The moan of doves in Colombo has, therefore, been low and coy.

General Ne Win, before leaving for a prearranged visit to non-aligned Siam, warned the Colombo group not to pronounce any judgment or even to "take any initiative," lest it jeopardise its "friendly relations" with China as well as India. The Burmese ruler seems to have felt a particular need not to annoy China; his country, alone among the Colombo six, has a common frontier with that well-armed power. In contrast, the Egyptians, who have just entertained in Cairo not only Mr R. K. Nehru but also the Yugoslav foreign minister, were quick to emphasise the need for a formula acceptable to India, and made some play with a proposal that virtually endorsed India's stated condition for negotiations—that the Chinese troops should first retire to their September positions.

The Colombo group's agreed (but unpublished) text, which Ceylon's prime minister is to present in Delhi and Peking, is unlikely to comprise anything so definite; its basic aim has been publicly defined as the salvaging of the concept of non-alignment and of "Afro-Asian solidarity" by coaxing India and China to come to terms, regardless of the merits of the case. This approach naturally gratified Peking, which has already rejected India's "brazen demand" for a withdrawal to the September line, and has not yet shown itself in any hurry to pull back to its own proposed cease-fire line either. Equally naturally, India remains suspicious of any pressure, from those whom it thought its friends, to bow to China's brute force. To alienate India in order to placate China is the surest way to destroy non-alignment. It was India's participation in last year's "non-aligned summit" at Belgrade that made it of real significance. "Lose India, lose all" is a maxim that Colombo's wiser doves might usefully adopt as their murmurous refrain.

BRITAIN'S BOMB

Pop!

ALTHOUGH many newspaper readers may have missed the fact, the expected test of a British low-yield nuclear device duly took place underground in Nevada on Friday last week. The sky did not fall. The Russians did not break off the Geneva negotiations. There was no sit-down in Trafalgar Square. No Labour MP (despite the noisy fuss a month ago) even tried to move the adjournment of the House in protest. Was anyone listening? Did anyone care?

There is a respectable case for arguing that Britain should now get out of the nuclear business, strategic and tactical, bag

and baggage. If one believes this, there is obviously no point in testing devices that this country can no longer afford to deliver against an enemy. If an Opposition believes this, it is right to say so. But only very silly people indeed throw themselves into a tizzy when (as happened in this case) a commentator on Moscow radio, basing his remarks on a newspaper forecast of what the Minister of Defence might (but in fact did not) say, sonorously threatens to bring down all hope of disarmament about everyone's ears. It all comes pat. The gambit is so appallingly hoary that even Moscow commentators must find it hard to believe that it still rouses a reaction in this country. Those MPs and others who fall for it every time are not necessarily neutralists; they are innocents who jump obediently whenever anybody says "Boo." Does anyone still listen to them? Does anyone care?

LONDON BILL

Unredeemable?

THE two-day debate in the Commons on the London Government Bill turned out to be a dimly repetitive affair in which Labour (with the partial exception of Mr Michael Stewart) slavishly toed the London County Council line, and four Tory MPs from outer suburbia voted against the Government for the most reactionary possible reasons. Although Sir Keith Joseph could rightly claim that his measure makes at least some improvement in a pattern of London government that has not altered radically since 1889, his departmental advocacy of the bill's details was a major disappointment. It looks increasingly as if the Government has simply allowed each ministry involved to write in the bits of legislation it wanted, without encouraging any co-ordinating hand or ministerial dynamic to ensure that the new Greater London Council can do the real job that is needed.

On transport, Mr Marples has grabbed as much as he could, including both traffic management and highway planning, for himself. On town planning and development, the general power has been dispersed among the boroughs, although with Sir Keith's Ministry of Housing and Local Government retaining the final say on specific points of conflict. Sir Keith may intend to intervene actively himself on the GLC's side; but, if he does, why not write this centralised planning properly into the bill? The tone of the debate did not suggest that there is much hope of amending the bill in committee to give the GLC the greater powers it should have. But is it also too late to do anything in committee about the GLC's actual constitution? Ideally, the aldermen should be dropped (London has less need of their kind of experience and expertise than anywhere else) and the number of GLC councillors should be reduced from three per borough to one or at most two. If there were only one GLC

NOTES OF THE WEEK

councillor to each borough he could be paid to do a full-time job and would thereby have an incentive to see that the GLC became an effective concern. And what about the intelligence department which the Herbert commission envisaged for the GLC? It, too, could help to give the central power a much-needed boost in authority and know-how. Mr Stewart should press on with his ideas for regional planning in the south-east, but when Labour's LCC malignants see that he is in earnest they can be expected to put the stopper on that as well.

MISS FELL

Mercy Strained

MISS BARBARA FELL'S indiscretion, in showing some confidential papers to her Yugoslav lover, was transformed into a crime by the timing of its discovery. Those who have said that no harm could be done by the atmosphere that was created by some politicians and newspapers, after recent (and real) spy cases, should examine their consciences when they read what has happened to this lady. The exact contents of the papers circulating in the Central Office of Information, which came to Miss Fell in the course of her job there, and which she showed to the Yugoslav press attaché, are naturally not known; but from the nature of the COI's work, and from what was said in



Technical criminal

court, one can guess that, although their revelation to a foreign power might cause some embarrassment to some diplomats, it could cause no danger to the country. After all, the papers had presumably been sent to the COI to aid it in background comment.

The existence of a leak having become known, Miss Fell admitted to being its source. It was then no doubt inevitable that she should be required to resign from her job. But, in the overheated atmosphere of the past two months, the departure of a public servant so well known to newspapermen would almost certainly have led to a wave of innuendo, speculation and curiosity from members both of the press and of parliament. There would have been accusa-

THE ECONOMIST DECEMBER 15, 1962

tions that the Government was covering something up; when the truth was flushed out, especially as there was a sex affaire in the middle of it, newspaper articles would have been written claiming that the accusations had been amply justified. This fear, one may guess, led to the charging of Miss Fell on eight technical counts under the Official Secrets Act. To all of them she pleaded guilty.

It remained to sentence this technical criminal—to the maximum penalty of two years' imprisonment on each charge, although admittedly to run concurrently. Higher courts are always reluctant to reduce a sentence imposed by a puisne judge, unless it is quite grossly disproportionate to the offence: excessive as two years has seemed to almost everybody, it was not necessarily so grossly excessive as to have made an appeal likely to be successful. Once charges have been brought by the Attorney General, it is not for the judiciary to consider the political pressures that may, by pushing him to bring them, mitigate the gravity of the offence. Thus it is that an able—if once misguided—public servant has had unnecessary punishment added to humiliation and a lost career. When will Britain realise that even incipient McCarthyism is an immensely dangerous thing?

CENTRAL AFRICA

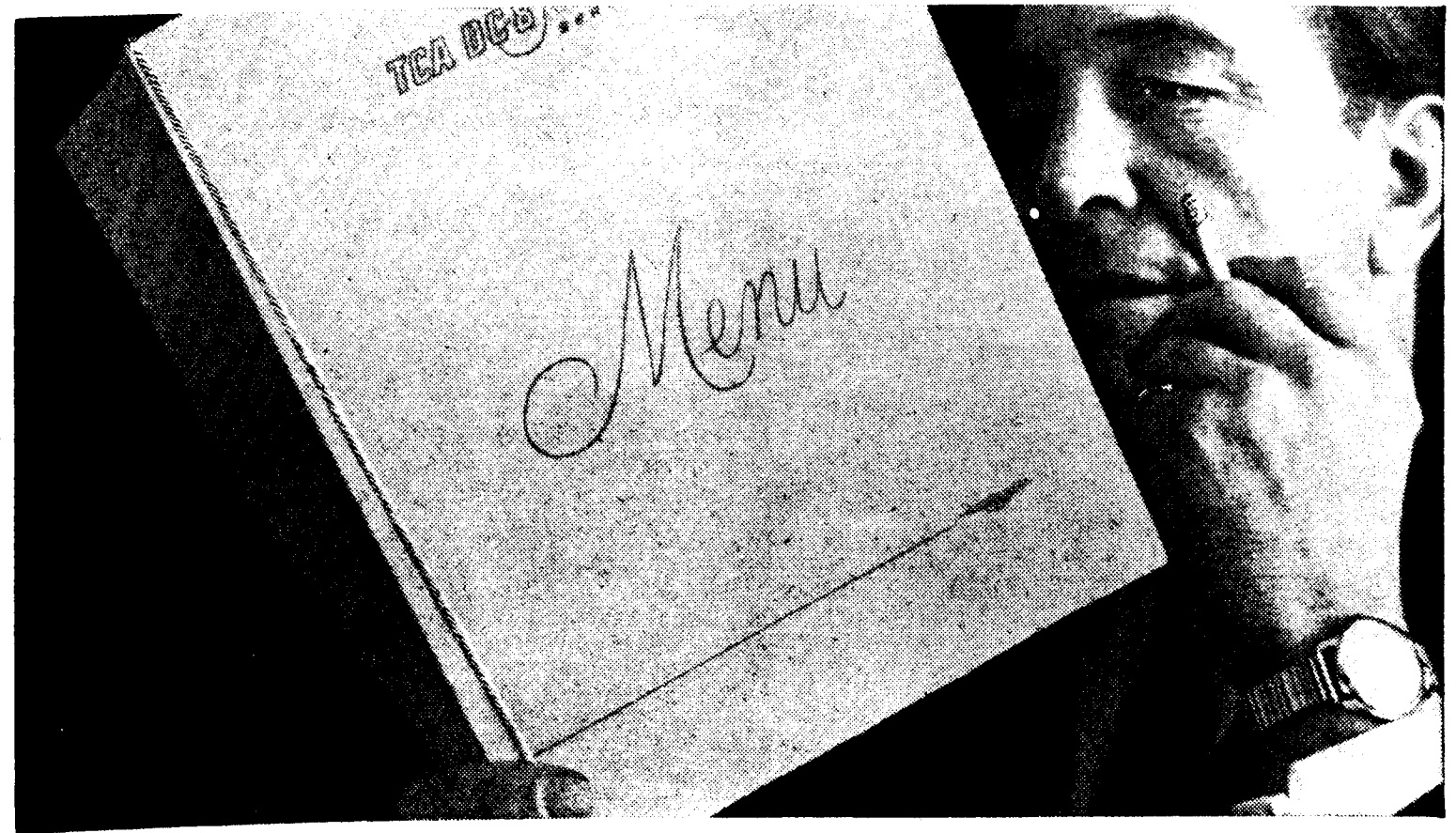
Black Smog

Held up in London by smog, Mr Kenneth Kaunda and Mr Harry Nkumbula barely made it back to Lusaka in time for the second (and final) round of Northern Rhodesia's elections on Monday. Smog, the two African nationalist leaders have found, clings. By Thursday, with all the results declared, it was still hard to see what lay immediately ahead in Northern Rhodesia. The state of parties now is: Sir Roy Welensky's United Federal party, 16 seats; Mr Kaunda's United National Independence party, 14 seats; Mr Nkumbula's African National Congress, 7 seats. According to popular vote, the clear victor is overwhelmingly Mr Kaunda's Unip; this may or may not be reflected in the new government that leads the legislative council when it opens on January 8th.

There are two complicating factors. The first has been shrouded in the foggiest mystery of all: a series of talks beginning in London on Monday; between the British minister for central Africa, Mr Butler, and three ministers in the Rhodesian federal cabinet sent by Sir Roy Welensky. Such emissaries from Sir Roy have affected Northern Rhodesian events in the past; the hope must be that this time they were designed merely to impress the Southern Rhodesian electorate (due to vote this Friday) and to bargain about the secession of Nyasaland from the federation.

The second factor is Mr Tshombe, of Katanga. The original Nkumbula-Kaunda rapprochement (on which hopes for a lasting Unip-ANC coalition are based) was

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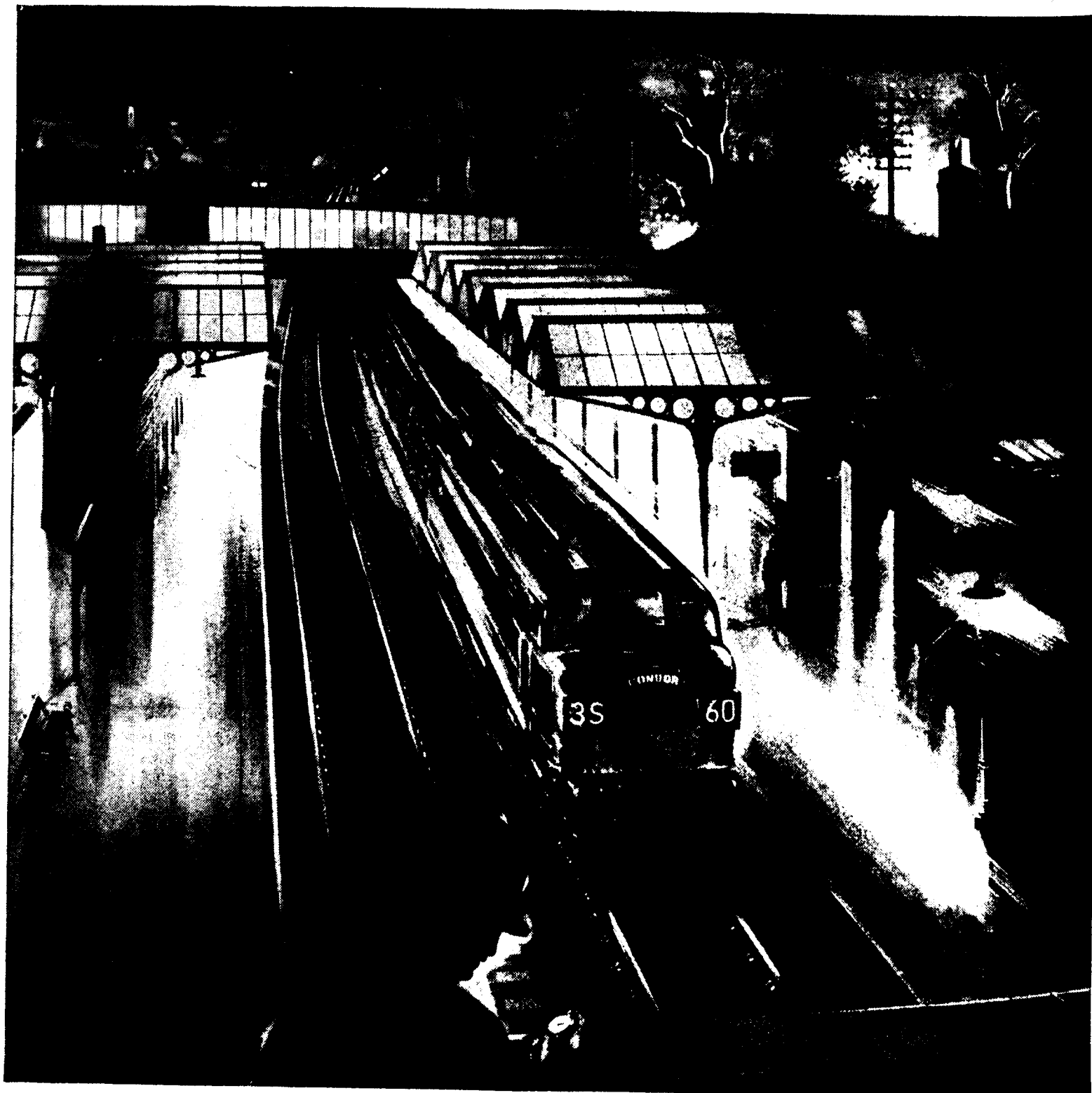
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encouraged by Mr Tshombe in the hope of winning African friends; if he now assesses his strategic situation differently the Katangan leader might press Mr Nkumbula (who relies on Mr Tshombe for much of his funds) to switch sides yet again. New light on Mr Tshombe's strategic situation came on Monday, when Mr Robert Gardiner, the chief United Nations representative in the Congo, warned Mr Tshombe that the UN intends to carry out the resolutions that call for the removal of mercenaries from Katanga and for the reunification of the Congo. The signs were that this time the UN meant business; more Swedish jets arrived to reinforce the UN in the Congo on December 11th. U Thant was reported this week to be writing to Britain, the United States, Belgium and west Germany, asking for co-operation in imposing economic sanctions on Katanga. Mr Adoula, the prime minister of the Congo, wrote on Wednesday asking 17 countries to put an immediate embargo on all copper and cobalt exports from Katanga. In contrast, a group of Tory MPs has tabled a motion in the Commons asking, in effect, that the government do its best to obstruct attempts to enforce the unification of the Congo; and Sir Roy Welensky has said that, if the attempt is made, there will be war in Katanga.

MOROCCO

Himself Surprised

KING HASSAN II has emerged from Morocco's constitutional referendum on December 7th with a victory beyond his greatest expectations. In spite of the boycott declared by the opposition, the Union Nationale des Forces Populaires (UNFP), 85 per cent of the electorate went to the polls; and, of these, 96 per cent approved the king's constitution. Even General de Gaulle never romped home as merrily.

In the countryside massive support for the royal constitution was expected. But how came it that in the towns, and above all in Casablanca, stronghold of the UNFP and its powerful ally, the Union Marocaine du Travail, the king also swept the board? The UNFP's campaign for abstention was, admittedly, rather cramped when many of its agents were arrested for allegedly threatening the peace. But the hope that these arrests, duly publicised, would strengthen the boycott were totally dashed. The truth is that the government's propaganda was as brilliant as the UNFP's tame plea for abstention was psychologically inept. Yet the opposition's leaders had no real alternative. Against the foregone conclusion that the king would win a majority, they could not do battle with a "no" vote, because this would have meant self-ejection from their country's new constitutional life. As it is, the UNFP is now at liberty to decide whether or not to take part in the elections for parliament to be held in six months.

The king's huge constitutional victory has greatly enhanced his position and carried

him clear of the danger, predicted by Mr Ben Barka in a letter to *The Economist* last week, of appearing to support a "yes" party against a "no" party. The "no" vote in the referendum was too trifling to be considered. Yet Morocco's political life contains an unhealthy vacuum so long as the opposition is not welded into it. The UNFP publishes the newspapers that have most readers, and upholds the most purposeful trade unions. If it does not find honour in its own country it is liable to become the instrument of anti-monarchist sentiment in Algeria and Egypt. It may be significant that President Nasser has cancelled an expected visit to Rabat; and arrangements for a meeting of the Casablanca powers at Marrakesh next week have collapsed.

DEPORTATIONS

Finnegan Innegan?

LORD Chief Justice Parker's quashing of two recommendations to the Home Secretary to deport Commonwealth citizens—one an Irishman sentenced to 18 months' imprisonment for larceny and breach of binding-over, the other a Jamaican gaoled for 12 months as an incorrigible rogue—draws fresh attention to what Lord Parker mildly called "teething troubles" in the implementation of the Immigrants Act. The second of these cases is of particular interest to those who suspect that magistrates and judges sometimes make insufficient effort to discover an offender's status when they see a crook has a black face: the Jamaican has lived continuously in Britain since June, 1957, and was therefore even at its inception outside the powers of the Act, under which only those offenders with less than five years' residence in Britain are subject to deportation. Yet the London sessions, without inviting evidence from the man on this point, recommended his deportation. The Irishman's case was at least equally disturbing. No reference appeared in the transcript of his trial to a recommendation to deport (and it must therefore be presumed that no reference was in fact made during the proceedings); but such a recommendation had been endorsed on the indictment. Quite apart from the fact that, according to the Lord Chief Justice, there was no case for deportation (the man had committed an offence only after he became temporarily unemployed), it should not need the Appeal Court to point out that such recommendations ought to be made, if made at all, in open court.

Of importance to immigrants (and their judges and prosecutors) is the ruling of the Lord Chief Justice during this hearing: recommendations should not be made, he said, as part of or in lieu of the sentence normally appropriate to the offence—they are quite separate from, and in addition to, what native Britons might expect in the same circumstances. This is less harsh than it sounds since it means that a rightfully convicted criminal who feels he has been

unfairly treated by being recommended for deportation can appeal against the recommendation alone without reference to the rest of his sentence—possibly with more hope of success than his appeal against a sentence as a whole. It is to be hoped that this provision will become widely known among the vulnerable immigrants no less than among their judges, who will also no doubt remember in future to find out from the offender whether he qualifies at all for this penalty.

CHILDREN'S BILL

Age of Responsibility

BY one vote the Government was defeated in the House of Lords this week on a crucial issue in the Children's Bill. Lady Wootton proposed that the age of criminal responsibility should be raised from eight to twelve. In so doing she was accepting the age proposed by the Ingleby committee, on whose report much of the new bill is based. But there is an important difference between what she considers should happen to children under twelve who commit an offence and what the Ingleby committee proposed should happen. If the Government gracefully accepts the amendment, as it would be well advised to, it will still have to decide this question.

At present, there are three procedures under which a child may be brought before a juvenile court. At any age he may be brought as in need of "care or protection," which means that his parents are neglecting him and that he is consequently exposed to moral danger. Also at any age his parents may bring him to court as "beyond control." Or, if he is over eight, he may be charged with an offence. Under all three procedures, if the court is satisfied that the allegations are true, the ultimate sanction is removal of the child from parental care. The Ingleby committee recommended that, together with a higher age of criminal responsibility, the two non-criminal procedures should be amalgamated. Thus, under the age of twelve, children could be brought to court only as in need of "care or discipline," and the court would have additional methods, like training in an attendance centre, of dealing with them.

Lady Wootton, on the other hand, and a great many other people, would prefer to see all these "care or control" (as the new bill calls them) cases taken out of the courts' hands altogether and dealt with through the welfare services, particularly the education service. The argument is that appearance before a court positively harms a child, even if he is not charged with an offence; middle-class children who steal—unlike many working class children—are mainly dealt with by their parents or their schools. On the other hand, there is a lot to be said for a non-expert body like a juvenile court having to be satisfied that allegations are true before such a drastic step as the removal of a child from his home is taken.

It is not easy to say which course would be better for the child, and one can sympathise with the Government's complaint that just to accept the Wootton amendment in principle leaves a whole lot wide open. But it has only itself to blame for not having raised the age of criminal responsibility itself, and decided what new machinery would consequently be needed for dealing with naughty ten-year-olds, before the bill was introduced.

ARGENTINA

Sick Man of America

SEÑOR ALSOGARAY, Argentina's high priest of austerity and financial restraint, has twice been called in to preach his message, and twice been thrown out for doing just that. The first time was in April, 1961, when President Frondizi bought time for himself by jettisoning a minister of economics even more unpopular than himself. When Dr Frondizi was deposed a year later, Sr Alsogaray was brought back by the army as the one man who might be able to scoop the country out of its economic mess. But no section of Argentine society could bring itself to believe that the self-sacrifice the minister was calling for should apply to it.



Preacher without honour

Labour, management and the farmers were united against him; their chance to throw him out came when Sr Alsogaray lost his reputation for political detachment by becoming involved in the perennial squabbles of the armed forces. On December 4th he was forced to resign, and a large chunk of the cabinet left with him.

The question now is whether the caretaker civilians, under President Guido, and their military overlords will be able to lead the country to the general election promised for June. A new electoral formula will effectively exclude the Peronistas and communists; on the other hand, the adoption of proportional representation means that no one party will be able to win unless it allies itself with another or, as in February, 1958, makes some kind of pact with the Peronistas. The division within the armed services over whether even the most antiseptic sort of election is desirable was underlined by the air force revolt on Tuesday. The military intrigues that shook the country in September resulted in the pro-election faction in the army coming out on top. But a powerful army group, and most of the air force and naval officers, are "democratic," which, in Argentina's looking-glass language, means that they favour military rule.

Another of Argentina's special words is "intransigent" which, as applied to Dr

NOTES OF THE WEEK

Frondizi's political party, the Intransigent Radicals, has come to mean particularly pliable. A succession of army games and political manoeuvres has gone far to destroy any faith the Argentinians might have had in their leaders. Now, as the debts rise, it is every man for himself, and the call for self-sacrifice drops on deaf ears. The total lack of national self-confidence that paralyses Argentina is not a disease that could have been cured by Sr Alsogaray's stark arithmetic; the danger is that, with the preacher out of the way, it may be easier for Argentina's more ambitious generals to use their country's disillusion for their private and inglorious plans.

CZECHOSLOVAKIA

Mr Novotny Ploughs on

As with all other recent Communist party congresses, the Czechoslovak gathering, which ended on December 8th, tended to be dominated by the quarrel between Moscow and Peking. Mr Novotny emerged (rather inappropriately, one would think, for him) as frankly and unequivocally anti-Chinese; perhaps he was swept along by the increasing momentum of the Chinese-Soviet quarrel and thought it prudent not to resist.

In domestic policies, however, Mr Novotny showed pretty clearly that he will resist as much as he can any pressure to move in a more liberal direction. In contrast to Mr Kadar's frank acceptance of the fact that the Hungarian communists were in a minority and must make use of the talents of non-party people, Mr Novotny declared that "we must resolutely oppose a non-political attitude to the needs of society." In spite of the rumours current in the West last summer that his position was getting shaky, he has not found it necessary to make any significant changes in the predominantly stalinist top party leadership, although more may be heard later of the two new members of the praesidium.

There was a certain amount of ritual head-shaking over the excesses of the personality cult; and Mr Novotny announced that more than thirty persons had been rehabilitated. He added that all other political trials during the 1949-54 period would be reviewed and a report issued within four months. But any timid speculation that this might lead to the rehabilitation of Rudolf Slansky was firmly squashed by Mr Hendrych (who had himself been associated with Slansky) when he declared that "nothing needs to be changed with regard to the guilt of Slansky and certain others." Nothing either apparently needs to be changed with regard to the guilt of Mr Barak who last April was sentenced to fifteen years' imprisonment for alleged currency offences. Mr Barak, who was believed to be Mr Novotny's chief rival, is now accused by his enemy of protecting guilty persons, when he was chairman of the commission reviewing political trials between 1955 and 1957, in order to strengthen his own position. For Mr Novotny to use his fallen rival so freely as a scapegoat may prove wise, or foolish.

CENSORSHIP

Roundheads and Squares?

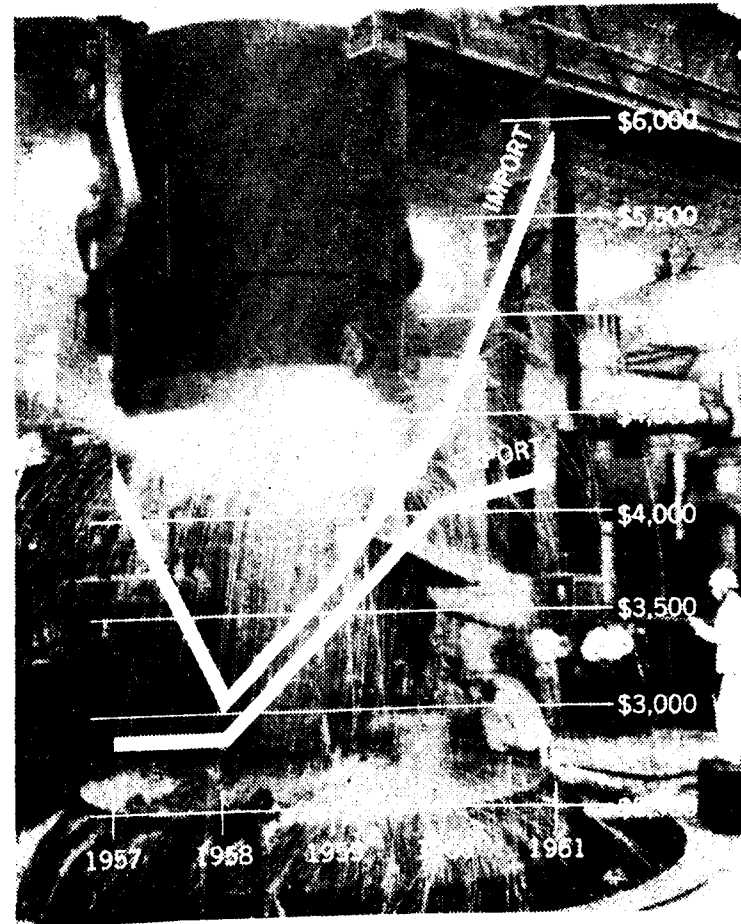
THAT dreadful silliness in the British character which, masquerading as good taste and moral rectitude, attempts to re-introduce the regulation of our intake of literary, dramatic and artistic roughage is, apparently, rising hideously from the subconscious again. The Joint Censorship Committee of the poster advertising industry (made up of the British and London Poster Advertising Associations, the British Transport Commission, the Solus Outdoor Advertising Association and the Theatres National Committee) has just banned three posters from its sites. One of them advertised a vitriolic *Sunday Citizen* feature attacking Dr Adenauer's Germany; it was said that it would offend the susceptibilities of Germans. The other two were



Sunday symbol

Ministry of Health posters warning cigarette smokers of the risks of lung cancer; it was said that these "exaggerated" their claims. The answer to the second ban is that few people will believe that the Ministry's warning was any more exaggerated than the claims of tobacco manufacturers to satisfy (what?) or those of barbers to cure baldness, which the committee finds unobjectionable. The answer to the first ban is that in an adult democracy it should be axiomatic that, short of libel, obscenity, blasphemy and sedition, anyone may say and publish whatever political view he pleases, without regard to public space-sellers lacking even a commercial excuse for their excesses—nobody is going to stop using the underground or the roads because he doesn't like the advertisements.

Cromwellian stirrings have also been evident in some Conservative MPs' attitude to satirical attacks on the Government and its works by the BBC programme "That was the week that was," in the last edition of which the Prime Minister was lampooned, cardinals made affectionate fun of, the new censor of plays nearly physically assaulted, fly-buttons mentioned more than once, and many extremely sensible and humane things said about (among others) the unhappy Miss Barbara Fell. The Postmaster General portentously asked for the script. Fortunately, the BBC has a charter, and a director-general of independence.



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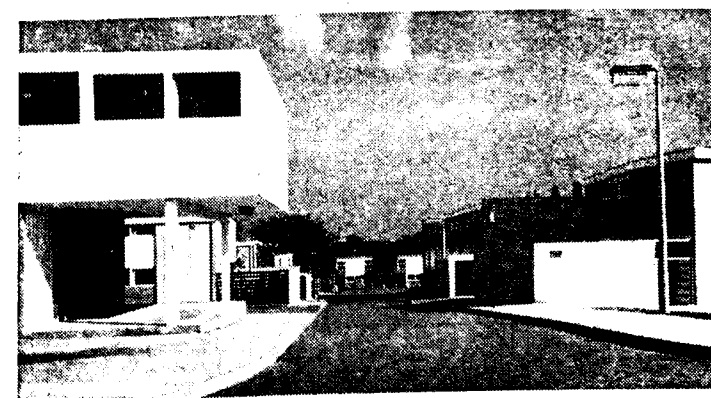
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HOME REPORT

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



New Towns, New Troubles



Weakly Peterlee (top); and booming Newton Aycliffe

FROM A CORRESPONDENT IN DURHAM

COUNTY DURHAM, which has done relatively worse in the present employment slump than any other part of the kingdom, is fortunate in having within its boundaries two new towns. As this paper has not tired of repeating, the best method of regeneration for declining areas is to implant within them—or sufficiently near them to provide a regional stimulus—new points of purposeful economic growth. The ideal type of growth point, free from the backlog of decrepit housing and related social stagnation, is a new town. But Peterlee and Newton Aycliffe are now meeting obstacles to their own growth that spring as much from local ham-fistedness as from the inadequacies of the national policy for regional development.

The trouble about Peterlee is that the growing child has not been getting enough sustenance in the form of new industry. Some feel that instead of continuing to try to build it into an industrial town, it should become an Orpington of the north-east, a commuter town. The trouble about Newton Aycliffe, well supported by industry, is that this growing child is to continue to grow up well beyond the size some consider suitable for a newcomer. It is probably to become twice as big as originally planned, and other centres of population in south Durham, anxious to attract new industries for themselves, regard it as a cuckoo in the nest.

Peterlee (target population 30,000, current population 14,000) was originally intended to be primarily a miners' town, a bold alternative to the squalor of the pit villages. Built on a magnificent site near the sea, it was strategically placed for men to travel to work at nearby pits. While new industries would be needed—

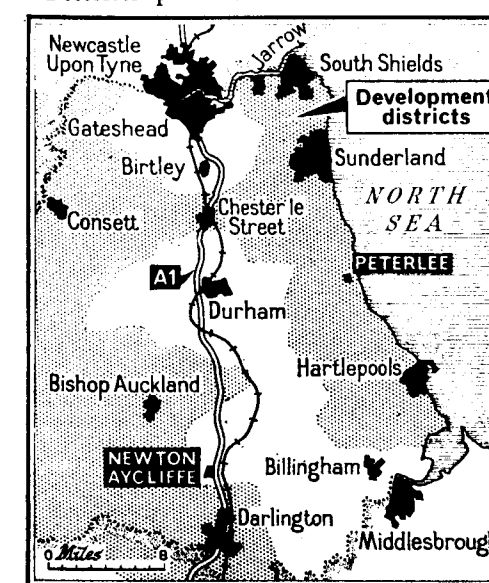
especially to employ women—mining was to be the town's basic supplier of employment. As it happens, the mining industry in Durham is contracting; Peterlee is in one of the areas affected. Now the aim is to step up efforts to get alternative employment and at the same time to make the town the social and commercial centre for the whole area. Critics of this policy, including Mr Roy Gazzard, formerly chief architect to the Development Corporation, point to the failure to attract enough new industries and say that the time has come to decide whether Peterlee should become a commuter town rather than an industrial town. If so, there would have to be a new town plan. Mr A. V. Williams, general manager of Peterlee Development Corporation, does not agree. He says that there is no need to make any fresh decision now, and the town should develop according to plan.

Newton Aycliffe, strategically placed just off the north-east's main traffic artery, the A1, has none of the problems of Peterlee in getting industry. Its trading estate is thriving and it is recognised as one of the most attractive sites to incoming industrialists in the whole region. Many firms now established there would not have moved to Durham at all had the Aycliffe industrial estate not been available. The town population is likely to reach 15,000 in 1964 and the target population was 20,000. Now Durham County Council has proposed a target of 40,000.

With the continued decline in south-west Durham of coal mining, the proposed closure of Darlington railway workshops, and a reduction likely in the labour required at Shildon railway workshops, the council felt that the proved attractiveness of the Aycliffe industrial estate should be put to good use, and this could only come about by increasing the size of the town. This would provide the essential local labour, and allow the creation of shopping and social facilities which would make the town more able to compete for industrial development with the south of England.

The immediate reaction from urban and rural councils in south-west Durham, the area from which the new town draws much of its population, was fierce. They alleged lack of consultation (which seems true), claimed that they had already been robbed of schools and other facilities which had been diverted to the new town, and that its increase in size would have a "devastating" effect on their trade. Most important in new-industry-conscious County Durham, they said it would also affect hopes of their winning new industry to bolster up the declining economy of their own areas. Despite hopes that their opposition had been smoothed down by a meeting with the county council, they remain hostile.

Peterless presents the least tractable of these two problems.



The Gordian answer to its communications difficulties is to build a new road; this would necessarily be somewhat slow, and the funds needed—even now that the government has sensibly decided to discriminate financially in favour of the north-east's road programme—are perhaps required for even more urgent tasks, and notably for improving the Tyne crossings as quickly as possible.

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said the private detective,
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The important thing is to make sure that the original concept of a new town as a place where people both live and work does not become a rigid formula. People who have worked in pits are not used to commuting; transport services are not ideal. But the solution could well be to put new industries where industrialists think they can be run most efficiently—along the main road and railway axis up the centre of the county—and to subsidise (initially) buses for workers from Peterlee. It will remain a better place to live in than almost anywhere in the country.

Newton Aycliffe is simply facing the first penalty of success—jealousy. The county council is dead right to want to increase both its population and its industrial development. Experience in the south of England shows that even 40,000 may be too

small a population to support all the services and entertainments that town-dwellers rightly demand now. The vested interests—and vain hopes—of smaller communities must not be allowed to obstruct the real chance of creating an economic growth point precisely where growth is most economic. By doing this within a new town the shortcomings of the Local Employment Act—which generally provides for subsidisation only where subsidisation is least likely to pay a dividend—are overcome, for the Board of Trade can do its best to help. And those who live in the outlying communities, whatever their initial difficulties as a result of increasing the attractions of Newton Aycliffe for industrialists, shoppers, entertainment seekers and all, could only benefit in the long run from the establishment of a new dynamo within an easy bus-ride.

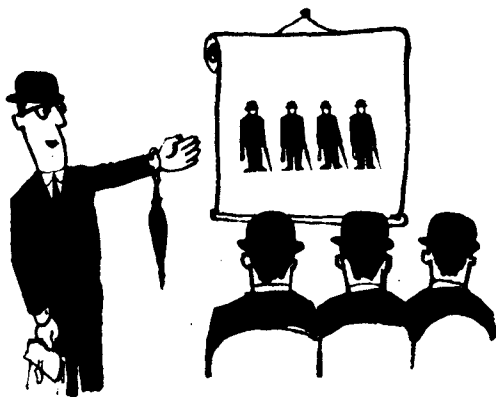
Training the Boss

FROM OUR SPECIAL CORRESPONDENT

THE Ministry of Education's stab at encouraging management training has got off to a useful start. Last year a new Diploma in Management Studies, for students with degree or equivalent qualifications, was introduced: now the advisory council of educationists and representatives of professional bodies that was set up to watch over management training courses, and particularly diploma courses, has issued its first annual report. In 1960-61, the last year of the old diploma scheme, there were about 900 management students at 62 colleges in the United Kingdom: by October this year there were 2,360 students, while the number of colleges offering courses had been reduced to 43. Both the increase in the number of students and the decrease in the number of places where they could study are thoroughly healthy—probably far too many of the courses offered under the old scheme were pretty wishy-washy affairs.

Quality is, of course, the whole point. These are not schemes for training foremen or junior managers (however worthy such courses may be), but post-graduate level education designed to give the arts graduate or, even more important, the scientist with a degree or a degree-level qualification, some theoretical grounding in the skills of management and the understanding of what makes business tick. The vital growth points are the universities—twelve of which are offering management courses, while eight of these give post-graduate courses—and the Colleges of Advanced Technology with their Scottish equivalents. This is why some former diploma-giving institutions have been weeded out, and why the present total of 43 establishments may well have to be reduced in the future.

The main trouble at present is that a mere 176 students were on full-time, sandwich or block-release courses, the rest attending part-time in the day or the evening. The committee rightly argues that the full-time courses are far more valuable (the



diploma can be gained in six months by full-time study, and can take up to three years of part-time work); and it hints that the reluctance of many employers to let their potential managers take time off to study makes it necessary to keep up some courses scattered around the country where people can get to them in the evenings that are well below the necessary standard.

FOR as long as the sub-standard courses continue, and until it becomes possible really to limit entry to courses to people with a degree-level qualification, the suspicion with which management training is often regarded in this country will, sometimes rightly, continue. The council is fairly hopeful here, looking forward to the day

when firms that do not offer proper opportunities for training will be unable to hire the best young men.

But the other bottleneck before this point is reached comes from the shortage of proper teachers. The man qualified to impart management skills probably has them himself, and can command in industry a salary well above that which he can get as an academic; while the initial launching of this national scheme can depend on a few characters who genuinely like teaching and are prepared to forgo the big rewards, any adequate increase in the number of diploma-holders will in the long run depend on paying a full market rate to dons with monetarily valuable skills.

This, of course, opens up one of the sorest of all academic taboos, which inhibits the growth of scientific and technical training as much as it does that of managerial skills. Yet another silly old tradition is exemplified by the need for commentators on this subject to keep on writing "degree-level qualifications" to describe diplomas that, in any sensible country, would be given at least equal status with arts degrees. Management training is not only valuable to the young men who benefit from it and to the firms who then employ them. It can also do its bit to close up the gap—feverishly held open by some reactionary dons—that yawns between the educational institutions and the real life of Britain.

Bristol Guinea Pig

FROM A CORRESPONDENT IN BRISTOL

IF the dead man on the mortuary slab had chronic nephritis, which was probably the cause of his high blood pressure and thence of the cerebral haemorrhage which killed him, what is the doctor to write on the death certificate? According to the World Health Organisation, chronic nephritis is the right answer; and it will seem a sensible one, in this comparatively simple case, to most people. But it is not always so easy: medical methods differ in different countries, and it is quite possible for WHO to be presented with a different cause of death from each of several doctors

concerned in identical deaths. It is not impossible that it is this diffusion of practice, and not only intolerable air pollution, which lies at the bottom of the appalling comparative figures for British deaths from bronchitis—about 30 times the level of most other countries—either because British doctors are too ready to ascribe deaths to this cause or because non-British ones are too reluctant.

Obviously, if any just assessment of worldwide killer diseases is to be arrived at (with a view to tackling them in the correct order of priority), some uniform system of

arriving at the true cause of death must be devised. WHO already has a set of rules, and these have a long history. Every ten years the International Classification of Diseases, as it is called, is revised, the eighth revision being due in 1965. But to have a set of rules is one thing, to ensure uniformity in their application is another. In an attempt to assess just how satisfactory the rules prove in practice a special study is in process in North, South and Central America, and Europe—in the person of Bristol, which has the right population ($\frac{1}{2}$ million) of the right composition (the important age group, for WHO, is from 15 to 74) for comparison with the American cities in which WHO teams will be doing their work. The investigation has other objectives, at least equally important, such as comparing the incidence of the great killer diseases of the present day—cancer

and heart disease in particular—in the several cities where the research is being conducted.

