

Are You interested in these Subjects?

**HOUSING? AGRICULTURE?
TRANSPORT? ECONOMICS?
EXPORTS? SHIPPING?**

If so, you should subscribe to our **PARLIAMEN-
TARY REPORTS**—issued each fortnight, under
the above headings.

Arrangements can be made to supply reports on
other subjects. Details on application. All inquiries
to:

**INDUSTRIAL ADVISORY BUREAU
22 BUCKINGHAM STREET, LONDON, W.C.2**

Antony Vickers

EXPANSION or EXPLOSION

**A solution to the Vital Problem of the Machine
Age**

A common-sense solution is offered as to how nations
can use their resources fully in times of peace and enjoy
expansion, rather than suffer the evils of restriction and
economic warfare which, sooner or later, will lead to
explosion.

January publication 6s.

Order from your bookseller or from

**INDUSTRIAL ADVISORY BUREAU,
2A QUEEN'S PARADE, LONDON, N.10**

THE BODLEY HEAD

CONTENTS

Economic Talking Points.....	257
Digest Spotlight: Bob Edwards.....	259
John Biggs-Davison.....	260
U.S.S.R.'s Growing Energy Resources	262
<i>Petroleum Press Service</i>	
International Trade.....	269
G.A.T.T. Conference Results.....	270
<i>Commonwealth Producer</i>	
<i>The Statist</i>	271
U.K. Current Balance of Payments.....	272
<i>E.I.A.</i>	
<i>'Levelling Up' in the United States</i>	273
<i>Eastern Economist</i>	
Urban Renewal in the United States	274
<i>I.U.L.A. Quarterly</i>	
Trade Union Topics:	
(1) T.U.C. and the Budget.....	278
(2) The Problem of Coal.....	280
(3) Australian Manufacturing Industry.....	280
(4) Sweden's Industrial Output.....	280
China's Five-Year Plan Difficulties.....	281
<i>China Association</i>	
Percentage of Working People who are Farmers—Table.....	281
Soviet Agriculture.....	282
<i>I.P.U. Bulletin</i>	
Light and Shade in Asian Development	285
<i>The Statist</i>	
Nuclear Energy and the Future.....	287
<i>Sir Francis Simon</i>	
<i>Bernard Braire</i>	289
Atomic Energy Serves the Commonwealth	289
The Farmer and America's Allies	294
<i>Oscar Schnabl</i>	
One World, or Several?.....	297
United States Trade.....	298
<i>Chase Bank</i>	
DIGEST REVIEWS	299
For Reference.....	307

Economic Talking Points

Whither U.S. Economy?

As 1955 progresses, business activity in U.S. is improving and expanding. Consumer spending is setting new records.

The vigour of the U.S. economy is clearly demonstrated in both production and sales. Plans for enlarging plant and equipment expenditure are being steadily increased. Activity in construction is the highest ever.

But Crop surpluses are at record levels and continue to be a worry to the administration. Disposal is far from easy, and finding sufficient storage space is a real headache. Ships, temporary structures of all kinds, even circus tents have been pressed into service.

Employment figures, though improved, are not so good in comparison with other aspects of the economy. Despite recent gains in factory employment, the number of production workers is about one-ninth below the 1953 peak.

If present trends in the direction of decreasing international tension continue, less man-power and materials will be required for defence purposes. This may create problems and tensions which must be taken into account.

The Dollar Gap!

Despite some anxious moments, the Administration's foreign trade bill has been accepted in Washington, and the reciprocal trade agreements have thereby been extended for a further three years.

President Eisenhower is on record many times as desiring to see a more liberalised trading policy, and will undoubtedly use his great influence to that end.

But In spite of the President's good intentions, in 1954 U.S. exports were up by 4 per cent, while imports were down by 7 per cent. This decrease in imports, combined with the rise in exports, led to a sizeable increase in the 'dollar gap' during the year.

The 'Press Button' Era

The view has been expressed by several government spokesmen that Britain can double her standard of living in 25 years. We are making remarkable progress in the uses of atomic power for peace-time purposes.

Production engineers are convinced that 'automation' can help in producing much greater wealth.

But While 'automation' is being much discussed in U.S.A., it has scarcely been mentioned in Britain except in specialised circles.

Some Trades Unionists are becoming worried about questions of wages and employment in the 'push-button' era. Unless they can be satisfied that the introduction of labour-saving devices and 'automatic factories' do not mean large-scale unemployment, there will be considerable resistance to their introduction.

China's Peace Gesture

Chou-En-lai's gesture of peace has created much interest and speculation all over the world. In U.S., President Eisenhower commented that the chances of world peace are 'on the upswing'.

An atmosphere has been created which has made possible direct negotiations between Washington and Peking.

But The real aims of Red China are still very much an unknown quantity. In some ways, the Chinese leaders seem to be even more tightly bound by party dialectics than their opposite numbers in the Kremlin.

ECONOMIC DIGEST

JUNE, 1955

VOLUME VIII

NUMBER SIX

Digest Spotlight focuses on

Bob Edwards and John Biggs-Davison

This month we focus attention on two candidates in the General Election who are closely associated with this journal. Bob Edwards, Labour candidate for Bilston, is a director of Economic Digest Limited. John Biggs-Davison, Conservative candidate for Chigwell, is a member of the Editorial Board. Although they are members of opposing parties, they have worked together, not only for ECONOMIC DIGEST but also to promote closer economic relations between the nations of free Europe, the Commonwealth and other associated territories.

BOB EDWARDS

BOB EDWARDS is General Secretary of the Chemical Workers' Union. Yet he is by no means the orthodox idea of a leader in the Trades Union Movement. He is associated with policies which are much in advance of many of his colleagues in T.U. circles. For example, he advocates a national wages policy, and what is more, he has the support of his 25,000 members in the Chemical Workers Union in this view.

We are seeing today some of the results of the attempts at collective bargaining, the effort to enforce wage demands industry by industry, and it is becoming increasingly obvious that the results are chaotic. No one benefits in the long run. The idea of a national wages policy, in which wages are related to the country's economic position, would, if adopted, end the present wage scramble, and provide proper incentives, which would in turn encourage increased production. Unfortunately, this is not the view of Transport

House today, but it may well be tomorrow, and certainly Bob Edwards' influence will be used to hurry on that day.

Another idea which Bob Edwards has recommended on many occasions is that British workers should be encouraged to provide the capital for Empire development. He calculates that if the 23,000,000 workers in Britain provided only sixpence in the £ per week, this would provide more than £200,000,000 a year for development within the Empire. An investment that would prove more advantageous to the British public as a whole than the weekly investment in the pools!

Still another departure from the orthodox is his approach to the organisation of industry. In his own sphere, the chemical industry, for example, he has no time for the present structure of nationalisation, which he considers provides insufficient incentive to the worker. Instead he advocates a policy of social

co-ownership, bringing about more, not less de-centralisation, and the encouragement of healthy competition between various sections of the industry. Control would be vested in the producers, shareholders, and consumers, the latter to be represented through their local authorities.

An idealist in so many ways, Bob Edwards, like many more of his persuasion, went to Spain during the Spanish Civil War, and served as a Commander of the International Militia on the Aragon front. There he met George Orwell, serving as a Sergeant, and he found time to convert Orwell from a growing interest in Stalinism. Today, as a result of disillusionment, following visits to U.S.S.R., Bob Edwards is strongly opposed to the Russian brand of communism.

In his travels, he has met many of the leading figures on the world's stage, including Stalin, Trotsky and

Franklin Roosevelt. He is the author of four books and over 20 pamphlets. His hobbies are lecturing, writing and judo. He has broadcast on economic and trade union topics. In his spare time he does a bit of gardening!

He is fortunate also in having a wife who was brought up on political fare, for he married the daughter of a socialist pioneer, the late Elijah Sandham, first labour M.P. for the Kirkdale division of Liverpool. His wife is herself an ex-alderman and was Coronation year Mayor of Chorley in Lancashire.

This, then, is the Labour candidate for the Bilston division, a man of independent mind, prepared to think for himself in a constructive manner, and who does not cling to outworn dogmas in his approach to the vital problems which confront this country. Such men are needed at Westminster.

JOHN BIGGS-DAVISON

Our second personality is John Biggs-Davison, who joined the editorial board of *Economic Digest* in July of last year. Although still in his thirties, he has a wide experience in political affairs, is well-known as a lecturer, writer and broadcaster, has travelled extensively in the Commonwealth, in Europe, the Mediterranean and the Near East. He is also an enthusiast for the full development of the Commonwealth and Empire, as is shown by his membership of the Council of the Empire Economic Union.

Since 1950, he has been with the Conservative Research Department, where he specialises in Imperial and Foreign affairs and in Defence matters. He is a member of the

be invaluable to him in his future career as an M.P.

His experiences have, however, ranged far wider than purely in the political field. He volunteered as a Royal Marine in 1939, and subsequently took part in the original British occupation of Iceland, and in the abortive Anglo-Free French attack on Dakar.

He was selected for the Indian Civil Service as a War Service entrant in 1942, and in 1943-44 was a Forward Liaison Officer on the Arakan Frontier. Among other tasks he was called upon to undertake the organisation of refugee and famine relief, which was carried on by the civil administration. This was in an area close to territory occupied by the Japanese, a job calling for no little organising ability, and considerable understanding of human beings.

In 1945, he was appointed an Assistant Commissioner and Magistrate in the Punjab, and following this he was for two years the first Political Assistant, and then Deputy Commissioner and Political Agent in Dera Ghazi Khan on the Baluchistan frontier. Throughout this period he had the additional responsibility of commanding the Border Military Police, formed of mounted tribesmen.

He was an interested and sympathetic observer of the dramatic events which followed the establishment of the Dominion of Pakistan, and witnessed some of the distressing disorders which followed Partition. The Pakistan administration was

anxious to retain his services and invited him to continue in the Administrative Service. But home politics called him, and he resigned his appointments in Pakistan and returned to the United Kingdom in 1948.

His experiences in Pakistan, however, had influenced him with a desire to see closer understanding and appreciation by the people of Britain of this vital new Dominion, which started with so many disadvantages and yet was making splendid progress. As a result he assisted in the founding of the Pakistan Society, of which he is a life-member.

Since his return from Pakistan he has for two successive years, 1952/53, been Secretary of the British Conservative Delegation to the Council of Europe. He was also Joint Secretary to the Second Westminster Conference of the European Movement which discussed European and Commonwealth economic relations.

He contested the industrial constituency of Coventry, South, in the 1951 General Election, and succeeded in reducing his Socialist opponent's majority. His present constituency, Chigwell and Ongar, is one of the new areas, bordering upon that of Sir Winston Churchill, taking over some of Sir Winston's former Woodford constituents.

Again, we have a man of independent mind and thought, not afraid to take his own line, and prepared to challenge orthodoxy if he feels it to be wrong.

U.S.S.R.'s Growing Energy Resources

With its other energy resources continuing to be developed, the U.S.S.R.'s crude oil production which by 1949 had again reached the 1941 level of 31 million metric tons rose to a total of 58 million tons last year, and if the present five-year plan is fulfilled will reach about 70 million tons in 1955. Recent information shows that expansion is chiefly due to rapid development in the Ural-Volga region where the output of the Bashkirian and of the Tatar Republics is now each comparable with that of Baku. Various operating shortcomings and lack of co-ordination continue to be admitted, and in respect of natural gas more supplies seem to be available at some points than there are total means of consumption.

FOLLOWING the resignation of Mr Malenkov, the U.S.S.R. has now reverted to the Stalin policy of pushing ahead with the development of heavy industry—which term includes the oil industry—if necessary at the expense of the production of consumer goods. It is thus intended to increase total industrial production this year by the same high proportion—about 13 per cent—as in 1954, but with a renewed shift towards the heavy industrial sector. Allocations of funds for this sector have been raised from 133,200 million roubles in 1954 to 163,600 million (or by 22 per cent), while those for light industry have been slashed from 36,600 to 26,000 million roubles (29 per cent). Despite the admitted deficiencies in agriculture, there has also been a severe cut in the allocation of funds from 74,400 to 65,200 million roubles (12 per cent), but the defence budget, which had been cut by nearly a tenth in 1954, has now been raised to 112,100 million roubles, or slightly more than in 1952 and 1953.

During the two years of the Malenkov Government, a noticeable improvement in the living standards of the Russian people has occurred

with substantial increases in the output of textiles, processed food, and of many types of durable consumer goods, while more agricultural commodities became available, largely through higher imports and lower exports.

Right Wing Deviation

But the thesis that the Soviet Union can at the present stage afford to be liberal towards the consumer has been denounced by Mr Krushchev, general secretary of the Communist Party, as 'right-wing deviationism'. So there is now a return to a high rate of capital investment and further deferment of the enjoyment of the fruits of past achievement.

Inability to assure a rising output of agriculture was, however, the main reason officially given for Mr Malenkov's curious resignation. The country obviously requires a continuous increase in food production as its population (estimated at about 217 million at present) is rising at a rate of over three million annually. The urban population is increasing even more rapidly and now accounts for some 38 per cent of the total, compared with 31 per cent in 1940 and with 18 per cent in 1926. The

current 1951-55 Five-Year Plan aims at grain yields averaging 16.9 quintals per hectare in 1955 but in the past four years actual yields have been below the figure of 12.2 quintals achieved in 1950. While the number of livestock has increased in recent years, the increases, except in respect of pigs, have been below those planned and the numbers are considered to be much too low. The reconstituted Government is seeking to stimulate agriculture by decentralising control, and giving greater initiative to individual farmers, while the campaign for the cultivation of large tracts of virgin land in the Kazakh and Siberian steppes of Central Asia, which started early last year, will be accelerated. It is designed eventually to yield a minimum of 30 million metric tons of grain (equivalent to nearly one

quarter of the Soviet Union's present total output) in a normal year. Some two million people may eventually be employed on this newly cultivated land.

Adequate Sources of Energy

Fundamental to all the advances now desired, is an adequacy of energy of various kinds. There are still no indications that this is lacking. As is shown in the accompanying table, the Soviet Union's production of major fuels and of hydro-electricity, taken as a whole, has doubled in the period 1940-54 and risen by over a third in the first four years of the present Five-Year Plan. Last year it reached the equivalent of 203 million metric tons of hard coal, and in 1955 this figure should reach 226 million tons, which if last year's tempo of advance is sustained may

U.S.S.R.: PRODUCTION OF FUEL AND POWER (Million Metric Tons; Electricity: Th. Mill. kWh.)

