

Bank of New York and here deals briefly and competently with a problem of great topical interest and importance. The last time that there was German rearmament the then authorities were able to draw upon considerable idle reserves of capital and labour. The position today is very different and presents complex problems, including the possibility of inflation, which are examined here with clarity and intelligence. (660)

PROGRESS OF PIRAEUS

Statistical Bulletin of the Traffic of the Port of Piraeus during the year 1954. Piraeus Port Authority, Greece, May 1955.
Information and statistics in Greek and English. (661)

THE ISRAEL ECONOMY

Review of Economic Conditions in Israel. Special Issue, May 1955. Bank Leumi Le-Israel B.M.
Facts and figures which may be read in conjunction with the article 'Israel's Economic Recovery' published in the July Digest. (662)

SCHUMANIA

European Coal and Steel Community. John Goormaghtigh. *International Con- ciliation* No. 503, May 1955. Carnegie Endowment for International Peace.

This brochure contains some handy information and quotations about the European Coal and Steel Community. (663)

COAL CRISIS IN BRITAIN

Can British Coalfields be made to Pay

Both Good Dividends and Good Wages? by Hugh Wood. Reprinted from the leading article in the 'Iron and Coal Trades Review' of July 23, 1926. Some at least of this is strangely relevant to the National Coal Board's present difficulties. (664)

GATTITUDES

Basic Instruments and Selected Docu- ments. Third Supplement: Decisions, Resolutions, Reports, etc., of the Ninth Session. The Contracting Parties to the General Agreement on Tariffs and Trade, Geneva, June 1955.

A convenient collection of docu- ments arising out of the recent G.A.T.T. Conference in Geneva. (665)

B.I.S.

The Bank for International Settlements, 1930-1955, by Roger Auboin. Essays in International Finance, No. 22, May 1955. International Finance Section, Department of Economics and Sociol- ogy, Princeton University, Princeton, New Jersey.

This was the subject of a Digest review in our last number. (666)

The Bank for International Settlements Twenty-Fifth Annual Report April 1, 1954-March 31, 1955. Basle, June 13, 1955.

M. Auboin's essay mentioned above is the closing chapter of the latest Annual Report of the Bank. The year under review is described as 'fundamentally prosperous' on both sides of the Atlantic. It is claimed that by the beginning of this year most European countries as well as others had enjoyed three years of generally rising consumption and of relative price stability. (667)

CONTENTS

| | |
|--|-----|
| Economic Talking Points..... | 405 |
| Digest Spotlight—on two Soviet Statesmen..... | 407 |
| The Economic Foundations of Peace..... Henry Drummond-Wolf | 409 |
| South Asia Favours Bi-Lateral Aid..... N.B.I. Review | 411 |
| Wall Street Inquiry..... The Stock Exchange Journal | 415 |
| World Population Estimates Published..... United Nations | 418 |
| Trade Union Topics: | |
| (1) Industrial Organisation in Yugoslavia..... Dr. N. Das, I.C.S. | 419 |
| (2) Doom—or Utopia?..... The Statist | 422 |
| Soviet Atomic Energy..... Soviet Embassy, London | 423 |
| East Germany in International Trade..... Curt Stiehell | 425 |
| Setting Surpluses to Work..... Jorian Jenks | 427 |
| Surplus Disposal..... The Statist | 429 |
| The Argentine Scene..... I.F.A.P. | 430 |
| World Meat Production..... The Canadian Bank of Commerce | 431 |
| The St Lawrence Seaway..... Commercial Letter, The Canadian Bank of Commerce | 432 |
| Selling to Western Europe..... The Credit Insurance Association Ltd. | 437 |
| Belgium's Trade Policy..... European-Atlantic Review | 438 |
| The First 'European Company'..... The Eastern Economist | 441 |
| U.N. Technical Aid in 1954..... | 442 |
| World Production of Coffee, Tea and Cocoa..... | |
| Monthly Review, Bank of Nova Scotia | 443 |
| DIGEST REVIEWS..... | 444 |
| From War to War—World Trade—Merry France—Gold War Weapons | |
| —Young People—The 'New' Continent—Mission to Nigeria—Trade and | |
| the Flag—Europe in Upheaval | |
| For Reference..... | 450 |

Economic Talking Points

Has Soviet expansion reached its limit?

Soviet economy and agriculture are overstrained.

The thaw in the cold war continues.

Soviet evacuation of Austria under the State Treaty is imminent and there have been reports of an intended military withdrawal from Hungary and Rumania.

China is in the longer run a menace to the U.S.S.R.

It is bad Marxism to go forward when there is no longer a revolutionary situation.

But The Geneva Conference showed that Moscow had no intention of giving up the German Democratic Republic. Control over satellites is exercised by economic as well as by military and political means and the economic Iron Curtain between the Free World and the totalitarian Rouble Bloc might continue after the withdrawal of Soviet forces. Disengagement and disarmament might in the Marxist view lead to a crisis of Capitalism.

'Saturation point' in nuclear weapons will deprive the Western Powers of a military advantage.

Tides return as well as recede.

Should Western Europe further liberalize dollar Trade?

The U.N. Economic Commission for Europe warns that the substitution of American for non-dollar food and raw materials may be at the expense of the development of under-developed countries and lessen their purchases from Western Europe.

At a time when the Foreign Ministers are to carry forward the work of the Heads of Governments at Geneva and it is hoped to improve East-West trade it is desirable to strengthen O.E.C./E.P.U. and to work for a European economic system able to attract Eastern Germany and the Central and Eastern European countries.

But There will be an increasing U.S. demand for primary products of the under-developed countries and an increasing American contribution to their economic uplift may be expected.

Should dividends in Britain be limited?

Labour leaders claim that high distributed profits are inflationary and bad for workers' morale and therefore for production.

But Dividends are very heavily taxed.

There must be incentive to save and invest.

The share index has been less inflated since the war than wages or prices generally.

Is Canada growing closer to the Sterling-E.P.U. system?

There is a huge U.S. investment in Canada.

Geographical and strategic ties with the U.S.A. are very strong. Canadian Liberals are disinclined to discrimination against the dollar and are committed to the principles embodied in G.A.T.T. and O.T.C.

But Many Canadians resent American economic domination.

The Secretary of State for External Affairs, Mr Lester Pearson, has stated that the Canadian population, less than one tenth that of the U.S.A., buys nearly \$3 billion worth of American goods whereas the U.S.A. with 165 million people buys only \$2½ billion worth. Mr Pearson added that attempts to redress the balance by increased Canadian exports, especially of primary products meet with protectionist clamour in Washington.

Canadian exports to Britain have been increasing more than Canadian exports to the U.S.A. Canada values her membership of the Commonwealth which enhances her international role.

ECONOMIC DIGEST

SEPTEMBER, 1955 VOLUME VII NUMBER NINE

Digest Spotlight focuses on

Nikita Khrushchov

and

Anastas Mikoyan

BOTH Khrushchov and Mikoyan are closely concerned with the economic life of the U.S.S.R., and Khrushchov, who wields considerable power in the collective leadership, figured prominently at the four-power talks at Geneva.

As General Secretary of the Central Committee of the Communist Party of the Soviet Union, Nikita Sergeyevich Khrushchov holds a key position in the Soviet government and has been one of the leading figures in the ruling group for a number of years. What he lacks in looks he makes up in strength of will. He was born in 1894 in the village of Kalinovka in the Kursk Province. His father was a miner, and the young Khrushchov worked for a time as a shepherd, and later turned his attention to more industrial pursuits as a fitter in factories and mines in the Donets Basin area. Diplomats and journalists who have met Khrushchov at receptions have been impressed by his 'rough diamond' joviality.

He joined the Party in 1918 and during the Civil War served on the Southern Front. He then returned to industry, working in an ore mine in the Donets Basin, and later studied at and graduated from the Workers' school, becoming a leading Party official in Stalino and also in Kiev. He then moved to Moscow

where he continued his studies at the Industrial Academy. By 1931 he had become a Party official in Moscow, then a few years later first secretary of the Moscow Regional and Moscow City committees of the C.P.S.U.

Khrushchov's name is particularly linked with the period of socialist construction in Moscow and the Moscow Region during the second five-year plan. He was awarded the Order of Lenin for outstanding services in directing the construction of the famous Moscow Metro.

By January 1938 he had become first secretary of the central committee of the Communist Party of the Ukraine, and in the following year was awarded the Order of the Red Banner of Labour for his services to Soviet agriculture and particularly for over-fulfilling the plan for the main agricultural tasks in the Ukraine. Later he was returned as a Deputy to the Supreme Soviet of the U.S.S.R. from the Krasnopresnaya constituency of Moscow.

At the time of the German invasion he was serving as a Lieutenant-

General and was decorated with the Order of Suvorov and the Order of Kutuzov in 1943, and for a second time with the Order of Lenin in 1944. By 1946 he was chairman of the Council of Ministers of the Ukraine, and in 1953 he took on his present post of General Secretary of the Central Committee of the Communist Party of the Soviet Union, with membership of the Presidium of the Supreme Soviet.

Anastas Ivanovich Mikoyan

Mikoyan is Minister of Trade of the U.S.S.R. as well as being a Member of the Presidium of the Central Committee of the Communist Party of the Soviet Union, a vice-chairman of the Council of Ministers, and a Deputy to the Supreme Soviet.

He is a year younger than Khrushchov, and was born in the village of Sanain, in the Tiflis Province, now in the Alaverdi district of the Armenian Soviet Socialist Republic. The son of a carpenter, he graduated from the Armenian theological seminary in Tiflis, and joined the Communist Party in 1915. In March 1918 he headed a detachment of Party members, waged war on Musavatist counter-revolutionaries, and was wounded.

Later that year he took part in the defence of Baku against German-Turkish troops and was appointed,

a commissar in a Red Army brigade.

There followed several periods of imprisonment. He was arrested in September 1918 with 34 other officials of the Party in Baku. One of those arrested had a list of names, and from this list 26 Baku commissars were selected to be shot. Fortunately for him, Mikoyan's name was not among the 26, and he survived imprisonment to be selected a member of the All Russian Central Executive Committee of Soviets in 1919. He was later appointed to the Central Executive Committee of the U.S.S.R.

Ever since 1926 Mikoyan has held leading positions in Moscow, mainly connected with food supplies and the Soviet food industry. He was appointed Minister of Trade of the U.S.S.R. in September 1953.

During the world war, Mikoyan directed his country's home and foreign trade and food industry, and was a member of the State Committee of Defence of the U.S.S.R.

He can wear a number of medals as well as many of the more important Soviet decorations, including three Orders of Lenin and the Order of the Red Banner. He also holds the title of Hero of Socialist Labour for his special wartime services in organising supplies to the Red Army.

If the economic barriers are to be lowered, and East-West trade built up, Mikoyan will have a part to play.

The Economic Foundations of Peace

BY HENRY DRUMMOND-WOLFF

The following extract from a memorandum prepared by the President of the Empire Economic Union has particular relevance to the current Great Power negotiations.

A NEW approach should be made to economic, political and strategic problems, so as to provide no mere temporary security but a natural guarantee of continuity and peace. The middle, non-autarkic powers should be enabled to enter into regional organisation without becoming totalitarian and without losing their sovereignty and independence. Regional organisation within a universal system of collective security, determined by treaty, would prevent the clash of competing economic blocs and the absorption of their respective satellites.

National Armed Forces

An effective agreement for mutual security does not require an exclusive, international force under unified command. It demands, on the contrary, that each sovereign nation should possess its own armed forces whose composition would be determined by its own needs and characteristics to meet aggression in whatever form and from whatever quarter it might arise. Such an agreement would provide for the immediate use of national armed forces in co-operation when an act of aggression had occurred. It would allow for the pooling of national armed forces in whole or in part with those of other nations whenever necessary.

The prevention of war would demand a better distribution of economic power by means of protective and preferential tariffs. Nations would balance and expand their economies in order to develop their

standards of living, defence and *defence support* in the shape of production, bases, communications, equipment and supplies. They would regulate the international supply of war materials and curtail when necessary the external trade of potential aggressors. They would be able to deal bilaterally, regionally or multilaterally in their external relations, and thus to abandon controlled economy. Any economic need for arms production and for the maintenance of armed forces would be removed.

Balanced Disarmament

The expansion of national, regional and world economies would provide for the establishment by treaty of national quotas for arms manufacture and armed forces on an ascending or descending scale related to the need, capacity and status of individual nations and groups. Such quotas would also be related to the reduction of conventional armaments in general, the renunciation of the manufacture and use of atomic, chemical and biological weapons of mass destruction, the destruction of existing stocks and the exchange of scientific and technical information.

In existing circumstances, the creation of a supranational agency to distribute plant and fissile materials for the production of power would involve a system of mutual-aid or lend-lease within a policy of non-discrimination. The progressive destruction of stocks of atomic and hydrogen bombs would involve a

United Nations system of control through federation. These systems would encourage totalitarian control of the United Nations and world economy.

Inspection not Control

International co-operation could be assured by genuine equality of treatment in the distribution of plant and fissile materials for the production of power. This would be achieved by normal commercial and financial operations within a policy of discrimination and reciprocity by independent sovereign States. A United Nations system of accountancy and inspection as opposed to control of national atomic energy plants, stockpiles and sources of fissile materials could then be created and extended to conventional armaments and other weapons of mass destruction. A constant definition of aggression covering violations of agreements in respect of conventional armaments and weapons of mass destruction and common action against aggression could then be established by treaty.

