

# ECONOMIC DIGEST 1<sup>1</sup>/<sub>4</sub>

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# Industry and Commerce in Central Planning

By Sir OLIVER FRANKS, K.C.B.

(Provost of Queen's College, Oxford)

From *CENTRAL PLANNING and CONTROL in WAR and PEACE\**

THE programmes of central planning are practical programmes. It is the work of industry and commerce to carry them out. If there is to be central planning and control in peace, how must the relationship between Government and business be conceived?

It is sometimes argued that since with central planning the Government makes general decisions which limit the responsibilities and initiative which can be exercised by industry and commerce, the transfer of authority must go further. If the Government lays down programmes of what is to be imported and exported, it is for Government to issue the executive directions which give effect to their policy. The plausibility of the opinion depends upon a false assumption. The indivisibility of initiative is assumed. A great part of the policy and most of the decisions necessary effectively to realise, for example, an export programme must be made by business and in business, and not for business by Government. The organisation required by central planning and control in peace has no chance of success if it is composed of masters and servants, of men acting with authority and men acting under authority. Nor is it a hierarchy with higher and lower functions.

## Success Depends on Initiative

It would be mistaken to suppose that the rôle of Ministers in the organisation of central planning and control was important while that of business was by comparison unimportant. All the decisions, and all the actions required by the programme are of equal importance to it, for they are all necessary to its fulfilment. The contributions of Ministers, civil servants and business are complementary and are differentiated by their degree of generality, not by their importance. The realisation of an export programme has many stages as it is broken down and planned in terms of particular products, of industries and of individual firms. At every stage of planning initiative and constructive decision are required to give concreteness and practicality to the abstract generalities of the original programme. At each stage success depends upon the exercise of real initiative, limited in its range, but creative in its impact on the problems to be resolved. The chances of central planning and control meeting with reasonable success in peace depend on diffusion of initiative throughout the organisation. This fact determines the general character of the relation which must exist between Government and business.

The British economy must be alive and flexible in its contacts with the world. The chance of the large-scale form of organisation which is necessary for central planning and control lies in the largest possible spread of initiative. The Government must take the general decisions involved in the programmes. The principle should be to keep their number as small as possible. There are two conditions which must be observed. The first is that there should be a clear division of function within the organisation. The division must be understood and accepted. There must be no doubt about where Government leaves off and where business begins. This applies with equal force to undertakings that are privately owned and undertakings that are publicly owned. The distinction is of function, not ownership. Secondly, allocation of responsibility must follow division of function.

\* (*Longmans Green, 2s. 6d.*)

Responsibility for different functions must be placed on those who perform them without equivocation and without strings. If Government goes into management and sets in outline the pattern of the national economy through programmes which it lays down, it is committed to enterprise and must take risks. Some difficulties are obvious. Government will be under constant pressure to issue instructions and go into detail itself. If persons are trusted rather than procedure, mistakes will occur. The exercise of initiative in principle involves risk of mistakes. They are part of the price of flexibility and life. Ministers must be prepared to say so: Safety first has placed the avoidance of mistakes before the seizing of opportunity.

### **Government Intervention in National Economy**

The adoption of the principle of diffusion of initiative means that Government refrains from treating industry and commerce as instruments of its policy and treats them instead as equal partners in the national enterprise with different, but complementary functions. By contrast it might seem that the responsibilities of business were not greatly altered. Government stands aside to let business get on with the job. It is almost business as usual. And yet it is not. There has been positive intervention by Government in the national economy. Government has decided what the future pattern of the economy shall be and has laid down programmes for action accordingly. These programmes are general directives to business: they define the job that business is to get on with. Government stands aside to let business get on with the national job that Government, not business, has decided upon.

The knowledge which Government possesses of industry and commerce is far better than before the war. It is more extensive, and it is more detailed. It applies to almost every industry and trade in the country. Government Departments have gained in the methods and techniques which are needed for central planning. This is particularly true of statistical method with its quantitative techniques for handling great masses of information so that it can be focused in intelligible form on the practical issues which have to be decided. Again, most of the men who came from industry and commerce to work in the war as temporary civil servants have returned to their peace-time occupations. More will go back as the severer scarcities of the transitional period are overcome. If they brought much with them in knowledge, experience and resourcefulness, they have also taken much that is valuable away. Men who held positions of responsibility, often of great responsibility in Government Departments are now scattered through industry and commerce with all their knowledge of how Government works. Some at least of the younger men have to my knowledge taken away something else; the satisfaction in doing a job which related in a direct and intelligible way to the national need. These men with their unique experience, scattered through industry and commerce, are able, as no one else can, to bridge the gap between Government and business and make possible that venture of mutual confidence which central planning implies. They talk the language of business, but they can also talk the language of Government Departments and interpret each to the other. Opportunity and responsibility alike fall to them when Government begins to organise central planning and control.

These, then, are initial advantages. There might be another. In a country the Government of which is committed to maintain by all means a high level of employment—and this will be the policy of any Government in the United Kingdom in the foreseeable future—some incentives to work and to high productivity are lessened, in particular the fear of being for long out of work. It may be that in the organisation of central planning and control that something would be found which,

entering as an element into the complex of human motives, would act as an additional incentive. Men work for pay or salary or profit, but they work better if they have some additional incentive. The suggested incentive has power as was discovered again and again in the war. In a similar way the consciousness that the job done contributed to the conscious purposes of the nation in the economic field might go far to remove that sense of aimlessness or of unwillingness to work merely to put money in other people's pockets which is now so common.

The co-ordination of Ministerial action is a vital factor in central planning and control. Some Minister must be responsible for securing and maintaining unity of policy among his colleagues. There must be a centre of control which is also a source of drive and energy if the phases of realisation of the programmes are to be kept in balance and to time.

When the essence of the business is positive and consists in the general management of the national economy, shaping the future by the decisions made, what matters is not the occasional clash of departments, but the constructive integration of their work and policies as constituents of a common plan. It may prove necessary, if central planning and control are to be effective, that the chairman, as the Minister in general charge of the economic plan and its programmes, should have a *corresponding measure of authority*.

A great mass of the people are still Victorian or Edwardian in outlook. Though they know, when roused to explicit reflection, that the difficulties of the country are more than passing crises, yet the habits of thought in terms of which they unreflectingly respond to the daily exigencies of life and business are rooted in the past. They were formed in a country of great prosperity, apparently of endless wealth, and unequalled prestige among the nations. They make it impossible to take the reasoned warnings and gloomy arithmetic of economic White Papers seriously. Habits of thought have to be changed among the people at large before the nation will be ready to master its economic destiny. Ministers will have to stump the country, if they believe in central planning and control, and expound and commend the experiment, demonstrating its inevitability and pointing out the parts which those concerned must play, if the experiment is to succeed.

### **SLOW DEATH TO BANKING**

By ELLIOTT W. BELL, New York State, Superintendent of Banks

The war brought a number of significant developments which are likely to leave a permanent impression upon the pattern of banking. One was the financing of war production by means of guaranteed V-loans. In this same general direction there is the G.I. loan programme which has brought not only commercial banks but savings banks and other thrift institutions within the seductive orbit of Government guarantees.

It may turn out that one of the most significant of the war's legacies for banking is this idea of having bankers carry out the mechanics of making loans while Government bears most or all of the risk. I leave you to surmise what are the implications of such a course for the continuation of independent private banking.

In our own country there has not been and there is not likely to be any public demand for nationalization of banking ; yet the trend here has not been wholly inconsistent with the predominant pattern abroad. If nationalization should ever come, it will come, in all probability, not by Government taking over the ownership of the banks. The danger for us is that we may slip by almost imperceptible stages into a condition of Government domination of our banking functions, leaving nothing but the ownership to remain in private control. —*From American Banker.*

# Wages, Earnings and Hours of Work In The United Kingdom

By Professor A. L. BOWLEY, C.B.E.

*From Special Memorandum No. 50 of London and Cambridge Economic Service\**

IN order to obtain a proper perspective of current and recent movements of prices and wages, it is useful to compare the changes during the wars and their subsequent adjustments, in the periods 1914-20 and 1939-1946, and to have on record the inflation and partial deflation that followed the first world war. At the same time it is important to know the wage changes that have taken place in particular occupations or industries and to study the relative levels of wages by sex and by degree of skill and their modifications resulting from the circumstances of war.

The distinction between wages and earnings is currently made in either of two ways. Of these the less important is that between time-wages and earnings on piece-rates for the *same* normal weekly hours of work ; it is usually possible to merge them together, but a shifting from flat time-rates to piece-rates or systems of bonus on output usually results in higher average receipts. The other distinction is between wages (time or piece) for the normal week and total earnings for the hours actually worked, whether increased by overtime or diminished by short-time. During the wars overtime, including night-work, was common. In the wage census years, 1924, 1928, 1930 and 1935, it was found that, in all industries together, overtime was nearly balanced by short-time.

The normal week may be defined as consisting of the number of hours beyond which overtime rates are payable and on which wage agreements are commonly based.

## 8 per cent More Than Estimated

There was no general report on earnings between 1906 and 1924, but it is possible to make a fairly good estimate for 1914. When the 1924 statistics were compared with those for 1914, it was found that average earnings for all manual workers had increased about 8 per cent. more than had been estimated in forward working of wage rates. This was due to a combination of several factors—greater prevalence of payment by piece, shifting of numbers to higher-paid industries, up-grading within industries. Between 1938 and 1946 the movements of the first war were repeated and average earnings increased about 90 per cent., while wage-rates on an unchanged basis increased only 70-75 per cent. Between 1924 and 1935 the net result of similar factors is known to have been slight.

