

Measures, U.N. Food and Agriculture Organisation, Rome, August, 1955. (Commodity Policy, Series No. 7.) Considers existing international agreements for wheat and sugar and the proposed tin agreement with a view to like arrangements for rice and considers the main problems involved. (713)

The State of Switzerland

1. *A Review of Economic Conditions in Switzerland during 1954. Credit Suisse.* Looks back on a boom year, and studies the economy, industry by industry. (714)

I.M.F.

International Monetary Fund Annual Report of the Executive Directors for the Fiscal Year ended April 30, 1955. Washington, D.C. Contains a somewhat optimistic survey of the Prospects for Convertibility. (715)

Four P.E.P. Reports

1. *Industrial Trade Associations. Planning Vol. XXI, No. 383. July 25, 1955.* Places in proportion the sometimes sensational allegations about monopoly in British trade and industry. (716)

2. *Balance Sheet of the Press. Planning, Vol. XXI, No. 384. August 8, 1955.* A useful appendage to P.E.P.'s famous Report on the British Press, published in 1938 and now out of print. Includes a section on television advertising. (717)

3. *Better Industrial Design. Planning, Vol. XXI, No. 385. September 12, 1955.* Describes the efforts made, and to be made, by Government and

industry to improve the design of British manufactures. (718)

4. *How Many Houses? Planning, Vol. XXI, No. 386. October 3, 1955.* Concise material useful in the consideration of the housing question in Britain today. (719)

(The above are obtainable from *Political and Economic Planning*, 16 Queen Anne's Gate, London S.W.1).

European Reports

1. *Decisions of the O.E.E.C. Council concerning the Prolongation of the European Payments Union to June 30, 1956, the Establishment of a European Monetary Agreement, and the Amendments to the O.E.E.C. Code of Liberalisation. O.E.E.C. Paris, August, 1955.*

This Memorandum of the O.E.E.C. Secretary-General includes a description of the change in the gold/credit settlement ratio in E.P.U. (720)

2. *The Problem of National Refugees and Overpopulation in Europe. Report presented to the Committee of Ministers by M. Pierre Schneider, Special Representative of the Council of Europe for National Refugees and Overpopulation in Europe.*

This Report called for joint efforts and a more liberal immigration policy to help absorb refugees and migrants. It was generally approved by the Committee of Ministers on December 19, 1954. (721)

3. *The Organs of the Consultative Assembly. Report submitted on behalf of the Bureau of the Consultative Assembly by M. Van der Goes van Naters. Strasbourg, June 17, 1955.* Of interest chiefly to Council of Europe delegates and specialists. (722)

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Economic Talking Points

Is the Credit squeeze bringing results?

Industrial customers, especially in the North, are reported to be resisting pressure to reduce overdrafts.

It has not proved easy for bank managers to be sufficiently selective in their refusal of overdrafts.

But The reduction of bank deposits has been substantial and the squeeze is being acutely felt in some sections of industry.

Was the failure of the Geneva Conference inevitable?

The hydrogen bomb has imposed diplomatic stalemate in the West.

There was no basis for agreement in Soviet proposals which aimed at the inclusion of the whole of Germany in its system and Western proposals which sought the admission of all Germany to N.A.T.O. in its present form.

But Some advance might have been made if the aim had been accepted of a free European political and economic grouping guaranteed by the Great extra-European Powers.

Can the Baghdad Pact stabilize the Middle East?

The Pact includes Turkey, Iraq, Pakistan, Iran and the United Kingdom and the U.S.A. has established economic liaison with it.

The Iraq dynasty and Nuri es-Said are well disposed towards the West and ill-disposed towards an Egypt now flirting with the Soviet bloc.

Britain has offered to supply atomic aid to Iraq and Western economic assistance is likely.

But The conclusion of arms agreements and development of relations between the Soviet Empire on the one side and Egypt and other Arab States on the other presents a threat to the 'Northern Tier' system of the Baghdad Pact and to the Palestine truce. Another regime in Iraq may not be so friendly to the West.

Why the Autumn Budget?

The Chancellor of the Exchequer had no real need to introduce an autumn budget. His real weapons in the fight against inflation are mainly extra-budgetary.

The budget has caused political ill-feeling, and the result will be increasing irritation in industry. The increase of purchase tax and other increases will be taken as justification for increased wage demands.

But Compromise may have been necessary between those favouring a policy of drastic deflation and the supporters of a milder dose of disinflation.

Was the British Government right to cancel orders for the Vickers 1000 Transport Aircraft?

The V-1000 did not meet R.A.F. specifications.

But A civil version had been planned for the North Atlantic run and B.O.A.C. will now be equipped with the Comet 4, operating with stops, and the non-stop but slower Britannia transport airliner. It is claimed that the V-1000, with its Rolls-Royce Conway by-pass engine, would have been competitive with the two American jet airliners DC-8 and DC-707, but that there will now be no British contestant for the Blue Riband route in 1960.

'Economic Digest' Competition

Readers are invited to submit ECONOMIC TALKING POINTS for publication in future issues of the 'Digest'. These must be short, topical, and follow the lines of those already published in this and previous issues. Two guineas will be paid to the reader sending in the best 'Talking Point' each month.

'Talking Points' should be sent to the Editors, 'Economic Digest', 47 Eaton Place, London, S.W.1 to arrive not later than the 15th of each month. Readers requiring an acknowledgment are requested to enclose a stamped addressed envelope. The Editors' decision is final, and no correspondence can be entered into in connection with this competition. Readers whose contributions are selected will be advised before publication.

ECONOMIC DIGEST

DECEMBER, 1955 VOLUME VIII NUMBER TWELVE

Digest Spotlight focuses on

John M. Penton

Chairman of the Economic Research Council

THE new Chairman of the Economic Research Council is well fitted for his new responsibilities.

Born in 1910, John Penton was educated at Wellington and Trinity, Cambridge, where he took an Honours Degree in Modern Languages. From 1939 to 1947 he was with the Overseas Finance Branch of the Treasury, and in 1940 was sent to the Embassy in Paris as assistant financial attaché. After the fall of France he returned to London and was concerned with that section of the Treasury which dealt with the financial relationships between the British Government and the Allied Governments in exile.

He thus came into close touch with the war-time Polish, Czech, Dutch and Belgian governments, and in particular with de Gaulle's Free French. The expenditure for the latter was financed entirely by subsidies from H.M. Government, and had to be controlled as tactfully and unobtrusively as possible. This was no easy task, and involved dealings which concerned the French Colonies which had rallied to de Gaulle and were also in need of aid. John Penton became one of the few people who at all times had practically free access to Free French Headquarters.

With the end of the war the scene again changed. In 1945 Penton returned to Paris, where he was appointed Financial Adviser to the British Embassy. This appointment continued until the end of the year, when he returned to take up his duties in London. In 1947 Penton represented H.M. Government in important negotiations with France and Belgium for the settlement of debts contracted with it during the war, and upon other financial and general matters. This work brought him into close contact with Lord Keynes.

At the end of 1947, Penton became head of the Western European section of the Operational Division of the International Bank for Reconstruction and Development. In this capacity he was transferred to Washington where he spent three years at the Headquarters of the Bank, punctuated by frequent visits to Europe and South Africa. He participated in negotiations for loans between the World Bank and Holland, France, Belgium, Luxembourg, South Africa and Southern Rhodesia. He thus acquired an insight into the problems of post-war reconstruction and also of industrial development in underdeveloped territories. Penton's keen interest in the develop-

ment of less advanced countries found further outlet in 1951 in his appointment to Paris as financial and administrative adviser to the United Nations' Technical Assistance Board.

With this background of experience and activity, John Penton is undoubtedly a great asset to the Economic Research Council. His

modesty conceals a quiet and resolute efficiency and an imaginative grasp of the basic problems of a divided world. Knowing Europe well, he believes intensely in the cause of European unity and Britain's duty to help it forward by appropriate economic and political engagements compatible with her overseas connections and responsibilities.

Blueprint for Better Government

As governments grow in scope, complexity and cost, the harmful effects of wasteful practices and unwise policies multiply. Errors and extravagances that were unfortunate but tolerable a generation ago can be breeders of disaster in a government that absorbs from one-sixth to one-fifth of the national income, as the United States Government does today.

For the second time in less than a decade, a commission headed by former President Hoover has completed a monumental job of uncovering such weaknesses and recommending ways of correcting them. The work of the second Hoover commission has been even more comprehensive and potentially beneficial than was that of the first, because it has dealt more largely with questions of broad policy. More specifically, the commission has recommended the discontinuance of curtailment of some Federal activities as not only wasteful but actually harmful to the economy. These recommendations can exert their full potential benefits only if they can muster support strong enough to overcome the combined opposition of entrenched bureaucrats, pressure groups, and the perennial advocates of 'big government'.

From The Guaranty Survey, November 1955

The Economic Race with Communism

PETER WILES ON THE SUCCESS OF SOVIET INDUSTRY
From a Paper read at the Congress of Cultural Freedom held in Milan in September, 1955

It is a great mistake to compare economic systems, only, or even mainly, by the justice or injustice with which they distribute wealth among individuals and classes; by their adaptability to consumer demand or their economic 'rationality'; or by the political and social relationships to which they give rise. The most important criterion is coarser, more materialistic, and much less sophisticated: how much does each economic system produce per head? For the principal object, after all, of economic activity is to satisfy human wants; and these being almost limitless, the best way to satisfy them is to produce a great deal of everything.

Rapid Soviet Growth

Perhaps the most important fact in all modern economics is that the rate of growth of productivity is higher in the Soviet Union than in any important free country at the period of its maximum development, let alone now. That is, whether we take roughly comparable circumstances or the present circumstances, the Soviet superiority remains. The best performance by a large non-Communist economy for a long period together appears to be that of Japan: between 1912 and 1937 she grew by about 3 per cent per annum. The Soviet economy grew by about 5½ per cent per annum before the war and by about 7½ per cent since 1948. For mining and manufacturing alone—and this sector usually outstrips all others in any economy—the figures are: Japan 7 per cent,

U.S.S.R. 12 per cent. We see that the overwhelming Communist superiority in industry alone leads to a great overall superiority (in the whole national income). The effect of compound interest is very great over a few decades. Thus, growing 3 per cent per annum faster than the United States, the U.S.S.R. could catch up from a starting point of half the United States national income per head in twenty-three years.

What are the causes of this superiority? Nothing comforting to the anti-Communist. It is not just because the satellites have been exploited: their own economies are expanding at an almost equal rate, and Soviet exploitation here is offset by Soviet subsidies to China. In any case this would not explain pre-war Soviet growth. Again it is not that, technically stagnant until well into the twentieth century, the Soviet economy has only had to apply methods known elsewhere to cover in one easy technical leap a century of hard-won western progress. For such a leap is beset with every social and economic difficulty: all backward economies stand equally at the brink of it, but only those under Communist rule have achieved it.

Communist Incentives—

The reasons for Communist industrial progress are to be sought in Communist industrial efficiency. First there is the planning system itself: targets are set, in physical or financial terms, which each Ministry, trust, factory, and individual worker

From The Listener, October 20, 1955

must beat. The targets are raised year by year, and the obligation to beat them has quasi-legal force. This is the principal aim and result of the whole planning system. Nor, secondly, does the legal stick exclude the monetary carrot. Taxes are not highly progressive: the highest marginal rate of income tax is only 13 per cent, and direct taxes fall most heavily on food, not manufactured luxuries. Then, thirdly, the system of ownership helps efficiency. Factories can, in theory, be combined, processes transferred from one to another, and specialization and standardization imposed by mere fiat. There are no obstacles of property law, shareholders' vested interests, etc.: all industry is treated as one big trust.

—and Industrial Discipline

It is a further peculiarity of Communism wholly to emasculate its trade unions. The influence exercised by a labour monopoly over wages, hours, conditions of work, apprenticeship, hiring, craft demarcations, indeed over almost everything, is restrictive. At almost no point can a union raise efficiency: it can at most—with insignificant exceptions in the American garment trades—not hinder it. All these heavy obstacles are swept aside under Communism. The union follows mechanically the party line on industrial matters. It loses all bargaining power except in the field of welfare out of working hours (not covered in the factory's plan); it becomes a cheer leader, an organizer of productivity and promoter of enthusiasm. If the authorities want the norms raised (that is real wage rates reduced) they get the trade unions to get the workers to propose it 'spontaneously'.

Fifthly, new techniques cannot be resisted by deliberate inertia or wilful ignorance, as so often by trade unions or capitalists in free countries. There is but one authority to be cajoled into experiment, and brow-beaten by demonstration. Admittedly this one authority may be frightened and thus suppress a good new method altogether. But the more serious danger in practice is the very slow spread of methods proved correct by the best firms. This danger the system of central direction minimises. Also trade secrets are forbidden: it is sabotage to conceal a technical discovery from the authorities or those whom, in other circumstances, one would call competitors. The inventor is liberally rewarded from State funds, and may not in practice take out a patent. Technical education, too, equals in quality and far surpasses in quantity the best Western examples.

A Race, Not a Fight

'Competitors': but, of course, sixthly, there are still competitors, only the object now is not to divert profits from the other man to oneself (and not every measure conducive to this end benefits the community) but to be more efficient and productive than the other man. 'Socialist competition' is not a fight but a race, and greater production is a direct, not an accidental or circuitous, result.

Forced Earnings

Again, savings are extracted much more successfully from the population by taxes than by lure of interest rates in a free economy. But when the forces and the police have had their due not very much more is left for investment than elsewhere. U.S.S.R. invests a fifth or more,

U.S.A. and Great Britain about a sixth, of their net national incomes. It is true that industry gets a much larger share and construction a much smaller share of the capital available than in other countries, so that to some extent Soviet industrial growth is the obverse of the Soviet housing shortage; but this does not remove the Soviet system's superiority in raising capital, nor explain why the whole national income, as opposed to that derived from industry only, has grown faster. Neither is the simple fact that Communism can raise more Capital in general a wholly sufficient explanation of its superior growth in general; so that we need have no recourse to the various institutional explanations also offered. For the proportion of national income invested is much less than double, while the growth rate is more than double, that of a free economy; and one must remember that there are always diminishing returns to every greater investment.

