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Economic Talking Points

***Must Britain be a Satellite?**

Her oil-based economy is gravely threatened in the Middle East.

Increasing reliance is being placed on imported fuel.

The present need for more Western Hemisphere oil means more dependence on the Dollar.

Pressure grows for the extension of N.A.T.O. into National preserves.

But According to Mr Chancellor Macmillan, Britain's trading position is sound.

Britain is producing the H-bomb.

Britain leads in civil atomic development.

As a base and controller of overseas bases and a major importer of

dollar tobacco, films, etc., she has strong bargaining power.

The Commonwealth has stood the strain of Suez.

Britain has opportunities of European leadership.

What hope for France in Africa?

The evacuation of Port Said and Port Fouad raised the prestige of Cairo in the Afro-Asian world.

U.S. influence in the Middle East has grown wherever that of Russia has not penetrated.

But French national unity is remarkable.

French morale has been lifted by the Saharan oil discoveries and a

plan for co-ordinated development in the North African hinterland.

There is hope of new greatness through a European unity buttressed

by partnership between the French Union and the British Commonwealth.

Firmer Ground for Farming?

The White Paper on 'Long-Term Assurances for Agriculture' (November

27th) should have dispelled fears that the Agriculture Act was in

peril. It limits the amounts by which guaranteed prices may be

reduced at any Annual Review (these are to remain) to 4 per cent

for any commodity, with a maximum of 9 per cent in 3 years for

livestock and livestock products, and 2½ per cent in the aggregate.

It has been endorsed by the Farmers' Unions.

But The accompanying Farm Improvement Scheme for grants of one-

third of the cost of approved modernisation of farm buildings and

other fixed equipment, may not be of much help to those who need

it most. Small working farmers (the majority) are chronically short

of capital and will have to borrow the other two-thirds—if they can

—at around 6 per cent.

Agricultural credit is one of several important matters that are

still subjects of 'talks' between the Government and the Farmers'

Unions.

*An article on this important subject by Mr John Penton, the Chairman of the Economic Research Council, will appear in a future issue of *Economic Digest*.

Digest Spotlight focuses on

Mr Edward Beddington-Behrens

MR EDWARD BEDDINGTON-BEHRENS and economic unity, and is one of the founders of the European League for Economic Co-operation (E.L.E.C.), which organised a large number of important conferences dealing with European economic problems. Its Commonwealth-Europe Conference first put forward the idea of a European Free Trade area. Its Monetary Committee under the Chairmanship of Edward Beddington-Behrens drafted the first blueprint of a European Payments Union. In all these activities he was associated with Lady Rhys-Williams, and many leading members of the present Government.

With Mr Harold Macmillan, M.P., he formed the Central and Eastern European Commission, of which he subsequently became the chairman when Mr Macmillan took office. This was the first European organisation to espouse the cause of the 'Countries Behind the Iron Curtain', its members including political leaders from the West like Mr Ramadier and Mr Paul Reynaud and the political leaders in exile. In London in 1951 he organised the Central and Eastern European Conference (the first organised European manifestation of sympathy with the people of the satellite countries). This culminated in a mass meeting in the Albert Hall.

In all the above-mentioned organisations, Beddington-Behrens has introduced the formula that both political parties should be equally represented, as well as prominent trades unionists and employers. The fact that he is considered acceptable as Chairman of such committees is a recognition both of his fervour for the cause he believes in as well as his tact and impartiality.

Before the war, with Mr L. S. Amery and the late Lord Willingdon he was instrumental in forming the Army League, which organised a nation-wide campaign for conscription and issued a report on a re-organisation of the Army to attract talent and popularise recruiting. Only a few months ago the Army League issued a new report suggesting methods by which the army might be streamlined to meet modern conditions.

Since the war Mr Beddington-Behrens has been widely known for his association and recent leadership in England of the various movements in favour of European political

and economic unity, and is one of the founders of the European League for Economic Co-operation (E.L.E.C.), which organised a large number of important conferences dealing with European economic problems. Its Commonwealth-Europe Conference first put forward the idea of a European Free Trade area. Its Monetary Committee under the Chairmanship of Edward Beddington-Behrens drafted the first blueprint of a European Payments Union. In all these activities he was associated with Lady Rhys-Williams, and many leading members of the present Government.

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Commonwealth Survey

(1) CANADA AN EXPANDING MARKET

By FRED DAVIES, Head of F.B.I. North American Department

Canada offers ample opportunity for the expansion of U.K. exports. Although this year our exports are notably improving, there is need for a renewed sales drive. British manufacturers of complementary equipment should consider the advantages in an approach to the Canadian market of combining their forces and, although many firms have established companies in Canada since the end of the second world war, there is room for more.

IN 1954 and the first half of 1955, grave concern was being expressed at the falling off of U.K. exports to Canada. After a post-war record of £156.8 millions in 1953, exports reached only £131.8 millions in 1954 and continued to fall during the first four months of 1955. It was not entirely coincidence that the decline should have occurred during a period when the U.K. economy was most inflated and when sales on the home market were at a high level, but a closer analysis of the figures reveals the heavy dependence there was on our share in the Canadian market for two main groups of products—wool textiles and motor cars. Nearly half of the fall can be accounted for in this way. In 1952, a similar decline was largely explained by reduced sales of textiles.

Wool—Motor Cars

Despite post-war advances in exports to Canada, it was clear that we were still relying too heavily on Canadian purchases of two items.

Wool was a traditional export and, in fact, our share of Canadian imports had actually fallen, compared with pre-war years, from 91 per cent to 89 for woollen fabrics, and from 56 per cent to 45 for raw and unmanufactured wool during 1951-1953. Motor cars, on the other hand, represented a post-war drive in the market where U.K. manufacturers enjoyed 41 per cent of Canada's imports in 1951-1953 compared with only 6 per cent in pre-war years.

The lesson has been somewhat overshadowed by the improvement in exports in the second half of 1955. At the end of the year the figure of £140.9 millions was second only to the 1953 record and this year exports for the first eight months are ahead of those for the similar period of 1953. But, in spite of this present improvement, we cannot overlook the need to develop our export trade on a more widely-based front and to capture a larger share of Canada's trade in a wider range of products.

From F.B.I. Review, November 1956.

Reciprocal Needs

Exporting to Canada involves many difficulties but, before considering them, it would be well to review certain favourable factors. Not least of these is the goodwill of the Canadians themselves. It is not suggested that the magic words, 'Made in Britain', alone will carry our goods into homes and factories from Halifax to Vancouver. This would be entirely misleading. It is true, however, that Canada's economy is such that it must rely heavily upon imports of plant and equipment and, also, that it must find a market for its own primary products. Originally, furs, fish and lumber featured strongly in this range but, in time, other products have appeared—wheat first, then forest products, base metals and other minerals.

Whatever changes may take place in the Canadian economy over the next twenty-five years, it is unlikely that its population or manufacturing industry will expand sufficiently to absorb the total output of these primary industries. Much of the development of Canada's mineral and other primary resources would be uneconomic if the demands of U.S. industry declined or even stopped growing.

At present the U.K.'s ability to buy from Canada is very much governed by our overall dollar position. Yet the U.K. has remained a big market for Canada, being the largest export market for her wheat, and a substantial user of her basic raw materials. Moreover, it is certain that, with the expansion of U.K. production in the metal-using industries and with our exports concentrating more and more on highly-fabricated metal manufactures, our

demand for basic raw materials will rise.

Goodwill Missions

Canadian goodwill has received practical expression in recent years in the visits to this country of missions from the British Columbia Fisheries, the Shell Oil Company, the Pulp and Paper and the Metal Mining industries, with the object of seeing what their particular industries might purchase here. It is a quite remarkable gesture, which has not passed without comment in Canada, that the buyer should come to the seller.

These missions were unanimous in their opinion that British machinery manufacturers are capable of supplying the needs of Canadian industry on a competitive basis, but there is some criticism that British manufacturers fall behind in their sales efforts, offer long and often broken delivery dates and lack adequate servicing facilities.

Old Stories

These are old stories but, whilst they are obviously not applicable to the many successful exporters to Canada, they are too frequent to be entirely without substance. In considering them we meet the first of the difficulties which face U.K. exporters—the proximity of the United States. More and more, American manufacturers, encouraged by the ease of communications, the similarity of tastes and a familiarity with the same magazines, radio and television programmes, tend to regard Canada as an extension of their home market. A British manufacturer may hesitate to devote a great effort and outlay on what is a comparatively small population, whereas the

U.S. manufacturers can treat Canada as an overspill from the home market. In capital goods, a manufacturer in Detroit can send a service engineer in response to a telephone call from a customer in Toronto with greater ease than he can, say, Oklahoma.

This attitude on the part of U.S. manufacturers has reached a point when many will insist, in a licensing agreement for manufacture by a U.K. company, that Canada shall be excluded from the Commonwealth so far as the allocation of markets is concerned, and shall be reserved for the U.S. firm—a practice which should certainly be resisted by all British manufacturers.

Style and Sales

Much has already been written about the necessity for packaging to North American standards, styling goods or redesigning equipment to meet the requirements of the market. Too often this is dismissed as an obstacle on the grounds that such styles will not then sell in other markets. This is worthy of greater consideration because, even in the example of capital equipment, it has been found that goods redesigned to Canadian standards have subsequently found a very ready market in other countries of the Commonwealth and foreign markets.