*Hours of Work.* Normal weekly hours had changed little in the forty years prior to 1914. In 1919-20 there was a general reduction of 5 or 6 hours per week, and thereafter change in only a few industries up to 1939 and indeed till 1946. In 1946-47 numerous reductions are taking place.

*Output.* So far as we can judge from general income and price statistics, real income per head was very nearly the same in 1914 and 1924, so that the reduction in hours (which was broadly speaking equivalent to the abolition of pre-breakfast work) was compensated by the improvements in methods of production, more

\*Price 5/-. Published by the London and Cambridge Economic Service, c/o London School of Economics, Houghton Street, London, W.C.2.

regular attendance, shifting of the working population to industries where the output per head was of relatively greater value, and other such factors whose separate effects cannot be ascertained.\*

We come to more definite information about production and efficiency in the Censuses of Production of 1924, 1930 and 1935. Between 1924 and 1930 the number of wage earners employed diminished, but output increased; from 1930 to 1935 the number employed increased, but output increased more rapidly. After 1935 output increased further, but this was partly due to the re-armament programme with overtime.

The numerical computation of change of output per worker is extremely difficult even in apparently simple cases, and if it is attempted to extend it to industry as a whole there are questions of definition and technical measurement, which have not yet been satisfactorily answered and are outside the scope of this memorandum. But it can be said with confidence that with unchanged working hours output per head increased considerably between 1924 and 1938. Among the factors involved are any change in the relative numbers of men and women, young and adult, manual and administrative or clerical; movement from lower-paid and stagnant industries and occupations to higher-paid and progressive. The residual factor is increased output of unchanged groups in particular industries.

In both war-periods unskilled labourers gained on skilled, owing mainly to the practice of granting the same flat time-rate increases to all adult males in an industry, originally on the idea that in a time of rapidly rising prices of necessities the needs of all increased by the same amount. At the period of maximum wages, 1921-21, the resultant differentials were admitted to be too small to encourage training, and there was some reduction by 1924, but not to the previous proportion of unskilled to skilled wages. The corresponding movement from 1939 to 1946 was more moderate, and it is, of course, not certain whether all the gain for labourers will be maintained. Illustrative figures are:—

TABLE 1  
SKILLED AND UNSKILLED WAGE-RATES

BUILDING			
<i>Hourly Rates—London</i>			
<i>Year</i>	<i>Bricklayers</i>	<i>Labourers</i>	<i>Per cent.</i>
	<i>a.</i>	<i>b.</i>	<i>b./a.</i>
1914 .. ..	11½d.	8d.	69½
1920 (max.) .. ..	28d.	25d.	89
1924 .. ..	20d.	15d.	75
1939 .. ..	21d.	15½d.	75
1946 .. ..	31½d.	25½	80
ENGINEERS			
<i>Weekly time-rate—General average, Great Britain</i>			
<i>Year</i>	<i>Fitters</i>	<i>Labourers</i>	<i>Per cent.</i>
	<i>a.</i>	<i>b.</i>	<i>b./a.</i>
1914 .. ..	38s. 11d.	22s. 10d.	58½
1921 .. ..	89s. 2d.	70s. 8d.	79
1924 .. ..	56s. 9d.	40s. 4d.	71
1939 .. ..	67s. 9d.	51s. 4d.	76
1946 .. ..	101s. 9d.	85s. 4d.	84

\*E.g., Imports had increased less in price than had exports.

Further, the proportions of unskilled, semi-skilled and skilled in industry have changed progressively, so that a larger proportion of youths without formal training become machine minders, lorry drivers, etc. Agricultural labourers hardly changed their position relatively to other occupations from 1914 to 1920 or 1924, but they gained ground between 1924 and 1939, and their wages rose rapidly after 1939 till their minimum (80s.) is little below that of unskilled town labour.

Women's average earnings were raised considerably during both wars, both by increase of time-rates and movement and promotion to higher-paid jobs. Speaking very generally their *minimum* rates increased from 3d. to 6d. per hour from 1914 to 1920\* and have fallen little since. Between 1938 and 1945 average earnings of women in industry increased by 94 per cent. as compared with 76 per cent. for men, and in July 1945 averaged 17½d. per hour. There have, of course, been repercussions on domestic service and other occupations. The proportion of women's to men's earnings, however, rose only moderately during the wars and not at all between them.

TABLE 2  
AVERAGE WEEKLY EARNINGS†

All manual occupations except distributive and domestic service			
Year	Men & Boys	Women & Girls	per cent.
	a.	b.	b./a.
1906 .. .. .	27.0s.	11.8s.	44
1924 .. .. .	57.6s.	27.5s.	48
1935 .. .. .	55.7s.	26.9s.	48
Excluding mines, railways, agriculture and Local Authorities			
1938 .. .. .	61.8s.	28.8s.	47
1945 .. .. .	112.1s.	59.3s.	53
	Men over	Women over	
	21 years	18 years	
1938 .. .. .	69.0s.	32.5s.	47
1945 .. .. .	121.3s.	63.2s.	52
1946 Sept.			

†SOURCES.—*Wages and Income since 1860*, p. 51, for 1906-35. Ministry of Labour's Reports on earnings in principal industries, *Ministry of Labour Gazette*, for 1938-47.

\*See *Women's Minimum Wages*. Mrs. Barton, *Jour. Roy. Stat. Soc.*, 1921, pp. 538 & seq.



# Workers' Capital

By BERNARD JOUSSET

*From L'Accession des Travailleurs au Capital\**

M. JOUSSET strikes a new note in that he seeks to resolve at one and the same time the antagonisms of labour and capital, and remove the main disturbances which provoke the trade cycle. He accepts the Keynesian theories of saving and investment and proposes the creation of workers' investment trusts on lines already in operation in his own factories in France. These trusts would operate in counter-phase to the trade cycle.

"In order to maintain a production/consumption equilibrium it is essential, in any given period

1. That production should actively correspond to the consumers' purchasing desires ;

2. That there should be workers' savings of an amount in proportion to savings made by capitalists, the sum of these two types of savings being roughly equal to the amount by which new monetary investment exceeds current voluntary savings ;

3. That these savings should be built up during periods of active new construction and investment, and should be re-injected into the monetary circuit during periods of depression.

## The Snowball of Capital Formation

M. Jousset considers all the methods hitherto employed to interest workers in the profitability of their industry, *i.e.*, profit-sharing, wages in proportion to profit, control of profits by the State, etc., but finds that all alike suffer from the defect that reproductive capital tends to concentration in fewer and fewer hands—the snowball of capital formation. "Capital, instead of remaining in the hands of a few privileged people, must be spread amongst the mass of the workers, who will henceforth become shareholders in their country's industries, receiving in this way incomes to augment their wages, thereby increasing their purchasing power".

"However, as it is difficult to ask wage-earners to save out of a barely sufficient wage, there must be introduced a kind of "forced saving, scarcely felt by the worker, and levied on the proceeds of the additional productivity of the factory which occurs during the ascending phase of the trade cycle".

Capital for the workers' investment trusts is to derive from a monthly bonus, itself determined by the relative turnover/wages. As turnover increases, so will the bonus, and as this will be declared monthly, direct incentive to maximum production is provided.

"The bonus, once declared, will be divided in two parts :—

1. One part representing  $x$  per cent. of the basic wage
2. The balance.

Of Part No. 1, two-thirds will be paid direct to the worker, and one-third will be credited to the trust fund. Part No. 2 will be split into three equal shares.

- (a) One share to an account for maintaining the amount paid out to the worker, even during lean months.
- (b) Welfare fund.
- (c) Allocation to the trust fund.

\*From *Societe d'Editions Economiques et Sociales, Paris, 17e.*

When a+b reach a predetermined level, further accruals will be added to c, —i.e., paid to the trust fund.

The S.O.P. (Workers' Trust Fund) will be managed by a management committee of the workers, assisted by an investment expert. Before setting up the trust, the workers agree to a schedule defining the conditions under which individual withdrawals may take place. These are broadly of a capital nature, e.g., house purchase and purchase of furniture on marriage. In a concluding chapter, M. Jousset stresses the main aim which underlies his proposals.

"I am not concerned with the provision of oxygen to a dying régime, but rather with advancing a cure for the disease itself; with retaining what is good, and in particular those two great values—liberty and independence, which the Frenchman treasures above life itself".—J.L.G.

### CO-OPERATION BETWEEN CONTROLLED AND FREE ECONOMIES

"In our view it is possible for private enterprise economies, State-controlled economies, nationalised-industry economies, and the various combinations of all of them, including co-operative industry, to exist and prosper side by side. Indeed in order to create a world-prosperity mind, the spirit of economic collaboration must be fostered throughout all nations. Planning nations will have to make allowances for the more restricted plans of other nations.

"Sound international planning is possible only by proceeding through bi-lateral arrangements in the first instance, developing into multi-lateral arrangements later. The starting-point is bi-lateralism in planning long-term bulk trade for mutual advantage. Any country which takes long-term credits without a mutually agreed arrangement for repayment is in danger of falling into a national economic crisis. A planned fixed volume of trade creates a reciprocity of mind in economics.

"The system of stabilised long-term exchange of goods prevents excessive fluctuations in world trade and solves the problem of scarce economies.

"Every nation may enter into bi-lateral long-term agreements with as many countries as it judges to be necessary for its future long-term economic development. Mutual technical and other co-operation will create a better economic, social and cultural understanding between nations. In short, long-term planned trade with a fixed volume and mutual expert advice and co-operation will lead to multi-lateral planning, which in its turn will create possibilities for inter-State investment and help to stabilise employment.