The Bristol team—two doctors, social worker and secretary—began work on November 1st with £12,000 from WHO's Pan-American Sanitary Bureau (although it is apparent that the National—American—Institutes of Health are really putting up the money); they will conduct detailed investigations into the real causes of about a third of the city's deaths during two years, which should keep them intensively occupied: there are about 16 a day. Each case will be taken up after the usual certificate has been passed to the Medical Officer of Health and the Registrar General, who classifies deaths according to WHO's rules; the full medical and social histories of all cases, together with the death certificates, will be collected and sent to assessors in

Washington, who will decide on the correct classification according to WHO.

Bristol, apart from having a statistically manageable population, has another claim to this representation of its fellows: it is believed to comply accurately with WHO rules (which are interpreted independently by its MoH and the Registrar General); it is also a frequent user of autopsy as a means of checking its diagnosis of the causes of death in hospitals (just over half the total). Naturally it cannot epitomise the workings of innumerable doctors and medical authorities throughout Britain, let alone Europe; but its part is an important preliminary one in what promises to be a long and difficult project in which, to achieve any sort of result on an international scale, a tremendous amount of work will have to be done by local agencies of this kind.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Splitting Nato's Atoms

SIR—In your article of December 8th you state that "the total defence budgets of the six common market countries plus Britain add up to rather less than the \$15 billion that the United States is spending this year on its nuclear armoury alone." But the Americans are trying to build up a second strike counterforce capability; they have on order 1,600 or 1,700 ICBMs. Western Europe will not want more than a minimum deterrent (or a catalytic trigger). The United Kingdom alone already owns enough nuclear bombs and warheads for this purpose, and means of delivery are certainly not beyond western Europe's technical or economic resources. Between 1954 and 1960 less than 1 per cent of the increase in the output of the six went on defence expenditure. If their combined national product rises only at about \$10 billion a year—which is slower than it has been rising—the devotion of 20 per cent of this increase to defence would double defence spending in five years. Moreover, at present only 3 per cent of expenditure on armaments procurement in the alliance goes on items jointly produced. Any kind of common defence policy would allow very considerable saving in armaments expenditure.

Strategically, western European and American interests do not exactly coincide. Europeans know that ultimately, in the case of a war starting over, say, Berlin, it will be to the advantage of the Americans and the Russians to keep that war limited to Europe. American policy on this is spelled out clearly in Mr McNamara's Ann Arbor speech. Graduated deterrence in war could mean that after the devastation of, say, War-

saw and London and all places between, all-out war could still be considered "deterred": Moscow and Washington might still be spared and peace between the two great powers could be arranged across Europe's radio-active corpse. Therefore Europeans must have a finger on the trigger of a strategic weapons system so as to prevent Russia and the US calculating in terms that designate Warsaw and London as non-ultimate targets. They must have the capability of declaring the point beyond which war is all-out—and "detering" that. Europe wishes the ladder of deterrence kept short and steep, with few rungs. The Americans wish to keep it long and low, with many.

A minimum deterrent or catalytic trigger is well within Europe's resources; and it is difficult to see what else can work in the predicament the alliance is in. Except of course disarmament. Foreign Office please note.—Yours faithfully,

WAYLAND YOUNG
London, W2 ELIZABETH YOUNG

Lords and Commons

SIR—You are quite wrong in saying "the return of Lord Hailsham to the Commons would be of no importance for succession to the leadership, since he would be unacceptable to the parliamentary party, however popular he is in the country." That simply is not true! There is no question at this moment of replacing Mr Macmillan as leader. No other person has the slightest chance of leading the party to victory; but when Mr Macmillan decides to retire, I

am convinced the majority of the parliamentary party would gladly accept either Lord Hailsham or Lord Home as leader. There is no opposition to either. What is needed now and urgently is a new Chairman, and for this post Lord Hailsham would have the overwhelming support of both the parliamentary party and the country. He would also give added moral purpose to the party.—Yours faithfully,

CYRIL OSBORNE

Anatomy of Unemployment

SIR—You omit an important population factor in your analysis: "Healthy local societies" cannot continue to exist where one school-leaver out of three has to look for a job outside his area of origin, as is happening in Berwickshire, or when their population is dropping by ten per cent between censuses, as is the case in most of the lower Tweed valley. These facts mask a situation in which unemployment is statistically below the national average, and well below the figures for the two Ministry of Labour Regions concerned (Scotland and Northern England), and which seems, there-

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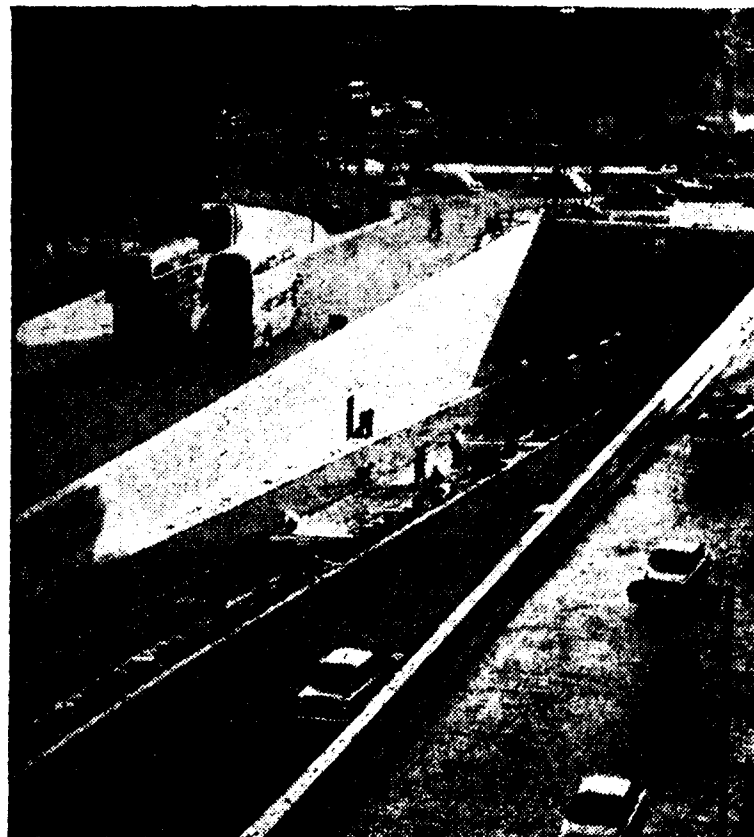
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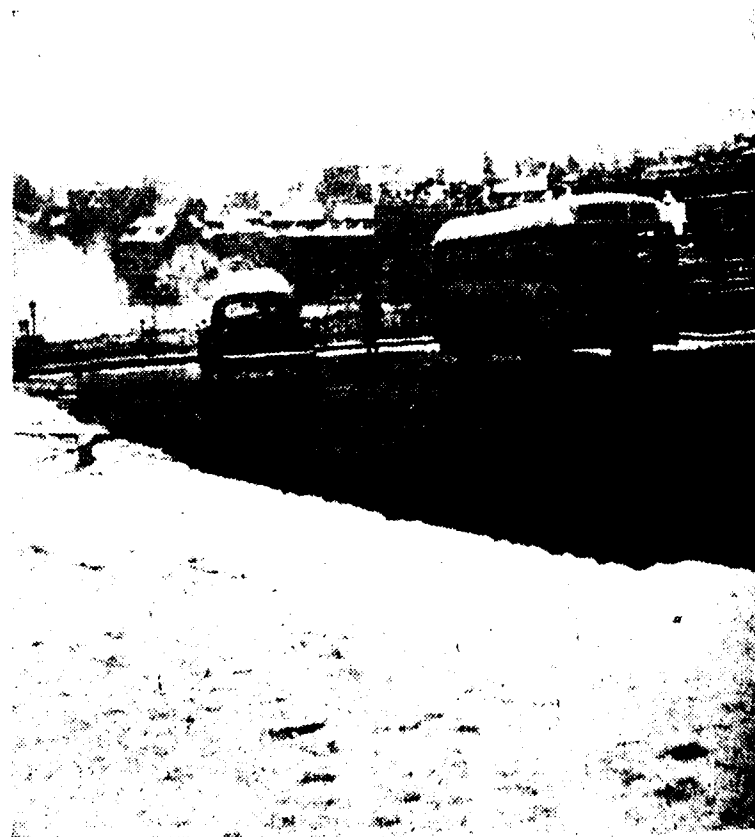
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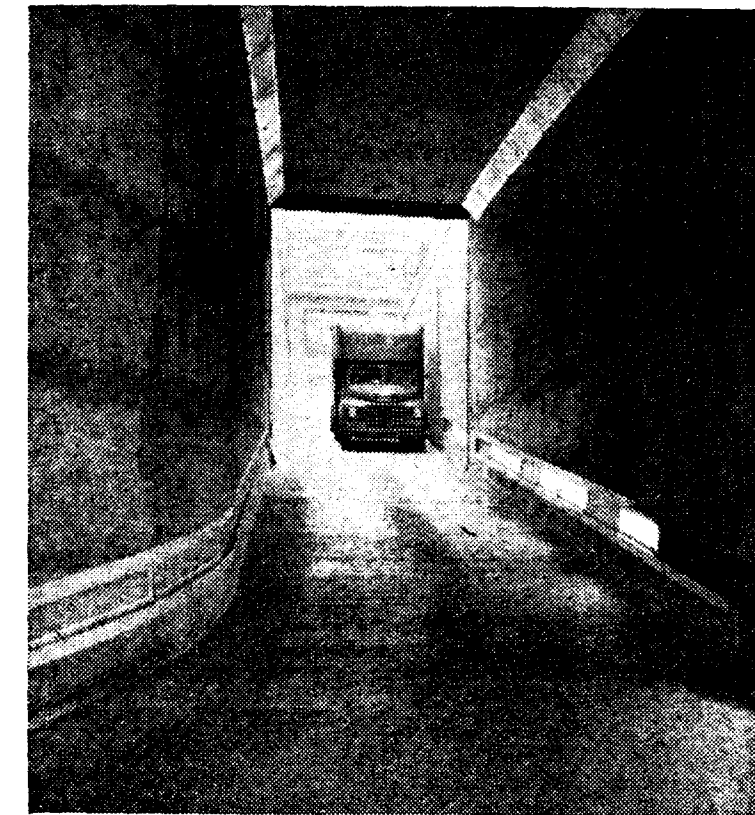
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fore, comparatively good. In fact, it is extremely serious. As important as a new look for the traditional industrial areas is the expansion of industry in suitable underdeveloped areas. Comparatively small enterprises can have a remarkable effect in halting the flow of young and middle-aged people into the already overburdened places. The flow might even be reversed.—Yours faithfully,

T. D. THOMSON,
Hon. Secretary,

The Eastern Border Development
Association.

Coldingham, Berwickshire

SIR—One of the better methods of rapidly easing the hardship of unemployment would be to increase the amounts payable under Unemployment Benefit and National Assistance, thus increasing incomes in depressed areas rather than primarily in prosperous areas, as some more general relief—such as the reduction of the income tax rate—might

do. Most of the increased benefit would be spent on food and clothing, and its multiplier effect would not extend to the demand for consumer durables, but be localised where it is most needed.—Yours faithfully,
Sutton, Surrey A. J. D. FERGUSON

Elizabetha

SIR—Every local community in the country is deprived of freedom of action by Whitehall over-centralisation. Is it really necessary for the Ministry of Transport to decide on every HALT and every SLOW sign on the country's roads? Or for the Ministry of Housing to act as a court of appeal for county councils' planning decisions? Or for cases of police roughness to be brought to the notice of Westminster MPs instead of local councillors? The time of both our central legislators and our Whitehall administrators is constantly wasted by this mass of pettifogging detail.

Britain and the Six

An American in Paris writes :

As a neutral observer of the common market talks, and an inveterate reader of the British press, I would like to make a few points that one feels, on the Continent, may be missed in Britain. There are, in particular, three fundamental errors that have dominated British thinking—innocently and understandably—from the very beginning.

The first is that this was a bargain among equals, or even a negotiation in the ordinary sense of the word. It never was and cannot be. It is, and history will see it as, an application by an outsider for membership in a club, which is a very different thing, indeed.

The hypnotic repetition in the British press of phrases like "when the real bargaining begins" betrays a deep misunderstanding. None of the Six, including those who most want British entry, have this misunderstanding. There is probably not going to be any final "package deal" in which each side makes concessions. It is not that kind of negotiation. It is not even a bargain.

The second error is the assumption that British membership must fundamentally change the common market and thus, obviously, that some of the rules (and certainly some of the tariffs) should be changed. It is disclosing no secret to say that Mr Heath hoped at the beginning for such wildly impractical and impossible things as association for India and Pakistan, to say nothing of such publicised follies as the (now abandoned) requests for "comparable outlets" for the farm products of Australia, New Zealand and Canada.

To Mr Heath's credit, he has consis-

tently retreated from his initial follies. It might be a better world if these things should come to pass, but that is not the point—at least not the point in these "negotiations." The common market does not exist to create a better world, though it hopes that it can make some contribution in that direction. It exists like all clubs exist, for the betterment of its members. And like all clubs it is reluctant to change its rules for a new member, especially if the changes might upset the present members.

The third mistake is the obsessive concentration on the role of France. Some things are clear: France has by far the brightest negotiators, as a group, and the clearest perception of the principles and consequences of any issue; the French have no great enthusiasm for British entry (though they are resigned to it); and the French have an economic interest in preserving most of the rules unchanged.

But it is silly to overlook how much support the French have got. History will have to note that the Six, on issue after issue, presented a united front. Even such a pro-British, and brilliant, man as Signor Colombo of Italy has in most instances seen no alternative to sticking by the rules. The "Germans" (one puts it in inverted commas because there is no "German" policy) have been in the same position. And so have the Dutch and Belgians.

If it is true that British thinking has been on an unreal wavelength, it is also true that there is no eleventh commandment that says Britain must join the club. In any case, it might prevent needless bitterness if the applicant stopped deceiving itself about what was involved.

In building a brand new capital on Marston Moor, therefore, let us also imitate the USA, Canada, Australia, Brazil *et al* by making this national capital a federal capital, where only those government functions are centralised which need to be exercised on an insular level if they are to be exercised at all. Counties should be given full freedom of decision without Crown interference in local matters, while regional planning and considerable regional legislative powers in economic matters should be given to a new tier of "provinces" or "states" with capitals in London, Bristol, Cardiff, Birmingham, Manchester, York, Norwich and Edinburgh, complete with administrations and parliaments of their own.

Such a drastic slimming exercise for the central government before it moves to Marston Moor might appear to reduce the employment benefits that the North-East would hope to gain from this move. But Yorkshire's loss would be every other region's gain.—Yours faithfully,
Altrincham, F. E. LAMOND
Cheshire

SIR—Chances are that your suggestion for the removal of state administration from London to Elizabetha will accelerate the drift of senior civil servants into private industry.—Yours faithfully,
London, W1 GEORGE A. FLORIS

SIR—A copy of your stimulating article should be sent immediately to every MP and senior civil servant.—Yours faithfully,
London, SW15 J. T. GODDARD

SIR—Should not *The Economist* show the lead to government by setting up its own camp on the Yorkshire moors? NOVA ECONOMICA, perhaps?—Yours faithfully,
Leicester JONATHAN WILSHIRE

SIR—Not a 350,000 population, but 350,003½. You forget Professor Parkinson and his family.—Yours faithfully,
London, N6 J. A. BARNETT

POINTS

MR GOODHART (November 24th) is slightly confusing about guarantees and the Moloney proposals. It is true that (depending on the wording and who gives it) a "guarantee" may be ineffective to deprive a purchaser of his Sale of Goods Act rights. But what matters is that he may be asked to give them up in his contract with the seller (and this will be effective: Sale of Goods Act S.55). This may happen and usually does in the order form he is given to sign when he orders a car: and he will be expected to believe that the "guarantee" from the manufacturers is all he can hope for. It is—he shouldn't have signed the form. KEITH WEDMORE, West Byfleet, Surrey.

BOOKS

Economics in the Red

The Political Economy of Communism

By P. J. D. Wiles.

Blackwell. 419 pages. 42s.

COMMUNIST discussions of economic problems are largely incomprehensible even to those Western economists who can read the right languages and know a little about Marxism, let alone to most people. How many people, for instance, can give a coherent account of the differences between Stalin and the Yugoslavs concerning the nature of full communism? How many, to take another example, understand what discussions of the role of "the law of value" under socialism are really about? Communists have their own terminology and their own blind spots, and we can only get at the essence of their arguments by understanding these and by considering them against a background of institutional knowledge of the communist countries.

A large part of Professor Wiles's new book is devoted to explaining communist discussions. He does not start from scratch, however, for the reader is explicitly required to know some Marxist theory and to have acquired a good deal of knowledge about the economic organisation and history of communist countries. Thus this is most definitely not a book for the general reader, except here and there, and even the sovietologist who has a go at it must know a good deal about welfare economics.

One very useful chapter, which comes near the beginning, is about "the peculiarities of Marxist economic thought." Its main point is that Marx developed his system before the marginalist revolution (so that it is devoid of the notion of scarcity) and that to this day Marx's successors have never really understood the problem of choice. Even the analytical aspects of communist economic discussion are therefore entirely macro-economic, concerned with the economy as a whole, and an efficient treatment of problems of resource allocation is therefore almost impossible.

Following this chapter, Professor Wiles launches into a 130 page part on planning and resource allocation. Here he is concerned to show why and how resource allocation in the Russian "command" economy is inefficient, and the intellectual focus shifts from an examination of communist thought to an application of simple welfare economics. Readers who do not understand this (misleadingly titled) branch of economic theory will not get much change out of the argument. Those readers who do, however, will find it fascinating. The chapter on "Pricing in practice" for example, which relates to a stalinist economy, shows how

arbitrary prices distort some production decisions while in other sectors prices perform some of the same functions as in a market economy. Thus most consumer goods prices are set, without reference to costs, to clear the market, though in agriculture prices do have some influence on output and do determine the incomes of *kolchozy*. But the main role of prices is regarded as a macro-economic one and this is a matter of fiscal convenience rather than of resource allocation.

Another extremely interesting chapter deals with the location of production. It is made clear that there is an appalling lack of sensible criteria here, and that Mr Khrushchev's shift from planning on a product basis to planning on a territorial basis is likely to make matters worse. Whatever the explanation of this shift given by Mr Khrushchev, Professor Wiles argues that its main real purpose was to preserve the power of the party against the growing strength of the technocrats.

In Part III of his book Professor Wiles turns to growth. Four of the chapters involve highly technical economics, namely the discussion of index numbers (measuring growth), of the distinction between heavy and light industry (Marxist doctrine), of first and second order investment (investment for further investment versus investment for consumption) and of capital intensity and growth (a popular subject among western economists who write about underdevelopment). The other two chapters in this part are of much wider interest. First comes a curiously unsatisfactory chapter on the clash between efficient allocation and growth. Since communist economies allocate resources badly but grow fast, it is natural to enquire whether or not these are competing ends. The trouble is that Professor Wiles seems to oscillate between the view that they are and the view that they are not. If he had started from the notion of maximising the present value of future consumption, discounted at a social rate of discount, as a "rational" aim he could have launched upon a systematic examination of the extent to which possible improvements in resource allocation of the type discussed in Part II would contribute to this aim. As it is, we are told on page 219 that growth and "the satisfaction of the welfare equations" are competing ends, while on page 327 it is asserted that "growth criteria are of identical type with welfare criteria." The remarks which follow hardly suffice to reconcile the two positions and one is left wishing that some friendly critic had done for Wiles what Wiles is doing for communist discussions.

The other less technical chapter in this

part briskly lists nineteen reasons for the rapid growth of communist economies. The enormous amount of investment is one of them, perhaps the most important, and five rest upon the fact of political dictatorship. Others include the dedication of society to the aim of growth, "socialist morality" and the continuous interest of the government in the tiniest details of economic efficiency. To illustrate this last point Professor Wiles develops a charming fantasy of Mr Macmillan addressing the workers at Dagenham. After his introductory remarks, the Prime Minister gets down to

the automation of engine assembly, the new sand they are putting in the moulds in the foundry, Brother X, the shop-steward who started the last unofficial strike, the standardisation of windscreen wipers... the peroration, reminding the audience that they have never had it so good, concludes with a repetition of the Party's pledge to double the standard of living in twenty-five years. He is warmly applauded, and next day *The Times* carries it verbatim. Moreover, windscreen wipers are instantly standardised, and there is not another unofficial strike for twelve months.

After all this, Part IV reverts to communist theology and discusses ideas about Full Communism in the proper Marxist sense. This is followed by an unnecessarily lengthy argument about its impossibility: everything can never be free. Lastly, there is an "impertinent attempt" to think about the economic side of non-communist national purpose. Like occasional remarks in other parts of the book, this is neither sovietology nor economic analysis but just Professor Wiles. In a book this long, however, no one can complain of such intrusions. What one can complain about without being unfair is that the book frequently reads like a first draft. After an author has listed things, he may save wear and tear on his typewriter by sentences such as "All models, then, except (iv) and (x) can be RM or FM" but this kind of brevity constitutes only a trivial economy to a publisher and is extremely irritating to all readers. Again, second thoughts ought to result in something rather more thorough than the addition of some extra final paragraphs to a chapter. But these are minor matters in a book that is as stimulating and erudite as this.

Political Warfare

Black Boomerang

By Sefton Delmer.

Secker & Warburg. 320 pages. 25s.

HARD on the heels of "Trail Sinister" comes the second volume of Mr Delmer's autobiography. The two volumes have been published as one in Germany under the engaging title *Die Deutschen und ich* ("The Germans and I" or—and perhaps more in accord with the author's expansive character—"Me and the Germans").

The Germans have worried Mr Delmer ever since he was a schoolboy among them, and in his turn Mr Delmer has worried the Germans. In "Black Boomerang" he tells

entertainingly of the "black" political warfare which he conducted, with high military patronage, from 1940 until April 1945, mainly from a secret headquarters near Woburn Abbey. His chief aim was simultaneously to inform, misinform, and undermine the morale of both the German armed forces and the German civilian public. One of his secondary targets was the army of foreign workers, whom he advised how to impede the German war effort and encouraged to believe in the day of liberation. Mr Delmer's principal weapon was the powerful *Atlantiksender*, which was later called *Soldatensender Calais*, and, after the allied landings in Normandy, *Soldatensender West*. The operators of this buccaneering station professed to be anti-Nazi German patriots serving with the *Wehrmacht* in occupied Europe. They were in fact mostly refugees from the Third Reich, along with German prisoners of war and deserters from all the major fronts, among them U-boat men, Luftwaffe officers, and even the adjutant of a Waffen-SS divisional commander. The authenticity of their voices and style was reinforced by the uncanny authenticity of the matter contained in the news and talks which they broadcast at regular intervals between a brisk flow of the best swing and jazz. Much of the matter was supplied on a remarkably generous scale by the intelligence services of the British armed forces, whose chiefs appreciated Delmer's imaginative thoroughness and the *Soldatensender's* strategic usefulness.

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BOOKS

ness. The station informed listeners of the true course of the war, obliquely instructed service men how to malingering and desert, and sought to mislead enemy intelligence concerning matters such as the precise whereabouts of the V1 and V2 hits, and the pending allied landings of 1944. It was an ambitious operation, and Mr Delmer provides evidence of some undeniable successes. Yet he has an uneasy feeling that it has become something of a boomerang in that the *Soldatensender's* wartime projection of a patriotic opposition to Hitler is cited nowadays in dubious places to conceal incorrigibly Nazi hearts. But Mr Delmer has always had a melodramatic turn of mind.

The New Diplomacy

Diplomats in International Co-operation: Stepchildren of the Foreign Service

By Michael Cardozo.

Cornell University Press. London: Oxford University Press. 163 pages. 28s.

SINCE 1945 there has been a steady expansion in the subject matter of diplomacy, and men with new skills and interests never discussed by Sir Harold Nicolson have taken their place alongside the traditional diplomats. Mr Cardozo discusses two forms of international co-operation in Europe: the American assistance programme and the European Communities. In tracing the histories of the lend-lease missions, OEEC and Nato, Mr Cardozo stresses the contribution made by a new type of American representative, the expert in finance, agriculture or military affairs with little if any experience in diplomacy. He explains the past difficulties of fitting these men into the more traditional Foreign Service framework. At many embassies, after 1945, the professional diplomats found themselves outnumbered and with little influence on policy. The specialists for their part complained that they were treated as second-class citizens in matters of rank and privilege. It became increasingly difficult to co-ordinate policy either at the embassy level or in Washington.

Steps have been taken to improve this situation. A chain of command has been established. The State Department and Foreign Service were amalgamated in 1954 and a single career service created to include generalists and specialists. Mr Cardozo rightly reports that these reforms have not been an unqualified success. As many of the highest diplomatic posts are still reserved for the traditionally trained diplomat there has been little incentive for the specialist to join the service. Contrary to the hopes of the reformers, the professional diplomats have not been attracted to the newer fields of diplomacy, and few career men have been produced with the varied knowledge or administrative ability needed for senior departmental and embassy positions. Mr Cardozo states the case for the specialists and persuasively argues for the fuller recognition of the "development

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diplomat." In so brief a study, he can only touch on the more general questions which his arguments raise, and he underestimates the impact of the newer forms of co-operation on the traditional diplomat.

In a less satisfactory chapter, he examines the problems which the European supranational communities pose for their European members and for the Americans. He is right to urge that the Americans recognise the importance of picking first-rate people for liaison positions and that assignments to multinational organisations should be up-graded.

Apart from the descriptive material, the author concentrates on the American experience, but much of what he says has wider implications. His book is too short and he touches on too many complex problems that need more intensive study. But he does provide an almost unique introduction to what can rightly be termed the "new diplomacy."

Is Oil Unique?

Oil: The Facts of Life

By P. H. Frankel.

Weidenfeld and Nicolson. 38 pages. 7s. 6d.

The Supply and Price of Natural Gas

By M. A. Adelman.

Blackwell. 116 pages. 30s.*

THESE two short essays are linked by more than their titles might suggest. Dr Frankel's pamphlet is a characteristically trenchant analysis of the immediate circumstances of the world oil market, offering his own conclusions, again characteristic, as to what should be done about it. Most of Professor Adelman's monograph is devoted to natural gas; but the most notable section of it concerns the basic economics of petroleum development (oil as well as gas). And it is here, at a hinge of disagreement, that these two arguments, practical and theoretical, touch one another.

Dr Frankel's solution to the current, unsettling appearance of competition in world markets would be an agreement between consumer governments, companies and producer governments to shut it out again. He wants an "As Is" arrangement for the controlled exploitation of existing reserves and development of new ones. This implies rather than proposes a price stabilisation agreement too, with guarantees from governments at both ends—though Dr Frankel believes that the tactical working out of this arrangement could be left to the international oil companies. Many people in oil, though not all, might like this; but it follows upon several pages of demonstration by the author that all other schemes to control competition, in the past, have sooner or later come unstuck: "chassez le naturel, il revient au galop."

This proposal does not come from any dislike of competition on Dr Frankel's part, but from his long-established conviction

* Published as a supplement to the *Journal of Industrial Economics*; 15s. to subscribers.

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that competition produces ruinous fluctuations, with no self-balancing restraints, in this industry. This is an industry, he feels, in which at any time some producers have an incentive to produce more whatever happens to the price: "the incremental barrel is the cheapest one."

This basic assumption collides with Professor Adelman's. The immediate vicissitudes of the world oil market are not the professor's concern; he would probably hold that these arise from the way that this market is organised and its prices administered, not from any special "natural economics" that are peculiar to oil. He does not believe that oil is a special case, of diminishing marginal cost, among extractive industries; he believes that except in the short run it is an industry of increasing costs like the rest.

Investment in finding and developing any oil field is high (partly because of the randomness of "return" in terms of reserves located for any given amount of drilling) and it is committed early; actual running costs of production are low. So up to a certain point, in the extraction of oil from any given well or reservoir, total unit costs per barrel diminish as production continues. But this, to Professor Adelman, seems a normal economy of capacity utilisation, up to the point where further investment is developing drilling or pressure maintenance is required. As extraction from the oilfield goes on, the point will arise where it will cost more to keep up the rate of flow from it than to bring in new production elsewhere. And this is the normal situation of diminishing return for most extractive industries.

This is the first blunt challenge from an academic economist to the doctrine that oil economics are in some ways unlike those of most other industries; and one would like to see a more direct debate between these two analysts. In terms of short-run policy, or remedies for current difficulties of the industry, there might not be much at odds between their opinions. But it would be of considerable importance to establish whether oil economics are unique, or are not.

Man and the World

Men and Nations

By Louis J. Halle.

Princeton University Press. London: Oxford University Press. 238 pages. 38s.

EVERYTHING that Professor Halle has to say on international affairs is worth reading, and few writers have so successfully matched the experience of the real world of the policy-makers with the discipline of the schools. Perhaps the problem of teaching international relations to the very mixed but highly literate and articulate student body of the Institut Universitaire des Hautes Études Internationales at Geneva rather than in a university in his own United States has emancipated Mr Halle from the

portentous platitudinising that so often seems an inescapable accompaniment of American theorising on his subject. What one regrets is that this original and often moving essay may get a smaller audience than it deserves.

Partly this lies in a faulty presentation of the matter. Mr Halle wishes us to follow a definite line of argument without extraneous diversions, and for this reason he has cut out all but the most essential factual illustrations and references. On the other hand, it is an argument of direct and immediate relevance to our own problems, so the illustrations must be given. What he does is to provide a second part to the book, with sections numbered to correspond with those in the first part, into which this additional material can be fitted. In fact, however, it is hard to appreciate either the cogency of the argument or its limitations without reading both; and this makes for a constant going backwards and forwards between the two parts, which may prove too much for the non-conscientious.

But the substance also may not please everyone. For this is a work of philosophy; and by philosophy Mr Halle means the traditional view, which holds that man and the world have more than mere existence and are related to some outside set of general truths that we may not in our imperfection fully grasp, but whose reality we cannot deny without making critical thinking impossible or creative endeavour pointless. This is, of course, the opposite of the fashionable doctrines that pass for philosophy in much of the English-speaking world—"anti-philosophy" as Professor Halle would call it. It will thus be rejected by those who arrogate to themselves the proud title of philosophers while, for the ordinary labourer in the field, it may seem unnecessary.

And yet, as one follows Professor Halle through his argument, sometimes with unquestioned acceptance, sometimes with the feeling that there are further qualifications and amplifications that need to be made, one cannot help feeling that he does at least present some clues for solving some of the most mysterious and baffling problems of our time—the philosophical basis of genocide for instance. For the distinction between ideas of propriety and factual generalisations which he draws so clearly, and which is so often slurred in ordinary political parlance, is essential if we are to distinguish between the communities, which are the units in international relations, and the feeling and suffering and thinking individuals who are the reality behind them. It is because our thinking on community is so confused that we accept the prison-cage of the nation-state, and with it the inescapable illogicalities and occasional absurdities of the United Nations. The real handicaps on the conduct of foreign policy involved in the existence of more or less democratic institutions is illuminated when we read that "the ignorant live in a world of untested abstractions". And the thought is worth pondering by professors too.

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To attempt to condense a book that has been long in condensation would serve no purpose; it deserves to be read by all those who are prepared to admit that our achievements in fashioning a more rational world order do not look very impressive.

Co-operative Federation

The American Partnership: Intergovernmental Co-operation in the 19th Century United States.

By Daniel J. Elazer.

University of Chicago Press. 374 pages. 52s.

THE question of the nature of federalism has received a new airing as a result of the current debate over Britain and Europe, and it is therefore always worth being reminded that a federal system is something much less simple than one would gather from some of the arguments in vogue. It has been a commonplace, at least since the 1930s, that American federalism, so far from being based upon a careful demarcation of the federal and the state spheres of action, is increasingly based upon a highly complex mechanism through which the two levels of government co-operate. This co-operative federalism is inevitable if the greater resources now available to the Federal Government are to be combined with the greater appreciation of local needs and ability to understand actual local circumstances that make up the practical reasons for the retention of a federal structure.

Professor Elazer, in his rather too long, and occasionally repetitive, book, has made out a convincing case for the argument that this co-operative federalism in the United States is not something new but existed even in the earlier periods of the country's history. He has not attempted to re-write the history of American federalism from this point of view, but rather, by sampling the records of four states—Virginia, New Hampshire, Minnesota and Colorado—to show that in both the first and the second halves of the nineteenth century it was clearly understood that the two levels would co-operate in most of the important fields of domestic government. In the early periods he deals with the two national banks and their relations with the state banks, incidentally throwing a new light on the famous decision in *McCulloch v. Maryland*, and also with the problem of internal improvements. Such treatment also puts into a new focus the contributions to American history of Albert Gallatin and John C. Calhoun. It also shows the importance attached in state politics to relations with Washington, since upon these might depend access to the resources which a state required for its own development.

In the post-1850 period, when both banking and internal improvements—railroads now rather than canals—were largely left to individual entrepreneurs, these aspects of the federal/state relationship became less important. But in such matters

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as the grants for educational and other purposes Professor Elazer sees a perfectly valid precedent for the Federal subventions of the New Deal era.

Lastly, he shows that a system with little central administrative apparatus can nevertheless exercise some control on the expenditure by the states of federally derived funds through detailed acts of Congress subject to interpretation by the courts. In other words, at an early stage of co-operative federalism one has judicial rather than administrative sanctions. There is hardly any aspect, indeed, of the subject which would not be worth thinking about again in the light of Professor Elazer's suggestions, and one must hope that the somewhat awkward presentation of the theme will not deter potential readers.

From Edward to Henry

The Later Middle Ages, 1272-1485.

By George Holmes.

Nelson. 288 pages. 21s.

LIKE other writers in the new Nelson series on the history of England, Dr Holmes concentrates less on the outlines of political history than on the general background of the age he discusses. His book is in two parts, and he divides his period at the year 1361, when the first phase of the Hundred Years War with France came to a close. In both parts he adopts the same plan, beginning each with an examination of the conditions of society and its institutions. He then supplies an outline of the events of the period, to be set against this background, working as far as possible from domestic affairs outwards to relations with the Celtic lands beyond the English borders, and so on to relations with France and other continental powers.

In the first part of the book this plan works with remarkable success. Dr Holmes's account of life in the village and on the manor, and of the connections linking this humble world with the world of the lords and the knights who attended Edward I's parliaments, is vivid and freshly written; and in his chapter on "government" he relates the practice of the day to contemporary political theory in a manner both original and illuminating. His chapters on political history contain some striking character sketches; in particular, his grim, able and unscrupulous Edward I stands out as a much more convincing figure than the "constitutional monarch" many historians have portrayed.

The second half of the period does not lend itself so well to Dr Holmes's treatment. The events are too crowded. It saw at home three usurpations of the throne, the outbreak of the first major English proletarian rising in 1381, and the spread of the first English heretical sect, the Lollards. There is also the story of the long struggle with France, from Henry V's time onwards, to be related. In consequence the author has

BOOKS

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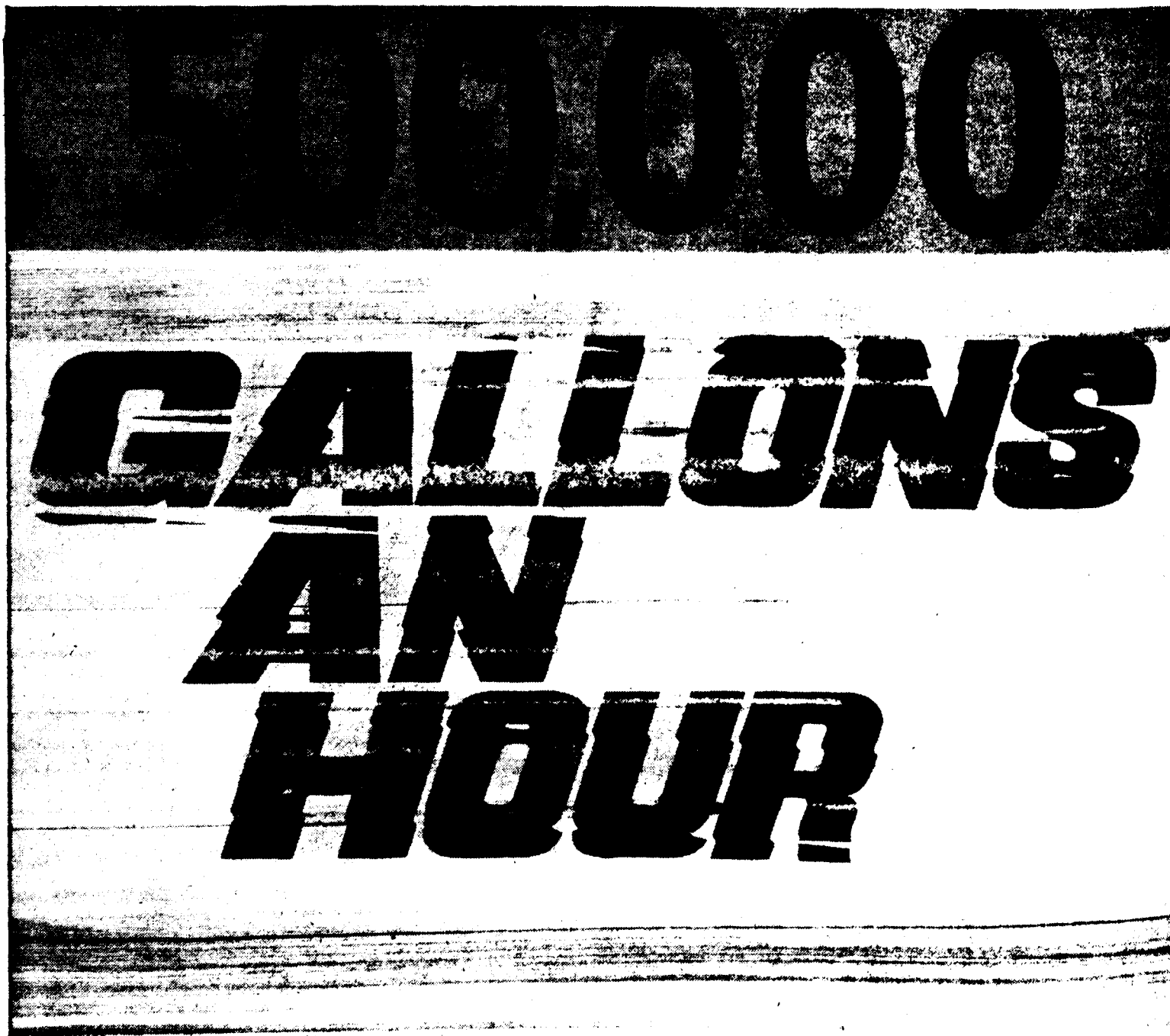
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THE WORLD OVERSEAS

Russia After Cuba

The Khrushchev Version

M^R KHRUSHCHEV provided the budgetary session of the Supreme Soviet on Wednesday afternoon with the climax of a foreign policy oration, his first since the Cuban crisis. Mr Khrushchev's version of that crisis had been fore-shadowed by the Soviet press. The Russian rockets (it runs) were not sent to Cuba for any offensive purpose, but to save Cuba from an American invasion. With missiles on home soil capable of hitting any point on American territory, Russia had no need for such foreign bases. The compromise finally reached is worth while because it has preserved both peace and Cuban independence. Mankind should be grateful, because the world was on the brink of nuclear disaster in October. (Mr Gromyko added on Thursday that peace depended on co-operation and trust between Moscow and Washington.)

When enlarging on his own version, Mr Khrushchev clearly had two kinds of listeners in mind. He pleaded with the Americans to keep their part of the Cuban bargain, so as to avoid incalculable consequences. He warned western politicians, in general, not to draw any lessons of toughness from the Cuban experience; to apply such lessons to Berlin would, in his opinion, be particularly risky. But Mr Khrushchev was thinking at least as much of his communist critics when he proclaimed, time and again, that Cuba was not, and would not be, let down. His forceful reminder that the American "paper tiger" has "nuclear teeth" was obviously meant for Chinese ears.

Now that *Pravda* has published the speeches of Signor Togliatti and the Czech president, Mr Novotny, which mention China by name, the Russians can no longer have illusions about the voice that speaks through the Albanian dummy. Mr Khrushchev was equally outspoken in his speech; he compared Albanians to the little boys in Donbas who were given a few kopecks by hoodlums to repeat dirty words in front of their mothers. But when he addressed the Chinese by name, the Soviet leader was carefully moderate. He damned them with faint praise for not invading Macao and Hong-kong until the moment is ripe, and even for withdrawing in the Himalayas. He quoted these examples to show that realism should not be confused with betrayal of principles. Mr Khrushchev reserved his most violent abuse, however, for unnamed dogmatists, Trotskyites and other ultra-left characters.

Not by coincidence, he coupled his attacks on Chinese dogmatists with praise for the Yugoslavs who, despite "certain differences," should be treated as members of the socialist family. When, in the past, Mr Khrushchev urged communists to take the middle road between the twin evils of dogmatism and revisionism, the emphasis was on the second heresy. Now, Yugoslav revisionism is hardly a sin. (On Thursday Marshal Tito got plenty of applause when he unexpectedly addressed the Supreme Soviet.) With his version of peaceful coexistence gradually reduced to a doctrine of communism in a single block, Mr Khrushchev brands his communist critics as Trotskyites. But the Chinese refuse to budge. They are demanding—Mr Novotny has now confirmed it—that yet

another world communist conference should be summoned. The Cuban affair, with its contradictions between peaceful coexistence and revolutionary action, has precipitated the biggest crisis so far within the world communist movement.

The Accounts

THE full political consequences of the Cuban settlement cannot yet be assessed. It is still too early to decide whether Mr Khrushchev's Caribbean concessions will lead to a broader compromise with the West and whether this, in turn, will bring about an open schism between the Soviet and Chinese wings of the world communist movement. Mr Khrushchev may now consider that the advantages of a compromise with Washington are sufficient to run the tremendous political risk of a real split with Peking. But whatever his vision of the political future, it has not been reflected in the economic picture for 1963 that was sketched out this week in Moscow before the Supreme Soviet. For the Russians, 1963 looks like yet another year of very armed coexistence.