Co-operative Enterprise

Two methods by which British firms might overcome some of these difficulties may be examined briefly. One is the formation of some form of co-operative enterprise to share the costs of facilities in Canada and, at the same time, provide a service on a wider basis. The reports of the missions mentioned above have sug-

gested that British manufacturers making complementary equipment should combine forces to a far greater extent than they do at present. There are, of course, a few examples where co-operation of this nature does exist and has been successful. On the whole, however, manufacturers have shown themselves suspicious of such schemes; they are not convinced of the advantages that must accrue, especially to smaller firms when several manufacturers of complementary and not directly competitive lines co-operate to cut overheads, present a wider and more attractive range of products and service than they could single-handed.

There are approximately 5,000 British firms listed as trading with Canada. Of these, about 670 have established subsidiary or associated companies. Britain has established many enterprises and subsidiaries in Canada since the days of the Hudson's Bay Company, but it is significant that about 100 subsidiary concerns have established themselves since the end of World War II. The pattern of establishment is usually the same—first a manufacturer begins to sell in Canada through the medium of a sales agent; as sales increase and cover a wider territory so it becomes necessary to give a speedy delivery and to maintain stocks of goods. Finally, a subsidiary firm fulfilling the functions of a sales and service organisation and possibly undertaking some manufacturing operations is the logical outcome.

The establishment of a wholly-owned subsidiary company in Canada, even if it is only a small sales organisation, conveys to Canadians the impression of permanent entry into the market—an important point

with those who still remember how they were cut off from U.K. sources of supply in the war years. It gives to the British manufacturer greater control over his sales activity and is not without certain tax advantages. Like many other important steps in life, it is not to be undertaken lightly but advice on the subject from a number of competent sources is readily available.

Room for Expansion

There is undoubtedly room for expansion of our exports to Canada. Many firms which have not yet explored the possibilities of the market and feel the step is too great might, in their long-term planning, consider whether they can afford not to be in the market. Although, at the moment, population is only upwards of 15 millions, developments are taking place which will ensure Canada's place as a great nation in the future. Exploitation of the iron ore at Knob Lake on the borders of Quebec and Labrador and the great aluminium smelter at Kitimat, British Columbia, both now in production, were mere ideas only a few years ago. Although Alberta's oil has been a synonym of Canadian development for many years, it was a surprise to many to hear the Premier of Manitoba tell a recent F.B.I. meeting that, this year, his province hopes to be self-sufficient in oil. In Ontario, the famous 'golden mile' from Toronto

is already the home of many British subsidiary companies.

Further expansion in the provinces of Ontario and Quebec is inevitable with the completion of the St Lawrence Seaway. Work on this project started, appropriately, on August 10, 1954, the Feast Day of St Lawrence. The Hon Lionel Chevrier, president of the St Lawrence Seaway Authority, has said 'The Seaway, by opening new opportunities to heavy industries and others for whom water transportation is important, will set up a chain reaction that will reach other industries and localities'.

Britain's Part

Many British industries have already broken new fields in Canada. About twenty contractors, including a number of leading British firms, and about seven firms of consultants, have established themselves in Canada within the last three or four years. British radar equipment is being installed in the chain of stations across the Arctic which comprise the Distant Early Warning (D.E.W.) Line being constructed by the U.S. to give additional warning against air attack from over the Arctic. Turbo-jet aircraft from this country are now operating on internal airlines. These are not by any means the only examples of British industry's part in Canadian development; there is ample room for others.

(2) NIGERIA: THE SEARCH FOR OIL GOES ON

DRILLING has begun on two more oil exploration wells in Nigeria by the Shell-BP Petroleum Development Co (of Nigeria) Ltd. bringing the total to fifteen since the first deep well was

spudded-in five years ago. At Afam, 25 miles east of Port Harcourt, a new well is expected to be completed by mid-December. The National 80 rig, capable of

From Eastern Nigeria Today, October 1955

reaching a depth of over two miles, is being used. Fourteen miles of new road have been constructed through difficult low-lying terrain to enable heavy vehicles to carry the drilling equipment to the location.

The second well is situated further north to the east of the River Niger. It has been started on the Akukwa structure near Awka, Onitsha Province, and is the second to be drilled in that particular vicinity. Work will go on for four months and it is hoped that the new well will determine whether or not any oil is associated with the high pressure gas encountered in the Akukwa No. 1 well last year. Then, the pressure of gas was so high that it damaged the drilling

equipment and escape of gas went on for a fortnight before being brought under control.

Now, a new and heavier drilling outfit, with controls expected to be strong enough to withstand any high gas pressure and capable of reaching a depth of 12,000 feet, is being used. To get the equipment to the site, five major bridges, and numerous smaller ones, were reinforced by the Company's engineers, while a temporary Bailey bridge, with an 80-foot span, was laid over the Mamu River.

Since the first surveys were commenced 18 years ago, Shell-BP have spent some £14,000,000 in the search for oil in Nigeria.

(3) TRINIDAD OIL

TRINIDAD'S oil industry, though of minor importance in the world oil picture, is a major factor in the local economy. By virtue of its oil wealth Trinidad is easily the most prosperous of the British West Indian Islands which, apart from Trinidad's oil and the bauxite of Jamaica, are heavily dependent on exports of a small number of tropical crops, viz. sugar, citrus fruits and bananas. The relative prosperity of Trinidad will give it an important role in the British Caribbean Federation, a final draft constitution for which was adopted last February by a conference of representatives from the various territories—but excluding the mainland territories of British Guiana and British Honduras. Preparations for the beginning of federal government are now actively in hand, and the federation is planned to come into being in the early part of 1958. At the recent elections

in Trinidad the People's National Movement—a more left-wing party than that hitherto in the majority—gained a majority of the elective seats in the legislature, a circumstance which has been interpreted as favourable to the successful institution of the new federation.

Importance of Oil

Oil operations generate more than half of all incomes in Trinidad, and employ either directly or through contractors about 20,000 people or one-third of the island's labour force. The relative total importance of oil in Trinidad is greater than the employment figures suggest; it must be remembered that the oil industry is characteristically a small employer of labour—and a high employer of capital—in relation to the value of its output. No less important is the oil industry's contribution to the Trinidad Government's revenue. In

From Petroleum Press Service, December 1956

1955, for example, B.W.I. \$29.5 million, or more than one-third of all the Government's ordinary revenues, came from the oil industry. These oil revenues, which arise from a variety of taxes, etc., represent in practice a large proportion of the profits of the industry as a whole. If the industry is to remain competitive and to flourish, it cannot be subjected to any further imposts. Any further increases in Trinidad's oil revenues must be obtained from increased output; and the encouragement given to the search for oil in the marine areas was therefore a wise measure.

Powerful Support

The success of efforts to increase

Trinidad's onshore production in the past few years, coupled with the new endeavours now being made by large concerns to find oil offshore, hold out hope that Trinidad's output will continue to rise in the years to come. Such an achievement will entail heavy speculative expenditure by oil operators which can only be justified if the commercial risk is reasonable and acceptable. But given this, Trinidad, as it embarks on its new role as a leading member of the British Caribbean Federation, will have every prospect—within the limits set by the natural hazards of oil exploration—of continuing to receive powerful support for its economy from the exploitation of its oil wealth.

(4) COMMONWEALTH TRADE, 1955-56

ALTHOUGH the trade of nearly all Commonwealth countries increased substantially in 1955, when world trade as a whole rose to a record level, the Commonwealth share of a number of principal markets was rather smaller than a year earlier, according to figures in a memorandum issued by the Commonwealth Economic Committee.*

The memorandum points out that the United Kingdom was again the largest market for almost every Commonwealth country. After remaining virtually stationary for four successive years, United Kingdom imports from the Commonwealth increased by over £150 million; total imports, however, rose even more steeply and the Commonwealth share accordingly showed a slight reduction, although still not far short of one-half. Nearly the same

* *Commonwealth Trade, 1955-56* (price 2s., 2s. 2d. post free). Obtainable from H.M. Stationery Office, or from the Secretary, Commonwealth Economic Committee, 2 Queen Anne's Gate Buildings, Dartmouth Street, London, S.W.1.

monwealth countries except Australia (in 1955-56). The trade balance of the United Kingdom with Europe deteriorated sharply as a result of much heavier imports. On the other hand, a substantial surplus was earned by the Colonial Territories, since their imports from Europe rose only moderately. The trade balances of India and South Africa with Europe deteriorated further but those of other Commonwealth countries were generally somewhat more favourable than a year earlier.

Figures given in the memorandum show that the striking recovery in markets in the United States and Canada during 1955, after the setback of the previous year, included higher sales of Commonwealth products in both countries; the Com-

monwealth share of each market, however, changed only slightly, being rather higher in the United States and lower in Canada. The total increase in United States imports from Commonwealth countries (about 500 million dollars) was divided in approximately equal proportions between Canada and the sterling Commonwealth.

The memorandum points out that Commonwealth trade continued to expand during the first half of 1956; in most cases exports rose more steeply than imports, giving a more favourable trade balance than in the corresponding period of 1955. On the other hand Canada's trade balance deteriorated sharply and a similar trend appeared for India and Ceylon.

The Rise of Asian Nationalism

By THE RT HON. LORD TWEEDSMUR, O.B.E., LL.D.

