

INDUSTRIAL ADVISORY

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Digest Spotlight focuses on

Joseph Grimond, M.P.

THE LIBERAL PARTY has a new leader. Joseph Grimond succeeded Mr Clement Davies in November 1956, and the hopes of the Liberal Party are now much centred on this youngish, handsome but experienced leader. At 43, the Member for Orkney and Shetlands has already distinguished himself. From March 1950 until he succeeded to the leadership he was Chief Liberal Whip in the House of Commons. He is a fluent, attractive speaker in a conversational rather than the grand manner.

Grimond was educated at Eton and at Balliol, Oxford, where he was a Brackenbury scholar, and took first class honours in Modern Greats. He was called to the Bar in 1937—a Brackenbury Scholar of the Middle Temple—and practised as a barrister until the outbreak of war. During his period in Middle Temple, he shared chambers with the new First Lord of the Admiralty, Viscount Hailsham.

During the war Grimond served in the 2nd Fife and Forfar Yeomanry and on the Staff, where he held the rank of Major. When peace returned he was Director of Personnel of U.N.R.R.A.'s European Office, which covered Malta and the Middle East. In 1947 he took over the office of Secretary of the Scottish National Trust, and continued in this post until he was elected to Parliament in 1950.

He had already fought Orkney and Shetlands in 1945, and was then

only beaten by 329 votes. He won in 1950 by a majority of nearly 3,000. The 1951 General Election showed what the electors in the constituency thought of their Member. Grimond doubled his majority and further increased it in 1955 to 7,993.

He considers it encouraging that the Liberal Party is increasingly the party of youth. In the 1955 General Election, for example, the Liberals had 45 candidates in their 20's and 30's, 33 candidates in their 40's, and 32 candidates in their 50's and over. Of the present candidates, 62 out of a total of 122 are from Young Liberal and University Clubs. Grimond also points to the large membership of the Liberal Clubs in the Universities as a factor of great importance to his Party's future.

One of the criticisms of the Liberal Party has been that they have tended to live on their past glories, and have been impervious to new ideas, at any rate at the top. Whether this has been true or not, with Grimond as the leader of the Party there is not much likelihood that there will be a failure to adopt new ideas and accept new responsibilities.

He says—"The Liberal Party approaches life with daring and curiosity. Daring to win new successes; curiosity about new developments in thought and technique; determination that by a combination of daring and curiosity we shall lead the world to peace and prosperity. We don't expect to win over those

whose minds are always looking over their shoulders—looking to pre-war appeasement and unemployment or to what Marx or Lenin said twenty or a hundred years ago. We do expect—and our expectations are being fulfilled—to gain support from the adventurous and the young.

Few will doubt the need for such an outlook. The test will come, however, when the results of new thought are made manifest in policies able to attract general support. Many people who are not Liberals will wish the new leader well. In the House of Commons few

Members are more widely liked and respected.

Grimond is appropriately married to the youngest daughter of Sir Maurice and Lady Violet Bonham Carter, and they have three children, Andrew, 17, Grizelda, 14, and John who is 10. He is an executive member of the Inter-Parliamentary Union and of the Commonwealth Parliamentary Association. He is also on the Cyprus Conciliation Committee, the Scottish Office's Advisory Panel of the Highlands and Islands, and the Parliamentary and Industrial Committee of the Economic Research Council.

The Crippling Cost of Dear Money

By NICHOLAS DAVENPORT

As we all know, the Conservative Government revived the practice of monetary control as an alternative to direct controls and Bank rate has been freely used as the chief weapon in the ancient Treasury arsenal. (The idea of getting new weapons for a new age did not occur to the Treasury traditionalists.) So, after being pegged for twelve years at 2 per cent, Bank rate was raised to 2½ per cent in November, 1951, and to 4 per cent in March, 1952, lowered to 3½ per cent in September, 1953, and to 3 per cent in May, 1954, raised to 3½ per cent in January and 4½ per cent in February, 1955, and, when Mr Macmillan took over, hoisted to its present level of 5½ per cent in February, 1956. This is not the place to go into monetary technicalities: suffice it to say that by 1955 Bank rate had been made thoroughly effective throughout the money market: Treasury bill rates and all other money rates had risen proportionately and in step. The Chancellor has had to pay over 5 per cent for his weekly I.O.U.s (against the ½ per cent paid by Dr Dalton) and has had to issue short funding loans in the capital market on a 5 per cent yield basis.

National Debt

The cost of servicing the national debt has therefore grown in an alarming fashion. In 1950-51 the charge for this service on the budget was £470 million. In 1955-56 it had risen to £638 million. In the first half of the current financial year it had gone up by £47 million and the

total charge for 1956-57 may work out at £730 million. Allowing for the £40 million-odd payable since 1951 on the American and Canadian loans, the extra cost of the national debt service which can be attributed to the dear-money policy is no less than £220 million—equivalent to 1s. of the income tax. Of course, in paying this £220 million fine to the discount houses, the banks and rentiers generally, the Treasury creates extra incomes which are taxable, but it is a strange sort of madhouse when the doctor in charge has to fine himself severely when he wants to curb the spending of his patients in the communal tuckshop.

Balance of Payments

The balance of payments is adversely affected by dearer money because the overseas banks and other holders of the 'sterling balances' own a large proportion of the short-term Government debt. The White Papers merely give the total of interest, profits and dividends paid overseas and as this has increased by about 180 million since 1950-51 (including the interest on the American and Canadian loans) it is not unreasonable to estimate the extra burden thrown on our international account by the rise in short-term interest rates as being of the order of £100 million. The longer dear money lasts, the more the Treasury will have to pay out—on its international account as well as on its internal budget—because maturing loans have to be refunded with higher coupons. For example, the

A New Feature

With this issue of 'Economic Digest' we welcome 1,000 new readers who formerly subscribed to the monthly journal 'Rural Economy'. Agriculture was never more vital than now to the economy of Britain as of other lands and in this as well as in our future issues we shall publish a Survey, under the general title of 'Rural Economy', which we feel sure will commend itself not only to our new readers but also to those who have long been subscribers to 'Economic Digest'.

A special feature which has for two years been popular with readers of 'Rural Economy' and will now appear regularly in 'Economic Digest' is a column on World Affairs with the descriptive title of 'Behind the News'. This feature is edited by 'Hydaspeus', a student of Commonwealth and Foreign Relations who has served the British Crown in three Continents in both military and civil appointments and is the author of books, articles and broadcasts.

We believe that 'Behind the News' will be eagerly awaited by our readers, past and present, to whom the Editorial Board send their good wishes for a Happy Christmas and for a New Year of continued prosperity and co-operation.

refunding of the £824 million of 2½ per cent National War Bonds last August must have cost the Treasury at least an extra £16 million a year.

Crowning Folly

The grievous extra burden which dear money throws on the national housing and other social investment of an essential kind is the crowning folly of the present Treasury policy. Housing loans have again been raised—to 5½ per cent! We spent £640 million last year on building new dwellings. As rent is in effect interest, the rise of 2 per cent in the rate of interest has added about £13 million a year to the rent bill or its equivalent. This, being an addition to the cost of living, is a direct incentive to wage claims. Nothing is more infuriating to the worker than a rise in rent, and he does not have to be told that an extra 2 per cent on a council house is now equivalent to an extra 17s. a week. The rise in money rates coming on top of the rise in building costs has made the position of new Council tenants paying nearly 50s. a week intoler-

able. The General Manager of Basil-don New Town said last week: 'Either the rents will have to go up—and the tenants say they cannot afford any more—or the Ministry will have to reduce the rates of interest or we must stop building.' If it is argued that an increase in the cost of borrowing was necessary in order to curb building in a time of inflation I would reply that it has been singularly ineffective so far in restricting private building for sale and that in any case housing can be curbed more quickly and fairly by building licences.

New Weapons

I am not against the use of monetary weapons, but let them be new weapons suitable for the job. Monetary restraint can be exercised much more effectively by making it money very scarce than by making it very dear. To make it very scarce it will be necessary to control the banks more directly and perhaps prescribe their liquidity ratios. But is it not better to upset a few private banks than the whole national economy?

Government Creates Bank Money

THE monthly statement of the London clearing banks for October published at the beginning of this week shows that heavy Government borrowing for financing the Budget deficit and other outgoings continues to exert an upward pressure on the volume of bank money. The published deposits of the clearing banks group were £106 million higher in October than they had been in the previous month. It is true that if

allowance is made for the duplication caused by the inclusion of balances in course of collection, the increase between the two months comes out at the lower figure of £73 million. But as Lloyds Bank seasonally adjusted index of deposits advanced by 0.3 to 105.6, the September-October movement appears to have been materially larger than could be explained by reference to normal influences. And examination

of the changes in the assets figures in the September-October period reveals that the main stimulus to this abnormal expansion in deposits came from net borrowing on Government account. Thus the banks' Treasury bill holdings recorded a rise in the months of £54 million, bringing them up to the record all-time high level of £1,346 million.

Treasury Bill Borrowing

The continuing need for the Government to rely heavily on Treasury bill borrowing for the money it requires for bridging the gap between receipts and outgoings points to one of the more serious weaknesses of the present monetary policy technique—a defect to which attention has been drawn in these columns on several occasions in recent months. It stems from the fact that the relationship between short-term and long-term rates established by the strategy the authorities have developed in the monetary policy field over the past year or so acts as a definite encouragement to the investing public to indulge its 'liquidity preference'. Thus the rate of return obtainable from an investment in Treasury bills is almost as high as that which can be secured by placing money in Government bonds. Yet the risks of capital depreciation in the case of the Treasury bill are virtually nonexistent whereas, so long as the authorities continue to talk of the possibility of raising the Bank Rate further—and the Governor of the Bank of England, Mr Cobbold, did so in an address delivered in the City only a few weeks ago—the risks of capital depreciation on holdings of Government bonds still appears considerable. Yet because the Government is forced to do its main borrowing on Treasury bills, the

volume of money grows larger and larger, defeating the efforts that are being made in other directions to establish credit stringency.

Gross Defect

It has been suggested that the authorities should tackle this gross defect in monetary policy technique by selling gilt-edged from Government portfolios until the rates of interest for long-term investment have risen well above the Treasury bill rate. But it is now generally recognised that such a move would be impracticable. For one thing, having made an effort to induce the banks to return to the gilt-edged market in recent months in the hope that this would enable the Government to reduce the present emphasis on Treasury bill borrowing in its financial arrangements, the authorities could hardly now take deliberate action to bring down the market value of their gilt-edged portfolios.

For another the near disintegration of the gilt-edged market over the past year or two has created enough problems already and it would be foolish indeed to aggravate them now by further undermining confidence in Government securities anew. The right course for the authorities now, therefore, is to take action to reduce the level of the Treasury bill rate and short-term rates generally. This need not necessarily entail a reduction in the Bank Rate at this stage if this is considered to be undesirable on wider grounds. For it could be achieved simply by a change in the tactics adopted by the authorities in their day-to-day operations in the Money market.

An additional reason for seeking the answer to this problem in this direction lies in the fact that the banks are responding in mild fashion

at least to the official suggestion that they should devote some of their excess liquid assets to strengthening holdings of Government securities. Thus in the period covered by the October statement, there was a net

addition to investment portfolios of £20 million.

Advances recorded a net rise of £3 million, those to the nationalised industries being without net change.

