

Atlantic who believe in the permanence of the Atlantic Community in economic, political and social as well as military spheres. (678)

#### The Case Against Mao

*The Truth About China*, by H. W. Henderson. John S. Burns & Sons; 1s. This pamphlet is the expanded version of an article with the same title which appeared in the 'Christian Democrat' of December, 1954. It exposes Chinese Communist cruelty and is commended by the Friends of Free China Committee. (679)

#### Tubes, Trains and Buses

*London Transport in 1954*. British Transport Commission. This booklet is for the information of those who serve and use London Transport. Much of the material has appeared in the British Transport Commission's Report for the year 1954, but it includes some additional detail. (680)

#### European Timber—

*The Timber Industry in Europe—a Study by the Timber Committee. The Organisation for European Economic Co-operation, Paris.* This Study was intended for the information of the Council of, and other bodies in, O.E.E.C. but the Timber Committee rightly considered that it may also be useful to those private interests which are concerned in the production, manufacture and utilisation of the products reviewed. (681)

#### —and Steel

*The European Steel Market in 1954—United Nations Economic Commission for Europe, Geneva, June, 1955.*

This is a study of the prospects of tube consumption and capacity in a phase succeeding the immediate post-war period of shortage. (682)

#### Commonwealth

*The Commonwealth—Key to the Future. Reprinted from the 1954-55 Winter issue of the Hunting Group Review. Migration Council Ltd. for Commonwealth Development and Co-operation, Universal House, 60 Buckingham Palace Road, London S.W.1.*

The case for a determined development of the human and material resources of the British Commonwealth attractively presented for the Migration Council by its Chairman, Sir Clifford Heathcote-Smith. (683)

#### The Queen's Highways

*Make Way Ahead. The British Road Federation Ltd.* A plea by the British Road Federation for a National Highway Authority. (684)

#### South African Statistics

*Quarterly Bulletin of Statistics. South African Reserve Bank, June, 1955.* Useful facts and figures in English and Afrikaans. (685)

#### Finnish Facts

*Unitas. Quarterly Review Illustrating Economic Conditions in Finland.* Besides general economic information this contains an article on Finnish merchant shipping by Hilding Hallberg, Managing Director of the Finnish Shipowners' Association, and a survey of the growth of municipal expenditure in Helsinki by Eino Waronen, City Manager for Financial Affairs. (686)

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## *Economic Talking Points*

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### **Is the British Dollar Export Drive worthwhile?**

Considerable dollar imports are still required.

Anglo-Canadian trade is a vital factor in Commonwealth relations. The U.S. Administration still stands for liberal trading.

*But* It has had to serve American domestic interests by refusing British tenders, though the lowest, for the supply of electrical equipment, raising the tariff on bicycles and restricting the import of oil.

All this suggests that exports to a largely self-sufficient country are inevitably precarious.

### **Should there be an independent inquiry into Britain's economic problems?**

Full employment has helped to create unprecedented strain.

Inflation and balance of payments difficulties persist.

The hopes of a liberal U.S. trade policy have not been fulfilled and a new approach to Commonwealth-Europe trade and investment is badly needed.

Enquiries into monetary and economic policies have been undertaken in New Zealand and Canada.

In the United Kingdom the Macmillan Committee did useful service in the inter-war period.

*But* The results of such enquiries are often inconclusive.

### **The Chancellor and the Credit Squeeze!**

There have been rumours of further action to defend Sterling and relieve internal overstrain on the economy. Cuts in Government expenditure — defence — housing — farm subsidies — have all been rumoured.

A higher Bank Rate and a November Budget and further import restrictions have also been discussed as possibilities.

*But* Since the Chancellor's forthright announcement at the I.M.F. meetings the situation seems to have improved.

No sterling devaluation seems in prospect, and further drastic internal measures may be held in reserve while existing measures are given time to take full effect.

#### **Is the Commonwealth behindhand in Astronautical development?**

Professor Sedov, Chairman of the Soviet Commission for Co-ordinating Research into Inter-Planetary Communication, believes that within two years the U.S.S.R. may produce earth satellites 'of much greater size than those planned by the United States'.

*But* The Royal Society has stated that within two years Britain may have rockets capable of carrying scientific instruments to heights exceeding 120 miles, and Commonwealth plans may exist which have not been disclosed.

#### **Can the Cyprus question be solved?**

There is a general demand among Greek-speaking Cypriots for *Enosis*, whereas the Turkish community wants the British Protectorate to continue.

*But* A mutually satisfactory outcome might be found, when passions have cooled, in the exchange of citizenship and closer association of Greece and Turkey, both Allies of Britain, with the Commonwealth and Sterling group of nations with which they have common economic interests.

# ECONOMIC DIGEST

OCTOBER, 1955 VOLUME VIII NUMBER TEN

## *Digest Spotlight focuses on*

### **The Rt Hon. Harold Macmillan**

**HAROLD MACMILLAN**, who succeeded Anthony Eden as Britain's Foreign Minister, is a man of wide interests and many parts with a reputation for being a good European as well as a strong believer in the importance of the British Commonwealth and Empire in the affairs of the world. The grandson of the founder of one of Britain's largest publishing houses, he was born in 1894, won a scholarship to Eton and subsequently went to Balliol College, Oxford, with the aid of an Exhibition, where he took a first in classics.

Like many young men of his day, Harold Macmillan joined Political Clubs of all complexions from Tory to Fabian Socialist, but with the advent of the 1914-18 war his generation was swallowed up in the armed forces, and he became an officer in the Grenadier Guards, being thrice wounded. In 1919 he became A.D.C. to the Duke of Devonshire, then Governor-General of Canada, and subsequently he married the Duke's daughter, Lady Dorothy Cavendish.

His first attempt to enter Parliament was in 1923 when he contested Stockton-on-Tees. He failed to gain the seat by a narrow margin of 70 votes, but the subsequent year was successful. At Westminster he became known as an outspoken rebel and a reformer. A Tory, he sought allies for his policies among rebels in other parties. Men like Philip Noel Baker,

Archibald Sinclair and Winston Churchill were among his dining companions, and as a leading member of the Next Five Years Group he sought to arrest the deterioration in the industrial and economic spheres. He roundly denounced the Ramsay MacDonald Front Bench, and was a strong critic of the restrictive monetary policy being followed by the Bank of England, which he described as 'a permanent tyranny'.

Just before the outbreak of war he produced a book entitled *The Middle Way* in which he expressed his political and social philosophy, pointing out that poverty and disillusion had helped the Axis dictators to power. Earlier, when in 1936, sanctions against Mussolini were abandoned, Harold Macmillan showed his independence of mind by declining the Conservative whip. Two years later Anthony Eden and Lord Cranborne (now Lord Salisbury) left the Government, also on the issue of British policy towards Italy. When war came, Macmillan became Parliamentary Secretary to the Ministry of Supply, where he served with Herbert Morrison, Hugh Dalton and finally Lord Beaverbrook. In 1942 he was appointed Parliamentary Under Secretary of State for the Colonies, and later in the same year he took on the job of British Resident Minister at Allied H.Q., Algiers.

In this capacity he was closely

concerned with the Darlan affair, and he also had Generals de Gaulle and Giraud to deal with, which was certainly no easy assignment. His next two jobs also demanded great diplomatic tact and skill. As British Resident Minister Central Mediterranean and British Representative of the Advisory Council for Italy with the title of United Kingdom High Commissioner, he again showed himself to be a first-class negotiator, and earned the respect of the representatives of other nations.

In the caretaker Government of 1945, Harold Macmillan had a short spell as Secretary of State for Air, and then the Socialist Government came to power. Realising the vital needs of the time, he enthusiastically took up the cause of United Europe, which he believes should be closely associated with the British Commonwealth and Empire. Four years before the Strasbourg Plan appeared, he was advocating partially extending the preferential tariffs as enjoyed by the Commonwealth to nations in Western Europe. In September 1949 he told a large and enthusiastic audience in London—

'At this crisis of history, our

government should call together, as a matter of high urgency, a conference of the British Commonwealth and Empire. With these, our kith and kin and our own people, we should prepare a plan of action to put before our friends in Europe. We should then demand (and all Europe will be only too ready to accede to such a demand and to follow such a lead) a special session of the Council of Europe. The broad principles of a joint British Empire-Western Europe policy could be settled within a few weeks. The first steps could be agreed. A start could be made by the beginning of 1950. Such a start would put a new spirit and breathe a new life into all. But we must act swiftly; now is the moment of destiny.'

With the return of the Conservative Party to power, Harold Macmillan took over the job of Housing, and once again showed his organising ability by reaching and passing the target figure. He now represents Britain at the Foreign Office where his experience, knowledge and ability as well as his capacity for negotiating will be required to the full.

## Recession and Recovery in the U.S.A.

Signs of record-breaking prosperity appear on all sides. Recent estimates indicate that the country's total output of goods and services rose to a new all-time high in the second quarter of the year, along with personal income, expenditures for consumption, and numerous other indicators of over-all activity. It is now taken for granted that 1955 will be the best business year on record, and even the thought of 1956 apparently raises few misgivings in the minds of forecasters. Seldom have the situation and outlook inspired more widespread confidence.

### Memory is Short

The remembrance of adversity is short, and in the face of present prospects one tends to forget that only a little more than a year ago—in the second quarter of 1954—business was at the bottom of the 1953-54 recession. Only a few months ago forecasters were voicing doubt that the recovery had a sufficiently broad base to carry the economy into new high ground in the early future. Steel, automobiles, construction, and a few other industries were doing well at the moment, but how was the drop of \$10 billion or more a year in governmental spending to be offset?

### Restraint in Public Policy

We now have the answer. The gap has been filled, and more than filled, by larger expenditures for personal consumption all along the line. The people, relieved of part of the financial burden of armaments and other governmental costs, have used the additional funds as might have been expected—to supply their per-

sonal wants. The economy has once more shown the flexibility and resiliency that are inherent in a regime of individual choice and adequate incentive. In so doing, it has confounded and rebuked the inflationists and 'planners' for their lack of faith.

Probably not many Americans have stopped to ask themselves how much of their present good fortune they owe to a sane administration of the Employment Act. As soon as the first signs of business contraction appeared in the spring of 1953, the clamour for governmental intervention began. Business must not be allowed to contract. A downward movement, once begun, would start a 'chain reaction' culminating in a 'full-blown depression.' Only prompt and vigorous action could avert such a catastrophe. The Government must immediately embark upon a programme of large-scale deficit financing. It must reduce taxes, especially individual income taxes in the lower brackets, in order to leave the people more money to spend for public housing and public works. It must build more public housing and public works. It must ease money rates, increase farm subsidies, expand and liberalise old-age pensions and unemployment benefits, give away more goods abroad.

### Strongmindedness

Instead of yielding to these excited demands, the Government and the Federal Reserve authorities endeavoured to encourage individuals and private business to take up the slack created by the cut in spending for national defence. Money-market poli-

*From The Guaranty Starry, August 1955*

icy was eased. Scheduled reductions in tax rates were allowed to go into effect. The nation's revenue laws were given the first thorough overhauling in three-quarters of a century. But there was no 'pump priming', no plunger into heavy deficit spending, no attempt to create 'purchasing power' except the purchasing power that is created automatically when goods and services are produced. The result was essentially what was hoped for and intended. The recession was not prevented but facilitated. Business, instead of slumping progressively into depression, contracted moderately and recovered quickly. The tax reduction was sufficient to prevent any appreciable decline in disposable personal income, and consumers responded by maintaining their rate of purchases almost unchecked. After one of the mildest recessions on record, the economy moved forward into a new period of prosperity with renewed vigour, with its currency unimpaired, with no new restrictions upon its freedom of action, with its confidence in itself strengthened, and with its foundation firmer than before because rooted more largely in the demands of peace rather than war. Never has the inherent recuperative power of free enterprise been more strikingly demonstrated or the theory of 'cumulative recession' more strongly refuted.

#### Still the Critics Clamour

Yet even the advent of healthy recovery did not silence the critics. Toward the end of 1954, when it was evident that the recession was over and business was on the upgrade, the demand for governmentally administered stimulants was still heard. Such an attitude, it would seem, can be explained only on the ground of

failure to understand the meaning of and need for occasional business readjustments, together with lack of comprehension of the eventually disastrous consequences of perpetual artificial pressure for cheap and easy money.

If...

What would have happened if the Government had acceded to the demands of its critics and gone all out for a programme of continuous 'full employment' at any price? The situation today, even superficially, could hardly be better than it is. Some temporary recession might have been averted for the time being. But at what cost? At the cost of a higher public debt, a swollen money supply, an immediate or eventual depreciation of the dollar, a further impoverishment of those who depend for their livelihood upon the proceeds of a lifetime of saving, and a still maladjusted economy shored up by politically manipulated monetary props.

#### The Law As It Is

The most dangerous feature of the Employment Act is the persistent and widespread tendency in high places to regard it as something that it is not—namely, an unqualified mandate to the Government to assume full responsibility for the volume of production and employment. Those familiar with the legislative history of the act know that this was substantially the intent of the full-employment bill as originally introduced but that Congress wisely refused to undertake any such sweeping commitment. The word 'full' was stricken from both the title and the text. Also omitted were such terms as 'guarantee' and 'assure'. All reference to Federal 'investment'

and 'expenditure' was deleted. The opening declaration of policy was hedged with numerous qualifying words and phrases, indicated here in italics:

'The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all *practical means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and co-operation of industry, agriculture, labour, and State and local governments*, to coordinate and utilise all its plans, functions, and resources for the purpose of creating and maintaining, *in a manner calculated to foster and promote free competitive enterprise and the general welfare*, conditions under which there will be afforded *useful employment opportunities, including self-employment*, for those able, willing, and seeking to work, and to promote *maximum employment, production, and purchasing power*.'