Presidential Address to the Federation of Commonwealth and British Empire Chambers of Commerce

SOME remarkable changes have happened since we met a year ago. My father was wont to say, 'Let no business man take too narrow a view to his calling.' We cannot possibly separate commerce from world events. It was a one-time Prime Minister, Lord Salisbury, who said of the Commonwealth that justification of any association is that the bundle is stronger than the sticks that compose it. We are now faced with a most curious situation by which the United Nations is showing itself to be precisely the opposite, that the bundle is much weaker than many of the individual sticks in it. We all most sincerely trust that that Organisation will put its house in order fairly shortly. We are at the

moment suffering from an estrangement from the United States, which I trust will be only temporary, and there is a trend for the closer association of Britain with the countries of Western Europe, possibly as a direct result of that.

'Fascinated Repulsion'

There is one major world factor that I want to touch on. It is one which affects us in the Federation of Chambers of Commerce and British Empire rise of Asian nationalism. Professor Vincent Harlow has called it a 'fascinated repulsion'. The countries of the East and many of their peoples feel about the West a repulsion because they fear that their own

people are going to be turned into second-rate imitations of the Western peoples, and a fascination through the immense and almost magical power of Western techniques, ideas and discoveries. Just how much mischief can be caused when that powerful force is harnessed to mischievous ends as it has been recently, and is now in the Middle East, is plain to all of us. It would be a terrible tragedy in the Commonwealth if either through Asian nationalism or Western inability to comprehend it, a rift was to be made between the Commonwealth countries of the West and East.

Propaganda

The world seems to have entered a new dimension which it never possessed before, and that dimension is what might be called shortly propaganda. We in this country are quite incredibly bad at it. Some countries, like Russia, are quite incredibly good at it. The techniques of people like Goebbels have been carefully kept and improved on by some others. I think most of us in the Western part of the Commonwealth have always felt that the justice of any just cause is absolutely self-evident, and that you do not have to make a case for a just cause, for that case is apparent to anyone who looks. As we have entered that new dimension, this is no longer always true. There is now almost no cause so just that its justice is apparent to all. If you do not make your case, it is held that you have no case to make.

Flow of Ideas

Well, those who seek to prove that the Western world has had its day, and no longer counts, make their case pretty powerfully. Not only has the case to be answered by arguments, but by seeing that our techniques, our ideas and our goods reach the furthest parts of the world, and then it is not so easy to push the idea that the Western world is finished. The Western countries of the Commonwealth are the repositories of the greatest skill and the newest techniques and greater part of the manufacturing potential of the whole Commonwealth. There should be and there always must be a steady flow of technique and ideas to countries who are coming into development at a later stage in history, and thus the export drive is not merely important to rectify the balance of payments, but absolutely vital to the standing of the Western countries of the world.

And last of all let me say that the Commonwealth has only once, to my mind, been satisfactorily defined: as being a group of nations who are unforeign to each other. Well, we must strive in every possible way we can to see that that remains true, and see that we do not get separated by any misunderstandings or failure to talk things over, or anything else, because when we become foreign to each other, we become strangers, and then this remarkable unity for which the world has no exact parallel will rust and the Commonwealth will cease to exert the power for the betterment of peoples that it has for so many years.

An Economic System Exposed

BACKGROUND OF THE EVENTS IN POLAND AND HUNGARY

By MAX ROSSBACH

EVEN the latest development in Hungary cannot deceive the world about the fact that in Poland and Hungary not only a political system but also the economic one, which was claimed to be the economic form of the future, is crumbling to pieces. If, in states which are pretending to be the workers' and peasants' paradise, especially the masses of these classes of the population rise in revolt to overthrow their rulers, then it becomes absolutely obvious even to the most sceptical mind in the Western world, in what bad state the socialistic 'achievements' must be.

It is true that the Poles and the Hungarians fought for a more or less greater independence from Moscow; but this fight has only flared up because the Communist-Socialist economic system, led to the opposite of what had been promised, because it only brought hunger and misery to the masses. If the Communist leaders would have succeeded in bringing about a standard of living slightly similar to that prevalent in the Western world, the recent explosions would never have occurred.

Enforced Heavy Industry

Thus it is in fact not only Stalinism, but especially the Communist economic system, which is exposed. Stalinism is not a degeneration, but the necessary and unavoidable consequence of Marxist theory of Economics put into practice. Within the framework of Stalinistic economic

policy, Poland, which before the war was an agrarian country, was converted into an industrial state by unscrupulous development of the heavy industry. In spite of considerable success in this field, the Polish economy finds itself in a crisis for the last many years. The industrial products are of low quality, which, in turn, results in the loss of foreign markets. The new creation of many industries has also prevented the modernisation of a large number of factories set up in pre-war times. The retrograde movement in the production of coal, which was already admitted by the dismissed Party leader Ochab, has had its repercussions on all other industries as well. Of the millions of men and women who since 1946 were drawn from agricultural employment to join the industrial working process, many are now without work in the industrial towns.

Consumption Sacrificed

The enforced expansion of industry and the simultaneous abolition of all private initiative and free enterprise have been carried out at the cost of the production of consumer goods and food stuff. In order to achieve the political aim of creating within the East-Bloc an economic machinery of World Communism meant for price combat and dumping, the targets in the field of consumption were sacrificed. Despite low qualities, prices in the shops are so high that the average citizen has

From Deutsche Korrespondenz, November 24, 1956

to spend the greatest part of his income on his recurring requirements. Half a million workers have to live on a minimum wage of 500 Zloty. But a hundredweight of potatoes alone cost 70 Zloty. Nevertheless, Gomulka has left no doubt that in the near future there is no hope for an increment in wages. 'We cannot afford any considerable increases in wages', he declared in his programme speech, 'since the bow is so overstrained that it might break.'

Shortages

In Hungary the industrialisation enforced by the Soviet Union has produced the same signs of shortages. Here, too, raw materials are scarce and factories partly out-of-date. In spite of all efforts made, industrial production is on the decline since the year 1953, and the national income is below that of 1953. The pressure on the agrarian population at the beginning of the popular revolt was much heavier in Hungary than in Poland, where since two years one has been much more reluctant to impose a system of collective economy. One-third of the Hungarian soil is worked in 500 State-owned farms and in 4,500 collective societies of agricultural production. This has resulted in a great reduction of the yields of sugar turnips and potatoes as compared to pre-war times.

Fantastic Figures

Just like Poland, also Hungary is no more in a position to export agricultural produce. Already on the occasion of the announcement of the new Five-Year-Plan at the beginning of this year, it was declared that the envisaged increase

in production and the rise of the standard of living would be dependent on an increase of the individual working output of every factory worker by 35 per cent. Fantastic figures were quoted as to how the production could be raised. As such, within five years 400,000 washing machines, 130,000 vacuum cleaners, and 1.4 million radio sets would be manufactured. Meat supplies would rise by 50 per cent, sugar by 19 per cent, milk and butter by 30 per cent, and eggs by 40 per cent. Even these promises, made already long before the outbreak of the revolt, could not prevent the Hungarian people, on account of the complete loss of confidence in the Communists, to fight for their right themselves. They had been told too long, as the Hungarians humorously put it, that 'a horse sausage was a roasted partridge'. The contrast between continuous lies and real facts turned even the last follower into an opponent of the regime.

Socialist Achievements

All this ridicules at the same time the so-called 'achievements' of the German-Soviet Zone which, according to the wishes of Pankow and Moscow, shall be taken over, in the event of the later reunification by the whole of Germany. There, too, the same conditions are prevalent which caused the popular revolts in Poland and Hungary. Even the policy of brute force which suppressed the Hungarian people's revolution cannot alter the fact that the economic system of the East-Bloc States has no future.

The development of the world does not lead to Communist Socialism which has failed when put to the test. It leads to the socially-based economic system of the free world.

Population in the U.S.S.R.

By PROFESSOR GILBERT JACKSON (Toronto, Canada)

THE latest pre-war Soviet Census says that in 1939, the population of the U.S.S.R. was 170,467,000 persons. That enumeration covered *not* the present U.S.S.R., but only the lands then ruled by the Kremlin. Till June, 1956, no subsequent official estimate of Russia's population was released.

Meanwhile, during late 1939 and 1940, territories were annexed by the U.S.S.R. from certain neighbouring countries: Estonia, Latvia, Lithuania, Czecho-slovakia, Finland, Poland and Rumania. These territories included at the time perhaps 23 millions of persons.

An amateur student of population thus might have supposed that within its then enlarged boundaries, the U.S.S.R. had a population of about 195 millions of persons at the close of 1940.

During the long interval within which the Kremlin threw no light on the numbers of persons living within the U.S.S.R. the Statistical Office of the United Nations published certain estimates crediting the U.S.S.R. with a population of 199 millions (as of December, 1940), and 216 millions (as of December, 1955).

Their estimate for 1940 thus is about 4 millions more than they might otherwise have reached, by combining the results of the 1939 census of all the Russias, with the 23 millions of persons (more or less) brought within the U.S.S.R. by the territorial annexations, above mentioned.

Kremlin Silence

The silence of the Kremlin on the

subject of population was at last broken when, in June 1956, the Central Statistical Board of the U.S.S.R. published a statistical handbook: National Economy of the U.S.S.R.

This volume states that the population of the U.S.S.R. was 191,700,000 in 1940; 200,200,000 in 1955.

The most recent official figure for 1940 thus is less, by 3.3 millions, than the figure quoted above which an amateur student of population might have imputed in 1940 to the just augmented territories of the U.S.S.R.

It is less by 7.3 millions than the figure which is attributed to the U.S.S.R. as of December 1940, by the Statistical Office of the United Nations.

Furthermore, the Kremlin's official figure for 1955 is nearly 16 millions less than the corresponding figure, till then attributed to the U.S.S.R. by the statistical office of the United Nations.

