

Mr Minto and the Malta Party largely maintained in the Referendum the support received at the General Election. Britain must in any case pay for her base in an Island Fortress whose economy is dependent upon her.

If Britain rebuffs the general demand for integration, Maltese loyalty might turn sour and another Cyprus arise in the Mediterranean. Integration would mean that Britain remains in the Mediterranean. Malta's case is unique and few other Territories would wish, or be suitable for, integration with the U.K. Traditionalist objectors to Maltese representation at Westminster should remember that Calais before she was lost to England sent two Members.

Was the U.K. Atomic Energy Authority justified in abandoning the scheme for producing heavy water in New Zealand?

The scheme was uneconomic owing to considerable increases in the estimate of plant costs.

Supplies are obtained from the U.S.A. under the U.K.-U.S. Agreement for Co-operation on the Civil Uses of Atomic Energy.

But Under the Agreement there is a limitation on British sovereignty in that H.M. Government are required to furnish certain information to the U.S.A.

It is unwise to be unduly dependent on foreign dollar sources of supply.

National independence and imperial strength are worth a price.

ECONOMIC DIGEST Talking Point Competition.

12th February, 1956

Isn't there an ignorance of Fundamentals in the Middle East?

Over-production and its subsequent twin unemployment are the historic problems of Capitalism. Modern Capitalism which may be better called 'Foreign Aidism' is trying to preserve itself and solve its historic problems by turning philanthropic or, more justifyingly speaking, internationalising instead of nationalising the abundance of Capitalism.

But some of the countries receiving the Foreign Aids are either getting greedy or enjoying the Aids business and artfully playing their part in it with selfish bargain-politics; forgetting the true spirit of the Aids. Faisal Abdul Nassar of Egypt seems to be enjoying too much his role in the drama.

Will the curtain come down with the same finale in Nassar's Egypt as it did in Mosadiq's Iran? After all, doesn't it seem that both men are ignorant of the same fundamentals?

Contributed by: A. E. Zekaria, Khan Shamash, Saffafir, Baghdad, Iraq, to whom £2 2s. has been sent.

Digest Spotlight focuses on

The Rt Hon. Robert Gordon Menzies

ROBERT GORDON MENZIES, C.H., Q.C., M.P., Prime Minister of Australia, is to visit Britain later this year to take part in the conference of Commonwealth Prime Ministers. This 62-years-old Australian, who enjoys an exceedingly high reputation here, is a great admirer of British institutions and traditions of freedom.

With a vigorous Scottish background, Robert Menzies grew up in a small township in a wheat-growing area of Victoria. His parents were far from prosperous and, without cost to them, Robert Menzies obtained a first-class education for himself. His first schools were State schools in Victoria, and, in the year when he finished primary education, he headed the scholarship list for the State. He became an Exhibitioner at the Grenville College, Ballarat, and then an English Exhibitioner at Wesley College, Melbourne. At the University of Melbourne, he took first-class final Honours in Law, and won the Dwight Prize in Constitutional History, the Sir John Madden Exhibition, the Jessie Leggatt Scholarship, the Bowen Essay Prize, and the Supreme Court Judges' Prize.

In 1918, when 24, he was called to the Victorian Bar and the High Court of Australia. His brilliant court and consultation achievements brought him his K.C. in 1929. He was then 34—the youngest K.C. in

Australia—and worked up a huge practice.

Mr Menzies is an Honorary Master of the Bench of Gray's Inn, London; an Honorary LL.D. of Melbourne University, Bristol University, Queen's College, Belfast, Sydney University and the University of British Columbia.

The present-day Prime Minister found his political place as member of the Legislative Council for East Yarra Province (Victoria), but occupied it only for one year. In 1929, he successfully contested a Victorian Legislative Assembly seat and found himself in a vigorous atmosphere that was more to his liking.

He resigned from the State Parliament in 1934 to contest the Federal seat of Kooyong, which he has held ever since. He became Prime Minister for the first time on April 26, 1939, and although he resigned that post in 1941, he holds Australia's record Prime Ministership; on November 30, 1954, he had been Prime Minister for a total of 7 years, 3 months, 14 days.

His politics can be summed up thus: 'I believe in my heart that nothing is more important . . . than the restoration and importance of responsibility and strength to individual men and women. As a Liberal, it is my singular pride to say that we are primarily concerned with the development of the individual. . . .'

Work, in a big way, is what Mr Menzies wants of his Ministers, as well as from the nation in general. 'I have a respect for the rights of the top dog', he said once. He adds: 'There is no foolish doctrine of equality between the active and the idle; the intelligent and the dull; the frugal and the improvident', and he believes firmly in the responsibility of top dogs to toil, as far as possible, in the interests of dogs of all degrees.

Some observers consider Mr Menzies' oratorical impressiveness as sometimes just a shade theatrical. Nevertheless, his speaking style is and unity of free Europe.

not merely the best in the Australian Parliament; he is rated as one of the half-dozen greatest orators in the world.

Mr Menzies' literary works include 'The Rule of Law During War' and 'To the People of Britain at War'. He is also the co-author of 'Studies in the Australian Constitution'.

It was in Britain that Bob Menzies scored some of his greatest triumphs as a negotiator and he has shown himself keenly aware of the necessity to the British Commonwealth of the Anglo-American alliance and of British leadership for the defence and unity of free Europe.

FROM THE HIGH COMMISSIONER FOR AUSTRALIA

SIR THOMAS WHITE, K.B.E., D.F.C., V.D.

ON this, the occasion of the issue of a special Commonwealth number of the ECONOMIC DIGEST, I am delighted as High Commissioner for the Commonwealth of Australia to contribute a message.

I write as the representative of a country which has, in recent years, been passing through a period of the most vigorous development—both cultural and economic—in all fields. As a result, Australia, though one of the youngest countries, has emerged ever more clearly as a distinctive nation in the full sense of the word. At the same time, she has remained most conscious of her membership of the British Commonwealth. The Australian people see no inconsistency in this; they believe that the association of free nations in the Commonwealth is one that holds the greatest promise in this confused world, and will cling most resolutely to this link.

Australia is today pursuing a number of objectives, each of which is desirable in itself, but which cannot in practice be reconciled without some effort. She is experiencing growing pains—always a difficult process, although it has its compensations in the shape of a sense of achievement, and indeed of exhilaration.

In the first place, Australia, as a somewhat isolated outpost of Western civilisation, is keenly aware of the need for a large and rapid increase in her population. Her policy is to get, from a variety of sources, especially in the United Kingdom and Europe, as many migrants as she can transport and absorb. Only recently, Australia welcomed her millionth post-war migrant and she is continuing to give priority to migrants from the United Kingdom. Establishment and maintenance of this ambitious migration plan has involved considerable planning and co-ordination of activities. More and

still more migrants are needed because there is a general recognition that Australia's population of nine million must grow and grow.

Intensified economic development has been necessary to cope with the flood of migrants, to overcome the accumulated wartime backlogs and to cater for the needs of an expanding country.

The level of public and private investment has indeed been very high in the last few years. Secondary industry has forged ahead, primary industries are expanding, and the Commonwealth and State Governments, between them, have been carrying out large programmes of public works.

Then—again, Australia has been very aware of the need to play her part in international affairs. She has maintained a good annual level of defence expenditure as a contribution to security, particularly in South-East Asia, where her main role clearly lies. Only recently, she became a partner with the United Kingdom and New Zealand in a new additional contribution to the security of Malaya, where smaller numbers of Australian forces have been engaged for some years.

So, immigration on a large scale, rapid economic development and the maintenance of security are Australia's dominant objectives in 1956. Other goals at which the nation is aiming are the keeping of employment at a high level, the maintenance and improvement of social services. While pursuing all these aims, the Commonwealth has in mind the importance of preserving economic stability. The simultaneous achievement of national goals such as these is no easy task. But, with that determination so characteristic of Australians in every sphere, I am confident victory will be ours.

Canadian Highlights

The following facts are brought together in a review of *Canada's Economy in 1955* By THE RIGHT HON. C. D. HOWE, P.C., M.P.

Minister of Trade and Commerce, and Minister of Defence Production

Gross National Product up 10 per cent.	Total of 126,000 new dwelling units completed.
Unemployment has receded.	Canadian consumer fared well.
Passenger car output at record level.	Substantial improvement in living standards.
Steel production at record 4.4 million tons.	Farm production higher.
Record level for exports estimated.	Personal income rose by 9 per cent.
Iron ore shipments at near \$100 million.	Key indicators of economic activity point upwards.
Sales to United Kingdom substantially higher.	Underlying market forces continue strong.
Exports to United States higher.	Defence procurement continued at high level.
Capital outlays at record \$6 billion.	Defence construction activity higher.

Canada's Century

By GILBERT JACKSON

(Speech to the Vermont-New Hampshire School of Banking, at the University of New Hampshire, Durham, N.H., on September 9, 1955, from which a brief extract was reproduced in our February issue.)

Forty-four years have passed since (as a migrant, green as grass, from the North of England) I stood on Canadian soil for the first time.

That morning, away back in the Fall of 1911, was of course my lucky morning. But how could I know then what good fortune it was for me, thus to step off a ship into that land of the future?

Certainly the talk and actions of my first Canadian friends gave me no such inking. For in those days we were not yet self-confident—as we were destined some day to become.

Indeed, for the most part we sadly lacked self-confidence.

We doubted our country's future so much that, just as Dr Johnson said of eighteenth-century Scotland: 'The fairest prospect at which a Scotsman can gaze is the road leading to London', so might a civilised North American of the same ilk have said, at the beginning of the twentieth century: 'The view that Canadians admire most is the road leading south, across the Border.'

The census tells us that prior to 1914, of each hundred persons who had actually been born in what is now Canada, no less than sixteen had emigrated, and were living in the United States.

Together with their offspring, actually born in the United States, they represented (from the Canadian standpoint) a 'lost' population much larger than the total number of immigrants from other countries, then living in Canada.

the Spaniards beat all of us when in 1565 they founded St Augustine, having first exterminated the band of Huguenots from France, whose ambition to find homes and freedom of religion in Florida thus was rudely disappointed.)

Instead I refer to the known and acknowledged fact that our Annapolis in Nova Scotia (then Port Royal) was founded in 1605—a couple of years before the birth of your Jamestown, in Virginia.

My friend Stephen Leacock (in his other capacity—not as humorist but as historian) stoutly maintained to the close of his long life that the first orderly religious service ever to be celebrated by Christians on the North American continent was held at Montreal in what is now the lounge of the University Club.

Slow in the Uptake

What a pity, from our standpoint in Canada, that having got here first, we Canadians should have been backward users of the great opportunities before us! There is unfortunately no doubt but that we were backward.

During almost one and a half centuries after the beautiful dream had been shattered of a French empire to be ruled from Paris, which should include this entire continent west of the Mississippi, both Jean Baptiste and Jack Canuck were slow starters, compared with their Uncle Sam.

One should realise, nevertheless, that the foundations of modern Canada were laid long before Laurier made his famous claim that the twentieth century belongs to Canada. The foundations were laid when against long odds—of climate, rugged mountains and swift floods—of ignorance and inexperience—of politi-

cal opposition and financial discouragement—by desperate effort put forth sometimes in dark despair, within the space of five years a railway track was ballasted and laid from Atlantic to Pacific across Canada.

Much of that line was just a bush road; nothing on either side of the track, as far as eye could see, but scrub pine. Miles of the track, by devious twists and wanderings hither and yon, skirted the desolate shore line of Lake Superior, past landscapes beautiful indeed, but grimly forbidding. Whether or not there was wealth to be found in the bush, nobody knew.

Minerals

If indeed the thirteen hundred miles stretching across Canada from Winnipeg, our gate opening on the prairie lands, eastward to the country's capital at Ottawa, had merely been barren rock (as first they were supposed to be), never could there have been the subsequent sustained growth of Canada's population which actually did occur. But the rocks were not barren. A gang out of North Bay, preparing a northward railroad track, recognised as being ore the muck which they shovelled into barrows. It was practically pure silver.

Discoveries of gold ore followed: and we developed great gold mines. By far the greatest known deposits of nickel ore were found in Canada, mostly near Sudbury.

We have known for a long time that we possess in Western Canada—badly situated, it is true, from an economic standpoint—the greatest of all coalfields. Within the last sixteen years, in North West Labrador, at Steep Rock and elsewhere, immense deposits of iron ore have

also been discovered, and are being worked.

Copper, lead and zinc have been found in profusion; then oil, at first in small and afterwards in ever-increasing quantities; most recently, the newest of the 'key' metals—titanium, uranium, thorium.

Those rocks in the northland contain great wealth in many forms—so much, that we cannot now compute it: so much, indeed, that nowadays the geiger counter ranks in our northern bush almost as part of a standard tourist equipment.

Of course, thus told, the development of Canada sounds very simple. But it has not been simple. It is in part compounded of advancing technology; strenuous education; thrift such as only the Scots and Hebrews are supposed to practise; convenient access to sources of massive water power; the goodwill of money-changers in London, Zurich, New York and elsewhere; fearless business initiative; and an enormous amount of sheer, sustained hard work.

Agriculture

But what about agriculture?—What of the famous Canadian wheat fields?

Ever since the century began, both in war and peace, these wheat fields have given a first-rate account of themselves. They grow the best milling wheat that can be grown anywhere on earth. The Canadian Pacific was not built primarily to develop the prairie grain crop. The railway's prime purpose was to link the Far West—that is, the dwellers on our Pacific Coast—with Eastern Canada: to make us one country. But the most conspicuous of the secondary consequences due to the creation of the Canadian Pacific is

undoubtedly the development of that prairie grain crop.

In 1881, when the building of the great transcontinental railroad began, the scattered inhabitants of what then were called the North West Territories, and Manitoba, constituted two per cent of Canada's entire population. Within half a century—that is, in 1931—more than twenty-two per cent of our population lived in the same area. By count, these plainsmen had been multiplied twenty-fold. Most of them grew the red spring wheat. It was their emblem, their pride, and their means of livelihood. The rest, in various capacities, were there to service the grain growers.

But a nation expanding rapidly, trading with other nations everywhere, eager to sell them whatever it can produce economically, creates one after another, first extractive and then manufacturing industries of which some ultimately may become no less important than its agriculture.

Since 1931, there have been marked signs of this in Canada. Whereas before the Great Depression about one fifth of the national income was gained in agriculture, the proportion has diminished now to something like one eighth—and may still be shrinking. The most conspicuous of characteristic Canada's growth during the past twenty-five years, perhaps, has been its diversity.