In the budget for 1963 presented by Mr Garbuzov, the minister of finance, the defence estimates are put at 13.9 billion roubles, compared with 13.4 billion in 1962. The increase is not in itself significant; and since total budgetary expenditure is expected to rise from 80.3 to 86.1 billion roubles, the actual share of defence should drop slightly (from 16.7 to 16.1 per cent). But—quite apart from the well-known argument that not all defence expenditure figures under that item in the Soviet budget—the comparison with last year does not go quite far enough. After Stalin's death, the burden of defence was gradually reduced and, by 1961, defence should have accounted for only 12 per cent of budgetary expenditure. But in the summer of that year, at the height of the Berlin crisis, Mr Khrushchev made the spectacular announcement that, in view of the international situation, the Soviet defence effort

must be stepped up by a third. It is clear that, despite the Berlin truce and the Cuban settlement, Mr Khrushchev has not—or not yet—decided that this exceptional effort can in any way be relaxed.



Top planner: Mr Dymshyts

With no saving on arms, the planners had to fiddle with other budgetary items, relying on the regular growth of the national product. The investment and production plans for 1963 outlined by Mr Dymshyts, the head of the new Soviet of the National Economy, fit into the expected pattern. The trend towards a structural modernisation of Soviet industry goes on. While steel output is scheduled to reach 80 million tons next year, it is in branches such as electronics and, particularly, chemicals that progress is to be fastest and the jumps in investment biggest. Modernisation continues, too, in the field

of fuel. With an expected oil production of 205 million tons, petroleum and natural gas should account for 48 per cent of the Soviet fuel balance next year, compared with less than 32 per cent in 1958.

The biggest question marks concerned food production and other branches affecting the consumer. The planners have managed to scrape the barrel and raise the budgetary allocation for agriculture by 18 per cent to 4.1 billion roubles. Higher procurement prices should also facilitate self-financing on the farms. Supplies of machinery and fertilisers to the countryside are to be stepped up considerably. Yet it is doubtful whether the effort will be sufficient to accomplish the breakthrough in agriculture that Mr Khrushchev needs, not only to keep up in his famous "race" with the United States, but also to provide a healthier basis for economic growth at home.

Doubts may be cast as well on other items of interest to the Russian consumer. The housing target of 91 million square metres of floor space sounds a lot, but is actually lower than for the last two years. On the other hand, in the last two years fulfilment has not kept up with promise. Next year's increase in investment in light industry, while not as high as this year's, will still be substantial. Some dividends of that growing investment are to be cashed in 1963. The most striking example is in the output of washing machines, scheduled to rise from 1.3 million units last year to more than 2.2 million next year. Such progress, however, is not typical either for durables or for consumer goods in general. If gross industrial production is to grow by 8 per cent next year, the output of producer goods is to rise by 8.5 per cent and that of light industry by 6.3 per cent. The general pattern thus remains, broadly, the same.

SOVIET BUDGETARY EXPENDITURE

	1962		1963	
	Billion roubles	Per cent	Billion roubles	Per cent
Grants to national economy	32.5	40.3	34.5	40.1
Social and cultural services	28.7	35.7	31.0	36.0
Defence	13.4	16.7	13.9	16.1
Administration	1.1	1.4	1.1	1.3
Other	4.6	5.9	5.6	6.5
Total	80.3	100.0	86.1	100.0

These steady rather than spectacular changes should not cause any surprise. Mr Khrushchev's acrobatic performances in the foreign field have not as yet been rewarded with any prize which he could put to economic use at home. He has tried to make up for it by all sorts of managerial reforms. The latest involves the harnessing of the party membership for production purposes. But it was launched only at last month's session of the central committee. The Russians—for whom 1962 may go down as the year of higher meat and butter prices and of a broken pledge on income tax—will certainly be pleased with the new promises. These are not, however, attractive enough to silence communist critics of Mr Khrushchev's "appeasement" or to justify, in their view, a policy that seems to lead straight to a collision with China. But one should not prejudice the profit and loss account. The political and economic consequences of the Cuban peace have not yet been realised to the full within the communist block any more than within the western alliance.

The Play Goes On

FROM OUR SPECIAL CORRESPONDENT IN BRUSSELS

DESPITE the ominous warnings in the press and in political speeches, the two-day meetings between the ministers of the Six and Mr Heath ended on Tuesday on a more encouraging note. First came a general agreement on trade arrangements for Malta and (topically) Malaysia. Next Mr Heath managed to "finesse" the question of British relations with the European Free Trade Association, with the result that Efta will not be an issue until all other matters have been negotiated and Britain is

ready to enter the European Community. Finally, after thirteen months of talks the ministers and the commission have acknowledged that their method of negotiation works against any kind of realistic or satisfactory discussion—let alone resolution—of the critical problems involved.

Not that this last point was put openly. But after two days of stating and restating their respective positions the ministers decided that a working group, including the ministers of agriculture, together with specialists from each country and officials from the commission, might be better equipped to analyse the facts and implications present for British agriculture in the proposals of both the Six and Britain. This new group is to be chaired by Dr Mansholt, of the commission, with an interim report to be prepared for the next meeting, from December 19th to 21st, and the final one completed for the meetings beginning on January 14th.

All of this is a step forward in the negotiations and a gain for Mr Heath. It is no secret that several of the ministers (and Mr Heath in particular) were unhappy with the negotiating procedure. They complained that it tended to lock the two opposing sides in fixed, and separate, positions; that it created a conference situation in which discussion among the ministers was impossible, and one in which there could be no possible compromise or reconciliation of differing views.

By transferring the discussion to a closed working group chaired by a representative of the commission, there is now a possibility of actual negotiation. True, the working group is authorised only to analyse the facts and to examine the implications in both proposals; it cannot negotiate in the sense of getting any disputed points decided. But the presence of Dr Mansholt in the chair, and the participation of the ministers of agriculture, should lend weight to the final analyses that are presented to the council of ministers. Indeed, one might say that Britain can only benefit from the arrangement. For the two proposals that will be examined may be considered as the extreme possibilities. What is expected (one might say, hoped) is that some form of compromise will emerge from the working group and will eventually be adopted by the Six and Britain. For its part, the British delegation anticipates that the French may want some guarantees for cereals; but even the expression of such an interest is considered an advance, since previously there has been no discussion at all. Who engineered the scheme for a working group is still an unanswered question. But the guess is that the commission and the Dutch ministers, working behind the scenes over the past four weeks, were probably responsible for its adoption. Now what is wanted is good will, an extraordinary amount of effort on the part of the working group and some genuine negotiating.

Mr Heath's manoeuvre with regard to Efta must also be considered a tactical gain for Britain. While repeating that Britain expected agreements between the community and all the Efta countries to come into effect at the same time, Mr Heath indicated that Britain would not raise article 234 (which covers specific agreements with other countries made before entry into the community) as an issue that affected its relations with Efta. In effect, he was saying that any discussion at this point would only complicate the proceedings, if it did not wreck them; and that the matter could be more easily resolved once all the other conflicts had been taken care of. By taking this line he scuttled any possible French plan to negotiate the matter here and now.

Surprisingly, the Six seemed willing to co-operate. They saw little reason why negotiations with Denmark and Norway could not be settled quickly, once the discussions with Britain were concluded. While they doubted whether agreements with the neutrals could be reached much before late 1964, the date was governed by the details and work involved, not by community policy. Still, all seemed to understand what was not stated: that the burden is Britain's and not the Six's. If all other obstacles

to the negotiations are resolved, Britain and its Efta partners, not Britain and the Six, will have to conclude the final arrangements for British entry.

The drama—if it can be described as such—in all of these proceedings concerned the press. Throughout the sessions, over the past months, journalists have been briefed by spokesmen from the British and French delegations as well as by a spokesman from the community itself. The representations of the French point of view have been candid, vigorous and very suited to the exigencies of the moment: namely, that the hour is late, copy must be filed within the next hour and the presentation dramatised, if possible in terms of conflict. Added to which, the French spokesman is first-rate at his job. The result has been that the daily press—British, American and other—has been giving ample coverage to a strong version of the French view.

The meetings this past week suggested that this extreme view may be at variance with the facts. The first cause for suspicion occurred on Monday when the French spokesman dramatised at some length the conflict between the French and British positions, and quoted the French foreign minister, M. Couve de Murville, in some detail. The impression he created was that a deadlock had been reached, and that the Six were firmly opposed to any special consideration for British agriculture either by way of an extension of deficiency payments or special arrangements for particular commodities. That Mr Luns, the Dutch minister who had chaired the session, mentioned none of this when he addressed the press seemed a sign of tact, not a contradiction. But on the following day there could be no misunderstanding. The French spokesman claimed that the working group set up to examine questions of British agriculture would consider only the facts in the community's proposals, while both the British representative and Mr Luns, speaking as chairman, explained that the working group would analyse the proposals of both parties.

The conflicting stories were possibly clarified—after the first reports had gone out—when it became clear that during the restricted sessions of the ministers (which Mr Heath had proposed during the Monday meeting) the French spokesman to the press had not been present. He had, in fact, given a second-hand account of the proceedings minutes after they had occurred, and only after he in turn had been hastily briefed about what had taken place. The French minister had in fact not opposed the plan to establish a special working group to analyse the respective proposals, nor had he elaborated, during the first session, an ultimatum to the British on deficiency payments. This drama was played to the press only.

Indeed, it is difficult to dredge up much drama in these negotiations. The meetings are as regular as a television serial. The cast is always the same: the six ministers; Mr Heath and his associates; the ubiquitous commission, who are the catalysts for most of the action; and as audience-participants, and as the sounding-board and intelligence service of all the peoples concerned, the press. As for the citizens of Brussels, old TV hands that they are, they couldn't care less.

Adenauer Stagecoach

FROM OUR BONN CORRESPONDENT

FEELING the reins again securely in his hands, the venerable coachman resettled himself in the driver's seat at the beginning of this week, irritably cracked his whip and gave the order to trot before the grooms had assembled all the horses. The Chancellor was in a hurry to be off. He had the constitutional authority, he

reminded the bickering bystanders, to harness a team without waiting for any other than the federal president's assent. And since Dr Adenauer is habitually occupied more by foreign than by domestic affairs, the reason he gave for post haste was the need to restore confidence abroad in the stability of the west German government. He did not admit, even if the thought occurred to him, that the need was just as great at home.

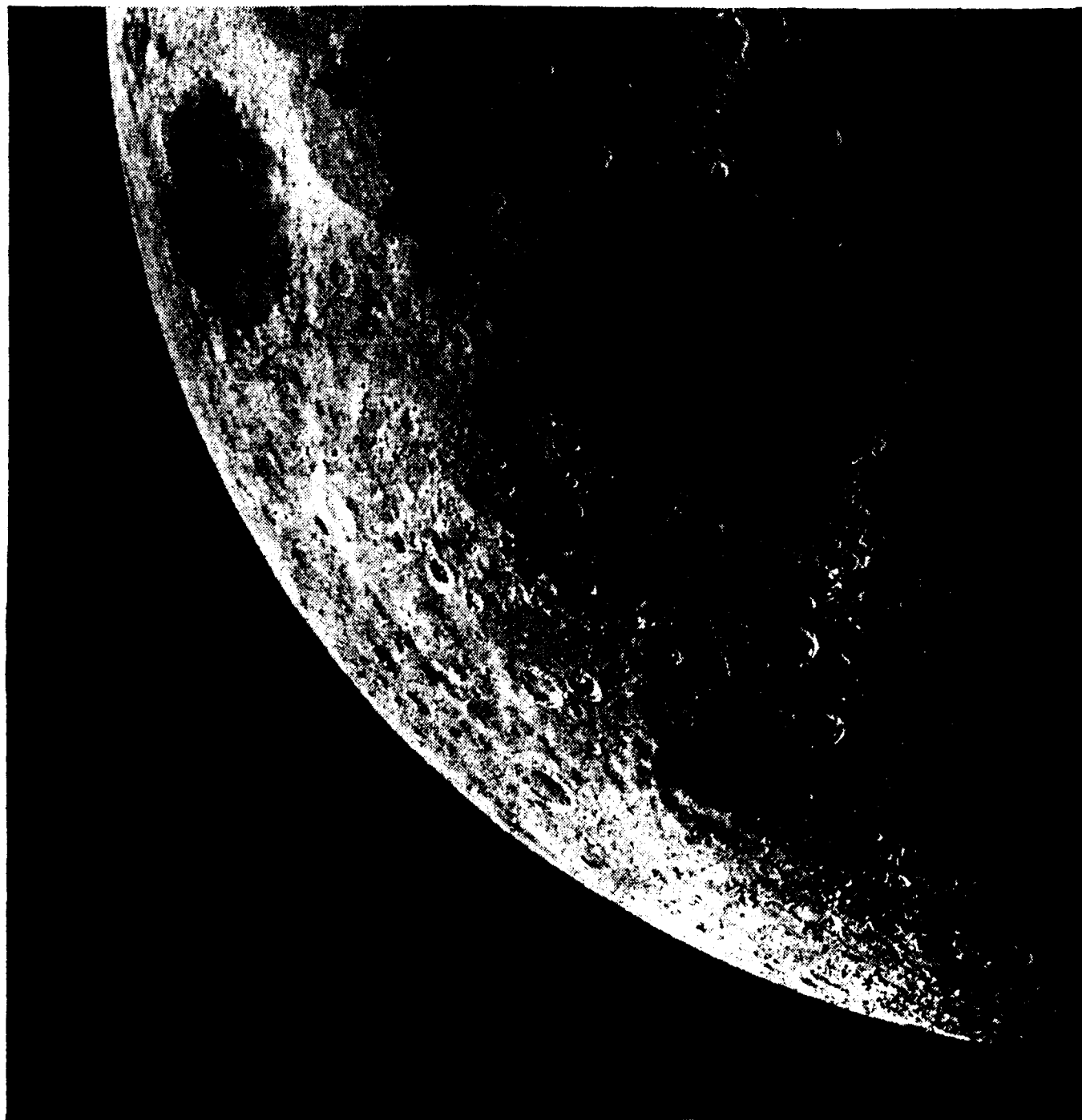
Yet it would be presuming too tough a skin to suppose that Dr Adenauer had not also felt the spur of fresh intimations of time's winged chariot hurrying near. For, in order to allay growing public and parliamentary disquiet at his continuing claim to indispensability, he had authorised Herr von Brentano, the Christian Democrats' leader in the Bundestag, to tell the flock on December 7th that the patriarch would retire definitely "next autumn." West German commentators have noted to a man that Dr Adenauer did not make the announcement himself, that he put nothing in writing and gave no precise date for his departure. But they are all assuming that Dr Adenauer has some eight to ten months left in which to put the finishing touches to his work. None has recommended that he should be given longer.



Next autumn, should we say?

The composition of Dr Adenauer's fifth and last cabinet, which was due to make its bow in the Bundestag on Friday, has disappointed virtually everybody except the Chancellor himself and the Social Democratic party militant. When the *Spiegel* affair had eventually precipitated a crisis of confidence in the government, Herr Josef Dufhues, junior co-chairman with Dr Adenauer of the Christian Democratic Union, advised the Chancellor to make the most of this unexpected opportunity to refurbish his cabinet. On November 18th Herr Dufhues publicly counselled Dr Adenauer "to act and govern... so to reorganise the government as to restore public confidence in its competence to lead." Herr Krone, the sage minister without portfolio who, since Herr Pferdmenges died, is probably the friend in the strongest position to give Dr Adenauer frank political advice, openly seconded Herr Dufhues. Throughout the country it was hoped that Dr Adenauer would assemble a team that would pull much more effectively and harmoniously together than its predecessor had done, not only until next autumn, but also under the new Chancellor, at least until the general election of 1964—that would offer, in short, the likelihood of a period of political stability after Dr Adenauer's retirement.

For the sake of stability, a majority of the Bundestag deputies of the Christian Democratic Union and the affiliated Bavarian Christian Social Union urged Dr Adenauer to make it clear that his successor would be Herr Erhard, the vice-chancellor and economics minister. And, for the sake of efficiency and harmony, they agreed that the number of cabinet portfolios, which had been allowed to increase over the years in order to deal with disparities more of party ambition than of fields of work, could be reduced from 21 to 16 or 15. The ministry for refugees could be amalga-



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mated quite painlessly, it was reckoned, with the ministry for all-German questions; the ministry of federal property with the economics ministry; the ministry for family questions with the ministry of health (and both, perhaps, later with the ministry of the interior); the ministries for Federal Council affairs and for economic co-operation (foreign aid), it was being argued, never would be missed.

But by the middle of this week it was apparent that "coalition and confessional arithmetic," along with old personal antagonisms, had wrecked the prospect of a brave new dispensation. There would be seven new men in the cabinet, but it would be just as large as it was before. Instead of there being thirteen Protestant ministers to eight Catholics, there would now be nine Catholics to only twelve Protestants; the Christian Democrats would have twelve seats, the Christian Socialists four and the Free Democrats five. The average age of the ministers had been reduced from 54 to 51.

After thirteen consecutive years in office Dr Adenauer, who will be 87 next month, remains Chancellor under notice. He has still not given his blessing to the party's majority decision to consider Herr Erhard as his successor. One of the youngest and most vigorous members of the preceding cabinet, Herr Strauss, has gone; but he is generally expected to work his way back in due course. (Herr Erhard, it seems, played an important part in convincing his Bavarian colleague that it was in his own interest to resign, encouraging him to hope to be able to restore his political fortunes in the post-Adenauer cabinet.) The new defence minister is the capable and "European-minded" Herr Kai-Uwe von Hassel, hitherto chief minister in Schleswig-Holstein. Herr Höcherl, who was briefly considered for the defence ministry, remains minister of the interior; it was he who, as the Free Democrats quickly pointed out, admitted with composure in the Bundestag last month that the arrest in Spain of Herr Ahlers, *Der Spiegel's* military expert, had been "somewhat outside legality." ("Somewhat pregnant" one deputy, searching for a parallel, was heard to muse aloud.)

THE new Free Democrats in the cabinet—Herr Bucher (justice), Herr Dahlgrün (finance) and Herr Hans Lenz (science and research)—are virtually unknown to the public. Three of national standing wait pointedly in the wings for Dr Adenauer's exit—Herr Mende (the party chairman), Herr Doering (vice-chairman) and Herr Dehler (a former party chairman)—and the party's long-strained relations with their coalition partners have been freshly burdened by Dr Adenauer's flirtation last week with the Social Democrats, which he conducted with a calculating eye on the possibility of introducing changes in the electoral law that would have been calculated to put an end to Free Democrat representation in Bonn altogether.

The talks between the Christian Democrats and the opposition were in the nature of things likely to prove fruitless. Yet there was a moment when they were being conducted seriously on both sides. The Social Democrats' largely self-appointed negotiator, Herr Wehner, insisted on Dr Adenauer's written authority for the furtive soundings made by Herr Lücke, the minister of housing, and Herr von Guttenberg, known as an admirer of English parliamentary ways. Both practising Catholics, these two men explained to the former communist that they were acting "in the national interest." But Herr Wehner was too secretive. He did not, for instance, tell such an important party colleague and man of cabinet calibre as Herr Fritz Erler what was afoot. When the time came for Herr Wehner to ask the party to ratify the coalition conditions that he was proposing to lay before Dr Adenauer he did not get unreserved support; and the reservations concerned the term of Dr Adenauer's chancellorship. Thus the negotiators are claiming a great moral victory. It has now been demonstrated for all the

world to see, they are saying, that even Dr Adenauer considers them qualified for the responsibilities of government. And they are counting upon his makeshift fifth cabinet to stimulate further in the electorate a desire for radical change.

Hispano-Moorish Bargain?

FROM A CORRESPONDENT

THE more Mr Benbella in Algeria looks to the East, the more his constitutionally and territorially apprehensive neighbour King Hassan II in Morocco tends to look to the West. Last month's visits by Mr Balafrej, the Moroccan foreign minister, to Madrid and by General Muñoz Grande, the Spanish vice-president of state, to Morocco are part of this process.

Relations between Spain and Morocco have been poor ever since the Spaniards moved quickly and bloodlessly out of their northern Moroccan protectorate in 1956. They hoped to steal a march on the French for future Moroccan favours and to gain a moratorium on Moroccan claims to their other north African territories. In fact, they achieved neither. Instead, they have had to sit by and watch normal neutralist developments taking place in the newly independent kingdom; and, according to the system of political accounting in use in Spain, where two and two of anything left of centre make five, these added up to communist penetration. A Cuba, they say, a few miles from our southern doorstep.

The seed of a rapprochement between Spain and Morocco may have been sown during the recent exchange of visits. When they withdrew from Spanish Morocco the Spaniards kept the presidios, those ancient and integral parts of Spain, Ceuta (population 64,000), and Melilla (population 87,000), and also the three nearby fortified outposts of Alhucemas (population 336), Peñon de la Gómera (population 450) and the Chaffarinas (population 610). They also, of course, kept their colonies of Ifni, which is a coastal enclave in Morocco itself, and Spanish Sahara, an arid expanse of 125,000 square miles with a population of only 36,000.

The sort of plant that may one day emerge from the seed that was sown in October and November will probably have two leaves, Ceuta and Melilla, coloured more firmly red and yellow for Spain, and the rest coloured a new and rather thin red and green for Morocco. To the people on both sides, however, the plant will look good in the annual national culture exhibitions. In exchange for something they do not really want very much the Spaniards will get a firmer title to the two places they do want. In return for not actively pursuing a claim to two towns that have been Spanish for centuries the Moroccans will add another 220,000 square miles to their domains. There may be other tangible advantages, too, for both. The Moroccan government may relax the stranglehold it has been applying in recent years to Ceuta's transit trade, and ease the restrictions on Spaniards fishing in what are now claimed as Moroccan territorial waters. The Spanish government for its part may offer transit facilities at Melilla which would make it easier and cheaper for Morocco to use this, the only available port, for its imports and exports in this area.

Officially Ceuta and Melilla were not mentioned at all during these visits. They are part of Spain, the Spaniards say, the population is almost entirely Spanish, they have held Melilla since 1492 and Ceuta since the end of the sixteenth century. To this the Moroccans are apt to reply that they held half of Spain for nearly twice as long and that they still have the keys to the houses their families once owned in Granada and Cordoba. Then, say the Spaniards, switching the argument and thinking perhaps of Goa, we cannot possibly give up Ceuta or Melilla until the British leave Gibraltar. And there is no sign of that.

Signor Togliatti's Long Road

FROM OUR ROME CORRESPONDENT

SIGNOR TOGLIATTI has plenty of reasons to be satisfied with his party's tenth national congress. The debate kept mainly to international affairs and the Italian Communist party emerged with a role of some importance among European communists. Signor Togliatti's personal prestige as a leader of world communism is more than consolidated. The presence of Soviet and Chinese representatives of the standing of Mr Kozlov (of the Soviet praesidium) and Mr Chao Yi-ming (of the Chinese Communist



Togliatti, Italian Communists

party's central committee) enabled the Italian leader to keep the congress's attention concentrated on such apparently important issues as war and peace, coexistence and democracy, the peaceful *versus* the revolutionary advent of "socialism," and the like; in this way any serious discussion of the problems that assail the Italian Communist party at home was avoided.

The lieutenants were disciplined and discreet. The congress voted a block list of candidates for the central committee and a unanimous resolution. A dissentient voice, unique and obscure, was raised by a "Chinese" from Cremona, but the poor fellow sent a letter of submission and self-criticism to the chairman before the congress was over. In short, everything went according to Signor Togliatti's plan. With a not very difficult hand to play, he played it with elegance. No one in the Italian Communist party can touch the old leader.

But there is a reverse side to the picture. Signor Togliatti's personal success was tactical. It is true that, with him, tactics have almost become strategy. His policy can be summed up in a single word: survival. His aim is to keep his party immobile in a position of relative strength, unexposed, unisolated, fundamentally uncommitted to any irrevocable move. As an answer to the new situation that has faced the Italian Communist party since the Nenni Socialists crossed the floor to the government side, this policy is at least questionable.

To take the brighter side of the picture first—Mr Kozlov set the ball rolling by attacking the Albanians as "noisy and intolerable secessionists." Mr Chao retaliated by calling the Yugoslavs "wolves from the imperialist lair." The Italians at once made it clear that they would not stand this double-talk. From the second day of the congress no one tried to call the Chinese Albanians. Signor Togliatti invited the Chinese party to cease its incomprehensible solidarity with the Albanians. Mr Chao reproached the Italians for turning their congress into a tribunal from which to attack a brother party. At the end, Signor Togliatti poured oil on the waters; he expressed his (and his party's) esteem and affection for the Chinese leaders and asked them to send a deputation to see for themselves that the Italian Communists are not heretics. With regard to Moscow, Signor Togliatti, who, as an old Stalinist, has been slow to accept the Khrushchev line, declared, for the first time, that the mainspring of communist progress in the last six years had been the dethroning of Stalin. A resolution was approved that distinguished "Kennedyism" from the retrograde

attitudes of the old imperialists. The important thing for the Italians was that the French, and even the Cuban, delegates accepted their definition of these positions.

From the point of view of the domestic situation of the Italian Communists, the most interesting part of the discussion was about their relationship with the Nenni Socialists. Signor Riccardo Lombardi, the Socialist representative, told the congress that the divergence between the two parties was likely to endure, since it arose from different concepts of democracy. Among the Italian Communists two theories are developing about the best way of facing the advent of a centre-left government in Italy. The party's so-called moderate Right, whose leader is Signor Giorgio Amendola, believes that the Communists should support the centre-left experiment wherever possible while seeking to break into it and make themselves an integral part of the new "system." This is the policy advocated locally in Tuscany and Emilia, where the Communists are relatively the strongest party and where, until the recent change, Communists and Socialists together formed the majority. Signor Amendola's policy comes up against the difficulty that recently Signor Nenni virtually pledged the Socialists not to form juntas with the Communists in the new regional governments which are to be set up after the elections in the spring. Signor Amendola and his group believe that, with patience, this difficulty can be overcome; and that, in the course of time, the Communists will at the local level cease to be considered untouchable.

A more aggressive response to the new situation is proposed by Signor Pietro Ingrao and the "moderate Left." They propose to overcome the problem of isolation by fomenting mass pressure at the trade union level and by other forms of popular agitation. The Socialists, says Signor Ingrao, may act with the Christian Democrats and the other centre-left parties at the top, but when it comes to mass movements among the workers and peasants they will not be able to dissociate themselves from the Communists if they still wish to be considered a workers' party.

Signor Togliatti did not choose between these two methods, for the simple reason that he does not wish either wing to gain the ascendancy. But the line of action that he sketched out is even more ambiguous and uncertain. The chances of revolution in Italy are at present admitted to be nil. Equally, Signor Togliatti said, the Communists were unlikely to gain 51 per cent of the votes. They must therefore keep to the long and difficult road of peaceful penetration, with the sole function of prodding the Socialists to keep their pledge to promote an economic development programme and social reforms. No one, not even Signor Togliatti, can speak for four hours on end without betraying a bit of his inner mind. He laughed because the Socialists seemed to think they had invented the policy of trying to transform the bourgeois state from inside. "That is just what we did in 1944," said Signor Togliatti, "when we joined a monarchist government to destroy the monarchy." But today the Italian Socialists do not want to destroy democracy. It is this that distinguishes them from the Communists.

Whether or not the Italian Communists are content to follow Signor Togliatti's uncertain and unpromising road will depend less on themselves than on the real progress made by the Fanfani government with its planned development programme and the rest. The Communists can be relied on to harass the government by trying to make the pace faster than is reasonable or safe. They have already tried to do this, unsuccessfully, in the matter of the regions. They may also try to accuse the government, as the right-wing parties do, of encouraging inflation. These manoeuvres will not be dangerous if the government keeps steadily to its programme. But should the internal divisions of the Christian Democrats prevent the coalition from operating efficiently, then the Communists would stand forth as the clear-sighted champions of the working classes. The Socialists would have to admit defeat, and a popular front could still be the ultimate (or the penultimate) answer.



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AMERICAN SURVEY

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All for Tax Cuts —and Cuts for All

NEW YORK

IT is rare for different groups to agree on any economic issue in the United States, but there is now as much unity over the need for cutting taxes as over the need for containing Cuba. The solid front began forming last summer when both the labour movement and the United States Chamber of Commerce came out for tax reductions; after President Kennedy promised to fight for a cut in 1963 the front broadened. The Federal Reserve Bank of New York, which has joined the parade itself, observed in its December review that "it is encouraging that growing support for a significant tax cut has in the past few weeks been expressed by a wide range of groups and individuals." Cuts have been called for by the President's Advisory Committee on Labour-Management Policy; by General Eisenhower, who had resisted tax reductions in 1958; by Mr Roger Blough of the United States Steel Corporation; and by Governor Rockefeller, who assumed the function of leader of the opposition by proposing his own tax plan.

Despite this impressive and clamorous groundswell, it cannot be taken for granted that there will in fact be a significant reduction in taxes. Representative Wilbur Mills, who as chairman of the House Ways and Means Committee had a big hand in thwarting the drive for tax cuts last August, declared this week that "there is little justification" for an immediate reduction, thereby serving notice that he, for one, remains unconvinced. Once the Administration's proposals are presented to Congress, other cracks may begin to show. Many businessmen, for example, agree with a resolution passed at last week's convention of the National Association of Manufacturers, which demanded that spending be cut along with taxes; at the very least, these people want a ceiling on government expenditures, a position adopted by the Committee for Economic Development which is a considerably more liberal spokesman for business than is the NAM. Mr Eisenhower also demanded that spending be held down, while Mr Rockefeller argues that tax reductions should go primarily to corporations.

The Administration is planning to increase spending and has let it be known that the bulk of the cuts will be for the benefit of consumers. Last summer fears of an imminent and sharp decline in economic activity were even more marked than they are now but congressional concern about the size of the probable deficit in the Budget and the absence of an actual decline in the economy dissuaded the White House from demanding a cut which it felt it would not get in any case. Congress remains a stronghold of fiscal orthodoxy and business conditions have improved since the summer. Yet the Administration thinks it can overcome the combination of fear and inertia which has proved a formidable barrier to tax changes so far. For the first time in almost a decade, the White House has committed itself to tax reductions and will be putting all of its prestige and power into the fight. Moreover, officials believe that they have convinced the public of the need for reducing taxes in order to stimulate growth even if this means enlarging the deficit in the Budget.

But there are obstacles in the path of the tax band-wagon, including Mr Kennedy's own reluctance to incur big deficits. While

he is now proclaiming that a deficit caused by tax cuts will not be inflationary when there is also unemployment and unused industrial capacity, the President wants to avoid being linked with the biggest deficit there has ever been in peacetime; responsibility for this is now held by Mr Eisenhower with his \$12.4 billion in red ink in 1959. There is little likelihood that this will be matched during the 1963 fiscal year, which ends next July, but many of Mr Kennedy's advisers are prepared to live dangerously and to court a large deficit in fiscal 1964, because they are convinced that this course will in time generate a new surge in activity and bring much higher revenue. They feel that the President must formulate an economic programme with the calculated boldness which he exhibited over Cuba. They want a substantial tax cut of \$10 billion or better a year, plus increased spending, to make it certain that the pace of economic growth will be accelerated.

DR WALTER HELLER, chairman of the President's Council of Economic Advisers, has been the spokesman for the hyper-expansionists who are seeking to raise spending and cut taxes simultaneously. This group argues that there is little time to waste and is willing to postpone tax reforms if these threaten to delay tax reduction. The urgency which Dr Heller has attached to a "fiscal fitness" programme indicates that, unlike Mr Mills, he thinks an immediate tonic is needed, although he believes that tax cuts should also be designed to foster long-term growth. Mr Kennedy, however, has been more inclined to go along with Mr Dillon, his more cautious Secretary of the Treasury, who recognises that spending must increase but thinks that any rise should be limited. Mr Dillon also insists that tax reform should be coupled with tax reduction, on the grounds that without the sweetener provided by cuts there will be little hope of achieving reforms, whether in the interests of equity or to increase revenues or to encourage expansion.

These are differences of degree rather than of kind. Both Mr Dillon and Dr Heller want reductions to take effect in January and they agree that the cuts should benefit mainly consumers. This is disputed by Mr Rockefeller, who holds that the sluggishness of the economy is due to lags in business investment rather than in government spending or consumer purchasing power, both of which have been rising. Mr Rockefeller's plea that business should have priority in tax reductions is regarded as politically impractical and economically unsound by the Administration, which contends that the tax credits and the more liberal depreciation allowances already granted capital investment should stimulate business spending.

Washington's argument for concentrating on consumers is that, while admittedly personal incomes have increased, the rise has been held down by the tax structure so that demand has been insufficient to utilise productive capacity or to absorb the large pool of unemployed. The Administration's economists insist that tax cuts for individuals will have a more pronounced multiplier effect than any other kind, touching off a chain reaction of higher production and expanding investment. They point out that the current strength of consumer buying is partially in expectation of tax reductions and that failure to provide them might lead to a decline. There is no way of proving what is motivating consumers but it cannot be denied that hopes for tax reductions are widespread. They are evident in Wall Street (which reacted sharply to Mr Mills's dash of cold water) and there is even some danger that the public is



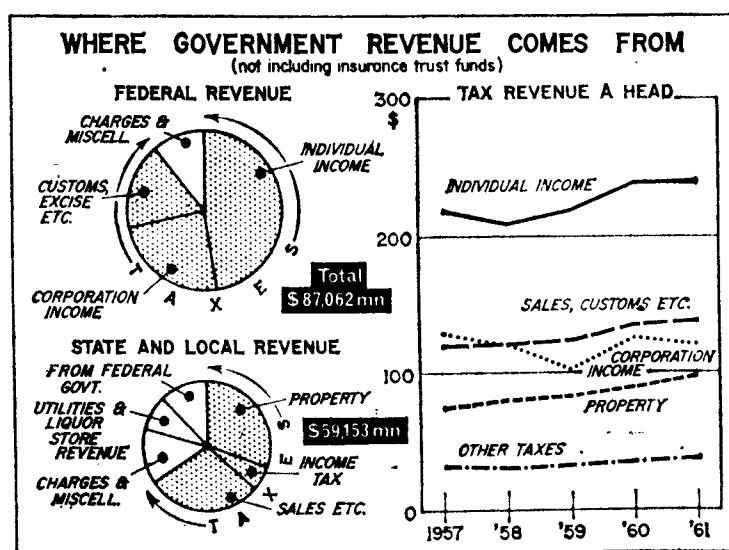
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being oversold on the stimulating impact of such reductions. It is questionable, for instance, whether tax cuts can cure the sticky problem of unemployment which has not responded so far to increases in demand. Tax cuts will mean a rise in imports; this will aggravate the deficit in the balance of payments and may necessitate a much tighter monetary policy which might put a brake on expansion.

At the moment, though, the public is anxiously awaiting the details of the Administration's tax proposals. It is said to be mulling over a package in two or three parts, since this might appear to Congress to be more palatable and digestible than a single inclusive and involved measure. One plan which has been talked about consists of an initial across-the-board cut in individual taxes which would be effective this January, with the base declining from 20 per cent to 15 per cent and with those in higher income brackets getting an extra reduction. In all, this would release \$5 billion on an annual basis, which is what the Administration's economists seem to regard as their minimum target. This first cut would be followed by a reduction in January, 1964, in taxes on corporate incomes from the present rate of 52 per cent to 47 per cent; this would account for another \$2.5 billion but these reductions would be tied to reforms, such as lower depletion allowances for the oil and mining industries. Then the third part of the package would provide an additional \$2.5 billion by bringing down the top rate on personal incomes to 60 or 65 per cent—it is now 91 per cent—along with other reforms, affecting estate taxes and capital gains, which would be designed to recover part of the loss.



Such a package, or some variation of it, may prove saleable because it does not bring with it a certain increase in the deficit on the Budget. It also means that the Administration would not be using up all of its ammunition in one volley; by saving some tax reductions for 1964 it would not only stand a better chance of achieving tax reforms but should also be able to benefit from continued anticipatory spending, which would help to stimulate economic activity and hold down the deficit. This would also permit the higher level of government outlays which the Administration considers essential, either as an insurance in the event that tax reductions are stalled or as a booster to hasten full employment.

But whatever the Administration proposes, it will face another and very thorough round of give-and-take in Congress. Those who favour a bold approach think that Congress is much more likely to give way to that than to a piecemeal package which can be pushed aside. Actually, Mr Kennedy's main hope, in the absence of an economic decline, is to keep more or less intact the solid front which supports tax reduction. Just as Mr Kennedy wants to escape being labelled extravagant, Congress will not want to be tagged as the spoilsport standing in the way of economic growth.

Republican Post-mortem

CAMPAIGNING seldom ceases for long in the United States. Although Governor Rockefeller of New York is wisely not encouraging any premature boom on his behalf, his speech last week to the National Association of Manufacturers was taken to be the first shot of his drive for the Republican presidential nomination in 1964. The biggest obstacle in his way is the impression, among orthodox Republicans, that he is too liberal. His condemnation of big deficit spending and his insistence that in New York he has combined economic growth with fiscal responsibility was designed to reassure the right wing of his party. At the moment, indeed, it is difficult to see another serious contender. With Mr Nixon out of the running, the Gallup poll found that over 40 per cent of the voters and over 50 per cent of the Republicans questioned favoured Mr Rockefeller as the Republican candidate for 1964. Competition is likely to be choked off by the reflection that, given Mr Kennedy's popularity and the tradition of a second term for an incumbent President, the Republican candidate may expect to win little but his party's gratitude.

The Republican National Committee, which met last week in Washington to lay plans for 1964, ascribed the party's disappointing failure to do better in last month's elections to the trouncing of its Cuban ace by events and by President Kennedy; Republicans are still reluctant to think that they cannot profit by pressing an even harder Cuban policy than the Administration's. The exasperating fact remains that last month the Republicans with almost half the total vote outside the South added only two Congressmen to their minority in the House of Representatives and lost further ground in the Senate.

Mr Miller, the chairman, made much of the party's gubernatorial victories in three big northern states and its gains in the traditionally Democratic South. Unfortunately the extremely conservative and often racially segregationist policies which pay in the South—at least in the short run—hurt the Republicans in the northern cities with their big Negro populations. *Advance*, a magazine published by progressive young Republicans, has sent a letter to the committee arguing that support for segregation is morally indefensible and politically short-sighted. Senator Javits, a progressive Republican who actually carried New York City and won re-election by nearly a million votes, has proposed that official help should be withheld from segregationist candidates. But Mr Miller, having taken the precaution of holding the discussion behind closed doors, brushed aside any such "guilt feelings" which might stand in the way of the Republicans becoming, like the Democrats, a nation-wide party.

Six Against Nine

NEW YORK

THAT Christmas is a two-edged sword may be the conclusion forced upon Local Six of the International Typographical Union in the new year. For the publishers of New York City's nine major daily newspapers did not balk at stopping their presses altogether during the rich Christmas advertising season rather than grant what were felt to be ruinous wage demands made by the printers' trade union against the four strongest papers. Now that the publishers are enduring a repetition of the strike—by another union—which lost them \$25 million four Christmases ago, the ITU may well be wondering what it can use for ammunition in its collective bargaining during the lean advertising month of January. In fact, the stoppage will not again face the publishers with similar losses until Easter. Sober rumours hold that the strike, which has deprived New Yorkers of 5.7 million newspapers daily since

Continued on page 1127

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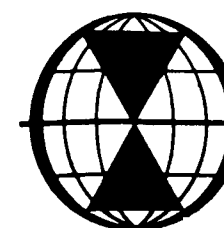
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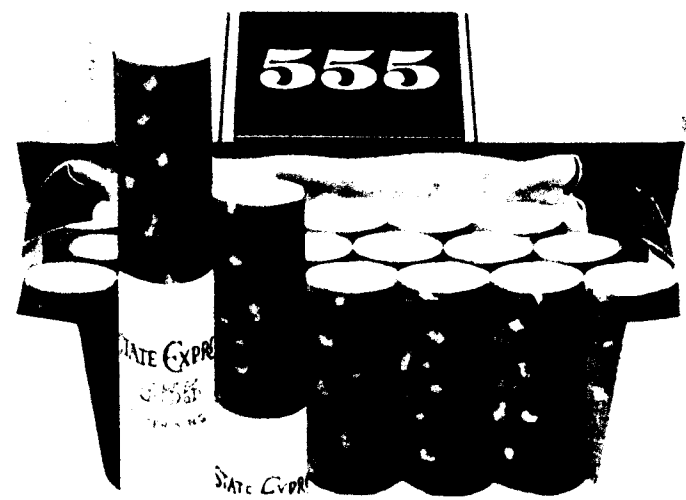
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STATE EXPRESS—THE BEST CIGARETTES IN THE WORLD

Continued from page 1122

December 7th, and which has had them queuing in the cold to buy out-of-town papers at three times local prices, will be a matter of weeks, not days. Certainly Mr Wirtz, the new Secretary of Labour, was not cheerful when he left town on Monday after failing to repeat his success in ending the strike against the *New York Daily News* by the Newspaper Guild, the journalists' union.