Unilateral action should be taken to restore national sovereignty and fiscal freedom and to allow for the granting of unilateral priorities by one nation to another. The most favoured nation clause should confer equality of status as a legal international right but the application of the most favoured national principle to the regulation of trade by protective and preferential tariffs should be abolished.

New View of Tariffs

Protective tariffs would be raised to reduce imports and to expand national production and trade. Preferential tariffs would be lowered to increase imports, to obtain recip-

rocity and to expand international trade. Protective and preferential tariffs applied at their effective levels would expand national and international trade—the essential components of world trade and of an expanding world economy. Tariffs discriminatory only in respect of nations would take the place of quantitative restriction by quota in dealing with balance of payments problems set by persistent creditors. Bilateral and regional action would provide for a multilateral trade and payments system to be expanded universally.

The members of the British Commonwealth would then be able to establish a permanent and unrestricted system of Commonwealth Priority in order to balance and expand their national and regional economies for every purpose. They would be able to look outward to similar co-operation with foreign countries.

In the American Interest

The United States would be able to exchange priorities with every nation. A balanced policy of decentralisation and development among the constituent States and foreign countries would increase their consumption and contribute to world stability. The American balance of payments would be improved and the need for American subsidies, loans, credits and investment in foreign countries would be reduced.

The Soviet Union would have no justification for attempting to impose its system abroad, for it could secure reciprocity by negotiation. It could exchange priorities with other countries and thus relax control both within and among its satellites and sixteen autonomous States.

Unity and Peace

Priority groups would be formed by the continental nations of Europe, west of Russia—including their overseas territories and associates—by the Latin-American nations and by other nations in the Near, Middle and Far East. Nations of one group would

exchange priorities with nations of other groups and with every sovereign nation to balance and expand national, regional and world economies. The general application of the Commonwealth methods of co-operation would establish the foundations of world unity and of lasting peace.

South Asia Favours Bi-lateral Aid

The proceedings of the recent conference of Asian members of the Colombo Plan, held in Simla to consider matters relating to the utilisation of external aid, brought into the open questions which are fundamental to the economic organisation of the area. The central point of the discussion was whether there are advantages to be gained by using aid on a regional basis instead of bilaterally as at present.

The conference decided that no tangible advantages were likely to accrue from regional organisation of aid in particular; as a result the subsidiary, but hardly less important, proposal to set up a special regional fund (an Asian Payments Union on the lines of E.P.U.) to meet balance of payments difficulties and promote intra-regional trade failed to secure support.

These decisions are of somewhat deeper significance than is perhaps obvious at first glance; they suggest that the countries of South and South-East Asia are less ready to admit the need for common action on the economic than on the political front, for which there may be good

and valid arguments. The purpose of this article is to examine some of the relevant facts.

Bandung to Simla

Though political considerations inevitably played a part in the Simla decisions, it is not proposed to discuss them here. At the suggestion of Mr Stassen, who has long desired to allay Asian suspicions regarding U.S. aid, India took the initiative in summoning the conference to which Burma, Cambodia, Ceylon, Indonesia, Japan, Laos, Nepal, Pakistan, the Philippines, Malaya, Singapore, Thailand and Viet Nam were invited.

The delegates met in the warm afterglow of the Afro-Asian Conference, and though this may have had certain advantages, it also tended to obscure from public opinion elsewhere (already surfeited with news from Bandung) the hard, practical difficulties of creating in Asia a co-operative effort equivalent to the European Recovery Programme, launched by General Marshall as U.S. Secretary of State in 1947 and so eagerly furthered by

the then British Foreign Secretary. 'The analogy between the Simla conference and the first European conference to discuss Marshall Aid', said one Asian commentator, 'is too obvious to escape attention.' Nonetheless, it would seem that free Asia will have to wait awhile for its own version of O.E.E.C., whose two-fold task has been to develop economic co-operation between member countries and to assist the U.S. Government in carrying out its programme of aid to Europe.

It may well be that the delegates at Simla were right in thinking that the time is not yet ripe for collective treatment of their own development problems, and that any regional grouping of aid might tend to perpetuate, rather than relieve, the already marked differences in economic achievement which exist throughout South and South-East Asia. Their decision may also be taken as a compliment to those who dispense economic aid, and in particular to the American officials who operate bilateral agreements that are not always dead easy to administer to the mutual satisfaction of the U.S. Congress and the recipient governments.

False Analogy

There has been a tendency in some quarters to overstress the similarity between the Simla proposals and the beginnings of O.E.E.C. and therefore to simplify the problems of the recent conference. The germ of the idea was doubtless identical in both cases, but the analogy breaks down when we compare the situation in the post-war Europe of 1947 with that in the post-independence Asia of 1955, the availability and magnitude of the aid involved, the administrative resources at hand in

each continent, and, above all, the levels of economic development in Western Europe and South and South-East Asia.

In essence Marshall Aid was devised as a short-term salvage operation, primarily designed to find a solution to the problem of Western Europe's dollar deficit with the American countries which, for the period 1948-51, the sixteen participating European countries estimated at \$22,400 millions. Aid to Asia rests on the entirely different assumption that the relief of 'underdevelopment' cannot be other than long term and that raising the standard of living of a thousand million people is likely to be a much lengthier process than was the restoration of the already highly developed, but war shattered, economy of a compact area such as Western Europe.

Advantages and Possibility of Regionalism

The advantages of administering aid on a regional basis clearly turn upon the existence of a certain community of interest within the region, which would include not only compatibility of economic aims and common needs, but also a willingness to co-ordinate development (or recovery) policies and some convenient dovetailing of resources and skills which suggest that, up to a certain point, the economies of the countries of the region are complementary. Some willingness to accept joint staff direction, as in the case of the European Coal and Steel Community, must also be presumed. It is obvious that this kind of synthesis cannot be imposed and can only grow naturally, and then only over a long period of time.

The new nation states of South

and South-East Asia are clearly too young, in point of time and their political independence, to have had an opportunity of developing a common political ethic and uniform administrative standards. The larger question which remains is how far are their separate economies complementary to one another? Which means to what extent are they able to meet each other's requirements and supplement each other's resources up to the point at which aid, regionally dispensed, will benefit all according to their needs? Such a question might be answered in great detail if adequate and up-to-date statistical data were available in respect of every country of the region. But it is not; and we must therefore be content with some general observations based upon known and accepted facts.

General Poverty

Thus, the lowest common denominator is the poverty of the subsistence peasant economies which are characteristic of every country in the region, but which are mitigated in one or two by a growing industrial potential. Taking Asia as a whole (and including therein Communist China), only India and Japan—both of which have a place in any international ranking list for industry—can as yet be regarded as firmly established industrial powers. The highest common denominator of the countries of South and South-East Asia is that all share an entirely laudable desire to move out of the alleged bondage of agrarian society, mainly dedicated to producing raw materials, to membership of an industrial order offering more attractive forms of life, leisure and welfare. 'The sky is the limit', and the contemporary industrial revolution in

Asia differs from Europe's a century ago in that, as and where it can, Asia is taking over a corpus of ready-made knowledge and technology which the West acquired painfully and only after a hundred years of experimentation. Between the upper and the lower limits of Asian achievement and aspiration lies an infinite gradation of policies and purpose.

Competitive not Complementary

But there is also much that is common. All the countries of South and South-East Asia possess an abundance of man-power, within which is a lively intelligentsia yearly multiplying in numbers. And if there is a similar plenitude of raw materials throughout the region, it is unfortunate from the point of view of meeting each other's deficiencies, or supplementing each other's resources, that they are to a large extent the same raw materials: in foodstuffs, rice and barley; in industrial fibres, cotton and jute; in plantation products, copra, rubber and tea; in extractives oil and, to a lesser extent, coal and manganese. The list might be extended.

The point is that these are things which are competitive in world markets rather than complementary in the regional economy, and in most of them the South and South-East Asian countries must seek to sell their surpluses not within the region itself but in the markets of the West or Communist Europe. The picture in manufactured goods is smaller and somewhat different. Of the countries of the South Asian region, India alone is a significant exporter of manufactured goods, though we may soon expect that Pakistan will be entering Asian and other export markets as a manufacturer of jute

and cotton goods. India's phenomenal rise to the top flight of the world's cotton piece-goods exporters is based on her trade with neighbouring South Asian countries and the British colonial possessions, her entry into the U.K. market being a comparatively recent development. Though the range and quality of her other manufactures will certainly extend, it is to South and South-East Asia that she will necessarily look for opportunities to expand her export trade.

Aid Covers Deficits

Analysing the export earnings of the ECAFE countries (including British Borneo, Burma, Cambodia, Laos and Viet Nam, Ceylon, India, Indonesia, Malaya, Pakistan, the Philippines and Siam) the recently published United Nations *Economic Survey of Asia and the Far East for 1954* says: 'If Japan and mainland China are excluded, exports of the ECAFE countries are typically represented by rubber and rubber manufactures (29.7 per cent of the total in 1951), jute and jute manufactures (14.4 per cent), vegetable oils and oil seeds (7.3 per cent), tea (6.5 per cent), cotton and manufactures (5.5 per cent), rice (5.4 per cent) and tin (4.1 per cent). Intra-regional trade represented rather less than 20 per cent of the total, the balance being exported to the U.K., the U.S.A., and 'other countries'. Incidentally, Japanese exports represented 22 per cent of the total value of all ECAFE countries' exports in 1954.

Noting that a substantial portion of the short-fall in the balance of payments of the Asian countries has been made good by external aid, the U.N. report says that in 1953 the net deficits on current account of seven

countries for which statistics are available on a uniform basis (namely Burma, Ceylon, India, Indonesia, Pakistan, the Philippines and Siam) 'were covered by official external donations to the extent of 67 per cent'. The report continues: 'Although more recently intra-regional transfers such as India's aid to Nepal and Japan's reparations to Burma have come to play a part in the economic development of the receiving countries, intra-regional aid has been insignificant compared with aid from the more economically advanced countries of the West or from international organisations.'

Diversity

Thus it is clear that, from the point of view of both trade and aid, a regional concept, which would lump certain countries of South and South-East Asia together, is not supported by any real evidence of natural economic adhesion. There may be ethnic or political attributes which give the region a certain compactness, but economically there is too much 'sameness' for its countries to be effectively complementary to one another. 'Unity in diversity' is a hard-worked slogan, which is too often loosely applied to situations which defy more precise analysis. But in the case of the South and South-East Asian countries there is not enough diversity to supply the basic unity essential to formal regional grouping. The decision of the Simla conference that aid is best left to operate bilaterally accords with the facts of the economic life of the region and was therefore the right one, however disappointing the verdict may be to those who find special merit in the creation of new economic groupings.

Wall Street Inquiry

HEAT AND LIGHT IN THE SENATE COMMITTEE ROOM

BY ROBERT E. BEDINGFIELD OF THE *New York Times*

THE recent inquiry of the United States Senate's Banking and Currency Committee into Factors Affecting the Buying and Selling of Equity Securities was conducted on much the same principle as the inquiry of the six blind men of Hindustan into the nature of the elephant. To make the parallel exact, one would have to assume the existence of large and vocal constituencies for each blind man, fervently devoted to proving that an elephant was like a wall, a column, or a fan, and insistent that anyone who believed differently was a covert enemy of the commonwealth.

The inquiry was political. And one must stress the difference between the American politician's position and that of his British counterpart. The American officeholder is not a small tentacle of an octopus which has its head near Westminster. He is the least common multiple of the most firmly held prejudices of a majority of voters in a specific locality—locality being understood to mean anything from a few city wards to the 267,000 square miles of Texas.

Senatorial Preoccupations

Throughout the inquiry, triggered by the abrupt rise of stock prices last November and December, and aimed at getting opinions on the cause and probable result of this rise, these preoccupations kept intruding:

The chairman, Senator Fulbright of Arkansas, referred over and over

again to the melancholy plight of the cotton farmers of Arkansas.

Senator Capehart of Indiana, who had given place to Senator Fulbright as committee chairman after the Democrats' mid-term electoral victory, kept insisting that all evils mentioned were the fruit of a 20-year Democratic rule.

Senator Monroney of Oklahoma kept reminding everyone present how much better everything had gone *sub consule* Roosevelt.

Senator Morse of Oregon, where industrial development depends greatly upon hydro-electric power furnished at low rates from Federal projects, suspected that Wall Street meant to build a great block of utility stockholders who would turn his constituents over to the Power Trust.

The Chosen Theme

Subject to these diversions, the inquiry stuck fairly close to its chosen theme—whether the sudden rise of the previous autumn and the subsequent slower but steady climb had left stock prices too high. Naturally, the more each witness knew about the stock market, the more difficult it was to make him say 'High', 'Low', or 'Just Right'.

If the rise triggered the inquiry, the powder charge was the nation-wide hostility towards the stock market. As George E. Shea, financial editor of *The Wall Street Journal*, observed on March 16, when the inquiry was ten days old, 'There are many people

From *The Stock Exchange Journal*, July 1955, by the courtesy of the Council of the Stock Exchange

still, including Senators, for whom a stock exchange is at worst a place for gamblers and speculators and even at best but a convenient spillway for excess money that rich people have no use for.

Dog With a Bad Name

This attitude showed plainly in the general attitude of the questioning Senators and in that of some witnesses. One of these, James B. Carey, secretary-treasurer of the Congress of Industrial Organisations, advanced the theory that the whole intent of fiscal and monetary management by the Treasury and the Federal Reserve was to enrich corporations and speculators at the expense of the patient poor—more especially the members of the International Union of Electrical, Radio and Machine Workers, of which Mr Carey is president.

