

The
**ECONOMIC
DIGEST**

Vol. 9

1956

KRAUS REPRINT
Nendeln/Liechtenstein
1974

CONTENTS

Economic Talking Points	1
Digest Spotlight on Peter Thurnyfelt	2
French Economic Problems in the Atomic Age <i>Robert Marjolin</i>	4
Argentine Trade with the Soviet Bloc <i>Foreign Trade</i>	7
Inflation <i>Sir Robert Boothby, K.B.E., M.P.</i>	8
The British Balance of Payments <i>The Farmer</i>	11
Problems for World Agriculture <i>Agricultural Economics and Statistics</i>	13
Agricultural Production—ECAFE Region in 1954-55 <i>Eastern Economist</i>	15
Commonwealth Development	16
Big Government in the United States <i>First National City Bank</i>	17
Royal Commission on Taxation <i>F. A. Cockfield</i>	19
Britain and World Trade <i>E.I.A. Bulletin</i>	20
DIGEST REVIEWS: New Year Book Supplement	23
T.U. Topics:	
(1) T.U.C. on the Economic Situation.....	35
(2) A United American Labour Movement.....	37
Trends in Hard Fibres and Hemp <i>Wigglesworth</i>	40
British and European Agriculture <i>Colin Clark</i>	41
Progress of the Colombo Plan <i>The Statist</i>	44
European Steel Production <i>U.N. Information Service</i>	46
Industrial Locations and Land Use <i>J. Sykes</i>	47
The Prospects for Britain <i>A Monthly Bulletin</i>	50
Will Switzerland join G.A.T.T.? <i>Swiss Bank Corporation</i>	51
Automation <i>L. Lawson Goodman</i>	51
Central Africa Needs Migrants <i>Rt Hon Viscount Malvern, C.H., K.C.M.G.</i>	52
German Steel Production Greater than in Britain	52
Reader's Commentary: Speed and the Speed Limit	53
Why World Food Plans Fail	54
For Reference	55
Economic Talking Points	58
Digest Spotlight on Britain's New Foreign Secretary	59
Soviet Trade and Credit Offensive <i>The Statist</i>	61
The Present System of World Trade <i>M. L. Hoffman</i>	65
From the North	
(1) Finland Introduces the Index Clause in Deposit and Credit Business <i>Kautilis-Oskari-Pankki Economic Review</i>	68
(2) Iceland's Rapidly Changing Economy..... <i>European Atlantic Review</i>	73
Canada's Economy	
(1) Monetary Policy..... <i>Bank of Montreal Business Review</i>	75
(2) Resources..... <i>Gilbert Jackson</i>	75
Prospects for Pyrethrum Industry <i>Kenya News Letter</i>	76
Survey of Manufacturing Activity in Australia	77
New Zealand at the Cross-Roads	78
Commonwealth Trade (Table) <i>E.I.A. Bulletin</i>	80
Reader's Commentary	80
Trade Union Topics:	
(1) The Labour Standard of Value..... <i>The Statist</i>	81
(2) Work and Fatigue..... <i>Deutsche Korrespondenz</i>	82
(3) Purchasing Power in U.S..... <i>U.S. Information Service</i>	84
It Goes in Teas <i>British Farmer</i>	85
Broadening the British Tax Base <i>Accountancy</i>	86
Current Problems and their Impact on 1956 <i>Roy Harrod</i>	88
Britain's Shortage of Teachers <i>F.B.I. Review</i>	95
Future Fuel Supplies in U.K. <i>Missing Journal</i>	98
Freeing the Trade of Europe <i>O.E.C.</i>	101
DIGEST REVIEWS	102
American Question Mark—Crime and Punishment—An Individual	
on Africa—Blow to Communism—Largest Dependency—The Oil	
Revolution	
For Reference	105

Reprinted by permission of Laurence French Publications Ltd., London

KRAUS REPRINT

A Division of

KRAUS-THOMSON ORGANIZATION LIMITED

Nendeln/Liechtenstein

1974

CONTENTS

Economic Talking Points 109
Digest Spotlight focuses on *Robert Gordon Menzies, C.H., Q.C., M.P., Prime Minister for Australia* 111
 Message from the High Commissioner for Australia 112
 Canadian Highlights 113
 Canada's Century 114
 Message from the High Commissioner for Ceylon 120
 1956—When Oil (from Coal) First Flowed 122
 Some Facts About New Zealand 122
 The Present Pattern in New Zealand 123
 Nuclear Energy for South Africa 125
 Message from the High Commissioner for Pakistan 126
 Towards a Balanced Economy 129
 Message from the High Commissioner for Rhodesia and Nyasaland 130
 India's Second Five-Year Plan 133
 Economic Achievements in Western Nigeria 134
T.U. Topics:
 (1) Colonial Trade Unions 134
 (2) Automation and its Impact 134
 Perspective on Aircraft Production: The Role of the Commonwealth 135
 Progress of Bhakra Dam 137
 Commonwealth Trade, 1954-55 139
 A Plan for Commonwealth Trade 140
 The Colombo Plan 143
 Readers' Commentary: Overseas Civil Service (*John Tilney, M.P.*)—British Exports to Canada—Speed and the Speed Limit 148
 The Imperial Institute 150
 Commonwealth Organizations 151
DIGEST REVIEWS 154
 For Reference 159
Economic Talking Points 161
Digest Spotlight focuses on Sir Robert Boothby, K.B.E., M.P. 163
Commonwealth Survey:
 Recession and Recovery in Canada and U.S. 165
 Australia's Record Productive Power 168
 Nationalisation and Private Foreign Investment in India 170
 Banking for Scarcity 172
 Strikes in Britain in the Last Forty Years 174
 Raw Materials 175
 Greater Agricultural Self-Sufficiency 180
Monthly Bulletin of Agricultural Economics and Statistics 181
 New Farm Programme in U.S. 182
Consumer Credit Inquiry in U.S. 185
 Rounding-Up the Price Rings 187
 Will the European Railways be Integrated? 189
 Last Year's Wage Claims in Britain 190
 Problems Confronting Japanese Trade 191
European Nuclear Energy 193
 Germany and the Atomic Age 195
Sterling in the World Today 200
Landmarks: 5 October to 31 December 204
DIGEST REVIEWS:
 Unconquerable Mind—Melting Pot—Pure Economics—World Trends Power in the Parties—International and Imperial—Moving Mountains—New Thinking on the Left—Horthy of Hungary—Ancient Regimes—Big Business—Stock Market Economics—John Bull's Island—Old Colonial Traders 212
 For Reference 215

CONTENTS

Economic Talking Points 213
Digest Spotlight focuses on *James Bowman, C.B.E.* 215
Russia's Industrial Challenge...*Rt. Hon. Hugh Gaitskell, C.B.E., M.P.* 217
 Soviet Statistics (Table) 222
 Money in the Welfare State...*Odysseus* 223
Commonwealth Survey:
 The Future of Kenya Agriculture...*Hon. Michael Blundell, M.B.E.* 224
 The Economic Future of the Union...*Finance and Trade Review* 225
 Pakistan Welcomes Overseas Capital...*M. Ikramullah* 226
 An Engineer Looks at Economics and Money...*Antony Vickers, B.Sc.* 227
 Taxation: A Challenge to the Government 230
 One per cent Tax on Turnover...*G. Lysaght Finigan* 231
 Treasury Trade Analysis...*Empire Industries Association* 233
 Healthy Bankruptcies...*The Individualist* 234
 An Overdue Reform...*The Statist* 235
T.U. Topics:
 West German Trade Unions Back Automation...*The Bulletin* 238
 How to Reduce Bank Rate...*Nicholas Davenport* 239
 Mr Gaitskell Again...*The Individualist* 240
 Europe, East and West in 1955...*Eastern Economist* 241
 Agricultural Policy in Western Germany...*Deutsche Korrespondenz* 243
 Sterling in the World Today (*continued*)...*Midland Bank Review* 245
 Investment in Underdeveloped Countries...*G. O. Orewa* 252
 New Chapter in Libyan Date Story...*V. H. W. Dawson* 254
 Readers' Commentary: Speed and the Speed Limit 255
 Money Power 256
BOOK REVIEWS 259
 Reference Section 263
Economic Talking Points 265
Digest Spotlight focuses on Sir Bernard Docker 267
Commonwealth Survey:
 (1) Financing Commonwealth Development...*Cons. Res. Dept.* 269
 (2) The Canadian Dollar...*Bank of Montreal Business Review* 270
 (3) Competitive Co-Existence...*I.P.B. Bulletin* 274
 (4) Trade 'Commonwealth's Lifeblood'...*Australian Newsletter* 275
 (5) Inquest on Incentives and India...*Odysseus* 277
 (6) Civil Aviation in Australia...*National Bank of Australasia* 279
 (7) More U.S. Investments in the Union of S. Africa...*S. Africa House* 280
 The Dynamics of Hire-Purchase Credit...*Paul Einzig* 281
 Towards an Up-to-Date Agrarian Structure...*Dr Theodor Sonnemann* 283
 Nigeria's Developing Economy...*John Biggs-Davison* 283
T.U. Topics:
 The Way We Live Now...*A Monthly Bulletin* 285
 World Population...*United Nations* 285
 Imperial Preferences—Foreign Attitudes...*W. R. Carry* 287
 Solar Heating...*Petroleum Press Service* 292
 The Dilemma of Surpluses...*Wigglesworth & Co. Ltd* 298
 Increase in Afro-German Trade...*The Bulletin* 299
 British Aircraft in U.S. 300
 America Believes in Private Investment...*Windthrop G. Brown* 300
 Overseas Unions Keep Growing...*Industrial News* 301
 Economic Sell-out...*Aidan Mackey* 304
 The Euthanasia of the Rentier 308
 Automation Survey...*Iowa Business Digest* 310
 Parliamentary and Industrial Committee of the Economic Research Council 311
DIGEST REVIEWS:
 Commander of the West—On the National Conscience!—Revolutionary Report—'Rab' and 'Anthony'—Unique Institution—Soulless Culture—More Good Maps—For Investors—Rural Credit in India 315
 For Reference 315

CONTENTS

Economic Talking Points..... 317

Readers' Commentary..... 318

Digest Spotlight focuses on **Cyril Lord**..... 319

Mining and Industrial Development East of the Curtain..... *Mining Journal*..... 321

Economic Individualism in Practice and Theory..... *Dr John Maurice Clark*..... 322

Wanted: Master Plan for the Commonwealth

Sir Clifford Heathcote-Smith..... 325

Wanted: A Policy for Britain..... *Graham Hutton*..... 330

The Great Economist..... *The Statist*..... 331

Report on Oil..... *Jewish Observer and Middle East Review*..... 332

Blow Against Over-Expansion..... *Dr Rudolf Voeltz, M.O.P.*..... 334

State of Dollar Liberalisation in Europe (Table)..... *Labour Research*..... 337

T.U. Topic: Trade With China..... *The Statist*..... 340

Road Casualties, 1955 (Table)..... *Ministry of Transport*..... 341

Economic Enquiry Essential..... *'Truth'*..... 342

The Nile Waters: The Sudan Puts Its Case

From the Ministry of Irrigation and Hydro-Electric Power, Khartoum

Reorientate Western European Trade Policy..... 344

Commonwealth Survey:

(1) Future of Railway Electrification 8th British Electrical Power Conference..... 346

(2) Report of Tomlinson Commission..... *Modern South Africa*..... 347

(3) Atomic Energy in Australia..... *National Bank of Australasia*..... 348

(4) Commonwealth Master-Plan?..... *Sir Richard Costain*..... 350

(5) Pakistan's 5-Year Plan..... *Pakistan News*..... 351

(6) 650,160 Blind People in the Empire..... *Soviet News*..... 352

Go East, Young Man!..... *Helene & Pierre Lazareff*..... 353

The Crusade of the Uncultivated Lands (Extract)..... *E.I.A. Bulletin*..... 355

When is the Pound Sterling?..... *Henry Price, M.P.*..... 356

Fair Shares for All..... *The Bookseller*..... 358

British Books are still too Cheap..... 359

External Investment in Canada (Table)..... 360

South African Minerals (Table)..... 360

DIGEST REVIEWS..... 360

Reference Section..... 367

Economic Talking Points..... 369

Digest Spotlight focuses on The Rt Hon. S. G. Holland..... 371

Automation Survey

(1) The Economics of Automation..... *D. A. Bell, Ph.D., M.I.E.E.*..... 373

(2) Advice on Automation..... *Nicholas Davoport*..... 375

(3) The Challenge of Automation..... *Socialist Commentary*..... 376

The Revival of Monetary Policy in Britain..... *Harry G. Johnson*..... 379

New Thinking on the Bank Rate..... *The Statist*..... 381

Britain's Requirements of Primary Fuels..... 382

World's Growing Dependence on Oil..... *Petroleum Press Service*..... 383

World Oil..... *F.A.O.*..... 384

Soviet Plans for Agriculture Expansion..... *British Farmer*..... 385

Let's Get Things Straight..... *Ministry of Labour*..... 386

Population Trends in Western Europe..... *The Financial Times*..... 387

After G.A.T.T..... *J. M. Penton*..... 389

Western Europe—Economic Integration..... *M. B. Tetzlaff*..... 394

Europe-Commonwealth Union: The Only Solution..... 396

Commonwealth Survey

(1) No Mean Legacy..... *H. B. Shaw, M.B.E., M.A.*..... 398

(2) Canadian Markets Here..... *U.N. Information Centre*..... 398

(3) The Kariba Hydro-electric Power Scheme..... *N.Z. Government Office, London*..... 400

(4) New Zealanders on Imperial Preference..... *The West India Committee Circular*..... 401

(5) Imperial Orange Juice..... *Union Dept. of Customs and Excise*..... 402

(6) South African Trade..... *Modern South Africa*..... 403

(7) S.W.A.—Federation Rail Link..... *The Individualist*..... 405

The Essence of Capitalism—is Change..... *C.A.I.P. News*..... 407

Technical Assistance to Latin America..... *The Mining Journal*..... 409

Prospecting and Mining in Eire..... *George O. Orzwa, B.A.*..... 412

Can the World Bank Do It?..... *C. T. Pertwee*..... 414

Industrial Ulster..... *Jewish Observer and Middle East Review*..... 415

Britain's Trade with the Middle East..... 424

DIGEST REVIEWS..... 424

Reference Section..... 424

CONTENTS

Economic Talking Points..... 425

Digest Spotlight focuses on Julian Amery, M.P. 426

Is Yugoslavia a Bad Credit Risk?..... *William Peters*..... 428

A Search for New Economic Order..... *Muhammad Uzzir*..... 428

Defeating Inflation..... *F.B.I. Review*..... 429

Readaptation—A New Word for a New Concept

European Coal and Steel Community..... 431

Britain and The Common Market

I. A Plan for making the Common Market Work..... *E. Beddington Behrens*..... 433

II. Commonwealth Market and Commonwealth

Empire Industries Association and British Empire League..... 436

III. Act First—Talk Later..... *Paul-Henri Spook*..... 438

How Sweden Tackles Inflation..... *The Swedish-International Press Bureau*..... 438

Faith in Freedom and Commonwealth..... *J. Gibson Jarvie*..... 439

Two Europes

I. René Mayer..... *E.C.S.C. Common Assembly*..... 444

II. P. Nikitin..... *Praida*..... 444

The Middle Class Revolt..... *The Statist*..... 445

Postwar Economic Recovery Moves Fast, But..... *United Nations News Features*..... 447

West German Atomic Prospects..... *The Bulletin*..... 449

India's Reserve Bank Report..... 450

Euromarket and The Colonies..... *The Eastern Economist*..... 452

Training British Business Men for Overseas

School of Oriental and African Studies..... 454

Russia Plans Farm Expansion..... *I.F.A.P.*..... 455

Readers' Commentary..... 457

Landmarks: January 1—June 30..... 458

Does Rumania want to Trade with the West?..... 459

Sees Canal Statistics..... *A. A. Hooker*..... 460

Book Reviews..... 461

Reference Section..... 469

Economic Talking Points..... 473

Digest Spotlight focuses on Sir Edward Boyle, Bart., M.P. 475

Still Surz..... *Empire Industries Association*..... 476

Commonwealth Survey:

Is the Commonwealth Breaking Up?..... *Bernard Braine, M.P.*..... 477

India and the Commonwealth..... *Sakshi*..... 478

Nearer the Rainbow's End?..... *Mining Journal*..... 480

Table..... 482

Commonwealth Intertrade..... *Thorburn Muirhead*..... 482

Commonwealth Partnership on the Volta..... *The Gold Coast Today*..... 486

How to Solve the Farm Problem..... *Paul de Hervey*..... 492

Table..... 494

Deceitful Prosperity..... *H. J. Kelliker*..... 495

A Piece on Parking..... *Professor Gilbert Walker*..... 497

Why Shouldn't We Be Like the Americans?..... *Morty Callaghan*..... 499

\$29,600 Millions of Foreign-Owned Assets in U.S.A. 500

Futures Markets for Grain..... *A. A. Hooker*..... 501

The World Problem..... *Henry Drummond-Wolff*..... 506

German Leaders Call for United Europe..... *Dr Konrad Adenauer and Prof. Dr Carlo Schmid*..... 510

BOOK REVIEWS: Marx Gospel—Anglican Study—European Air—Of Plantations—Atlantititis?—Africa Deserta—Background to Adam Smith—New Men—Investors' Guide—Talk of Propaganda—International—Life to Europe..... 512

Reference Section..... 517

Economic Talking Points	521
Digest Spotlight focuses on Joseph Grimond, M.P.	523
The Crippling Cost of Dear Money.....	525
Government Creates Bank Money.....	526
Britain and the World Bank.....	528
Socialists Changing Emphasis.....	529
Commonwealth Survey	
Can the Gold Coast do it?.....	530
Colonial Textile Imports—TABLE	
<i>Empire Industries Association and British Empire League</i>	531
The Economic Background. <i>The Federation of Rhodesia and Nyasaland</i>	531
Economic Research Institute in N.Z.	532
New Zealand Exports.....	532
The Question of Markets.....	533
The Chinese Economy.....	533
Foreign Competition.....	535
The Secret of the German Gold.....	536
Making Profit Sharing Work.....	538
Trade with Europe.....	540
Behind the News	542
<i>Hydaspeus</i>	543
Rural Economy	
Sweden's Agricultural Policy.....	545
World Farm Output Rises; Farmers' Income Drops <i>I.F.A.P. News</i>	548
Russian Cornfire.....	549
Cockneys and Hops.....	550
The Sahara's Hidden Wealth.....	552
£64,000,000 for Iraqi Roads.....	553
Book Reviews.....	554
Readers' Commentary.....	563
Reference Section.....	565

Economic Talking Points

Can the Baghdad Pact Endure?