The strength of the emotions underlying the refusal of the local branch of the ITU, or Big Six as it likes to be called, to accept the same terms as did the Guild—an increase of \$8 a week over two years—makes the present situation look particularly grim. In the past the seven craft unions in the business, whose two-year contracts always end in November or December, have tended to copy the white-collar Guild, which negotiates with New York City publishers in October. Perhaps it was inevitable that now the strongest craft union should want to make itself heard over the wind of automation which is making a technologically belated entry into newspaper composing rooms. Yet the printers' initial demands for a rise of \$18 over two years, making a weekly wage of \$160, and a reduction of the working week from 37 to 30 hours, could well hasten the day of robots; the publishers insist that they could not afford the \$1 million a year which such increases would mean if granted to all the 20,000 workers engaged in New York's daily newspaper production. Like the members of the other craft unions, those of the Guild are honouring the ITU's picket lines—an expensive loyalty, for the strike pay offered by the Guild to a married journalist is a maximum of \$80 weekly, while the richer ITU gives its strikers an average of \$92. So far, the ITU has only threatened, without achieving, the reciprocal action by its members in Los Angeles and in Paris which would prevent editions of the *New York Times* appearing there as usual.

Because it chose to strike only against the four heavy-weights—the *Times*, the *Journal-American*, the *World-Telegram* and the *Daily News*—"Big Six" maintains that it is not responsible for the holiday black-out of news. It blames the publishers of the other papers—the *Herald-Tribune*, the *Mirror*, the *Post*, the *Long Island Press* and the *Long Island Star-Journal*—for "locking out" union members from their jobs. But the Publishers' Association is morally armed with the unanimous decision handed down on November 20th by the National Labour Relations Board when it declared that the Association was right in 1958 when it agreed to consider a strike against one paper a strike against all. Otherwise, there would be unfair pressure on the struck papers to accede to labour's demands. Yet within this display of professional solidarity there is cruel irony. A long strike could mean the death of the financially weak *Mirror* or *Post*. This would mean the loss of about one thousand permanent jobs for the union, while for the publishers, engaged in a bitter, unfraternal circulation war, this would be one instance in which less would indeed be more.

Protectionists Strike Oil

ONE of the surprises which facilitated the passage of the Trade Expansion Bill came when Senator Kerr of Oklahoma, normally the leading spokesman for the protectionist domestic oil producers, helped to kill an amendment which would have tightened controls on imports of oil. The shocked dismay of the amendment's sponsors was allayed by hints that the Senator's co-operation had been based on assurances from the White House that the oil producers would be taken care of by executive action. Last week the Administration did, indeed, announce that quotas for oil imports would be lowered.

First introduced in 1959, these quotas are designed primarily to curtail imports into that part of the country, east of the Rocky Mountains, where domestic oil producers have been plagued by

serious over-capacity since the end of the Korean war. The original quotas limited imports into the area to an amount equal to 9 per cent of expected demand. Oil from Canada and Mexico was not restricted, however, since the justification for the quotas was the need to ensure that oil would be readily available during wartime and it was hardly likely that supplies from these adjacent countries would be cut off by hostilities. But the arrangements have not been of much help to America's ailing domestic producers. Oil prices have remained depressed and domestic output static. The annual growth in the market has been met almost entirely by imports, particularly from Canada.

Although the Administration resisted the pleas of domestic producers that oil imports be cut back drastically, the new regulations go far to meet the industry's criticisms of the old system. Coming into effect on January 1st, they will limit imports of petroleum and its products (excepting residual fuel oil) and liquefied natural gas products to 12.2 per cent of domestic output of crude oil and natural gas in the region east of the Rockies—the present ratio between imports and output. The linking of imports to domestic production instead of to demand will mean that they will grow much more slowly than would have been the case under the existing regulations. Moreover, while Canadian and Mexican oil will now count towards the permitted total of imports, there are no limitations on the proportion of these supplies which may be included in that total. This raises the possibility that increased imports from Canada could eventually cause a severe squeeze on imports from Venezuela and other foreign countries which are traditional suppliers of the United States. (The Mexicans have limited their exports voluntarily to 30,000 barrels a day, or about one-fourth of present Canadian shipments.) Not only has the Administration granted more effective protection to American producers, but in the process it has also risked imposing more severe discrimination on foreign suppliers.

Professor in the Mid West

FROM A CORRESPONDENT IN NEBRASKA

DR WALTER HALLSTEIN, President of the Commission of the European Economic Community, every inch the Herr Professor but reminded at every turn by well-intentioned hosts that he was once an American prisoner-of-war, came to the heart of the American farm belt against the advice of some of his colleagues. Blank provincial boredom was, in their view, the best reaction that he could expect. His visits to Lincoln and Omaha must, however, be counted as successful; firstly because his brilliant platform manner captivated the students, professors, businessmen and agricultural leaders to whom he spoke; and secondly because, as he was very willing to concede, he came away with a better understanding of what the Middle West is thinking about the common market. "The German Professor," as Dr Hallstein really delights in being called, may be an opprobrious term in the Beaverbrook press; in Nebraska it is a badge of honour and not only because the state has many citizens of German descent. His chief forums were universities but he also had many private talks, with Senator Curtis, a Republican, always close at hand.

In an atmosphere of respectful awe, very different from the contentious arena of Brussels, Dr Hallstein could, with justice and good conscience, engage in humorous professional asides, lecture in terms of patient simplicity and bask in praise for good works. He could say, as he did frequently, that he had come to learn and volley back difficult questions with the preamble that he was grateful that the point had been raised. Yet it would be wrong to make fun of the idealistic middle western impression that he came as one of the architects of world peace, a man of good

will, great mind and far vision. This is the key to the sentiment which has replaced traditional isolationism; naïve as it may sound, it is precisely this quasi-religious faith in international understanding which provides a basis for the efforts of college professors, the League of Women Voters, the American Association of University Women and other similar groups to cultivate a better informed and more sophisticated public opinion in this region. The watchword of these endeavours is "education" and Dr Hallstein, the instrument of European peace, was a perfect image for these people to build around.

BUT "do gooders" were not the only people whom Dr Hallstein met and they are not the people who will be sent to Brussels by the Kennedy Administration to negotiate the new tariff reductions under the Trade Expansion Act. When recently the American Secretary of Agriculture threatened "retaliation" against European protection for farm products, he was following rather than leading another growing body of opinion in the agricultural middle west. Ever since Mr Herbert Hoover's Belgian relief organisation during the first world war it has been assumed there that Europeans are, by and large, hungry or at least willing to use American food, whether they buy it themselves or get it by way of foreign aid, that Europe is, in short, a permanent free market for midwestern farm products. Shocked to discover that this is no longer so, agricultural leaders who backed the Trade Expansion Bill now say bluntly that they will demand tariffs—high ones—on European manufactured goods if American wheat exports are jeopardised. Exporters of poultry, who developed rather than invaded a European market (especially in West Germany), are already up in arms over restrictions which, they told Dr Hallstein, make it almost impossible to sell to the common market countries.

It was ingenious of Dr Hallstein to suggest that the ultimate solution for everyone's surpluses lay in a "world-wide multilateral trading system" which would grow out of Britain's entry into the Community. But such "pie-in-the-sky" is not on the Brussels menu just yet. Nor was it much comfort when Dr Hallstein stressed, at every opportunity, his thesis that the Community is "political" in essence and that, if agricultural policy is not political, "then the word political has no meaning." He went on to declare bluntly that the Community was ready for "friendly but fruitful combat" with the American economy and, in typical professorial fashion, he warned the Americans to do their homework for the negotiations. His candour was admired but the effect was jarring.

For the troubled wheat farmers he had only the consolation that the volume of their exports into the Community would depend upon a price yet to be fixed. For the outraged poultry industry, he offered the explanation that this was, after all, no more than a question of "fair shares" as between countries and that, in any event, poultry raising was an alternative means of income for farmers who were being made redundant everywhere by the march of technological change and gains in agricultural productivity. This was simply not good enough. Into the breach leapt the vice-president of the National Poultry, Butter and Egg Association, Mr Griffith of Omaha. His softest accusation was that Dr Hallstein was inconsistent when he talked about "keener competition" to the National Association of Manufacturers and "fair shares" to Nebraska farmers. Mr Griffith spoke of a "tremendous psychological reaction" and said that the American government should tell European consumers that the common market was guilty of creating "excessively high prices" for poultry products. The last has certainly not been heard from these agricultural interests and support for their complaints will grow if more Americans decide that the idealistic objective—"a unified Europe like the United States, sort of"—is becoming a protectionist monolith to further the selfish interests of European voting blocks.

Co-Stars in Orbit

NEW YORK

THE most significant comparison to be made between Telstar and Relay, the new communications satellite which was scheduled to be launched on Thursday, December 13th, by the National Aeronautics and Space Administration, concerns their similarities, not their differences. Both Relay and Telstar (now silent after four months because an accumulation of radiation on its transistors prevents its owners, the American Telephone & Telegraph Company, from switching it on) are purely experimental designs; their orbits will never carry them much over the comparatively meagre height of 4,000 miles above the earth—too low, almost certainly, for an operating system. Relay, however, differs from its predecessor sufficiently to be able to claim some of the "firsts" which are necessary for any satellite to command attention in today's crowded sky. Because it will send out a signal four times stronger than Telstar and at lower microwave frequencies, it will be considerably easier to keep in touch with Relay. This is essential if South America is, for the first time, to be linked to the United States and Europe by space communication.

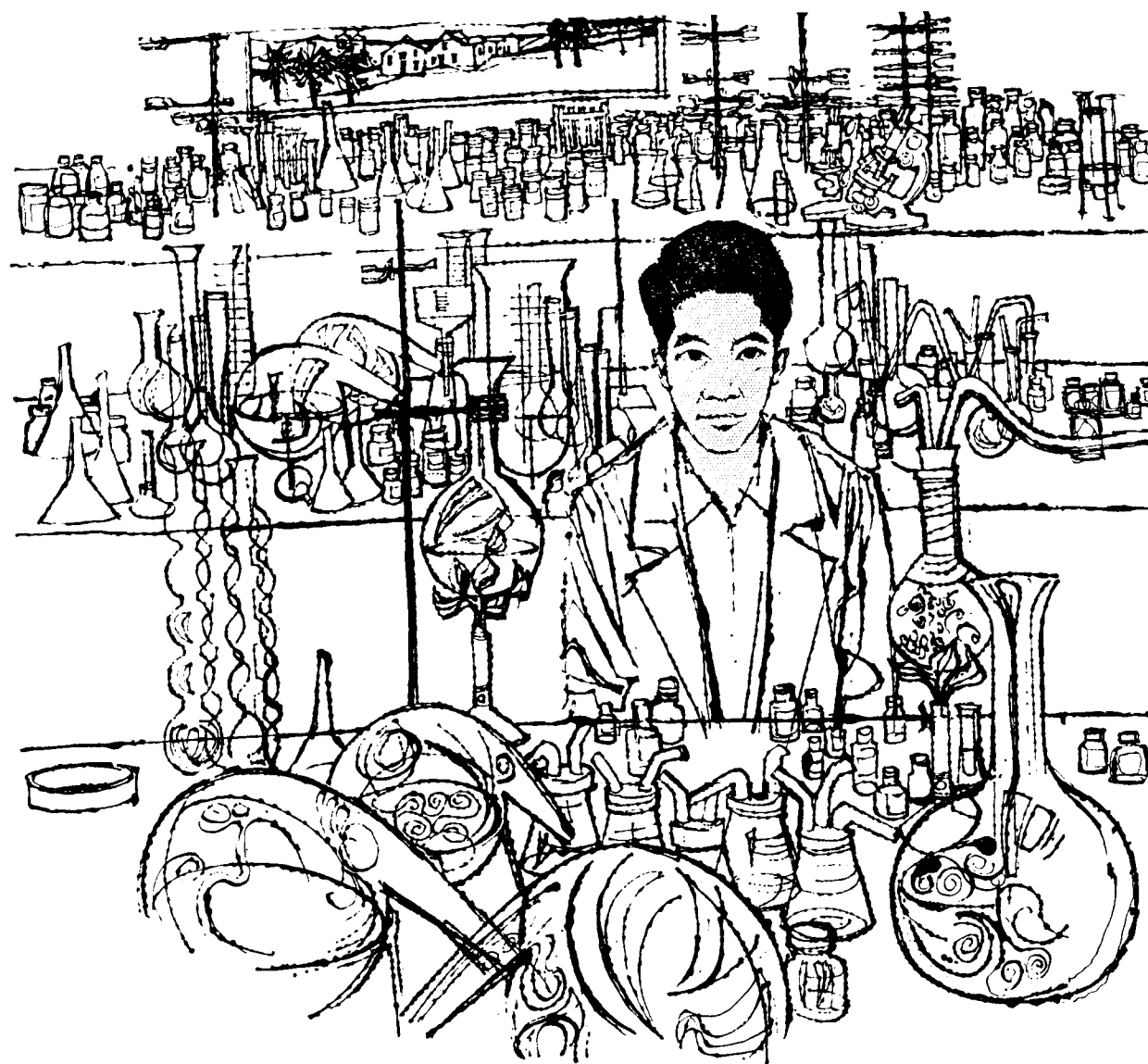
What Relay will not do is to make any easier the solemn task facing the new and controversial communications satellite corporation which is in the process of being created according to the rules which Congress laid down after a fierce row; shares in it are to be divided equally between the private communications industry and members of the public. Its worst headache will be to decide how high to throw its money. Should the first operating network use 40 or 50 satellites circling at the so-called intermediate altitude of 6,000 to 12,000 miles? Or should it wait for the development of "Syncom" (synchronous orbit) satellites? These will seem to hover 22,300 miles above a fixed spot on the earth because they rotate at the same speed. Only three Syncoms would be needed in order to carry enough telephone channels but, to be commercially useful, they would have to weigh 600 pounds—and the delicate job of manoeuvring them into position would sorely tax the powers of the Syncom launching rocket, the Atlas-Agena.

NASA's first communications satellite will be followed quickly by more ambitious advances: the launching of three small Syncoms, three more Relays, another Echo (a passive, or merely reflecting) satellite. This quickening of pace is shown in the agency's budget for such purposes for the fiscal year 1963—\$85.3 million compared with the \$48.5 in 1962. Behind this intensive effort, there are military as well as scientific motives; the armed services hope eventually to have their own communications network using Syncoms. This, of course, is small consolation to liberal Democratic Senators who are bitter because all the findings obtained through Relay and though the spending of the taxpayers' money will be made available without charge to the new corporation dominated by private industry. There is even less solace in store for television viewers. The first programme planned to reach Europe over Relay will contain platitudes like those that saddened Telstar's debut: ice skaters at Rockefeller Centre and possibly a choir from a Negro university singing on the steps of the Lincoln Memorial.

Unmanning the Ships

FROM A CORRESPONDENT IN NEW YORK

AT the beginning of next week some 75,000 dockers in ports on the Atlantic and Gulf coasts from Maine to Texas will vote on the "final" offer made by the shipping companies to the International Longshoremen's Association. This offer is the same as the one made before government mediators and a fact-finding board entered the dispute after the Taft-Hartley Act had



José Salvador helps to build a new world

The classroom is in Manila, in the Republic of the Philippines, and the subject is the chemistry of oil. The student's name is José Salvador and when his schooldays are over he wants to work in the new refinery which was recently built at Batangas, to the south.

But on a bigger scale, José is typical of all youth among the developing countries; his subject is industrialisation, and his post-graduate intention is to play an important and exciting part in raising the living standards of his people. The new subjects he is learning and the new skills he is acquiring will allow his generation to bring about a change which in Europe took centuries.

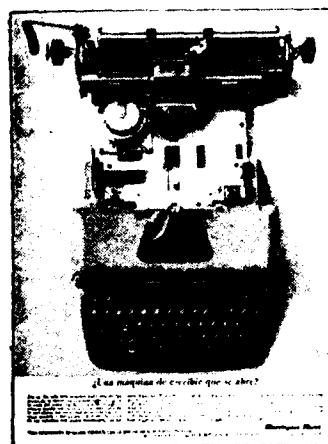
Shell may well play a part in training José

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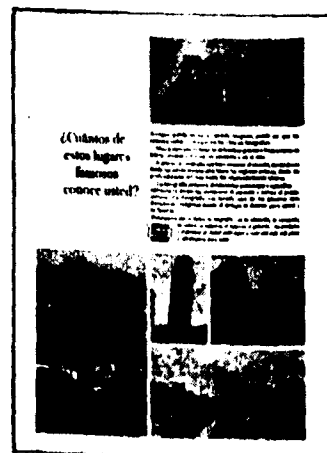
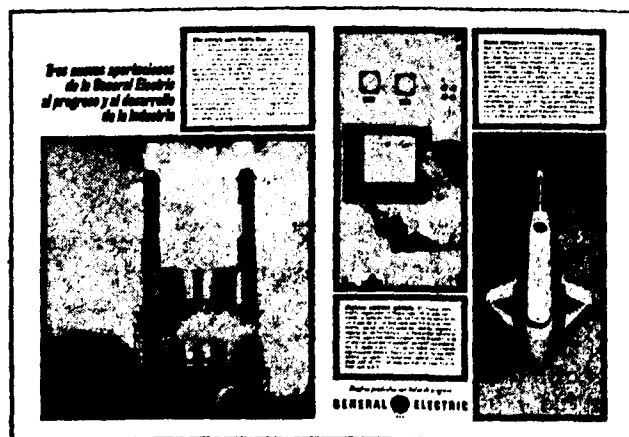


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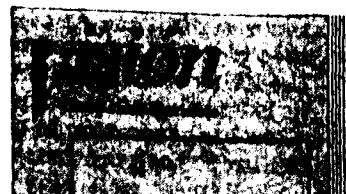


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been invoked early in October to delay a strike. Officials of the trade union have spurned the offer repeatedly and now the rank and file seem certain to vote against it. The dockers will then be free to stop work on December 23rd and are expected to do so. The government has no further authority to intervene and negotiations have broken down completely in the key talks between the ILA and the New York Shippers Association, which represents 145 companies. So the strike may be a lengthy one.

Dockers now work an eight-hour day at \$3.02 an hour; the union is asking for a six-hour day with the same total pay of \$24.16 and for increases in pensions and other "fringe" benefits. The shipping companies have proposed an increase of 27 cents an hour over a three-year period but they would offer more if only they could obtain promises of greater "productivity" from the union. What they want is freedom to handle their manpower more flexibly, power to reduce, for example, the size of the twenty-man "gang" which must now be used to load and unload the

hold of a ship. The basic problem in the current dispute is the growing obsolescence of present methods of handling cargo. Other distributive industries have been able to step up their productivity by streamlining their operations, but in shipping productivity has been falling off, according to the employers; for this they blame the trade unions.

One major way to cut costs is to reduce the "port time" required to load and unload a cargo vessel. Under present circumstances this may take up to ten days, largely because of a maze of dock-side shuttling which benefits stevedores but few others; loading operations are also hampered by narrow, cluttered, "finger" piers such as those in New York. It has been fairly standard practice when exporting goods from a mid-west factory to send them to port by rail, transferring them to lorries which carry the merchandise to warehouses for temporary storage. From these warehouses, the goods are hauled to the piers, packed into units called "pallets," shifted once again, this time for storage on the pier,

New Frontier for Housing

AFTER almost two decades of rampageous activity in response to the rapid formation of families and the mushrooming of suburbia, house builders in the United States are facing a more challenging market. The backlog of demand for houses which characterised the early postwar years has been largely satisfied. Increasingly the industry is having to cater to the requirements of critical buyers who are looking only for replacements and to the special needs of newly-weds and older people. And this in turn is being reflected both in a general upgrading of the national stock of housing and in a shift in its composition. Flats are on the rise and the city, in the words of the Federal Housing Administrator, "is beginning to come back into its own as a significant part of the housing market."

The spurt in the construction of flat buildings has indeed been one of the more spectacular developments in recent years. The proportion of multiple-unit dwellings in the total number of private houses started has climbed from one-tenth in 1955 to about 30 per cent this year. In part, this resurgence in the demand for flats reflects simply second thoughts about the long daily journey into work from suburbia and about the chores and rising

costs of home ownership. The vast sums being spent on urban renewal are also undoubtedly beginning to enhance the attractions of city living. More important, however, are the shifts in the age composition of the United States which favour the building of flats.

By far the fastest-growing sectors of the population are retired people and young adults recently out of school, who neither need nor, in many cases, can afford the one-family house. Also on the increase are couples in the 45-65 age bracket—the so-called "empty nesters," whose children have grown up and who have become bored with their large houses. Indeed, these couples, generally at the peak of their earning power, have been the mainstay of the promoters of luxury apartments. The outlook for the 25-45 age group—the principal buyers of new one-family houses—is anything but encouraging for the building industry. The number of people in the lower half of this age bracket will not begin to increase measurably until the mid-sixties, while those aged 35-45 will continue to decline throughout the decade.

Nor is this all. Any unsatisfied backlog of demand from this group has all but disappeared. A situation in which the number of new houses started each year had been lagging far behind the creation of new families—and in which young couples often had to double up with their parents or in larger converted houses—has been reversed. While the rate of new family formations fell away from a peak of 1.5 million in 1950 to less than half that amount in 1960, almost as many new houses were built during that period as during the preceding three decades.

From the public point of view, of course, this balancing out of total supply and demand in the housing market has been an unqualified blessing. It has been the major reason for the impressive improve-

ment in housing standards since 1950. Prospective buyers of new houses have no longer felt compelled to jump at the first opportunity, attractive or not. Furthermore, the introduction of abundant new housing into the country's supply year by year has meant that older dwellings have tended to filter down through lower income levels, with some of the poorest units dropping out of the supply altogether at the end.

From the industry's point of view, on the other hand, all of these changes have meant a tougher future. The rising number of vacancies, the levelling-off of building costs and the increased incidence of delinquencies and foreclosures on mortgages have signalled the emergence of a buyers' market. It is not an inconsiderable market but to cultivate it requires more flexibility and imagination—and a harder look at the vast and previously by-passed demand for houses for people with low or moderate incomes.

HOW GOOD IS HOUSING NOW ?

(1960 figures)

	Owner-occupied	Rented
Age and Plumbing :		
Occupied houses or flats (millions)	32.8	20.2
Constructed before 1940	16.3	17.3*
1940-1949	5.2	3.5*
1950-March, 1960	11.3	4.8*
With full plumbing†	29.1	15.5
Lacking some/all plumbing†	2.9	3.3

Average Size and Value :		
Number of rooms	5.5	3.9
Number of occupants	3.4	3.1
Value	\$11,900	—
Monthly gross rent	—	\$71

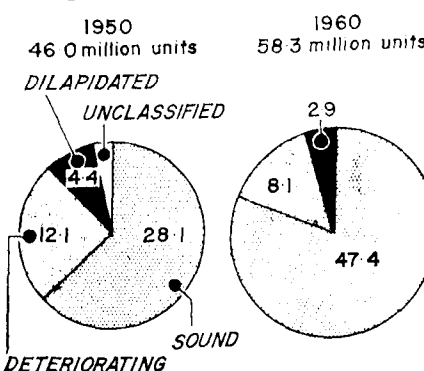
* Including vacant units totalling, for all ages, 5.3 millions; these are not included elsewhere.
† Excluding dilapidated units totalling 2.2 millions.
‡ The median number or value, i.e., the middle measure above and below which there are an equal number of houses.

HOW WELL EQUIPPED ?

Of the 53 million houses or flats occupied in 1960, the following number (in millions) had the equipment shown :—

Radio	48.5
Television	46.3
Telephone	41.6
Washing machine	39.1
Food freezer	9.8
Clothes dryer	9.1
Air conditioning	6.6

BETTER HOUSING



and finally transferred by lift trucks to the ship's side, hoisted up by crane and stored by hand in the hold. Obviously all this means mountains of paper work and provides ample opportunity for the pilferage at which dockers, abetted by gangsters, are adept.

But this long-drawn-out operation is becoming increasingly unnecessary. Cargo can be packed into containers at the factory, carted "piggy-back" by rail or lorry to the port and run out on to the pier where a gantry crane grabs the container off the lorry and installs it into a ready-made bed in the ship. Once it docks, a lorry picks up the container and rushes it inland direct to the customer. "Containerisation" is still in its infancy and will probably always be inapplicable to some types of cargo. But already designers are developing wider, deeper holds which offer ingenious opportunities for loading and unloading containers, pallets and other goods, such as motor cars, simultaneously. Once freighters had only one hatch cover to a hold; now they often have three which open and close electronically.

BUT if these quick methods of loading are to enable ships to compete with aircraft, lorries and trains for premium cargoes, such as perishable commodities, then what are needed are not only rebuilt or new ships with capacious holds to accommodate differently packaged cargoes, but also larger vessels which can make faster trips. Some ingenious work has been done in reshaping old hulls into "containerships." An older vessel is sometimes literally sawn in half and a new, bigger mid-section is inserted. But ship owners are also seeking to replace their many old, slow vessels with the larger "Mariner" designs which have speeds of 20 knots or more. Research is also going on into the possibilities of submarine freighters and hydrofoil ships which skim the surface of the water at high speeds, although neither seems suitable for large amounts of ordinary cargo. Semi-submerged craft are another possibility and gas turbine engines are being tested in the hope that these may bring lower costs—essential if American shipping companies are to increase their share of world trade.

But labour is one of the biggest items of cost and to reduce this burden naval architects have been experimenting with automation over heavy opposition from the trade unions. It has been estimated that the 55-man crew which is generally specified for a Mariner costs an employer \$551,000 in wages a year. Yet, from the standpoint of engineering and design, it is fairly simple to reduce this crew by at least half; this would mean not only lower wage costs but also less money for crew quarters and more room for cargo.

In comparison with land-based industries, shipping has lagged woefully behind in its use of mechanisation. Only recently have American vessels begun to carry data-logging equipment; this enables rigid checks to be kept and offers designers detailed information for the future. Considerable success in increasing efficiency and reducing the number of men needed has been achieved by simplifying and combining existing equipment in engine rooms. Steering and navigation can also be done semi-automatically. The ultimate object is to make it as simple to operate a freighter as a small power boat or a car. Once the fully-automated ship is out of port the master will programme a variety of computers in the wheel house. They will alter speeds and change course to meet adverse wind and weather conditions, and even to avoid collision, keeping the vessel in proper trim all the time. If something goes wrong in the engine room a standby system will begin functioning automatically.

This kind of navigation is still in the future, although the Japanese recently sailed a remote control freighter into New York harbour. But automated systems of this sort would certainly place an entirely different emphasis on ship operation. They would reduce maintenance costs on board and lengthen the intervals between major overhauls from 30 to perhaps 90 days. Conceivably, the job of the chief engineer might be done on shore with

repairs being carried out there and control systems being moved in and out of ships rather like tubes in a television set. In addition, more elaborate means of communication on land would regulate a ship's passage directly. The whole operation may develop into the same pattern as space flights, with ships being guided by some sort of remote Mercury Control.

Vigilantes on Main Street

FROM A CORRESPONDENT IN WASHINGTON, DC

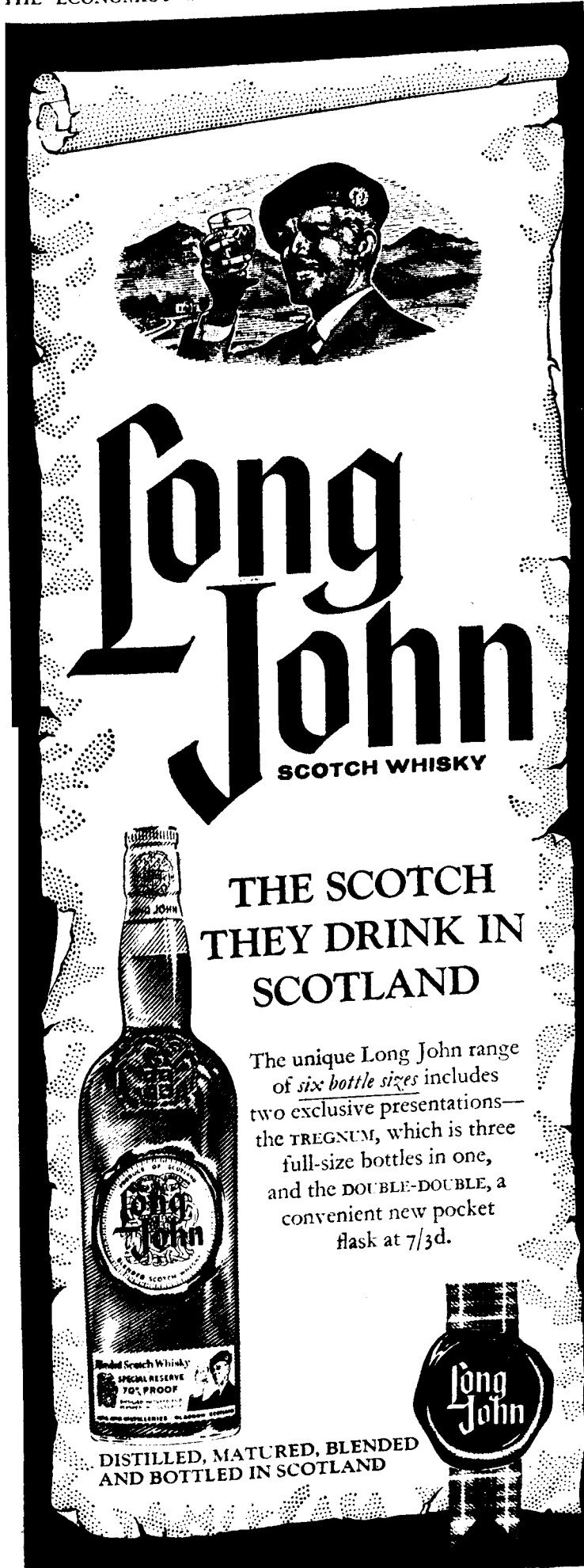
A DOCTOR in Miami, Florida, abetted by the John Birch Society, has found considerable support for a campaign to frighten businessmen out of selling goods made in eastern Europe. There is at least one "Committee to Warn of the Arrival of Communist Merchandise on the Local Business Scene" in each of the fifty states and Dr Harold maintains that these local vigilante efforts are receiving the support of various Parent-Teachers Associations, Chapters of the Daughters of the American Revolution and fraternal and ex-servicemen's organisations for their attempts to keep shops from stocking such things as Polish hams, Yugoslav furniture and toys, Czech dog baskets and Russian caviare. Often the groups need only to tell managers of shops that certain goods being sold are of eastern European origin. The managers quickly take them off the shelves. Sometimes everyone joins in burning them in the streets. In other cases managers resist and the committees organise "card parties." Cards are printed bearing the words "Always Buy Your Communist Slave Labor Products at . . ." Committee members sneak into the shops with these and insert them in every item they can find until the job is completed or they are tossed out.

This high-handed method has already won promises from large chain stores that they will remove the goods in question and will refuse to stock them in the future. The City Council of Billings, Montana, has gone so far as to impose a \$1,000 licence on wholesale and retail businesses which offer for sale products made by communist labour and to require shops to display the sign "Licensed to Sell Communist Goods." The movement has focused recently on Washington itself and businessmen there have been taking Polish hams off the shelves. One man was arrested and fined \$10 when a shop objected to his inserting cards in its merchandise. This is a galling development for the Administration, which has urged businessmen to stock these goods as part of its attempt to increase trade with countries such as Poland and Yugoslavia. The State Department is now urging shopkeepers to resist the threats and this week President Kennedy remarked that it did not seem to him "to be a great contribution in the fight against communism" to call a merchant unpatriotic because he carries Polish hams.

The committees have been particularly successful in Texas, Illinois and certain parts of the South. They argue that the boycott is depriving the communists of foreign exchange, relieving the American balance of international payments and helping to create more jobs for Americans. This is all nonsense, since last year the United States continued to enjoy a favourable trade balance with the eastern European block, exporting goods to it worth \$133 million against imports from it of \$81 million. There were far more jobs involved in these exports than could be made for Americans by weaving wicker dog baskets at home.

SHORTER NOTE

The new member of the President's Council of Economic Advisers, to replace Dr Gordon who is going to the Bureau of the Budget, will be Dr John P. Lewis, from the University of Indiana. He has liberal views on such matters as taxation and budgetary deficits and has experience of work in under-developed areas.



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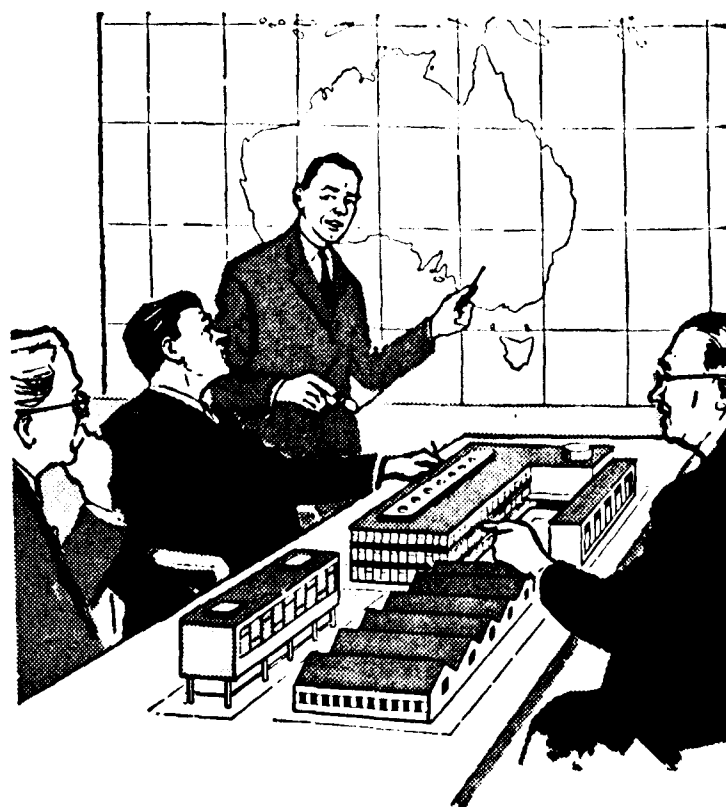
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THE BUSINESS WORLD

Cars: Does Innovation Pay?

INNOVATION in car design is generally greeted by the people who write about motors as intrinsically good: but the decision to innovate is simply a commercial one. A manufacturer does it when he believes it will give his cars an extra sales appeal. It does give the copywriter more to get enthusiastic about, and the saloon-bar experts a better subject for argument. But if one looks at the biggest car market in the world, one finds that apart from devices to make driving easier and sometimes to make it cheaper, technical features play a subordinate role to fashion as a means of persuading American buyers to change their cars as regularly as that other essential but fashion-dictated purchase, their clothes. Europe is not sufficiently used to having cars to be able to regard them in quite the same way as the American does, or to change them for whims of fashion; so more genuine technical change may have more chance of succeeding.

"Innovation" in cars rather tends to be taken by many European motoring writers as the abandonment of the "conventional" arrangement of mechanical parts, where an engine at the front drives the rear wheels, which are mounted on a rigid axle; but this has really ceased to be "conventional." Where the designer puts the engine and how it drives the wheels are now mainly matters of personal preference. And this definition leaves out such changes as automatic transmission and improvements to engine designs—the sort of innovation, in fact, that American producers most often introduce. If Chrysler introduced a gas turbine engine, it would be the ultimate example of this sort of innovation. Despite the concentration on fashion to sell cars, American firms do innovate, and not only in this way; the Ford Taunus 12M with a V-4 engine and front-wheel drive was, after all, an American design. So innovation ought perhaps to be defined as any novel mechanical feature that is more than a simple gimmick.

The decision to innovate primarily depends on an assessment of the nature of the market. Is it the technical features of a car or its appearance that most influence buyers? And, if the buyer is interested in technique, is he attracted more by novelty or by the features he knows and has tried? Then the manufacturer has to decide whether his engineers have an idea with enough sales appeal. Some European firms like to divide the market into two sections: the first-time buyers and the business users, who are primarily interested in running costs and therefore tend to play for safety in their choice and go for the proved, conventional design; and people who have owned a car for some time, who drive for pleasure, and who therefore go for the novel design in search of a new experi-

ence. As cars get more familiar, on this argument, there should be more interest in innovation—which has not been American experience. The other reason for believing that the market will become more technically conscious is simply the prevalence of the mechanical among the modern child's toys, and the proclivity to tinker that seems increasingly to accompany many boys into later life.

MANUFACTURING economics play only a subordinate role in the decision to innovate, though they may determine its timing. The mechanical parts of a car are made on longer-lived and more expensive tools than the body, so that they can be changed less often—the dies used to form a body gradually lose their shape, faster if they have to draw out the steel deeply, more slowly if the pressing is shallow. One can reckon that some dies may have to be replaced soon after 250,000 bodies have been made; this is about as many bodies as can be made from a single set of dies in a year. So the frequent body changes of the American producer are not as expensive as they might seem; by the time a million or so cars have been made, most of the dies will be worn out and some will have been replaced more than once. The automatic machine tools used to produce an engine and other mechanical parts will generally be depreciated over ten years or so, and this limits a company's freedom to change the basic design; Ford's decision to make the Cortina with "conventional" mechanical parts and the Taunus 12M with "unconventional" ones was made simply because the production line for mechanical parts at Dagenham was three years old and of adequate capacity, while that for small engines in Germany was small and out of date.

Even if some of the mechanical parts at least are from existing models, the cost of tooling for a novel car like the Morris 1100 will roughly double that of putting a new body on existing components. But this does not make a substantial difference to the cost of production; it will add only £5 or £6 to the cost of each car over a model run of 500,000, which any big European manufacturer would nowadays expect to attain for a major new model in the lower-priced range. Ford has made more than 500,000 Anglias by now and BMC just 500,000 Minis. With such volumes makers are getting into the American position of needing to replace body dies, so the decision to keep the body styling unchanged over such long runs is primarily a marketing question.

Tooling costs in the motor industry are thus less significant than one might think. There seems to be more to be gained

by large volume production than from long runs on each model; as production techniques grow in complexity, the optimum production rate increases, until there are now considerable economies from rates of 250,000 a year or more. The innovator's main problem is to keep his direct costs down; where he is using many parts that are not made for any other manufacturer, he may well find that his production costs are higher than those of makers of conventional cars. BMC seems to have found this a problem with the Minis.

The position of the manufacturer who has produced a novel car design is very similar to that of one who is using some novel part in a conventional car—such as disc brakes or automatic transmission. Here the extra cost is most often the result of using something that is made in smaller numbers than its conventional counterpart, and only secondarily the consequence of any greater complexity of the mechanism involved. But the risk of developing and tooling for the new part will have been borne by its maker, and usually not by the car maker—unless he has decided to seek his own solution of such a problem. The cost of equipping a factory to make such a product may be comparable to that of the tooling cost of a new car: Westinghouse has spent £4 million on development and preparing to make the Hobbs automatic transmission.

The cost of engineering development is another thing that is relatively unimportant in the decision to innovate: as one managing director put it, the engineers have to do something. And it makes little difference to the cost of their activities whether they are seeking to make a car ride better on leaf springs or to develop a hydraulic suspension system, though the total cost of the engineering department will be high enough to make it an overhead that only a large firm can afford. In America, they will be much bigger than in Britain where research and development are still done on a more modest—but perhaps more efficient—scale. When something like the “hydrolastic” suspension of the Morris 1100 nears the production stage, more needs to be spent on getting it ready for production; but the sums are usually minute compared with those that the aircraft or chemical industries would spend on development, and are small again in relation to tooling costs.

BMC reckons that it is safer to seek technical appeal than styling appeal: engineering may not be an exact science, but styling is only a sort of art—and one cannot have any precise idea of what is the right answer to a styling problem, while one can for an engineering problem. The risks of innovation, on this view, are minimal when some degree of novelty

is almost essential to sell a car—so long as the engineers know their job. BMC believes it can maintain the appeal of the car by mechanical improvement to an already advanced but improvable design over a production run of perhaps ten years. It thinks that this will be cheaper than styling changes, and may make tooling costs lower in the long run than if a conventional design had been adopted to begin with. To give a design the ability to be improved is easier if it is novel to begin with.

The saving in cost from preserving the style is more for the buyer than the producer. As Volkswagen has shown, if a car remains outwardly unchanged—apart from being durable—its value falls more slowly than that of the American car which looks out of date after two years. Probably all the dies of the Volkswagen must have been changed many times in its life, often with changes in appearance—but always minor ones that will not alter the style of the car. And its mechanical features have been greatly improved since 1948. This seems much the policy that BMC is seeking to follow, and the Cortina appears similarly styled with long life in view. As depreciation is the biggest item in running costs, this is a way that design policy can reduce them. And if starting with a novel design will help give a longer life, innovation may prove to cut running costs. Apart from the classic example of the Volkswagen, British makers can see the way Citroen was raised from bankruptcy to prosperity in the 1930s by the introduction of its front-wheel drive 12 that grew into the Light 15, and the success with which this firm has continued a policy of technical innovation but styling stability with the 2cv and DS 19. One might say that they have taken a long time to learn; the dead hand of technical conservatism that made the British motor industry the most backward in the world now seems blown away—by the winds of competition, now that the industry is selling in the world market?

If technical innovation adds relatively little to the cost of a car and provides an extra selling point, why do not more manufacturers innovate? The answer seems to be that now cars are pretty highly developed, it is difficult to produce a design that is novel and significantly better than the conventional, without adding much to cost. The DS 19 may be the best-sprung car in the world, but it gains this position at the price of a complexity that cannot be afforded on small cars. Working to a price, the engineer has real difficulty in finding a new method that will offer improvement that the buyer can detect, unless he is abnormally ingenious. The prerequisite for innovation is invention; this becomes more difficult as an industry matures.

Gatt and European Agriculture

CONTRARY to many people's anticipation, the upsurge of economic regionalism the world over has so far added to rather than reduced the importance of the trade code embodied in the General Agreement on Tariffs and Trade. Gatt sessions—the twentieth session was recently concluded in Geneva—have turned out to be the only forum where the trade policies of regional economic unions can be discussed and judged by other trading countries, not as a matter of courtesy but as a contractual right. For the various common markets around the world, generally consisting of members of Gatt, who are concerned to demonstrate that their exclusive arrangements are in line with its code.