#### Limitations of Government

What does this mean? Simply that the Government shall do what it properly can to promote production and employment, but that the Government has many other responsibilities which cannot be sacrificed to this single aim. Broadly interpreted, the language of the Act not only does not call for but actually precludes the massive deficit spending and the resultant currency debasement that is demanded by enthusiasts every time business activity shows the first signs of contraction.

What Congress implicitly recog-

nised in watering down the original full-employment bill, and what the Administration tacitly recognised in refusing to get stamped by the recession of 1953-54, is that a government of limited powers cannot accept responsibility for the current volume of production and employment, because it has no means of discharging that responsibility. It can and should maintain a political atmosphere conducive to private enterprise, initiative, and risk taking. It should carefully preserve the economic incentives that spur men to their best efforts. For the most part, this means protecting life and property and leaving honest business alone.

#### Habit-Forming

Beyond this, the only instruments at government's disposal are either inflationary or regulatory. No one denies that government can, for a time, create the illusion of economic health and welfare by administering inflationary stimulants in sufficiently large doses. The end of this road is either violent deflation or uncontrollable inflation. Meanwhile, the economy loses its freedom and vitality as it becomes more and more dependent upon the artificial stimulants, while government is irresistibly impelled to widen its powers in the effort to fulfil its unfulfillable commitment. The final result is the destruction, not the fostering and promotion, of 'free competitive enterprise and the general welfare', as prescribed by the Employment Act.

## Britain and the Sterling Area

BY I. L. MULLER

IF Britain wishes to retain her leading position in the Sterling Area—if she wishes to disprove complaints of 'imperialistic exploitation'—she must develop the resources of the Commonwealth. An official report from the United States has estimated that by 1975 American imports of raw materials will be some 25 per cent larger in volume than at present—and this allows for an increase in American domestic production of raw materials. 'When America becomes such a large purchaser of the world's supplies—and its import requirements have been increasing almost annually since the end of the War—Britain will be unable to prevent the independent members of the Commonwealth (or, indeed, the present dependent members) from selling their output for dollars. Unless their total output has been increased correspondingly, Britain will be faced with the prospect of less food and fewer raw materials.' (*The Economist*, July 12, 1952, pp. 68-70).

### Breaking Up?

The resources of the Sterling Area are not sufficient, as a regular source of capital, for development on the scale at present required by the rapidly expanding members of the outer Sterling Area. This deficiency of the Area as a source of capital will probably become more pronounced because higher living standards, the

'Duesenberry' factor,\* and devotion within the Area to the welfare state will slow down the rate of saving, while the demands of the members of the Sterling Area for development capital are likely to expand. Area members have, in many cases, already made financial associations outside the Area. And yet the financial link is one of the main agents of cohesion within the Sterling Area. Will its partial removal cause disintegration?

### American Reluctance

One might think so at first sight, and yet I do not believe that this will be the case. American private investors do not seem over-anxious to supply capital to the Area. The reasons for this are not very far to seek. The Sterling Area countries have never been an important field for the investment of American capital (with the exception of South Africa), and the American investor is not familiar with conditions and institutions in these countries. The Asian countries, too, commonly insist that business enterprises must be controlled by their own nationals,

\*The main thesis of this writer in his book *Income, Saving and the Theory of Consumer Behaviour*, is that consumers' preferences are not independent: that high living standards in 'advanced' countries cause persons in less advanced countries to try to attain them, largely by increasing consumption at the expense of investment and saving.

From *The South African Journal of Economics*, June 1955

and investors have doubts about the number of people who can be found with the experience and the competence needed to do this. They also fear government interference and political instability. These problems are of less concern in Africa, but the inadequacy of basic services, although they are developing, is a serious deterrent.

American investors, moreover, are influenced by their experiences in the 'twenties when roughly a third of all foreign bonds sold to them went into default. Sterling Area countries are unwilling to pay high risk interest rate to cover American memories of other countries' misdeeds. The sale of foreign bonds in the United States is also hampered

by state laws which prevent insurance companies and pension funds from investing in them.

### Traditional British Role

The U.K. is doing its best to play its old role in the Area as dispenser of capital. Mr Butler has carefully calculated that an annual surplus of 'something like £300-350' (*The Economist*, April 4, 1953, p. 36-7), in the balance of payments will enable the U.K. to meet its commitments for productive overseas investment. But where is it coming from? And is it enough? Capital investment by Britain in the Overseas Sterling Area has been (*The Economist*, April 10, 1954, p. 135; April 11, 1953, pp. 104-6):

	1950	1951	1952	Jan-Jun 1953	Jul-Dec 1953	Total 1953
(Figures are in £m.)	187	177	94	59	99	158

The amount is considerable—but it is not enough. Southern Rhodesia's Four Year Plan (1951-55) provides for development expenditure of £100m, of which about £70m. is to be sought abroad; the O.F.S. gold mines require an estimated £200m.; the amount of contemplated investment in the Colonies in the next few years is estimated at some £500-£600m.; while India, Pakistan, and Ceylon estimate a required £777m. before 1957. (A. R. Conan, *The Sterling Area*, Macmillan, 1953, pp. 128, 124.)

### Other Sources of Capital

Sterling Area countries have been trying to raise capital from sources other than Britain. South Africa has been successful both in Switzerland and New York. In order to encourage the inflow of private American

capital, Australia has recently entered into an agreement with the United States to avoid double taxation. It may still be possible to gain much American capital, given time, although the Export-Import Bank, the main channel through which United States Government loans are made to underdeveloped countries, has not been favoured much by the overseas Sterling Area because of a general unwillingness to incur debts requiring fixed interest payments, and a fear that 'tied' Export-Import Bank loans might result in dollar expenditure which could otherwise be avoided. The International Bank may well prove to be the most useful source of American investment funds in the long run.

### Will the Chain Break?

The main question, however, is

this. One of the very powerful links in the old Sterling Bloc—and in the present Sterling Area—was the fact that Britain supplied most of the capital that the members required. It paid countries to be 'in' with Britain. Will this be as rewarding in

future? Are the thinning financial links still strong enough to hold the more ardent nationalistic aspirations of the younger countries in check? Will the Sterling Area hold together? For how long will the Area retain its usefulness?

## Economics for the Foreign Ministers

BY JOHN BIGGS-DAVISON, M.P.

We may never know what M. Molotov said to Mr Bernard Baruch when they met not so long ago in America, but future commercial relationships between the two great Customs Unions may well have been discussed by the symbolical figure of American capitalism and the Foreign Minister of Soviet Russia. One may be sure that both have the firmest grasp of the essentials and hope that such is the case with all those concerned in the coming Conference of the Foreign Ministers of the Big Four.

The countries of the free world may be more or less socialistic and the American economy, quite apart from its customs tariff, is nowadays subject to controls of many kinds which are at variance with the great transatlantic tradition of individualism and free enterprise. It is a great paradox of present times that the free trade ideal, exalted in the Western world, tends so far as it is realised to supplant private enterprise by socialistic policies and controls. Controls and restrictions of currencies or commodities, producer and export subsidies and State trading are resorted to by nations prevented from securing a sound balance of payments, particularly in relation to the dollar area, by the unconditional

most favoured nation principle embodied in such agreements as the G.A.T.T. Nevertheless the distinction between the totalitarian economy of the Soviet empire and the varying degrees of socialism and private enterprise in the free world is one of the sources of conflict or tension between the Western Powers and the U.S.S.R.

### Two Antagonistic Systems

It is no excuse for Soviet foreign policy since the closing years of the Second World War but it is undoubtedly true that the co-operation of the Occupying Powers in Germany and the participation of Communist countries in the Marshall Plan were impeded by the United States' insistence on non-discrimination in its various aid schemes. The system expressed in G.A.T.T., or O.T.C., is that of 'One Free World' supported by the great producing and lending power of the United States. During the period of cold war through which we have been passing, it has been a system organised, so far as has been possible, for economic resistance to Sino-Soviet expansion. Thus, under the Trade Agreement Act of 1951, Washington served notice of the termination of existing most fav-

oured nation agreements upon the U.S.S.R., Rumania and Bulgaria and on June 23rd, 1951, Washington informed Moscow of its decision to annul the Russo-American Trade Agreement of 1937. Again, on September 27, 1951, the contracting parties to the General Agreement on Tariffs and Trade supported the withholding from Czechoslovakia of most favoured nation rights in the United States.

### Western Internationalism

The Mutual Security Act of that year appropriated funds not only to help underground liberation movements in Communist countries but to encourage 'the economic unification and the political federation of Europe'. As President Eisenhower said in his Message to Congress on April 14 last asking for approval of United States membership of the proposed organisation for trade co-operation:

'I believe the reasons for United States membership in the proposed organisation are overwhelming. We would thus demonstrate to the free world our active interest in the promotion of trade among the free nations. We would demonstrate our desire to deal with matters of trade in the same co-operative way we do with military matters in such regional pacts as the North Atlantic Treaty Organisation, and with financial matters in the International Monetary Fund and in the International Bank for Reconstruction and Development.'

Later in his Message the President declared that the abandonment of the idea of 'One Free World' enjoying the convertibility of currencies and a free international flow of multilateral trade and investment capital would result in regional

realignments of nations'. Mr Eisenhower observed that this 'would play directly into the hands of the Communists'.

### Destructive of Free Enterprise

This assertion is a *non sequitur*. Unless the other countries of the free world are ready to surrender their fiscal independence, they will continue either to circumvent the code of non-discrimination or use other means of protection which cannot but be socialistic or even totalitarian in tendency. It is also questionable whether the principle of non-discrimination has any validity in a free world now hoping to establish more normal relations with the Soviet empire. It is doubtful whether O.T.C. and all that it implies would survive if substantial disarmament led to even more intense competition between the exporting Powers. In any case, the development of trade between a liberal-internationalist group and a totalitarian bloc could only be carried out by State trading methods which would lead to further inroads in the Western countries upon the sphere of private enterprise.

### Economic Iron Curtain

'Regional realignments of nations' cannot be ruled out in the present period of change and hope. Revolutions of opinion and diplomatic revolutions have been known before those in Moscow and Washington who remember the days of Stalin and Roosevelt and think that it is for the two greatest empires to re-order the world between themselves. Russian gold is available for the purchase of American surpluses. These will increase and stockpiles will be dispersed or not made good if progress is made in conference and disarmament be-

## Housing Europeans

THE Secretariat of the United Nations Economic Commission for Europe (E.C.E.) has issued its latest annual housing survey under the title 'European Housing Development and Policies in 1954'. The document points out that for the first time after the war there has been a clear improvement in the housing situation for Europe as a whole. The over-all situation is still deteriorating in a number of eastern and southern European countries, but encouraging expansions have been noted in some of the countries which up to now had a low level of house-building, particularly in France and Hungary. Together with these two countries the Soviet Union was the country which had the most remarkable expansion from 1953 to 1954.

### Completed Dwellings

The study estimates the number of dwellings completed in Europe (including the whole of the U.S.S.R. and Turkey) in the course of 1954 at between 3.3 and 3.4 million (which is higher than ever before) and between 12 and 15 per cent above in 1953. There was an increase in almost all countries but in some of the countries, where the level of house-building was highest, some stabilisation seems recently to have taken place, for example in the Netherlands, the Scandinavian countries, the United Kingdom and perhaps in Western Germany. The estimated number of dwellings completed in 1954 per 1,000 inhabitants was as follows:

Austria ...	5.9
Belgium ...	5.1
Denmark ...	5.3
Finland ...	7.4
France ...	3.8
Eastern Germany ...	2.3
Western Germany ...	10.2
Greece ...	5.6
Hungary ...	3.1
Irish Republic ...	3.6
Italy ...	3.6
Netherlands ...	6.7
Norway ...	10.5
Sweden ...	8.0
Switzerland ...	7.4
U.S.S.R. ...	5.9
United Kingdom ...	6.9
Yugoslavia ...	2.6

For the following countries information was only available for urban districts, for which the figures were as follows:

Poland ...	6.4
Portugal ...	5.6
Rumania ...	2.3
Spain ...	2.3

The study points out that, in assessing the significance of these figures, it should be borne in mind that the typical new dwelling is relatively small in Finland, Western Germany, Sweden, Eastern Europe and the U.S.S.R. and most of Southern Europe, while the largest are found in Belgium, the Netherlands and the United Kingdom.

### Obstacles to Further Advance

Several countries appear to have difficulties in the way of a further expansion of the level of house-con-

*From U.N. Economic Commission for Europe*

comes possible. The Soviet bloc has already this year bought more than 600,000 tons of Canadian wheat for delivery after next harvest.

It is unlikely however that anything more fruitful than 'co-existence' is possible between the two systems as they stand today. Even if Soviet forces withdraw in Europe there will be no sudden transformation in the vassal states from socialist to liberal institutions. The existence of a controlled economy in the countries of the Warsaw Pact might enable the Kremlin to concede 'Dominion Status' within the rouble bloc. *Tass* has declared:

'There is no East European problem because these nations have overthrown the regime of the exploiters ...'

Of the two opposed economic systems in the world, the first tends to the merging of national sovereignties and the monetary and financial control of world economy under the principle of non-dis-

crimination. The other involves the maintenance of the Soviet society through direct and rigid State control.

### Best Hope

The best hope for the economic preservation and expansion of national and regional economies able to defend and regulate free enterprise by tariff, secure a balance of payments through preferential arrangements, and so look outward with confidence to dealings of reciprocal benefit with others. Such a policy could lead to the elimination of quotas, State trading and exchange control and the progressive reduction of tariffs. It could help to lower international tension, remove causes of resentment between the United States and its allies and strengthen the countries of the Commonwealth and of free Europe to play their part in the making of peace.