If, for lack of knowledge to the contrary, we now suppose that the figures published in June 1956 by the Central Statistical Office of the U.S.S.R. as of June 1940 and 1955, may be regarded as valid; we must conclude:

- (a) That the net increase in the population of the U.S.S.R. between 1940 and 1955 was no more than about 8,500,000 persons; and
- (b) That (with reference to the previous estimate for 1955 by the Statistical Office of the United Nations) there were nearly 16 millions of persons 'missing'.

To that extent also the pressure national is destined to be somewhat less than otherwise it might have always militant Communist Inter-

Closer Economic Integration in Europe

In June 1955, six European countries, namely Belgium, Luxembourg, Netherlands, France, Italy and the Federal Republic of Germany (which are members of the Coal and Steel Community) held a conference at Messina to consider proposals for the creation of a European Common Market or a Customs Union. These proposals were the subject of a further conference in May 1956 at Venice, when the governments concerned decided to pursue and complete these studies with a view to drafting a treaty which would establish a common market among the six countries.

A Broader Proposal

A special working party of O.E.E.C. in Paris, has studied a somewhat broader proposal—for a close association between the proposed customs union among the six countries, on the one hand, and members of the O.E.E.C. not taking part in the customs union, on the other. The working party was instructed to take into account the creation of a free trade area which would include the customs union and the other members of the O.E.E.C. It may be noted that the O.E.E.C. Council at ministerial level, in July 1956 instructed the Council at the official level to ensure that there shall be, at the appropriate time, consultations with the G.A.T.T.

Although the report which was considered by the Venice conference does not necessarily represent the proposals for a common market in their final shape, it indicated the main principles which have guided the preparatory work. It envisages the setting up of a common market which would take the shape of a customs union among the six coun-

From European Office of U.N., Geneva, November 14, 1956

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calculation) we cannot but conclude that, during the past ten years, the Russians have multiplied relatively slowly.

No doubt that is largely due to the presence in isolated slave camps, continuously during this period, of many millions of Soviet citizens.

Segregation of the sexes on so large a scale (and simultaneously, the maintenance of more millions of persons in Russia's armed forces, away from their homes and often outside the national boundaries) conceivably may have been responsible for a post-war curtailment of that country's birth rate, not less than the differential tentatively mentioned in above, between Russia's average annual rate of increase and for example, that of the United States.

Man-Power Shortage

Thus does Nemesis pursue such a ruthless dictatorship as Josef Stalin exercised. In terms of population growth, its consequences will be felt by Russia for a long time.

Today, many perhaps most industrialised countries are experiencing a severe shortage of manpower. There is an acute shortage on the North American continent. There is evidence of a no less acute shortage in Russia.

But on the North-American continent the birth rate has increased so much since 1945 that we now can take for granted a fairly rapid growth in the numbers of our working force—if not in the next few years, at least within this generation.

But not in Russia. The rate of increase in that country's labour force will continue to be retarded severely for a long time—perhaps for decades—directly because of the misdeeds of a dead dictator.

when the Russians were counted last year.

Source of Discrepancy

We should like, if possible, to find the source of this discrepancy.

It is of course notorious that a very large number of men, women and children in the U.S.S.R. perished during World War II—popular discussion has conjectured, about 15 millions.

As to the rate of increase in the population of the U.S.S.R. since the close of World War II:

Let us deduct 15 millions of persons (the conjectured Russian mortality during World War II) from 191,700,000 (the population total of the U.S.S.R., reported as of 1940 by the Central Statistical Board of the U.S.S.R.). We thus get a presumed population total for the U.S.S.R. in, say, 1945, of about 177 millions—to be compared with the 200,200,000 reported as of 1955 by the same Russian Statistical Board.

Such a net increase during the decade implies an average rate of increase between 1945 and 1955 of 1.25 per cent annually.

The corresponding annual rates of increase in the two North American countries, during the same decade, have been:

Canada 2.60 per cent per annum;
U.S.A. 1.68 per cent per annum.

(But the Canadian percentage reflects a large net immigration from abroad. The 'true' rate of natural increase in Canada may have been about 2 per cent.)

A Comparison

From a comparison of the respective annual percentages above-mentioned (no matter how large the margin of error for which allowance ought to be made in this very crude

Oil Supplies for Europe

Present Position

Prior to the Suez crisis, the rapidly increasing oil needs of Europe, and indeed the world, were being met without difficulty, but this involved the virtual full employment of the world tanker fleets. The disruption of oil communications resulting from the denial of the Suez Canal and the closure of the I.P.C. pipelines has, however, radically altered the European oil supply position. Approximately 80 per cent of Europe's needs (representing about 100 million tons per year on 1956 level) were normally obtained from the Middle East.

A tanker employed on the Persian Gulf-Europe route via the Cape can transport about 60 per cent of the oil which it could carry in a given period via the Canal, while in the case of tankers normally loaded at the eastern Mediterranean pipeline terminals re-routed round the Cape, the carrying capacity is a mere 25 per cent of normal. After taking account of supplies normally obtained from the Western Hemisphere and indigenous production, it is therefore clear that without the most strenuous measures being taken to increase Western Hemisphere availability, Europe as a whole can count on receiving little more than 60 per cent of her estimated requirements.

Longer Hauls

Studies of the world oil flow pattern have disclosed that to make good in Europe the loss in supplies from the Middle East—a loss which is not a physical loss of oil but a reduction due entirely to insufficient tanker tonnage to cover the longer

hauls—would necessitate, under the most favourable hypothesis of tanker utilisation and inter-company co-operation, an increase in Western Hemisphere production of approximately 1.7 million barrels per day (about 85 million tons per annum).

The Organisation has no means of telling whether an increase of this magnitude is within the compass of Western Hemisphere capabilities but all evidence points to the fact that such a massive increase would take many months to achieve and might be impossible on a sustained basis. The best technical advice available to the Organisation suggests that to maintain a supply level of 75 per cent of what would have been regarded as normal, an increase in Western Hemisphere production of about 6,800,000 barrels a day would be essential. To secure one extra ton of oil for Europe, two extra tons of production would be required in the Western Hemisphere. This is so because it is necessary to offset against the increased production the loss of the Middle East oil which would otherwise have been transported by the tankers diverted to the shorter North American run.

Co-operation Needed

Even if this increase in production could be secured, the co-operation of the companies and the most efficient use of tanker tonnage would be essential to raise the level of supplies in Europe from 60 per cent to 75 per cent. Expert opinion suggests that an increase in Western Hemisphere production of 60,000 to 800,000 barrels a day is within the capabilities of producers in the

From O.E.C. Paris, November 30, 1956

United States and Venezuela, but in the present circumstances more than commercial incentive alone is needed to bring forth the additional oil.

Despite efforts to purchase additional supplies, the necessary quantities could not be obtained for further shipments. Although a substantially larger quantity is in transit than is customary, a proportion of the purchases represent withdrawals from Western Hemisphere stock and are therefore in the nature of 'once and for all' supplies. It is understood that the 'allowables'—i.e., the authorised production—have been raised in Texas and Louisiana, but substantial increases are required if oil supplies for Europe are to reach more tolerable levels.

Until a major increase in Western Hemisphere production is achieved—and hence export availabilities are increased—European stocks will fall rapidly despite the introduction of severe restrictions on the consumption of oil in Member countries.

Action Taken

The Organisation has taken action to minimise the effects of the shortage and the Council by its resolution of 8th November agreed that 'in the event of a shortage in the supplies of oil for Europe, the resulting burden should be shared by Member countries on a fair and equitable basis'.

The Organisation, faced with a shortage, must proceed to the allocation of available supplies between Member countries. For this purpose it has set up an O.E.C. Petroleum Industry Emergency Group ('O.P.E.G.') by issuing invitations to European international supplying companies to propose representatives to work with the Organisation. This

group will advise the Oil Committee about the availability of oil for Europe and assist in the implementation of its recommendations.

All Member countries have taken, and notified to the Organisation, measures to restrict consumption. The broad effect of these measures is to reduce consumption by 20 per cent overall.

All Member countries have also agreed to avoid taking without prior consultation with each other, action that might affect the ability of the oil industry to achieve on a world-wide basis the optimum use of available supplies of oil and tanker tonnage.

Close co-operation between Member countries and the oil industry is essential and Member countries have set up national committees composed of representatives of the oil distributors in each country. These committees are in a position to supply the Organisation, through the Government concerned, with statistics on national stock levels and estimated arrivals.

Action Required

The amelioration of Europe's oil supply situation depends on the co-operation of the international supplying industry as a whole, both in relation to supplies of oil and the utilisation of tanker tonnage, as well as an increase in Western Hemisphere production.

Allocation without knowledge of the forward supply position of Western Hemisphere oil can, at best, be only partially successful. An effective allocation can only be attained by close co-operation between the international supplying industry as a whole and the Organisation. Until this is achieved, certain

steps to deal urgently with particularly serious situations in individual countries should be taken by consultation between the Organisation and representatives of the European

international supplying companies. This will not increase supplies of oil but will be of assistance in securing a fair and equitable distribution of available supplies.

The Toll of Strife

UNEXPECTED and almost incredible events have unfolded in the Middle East with dramatic swiftness. Israel's invasion of Egypt, the Anglo-French ultimatum and armed intervention, the blocking of the Suez Canal, the complete destruction of the pipeline pumping stations in Syria, the ceasefire, the creation of a United Nations police force; all occurred within a matter of days, to shock and anger a riven world. We can but hope that from the anger and strife some good may eventually come.