The list of regional arrangements is becoming longer with each session. Gatt now has to consider Lafta (the Latin American Free Trade Association), the Central American Free Trade Area, the African Common Market (Algeria, Egypt, Ghana, Guinea, Mali and Morocco), the Ghana/Upper Volta Trade Agreement besides Finesta, EFTA and the European Economic Community. The last two, however, continue to play the leading roles, and EEC in particular underwent another detailed investigation at Gatt's last session. Working parties and committees were ready with their reports on the association of Greece with EEC and with an examination of the common market's agricultural policy. They were not satisfied that the Greek association was not a codified form of long-term discrimination, and informed EEC that they reserve their right to examine the evolution of this association regularly, which the EEC countries and Greece accepted. The importance of such examinations may lie in the effect they have on the formulation of further association agreements or, in the case of the agricultural policy examination, on the shape that the not-yet-fully-formulated regulations are likely to take.

In Gatt's discussion on agriculture, a representative of EEC stressed that in framing this new system, the member states had gone out of their way to choose policy instruments designed to be compatible with Gatt. Paradoxically enough, the higher protection offered by the new levy system is *de jure* probably within Gatt rules. The levy, so argues the community, is nothing but a variable tariff; and as long as the positions to which it applies are not “bound” under Gatt, its use is legitimate. This *deus ex machina* looks, however, to most agricultural exporters in Gatt to be pretty diabolical.

Not only does the EEC levy, as long as it equalises foreign prices to domestic prices, practically exclude all imports except to cover the gap between production and consumption within the community by the inclusion of its *montant forfaitaire*; the agricultural policy also gives community producers a preference within the community and a special advantage on the world market as exporters. The pivot of the new system is the “indicative price.” For cereals, this is at present the highest price within each country. From this price, the intra-community levy during the transition period and the levy on third country imports are derived, after taking account of transport costs and handling charges, from the centre for which the basic indicative price is determined to the point of entry at the frontier. The frontier price, or so-called “threshold price” is however increased by a preferential

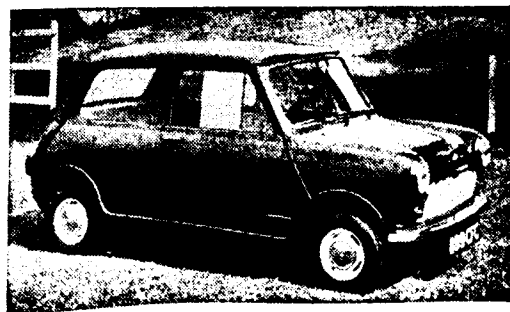
addition (the *montant forfaitaire*) which in the case of intra-community trade is deducted to encourage such internal trade. The levy is set at the difference between the threshold price (including the *montant forfaitaire*) and the most advantageous world price.

It is not surprising that agricultural exporting countries were critical of such a cunningly-shaped system of protection. But they saw the devil's very cloven hoof in the refund system. The refund is the corollary of the levy and is given to EEC exporters of cereals. It is logical, says the community, that if the levy is the difference between world prices and domestic prices, then each EEC exporter should be given a refund which is exactly the same size as the levy, so that he can sell on the world market. But the levy includes the *montant forfaitaire*, and the refund he gets will allow the community exporter to sell by this amount below world prices. While production within the community will depend on the level of the “indicative prices,” the export subsidy and internal preference margin will be equal to this *montant forfaitaire*.

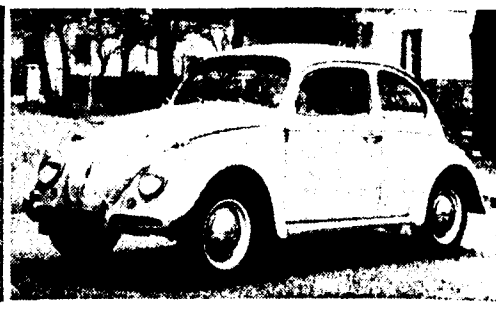
At the Gatt session, outside countries criticised this, on the grounds that such a system could make exporters out of former importers, particularly if the basic regulations contained no general provisions about quantitative limitations of production. What seemed particularly odious to most existing agricultural exporting countries was the possibility that in a buyers' market community exporters would have the advantage of the *montant forfaitaire*. Moreover, any price reduction by one world exporter would automatically result in an increase of the levy in respect of all other exporting countries (and with that an increase in the refund); so everybody would be forced to lower their prices. “The system,” comments Gatt's working party, “thus might bring into world trade new elements, hitherto not existing, which might have an adverse effect both on prices as well as on access to the market.” Outside countries provided figures showing that the present system provided higher protection than EEC countries previously enjoyed. France's threshold price for wheat in August, 1962, was 66 per cent above cif prices for imports, and Germany's was about 106 per cent above landed prices.

As these exporting countries saw it, the common agricultural policy gave domestic suppliers over-protection against external suppliers, and provided support arrangements extending to every ton of cereals that European producers might care to grow. It provided an assurance that every ton produced and not sold would be bought by an intervention agency. It gave producers inside Europe freedom from price competition from external suppliers; and with regard to surplus production, it gave them export subsidies that could only be regarded as most generous. Finally, the flour-milling industry within the community was protected to the extent of more than 100 per cent with respect to its milling cost. “Thus,” these members suggested, “as a system of protection, disregarding for the moment the level of prices, this was

THREE SUCCESSFUL INNOVATORS



Morris Mini-Minor



Volkswagen 1200



Citroen DS19

about as watertight a system as could have been devised."

This Gatt examination covered only cereals, pig meat, eggs, poultry, fruit and vegetables. Members outside the common market hope that it will have its effect on the formulation of the regulations for rice, dairy products, beef, vegetable oils, and sugar, etc., which are soon to be worked out by the community. At the session, the representative of the community assured Gatt members that the comments made by exporting members would be taken into account, and had already suggested a close supervision of the operation of the regulations. Moreover, he added, the regulations could be reviewed in the light of experience and be modified. In particular, it was

hinted by both sides that the American Trade Expansion Act might be used as a tool to negotiate not only tariffs but price levels and subsidies on agricultural products.

Agricultural exporters may thus still find that Gatt can do for trade in agricultural products what it has done for trade in manufactured goods. Officials in the *Palais des Nations* are busy trying to find accommodation for the trade ministers' meeting in April or May, so that a timetable and details can be got down to. In the meantime Professor Hallstein has been to the Mid-West to try to moderate some of the mounting criticism that the EEC's agricultural policy has recently experienced in Geneva and in Paris.

BUSINESS NOTES

STEEL

Down to 70 per cent

STEEL output in Britain this year will be about 20.5 million ingot tons, the lowest for three years. Production first exceeded this level in 1956, and reached 21.7 million tons in 1957: in 1958 and 1959, it dropped to first 19.6 and then 20.2 million tons. But capacity was lower then: this year it is about 28 million tons, and during 1962 as a whole the rate of utilisation will have been no more than 74 per cent. This may well be enough to make companies such as Stewarts and Lloyds cut back their expansion; but most of the British steel companies have the extra capacity already

EXPORTS OF STEEL FROM MAIN EXPORTING COUNTRIES

(Excluding E.C.S.C. inter-trading)

	Total '000 tons	U.K.	U.S.A.	Japan	E.C.S.C.
		percentage of total			
1959					
1st Quarter	4,043	13.8	12.3	8.9	65.0
2nd "	4,742	12.8	11.2	7.0	69.0
3rd "	4,170	16.1	6.4	8.0	69.5
4th "	4,984	17.0	5.6	7.8	69.6
1960					
1st Quarter	5,311	15.3	9.0	7.0	68.7
2nd "	5,136	14.3	16.3	8.9	60.5
3rd "	4,568	14.3	17.3	11.9	56.5
4th "	5,318	13.3	11.4	12.1	63.2
1961					
1st Quarter	4,624	16.6	8.7	11.0	63.7
2nd "	4,727	17.2	8.4	10.5	63.9
3rd "	4,646	14.3	9.3	9.8	66.6
4th "	5,218	14.2	10.5	10.7	64.6
1962					
1st Quarter	4,758	14.6	9.3	12.6	63.5
2nd "	4,885	15.8	8.4	15.3	60.5

in. In November the industry was down to 70 per cent of capacity.

Though British steel exports have increased this year. Britain's share of world trade did not match the high proportions attained at times in 1959 and again early last year. Steel exports from the common

market, also, rose less than the world total; Japan, now exporting almost as much steel as Britain, showed the only marked increase in its proportion of the total. In the second quarter of the year the E.C.S.C. exported 60.5 per cent of the 4,885,000 tons shipped by the main exporting countries, Britain 15.8 per cent, Japan 15.3 per cent, and the United States 8.4 per cent.

Last month's output of crude steel in Britain was down sharply: at 398,300 ingot tons a week, it was 5 per cent less than a year before and allowing for seasonal fluctuations, about 8½ per cent lower than in October this year. The latest figures for consumers' and merchants' stocks of steel in the third quarter show a continued decline, but allowing for the time of year the rate of rundown in stocks has slowed.

Takeover Number One?

THE first proposals for any significant steel merger since the war must make people wonder whether this presages a wave of takeovers within the industry as a whole. Stewarts and Lloyds, which unceremoniously told the public this week that it was going to approach the board of Whitehead before actually doing so, produces considerably more steel from its works at Corby, Bilston and Clydesdale than it rolls there or in its tube-making and other subsidiaries; last year, it sold about 300,000 tons of semi-finished steel and hot rolled strip, plus considerable tonnages of ingots, to re-rollers, drop forgers and other steel-makers. Whitehead is the most important single re-roller in British steel, with a hot rolling capacity of about 300,000 tons a year and cold rolling capacity of about 100,000 tons a year.

Demand for these sales of crude and semi-

finished steel, as well as of pig iron and spun iron pipe, have fallen away this year more than demand for steel tubes. Large tonnages of semis from the Commonwealth have been available in Britain below the home price—Whitehead has bought some—hitting demand for steelworks that sell billets, such as Corby. This has now forced Stewarts and Lloyds to postpone the blast furnace investment in its plan to increase iron and steel output from Corby by 450,000 tons a year each; the prototype LD-AC converter of an oxygen process that was planned to increase the plant's steel melting capacity is already in, but postponement of the ironmaking project will save the group nearly £19 million for the time being.

Corby, sited on the Northants orefields, is a plant that has always aroused the enthusiasm of enthusiasts for steel development on British ore; but the company has been less anxious to duplicate its capacity than some of the enthusiasts. Plans for new "green field site" steelworks in the Midlands, made more than once since the war, have come to nothing. The development that Stewarts and Lloyds has partly cut back was the latest of these: Corby, as the last Iron and Steel Board development report commented, is one of the country's most economic sites for billet production. Semis such as these, however, are the kind of steel that tends to be offered most widely on the world market when home demand drops away across the world; newcomers to steel production, for example in the Commonwealth, often have sizeable tonnages to unload at very low prices.

This particular bid may represent one way of acquiring finishing capacity of which Stewarts and Lloyds, specialists on pipes and tubes in a market where oil demand, in particular, is slack, is comparatively short. Whitehead's capacity has been modernised since the war but in recent years the company has not gone forward with any major schemes. Whether this bid to "integrate forward" more fully may be followed by other companies with bids for smaller re-rollers remains to be seen.

THE ECONOMY

Investment Down

IT was only to be expected that manufacturing investment would be still declining in the third quarter but it may seem surprising that the fall was the sharpest since the turn a year ago. The Board of Trade provisionally estimates that expenditure in real terms fell by as much as 9 per cent after taking seasonal factors into account, making the total for the first nine months 10 per cent lower than in the same period last year.

In the summer, forecasts received by the Board from manufacturers had indicated that their investment this year would fall short of 1961 "probably by a little more than 5 per cent." It looks, now, as if the figure will turn out to be nearer 10 per cent. At the same time, these businessmen had suggested that their 1963 investment would be rather more than 10 per cent below the level then forecast for this year. In fact, this lower level they foresaw for 1963 seems to have been already reached in the third quarter. But, although manufacturers must be thinking more favourably about investment than they were in the summer, expenditure has probably dipped further.

Outside manufacturing, the Board reports a rise in the third quarter of about 3 per cent in the volume of spending by the distributive and service industries included in this inquiry. The indications are, therefore, that fixed private investment as a whole fell by about 4 per cent, back to the level it had been in the first quarter of the year.

The rise in industry's stocks in the third quarter was a little over half of one per cent, after allowing for seasonal factors. The increase was rather larger than in the second quarter, because, instead of running down, wholesalers' stocks went up very slightly and retailers' stocks remained unchanged. The volume of manufacturers' stocks rose by half of one per cent—or by much the same amount as in the second quarter. Most of this increase was in work in progress, although the seasonally adjusted change in stocks of finished goods was slightly upward; that in stocks of materials and fuel, however, was downward. Although still only at a provisional stage, the figures suggest that most of the increase in stocks and work in progress in the three months occurred in two groups of industries—"engineering, shipbuilding and vehicles" and "food, drink and tobacco."

BUILDING ORDERS

Government Boost

PUBLIC housing programmes and some big motorway contracts were the main causes of the unusually high level of new orders obtained by contractors in the third

quarter of the year. These totalled £526 million, which (seasonally adjusted) was 6 per cent higher than the previous quarter and 11 per cent more than a year earlier. The increase in public investment, which made up nearly half the total, easily offset the continued decline in orders from private developers for industrial building, which at £63 million were £21 million below those of the same quarter last year and £29 million below the peak period of April-June, 1960.

Private housebuilding showed about as much activity as the year before but "miscellaneous" private development—mainly shops and offices—was busier than ever. New orders for this type of building were worth £97 million, representing the biggest increase of all in the seasonally adjusted index—a rise of 88 per cent since 1958.

INTERNATIONAL CREDIT

Plans in Pigeonholes

THE Paris Club of ten western countries which stand ready to extend supplementary credits to the International Monetary Fund held a first annual reunion on Thursday in what has clearly become its home base, Paris. The business meeting lasted no more than an hour, and part of this was taken up by a detailed exposition by M. Jean Paul Sallé, the IMF representative in Paris, of tentative arrangements made by Dr Jacobsson with the Swiss authorities on their participation in Paris club credits. This is to be on a bilateral and non-membership basis, to a total of \$200 million, as discussed in these columns a fortnight ago; Dr Jacobsson is to hold further talks in Switzerland in early January. At the end of the meeting Mr Dillon reassured his colleagues about the American balance of payments, maintaining that while the third quarter had not been too good there would be an improvement at the end of the year.

Any wider discussion about new plans for improving international liquidity arrangements were confined to informal conversations. The British authorities are still anxious to keep the Maudling plan alive but, wisely enough, are not pressing it at this unreceptive time. The other plan that has been talked around official circles in recent months, again rather casually, is the Posthuma plan under which countries would agree to maintain their reserves in uniform ratios of gold and credit, 60-40 or 70-30 to begin with, the credit to include holdings in continental currencies as well as dollars and sterling.

Dr Posthuma is on the board of the Netherlands Bank and a member of the monetary committee of the common market, but the plan has been put forward in his personal capacity. Dr Holtrop, president of the Netherlands Bank, is himself believed to have some reservations—he has certainly

not been counted on the radical wing in the liquidity argument, and has recently spoken out against the proposals for swift monetary integration put forward by the European Commission in its action programme. But it is worth noting that Dr Holtrop himself mentioned the possibility of a fixed gold-key currency ratio in countries' reserves at the 1961 meeting of the IMF, as did Dr Blessing of Germany at this year's meeting. There is indeed a good deal of vague feeling on the continent that a move to common attitudes on composition of reserves may be on the way. But in the absence of firm arrangements for gold guarantees on the additional currency balances, such ideas can make little progress. And given the guarantees, the Maudling plan is eminently superior.

IMF

An American Drawing?

FOR an important but neglected technical reason, a drawing by the United States on the International Monetary Fund has become more urgent in recent months. This is because the United States has now all but run through the large cumulative credit position in the IMF that it had built up in the years when dollars were the predominant currency used for fund credits. In April, 1958, which was just about the time that the weakness of the dollar was first manifested in the foreign exchange markets, the fund had sold a net \$2 billion of US dollars, reducing its holdings to 25 per cent of the United States quota. This provided an equivalent cushion for surplus dollars to be taken off the markets by way of repayments to the IMF. By October 31st this year, these repayments had wiped out all but \$36 million of America's net credit in the fund, and had raised its holding of dollars to 74 per cent—exactly the same as its current proportionate holding of sterling. And the IMF articles provide that repayments may be made only in currencies that will not bring the fund's holdings above the 75 per cent line. This rule is inflexible, for the good reason that otherwise countries would in effect be making net drawings on the fund by the back door.

The upshot of this is that very soon neither sterling nor dollars will be eligible for repayments of drawings. This means that countries making repayments will first have to acquire Continental currencies, or gold; and if, as is likely, they acquire these against United States dollars, the effect will either be a strain on the gold reserve of the United States or a further embarrassing addition to the dollar reserves of Continental countries. It happens that outstanding drawings from the IMF are not very large at present—the main ones are \$275 million for both Canada and India, \$224 million for Argentina, \$163 million for Brazil and \$100 million for Egypt. But the

hard fact is that, for the first time for nearly five years, the IMF mechanism will no longer be providing automatic support for the dollar. A continuation of such support now demands formal action through application for a drawing—which thanks to the Paris club, as Dr Jacobsson recently stated specifically, could now be readily met up to the full quota of \$4,125 million. Might the prudent move be to make the drawing soon, while the psychological climate for the dollar remains undisturbed?

IN THE MARKETS

Gilts on the Up-Blade

SINCE the early summer of this year the two main sections of the London stock market have been moving inversely; and the direction of these inverse movements has been guided fairly closely by current guesses about the chances of a setback in the world, and particularly the American, economy. The shock of the Wall Street collapse in May was reflected in Throgmorton Street not only in falling prices of equities but also in rising prices of bonds. Then the short-lived Cuba crisis, after its momentary disturbance, brought new confidence to the American economy. Wall Street rose sharply, pulling London and continental bourses in its wake; and the recovery in gilt-edged was halted and partly reversed. Now in the past week or so Wall Street has paused, partly perhaps to consider how solid the post-Cuba ebullience really is, and partly perhaps to digest the implications of that ebullience on congressional willingness to let through a tax cut—some ominous noises have been made this week by Mr Wilbur Mills, a key committee chairman. This in turn has been sufficient to bring a further small setback to equities in London, already affected by the widespread publicity about Britain's own unemployment. Once against the scissors movement has been in play: gilt-edged have enjoyed a strong week. On Thursday, however, the scissors began to move the other way.

This recovery cannot be attributed to the release of special deposits alone (spread over this week and next), or to the further edging down of the Treasury bill rate, to 3½ per cent. For the rise has spread to the long dated and irredeemable gilt-edged securities, and War Loan at 6½ came close to its pre-Cuba peak. The authorities have encountered a good demand for stock, which they have met, at rising prices, from supplies taken in both in the short phase in which they supported the market and in the earlier large switches made with investors when the gilt-edged market was roaring ahead.

BANK BULLETIN

Funding Fast

A CONTRIBUTORY encouragement for the market on Wednesday came from figures in the December bulletin of the Bank of England showing just how large

BUSINESS NOTES

official sales in this period were. In the quarter to mid-September net official sales of gilt-edged reached £207 million, bringing total sales since September 1961 to £657 million. In the latest quarter, moreover, the great bulk of these sales—£185 million—were taken up by investors other than banks and official institutions; and among these foreign purchases were believed to have been small. Official sales of medium and long dated stocks were moreover twice as large, at about £400 million, as the authorities took in about £200 million of bonds of less than five years' maturity in funding switches, reducing their net sales by this amount. Further large sales followed in the period not fully covered by these figures: the issue of £500 million of Treasury 2008-12s was sold in the astonishingly short period of six weeks to mid-October. The upshot of all this funding was that in the four months from mid-June the authorities managed to lengthen the average life of dated government debt in market hands by a full year, to rather over thirteen years.

The Bank bulletin also has some interesting comments on the strength of Britain's external finances in the autumn. Briefly, it finds it puzzling. The surplus in Britain's current account in the first half of the year was "probably replaced by a deficit" in the third quarter—the figures are due to be published next week, but the trade figures have already indicated a deterioration in the visible balance. At the same time, the Bank detects little evidence of any marked inflow on capital account. Security sterling continued at a discount, indicating a lack of interest in inward investment—and the rise in the premium on investment dollars has not suggested any falling off in outward investment, direct or portfolio, from Britain. In the money market meanwhile the arbitrage calculation has pointed in two directions at once—to a move out of London deposits with local authorities and into Euro-dollar deposits on the one hand, but into London from American to British Treasury bills on the other. The net movement is unlikely to have been large. Yet "balance of monetary movements"—the gold reserves against recorded sterling liabilities—was favourable. The explanation is taken to be an unidentified inflow of capital, of rather more than £50 million, perhaps through an increase in trade credit granted to Britain. Thus while export shipments paused in the third quarter export receipts may have risen, on account of the rise in shipments earlier in the year.

BANK LIQUIDITY

Time for 25 Per Cent?

A SPECIAL article in the bulletin traces the precise nature and the historical emergence of conventions on bank liquidity among British banks. The article makes a further and more specific revelation of the way in which a single minimum uniform ratio has become officially recognised, and

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required. In 1951 the governor of the Bank of England indicated that

a ratio of from 32 to 28 per cent would be regarded as normal but that it would be undesirable for the ratio to be allowed to fall below 25 per cent as an extreme limit.

Since then some clearing bankers have expressed the view that 25 per cent is indeed nearer what they regard as commercially necessary in modern circumstances; but the Bank of England has made it clear that the minimum remains at 30 per cent. The Bank is almost certainly right in its feeling that an arbitrarily variable ratio would do more damage to bankers' sense of responsibility for their own affairs than does the device of special deposits (though that, one must add, is dangerous enough, and on finance for the government there is no serious difference between the two devices). But if, as is almost certainly the case, the 30 per cent ratio is itself above the ratio that bankers feel to be necessary to-day, then, by the Bank's own argument, it should surely be looked at again. Should the authorities not consider a once for all reduction to the appropriate commercial ratio—probably 25 per cent? Such a move could of course be contemplated only at a time that the authorities were willing to countenance the increased scope for bank lending that such a reduction would temporarily involve. But in the months ahead the authorities are in fact likely in any case to take action to boost liquidity in one way or another. Why not this way? Here may be the ideal opportunity to combine a temporary credit boost with a useful structural reform.

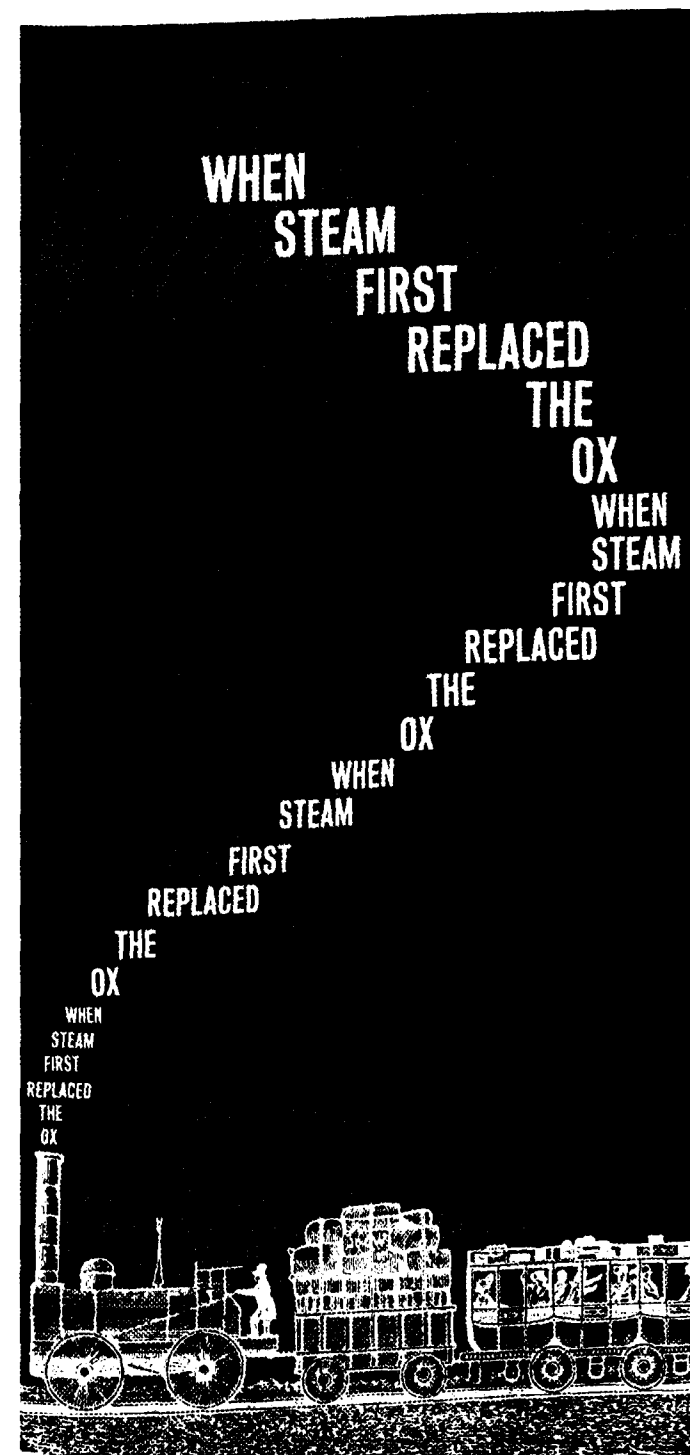
WALL STREET

A Pause

New York

WALL STREET's remarkable rally finally showed signs of fatigue this week with a sharp tumble on Monday followed by the feeblest of recovery efforts which were accompanied by a dwindling of volume. A reaction has been overdue and New York's newspaper strike as well as doubts voiced by influential congressmen about the prospects for tax cuts contributed to the decline. It is just six months since the market hit its low point last June and some of those who bought in, at or near the bottom, are undoubtedly selling for long term tax gains. Brokers believe that the decline will be checked by the many investors who have been eager to return to the market and have been awaiting some relapse.

In fact the market seems to be marking time rather than undergoing a serious retreat, so the correction is still to come. Issues enjoying sharp rises have been sold for others that have lagged behind the market. Thus Chrysler, the third largest auto maker, has climbed sharply because of the industry's general improvement and is now being sold with some of the proceeds apparently going into American Motors, which has not participated in the



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DAILY MIRROR

THE MIRROR GOES WHERE THE MONEY IS

rally of the auto stocks. American Telephone has been rising, confirming that the small investor is returning to the market. But some of the space issues, notably Douglas which is heavily involved in the disputed Skybolt programme, have been hard hit—Douglas shares have suffered a decline of almost 20 per cent before steadying.

EXPORTS TO CANADA

Trade Crusade

THE President of the Board of Trade has launched a brave attack on Canada's cheese-paring attitude towards imports, even if he picked home ground to say so. However, speaking after lunch with the Canadian Chamber of Commerce in Great Britain (composed of people with an interest in trade between the two countries), Mr Erroll was not sparing with the pepper, even though his audience included the High Commissioner for Canada and the Agent General for Ontario, a Province whose 1930 style of economics called forth his special condemnation. He expressed grief at Canada's resort to a tariff surcharge on imports in June to restore its balance of payments, but as recovery has now proceeded successfully he hoped the new impost would be "removed entirely in the near future."

With refreshing attention to detail at this level of discussion, Mr Erroll exposed the unfairness in Canada's application of customs duties; he also took a crack at the vigour and the lack of decorum with which Canada wields its anti-dumping duties (though not a few interests in Britain would like to see Mr Erroll take his cue from Canada in this respect). Mr Erroll had no need to mince his words in slapping down Ontario's "trade crusade," which seeks to expand trade while persuading its citizens to reduce their purchases of imported manufactures. Prefacing his comments with a polite deference to the High Commissioner, who is a former premier of the offending province, Mr Erroll was rightly scathing.

Mr George Hees, the Canadian Minister of Trade and Commerce, addressing the Ontario Regional Industrial Expansion Conference on Wednesday, propounded another dangerous doctrine. Disavowing any thought that he was urging Canadians to buy Canadian at all costs, he suggested that manufacturers' procurement lists should be diligently combed to ensure that nothing was bought from outside sources which might equally well be supplied by Canadian firms. But that would be discrimination of sorts even if it proved possible to restrict it to this mild form.

HIRE PURCHASE

FHA in the Open

THE Finance Houses Association, through its director-secretary Mr G. H. Woolveridge writing in the association's quarterly review, has come out unequi-

vocally against the Molony committee's recommendations on the reform of hire purchase law. The association's views were perhaps predictable, but it is important that the most influential section of the hire purchase industry is now ranged alongside independent observers already fighting the Government's apparent acquiescence in getting the Molony recommendations on to the statute book by private legislation.

Last week *The Economist* set out its objections to Lord Peddie's private bill. Mr Woolveridge's objections are much the same—namely that extending the present act to all hire purchase contracts would make nonsense of hire purchase as it stands. The consumer must be protected, but not at the expense of fair treatment for the finance companies. And although hire purchase companies have been guilty of bad treatment to hirers in the past, a system that limits a company to obtaining no more than half the hire purchase price in a case of default is obviously unfair and limits the security of the goods. Such a system, indeed, would force the companies to exert what rights they had left at every possible opportunity. Mr Woolveridge's answer is a new act incorporating the formula, which the more reasonable companies already use, of charging the hirer the balance owed, less the amount received for the re-sale of the repossessed goods. Once such a formula was legally binding the need for court orders to re-possess could be dispensed with and much valuable county court time might be saved. There would be no financial advantage in a "snatch back." Unfortunately Mr Woolveridge stops here.

There is everything to be said for such a formula, but at the same time the companies must be allowed, through exemption from the Moneylenders Act, to move into the field of personal lending. Many of the industry's problems have arisen from the dealers' standing between borrower and lender. The sensible solution would be to allow companies and customers to use both systems and seek out for themselves which they prefer.

A CHANNEL LINK

Tunnellers Winning?

RUMOURS from Paris suggest that a Channel tunnel will be the choice of the Anglo-French Steering Committee of civil servants, set up a year ago to advise their governments which would be the best economic prospect—though the Committee has yet to finish its report, which will probably be handed to the governments around the end of this year. The optimism of the tunnellers may well be based on the obvious superiority of their project to the bridge where costs are concerned—a difference between £110 million for the tunnel and about £220 million for the bridge. There would be some difference in traffic carried, but the tunnel may have paid for itself long before the bridge would: and the tunnellers are now at least prepared to use only their own money, while the bridge lobby vaguely

refers to "guarantees" while talking of raising all its capital in ordinary shares.

The British government is waiting for the Steering Committee's report before publicly committing itself, but it seems to be becoming more favourable to the idea—especially now that it is trying to get closer links with Europe. British Railways would be delighted with a rail tunnel that could bring more freight traffic on to its southern lines, but it may have to go through an embarrassing intermediate stage while a tunnel is being built and its ferries are becoming increasingly inadequate to carry the steady growth in traffic. It might even have to build a new ship anyway, only for this to become obsolete. The attitude of the French government is less clear; where it was formerly believed that it had decided that a link was wanted and was only awaiting the Steering Committee's verdict to approve its choice of project, there are now signs that it is at present going slow on the issue. But the long birth-pangs of the project do seem to be reaching their end.

TYRES

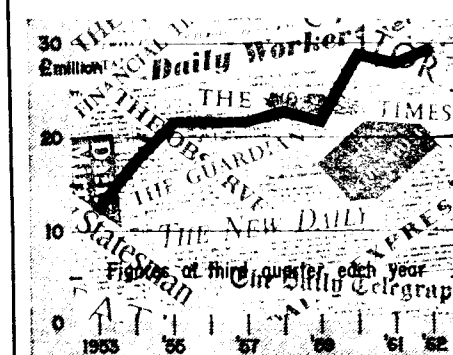
Dunlop Charges More

PERHAPS to show that the skin of monopolistic practices has been well and truly sloughed off, the tyre makers have presented the unusual picture of discord on prices this week. Dunlop raised the prices of all its types by three per cent last Mon-

SPENDING ON PRESS ADVERTISING

The third quarter of the year, the most sensitive barometer for press advertising expenditure, registered a 4.76 per cent increase compared with the same quarter of 1961. The national mornings and Sundays skimmed nearly all the extra benefit, with increases of around 12 per cent; magazines, London evening papers and provincial weeklies all did worse than in the previous summer. Over the whole first nine months of the year, a total of £99.5 million was spent, £3.7 million more than in the same period last year.

The tendency to fewer and larger advertisements continued. Some of the extra money left to cigarette advertisers from their self-imposed ban on peak-time TV advertising made its way to the press: expenditure here was £1,138,888 compared with £870,214 in the previous quarter and £897,892 a year before.



day, but its rivals are only beginning to follow its example. Dunlop gave as its reason for higher prices the fall in its profit margins mentioned by the directors when they announced the interim dividend in October: though the price of both natural and synthetic rubber has fallen this year, wages have risen more than enough to offset this. Labour probably accounts for a bigger proportion of costs in the tyre industry than in many others, for a tyre is still built up by hand.

Success in the replacement market—to which these increases apply—may be another reason for Dunlop's decision. The C41 tyre with a tread of "cling" rubber that it introduced early this year has raised its share of the replacement market by ten per cent—perhaps from 40 to 45 per cent. Where the low-priced Silver Seal seems to have had little effect, technical improvement and heavy advertising have worked. Dunlop may have reckoned that it could afford the risk of selling at higher prices than its rivals now that it has a popular tyre to reinforce the

strength it gains from its ownership of wholesalers and from the use of its tyres as original equipment on some 60 per cent of new cars sold in Britain. But the lure of higher margins seems to have been enough to secure eventual unanimity. For all, the position is confused by the growth of price-cutting by retailers and wholesalers, and the possibility that this will spread in the new year, if the agreement restricting tyre sales to approved traders should be declared contrary to the public interest by the Restrictive Practices Court. If price-cutting were to become general, manufacturers would not need to worry about charging more.

DOMESTIC AIR FARES

All Up!

IF the airlines get their way—as they almost certainly will—nearly all domestic air fares with the exception of British European Airways' three-guinea night flights from London to Scotland and Belfast, will

go up next April by amounts varying from five per cent on the long routes to 25 per cent on the short. The airlines blame rising costs: they could also blame the pattern of traffic. Last year, British European Airways had the humiliating experience of increasing its domestic traffic by a fifth, and losing £2.7 million in the process, suggesting that the more it carried, the more it lost. Some of its troubles were due to the long and expensive running-in of the Vanguard—this has cost BEA £3 million to date—but the basic difficulty about encouraging internal air traffic is that it tends to be commuter traffic between North and South, with businessmen fuming at the difficulty of booking seats on early and late flights while the aircraft fly largely empty (1,000 empty seats daily on the BEA network) during the middle of the day. It will be interesting to see whether BEA's proposed 30 per cent discount for passengers prepared to take their chance with an unbooked seat will achieve its object of spreading the load more evenly.

The five per cent increase on long flights between, for example, London and Scotland is unlikely to have much effect on traffic. But how will those few passengers who now travel between London and Birmingham by air react when their fares are increased by 25 per cent to £5 return while the first class rail fare remains at £4 3s. 4d., and the second class at £2 15s. 6d.? It is not at all clear that even these proposed increases will keep the airlines out of the red unless traffic continues to increase quite substantially. The average rise in fares is 10 per cent; a ten per cent increase in domestic revenue last year would still have seen BEA showing a substantial loss.

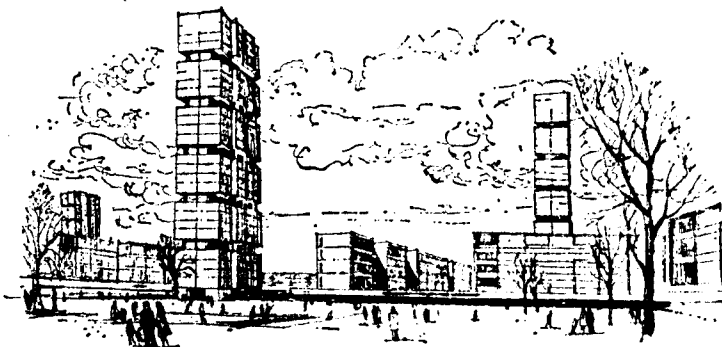
AIR TRAFFIC CONTROL

One Organisation

IN the pre-jet days of the 1950s, it was relatively simple to prevent military and civil aircraft from colliding in mid-air with each other: the military jets flew higher than the propeller aircraft of the airlines and all that was needed was to keep them at their own heights. Then civil aircraft could pass beneath undisturbed. But when the airlines began to re-equip with jets towards the beginning of the decade, civil aircraft started appearing for the first time at altitudes over which the military had up till then been in sole command. To order the airlines to stay out of this part of the sky would have put them at an economic disadvantage, because jets use least fuel at high altitudes. But to leave them loose among the darting fighters was to court the increasing risk of collision, because at those heights and speeds two aircraft have slight chance of seeing each other and even less of taking evasive action.

The solution of so-called "airways" for the exclusive use of civil aircraft depends on being able to regulate the movement of military as well as civil aircraft as closely as if they were trains on a track. The technical aids to do this exist, where the system

Suburb-in-the-Marsh



PEOPLE make Saturday afternoon trips to the LCC's Southern Outfall sewage works on the Thames Estuary near Erith, in Kent, where a £2 million improvement scheme has purged the air and beautified the scene; the Council now proposes that 25,000 of them should live there too. A bold Hook-style scheme has been drawn up by LCC architects for an unpromising 400 acres of marshland originally (and cheaply) bought simply as a barrier between the sewers and the Kentish suburbs. If London-tied industry and business can be persuaded into adjacent land, to the empty portions of the nearby Woolwich industrial estate and to the redeveloped centre of Erith itself, which goes hand-in-hand with the scheme, the new town will have a social and economic justification.

Its inhabitants will be platform dwellers, a mode of living favoured in this case by geography as well as by town planning theory. The whole of the site is below Thames-level, and in spite of strengthened defences still faces a rare chance of flooding such as that of 1952. All living quarters are therefore to be raised approximately 12 feet above ground level, with the space underneath for garages, storage and services,

for which the small flood risk would not be disastrous. Though delivery ramps connect the platforms with the ground, the living level will be virtually a pedestrian precinct, with groups of platforms linked by footbridges. These will be straddled by 31 storey tower blocks of flats which will provide 30 per cent of the living space—the rest will be

houses and maisonettes.

The proposed town would be expensive to build—first estimates are around £50 million or £2,000 per head of population—but the cost would be prohibitive if a ground level development were attempted. Horrible things like sliding peat under the Erith marshlands, favouring the minimum possible excavation. Stability can best be obtained with few, massive, deeply driven foundations: enormous piles, at the corners of the platforms and under the towers, will anchor the floating town.

Whether this will demand novel engineering techniques cannot be said at the present tentative stage. For the superstructure the LCC intends as much use as possible of industrialised building, which it hopes to make an economic proposition for a town of this size built to standardised patterns—even though industrialised systems can so far compete with conventional methods only for flats, not for houses. The building stage will not be reached for about two years and will take perhaps ten to complete—but before it begins at all the LCC, or its successor, will need to be sure that industry can be attracted to the spot, or lured there with Government help.

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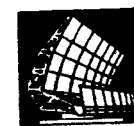
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sometimes falls down is on the human side, where military and civil traffic are controlled by separate organisations. The Ministry of Aviation has this week announced the setting up of a single National Air Traffic Control Service which will bring the whole tricky business of air traffic control (in simple terms, the avoidance of collisions) under a single headquarters that will gradually take over responsibility for every stage of the operation. The Ministry of Aviation has an enviable reputation in air traffic control matters; unfortunately its writ extends only to the air above this country. Conditions in Europe, in spite of attempts to introduce a European system of air traffic control, remain as chaotic as ever.

BMC ROLLS-ROYCE

No Merger

THE British Motor Corporation and Rolls-Royce announced at the end of last week that they have no plans to merge any of their interests, following the talks on technical collaboration that started a year ago. But they have found ways in which information and components can be usefully exchanged, and arrangements have been made accordingly.

What the components are that will be interchanged has not been revealed by the companies; but it is possible that BMC might like to use one of the Rolls-Royce range of industrial engines in its larger cars and lorries, for Rolls-Royce is probably better suited to production in small quantities than is BMC and such a move would provide it with a useful increase in work.

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BUSINESS NOTES

But BMC is unlikely to want to use as expensive an engine as the V-8 Rolls-Royce now uses in its cars. And the concept of the Mini-Rolls, delectable though it would have been, has now been killed.

PILOTS' HOURS

3 British = 1 American?

SOME weeks ago, *The Economist* was sharply taken to task for claiming that the pilots of American airlines did three times the work of those employed by the British Overseas Airways Corporation. Inquiries since made among crews and managements (there is no other source for this kind of information) suggest that the comparison was by no means unfair. BOAC would agree that its pilots fly an average of 400 hours a year and sometimes less. By comparison, those employed by United Air Lines, which is the biggest operator in the world after the Soviet Aeroflot, fly 1,200 hours a year. Lest it be argued that only a giant like United, with a fleet of 300 aircraft, can achieve these levels, the crews of one of the most efficient local service airlines, Frontier, which flies into settlements in the Colorado peaks with second-hand Convairs and DC 3s, also average 1,200 hours flying a year. So, until recently, did TWA's pilots whose hours have now been reduced to 900 a year. Those of American Airlines, ranking second in size to United, average 850 to 900 hours a year.