The combined voices of the presidents of all the nation's stock exchanges, the head of the National Association of Securities Dealers, the presidents of the nation's largest corporations and the Secretary of the Treasury failed to make clearly the point with which Mr Shea concluded:

'Our stock exchanges have been not merely a convenience, but an absolute essential in the economic growth of the country. Without them the savings of the rich man would be as useless as the rubles of a maharajah; the savings of the average man as wasted as gold florins under the mattress.

'A stock exchange, like any other human institution, can be well or badly run. It can perform its social function or it can, through the excesses of people, pervert it. But its function of providing a market for capital is a vital one which can be

injured only by doing injury to the country.

'There is some argument whether this hearing is accomplishing anything. It seems to us that it will indeed accomplish something if, before it is over, this lesson has somehow been learned.'

Display of Ignorance

It is doubtful whether Mr Shea's wish was granted. Not only in the realm of stock market theory but in the simplest matters of terminology much ignorance was displayed. At one point neither witnesses nor Senators could explain the Dow Jones industrial average. An investor who happened to be in the room explained that the Dow Jones industrial average was the average price of 30 original shares—with some substitutions—chosen many years ago to represent a cross-section of the market. Whenever a stock is split, the divisor is adjusted so that the average doesn't move on the day the split is effective. This means that the denominator of the fraction of which the numerator is the sum of 30 prices is now 5.76 rather than 30. This brought about the fact, astonishing to the Senators, that the 'average' price of 30 stocks was more than 400, with the highest single price 183!

A rather more sophisticated index, also mentioned several times, is Standard and Poor's index. This covers the outstanding stocks of 480 companies and the daily price sample is used to value the whole of the shares issued.

The two indices are quite different, but many members and witnesses—including Dr Seymour Harris, a Harvard Professor who tendered a letter of advice in which he mentioned the Dow Jones 'index'—

didn't know or didn't trouble to mark the difference.

The Committee questioned, in order, the heads of the New York, American (also in New York), Midwest (Chicago) and San Francisco. These witnesses agreed that public interest in the market had increased, drew some fire when they said that confidence in the Eisenhower administration was a factor in the rise of prices, and were rather severely bludgeoned by Senators Morse and Fulbright, who condemned the New York Stock Exchange, in particular, for 'enticing' or 'luring' innocent American men and women into buying common stocks.

Hangover from Hoover

Two recurrent issues were those of the capital gains tax and the double taxation of corporate income. The capital gains tax is an unhappy hangover from the Hoover administration of 1929-33. Up to the 1929 crash, there had been a small tax on capital gains. When, in the general unhappiness of 1930, a coalition of Democrats and maverick Republicans got control of Congress, an effort was made to cash in on stock market profits by declaring them ordinary income. Unfortunately, the grab came too late, and some of the wealthiest Americans paid no taxes at all in 1931 and 1932, simply selling stocks and off-setting their incomes. There was no way, of course, to divert the lesser taxpayers' wrath at this from President Hoover to Senator La Follette, Wisconsin Republican, and Speaker Garner, Texas Democrat, who had written the tax bill together. Hence an early concern of the victorious Democrats was to write a capital gains provision much as it stand today.

Co-op—

Taxation of corporate income depends on financial organisations' varying status. The least-taxed joint venture is the co-operative. It cannot make a profit. Its margin gained in operations belongs in theory to its members, but the members are not taxed on their gains until they actually receive them as cash. Neither does a partnership realise separate profits. However, the partners report income and whatever they do with it, every partner is deemed to have received in cash his share of the partnership's gains in its fiscal year, and on that share he must pay taxes.

—and Corporation

By contrast, the corporation is credited with an identity of its own. It earns profits and is taxed on them. There is no credit for dividends paid out. They come after taxes, and each recipient must add them to ordinary income and pay the tax in whatever bracket he falls. The Eisenhower administration recently moved to lessen this inequity by allowing a dividend recipient to subtract his first \$50 in dividends from his taxable income, and to take a 4 per cent deduction from any dividend income remaining.

This moderate pass-through was denounced by most of the Senators on the committee, and by several witnesses, as an outrageous windfall to dividend-payers, and several committee members vowed they would work for its repeal. Yet those same members expressed the greatest concern over the post-war tendency of corporations to finance plant expansion from bonds, interest on which is deductible from income. Mr Carey, in fact, denounced this pass-through of dividend credit as

outrageous and immediately afterwards demanded a revision of the tax structure to favour equity investment over additional corporate debt.

Some Useful Results

Nevertheless, the inquiry had its usefulness. There was some diffusion of knowledge amid the hardening of attitudes previously held. Discussion of the double taxation of dividends, while not very lucid, probably hastened the day when some logical method of pass-through will be accepted.

The Federal Reserve Board was emboldened to raise margins on stock purchases after the inquiry. As a respected witness, Bernard M. Baruch, pointed out vehemently, it doesn't make sense to say that a

man can't borrow money to buy stocks, when he is practically forced to borrow money at extravagantly easy terms to get a roof over his head. (Federal policy pumped \$9 billion of credit into residential building in 1954 alone.)

The proceedings of the inquiry, conditioned as they were by the political set-up of the United States, could hardly be transplanted elsewhere. But they may prove of some value in retrospect. Whether the lessons taught could be observed from across the Atlantic with real benefit, however, or whether those particular lessons are the ones our trans-Atlantic cousins need—is a question not to be answered from the vantage-point of New York City.

World Population Estimates Published

THE population of the world in mid-1954 was approximately 2,528,000,000, according to the latest quarterly issue of 'Population and Vital Statistics Reports', published last week by the Statistical Office of the United Nations. The estimate compares with a figure of 2,493,000,000 in mid-1953, an increase of some 35,000,000.

The publication gives the following breakdown by continents:

| | |
|---------------------------|----------------|
| Africa | 216,000,000 |
| North America | 233,000,000 |
| South America | 121,100,000 |
| Asia (excl. USSR) | 1,323,000,000* |
| Europe (excl. USSR) | 406,500,000 |
| Oceania | 14,200,000 |
| USSR | 214,500,000 |

* Including 1948 official estimate for China of 463,493,000.

From *United Nations*, July 18, 1955

Trade Union Topics

(1) INDUSTRIAL ORGANISATION IN YUGOSLAVIA

BY DR N. DAS, I.C.S.

SINCE 1950, the little country of Yugoslavia has been experimenting with a form of industrial organisation which is almost without parallel in the rest of the world. It is the system of management of industrial projects through workers' councils—a kind of economic democracy which has been the dream of socialist thinkers since the beginning of the nineteenth century.

When Yugoslavia emerged as a Federal People's Republic in 1945 in the wake of the struggle for national liberation from Fascist tyranny, it set out to establish a socialist state on a pattern different from that in other socialist countries. After the Law on the Five-Year Plan of Socialist Development was passed in 1947, it was decided that the means of production should be owned neither privately nor by the State: instead, it should be social. In other words, the factories and other means of production should be at the disposal of, and be managed by, the producers through workers' collectives in the respective enterprises.

Workers' Control

This development in the Yugoslav economy took a formal and definite shape in 1950 when the Federal Assembly passed the Basic Law on the Management of State Economic Enterprises and Higher Economic Associations by the Workers' Collectives. By this Act, the management of the enterprises was transferred to

electd agencies of the workers (workers' councils and management committees).

According to Yugoslav thinkers, this is the logical development of the principles of Marxism which has, as its ultimate goal, an economic system in which the means of production are completely in the hands of the producers and not of a bureaucracy, howsoever benevolent or efficient. In the U.S.S.R., the centralised State machinery represents the most vital organising form of the process of socialism, the State apparatus being virtually identified with the will and consciousness of the working class. Yugoslav Socialism has, however, rejected the concept of the State as the incarnation of an omnipotent consciousness determining, in minute detail, the movement of various economic forces. Instead, it has relied on a democratic mechanism for managing the economy, so that the creative will and energy of every single individual can find full expression.

Autonomy within the Plan

Let us consider in some detail the mechanism of this Socialist democracy. Each one of the industrial enterprises in Yugoslavia is self-contained in its operation, the only restriction being that it should function within the general framework of the overall economic plan of the Republic. The workers of any given enterprise first elect, from amongst themselves, a workers' council, and

From *The Eastern Economist*, June 24, 1955

the latter elects a managing committee. Both these organs are ultimately responsible to the collective body of workers. The council approves the plans and annual accounts of the enterprise, decides on the general policies of the management and on the outlines of the production plan, appoints, recalls and relieves of their functions the managing committee or the members thereof, formulates the rules and regulations of the undertaking, discusses the reports of the managing committee and approves its work. In addition, it decides on the manner of distribution of that part of the accumulated earnings of the enterprise which remains at its free disposal.

Management Committees

The managing committee, which is the executive body, on the other hand, determines the manner in which the production plan should be carried out and appoints the leading officials of the enterprise. It enquires into the complaints of employees, decides on their dismissal or job allocation, and determines salaries and wages, safety measures, social insurance and improvement of living conditions of the men and women working in the enterprise. Under this arrangement, the director becomes the foremost official expert, a kind of first employee of the enterprise.

Although, in the initial stages, the directors were appointed from outside, the trend now is to select them through competition and from amongst the workers themselves. Applications are invited for the post beforehand and selection is made by a special mixed commission, one-third of whose members consists of representatives of the workers' council and the remainder are representatives of professional

associations and others nominated by the local commune or people's committee, or, in the case of larger or special enterprise, by the Federal Government.

Managerial Responsibility

This does not mean that the manager is at the mercy of the workers' council. While the overall economic policy is laid down by the council, its actual implementation is the responsibility of the manager aided by his managing committee. If the council should reject a proposal made by the manager or the managing committee, the manager may refer the issue to the commune or people's committee. In rare instances, the council may demand the dismissal of a manager if it should consider him inefficient or unsatisfactory, but the final decision rests with the commune and not with itself. While, therefore, the manager should enjoy the confidence of the council, it is not subservient to it: he is more a spokesman of the managing committee and, as long as he is able to carry his committee with him he has a free hand in the actual management of the enterprise.

Stimulus to Production

The system has undoubtedly ensured a rapid development of the productive forces of the country—by increasing the productivity of labour and by elimination of unproductive manpower. This has been achieved in two ways. Firstly, instead of retaining as hired manpower, workers have become free producers and independent managers of production. Labour no longer figures as a commodity nor does the worker appear as a passive producer without any direct influence on economic development. The enthusiasm and

drive which have ensued have enabled new records of production to be attained.

Secondly, the wages of workers have no longer the character of labourer's pay. After an enterprise has met its obligations to the Federation and to the commune by paying taxes in accordance with the provisions of the federal and local social plans, the enterprises are free to dispose of the remaining income in any way they like and also to decide on the volume of wages and other funds. It is the workers' council which decides how this residual income should be utilised, i.e. how much should be spent on modernisation of production, how much on various social security measures and how much on actual wages. Not infrequently, less is set aside for wages and more is spent on other matters, but as such decision is taken by the representative of workers, and not imposed by an outside agency like the State, workers feel that they are the masters of the situation. The State acts only as a regulator, guaranteeing certain minimum wages.

Free Market?

An interesting feature of this democratic-socialist set-up is that the market is free of State control. The prices are formed on the market itself—depending upon the quantity and quality of articles produced. This spurs workers to greater effort, as they realise that if their products are to fetch higher prices, they must be of good quality and in accordance with the requirements of the consumer. This freedom in economic dealings and relations is something which hardly exists in the more controlled economies of purely Socialist states.

The efficiency of the Yugoslav system is borne out by the actual figures of production. The index of overall production in industry rose from 100 in 1939 to 208 in 1954; that of means of production, from 100 in 1939 to 785 in 1954; and that of consumer goods, from 100 in 1939 to 184 in 1954. Turning to specific enterprises, we find that electricity generated rose from 1,173 million kilowatts in 1939 to 3,440 million kilowatts in 1954; coal, from 7,032 thousand tons in 1939 to 13,645 thousand tons in 1954; crude petroleum, from practically nothing in 1939 to 216 thousand tons in 1954; steel, from 235 thousand tons in 1939 to 616 thousand tons in 1954; cotton and woollen fabrics, from 123 million sq. metres in 1939 to 186 million sq. metres in 1954.

Communism: Two Versions

Why did Yugoslavia embark on this novel experiment rather than follow the example of U.S.S.R. where the management of industry, transport and trade has been in the hands of State Trusts operating under managers who are virtual employees of the Central Government?

The reasons can be traced in the tangled history of Yugoslavia. Unlike U.S.S.R., Yugoslavia, or more correctly, the states comprised within this Republic (Serbia, Croatia, Slovenia, Bosnia-Herzegovina, Macedonia and Montenegro) had been under foreign domination from the fourteenth century till the end of World War I. The brief period of independence between the two wars was also full of internal dissensions and strife which were aggravated when the Regent, Prince Paul, openly allied himself with the Fascist powers (Mussolini's Italy and Hitler's Germany). Although the Regency

was overthrown in 1941, this only led to the forcible occupation of Yugoslavia by Hitler.

For four bitter years, the people of this unfortunate country fought the hated foreign conquerors in the face of the most tremendous odds imaginable. When, therefore, the War of National Liberation came to a victorious end, it was felt that the new Republic should be both socialist and democratic.