## 'Lotto'

IN ITALY the management of the game of 'Lotto' is carried out under the protection of the General Inspectorate for Lotto and Lotteries of the Finance Ministry, which covers the lotteries, local raffles, charity stands and lucky-dips, competitions and games with prizes, guessing competitions and games of skill.

The tasks of the General Inspectorate are simultaneously the production of taxation revenue, organisation, control, and the protection of public good faith.

The tasks of administration are especially connected with the playing of 'Lotto', guessing competitions (even if they are not run by the State) and of lotteries (the proceeds of which are transferred by the State to determined charities), while the tasks of control and protection of public faith are connected with the discipline of local manifestations based on draws for charitable purposes, and of the ways by which firms give away free-gifts to users of particular services and purchasers of special products.

*From Italian Affairs, July 1955*



struction. Thus in most countries there has been some shortage of labour, particularly skilled labour, and the traditional unemployment in the building industry in many countries has largely been reduced to a seasonable character, although in the winter, unemployment has still been considerable in a number of countries. Shortages of building materials have also been reported. In some countries steps were taken towards the end of 1954 and the beginning of 1955 to curtail the level of house-building or by financial means to prevent a further expansion, as for example in Scandinavia and in the United Kingdom.

#### Slum Clearance

Many countries have recently shown an increased interest in the problem of slum clearance and improvements, because of its urgency after many years of neglect; and in some countries also because of recent possibilities of devoting increased

resources to it. New important legislation has been passed in Belgium, the Netherlands, the United Kingdom and Italy.

The common features of government measures now being employed for slum clearance are State financial assistance to public and local authorities to acquire old houses for the purpose of demolition, and preferences for special grants to tenants of slums to be re-housed in new or other dwellings. Public grants for the improvement of old dwellings are given in a greater number of countries and considerable progress is taking place in this field, for example in the Scandinavian countries. In most countries it seems, however, that government policy to improve the existing housing stock and clear up the slums is in the beginning of a new development and the Housing Committee of the E.C.E. has decided that this general introduction of the problem should be followed by more specific studies.

## Steeper Rise in World Oil Production

THE free world's production of crude oil which has more than doubled in the past ten years is at present expanding at a rate of over 10 per cent a year. In January-June this year, it totalled about 335 million metric tons, compared with 304 million tons in the first, and with 311 million in the second, half of 1954.

This figure compares with less than 330 million tons produced in the whole of 1945. Beyond this, the U.S.S.R. and other Communist countries produced over 39 million tons, nearly 6 million more than in the corresponding period last year.

*From Petroleum Press Service, August 1955*

## Socialism in the State of Israel

A CRITICAL EXAMINATION

BY MOSHE SHARETT

WHEN dealing with the problem of socialism one must first be clear about the fundamental questions: what is socialism and a socialist community?

To my mind, socialism and a socialist community are not something static, but something dynamic. They imply an endless process, a way, not a final goal. It is futile to assume that a state of society is possible where all social problems could be solved and society would reach its highest perfection. It would, indeed, be difficult to imagine a more dull and pedestrian society, a society less compatible with human dignity, than one deprived of problems, aspirations and struggles, without the intellectual and spiritual tension necessary to tackle the future and to mould it in accordance with a higher ideal.

#### Realistic Attitude Required

Socialism means the striving for ever greater equality, ever greater justice and liberty, and ever greater possibilities for Man to develop and enrich his personality not at the expense of other human beings, but by common endeavour. However, as soon as any one problem is solved in accordance with this principle, another problem crops up: for the womb of any solution contains the embryo of a new problem. There are, then, no absolute standards, only relative ones.

Seen from this point of view, can the Israel community be regarded as

socialist? I do not think so, because we are unable to solve all the problems of our community in a socialist way. I do not doubt at all, however, that, within this community, stronger factors work for socialism and in a socialist spirit than in many other countries which pride themselves more than we do on their socialist achievements. In our community these socialist trends have already made great conquests, have fulfilled substantial educational tasks and have given hope for greater achievements in the future.

#### Special Conditions of Growth

When I say that within our community there are such factors and trends, I am implying that our community is not a homogeneous one; but this very diversity is beneficial. Neither before the establishment of the State nor at the moment do we envisage the realisation of socialism at one stroke: it is impossible. I recall the words of a great teacher: 'Socialism will never be realised; socialism will grow.'

Because of our peculiar development, which entailed immense creative possibilities as well as the hard necessity to acknowledge the right of the past and the reality of the present, a variegated society came into existence in Israel. I do not know of any other country or economic system with such striking contrasts between the record achievements of socialism on the one hand and the forces of

*From Jewish Observer and Middle East Review, July 29, 1955*

capitalism, and even of remnants of feudalism on the other.

Our Kibbutz is an unique institution. We know how manifold and difficult the problems of our Kibbutz movement are. But we also know that no other society has attained the stage of communal life we find in our agricultural and industrial Kvutzah. Just because the achievement is so high, the tension between the opposites is strong.

#### A Few Paradoxes

We have here the ordinary version of capitalism known all over the world as well as the co-operative labour movement with its various branches. We have a labour economy controlled by the Histadrut as well as the co-operation of Histadrut capital with private capital. We have the settlement communities in the form of the Moshav Ovedim, as well as economic enterprises controlled by separate Kibbutzim or by associations of some or all settlements.

This manifold economic and social system secures almost complete creative freedom and, at the same time, enables the Jewish people to utilise in the national interest all the wealth of its energies and every possibility which might be useful for the work of reconstruction.

Clearly, this means that both factors—the initiative and freedom of the individual as well as central direction in the interests of the society as a whole—are of decisive importance. Private initiative comes from beneath, from all layers of society and spreads over wide areas of social life, whereas central direction comes from above and raises important questions: what is the imperial aim of the economic and social policy of the State? Of what

kind is its legislation? Of what kind is its central planning?

#### Socialist Agriculture

It is not by chance that the highest achievement of our socialist creative energy is in the field of agriculture. Neither is it an accident that we find in this field the richest variety of creative processes. We have achieved something here which could not have been achieved in any other country, except by civil war or severe revolution. I mean nationalisation of the soil.

I do not know whether we all pay sufficient attention to the fact that at least 85 per cent of the soil of Israel has been nationalised. The fact that the Jewish National Fund had been created on socialist lines decided the fate of wide territories which the State acquired as a result of the war of liberation. I do not know, however, what the fate of these wide areas would have been if, at the time of the creation of the State, not the party of the workers had been at its head, but, for instance, the General Zionists.

#### The New Hebrew Village

That the nationalisation of the soil has not remained a purely formal and ineffective 'legal act' is due to the labour settlements which moulded the character of the new Hebrew village and determined the whole social pattern. It must be emphasised that through this nationalisation the new immigrant can be sure not only of his share in the soil of Israel and its fruit, but also of his freedom of choice between the different forms of social life.

I think that ours is the only country where the settlers have had, from the very first, freedom of self-determination and complete self-government. One of the important

principles of the self-government of the settlements is that free election by all members of the settlement is secured in all spheres. Another principle is that every settlement—whether collective or private—is regarded as one unit. A third principle is that all settlers, regardless of the type of settlement, belong to one organisation which represents their interests.

#### Change in Settlers

We were always proud of these principles and their consistent application. But, in the meantime, something we had accepted as a fact is not a fact any more. We thought in terms of a certain type of settler. We presumed that the man who wanted to settle on the land also wants self-government and self-determination. But these presumptions have lately been proved wrong, because the men who come to join the labour settlement—and we are glad to have them, for their sake and for our own—are often of a different type and do not share our aspirations, at least not in the beginning of their new life.

Another even more important fact is their inability and refusal to accept the responsibility for their own economy, the refusal or inability to decide and to abide by decisions, the wish to receive orders and instructions and the readiness to accept blindly the leadership of others.

This problem can only be solved by strengthening the democratic foundations of the settlements with the help of *chikutzic* elements which would join them for the purpose of guidance and education, while fully identifying themselves with the local community.

#### Powerful Working Class

Industry presents a very different picture. I know of no other country where the working class has attained so much initiative, influence and administrative power in the world of industry. This is the result of the establishment of important industries within the framework of the agricultural settlements; of the creation of workers' co-operatives in the towns; and especially of the establishment or acquisition by the Histadrut of important and promising industrial enterprises.

The question which confronts us is to what extent each citizen consciously takes part in the life of the state; to what extent he contributes to the shaping of its future; to what extent he feels that he himself impresses the stamp of his personality on the social life of the State and on the political regime to which he must adhere. The same problem exists in the economic sphere.

#### Economic Democracy

Economic democracy is mainly determined by how far every worker understands that it is not enough to fulfil his daily task as an imposed duty, but that he has to contribute his intellectual endeavour, to dedicate his effort to the perfection of the methods of work and to the development of the enterprise.

These considerations are connected with the problem of the social education of the worker and the development of his civic consciousness. Every worker—especially if he works in a big public enterprise—must be conscious of the fact that his work serves the community.

#### Is Nationalisation Enough?

As to nationalisation, we have

reached the stage where consideration and discussion of the essential problems are required. It would seem right and proper that a big enterprise which is of public interest should also be public property and not a source of private profit. But a thing which seems right and proper is not always the right thing. We have learned this from our experience with the proportional electoral system.

It would seem that nothing could be fairer than to give political representation to every group according to its size in order to avoid the domination of an underprivileged minority. We knew that proportional elections meant increased party differentiation, but we did hope that out of the combination of various political forces a synthesis would come about. Instead we obtained a perversion of political responsibility.

### Principle and Practice

From this we have learned that the question of nationalisation also requires a cautious and sober approach. The question is not whether the logical starting point justifies a definite principle, but whether the application of the principle proves its practical value and effectiveness.

## Six Criticisms of Economists

LET US examine some of the main criticisms directed at economists.

1. Economists never agree.
2. They are practically all socialists.
3. They can't predict the future.
4. They don't prevent depressions.
5. They are academic and impractical.

From I.P.A. Review, Melbourne

We have not yet found the answer. I do not believe in wholesale nationalisation. Here, too, there is much to be said for differentiation and experimentation. It is possible that one day we shall come to nationalise 'Mekorot' (the name of the concern for the exploitation of the mineral wealth of the soil); but if so, I am sure that a long transition period will be necessary in which the State, the settlers and the J.N.F. will share in the ownership and the control of the works. I do not hold with radical operations and extreme decisions in this sphere. We see everywhere enterprises begun by private capital which later reach the limit of their possibilities and require the help of the State, and thus common ownership of state capital and private capital is achieved. There are also private enterprises which fulfil vital tasks in our national economy, and if the state can help them by providing equipment on profitable conditions or by long-term loans, it is its duty to do so.

Great, attractive and stimulating possibilities lie before us. They require careful and considered national planning and an immediate pioneering endeavour on the part of each individual and the people as a whole.

(Translated by Dr Joseph Heller by arrangement with Molad.)

6. They should never be anything else but advisers.

- (‘Good or indifferent servants but bad masters.’)  
 ‘Whenever I ask England’s six leading economists a question, I get seven answers—two from Mr Keynes.’ (Attributed to Sir Winston Churchill.)

## World Economy

BY DAG HAMMARSKJÖLD

Being an extract from the Introduction to the Tenth Annual Report of the Secretary-General of the United Nations

Our understanding of economic forces and our ability to influence them through properly conceived measures have increased to the point where we may hope to avoid extended periods of peace-time inflation or depression. But the economic world has no true equivalent to the thermostat; though greater reliance is placed in many countries on built-in economic stabilisers, there are no automatic devices for expanding or depressing demand to keep it in continuing balance with supply.

### Vigilance is Vital

So long as the possibility of even short periods of recession or inflation exists, the maintenance of international equilibrium cannot be taken for granted. Continued vigilance is necessary to check both inflationary and deflationary tendencies, the effects of which are not confined to national boundaries; rather, they tend to spill over the world economy by upsetting the international balance. While the primary responsibility for checking inflationary and deflationary developments must rest with the country in which they originate, understanding and good will, mutual co-operation and international assistance can help to prevent unfavourable repercussions. Experience in western Europe in recent years has indicated possible lines of progress.

### Unequal Development

Unfortunately, the development in the industrial countries has not

been matched in other countries, neither as concerns economic stabilisation nor in regard to economic growth. Lacking, as those countries do, a modern agriculture or industry, they are not only poor but also extremely dependent upon foreign trade in only a few primary products. International division of labour along lines dictated by the theory of comparative advantage is certainly the most efficient method for utilising the world's limited resources; as economists have repeatedly demonstrated, it leads to maximum output from the use of given resources. We must, nevertheless, recognise that the theory cannot be validly applied without modification within a static framework that is based on the continued absence of a modern technology in the less economically developed countries. It is only through economic and social development that those countries can attain that degree of economic strength and flexibility which will make it possible for them and the world at large to reap the true benefits of international specialisation.

### Much to be Done

While the world has increasingly come to understand the need for such development, it does not yet sufficiently appreciate the urgency of that need. Much remains to be done before we shall have mastered the techniques for utilising the man-power now wasted in disguised unemployment, for tapping the natural resources now unused owing to lack of

sanitation, irrigation, power and transportation, for creating a spirit of dynamic entrepreneurship, private and public, in areas where it is nonexistent, for introducing modern technology and economic, social and political institutions appropriate to a market economy, for developing effective demand to absorb the newly produced supplies and, above all, for obtaining the financing, both internal and external, necessary to support a programme of balanced economic development without crippling inflation and without unmanageable balance-of-payments problems.