"Therefore a World Planning Board is suggested, as a study centre for the exchange of information and the collection of data derived from experience within the framework of I.T.O. This would serve to promote peaceful trade co-operation for all democratic countries, whatever their economic systems.—*From Report to I.T.O. of State Planning Board, Prague (June 10, 1947.)*

# Point Rating for Wages

By C. A. LIDBURY

*Digest Review by Sir Geoffrey Bracken of A NATIONAL WAGES POLICY\**

A NATIONAL wages policy is needed now to deal with the present situation arising from shortages, and the future consequences of a full employment policy. Collective bargaining is competitive, Trade Unions cherish their sovereignties, and their members do not understand inflation so that each increase in wages secured by one craft union tends to spur the other unions to do even better. This naturally forces up costs and prices which in turn cause further demands for yet higher wages.

Point rating, a system already used extensively in America and beginning to be used here to determine proper differentials *within* particular industries or trades for differing jobs, can be used to determine the proper differentials between industries and thus provide the basis for a sound and fair national wages policy. Collective bargaining will still be required to settle the absolute basic pay for a standard job ; but point rating can then determine the differential between this basic figure and all other wage rates. It does this scientifically, beginning with detailed job specifications for every job under review, and using these specifications to build up point ratings based (in this country) on 4 main factors :—

- (1) Skill training and experience
- (2) Responsibility and mental requirements
- (3) Physical requirement
- (4) Hazard or risk

Each of these factors is sub-divided and in America they use no fewer than twelve main factors. Points are allotted by a team of assessors usually drawn from the staff concerned and led by an expert and ratings are checked and cross checked until the assessment is as fair as human ingenuity can make it.

Point Rating often proves rates built on collective bargaining to be quite unfair, but where the rate for a job is to be reduced as a result, the excess payment to be withdrawn can be continued as a personal allowance to the present operator, thus avoiding any hardship or trouble. Point rating rates the job, not the individual who happens to be doing it, and in this country is practised in chemical production, glove-making, catering, engineering and textiles.

It has been objected that Point Rating tends to reduce everything to a common level and so reduces incentives to improved output. This criticism would be justified if Point Rating stood by itself. Point Rating fixes the rate for the job, but "Merit Rating" fixes the rate for the individual worker who does the job. Merit rating includes such characteristics as loyalty to the firm, diligence, punctuality, thoroughness, co-operativeness, attention to orders and discipline, etc. In America it is becoming a common practice.

Applied between industries as a basis for a national wages policy, point rating would not compel anyone to do anything, but would show impartially how the wages paid in one industry compared with those paid in others, after taking into account all the scheduled factors. It is recognised that progress towards the general adoption of point rating will be slow and that acceptance by Trade Unions is essential to success. But the need for fair determination of differentials is so great that progress is likely to continue.

\*Thames Bank Publishing Co., 5/-.

Mr. Lidbury proposes the application of his proposals in three stages, first to basic industries which require resorting into their proper places, second by the ancillary group and lastly to the luxury and entertainment group. He thinks it impossible to carry through the scheme by a process of legislation. "It must obviously be carried out by mutual agreement, in the first instance, and by all sections of industry, with a right for any industry to refer the matter to arbitration."

Sections 6 and 7 are headed National Wages Policy and Hours of Work, and National Wages Policy and P.A.Y.E. In this machine age we are moving towards a state of affairs when most industries will be completely mechanized. "A time will come when we shall all dine at the Ritz and the dishes will wash themselves"; but that time is not yet. Many industries, particularly those concerned with distribution, milk and bread, for example, can never attain the same degree of mechanization as the production trades.

### Trade Union Practice Carried Too Far

"It is very difficult, under such varying conditions, to see how a uniform number of hours can be laid down for industry in general, or, if such a uniform condition is imposed, how we are to avoid a great rise in the costs of certain industries, because such a policy would involve a considerable increase in their labour forces." None the less in the case of processes which are monotonous, arduous and laborious, experience shows that shortened hours result in increased output. "But each industry must be a law unto itself in this respect, and it is only by the empirical approach of trial and error that the correct number of working hours per week can be discovered. In all cases the workpeople must be taken fully into the confidence of the management, so that they can thoroughly understand the need for increased concentration on their work when the hours are reduced. If workers attempt to secure reduced working hours without increasing the tempo of production, they are cheating themselves as well as the management". In these circumstances the desire to secure a standard week for all industries is an example of how trade union practice can be carried too far.

On the subject of P.A.Y.E. Mr. Lidbury's conclusion is: "The sense of frustration which has come as a result of P.A.Y.E. causes more damage to the Government's drive for increased production than either the lack of consumer goods or the failure of the money incentive to operate owing to the workers being satisfied with their present earning capacity." "Industry", he says, "exists primarily to provide the world with goods and services. Wages and dividends are but a by-product of industry, and it is very important that we should realise that fact, as the tendency in recent years has been to attach ever-increasing importance to the by-product and less and less value to the main function." This fact must be brought home not only to the rank and file of the working classes, but also to many of upper and middle classes by a systematic campaign organised by the Government. "If management and men now begin to look at their industry as essentially a means of providing goods and services (and not as a means of producing dividends and wages) we shall make a start at re-capturing the spirit of Dunkirk, because we shall have caught again that 'spirit of service' which alone can solve our present tremendous difficulties."

In the April number of *Industrial Law Review*, Mr. Henry Owen criticises Mr. Lidbury's plan from more than one angle. "His proposal seems to be subject to one very grave criticism, namely that it will not secure the end which he desires, namely an automatic control of wages and an elimination or whittling down of competitive collective bargaining. By the Points System a method is certainly secured for calculating wage differences between man and man within an industry

and, as Mr. Lidbury envisages, eventually between industry and industry. But a man is not going to be paid in points but in money, and it is in the points-money relationship that collective bargaining 'a competitive process with no automatic control', will raise its head, by hypothesis, an ugly one!

"In short, all that a points system can hope to do is to settle the scale of wages between one section of a particular industry and another or, in the last analysis, between one industry and another. But this is not the problem which Mr. Lidbury is setting out to tackle. That problem, his approach to which is in issue, it should be re-emphasised, in the overall level of wages and their rate of increase *vis-à-vis* the level of production. The initial problem which Mr. Lidbury postulates is that the total money paid in wages is liable to exceed the goods available; the Points System does not tackle this at all, but merely decides how the total wages pool in a particular industry is to be apportioned.

"In short, the Points System, as he formulates it, is a proposal for amending the wages *structure* and not the wages *system*. It is conceded that the wages structure in many industries is in urgent need of simplification. Whether the Points System will make for simplification is doubtful; on the face of it, it looks somewhat cumbersome and one would have thought a simpler structure could be devised.

"If an attempt is to be made to persuade the trade union movement to adopt the system, it would be wise to drop the Merit Rating aspect. The giving and withholding of marks for 'Loyalty to the firm', 'Co-operativeness', etc., would mean only one thing to an active trade unionist—victimisation. It would not be considered for a moment."

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## ECONOMICS OF MODERN CHEMISTRY

In 1925, 98 per cent. of the manufactured straight-chain carbon compounds were made by fermentation and distillation, and about one-tenth of one per cent. from petroleum. In 1945 the production from petroleum had risen to 50 per cent. of the whole. Thus, there was a swing away from the utilisation of things that grow to the use of mineral oil, which is irreplaceable and a wasting asset. It is very necessary in a country like England, with limited mineral resources, to consider carefully the adoption of self-reproducing processes.

I regard our present use of coal and oil as a temporary feature in the life of organic chemistry. The chemistry of the future, if only we can find it out, is the easy chemistry of living organisms, which make millions of substances by the mildest processes. We may turn from coal and oil as the source of raw materials to plants and organic life by the exploitation of sewage. The methane and ammonia from sewage could be made to give nylon. Then the vast areas of tropical jungles should be made to furnish great quantities of raw materials by fermentation. Our neglect of town sewage is a shocking waste. We treat sewage as a nuisance to be got rid of not as a source of supply for industry and agriculture. The most promising internal source of cellulose for rayon is probably straw. The annual production of this in England is about 3,000,000 tons, and only about 300,000 tons are being made into pulp at present. It is said that there are 400,000 tons of seaweed on our coasts that might be turned into fibres. The economic collection of straw and seaweed is, however, difficult.—DR. H. LEVINSTEIN, *from an Address to the International Chemical Congress, London, July, 1947.*

# Atomic Energy and Future of Coal

By Professor M. E. OLIPHANT

*Consultant to Department of Atomic Energy, Ministry of Supply*

*From COAL, June, 1947*

**WORKERS** in the coal industry often ask what effect the discovery and utilisation of atomic energy will have on the future of the greatest and most critically important of all British raw materials. We will endeavour to answer this question to the extent possible at the present stage of our knowledge of this "newborn baby", knowledge which is necessarily incomplete.

The secrets of atomic energy are largely technological details of industrial processes and precautions. The fundamental scientific information is mostly available to all. Atomic energy, in its present sense, is energy set free when certain special kinds of atoms of uranium or of plutonium split into two parts in a process known to physicists as atomic fission, which is brought about by the absorption by these atoms of particles which are called neutrons because they carry no electric charge.