The Moral of Paley

The great public document now known as the Paley Report, whose purpose it was to convince Uncle Sam that some of the physical resources which remain in U.S. territory fall far short of his present and prospective future needs, has of

'never had it so good'. Perhaps it will help us all somewhat, if we measure my country's current rate of material progress: and here, since yardsticks are useful, I shall measure it against the current rate of material progress in the rest of North America, south of our Border.

Some time ago, there came to me from the Chamber of Commerce of the United States, in Washington, D.C., the regular report to the Directors of the Chamber by my friend Emerson Schmidt, which is called: 'The Business and Economic Outlook'. That report speaks of the 'fabulous population growth at present occurring in the United States': and there is no need at all for us to quarrel with that expression.

But if the current rate of population growth in the United States—about one and three-quarters per cent per annum—is to be described as fabulous, how shall we describe the present rate of population growth in Canada, which is no less than two and three-quarters per cent per annum?

The current rate of population growth in the United States, if it is going to be maintained, will double the population of the States before the close of the present century: say, by 1955.

Nevertheless, if indeed the present rate of population growth is destined to be maintained in Canada (let me say now that I make this hypothesis only to point the contrast between these rates of growth, not taking for granted that this rate will actually be maintained), on this hypothesis the population of Canada will be doubled from the present figure, by 1980; trebled from the present figure by Christmas 1990; within half a century from now, quadrupled.

course much interest for Canadians. Prior to 1911, while we Canadians lagged in the march of progress—while Canada progressively grew less and less important by comparison with her great neighbour to the South—the rapid growth of population, the rapid rise of living standards, and the rapid addition of new luxuries to life in the United States, involved an increase in the total consumption of wealth there at a rate perhaps not equalled anywhere before then. The rise of the living standards of individuals continues in the present as fast as ever before.

I venture to guess that wealth is being consumed by the Government and people of the United States today, per annum, not less than twenty times as fast as in the days not long ago, when General Grant was President.

But there is only so much wealth to be got beneath the land surface of the United States: and we should know the simple truth by now, that the same ton of ore can be mined but once.

Let us be practical: the question, where to procure tomorrow's raw materials, is the chief reason for the present keen interest of Uncle Sam in Canada.

But we Canadians dare not forget the same truth. Not even in our incredibly rich country can the same ton of ore be dug twice.

Some day the statesmen of both countries will be forced, by the progressive depletion of resources on the North American continent, to consider jointly the meaning of this fact.

Never so Good

Meanwhile, of course, Canada

Empty Cradles

Currently the labour force of Canada grows much more slowly than the total population. Recruits to the labour force at this time were born in the pre-war depression period, when there was no net immigration, when the births of native-born babies were few.

Some of us can still remember those depression years and semi-depression years, just before World War II. Fears then haunted lots of married folk—the fear of war and of unemployment—to such an extent that many wives and husbands enquired of one another whether it was morally right for them to bring babies into so dangerous a life as existed in those days.

The timid, acting (as they thought) from lofty motives, kept their cradles empty.

The babies born in those days are now being recruited into Canadian industry. Though their small numbers are being supplemented by today's adult immigrants, the rate at which Canada's labour force now grows is very much less than the growth rate of her entire population. For this reason, since 1950, the labour force has increased on an average, not at the rate of two and three-quarters per cent per annum just mentioned, but by no more than one and a quarter per cent per annum.

Impressive Growth

But even at that rate (much more rapid than the corresponding rate at which the labour force has been growing in the United States since 1950), the consequent increase in Canada's total output of wealth still is impressive.

In this industrial civilisation of ours, more dynamic than any former

industrial civilisation has ever been—more dynamic than any civilisation existing outside North America today—the normal, long-term rate of growth in output per man-year is not far short of two per cent.

Apply this figure to Canada's current rate of growth in working population (say, one and a quarter per cent per annum) and you get a current growth rate in my country's annual production of wealth amounting to something well over three per cent per annum. At this rate, Canada's annual output of wealth, and income as a nation, is now doubling in a period of something more than twenty-one years, but less than twenty-two.

So much for the present—but what of the future? What of the time to come, when the rate of increase in our working force will equal the present rate of increase in our total population?

By 1970, this is likely to be the case. We may be fairly sure that our annual output of wealth, and our income as a nation, then will be doubling at the rate of once in fifteen years: a condition of long-term growth almost without precedent.

Even to be doubling the scale of your total output within twenty-one or twenty-two years, as we Canadians have now been doing for some time past, of course demands the setting aside of enormous amounts of money for what the statisticians call Gross Domestic Investment.

Canadians Save

During the calendar years 1953 and 1954, taken together the total of Gross Domestic Investment in the United States seems to have been slightly less than one-seventh of that country's Gross National Expenditure.

The corresponding proportion for Canada, during the same period of twenty-four months, was an amount equal almost exactly to one-fifth of Canada's Gross National Expenditure.

It is true that something like ten per cent of the funds which became available for Gross Domestic Investment in my country, during this period, came from abroad (literally from almost all countries—but of course, predominantly from the United States) in the form of capital sums transferred into Canada from abroad over and above the capital sums remitted or left abroad by Canadians.

Nevertheless, when allowance is made for this, it is clear that something like ninety per cent of the funds which became available for Gross Domestic Investment within Canada, during the named period, were the result of savings made somewhere in Canada, somehow, by Canadians.

In other words (by means of personal savings or corporate savings, presumably) the people of Canada channelled something like eighteen per cent of their own country's Gross National Expenditure into Gross Domestic Investment.

It was with this figure in mind that awhile back, I said of the Canadian capacity for thrift that it is such as 'only the Scots and Hebrews are supposed to practise'. Not otherwise could the recent expansion of our equipment and rapid increase of our output have been achieved.

Ever New Problems

Probably by now these remarks of

mine sound just like a vulgar tale of success. Speed up, so that you double your output of wealth in fifteen years—quadruple it in thirty: what a tremendous prospect! How pleased we should all of us feel that all is for the best, in the best of all possible worlds!

Alas! all of us know that life is never quite lived like this. There never comes the time when we can rest, having solved all our problems.

Every time we do solve a problem, by some curious chance we seem to create another.

Let me go back again to the days of President Grant. In his United States there were forty-five million persons. They stood on the verge of a marvellous age of material progress. Between 1875 and 1955, the standard of living of the countrymen of President Grant rose as probably no standard of living had ever increased before then.

Treat Nature with Reverence

But remember, please: with all his wonderful skills, man cannot dig up twice the same ton of ore. The very success of Grant's countrymen has also come to be their embarrassment. In those years of progress, unaware of what they did, these favoured sons of men used up so prodigally the vast but nevertheless limited resources of their country, that shortages in a number of directions are developing today.

Let us therefore take the remaining physical resources on this continent—most of them now Canadian—and let us use them with such wisdom as we now jointly possess.

FROM THE HIGH COMMISSIONER FOR CEYLON

SIR CLAUDE COREA, K.B.E.

THE ECONOMIC DIGEST is to be congratulated on the signal service it renders to the reading public by its publication of stimulating articles on various economic problems that face the world today. It is indeed gratifying to note that the Editorial Board is paying particular attention to the economic problems of the Commonwealth and has decided to bring out a special Commonwealth number.

The Commonwealth consists of countries producing diverse commodities and in different stages of economic development, and consequently pursuing different economic policies. But these policies are harmonised in such a manner that they tend to make the Commonwealth one economic entity in the sphere of international trade, and thus affords an object lesson to framers of world policies on commercial matters.

I have no doubt that this special issue of the Economic Digest will be read with interest not only by those within the Commonwealth who are interested in economic matters, but also by those outside the Commonwealth who are interested in world affairs.

1956—When Oil (from Coal) First Flowed

A FEW weeks ago oil began to flow from SASOL, South Africa's mammoth £40 million oil-from-coal plant in the Northern Orange Free State. This achievement is the result of a project which began five years ago when the South African Coal, Oil and Gas Corporation was formed to exploit the oil potential of the country's vast coalfields.

But the establishment of an industry such as this was being considered more than 30 years ago. The country had no natural oil and it seemed only logical that advantage should be taken of producing it from the alternative source which was available in such immense, and easily accessible, quantities. The lead was taken by one of the large groups of goldmining companies, and in 1935 the Anglo-Transvaal Consolidated Investment Company acquired the licence for operating the Fischer-Tropsch oil-from-coal process in South Africa.

The site chosen for the great

undertaking is in the North-Eastern corner of the Free State, fifty miles from Johannesburg. As a result, the plant is situated immediately above a vast coalfield and on the banks of the Vaal River which is South Africa's main source of water. Thus it has its two chief raw materials right on hand, and in addition it is within easy distance of the country's largest consuming centre. The coal reserves which Sasol has acquired are estimated at 686 million tons, which would meet its requirements for more than a hundred years despite the fact that the plant consumes over 7,000 tons a day. The coal is extracted by the Company itself from a colliery which is one of the most highly mechanised in the country. The cost of extraction is about 5s. a ton (compared with 63s. in Britain and 30s. in America).

In the construction of the plant, some 1,300 Europeans and 2,000 non-Europeans were employed. The completion of the works required 56,000 cubic yards of concrete, while nearly 32,000 tons of plant and equipment were imported from various European countries and the United States.

In the six huge oxygen manufacturing units, 7,500 tons of air are processed each day and 1,500 tons of oxygen produced. The gasification section, alone, consumes 3,200 tons of coal daily, the gasification being achieved by passing oxygen

and steam through the coal. At the same time, each of the nine gasification units is able to produce sufficient gas to keep a major city supplied with all its requirements.

By-products

The annual production of the plant is estimated at 55,000,000 gallons of petrol (one-sixth of South Africa's requirements), 4,500,000 gallons of diesel oil and 1,800,000 gallons of fuel oil. The by-products will include 9,000 tons of ammonia, 2,000,000 gallons of low-temperature tar and 14,000 tons of paraffin waxes of various types.

The local manufacture of oil, which Sasol has now made possible, is of considerable strategic importance to the Union and to Western defence; and for South Africa herself it will have far-reaching economic advantages. Millions of pounds of foreign currency will be saved yearly and the present demand for large-scale transportation of oil from the coast to the highly industrialised Witwatersrand some 500 miles away will be greatly reduced. Also, the plants' by-products will provide the foundations of a chemical industry which may include many new undertakings.

The possibilities are immense: and 1956, when oil first flowed freely from Sasol, may rank one day with 1856, the year that gold was discovered.

COMMONWEALTH DEVELOPMENT

'We have suffered severely in the past from inhibitions on the part of the United Kingdom Government that they must never make any proposals to the Dominions because the Dominions would resent it. They will not resent it. On the contrary, they would like a little more leadership and more courage from the United Kingdom Government.'

From a speech by Lord Bruce of Melbourne, House of Lords, November 30th, 1955

FROM THE HIGH COMMISSIONER FOR NEW ZEALAND

SIR CLIFTON WEBB, K.C.M.G., Q.C.

I AM pleased to have the opportunity to send a message to the ECONOMIC DIGEST on the occasion of its Commonwealth issue. The 'Digest' provides us each month with an up-to-date survey of facts and opinions from all over the world and I am glad that it is laying emphasis in this issue on the economic strength of the Commonwealth. The aim of economic policy in New Zealand is to promote our own economic development in such a way that it will contribute to the strength of the Commonwealth as a whole. We are major suppliers to the rest of the Commonwealth, and to the world, of such primary commodities as dairy produce, meat and wool. Our forest industries are rapidly developing to produce timber, wood-pulp and paper for export. Our mineral and other resources are being explored to the full. Our secondary industries have expanded vigorously since the Second World War and our imports from abroad are steadily growing. We have full employment and we are using the most modern methods to make productive use of our natural resources.

With a high degree of dependence on overseas trade, and with a fast-growing programme of capital development, it is not surprising that we experience strains in our balance of payments from time to time. 1955 has been a year of strain in this respect for New Zealand as well as for some other countries in the sterling area. To combat inflationary tendencies it has been necessary for the New Zealand Government to adopt a strict financial policy and to restrain bank lending in the private sector so that imports do not outrun our capacity to pay for them abroad. However, it is a healthy sign that New Zealand's problems are those associated with growth and expansion; and we expect to be able to play an ever-increasing part in the economic development of the Commonwealth.

Some Facts about New Zealand

Since 1921

Volume of farm production has increased by about 160 per cent. Livestock carried has increased by about 80 per cent. Output in volume per unit of farm labour has increased by 180 per cent. The average number of holdings has increased from 84,100 to 90,500 and the average area per holding has decreased from 84,100 to 478 acres. Utilisation of artificial fertilisers has increased by 500 per cent. Breeding ewes have increased by about 100 per cent. Dairy cows have increased by about 127 per cent. Average production of butterfat per cow has increased by about 37 per cent. Average lambs tailed per 100 breeding ewes has increased from 83 per cent to 97 per cent.

Mechanisation of farms has proceeded rapidly.

From the Report of the Director-General of Agriculture for year ended March 31st, 1955

The Present Pattern in New Zealand

In a little over 100 years New Zealand has developed a relatively high standard of prosperity which is almost entirely due to the production of farm produce for overseas markets. Indeed among the countries populated mainly with people of European descent, New Zealand is unique in that it has had to depend on distant overseas markets both for the sale of its products and also for the purchase of a large proportion of its capital goods which have been so necessary during the process of development.

At the present stage of New Zealand's primary production pattern the most important items are meat, wool and dairy products. At the present time there are approximately 90,000 holdings in New Zealand, which occupy 43 million acres; the average size of holdings is 479 acres.

Of the 43 million acres of occupied land there are about 20 million acres of improved land containing 18 million acres of sown grass, just over 1 million acres of field crops and just under 1 million acres in plantations and orchards, etc. The 23 million acres of unimproved land includes approximately 13 million acres of native grass and tussock, with the remainder being in fern, scrub, brush and barren and unproductive land.

On these holdings which include roughly 70,000 economic farm units there are over 5 million cattle, including 2 million cows in milk, approximately 39 million sheep of which nearly 65 per cent are breeding ewes. The proportion of breeding ewes in the total sheep flock has been rising steadily with the growth of the fat lamb industry as have the lambing

percentages which now stand at about 95 per cent.

Mechanisation

The degree of mechanisation which has been attained is high and although completely up-to-date statistics are not available the Department of Agriculture has recently estimated that the capital involved in farm plant and machinery is approximately £220 million.

The principal items which have contributed to this estimate which was based on 1950 world census data were 60,000 tractors, 23,000 shearing plants, 38,000 milking plants, 57,000 cream separators, 125,000 electric motors, 50,000 motor cars and 27,000 motor lorries, plus normal cultivating and harvesting equipment of ploughs, disc cultivators and harvesters, etc.