The difficulty of scheduling jet aircraft explains the lower figures of TWA and American; United crews doubt whether it will be possible to sustain their own high totals much longer. But there will still be a marked difference between the amount of work put in by the average American pilot, without any obvious signs of overwork, and his counterpart in BOAC, suggesting that the corporation must have at least a temporary surplus of flight crews as well as of other staff. Is the same also true of British European Airways? According to the corporation's accounts, its pilots flew less than 550 hours each last year, a reduction of between eight and nine per cent on the previous twelve months.

RUGBY PORTLAND/CHINNOR

Cement Mixer

THE shares of Rugby Portland Cement have been strong this year and now yield less than 2 per cent, one of the lowest returns among cement shares. The high price of Rugby owes something to hopes of a profitable redeployment of its substantial liquid assets. These have been boosted by the £7 million paid by Redland Holdings in October for the non-cement interests of Eastwoods which Rugby acquired in the

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summer. Last month Rugby announced a £2½ million expansion scheme in New Zealand and now it is making a bid worth just under £4 million for the shares of Chinnor Industries. The offer of 32s. 6d. a share (ex the final dividend) compares with a pre bid price of 28s. 6d. and as holders of more than 50 per cent of the ordinary shares have agreed to accept it, success seems to be assured.

Rugby's bid seems to be well timed. Chinnor's results for the year to end September are already overdue and these may reveal that, as the replacement of an old kiln resulted in the loss of six months of its output, the rapid expansion of recent years has been temporarily checked. Between 1957 and 1961 Chinnor's pre-tax profits rose from £107,000 to £290,000 and its equity earnings by 50 per cent. The new and larger kiln will add about 20 per cent to its cement-making capacity and with further expenditure planned on road building Chinnor could well resume its expansion next year. Rugby, itself a rapidly expanding concern, seems to be buying growth at not too dear a price.

RAILWAY PROPERTY

Development Links

THE companies that will be associated with Railway Sites Limited in the development of railway land have now been named. The railway authorities will provide the land; the companies the finance and expertise. The forging of these links obviously means that much of the development will come their way, but the arrangements do not preclude Railway Sites from giving consideration to redevelopment proposals put up by others outside the consortium.

Southern Region: Charterbridge City and Central Trollope & Colls	London & Midland: Southern Capital & Counties Metropolitan & Provincial
Eastern Region: City of London Real Edger Investments	Norwich Union Life Taylor Woodrow
North-Eastern: Hammerson Property Metropolitan Estate	Northern Hallmark Securities London Assurance
Western: Allnatt London Samuel Properties George Wimpey	Peasey Stock Conversion United Real

Nor do the associations extend to building contracts, which will be let in the normal way. The arrangements, moreover, do not extend to London terminal stations, where the planning problems associated with the obligation placed on British Railways to preserve a proper balance between housing and commercial development are not yet resolved. The railwaymen are more keen on office development over the London termini than local planning authorities are.

In all, this will be the biggest development programme in this country. But it will take many years to complete and the progress of redevelopment will be slow. Even the most astute developer might find it difficult to find a profitable new use for a countryside station on some of the branch

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lines that Dr Beeching has closed down; and clearly the most important developments will be concentrated in busy urban centres. Here, inevitably, there will be planning and constructional snags. While, therefore, these associations may put a little more colour into the rather wan cheeks of the market in property shares, it is the long-term support the programme will give to the companies that is important for investors in these shares.

SHIPPING MERGER

Norness Gets a Quotation

EARLY next week the shares of Anglo Norness, the product of the merger between Norness Shipping and Anglo-American Shipping, will be quoted on the London Stock Exchange. Norness already owns 61 per cent of the shares of Anglo-American which are currently priced in London at 48s. In what is described as "primarily a reorganisation within an existing group of companies" Anglo-American, which is registered in Bermuda, will become the parent of virtually the whole of the Naess shipping group and Norness will be turned into a public company. Anglo Norness will make an offer for the 90 per cent of the shares of British Oil Shipping that are owned by the family settlement of Mr Charles Clore on a share exchange basis and will offer probably not more than 25s. in cash for the remaining shares held by the public. The latter offer is certainly more generous than the terms being offered to the Clore trustees.

The immediate effect for Anglo-American shareholders is that instead of the forecast dividend of 6 per cent they will receive a 2 per cent dividend and a 3 for 100 scrip issue. Short-term considerations such as these indicate that Anglo Norness will open around the current price on Anglo-American. But, while there will be some stock available to create a freer market in Anglo Norness than recently existed in Anglo-American, there is no reason to fear that big holders of Norness such as Mr Naess will start to sell large blocks of shares. Moreover, there is the prospect of some improvement in earnings until mid-1964 and, even if freight rates have not improved by then, satisfactory profits thereafter. Anglo Norness's fleet consists almost entirely of big, modern tankers and bulk carriers. At the moment 31 of the combined companies' fleet of 34 ships are on time charter; by the end of 1964, 20 out of the 44 ships—38 per cent of the total tonnage—will be on the open market and the acquisition of British Oil Shipping will add two more ships to this fleet. But the financing arrangements associated with the charters mean that even at the current depressed level of freight rates the ships out of charter should be able to earn a profit in open voyages. The directors, taking perhaps a more optimistic view than many about the chances of recovery in rates, believe that the present

BUSINESS NOTES

recession "is a temporary situation that is gradually being corrected" and that it will be possible to arrange satisfactory new charters for the ships. The Anglo Norness shares would be among the first to benefit from an improvement in freight rates but whether this and its past record of able management will overcome the current reluctance of investors to take a view in shipping equities is another matter.

CERTIFICATES OF DEPOSIT

Success at a Cost

A New York correspondent writes:

THERE are signs that the serious efforts of American bankers to lure back corporate funds that have been disappearing into the short-term money market, by offering negotiable certificates of deposits, have not brought the unqualified success that the figures might suggest. The outstanding total issued by the nine leading New York City banks reached a record \$1,589 million at the end of November—an increase of 50 per cent since January. And while country-wide figures are not yet collected, informed estimates put the total at about \$3 billion compared with a little over \$2 billion at the beginning of the year. It appears, however, that the banks are in some cases now paying interest through these CDs on funds which they formally held interest free.

The introduction of the certificate of deposit by the New York banks nearly two years ago was in part prompted by the phenomenal growth of corporate investment in commercial paper. Company treasurers, the banks found, were becoming far more venturesome about investing idle funds in the short-term notes marketed directly by about a dozen major finance companies, and sold through dealers by about 400 industrial concerns and lesser finance companies. But the introduction of certificates of deposit seems to have done nothing to check the growth of commercial paper. Indeed this has accelerated this year, and by the end of October commercial paper outstanding totalled \$6,970 million, about 50 per cent more than at the start of the year, more than double the amount five years ago, and more than seven times the total at the end of 1950.

The fact that sales of commercial paper have continued to rise in the past twenty months leads several money-market authorities to suggest that certificates of deposit are being acquired in many cases at the expense of Treasury bills and demand deposits by the more old-fashioned corporations, which would not have invested in commercial paper anyway. To the extent that the funds are attracted out of Treasury bills, the bank's deposits are increased; but any switching from demand deposits merely means that they pay more for the same deposits.

Certificates of deposit and commercial

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paper are not precisely comparable. Major finance companies issue their notes in amounts and at maturities exactly fitted to an investor's requirements. The maturities run from 72 hours to nine months, and although the paper is not ordinarily negotiable, issuers will often accommodate an important investor by allowing him to redeem notes before maturity. Certificates of deposit, on the other hand, are freely negotiable, but are issued only in round sums for round periods, normally three, six, nine or 12 months. Some country banks offer them for as little as \$25,000. The New York banks issue them only in multiples of \$1 million. Rates for both instruments tend to follow money-market patterns set by Treasury bills. Recently, six-months certificates of deposit have been quoted at 3½ per cent on issue and 3.45 per cent in the resale market. Comparable maturities of directly-placed commercial paper have been quoted at 3¼ per cent; and commercial paper marketed through dealers at 3¼ per cent to 3½ per cent.

ARTIFICIAL FOOD

Refinery Kitchen

ONE of the more depressing scientific fantasies is the food plant which turns old boots, brooms and other debris into dressed turkeys and crêpes suzettes. The brave new reality is, as it so often is, drabber still: after all, crêpes suzettes are not nutritious. And what the world's undernourished populations need is a cheap source of nutritious proteins which can be exploited on a massive scale. A great deal of work has been carried out all over the world, mostly on increasing the yield of meat from livestock; but also on unconventional "industrial" methods such as cultivation of algae and extraction of proteins from vegetable matter. Now some chemists in British Petroleum who have been investigating micro-organisms for treating oil have turned up

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BUSINESS NOTES

a bug, an organism—they do not specify—which feeds on oil, turning it into proteins and vitamins. A large pilot plant is to be run near Marseilles by the French BP company to provide enough protein food for testing. The Food and Agricultural Organisation of the UN, anticipating such developments, has already laid down rules which include testing 30 generations of rats, so that it will be some years before the discovery can be used.

Proteins are graded according to their usefulness to humans: animal proteins are mostly "first-class" and vegetable proteins "second-class." But conversion of the second-class into the first-class by grazing animals is a lengthy and inefficient business. It can be helped by supplementing the animals' diet with cheap proteins, which encourages growth—already the practice in raising broiler chickens—or it can be bypassed, theoretically, by making proteins directly. The methods that have been developed so far have not yet been widely enough used to evaluate them. But some encouraging reports have been received: for instance an improvement was noticed in the health of Venezuelan lepers when fed on algal soups. The BP discovery, producing a comparatively high-class protein rich in vitamin B's, is valuable, but plants would have to be sited near large refineries, which are not always in the worst-fed countries.

It is one thing to make protein supplements; it is another to persuade people, who may not fully appreciate their value, to eat them. The products are not appetising and even starving people may cling to atavistic prejudices in favour of less efficient processes. Scientists may be capable of "feeding" a hugely increased world population by these processes but it is to be hoped that

The 2.8 per cent improvement in manufacturers' home deliveries of refrigerators which took place in October, compared with October, 1961, looked small beside the 31 per cent improvement reported for September. The 734 extra refrigerators sold could easily be the result of cutprice direct selling by Rolls-Prestcold, said to be currently running at 700 a week.

Trust Houses is to raise £3 million by a debenture issue in the near future. A revaluation of the group properties is being made and this is expected to reveal a substantial surplus over book values.

November was another good month for the unit trust movement. Total sales of units amounted to £5½ million and repurchases to just over £1 million and the net investment of £4½ million was the highest in any single month since January, 1960. Net investment so far this year of £30.9 million compares with £5.9 million in the first eleven months of 1961.

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such methods need only be stopgaps. Leaving aside the issue of population-control, the long-term solution to this problem is more likely to lie in more efficient use of traditional means—particularly the sea—to produce traditional foods.

SPAIN

Trust for the Patient

THAT Spain might one day be able to join the Europe's "economic miracle" club has been evident for some time. The ordinary investor, however, no matter how long he is prepared to wait, is bound to be deterred from investing directly in Spanish companies by the extreme sketchiness of the financial information they provide, and by the thinness of the Madrid stock exchange. In these circumstances investment trusts are bound to be popular. In about six weeks, J. Henry Schroder Wagg will start to place privately the shares of its new Anglo-Spanish Investment Trust. It is hoped that the trust will have an initial capital of around £1 million. The portfolio is now more or less fixed, though in some cases negotiations for the acquisition of blocks of shares are not yet complete. If the fund grows as expected a stock exchange quotation will be sought. This will be the second placing of shares by a London merchant bank in a Spanish investment trust this year. In April, Kleinwort, Benson placed privately part of the capital of "Inespa," a Spanish trust managed by the Banco Urquijo of Madrid. The other big trust in this field is "Espac," a unit trust run by the Union Bank of Switzerland.

SHORTER NOTES

Production of the West Driefontein mine will be seriously affected by a subsidence that caused the collapse of part of the treatment plant and the death of 34 African workers. The shares of West Driefontein fell back from 88s. 9d. to 78s. 1½d. Earlier this week its dividend had been raised from 3s. 1.2d. to 3s. 3.6d. per share. The feature of the latest Kaffir dividends is a maiden dividend of 1s. on the £1 "A" shares of Western Deep Levels.

COMPANY AFFAIRS

Comments on pages 1160, 1161 and 1164 on:
Stewarts and Lloyds Whitehead Iron
Steel Company of Wales John Summers
South Durham Steel ICT
Distillers J. Hepworth
Montague Burton Arthur Guinness
Bass, Mitchells and Handley Page
Butlers Westland Aircraft
Tube Investments Mercantile Credit

STOCK PRICES AND YIELDS

Stock prices, yields and security indices on pages 1162 and 1163

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1165

COMPANY MEETINGS

GLAXO GROUP

Increase in world trading

LOWER MARGINS AFFECT RESULTS

ONLY ONE SIXTH OF TURNOVER FROM N.H.S.

Sir Harry Jephcott on control of new drugs—"British Manufacturers' sense of responsibility"

The twenty-eighth Annual General Meeting of Glaxo Group Limited was held on December 10th in London, Sir Harry Jephcott, Bt, DSc, FRIC, FPS, presiding. The following is an extract from his Statement circulated to members with the Report and Accounts for the year to June 30, 1962:

Effect was given on January 1, 1962, to the new holding company structure, to which I referred at length in my statement last year. Our name was changed to Glaxo Group Ltd. and a new operating subsidiary, Glaxo Laboratories Ltd., was formed to carry on the business previously undertaken by us under that name. All the manufacturing and trading assets of the Group are now held by operating subsidiary companies.

The continued expansion of the Group's manufacturing and trading has necessitated further investment in fixed assets, whose value after depreciation has increased substantially during the past two years. As a result the issued capital no longer reflects even the fixed assets of the Group, and a further capitalisation of reserves with the issue of one unit of ordinary stock for every four held is deemed appropriate and timely. This will involve an increase in the Authorised Capital of the holding company.

TRADING CONDITIONS

There has been little change in general trading conditions during the year, either at home or overseas. Although we can once again, and with satisfaction, report an increase in world turnover of 5 per cent, keen competition and consequent reduced profit margins have resulted in this increase being inadequate to maintain the trading profit, which is 4 per cent less in total than that of the preceding year. During the second half of the year technical improvements in some processes resulted in lower production costs, but the full benefit from these will only accrue in the current year.

UNITED KINGDOM

Glaxo Laboratories Ltd. Turnover in both foods and pharmaceuticals has been well maintained. About the end of the year, too late to affect the past year's trading, two new products were marketed. One of these is the outcome of applying recent knowledge to one of the oldest sedative drugs.

In a different field, research has been in progress for some years with the object of developing a vaccine that would protect poultry against the devastating ravages of Newcastle disease, commonly known as fowl pest. Success in our endeavours coincided with the decision of the Ministry of Agriculture to recommend vaccination in place of the costly policy of destroying flocks affected by the disease. Our vaccine is already in considerable use by poultry breeders

and will be issued by the Ministry of Agriculture under its subsidy scheme.

Glaxo Laboratories Ltd. now manufactures the Sabin (live virus) poliomyelitis vaccine to meet the requirements of the Ministry of Health, but production of the Salk (killed) vaccine has also been maintained; from it a quadruple vaccine has been developed and provides at one injection not only the initial dose of the poliomyelitis vaccine but also protection against diphtheria, whooping cough and tetanus.

Allen & Hanburys Ltd. Turnover in both home and export markets continues to increase. Although there was not a corresponding increase in net profit, the outlook is favourable and encouraging. Much of the increase in turnover came from the sale of products outside the National Health Service.

The expansion of hospital services, not only at home but especially in markets overseas, has resulted in a satisfactory increase in demand for the specialised hospital equipment manufactured by the Company. Indeed, increased and better facilities for manufacture have now become necessary. New and more convenient premises have been secured.

Evans Medical Ltd. A satisfactory expansion of the Company's business was reflected in increased net profit.

During the year the business of Lofthouse & Saltmer, wholesale distributors in Hull, was acquired, and a new distributing depot was opened at Heywood near Manchester.

Murphy Chemical Co. Ltd. The weather, which is always an important factor in horticultural business, was unfavourable for the sale of several important products in the home market, but nevertheless the results for the year have been satisfactory and considerable progress has been made in all the Company's divisions.

Glaxo Research Ltd. Our longer term research directed to new products and processes almost invariably involves more than one section of our research activities. The formal organisation of these within a Research Company has already demonstrated its value in securing greater co-ordination of effort and joint responsibility for research projects. The total research effort of the Group is at a new high level.

OVERSEAS

It is difficult in restricted space to do justice to our many-sided and geographically widespread activities. Certain salient facts are, however, worth reporting.

The business of our Indian Subsidiary Company increases steadily, and has made essential the further expansion of factories and warehouses. The new milk-drying factory at Aligarh was in operation throughout the year. The new chemical factory at Thana near Bombay is working at a high standard of efficiency.

In Pakistan, our business grows steadily. We have approximately £550,000 towards the cost of a milk-powder factory at Renala in West Pakistan and for further facilities at Lahore and Chittagong.

The business of our New Zealand Company continues to expand.

The continued manufacture of antibiotics in Australia is now accepted as of national importance, and at least for the time being protection by duty and import control has been given. These actions will remove serious handicaps under which our Australian Company has been operating.

In some South American countries our subsidiaries provide the exception to the general steady growth of our companies overseas. They have experienced difficulties, in spite of which our Argentine Company operated profitably, although less so than in the preceding year.

Brazil has been a serious disappointment to us. Inflation is unabated. It has become impossible to operate profitably in spite of substantially increased turnover.

THE COMMON MARKET

The Group is no stranger to the Common Market, for we have had a subsidiary in Italy since 1932. This company, Laboratori Glaxo S.p.A., has modern offices and a factory in Verona, the latter having been further extended recently. The Group also has companies in France and Belgium, concerned with sales promotion but not engaging in manufacture.

We do not expect that entry of Great Britain into the Common Market will immediately afford the Group greater scope for the sale of its proprietary pharmaceutical products. None the less we are confident that, with the advent of equal opportunity, we can compete successfully and increase our business.

CONTROL OF NEW DRUGS

British manufacturers have a full sense of responsibility, and not one of them would market a new drug until the fullest appraisal of its safety and efficacy had been made by all recognised established laboratory procedures. Moreover, before first sale, the results of these laboratory tests would be confirmed by clinical trials conducted by competent investigators. However, even when every care has been taken, there is still the possibility that some hitherto unsuspected side effect may be revealed by more extensive use. Even the safest of drugs can sometimes give rise to undesirable reactions, and to deny to many the benefit of a new drug because it is potentially harmful in some relatively rare circumstances could surely impede therapeutic advance.

We believe that nothing should be done to relieve the manufacturing pharmacist and the

medical practitioner of public responsibility for their actions, but we should welcome the additional check upon safety that would be provided by the need to submit details of standards of purity, toxicity tests and clinical trials of a new drug to an independent body before marketing. It is, however, imperative that such a body should concern itself solely with safety and the justification of claims made. It should, in particular, not be dependent on any administrative preoccupation with the special needs of the Health Service in the United Kingdom.

THE OUTLOOK

It is a source of strength that the business of the Group is worldwide. We are not mainly or even substantially dependent upon the National Health Service of this country; indeed only one-sixth of our turnover is provided by prescriptions paid for by that Service. We believe that, with the support afforded by our research and development programme and by the excellence of our selling and distributing services in the many countries where we trade, the outlook for our Group is favourable. We may from time to time experience some reduction in profitability, as indeed the Group as a whole has done in a small way this year, but the general trend should be favourable.

We pay warm tribute to the work of our staff at all levels, who now embrace many nationalities both at home and overseas. With their continued loyal support we face the future with confidence.

The Report and Accounts were adopted and resolutions were passed increasing the authorised capital from £15,000,000 to £20,000,000 and sanctioning the one-for-four scrip issue.

LEETHEMS (TWILFIT)

The thirty-fourth annual general meeting of Leethems (Twilfit) Limited was held on December 6th at Portsmouth, Mr A. E. Downing, FCA (the chairman), presiding.

The following is an extract from his circulated review:

Although, in common with other businesses in the clothing trade, the year's net trading profits of the group were lower than last year's, it is gratifying to record that there was a small increase in sales. Increased wages and salary costs compelled us to review selling prices during the year, but continued competition in the Corset trade restricted our profit margins.

Both in respect of sales in the Home and Export markets the latter half of the year 1961 proved to be the most difficult and, although our Export trade did not recover sufficiently to offset the early loss, the Home trade more than made good its loss. Sales of "Joycet" belts and "Cupid" brassieres have been well maintained and justified the optimistic forecast made last year.

The continued increasing demands made upon our working capital to finance higher wages and materials costs make it necessary to continue the policy of retaining in the business part of the year's earnings; it is also desirable to provide against the possibility of having to meet exceptional sales promotion expenditure. The Directors recommend the payment of a Final Dividend of 7 per cent on the Ordinary Shares making, with the Interim Dividend already paid, a total of 10 per cent (less tax) for the year.

The report was adopted.

BARCLAYS BANK D.C.O.

DEPOSITS AND PROFITS BOTH HIGHER

The thirty-seventh Annual General Meeting of Barclays Bank D.C.O. will be held on January 2nd in London.

The following is an extract from the circulated statement of the Chairman, Mr J. S. Crossley:

It is a measure of the pace of political change in these unstable times that a year which has seen the demise of the Caribbean Federation and the emergence of Tanganyika, Jamaica, Trinidad and Uganda as independent members of the Commonwealth should seem nothing out of the ordinary. Those parts of the world served by this bank have experienced in recent years the full forces of change.

LIGHT AND SHADE ON THE ECONOMIC FRONT

On the economic front, a glance at the areas in which the bank operates reveals both light and shade. In South Africa the serious strains to which the economy of the country was subjected in 1961 have been successfully withstood and the country's reserves have risen from a low point of £71 million in June, 1961 to £227 million on November 2, 1962, which is the highest figure for fifteen years. "It can, I think, safely be said that there are comparatively few people outside South Africa, and perhaps not many within that country, who would have predicted such an outcome with any confidence. It represents by any standards a remarkable achievement.

Against the brighter economic situation in South Africa has to be set the gloomy prospect for many raw materials affecting the less industrialised countries of Africa and elsewhere which are still, in the main, producers of primary products. The fall in commodity prices threatens to inflict a catastrophic drop in their incomes, nullifying the scale of external aid at present available or in prospect. Unless some means can be found of increasing commodity earnings, import restrictions in such countries are likely to follow and the cycle of progress to be thereby retarded. Although commodity agreements on a world-wide scale are now coming under serious discussion it seems doubtful whether tangible results will materialise in the near future.

In my annual statement three years ago I referred to the contrast between the rich countries and the poor countries as providing potentially one of the most serious problems that has ever confronted the human race.

COMMON MARKET

It is against such a background that the possibility of the accession of the United Kingdom to the Common Market has to be viewed. Anyone claiming to know precisely what results would flow from this can safely be disbelieved. The equation contains too many "unknowns" and involves matters of such complexity that there is no man nor body of men in existence—and, be it said, no computer either—that could predict the consequences with any approach to accuracy. Even the flow of trade might well throw up some surprising results which would be unlikely to conform to any established formula. One point can, however, safely be made: by joining the E.E.C. Britain

would not automatically be assured of a large share in a rapidly expanding market. This is not to throw doubts upon the opportunities that might be open to British export trade within the Market but to drive home the point that these would be subject to the ability first to put our own house in order, otherwise the resultant trade balance would be strongly adverse.

The real heart of the matter lies in the need to gain general acceptance for the view that it is sometimes necessary to sacrifice immediate advantages for the sake of long-term gains and that the interests of the E.E.C. and the Commonwealth are in the long-run not in conflict. They are only parts of the much greater whole which unless united must succumb to Communist domination.

What is needed is a willingness on the part of each to understand what are the real problems of the other. Such an outcome may take years to accomplish but the issues at stake transcend in importance the popularity of any Government or the prestige of any individual.

DEPOSITS UP BY 190 MILLION

On September 30, 1962, the date on which the bank's balance sheet was drawn up, Bank rate was 4½ per cent after five successive reductions from the figure of 7 per cent at which it stood one year earlier. This reduction is largely a reflection of the improved position of sterling and, taken together with the recent relaxation of credit restriction in the United Kingdom, represents a welcome change. Lower rates, when applied to loans and advances on the one hand, reduce the income from any given volume of lending, and this lower income starts to operate from the moment when rates are reduced. On the other hand, the interest paid out on fixed deposits continues to run at the old rates until each deposit matures. A period of falling rates, therefore, means that the bank will be working for a time on reduced margins.

But the lower interest rates now ruling have driven up the price of Government bonds. This has meant that the value of the bank's investments, for the first time for several years, now exceeds their cost price. As the directors' report states, our profit is struck . . . after deducting transfers to inner reserves out of which reserves provision has been made for diminution in value of assets I am glad to be able to say that, for this year, the pattern has changed and it has been possible to replenish our inner reserves by the amount which we had to provide for the depreciation of our investments in previous years.

It will be seen that our profits, at £1,721,805, are 7.78 per cent higher than last year. They are better than might have been expected having regard to the reduction in margins referred to above.

The balance sheet itself shows two major changes, on the one hand an increase of about £90 million in deposits and, on the other, increases of about £41 million in investments, £24 million in advance and £23 million in cash, money at call and Treasury Bills; the overall liquidity ratio of the bank thus shows little change.



Mr J. C. ROSCOE,
JP, ACII

LEEDS PERMANENT BUILDING SOCIETY

Year of Remarkable Progress

The 114th Annual Meeting of the Leeds Permanent Building Society was held in Leeds on December 10, 1962. The President, Mr J. C. Roscoe, JP, ACII, in the course of his speech, said:

The Society has grown notably in size, and has further reinforced its traditional financial strength.

During the last twelve months new branches have been opened in Bolton, Bromley, Carlisle, Exeter, Kingston-upon-Thames, Portsmouth and Plymouth. We have also obtained sites for more new offices to be opened in the current year.

INCREASED INVESTMENT RECEIPTS

The year began with a new level of interest rates, adopted in pursuance of the recommendations by the Building Societies Association that rates should be increased to 6½ per cent on mortgages and 3½ per cent to share investors. It had been evident for some months that the previous share rate of 3½ per cent was uncompetitive with the yields from other forms of saving and investment.

The new share rate was introduced in October, 1961, but it was not until January of this year that we began to see some benefit from it. In the last nine months we have, indeed, seen a substantial increase in the flow of new investment monies to the Society. Gross receipts during the year from investors and depositors reached the record total of £36,964,585 (including £5,175,805 interest credited to accounts). Withdrawals of principal amounted to £22,499,377, and at the end of the financial year share and deposit balances had increased by £12,893,782.

RECORD MORTGAGE ADVANCES

We have lent the record sum of £25,001,178 in 12,684 mortgages on carefully selected freehold and leasehold securities. This vast amount represents an increase over the previous year's lending of £3,311,071. More than 98 per cent of our advances were made to individual owner-occupiers.

At the year-end we also had mortgage commitments amounting to some £7½ millions, in respect of advances offered but not yet completed. Thus we have deemed it proper to keep our liquidity at an appropriately high level. At £25,786,740 the Society's liquid assets, in the form of cash and trustee investments, represent 16 per cent of total assets.

The Society's total assets are now £160,888,608, an increase in the year of £14,128,884. Mortgage balances totalled £132,803,190 in respect of 104,348 separate mortgages, an increase of £11,162,306. And here I draw your attention to the infinitesimal amount of £315 attributable during the year to mortgage losses.

GREAT RESERVE STRENGTH

Total reserves, including the amount set aside for future taxation, have increased by £1,073,215, and have now reached the figure of £10,178,315, representing 6.33 per cent of total assets, and 7.66 per cent of mortgage assets. Your Society has always believed in the

maintenance of strong reserves, and the figures I have just quoted will indicate to you our firm resolve to continue this tradition of equating strength with size.

In the accounts before you there are entries relating to the Midlands Building Society, a sound and old-established society based on Luton, of whose engagements we accepted a transfer on March 31, 1962. Their accounts have been incorporated with those of the Society and we welcome to the Leeds Permanent the 566 members and depositors of the Midlands Society.

DESIRE FOR HOME-OWNERSHIP

One might have supposed that, in making available such an increased amount of money for new mortgages, we might well have overtaken the demand for our services in the provision of finance for home-ownership. Certainly, so far as the Leeds Permanent is concerned, this is not so, for the demand upon us is still, in the aggregate, greater than we can satisfy.

The desire for home-ownership is very widespread in this country, and it is to the fulfilment of this wish that building societies should address themselves. It is their duty so to conduct their affairs that they do not undertake any course of action which might have the effect of drastically curtailing the supply of mortgage funds. This means that their interest rates to investors must at all times be competitive, and not regulated by extraneous pressures, engendered by ill-informed comment. Societies have a positive duty to defend and uphold an interest rates structure which can produce the money to house the people who want their own homes.

OUTLOOK

Looking to the immediate future we feel that the prospects of societies being able to attract adequate quantities of investment monies are reasonably good. There will, indeed, be plenty to do with the money so attracted in catering for home-ownership on the widest possible scale. It is an entirely admirable state of affairs that higher standards of living have led to a greater wish for improved housing standards, under conditions of independence and self-reliance.

My fellow directors have given me the greatest possible support during the last 12 months, and to them I express my sincere thanks.

It has been a successful year, and an extremely busy one for all our staff, both at Head Office and the branches. It is therefore proper that I should express to all concerned in a magnificent year's work, our most grateful thanks and appreciation.

To our many special agents throughout the country—still increasing in number—I would also like to express our gratitude for the loyalty and co-operation which they at all times display.

I have had the pleasure of reporting to you on one of the most successful years the Society has ever had, and I conclude by telling you that we are confident the Leeds Permanent will fully maintain, in the future, its present position as one of the soundest and most progressive societies in the country.



ISTITUTO PER LA

EXTRACT FROM

CONSOLIDATED BALANCE

(*) Unless otherwise stated, figures are given in £ thousands

At December 31st, 1961, the assets of the industrial and banking concerns under IRI control stood at £4,017,478*, breaking down into £1,864,463* for the industrial firms, £2,092,277* for the "banks of national interest," and £60,738* for other assets.

The endowment fund of £148,105* (which is the State's contribution to the Group's financial resources and has the same function as capital in joint-stock companies) at December 31st, 1961, represented 3.7 per cent of the Group's total assets and 7.9 per cent of the assets of industrial firms (against 3.4 per cent and 7.2 per cent respectively at December 31st, 1960).

Minority shareholders' equities amounted to £342,134* of which £338,804* related to industrial firms.

For every Lira which the State has supplied to IRI, the market supplied IRI's industrial firms with 11/12 Lire, 2/3 of them in the form of participation in their share capital.

* * * * *

IRI controls a number of manufacturing companies (in the steel, engineering, shipbuilding and ship-repairing sectors), and service companies (electric power, telephones, shipping, airlines, motorways, radio and television).

The companies' plant and other fixed assets amount to £1,312,326* (70 per cent of the total assets value of the industrial section). This amount represents the difference between the Balance Sheet gross value (£1,909,026*) and the depreciation fund (£596,703*). In the particular case of manufacturing companies, gross value of fixed assets is £510,782* and that of the depreciation fund £185,582*, or 38 per cent, whereas in the case of service companies, gross value is

£1,398,274* and that of the depreciation fund £401,121* or approx. 29 per cent.

The increase in value of plant in 1961 as shown in the Consolidated Balance Sheet, is £158,175* representing the net amount. In this connection it is recalled that in 1961 the Group's investment in plant reached approx. £215,270* of which £70,609* was in the manufacturing and £144,661* in the service companies.

Manufacturing companies, whose plants account for little more than a quarter of the net total of the industrial section, employ two-thirds of total personnel. Service companies, however, which account for three-quarters of the total, employ 35.8 per cent of the personnel. Fixed net investment per employee at the close of the year was on average £5,200. In the manufacturing companies it was £2,100, in the service companies it averaged £10,800, and in the electricity sector, where plants account for 34 per cent of the total, the figure reached the level of £22,100.

The above figures show how large a share of capital must be invested to increase unit occupation in each of the sectors under IRI control, a share which is bound to increase further as steady technological progress calls for larger and more costly plants. Emphasis should be placed here on the fact that the larger the capital share required per employee, the greater the productivity; a reduction in unit costs of production follows. By concentrating its investment on the basic sectors of the economy, such as steel, electric power, etc., IRI would not be playing its proper part in the promotion of economic development unless it offered its products at competitive prices compared with those on the international market. In other words, IRI can fulfil the tasks assigned to it within the framework of the Italian Government's economic policy only by having

RICOSTRUZIONE INDUSTRIALE

(Institute for Industrial Reconstruction)

SHEET AS AT DECEMBER 31st, 1961

the goods and the services produced by its companies (which constitute cost elements for other production activities, especially private, which employ 96 per cent of industrial labour) sold at prices equal to, if not lower than, those quoted by competitive industries on the world market, and in particular in the area of the European Economic Community.

The assets of the industrial section (£1,864,463*) were covered to 24 per cent with operating liabilities, to 10 per cent with short-term indebtedness, and to 26 per cent with bonds and loans.

Furthermore, minority shareholders have a participation in the companies' capital equal to 18 per cent of the total value of assets. Actually, the companies are able to cover up to 78 per cent of their capital requirements, thanks to the credit they enjoy on the market, while the balance is represented by the IRI contribution (participation in the industrial companies it controls) and by loans to the same companies.

* * * * *

The assets of the banking section at December 31st, 1961, amounting to £2,092,277* included the commercial lending operations of the three "banks of national interest" for £1,174,002* equal to 56.1 of the total. Investments in securities (mainly Government bonds) amounted to £358,778*.

Liabilities (£2,059,032*) consisted almost wholly (92 per cent) of deposits and current accounts.

The three banks' capital and reserves totalled £33,245*, £29,917* of which pertaining to IRI.

The industrial companies' liabilities include debts with the "banks of national interest" controlled by IRI. These debts amounted, at December 31st, 1961, to

£60,103*, a figure representing only 5 per cent of the banks' total commercial lending and 4.2 per cent of the total assets of the firms. These figures show that the Group's industrial companies continue to be financed principally from sources other than the above banks.

As regards IRI indebtedness, a significant datum is provided by the amount of IRI bonds owned by the three banks. At the close of 1961, this amount was no higher than £348* and represented 0.12 per cent of the Institute's total bonds outstanding and 0.61 per cent of the three banks' security portfolio.

The purpose for which IRI was originally set up in 1933, can thus be considered as attained.

STRUCTURE OF THE IRI GROUP

INDUSTRIAL COMPANIES

- (a) The six sector holding companies, and their subsidiaries: Fincantieri (Ansaldo, Cantieri Riuniti del l'Adriatico, Navalmeccanica, etc.); Finelettrica (SIP, SME, SENN, etc.); Finmare (Adriatica, Italia, Lloyd Triestino and Tirrenia); Finmeccanica (Alfa Romeo, Ansaldo San Giorgio, IMAM-Aerfer, Nuova San Giorgio Officine Meccaniche Pistoiesi, OTO-Melara, Stabilimenti S. Eustacchio, etc.); Finsider (Italsider, Dalmine, Terni, Cementir, etc.); STET (Stipel, Telve, Timo, Teti, Set, Telecomunicazioni Siemens, etc.).
- (b) Operating companies, directly under IRI Control: Alitalia, Autostrade, Celdit, Circumvesuviana, Italstrade, Manifatture Cotoniere Meridionali, Monte Amiata, RAI, SAI Vetro Ottica and other minor companies.

BANKS

Banca Commerciale Italiana, Banco di Roma, Credito Italiano, Banco di Santo Spirito, Mediobanca, etc.

VIA V. VENETO, 89, ROME, ITALY
Tel. 4677 Cables, ISTIRI

AUSTRALIA AND NEW ZEALAND BANK

AUSTRALIAN RECOVERY GATHERS STRENGTH

The twelfth Annual General Meeting of Australia and New Zealand Bank Limited will be held on January 10th in London.

The following are extracts from the statement by the Chairman, **The Hon Sir Geoffrey C. Gibbs, KCMG**:

The reduced tempo of business activity during 1961 influenced the authorities to take steps to stimulate recovery and, in January, 1962, the Government had talks with a wide cross-section of commerce and industry, including very welcome discussions with the banks, with a view to assessing the situation of the economy and evolving suitable remedial measures. Following these deliberations, the Government in February announced relaxations which aimed to stimulate general spending in the community.

Banking Changes. The most important innovation enabled the trading banks to engage to a moderate extent in term lending for national development in both the domestic and the export fields. This change of policy permits term loans to be undertaken, not for consumption expenditure, but to help meet the demand for capital expenditure in primary and secondary industries, and to provide longer term finance for exports of capital goods.

Finance for these term loans was provided by transfers to term loan fund accounts at the Reserve Bank in the names of each of the trading banks. The funds involved amount to 3 per cent of each trading bank's deposits in March, 1962, and totalled £A57 million. The funds were provided as to 2 per cent by release from the statutory reserve deposits of the trading banks held at the Reserve Bank, and, as to 1 per cent, by transfer from the trading banks' holdings of liquid assets and government securities. In order to enable the necessary transfer to be met from statutory reserve deposits, the official ratio for these deposits was reduced from 12.5 per cent to 10.5 per cent of trading banks' deposits. Concurrently with this release from statutory reserve deposits, the trading banks agreed to an increase in the ratio of their conventional liquid assets and government securities to deposits from 16 per cent to 18 per cent.

In addition to the release of funds for the specific purpose of granting term loans, banking controls were modified by an important variation in the structure of interest rates. The maximum of 7 per cent was retained for overdraft interest rates, but the onerous averaging provision, which had hindered trading banks in exercising effective control over their lending, was abolished.

Balance of Payments. The value of Australia's exports reached a record level of £A1,080 million in the financial year 1961-62, a rise of £A102 million above the previous peak. The reduction in domestic demand was reflected in lower imports, which declined to £A893 million in 1961-62, a figure considerably below the high level of £A1,084 million in the preceding year and lower than the £A946 million of 1959-60.

Net capital inflow fell away sharply, and reached only £A96 million, compared with around £A400 million in the record year of 1960-61 and £A220 million in the preceding year. Australia's overseas currency resources were restored to £A561 million at June 30, 1962, the third highest level for the past decade.

The favourable balance of payments result of the last few years and the healthy state of Australia's overseas fund, obscure the longer term outlook for overseas trading. The favourable balance of payments has been achieved in recent years only through a substantial capital inflow which has offset what would otherwise have been a fairly heavy adverse balance on account of imports and invisible items, such as overseas freights.

Banking Outlook. The banking situation reflects the slightly expansionary influences of the February policy and the budget. In conformity with the Government's policy of encouragement to business, the trading banks extended overdraft limits more liberally during 1962. However, while increases in limits were widely sought, business was slow to make use of the accommodation granted by the trading banks and actual overdrafts rose at a much slower rate than limits. This situation could cause some embarrassment, as the capacity for a much heavier rate of spending by business has been provided, in line with government policy but has been held in abeyance. It will be important for the monetary authorities to bear this aspect in mind when formulating policy later in the financial year, to ensure that the trading banks are provided with sufficient resources to meet their commitments legitimately entered into in accordance with official policy.

NEW ZEALAND'S NEED FOR EXPORT MARKETS

New Zealand has continued to be dependent on the sale of a limited range of primary products in overseas markets and balance of payments crises have unfortunately been all too common in recent years. A shortage of overseas reserves again dominated conditions in the year under review, and as a result of government action there was a sharp reduction in the volume of imports and severe restrictions were maintained upon the availability of bank credit.

Despite the difficult external position, the internal economy continued to operate at a high level. Gross national product increased by 3.1 per cent and although a substantial proportion was devoted to investment, the emphasis has been upon spending for housing and other forms of social capital.

External Position. The continued weakness of export receipts was due to the low prices received for primary products. The average wool price for the 1961-62 season was about 2 per cent lower than in the previous year and butter prices remained weak during early 1962. Following the United Kingdom Government's application of import quotas for butter, prices rose although it was late in 1962 before they reached the equivalent of the guaranteed return to producers in New Zealand.

Although export prices were low, the volume of exports rose, and export receipts remained relatively constant. Imports were reduced over the year to June from £NZ313 million to £NZ258 million by more severe licensing, but the deficit on current account was still £NZ19 million. There are severe difficulties in restraining import demand without affecting employment, as the greater part of imports comprises raw materials for New Zealand factories.

Banking. Severe restriction on the availability of bank credit continued throughout the year, and banks were themselves forced to borrow heavily from the Reserve Bank in order to maintain their statutory deposits.

THE EUROPEAN COMMON MARKET

The application of the United Kingdom to join the E.E.C. raised many issues of fundamental importance for Australia, New Zealand and Fiji.

Reference has been made earlier to the balance of payments problems resulting from rapid development and adverse terms of trade, and this unsatisfactory relationship between export and import prices partly explains the Australian Government's efforts to preserve traditional export outlets. Australia's case has been strongly put in the capitals of Europe as well as in Britain and the United States, and has stressed the need to obtain assurances of satisfactory alternative outlets for exports of temperate zone food-stuffs, which will lose their preferred position in the United Kingdom market and also face intense competition in Europe if Britain joins the European Economic Community.

The protectionist agricultural policies followed by most industrial countries already present serious problems for New Zealand and, especially in the case of dairy products, have frustrated attempts to reduce the Dominion's reliance on the United Kingdom market. The serious nature of New Zealand's problems is acknowledged on all sides, and has been recognised in the Community's decision to regard New Zealand as a special case.

A.N.Z. SAVINGS BANK

In the year under review, the increase in savings bank deposits generally in Australia was substantial. It is encouraging to note that the total of A.N.Z. Savings Bank deposits passed the £A100 million mark in July last, and also that in the year under review our share of total savings bank deposits showed a further increase.

ACCOUNTS AND DIVIDENDS

We think that the Accounts of the Trading Bank and of the Savings Bank, grouped together in the Consolidated Accounts, show encouraging progress.