Uranium is the heaviest and most complex of the chemical substances existing on this earth. It is a metal, found as chemical compounds in very minute quantities in most primitive (igneous) rock, and which is concentrated into richer deposits in a few places only on the earth's surface. Plutonium is an artificially made substance, heavier and more complex than uranium, which is made from uranium itself. A similar and equally useful substance is a kind of uranium which can be made artificially in a similar way from thorium, a metal found as a mineral in monazite sands. These sands are rather plentiful in certain parts of the earth. Thus the primary raw materials from which atomic energy can be obtained are uranium and thorium. Until recently uranium was mined only to abstract radium, which occurs in very small quantities in its ores, while thorium was used as a constituent of gas mantles and as a refractory. Further search for these minerals will be stimulated by the new discovery, and other important sources are certain to be found.

## Neutrons Harmful to Life

One pound of uranium or thorium is capable of producing as much energy as the complete combustion of 1,500 tons of the best coal. The energy is produced as heat in the active material in structures known as "piles", and must be extracted by cooling the piles with water or gas. These cooling substances are thereby heated and can be used in steam or gas turbines to drive electrical generators. The fission products into which the uranium or plutonium split are highly radio-active, giving off enormous quantities of X-rays and other harmful radiations from which the workers must be protected. The neutrons, which are present in very large numbers inside the piles, are also harmful to life. It is necessary, therefore, to enclose the working pile and its associated equipment inside thick walls of concrete and steel.

Associated with the power plant is a large chemical installation in which the thorium or other material is purified periodically from fission products, a process which has to be carried out by remote control behind concrete walls, or in buried vats, because of the presence of the same dangerous radiations. Only rather large power installations, such as those in central electricity generating stations, are likely to prove economical at first, but at a later stage smaller secondary power units will be practicable.

A unit producing 300,000 to 400,000 kilowatts of electric power would consume about thirty-one pounds of uranium or thorium each day, instead of the 4,500 tons of good coal burnt at present. A small fraction of the fission products would find immediate application in medicine, industry and scientific research, but further practical use of these dangerous materials may be possible in the future. During the reactions in the pile fresh plutonium and other materials are produced, from which atomic bombs can be made, so that such a power station would have to be supervised rigidly to make certain that none of these by-products were converted to war-like use. At the present state of development atomic energy power plants would be built at some distance from a populated area, because of the hazards created by the possibility of accidental liberation into the atmosphere of the dangerous fission products.

### The Cost of Atomic Energy

When will such stations be in operation? It is unlikely that we can look forward to any considerable contribution to our power supplies by atomic energy methods for some years to come—say ten to fifteen years—despite our desperate need. America will have experimental power plants running long before we do, though her need for such new sources of industrial power is nothing like so great. Russia, because her economy can be adjusted to a new need more easily than ours, may not be far behind the U.S.A., though her technological resources would be severely strained by such development. British people have unique abilities for the solving of difficult and revolutionary problems, but it is doubtful whether progress here can be rapid enough for them to contribute easily to the early stage of industrial application of atomic energy.

How will the cost of atomic energy compare with that of energy derived from coal? Careful analyses made in America suggest that the generation costs, by present methods, would compare favourably with coal-fired stations in the U.S.A. In Great Britain, where the cost of coal is about three times as much as in the U.S.A., the generation costs should be appreciably lower with atomic energy than with coal-burning stations. Coal costs are bound to rise, while further development will lower the costs of operating an atomic energy power plant. It must be clearly understood that the cost of electricity as delivered is many times generation costs, because of the heavy expenditure on the distribution systems, so that atomic energy alone cannot cheapen the cost of industrial power by any significant amount.

As for the future of coal, it is clear that for a considerable time to come coal will remain our prime source of industrial power and heat, and it would be a grave mistake to rely, at this stage, on the solution of any of our power problems by any other means. When atomic power does become available, coal will still be worked in large quantities for such purposes as the smelting of ores of iron and other metals, and for many industrial processes where electrically generated heat is not convenient. Coal is also the most precious of the raw materials Britain possesses for chemical manufacture. From it will come our plastics and dyes and, perhaps, through miracles of modern chemistry, edible fats and oils and, indeed, a great part of our food. In the future there will be no less need for coal than now, but we shall have ceased to need it as a cheap fuel to be wasted and burnt in power stations and homes of the country. It can then be won by well-paid workers using highly developed technical methods.

Coal is an essential in the early stages of the development of atomic energy to provide heat and power for the industrial processes of metallurgy, chemistry and engineering which must precede the setting up of the atomic power stations which may, in the end, relieve us of some part of the drudgery of existence.

# Central Planning - A Broken Reed

By Professor JOHN JEWKES, C.B.E.

(Manchester University)

From *TIME* and *TIDE*, July 5, 1947

WHEN the sellers' market has passed away, an export plan can do nothing to increase worth-while exports. The plan might be used to cut down exports. It might be used to subsidize exports and, in certain circumstances, to manipulate exports in order to improve the terms of trade, but both these methods would bring upon us retaliatory action by other countries which would surely reduce world trade. The sellers' market once over, the volume of our exports will turn on what foreign consumers will take from us. The British Government can have no control over that except by embarking on bilateral agreements (which would bring our total exports down with a run). Under normal conditions, British manufacturers will be prepared to sell more goods wherever they can find markets. There is no more need or purpose in planning this than there would be in the Government planning the weather by consulting the Meteorological Office each day and announcing its weather plan for the following day.

## Clumsy Export Device

But, it may be argued, surely the Government must, under present circumstances, plan exports in the sense of keeping goods from the home market and thus forcing them into foreign trade. It is true that the domestic consumer has, for the time being, such a large available purchasing power that, if he were to be allowed to use it, he would buy up the greater part of current production and exports would drop away quickly. This is merely one feature of inflation. The correct way to deal with it is to reduce the inflationary pressure directly—not to continue to allow people more money than the Government dare let them spend and then to impose a whole set of economic controls, including controls to force firms to export by the clumsy and administratively expensive device of giving each firm an export quota. It is one of the legitimate planning functions of the State to plan to avoid an inflationary condition. If that is done then detailed export planning is redundant.

State import and export programming embodies another serious danger. We, among all the countries of the world, have most to gain from an expansion of world trade, and expansion is likely only if freer trade is made possible. It is conceivable that even if our foreign trade continued to be directed and controlled by the State we could faithfully observe the principles of multilateral trading and encourage all other countries to follow suit. But it is extremely unlikely. The State, with all the power in its hands, will be constantly tempted to use that power to make a specially attractive bargain with one country or another. Already the British Government has been accused of such tactics by the American Government. If the Government succumbs to such temptation then world trading will once again degenerate into beggar-my-neighbour bilateralism. Even supposing that the British Government remained purist enough to avoid the temptation, is it sensible to suppose that all other countries would prove equally impeccable? If we plan foreign trade, other countries will do so (some of them have already been forced to it by our policy of bulk buying). And it would call for optimism amounting almost to irresponsibility to suppose that, if most of the countries in the world are engaged in State trading, multilateralism stands the slightest chance of success. Planning will reduce and not increase our chance of a sizeable export trade.

Recent discussions of foreign trade illustrate well two seductive but dangerous fallacies. The first refers to the setting of export targets. Why has the Govern-



ment nailed its colours to the mast about the 75 per cent. increase in exports? Because only thus would it be possible to restore the British pre-war standard of living. Why has the pre-war standard of living been fixed on? Because anything lower would, presumably, be intolerable. And yet we continue to maintain this ostrich-like attitude, although our present standard of living is below pre-war and, from all appearances, will continue to remain so for a long time. The truth is that we do not know, and we cannot plan, what our standard of living is to be. We do not know, therefore, what volume of exports will be called for to accord with our standard of living. And to pick blindly among the possible export targets and then plan other things on that is asking for a breakdown.

The other fallacy is to argue that, if we do not plan, our exports and imports will not balance. Now nothing is more certain than that, apart from loans to other countries (which we will not make) and further loans from other countries (which it is understood we will not take), our exports and imports must balance. This is not achieved as the result of the delicate handling of affairs by clever men in the Treasury or the Bank of England. It is the result of the insistence of people upon getting paid for what they sell. It should be our aim to get back as quickly as possible to the position in which, apart from the official control of temporary aberrations, the long period exchange rate should be free to move to bring about the balance between imports and exports. I admit that it cannot be done immediately. Certain prior operations must be carried out. First, the internal domestic inflation must be dealt with; final agreement to fund or repudiate our war debts must be made; a place for enterprise must be restored in our economy in order to induce those, very numerous, people who are anxious to get out of the country and take their capital with them to revise their views. But these measures once taken, then the sensible thing would be to restore the free exchange.

### Weaknesses of Directed Economies

Central planning makes for scarcities because it makes for disequilibrium and it destroys incentives. It is no accident that in this country, at the present time, our industries are divided into two groups; those which have plenty of labour and are short of raw materials and those which have plenty of raw materials and are short of labour. It is no accident that those two countries, the United States and Belgium, which got rid of their directed economies most quickly and showed a robust confidence in the operation of the price mechanism, happen to be the two countries which have recovered most quickly from the war and are least haggard by scarcities. It was no accident that last February one half of British industry was closed down due to a shortage of electricity: it was due to planning no more and no less efficient than we have the right to expect of a directed economy. As for the long period, the experience between the wars of Government intervention in handling supplies of rubber, wheat, sugar and other materials suggests that such intervention is inevitably bound up with disastrous fluctuations.

Is planning necessary for military security? It is, of course, prudent that in the present state of the world we should put a part of our national income on one side for military preparations. But why should that call for central planning of the whole economy? Why should the preparations not be made within an economy operating through the price system? It is true that we cannot employ the price system for running a war because it does not work quickly enough (although my own view happens to be that we could have improved our war effort after 1939 by a wider use of the price mechanism). But that does not apply to the preparations for a possible war. I see no reason at all why we should turn the whole

economy inside out simply to be able to spend (say) 10 per cent. of the national income on defence.