Egypt is hostile and has a defence agreement with Syria. Neither Syria nor Lebanon has joined.

In Iraq all depends upon a young King and an ageing Nuri Pasha. Oil revenues provide Saudi Arabia with the means of financing those elements in other Arab States which dislike the Pact.

But It is expected that Jordan will join the Pact.

The U.S.A. is associated with it and Britain has offered economic aid and the services of experts in nuclear energy.

There is general fear of Soviet expansion, despite successful Communist propaganda against Western colonialism.

Are the British on the way out of Cyprus?

The principle of self-determination has been conceded so that future negotiations will start from there and be concerned with 'How?' and 'When?'

There is talk of a solution within the framework of N.A.T.O.

Archbishop Makarios, who has been negotiating with the Governor, Field Marshal Sir John Harding, is losing influence to Communist and other extreme sections of the *Enosis* movement.

But Turkey, Britain's Ally in N.A.T.O. and under the Baghdad Pact, is bitterly opposed to *Enosis*, for historical and strategic reasons.

The Turkish community in the Island would also resist *Enosis*.

Cyprus, though not the ideal Middle East base, is now the British Middle East H.Q., and is necessary for Commonwealth and Allied security and for the implementation, if war broke out between Israel and the Arabs, of the Tripartite Declaration on Palestine.

Conservative opposition to another 'scuttle' extends beyond the 'Suez group' and Sir Anthony Eden and his colleagues are sensitive to the unfortunate results of the Suez Agreement upon the stability of the Middle East.

Has Britain's economic position improved?

Mr Butler's monetary and budgetary measures have been followed by a recovery of Sterling.

The Credit Squeeze continues and is likely to become even tighter in the New Year.

But Balance of payments difficulties continues.

The Cost of Living has increased somewhat and fresh wage demands may increase inflation.

Letters and articles in the Press and speeches in Parliament reveal anxiety and a mounting demand for a disinterested enquiry into economic and monetary policy, on the lines of the pre-war Macmillan Committee.

Digest Spotlight focuses on

Peter Thorneycroft

President of the Board of Trade.

PETER THORNEYCROFT was appointed President of the Board of Trade with Cabinet rank, and became a Privy Councillor in October 1951. As a back-bencher, however, his name had been associated with the reforming elements in the Conservative Party and in particular with the Tory Reform Committee.

Born on July 26, 1909, he was originally destined for a military career. When he left Eton he passed through the Royal Military Academy, Woolwich, and was commissioned in the Royal Artillery in which he served for three years. He then resigned his commission and read for the Bar, and was called in 1935. For some time he practised on the Oxford Circuit, but politics began to call, and he worked for the Conservatives in the 1935 General Election. This experience aroused his enthusiasm for a political career, and the next year saw him adopted as prospective Conservative candidate for Stafford. His family had been connected with and had lived in Staffordshire for generations, and as a result of a by-election in 1938 he was returned to Parliament as the elected Member for Stafford.

With the outbreak of war he rejoined the Royal Artillery and served with distinction, but later left

the Army again in order to give his full time to his Parliamentary duties.

It was then that the activities of the Tory Reform Committee began to influence thinking in the Conservative Party. With Hugh Molson and Quintin Hogg, Thorneycroft helped Lord Hinchinbrooke to found this influential committee which was formed in order to press the Government to implement the Beveridge Report on Social Security and the Scott and Uthwaite Reports on Physical Planning. The Tory Reform Committee issued a statement of policy covering a wide field of social reform, including education, housing, a minimum wage and the system of social insurance outlined by Beveridge. Peter Thorneycroft was himself the author of the 'National Policy for Coal' issued by the Tory Reform Committee in 1945. The group worked together for several years, and Peter Thorneycroft became its Chairman in 1945, but resigned on being appointed Parliamentary Secretary to the Ministry of War Transport in the caretaker Government.

In the General Election of 1945, Thorneycroft lost his seat, but a fortunate by-election in Monmouth only a few weeks later brought him back to Parliament, where he

gathered some kindred spirits in the Design for Freedom Committee. This group set to work to bring about a rapprochement with the Liberals, and to this end produced a series of statements of policy: *Design for Freedom—Design for Europe—Design for Recovery*—and *Design for Wages*, all of which had a wide circulation and aroused much interest. Peter Thorneycroft's own book *Design for Living* was published in 1949.

In May 1949 he introduced a Private Members' Bill in the House of Commons, the Analgesia in Childbirth Bill. This received wide support on both sides of the House, and in the country, and Peter Thorneycroft's work will be remembered with gratitude by many of our people. Nevertheless the House failed to give the bill its third reading, the Government opposing it on the ground that the matter was covered by legislation already in existence or pending.

Up to the dissolution of Parliament in 1951 Peter Thorneycroft was Chairman of the Conservative Party's Transport Committee. In the 1951 General Election he retained his seat with an increased majority and entered the first post-war Conservative Administration as President of the Board of Trade. In 1955 the Member for Monmouth received once again an increased majority.

It is not every industrialist who approves of Mr Thorneycroft's conduct of the Board of Trade; indeed one speaker for the cotton industry went so far as to describe him as 'the hangman of Lancashire'. But he has remained true to his beliefs, in which he has attempted to find a Liberal-Conservative synthesis. The Board of Trade nowadays affects the whole of the business life of Britain, and in Peter Thorneycroft it is directed by a Minister of knowledge, vision and considerable political courage.

'Economic Digest' Competition

Readers are invited to submit ECONOMIC TALKING POINTS for publication in future issues of the 'Digest'. These must be short, topical, and follow the lines of those already published in this and previous issues. Two guineas will be paid to the reader sending in the best 'Talking Point' each month.

'Talking Points' should be sent to the Editors, 'Economic Digest', 47 Eaton Place, London, S.W.1 to arrive not later than the 15th of each month. Readers requiring an acknowledgment are requested to enclose a stamped addressed envelope. The Editors' decision is final, and no correspondence can be entered into in connection with this competition. Readers whose contributions are selected will be advised before publication.

French Economic Problems in the Atomic Age

BY ROBERT MARJOLIN

THE basic economic situation of France is highly unsatisfactory. Half in the eighteenth century, half in the twentieth, France has lost the peace and contentment of a conservative society and not found yet the satisfactions of a progressive one. And yet France is the country of western Europe which has the greatest development potential. She has in her own hands all the means to achieve a rapid transition to a modern industrial economy and to make her great potential become a reality.

The French economic position has been unsatisfactory for a long time. But it is becoming increasingly untenable because of the speed of technological progress. The expression 'atomic age' stands for all the transformations which are taking place not only in productive forces, but also in the patterns of social and political organisation and in the very attitudes of the people. Expectations are increasing daily, everywhere. They are increasing as fast in France as anywhere else, but the French economy is not in a position to fulfil them quickly enough, as quickly as the economy of the United States and of most countries of north-west Europe. In contrast to the 'atomic age', it has sometimes been called a 'small town economy'.

Contrast with Britain

It would be misleading and unfair to describe France as exclusively a country of small towns. But it remains true that, of the countries of

north-west Europe and of North America, France is the one which has the largest part of her population living in the country, in villages or in small towns. In 1954 close to half the French population was settled in parishes of less than 2,000 inhabitants. Most of these small agglomerations are purely agricultural with only the local trade and craftsman-ship necessary to attend to the immediate needs of the peasants. The contrast with England is striking for, while about 25 or 30 per cent of the French active population still cultivate the land, the proportion has been brought down to about 5 per cent in the United Kingdom. Industry itself is less concentrated in France than in most other western countries. A great part of production is accounted for by small and medium-sized firms, the productivity of which is often (but not always) low. This low productivity is also a feature of large parts of French agriculture, especially in the mountainous and barren regions of central France.

Traditional France—

Contrary to the general conviction, France is much more attached than other countries to her traditions. She clings to them even more strongly than Britain, though in a different way. While the British are preserving with great love their political institutions and their external behaviour, they have shown in the nineteenth century the greatest possible adaptability to the technical and economic

From The Listener, November 24, 1955

changes. The French, on the other hand, have constantly made political experiments and changed their forms of government; but they adhered steadfastly to the ways of life which have given them peace and contentment for so many centuries.

—and Revolutionary England

This contrast in the fundamental attitudes of the two peoples manifests itself in their economic history during the nineteenth century. Their starting points at the end of the eighteenth were not very different. But while England let herself go and, under the strong if ruthless leadership of a dominant upper middle-class, carried out a thorough industrial and social revolution, things took a different shape in France. Both the inertia of a well-organised society and the considerable and centralised power of a French State built up by Louis XIV and by Napoleon have slowed down the industrialisation process and the concentration of economic life. All possible devices have been used to protect the traditional structures against the forces of change.

Great Potential

France has the greatest development potential in western Europe. This arises from the fact that she has an ample reserve of manpower in agriculture, distribution, and handicraft, which could be tapped off for the benefit of a developing industry. Several millions of workers could be transferred from these sectors without their suffering any damage. On the contrary, a modernised agriculture and distributive system would give greater satisfaction with less manpower to the French consumers. The speed of technical progress in recent years, the industrial superior-

2 ★

ity over France enjoyed by the United States and some European countries, have put at her disposal many discoveries which could increase her productivity very quickly; these have been severely tested not only in laboratories but also in industrial practice, and so are ready for use.

But is France's position very different from that of so many underdeveloped countries which have great potentials but few possibilities? It is very different, because up to now we have been considering only one of the two fundamental aspects of France. This second aspect is not too familiar to most students of French economic problems. They often neglect it, though it is as real as the first one and more significant for the future. For France is not only a country of the small business, of the small farmer, of the small shop-keeper; she has also a large-scale industry and a modern agriculture where productivity is as high as anywhere in western Europe, and whose products can in normal conditions compete on equal terms with those of other countries. She has small and medium-sized firms, both in agriculture and in industry, which are as modern and as efficient as similar firms elsewhere.

Industrial—

Her coalmining industry has registered a rapid increase in productivity since the end of the war. This productivity has surpassed that of any other European country and is still growing at the rate of 6 per cent per year. She has developed her hydro-electric resources quickly, and is now producing two and a half times as much electricity as before the war. She has, after England, the greatest oil-refining industry of Europe, the

output of which is three and a half times as big as in 1938. Her steel industry has been completely modernised and is able to face competition from Belgium, Luxembourg, or Germany in the Coal and Steel Community without the protection of tariffs or quotas, in spite of an unfavourable rate of exchange. Her railways are probably the fastest in Europe, and her motor-car industry has an output which is more than half the British output and about two-thirds of the German. Two big contracts for public works in Hong Kong and Havana were recently given to French firms against the competition of British and American firms, and these two successes take their place in a long list of similar events. French civil engineering has kept the reputation which it earned when the Suez Canal was built.

—and Agricultural Advances

French agriculture around Paris and in the north has yields as high as in England, Denmark, and the Netherlands, the most progressive agricultural countries in Europe. Farmers' co-operatives, including co-operatives for the use of agricultural machinery, are highly developed in these parts, and also elsewhere. In the field of distribution the recent years have witnessed the rapid spread of department stores, chain stores, and other types of shops for the mass sale of standardised products.

I have listed these facts, not for a motive of national vainglory, but because they are basic to an understanding of France. They explain why, in spite of all the drawbacks I have listed above, the French national income per head is as high as in many other European countries, and probably not more than one-fifth below the English standard of living. A

proper description of French economy should talk not of one but of two French economies, one the pre-industrial, self-sufficient, almost immobile if somewhat charming economy of small agriculture, handicrafts, and small industry, the other the forward-looking, profit-making, world-conscious economy of big business, whether nationalised or not, modern farms, and investment banking.

Cause for Confidence

Those achievements are also a strong basis for confidence. To move from a largely agricultural or small business economy to a fully modern industrial economy would be a difficult task, which could only be achieved slowly, unless totalitarian methods were used. But it should not prove too difficult to build a highly productive industry, agriculture, and trade round the big nucleus already existing, by expanding, concentrating, and modernising the rest of the enterprise. But in spite of these promising beginnings, the French economic problem is a difficult one. It will require for its solution great efforts and great imagination to overcome the conservatism and the inertia of the small town. France has to telescope several stages of economic development into one: she has to convert her small town economy, which coexists peacefully with big industry under the cloak of high tariffs and quotas, into one where electronics, automation, and atomic energy will play a major role.

The Price of Charm

Some people will say that this is impossible, while others will contend that it is undesirable and that it would not be achieved without France losing her charm and *la*

douceur de vivre. To the latter, I want to say that the price a country has to pay for the charm the tourist enjoys is often high in terms of low standards of living, high infant and adult mortality, bad housing, and human misery in general. France cannot enjoy the amenities which modern technique has to offer without becoming more industrialised. And there is no valid reason why the process of industrialisation should damage the real *human* value to which we are attached: less charm, maybe, but certainly a more human existence. To my mind, it is only in an industrial France that there lies a hope of preserving a French Union which, like the British Commonwealth, is a strong factor of peace and stability in this chaotic world. North Africa and the rest of the overseas territories for which she is responsible would quickly move away from her if she were not able to deliver the equipment goods they need for their own development, with prices, delays of delivery, and quality which they could obtain elsewhere.

Will the People Respond?

I have tried to show that this rapid development of the French economy is technically possible. The real question is whether France will show the political will, the sense of purpose, the spirit of decision, which are required to make of that possibility a reality. I am conscious of the ad-

verse factors, the lack of political stability, and the protectionist spirit which is still prevalent in France. But other factors have to be taken into account, which in my opinion outweigh the first. They are the transformation in the attitude of many business men which has taken place since the war. They are not ready yet to give up protection, and enter the arena of free competition, but they have understood the need to modernise their factories. And both business men and larger groups of the population are eager to learn and to follow what is happening in other countries, in order to apply it in their own.

Needed Reform

A great handicap to France is the absence of a real, non-political, trade union movement, but here, too, I see some hope of change; it looks as if the Communists were losing their grip on large sections of the working class, which is the first condition for the future birth of a genuine trade unionism. The employers could often assist that movement by showing a broader spirit of social co-operation. Last, but not least, and long overdue, a reform of the French educational system is under way, which will put more emphasis on modern and technical education and give the young Frenchmen a better preparation for the new industrial society.

ARGENTINE TRADE WITH THE SOVIET BLOC

ARGENTINE trade with the Soviet bloc is greater than that of all other Western Hemisphere nations combined. Last year this trade increased almost fourfold: exports to the bloc rose from \$24.4 million or 1.2 per cent of total exports in 1953 to \$101.7 million or 9.5 per cent of the total in 1954; imports from the bloc jumped from \$15.3 million or 1.8 per cent of total imports in 1953 to \$62.1 million or 5.7 per cent of the total in 1954.

From Foreign Trade (Moscow), August 1955

Inflation!

BY SIR ROBERT BOOTHBY, K.B.E., M.P.

Sir Winston Churchill is wont to refer to the last war as 'the unnecessary war', and it must be confessed that the same designation has been widely applied to the famous Autumn Budget. The opening attack on the political integrity of the Chancellor of the Exchequer fizzled out after the manner of damp squibs. But a certain uneasiness about our economic situation remains.

THIS is due not so much to a sense of the inadequacy of the Budget proposals themselves as to the growing belief that we do not know enough about the root causes of our internal inflation and their cure, and that the Treasury is uncertain of the methods by which the basic problem of our balance of payments can best be tackled.

Rising Prices

The rise in prices has not yet been halted; and as a nation we are still finding it difficult to pay our way.

These problems are related but should be distinguished one from another. The rise in prices hits every housewife in the country and its effects are felt by all of us every day. The failure to build up an export surplus is less apparent but potentially more dangerous. Ultimately it could be mortal, for no great industrial community in the world is more dependent on imports than we are. In this article I want to consider the two problems separately.

First, inflation. In the years between the wars we suffered from almost continuous deflation, accompanied by massive unemployment. Money alone increased in value; and gold—that mystical symbol of wealth for which all the sacrifices were demanded. Lord Keynes showed us how to deal with this situation, but his theories did not find general

acceptance until 1945, by which time we had entered on an era of inflation.

The continuous fall in the value of money which has since taken place has brought about a substantial redistribution of wealth. But it is not the kind of redistribution that Socialists used to envisage.

While the wage-earners have gained much, there remain large disparities; and those who live on small fixed incomes, including pensions, have suffered greatly. Fortunes have been made by dealers in real property and 'take-over' shares; but the professional classes have been able to save hardly anything out of earnings for their families and for their old age.

The Little Man

I am sure that, in the long run, this must undermine the health and stability of the national economy. It is all wrong that fresh 'capitalists' should not be created by earning power; and that even the modest accumulation of personal wealth should be confined to successful speculators and those who already possess it.

If we are to be honest with ourselves we must admit that, on balance, the transfer of wealth during the past decade has been from the provident to the improvident; and that, to an increasing degree, the ownership of

From the 'News of the World,' December 4, 1955

INFLATION!

capital has been divorced from responsibility.

As a result industrial development is now confined for all practical purposes to established corporate institutions; and there is no longer room or opportunity for the small business man with energy and initiative.

The effect of this upon the organisation of industry as a whole has already been profound. To some extent the process has been rendered inevitable by the advent of the Welfare State and the Managerial Society. But it has been accelerated and aggravated by the fact that our present system of progressive taxation on earned incomes constitutes, in the words of Professor Lionel Robbins, 'a discrimination against enterprise and ability such as has never before existed for any long time in any large-scale civilised community'.

For my part I remain convinced that taxation which obliterates most of the difference between success and failure, and excessive public expenditure which is the cause of it, are primarily responsible for the prevailing inflationary pressure.

I hold the view that an extension of purchase tax at reduced rates over a wider field, which Mr Butler seems to be contemplating, would be preferable on every ground to a continuation of the present exorbitant rates of taxation on earned incomes.

Let us now turn to the balance of payments.

We have been battling with this problem for 10 years by means of conflicting policies, and on the whole without success.

The Squeeze

Daltonian buoyancy and cheap money gave way to Crippsian austerity and controls; and these in turn have been succeeded by Mr Butler's

'dash for freedom', restrained only by dear money and a credit squeeze.

