

Digest Spotlight focuses on

Julian Amery, M.P.

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

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

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

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

The outbreak of World War

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

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

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

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

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

closer economic relationship between Europe and 'Europe Overseas'.

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

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

Preliminary Survey of the Economic and Social Implications of Automation

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

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

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

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

Is Yugoslavia a bad Credit Risk?

By WILLIAM PETERS

PRESIDENT TITO enjoys a high reputation. Little however is known about the commercial ethics of the Yugoslav state trading organisations.

Engineering firms often require prepayment on all orders from Yugoslavia, and most trading transactions take place against irrevocable confirmed letters of credit payable in London or in the country of presentation of forwarding documents. This restricts Yugoslav's financial capacity for trade with the West.

About two years ago a group of British admirers of Tito visited Yugoslavia for the purpose of helping her to increase her trade. Among them was a well-known Socialist Front Bencher. They were well received in Yugoslavia and came away convinced that the mistrust felt for Yugoslavia in many influential quarters was unjustified. During their stay they visited Zagreb, where arrangements were made for the shipment to Yugoslavia on a credit basis of various purchases made by state trading organisations in Zagreb. The proceeds were to be used for purchase from Yugoslavia of export-

able surpluses which she found difficult to sell.

As a result of this visit a British Group shipped goods including 10,000 tons of Portland Cement to the Yugoslav State-owned Trading Organisation Central Commerce in Zagreb. The transaction was financed by a Swiss Finance House.

There was an immediate default on payment. The creditors started an action before a Yugoslav Court in Zagreb. Their witnesses are credibly believed to have been intimidated by members of Ovra, the Yugoslav secret police state, in order to prevent them giving evidence. The witnesses refused to travel to Yugoslavia, and after more than two years the Yugoslavs still owe £35,000 for the cement they had purchased.

The banking and trading committees are watching with great interest the outcome of the Zagreb case. Will the Yugoslavs honour their debt? Or will they choose to default on their commercial obligations for goods purchased and received on the strength of their commercial credit facilities? The credit standing of Tito's Yugoslavia is involved.

A Search for New Economic Order

By MUHAMMAD UZAIR, M.A.
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In economic theory Robbins' definition of Economics has shed out the idea that there are or can be purely economic activities and an 'economic man'. His definition, which has extended the scope of Economics to include almost everything under the sun, has also the implications that

From Pakistan Economist

there is no definite activity which may be economic and similarly there is no activity which may be called political or religious. Economics simply means a point of view or an approach and there can be as many points of view as there are sciences or the number of observers. If carried on to its logical consequences the definition implies that there can be no water-tight compartments in life; even the activities that apparently seem to be economic can be studied by Psychology, Ethics or even by

Theology. Conversely it means that every political issue, every psychological principle and every ethical enunciation can be looked at from an economic point of view. This connotation cuts at root the concept of 'Economic man' which was considered to be far above any scrutiny or perusal by religion or ethics. This Robbins' revolution in the concept of economics has opened the eyes of the world and has created a possibility of reconciliation between economics and ethics.

Defeating Inflation

THE statement on price policy issued last month by the Federation, in conjunction with the A.B.C.C., the B.E.C. and the N.U.M., sets out the contribution which it is possible for private industry to make to the defeat of inflation.

There can be no permanent or effective mastery of inflation without Government action. Only the Government has the power to curb public spending or to control the creation of currency and credit. Hence the joint statement insisted that there must be further resolute action in reducing public spending; but at the same time it rightly noted that the Government's measures to stop inflationary pressure at its source appeared to be having some effect.

Limitations of Government

It would, indeed, be ungenerous not to recognise that the Government is making a determined attack

on inflation. We may feel that it has never acted quickly enough or shown sufficient vigour, but it is now for the most part advancing on the right lines.

Yet Government action in financial and economic spheres can hardly be expected to show perfect timing or precision. The slow progress of the credit squeeze shows, for example, that in the field of credit control there are considerable technical difficulties to be overcome, and large cuts in public spending cannot take effect overnight. Like industrial concerns, Government Departments have their commitments. The Chancellor does not, in fact, measure off surplus expenditure as though he were a chemist weighing exact quantities in his laboratory. He can set his machinery in motion, but he can give no guarantee that the results will be achieved at precisely the right time or that they will be precisely what he intended.

From F.B.I. Review, August 1956

The unavoidable time-lag in Government action is one of the main reasons why the Federation and the three other national organisations took the decision announced in their joint statement. Private industry cannot cure inflation. That is the Government's job. But private industry can at least do its best to 'hold the line' while the Government's economic and financial measures gradually produce results.

United Effort

This is the purpose of private industry's advocacy of 'a policy of great restraint in a united effort to bring inflation to an end'. The policy is recommended at this particular time because, in the statement's opening words, 'it appears . . . that a moment has come when private industry can and should play a special part in defeating inflation'. The economic climate, in fact, is now more favourable for such action than it has been for some time—partly because the Government has announced and is putting into operation a modest programme of cuts in public spending, and partly because the nationalised industries' pledge to hold their prices for varying periods removes, for the time being, one of the chief causes of private industry's mounting costs, which have led inevitably to rising prices.

In short, this is the moment, above all others, when a policy of price restraint by private industry should have the effect of buying time for the Government when time is most needed. It should make the Government's job easier, but it also makes it even more essential that that job *must* be thoroughly done. Private industry recognises that our economic crisis would deepen if prices continued to rise, and it is resolved to avoid that

danger so far as is practicable. Yet it is not blind to another danger, for if, at the end of a period of widespread price restraint, the Government had not succeeded in curbing inflation, the economic situation would become even worse than it need have been. There would then be no way of avoiding a sudden upsurge in prices on a large and dangerous scale.

Calculated Risk

It is thus clear that private industry is taking a risk in advocating price restraint in an inflationary period. But the risk is calculated, and it is justified by the knowledge that the Government is working on the right lines to defeat inflation. For that reason the policy of price restraint can be embarked upon with reasonable hopes of success.

Price restraint should not, however, be viewed as an isolated operation, complete in itself. The joint statement emphasised that it 'will not succeed unless the breathing-space which it gives is used to bring down costs' and that 'the months immediately ahead will therefore have to be devoted with renewed vigour by all in industry to the pursuit of higher productivity and administrative economies'.

Costs are Crucial

This is necessary for industry's own sake, since the policy of restraint may introduce a period of lower profits unless its effects are offset by greater productivity; and no industry can survive and lay aside the reserves necessary for an expanding future unless it has an adequate margin of receipts over expenditure.

Costs are the crucial factor in British industry today. Our national

welfare depends on our overseas earning power, but we have reached a danger-point in some of our export markets, where our high costs are making it increasingly difficult for us to compete with our rivals. Though recent months have shown a welcome rise in exports, these figures can give us no grounds for complacency: the danger is still there, and will not be eliminated until costs are reduced.

As we have said, the prime object of the price restraint policy is to buy time for the Government, so that the attack on inflation may be carried to a successful conclusion. If it not only achieves this object, but also assists industry to bring down costs by developing greater productivity, its vindication will be clear.

Readaptation—A New Word for a New Concept

'Progress in Europe has often in the past been hampered by a desire to retain obsolete methods of production for fear of unemployment. Yet to maintain such methods prevents both the lowering of production costs and a rise in wages. The future European economy depends essentially upon the removal of this discrepancy between the desire for stability and the need for progress.'¹ Readaptation is an attempt at a new and comprehensive approach to this problem which has dogged the economic expansion of Europe and embittered labour relations since the very start of the industrial revolution. It is, in the words of the French delegation in its report on the Treaty, the major contribution of the Treaty in the labour field.

The term itself, readaptation, is the literal translation of a French word which seems to have been invented when the Schuman Plan was being drawn up. There is no

¹ Jean Monnet, President of the High Authority, 1952-1955.

English word that entirely covers its meaning. It implies all that is necessary to ensure the smooth passage of a worker from one job to another:

- a 'waiting allowance' to tide workers over till they obtain new jobs;
- re-training for a new job where necessary;
- payment of travel and furniture removal charges and also of re-installation costs when the worker has to move to a new area;
- and in certain circumstances provision of investment loans for new industries to absorb labour even outside the field of coal and steel.

The High Authority of the European Coal and Steel Community can use any or all of these methods to achieve the aim of ensuring that the workers do not bear the brunt of technical progress or of the increased competition brought about by the Common Market. Governments must, however, grant an amount

equal to the High Authority's contribution, and the High Authority can only act at a Government's request.

Readaptation, in a nutshell, is envisaged as the means of raising living standards by eliminating the hardship of transitional unemployment and thus overcoming the worker's resistance to technical change. At a time when technical change, in the form of automation, has emerged in its most advanced form yet, a study of the Community's experience in readaptation—its achievements and shortcomings—seems particularly appropriate.

The Community

Although all Community countries have national unemployment insurance schemes, those who framed the E.C.S.C. Treaty foresaw the need for some more comprehensive system of readaptation. The Common Market, exposing hitherto protected industries to competition from other Community countries, would, they knew, lead to modernisation and further mechanisation. Clearly, such modernisation programmes must be paid for—not only in terms of capital and equipment but also by labour. But one of the objects of the Community is to avoid such penalisation of the worker. Technical progress, of course, is almost bound to produce temporary unemployment; but the Community's High Authority is specially empowered to alleviate and end such technological unemployment in any or all of several ways. It can help, out of its financial resources, to tide workers over until they obtain new jobs; it can finance their reinstallation in new areas; it can finance their retraining in new skills; and in

certain circumstances it can provide investment loans for development absorbing labour even outside the field of coal and steel.

To each operation governments must contribute as much as the High Authority, which acts upon governments' requests.

A New Policy

These readaptation measures are novel in several respects:

- (1) They have been designed to forestall crises, rather than to alleviate them after their occurrence;
- (2) They do not depend upon a direct contribution, voluntary or compulsory, from the workers concerned, but are financed out of the general resources of the High Authority and the Governments;
- (3) They provide for 'tiding-over payments' or 'waiting allowances,' usually based upon the workers' previous salaries, and considerably higher than normal unemployment benefits; these 'tiding-over payments' continue for periods of up to fifteen months;
- (4) They include special provisions for retraining;
- (5) Their reinstatement benefits are not paid retrospectively and may also include further lump sum grants;
- (6) They include investment provisions;
- (7) They are supplemented by other measures, such as housing schemes and the introduction of the European Labour Card, in order to encourage and facilitate labour mobility.

Britain and The Common Market

I—A PLAN FOR MAKING THE COMMON MARKET WORK

Condensed from an Address by E. BEDDINGTON BEHRENS to the European League for Economic Co-operation

To realise what a Common Market might mean to the free countries of Europe, we must try to project our minds into the future.

The United States, being a large free trade area, has raised the standard of its people to unprecedented heights, by mass production methods. Despite wage rates, which are two or three times higher than those of Western Europe, she is still the world's largest exporter. Soviet Russia, with its satellites, is starving her people of consumer goods and of the benefits of the welfare state enjoyed by free countries. She is squeezing the savings of her people into increased industrial production. Soviet Russia, with the help of new industrial technology and the advantage of a large free trade area, may be a very serious competitor in all world markets, much sooner than we realise.

The Contrast

Contrast this situation with that of the free countries of Europe, with their small national markets which prevent them in so many instances from taking advantage of the new so-called 'automation' methods of production. We thus see the United States, and soon Soviet Russia and her satellites, increasing production, reducing costs, and offering fierce competition in the traditional export markets of Western Europe. Europe's answer to this situation must obviously be to create a large free trade area of her own, to cover as many

countries as possible on this side of the Iron Curtain.

Far too much has been made of the possible loss to individual industries that might be exposed to the increased competition that would be created by a Common Market. This seems a pessimistic and not realistic approach. On the contrary, I am firmly convinced that the temporary dislocation which might arise in certain industries may turn out to be a minor factor that would be more than compensated by the greatly increased prosperity which would result from a large home market in Western Europe, with a population of over 200 millions. And in any case the establishment of such a free trade area would have to be spread over a number of years so that all adjustments would be gradual.

The Plan

However, the immediate proposal now being considered at Governmental level is on a much more restricted scale: namely the report of the Spaak Committee for a Common Market to be formed by the Six countries belonging to the Coal and Steel Community—Belgium, France, Germany, Holland, Italy and Luxembourg. A Customs Union would be achieved by lowering tariffs in stages over ten to fifteen years, with a common average tariff round the Union.