It is gratifying that profits, assisted by measures which are improving branch procedures and thus reducing costs, have, as well as balance sheet totals, reached new records in both the Trading Bank and the Savings Bank.

The remarkable growth of the Savings Bank over the last seven years is reflected not only in the deposits landmark but in the increase in the dividend paid to the Trading Bank from 5 to 7½ per cent, less U.K. income tax at 7s. 9d. in the £.

The Trading Bank's profit at £A1,181,893 shows an increase of 7 per cent on last year's figures. Your directors recommend a final dividend for the year of 8 per cent, less tax, which together with the interim dividend already paid, would maintain the distribution at 12 per cent, less tax: the total amount of this distribution is, of course, a little more than last year due to the increase in capital earlier this year.



Wolseley-Hughes Ltd

Mr. N. G. Lancaster, M.B.E. reports a year of progress

YEAR ENDED 31ST JULY

	1959	1960	1961	1962
Issued Ordinary Capital at 31st July,				
shares of £1 each	£700,000	£705,000	£1,035,448	£1,553,172
Profit of the Group before taxation ...	£179,958	£273,336	£455,965	£488,194
Net Profit after tax accruing to				
Ordinary Shares	£92,003	£131,741	£213,369	£223,103
Ordinary Dividends: Rate, gross ...	10%	12½%	15%	12%(*)
Amount, net ...	£43,104	£53,976	£95,133	£98,303
Times covered ...	2.14	2.44	2.24	2.27
Cash Flow: Depreciation ...	£52,246	£59,941	£97,894	£94,410
Profit retained ...	£48,899	£77,765	£118,236	£124,800

* NOTE: When a rights issue, on the bonus terms of 1 for 2 at par, was made in June, 1962 a total dividend of 12% was forecast.

PRINCIPAL MEMBER COMPANIES

- **Wolseley Engineering Ltd.,** BIRMINGHAM 6
makers of Merry Tiller cultivators, Swipe jungle busters, shearers, clippers and electric fencing.
- **Geo. H. Hughes Ltd.,** BIRMINGHAM 24
makers of wheels, tyres, axles and castors.
- **Adams & Benson (Agricultural) Ltd.,** WEST BROMWICH
makers of steel farm gates and Kennett farm handling equipment.
- **Rapid Magnetic Ltd.,** BIRMINGHAM 12
makers of magnetic extracting, separating, detecting, lifting and conveyancing equipment.
- **Nu-way Heating Plants Ltd.,** DROITWICH
makers of oil fired heating and combustion equipment.
- **O.B.C. Ltd.,** DROITWICH
distributors of all types of central heating equipment and spares.
- **Accles & Shelvoke Ltd.,** BIRMINGHAM 6
precision engineers and makers of humane killers.

A full copy of the Directors' Report and Accounts will be sent on request to:-
THE SECRETARY, WOLSELEY-HUGHES LTD., WOLSELEY WORKS, ELECTRIC AVENUE, WITTON, BIRMINGHAM 6.

INTERNATIONAL FINANCIAL SOCIETY LIMITED

RECORD INCOME IN CENTENARY YEAR

MR H. C. DRAYTON REVIEWS COMPANY'S HISTORY

The one hundredth ordinary general meeting of the International Financial Society Limited was held on December 6th in London.

Mr H. C. Drayton (the chairman), who presided, said:

Gentlemen, this is a new experience for me—it is the first time I have presided at a meeting where the Company is 100 years old. We are not quite 100 years old, as a matter of fact, but we came to the conclusion that this was the year to celebrate our Centenary; actually we are 100 years old in May next.

Our gross revenue for the year amounted to £154,025. Of this our dividends and interest, which is the important thing, amounted to £148,600, which is a record for the company as it is in its present form. It is rather pleasing to find that we have got that record of revenue in our centenary year.

As you will see, the Directors are recommending a 12 per cent dividend, and also they are recommending a free capitalisation from their Revenue Reserve of one share for every twenty shares held to commemorate our centenary. This means, in effect, that we shall be taking £28,184 from that Revenue Reserve. If Shareholders endorse the dividend recommendation we shall be able to add £24,600 to our Revenue Account.

INVESTMENT APPRECIATION

If you turn to the Balance Sheet you will see, under the heading "Investments," that the cost of our investments is £1,506,800, and the valuation shows that they are worth £2,470,200. This is an appreciation of 63.94 per cent as against last year's appreciation of 60.47 per cent, so that although we have made a rights issue of one-in-ten to our Shareholders at par, we have been able to show that that money has been well used, and the appreciation overall is greater. This makes the break-up value of the Ordinary Shares 15s. per 5s. share.

It is interesting in this Company, as we are 100 years old, to know that we still have our original Annual General Meeting Minute Book, and we are still using it. In that book, of course, is recorded all the Minutes for 99 years and today's Minutes will make 100.

ORIGINAL PROSPECTUS

We also have the original prospectus when the Company was formed. It may interest you to know that the capital was originally £3,000,000 in 150,000 shares of £20 each. The prospectus says: "The Capital has been subscribed, with the exception of 40,000 Shares, which have been reserved for allotment to the Public."

The prospectus gives all the relevant information which it is necessary to give to Shareholders when subscribing, but of course compared with today's prospectus it perhaps stands out that it leaves out more than it reveals. Nevertheless, as I say, the essentials were there.

When we come to the original Board of Directors I think this will show the good auspices under which this Company started. The Board was composed of Robert Benson,

Esq. (Messrs. Robert Benson & Co.), Bonamy Dobree, Junior Esq. (Messrs. Samuel Dobree & Sons) who were bankers; John Frederick Flemmich, Esq. (Messrs. Frederick Huth & Co.); Robert A. Heath, Esq. (Messrs. Heath & Co.); J. S. Morgan, Esq. (Messrs. George Peabody & Co.); W. E. Quentell, Esq. (Messrs. Frühling & Göschen) and Herman Stern, Esq. (Messrs. Stern Brothers). It is a rather imposing list.

Also they had a number of correspondents. I will not read those out to you, but they totalled 16 and they were composed of banks and banking houses throughout the Continent.

What is an interesting thing is the description of the objects of the Company; it is only one paragraph and in fact it might almost be lifted word for word and put in a number of prospectuses which have been appearing lately appealing for money for investment in the international world. It is rather amusing to read what the paragraph says—and it is the only thing in the prospectus excepting the Directors:

The financial and industrial relations of this country, not only with the Continent of Europe, but with all parts of the world, have increased so largely during the last few years, that corresponding financial facilities have become indispensable. There is scarcely any undertaking of Foreign origin that does not seek the English Market. Governments requiring Loans; Contractors of public works guaranteed by the State; Concessionaires desiring to give effect to the privileges they have obtained; all apply, directly or indirectly, to England for financial support; and in all these cases the operations of the Society can be advantageously exercised.

As I say, we have been used to prospectuses of that sort lately—we have seen quite a lot of them.

Another interesting thing is that in those days Shareholders took an interest in their Company. At the first four Meetings 300 Shareholders turned up, and at the fifth Meeting 250 Shareholders turned up. There were various reasons for that. The first one or two Meetings they attended in hope, and the next two or three they attended to see why the hope had not materialised—but we need not go into that. (Laughter.)

A further interesting fact about the Company is that our first General Manager was William Hope, V.C. Now William Hope was a Lieutenant in The Royal Fusiliers (City of London Regiment). He won his V.C. in the Crimean War, and I would just like to read the citation out to you:

"Lieutenant William Hope, 7th Regiment, The Royal Fusiliers (City of London Regiment). Date of Act of Bravery: 18th June, 1855. After the troops had retreated on the morning of the 18th June, 1855, Lieutenant W. Hope, being informed by the late Sergeant-Major William Bacon, who was himself wounded, that Lieutenant and Adjutant Hobson was lying outside the trenches badly wounded, went out to look

for him and found him lying in the old agricultural ditch running towards the left flank of the Redan. He then returned and got four men to bring him in. Finding, however, that Lieutenant Hobson could not be removed without a stretcher, he then ran back across the open to Egerton's pit, where he procured one, and carried it to where Lieutenant Hobson was lying. All this was done under a very heavy fire from the Russian batteries. London Gazette, 5th May, 1857."

He was the third man in that Regiment with the V.C. and he was the first Officer of that Regiment to win the V.C.

The interesting thing about that citation is that you will observe that the gallant deed took place in 1855 and the Victoria Cross was not inaugurated until 1857, so that although he got the award in 1857 the deed was actually accomplished earlier.

CURRENT DIVIDEND PROSPECTS

You will appreciate that since the end of the year we have made a rights issue to shareholders of one-in-ten at par, which in itself is a substantial bonus. Also, if you approve the resolution to issue free one share for every twenty held to commemorate the centenary, this will make our ordinary capital ranking for dividend for the current year £648,230, as against £563,678. Naturally, what you will want to know is what dividend you can expect for the current year. Our able Secretary and Manager has made an estimate for the current year, we have had a look at it, and having done so I think you can take it you need have no fear of our not being able to recommend a dividend at the rate of 12 per cent, and there will be a comfortable margin over.

The report and accounts were adopted and the proposed scrip issue approved.

NORTH ATLANTIC SECURITIES CORPORATION

CONTINUED PROGRESS

The eighth annual general meeting of North Atlantic Securities Corporation Limited was held on December 10th in London, The Rt Hon Lord Latymer (the chairman) presiding.

The following is an extract from his circulated statement:

Both our gross revenue and net revenue show a modest increase over last year. Your Directors are recommending a final dividend of 4 per cent to make with the interim dividend already paid a distribution for the year of 5½ per cent, which is the same as last year.

The value of the net assets of the company at September 30, 1962, was £3,918,824, or 8s. 2½d. per share cum dividend, as compared with £4,249,662 or 8s. 10½d. per share cum dividend, at September 30, 1961. This decline in values of some 7½ per cent has occurred in a period when falls in stock market prices were widespread and in some cases considerable. As a matter of interest, between these two Balance Sheet dates the Financial Times Industrial Share Index was down 9 per cent and the Dow Jones Indices of American Industrial Shares and American Utility Shares were down 17½ per cent and 4 per cent respectively.

Our usual estimate of income indicates that our revenue for the current year will be at least maintained.

The report was adopted.

KENNINGS LIMITED



DISTRIBUTORS OF MOTOR VEHICLES,
PETROLEUM PRODUCTS AND TYRES.
SERVICE SPECIALISTS.

YEAR ENDED 30th JUNE 1962

	1962	1961	1960
Issued Capital	2,000,000	1,800,000	1,504,413
Group Net Assets	5,573,203	5,228,227	4,135,630
Group Net Profit before Tax	1,156,012	1,138,237	932,488
Available for Distribution	554,370	531,514	494,120
Retained in Business	327,132	310,402	300,435
Dividends (Net)	227,238	221,112	193,685

Ordinary Dividend (20%) covered by Net Earnings 2.4 times

Copies of the 1962 Report and Accounts may be obtained from the Secretary, Head Office, Kenning House, West Street, Chesterfield

J. & F. STONE LIGHTING & RADIO LIMITED

	1962	1961
Profit of the Group	£908,417	£890,969
Taxation	£495,000	£470,000
Dividend	£330,750	£257,250
(30% equivalent to 45% on old capital)	30%	35%
Issued Ordinary Capital	£1,800,000	£1,200,000
General Reserve and Unappropriated Profits	*£481,500	£998,833

* After providing £600,000 for share bonus in January, 1962.

Turnover in the year to 30th June, 1962, was in excess of the previous year, cash sales further increased and rental business expanded. Ten new branches were opened and 17 older branches extended and modernised.

Cash resources totalling £1,190,330 although in excess of trading requirements for the time being were steadily being utilised for the expansion of the Group. This development would continue by the opening of individual stores by the Company and by the acquisition of established businesses when appropriate opportunities were available.

UNITED CITY MERCHANTS LTD

Logical expansion of the Group

Points from the Statement of the Chairman,
Mr E. C. Sosnow

at the 27th Annual General Meeting of United City Merchants Ltd. (formerly Whiteley Stevens [Holdings] Ltd.) held in London on December 7th.

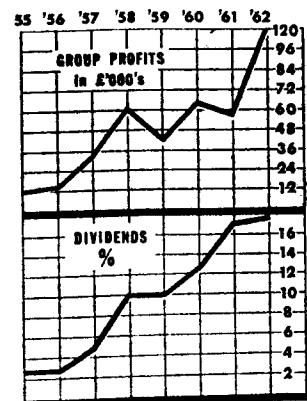
TRADING PROFITS after deducting all charges but before tax £119,080.

ORDINARY DIVIDEND 17½ per cent.

ADDITION OF GORDON, WOODROFFE GROUP. The Group has continued its logical expansion. Its import-export interests have been merged with those of the Gordon, Woodroffe Group, which has much widened U.C.M.'s international trading activities. Mr Robin Brook has joined the Board of United City Merchants Ltd. as Deputy Chairman.

The textile side of U.C.M. has been strengthened by the acquisition of the Kirkland Group.

PROSPECTS. Trading during the current year is satisfactory. Trade relations with Iron Curtain countries are still expanding, and the Group is working towards further expansion of its trade in Common Market countries.



A feature of the report is a table showing the development of the Company since 1955 when its present Chairman (Mr E. C. Sosnow) joined the Board.

BIRMID INDUSTRIES

SATISFACTORY RESULTS

The Annual General Meeting of Birmid Industries, Ltd., was held on December 11th at Birmingham, The Most Hon. The Marquess of Exeter, KCMG, the chairman, presiding.

The following is an extract from his circulated address:

For the year ended July 31, 1962, while Group earnings before taxation are lower than those for 1960-61, the amount of Net Profit remains approximately the same as a result of the favourable effect this year of certain taxation reliefs. The fall in Gross Profits continues the trend of narrower profit margins reported last year. The results of a full year's trading by Sterling Foundry Specialties Limited acquired in July, 1961, and a welcome initial contribution to Group profits by our Australian subsidiary have helped to offset this trend somewhat.

An adverse factor was the National wage increase agreed with the Engineering Unions, much of which has been absorbed by your companies, thus adding one more to the long list of wage advances not compensated by or related to increases in production. Having regard to all factors your Directors consider the results to be very satisfactory in the circumstances and recommend that a final dividend of 15 per cent should be paid, bringing the total to 20 per cent, the same as last year.

PRODUCTION AND SALES

Demand from the Automobile Industry has improved somewhat in recent months but, at the time of writing this address, there is some slight evidence of the beginning of the seasonal fall-off which we have come to regard as normal these last two or three years. At the same time there is considerable surplus capacity, certainly in the ancillary industries such as ours, with the effect of making competition extremely keen and buyers equally so.

The aircraft industry is in a very uncertain condition due to the great reduction in Services' demands. It would appear, however, that there is somewhat more optimism amongst manufacturers.

COMMON MARKET POSSIBILITIES

Your Directors now have to consider the possible effects on your Group Companies in the event of Great Britain joining the Common Market. Such an event could expose our domestic business to keen competition from the Continent but, on the other hand, could open up market possibilities in Europe which have hitherto been largely inaccessible for most of our manufactures which consist of basic engineering supplies.

Your several companies have been very active this last year in exploring Continental possibilities by market researches and programmes of direct personal sales approach in a number of countries. Without being unduly optimistic, I think I can say that prospects in some directions appear to be better than at one time was thought.

The overall taxation has varied in our favour this year but is still well in excess of 50 per cent of our total earnings. This is a burden too high for industry to bear if it has to keep itself equipped with the facilities necessary for successful participation in the Common Market.

The report and accounts were adopted.

NEEPSSEND STEEL & TOOL

The forty-second Annual General Meeting of Neepsend Steel & Tool Corporation Limited was held on December 6th at Sheffield, Mr F. K. Gardiner, JP (Chairman) in the chair. The following is an extract from the circulated Statement.

There has been a falling off in the activities of certain of our companies. It is gratifying, therefore, that the Trading Profit has declined by less than £120,000. The indications are that the present year's trading may show a further decline in profit, although I am hopeful this will not be too pronounced.

Earlier in the year I informed shareholders of the acquisition of the freehold factory Apex Works, Shiregreen, Sheffield, to enable us to develop still further the manufacture of small tools of various types. This factory has now been fully equipped and is in production.

The Trading Profits for the year before taxation have amounted to £1,355,552 as against a figure of £1,473,348 in the previous year.

The report and accounts were adopted.

At a subsequent extraordinary general meeting resolutions were passed capitalising £1,274,061 of undistributed profits for the purpose of distributing fully paid shares in the proportion of one for every 5s. unit of Ordinary Stock held; amending the Articles of Association so as to entitle Preference shareholders to a fixed cumulative Preference dividend of 10 per cent per annum in lieu of the present fixed rate of 6 per cent per annum with participating rights up to 10 per cent and reducing the capital by returning 1s. 8d. in respect of each 5s. share held.

LAKE VIEW AND STAR

The fifty-second Annual General Meeting of Lake View and Star Limited was held on December 6, 1962, in London.

Mr R. H. A. Neuschild (the Chairman) in the course of his Speech said: A final dividend of 1s. 6d. per share is again recommended which, together with the interim dividend of 1s. paid in June, makes a total of 2s. 6d. per share for the year ended June 30, 1962.

Mining surplus for the year at £432,451 was £5,502 higher than for the previous year.

Costs which show a decrease of 1s. 6d. per ton were helped by a reduction in the basic wage of 1s. 8d. Australian per week from October 30, 1961.

The ore reserve position has been maintained, there being a small increase of 11,100 tons despite the milling of 774,732 tons from the property.

The development footage at 27,673 feet is slightly in excess of last year and results were again satisfactory. Work carried out on the lowest level of the Chaffers Shaft disclosed better than average results.

Power costs per kWh have been reduced quite substantially by going over to the heavier grade of oil fuel and a further reduction in the yearly cost is expected during the current year.

As a final remark I would mention that for the first five operating periods of the current financial year estimated mining surplus was £161,778 which compares with £160,598 for the corresponding period of 1961.

The reports and accounts were adopted.

RANSOME & MARLES
BEARING CO. LTD.

TRADING PROFIT INCREASED

The forty-sixth Annual General Meeting of Ransome & Marles Bearing Company Limited was held on December 6th at Newark, Notts, Mr Edward W. Senior, CMG, the chairman, presiding.

The following are extracts from his circulated statement for the year ended June 30, 1962:

Last year I expressed the hope that we should maintain a level of output to produce a satisfactory year's trading. In the light of the conditions which have obtained during the year I feel sure you will agree that hope has been fulfilled. The effect of the continuing credit squeeze was felt in varying degrees from different industries, whilst the one day strikes—which affected all engineering industries—and the more serious strikes in some customers' factories in the later part of the year naturally had their adverse effect on our turnover.

Pressure on profit margins continued but in spite of these circumstances the net trading profit, after higher depreciation, increased from £1,354,051 to £1,369,940. The net profit of the Group after tax is £766,455 compared with £759,419 in the previous year, the profit of the Holding Company being £721,368. Your Directors recommend a final dividend of 10 per cent making 14 per cent for the year.

It is gratifying to report that our exports again increased by 15 per cent. So far as our own subsidiaries are concerned, South Africa and Canada improved on last year's performance, but Australia showed a slight fall as a result of the difficult economic conditions in that country throughout the year. The total turnover, however, showed an increase.

MAINTENANCE OF COMPETITIVE POSITION

During the year the Holding Company spent £968,572 on Plant, Fixtures and Vehicles. This investment is designed to maintain our highly competitive position but to achieve this it is necessary for all employees to give of their best to ensure that the new plant and equipment is operated with maximum skill and efficiency. If this is so and labour does not make demands disproportionate to the increase in productivity, then they themselves will benefit by continuity of employment with improving conditions, shareholders will benefit, and so will customers in obtaining a quality product at a competitive price.

Sales for the first three months of the current year show a modest increase and the order book stands at a satisfactory level. It is difficult, however, to make an assessment of the prospects for the current year. Optimistic Government forecasts of expansion in the economy have not so far materialised. However, there are signs that at last the Government may, during the Autumn, take further steps to expand the economy.

We have the resources to take advantage of any expansion in demand, and whilst we live in a world of over capacity, keen competition, and lower profit margins, I am confident that every effort will continue to be made to maintain our fair share of what we hope will be an improving market.

The report and accounts were adopted.

HOLDERS INVESTMENT
TRUST LIMITED

ABNORMAL RESULTS

MR LIONEL BARBER'S STATEMENT

The twenty-ninth annual general meeting of Holders Investment Trust Limited will be held on December 31st at Winchester House, Old Broad Street, London, E.C.

The following is the circulated statement of the chairman, Mr Lionel Barber, FCA:

The net earnings of the Group for the year ended July 31, 1962, were substantially lower at £453,761 before taxation, than those of the previous year. The reduction was envisaged when your Board gave consideration to the declaration of an interim dividend last June.

Unfortunately, William Hill (Football) Limited, the subsidiary which contributed £515,683 to net profit last year, incurred a loss of £80,049 in the year under review, and whilst William Hill (Glasgow) Limited did not suffer to the same extent that Company's net profit showed a reduction of £124,608. Both these Companies operate Fixed Odds Football betting in which an abnormal run of results in favour of our customers was the cause of the disappointing results to Shareholders.

Likewise, the net profit of William Hill (Park Lane) Limited (which subsidiary was acquired on July 31, 1961) at £235,430 for the year ended July 31, 1962, is less than can normally be expected due in the main also to abnormal results in the Autumn of 1961.

BETTING SHOPS

Here I think I might say that your Trust is not in any way concerned with the operation of

Betting Shops and there is no intention of embarking into that field. On the other hand we are mindful of the support from Betting Shop proprietors in the distribution of our Fixed Odds Football Coupons, and to those Bookmakers who take advantage of the hedging facilities we provide in Horse racing.

Our subsidiary in Northern Ireland, debrett limited, enjoyed another year of progress. Looking back there is every reason to be satisfied with this acquisition and although the current year has prevented trading difficulties your Directors are confident as to the continued prosperity and inherent soundness of the business.

The new building is now in the occupation of William Hill (Park Lane) Limited and William Hill (Football) Limited and is operating smoothly with as much integration as is conveniently possible. Your Trust has not yet granted a lease to either of these two subsidiary Companies but will be doing so in due course.

The popularity of The William Hill Fixed Odds Football Coupon continues to grow in spite of increasing competition both local and national.

CURRENT SEASON'S PROSPECTS

As to the current season, both Football and Racing, your Directors are satisfied, without complacency, with the weekly turnovers achieved and although Saturday, October 13, 1962, resulted in the all-time record pay out in Fixed Odds Football betting of approximately £1.3 million the indications at present are that the net results on the season could be substantially better than those of last year.

Once again on your behalf and on behalf of all the Directors within the Group, I wish to place on record thanks for the loyal and efficient service of all employees.

THE CICELY RUBBER
ESTATES COMPANYMR F. S. PHYSICK ON IMPORTANCE OF
RETAINING MARKETS

The fifty-seventh annual general meeting of The Cicely Rubber Estates Company, Limited, was held on December 5th in London. Mr F. S. Physick (the chairman) presiding.

The following is an extract from his circulated statement:

Due to certain adverse circumstances—excessive rainfall and early wintering together with loss from wind damaged areas—the year's crop fell short of the estimate by 22,042 lbs. This crop, however, at 1,894,508 lbs. shows a satisfactory increase of 206,748 lbs. over the previous year's output.

In last year's Review I recorded a decline in the average price realised (ex Malaya) for our rubber from 28.09d. to 24.78d. per lb. This year there has occurred a further decline to 21.41d. Although the result is a lower profit per lb. this development is not unhealthy. Derived from the planting of higher yielding trees, the objective is to produce more rubber at a lower cost per lb. thereby to face up to the ever increasing challenge coming from manufacturers of synthetic substitutes. Meantime the important point is to retain markets wherein the natural commodity is certainly not inferior to that of synthetics—remembering that markets once lost are not easy to recover.

To this end, improved marketing method is receiving close attention. The most encouraging feature is that world demand for rubber, which of course includes both natural and synthetic, is growing apace.

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

WILLOWS FRANCIS LIMITED

ASHLEY WORKS

EPSOM, SURREY

Pharmaceutical Manufacturers Since 1751

Salient points from the Chairman's Statement and Accounts presented at the Annual General Meeting held on December 6, 1962.

	Year Ended 30th June	
	1962	1961
Group Profit before Taxation	£80,608	£64,808
Group Profit after Taxation	£40,237	£30,960
Ordinary Dividends for year (less tax)	22½%	17½%
Cover for Ordinary Dividend	2.85	2.74

Profits

The Group Profits before Taxation have increased from £64,808 to the record figure for the Group of £80,608. This is an increase of over 24 per cent.

Capitalisation

The proposals to increase the Authorised Share Capital by 600,000 Ordinary Shares of 2s. 6d. each and for a bonus issue of 150,400 2s. 6d. Ordinary Shares in the proportion of one for every five held on November 9, 1962, were approved.

Reserves

The Group's reserves have increased from £3,996 in 1950 to £191,026 in 1962. Even after this large increase the rate of profit on the equity capital employed is 26 per cent.

Products

The Company sells to the veterinary, dental, medical and pharmaceutical professions and exports to over 90 countries, with some 60 specialised products and many pharmaceutical formulations. Export sales now account for over a quarter of the Company's total sales.

Prospects

The results for the current year so far are good and it is hoped in the absence of unforeseen circumstances to maintain the dividend of 22½ per cent on the issued ordinary capital as increased by the bonus issue.

EDUCATION AND COURSES

EXPERT POSTAL TUITION

for examination—B.Sc. (Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G91).

METROPOLITAN COLLEGE,
ST. ALBANS

or call at 40 Queen Victoria Street, London, E.C.4. Established 1910.

THE POLYTECHNIC
RIGHT STREET, LONDON, W.1.

THE FERRANTI NEBULA CODE (for commercial programming) will be held on Fridays from 6.30-8.00 p.m. commencing 11th January, 1963

THE FERRANTI AUTOCODE

(for scientific and engineering programming) will be held on Mondays from 6.30-8.00 p.m. commencing 14th January, 1963

Applications should be made to the Head of the Department of Mathematics and Physics

B.Sc. (ECON.)

LONDON UNIVERSITY U.C.C. founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E. Law Exams, etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc. (Econ.) (three, if entrance is included) at moderate fees. 1,451 Wolsey Hall students passed London University B.Sc. Economics Exams. 1950-60. Tuition also for G.C.E. Law, Statistical, other Exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P. 17

WOLSEY HALL, OXFORD

BUSINESS AND PERSONAL

A FOREIGN LANGUAGE in a few months for yourself or your staff with the easy ASSIMIL way. You assimilate the language and acquire the accent naturally by listening to the living language on gramophone records and for work in television. Applicants must have an illustrated book to guide you. Preliminary and Complete Courses in French, German, Italian, Russian and Spanish. A Program following on course available for technical and commercial expressions.—Details from ASSIMIL, 79 Farncombe, Godalming, Surrey

AFTER the Common Market—A United States of Europe—Write to Federal Union, 10 Wyndham Place, London, W.1

DIRECTORS needing able office staff, 1m and 1½—Consult Stella Fisher Bureau, 436 Strand, W.C.2. IF Mole Bld 664

EXPORT OPPORTUNITIES brought to your desk by Export Service Bulletin, three weekly, 10 gns. annually.—Specimen copy from Board of Trade (K), Hillgate House, 35 Old Bailey, London, E.C.4.

FRENCH by Tane Recorder. Captivating individual lessons own home by post. Vividly alive. Rapid success (also Spanish)—To enrol, write: COURSE VILLAS, 22, University Street, Belfast

IMPERIAL CHEMICAL INDUSTRIES LTD. wish their Customers, Stockholders and Associates a Happy Christmas and a Prosperous New Year. I.C.I. hopes that these seasonal greetings will be no less acceptable, now that the Company has ceased its previous practice of sending them individually by greetings cards.

PHOTOGRAPHIC GIFTS Free 36 page guide from Wallace Heaton Ltd., 127 New Bond Street, W.1

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada, with limited liability). DIVIDEND NOTICE. ORDINARY CAPITAL STOCK. At a Meeting of the Board of Directors held today a final dividend of Seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1962, payable in Canadian Funds on February 28, 1963, to shareholders of record at 3.30 p.m. on January 1, 1963. By order of the Board, T. F. TURNER, Secretary, Toronto, December 10, 1962.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada, with limited liability). DIVIDEND NOTICE. PREFERENCE STOCK. At a Meeting of the Board of Directors held today a final dividend of Two per cent on the Preference Stock was declared in respect of the year 1962, payable on February 1, 1963, to stockholders of record at 3.30 p.m. on December 31, 1962. By order of the Board, T. F. TURNER, Secretary, Toronto, December 10, 1962.

APPOINTMENTS

BBC requires Talks Producer in Manchester to work mainly on topical programmes in Sound Broadcasting. Opportunities may develop later for producing Sound talks and feature programmes at greater length and for work in television. Applicants must have a good education and keen interest in people and current affairs. Knowledge of the North and experience of journalism or broadcasting desirable. Salary £1,400 (possibly higher if qualifications exceptional) rising by five annual increments to £1,750 max. p.a. Requests for application forms (enclosing address envelope and quoting reference 62/G.498 E.C.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

MINISTRY OF POWER

PRINCIPAL SCIENTIFIC OFFICERS

Two pensionable posts in London for men or women for work in team keeping in touch with research and development in the field of fuel and power, interpreting information obtained, and making technical and economic assessments of trends and developments in this field and of research and development projects. Qualifications normally 1st or 2nd class honours degree, or equivalent, in relevant branch of science or engineering. Experience in research, development, or operation in a branch of the fuel and power field desirable. Qualifications or experience in economics, statistics, or making technical and economic assessments of processes or developments an advantage. Salary scale (inter London) £1,850—£2,580. Starting salary may be above minimum. Promotion prospects. Write, Civil Service Commission, 17, North Audley Street, London, W.1, for application form, quoting 55/605/63. Closing date January 16, 1963. (3)

THE UNIVERSITY OF
SASKATCHEWAN, SASKATOON

Applications are invited for the positions of Assistant Professor and Associate Professor of Economics. Applicants should have the degree of doctor of philosophy preferably with specialisation in economic theory. Salary £1,000 to £1,800 depending on qualifications. Pension and other benefits are available. Teaching duties commence September, 1963. Letters of application noting qualifications and experience and naming three referees, should be sent to the Head, Department of Economics and Political Science, The University of Saskatchewan, Saskatoon, Canada.

BRITISH TECHNICAL

ASSISTANCE

BIOMEDICIAN FOR WESTERN NIGERIA

The Department of Technical Co-operation invites applications for a technical assistance appointment of Biomedical in Western Nigeria. DUTIES: To assist in the design and subsequent analysis of field experiments carried out on a large range of crops.

QUALIFICATIONS: Candidates must have a good honours degree in mathematics with 2 years post-graduate experience in agricultural statistics.

TERMS: Appointment will be for two terms of 18 months each in the first instance, with salary in range £1,100-£1,500 and a tax-free overseas allowance of £1,385 (married) and £915 (single). Additional allowances payable in respect of dependent children. Free passages for officer and family. Free furnished accommodation. Free medical and dental treatment. Applicants should send their full name and brief particulars of their qualifications and experience to Director of Recruitment, Department of Technical Co-operation, Sanctuary Buildings, Great Smith Street, London, S.W.1, quoting BC 213/10002.

For further appointments see page 1167

THE UNIVERSITY OF
MANCHESTER

Applications are invited for the post of LECTURER IN GOVERNMENT (with special reference to international politics). Salary scale £1,150 to £1,950 per annum, initial salary according to qualifications and experience. Membership of F.E.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than January 15, 1963, to the Registrar, the University of Manchester, 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF
MANCHESTER

Applications are invited for one or more temporary posts at the grade of LECTURER or ASSISTANT LECTURER in ECONOMIC DEVELOPMENT in the Faculty of Economic and Social Studies. The tenure of the appointment will be for a period of not more than three years. Applicants should have held experience, preferably in South America, South-East Asia or Africa, or knowledge of China. Salary scales per annum as follows: Lecturer, £1,150 to £1,950; Assistant Lecturer, £900 to £1,050. Membership of F.E.S.S.U. and Children's Allowance Scheme. Applications should be sent, not later than February 16, 1963, to the Registrar, the University of Manchester, 13, from whom further particulars and forms of application may be obtained.

COMPANY AFFAIRS

The Christmas account on the London Stock Market began on a quiet note and equities failed to maintain their good showing of the previous week. The warning from Tube Investments and the surge of new issues were among factors depressing prices. But these took a better turn on Wednesday, with steel shares to the fore on the better than expected results. The bid for Whitehead seemed to offset the lower output figures for November and steel equities went farther ahead on Thursday. Oil shares have also been a good market. Over the week to Wednesday The Economist indicator gained 0.9 point to 348.9. Gilt-edged have been firm, but the Republic of Iceland 6½ per cent loan went to 1½ discount.

Steel Profits, Losses—and a Bid

THE surprise of this season of steel results, where the recovery in profits in the second half of the year to end-September has confounded the gloomiest fears expressed in the market, is this week's announcement by the directors of Stewarts and Lloyds that they have asked the board of Whitehead Iron and Steel to agree to a meeting of their respective financial advisers "with a view to agreeing terms" for a takeover of Whitehead. Whitehead cut its dividend this week, and this move came as a complete surprise to its board. Currently, Stewarts and Lloyds' own steel-making capacity is well in excess of the requirements of its own tubeworks and it has found it increasingly difficult to sell ingots, semi-finished steel and hot rolled strip to other concerns. It may therefore see the need to have such a re-roller as Whitehead under its own control. The acquisition of Whitehead, which has been buying billets from the Commonwealth, would produce only a modest degree of diversification for Stewarts and Lloyds; but it might look to be diversification in the right direction.

Stewarts and Lloyds.—At the same time as it is thinking of adding to its rolling capacity by taking Whitehead under its wing, Stewarts and Lloyds "having regard to the short-fall in the anticipated demand for iron and steel in comparison with previous estimates" is deferring "for a limited period" the construction of additional iron making capacity at Corby. This puts £18.5 million of outstanding capital developments of £38.8 million into suspense. Both this decision and the approach to Whitehead square with Stewarts and Lloyd's recent trading experience. Its production of steel ingots fell from 1.7 million tons to 1.5 mil-

lion tons in 1961-62 and its output of steel tubes from 905,000 tons to 855,000 tons and of spun iron pipes from 493,000 tons to 431,000 tons. This is reflected in the fall in sales from £158 million to £147 million and in profits from £14 million to £10.8 million. The directors attribute the decline not only "to narrowing profit margins in home and export markets and to severe competition in the export trade of tubes and pipes" but also to "a substantial decline in the demand for pig iron and semi-finished steel." In these circumstances it is not surprising that it has deferred further investment in iron-making capacity and that it is seeking a more assured outlet for its semi-finished steel. As expected the dividend is maintained at 15 per cent and following the fall in net income from £7.4 million to £6.2 million it is now covered just under twice.

Whitehead Iron and Steel.—The price which Stewarts and Lloyds would be prepared to pay for Whitehead and the price at which Whitehead would be prepared to be taken over are still the companies' own secrets. But the difficulty in framing a price agreeable to both sides has not been made any easier by the odd mixture of good and bad which this week's preliminary statement from Whitehead contained. The good is that while trading profits fell by 17½ per cent there was a marked recovery in profits in the second half of the year. Then gross profits amounted to £535,000, against £321,000 in the six months to end-March and £456,000 in the six months to end-September, 1961. Yet, in the face of this improvement, the final dividend has been cut from 8½ to 6 per cent, reducing the total payment from 15 to 10 per cent.

THE ECONOMIST DECEMBER 15, 1962

As net profits have hardly changed, the cover on the dividend has improved from just over twice to nearly three times. The fact that cash and securities amounted to 23s. 6d. per share at the end of September, 1961, only makes the dividend decision more mystifying. In January, in referring to the company's poor prospects, the chairman, Mr G. H. Latham, said it was wrong "to concentrate too much on the short term." In cutting the dividend, the directors may therefore have taken a longer—and gloomy—view. Now that a bid is in the offing, they may wonder whether such caution pays. The market, on the other hand, has rejoiced, putting the Whitehead shares up 3s. 9d. on the results and another 12s. 6d. on Stewarts and Lloyds' approach so that they now stand at 46s. 3d.

Steel Company of Wales.—Neither the results nor the maintained dividend of Steel of Wales came as a surprise. Profits were revealed when ISHRA offered the 5½ per cent second debenture for sale last month and a maintained dividend of 10 per cent was forecast when the interim was cut from 5 to 3½ per cent in June. This followed a disastrous six months when, largely as a result of the bricklayers' strike, profits before all charges fell from £12.3 million to £7.5 million. But the effects of February's price increases on sheet and tinplate and a bigger demand for sheet from the motor industry pushed profits up to £11 million in the second half of the financial year. Steel of Wales has been particularly dependent upon exports in the past and here margins have been shaved. This must be reflected at least in part in the fall in gross profit margins from 17.5 to 13.7 per cent in the face of a small increase in total sales in 1961-62. As sheet steel capacity expands both in this country and on the Continent, darker shadows creep across Steel of Wales's prospects and its shares offer one of the highest yields among steel equities.

John Summers.—The rise of 2s. 9d. to a 1962 peak of 37s. 6d. in the £1 shares of this company on Thursday shows how far hopes of a slight increase in profits and a maintained dividend have been exceeded. Profits have risen by 20 per cent and the final dividend has been set at 7½ per cent after the one for two scrip issue. This raises the payment for the year from the equivalent of 10 to 11½ per cent, covered 2.6 times after relief for investment allowances. For the first six months of the year profits before all charges were about 3 per cent lower but, as with Steel of Wales, profits made a strong recovery in the second half. They amounted to £8,767,000, against £7,050,000 in the October-March period and £5,925,000 in the corresponding period of 1961. These results reflect the strong demand for sheet from the motor industry and elsewhere and benefits from the major development programme which has now been completed at Shotton, where the major part of Summers' light steel production is concentrated.

THE ECONOMIST DECEMBER 15, 1962

South Durham Steel and Iron.—Having omitted the interim dividend, the directors have now passed the final dividend, giving South Durham the doubtful distinction of being the first steel company since denationalisation not to pay a dividend. The shares lose their trustee status; but that is the least of the company's worries for it has to grapple with a major financing problem. A year ago the directors announced their intention of raising £10 million in the next eighteen months. This seems hardly feasible after a year in which a profit before tax of £2,122,000 was turned into a loss of £1,949,000 and when substantial interest charges were only partially covered by profits after a depreciation charge of £3 million (against £2,175,000). The results reflect a substantial expansion in capacity at a time when there has been a sharp fall in demand for plate and for other heavy steel components (including pipes for the oil industry). Demand for these heavy products seems unlikely to catch up with capacity for some years and the heavy burden of depreciation and interest charges suggests that a resumption of ordinary dividends may be a long way off. Indeed the company's future seems to rest largely in the hands of the Finance Corporation for Industry and Barclays Bank which together have loans outstanding of over £40 million. More than half of these loans are due for repayment between 1963 and 1967. FCI also has a holding of £1 ordinary shares which bought at par now stand at 9s. 10½d.; in the palmy days of 1959-60 the shares stood at over 60s.

International Computers

I.C.T. THE £1 shares of International Computers and Tabulators have not moved far from their 1962 low point of 82s. 6d. since October but the yield at 84s. 6d. is still only 2½ per cent. The latest results for the year to end-September do not point to an early return to this year's peak of 122s. 6d. ICT's total revenue rose from £28 million to £31 million and its trading profit by 15 per cent from £9,624,000 to £11,169,000; but as in 1960-61 this probably does not reflect the full increase in business as depreciation on data processing equipment rose by over a quarter from £4,521,000 to £5,750,000 and much of this provision still presumably relates to machines on rental. There was another sharp rise in the interest charge so that profits before tax fell from £3,318,000 to £3,115,000. The large proportion of business out on rental means that profits (as in the case of television rental companies) are deferred for the future. In the meantime shareholders receive, as in the past two years a dividend of 11½ per cent. This is covered 2½ times after allowing for the tax relief on investment allowances, or 1½ times if no account of the relief is taken. The rapid growth of the company's business continues to strain the group's

COMPANY AFFAIRS

finances and the sharp rise in the interest charge from £965,000 to £1,238,000 no doubt reflects the further use of short-term finance. The current yield still looks a long way ahead; even in electronics shares, investors may soon begin to wonder when the growth in business will be translated into bigger dividends.

Distillers

FOR the six months to September 30th the consolidated income before tax of Distillers was only £107,000 lower at £15,947,000. This was a better outcome than seemed likely in view of the increased duty on whisky and gin and the keen competition encountered by the chemicals and plastics interests. Sales of whisky and gin in the home market were slightly below those for the corresponding period in 1961 and while export sales were higher the additional profit was largely offset by advertising and other expenses. This suggests that Distillers is not finding it easy to maintain its share of exports to the United States in the face of the growing competition from other brands. On the industrial side the slight improvement in prices and demand noted by the chairman, Sir Graham Hayman, in August now seems to have assumed the "more tangible proportions" that he forecast it might. If this improvement is maintained the directors forecast that "overall earnings for the full year should be of the same order as the previous year." As expected the interim dividend has been left unchanged at 6 per cent and on a maintained 13½ per cent dividend the 10s. shares at 34s. yield 4 per cent.