Yet once again we find ourselves in the same kind of jam as that which afflicted us in 1947, 1949 and 1951, with this difference—that whereas in those years our troubles arose from our failure to export enough goods, on this occasion they are mainly due to the fact that we have been importing too much.

The point was well put to me the other night by a Member of Parliament with an original and independent mind. 'On the face of it', he said, 'we are suffering from an excess of imports, especially from the dollar area, amounting to about 5 per cent. The simple and obvious remedy is to reduce our imports by that amount. But the policy of the Government now seems to be to knock the economy about in the hope that a reduction of imports will come as a by-product. Does that make sense?'

I think he had something here.

Dollar Costs

Take, for example, the import of coarse grains, which in recent months has risen to astronomical heights. In Scotland today oats are making only 58s. a quarter as against up to 86s. last year; and the difference between 58s. and the guaranteed price of 72s. will have to be made up to the farmers at enormous cost to the taxpayer. That makes no sense at all.

Sooner or later we shall have to limit our dollar imports to the level of our dollar earnings. And so long as the commodity markets can demand and receive from the Treasury unlimited quantities of dollars there is little hope of this. The remedies are simple—to impose some limit on currency allocations to the commodity markets, and a levy-subsidy on imported cereals.

The truth is that we are not strong enough to maintain free imports and a fixed exchange rate for the pound in this rough world.

We have reached the stage where nothing automatically 'gives', even under the most severe economic pressure; and are obliged in consequence to make any necessary adjustments by means of credit restriction which affects only one part—and that the most important so far as exports are concerned—of our mixed economy.

Is There Danger?

Is the national economy fundamentally sound, as Mr Butler sometimes says it is? Or is it in serious danger, as at other times he implies? Does our banking system meet the requirements of modern economic theory and practice to the same extent as the Federal Reserve System of the United States?

Are the Treasury so intoxicated by the apparent effect of the credit squeeze that they are obsessed with monetary policy to the exclusion of everything else?

Are they confusing 'setting the people free' with setting the importers free? In other words, are they too mercantile-minded?

These are the questions that are now being asked, and to which no adequate replies have yet been made.

They are given added force by the fact that in the early months of this year the Treasury were engaged in a

sustained build-up of our economic position.

There is not the slightest reason to doubt the sincerity of the Chancellor when he was advising us to invest in success, and telling us that we could double our living standards in 25 years.

Bewildered

What is disconcerting is the sudden change that has come over the picture, and the absence of any new ideas indicative of fresh thought.

In one of his famous metaphors Mr Butler compared the national economy to a horse which, having seen the oats, was over-enthusiastic. Since then he has been alternately reining and whipping it to an extent that has left the poor animal sweating and somewhat bewildered.

No great harm has yet been done. But we should do well to bear two things in mind. First, that confidence, upon which our economy is ultimately based, is easier to undermine than to create. Second, that we are an industrial as well as a mercantile community and that no purely mercantile society has ever survived in history.

In all the circumstances it is not surprising that there should be growing support for the suggestion that a committee should be set up, on the lines of the pre-war Macmillan Committee, to inquire into the whole question of monetary and fiscal policy in the light of conditions which have radically changed.

The British Balance of Payments

SINCE the end of the war the subject of our balance of payments has never been far from the headlines. Today, with the 'credit squeeze' on—so intrinsically bound up with our balance of payments—this difficult-to-control monster again assumes a position of supreme importance.

The slender gap between a national profit or a loss is such that it behoves us to investigate with the utmost care all the life-saving services which have allowed us to keep our heads above water. And it must be said that if we look at our position over the last five years we are forced to admit that once during that period, in 1951, our heads dropped well below the surface. For the other years we should have found our breathing difficult but for the assistance of American aid, which, so to speak, added the few extra corks to our lifebelt, that enabled us to keep afloat.

Reduced Aid

We are grateful to our American friends for their generous help, but that alone would not have kept us solvent. An indispensable safety factor was the very large currency saver of British Agriculture. And let there be no mistake about it, that American aid is being gradually reduced. In 1952 it amounted to £126 million; in 1953 it was £102 million, and in 1954 it was reduced to £50 million. The implication is abundantly clear. If this country is to preserve its balance of payments position it must lean ever more heavily on its home agriculture.

Our Supreme Asset

By that we do not mean to say that

British Agriculture is our only national asset, but it is our greatest natural asset. The whole farming industry looks with pride at our other industries—for they combine a native inventiveness with a high degree of workmanship and versatility in design. The agricultural community should know. Our purchasing power is equivalent to nearly 50 per cent of the yearly value of all the exports and re-exports from the United Kingdom.

What we do mean to say is that the interdependence between agriculture and industry must be continually recognised and the bonds strengthened. Both are essential to our national survival, and agriculture's vital role was aptly summed up recently by the Minister of Agriculture, when he said 'our home agriculture is the best saviour of foreign currency we have'. His statement was undoubtedly true and was in fact no more than a repetition of similar statements made by other ministers, and recalls in particular the following passage from 'Britain's Way Ahead', an official booklet issued in 1953.

'Suppose agricultural production had not risen by 50 per cent', said the booklet, 'but was still at pre-war level, then last year we should either have had to have gone seriously short of food, or we should have had to spend at least an extra £400 million on food imports from abroad—completely wiping out our all-important surplus and putting us back on the wrong side again.'

The title of that booklet was prophetic. For without British Agriculture's extra effort we should not

statesmanship and the long view. Given these, and the carefully contrived policy which can stem from them; British Agriculture can make the full contribution to national prosperity that it is so anxious to make and that conditions demand.

policy which will cover all the relevant factors in the production situation and will give the industry that sense of stability and continuity which are indispensable to increased efficient production.

To produce such a policy requires

Problems for World Agriculture

AMONG the main weaknesses in the agricultural situation at the present time are the failure of consumption to increase with production, leading to the emergence of surpluses; rigidity in production patterns by comparison with shifts in demand, intensified by some systems of price support; the stagnation of world trade in agricultural products; and the low level of farm incomes in relation to incomes in other occupations, in part the result of low labour productivity in agriculture.

Raising Consumption Levels

Growth in population and in real income *per capita* might lead to an increase in the volume of world food consumption of the order of 14 to 22 per cent over the next ten years, assuming that price relations do not alter. But these estimates would be substantially modified by price changes, as price elasticity for food appears to be greater than income elasticity. Measures to reduce retail prices through more efficient methods of production or marketing could therefore lead to larger increases in food consumption. There is also scope for more action through special distribution schemes. For industrial raw materials expansion depends on

the growth of industrial activity and success in competing with substitutes.

Rigid Production Patterns

Many governments are seeking improved methods of price support which will permit lower prices to consumers and greater flexibility in adjusting production to consumer demand in order to prevent further accumulations of surplus stocks, and which at the same time will check uneconomic production, be less costly to the State, and interfere as little as possible with the operation of domestic markets and international trade.

Tentative conclusions from experience to date are: that systems aimed at maintaining farm incomes as a whole give greater production flexibility than price supports to individual commodities based on cost of production or parity formulae; that measures to reduce the costs of specific production requisites or farm operations and to encourage more efficient production may result in a net economy to the State and also benefit consumers by permitting lower levels of price support; that the stabilisation of farm incomes by deficiency payments, equalisation funds, or other measures which do

From Monthly Bulletin of Agricultural Economics and Statistics, October 1955

couragement from the words spoken recently by our Minister of Agriculture:

'I know that farmers are concerned about the effects of the credit squeeze. Farmers, like everyone else, will no doubt have to justify their credit needs, but I want to assure you that I believe you have no cause for alarm. One of the dangers of inflation comes from excessive spending of borrowed money.

The Chancellor of the Exchequer has said that the total amount of money lent by the banks has recently been more than is healthy to the economy of the country, and has asked that the total should be reduced. But he has also said that to safeguard our balance of payments we must encourage efficient home production that will save imports. I have already explained how we can help there, for example, by growing more of our feedingsuffs. It would obviously be silly to encourage you to increase net output still further as we have been and are doing—with practical incentives—and then deny you one of the tools you require in the form of sound credit facilities. We have no intention of doing that.'

Encouraging

The Minister will find that the urgent need to replace inflation by stability is not disputed by farmers. They are fully prepared to concede that to break the upward spiral of inflation throughout the country is as much in their best interests as in those of the nation as a whole. It is to be hoped, therefore, that the Minister's words are not merely a stop-gap; fundamental to the whole issue is a comprehensive long-term

only have gone hungry in 1952 and since then, but for as far ahead as we can reasonably see into the future.

Saved the Day

The figures amply bear out such a statement. Over the last five years our balance of payments have averaged a credit of £107 million. It is therefore relevant to ask: where should we have been without that £400 million? Simply £300 million in the red, unless we were to face the drastic alternative of doing without the food. And half our average credit balance of £107 million was a present from the U.S.A. in the form of defence aid. Not only would this country have made a loss, but we should also have completely wiped out our precious golden dollar reserves.

One example serves to prove how our farming is saving us foreign currency and in particular precious dollars. In 1954-5 we grew over 2½ million tons of wheat, more than half of it for consumption off the farm. If we had had to buy the latter from overseas, it would have had to come largely from America and Canada, and at 1954 prices would have represented a purchase of nearly 120 million dollars. A great deal of the emphasis of the 1955 Price Review, the first in a free market, pointed towards the Government's desire for more home grown feedingsuffs in order to save imports.

The Next Step

But no business can expand without adequate capital, and any expansion of British Agriculture alters our financial position for the better. Therefore, not only farmers, but the whole country can gain en-

not preclude the operation of the free market reduce the danger of surpluses; and that for commodities with low price elasticities special disposal measures may be necessary to avoid an excessive increase in stocks after bumper crops.

Trade Problems

The stagnation of world trade in agricultural products arises largely from the drive for greater agricultural self-sufficiency, the preference given to imports of capital goods for economic development, and the use of substitutes for agricultural raw materials in industry. Some obstacles to trade would be reduced with the relaxation of world tension and the easing of international payments difficulties.

Trade in some commodities has expanded and in others could be expanded if more supplies were available. Exporting countries might do much to expand sales by shaping their production to the trends of world demand, and by reducing costs through improved methods of production and marketing. International consultations and, where possible, agreed measures to reduce the extreme instability of prices of agricultural products on world markets,

could also assist in the expansion of trade. Such consultations are particularly important on the disposal of surplus stocks which hold the greatest threat to price stability.

Labour Productivity

Farm incomes depend to a considerable extent on labour productivity which can now be rapidly raised by improved technical methods. In the more advanced countries agriculture does not appear to be lagging behind other industries in raising productivity. In less-developed countries ceilings on labour productivity are imposed by the relatively small non-agricultural population, which limits the market for sales off farms (apart from export outlets), and also by the density of the population on the land, which restricts the size of farms. In such countries further economic development and industrialisation is a prerequisite for any substantial increase in agricultural labour productivity and farm incomes. The larger supplies of food now available, including surplus stocks, may make possible increased rates of investment and economic development with less danger of inflation.

Agricultural Production in the ECAFE Region in 1954-55

FOLLOWING hard upon the results of the Indian agricultural production in 1954-55 come reports only slightly less encouraging through ECAFE of production in the ECAFE region. It is interesting to examine whether India's remarkable achievement over

of a parallel however in the last two

From *The Eastern Economist*, November 4, 1955

years recorded. It is stated in the latest Economic Bulletin for Asia and the Far East of the United Nations that 'owing to unfavourable weather conditions, the 1954-55 production of cereals in the ECAFE region was over 3 per cent lower than the record harvest of 1953-54, still ranking, however, as the second best harvest, at least since World War II. Rice production declined by over 4.8 million tons, of which India accounted for as much as 3.4 million tons and other countries, notably Cambodia and Thailand, for lesser amounts; however, increases were registered in Japan, Burma and China: Taiwan.'

Cereals and Cotton

Table I gives a broad picture of cereals output in the region from pre-war times to 1954-55. Over the whole region it will be seen wheat has shown a substantial improvement and there are minor improvements under barley and maize. There was a substantial drop in rice, almost the whole of which was due as already stated to an Indian fall of 3.4 million tons. But if the Indian fall of 3.4 million tons is excluded, total cereal production for ECAFE was almost

the same for 1953-54 and 1954-55. It would also appear that the production of raw cotton is higher than in the previous two years. The ECAFE table (Table II) for India, Japan and Pakistan on the next page suggests that cotton production over the ECAFE area is rising significantly though less significantly than for India alone.

India Leads

The broad conclusion which emerges from this discussion is that India is leading a general movement in upward agricultural production but is by no means exceptional, in the sense that other countries are stationary while India is advancing. If it be assumed—as is stated in the ECAFE reports—that weather conditions were less favourable in 1954-55 than in 1953-54, the maintenance of agricultural production at a little below the 1953-54 level suggests that the floor for ECAFE as a whole was rising at something just below the Indian rate. This calls for further analysis and description; can it be the new methods of cultivation and the new psychological factors in agriculture are operating over a very wide field?

TABLE I
CEREALS PRODUCTION IN THE ECAFE REGION*

	1934-35 to 1938-39	1948-49 to 1950-51	1951-52	1952-53	1953-54	1954-55
	<i>Average</i>	<i>Average</i>				('000 tons)
Rice (milled equivalent)	64,080	65,358	64,386	67,976	74,608	69,770
Wheat†	13,811	12,917	13,838	12,725	13,225	15,137
Rye	9	38	23	26	26	31
Barley	5,082	5,271	5,473	5,426	5,951	6,267
Oats	222	153	176	174	182	200
Maize	6,126	4,898	4,951	5,945	6,186	6,300
Millet and sorghum	14,968	13,267	13,066	15,301	17,602	17,000
Total	104,298	101,902	101,913	107,573	117,790	113,795

*Excluding Afghanistan and main-China.

†Including Afghanistan.

TABLE II
RAW COTTON: SUPPLIES AND CONSUMPTION IN SELECTED ECAGE COUNTRIES
(⁰⁰⁰ bales)*

	Production	Initial Stock	Imports	Exports	Consumption
INDIA					
1952-53	2,975	2,000	563	293	3,875
1953-54	3,770	1,370	486	91	3,985
1954-55	4,050	1,550	232	90	4,100
JAPAN					
1952-53	—	524	2,064	—	2,065
1953-54	—	523	1,443	—	2,566
1954-55	—	400	1,353	—	2,100
PAKISTAN					
1952-53	1,540	365	—	1,275	230
1953-54	1,400	400	—	897	450
1954-55	1,225	250	—	241	660
TOTAL 3 COUNTRIES					
1952-53	4,515	2,889	2,627	1,568	6,170
1953-54	4,970	2,293	2,929	988	7,001
1954-55	5,275	2,200	—	—	6,850

*Bales of 478 lb. net weight.

Commonwealth Development

A COMPETENT group should be formed—and there should be no difficulty in obtaining suitable personnel—and should be given the task of examining what is the raw materials position in relation to the industrial requirements (a) of the world, (b) of the sterling area, and (c) of the British Empire; and, having ascertained that, to survey what are the Empire's resources and the possibilities of developing them. All this should be done with an eye to deciding where the development would be really economic, and whether the development would save us dollars by supplying our needs or would earn us dollars by meeting the unquestioned needs of the United States. That task ought not to be an impossible one, nor should it take too long. I think it is lamentable that we have not had a real survey of that character, although there are bits and pieces that could easily be brought together by a group of the character I have suggested.

As time is a factor, I would suggest that action should be taken immediately by the United Kingdom Government, but that they should at the same time communicate with all the Governments of the different parts of the Empire, with a view to there being added to that group a representative from each part of the Empire. The various Governments could respond or they could leave it in the hands of the central authority. This would get over Britain's anxiety that she might be accused of dictating to the Empire, and it would also give an opportunity to any of those countries who are prepared to cooperate to send somebody who might give valuable assistance. I suggest that that should be done at once, and one would hope that the group would have a real Empire flavour about it.

Extract from a speech by Viscount Bruce of Melburne in the House of Lords, Wednesday, 30. Nov., 1955

Big Government in the United States

THE simple truth is that the U.S. Government has gotten so big that no one can comprehend its complexity. It spends \$64 billion annually, owes directly \$280 billion, and has a contingent liability through various government guarantee and insurance programmes estimated by the Hoover Commission at \$244 billion. It has 2.2 million civilians plus 3.0 million members of the armed services on its payroll—one out of thirteen in the national labour force. In addition to all other activities the Federal Government engages in more than 100 separate and distinct business operations with some 2,500 entities whose operations include, according to the Hoover Commission: 'the manufacture of clothing, paint, ice cream and eye glasses; furniture repair; cement mixing; tree and garden nurseries; coffee roasting; air lines; steamship lines; and a railroad.'

Out of Control

Although we have big business corporations in the United States that spread their activities into many fields and markets, there is nothing to compare with the far-flung Federal Government establishment. Qualified experts agree that it is out of effective control and suffers unnecessary waste on almost every hand. Yet they have trouble agreeing on what to do. Every plan has its demerits and objections. Budgetary reform, however desirable, fails to reach the heart of the issue. The real trouble—and the Presi-

dent's illness gives it point—is that the Federal Government establishment has just grown too big for correlated human control. The obvious solution is for the Federal Government to concentrate on the things that must be done on the federal level and leave the rest to the responsibility of the individual, of private enterprise, of State and local government bodies. After all, as E. B. White once wrote, the American theory is that the individual is 'a very competent little guy'.

Independence Threatened

Governor Arthur B. Langlie of Washington, pointing out how federal grants threaten the independence of the States, urges the political principle that 'the pleasure of spending public moneys should be tied to the pain of raising them':

The system of evading responsibility and seemingly getting something for nothing naturally whets the appetite of ambitious politicians for glory and of special-interest groups for more of the easy money. Eventually, the system of depending increasingly on central-government support must lead to central-government domination. President Eisenhower quotes as his own philosophy Lincoln's statement:

The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot so well do for themselves in their separate and individual

From First National City Bank Monthly Letter, November 1955

capacities. And in all that the people can individually do as well themselves, government ought not to interfere.

Cartailing Activities

Here and there unnecessary government operations have been shut down and the money saved returned to the taxpayer. In fiscal 1955 a major achievement along this line was the sale of government-owned synthetic rubber plants to private industry, a transaction which returned \$392 million. By last June nearly 100 smaller business activities, mostly in the Department of Defense, had been liquidated. Many products and services formerly produced by government are now being obtained more economically from tax-paying private enterprise. At the same time other government programmes are being kept under constant scrutiny for ways of saving money.