Britain and the World Bank

To some extent the World Bank has helped to fill the gap caused by the diminished flow of foreign investment capital from the United Kingdom in recent years. But here again the British contribution to the Bank's investible surpluses has been by no means negligible; indeed, few people realise that in the ten years of its existence about half of the Bank's total funds available for loans have come from non-American sources, and, as was noted by the Chancellor at last month's Washington meeting of Governors, some ninety per cent of new funds available for lending in the past twelve months have been drawn from sources outside the U.S.A., including £24 million from the United Kingdom. Though their dollar content makes World Bank loans an attractive proposition to borrowers everywhere, it is sometimes overlooked that other countries and other currencies are also indirectly furnishing important lending facilities through the agency of the Bank. Nor should the substantial British subscriptions to such institutions as the International Finance Corporation and the Industrial Credit and Investment Corporation of India or the activities of the Commonwealth Development Finance Corporation be overlooked in

From the N.B.I. Review, October 1956

most of the time the commonest hazard to foreign investment was default. Later, when Communist governments came into being, the foreign bond-holder had his initial experience of repudiation, and first Russia and then China cancelled their debts to the outside world. Perhaps the phase has not yet come to an end; for the latest act of this kind occurred as recently as August last when the Indonesian Government announced its intention to abrogate Article 26 of the Hague Agreement and repudiate its debt to the Netherlands (already written down by some 2,000 million guilders at the Hague Round Table discussions) but not the debt of other countries. Four days earlier Indonesia had made its first drawings on a new credit of \$55 millions negotiated with the I.M.F. and its government has several times appealed for foreign capital to interest itself in the country.

Suez Threat

Finally, to default or repudiation must now be added the threat of expropriation as exemplified in the Suez affair and in the earlier instance of Abadan which, if it involved the concession holders in loss, ultimately proved even more expensive to the government responsible. Private debtors may, and sometimes do, default; they have even been known to repudiate their liabilities. But they cannot, in a civilised community, expropriate, for domestic law prevents them from dispossessing the rightful owner of his property. International law is less clear on the point and, in any case, lacks the necessary sanctions to enforce its decrees. Nonetheless, though international law may be defective, the requirements of international morality are not and, in the last resort, foreign investment rests upon their due observance.

Socialists Changing Emphasis

WHAT Socialists must grasp is the need for change in our economic emphasis. In 1945 the purpose of the public sector was to take over the big industries, both because of their internal need for re-organisation, and as an essential base for national economic planning. We now need to enlarge the public sector for a different purpose; it must therefore be fashioned in a different mould. It must be a pioneer in management, setting—by the sheer force of its example and the energy of its competition—a new tone which others will be compelled to emulate. This is by no means impossible; we have

seen a few energetic firms achieve as much in the distributive trades in our life time. If the next Labour Government could establish even half a dozen enterprises, scattered over as many industries, which could fulfil these functions, it would have done more for the country—and for the principle of public ownership—than if it tried to nationalise an army of industries, which then dragged on in disappointing mediocrity.

To do this would capture public imagination and do incalculable good in arresting the rot. To see that it is done is now an indispensable part of Labour's policy for industry.

Commonwealth Survey

(1) CAN THE GOLD COAST DO IT?*

THIS survey of the whole range of the Volta River Project, with all its possibilities and implications, suggests that the vital question for the Gold Coast to decide is not whether it can or should afford to do it, but whether it can afford *not* to. There is no doubt, given a determined national effort, that the money and the labour can be found, even though it will necessarily mean slowing down other development.

The returns from the project should now be clear. They are many and diverse. Put together, Professor Lewis points out, they will bring the Gold Coast

a larger income per head of population than any other industry or enterprise in which the nation's labour and money could be employed.

And there is the long-term prospect of industrialisation, of which the Volta River Project will form the first step, bringing to an end the country's present utter dependence upon the unpredictable cocoa crop.

Time for Decision

So the time for weighing-up has come. The benefits to the other parties are not concealed. The British Government will get interest on its investment, but no profits. Much of the aluminium will be sold in Britain, which will ease the dollar drain on the sterling area, to which the Gold Coast belongs. The alum-

inium companies are in business, and will expect to make a profit. Professor Lewis points out that such an industry elsewhere in the world expects to make 15 to 20 per cent on investment, and can hardly be expected to make much less in the Gold Coast.

Partnership

All this goes to show how the partners in the project are dependent upon each other, and not in competition with each other. The Volta River Project is not a struggle for the value of the Gold Coast's bauxite, but an agreement to pool knowledge, skill, and resources to share its benefits.

It is up to the people of the Gold Coast now to decide for themselves just how much it means to them. An unprecedented amount of time and care has been spent on investigating this project. It can never be said that the facts were not available.

The Gold Coast is not yet committed in any way to the Volta River Project. It is completely free to decide. None of the other partners can move one step without the agreement of the Gold Coast Government. The Gold Coast Government, as the Prime Minister has said, will take no action without the full support of the people. And no agreement will be put into effect without the assent of the Legislative Assembly.

It is for the people to decide.

*See also 'Commonwealth Partnership on the Volta' in the November Digest.—Ed.

(2) COLONIAL TEXTILE IMPORTS

United Kingdom Percentage of Colonial Imported Textiles	Gold				Sierra Leone
	Kenya	Uganda	Tanganyika	Malaya	
Printed Cotton Fabrics	1953 35	47	58	38	97
Other Cotton Fabrics	1955 17	17	8	14	87
Other Cotton Fabrics	1953 49	26	18	22	15
Fabrics of Synthetic Fibres	1955 36	32	17	10	41
	1953 41	47	54	20	97
	1955 0	27	8	6	56

An examination of the above figures will show that the British share of imports into these territories is substantially less than it was three

years ago—in two or three cases it has almost disappeared. In one case the trade has actually ceased.

From Empire Industries Association and British Empire League

(3) THE FEDERATION OF RHODESIA AND NYASALAND THE ECONOMIC BACKGROUND

THE staple food of the African population in the Federation is maize, and this grows exceptionally well in all three countries, providing the principal food requirement of the population and, indeed, making a valuable contribution to animal feeding as well. Despite the bounty of the land, however, maize is still an important item in the country's commerce, and together with raw sugar, wheat, preserved milk, tea and butter, accounts for about £12m. in imports annually.

However, the principal import consists of metal and metallic goods amounting to £93m. annually, followed by fibres and yarns (£22m.); oils, waxes, resins, paints, wood and wooden manufactured goods, paper, books and stationery, leather and rubber goods, drugs, chemicals and fertilisers, minerals, jewellery, clocks and watches, fancy goods and musi-

cal instruments, animals, agricultural products, and wines and spirits. Imports during 1955, totalled £138,574,000. The majority of the goods imported were supplied by British Commonwealth countries, the largest supplier outside the Commonwealth being the U.S.A., which provided goods worth £64m. in 1955.

Balance of Trade

The value of domestic exports for the same year amounted to £177,000,000. Thus the balance of trade was in favour of the Federation to the extent of £39m. Minerals formed the chief exports, copper leading in value at £109m., and asbestos, gold bar, chrome ore together accounting for a further £16m. Unmanufactured tobacco ranks high in the list of exports, the figure for 1955 being just over £26m.

From The Federation of Rhodesia and Nyasaland

The United Kingdom provided the biggest export market, and the figures in respect of exports to the United Kingdom are sharply increasing. During the last year imports of metals and machinery into the Federation rose by more than £24m., mainly accounted for in the purchase of heavy locomotives, railway material, motor vehicles, unworked steel and iron, and industrial machinery. In common with other countries in Africa, the Federation countries are setting up local industries for manufacturing from and processing the natural produce, and this will reflect increased prosperity. For instance, where agricultural produce is concerned it will be possible to export the final end-product instead of, as hitherto, having to pay freight and carriage on waste produce which could be separated only in the later stages of refining or processing.

Bright Future

The time is coming when Africa will be a great producer of finished goods of many kinds, adding the value afforded by these final processes to her raw material, and exporting the manufactured article with a much lower cost of production than has hitherto been possible when the raw material has had to be transported thousands of miles by sea before the final processes could take place. The future for Africa is exceptionally bright, and Rhodesia and Nyasaland will take their full share of this prosperity as a result of the far-sighted arrangements now being made. Work already begun on the hydro-electric scheme on the Zambezi River at Kariba Gorge, is part of this long-sighted and progressive administration and will make a major contribution and will improve prosperity of the African people in the years to come.

(4) ECONOMIC RESEARCH INSTITUTE IN N.Z.

THE Professorial Board of Victoria University College, Wellington, has recommended to the college council that the setting up of an institute of economic research (recommended by the recent monetary commission) would contribute much to the eco-

nomic welfare of the country. The council approved the recommendation and will seek to discuss the matter with the Minister of Finance, the Hon. J. T. Watts, and other interested parties.

NEW ZEALAND EXPORTS

EXPORTS reached a record value for the year ending 30th June, 1956, viz.: over £270m., an increase of over 12½ per cent of the previous year. The principal factors in the increase were butter, cheese, beef and lamb.

Imports: The value of imports for the year ending 30th September, 1956, was £196,905,000, nearly £12m. lower than the previous year.
 'New Zealand'. (News by Airmail.) 31 October, 1956.

The Question of Markets

A CANADIAN REVIEW

GROWING productivity, continuing agricultural surpluses, and highly competitive world markets for most types of manufactured goods suggest that, while the problems of inflation may currently call for close attention, the longer-run concern with maintaining an adequate world demand for a continuously growing production is still of major importance. In agriculture, the crop losses caused by severe weather in Western Europe last winter have brought temporary relief to the surplus problem in grains, and the apparent agricultural difficulties in Eastern Europe may mean a continuing addition to demands upon non-Communist production. On the other hand, such other staple commodities as cotton, sugar, coffee and dairy products remain in surplus supply.

Growing World Supplies

For manufactured goods, the extraordinary expansion of West German output, the more modest recovery in Japan, and continued growth elsewhere have added rapidly to world supplies. Demand within the industrial areas has expanded in similar fashion, but the effective demand of primary-producing countries has not grown quite so quickly. The race for export sales has accordingly been keen, even though the total volume of the non-Communist world's exports of manufactured goods rose by more than 60 per cent between 1948 and 1955. In this period, West Germany's share of the total increased continuously from a very low 2 per cent to nearly 11½ per cent and the Japanese share advanced from less than 1 per cent to

approximately 4 per cent. These gains fell somewhat short of restoring the pre-war position of these countries but they nevertheless have exerted considerable pressure upon the flow of exports from other industrial areas. Under this pressure, the smaller countries of Western Europe have stood up very well. The rate of growth in exports from the United States and the United Kingdom, however, has been much less than in these other areas; and the British share in the world total has fallen somewhat lower than before the war.

Post-War Demands

One of the reasons for this diversity of experience undoubtedly stems from the nature of post-war world demands. Markets have been especially favourable for exporters of machinery, various other metal products and chemicals, i.e. things which have long been prominent specialities in the United States and West Germany. Markets for textiles, on the other hand, have been persistently weak, and this has necessitated some realignment in the industrial structures of Britain and Japan.

At the same time that demand in industrial countries has been shifting away from textiles, food processing and other such lines, the development programmes of non-industrial countries have inevitably been placing considerable emphasis on these simpler types of manufactured goods. As a result, a sustained upward trend in world trade would seem to depend heavily upon a continued strong rate of growth in markets for the more

advanced types of manufactures and for capital goods in particular.

Canada's Interest

In this Canada has a major interest both because of her own expansion in the metal-using and chemical industries and because she is a big producer of many primary metals and other materials used in the advanced types of industry. At the same time, her rapid economic development has made her the world's largest importer of capital goods.