Continental and Oceanic

The acceptance of the principle of

From European-Atlantic Review, 61, Gloucester Place, London, W.1

the Customs Union of the Six, however, faces formidable difficulties. France's immediate problems in North Africa hamper drastic changes in general economic policy. There are also the vested interests of all the countries concerned. Further, there are many who at present resist the idea of a Common Market for the Six, who would be strong adherents if Great Britain and the Commonwealth were to be closely associated with it or became full members of the group, which in that eventuality would be gradually extended to include nearly the whole European Payments Union group of countries, for no one would be likely, in such circumstances, to remain out for very long. Should this take place the concentrated industrial power of the free European countries would be merged with the immense actual and potential production of raw materials of its associated countries overseas. This combination would help to make the group really viable and self-contained. The conception of N.A.T.O. would become a reality, because it would be integrated in the everyday life of free Europe.

Elasticity

A 'Little Europe' that might not be economically viable with a tariff frontier round it against the other O.E.E.C. countries, would possibly meet insurmountable obstacles and eventually fail. For that reason it is most important that the structure prepared by Mr Spaak's Committee for the Six Countries should be sufficiently elastic to permit of its enlargement. I have heard Mr Spaak wisely say that the advocates of a United Europe should no longer fight over procedure, as in the former controversy over the so-called 'federal' or 'functional' ap-

proach. The British view, I think also shared by the Scandinavian and other countries, is that the looser structure that has worked so well in the case of the European Payments Union, is more adaptable to future developments than the more legalistic formula of the Coal and Steel Community.

It is therefore extremely important, if a Common Market for the Six is decided upon in principle, that its form should permit a wide field of compromise and adjustment. The failure of the European Defence Community was largely due to its legalistic structure, which prevented Great Britain from joining, and rallied its opponents in the French Chamber of Deputies; whereas in fact Britain, later through the Western European Union, conceded almost everything that the advocates of the European Defence Community originally desired.

Overseas Preferences

Great Britain naturally attaches the greatest importance to maintaining its preferential system with its Commonwealth countries, just as France greatly values its own preferential arrangements with its own Colonies and with Algeria, Morocco and Tunisia. But Britain also desires the closest possible economic co-operation with Europe. She has played her very full part in O.E.E.C. and E.P.U. Unlike certain other European countries she has never subsidised her exports, a practice highly condemned in the Spaak report as ruinous to the elaboration of a Common Market. I feel confident therefore that some solution can be worked out for reconciling the special position of the Commonwealth with the desirability of forming a Common European Market.

I believe she is particularly desirous to co-operate in further measures of economic integration, as a means of strengthening and consolidating her own position and that of her Western Allies. If some practical and realistic plan can be finally agreed upon that will enable Britain and the Commonwealth to join or to be closely linked with a Common Market of all O.E.E.C. countries, I believe that Western Europe will enter a new era of prosperity, undreamed of in the past.

Vital Europe

It is often said that the old countries of Europe, as a natural aftermath of the destruction created by two world wars, show signs of tiredness, lassitude and despondency. One sometimes hears the old refrain: 'Don't let us worry. Why bother about the future if we can rub along in the immediate present?' On the contrary, there are new and vital elements in Europe that are not dismayed by the difficulties of the present moment. Imbued by a sense of real patriotism, they believe in the destiny of their countries and are prepared to throw all their energy, enthusiasm and constructive thought in building for the future, in the hope and belief of creating a better world.

I have always maintained that the conception of a United Europe is the most vital political idea on the continent of Europe. It offers young men the only faith and attainable ideal that can stand up against the disintegrating influence of Communism. I am wondering whether Communism as *united forces*, to use a French expression, may not now, for the first time, be on the decline after the violent condemnation of Stalin by Mr Krushchev. It has often been said that if you destroy a people's belief

Exclude Agriculture!

Perhaps one way of bringing this about is to regard certain aspects of the proposals made in a truly realistic light. For instance, does anyone really envisage a Common Market in agriculture and horticulture, as a practicable proposition? No French Government could remain in office that did not protect its agriculture. And the same is the case with Great Britain, which only produces 40% of its food, but could not afford for its national survival, to allow the percentage to diminish.

Certain countries of the Commonwealth rely on their preferential position in selling agricultural produce to Britain, which in turn benefits by a similar preferential position in selling her industrial output to these same countries. Might not the exclusion of agriculture, which in practice presents the greatest difficulty of eventual realisation, not offer greater possibilities of extending the area of the Common Market? It would certainly ease the existing difficulties with Britain and the Commonwealth. The so-called Strasbourg Plan, passed unanimously by the Council of Europe, might, with certain important modifications, also offer possibilities for associating Great Britain and the Commonwealth with a continental Common Market. This would retain the advantages of Commonwealth preference with a secondary preference for the European group as against the outside world.

Britain the Key

Britain has assumed overwhelming military commitments in Europe, having longer military service and a larger percentage of her budget devoted to military expenditure than any other N.A.T.O. country. Today

in one God you may completely destroy their faith. The myth of Stalin has been shattered. The Russian people today are eager for news of the outside world. Their present leaders may find it difficult in the future to prevent them absorbing the ideas of liberty, freedom

and tolerance of the Western world. This is a moment when the free countries of Europe should face up to their political and economic problems with a dynamic policy within the framework of a United Europe, of which the Common Market is an essential element.

II—COMMON MARKET AND COMMONWEALTH

THE discussions at the Paris meeting of the O.E.E.C. nations may be of far-reaching importance to this country and to the Commonwealth and Empire. At the same time a committee of experts from the six Schuman Plan countries, France, Western Germany, Italy, Holland, Belgium and Luxembourg, has been meeting at Brussels to consider, as one of its major duties, the creation of a 'Common Market'. If a Common Market is established, this would entail the creation of an area of free trade between the six and the erection of a common tariff against all other countries. It is reckoned that it would take some 15 years to achieve this plan in full. Progress towards the objective would be made in stages.

Parliamentary Airing

The matter was raised in the House of Commons on 5th July by Mr Geoffrey Rippon, the Member for Norwich South. He was anxious that the British Government should join in the discussions as early as possible in the fear that, if such a plan were perfected and adopted with the U.K. outside the scheme, this country would be faced with the alternative of joining an organisation without having had any part in

From Empire Industries Association and British Empire League, August 1956

notable advantages which countries might gain by membership of a common market area, we had great commitments to the Commonwealth and Empire, to the sterling area as a whole and, indeed, to G.A.T.T., all of which would have to be reconciled, if membership of such an organisation were considered advisable for Great Britain. He assured the House that the Commonwealth would be kept in full consultation.

The Government, he declared, though not directly represented at the latter meetings, were being kept fully informed, as Monsieur Spaak had promised, through the medium of the O.E.E.C.

He said that the Government was reluctant to associate this country too closely during the earlier stages, in case later (if obliged to withdraw) they might be charged with bad faith. It was necessary to make the basic political decision (whether or not in principle to join the Common Market) first.

Undecided

Sir Edward stated quite frankly that the Government had not yet come to any decision in view of the complexity and immensity of the manifold aspects of the problem, but that Ministers intended, during the calm of the Parliamentary Recess, to study the problem fully.

The debate was concluded by a short contribution from Mr Biggs-Davison, who considered that a lead should be given by Britain in an endeavour to form a Europe-Commonwealth combination.

Obviously the Government is acting prudently in holding back a decision until all factors have been examined. There is, it is true, a strong argument for participation on the part of the British Government

in these conferences directly and from the beginning on the grounds that, if Britain did not help to make the rules and the Common Market were instituted without her, she would, if she then wished to join, have to do so on terms unsatisfactory to her. But, if she did so join in the discussions and could not agree to become a member, or if the terms negotiated (such as in the case of G.A.T.T.) though disadvantageous made it difficult for her to remain a member after agreeing to membership, the situation would be compromised.

There are two possible extremes in looking at this matter. One is to have a general 'Schwärmerei' for the 'European Ideal' almost regardless of any practical disadvantages. The other is to grudge the creation of any such European Market as a possible powerful competitor, anxious and able to snatch Britain's trade from her. Both are wrong.

In the year 1933 Mr Runciman, then President of the Board of Trade, a Liberal National and at one time a staunch Free Trader, denounced an agreement between Belgium, Holland and Luxembourg to set up a free trade area on the grounds that it offended against the Most Favoured Nation Treaties. Many staunch Protectionists in this country even then thought he was wrong.

Britain's European Interest

From the broadest point of view, and more than ever now, it is in Britain's long-term political, military and economic interest to see a strong and contented Europe. She has done much to promote it and should continue to do so. But it is unwise to plunge into the heart of such a union without the most exhaustive consideration, first of the principles,

then of the practice, the effect, for example, not only on a few trades and industries, but of all the major ones (at the very least) which would be involved, together with the dis-

Faith in Freedom and Commonwealth

Extracts from an address by MR J. GIBSON JARVIE at the Annual General Meeting of the United Dominions Trust, of which he is Chairman, on August 14, 1956

THE Prime Minister has said that we are suffering from 'progressive poverty'. If that means anything at all, it means—unless we call a stop to the process and recover the ground which we have lost and are losing every day—that we are headed for nothing less than economic chaos and national disaster. I said this last year and the year before that but the Government have apparently only just realised it.

The Scapegoat

The rising inflation of recent years has worried the Government so they have looked, not for a cure, but for a scapegoat. They found it in Hire-Purchase, a form of trading to which some people are allergic—a reasonably safe subject, therefore, for attack. Unfortunately, although the Government are still faithful to their old scapegoat, they are not yet prepared to apply the only effective remedies and inflation has increased to such an extent that they are now obviously frightened. They are increasing the pressure under their credit squeeze further still to reduce domestic spending and hire-purchase is still their special target.

Fettering Restrictions

Again and again, under the credit squeeze, we have had to refuse transactions involving capital goods which are absolutely vital if factories are to be put in a position to compete for export trade. The Government constantly exhort manufacturers to improve their efficiency but, by fettering restrictions, make it impossible or them to procure modern equip-

ment. It suggests that the Government have gone back to the Book of Exodus and the Pharaoh for a precedent!

The refusal by the Government to accept hire-purchase and credit sales as a necessary modern part of our economy and their persistent condemnation of the system and the high priority given to restricting it, is clearly intended to distract attention from the real causes of the present economic disorder. The money value of those cases which could with any justification be described as inflationary, must be but a paltry proportion of our national income. The whole volume of hire-purchase business is, in fact, not enough to affect or upset our economy. The Government *must know* the real causes of the inflation but beyond an oblique reference to wages outstripping production, they stubbornly refuse to act.

The credit squeeze itself is, I believe, the most damaging and dishonest measure that has been applied to the British economy within my knowledge. It is illogical: it is totalitarian in its conception: it can do nothing to improve the country's position and, in fact, is stopping production where production is desperately needed. And it is perpetuating the real causes of inflation. The Government have cut spending by industry and by the public but they have not cut 'public' spending at all.

The Remedy

The target for saving in public spending is set at a miserable £100,000,000 and it is not genuine

III—ACT FIRST—TALK LATER

By PAUL HENRI SPAAK

In planning the Common Market, we have worked with realism and moderation. We have envisaged a series of safeguards and stages. Once experience of the Common Market has begun, we can discuss how to harmonise the social, economic and monetary policies of the participating countries. But what one cannot allow is any attempt to make these harmonisations before the coming into force of the Common Market. Otherwise, it will never be made.

Once it is instituted, solutions can be worked out, as and when difficulties arise. Customs duties against countries outside the Community must be regarded differently from in the past. For a market of 150 million people, the problems are altogether different from those of our old nation markets. Solutions will be found as we go along. One must be optimistic. We face a problem of political will. Do we want a Common Market, yes or no?

Condensed from an address to the European League for Economic Co-operation in Brussels

How Sweden Tackles Inflation

As regards the measures taken this year to combat the inflationary pressure, certain differences can be detected between Sweden and countries abroad.

Whereas the large industrial countries—such as the United States, Great Britain and West Germany—have continued to employ increases in the bank rate as the main weapon, the policy in Sweden has been to use direct restrictions. The current monetary policy aims at

reducing the volume of bank loans, except those for housing construction, by the end of August to a level 5 per cent lower than that prevailing at the end of July 1955. This means that the banks must reduce their credits by some Kr. 450-500,000,000 during the period June-August. During the same period of last year, which was already characterised by great restrictivity, the banks' credits were reduced by about Kr. 300,000,000.