The Myth

Eighth and last is the whole ideology of the movement. Second only to class war, material progress is the criterion of value and the content of history. 'Full Communism', history's last stage, is a state of productivity so great that out of the ensuing plenty all men's desires can be satisfied according to need, without money or accounting. Yet this fantastic Utopia is taken very seriously: it is official dogma that the U.S.S.R. is even more moving towards 'full Communism', and the speeches of party bigwigs often end in a peroration on this theme. As Christian medieval Europe was building the City of God, so is the U.S.S.R. building material progress. Experience teaches me that this

thesis rouses ugly passions and is easy to misunderstand. First, it connotes no political sympathy with Communism whatsoever; merely a certain respect for facts. Next, the rates of Soviet growth here given are not copied from official data: indeed, they fall far below such claims. Where possible—and this mainly concerns the retail price index—experts rely upon direct foreign observations. Where this is not possible they build up the Soviet national income carefully from its basic constituents, using the most reliable data available in each case. Above all, documents captured by the German prove that, at least until the war, the vast bulk of Soviet published figures corresponded precisely with the figures the planners themselves were using. The German documents reveal no falsification or bias in the statistics not already brought to our notice by complaints in official Soviet technical journals.

Too many Cooks?

But what of falsification at lower levels? Suppose the planners were themselves deceived? Soviet managers and accountants very often cook their books, since if they cannot appear to have achieved the virtuously impossible they lose their bonuses, perhaps their jobs, perhaps even their freedom. Sophistical as it may seem, this objection goes to prove beyond any doubt a slight underestimate in the rate of growth. For it is clear that in the early chaotic phases of planning, and again of post-war reconstruction, the opportunities and the need to cook the books were much greater. Later on, in the late 'thirties or again today, the banks and the auditors, not to mention the police, were more efficient; and the need to raise one's

income by dishonest means was less. So if the extent of falsification probably diminished, the later figures were less exaggerated than the earlier ones, and the true rate of growth is understated.

Growth of Output

Misunderstandings arise, too, because the word 'productivity' might mean either output per man-hour of work or output per head of population. In more recent years the difference, though great, is not overwhelming. Thus, Mr Colin Clark arrives at a growth of output per man-hour of work of over 4 per cent per annum in peace-time, while my own reckoning, you may remember, was 7½ per cent per head of population. These are both very formidable figures, and could doubtless with some trouble be reconciled.

Conscription of Labour

In earlier years, 1928-37, the difference between the two measures of the rate of growth of productivity is much greater. For in this period, growth was achieved by conscripting into industry the wives of industrial workers and the under-employed peasants from the countryside: a process that certainly raised output per head of the population very fast, but may well have actually lowered the average efficiency of a worker. It should be noted, however, that an economy which can put up enough factories to set such hordes of idle hands to work in so short a time is *ipso facto* efficient.

The precise measure of the efficiency of the Soviet industrial system in that early period was its capacity to expand the number of factories and mobilise the labour force, in a way that no other backward country has found possible. Now that the surplus hands are absorbed, we perceive that

their longer training and experience, combined with the other advantages of the system which I have set out, are raising production both per man-hour and per head of population at a frightening rate: in a way that no other developed country finds possible.

Autocritics

But take the spate of criticism in the press of this or that organisational shortcoming: socialist competition has been reduced to a farce and a formality in Stalinabad, managers are extremely slack about introducing new techniques in Stalinogorsk, costs are inflated by nepotism and idleness in Stalino. Surely this shows that the organisation itself is not efficient, on the Communists' own admission? I think not. For one thing these self-criticism campaigns are often deliberately exaggerated, in order to bring people up sharply. For another, self-criticism is precisely one of the system's stimuli. What we see here is the central power actually at work, bringing pressure to bear on the backward enterprises. You can infer the disease from the fact of treatment. It is as if one looked at a free economy and deduced from the number of bankruptcies that it was inefficient. But bankruptcy is precisely the free economy's penalty for inefficiency, and the threat of it makes everyone else do better.

Fall in Cost of Living

Then, finally, it is useless to point to the low level of consumption. Consumption is growing, as it happens, very fast. It is no mean achievement, however high the starting-point, to have nearly halved the cost of living since 1947, while slightly raising wages. Consumption fell so

catastrophically before the war, and is so low today, and may well fail to grow in future, because of the failure of agriculture. It is correct that Tsar Nicholas fed his subjects better than Khrushchev. It is correct that this is largely due to the unpopular and inefficient way in which the Communists insist on organising agriculture—and also to their predilection for ground-nuts schemes and their refusal to invest large sums in farm buildings, fertilisers, etc.; albeit agricultural productivity, as opposed to production, has grown quite a bit. Manufactured consumer goods, on the other hand, are comparatively cheap and plentiful, and the supply of them grows rapidly. The line between success and failure does not divide investment from consumption, but industry from agriculture; with commerce and building somewhere in between.

Our situation with regard to all this seems to me by no means desperate. Communist industry has no diabolical recipe for success that a free democratic country could not swallow. Certainly perfect *laissez-faire* could not generate such growth, but in many respects the Communists have gone too far, and we do not need to imitate them precisely. Their governments have much more power than is required for economic growth.

Rationalise, not Nationalise

It is not nationalisation we need, but State power to rationalise: that is to amalgamate enterprises, to enforce specialisation upon branch factories, to standardise products, to dissolve restrictive cartels and trade associations, and so on. Most of these things occur under private enterprise only much too rarely and slowly. In my view the whole formal and legal structure of private ownership

can and should be maintained; but there should be occasional changes, imposed from above, of management and organisation.

In planning, again, what matters is that certain standards of efficiency be enforced, not that this or that particular product be produced or price charged. Indeed, on the contrary, such things should, almost all economists agree, be left to the free market and to the profit motive. A central efficiency audit is a much more practical and less threatening proposition than a 100 per cent central plan: yet for economic growth it is much more desirable.

Even with trade unionism some aspects are less deleterious than others. The cherished right to strike for higher wages is a minor nuisance on the whole; it might possibly suffice to do away with the major evils—restrictive practices, apprenticeship conditions, and craft demarcations. For while higher wages affect merely the value of money, restrictions affect the quantity of output. Indeed many American and German trade unions have reached already this comparatively harmless state.

No Need to Despair

Certainly, then, it is urgent that something be done, lest Communist industry out-produce ours. But this is a challenge to our will-power and forms of organisation that we can surely meet. I believe that the political, human and moral costs of Communist economic progress can be avoided by good sense and good will. We can also rely upon the superiority of our agriculture, and, if we may lift our eyes from mere economics for a moment, on many other advantages besides. There is no call to wring our hands, but still less to put our heads in the sand.

Molotov's Target

BY K. H. BARUTH

Taken from a Paper Read to The International Conference of Regional Planning and Development

HUNGER is a basic disease in many parts of the world. The hand-to-mouth existence of millions is a challenge to the technical and scientific knowledge of, and to the wealth possessed by, those people whose standard of living is a measure of the goal to which the people of the under-developed areas may aspire.

One of the world's under-developed regions is the so-called Middle East, occupying a unique geographical position as lying between and linking the three continents of the old world. Without going into discussions whether that area should be called 'Near East' or 'West Asia' or something else, and how it might

be defined by distinct physical and other boundaries, the region comprises for the purpose of this paper only Iraq, Jordan, Lebanon and Syria.

Thirteen Million People

The inter-relation between these countries is clear and determined by geography, culture and aspirations. The area of these countries comprises nearly 300,000 square miles and is inhabited by roughly 13 million people, of whom about 70 per cent are supposed to gain a livelihood by agriculture.

The distribution of population shows the following picture:

Country	Area (sq. miles)	Population (1953 figures)
Syria	71,660	3,329,000
Lebanon	3,977	1,320,000
Iraq	175,000	5,100,000
Israel	8,050	1,736,000
Jordan	37,500	1,600,000
TOTAL	296,187	13,085,000

A population problem arises as a result of a very high birth rate, about two per cent, in addition to the steady immigration to Israel. As long as food supplies can be increased at a similar rate the position is without danger; but it is in fact difficult to maintain a continuous improvement in agriculture and industry of two per cent per annum, particularly under prevailing circumstances and it is quite logical to suggest a possible relationship between the current demographic

Problem of Food

The situation in the Middle East with regard to food production is already grave. It will be continually aggravated by the normally expected population increase which reaches about one-quarter million persons per year within the five countries under review.

From Jewish Observer and Middle East Review, November 4, 1955

The two major headaches are how to increase agricultural production through utilisation of hitherto neglected lands and waters, and how to transform the present poor, backward and illiterate peasant masses into modern cultivators who would become the basis for a healthy, stable and progressive society. Those two aspects are closely connected, as seen by the tables shown on p. 565.

Sharing the Waters

The first attempt at a long-range regional plan for rural development was initiated during the war in 1941 by a British and later by a joint Anglo-American agency, 'The Middle East Supply Centre'. The main goal was to ensure an adequate food supply for the local population in order to prevent famine and consequent disorders in the Middle East, while reducing food imports as far as possible in order to save shipping space. Immediately after the war the Centre was closed down.

The example of the Centre has clearly shown that co-operation on a regional scale is easily possible. The full agricultural development of the Middle East is impossible without the co-operation and collaboration of the various States sharing rivers for the supply of water. The productivity of irrigated land in the Middle East is estimated to be on the average five times as great as that of non-irrigated land. The agricultural geography shows that the Nile Valley, the Mesopotamian Valley, and the intermediary area watered by the Jordan, the Litani and the Orontes rivers are meant by nature to be the agricultural heart of the Middle East.

Iraq—Too Much

The only country in the Middle East which suffers not from lack but

an overflow of water is Iraq. Every year there are disastrous floods from the Tigris and Euphrates and vast areas of fertile land are inundated.

The Iraq National Development Board, established in 1950, has as its programme to rebuild the Tigris and Euphrates irrigation system within the next ten years. The present development programme for Iraq envisages the building of a diversion channel primarily for flood control, at Wady Thartar, north east of Baghdad. At Ramadi, on the Euphrates west of Baghdad, a barrage has been constructed which permits the entire flow of the Euphrates to be diverted into nearby Habbaniya Lake. At Dokan, on the Lesser Zab, work has started on a dam which will provide water to irrigate an estimated 250,000 hectares of State-owned land.

Jordan and Syria

Jordan has only enough rainfall for some agricultural activities, mainly in its upper parts (uplands of Samaria and Judea, which Jordan incorporated in April 1949) but elsewhere as little as eight inches or less may fall. The Yarmuk project in the Jordan Valley, on the basis of the 3-hectares-family-farm recently proposed, already appears to provide a place for 200,000 people.

Rainfall in Syria is fairly abundant in the west, but east of the Anti-Lebanon Mountains the amount decreases considerably. Most of Syria has an annual average rainfall of under ten inches and Syria's foremost agricultural problem is irrigation too.

Syria must continue to export her agricultural products and textiles in order to augment her foreign currency reserves. It is, therefore, to agriculture that the State should grant

all its support by way of credit for financing agricultural development, for it is only agricultural development that can ensure durable prosperity to the industry of the country.

In Israel, owing to lack of water, dry land farming was until recently the predominant type of agriculture. With only 230,000 *dunam* (57,500 acres) under irrigation in 1948, this area has now reached 850,000 *dunam* (212,000 acres).

Israel's Water Plans

The first phase of Israel's national water plan involves exploitation of underground sources along the coastal plain and part of the surface flow of springs and streams to irrigate the immediate vicinity.

In the second phase five projects will be undertaken:—

Reclamation of the Huleh marshes and the utilisation of the Dan river to irrigate the Huleh Valley;

The provision of additional water from Lake Kinneret for further agricultural development;

The Western Galilee-Jezreel Valley project which will pipe water from the Yarkon to the south and the Negev has recently been inaugurated;

The second stage of the Yarkon-Negev project which will pipe water from the Yarkon and the sewage effluent of Tel Aviv and district to the Negev.

Industrial Development

Next to soil and water, the third great need of the Middle East peoples is energy, as industrial development is gravely hampered by the lack of power. The use of atomic energy for industrial purposes seems to be possible within the very near future, so that the many hydraulic-power projects planned may be

come obsolete in time.

Industrial development has been uneven in the various countries concerned. Generally speaking, aside from oil extraction and refining, the countries bordering on the Mediterranean, which have been in closer contact with Europe and more readily subject to European influence, have gone further than others in transforming their economic and social structure, thus making possible the growth of modern industry. The most industrialised countries of the region are Egypt, Israel and Turkey. In Iran, Lebanon and Syria and to a lesser extent, in Iraq, a beginning has been made in several directions.

Capital Requirements

The capital required for the economic improvement of an underdeveloped area such as the Middle East is not easy to assess.

Additional population in sparsely settled countries might be absorbed through agricultural extension. This raises the problem of the amount of arable land available and especially the capital expenditure needed. According to conservative estimates, a sum of roughly \$360 million would be required for some agricultural improvements alone for the additional population.

Apart from farming, the development of basic services such as transport, power, water, communication, etc., are urgently required throughout the region. In addition, there is a general need for industrialisation in order to diversify the economies and make them less dependent on the vagaries of the world markets and, finally, there is a widespread need for more and better housing, hospitals, schools, community buildings, etc., all of which are very costly.

The combined capital require-

ments under these headings are enormous and quite beyond the domestic savings capacity of the region. It is estimated that the sum of roughly \$950 million would be required within the five countries for industrial development and public services alone.

The grand total of business investments, loans and grants during 1944-1953 apparently amounted to about \$3,800 million, covering the total Middle East area and includes oil revenues.