With all the emphasis of recent years upon the capital-goods requirements of under-developed areas, the significance of the market in Canada and other leading industrial countries like Australia has often been underestimated. As time goes on, however, the relative importance of markets in the under-developed areas is almost certain to increase.

Encouraging Progress

There are strong humanitarian and political reasons, moreover, for continuing to encourage the economic and social progress of these areas. Much has been accomplished in recent years in the way of organisation and real advances in production. But the rate of growth in under-developed areas has continued slower than in most industrial countries, particularly if allowance is made for the increase in population.

As for the foreign purchasing power of these countries, it should be recognised that so long as they remain highly dependent upon one or a very few export staples, their foreign exchange resources are bound to fluctuate widely. This in turn will continue to make it difficult for them to work out their development plans on a long-term basis. In the

period since the war, in addition, many under-developed countries have relied upon accumulated reserves of one kind or another, and more recently they have benefited from large amounts of foreign aid expended primarily for purposes of defence. Such sources of funds, however, are not likely to be so widely available in years to come.

Foreign Assistance

Continued progress in the under-developed areas, in other words, cannot be taken for granted. Much will depend upon the successful channelling of funds toward developmental goals. From the standpoint of the United States and other industrial countries, moreover, the question of foreign assistance has been complicated by the rapid growth of nationalism and the recently stepped-up efforts of Communist countries to secure an economic foothold in many of the under-developed areas.

Flexible Approach

The need is clearly for a flexible approach, giving due weight to political, cultural and strategic factors as well as to the economic. As part of such a broad approach, however, one of the basic needs is for a continuation and extension of both the financial assistance and the generous co-operation already advanced through such channels as the United Nations, the Colombo Plan, and the American Point Four Programme. For if a reasonable rate of progress is secured in the under-developed countries, there should be markets enough for all in the exporting of capital goods, and the prospects would be very bright for a long-sustained era of world trading growth.

The Chinese Economy

THE report of the 8th Party Congress of the Chinese Communist Party mentions the decision to permit a return to a measure of free enterprise in light industry, coupled with which, and possibly arising from it, is the setting up of specialised import companies as distinct from the existing Government-operated Import Corporations. Just what this 'liberalisation' will amount to in practice remains to be seen, but it will presumably involve some reversion of trade to former channels, and improved opportunities generally, particularly for trade done with and through Hong Kong. The indications point therefore to a continued increase in China's overseas trade and to improved facilities in its conduct.

Trade with the Other World

According to an estimate compiled by the U.S. authorities for Battle Act purposes, China's trade with the non-Communist world was £290 million in 1955 as compared with £238 million in 1954. China states that this represents only 20 per cent of her total overseas trade, which presumes a total for 1955 of some £1,450 million. Although an increasing proportion of the requirements of the second Five-Year plan will be produced locally, a very substantial amount must be imported, and the volume of overseas trade must be correspondingly expanded. Whilst we tend to think principally in terms of imported plant and auxiliary machinery when considering the requirements of the plan, we should not overlook the fact that China's exports must be increased in order to

pay for them. Much of this increase in exports is likely to be provided by the products of light industry, which will itself require greater imports of the more sophisticated raw materials.

British Share

The U.K. direct share of China's 1955 trade with the non-Communist world was £20 million, or 6.9 per cent of the total, not allowing for trade done by way of Hong Kong, which was small insofar as exports from this country are concerned. Our interest lies in considering how this figure can be increased.

The obvious inhibiting factor is the embargo, and it would appear that the time for making a determined attack on this obstacle is fast approaching. On the one hand, China should be soon considering the placing of orders for the second 5-Year plan, and on the other, the completion of the U.S. Presidential elections next month should make action on our part less embarrassing to the U.S. administration.

Politics v. Economics

It must however be remembered that the reduction of the China embargo to the Soviet level will not be the end of the story. If sheer competitive ability were thereafter the only limiting factor on the volume of our trade with China, we could undoubtedly anticipate a very large increase. Unfortunately politics is prone to play a greater part than economics in governing the direction of trade and in this the Party in Peking rather than the trading corporations are likely to have the last say.

From China Association

Foreign Competition

By EDWARD HOLLOWAY

THE news with which we have been confronted in the past few days has brought home to all thinking people the vital necessity of removing causes of international friction. This makes it more than ever necessary to examine what we do in the sphere of international trade, and to be ready to make changes in our policies if these can be shown to be contributing in any way to increasing tension between the nations of the world. I am going to suggest that in this matter of foreign competition we have a cause of friction which should be examined and reconsidered.

Position of Britain

In the first place, we are all familiar with the position in which Britain finds herself. With nearly half our working population employed in factories and workshops, we have to rely to a very great extent on raw materials brought into Britain from overseas. Coal is our one raw material of which there is plenty, but we even have to import this. We have no cotton, we import most of our wool and rayon-making materials. It is the same story when we come to the metal-working and engineering industries. We have to import half our iron ore, most of our copper, tin, lead and zinc, we have no aluminium, chrome, cobalt, manganese, or the newer requirements of platinum, germanium and titanium. All our oil and petrol comes from overseas, though we have improved the position a little by refining a quantity of crude oil here. Rubber, nearly all vegetable oils, wood-pulp,

An Address given to the Brixton Rotary Club, November 6, 1956

tobacco, these are all requirements of our people, yet they must be brought in from outside the boundaries of our island. Not only this, but under present conditions we are dependent on overseas sources for about half our food.

Import to Live

All this lead to one certain conclusion. We must import to live, and must pay for these imports with our exports. Hence the difficulties we encounter, and the vital need for us to keep our prices at a reasonable level and the quality of our goods and services as high as possible. Having recognised these fundamental facts, it is necessary to go on to consider the background and purpose of international trade. In my view, this is to contribute beneficially to the standard of living on both or all sides of the exchange. Exchange not only of surplus goods, but also of skills and aptitudes, the varying products of nature and of the proceeds and processes of thought.

It is essential to fix firmly in our minds that both importing and exporting—international trade—should be a mutually beneficial activity, and if this is not so, then we are failing to use it for its true purpose.

Old Hands

We in Britain have been engaged in this trading business for centuries. Our ancestors were exporting flint axes to France and Spain—strange to think there was an export trade 5,000 years ago! But until the 18th

century Britain had no need of an export policy. Until then trade still followed traditional lines; a typical example was our trade with Portugal when we took bales of cloth and exchanged them for port. A very suitable exchange, in my view. Any balance arising to be paid on one side or the other was settled on the spot in silver. This led to delays and difficulties, and it was obvious that with growing trade some better method was required of settling balances.

Merchant Bankers

This problem was solved by the advent of the merchant bankers, with their international family connections, who were able to transfer balances from place to place, without the actual transfer of precious metals. This development facilitated trade, indeed it brought great benefit to the world by saving delays and many complications. But like all good things, it had aspects which were not so good.

As these international houses became more powerful, they began to have a vested interest in more and more international trade. A cabbage grown in Essex and consumed in London did not enter into their calculations, but one grown across the Channel and imported into this country was an increase in international trade, and brought benefit to them. So naturally their great power was devoted to encouraging more and more trade between nations, and in time this has led to a perversion of the true purpose of trade. Exports have become an end in themselves. Until the 19th century international trade was what it really should be—the exchange of goods and services to mutual benefit. Today it has become

'cut-throat competition' and a 'fight for markets'.

I am not condemning competition as such; it makes for improvements in products and services. It is when it becomes 'cut-throat competition' that it becomes dangerous. When we hear once again of the threat of Japanese and German competition we know that this constitutes a threat to our ability to maintain the high standard of living we have attained, and this begins to create economic friction and economic warfare where there should be mutual benefit.

What We Should Do

What then should Britain do? In my view, our vast experience in world trade should lead us to the conclusion that what we need is reciprocal trade, not as is the fashion to seek a 'favourable balance of trade' which means exporting more than we import. Consequently we should encourage trade to the fullest possible extent with those nations who will buy from us to the same extent that we buy from them. This we are not doing. We should also take steps to create the right kind of economic climate to stimulate the production at home of things we now have to import, and particularly this is possible in food production. Our preoccupation with exporting has made us forget that we have some of the finest agricultural land in the world, and if we created the right conditions we could supply ourselves with 75 per cent or even more of our food requirements. To the extent that we did this, we would have no need to import food, and we would thus save ourselves having to export to that extent. To take the figure of 50 per cent of home-grown food as the maximum possible is quite

unrealistic, yet many of our political and economic pundits take this figure as being the highest attainable. So long as we proceed on our present lines in international trade, we shall have those nations who are thus forced into a debtor position taking desperate measures to force their exports into the markets of the world. Subsidies, both direct and

concealed, and other measures to facilitate selling abroad will be met on the other side with accusations of 'dumping' and unfair trade practices. Thus we turn trade which should create good-will into something which builds up hatred, and in doing so add to international frictions and the danger of war.

The Secret of the German Gold

For some time the Federal Republic of Germany has had more gold and currency at its disposal than any other European country. The assets of the Bank Deutscher Länder are at present approximately DM 17,000 million. Inside the European Payments Union, in which the accounts of the 17 member states indicate the exchange of goods and services rendered between these countries, the Federal Republic is the State with the largest credit. At present this credit has indeed increased to 632.5 million payment units (i.e. dollars). As the limit for credits which any member State inside the European Payments Union may grant the other members is fixed according to the Statutes at 675 units, the Governing Body of the Union has occupied itself in the last few weeks in Paris with the question as to whether the credit limit of the Federal Republic could be extended beyond the 675 payment units. The Federal Republic would probably be ready to grant further credits. The question is, therefore, in what way this can be arranged. Up to the present it has been the case that 75 per cent of the credit accru-

ing at any particular time should be paid out in gold and currency, while 25 per cent was credited. The United Kingdom desires that the Federal Republic should cash only 50 per cent in gold and currency of any excess above the 675 million limit.

The extremely large gold and currency surplus on the part of the Federal Republic is due to a long-standing active balance of payment. The most important factor in this is the balance of foreign trade, in which exports have for a long time considerably exceeded imports. Other factors playing a part in the balance of payments are the paying off of debts and the interest involved, the transfer of capital, and speculative investments.

Third Place in Exports

Since the currency reform Western Germany has again occupied the third place in exports in the Western world, after the United States and the United Kingdom. The reason for the German export surplus is that imports have for years been much smaller than exports. This export surplus could naturally only arise

because of the lively international trade boom. A second reason was the fact that the type of German export goods, the range of goods offered, corresponded to a great extent to foreign requirements. On the world market we have experienced an investment boom, and half of the German exports consists of investment goods. A second element explaining the success of German exports is that since the middle of last year wholesale prices have risen more steeply in many industrial countries than in the Federal Republic and that they are continuing to rise.

As the Federal Republic is obliged by the London debt agreement to provide extensive credit, she must naturally have an export surplus. It has, however, transpired that she was not only in a position to cover the debts according to the agreement, but that she had a considerable export surplus beyond that, which is now being revealed in the form of gold and currency. As well as this, the transfer of capital in the last few months has led to investments in the Federal Republic. This was especially due to rumours regarding a possible increase in the value of the mark.

Reducing German Reserves

In many places it has been considered how it would be possible to reduce the large German gold and currency reserves. During the summer, the Federal Minister of Economy was in favour of a currency conference at which a revaluation of the rates of exchange could have brought the currencies into line. In this way it would have been possible to accommodate the purchasing powers of the various currencies to one another. If in the course of this

the German mark had been up-valued, perhaps in relation to the British pound and the French franc, then it would have been brought about that Germany would have exported more dearly and imported more cheaply.