President Nasser has repeatedly asserted since his seizure of the Suez Canal Co. that Egypt would always respect the 1888 Convention under which the Canal was to be open to navigation in peace or war. The senseless sinking of so much of the Canal Company's working equipment provides bitter evidence, however, for earlier contentions that this vital waterway cannot be left at the mercy of any single government but must be brought under firm international control. So too, the destruction in Syria along the pipelines from Kirkuk in Iraq to the Mediterranean, by whomsoever carried out, was an act of wanton destruction. Far removed from the area of the fighting, the destruction was performed with thoroughness and ob-

viously by trained demolition personnel. The consequences are more serious for Iraq than for any other country against whom the blow was aimed.

Immediate Consequences

The immediate and most urgent consequence of these events is a severe reduction of Middle East oil supplies, not only to the U.K. and France but to all other countries of Western Europe as well, and to a degree that had hardly been envisaged. At the moment, Tapline from Saudi Arabia to Sidon in Lebanon is the only line to the Mediterranean working normally, carrying about 16 million tons of oil a year, none of which may now, by edict of the Saudi Arabian Government, be loaded for the U.K. or France. Supplies of about 25 million tons a year from Northern Iraq have ceased to flow. About 70 million tons of oil a year were going through the Canal. If all the tankers that were carrying oil from the Persian Gulf to Europe via the Suez Canal were routed via the Cape they could carry to Europe no more than 60 per cent of that volume of oil. Many tankers have therefore been diverted to carry oil over the much shorter routes from the Caribbean and U.S. Gulf Coast. At the moment Persia is less affected

than any other Middle East oil-producing country, much of its oil going to Indian Ocean and Far Eastern markets. But output in Kuwait and Saudi Arabia is bound to be substantially reduced. Higher output and purchases in the Caribbean and the U.S.A. are the only means by which the sudden reduction in Europe's supplies from the Middle East can be offset. So far, however, supplies obtainable from the U.S. are inadequate, and the attitude of the U.S. Administration at the moment is unhelpful. A reduction of about one-quarter in Europe's total oil supplies seems unavoidable for the time being.

Impact on Western Europe

The impact upon Western European countries is the more severe in that it occurs at a time when oil is being called upon to an increasing extent to meet industrial energy requirements. Oil consumption has latterly been at a rate well above 100 million tons a year (plus about 13 million tons of ocean bunkers) and has continued its rapid post-war rise which has averaged 14 per cent a year since 1948.

Inconvenient though smaller supplies of gasoline may be, the shortage of black oils will be much more serious, with widespread effects upon industrial activity. The long-term supply developments which have been concerning the oil industry for some time—*viz.*, the swifter advance of demands for black oils, and especially for middle distillates—are brought into new prominence by the overall shortage. Unhappily, the reduction in Middle East oil supplies coincides both with a drop in exports of Polish coal to Western European countries, and with an interruption of

supplies of coal from the U.S. owing to the now terminated dock strike there. This strike also held up the loading of some tankers for Europe.

Demand for Tankers

So far, consumption in importing countries not dependent upon the Suez Canal has not been affected, although in the interest of optimum overall planning even the normal supply pattern of these countries has been disturbed. But in any case, the pressure of demand for tanker tonnage is bound to affect to some degree supplies all over the world. For all countries, the sharp rise in tanker freights and the hardening of prices at main supply centres will mean higher oil import prices and therefore higher local selling prices. For Europe as a whole, larger supplies from the Western Hemisphere will also call for larger dollar payments. The U.K. will be specially affected in this respect in view of the sterling oil companies' higher dollar expenditure in getting bigger supplies from the Western Hemisphere.

Wanton Destruction

On the oil-producing countries of the Middle East, the effects of the past month's events will be sharp and severe. Development programmes, geared to ever-expanding oil revenues, will be injured, and faith in the inevitability of prosperity based on oil has been shaken. Victims of the senseless blocking of the Canal or the wanton destruction of the pumping stations, they, like all Western Europe, must be seriously reflecting upon the urgency of ending the present sorry plight and ensuring that it cannot recur.

One may turn for relief from these

sombre happenings to the significant fact that the recent tragic events in the Middle East have brought about the creation of an *ad hoc* international police force; and that the United Nations Organisation, with a courage none the less effective for being born of despair, has at last firmly committed itself by practical measures—in this area of the world at least—to its main purpose of ensuring peace. We may hope that under its aegis, the aggravation of the running sore of Arab/Israeli bitterness which has plagued the Middle East for a generation, may cease, and that it may perhaps eventually be healed. It is also to be hoped that the mischief-making of the U.S.S.R. in the area can be restrained. Through U.N.O.'s offices, too, the Suez Canal is to be cleared and reopened to navigation. Even the clearing of the Canal to the extent which would permit large tankers to travel southwards in ballast would relieve Europe's oil supply difficulties.

Mutual Interest

The present crisis has unmistakably demonstrated the mutuality of economic interest between the countries of the Middle East and the West. Renewed failure to settle peacefully the crucial issues in the Middle East could lead to full-scale war and to final disaster for mankind.

Among the first measures for restoring peace and order in the Middle East must surely be that of getting the oil supplies flowing in full again to the West. This will restore the sole basis of prosperity in the oil-producing countries, and resume the spreading throughout the Middle East of the benefits which the oil industry's activities bring to the region as a whole. To this end, freedom of transit must be effectively confirmed as an elementary right and obligation of civilised countries. No country should have an economic stranglehold on the oil-producing countries of the Middle East and on Western Europe.

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(1) FOOD AND OUR ECONOMIC FUTURE

Specially written for ECONOMIC DIGEST by JORIAN JENKS

The present international crisis, even if resolved as speedily as we all hope, can hardly fail to worsen our national economic position. We may well find it even more difficult than we do now to pay for our imports. The largest and most essential group of these is food, and it has become almost a national custom to call on home agriculture, in an emergency, to step up its production. In the past, the response has always been excellent; but since the situation today differs in some important respects from those of 1916, 1931 and 1939, its main features need careful consideration before any hasty assumptions are made.

Our balance of payments position is obviously of crucial importance. On it depends our ability to buy abroad, the exchange value of sterling, and the part we can play in assisting under-developed countries. There is some cause here for anxiety. Our share in world export trade is diminishing; and the rising tide of nationalism in formerly dependent territories is affecting our economic relations with them, both in buying and selling; one need mention only India as an example. Under such circumstances, might it not be wiser to tackle the import side of the balance by spending less on things we can produce for ourselves, or do without, than to rely on even greater efforts by our export industries?

Fewer Food Imports—

More Materials

The two biggest items in our import bill are food and raw materials. The more food we can grow at home, the easier will it be to pay for materials (and oil) that we cannot produce for ourselves; and there is no doubt that we could grow

more food if that again became national policy. True, such food might cost us a little more per lb. than we are paying—at the moment—for the imported article. But it would be a direct, internal transaction, as compared with the hazards and complexities of an export-import system sensitive to every squall in international weather; and with the barometer where it is, there is a good deal to be said for playing safe.

This policy, however, would be effective only if expanding home production were matched by corresponding cuts in imports, preferably on a selective, quantitative basis, with Commonwealth (and possibly certain other) supplies dovetailed into home supplies to assure a steady flow. From the food-supply point of view, this makes common sense. But it would involve a radical departure from the present, American-inspired, policy of trade liberalisation, and no doubt some 'agonising re-appraisals' would have to be made.

Further, agriculture itself would have to be weaned from the im-

ported feedingstuffs and fertiliser materials on which it now leans so heavily. This might be all to the good in the long run, but considerable readjustments would have to be made.

Agricultural Oil Consumption

And what about oil? It seems ironic that our best import-saver should itself be so dependent on import problem No. 1. There is today hardly a farm operation that does not involve oil consumption in one form or another, and annual usage by U.K. agriculture, exclusive of transport, has been estimated at 170 million gallons of vaporising oil and 75 million gallons of diesel oil, rather more than a million tons altogether.

But most farmers would admit that tractors are often used wastefully and that economies could be effected. It has also been found that, for many of the lighter tasks, horse-flesh is cheaper than horse-power and just as efficient, though any large-scale change-over is ruled out by scarcity of horses and horse-flesh. In a real emergency we should have to train bullocks and bullocks!

Even in the major tillage operations there would seem to be possibilities for saving fuel. The growing school of 'organic' farmers, for instance, maintains that, once the structure of a soil has been improved by raising its humus content, shallow cultivations give better results than deep ones, and that fewer are needed. So while it is probably true that increasing farm output would mean increasing farm oil consumption, it by no means follows that the latter would rise as much as the former.

Dependence on Industrial Products

It is not, of course, only through mechanisation that farming methods have changed in the last 20 years. A combination of economic pressures (especially labour costs) with those exerted by official exhortation and commercial enterprise has made agriculture more dependent than ever before on the products of industry—chemical fertilisers, seed dressings, sprays for killing weeds, pests and blight, compound feedingstuffs laced with synthetic vitamins, antibiotics and what-have-you.

These technical aids have certainly played a part in enabling agriculture to maintain output with diminishing man-power. But, quite apart from possible long-term effects on consumers, they have two aspects not so widely publicised. First, they increase the man-power (much of it highly trained and paid) *indirectly* employed in agriculture, *i.e.* in laboratories and factories. Second, they are effective in raising output, but not the capital stock of fertility in soils, plants and animals from which it is derived. Indeed, there is some evidence that they can lower it, just as modern pumps and deep wells, while increasing water supplies, lower water tables.