Titoism

From the very outset, the leader of the liberation movement, Marshal Tito, was thinking in terms of breaking away from the traditional socialist concept of a dictatorship of the proletariat. As soon as effective government had been established, he sought to replace administrative state control by workers' control. Having noticed that, in the U.S.S.R.,

instead of the State gradually withering away, there had been built up an increasingly inflexible centralism which seemed to perpetuate itself, Marshal Tito argued that the only way in which this bureaucratic centralism could be checked was by introducing democratic management of industrial enterprises in which the workers, as producers, could have the final say.

Although the Yugoslav experiment is only a few years old, it is a challenge to the rest of the world. If it succeeds, as the leaders of Yugoslavia hope that it will, it may bring about a complete reorientation in traditional thinking about public management of economic enterprises. It is also not inconceivable that the example set in this country would be copied even by countries not definitely committed to a socialist philosophy.

(2) DOOM—OR UTOPIA?

In the development and application of nuclear energy to the productive purposes of mankind there is more hope of material betterment than the race has ever known. The destructive power of the new processes may enforce peace, but the productive power may well ensure it, by removing from orbits of international dispute all those clashes of interest that really arise from the resentments created by want or by uneven standards of living. Mankind may eventually go down into the pit, but until that day of natural removal he has possibilities of life more spacious and

gracious than any his fore-runners have ever known. Said Lord Salter, years ago, there can be no talk of over-production until the last Hot-tentot is living like an American millionaire. Without pinning poor humanity to the meretricious standards of the American millionaire, the nuclear scientists have it in their power to confer on an oncoming civilisation amenities and benignities undreamt of even by the Utopia weavers of the past. It is unthinkable that at such a moment in his history mankind should choose to commit race suicide.

From The Statist, July 15, 1955

Soviet Atomic Energy

*Being a 'Red Star' Interview with
ACADEMICIAN M. DUBININ*

SOVIET science and technique have already accumulated experience in the use of atomic fuel. The commissioning of the first nuclear reactor in our country provided scientists with practical data and enabled them to turn to the design and building of other reactors, particularly the more powerful uranium-graphite reactor of the Academy of Sciences. Furthermore, the small R.F.T. reactor—a very great improvement on any built hitherto—was constructed for physical and technical experimenting. As fuel, it uses uranium enriched by its isotope—U-235.

From a construction point of view the R.F.T. reactor is a complicated and expensive installation. Artificial isotopes and elements heavier than uranium are obtained in this reactor, and the structure of the part of new nuclear power reactors are examined. Its capacity reaches 10,000 kw.

Atomic Fuel

All the data obtained from observation of the R.F.T. and other reactors were taken into consideration in the construction of the atomic reactor for the first atomic power station in the world, an achievement of which the Soviet people have every right to be proud. For about a year now it has been generating electric current for industrial needs. At present, scientists and engineers are engaged in designing economically more profitable atomic power stations. In tackling this problem

they are searching for the best system of nuclear reactors. Methods for the industrial manufacture of heavy water and enriched uranium have been evolved which will make it possible to construct a uranium heavy water reactor. At the given stage, this system deserves the greatest attention, inasmuch as it possesses a number of peculiarities of interest. Other systems of atomic reactors are also being worked out. It may prove, in particular, that reactors operating on fast neutrons with a reproduction of fissionable isotopes will be the most efficient.

The nuclear energy from Soviet reactors has opened to science, technique and the country's entire national economy unprecedented prospects for advancement. This is borne out by the results of the work of a number of departments of the U.S.S.R. Academy of Sciences.

New Isotopes

Radiation chemistry, the action of high-energy particles on the nuclei of elements, the use of element isotopes for chemical research—such were the subjects discussed recently at the Department of Chemical Sciences. Thus, as a result of extensive investigation into heavy element nuclear transformation, the mechanism of the division of the nuclei of a number of elements and of the process of their deep fission were elucidated. Soviet science has examined in particularly minute detail the transformation of the nuclei of thorium, uranium, bismuth, silver,

From Soviet Embassy in London

tungsten and other elements under the effects of bombardment by different nuclei particles with energies up to 700 million electrovolts. In this process several hundred radioactive isotopes were disclosed, among which Soviet scientists revealed a number of new isotopes so far unknown to science.

Papers dealing with the application of element isotopes for chemical research generalised the results of the work of Soviet scientists, taking into account the experience of foreign investigators, in the application of stable and radioactive element isotopes for the study of how chemical compounds are constituted, the mechanism of chemical reactions and the reactivity of substances. At the session, the results of the investigation by the method of physicochemical analysis of plutonium alloys with many chemical elements were outlined for the first time. Scientists revealed numerous chemical compounds of plutonium with metals, which is of great interest from the point of view of principle.

The session of the Department of Technical Sciences discussed the problems of the application of radioactive irradiation and isotopes in industry. Wide opportunities for using the radio-active isotope method in this field were indicated by the study of metallurgical processes and by investigations into the research and physics of metals. The employment of radioactive methods in production enables the wear and tearing processes of machine parts and cutting instruments to be examined accurately and quickly under different conditions of speed, pressure, temperature, etc. The method of defectoscopy, evolved as a result of the development of research in the use of gamma-radiation, will help

to detect defects successfully in metallic articles under factory conditions.

Aid to Automation

Radioactive irradiation assumes particular importance in furthering the progress of the instrument-making industry. Special apparatus now being employed at a number of factories testify to the possibility of achieving wide-scale automation in technical processes on the basis of the application of atomic energy. Thus, in the Soviet oil industry the radiometry method is used in prospecting oil and gas wells. This method has great prospects also in prospecting for minerals, such as tungsten, cadmium, mercury, boron and manganese. Far from all the possibilities provided by radiometry in the investigation of coal pits have been utilised. The experience and experimental data accumulated enable scientists to provide valuable advice on the use of atomic energy in many branches of industry and technique.

The application of radioactive isotopes in medicine, biology and agriculture is of great practical and theoretical importance.

These questions came up for discussion at the session of the Department of Biological Sciences. The use of radio-isotopes in the study of the assimilation of carbon dioxide and the study of the nervous system and malignant tumours will enable our scientists to carry on a successful fight for man's longevity.

Eliminating Radiation Danger

Other problems discussed concerned the protection of people working in conditions creating a danger of radiation and questions of diagnosing the symptoms of

radiation sickness and methods of treatment.

The session also discussed problems of major practical importance for agriculture, plant growing and livestock breeding.

The research papers included in the agenda of the international conference sponsored by the United Nations Organisation on the peaceful uses of atomic energy, which is to take place next month, were not made known at the session. The work of the session and the papers that will be presented at the international conference are a notable

contribution by Soviet science to the question of the application of atomic energy.

Scientists from many European, African and Asian countries took an active part in the work of the session. Soviet scientists were delighted to share with them the results of their investigations into the use of atomic energy and to assimilate the experience of scientists of other countries. This may initiate international cooperation among scientists in the elaboration of further ways and means of applying atomic energy for the benefit of all mankind.

East Germany in International Trade

BY CURT STICHEL

(of the Foreign Chamber of Trade of the German Democratic Republic)

THE three main factors constituting foreign trade are exports, imports and financial settlement. Whenever the gap between foreign sales and purchases grows dangerously wide, economic difficulties are bound to arise between the countries concerned. If a country is faced with a situation where it cannot pay for its imports in full with exports, it will often find it extremely difficult to make up the balance in foreign currency. To restore a healthy equilibrium often takes an unduly long time and results in damaging effects on that country's entire national economy and monetary system.

Objects of Exports

Certain governments and economic experts are of the opinion that to export more than they are prepared to import would be in the interest of their own national econ-

omy. They are constantly trying to tip the balance heavily on the sales side in order to accumulate corresponding credits with trading companies and financial institutes in the importing country. Under such conditions there is always a strong tendency for the economically stronger country to exploit this situation to its own advantage and to keep the other country in a state of dependency.

It is, however, a firm principle of the G.D.R.'s foreign trade policy to permit exports only to the extent necessary to pay for imports.

The German Democratic Republic will trade with any country which is willing to enter into economic relations with her on the basis of equality and mutual benefit.

She maintains especially close economic ties with the countries belonging to the democratic world market, since their foreign trade

policy is based on the same principles and they too determine their economic development on the basis of long-term economic plans. Thus in dealing with those states it is fairly easy for the foreign trade organisations of the G.D.R. to draw up far-reaching commercial agreements with steadily expanding volume and to fix for years ahead ever higher import and export targets.

For Normal Trade

The Government of the G.D.R. is endeavouring to replace the previous practice of occasional and haphazard transactions with the western countries by a system of normal trade agreements. That this is possible has become evident in recent years, among others, by the examples of Finland, Sweden, Norway, Holland, Belgium, France, Austria, Yugoslavia, Greece, Turkey, the Lebanon, Egypt, India, Burma, Indonesia, the Argentine, Columbia, Uruguay and Iceland.

In a number of cases these agreements were the outcome of direct negotiations from government to government, but in some cases were concluded between the Chamber of Foreign Trade of the G.D.R. and its counterparts abroad. Similarly, a number of trade and payments agreements have been signed by the *Deutsche Notenbank*, the G.D.R. state bank, on behalf of this country and some leading bank acting on the other side. In some instances, the contracting parties agreeing on a comprehensive and detailed exchange programme were various G.D.R. D.I.A. trade agencies and some trade associations representing the opposite party.

Leipzig Fair

An important part in the success-

ful development of these different activities has been and is being played by the Leipzig Fair and the participation of G.D.R. firms in similar events abroad. As far as Leipzig is concerned, its truly unique position as the only East-West trading centre of international significance is too well known to warrant any further comment. Wherever the high-quality products of G.D.R. industries have been shown at fairs and exhibitions abroad, they were received with ever-increasing attention and interest, as evidenced by last year's displays in Cairo, Copenhagen, Utrecht, Milano, Paris, Helsinki, Stockholm, Brussels and Jakarta. During 1955 the Chamber of Foreign Trade has participated or intends to participate with a representative collection of industrial products in the fairs to be held at Paris, Brussels, Vienna, Stockholm, Salonika, New Delhi and other places.

Fulfillment of Contracts

If it is a principle of the trade organisations in this country to export goods for the sole purpose of importing goods at the same value in turn, they are guided by the certain knowledge that in the long run they can nothing but gain from the strictest fulfilment of all contractual obligations or, to use a time-honoured saying, that fairness in business always pays!

In the G.D.R., the right to engage in foreign trade is by no means limited to the state-owned D.I.A. trade agencies, and actually much is left to the direct initiative of the manufacturing enterprises themselves in establishing new business contacts.

Every single organisation or individual firm associated in some way

or other with this country's foreign trade knows that international trade serves the mutual supplementation of their respective national economies and thus can have but one aim, the improvement of the living standards of the peoples concerned.

The G.D.R. has found the correctness of this principle confirmed through its own experiences since the volume of its foreign trade has nearly trebled over the last four years. For this reason it will also in future adhere to this principle.

Setting Surpluses to Work

BY JORIAN JENKS

DURING the past three years a number of countries, of which the United States is the outstanding example, have accumulated stocks of agricultural produce in excess of consumer requirements plus exports at economic prices. These are the 'surplus' commodities of which we have heard so much, and undoubtedly they represent a difficult economic problem. But is that problem a temporary or a permanent phenomenon? Does it arise from natural causes, or (as some aver) from misguided policies? And what, in any case, can be done about it? These are very important questions, not only for the farmers of the world, but also for its governments and peoples.

To the extent that the excess stocks are due to a series of good seasons in most parts of the world, the problem is both natural and temporary, and may reasonably be expected to become easier with time. But it is also the outcome of national and international policies which, ever since the war, have been aimed at the expansion of agricultural production and which, as part of this aim, have sought to prevent

sharp falls in market prices, usually by government purchases at guaranteed prices—the origin of the present 'surpluses'.

Such policies have been in no way misguided. On the contrary, they were essential if post-war shortages were not to develop into acute scarcities and possibly famines. The much-criticised American farm-price programme, for instance, helped to make possible the Marshall Aid which did so much to restore Europe. They are, moreover, still essential if, season by season, world food production is to keep pace with growing populations and the universal demand for higher standards of living. Better by far a problem of Surplus—if such in fact exists—than a problem of Scarcity.

Hungry World

But what does 'surplus' really mean? According to F.A.O. (United Nations Food and Agriculture Organisation), the best authority on the subject, at least one-half and possibly two-thirds of the world's inhabitants do not get enough food for full health and vigour. Indeed, if all food

supplies were evenly distributed, there would emerge, not surpluses, but many shortages. And the irony of the situation is that many of the under-fed are themselves food producers, but lack sufficient land (or any land at all) for their needs.

The word 'surplus', therefore, applies strictly to effective market demand, to the quantities that can be absorbed by purchase at prices reasonably remunerative to the producer. But, as every farmer knows, it requires only a small excess of supply over this demand to send prices sliding downwards.

This effective market demand is very much smaller than the total physical demand already mentioned, the reason being that the under-fed millions simply have not got the goods and services (and hence the money) to exchange for the food they need.

'Freer Trade' No Solution

That is why the 'freer trade' policy is no solution to the present impasse. The removal of controls and release of stocks could do little in themselves to provide the purchasing power needed. Even very cheap food would still be beyond the reach of the really poor, while the possible stimulus of consumption among the better-off is very doubtful. Experience has shown that people who are already adequately fed do not necessarily buy more food just because it is cheap.