	1940	1950	1952	1953	1954	1955	1954 Plan % Inc.
Coal and lignite.....	166	260	301	320	346	372	33
Crude Oil.....	31.0	37.8	47	52	58	70	53
Hydro-electricity (a).....	5.1	12.7	(c)	(c)	(c)	35	(e)
Peat.....	32.1	42.4	(c)	(c)	52	54	27
Total above in terms of Hard Coal (b) ..	100	150	175	188	203	226	35

(a) Total (thermo and hydro) electricity.

(b) Of 7,000 gram calories; U.S.S.R.-produced coal, lignite, crude oil and peat has been converted in accordance with their calorific value as indicated by the Soviet State Planning Commission; hydro-electricity converted a 1,000 kWh. equivalent to 0.6 metric tons (0.7 tons in 1940); the production of natural gas, shale oil and gas, and wood fuel is not included.

(c) No figure given but estimate allowed for in total energy consumption.

(d) Five-year plan 1951-1955, published in September, 1952.

(e) Planned increase 1950-55: 175 per cent.

Source: United Nations Economic Commission for Europe.

will be approached, if not reached. The conversion of fuel statistics into statistics of 'hard coal equivalents' is, of course, always open to criticism. The conversion in this case has been carried out by the United Nations' Economic Commission for Europe (E.C.E.) on the basis of official Russian indications of the calorific value of the various fuels concerned, which in fact, appear to be very low indeed. Production of natural gas and of shale oil and shale gas has been omitted and cannot be readily estimated, but these supplies are small in relation to the total though of considerable local importance. Wood fuel which is also omitted is extensively used in some areas. Almost all the Russian-produced coal, lignite, hydro-electricity and peat, and over nine-tenths of the oil, are locally consumed and there are no substantial Russian imports. By and large, the figures indicate the U.S.S.R.'s approximate consumption of the fuels included.

Expanding Energy Demand

The figures show that, on average, energy demand expanded in the U.S.S.R. over the period 1940-1954 at the high rate of nearly 8 per cent a year. An interesting comparison is that according to the United Nations' Statistical Office, energy consumption (excluding firewood and peat) has risen in the world (without the U.S.S.R., China and Korea) in the period 1937-1953 by less than 3 per cent annually. In respect of total figures, the U.S.S.R. is now the world's third largest energy consumer. It is far surpassed by the U.S.A., whose energy demand, at well over 1,200 millions tons of coal equivalent a year, is six times that of the U.S.S.R. Annual energy demand

in the U.K. of some 240 million tons of coal equivalent is higher than Russia's. However, if *per capita* consumption is considered, the figure for the U.S.S.R. is only in the region of one ton of coal (or equivalent) a year, compared with the United Nations' estimate of about 1½ ton for the whole world (excluding the U.S.S.R., China and Korea), or 4½ tons for the U.K., and of over 8 tons for the U.S.A. Too much must not, however, be read into such average figures since the uses made of the available energy determine its economic effectiveness.

Coal Production

The economy of the U.S.S.R., like that of all large industrialized countries, is founded on coal resources. Production of coal and lignite has risen from 166 million tons in 1940 to 346 million tons in 1954, or at approximately the same high rate as energy production as a whole. Reserves are abundant, and—though much coal comes from old-established areas such as the Donbas and Moscow areas—production has been developed during the past fifteen years in many other parts of European and Asiatic Russia. An increasing proportion of the output comes from open-cast mines. However, the coal and lignite produced is often of low calorific value, and the coal and lignite production planned for 1955, together with the production of peat, is thus only equivalent to an output of about 100 million tons of normal (7,000 gram calory) coal, or less than half the planned total energy production of 226 million tons coal equivalent. (The planned crude oil production of 70 million tons in 1955 would be roughly equivalent to about 105 million tons of normal

coal, and the 35,000 million kWh. of hydro-electricity to 21 million tons of coal.) In the last few years, the coal industry as a whole has regularly reached or surpassed its production targets. The Ministry for the Coal Industry was, however, recently criticised by the Government, among other things, for the relatively high production costs prevailing in the industry, and for the fact that the productive capacity, notably in the Donbas area, is not fully utilised. And the Minister concerned has been dismissed.

Crude Oil

Compared with other energy resources, the development of crude oil was slow throughout the inter-war period, and then received a severe set-back during World War II, when output fell from over 33 million tons in 1941 to some 21 million tons in 1945. However, the 1941 production level was reached again by 1949, and in the ensuing five years production rose, on average, by about 12 per cent annually, bringing the total to rather more than 58 million tons in 1954. In September 1953, an output goal of 70 millions tons was proclaimed for the year 1955 as part of the current Five-Year Plan, and the possibility cannot be ruled out that this ambitious goal will be reached, though this would call for an increase in production tonnage twice that of last year, namely of 12 million tons instead of six. If production increased again by 12 per cent, actual output this year would be of the order of 65-66 million tons, some 4 to 5 million tons below the goal. It is estimated that in addition the U.S.S.R. produces nearly one million tons of shale oil annually, and possibly another million tons of oil from coal, the latter in a German plant re-erected at Lake Baikal.

Electricity

Electricity has always had an important place in the major Russian development plans from the 1920's onwards, and in particular in the current Five-Year Plan. Total output of electricity has trebled in 1949-54, reaching in the latter year 147,000 million kWh. The U.S.S.R.'s railways, which consumed in 1950 as much as 30 per cent of the country's coal in unconverted form, are now being partly electrified. By mid-1954, about 8 per cent of the lines were converted to electricity and the Five-Year Plan implies that 12 per cent should be electrified by 1955.

A feature of the U.S.S.R.'s electricity development in the last few years had been the great stress laid on hydro-electricity projects, sometimes linked with irrigation. Output is planned to reach 35,000 million kWh. this year, or over one-fifth of the total planned electricity production. Two giant hydro-electric power stations are now nearing completion on the Volga river, at Stalingrad and Kuibyshev, each of them with an output capacity of 10,000 million kWh. a year, and it has recently been stated that these and other hydro-electric stations now under con-

Oil Areas—Caucasus

The oil areas of the Caucasus, which provided most of Russia's oil from the beginning of the industry until four or five years ago, are now all past their peak. Their present combined production can be estimated at 20 to 21 million tons annually. Baku, by far the most important oil area within the Caucasus and early in this century for a short time the largest producer in the world, probably has had a stationary production of about 17 million tons annually since about 1950, compared with its peak output of about 22 million tons in 1940. The intention is now to keep production at about its present level, but this can only be sustained by deep drilling (down to 5,200 metres), and in particular by drilling in the shallow Caspian Sea several miles out from shore.

—Ural-Volga

The decline in production in the Caucasus has been more than offset by the continued development of the large oil-bearing region within the Ural-Volga area, generally but rather misleadingly known as the Second Baku. Oil production there started on a small scale in 1929. It reached 3 million tons in 1940, 10½ million tons in 1950, 19 million tons in 1952, and this year may be in the region of 40 million tons, or nearly twice the output from all Caucasian fields. This oil region—which, incidentally, does not constitute an administrative entity—extends over four areas, namely the Bashkirian and Tatar Republics and the provinces of Kuibyshev and Molotov. There is also a large natural gas area in the neighbourhood of Saratov. Authoritative indications are that Bashkiria's

production was 15 million tons last year and may be 18 million tons this year, while it is also stated that production in Tataria—which started as late as 1950—will this year be comparable in size with the production both of Bashkiria and of Baku. Last year, new substantial reserves were established in all four regions of the Second Baku, and it is claimed that production costs are lower in Bashkiria than in any other part of the U.S.S.R. This might be a consequence of relatively higher yields per well.

Other Areas

Compared with the Second Baku and the Caucasus, production in all the other known oil-bearing areas of the U.S.S.R. is much less important, but will be of considerable regional significance. This is particularly the case in respect of the oilfields in the eastern part of the U.S.S.R., notably those in the Fergana region of Central Asia and those in Sakhalin, in the Far East. Each of these two oil areas is now credited with the production of rather less than 2 million tons annually. As far as can be known from the information available, there have been no major new discoveries recently in Central Asia or the Far East. Even allowing for possible supplies of oil from coal or other sources, the oil available to the eastern part of the U.S.S.R.—which also provides part of China's requirements—would appear to be still relatively small. In European Russia, however, a new oil area came into production last year in the neighbourhood of Stalingrad on the right or western bank of the Volga river, and it is reported that oil was also found at an undisclosed location between Moscow and Leningrad.

Oil Industry Criticised

While total oil production expands, the industry is still subject to various criticisms. Censured early last year for having an 'over-large bureaucratic apparatus', and for its relatively high production costs, Mr Baibakov, Minister of the Oil Industry, has now stated that considerable improvements were made in this respect during the remainder of 1954, but that the achievement of greater productivity and greater economy remains the most important task to tackle. He also indicated that managers often rely unduly on new production, giving too little attention to secondary recovery and other modern techniques for sustaining production. These are said to have proved their worth in the U.S.S.R. but to be insufficiently adopted in a number of regions. He stated that the U.S.S.R.'s plan for drilling had not been fulfilled during the past two years, largely because a high proportion—recently about one-third over the whole country—of drilling time is lost through stand-stills and accidents.

Some 95 per cent of the drilling in Bashkiria and Tataria, and 65 per cent in the whole U.S.S.R., is done by turbo-drill, in which the power for drilling is provided at the base of the hole and immediately near the bit. This method is not used in the free world and Mr Baibakov complains that it is not sufficiently used in the Baku area. He complains, too, that geological and geophysical work is inadequate, particularly in Siberia, and that exploration activities are often dispersed over too wide areas, and drilling sometimes started without adequate preliminary work.

The current Five-Year Plan originally called for a doubling of Russia's crude oil refining capacity in 1950-

55, with cracking capacity to be increased 2.7 times. It is not known to what extent this programme will be fulfilled but it is officially stated that some refineries are technically backward and that the yield of light products is in general too low. Last year's 12 per cent increase in crude oil production was accompanied by an increase of only 9 per cent in the refineries' output of gasoline. Another problem is that, whereas Baku crudes have a particularly low sulphur content, this is not the case for crudes from the new areas, and this is presenting problems to Russian refineries.

Consumption

Assessing available information about production, imports and exports (for exports see *Petroleum Press Service*, February 1955, page 37) and allowing for 10 per cent refinery use and loss, it would appear that something like 52 million tons of petroleum products were available for consumption in the U.S.S.R. in 1954, and probably considerably more will be available in 1955. On this basis, last year's consumption was equivalent to a little over 60 Imperial gallons *per capita*, which is, of course, very much lower than in the U.S.A. and is also about 40 per cent lower than in the U.K., but is substantially higher than, for instance, in Western Germany. Such comparisons are, however, of limited value in view of the great difference both in the concentration and the patterns of demand. Distribution of petroleum products in the U.S.S.R. has recently been eased by the completion of canal projects (notably the Volga-Don Ship Canal) and also of pipelines. It is claimed that distribution is considerably smoother now than a few years ago, but there are still

supply difficulties in some areas during the long Russian winter.

Transport

Motor transport as a whole is still relatively undeveloped compared with Western countries. Private motoring is the preserve of a few, and the railways are responsible for as much as three-quarters of the country's total freight traffic, with river and canal transport accounting for much of the balance. The road network is too thin to permit long-distance transport on a large scale, and there is no evidence that this will change. It was, however, decided last November that more short-distance freight should be channelled on to the roads, and more suburban passenger traffic from electric trains into buses. The *American Automobile* has tentatively estimated that the U.S.S.R. had 2,600,000 motor vehicles early in 1954 (or about twelve for every 1,000 inhabitants), and that these included as many as 2,350,000 trucks, and only 225,000 private cars and 25,000 buses. According to the same source, motor vehicle production reached in 1953 some 500,000 units, including 453,000 trucks, 41,300 cars and 5,700 buses. It has been officially stated that the output of these three categories increased in 1954 by 11 per cent, 23 per cent and 34 per cent respectively. On this basis, the U.S.S.R. would be the world's second largest producer of lorries, being surpassed only by the U.S.A.

Last year's sharp increase in the production of cars would seem to reflect the Malenkov policy of raising the output of consumer goods. There was an even more pronounced increase in the production of motor cycles—from 132,000 in 1953 to over 190,000 in 1954. Also,

nearly 3 million kerosine stoves were produced in 1954, compared with the last published figure of under 1.3 million in 1950. The production of motor cycles was planned to reach 225,000 units in 1955, and that of kerosine stoves over 3.8 million. It is now doubtful whether these targets still stand.

Mechanised Agriculture

On the other hand, the continued emphasis on agriculture is sure to bring more tractors and agricultural machinery into use. The number of farm tractors in use in the U.S.S.R., in terms of 15 h.p. units, is stated to have surpassed the 1,000,000 mark last year. The actual horse-power of most Soviet tractors is considerably higher than 15 and the actual numbers are correspondingly smaller. About 130,000-140,000 tractors (15 h.p. equivalents) were annually delivered to agriculture in each of the last three years, but the plan for deliveries had been scaled down to 98,000 this year. The new agricultural regions in Central Asia received last year 40,000 tractors of an average power of over 40 h.p. each, as well as 18,000 grain combines and large numbers of trucks, and their fuel requirements are stated to have been fully satisfied. Most of this year's tractor production will be for Central Asia.

Natural Gas

It is a curious feature of the Russian energy picture that natural gas resources appear to be far from fully utilised. The current Five-Year Plan aimed at an output of 6,300 million cubic metres of natural gas in 1955 (equivalent in calorific value to 6.3 million tons of fuel oil) but it would be surprising if the planned figure were reached on time. There

are large proven reserves of natural gas, especially near Saratov in the Second Baku, also in the Western Ukraine and, to a lesser extent, in most of the existing oil producing areas. A large amount of development work has already been carried out, but it seems that consumption is limited in some areas by the inadequate supply of gas-burning equipment and inadequate local supply facilities.

A number of trunk gas lines have apparently been laid long before the pre-conditions for the utilisation of the gas existed, with the result, for instance, that Stalingrad is using gas only to the extent of 5 per cent of the existing supply capacity. In Kazan, too, gas has been laid on but houses and factories are not equipped to use gas and the system is therefore idle. The town of Ordzhonikidze in the Northern Caucasus used no gas at all in 1953, and used only one per cent of the available supply capacity in 1954.

Natural gas from Saratov is now piped to Moscow through an 845-kilometre line opened in 1947, and natural gas from the Western Ukraine is used in Kiev, Lvov and other

Ukrainian towns. There is a large shale gas plant at Kohtla-Jarve in Estonia which provides gas for Leningrad and for Tallinn (Reval), the Estonian capital. The three largest cities of the U.S.S.R.—Moscow, Leningrad and Kiev—are thus supplied either with natural or shale gas (see also *Petroleum Press Service*, October 1954, page 387).