There are, however, other broader issues to be kept in mind. Twice in one generation Great Britain and the United States with economies nurtured in free enterprise, have defeated Germany where the industrial system has long been monopoly-ridden and State-controlled. Is this not a good testimony to the best kind of peace-time economy for winning wars if wars have to come? Sir Oliver Franks has rightly said that 'the general size and efficiency of industry is the basic war potential'. Does not free enterprise best give that size and efficiency and, one may add, that general adaptability and flexibility so vital in meeting the unexpected twists in the course of any war? Is there not a serious danger that if, in peace-time, the economy as a whole is moulded too much to suit the specific needs of some possible future war we might well be preparing for the last war? Does not the peace of the world depend, perhaps more than anything else, upon the universal knowledge that, on the side of democracy, there will always be the incredibly powerful economic machine of the United States, a machine which is not geared for war, but is superbly equipped at every point for every form of production? And is this happy economic condition not due to the stimulating influence of free enterprise in America?

My own feelings are that, if these are the only arguments in favour of a centrally planned and controlled economy, it would be imprudent to embark upon the admitted risks and uncertainty of it. Far, far better to have another look at the price system and the market economy to see if that strangely neglected social instrument could not give us more safely and certainly what we want.

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### CAN AMERICA PLAN?

*(continued from Page 17)*

minded Americans, whose hopes for a sound development of world trade are centred on the success of the International Trade Conference in Geneva.

Finally, the adoption of the new Labour-Management Relations Act over the veto of President Truman expresses more clearly than anything else the determination of Congress and the powerful economic forces behind it to put the clock back to the years before the New Deal attempted to provide some moderate regulation for the American economy. This "Slave Labour Bill", as the trade unions call it because of its drastic restrictions on their freedom of action and speech, may seem no more than a purely domestic American event. Yet it is almost certain to affect world events more deeply in the long run than either the Truman doctrine or the Marshall plan for Europe. For the new law is likely to disturb a world hungry for American goods by aggravating industrial strife in the United States; to reduce further the prospects of stability in the world's central economy; and to make America's political world-role more problematical through fostering Right- and Left-wing radicalism in the United States.

America, it seems, has never been in a worse position for planning its own and the world's economic future than during the rising storms of the Presidential election and of continued "free enterprise" attacks against Government policy-making in the economic field, during the fresh strike waves that have started in protest against the new Labour Bill and in the midst of an entirely new radicalisation of American home policies that threatens to undermine national unity.

# Can America Plan?

By GUNTHER STEIN

(New York)

From SPECTATOR July 4, 1947

**N**O American plan for sufficient long-term aid to the outside world can be underwritten and made to work unless it is based on some measure of long-term planning for the American economy itself.

The day is approaching—at the inconvenient time of the quickly rising fight for positions in the 1948 Presidential elections—when President Truman may have to admit that the American people must choose between two alternatives: either a “free” economy that cannot afford to promise sufficient and steady help to the outside world, that will be burdened by ever-increasing armament expenditures to protect itself against growing chaos abroad and that must at the same time drive itself into a dangerous depression; or a wisely regulated economy on the New Deal or even the war-time pattern, able to assist the world fully and systematically over a long period, an economy that would in this process benefit from its own expansion and stabilisation.

Can and will America plan for plenty, for the world as well as for itself? Recent developments would seem to have given only negative answers.

## Congress Attitude to Foreign Loans

Firstly, in the financial aspect. Large-scale help to foreign countries requires financing out of taxation or a fresh increase of the national debt. A great majority of the Congress, however, has expressed itself in favour of utmost budgetary orthodoxy. It has cut urgent domestic, and even some military, expenditures to the bone, provided for a considerable reduction of the national debt, and was only temporarily prevented by Presidential veto from a drastic decrease of tax rates in favour of the upper-income categories. The attitude toward further foreign loans of the present Congress is almost certain to be illiberal, especially where large, long-term commitments would be concerned; and its hostility toward all expenditures connected with Government endeavours to promote domestic development work and policies of economic expansion will remain unchanged.

Secondly, the powerful American steel industry has recently refused official requests to increase its productive capacity, which is at present fully used without satisfying all the needs of the innumerable domestic and export industries whose ability to produce is determined by their supply of steel and steel-made equipment. Those requests were made after thorough studies of Government economists had established the fact that a considerably larger steel capacity than that of to-day would be needed during the next years if the American economy as a whole were to be allowed to expand at a healthy rate and if the large needs of foreign countries for heavy American equipment were to be filled. The big steel concerns, safely out of reach of coercing Government influences, have thus determined that, in order to secure themselves against the possible danger of later over-supplies, the United States will have to adjust its own needs and those of its foreign customers to an economy of relative scarcity.

Thirdly, Congress has virtually given notice to the world that it will not sacrifice what it considers important American interests to make a success of the crucial world drive for allowing a freer flow of competitive goods from one country to another. For this is generally considered to be the meaning of the Bill on higher wool tariffs it passed against the protest of the Government and of all internationally-

(concluded on page 16)

# Juvenile Employment

Extracts from *ECONOMIST*, June 21, 1947

THE recent statement by Mr. Tomlinson that there will be about a million more children in state schools in the next five years is a matter of congratulation both to those parents who are responsible for the half-million additional births since 1943 and to Parliament for the additional education for the further 450,000 children who will be affected by the raising of the school leaving age. But congratulations of this kind will not solve the present juvenile employment problems arising from the fall in the birthrate ten to twenty years ago, and the withdrawal from the labour market of large numbers of boys and girls between the ages of fourteen and twenty.

The table below gives the salient features of the present and future position and compares these with the situation which obtained in 1938, when the numbers entering employment reflected the higher birth-rates of the years 1920-1924, and there were no compulsory barriers to their employment after the age of fourteen.

## THE SUPPLY OF JUVENILE LABOUR, GREAT BRITAIN (In Millions)

1938			
Total numbers in age-group 14—20	.. .. .		5.50
Nos. at universities, secondary, etc., schools, 14 +..	.. .. .	0.57	
		0.57	
Balance available for employment	.. .. .		4.93
1948			
Total numbers in age-group 14—20	.. .. .		4.44
Nos. at universities, secondary, etc., schools, 15 + ..	.. .. .	0.45	
Boys on military service (twelve months)*	.. .. .	0.30	
Nos. at school (all types), 14—15	.. .. .	0.61	
		0.61	
Balance available for employment	.. .. .		3.08
1958			
Total numbers in age-group 14—20	.. .. .		4.50
Nos. at universities, secondary, etc., schools, 16 +..	.. .. .	0.40	
Boys on military service	.. .. .	0.30	
Nos. at school (all types), 14—16	.. .. .	1.40	
Nos. at continuation schools, 16—18	.. .. .	0.24†	
		0.24	
			2.34
			2.16

\* Taken as one year, although the National Service Act will not be operative until the next year.

† Full-time equivalent.

For the employer there is a difficult reorientation to be carried out. It has hitherto been traditional to give the youngest workers the duller jobs; within limits, and as a preliminary stage of training, there is nothing inherently wrong in this, provided the enthusiasm of youth is not completely wasted by it. In the past the cheapness of juvenile labour has been exploited without much concern for the consequences; but if in future the employer is driven, through scarcity, to use his juveniles only on relatively interesting work, or at least on work which is planned to give his young employees a sense of progress, he is still left with the problem of finding workers who are willing to stick to routine work.

There is also another problem for the employer of boy labour. The arrangements for conscription make continuity of service impossible. Deferment may obviate a break in apprenticeship, but it will only mean a break later when the young man has become really useful. And for those many occupations where there is no formal apprenticeship or training, the employer may not be willing, in spite of shortages, to take on boys at 16 with the certainty of having to release them, with conditions of re-employment, at 18. Recent discussions which have been going on between the Ministry of Labour and large business concerns reveal a considerable change in recruitment policy; whereas before the war recruitment for certain classes of work demanding a higher educational standard was generally at 16 after school Certificate, the obligations of reinstatement are causing these employers to consider recruiting young men after their military service, when there are no reinstatement obligations.

In the next number of the *Economist* a correspondent, A. R. SINCLAIR, EDINBURGH, submitted that the shortage of juvenile labour might inspire its own remedy:—

“Firms will have to examine their present systems of working with a view to eliminating all non-essential tasks and reducing essential tasks to a minimum. There is still enormous scope for the introduction of more efficient working methods, and generally the more routine and uninteresting a job appears the more likely is it that it can be performed by a machine; and presumably the boys who have acquired a higher education through extended schooling and service training will not require such a lengthy period of apprenticeship.

“If our industry and commerce could be further rationalised and raised to a higher pitch of efficiency a juvenile labour force of just over two millions in 1958 might still be sufficient to cope with the jobs which still require to be done by boys and girls.”

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## Dynamics of the Italian Inflation

*From the Quarterly Review of the Banca Nazionale del Lavoro, Rome, April, 1947*

THE inflation has strangely transformed the State's position as a debtor. In 1928-29 the ratio of the national debt to national income was 66%; then this ratio began to swell so that in 1942-43 it presented us with a debt more than 2½ times income. Then in 1945-46 the de-valuation of the monetary yardstick restored the ratio to 65%. In the pre-war budgets interest on the public debt held first place; in the budget of 1946-47 it was in second.