It is on these technical aids that the Government chiefly relies for the 'increasing efficiency' which, it maintains, justifies it in 'under-recouping' cost increases through the price guarantees. But prudence suggests that if they are to be relied on also for any substantial and sustained increase in production from the land, far more attention will have to be paid to the fertility of the land itself and the stamina of crop plants and farm animals.

'Economic' Production

This brings us to agricultural policy in general. The Conservative governments in office since 1951 have laid increasing emphasis on 'economic' rather than maximum production. This may be largely because, having dismantled the apparatus of bulk purchase at fixed prices and revived open-market trading, they have been under the necessity, under the 1947 Agriculture Act, of making 'deficiency payments' to bridge the gaps between market prices and those guaranteed to producers after negotiations with their Unions. By this process, traders and housewives have regained freedom of choice; but this freedom has not prevented retail food prices from rising much rapidly than have producers' prices. It is, indeed, arguable that some at least of the so-called agricultural subsidies represent the cost to the taxpayer of restoring freedom to the food trader.

Conflicting Policies

This is clearly an expensive way of doing things, and the more that home production increases, the more expensive is it likely to prove. The

Government has already made it plain to farmers that it does not want any further increase, except perhaps in meat, and is beginning to penalise it by restricting the guarantees. Indeed, so long as imports are virtually unregulated, further expansion of home agriculture seems pointless and profitless; and this situation may in turn act as a brake on 'increasing efficiency' to the extent that the latter depends on a rising output over which to spread rising overhead costs.

Economics apart, farmers have shown repeatedly—outstandingly in the case of milk—that they can increase production most readily when they can turn over their marketing problems to some organisation, whether Board, Corporation or Ministry, which will take all their produce at predetermined prices.

Does it not therefore begin to look as if the Government, if it is to count on home agriculture for assistance in improving balance of payment prospects and in assuring national food supply, will have to modify its own policies in certain important respects, notably trade liberalisation, agricultural marketing and prices, and its attitude towards the land?

(2) DEMAND FOR FARM PRODUCTS

ECONOMIC 'PAUSE' FORECAST

The Food and Agriculture Organisation forecasts that the demand for farm products in the industrialised countries is likely to stay at its present high degree, but there will be no appreciable increase this coming year.

'For products which are already encountering marketing difficulties', F.A.O. says, 'no improvement seems

likely in the year ahead. The high, but probably stationary, demand will continue to be faced by a world supply, which for many products is much in excess of requirements, though largely under government control.'

'A somewhat reduced production of grains, vegetable oils and citrus fruits in Europe, as a result of the

severe winter of 1955/56, should lead to some increase in outlets for the exporting countries. But competition on international markets is likely to increase and there is little chance of any appreciable recovery of prices. On the other hand, few further serious declines seem likely, except perhaps for cotton where an intensification of surplus disposal might further depress the market.

The F.A.O. comments are contained in the organisation's 'State of Food and Agriculture, 1956'.

It says the outlook for the demand for farm products in the less-developed countries is partly dependent on economic developments in the industrialised nations. 'A high level of economic activity in the industrialised countries will not only be reflected in a larger demand for primary products from the less-developed countries; it may also be expected to stimulate domestic em-

ployment and rising income in under-developed countries themselves.'

However, says F.A.O., the declining price movement which began toward the end of 1955/56, likely will continue into 1956/57.

'Although the demand for agricultural products is likely to remain at a high level, the pause in world economic development may thus make 1956/57 a somewhat less favourable year than 1955/56 for agriculture', F.A.O. says. 'But it may be repeated that there is no indication that the present standstill will deteriorate into a recession. The underlying expansive forces—population growth, high rate of investment, full employment policies, international aid for the development of under-developed areas—continue to operate unabated, so that it is likely that the pause will be of relatively short duration.'

(3) THE WEATHER AND THE FARMER

No one ever heard a farmer admit to prosperity. There is something about the land, it seems, which breeds a certain caution as to the future, involving an extensive discounting of the present. Much of this, the townsman feels, is probably due to the weather. In cities, men suffer from the climate, but the more thoughtful of them sometimes spare a moment for reflection on the fact that the farmer not only has to go out in it, but relies upon its co-operation for his very living.

This year it has certainly been the weather which has affected both the farmer's mood and his pocket. January opened with widespread gales and continued with snow in

From Westminster Bank Review, November 1956

Salvage Operations

There followed a wet July and a wetter August, as even the townsman can remember. Grain crops suffered from hailstorms; in many cases were flattened by the weather, and generally were late in ripening. It became clear that a good harvest was no longer probable, and, indeed, that in many areas something more like a salvage operation was likely to take the place of the pastoral scenes of the harvest. September continued wet in exasperatingly patchy fashion, but by the end of the month it could be said that about 90 per cent of the cereal crops had been harvested. From being described earlier as 'disastrous', the harvest had progressed to the point where it was reported that less than 1 per cent of the total cereals acreage would have to be abandoned.

Latest reports speak of wheat and

barley yields being above the 10-year average, but pay scant heed to the cost at which these results have been achieved. Long hours of overtime, worked during what dry weather there was, have pushed the wages bill to a level which, combined with the expense of artificially drying the grain, has involved many farmers in heavy loss. Furthermore, a special price review to take account of the recent increase in agricultural wages has been refused.

What individual exertions have gone to turn disaster into very expensive success, only the farmers know. But that they are not entirely dismayed is evident from the fields to be seen from the train. All over England they are starting again; the plough is at work on the stubbles. Next year can hardly be worse, and we may join with the farmers in fervently hoping that it may prove better.

(4) PRACTICAL SHEPHERDING

Practical Shepherding by H. G. Clarke. Published by Farmer & Stockbreeder Publications Limited. Price 7s. 6d. net.

This handbook provides, for the first time, an up-to-date and eminently practical manual for the flockmaster and the shepherd. The author is an owner-shepherd who has looked after his own large flock of sheep for a quarter of a century, and this book is the fruit of his long experience.

Practical Shepherding deals in simple but expert terms with work with the sheep flock through the year. It begins with a section on the choice of a breed, and then goes on to explain the proper management of the ewes at mating time, during pregnancy and at lambing; the handling of ewes and lambs; the technique of shearing; and methods of weaning and dipping. It is well illustrated with photographs.

The fundamental error of economic policy today is the attempt to regulate the amount of money and credit required in the country by the amount of gold and foreign currency held in the central bank.

From The Editorial, The Individualist, December 1956

U.K. Tobacco Policy

BY EVAN CAMPBELL
President of the Rhodesia Tobacco Association

ADDRESSING the annual meeting of the Association at Salisbury on November 6, Mr Evan Campbell urged the U.K. Government to review the present arrangements whereby tobacco manufacturers in Britain are permitted to buy 61 per cent of their requirement of leaf from dollar sources. He said that it appeared unreasonable to Rhodesian growers that the two companies which dominated the trade in Britain would not give support to a gradual changeover towards a higher proportion of Commonwealth leaf. There had been a striking increase in the use of Rhodesian leaf over the years and this had not proved obnoxious to the consumer. That was surely proof that a further increase would not impair either the revenue received from the tobacco duty or the profits of shareholders in the companies concerned.

Pointing out the considerable saving in dollars that could be effected in this way, Mr Campbell said that the U.K. tobacco manufacturers were either extremely conservative in their usage of leaf and adverse to making further changes for this reason or they might be allowing their vested interests in the United States to dictate a policy that ran contrary to the dollar saving which was so necessary to Britain's economy. Whatever the reason the problem merited investigation now that Rhodesia had proved its ability to give continuity of supply.

From Commonwealth Producer, Nov.-Dec., 1956

Purchases Drop

The preliminary forecast of U.K. purchase of Rhodesian leaf in 1959 indicated not an increase but a drop of some 3m. lb. Against this Mr Campbell claimed that a gradual increase in the quantity of Rhodesian tobacco used in the standard U.K. blends would have no adverse effect on consumption, even if the present average proportion of 22 per cent were doubled. If filter-tip cigarettes became as popular in Britain as in the United States demand for the lower grades of leaf would grow and as these grades were far cheaper in Rhodesia than in America no U.K. manufacturer would be able to justify purchasing in the more expensive dollar market.

Production Record

The 1956 crop had broken previous records for total weight, value and average yield to the acre planted, but that was only half the story. The overall average price had dropped 16 per cent although an extra £2m. had been spent on growing a crop of more than 171m. lb. The influence of U.K. purchases had lessened considerably and a large percentage of production had been sold for well below cost. Buyers had been inconsistent and erratic in their appraisal of the leaf on offer. Just as the buyers had the right to demand that the growers should produce a certain quality, growers were entitled to ask that only the most highly trained men should act as the final arbiters

of their fortunes. Mr Campbell again called for the setting of a target of 150m. lb. for the 1957 crop. Between them the United Kingdom, Australia and South Africa would take from 96 to 100m. lb. of the better grades and the balance would be saleable without difficulty, in spite of the unfair trading practices of the U.S.A.

The Projected European Common Market

In view of current discussions concerning the possibility of developing a 'Common Market' centred on the six member-countries of the European Coal and Steel Community the following figures of exports in 1955 of machinery and electrical apparatus may be of interest. These show exports by countries which are members of the Community to other Community members. U.K. exports to the same countries are also shown.