Importance of Trade

The importance of trade to New Zealand is emphasised when it is considered that at the present time approximately 80 per cent of its butter, 95 per cent of its cheese, 65 per cent of its meat and 95 per cent of its wool are produced for export.

A typical farm in one of the major dairying areas today will vary from about 100-150 acres and will carry upwards to 1 cow to the acre; Jersey cows being the predominant breed. It will have good shelter belts of Macrocarpa trees, the fields will be small, well drained and in good pasture and the main supplementary food will be silage and hay with some chow moullier and kale, etc.

Aerial Topdressing

A recent innovation which has made tremendous progress is the aerial topdressing of hill country which was previously quite inaccessible or uneconomic for normal topdressing methods. The total quantity of fertilizer available for use in 1955 was 1 million tons and over 25 per cent of this was distributed by air. The effect of aerial topdressing may well be a factor in the present trends in pastoral farming in which the dairy cow herd stands relatively steady at the 2 million mark but both sheep numbers and beef stock numbers are showing quite marked increases.

Agricultural Employment

Due to mechanisation and labour shortages the numbers employed on farms is relatively low, the most recent estimate being approximately 136,000, which is 17 per cent of the total persons employed in New Zealand.

While the incomes from different types of farms in New Zealand will vary considerably, the latest average figures available for the main types of farms are:

Sheep farms—
£2,215 per annum per farm.
Dairy farms—
£1,237 per annum per farm.
Other farms—

£1,320 per annum per farm.
These figures are based on the assessable income for the 1953-54 season.

Wool Production

For the 1954 season world trade in raw wool totalled approximately 2,200 million lb. Of the major wool-producing countries New Zealand stood second and exported approxi-

mately 390 million lb. which represents 18 per cent of the total trade in raw wool. Australia was by far the largest contributor in this trade with 44 per cent of the world total, while South Africa was third with 11 per cent and Argentine fourth with 10 per cent of the total exports.

Meat Exports

For all types of meat, that is chilled, frozen, fresh canned and prepared meats which entered into world export in 1953, Denmark was the leading country, closely followed by New Zealand with Argentine third. The reason for Denmark's top position is entirely due to very large exports of bacon and ham which in 1953 amounted to 475,000 tons carcase weight equivalent or 57 per cent of the world's total exports. In the final analysis of meat exports, post-war statistics are which available show that New Zealand has remained the largest exporter of frozen and chilled meats and is by far the largest exporter of frozen lamb and mutton.

Although exporting considerably less than the Netherlands and U.S.A., New Zealand is the third largest exporter of processed milks, closely followed by Australia and Denmark, each of the three countries contributing roughly 7-10 per cent of the world's total. New Zealand's figures show a high proportion of powdered milks which consist largely of skim milk powder.

Principal Markets

The United Kingdom has always been the traditional market for the majority of New Zealand's main exports. The importance of this market is emphasised by recent export figures which show that approximately 89 per cent of the

butter, 95 per cent of the cheese and 85 per cent of the meat shipped from New Zealand went to the United Kingdom, which also took similarly high proportion of processed milk exports. Apart from quite a large number of countries and islands which purchase small quantities of dairy produce there are also others such as India, Malaya, Pakistan and the British West Indies which import quite significant quantities of condensed, evaporated and dried milk from New Zealand.

Future Development

Assessment of the likely increases in New Zealand agricultural and pastoral production were recently given in a report by the Director General of Agriculture. In his qualifying remarks the Director General traced

the progress made in past years which leads to the conclusion that the capital position is buoyant, the overall condition of pastures has never been better and therefore the production potential is sound.

Such expansion of production which will be required to maintain New Zealand's growing economy can be achieved by an intensification of the proven practices which are followed by progressive farmers today. As far as possible and with necessary modifications these methods must be extended to marginal dairy farms, to hill country which can be converted to fattening farms for sheep and lambs and to the harder country which is capable of assuming great importance as a reservoir for the supply of store stock. It is on the hill country where much of the future expansion will take place.

Nuclear Energy for South Africa

The possibility of generating nuclear energy in South Africa within 15 years was mentioned by Professor W. G. Sutton, principal of the Witwatersrand University, when he commented during the month on the decision to establish a chair of nuclear physics at the university. The chair has been made possible by a grant of £105,000 from the South African gold- and diamond-mining industries.

This will be the second major institution in South Africa to undertake large-scale nuclear research. The other is the Council for Scientific and Industrial Research, which last month inaugurated the first cyclotron in South Africa (near Pretoria) at a cost of £330,000. The Professor appointed to the university will be supported by a senior research fellow and two other research fellows.

Professor Sutton said there was the possibility that South Africa would extend its activities in the atomic sphere beyond the mere production of uranium oxide. This would occur as a result of future power developments as the technique of releasing thermal energy from uranium became more efficient. In power generation, for instance, there might well be nuclear energy developments in the Union within the next 15 years.

From Modern South Africa

FROM THE HIGH COMMISSIONER FOR PAKISTAN

MR MOHAMMAD IKRAMULLAH

I AM happy to learn that the ECONOMIC DIGEST is to devote its March issue to the achievements and problems of the Nations of the Commonwealth.

Pakistan has always placed a high value on her membership in the Commonwealth and is grateful for the assistance she has received from the Commonwealth countries under the Colombo Plan and the Point 4 Plan of the United States in the great task of raising the living standards of her people.

The economic potentiality of Pakistan is not as widely known as it should be, nor is it fully appreciated that she is doing her utmost to develop her resources as quickly as possible in order to give the people a richer and fuller life. Those who know Pakistan well readily concede that she has made impressive progress in the economic and industrial field in the past seven years.

The ECONOMIC DIGEST, which has periodically devoted some space to Pakistan, particularly in the economic field, will be rendering valuable service by carrying out its commendable plan. By fostering an understanding of the economic problems of Pakistan, I have no doubt it will make a most valuable contribution to existing co-operation and goodwill not only between Pakistan and Great Britain, but also between Pakistan and her fellow members of the Commonwealth.

Towards a Balanced Economy

PAKISTAN'S ECONOMIC PROGRESS

When Pakistan began its independent existence in August 1947 it inherited a predominantly agricultural economy. Pakistan is a surplus food producing area and is also rich in such raw materials as jute, cotton, wool, hides and skins, etc. Of course these commodities had perforce to be exported in an unprocessed condition because factories for converting them into finished products were practically non-existent. Valuable mineral deposits lay underground largely unexploited and power resources were woefully inadequate for a nation of 80 million people.

Development of Industry and Power

An economy so one-sided and so dependent not only upon the unpredictable vagaries of nature but also of world markets for raw materials is subject to violent fluctuations. Our Development Plans have, therefore, laid particular emphasis on the building of industries for the processing of indigenous raw materials and on the development of power resources.

Foreign Investment

For the furtherance of these industrial schemes, both domestic

and foreign capital investments were invited. The technical advice of foreign experts has also been sought and widely utilised. The foreign investor is among other guarantees assured that he may remit a reasonable proportion of his profits in the currency of his investment. The Central Government's planning is limited to 27 specified industries, and, with the exception of certain strategic industries such as munitions, hydro-electric power and communications, the bulk of industrial development has been entirely left to private enterprise.

Cotton Textiles

The most outstanding example of the enterprise of private industrialists in Pakistan today is the growth of the cotton textile industry. From a total of only 177,000 spindles at the time of partition, this industry has now grown to almost 2 million spindles. Pakistan now manufactures 14 yards of textiles per head of the population as compared with 1½ yards in 1947, and is exporting cotton yarn in increasing quantities.

Jute Textile Industry

The jute industry has also developed rapidly with assistance from both the private investor and the Government. Whereas Pakistan, which produces 75 per cent of the world supply of this important commercial fibre, did not possess a single jute textile mill in 1947, East Pakistan's 6,750 looms turned out 100,000 tons of jute goods valued at 110 million rupees last year. Of this total, goods worth 60 million rupees were exported to foreign countries.

Other Industries

Other industries which have pro-

gressed rapidly under private enterprise are tannery, rubber, plastics, automobile assembly, paint and varnish and the cigarette and match industries. In January of this year Glaxo Laboratories (Pakistan) Limited opened their new factory in Karachi. This is Pakistan's first large-scale pharmaceutical factory. The factory and laboratories are situated on a seven-acre site and are not only processing and packing antibiotics but manufacturing a wide range of pharmaceutical preparations in addition to the packaging of infant and other food products.

Colombo Plan

The Zeal-PAK Cement Factory in Hyderabad (Sind) opened on January 15, 1956, by the Pakistan Prime Minister, is an example of an enterprise sponsored jointly by the New Zealand Government under the Colombo Plan, the Pakistan Industrial Development Corporation, a Government-sponsored body, and the Provincial Government of Sind, as it then was. This plant has at present a capacity of 120,000 tons of cement per year, which it is planned to double shortly.

P.I.D.C.

When private capital has been slow in coming forward the Government have stepped in to accelerate the pace of industrial development. The Pakistan Industrial Development Corporation is the agency formed for this purpose. The Corporation, which came into being in January 1952, has a really remarkable record of achievement. In the four years of its existence it has completed 16 industrial projects involving a capital expenditure of Rs.337 million. These projects include jute mills, paper, high-grade board and

strawboard mills, cotton ginning factories, cement and sugar factories, woollen mills, chemical plants and shipbuilding yards in both East and West Pakistan. The Karachi shipbuilding yard has just been completed. It can undertake over-water repairs to all kinds of ships and machinery and can build ships of up to 3,000 tons deadweight. A commercial dry dock, capable of handling ships of up to 20,000 tons, is expected to be completed by next year.

The Pakistan Industrial Development Corporation has 17 further projects, costing Rs.400 million, on the stocks and scheduled to go into production in 1956-57. Preliminary investigation has also begun on 21 other projects, which, if approved by Government, will cost Rs.800 million on completion. These include iron and steel plants, power developments based on Sui Gas, newsprint, dyestuffs, and pharmaceutical factories and the improvement and modernisation of the collieries. Expansion of the jute, sugar, cement and heavy chemical industries is also included in this plan.

Power Resources

All this activity in the industrial field would be futile without the development of the power resources to feed the new factories. Thermal power, which stood at only 67,000 kw. in 1947, has now increased to 197,000 kw. Hydro-electric capacity, only 10,000 kw at Partition, has now increased to 62,000 kw. and schemes to raise it to over 700,000 kw. have been sanctioned.

The recent completion of the pipeline carrying natural gas from the Sui field in Baluchistan to Karachi now means that a cheap fuel is readily available for industrial

and domestic purposes, all the way along the 350 mile long pipeline. The vast supply from the Sui field is estimated to be sufficient to provide 100 million cubic feet of gas per day for over 60 years or a quantity equivalent in effective heating value to about 1,600,000 tons of imported coal per year. Plans for the construction of another pipeline northwards to Lahore with a branch line to serve a projected power plant and iron and steel works at Kot Adu are expected to reach fruition by the end of 1958.

Industry and Agriculture

The gradual metamorphosis of Pakistan's former largely agricultural economy into a semi-industrialised one is already showing results in an improvement in the nation's balance of trade and payments position. Valuable foreign exchange is now being earned by the sale abroad of Pakistan-made jute textiles and saved on the manufacture at home of much that previously had to be imported.

Hand in hand with the development of Pakistan's industry and power resources go extensive schemes for irrigation and the betterment of agriculture, improvements to road, rail, port and air communications and a raising of the nation's health, housing and educational standards.

The cost of changing the face of Pakistan has been a high one in terms of rupees and annas. The Six-Year Development Plan which budgetted for the spending of Rs. 2,600 million between July 1951 and June 1957 has long since been found inadequate to cover the tremendous development needs of the country. During the last five years development expenditure in the public sector has reached Rs.3,688 million, of which foreign aid formed some

22 per cent. In the private sector over Rs.2,000 million have been invested. By any standards development in Pakistan has been fast and considerable and in the words of the Pakistan Prime Minister, Mr Mohamud Ali, 'there is a constant endeavour to diversify our economy so as to bring about a balance between agriculture and industry'.

FROM THE HIGH COMMISSIONER FOR RHODESIA AND NYASALAND

SIR GILBERT MCCALL RENNIE, G.B.E., K.C.M.G., M.C.

I CONGRATULATE the ECONOMIC DIGEST on publishing this special Commonwealth number, which provides much useful information about a subject of which far too little is known in the United Kingdom.

You who are reading this issue of the ECONOMIC DIGEST are interested in Commonwealth affairs. My object in this brief message is to interest you particularly in the great potentialities of the new Federation of Rhodesia and Nyasaland, an area of half-a-million square miles, with a population of seven million people and immense natural resources.

Since the turn of the century great progress has been made in opening up the territories that now comprise the Federation, in developing their resources, and in raising the standard of living of all the people. Still greater progress is yet to come, and a splendid opportunity now awaits the men and the money that are ready to play a part in the great tasks and rewarding achievement that lie ahead.

Rhodesia and Nyasaland have an ideal climate for European settlement. Industries, based largely on the processing of locally-produced raw materials into manufactured goods, are expanding very rapidly. Power supplies are assured by the steps that are being taken to build the world's largest dam at Kariba Gorge on the Zambesi River, and other vast hydro-electric projects have been investigated and reported on favourably. Coal supplies come from the world's largest individual coalfield near the famous Victoria Falls, and self-sufficiency in food supplies is being attained by forming a community which realises the need to conserve the vital assets of soil and water.

Transport and communication naturally receive high priority in our development plans, and heavy capital expenditure ensures steady improvement in rail and air services, and in communications by road, lake and river.

The Federation is fortunate in its people, and in the stability and harmony of its race relations. The throbbing pulse of development and achievement can be felt throughout the whole area. Now is the time to help in building a land of opportunity into one of the world's greatest states.

India's Second Five-Year Plan

RAISING LIVING STANDARDS

The draft outline of India's second Five-Year Plan has recently been made available. An outlay of Rs.4,800 crores (approximately £3,600 million) is envisaged in the public sector and Rs.2,300 crores (£1,725 million) in the private sector. Substantial increases in the production of steel, coal and other industrial products are envisaged, and the total output of produced goods is expected to rise by 150 per cent. Incomes will increase by 18 per cent per head, and it is hoped that in sectors other than agriculture there will be eight million more jobs available as a result of the Plan.