Tailoring Profits

LAST month Mr R. E. Chadwick, the chairman of J. Hepworth and Son, in comparing that company with Montague Burton, said: "We are a very small puppy dog barking at the heels of a very big St Bernard." How lively a puppy dog can be is seen in the results of the two companies for the year to end-August. Hepworth's pre-tax profits rose by 6½ per cent from £771,000 to £822,000 and those of Montague Burton fell by 20 per cent from £4,281,000 to £3,395,000. The trading period covers the bad spring weather and several months' trading after the increase in purchase tax, but for Hepworth these adverse factors were more than offset by the success of Mr Hardy Amies' venture into men's clothing. Shareholders have reaped the benefit, for the ordinary dividend has been raised from the equivalent of 10 to 15 per cent and the tax-free bonus is effectively maintained at 2½ per cent. On the combined payments the 10s. "B" shares at 56s. 6d. yield 3½ per cent. The current year has also started off on a good note with a successful presentation of the latest collection of Hardy Amies styles and trading is now apparently a little better than in the spring.

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Shareholders of Montague Burton will hope for similar news from their chairman, Mr L. Jacobson, but meanwhile they can find some consolation in the rounding up of the dividend from 6¼ to 7 per cent, covered about twice. The results moreover were a little better than seemed likely from the forecast made at the time of the debenture issue in August when pre-tax profits were estimated at about £3,060,000. Higher clothing and footwear sales in August may have helped. Sales were again good in September but they fell away in October and it remains to be seen whether the trading difficulties of the tailoring trade are really on the wane. Unless they are, the low yields of 3¼ per cent and 3½ per cent on the ordinaries at 22s. 1½d. and the non-voting "A"s at 18s. 6d. in Montague Burton are not justified. Both shares have fallen by about a third from their 1962 peaks and investors have obviously noted the enterprise of Hepworth and the entry into men's tailoring of C & A.

Brewing Results

THE duty surcharge, the prolonged winter and the reduction in economic activity checked the rise in beer consumption in the brewers' year to end-September but brewing profits appear to have held up well. **Arthur Guinness.**—Sales in the year to end September were slightly below the record level of 1960-61 but trading profits rose by £146,000 to £9,599,000. Higher capital expenditure however led to a sharp rise in the depreciation charge from £1,464,000 to £1,831,000 and left gross profits £221,000 lower at £7,768,000. Some of this expenditure relates to the new "Harp" lager plants and Guinness has struck its brewing profits after charging all expenses relating to the "Harp" lager venture. Even so, they were still slightly higher than in 1960-61, which suggests that profits from stout were higher. Draught container stout may have played its part and there are signs that Guinness is holding down its costs. On the other hand, non-brewing profits fell and, clearly, Guinness's confectionery interests felt the effect of the purchase tax introduced in the last budget. The dividend, maintained at 22 per cent, is still covered 1½ times and the 10s. shares at 44s. yield 5 per cent.

Bass, Mitchells and Butlers.—An interim report from this brewery suggested that consolidated "disposable profits" would not be very different from those of 1960-61. This has proved to be slightly on the pessimistic side, for in the first full year of the merger the group's gross profits rose from £8,670,000 to £8,986,000 and, ignoring the previous year's exceptional profit arising from the duty surcharge, net equity earnings rose from £3,876,000 to £4,091,000. The dividend, held back by the request for restraint in 1960-61, has been raised from 11 to 12½ per cent and is still covered about twice by earnings. The results suggest that the group may have benefited from the

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STEEL PROFITS AND DIVIDENDS

Year to September 30	Sales		Profits before depreciation		Depreci- ation		Net profit		Dividend per cent		Price 13.12.62	Yield per cent
	1961	1962	1961	1962	1961	1962	1961	1962	1961	1962		
John Summers	133.0	135.0	13.18	15.82	4.72	5.18	8.46	10.64	10	11½	34/6	6.7
Steel of Wales	133.0	135.0	23.25	18.58	8.31	8.99	6.93	3.56	10	10	26/-	7.7
Stewarts and Lloyds	158.4	146.9	19.04	16.03	5.04	5.21	7.41	6.20	15	15	37/6	8.0
South Durham	—	—	7.09	4.10	2.18	3.00	1.02	0.95	10	Nil	9/10½	—
Whitehead Iron	16.4	—	1.28	1.06	0.22	0.20	0.49	0.46	15	10	46/3	4.3

STOCK PRICES

Prices, 1962		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Dec. 5, 1962	Price, Dec. 12, 1962	Net Red. Yield, Dec. 12, 1962½	Gross Red. Yield, Dec. 12, 1962	Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	Cover					
High	Low							High	Low													
99½	96½	Exchequer 3%.....1962-63	999½	999½	2 1/4	4	3 1/4	105/-	79/9	%	%	BANKS, DISCOUNT & HP										
1001½	98½	Conversion 4%.....1963	1001½	1001½	1 1/8	5	3 1/4	111/0	70/6	6½b	6½a	Barclays						£1	83/9	84/6	3 08	...
98½	93½	Exchequer 2½%.....1963-64	98½	98½	2 1/4	6	3 1/2	107/0	20/-	5 1b	4½a	Lloyds						£1	56-55	55/9	3 41	...
1001½	97½	Conversion 4½%.....1964	1001½	1001½	2 2/4	4	3 1/2	101/0	80/-	7 1b	7½a	Midland						£1	84-86	83 3/4	3 48	...
99½	98½	Treasury 4%.....1965	991½	991½	2 10/0	0	4 4 0	100/9	73/3	7 1b	7 1a	Nat. Provincial						£1	82-83	82 -	3 41	...
99½	98½	Treasury 4% 'A'.....1965	991½	991½	2 11 8	4	4 4 0	97/9	71/7	6½b	6½a	Westminster 'B'						£1	82-86	83 3/4	3 19	...
99½	98½	Savings Bonds 3%.....1955-65	961½	961½	3 0 7	7	4 7 4	50/6	40/6	8 1b	4 1a	Australia & N.Z. (C) p.p.						£1	49-50	49 3/4	4 87	...
99½	98½	Exchequer 5½%.....1966	102½	102½	2 5 3	3	4 10 5	40/9	34/3	5 1b	3½a	Bk. Lond. & S. Amer. (C)						£1	39-43	39 3/4	4 25	...
103½	98½	Savings Bonds 2½%.....1964-67	102½	102½	2 11 1/2	1	4 11 1/2	35½/6	31/7	\$2 05c	\$2 05c	Bank of Montreal						\$10	221½	211½	3 13	...
92½	85	Exchequer 5%.....1967	91½	91½	2 15 7	5	4 14 7/8	37½/6	32/6	5 1b	5 1a	Bank of New & Wales (C) p.p.						£1	39-43	39 3/4	5 23	...
103½	98½	Funding 3%.....1966-68	1001½	1001½	3 8 5	5	4 14 7/8	40/-	36/6	5 1b	5 1a	Barclays D.C.O. (C)						£1	54-57	53 3/4	5 35	...
95½	84½	Conversion 3½%.....1969	93½	93½	3 8 0	0	4 17 10	38/6	33/-	7½b	7½a	Chartered						£1	54-57	53 3/4	5 35	...
92½	82½	Funding 3½%.....1959-69	90½	90½	3 10 2	2	4 15 1/2	41/9	36/-	10½b	5½a	Hongk'g & Shang.						\$25	147½	147½	4 63	...
98½	92½	Victory 4%.....1920-76	97½	97½	2 18 3	3	4 11 5/2	62/-	49/-	7 1b	7 1a	Nat. Com. Bk. Scot. 10/-						£1	51-9*	52½-	3 17	...
90½	78½	Savings Bonds 3%.....1960-70	88½	88½	3 12 10	10	4 18 11½	42/9	42/-	\$2-37½c	\$2-50c	Royal Bk. Canada						\$10	226½	226½	3 17	...
103½	90½	Conversion 5%.....1971	101½	99½	3 1 5	5	4 19 9	46/3	37/6	10 1b	5 1a	Standard Bank						£1	45-43	45½-	6 67	...
103½	97½	Conversion 6%.....1972	107½	108½	2 16 5	5	5 3 1	99/9	68½-	13 1b	7½a	Hambros						£1	38-33	38 3/4	2 94	...
91½	87½	Conversion 5½%.....1974	100½	101½	3 2 2	3	5 2 8	59/3	47/1½	6½b	6½a	Union Discount						£1	57½	57½	4 33	...
95½	87½	Funding 4%.....1960-90	94½	95½	2 19 3	3	4 11 6½	15/-	10/-	18 c	c	Nil c						£1	14-3	14 3/4	5 9	...
83½	70½	Savings Bonds 3%.....1965-75	81½	81½	3 13 2	2	5 4 9	14/3	9/9	10 c	2½c	Lombard Banking						£1	10-1	10 1/4	5 9	...
82½	68½	Treasury 3½%.....1977-80	79½	80½	3 13 8	7	5 4 9	16½/4	10/6	2 a	6	Mercantile Credit						£1	16½/4	16 3/4	2 46	...
81½	65½	Treasury 3%.....1979-81	80½	80½	3 13 7	7	5 5 7	44½/4	28/6	22½b	4 a	United Domin. Tst.						£1	36-6	36½-	3 68	...
102½	90½	Funding 5½%.....1962-84	102½	102½	3 6 5	5	5 5 7	44½/4	28/6	22½b	4 a	BREWERIES, Etc.										
93½	82½	Treasury 5%.....1966-89	92½	93½	3 9 6	10	5 10 9					Bam. M. & B.						£1	15/-	15/3	4 10	1 1/2
66	54	Redemption 3%.....1966-96	64½	65½	3 12 5	5	4 4 0	18/6	13/3	4 a	8½b	Charrington United						£1	14-3	14/3	4 21**	2
69½	56½	Funding 3½%.....1999-2004	68½	69½	3 11 6	6	5 7 0	14/10½	12/10½	4 a	4½a	Distillers						£1	35-	33/3	4 36	1½
98½	16	Treasury 5½%.....2008-12	97½	98½	3 9 2	5	5 13 2	44/-	30/6	8½b	6 a	Guinness						£1	46-9	44½-	5 00	1½
70½	58½	Consols 4%.....after Feb. 1957	68½	70½	3 10 8	8	5 16 4	51/6	41/-	8 1b	4 b	Harvers						£1	25 6	24/3	2 89	2½
63½	52½	War Loan 3½%.....after 1952	60½	61½	3 9 8	5	5 13 10½	34/-	20/4½	14 c	5	Ind. Coope. T. A.						£1	13/-	13/4½	4 49**	1½
52½	42½	Consols 3½%.....after Apr. 1961	60½	61½	3 10 1	1	5 15 10½	29/-	21/3	c	14 b	Wmsey Mann						£1	24/3	23 6	4 26	2
45½	38½	Treasury 3%.....after Apr. 1966	44½	45½	3 7 11	5	5 10 9½	42/4½	31/9	30 c	10 a	Whitbread 'A'						£1	36-6	36/-	4 17	1½
45½	38½	Consols 2½%.....after Apr. 1975	44½	45	3 8 6	6	5 12 5½					BUILDING, PAINT, Etc.										
1001½	89½	British Electric 4½%.....1967-69	98½	99	3 1 7	4	4 18 11	62/9	50/6	6½b	3 a	Associated Portland						£1	61 6	62/-	3 06	2½
86	74½	British Electric 3%.....1968-73	84½	84½	3 14 3	3	5 0 7	30½/4	20 10½	10½b	6 a	British Postage Bd						£1	29 6	30½/4*	4 15	2
81½	69	British Electric 3%.....1974-77	80	80½	3 12 2	2	5 0 4	19 1/2	14 10½	10½b	6 a	Richard Costain						£1	19 6	19½-	4 21	2½
90½	79½	British Electric 4½%.....1974-79	89½	89	3 8 9	5	4 9 1	14 11½	10 16 9½	10½b	6 a	Crestal Mill						£1	14 1	14/-	6 04**	1½
92½	70½	British Electric 3½%.....1976-79	80½	81½	3 13 4	4	4 5 1	14 11½	9 10½	16½b	5 a	International Paints						£1	11 7½	12 1/2	7 42	2½
83½	72½	British Gas 3½%.....1969-71	80½	80½	3 8 9	9	4 18 7	69/6	48/9	25 c	25 c	Rugby Portland						£1	12 1/2	12 1/2	7 42	2½
82½	71½	British Gas 3%.....1968-73	80½	80½	3 10 1	1	5 1 7	24/6	17/7½	5 a	12 b	Wall Paper						£1	18 3	18/3	1 92	3½
66½	53½	British Gas 3%.....1990-95	65½	65½	3 13 4	4	5 1 7					CHEMICAL										
86	74½	British Transport 3%.....1968-73	84½	84½	3 14 3	3	5 0 7					Albright & Wilson						£1	24 7½	24/3	4 12	2
90½	77½	British Transport 4%.....1972-77	87½	87½	3 10 6	6	5 4 1	25 7½	20/9	14 b	6 a											
69½	56½	British Transport 3%.....1978-88	67½	68½	3 15 2	2	5 4 9	18/3														

[illegible]

NEW YORK PRICES AND INDICES

	Dec. 5	Dec. 12		Dec. 5	Dec. 12		Dec. 5	Dec. 12
Aech. Topeka	25	24½	Boeing	39½	38½	Int. Harvester	49½	48½
Can. Pacific	23½	23	Chrysler	72½	71½	Inter. Nickel	64½	61½
Pennsylvania	14½	13¾	C. & N. W.	72½	71½	Inter. Paper	28½	28
Union Pacific	34*	33	Col. Palmolive	43½	44*	Kennecott	67½	66½
Amer. Electric	33½	33	Crown Zeller	48*	47	Monsanto	49½	49½
A. M. Tel. & Tel.	114½	116½	Distillers Seag.	43½	43½	Nat. Distillers	24½	24½
Cons. Edison	79½	81½	Douglas	34½	35	Pan-American	22½	21½
Int. Tel. & Tel.	44½	44	D. Chemical	54½	54	Paper & Soap	73½	73½
Nat. Light Gas.	44½	44	Du Pont	234½	232½	Radio Corp.	59	57½
United Corp.	8½	8	East. Kodak	108½	109½	Sears Roebuck	75½	75½
Western Union	27½	27	Ford Motor	45½	45½	Shell Oil	33½	36½
Alcoa	56	53½	Gen. Electric	76	77	Socoyn-Mobil	57½	57½
Aluminum	22½	20	General Foods	74½	74	Stand. Oil Ind.	48½	48
Amer. Can.	44½	44	General Motors	54½	54	Stand. Oil N.J.	104	102½
Am. Smelting	55½	54	Goodyear	32½	32½	Union Carbide	104	102½
Am. Viscose	59½	59½	Gulf Oil	39½	39½	U.S. Steel	46½	45½
Anacosta	42½	41½	Heinz	50½	51	West. Electric	32½	32
Bath. Steel	30½	29	Int. Bus. Mach.	398½	393½	Woolworth	67½	64½

FOREIGN AND OVERSEAS STOCKS

	Dec. 5	Dec. 12		Dec. 5	Dec. 12		Dec. 5	Dec. 12
FRANCE	Frcs.	Frcs.	GERMANY	%	%	HOLLAND	%	%
Air Liquide	1,141	1,135	A.E.G.	424	426	A.K.U.	402½	408½
Banque de Paris	542	546	Bad'che Anilin	445	439	Bijenkorf	960	987½
Citroën	203	197	Bayar	488	478	Heineken	487	483½
C. F. Petrolie	328	324	Commerzbank	432	428	Internia (Ft. 50)	187	Fl. 187½
Cie. G. d'Elect.	851	849	Doechste Bank	490	433½	Kon. Zout-Ket.	773	746
Machines Bull.	458 9	425	Hoechst Farb.	432	433½	Philips (Fl. 25)	Fl. 150	Fl. 142½
Pechiney	228	217	Kundenkredit	392	392	Rabaco (Ft. 50)	Fl. 208	Fl. 207
Printemps	680	620	Lowenbrau	378	376	Rotterdam Bk	377	379
Rhone-Poulenc	188	187	Mannmann	214	209½	Thomson & D.	685	671
S.I.M.	372	375	Siemens	575	566½	Valeour	Fl. 73	OF. 73
Saint-Gobain	343	318	Thysen-Muecke	192	186	Zwanenberg	915	876
Usinor	176	182	Volkswagen	524	525½			
Index	97.6	97.7	Herstatt Index	92.20	91.54	Index	325.4	322
Dec. 31, 1961=100			Dec. 31, 1959=100.			1953=100		
ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr	Kr
Ass. Generali	145,150	149,550	Arbed	27,600	27,350	Asea	Kr 190	Kr 195

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

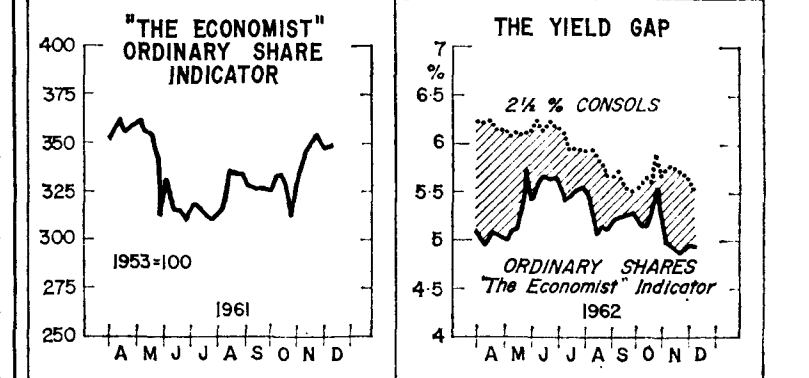
1962	425 Industrials	Yield %	25 Rafts	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Nov. 14	63.04	3.40	30.49	5.42	57.61	3.56	90.28	3.86
" 21	63.68	3.43	31.26	5.29	58.52	3.51	89.96	3.89
" 28	65.13	3.38	31.82	5.20	59.20	3.48	90.06	3.88
Dec. 5	65.95	3.34	32.67	5.06	59.70	3.46	89.96	3.89
" 12	65.60	3.36	31.78	5.21	60.30	3.42	90.06	3.88
425 Industrials - High 75.22 (Jan. 3).					Low 54.80 (June 26).			

AND YIELDS

Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	Cover	Prices, 1962		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Dec. 5, 1962	Price, Dec. 12, 1962	Yield, Dec. 12, 1962	Cover
High	Low									High	Low								
37/3	23/-	%	10 c	33a	A.E.I. Inds.	35/9	36/6	5.48	1	27/9	19/9	10 a	20 b	MISCELLANEOUS					
12/6	7/6	15 c	22 c	22 c	Brit. Electronic Inds.	10/7 1/2	10/6	1.19	...	33/3	18/-	20 a	40 b	Assoc. British Picture 5/-	20/9	20/9	7.23	2 1/2	
69/6	51/9	9 1/2 b	4 a	4 a	B.L.C.C.	67/6	67/10 1/2	3.98	2	52/11 1/2	33/10 1/2	16 a	14 b	Assoc. Television 'A' 5/-	22/6	21/9	13.79	1 1/2	
45/6	11/6	4 1/2 b	7 1/2 a	17 1/2 b	Crompton Parkinson 5/-	16 11 1/2	16/6	3.64	2 1/2	39/12	29/10 1/2	3 1/2 a	6 3/2 b	Beecham Group 5/-	37/-	37/10 1/2	3.96	1 1/2	
16/6	32/3	5 a	12 1/2 b	12 1/2 b	Decca	83/6	84/-	2.98	2	16/3	11/-	6 3/2 b	4 a	British Match 5/-	36/6	35/-	5.71	2 1/2	
34/6	39/-	14 c	6 a	6 a	E.M.I.	43/3	41/3	4.24	1 1/2	9/10 1/2	7/2 1/2	7 b	3 a	British Oxygen 5/-	13/3	13/1 1/2	4.06	1 1/2	
52/6	20/9	5 b	3 a	3 a	Elliott-Automation 5/-	49/9	48/10 1/2	5.00	1 1/2	42/-	30/11 1/2	15 c	7 1/2 a	British Ropes 5/-	8/2 1/2	8/2 1/2	6.11	1 1/2	
39/9	26/-	3 a	7 b	7 b	English Electric 5/-	38/6	39/9	5.03	3	57/9	41/6	7 1/2 a	8 1/2 b	De La Rue 10/-	43/6	44/-	3.13**	2	
59/3	34/6	8 1/2 b	4 1/2 a	4 1/2 a	General Electric 5/-	56/-	57/3	4.37	2	49/-	42/6	3 a	13 b	Gestetner 'A' 5/-	39/9	40/-	1.88	3 1/2	
57/3	38/6	6 1/2 b	3 1/2 a	3 1/2 a	C. A. Parsons	55/-	56/3	3.47	2 1/2	29/-	20/6	20 b	5 a	Glaxo 10/-	55/9	56/6	2.43	2 1/2	
90/6	58/-	25 c	27 1/2 c	27 1/2 c	Raytheon	85/9	90/6	1.52	3 1/2	95/-	62/6	9-04 b	7-04 a	Harrison & Cr. Delf. 5/-	43/9	43/9	7.31	2 1/2	
					Thorn Electrical 5/-					23/3	14/10 1/2	12 1/2 b	5 a	Hoover 'A' 5/-	36/-	35/6	3.52	1 1/2	
										122/6	82/6	41/6	12 c	Hudson's Bay 5/-	73/9	76/3	4.22	2 1/2	
										111 1/4	63/9 1/2	42 c	11 a	Ilford 5/-	15/4 1/2	14/10 1/2	5.88	1 1/2	
										41/3	32/6	6 a	12 b	I.C.T.	88/6	83/6	2.69	2 1/2	
										40/6	32/3	17 1/2 b	5 a	National Canning 5/-	44/9	46/6	4.90	1 1/2	
										24/6	71/2 a	17 1/2 b	5 a	Powell Duffryn 5/-	36/6	36/6	4.93	1 1/2	
										38/-	24/-	16 1/2 b	7 1/2 a	Radio Rentals 5/-	39/3	39/3	2.82	2 1/2	
										35/3	25/-	25 c	25 c	Rank Organisation 5/-	33/9	34/-	3.68	2	
										32/11 1/2	23/11 1/2	11 1/2 b	8 1/2 a	Schwepes 5/-	27/6	27/9	4.32	1 1/2	
										21/9	11/6	11 b	8 a	Sears 'A' 5/-	26/6	26/6 3/4	4.71	2	
										44/-	30/16	13 b	8 1/2 a	Steeley 5/-	28/7 1/2	28/1 1/2	2.84	3	
										73/16	15.32b	9.5 a	9.5 a	Thomas Tilling 4/-	26/-	25/6	3.14	2	
										44/-	8 1/2 a	8 1/2 a	8 1/2 a	Turner & Newall 5/-	37/-	37/-	4.53	2	
										30/16	15.32b	9.5 a	9.5 a	Unilever 5/-	37/4 1/2	37/4 1/2	2.87	3	
										73/16	13 b	8 b	8 b	Unilever N.V. 12 1/2	12 1/2	12 1/2	8.16*	2	
										18/9	12/10 1/2	10 b	5 a	United Glass 5/-	13/9	13/9	5.45	...	
										33/3	21/7 1/2	110 1/2 b	14 1/2 a	United Molasses 5/-	29/9	28/6	8.59	1	

* Yields based on assumed dividends:—
 Charrington United, 12%. City Centre Props., 30%. Courtaulds, 13%. Daily Mirror, 18%. De La Rue, 13½%. English
 Savings, 12½%. Equity & Law Life, 12½%. Guardian, 26½%. Ind Coope, T.A., 12% on merger terms. P & O Deld., 10%. R.T.Z., 15%. Royal Insurance, 30%.

* Ex dividend. † Tax free. ‡ Assumed average life 7½ years. § The net redemption yields allow for tax at 7½ p. in £. || Ex capitalisation. ¶ Ex rights. ** Ex after
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Equivalent to 7.2 sterling (h) After Rhodesian tax. (i) To latest date
(m) Assented into Treasury 4% 1965. Japanese prices supplied by Daiwa Securities, Tokyo.



Effective Limits		Market Rates : Spot						
December 12		December 6	December 7	December 8	December 10	December 11	December 12	
United States \$	2 78-2 82 ¹ / ₂	2 80 ¹ / ₂ - ⁷ / ₁₆	2 80 ¹ / ₂ - ⁷ / ₁₆	2 80 ¹ / ₂ - ⁷ / ₁₆	2 80 ¹ / ₂ - ⁷ / ₁₆	2 80 ¹ / ₂ - ⁷ / ₁₆	2 80 ¹ / ₂ - ⁷ / ₁₆	
Canadian \$	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	3 01 ¹ / ₂ - ³ / ₄	
French Fr.	13 622-14 027	13 73 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	
Swiss Fr.	11 94-12 54 ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	12 09 ³ / ₈ - ⁷ / ₈	
Belgian Fr.	137 96-	139 40-	139 40-	139 40-	139 40-	139 37 ¹ / ₂ - ⁴² / ₁₂	139 40-	
	142 05	45	45	45	45		45	
Dutch Gld	9 98 ¹ / ₂ -10 28 ¹ / ₂	10 09 ³ / ₈ -10	10 09 ³ / ₈ - ⁷ / ₈	10 09 ³ / ₈ - ⁷ / ₈	10 09 ³ / ₈ - ⁷ / ₈	10 09 ³ / ₈ - ⁷ / ₈	13 73 ³ / ₈ - ⁷ / ₈	
W. Ger. D-Mk.	11 037-11 365	11 21 ³ / ₈ - ⁷ / ₈	11 21 ³ / ₈ - ⁷ / ₈	11 21 ³ / ₈ - ⁷ / ₈	11 20 ³ / ₈ - ⁷ / ₈	11 20 ³ / ₈ - ⁷ / ₈	11 20 ³ / ₈ - ⁷ / ₈	
Portug. Esc.		80 15-25	80 15-25	80 15-25	80 15-25	80 15-25	80 15-25	
Italian Lire	1725-1775	1740 ¹ / ₂ -41	1740 ¹ / ₂ -41	1740 ¹ / ₂ -41	1741 ¹ / ₂ -41	1741 ¹ / ₂ -41	1741 ¹ / ₂ -41	
Swedish Kr.	14 27 ¹ / ₂ -14 70	14 52 ¹ / ₂ -53	14 52 ¹ / ₂ -53	14 52 ¹ / ₂ -53	14 53 ¹ / ₂ -54	14 53 ¹ / ₂ -54	14 53 ¹ / ₂ -54	
Danish Kr.	19 06 ¹ / ₂ -19 62	19 34 ³ / ₈ -35	19 34 ³ / ₈ -35	19 34 ³ / ₈ -35	19 34 ³ / ₈ -35	19 34 ³ / ₈ -35	19 34 ³ / ₈ -35	
Norwegian Kr.	19 71-20 30 ¹ / ₂	20 02 ¹ / ₂ -4	20 02 ¹ / ₂ - ³ / ₈	20 02 ¹ / ₂ - ³ / ₈	20 02 ¹ / ₂ - ³ / ₈	20 02 ¹ / ₂ - ³ / ₈	20 02 ¹ / ₂ - ³ / ₈	
Official Limits								
United States \$		³ / ₁₆ - ¹ / ₁₆ c. pm	³ / ₁₆ - ¹ / ₁₆ c. pm	³ / ₁₆ - ¹ / ₁₆ c. pm	³ / ₁₆ - ¹ / ₁₆ c. pm	³ / ₁₆ - ¹ / ₁₆ c. pm	³ / ₁₆ - ¹ / ₁₆ c. pm	
Canadian \$		Par- ¹ / ₈ c. dis	Par- ¹ / ₈ c. dis	Par- ¹ / ₈ c. dis	Par- ¹ / ₈ c. dis	Par- ¹ / ₈ c. dis	Par- ¹ / ₈ c. dis	
French Fr.		1- ¹ / ₂ c. pm	1- ¹ / ₂ c. pm	1- ¹ / ₂ c. pm	1- ¹ / ₂ c. pm	1- ¹ / ₂ c. pm	1- ¹ / ₂ c. pm	
Swiss Fr.		¹ / ₄ c. pm- ¹ / ₄ c. dis	¹ / ₄ c. pm- ¹ / ₄ c. dis	¹ / ₄ c. pm- ¹ / ₄ c. dis	¹ / ₄ c. pm- ¹ / ₄ c. dis	¹ / ₄ c. pm- ¹ / ₄ c. dis	¹ / ₄ c. pm- ¹ / ₄ c. dis	
Belgian Fr.		17-12c. pm	15-10c. pm	15-10c. pm	15-10c. pm	13-8c. pm	15-10c. pm	
Dutch Gld		¹ / ₃₂ - ¹ / ₁₆ c. pm	¹ / ₃₂ - ¹ / ₁₆ c. pm	¹ / ₃₂ - ¹ / ₁₆ c. pm	¹ / ₃₂ - ¹ / ₁₆ c. pm	¹ / ₃₂ - ¹ / ₁₆ c. pm	¹ / ₃₂ - ¹ / ₁₆ c. pm	
W. German D-Mk.		¹ / ₄ p. pm-par	¹ / ₄ p. pm- ¹ / ₄ p. dis	¹ / ₄ p. pm- ¹ / ₄ p. dis	Par- ¹ / ₂ p. dis	Par- ¹ / ₂ p.		

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH			
Prices and Wages.....	Dec. 8th	External Trade.....	Dec. 1st
Manpower and Output.....	This week	Industrial Profits.....	Oct. 13th
OVERSEAS			
Western Europe.....	Oct. 20th	United States.....	Nov. 17th

Unit	Mid-year or averages			1961			1962				
	1959	1960	1961	Sept.	October	Nov.	July	August	Sept.	October	Nov.
TOTAL MANPOWER											
June figures											
Working population:											
Total.....	'000s	24,145	24,436	24,650	24,830	24,873	24,903	24,865	24,952	24,924	24,917
Men.....		16,137	16,239	16,325	16,398	16,424	16,432	16,421	16,473	16,454	16,440
Women.....		8,008	8,197	8,325	8,432	8,449	8,471	8,444	8,479	8,470	8,477
Armed Forces.....		565	518	474	464	461	457	441	438	436	438
Civil employment:											
Total.....		23,197	23,628	23,925	24,060	24,076	24,094	24,044	24,069	24,049	24,012
Manufacturing industries.....		8,477	8,811	8,928	9,004	9,001	9,008	8,881	8,894	8,911	8,901
Employees:											
in engineering (2).....		3,545	3,740	3,810	3,850	3,845	3,855	3,798	3,801	3,807	...
in consumer goods industries (3).....		3,101	3,154	3,177	3,204	3,207	3,206	3,175	3,185	3,190	...
UNEMPLOYMENT											
Monthly averages											
By duration:											
All durations—total.....		475.2	360.4	340.7	317.0	365.7	387.4	400.4	464.4	465.1	501.4
Temporary.....		30.7	14.5	28.6	26.4	43.2	39.0	20.3	18.9	26.1	33.8
Wholly unemployed (3)—total.....		432.8	337.2	304.8	276.1	318.3	345.6	370.7	392.3	406.8	457.5
Seasonally adjusted.....		243.4	187.6	157.1	134.2	143.9	155.3	195.9	208.7	217.4	223.2
By regions (4):	%										
Great Britain.....		2.2	1.6	1.6	1.4	1.6	1.7	1.8	2.1	2.1	2.4
London and South Eastern.....		1.3	0.9	1.0	0.9	1.0	1.1	1.1	1.3	1.2	1.4
Eastern and Southern.....		1.5	1.2	1.1	0.9	1.2	1.4	1.1	1.4	1.4	1.5
South Western.....		2.2	1.7	1.4	1.2	1.5	1.7	1.4	1.6	1.6	1.9
Midland.....		1.5	1.0	1.0	1.4	1.7	1.7	1.6	1.8	1.8	2.1
North Midland.....		1.5	1.1	1.0	0.9	1.0	1.1	1.2	1.4	1.4	1.5
East and West Ridings.....		1.9	1.2	1.0	1.0	1.1	1.2	1.4	1.7	1.8	1.8
North Western.....		2.8	1.9	1.5	2.3	2.5	2.9	2.3	2.8	2.8	2.9
Northern.....		3.3	2.8	2.5	2.3	2.5	2.9	3.2	3.7	3.8	4.3
Scotland.....		4.4	3.6	3.1	2.8	3.0	3.2	2.5	3.8	3.8	3.9
Wales.....		3.8	2.7	2.6	2.2	3.5	2.8	2.7	3.1	3.2	3.4
VACANCIES											
Unfilled vacancies: Total.....	'000s	251	294	249	328	289	263	251	227	201	176
Seasonally adjusted.....		...	...	...	322	296	282	200	192	191	181
STOPPAGES OF WORK											
Working days lost: Total.....	M	439	252	254	188	381	159	69	133	142	610
in engineering (2) (3) industries.....	M	80.4	121	122	101	249	49	29	54	69	233
INDUSTRIAL PRODUCTION											
Index: 1958=100											
All industries.....		105	113	114	117	118	119	109	100	120	...
Seasonally adjusted.....		...	...	...	114	113	113	116	117	118	...
Mining and quarrying.....		97	94	93	95	99	101	87	73	98	...
Construction.....		106	111	120	122	...	120	...	...	...	...
Gas, electricity and water.....		103	110	116	102	116	134	98	98	110	...
Manufacturing, total.....		106	115	115	119	120	119	109	98	122	...
Seasonally adjusted.....		...	...	...	114	113	113	116	117	118	...
Engineering and electrical goods.....		105	114	121	130	127	128	118	99	132	...
Shipbuilding.....		94	85	86	86	86	88	86	85	86	...
Vehicles.....		109	118	109	108	108	107	89	99	113	...
Chemical trades.....		111	122	124	124	128	128	125	118	...	...
Textiles, leather and clothing.....		107	113	111	120	119	118	100	90	123	...
Basic material production:											
M, W averages											
Coal (7) (9).....	W	'000 tons	3,963	3,725	3,663	3,708	3,938	4,061	3,400	2,842	3,851
Pig iron.....	W		242	303	284	261	248	270	262	243	271
Steel, ingots and castings.....	W		388	467	425	400	382	420	367	319	422
Sulphuric acid.....	M		202.3	225.1	221.8	208.3	225.4	226.5	226.8	212.3	225.3
Newspprint.....	W		12.87	14.25	13.70	13.06	13.39	14.21	11.10	9.98	12.58
Electricity (7) (11).....	M	mn. kwh	8,764	9,904	10,631	9,148	11,022	12,586	9,038	9,063	10,142
Gas (12).....	W	mn. therms	53.5	55.7	55.7	46.3	53.9	63.2	45.5	41.8	49.1
Textile production:											
Cotton yarn, single.....	W	mn. lb.	14.58	14.44	13.21	12.41	13.58	13.38	9.36	10.53	11.49
Worsted yarn (4).....	M		19.34	20.40	20.52	21.66	22.11	22.66	18.11	14.59	19.71
Rayon and synthetic fibres.....	M		42.89	49.33	47.47	45.40	52.75	52.07	53.65	42.52	53.93
Cotton cloth, woven.....	W	mn. yds.	25.7	24.9	23.8	23.0	25.0	24.5	13.7	18.8	19.0
Wool fabrics, woven (9).....	M	mn. sq. yds.	30.4	30.6	29.3	31.1	31.8	32.1	28.0	21.5	27.9
Engineering production:											
Passenger cars and chassis.....	W	'000s	22.88	26.01	19.31	20.18	18.84	20.46	15.79	23.49	26.39
Commercial vehicles and chassis.....	W		7.13	8.81	8.85	9.00	8.73	8.74	5.57	7.74	8.71
Merchant ships (1).....	M	'000 gr. tons	116	109	116	100	...	123	...	55	...
Internal combustion engines (4).....	M	'000 BHP	468	577	587	575	...	570	596	612	...
Metal-working machine tools (4).....	M	'000	6,564	7,911	9,643	9,922	10,347	9,992	11,669	8,346	10,809
Television sets.....	M	'000s	238.6	178.4	104.7	124.2	155.3	162.3	110.6	81.1	...
Permanent houses completed (10):											
Total.....	M	'000s	20.78	22.44	22.40	22.36	25.44	22.79	24.55	23.72	22.66
For local housing authorities.....	M		8.29	8.60	7.74	7.01	8.45	7.68	9.23	8.42	8.23

(1) Vessels of 100 gross tons and over completed. (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicle and metal goods. (3) Textiles, leather goods, clothing, food, drink, and tobacco, timber, furniture, paper, printing and publishing. (4) Number of employees employed as a percentage of the estimated number of employees. (5) Excluding school-leavers. (6) Deliveries. (7) Great Britain. (8) Excluding the Channel Islands. (9) Excluding the Channel Islands. (10) Average for third quarter. (11) England and Wales. (12) Generation for public supply. (13) Total available at the end of the fourth quarter. (14) On 1948 Standard Industrial Classification; later figures on 1958 classification. (15) Also including metal manufacturing.

MARKET RESEARCH EXECUTIVE

RETAIL AUDIT RESEARCH

Petfoods Limited have a vacancy in their Market Research Department for a Market Research Officer to take control of an existing large-scale retail and wholesaler panel. The position involves, in addition to sample design and maintenance of the main Panel, responsibility for test market panels, and other "ad hoc" trade research.

The selected man will not be over 35 years of age and is likely to possess an Honours degree which embraces statistics, though academic achievement will be considered together with research experience and other personal qualities.

The starting salary will not be less than £2,250 per annum and the Company operates a Social Security scheme covering non-contributory pension, sickness benefit and life assurance cover.

Applications outlining qualifications should be addressed to:

The Chief Personnel Officer,
PETFOODS LIMITED
Melton Mowbray, Leics.

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Applicants with qualifications of either B. Com. or Final C.I.S., or C.C.S., or C.A., or A.S.A. or A.C.C.A. for appointment as Tax Officers.

GOOD STARTING SALARIES
which depend on qualifications and experience, in the range of £160 to £1,220 p.a. (with effect from January 1, 1963).

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ATTRACTIVE CLIMATE AND SPORTING FACILITIES

PASSAGES PAID TO FEDERATION FOR SELECTED APPLICANTS.

Application forms and further details from: The Secretary (R), Rhodesia House, Strand, London, W.C.2. Closing date December 31, 1962.

For further appointments and other classified advertisements see page 1157

ECONOMIST or Statistician: experienced in handling travel statistics; interesting post involving overseas work.—Write Box 16-4.

A leading company in the London area manufacturing a wide range of solvent and cosmetic preparations have a vacancy for an

ECONOMIC STATISTICIAN

The successful candidate will be responsible to the Market Research Officer for the direction of all market research activities, and in particular will be expected to initiate a statistical sales forecasting procedure.

Applications are invited from men under 28 years of age. They should be well qualified in statistics, for example with statistics as a principal subject in an economics degree, or with A.I.S. membership, and have some experience of economic forecasting or consumer goods marketing.

Starting salary will be within the range £1,500-£1,500. If you are interested you should write to Box AL 4128, c/o Whittier, 72, Fleet Street, London, E.C.4, giving details of qualifications, age and job experience. All applications will be acknowledged and interviews will be arranged promptly. If an evening appointment is preferred please mention this.

R.T.Z.

The Economic Adviser to the **RIO TINTO-ZINC CORPORATION**, an Organisation with extensive Mining and Industrial interests, requires an Assistant Economist with statistical experience, primarily to carry out studies of the long-term demand for minerals in the free world by regression analysis and other methods. A promising appointment for the keen research student who should be between the ages of 25 and 30.—Write in confidence, also salary expected, to the Economic Adviser, 6, St. James's Square, S.W.1.

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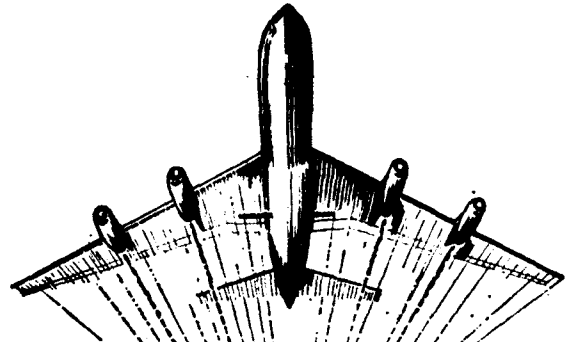
Applications are invited for the following posts in the Economics Research Department, in the University of St. Andrews, commencing October 1, 1963:

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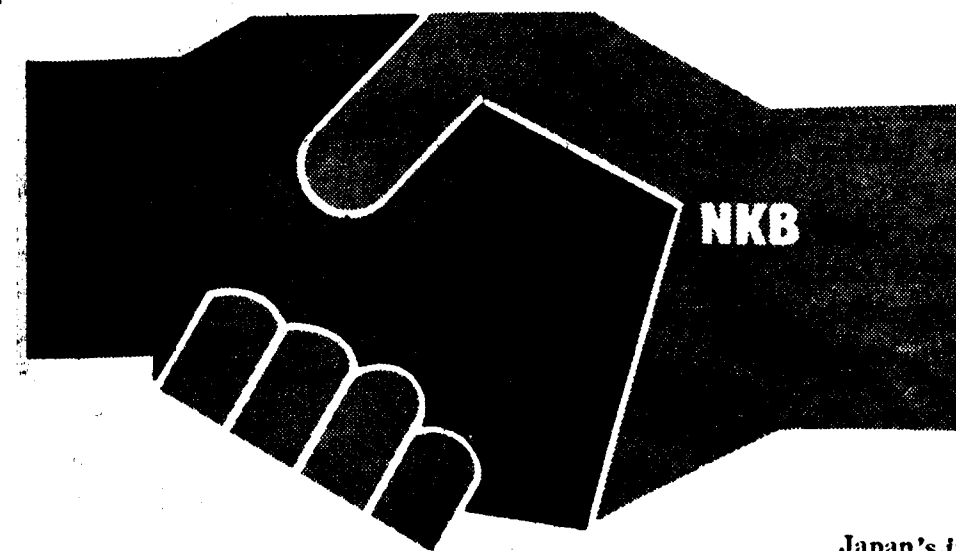
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