From The Swedish-International Press Bureau

saving. It should be five times that sum—and an *annual* saving. And it could be done by putting an end to the appalling waste in the armed services: by greater efficiency and by savings in social services if we must have social services: by drastic economies in the nationalised industries: by Local Authorities and in all Government departments. Closing some departments altogether would be of infinite benefit to the country and our economy. So far, Government 'saving' is the aggregate of 'bits and pieces', some reductions in stocks or otherwise non-recurring which, if there is any substance in the threat of 'progressive poverty', is so disgracefully trifling as to amount almost to ridicule. At best, restricting industrial and private spending is a palliative only and a dangerous one. Industry is being garrotted. *We* should exhort *the Government* to look, not to us for millions of surplus but to themselves for a reduction of the same size in their own expenditure. *They might, with great advantage,* try the effect on production and export trade and on the nation's morale of a slash in taxation and the restoration of freedom to business men to manage their own affairs. It is only courage of that order that will apply stimulus enough to spur industry to match and beat the success of our competitors in overseas markets.

Bank Rate No Solution

Nor will a high bank rate reduce inflation. It will add something to costs all round but the amount it can add to the price of any individual article will never deter a potential purchaser from buying. It is also a gross misuse of the mechanism of the bank rate. Unless I am completely misinformed, the purpose of a fluctuating bank rate—and its only use—

ful purpose, apart from discouraging speculation—was to attract foreign money to the country when the economy demanded it and to chase it away when it was less needed. I do not believe that the authors of the bank rate ever had it in mind that it should be used as a domestic weapon either to increase or lower production or to increase or limit expansion or to discourage too much domestic spending.

Government are Responsible

I repeat what I said last year: the real causes of inflation are profligate Government spending and the inability of production to keep up with the rising spiral of wages. The result is, of course, penal taxation which is placing an insupportable burden on industry and commerce and destroying all incentive and ambition in individuals. It is creating and maintaining a constant depression and feeling of frustration dangerous to our morale and, as with all bad law, it is encouraging fraud and evasion.

I do not believe that the Government's uninspiring strictures, their haphazard nostrums and dismal prophecies will produce anything but sourness and apathy in the nation. What the country needs is a tonic. And the best stimulant the Government could provide would be an immediate and substantial lightening of the dragging weight of taxation. The outcome of carrying this burden unrelieved for so many years is now only too evident. If industry had been left with enough surplus to keep up-to-date with factories and plant and if there had been any incentive to individual effort beyond a desperately low level, we should not now be tailing behind where for centuries we have

led. We should not now see Germany in successful competition with us in motor vehicle production: Japan on the eve of outstripping us in shipbuilding and Italy underquoting us *within the Commonwealth* for contracts worth millions sterling.

Taxation Saps Resources

The credit squeeze, the higher bank rate and the present rate of taxation are wrong in principle. They are vicious measures whose bad effect will be felt for many years to come. They have handicapped us in countless directions and have made it infinitely more difficult for us to compete in world markets with the more willing labour, better equipment and greater progress of our competitors.

Dangers of Welfare State

Whilst we were accepting American charity and building that monstrous failure—the misconceived Welfare State, Americans were building factories, increasing production, learning new techniques. Whilst our heads were in the clouds—'safety and security from the cradle to the grave'—the Americans were working flat out. The War gave us no spoils of victors. We had destruction and chaos out of which to build a peace economy. And how did we set about it? The philosophy preached to us was the Welfare State! Social Services which we couldn't and cannot afford; short hours; holidays with pay!

Redistribution of Labour

We still struggle on under the burden of our swollen and hampering bureaucracy and every factory has idle men and slackers on the payroll. Yet the Government claim there is a shortage of labour! The

labour force could be increased by drawing two hundred thousand or more from the ranks of those *productively* idle bureaucrats who hamstring production by their amateurish regulations and controls and their childish assumption that they can teach business men how to run their businesses. The Government could also usefully bring back into employment those who are living on the nation's charity because the charity so nearly equals what would be their normal rate of pay.

Physically, our country rests on coal. Yet we are importing coal instead of exporting it! The Labour Government nationalised the industry, claiming that nationalisation would give us more coal, cheaper coal and happy miners. Instead, we have had dearer coal of indifferent quality, constantly rising prices and a smaller output per man in spite of increasing mechanisation. Overheads are incredibly high: extravagant new offices are built and mansions are purchased to house the Coal Board and its army of executives and employees *who do not produce coal*. The number of unproductive employees has increased whilst the number of men at the coal face has diminished. Additional labour could be brought in from abroad but the miners, in their arrogance, will not accept it. Coal is a basic requirement in every industry but its cost is prohibitive. It sends up the price of every commodity. Strikes are an everyday occurrence.

The 'Whitehall Evil'

The Welfare State has taken much of the pride out of craftsmanship: it has left little pride in a good job. It has induced clock-watching; workers late in starting and early in leaving. It has made people mercenary—

workers who seek the maximum in money for the shortest hours and the overtime resulting from shorter hours. There is an almost complete lack of interest in work. How could it be otherwise when good workers are even sacked because they are good?

Great Britain is suffering from what one might call the 'Whitehall Evil'—a grossly swollen body of incorrigible planners, obsessed with their dogmas and theories, virtually controlling timid careerist politicians who are keeping an eye on votes—buying votes by bribing people with largesse from the public purse—and lacking the guts to govern. The T.U.C. with its usurped power is a state within a state. Regimented and controlled too long, the man in the street has, for the time at least, surrendered the right and duty to think for himself. Have we become so demoralised that we are too apathetic to move or to rebel? Has British character sunk so low that we are no longer possessed of a Hampden?

Encouraging Signs

Lately we have had one significant and encouraging sign that independent thinking has not been entirely crushed. We have seen over 50 per cent of the factory workers in a great industry refuse to accept the order of their Union to strike. That, by modern standards, is almost a miracle.

There is another move by ordinary people to join together in an organisation, which is apparently recruiting vast numbers, to secure relief from trade union domination and practices, bad laws and crushing taxation which, even if the movement does not succeed in reaching its primary objective, will still have succeeded because it is making people think.

In spite of every conceivable discouragement—I might go so far as to say some of it deliberately directed against your company—I have never lost my belief in our ultimate regeneration, nor have I lost faith in the Commonwealth.

It is, I should think, beyond dispute that the growth of Dominion industry and commerce can do Britain nothing but good. Healthy development in the Commonwealth will certainly carry with it greater need for and capacity to take our exports and, generally, a strengthening in the economic situation of the sterling area. And I deny the assumption of an American Supreme Court Judge who recently claimed that the six great powers of the last half of our century will be the United States, Russia, China, India, Japan and Germany to the deliberate exclusion of the British Commonwealth. Whether that is an honest assessment of respective values or a prophecy coloured by prejudice, I do not know, but I disagree with it.

We in Britain could fail because we are a relatively small island entirely dependent on foreign trade for our very existence. But we have a great history and we are still the political centre of a great aggregation of nations, young and virile—the British Empire—the Commonwealth—call it by whatever name you prefer—which must exist and persist and may eventually prove to be the only Empire in recorded history to rise, flourish and endure.

New Outlook Needed

Individual beliefs, however, and wishful thinking will avail little against hard facts and the sands are running out. In Great Britain itself, we must be done with chafing restraint and find independence and

courage enough to fight back to the greatness we seem to have lost. And our fight must first of all be against our own governments—against those politicians who put expediency before principle and regard their own continuance in office as more urgent and important than national solvency and prosperity. We shall also have to see to it that the T.U.C. and individual Unions can no longer serve their own selfish ends without reference to the nation as a whole. Labour must be made to realise the elementary truth that if by their conduct they damage the national economy, they are hurting themselves. If they cannot, or will not, see that simple fact, then whatever steps may be necessary to protect our economy from their intransigence, must be taken.

It is high time the City raised its voice. Subservience to weakness and vacillation at Westminster and in Whitehall will bring us certain ruin. Men who *know* must speak out. The issues must be faced and should be forced. Our decline, this 'progressive poverty', is too close. There is no time for tact, persuasiveness or destructive and useless patience: we have gone too far down the hill and our speed will accelerate until brakes are useless. If we are ever to fight the weaknesses and the evils from which we are suffering, this 'progressive poverty', let us do it now. The Government must govern or get out.

Duty of Criticism

Let us clearly understand that so long as our Government, whatever their colour, fail to give us strong and good government and the conditions which will make prosperity possible, then we are entitled to criticise. Indeed, it is our duty to do so.

We are too slow and too fond of compromise in our dealings with other countries. We have had plenty

Two Europes

I.—RENÉ MAYER

President of the High Authority of the European Coal and Steel Community

THE policy of building up Europe is still indispensable. It has now become urgent as well. With every day that passes we find ourselves confronted by problems which cannot be solved exclusively within the national economies. We look at the United States of America and see what benefits accrue to technical progress in all its forms, which is going ahead so rapidly over there, from a large market with its modern methods of mass production and its up-to-date means of production. And we also look at the other side of the world, and find the advantages of a common market described in these words:

Mr K.

'Close economic co-operation opens up exceptional possibilities for a more rational utilisation of the sources of production and raw materials, and most successfully combines the interests of each separate country with the interests of the Socialist world as a whole. The progress made in specialisation and co-operation is, in point of fact, playing a decisive part. There is no longer any need for each individual Socialist country to develop all the sectors of heavy industry, as the

From a speech before the E.C.S.C. Common Assembly, May 1956

II.—P. NIKITIN

THE Soviet Union and the European people's democracies have now drawn up five-year plans for the 1956-60 period and have begun to 'carry them out. Co-ordination of

From 'Pravda'

U.S.S.R. and the people's democracies. They are co-ordinating both annual and long-term plans for economic development. Co-ordination of plans is a major factor in the life of the socialist countries. It promotes rational international division of labour for the maximum economic development of each individual country on the basis of its natural economic conditions and special national features, in the interests of the whole socialist camp.

Eastern O.E.E.C.

Businesslike economic co-operation between the U.S.S.R. and the European people's democracies is carried out within the framework of the Economic Mutual Assistance Council (E.M.A.C.) through which the economic development plans of the Council's member countries are co-ordinated. The entire work of E.M.A.C. is based on recognition of the independence of its member states and consideration for their distinctive national features.

The new five-year plans in all the countries of the socialist camp envisage a substantial increase in industrial output, with priority for the output of means of production. On this basis it is planned to promote the advance of agriculture and increase the production of consumer goods. Particular attention is

being paid to technical progress.

In promoting technical progress the machine-building industry has a decisive part to play. The new five-year plans pay particular attention to machine-building.

In co-ordinating the plans for the machine-building industry, the output levels for the most important types of machines have been fixed for five years. Balances have been drawn up and the volume of mutual deliveries has been established. The question of specialisation in the production of the most important types of machines and equipment has been examined, and the basic trends of technical progress in this industry have been charted.

Specialisation and co-operation of production in the countries of the socialist system make it possible, in a planned way, to utilise the natural resources of each country and to develop the economy to the greatest advantage.

This new form of international co-operation makes it possible to achieve the more rapid development of those branches for which there are favourable conditions in the particular country, that is to say, more effective utilisation of productive capacities, organisation of conveyor-line and mass production and the successful introduction of advanced techniques.

The Middle Class Revolt

It is twelve years since Professor Hayek leapt into general attention by the publication of his book *The Road to Serfdom*. It is over half a century since Hilaire Belloc produced *The Servile State*, the title of which has been much misconstrued by those

who did not read the book. His contention was that 'the effect of Socialist doctrine on Capitalist society is to produce a third thing different from either—to wit, the Servile State', by which he meant a community divided between a gov-

From The Statist, August 10, 1956

erned mass and a governing junta. He saw in such semi-socialist innovations as National Health Insurance a demarking of those who were by compulsory measures compelled to register and contribute from those in more affluent or social circumstances who were at that time compelled to do neither.

Prototypes

It was about that period that there came into being under the impetus of Captain Prettyman-Newman 'The Middle-Classes' Union'. Came the first world war, bringing with it that then necessary curb on liberty, DORA, part of whose evil legacy is still with us. There came, too, a quite arbitrary tightening of the legalised hours for the consumption of strong liquors, the lightest of light ales being included in the category of strong. The thirsty sober Briton still drinks outside his home as the law permits, not as his need or choice dictates. That was in effect another widening of the gulf between the classes, brilliantly indicated in Mr Colin Ellis' satire:—

*Hob in a pub drinks too much gin
While Nob takes too much wine at dinner:
Hob in the Bar commits a sin;
Nob on the Bench commits the Sinner.*

With the aftermath of the war of 1914-18 Sir Ernest Benn and Sir Hugh Bell, perturbed by the Collectivist trend, founded the Society of Individualists, still flourishing under a different title. The Socialist experiment of 1945, following a second world war, increased the bonds that bind the ordinary citizen, and the Labour Party's adherence to the Socialist doctrine marked a further gulf between the classes. That pestiferous thing 'delegated legislation' enormously increased the shackles, and placed the citizen under the rule

of ten or eleven anonymous bureaucrats, and in some instances, too familiar to need recapitulation, actually by-passed or overrode the rule of Law itself. The steady impoverishment of the middle classes and the steady encroachment by Government into the lives of the citizenry and the sanctity of the home has continued little checked, so that in 1956, some forty years after DORA, we see arising new leagues and alliances to oppose the shackling of the people, and publicists of the calibre of Mr Christopher Hollis and Mr Hugo O'Hear, in organs as diverse as *The Observer* and *The Voice of Industry*, are ploughing again the sands where Professor Hayek and Hilaire Belloc laboured before them.