ROUGH ESTIMATE OF AGRICULTURAL LAND USE CAPABILITY

Use	Iraq	Israel	Jordan	Lebanon	Syria
	Hectares	Hectares	Hectares	Hectares	Hectares
Cultivated.....	2,650,000	230,000	480,000	278,000	2,500,000
Pasture.....	6,400,000	331,750	600,000	215,000	4,000,000
Capable of Afforestation.....	n.a. +	88,250	35,000	170,000	400,000
Cultivable waste potentially productive.....	9,350,000	239,510	n.a. +	180,000	3,400,000

CULTIVATED AND IRRIGATED LAND

Country	Cultivated Land	
	Total Hectares*	Irrigated Hectares
Iraq	2,650,000	1,750,000
Israel	230,000	85,000
Jordan	480,000	25,000
Lebanon	278,000	30,000
Syria	2,500,000	333,000

*1 hectare=2,471 acres=10 *dunam*.

Green Belts Policy

THE establishment of green belts last resort upon an active public must be supported by the dispersal of opinion. If this opinion does not exist there is always the risk that expanded towns. So long as there are undesirable development will sooner congested conditions in our towns or later be permitted. For instance, and cities, there will be pressure to permit building on their outskirts, a great deal more housing development unless there are adequate opportunities for people to find homes and work in the new and expanded townships originally contemplated. Active steps should therefore be taken to foster a townships. The implementation of a favourable public opinion.

From a Memorandum submitted by the Town and Country Planning Association to the Minister of Housing, November 15, 1955

participate in any way in the upward movement in money rates that has recently been proceeding in other parts of the world but will, instead, keep money cheap and plentiful in order to ensure that the capital development programme continues to go full speed ahead.

working population that their real interest will be served best by holding back on wages and relying for the improvement in their living standards on the gradual rise in the purchasing power of the franc. To this end, it has already demonstrated that France does not intend to par-

Economic Recovery in France

ONE of the most striking features of the world economic scene in recent years has been the rehabilitation of France. In the initial post-war period the French were more or less contently in trouble with their external payments, mainly because of the tendency for the franc to become so 'over-valued' in relation to the other principal currencies that French goods became difficult to dispose of on world markets. It was indeed only because the French authorities were able to draw substantial quantities of dollars from the U.S. in respect of defence aid of various kinds that they were able during this period to avert a serious collapse of the currency.

Wage Freeze

By contrast during the past year or two France's external payments have moved into surplus notwithstanding a diminution in the volume of American aid. And the country's internal economy has shown a close approach to equilibrium despite the fact that the government has continued to show a substantial deficit in its Budget accounts. What is the explanation of this striking turn for the better? The main answer would seem to lie in the success that has attended the Government's efforts to enforce a wages freeze and simultaneously push forward with a vigorous bid to expand production.

This programme has had two main effects of great benefit to France. In the first case it has made it possible to hold export prices down at a time when prices in other countries were rising, thereby gradually whittling down the previous

over-valuation of the franc to such an extent that it was recently possible for the French Government to cut tax subsidies on export products to the tune of about fifty per cent. So French exports have shown a tendency to rise at a pace sufficient both to offset the impact on the country's external expenditure of import liberalisation and to produce a net improvement in the external payments position as a whole. In the second place, the Government's two-pronged prosperity programme has made it possible to bring about a real advance in living standards. Thus the French Finance Minister, M. Pflimlin, was recently able to claim that, as compared with 1949, the wage-earner's spending power in France is now higher by 29 per cent compared with 23 per cent in Western Germany, 11 per cent in Belgium and 5 per cent in the United Kingdom.

Wage Thaw

It is not to be wondered at in those circumstances that the French Government has shown much concern over recent indications that the wage freeze may be imperilled by demands for higher wage payments from workers in a number of basic industries. For the re-emergence of inflationary pressures could very easily and very quickly upset the French apple-cart. In the last resort the French Government might find it just as difficult to prevent the development of a wages and prices spiral as the U.K. authorities have in recent years. But it is obviously making an all-out bid to persuade the

From The Statist, September 24, 1955

Barter Across the Curtains

IN geographical terms the political changes in Eastern Europe, which have brought Poland, Hungary, Rumania, Czechoslovakia and Eastern Germany under the control of Moscow, together with the Communist revolution in China, have meant a considerable shrinkage in the size of the free enterprise world and a corresponding compartmentation of international trade. It would be more difficult, however, to prove that, as a result, there has been a proportionate contraction in international commodity markets. For one thing not all these countries were formerly active participants in such markets. Nonetheless, we do know that there has been progressive resort to direct barter trading, e.g. Chinese hogs' bristles for Russian oil engines, or rice for rubber as between China and Ceylon.

Haphazard

In such transactions neither side

seems to be concerned with reaping the full foreign exchange benefits, and both price and the principle of buying from the cheapest source are often of secondary importance to the need to work off current surpluses of goods or commodities. At best it is a crude and haphazard method of trading between the nations which ignores modern monetary and marketing techniques. In the present context it is important because such deals, which have now become fairly common, by-pass international commodity markets and because most of the governments concerned regard them as the norm rather than as expedients to tide over temporary difficulties and to be abandoned as and when conditions permit.

Behind the Iron and Bamboo Curtains, and in some countries near their fringes, government-to-government transactions have come to be regarded as a permanent feature rather than a passing phase in the development of their trade.

From the N.B.I. Review

FAR EAST TRADE WITH THE SOVIET BLOC

	Exports			Imports		
	1952	1953	1954	1952	1953	1954
Australia.....	8.9	62.2	55.5	14.0	10.7	12.8
Burma.....	—	2.9	0.6	2.7	2.2	2.2
Ceylon.....	28.9	51.5	46.9	8.0	45.5	33.1
Hong Kong*	91.0	94.6	68.4	146.6	150.0	121.1
India.....	16.4	14.6	19.3	40.4	7.9	11.2
Indonesia.....	9.8	4.5	9.1	5.3	7.0	15.4
Japan.....	0.8	4.6	24.1	17.9	37.8	48.4
Malaya.....	30.3	15.5	16.7	42.5	40.3	32.7
New Zealand.....	10.0	11.1	15.6	2.3	1.9	2.3
Pakistan.....	119.6	19.8	33.6	8.6	4.2	3.0
TOTAL.....	315.7	218.3	289.8	288.3	307.5	282.2

* Hong Kong is almost exclusively with Communist China.

From 'Direction of International Trade', U.N. (New York); U.S. Dept of Commerce tables on East-West Trade. Charts all in millions of \$U.S.

Canning—Union in Big Three

DURING the past twenty years South Africa has become one of the world's three leading exporters of canned fruit, vegetables and fish, according to an article in the journal *British Trade in South Africa*.

The canning industry has developed very rapidly. In the year 1953, for instance, the production of canned fruit alone reached a total of 2,750,000 cases, which was ten times the amount produced by South Africa before the last war.

About 60 per cent of the Union's tinned food products is exported. According to a survey of the Commonwealth Economic Committee, South Africa produced 135,000 tons of canned food in 1953, compared with the 13,000 tons produced in 1938.

Wartime Stimulus

The article stated that the produc-

From *Modern South Africa*

Commonwealth Producers' Problems

FROM AN ADDRESS BY MR J. K. VAUGHAN-MORGAN, M.P., TO THE ANNUAL GENERAL MEETING OF THE BRITISH COMMONWEALTH PRODUCERS' ORGANISATION, OF WHICH HE IS CHAIRMAN

DEVELOPMENTS in the fruit trade have made it necessary for us to pay a good deal of attention to the marketing problems of producers during the past year and it seems certain that this subject will continue to occupy us for some time to come. On the fresh fruit side the most pressing problem is the manner and extent of the help required by British Caribbean banana and citrus producers to enable them to secure an adequate share of the U.K. market at reasonable remunerative prices if these industries are to survive in the face of subsidised foreign competition and eventually of dollar/sterling convertibility. Such convertibility would of course involve unrestricted imports of citrus fruit from Florida and California.

Since it is agreed that Britain has a responsibility for the people of dependent territories then surely we must accept responsibility for ensuring a market for their exportable produce and a fair return to efficient producers. Otherwise there is no point in encouraging them to develop and diversify their use of the lands at their disposal.

Right of British Subjects

We ought to see to it that the people of our dependent territories are no less favourably treated in this respect than those of other metropolitan powers such as France, Portugal and the United States—in

short, they should have the same advantages in our market as our domestic primary producers enjoy. As British subjects they should be entitled to this status. Our manufactured goods receive a substantial tariff preference in the West Indies, Cyprus, Mauritius and other territories of similar constitutional status.

Unbalanced Preferences

Mention of preferences reminds us of the failure of the efforts of the United Kingdom, Australia and a few other countries to gain permission from the contracting parties to G.A.T.T. to adjust specific preferences given by the United Kingdom to Commonwealth products, where the change in the price levels since the war has greatly reduced the percentage margin of preference. This matter was of special importance to Australia which gives *ad valorem* preferences to U.K. manufacturers but gets in return what has become an insignificant specific preference on many of its primary products.

In consequence the principle of reciprocity has to a large extent disappeared and there is a growing feeling in Australia that something must be done to redress the balance. Manufacturers in the United Kingdom, whose position in the very important Australian market has been built up and maintained under

From *Commonwealth Producer*, September-October, 1955

the shelter of an average preference of about 15 per cent, would find it difficult to retain their present share of Australian imports if this were reduced or removed altogether.

Enlightened Self-interest

It may be recalled that the leader of a West German trade delegation which recently visited Australia stated that if the preference was abolished Germany would be able easily to double her exports to Australia. It is, therefore, clearly to the interest of U.K. manufacturers to do all they can to ensure action by the Government here to do everything possible to compensate Australia for the one-sided character of the preferences now accorded by the two countries to one another's products.

Steps such as the safeguarding of Australia's position in the U.K. market in respect of fresh, canned

and dried fruit, which have or may have in future to contend with subsidised foreign produce or with the over-spill of countries with domestic markets which absorb the greater part of their own output; meat, dairy produce and, as far as possible, wheat; whether by a quota system or in some other way, suggest themselves as possible means of restoring Anglo-Australian trade policies to a fully reciprocal basis. And, although the value of Australian wine and spirit exports is small in relation to that of her total exports to this country, the Australian vineyards give employment to a substantial number of people and have absorbed many ex-Servicemen whose livelihood is at the mercy of the demand from Britain for their wine and dried vine fruits. Here, too, we can help materially by a real cut in the duty on high strength wine and on brandy.

New Zealand Royal Commission on Credit and Currency

THE whole process of money creation is steeped in delusion. It has been permitted only because so many people (including legislators and bankers) did not realise what the banks were doing. They realise it now, and if banks are permitted to go on creating money in this way

after the unequivocal admissions made by the Chairman of the Associated Banks, and by the eminent Council who represented them, it is only because the electors have not yet had an opportunity of registering their opinion on the matter....

Extract from the closing speech to the N.Z. Monetary Commission by Dr O. C. Menzies, Q.C.

Population versus Economic Rehabilitation

BY HIS EXCELLENCY MR M. IKRAMULLAH,

High Commissioner for Pakistan in the United Kingdom. From a lecture given to the Pakistan Society of which he is President at the Overseas League on October 11, 1955. Mr Ikramullah was speaking not as High Commissioner but in a personal capacity. He has considerable experience of the Pakistan Ministries principally concerned.

THE bulk of the world's population is living in South and South East Asia and that area has been described by any normal standard as an under-developed area. These figures really do not convey anything unless you think of the matter comparatively. Take for instance the population of Pakistan. If India were not a member of the Commonwealth then Pakistan would be as populous as the rest of the Commonwealth put together.

In Pakistan we are also increasing at the rate of 1½ million. Before long, in another 20 years, India and Pakistan together should have easily more than 500 million people.

End of 'Pathetic Contentment'

All these countries are extremely poor, but they have always been poor; what has happened now is that they know that they are poor. The spread of education, the spread of communication, radio, cinema, all these things combined have made people conscious of the fact that they are poor and they are growing impatient. It is not that the Governments of the countries and the people of different parts of the world who are better placed than we are, have not been thinking of our prob-

lems. Almost all the countries that I have mentioned have got various kinds of 5 year or 6 year programmes. Western countries and Commonwealth countries have joined hands to produce what is known as the Colombo Plan in which millions of pounds have been given away freely for the development of the Colombo Plan countries. You will have been reading in the newspaper almost every day about new projects that have been launched, new works that have been completed, and this very morning looking through the *Manchester Guardian* I saw an article about India which said that in the last three years the standard of living, as well as the total production of capital in the country, had increased tremendously—but what's that, net increase? I doubt it, because in the three years the population of India must have gone up by another 15 million. I don't, in spite of all that has been done, really feel able to say that there has been a net gain.

Education

Now, what are we doing to meet the situation? We are educating our people in almost every country of Europe and the United States

and Canada. We are learning new things, we are transposing *en bloc* enormous numbers of mills and factories and setting them up.

The industrial development of Eastern countries is not following the pattern that was followed in this country or in the United States or, as a matter of fact, in a number of other advanced countries. We buy our machines and we just set them up. Now, we have got in Pakistan a textile industry which is capable, I am told, of producing all the cloth that the people of Pakistan require.

Unemployment

If we undertake a series of other developments in the industrial field it is possible that some 7½ million or 10 million people might become unemployed. But the problem is even more serious than that. We are borrowing machines from European countries and the United States. In these countries there is a shortage of labour. In England there is so much employment today that they are importing people from other parts of the Commonwealth to come and work here. I have been reading letters from people in Pakistan enquiring whether they should come because some friend or other from Manchester or Birmingham has written to them saying that if you come here you will get seven or eight pounds a week. I was talking to a shipping company director a few days ago. He told me that of the Pakistan sailors that were recruited in India and Pakistan in past year more than 1,000 jumped the ships on reaching this country.

Communism—no wonder!