The present deficit in the State budget could be considered as a battleground between the re-apportioning of war expenses and the recovery and reconstruction. The new-born economy was bequeathed these two burdens, which are causes of the economic and social conflicts which beset Italy to-day, with the various social and economic groups attempting to shift the proportions among themselves. The old road of inflation and the new one that followed after the pause during the first half of 1946 offered the solution most expeditious and at the same time most traditional.

This danger of an uncontrolled inflation was all the more imminent in that a large part of the government expenditures were still going toward immediate consumption, and only a small part were of a productive nature. In fact, in the preliminary budget for 1946-47 three-fourths of the proposed expenditures were for consumption, more than one-fourth going to military Ministries. Of the remaining quarter, 75% was to go towards the rehabilitation of the railways, public works for the alleviation of unemployment, and the insufficient indemnities paid against the damages of war.

According to approximate estimates, only by 1950 could the average Italian citizen hope to regain the income he enjoyed in 1913. In this simple and extreme form may be expressed the economic and financial costs of war, autarchy and expansionist politics.

To-day the following urgent questions must be answered:—Has the recovery process allowed action against inflation by purely monetary means and prior to a general economic re-ordering, or has it shown the convenience of accompanying measures especially aimed at expanding the productivity of the economy and decreasing unemployment, or, finally, has it demonstrated the necessity of changing more or less radically the social substructure that conditions the development of inflation?

For many to "reconstruct" means to return the Italian economy as rapidly as possible to the traditional economic equilibrium and balanced finances. The Governor of the Banca d'Italia ascribes the inflationary situation to the deficit of the national budget: "The means for avoiding it are known"—they are substantially two: taxes and loans—"We need only do once more what was done by the men of the past generation." Others, inspired by the proposition that inflation constitutes a natural process in economic development, sustained that, at least within certain limits, expansion of the currency is inevitable.

It must be remembered, however, that a certain chronic monetary instability, evidenced by the recurrent crises and reform, has been a continuing evil in Italy, or perhaps, a necessity and an instrument of growth that might appear indispensable to arrive at Italy's present stage of industrial advancement. From such a comprehensive point of view the problem of the inflation of the lira ceases being one of finance or simple economics, but becomes a sociological problem.

The curb which the lack of real savings imposes on reconstruction and industrial expansion is made graver by the dilemma inherent in the necessity for aiding the masses of unemployed and the desirability of balancing the budget. One must add that in the period of continuous inflation from 1913 to the end of 1946 during which the lira lost 99.5% of its original value, a network of vested inflationary interests and speculative positions has been woven, making even more difficult the rehabilitation that would signify a completely new national economic life. Monetary rehabilitation therefore may rest in abeyance for a long time, until the fortuitous circumstances for its concrete realisation present themselves.

Rehabilitation can only be conceived of as an apparently discontinuous series, advancing in the whole field of recovery by small and slow steps of partial or relative progress, accompanied by considerable and more or less unavoidable errors.

The recent bold rehabilitation of the Hungarian currency, which required a profound transformation in the social and economic structure of the nation, offers an alternative solution, the general rejection of which is rich in warnings and instructive comparisons.

# Plight of British Railways

*From the TIMES REVIEW OF INDUSTRY, July, 1947*

**E**VEN with nationalization hanging over their heads the railway companies have shown no desire to mark time with regard to the improvements and maintenance work they had planned.

If the railways are to be restored to the state of efficiency which is essential there is a vast amount of work to be done. There is also plenty of money available to pay for it. During the war only essential work on maintenance was possible and the arrears of maintenance fund now amounts to over £150,000,000. Money is also available for improvement schemes.

It should have been one of the first duties of those engaged upon the restoration of the country's prosperity to ensure that the railways, whether owned privately or by the State, should be in a position to provide at least as good a service for trade and industry as before the war. But the Government appear to have considered that nationalization covered all the needs of the railways, and there is good reason for anxiety about the immediate prospect if the Government take over control at the beginning of next year.

## Gloomy Outlook

Lord Portal, chairman of the Great Western Railway, has warned the Government that the limiting factors in the next five years will be men and materials. The annual allocation for maintenance and renewals cannot be spent because it is not possible to get materials for the purpose. The limitation of coal is cutting down the number of trains, the limitation of timber is restricting the renewal of sleepers, and there are other limitations on the repair of the permanent way and of locomotives. Those who expect to see great advantages in the change of ownership will be disappointed and disillusioned when it comes about. Lord Portal points to revenue dropping much lower than was anticipated because of the cutting down of trains necessitated by the fuel crisis and the lack of materials and man-power.

Those ardent supporters of nationalization who looked at the war-time revenue of the railways and thought that the State would make a handsome profit by the change of ownership cannot be so optimistic today. While during the war, after paying the companies the revenue to which they were entitled under the Railways Agreement, the State received the surplus revenue amounting to nearly £200,000,000, the position is very different to-day. The Ministry of Labour's Court of Inquiry into the claim of the railway unions for increased wages heard from Sir William Wood that this year the total net revenue earned by the four main line companies is likely to be £21,800,000 less than last year. The main reasons for this decline were the fall in the volume of traffic, the further increase in expenditure due to new price levels, and the normal feature that when traffic falls expenditure cannot be reduced in the same degree. The claim for increased wages made by the unions would add nearly £90,000,000 to the expenditure on the basis of a 35-hour week for salaried staff and a 40-hour week for other staffs.

It is significant of the plight of the railways to-day that in the design of new coaches for the London area special attention is being paid to standing passengers. The idea that every passenger should be provided with a seat is now a thing of the past. This view is not merely that of the companies, but also of the passengers. The Southern Railway, before designing two new types of suburban carriages for their electric train services, took mass tests of public opinion. By two to one passengers preferred the open-type coach to the compartment type for short

journeys because of the better standing conditions and better means of support. Long-distance passengers showed a decided preference for the compartment type of coach. In their suburban building programme the company is to provide three open-type and one compartment coach in every four-coach set.

### Mr. Herbert Morrison's Warning

Speaking in London on July 16, the Lord President of the Council warned the country that the dearth of railway wagons involves a risk next winter of "a certain measure of slowing down in our basic industrial activity and in building."

Goods traffic measured in ton-miles to-day was higher than before the war, Mr. Morrison said. The number of wagons was about the same, but whereas before the war about 3 per cent. of them were under repair at any time, the figure now was over 12 per cent. The difference meant that 150,000 wagons, out of our total of about 1,250,000, were lost for working purposes at any given time.

So far as could be estimated, if we were spared an abnormally severe winter and if some improvement could be made in the speed of turn-round of trucks, then the railways would be in a position to move coal supplies as necessary; but there would be some shortage of wagons for other purposes. It might be a shortage of about 10 per cent., but it could be worse in particular districts at particular times. Transport of food was least likely to be affected. The commodities most likely to suffer were heavy goods like bricks, cement, iron ore, and steel.

Commenting on this speech, the *News Chronicle* pointed out that we actually produced more than twice as many wagons last year as we did in 1938, but 11,000 of them were exported.

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# Marshall Plan : Eight Stages

*From FINANCIAL TIMES, Washington Correspondent, July 31, 1947*

MR. Averell Harriman's committee of nineteen business, labour, banking and economic experts has outlined, in eight stages, the process of formulation of the Marshall Plan.

(1) Assembly by the 16 co-operating European nations of specific reconstruction projects designed to solve Europe's production difficulties within a reasonable period of years. No exaggerated expectations are entertained here that Europe can rapidly approach economic unification, but the utmost endeavours are expected to solve basic production and distribution difficulties which underlie the so-called dollar shortages.

The programme is expected to show how dependence upon American aid can terminate within a specific period granted American co-operation now. The programme should express the desired American assistance, not in dollars, but a schedule of specific American commodities with the European programme to extend beyond the production programmes to restore confidence in currencies, secure fair distribution by rationing where necessary, and generally cover the fabric of the administration designed to secure success of the production programmes.

## Importance of German Economy in European Recovery

(2) America enters this phase of the programme as an Occupying Power of Western Germany, due to the importance of German economy in European recovery. It will be the greatest stumbling block if French fears of renaissance of German aggression and British desires to socialise German industry are allowed to delay the planning of Germany's contribution.

It is considered here that American aid to Europe, plus the occupation of Germany, plus the offer of a forty-year treaty to control Germany, amounts in words to a Declaration of Independence to pledge "lives, fortunes and sacred honour", which is the utmost America can offer.

It is also considered here that European recovery is impossible without German recovery, meaning that the Morgenthau Plan to pastoralise Germany is completely dead. It is believed that pacification of Germany is impossible unless the Germans can look forward to co-operate and construct a peaceful, united Europe.

(3) Simultaneous preparation of the European plans by various departments here in collaborating to prepare a schedule of American resources available for European aid. The results of these studies will be reviewed by Mr. Harriman's Advisory Committee, which hopes to have this work completed some time in September.

(4) Stage four arrives when the European programme is delivered to Washington. The Advisory Committee then checks the requested supplies against availability. This process requires considerable detail. For example, some types of steel are extremely tight here, but others may be available and the decision may depend upon the availability of substitutes and the extent to which America may be willing to deprive herself.

It should be noted that the last session of Congress renewed the President's powers to take certain steps to make goods available for export and secure the necessary transportation. The completion of stage four may require considerable checking back and forth with the European Committee to secure practical compromises in the programme.

(5) The fifth stage in the development of the Marshall Plan will be to discuss financing, and only here will dollars enter the picture. It is hoped that a considerable part of the project will be undertaken by the World Bank as specific reconstruction projects eligible for Bank loans.