What would result, of course, from a general 'release' policy would be a disastrous fall in prices, not only of the stocks actually 'surplus', but of all agricultural commodities. This would have far-reaching repercussions on trade, industry and investment, and might well touch off another world depression, while it

would effectively reverse the present upward trend in agricultural production and thus render inevitable massive food shortages in the not-too-distant future. That is why such widespread alarm has been occasioned by proposals that the U.S. Government should sell some of its stock at cut prices. No one in his senses wants to see Uncle Sam drop the 'surplus' baby, however embarrassing he may find it!

The only real solution, as this journal has more than once pointed out, is that stocks in excess of current trade requirements should be distributed to needy peoples *outside* trade channels—in effect, given away. There have, in fact, been cases in which this plan has been adopted. But there are pitfalls even here, since the distribution of large additional supplies can easily disrupt domestic markets in the receiving countries.

A New Plan

Very great interest, therefore, attaches to a plan put forward in a recent F.A.O. report (Commodity Policy Studies No. 6) whereby surplus food would be used to finance constructive projects in under-developed countries and thus put into circulation the additional money required to purchase it. In this way, it is believed, consumption could be expanded in step with expanding supplies, so that the effective demand for domestic produce and normal imports (if any) would remain unimpaired. In some cases the food itself would be distributed to the workers engaged on the development project as an addition to their usual (and probably quite inadequate) diet. In other cases it would be released for sale at a rate in accordance with the rise

in local purchasing power due to the distribution of additional wages.

Two Essentials

Two basic conditions, however, are laid down as essential for the success of the plan. First, the recipient country must already be doing all that it can to carry out development work, so that the food surpluses make possible additional development. Second, the new projects using the surpluses must expand domestic consumption sufficiently to absorb these additional supplies.

It follows that development projects can only partially be financed in this way. A pilot study recently conducted in India suggests that, even where labour is the main item in expenditure, the proportion of the surplus food is from one-third to one-half. But even this can make the project much easier to finance. For instance, it is calculated that an annual increase of \$240 million in India's Five-Year Investment Programme could be financed to the extent of about \$100 million a year from surplus foods, the rest of the cost being covered by additional

deficit financing, which the national economy could then stand by reason of the new productive capacity being sought into being.

Many Projects Could be Aided

While the projects envisaged are mainly of a constructional type, such as hydro-electric, irrigation and soil conservation works, the Report suggests that the same principle could be applied to educational schemes, one of India's greatest needs being trained technicians. Village community development and urban milk marketing are also mentioned. But the aim in every case would be to counter-balance expanding food supplies by expanding purchasing power and, at a later stage, by expanding productive and earning capacity.

Thus the object of the plan, quite clearly, is not to set up a permanent economic system for the free distribution of surplus food stocks, but rather to use these constructively as a temporary means of enabling under-developed countries to raise their living standards from their own resources. As such, it is warmly to be commended; and action, let us hope, will follow study.

SURPLUS DISPOSAL

Most of the major countries have agreed to the principles of surplus disposal as laid down by F.A.O. which provide for the following: surplus disposal should be sought wherever possible through efforts to increase consumption rather than reduce production; governments disposing of surpluses should do so in an orderly manner to avoid undue pressure on world markets; where surpluses are disposed of under special terms there should be undertakings that such arrangements would be made without harming normal production and trade.

The Argentine Scene

(The views of the Special Correspondent who wrote the following are not necessarily endorsed in all respects by the Editor of 'The Statist')

It would be unrealistic to expect important economic or social changes from any change of regime that might occur. The revolution brought about during the last ten years by *Peronismo* is both profound and far-reaching, and General Perón's successor, whoever he may be, and whatever means he may use to attain power, will not be able to depart from the basic doctrines of *Peronismo*, under one name or another. An attempt to alter the present position of labour would antagonize the trade unions, without whose support no government could effectively govern: the maintenance of current living standards and full employment involves economic policies which, whatever label may be put on them, are virtually obligatory. The basic aims of *Peronismo*, which no future President could afford to ignore, provide a background against which several of the other doctrines or slogans of *Peronismo* make perfect sense, the one which most concerns Argentina's trade relations being 'economic independence'.

Colonial Economy

By this expression General Perón means—or the economists mean for him—not economic isolation but emergence from the disadvantageous position of being a producer of primary goods compelled to import manufactured goods and capital equipment—described as the 'colonial' economy. The principal disadvantage for the 'colonial' economy is the tendency for primary commodities to fluctuate in price more suddenly and more extensively

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national income by exports, he lessens the influence of fluctuations in export earnings on the total national income and so on the standard of living and level of employment. This, broadly speaking is the aim expressed in 'economic independence'; not being a 'colonial economy' any more than a political colony.

—and 'Sacro Egoismo'

The pursuit of this aim, from which there clearly can be no turning back, has involved a number of resulting policies for which General Perón has been severely criticized, both at home and abroad, principally because, in obedience to a kind of vicarious egoism, he has placed the interests of Argentina's citizens above all other considerations. General Perón has, for the sake of his people, ignored or flouted the rules of the game of international finance by which borrowers of money, or receivers of investments, should pay back interest or dividends earned by such funds. He has apparently ignored the precept that it is desirable for a country to have a favourable balance of payments and has allowed at various times the accumulation of considerable adverse balances, otherwise known as debts, with various countries, and has not maintained large favourable balances with others. It seems in fact that he subscribes to the view—

regarded in London as almost an economic heresy—that it is better to have the goods and use them than to have a favourable balance of payments.

The importation of essential materials, such as petroleum, and the machinery and equipment needed to build up the country's industrial structure has been the first consideration. The demand for such imports has of course grown enormously with the growth of industry, while the country's exchange-earning capacity—being principally the exporting of primary commodities—has not by any means kept pace. Hence the relegation to second place of payments not regarded as vital.

Peron the Heretic

It has been, quite correctly, pointed out that a large part of the demand for imports, whether industrial machinery or consumer goods, has been engendered by a too-easy credit policy and inflation generally. Countries where credit is 'tight' and State expenditure note issues, and the like, are carefully moderated do not suffer from balance-of-payments problems: compare Argentina with Peru. The fact remains, however, that Argentina's industrial growth over the last ten years has been financed by easy credit and inflationary methods. Other sectors of the economy may have suffered a loss of position in consequence, but an impressive growth has been achieved without any reduction of the working man's standard of living. This too shows General Perón's somewhat disconcerting contempt for economic orthodoxy and precedent, and the ingenious way in which he turns to apparently unfavourable conditions to the country's advantage.

WORLD MEAT PRODUCTION

WASHINGTON, D.C.—World production of meat last year set an all-time high. Production totalled more than 85,000,000,000 pounds.

From I.F.A.P.

The St Lawrence Seaway—An Investment In Canada's Future

The Great Lakes-St Lawrence basin is a drainage system covering 678,000 square miles (nearly three quarters in Canada) and containing potential hydro power amounting to over 10 million horse power (about 70 per cent in Canada). This basin is divided into five levels: St Mary's Falls (21-foot drop), the St Clair-Detroit passage (8 feet), Niagara River (326 feet), Upper St Lawrence River (225 feet) and Montreal to the sea (20 feet). Potential power is estimated at 5.4 million h.p. at Niagara, 2.2 million h.p. in the International Rapids, 2 million h.p. at Beauharnois and 1.2 million h.p. in the Lachine section. At the present time this power is about one-third developed.

The first three levels already provide 25-foot navigation from the Lake Head to Prescott. From Montreal to the sea, the federal government has provided the St Lawrence Ship Canal with a depth of 25 feet. However, in the 115 miles from Prescott to Montreal (the fourth level), the canals are only 14 feet deep.

Five Sections

Most of the projected works necessary to provide a continuous 27-foot navigational passage from the Lake Head to the sea will have to be carried out in this fourth level. This level, in turn, can be divided into five sections—the Thousand Islands, International Rapids, Lake St Francis, Soulanges and Lachine sections. The most extensive works

are to be built in the International Rapids section. Proposed works in this section include two dams—an upper control dam near Iroquois and a main dam and power house near Cornwall. This main dam will extend from the United States mainland to the head of Barnhart Island. There will be side canals past the two dams.

Power development has already taken place in the Soulanges section at Beauharnois, and the power canal incorporates a 27-foot navigation channel. Short side canals will have to be provided to let vessels pass from the power canal to Lake St Louis. In the Lachine section channels will have to be enlarged and a 10-mile canal with two locks built. Only minor channel work is required in the Thousand Islands and Lake St Francis sections.

To complete the 27-foot channel considerable dredging will be needed in the Detroit-St Clair passage and in the St Mary's River. Also a small portion of the Welland Canal will have to be dredged.

Power

The development of 2.2 million horse power of electricity in the International Rapids section of the St Lawrence River is indeed a task of major proportions. There is no doubt about the economic implications. Power is desperately needed in Ontario. Its development will not only supply present needs but will be instrumental in attracting future industry and commerce to this area.

From Commercial Letter, The Canadian Bank of Commerce, March 1955

In the same way New York State and surrounding States stand to benefit.

The Cost

The cost of construction for the whole power project will be approximately \$600 million. This will be shared equally by the Hydro Electric Power Commission of Ontario and the New York State Power Authority with one exception. Each will pay for the purchase, installation and operation of mechanical and electrical equipment for the power house. Each is entitled to one half of the installed capacity. There are to be 32 generating units, 16 in each half of the plant. Contracts have been awarded to two Canadian firms for the 16 Canadian generators and to another Canadian firm for the 16 turbines to drive these generators. Tenderers have been called for the supply of power transformers and switchgear. First generating units will begin delivering electricity in 1958. The power project will be largely completed in 1959.

Different Story Now

In the 'thirties the need for power in Ontario was not immediate. Consequently much of the force of the argument of power development in the St Lawrence River was lost. It is a different story now. The need for power in Ontario and in New York and surrounding States is sufficient to make the power part of the project economic on its own, even without the seaway. Primary load requirements in Ontario increased 88 per cent from 1945 to 1954 to about 4,679,000 horsepower. In the same period the dependable peak capacity rose 84 per cent to over 5 million horsepower. Not only has Ontario Hydro built the two steam generating

plants at Windsor and Toronto, but also made plans to increase the installed capacity of the new Sir Adam Beck generating station at Niagara Falls, Ontario, from 600,000 to 1,828,000 horsepower. This is expected to take care of power demands until the St Lawrence project comes into production in the fall of 1958.

Cheap Electricity

The St Lawrence power project will supply an average of 12.6 billion kilowatt hours of power annually when it is completed, likely in 1959. An important feature of the St Lawrence River is its steadiness of flow. Records kept since 1860 show that the maximum flow was only 2.2 times the minimum flow. This compares with a ratio of 13:1 at Grenville on the Ottawa River, 19:1 at Isle Maligne on the Saguenay River, 33:1 at Bonneville on the Columbia River and 115:1 at Florence, Alabama, on the Tennessee River.

Cheap electricity has been important to the development of industry in Ontario in the past. It appears that it will be a continued stimulus to industrial development in this area.

The Seaway

The seaway, as opposed to the power development, is entirely within the jurisdiction of the two federal governments—the United States and Canada.

The parts of the seaway to be constructed by Canada are as follows: channel deepening in the Welland Canal (\$2 million), canal and lock at Iroquois (\$14 million), locks and bridge at Beauharnois (\$47 million), excavations at Lake St Francis (\$4 million) and canal and locks in the Lachine section (\$122 million)—total cost \$189 million.

A large part of the seaway construction will take place in the Lachine section. Here there will be a 27-foot channel extending from Caughnawaga in Lake St. Louis, along the south shore to a point east of the Jacques Cartier bridge. This channel, about 10 miles long, will consist of a canal, partly inland and partly in Laprairie Basin. There will be two locks, one opposite Lachine Rapids, another at Victoria bridge. In order to provide clearance for ships passing through the canal, the south end of the Jacques Cartier bridge will have to be elevated. Minimum clearance over the seaway channels must be 120 feet.

These plans are being made in co-operation with the Quebec Department of Highways and the National Harbours Board. Plans are being made for another traffic lane on the downstream side of this bridge. The Victoria bridge is a low level bridge carrying vehicular as well as Canadian National Railways rail traffic. The bridge presents a more difficult problem but plans are being formulated by Seaway and Canadian National Railway engineers to deal with it. The south end of the Mercier bridge will also have to be raised. Movable spans will be provided in both the rail bridges—Canadian Pacific Railway bridge (parallel to the Mercier bridge) and the Canadian National Railway bridge.

Turn-round of Ships

The Seaway Authority also plans to provide three turning basins, one in Montreal harbour and two in Laprairie Basin. This will enable ships to move more freely into and out of the Lachine section. The existing Lachine Canal will be kept open as long as smaller ships want to use it.

A contract was awarded in late 1954 for the immediate excavation of the channel and the construction of the dike between the Jacques Cartier and Victoria bridges—work to be completed by June 1957.

First works began at Iroquois in late 1954. The Seaway Authority is building a canal and locks here which will replace present 14-foot facilities. The canal centre-line is located about midway across Iroquois Point. The locks will be the same dimensions as the Welland Canal. In order to move heavy equipment to this site, a bridge, previously over the Lachine Canal in Montreal, is being re-erected over the Galop Canal. Early this year a contract was awarded for the construction of the canal and locks to be completed by November 1957.