Every time a new invention is

made or a new machine is made the greatest aim and object of the inventor is to find something that reduced dependence on human labour. It is all very well for these countries, but that is the one thing that we are surplus of. We are not short of human beings, we are not short of labour; it may be untrained today but the bodies are there. I can't think of any industrial scheme that would, for instance, have employed in Pakistan almost a million and a half men every year, which is the extent of our annual increase. It is impossible, it is literally impossible. The result is that you hear a great deal about the infiltration of the Communists, of growing Communist influence and of totalitarian methods. People want to do things quickly.

Governments come forward and have enormous construction programmes. Private industry has come forward with other programmes. But what are they doing? They are keen on producing only certain commodities, but even what they produce is not being distributed properly. We are leaving outside large masses of people who are ready to listen to any kind of propaganda because they all feel that they do not want to be poor any more.

In Pakistan the statisticians produce figures showing that production has increased and there are more deposits in the savings banks; but the fact remains that the poor man feels that he is poorer still and he has to go about eating food which in the days of his youth he would not give to beggars. I remember my mother telling me that certain food which the people are eating now, which we are all eating, when she was a young girl was only meant for bullocks and oxen.

On the Wrong Track?

One of the greatest mistakes we are committing is replacing *all the time* what I call the antiquated methods by the modern methods. Because modern methods today benefit a few, over a period of time, probably in fifty years, everybody will be better off. But we are talking of the short term. Today, on the short term basis, I know that the people who work in the mill or the factory are better off but hundreds of people who are sitting on the pavements of Karachi are not and they would remain where they are because there is no means of employing them, and the population is increasing.

Periodically you hear that we should mechanise agriculture. I think that the people who talk about mechanising agriculture in the East do not appreciate the problems.

Take Pakistan, for instance. In Pakistan, out of 80 million people, some 75 to 80 per cent depend entirely on the land.

We should give our farmers more fertilizers, more manure, small engines that would replace the power of a pair of bullocks, but not combine, not bulldozers, because remember, it sounds so silly to say, that a partially employed man, which most men in Pakistan are today, is much better off than the totally unemployed, which the farmers of Pakistan would be tomorrow if we entirely mechanise our agriculture. We must practise scientific agriculture, utilise every bit of money that we possess to let the man get a larger crop from his antiquated methods rather than adopt such methods which make him surplus to the requirements.

British Colonial Investment

At the end of 1952, the latest year for which the figures are available, the value of investments by United Kingdom residents through the medium of securities quoted on, or otherwise known to, the London Stock Exchange, in the following parts of the Colonial Empire was as follows:

West Africa	£43m.
East Africa	£38m.
Central Africa	£103m.
Malaya	£70m.
Caribbean territories	£34m.

Trade Union Topics

(1) 6d. PER WEEK PER £ FOR COMMONWEALTH PROGRESS

FROM A SPEECH BY BOB EDWARDS, M.P., GENERAL SECRETARY, CHEMICAL WORKERS' UNION, PROPOSING A RESOLUTION ON COMMONWEALTH ECONOMIC DEVELOPMENT (an extract from which is given below). 24th September, 1955

As members of the British Commonwealth the coloured workers from undeveloped overseas territories have a legal right to come to Britain and to seek employment in British industry. We should resist every attempt to deprive them of this right based on the colour bar. There are approximately 90,000 coloured people in Britain today, which is less than one in every five hundred of the total population. The labour exchanges advertise over 400,000 vacancies; if only half of these jobs were suitable for coloured workers no serious economic problem should arise for the British workers. These coloured people are forced from their homelands by grinding poverty, unemployment and the insecurity and indignities of social life in their own countries.

Our Failure

Whilst the continued flood of coloured workers into Britain does create social problems, mainly as it relates to shortage of houses, we must face these difficulties. They are here mainly because of our failure to establish balanced economies in their own country, and the only way to guarantee full employment and security for them is to find the means

of developing the vast natural resources of the areas from which they come. This can only be done by continuous flow of capital investments. At the moment some eight billion dollars of American capital is invested in the Commonwealth lands, which is nearly half of America's total overseas investment. It is therefore clear that British industrialists and financiers are either unwilling or unable to risk capital for commonwealth development.

Development from Britain

The future of full employment in Britain may very well depend on the development of the tremendous resources which lie untapped in the Commonwealth lands, but it is clear that the arteries of Commonwealth development are clogged; vast sums of money are needed to finance new projects and the risk capital does not seem to be available, but there should be no need to leave the Commonwealth wide open to American investments. The plan we advocate in this resolution for raising the money from the British people is not a pipe-dream; it could be done quite simply and the rewards for the peoples of Britain and the Commonwealth could be unlimited.

Enlightened Self-interest

The twenty-three million people employed in Britain earn together nearly nine thousand million pounds in wages and salaries. A tiny percentage of this sum paid each year into a Commonwealth Savings Pool would be enough to launch great new projects in the undeveloped lands of the Commonwealth. If we took as a starting point 6d. in the pound per week, the sum of over £200,000,000 per year could be raised for this purpose.

It is true that such a proposal might mean some sacrifices; it would mean less American tobacco, fewer films and less spent on other imports from America, but if it could be accepted by the British working class, it would go a long way towards ending Britain's permanent economic crisis. The

alternative to such a proposal is to maintain the present position of fighting a losing battle in the export markets of the world and becoming increasingly dependent on American loans. There is no future for the British workers based on Britain's present economic policy, of relying on exports. What is needed is a new outlook based on Socialist economic planning with balanced economics, both at home and throughout the Commonwealth.

This resolution therefore, is an attempt by one Union to deal in a practical way with the problems arising out of the breakdown of British economic policy at home and abroad. Unless something is done along these lines, full employment cannot be maintained and Britain's future as a World Power is very uncertain indeed.

(2) COMMONWEALTH ECONOMIC DEVELOPMENT

... this General Meeting calls for the establishment of a Commonwealth Economic Commission, the object of which would be the direction of capital investments into the undeveloped territories of the Commonwealth. In order to create the necessary finance to sustain such development this General Meeting is of the opinion that a Development Trust should be established under the control of the Commonwealth Economic Commission, financed by the British people on the basis of a deduction of 6d. in the £ on all wages and salaries, thus creating a permanent income of £200,000,000 per annum. All monies so deducted should be free from income tax and carry an interest of 2½ per cent, all monies paid into the fund being withdrawable by all contributors at

the age of 65.

The Trust should be administered by a Committee elected on a democratic basis by the contributors who would have, as a first task, the employment of technicians and experts to carry out the detailed policy laid down by the Commonwealth Economic Commission.

This General Meeting offers this concrete proposal as a means of creating expanding economies throughout the British Commonwealth and, at a later period, the under-developed areas of the world, as a means of increasing the volume of production of wealth, guaranteeing full employment and winning permanent security for the British people and for the millions in the Commonwealth lands who live on sub-human standards.

Nine Years of the World Bank

IN THE year which ended on June 30, 1955, World Bank loans financed the purchase of \$274 million worth of industrial goods and services. Of this about half was expended in the countries of Western Europe, including Great Britain. This is one simple measure of the growing importance of the Bank's operations to industry in the United Kingdom.

The International Bank for Reconstruction and Development, to give it its official designation, has come a long way in its first nine years. No such inter-Governmental corporation had ever before existed. Beginning, of necessity, with a series of reconstruction loans to the war-devastated countries of Western Europe, the Bank was enabled, by the adoption of the Marshall Plan for Europe by the United States in April, 1948, to switch the emphasis of its lending early in its career to its permanent and ultimately more important task of long-term development lending—of laying the very foundations of industrial progress in countries relatively or completely undeveloped. In making loans to over thirty countries, involving a principal amount of \$1,777 million, the Bank has amassed an unrivalled weight of experience and made its own distinctive contribution to the methods and technique of development lending.

Reinforcing Free Enterprise

From the beginning it has seen its task as complementary to private international investment on the one hand and to domestic investment in member countries themselves on the

other. It has therefore lent only where private funds have not been forthcoming and for foreign exchange costs. The whole of its lending has been concentrated on basic services.

The Bank, however, has never viewed the immediate object of its lending in isolation from the surrounding circumstances of the economy of the borrowing country. It could not; for it has found itself right up against the need of underdeveloped countries not only for outside capital but also for creating the conditions and supplying the skills without which such capital cannot be used effectively. In assessing the loan-worthiness of particular projects, therefore, it has inevitably been led on to wider considerations involving the whole of the borrowing country's economy and the development of a concept of advisory assistance unique in banker-borrower relationships.

Survey Missions

A most comprehensive instrument for giving development advice to member countries has been evolved in the general survey mission. The Bank has now organised fourteen such missions to member countries. The objects have been throughout to estimate the amount of investment that a country can undertake with the resources at its disposal, to recommend priorities for public investment among important sections of the economy, having regard to private investment requirements and to recommend the kind of economic, financial and administrative measure

From F.B.I. Review, October 1955

necessary to support an investment programme. Now the Bank and its borrowers have the same end in view and in a further new departure, the Economic Development Institute, a staff college for senior officials of under-developed countries to enable them to improve the management of their economic affairs.

Furthermore, the Bank is not, and never has been, content merely to deploy Government funds. It aims to restart the flow of international investment from private sources. It has therefore carefully cultivated the market for its own bonds not only in the United States but also in the United Kingdom, Canada, Switzerland and the Netherlands. Now its securities are held mostly by private purchasers in many different countries and have a gilt-edged status. It has also with success brought the capital markets of the world into closer relationship with its borrowers

by transferring bank loans to other investors.

Useful Purposes

Today the Bank is in a position to put its uniquely wide experience of the circumstances of the world's lending and borrowing countries to further useful purposes. It is concerned, for example, and rightly, with the unregulated growth of short and medium term lending, due to export competition, for purchases of capital goods for purposes the economic merits of which have not always been very carefully appraised, and which are essentially long-term in their nature. Its efforts in co-operation with fourteen major exporting countries to find out more about the extent and distribution of indebtedness of this kind could certainly help its own judgment and that of both its borrowing and lending members in their own spheres.

Christmas Greetings 1955

May we suggest that you give your friends a subscription to the Economic 'Digest' as a Christmas or New Year gift this year? If you would like to send us the names and addresses of those to whom you would like the 'Digest' sent, we shall undertake to have the first issue in their hands before Christmas.

See form enclosed for special offer.

Indian Planning Criticised

BY DR R. C. RAWLLEY, D.SC. (LOND.)

EVEN though the Prime Minister's unrestrained idealism and the Finance Minister's utter lack of respect for the people's hard-earned money, which represents their toil and tears, have already committed posterity to too late to mend matters. So long as the accelerated programme of economic development does not go beyond the breaking point it can easily be slowed down to suit our physical and financial capacity.

There are several rational ways of mending matters, and amongst them the most important is the pruning of expenditure and of unnecessary departments at the top. For instance, the present Planning Commission, with its endless sections and subsections and unwieldy administrative set-up, could easily be replaced by a considerably reduced body of economic and scientific experts with practical knowledge of planning and allied subjects. Similarly a large number of useless departments in the Central and State Governments could be wound up, so that the common people may be freed from the bondage of the red-tape.

Efficiency in State Concerns

The next step which the Union Government could take with considerable advantage is the setting up of a supervising agency for the efficient management and control of the industrial and commercial establishments which they have already set in motion with public funds. Before launching upon further industrial risks the Government should see that State-owned industries are being

From Organiser, Annual Number

no further need for high-speed, controversial and utterly speculative socialistic plans; otherwise it will be a case of 'After us the Deluge!'

How many people really weep for the sorrows and sufferings of

the millions of poor in India? Are we men? What are we doing for their livelihood, for their improvement? We do not touch them, we avoid their company! Are we men?

—Swami Vivekananda.

Capitalism Transformed

As regards the apparently growing trend towards a comprehensive form of socialism, as distinct from the more empirical form favoured in, say, Britain or the Scandinavian countries, there are some who hold the view that capitalism is wholly out of date. Considering the remarkable progress made in capitalistic countries particularly since the war, such a view can only refer to the nineteenth and early twentieth century type of capitalism which is, indeed, just as out-of-date as the nineteenth and early twentieth century type of socialism.

We are, however, no longer living in those days and should not close our eyes to the enormous changes which have occurred in capitalistic societies throughout the world since then. Modern capitalism has changed beyond recognition from what it was a century ago. It has shown a remarkable capacity to fit into the most modern concepts of the Welfare State, while creating wealth and prosperity unprecedented in human history. Statistics are some times used to obscure this truth; as an instance, I may mention the extraordinary figures of national income growth quoted in a working paper entitled 'The Second Five Year Plan's Tentative Framework' circulated a few months ago for purposes of discussion. The picture presented would

lead us to believe that the annual growth of national income in socialistic countries under totalitarian regimes is three to five times as great as in capitalistic countries. To suggest, even by implication, that economic progress is greater in, say, East Germany, Poland, Hungary or Bulgaria than in West Germany, Belgium, France or England, let alone America, is to place a severe strain on one's credulity.

There is, in fact, overwhelming evidence that the conditions of living in Western Europe are far better than in Eastern Europe and also that the rate of post-war recovery and economic growth is greater. This contrast can best be seen in a visit to East Germany as well as West Germany. Though both these zones were severely damaged during the war, the enormous disparity which exists today in economic activity and in the standards of living of the people is there for all to see—a West Germany humming with activity and abounding in consumer and capital goods of all kinds, where the Government have actually had to warn both management and workers not to work so hard and so long; and East Germany, where conditions are visibly worse than across the border and where small producers restrict their output and avoid expansion for fear that their business and the fruits

From Organiser

of their enterprise will be taken over by the State.

The Choice of Means

If I have taken so much of your time in discussing these recent developments of our economic policy; it is because they seem to me to be of crucial importance to the future of our country. We all appreciate the outstanding achievements of our government in overcoming grievous difficulties and stabilizing our economy since the attainment of Independence. A tremendous opportunity for rapid development within the framework of a free and democratic society now lies ahead. On the choice of the means and methods of

achieving our objectives will largely depend the success or failure of our plans, and in our hurry and impatience to get quick results, let us beware of the temptation to jettison economic systems or working philosophies based on human nature which have stood the test of time.