Mr. John MacCloy, head of the World Bank, informs me that he anticipates the Bank will raise \$3 billions by borrowing on the American market. The first debenture issue of \$250 millions was highly successful, but he does not anticipate a return to the market before next year. The Bank, of course, must consider Latin American needs and possible Far Eastern needs in addition to European.

The Export-Import Bank cannot contribute heavily since its loaning powers are probably only some hundred million dollars yearly. The Monetary Fund authorities discourage including the Fund dollars as available for reconstruction, since the Fund was designed to iron out exchange fluctuations in an atmosphere of recovering world trade and was not designed to pour out dollars for reconstruction.

### World Bank's Part

Part of the project for European reconstruction dealing with Germany is partly covered by funds made available to the Armed Services as the occupying authority, though the World Bank hopes to share this project. Existing gold and dollar assets of foreign countries are included in the study of available finance. All foreign countries now hold some \$15 billions of gold, plus about \$5 billions of quick dollar assets, plus some \$4 billions still unexpended previous American aid. After all these sources of finance have been combed for availability there will remain a programme of new appropriations which the Administration will request from Congress. It is impossible now to make any estimate of this figure.

(6) The sixth stage will be the discussion of programme supplies and finance with Congressional Committees. The House has already expressed its determination to share with the Senate the decision of this foreign policy programme by naming a Committee of 19 to travel to Europe. Chairman Eaton, of the House Foreign Affairs Committee, will leave the leadership of the European tour to Mr. Herter, Republican, Massachusetts. The Committee leaves on 27th August and will set up its headquarters in London.

(7) Thus, when the result of the first six stages of the Marshall negotiations is presented to the Congressional Committees they will already have acquired considerable first-hand knowledge of the European situation. It is possible that the relevant Senate House Committees will hold hearings to review the whole project without awaiting a special Session of Congress late in the year or a normal session next January.

Recommendations of Mr. Harriman's Committee of Nineteen will have the greatest weight, since it was appointed at Senator Vandenberg's suggestion. In fact, this Committee's decisions will determine the Administration's recommendations to Congress, since any recommendations it disapproves will have little chance of Congressional approval.

(8) The eighth and last stage of the development of the Marshall Plan will be discussion by Congress.

# Economic Consequences of Russian Withdrawal

From *BALTIMORE SUN* Editorial, July 6, 1947

**T**WO paramount questions will occupy the minds of the men who must plan the economic rehabilitation of a Europe in which Russia and the Russian satellites are to a greater or lesser extent beyond the Iron Curtain. First, just how will Russia organise—how has she organised—the economies of the Russian area? Second, what effect will that organisation have on the economy of Western Europe and on the larger vision of a world economy enriched and stimulated by multilateral trade?

Before the war fully one-third of the total of world trade went on between the nations of Europe, excluding Russia and Great Britain. In the last normal pre-war year, 1938, the countries of Northern and Western Europe took 56 per cent. of their imports out of other European countries and sent 67 per cent. of their exports to other European countries.

The countries now lying between the Iron Curtain and the pre-war Russian border did not, however, participate heavily in this volume of trade. Taken together and allowing for wide variations, they were and are to be described as poor countries, relatively undeveloped. As Prof. Edward S. Mason, of Harvard, put it, in a study published early in 1946 by the House Committee on Post-War Economic Policy, "inability to export or import except in trifling quantities was both a measure and a condition of the low level of economic existence in this area. . . ." Naturally, Dr. Mason excepted Finland and Czechoslovakia.

## Historic Arrangement Doomed

But if the Eastern countries exported little, they still exported something. What was it? It was primarily grain and other food products. The natural tides of history and of economic evolution have organised Europe into a pattern of industrial states in the North and West which bought, with a comparatively small volume of their manufactured goods, relatively large supplies of grain from the agricultural East. This historic arrangement now seems doomed.

It is doomed by the economic compacts into which Russia has forced the nations of her area. These compacts provide not merely for the direct barter of commodities along exclusive bilateral lines as opposed to the multilateral trading of the classical economies. They actually provide in many countries for the exploitation of natural resources and the production of goods by state corporations dominated by the Russian Government. The result is to divert exclusively into a new Russian channel a trade flow which, in the past, went hardly at all to Russia, but dispersed widely toward the West of Europe. Most important, Russia will now be getting grain which formerly nourished the industrial workers of Western Europe.

But there is no reason whatever why those food supplies cannot be made up from other sources—if those sources will take Europe's industrial products in exchange. There are competent agricultural experts who feel that the Western Hemisphere alone could compensate the Western European nations for the grain supplies which Russia has taken away from them. Such plans as the agricultural rehabilitation of Africa and the Middle East would also offer relief.

And what of the effect of Mr. Molotov's concluding statement at Paris on the general volume of world trade? The effect is not necessarily calamitous. For the fact is that the entire Russian idea could be taken out of world trade altogether

(which will not happen) with only minor effect on the total figures of this great global enterprise. Look at some of the statistics :

In 1938 imports into the U.S.S.R., Lithuania, Latvia, Estonia, Poland, Rumania, Czechoslovakia, Bulgaria, Hungary, Yugoslavia, Albania, Austria and Finland, totalled 1,774,907,000 dollars. Exports from this great area of Soviet imperialism were 1,769,476,000 dollars. Now take the figures for just seven world traders outside the Russian area—the United Kingdom, the United States, France, the Netherlands, the Netherlands East Indies, British India and Italy. In 1938 imports into these areas aggregated 9,656,735,000 dollars. Their exports were 8,326,108,000 dollars. In other words, these countries, pretty much the core of the non-Russian economic complex, had trade some six times as great as that of the entire Russian area.

Of course it will be noted that Germany is left out of these calculations. But Germany is bound to play a part in the reorganisation of Europe. In normal times her trade role is vital to European prosperity—her imports in 1938 were 2,194,967,000 dollars and her exports 2,116,744,000 dollars. The loss of any part of this trade will be felt. Yet even with respect to Germany it is still the Eastern, predominantly food-raising areas, which the Russians hold. West Germany, with its immense industrial potential, is in British-French-American hands. Without minimising in the least the sombre connotations of a permanent splitup of Germany, some relief from the current paralysis is not impossible.

Not that the general reorganisation of Europe west and north of the Iron Curtain will be easy. There will be dreadful frictions, much economic and social agony as the trade habits of centuries are torn up by the roots. This can be said without even taking into account the havoc that communist parties in the Western Nations may be able to cause by political strikes and less obvious sabotage. But there is no raw resource or manufactured product vital to the world of which the Russian area has monopoly. That area will continue to trade in some volume with the rest of the world. A prosperous West will exert a steady pull toward greater participation by Sovietia. And whatever the future may bring, the figures show that the trade Russia may divert from the world market was never, in volume, a large element in that market.

# Progress Report from Poland

*From statements by HILARY MINC, Polish Minister of Industry,  
and Colonel R. H. HARRISON, Head of U.S. Mission to Poland*

**P**OLAND'S Three-Year-Plan was announced by the Minister of Industry in a speech in September 1946, in which he said :

"The Plan is intended to raise the living standard of the working people above pre-war level. This task can be achieved by making good war damage, by the fusion of the Regained Territories' economy with that of the rest of the country, the implementation of the principles of the new economic system, and a transformation of the country's economic structure. According to the Plan, the average level of consumption per head of the population should in the last year of the period in question exceed the 1938 level. The consumption of agricultural goods should reach the 1938 level. . . . An ever-increasing agricultural production will assure Poland self-sufficiency in food from the 1947 harvest onwards. . . . Industrial production will aim, in the first place, at securing a larger supply of consumer goods, the output of which will by 1949 considerably exceed the 1938 level. Production of Capital goods per head of the population will exceed by over 200 per cent. the 1938 level, taking into account the much greater output of coal and electric power.

## **Three Fundamental Sectors**

"The Three-Year investment Plan, amounting to 20 per cent. of the total national income, will introduce new characteristics into Poland's economic structure, which will be divided into three fundamental sectors—public, private and co-operative. The State and Co-operative sectors will have a strong influence in the private sector.

"The Plan is founded, in principle, on Poland's own resources, but it also provides for an influx of foreign capital amounting to 20 per cent. of the sums to be invested. We are not planning an autarchic and economically-secluded Poland, but for a Poland economically full-blooded and participating fully in international trade".

Colonel R. H. Harrison, Head of the U.S.A. Mission to Poland, in a report to U.S. State Department, July 23, 1947, said :

"The mission to Poland to survey the food situation there, consisting of Nathan Koenig, Gail E. Spain and myself, found the Polish food situation much better than in many other countries which were visited by two members of the mission in the last year. Food conditions were noticeably better than those observed in Greece, Italy, Austria, the U.S.-U.K. zones of Germany and Japan.

"The general health of the Polish people appeared to be good, their spirit excellent, and their ability to work well above average.

"The industrial section of Silesia presents a scene of bustling activity. As a matter of fact it is by far the most active industrial area members of the mission have observed outside the United States. Poland is already exporting a considerable tonnage of coal, and exports of coal and other raw materials, together with finished and semi-finished industrial products, will undoubtedly continue to increase.

"Polish food production is on the increase. While rainfall in the spring of 1947 was below average and some winter kill occurred, in general rains in June greatly improved crop prospects and made obsolete earlier estimates of the 1947-48

crop production. 1947 fish production is estimated to about equal pre-war production of 20,000 tons. Fishing settlements on the Baltic have increased from 23 pre-war to 94. In the beginning of 1947 there were approximately 3,500 men engaged in fishing and over 1,000 boats of various sizes.