PROGRESS made in both agriculture and industry as a result of the first Five-Year Plan, now reaching completion, has been encouraging. Referring to the success of the first Plan, Mr Nehru, India's Prime Minister, said—"These successes may not be startling but they have been very substantial and they have been spread out in a sense all over the country, not because of some decision of the Planning Commission or the Government of India, but because all the great States in India have worked to that end."

As a result of experience and confidence gained in the first Five-Year Plan, it is proposed to lay down physical targets more as guides for planning and for budgeting than as unalterable targets to achieve. As regards the size of the Plan, the prevailing view is that a bolder plan for the second Five-Year period is necessary for dealing with the large problems of poverty and unemployment and under-employment, and has been made possible by the momentum gained in the first Plan. It will be a bigger plan from the point of view of investment and also because it will be motivated by a bolder economic and social philosophy.

Socialist Pattern of Society

This social philosophy has been

enunciated clearly in the last session of the Indian National Congress when it was declared that the objective before the country was a 'socialist pattern of society'. The problem, therefore, is not merely one of stepping up the rate of investment in the economy, but of securing the maximum increase of production and employment together with a wider measure of social justice.

Increased National Income

Certain basic considerations lie at the root of the Plan.

Firstly, it is envisaged that the second Five-Year Plan should aim at securing an increase of national income of about 25 per cent in the course of five years. If allowance is made for favourable monsoons, the increase of national income during the period of the first Plan is likely, on the basis of figures up to 1953-54, to be of the order of 12 to 13 per cent. The rate of increase to be aimed at in the second Plan period is thus roughly double that attained during the first Plan. The rate of increase in national income now is partly governed by the employment objectives.

The Planning Commission has indicated that the Plan must provide for the creation of new opportunities for gainful employment for at least the additions that will take place to

the labour force in the Five-Year period as a result of increase in population. The minimum new employment target must, therefore, be the absorption of some 9 to 10 million new workers. For raising national income by 25 per cent over the Five-Year period investment in the economy will have to be stepped up from the present level of about 7 per cent of national income to about 11 per cent by the end of the next Five-Year Plan.

The second Plan gives, comparatively speaking, greater weight to heavy industry and mining rather than to consumer industries; it is realised that financial and physical targets do not match and re-allocations may be necessary. In doing so the Planners do not seek to underestimate the importance of either agriculture or consumer industries in the Indian economy.

Importance of Agriculture

It is well realised that agriculture for long remains the most important economic activity of the Indian people; and without adequate supplies of food and raw material there can be no economic development. The first Plan laid a solid basis for the development of agriculture, and while a part of the large increase is due to favourable weather, a part is certainly due to the creation of better facilities for increased production on a continuous and sustained scale.

The second Plan continues the process and is designed further to strengthen the agricultural basis of the economy, for it has been correctly stressed that even for the development of agriculture a certain stage in the development of non-agricultural activities is necessary. Industrial development is necessary not only

for providing markets for the increased agricultural produce, but also for providing the supplies of industrial consumer goods which alone can provide the incentive for increased agricultural production. The policy of the Government of India is to concentrate their scant resources of foreign exchange and the essential materials on the setting up of expansion of the heavy industries which provide the sinews of national economy, and also to provide more employment opportunities for those who are already engaged in the small scale and cottage industries and find employment for the new additions that are being made to the labour force every year.

Unemployment

One of the main planks of the second Five-Year Plan is to provide employment to an additional 10 to 12 million people, although this may well prove to be a hard task. It needs no emphasis that the major problem is one of unemployment and under-employment, and it is hoped that emphasis on the development of large scale cottage industries on modern lines, together with the various engineering and constructional industries which may result from the establishment of heavy industries, will give employment to a very large number of people.

Though generally the Plan is discussed as divided into public and private sectors, it is not always wise to draw the line between the two sectors. The public sector has not yet the apparatus to spend the investment placed at its disposal or anything near it in wholly public operations. While the public sector has got a huge financial provision it is estimated that not less than 40

per cent of this expenditure will involve orders placed upon the private sector.

There may be different views and economic theories as to whether the Plan gives undue emphasis on public or private sector, but the underlying objectives are the same as were adumbrated by the Government's resolution in March 1950 when the Planning Commission was set up, namely, (a) the citizens, men and women equally, have a right to adequate means of livelihood; and (b) that the ownership and control of the material resources of the community are so distributed as best to serve the common good.

Fair to Foreign Investment

The need for Indian capital to be supplemented by foreign capital in order to fulfil the targets under the Plans intended to accelerate the general economic and industrial development of the country has been recognised by the Government of India ever since India became independent. The Prime Minister's statement of April 6, 1948, indicates the basic principles of Government policy

towards foreign investment. As regards existing foreign investments, the Government does not intend to place any restrictions or impose any conditions which are not applicable to similar Indian enterprise. The Government also intends to frame its policy so as to enable further foreign capital to be invested in India on terms and conditions that are mutually advantageous.

Foreign interests will be permitted to earn profits, subject only to regulations common to all. No difficulty is foreseen in continuing the existing facilities for remittance of profits and the Government of India has no intention of placing any restrictions on the withdrawal of foreign capital investments, but remittance facilities would naturally depend on foreign exchange considerations. If, however, any foreign concerns come to be compulsorily acquired, the Government would provide reasonable facilities for the remittance of the proceeds. Should any foreign enterprises be compulsorily acquired, compensation will be paid on a fair and equitable basis.

U.S. Markets

'EVEN on a purely commercial basis, can we obtain success in any United States market without the Administration, as soon as we reach that pinnacle, jettisoning their exhortations to the rest of the world to adopt free trade and clamping on a killing import duty?'

From a speech by Lord Ognare, House of Lords, November 30th, 1955

Economic Achievements in Western Nigeria

IN current parlance Western Nigeria is an under-developed area but it is one of the most highly developed parts of Nigeria and West Africa. A fair indication of economic development is the level of national income. While in Nigeria as a whole average income per head in a year is £21, in Western Nigeria the figure is almost double that. With approximately a fifth of Nigeria's population, the West accounts for two-fifths of the export production. In economic development as in other things, everything depends on what went before, but it is true to say that Western Nigeria has never made as much progress as she has since the war. That period falls within the span of the ten-year plan which marked the first major public effort to speed up development and latterly within the regime of the present Western Regional Government.

Expansion of Public Services

There are three underlying factors accounting for this rapid development. First may be mentioned the impressive extension in public services which have taken place. If they are inadequate, agriculture cannot become productive or industries operate successfully nor can private enterprise flourish. The Western Regional Government rightly makes the expansion of public services one of the cardinal principles of economic policy. Since 1952, for example, the mileage of tarred roads has doubled, and half the tarred

roads in Nigeria will be found in Western Nigeria. Water supplies—essential for private use and for industrial purposes—have been extended into many urban and rural areas.

More hospitals, dispensaries and maternity centres have been built. A programme of primary education for all has been launched, scholarships for higher education granted. Research into agriculture has been intensified.

Enterprise

Next ranks the spirit of enterprise which has been more evident among Africans in Western Nigeria since the war. We can see that in the number of Nigerians who are licensed buying agents of the Marketing Board, contractors, members of the Lagos Chamber of Commerce and budding captains of industry. We can see it in the increasing capacity of Nigerians to combine for business purposes, whether they are servicemen running a building association or a co-operative running a rice mill.

The third factor, which accounts for the rapid economic development in Western Nigeria in recent times, consists in the number of new institutions through which the Government seeks to assist and promote development such as the Marketing Boards set up primarily to ensure that the farmer gets a stable price for his produce.

From a Special Edition of the Diplomatic Bulletin, January 1956

T.U. Topics

(1)—COLONIAL TRADE UNIONS

There are now nearly a million trade unionists in Britain's Colonies. The latest Government report shows that they are members of some 1,400 registered unions many of which are vigorous and firmly established.

Imperfect Understanding

But there are weaknesses. Organisation in some places is shaky, and sometimes there is imperfect understanding of the objectives and techniques of trade unionism. These faults are reflected in the difference which often exists between the number of 'paper' members and the actual paid-up membership. 'Achievement of financial stability is often the most difficult problem facing trade unions', is the way the report puts it.

Changes in legislation affecting

From Labour, for January 1956

(2)—AUTOMATION AND ITS IMPACT

Conclusion

AUTOMATION will confront business managements with problems other than that of finance, for it implies that a business must be run in a new way. It is nothing less than a challenge to rethink the whole production process; to tackle difficult questions of production engineering and factory lay-out; to devise new incentives for high-grade workers; to simplify and standardise the product; and generally to discard preconceived ideas. Such a re-orientation can never be easy.

Extract from an article in Petroleum Press Service, February 1956

increase the demand for skilled men, such as designers, maintenance engineers and the like, whose work may call for new skills and is certainly more rewarding than that of the mere machine minder.

Moreover, recent experience does not bear out the fear that mass unemployment need accompany the advance of automation: the process will be gradual and will itself create demands for labour of a different kind. Nevertheless, problems of redundancy, displacement, retraining, etc., are almost bound to arise, and these will need careful handling if the individuals concerned are not to be penalised.

Stresses of a different kind may occur when it comes to sharing the larger cake which automation makes possible. As with all increases in productivity, there will doubtless

be plenty of room for dispute about the share to be allocated to workers, shareholders and buyers of the product. But such disputes have been common in the past and need not prevent the larger cake from being produced.

Automation has certainly come to stay. It has already made considerable headway, especially in the U.S.A., but also in the U.K., Russia and elsewhere. It is a familiar concept in the oil and chemical industries, as well as in some branches of engineering, and it will certainly be more widely adopted as time goes on. It brings its own challenge to all engaged in the process of production. But, like earlier products of man's inventive genius, it holds the promise of more rapid and more widespread advances in the general standard of living.

Perspective on Aircraft Production:

The Role of the Commonwealth

IN discussing matters of great moment, particularly where comparisons are involved, it is essential to keep the issues in perspective. During the last twelve months, disappointments which have been encountered in respect of the performance and prospects of certain British aircraft have resulted in the growth of a measure of criticism, much of it of a querulous nature, and which has undoubtedly had some effect on public opinion and particularly as taxpayers who, in the final analysis, have always to foot

the bill in cases of failure as well as of successes. Stories of failure never lose anything in the telling, and when political issues are involved, as they are in this particular matter, failures tend to be magnified at the expense of successes.

It involves no reflection on American designers or manufacturers to dwell on the infinitely greater losses which have been sustained in connection with the design and production of fighting aircraft in the United States since the end of the last war.

From Air Pictorial and Air Reserve Gazette, February 1956

U.S. Advantages

What emerges from what has happened on both sides of the Atlantic is that both designers and manufacturers have been impelled to set their sights higher than prudence and their own professional instinct would have dictated, because of the insistence of Air Staffs on the rapid production of aircraft of extreme performance. The results are only what could be expected. Where the Americans have scored is that having had so much greater financial resources and having consequently been in a position to launch so many more projects, the final results are in many respects in advance of what it has been possible to achieve in this country. It is largely for this reason that the current equipment of the United States Air Force is in many respects so much in advance of that possessed by the Royal Air Force.

It therefore becomes of the greatest importance to see that specification, design and production of aircraft in this country, and particularly of military aircraft, are organised on a basis which reduces to a minimum all and any possibilities of disappointment or delay. There are many highly qualified authorities who feel that this regime does not at present exist, and from the many suggestions which have been put before the Air League, some emerge as appearing to merit particularly close consideration. The closest possible association of selected Service pilots—and by this is meant not necessarily test pilots but fighter and bomber pilots and technical officers—with new projects from the earliest stage has been suggested and that these pilots should fly the aircraft at the same time as they are being flown by the manufacturers and Ministry of Supply test pilots, and there seems good

reason to believe that the adoption of this practice would greatly reduce delays due to modifications at later stages.

Ministry of Supply under Fire?

The interposition of the Ministry of Supply between the customer and the manufacturer has recently come in for much criticism. It is clear that some department must exercise at least some sort of regulating function in regard to the allocation of production resources, particularly where there are two, and when there may be three, fighting services having urgent requirements. Some kind of arbitration would be clearly necessary. It seems also that whatever regime is ultimately adopted, care must be taken to avoid duplication of research work. It might be, therefore, that the transfer to the Ministry of Defence of responsibility for allocation of production, research remaining under the auspices of the Ministry of Supply, and that direct contact should be established between the Services and civil operators and manufacturers would be a solution worthy of close examination.

Not Perfect

No one would pretend, least of all its own members, that the aircraft industry wears in all respects a halo of perfection; no industry would ever make such a claim. On the other hand there can be no doubt whatever that for years, advice from the industry on many important matters essential to rapid and economical production has been consistently ignored. It is only necessary to remember for example how long it took the Ministry of Supply to do what it had been urged for years to do and place orders for sufficient prototypes to enable test and devel-

opment to proceed at the maximum pace.

Thus far this article has been concerned mainly with military aircraft, but equally important matters arise on the civil side and they are all the more important because, as the rearmament programme tails off, the problem will arise of maintaining the aircraft industry, with its highly skilled labour and close integrated design teams, at full strength and efficiency. This is absolutely vital to any prospects of an adequate defence organisation.

Imperial Factor

Therefore it is clearly urgent that

consideration should be given at the highest Government level to the organisation of adequate markets—and an adequate home market cannot be secured without Royal Air Force and Commonwealth participation—of all categories of large transport aircraft. The aircraft industry itself will no doubt readily recognise the possibilities presented by the markets in the Dominions and Colonial Empire, and indeed in all undeveloped countries, for lighter categories of aircraft, not only for such work as crop spraying, pest control, survey and bush flying, but for the high performance business aircraft for which there is increasing demand all over the world.

Progress of Bhakra Dam

The first bucket of concrete at the Bhakra Dam site was laid by Prime Minister Nehru on November 17, 1955. That was the signal to over 300 engineers, 2,000 technical and non-technical staff, and 7,000 labourers to begin the round-the-clock job of concreting the 68-foot-high dam.

SECOND highest in the world, the Bhakra Dam is a part of the multipurpose Bhakra-Nangal project, which is estimated to cost nearly Rs. 1,700 million. The other main components of the project are the Nangal Dam, the Nangal Hýdel Canal and its power houses, and the Bhakra canal system. These will bring new life to the people of the Punjab, PEPSU, Himachal Pradesh and Rajasthan.

Situated in the foothills of the Himalayas, about 200 miles north of Delhi, the dam will impound the waters of the Sutlej river. The world's highest dam of the straight gravity type, it will have a width of 1,310 feet at the base (including

apron), tapering to a bare 30 feet at the top, and will spread out 1,700 feet between the canyon walls at road level and 250 feet at bottom. The concreting of the dam is scheduled to be completed in 1956-60.