In conclusion, may I repeat that if I have expressed doubts, it is not because I fear that business or industry or the few well-to-do may suffer a contraction of their income or profit, but because I sincerely believe that the voluntary enterprise of our people, individually and in groups, has a great part to play in ensuring the success of the plans on which the country has embarked.

Australia's Food Imports

In 1954-55, Australia imported foodstuffs to the record value of over £43 million, equivalent to more than 5 per cent of our total imports during the year. Although the increase in our food imports bill has been rather startling over the years since World War II—the total was only £11 million in 1946-47—it has not been quite so rapid as the rise in our expenditure on other imports.

On the other hand, the rise in the value of our food imports over the last 9 years (about 300 per cent) has been much greater than the increase in the value of Australia's food exports, which rose from £100 million in 1946-47 to a peak of £298 million in 1952-53 and totalled £266 million last year (a net increase of 166 per cent).

It is interesting to note that Australia's income from food exports averaged about 10 times the annual cost of food imports, ranging from just under 14 times in 1952-53, the year of record food exports, to just over 6 times in 1954/55, the year of

From Trends, September 1955

Let's Talk Sense

BY HYDASPEUS

BRITAIN cannot solve her problems and help other countries to solve theirs by attempting to apply nineteenth-century principles to twentieth-century conditions. It is not enough to urge British exporters to become more competitive. It is no use a nation of high-cost producers preaching free trade in a world full of low-cost producers and dominated by two highly protected continental systems. Nor is there any permanent guarantee of export markets in the possession by Britain of superior inventiveness in aircraft or atomic energy or automation. The latter may indeed give further advantage to countries of inferior skill and low living standards who buy experts and equipment from advanced countries in return for their minerals or primary products.

In the nineteenth century, whence came so many of our economic ills, England was able to sell manufactured goods where and how she liked and at practically any price; the outside world wanted British goods and sent us in return a disproportionate quantity of food and raw materials. The financial lending power of London became immense but home agriculture was devastated for the sake of cheap food and low wages. The American Republic depended economically upon London for a great part of the last century as did the American colonies.

Those days have passed. Other great industrial powers have developed their own industries behind protective barriers. The industrial-

isation of the primary producing countries proceeded apace with the help and the loans of those countries which were first in the field. The modern tendency is for nations or groups of nations or great federations like the U.S.A. to achieve a greater measure of self-sufficiency, to secure more economic balance. Food is becoming dearer and manufacturers cheaper. The struggle for exports becomes more acute among countries, each seeking a 'favourable' balance of payments. It is certain, however, that if the balance of payments of some countries is to be 'favourable', that of others will be 'unfavourable'. Exports and the transactions of merchants and financiers are exalted above those of producers of goods. The framers of policy ignore the truth that exports have only one justification, namely to secure the means of buying abroad what cannot reasonably be produced at home. Great Britain has a population swollen by the wealth of an industrial monopoly which she no longer enjoys; she is greatly deficient in raw materials; she still imports large quantities of food and feeding-stuffs.

Great Britain is thus ill-suited to compete in an international free-for-all with the greatest powers whose need to import is as small as their capacity, or potential capacity, to export in overwhelming quantity the overspill of an immense internal market. Great Britain needs what they enjoy, namely, an economic area, or economic arrangements, which will make sure, in co-operation

with others, of the means of livelihood and strength.

Britain's need is assured by other countries in greater or lesser degree.

As the leading Commonwealth and European Power, she is thus uniquely placed to set the world upon a sounder course.

The Race for Minerals

(1) U.S.A.

MR DOUGLAS MCKAY, Secretary of the Interior, has told the annual convention of the American Mining Congress about the expanding activities of the Bureau of Mines in its search for better mining and metallurgical methods, with particular reference to the working of low grade deposits. Mr McKay clearly accepts the U.S.A.'s growing dependence on imports as an inescapable fact around which the Administration is shaping a deliberate policy. 'No longer', he says, 'can we fight a war or sustain an industrial economy without the aid of materials from foreign sources. The United States is heavily dependent on imports of tin, chromium, nickel, manganese and bauxite. Today we are also on an import basis for petroleum, copper and other mineral commodities whereas not so long ago the U.S.

was a net exporter of these products.' (The Paley Report estimated that out of more than 100 minerals employed in American industry, the U.S. was, to a greater or less extent, dependent on imports in respect of nearly 70 per cent of them.)

Home and Abroad

Mr McKay goes on to make it clear that the Administration's policy will be to keep American markets open to foreign producers, while encouraging the building and maintenance of an economically sound domestic industry employing such financial incentives and import controls as may be required to accomplish this objective. With this in view, continuing appraisal of the United States' mineral resources will be one of the principal tasks of the Bureau of Mines.

From the Mining Journal, October 14th, 1955

(2) BRITISH COMMONWEALTH

SIDE by side with the U.S.A.'s increasing dependence on foreign mineral production, the Commonwealth's own mineral requirements are likely to expand in response to the rising standard of living which must be looked for in backward

Colonial territories quite as much as in Britain (with her added need for manufactured exports) and in the other industrialised areas of the Commonwealth. Moreover, we must expect this position to be aggravated by a similar trend throughout the

Long-term Planning

Irrespective of whence the initiative comes in considering these problems, it is apparent that considerable gaps in our statistical data will need to be made good before we are in a position to take a factual view of our future requirements and resources on a British, let alone on a Commonwealth, basis. Moreover, it will rapidly become apparent that an early problem at both national and Commonwealth levels will be the co-ordination of existing facilities which are not already adequate and even the creation of new facilities where these do not already exist. This applies not only to our statistical equipment for providing approximate but up-to-date world production, consumption and stock figures and trends, but also at subsequent stages to the compilation of geological data (a sort of Commonwealth minerals audit), to the advancement and dissemination of the 'know-how' of extraction metallurgy, to the recruitment of trained personnel and to the mobilization of financial resources.

Foresight is Cheaper

No doubt in the initial stages, rising prices will, by lowering pay limits, help to keep production in step with growing demand, but the probability is that in the long run the countries with the greatest foresight or, if all are equally important, those countries with the longest purse, will turn out to have acquired preferential access to most of the world's potentially important mineral areas.

This proposal points to two urgent necessities for the Commonwealth. First, Commonwealth mineral production must be greatly expanded both to meet its own growing industrial requirements and as a major dollar earner (whether exports take the form of raw materials or processed manufactures is largely irrelevant to this particular argument). Secondly, we must ensure that the financial control of the new deposits to be opened up remains within the Commonwealth. It is, for example, no solution to find that the finance for the opening up of some deposit which is in critically short supply has only been achieved on a basis whereby the principal and interest is to be repaid to the United States in physical metal at a price which may quite possibly turn out to have been below that ruling at the time of delivery.

Moreover, from the consumer's point of view at least, research into the whole problem of substitution and conservation may need reappraisal. Indeed, owing to the time lag in bringing new mines to production, changes in the pattern of consumer usage often supply the only short-term solution to a sudden crisis in supply.

If all this is beginning to sound to the reader like a case for long-term planning, the reader is right. However, in taking a considered long-term view of this problem Britain would not be in undistinguished company, as this is precisely what the

From The Mining Journal, October 7, 1955

United States—that citadel of private enterprise—has in fact been doing during and since World War II. It is true that she has been compelled to do it in order to safeguard her industrial and military raw material requirements but the compulsion in the Commonwealth is no less real, even though it may be less immediately apparent.

Can Britain Play Her Part?

It seems pertinent to ask what Cabinet Minister, and through him what section of what Ministry, is today charged with the responsibility of determining, and giving effect to, Government policy on matters relating to the domestic and Colonial production and the use of minerals—other than coal, iron, oil and possibly uranium. If this Minister and this Department were already clearly identifiable and busily at work, the problem in its early stages would become much simplified. However, we have no knowledge of any such activity.

Those producers who have for years been negotiating with the Government through the British Overseas Mining Association (or who are perhaps about to do so through the United Kingdom Metal Mining Association), should not give up hope of the Government seeing sense merely because of previous frustrating experiences with the Treasury. After all, some branches of Government, more especially those concerned with exports or defence, should be (and, when things get tough enough, will be) as anxious as any private consumer to safeguard mineral resources.

True, the producer might, with some justice, argue that so far from his having to seek favours from the

Government, it is, under present conditions, really the Government and the consumer who stand in need of his help. The fact nevertheless remains that, as the United States and Canada have already demonstrated, Government assistance, intelligently applied, can be of real benefit to the mining industry however prosperous or potentially prosperous it may be. Who, for example, in our own mining industry, whether at home or overseas, would not welcome a constructive Government policy on taxation or on the acceleration of geological surveying or on fundamental research into mineral dressing?

Unity of Purpose

It is tempting when some major task has to be tackled, to set up a new organization to do it. In Britain, however, it is, as often as not, the least successful approach and British industry is littered with the wrecks of such grand conceptions. The problem we are considering is essentially one of co-ordination. In a number of directions the machinery and the information already exist, if only they can be brought together and put to use. In some cases, such for example as consumer statistics, existing facilities may need to be strengthened, and there may prove to be one or two directions in which entirely new facilities need to be established, as, for example, the much discussed central ore treatment laboratory.

Such effective co-ordination can, however, only come from identity of purpose (born of an awareness of future dangers) and a determination both among industrial leaders and Government Ministers not to allow the central issues to become obscured by sectional interests. Such

unity of purpose is as a rule only generated in the face of actual or impending crisis, with the result that emergency action has then to be taken, the future is mortgaged and we eventually sit back exhausted by the quite uneconomic emergency measures which have had to be taken. At present our mineral supply position is some way from being critical as we in Britain have become accustomed to understand crises. Is it nevertheless too much to hope that for once we may anticipate and avert a crisis by acting now, rather than having eventually to grapple heroically with an inherently impossible situation?

Lost Opportunity

Today—as forty years ago—the initial step, of course, remains the need to arouse the Government first to the present opportunities which are being lost to our economy by official neglect of the mining industry—here and overseas—not least by the crippling effect of present tax policies and, secondly, to the eventual condition of crisis towards which the world's metal supply situation is drifting. This is a matter in which the initiative must be taken by private industry—alike by the producer and user. As matters now stand the latter may be the more likely to get a hearing and should, therefore, perhaps be encouraged to make most of the going initially.

Even at this very early stage the industry may find itself handicapped by the absence of statistics with which to support its case, and some preliminary fact-finding may well prove necessary. In this connection the great thing is not to attempt anything too ambitious or detailed. The most accurate statistical survey is unlikely to have an error of less than

5 per cent on the consumer side of the equation, whereas it should be relatively easy, by using available information supplemented by intelligent and informed guesswork, to present a picture, accurate to perhaps 15 per cent, of the requirements not only in Britain but in all the principal consumer countries. Such rough figures should be sufficient at least to indicate the possible extent and duration of the immediate world shortages of, for example, copper or nickel, while the imbalance of future consumption over production so far scheduled promises to be so great that even quite substantial statistical errors are unlikely to invalidate the general conclusion.

What Should Government Do?

Assuming that industry has been successful in arousing the Government's awareness, for what then should it ask?

The first step would seem to be to urge the appointment of a Minerals Advisory Board which would both help to formulate a Government Minerals Policy and assist the responsible minister to give effect to this policy so far as possible through existing facilities. The Board should also be in a position to advise on where the strengthening or modifying of these facilities appeared desirable or (if absolutely necessary) where new facilities should be established. In this latter eventuality the Board should be so constituted as to be able to serve as the instrument through which these facilities become established.

This may seem a somewhat empirical approach, but it at least has the virtue of being likely to generate less obstruction (and, incidentally, to be quite a lot cheaper) than any root and branch approach. The member-

ship and staff of the Board would, of course, have to be so constituted as to earn Whitehall's positive cooperation (as distinct from the polite acquiescence which has so often

proved to be the kiss of death). Yet it would remain ineffective without the wholehearted participation of the producing, consuming and scientific interests involved.

Rubber from Ravenna

VERY rich deposits of methane gas have recently been found near Ravenna, but there are many practical difficulties about using this supply of gas, since it is situated in a purely agricultural district. Ravenna has lived for a very long time on its archaeological and artistic treasures. This state of affairs, however, is destined to undergo a radical change, for work has already commenced on the construction of an enormous synthetic rubber factory which will be in production within the next three years, providing employment for thousands of workers. The capital investment for this factory is in the vicinity of eighty million American dollars, supplied in part by Union Carbide and Carbon Corporation and by the Philips Company of the United States, while the controlling interests are held by the Italian Government corporation for the exploitation of methane gas. Over 30,000 tons of synthetic rubber will be produced by this factory per year in the initial stages, and a ready market is assured, since the cost of production will be very much below the present world levels, and rubber will find a very easy market in Italy itself.

From *The Tablet*, September 17, 1955

U.S. Credit

In addition to this synthetic rubber factory, a further four million dollars have been provided by American credit institutions for the construction of a second factory also at Ravenna, which will produce over 35,000 tons per year of methane fertilizer as a by-product of methane gas. Here, too, there is no lack of markets, for in addition to the fact that Italy as a result of the agricultural reform is now making wider use of chemical fertilizers, there is a great demand for them from other countries, and in fact even before the factory is in operation, quantities exceeding the total initial annual production of about 35,000 tons have already been requested for export.

On the Eve

There is no need to illustrate the immense importance of these two new industries for the whole of the district of Ravenna, and also for the Italian national economy; but it is well to remember that it is only the beginning, and that Italy is certainly on the eve of a real industrial revolution, destined, people say, to solve the age-old problem of unemployment.

ment and permit Italians to earn a living for themselves and their families without being forced to emigrate to other lands. At the same time, projects are also being studied to bring industry into the so-called depressed areas, especially in the south of the country, to repeat what is now taking place in Ravenna.

