

Should the U.S.A. pay more for Malayan Rubber?

The Malayan Finance Minister reports that with every ten cent drop in the price of Malayan rubber his Government loses \$25,000,000 a day. This may affect the success of the struggle against Communism. Malaya is now allowed to sell to China but has lost ground there to Ceylon and Indonesia.

Changes in the Treasury

The recent announcement of the appointments of Sir Roger Makins and Sir Norman Brook as two permanent secretaries of the Treasury has been generally welcomed as a good start.

But The Chancellor is being urged to go further by appointing an economic general staff, similar to the economic council which advises President Eisenhower. There is still a great deal of room for improvement in management of our economic and financial affairs, and the demand for an independent examination of the financial system and monetary controls is still being urged from influential quarters.

What Regulates the Supply of Money?

Dr Donald Johnson recently asked the Chancellor of the Exchequer how the volume of money available as purchasing power is regulated. The Financial Secretary replied that there is no single regulating factor but Bank Rate and Exchequer financing are important elements.

But The fact that we suffer from inflation, i.e. 'too much money chasing too few goods', seems to indicate that some more efficient regulator of the volume of money is urgently necessary.

Spotlight on the Rt Hon. S. G. Holland. Continued from page 372.

Mr Holland married, in 1920, Miss Florence Drayton, and they have two sons, two daughters, and six grandchildren. Like most New Zealanders he likes the outdoor life and has long been associated with sport. He became a South Island representative hockey player, and has been a keen player of tennis and

Digest Spotlight focuses on

The Rt Hon. Sidney George Holland

SIDNEY GEORGE HOLLAND, C.H., P.C., M.P., New Zealand's forthright Prime Minister, has again stated that Britain can always rely on New Zealand's support—in peace and in war. This heartening assurance from the Commonwealth's most geographically-remote member was received with enthusiasm by a distinguished audience at the Guildhall, where Mr Holland received the Freedom of the City of London.

In restating New Zealand's position, Mr Holland was also reaffirming his own long-held, unswerving faith in Britain and the Commonwealth. In the field of political doctrine, Mr Holland has another unshakable article of faith: his belief in private enterprise. Every individual, he asserts, should have opportunities and incentives to achieve what he once called a 'property-owning democracy' within a national framework of private enterprise.

Mr Holland was born in the township of Greendale, near Christchurch, in the South Island province of Canterbury, 63 years ago. One of eight children, he was the fourth earl of a Yorkshire father, the late Mr Henry Holland, C.B.E., and a Lancashire mother, formerly Miss Jane Eastwood. He was educated at the Christchurch West High School and played in the First Rugby Fifteen there. When 15 he began a four-year apprenticeship with a hardware firm, before joining his father's haulage business. The year

he came of age was 1914. He volunteered for war service overseas, was commissioned as an artillery officer, then after the Battle of Messines became seriously ill and was invalided home.

After the war, with his brother Stanley, he founded the Midland Engineering Company, of which he became managing director. He has also been manager, director and chairman of other business organisations, as well as serving on various public bodies, chiefly those connected with business and commerce. In his own business he introduced a profit-sharing scheme, which is now included in general terms in the National Party's policy.

Mr Holland's first experience of national politics was as secretary-organiser to his father, who was Member of Parliament for Christchurch North from 1925 to 1935. In the 1935 election—the year Labour swept into office—Mr Holland stood in place of his father, who had been ill, and was returned. He held the seat until 1946, when electoral boundaries were changed and he became Member for Fendalton, also in Christchurch.

Within five years of entering Parliament, Mr Holland became Parliamentary leader of his party—the National Party—and Leader of the Opposition. This rapid rise is hard to equal in New Zealand political history. That it took place was a tribute to Mr Holland's vigorous and businesslike approach to the plight

of a party seemingly cast into the political wilderness by an exuberant Labour party which had captured popular imagination with its policies of social welfare.

At succeeding elections, first in 1943, then in 1946, Mr Holland led his party to progressive success, which culminated in its return to power in 1949. In that election the National Party won 46 of the 80 seats in the House of Representatives. Today it has 45 seats. In the intervening period there have been two elections—one in 1951 following a national strike of waterside workers, which was spreading to other industries and threatened to paralyse the national economy. This emergency Mr Holland and his Government handled with firmness. They deftly chiselled the old union and made it possible for a new one to be formed. When work was resumed they went to the country for confirmation of their action and were returned with an increased majority. The next election was in 1954, when Mr Holland's government was again returned.

Other important policy decisions with which Mr Holland has been closely associated have included: Sending troops to Korea; temporarily freezing, in 1951, part of New Zealand's boom wool returns; joining ANZUS and SEATO; establishing floor price schemes for meat and wool; establishing a big new pulp and paper industry. He has also had much to do with important events such as the Royal Tour of New Zealand in 1953-54. In the midst of this tour—on Christmas Eve itself—New Zealand suffered its worst rail disaster. Mr Holland immediately left for the scene and personally took charge of rescue operations.

This practical approach is characteristic of New Zealand's very practical-minded Prime Minister. He employs it also in political and Commonwealth matters.

His problems in New Zealand are those of over-prosperity. They are problems common to many other countries, and include the headache of adverse balance of payments. Britain is New Zealand's best customer and per head of population New Zealand is Britain's best. Mr Holland as an enthusiast for Commonwealth trade likes things that way. However, it has been necessary to watch the position of sterling balances and keep a check on overspending. The same principle has been applied internally through a check on bank overdrafts. Recent reports show that New Zealand's credit-squeeze policy is working and having results. Mr Holland was Minister of Finance until the end of 1954. He has since had much to do with establishing this policy and has still much to do with its operation.

Mr Holland is also Minister in Charge of Police, and has been responsible for many improvements in the New Zealand Police Force in recent years.

Of topical interest in Britain is his approach to the question of capital punishment. His Government re-introduced the death penalty, but recently the case for abolition has been receiving considerable publicity and support. A private member's bill introduced this year looked like bringing the matter to a head. Mr Holland, however, successfully proposed an amendment—to put the question to the people in the form of a referendum at the time of the general election in 1957.

Continued on page 370.

Automation Survey

(1) THE ECONOMICS OF AUTOMATION

An extract from a paper by D. A. BELL, PH.D., M.I.E.E. (Electrical Engineering Department, University of Birmingham) which was presented to the Congress International de L'Automatique, Paris, June, 1955.

At first sight one expects elaborate mechanical and electronic devices to be very expensive, but investigation disproves this. Leontieff is reported to have said that in any industry suited to automation, the cost of construction of a fully automated plant exceeds that of an old-fashioned plant by no more than 6 per cent, and in a 1955 paper on process-control Wallis estimated the capital cost of instrumentation and control in an oil refinery at 5 per cent to 8 per cent of the capital of the whole.

In the automobile industry the capital cost of a transfer line tends to be rather less than the capital cost of a set of independent machines of the same output, the cost of the transfer mechanism being covered by the higher output of the operative machines in a transfer line. In view of the smallness of the saving in cost per cylinder block which was cited above, the decision to install a transfer line of this type must be closely related to (a) the wearing out of the old equipment or (b) a need to increase output. It was stated in 1955* that General Motors (in U.S.A.) had spent 50 million dollars on installing automated plant. Since the effective capital of the General Motors Corporation is estimated at 6,000 million dollars, even the subsequent allocation of 1,000 million dollars for automation does not represent an unduly

Reluctance to Invest

In other industries (in Britain, at any rate) there has been for many years a reluctance to invest new capital in plant of which the profitability depends on a continuous market for the product over many years ahead. It is then fair to ask how a firm ought to arrive at a decision for or against automation, and what form automation should take if there is no precedent in the industry concerned. Obviously there will be an attempt to estimate cost, though this is rendered difficult by uncertainty as to future interest rates, and to estimate stability of future demand for the product. Here the method of automation is very important; for it is obviously easier if the plant allows some flexibility in the product in order to meet market requirements, but on the other hand a flexible machine is usually more expensive to construct than a special-purpose machine. An example in this field is the transfer line in which the individual machines can be adjusted (with the aid of jigs) to suit different types of cylinder block; the line is

*E. J. Bibbero, 'Automation—A Survey', *Electrical Engineering*, 1955, vol. 74, p. 775.

The Proceedings of the Congress International de L'Automatique will be published in Documents, which is published by S.A.D.E.P., Paris 8e.

then operated on batch production of one type at a time. But the transfer machine is not the only type of automation, and it is advisable to look for new methods and new materials before setting out to perform automatically the operations which formerly were carried out by human operators: robots, whether anthropomorphic in structure or in sequence of actions, are unlikely to be profitable. To take a *reductio ad absurdum* in the automobile industry, it is now conceivable that one could design a machine which would construct a coach-built (frame-and-panel) body; but fortunately the temptation to such lunacy has been removed by the prior introduction of the pressed-steel body.

Printed Circuits

The electronics industry offers some interesting studies on this point. When 'printed circuits' were first developed for the purpose of reducing size and weight, the relevant resistors and capacitors were constructed by printings: resistors are made by depositing a suitable point on the surface of the substrate, and capacitors can be made by depositing metal on both sides of a substrate which has suitable dielectric properties. But printed resistors tend to be less satisfactory than separate ones, because of their smaller volume, and the dielectric properties required of the substrate for printed capacitors conflict with the general requirement of a low-cost substrate and possibly with requirements for mechanical properties of the substrate.

The present trend is therefore to use printed *circuits* in the strict sense of the word, and to improve the process of assembly of components to the circuit-board by (a) dip-soldering, (b) mecha-

nical preparation of terminal leads of components to suit the assembly and (c) mechanical insertion. The last may prove an exception to the rule against anthropomorphic machines.

Another proposal for electronic apparatus is the use of sub-assemblies of uniform size and shape—the 'modular' system of construction—with individual sub-assemblies using printed-circuit techniques, and their combination into grouped units being carried out by automatic machines.* Testing of the grouped units is performed automatically, and a feature of the whole system (which was developed by the U.S. National Bureau of Standards) is that while part of the production information is stored in the silk screens used for circuit printing, the remainder is stored in digital form in punched cards which control the sequence of assembly operations. The difficulty with the automation of manufacture of electronic equipment is that in the domestic market the customer demands an expensive cabinet (and acoustics demand a large one) and this, together with the cost of 'difficult' components such as loudspeakers and tuning devices, tends to conceal the effect of economies elsewhere; and in scientific and industrial applications the numbers required of each item appear insufficient to justify automated production. But the use of printed circuits eliminates a great deal of the risk of human error in the construction of the apparatus, and is worthwhile in electronic computers for this reason even if the direct reduction in cost of production may yet be attractive. Printed circuits may yet be applied to domestic radio and television for just this reason.

*Leon G. Davis, 'Automation'. *Wireless World*, 1954, vol. 60, p. 185.

(2) ADVICE ON AUTOMATION

By NICHOLAS DAVENPORT

If I may offer some general advice to investors on automation it may clear away some misconceptions held in much wider circles than the City.

Automation is merely a part of the technique of producing more with less manual or mental effort, but it has come to refer specially to the control of various factory processes by electronic devices (saving manual labour) and to the use of electronic computers or 'brains' in banks, accounting departments, railway offices, etc. (saving mental labour). In essence it is no different from any technical improvement designed to increase productivity. Its application to some industries is limited and not very costly: to others it is almost unlimited and very expensive. For example, a fully automated large motor factory might require the investment of £1.5 million but its productivity could then be increased (as it was in the Renault works) nearly tenfold. It has been estimated that the world motor industry, when fully automated, will need only a third of its present labour force.

Clearly, automation has wide applications in any industry whose manufacturing process is continuous: for example, textiles, paper, petroleum, chemicals, plastics, cement, cables, margarine and other foods, or in any mass-produced metal manufacture. A country like Great Britain which depends for its prosperity and well-being on being able to sell its manufactures abroad at competitive prices cannot afford, therefore, to lag behind in the industrial race for automation. That is why I consider the present disinflation

policy, which has removed the investment subsidy and is restraining industrial re-equipment by dear money, as economically dangerous and a threat to our industrial future.

Economic Effects

The economics of automation are simple enough in theory. If, for example, a fully automated industry reduces its manufacturing costs by a half and its labour by a half it can (a) reduce its selling prices by a half, or (b) double its profits and dividends, or (c) slightly reduce its selling prices and apply its increased profit to reserve for reinvestment in the business. In the case of (a) it need not sack any worker if it can more than double its sales, but even if its sales remain constant its customers will have so much more money to spend on other goods, so that the displaced workers will in time find jobs in other industries. In the event of (b) the shareholders will also have so much more money to spend on other goods—or to save. In the event of (c) there will be a new demand for capital goods in which the company is reinvesting its reserves, so that compensating employment will be created. But in practice it does not necessarily work out for labour in this pleasant fashion. Sales may not be increased, demand for other goods may not materialise, because there may be a disinflation policy at work, as there is today, or a trade recession among our customers abroad. In that case workers will be displaced at a faster rate than new jobs can be found for them. Any government which has adopted full employment

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as its political objective must therefore do something to avoid unemployment with automation. It is a question of planning full employment, of facilitating the transfer of labour and retraining displaced labour for other skilled jobs.

Guaranteed Annual Wage?

It is important for labour to know that the Government will not repudiate responsibility for full employment under automation; otherwise it will oppose automation or work it half-heartedly. If the goodwill of labour is lacking automation will fail. In the U.S. (not given to wet-nursing labour) the motor and steel industrialists have agreed with the labour unions to give a 'guaranteed annual wage' which generally takes the form of paying out of a special company fund the difference

between unemployment benefit and the full wage for the first six months of unemployment. This has been largely responsible for American labour accepting automation without strike action.

However, the American guarantee annual wage is not necessarily the ideal solution for Great Britain. It makes for rigidity, not flexibility; it does not assist the transfer of labour from the contracting to the expanding industries. The better course would probably be to supplement the national insurance out of a fund contributed to by the automating employers and by the State for the purpose of meeting the expense of moving jobs and retraining. At any rate it is up to the Government to devise a system which will facilitate the rapid introduction of automation into British industry without running into labour opposition.

(3) THE CHALLENGE OF AUTOMATION

Certain responsibilities for the consequences of automation fall on the shoulders of government, and no government must be allowed to escape them. The first of these is to ensure that the benefits of higher productivity are spread over the community. Automation—and here we surely all agree—should not be a means for making a few rich and powerful men still richer and more powerful. But it should also not be the means (do we agree here?) for creating a new privileged aristocracy within the ranks of labour. There is no case at all for the workers in certain factories only, to enjoy higher wages and shorter hours than the rest of the working fraternity. To press for that is to pursue a selfish,

sectional advantage which has nothing whatever to do with the claims of socialism.

The way to spread the benefits over all can only be by lowering prices and this demands government intervention. Automation is most likely to be introduced in large and powerful firms, subject to little competition. Here public enterprise and public control in a variety of forms will be essential. All those measures which lie to the hands of a government which is determined to break a monopoly position, will be called for—whether it be through the entry of publicly-owned firms to compete with the private, through price controls, through the control of investment or equipment, or, if need be,

through nationalisation. Whatever the method, the aim is clear—the product must be cheaper, so that all can benefit.