The idea of such an increase in the value of the German mark has in the meantime been dropped. But it has led to the German reserves of gold and currency becoming even greater. For in view of the possibility of an even more valuable German mark, which would have had to be purchased at a higher rate, foreign debtors very quickly paid off their German obligations.

Agricultural Protectionism

The rumours regarding a possible revaluation were a psychological factor in the increase of German gold reserves. Another factor is that in view of the position of German agriculture the Federal Government is carrying on a policy of agricultural protectionism and restricting food imports. On account of its structure German agriculture cannot be exposed to the competition of foreign countries producing on a large scale, especially if the economic position of the farmers is not to be endangered. Apart from this a reorganisation of the structure of German agriculture is a long and tedious undertaking, which can be achieved only in tens of years. The question of letting in a flood of food imports is therefore very problematical.

Schäffer's Savings

The third great factor which has led to the gold and currency reserves in the Federal Republic is a result of financial policy. The Federal Minister of Finance, Herr Schäffer, had put aside considerable amounts of

tax receipts in preparation for the military expenditure in the coming years, in order not to have to raise these amounts by increased taxation at a later date. This accumulation of money meant practically stopping demand on the home market. The first effect of this was a stabilization of home prices, because purchasing power was reduced by taxation. In the meantime these reserves have to a great extent been used up for internal purposes.

The immense reserves of gold and currency have therefore produced a number of difficult questions. Perhaps there will be a blood-letting if the wishes of the British are taken into account and their share laid down in the debt agreement (DM 1,300 million) paid more quickly than planned. Nevertheless, the gold and currency reserves amount to about two thirds of the German annual volume of foreign trade.

Making Profit Sharing Work SOLVING SOME CO-PARTNERSHIP PROBLEMS

By WILFRED ALTMAN

'CO-PARTNERSHIP', said Socialist M.P. Mr Henry Osborne, addressing a recent Conference of the Industrial Co-partnership Association at Cambridge, 'is the only solution for harmony and efficiency in industry today. It really makes workers keen to see that profits are made. And, helping to make them, they should receive their fair share of them. That', he suggested, 'is where organised labour should come in, and not in making national wage demands.'

Organised labour was in severe danger of getting itself discredited. Continuous wage demands were responsible for rising prices and their pernicious consequence.

Mr Osborne, who also happens to be founder and chairman of a flourishing light engineering concern, had more surprises in store for delegates when he suggested this new role for trade unions and explained

how it operates in his own factory.

Employee on the Board

Mr Osborne went on to explain that the employee representative on his own board has an absolute veto on every decision made. If he doesn't like the amount of profits set aside for the workers, he can hold up the board until the other directors agree to a figure which he does like. And, if his three hundred fellow employees don't approve of the figure agreed by the board, they can tackle their own representative who supported the decision.

For the last two years the employee chosen happened to be a young and difficult shop steward. Surprisingly, after a period on the Board, the man proved to be extremely able. 'Indeed, the managing director now feels that he deserves soon to be considered for promotion to the board on his own merits!'

From *The Chamber of Commerce Journal*, September 1956

the pioneers of co-partnership, is to find half a dozen people who are willing to carry responsibility. Moreover there were certain responsibilities for which only top management should account, and here Mr Wallace quoted an example, a hypothetical case, of writing off a £2m. loss in cocoa stock.

Mr Payne countered that after long experience of co-partnership he found that responsibility was willingly shared by all his men—even to the extent of them giving up their Saturday afternoon football match.

The problem was again dealt with in a contribution by Mr Paul Spindler, director of a German textile firm, employing more than 2,000 people. 'In Germany', he declared, 'it was regarded as wrong that any group should share in the profits of working without sharing responsibility for its problems too.' In his own firm, joint responsibility is vested in a number of high-sounding committees starting with an economic council, which consists of eight directors and eight labour representatives, plus a further sixteen representatives appointed by employees. There is a system of contact men and women appointed at each mill who are responsible for the flow of information between the workers and the economic council; moreover, there are joint committees for finance and quality control, each enjoying executive power.

Sharing Responsibility

The question of how the sharing of responsibility might be achieved in Britain brought a sharp clash between Mr Reeve (the West Country director who wants to disclose top management salaries to employees) and a shop steward from Rowntree. Said Mr Reeve, 'Joint

Shakespeare v. Osborne

Earlier Mr Osborne defined profits as 'a margin of error in costing'—a view sharply rebutted by Sir Geoffrey Shakespeare, director of the Abbey National Building Society, and chairman of British and Northern Shipping Company. Said he, amid warm applause: 'I regard profits as a margin of wisdom, and losses a margin of error.'

Another controversial point raised during an earlier session of the Conference was whether workers should know how much directors are paid.

Mr M. R. Reeve, director of John Heathcoat & Co. Ltd, who read a paper on joint consultation, declared: 'It's a pity that industry is so secretive about top salaries. I think for the most part it is because we are rather ashamed of what we are getting. There must be many companies where no harm and much good would be derived by disclosing such information.'

Cautious support for this view also came from Mr John Spedan Lewis, founder of the John Lewis Partnership, but Mr Harry Payne, who heads a firm of 130 shoe-repairing shops in Birmingham, expressed doubt whether it really mattered to employees to know these figures. He told the Conference that he had recently attended a meeting accompanied by a member of his staff, and had been asked: 'Do your employees know how much you are getting?' His man jumped up to reply: 'No, we don't. If we did, we'd double it.'

The Real Problem

Does co-partnership and profit-sharing encourage greater responsibility? The real problem in a big business, declared Mr William Wallace, chairman of Rowntrees, one of

consultation are a mouldy couple of words. It's best done by informality. If you get down to the spirit of the thing, there will be no need for formal joint consultation meetings.'

Countered shop steward Mr L. Drinkel: 'We are very keen on joint consultation (at Rowntrees) and very proud of it. Be formal. Give the men some status and they will be happy about it. We have no desire to infringe upon the powers of management to manage.'

On an earlier occasion, Mr Drinkel featured in a minor skirmish with Mr John Spedan Lewis. Mr Lewis commended the method of anonymous criticism levelled against top management—a practice encouraged by his own group, for the very good reason, he explained, that it would cut out any chance of prejudice towards critics.

But Mr Drinkel remained unconvinced: 'I often find myself in disagreement with my firm's chairman', he declared, glancing in the direction of that gentleman, 'but I know I

don't have to be afraid of losing my job as a result.'

Big Production Increases

A final highlight of the Conference was a contribution by Mr Harold V. Lush, president and general manager of Supreme Aluminium Industries Ltd of Toronto and chairman of the Council of Profit-sharing Industries in the U.S. By means of charts he showed how the introduction of profit-sharing by his firm in 1948 had meant lower labour turnover, a reduction in operatives and an increase in production of 150 per cent. As a result, he declared, 'no less than £180,000 had been shared last year by some 130 out of 220 employees.'

British examples quoted at the Conference were less startling but we heard of production increases of 70 per cent—a factor which caused many of the record number of delegates representing new and/or interested firms to hope for equally encouraging results.

TRADE WITH EUROPE

... If Britain joined the free trade area provisions would have to be made for certain important conditions. Industry must be assured that it would be enabled to compete with the other member-countries on level terms, and that, for example, British taxation allowances on plant would be the equal of those given to Britain's competitors. Then, again, there would have to be effective guarantees against hidden subsidies in other countries and adequate protection against dumping. It is clearly difficult to make a firm decision without fore-knowledge that these conditions will be fulfilled, but it is satisfactory that the Government will be fully informed of industry's views before taking any further action in this complicated issue.

From Notes of the Month F.B.I. Review, November 1956

New Feature

Behind the News

EDITED BY 'HYDASPEUS'

WHEN the House of Commons rose to cheer the Prime Minister's announcement of the cease-fire in Egypt a few Tories of the Suez Group sat silent. So it was before Munich.

Now, as then, the elation was short-lived. It soon became clear that though the Lion had shown that he could still roar and bite he had not bitten deep enough. In 1938 Britain mobilised the Fleet. Britain now holds a beachhead in Egypt still ruled by Colonel Nasser. Had the Allies carried not only Port Said but the two other objectives of Ismailia and Suez they might now be in control of the Suez Canal Zone and operations to re-open the water-way could have begun. Rumours that French paratroops had taken Ismailia either before or after the cease-fire were succeeded by other rumours that the Russians were in possession.

Watch on the Nile

Formerly the British lost every battle but the last. In this brief campaign they won the first engagement but may have lost the war. The international force is to be responsible to a body not primarily concerned to secure a satisfactory regime for the Suez Canal or restore vital British and French interests. Sir Anthony Eden's failure to insist on the inclusion of Anglo-French contingents was excused on the grounds that but for a self-denying ordinance by the Permanent Members of the United Nations Security Council the U.S.S.R. could demand

a place in the force. But the Russians have long been in Egypt and Nasser is their instrument. Those who want to exclude Russia from the Middle East should not abandon the aim of destroying or discrediting the military junta.

Nasser has gained in prestige, for he is able to claim that his forces in Sinai were stabbed in the back by Great Britain and France, and that he withstood their assaults although they were aided by the Israeli lightning stroke. Unless the Allies keep up their pressure there is no reason why Nasser, who has shown himself so cool and has throughout been advised by both the Soviet and American Ambassadors, should make a false move. He is better placed than before to play one against the other in order to extract aid from both.

Moscow—Washington

Another thirty-six hours would have seen the British and French troops in possession of their three objectives. Why did the Prime Minister who had shown unexpected fortitude not hold on for the last quarter of an hour? Despite Bulganin's threats, Russia would not have intervened directly. It is true that on a single day Great Britain and France were threatened not only by Moscow but by Washington. Yet the position of the Giants must have been taken into account before action was begun. If the Americans had their elections, the Soviet Empire had its troubles. At home public opinion moved steadily throughout

the crisis in favour of Sir Anthony. At one point he perhaps had more Labour Party than Conservative voters on his side. Artisans are less interested in the niceties of the Charter than are intellectuals and those ex-Liberals who now form a substantial section of the Conservative Party. So many British workers have served in the Middle East and not always seen the best side of the Egyptian character.

Rats of War

It was not public opinion at home or abroad which caused the British to cease fire before their objectives were gained and to exact conformity from a now disillusioned France. It was the disloyalty to Sir Anthony of Ministerial colleagues, men who since the seizure of the Canal by Nasser have been against armed intervention. They form not so much the 'Peace Party' as an 'American Party'. The revolt of the soft centre has had its success. It has roused the resentment of a number of Tories who have never belonged to the old Suez Group. They cannot condone intrigue when British troops are in action and will want to know why the dead of Port Said should be cheated of their victory.

Partant pour la Syrie?

Not only Iraq but Turkey is wavering. An opportunity has been lost for consolidating the Baghdad Pact. Nuri es-Said would like to take Syria over but the Communists

there are a State within the State. Much depends upon the attitude of the United States.

What does Ike Like?

There are two conflicting policies in the State Department. They recall the differences between the policies pursued towards Turkey by Gladstone and Disraeli. Disraeli was for maintaining our Oriental interests by upholding the Ottoman Empire in its decline; Gladstone looked to the new nationalities.

Washington has not finally decided whether to support the European Empires in their decline or to rest its policy upon those who seek their overthrow. The threat to withhold oil supplies while the Anglo-French forces remain in Egypt is explicable if Washington intends a new rapprochement with the Soviets and a virtual condominium with them in the Middle East. President Eisenhower's victory is a victory for big business and big business may want an agreement, if only an agreement to disagree, with the Soviet Empire in order to secure its share of the new markets of the underdeveloped countries. An international solution in the Middle East, founded on the exclusion of British and French power, could be as much a way to the universal tyranny known as World Government as the misuse of European Union and Atlantic Alliance to federate the nations of the West under the Dollar sign.