Vested Interests

Whatever the changes involved—complete elimination, economy measures, or programme modification—they meet opposition from vested interests of all kinds. Opposition often comes from surprising sources. Reactions to the Administration's efforts to combat mounting farm surpluses by substituting flexible farm price supports for fixed 90 per cent supports provides a striking case in point. As reported in the *New York Times* of September 27—

an astonishing angle of the political quarrel over sagging farm income is the source of pressure on the Administration 'to do something

about it'. The major pressure has come from business men, mainly staunch supporters of the Administration. Their clamour has been heard in the White House as well as the Department of Agriculture.

Administration sources label these business men, mostly from small towns in the Midwest farm belt but including some in industrial centres, as conservative and even 'conservative die-hards'. They are so vocal 'they make the farmers look positively silent', a high Administration source commented.

While such reactions are by no means typical, they are not uncommon. We cannot increase government outlays in particular and reduce them in general. As Budget Director Hughes declared in a speech last June:

If our efforts in reducing budget expenditures are to be successful, they must be based on an unmistakable groundswell of public support for government economies which cannot be mistaken or denied and which will assist both the administration and the Congress in resisting apparently incessant demands for unwise, hasty and extravagant action.

If people want easier taxes they can have them, but they will have to pay the price of forbearing to urge more spending programmes on a Federal Government already overburdened with debt and responsibilities. They must learn to see that the money they get from Washington is the money they sent to Washington, less freight charges both ways.

Royal Commission on Taxation

A Commentary by F. A. COCKFIELD

We seem to have become so hardened to the rates of tax now being levied that they no longer appear to produce the surprise and dismay that an objective view of them might well suggest. I believe that when the history of our age comes to be written, one of the most striking features which will emerge will be the way that broadly speaking the Tory Party have accepted the vast and fundamental changes made by the Labour Governments in the whole fabric of our social and economic system—not always for the better—and there is no field in which this is more true than that of taxation. Taxation was used by the Labour Party as the main instrument of their social and economic policy. This is one form of control the Tory Party have done little or nothing to dis-

Most Serious Feature

There is no doubt that the present level of taxation of industry has created many new problems and has slowed down development and progress. But I regard the burden of taxation on the middle and high income ranges as a much more serious matter from the point of view of the long-term economic health of the country. In the long run it is the qualities of business executives, scientists and administrators which determine the rate of progress not only of individual concerns but of the country as a whole. It is the just and proper rewards to these people which are being ground out of existence by

the present system of taxation, and it is here that so little has been done by the Chancellor and so little recommended by the Royal Commission. **Minority Report**

If it be objected that this is essentially a matter of party politics, may I refer to the Concluding Statement in the Minority Report which reads—

'We wish, however, to record our opinion that if these reforms were adopted, and the basis of taxation were thus brought into closer conformity with the true taxable capacity of different classes of taxpayers, there would be a strong case for adopting a more moderate scale of progression in the schedule of tax rates . . .'

Whether the Minority are right or wrong in wanting to tax capital gains, so far as the great majority of people in the middle and upper income groups are concerned whose incomes are derived from salaries or professional earnings and not from capital gains, this statement is a direct admission that the present rates of income tax and surtax are too high. And coming from the quarter that it does it is a view that deserves high respect.

The Chancellor's Responsibility

If we are prepared to accept a mundane rate of progress, punctuated by periodic foreign trade crises, due fundamentally to the fact that other people are making greater pro-

From *National Provincial Bank Review*, November 1955

gress than we are, then we can continue along our present path. There are some people who think that the dubious social benefits obtained from our present system are sufficient justification for this. But if we want a vigorous and expanding economy which will stand up to foreign com-

petition and which will provide a high standard of life for all—even at the cost of greater inequality of income than we now have—we have to provide the environment in which such an economy can flourish. The onus of so doing rests upon the Chancellor of the Exchequer.

Britain and World Trade

THE Treasury Bulletin for September contained an interesting article under the above heading. An analysis has been made of the trend of world trade in a variety of directions and an effort to deduce from the pattern so revealed what the implications are for the export trade of the United Kingdom.

It is discovered, not only that post-war trade in volume is very much larger than pre-war, but that there has been a continual rise since 1947 except for the one year 1952.

Half the total world trade now consists of trade between manufacturing countries on the one hand and primary producing countries on the other. This is the largest flow in the trade world. The second most important flow of trade is that between manufacturing countries themselves. The main increase, however, during the last six years has been in the second category.

Curiously enough this growth of activity in recent years between

manufacturing countries has not carried with it a proportionate increase and demand for primary products. This is accounted for to some extent by the increased agricultural productivity in industrial countries, a growing substitution of synthetic for natural materials and also an increased demand for engineering products in which the value of the primary product content is a small part of the total value. The conclusion then drawn is that, since two-thirds of United Kingdom exports go to primary producing areas (compared with a half for the United States and a third for Germany), we shall not get our full share of the expansion in world trade unless we make more headway in exports to the manufacturing areas.

Flaws

This deduction would appear to have certain flaws in it or at least certain drawbacks, for it is apparent

From Empire Industries Association Monthly Bulletin, November 1953

that the advantages for certain countries like the United States, Germany and Japan in the world's markets outweigh those which can be brought to bear on the situation in Great Britain. These advantages are fairly well known—longer hours and lower wages, large reservoirs of comparatively inexpensive labour, indi-

genous raw materials, highly geared mass production and a lack of the world-wide commitments, military and civil, borne by Great Britain.

The following table taken from the article shows the shares of the major trading nations in the exports of manufactures in 1950 and in the period October 1954 to March 1955.

(Per cent shares)

	U.K.	Germany	U.S.A.	Japan	Other European	Canada
1950 ...	25.7	8.3	27.3	3.5	29.9	6.2
Oct. 1954 to Mar. 1955	19.8	15.2	25.2	4.9	29.0	5.7

This table shows that Germany has made substantial headway, Japan some headway. The U.S.A., Canada, European countries other than Germany, show a slight decline, whilst the United Kingdom reveals a substantial fall.

The conclusion reached is that it will be necessary for Great Britain to take every opportunity of expanding her share of the growing market for manufactured goods, especially in North America and Western Europe and advises U.K. exporters to concentrate on these areas rather than Commonwealth areas which are very largely primary producers. Here again the reasoning is hardly watertight. It is, of course, desirable that progress should be made in the manufacturing areas if possible, but certainly not to the neglect of Commonwealth trade. If a choice had to be made of one or the other it should fall where the possibility of growth is the more promising. It is not stated whether this advice is intended to cover a long-term policy, or is given

only in order to meet immediate national requirements, that is over the next six or twelve months. In either case it cannot be regarded as anything but short-sighted.

Britain's Responsibility

He would be a bold man who contended that in the long run the potentiality for large expansion is greater in the U.S.A. and in Western Europe than it is in the countries of the Commonwealth. If, as is said to be the case, the primary producing countries are failing to acquire sufficient income at the moment for substantial increases in their purchases of British goods, the most obvious solution is for Great Britain to increase her trade with them, not to diminish it. If again British demand for primary products is not sufficient for this purpose then steps should be taken to introduce such industrial activities as may enable them to meet the deficiency.

This would, of course, entail freedom from the international commit-

ments which debar us from developing these countries in the only way in which the products of the Commonwealth and Colonial territories can be helped to meet world competition, that is to say the establishment of fiscal measures which would provide a regular and stable market in Great Britain as a basis for their production. Such a measure would also help to ensure that manufactured goods from Great Britain would find an increasing market in the growing countries and would offset the difficulties, many of which may otherwise be found to be insurmountable, of competing with U.S.A. and Western Europe.

The Success of Discrimination

There is one important feature in the figures set out in this article which must not be overlooked, and that is the substantial headway which the countries of the O.E.E.C. have made in the last few years.

Total trade between manufacturing countries and primary producers rose by about \$10,300,000 between 1948 and 1954. Of this the O.E.E.C. countries were responsible for 58 per cent, Japan 17 per cent, North America 13 per cent and the United Kingdom 12 per cent.

The inference is that the fiscal policy of the O.E.E.C. has been a marked success. This policy was a deviation from the non-discriminatory provisions of G.A.T.T. These countries were permitted to discriminate in favour of one another while adopting a protective policy against the rest of the world.

This is similar to the policy which was in force within the Commonwealth and Empire between 1932 and the second world war and which was remarkably successful both as regards inter-Commonwealth trade

and trade between Commonwealth countries and the outside world. Yet the destruction of this system was introduced with G.A.T.T. and accepted by the British Government at the time when the Washington Loan was negotiated. Its revival has been sternly refused ever since. It worked and worked well in pre-war days—it has worked in the O.E.E.C. countries since the war. There is something suspicious about this discrimination.

Omissions

There are certain omissions in this analysis of world trade and its trends which render it necessary to take the conclusions with some reserve. There is no mention of major factors which have brought about changes in the flow of trade. No consideration appears to have been given to the fact that the growth in certain countries notably Germany and Japan is a rapid recovery from the war situation when large numbers of unemployed have been absorbed. The process is not yet finished but when it reaches comparative finality a new situation will certainly be created. Another major factor not mentioned is that the chief trading nation, namely the U.S.A., has been in the position to pay for large quantities of its own exports which has certainly introduced an atmosphere of abnormality into world trade. At the present time also the U.S.A. is working on schemes to dispose of vast surpluses of agricultural products which cannot avoid interfering with the normal flow of trade and change its pattern once more.

While these figures and deductions certainly merit careful consideration, they appear to us to contain flaws which, if ignored, might very well send us off in the wrong direction.

New Year Book Supplement

Digest Reviews

ECONOMIC REVOLUTION

The Great Economists. By Robert L. Heilbroner. *Eyre and Spottiswoode;* 28s.

In his introduction the author quotes from the late Lord Keynes—'The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.'

It is with this background that the book is written, with the intention of providing the reader with knowledge of the type and lives of the men who have shaped and swayed men's minds in the past two centuries. In a chapter entitled 'The Economic Revolution' Mr Heilbroner tells of the birth of the modern industrial system which destroyed the medieval system, of which he says, 'No mistake about it, the travail was over and the market system had been born. The problem of survival was henceforth to be solved neither by custom nor by command, but by the free action of profit-seeking men brought together only by the market itself. The system was to be called capitalism. And the idea of gain which underlay it was so firmly rooted that men would soon vigorously affirm that it was an eternal and omnipresent attitude.'

He then goes on to deal with the economists who have shaped our

lives since that time, from Adam Smith, Malthus and Ricardo, the Utopian Socialists, Mill, Fourier, Saint-Simon and Robert Owen, to Karl Marx, Henry George, J. A. Hobson, Thorstein Veblen and J. M. Keynes, finishing up with Joseph Schumpeter, who is described as 'the most romantic of economists'. Finally there are two supplementary chapters on Reformed Capitalism in Britain, contributed by Paul Streeton.

TRIBUTE TO A GREAT WRITER

Studies in Social History. Edited by J. H. Plumb. *Longmans;* 21s.

This book is planned as a tribute to that greater writer and historian, G. M. Trevelyan. Mr Plumb, who edits the volume, has wisely chosen a limited theme, English social history of the last four centuries, for he feels that 'this subject lies nearest to the heart of Trevelyan's work'. Likewise he has limited the number of contributors to eight, and the result is a very readable volume and an effective tribute to a great writer who for more than fifty years has maintained the noble tradition established by Clarendon, Gibbon and Macaulay.

The contributors include A. L. Rowse, who writes on Nicholas Roscarrock and His Lives of the Saints; W. G. Hoskins on An Elizabethan Provincial Town: Leicester; Professor Notestein on The English Woman, 1580 to 1650.

Miss C. V. Wedgwood's contribution is on Comedy in the Reign of Charles I, Professor H. J. Habakkuk writes on the 2nd Earl of Nottingham, the Editor of the volume J. H. Plumb on the Walpoles. Finally

G. S. R. Kitson Clark deals with *The Romantic Element, 1930 to 1850*, and N. G. Annan with *The Intellectual Aristocracy*.

The contributors all reveal a lively sense of the importance of the family and family connections, and are obviously more concerned with those who wield power and influence than with the hewers of wood and drawers of water.

WITH AUTHORITY

Father Vincent McNabb, O.P. *The Portrait of a Great Dominican by Ferdinand Valentine, O.P. With a Foreword by the Very Rev. Hilary Carpenter, O.P., Provincial of the English Dominicans. Burns and Oates; 21s.*

Here is the brave and saintly life and many of the letters, profound and attractive, of a stern critic of industrialism who, Mr Tom O'Brien tells us, was the guiding star of that former President of the T.U.C. After all, when heckled at Marble Hall on, he said: 'Where else could we put bad Popes and wicked employers?'

Fr Valentine penetrates the personality and the psychology of an heroic Dominican who was a great orator, a Distributist and a lover of the land. His social teaching reflected those great Papal Encyclicals which took up for Christians the challenge of the Machine Age. He believed, so he tells us, that 'Political Economy is not an exact mathematical or mechanical science, but is a part of Ethics; its sanctions are moral sanctions, its motive is moral power, its results are moral good or moral evil.' No economist should forget this.

Good Behaviour. By Harold Nicolson. Constable; 21s.

Of his book Mr Nicolson says: 'It is an endeavour to depict certain patterns of behaviour which at different dates and in different places have been evolved by minorities as representing the culture of their time'. One by one he has taken the twelve main types of civility, each representing the human being whom, in different ages, a minority of cultivated people admired and sought to imitate.

There are many references in this book to the Dutch humanist Erasmus who tried to teach the European of his day correct modes of behaviour and the purpose of education, and the reader is enabled to see how our ancestors behaved and the progress made since the days of Erasmus towards a cleaner and healthier mode of living.

One cannot touch on all the twelve epochs dealt with but Mr Nicolson's description of the astounding behaviour of Louis XIV makes very amusing reading.

The final chapter bears on the subject of the classless state; the author maintains that there will always be those who take an interest in the subtleties of human relationships and it will be they who will set the pattern of good behaviour. N.D.

THE LIMITATIONS OF THE EXPERT

The Role of the Economist as Official Adviser, by Professor W. A. Jöhr and Dr H. W. Singer. Foreword by Professor E. A. G. Robinson, C.M.G., O.B.E. Translated from the German by Jane Degras and Stephen Frowein. Allen and Unwin; 15s.

Professor Jöhr of the Handels-Hochschule, St Gallen, and Dr Singer have together contributed some clear thinking and clear writing to the solution of the problems and avoidance of the pitfalls which arise from the limitations of the economic expert who appears more and more in the role of an official adviser.

Professor Jöhr's essay first came out in Germany.

AD ASTRA

The Stars at Noon, by Jacqueline Cochran. Robert Hale; 15s.

Do not, gentle prospective reader, be put off by the dentifrice smile on the jacket or by the sickly-saccharine frontispiece. This is the sincere, unpolished, sometimes diffuse, but never unreadable, account of a very brave woman. 'Jackie' Cochran is married to a tycoon: she is a business woman in her own right and also a rancher: but she will be longest remembered as a record-breaking aeronaut who served with the Air Transport Auxiliary which ferried planes to Britain before returning to the United States to become Head of the 'Wasps'—the Women Air Force Service Pilots.

This is the success story of one who has not only done what no other woman has done and in some cases no man either but a woman whose commonsense philosophy pervades the pages of her book. As she rightly says when writing of the survival of religion in Russia, 'faith will always conquer fear'. It has been so with her and those who read with a sceptical smile the Introduction by Marshal of the Royal Air Force Sir Arthur Harris will find, if they persevere, that his commendation of Miss Cochran and her book is more than justified.

CONTEMPORARY ASIA

Social Forces in the Middle East, edited by Sydney Nettleton Fisher. Cornell University Press, London: Cumberlege; 40s.

Muslims on the March: People and Politics in the World of Islam, b; F. W. Fernau. Translated from the German by E. W. Dicks. Robert Hale; 16s.

Another Road to Samarkand by Patrick Sergeant. Hodder and Stoughton; 16s.
The Cultural Heritage of Pakistan, edited by S. M. Ikram and P. Spear. Oxford University Press, Karachi; Rs.14.

Social Forces in the Middle East is a valuable work of enlightenment and reference consisting of fifteen papers delivered at a Conference on 'The Near East: Social Dynamics and the Cultural Setting' held at Princeton, New Jersey, in October 1952, and sponsored by the Committee on the Near and Middle East of the Social Science Research Council. The work is thorough, if dry, and covers the condition of fellahien and bedouin, the merchant and industrial worker, the Israeli farmer, the entrepreneur, the mullahs, Army officers and economic planners, now playing a prominent political part. Studies are also provided of the Israeli immigrants, the minorities and the Palestine Arab refugees who are also part of the ferment and fiction of the region.

Mr F. W. Fernau's approach is lighter and his book is suitable for the more general student of world affairs. The author is a German Orientalist with commercial and consular service in the Near East. Since the war he has been Special Correspondent for the Near and Middle East of two well-known Stuttgart newspapers and from 1947

has been a member of the Middle East Institute in Washington. His title is chosen because Mr Fernau sees the Moslems as three hundred and fifty million people stretching from the Atlantic to the South Pacific and feeling the strength and weakness of renewed or new-found independence. An attractive historical outline from the days of oil millionaires and modernising dictators leads on to an account of post-war developments in the Moslem world.

Another Road to Samarkand is a well-timed and captivating account of the author's three months in the U.S.S.R. The book is light, amusing and superbly illustrated by a profusion of photographs and adds painlessly to the general reader's knowledge of society and conditions in Soviet Asia.

The Islamic inheritance sketched by the distinguished contributors to *Social Forces in the Middle East* and by Mr Fernau is equally present in the Socialist Soviet Republics of Mr Sergeant's book and in the Commonwealth State of Pakistan. Edited by a distinguished member of the Civil Service of that country who was visiting Professor at Columbia University in 1953-54, and by Mr Percival Spear of Selwyn College, Cambridge, *The Cultural Heritage of Pakistan* is the fruit of several years' research by a number of scholars, and demonstrates how the painting and poetry, music, calligraphy and architecture which reached their apex under the Mughals are carried on in the newest and largest of Moslem States. Sir Mortimer Wheeler, undisputed master in this field, contributes a chapter on the archaeology of Pakistan and there are other chapters of like distinction.