Government Responsibilities

But this is only the beginning of public responsibility. Automation is bound to mean some redundancy and shifts in the labour force, no matter how good are the agreements which trade unions exact from employers. Three vital functions fall to government in easing the transition. The first is the imperative need for an adequate planning of investment; new industries must be developed—and in the right areas—to catch the overspill where workers are displaced; these may have to be industries producing new ranges of products, opening up fresh markets and creating new demands. Where geographical shifts of the labour forces become essential, houses must be provided for displaced workers, and this again demands central planning. In the past, governments in this country have fought shy of positive investment planning, relying more on restrictive controls. They will be able to do so no longer if pockets of unemployment and increasing industrial unrest are not to poison once again our social relationships.

The second function of the government concerns the actual size of the labour force. A large reduction in numbers may be some time ahead, but by far the best way of dealing with it will be to raise the school-leaving age. This reform is anyhow long overdue; the way towards it may be open sooner than we think. Another way of contracting the supply of labour is by cutting working hours. Or else older workers may be willing to retire earlier if they were given the security of far more

generous pension and superannuation arrangements; the proposals for a national superannuation scheme become increasingly relevant. The third function of government is with all that concerns training in the new skills both among operatives and scientists, and with the retraining of workers who have to change their accustomed work. To fix these tasks as firm government responsibilities is not to say that industry can wash its hands of the consequences of its actions. But they cannot simply be left to the goodwill of industry; it falls to the government to ensure that all these things are in fact done.

Impact on Trade Unions

On the other hand, what happens inside each workshop can never be a government responsibility; that must depend on managers and workers alike. The trade unions in particular have a crucial part to play, and one which may demand a radical reshaping of their policies and internal organisation. It must already be clear that the range of subjects with which collective bargaining deals will have to be extended to cover redundancy, job security, and compensation for those dismissed. In some cases, unions already negotiate in these spheres, but that is the exception rather than the rule. Beyond that, and plunging into far deeper waters, looms the problem of workers' consultation, indeed of industrial democracy itself.

All who have looked seriously at what is involved in introducing automation into a factory or an office agree that the change will not be carried through without serious friction, unless the workers co-operate. 'The transition to automation will be greatly eased', writes the recent report of the Department of Scientific

and Industrial Research, 'if due attention is given to the needs, feelings and problems of the workers concerned, and if the trade unions are consulted in advance of each step.' And again: 'Changes will be made more smoothly if workers are consulted and kept well informed of likely developments.' True, but this does not go anything like far enough. Something much more will be needed than consulting the unions or even the workers on the shop-floor; their *agreement* will have to be gained, so that they share the responsibility for the decisions taken. This participation in decisions and sharing of responsibilities takes us far beyond the joint consultation we already know—which has anyhow had limited success—into that much talked of but little understood realm of industrial democracy. Here thought in the labour movement is laggard; but it cannot afford being laggard much longer.

Industrial Democracy

If collective bargaining is to be extended to cover new subjects, and a first approach made to industrial democracy, the internal organisation of the unions is bound to be affected. For these new areas of action are essentially of local application; each firm will have its own peculiar problems which cannot be covered by national agreements. Yet behind the local action falling to shop-stewards, the unions will need to evolve a national policy so as to give some coherent direction to all negotiations and avoid the dangers of industrial chaos. This in turn raises the delicate question of cementing the relationship between headquarters and workplace representatives. A shift in the emphasis of trade union activities may become essential—

away from the centralised negotiation of national agreements and down to the shop-floor. Not only are the unions likely to be faced with an intimidating range of new problems, but with the painful necessity of overhauling their structure.

To all these changes, resistances from one side or another will certainly develop. Yet there is not one of them that we, as socialists, could not ardently welcome; indeed they are all changes for which many of us have long been pleading, but have seemed so slow in coming. More abundance and lower prices, for consumers at home and helping poorer nations abroad; a higher school-leaving age and a better educated population all round; more leisure for all and greater comfort and security on retirement—have not all these been part of every socialist programme?

Looking Ahead

Then there is the more purposeful planning of investment so as to maintain full employment, to secure this country's trading position, and break through the rigidity of our industrial structure—another well-recognised objective. Now, too, a path has been opened out of the blind alley of industrial drudgery, a way of freeing the worker from stunting, repetitive labour and—what is more—of giving him at his place of work a new status as a human being, a man who co-operates instead of merely being told. If this entails a loosening of trade union attitudes, a greater decentralisation of their activities, a broader vision of what their functions might be, we may yet witness the ushering in of a new era in industrial relations.

All these new possibilities which may unfold before us are of the very

great opportunity for rapid social progress along many fronts. For the curious thing is this—so many of the reforms we have wanted on grounds of humanity and justice, but have failed to get, may now have been given an impetus on the quite different grounds of technical necessity. But only if we recognise that this is our chance, and seize it with both hands.

The Revival of Monetary Policy in Britain

Extract from an article

By HARRY G. JOHNSON

Professor of Economic Theory, University of Manchester

To summarise a rather extensive argument, the influence of monetary policy, and the argument for using it, seem to rest chiefly on its effectiveness as a means of controlling stockholding, and possibly also on its influence over short-term capital movements; its long-run influence on fixed investment is doubtful. It is best conceived of as a short-run instrument, for influencing stock decisions rather than flow decisions; and it is more appropriately used for trimming effective demand temporarily than for setting its level.

This conclusion implies that there is a much stronger case for applying monetary restriction in a crisis arising from excessive stock-building—as in 1951-52 and earlier crises—than in a crisis arising from an excess of aggregate demand for consumption and fixed investment such as that of the past year or so. This may explain why Mr Butler chose to introduce an Autumn Budget rather than intensify the credit squeeze still further, and why his successor has tended to lean

towards more use of controls—these methods can operate more effectively than monetary policy on the relevant sources of excessive aggregate demand. Further, an attempt to rely too exclusively on monetary restriction in such circumstances runs into politically important resistance from the banks—which dislike refusing credit to prosperous customers and like to believe that the credit they grant plays no causal role in the inflationary process—and from the smaller business men, on whom the main burden of a restriction of bank credit inevitably falls.

The Wage-Price Problem

A further implication is that monetary policy is unlikely to be able to do much towards solving the major long-run monetary problem of the British economy, the tendency for British wages and prices to increase more rapidly than those of Britain's international competitors. The most that monetary policy could hope to do would be to prevent the

From The Three Banks Review, June 1956

problem from being periodically aggravated by over-full employment arising from inventory booms.

It has sometimes been suggested that this is all that is required—that the problem could be solved by reducing demand sufficiently to wipe out the excess of unfilled vacancies over unemployed, without the need for creating a great deal of unemployment. This comfortable view, however, accords neither with pre-war nor with post-war wage behaviour: experience suggests that substantial unemployment would be required to prevent wages from increasing at an inflationary rate. Given the narrow limits set by current opinions as to what constitutes a tolerable margin of unemployment, this means, that neither monetary policy nor alternative methods of controlling aggregate demand offer much prospect of a solution. In particular, the growing propensity of business men and bankers to put the blame for inflation on high taxation and 'excessive' Government expenditure seems completely misdirected.

Nor can one see any hope of success in controlling the wage-price spiral by appealing for the re-introduction of rigid wage and price controls, or by pledges by individual industries not to raise their prices for the next six months, still less by despairing appeals to employers and employees to moderate their greed by self-restraint, such as hard-pressed Chancellor tend to make. Such methods attempt to solve the economic problem by ignoring the economic forces which produce it.

FARMS IN U.S.

There are fewer farms in United States today than at any time since 1890. U.S. farms now number 4,782,000. This is a drop of 600,000 farms since 1950.

New Thinking on the Bank Rate

WHEREAS the experience of the past year and a half has demonstrated that the advantages attached to raising Bank Rate to a level of 5½ per cent are not necessarily very great, it has shown that the disadvantages may be of a serious order. For one thing, the general uncertainty about interest rates generated by the Bank Rate decisions of the past year has resulted in the gilt-edged market being reduced to a more or less paralytic state for long periods at a time. And that has meant that the operation of other aspects of the credit squeeze has been seriously hampered. Thus because the Government has been unable for long periods to attract a demand for gilt-edged securities, it has been compelled to arrange a large proportion of its debt financing in the form of short-term borrowing from the banking system against Treasury bills, making it difficult for the monetary authorities to discourage the bank's lending activities from the liquidity side.

City in Decline

In the second place, high interest rates in London have meant a sharp decline in the use of London as an international financial centre—this just at a time when efforts to restore the City to its former pre-eminent role in this regard were making really encouraging progress. For some time now Commonwealth countries have shown themselves unwilling to raise long-term loans in London because of the high rates of interest obtaining in this country. There has also been a marked tendency for short-term financing to

move to other international centres where rates are lower. And besides the loss of financing business, high rates have in some cases resulted in the loss of export business too. Thus because goods obtained on deferred payment terms in London have often tended to be more costly than goods obtained on similar terms abroad due to the difference in the prevailing level of interest rates, business has been lost to competing countries.

Broken Ties

It does not seem unlikely that the loss of business to the U.K. that has been caused by the 5½ per cent Bank Rate in the financial and export fields will be lasting to some extent at least. For the ties that have been developed with other countries will not necessarily be broken when money rates in Britain return to more normal levels. But the biggest disadvantage the country has incurred as a result of the general advance in money costs is undoubtedly that arising from the Government's position as a debtor both on internal and external account. Budget outlays on National Debt are expected to come out during the current Exchequer year some £100 million beyond the level for two years before. In other words, Government expenditure has been inflated to such an extent that it will be necessary to keep income tax 6d. in the £ higher than would otherwise have been the case in order to meet the additional cost. And unhappily, much of this additional outlay goes to foreigners in the form of extra payments on their sterling holdings in London.

From *The Statist*, June 23, 1956

For it is naturally the cost of the short-term portion of the National Debt that first registers the effect of a rise in interest rates. And a large slice of the short-term debt is held by foreigners who have invested in this way sterling balances in London.

It is impossible to say exactly how much the latest rise in money rates has cost the country in increased disbursements overseas. But the Balance of Payments White Paper for 1955 showed outgoings in respect of servicing of foreign capital assets £25 million beyond the level for the previous year and still more beyond the levels for earlier years. There can be little doubt that the great bulk of this increase is attributable to the jump in U.K. interest rates. It is not difficult to see how seriously the rise in outgoings on the invisible side of the payments picture is frustrating the efforts that exporters are making to put the country's payments position in good shape by strengthening the visible side.

High Tide?

In the earlier dear money phase

from 1951 to 1952 the disadvantages attached to a high Bank Rate may have seemed worth incurring because the country was quickly re-stored to economic equilibrium (though, in reality, this swift improvement owed much to the favourable turn in the country's terms of trade and other factors quite unconnected with monetary policy). During the 1955-56 dear money phase, the disadvantages of a high Bank Rate appear materially to have outweighed the advantages. Recent Ministerial statements suggest that the Government is aware of this and will not seek to carry the Bank Rate rise further. Thus if a situation arises wherein some further restriction of credit seems desirable, it seems probable that the problem will be tackled in some other way—for example through the enforcement of more stringent liquidity rules in the banking field. In other words, it would be surprising, indeed, if the present 5½ per cent level were not found to mark the limit of the present dear money movement.

BRITAIN'S REQUIREMENTS OF PRIMARY FUELS

Total Inland Requirements	1954-1980 (in million tons of coal)			
	1954	1960	1970	1980
Sources of Supply				
Coal	214	230	240	240
Nuclear Energy	—	—	5	15
Various	1	2	3	4
Oil required	39	52	66	85
				90

(This balance allows nothing for export)

World's Growing Dependence on Oil

THE relevance of nuclear power still lies in the rather distant future. Even in twenty years' time, nuclear installations are expected to provide for no more than about 8 per cent of Western Europe's total energy requirements, and very much less for those of the world as a whole. Meanwhile, supplies of fossil fuels will have to be stepped up at a tremendous pace, with oil providing the lion's share.

World reserves of oil are very large, and the time is still distant when this aspect of the problem of fuel and power supplies need be brought into question. Apart from the vast petroleum deposits, there are large reserves of oil shale which in the U.S.A. may soon be called upon to supplement local supplies of oil. On the assumption of a yield of 16 U.S. gallons of oil per ton of shale, the shale reserves in the U.S.A. are estimated to represent no less than 80,000 million tons of oil.

The rise in world production of crude petroleum from some 525 million tons in 1950 to close on 765 million tons in 1955 tells its own story. Oil now meets about a third of the world's total energy demand, compared with a fifth ten years ago. And there has been a conspicuous change in the individual countries' shares in world oil production: whereas that of the U.S. decreased

from 58.5 per cent in 1948 to under 44 per cent in 1955, that of the Middle East countries combined rose during the same period from 12.2 to over 21 per cent.

Simultaneously, the regional pattern of total petroleum consumption has changed too, while within this, the demand for the various petroleum fuels has expanded at different rates. For instance, U.S. total demand for oil products rose between 1950 and 1955, by 38 per cent, while the oil requirements of the U.K.—Europe's largest consumer—increased during the same period by 52 per cent. But as shown below there was an increasing divergence between the two countries' demand patterns.

These and similar comparisons serve to bring out the changing tasks confronting refiners in various countries. In the U.S. the primary objective remains to maximise gasoline production, to turn out large amounts of middle distillates, to minimise production of the lowest-priced products, residuals, and rely upon being able to import them. In the U.K., as in most other countries of Europe, the demand for heavy fuels and distillates is rising more rapidly than gasoline—a trend which is certain to continue. Coupled with a continuing sharp expansion in total demand this carries important implications, technical and economic.

PERCENTAGE OF DEMAND

	In U.S.A.		In U.K.	
	1950	1955	1950	1955
Gasoline	42	43	36	30
Middle Distillates	22	24	29	32
Heavy Fuel Oil	23	18	27	31
Other Products	13	15	8	7
TOTAL	100	100	100	100

From Petroleum Press Service, July 1956

World Oil

In thousand metric tons

	1955 Production	1955 Refining Capacity
U.S.A.	362,700	420,000
Venezuela	113,200	85,000
U.S.S.R. (Inc. Sakhalin)	70,000*	32,000
Kuwait	54,800	30,500
Saudi Arabia	47,500	29,700
Iraq	33,700	27,100
Canada	17,600	26,400
Persia	16,200	†25,000
Mexico	12,900	24,000
Indonesia	11,700	17,800
Rumania	8,000*	12,900
Colombia	5,700	12,500
Qatar	5,400	11,800
British Borneo	5,400	11,200
Argentina	4,500	11,300
Austria	3,700	10,200
Trinidad	3,600	10,100
Western Germany	3,200	8,200
Peru	2,400	6,000
Egypt	1,800	5,400
Bahrain	1,500	5,000
Hungary	1,500*	4,600
Kuwait/Saudi Arabia		4,300
Neutral Zone		3,800
Netherlands	1,400	3,500
France	1,000	2,400
China	900	2,400
New Guinea	500*	2,300
Ecuador	500	2,100
Other Countries	3,500	2,000
		1,800
		16,600
		868,900

*Estimated.

†Estimated figure shown is capacity prior to nationalisation.

Soviet Plans for Agriculture Expansion

The Soviet Union is planning huge increases in agricultural production by 1960, the Food and Agriculture Organisation (F.A.O.) says in a monthly publication.