To Belgium and Luxembourg:	£ million
France exported	8.9
Netherlands exported	13.4
Italy	1.8
W. Germany	35.7
	U.K. exported 15.5
To France:	
Belgium and Luxembourg exported	6.5
Netherlands	5.6
Italy	9.3
W. Germany	43.1
	U.K. exported 23.4
To W. Germany	
Belgium and Luxembourg exported	3.0
France	4.6
Netherlands	10.0
Italy	4.0
	U.K. exported 10.9
To Italy:	
Belgium and Luxembourg exported	1.3
France	6.0
Netherlands	2.6
W. Germany	40.5
	U.K. exported 14.5
To Netherlands:	
Belgium and Luxembourg exported	19.1
France	5.9
Italy	1.9
W. Germany	55.2
	U.K. exported 26.2

From Information Supplement, British Engineers' Association (Inc.)

Minerals and the Latin-American Economies

THE importance of Latin America in the world mineral picture is easily illustrated by a few striking statistics. In 1955 this area produced approximately one-fifth of the world's output of copper, lead and zinc, Bolivia supplied some 16 per cent of the tin, and the Caribbean area about one-half of the bauxite. For petroleum the area is one of the two great surplus-producing regions of the world, contributing in 1954 about one-third of the petroleum and petroleum products entering into world trade. And its reserves of iron ore, which are just beginning to be developed, are very large: one recent estimate puts commercial reserves at some 25 billion tons (30 per cent of the estimated world total) and potential reserves at double this figure.

Strategic Materials

It is not only for these better-known resources that Latin America is important. Brazil, for instance, produces almost all of the world's supply of quartz crystals, a strategic material used by the electronics industry; and the entire list of minerals is a varied one, including tungsten, beryllium, vanadium, molybdenum, antimony, industrial diamonds, graphite and bismuth. Several current projects financed by U.S. capital highlight the growing diversity of the mineral picture: a manganese deposit north of the Amazon in Brazil and a titanium deposit in Mexico are being developed; the expanding production of sulphur from the salt domes in the Isthmus of Tehuantepec is making

Extract from Monthly Review, Bank of Nova Scotia, October 1956

Mexico an important source of this mineral; and progress is being made on the metallurgical problem of recovering nickel from the large Cuban deposits.

Impressive Expansion

The United Nations index of Latin American mineral output provides a broad general measure of the impressive expansion that has been brought about by increasing world demands and the development of new resources. By 1955 it had risen more than 50 per cent since the immediate post-war years and was two-and-one-third times the 1937-38 figure (the latter increase being about the same as for Canada). Of the major minerals, petroleum, bauxite and iron ore—the chief 'development minerals' of the area—have shown particularly sharp increases.

Lead and zinc production has increased, though with fluctuations that have reflected world demand; and copper production, suffering from various difficulties in the Chilean mines, did not regain its post-war (1948) peak until last year, when there were signs that copper was entering a new era of development. Three other traditionally important mineral industries, however, are now receding in importance—Bolivian tin, most of which is difficult to smelt and which faces other problems partly arising from the exhaustion of the richer veins and the remoteness of the mines; Chilean nitrates, which are unable to meet the competition of cheaper synthetic nitrates; and Mexican silver, output of which has fallen as silver has

become more and more a by-product of lead and zinc production.

Domestic Consumption Small

The importance of minerals varies in the individual Latin American countries from Venezuela, where petroleum exports account for 94 per cent of all exports, to countries such as Uruguay and Paraguay which are predominantly agricultural. Domestic consumption of the minerals produced is generally small, the output of most products being almost exclusively for export. Certain countries in addition to Venezuela—Chile and Bolivia and to a lesser extent Peru and Mexico—depend heavily on mineral resources as a major source of foreign exchange.

As a result, fluctuations in world mineral markets have important repercussions on these economies. Non-ferrous metals have shown particularly wide price swings, and declines in price and in the volume sold have generally gone together—a circumstance which has been especially serious for Bolivia, where tin and a few other metals account for nine-tenths of total exports, and for Chile, whose exports are dominated by copper.

Processing Mineral Output

It is difficult to generalize about the effects of mineral development on the various economies. Clearly, however, there is a tendency for an increasing proportion of the mineral output to receive some degree of

processing before being exported. As yet fabricating industries based on local resources have been little developed, and it seems likely that for a long time to come Latin America will export the bulk of her mineral production in simply processed form. Nevertheless, the recent exploitation of iron-ore resources has helped to bring about the development of small steel industries in several countries; and in Brazil (which has made some progress in establishing itself as a manufacturing centre for South America) and in Mexico, a marked growth of secondary steel-using industries is proceeding. It is interesting to note that European capital is involved in some of these secondary industries, in contrast to recent primary developments which have been largely financed by U.S. capital.

The opening up of new mineral areas has meant that new roads and sometimes new railways, port facilities and power plants have been built, all of which add to the growth potential. Moreover, foreign exchange earnings from mineral production are important in financing the import of capital goods needed for general economic development. Venezuela, which has had particular advantages in having a product for which demand has been broad and growing, provides the outstanding example of the use of mineral revenues to finance development schemes.

More Nationalisation?

NATIONALISATION of industry (under a new, face-lifting title, 'Social Ownership') was again in favour at the Labour Party's Conference. What the Shadow Cabinet really thinks of this policy is one of those closely-guarded secrets: the Prime Minister described it as 'reactionary'. Most of his listeners probably took the reference to be to the Marxist doctrine of state ownership of the means of production; in fact, state monopoly dates back a long way before the 19th century.

The brewing industry of Egypt, for example, was run as a branch of the royal economy by the Ptolemies in the third century B.C. Both production and retail sale were in the hands of the king's agents. 'Besides paying a high price for beer', the great historian Rostovtzeff comments, 'the public paid for the right of buying it.' Then, in 120 B.C., the Han Emperor of China

From Notes of the Month, The Bulletin, November 1956

Aircraft Export Boom

THE British aircraft industry's exports have increased by 137 per cent during the past five years. In 1952, the annual total amounted to just over £45 millions while this year's total, based on the January-October average, is estimated at more than £107 millions.

Since 1954, when the aircraft industry exported £56.1 millions, exports have risen by 91 per cent, a figure which surpasses the performances of other engineering industries by substantial margins. The export of ships and boats, next on the list, has risen 68 per cent in the

From Weekly News Letter, Society of British Aircraft Constructors, December 4, 1956

declared monopolies over iron and salt, entrusting their organisation to the leading men in these industries. Even old iron could be sold only to officials for melting down in state foundries. In the next year the government went one better by imposing a capital levy of 10 per cent on all business fortunes. Confiscation of the entire capital was the penalty for evasion. 'Since thrift might expose one to the dreaded denunciation and entire ruin, no one troubled to save money, and a general orgy of extravagance was the consequence', writes C. P. Fitzgerald in his history of China.

The tyrants who imposed these measures did not think of presenting them as milestones on the golden road to Utopia. They were designed to strengthen the central government and to enrich the treasury.

Do Without Suez

THE Suez Canal in this modern world is too vulnerable a highway to remain as our only easy route for oil from the Middle East. An alternative and parallel canal through territory dominated by Israel has been suggested. This project is worth consideration but although it might well be profitable as an immediate step it is open to the same objections as the Suez Canal itself. Putting the whole thing out of action would only require two hydrogen bombs instead of one.

It may be that, owing to its vulnerability, we must learn to do without Suez. There is already a tendency to build tankers so large they cannot pass through the Canal even when empty. It is a trend which should be very welcome to us and there is a strong case for encouraging the owners of British tanker fleets to

follow the example of some foreign owners. The route round the Cape is at the moment immune from subversion or sabotage. If it can be made economically profitable much of our difficulty is solved.

This alone must not be the end of our endeavours to establish Africa as our surety for transit of our vital supplies. Experienced engineers assert with confidence that a pipe line across Africa is not a difficult job save for the world shortage of piping. Tankers discharging Middle Eastern oil at Mombasa or Dar-es-Salaam and other tankers picking it up at some selected port on the other side of the continent would get the oil to Europe even quicker than it came before the Canal was blocked. The project may seem immense, but great problems can only be solved in a great way.

From Empire Industries Association, Monthly Bulletin, December 1956

Reader's Commentary

From A. F. G. Hawkins, N.8.

I HAVE recently received my first copy of the ECONOMIC DIGEST which I have read with great interest, and, I hope, profit.

... I view, however, with great dismay the announcement you make on page 524. For the column on World Affairs edited by 'Hydaspeus' to continue to appear in a magazine with a wider circulation seems to me to be most deplorable and quite out of place in a serious journal of economic information. I do not think that political articles as such should have any place in the DIGEST, whatever their political colour, but

in any case I find it difficult to believe that an anonymous contribution from one who, judging from the text of the article, is politically fifty years behind the remainder of his party, which in turn is hardly abreast of world opinion, can do other than bring the DIGEST into ridicule and contempt. It may well be, of course, that this will prove a lone letter of protest and you will feel justified in continuing the column. In that case, at least until my subscription expires, I shall continue to read it 'strictly for laughs', as I understand our American friends say in such circumstances.

standards which can be afforded by the great Creditor Power but not by its debtors. Military forces and production should be streamlined in Great Britain and Western Europe in harmony with national interests. The danger is that specialisation in the production of weapons and the sharing of strategic responsibilities may lead to the removal from each of America's European 'allies' the power of independent military action which is essential to sovereignty.