London: November 11th 1956

Rural Economy

(I) SWEDEN'S AGRICULTURAL POLICY

THE new pricing system, which became definitely established by a decision passed by the Riksdag in May 1956, seeks to effect a more direct adjustment of the domestic prices of agricultural products to the international price level. The price structure is, briefly, as follows:

After certain periods, for the first time after three years, the agricultural population's income level is re-examined in the light of bookkeeping accounts, assessment figures and consumption data. At the same time the previously mentioned industrial workers' yearly incomes are investigated. At the beginning of a new contractual period the prices are to be so fixed that, when the harvest is normal, basic farming will yield the farmer the same income from work as that of the industrial worker. The prices required for this purpose are called median prices.

Import Policy

With a knowledge of world market prices ruling at the same period it is easy to calculate how high the import duties will have to be. Only in exceptional cases, however, will they be allowed to exceed 25 per cent of the import price. These import duties will then remain constant so long as the domestic price, for reasons other than that the Swedish production is in excess of the home consumption, does not exceed or fall below the so-called price limits, which have been fixed in advance to lie between 10 and 15 per cent on either side of the

median price. Assume that the latter is 40 kroner per deciton and that the price limit is fixed at ± 10 per cent. Then, so long as the price ranges between 36 and 44 kroner, no change will be made in the import duties.

All Customs tariffs on food have been abolished. Imports are free and may be effected by anyone who pays import duties and the duties which at the date of import the Swedish producers have to pay. Such duties are levied with Government sanction at a certain maximum amount and are paid into adjustment funds to be used in the first place for covering losses on any exported produce.

The upper and lower price limits are intended to protect the consumer and the producer respectively from excessive fluctuations in prices. Outside these limits the State Agricultural Marketing Board may lower or raise the import duties or introduce quantitative controls. In such an event the Government authorities may also, of course, decide to subsidise imports or exports, as the case may be.

No Price Reviews!

There are no longer any Government-guaranteed prices nor any annual price negotiations. For the world market price has an immediate impact on the domestic price level. The farmers must take whatever prices they can, and no special control of prices is exercised so long as they keep within the prescribed limits. During the period of the agreement the farmers may retain the profits they derive from ration-

alisation. If they can bring efficiency into their farming as rapidly as industry and trade in general have done, then, provided prices abroad remain stable, the farmers' own incomes from work can rise, approximately keeping pace with those of industrial workers and salaried employees. If the process of rationalisation is slower, then prices may be expected to be higher during the next contractual period; if it is more rapid, some portion of the benefit may accrue to the consumer in the form of lower prices, though not until a new contractual period begins.

Prerequisites

A pricing system of this kind seems to possess a number of merits, but it must presuppose that the price level on the world market at the beginning of the contractual period is more or less normal and that at the same time the price ratios between different products are not too extreme. For the price limits are as an average 12 per cent on either side of the median prices. A general fall of 12 per cent in the prices of all products would mean a 20 per cent reduction of income for agriculture as a whole, perhaps for a couple of years. The consumers would be equally reluctant to face the risk of such heavy increases in prices should the market develop in that direction. And so a ceiling rule has been introduced (the 6 per cent rule), the gist of which is, briefly, that a persistent rise or fall in average prices exceeding 6 per cent will provoke fresh regulatory measures.

Fall in Value of Money

The serious deterioration in the value of money that has been going on for a long sequence of years is hardly likely to be entirely checked

during the coming 3-year period. A special index clause, the so-called 5 per cent rule, implies that all price limits and import duties shall be adjusted by the same relative amounts as the Social Welfare Board's consumer price index if the change therein since the beginning of the contractual period or after the latest index adjustment amounts to at least 5 per cent. The effectiveness of the protection afforded by this rule depends on whether the inflationary movement is more rapid in Sweden than in the food-exporting countries and how close to the price limits the prices will be when the rule is applied. Under a general international inflation it affords fairly complete protection. Should the value of the Swedish currency change, negotiations are to be taken up with a view to adjusting the protection given by the limiting rule.

Advantages of the New System

Dumping is a common phenomenon on the international market for agricultural products. By the time the system starts functioning the amount of import protection afforded to most products will have been weighted in reference to certain of the more important specifically indicated quotations, e.g. for butter, the Danish export price to England, for bacon, the Danish bacon quotation in London, for wheat, the quotations on the Liverpool Exchange for certain qualities comparable to Swedish wheat, and also the quotation for Red Winter II c.i.f. North Sea Port.

If, for instance, dumping directed against Sweden is reflected in import prices falling short of those prevailing at the time in the quotations that serve as a basis for fixing the import duties, it is considered that in principle the necessary counter-measures

should be taken (e.g. quantitative restrictions)—if, that is to say, the imports are expected to affect adversely the trend of domestic prices.

Whether or not such is the case is decided by the State Agricultural Marketing Board. Counter-measures of this kind can, of course, be taken even before the price has fallen to the lower price limit.

Sliding Scale

The system of control in regard to individual products differs from the general system described above. The import duties on both oil-cake and maize are still on a sliding scale and are imposed, when necessary, in order to check the production of livestock. For wheat, rye and oil seed the prices are fixed annually in advance every autumn in the light of the world-market situation, and the sale of Swedish raw materials to mills and margarine factories is secured, if necessary, by imposing on millers the obligation to mix-in a quota of home-grown grain in foreign grain. For potatoes, potato starch and sugar beet the import duties are to be gradually reduced somewhat year by year.

High Import Duties

The fact is that, as far as these products are concerned, the new system is being initiated with relatively high import duties. Swedish margarine is still kept at a high price owing to duties on the raw materials, but with the introduction of the new system the duty is to be lowered, while at the same time the price of butter is expected to fall as a result of the lower degree of protection it is now being afforded.

In this context we shall not make any detailed comment upon certain transitional regulations laid down

pending the introduction of a new system of economic protection in the event of crop failures.

The new pricing system briefly described here is still almost entirely untried. However, it has been applied to sugar since the 1st May and has so far entailed some rise in the price of sugar. Further, the prices of wheat, rye and oil seed have been fixed in advance. The price of the two first mentioned crops will be 1 kr. 50 öre higher than the median prices, this being chiefly due to the still very stiff freight market.

More Liberal

In spite of all the various restrictions and safety measures that surround it, this new price system nevertheless implies a definite step towards a greater degree of liberalisation and will probably enable the Swedish agricultural production to adjust itself more rapidly to the international market than has been the case in the past.

Its principal advantages are that the farmers' profits derived from rationalisation will remain in their own hands and that agricultural prices and incomes will no longer be directly bound up with the far-reaching annual agreements on the labour market. Moreover, the Swedish consumer will probably have a larger selection of some kinds of foods to choose from than ever before. However, it remains to be seen whether the rationalisation of agriculture will really be able in future, as in the past decade, to keep pace with that of industry and whether any future increases in food prices as a result of higher world-market prices will be regarded as less inflationary than those which resulted from the annual negotiations on agricultural prices.

(2) WORLD FARM OUTPUT RISES—FARMERS' INCOME DROPS

World farm production rose by three per cent in 1955-56. Most of the increase, however, came in the surplus-producing countries. At the same time there was a continuing drop in income for farmers in most of the world. World trade in farm products also has expanded extremely slowly compared with trade in general.

These are the conclusions of the report of the Food and Agriculture Organisation in its 'State of Food and Agriculture' for this year. The report was discussed at the recent Special Session of the F.A.O. Conference.

With a further small increase in world agricultural production expected in 1956-57, the report says, there is no immediate prospect of substantial reductions in stocks of the main surplus commodities. However, it adds, new measures taken to curtail output in United States should start taking effect in the following season.

Unbalance

Delegates at the F.A.O. session expressed concern over the slowness of correcting the unbalance in world food production in the post-war years. A. H. Boerma, Director of F.A.O.'s Economics Division suggested that the general dissatisfaction with the progress of world food and agriculture was a reaction from earlier excessive optimism. Many people, he said, had expected F.A.O. alone to cure chronic malnutrition in much of the world within a decade. But this was too high a hope, Dr Boerma said. Solution of the world's food situation, he said, depends upon economic development as a whole

From I.F.A.P. News, October 1956

56, according to F.A.O., was large imports of grains and sugar by Russia and the Eastern European countries. Their imports of livestock products, however, were reduced from the high levels of the previous two years. 'East-West trade now accounts for 3 to 4 per cent of total world trade in farm products.

World trade in agricultural products increased by about 5 per cent in 1955-56 reaching its highest post-war level. Trade in farm products now is about 5 per cent above the 1934-38 level, while world trade as a whole is about 70 per cent above the same period.

(3) RUSSIAN COMFREY

By J. L. H. CHASE

ALTHOUGH this crop has been known for many years, it is only recently that its merits have begun to be appreciated in this country. It is a plant somewhat similar to spinach in habit, but its most important characteristic is that it is such a remarkably heavy cropper. It is capable of giving a total annual cut of as much as 100 tons to the acre, and 50 to 60 tons are quite normal.

Russian comfrey can be used for human consumption and some progress has been made in this direction. It must, however, be used within a few hours of cutting, and this means that the crop must be grown within easy reach of a canning factory. I feel myself that it is an acquired taste, and that the normal person would have to be reasonably hungry before he made it a standard article of his diet. There seems little doubt, however, about its value as human food. It is an extraordinarily deep-rooting crop and brings up rare trace elements from a great depth in the soil. It has a high calcium content and seems to have great medicinal value as a bone builder.

Russian comfrey seems to be most valuable as a fodder crop for horses, pigs and cattle. It has been used particularly successfully in the breeding of bloodstock, where its value is so great that in order to obtain it very early in the spring some breeders

have grown it under cloches to gain an extra month in earliness. My own experience in feeding it to horses is that it is an acquired taste for them also, and it takes a little time for them to become used to it.

Good for Compost

The great value of Russian comfrey to the gardener is that it provides a mass of excellent composting material. So many gardeners complain that although they would like to make compost for themselves, they never have sufficient green material growing in their gardens. Russian comfrey can be grown in any inconspicuous corner, and each plant can be expected to provide 50 or 60 pounds of fresh green composting material every season. The crop is propagated vegetatively from root cuttings, which are usually planted in March or April. They are spaced 3 feet apart in each direction, as a plant makes tremendously vigorous growth.

About five cuts are made every year, at monthly intervals from May to September. I planted half an acre in March this year, and even in the first season have been able to make three cuts. There is little labour involved in growing the crop, although it must be kept clear of competitive weeds. Thereafter it makes so much growth that it

suppresses weed growth. Once established it is very difficult to eradicate, since its roots go so deep. It must therefore be regarded as a permanent crop and the lady gardener who changes her mind every few months about what she wants to grow in her garden is advised to avoid it!

Doubleday Research

Much more experimental work must be done before the full value of this crop in England can be appreciated.

(4) COCKNEYS AND HOPS

COCKNEY customs die hard. Two major wars and innumerable police regulations, for instance, have failed to kill the Coster, though his pearly regalia—or what the blitzes left of it—has become an anachronism; the American tie and the French haircut have taken its place; the Costermonger has become metamorphosed into the Barrow-Boy, and his street trading, once a job like any other job, has become so lucrative that it has attracted more than its quota of outside racketeers. The hop-gardens of Kent hold out no such temptation to the racket-minded. Hops are bought only by brewers, and sold only through the Hops Marketing Board; on any conceivable black or profiteers' market they would be a drug in more senses than one. They have no spiv-value; they cannot be flogged. You pick hops because you want a change, a paid holiday in the open air, but certainly not because you want to get much richer much quicker.