Between 1955 and 1960, F.A.O. reports, the U.S.S.R. proposes to increase production of meat by 100 per cent, of milk by 95 per cent, of eggs by 154 per cent and of wool by 82 per cent. The Organisation quotes these figures in its latest 'Monthly Bulletin of Agricultural Economics and Statistics' in a review of official and semi-official Soviet publications and statements on the history of Soviet agriculture since the war and on the country's Sixth Five-Year Plan.

The Soviet Government, F.A.O. says, plans to achieve this increased

production through such measures as changes in agricultural planning, increased mechanisation of farming and greater State investment in agriculture. There was to be more flexible organisation of State planning, with greater authority for the federated republics and local administrations. In the Fifth Five-Year Plan, running from 1951-55, State investment in agriculture averaged just under 13,000 million roubles per year. During the period of the Sixth Five-Year Plan, running from 1956-60, it was to be increased to 24,000 million roubles per year which would be earmarked exclusively for the State's machine and tractor stations, the State farms (as distinct from collective farms) and for producing services.

From F.A.O., Rome, June 28, 1956

Let's Get Things Straight

FREEDOM is a precious thing: and freedom in internal trade is one of the goals to which this country has won its painful way over the past 10 years. But freedom, like most things, is relative, and the British farmer, for one, is willing to circumscribe his own freedom in order that he shall not lose it entirely.

The means by which he prefers to do this is the marketing scheme—the surest shield for both producer and consumer against the subtle anarchy of totally uncontrolled marketing.

There is political unanimity on the need for producer-organised marketing of agricultural produce, although the fundamental issues involved may

not be uniformly appreciated. For over 20 years, beginning with the Agricultural Marketing Act of 1931 and culminating in that of 1949, successive measures of legislation have been enacted with the object of securing to the agricultural industry the statutory means by which it can assume and discharge a responsibility for getting food to the consumer.

National Necessity

Written into this legislation are adequate safeguards for the consumer. Implicit in this legislation is universal recognition that high, rising and stable food production is a

national necessity—not just a means of filling the farmer's wallet. And inherent in this legislation is provision for the establishment of producer marketing boards in appropriate circumstances.

So much for the principle of marketing schemes. Its soundness is unassailable. What of the practice in which the principle is applied? In reference to food production, Sir Winston Churchill, when Prime Minister, once spoke of 'reconciling freedom with stability'. Therein lies the special forte of the marketing board.

A board with trading powers can be the means whereby the industry earns the guaranteed price for a given commodity by sole virtue of

orderly marketing on commercial lines. From its earnings it may be able to establish a reserve from which producers can help to underwrite their own stability.

By the very nature of its operations, it is expansionist in outlook, rather than restrictive. And it is capable of positively stabilising output—and hence supplies to the consumer—at the highest level consistent with effective demand, and of by-passing the tortuous, haphazard and damaging process by which demand is otherwise reflected to production.

We invite the critics to test these contentions against the record of achievement of marketing boards back to the early thirties.

Population Trends in Western Europe

O.E.E.C. REPORT GIVES FORECASTS FOR YEARS 1951-1971

A FORECAST that the number of older men and women in the United Kingdom in 1971 will be over 37 per cent more than in 1951 and the number of young people will be 6½ per cent less is given in a Report* of an inquiry on population trends in the Member countries of O.E.E.C. There will be 281 older men and women per 1,000 of the working population in 1971 compared with 212 in 1951. The number of young people per 1,000 of the working population will change from 350 in 1951 to 359 in 1961 and 316 in 1971.

The total population of this country will increase from 50½ million in 1951 to 57½ million in 1971. The increase in the population of older people will be 10½ million and that of younger people 17½ million.

The Report points out that in most of the 15 Member countries of O.E.E.C. the population will be higher in 1971 than in 1951. On the whole the population of working age will become older and, proportionately, the population of older people will increase more than total population and the population of working age.

*Demographic Trends in Western Europe 1951 to 1971. Published by O.E.E.C. and obtainable from H.M. Stationery Office, price 9s. net.

From Ministry of Labour and National Service

After G.A.T.T.

THE new tariff reductions negotiated under G.A.T.T. mark what is almost certainly the end of an economic era. After the war there was a real hope that G.A.T.T. would prove to be an instrument of multilateral economic expansion, and that it would bring the member nations into a new world of lower tariffs and more liberal trade. Everything, however, depended on the attitude of the United States. In so far as the Americans were prepared to open up their markets the G.A.T.T. ideal could be realised, with or without the G.A.T.T. machinery. In fact, despite some substantial concessions the United States proved unable to overcome internal demands for continued protection, and therefore elected to remain a relatively high tariff country.

The recent negotiations at Geneva were the last chapter in the working out of this process. As a result there have been concessions which can scarcely make £5m. worth of difference to British trade in any year. About £100m. worth of imports will come in at tariff rates reduced by perhaps 15 per cent, and exports will benefit correspondingly. The United States has been limited throughout the negotiations to a 5 per cent cut for three successive years. This provision makes it almost certain that there will be no more general negotiations until 1958 at the earliest, and there is no reason to suppose that if they occur they will be any more successful than the present ones.

New Thinking

This does not mean that one should turn against G.A.T.T., but it does mean that G.A.T.T. has by itself become largely irrelevant to the future expansion of world trade. If opportunities for trade are to be increased—and that is still a major objective of British policy—then other means will have to be considered. In fact at the present moment there is taking place a fundamental consideration of the assumptions on which British trading and tariff policy is based. A number of separate lines of argument have converged and even in the last three of four weeks they have made a considerable impact on what had seemed to be a settled official attitude.

The ending of the G.A.T.T. phase is only one of those lines of argument. Another has been the strength of the recovery in Western Europe and the relative immobility of Commonwealth markets. Since 1952 Europe has been the most rapidly expanding industrial market in the free world. The fact that Britain's proportionate share of world trade has been falling has quite largely been a reflection of the failure of Britain's traditional markets to expand at the world rate. This has increasingly suggested that British trading policy should put heavier emphasis on relations with the European market; indeed, British indifference to past moves towards European economic integration is now seen as not only unco-operative, but as contrary to Britain's own interests.

From The Financial Times, June 8, 1956

European Common Market

Those considerations would in any case have had an influence on British policy. It has, however, been greatly increased by the recent negotiations for a European Common Market. The Government has come to appreciate what a serious position Britain would be in if a Common Market were established and Britain were excluded from it. All these economic considerations have been reinforced by the general appreciation that in an age of automation a market and productive capacity of Continental size is sufficient to support long-term economic growth. The increasing dominance of the economics of Russia and the United States is seen as the strongest possible argument for trying to create a viable European economy with a Common Market of comparable size. Britain's Commonwealth link is also seen as making up for Europe's relative inferiority in raw materials.

Britain as a Link

Finally there has been a political pressure in the same direction. The belief is that Russia has substituted economic for military expansion. In the military field the great danger was always considered to be a Russo-German entente; now that is also seen as the great danger in the economic field, a danger which European economic integration would tend to prevent. All those arguments, however, point to some-

thing more than a mere British association with a Common Market. That in itself might help to protect British interests, but it would do little more. The new thinking turns on an entirely different association between Europe and the Commonwealth, with Britain acting as a link in an attempt to negotiate a new and largely self-sufficient trading area. There is still the widest possible discussion needed of this subject. Already, however, there is serious talk of a common European and Commonwealth market, and rather less ambitious talks of interlocking preferences or of the negotiation of 'a second Ottawa'.

No one underrates the difficulties that lie in the way. The special relationship between Canada and the United States is one. The special position of India under Imperial Preference is another. The project would also have to be integrated with G.A.T.T. as far as possible; that might be easier because of the steady United States pressure for European economic integration. What is important is, however, the change of attitude that official discussion of this sort of issue implies. There is an increasing impression that for the first time since the war a British Government is looking towards Europe in terms of responsibility. It is a change which has taken a long time to mature, but it could turn the relative failure of G.A.T.T. into something much more important than G.A.T.T. has ever been.

SWEDEN'S OIL CONSUMPTION

The consumption of oil in Sweden has nearly quadrupled in less than ten years and totalled 1,306 litres per inhabitant in 1955, as compared with 341 litres in 1946, according to a survey published by the Swedish Esso Company. Sweden now leads in per capita consumption of oil.

Western Europe—Economic Integration

By J. M. PENTON

An address given in London by the Chairman of the Research Council on 13th June 1956

THE British Government has joined a number of European organisations, sometimes of a political nature as the Council of Europe and Assembly at Strasbourg, sometimes of a purely economic or military nature. The most obvious example of the economic type is the O.E.E.C. and the E.P.U. with which the former is very closely linked. But the one thing which the U.K. Government has always refused to contemplate is the entry of Great Britain into some kind of federal union with our continental neighbours, and it was primarily because of its being a supra-national authority that our government signed a treaty of association with the European Coal and Steel Authority rather than become a member.

This may perhaps be an example of how we ought to deal with similar situations when they arise, as they almost certainly will do, in the fairly near future. It may be all right to proclaim that you are not going to hand over British coal and steel to the foreigner, but one is tempted to wonder whether such an attitude is not rather artificial and whether in the long run there will be much difference between a common market embracing six or more European powers linked to Great Britain by a Treaty of Association and one in which the United Kingdom becomes a full member from the start. It is probable that with or without Great Britain becoming a Founder Member, the Treaty creating a Common Market will be so

hedged around with restrictions and so full of escape clauses, that the pace of its realisation and even its final form may well be quite different from the intentions of the drafters of the original treaty.

Reasons for Reluctance

The reason why Great Britain is reluctant to give any commitment as regards its attitude towards closer European union is always stated to be the Commonwealth, and certainly this is something which other Western European countries understand, particularly those which also have close connections with overseas territories. But our Commonwealth links must not be used as a means of begging the European question whenever it is raised.

When a group of your neighbours are discussing future action on your doorstep, it would seem good policy to take part in the discussion in order to try to influence future decisions in accordance with your own desires and interests. It is no good turning your back on the meeting and complaining afterwards of the results. There may possibly be good reasons for standing aloof from such discussions. Certainly the mere dispatch of observers to the technical phase of a Conference, who are without any powers to express their government's views and have to walk out as soon as discussion touches upon the political decisions needed to give effect to the technical economic proposals, is nearly tantamount to showing the

absolute minimum of desire to cooperate; nor obviously can we forget that according to changing circumstances we have been militarily allied for centuries either with or against most of our European neighbours at an appallingly high cost in life and treasure.

Attitude of Detachment

Certainly our attitude has been one of detachment during the recent meetings under M. Spaak's chairmanship in Brussels of the committees which were set up last year at the Conference of Messina and which are responsible for the Common Market and Euratom proposals. The difficulty about our taking up this attitude, however understandable it may be on some grounds, is that, by letting matters at an early stage go by default, we tend to get forced into the dilemma: Europe or the Commonwealth, which I believe to be an entirely false dilemma which should never be allowed to arise.

Effects of a Common Market

Not nearly enough appears to be known about the potential effect of a common market in Western Europe on individual industries. What would happen to the British Motor Industry, or French textiles, for example, if protection were to be removed from European competition in one enlarged market? And how should we deal with agriculture? What is needed is some honest research into such subjects and the publication of the results in undoctored form. Many advocates of the Common Market say that Agriculture should not be included, but does it make sense to leave out one of the most important industries which provides so many with a livelihood?

The Background

It might, however, be useful to have a look at the background against which contemporary trends in the fields of finance and commerce in Western Europe have to be considered. It is obvious to everyone that the relative status of what were, no more than fifty years ago, the dominant powers in the European Continent whose influence in turn predominated in the world, has profoundly changed. The world today is dominated by two great powers of continental magnitude. The spirit of nationalism, which contributed strongly to making Europe into what it finally became at the end of the last century, a group of nation states, completely independent and indeed, on the whole, hostile to one another, is now pervading the other regions of the world and causing them to regard the more advanced areas with hostility only tempered in degree by the hope of getting something out of them. They assume for the present, that America and Russia have more to give them than the European nations. Meanwhile, on the other side of what is still called the Iron Curtain, in face of a W. Europe weakened at home and in its overseas connections, the traditional channels of trade in E. Europe and the links with the West have been forcibly diverted into the welding of an economic bloc much of whose structure would almost certainly survive should Russia suddenly relinquish her grip.

London—Financial Centre

In the 19th century Great Britain allowed her agriculture to decline and purchased food and raw materials from abroad. This was done in order to develop exports and the

result in the end was that London became the principal trading and financial centre and the leader of the campaign for free trade. Estimated English investments abroad rose from £1,200m. in 1875 to £3,763m. in 1913, 40 per cent of which was in the Empire, 20 per cent in the U.S.A., 20 per cent in Latin America and 5 per cent in Europe. Economic equilibrium was maintained because decisions of the City of London were accepted abroad and the long term investment abroad of our surplus and the operations of the international accepting markets insured the day to day balance of supply and demand, thus making possible the necessary adjustments from time to time without forcing drastic structural changes. There was no such thing as a full employment policy and relatively small gold losses or currency depreciation caused countries to take the necessary corrective steps. Thus in a way London was recognised as and played the role of a supra-national authority.

After the first world war the share of the U.S.A. in world production rose from just under 36 per cent in 1919 to 42 per cent in 1926 and the whole world now feels the ebb and flow of this dynamic and mercantile market. There was American investment in Europe in the 1920s, but in 1929 over \$300m. of floating capital was repatriated. The depression in the 1930s caused England to forsake free trade in favour of Imperial Preference, America raised tariffs and most European countries resorted to quota restrictions against one another and finally to exchange control. Moreover political and economic nationalism with all their disastrous effects were given full play in Europe through the break up in 1918 of the Austro-Hungarian

Empire into a series of small succession states strung out along the Danube valley.

Formation of Benelux

It would seem as though we may now be witnessing a reaction in Europe against this process. Conscious of the dangers to which small independent states are exposed, the governments in exile of Greece and Yugoslavia, and Poland and Czechoslovakia signed during the war, in London, embryonic treaties of federation which eventually came to nothing through Russian influence. The first preparatory steps towards Benelux were also taken at about the same time in London.

Benelux comprises in an economic union the populations of Holland, Belgium and Luxembourg, totalling in all some 16m. people, and great difficulty has been experienced in making a reality of it partly because after the war few of the requisite conditions for an economic union were present. The difference in salary levels in Holland and Belgium was in the neighbourhood of 60 per cent and even today is about 35 per cent. There has been no harmonisation of economic, monetary or social policies and practically no transitional period for the suppression of customs barriers between the three countries. There is, however, now in operation a common tariff against third countries and common representation for all economic negotiations at the O.E.E.C. and G.A.T.T. Capital is practically free to circulate in the territory of the union and if it suits him to do so, a trader may import goods into Belgium through a Dutch port or vice versa.