No Castle Now

Probably never in modern history has there been so much heard of freedom and so little success in restoring it. It is true that we have no Star Chamber, though 18B came perilously near to it, and we have no thumbscrew and rack, no stocks or pillory, but we have instead a system of compulsions and penalties none the less effective for being less sadistic than the old ones. And we have working again the very efficacious method of ruining and debilitating the very classes to which liberty is the most precious of heritages, freedom the most cherished of traditions. Those things which the middle classes for centuries did of their own choice and volition are now only done by permission of some committee or tribunal or some bureaucratic authority. An Englishman's house is no longer his castle, for many agents of the State other than a warrant-bearing policeman have a right of access. An Englishman's family is no longer his inspiration and

stay, for the State rules the educational life of his children. He may, on very slight pretext, be actually dispossessed of both house and family. Even his capital, if he has been shrewd, industrious and lucky enough to collect capital and retain it, is barred from many channels of investment until a remote committee or official has passed the projected investment as suitable. All this is an old, tedious and many-times-told story, but it is a true story and so far the injured populace has lacked the wrath and sturdiness to write *finis* to it.

From Within

As, by its dogma and constitution, the Socialist Party is for regimentation and a classless State but the other two parties are for the conserving of traditional rights but have grown lax in their practice, the course for the linked libertads is not to appear only as the critics and attackers of these fundamentally friendly bodies, but to enlist under their banners and transform them from inside. If the high taxers and the Tory Planners have for the time being taken power, the remedy is to dispossess them of their control and influence by internal pressure, which cannot harm the party, not by external aggression or boycott, which must ruin it. It is often said, and with

truth, that the shop stewards and others of the Left owe their influence to the apathy of the trade unionists who are not of the Left. The same thing applies, *mutatis mutandis*, to the Conservative Party. Those who hold and preach that the middle classes are being taxed and regimented from of existence too often, perhaps from disgust or despair, neglect all political activity save at election times or on the occasion of some rally or garden party, and then are prone to lapse into emotional approval of their leaders, whom for eleven months out of twelve they have damned, not with faint praise but faint protests and mild wailings. It is true that the constitution of the Conservative Party does not permit the annual conference to shape policy, still less to choose the Party leaders, but it still has an effect upon both. It is also true that the sitting Member—himself of but relatively little power—is not very much moved by casual constituency rebukes and requests, but he is not wholly impervious to them. A steady stream of representations—and a serious threat to the volume of the Party funds—would do as much to bring back the caucus hierarchy to its senses and principles as any number of elaborately staged public meetings and demonstrations held in apparent opposition to it.

Postwar Economic Recovery Moves Fast, But . . .

ALTHOUGH the world suffered more damage and destruction in the second world war than ever before, economic recovery and expansion in

the past decade has been far greater than during the ten years following the first world war. Nevertheless, the problems of mass poverty in a large

From United Nations, New York

part of the world remain as stubborn as ever.

This balance of the world's economic record is contained in *World Economic Survey 1955* just published by the United Nations. This is being used as the main background for discussion of the world economic situation by the U.N. Economic and Social Council now meeting in Geneva.

The *Survey* is divided into two sections. One reviews the post-war decade, and the second covers developments in 1955. In its history of the post-war decade, it shows that:

- * The total volume of output of factories, farms and mines in the private enterprise economies rose by about two-thirds from the pre-war period to 1945.

- * The gap in production between the developed and under-developed areas has been growing.

- * The expansion of world trade during the past ten years has been much more rapid than during the corresponding years after the first world war.

- * Increases in industrial production in the centrally planned economies have been relatively large, but not directly comparable to the growth in private enterprise economies.

Debit

The *Survey*, however, points out that, in spite of favourable aspects of the world's economic record, the ten-year history does not justify untempered optimism. On the contrary, it provides ground for serious

concern. The *Survey* states that such growth as has taken place has been due only in part to favourable long-term forces; to a significant extent it also has been based on special and temporary supports. In only a few of the under-developed countries has per capita economic growth been consolidated to a point where it may be considered self-cumulating.

Political tensions have led to a division of the world economy into two virtually isolated sectors, each devoting a considerable proportion of resources to military rather than civilian uses. The problem of international economic balance remains far from solved, the *Survey* declares. Economic growth in under-developed countries has not kept pace with the rate in industrial countries.

Expansion

Turning to the current situation, the *Survey* states that expansion was the keynote of change during 1955 in the industrially developed, private enterprise economies, while developments in under-developed countries was uneven. The outlook for the developed countries in 1956, however, is for a slowing down in expansion, and as a result, some less developed countries foresee a setback in export markets.

As for the centrally planned economies in 1955, the *Survey* reports that industrial expansion and better harvests contributed to higher activity, and that plans underway continued to provide for rapid growth in heavy industry, with greater emphasis than before on agriculture.

West German Atomic Prospects

THE Federal German Republic's atomic programme envisages three separate stages. Since it must start practically from scratch, the first phase is devoted to the development of nuclear research at West Germany's universities, institutes of technology, and institutes of the Max Planck Society, as far as this is possible without nuclear reactors.

The money devoted to this part of the programme includes DM 2.2 million for the training of students and young scientists, DM 1.5 for the establishment of training centres for nuclear engineers and technicians, 1.2 million for research assignments and DM 7.2 million as the Federal Republic's contribution towards Euratom. In this connection, Federal Minister Strauss said: 'We know that the tasks confronting us exceed the limits of our national capacity. We are aware that the European nations lagging behind in the development of nuclear energy will be better able to catch up with the big nuclear powers, the U.S.A., Soviet Russia, and Great Britain, if they pool their research work and jointly develop and establish certain installations which would otherwise exceed the resources of the individual countries.'

At present, twelve European countries are setting up in Geneva nuclear research installations calling for a total expenditure of DM 200 million.

First German-built Reactor

The second phase of West Germany's nuclear programme will be tackled simultaneously with the first phase. It calls for the establishment of research reactors at the universities

of Munich, Frankfurt, West Berlin, Cologne, Hamburg, and Karlsruhe, with orders for the first three already placed. In all probability, the Cologne reactor will be ordered after the conclusion of the Anglo-German atomic agreement, patterned on a similar agreement reached between the Federal Republic and the United States. Furthermore, this stage of the programme provides for a large-scale betatron for accelerating electrons to very high energies. Karlsruhe, with its five research divisions, will be West Germany's main research centre but, according to Federal Minister Strauss, it will not have a scientific monopoly in this field. Every branch of nuclear science dealt with at Karlsruhe will, at the same time, be pursued by one of the other nuclear research centres in the Federal Republic so as to have the necessary checks and prevent faulty developments. The nuclear research plant at Karlsruhe will include the first German-built reactor.

In the third stage of the programme the Federal Republic will tackle the main problem, the development of nuclear energy for economic purposes. According to Federal Minister Strauss, the Federal Republic plans to operate two different types of nuclear power plants for testing purposes, as well as a material-testing reactor. The problem of employing nuclear power for commercial uses involves the important question of obtaining sufficient nuclear fuel supplies. The Federal Republic will receive from the United States, under the agreement concluded between the two countries, six kilograms of U 235 in

From *The Bulletin*, August 2, 1956

addition to technical know-how and nuclear equipment.

A West German Uranium Mine

As far as natural uranium is concerned, it appears that the Federal Republic is in a relatively fortunate position. The uranium mine in the Fichtelgebirge, along the Bavarian-Czechoslovakian border, is estimated to yield annually 10 tons of natural uranium. Two German firms have developed a process for the treatment of the pitchblende. Moreover, minor uranium deposits have been discovered in the Black Forest. The Office for Soil Research (*Arbeitsamt für Bodenforschung*) in Hanover was

assigned the task of prospecting the entire territory of the Federal Republic for possible uranium deposits, with 2.5 million set aside for this purpose in the current year. As matters stand today, it is believed that West Germany's natural uranium supplies will last for quite a number of years.

While heavy water is not available in the Federal Republic, sufficient quantities of graphite for use as moderator are on hand. Moreover, what promises to be a rich find of beryllium has been discovered in the Upper Palatinate. German experts declare that beryllium is an even better moderator than graphite.

India's Reserve Bank Report

ACCORDING to the Reserve Bank of India's Report on Currency and Finance, the year 1955-56 was one of the most prosperous the world has enjoyed, with all-round expansion in production, investment and personal consumption, associated with a world-wide boom of unique pattern and unequalled proportions.

As the boom was marked by an unusual rate of growth of consumption and investment relatively to resources, the year was marked by mounting inflationary pressures in many countries of the world, leading to further and frequent use of monetary weapons.

World agricultural production surpassed the high level attained in 1954 and industrial output recorded a rise of 10 per cent in 1955. In most industrial countries, unemployment declined substantially and even gave place to near-full or over-full em-

ployment, which in some countries led to new wage claims in excess of productivity increases. Accompanying the higher levels of investment and production, there was also a tendency to build up inventories.

The Indian Economy

In India, according to the Report, there was, relatively speaking, a substantial measure of stability during 1955-56. This stability will be seen in better perspective when stock is taken of the progress during the First Five Year Plan period. The trends in the main economic indicators during this period were as under: 18 per cent rise in national income, 25-30 per cent rise in industrial production, about 20 per cent rise in agricultural output, a 10 per cent rise in money supply with the public, a 13 per cent *decline* in wholesale prices and a 5 per cent

decline in working class cost of living index. Budgetary deficit of the Centre and States together was of the order of Rs. 400 crores as against a total Plan outlay of a little under Rs. 2,000 crores. The borrowing programme of Government was more than fulfilled, with the net market borrowing exceeding the Plan target of Rs. 115 crores by Rs. 62 crores.

Balance of Payments

There was a modest balance of payments deficit, resulting in a decline of Rs. 121 crores in foreign exchange reserves. The disinflationary but flexible monetary policy adopted in mid-November 1951 contributed in some measure to the establishment of stability in the economy. The Report also refers to the emergence, towards the close of 1955-56, of some symptoms of inflation. These, according to the Report, require careful watching, especially in view of the much larger magnitude of the developmental effort envisaged in the Second Plan.

Higher Production

The year 1955-56 witnessed some acceleration of the pace of economic growth in India; the rate of investment in the public and private sectors would appear to have recorded a further rise during the year. Industrial production recorded a rise of about 8 per cent during 1955, as compared to a rise of 7 per cent in 1954, the index (1951 = 100) rising from 112.9 for 1954 to 121.9 for 1955. In many industries, the targets fixed for the First Plan period were exceeded. The rise was marked, among others, in sugar, paper, jute manufactures and general engineering groups. Overall *agricultural* production in the 1955-56 crop year is estimated to have been of about the

same order as in 1954-55, though in the case of rice the output is estimated to be 4 per cent higher. Production of raw jute is estimated to be substantially higher but production of raw cotton and oilseeds is estimated to be lower.

Prices

The *price* situation underwent a marked change during 1955-56; commodity prices recorded an almost continuous rise during the greater part of the year, in contrast to the decline in 1954-55. Over the year, the Economic Adviser's general index of wholesale prices (base: year ended August 1939 = 100) rose by 11.6 per cent as against a more or less equivalent decline in 1954-55. While to a substantial extent the rise in commodity prices was a correction of the rather sharp fall in the previous year, it also reflected the decline in output of some primary commodities and the rise in exports in particular of raw cotton and oils (and seeds). Further, it would appear that the rise in prices was partly stimulated by the higher rate of investment outlay in the economy and rising consumption expenditure. Sporadic speculative and hoarding tendencies were, besides, in evidence, perhaps assisted to some extent by bank credit. In these circumstances, Government's price policy, which earlier in the year continued to be directed towards arresting the price decline, was switched on towards a policy of arresting the rising trend of prices. The measures included imposition of restrictions on exports, release of Government stocks of foodgrains for sale to the public at fair prices and arrangements for larger imports, while credit policy was also geared towards achieving the same objective.

Euromarket and The Colonies

NEW DELHI has appointed herself (and the appointment has been ratified by most of the world) watchdog and custodian of the colonial dependencies of West European imperialism. This role demands some provision of economic and political developments in those territories. It is the purpose of this despatch to suggest that a common market in Europe would have such extensive effects on European colonies as to deserve the close attention of anyone interested in the fortunes of dependent territories. But first it is necessary to recall what the common market plan means.