For the construction of this giant dam, the entire flow of the river has been canalised into two diversion tunnels, each 50 feet in diameter and half a mile in length, out through the rocks on either side of the gorge. It took nearly five years to complete the tunnels, which cost about Rs. 36.3 million.

Coffer Dams

To divert the river's current into

From India News, 21 January, 1956

the tunnel and to keep out the water from the work spot, two temporary rolled fill dams, technically known as 'coffer dams', have been constructed. The coffer dams were completed in a record time of eight months at a cost of Rs. 4.5 million.

An elaborate manufacturing plant, designed to give 400 tons of aggregate (concrete, cement and sand) per hour, has been installed. A continuous stream of concrete will be poured day and night at an average rate of 400 tons per hour for about 3½ years to complete the dam. Five-point-one million cubic yards of concrete, sufficient to lay an eight-foot-wide path round the world at the Equator, will go into this miniature mountain. Eight hundred thousand tons of cement will be used in the preparation of the aggregate.

About 140 million cubic feet of rock had to be excavated for preparing the foundation on a firm bed of rock available at a maximum depth of 180 feet below the surface of the river. Total excavation done in a period of 28 months, including the excavation for subsidiary works, comes to 196 million cubic feet. Hydro-electric power at the main Bhakra Dam will be produced by nine generating units, each capable of producing 53,000-90,000 kws.

Effect on Food Production

The Bhakra-Nangal project, when completed, will serve nearly six million acres of culturable commanded areas, of which over three million acres in the Punjab, PEPSU, and Rajasthan will be irrigated annually. It is expected to push up food production by over a million tons, cotton by 800,000 bales, 500,000 tons of sugarcane and 100,000 tons of pulses and oilseeds. Small-scale

and heavy industries are expected to receive great fillip owing to the availability of power.

Twelve miles downstream from Nangal Dam on the Hydrel Canal, the Ganguwal Power House, which was opened last early year, and will have an ultimate capacity of 72,000 kws., is at present supplying 48,000 kws. of power to Delhi and various places in Punjab. Another power house at Kotla, on the Hydrel Canal, with the same capacity as Ganguwal, is in an advanced stage of construction and is expected to begin operating next year.

The completion of the Nangal Hydrel Canal presented a major construction challenge as its alignment encountered numerous hill torrents, which involved construction of 58 cross-drainage works.

Beyond the 40th mile the Nangal Hydrel Dam dovetails with the Bhakra canal system for irrigation. This stupendous canal system comprises nearly 700 miles of main canal and branches and 4,000 miles of distributaries and is dotted with numerous cross-drainage works, road bridges and railways bridges.

Nangal Township

An essential part of the entire Bhakra-Nangal Project is the Nangal township. Built at a cost of about Rs. 20 million, the colony houses about 15,000 workers employed on the project. Various amenities, such as dispensary, schools, recreation, maternity and child welfare centres, have been provided.

In addition, there is a big fabricating and repair workshop. The workshop has already fabricated nearly 6,000 tons of steel for use in the structures at Bhakra. All structures and spare parts that could be manufactured locally are being made

at Nangal, resulting in considerable savings in the cost.

The completion of the project by 1959-60, besides improving agriculture, will usher in a new era of culture, will usher in a new era of common man.

Commonwealth Trade, 1954-55

THE annual review of Commonwealth trade, prepared for the Commonwealth Economic Committee,* shows that the volume of world trade, in 1954-55, was appreciably greater than in any other post-war year; in value, too, it was not far below the record level attained in 1951-52. There was on the whole little change in the figures for the share of trade held by the main countries or groups, but Europe and Asia showed increases, to which Germany and Japan contributed, while Commonwealth countries in the aggregate accounted for slightly less than in 1953. Whereas, in 1953, the Commonwealth contributed 29 per cent of the value of world exports and 31 per cent of the value of world imports, in 1954 the corresponding figures were 28 per cent and 30 per cent. The proportion of exports from colonial territories, however, showed an increase, the 1953 figure being 5.6 per cent of world trade by value and the 1954 figure 6.0 per cent. Imports, in line with the Commonwealth trend, fell from 4.9 per cent in 1953 to 4.6 per cent in 1954.

A main feature of the colonial export picture was the high average price obtained for cocoa. This resulted in cocoa replacing rubber as the main export product, although at a lower level of export volume. Rubber, in fact, for the second year in succession, realised only half as much as in 1950-51. An increase in the volume of shipments helped to maintain the total returns from tin and sugar while the same factor brought larger returns from oilseeds (groundnuts, palm kernels and palm oil). Exports of petroleum products were down.

Product	Exports in £ million	
	1953	1954
Cocoa	85	130
Rubber	122	121
Oilseeds	75	84
Petroleum products	74	72
Tin	53	53
Sugar	60	60

Both exports from, and imports into, the British West Indies increased in value, the total figures being: exports, 1953, £116,000,000; 1954, £123,000,000; imports, 1953, £120,000,000; 1954, £125,000,000. In this connection the report gives no further details.

*Commonwealth Trade, 1954-55. A Memorandum prepared in the Intelligence Branch of the Commonwealth Economic Committee, H.M.S.O., London, 1955. Price 1s. 6d. net.

A Plan for Commonwealth Trade

The following is a shortened version of a broadcast talk given on September 19th, 1947, in the Third Programme of the B.B.C. by Edward Hollway. In view of recent developments the author considers that the ideas put forward are still valid and worthy of consideration.

It is obvious that the attempt which has been made to re-establish international free trade in money has failed as it was bound to fail under twentieth-century conditions. There are those who argue that the alternative is the introduction of bi-lateral barter arrangements. We claim that multi-lateral trade is quite possible—between all nations who are ready to accept trading goods for goods instead of goods for debt. It is, in fact, the only way of establishing a system which will ensure the highest standard of living for the peoples of all participating countries.

The first essential is that every nation should strive to develop its own natural resources to the full, arranging their internal economy so that the volume of purchasing power at all times balanced the supply of goods and services—instead of reducing the supply of goods and services to accord with inadequate purchasing power. This is fundamental—I can't stress the point too strongly—for it was our failure to carry out such a commonsense policy that caused much of our troubles in the years between the wars. Before this war—as you all know—we restricted output and scrapped capital equipment, and we did this because we failed to realise that the real wealth of the nation consisted of goods and services. As a result of the war, we are now, of course, faced with the opposite position—but the same principle applies. This policy of equating consumption with pro-

duction would enable us to maintain a stable internal general price level.

'Favourable' Balance of Trade

One of the difficulties in talking on these subjects is the definition of the terms used. For instance, the use of the term 'favourable balance of trade' for a situation where a nation is exporting more than it imports. Now the only sound reason for a nation to export is to enable it to pay for its necessary imports. The idea that a favourable balance of trade consists of exporting more than you import is obviously wrong—when you consider the situation in terms of real wealth—i.e. goods and services.

In the effort to export their unemployment problem nations strove for a so-called favourable balance and got those countries with the unfavourable balance into unpayable debt. In doing this, they perverted the real purpose of international trade, which should be mutual benefit. Trading for mutual benefit would create goodwill and friendship between nations, whereas trading for favourable balances creates fear and suspicion. In support, may I quote these words of a former U.S. President, Mr Woodrow Wilson? 'Peace,' he said. 'Why, my fellow-citizens, is there any man here or any woman—let me say is there any child—who does not know that the seed of war in the modern world is industrial and commercial rivalry?'

Payment in Goods

What we must seek to do, therefore, is to establish an international trading system whereby a nation wishing to be paid for the goods it exports must take payment in the form of imported goods from other countries, and if for some reason they don't want to do this, then they must forgo payment altogether after an agreed period had elapsed. There would be little difficulty in a nation accepting payments in goods—once it had established an internal economy under which its total purchasing power equalled the total volume of goods and services available.

In the inter-war period, instead of taking payment for exports in the form of imports the foreign currencies the exporting nations received were sold for what they would fetch on the Foreign Exchange, so threatening the exchange rate of the buying country; or they were used, not to pay for imports, but to buy up the title deeds of the fixed assets of other countries, and they used the interest on those assets to buy up still more. This was certainly not the behaviour of good neighbours, and arising from it international trade was converted into financial and economic war between the nations.

It was Lord Nelson who wrote to the Sicilian Prime Minister—'Nations are like individuals: make it to their interest to do what is right and they will do it'. We might take this advice to heart. The Bretton Woods scheme, which strengthened the position of creditor nations and imposed penalties on debtor nations, could not be said to carry out this sound advice. And just look at the mess we are in as a result of continuing to work on these lines. We must set out to give nations

no option but to do what everybody agrees is the right thing, namely, to take goods and services in return for exports of goods and services. We must also make it impossible for one nation to upset the internal economy of others by selling their currencies on the foreign exchange. Each nation must be left entirely free to decide whether it wants to do a lot of foreign trade or a little foreign trade, but in so far as it stops imports by tariffs it stops its own exports to the same extent, unless it wishes to make a present.

Pattern for Trade

We should suggest to the world that the terms and conditions governing international trade should follow this pattern. When you sell your goods to us we will chalk up on the board a credit in your favour, and you will clear that credit when you take our goods to that value. By giving you the credit we shall, in fact, have paid you, and it is for you to decide whether you wish to exercise your claim to goods or not. We propose to allow you to use the claim at any time and within a mutually agreed period—say seven years—and if you have not used the credit to buy goods by that time, we shall cancel the credit under a Statute of Limitations. We quite realise you may not want goods from us, and so, to enable you to have the benefit of multi-lateral trading we propose the setting up of an International Exchange to provide the machinery through which you will be able to exchange the claim you have on us—for claims on other countries.

After all, you know, this is only applying the same principle to nations which already applies to individuals. If I owe you a five-

and I give you a five-pound note, I am not concerned whether you spend it. That is for you to decide. The same principle should apply to nations, and if a country doesn't wish to take imports in exchange for its exports, the only sensible way to deal with the matter is for the exporting nation to regard its exports as a gift to less fortunate nations, and here the matter should end.

Contra-Account

In a talk of this nature I can't attempt to set out in detail the way in which such a system would work. As the aim and object is a state of equilibrium between nations, rates of exchange would need to be fixed, and once the true ratio had been agreed it should be maintained. Also we would want to use as much as possible the existing machinery, and the medium of bills of exchange, well understood by those engaged in the business of import and export, would easily lend itself to such a system.

In fact, we are suggesting that international trade should be done by a system of contra-account. There is no startlingly new principle involved in this. The larger proportion of trade between nations under any international system was on this basis. It was the outstanding balances, a small percentage of the total volume of world trade which caused all the trouble, and it is these balances with which we must deal by ruling that if a nation does not exercise its outstanding claims for goods and services within the agreed period the credit, under a Statute of Limitations, should be cancelled. As I have already indicated, an International Exchange would be set up, where participating nations could swap their claims at the conventionally

fixed rate of exchange, and thus enable nations to trade on a multi-lateral-basis.

Common-Sense

I would suggest that in dealing with these economic questions we are not dealing with an abstract science, but with the way people and nations actually behave. It is important, therefore, to apply common sense to these problems rather than economic theory, which has so often failed us in the past. Each nation should be free to manage its own affairs, and what is supremely important, if it fails to keep its balance in reasonable equilibrium with the rest of the world, the difficulties in which it would find itself would be entirely of its own making.

Now I know that many of you are thinking that the ideas I have outlined will not be readily acceptable by the main creditor nation today—the U.S.A. In reply I would say that we have never put up these ideas to the people of the U.S.A., and we can't say how they would react until we explain the ideas to them in understandable terms. My own belief is that these ideas are very much in line with the great democratic ideals and traditions of the United States. We do know what they did under the stress of war, when President Roosevelt, in his own words, 'Cut out the dollar sign and removed the financial nonsense' by the introduction of lease-lend.

Agreement with Commonwealth

Judging by the magnificent response of the Dominions to the needs of Britain, there would be little difficulty in arriving at agreement with the Commonwealth and Empire. Other nations would no doubt

wish to join with us. It is increasingly obvious that there is no future in the continuation of a system which automatically leads to unpayable indebtedness between nations. To maintain peace we must first establish it—for we can't maintain something which doesn't exist. Establish economic peace and much else follows. We can then set about providing guarantees that evilly disposed persons or nations shall not break it, with real hope of success, how this usually ends.

The choice to be made in this matter of international financial machinery is crucial. It is a choice between peace and prosperity on the one hand, and on the other bitter trade war between nations, and history teaches us only too clearly how this usually ends.

The Colombo Plan

CONTINUING WESTERN AID FOR DEVELOPMENT

THE Plan to expire in 1957, the Colombo Plan has, at the unanimous request of the eighteen participating countries, been extended to 1961. The decision was taken at the recent meeting of the Consultative Committee in Singapore. This year's meeting of the Committee is to be held in New Zealand, far enough removed from Colombo to indicate that the Plan spreads its antennae well beyond the generally recognised boundaries of South and South-East Asia, though it is in that part of the world that the recipient countries are all to be found. The Colombo Plan itself is not susceptible to some people find it difficult to understand what this unique achievement in international co-operation is. The Colombo Plan is really a name given to the whole sum of the effort which the countries of South and South-

East Asia, helped by countries outside the region, are making to develop their economies and raise the living standards of their people.

Its full title is the Colombo Plan for Co-operative Economic Development in South and South-East Asia. But it should be emphasised there is no integrated master plan; each country of the region prepares its own development programme in its own way. Thereafter, needs and resources are compared, and the extent to which external assistance is required and is available is assessed. The Colombo Plan is, in fact, a clearing house for aid in various forms. Membership falls into two groups: countries inside the region, *viz.*, India, Pakistan, Ceylon, the Federation of Malaya, Singapore, British Borneo, Burma, Cambodia, Nepal, Indonesia, Laos, Viet-Nam, Thailand, Japan and the Philippines; countries

From *N.B.I. Review*, January 1956

outside the region, namely, Australia, Canada, New Zealand, the United Kingdom and the United States.

Economic Survey

These countries are members of a Consultative Committee which meets annually to review and assess what has been accomplished and to evaluate the tasks and problems in the period ahead. The meetings are attended by representatives of the International Bank and of the Economic Commission for Asia and the Far East. The data for this yearly consultation are provided from a survey by each country of its own development achievements, and its general economic problems and needs. An agreed assessment is then made of the problems of the area as a whole. In this way, an economic survey of the region is prepared, which is published as an annual report. It gives the Committee a picture against which future plans can be formulated and furnishes an estimate of the gap between needs and available resources which external finances can help to fill.