Increasing Production

As far as available information allows a judgment to be made, there are good reasons for expecting the U.S.S.R.'s total oil production to continue to expand. Moreover, about half the territory of the U.S.S.R. is underlain with sedimentary formations, and if substantial capital resources are devoted to exploratory work, there is every chance of further discoveries. As in other promising oil areas, the determining factor in discovering oil is the volume of resources devoted to the task. Today, in the case of oil, as it is admittedly for natural gas, the main factor setting the limits of expansion is probably the manufacture of oil-consuming equipment rather than the lack of productive capacity.

International Trade

In the year 1953 the United Kingdom's share of world imports was 11.9 per cent; the U.S.A. 14.3 and the Sterling Area 25.4. For the same period the percentage of world exports from the United Kingdom was 9.8 per cent; from the U.S.A. 21.3; and from the Sterling Area 24.4.

GATT Conference Results

HOWEVER much the results achieved at the GATT Conference may have fallen short of the more sanguine hopes entertained before the Geneva negotiations began last October, the United Kingdom and its dependent territories have secured one substantial concession in the form of a waiver permitting the United Kingdom to treat Colonial producers as if they were domestic producers. This will allow subsidies to be given, countervailing duties to be imposed on imports that are injuring imports from dependent territories and, what is particularly important, escape clause procedure permitting immediate action may be taken to protect such producers in an emergency.

Strings Attached

There are, however, a number of strings tied to this waiver, including the right of countries whose trade may be affected to claim 'compensating adjustments'. The revised agreement confirms the waiver obtained by the United Kingdom at an earlier conference to cover the imposition of duties on foreign fruits and vegetables, in order to protect domestic producers, while permitting continued admission without duty of such products from Commonwealth countries. In practice this is mainly a technical waiver since the Commonwealth products which might benefit are limited to a few items, such as potatoes from Cyprus.

Disappointment

It is greatly to be regretted that Australian hopes that Britain might obtain permission to review preferences with the object of restoring

their Ottawa values have not been realised; this statement is partly true also of U.K. efforts to obtain a general elimination of quantitative import restrictions and quotas imposed for balance of payment reasons as a pre-requisite to a restoration of convertibility.

U.S. Quid pro quo

Canada, Australia and New Zealand, and in common with European countries interested in the export of dairy produce, failed to obtain the desired ban on United States import restrictions on agricultural products. Indeed, the conference agreed to a waiver which sets no terminal date for such restrictions but does call on the United States to consult in advance with any country that might be affected and to report the steps that are being taken to deal with the basic problem. Another waiver secured by the United States allows the imposition of certain duties on imports on the basis of the American selling price rather than the foreign price, a procedure which might raise the duty on some imports to a figure well above their actual value in the country of origin.

O.T.C.

All existing tariff bindings under GATT are to continue until the end of 1957, with automatic renewals thereafter for further three-year periods, although individual members are to be permitted to seek renegotiation of individual concessions at the end of the initial binding-over period, i.e. at the end of 1957.

A permanent body to be known as the Organisation for Trade Co-opera-

From Commonwealth Producer, March-April, 1955

tion is to be set up to administer the General Agreement as a substitute for the International Trade Organisation envisaged by the Havana Charter. It will sit continuously and be assisted by an Executive Committee of 17 members. This body is to make an annual review of trade restrictions imposed by the contracting parties; if it decides that

their continued use is unjustified it will have to propose specific changes and will be authorised to release an injured country from an appropriate part of its trade obligations to the offending country. This is regarded as a compromise with the original U.K. demand for abolition of all balance of payment restrictions in two years.

Commonwealth Development

NEW ZEALAND'S MURUPARA PROJECT

MUCH has been written in the last few years about various schemes for the development of resources within the Commonwealth: rather less, perhaps, has been heard of the excellent progress which has been made by New Zealand's timber industry towards providing the Dominion with a fourth large industry after dairying, meat and wool, and, in particular, of the headway made in 1954 on the £28 million Murupara project on North Island.

The new plant, sited in an area offering possibilities of geo-thermal steam power, is to be operated by the Tasman Pulp and Paper Company, Ltd., and is being financed largely by private capital. In addition to issued debentures, the company has an authorised share capital of £6 million, a quarter of which has been allotted to an English firm of paper manufacturers which is to place its marketing experience, technical knowledge and research facilities at the disposal of the operators. On the other hand, a further £2 million of the Tasman Company's shares has been taken up by the New Zealand Government, which is also undertaking the remaining cost of the Murupara programme, amounting

to £13 million, for ancillary services, in themselves pretty extensive deals.

To Serve Australia

Besides meeting local requirements, hitherto obtained largely from dollar and other non-sterling sources, output at Kawerau will also serve the Australian market, which has likewise been purchasing from outside the Sterling Area. Contracts covering a total of some 40,000 tons of newsprint annually for five years starting in 1956 have already been signed with New Zealand and Australian newspaper interests, and negotiations for the sale of pulp in Australasia are reported to be well advanced. If ever the project needed justification it can hardly need it now. With the recurrence in recent months of a decline in their overseas reserves, after a sustained period of recovery, both members of the Commonwealth are again turning a solicitous eye to their trading accounts, and in both Auckland and Canberra the useful contribution which Murupara should make towards an improvement in their respective balance of payments will be more than welcome.

From The Statist, April 2, 1955

U.K. Current Balance of Payments

£ million

	Sterling Area		Other Areas		All Areas	
	1953	1954	1953	1954	1953	1954
Visible Trade						
Imports (f.o.b.).....	1,326	1,328	1,536	1,679	2,889	3,007
Exports & re-exports (f.o.b.).....	1,209	1,333	1,462	1,482	2,671	2,815
Visible balance.....	-117	+ 5	-101	-197	-218	-192
Invisibles (Net)						
Shipping.....	+ 100	+106	+ 24	+ 26	+ 124	+ 132
Interest, profits & dividends.....	+ 98	+ 97	- 39	- 62	+ 59	+ 35
Travel.....	- 2	+ 2	+ 1	- 8	- 1	- 6
Migrants' funds, etc.	+ 3	+ 5	- 7	- 14	- 4	- 9
Other.....	+ 200	+ 184	+ 110	+ 135	+ 310	+ 319
Invisible balance, excluding Government	+ 399	+ 394	+ 89	+ 77	+ 488	+ 471
Government.....	-109	-130	- 46	- 39	-155	-169
BALANCE						
Current balance, excluding defence aid (net).....	+ 173	+ 269	- 58	-159	+ 115	+ 110
Defence aid (net) ..	-	-	+102	+ 50	+102	+ 50
Current balance, including defence aid (net).....	+ 173	+ 269	+ 44	-109	+ 217	+ 160

The above is a table showing the overall balance of payments of the United Kingdom for the years 1953 and 1954 divided into transactions with the sterling area and those with other areas.

The sterling area consists of the Commonwealth and Empire (excluding Canada) plus the following foreign countries: Eire, Iceland, Jordan, Libya, Iraq and Burma. These latter account for about 10 per cent of our imports from and about 12 per cent of exports to the sterling area.

It will be noticed that imports from the sterling area were in 1954 approximately at the 1953 level whereas there was a substantial increase in imports from non-sterling areas. In contrast, exports to the sterling area increased, whereas exports to other areas remained approximately the same. The net result was

From E.I.A. Bulletin Supplement, April, 1955

that our balance of visible trade with the sterling area recovered from a debit of £117m. to a credit of £5m. while trade with non-sterling areas increased the debit from £101m. in 1953 to £197m. in 1954. The moral of this is fairly obvious, namely that our chances of improved trade are

to be found mainly in the Empire and not outside it.

In invisibles the change was not great in either section with the result that the overall current balance of visible and invisible trade, not including defence aid, owes its credit stability mainly to Empire trade.

'Levelling Up' in the United States

PRIVATE enterprise is still under a cloud of suspicion in India. This is surprising, because so much of the little industrial progress we have achieved is due to private enterprise. Indeed, its achievements were won in the face of opposition from a hostile and foreign government which was by no means anxious to aid and foster Indian trade and industry. But this story is now forgotten. People have somehow come to believe that patriotism is synonymous with crying down large-scale industries and industrialists and singing the praises of small-scale industries and exalting the virtues of State-ownership and State-control. The phrase 'Welfare State' is often made to do duty for sound economic reasoning. If someone has the temerity to argue that free enterprise can achieve just those results that the Socialist and Welfare State enthusiasts have in mind, he is put down as a crank or an ante-deluvian thinker who has not read history sufficiently well to realise that free enterprise is as dead as a door-nail, that it has out-lived its utility.

The growth and development of the American economy ought certainly to be a matter of the greatest possible interest to India at the present time. This story interests everyone because this economy forms the basis of the strength of the free world. It is, however, of particular interest to this country, for the U.S. has achieved—even as India seeks to achieve—a high level of economic prosperity raising in the process the lower income groups far more than they have added riches to the privileged classes.

Transformation Scene

There are many books which describe different aspects of this story. Only one is here suggested. It is unlikely that one could get a more readable account than in 'The Big Change', by Frederick Lewis Allen, published by Harper & Brothers, New York (\$3.50). But the bare facts on the levelling up process between 1947 and 1953 are more eloquent than books on America's economic history. It is this current performance rather than the long period which needs to be appreciated. A 'socialistic pattern of society' is being produced in the most capitalist country in the world. It is true the process of levelling up has been a long period one, but against the long period story there should be set a story of the movement of incomes in

From The Eastern Economist, March 25, 1955

the years between 1947 and 1953. A social revolution of great magnitude has been in operation in these years and some indications of what has happened to the lower income brackets are to be found in the graph between 1947 and 1953. The proportion of U.S. non-farm families having incomes ranging between \$3,000 to \$7,500 a year, before taxes, has risen from 36 per cent in 1947 to 52 per cent in 1953, while the proportion of families with incomes under \$3,000 has shrunk from 59 per cent in 1947 to 37 per cent in 1953. Secondly the average U.S. family's living standards have risen one-third in the last 25 years, as measured in terms of real income (income after adjustment for taxes and price changes).

Higher Output

The factor which has been mainly

responsible for the improvement in the lower income brackets in the United States is the rise of output per man-hour. This has increased at an average annual compound rate since 1929 of between 2 and 3 per cent with the average productivity increase in recent post-war years considerably higher than the twenty-five-year average. The other major factor in producing equality has risen from high personal taxation and thus the problem of inequality has been made by pressure at both ends. It is obvious, however, that the upward pressure from below has been far more significant than the downward pressure from above. This is a most significant fact which we in India tend too often to ignore. The real instrument of the 'socialistic pattern of society' is an increase in productivity with larger employment all round.

Urban Renewal in the United States

'The "new look" in slum clearance and urban redevelopment is the look of urban renewal. Many call it the most significant municipal enterprise ever undertaken by American municipal officials.'

As readers of the article on 'Slum Clearance within the Framework of Urban Redevelopment' in our September number will have noticed, the U.S. Federal Housing Act of 1954 has introduced a new concept into town-planning, namely 'urban renewal'. Whereas the act offers the municipalities greater opportunities

for Federal Government aid in improving their towns, it also makes eligibility for the receipt of such aid conditional upon their having a 'workable programme of urban renewal'. *The American Municipal Association in co-operation with the Division of Slum Clearance and Urban Redevelopment* has accordingly worked out for the guidance of municipalities a series of essential factors which will be considered in determining the soundness and adequacy of these workable programmes. Municipalities will probably be regarded as having a

From I.U.L.A. Quarterly, March 1955 (Netherlands)

workable programme of urban renewal if the following plan is followed:

Development of an Urban Renewal Programme

First, an urban renewal area should be tentatively selected. The area should be clearly defined in terms of acres, recognisable boundaries and percentage of the total supply of housing in the city found within it. Some of the conditions found in such an area which might make necessary a positive programme of action on the part of the municipality are:

- The infiltration of business and industry into a distinctly residential area, particularly on the periphery of the area and the continuation and expansion of non-conforming business uses.
- Heavy truck traffic on residential streets.
- The lack of recreational facilities.
- The poor condition of elementary schools and other schools.
- The need of street and sidewalk improvements.
- The obsolescence of the lot pattern and street layout.
- The lack of maintenance on a substantial number of structures.
- The uncontrolled conversion of many of the older, larger houses into rooming houses and 'light housekeeping' units.
- The total lack of private investment in new housing despite the presence of vacant lots.

An Urban Renewal Plan

Second, a preliminary urban renewal plan should be formulated. This should consist of at least the following:

- Clearance of those areas, which are too far gone for rehabilitation.

Large areas of this type should be studied for redevelopment for restricted commercial use so as to utilize properly the valuable frontage which may be present on the major streets, and to be consistent with good zoning and planning principles.

- The provision of adequate recreational facilities. Clearance for this purpose should serve the additional purpose of reducing excessive population density.

- The replacement of obsolete schools by modern schools on adequate sites.

- The revision of the traffic pattern to shift to the periphery of the urban renewal area the heavy traffic that may be a blighting factor. This will probably require some rearrangement of the street pattern.

- Spot clearance of the worst small areas and non-conforming uses. This serves the dual purpose of facilitating the upgrading of the residential character of such neighbourhoods and of providing land for school sites, play lots and housing.

- Thought must be given to the construction of some units of public low rent housing. This is particularly needed to meet the relocation problem caused by the slum clearance. The Housing Act of 1954 contains special aids to help finance construction of low cost units, thus tending to break down the institutional look and pattern of public low rent housing.

Construction of such units on scattered lots would facilitate a maximum of tenant maintenance, while permitting low income, displaced families to remain in their own neighbourhoods, attend the same church, etc.

Finance

As a next step consideration should be given to the problem of finance. Calculations of gross and net project costs are necessary to help determine whether or not the project is feasible and whether the municipality will be able to proceed with it.

A Workable Programme Studied

A municipality should analyse what might be required as part of a 'workable programme' to prevent the development of slums and blight. It will not be expected to have an accomplished workable programme in full effect in the beginning. If such a requirement were to be insisted upon, probably few, if any, cities would be able to utilise the urban renewal programme or be eligible for other federal housing financial aids. The present intention is to have each city face squarely the total implications of the workable programme and outline in detail the steps which will be necessary in order to develop a completely effective programme. Then each of these proposed steps will be given a date for accomplishment. Once such schedule has been developed and the city has committed itself to the schedule, the requirements of a workable programme for the first project will be considered as having been fulfilled. However, as other projects are contemplated, accomplishments against the schedule will be reviewed.