ORANGE AND GREEN

Divided We Stand: A Study in Partition, by Michael Sheehy. With a preface by John J. Horgan. Faber; 10s. 6d.

This is a brave book which needed to be written. The author, a Catholic Southerner, asserts, against the fervent sentiments held by many patriots and co-religionists, that the aim of denying to the Protestant polity and culture of the North that right to autonomous existence which the South wrested from the British, is both muddled and hypocritical.

Mr Sheehy is perhaps over-generous to Great Britain in scarcely hinting at the former economic exploitation of Ireland and shows how a realistic relationship with the British market, which is vital to the

Expansion or EXPLOSION

by ANTONY VICKERS

"The author offers a solution which would enable nations to use their resources to the full and enjoy expansion. . . . The book is brim full of interest and will shock many conventional 'dyed-in-the-wool' Economists."

THE OIL ENGINE

6s.

Published by THE BODLEY HEAD

Obtainable from

INDUSTRIAL ADVISORY BUREAU
2a Queen's Parade, London, N.10.

livelihood of the Republic, and the ending of Partition can only come about through a close association with the United Kingdom, of which Northern Ireland is part, and of the Commonwealth to which Irishmen have given so much.

The economic and social conflicts behind the realities and political struggles are well brought out and the statesmanship of Carson appears as vividly as the duplicity in diplomacy of Lloyd George.

Ulster under Home Rule. A Study of the Political and Economic Problems of Northern Ireland. Edited by Thomas Wilson. Oxford University Press. London: Cumberlege; 21s. in U.K.

A number of distinguished contributors have come together to make available this comprehensive survey of the social and economic problems of Northern Ireland. The book covers an interesting range of subjects and begins with an historical survey which explains that strong desire for the retention of the British connection which Mr Horgan brings out so well.

Mr Wilson goes on to describe the constitution, the division of responsibility between Westminster and Belfast, and Ulster's economic structure and policies. A final chapter sums up the conclusion to be drawn from this interesting experiment in devolution, 'that Home Rule can be tried with most confidence in those regions where the majority of people do not particularly want it'!

NEAR EAST

One Man's Journey, by Leonard Cottrell. Robert Hale; 16s.

Mr Cottrell, of the B.B.C., has

given a very personal account of a journey through Lebanon, Syria, Jordan, Egypt and Libya undertaken in the service of the United Nations. He writes simply and well and has added some first-rate photographs.

Having described an interview with General Neguib, the author writes: 'Now that the new [Suez] Agreement has been signed, we shall be able to test the truth of the Egyptian Government's professions'. Mr Cottrell opines that the military junta are much more dependable than the old Pashas. That may be, but the Pashas had to reckon with the British Army!

NEW ASPECTS

Oxford Home Atlas of the World. Prepared by the Cartographic Department of the Clarendon Press. Oxford: Clarendon Press. London: Cumberlege; 15s. (in U.K. only).

This, the Oxford School Atlas produced in a general edition, presents most attractively a new technique of 'hill shading' that gives the maps the three-dimensional effect enjoyed by the aerial observer. The Atlas is aesthetically satisfying as well as of practical use. There are valuable insets and notes concerning, for example, the Suez and Panama Canals and the St Lawrence Seaway.

Political and demographic information is pictorially conveyed and there are maps to illustrate climate and rainfall, sea and air communications and world groupings and alliances such as the Commonwealth, the Arab League, the Pan American Union. The very clear map of Antarctica is of special interest at this time.

E.C.S.C. PEPtonized

The European Coal and Steel Community, P.E.P. (Political and Economic Planning), 16 *Queen Anne's Gate, London S.W.1.*

This is Vol. XXI, No. 389 of *Planning*, dated 21 November, 1955. Earlier numbers have received notice from time to time in our Reference Section but this succinct and efficient account of a very important European experiment deserves particular praise. The writer prudently refrains from pronouncing on the case for an extension of supranationalism to other fields but predicts that the frustrations experienced in Great Power negotiation 'will inevitably lead to renewed attention to the movement for European federation'. M. Monnet is also of that opinion.

PRESENCE FRANCAISE

North African Journey, by Bernard Newman, Robert Hale; 18s.

The nationalist upsurge in French North Africa backed by Egypt and other Powers and the bewildering changes in what Mr Bernard Newman calls 'The Tale of Two Sultans' (Ben Yusuf and Ben Arafat), makes this readable book of great topical interest to the general student of world affairs.

Mr Newman accuses the Spaniards of pouring oil on the flames of revolt across their common frontier with French Morocco and condemns so short-sighted a policy. He also tells of a Greek trader who said that the French should merge Tunisia, Algeria and Morocco in a United States of Barbary and rule by dividing the disparate and quarrelling elements thrown thus together. What is certain is that reasonable

and stable relations must be established if the economic progress the French have brought is to be continued and that all the European Powers concerned will be the losers if they do not stand together in defence of their vital interests in the Mediterranean and in Africa.

AFRICAN TRAVELS

Report on Africa, by Oden Meeker, Chatto and Windus; 21s.

This is an American journalist's objective account of a year of travel over a large part of Africa. The author made an extensive tour covering French, Belgian and Portuguese territories as well as British, and he makes some interesting comparisons between the different types of colonial development and administration.

Mr Meeker writes in an entertaining fashion with a sense of humour and an eye for the unusual, which makes the book a fascinating as well as a fair-minded study of a continent now in such a state of ferment. He sees hopeful portents, however. One of the most encouraging signs he says is the 'beginning of systematic study and the exchange of knowledge'.

Isle of Cloves, by F. D. Ommannney, Longmans; 18s.

Dr Ommannney was sent to Zanzibar by the Colonial Office to improve local methods of fishing, and this excellent book is the result of his visit to 'this small, flat, green coral island between Mombasa and Dar-es-Salaam'. He deals with many aspects of life in Zanzibar, its long history, the arrival of Europeans and the suppression of the slave trade in which Britain played an important part. He goes on to examine the

spending and an equitable tax system will find many echoes round the globe, but all will not accept his proposal for a hard franc convertible into gold at a permanently fixed rate. His suggested constitutional reforms are somewhat abstract but an excellent basis for discussion.

The English translation is adequate, but one is never allowed to forget that it is a translation.

BOURGEOIS COUNTER-ATTACK

A Frenchman Examines His Conscience, by Jules Romains. Translated by Cornelia Schaffner, André Deutsch; 12s. 6d.

This is designed as 'shock treatment' for 'a slackness complex' by no means confined to France. It is an effective piece of polemic, sometimes embarrassing for a foreigner to read for it dwells deliberately upon what is wrong with the French economy, society and constitution. It is a devastating exposure of waste, inefficiency and corruption in the State, the distributive trades, agriculture, the nationalized industries and the private sector, as well as of the deplorable and insanitary housing conditions in the great cities, for which M. Romains, who in other spheres would curtail Government intervention, recommends State action and effort. The English reader might feel that if, as M. Romains proclaims, the French worker cares too much about food and drink and spend too much of his income upon them, the British worker cares, if not spends, too little. His summary of the situation is of a 'cordial banditry' in which Capital and Labour combine to fleece the consumer and, as under the *ancien régime*, those pay most taxes who can least afford it. M. Romains' plea for reduced public

AID PLANS

The Marshall Plan and Its Meaning. An Independent and Unbiased Appraisal of the Entire Record, by Harry Bayard Price, Cornell University Press, London: Geoffrey Cumberlege; 40s.

The part played by the Marshall Plan and associated programmes of aid to Asia in the recovery of a stricken world is well-known and appreciated. This book, which makes a complete examination of the Marshall Plan from its inception in June 1947, fills the need for an authoritative record of these great schemes.

It is published under the auspices of the Governmental Affairs Institute, a professional non-partisan research organisation in U.S.A. There are a number of attractive photographs.

BRITAIN, EUROPEAN AND IMPERIAL

Commonwealth d'Abord, by Yves G. Brissonnère. Editions Domat Montchrestien.

It is said that a committee at Strasbourg was considering whether European unity could be constructed on Commonwealth lines and that a French delegate asked that the con-

stitution of the Commonwealth should be brought in!

M. Brissonnère, who is rightly anxious for England to take part in a United Europe, seeks to pin the Commonwealth down, to establish its basic principles and fundamental institutions. Much of the material he has collected will be useful to students of Imperial affairs, but there are some misunderstandings of the position of Eire and of Canada which is described as belonging to both dollar and Sterling areas. The author also finds British titles perplexing.

The general assumption is made that European unity will be federal in form and this is doubtful, despite M. Monnet's renewed advocacy of a 'United States of Europe'. Britain's membership of the Commonwealth forbids her entering into a closer connection with foreigners, however friendly, than with her sovereign partners, and M. Brissonnère proposes that Britain be 'externally associated' with a Continental Federation. This was De Valera's formula for maintaining Eire's political connection with the United Kingdom and the rest of the Commonwealth while renouncing allegiance to the Crown. It meant very little and it is difficult to see how 'external association' with a Continental Union would enable Britain to play her proper part in Europe and maintain a satisfactory balance of power. A more likely and more sensible solution would be for the monarchies and republics of Europe to combine in a political and economic partnership of sovereignties after the example, duly modified, of the republic and monarchies of the Commonwealth of Nations. But a European Commonwealth would need to have a written constitution!

OCCUPIED AND DIVIDED

Documents on Germany under Occupation 1945-54. Selected and Edited by Beate Rahm von Oppen. Issued under the auspices of the Royal Institute of International Affairs. Oxford University Press, London: Cumberlege; 63s. net (in U.K. only).

Chatham House has to its credit the first collection of documents in English dealing with all four Zones of Occupation. If the texts of economic plans and of other documents of economic and political importance have had to be omitted or only briefly quoted it is because of the plethora of material. What has been reproduced here amounts to more than six hundred pages. The stress has been laid throughout on the carrying out rather than on the formulation of policies by conference and diplomacy. A fuller record of

the latter already exist in Chatham House's *Documents on International Affairs*.

Miss von Oppen and her colleagues are to be warmly congratulated on their painstaking efforts in producing a work of reference of enduring value to the English-speaking world. There is a preface by Professor Alan Bullock.

SHORTER NOTICES

The Redistribution of Income in Post-War Britain. Allan M. Cartter. Yale University Press. (London: Cumberlege); 40s.

This is Volume 3 in the Yale Studies in Economics and is an examination of the effects of the Central Government Fiscal Programme in 1948-49. It will be of interest to those who are concerned with the economic problems of Britain, covering as it does the year of the birth of many new welfare schemes, the new National Insurance and health schemes, and the taxing and spending programmes of the Labour Government.

The Economics of Location. August Lösch. Yale University Press. (London: Cumberlege); 60s.

A translation from the second revised German edition, this is a pioneer book in a new field of economics—the relations between economic goods and geography. Its purpose is to show how the growth and development of agriculture, manufacturing and natural resources are all interrelated, and how the choice of individual's occupation is affected by the area involved.

Economic Accounting. John P. Povelson. McGraw Hill; 56s. 6d.

The author of this 500-page study

is Assistant Chief of Training, International Monetary Fund. The book covers accounting principles that are useful to economists, and relates them to areas of economic thought. Both business and economic accounting statements are covered. The author believes that 'accounting should occupy a place in economics similar to that of statistics'.

Introduction to Investments. John C. Clendenin. McGraw Hill; 49s.

Another new second edition, this is a book which covers investment in such diverse fields as life insurance, government bonds, saving institutions, real estate, etc. The author is Professor of Finance at the University of California. He says in his preface: 'I have tried to include both sound investment philosophy and practical investment detail, in order to make the book broadly useful'.

The Mechanism of Cheap Money. A Study of British Monetary Policy 1931-1939. Edward Neuen. University of Wales Press; 25s.

The author of this study is lecturer in economics at the University College of Wales. In this 350-page book he covers in a systematic and original fashion the developments in monetary policy from the collapse of the gold standard, the emergence of the cheap money policy of the thirties, and the effects of this on the capital market and various sectors of the economy.

Economic Change in Thailand since 1850. By James C. Ingram. Stanford University Press. London: Cumberlege; 40s.

This is an interesting account of the history and development of an

Great Britain and World Trade

HISTORICAL SURVEY
Desmond Althusen

INTERNATIONAL
CURRENCY

Sir Charles Morgan-Webb, C.I.E.

SECOND WORLD WAR
A. E. Upton, D.Sc. (Econ.)

OFFICIAL POST-WAR PLANS
Christopher Hollis

ALTERNATIVE PLANS
Edward Holdaway

Five lectures printed in
booklet form
Price 2s. 6d. *post free from*

E. R. C. & I.

**2a QUEEN'S PARADE
LONDON, N.10**

Eastern country from a mainly subsistence and barter economy towards a money economy. It is the first book in any language to give a detailed description of the economic changes which have taken place in Thailand in the last 100 years.

Readings in Economics. New Second Edition. Edited by Paul A. Samuelson, Robert L. Bishop and John Coleman. McGraw-Hill, 34s.

The Editors of this very interesting collection of readings have set out to supplement the standard economic text books, and have succeeded in assembling a fascinatingly wide and varied selection of interesting contributions. To name only a few whose writings are included, they range from Malthus to Pope Pius XI, from John Stuart Mill to Keynes, and from Henry George to Karl Marx.

DANGER AHEAD

Red for Danger. A History of Railway Accidents and Railway Safety Precautions. By L. T. C. Reil. The Bodley Head, 16s.

This fascinating history of railway accidents and the safety precautions which arose as a result will appeal to many who are not primarily interested in trains and railways. It tells the story of every major accident on British railways which occurred between the years 1840 and 1940.

The author gives a vivid picture of these disasters based on official records and the evidence given by eye-witnesses, and shows how the lessons learned have contributed to the present high standards of safety on our railway system.

Though his subject matter is of accident and disaster he recounts many interesting and even amusing incidents. For example he tells of the occasion when the Manchester,

Sheffield and Lincolnshire Railway suffered a serious accident in which 25 people were killed, and all the employees of the company offered to forgo a day's wages in order to meet the costs of the disaster. The author comments: 'It was an example of the tremendous *esprit de corps* and loyalty which pervaded all ranks of the old companies and which sounds, alas, like a fairy tale today.'

There are a number of illustrations.

TAX REFORM

An Expenditure Tax. Nicholas Kaldor. Allen & Unwin, 18s.

Mr Kaldor examines the case for taxing the expenditure of individuals instead of their income, and challenges the traditional view that an expenditure tax would be difficult if not impossible to administer. He puts his case convincingly and with moderation and there is no doubt

that his views will stimulate much thought and discussion on this important topic in both economic and political circles.

'Most rich people', he says, 'not only live beyond their taxed income, but to an appreciable extent forgo having such an income', and he suggests replacing our present method of applying surtax by introducing an expenditure tax in its place. This he considers would be the only practicable way of advancing towards the spending tax principle. In the concluding chapter Mr Kaldor puts forward his proposals for surtax reform. The fact that current revenue from this source is so meagre means, he contends, that it is a 'relatively safe field for experimentation'. He points out that a realistic approach to this problem would inevitably mean a more moderate scale than applies to surtax payers under the present system, and he rightly says, 'Taxes approaching 100 per cent confiscation can exist on paper. But one cannot apply the same notions to a genuine system and expect that it would work.'

BULLS AND BEARS

Making Money on the Stock Exchange.

Charles Gifford and J. A. Stevens.

A Beginner's Guide to Investment Policy. Macgibbon and Kee, 15s.

This 250-page book is written primarily for the small investor who wishes to become knowledgeable in the workings of the Stock Exchange, the nature of the securities dealt in, and to provide other factual material which will enable him to make rather than lose money when choosing his investments.

The method chosen by the authors for elucidating the mysteries of the

way in which shares are bought and sold, the function of brokers and jobbers and the other such matters is by question and answer, and these are dealt with in a lively manner, and at the same time a wide range of subjects are covered.

INTERNATIONAL ECONOMICS

Trade and Welfare. J. E. Meade. Oxford University Press. London: Cumberlege, 45s.

Trade and Welfare—Mathematical Supplement. J. E. Meade. Oxford University Press. London: Cumberlege, 25s.

These two important books by a distinguished author are issued under the auspices of the Royal Institute of International Affairs, and provide the second and final volume of a treatise on The Theory of International Economic Policy. Volume 1, published in 1951, was entitled 'The Balance of Payments', and dealt with policies aimed at establishing full employment and equilibrium in the balance of payments. In this second volume Professor Meade assumes that these objectives have been achieved, and goes on to conduct an extensive enquiry into other reasons which might make it desirable to impose controls over international trade in products or over the international movement of factors of production.

Trade and Welfare is divided into four parts, the first covers the theory of economic welfare, the second the control of trade, the third control of factor movement, and the final part deals with multi-lateral trade.

The Mathematical Supplement contains the mathematical models on which Professor Meade's arguments are based.

RED GERMANY

The Bialek Affair. Stewart Thomson. Allan Wingate; 15s.

The East German Rising. Stefan Brant. Thames and Hudson; 18s.

These two books convey a graphic account of life and conditions in the Eastern Zone of Germany. The first deals with the activities of Robert Bialek, a former member of the Communist Youth Movement who became Inspector General of the People's Police. His story is written from notes and conversation taken at first hand and throws a new light on the situation as it exists in Eastern Germany today.

Bialek was a leading spirit in the Communist Youth opposition to the Nazis, and worked in the underground movement, spending a period of time in a concentration camp. He welcomed the advancing Soviet force with open arms, but his disillusionment began with his first encounters with them. His appointment to high office, his first-hand experiences with the leading figures in the East German Government and the corruption and double-dealing which caused his downfall, and finally the rioting in June 1953 led to his final decision to break with Communism and seek refuge in the Western Zone. The story is told vividly and with many interesting side-lights on the East German economy. For example, the author comments 'the number of man-hours sacrificed to political lectures and demonstrations is far in excess of the losses incurred by British Industry through strikes.'

The story of the 'East German Rising' is told in the second book which has been translated from the German by Charles Wheeler. For some reason, the importance of this

remarkable and unprecedented event which occurred spontaneously all over Eastern Germany has been played down in the West. The author tells his eye-witness story of the events of 17th June, 1953, when unarmed workers and peasants pitted their strength against the East German Government backed by the might of the Soviet troops and tanks.

The author comments: 'The rising was revolutionary in its objectives for it sought the forcible overthrow of the established authority and the seizure of executive and legislative power. There was not a factory or a town in which the Government's removal was not the cardinal demand.'