"Other food production has been increased to the point where some exports have been made. Exports of livestock products and eggs, although small, are significant. Approximately 30,000 tons of sugar were exported within the last year. It is expected that 60,000 to 80,000 tons of sugar will be exported during the next year. In addition, it is estimated that as much as 1,000,000 tons of potatoes will be available for export from the present crop. The Poles have made excellent progress toward rehabilitating their industry and restoring Poland's historic position as a food exporting nation.

### Poland's Food Prospects

"Polish officials interviewed were unanimous in stating that the food production, collection, distribution and rationing systems, which they have established, assure that there will be no starvation in Poland or acute malnutrition on a widespread basis even without food imports. With this general statement all members of the mission concur. The harvest of winter wheat and rye is already in progress. Fresh fruit and vegetables are coming on the market in increasing quantities as are fish, milk, eggs and meat. These crops will have a markedly beneficial effect on the Polish food situation this summer and autumn while grain and potato crops are in process of being harvested and distributed.

"Polish officials pointed out that imports of food, tractors, machinery, etc., received from UNRRA and other sources have played an important part in the post-war rehabilitation of Polish industry and agriculture. They stressed very strongly their desire for continuing imports of food stuffs to accelerate this rehabilitation. They also stressed their need for fertilizers, particularly phosphate rock, seed, particularly rye, draft animals, tractors and agricultural machinery. They emphasised the need for fats and oils, dairy products, and other supplementary foodstuffs to make possible a better balanced diet for the growing population, industrial workers, the sick, and the aged.

"The mission received voluminous statistics and other factual information from the Polish Government which we have analysed carefully. On the basis of this and the information obtained from on-the-spot observations it was clear that sufficient food is available to take care of the minimum basic needs of the Polish people during the remainder of this calendar year. Until the final out-turn of the 1947 crop is known this autumn, the needs for imports next spring cannot be determined.

"The mission had an opportunity to inspect at first hand both by plane and by car, representative parts of the agricultural areas. In general the production of foodstuffs appeared to be proceeding in a satisfactory manner.

"The mission concludes therefore on the basis of its own observations and the information provided by the Polish and other authorities that :

"(a) Grain and other foods are available to meet the minimum food needs of the Polish people generally for the balance of this calendar year.

"(b) Imports of medical supplies and supplementary foodstuffs for relief of special groups such as children, orphans, sick and aged appear justified.

"(c) Some imports of grain seed, especially rye, and fertilizer would be helpful in promoting further recovery of Polish food production and industry."

# Czech Two-Year Industrial Plan

By Dr. J. GOLDMAN

*Condensed from CHANGING EPOCH, Series No. 2*

“THE Czechoslovak Two-Year Plan is essentially a plan of economic reconstruction. It is not a plan of large capital development as were the Soviet Five-Year Plans prior to the outbreak of the war. New Czechoslovakia inherited an economy of considerable capacity, never before fully utilised, but disorganised and impoverished as a result of war and occupation. The main task ahead was therefore to ensure that full use would be made of the available productive machinery. The general target of the industrial part of the plan, to raise production by the end of 1948 ten per cent. above the 1937 level, is a target that can be reached without substantial capital investments, without large net additions to plant, machinery, etc.”

The limiting factors to the fulfilment of the basic aim are potential bottlenecks in coal output, electrical power, iron and steel, and means of transport. Pre-occupation with their solution has led some observers to believe that industrialisation, not reconstruction, is the main concern of the plan. In fact as much emphasis is laid on industries such as Textiles, Boots and Shoes, Tractors and Agricultural Machinery, as on Heavy Industry, in pursuance of the aim to raise the standard of living above the pre-war level.

Though the general target for Industry as a whole is 110 per cent. of the 1937 level, there is considerable diversity in the targets for individual industries; for example the output of motor-cars, lorries and motor cycles is to be doubled in 1948, but in light industries there will be an actual reduction in the output of cotton and woollen yarns and boots and shoes.

A different policy is pursued in Slovakia, a predominantly agricultural area. Here Industrialisation and Capital Development is the objective in order to bring the standard of living up to the level of the Western Provinces, Bohemia, Moravia, and Silesia.

Inability to obtain an adequate supply of imports from the proceeds of exports would make the realisation of the Two-Year Plan as a whole more difficult, though not impossible; the Plan is not based on the assumption of foreign credits, although its execution would be facilitated if they were forthcoming.

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# Points from "Letters to Editors"

From the *TIMES*, *FINANCIAL TIMES*, *SPECTATOR*.

**RYE IN GERMAN ECONOMY:** The German worker lives on rye, not on wheat, and that is why he tilled 12 million acres of rye against six of wheat, eight of oats, and four of barley, between the wars. The danger now is that Germany, deprived of her staple crop of rye, will have to buy the rye from the only possible purveyors—namely, the new owners. *Anschluss* with the East is therefore a matter of time according as the new frontiers are on the Oder or the Elbe. Even endowed with her corn lands a new treaty of Rapallo may be tempting, but without it, it will be inevitable.—T. F. BREEN, formerly British Embassy, Berlin (*The Times*, July 29).

**NEW FAITH WANTED:** This winter's blows to our standard of living will generate a national desire to make a fresh start. Shall we then support Mr. Deakin's demand for compulsion and force, or shall we turn to a new faith in the individual and in the power of the spirit? Shall we then say that, while it is abundantly necessary to refashion our economy on sound lines, it is still more important to rebuild the character of the people by devolving responsibility to all who can wield it, by closing the gulf between the two sides of industry, by proving that justice and freedom are not enemies, but together can create loyalty wherever work is done and neighbourly life is lived?—DAVID ECCLES, M.P. (*The Times*, July 27).

**BURDEN OF FOOD SUBSIDIES:** Elimination of food subsidies and a corresponding reduction in income tax in the lower income groups, which would correct the existing distorted economic structure, would have the following salutary effects:—

(1) Inflation would be reduced without producing excessive deflation.

(2) Some of the present surplus purchasing power would be "skimmed off".

(3) The advantages at present enjoyed by owners of one-man businesses in comparison with paid employees as regards income-tax would be reduced.

(4) A powerful incentive would be given to every wage earner who at present dislikes overtime work because of the ensuing tax deductions from his pay packet.

(5) Reductions could be made in the Civil Service staffs engaged on the business of "giving with one hand and taking away with the other".—D. HOPKINS, Surbiton (*The Times*, July 28).

**DISINCENTIVE TO FARMING ENTERPRISE:** Most farmers I know of (including myself) fail to increase their production to the maximum because under present conditions any intensification of farming requires great effort, whereas the incentive to such intensification is almost non-existent. One simple example will help to illustrate my point. On my own farm I run a herd of 60 to 70 beef cows with their young stock. I have contemplated exchanging this herd for a slightly smaller number of milking cows, but I have decided against this although I am fairly certain that my gross income would rise if I were to do so. My reasons are that such a change-over would involve more difficulties with labour, a greater strain on feeding-stuffs, long negotiations to obtain licences for slight alterations to buildings and improvement to water supplies, and a large number of minor difficulties connected with the purchase of milking plant, cooler, sterilizer, pails, and so on. If I were not already burdened with what I consider my fair share of these difficulties, or if the extra money I was likely to obtain from a new dairy herd could be spent freely on articles I wanted or needed, my decision might be different. As it is I simply feel that the extra effort involved is not worth it.





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We are, I am afraid, approaching a time when the incentive of patriotism has done all it can, and when the incentive of profit is rapidly losing its force—in other words, we in this country are experiencing to a mild degree the troubles that are facing every European country, and in the most marked degree Germany.—H. D. WALSTON, Thriplow, Cambridge (*The Times*, August 4).

**GOING SLOW:** Will you permit me to explain the reason why the workers are not pulling their weight? Since my demob. I have been employed as Able-Seaman, steward, painter, driver, and now plumber. I have heard the argument dozens of times—in foc'sle, pub, and canteen. This is it: "We were worked to death before the war for a paltry pittance, and were frightened to death of getting the sack, because of mass unemployment and the means test. Well, now it's our turn, and we'll take our time, jobs are plentiful and the unions are strong". I am not in agreement with this, but I can see no other answer.—I. P. WHITE, Chiswick (*The Times*, August 5).

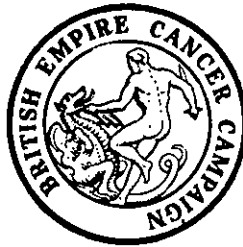
**ANOMALY OF PREMIUM DAYS:** Men working on "premium days" (*i.e.* days following Bank Holidays) are entitled to overtime rates, a system justified when workers' holidays were largely limited to bank holidays. Now when the working week has been reduced and workers in the engineering industries are entitled to a week's holiday with pay, plus six paid bank holidays annually, "premium days" are out of keeping with economic realities. Indeed, many firms find themselves compelled to close on such days with the result that the workers' pay packets are depleted.

I know, from long investigation of the problem, that a large percentage of employees, now barred by union ruling from doing so, would be glad to work, on "premium days" at normal rates of pay.—LEWIS D. LEVY, Director, George Cohen Sons & Co., Ltd., London, W.1 (*Financial Times*)

**B.A.O.R. FINANCES:** Privates A. and B. stationed in Germany both draw their rations of cigarettes. Pte. A promptly destroys his by setting fire to them; Pte. B. exchanges his for some German gramophone records. Why is it that everybody tells Pte A. that he is a good patriot and Private B. that he is not only unpatriotic but a burglar as well?—I am, sir, &c., R. L. KITCHING, Wetherby, Yorkshire.  
(*Spectator*)

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