#### Start has been Made

We may, nevertheless, derive encouragement from the fact that our knowledge of the manifold social, political and economic problems involved in economic development is greatly expanding. United Nations agencies and the Secretariat have contributed to this process by collecting and analysing much of the information that is required, and there is a wider measure of agreement on how to deal with these problems. Some of the measures that have already been taken, both nationally and internationally, to promote economic development constitute a remarkable demonstration of international co-operation. At the same time, it is clear that these measures have so far been on too small a scale and too narrowly conceived to deal adequately with the problem of overcoming the heritage of untold generations of poverty among the great majority of mankind.

#### Technical Assistance

The United Nations Expanded Programme of Technical Assistance is an example of international eco-

nomic co-operation on an unprecedented scale. Thus last year, almost 1,600 experts in many fields were recruited from over sixty different countries, and 1,005 fellowships were awarded for specialised training and study in ninety-four countries and territories. Seventy-four Governments contributed to the Programme and ninety-seven countries and territories received technical assistance in some form. Nevertheless, the Programme has continued to fall short of the great challenge it was created to meet.

#### Regional Planning and Action

The regional activities of the United Nations in different parts of the world are showing increasing promise for the future. In Europe, for many years, while the European character of the United Nations Economic Commission has been maintained, political tensions have handicapped it in the performance of much useful work that needed to be done. In the year under review, there has been increased participation by the countries of Eastern Europe in the day-to-day work of the Commission and patient East-West trade consultations have begun to yield results.

In Asia and Latin America, the Economic Commissions for Asia and the Far East and for Latin America are concentrating their efforts increasingly on problems of economic development, particularly in assisting countries in shaping their development programmes in such a way that technical assistance projects may be more effectively integrated in overall planning.

#### Middle East Lags

It is with great regret that I have to record that the lack of any im-

provement in the political situation in the Middle East has continued to prevent the United Nations from assisting countries in that region in the way in which it should do so. In this area, economic and social prob-

lems accumulate. Under existing conditions, some of the economic and social development which have proved most effective in other regions are denied to this area.

## Basic Economics

Should people be able to get more than they have money or credit to buy? All our experience shows the danger of this course. We know that the desires of most people are insatiable, and their pleasure in the inevitably patient and somewhat monotonous labour of production is small. Only the bared teeth of those who have worked and saved protect their goods from others. This much is admitted by every Socialist. Yet he persists in his plan to take from those who have earned and give to those who have not.

This is not mere wrongheadedness: it springs from his conviction that the worker today does not get a fair share of the results of his labour. Inevitably then the question arises: What is a fair share? The recent strike over 'differentials' reveals the difficulty of making a simple reply. The higher-paid men do not claim that they are ill paid, but they are certain that if the next lower grade gets a wage of £x, they themselves should get £x + y. Now no outsider

can decide if this increase is fair or not. Under any economy except that of a prison it is decided by the higgling of the market. If a man turns up who freely volunteers for the job at £z, the wage is fair for him. If nobody volunteers, more must be paid for the job—provided that the product will stand the higher pay.

There are only these two methods of filling a job: (1) by the higgling of the market, and (2) by the prison method of direction. Our own Socialists are strong supporters of the first method; indeed one ground of their opposition to Russian Communism is that Russia uses the second method, and I imagine that few Socialist voters would tolerate the Russian system unless they were compelled by a 'liberating army'. It is our task to show our Socialists that it will be impossible for them to halt at this 'half-way Socialism': every advance in the direction of nationalisation must bring the prison system closer, whether they want it or not.

## American on British Atomic Achievement

*Extract from an address by MOREHEAD PATTERSON, U.S. Representative for International Atomic Energy Negotiations, at the opening of the Atoms for Peace Exhibition in Edinburgh, August 4*

To bring the (U.S.) Atoms for Peace Exhibition to Edinburgh may be a modern version of bringing coals to Newcastle. No country has made greater progress in developing peaceful uses of the atom than your own, and no country has more to gain from the peaceful atom. The British White Paper issued by your Government in 1955 outlined a magnificent development programme which called for the expenditure of \$300,000,000 in the next 10 years to construct 12 nuclear power stations with a combined capacity of between 1,500,000 to 2,000,000 kilowatts. The White Paper went on to express the hope that in 1975 all new generating capacity will be nuclear fuelled with a consequent saving in coal of about 40,000,000 tons yearly.

### 'Power the Foundation'

The rationale and urgency for this programme are summarised in the White Paper as follows:

'Our civilisation is based on power. Improved living standards both in advanced industrial countries like our own and in the vast under-developed countries overseas can only come about through the increased use of power. The rate of increase required is so great that it will tax the existing resources of energy to the utmost. Whatever the immediate uncertainties, nuclear energy will in time be capable of producing power economically. Moreover it

provides a source of energy potentially much greater than any that exist now. The coming of nuclear power therefore marks the beginning of a new era.

'As a leading industrial nation our duty, both to ourselves and to other countries, is to establish this new industry of nuclear energy on a firm foundation and to develop it with all speed . . .'

### Power Resources Running Out

This picture in your White Paper is not the fantasy of a dreamer. Now that most of the world has recovered from the havoc and destruction of the Second World War, we see requirements for power mounting all over the world, mounting much more rapidly in the Eastern Hemisphere than in the United States where most of our homes already have their electric lights, their washing machines, their radio and television.

I recently saw a reliable and conservative estimate that by 2,000 A.D. the annual power requirements of the world will have increased eight times over present requirements. If this is true, where will we get the fuel to meet these requirements? Certainly only a small fraction can come from water power. Our reserves of fossil fuels are limited and once they have been used they are gone forever. Nature created a gigantic press millions of years ago which developed these fossil fuels. It would

take millions of years to repeat that process and replenish them.

### Need for Nuclear Fuel

One of our largest petroleum companies has made a study that fixes a precise date in the first half of the twenty-first century when the world will completely run out of its supply of fossil fuels. Long before that, as fossil fuels become more expensive and scarce, we will be confronted with the prospect of a deterioration of our standards of living unless we will have a new source of fuel. The most likely new source of fuel is nuclear fuel.

The President of the United States pointed out as recently as June 11, in speaking to Penn State University, that 'the extent of economic and industrial changes that we can anticipate is indicated by estimates that world reserves of uranium potentially available contain as high as 20 times the energy of the known reserves of coal, petroleum, and natural gas combined'.

### A Long Road

We have a long distance to go before the hopes of the world for cheap and economic nuclear fuel can be realised, but in translating these

hopes into realities one dramatic circumstance stands out above all others: The total energy in one pound of uranium fuel is equivalent to the energy of 13 tons of coal burned to produce steam. To be sure, this is a theoretical equation since we can utilise only a small portion of the energy contained in a pound of atomic fuel. However, even with this qualification, it is apparent that one element in the cost of production of electricity—a very important element in certain areas of the world, and especially in the United Kingdom—is practically eliminated. That is the cost of transportation of fuel.

### British Advantages

Thus, in the United Kingdom you have all the necessary elements for improving your standards of living through peaceful uses of the atom. You have the demand for additional power. You have the 'know-how' to create that power. And you have a situation where alternative methods for expanding your powers are more costly than almost anywhere in the world. It is thus logical and indeed inevitable that you should take the lead in the development of this new boon to the world—atomic power.

## FAO Report

Looking ahead, FAO considers some of the main weaknesses in the agricultural situation at present to be:

- a) Failure of consumption to increase with production, leading to the emergence of surpluses in a number of countries;
- b) The rigidity of production patterns preventing rapid response to shifts in demand;
- c) The stagnation of world trade in agricultural products; and
- d) The low level of farm income in relation to income in other occupations.

## '1979'

THE place of 'forecasting' in the business world is occupying the attention of a good many people these days. Are firms justified in keeping fairly specialised people like economists and statisticians to provide estimates of the future trend of the growth of demand for the firms' products and so on? Even more important, are such people justified in setting themselves up as in some way more competent to make these guesses than other mortals? If difficult business decisions, such as the wisdom of launching a new product or of building a new factory could be arrived at rationally, then the whole thing would be scientific, intensely logical and, no doubt, poorly paid. But even now many business decisions are based upon faith—upon some one man taking a view about the future—and their correctness cannot always be demonstrated by inevitable logic from current data.

### Unnecessary Worry

It seems to us that this sort of worry is based primarily on a misunderstanding of the role such forecasts should play in business decision taking. In a most important sense, all forecasts have equal value, however extravagant or pessimistic we may feel them to be, because, when properly conducted, they provide a systematic way of assessing the relative importance of assumptions about the future, and of establishing

the internal consistency of those assumptions.

### Mr Butler Sees Ahead

A lot of the current discussion of this problem has been started by a mysterious remark made by the Chancellor a few months ago to the effect that we might well double our standard of living in the next twenty-five years. This possibility is, of course, of immense interest and importance to people making or selling consumer goods and services, and it has raised two sorts of questions:

'How likely is it?' (i.e. what sort of increase does it imply in national output, industrial production, output per man and so on) and—

'If it happens, what will it mean for the consumer industries?' (i.e. given an increase in consumption, what sort of pattern will that higher consumption show).

### Twice as Much

The most natural interpretation to put upon 'doubling the standard of living' is that we are all going to consume twice as much in goods and services per head as we do now. If we assume that personal consumption in twenty-five years time will take the same proportion of our national output as it does today, and that similarly the proportion going to capital

investment and government expenditure will remain constant, then Mr Butler's target will only be reached if total national output also doubles.

In this event the implied annual rise in output is 3 per cent per annum, and although that may not look very high, it is a much higher rate of growth than any nation has yet sustained for so long a period as twenty-five years—not excluding America. So far as it can be measured, our own national output has only increased by 14-2 per cent per annum since the beginning of the century, and even since 1948, with full employment at home and an expanding world demand for our exports, we have only managed to expand our economy by a little over 2 per cent per annum.

This makes it pretty clear that Mr Butler's 'forecast' must assume that an increased proportion of national output will be going to personal consumption by 1979 and this in turn means that either investment (including the balance of payments surplus), or public authorities' expenditure or both, must take a smaller share. It does seem reasonable to expect a decline in the latter; even on rather gloomy assumptions about the prospect of disarmament, recent estimates of the trend in central and local government expenditure<sup>1</sup> have shown that the use of real resources in this way is unlikely to rise by more than 10 per cent in the next twenty-five years.

This is important because it was largely the growth of government expenditure between 1948 and 1953 which prevented a rise in consump-

tion comparable with the rapid advance in output. As a result consumption, as a proportion of national output, fell from 75 per cent in 1948 to 64 per cent in 1953. Even if our economy only achieves a modest rate of growth of about 2 per cent per annum, this fall will allow personal consumption a lot more elbow room.

### Investment Quota

As for investment, the other major claimant on national output, there is much to be said for the simple assumption that it will continue to take about 15 per cent of national output over the next twenty-five years. Some authorities would not agree with that<sup>2</sup> pointing out that investment in housing can be expected to take much less of our resources in 1980 while a more stable population will enable economies to be made in other forms of investment. To that one can reply that there are ample signs that over the last thirty-five years investment has been relatively low in Britain, and that more competitive conditions in world trade are going to force us to make good our deficiencies.

What does this add up to?

The most reasonable assumptions to make seem to be a 2 per cent per annum rise in national output, a 10 per cent rise in Government expenditure over the whole twenty-five years, and a 2 per cent per annum rise in investment.

What sort of increase in consumption will this allow? The very simple arithmetic in the following table shows the answer:

<sup>1</sup> See, for example, A. T. Peacock's article in the *District Bank Review*—June 1955—and the same author's article with Professor Paish in *Economica*—November, 1954.

<sup>2</sup> See Adams & Redway in the *London and Cambridge Economic Bulletin* for December, 1954.

Total national output	1954	1979
Less: Government Expenditure	100	1671
Investment	20	22
...	15	25
Consumption	35	47
...	65	120

### Shortfall

Thus on these assumptions we are likely to fall somewhat short of Mr Butler's announced target, for consumption, though rising from 65 per cent to 72 per cent of national output, only increases by 85 per cent over its 1954 level and not by 100 per cent. Nevertheless, it is important to emphasise that with these 'com-

pound interest' rates of growth very small differences in the assumed rate make large differences after a period of years, and we could quite easily raise consumption by 100 per cent by assuming a rate of growth only a few decimal points greater than 2 per cent per annum.

i.e. Growth at 2 per cent per annum compound.

## U.N.I.C.E.F. Helps 17,000,000 Mothers and Children

SOME 17,000,000 children and mothers received direct aid in the first half of 1955 from health and nutrition programmes assisted by the United Nations Children's Fund (U.N.I.C.E.F.). This goes more than half-way toward the 1955 target of assistance to some 32,000,000 during the year.

Among achievements during the six months under review are:

Over 8,000,000 children were vaccinated against tuberculosis, increasing to 51,500,000 the total number of children vaccinated since 1948;

Over 3,500,000 mothers and

children were protected against malaria with the aid of U.N.I.C.E.F. D.D.T.;

Over 2,000,000 daily rations were provided through maternal and child welfare centres and school lunch programmes;

Nearly 2,000,000 mothers and children received emergency feeding;

Some 600,000 were treated for yaws and some 500,000 for trachoma, an eye disease.

Mr Pate declares in his report that public response to the U.N.I.C.E.F. Programmes has 'exceeded expectations'.