The greater part of the development programmes of the Asian member countries is found from domestic resources; but in the first three years of the Plan (1951-54) capital was offered from foreign sources for about one-third of the cost of such programmes and an even larger proportion of 'committed funds' was spent last year, though just how much larger it is not yet possible to calculate. It should be borne in mind that the individual plans of the Colombo Plan countries mainly turn upon investment and development in the 'public sector' of their economies; though the role of private investment is important it

falls outside the sphere of the Plan and is not included in its statistical data. Nonetheless, government development expenditures in many countries may be assumed to have provided a stimulus to private enterprise in so far as they have provided basic facilities such as power, transport and communications and raised the demand for industrial and agricultural products.

Enlightened Self-interest

The fourth annual report of the Consultative Committee, presented to Parliament at the end of last year after the Committee's meeting in Singapore, is perhaps a little bland and naive about the 'further steps' which the countries of the Colombo Plan area have taken to encourage the investment of private foreign capital. For instance, to say (as does the report) that taxation and other concessions granted to domestic investors are equally applicable to foreign investors seems to be making a virtue out of what is, in fact, a necessity; if it were not so, foreign capital would be clearly an object of discrimination. If it had to suffer special taxation and disabilities, to which private domestic investment was not subjected, there would be little prospect of it moving into those countries which are deficient in investment resources of their own. It is the merest common sense on the part of the governments of such countries that they should treat private foreign investment no less favourably than they would indigenous investment. And if they do so it is hardly to be counted for special merit. In other respects the report is more realistic.

Terms of Trade

While all countries in the area

benefited from a drop in import prices in 1954-55, not all were favoured by higher prices for their staple export commodities. Rice, hemp, copra and other coconut products and raw cotton declined in price, either temporarily or throughout the period, whilst rubber, tea and jute and jute goods rose or held their former price levels. In the result economic progress was somewhat uneven as between the different countries of South and South-East Asia, despite the fact that world demand for the primary products exported by the region was fully maintained and, for some commodities, showed a tendency to rise.

In 1954-55 Ceylon, Indonesia, Malaya, and Borneo, all experienced substantially better terms of trade, for in varying degrees all benefited from the improvement in the price of rubber. India and Pakistan enjoyed slightly better terms of trade than in the previous year, owing chiefly to increases in the price of tea and to a much smaller rise in the price of raw and manufactured jute. Against this, the report notes that the principal rice exporting countries—Burma and Thailand and to some extent Viet-Nam and Cambodia—suffered a substantial deterioration in their terms of trade with, in the case of Burma and Thailand, a serious loss of both internal and external financial resources. Conversely, of course, Ceylon and Malaya, which are heavy rice importers, benefited from the lower prices for rice. Though most countries in the area were able to avoid undue resort to deficit financing it was not uniformly easy, or possible, to maintain equilibrium in the balance of payments. Pakistan's exports declined in both volume and value and her balance of payments situation re-

mained difficult. In the Philippines gold and dollar reserves fell somewhat. Viet-Nam, Laos and Cambodia, suffering the financial aftermath of civil war, were only able to manage with the help of considerable outside assistance.

Burma and Thailand

Rising development outlays, high expenditure on internal security and falling rice prices put a heavy strain on Burma's financial resources. In the year ended June, 1955, Government's borrowing from the Union Bank increased sharply and foreign assets fell from K93.37 crores to K48.6 crores. Indonesia's struggle with a chronic budget deficit has so far proved unsuccessful and the country's money supply rose 42 per cent in the eleven months to June, 1955. But the impact of this inflation on the balance of payments has not been proportionate, and between June, 1954 and April, 1955, Indonesia's foreign assets rose from £212 millions to £315 millions. This was achieved by the severe restriction of imports, higher rubber prices and what the report euphemistically describes as 'the curtailment of other transfers', which presumably means the curtailment of companies' and other remittances overseas. In Thailand, which was steadily losing gold throughout 1953 and 1954, the movement was reversed in the first half of 1955 when the country's foreign exchange resources were augmented by £43 millions. A significant factor in this new and welcome trend was the sharp increase in rice exports, stimulated by the return of the trade to private hands at the beginning of 1955.

Withal, development projects are going ahead in all the countries of the region, though the countries

themselves necessarily differ widely in the degree to which they have been able to organise their national plans. In only a few has planned economic development been in progress for any appreciable time and even in these planning is only now beginning to pass from an *ad hoc* basis to a comprehensive pattern. In some, efforts are being concentrated on particular projects singled out for their urgency whilst other countries are still grappling with the preliminaries of planning such as surveying resources and deciding upon targets. Overall, there remains much to be done and if progress so far achieved, not only in food production but in general economic development, is measured against the fundamental problem of raising the living standards of a rapidly rising population it is clear that there is still a long road to travel. Current levels of *per capita* food consumption, though higher than in the post-war years, are nonetheless reported to be lower than before the war and are certainly below accepted standards of nutrition.

Population Increase

It is estimated that the population of the area as a whole is increasing at the rate of about 10 millions per annum. A rising birth rate is accompanied by a falling death rate, the latter not always being accorded its proper importance as a factor in the inexorable rise in population. In every country of the region unemployment and/or underemployment is already endemic, the latter being especially common in the rural areas. The annual increments to population and the resultant increase in the labour force are soon likely to aggravate every facet of the unemployment problem. It is the irony of

economic law that not all investment carries with it significant amounts of new employment, and substantial investment in basic economic services in South and South-East Asia in recent years has not always created additional local employment on a proportionate scale. Furthermore, some of the projects cannot, of their nature, generate increasing employment until a considerable interval has elapsed. Nevertheless, it is by their ability to provide employment that the governments of the region are judged by their subjects who, by and large, neither as individual human beings nor as voters, are equipped to appreciate the time factor in the successive phases of investment, development and employment opportunities. Indeed, all the democratic governments of South and South-East Asia are engaged in a race against time.

Race Against Time

The report emphasises that even in countries where outstanding increases in output have been recorded, the next phase of development will almost certainly call for still greater efforts. In many cases increased output has been the result of more efficient utilisation of existing capacity rather than of any appreciable increase in capacity. Accordingly, future additions to production will call for proportionately greater efforts if initial momentum is not to be lost. But the reader may be permitted to ask whether successive increments to production are the only standards by which the effectiveness of national planning is to be judged. Certainly increased production will serve to hold inflationary pressure in check at a time when there is a strong temptation to resort to deficit financing. Domestic budgetary resources

are mainly inelastic and difficult of expansion; the benefits of investment outlay on large-scale projects are slow to materialise and most of the countries of the region are dependent upon a relatively small range of exports (which may fluctuate widely in price) for their foreign exchange earnings.

In all these circumstances the report urges the importance of development in the private sector and stresses the advantages of governments leaving to private enterprise adequate resources to draw upon. On the normal ration of foreign exchange requirements to local costs of development, it is calculated that a given amount of external capital may be expected to facilitate investment some three to five times its value in monetary terms. But, it is added, 'in order to secure this result, strenuous efforts are required on the part of the countries of the area to mobilise their internal financial resources'.

Public Sector Expenditure

Taking nine of the Colombo Plan countries (for which the necessary data is available) the estimated cost of development in the public sector in 1955-56 is some £827 millions against £541.9 millions in 1953-54 and £724.6 millions in 1954-55. This shows that the tempo of 'development' is rising fast, though much of the contemplated increase in expenditure is accounted for by two of the nine countries, viz., India and Pakistan, whose proposed outlays on the public sector have been raised by £126.5 millions and £32.2 millions respectively. In contrast, because of their difficult economic circumstances Burma and Indonesia have been obliged to make substantial cuts in their development programmes. Thus, whereas revised

estimates put Burma's expenditure on development in the public sector in 1954-55 at £62.7 millions, the figure for 1955-56 has been reduced to £41.2 millions. The corresponding expenditure for Indonesia is £76.3 millions in 1954-55 and £40.3 millions in 1955-56. It is clear that planning is as much dependent upon self-financing out of current resources as it is upon aid from external resources.

Technical Aid

Public opinion generally tends to think of the Colombo Plan in terms of financial investment in great capital projects and, indeed, it is in the promotion and correlation of such ventures that its most spectacular work is seen to be done. But there are many fields, both public and private, in which significant increases in economic development have been, and continue to be, seriously limited by the shortage of skilled administration and managerial and technical personnel. From its inception the Plan has recognised the need to supplement national resources with experts in particular fields from abroad, and to send students and more senior personnel outside the area for training and experience. The Plan's Technical Co-operation Scheme includes the provision of equipment for training facilities in the area, the supply of experts both for training institutions and for development projects and training facilities in institutions abroad.

It is not possible at the end of a short note to deal with this side of the Colombo Plan work in any detail. Suffice it to say that in 1954-55 more trainees were sent abroad under the various technical assistance schemes than in any past year and

that the training was more closely adapted to the needs of the many development projects now in hand. Likewise more experts (administrators, scientists and technicians, instructors and teachers) came into the Colombo Plan countries and they brought with them more special equipment than in any previous year.

Altogether 7,200 places have been allotted for men and women of the area to receive training outside their own countries since the inception of the technical co-operation scheme. On an average 1,800 places a year have been secured in foreign countries, and financed under vari-

ous schemes of aid, for the young men and women of South and South-East Asia. By any reckoning, this is no mean achievement. Moreover, as the range and scope of economic development extends, and the economies of the Asian countries become more diversified, there will be an increasing demand for specialised knowledge and skills. It is only one of the many merits of the Colombo plan that it has shown how this demand can be met, and it is not surprising, therefore, that the participating countries have resolved on its continuance for a further period of five years.

Readers' Commentary

Her Majesty's Overseas Civil Service.
From: John Tilney, M.P., London, S.W.1.

Nearly all peoples prefer self-government to good government. But the grant of the former after the latter could lead to the breakdown of administration and the Balkanisation of what might otherwise be an expanding trading area. There is great danger that this will happen in some areas of the Colonial Commonwealth where the local Civil Service is not large enough or sufficiently trained to take over completely from the British Administration.

Members of Her Majesty's Overseas Service at present in these areas are likely to take the lump sum payment and partial pension which they will be offered, for some of the following reasons:

(a) Fear of their career at some uncertain future date being cut short at a time when they are too old to

get another permanent job which they could get now in a time of full employment.

(b) Fear of future pension not being met because of financial instability of new ex-Colonial Governments.

(c) Fear that present financial difficulties in educating children at home, and at times keeping two homes going, will get worse.

(d) Fear that their consciences will not be able to approve methods decided by local politicians, and that if they then object their careers will be ruined.

(e) Fear that they will seem expensiveness to the local taxpayer or local aspirant to their job, and that, therefore, they will lose status and influence.

All these fears could be swept away if action were taken now by H.M. Government.

These great men have given great service to what was the Empire,

and many could still give more to the Commonwealth. But, despite the Queen being recognised as head of the Commonwealth, there is no Commonwealth Civil Service.

It is no use spending many millions a year out of Colonial Development and Welfare Funds to provide roads, hospitals, wells, or universities, if administration, on which everything depends, is to break down. Yet a fraction of Colonial Development and Welfare payments would underwrite the *wealth corps d'élite* created side by side with the Overseas Service, but much smaller and with, I hope, a waiting list instead of 10 per cent vacancies.

Such a Commonwealth Service must be multi-racial and draw men of the highest standards from all the Dominions as well as some from the Overseas Service itself. It could then second its members at the request of employing ex-colonial Governments who would be responsible for paying into a central fund salaries and pension premiums for the years of employment. If the Commonwealth Prime Ministers want the Commonwealth to endure, let them, at their next meeting, give such a Service their blessing.

British Exports to Canada. From: J. C. McKinney, Vancouver, B.C.

There is a very good market here for many British products. British Columbia, enjoying probably the greatest economic advance in the whole of Canada, presents immense opportunities, but many people here feel that British exporters are not making full use of the possibilities. Many British exporters do not approach the standards set by U.S.

exporters in the matter of good service and easy availability of spare parts.

For example, the main objection to British cars here, apart from the questions of size, comfort and power, is the scarcity and high cost of spare parts, and this applies particularly outside the main cities.

Too many salesmen of British products take the line that once a sale is made there is no need to bother about further service, and as a result ill-will is created which is very difficult to overcome.

The U.K. exporter must spend more in assisting his distributor in advertising, supplying spares and after-sales service and ensuring good public relations.

Speed and the Speed Limit. A reply to Mr Webb from John Leeming, Weymouth, Dorset.

Mr Webb has apparently failed to understand the underlying principle of my paper. Whatever 'public opinion'—public prejudice is a far better word—may think, the facts of dynamics are that the only reasonable speed 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 . . . is *no speed at all*. Yet, if every driver were to stop every time he sees a small child or a stationary bus and wait until they had moved off our whole economy would collapse as a result of traffic congestion, and the small children and old people would be the first to suffer.

I entirely agree with his plea for self-discipline—it was the main burden of the paper from which the extract on speed was taken—but it should apply to *all road users without exception*. A crowded street is not the

place for children to play with balls. The pedestrian must remember his superior speed. If we are to take up the attitude that the pedestrian is entirely free to behave as he pleases then we have two alternatives. The first is to accept accidents, and give up all hope of stopping them. The other, if we want to stop accidents, is to prohibit all wheeled, or horse

traffic, and take the economic consequences. There is no *via media*.

Surely, however, it is not in any way unreasonable to ask the pedestrian to accept some measure of self-discipline? To accept, in fact, some responsibility for his own safety, and not blame everything on the motorist. 5-2-56.

The Imperial Institute

THE Imperial Institute in South Kensington was erected as the National Memorial of Queen Victoria's Jubilee and was opened by her in May 1893. Its main purposes were economic and educational. The Institute was to promote the use of the commercial and industrial resources of the Empire and to spread among the people of the United Kingdom, particularly the children, a knowledge of the countries and peoples of the Empire. To achieve the first object, the Institute carried out chemical and technical investigations of Empire raw materials and supplied information about them and their production; for the second purpose, it assembled and maintained a comprehensive exhibition (nearly half a mile of galleries) illustrating the life, scenery, activities and products of all the Empire countries overseas.

In spite of many vicissitudes the Imperial Institute continued to carry out these functions until 1949, when the scientific side of its work was taken over by the Colonial Office (though it still carried on in the building) and the functions of the Institute became purely educational. Since 1902 the Institute has been

under the general control of a Government Department, first the Board of Trade, then the Colonial Office, then the Department of Overseas Trade, and, since 1949, the Ministry of Education.