Further downstream where construction of the power plant is taking place at Barnhart Island, the 14-foot Cornwall Canal will be kept open until the seaway works on the American side are completed. At that time there will be no seaway passage at this point on the Canadian side.

U.S. Share

The United States will be responsible for channel dredging in the Thousand Islands section (\$2 million) and canal and locks at Barnhart Island (\$70 million). It now appears that the United States will not construct a canal and locks at Iroquois. The United States St. Lawrence Seaway Development Corporation has already awarded a contract for the Long Sault canal at Barnhart Island and bids are in for a second large contract there for excavation and dike embankments.

Big Ships—

It is not expected that ocean-ships will journey in and out of the heart

of the North American continent to any extent. It is more probable that ships which can travel from one end of the seaway to the other will transport their cargoes at ocean ports, either along the lower St. Lawrence or the Atlantic Seaboard.

—and Lake Carriers

Lake carriers can transport larger cargoes with less draught than ocean ships. On the whole, large lake carriers can be run more economically than ocean vessels. The present upper lake fleet (capacity 4,600 to 22,600 short tons) will probably be inadequate to handle the estimated potential traffic. Specialised types of ships will probably be built to supplement the present lake fleet and to replace the present fleet as it becomes depreciated. This new type of ship will be able to carry a cargo of approximately 20,000 tons. As for ocean ships, they may be expected to supplement the seaway ships only when the seaway ships cannot cope with the traffic.

Tankers

The smaller canaller (capacity 2,500—4,300 short tons) will be in danger of becoming obsolete. They may still be used for local traffic, especially where the 14-foot canals remain in service. The one exception to this may be the small tanker, carrying petroleum products. This type of ship is suited to both the shallower canals and to deep water travel. Also, traffic potential in this specialized line does not indicate the necessity of increased capacity. Larger ships may be built for the transportation of crude oil from the lakehead, however.

Merchandise

Potential traffic after the com-

pletion of the seaway is estimated at approximately 45 million tons annually through the Welland Canal (18 million tons at present) and 45 million tons through the St. Lawrence canals (10 million tons at present).

Chief products to be substantially affected by this 27-foot navigational channel are likely to be iron ore, grain and coal.

It has been estimated that as much as 5-6c per bushel can be saved in transportation costs on wheat. This would help to put Canadian grain on a more competitive basis in world markets. Wheat can be carried by water all the way to ocean ports such as Montreal or the Atlantic seaboard ports such as Halifax, instead of being trans-shipped at some point in the Great Lakes to rail or canallers.

Ships carrying grain down the waterway will have coal as well as iron ore as a return cargo. Iron ore from Quebec and Labrador will have the cheaper water transportation to the large ore consuming areas in central Canada and the United States, where approximately 80 per cent of Canadian and American steel is produced. It is hoped to ship an ultimate 20 million tons of ore annually from Sept Iles, Quebec. It is estimated that steel producers will save approximately \$250,000 annually by using the seaway as opposed to alternate routes. Iron ore from Venezuela and fine grade ores from Sweden will also be affected. Ore from Wabana, Newfoundland, will not be much affected because it is not of a grade which can be used in central Canada and United States at the present time.

Coal

The position on coal is slightly nebulous. On the one hand, coal could be a return cargo for ships

carrying grain from the lakehead, providing such ships went as far as the Maritimes where most of the Canadian coal in the east is produced. On the other hand, Maritime coal will find more competition from American coal in the Quebec market. It has been estimated that American coal could reach Quebec at savings of \$1-2 per ton by using the seaway.

Both Ontario and Quebec stand to gain from cheaper transportation. Cheaper transportation will come because there will be greater through traffic and no necessity to trans-ship. Main products to benefit would be flour, auto parts, iron and steel products, coke and fertilizers. It therefore seems probable that ports such as Montreal and along the lower St Lawrence stand to benefit from this development. However, considerable sums will have to be spent on the improvement and expansion of port facilities.

Cheaper Transport

Although lower transportation costs will make imports as well as exports somewhat cheaper, Canada stands to make a net gain because so many of her export products are bulky. It is on bulky products that

transportation rates affect cost to the greatest extent.

It is questionable what effect the new water route will have on railway freight rates. Freight rates in central Canada have already been kept at economic levels because of the existing waterway. It can perhaps be expected that freight rates will not be much affected.

The impact on more distant areas is a little more difficult to foresee. The Prairie Provinces stand to benefit from freight rate savings on grain shipments to the east. The markets of central Canada will be more accessible for the Maritimes.

Startling changes are not likely to take place immediately although activity is now picking up in the seaway area and may be expected to continue at a high level during the construction period. The seaway will doubtless attract industry and stimulate activity generally over a longer period of time. However, in the final analysis, the seaway itself is dependent on a healthy business climate.

The building of this seaway anticipates a continuation of the growth that we have been experiencing in Canada since the war. In this way, it is an investment in the future progress of this country.

Selling to Western Europe

It is relatively easy to pick an overseas market and say that British industry could sell more there if it tried. At a time of labour shortage, peak output and heavy overseas and domestic demand, it is not so simple for the export manager. Only a limited proportion of his firm's output is available for export and therefore it requires all his experience to judge the long-term prospects of the various markets. He must weigh up the respective merits of the Commonwealth, Western Europe, the Middle East, North America, Latin America, and the Eastern bloc, and decide how much effort he can afford to put into each. If he were to attempt maximum sales effort in every area, probably the only result would be to cause even more trouble and bad feeling over delivery dates than he has at present.

Expanding Market

Thus, we are not so naïf as to imagine that, even if our points are accepted, all that is necessary is for a firm to decide to make an all-out sales effort in Western Europe. Nevertheless we believe that Western Europe is a market which justifies greater exploitation. There is a

large population with a high and rising standard of living. It is a market with broad similarities to our own and therefore many products which have a large domestic sale are likely, with little adjustment, to appeal also to Continental tastes. Moreover it is an expanding market because there is the mood to create a sounder and more prosperous economy; Mr Butler is not the only man in Europe who looks to a doubled standard of living within 25 years.

Primarily we believe in the future of the market because we believe in the future of Western Europe. The threat to its security and the problems of post-war reconstruction have compelled the various nations to think in terms of co-operation, and having made the initial efforts they have learned that co-operation can lead to greater prosperity for all. Since trade and international politics can never be divorced, we believe that the prosperity of world trade depends to a great extent upon the strength of Western Europe; British influence in international trade will stand higher if there are close economic ties between the Continent and the United Kingdom as the result of a flourishing and expanding exchange of goods.

From *The Credit Insurance Association Ltd.*, July 1955

Belgium's Trade Policy

BY VICTOR LAROCK
(*Belgian Minister of Foreign Trade*)

VARIOUS studies which were started at the beginning of last year indicated a relatively unimportant decrease in the value of Belgian exports in 1954. A setback of three or four per cent was generally expected. These forecasts were happily not confirmed. After the Korean war boom, a certain normalisation spread over international trade and this aroused some anxiety in otherwise steady business circles. The feared recession did not take place in the United States and a very definite recovery of economic activity was to be noted specially in the European countries. Consequently these registered a marked expansion of their foreign trade.

Benelux

The Belgo-Luxembourg Economic Union for its part realised in 1954 exports to the amount of 115.2 thousand million francs, that is an improvement of 2.2 per cent on the preceding year. This progress having become apparent mostly during the last quarter, it is undeniable that the Belgo-Luxembourg community followed the general upward trend with a slight time lag. But since then the favourable evolution has been definite and has maintained itself during the past months. The figures for March last (12.2 thousand million francs) constitute almost a record, as this figure was reached only once since the war, in October 1951. Compared to the corresponding period of the previous year, the

exports of the first quarter of 1955 have increased 27 per cent.

It is true that the fluctuations in value are only a part indication, which does not take into consideration the variation of unit prices which might occur during the period under consideration. However, when one examines the tonnage of exports in 1954, which was 25.4 millions of tons, one also finds an increase of about 3 per cent, whilst the volume reached during the first quarter of this year is the highest of the last ten years.

As to imports, after having shown a relative decrease during the post-Korean settling down period, their value showed a perceptible increase of 5 per cent which brought the value of imports in 1954 to a record figure of 127.5 thousand million francs; in tonnage the increase reached 11 per cent. This trend has since levelled out. But the increase of imports having been more important than that of exports, the commercial balance was rounded off in 1954 with a more pronounced deficit.

If the covering percentage has fallen from 93 to 90, this situation is not dangerous, owing to the traditional composition of the balance of accounts. The balance has, by the way, been practically restored during the first quarter of this year.

Generally Favourable

Thus, the general evolution of foreign trade in the Benelux Union is developing favourably. Undoubtedly

From European-Atlantic Review, Summer 1955

the firmness of the world markets plays its part, but the comparatively high production costs in Belgium are a handicap which can only be overcome by tireless efforts in rationalisation and productivity.

Contrary to what seems to happen in certain foreign countries, the high level of activity of the national economy does not seem to cause an inflationary pressure.

A tendency towards a better equality of wage costs between European nations would make Belgium's competitive chances sounder.

As to the structure of foreign trade, one finds the imports conforming to tradition; that is to say, they are fundamentally satisfying the needs of the national economy in raw materials and foodstuffs. This results from Belgium being primarily a transformer country lacking a great number of basic products with the exception of coal. Thanks to Belgium's widely liberal trade policy, its imports of finished and semi-finished goods represent all the same a volume which is far from being negligible.

More Specialisation

Schematically, the participation of the various sectors is: 15 per cent for mineral products and textiles; 10 per cent each for plant produce, metals and machines; 5 per cent for chemical products, transport equipment and foodstuffs. In the year 1954, there was an upward tendency in chemicals, seeds and fodder, fuels, wood, cotton and cars, while less fertiliser, wool and dairy products were imported.

The nature of exported goods reveals, on the other hand, a slow evolution towards an increase of the percentage of higher value products. In other words, more specialised

products requiring a higher degree of technical work are gradually taking the place of mass products easy to make.

In the same way, goods whose production needs big capital are replacing goods where labour was the main element. The detail of exports shows a strong emphasis on steel, metals manufactures and textiles. The first contribute one quarter and each of the others one fifth of the total. Sales abroad made in 1954 showed falls in foodstuffs but increases in chemicals, pharmaceutical products, paper, textiles, transport equipment, glass, diamonds and non-ferrous metals.

Benelux and the Wider Europe

On examining the geographical distribution of the Belgo-Luxembourg Union's trade, one notices that the principal commercial partners are countries of the Organisation for European Economic Co-operation. The most important is the Netherlands which is integrated into a unified market in the Benelux agreement. In relation to total exchanges, their participation was stepped up last year to 21 per cent of exports and has maintained itself at 13 per cent of imports, thus placing the bonus balance at more than 7 thousand million francs.

On the other hand, a deficit nearly as important has appeared in our trade with Germany, which country occupied the second place among customers and rose to first among suppliers (14 per cent). It is possible that thanks to the actual development of the German economy and due to certain tariff concessions, this uneven balance might be absorbed in the near future, at least in part. In our relations with France, third partner in the order of importance, the last

year was characterised by the application of a plan of freeing trade within the O.E.C., but the effects were partially neutralised by the French authorities creating a compensation super-tax. This is the principal reason why their participation is only 10 per cent in exports against 12 per cent in imports.

Trade with Britain—

Buying in the United Kingdom is keeping to its normal level, but sales to that country have been going from bad to worse during the last ten years and only represent 6 per cent of trade. Shipments to the sterling zone as a whole have, all the same, increased in relation to 1954, which implies a perceptible increase in sales to sterling countries outside Europe.

In the wider scope of the European Payments Union, Belgium's position had again become creditor as a consequence of the increase of exports in the last part of the year, so that the problem of financing, which had previously made some difficulties, might arise afresh.

It seems, in the light of past experience, that in a period of economic prosperity Belgium accumulates credits on its European Payments Union partners while, at the same time, increasing its dollar deficit.

—and with the Dollar Area

Trade with the dollar zone, which amounts to a seventh of total trade and which was practically of the same volume both ways the year before, once again showed a deficit but less so than in 1952. Nevertheless the covering coefficient has fallen to 73 per cent.

This state of affairs is mostly due to business deals with the U.S. which represent two-thirds of this

dollar trade. The increase of imports has coincided with a sharp decrease of exports; these have not only suffered from the contraction of American imports from all countries especially during the first half of 1954, but also from the high tariff duties and the complexities of administration regulations; one may quote in this respect the restrictive measures taken in regard to zinc, lead and artificial fibres. The last months, however, show an improvement in sales.

Belgium buys from the Belgian Congo 7.7 per cent of its imports and sells 5.3 per cent of its exports; the deficit of the trade balance actually close on four thousand million francs is a traditional phenomenon.

Finally, one notices a levelling off of commercial relations with the East of Europe whose importance remains very small compared to pre-war conditions.

Liberal Policy

Our trade regulations have always been of a definitely liberal sort, and no serious modification of any kind has been adopted during the last 18 months except the abolition of the discrimination against imports from the dollar zone and the general prohibition of imports from Uruguay.

The Belgian authorities have always scrupulously avoided boosting exports by artificial means. They have never allowed currency bonuses in favour of exporters, tax reductions, the refund of tax expenses, dumping, preferential supplies to export industries or other measures of this kind. They deplore the restrictions existing in certain countries with a purely protectionist aim. Conscious of the close inter-dependency of all national economies,

Belgium has the sense of solidarity between peoples and of its responsibilities in a world that looks forward to a better standard of living. That is why it wants to rank among the champions of liberty and fair

play in all spheres, and also in commercial dealings. The recent developments of international economic reports allow Belgium to hope that soon it will be in more numerous company.