Benelux not Typical

In fact the old channels of trade have changed so far very little as a result of the coming into being of the union. Trade between Holland on the one hand and the much older Belgo-Luxembourg Union on the other remains small. It is often said that because of its smallness, Benelux is not typical and that no conclusions should be drawn from it as to what would probably happen if a common market were instituted in the rest of Western Europe. Perhaps there is a conclusion to be drawn nevertheless. Both Holland and Belgium are situated on the Atlantic coast of Europe, and Holland, more than Belgium, for many generations, unlike a country such as Germany, built up its prosperity on the basis of its overseas trade. France is another example of this and if they one day became part of the European Union the Scandinavian countries would be even more so. In other words, is it not the case that the independent formation of the European peoples in the 18th and 19th centuries has had the effect in the Western half of the continent of directing trade channels towards the outside non-European world, and in the central or German part, eastwards and to only a relatively small and reciprocal extent westwards? Currents of trade cannot be forcibly changed in a relatively short space of years without, as has indeed happened in Eastern Europe, a far-reaching modification of the political and economic conditions of an area. This is not one of the objectives of W. European and Atlantic policy.

Two Schools of Thought

Now there appear to be two schools of thought as to how to

achieve an expanded market based on economic co-operation in W. Europe. There is the O.E.E.C. approach favoured by Great Britain, which is a system of co-operation between sovereign states and which has to date achieved real progress in the field of liberalisation of trade.

One must bear in mind, to appreciate fully the utility and unique achievement of the O.E.E.C., that in order to evade their undertakings under the Havana Agreement, many signatories of G.A.T.T. have employed exchange control and quota restrictions. The O.E.E.C. has achieved a high degree of liberalisation in intra-European trade, a measure of currency convertibility on current account through the E.P.U. and is looking towards a time when currencies will be fully convertible with a European fund to provide temporary financial accommodation to the weaker countries who are in overall deficit with the other members, and a board of directors which will continue to examine and criticise the economic policies of members states such as the permanent committees of the O.E.E.C. are doing at present. Proposals have also been developed for co-operation in the field of nuclear energy.

Alternative Approach

The other approach which at present seems to be gaining ground in Europe is that of the full customs union with a more or less supranational organisation for atomic energy. Such a common market might well lead on one day to a monetary and even political union. It is unlikely that Great Britain and Scandinavia would feel able to become part of such a set-up for

many years to come. On the other hand, whilst adherence at the outset of Great Britain to such an economic union would help to overcome many of the difficulties in its way, the formation of such a bloc without us might be highly inimical to our interests. Most continentals have little understanding for our attitude in world affairs and tend to the view that if we are not content to be part of Europe we should reconcile ourselves to becoming an appendage of America. Without us, such a bloc would be in danger of falling under German domination, but one cannot honestly blame the continentals for not taking account of our views when framing their proposals because we have so far been reluctant to express any opinion. Other factors which for some time are liable to stand in the way of the common market are the weakness and uncertainty of the French position while her colonial troubles last, the difficulty for France of dismantling a highly protectionist imperial and home economy, and the fact that the benefits of expansion as against those of the static welfare economy are not evident to the average worker. Like the kindred problem of automation, it would be easier to introduce a common market into a dynamic economy.

Impact of Automation

Automation is likely to make the common European market and other forms of economic integration still more of a necessity in order, on the one hand, to absorb the increased production of the factories and on the other to ensure raw material supplies. This points to the inclusion of the overseas connections of Europe who could not only provide the raw materials on a preferential basis

but also form markets for capital and finished goods and services. At the same time, a reinforced European economy might well form the only pole of attraction capable of putting an end to the crisis in the relations between evolving colonies and the mother countries. In the case of the Commonwealth, Great Britain can neither supply all its needs nor take all its products. What is needed is the creation of a balanced market on the greatest possible scale enjoying in varying degree the protection necessary to permit the fullest development of the potentialities of its individual members which will in turn contribute to the well-being of the whole. In the light of what has been already said, it is doubtful whether the institution of a common market in Western Europe along the lines of a full customs union would achieve that.

If the six countries were to join together and turn their eyes inward, it would be a tragedy. To remove all danger of this it is necessary to link the Commonwealth with such a group. One attempt to do so was the plan put forward some time ago to the Assembly at Strasbourg for a system of primary and secondary preferences linking the six powers with Great Britain and the Commonwealth. This would allow of the retention of existing preferences.

The details would take some working out, and after so many years of British silence during which the idea of a straight customs union has gained force in Europe, it will perhaps not be so easy to back the idea as it would have been formerly. A likely objection is that it would be contrary to G.A.T.T. but does anybody seriously believe that if the Commonwealth whose members are situated in every continent and the

principle European Powers insisted on modifications of the Charter so as to allow a preferential grouping on the above lines to be created, they would not succeed? It was not in such a mood of resignation that Europe and its colonial empires were built up in the past!

In the position where we find ourselves at present in this country, it is urgently necessary that we should

to maintain the standard of life of a population accustomed to its comforts?

How on a crumbling economic base will she be able to preserve that freedom of international manoeuvre and role of a Great Power which guaranteed her her prosperity in the nineteenth century? . . .

Common Destiny with Europe

Last February a first kite was flown through the good offices of a celebrated American organ. An article spoke in glowing terms of the existence of a British plan to 'link and even merge Western Europe, with its full industrial maturity, with the Commonwealth'.

. . . The support of several members of the Cabinet and some M.P.s was gained for this plan. It found fertile soil among the young Conservatives. . . . Their first conclusion is that England's lot is inseparably tied to that of Europe. Like dangers and material and human potentialities lie at the root of this conviction. . . .

Between the Asian and American continents an association between the Commonwealth and Europe could form a combination more or less coherent and viable composed of some 770 million people (500 million Commonwealth and 270 million Western European).

The Commonwealth would no longer be the closed preserve of Great Britain but would be open to European immigration and capital. Europe and the Commonwealth would thus be the main beneficiaries of the proposed fusion. . . .

Economics come First

The first phase of such an association would necessarily be economic and demand the bringing together in the monetary sphere of the

Sterling Area and the European monetary systems. This problem clearly presents serious difficulties but they are not considered insurmountable. . . .

The authors of the plan think it essential for the stability of Europe to give Germany permanent interest which can secure her adhesion to the West. . . . Let German capital be invested in the Commonwealth, let her technicians and immigrants find places there, let the German youth know that overseas territories are open to them and that they will be welcomed there on a footing of equality with other members of the association: these are links stronger than political treaties and statements of principle.

Germany nowadays disposes of considerable supplies of capital; the Krupp combine alone, as a result of the buying back of its main industries could place on the market nearly £50m. sterling. . . .

Spitzbergen to the Cape

There already exist in Africa Nations which are completely free. . . . There also exists a British Central African Federation possessing internal autonomy. It would be a question of creating new and vast federations whose independence would be recognised by the old Colonial Powers and which would themselves enter the Commonwealth on a footing of equality.

Thus, from Spitzbergen to the Cape, a homogeneous bloc could be formed which would provide, between America and the Communist world, that real third force to which the thought of European minds has often strayed since the end of the last war, at least in the political sphere.

Europe-Commonwealth Union: The Only Solution

By M. B. TESSELLIN (of the Agence France Presse in London)

In the course of the ten years which have followed the last World War more than ten million square kilometres of territory, more than a quarter of the world's raw materials and more than six hundred million of its inhabitants have been removed from the direct control of the nations of Western Europe.

This retreat is far from being over. In fact the pressure increases and extends today to the most vital possessions: France is threatened in Algeria, England on the whole of the Commonwealth strategic line of communications from Cyprus to Singapore via Jordan, Aden and Ceylon.

Whatever the origin of the danger, these losses threaten to reduce Europe in a very short time to its simplest terms—that of a minute promontory of the Asiatic continent with limited natural resources and a teeming population.

Already largely overtaken by the

United States in all that pertains to the living standards of its inhabitants, Europe is in the course of losing the race for material riches with the new Colossus which has arisen in the East, namely the Soviet bloc. . . .

Today, Science is Everywhere

In certain sectors of science and industry, England, thanks to the exceptional quality of her human material, still has her place in the front rank of the nations. But she is no longer in the forefront and every effort she makes costs her more than it costs either the U.S.A. or the U.S.S.R.

England's achievements in the application of atomic power for industry are illusory: they will not be of long duration. In a very few years the least developed countries will be able to equip themselves with reactors. . . .

Where then will England henceforth find export markets in order

Commonwealth Survey

(I) NO MEAN LEGACY

By H. B. SHAW, M.B.E., M.A.

It was British enterprise which gave to the world the material benefits of an Industrial Revolution now more than 150 years old and still progressing; from Watt and steam power; Whittle and jet propulsion, from Bell and the 'Comet' to the great 'Queens', from Stephenson and the 'Rocket' to the modern Diesel-electric locomotive. Hargreaves, Crompton, and Arkwright revolutionised the textile industries. Perkin made possible the aniline dyes industry, Bessemer and Gilchrist the steel industry, and Wickham and Ridley the rubber industry and, indirectly, many of the new plastics so associated. Friese-Greene pioneered the cinema, and Baird and Reith radar and television.

Sea and Air

The first twin-screw commercial vessel was built on the Thames, and the first modern tanker on the stocks of Armstrong-Whitworth, while the debt of shipwrights and marine engineers the world over to the research of such men as Froude, White, Watts, Isherwood, and Parsons is incalculable.

In the air the story is the same; the names of our great aeronautical engineers and pilots and of their aircraft since Alcock and Brown, the

first men to fly the Atlantic, are legion. It is surely not without significance that at the present time Great Britain holds all three world speed records—on land, on water, and in the air.

Sciences

So with the Sciences. Newton first stated the theory of gravity. Faraday developed the science of electromagnetism, discovered the principle of the dynamo, and defined the laws of electrolysis. Dalton formulated the atomic theory, and Davy, in addition to inventing the safety lamp, discovered sodium, potassium, and chlorine. Young enunciated the undulatory theory of light, and Maxwell proved the primary colours of the spectrum. Kelvin invented the galvanometer and, with a siphon recorder, made possible the first messages by ocean cable.

Medicine

So, too, with medicine. Harvey proved the circulatory system of the blood, and Jenner the merits of vaccination. Simpson introduced anaesthetics into surgery, and Lister the use of antiseptics. Charles Bell first distinguished between the motor and the sensory nerves. Tyndall enunciated the theory of germ infec-

tion, and the work of Ross and Manson paved the way for the stamping out of malaria and insect-borne disease. Nor are their modern successors lagging in equally important contributions: from penicillin to the sulphonamides, and from the use of isotopes to the cobalt apparatus.

Atom Unleashed

It was at Cambridge University that the atom was split and nuclear energy first released, with all the epoch-making advancements resulting therefrom. While little is popularly understood of these developments, it is worthy of note that at the recent Geneva Conference and Exhibition the largest American newspaper then reported that 'Great Britain, out to become the world's atomic workshop, made a great splash by offering for sale more than fifty industrial atomic products', and that the Swiss Press stated the view that 'for peaceful purposes, Britain appears in nuclear progress to be three years ahead of her competitors'.

Not only Shopkeepers

In the Humanities, the British record is outstanding. Where else, in so numerically small a nation, has there been a Shakespeare or a Milton, a Christopher Wren or a Giles Scott, or such a wealth of music and literature, of philosophy and art? Among which other people is the Stage so much alive, or a Ballet barely ten years old could take unchallenged international precedence?

Fourth-rate in Sport perhaps? But Cricket is a British invention, and the 'Ashes' are at home. Both Football codes originated here; as also,

and perhaps not without reason, did skittles, darts, and marbles! Athletics? The names of Bannister, Pirie, Chatterway, Jim Peters, Diane Leather, and Thelma Hopkins stand in the front rank of athletes, as do, on tracks of a different nature, Geoff Duke, Reg. Harris, and Stirling Moss. There are encouraging signs of a large-scale tennis revival. Our swimmers can offer a challenge to the world. And even Britons who have never of their own volition jumped higher than over their own front step have a special affection for 'Foxhunter', 'Prince Hal', and 'Rambler' and their skilful riders.

New Commonwealth

True, the old Empire is being reshaped, but the Commonwealth—a truly successful 'United Nations' all its own—has now taken its place; stronger and more durable because it is an affinity of free and independent peoples, broad-based on a mutual goodwill and understanding, and drawn closer because of an identity of purposes and ideals.

These are but few of the legacies of brain and heart and hand which Britons not only themselves inherit but are willingly sharing with the world. These are no attributes of a fourth-rate people and, despite temporary lapses and frustrations, the same factors will continue to function with equal effect in the future. They cannot be denied to us by anyone, for whether at home or overseas, in profession or commerce, in trade or industry, or in the services, in the hearts of those of British stock 'He who would climb and soar aloft

Must needs keep ever at his side
The tonic of a wholesome pride.'

(2) CANADIAN MARKETS HERE

MR JAMES DUNCAN, Chairman of the Dollar-Sterling Trade Council, said recently that Canada's export markets in Britain are threatened because businessmen in Canada are not buying enough British goods.

In a letter to more than 2,000 directors in Canadian business and industry, he said: 'Britain's trade deficit with us last year surged up to 372,000,000 dollars (£133,000,000) and is now larger than Britain's deficit with the United States.'

'This widening deficit taken in conjunction with Britain's loss of 640,000,000 dollars (£228,500,000) in dollar reserves last year, holds ominous implication for our exports to Britain.'

'The gravity of this matter justifies some reversal of the usual business relationship whereby the responsibility to sell goods rests with the seller, for we Canadians—the buyers—have almost as great a stake in the growth of the British sales to us as have the British themselves.'

Mr Duncan urged Canadian businessmen to review their purchasing policies to see whether any items originating in the United States could not be procured advantageously from Britain.

This, he added, might check Canada's trade deficit with the United States which reached 800,000,000 dollars (£285,000,000) last year, and was still increasing.

(3) THE KARIBA HYDROELECTRIC POWER SCHEME

THE World Bank has approved a loan of \$80 million in various currencies for the first stage of the Kariba hydroelectric power scheme in the Federation of Rhodesia and Nyasaland. The loan will help to finance the building of a dam and a power plant with 500,000 kilowatts of generating capacity at Kariba Gorge on the Zambesi River, and nearly 1,000 miles of transmission lines to the copper belt in Northern Rhodesia and the principal cities of Southern Rhodesia. The new installations will meet the increased demand for power expected from the continued expansion of copper mining operations and the exceptionally rapid growth of industry.

This is the Bank's largest loan in Africa and the largest it has ever

total of about £80 million (\$225 million). The Bank's loan will finance £28.6 million (\$80 million) of this amount; the Federation Power Board will finance the remainder through long-term borrowings in the United Kingdom and from the Government of the Federation as follows: £15 million from the Colonial Development Corporation of London, £3 million from the Commonwealth Development Finance Co. Ltd, of London, and up to £34 million from the Federal Government. The Government will obtain £28 million of its share from local borrowings: copper mining companies of the Selection Trust and Anglo-American groups will lend the Federation £20 million; the British South Africa Company, £4 million; and Barclays Bank D.C.O. and the Standard Bank of South Africa, both commercial banks, £2 million each.