Empire to Commonwealth

In the sixty years of the Institute's existence the Empire has turned into a Commonwealth with an ever increasing number of its member countries enjoying independent status and the remainder developing rapidly towards the fullest political responsibility of which they are capable. Economic development has become a dynamic factor in colonial policy and successive Colonial advances. At the same time there has been an underlying change of emphasis in the whole approach to Colonial development. The Commonwealth today is recognised as a great experiment in human relations and political, economic and social development are seen in this context. The educational work of the Institute has closely reflected this change, both in the galleries and in its other services. The emphasis is on people rather than on products as such; the geographical features and

natural resources of a country are seen in terms of the problems and opportunities they offer to its inhabitants. The diorama, for example, has been used more and more to show the people and their environment and the samples of products become part of a human story.

Widespread Interest

Nearly half a million people visited the galleries in 1955, including nearly 1,500 school parties. Well over a quarter of a million people visited the cinema, where there is a daily programme of Commonwealth films.

responsible sources.

All these services have been recognised as valuable and practical and the aim of the Institute is to make them available as far as possible in every part of the United Kingdom.

Commonwealth Organisations

THE following is a list of other organisations having an interest in the development of the Commonwealth and Empire.

AIR LEAGUE OF THE BRITISH EMPIRE:

Londonderry House, Park Lane, London, W.1.
Secretary-General: F. N. Hillier.

Fosters development in every branch of British aviation, especially air defence and the employment of aviation in the development of the Colonial Empire.

BRITISH COMMONWEALTH PRODUCERS' ORGANISATION:

25 Victoria Street, London, S.W.1.
Secretary: P. B. Broadbent.

Founded in 1916 to promote the interests of Commonwealth producers by development of resources and expansion of trade, the effective use of preferences, improving nutrition health and welfare services, and obtaining fair conditions for Commonwealth commerce. Publishes the *Commonwealth Producer*. (Six issues yearly).

COLONIAL DEVELOPMENT CORPORATION:

33 Hill Street, London, W.1.
Secretary: Sinclair Hunter, T.D.

Established in 1948 and charged with the duty of securing the investigation, formulation and carrying out of projects for developing resources of Colonial territories with a view to the expansion of production of foodstuffs and raw material or for agricultural, industrial or trade development.

THE COMMONWEALTH AGRICULTURAL BUREAUX:

Farnham House, Farnham Royal, Bucks.

Secretary: Sir Herbert Howard.

Formed in 1929 as the Imperial Agricultural Bureaux to administer eight bureaux organised to act as clearing-houses of information on research in eight specialised fields of agricultural science. Expanded at later conferences and now consists of three institutes and ten bureaux. Financed by a common fund provided by Commonwealth Governments, the Republic of Ireland and the Sudan.

COMMONWEALTH ECONOMIC COMMITTEE:

2 Queen Anne's Gate Buildings, Dartmouth Street, London, S.W.1.
Secretary: G. S. Dunnett, C.M.G., O.B.E.

The Commonwealth Economic Committee (formerly the Imperial Economic Committee) was set up in 1925 as a result of the Imperial Economic Conference of 1923. Its original terms of reference have from time to time been enlarged as a result of subsequent Imperial Conferences.

The functions of the Committee are to provide economic and statistical services on subjects affecting Commonwealth production and trade as well as to examine and report on any economic questions which member Governments refer to it. This work at present is done through:

- (i) Reports to Governments on economic questions of common interest;
- (ii) the regular issue of economic information on the production, trade and consumption of important commodities; and
- (iii) the provision of supplementary information on subjects coming within the Committee's general field of activity.

The Committee consists of members nominated by their respective Governments. It is financed by contributions from all the Governments of the Commonwealth and reports to those Governments.

COMMONWEALTH PRESS UNION:

154 Fleet Street, London, E.C.4.

Secretary: Sir Henry Turner, C.B.E.

Founded in 1909 to bring together newspaper proprietors of the Commonwealth, and to promote the welfare of the Press in the Commonwealth.

COMMONWEALTH TELECOMMUNICATIONS BOARD:

28 Pall Mall, London, S.W.1.

Secretary-General: Colonel W. W. Shaw-Zambra, C.B.E., T.D.

Incorporated by the Commonwealth Telegraphs Act 1949. Its primary function is to advise Partner Governments and their National Bodies on matters relating to their external telecommunication systems.

THE EMPIRE FORESTRY ASSOCIATION:

The Royal Empire Society, Northumberland Avenue, London, W.C.1.
Editor—Secretary: W. MacF. Robertson, B.Sc.

Objects are to foster public interest in forestry, collect and circulate information relating to forestry and the commercial utilisation of forest products, form a centre for all engaged in forestry and provide a means of communication between all concerned.

THE EMPIRE INDUSTRIES ASSOCIATION AND BRITISH EMPIRE LEAGUE:

Craig's Court House, 25 Whitehall, London, S.W.1.

Director: W. A. Wells.

Exists to promote the development of Empire unity and the extension of Imperial Preferences in production, trade and transport.

FEDERATION OF COMMONWEALTH AND BRITISH EMPIRE CHAMBERS OF COMMERCE:

69 Cannon Street, London, E.C.4.

Director: A. de V. Leigh, M.B.E.

Provides a permanent link between the British Chambers of Commerce, Boards of Trade and Associations within the Empire. Collects and distributes commercial intelligence and keeps before Commonwealth Government proposals concerning inter-Imperial commerce and the development of the resources of the Empire.

THE INDIA, PAKISTAN AND BURMA ASSOCIATION:

Outer Temple, 222 Strand, London, W.C.2.

Secretary: Geoffrey Tyson, C.I.E.

Formed in 1942 as the India-Burma Association to protect and promote the rights and interests of British associations and individuals engaged in industrial, commercial or trading enterprises in India, Pakistan and Burma.

INSTITUTE OF RURAL LIFE AT HOME AND OVERSEAS:

84 Eccleston Square, London, S.W.1.

Secretary-General: Major-General Roger Lambert, C.B.E., D.S.O.
Provides a link between the United Kingdom and overseas territories, particularly Commonwealth and Colonial territories, in all aspects of rural life.

THE PAKISTAN SOCIETY:

70 Victoria Street, London, S.W.1.

Secretary: Sir Harold Shoobert, C.I.E.

Founded in 1951 to foster friendship and mutual understanding between Pakistan, the United Kingdom and the other members of the Commonwealth, and to provide facilities for the study of the history, culture, economy, commerce, national institutions and external relations of Pakistan.

WEST INDIA COMMITTEE:

40 Norfolk Street, London, W.C.2.

Secretary: A. E. V. Barton, C.B.E.

Established about 1750 and incorporated by Royal Charter 1904; is an association of British subjects personally interested in the agricultural and manufacturing industries and trade of the British West Indies, British Guiana and British Honduras. Object is to promote the general welfare of those Colonies and by united action to further their interests.

Digest Reviews

NEW DOMINION

Economic Development in Rhodesia and Nyasaland. C. H. Thompson and H. W. Woodruff. Dennis Dobson, 21s.

What is the future of the new dominion in Central Africa which comprises the three territories of Southern Rhodesia, Northern Rhodesia and Nyasaland? This book makes a study of the past economic history of the territories which now make up the Federation of Rhodesia and Nyasaland, and assesses their present position.

Three major problems are described, the need for capital, the need for immigrant skill and experience, and the need to raise the low productivity of the African. The authors do not attempt to argue for or against the fact of federation, but they do clearly realise that the mere creation of a new political entity does not necessarily solve the problems confronting the communities whose destinies are thus linked together. 'All told we should be unwise to expect Federation to bring about any spectacular improvement in the economy of Central Africa in the short run. It is mainly in its effects on Government finance, on the supply of capital, and on the possibility of using that capital to best advantage that its contribution to development will emerge.'

There are a number of illustrative tables, and the book will make a valuable addition to the library of those interested in the development of British Africa.

Race and Politics in Kenya. Elspeth Huxley and Margery Perham. New and revised edition. Faber and Faber; 25s.

This very lively and stimulating book was first published 10 years ago. It has now been revised and enlarged, and the authors have contributed a reassessment of the position in the light of happenings in Kenya since 1954.

The book presents in a novel form the viewpoints of two very able and well-informed contestants who disagree on many points, but whose disagreements provide the reader with much vital information and food for thought on a fascinating but difficult subject which could not be obtained from any one-sided statement of Kenya's problems. The text takes the form of a series of letters which passed between these two formidable opponents over the period from March 1942 to August 1943, in which they argue the question of how to reconcile the aspirations of the black and white races.

Their relative positions in this controversy may best be described by a brief quotation from one of the earlier letters from Margery Perham to Elspeth Huxley. Miss Perham says: 'The settlers whom you see as a rather pathetic group under attack, I see as a highly organised, ceaselessly alert group of shock troops, ready at any moment, when the defences are weak, by assault or by stratagem to seize the last inner stronghold of the constitutional citadel.'

Lord Lugard, who contributes a foreword to this book, gives as his opinion that 'no one interested in colonial policy and its application in Kenya should fail to read it', a view which we can fully endorse.

CANADIAN SAGA

Foundations of Canadian Nationhood. Chester Martin. Toronto University Press. London: Cumberlege; 60s.

The author of this 550-page book is Professor Emeritus of Modern History at the University of Toronto. It traces the story of the development of Canada, and the author has contrived to infuse warmth and interest into his subject. The human side of politics is well brought out to embellish what might otherwise have been a rather dull recital of factual material.

Canada's parliamentary traditions are the oldest in the American hemisphere, and are the only ones unbroken by revolution or civil war. The acquisition of the four main attributes of nationhood—self-government, confederation, transatlantic expansion and functional recognition abroad—have been acquired slowly, but have laid the foundation of the increasingly important position that Canada occupies in the world today.

The acquisition of each of these attributes has been dealt with separately, and wherever possible in the words of the men who achieved them, and it is this factor which makes the story really alive and interesting.

This is not a history of Canada, but is an attempt to trace the foundations upon which the structure of Canadian nationhood rests. In contrast to her neighbour, the United States of America, Canada has never lost sight of the parliamentary tradition. Her struggle for survival, for self-government, for union and for international recognition was hesitant and slow. But it was peaceful and unbroken in comparison with the rapid and spectacular achievement of nationhood by the United States.

WITH MALICE TOWARDS NONE

The Memoirs of Harry S. Truman. Volume One: Year of Decisions 1945. Hodder and Stoughton; 30s.

'I have never been talked to like that in my life,' Molotov said. 'I told him, "Carry out your agreements and you won't get talked to like that."'

Harry S. Truman could talk like that with Russians in the gate and with subordinates like Secretaries Byrnes and Wallace. He had a homespun directness. When he met the press five days after becoming President, 'The first thing I want to do,' I told them, 'is to read the rules'.

Yet Vice-Presidents of the United States have commonly been men of lesser distinction and when Truman was sworn in as President he must have seemed a stop-gap between Roosevelt and a successor of appropriate weight. The American constitutional system does not prepare the Vice-President for the supreme Executive Office. As President of the Senate he knows the politicians more intimately than the Administration and its secrets. Few then would have believed at the time these memoirs open that little Harry Truman would so have risen to his responsibility and opportunity as to become one of the greatest Presidents of what is now the most powerful empire in the world.

Not that all came easily to him. The delegation of power had its snares. Even today the terse sentences with which Mr Truman describes the withdrawal of Lend-Lease take the breath away. 'They asked me to sign it. I reached for my pen, and without reading the document, I signed it.' The candour of the writing

reveals the mistakes and weaknesses as well as the achievements and the generosity of the victorious Republic. We are clearly and succinctly told that the President was resolved to ensure that the United Kingdom could 'base its foreign economic policy on a multilateral basis rather than upon a sterling bloc arrangement' and that in return for a loan the British must part with Imperial Preference.

The personal observations, the letters to his mother, the chivalrous attentions paid to Mrs Roosevelt and to the memory of her husband, the flashes of anger which light up the thorough account Mr Truman gives of the beginning of his stewardship, reveal the engaging simplicity—and tendency to over-simplify—of the President who personified the transformation of American policy from the playing of the Russian against the British Empire and of Eurasia against Europe to the rapid and steadfast organisation of Western resistance to further Soviet Expansion. He gave his name to the Truman Doctrine and he became very 'tired of babying the Soviets'.

This is an attractive and readable book which will be an essential necessary source for the historians of our times. We have been privileged to see also the proofs of the second volume in which the President and the author here trying their hand will be seen to have got well into their stride.

AFRICA: A NEW ANSWER

Kenya's Opportunity. Memoirs, Hopes and Ideas. By Lord Altrincham, Governor of Kenya, 1925-31. Faber; 25s.

The passing of the late Lord Altrincham, politician and administrator, talented and faithful servant

of Crown and Commonwealth, has been worthily marked by the publication of this book which contains much of his thinking on the problems of East Africa, a wealth of fascinating reminiscence and documentation which will serve the student well.

The book was bravely written despite the author's long and fatal illness. It is no wonder then that it is sometimes repetitive and that the matter could have been more neatly set out. What is remarkable is that the writing should be so lively and seductive, the ideas so pellucidly expressed.

Lord Altrincham calls for the drastic revision of our Colonial aims and policy. He gives three possible outcomes for Kenya and the three East African Territories whose Closer Union he has consistently sought. The first is Communism, and the Native Africans are being driven that way because in the multi-racial territories they have no genuine prospect of full self-government and traditional forms of pagan democracy. The second alternative is the existing policy of parcelling Territories into 'Nation States' after a pseudo-Western fashion with Common Rolls of voters and parliamentary institutions. This policy, the author holds, requires the retention of despotic control by Whitehall acting through the Governor. He himself advocates a third solution: tribal self-government and a corresponding provincial autonomy for communities such as the Europeans of the White Highlands (for whom Lord Lugard proposed a separate Colony) and a confederation in East Africa respecting the integrity of local self-government and accepting the guidance of the United Kingdom in external and economic affairs. Lord Altrincham

has taken as his pattern for an East African confederation not Britain but Switzerland, that most successful and solid combination of peoples and tongues. His confederation would be rooted in a tribal system which is by no means dead and would be representative not of constituencies but of 'cantons'.

Are such ideas feasible? Would they might be so. It is certain that to force the communities of British Africa, however willing their consent, into a straitjacket of a pattern sealed at Westminster is not the only or necessarily the most intelligent of policies or the most likely to fulfil the grand aim of Mr Rhodes, equal rights for all civilised men.