Third Bloc?

Euromarket (to use the twin neologism of Euratom) foresees that within a space of 12 or 15 years the six countries of Little Europe (France, West Germany, Italy, Holland, Belgium and Luxembourg) will progressively eliminate all customs barriers between themselves, will unify their customs tariffs with regard to the rest of the world, and will abolish all quotas, restrictions and the like that hamper the free movement of goods within the area. The intention of the proposal is to constitute a common market of 150 million people which would compare in size with, and in many respects exceed in resources, the two other great common markets of this earth, Russia and the United States. It is an attempt to unscramble the protectionist omelette, and to restore the advantages of free trade and the division of labour over an area big enough to matter in an era of economic gigantism. It is the twin (but

by no means the Siamese twin) of the proposal for the joint exploitation of atomic power by the same six countries.

Obviously there is much to be said about such a plan in its purely European aspects, but I will content myself with observing that it is in essence a proposal for synchronising rates of inflation in an area where inflation has so far been a domestic matter, and that its slim chances of early and literal realisation are the results of the extremely complicated inflationary practice in the most inflationary of all Little European countries—France. However the point that concerns us now is that four of the powers in question possess colonial dependencies to the number of 20 or so (Luxembourg and West Germany are the only two without colonies), and in the latest version of Euromarket the idea is to include at least some of these territories in the common market. This was not the idea at first, but in Venice at the end of last month this proposed extension gained favour and will be included in the Brussels discussions next week. If any large number of colonies were included in the common market, the economic consequences could be felt all around the world, from New Guinea in both directions to West Africa, because French, Dutch, Belgian and Italian dependencies circle the globe.

Colonies Too

Indeed many of the colonies would automatically fall into the common market, supposing Euromarket were realised, because they are already part of a common

From The Eastern Economist, June 22, 1956

market with one or other of the Little European powers. This would happen, for instance, quite apart from any decision on the point, in the case of France and Tunisia, which is not even a French dependency any longer but which does have a customs union with France. If France now entered a common market with Italy, Germany and the rest, presumably Tunisia also would form part of the same market, and would thus be able to import goods duty-free from the other five Continental countries and would have to sell her exports in the same common market. At least, if anyone has thought of a method whereby France could belong to two customs unions which were yet watertight from each other, I have not heard of it—and if such a method exists, I would like to know what the Tunisians think of it.

So the question of the relations between Euromarket and the European colonies is bound to arise sooner or later. The first and most obvious result would be to end each metropolitan power's monopoly in the supply of goods to its colonies, which would thereafter be free to seek their supplies in any of the six member-countries of Euromarket. This would obviously be a boon to a French dependency which would theoretically be able to replace expensive French imports with cheaper German ones. But of course this is only a first, and misleading, impression: the truth is that if Euromarket were to last more than a few weeks in Europe itself, French exports would no longer be more expensive than German, because the whole meaning of a common market is that prices are equalised. As *Le Monde Economique et Financier* said lately, thinking of French markets in the colonies, under Euromarket:

Protected Market

But this gain would be balanced by a loss which in many cases would be substantial. Many colonies sell their own exports in the protected market provided by the mother country, where prices often rule much above free world rates. Thus, as *Le Monde* pointed out, the artificially isolated French market offers French colonies prices that are 20 per cent, 25 per cent or even more, above the free world prices for such products as sugar, coffee, cotton, groundnut oil, zinc and nickel. But in a common European market, Italian and Belgian cotton mills are not going to pay fancy prices for cotton from a French colony, and French mills which have to sell in competition with them will not be able to do so either. Since imperialism is never wholly in favour of the metropolitan power against the colony (whatever colonial denouncers of 'exploitation' pretend), we may assume that all the colonies have some vested interest in the protected market of the mother country, and so all stand to lose something in a common European market. And it must never be forgotten that in practice Euromarket would mean that the four imperialist countries would be struggling to get their

porter on an immense scale. Incidentally, to judge by the emphasis given to Oriental and African Studies in her Universities, Russia is following the German example in the training of her overseas representatives and political agents.

Insularity is Out

In these circumstances, an overseas representative can no longer afford to limit his social contacts to the British colony and rely for his sales primarily on the reputation of his firm and the quality of its products. Nor, as a recent speaker on the B.B.C. pointed out, can a firm hope to maintain a steady market through the brief flying visits of its Directors from London, for Orientals still dislike being rushed in business negotiations.

Representation by local native agents may sometimes prove adequate, but only if they are well educated, have some knowledge of western technology, and are directed by suitably qualified British members of a firm. One aspect of the danger of delegating representation indiscriminately to such agents can be illustrated by the inept advertising of British companies in the Arabic press, to which reference is made in the 1955 Spring number of 'Impact', the Quarterly Review of Advertising.

Meeting Foreign Competition

In the long term, therefore, we believe that foreign competition will be held only if our firms are permanently represented by British agents who have received a thorough grounding in the language, religious and social customs, and general way of life, of the countries for which they are destined, in addition to whatever

provide such training. In the intervening years, however, Industry and Commerce have made little use of its facilities; for example, since the last war they have sent on an average only thirty students a year. Evidence submitted by a variety of firms suggests that the poor response is due to the following causes:

- (a) Some firms prefer to give training in languages on the ground.
- (b) The fear that specialisation in languages may detract from an employee's business capacity, particularly if he is likely to serve in several lingual areas.
- (c) The belief that a School in London will not maintain close contact with new developments.
- (d) A reluctance to release men for a sufficient period from technical training.

More Necessary than Ever

Yet, if this training was considered desirable in 1908, we suggest that there are new factors which make it indispensable today, namely:

- (a) The decline of our political and economic power in the Orient and Africa which has hitherto tended to give British firms a favoured position.
- (b) The existence, particularly in Asia, of strong national feelings which will resent indifference to culture and ignorance of language on the part of foreigners, and will lead to an insistence on the use of national languages and business methods.
- (c) A change in the character of business, away from the great ports and more widely spread in the interior.
- (d) An increase in the number of our competitors for world markets and particularly the probable emergence of Russia as an ex-

in that century. Most of all, the manner of investment has changed. And it is here that Euromarket would most seriously upset the colonial economies. Over 80 per cent of French investment in the French Union today is made by the State, not by individuals and companies out of their savings. These State funds come from taxes and are thus reflected in French prices—and if prices are to be equalised throughout Euromarket, German consumers will not consent to the elevation of prices for the purpose of financing French subsidies to African colonies.

prices down to the level of West Germany, which has no colonies and buys in the cheapest market, quite apart from any sentimental or political considerations.

Etatism

At this stage some Indian reader will exclaim that Euromarket at its most perfect would mean nothing more for the colonies than British free trade meant for the Empire a century ago; the same advantages and the same risks. To an extent that would be true, but only to an extent because the world has changed a lot

Training British Business Men

For Overseas:

The Part Played by the School of Oriental and African Studies

THE business world played no small part in the foundation of the School of Oriental and African Studies. For at the turn of the century severe competition in world markets, and the thoroughness with which German firms trained their agents in Oriental languages, convinced an influential section of British Industry and Commerce of the urgent need for a School of Oriental Studies in London to instruct their overseas representatives.

In 1908 a Treasury Committee, which had been appointed under the chairmanship of Lord Reay to examine the problem, reported that

'there is urgent need for the provision of suitable teaching in London for persons about to take up posts in the East and in Africa. A knowledge of the language and some preliminary knowledge of the religious and social customs of the country to which they are appointed is essential to such persons. Time will actually be gained, and it will be advantageous in other ways, if the first instruction is given in this country.'

The Start

In 1916 the School was established and a clause was inserted in its Charter which required it to

From The School of Oriental and African Studies (University of London, W.C.1)

technical training may be required. The advantages for an overseas representative of such training may be summarised as follows:

(a) He will be able to mix with the local community and so widen not only his personal experience, but also the influence and contacts of his firm.

(b) He will learn how local traditions and religious and social customs influence the customer in his purchases.

(c) He will be able to assess the suitability of his firm's advertising and products for the local market.

(d) He will be able to follow negotiations whether verbal or written and will not have to rely on the services of a translator whom he may not even trust.

As has already been stated, some firms, particularly the oil companies, do provide this training overseas, but a strange environment, the attractions of social life and the job in hand make concentration on a frequently difficult language an uphill task for a beginner. If, however, he has received some preliminary instruction before his departure overseas, he will have greater confidence in his ability to make himself understood within a reasonable period after his arrival at his post and his interest in his future surroundings will have been quickened. The courses at this School are designed for this purpose and not for the production of specialists. Members of the Academic Staff maintain in their various fields a close watch on developments abroad and, subject to teaching requirements, a number

are sent out every year to carry out research. On the other hand, Foreign, Dominion and Colonial lecturers and research assistants are invited to London to assist our European Staff in carrying out their duties.

Until Industry and Commerce concede that the ability to speak a language is an essential accomplishment for their representatives, the time factor will remain a problem. Evening courses are not a satisfactory method of tackling languages which are in general far more difficult than European. In most, experience has shown that for beginners, a whole-time course of not less than ten weeks is required if a satisfactory grounding is to be given. In a few, six weeks can result in useful progress. Instruction in languages can be supplemented, when necessary, by background lectures covering religious and social customs, law and the general way of life of the country concerned.

The School now organises three or four day advanced level or refresher courses on the social, political, legal, and economic developments of the main regions of the Orient and Africa for executives and senior technicians with some knowledge or experience of the countries concerned.

It is hoped that they will lead to a demand for brief introductory courses for those junior executives and senior technicians who have yet to be posted overseas, and even for permanently based United Kingdom staff, whose interest in and understanding of their firms' activities might thereby be increased.

Readers' Commentary

From J. F. Eggleston, 16 Parkfield Crescent, Harrow
Lecturer to City of London Society. A.I.B. Gwyther Prizeman in Economics

The Bretton Woods Agreement, rushed through our Parliament in ten minutes, rests insecurely on the fallacy that, merely because Great Britain has sufficient dollars to hand out to certain privileged holders of Sterling, under severe restrictions, our currency is linked to the Dollar at that rate, i.e. 2.80 to the £. Furthermore it is assumed that the larger the Dollar Balance, the stronger is Sterling.

These dual pillars of our present system rest on fallacious monetary bases. Fluctuations in Sterling occur continually, internally and externally, they can be seen in rising prices, by black market rates abroad. These fluctuations, like a current flowing

unnoticed through sand, will inevitably break up any fixed rate. The second assumption is wrong because dollar increases are purchased by the Exchange Equalisation Fund with funds obtained by the issue of Treasury Bills which inflate Sterling. Therefore every increase in the Dollar Balances creates a corresponding weakness or gulf in Sterling. To lose dollars is often concomitant with a strengthening of Sterling.

None of the five post-war Chancellor has realised the hopeless ineptitude of these policies, linked to the further stupidity of Exchange Control. Each has employed quack remedies ineffectually.

DEFEATING INFLATION

From E. Bader, Managing Director, Scott Bader & Co. Ltd., Wollaston, Wellesborough, Northants.

In common with many manufacturers we are convinced that if our national economy is to regain a sound export/import balance, inflation must be defeated at all costs. Price stabilisation however is not the only factor involved, and since it is obvious that industry is subject to world prices for its raw materials, it is idle to promise what must obviously be beyond our control. Thus, the statements from leading firms and Trade Associations are all hedged with such qualifications as to make them worthless.

It only requires a little common sense to see that the solution lies in these directions:

1. Maximum production of essential goods to the detriment of non-essentials and non-productive trades; atomic power and not atomic bombs.
2. Restriction of profits, salaries wages and particularly unearned income.

No firm can guarantee prices, but every firm can limit profits and switch labour to essential goods. This is what we are doing. This policy assures our customers not only maximum price stability, but lowest prices at all times.

Surely all this is self-evident. How many have the courage to act on it?

Landmarks: 1 January—30 June, 1956

Australia. 24 May. Seeks new trade pact to replace Ottawa Agreement.

Austria. 4 Feb. Government orders dissolution of World Federation of Trade Union Headquarters in Vienna.

Germany. 16 Jan. Federal Government asks for ships from Britain and U.S. to build up new West German navy.

29 June. W. Germany to contribute £34m. to cost of British troops in Germany in 1956-7.

Great Britain. 2 Jan. Index of Industrial Production shows output up in 1955.