The Full Scheme

The full Kariba scheme comprises the installations needed for the generation and transmission to consuming centres of 1,200,000 kilowatts of hydroelectric power. In the first stage of the scheme now being undertaken, an arch dam will be constructed across the Zambesi River at Kariba Gorge, about 170 miles from Salisbury. The dam will have a height of about 400 feet above the foundations and a length of about 1,800 feet at the crest; the head for power generation will be 300 feet. The reservoir behind the dam will be 190 miles long and 40 miles across at its widest point. Under the full scheme, two underground power stations will ultimately be built, one on either side of the dam, and each equipped with six 100,000-kilowatt units. In the first stage, one of the

stations will be built and equipped with five 100,000-kilowatt units. The first stage also includes the construction of a grid which will interconnect the major load centres in the Federation. A high-voltage transmission line will run 275 miles northward from Kariba to Kitwe, the main power switchyard in the copper belt, and southward to switchyards at Norton and Ummiati, and thence to Bulawayo and Salisbury, the two largest cities in the Federation. The combined length of the lines to the south will be 650 miles.

The Federal Power Board has retained an international group of engineers to plan and supervise construction of the project. Preliminary works are already under construction and power is expected to begin to flow from the project by 1960. The first stage is expected to reach its full potentiality of nearly 4 billion kilowatt hours per year by 1963. The second stage of the Kariba scheme will be carried out as the growth in power demand justifies it.

The Loan

The Bank's loan is for a term of 25 years and bears interest of 5 per cent, including the statutory 1 per cent commission charged by the Bank. Amortisation will begin June 1, 1963. The loan will be guaranteed by the Federation of Rhodesia and Nyasaland and by the United Kingdom.

This is the third World Bank loan to territories in the Federation. In 1952, Southern Rhodesia borrowed \$28 million for electric power, and in 1953, Northern Rhodesia borrowed \$14 million for railway development. Both loans were guaranteed by the United Kingdom, and the Federation, after it came into existence in September 1953, added its guarantee.

First Stage

The first stage of the Kariba development is expected to cost a

(4) NEW ZEALANDERS ON IMPERIAL PREFERENCE

MR J. D. ORMOND, Chairman of the New Zealand Meat Producers' Board, today demanded action to combat London influences which, he said, were trying to end the system of imperial trade preferences.

He said New Zealand should have 'a completely new look' at her trading relationships, including the tariff preference enjoyed by British goods in New Zealand.

Mr Ormond, who was addressing the annual conference of sheep farmers at Massey Agricultural College, said the move to end imperial preference did not come from the British home meat producers. He said it came from 'certain interests in the City of London', and New Zealand should argue her case in London without delay.

Those who were trying to write off Imperial Preference as out of date were hardly less dangerous than those trying to break up the Commonwealth by more violent means, Mr Ormond said.

New Zealand was far more dependent on meat exports than Canada or Australia, he said, and if Imperial Preference ended she would face 'economic disarmament'.

Mr Ormond said that New Zealand, as the world's largest meat exporter, and with the United Kingdom as her largest meat market, would be highly vulnerable if her traditional rights in the British

market were whittled away. Since 1938 the benefits to New Zealand under the Ottawa Agreement had been largely paper benefits, because there had been a shortage of meat during that period, and a full application of imperial preference had not been necessary. But now, just as New Zealand producers were again beginning to see a very real need for imperial preferences as 'an insurance for the future,' some people were trying to break down the Ottawa principle.

Mr Ormond claimed that the elimination of Imperial Preference was intended under the General Agreement on Trade and Tariffs (G.A.T.T.). 'Today Britain has set about a policy clearly designed to fall in with G.A.T.T.—a policy of elimination of quotas in favour of tariffs, which cannot give us the protection we once had and still desire', he said. Other nations had been given waivers and exemptions under G.A.T.T., and so should New Zealand if necessary.

Mr W. Malcolm, chairman of the Meat and Wool Section of New Zealand Federated Farmers, expressed similar view to Mr Ormond's at another farmers' meeting here. Addressing the federation's annual conference, he said the New Zealand and British Government should thoroughly examine future trading preferences and prospects in each other's markets.

Minister of Agriculture Replies to Mr Ormond

'As I made clear in my press statement of June 21, primary producers and marketing organisations concerned have been kept closely advised of the development relating to the Ottawa Agreement and meat trade with the United Kingdom', said the Deputy Prime Minister and Minister of Agriculture, the Rt. Hon. K. J. Holyoake, when a statement made by Mr J. D. Ormond, chairman of the New Zealand Meat Producers' Board, was referred to him. Mr Ormond had demanded action 'to combat influences in London' which, he said, were trying to end the system of imperial trade preferences.

'Furthermore', continued Mr Holyoake, 'as I have indicated in my statement, I, and other Ministers, have had two meetings with the producer bodies concerned, and a further is planned for today, when Mr Ormond should be present. Mr Ormond, together with leaders of

other farm organisations, has been kept particularly fully informed of the steps the Government has taken to safeguard the rights of the New Zealand producers, and they had, in fact, taken part in preparing the representations to the United Kingdom Government. I am, therefore, rather at a loss to understand Mr Ormond calling for prompt action by the Government in this matter.

'I had thought I had made it clear, both in my press statement and in recent communications to Mr Ormond, that the Government had requested the United Kingdom Government to take no steps which will prejudice the interests of the New Zealand producers having regard to the principles of the Ottawa Agreement. In addition, the Government has informed the United Kingdom Government that it wishes to discuss this whole matter later in the year, and has received an assurance that the United Kingdom Government is prepared to have an exchange of views on meat later this year.'

(5) IMPERIAL ORANGE JUICE

WE suggest that Her Majesty's Government in the United Kingdom should seriously consider again the inclusion of orange juice in the school meals programme, a proposal which was rejected during the 1955 citrus talks with British Caribbean representatives. To revive it would be to do a service to British children and elsewhere.

and British Caribbean citrus producers alike, as well as to demonstrate a proper sympathy for the producers' indisputably desperate predicament in the face of the onrush of citrus production in Israel (doubling in the next three years), the United States of America, in Africa and elsewhere.

(6) SOUTH AFRICAN TRADE ACCORDING TO CURRENCY AREAS

	1954		1955	
	Value	Perc. itage	Value	Percentage
	£ million		£ million	
EXPORTS: (f.o.b.)				
Sterling area	185.9	57.2	197.2	54.6
Dollar area	33.6	10.3	32.1	8.9
O.E.C. countries	80.5	24.7	84.9	23.5
Other countries	10.3	3.2	17.0	4.7
Optional ports	14.8	4.6	30.0	8.3
TOTAL	325.1	100.0	361.2	100.0
IMPORTS: (f.o.b.)				
Sterling area	205.7	46.9	220.1	45.7
Dollar area	104.7	23.9	121.0	25.1
O.E.C. countries	86.1	19.6	95.9	19.9
Other countries	42.1	9.6	45.2	9.3
TOTAL	438.6	100.0	482.2	100.0

From Union Department of Customs and Excise

(7) S.W.A.—FEDERATION RAIL LINK

A RAILWAY line between Walvis Bay, in South-west Africa, and the Federation of Rhodesia and Nyasaland for the shipment of coal from the Federation to Britain is not only an economically sound proposition but also a vital necessity for the United Kingdom, according to the report of an interview given by Mr Graham Page in Bulawayo during the month. Mr Page is one of a group of British M.P.s advocating this development; and in his interview he was replying to a statement of Mr Marshall Clark (at one time General Manager of South African Railways) questioning whether a West Coast rail link and the shipment of 10 million tons of coal a year to the United Kingdom was economically feasible.

From Modern South Africa, June 1956

Coal for Newcastle?

Mr Page said that despite an investment of £350 million over the past five years in British coal mines it had been possible only to maintain production at a level rate. 'We are now proposing to invest £1,000 million in those mines in the next ten years to put up production by 19 million tons a year. On past figures, £700 million of that £1,000 million will go in keeping production up to its present level. The remaining £300 million is the cost of increasing the rate by 19 million tons a year in ten years' time.

'Therefore', he said, 'Mr Clark's and Colonial sources.

The Essence of Capitalism is Change

'Now the essence of capitalist economics is change. New materials, commodities, markets, methods, machines and techniques are constantly being developed. As the new emerges, the old decays. When India and Japan produce textiles, Lancashire's exports decline. This constant change has been described by the economist Schumpeter as "the perennial gale of creative destruction". In this gale of change we may not be able to sell tomorrow the goods we sell today. If so, we must produce other goods which will sell. But we shall not be able to do this; we shall be priced out of markets we could have retained, unless we keep pace with our competitors, unless we adapt ourselves to change, and initiate it as fast as they do.'

So writes Frank Ware in the *Free Trader*. He proceeds to criticise the Restrictive Trade Practices Bill for the reasons that it covers too little ground, it is too slow and too lenient. He urges outright prohibition of all agreements between rivals over prices, tenders or quantities. The government case is that such general prohibition may sometimes do harm, and is in any case hard to enforce; and I agree with the government view.

Hardened Arteries

But to say this does not imply satisfaction with things as they are. The government does not really believe that the essence of capitalism is change—it believes in its bones that capitalism requires the conservation

From *The Individualist*, June 1956

of the principles under which Britain became the most prosperous country in the world during the 19th century. In those years, change and competition at home were hardly necessary; almost anybody who could make anything at all out of metal, cotton or wool could find a ready export market for it. Taxation was extremely low, and there was the utmost incentive to produce; the employer who worked hard could be sure that his extra reward would not be taxed away. Therefore the State restrictions which impeded competition and change at home passed unnoticed, except by the great army of underpaid wage-earners, and they were ignorant of the real cause of their woes.

Effect of Nationalisation

Today circumstances have changed. Two exhausting wars have destroyed our capital and loaded us with debt. Every one of our staple export articles is subject to keen competition abroad. Our wage-earners are now so firmly organised that they can demand the moon, and politically they are determined that all extra reward to the enterprising employer shall be milked away in taxation to supply amenities for the wage-earner. But there is so little competition among employers that almost every wage demand is conceded, at least in part, after a show battle, since the employers know that they can preserve their profits by raising prices. That veteran Socialist Hyndman noticed this fifty years ago, and declared that strike action for higher wages was futile: the only useful strike was one for the nationalisation of industry. Fate then interposed, however, to show us in Russia the effect of complete nationalisation

opposite policy. Not only do we do nothing to help the small man, but our tax system makes it hard for him to finance those extensions to his business which are so necessary in the early years, finance which it is next to impossible for him to get from our banks. Hire purchase restriction, the credit squeeze, these bear more heavily on the small than on the large firm.

Change demands Competition

These things are going on under our noses. And what do we do? We are indignant that the large firms do not compete, and we devise an elaborate Restrictive Trade Practices Bill in order to prevent practices which are inevitable under

monopoly, but which would disappear without legal compulsion under freedom. 'The essence of free enterprise is change' and change involves constant competition *from below*. We profess to desire free enterprise; but we do nothing to ensure competition from below—we stifle it on every hand. We tie ability down to inferior wage-earner jobs where it turns sour and poisons the whole wage-earning class. We are being slowly pushed into totalitarianism simply because we fear liberty. We fear liberty, from the government down to the small employer, and, like cowards, we await extinction from the mounting ignorant Socialist vote rather than risk ourselves on 'the dangerous sea' of liberty.

Technical Assistance to Latin America

Forty per cent of the missionary projects carried on in Latin America by Catholic and Protestant missionaries from the United States are concerned with technical assistance programmes, according to an independent study entitled 'Technical Assistance by Religious Agencies in Latin America'. The study was prepared by James G. Maddox for the National Planning Association, and has been published in book form (University of Chicago Press, \$3.50).

The projects involve about 2,100 missionaries, or more than three times the number of persons conducting the U.S. Government's tech-

nical assistance programme in these underdeveloped countries. However, the 664 government workers are backed up by about \$22 million a year, while the missionaries are supported by contributions amounting to more than \$8 million, the report says.

A sidelight to the study is that charts indicate that American Protestant missionaries outnumber U.S. Catholic missionaries in Latin America by 3 to 1. However, the report does not include reference to the large number of European Catholic missionaries or local clergy and religious.

From Caip News, bulletin of the Catholic Association for International Peace, Washington, D.C., U.S.A.

among established employers: the young Ford swept the world market with a cheap 'Tin Lizzie'; but it is chiefly to the capable wage-earners that we must look for fresh blood. Here are to be found men of restless energy who chafe at taking orders from others; men who long for the opportunity to carry out their own ideas. When these men are forced to remain as wage-earners, their spirit turns sour, and breeds revolutionaries.

A Chance to Rise

In a free society there must be an opening for these men to attain the employer position. U.S.A. recognises this, and spends substantial sums every year to assist small businesses. U.S. banks are readier than ours to help small businesses. They would show a still greater readiness if U.S.A. granted freedom of note issue and thereby enabled better competition among banks. Britain adopts the

Emphasis on Education

Technical aid programmes by the missionaries centre around education, health work, and agricultural projects. The emphasis is on education. More than 1,300 of the 1,600 technical aid activities are schools. Of the 1,300 schools, which are not strictly religious in character, 1,157 are sponsored by U.S. Protestant agencies, 198 by U.S. Catholics, and the remainder by other groups.

The report includes a statement by a committee of the National Planning Association, which states that the greatest challenge to missionary groups is 'to keep their technical assistance programmes abreast of the social and technological changes occurring in Latin America'. To make programmes by religious groups more effective, the committee made a number of suggestions. These included recommendations that the religious agencies jointly sponsor a central organisation with a staff of highly qualified technicians, that they work more closely with government technical aid programmes, that they direct educational efforts more toward children of low-income families, and that they put more accent on preventive, rather than curative, medicine.

More Latin Americans

The most serious social problem of all in Latin America is the provision of adequate religious service for the rapidly expanding population, declared Fr W. J. Gibbons, S.J., at a Conference on the Migration of Peoples in Latin America, held recently at the Catholic University, Washington, D.C.

In the next 50 years, Father Gibbons said, the population of the twenty Latin American republics will be more than doubled. In the next 30 years, he added, 'there presumably will be three Latin American citizens for every two in the United States and Canada'. He told the Conference that the present rate of population growth in Latin America exceeds that of practically all other regions. The next half-century, he asserted, will see Latin America 'forge its way ahead into a position of leadership which can have profound influences on the trend of world affairs as well as upon internal welfare'. Fr Gibbons emphasised the desperate need for more priests and more vocations to the priesthood in Latin America.

EMPLOYMENT IN GREAT BRITAIN

The number in civil employment in Great Britain at the end of May was just over 23 million, having risen by 20,000 during the month. There was a decrease of 35,000 in the manufacturing industries but this was offset by increases, largely seasonal in character, in the basic industries, in building and in miscellaneous services (hotels, catering, etc.).

Prospecting and Mining in Eire

\$8,000,000. Tests have revealed that the deposits consist of low-grade ore but are very large. Work started about eight months ago and the engineering and planning phases are now complete. The company hopes to be in active production before the end of 1958.

The Mogul Mining Corporation has also secured a mining licence to prospect old copper workings near Bonmahon, County Waterford, where test borings are to be undertaken in the near future. The Bonmahon Mines have not been worked for more than half a century. They are regarded as low grade deposits, but are fairly widespread.