It can be added that this urge to intensify present industries and create many other new ones also explains why there is such deep Italian interest in the use of the atom. So

far the known methane gas deposits are estimated to suffice for the period of about twenty years. There are high hopes that eventually new deposits will also be discovered, especially in the south of the country, and in Sicily, but the hope of being able to exploit the rich deposits of uranium believed to exist in various parts of the country, and especially in the north, where experimental yields are said to be from 3 to 7 per cent, is inspiring industrial experts to plan very much farther ahead.

The Coal Position

Factors in the Fall in Production

The two biggest causes of lower deep-mined output have been displacement and lower output per man-shift. Disputes cost about a million working days in the first nine months of this year, at a cost of 2.3 million tons (1.4 million more than a year earlier). Output per manshift over all in the first 38 weeks was on

average 1 per cent down on a year earlier and this has cost something like 1½ million tons. The drop was particularly marked in the summer months; recently there has been some improvement and in September O.M.S. has been near the level of a year earlier. Output at the coal face has, on average, been virtually the same as last year. The O.M.S. figures are:

	(Tons weekly)			
	1st Qtr.	2nd Qtr.	July/Aug.	Sept.*
Overall	1.24	1.21	1.17	1.22
Per cent changes on a year earlier ... ..	...	...	...	...
At the face ... ..	...	...	...	...
Per cent change on year earlier ... ..	...	...	...	...

*4 weeks.

Manpower has been falling. At 24th September the total on colliery books, at 700,000, was 5,000 less than at the beginning of the year. Last year numbers were nearly steady during this period. The average manpower in 1955 has been 2,400 less than in the same period of last year and has so far cost some-

thing like half a million tons of coal. Disputes and lower O.M.S. and reduced manpower have therefore together been responsible for over 3½ million tons of this year's drop in output. The remainder of the 3½ million tons is mainly accounted for by poorer attendance.

From *Bulletin for Industry*, October 1955

The Value of Overseas Visitors

BY FRANCES CHADWICK

BRITAIN becomes ever more popular as a holiday resort for visitors from abroad. In the first six months of this year 411,000 of them arrived in this country, compared with 365,000 in the first half of last year; and of these, 97,000 came from the United States, over 9,000 more than last year. Thus, in spite of the strike of Atlantic liner crews in June (which probably lost us some two or three thousand American visitors), the tourist traffic has broken all records.

Shortage of Americans

Yet Britain is like a social-climbing hostess, much put out that some of her richest visitors have not turned up. The wealthier Americans, it seems, come to Britain in June and September, leaving July and August for the common man. Few American visitors stay long in this country—usually only about two weeks, which they spend rushing round in motor coaches, and having done Britain, race round the Continent as well. That does not leave them much time for shopping. But fortunately they often return to this country, before starting back for the United States, and tend to put off their purchases until the last minute, when they can see how much they have left for buying things. On an average this turns out to be about £10—which represents only a fraction of the \$500 worth that each traveller is allowed to take into the United States duty-free.

From Commonwealth & Europe

Canadians spent rather less, but

*From Westminster Review No. 1, October 1955
Westminster Chamber of Commerce*

most visitors from the Commonwealth—especially Australians—spend more because they usually stay for several months. Visitors from Europe are often short of money and do not stay very long. The biggest gold mines are the South Americans, and British residents from South America who have come home on one of their two- or three-yearly visits. They find in Britain's shops a range of goods which import restrictions prevent them from getting at home and they buy for their friends as well as themselves, spending some £20 or £30 per head.

Best-Dressed Foreigners

Britain's overseas visitors were probably worth some £20 million last year to the retail trade, a boon which is the greater because it arrives just at the time when the home retail trade is slack. But the benefit is not evenly spread. It is broadly confined to London and Edinburgh; it is especially enjoyed by the department stores, because it is convenient and cheaper to have one's purchases dispatched to the boat or aircraft in a single parcel; and it favours those who sell certain goods. Savile Row Tailors do very well out of it—indeed, about a third of their business is now with customers from overseas. It is sad that the English, who were once supposed to be the best-dressed men in Europe, now buy most of their own clothes off the peg and let the foreigner disguise himself as The English Gentleman. But it is very good for the balance of payments.

Luxury Trade

Cashmere jerseys are very popular and so are tweed and worsted suitings, while china from the famous makers costs only a third of what it would in the United States. English silver—especially Georgian silver—seems cheap to our visitors, and the high-class antique trade owes much of its prosperity to foreign buyers. Spirits, bought without duty at prices that break the home consumer's heart, are usually found in the returning American's luggage. One would have thought that he would have bought his wine in France; but partly no doubt because he leaves his purchases to the last minute, and partly because he likes to rely on the judgment of a reputable London wine merchant, he surprisingly often buys it here.

Shortage of Hotels

The shopkeepers are not the only people who are helped over a slack period by the influx of tourists. The London theatre owes part of its success since the war to the fact that it no longer has empty stalls in the summer. The car hire people have done a roaring trade, and the luxury hotels in London find something like half their clients among visitors from overseas. There, however, lies the obstacle to any further expansion of this profitable business. There are not nearly enough luxury hotels in central positions. There are plenty of dim ones, with palm courts, decayed residents and dismal cooking. But the tourists whom it pays Britain to please want an up-to-date service and a private bathroom.

If the demand is there, why have not the hotel interests taken advantage of it? The answer is to be found in the seasonal nature of tourism. There are probably enough clients to

keep another London hotel going for about nine months in the year. But it is said that at present costs—like £5,000 a bedroom—it does not pay to build a new hotel that will be only partly filled for a quarter of the year: an office block will give a higher return. It is true that an American company has recently opened a new hotel in Bond Street, having leased the building; and another American company has for some time been looking for suitable premises. But the British hotel industry does not seem to be interested.

Largest Net Dollar Earner

Its interests are clearly at variance with those of the nation as a whole. Some 900,000 tourists in 1954 spent £95 million inside the country and a further £42 million in fare payments. This was the country's largest net dollar earning 'export', for of the £137 million £50 million came from North American visitors. The total number of visitors has grown with every year since the war, and this year, in spite of the liner crews' strike, a million tourists are expected, with probable earnings of about £150 million. At a time when British exports have been expanding less rapidly than those of her main competitors, Germany and the United States, the tourist traffic, now twice as great as it was before the war, has continued its rapid growth. Must there now be a halt to that growth, just because there are not enough bedrooms with bathrooms?

It is tempting to think that if the hotel industry really gave its mind to it, it could find ways of getting round the economic difficulties. It could streamline its services as American hotels do, to economise on scarce

labour. But it remains true that if it pays the State, but not the hotel industry, to expand hotel accommodation, then it is for the State to do something about it. The Spanish official tourist agency, with great success, runs its own hotels. No one suggests that here, but at least the Government could find means to encourage capital investment in the hotel industry. That would be unorthodox, and superficially contrary to the Chancellor's present

policy; moreover, it would be difficult to help hotels which cater for foreign tourists without helping others which do not. But surely some special consideration and special treatment is due to an industry which, unlike most of our export industries, has been steadily getting the better of its competitors, and which succeeded last year in earning enough dollars to pay for all Britain's imports of American tobacco and wheat.

Year	Total No. of Tourists (thousands)	Total Income from Tourists*
1947	401	£33m.
1948	511	£47m.
1949	565	£65m.
1950	630	£87.5m.
1951	711.6	£107m.
1952	732.8	£114.5m.
1953	818.6	£126m.
1954	901.5	£137m.

* Including fare payments to British air and shipping lines.

Takes All Sorts

A DANISH visitor took two friends to dinner at a large public house in London. He asked for the menu. 'There's no point in looking at it,' said the waitress: 'there is one steak left. Do you want it or not?' All that went with the steak was a shred of limp lettuce. When the customer asked for olive oil, he was told: 'If you want that stuff you'll have to bring your own'. The two friends were regaled with plates of tinned ham. 'If such a thing happened in my country', the Dane commented, 'we would tear the place down.'

From *A Monthly Bulletin*, October 1955

This story (fortunately not typical of the London pub) is told by a contributor to the *Sunday Chronicle*, after interviews with all three customers and the manageress. He tells another story (not typical either—unfortunately—of British hotels). A party of sixty-seven American tourists, leaving the new Hotel Leofric at Coventry, said that for 'the finest service, exceptionally good food and sumptuous comfort, they had experienced nothing like it on a tour of thirteen countries'.

Landmarks: 1 May—5 October

Argentina. 16 June. Revolt by naval units against Perón régime. 23 Sept. General Eduardo Lonardi was sworn in as provisional President.

Australia. 7 July. Overseas trade deficit for year ended 6 July showed approx. £68m.

Austria. 15 May. Foreign Ministers of G.B., France, U.S.S.R., U.S. and Austria signed in Vienna the Austria State Treaty.

Colombo Plan Conference. 9 May. Conference of Asian Members of the Colombo Plan opened in Simla to discuss the best use of foreign aid.

Egypt. 31 Aug. Revision of Anglo-Egyptian sterling releases agreement of 1951 concluded in an exchange of Notes.

European Coal and Steel Community. 3 June. Messina Conference of Foreign Ministers of E.C.S.C. Countries.

France. 3 May. A Franco-Saar Economic Convention signed.

3 Sept. M. Pflimlin, Finance Minister, announced a reduction of 7-6½ per cent in interest rate for long-term loans by the Crédit National and a return to complete freedom for new private shares and bond issues which no longer require prior authorization by the State.

21 Sept. New strikes on railways, believed to be organised by C.G.T.

G.A.T.T. 11 Aug. Japan had received necessary votes required for her admission to G.A.T.T., and would become a member on 10 Sept.

Geneva Four Power Conference of Heads of Governments. 18

July. The Foreign Ministers were instructed to consider various proposals for a security pact for Europe, limitation and control and inspection of armaments and armed forces, establishment between East and West of a zone in which the dispositions of armed forces would be subject to mutual agreement, and to study measures which would bring about a progressive elimination of barriers which interfere with free communications and peaceful trade between peoples.

Germany. 5 May. The Allied High Commission revoked the Occupation Statute. Federal Germany thus attained sovereignty and became a free and equal partner of the West.

16 May. Federal Germany and Spain signed a new trade and payments agreement.

8 Sept. Visit of Federal Chancellor and Foreign Minister to Russia.

13 Sept. Agreement was reached on the establishment of diplomatic relations. Marshal Bulganin and Mr Khrushchev gave their word of honour to return prisoners-of-war to Germany.

Great Britain. 2 May. White Paper (Cmd. 9462 S.P.) giving details of allocation of funds under Colonial Development and Welfare Act, 1955.

12 May. U.K. overseas returns for April showed imports exceeded exports and re-exports by £65m. compared with £924m. in March.

26 May. General Election. The Conservatives won 324 seats, associates 21, Labour 277, Liberal 6,

Sinn Fein 2. The Conservatives gained 49.8 per cent of total votes and Labour 46.2. Total votes cast 26,760,662 (76.8 of electorate). Communists 33,144 votes—no seat.

28 May. Railway strike. Strike of footplate workers belonging to Ass. Soc. of Locomotive Engineers and Firemen.

9 June. The Queen opened new Parliament.

Report of the Royal Commission on the use of land in East Africa published.

Terms settled of ten-year treaty with Denmark concerning peaceful application of atomic energy.

14 June. Following an agreement reached after talks between the Minister of Labour, British Transport Commission, Ass. Soc. of Loco Engineers, Firemen, and the N.U.R., the A.S.L.E.F. called off the strike of its members.

Agreements with U.S. Government had just been signed for co-operation in civil uses of atomic energy, and for the co-operation in atomic information for mutual defence purposes.

4 July. Members of National Amalgamated Stevedores and Dockers Union returned to work after six weeks strike.

Agreement reached between U.K. and S. Africa on Defence (Cmd. 9510).

8 July. Inland price of coal raised 18 per cent.

15 July. Mr Butler announced increase 15 per cent—33½ per cent on hire purchase deposits on many goods.

3 Aug. Treasury announce that Sterling Area's gold and dollar reserves fell by \$136m. in July. There was a deficit of 25m. with E.P.U. over June figure and 4

per cent below average monthly rate for half year.

The E.P.U. figures showed deficit for Britain for month of \$71.1m. (biggest registered for any country).

20 June. Anglo-U.S. Atomic Agreement. (Cmds. 9507 and 9508.)

29 June. Colonial Development and Welfare Acts S.O. 1/3 show that G.B. contributed A.£15m.

India. 31 July. Export duty on tea raised to six annas a pound.

1 Aug. Abolition of export duty on jute.

I.L.O. 2 June. In the General Conference the employers' group refused to nominate any employers representing Communist countries to committees dealing with specific subjects. U.S. Secretary of Labour condemned 'evil practice of forced labour'.

Japan. 4 May. Sino-Japanese Trade Agreement.

9 Aug. Min. of Trade announced that two committees were to be set up to investigate charges of dumping of Japanese textile goods in America and Europe.

Bank Rate. The Board of Trade raised its basic discount rate from equivalent of 5.84 per cent to 7.3 per cent.

Italy. 23 May. Italy and the U.S. signed an agreement for long-term loan.

18 May. Strike of industrial workers in the port of Genoa ended after 19 days.

Kenya. 16 June. U.S. had approved a grant of £1,388,000 for agricultural projects and medical training.

N.A. Treaty Organisation. 9 May. Federal Germany formally admitted as 15th member of N.A.T.O.

Pakistan. 31 July. The Govt devalued the Rupee to level of Indian Rupee.

22 Aug. Prime Minister announced that the Govt had increased export duties on cotton and jute by 50 per cent and 25 per cent respectively.

Rhodesia and Nyasaland. 31 July. Anglo-American group copper mine companies announced agreement with European Mineworkers' Union providing 24 categories of jobs held by Europeans should be transferred to Africans.

11 Sept. The president of the E.M.U. resigned because he considered that the Union should have conceded more jobs to Africans.