Where Cockneys Live

The Cockney, apparently, does

ated. The Henry Doubleday Research Institute in Essex is doing its best to collect information on the subject, but its scope is limited by lack of funds. Great strides are being made in Kenya where its great possibilities are fully realised, and many other countries abroad are beginning to take an interest in the crop. I believe that it has a big future in England both for the gardener and the farmer, but it is too early yet to make promises; more research is still necessary.

ways, independent as they are, can no more ignore the Cockney's demand to get down to his hops, if only for the day, than the old Southern Railway could, and the Excursions are 'on' again this year.

Family Groups

But the really inveterate hopper lives on the spot. From early in the morning until after sunset, the family groups will be busily stripping the hanging vines, filling bin after bin, and making a kind of neat desolation in the garden as they go, rather as if some strange species of locusts had passed over. 'ER-NAY' is still 'coppin' out' for defiance of parental authority, and Lit'l' Elsie is still asleep on a pile of hop-bines, like a drugged and rather raffish cherub. To many of the Cockney children, the thick forest of bines, with the enchanted late-summer sunlight streaming through the hanging garlands, and mellowing the nearby, rabbit-topped oasthouses, are still very close to the land of faery, and the jargon of the hop-gardens—the bushels, packs, pokés,

pockets, and tallies—to the language of romance. So established has the Cockney become in the hop-gardens, so much has he made himself at home there, that sometimes one knows him from the countryman only 'as the blind man knows the cuckoo, by the bad voice'. But the Cockney returning to camp down the Kentish lanes at night, exhilarated by a day among the hops and an evening at the village pub, is quite unmistakable. The egregious Londoner in him is evident as he joins forces with whatever group is going his way—and sings.

He sings because the quiet Weald is all around him, ancient and mysterious, and London with its lights and crowds is a long way off. He will not admit it, but in his heart he is a little scared of the country silence which he so boisterously breaks, a little afraid of the rural dark. And so, like Bottom the Weaver finding himself alone in the forest, he sings—as he sang in the blitz, as he has sung in all his wars throughout the centuries—'that they shall know I am not afraid'.

(5) HARVESTING TROUBLE IN RUSSIA

RUSSIA has been having harvesting trouble.

According to the International Federation of Agricultural Producers, delays in harvesting in many parts of the country are cutting what had promised to be an especially heavy grain crop this year. Much grain has been left standing in the fields or cut and unthreshed in windrows. There are reports of grain on many collective farms being left in the windrows for almost a month. Bad weather and insufficient storage facilities are adding to the agricultural woes of the Soviet Union.

A total area of about 200 million acres of small grains and legumes had been cut by early September. But at this time there remained grain uncut on 87 million acres, an area 37 million acres larger than the total United States harvested wheat acreage. In addition, in Russia grain covering an area of more than 25 million acres was reported remaining in windrows unthreshed.

Because of a shortage of combines in relation to the huge grain acreage, Russian authorities have introduced windrowing on a wide basis.

The Sahara's Hidden Wealth

THE Sahara is expected to be one of the richest French overseas territories in regard to mining resources, according to statistics released by the French Government's Planning Office in Paris. In a review of the progress made in the past few years for the industrialisation of French overseas territories and North Africa, the Planning Office said that the French Government intended to earmark funds to the extent of some 500,000 million francs during the next ten years to equip and modernise these territories.

The various parts of the Sahara are at present administratively attached to Algeria and to French West Africa, but the French Government recently announced that it would ask Parliament to set up a central body to co-ordinate economic activity throughout the region.

Developments in Algeria

From the mining standpoint, the biggest developments in the whole French Union are now taking place in Algeria. Within the framework of the Coal-Steel Pool agreement, Germany, and to a lesser degree, Belgium and Italy, have begun to take a hand in prospecting for and exploitation of the latent mineral wealth of the Sahara desert, which covers some 2,000,000 square miles. Already several joint Franco-German ventures have been set up, one of which is building a ferro-manganese plant in the region of Colomb-Béchar. In Tunisia, new zinc and lead deposits were tapped in 1954 on the fringe of the Sahara and an intensive prospecting effort has disclosed the existence of man-

ganese, copper, strontium, mercury and other minerals.

At the other end of the desert, large deposits of copper with a high metal content have been discovered at Akjoujt, in Mauritania. At Fort Fouraud extensive deposits of high-grade iron ore are to be exploited by the British Iron and Steel Federation in association with French and Canadian interests. In about four years' time 4,000,000 tons of iron ore a year will be produced by Fort Gouraud Mines, Akjoujt will produce between 15,000 and 20,000 tons of copper, and 1,500,000 tons of iron ore. The Tindouf mines, too, have reserves of iron ore evaluated at 2,000,000,000 tons.

Major Oil Development

A major oil development occurred in Algeria last year, when a wildcard in the neighbourhood of the Saharan oasis of In-Salah struck oil in commercial quantities, supplying for the first time positive proof of the existence of oil in these parts. The In-Salah gas deposit is reported to be as big as that of Lacq in South Western France. In Tunisia, too, methodical prospecting and drilling operations are in progress.

The Sahara is perhaps the most forbidding stretch of country in the world. Only modern methods and equipment have made possible its systematic exploration on an extensive scale. It is evident that, despite growing interest in the mineral potentialities of the Sahara, the greater part of this vast desert must still remain relatively unexplored. Many minerals have been discovered in payable quantities since the war

—some of them on a very large scale—but it is probable that the mineral riches of the desert have as yet been barely tapped. Let us trust that the government's ambitious but realistic

programme for uncovering the Sahara's mineral wealth is not jeopardised by disturbances and political unrest.

£64,000,000 for Iraqi Roads

By DON SCOTT-REID

THE £64,000,000 which Iraq has allocated for expenditure on its roads during the current five-year period to 1960 underlines the importance the Government rightly attaches to communications as an essential adjunct to the country's economy.

It is a principle that has long been accepted by successive Iraqi Governments, and a nation-wide transport system that co-ordinated trunk roads and feeders with the railway network has existed on the drawing-boards for many years. But lack of adequate funds restricted its full implementation, and for the last two or three decades Iraq has had to content herself with many thousands of miles of inferior roads that have been at the mercy of weather and heavy loads.

Some of the World's Best

When, originally, Iraq's road-

building needs were worked out in detail, the shallow national purse limited the programme of work to two alternatives. The country could have either a few roads built well or many roads built cheaply. And the choice to have many roads built cheaply was wisely taken, for not only were connections thus established between widely-scattered centres of population—from Mosul in the extreme north to Basrah in the extreme south—but, also, foundations were laid for the better, metallised roads that would quite conceivably become possible at a later date.

With a purse deepened by oil revenues and an expanding economy, the later date has now arrived. It is the opinion of Mr Guy Kelcey, an American highways engineer whose principals act as consultants to Iraq's Public Works Department, that the new programme will give Iraq some of the best roads in the world.

From Iraq Petroleum, October 1956

From The Mining Journal, October 26, 1956

Digest Reviews

TOUGH ASSIGNMENT

Deadline and Dateline. By René MacColl. Oldbourne; 15s.

Readers of the *Daily Express* have good reason to know the name of René MacColl and his autobiography provides an interesting background to a very versatile and able journalist who has been around quite a lot!

The book itself leaves a curiously disconnected impression; one seems to jump from one situation to another with extraordinary rapidity, which does convey to the reader the kind of life 'enjoyed' by a top-line journalist. Here is a lot of sound advice for the young man or woman who is contemplating a journalistic career.

A GOOD LIFE

The Land Called Me. An autobiography by Sir E. John Russell. Allen & Unwin; 25s.

The name of Sir John Russell commands world-wide respect in scientific and agricultural circles, and is particularly associated with the Rothamsted Experimental Station, where he was Director for 31 years. In this book he tells the story of his life, from his early days as the eldest son of a minister of religion with a large family and little money, his long years of work and study which led him to Rothamsted, and his travels in Africa, India, Europe and America, to the present time. In telling the story, which he does with great good humour, he provides much valuable information and material for all who are concerned with science of agriculture.

FATHER OF A FAITH

The Hungry Heart. A Romantic Biography of James Keir Hardie. By John Cockburn. Jarrolds; 18s.

This story of the life of Keir Hardie is well told. The author succeeds in creating in the mind of the reader the circumstances and conditions which led to the creation of a Labour Party in Britain. The faith and courage of Keir Hardie have lived on as an inspiration to many, but so much that Hardie fought for is now commonplace and accepted without a second thought by those who are the principal beneficiaries.

Reading the account of the birth pangs of the Labour movement, one can plainly see just how and why certain ideas and policies came to be followed. It must have been a bitter pill for Hardie to swallow when in 1914 his hopes that trade unionists in Europe would stand firm against war proved illusory.

The centenary of Keir Hardie's birth took place this year and this book is a timely reminder of the father of the Labour Party to whose sincerity and courage the present party owe so much.

SAMPLE SURVEY

Graduate Employment. A Sample Survey. P.E.P.; 30s.

In this sample survey, P.E.P. has made a statistical analysis of the school and university background and of the careers of 4,000 men from the time they graduated in 1950 to the time, four years later, when the survey was made. All who are interested in the inter-relation of schooling, academic record, employment, change of employment, and salary scales of young people in the

immediate period after they have graduated, will find this report most useful. The work was undertaken for the D.S.I.R. with a grant from the Conditional Aid Scheme, and P.E.P. are to be congratulated in providing such a considerable body of information on a subject which had been sadly neglected.

CO-OPERATION IN INDUSTRY

Co-Responsibility in Industry. Social Justice in Labour-Management Relations, by Jeremiah Newman, Professor of Sociology, St Patrick's College, Maynooth. With a Preface by Michael P. Fogarty, Professor of Industrial Relations, University College, Cardiff. M. H. Gill & Son, 50 Upper O'Connell Street, Dublin; 13/6.

Personality and Group Relations in Industry, by Michael P. Fogarty. Longmans; 30/-

Dr Newman's writing is imbued with Catholic social teaching and his work will be of value to students of many points of view for the account he gives of joint consultation and co-management schemes not only in Germany and Belgium, where Christian Democracy has been powerful, but also in Great Britain and the United States. Particularly useful is the Appendix giving the German co-determination law passed by the Federal Diet in May, 1951, and the other Appendices quoting similar legislation in Belgium and the Netherlands.

Professor Michael Fogarty, also a Catholic, confines his study of industrial relations to his own country. He works from the individual upwards through the various working groups of the community instead of starting, as is more usual, from the methods and institutions which exist

or have existed. His book does not enter the field of management studies but is rather an analysis of the anatomy and physiology of industrial relations.

YOUNG DRUNKS

Further evidence of a continuing Increase in Drunkenness Among Persons Aged Under 21 in England and Wales. Economic Research Council, July 1955.

This report shows the serious tendency for drunkenness among young persons in the period 1950-54 to increase. It is based on the Home Office tables of drunkenness in 1953, and on the figures supplied by the Chief Constables of convictions. There are also many convictions for the consumption of liquor on licensed premises by persons aged under 18. The figure of 7.5 per cent increase in the same 65 police districts between 1953 and 1954 is very alarming if it can be assumed that drunken young adults will continue their drinking habits and thus swell the numbers of the over-21's who are convicted in the future.

This objective report has been handled in an expert manner and should be of service to sociologists and others who might wish to find remedies to prevent this problem from becoming a grave national concern, and its sponsors have done a service in bringing it before the press and the public.