11 Jan. Board of Trade figures show increase in trade gap of £265m.

18 Jan. British Transport Commission to spend £5½m. on inland waterways development.

19 Jan. Chmn of British Transport Commission offers 7 per cent increase in wages at cost of £27½m. a year.

26 Jan. Government to ban import and export of heroin.

2 Feb. Increase in Jan. of sterling area's gold and dollar reserves.

8 Feb. Government agrees to special review of farm prices to take place at same time as the annual price review.

17 Feb. Mr Macmillan announces further measures to check inflation: subsidies on bread and milk cut; deposits for hire-purchase increased; investment allowances suspended; and initiative allowance restored; cuts in public expenditure.

22 Mar. Balance of payments deficit was £103m. in 1955.

28 Mar. Publication of White Paper on National Income shows rise of 6 per cent in total incomes last year and output up by 3½ per cent.

30 Mar. Wage increases for Civil Servants announced.

10 Apr. Britain offers additional £250,000 for technical assistance to nations of Baghdad Pact.

11 Apr. Increased postal and telephone charges announced. Road haulage rates to go up.

17 Apr. Mr Macmillan introduces 'savings budget'.

23 Apr. National Coal Board to spend £1,000 over next ten years on development and re-organisation.

26 Apr. National Insurance Commissioner rules that worker on short time is entitled to unemployment benefits.

3 May. National Coal Board shows deficit of £19m. in 1955.

12 June. Sharp rise in exports and reduction in trade gap during May.

20 June. Coal Board to peg prices for a year.

26 June. Chancellor of Exchequer announces savings of £50m. on Defence and £26m. on other Government expenditure.

British Transport Commission, the gas industry and North of Scotland Hydro-electric Board to stabilise prices for current financial year.

27 June. Passenger railway fares to be 'pegged'.

29 June. British Transport Commission announces deficit of £31 million last year.

British Motor Corporation dismisses 6,000 employees.

India. 19 Jan. Government to nationalise all life insurance immediately.

N.A.T.O. 6 May. To set up Committee to advise on development of non-military projects.

O.E.E.C. 4 June. Report of O.E.E.C. Commission on Energy published.

Rhodesia and Nysaland. 21 Feb. £38m. found for Kariba project.

Russia. 15 Jan. New Russian five-year plan lays emphasis on heavy industry.

24 Mar. Russia offers technical

and economic assistance to Pakistan.

14 May. Russia announces intention to cut armed forces by 1,200,000.

Uganda. 5 Jan. Government puts forward scheme to encourage land ownership by Africans.

United States. 16 Jan. Budget provides for additional \$1,000m. for defence.

16 Apr. President Eisenhower vetoes Farm Subsidies Bill.

29 May. President Eisenhower asks Congress for additional funds to extend U.S. atom programme.

Does Rumania want to trade with the West?

By A CORRESPONDENT

Four years ago in London's docks an unknown cargoship, the S.S. *Katharia Tisa*, started unloading its cargo from Warna and Konstanza. Nobody watching the drums of bichromate being lifted ashore could have imagined what was involved.

This bichromate was destined to a firm of chemical merchants in Manchester. A family firm of high repute, managed by two brothers, had purchased this consignment in the usual way of trading from a manufacturer behind the Iron Curtain in Bucharest, called Chemolimpex. They had previously been purchasing supplies of this commodity from Western sources without any difficulty arising.

In all chemical commodities the commercial reputation of a supplier or manufacturer is treasured more than money. The Rumanian chemical industry had before the war built up a good reputation in England and it was on this reputation that the

Manchester firm relied when it placed its order and established through its London bankers a letter of credit for the goods.

The Rumanians offered to supply the commodity c.i.f. London, a term which includes freight and insurance, as well as normal safeguards of quality. The Manchester firm opened a letter of credit to the Rumanian State Bank, after obtaining the finance required from the London Chemical Manufacturers who were their customers. The sum involved, about £10,000, was a large amount for the Manchester firm—but a measure of the esteem they enjoyed in the industry.

It would be fair to assume that most British factories would not then have purchased from Rumania; in view of the treatment British investors had received from that country. The Manchester firm had however accepted Rumania's ostensible

willingness to trade with the West as proclaimed in numerous Trade Fairs all over the world.

The drums brought ashore from the *Katharia Tisa* contained mostly seawater and very little bichromate! The shipment was a total loss, and the Manchester firm was unable to make delivery to its customers.

The Russian insurance company insuring the shipment refused to entertain any claims. The Rumanians did not repay the money or meet the claims for damages which the Manchester firm now had to face. Hidden behind their Iron Curtain

they forced the Manchester firm into liquidation.

The creditors involved on an assignment of the claim continued to press the Rumanian government. After a long interval an offer was made through their Embassy in London of £1,000 for a shipment which had cost £10,000 and, with a claim for damages through non-delivery, twice that figure!

The total destruction of livelihood brought on the businessmen concerned suggests that Rumania is not as much concerned to trade with the West as is often declared.

Suez Canal Statistics

Shipments Through the Canal in 1955
Thousand Tons*

Origin:	Destination:	Number of Transits:	
		Tankers	Other Vessels
South-North:			
Persian Gulf 64,905	W. Europe 51,352	1,877	2,481
East Indies 1,966	U.S.A. 8,630	1,445	390
Others ... 922	Others ... 6,911	966	130
		752	465
		760	596
Total ... 66,893	Total ... 66,893	697	207
North-South:			
Origin:	Destination:		
E. Europe ... 820	Red Sea	140	547
W. Europe ... 774	Ports ... 631	346	137
U.S.A. ... 206	Siberia ... 402	118	262
Others ... 105	Others ... 872	90	287
		451	1,123
Total ... 1,905	Total ... 1,905	7,878	6,788

OTHER GOODS

South-North: 20,533
North-South: 18,177

* Suez Canal Tons approximating to Metric Tons

Approximate Distances
(Nautical Miles)

To London from:		
Persian Gulf via Suez	6,600	
" " the Cape	11,300	
Eastern Mediterranean	3,300	
Venezuela/N.W.I.	4,200	
U.S. Gulf	5,000	
To U.S. East Coast from:		
Persian Gulf via Suez	8,400	
" " the Cape	12,000	
Eastern Mediterranean	5,200	

From Petroleum Press Service, September 1956

Flags of Ships Passing Through the Canal in 1955

Flag	Tankers	Other Vessels
British ...	1,877	2,481
Norwegian ...	1,445	390
Libertian ...	966	130
French ...	752	465
Italian ...	760	596
Panamanian ...	697	207
Netherlands ...	140	547
Swedish ...	346	137
American ...	118	262
Danish ...	216	163
German ...	90	287
Others ...	451	1,123
Total ...	7,878	6,788

Ships Passing Through the Canal
(Net Registered Tonnage)

Year	Total Traffic 000's	Tankers 000's	%
1946	32,732	9,919	30.3
1947	36,577	16,069	43.9
1948	55,081	32,279	58.6
1949	68,862	40,195	58.4
1950	81,796	52,092	63.7
1951	86,356	46,732	54.2
1952	86,137	51,852	60.2
1953	92,905	56,374	60.7
1954	102,494	65,012	63.4
1955	115,756	75,856	65.5

Digest Reviews

ROBOT REVOLUTION

The Economic Consequences of Automation, by Paul Einzig. Secker and Warburg; 21/-.

This important work is a full-length study of the economic consequences of the new industrial revolution now taking place. While a great deal of study and research has gone into the actual techniques of automation, the impact on our economic and social life has been less thoroughly examined and Dr Einzig's book therefore fills a great need.

He shows how extensive and far-reaching the economic consequences are likely to be, and surveys the possible changes which will be made necessary by a more general adoption of automatic processes. So long as an expanding economy is maintained the author considers that there is not likely to be a great deal of cause for concern. It is when a depression occurs that the effects of automation are liable to exaggerate the difficulties.

Britain cannot however lag behind in the development of automation, for to do so would reap all the disadvantages while gaining none of its advantages.

BRITAIN'S COUNTRYSIDE

Tomorrow's Landscape, by Sylvia Crowe. The Architectural Press; 21/-.

The threat to Britain's countryside of the development of 'Subtopia' has been fully exposed by the publication of a book entitled *Outrage* by Ian Nairn which was reviewed in a

previous issue of *Economic Digest*. Miss Crowe, who is a practising landscape architect, has now made a constructive attempt to show how this creeping blight can be arrested. In this valuable contribution, she accepts the need for the development of such industrial undertakings as the construction of trunk roads, the building of power stations, the need for great quarries and reservoirs, etc., but shows how these essential developments can be incorporated in the landscape without destroying the natural beauty of the countryside.

In the Introduction Miss Crowe says: 'It is time to abandon the mentality of the nomadic tribes who take all they can from the land and pass on and to learn instead to re-create the landscape in which we have to live'.

The book is well illustrated with many excellent photographs and drawings.

ISLAND FOR BRITAIN

Rockall, by James Fisher. Geoffrey Bles; 18/-.

The landing on the islet of Rockall on 18th September, 1955, was an event of considerable intent, and this book tells the story of this hazardous adventure. With only a ledge six feet wide for the landing of the party and gear from the winch of a helicopter, the actual carrying out of the operation provides a thrilling story, which is well told by the author.

Mr Fisher also relates the history of an islet which was the scene of several shipwrecks. The plant and animal life is fully described, and there are a number of illustrations.

SOURCES

National Income Statistics. Sources and Methods by the Central Statistical Office. H.M.S.O.; 25/-.

The need for statistical information for Governments, business and other requirements is being increasingly recognised. The purpose of this book is to describe both the system of social accounting on which national income statistics are founded and the sources from which the actual statistics are devised.

It will be an extremely useful publication for all who use statistics in their daily affairs, or who study economic trends.

MAN OF FRANCE

The Pursuit of Freedom, by Pierre Mendès-France. Longmans Green; 18/-.

The story which Pierre Mendès-France tells of his fight against the defeatism of the Vichy Government, his period of imprisonment following a long drawn-out and farcical trial, and the final drama of his escape from prison, make this a book of great interest. The author gives a graphic account of the lassitude and unreal attitude of mind of the leading figures in France at the time of the German advance. In telling the story he demonstrates the reserves of courage and resourcefulness which were necessary to enable him to face the trials and tribulations with which he was faced. These qualities have since been generally recognised far beyond the borders of France.

THE POSTAL SYSTEM

From Pillar to Post, by Laurin Zilliacus. Wm. Heinemann; 15/-.

This book traces the history of the postal system from the earliest times to the present era of world-wide organisation. The author points out

that, while in other spheres, co-operation between nations is often frustrated and bedevilled by political considerations, the world-wide postal system is maintained quietly and efficiently by an international organisation about which one hears little or nothing.

The story is told in an interesting manner, with a number of amusing anecdotes. There are many line-drawings and reproductions from original sources which add greatly to the interest, and provide a useful background.

PACIFIC PROTECTORATE

Friendly Island, by Patricia Ledyard. Peter Davies; 15/-.

The 'I' of this book is an American who went to the South Pacific as head of a Mission School in Tonga, where she met and married a young Scottish doctor.

She brings close to us a friendly folk already endeared to Britain by Queen Salote whose friendly smile won the hearts of all at the Coronation of Queen Elizabeth II. She tells of how shy these islanders are and how she had to gradually win their confidence and affection. That they did accept her and her husband is clearly shewn in her descriptions of the life they lead among them and of the joy they shared at the birth of the author's daughter and the first birthday celebrations. It is to be regretted that the author could find nothing to say in favour of the missionaries who represent the Christian religion and also the white races. It is to be hoped that Patricia Ledyard's happy book will make for improvement. N.D.

RED CHINA

Martyrs in China, by Jean Monsterelect, Longmans Green; 18/-.
The Mind Behind New China, by

Douglas Hyde. Phoenix House Ltd; 2/-.

The author of the first book was a missionary who was ordained and lived in China for fourteen years. He relates what happened after the infiltration and occupation of the Red Army, and tells of the unfaltering courage of the leaders of the Chinese Church against the cruelty and cunning of the Communists. A true but terrifying book.

The second is a Background Book written by an ex-Communist who although he became a Roman Catholic has not dealt with his subject from a religious angle. He compares the Communism of Russia with that of China—of Marxism and Stalinism with Mao-ism. A very concise booklet. N.D.

HIGH FINANCE AND HIGH POLICY

An Elizabethan: Sir Horatio Palavicino, by Lawrence Stone. Oxford; 45/- (U.K. only.)

This is the tale of one of those cosmopolitan financiers who have played a part in the drama of England. Sir Horatio Palavicino was a Genoese merchant who as monopolist—he cornered the rebel Dutch market at the expense of the papal mines—speculator, diplomatist and spy was prominent in the foreign policy of Elizabeth I in the period of the Armada.