## Dying Lakes and Sick Rivers

SCIENTISTS TACKLE A PROBLEM OF CIVILISATION

BY WALTER THEIMER

THOUGH few people are aware of it, lakes have a natural life cycle consisting of youth, maturity, and old age. Indeed lakes die a natural death if left to themselves for a long time. They turn into swamps or simply dry out. Normally, it takes thousands of years for a lake to reach this stage. Nowadays, however, civilisation has accelerated this process, and a few decades will accomplish what many centuries were needed for in earlier times. Civilisation kills lakes, and this action is by no means confined to lakes in the neighbourhood of towns or in industrial regions, where water pollution is rampant; lakes 'age' even in the heart of agricultural provinces. This was established by recent researches of the Institute of Hydrobiology at Ploen, a small town situated in the attractive lake region of Holstein, a purely agricultural district. The ageing of these lakes is at present manifest only to the eye of the chemical analyst, but its biological sequels will appear sooner or later.

A lake is created by geological events, apart from a few man-made lakes behind large barrages. When the natural lake is 'young', it looks like the highland lakes known to tourists: its water is clear and transparent, and it contains much oxygen and few nutrients. This determines its typical fauna, in which trout are prominent.

### Missing Oxygen

Most lakes, especially the larger ones, are fed by rivers. As time goes

on, these affluents carry organic and chemical nutrients into the lake. This causes luxurious growth of 'plankton', a complex flora of algae. In regions with modern farming, such as Holstein, mineral salts from fertiliser reach the lakes through a variety of channels; this flow of nutrients has similar biological effects. The plankton gives food and shelter to numerous small animals which in turn are eaten by fish, and so the fish population increases. This would be a welcome development if fish and plants were not in the habit of dying at the end of their life-span. All these dead organisms must be removed by bacterial decomposition, mainly at the bottom of the lake. Bacteria need oxygen—and older lakes are impoverished in this vital element. Autumn and winter storms may stir the lake up, making possible some aeration of the deeper layers of water. In summer, however, the lake is calm and pleasant, and gets no oxygen.

### Growing Old

A grown-up lake harbours fish different from those inhabiting a young lake. Oxygen-loving trout are gone, and the fauna of an older lake is marked by the presence of pike and tench. The bacterial flora changes even more. Bacteria with high requirements of oxygen are depressed, and species living without oxygen take their place. When they consume the dead remnants of earlier creatures at the bottom, they no longer produce oxygen compounds,

From *Deutsche Korrespondenz*, August 13, 1955



but hydrogen sulfide, a highly poisonous substance. A scientist finding this gas in lake water will know at once that this lake is 'ageing' due to an excessive supply of nutrient substances. The zone of poisoning by hydrogen sulfide often reaches from the bottom up to within a few yards beneath the surface. Lake anglers often realise this earlier than scientists; their bottom hooks will catch no fish, except that they find on them an occasional dead eel which noticed the bait from above, dived down on it and was poisoned by the gas before the angler could bring his prey up.

#### Lowland Lakes Age Faster

Science calls this state of things 'Eutrophy', a condition of overfeeding. The lake fauna will die of it, and so will the lake itself in the end. Its water becomes turbid and dirty, it smells of sewage, and posters warn visitors not to bathe there. The fair lakes of Holstein have not yet reached that stage, but scientists predict it within the near future unless suitable measures are taken. The lake bottom gradually rises by the accumulation of mud and slime, reedgrass covers the shallow pond that is left, and finally only a moor remains. Hundreds of lakes have vanished this way in the German plains since the last glacial period. Lowland lakes age much faster than highland lakes. The latter receive far less nutrients from their sparsely inhabited environment; stronger currents cleanse them and supply them with oxygen. Modern civilisation speeds the ageing process of lakes, and in lakes with large affluent rivers mud and sand accumulate in addition. In smaller lakes, organic processes predominate.

#### What to do?

What can be done to stop a lake from dying? A dead lake means harm to the scenery, to tourist traffic, to fishermen, to water sports, to climate and agriculture, and the region loses a reservoir of drinking-water. As far as pollution by urban and industrial water is concerned, only purification of these waters at their origins will help. As regards fertiliser salts, the afflux of which is never normally classed as pollution, there is no means to prevent it. The salts will always be washed out of the fields and find their way into rivers and lakes. Interference with the lake's surroundings is limited; no one can restore the near-uninhabited condition which the lake enjoyed in its infancy. Yet civilisation which brought the lake to the verge of death may restore life to it: it may artificially supply it with oxygen. This method has been successfully tried in Switzerland, which has some dying lakes in spite of the alpine environment. A deep-reaching pipe is sunk into the lake, and the lower layers of water are pumped up. The water is sprayed across the air, which permits it to take up oxygen. Thus enriched, it is pumped back into the lake. Beneficial effects have already been noticed in the flora and fauna of a lake so treated. The method is rather expensive, though.

#### The Dirty Rhine

German scientists advocate similar procedures for the ageing lakes of their country. Water that is rich in nutrients and oxygen should attract fish, and give a new lease of life to the lake fisherman. Oxygenation of lakes might also benefit tourist traffic, and the use of the lakes for fresh-water supply.

'Limnologists', i.e. river and lake biologists, are busy these days. They are worried not only by ageing lakes, but even more by river pollution. The famous Rhine has for long stretches become an evil-smelling, dirty river, bathing in which must be prohibited since it is too dangerous to health. This is due to industrial and urban pollution of the water. Fish, especially salmon, refuse to migrate far up the river. Its fauna changes.

This applies even more to the River Elbe in its lower reaches near Hamburg. Industry is the principal culprit there, the oil industry leading. A few decades back, Elbe mud consisted practically of nothing but tubifex, a tiny worm living in a tube it digs in the mud. Peeping out of this tube, it picks up organic fragments from the water for its food. In this way, tubifex is the great scavenger of rivers. Now this useful little creature has been nearly exterminated by the fluids poured out into the river by industry. The worm cannot stand this poisoning, and the tubifex population has been reduced to a few per cent of its former size.

The river, deprived of its cleansers' degenerates. Biologists recently found a colony of heroic tubifex holding out in the neighbourhood of a gas-works in highly phenolic water, but this was an exception.

#### Counting the Cost

The lake-like Alster, Hamburg's pride, will be a stinking swamp within a few years, biologists predict, if its pollution is not stopped. As with all threatened rivers, there is only one way: to enforce purification of industrial and sewage water before it reaches the river. Scientific progresses have been clamouring for appropriate legislation in recent years, and governments have recognised the urgency of the matter. But purification will be expensive, and manufacturers are afraid of the cost. Optimists hope nonetheless that the law will be enacted within ten years or so. It will take some more years to construct the extensive purification plant required, and even more years before word has gone round among fish that the Rhine has become habitable again.

## Inflation in New Zealand

GIVING evidence before the Royal Monetary Commission in New Zealand, Mr Colin Clark, who is director of the Institute of Agricultural Economics at Oxford, said: 'Inflation is mostly of New Zealand's own

making. What is wanted is a reformed monetary system which will preserve a stable price level. New Zealand cannot blame other countries for its inflation; the situation has mostly been one of her own creation.'



## Trade Union Topics

### (1) THE SIGNIFICANCE OF THE VALDER PLAN

*An original article, expressing the personal views of*

PAUL DERRICK

BRITISH Trade Unionists are being continually urged to increase production as well as to exercise restraint in consumption; and the Government rightly recognises the importance of 'creating that spirit of partnership between management and workers upon which industrial harmony and a higher level of productivity must depend'. The new Administration pledged itself to 'consider all means' for doing this in October 1951; and Sir Anthony Eden has been having discussions with the T.U.C. and with the employers about the whole question of improving industrial relations. But for all the talk about the importance of a spirit of partnership by Conservative speakers, very little has actually been done by the Government in this field.

#### Profit Sharers Penalised

In the debate on June 16 Mr Butler did say that the Inland Revenue would 'help' companies to introduce profit sharing schemes. But Mr Holt pointed out in the debate on January 28 last that companies issuing shares to their employees may have to pay twenty times as much in tax as would have been payable if a cash distribution had been made. This is a hindrance rather than a 'help'; but the Government could surely do something to provide positive encouragement. In the United States, where tax concessions are in operation, there are about twenty times as many co-

partnership schemes as there were in 1942, and new schemes are being introduced at the rate of one a week.

#### Learn from New Zealand

In this connection the Government would, perhaps, be wise to consider the merits of the system of employee partnership developed in New Zealand by the late Mr Valder and described by Wickham Steed in his book *A Way to Social Peace*. This system has two important advantages. In the first place it is simple and easy for the worker to understand; and in the second place it provides for the limitation of the return as well as the liability of the shareholder. As the T.U.C. has itself been pressing for the limitation of dividends, the Valder Plan would be more likely than some other schemes to produce a response from Trade Unionists.

#### Tax Incentives

In order to introduce this system it would be necessary to bring in legislation empowering companies to issue Labour Shares of no capital value similar to those authorised under Section 59 of the New Zealand Companies Act of 1933. It would also be desirable to encourage its adoption by tax concessions; but in order to prevent abuse it would probably be necessary to provide that the concessions would only operate where the maximum dividend on Capital Shares was no greater than some appropriate per-

centage of past market values. Otherwise tax advantages might be gained without effective employee partnership being established.

#### Single Corporate Income Tax

In this connection it might well be convenient to impose a single Corporate Income Tax on all corporate incomes as suggested in the Minority Report of the Royal Commission on Taxation. Adjustments could then be made more easily in the taxation of corporate incomes without personal incomes being affected.

The Majority Report recognises the advantages of such a change, but rejects it on the ground that it would involve 'double taxation'. But there would surely be no more 'double taxation' than there is at present—for companies today pay both income tax and profits tax on their corporate income—and until recently also paid E.P.L. too, apart

from indirect taxation. Moreover the system was operated for many years in the United States; and, if desired, dividends could be deducted when assessing trading profits for tax purposes, as suggested by Mr Randolph Paul, formerly of the U.S. Treasury, in his book *Taxation for Prosperity*. This was a possibility which the Majority Report did not examine.

If Mr Butler should find an autumn budget necessary, he should consider the merits of such a tax change, together with legislation empowering companies to adopt the Valder Plan. It might have a useful effect not only on incentive and production but also upon restraint in wage claims. Pressure from the Bank Rate has not been very effective in the last six months, and could have unfortunate effects if carried to extreme lengths. It is as important to try to influence the attitude of Trade Unionists as that of bank managers.

### (2) PROFESSOR HICKS ON PROFITS

*From his Address delivered at Bristol on September 2, 1955, to the British Association for the Advancement of Science. Professor J. R. Hicks was President of Section F—Economics*

It is obvious that when businesses are earning high profits they can be more easily brought to concede claims for higher wages; it follows for this reason alone that it is in conditions of high profits that claims for higher wages are most likely to be made. But under the Labour Standard\* we have the complication that profits in general are not compressed by a rise in wages in general; thus if it should be the case that the level of profits necessary to induce full em-

ployment was itself so high as to call forth wage claims automatically, indefinite wage-inflation would be inevitable from this cause alone.

But though it is easy to make our flesh creep with this argument, the assumptions on which it is based are not really very convincing. If wages were centrally negotiated, between a Grand National Trade Union and a National Employers' Association, inflation might indeed proceed in this manner for a time; but the futility of the proceeding would rapidly become apparent, so that the wage-bargain would have to be merged in a treaty which would cover far more

\*Earlier in his Address, Professor Hicks argued that 'instead of being on a Gold Standard, we are on a Labour Standard'.

## Focus on Pakistan

### (I) PAKISTAN DOES IT AT LAST

WHEN the United Kingdom devalued its currency in 1949 because it had become over-valued there was only one other Sterling Area country that did not follow suit—Pakistan. At that time Pakistan's external payments were in a strong position as a result of the keen world demand for its main export products. Its Government therefore took the view that there was no call for a change in the value of the country's currency merely because the rest of the sterling bloc's currencies had become too expensive.

It was not long, however, before the Pakistan authorities began to realise that they had made a mistake by steering a lone course. For the cheapening of the currencies of many other countries as a result of the 1949 re-alignment had the effect of making Pakistan products less competitive than they had been. A period of difficulty in keeping external payments in balance then opened which has continued right up to now. For a long time, for reasons of pride, the Pakistan authorities resisted the temptation to rectify the mistake they made in 1949. Now, however, the parity of the Pakistan rupee has been altered to bring its value into line with that of the Indian rupee—in other words, to devalue the Pakistan currency by the same amount as other Sterling Area currencies were devalued in 1949. In terms of sterling, this means that the Pakistan rupee has been reduced in value from 2s. 1½d. to 1s. 6d.

#### Explanation

An explanation given by the Pakistan Finance Minister has made it clear that the main reason for the decision to take this step was the Government's desire to ease the difficulties that Pakistan has been experiencing in maintaining her exports at an adequate level. Devaluation, he said, had become a pre-requisite for increasing exports and an increase in exports was essential to Pakistan's further economic expansion.

It seems probable, though the Minister apparently did not say this, that devaluation had also become essential to correct the distortion of Pakistan's internal and external economic circumstances that was resulting from the fact that the purchasing power of the currency had recently fallen so far below its official value that in the unofficial market it had moved down almost to parity with the Indian rupee. Having regard to the geographical situation of Pakistan in relation to India, it is easy to see that the indefinite continuation of this situation would have been virtually intolerable.

#### No Crisis

Happily, it seems that the devaluation operation has not had to be made at the height of a currency crisis. For by making use of various expedients—and not least the weapon of import restrictions—Pakistan has been able in recent months to

are low, cannot easily be resisted. This is a lesson which trade unions have had much opportunity to learn in the past; and on the whole their history would suggest that it is a lesson which they have learned. Even in conditions of full employment, there remain enough industries with relatively low profits to ensure that the lesson will not quickly be forgotten.