D.B.J.

AFTER PERON

Argentine Upheaval. By Arthur P. Whitaker. Atlantic Press; 18s.

The author says in his introduction 'the overthrow of Peron possesses great interest for students of totalitarianism as a world problem'.

Professor Whitaker deals very fully with both the domestic and foreign aspects of the crises in Argentina. In conclusion he sounds a note of warning to the U.S.A. in their dealings with the smaller countries. 'The clamant nationalism of smaller countries such as Argentina poses problems for the United States to which, if experience is any guide, the new interventionism does not provide the answer'.

AFRICAN COMMENTARY

Reflections on the Report of the Royal Commission on East Africa; The Africa Bureau; 3/6.
Protectorates or Native Reserves? A Political and Constitutional Survey of the High Commission Territories in South Africa—Basutoland, Bechuanaland and Swaziland. By Isobel Edwards, The Africa Bureau; 2/-.
The African Worker in South Africa, by Alex Hepple, M.P. The Africa Bureau; 2/-.

Members of the staff of Makerere College, Uganda, are among the unofficial critics of the East Africa Report who helped the Africa Bureau's Working Party in their inquiries. Among several interesting proposals is the suggestion of an African T.V.A. based on Lake Victoria.

A Report of another character, that of the Tomlinson Commission, has occasioned renewed demands from the Union of South Africa for the incorporation of the three High Commission Territories. Miss Edwards reviews the history of the discussions between Africans and British and between the British and Union Governments on the status of Basutoland, whose Chief Moshesh spoke of African peoples 'folded in

the arms of the Queen' and of the two Protectorates.

In the third of these pamphlets, South African racial and social policies come under the fire of the Labour leader, Mr Alex Hepple.

WHO GOES HOME?

A Parliamentary Dictionary. By L. A. Abraham and S. C. Hawkey. Butterworths; 21s.

Here is a book that supplies all that the reader wants to know about Parliamentary expressions, ranging from the colloquial to the technical. These are set out in alphabetical order and very adequately indexed so that reference is made easy.

MARXIAN MISCELLANY

Karl Marx: Selected Writings in Sociology and Social Philosophy, by T. V. Nottemore and Miximilien Rubel. Watts; 21/-.

It is claimed for dialectical materialism that it is not only a system of economics and political theory but a philosophy. This book provides a wide selection from Karl Marx's writings on sociology and social philosophy with appropriate introductory material. It is of particular value as much of what Marx wrote, especially in the early part of his career, was only recently available in English.

This is also a convenient reference book for the historian and economist.

MORE AUTOMATION

What Automation Does to Human Beings. By George Soule. Sidgwick & Jackson; 15s.

The average American family with an income of £8,900 a year and the wage earner working 24 hours a

The view may be held in some quarters that automation poses no problems which are not already covered by economic theory. The specific questions put forward by the Committee are in this connection of particular interest. They indicate that automation does in fact give rise to numerous quite distinctive problems, not only economic, but also social, political and industrial. A broad approach is necessary and flexibility and common sense will undoubtedly be called for in their solution.

An appendix on High Output Machinery and Automation is contributed by an individual member of the Committee.

INDIA'S DEVELOPING ECONOMY

Trade and Finance in the Bengal Presidency (1793-1833) by Amalal Tripathi. Orient Longmans; 30s.

Planning for an Expanding Economy by C. N. Vakil, University Professor of Economics, Bombay, and P. R. Brahmanand, University Lecturer in Economics, Bombay. Vora & Co., Bombay. 20s.

Industrial Enterprise in India by Nabal Das, I.C.S. Orient Longmans, - 18s.

Mr Tripathi claims to debunk the 'Whig' interpretation of Romesh Chandra Dutt, author of 'Economic History of India under Early British Rule'. For Dutt the East India Company's trade was entirely destructive as well as being 'corrupt, oppressive and an obstacle to progress. Mr Tripathi makes use of documents and private papers of Governors - General and Agency Houses so far unpublished, approaches his topic dispassionately

week is the picture which the author sees in U.S.A. within three generations. He shows how this can come about as a result of present trends in productive ability and goes on to discuss the changes in society which will result.

He poses the question, 'Will the time come when a large part of the population no longer can earn a living, not because there is too little food, but because there is too much food and everything else?' and he shows how the problem of increased leisure will be one of the foremost problems in the 'automation age'.

Preliminary Survey of the Economic and Social Implications of Automation: Parliamentary and Industrial Committee of the Economic Research Council. 2s. post free.

The Committee discusses the recent scientific and industrial developments and stresses the urgent need to study in advance the problems which are likely to arise and to work out principles and practical measures for dealing with them. In the second part, two specific examples of automation—the automatic traffic light and the remarkable coal machinery of the Rheinische A/G für Braunkohlenberg-Bau und Briquet-fabrikation, near Cologne—are contrasted, with a view to showing more dramatically the economic and social problems which may be encountered in practice.

The Committee makes no attempt to anticipate the results of this research by claiming a knowledge which it does not possess. The object of the present document is rather to draw attention to the problems and to stimulate interest in a development which the Committee regards as of the first importance.

with many facts and figures and shows how Dutt in his anxiety to moralise and condemn the Company ignored, or failed to see, the important part played in India by the private British capitalist. This book reveals the relationship between them and John Company in Bengal in a period when the frontiers of that Presidency, like those of the American West, were ever moving forward. It was a period of Imperial expansion based on Bengal and extending even outside the Indian sub-continent. Bengal was called upon to finance the wars of the other Presidencies, to help defend them against the French and their allies and also to contribute substantially to expeditions to the Red Sea and elsewhere. It is not surprising that the Company's reserves proved insufficient and that the Bengal Government had to rely on loans from private British capital.

Mr Tripathi writes good plain English. The style of Messrs Bakil and Brahmanand is less attractive and choked with jargon, of which 'short-term bottleneck' is an example. There is, however, a valuable study of the problems of economic planning not only in India but in other less developed countries. In their rejection of methods which are appropriate not to them but to more advanced countries they show refreshing commonsense.

Mr Nabagopal Das's book was originally published in 1938, but has been largely re-written so as to deal with recent events and to provide detailed examination of the new Indian Companies' Act. Students of economics not familiar with India may be particularly interested in a chapter devoted to that peculiar and fruitful institution, the Managing Agency.

AFRICAN ADMINISTRATION

Epitaph to Indirect Rule. A Discourse on Local Government in Africa, by Nteyong U. Akpan. Cassell; 12s. 6d.
The Gold Coast in Transition, by David E. Apter. Princeton University Press. Published in the United Kingdom by Geoffrey Cumberlege. 40s.
Togoland, by James S. Coleman. The Carnegie Endowment for International Peace.

The promotion of healthy local self-government is one of the essentials of steady Colonial progress. Mr Akpan has had practical experience as an Administrative Officer in the Eastern Region of Nigeria, where English practice and nomenclature have been widely adopted. He considers the system of indirect rule through indigenous chiefs and institutions associated with the name of Lugard, and discusses the system of local government not only in Nigeria but in other parts of the world, believing as he does the importance of using and adapting the experience of others.

Mr Apter has studied with America thoroughness the transition now reaching its climax from Gold Coast to Ghana. In so doing he does not shirk the difficulty of applying a Western type of democracy to a territory where chieftaincy and superstition are still powerful but where, as elsewhere along the West Coast, there is an old conflict between the seaboard and the interior.

Mr James S. Coleman is another American expert on African affairs, and has studied political developments in British and French West Africa as a Fulbright Scholar. His concise survey of Togoland will be eagerly read by those in whom the imminence of Gold Coast independence and the British Togoland

plebiscite have aroused interest in this Trust Territory and its people.

EASTERNERS

Pharaoh to Farouk, by H. Wood Jarvis. John Murray. 21s.
Nasser's Egypt, by Walter Z. Laqueur. Weidenfeld and Nicolson; 1s. 6d.
The Eighth Plague, by Denys Rhodes. Longmans; 13s. 6d.
Pakistan, 1955-1956. Pakistan Publications, Karachi.

Mr Wood Jarvis has written a most fascinating and graphic account of Egyptian history from the building of the Great Pyramid to the overthrow of King Farouk by General Neguib and the revolutionary junta. The most unimaginative reader, unmoved alike by the theme, its topicality and its treatment, will be taken captive by the presentation which gives the period of Napoleon and Nelson and such incidents as the bombardment of Alexandria and the death of Gordon the colour and vigour of the cinema without its historical inaccuracies.

Mr Walter Laqueur, whose book *Communism and Nationalism in the Middle East* has helped to remove the misapprehension that the Islamic world is impervious to Communism, may be read as a sequel to Mr Jarvis's *Pharaoh to Farouk*. *Nasser's Egypt* refutes the opinion that the Soviet satellite regime at Cairo is concerned not for expansion but merely for the social advancement of an impoverished people. Mr Laqueur presents Egypt today as the exception that proves the rule that in the present century none but great Powers have taken a hand in the empire-building game.

One of the consequences of Nasser's influence in the Middle East is the resistance in the Arab rulers

to the most beneficent activities of the Western Powers. Saudi Arabia took action against the British Desert Locust Control Organisation. Mr Denys Rhodes's novel describes the war against locusts being waged in the British Colony in Africa, and shows how such a fight can be made more difficult by the intrigues of politicians.

Pakistan 1955-56 is a most convenient survey of the Commonwealth's great Muslim member nearly a decade from its foundation.

EVERYMAN'S EIRE

Ireland for Everyman, by H. A. Piehler. Dent; 8s. 6d.

Guide books commonly contain either too much or too little, but Mr Piehler has found the happy medium. He is equally good at practical hints for travellers and the appreciation of aesthetic values. It is a paradox that there is a greater heritage of architectural beauty in the hands of the Protestant, than in the hands of the older, Church in Ireland. All must regret the seeming indifference of the latter to the design and ornamentation of their churches.

Mr Piehler might have made clear the special relationship of the Republic of Ireland not only with the United Kingdom but with other Commonwealth countries.

TRANSATLANTIC VIEW

Church and State Behind the Iron Curtain. General editor, Vladimir Gsovski. Atlantic Press; 25s.
A World in Revolution, by Sidney Lens. Atlantic Press; 15s.

The United States and Asia, by Lawrence H. Battistini. Atlantic Press; 30s.
 The appearance of this work prepared under the General Editor-

ship of Vladimir Gsovski is well-timed, and provides facts and documentation on the persecution of religion in the People's Democracies and their rulers' efforts made with cruel cunning to divide the God-fearing in order to destroy them.

Mr Sidney Lens's book, and that of Mr Lawrence H. Battistini, contain useful material for the student. The authors, however, show such hostility to the Empires of Europe and ignorance of the good they have done in the world that they may give greater comfort to the enemies, than to the defenders, of Western civilisation.

TORY PAMPHLETERS

The Expanding Commonwealth. Conservative Political Centre; 1s.

The Conservatives and the Critics, by T. E. Utley. C.P.C.; 1s.

Our Way Ahead, by the Rt Hon R. A. Butler, C.H., M.P. C.P.C.; 6d.

British Colonial Judges. Their appointment and tenure of office. A Study by the Inns of Court Conservative Society. Sweet & Maxwell; 2s.