Mr Stone of Wadham, Oxford, has given a lively account of Sir Horatio in what is almost a racy book. He has also drawn a portrait of an age having certain features in common with our own which were much less apparent after Charles I's personal rule was broken by rebellion. It was an age when the State—like the Church—showed itself responsible for social welfare and jus-

tice and tried hard to cure unemployment, to fix prices and relieve the distress of the poor. The Government was zealous for the balance of payments. The bureaucracy and the gentry who were the agents of the Government exhibited a sense of obligation; but amateur administration, war finance and the exercise of economic controls through such 'chosen instruments' as companies and syndicates produced monopoly and corruption. Men like Palavicino found much profit in 'exploiting the weaknesses of a state-planned economy'.

THE POWERS THAT BE

The Power Elite, by C. Wright Mills. Oxford University Press. London: Cumberlege; 36/-.

This is a frightening book and one hopes that Mr Wright Mills's portrayal of the people and the sort of people who control the American empire is coloured by that somewhat pessimistic conservatism which many American intellectuals now profess and by that urge to self-criticism which is so engaging a feature of the United States.

It is fascinating to read how a Republic with no feudal tradition has sought by *Social Registers* and other devices to establish a hierarchy of classes—a process encouraged and made easier by the successive waves of immigration. It is disturbing to read of the corruption in leading circles, the decline in old codes and values and the contrast between the earlier and latter-day statesmen of the United States. Mr Wright Mills gives a delightful vignette of 'the perfect candidate for the Presidency of the United States', and regrets that 'in America today, men of affairs are not so much dogmatic as they are mindless'. He considers that

the American economy is nowadays a kind of 'military capitalism' and he denies that the idea of a balancing society based on a harmony of interests is more than a myth. The small entrepreneurs have been re-placed in vital areas by a few centralised corporations; the executive has invaded the spheres of the other branches of government; and the new political economy is one in which political and economic affairs are intimately and deeply joined.

CYPRUS POST

Cyprus Challenge, by Percy Arnold. The Hogarth Press; 21/-.

In 1942 Lord Lloyd, that enthusiastic Imperialist, was Chairman of the British Council and saw the necessity of an English medium of expression in a British Colony where the Imperial case has gone too often by default. The result was the *Cyprus Post*, whose editor was Mr Percy Arnold until it closed down in 1945.

Mr Arnold appears to have a good opinion of himself but not of British rule in Cyprus. He takes a patronising attitude to various Governors and officials and it is true that not all have been of the first quality. He claimed that in the absence of a Cyprus Legislature, his paper was a substitute for representative institutions.

Where one would agree with Mr Arnold is in his assertion that the British claim to Cyprus should be founded not upon the position of the Turks or anyone else but upon vital British interests even more real today than in 1878.

This is a lively personal record which introduces the reader to many leading Cyprus personages, but it stops short of the present events and controversy and may thus disappoint many.

LATIN AMERICA VERY MUCH WITHOUT TEARS

This New World The Civilisation of Latin America, by William Lytle Schurz. Illustrations by Carl Folke Sahlin. Allen & Unwin; 25/-.

Latin America has long been spoken of as the continent with a great future. Such it may be but Mr Schurz's brilliant and entrancing book should remove any tendency unduly to generalise about the twenty varied republics of Central and South America.

Indian, Negro, Spaniard, Portuguese (more easily assimilated to his new country than the Spaniard) has helped to make them what they are—and there are citizens of Latin American republics with motherlands outside the Iberian Peninsula. Aided by Mr Sahlin's pleasing sketches, Mr Schurz draws vivid portraits of the *Conquistadores*—he brings out the relative humanity of Spanish and Portuguese treatment of the Indians and the high worth of their civilising mission, too often ignored by those whose history of the times is taken from such books as *Westward Ho!*—of a Church and its missions, eager to defend the Indians against harsher governors, of the Latin American family and city and the Latin American woman, so important in a matriarchal society.

One feels grateful to Mr Schurz for imparting so much of his great knowledge and wide experience of the countries he describes so admirably.

DEMOCRATIC SOCIALISM

Contemporary Capitalism, by John Strachey. Gollancz; 25/-.

Populariser of Marxism in the days of the Popular Front, Mr Strachey

has written this interesting and revealing book at a time when the prophets have been shown to have prophesied falsely. In many of the countries of which Marx preached and wrote the rich have not got richer and fewer, the poor poorer and relatively more numerous. In Britain parliamentary democracy and the Welfare State have softened a class conflict which according to the rules should have led to the forcible expropriation of the exploiters. Capitalism (or whatever it is) in the era after Keynes does not even rely on great armaments for its continuance. Bliss may it have been in that dawn of the 1930's to be alive. In contrast with *The Coming Struggle for Power*, *Contemporary Capitalism* is worthy, pedestrian, Front Bench stuff. It has been read by Mr Gaitskell. Mr Strachey has become respectable and humane. He pays tribute to religion. He does well to remind us that 80 per cent of mankind are peasants and to refrain from condemning all their 'medieval' prejudices. The necessity of inequality of income, the realities of an age of 'Oligopoly' and managerial power are bravely faced, but what is not made clear is how men will be free and happy under conditions of full 'Democratic Socialism'.

CRIME WITHOUT A NAME

Harvest of Hate, by Léon Poliakov. Introduced by Lord Russell of Liverpool, C.B.E., M.C., with Forewords by François Mauriac and Reinhold Niebuhr. Elek Books Ltd; 21/-.

Six million Jews are said to have been exterminated on Nazi orders. European Jewry was reduced by two thirds.

Such are the statistics of an atrocity

beside which the persecution of earlier generations appear insignificant. This was not cruelty and mass murder for their own sake but for the sake of a principle. It was an enormous evil which its authors believed to be good. The 'final solution' was produced in the belief that thus a poisoned civilisation might be purified. There were other schemes also such as the Europa Plan for 'a gigantic ransoming of all the Jews still alive in German hands'.

In his Foreword to the French edition, M. François Mauriac calls the history and tradition of the Christian Church to bear witness against 'a tradition of hatred against the "godkilling race"', which has long existed in Christendom. Mr Poliakov pays tribute to the efforts made by Christians and their leaders to save Jews from death or persecution.

REVOLUTIONARY HISTORY

Economic Problems of the Church from Archbishop Whiggitt to the Long Parliament, by Christopher Hill. Oxford; 42/- (U.K. only.)

Polish Politics and the Revolution of 1830, by R. F. Leslie. University of London Historical Studies III. The Athlone Press; 37/6.

'King' Pym and his adherents intended and achieved revolution in Church and State and it was to preserve not merely the old Monarchy but the Establishment and the Episcopacy that Charles, King and Governor, and the Royalists, predecessors of whom, royal, noble and gentle, had plundered the patrimony of the *Ecclesia Anglicana*, took up arms in 1642.

Both Church and Crown had been disastrously weakened by the debasement of the currency by Henry

VIII and the growing dependence of the Sovereign upon the Commons. Charles I and Archbishop Laud tried to restore the economy of Church and Monarchy and to retain, or restore, something of the social order of pre-Reformation origin. But the revolutionary rich were too over-mighty subjects and the cause which King Charles defended was broken by their power and wealth.

Mr Christopher Hill shows how Laud's disregard for property rights and his zeal for canon law and 'social justice' without respect for persons or for riches brought him into conflict not only with Puritanism and other forms of Protestantism but with Property. Mr Hill's Marxism has mellowed and his latest work exhibits good style and good scholarship: but his condemnation of Laud is materialistic. He indicts him not for his ideals but for his neo-medieval irrelevancy. It is true that not even the Restoration could restore what had already passed from the English scene. The race was to the Parliamentarians and the Whigs under whose sway the priest would be the dependent of the squire.

The Stuarts' conflicts with Parliament was a struggle of ideas not limited to one kingdom. The Polish Revolution of 1830 was the last challenge of the old Polish realm to the Russian imperium in the East of Europe. Like the rising in Poznan recently, it excited the sympathy of Westerners. It did not succeed but it revealed the connection between social change and national struggle.

Dr Leslie, who is Lecturer in History at Queen Mary College, London, has made use of Russian and Polish sources and the opportunity of doing research on Polish soil. *Polish Politics and the Revolution of*

1830 is a valuable study of a subject too much neglected in the West.

STUDIES IN EMPIRE

France and England in North America, by Francis Parkman. A Selection edited, with an Introduction and Notes, by Samuel Eliot Morison. Faber; 30/-.

Prospero and Caliban. A Study of the Psychology of Colonisation. By O. Mannoni. Methuen; 22/6. Montcalm and Wolfe both shed their blood upon the Heights of Abraham. They symbolise Canada's origins in France and England. Quebec was the climax of a campaign and of this fine book. The celebrated American historian who has edited it rightly claims that Francis Parkman is among the greatest of the historians of the New World. Yet many must have been put off by the size of his seven volumes on France and England in North America and thus have missed many heroic stories nobly told of missionaries and martyrs, Cartier, Champlain and La Salle, red men and white. Professor Morison has by his selection done a great service to scholarship and provided the general reader with pleasure and enlightenment.

If Parkman wrote of empire in its epic stages, Professor Mannoni examines colonisation in maturity and decay. He has an individualistic philosophy which will be unacceptable to many besides Mr Philip Mason, Chatham House's Director of Studies in Race Relations, who contributes a helpful and perceptive Introduction, but his examination of the psychology of 'colonialism' and of the relations between French and Malagasy is fascinating and instructive.

FOR APARTHEID

You are Wrong, Father Huddleston, by Alexander Steward. The Bodley Head; 12/6. *The Pattern of Racial Policy in South Africa*. State Information Office, Pretoria.

'South Africa, in addition to being the world's largest producer of gold, is the largest producer in the Southern Hemisphere of electric power, coal and cement and the second largest producer of steel: South Africa is developing industrially faster today than any other country, with the exception of Western Germany.' It is therefore well for us to try to understand the Union's main problem, that of relations between European, Asian, Coloured and Black.

Like Father Huddleston, Mr Steward is a propagandist. He is a propagandist for his Government. Sentimental in parts, his apologia is plausible. Some hard words are said about missionaries, or some of them. Others are quoted as favouring separation of the races. So is Abraham Lincoln.

South Africans (or, for that matter, Americans, English or Indians) are open to stricture if they lack charity towards fellow-beings of another colour. Informed people know, and others may learn from Mr Steward, that many South Africans love and are loved by Bantus and that the Union has done more for native welfare than most, or any, of the territories in the African Continent under the British or any other flag. The morality and the feasibility of *apartheid* constitute a different question.

A policy of *apartheid* which succeeded in providing the various population groups with the means of advancement and self-respect would

not necessarily be an unjust policy, or an un-Christian policy. But is it practicable?

The issue of the Fortnightly Digest of South African Affairs devoted to *The Pattern of Race Policy in South Africa* summarizes the conclusions and recommendations of the Tomlinson Commission on the Socio-Economic Development of the Bantu Areas. An attempt is made to place the problems in historical perspective. One of the Commission's recommendations is that 'The Christian Churches should be expressly connected with the entire development programme'. On the other hand, what Mr Steward writes about the treatment of the Churches under the Bantu Education Act is not reassuring.

HYDASPEUS

PROGRESSIVE PROSE

After the Thirties. The Novel in Britain, and its Future, by Jack Lindsay. Lawrence & Wishart; 15/-.

Mr Jack Lindsay does not like Mr Stephen Spender's criticism of his *On Guard for Spain*. Nor does he like to see Mr Spender going 'backward to Liberalism'. George Orwell is equally in his bad books for his revolt against the tendency of the age. So is T. S. Eliot, upon whom is stuck the label 'clericalism' because he writes and thinks in harmony with the institutions and traditions of Christendom.

'The novelist today', Mr Lindsay writes, 'who idealises his childhood-days as a halcyonic age without fears and conflicts, does not know, one assumes, that in Kenya the profits of the British firms controlling the sisal (sic) output rose from 153 per cent to 189 per cent around 1950. He has sedulously protected himself against such unpleasant facts (unless he

happens to have shares in a sizal company.'

Mr Lindsay's writing is not all like this, but what matters for him in literature is the social content. That is why he must find the 1950s a disappointment after the 1930s when so many of the intellectuals forsook their ivory towers and stood 'on guard for Spain'.

The Marxist approach nevertheless produces strange literary judgments, Mr James Aldridge's *Diplomat* receives praise for its exposure of imperialism in the Middle East but it is strange that a novelist of Mr Lindsay's ability and power should consider Lord Essex to be a 'credible' character.

One is grateful nevertheless for the flashback to some of those writers whose Wordsworthian zest for revolution inspired some vivid and moving writing and is tempted to agree with Mr Lindsay in longing for a folk writing and culture—English, Welsh and Scottish, instead of the mass-produced culture of monopoly—capitalism (*sic*).