Mr John Hynd, M.P., contributes the foreword in this useful addition to our knowledge of life behind the 'iron curtain'.

OTHER BOOKS RECEIVED

The Business Cycle in the Post-War World. Edited by Eric Lundberg, assisted by A. D. Knox. Macmillan; 30s.

Proceedings of a Conference held by the International Economic Association at Oxford in September, 1952.

Social Forces in the Middle East. Edited by Sydney Nettleton Fisher. Cornell University Press; \$5.00.

Papers presented at a Conference sponsored by the Committee on the Near and Middle East of the Social Science Research Council.

International Banking and Foreign Trade. Published for the Institute of Bankers by Europa Publications Ltd; 20s.

A series of lectures delivered at the Eighth International Banking Summer School, Christ Church, Oxford, September, 1955.

Trade Union Topics

(x) JOBS FOR ALL COME FIRST

T.U.C. on the economic situation

BRITISH trade unionists have to ask whether the Government's new measures will protect full employment, will keep consumption at home and investment demand in line with resources, and will hold in trim the balance of payments.

Consumption

The purchase tax changes by which the Government propose to restrain consumption have already been strongly criticised. Together with the higher rents that will probably result from altered housing subsidies they will put a new burden on the poorer sections of the community and will fall with special severity on young married couples who are setting up home.

The Government has also claimed that a bigger profits tax—not unwelcome in itself—will help to cut consumption. But this will only be effective in two years' time, a fact which stock exchange speculators have been quick to note.

The T.U.C. regards it as unsatisfactory that the Government rejected increases in direct taxation, despite the fact that they provide both a more effective and (particularly in the light of the income tax reductions in April) a fairer way of restraining consumers' demand than does putting up purchase tax on essential goods.

Selective Imports?

Though some limitation of invest-

ment was regrettably necessary as a temporary measure the Government did not review capital investment as a whole and curtail what was less essential. Instead it deliberately discriminated against expenditure on social projects and investment in the nationalised industries.

As for the balance of payments there is no certainty that the Government's action will cut home consumption sufficiently to increase exports. A more direct way of tackling the problem of excess imports would have been to do as some Commonwealth countries have done and to restrict purchase abroad of less essential items.

Full Employment

The Government's use of monetary policy raises the question of its effect on full employment. Though the Government has said it wants to keep full employment, the Trade Union Movement is entitled to know how far the new proposals allied to the credit squeeze are intended to go, and how the Government expects its policy to affect the level of employment.

The Trade Union Movement has shown that there is an alternative, more equitable and more effective policy to that of the Government. It has put forward a policy which it believes would create the climate in which all sections of the community would be willing to play their part in

From The Trades Union Congress

overcoming the country's economic difficulties.

Trade Union Responsibility

The responsibilities of trade unionists in relation to economic matters do not begin and cannot end with criticism of Government policy.

Every trade unionist, and indeed every member of the community, has the responsibility of helping to overcome the country's economic problems. Trade unionists should be particularly conscious of that responsibility, as the preservation of full employment is bound up with the solution of those problems. This must be matched, however, by an equal sense of responsibility on the part of all other sections of the community.

The spectacle of stock exchange gamblers on the spree and of a free-for-all for shareholders is no credit to those who have been participating in them or to the Government which has permitted them. The T.U.C.'s concern with Britain's economic situation is sharpened by the knowledge that it is workpeople whose living standards would suffer first if there were an economic crisis.

The Great Threat

Rising costs and prices are the biggest threat to our balance of payments, to continuing full employment and to living standards. One lesson which every working class family has learned over the last fifteen years is that increases in wages have largely been cancelled out by increases in prices. This process will continue unless rises in incomes are kept broadly in line with increases in output—or until it is terminated by unemployment.

It has become fashionable in some

quarters to discount the dangers of rising costs and prices. There is some truth in the argument that higher labour costs compel employers to improve their technical efficiency, and thus induce higher productivity, but it must not be forgotten that this takes time, and that the effect on prices of higher wages—or profits—not accompanied by higher productivity is immediate. Costs and prices cannot go on rising indefinitely without seriously affecting our ability to export, on which our standard of living and employment level ultimately depend.

No Slacking Now

The rest of the world does not owe British workpeople a living, and competition for overseas markets is becoming more intense. Much has been done in the last ten years to equip our industries to meet that challenge, and British trade unionists can be proud of the contribution they have made to increasing productivity and efficiency. We cannot, however, afford to relax our efforts and trust to luck to pull us through.

For the last ten years we have had the novel experience of full employment in peace time. The problems we have been meeting are of a new kind—they are problems of full employment, of economic expansion. They are not insoluble, but they will not be solved by trusting to luck, or by the Government or anyone else relying on outworn economic and industrial policies. Nor can the Trade Union Movement tolerate irresponsible or selfish action, whether from other sections of the community or from within its own ranks, which would erode the foundations of full employment.

(2) A UNITED AMERICAN LABOUR MOVEMENT

On December 5, 1955, representatives of 16,000,000 out of the nearly 17,000,000 workers in the American trade union movement will assemble in New York City, to formally proclaim the merger of the American Federation of Labour and the Congress of Industrial Organisations. Of the merged AFL and CIO membership, approximately 16,000,000 are in the United States, the other million being in Canada. About 1,000,000 trade unionists in the two countries are in 'independent unions', most of them members of the United Mine Workers or the four 'operating' railway brotherhoods. One of these railway unions is expected to shortly adhere to the new federation.

Of these 17,000,000 trade unionists, approximately 3,000,000 are women. It is estimated that nearly two-and-a-half million are Negroes. Some, doubtless, stem from the Pilgrim Fathers and the First Families of Virginia. The bulk of them, probably, are descendants of the 35,000,000 Europeans who migrated to the U.S. between 1820 and 1920. Others are recent refugees from all the varieties of dictatorship which have plagued Europe in the past twenty years. Several thousands are Spanish-speaking U.S. citizens from Puerto Rico who have come over to the mainland of the United States since World War II.

In a manner of speaking the 140 unions which will unite next week are all the children of the handful of unions which, with their 138,000 members, formed the American Federation of Labour in 1886. It was the original AFL, under the leader-

ship of Samuel Gompers and his colleagues Adolph Strasser and Peter J. McGuire, which established solid 'business trade unionism' in the United States—consciously modelling their predominantly craft unions on the 'new model' British unions of the mid-nineteenth century.

Many Tributaries

But into this mainstream of 'pure and simple' trade union tradition have flowed many tributaries. Shortly after its foundation the AFL recruited workers who had belonged to the more inclusive and more politically minded Knights of Labour, which was dying as the AFL was born. By the turn of the twentieth century its affiliates included industrial unions of coal and metal miners, and of garment workers. Socialists of the evangelical school of Eugene V. Debs, and the Marxist academy of Daniel DeLeon were prominent in its ranks. The Industrial Worker of the World with its gospel of 'revolutionary syndicalism' rose to challenge the collective bargaining rule book, but failed to consolidate the strength it briefly had. Special committees, like the United German Trades, the United Hebrew Trades, and the Italian American Labour Council made an important contribution in organising immigrant workers of their nationality groups into branches of the respective AFL unions.

Grave Weaknesses

While trade union membership increased steadily from 1886 till the end of the First World War, when it stood at nearly 5,000,000, there were



From United Nations Information Centre

grave weaknesses in the structure of the movement. Two major attempts at organising the workers in basic steel were rebuffed, and the newer mass production industries like automobile and electrical manufacturing, telecommunications and petroleum refining grew up unorganised. Indeed of employees of big firms only the railway workers and coal miners had successful unions. Unskilled workers and service trades employees even in small unit businesses were generally without organisation. By 1932 when the Great Depression was at its worst not more than 3,000,000 workers carried union cards.

When recovery began, in 1933, a temporary statute, the National Industrial Recovery Act, contained a section—the famous Section VII (A)—which stated the right of workers to organise and bargain collectively. Two years later the National Labour Relations Act set up the machinery for guaranteeing this right, and made it a permanent part of American policy.

Enter the C.I.O.

Meanwhile, factory workers by the hundreds of thousands had set up their 'local unions' and were casting about for national affiliation and experienced guidance and encouragement. A Committee for Industrial Organisation was established inside the AFL, by John L. Lewis of the United Mine Workers, Sidney Hillman of the Amalgamated Clothing Workers and David Dubinsky of the International Ladies' Garment Workers Union, the heads of the principal industrial unions in the federation. Its membership also included representatives of the new organisations, and leaders of some of the craft unions, notably Charles P. Howard of the International

Typographical Association.

As the newer industrial unions of factory workers turned more to this Committee for guidance than to the AFL itself, a clash between it and the parent organisation developed. The Committee's affiliated unions were suspended by the AFL in 1936 and expelled in 1937, when the Committee refused to disband. The principal cause of the clash was the question of whether or not 'all-in' industrial unionism should be encouraged in all large-scale manufacturing industries to the exclusion of the claims of the craft unions. The ILGWU voted to remain inside the AFL, while the other Committee affiliates chose to stay with it and accept expulsion. It promptly reconstituted itself as a new national trade union centre called the Congress of Industrial Organisations.

Full Recognition

With its support the new unions in automobile, electrical, rubber and other manufacturing industries grew and after some hard fighting won full recognition in industry. Organising committees directly supervised by CIO, were set up for the steel and textile industries, manned largely by veterans of the Mine Workers and the garment workers unions. Most of the small unions previously operating in these fields adhered to the organising committees, which have long since become autonomous unions with their own elected officers. While throughout the 'thirties the most spectacular trade union triumphs were those of the CIO unions in manufacturing industries, the AFL has remained the larger of the two federations. By 1939 the total number of trade union members was about 9,000,000.

The majority of older organisations

which had remained in the AFL, undertook their own organising drives, where necessary changing their rules to liberalise membership requirements. Unions like the Teamsters, the Machinists, the Electrical Workers, and subsequently the Common Labourers and the Hotel & Restaurant Workers, began to grow at the same rate as the CIO unions.

It was this process of growth which over the past twenty years has erased the original basis of the split in the American labour movement.

The expansion of unionism since 1933 can be seen from the following chart, which contrasts the American trade union movement today, with that of the previous period of peacetime prosperity:

THE TEN BIG UNIONS—1929-1955
(Membership in thousands)

	1929	1954-55
1. Carpenters (AFL)	322.0	1,240.0
2. Miners (AFL)	262.2	1,150.0
3. Teamsters (AFL)	183.9	1,100.0
4. Electrical Workers (AFL)	142.0	850.0
5. Amal. Clothing Writers (IND)	110.0	800.0
6. Painters (AFL)	108.1	625.0
7. Locomotive Firemen (IND)	107.2	440.0
8. Musicians (AFL)	100.0	410.0
9. Street, Electric Railwaymen (AFL)	99.7	400.0
10. Railway Clerks (AFL)	96.9	400.0
Total all Unions	3,650.0	17,000.0
		AFL
		CIO
		IND

Falling barely below the 400,000 figures are such veteran unions as the AFL Railway & Steamship Clerks and the CIO Amalgamated Clothing Workers, and the newer CIO unions of telephone workers, electrical and radio manufacturing workers, rubber workers, textile workers, and the recently consolidated Oil, Chemical & Atomic Workers.

Joint Campaigns

With unity, the Teamsters' union will doubtless continue to expand. For a number of years this sprawling organisation was engaged in jurisdictional disputes with a number of other unions, and dismay was widespread when in 1954 it refused to adhere to the 'no raiding agreement' initiated by virtually all AFL and

CIO unions as a first step towards unity. In the past year the Teamsters have concluded individual agreements with some of the organisations with which they have been in competition. These 'pacts' not only settle demarcation issues, but provide for joint campaigns to bring unorganised workers into trade unions.

However, no understanding has yet been reached on just how to tackle one of labour's biggest unsolved problems—the organisation of workers in the various distributive trades. Both the AFL and CIO have had affiliates in this field, the AFL Retail Clerks being nationally the stronger of the two, but with the CIO union dominant in the important New York wholesaling and department-store field. The Teamsters

too have organised a number of distributive workers. The unionisation in this area of growing employment will remain a minority affair till the 'jurisdictional lines' are unsharled.

Key to Further Growth

The Oil, Chemical & Atomic Workers, created this year by the consolidation of several CIO unions, is another key to the further growth of unionism. There are a number of 'independent' unions in the petroleum industry which it hopes to bring in, and large sections of chemical production remain outside trade unionism. The new union and the older AFL organisation of Plumbers are both doing well in the atomic energy plants.

Public employees' unions may also soon show a boost in membership. Of the several unions in this field the most active is the AFL State, County & Municipal Employees. Federal civil servants other than postal employees are not generally organised, although the manual grades in such government establishments as the Navy Yards are cus-

tomarily members of strong AFL craft organisations. So far as clerical workers in private employment are concerned, they too are poorly organised except in the few big plants where they are members of CIO industrial unions. Recently, however, an AFL Office Employees Union has shown promise.

Thirty per cent are Unionists

A recent estimate of the areas of trade union strength summarises it this way: 70 per cent of the heavy manual work force of the country are in trade unions (factory workers, miners, railwaymen, construction workers, etc.); in the big manufacturing industries (auto, aircraft, steel, shipbuilding, glass, paper, electrical equipment, etc.) almost 80 per cent of plant and production workers carry union cards. Of the 150 corporations employing 10,000 or more workers only three are not organised, while 80 to 100 per cent of the employees of the 'big ten', those employing over 100,000 workers, are in unions. All in all, about 30 per cent of wage and salary employees are union members.

Trends in Hard Fibres and Hemp

THE report of the Commonwealth Economic Committee on Industrial Fibres shows a sustained rise in hard fibre production and consumption. Whether measured over the last five years or going as far back as 1938, the increase in sisal is considerable and amounts to some 60 per cent in 16 years. In manila hemp, on the other hand, there is a decline of about one-third compared with 1938. Henequen shows some rise, but more recently a decline not yet reflected in statistics, and which may not yet have been checked. In effect, the use of hard fibres is increasing and sisal continues to gain ground at the expense of its competitors.

From Wigglesworth & Co. Ltd., Report for October 1955

British and European Agriculture

BY COLIN CLARK

Director, Agricultural Economics Research Institute, University of Oxford

A RECENT study¹ produced by the Economic Commission for Europe and the World Food and Agriculture Organization compares the prices received by European farmers. Taking as base prices in Denmark, a country whose farmers, contrary to what is often supposed, really do have to sell their output at world prices, the prices received by the British farmer in 1952-53 were 40-44 per cent higher, in Italy and Finland a little higher again, and in Switzerland prices were nearly 90 per cent above the world level. Prices in France (at farm) were slightly below those of Britain, while farmers in the Netherlands, Ireland, Germany, Norway, Belgium, Austria and Sweden (countries recorded in ascending order of prices) all received prices well below British.

Comparative Prices

Professor Nash² has compared British prices of 1954-55 with an estimate of what we should have to pay for the same products if imported, computed from prices prevailing in exporting countries, with an allowance for transport costs; so his base was higher than that of the other study. He found British prices 31 per cent higher than world prices, and added a reasonable qualification, that if British imports were to be greatly increased, this might raise the world prices of meat and dairy produce, of which we only have a limited number of suppliers. But even subject to this qualification, Professor Nash found that if British

output were sold at world prices, and costs remained the same, the net income of farmers would just about disappear altogether.

How has this state of affairs come about? Is our productivity too low, or are our costs too high? Is the farm labourer, or the landowner, or the farmer, asking too much?

Comparative Productivity

Productivity is not at fault. The productivity of British farming, per man employed, is the highest in Europe except for Denmark, and has been rapidly increasing. Nor should we blame the labourer. The whole trouble is that costs *other than labour and rent* are at an altogether excessive level.

These costs include 'agricultural inputs' which are generally imported—feedingstuffs, seed and store stock,³ and 'industrial inputs', which are purchased from the industrial sector of the economy. Some may find it hard to believe that the British farmer, for each unit of output, incurs much greater costs of this character than does his European counterpart, so we may clinch the argument by a direct comparison with Sweden, a country which gives moderate protection to agriculture, well below the British level.

¹ *Output and Expenses of Agriculture 1950-53*.
² See *Journal of Agricultural Economics*, June 1955.

³ Of these purchases three-quarters are taken to represent the agricultural value of the goods and the remainder payments for transport and distribution, i.e., industrial inputs.

From Westminster Bank Review, November 1955

It is convenient to measure⁴ productivity and costs in terms of shillings per man-hour, a unit which we can easily comprehend in terms of wages, taking into account the work done by farmers and their families as well as by paid workers.

Before the war, the net return from British agriculture (see Table I) was about 1s. 3d. per man-hour of work done—a modest remuneration, even in pre-war money. Recently it rose to 5s. and then fell again; it was supplemented by subsidies amounting to about 6d. per man-hour. Out of income-plus-subsidy produced per man-hour, the farm labourer's now receives 53 per cent, a smaller share than he did before the war (British farm wages are now below those of Denmark and Finland, and well below those of Sweden). The landowner's share has been greatly reduced, and the farmer's share has increased.

The Swedish farmer, throughout, has had a much higher net income than the British, with a lower gross output, but at the same time he has had much lower costs, with very little purchase of feedingsuffs or store stock. His industrial inputs are exactly half those of the British farmer (see Table II).

Sombre

We reach the melancholy conclusion that the net value of all the labours of British farmers and farm workers, at world prices, is now a little over 1s. an hour—though pre-war net output, valued at *present-day* world prices, was worth only about 6d. per hour. But Sweden, and several other European countries, have a much higher net output per man-hour, and moreover one that is rapidly increasing.

The costs which are the cause of

our troubles included in 1954-55 £157 million for machinery, £289 million for feedingsuffs, £65 million for fertilisers, and £188 million (£15 million increase on 1953-54) for 'other expenses'—amounting in all to £700 million, or 56 per cent of gross farm sales.

Measuring at present-day prices, we have doubled the industrial inputs per man-hour (which were already high) since 1939; and we have now again got back to the high input of imported fodders, which we had hoped was a thing of the past.

Whether some of our fodder input is uneconomic is a problem requiring very careful examination. Nobody will question fertiliser inputs, though we should look closely at the prices which the farmer has to pay. 'Other expenses', which before the war stood at only £23 million per annum (or a little over £50 million in present-day money), are now astonishingly high. As for machinery, there is good reason to think that many British farms are over-mechanised.