The principle that it is wiser to put forward wage-claims on other bases than the profits of the employer is one which may be reckoned, for British trade unions at least, as a permanent acquisition. It is an acquisition for which (I believe) the economist has every reason to be thankful. Not only does it diminish the danger of inflation; it has also some effect in diminishing the danger of business monopolies defending themselves by a *de facto* collaboration with labour monopolies—handing over to their employees a share in their monopoly profits, in order to have the help of their employees in defending themselves against potential competition.

## Lord Boyd-Orr on World Hunger

It would take ten to twelve thousand million dollars to relieve hunger in the world.

That's the view of Lord Boyd-Orr, first Director-General of the Food and Agriculture Organisation. In a radio recording made on a recent visit to United States, Lord Boyd-Orr said, 'That's the lowest sum that you can relieve the world hunger with; and if you do not spend that money

to relieve the world hunger, the hungry people will ultimately pull down the rest'.

Lord Boyd-Orr felt there was no real surplus of food in the world.

'The future depends upon whether the rulers of the world can have sufficient sense to get together to create a great new world, or whether they will allow these powers to blow us up . . .'

prevent any further erosion of her external reserves. That should mean that it will be possible to draw maximum benefit from the adjustment in the value of the currency. At the same time, it is possible that Pakistan may have difficulty in maintaining the new parity unless she gives more serious thought to the danger of over-ambitious capital development undermining her entire economy.

#### (a) ECONOMIC SURVEY OF PAKISTAN

THE U.N. Economic Commission for Asia and the Far East's Economic Survey observes that 1954 may prove to have been the turning point in Pakistan's economic development. The food shortage of the previous two years was met by imports of food grains obtained through foreign aid and increases in food production, the latter being likely to be maintained.

#### Korean Aftermath

The burdensome carry-over stocks of raw cotton and jute left by the collapse of the Korean war boom were reduced to manageable proportions by a reduction in output and increased domestic consumption in the textile industry.

The world demand for these two products is still low but the country is adjusting itself to the changed conditions and successful efforts are being made to diversify the economy.

#### Primary Production

In 1954 Pakistan had an estimated exportable rice surplus of 250,000 tons, though this surplus may turn out to be much smaller because of increased demand due to disastrous floods in East Pakistan. Both the area under food grains and

For while there is no doubt that the tendency for the Pakistan rupee to become over-valued after 1949 was due in part to the refusal of the Pakistan authorities to move in line with other sterling countries, unduly heavy spending on capital outlays has undoubtedly contributed in recent years to the widening of the gap between the true and the official value of the currency.

food grain production were much larger particularly because of favourable weather conditions and partly because of government measures in supplying seeds, encouraging the use of fertilizers, affording plant protection, restricting the area under jute, etc.

Abundant supplies of raw material and a large domestic market have encouraged capacity and output. By early 1954 cotton textile capacity was 793,000 spindles and 12,000 looms as against 410,000 spindles and 7,000 looms a year earlier.

The country will be self-sufficient in the coarse and middle varieties of cotton cloth by the middle of 1955.

In jute manufacture Pakistan is not only self-sufficient but is exporting. The installation of factory capacities is more than a year ahead of the schedule of the six-year plan. By early 1955 the number of installed looms will be raised to 6,000 and by the end of 1955 or early 1956, to 10,000.

#### Investment

The Survey observed that the growth of private investment was a most welcome development in recent years but that it may not be maintained at the same rate unless the

government's expenditure continues to increase. In due course however, the Survey says, the government will probably wish to consider whether indigenous industries could increase their efficiency to a stage where they are able to compete with foreign manufactured goods in a free domestic market.

#### Inflation—

Investment, both public and private, expanded in 1954 and both installed industrial capacity and industrial production increased rapidly.

In spite of the easier food situation inflationary pressures have not been completely eliminated. The balance of payments position is still difficult but the large foreign aid is bound to relieve the situation.

#### —and Shortages

Bottlenecks in the implementation of the country's development plan included shortage of skilled personnel and an over-all shortage of foreign exchange. However, despite falling foreign exchange reserves the government decided to go ahead with the development programme. The increase of domestic output of certain consumer goods has made it possible to save some foreign exchange which was used for the import of capital goods. Since foreign reserves continue to be insufficient, the government's policy is to accept as much foreign aid as possible. It will obtain from the U.S. \$110m. in 1954/55, including consumers' goods and aid for flood relief as compared with \$25 million of economic aid in the previous year.

## Indian Cottage Industries

THE problem of cottage and household industries in India would have been charged with emotion even if it had not been tied up with the Gandhian legend which, rightly or wrongly, has held the minds of many persons concerned with India's economic affairs. But much of this emotion is misplaced. There is no doubt that organised industries in India have significantly failed to contribute to employment, although in the last five years they have materially contributed to the rise in real wages in India's organised working population.

More specifically, it might be said that while Indian industrial production has risen by something in the

region of 50 per cent in the last three years, there is no significant evidence that employment today is greater than it was in 1946 or in 1952. In other words, it is almost certain that Indian organised industries cannot provide any solution to India's present unemployment problem. Since agriculture is admittedly working under excessive population pressure, there is really only one major field in which a solution to the unemployment problem can be sought. This is in the range of small-scale industries, and, therefore, there cannot be any reasonable doubt that anything which can successfully establish these industries is worthy of support.

## Progress in British Africa

### (1) NEW BASIS FOR AFRICAN AGRICULTURE

THE Southern Rhodesia Government's plan for the full implementation of the Land Husbandry Act of 1951 will revolutionise Native farming, increasing cash income in the next eight years from £3,400,000 a year to £11,000,000 and to £20,000,000 in 20 years. It will cost approximately £6,600,000 and will involve 31,000,000 acres—or 47,000 square miles—of Native land.

The aim, in the first five years, is to double the average family cash income and to switch Native agriculture from a communal to a land ownership basis.

The report shows that thanks to the extension work of the Native Agriculture Department, crop yields in Native areas can be doubled through good husbandry. The switch-over from the traditional community system to one of personal ownership will involve, between now and the end of 1959, surveying Native areas, classifying land, developing water supplies and giving intensive instruction to Africans to help them open up holdings and increase both crop and cattle production. The various phases of the plan are given in the report, on a year-to-year basis.

The total cost of the five-year plan will be approximately £6,600,000. The Government has already provided a special appropriation in the financial year ending July, 1956, of £992,312. This, together with Government appropriations fore-shadowed in each of the next four years, provides for a total contribution from general revenue of just over £3,500,000. A feature of the Government contribution is that it involves

diverting the greater part of the resources of the Native Agricultural Department to the work involved in the implementation of the Act. From the Native Development Fund will come a total contribution of £1,000,000 spread over the years. Thus, the total amount available for the implementation of the plan will be, from the two sources, £4,500,000 leaving about £2,000,000 still to be raised.

In a foreword to the plan, Mr P. B. Fletcher, Minister of Native Affairs, emphasises that the plan is based on sound economics and will greatly strengthen the economy of the Federation. It is claimed that the stabilised Native agricultural and non-agricultural populations which the five-year plan will bring, offer 'the soundest prospect both for the social advancement and the political stability of the Native in the future'.

Mr Fletcher describes the scheme as 'probably one of the most extensive of its kind ever attempted in Africa'. He says that his confidence in the scheme is based on the happy experience of Native co-operation, without which there could be no progress. Consulted on every detail in the Land Husbandry Act, the Native people had the courage and wisdom to participate in an agricultural revolution which cuts straight across their time-honoured traditions and tribal customs. Mr Fletcher says of the implementation proposals, 'I commend these proposals as a carefully planned attack on the squandering of our most valuable asset.'

*From Federation of Rhodesia and Nyasaland News Letter*

### (2) DOWN IN DIXEY'

DURING a two-week safari in the Northern Province, the Governor of Kenya, Sir Evelyn Baring, inspected works completed under the £360,000 water supply project known as the 'Dixey' scheme.

The basic purpose of the scheme—which resulted from a report by the Colonial Office geologist, Dr Frank Dixey, during a survey in 1934—was explained to Sir Evelyn as to ensure that the Wajir and other districts in the Province do not become a desert in which even camels could not exist. Ten camels to each family is the average over this 26,000 square mile area inhabited by some 36,000 tribesmen, and the scheme intends to see that grazing these large herds does not produce soil erosion and jeopardise the people's future in a territory where the rainfall varies from five inches to 15 inches annually.

**Completed so far**  
The main works successfully completed up to this month are:  
Wajir district: Seven wells, five dams, four pans, three dolobos (water holes in a river bed scoured out by flood action) and two tanks;  
Isiolo district: One sub-surface dam and one borehole;  
Garissa district: One borehole and one old borehole cleaned out, deepened and re-equipped;  
Samburu district: Ten boreholes.

### Completed so far

Towards the end of May this year 33 million gallons of water were held in the Wajir district in the various structures. Watching thousands of

camels being watered at one of the dams he visited about 30 miles north of Wajir township, the Governor heard Mr D. W. Pratt-Johnson, resident-engineer, explain that those camels would not trek to the township's permanent water supplies until the end of August, whereas previously they would have been using the township supplies at the end of June.

### The Cost?

Mr Pratt-Johnson told the Governor that mechanical operation in the Wajir district had resulted in the provision on the average of a million gallons of water for the expenditure of £220. The total cost of the provincial scheme up to the end of 1954 was £243,886. The programme for the next 15 months would exhaust the balance of the £360,000 available, and thereafter it would rest with the Kenya Government whether more funds were forthcoming. The scheme was originally launched with money provided by the Colonial Development and Welfare Fund.

From the reservoir, stations along a 40 miles stretch will benefit. A total of 105 miles of pipeline is involved and the project will cost more than £750,000 by the time it is completed.

Much of the pipeline passes through country inhabited by Masai cattle owners and watering points are being provided at regular intervals so that the Masai and their cattle will in future dry seasons—normally a worrying period for them—have an ample supply of water.

*From Kenya Calling*

### (3) LOAN FOR EAST AFRICA

THE East African High Commission has secured a loan of £20 million from the World Bank, which is to be used to finance the £60 million development programme of the East African Railways and Harbours.

Some time ago a commission visited East Africa to investigate the possibilities of expansion for the Railways and Harbours for trade in that country. Results of the commission were highly favourable and, as so many of our readers are aware, the future of East Africa has enormous possibilities—provided that the latent wealth of the country is supported by financial credits until that wealth is available for distribution.

Everybody who has any knowledge of East Africa knows that its economy is bursting with possibilities and a loan by the World Bank of £20 million is a mere 'flea bite' compared with what will be needed in the immediate future.

#### Wake up, Old Lady!

It appears quite unnecessary for the World Bank to provide this

money when the Bank of England could have provided the same amount with the greatest ease and without any straining of our national economy. The fly in the ointment is that the loan is granted for a period of twenty years, carrying interest at a rate of 4½ per cent for which there does not appear to be any warrant for so high a charge.

East Africa's position in the world is quite as good commercially as Treasury Bills. It is significant that Treasury Bills are now being used as international currency and are available, through the London Money Market, at a rate of much less than £1 per cent.

Why the community in East Africa are to be hampered by paying 4½ per cent when the financial credit they need could be available at the same rate as a Treasury Bill, is a mystery that only the World Bank, and perhaps the Treasury, would know the answer.

Four and three-quarters per cent is much too high, especially when the credit of East Africa is bound up with the strength of the British Commonwealth.

*From 'Shipping' for July 1955*

### Soviet Atomic Aid

THE U.S.S.R. is designing and will manufacture experimental 2,000 kilowatt thermal nuclear piles and 25 mev particle-generating cyclotrons for Poland, Czechoslovakia, Rumania, Hungary, Bulgaria and

the German Democratic Republic. For China the Soviet Union is to design and manufacture an experimental 6,500 kilowatt thermal nuclear pile and a 25 mev particle-generating cyclotron.

*From 'Pravda', August 29, 1955*

## More Economic Liberty: An Aim for Europe

BY PROFESSOR LUDWIG ERHARD  
*German Federal Minister of Economics*

THE truth is that Europe cannot be built or pieced together by petty stratagems but only by recognising and developing its complex economic and political functions. The bodies and persons responsible for economic developments are in duty bound to bring about in their respective domains the material prerequisites for the political decisions that are required.

It is neither realistic nor theoretically sound to imagine that individual business branches can progressively be withdrawn from national sovereignty and subjected to supra-national administration in the hope that at a given moment the sheer weight of supra-national influence will overwhelm national competences. By following this road we would only risk that the individual governments, more and more deprived of their functions, would become unable to discharge their responsibility for the economic fate of their countries without this vacuum being filled by supra-national policies.

#### Only Road

There is in fact no other road than to strive for more and more freedom in all the exchanges of goods, services, currencies and capital, in customs policies and in the movement of persons, to make speedy progress in all these matters, and to renounce governmental practices that violate these principles. Where institutions are necessary in order to give effect to these principles, I am in favour of

them. I have the impression that any man who wants the participating countries to bind themselves jointly to act along these lines is in truth a good European.

#### Path of Least Resistance

It is, on the other hand, not in accordance with our practical experience and our theoretical knowledge about the essence of an international division of labour to demand that a common market, in order to offer equal competitive chances, should be tied down to equal charges, equal wages, equal working hours and equal costs, and that therefore a complicated system of compensation funds should be instituted in order to level out all these factors. Any such conceptions are technical by-play; any attempt to get at the core of the problem by such marginal operations is bound to end in failure. It is the way of least resistance which, I am afraid, would not lead to a United Europe but away from it.

It is fairly facile for a country to renounce one or another bit of administrative competency for a sector of the economy, but the real proof of a European mentality can only be administered by policies that make the creation of a common market and a political federation possible.