Outline of a Workable Programme

Generally a workable programme will consist of approximately ten points.

1. *General Planning*: Since each project under the federal law must

conform to the general plan for the community as a whole, an examination of the status of the various elements associated with the general plan becomes the first element in the workable programme. Some of the planning activities which fulfil the general planning requirements are as follows:

- a. The preparation of a revised zoning ordinance of the city.
- b. A completed recreation plan for the city. This should be co-ordinated with the completed survey of elementary school building needs and the present direction of the school building programme.
- c. Studies on the traffic circulation system, both in relation to the state and regional highway systems and the local requirements.
- d. A public improvements programme, in the nature of a capital budget, should be prepared.
- e. A land use plan should be prepared, including:
 - (1) Planning districts and neighbourhoods
 - (2) Development and redevelopment areas
 - (3) Population trends
 - (4) The economic base studies.

2. *Detailed Surveys*: Each city participating in the programme must be prepared to make a selection of areas for clearance, rehabilitation, and conservation; to make studies of housing needs, including housing for minority families; and, after renewal projects have been selected, to make structure-by-structure surveys both to determine the number of structures which fail to meet mini-

num standards and to produce preliminary cost estimates of necessary improvements to each structure.

3. *Enabling Legislation*: In general, most states have a considerable amount of legislation on housing. There is no thought of asking for the repeal of this legislation and the substitution of a new bill having to do with urban renewal. However, there may be various amendments with respect to existing state legislation which will have to be proposed so as to extend the power of municipalities with respect to urban renewal.

4. *Local Codes and Ordinances*: Municipalities must possess adequate power to compel compliance with minimum standards of health, sanitation and safety in dwellings.

5. *Code Enforcement Machinery*: Because of varying state and local laws, the inspection and enforcement machinery for local codes varies from municipality to municipality. Study must be given to methods of co-ordinating the inspection programme.

6. *Administrative Machinery*: Administration of the programme should be under the policy control of the mayor or other chief administrative or executive official. It may be advisable to create a committee on improved housing

standards which may include representatives of the fire, building, health, public works, housing and planning departments.

7. *Financing Ability*: A very careful financial plan will have to be formulated indicating some of the special costs which will be involved and how the municipality will be able to meet its share of the costs.

8. *Relocation Programme*: The municipality has the definite responsibility under the law of formulating a relocation programme. All families which may be displaced by the proposed urban renewal project must be planned for in the relocation programme. The municipality has a responsibility to fulfil in this regard.

9. *Citizen Participation*: Stressed by federal officials and referred to by them as being of the 'utmost importance' is broad, active citizen participation in the urban renewal programme. Plans must be developed to encourage and develop public support for the various phases of the programme.

10. *The Follow-Up Programme*: Plans must be formulated for a follow-up programme to sustain the upgrading of the renewal area. This phase of the programme is considered to be a part of the general planning activity for the project.

Trade Union Topics

(1) T.U.C. AND THE BUDGET

THE tax concessions given in the Budget follow the familiar pattern that the Trade Union Movement has come to expect from a Conservative Government. They are concentrated almost entirely on the Income Tax and so reduce the progression in the tax system. The Chancellor has made no general reductions in indirect taxation which presses so heavily on working people. In fact, he has done nothing in the Budget to help the lower paid workers and their families who are outside the income tax range. Those who benefit most from the reductions in income tax are those persons with large incomes, and particularly shareholders in industry.

In the Chancellor's opinion the reductions in the rates of income tax will 'be regarded as the most positive and heartening encouragement' to employers and workers alike. For the most part, however, the tax reductions for workers will be less than 2s. a week, and in many cases will be negligible. This cannot be regarded as giving workers 'positive and heartening encouragement'. In any case, the Government's decision to increase national insurance and industrial injuries contributions by 1s. a week in June largely offset these reductions.

The Chancellor has taken credit for the fact that the increased personal allowances will free about 2,400,000 taxpayers from liability for income tax. If he had adopted the scheme for a minimum lump sum earned income relief put forward by the minority of the Royal Com-

mission on Taxation, and strongly supported by the T.U.C. in its Budget representations, he could have removed nearly four million taxpayers from liability at no net cost to the Exchequer.

Dividends and Profits

It is a matter for concern that the Chancellor has taken no action to check increases in dividends and speculative profits. The revenue from profits taxation was already expected to fall by some £40 million in the coming year as companies obtained a full year's benefit from the abolition of the Excess Profits Levy; and companies will now benefit to the extent of another £40 million as a result of the reduction in the standard rate of income tax. An official estimate is not available but the tax reliefs given to industry by the present Government in the form of initial and investment allowances, and reductions in Profits Tax and the standard rate of Income Tax, cannot be put at less than £250 million a year and may be considerably more. There has never been any convincing evidence that industry is short of finance for investment. At a time when dividend increases are outstripping profits increases (and both are still far outstripping wage increases) there cannot be any justification for this further reduction in company taxation. The Chancellor cannot be surprised if his warnings about the need for restraint in personal incomes have a hollow ring to trade unionists.

From Industrial News, April 29, 1955

Needs of Economic Situation

The most disturbing feature of the Budget, however, is its failure to measure up to the real needs of the economic situation. In their representations to the Chancellor before the Budget, the General Council stated that the overriding objectives must continue to be the need to expand exports, to increase production and investment, and to stabilise costs and prices; and they warned the Chancellor that there was no room for complacency in any of these fields. Facts disclosed subsequently in the 'Economic Survey' and elsewhere have more than confirmed their view of the gravity of the economic situation. Between the first and second halves of 1954 the United Kingdom's overseas payments position worsened by £184 million and the trade figures for the first quarter of this year indicate that this serious deterioration is continuing and that we shall be heavily in deficit this year. Nor is the position at home by any means secure. Production has not been rising in the past five months, and a satisfactory level of investment in manufacturing industry is far from being attained.

Stabilise Prices

The most prudent course to adopt in the Budget would, therefore, have been to make no major tax concessions despite the very large surplus, since these might well increase the danger of inflation; but instead to try to stabilise prices and costs by making reductions in the Purchase Tax on essential goods, and in the fuel tax and by increasing the taxes on profits with the object of checking further dividend increases. These measures, together with the proposal to relieve lower paid workers from income tax liability, were the basis

of the General Council's representations to the Chancellor before the Budget. With one exception, a minor one relating to the apprenticeship allowance, they have been ignored.

Concern with Election

By his decision to make a major cut in income tax, the Chancellor has shown that he is more concerned in the Budget with the Election than with restraining inflationary pressure or to correct the adverse balance of payments. In his Budget speech he referred to the restraining effect that has been reimposed on hire-purchase transactions would have on personal consumption. There was little change in total personal savings last year, however, despite the increase in National Savings referred to by the Chancellor; and the hire-purchase restrictions can have only a minor effect in reducing total consumption. It is significant, therefore, that the Chancellor referred in his Budget speech to the effect of rising prices in damping down consumer spending. He is also relying heavily on the restriction of credit through the Bank Rate to reduce any excess demand that may develop later in the year. This is at best a clumsy method of restraining inflationary pressure, and if pressed much further it will check essential investment and endanger full employment.

From the last four Budgets trade unionists have learned not to expect a policy of 'fair shares' from a Conservative Chancellor. They are entitled to demand, however, that the Budget should be designed to secure as far as possible the maintenance of the economic and financial stability on which full employment and their living standards depend. Judged by this criterion the present Budget manifestly fails.

(2) THE PROBLEM OF COAL

Some Implications

The need for the U.K. to increase the sum total of its visible and invisible earnings overseas has lost none of its urgency, and the prospect of doing it is being made more difficult by growing competition. Coal, though still a considerable overseas currency earner, is a much smaller one than pre-war, and other industries have the task of making good the loss of foreign currency caused

by our using more coal at home and producing less. This is not a situation to which there is any easy solution. Investment in mining is coming forward at a faster pace while the big developments in atomic generation of power should ultimately ease the pressure on coal supplies. But neither of these will alleviate the short-term difficulty; this underlines the importance of raising fuel efficiency and using more oil.

From Bulletin for Industry, H.M. Treasury, April, 1955

(3) AUSTRALIAN MANUFACTURING INDUSTRY

The manufacturing industry in Australia has grown notably in the last few years, the value of production having risen from £A352,000,000 in 1945-46 to an estimated £A1,200,000,000 in 1953-54. More than 1,000,000 people are now employed in industrial concerns—about 30 per cent of the entire working population.

The Minister for National Development, Senator Spooner, said on April 5 that since the end of the war the manufacturing industry had

spent more than £A800,000,000 on plant and equipment. Nearly £A300,000,000 of this had come from, and been invested by, overseas firms.

Senator Spooner said that while overseas firms should still be encouraged to invest in Australia, local manufacturers should continue their conservative dividend policies and the ploughing back of profits into business to reduce costs and give service to the country's increasing population.

(4) SWEDEN'S INDUSTRIAL OUTPUT

The volume of Sweden's industrial production was registered at 227 points in February, as compared with 213 for the same month of 1954. The seasonally adjusted index figure was 220, as against 221 in January.

The output of capital goods showed a continued increase, or from 236 in February 1954 and 255 in January this year to 258. The consumer goods industry, which reached a low of 178 in January, recovered to 184, i.e. four points above the February level

last year. Iron-ore mining fell from 204 in January to 197 but was nine points higher than in February 1954, the corresponding figures for the timber industry being respectively 150, 168 and 157. The pulp and paper output was registered at 167 in February, as compared with 164 in January 1955 and 152 in February last year. The only branch showing lower February figures than last year was the leather and shoe industry—120 and 125 respectively.

China's Five-Year Plan Difficulties

THE recent National Conference of the Communist Party of China revealed difficulties in economic policy which are now besetting the Government's Five-Year Plan. One of the resolutions passed at the Conference instructs the Central Committee to revise the Plan and re-submit it to the next meeting of the National People's Congress. A leading article in the Peking People's Daily comments that the Party has now had two years of practical experience and this makes it possible for the whole Five-Year Plan to be worked out more in conformity with reality. In the revision emphasis is to be placed on heavy industry.

The editorial continues: 'It is true that our agriculture is backward, that the supply of food and industrial crops lags far behind our country's present needs and that they must be greatly developed. Rail and other transport are also inadequate and need expansion. But there is a limit to the funds we can use on construction under the Five-Year Plan, and an even distribution would lead us nowhere. The giving of priority to the development of heavy industry will itself be a key factor in extricat-

ing our agriculture, transport and other fields from their backwardness, expanding light industry and systematically improving the life of the people.'

Apart from the brief reference quoted above to the 'backwardness' of China's agriculture, a recent resolution of the State Administrative Council on spring sowing threw further light on the difficulties being encountered. 'For a rather long time in the past', it stated, China would not have the resources to supply the farmers with mechanised tools or artificial fertiliser. One hope of increasing production, it says, must lie in giving the farmer a larger margin of his crop for private trade.

A new food austerity campaign is getting under way in China. With rice, flour, cotton cloth and cooking oil already on ration, the Peking People's Daily has called on everyone to economise on food consumption and curb waste. This campaign follows a State Council directive calling for a grain production increase of 10 million tons in 1955. (Last year's production is stated to have been 170 million tons.)

From China Association

PERCENTAGE OF WORKING PEOPLE WHO ARE FARMERS

Thailand	85	Japan	47
Yugoslavia	75	Cuba	41
Colombia	72	Italy	39
India	66	Denmark	23
Indonesia	66	Canada	16
Egypt	65	Australia	14
Brazil	58	United States	11
Greece	58	United Kingdom	5
Mexico	58		

From I.F.A.P.

Soviet Agriculture

THE official Soviet ruling circles blamed the failure of agriculture on the three ministers who have dealt with this matter: the Minister of Agriculture, I. Benedictov, the Minister of State Farms, A. Kozlov, and the Minister of Automobiles, Tractors and Agricultural Machinery Construction, A. Akopov. The Communist Party mouthpiece, *Pravda*, a few weeks ago asserted that these ministers and their aides had become 'lulled by routine and have lost their sense of responsibility'.

But the true cause of the present state of Soviet agricultural affairs, as is admitted by many sources, lies in the continuing resistance of the peasantry. Neither the kolkhoz members, the sovkhos workers nor even the Machine Tractor Stations are making any real effort to fulfil the tasks demanded of them by the Communist Party. During the past years the peasants had recognised that the increasing of agricultural production on the collective farms did not increase the incomes and the standard of living of the peasantry. The Communist Party and the Soviet Government, with the aid of the police, are strong enough to take over the harvests and cattle from the collectives as compulsory deliveries to the state, but they are not numerous enough to exercise strong control over the everyday activities on the collective farms, which are spread over the enormous areas of the Soviet Union.

Party and Peasantry

This is why the Central Committee

of the Communist Party of the Soviet Union constantly stresses the need for strengthening the ties between the Party and the peasantry, and why the area, regional and district Communist Party units and rural cells are commanded to keep watch over the daily work in the collectives. Members of the Party, in other words, are required by their leaders to be the policemen of agriculture, putting into effect all the orders of the Communist Party and overseeing their execution.

The experience of collectivised agriculture during the last three decades has shown that agricultural production cannot be managed by police methods without the initiative and freedom of action by the individuals who are involved in the production. Through the collectivisation and state planning of agriculture, the Communist Party took the responsibility for agricultural affairs, and if production is at a very low level the kolkhoz peasants cannot be held responsible.

The chief planners for Soviet agriculture, such as Stalin in the past and now Khrushchev, also want to avoid the responsibility so it is placed on the ministers of agriculture who execute the Party's orders concerning the agricultural economy. These ministers may come and go, but the situation remains as bad as ever.

Even Khrushchev has admitted that agricultural production in 1954 was unsatisfactory. Other Soviet sources have stated that the situation is very bad, but Westerners term it catastrophic.

From *I.P.U. Bulletin*, March, 1955

U.S. Wheat

There have been discussions in Washington legislative circles about offering U.S. wheat to the Soviet Union on a moral basis to save the people from possible starvation. But some doubt is cast on the morality of such action when it is considered that the offering would not primarily save the Soviet people but rather it would save the Communist Party of the Soviet Union which one day might well strike the free world by unexpected aggression. And if millions of lives are lost from the H-Bombs promised by Molotov, who will then take the responsibility for the moral reasoning?