Much speculation has been roused by a recent statement of the chairman of Silvermines Lead and Zinc Company of Shallee, County Tipperary, that overtures had been made by St Patrick's Mines Ltd, of Avoca, in regard to this property. The mines were re-opened eight years ago and an extensive development programme is reported to be planned. The company has already deepened the main shaft and excavated pump chambers and ore bins and an H.M.S. plant should be in operation within a few months. In the past two years a new plant and equipment to the value of £120,000 have been installed. So far an estimated £600,000 has been expended on development work, part of this expenditure being financed by a Government loan of £120,000 made some three years ago. Production is currently at the rate of some 123,000 tons of ore annually, the bulk of which is being

THE 'invasion' by Canadian mining interests is being encouraged and assisted by the Government of Eire, whose attitude towards the exploitation of the country's mineral resources is more constructive and realistic than that of the U.K. A Bill introduced last year, which has now passed the committee stage, grants tax exemption on all new mining enterprises for the first four years following initial development operations.

This legislation was closely linked with negotiations concerning the establishment of a new copper mining company at Avoca, County Wicklow, by a Canadian firm, the Mogul Mining Corporation of Toronto. The Avoca group of mines was worked from 1790 to the end of the nineteenth century. The new company formed to exploit them is known as St Patrick's Copper Mines Ltd and will eventually mine at a rate of 1,000,000 tons a year. A first charge on profits is a 4 per cent royalty on operating profits up to £35,000, rising to 9 per cent on profits over £175,000. The Government of Eire reserves the right to purchase 50 per cent of the metallic products. A lease for 21 years was executed on January 3, 1956. It transfers the right to mine copper, lead, zinc, pyrites and other minerals over an area of 6,900 acres.

New Life for Old Mines

According to Mr H. D. Forman, managing director of St Patrick's Mines, overall expenditure on the Avoca mines is estimated at about

From *The Mining Journal*, June 8, 1956

exported. Lead production is at present in the region of 150 tons a month. Small quantities of silver are also being recovered.

Joint Irish-Canadian Company

The Government has approved plans to develop an area of 50 sq. miles at Castleblaney, County Monaghan, and an area of 10 sq. miles at Beauparc, County Meath, both of which were formerly mined. These areas will be exploited by the recently established Mining Corporation of Ireland, which is a joint Irish-Canadian company. The parent company, Can-Erin Mines of Toronto Limited, has a capital of \$5,000,000. The mines, which have been closed for nearly 50 years, are reported to have large deposits of good quality zinc and copper ores, which are being examined by the firm's senior geologist, Mr James D. McCannell, of Toronto.

In their agreement with the Eire Government Can-Erin Mines are committed to spend \$100,000 on initial test borings for copper, but it has been stated that the group is prepared to spend \$5,000,000 on developing both mines. A large force of Irish labour will be employed and will be trained by Canadian experts. Drilling operations are being sub-contracted to the Cementation Company of Ireland Ltd. Test borings were expected to begin at Beauparc on May 1 and might last from one to three years. The setting up of smelting plant and concentrators will depend on the extent of the copper deposits.

Officials of Can-Erin recently visited the Allihies area of West Cork to examine old copper workings. At the height of production some 2,000 people were employed at the Allihies Copper Mines, which were worked

for more than a century, and in 1838 copper ore valued at £74,879 was mined there and exported to Swansea for processing. Mr McCannell said that a chunk of ore he had found in an old dump in this area was about 20 per cent copper.

New Drillings

Mr N. T. P. O'Sullivan, an official of Can-Erin, stated that a new company, the Emerald Isle Mining Corporation, with a paid-up capital of £50,000, would be formed to exploit the old workings at Allihies. While it is primarily interested in these mines, Can-Erin has obtained mining concessions over 200 sq. miles in West Cork. Borings are shortly to be undertaken to determine what lies below the greatest depth of the old borings, which went to 1,800 ft. About £250,000 is to be spent on the initial boring tests. Canadian and Swedish drilling equipment will be used. Should sufficient quantities of ore be indicated, some \$3,000,000 will be available for equipment and for the sinking of new shafts. Experimental drilling for copper is expected to be completed in about six months and it is hoped that the mines will have a capacity production of some 500 tons of ore daily, providing work for about 1,000 men. A German firm has expressed interest in the smelting of any ores produced.

Traces of asbestos have been found on the site of the Allihies workings and the possibility of exploiting this mineral is to be examined.

At Glendalough, in County Wicklow, a mining company is about to add flotation units to its present mill to increase the output of lead and zinc concentrates. Development has shown that the veins being mined continue to 100 ft. below adit level.

Minerals Consciousness

Indicative of the extent to which Eire is becoming 'mineral conscious' was the news that a deputation from Sligo County Council was to meet the Eire Minister for Industry and Commerce to request that a survey be taken immediately of mineral deposits in the County. Officials of the Council were reported to be holding talks with representatives of two mining companies already established in Eire, in an effort to induce them to promise exploitation of mineral deposits following completion of a survey. The Abbeytown Mining Company, a J.C.I. subsidiary, already operating in County Sligo, is making satisfactory profits and development has shown an appreciable improvement in grade of ore.

An aerial survey of certain areas in County Mayo is to be undertaken shortly by a group of Canadian mining experts with a view to exploring its mineral resources. A specially-equipped aircraft will take instrument readings of Achill, the Ox Mountains and the Erris districts.

Recently the Minister for Industry and Commerce said that this region had already been the subject of a survey by the Geological Survey Section. He added that the information obtained would be brought to the notice of any group interested in undertaking mineral exploration or development work in the region. Deposits of copper and lead are known to exist in north County Mayo.

Can the World Bank Do It?

By GEORGE O. OREWA, B.A., *University College, Bangor, N. Wales*

In my former article in the *Economic Digest* of May, 1956, entitled 'Investment in the Underdeveloped Countries', I tried to show that the most probable source of large-scale investment is the World Bank, since foreign investors are not interested in projects which do not yield quick returns, for example, roads and education; and inter-government loans are not available due to political uncertainties.

In the present article I shall attempt to show the attributes of the World Bank which make it most suitable for the financing of these types of projects. Briefly, a loan to

an underdeveloped country should be mainly for the financing of large-scale schemes yielding no immediate monetary returns, the rate of interest must be low; the loan should be a long-term one and should be free from the pressure of political groups in a single country and it should have no political strings attached to it by the lender. If it is invested in industries, it should be in 'light industries', employing a large proportion of local labour and other resources per unit of capital. There should also be some safeguards for the repatriation of profits, if the investment is made by foreigners.

Low Interest Rates

As regards the rate of interest, the World Bank lends at very low rates, because it can borrow cheaply at almost gilt-edged rates at the various international centres and because as compared with private investors, it is not a profit-making body. Moreover, its loans carry very little risk and therefore, the risk rate of interest is at a minimum. Why is the risk rate of the World Bank's loans very low? The loans are made largely to the Governments of the underdeveloped countries who are directly members of, or are satellites of, the International Monetary Fund and of the World Bank. This fact has twofold significance. The loan is generally made to a country with a fairly stable government, often democratically elected by the people, and the Bank is thus able to guarantee that there is no likelihood of a political upheaval in the near future in the young country concerned.

The bank also guarantees some loans made through it by foreign private investors to these underdeveloped countries, provided that they are made for certain approved schemes and safeguards are provided for the repatriation of profits. Also the fact that the Bank sometimes provides a skeleton staff of field experts in the geographical areas of some large-scale schemes, helps to ensure that the funds available for such projects are not mis-managed.

Economical

The foregoing factors tend to reduce the risk rate and hence of the gross rate of interest. These make the loans very economical for long-term investments which promise no immediate returns.

In order to raise the level of effective demand in the young country, the initial investment should be in such projects as employ a large proportion of local labour and other resources per unit of imported capital. Bridges, roads and mines are examples of such projects. Such investments, besides offering large initial employment, also have secondary increases in employment through the multiplier. Investment in communications does not appeal to private investors. On the other hand, in the world today, inter-governmental loans are so limited due to the disquiet which looms over international relations, and due to the influence of economic and political pressure groups in both the lending and borrowing countries.

One of the reasons for the former is the fear that the industrialisation of the younger country would reduce the supply of raw materials to the lending country's industries and would also divert some demand for the latter's manufactured products to those of the young country's industries. Whether this fear has any foundation or not, is another question. But its effect is to shut the doors of one of the sources of large scale investment in the underdeveloped countries.

Leading Strings

On the other hand, the government of a young country may be unprepared to accept inter-government loans with an attachment of such 'strings' as the establishment of a military base by the lending country on the borrower's soil, or on condition that some types of minerals should be sold exclusively to the lending country. For the young country these mean condemning itself to economic and political serfdom.

But the World's Bank's loans generally have no such 'strings' since it would be difficult, if not impossible for a single member (country) of the Bank to impose such conditions on the borrowing country. For example investors and lenders, say in Switzerland cannot bargain effectively with those in Britain, to attach any political 'strings' to a loan through the World Bank, say to Syria.

Limited Funds

In order to lay a broad foundation for the future industrialisation of a country, some bold attempts to embark upon such large-scale projects as the Kariba scheme, must have to be made. Such a scheme requires a great amount of money and materials, which is not readily available from private investors directly. The World Bank is one of the main sources of finance for such. But the World Bank's funds are limited. It must still have to resort to private investors. If the political atmosphere is cool in the underdeveloped countries, the Bank can guarantee the safety of loans made by private investors to these countries for certain approved schemes. These would quicken the tempo of development and would reduce the need for string-attached loans, which come mainly from foreign governments.

Self-sufficiency an Illusion

The underdeveloped countries must have to play their part. The Governments of these countries could do with less scepticism about foreign investment. Political independence is important, but economic self-sufficiency, especially in investment,

is an unreal conception which can only be banished into the limbo of fancies and fictions, in order that the masses of the world population may enjoy the fruits of industrial and technical progress. Today, for example, Nigerian political leaders are aware of this fact, and their various economic missions to Europe, America and Japan are encouraging. To the ordinary citizen in any country (developed or underdeveloped), it is a minimum standard of living which matters most to him. He cannot be fed with philosophical and political dogmas of nationalism, although he can do with some of them provided he is given employment and provided with the necessities for existence—food, clothing and decent houses.

The United States is a great and wealthy nation today, but it had to depend, during the early decades of the nineteenth century, on British investment. New Zealand, Australia and South Africa had also to depend partly on loans from Britain and Nigeria for their development projects. It is only a paradox of twentieth-century nationalism in trying to aim at the impossible—investment self-sufficiency for an underdeveloped country.

One may conclude by saying that the World Bank 'can do it', given the congenial political atmosphere in the field of international relations and with adequate resources available to the Bank. But if there be any doubting Thomases who do not think the 'Bank can do it', then they can only be referred to the part which the Bank has played in the Colombo Plan, the Aswan Dam project and the Kariba scheme.

Industrial Ulster

By C. T. PERTWEE

THE economic prosperity and political future of the United Kingdom depends on its remaining a great trading nation of the world and also the centre of the Sterling Area. To remain a great trading nation it is vital that we should develop our economy to the full, and one of our problems is that in most parts of the United Kingdom our economy is over stretched, and in spite of redundancy and short time working in some industries, we still have in the main too many jobs chasing too few workers.

Only in one part of the United Kingdom is there a real possibility of further industrial development and that is in Northern Ireland. This is not to suggest that the province is a depressed area because in many ways it is a thriving community with many successful industries but yet there is still a surplus of labour. This surplus of labour has been due in the past to the fact that Northern Ireland has had too few basic industries; the National Service Act does not apply, their young people come on the labour market at the age of 14 years and the labour population is expanding at the rate of 2,500 a year. It seems to me therefore that we have our greatest opportunity of further industrial development.

Northern Ireland very largely escaped development during the 'industrial revolution' because of the lack of raw materials, especially coal and water power, and while the high price of coal presents a problem it is in part overcome by a coal rebate from the Government on industrial coal used or its equivalent

in gas or electricity. The province today however looks forward with confidence to the future and the coming of atomic energy which will solve its problems of fuel.

Much to Offer

In spite of these disadvantages Northern Ireland has much to offer industrialists considering expansion. History and climate have helped to produce a people hard working, loyal, independent and determined always to give a full day's work for a good day's pay. Moreover, while it is true that agriculture is the largest industry and most of the population is only one generation removed from the land, the linen and ship building industries are long established with the result that an industrial population has developed in the province.

Since the end of the war the Northern Ireland Government has decided to encourage the broadening of the economy and the result has been the establishment of over 100 new plants and the expansion of 80 others. The new industries vary very widely in what they produce from nylon hosiery to aircraft and precision engineering and many well known British firms have factories in full production. A number of American enterprises have also been established in the province.

Constitutional Position

Before we consider the industrial opportunities of Ulster it may be as well to explain the constitutional position of the province as its position is somewhat unusual being the only part of the United Kingdom to enjoy Home Rule. It is true that

this Home Rule was forced on the people because of their desire to maintain their British connection. The governing of the Six Counties is divided between Westminster and Belfast, the Belfast Parliament being responsible for purely internal affairs and the province being also represented at Westminster by 12 members of Parliament. Nearly all the main sources of public revenue, including income tax, purchase tax and customs and excise duties are administered directly by the Westminster Government and are levied at the same rates as in Great Britain. Social benefits are identical with those in Great Britain, and moreover, there are no trade restrictions of any kind between Northern Ireland and the rest of the United Kingdom.

Industrial Expansion

The Northern Ireland Government at the end of the last war decided on a policy of industrial expansion and its policy has been successful as reports show that the economy is a growing one and the problem of the past of unemployment is being solved; in fact, 80,000 more people are at work today than before the war. The value of trade passing through Northern Ireland is two and a half times what it was nine years ago. To speed up industrial expansion the Ulster Government set up 'The Northern Ire-

land Development Council' under the dynamic chairmanship of Lord Chandos and it also announced concessions to encourage new industry; the principal concessions could be listed as follows; (a) 25 per cent capital grant for plant, machinery and new building. (b) Grants toward transfer of machinery to Northern Ireland. (c) Government factories to meet the needs of industrialists on rental or repayment. The fact that active help is given by Government departments in arranging housing priorities for key labour is also important but, more important still, the credit squeeze does not apply.

Firms which have come to Northern Ireland since the end of the war have been satisfied with conditions as they have found them. Labour has been easy to obtain and, once trained, the workers keep up a high standard. Little time has been lost through industrial disputes and abatementism is well below the average for the United Kingdom as a whole.

In Northern Ireland British industry may find the room to expand which is so vital if our economy is to remain an expanding one, and in helping to bring prosperity to Ulster, firms will not only be solving their own problems but also helping the economy of the United Kingdom as a whole. One fact is certain—that prosperity within the United Kingdom is indivisible.

Notice to Readers

Will readers kindly note that in view of the holiday period this issue of *Economic Digest* covers two months and is the August-September issue. Some extra articles have been included to compensate for the fact that one issue is covering a two-month period. The next issue will be October, which will be available on the 1st of the month.

Digest Reviews

Britain's Trade with the Middle East

	Exports to		Imports from	
	1955	1954	1955	1954
Egypt	29,133	21,455	9,758	16,725
Turkey	14,009	12,213	8,820	7,219
Iraq	26,723	23,558	32,538	44,529
Persia	18,139	8,291	16,948	3,292
Israel	9,847	6,965	7,766	9,058
Lebanon	9,986	5,516	1,923	553
Syria	7,639	6,935	4,918	3,196
Aden	7,316	14,336	4,803	2,360
Jordan	6,223	5,801	24	52
Saudi Arabia	7,892	5,729	3,159	1,792
Kuwait	8,138	10,211	125,603	134,506
Bahrain, Qatar, Trucial Oman	12,848	10,947	20,948	16,339
Muscat and Oman	330	249	22	11
Yemen	8	4	0	4
Cyprus	13,835	10,709	6,844	6,220
TOTAL	172,066	142,899	244,074	245,856

From *Jewish Observer and Middle East Review*, June 8, 1956

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vast areas of the world a further increase of 20 per cent would be required.