Let all those that doubt my European mentality discuss Europe with me on this basis and, in the absence of a judge, let everyone consult his conscience about the stand to be taken.

*From Deutsche Korrespondenz, August 6, 1955*

## Cassandra's Bank Manager

From *The Banking Correspondent of The Statist*

CASSANDRA, of the *Daily Mirror*, seems to have been unfortunate in his dealing with his bankers. At least, in his writings, he gives that impression and last week he made merry in a sour kind of way about one of Lloyds Bank's advertisements. Perhaps his readers really think that bankers are wolves in sheep's clothing. If they do not, it is not 'Cassandra's' fault.

'Banks', he writes, (*Daily Mirror*, July 20) 'are sometimes very naughty. They don't make advances to people. They tell them to go bowl a hoop. Man-y Pa-pas aren't very fond of banks. In fact, man-y Pa-pas and Ma-mas and Un-kies and Aun-ties loathe their ruddy guts.'

### No Advance Without . . .

The terminology will be unfamiliar to economists, but the meaning is clear enough. The main complaint which follows is that a bank manager, on being asked for a loan, asked for security. 'Collateral' is the word used by 'Cassandra', showing a leaning towards American usage, but not towards the American meaning of the word. He says 'it means why don't you sell the blasted kitchen stove to raise the wind? Or can't you flog Auntie Annie's heirlooms? Or give your heads then may be we might find an odd bob or two for you.' This factual and practical nonsense could be laughed at if people did not believe it. By a curious paradox the bankers are regarded as philanthropic institutions which should find money without asking any awk-

From *The Statist*, July 30, 1955

joins the Association it seems to accord with his own views.

### Unfair to Bank Managers

It is difficult to see how an association can do more for any bank customer than he can do himself by discussion with his own bank manager. Not all bank managers are masters of tact or diplomacy, but neither is every person who keeps a

bank account a model customer. When one hears someone's story of how he was refused an overdraft it may sound convincing and outrageous. But to a banker the story usually sounds rather thin, and the real reason for the refusal is all too obvious. It is a question of everyone to his trade, but banking seems so terribly easy to people who do not have to do it for a living.

## The Christian Tradition of Good Husbandry

THE following passage is taken from the address given by the Rt Reverend the Bishop of Dorchester on Plough Sunday at St Mary Magdalene Church, Alfrick, Worcestershire, as reproduced in the March number of *The Layman*.

'We have inherited in this country a good husbandry which is deeply marked by this Christian attitude. It is a husbandry concerned with deeper things than quick profits—with reverence for the soil and its fertility expressed in the ordered rotation of crops—the good countrymen will still dismiss some farming method with "It isn't right, we owe it to the land." It is a husbandry dependent upon team work, and the responsibility and initiative which every one who works on the land must show—

every man counts and has his place, and all must be skilled. Reverence and responsibility, ultimately both, are the outcome of Christian worship and obedience: God and Man and the Field. "For the earth is the Lord's and the fulness thereof." We take

for granted the miracle of harvest, that the fields around this church have produced their crops for a thousand years; but we should remember the warning from other lands where a husbandry less well rooted in the Christian tradition has within a century reduced the good earth to barren desert. "Let the people praise Thee, O God, then shall the earth bring forth her increase", is no pious sentiment but a hard and saving truth.'

From *Mother Earth*, July 1955

## Hire Purchase—The Scapegoat

BY J. GIBSON JARVIE

*speaking as Chairman at the 33rd annual general meeting of United Dominions Trust Limited, held on August 23 at United Dominions House, Eastcheap, London, E.C.3*

So, as there must be the appearance of something being done to check our growing inflation, the Government seek a scapegoat. In this case they have—so they claim—discovered that a prime cause of the inflation is hire-purchase. Much publicised steps have, therefore, been taken to restrict the business. The theorist and impeccable moralist insist that hire-purchasers are living beyond their incomes. They take no notice of the indubitable fact that hire-purchasers faithfully meet their commitments. Since that is a fact, it surely proves that hire purchasers do not over-commit themselves. Hire-purchase is, in fact, merely a compulsory form of saving, voluntarily undertaken.

Hire-purchase is a part of the modern economic set-up all over the world and, because it is essential, it has come to stay. Present-day conditions demand it. Without it large industries would be seriously affected. Exports in some of the biggest lines would drop. Factories would reduce output, men would be unemployed. Industrially, it is a necessity. There are manufacturers and merchants who, without hire-purchase, would today have difficulty in procuring necessary plant and equipment.

Taxation denies them reserves, prices have risen, but modern plant is urgently needed so that they must have recourse to credit in some form. As bank overdrafts are for the day-to-day needs of a business, hire-purchase solves the problem.

Hire-purchase made mass production possible and so gave us lower prices. It created wide markets for products which otherwise would have found only a limited demand at high prices. It turned 'luxuries' into common possessions; amenities which are today regarded as indispensable would have been rarities. It enormously increased employment and wages. In consequence, it is a perfectly reasonable assumption that any nation which refuses the services that hire-purchase alone can render, will have a lower standard of living and will be unable to compete with its more intelligent rivals. Hire-purchase definitely has come to stay and making difficulties for either seller or buyer ill serves our economy.

But in strange contrast with all the clamour for restricted credit, whilst inflation was mounting we saw no check on State spending. The responsibility for inflation rests squarely on the Government.

## Competition Stimulates Latin American Economy

The economic expansion of Latin America is being speeded up by intensified international competition for the market—but the present rate of growth is not fast enough to close the existing gap between average living standards in the countries of that area and those of the more industrialised countries of Europe and North America.

This is one of the main conclusions of the *Economic Survey of Latin America, 1954*, prepared by the United Nations Economic Commission for Latin America.

The *Survey* states that latest figures show an annual average growth of 1.5 per cent *per capita* in the total product of Latin America as a whole—a growth which it recognises as 'by no means insignificant'. It points out, however, that in the United States, for instance, the annual rate of growth *per capita* is two per cent. The rate for Latin America implies the possibility of doubling the average living standard every 47 years, whereas at the North American rate, living standards can double every 32 years.

The rate of investment is tending to decline in contrast to a relative increase in the consumption of such goods and services as are available and the *Survey* suggests that measures must be taken to raise the capacity of the area to import if economic growth is to continue.

### European Recovery

The *Survey* draws attention to the effect on Latin America of the progress being made by European countries toward a recovery of their pre-war position in world trade after having been partially displaced by the United States. Offering the incentives of lower prices and liberal credit, Europe has increased its exports to Latin America and, as a logical consequence, has increased its imports from the area. The success thus achieved by European countries, and also by Japan, the *Survey* notes, has brought about changes in United States export credit policy and intensified competition for the Latin American market. This has benefited the economy by lowering import prices, particularly of capital goods, and thereby allowing a speed-up of economic development.

Another 'most important consequence', says the *Survey*, is the entry of Latin American countries into this same competition in the production field as a result of the manufacturing and assembly plants being installed there by U.S. and European firms in an effort to maintain or increase their sales.

The countries of Eastern Europe and the U.S.S.R. have also greatly increased their trade with Latin America since the latter half of 1952.

*From United Nations*



## Digest Reviews

### CHINKS IN A CURTAIN

*Stalin's Russia and After*, by Harrison Salisbury. Macmillan 21s.

*I Went to Moscow*, by Mervyn Stockwood. The Epworth Press; 15s.

Mr Harrison Salisbury has been Moscow Correspondent of the *New York Times* through much of the post-war, or cold war, period. He has travelled as extensively in the U.S.S.R. as conditions and the regime permitted. He has been able therefore in this attractive book to show us something of ordinary life and thought in Asiatic as well as in European Russia. What he has written is in tune with his observation that he who has read Dostoevsky, Tolstoy or Chekov will not be lost long in Russia despite the intervening upheaval.

We learn, if we did not know it, that Beria—Beria the Builder—was not without honour in his own country, Georgia, which was also Stalin's; that Paul Robeson was urged unavailingly, for he follows the Moscow line, to sing 'St Louis Blues' as well as songs of social significance; that Johnny Weismuller in 'Tarzan' was a popular film hit; and we are tempted to take as typical of much in Soviet life the air hostess on the flight to Siberia—Count Speransky's 'nether world'—who ordered her passengers to relax and to read.

The Doctors' Plot, the passing of Stalin, the liquidation of Beria are central topics in a book written too early for the author to predict the virtual eclipse of Malenkov. A new edition, for which there may be demand, could put this right and also add an index of the proper names.

The visit of Russian church leaders has widened Western interest in the state of Christianity in the Soviet Union. Mr Harrison Salisbury tells how in order, as it were, to wipe their feet on the altar cloth, the Communists would see to it that part of a church building was put to mundane use. In one church where a milk station was installed the insult rebounded, for the women of the quarter so organised the milk queue that those who wished could go to the church and pray without losing their places.

Religion is indeed practised in Russia and professional men crowd to the theological seminaries, but neither Mr Salisbury nor Canon Stockwood, a witness by no means prejudiced against socialism, leave us in any doubt that such toleration as exists is part of the policy of an atheistical Party and State looking to the eventual extinction of supernatural beliefs whose incompatibility with the Marxist philosophy is affirmed by the Moscow Patriarch in conversation with the Canon. The latter perplexed Soviet officialdom by importing sermons already prepared for Embassy congregations; he also had difficulty with the food, though he likes caviare, with Russian unpunctuality and the other irritations which vex the foreign visitor.

This most readable book presents with great fairness the dark and the bright sides of Soviet society. Its author tells on the one hand of boring and offensive propaganda; of an excess of uniforms (the Canon's dog-collar was taken to be a military accoutrement) and of drunkenness; of drab, ill-fitting civilian clothes; of insanitary lavatories without toilet

## REVIEWS

paper; of agricultural failures publicly admitted by Khrushchev, who admitted that there were more cattle in the U.S.S.R. in 1916 than in 1953. On the other hand the Canon noted with approval clean streets; an absence of pornography; the splendid Moscow Metro; Russian courtesy and kindness to foreigners; emphasis on the importance of the family; a by no means impersonal health service; and 'social' justice. There is much which is hopeful in Russia today; the governing philosophy is hubristic and wrong. Canon Stockwood quotes a slogan posted on the Moscow Sports Club: 'We are not only rebuilding human society on an economic basis; we are mending the human race on scientific principles.'

This book too would have been better for an index. It is the result of a brief tour not of long periods of duty such as Mr Harrison Salisbury has served; it is however more crisply written and conveys much valuable information with little ado.

*Russian Frenzy*, by W. E. R. Piddington. Elek Books Ltd.; 16s.

William Piddington, who spent four years as a prisoner of the Soviets, has written an extremely interesting account of his experiences. He was sentenced to a term of 25 years imprisonment for the 'crime' of illegal entry into the Russian zone of Germany, and after weeks and months of cross-examinations he finished up at the mining camp at Vorkuta. Following the death of Stalin, he was suddenly transferred to Moscow, and then released to return to his home in the Midlands.

His story is told convincingly and with sincerity, and conveys the atmosphere of the 'Madhouse' which those who have shared his experiences have also confirmed. His one-man

campaign of sabotage in which he pitted his brains and courage against the whole might of Soviet strength makes incredible reading, as also does his account of the endless nightmare of cross-examination and the other apparatus of Soviet 'justice', by which millions of men and women have been tried and condemned. As Mr Piddington says in his foreword, 'Most of them have committed no crime whatsoever against the Soviet Union.'

This book should surely play its part in focussing attention on the plight of these unfortunates, and with the changing atmosphere between East and West, which has shown itself since the death of Stalin, it is to be hoped that pressure of opinion will bring about the release and repatriation of these innocent victims of Soviet inhumanity.

### GLYN ON ELINOR

*Elinor Glyn*, by Anthony Glyn. Hutchinson; 18s.

Reviewing *His Hour* by Elinor Glyn, Sidney Dark, of the *Daily Express*, wrote of her as a realist who added to what Gorky and others had taught of the 'senseless horror' of the Russian village and factory and 'the curious hopeless yearnings of the educated middle class' something of 'the time-killing devices of the rich and highly-placed'. Even the latter should have their place in social history! Sidney Dark went on to say that Miss Glyn's description of 'Voltairian immoral aristocrats' in Russia had almost convinced him of what he had disbelieved, namely that revolution was inevitable.

In *Elizabeth Visits America* she had taken the measure of the other great Empire-Republic of the world now ours which did not then exist. She



noted the national motto of Americans, 'To win... how does not matter so much'. This quality, she predicted, 'will make them the rulers of the world in time'. It could be so.

Elinor Glyn is no mere purveyor of wish-fulfilment tales of high society. She is not Ethel M. Dell writ large. Milner and Curzon, princes and film stars were her friends. Those who read, or re-read her novels, or surrender to the fascination of this charming biography will learn something of the ways of an *élite* still remembered yet as remote from present times as the *grand siècle*. Mr Glyn has written modestly and with distinction a book that could easily have been either sentimental or supercilious.

J.B.-D.

### RIDDLE OF THE AIR

*The Comet Riddle*, by W. A. Waterton and Timothy Hewson. (Frederick Muller 10s. 6d.)

*The Comet Riddle* deals with the conception and birth of the Comet, which was the fastest and most comfortable plane ever produced, the pride of the British nation which was to give Britain back her supremacy in the air—and it follows its progress and setbacks with true steadfastness and accuracy until the final disasters.

The story of these disasters which at the same time both appalled and intrigued the British public has been rarely told in this book. Many people questioned the wisdom of re-instating the Comets after they had been grounded following the Elba disaster, and the findings of the Enquiry were eagerly read to know if this decision was justified.