The Communist Party of the Soviet Union has tried to overcome the difficulties in agriculture through a few measures which have been mentioned in Khrushchev's latest speeches:

Land Reclamation

(1) The reclamation of the virgin lands in Siberia will be continued by expanding the new agricultural areas over one hundred million acres of arable land. The new areas will not be collectives but will be state-operated farms on which the agricultural methods of the United States will be introduced. To build up these new areas of state farming, young people are being drafted, some from the Soviet Union but most of them from the Soviet-captive Baltic States, Western Ukraine, Bessarabia and Rutherfordia. It is a forced draft, and not only serves the economic purposes of the Soviet Union but is also of a political nature. It is a new kind of deportation, and the families of the drafted young people are forced to follow them.

The waste areas of Siberia are expected to become territories newly

inhabited with a mixed population from many nations. This project can be shown to be the attempt to create a population that has no national sentiments and ties and which would therefore be very suitable for the expansion of international communism.

U.S. Methods

(2) The agricultural methods of the United States have been mentioned many times in the speeches of Khrushchev, both at the meetings in Moscow and in the Ukraine. Methods for increasing grain production on the collectives are stressed, and special propaganda is directed toward the Communist youth, emphasising the necessity of introducing U.S. agricultural methods in Soviet agriculture.

Mechanisation

(3) Along with all these changes in the theory of farming methods, great stress is placed on the mechanisation of agriculture. The Ministry of Agricultural Machinery and its respective areas and district branches, industry, and the management of machine tractor stations, are charged to do their utmost to supply high quality machines, to improve repair work in rural localities and to proceed with full mechanisation as required by modern methods of farming.

But even if the plans for the full mechanisation of agriculture succeeded—if all the machinery were put in the fields and the farming methods of the United States were introduced—the Soviet collective farm production would be far behind the production of the United States, because Soviet slave labour and the police management of agriculture cannot bring the same results as free labour and private initiative. The

latter are the only means of succeeding in production, particularly in farming.

Centralisation Condemned

(4) After all the failures in Soviet agriculture the Communist Party has agreed that agricultural planning cannot be centralised, and that steps toward improvement must be taken. On March 10, 1955, the Communist Party boss Khrushchev and the new Soviet Premier Bulganin made a statement concerning agriculture. In it they condemned extreme centralisation in agricultural planning. 'This centralisation', the statement said, 'has fettered the initiative of the collective farms and the machine tractor stations. It has diminished the responsibilities and the interest of their members in increasing agricultural production and it has decreased their profits.'

Under this new system the main consideration is to be given to the volume of production and not to the number of acres sown or to the number of livestock maintained. Agricultural production is to be planned directly at the collective farms, machine tractor stations and the state farms, taking into consideration the best possible utilisation of the land. In spite of this innovation, the higher administrative bodies for planning will continue to set quotas for deliveries to the state. The State

Light and Shade in Asian Development

THREE fresh reports, one from the U.N. Commission for Asia and the Far East and two from the Foreign Operations Administration of the U.S.A., combine to give a picture of hopeful travel and of back-breaking difficulties in the continuing task of Asian development. The main findings of the 1954 *Economic Survey of Asia and the Far East* certainly suggest that the developed countries of the free world may find it impolitic to await the advent of agreed disarmament measures before setting up the special U.N. fund for economic development, already agreed in principle.

This urgent policy angle has been stressed by Senator Alexander Smith of the U.S. Senate Foreign Relations Committee who insisted that greatly expanded economic aid was essential if the underdeveloped countries of Asia are to be 'kept in the family of free nations'. In spite of all efforts so far, the real income per head of the people of the area is, the new U.N. survey reports, still below pre-war level, and in spite of the 'grow more food' efforts of governments, food production per head is still eight per cent below pre-war.

The ECAFE report itself stresses the serious difficulties encountered in efforts to increase development expenditure and holds that frustration lies ahead unless foreign aid becomes available on a much larger scale than at present. In view of the appallingly low *per capita* income of the area, it is small wonder that the Survey finds domestic capital formation totally inadequate, falling, at

\$2,000 million per annum, some \$3,000 million below estimated needs. Only \$1,000 million of this gap is at present being bridged by external aid and the ECAFE Survey states a five to seven year annual requirement of treble this amount. (It may be recalled in this connection that Mr Harold Stassen announced that he expects some two-thirds of the forthcoming Mutual Security Programme funds of \$3,500 million to be devoted to Asia.)

Problem of Rice

The need for care in the use of food-grains in this programme emerges from ECAFE's references to the present rice problem of the area, where the rice exporting areas are suffering from mounting stocks and falling revenues owing to the heavy imports of food grains other than rice by the rice-importing countries.

Slow Industrialisation—

Although industrial production in the area has shown good promise, large-scale factory manufacturing in Asia remains small. Even in India, says the report, only about 1.8 per cent of the working population are employed in factories. But total cotton piece goods production in the region increased from 7,000 million metres in 1951 to 10,000 million in 1954. By June, 1954, the foreign exchange reserves of the region were 11 per cent lower than at the end of 1952. This running down of foreign exchange through larger imports

was, however, specifically recommended in a recent report of a working party set up by ECAFE—a useful means of combating internal inflationary trends.

—and Diversification

One of the most disappointing findings of the report—in view of the immense efforts made in recent years—is that there has been no marked shift in the occupational distribution in the population of the ECAFE countries. There is still no indication of any appreciable diversification despite the marked increase in development expenditures. Efforts to bring about a better balance between the production of food and non-food items had not yet attained any marked success, says the report.

The Survey approves the development principles followed by the region, where, unlike the position in mainland China, the emphasis has been placed on the building of basic services such as power, transport, irrigation and flood control. But the endeavour at the same time to maintain current consumption has meant that progress has been slow. Even so, though the policy of 'basic' development may not bring about rapid economic development, it has, says the report, laid the foundations for future progress by increasing national income and the potential for future savings. The need now is, stresses ECAFE, to emphasise the training of labour of all grades: that and the importation of skills must be the main aim.

University Aid

It is this aspect of development which constitutes the main theme of the two U.S. Foreign Administration

reports, *Technical Co-operation Round the World and American Universities in Technical Co-operation*. The main FOA aim in this export of technical skills to Asia is to teach those who will teach others. Under the schemes many thousands of agricultural technicians have received training. In the Philippines, 38 agricultural high schools have been built or repaired, and provided with modern equipment. At the close of 1954, some 40 American universities had members of their own staffs (financed by FOA) in underdeveloped countries assisting in setting up training facilities. The universities undertake a two or three year contract to complete specific tasks.

"These contracts", says the report, "have the advantage of bringing the facilities and staff of an entire university into the technical exchange effort; faculty members who go abroad can rely on the home institution for assistance; the institution abroad becomes familiar not only with American technical knowledge but also with American practice of putting this knowledge to work through extension, demonstration and advisory services. U.S. technicians are also increasingly promoting 'community' development schemes of the type which have proved so popular and rewarding in India, where the people of a village are encouraged to pool their efforts in road and school building, water supply projects, etc.

Colombo Examples

But although these American 'bilateral' programmes have achieved much, there is more than a suggestion in the reports that the channelling of efforts through international bodies has much to be said in its favour.

High praise is given to the Colombo Plan and the report concludes: 'In some countries public opinion makes it advisable for the local government to accept aid from an international organisation rather than from a single foreign nation. U.S. support of these international programmes gives other countries confidence in the purpose behind our own direct programmes.'

Nuclear Energy and the Future

CONCLUSIONS

BY SIR FRANCIS SIMON

In the beginning I posed the question whether the coming of nuclear power heralds a *new industrial revolution*. Let us survey the outcome of our discussions. It is clear that by the end of the century nuclear energy will have made its mark on our power pattern. The under-developed countries will have felt its impact much earlier, as the provision of small amounts of energy should be possible within a decade or two, although to begin with at a price which might be uneconomic for the more industrialised countries. The middle of next century will probably see the world deriving most of its energy from nuclear sources. By then, if not even very much earlier, means will have been found to bring the so-called thermo-nuclear reactions under control, and these—because of the abundance of the fuels—will assure the world of energy supplies for all time to come.

Decisive Effect

Thus it is obvious that nuclear energy will have a very decisive effect on our way of life. This country can be proud that it possesses in the British Atomic Energy Authority a team of great ability, enterprise and vision. But this is not sufficient. In particular, there are too many who think that nuclear energy is the panacea which will permit us to go on wasting and fumbling as we do now in so many fields. A supreme effort must be made to change this state of affairs. I have tried to outline a few of the points which seem most important not only for the future of nuclear energy, but of the country as a whole.

A New Era

For the under-developed countries nuclear power will really mean the ushering in of a new era. It will make industrialisation possible by tending to equalise the cost of power over the whole world, and so enable industry to set up in places deprived of the

Atomic Energy Serves the Commonwealth

BY BERNARD BRAINE, M.P.

Nuclear energy is now being harnessed for peaceful purposes—and it is great and encouraging news to learn that Britain, already in the van of progress in this field, is to embark upon the world's first large-scale programme for producing electricity from nuclear power stations.

INDEED, the decision to build twelve such stations over a ten-year period before a single experimental station has come into operation anywhere in the free world calls for courage and enterprise of a high order. True, the programme is provisional, may be modified in the light of new discoveries, perhaps expanded, in development has clearly reached the stage where, in the words of the Government's White Paper,¹ 'it is vital that we should apply it commercially with all speed if we are to keep our position as a leading industrial nation and reap the benefits that it offers'.

Already two experimental stations are under construction. The first, at Calder Hill in Cumberland, will be completed next year and should then be feeding some 60,000 kw. of electricity into the national grid system. The second, an even more dramatic project, is at Dounreay in Caithness. Here is to be established a fast breeder reactor which, to put the matter simply, generates tremendous heat and yet in the process produces more fuel than it consumes.

British Advantage

These will be the first nuclear

stations to come into operation in the free world. Calder Hall is already providing valuable operational experience for constructional, electrical and chemical engineers. Dounreay will become the proving ground for the nuclear reactors of the future. The knowledge gained in the construction and operation of these plants will give Britain a powerful advantage in teaching and equipping a power-hungry world to make effective use of nuclear energy.

In order to speed these developments and to make British industry 'nuclear-minded' as well as to help our scientists understand the needs of our industry, the United Kingdom Atomic Energy Authority was set up in August last year, inheriting the vast and complex organisation started by the Ministry of Supply in 1946. Under the chairmanship of Sir Edwin Plowden, the authority comprises three distinct groups—an *Industrial Group* centred at Risley under Sir Christopher Hinton, which is responsible for the production of materials necessary for an atomic programme and also for power development; the *Research Group* at Harwell under Sir John Cockcroft, which carries out all basic research and has, incidentally, become the world's principal source of radio-

¹ *A Programme of Nuclear Power*. Cmd 9389.

From *New Commonwealth*, April 18, 1955

isotopes,² and the *Weapons Group* at Aldermaston under Sir William Penney.

The Commonwealth Contribution

Britain, of course, is not alone in these fascinating new developments, nor would wish to be. Other Commonwealth countries, whose scientists have contributed much to our own programme, are advancing along the same road and are happily endowed with the basic raw materials. Canada will have a nuclear power station operating by 1958. Australia is building a nuclear reactor. South Africa and New Zealand are well equipped to make a substantial contribution to the common pool of knowledge and material resources.

The time is ripe, therefore, to examine what these developments are likely to mean not only to the individual countries concerned but to the Commonwealth as a whole. To what extent will they add to the economic strength and vitality of our family of nations? Will they effect a dramatic transformation in our ways of living, as some people think, or are we in danger of over-estimating the significance of nuclear energy? Are they likely to make such demands upon our readiness to co-operate with one another that we ought to revise our ideas of Commonwealth relations? If it be true that for the moment we in Britain have a small lead over our

² A radioactive isotope is an atom of an element which, while possessing the same chemical properties as the normal element, is radioactive. Since it behaves chemically in exactly the same way as the normal element, the course taken by an isotope used in an industrial process or injected into the human body can be traced by instruments sensitive to radiation.

principal rivals in the industrial application of nuclear energy, are we in danger, through lack of vision and drive or any other reason, of losing it? All these are questions which will be examined in *New Commonwealth* in this and succeeding articles.

First, let us try and assess what these new developments mean for Britain. What do they mean, for instance, in terms of conventional power supplies? The answer depends partly upon cost and partly upon need.

Capital Cost

Now, we can easily get lost in the realms of cost. In the early stages one would naturally expect the capital cost of nuclear power stations to be higher than those of conventional power stations. The thermal efficiency of the first nuclear reactor to come into operation will be somewhat below that of up-to-date coal-burning stations. But with developments in reactor design higher efficiencies will be obtained and a substantial reduction in the capital cost per unit of power generated can be expected.

Fuel costs, on the other hand, are likely to be lower. These depend on the basic price of uranium, the cost of processing the ore and converting it into nuclear fuel, the amount of heat that can be got from the fuel in the reactor, and the value of the plutonium which is produced as a by-product of fission and can be used as a secondary fuel. Here again there are many imponderables, but it is safe to say that taking capital and fuel costs into account, and making no allowance for the sale of by-products, nuclear power will be produced at about 0.6d. a unit, which is about the present

average generating cost from conventional power stations.

The real significance of this figure, of course, is not that nuclear power is going to be no more expensive than the electricity we are now using but that it is likely to be very much cheaper than the electricity we would be getting in ten years time if no nuclear power development had taken place.

Narrow Margin

In this sense the arrival of nuclear power is providential. For the Ridley Committee, reporting in 1952,³ gave warning that despite current plans to expand coal output in the next decade or so demand would rise more steeply than supply.

Even now we live on the narrowest of margins. It is no exaggeration to say that our influence in the world, indeed our very survival, depends upon the availability of power. We are obliged to import coal, yet our consumption per capita is only about half that of the United States. We are faced with acute competition in export markets yet the British worker has at his elbow only one-third of the power available to his American counterpart. The task of economic statesmanship is to reduce this disparity and, if possible, to eliminate it altogether.

For us in Britain, therefore, it has become a pressing necessity to develop nuclear power just as swiftly as we can.

To do so will provide us with a key to many doors. For one thing more power from nuclear sources should enable us to make much more efficient use of our coal resources. It should enable us to reserve our best coking coal for metallurgical coke production, to

step up low-temperature carbonisation of coal and so reap its rich harvest of chemical derivatives.

Eliminate Waste

It will help also to eliminate waste and to reduce atmospheric pollution. Railway locomotives belching smoke delight the small boy in all of us, whether we are young or old, but the truth is that they burn precious coal at a thermal efficiency of not much more than 6 per cent—the remaining 94 per cent or thereabouts literally goes up in smoke.