The First 'European Company'

THE texts setting up the first 'European Company' were approved on July 8th at the Château de la Muette, Paris, at a meeting attended by the Ministers of Transport of Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain and Switzerland, under the chairmanship of the French Minister of Public Works, Transport and Tourism, General Cornignon-Moliner. 'Eurofima' is a European company for the financing of railway rolling stock, which will come into being after the signature of an inter-governmental Convention this autumn.

Rationalising Railways

The principal aim of the future Company, the shareholders of which will be the railway Administrations of the countries named above, will be to assist these Administrations to modernise their rolling stock and at the same time to encourage the concentration of orders and reduction of prices. Owing to a guarantee given by the States to the railway Administrations holding shares in the Company, the latter will be able to borrow the necessary funds on favourable terms for purchases of rolling stock required by the companies and will allocate them to the companies either outright or on deferred terms; this will not involve any more taxation than would have

been the case if the stock had been purchased direct by the railways, thanks to certain taxation privileges which will be granted to the Company.

More Members

The Eurofima Company will be international in both composition and aim, and it will doubtless be possible subsequently to adapt the financial arrangements on which it is based to other categories of equipment. It will be set up for a period of fifty years, with an initial capital of Sw. Frs. 50 million, sufficient to guarantee efficient working. Its first operations will deal with standard goods wagons for the renewal of the 'Europ' pool operated jointly by ten European Administrations.

Some countries which did not take part in the preparatory work on the constitution of the Company, such as Denmark, Portugal and Yugoslavia, have now expressed their intention of joining the Eurofima Company.

The Ministers of Transport decided that the headquarters of the new Company should be in Bale, and noted that the railway Administrations participating in Eurofima intended to appoint the representative of Belgium as Chairman of the Company.

U.N. Technical Aid in 1954

NEARLY one hundred countries and territories in all parts of the world received technical assistance during 1954, according to a report published this week by the Technical Assistance Board of the United Nations. The Board's report to the Economic and Social Council shows that more contributions were made for technical assistance during 1954 than ever before. Between 1950 and 1954 the number of contributing governments increased from 54 to 74. Nevertheless the report regards 1954 as 'another year of paradox'. For financial reasons the tempo of operations had to be slowed down. The basic needs have exceeded financial resources. The report shows that expenditures on the three main forms of assistance—experts, fellowships and equipment—amounted to \$15,111,000 in 1954. The entire assistance programme for 1954 amounted to \$19.5 million; it supplied 1,584 experts and 1,524 fellowships to the participating countries and satisfactory progress was made in regard to new methods of programme planning on a country basis. Experts were provided in 1954 to 71 countries and territories; and 86 fellowships were awarded.

Two-Way

The two-way nature of participation by countries in the expanded programme is cited by the report. Europe pledged a total of \$7,120,000 and received assistance amounting to \$1,500,000. Asia and the Far East pledged \$1,288,000, were given assistance amounting to \$4,650,000. Latin America pledged \$1,286,000 and received assistance totalling \$3,921,000. The Middle East pledged \$248,000 and received a total aid of \$3,252,000. The African continent, not in a position to offer any extensive assistance, received aid totalling \$1,279,000.

Events in the past year, says the Report, have clearly illustrated the difficulty of carrying out what should be essentially a long-term programme on the basis of year-to-year financing. The amount pledged for 1954 totalled \$25.3 million and the cash actually collected including arrears amounted to \$28.6 million. But obligations actually recorded by the end of the year amounted only to \$19.5 million though the minimum programme for 1954 approved by the T.A.B. on priority requests amounted to \$27.1 million. So, the T.A.B. seems to need some more technical help in organising its own affairs to make the best use of the money available.

From *The Eastern Economist*, July 8, 1955

WORLD PRODUCTION OF COFFEE, TEA AND COCOA

(in millions of pounds)

Sources: For coffee and cocoa, U.S. Department of Agriculture; for tea, Food and Agriculture Organisation of the United Nations and International Tea Committee.

| COFFEE ¹ | Average 1935/36- 1939/40 | Average 1946/47- 1951/52 | 1952/53 | 1953/54 | Forecast 1954/55 |
|-----------------------------|--------------------------------|--------------------------------|---------|---------|---------------------|
| Brazil..... | 3,358 | 2,465 | 2,540 | 2,518 | 2,385 |
| Colombia..... | 590 | 792 | 849 | 901 | 941 |
| Other Latin America..... | 888 | 939 | 1,130 | 1,073 | 1,162 |
| Africa..... | 345 | 594 | 677 | 778 | 819 |
| Others..... | 329 | 155 | 224 | 250 | 233 |
| TOTAL..... | 5,510 | 4,945 | 5,420 | 5,520 | 5,540 |
| COCOA² | | | | | |
| Gold Coast.... | 609 | 527 | 553 | 472 | 502 |
| Nigeria..... | 216 | 229 | 244 | 216 | 179 |
| Other Africa... | 229 | 275 | 332 | 329 | 331 |
| Brazil..... | 264 | 287 | 214 | 271 | 350 |
| Others..... | 263 | 261 | 308 | 290 | 325 |
| TOTAL..... | 1,581 | 1,579 | 1,651 | 1,578 | 1,687 |
| TEA³ | | | | | |
| | Average 1935/39 | Average 1946/51 | 1952 | 1953 | 1954 |
| India..... | { 428 } | 576 | 675 | 608 | 635 |
| Pakistan..... | | 46 | 53 | 54 | 55 |
| Ceylon..... | | 308 | 317 | 343 | 365 |
| Indonesia..... | | 46 | 82 | 81 | 100 |
| Japan..... | | 69 | 126 | 126 | 130 ⁴ |
| Formosa..... | | 18 | 26 | 26 | 22 |
| Br. East Africa... | | 33 | 34 | 35 | 45 |
| Others..... | | 34 | 42 | 38 | 38 ⁴ |
| TOTAL..... | 1,020 | 1,130 | 1,355 | 1,311 | 1,390 |

¹Figures for the 12 months beginning July 1. ²Brazil—figures for the 12 months beginning June 1; other countries—for the 12 months beginning October 1. ³Production in the world excluding Russia and China. In the late thirties China was still the largest tea-producing country with annual production well over 600 million pounds, and exports about 80 million pounds. In post-war years, however, China's tea production has been much reduced (F.A.O. estimate for 1952 approximately 400 million pounds) and exports have declined to negligible proportions. For an excellent discussion of historical trends see V. D. Wickizer: 'Coffee, Tea and Cocoa', a publication of the Food Research Institute, Stanford University, 1951. ⁴Tentative estimates.

From *The Monthly Review*, *The Bank of Nova Scotia*, April 1955

Digest Reviews

FROM WAR TO WAR

Britain Between the Wars—1918-1940, by Charles Loch Mowat. Methuen and Co.; 30s.

The years which are covered in this interesting and well written history embrace vast and revolutionary changes in Britain. From the troubled years which followed the armistice in 1918, the industrial unrest culminating in the general strike, the subsequent depression and recovery, the revolution in transport and communications, the advent of radio, to name just a few, the author traces events right up to the moment when Britain stood alone in 1940.

A recital of a few of the names concerned with affairs in this period—Lloyd George, Baldwin, Ramsay MacDonald, George Lansbury, Ernest Bevin, Montagu Norman, Maynard Keynes, to mention only the merest fraction of the total—conjure up memories which make this a fascinating study. From what must have been an embarrassing mass of material the author has, by careful selection, produced a book which makes a valuable addition to the history of our times.

WORLD TRADE

Introduction to International Trade & Finance, by L. Tarshis. Chapman & Hall; 48s.

The author of this interestingly written textbook is Professor of Economics at Stanford University. He has written it for students who have only had an introductory course in economics, and he says in his

foreword: 'I feel that it provides a balanced though certainly elementary account of the state of our knowledge of international economics.' Professor Tarshis certainly covers a great deal of ground in this work, and the student will find it of considerable value, dealing as it does with the whole range of complicated matters which arise between nations as a result of trading with each other, including of course that hardy annual, the balance of payments problem. Although he claims to have no desire to influence the reader in favour of free trade or protection, or anything else, it is clear that he regards the present policy of the United States in international trade as far from healthy or satisfactory. He says: 'No matter how great the satisfaction we (U.S.) can feel in our domestic situation, we can scarcely be content with the nature of our economic relations with the rest of the world, or with world trade in general'. He goes on to suggest that the cure for the dollar gap is to be found in the increase of purchases by U.S. of foreign products.

Strangely enough, though Professor Tarshis writes favourably of the workings of the European Payments Union, he gives no detailed description of the functioning of the sterling area which one would have thought worthy of considerable reference in a work of this kind, providing as it does a substantial area of trade and economic activity within which exchange difficulties are limited.

A Handbook for Economic Students, by Leo T. Little. Jordan & Sons; 7s. 6d. This is a useful 180-page textbook

point that, whereas it is natural for a peasant to profess and practise religion, it needs heroism to be a Christian in a modern industrial slum. Exaggeration serves moreover to give warning of the dangers which beset communities who live and eat unnaturally and think children a nuisance. There are women in France who spend more on cosmetics than on food.

M. Thibon rejects the 'social mystique' of the French Revolution, of democracy and the modern 'Social Gospel' which 'is indifferent to souls, but has benedictions to bestow on all kinds of frailty, every disorder. It wrenches charity from its proper place, in the heart of God, and in the hearts of men, to tie it up, corrupted and estranged, with administrative red-tape.' Let there be a democratic element in society but hereditary selection of a true aristocracy is to be accepted *faute de mieux*. Crabs in a basket are better kept in compartments. Tyrannies often spring from democratic soil and France, in M. Thibon's opinion, needs authoritarian remedies, even monarchy. M. Thibon's ideal is a society composed not of masses but of local and professional organisms. Liberalism and democracy left the formation of social classes to politics and finance and though 'it is good for the countryman to bear the yoke of the seasons, it is not good for the worker to bear the yoke of capitalism'.

M. Thibon declares that today the Christian idea is under the cross-fire of those who deny and those who parody it. The Right tend to see Christianity as purely individual and subjective. On the Left the pursuit of social reforms tends to render superfluous any effort by the individual.

This is not a long book but worth more than the published price. Every

for all who are studying economics. It is written by a former lecturer in Economics who is now Editor of 'Accountancy' and Joint Editor of 'Accountancy Research'. It is based on a larger work by the same author, 'Economics for Commercial Students and Businessmen', but includes some new material, bringing it up to date. It covers a very wide range of subjects including a useful chapter on International Economics, and the information is supplied in a concise form which greatly assists in assimilating the information and makes it a useful work of reference.

MERRY FRANCE

Back to Reality, by Gustave Thibon. Hollis and Carter; 13s. 6d.

This book is divided into a longer first and a shorter second part, containing some profound philosophical and miscellaneous reflections. Part I is a commentary on social disintegration in France during the last half century.

For M. Thibon the peasantry are the proper basis of society. Not that the peasant is a superior being of higher morality than others but he is necessarily a realist whose duty to the land is also his interest. He must needs co-operate with the soil and with Nature. His freedom is bounded by necessity. Not for him is the certainty of success and reward which accompanies the more artificial pursuits of the towns. The peasant, in Mistral's words, works with God and his resignation to the chances and calamities of his existence are in essence religious. He grows rich, if at all, not by tricks but by work.

M. Thibon perhaps exaggerates the failings and malingering of the townsman but he also makes the

sentence tells. It is in some measure an essay in over-statement but he who redresses a balance necessarily leans to one side. Man has not been enlarged because the world has shrunk but 'at the moment is really in the act of dying of thirst beside a spring: it is not *undergoing* evil, it is *creating* it. Never did potential harmony and deliverance coincide quite like this with a spontaneous cult of death and chaos. Men seem less concerned to pursue their own interests than to flee their own salvation.' J.B.-D.

COLD WAR WEAPONS

Ideological Strategy, by *Oyvind Skard*. Blandford Press; 2s. 6d.

This is a Buchmanite approach to the problems of the 'cold' war. Mr Skard, who was a member of the Norwegian Government's committee on psychological warfare and defence and is President of the Norwegian National Committee for Mental Health, has experienced totalitarian methods from the inside of a Norwegian concentration camp. He asserts in this booklet the vital moral basis of democracy and makes the good point that to be right it is not enough to be anti-Communist. Some Westerners would undoubtedly be better employed in establishing and maintaining their own standards than with attacking, often with insufficient information, the complex ideology of the Marxist Communists.

Double Talk, by *Harry Hodgkinson*. George Allen & Unwin; 16s.

This book was first published in the United States as 'The Language of Communism' and is very welcome on this side of the Atlantic under this more arresting title redolent of 1984. Mr Hodgkinson has provided

both information and amusement, but readers of this journal may be surprised that although he includes a Soviet definition of an economist as one who accepts the Marxist analysis, there is no section headed 'Economics' despite the recent publication of a Soviet tome on the subject.

If lies were funny the list of inventions claimed for Russians would be one of the most enjoyable parts of this book. It is arranged alphabetically and provides a first-rate introduction to Soviet Communist thought, outlook and jargon. There are four illustrations, all reproductions of Soviet cartoons from *Krokodil*, one of which portrays a Soviet 'Teddy Boy'.