The tremendous salvage effort of the Yoke Peter by Sea Salvor and its assistants in itself makes a gripping story, and the account of the

intensive research on the salvaged parts by the Royal Aircraft Establishment with its pen-pictures of the personalities involved makes a fascinating study.

The abbreviated account of the Enquiry itself is well reported and the final chapter very encouraging for the future of the Comet.

The style of the book is very varied, and while it is very enjoyable and easy to read, the journalistic free-and-easy manner in which such a serious Enquiry involving major tragedy is dealt with, is somewhat offensive, and in parts the English is very slapdash, more suitable for a sensational detective novel. Also there are slight insinuations that more exhaustive tests should have been carried out. These were proved impossible in the light of the knowledge then available to the manufacturers of the Comet.

The findings that metal fatigue was the cause of the disaster, meant that stricter tests would now be necessary. It did not mean, to quote Lord Brabazon's words at the Enquiry, that it would 'stop the adventurous spirits pioneering in the future'. This record of the Search for the Truth of these disasters is another contribution to the successful future of British aircraft.

D.B.J.

### BHARAT IN A NUTSHELL

*India at a Glance. A Comprehensive Reference Book on India*. Edited by G. D. Binani and T. V. Rama Rao. Orient Longmans Ltd.; 84s.

This immense, impressive and serviceable encyclopaedia is for India *Whitaker's Almanack*, *Who's Who*, *The Directory of Directors*, the *Stock Exchange Year Book* and much else besides brought within 1,700 or more pages. It is justly sub-titled 'A

Comprehensive Reference Book on India' and provides sources for casual reference and deeper reading not only for the politician, economist or business man but for the student of India's long history and rich culture.

### HOUSEWIFE'S CHOICE

*The Happy Home. A Universal Guide to Household Management, Good House-keeping Institute*; 30s.

Here is economics in the original and literal sense of the Greek word. Many who never cook or sew will enjoy dipping into this large and handsome book; the illustrations are particularly attractive and make the food described look delicious. The 'Cooking Craft' and 'Home Laundry-work' sections are of special value but the advice on 'Happy Parenthood' is extremely conventional whereas the mention of Family Planning, though carefully worded, may yet give offence.

Those who produced this fine book were committed to the use of gas as their fuel so that those who are getting married—it is surely they and not those who are set in their habits who will make the best use of the counsel given—and have a mind to furnish their kitchens or bathrooms with electrical power will find here no answer to their questions.

P.M.B.-D.

### SYNTHESIS

*Economics and Action*, by Pierre Mendès-France and Gabriel Ardant. London Heinemann/Paris U.N.E.S.C.O.; 15s. 7s.9d.

Marred only by some misprints (e.g. 'Reder' for 'Feder') and certain obscurities arising from its translation from the French, this book by the former Premier of the French Republic and its General Commissioner

for Productivity, examines in historical perspective the practical and political application of economics.

The shortcomings of former mercantilist and 'classical' theories are exposed and the Keynesian remedies for capitalist crisis fully discussed. The general lesson taught is that indifference to, or ignorance of, economics on the part of statesmen can be disastrous; but two special problems, of theoretical and practical importance, and the problem of equilibrium and the problem of choice, are singled out for attention.

The attainment and maintenance of Full Employment without inflation is considered essential to world stability but recognised as less a problem for economics than for sociology and political science. Careful study has been made of British wartime and post-war experience and the use of an economic budget, as known in the United Kingdom and other countries, is warmly commended.

The book is concise and closely argued, sometimes almost to the point of pedantry. As is appropriate in a publication of U.N.E.S.C.O.'s Science and Society Series, it moves in the concluding chapters on to ground common to Western and collectivist economics today.

### THE BRITISH BUREAUCRACY

*A History of Red Tape*, by Sir John Craig, K.C.V.O., C.B., LL.D. Macdonald & Evans; 18s.

This is a concise and breezy account of the British Civil Service. Like many other national institutions, it sprang from the Church. Thus the Mint—the author was formerly Deputy Master and Comptroller of the Royal Mint—owes its origin at Canterbury at the close of the sixth

century to St Augustine. The career of Thomas Cromwell symbolises a secularisation which became possible with the arrival of educated laymen in the fifteenth century and was completed by the Reformation.

An interesting feature of this book is its author's vigorous defence of the unreformed Civil Service of many sinecures and perquisites against the charges brought with such great effect by Sir Charles Trevelyan. Chadwick and Morant are shown as founders of the machinery of our Welfare State.

The student of general history can learn here much that is important and much that is entertaining. Mention of the *Ministry of National Assistance* is a minor slip in a work of accuracy. The Red Tape of the title was a casualty of the First World War. Its chronicler is anything but dryasdust.

### JOUR DE GLOIRE?

*Liberated France, by Catherine Gavin. Jonathan Cape; 18s.*

This handsome and racily-written work may be placed alongside the war memoirs of General de Gaulle now appearing. Miss Gavin is not slow to find flaws in the image of him whom Mr Churchill styled the Conqueror of France; but part of her criticism is that he refused to play the tactful subordinate of the patrons of his movement and the allies of his country. Yet is not de Gaulle's leadership of the Free French and the Fighting French an example to all Europeans in dependency upon a greater Power how to exploit to the uttermost the advantages which even weakness confers upon the resolute and the single-minded? The soldier moreover succeeded where politicians have often failed in making use for

heroism of the struggle with the Viet-minh brought no profit to French 'colonialism'. It cost France the lives of 16,000 volunteers, 1,530 of them officers, and \$5,478 million up to the end of 1953 (compared with \$3,849 million received from E.R.P. up to the end of that year). We are also shown how American aid has not been wholly helpful to the *présence française* in Asia and that much that has happened of late in Morocco goes back to President Roosevelt's meeting with the former Sultan.

Miss Gavin provides material for the student of France's economic miseries and recovery, the latter symbolised by such achievements as the inauguration by President Auriol in October 1952 of the new hydro-electric works at Donzère-Mondragon; but, like de Gaulle, she is a little sketchy on the Monnet Plan. All in all she writes very well indeed but her book does not require the purple patch sewn on at the end. Minor criticisms are that she seems to think that the Boy Scouts and Girl Guides in France are all linked with the Church and that people have got into the way of calling the Senate the Council of the Republic instead of the other way round, *Conseil de la République* being the title given in the Constitution of the Fourth Republic to what was the *Sénat* in the Third.

J.B.-D.

### SHORTER NOTICES

*Golden Milestone. Edited by David Keir and Betty Morgan. The Automobile Association; 15s.*

It is always pleasant to read an account of progress from justifiable rebellion against authority to a position of extreme respectability and importance in affairs. This is the story of the A.A., which was formed by a comparative handful of en-

thusiasts in 1905 to counter the police traps of those early days of motoring. Today, with its membership of 1,500,000, the A.A. is doing a job for the motoring community, and this well-produced work records the first 50 years in an amusing and lively manner.

*Fertility from Town Wastes, by J. C. Wylie. Faber & Faber; 25s.*

Are the methods used by many local authorities for removal of town wastes really efficient? The author of this challenging book says no. He considers that not only are we despoiling the countryside and polluting our river and coastal areas, but also are robbing the soil of fertility and thus reducing our agricultural output.

Mr Wylie is County Engineer of Dumfriesshire, and has much practical experience in the field of waste disposal which he clearly and interestingly sets out in this 220 page book. It should certainly be carefully studied by all local authorities and those concerned with the fertility of the soil of Britain. A foreword is contributed by Sir Cedric Stanton Hicks.

*Profit Sharing in Practice and Law, by John C. Harper. Sweet & Maxwell; 38s. 6d.*

With profit-sharing schemes more and more in the news the publication of this book is both timely and valuable. It seeks to provide the business man and those likely to be concerned with the promotion of profit-sharing schemes with information on both the practical and legal aspects of this important subject.

The author, though a barrister, does not attempt to argue the case for or against profit sharing, but to provide valuable information on various types of schemes, and the

many and diverse factors which arise in different industries.

*Economic Geography in West Africa*, by F. J. Pedler. Longmans, 16s.

The author deals in this book with the area bounded by the Sahara, by the Eastern frontiers of Nigeria and of the French Niger Colony, and on the South and West by the sea. In this area, as in other colonial territories, there is plenty of land and manpower available, but not enough capital to set these to work in producing wealth, and consequently the latter has to a large extent to be borrowed from abroad.

Such factors, governing the economic life of the territories concerned, are clearly set out by the author who has travelled widely in the countries covered by the study. He rightly emphasises the need for local production for local consumption instead of the all too prevalent concentration on crops for export.

*Fabulous Mogul*, by D. F. Karaka. Derek Verschoyle Ltd., 15s.

His Exalted Highness the Nizam of Hyderabad, seventh of his line, and the richest man in the world, is the subject of this interesting study. The book covers the history of the dynasty, and gives a fascinating picture of the present Nizam of Hyderabad, through whom the Indian Government now rules the State. Of particular interest are the chapters dealing with the ending of the British regime in India and the subsequent military intervention 'Operation Polo' undertaken by the new Indian Government, which resulted in the Nizam's 'accession' to India.

*Economic Analysis*, by K. E. Boulding.

Hamish Hamilton Ltd., 35s.

This is a revised third edition of an important book first published in

1941. The author has made extensive revisions to his original work to compensate for the many changes in economic thought which have taken place in the years since the first edition was published.

#### READER'S COMMENTARY

Re. British Colonial Populations—Economic Digest, February 1955. I beg to point out what I believe to be a misprint in the above statistics—Federation of Nigeria—1921 population—1,900,000. This I think, should read 19,000,000, since the population according to 1931 census was 20,000,000. There is therefore no reason to suggest that the population of a country could jump from 1,900,000 to 20,000,000 in ten years. Kindly bring this mistake to the notice of your readers in the next issue of your Digest, for small as the mistake seems, it gives the world a very wrong impression of the rate of population increase of that country. (Signed) GEORGE OREWA. (Bangor).

The above figures were taken from Hansard and H.M. Stationery Office now advise that there were in fact three errors. 'The population for Nigeria in 1921 should of course be 19,000,000. Lower on the table, the figures for the Leeward Islands and for Trinidad and Tobago have been added together and given as Leeward Island figures, Trinidad being omitted from the table.

The correct figures are:—

Leewards ...	1921	1953
Trinidad ...	85	121
Trinidad ...	367	678

The Aden figures should have been footnoted to show that the 1921 figure is for the Colony only while the 1953 figure is for the Colony and Protectorate.—Ed.

#### 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).

#### AMERICA'S MERCHANT SHIPPING

United States Merchant Marine Policies: Some International Economic Implications, by Wytze Gorter. Essays in International Finance, No. 23. June, 1955. International Finance Section, Department of Economics & Sociology, Princeton University.

Recent resentment of United States flag discrimination makes this absorbing study of topical interest and importance. (687)

#### ITALIAN CRAFTSMANSHIP

Italian Industrial Design. With a Foreword by H.E. Count Vittorio Zoppi, Italian Ambassador to the Court of St. James'. The Statist, 1s. 6d. Well-timed for the Italian Institute's Exhibition entitled 'Selected Examples of Italian Industrial Design'. (688)

#### AUTOMATION

The Institution of Production Engineers' Conference. The Automatic Factory—What does it mean? 16th-19th June, 1955.

Documents and papers read and discussed on the technical and human problems presented by the automatic factory. (689)

#### ITALIAN SITUATION

Italian Economic Survey May-June 1955. Published by the Association of Italian Joint Stock Companies.

3 4 ★

This detailed survey of the economic situation in Italy in 1954 is an English translation of the General Report on the Economic Situation of the Country submitted on 18 March, 1955, to both Houses of the Italian Parliament by the Minister of the Budget and the Minister of the Treasury. Besides a general appreciation there are special studies of economic, financial and social insurance matters. (690)

#### SOVIET WORKING CONDITIONS

Labour Conditions in the U.S.S.R. Soviet News Booklet No. 16.

This rosy picture of labour conditions in the Soviet Union is the English text of a report submitted to the Economic and Social Council of the U.N. in April 1955 and already circulated as an official document of the Organisation. (691)

#### G.A.T.T. SURVEY—

International Trade 1954. The Contracting Parties to the General Agreement on Tariffs and Trade; Geneva, July 1955.

Analyses recent developments in the structure and pattern of international trade; trade barriers and controls; and the principal activities of the Contracting Parties. Shows that there is still considerable discrimination against the dollar. (692)

#### —AND BIBLIOGRAPHY

G.A.T.T. Bibliography; First Supplement 1954—June 1955. G.A.T.T. Secretariat Geneva August 1955.

This is the First Supplement to the Bibliography published in March 1954 and covering the period from 1947 to the end of 1953. (693)

#### HELPING THE COLONIES

Colonial Development and Welfare Acts.

*Return of Schemes made under the Colonial Development and Welfare Acts by the Secretary of State for the 1 April, 1954 to 31 March, 1955.* H.M. Stationery Office.  
One of the answers to the Anti-Colonialist school. (694)

#### HOUSING AND SUBSIDIES IN BRITAIN

*How Subsidies distort Housing Development*, by F. J. Osborn.  
A reprint from the Lloyds Bank Review of April 1955. (695)

#### DRINK AND THE JUVENILE

*Further Evidence of a Continuing Increase*

*in Drunkenness among Persons aged under 21 in England and Wales.* Economic Research Council, July 1955.  
This sequel to the Council's report of June 1954 has received considerable Press publicity and a reply from the liquor interest. (696)

#### BANKING IN INDIA

*Trend and Progress of Banking in India during the Year 1954.* Reserve Bank of India.

This is the Annual Report required by the Indian Banking Companies Act, 1949, on a year described as one of 'orderly economic expansion'.

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#### BOOKS AND PUBLICATIONS

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