There is certainly room for improvement. The present standard of living of the world's people on farms and in cities does not justify excessive pride in our achievements so far. In a list of 70 countries, only 8 show an average yearly income per head of as much as 600 dollars. These 8 countries represent 11 per cent of the total population in the world. In 40 of these countries, average incomes are below 200 dollars. These countries representing two-thirds of the total world population receive less than one-sixth of the world's income. This is surely a disgraceful situation and one which cannot long endure.

While the problem is a formidable one, it is not beyond solution. Farming techniques are being improved and there are vast potential resources which science and capital could capture for agricultural production.

The agricultural and industrial success of the world's economy are organically interwoven. Development is only possible if that fact is clearly recognised by leaders and planners of both. The responsibility for success in meeting the challenge to world agriculture, concludes the report, rests mainly on governments co-operating with industry, agriculture, finance and labour in their own countries and with other governments on a regional and world scale. In this last task, F.A.O. plays a major part.

Undoubtedly there will have to be, in the next few decades, a vast transfer of capital resources from America, Europe and Russia to India, South East Asia, the Far East and other under-developed areas of the world. D.R.S.

F.A.O. REPORTS

Agriculture in the World Economy.

Food and Agricultural Organisation.

H.M. Stationery Office; 5s.

The ever growing mass of statistical material has given rise in recent years to improved techniques of representing such material in graphical and pictorial form. In this report, such techniques are successfully applied in conjunction with a clear text to give a particularly lucid picture of the overall state of world agriculture.

Of the outstanding facts emerging from this report, the following may be mentioned.

Agriculture, states the report, is of prime importance in the expanding world economy. It employs more than half of the world's population and is the largest primary industry. Its problems have not always caught the imagination of modern man in the same ways as have those of science and technology, commerce and finance but it fulfils vital needs.

The current rate of population increase represents a serious challenge to our ingenuity and energy. Every day there are some 80,000 more people to be nourished, dressed and housed and more than half of our fellow men live in conditions which are becoming increasingly less tolerable to them and to those of us who happen to be better off. It is estimated that by 1975 increased food production of about 20 per cent will be necessary to feed everyone at present day levels of consumption. In order to improve substantially the sub-normal nutritional standards of

TEXT BOOKS

The Economics of Consumption. By W. W. Cochrane and Carolyn S. Bell. McGraw-Hill; 49s.

The authors of this volume have sought to arrange and present the available research and thinking in the field of behaviour of individuals and groups in their activity as consumers. In pursuit of this objective they have analysed and fully described the decision-making of households within the frame of reference provided by modern economics.

The book is intended for those who have completed a conventional course in the principles of economics.

The Economics of Repressed Inflation. By H. K. Charlesworth. Allen and Unwin; 13s. 6d.

The author of this 126-page book deals with the situation which arises when governments attempt to offset the ill effects of inflationary pressures by direct interference with the working of the price systems, through the imposition of controls. He analyses the operation of the economy when part of the economic system is free, and part controlled, and he has made a useful contribution to the understanding of the mechanics of inflation as it applies to a modern economy.

MORE ABOUT 'RAB'

Richard Austen Butler, by Francis Boyd. Rockliff Publishing Corpn; 15s.

This is the first of a new series of monographs of politicians of our day. It adds little to Mr Harris's biography reviewed in the last issue of ECONOMIC DIGEST but is equally well written and clearly brings out Mr Butler's 'constant support for the liberalisation of trade'.

LEADERS

Eisenhower: The President. By Merlo J. Pusey. Macmillan. 21s.

Winston Churchill on Jewish Problems. A Half-Century Survey, by Oskar K. Rabinowicz. Published for the World Jewish Congress, British Section, by Lincolns-Prager (Publishers) Ltd.; 7s. 6d.

Race and Power. A Bow Group Publication. 5s.

Mr Merlo J. Pusey is unashamedly a partisan. His book will be useful, particularly to the non-American reader, for the impression it gives not only of the President but of those around him in the Cabinet and the National Security Council which Mr Eisenhower has re-organised, using his undoubted gifts as a chairman and as a former great staff officer. Mr Pusey never, however, reaches far below the surface and pleads too much the many virtues of his hero which history will not dispute. The President suffers sometimes from being portrayed as a bit of a prig and he is certainly not that.

If Mr Pusey certainly likes Ike, Mr Oskar K. Rabinowicz likes Sir Winston Churchill. His is the first part of a detailed study, involving much patient research, of Sir Winston's long-standing sympathy with Jewry and his belief in Zionism. For him, as for other British statesmen like the late Mr Leo Amery, Zionism was not only good in itself but a means of providing Great Britain with a secure Imperial base in the Middle East. It is to be regretted that more politicians today do not view the Arab Israel question from the point of view of British interests rather than from sentiment or prejudice.

The Bow Group, a very talented band of Conservative intellectuals,

have brought together in *Race and Power* the contributions of several authors on the political movements and political leaders, both white and coloured, in British Guiana, the Gold Coast, Kenya, Malaya and Northern Rhodesia.

HISTORICAL

English Politics in the Early Eighteenth Century. By Robert Walcott. Oxford; 18s. (U.K. only.)

Essays Presented to Sir Lewis Namier. Edited by Richard Pares and A. J. P. Taylor. Macmillan; 36s.

England and the Middle East: The Vital Years 1914-1921. By Elie Kedourie. Bowes and Bowes; 30s.

Mr Walcott's is another study after the Namier pattern. By analysing the English electoral system of 1701 with its variety of electoral qualifications and of electioneering methods and the House of Commons, elected that year, its Members and their connection with the Peerage, the conclusion is drawn that in those connections rather than in the Tory and Whig philosophies lay the basic units of Party politics. In the second part of the book the author tests his theory by an examination of the Party groups which existed before 1702 and by detailed case histories of the 1702 Election and the Parliamentary session of 1707-08. This evidence does not suggest that the Revolution of 1688 produced Parliamentary government founded on Whig and Tory Parties or the combination of both but that the administration's Parliamentary basis was the Whigs and Tories of the Court. The task of Ministers was to recruit enough supporters, by patronage or otherwise, from other Whig and Tory groups and thus maintain its power and authority.

Mr Walcott shows that the politi-

cal situation in the early 1700s was much like that of the latter part of the century in which Sir Lewis Namier made himself so much at home. Part of their debt to Sir Lewis is repaid by a number of his fellow historians in the essays published in what is a very handsome sixtieth birthday present.

Mr H. R. Trevor-Roper describes Oliver Cromwell in relationship with his Parliament. 'The theme is almost a tragic-comedy.' The Lord Protector hoped to imitate the Queen Elizabeth he so much admired in turning the faithful Commons to his purposes. He failed more dismally than the Stuarts. In the Republicans who took as their model the mercantile digarchy of Venice Mr Trevor-Roper introduces us to some of the forerunners of those 'Whigs' who appear in Mr Walcott's pages. In both the seventeenth and eighteenth centuries the City of London was prominent in national politics. Lucy Sutherland brings out the consistency of the City in opposition and the cleavage between the rich merchants and financiers and the lesser men upon whom Wilkes built his strength until in 1779 he made his peace with the 'vested interests' and retired as City Chamberlain. The fervour of London politics revived in the days of Francis Burdett and Francis Place. The West India merchants were often to the forefront and Pares presents the case history of a merchant house which went back to the 1740s. Similarly, Sir James Fergusson of Kilkerran examines the Letter-Book of a firm of wine merchants which did business in the town of Ayr under George III.

Romney Sedgwick comments upon some letters from William Pitt to Lord Bute of the years 1755-8 to

which he and Professor Namier were given access by the late Marquess of Bute in 1934. Wilmart S. Lewis portrays Horace Walpole as antiquary. Betty Kemp writing on the Stewardship of the Chiltern Hundreds, gives us the fruit of her research into technique of resignation from the House of Commons and A. Aspinall records the long struggle, with various stages and hazards, over the Reports and Publishing of the House of Commons Debates, an echo of which was heard recently during the controversy over the 14-day rule.

Norman Gash, in his contribution entitled 'English Reform and French Revolution in the General Election of 1830', explores, rather in the Namier fashion, the electoral fortunes in Southwark, the only metropolitan borough to be contested, in Reading and in Yorkshire, the largest constituency in the Kingdom. Mr Gash estimates that the influence of the French Revolution, though it received a patronising approval of a John Bull who was completely confident in his superiority of his own Parliamentary institutions, was less than has been supposed.

1830 brought a Ministry willing to tackle Reform and after 1832 Irish, Imperial and social questions so added to Parliamentary business that it became necessary to consider not only the improvement of Parliamentary procedure, in which Sir Thomas Erskine-May, the experienced Clerk of the House of Commons, took a leading part, but devolution from Westminster. In his article on 'The Changes in Parliamentary Procedure, 1880-82', Edward Hughes absolves Joseph Chamberlain of responsibility for *la Cléture*. Unlike the Caucus it was not made in Birmingham.

Sir Lewis Namier's interests however are wide as Europe and wider. G. H. Bolsover writes of 'Aspects of Russian Foreign Policy 1815-1914'. It was an epoch in which the Bear padded eastward and southward into central Asia. Expansion was popular with the Panslavs who figure in D. H. Carr's article on 'Russia and Europe as a Theme of Russian History', but as in the British so also in the Russian Empire the initiative was often taken by men on the spot with the discouragement of their Governments. Professor Carr gives geo-political and economic reasons for Russian backwardness and autocracy. The bourgeois was weak. Industrialism was political and managerial rather than capitalistic. Revolution came from above. The importance attached to the peasant commune and the belief that the State was evil prefigured Marxist agrarian policy and the theory of the 'withering away' of the repressive State. Reform and revolution originated in the West and were transformed in the East. Mensheviks and Bolsheviks were part of the conflict between Easterners and Westerners. As Hugh Seton-Watson explains in his essay on 'The Intellectuals and Revolution: Social Forces in Eastern Europe since 1848', there were Socialist intellectuals in Russia before the conditions existed from which Socialism was derived by its West European authors.

In 1917 America's entry into the war and the Soviets' desertion from the Allied cause marked the beginning of an era of European decline. In 'Personalities and Diplomacy in Anglo-American Relations, 1917' Stanley Morison shows how Lord Rothermere was disposed to accept junior partnership for a well-nigh bankrupt Britain. Already Roosevelt

was lecturing London—on how to govern Egypt!

'The War Aims of the Allies in the First World War' are considered by A. J. P. Taylor and the secret treaties are shown to be much less sinister and discreditable than they have been represented. Finally, J. W. Wheeler-Bennett compares two 'Men of Tragic Destiny: Ludendorff and Groener' and recounts the first appearance of the myth that Germany was not defeated in 1918 but 'stabbed in the back'.

Alan Taylor's essay will be read with Elie Kedourie's spirited account, based on many documents hitherto unpublished, of a formative period in British and Middle Eastern history. He shows that King Hussein was fully informed of the much-criticised Sykes-Picot Agreement.

A DEMOCRAT & DEMOCRACY

What I Think. By Adlai E. Stevenson. Hart-Davis; 18s.

Adlai Stevenson, a comparatively unknown figure in world politics until the Presidential campaign of 1952, has undoubtedly made a great impression on many millions of people all over the world as a result of his forthright and fearless approach to the problems confronting U.S.A. both internally and in their international relationships in 'the great age in which we live'.

In this valuable collection of speeches and writings which cover the period from the end of the 1932 campaign to the latter months of 1955, Adlai Stevenson says what he thinks, and what he thinks is well worth reading. For he shows a breadth of vision, a clarity of mind, and a fearless approach which is in every way admirable. As leader of the Democratic Party, he has the

role of a critic of present U.S. policies but it is always constructive in its approach, and statesmanlike in its vision.

In the chapter entitled 'America, the Economic Colossus', the author writes: 'The gap between our professions and our performance has been widening. As our friends have expanded their trade with us—as they have enlarged their American markets—we have raised tariffs or imposed quotas, or simply refused to buy. These actions . . . have served notice to our friends as to just what may happen if they are successful in developing large exports to this country.' He goes on: 'We should recognise once and for all that we are the great creditor nation of the world, and that if we are to sell our goods abroad, whether they be farm surpluses or automobiles, we must permit foreign producers to sell in our market to earn the dollars to buy our products'.

Democracy in World Politics. By Lester B. Pearson. Princeton University Press. London: Cumberlege; 15s.

Canada's Secretary of State for External Affairs, Mr Lester Pearson, has had a wide experience of international affairs. As Canadian Ambassador to the United States and President of the General Assembly of the United Nations, he has had unique experience in dealing with the difference which arise between nations, and the task of reconciling such conflicting views.

In these lectures, now published in book form, Mr Pearson outlines the problem introduced into the world by the advent of new weapons of war—atomic warfare, difficulties in international coalitions, and the vexed question of open *versus* secret diplomacy. Of particular interest is

his conception of the role of the United Nations, which he summarises as—

'to bring the major world problems into a true focus by showing them in their just proportions and against the background of our underlying community of interest'.

STATISTICS FOR STUDENTS

An Introduction to British Economic Statistics. By E. Devons. Cambridge University Press; 22s. 6d.

Professor Devons has selected the major topics of economics, statistics, population, manpower, industrial production, agriculture, foreign trade, prices and incomes, and supplies the reader with a description of the information available, where to obtain it, and an idea of its reliability.

The author comments: 'No amount of reading other people's comments on economic statistics will give the student the insight into problems of using them that he will get from actually getting into contact with the primary material itself'. With the greatly increasing volume of statistics, and the need for an intelligent appreciation of their importance, this book will serve as an invaluable guide to the student of economic affairs.

NOT SO NEW

New From Africa, by John Hatch. Dennis Dobson; 10s. 6d.

This is a thoroughly readable book but the opinions formed by the Commonwealth Officer of the Labour Party in the course of a journey of more than 20,000 miles through ten African Territories are fair rather than penetrating. The map and the photographs are equally indifferent and the Preface by 'Jim Griffiths' is tinged with the self-righteousness unjustifiably exhibited

by some politicians when they approach Colonial and Commonwealth problems.

COMMONWEALTH ALMANACK

The Empire and Commonwealth Year Book, 1956. Edited by Ronald S. Russell, M.A., M.P. Newman Neame; 45s.

This indispensable work of reference improves each year that it appears and has deservedly earned the praise of such distinguished contemporaries as *The Economist* and the eulogy contained in the Foreword by the Secretary of State for the Colonies, Mr Alan Lennox-Boyd, who comments: 'It will not be Mr Russell's fault if the wide public, in Parliament and outside, to whom I commend this book does not profit by it'.

None of the 80 Realms and Territories which make up the British Empire and Commonwealth is left out and the Year Book's 400 pages not only provide facts and figures about their economies but information concerning their Governments and their geographical, historical, social and religious backgrounds. There are separate sections devoted to the many official and unofficial bodies concerned with the Commonwealth and the illustrations are an attractive new feature.