History of the Cold War, by *Kenneth Ingram*. Darton Finlayson Ltd., 15s.

With the lessening of tension between the Soviets and the West which has resulted from the apparent changes in U.S.S.R. and the recent four-power talks, this book is a timely reminder of the events in the cold war since 1945. The author has set out an objective account of these eventful years, and leaves the reader to judge from this factual survey how much guilt attaches to each side for the very bitter relations which have persisted throughout the years.

In the final chapter, the author sums up and gives his own conclusions. He rejects 'appeasement' as a policy which can be pursued, particularly with the Soviet Union, but he concludes with these words—

'It is only by tireless effort, by a willingness to understand each others' standpoint, and by mutual recognition that the blame for the cold war is not attributed entirely to the faults of one side, that the nations will learn to lay the foundations of a saner world. There is no other way.'

Dare we hope that this policy has been given a chance as a result of recent events?

YOUNG PEOPLE

Self-Portrait of Youth, by *G. W. Jordan and E. M. Fisher*. William Heinemann; 12s. 6d.

What of the youth of today? Are they ill-mannered, vicious, violent as some seem to think? This book by two authors who jointly run an Evening Institute in London for young people between the ages of 14 to 21, gives the answer to this view. By winning the confidence of the young people under their charge, they have been able to extract from them their real feelings about themselves, their relations with each other, and perhaps more important, their feelings about the adults with whom they are brought into contact.

All this is set out in the 176 pages of this book, which should provide a valuable source of practical information to all concerned with young people in urban areas, whether as parents, teachers or employers. Some of the comments from 13-15 year olds about adult behaviour will, as the authors say, 'delight the reader out for truth and upset the adult out for gratitude'.

Without the Chrysanthemum and the Sword, by *Jean Stoetzel*. William Heinemann; 16s.

This is a study of the attitudes of youth in post-war Japan, based on an investigation organised by Unesco in 1951-52. A two-man mission, comprising a French sociologist and a Dutch expert on Japanese civilisation, were sent to carry it out and this book is the outcome. The work was carried out by various means, including public opinion

polls, which played an important part in the investigation and the results of which are given in some detail. The book will undoubtedly contribute to a better understanding of the Japanese people, whose way of life has, as a result of the war, changed so considerably.

THE 'NEW' CONTINENT

The Story of Australia, by *A. G. L. Shaw*. Faber & Faber; 15s.

Australia, 'the newest of the continents', has progressed from a convict settlement to which Britain sent the overflow from its prisons and hulks in the 18th century, to a great self-governing Dominion, able to play its full part in world affairs and in particular in helping to work out the structure of that unique family of nations—the British Commonwealth and Empire.

In this book the author, who is Senior Lecturer in history at the University of Sydney, tells a fascinating story of this development, starting from the discovery of the continent by the Dutch Captain Jansz in 1606 to the present day. He points out that there are many gaps in knowledge of the subject which have still to be filled in. Nevertheless, he has been able to correct some of the myths which have grown up, which on examination have proved to be untrue.

To those who would know more about Australia this book can be thoroughly recommended. For the serious student a very full bibliography is provided, and there are a number of illustrations.

MISSION TO NIGERIA

The Economic Development of Nigeria—Report of a Mission. John Hopkins

Press (London: Geoffrey Cumberlege); 60s.

This is the report of a mission organised by the International Bank for Reconstruction and Development, undertaken at the request of the Nigerian and British Governments. The Mission carried out its work in the latter part of 1953, and the report contains their recommendations for a five-year plan of development, technical reports on economic and financial resources, and valuable statistical data.

The report states that the principal shortage in the territory is in the supply of technical and managerial skills, and the immediate need is to overcome this shortage by recruiting personnel from overseas and the training of Nigerians themselves.

As in previous surveys carried out by the International Bank, this is a most complete and exhaustive report, covering the whole background of Nigerian economic conditions, and their prospects for future development.

TRADE AND THE FLAG

Moose Fort Journals, 1783-85. Edited by E. E. Rich, M.A., assisted by A. M. Johnson (Archivist, Hudson's Bay Company), with an introduction by G. P. de T. Glazebrook. London, the Hudson's Bay Records Society, 1954.

Moose Fort was one of the oldest of the Company's posts on Hudson Bay and records of its Chief form a chapter in the annals not only of a great trading enterprise but of Canada. Here is economic and social as well as business history. In Canada, like other parts of the Commonwealth, the trader preceded the administrator or was himself the administrator. The Hudson's Bay

Germany but for Europe and the world balance of power. It is not quite clear what the author thinks the Social Democrats should have done.

The Realignment of Europe. A Survey of International Affairs, 1939-1946. Edited by Arnold Toynbee and Veronica M. Toynbee. Issued under the auspices of the Royal Institute of International Affairs. Oxford University Press; 60s.

This present year of conferences and the hope of renewed co-operation between the U.S.S.R. and the Western Powers is an appropriate moment to look back to the disillusion and suffering caused by a Soviet empire prompt to exploit the

opportunities of war and alliance. This volume not only narrates at length the political and territorial upheaval which followed in Europe the retreat and disintegration of the German armies, but the economic devastation resulting from five and a half years of war and the efforts of agencies like U.N.R.R.A. to repair its ravages. The economic aspects of the political events described receive fair mention, but one looks in vain for any profound analysis of the essential economic conflict between the totalitarian economy of the Soviet empire and a free world labouring under obsolete 'most favoured nation' principles.

J.B.-D.

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ing's Archives, first class condition; post free to highest bidder.—Box 105;

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MISCELLANEOUS

For Sale: Bradford/Jowett 8 h.p. Sept. '47—pleasure and business; beautifully converted van—complete with two tents fit on end and side of car—easily attached. Price £240 includes insurance and tax, tents and car cover.—Enquiries Box 106.

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Company had to fight not only for Empire but for survival, against hunger as well as Indians. The Company also had to meet the rivalry and hostility of the French in the period of the Seven Years' War and of their alliance with the revolting American colonists. The Treaty of Paris in 1783 was a political settlement which did not put an end to the commercial war which had long been waged between Montreal and the Bay; for the year after the signing of the Treaty saw the amalgamation of a number of Canadian fur trading partnerships in the North-Western Company.

These journals illustrate in vivid and human terms a fascinating and formative period. Their value to the student of Commonwealth and economic history is doubled by the bright and scholarly introduction contributed by a leading Canadian historian who is also a prominent and distinguished Canadian diplomat.

EUROPE IN UPHEAVAL

Failure of a Revolution. Germany in 1918-1919, by Rudolph Coper. Cambridge University Press; 25s.

This is not a history of the German revolution. To write that one would have to go back further than 1918. It is the personal record of a German journalist, born in Berlin in 1904, who was present at an unforgettable event. Herr Coper condemns the German Social Democrats for their empiricism and for their failure to root out the old order, elements in which contributed to the triumph of the National Socialists in 1933. It must, however, be remembered that the Social Democrats needed soldiers to fight Communism, with all that Communism meant not only for

FOR REFERENCE

Items in this Section will be kept for one year at 47 Eaton Place, London, S.W.1 (telephone SL0ane 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).

COMMERCIAL T.V.

Television Advertising. A Report on British Commercial T.V. by Alfred Pemberton Ltd, T.V. Film and Radio Division, 93 Park Lane, W.1.

The publication of this brochure is well timed for the introduction of independent, or commercial, television in Great Britain. It is of particular interest to would-be advertisers. (668)

CALIFORNIAN FRUIT SURVEY

Trends and Prospects: Deciduous Fresh Fruits, by Sidney Hoos and Varden Fuller. University of California, Division of Agricultural Sciences, Agricultural Experiment Station, Berkeley, California.

This is the Giannini Foundation of Agricultural Economics Mimeographed Report No. 176 and was prepared at the request of the Californian Grape and Tree Fruit League which is concerned primarily with fresh deciduous fruits. The authors say in their foreword:

'Whether the current trends in per-capita disappearance of fresh deciduous fruit will continue or reverse their direction is highly significant to these fruit industries'. (669)

BELGIUM IN AFRICA

A Survey of the Belgian Congo. The Statist, May 14, 1955; 2s. 6d.

The perplexities of other African Powers and King Baudouin's recent visit to his Colony have attracted greater attention than heretofore to the Belgian achievement in the Congo. As the Minister for the Colonies, M. Auguste Buisseret, points out in introducing this useful *Statist* supplement, the Congo is not only a bush country but has urban centres of considerable and enviable prosperity.

'It is a remarkable fact, when we remember the comparatively small material resources which the Belgians have had for the purpose, that a span of only seventy years has sufficed to make this country—a land almost unknown at the close of the nineteenth century—one of the most attractive corners of the world today.' (670)

F.A.O.

Yearbook of Food and Agricultural Statistics, 1954. Vol. 8, Part II. Trade, Food and Agricultural Organisation of the United Nations. Rome, 1955.

Import, export and other food-stuff and agricultural trade figures in three languages. (671)

EUROPEAN REPORTS

1. *Economic Bulletin for Europe. Vol. 7, No. 1. United Nations, Geneva, May 1955.*

The Research and Planning Division of the U.N. Economic Commission for Europe report that in the early months of this year the economic up-swing continued unchecked in nearly all Western Euro-

European Research

The Organisation of Applied Research in Europe. Proceedings of the Conference held at Nancy, 11th-13th October, 1954. The Organisation for European Economic Co-operation, Paris.

This Conference was organised by the European Productivity Agency of the O.E.E.C. in order that representatives of Governments, universities and industry might learn of the progress made in the member countries in administration and organisation of scientific research and to consider ways of encouraging co-operation in its practical application. The United Kingdom and other Commonwealth countries were represented, as were the United States and U.N.E.S.C.O. The meetings and discussions, which were held at the University of Nancy, covered first the practical organisation of research, secondly human factors and team-spirit in scientific research and thirdly the dissemination of research results and their implementation in industry. There were also two papers on patents and applied research. (676)

Britain's Continental Trade

Selling to Western Europe. The Credit Insurance Association Ltd. July, 1955.

This sixth survey by the Credit Insurance Association was prepared with the help of many industrialists and organisations on both sides of the Narrow Seas and will be found of great practical value by politicians, economists and men of business. An extract appears on page 437. (677)

Atlantic Aspirations

Declaration of Atlantic Unity. Edited by Walden Moore.

An expression of view by prominent personalities on both sides of the

pean countries. There were, however, more signs of divergent trends in different sectors and neither the United Kingdom nor her Continental companions have any cause for complacency about their economic future. (672)

2. *Intra-European Economic Co-operation in the Production and Distribution of Power. O.E.E.C., Paris, June 6, 1955.*

This was drawn up by M. Louis Armand as Consultant to O.E.E.C. The sections on nuclear research and atomic energy development may be found of special interest today. (673)

3. *First Report of Working Party No. 9 to the O.E.E.C. Council on the Italian Development Programme. (Working Party No. 9 was composed of representatives of Belgium, France, Germany, Greece, Italy, Norway, Switzerland, Turkey, the U.K. and the U.S.A. and the Chairman of the Economic Committee of O.E.E.C.) O.E.E.C. Paris, June 9, 1955.*

One of the points made is that much of the success of the Vanoni Plan will demand self-restraint on the part of individuals and groups in Italy, the strengthening of the administrative system and the provision of technical experts. (674)

4. *The Renewal of the European Payments Union and the Establishment of a European Fund. Report by the Managing Board of the European Payments Union. O.E.E.C., Paris, June 13, 1955.*

The proposals have already been discussed in the press and are highly relevant to the controversy on convertibility and the future of regional economic co-operation in Europe. (675)

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)

CONTENTS

| | |
|---|-----|
| Economic Talking Points..... | 453 |
| Digest Spotlight on Mr Harold Macmillan..... | 455 |
| Recession and Recovery in the U.S.A..... | 457 |
| Britain and the Sterling Area..... | 460 |
| Economics for the Foreign Ministers..... | 462 |
| 'Lotto'..... | 464 |
| Housing Europeans..... | 465 |
| Steeper Rise in World Oil Production..... | 466 |
| Socialism in the State of Israel..... | 467 |
| Six Criticisms of Economists..... | 470 |
| World Economy..... | 471 |
| Basic Economics..... | 473 |
| American on British Atomic Achievement..... | 474 |
| F.A.O. Report..... | 475 |
| '1979'..... | 476 |
| U.N.I.C.E.F. Helps 17m. Mothers and Children..... | 478 |
| Dying Lakes and Sick Rivers..... | 479 |
| Inflation in New Zealand..... | 481 |
| T.U. Topics (I) The Significance of the Valder Plan..... | 482 |
| Lord Boyd-Orr on World Hunger..... | 483 |
| Focus on Pakistan..... | 484 |
| Indian Cottage Industries..... | 485 |
| Progress in British Africa..... | 487 |
| Soviet Atomic Aid..... | 488 |
| More Economic Liberty..... | 490 |
| Cassandra's Bank Manager..... | 491 |
| The Christian Tradition of Good Husbandry..... | 492 |
| Hire Purchase—The Scapegoat..... | 493 |
| Competition Stimulates Latin American Economy..... | 494 |
| DIGEST REVIEWS..... | 495 |
| European Retrospect— <i>Jour de Gloire?</i> —Glyn on Elinor—Housewife's Choice—Chinks in a Curtain—The British Bureaucracy—Synthesis—Reader's Commentary..... | 502 |
| For Reference..... | 503 |