Now, if nuclear power stations—which are going to be costly to build but relatively cheap to operate—are going to be run as economically as possible then they must be operated at the highest possible load factor, i.e., for 24 hours and all through the year. It is distressing enough that our most modern conventional power stations operate at an average of only 44 per cent of their actual capacity. We shall have to do better than this. The need, therefore, is to find some major consumer of electricity at high load factor in the off-peak periods. Here, electrification of the railways provides part of the answer.

Painful Readjustments

But this poses a further question. It is now known that in the sphere of defence an 'agonising re-appraisal' of requirements in men and material has been taking place in the light of the new weapons and new tactics of this atomic age. Painful readjustments will have to be made; many cherished traditions will disappear. But in the end one hopes that safety will be attained with due regard to economy. Is a similar appraisal being made of the likely requirement

of British industry over the next twenty years? Can we be quite certain, for example, that the various capital investment programmes for coal, electricity and railways are being co-ordinated? Massive sums have been invested in the fuel and power industries since the war but nobody would dare to suggest that any real attempt has been made to ensure, on the one hand, maximum production of coal for the money invested, and, on the other, its most economic use as between gas and electricity.

Similarly, is anybody in government or industry bothering to look into the future and to project our likely requirements in raw materials (other than coal) over the next twenty years or so?

The answer to this question is probably—no. Yet it is not really sufficient to argue in defence, as some people do, that because Britain needs to import her raw materials cheaply and sterling area producers like to sell them dearly there is difficulty in arriving at any useful long-term plan. Price is determined by availability of supplies, and an intelligent forecasting of requirements now, combined with an imaginative overseas investment policy, would yield rich dividends in the future. Certainly it would be fatal to leave the job of development to others. This is one sphere in which we simply cannot afford to drift.

A Warning—and Challenge

Already the Americans are ahead of us. The Report to President Eisenhower by the Paley Commission⁴ provides a careful forecast of their material needs and resources in relation to the needs and resources

of the free world as a whole for the next quarter of a century. And it provides a warning and a challenge to the rest of us.

Of course, for advanced industrial countries possessing abundant and accessible coal and oil resources or water power still unharnessed, the need to develop nuclear power may not seem so pressing. Certainly, there is no commercially feasible method, as yet, of directly converting nuclear energy into electricity. In a nuclear power station electricity is still generated by means of a steam turbine—the only difference is that the reactor takes the place of the coal-fired boiler. Thus, where there is no shortage of cheap conventional fuels there is no particular profit in the use of nuclear fuels. But it would be a mistake to put too much reliance on this—precisely because of the prodigious rate at which the economies of the advanced countries are expanding.

Voracious Economy

Consider what is happening in the United States. In 1950 the great republic with about one-tenth of the free world's population consumed more than half of its energy supplies—coal, oil, natural gas and hydro-electric power; European countries this side of the Iron Curtain with about one-fifth of the free world's population used about one-quarter of its energy supplies; the remaining quarter was consumed by the rest of the free world with seven-tenths of its population. *Within the next 25 years consumption may well be doubled. It will certainly be doubled in the United States.* Think what that means. In the last fifty years—a mere flash of geological time—the voracious appetite of the American economy has already burned up more

³ Cmd 8647.

⁴ Resources for Freedom, 1952.

of the coal, oil and natural gas stored in the earth than had been consumed in all previous history. New reserves may be found, more economic use of resources may be effected, but increasingly the United States—already a net importer of oil—must look beyond her borders for basic fuels and may very well seek to control the sources of supply.

Enough Uranium

Britain, on the other hand, is dependent now not only for her nuclear energy programme but for her oil and even occasional coal requirements upon imports from overseas. Admittedly, there is certainly no shortage of fissionable material—at present. Indeed, the United Kingdom Government considers that enough uranium will be available for the civil programme over the next ten years, after making the best assessment possible of world supplies and world requirements for all purposes. The Americans are even more optimistic. Mr Faulkner, Assistant Director of the U.S. Atomic Energy Commission's Foreign Procurement Division, has declared publicly that there is enough raw material to meet all foreseeable military and industrial requirements for the next half century—beyond which nobody would wish to go.

Tussles Behind the Scenes

But whose requirements? Those of the United States or those of other countries turning to the use of nuclear power? Can we be quite certain as to the pattern of world demand after ten years? Great secrecy still enshrouds the post-war agreements between the United States, Britain and Canada, which govern the developments, purchase, and allocation of fissionable mat-

erials. There have been rumours of tussles behind the scenes but whether everything has been done and is being done to ensure our continued access to supplies is a matter upon which we cannot speculate, since no information has been given to either Parliament or the nation.

True, we have a share in the valuable Belgian Congo ores. And as far as our now Colonial dependencies are concerned the search for new sources of supply goes on unceasingly. Colonial geological survey teams reinforced with equipment and specialist advice from Britain conduct a continuous investigation—though here it should be mentioned that while the number of geologists, geophysicists and geochemists employed overseas has more than trebled since 1947, there is still a shortage of experienced staff. Most colonial Governments have now established strict control over prospecting for, mining and export of fissionable materials, and arrangements exist under which the mother country encourages development by paying special bonuses to producers, providing capital for concentration plants and guaranteeing purchase of output. This sounds encouraging enough but in the absence of details of deposits found it is impossible to assess its significance.

Commonwealth Reserves

It is fortunate, however, that three major Commonwealth countries—Canada, South Africa and Australia—are known to possess enormously valuable reserves of uranium. Some idea is shown by the fact that loans from British and American sources to South African mining companies for the erection of uranium extraction plants totalled £34.5m. up to June, 1954, and that in the first nine

months of last year the value of South African exports of uranium and thorium was £9.1m. as compared with £2.3m. for the comparable period in 1953. Nor is there any doubt that nuclear energy will greatly strengthen the economies of at least three of our Commonwealth partners. In the next ten years or so we can expect Canada, South Africa and Australia to make the maximum use of their vast uranium resources since they already possess well-developed and expanding engineering and chemical industries and the capacity to recruit and train young technologists and technicians.

Under-developed Countries

But what about the under-developed countries of the Commonwealth which either lack conventional fuel resources or the capital to develop them? It is tempting to think of nuclear techniques enabling them to take a short cut to prosperity. Pictures are conjured up in the mind's eye of nuclear power plants, independent of fuel supplies or even communications, enabling water to be brought to the arid parts of the world, making the deserts blossom, and changing the face of nature herself.

Not that this is impossible. It will soon be technically possible to export small nuclear reactors to the underdeveloped lands, though it is doubtful whether these will be an economic proposition for some years to come.

Larger and more dramatic projects are unlikely precisely because a full-scale nuclear energy programme makes demands for constructional and chemical engineering skills which backward countries simply cannot furnish.

Netherlands, great benefits can be expected to flow from being able to put down even a small power station where it is wanted, not where nature has planted coal or concentrated her waters. Hitherto inaccessible mineral deposits could be worked; establishing mining areas like the Rhodesian Copperbelt would no longer be dependent upon coal hauled hundreds of miles; treatment and refining of ores could be carried out on the spot; and the bottlenecks of transportation, which more than anything else choke development, could be eliminated. It is in this way that nuclear energy can best speed the development of backward countries.

Measureless Reward

Who then can doubt the truth of Sir Winston Churchill's words, that the Commonwealth is 'standing at the portals of measureless reward'? But equally to move forward and to reap the reward will require a readiness upon the part of individual Commonwealth countries to pull together as they have never done before. That in itself poses a question of some magnitude. It is significant that Commonwealth countries which for decades have resisted the idea of entering into formal military and political pacts are now doing so but on a regional, not a Commonwealth, basis. Their relations with one another remain loose and informal. Even Britain has committed herself to keeping troops in Europe which must, to some considerable extent, limit her freedom of action elsewhere. Such developments may put a strain upon Commonwealth loyalties; they will certainly tend to exert pressures which could weaken Commonwealth unity.

Leadership

Everything depends, therefore, upon the degree of leadership the mother country displays—especially in the field of nuclear energy. We have begun amazingly well, but if we fail to apply the knowledge and experience already gained by our scientists and engineers to the constructive tasks of Commonwealth development there is an acute danger that our Commonwealth partners, already attracted by the magnetic pull of the American economy and thankful for the protecting umbrella of American military power, might look to the United States rather than to ourselves for guidance, advice and equipment. Maybe this is being un-

duly pessimistic. Maybe it underestimates what has already been achieved. Perhaps the Commonwealth is now moving into an exciting new era where it will play second fiddle to no other power-grouping and can exert an influence for good in the world on a scale which none of us, even in our wildest dreams, has ever thought possible.

Whatever the truth of the matter—and this journal will seek to probe these mysteries in subsequent articles—it is clear that Providence has given the British Commonwealth a breath-taking opportunity to lead the world into better times.

We must not fail to grasp it.

The Farmer and America's Allies

BY OSCAR SCHNABEL

ABROAD, we preach the blessings of free enterprise and induce our friends to facilitate international trade. We strongly object to import restrictions, as well as to unsound promotion of exports by subsidies and by dumping. But what are we doing? For all practical purposes, we have eliminated the free market in our largest industry, agriculture. We promote over-production through Government subsidies, and our Government agencies try to sell our surpluses abroad at prices far below those on our home markets. And we continue to accumulate these surpluses at a fantastic rate, holding them like a Sword of Damocles over the economies of our allies.

U.S. Farm Policy

The United Nations Statistical

sumption in 1952 was the same as in 1937—namely, 426 million bushels. Assuming that there is no further decrease in our per-capita consumption of wheat, our present productive capacity is adequate to meet the needs of a population of 220 million (currently projected for 1975) after allowing ample reserves as insurance against wars, droughts, floods or other emergencies.

In 1951, we exported more than 460 million bushels of wheat and flour. In 1953 (the last year for which figures are available), we exported only 265 million bushels, or 195 million bushels less, largely because we reduced our foreign aid. Thus, the projected increase over twenty years of our domestic human consumption of wheat will be less than the decrease of our wheat exports in two years. (To avoid misunderstanding, we should note that the needs for seed and feed are not included in this discussion. About a sixth of our wheat crop is so used—10 per cent for feed, 6 per cent for seed.)

European Recovery

Since the end of the last war, the recovery of European agriculture has made great progress, even compared with pre-war days; agricultural production has risen in free Europe (including the United Kingdom) far faster than population has grown. At the same time, per-capita wheat consumption shows a steady decline in Western Europe, while the intake of calories (with the exception of Italy, whose per-capita wheat consumption is second largest in the world) is practically the same as that in the United States.

Therefore, it is hardly likely that Europe will step up her wheat imports; in fact, she might reduce them. Furthermore, on the European

market we face the competition of other wheat-exporting countries—primarily of Canada. In 1953, our wheat and flour exports totalled \$589.5 million; this was 2.75 per cent of the value of all of our exports, less than 0.2 per cent of our national income. Canada's wheat and flour exports amounted to \$607.1 million—16 per cent of her exports and 3.5 per cent of her national income. If, in sharp competition with Canada, we captured a quarter of her wheat and flour exports, we would decrease her income by approximately \$170 million, or nearly 1 per cent of her national income. Since Canada buys \$800 million worth more from us than we buy from her, such inroads would automatically lead to a reduction of our exports.

No Foreign Outlet

We need no further details to show that, on a commercial basis, there is no foreign outlet for our wheat surplus. We will be fortunate if, in the years to come, we can sell as much wheat as we sell now, without endangering export markets for our industrial products.

Nor can we substantially increase commercial export of our dairy products without hurting allies. Holland, for instance, exports dairy products in order to pay for her wheat imports. If we keep Dutch dairy products off our markets, and deprive Holland of other markets by dumping our own dairy products on them, we will lose Holland as a buyer of our wheat. Denmark is in a similar predicament; to her, dairy and pork exports are literally of vital importance.

Our cotton consumption in 1953-54 was 22.5 per cent higher than in 1939. Because of the population increase in that period, this means

that per-capita cotton consumption did not change at all. Improvement in our clothing was provided primarily by the use of synthetic fibers. But our cotton production rose during this period by more than 39 per cent. Cotton exports, which in 1950 amounted to 5.7 million bales, fell to 2.8 million bales in 1953, again chiefly because of the reduction in our foreign aid.

We must now realize that the free world's post-war predicament, and the aid we provided to overcome it, postponed an explosive situation in our wheat and cotton production. The post-war predicament is now over and done with, and we must now recognise that commercial exports cannot take care of these surpluses.

Dumping Surpluses

There is a widespread belief that the best way to get rid of our agricultural surplus is to give it away to needy countries, thus mixing charity with good international politics. Giving away food in case of an emergency, as after the West European floods last year, certainly makes sense. But giving away unwanted surpluses regularly will misfire politically. Hostile propaganda can easily convince the beneficiaries of our gifts that we are more interested in dumping our surplus than in aiding anyone. Yet even the continuation of a politically unsound and obviously inflationary give-away policy could reduce our annual surplus only to a very slight extent. It could not avoid the further building up of new agricultural surpluses.

From Debtor to Creditor

We must begin to consider the revolutionary change since 1914 in both our economic and political relationships abroad. Before World

War I, we were a debtor nation, which imported manufactured goods and exported farm products. World politics was made by the then existent six 'big powers' without much consideration of our country's isolationist policy. During World War I, we repaid our foreign debts and started on our way to become the world's largest creditor nation. Simultaneously, we began to change the whole structure of our economy. We are now by far the most industrialised nation in the world, and could, if necessary, provide our population with practically all the manufactured goods it needs or wants. The magnificent growth of our urban industries has been accompanied by an equally steady increase in our agricultural production, the latter far exceeding the need of our growing population even after adequate allowance has been made for our steadily rising standard of living.

Increasing Political Influence

Parallel with the growth of our economy has been the increase of our political influence upon the free world, now challenged by the Communist bloc. To meet this challenge, we need the co-operation of the other countries of the free world—most of all, of Western Europe. Europe is at the same time the seat of the Communist powerhouse and the home of twice as many free and culturally advanced people as we have in our own country. If we want to keep these people on our side, we must consider the impact of our economic policy on their economies. Now, the United Kingdom and Western Europe must import raw materials and part of their food supply. They can do so only by paying with the proceeds of their exports, mostly of manufactured

goods. In other words, they must barter the products of their industrial labour for food and raw materials. The less we are open to such barter, the more they must trade with other countries that open their gates to European exports. Obviously, Europe will cover her food (as well as cotton) needs in countries which provide a market for her manufactured goods—that is, in Asia, Latin America, etc. Dumping our agricultural surpluses on Asian markets, therefore, would bring

about a major disturbance of the free world's economy without greatly increasing our exports.