COSTS OF WESTERN DEFENCE

Paying for N.A.T.O. How common finance can help the defence of the West, by Anne M. Warburton and John B. Wood. Friends of Atlantic Union, Roxburghe House, 273 Regent Street, London, W.1.

This pamphlet briefly describes the Annual Review when national delegates are subjected to their colleagues' criticism of the replies sent to the questionnaire issued each February by the N.A.T.O. Secretariat. The idea of a Common Defence Budget underwritten with dollars is considered and rejected as are the exaggerated claims made for the rationalisation and standardisation of production and equipment.

It is proposed that N.A.T.O. should have funds at its disposal, amounting perhaps to something between £25m. and £50m. a year, for encouraging military research and development and a staff of experts with the authors—could be the nucleus of an international army.

Formulae are put forward for the apportionment of defence costs and appendices have been added which contain some useful figures.

TWO CONSERVATIVE PAMPHLETS

Letters from India. As written home by Taya and Maurice Zinkin. Published by the Conservative Political Centre on behalf of the Conservative Commonwealth Council; 2/6. *Houses to Let: The Future of Rent Control*, by Geoffrey Howe and Colin Jones. Published by the Conservative Political Centre on behalf of the Bow Group; 2/6.

The C.P.C. are first-rate publishers and here have some excellent material.

Taya Zinkin writes often and well for the *Manchester Guardian* and she and her husband, a former I.C.S. officer now in business in India, have in six lively letters and a postscript done the Conservative Party the service of enabling it to display a sympathy for the New India of which others have claimed a monopoly. The Zinkins have therefore done the Commonwealth a service.

'Rent control', the Bow Group authors proclaim, 'has now assumed the rigidity of age.' They urge that tenants and landlords should now be free to agree new rents with the proviso that disagreement could be resolved by judicial arbitration before remodelled tribunals. It is a constructive idea at all events.

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 or 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).

Commonwealth Development

The Canadian Colombo Plan Resources Survey of Pakistan.

An aerial resources survey is one of the ways described by Richard C. Hodges in this article reprinted from the *Journal of Soil and Water Conservation* (Vol. II, No. 2, March 1956) in which Canada is helping her partner Pakistan to exploit her potentialities. (828)

Energy Sources in Canada Commodity Accounts for 1948 and 1952. Reference Paper No. 69 Dominion Bureau of Statistics Industry and Merchandising Division.

Shows considerable changes of pattern between 1948 and 1952. (829) *Colony and Protectorate of Kenya. The 1956-1957 Budget.*

Pictorial illustration of the statement made by the Hon. E. A. Vasey, C.M.G., Minister for Finance and Development, to the Legislative Council, April 26, 1956. Priced at 1s. (830)

Strengthening the Commonwealth.

A call to action by the Migration Council for Commonwealth Development and Co-operation. (831)

Banking

A Survey of British and Irish Banking. Bank rate, credit squeeze, automation in banking are included in this survey published on June 23, 1956, by *The Statist*. (832)

Trend and Progress of Banking in India during the Year 1955. Annual Report of the Reserve Bank of India. (833)

Bank for International Settlements Twenty-Sixth Annual Report, 1st April 1955-31st March 1956. Basle, 11th June, 1956.

More than 200 pages dealing with the Bank's business activities and general financial and economic conditions in Europe and the world. Contains a special chapter on E.P.U. for which the B.I.S. acts as Agent. (834)

Food

Yearbook of Food and Agricultural Statistics 1955, Vol. IX, Pt. I: Production.

Information from the U.N. Food and Agriculture Organization available up to February 1, 1956. (835)

F.O.B. Price Relationships, 1955-56 Pacific Coast Canned Fruits.

In this Mimeographed Report No. 189 of July 1956, Sidney Hoos of the California Agricultural Experiment Station, Giannini Foundation of Agricultural Economics covers cling peaches, pears, apricots, freestone peaches and fruit cocktail. (836)

Social

From Profit Sharing to Common Ownership. The Scott Bader Commonwealth Ltd.

Reviewed in the July DROEST. (837)

Guide to the Cost of Living Index. L.R.D. (Publications) Ltd.; 6d.

Rapidly changing prices in the U.K. have made the cost-of-living indices of great interest and importance. The latest index suggests, according to the Labour Research Department, that 'television sets ought to be part of the working-class standard of life'. (838)

The Managers, Unilever Limited.

Annual general meeting speeches by Lord Heyworth, Chairman, in London and in Rotterdam by Mr S. J. van den Bergh, a Vice-Chairman of Unilever, N.V., May 24, 1956. (839)

Metropolitan Police District. A Statistical Analysis of Road Accidents in 1955. Published by the Commissioner of Police of the Metropolis, New Scotland Yard. (840)

PEP-ery

Performance of the Press. 18 June 1956. (841)

Atoms in Industry I. 25 June 1956. (842)
Atoms in Industry II. 25 June 1956. (843)

PEP 1931-56. 23 July 1956. (844)

The story of this well-known research body. (843)

The Cricket Industry. 13 August 1956. Will be deemed 'not cricket' by some, for it criticises the six-day week. (845)

Above, all priced at 2s. 6d., are Nos. 397-401 of Vol. XXII of *Planning*.

Hellenic

The Port of Piraeus in 1955.
In Greek and English. (846)

National Bank of Egypt Fiftieth Anniversary Commemoration Lecture

Development and Under-Development.

A Note on the Mechanism of National and International Economic Inequality. By Gunnar Myrdal, formerly Lars Hierta, Professor of Political Economy and Public Finance at the University of Stockholm, Cairo 1956. (847)

G.A.I.T.

International Trade 1955. The Contracting Parties to the General Agreement on Tariffs and Trade, Geneva, May 1956.

Tells of a year in which the value and volume of international trade set up new records. (848)

U.S.A.

Facts about the United States 1956.
Illustrated publicity from the U.S. Information Service. (849)

Costs and Accounts

The Institute of Cost and Works Accounts 27th National Cost Conference, Edinburgh. Presidential Address by George Nicholson, F.C.W.A., June 1, 1956.

Mr Nicholson warns against the assumption that a new industrial revolution through automation will solve Britain's productivity and export problems. (850)

The Classification and Coding of Accounts. Occasional Paper No. 2 by J. M. S. Risk, B.Com., Ph.D., F.W.C.A., C.A., A.C.I.S. The Institute of Cost and Works Accounts. (851)

Queen's Highways

Roads Matter: Lancashire, Cheshire, Staffordshire. Roads Campaign Council.
Outline of a £115m. plan for a modern road system for three Counties. (852)

Indian Statistics

Estimates of National Income 1948-49 to 1954-55, April 1956. Issued by the Central Statistical Organisation of the Cabinet Secretariat of the Government of India, New Delhi.
Includes Jammu and Kashmir under Indian Union occupation. (853)

Automation For All

Automation: Your Questions Answered, by Michael P. Fogarty; 4d.

This is Pocket Pamphlet No. 1 published by the Catholic Social Guild to promote discussion. The author is Montagu Burton Professor of Industrial Relations at University College, Cardiff. (854)

Apartheid

The Pattern of Racial Policy in South Africa. Fortnightly Digest of South African Affairs issued by the State Information Office, Pretoria. 16 April, 1956, Vol. 3, No. 8.
The subject of a book review. (855)

Oil

Oil: A Financial Times Survey.

Reviews the pattern of production and consumption, reserves, refining capacity, tanker fleets, etc., with reference to particular countries. (856)

European Reports

The Common Market to promote Social Prosperity. Introductory Report for the

Third International Conference of E.L.E.C., Brussels, June 20-22, 1956. Publication No. 20 of the European League for Economic Co-operation.

Written on the assumption that there will be a Common Market. (857)

European Coal and Steel Community High Authority Fourth General Report on the Activities of the Community (April 11, 1955 to April 8, 1956).
The basis of the proposed Common Market. (858)

The Iron and Steel Industry in Europe. A Study by the Iron and Steel Committee of O.E.E.C., Paris, June 1956.

Notes that production in member countries was 16 per cent higher in 1955 than in 1954. (859)

Report of the Special Committee for Nuclear Energy to the Council, O.E.E.C., Paris, July 1956.

Proposes a Steering Committee for Nuclear Energy. (860)
Annexes to above. (861)

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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.

A New Publication—'Inflation—Is there a Cure?' by Edward Holloway, with a foreword by Antony Vickers. Copies available from 2a Queens Parade, London, N.10. One shilling (post 3d.).

Economic Talking Points

The Economics Association is an organisation for teachers with the following aims:—

1. To extend the teaching of Economics in schools and in adult education.
2. To study and improve teaching methods in Economics.
3. To act in liaison with Universities and Professional Bodies.
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Branches have already been established in Manchester and in Birmingham. Members have been recruited in Australia, Malay, India, France, U.S.A., and other overseas countries.

Membership subscription is only 15/- p.a. or 10/- if a part-time teacher. Further information may be obtained from:—

**Hon. Sec., Economics Association,
110, Banstead Road South,
Sutton, Surrey.**

Expenditure Tax?

British Labour has officially welcomed Mr Nicholas Kaldor's exposition. An Expenditure Tax would restrict over-consumption.

But It raises many practical and administrative problems.

In time of boom consumption would be restrained but not investment.

Are Britain's Air Corporations Paying Their Way?

B.E.A. records its best year yet and claims a gross profit, before charging interest on capital, of £1,201,569 (68 per cent above 1954-55). It has outdone competitors in European passenger and freight traffic.

B.O.A.C. records a similar profit, despite Comet losses, and has wiped out the remaining deficit of £800,000.

Between them the Corporations have made a gross profit equal approximately to 2½ per cent on their capital.

But Greater reserves will be needed to provide stability and pay for new aircraft.

Neither Corporation is yet earning a normal commercial profit. (In this the British concerns are no exception to the general rule.)

B.O.A.C. and B.E.A. will have to strain every nerve to gain their share of world traffic which may double itself in 5-7 years.

Is Automation A False Alarm?

Mr J. F. Coales, of Cambridge, told the British Association this year that automation will be gradual.

Lord Halsbury said that industries such as cars, refrigerators, sewing machines, household gadgetry are more likely to be affected than shipbuilding, transport, heavy and structural engineering etc. (Chemical, steel, paper, glass and brick manufacturers are already largely 'automated'.)

But The increase of automation will accentuate Britain's economic problems.

It will be essential to find a balance between production and consumption and to create a wider economic area and base. (To this the Macmillan Plan is highly relevant.)

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Digest Spotlight focuses on

Sir Edward Boyle, Bart, M.P.

SIR EDWARD BOYLE was only 32 in April, 1955, when he succeeded Mr Raymond Maudling as Economic Secretary to the Treasury; but he had already held office as Parliamentary Secretary to the Ministry of Supply and before that had put his foot on the first rung of the ladder when Mr Nigel Birch made him his Parliamentary Private Secretary. At the Treasury Sir Edward had shown a remarkable flair not only for coping with the manifold business of his department but for putting its case convincingly in the House of Commons. His vigour in Debate—complex economic arguments are fired off at a speed which knocks would-be interrupters back into their seats—has greatly added to Boyle's reputation as a rising hope of the not so 'stern and unbending' Tories. He is a first-rate winder-up of a economic debate and the brilliant exponent of an abstruse subject. Of portly physique, Boyle has an agile mind.

At 33 he can look forward to many years of active public life. Few succeed in establishing themselves so early in their career and Sir Edward has so far done nothing to spoil his prospects. Much of his coming reputation may depend on the skill with which his retentive brain selects those policies which are most likely to conduce to Britain's economic health. Sir Edward has himself described the country's major economic problems as the 'solving of

our balance of payments problem', 'the avoidance of inflation', and the 'increase of our productive wealth'. Few will disagree that these three questions are of prime importance; not everyone will agree that the policies at present pursued by Her Majesty's Treasury will achieve their permanent solution. Harold Macmillan and Edward Boyle are however two original, fertile and courageous men. It may be to Sir Edward's advantage that he did not read economics at the University. He is fully capable nonetheless of meeting the professionals on their own ground but economics are only one of Sir Edward's many parts. He is a man of wide culture and if a Tory could be that he would be an 'intellectual'.

His origins and background were favourable to a rapid rise to office. His grandfather, the first Baronet, represented Taunton in the Conservative interest. His father was British High Commissioner for Serbia during the First World War. At Eton, Edward was Captain of Oppidians and revealed his possibilities as both writer and politician by editing the 'Eton Chronicle' and becoming President of the Political Society. He enlisted as a private in the General Service Corps, later serving as temporary junior administrative officer in the Foreign Office for the rest of the war. He returned briefly to the world of international relations as delegate to the Consulta-