Effect of Taxation

And the causes? Undoubtedly, income tax has a great deal to do with it. These excessive costs and equipment are often found on the larger and more prosperous farms. Rather than pay out their profits in

⁴Information in a form which enables precise comparison to be made with U.K. was published by Sven Holmstrom, *Middlelanden fran Jordbrukets Utrednings-institut*, No. 10, 1954. For conversion to world prices, the round figure coefficient of Swedish prices = 25 per cent above world prices, is used.

⁵The phrase 'farm labourer' here includes the farmer and his family, in respect of the time they devote to manual work. The balance of 47 per cent of the net product is available for payments of rent and interest, and to remunerate the farmer in so far as his income exceeds the labourer's wage.

income tax, the bigger farmers, quite understandably, take advantage of the high initial depreciation allowance to convert profits into machinery, even though some of it may be in excess of present needs—and there is a tendency for other costs too to rise to a somewhat higher level than they would if different conditions prevailed. To keep to a minimum the cost of the hundreds of minor miscellaneous items required on a modern farm calls for a considerable expenditure of mental energy, and at present tax rates some farmers find it hardly worth while.

Swedish tax law allows the farmer no depreciation, but only replacement. A new tractor has to be paid for entirely out of post-tax income;

not until it is actually scrapped or sold is a replacement allowance given. This system strongly discourages excessive mechanisation.

But, besides the effects of income tax, there is a deeper factor. The individual farmer who incurs excessive costs does not expect them to be recouped directly, but when farmers think collectively—as they often do—they have come to hope (in spite of the warnings of their more responsible leaders) that whatever increased costs they incur by buying more equipment, or more imported fodder, will be largely recouped to them in the next Price Review. Has not the time come for their collective thinking to be directed rather more to the problem of *reducing* costs?

TABLE I—OUTPUT AND COSTS IN AGRICULTURE—UNITED KINGDOM (CURRENT PRICES)

(Shillings per man-hour)

	Pre-war	1953-54	1954-55
Output	2.42	11.00	11.40
Agricultural inputs	0.56	2.15	2.45
Industrial inputs	0.57	3.83	4.07
Net factor income	1.29	5.02	4.88
Subsidies received in addition to above	0.02	0.50	0.53
Current wage rate	0.71	2.76	2.85

TABLE II—OUTPUT AND COSTS IN AGRICULTURE—UNITED KINGDOM AND SWEDEN (AT WORLD PRICES 1953-54)

(Shillings per man-hour)

	United Kingdom			Sweden	
	Pre-war	1953-54	1954-55	Pre-war	1953-54
Output	4.76	7.04	7.44	3.06	4.80
Agricultural inputs	2.28	2.15	2.41	0.21	0.25
Industrial inputs	1.95	3.83	3.94	0.85	1.92
Net factor income	0.53	1.06	1.09	2.00	2.63

Progress of the Colombo Plan

At the meeting of the Consultative Committee of the Colombo Plan held in Singapore last month it was decided that the Plan, which was originally to have run until June 30, 1957, should continue for another four years until June 30, 1961, and that its future should be considered at the 1959 meeting of the Committee. Clearly, 1957 has no special significance for the development of South and South-East Asia and the development programmes of the countries in the area will have to continue for many years to come. Nevertheless, the decision to prolong the Plan, which was never intended to be a 'Plan' in the strict sense, but simply the provision of a framework for the promotion of an international co-operative effort to assist the countries in the area to raise their living standards, will be received with gratification in this country and indeed the whole Commonwealth.

The Colombo Plan was essentially a Commonwealth idea. Its original members were all Commonwealth countries inside and outside the area (only South Africa has remained aloof). Today, it comprises, in addition, all non-Commonwealth countries in the area, including Japan, and also the United States, which joined as early as 1951 and has made substantial contributions to South Asia's development.

Co-operation is Growing

The Fourth Annual Report of the Consultative Committee, adopted in Singapore and published this week, rightly sums up: 'The idea of co-operative effort, both within each country and between countries, is

spreading ever more widely and deeply. The concept of international economic co-operation embodied in the Colombo Plan is of special significance in world history, and as the Plan enters its fifth year, its members may take courage from all that has been accomplished and prepare themselves to meet the challenge of the task ahead.'

During 1954-55 most countries of the area maintained, and a few surpassed, the rate of progress achieved in the previous year. The report notes, however, that the rate of increase and output was uneven as between the countries of the area and in a few countries there was some setback in the financial situation, largely in consequence of a fall in their export prices.

High Priority for Agriculture

Total cost of development in the public sector (for nine countries) rose from £541.9 million in 1953-54 to £724.6 million in 1954-55, and budget estimates for 1955-56 total £827.9 million. These figures are subject to some reservation; but it appears that of the total expenditure, at least one-half is accounted for by India. Development outlay in all sectors of economic activity continued to increase in the last two years. Agriculture, including irrigation and multi-purpose projects, has as usual attracted more than two-fifths of the total. The share of transport and communications has remained at about one-quarter of the total. Expenditure devoted to raising the low standards of public health, education and housing has also remained at about one-quarter of the

From *The Statist*, November 26, 1955

Part for Private Investment

The development projects of the Colombo Plan countries necessarily focus primarily on public investment and development; but the report emphasises that private investment and development has also an important role to play and notes the measures taken by several countries to stimulate foreign as well as domestic private investment.

Output in the area generally increased; but the report points out that world demand and weather conditions have probably been as decisive as development outlays in determining the level of agricultural production. Many development projects remain to be completed and can therefore, be expected to affect production only after a number of years.

Price Fluctuations

In a number of countries the internal and external financial position has eased during the year as a result of the improvement in the terms of trade and an expanding world demand for materials. Ceylon, Malaya, Borneo and Indonesia benefited from higher rubber prices, Ceylon also particularly from higher tea prices. India and Pakistan profited from higher tea prices and a much smaller rise in the price of jute. On the other hand, the principal rice-exporting countries—Burma and Siam, and also Viet-Nam and Cambodia—suffered a substantial deterioration in their terms of trade. The Philippines also experienced some worsening in the terms of trade, largely as a result of lower prices for coconut products and abaca.

Malnutrition

The report points out that considerable progress has been made in

many fields but 'it is clear that much more remains to be done'. Current levels of *per caput* food consumption, though substantially higher than in the early post-war years, are lower than before the war and below accepted standards of nutrition; at the same time the population of the area is estimated to be increasing by about 10 million a year. With an increasing population, under-employment is a problem common to every country of the region. While capital development is concentrated on the provision of basic services, it will take some time before employment can be increased substantially.

More Rice

The countries have many problems in common and can learn much from each other. The extension of improved techniques of rice production throughout the area is one example. The spread of community development is another. Exchange of information on development plans can prevent a contraction of trade and, at the same time, promote its expansion.

A special chapter records the economic aid provided by the member countries and by the World Bank. Asian countries helped each other to an increasing extent, mainly by the provision of technical aid. Japan facilitated the export of capital goods to the area through loans by its Export-Import Bank. The U.K. has provided very large capital sums each year since 1951 for assisting the development of the area, mostly in the form of private investment and through drawings by India, Pakistan and Ceylon on their sterling balances (up to £42 million a year).

In addition, the U.K. has made available since 1951 to countries in the area about £80 million by way

of grants, loans, credits and technical assistance, and is to make a further contribution of £7 million for technical assistance over the seven years £2.8 million.

European Steel Production

Imports and/or Exports of Finished-steel for Selected Countries:

	1951-1955 (in thousands of metric tons)																
	Belgium/Luxembourg		France/Saar		Western Germany		Italy		Netherlands		Sweden		Switzerland		United Kingdom		
1951*	9	11	10	40	102	63	55	38	8	7	73	42	87	102	63	55	38
1952*	18	14	100	54	103	67	46	129	10	7	73	42	87	102	63	55	129
1953*	20	34	149	58	120	59	52R	77	18	14	100	54	103	103	67	46	129
1954	17	33	168	54	104	01	65	31	20	34	149	58	120	59	52R	52R	77
July	21	34	157	45	113	63	63	24	33	33	168	54	104	01	65	65	24
Aug.	23	34	168	53	125	60	59	21	34	34	157	45	113	63	63	63	21
Sept.	21	40	169	55	129	66	64	29	34	34	168	53	125	60	59	59	29
Oct.	26	48	194	54	129	63	63	12	40	40	169	55	129	66	64	64	12
Nov.	27	42	209	60	142	69	65	27	48	48	194	54	129	63	63	63	27
Dec.	21	42	206	58	144	68	55	32	42	42	209	60	142	69	65	65	32
1955	25	42	229	45	139	79	66	48	42	42	206	58	144	68	55	55	48
Jan.	27	52	250	51	157	82	72	125	42	42	229	45	139	79	66	66	70
Feb.	23	52	229	51	157	81	67	126	52	52	250	51	157	82	72	72	125
Mar.	22	54	219	55	137	81	60	115	27	27	250	51	157	82	67	67	126
April	30	60	221	48	151	72	65	134	52	52	229	55	137	81	60	60	115
May	21	71	226	47	179	69	63	133	60	60	221	48	151	72	65	65	134
June	...	...	...	...	...	...	...	...	71	71	226	47	179	69	63	63	133
July	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* Monthly Average.

From United Nations Information Centre.

Industrial Location and Land Use

Britain has now had ten years' experience of the control of industrial location started by the Distribution of Industry Act, 1945. What have been the more obvious effects of that control upon the use of land?

BY J. SYKES

FROM January 1945 up to the end of December 1954 about 9,900 factory building projects were completed in Great Britain. These occupied some 216 million square feet. But the new factory building was not evenly spread over the country. Nearly one-half of it took place in the four administrative regions which contain the development areas, although these four regions have only rather more than one-third of the country's labour force in manufacturing. The four regions are Scotland, northern, north-western and Wales. The only other regions whose industrial building exceeded their share of the country's manufacturing labour force are eastern and southern; and together these had rather more than 11 per cent of the country's factory building compared with a little over 8 per cent of the manufacturing labour force. Of the five remaining regions, four—east and west Ridings, the two Midlands regions and south western—had about 35 per cent of the national manufacturing labour force but only about 30 per cent of the factory building. The fifth region—London and south eastern—had little more than 10 per cent of the national total of factory building, although it accounted for some 22 per cent of the manufacturing labour force.

New Opportunities

The first consequence is that probably a smaller amount of land has been taken for new factory building, and associated urban uses, than if less factory building had taken place in the development areas. For the new factory building has brought opportunities for work to the unemployed, the unemployed, and the non-employed workpeople of those areas. These workpeople have therefore been enabled to continue to occupy their existing houses, and to use the existing public and private capital equipment which supplies the diverse services they need—e.g. roads, streets, gas, electricity, water, shops, schools, hospitals, playing fields, and parks. If fewer factories had been erected in the development areas, some of these people would have had to migrate elsewhere to find work. How many can't be known; but some 150,000-200,000 found employment during the ten-year period in the new and extended factories alone. And the total number of migrants would have been increased if some, or all, members of their families had moved with them. To build houses and other public and

The Development Areas

The placing of nearly one-half of the total factory building taking place in Great Britain in the four regions

From *Town and Country Planning*, November 1955

private capital equipment to house and service all those migrants in other parts of the country would have absorbed substantial quantities of land. By building the factories in the development areas where these people were already housed and serviced, that loss of land was avoided.

Diversion from Big Cities

The second consequence is that a better use of land has occurred than if the share of the development areas in the total factory building had been smaller. For many firms have been induced to erect new factory buildings, or to occupy factories erected during the war in these areas—firms that were either already established in, or desired to establish themselves in, other parts of Great Britain. A somewhat high proportion of these would probably have built in Greater London or Greater Birmingham—if they had not been discouraged from doing so. That would have added measurably to the congestion of industry and people in these two great urban aggregations. But, fortunately, this was avoided. And even though some of the industrial building taking place in the development areas occurred in towns there that were not free from congestion—e.g. Glasgow, Newcastle, Liverpool, and Cardiff—there seems no doubt that on balance the diversion of firms from Greater London and Greater Birmingham reduced industrial congestion.

Land Reclaimed

A third consequence is that some land in the development areas which had become derelict, or under-used, was reclaimed or put to fuller use. The authorities turned some derelict land into sites for new industrial building. Land occupied by, but not

needed by, existing industry was taken to accommodate new factories or extensions of old ones. This fuller utilisation of land previously devoted to industrial purposes was not inconsiderable; for nearly one-half of the factory building in the development areas was for firms engaged in their old, basic industries—e.g. iron and steel, heavy engineering, shipbuilding, chemicals, and tinplate. And those firms not infrequently built on land assigned before to industrial uses but not fully used for these.

Effect in Other Areas

To turn now from the development areas to other parts of the country, what has been the main outcome of the control of industrial location upon the use of land there?

First in importance has been the check to the growth of industrial congestion in areas where it was conspicuous or threatened to run riot. The check made possible by diverting intended factory building from them to the development areas was reinforced by restrictions imposed by the authorities. This was most prominent in the Greater London area—generally speaking the most congested area because it contains no less than one-fifth of Great Britain's manufacturing labour force and because industrial agglomeration is so pervasive. Further congestion was restrained inasmuch as the Greater London area accounted for only about one-tenth of the total factory building in Great Britain.

It is also significant that the Midlands region, having some 13 per cent of the country's labour force in manufacturing, had only about 11½ per cent of the total industrial building. For this region is second only to Greater London in the extent and severity of

industrial crowding. The north Midlands, East and West Ridings, and those parts of Lancashire outside Lancashire's development areas are three areas where industrial activity is widespread and, in so many of their towns, tightly packed. Further industrial crowding was slowed down inasmuch as their shares of the total factory building were smaller than their shares of the manufacturing population.

Successful Action

It may be concluded that the action taken by the authorities was not unsuccessful in combating industrial congestion in those parts of the country where it was more prominent. Not only that: the new factory building that occurred was frequently steered away from the more congested parts of the crowded industrial areas to those less congested. Thus, new factories intended by industrialists to crowd into London itself were often deflected to districts around London, while factory projects intended for Birmingham and nearby towns that were heavily industrialised were often diverted to neighbouring towns less densely saturated with industry. Both congested areas, and individual places within them that were already tightly packed with industry, have therefore been spared the intrusion of some, at least, of the new industry willed to go there by the firms sponsoring it.

Loss and Gain

There is no need to dilate upon the advantages gained. On the other hand, it is possible that some of the firms so diverted have incurred higher costs of production by going to locations where industry was less thick on the ground. Against such possible loss, there must, however, be

set the saving of the economic resources which would have been needed to combat heightened congestion of industry and the greater crowding of people. There can be no doubt that that saving has been substantial.

A second consequence of the control of industrial location in those parts of the country that are outside the development areas may be dealt with briefly. Some new factory projects were steered to places where there was either unemployment of labour, or a reserve of labour not previously employed. The most obvious instance is provided by coal-mining districts, where work has been found in new factories for adult men no longer fitted for coalmining, and women and girls. Another instance is the diversion of some factory building to places suffering irregular employment, or seasonal unemployment—including ports and seaside resorts. Still another is the stimulation of factory construction in places experiencing chronic under-employment.

Economy in Land Use

These actions had favourable consequences for the use of land in so far as they have lessened the need for work-people to migrate in search of work. That has reduced the necessity to build houses and the other social capital equipment needed by migrants in the areas to which, in the absence of those actions, they might have had to move. In that way it has economised in the use of land for urban purposes.

Such, in broad outline, have been the consequences for the use of land of the control of industrial location practised during the last decade. Taken as a whole, they have been more favourable than otherwise.

The Prospects for Britain

THE post-budget economic prospect falls into two quite distinct sections, a short- and a long-term prospect, both uncomfortably difficult to foresee at all clearly. The short-term prospect hinges on the size of the claims for new wages which will be submitted and granted over the course of the next few months. Even if the Chancellor succeeds in convincing trades union leaders that his Budget proposals were in the national interest, wage claims are likely to be heavy. There is reason to hope, however, that negotiations will be more protracted and more contested than they were last year. There is also the possibility that the list of job vacancies may begin to decrease fairly quickly; however this affects the unions' bargaining power, it is conceivable that even a slight easing in the supply of labour would reduce real wage costs to an extent sufficient to offset a large part of any new claims that are granted.

Recession?

Beyond this immediate uncertainty, however, lies another more serious. It appears possible at least that the level of activity—not only in this country but in other countries abroad—may already have touched its peak. The credit squeeze is to be maintained; its pressure may well be increased. When the braking power of this device is augmented by a

cumulative levelling-off of industrial investment, a reduction in the level of activity in the constructional industries, a decline in Government defence expenditure, a possible downturn in home demand for the output of the engineering industries and a steady tightening in alternative export markets, the danger will no longer be one of inflated demand but one of recession.

A mild recession, it can be argued, might do the economy no harm. The danger is that it may coincide with similar conditions abroad, in the industrialised countries because of measures taken to meet the strain we ourselves have experienced, in the primary producers because of surpluses and low prices for agricultural commodities. This is not to suggest that the danger is serious, but that it will need constant watching. The world is more efficient at managing the business cycle than it used to be, and in the United States the level of activity is still rising. At home, though the level of industrial investment is not sensitive to stimulus and it may not be politically easy to step up the level of Government expenditure, there are large transport and energy programmes in reserve, and the removal of HP restrictions and purchase-tax could, if necessary, act as a rapid stimulus to consumer demand. None of these remedies may be necessary in the end. It is wise to keep them ready.

From A Monthly Bulletin, November 1955

Will Switzerland Join G.A.T.T.?

THE hopes that Switzerland would join G.A.T.T. have been somewhat damped by recent developments. It is common knowledge that **Switzerland in 1948 refrained from joining the International Trade Organisation** and later stood apart from G.A.T.T. because otherwise as an exporting country with a hard currency and a big quota of non-essentials she would have had no defence against unilateral discrimination on the part of countries with balance-of-payments difficulties. Furthermore, she would have had to forgo agricultural protection, limit her own currency autonomy in favour of the International Monetary Fund and accept the 'escape' clause.

Nevertheless, **the situation has changed in the meantime.** The danger of import restrictions has been greatly reduced by the recovery of the countries that suffered damage during the war. Liberalisation has

From Business News Survey, Swiss Bank Corporation, October 1955

made considerable progress, especially among the O.E.E.C. countries. The 'escape' clause had to be accepted in 1950 in the trade agreement with the United States. However, the express recognition of American agricultural protection at the last G.A.T.T. conference and the freeing of New Zealand from obligations under the currency agreement **do not appear to create those precedents that would make it easier for Switzerland to participate.** Similar requests from Belgium and Luxembourg to maintain restrictions on the import of agricultural produce akin to the American ones met with considerable opposition, thus putting once more into question both the practicability of special provisions in Switzerland's favour and the opportuneness of her participation (although she is, in principle, favourable to the organisation).