There is another angle to all this. Our policy of subsidising over-production is a major source of inflation. The more we permit our price level to rise, the more we increase the difficulty of liberalising our foreign trade policy; we must co-operate with our friends to reduce the gap between our price level and theirs in order to make increased trade possible.

One World, or Several?

By ERIC WYNDHAM-WHITE

THE Executive Secretary of the General Agreement on Tariffs and Trade in the course of an address to the Société d'Etudes Economiques et Sociales, Lauzanne, March 24, 1955, said:

In the same way as there have been protagonists of regional action as against universal action in the political and military fields, the same arguments are often put forward regarding economic co-operation. As far as the economic field is concerned it has never seemed to me that these ideas should be in conflict.

Ultimate Aims

It is, I think, clear that the ultimate basis for economic co-operation must be world wide and that regional action should be directed towards the attainment of the objectives of universal co-operation. Within this framework, however, there is ample room for constructive regional activity provided that this

does not degenerate into regional discriminatory trade blocs.

Some of the warmest protagonists of regional co-operation, particularly as it had been so admirably demonstrated in the O.E.C., feared that if the GATT were strengthened and more effectively applied, particularly in restraining discrimination, it would be difficult to continue the intimate regional collaboration which has enabled the level of trade among European countries to be restored to a much higher level than would have been possible in the absence of regional discrimination. The discussions on the review of the GATT appear to have dissipated most of these fears.

Flexibility is assured

If the financial conditions for the general application of the policy of non-discrimination come about, the advantages of discrimination whether national or regional, would also

disappear, and regional co-operation could concentrate on other constructive aspects of economic development and action which would contribute to the general welfare of the international trading community. If, however, these hopes for the restoration of normal trading conditions are disappointed and a case can be made that owing to unexpected circumstances

stances some measure of discrimination on a regional basis would in fact be more favourable to maintaining the level of international trade than the strict enforcement of the rule of non-discrimination, there would be sufficient flexibility in the administration of the GATT rules to enable such arrangements to be sympathetically considered.

United States Trade

Import Coverage

In 1954 imports were valued at \$10.2 billion and non-military exports at \$12.8 billion, respectively six million dollars below and five million dollars above the corresponding totals for 1953. Military aid shipments were valued at £2.3 billion, 1.2 billion dollars less than in the previous year.

	1954	1953	1952
Austria	93.4%	98.5%	77.3%
Belgium and Luxembourg	90.3	93.4	100.3
Denmark	81.6	89.4	88.2
Finland	103.8	107.9	86.0
France	99.4	94.5	87.9
Germany, Western	114.9	116.4	104.5
Great Britain	82.1	80.3	77.1
Greece	45.2	44.9	34.6
Iceland	74.3	63.2	70.1
Ireland	63.9	62.1	57.8
Italy	68.2	62.1	60.2
Netherlands	84.6	90.4	94.2
Norway	57.2	55.8	64.5
Portugal	71.9	66.3	68.4
Spain	75.9*	81.4	77.9
Sweden	89.5	93.5	91.0
Switzerland	94.2	102.1	90.4
Yugoslavia	70.5	47.1	61.1

Comparable data are not available on the trade of Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, Rumania and the U.S.S.R.

*8 months.

From Chase Manhattan Bank, April, 1955

Digest Reviews

TURKEY TRANSFORMED

The Old Turkey and the New, by Sir Harry Luke, K.C.M.G., D.Litt., LL.D. Geoffrey Bles, 16s. Illustrated.

Turkey is one of those countries which disprove the common materialist misconception that Communism necessarily flourishes where standards of living are low. The Turk lives hard but the Bear is always breathing down his neck and the Kemalist revolution gave him a nationality and a homogeneous nation state worthy of his allegiance.

The Turkish Republic is essentially Anatolian yet is a member of the Council of Europe and of N.A.T.O. Turkey today, as in the past, is a bridge between continents. Her agreements with Iraq and Pakistan further signify her important part in the Western Powers system of defensive alliances. The glorious record of the Turkish brigade in Korea showed that United States and British military assistance and advice to Turkey have been a good investment.

This then is a proper moment for a new edition of what was first published in 1936 as *The Making of Modern Turkey*. Its author formerly served in Cyprus when from being a British Protectorate acknowledging, like Egypt, the suzerainty of the Sultan, that island became a British Colony. Sir Harry Luke was also a political officer in Turkey. His career, like his book, which is subtitled 'From Byzantium to Ankara', spans the sharp historical divide between the cosmopolitan empire ruled from Constantinople and the progressive, matter-of-fact, secular Republic of today.

'It is interesting to reflect that only in British Cyprus may an Ottoman Turk still wear a fez and write his language—if he wants to—in Arabic script.'

This clear and easy book will be read (or re-read) with interest and advantage.

J.B.-D.

PICTURES FROM PAKISTAN

The Waterless Moon, by Elizabeth Bailewes. Lutterworth Press, 15s.

To those who would know more of the country the life and the people of Pakistan, this book can be thoroughly recommended. Miss Bailewes is certainly not one to be content with the view from the window of a first-class compartment of a train, or from a luxury hotel. On the contrary, she writes of the Pakistan of the ordinary people, lower middle class and peasants, with whom she lived, travelled and worked for about two years. Her descriptions of peoples and scenes are vivid, colourful and lively, she has a nose for adventure, allied to a sense of fun, all of which goes to make this book a most readable and interesting contribution. She recounts many experiences, some pleasant, others highly unpleasant and some positively dangerous, all in the same pleasing style, which carries the reader along with her on her travels in most entertaining company.

A great part of the period of her visit to Pakistan was spent near the Afghan frontier, and as Sir William

Barton says in his foreword, 'the fact that a young European woman could live the life she describes in the Punjab towns and countryside and especially on the Afghan frontier, unmolested, everywhere welcomed and treated like the traditional *memsahib* is a tribute to the innate chivalry of the Punjabi and Pathan and to the quality of the Administration'.

Miss Balneaves leaves political questions on one side, yet those who would understand this new and increasingly important member of the Commonwealth will find much in this book to assist them in their inquiries.

The illustrations are reproductions of beautiful photographs taken by Mr Ronald Ziar, with the addition of some of Miss Balneaves' own. They add greatly to the value of this interesting book.

E.H.

RURAL LIFE IN INDIA

Indian Village, by S. C. Dube. (Routledge and Kegan Paul, Ltd, 25s.)

To understand India it is necessary to understand the peasant, his daily life, his surroundings, his difficulties and his pleasures. It is estimated that between 70 and 80 per cent of the population of India dwell in the village, and are largely engaged in agricultural and rural pursuits. The author of this book has taken the village of Shamirpet in the State of Hyderabad as a fairly representative model of the Telangana area of Hyderabad in its caste composition, neither too large or too small in size or population.

The survey was carried out by the author, Dr S. C. Dube, a trained

Indian social anthropologist, who had the assistance of an inter-faculty team of research associates. It is very comprehensive in its scope, covering every aspect of the social structure caste system and the way of life of the village community. It will be of great value to students of Indian affairs, particularly with the process of rapid social transformation taking place in the India of today.

CHANGING AFRICA

'My Africa', by Mbonu Ojike. (Blandford, 10s. 6d.)

It is always interesting to read about someone else's way of life and it is intimate detail which heightens the fascination. No outsider can give that intimate touch as there is no substitute for personal experience. In *My Africa* we have a truly personal record of primitive life by one who was brought up to it. Mr Ojike, who is deputy leader of the government of Eastern Nigeria, is not by any means an old man. This makes his record of the world into which he was born all the more valuable. He spent his childhood playing and working naked in his polygamous father's compound, at first forbidden to attend the school which the mission had recently opened nearby. In due course he was to collect degrees from American universities and write books for the enlightenment of the European.

This book is a revelation not only of the background to the life and mind of such a one as Mr Ojike, but also an explanation of the distortion of his outlook on events of the past and of the present. One hopes that the next generation of Westernised Africans will achieve rather more

humility and balance—but it may well take several more generations.

However, the revelations of bias are in themselves one of the reasons why everyone interested in Africa should take the opportunity to study Mr Ojike's mind. What he has to say on the economic side is not of great importance and confines itself to basic and relatively elementary considerations.

M.A.H.

Economic Development in Rhodesia and Nyasaland, by C. H. Thompson and H. W. Woodruff. (Dennis Dobson Ltd, 21s.)

The federation of the territories of Southern and Northern Rhodesia with Nyasaland which took place in 1953 has focussed attention on this part of the world and the possibilities for development which can result from federation are carefully assessed by the authors of this book. They do not attempt to argue the pros and cons of federation, but to state the facts about the economic and natural resources of that area. The history, growth, development and resources of the territories are detailed, and the need for capital, for skill and experience from outside sources, and the scaling up of the low productivity of the native African are constantly stressed as the prime factors.

The authors conclude this admirable survey by giving as their view that no spectacular results are to be expected from the federation of the territories concerned, but it may in due course be looked upon as a major step in their economic development. A number of tables setting out population, value of minerals and other resources, exports and imports, etc., are provided.

E.H.

'Must We Lose Africa?' by Colin Legum (W. H. Allen, 16s.), and *'White Africans'*, by J. F. Lipscombe. (Faber & Faber, 12s. 6d.)

Here are two contrasting books about Africa. Mr Legum, the influential African Affairs Correspondent of *The Observer*, devotes half his work to the crisis over the Kabaka of Uganda and the other half to general observations about the problems of Africa which amount to something not far short of a political testament. One cannot help feeling that two books would have been better than one. The first half deals with subject matter suitable either for a pamphlet rushed from the presses at the height of the controversy or a learned monograph published fifty years afterwards. Already much of what Mr Legum writes in this part is out of date, whereas the second part will be of perennial interest without the need for much revision.

It may be said that the key to Mr Legum's approach to Africa is contained in the following passage—'Transfer of power under conditions that must weaken Western influence is an act of surrender or abdication; transfer of power that increases the possibility of maintaining Western influence is an act of statesmanship'. He is anxious that the colonial powers should meet African Nationalism with sympathy and understanding, so that the African élite may wish to preserve the cultural and political influence of the Western World. On the whole his application of this idea to the contemporary scene in Africa is convincing. Few informed people would deny that the Kabaka crisis need never have happened, had it not been for the tactlessness of Lord Chandos (Oliver Lyttelton) and the domineering

importance of the present Governor of Uganda (Sir Andrew Cohen). Having been born in the Orange Free State Mr Legum's comments on South Africa are particularly stimulating, but he has interesting light to throw on Tanganyika, West Africa and the colonial policies of the other European powers as well. One does get the impression, however, that the determined stand that he and *The Observer* took against the Federation of the Rhodesias and Nyasaland tends to distort his view of subsequent developments there. He would have to adduce a great deal more evidence to persuade the informed reader that there is at the moment 'a simmering crisis' in Central Africa.

Only eleven of his two hundred and fifty pages are specifically devoted to economic policy, but he manages to make some valuable points. It is particularly worth emphasising that Britain, as the Mother Country, has a paramount duty to plead the development needs of the colonies at Commonwealth Economic Conferences. Otherwise it is certainly inevitable that the Dominions will receive the lion's share of available capital. Equally it is worth emphasising the importance of associating the Africans themselves with the exploitation of the resources of their countries. So long as economic development is thought of as a sinister manifestation of an alien influence, so long is it likely to be bedevilled by local politics.

Mr Lipscomb has set himself a more modest task than Mr Legum but he has carried it out quite as effectively, despite his inexperience as a writer. For Mr Lipscomb is no trader in words. He is a practical farmer and a representative of the most enlightened type of Kenya

settler, to whom some of us would think Mr Legum does less than justice. *White Africans* is a book that expresses in moderate and reasoned terms, illustrated by facts and figures, the point of view of those whose home is Africa, though their skin is white. Mr Lipscomb is imbued with a hearty distrust of politicians which may excite a sympathetic response among some of the readers of *ECONOMIC DIGEST*. The writer's concern is with real wealth and material progress. It is refreshing to read a book about Kenya of which such a small proportion is devoted to Mau Mau. Mr Lipscomb is looking forward beyond the present crisis to the delectable future which he believes lies in store for the country of his adoption. He writes with the authority of one who has spent thirty-five years in Kenya seeking to ensure that the prospect is a hopeful one if his fellow Kenyans will read his book and share his vision and enthusiasm.

Shorter and rather easier to read than *Must We Lose Africa?*, *White Africans* contains a great deal to interest the economist, the farmer and the businessman. For the politician it would be a most salutary corrective to the writings that deal solely with constitutional experiments and racial tensions. It is a hopeful book full of constructive ideas.

M.A.H.

FINANCE and FEDERATION

The Federal Tax System of the United States, by Joseph P. Crockett. Columbia University Press. (London: Geoffrey Cumberlege, 38s.)

This book provides a general

picture of the tax laws in the United States and their administration, and is intended for those who require a ready reference to Federal tax questions. Part One covers the Internal Revenue Code, and Part Two the Internal Revenue Service. There are a number of useful tables and illustrations.

The author is Technical Adviser to the International Tax Relations Division on the Internal Revenue Service of the United States.

Federalism Finance and Social Legislation in Canada, Australia and the U.S.A., by A. H. Birch. Oxford University Press. (Geoffrey Cumberlege, 35s.)

This study gives a comparative analysis in relation to other problems of twentieth-century federal government, particularly the problem of social legislation. The countries covered are Canada, Australia and the United States, with the main emphasis on Canada and Australia. The author, who is lecturer in Government in the Manchester University, concludes his book with some useful observations on new and projected federations within the Commonwealth.

FOOD AND THE FUTURE

The Farming Kingdom, by Nigel Harvey. (Turnstile Press, 15s.)

Can we still guarantee an adequate supply of imported food in exchange for the export of our industrial production? This is a question which will be increasingly debated in the future. The author of this 178-page book thinks we shall find it impossible to do so, and he advocates better farming, better use of land, better use of tools, and better use of

men if we are going to be able to secure the future of our children.

In this book he provides a contemporary survey of British agriculture, with a glance at the historical background. He considers that with the economic changes which have come as a result of the breakdown of the old free-trade pattern of trade, and two world wars, we had better think again on the subject of — 'Where is the food to come from?'

ARABIA FELIX?

Saudi Arabia, by H. St John Philby. (Ernest Benn, 30s.)