O.E.E.C. 9 June. Met in Paris. Agreement reached on principles of a clearing system to replace the existing system for the European Payments Union.

29 July Council approved plan for renewal of E.P.U. for another year.

European Monetary Agreement. This provided for a European Fund of \$600m. to provide short-term credits for countries not having made their currencies convertible for a multi-lateral clearing system.

U.S.S.R. 18 July. Russia agreed to allocate to N. Vietnam 400m. roubles to help restore her economy.

31 July. Soviet-Yugoslav trade agreement.

United Nations. F.A.O. 12 June. The Council met in Rome, and agreed that high priority should be given to a survey of the world's agricultural resources including forestry and fisheries.

IMF and World Bank. 12 Sept.

The annual meeting was held in Istanbul. The President proposed to members who were also members of E.P.U. that they should release in the same proportion as their original subscription to the Bank enough of the 18 per cent that could be paid in the country's currency to establish a pool equivalent to \$50m. Mr Butler told the conference that no decision on the timing of convertibility of sterling could be taken.

26 Sept. Committee on development of trade met in Geneva. Dr Myrdal, the executive secretary, said that there was reason for guarded optimism over East-West trade.

U.S.A. 2 May. The President asked for Congressional sanction for an appropriation of \$35m. for the U.S. contribution to the International Finance Corporation to encourage private enterprise abroad.

5 May. Sale of £26m. worth of U.S. surplus agricultural commodities to Britain provided that payment would be made in sterling, and most of the proceeds used by U.S. in Britain.

6 June. Hoover Commission for the Re-organisation of Government Operations suggested that Foreign Aid should be continued despite past mistakes and waste. Technical assistance within Asian-African area should be restricted to agriculture and small industrial projects.

20 June. Senate approved Pres. Eisenhower \$32,000m. Defence Appropriations Bill.

27 July. Conference of representatives of both Houses agreed on foreign aid of \$2,700m.

20 July. The House of Representatives passed a bill to raise the

minimum wage from 75c. to \$1 an hour.
 19 Aug. 50 per cent increase in bicycle import duty announced.
 7 Sept. New Philippines trade agreement announced providing for the abolition of all preferential tariffs between the two countries by 1974.

13 Sept. Director of the Office of Defence Mobilization ordered major oil companies to reduce their imports of oil voluntarily.
Western European Union. 5 May. Member countries Britain, France, German Federal Republic,

Belgium, Italy, Luxembourg, the Netherlands. M. Goffin appointed Secretary-General.

10 June. The permanent Council held first meeting in London.

5 July. First meeting of Assembly.
 Saar referendum considered.

Yugoslavia. 6 July. Value of exports declined in first five months of 1955.

1 Sept. Soviet-Yugoslav trade agreement had been signed which provided for an extension of mutual trade.

than that with which he dissected societies of the past. He fails to look overseas to a Commonwealth solution of the problems of a congested island weakened by war and sacrifice, nor does he consider whether the inclinations of the rising generation and the facts of an economy increasingly dominated by science and technology do not deny the egalitarianism in which he strongly believes. Nevertheless, readers of many nations will enjoy reading the views, which are lucidly expressed, of one who was well-known for his wartime broadcasts on 'The Voice of the Nazi' and gave distinguished service as a scholar and volunteer soldier.

This brilliant photographic indictment is intended to make the reader angry and it is to be hoped that the emotions it arouses may find constructive outlet. Never was there more planning and more control of development, but never, it seems, was there a more wanton spoliation of the land and its glory. Something must be done soon and, if higher values have no appeal, let those who are responsible consider the effect of Subtopia upon overseas visitors and therefore upon the balance of payments.

Digest Reviews

CONSERVATISM AND SOCIALISM TODAY

The New Conservatism: An Anthology of Post-War Thought, with an Introduction by the Rt Hon. R. A. Butler, C.H., M.P. *Conservative Political Centre* (2/8 Victoria Street, London S.W.1); 3s. 6d.

Socialism and the Individual: Notes on Joining the Labour Party, by William Angus Sinclair. *Robert Hale*; 10s. 6d.
 Anyone in Britain or overseas who wishes easily to sample the thinking and philosophy of leading Conservatives should read the two hundred pages of this booklet, which fully maintains the very high and attractive publishing standards of the C.P.C. A section is devoted to economic issues and includes Sir Anthony Eden's conception of the proper relationship between free enterprise and State power and of the constructive conceptions of partnership in industry and the property-owning democracy. Questions of agriculture, trade and industry, incentives, profits and dividends and

PLEASANT LAND

Outrage, by Ian Nairn. The Architectural Press (9/13, Queen Anne's Gate, Westminster, S.W.1); 12s. 6d.

To say that this is a depressing book is not to detract from its undoubted value in rousing public indignation against the destruction of the British heritage of natural and man-made beauty.

This is a reprint of the June, 1955, Special Number of the *Architectural Review* which began with the title 'Outrage in the Name of Public Authority' until the compilers concluded that the private citizenry no less than the public authorities who act in their name are culpable for allowing the land surfaces of Britain to be covered by 'Subtopia', defined as 'the annihilation of the site, the steamrolling of all individuality of place to one uniform and mediocre pattern'. The ribbon development which many objected to in the inter-war years, but which went on unchecked, has now reached the point when those differences between town and country, between different towns and different countrysides, which are

THE ROMANCE OF CURRENCY

1955 *Pick's Currency Yearbook.* *Franz Pick*; \$35.00.

The publisher of Pick's World Currency Report has issued, in a limited edition, this fascinating book intended as the first of an annual service, which analyses 74 of the world's leading currencies, starting with the Afghani and ending with the Yugoslav Dinar. We can find here the number of official and unofficial varieties of any particular currency, the controls and restrictions upon it, its area of transferability and much other statistical material covering the period 1946—Spring, 1955. The book also provides a record of devaluations, gold trading and trade and payment agreements. Wherever possible values have been converted into U.S. dollar terms. It also contains a directory of Heads of Foreign Departments and principal currency, gold and clearing dealers of leading banks in the free world. The publisher declares in a statement introducing the work 'that the cold war of currency trading has

been constant since the introduction of coinage thousands of years ago. And it might truly be said that a nation's first line of defence lies in the maintenance of an unassailable currency. The record proves that many great nations of history 'marched into obscurity on the road of currency debasement.'

NEW GERMANY

Germany, 1945-1954. *Boas International Publishing Co., Cologne, Germany*; U.S. \$10.

This weighty book is worthy of the highest German publishing standards and of the remarkable post-war recovery in the Federal Republic. It contains 738 large pages and more than 1,000 first-rate photographs. Compiled with the help of personalities prominent in politics, business and finance, it provides a brief and readable survey of German history up to 1954 and, although extensively devoted to the economy, finds adequate space for cultural and other less mundane matters.

AMERICA AIDS ASIA

An American Policy in Asia, by W. W. Rostow, in collaboration with Richard W. Hatch. Published jointly by the Technology Press of The Massachusetts Institute of Technology and John Wiley & Sons Inc., New York; \$1; *Chapman & Hall Ltd., London*; 8s.

The name of W. W. Rostow is familiar on both sides of the Atlantic for his part in the production of *The Prospects for Communist China* (reviewed in the April Digest) to which this book is a sequel. Differences between the United States on the one hand and the United Kingdom and others of its friends on the other have been particularly pronounced in relation to the Far East, and these sixty pages will help to convey the American attitude which

it is important for us all to understand. All will not agree with American policy or with this apologetica, or accept the Japanese desire for expanded trade with the Chinese mainland as an 'empty temptation'. But who will not welcome the frankness with which Mr Rostow and Mr Hatch grapple with those suspicions which many Asians entertain towards their great country?

PROBLEMS OF SOUTH AFRICA

Economics in South Africa, by N. N. Franklin. Oxford University Press. (London: Geoffrey Cumberlege), 21s.

This is a second and revised edition of a book which provides much useful information on the present economic situation in South Africa. It reviews the main problems which face that country in agriculture, industry, mining, the position of the native African, and similar economic problems. 'Notwithstanding the prosperity of most of the white population, the great mass of the people of this country live in conditions of degrading poverty. A determined attack upon the problem of poverty is one of the most urgent tasks confronting South Africa.'

The author gives three watch-words which should govern South African economy: 'Efficiency—Equity—and Stability'. He discusses the dollar price for gold, and the effect which an increase in price would have on world economy. On the controversial question of the industrial colour bar he has this to say:

'If economic welfare is our objective, a fundamental re-orientation of Native policy is called for. The policy of apartheid need not be replaced by a policy aiming at social and cultural "assimilation", though a great measure of economic equality would be likely to lead to a

narrowing of social and cultural differences. It must be replaced by a policy providing greater economic opportunities for non-Europeans and a permanent place for them within what has hitherto been regarded as the European sector of the economy.'

ARE NOT FED

The Hungry Sheep, by David Kelly. Hollis and Carter; 18s.

Sir David Kelly has written a challenging book, worthy of the closest study. He considers that the underlying crisis of our civilisation is primarily spiritual, and that it springs from a succession of false ideas about human nature. In the first part of the book he sets out some of the results in practice of false or confused thinking and loss of standards of judgment. He instances the confusion which has arisen from the existence of unreal formulas in international affairs, the confusion between diplomacy and foreign policy and the defeatism and lack of realism in British Colonial policy.

His chief propositions are 'that we in this country sacrificed security to a Liberal philosophy of which the theory of Free Trade was a part; squandered our accumulated resources in attempting in 1914 a full-scale continental land war and unduly prolonging it; substituted an illusory system of continual conferences and world assemblies for that of diplomacy and co-operation with our proved friends; followed policies which were not related to our military and economic strength; have reacted sluggishly to changed circumstances; adopted a false and unrealistic policy in relation to our overseas territories; and have by our mistakes allowed the Soviet Union to fulfil Sir H. Mackinder's worst predictions'.

In the second part of the book, entitled *The Deeper Currents*, Sir David examines false underlying ideas in the light of the most modern works in History and Psychology. He emphasises that the human personality is unique, but puts forward the strongly held view that human mind and morals are not subject to a law of evolutionary progress but tend rather to degenerate. Both H. G. Wells and Bernard Shaw come in for some hard knocks. Wells' Utopia was in essence that of a schoolboy—a technologist's paradise like the inside of a submarine, where the *élite* would press buttons and pull levers, and in their abundant leisure (here he became more adolescent) flit from one free love to another'. Shaw, he says, 'imagined a Utopia sparsely inhabited by teetotal vegetarians, free from jealousy or possessiveness, where no one would hurt a fly (once a few million human misfits had been liquidated)'.

Sir David is equally devastating when he comes to deal with 'Western standards of value. He says: 'The beast of the Apocalypse with his seven heads and ten horns, leopard's body and bear's feet is certainly a queer beast, but definitely a beast. Placed side by side with a fashionable "nude" with two eyes on one side, ears between the nose and the mouth, and propellers or guitars screwed on to represent legs and arms, the Beast would look in comparison like a regimental mascot, or might be preparing to take human children for a ride in the zoo.'

The book should cause us to examine some of the ideas which we have so glibly swallowed, and do some real thinking for ourselves. If so, it will have done an invaluable service. As Sir David himself points out, our 'Western' civilization is

threatened with disintegration, and this fact may well result in a return to those spiritual values on which it was built.

FOR PHILOSOPHERS AND ECONOMISTS

Economics and Public Policy. Brookings Lectures, 1954. Published by the Brookings Institution; \$2. Lectures by Arthur Smithies, Joseph J. Spengler, Frank H. Knight, John Jewkes, Jacob Viner, Lionel Robbins.

These lectures deal with: (1) 'Economic Welfare and Policy'. The economist must concern himself with value judgments, and the economic policy of an advanced industrial economy must compromise amongst objectives of continued economic growth, allocation of resources and their conservation, and must show the implications of long-term political action.

With (2) 'The Contribution that Theory may make to Public Policy', especially in relation to matters of money and foreign exchange. The limitations of the use of theory to policy formulation are shown, and attention is drawn to possible future contributions of welfare economics.

With (3), 'Economic Objectives in a Changing World'. The evolution of man's values and interests were considered, and the different conceptions of freedom and democracy were discussed. Economic freedom is defined as the privilege of the individual to be the final judge of his own ends and values.

With (4), 'The Economist and Economic Change'. How best can economic science further the aims of the community? It should strengthen economic laws, for the authority of economic theory has recently declined. It should reduce the number

of uncertainties in the world. A study of Britain's economy between the wars could be undertaken.

With (5), 'International Trade Theory and its Present-Day Relevance'. The classical theory is no longer relevant to present-day international movement of labour and capital, and the increase of transport costs and fluctuating exchanges. There was then an equilibrating force of price and income elasticities. There is however today a desire for actual prices to reflect real costs.

With (5), 'Freedom and Order'. The only justification for the limitation of present freedom is in the interests of greater freedom in the future. We must distinguish between interventions that destroy the need for intervention and those which perpetuate it.

There are some longeurs; but these lectures make a fascinating contribution both to philosophers interested in the Good Life and to economists seeking to find new ground for research and a sound economic theory.

D. E. JENKINS

CAPRICORNIA

New Hope in South Africa, by J. H. Oldham. Longmans; 7s. 6d.

Dr Oldham here outlines the philosophy of the Capricorn Africa Society led by Colonel David Stirling. It illumines the hopeful principle of inter-racial partnership conceived of by Cecil Rhodes as that of equal rights for all civilised men. This little book contains no specific proposals for the realisation of the ideals here brilliantly set forth, and one hopes that the Capricorn Africa Society will contribute other and more detailed studies on problems which are of paramount importance for the British Commonwealth, for Europe and the world as a whole.

POWER FOR PEACE

The Commonwealth and Nuclear Development. Central Office of Information. Reference Pamphlet No. 2. H.M. Stationery Office; 2s.