Automation and its Social Implications

AUTOMATION would be a means by which Great Britain could take a lead in the world again by a third industrial revolution, if British ingenuity and invention were allowed to develop. Quite obviously Great Britain could not continue along the old paths when Russia and the U.S.A. were pressing vigorously ahead with automation in their own factories.

It was necessary to remember that every American worker today had 140 'electrical men' at his elbow against an equivalent in this country of 40 'electrical men'. Automation was a means to redress this balance by making use of the high mental powers of the British worker instead of his physical powers.

From a speech by Mr L. Landon Goodman, Industrial Specialist of the British Electrical Development Association

Central Africa Needs Migrants

From a Speech by LORD MALVERN, Prime Minister of the Federation of Rhodesia and Nyasaland, to the Intergovernmental Committee for European Migration (I.C.E.M.) at Geneva on October 19, 1955

In the Federation we have been able to advance as rapidly as we have done only because we have been able to draw on British Commonwealth countries for people with technical and professional skill. A country like ours with a tiny educated population cannot produce all the administrators, the technicians for industry, power and communications, the professional and academic experts it must have. In fact it can only produce a very small proportion of the number needed. But we have done very well so far by drawing on British and Commonwealth countries and we wish to extend this process by drawing still further on countries and we wish to extend this process by drawing still further on countries in Europe to help in all spheres of development where skill is needed.

We are, in our country, sitting on large quantities of raw materials which cry out for development. The world these days is in such need of raw materials for new industrial uses and for greater demands by its population that it is not conceivable that any country should be allowed to sit on its resources without developing them. The trend also in the world is away from the exploiting of a country's mineral resources and sending the raw material to the industrial countries of the west for processing. Future concentration will lie on the processing of minerals in the country in which they are mined. For this reason we need to encourage the process of shifting the populations of European countries which grew because of that processing to the undeveloped countries with their largely untapped resources.

German Steel Production Greater than in Britain

LAST month the British steel industry produced 399,500 ingot tons a week, equivalent to an annual rate of 19,615,000. As the steel industry usually produces at a higher rate in November and December than the average for the rest of the year, this country can, with a fair degree of confidence, look to an end-year production total of 19,750 ingot tons.

But the West German steel industry, which nearly matched British steel production last year—1,430,000 tons a month, compared with Brit-

ain's 1,543,000—expanded production perceptibly this year. In the first nine months of 1955, West Germany's output of crude steel totalled 15,500,000 tons and in the same period crude steel production from Britain's steel mills amounted to 14,600,000 tons.

Not much more than ten years since the end of the war it now appears almost certain that Germany will become the third, and Britain the fourth, largest crude steel producer in the world.

From *The Mining Journal*, November 18, 1955

Reader's Commentary

drivers pride themselves.

The American 'prima facie' speed limits are better than ours in some ways, but in others are worse. Both could be relaxed if we realised that old heads cannot be put on young shoulders nor young limbs under old heads and also that danger arises from movement and increases with the speed of that movement so that, for reasons of fairness and practicality alike, each road user's care should be proportionate to the danger created by the speed at which he decides to go. This last point applies most strongly to drivers and cyclists because, if they are not mentally alert and physically fit, they should not be in charge of wheeled vehicles and because their speeds (whether along roads or crossing them—e.g. at road junctions) is greater than that of pedestrians.

Speed and the Speed Limit. A reply to Mr J. J. Leeming from J. J. Webb.

Although we can agree with Mr J. J. Leeming that arbitrary speed limits are wrong in principle, we should not abandon measures of some safety value—imperfect though they be—unless we put something better in their place. Say what he may, any reduction in speed increases the time available for avoiding potential collisions and tends to reduce the severity of those which occur despite it. That is 'public opinion' and 'prejudice' is not a better word.

Ideally, speed should be decided by the driver who should have regard to all the circumstances, but how many drivers or cyclists are to be trusted to that extent? Mr Leeming himself writes of how rapidly a pedestrian can convert 'a reasonable speed' into a dangerous one. Surely, a reasonable speed is that of a driver who remembers the possibility of a child chasing a ball or of an old person crossing a road from behind the bus from which he has alighted. It is unreasonable to claim 'My speed is reasonable provided no one makes it dangerous' when the driver knows full well that the contingency contemplated in his proviso is certain to arise at some time somewhere.

For pedestrians, the most dangerous periods are in extreme youth or old age. Wherever road safety is discussed, drivers tell of 'saving the lives' of youngsters who behaved as the drivers themselves did when they were young and of old people as deaf, infirm or inattentive as the drivers will be if they live long enough. This proves that such actions are expectable and that they can be countered by the intelligent anticipation and moderation in speed on which the

PROFITABLE SAVING

7½%

INTEREST

INVESTMENT COVERED BY
SUBSTANTIAL RESERVES

Send for full details and Copy of
Company's accounts to Secretary
Milford Mutual Facilities Ltd
MILFORD HOUSE, 128 HR ARDWICK
MANCHESTER 12

trians: in his athletic prime a sprinter cannot run much more than a hundred yards in ten seconds—about twenty miles per hour—and children and old persons are not in their athletic prime.

Road safety is more than a matter of keeping pedestrians out of the way. Motorists suffer most from their own mistakes and from those of other drivers; in the majority of cases no pedestrians are involved in any way. When drivers cease to hurt drivers pedestrians will be safe too.

The need is for self-discipline. Failing that, the discipline must be imposed. There is much to be said for the enactment of some 'rule of the road', simple enough to be

understood easily and fair enough to be respected, such rule to be applicable to all wheel users and with effective deterrents against disobedience. Such a rule would benefit motorists more than others because they are the greatest sufferers at present. Its protection could be extended to those pedestrians who obeyed it. Their number would grow as the advantages of the rule were demonstrated. When we have that, speed limits (and much other vexatious legislation) can be repealed. Until then, speed limits, imperfect as they are, will be worth something.

J. J. WEBB,
Preston, Weymouth.

Why World Food Plans Fail

THE reasons for the failure of governments to establish a world food reserve or a world food distribution scheme, were gone into at Rome in the recent I.F.A.P. conference.

Perhaps the most important reason for this failure, the delegates said, is that the specific proposals for international food distribution have been couched in vague and general terms.

'They have taken insufficiently into account important facts in regard to existing national policies in the fields of agriculture and foreign trade', I.F.A.P. said. 'They have seemed to assume that large quantities of important food commodities could be distributed through an international agency without affecting the normal international trade in the same commodities. And above all, they have not come to grips with the problem of how the pricing policy of the international food distribution agency would be arrived at and how it would be carried out.'

The delegates said that another

FOR REFERENCE

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

Finnish Facts

Facts about Finland. Pohjoismaiden Yhdyspankki Nordiska Foreningbanken, Helsinki.

Brief basic figures and information about Finland. (742)

The Future of the British Army—

The Army in the Nuclear Age. Report of the Army League Sub-Committee. St Clements Press Ltd, Portugal Street, Kingsway, London W.C.2. November, 1955; 1s.

This important study by the Army League (to whose Secretary enquiries may be addressed at 107 Baker Street, London, W.1) will be the subject of a book review. (743)

—and of the British Air Force

The Air League of the British Empire. Speech by the Rt Hon. the Viscount Templewood, at an Air League Luncheon at the Mansion House London, 12 October, 1955.

Includes reference to air transport and the aircraft industry, both of which are vital not only to the national defence but to the national economy. (744)

Report from Schumanis

The Situation of the Community in November, 1955.

This is a summary of a Report by the High Authority of the European Coal and Steel Community pub-

lished in November, 1955. It shows in particular how in 1955 the common market was tested by conditions of great economic expansion and examines supply problems, the movement of prices and policies for the future. (745)

European Reports

1. *Economic Conditions in France. O.E.E.C. Paris. November, 1955.*

Reports in the eighteen months ending in mid-1955 a strong recovery from the relative stagnation of 1952-53. (746)

2. *Economic Conditions in the Federal Republic of Germany. O.E.E.C. Paris. November, 1955.*

Describes continued expansion of production during the same period, the rate of growth attained being even higher than before. (747)

3. *Economic Conditions in Belgium, Luxembourg and the Netherlands. O.E.E.C., Paris. November, 1955.*

This is a sequel to the chapters on the B.L.E.U. and the Netherlands published by O.E.E.C. in its Sixth Report, *From Recovery Towards Economic Strength*, March, 1955. Shows that the level of production in the B.L.E.U. rose substantially during 1954 and that the rate of increase in the last months of that year and the first half of 1955 was equal to that in other member states. (748)

4. *Economic Conditions in Austria and Switzerland, O.E.E.C., Paris. November, 1955.*

During the past 18 months the Austrian economy has shown a remarkable increase of production. Virtually full employment reigns. The balance of payments has been under some strain and the Government has had to take steps to guard against the pressure on resources

engendered by the direct and indirect effects of the Austrian State Treaty.

In Switzerland there has been expansion during 1954 and the first half of the present year; supply and demand were kept in balance by a substantial increase in imports. (749)

5. *Economic Conditions in Ireland and Portugal. O.E.E.C. Paris. November, 1955.*

Developments in the Irish Republic (O.E.E.C. should be more accurate in its terminology) have been recently satisfactory. Agricultural output increased notably in 1954 despite adverse weather and unemployment has declined.

In Portugal total output rose more slowly in 1954 than in 1953; bad weather reduced agricultural output and under-employment in agriculture remained heavy. The Government's development plan aims so to diversify the Portuguese economy as to render it less dependent on the weather and on foreign demand for the Republic's traditional exports. (750)

Northern Tier

Iraq Today. Ministry of Interior, Baghdad. May, 1953.

This attractively illustrated survey, which also contains a map which is more picturesque than practical, is somewhat out of date but may be found useful and interesting by those whom recent disturbing events in the Middle East and the conclusion of the Baghdad Pact have attracted to the problems of an Arab kingdom created by British arms and administration. (751)

Guaranteed Wage

The Guaranteed Wage Issue: In a Canadian Setting, by Wallace Goforth. This address delivered on August

22, 1955, to the Rotary Club of Ottawa by Mr W. W. Goforth of Gilbert Jackson and Associates, 44 King Street West, Toronto, provides a Canadian approach to a topical and important issue. (752)

Trouble at the Docks

London Docks Enquiry. The London Chamber of Commerce (Inc.), 69 Cannon Street, London E.C.4.

In June, 1955, the London Chamber of Commerce issued its Interim Report on the Working of the London Docks. As a dock strike was then taking place the question of labour unrest was only briefly mentioned. This, in the Chamber's view, is one of the main causes of delay at the docks and this Report deals both with labour difficulties and operational problems, and makes a number of recommendations. (753)

The British Press

Ownership of the Press. P.E.P. (Political and Economic Planning), 16 Queen Anne's Gate, London S.W.1. Planning Vol. XXI No. 388. November, 1955.

The demise and resurrection of the *Daily Dispatch* lends topicality to this brief and useful survey of an institution which was exhaustively treated by P.E.P. in 1938. (754)

Mixed Economy

The Public Sector, by Dr N. Das. Eastern Economist. Pamphlet No. 32. Rs. 1-8.

Dr Das is a distinguished officer of the Indian Civil Service who is now secretary of the Ministry of Commerce and Industry, West Bengal. His essay approaches the question from the point of view of a country which stands today somewhere between Socialism and economic liberalism. (755)

LLOYDS BANK LIMITED

MONETARY POLICY ON TRIAL

The annual general meeting of Lloyds Bank Limited will be held on February 17 in London.

The following are extracts from the Statement by the Chairman, The Rt Hon. Sir Oliver Franks, G.C.M.G., K.C.B., C.B.E., accompanying the report and accounts for the year 1955:—

The profit, at £2,322,439, is £136,367 higher than last year and we propose a dividend of 12 per cent per annum on the 'A' Shares, which is the equivalent—allowing for the capital operation carried out a year ago—of the 15 per cent dividend paid for the year 1954.

From the financial point of view, the year was dominated by the Chancellor's efforts, in which the banks were directly involved, to remedy the inflationary situation with the aid of monetary restraints. In our recent difficulties there were a number of special factors, but the basic source of our troubles was the excessively high level of domestic demand.

The so-called credit squeeze abruptly entered a new phase when the Chancellor of the Exchequer called upon the banks to effect 'a positive and significant reduction in their advances over the next few months'. While this was clearly intended to expedite the working of the monetary restraints, it was a reversion to the method of specific controls.

LESSONS FOR THE FUTURE

Looking back, the important thing is to be as clear as we can about the lessons we can draw as a guide to future policy.

The first moral is surely the overwhelming importance of adequate exchange reserves. Had our reserves not been so near the danger level, we could have ignored a temporary loss of gold due to a running down of overseas holdings of sterling. The second is that a modest application of the normal restraints, if undertaken early, will often avoid the need for drastic expedients later on.

The third is the importance of keeping a tight rein upon the volume of bank deposits as one of the main determinants of the flow of spending.

The true measure of the disinflation brought about since February is the decline of just on 6 per cent in bank deposits, leaving them no higher than in the middle of 1953. It is this decline in deposits—and therefore in the totality of bank assets—which is ultimately of importance, not the movement of the single asset, advances. This is not new doctrine; it is all clearly set out in the Macmillan Report.

Conditions today are in many respects very different from those in which monetary policy used to operate. It would be premature to suggest that the disinflationary measures have as yet accomplished their purpose. Undoubtedly, one nasty corner has been turned. The heavy gold losses of the third quarter have tapered off sharply, but we have not reached a point when we can be sure of steady progress and secure from all anxiety about the balance of payments; nor can we yet hope to achieve that substantial surplus which is one of our basic aims.

A solution acceptable to us all, consonant with our developed views about the kind of society we want, is well within our power. The condition is that we have the will to choose and carry out the means which are necessary to the ends we acclaim.

What is the significance of the new Soviet targets?

The increase of 70 per cent for heavy industry as against 60 per cent for consumer goods suggests that the relaxation allowed under Malenkov is at an end.

The supplying of China and other Asian countries as well as the Soviet bloc will demand continued sacrifice, with all that that may imply.

But The U.S.S.R. has certain important 'advantages'; e.g.:—

1. Trade Unions and human considerations are subordinate to the requirements of the Plan.
2. It is said that in the U.S.S.R. 1,800,000 students are at higher educational establishments, with the emphasis on scientific and technical subjects. A new increase in technical training is planned.
3. The U.S.S.R., according to spokesmen like Professor N. Akulov, has profited by scientific contacts with free countries.
4. Moscow is concentrating by totalitarian methods on producing what Sir F. Simon has called 'a high-level community of scientists and technicians'.

Is the West losing the economic battle in South Asia?

Britain is said to be complacent about the future of her great stake in India and Burma.

Totalitarian Russia can concentrate on supplying Asia if necessary at the domestic expense.

One of the reasons Mr Nehru invited Bulganin and Khrushchev to India was her need for large-scale foreign aid to help carry out the Second Five Year Plan.

The trend in India is to the Left and the Congress Party has accepted the aim of a Socialist pattern and such proposals as the nationalisation of insurance. All this tends to deter Western investment.

Life has become more difficult for British firms and business men.

Burma is involved in barter agreements with Iron Curtain countries. Russia's capacity to provide aid may have been exaggerated.

Bulganin and Khrushchev overplayed their hand, particularly in Burma.

Socialism in Burma and India is in general anti-Communist.

Mr Nehru's praise of the Commonwealth in the debate on the Indian Citizenship Bill is interpreted as a rebuke to the two Soviet leaders. He is himself more enthusiastic about Chinese than about Soviet methods.

The Colombo Plan has been expanded and is popular.

War against Inflation

The Chairman of the Joint Stock Banks and other leaders in business and financial circles have been outspoken in their criticisms of the financial policy of the Government.

The continued high level of Government expenditure has been severely castigated and there is a strong demand for measures to reduce public spending as a means of stopping inflation.

[cont'd at foot of page 60]

Digest Spotlight focuses on

Selwyn Lloyd

BRITAIN'S NEW FOREIGN SECRETARY

CONSIDERING that it is some time since a Canadian Presbyterian, Mr Bonar Law was Conservative Prime Minister of the United Kingdom, it is surprising that there should have been comment in the press that a Wesleyan educated at Fettes should have become Foreign Secretary in Sir Anthony Eden's Administration. The picture of the Conservative Party as dominated by Anglican landowners dies pretty hard. Worthier of comment is the fact that Mr Lloyd was, until recently, not a Conservative at all but a Liberal—not that Mr Selwyn Lloyd is the first distinguished Liberal recruited to the Conservative Party. Mr Selwyn Lloyd succeeds Mr Harold Macmillan at the Foreign Office.

Like Mr Macmillan he served a brief apprenticeship at the Ministry of Defence, whose functions and responsibilities are, in these days of N.A.T.O. and W.E.U. and other international defensive organisations, more closely connected than ever with foreign affairs. His rise has been rapid and deserved.

Mr Lloyd was born in 1904. From Fettes he went to Magdalene, Cambridge, and in 1927, like many successful politicians before him, was elected President of the Union. The Oxford or Cambridge Union

followed by the Bar has commonly been a road to Parliament and office. Mr Lloyd was called by Gray's Inn in 1930 and practised on the Northern Circuit. A K.C. by 1947, he was Recorder of Wigan from 1948 until 1951.

Before that, however, he gained experience of local government in Cheshire, serving for ten years on the Hoylake Urban District Council of which he was Chairman at the age of 32, the youngest man to hold that office. When the Second World War broke out the future Minister of Defence was already in the Territorial Army. He finished the war as a Brigadier, having served on the General Staff of 2nd Army from its formation until the surrender of Germany. Besides his O.B.E. and C.B.E. and mention in dispatches, Brigadier Lloyd received the American Legion of Merit. A recipient of the Territorial Decoration in 1951, he is Honorary Colonel of a Territorial Regiment.

In 1945 he was elected Member of Parliament for Wirral, a seat which he retained in the 1950 contest with a majority of 13,239 in a three-cornered fight. This majority was increased to 15,239 in a straight fight at the 1951 General Election. Mr Lloyd's majority rose to 17,951