NEW THOUGHTS ON THE BRITISH ARMY

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

The restlessness of the world and printing delays make it inevitable that studies of this kind should be to some extent overtaken by the rapid onrush of events. Nevertheless this 50-page booklet should be carefully studied by all who are concerned for the security of the British nation and Commonwealth. Enquiries are urged into the possibilities of economising United Kingdom manpower by appropriate re-organisation of the Army and its transport and equipment; of expanding our African forces; of raising a Foreign Legion which might well provide useful and congenial employment for exiles from Communist countries, and of forming a Special Service Gendarmerie (the idea is more attractive than the name!) for counter-guerilla and

other internal security operations such as have been necessary in Malaya, Kenya and Cyprus.

EARLY NIGERIA

Trade and Politics in the Niger Delta 1830-1885. An Introduction to the Economic and Political History of Nigeria. By K. Onwaka Dike. Oxford, 30s. (in U.K. only).

The Royal Visit and the great question whether Nigeria, the product of Empire and administrative convenience, will remain or be divided, makes particularly welcome the addition of this scholarly treatise to the series of Oxford Studies in African Affairs.

Europeans had traded in the Gulf of Guinea from the sixteenth century. By 1830 palm oil had replaced black ivory and Nigeria became a field for commercial expansion and expeditions. As Sir George Goldie said: 'With old-established markets closing to our manufacturers, with India producing cotton fabrics not only for her own use but for export, it would be suicidal to abandon to a rival power the only great remaining undeveloped opening for British goods'.

In describing the effect upon the native systems of the gradual growth of British consular power, culminating with the recognition at Berlin in 1885 of British supremacy in the territories of the Niger, Dr Dike maintains that the resistance of the chiefs to alien encroachment was more vigorous than is often supposed.

EMPIRE TO REPUBLIC

Turkey, by Geoffrey Lewis. Ernest Benn; 21s.

The Senior Lecturer in Islamic Studies in the University of Oxford

is something of a Turcophile, but this does not diminish the value of a work which replaces in the Nations of the Modern World Series the volume written by Professor Toynbee and Mr Kenneth P. Kirkwood for the same series which was published in 1926.

The earlier chapters on the Ottoman Empire form an adequate summary; they can do no more in the space at the author's disposal. The bulk of the book is devoted to the Kemalist Revolution and to the modern Republic. Part II, under the title 'Aspects of Modern Turkey', provides facts and figures about the geography and the people of the country, agriculture, minerals, transport and communications, economic policy and overseas trade and the social services.

Two chapters are devoted respectively to Turkish foreign policy before 1939 and since the Second World War. There is little mention however of Cyprus and the references to Turkey's association with the West include no mention of her membership of the Council of Europe.

CHANGING FAR EAST

We Live in Singapore, by Donald Moore. Hodder and Stoughton; 16s.

So rapidly are the dependent peoples advancing to self-government that it is easy for those with knowledge of a particular territory to get out of touch and out of date.

In what is a worthy successor to his readable *Far Eastern Agent*, Mr Donald Moore provides a graphic picture of the Singapore over which Mr Marshall has been called, precariously, to preside. Mr Moore is a first-rate observer who writes with sympathy and comprehension of those among whom he lives and has no illusions whatever about the Com-

munist which seeks to enslave them. The author's own photographs illustrate this attractive book.

WHY DECLINE AND FALL?

Manpower Shortage and the Fall of the Roman Empire in the West, by Arthur E. R. Boak. Ann Arbor: the University of Michigan Press, 1955; London: Geoffrey Cumberlege. Oxford University Press. 36s.

The decline and fall of the Roman Empire in the West has been attributed by scholars to various causes and combinations of causes; for example the replacement of a sturdy peasantry by slave-manned *latifundia*, the luxurious decadence which came from imperial conquest, the dilution of the stock of Latium and Italy by a cosmopolitan empire, the corruption of shows and largesse, the sheer pressure of migrant barbarians upon far-flung frontiers, or the incidence of malaria and taxation.

This novel approach to the question is based on Lectures delivered at the American Academy in Rome in 1951 and at the University of Michigan in 1952. Their publication is due to the Thomas Spencer Jerome Foundation. Professor Boak uses the methods of modern demography to show that there was a real and general decline in the population of both town and country perhaps as early as the second century and that the shortage of human resources made necessary much of the oppressiveness of later Roman administration including the conscription of scarce capital and labour. The Professor throws new light on the economy and social legislation of Diocletian and Constantine I and their successors and tempts the reader to draw a moral for those who, in the modern world, are the heirs of the Western Empire.

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).

Greek Survey

Economic Conditions in Greece. O.E.E.C.

This survey covers the 18 months period ending at the middle of March, 1955. Later information, where available, has been included. Expansion of production has continued, though slowly. Progress has been made on a number of basic investment schemes. No significant headway made in raising Greek problems of under-employment and low living standards. (767)

European Reports

European Payments Union. Fifth Annual Report of the Managing Board. Financial Year 1954-55. O.E.E.C.

Covers the fifth year of the Union's existence, a year of considerable economic expansion among Member countries, but with certain over-buoyancy in some countries for which corrective measures had proved necessary. (768)

Industrial Democracy

Nationalisation—or Industrial Democracy? Bob Edwards, M.P. The Fifteenth Blandford Memorial Lecture. C.C.P.C.

Puts forward a plan for Social Ownership based on the principles of producer-consumer control. (769)

Free Austria

Ten Years of Austrian Economic Development 1945-55. Dr Franz Nemschak. Published by the Association of Austrian Industrialists.

Surveys the Austrian scene since the end of the war, gives an account of successful developments undertaken and opportunities for further economic development. (770)

Indian Love Lyrics

Full Texts of Speeches and Statements in India, Burma and Afghanistan made by N. A. Bulganin and N. S. Krushchev. Published by Soviet News.

Speeches made in India, Burma and Afghanistan between November 18 and December 19, 1955. (771)

Commodity Series

Cacao. A Review of Current Trends in Production, Price and Consumption. F.A.O.

Based on data available up to June 1955. Cacao and coffee are the only two agricultural commodities still in short supply. World prices are therefore likely to remain remunerative. (772)

Strasbourg Reports

Economic Development of Southern Europe. Report No. 1. Greece. Council of Europe Consultative Assembly. Doc. 426.

The report of a Working Party who took part in a study tour of Greece. (773)

The Market Place

Exchanges and Commodity Markets. Swiss Bank Corporation, London, E.C.2.

A collection of studies of the principal markets of U.K., including the Baltic, Liverpool Corn and Cotton Exchange, Lloyd's, London Commodity, Corn and Stock Exchanges, etc. (774)

World Bank and Fund

Summary Proceedings Annual Meeting 1955. International Monetary Fund.

The Proceedings of the Tenth Annual Meeting of the Board of Governors held in Istanbul from September 12 to 16, 1955. (775)

Citizens of Tomorrow

Social Problems of Post-War Youth. Economic Research Council.

A further study in the series dealing with youthful anti-social behaviour. Spotlights National Service as a main cause of youthful delinquency. (776)

Work in Russia

Selected Studies of Labour Conditions in the Soviet Union. U.S. Dept. of Labour.

The report covers a general picture of Soviet labour conditions. Generally it confirms the arbitrary, restrictive and punitive character of Soviet labour practices, and the

emphasis on heavy industry at the expense of consumer goods production. (777)

Russia and Foreign Trade

Soviet Deterrents to Increased Foreign Trade. Seventh Report to U.S. Congress. First Half of 1955.

Surveys the whole sphere of trade relations between the Soviet bloc and the rest of the world. Considers the possibilities of increased trade there, but that the hindrances are occasioned by the Soviet bloc and their trade practices. (778)

More Trends

The Electricity Supply Industry in Europe. A Study of the Electricity Committee. Tourism in Europe. A Study by the Tourism Committee. O.E.E.C.

Two further studies by special committees of the O.E.E.C. dealing with trends in economic sectors. (779)

CLASSIFIED ADVERTISEMENTS

(RATE: two shillings per line.)

BOOKS AND PUBLICATIONS

New Books on International Affairs—An International Bibliography prepared fortnightly by Humanitas Books Limited. Free, world-wide and up-to-date information regarding publications in the fields of Economics; Sociology; Politics; International and Current Affairs; Law; Finance; Commerce. Write for specimen copy to: Humanitas Books Limited, 3-4 Goodwin's Court, St Martin's Lane, London, W.C.2.

LECTURES

Economic Research Council—*March 21st, Antony Vickers*—'An

Engineer Looks at Economics and Money.' Meeting at the Allied Circle, 46 Green Street, W.1, at 8 p.m. For details apply Economic Research Council, 55 Park Lane, W.1.

The Private Traders Association

Protects the interests of the Private Trader against monopoly, unfair practices, and works for monetary reform and the control by the people of the actions of their elected representatives in Parliament and in local Councils. For particulars of membership benefits, write: Councillor J. Holden, Hon. Secretary, 49 Holmrook Road, Deepdale, Preston.

Economic Talking Points**Why the Stalin Exposure?**

Krushchev's revelations on Stalin's tyranny came as a bombshell and has caused considerable reactions throughout the world, and not least in Soviet-controlled territories.

It was in secret session that Krushchev made his disclosures, and it is very questionable whether he intended to bring about the repercussions which have followed so swiftly after the lightning spread of the news throughout the whole Soviet bloc.

But The disclosures have been made, and nothing the Soviet leaders can do will prevent widespread discussion and comment. This in turn will stimulate criticism of leaders who were, after all, Stalin's henchmen. The regime, already unstable, may well suffer further set-backs as a result of these events, and the trend towards change, already observable, may be considerably speeded up.

Is Stability Possible?

The new White Paper entitled 'Economic Implications of Full Employment', states that one of the major objectives of economic policy is to maintain 'a much greater degree of price stability'.

It is further admitted that it is the Government's responsibility to keep the pressure right.

But The White Paper is by no means specific when it comes to the steps to be taken to achieve stability, and no long-term solution to the problem appears in sight.

The deputation from the Parliamentary and Industrial Dommittee who recently visited the Chancellor of the Exchequer strongly urged that an inquiry into the financial system was urgently necessary. Increasing support for this view is likely unless the Government is able to demonstrate that it has a better answer than has yet emerged.

Whither U.S. Economy?

Economic trends in U.S. give the general impression that the boom has now reached its peak, at any rate for the time being.

Two important industries have shown serious decline from boom levels—motor cars and housing. Most others remain reasonably stable, and unemployment has not appreciably increased.

But An economy geared to expansion cannot remain hesitant for too long. Much depends on the maintenance of confidence, particularly in view of the vast increase in instalment credit in 1955.*

*See article on page 182.

Is Britain Heading for Depression?

Short-time working is affecting thousands of workers in the motor and cycle industries in the Midlands.

Prices continue to rise, and wage demands show no immediate hope of complete restraint.

The consequent danger of Britain being 'priced out' of export markets is a real one if inflation continues.

But Although many leading industrialists accept the possibility of a minor recession in trade, they regard any such set-back as temporary and look forward to increasing economic expansion.

The metal and mechanical industries have been losing a large potential export business by being unable to accept further orders for delivery in any reasonable time.

Order books, generally, are full. In most of the basic industries falling pressure on demand is more likely to be a relief from excessive strain.

Confidence in industries hit by the 'credit squeeze' is also being maintained by the thought that the stroke of the Government pen could revive the home market.

[Contributed by: Keith Beaumont, Endsleigh Place, London, W.C.1, to whom £2 2s. od. has been sent.]

VOLUME AND VALUE OF U.K. IMPORTS OF CEREALS, FEEDINGSTUFFS AND OILSEEDS

Year	Volume—'000 tons			Oilcake and other feedingstuffs
	Wheat	Coarse grains and nuts	Oilseeds	
1952	3,903.6	2,638.6	1,205.8	601.1
1953	4,020.4	2,923.7	1,191.5	1,343.9
1954	3,468.9	2,260.8	1,080.0	1,476.1
Year	Value—£ million			
1952	125.2	99.1	86.4	19.2
1953	121.3	81.5	72.6	39.5
1954	92.0	56.0	68.0	43.2
Jan.-June	Volume—'000 tons			
1952	2,016.2	1,708.0	536.1	344.4 ¹
1953	1,957.0	1,185.7	595.3	432.1
1954	1,247.6	1,011.1	575.0	674.3
1955	2,362.6	1,379.4	517.2	899.7
Jan.-June	Value—£ million			
1952	68.5	66.1	44.6	11.5 ¹
1953	59.4	35.7	37.1	13.4
1954	34.9	24.9	38.5	19.8
1955	65.8	37.7	27.5	30.8

¹ Owing to a change in classification, these figures are not quite comparable with those for 1953-5.

Digest Spotlight focuses on

Sir Robert Boothby, K.B.E., M.P.

SIR ROBERT BOOTHBY, Member of Parliament for East Aberdeenshire, is probably the best known back-bencher in the House of Commons today. His frequent broadcasts and television appearances, his regular articles in the press, and his very independent approach to the problems with which the nations are confronted all bring him into the public eye. He has recently become Chairman of an all-party parliamentary and industrial group which seeks to bring about an inquiry into the financial system, because they consider that the existing financial machinery is no longer an effective instrument for carrying out the national economic policy.

This interest in financial problems is no new development. Elected to Parliament in 1924, he was one of those who expressed grave doubt as to the wisdom of our return to the gold standard at the pre-war parity of exchange, which proved such a fatal move to the prosperity of the country in 1925. Since then he has fought many a battle on the financial front. He consistently opposed the deflationary monetary policy from 1929-1933; and thereafter he argued with great clarity and force for an expansionist policy—including rail and road development, and slum clearance.

In 1943 he published 'The New Economy', a comprehensive plea for

controlled expansion, in which he advocated, *inter alia*: (1) the nationalization of the Bank of England; (2) the transformation of the banking system from a private profit-making concern into a public service; (3) control over the rate of interest by means of variations in the volume of credit and open market operations; (4) control over capital expenditure and promotion of all kinds of public works or mixed investment not wholly dependent on the profit motive; (5) control over basic industries of a monopolistic character; (6) control over the export of capital; (7) control and (8) the economic organisation and development of the Sterling Area.

Sir Robert went into action again when the Bretton Woods Agreement began to emerge. Speaking in London in October, 1944, he said: 'To my mind the best thing about the Bretton Woods Agreement is its title. If we can really believe that this is the "final act" of the experts, then, when we have faithfully dealt with it and given it a decent burial, we shall all be able to breathe freely again. The choice before us is not obscure. Are we going to import goods freely and indiscriminately, and trust to luck that we shall somehow get enough gold-convertible currency to pay for them; or are we going to use our own productive