VERY MODERN HISTORY

History of British Politics from the Year 1900. By Neville Penny Thomas. Herbert Jenkins; 16s.

The student, the historian and the politician will wish to have a book of this kind on his shelf in order to check his references to recent British history. This is not however a work of deep perception or great literary value. A useful feature

is the Appendices giving General Election results and the membership of successive Governments.

LIFE OF CRIME

Borstal and Better. By Richard Maxwell. Hollis and Carter; 16s.

This is the life story of an habitual criminal. A man who from his childhood into adult life spent most of his time serving sentences for one kind of crime or another. He began petty pilfering at the age of 13, and continued with various forms of thieving until the age of 33, when, on release from prison he suddenly came to the conclusion that he would change his whole attitude to life.

Born in 1917, Richard Maxwell's early life was subjected to constant upheaval, there was no stability, no permanent home, his family constantly shifting from one place to another. Obviously a man with an adventurous spirit, Maxwell developed the habit of stealing, partly one imagines to give a bit of spice and interest to life, and partly as a means of providing the wherewithal to live.

It is a severe criticism of our 'way of life' that an individual with the obvious gifts of the writer of this book should, for twenty years of his life, become an anti-social character, condemned to be an enemy of society. David Price, M.P. contributes the foreword to the book, in which he says: '*Borstal and Better* is written by a man who had virtually no education at all, and up till quite recently had never gone straight. In the craft of letters he is self-taught. Such practical experience of writing as he received was not as the correspondent of a distinguished newspaper, but as the editor of a house magazine in a Borstal Institution—not exactly

the traditional road to literary success.'

Crime and Social Action. By George Godwin. Tavistock Publications Ltd; 18s.

This book has come at a time when the question of capital punishment is in the minds of most of us, and it makes very interesting reading. Mr Godwin has divided his book into four parts.

Part one deals with the theory of Lombroso and Gall who both tried to prove that phrenology showed that all criminals were born with the same physical characteristics.

Part two gives a very clear picture of how the treatment of criminals has changed since the days of the rack and treadmill—one is reminded of the bravery of Elizabeth Fry in her efforts to improve the conditions in our prisons.

Part three is headed Murder and Madness—a number of cases are given, clearly illustrating the difference between the calculated murder and the murder done without forethought by the individual suffering as a result of a brainstorm.

The last part deals with the work done to bring about more effective ways of detecting crime and shows what a great help the taking of fingerprints has been.

The subject, although not a very pleasing one, is very well covered in this book of four parts and should prove of great interest to the general reader. N.D.

CONVERSATION PIECE

Treasury Control, by Samuel H. Beer. Oxford: Clarendon Press. London: Cumberlege; 15s.

The author of this useful book is Professor of Government at Harvard

University. He is concerned with the important role of the British Treasury as co-ordinator of financial and economic policy, and the book therefore makes no attempt to deal with other aspects of the Treasury's work. For information on this subject, the author had to rely to a very large extent upon conversations with civil servants, Members of Parliament, journalists and scholars, and the assembly of this accumulated knowledge in one volume is undoubtedly a contribution of great value.

Professor Beer comments: 'There proves to be no single factor which we can isolate and identify as the source of the Treasury's power. . . . From the thrust and counter-thrust of forces which build up from many sources, the architecture of British Government produces the balanced power of the Treasury and its style of co-ordination'.

SHORTER NOTICES

An Introduction to Economic Reasoning.

By Marshall A. Robinson, Herbert C. Morton and James D. Calderwood. Faber and Faber; 21s. 6d.

This is a book for laymen. It seeks to help those who have only a slight knowledge of economic affairs to explore and understand economic events and issues, and thus be able to reach independent judgments on economic matters. Although it deals with the American economy, there is much of value to the British student.

Economic Commentaries. By Sir Dennis

Robertson. Staples Press; 16s.
A collection of essays dealing with a number of current economic topics contributed by Sir Dennis Robert-

son, Professor of Political Economy in the University of Cambridge. The first essay comments on some of the recent literature dealing with the controversial matter of the part played by costs in the formation of prices of manufactured goods. Other subjects covered are interest, the trade cycle, sterling convertibility, inflation and the importance of persuasion in economic affairs. On this latter subject, the author comments: 'If the standard of the done thing is set too far apart from what the enlightened self-interest of the persons concerned dictates, the done thing will not in the end be done'. A thought which might be taken to heart by those who initiate legislation!

Introduction to Money. By Honor Croome. Methuen & Co.; 10s. 6d.

Honor Croome, who is well-known for her broadcast talks on economic subjects, manages to cover a wide range of subjects in this 200-page book. She does this in language which can be easily understood by the layman, and the book gives the reader an up-to-date picture of money, built on an historical background. It is a further publication in the useful series of Home Study Books published by Methuen's under the general editorship of Sir Ifor Evans.

Risk and Gambling. By John Cohen and Mark Hansel. Longmans; 14s.

This is a study of subjective probability. Written in non-technical language, it will not only be of interest to teachers and psychologists but also to the general reader who takes an interest in risk-taking in everyday life. The authors cover a wide field, of interesting experiments on the ideas on the development about the likelihood of events.

views. She stresses the fact that boxing is the one major sport which intentionally sets out to produce injuries to the participants, and on this point Dr Summerskill comments: 'To compare boxing with any other sport is to ignore these facts. Professional boxing is the only sport in which a participant seeks to knock his opponent out in the shortest possible space of time.'

When, however, Dr Summerskill seeks to show that the banning of boxing would help to establish a more peaceful world, she appears to over-estimate the influence of this sport in the affairs of men. The aggressive instinct, which is undoubtedly present in most men, is not so easily dealt with. To suggest that boxing is to any large extent responsible is to gravely over-simplify the reasons which cause civilised men to kill each other in physical warfare. There is no doubt a case to be made for discouraging professional boxing insofar as it is a brutal spectacle which appeals to the baser instincts, but no case at all for suggesting that by doing so we would be advancing the cause of world peace.

Continued from page 424

The Coal Industry in Europe. O.E.E.C. 1955. A Study by the Coal Committee.

The Report shows a great increase in the demand for coal over 1954, and that labour shortage necessitated importing American coal. There is some difficulty with the inadequate loading facilities with the U.S. ports. In 1956 Britain will curtail exports of coal. It will still be necessary to increase investment in the coal industry in spite of the development of nuclear energy. (827)

SOVIET WAY OF LIFE

Soviet Attitudes Towards Authority. An interdisciplinary approach to problems of Soviet character. By Margaret Mead. Tavistock Publications; 21s.

As any attempt to carry out a direct study within the U.S.S.R. was impossible, Dr Mead and a team of ten associates carried out research into the attitude of the Soviet citizen towards the people who control his life and destiny by making an exhaustive study of Soviet newspapers, journals, films, reports of Party Congresses, and the interviewing of selected emigrés.

The survey covers a study of economic and political trends and presents a picture of the Soviet citizen in his various roles as parent, worker, soldier, etc. A final chapter summarises possible developments in the Soviet Union from which the following is a brief extract:

'A populace disillusioned regarding the hope of tangible rewards, subjected to terroristic pressure, living within a situation in which all are treated as suspect—and most of all those who must also be the most incorruptible—may become steadily less responsive to positivation, more apathetic, and less able to participate with any enthusiasm in Soviet life'.

Soviet Attitudes Towards Authority was originally published as a research study under the auspices of the Rand Corporation.

VERBAL FISTICUFFS

The Ignoble Art. By Dr Edith Summerskill. Heinemann; 10s. 6d.

Dr Edith Summerskill does not like boxing, and she gives her reasons for her dislike in this 100-page book. She is certainly able to bring a number of eminent men and women to supply evidence in favour of her

FOR REFERENCE

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

Galic Economics

French Bibliographical Digest dealing with Economics. Edited and Published by the Cultural Division of the French Embassy, at 972 Fifth Avenue, from whom copies may be obtained free of charge.

The Digest will be a very useful asset in every University Library. In his introduction Professor Pierre Tabatoni shows that contrary to current opinion the French national character is quite capable of dealing with the subject of economics and indeed that the French nation have contributed in no small way to economic knowledge and thought. (818)

Pamphlets on Pakistan

1. *Minorities in the Republic of Pakistan. Published by Pakistan Publications, Karachi.*

A summary of that part of the Constitution of Pakistan dealing with the rights and privileges of minorities. It should clear up many misunderstandings. (819)

2. *Constitution upholds independence of Judiciary.*

An explanation of the separation of the Judiciary from Executive control. (820)

3. *Charter of Freedom and Democracy.* Description of the democratic system of Government. (821)

4. *Some Current Problems of Pakistan.* The Prime Minister's speech in

the Constituent Assembly of Pakistan covering wide problems of food and floods, rehabilitation and border incidents, and the Information Minister's speech on the needs of Pakistan and on the achievements of the Government in the last few months. (822)

5. *Pakistan's Defence Alliances.* A summary of the difficulties connected with neutralism, the Baghdad Pact, S.E.A.T.O., and a common economic development which would be possible. (823)

India's Peasants

All-India Rural Credit Survey, Report of the Committee of Direction. Vol. III, the Technical Report.

This immense survey was initiated by the Reserve Bank of India and covers over a million families in 600 villages. The survey reveals the importance of the money-lender. The Committee finally recommends that there should be co-operative credit societies and associations to free the producers from paying too high interest. This is a very intensive enquiry and was conducted by highly-trained field workers. (824)

Brazilian Vade-Mecum

Anuario Estatístico do Brasil.

A comprehensive volume of statistics showing the state of the economic political and financial development of the country from 1934-53. The steady improvement shown should augur well for the future. (825)

U.K. Iron Ore

P.E.P. Pamphlet. Britain's Iron Ore Supplies, 2/5.

This pamphlet deals with the geological problem, the effect of mining ore on the land and the steel industry's requirements of ore. (826)

Reference Section continued on previous page.

Economic Talking Points

*Is Suez vital to the British Economy?

The economic cost of going round the Cape may have been exaggerated. U.S. preparations have been made to provide loans and oil.

But Increased dependence on American oil, tankers and dollars is a threat to British sovereignty and economic independence.

If the Cairo-Moscow Axis wins it will be almost impossible for Nuri Pasha in Iraq and other friendly rulers in the Middle East to keep control, for France to hold Algeria and for French Union, Commonwealth and European interests and territories in Africa and the Middle East to be maintained. Middle East oil, which is life to Western Europe and of first importance to India, with her Five Year Plan, and other Asian countries, would probably be expropriated under Soviet aegis.

Does Egypt need the Aswan High Dam?

The project has become an emotional issue of prestige with the inherently unstable dictatorship in Cairo.

But A British scientist and engineer who reported to General Neguib on the economics of the plan in 1952-53 estimated that Egypt could generate an equal amount of electricity for less than £E200m. by using natural gas from Dhahran in Saudi Arabia (Aramco) and Iraqi fields (British-controlled).

*NOTE:—*U.K. has already supplied gas turbines to Pakistan, Iran and Peru, and could produce the gas pipe. Saudi Arabia was then willing to allow the pipe to be laid.

What is 'Expanding Commonwealth'?

A group of Tory Backbenchers presided over by Mr Patrick Maitland, M.P., have written a pamphlet expected in time for the Conservative Party Conference.

They hold that the Commonwealth, a multi-racial society of monarchies and republics, is capable of expansion of membership as well as of economic and therefore political, defensive and diplomatic strength.

• See page 460.

Digest Spotlight focuses on

Julian Amery, M.P.

AMERY. The name is Devonian, the appearance Distaelian. The eyes are piercing. A face resolute almost to ruthlessness is redeemed by humour.

Amery. The name is Imperial. There is a Mount Amery in the Kingdom of Canada called after the father whose vision of Commonwealth his son has inherited. Leo Amery, statesman and economist, was a disciple of Joseph Chamberlain. To Julian has fallen the task of completing the life of the Great Birmingham Radical and Imperialist which J. L. Garvin was unable to finish.

Born in 1919, Julian Amery matured early, though the early upbringing—Eton for his father's Harrow—was conventional enough. Like his father, he was a Balliol man. Julian became President of the Oxford University Conservative Association, then deeply divided between the supporters of Neville Chamberlain and of Winston Churchill. Amery had no illusions on the score of 'appeasement' and introduced in the Oxford Union in the summer of 1939 a motion in favour of conscription which reversed the notorious 'We will not fight for King and Country' motion.

Still an undergraduate, Amery spent part of a vacation as a war correspondent reporting the last part of the Spanish struggle.

The outbreak of World War

caught him on holiday in Dalmatia. He reported to the British Legation in Belgrade, was made an attaché and sent on special missions to Turkey, Bulgaria and Rumania. An undergraduate member of the Oxford University Air Squadron, he secured his release from diplomatic duties to join the R.A.F. In 1941 Sergeant Amery transferred to the Army with the rank of Captain and served in the Middle East, Malta and Yugoslavia. He landed on the coast of Montenegro from a submarine in order to organise the first military mission to the Yugoslav Resistance.

In 1944 Amery was parachuted into Albania as liaison officer with the guerillas and was wounded at the head of a force of escaped Russian prisoners who had joined the Resistance. The story is told in his *Sons of the Eagle*. Later he served in Chungking on the staff of General Carton de Wiart, Mr (now Sir Winston) Churchill's personal representative with Generalissimo Chiang Kai-shek.

In 1945, with Mr Randolph Churchill as 'running-mate', Amery contested Preston, then a two-Member constituency. Neither Churchill nor Amery succeeded and it was not until February 1950 that Amery entered Parliament with a majority of 938 in a four-cornered contest. He has since held and increased the Tory majority in what

is a marginal working-class seat. Amery's views of industrial, social and economic matters are essentially Tory rather than 'Liberal-Conservative' and he is an active believer in the promotion of Co-partnership.

It is the greatness of the Commonwealth which is his passion and this does not exclude but is rather complemented by enthusiasm for a United Europe linked with the Commonwealth through London for the benefit of both. As a delegate to the Consultative Assembly of the Council of Europe and a leading member of the European League for Economic Co-operation, as well as of the Empire Industries Association and British Empire League which will always be associated with his father's name, Amery has stood for a

closer economic relationship between Europe and 'Europe Overseas'.

He was a member of the Parliamentary Delegation which visited Northern and Southern Rhodesia, Mauritius and Malta in 1951. In 1955 he served on the Round Table Conference which accepted the proposal for the integration of Malta with the United Kingdom.

Amery has been heard and seen on wireless and television at home and abroad. He is known to the public as perhaps the most eloquent member of Captain Waterhouse's Suez Group of Tory M.P.s who fought to the end the abandonment of the British base in Egypt. Rebels proved right are seldom liked by their leaders, but nations are not always led by those who are proved wrong.

Preliminary Survey of the Economic and Social Implications of Automation

The Parliamentary and Industrial Committee of the Economic Research Council has produced its preliminary survey on the economic and social implications of automation.

This has been published in pamphlet form, price two shillings (post free), obtainable from The Secretary, Economic Research Council, 55 Park Lane, London, W.1.

Correction: Western Europe—Economic Integration, by J. M. Penton. On page 391 of the Aug./Sept. issue

(Vol. IX, No. 8/9), the figure on the 37th line of the first column should read \$3,000m., not \$300m.