Saudi Arabia is for many of us Aramco, Onassis and all that. But there is little economics in this fascinating story of a great desert dynasty. Almost as fascinating is the story of its author, a former Indian civilian who became a political officer in Arabian lands during the first world war and later embraced Islam. He became a close friend of his late Majesty King Abdul Aziz II ibn Saud, to whom this book is dedicated.

The 'Oil Story' is 'a veritable romance' but neither Ibn Saud nor Mr Philby has viewed without misgiving the changes it has wrought in the austere fabric of a Wahhabi society. One strangely controversial note is struck in the closing pages of this attractive book by the characterisation of the defence of British interests and those of the Sultan of Masqat and the Sheikh of Abu Dhabi in the oasis of Buraimi as an 'unprovoked act of aggression' by Sir Winston Churchill against 'one whom he had hailed in bygone years as "a great friend in need"', during the darkest days of the war'.

J.B.-D.

TWO CENTURIES AGO

An Economic History of England: The Eighteenth Century, by T. S. Ashton. (Methuen, 18s.)

Compared with the seventeenth, the eighteenth century in England was one of toleration, scepticism, money-making—and statistics.

T. S. Ashton, Professor Emeritus of Economic History in the University of London, London School of Economics, is the editor of the series, 'An Economic History of England', and himself has written this volume on the eighteenth century. He deals adequately with economic fluctuations, the growth of population, agriculture, industry, commerce and finance and in so doing throws considerable light on the social order and the condition of the working people.

This readable account will be welcomed by many general students of our island story as well as by specialists. The price is most reasonable for what is provided.

J.B.-D.

TALES FROM BRETTON WOODS

The International Bank for Reconstruction and Development, 1946-53. Published for the International Bank for Reconstruction and Development by the John Hopkins Press, Baltimore, 1954. (Geoffrey Cumberlege, O.U.P., Amen House, Warwick Square, London, E.C.4, 32s.)

The United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, in July, 1944, resulted in proposals for the International Monetary Fund and for an International Bank for Reconstruction and Development.

The former, generally speaking, was to provide short-term credits and the World Bank to make long-term loans.

Its staff have here studied the history of the Bank from 1946 until the end of 1953. Part I deals with its objects, organisation and financial structure. The Articles of Agreement are given in full in one of twelve Appendices. Part II describes policies and operations, Part III being given to a summary of the Bank's activities country by country.

Dry reading, this will be a useful reference book for students of post-war history and economics.

GROUNDPLANS OF UNITY

European Yearbook Vol. 1. Published under the auspices of the Council of Europe. Nijhoff, The Hague. (Agents in Britain and the Commonwealth: B. T. Batsford Ltd, 4 Fitzhardinge Street, Portman Square, London W.1).

The economic side of European co-operation is prominent in this useful and weighty volume. It covers the period 1948-53. A second volume, due towards the end of this year, will deal with 1954.

Contributors include Léon Marchal, Secretary-Colonel of the Strasbourg Council, which sponsors the work, and Franz Etzel, Vice-President of the High Authority of the European Coal and Steel Community, who describes the Schuman Plan and Pool. There are articles on the question of a European single market by Marc Ouin, Head of the Trade Division of O.E.C., and the story and structure of the latter are described by Robert Marjolin, till recently its Secretary-General, and by Donald Mallett, Head of the Information Division. C. Wilfred

Jenks, Assistant Secretary-General of the I.L.O., brings the European bodies into proper and necessary relationship with the World Organisation and its offshoots, it being 'imperative that Europe should attain a large measure of unity in order that she may continue to make her distinctive contribution to the life of the world community as a whole'.

The Editorial Committee includes such distinguished Europeans as Professor Pisanelli, Dr Landheer, Lord Layton and Professor Sorensen. The articles are in English and French, with a summary in the other language. The basic legal texts—for example, the Convention for European Economic Co-operation, the E.C.S.C. Treaty or the Convention for the Establishment of a European Organisation for Nuclear Research—are reproduced both in French and English. There are most useful chronological and bibliographical tables.

This Yearbook will become an essential piece in the equipment of statesmen, economists and historians.

MORE OR LESS MARXISM

The Second International, 1889-1914, by James Joll. (Weidenfeld & Nicolson, 18s.)

Mr James Joll, a Fellow of St Antony's College, Oxford, has recorded most readably the story of Continental Social Democracy in the period preceding the great fiasco of 1914.

By the time the book opens the dogma of Free Trade and *laissez-faire* was no longer undisputed even in England. Trade Unionism and Social Democracy expressed by the

turn of the century the demand, particularly in Germany, for collectivist organisation and State intervention in economic affairs, that national ends might be pursued with the support or acquiescence of the proletariat. There were not wanting members of the Second International to justify Imperialism, and when the Great Powers went to war in Europe most Socialists and Trade Union chiefs put country before class.

J. V. Stalin: Works, Vol. II. 1928-March 1929. Foreign Languages Publishing House, Moscow, 1954. (Lawrence & Wishart 1955.)

The Russian edition of this text was published by decision of the Central Committee of the Communist Party of the Soviet Union. Statements on grain procurement and agriculture generally are of special interest today, as are Stalin's views on the nation, clearly distinguished in Marxism-Leninism from the State, viewed as a coercive organ of the ruling class. 'Leninism and the National Question' can with advantage be compared with the relevant parts of Richard Piper's *The Formation of the Soviet Union*, also lately published.

The Political Ideas of Harold J. Laski, by Herbert A. Deane. New York Columbia University Press \$5.75. (Geoffrey Cumberlege, Amen House, Warwick Square, London, E.C.4.)

The Assistant Professor of Government at Columbia University has produced one of those painstaking studies which are the product of a minute analysis of all available texts and data. It is well written in this case, but the trees are clearer than the wood.

It is perhaps a feature of the

method that it brings out the inconsistencies of the subject's philosophy. Professor Laski does not here appear to the same advantage as he did before those students of the London School of Economics or Socialist audiences he attracted. His facile, fertile mind and *casoelles scribendi* exhibited the fallacies of the Liberalism he first and the Socialism he later expounded. Professor Deane has put all on display, unredeemed by the charms and fascination of the man himself.

On Economic Theory and Socialism, by Maurice Dobb. (Routledge and Kegan Paul, 21s.)

Here are gathered a variety of essays and articles by the Lecturer in Economics at Trinity, Cambridge. The Marxist view and aims are nowhere concealed.

Studies include the theory of wages, recent economic trends, investment in underdeveloped countries, Soviet economic growth. The second, and more readable, part includes eulogies of Lenin and Marx, a critique of the Fabian George Bernard Shaw, an essay on historical materialism and a defence of statistical methods in the U.S.S.R.

BRIEF ACHIEVEMENT

Selected Papers in Statistics and Probability, by Abraham Wald. Edited by the Institute of Mathematical Statistics. McGraw-Hill Book Co., Inc. \$8.00 (priced 60s. by McGraw-Hill Publishing Co. Ltd, 95 Farringdon Street, London, E.C.4).

The late Abraham Wald (1902-1950) did not have a long career as statistician, but his work was massive, penetrating and original. He was a Rumanian whom the *Anschtz* drove

from the University of Vienna. In the United States he studied statistics under Harold Hotelling and did research and gave lectures on his own account at Columbia University.

The Institute of Mathematical Statistics and in particular the Committee on the Wald Memorial Volume have here collected most of the results of the research he did in statistics and probability and which are not included in his own books. It is a fitting memorial.

BUYING SUPPLIES

Public Supplies, by E. J. Boswell King. (Geo. Allen & Unwin, 15s.)

Those whose business it is to obtain and store supplies for large public bodies, government services, nationalised industries, local authorities, etc., are responsible for disbursing immense sums of money each year. It is essential therefore that they should have a clear understanding of the problems that arise in this vast and complicated undertaking.

The author of this book, who is a Fellow and First President of the Institute of Public Supplies Officers, and was also a former Chief Officer of Supplies of the London County Council, has primarily aimed at supplying a treatise for officers engaged in public supplies, and for students whose studies cover this important field. He devotes his first four chapters to setting out some general principles concerning public supplies work, and then goes on to deal with actual practice in different branches of the public services. Further chapters cover the question of Public Accountability, and the book concludes with a general survey of other factors.

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 Recovery to Strength in Europe

Sixth Report of the O.E.E.C., Vol. 1, March 1955.

The annual Report by the Organisation for European Economic Co-operation, prepared by a committee on which all member countries, the U.S. and Canada were represented. It gives a very encouraging picture of progress in Europe. (640)

Far From Home

Ukrainians in Great Britain. Published by the Association of Ukrainians in Great Britain Ltd, 49 Linden Gardens, Notting Hill Gate, London, W.2.

This attractively-produced brochure gives some basic facts about the Ukrainian exiles in Great Britain and their claims and describes the organisation and welfare work which keep their identity alive. (641)

Gaullism

Les Idées, Les Faits, No. 9. This journal of the Centre National des Republicains Sociaux (69 rue de l'Université, Paris VIIc), which is the organisation of Gaullist parliamentarians and their adherents, includes articles on French agricultural and fiscal questions. Jean-Paul Palewski, brother of Gaston Palewski, now Minister of Defence, writes on the state of French commerce. (642)

Brighton Conference

The Seventh British Electrical Power Convention, The Dome, Brighton, June 27-July 1, 1955. Electrical Exhibition, Sports Stadium, West Street, Brighton. British Electrical Development Association, 2 Savoy Hill, London, W.C.2.

The past, the present and the future prospects of British Electricity appear in the papers submitted for this Conference. (643)

Operations Report

U.S. Foreign Trade Developments—Foreign Operations Administration, Harold E. Stassen, Director, dated January 31, 1955.

A statistical report, covering developments in U.S. Foreign Trade, containing many useful and informative diagrams (637)

British Agriculture

Statistical Appendix to the State of British Agriculture, 1953-4, by K. E. Hunt, issued by the Institute for Research in Agricultural Economics, University of Oxford.

A statistical appendix providing about five thousand of the most important figures relating to British agriculture. Provides a handy source of statistics relating to British agriculture. (638)

Trade Co-operation

General Agreement on Tariffs and Trade—Basic Instruments and Selected Documents, Vol. 1 (revised), Geneva, April 1955.

Supplies the texts of the General Agreement as amended, and of the Agreement on the Organisation for Trade Co-operation. (639)

British Insulated Callender's Cables

GROUP TURNOVER MAINTAINED

Mr W. H. McFadzean on Problem of Rising Costs

The tenth annual general meeting of British Insulated Callender's Cables Limited will be held on June 14 in London.

The following is an extract from the Statement by the Chairman and Managing Director, Mr W. H. McFadzean, C.A.:

Although Turnover of the Group has been maintained in total, Profit on Trading has fallen by £981,494 to £7,362,580 almost wholly due to lower profit rates. Many factors have contributed, but the two most important have been the uneven load and intensified competition.

Competition is a challenge that must be accepted and your Group are meeting it by ever-increasing efficiency in technique, in production and indeed in every field of our activity.

Following the fall in Trading Profit one would have expected a decreased charge for Taxation. This change is, however, little altered at the immense sum of £2,736,162 as the benefit of the decreased tax payable this year following the lower profits, has from a comparative point of view been offset by the special credits brought into the 1953 Accounts from (a) Excess Profits Levy Refund, and (b) the release of taxation provisions made in earlier years following settlement on several major outstanding points.

Stockholders will recall that although we are providing adequate Depreciation to write off the cost of our Fixed Assets such provision is insufficient to provide for their replacement at present prices. An up-to-date assessment shows the necessity of increasing the Reserve for replacement of Fixed Assets to £3,000,000 by the £500,000 now proposed.

Having in mind the heavy capital expenditure to which we are committed, the further strengthening of General Reserve by £500,000 is clearly desirable.

Your Directors also recommend the same distribution to Ordinary Stockholders as was made last year, namely, a Final Dividend of 7½ per cent less income tax (making, with the interim of 2½ per cent already paid, a total of 10 per cent less income tax), plus a Special Distribution of 2½ per cent free of income tax out of the 'Realised Capital Profits Reserve'. As this latter Reserve will then be reduced to £148,509 it will be appreciated that this is essentially a special distribution.

Total Assets now amount to almost £65,000,000 with Reserves of one and one-half times the Issued Capital.

COPPER

As one of the largest fabricators of copper in the world the B.I.C.C. Group are vitally concerned with the supply and price of that metal. The supply position in this country during 1954 was normal, but the price increased substantially over the year and there were many wide fluctuations from day to day.

The problem of introducing greater stability into the copper market is continuing to receive the active consideration of many parties. I hope in the interests of the country and the Industry an early solution will be found.

The B.I.C.C. Group, and in particular the Parent Company and our Construction Company, has played a leading part in the electrification of the World's railways.

Electrification of many more of the railways of the world is only a matter of time. Increasing loads and traffic, public demand for clean, fast transport, together with the necessity for economy in operation and conservation of fuel supplies, all point to this conclusion.

We are therefore particularly interested in the recent Report by the British Transport Commission on the modernisation and re-equipment of British Railways.

We have made a good start to 1955 and in the absence of exceptional happenings I feel we can look forward to a satisfactory year.

CONTENTS

Economic Talking Points.....	309
Digest Spotlight for us on Charles Geddes.....	311
Has France Worked a Miracle?.....	313
Oil in New Zealand.....	316
The Commonwealth and the Dollar.....	317
British Banking Leads.....	321
Opportunities in the Persian Market.....	322
Commonwealth Sources of Essential Oils.....	325
Trade Union Topics:	
(1) Higher Wages—Shorter Hours?.....	326
(2) Real Wages Up in India.....	327
(3) British Strike Survey for 1954.....	328
Schumani.....	329
The Price of Tea.....	330
German Competition in World Markets.....	331
British Food Imports.....	332
Progress with Profit-Sharing.....	333
Steel Consumption.....	335
The G.A.T.T. Entanglement.....	336
U.K. Investments in Latin America (Table).....	339
Land Reform and Economic Development	
New Zealand Banking.....	340
Israel's Economic Recovery.....	343
Pakistan Economy.....	344
Landmarks.....	347
DIGEST REVIEWS.....	348
Freedom from Want—Town Hall and Parish Pump—Management of Men—Patterns of Industrial Bureaucracy—Wildcat Strike—B.I.S. <i>alias</i> B.R.I. <i>alias</i> B.I.Z.—Branch Bankery—Bubbles—Metals this Year—Economics from Egypt—Strasbourg and the European Legacy—M. Monnet Reports Again.....	351
For Reference.....	355