Few pamphlets published by an official Conservative body have attracted so much attention at home and abroad as *The Expanding Commonwealth*. The theme, which was in the minds of men like Smuts, has been developed by the Hon Patrick Maitland, M.P., in collaboration with Mr W. T. Aitken, Mr Julian Amery, Mr John Biggs-Davison, Mr Bernard Braine, Mr Paul Williams, Mr Beresford Craddock, Mr Anthony Fell and Mr Ronald Russell, together with six other Conservative backbenchers, including the Chairman of the Parliamentary Party's Commonwealth Affairs Committee. The Group deal imaginatively with the

problem of Fortress Territories too small to sustain the burden of sovereignty, which is the hallmark of full Commonwealth status, and call in vigorous language for policies of Commonwealth development and migration and for co-operation with an evolving European economic system in order to make the Commonwealth the eventual equal in material power of any empire in the world.

They hold that the Commonwealth must either expand or dissolve, and that millions throughout the world look to the Commonwealth for leadership while the Commonwealth looks to London:

'An expanding Commonwealth could associate Britain's European neighbours in the development of Commonwealth, French Union and other territories in Africa and Asia and reconcile the races. This association could be advanced in many ways, such as closer trade and payments arrangements between the members of the Sterling Area and of O.E.E.C. and through the Colombo Plan. With this in mind, members of our Group salute the efforts of continental Europeans to achieve closer economic unity. An expanding Commonwealth could generate capital to develop home and overseas resources, promote trade, achieve a sound balance of payments and furnish the sinews of defensive and diplomatic power.'

The Expanding Commonwealth was recommended to his Llandudno audience by Mr R. A. Butler in the address here reproduced. The Lord Privy Seal's style is light and gay; his matter reaches to the centre of modern Conservative thinking.

Other new thought on an Imperial topic is provided by the Tory law-

yers who are perturbed because Her Majesty's judges in Colonial Territories do not enjoy that independence and security of tenure which is held in the United Kingdom to be a constitutional essential.

Mr Butler in *One Way Ahead* spoke of the Conservative Conference as 'feeding time at the Zoo'. The criticism of the Government by middle-class and other critics were more muted at Llandudno than was expected. In his readable pamphlet Mr T. E. Utley distinguishes between those who have 'literary grievances' against the Government—namely those political journalists whose writing, he says, is determined as much 'by the desire to have a brighter press as it is by the desire to have a better country'—and the middle classes with their 'real practical grievances'. Mr Utley is not deaf to the latter's cries but justice for the middle classes is in his opinion one thing and 'it is quite another thing to indulge in that characteristic of the twentieth century in politics, the heresy that treats Government as an instrument of a Party or of a class rather than as the guardian of a nation'. Mr Utley commends the Government for holding the balance between 'whole-hogging' Socialism and the present mixture of freedom and restraint.

COMMUNIST EURASIA

Russia Without Stalin: the Emerging Pattern, by Edward Crankshaw. Michael Joseph; 18s.

Visa for Peking, by A. de Segonzac. Heinemann; 21s.

Mr Edward Crankshaw, who has established himself as a 'Soviet expert', has not given us a complete analysis of the Soviet system since

Stalin, nor has he set out to do so. He has provided a human account of some of the human beings who inhabit the U.S.S.R. and devotes considerable space to the Teddy Boy problem behind the Iron Curtain. Few but Communists would accuse Mr Crankshaw of being unfair to the regime; some Christians might say that he was less just to the Orthodox Church. *Russia without Stalin* contains the impressions of a tourist but a highly informed tourist who speaks Russian; had it set out to be more than this it would now have been the more out-of-date.

M. de Segonzac, of *France Soir*, has been a well-known member of the community of foreign journalists in London and the charm of the man is reflected in his writing. When he went to China he knew far less about it than Mr Crankshaw knew about Russia. He does not claim to be an expert, refrains from laying down the law, contenting himself with giving the reader the impressions of a stay longer than has recently been allowed to Western journalists. He was dependent upon an interpreter but was allowed freedom of movement.

PRETORIAN GUARD

The S.S.: Alibi of a Nation, 1922-1945, by Gerald Reitlinger. Heinemann; 35s.

Mr Reitlinger, whose *The Final Solution* has already been reviewed in *Economic Digest*, presents without passion but with deadly effect the story of what was intended to be the steel frame of a Nazi United Europe. In this, the first book in the English language to record the history of the *Schutz Staffel*, Mr Reitlinger shows its intercommunication with other

Departments of the Third Reich S.S. was Germany's 'Alibi' but he which have since claimed ignorance should not have succumbed to the of its activities. His thesis is that the popular misuse of this Latin word.

ALSO RECEIVED

The British Labour Movement. By A. C. Morton and George Tate. *Lawrence & Wishart*; 15s. This is a comprehensive history of the British Labour Movement covering the period from 1770 to 1920.

Indian Year Book of International Affairs, 1955. Published under the Study Group of International Affairs, University of Madras; Rs. 10.

Canadian Studies Bo. 6. *State Intervention and Assistance in Collective Bargaining.* By H. A. Logan. *Toronto University Press, London: Oxford University Press*; 24s.

The Struggle for the Border. By Bruce Hutchinson. *Longmans*; 30s.

National Income Visualised. By Arthur O. Dahlberg. *Columbia University Press, London: Oxford University Press*; 28s.

The Middle East, Oil and the Great Powers. By Benjamin Steward. *Atlantic Press*; 42s.

Government Budgeting. By Jesse Burkhead. *Chapman and Hall*; 60s.

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Readers' Commentary

From E. OLFIERS
Petropolis (Rio) Brazil.

BRAZIL is passing through an inflation that can hardly be compared with yours as the causes are different and its impulsive force so much stronger. Indeed, the first impulsive force of the 1954 inflation was caused by fixing a minimum salary scale whilst the 1956 inflation was the increase in the pay of the armed forces, a new minimum salary scale having been decreed subsequently.

These two inflations have been originated for political reasons. It is now patent that the increase in the cost of living has proportionally been much greater than the increase in the minimum salary scale so that that political move has worked against the interest of the working class. The interference of the State in the coffee market is bound to have in the long run a nefarious effect on the Brazilian coffee plantation.

The American Coffee Corporation, the biggest buyer of Brazilian coffee, has now withdrawn from the market to turn to the African coffee market. The malversations resulting from that State interference has been one of the reasons for that move. It is an open secret that, with the connivance of the public employees in charge of the exportation of coffee, coffee is being exported as a higher type than it actually is, say type Santos 5 when it actually is type 4, or the coffee sack weighing more than the standard weight 60 kilos. For the type 5 the exporting firm receives 43 cruzeiros for each dollar and for the difference in price of the types 4 and 5 he receives dollars in the States worth 75 cruzeiros in Brazil.

As a more lucrative alternative, 'Cadillacs' are bought and sold in Rio in such great number that it is now no secret where the money was coming from.

In favour of the fixed rates of exchange for the exported Brazilian goods it must be said that had the coffee been sold in the States at the price of the dollar on the free exchange market, fewer dollars would have been obtained for each coffee sack and thus fewer dollars with which to pay imported goods. Through the auction the dollars are sold at a much higher price than the one paid for the exported goods. The imported goods are divided into five categories with rates of exchange varying according to the category, being however always a multiple of the rate of exchange paid for the exported goods. Billions of cruzeiros have thus been obtained which are supposed to be applied to the improvement of agriculture. It is asserted that that money has not been so applied but been used to balance the budget, an appreciable deficit having arisen out of the increase of the pay to the armed forces and the public employees.

The interference of the Brazilian State in fixing a minimum salary scale and a minimum price for the coffee through a fixed rate of exchange for the dollar has had a pernicious effect on the private economy not to mention the moral effect. It would be another story if the price of the coffee had been fixed internationally by the coffee producing countries, including the African colonies.

September 24, 1956

From Sir Alliot Verdon-Roe, who comments on Mr. H. J. Kelliher's article 'Decentful Prosperity', which appeared in our November issue.

Our present progress and prosperity are a mere shadow of what we should have enjoyed if money had been created and issued properly ever since the Bank of England was founded in 1694. A few years after the Bank of England had stopped the Americans issuing their own money called Colonial Script, John Adams said: 'All the perplexities, confusions and distresses in America arise . . . from downright ignorance of the nature of coin, credit and circulation'.

The New Zealand Royal Commission found that the banks there created nearly £300m. during the last fifteen years. It should, moreover, be noted that the cheque system is on an average a 99 per cent book entry system. According to a booklet issued by a bank we are told: 'The cheque system is the safest and most convenient form of handling money the world has ever known'. That is just what cheques do not do. Actually, they only handle a few shillings per £100. The banks are private mints which counterfeit currency by making book entries.

The New Zealand Royal Commission sat in public on 87 days, called 72 witnesses and examined 89

written submissions; but in the many pages of their findings there is no mention of Mr Kelliher's remedy, namely the restoration 'to the State, or a State authority, (of) the sole right of issue—that is, the original issue—of all new money, and the obligation for maintaining the currency stable in purchasing power.'

The Commission did not find that 'any radical reform of the existing monetary, banking, and credit systems is necessary or desirable. Certainly, none of the major alternatives put to the Commission provides an acceptable basis for reform.'

This shows that the Commission were unsuitable for their job. The Dominion Public Debt had risen from £94 million in 1914 to £701 million in 1955, equal to £250 per head of the population. Debt and taxation can reach astronomical heights but it appears to the Commission that reform is neither 'necessary or desirable'.

It is sickening that Mr Justice Tyndall, the Chairman of this Royal Commission, who showed such gross ignorance, was subsequently given a knighthood.

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Island Story

A Survey of the British Caribbean. The Statist. Sept. 1956.

This useful survey covers developments in the British Caribbean, from British Honduras on the mainland of Central America to British Guiana on the mainland of South America. It covers many aspects of life in the islands, and includes an article on Federation by Sir George Secl. (876)

Road Matters

Basic Road Statistics. 1956. British Road Federation.

Provides useful statistics on many aspects of transport. At the end of last year there were 6,409,433 motor vehicles and 8,270 miles of trunk road—one vehicle to every 2.2 yards. (877)

Welfare

Ordinary Families and the Social Services. P.E.P.

A pilot survey investigating the impact of the many different types of social service upon ordinary families. (878)

Savings

National Savings Committee. Annual Report 1955-56. H.M.S.O.

The Annual Report of the National Savings Committee covering the

financial year ended March 31st. (879)

I.M.F.

Annual Report 1956. International Monetary Fund. Washington, D.C.

The Annual Report of the Executive Directors of the I.M.F. for the fiscal year ended April 30th, 1956. The report also includes references to developments that have become available between the end of the fiscal year and June 1956. (880)

European Surveys

European Economic Co-operation. O.E.E.C. September 1956.

The seventh survey prepared by the O.E.E.C. for the Council of Europe. Covers many aspects of economic development in Europe. (881)

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The First Five Year Plan 1955-60. Parts I & II. Government of Pakistan Planning Board, May 1956.

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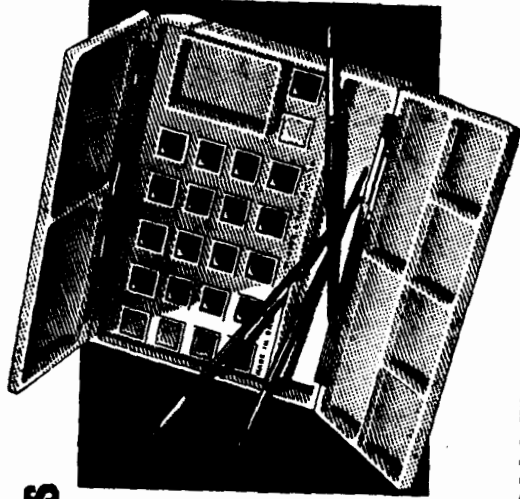
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