On 16th June Sir Anthony Eden gave the House of Commons an assurance that an up-to-date account of the British Commonwealth contribution to nuclear research would be available to the public, at home and abroad, in time for the International Conference on the 'Peaceful Uses of Atomic Energy' held at Geneva in August, 1955. This useful pamphlet is that up-to-date account. It is available in French and Spanish as well as English.

From the day in 1903 when Rutherford and Soddy first suggested that the disintegration of atoms might be associated with huge releases of energy, British scientists have been in the forefront of the experiments which have clarified atomic theory.

Four experimental nuclear reactors (with the intriguing names of Gleep, Bepo, Zephyr and Dimple), are now in operation at Harwell, and Bepo together with the Radiochemical Centre at Amersham, is producing radio-isotopes in perfect safety and at reasonable prices. Britain is the world's largest exporter of radio-isotopes; in 1954 the total number exported—7,252, was greater than that of all other countries put together. Their domestic use is also expanding rapidly.

Britain also leads the world in the race for the production of electricity from nuclear energy. The world's first large-scale experimental nuclear power station at Calder Hall, in Cumberland, is expected to come

into operation in 1956, and will be capable of generating 50,000 kilowatts—enough to supply a medium-sized town. It will be followed by a full-scale breeder reactor at Dounreay in Caithness, 12 nuclear power stations throughout the country which are scheduled for completion between 1957 and 1965, and six new reactors at Calder Hall and Annan, which will make a useful contribution to the public electricity supply within the next five years.

Britain helps other countries with their research and development programmes, and trains their scientists and engineers at Harwell, so that eventually she should be able to export entire nuclear power stations to a world hungry for energy. A whole new industry has grown up around these projects. More than 150 U.K. firms have either undertaken work for the U.K. Atomic Energy Authority or are manufacturing nuclear instruments, and the creation of the existing research and production plants has involved a number of well-known civil engineering firms.

The pamphlet goes on to describe Canada's atomic energy project and the progress which has been made in other Commonwealth countries, whose most significant contributions so far are their actual and potential supplies of uranium and other materials needed for nuclear development. It concludes with a chapter on international co-operation. Harwell took the initiative in 1951 and 1954 by holding two international conferences devoted to the peaceful uses of atomic energy, and their success has paved the way for the Geneva Conference at which more than 50 nations were represented.

AN INVALUABLE SOURCE

The Annual Register of World Events: A Review of the Year 1954. Edited by Ineson S. Macadam. Longmans; 105s.

A veritable galaxy of contributors combine to maintain the high reputation which the *Annual Register* has justly earned through 196 years of uninterrupted publication. The latest edition gives special attention to U.N. and other international happenings and conferences and the chapters on the various countries give proper weight to economic factors. This is not only a thorough and comprehensive guide to the world's political, social and cultural story in 1954 but a handsome book to keep and a pleasure to read or to dip into.

Besides those mentioned above, the Advisory Board for the *Annual Register* includes B. Ifor Evans (English Association), Mary Glasgow (Arts Council of Great Britain), H. E. Wimperis (British Association), P. N. S. Mansergh (Chatham House), and W. Norton Medicott (Royal Historical Society).

WORKERS AND CITIZENS

The Young Worker of Today: A New Type. By Karl Bednarik. Edited by J. P. Mayer. Translated by Renée Topholme. Faber; 10s. 6d.

National Wages Policy. By James Driscoll. *The Audience of Politics.* By George Engle. *A Bow Group Pamphlet*; 2s.

Karl Bednarik was once a skilled worker. Born in 1915 in Vienna, it is from there that he has gathered his disturbing impressions of the young industrial worker of post-war vintage,

with his high standard of comfort and craving. These, and individualist and existentialist philosophies, have led to a decline of social idealism. The worker has gained many of the prizes which trade unionism and socialism offered, but feels himself shut out from and at odds with the managerial-bureaucratic caste which has come out on top. He is no longer part of a depressed class with its principle of solidarity but a somewhat frustrated bourgeois. In all this, in all Western countries, there is danger and disillusion. 'The new idol—the standard of living—certainly has no binding force to offer.' Unlike the social Utopia, it can be no substitute for God.

Mr Driscoll, like Herr Bednarik, also stimulates some of the new thinking on social and economic questions which is very much needed. He considers alternative wage policies in the light of Conservative Party conceptions, and advocates both firm monetary control and a strengthened National Joint Advisory Council as a statutory advisory body on wage trends. He believes that wages case law should be developed from the decisions of tribunals.

Mr Engle, again like Herr Bednarik, considers the psychology of the modern individual and elector. He disposes very summarily of conventional electioneering methods and suggests that 'any government and any party which believes that its own proposals are genuinely the best for the country as a whole has a duty to make use of modern scientific methods for the purpose of detecting and estimating the strength of prejudices and stereotyped attitudes' and to combat 'all stereotypes tending to distort people's picture of the world'. This is asking a good deal in a democracy with a party system.

SIMPLE ECONOMICS

An Outline of Money. New and Revised Edition, by Geoffrey Crowther. *Thos. Nelson and Sons*; 15s.

Geoffrey Crowther, the present Editor of *The Economist*, has revised this book, which had already had a wide circulation as a valuable textbook on monetary policy, in the light of developments since 1940, when the first edition was published.

There is now no reason for ignorance about money, banking policy, foreign exchange or any such problems, for Mr Crowther writes in simple lucid terms which can be understood by anyone who can read the Queen's English.

FROM SAIL TO STEAM

'Up Funnel, Down Screw!' by Geoffrey Penn. *Hollis and Carter*; 16s.

It is not generally realised that the Royal Navy was the first of the Services to accept 'mechanisation', and this account of the general history of its engineering ('plumbers') branch makes good a gap in popular knowledge of the 'silent' service.

One does not have to be mechanically-minded or well versed in technicalities to enjoy this lively book, to which Vice-Admiral Sir Frank Mason, K.C.B., contributes a foreword.

SHORTER NOTICES

Credits and Collections in Theory and Practice, by T. N. Beckman and R. Bartels. *McGraw Publishing-Hill Co.*; 49s.

This volume is the sixth edition of a basic handbook on the subject of credits and collections. Originally published in 1942, the authors, both of whom are Professors of Business Organisation in American Universities, have thoroughly revised and considerably shortened their original text. Among many new topics dealt with in this revised volume are the philosophy of credit, and the effects of the governmental use of credit.

Each chapter is followed by a list of questions and problems which give valuable material for teacher and student.

Income Revisited, by A. C. Pigou. *Macmillan*; 6s.

This is a sequel to the author's *Income: An Introduction to Economics*. It covers Economic Theory and Political Institutions, Money, the Place of consumers, capital, labour, monopolies and a final contribution on 'fair shares for all'.

MANAGERIAL REVOLUTION

The Practice of Management, by Peter F. Drucker. *Wm. Heinemann*; 25s.

'The manager is the dynamic life-giving element in every business. Without his leadership the resources of production remain resources and never become production.' Thus opens Mr Peter Drucker's new book on the place of management in our new industrial society. Mr Peter Drucker then proceeds to a lively and interesting account of the nature and functions of management, illustrated from material drawn from his own widely varied economic and business experience.

A wide range of problems is dealt with and there is much useful information and advice. Among the many tasks which the author feels management must tackle is the creation of 'customers and markets by conscious and systematic work. Above all it must focus continuously on creating mass purchasing power and mass purchasing habits.'

FOR REFERENCE

Items in this Section will be kept for one year at 47 Eaton Place, London, S.W.1 (telephone SLOane 7516). Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply to that address, citing the appropriate number or numbers (given in brackets after each item).

From Printing House Square

1. *The Times Annual Financial and Commercial Review* No. 53,359. 24th October, 1955.
Background material to Mr Butler's Supplementary Budget. (723)
2. *The Times Special Supplement on Portugal*. No. 53,360. 25th October, 1955.

Published on the occasion of the State visit to London of General Craveiro Lopes, President of Portugal, this Supplement includes information about the financial structure of Portugal and her trade and economic planning both at home and overseas. (724)

Saving the Children

Children's Film Foundation. Third Report, 1955.

Describes the excellent work of a Foundation set up in 1951 through the co-operative effort of the British film industry to ensure the production, distribution and exhibition of special and suitable films for the entertainment of children. (725)

European Reports

1. *Economic Conditions in the United Kingdom*. O.E.E.C. Paris, 1955.
An outside commentary on a period when British production has increased considerably but overall demand has risen somewhat faster. It considers the other factors which together make up the present inflationary situation. (726)

2. *Economic Conditions in Denmark, Iceland, Norway and Sweden*. O.E.E.C. Paris, 1955.

Denmark, Iceland and Norway suffer from balance of payments problems as does Great Britain. Sweden, however, achieved a strong expansion of production, a very high level of employment and for most of the period a reasonable internal and external balance. (727)

3. *Economic Conditions in Italy*. O.E.E.C. Paris, 1955.

1954 and 1955 witnessed a satisfactory rate of growth in the Italian economy. A small surplus was registered in the balance of payments but only with the help of exceptional dollar receipts. (728)

British Cycling

This Great Club of Ours. The Story of the C.T.C. told by George a'Green.

The Cyclists' Touring Club's own story of what is claimed to be the oldest touring club in the world (and the only one that has not become a motoring organisation). (729)

Needs of a New Age

Graduates' Jobs. Planning, Vol. XXI, No. 387, 24th October, 1955. P.E.P. (Political and Economic Planning), 16 Queen Anne's Gate, S.W.1.

The nation is becoming aware of modern industry's shortage of the right kind of brains: P.E.P. have been

making a much-needed enquiry for the Department of Scientific and Industrial Research with the help of a grant from the United States.

The inquiry includes a survey of jobs taken by men graduating in the year 1950; a survey of the experience in industry of a random sample of these men graduates; and a survey, on a smaller scale, of a random sample of their firms. (730)

Down to Earth

Introduction to The Soil Association (8F., Hyde Park Mansions, London, N.W.1, or New Bells Farm, Haughley, Stowmarket, Suffolk).

Much that is advocated by this body deserves close study in an age when more production of food and feeding-stuffs is vital and the world has seen the creation of deserts by the ruthless exploitation of the soil. (731)

Liberal Unionists

Is This the Way? Towards a Freer Britain by 'A Hastings Group' of National Liberals, October, 1955. The National Liberal Organisation.

This is the first of a new series of pamphlets and was first published in October 1954 by a group which came into being after the Hastings Conference of the National-Liberals. It presents that Liberal approach to politics and economics which has spread beyond the professedly Liberal or National Liberal sections in the State to parts of the Conservative Party itself. (732)

British Steel

Efficiency in the Steel Industry. Issued by the British Iron and Steel Federation. September, 1955.

The industry's own account of some of the ways in which it has achieved its high standards. (733)

World Bank

1. *International Bank for Reconstruction and Development Tenth Annual Report*, 1954-55.

A year's review of work mentioned in an extract on page 576. (734)

2. *Appendices to the Above.*

Contains figures of assets, income and expenses, currencies held by the bank, subscriptions, funded debt, loans and a country by country summary of aid given in both hemispheres. Also gives particulars of the Bank's leading officials. (735)

Indian Economy

Reserve Bank of India Report on Currency and Finance for the Year 1954-55. Bombay, The Examiner Press, 1955.

Consists, as before, of two parts, the first giving a brief survey of international economic developments, the second a detailed review of the Indian economy; also provides much statistical material, in the form of tables and graphs, setting out the data for the Republic's Economic Plan. (736)

Progress in Pakistan

Pakistan Industrial Development Corporation. The Department of Advertising Films and Publications. Government of Pakistan.

An attractive, illustrated account of the P.I.D.C.'s first three years which it completed in January 1955. In his introduction Mr G. Faruque disclaims that more has been done than to touch the fringe of the problem of raising up Pakistan's 80,000,000 people. (737)

Blunt Words

Address delivered by Mr J. Gibson Jaroń, Chairman at the Annual General Meeting of the United Dominion's Trust Ltd., held on 23rd August, 1955.

The text of an outspoken speech quoted in the October Diestr. (738)

Partnership in Industry

This is *Industrial Partnership*, by Halford Reddish, F.C.A., Chairman and Managing Director of the Rugby Portland Cement Company. Ltd. Staples Press Ltd.; 2s.

How profit sharing works in one important British undertaking. (739)

Highway Figures

Basic Road Statistics. Great Britain and Northern Ireland, 1955. British Road Federation.

The Federation has produced this booklet 'in an attempt to bring some order into the confusion which arises from the use of contradictory or contested road statistics and with the object of providing a standard reference on all essential road matters'. The date is September 1955. (740)

Time and Motion

Time and Organisation, by Norbert Wiener, M.A., Ph.D., D.Sc., Professor of Mathematics in the Massachusetts Institute of Technology. University of Southampton; 2s. 6d.

This is the Second Fawley Foundation Lecture and is a somewhat highbrow approach to the question of timing in industry by the author of *Cybernetics*. (741)

READER'S COMMENTARY

The writer of the notes on 'Loan for East Africa', which you reprinted from 'Shipping' in your October issue, should stick to freight rates and severely eschew the subject of interest rates.

Treasury Bills, as you are well aware, are of 90 days term. The annual rate of interest is at present somewhat over 4 per cent.

In getting a 20 year loan at 4½ per cent East Africa is doing pretty well today. Maybe the writer of the notes would like to confirm that by a chat with the Board of P. & O. Steam whose recent debenture issue at 5 per cent was a horrible flop.

(Signed) R. W. HARGREAVES.
(Manchester 14)

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BOOKS AND PUBLICATIONS

'*New Books on International Affairs*'—An International Bibliography prepared fortnightly by Humanitas Books Limited. Free, world-wide and up-to-date information regarding publications in the fields of Economics; Sociology; Politics; International and Current

Affairs; Law; Finance; Commerce. Write for specimen copy to: Humanitas Books Limited, 3-4 Goodwin's Court, St Martin's Lane, London, W.C.2.

Economic Digest: Required back numbers of issues for June and July 1955. Please send to Editorial Centre: 47 Eaton Place, London, S.W.1. Say if payment required.