Suez Squeeze

The blocking of the Suez Canal and the hardships which the Anglo-French failure has brought upon Western Europe are being used to drive Britain closer to the Continent but further from the Commonwealth. Clearance was delayed by those powers and forces who would make European unity a stunted mockery by severing Europe from her African and other overseas territories and associates. The closing of the Suez route and America's wooing of the Bandung Powers is used to draw Commonwealth and other nations east of Suez further away from Britain. Mr Nehru's visit to Washington comes at a time when India's ambitious Second Five Year Plan is in difficulties and the United States may be prepared to help. American aid to Middle Eastern members of the Baghdad Pact will be increased at the expense of British influence in the only non-Communist regional alliance not hitherto dominated by the United States. On the other side, Russia controls Syria and Rashid Ali and other possible instruments of Soviet policy are coming to the forefront in Iraq.

After the scuttle by stages from Port Said there are those in the Foreign Office and in high places who doubt whether we shall be able to keep the Saudis out of Buraimi—British resistance to Aramco at that oasis provided the only Anglo-American armed conflict since 1812—or maintain British sovereignty over Cyprus. If British and French positions and influence are finally removed from the Middle East it is doubtful whether the United States will be able to limit Soviet penetration, although the process of buying Nasser back from Moscow is in train.

The Hungarian Tragedy

The sacrifice and sufferings of heroic Hungary are the more tragic because the uprising was premature. It has refashioned for a time the Soviet fetters. Poland is ringed round with Soviet divisions, U.N.O. and the sympathy and admiration of the world are being misused by those who seek to make a case for World Government and have dressed up Dag Hammarskjöld as the prototype of a World Governor.

Threat to Panama?

The United States is disturbed by Soviet penetration of Latin America with its oil and other priceless minerals and raw materials and its place in the Pan-American strategy. Since the fall of Peron Argentina has been brought back from the heresy of controlled economy and bilateralism to the liberal orthodoxy of non-discrimination. A Common Market has been planned for a group of Latin American republics.

London; December 14, 1956.

Behind the News

EDITED BY HYDASPEUS

U.S. and U.N. Against Britain and France

Nothing has happened during or since the final British capitulation in Egypt to make it necessary to revise the general analysis we made in the December Digest of the reasons for the British Government's abandonment of its objectives.

Bulganin's rockets were bluff; the Soviet Union was not prepared directly to intervene on the side of the Kadar of Cairo. It was the threat of economic sanctions and even of the United States Sixth Fleet, conveyed by President Eisenhower to Sir Anthony Eden, which made it impossible for the Prime Minister to resist those of his colleagues whose maxim is 'America First'. These were backed by that soft-centre of Conservative Liberal opinion whose guiding principle is 'My United Nations right or wrong'.

Sir Anthony was overruled at least twice in his Cabinet. He was compelled to agree to the cease-fire and then to the self-denying ordinance that Britain and France should not, despite the example of Korea where the United Nations campaign was based upon United States interests and military power, take part in the United Nations Emergency Force.

Merciless Re-Appraisals

Secretary Dulles and the American Administration are not disposed to relent. Every advantage is being taken of European difficulties. Mr Dulles insulted British and French representatives on the N.A.T.O. Council in Paris by refusing to meet them together. He lectured and hectorred at length and made it

clear that the United States refused to pledge itself to consultation before taking action but condemned Britain and France for intervening in Egypt without the approval of other signatories of the North Atlantic Treaty. The American plan, now blatant, is that Europe should become a province of an Atlantic Empire. The need to rationalise the plethora of European agencies and assemblies is used as an excuse for subordinating them all to N.A.T.O. and for demanding the establishment of a N.A.T.O. 'Parliament'.

Unless there is a showdown with the United States over the destructive policy of non-discrimination embodied in most favoured nation treaties, G.A.T.T. and other instruments, the Common Market in Europe may resemble the amalgamation of smaller firms which sometimes precedes a take-over bid. The Germans are Washington's agents in this as in other matters. This does not mean that they would not turn against Washington when the time was ripe. Chancellor Adenauer is urging the signature of a Treaty on the Common Market by the end of January and speaking darkly of the consequences to his own survival and therefore of 'Western interests' if this does not happen. The French are disposed to include their overseas territories but are asking for \$1m. to compensate them for opening French Union markets to fellow-Europeans.

Suez and its economic consequences have led to a drastic review of European defence programmes. U.S. aid has imposed upon European manufacturers lavish

Digest Reviews

CANADA'S ROLE

Canada in World Affairs, by B. S. Keirstead. Oxford University Press; 28/-.

The Struggle for the Border, by Bruce Hutchinson. Longmans Green; 30/-.

Both these books illustrate the increasing importance of the part Canada is playing in the affairs of the world. In the first volume, Dr Keirstead, an economist and radio commentator, has provided a record of those world events over the years September 1951 to October 1953 in which Canada had a particular interest. This period saw the uneasy settlement in Korea, the building of Germany and the Soviet acquisition of the hydrogen bomb. The foreign policy which governed Canada's actions during these vital years are thoroughly examined and put into perspective.

Mr Bruce Hutchinson is concerned with the role of Canada and America in war and peace, in exploration, diplomacy and commerce. This book is also written from a Canadian viewpoint, and the author comments:

'There are now two English-speaking nations in North America instead of one. They are unequal in resources and power, dissimilar and in some respects divergent in association, and separated, it may be, by deeper cleavages of political technique and temper than may appear on the surface.'

AFRICAN JOURNEYS

A Fool in the Desert. Journeys in Libya, by Barbara Toy. John Murray; 18/-.

Africa in Black and White, by Geoffrey Dutton. Chapman & Hall; 21/-.

The author of the first of these interesting travel stories is certainly a woman of immense courage. Travelling alone in her Land Rover, 'Pollyana', she visited the three provinces of the Libyan desert and she tells the story of her experiences in a gay light-hearted way which only by inference conveys an idea of the immense difficulties to be met on such a journey. Although no Arabian scholar, Miss Toy moved among the people of the countries she visited, and they in turn demonstrated their natural goodwill and hospitality, and showed her every kindness. Her account of these adventures make fascinating reading.

Mr Geoffrey Dutton, the author of the second volume, journeyed by motor car with his wife across the length and breadth of Africa, across South Africa, the Rhodesias, Belgian Congo Uganda, the Sudan and Egypt, finishing up with the desert road through North Africa to Morocco and Tangier. Both these attractive books are well illustrated and contain many interesting photographs.

BRAB.

The Brabazon Story, by Lord Brabazon of Tara. Heinemann.

Lord Brabazon writes his story in happy and humorous vein. Motor-ing, flying and golf are the main themes, with a background of business, army and politics, finishing up with the House of Lords of which he says, 'I need hardly tell you that if it were not for the Lords most of the measures passed in the Commons would be half-baked, because they are not revised enough.'

There are lots of good stories

about those with whom 'Brab' came in contact during his varied career, and the picture which emerges is of a very pleasant personality whose life has been a good one in many senses.

GOLD: THEORY & PRACTICE

Gold is Where You Hide It, by W. Stanley Moss. Andre Deutsch; 12/6.

When Germany collapsed at the end of the last war, the Reichsbank treasure was sent to Bavaria, but when it finally fetched up was a matter of complete mystery until Mr Moss unravelled the story.

Several million pounds worth of treasure had vanished into thin air, and only surmise, rumour and official silence met Moss and his friend Andrew Kennedy when they began their investigations in Garmisch-Partenkirchen. But gradually the picture was built up of the machinations of those Americans and Germans into whose pockets this vast fortune found its way. The strange happenings in Bavaria, the behaviour of the American officers controlling the area, and the fact that most of those implicated succeeded in getting away with the loot, are profoundly disturbing.

International Banking and Foreign Trade.

Published for the Graduate School of Banking and the Institute of Bankers by Europa Publications.

This book contains a series of lectures which were delivered at the Ninth International Banking Summer School held in New Brunswick, N.J., in July, 1956. Contributors include eight economists and bankers from U.S.A., and one each from

Canada and Cuba. Subjects dealt with include: U.S. foreign economic policy, changes in American financial structure, American monetary policy, the Canadian economy and Latin-American monetary and exchange policies.

WRITTEN IN BLOOD

Last Letters from Stalingrad. Translated by Anthony G. Powell. Methuen; 6/-.

These letters make tragic reading. They were written by officers and men of the German Army who knew themselves to be surrounded and were hourly awaiting death at the hands of the Russians. They were brought out of Stalingrad in January 1943 by the last aircraft to leave before the end.

LOST LEGION

Glubb's Legion, by Godfrey Lias. Evans Bros.; 18/-.

The author of *Kazak Exodus* has provided a fascinating account of the Arab Legion from its earliest beginnings right up to the present time. Mr Lias went to Jordan in November, 1955, to collect material about the Desert Patrol, a branch of the Arab Legion, but within a short while he found himself in the middle of the trouble and rioting which finally led to the departure of Sir John Glubb, with only 18 hours notice, after 25 years of faithful service. Sir John Glubb contributes the foreword.

VACILLATING VOTERS

How People Vote, by Mark Benney, A. P. Gray and R. H. Pear. Routledge and Kegan Paul; 25/-.

This is a study of electoral behaviour in the Borough of Greenwich. It describes in factual terms the constituency and the organisation of political parties. It also provides a background from the history of local and national politics against which the particular political agents of the 1950 General Election are described. It records the kind of political activities and preferences of various types of Greenwich citizens, according to their age, sex, social status, religion, etc.

Sociologists and political scientists will find this study full of interesting material about the habits of the ordinary voter, and in particular the type of individual who changes his minds before polling day, and the reasons which prompt him to do this. It makes a useful addition to the formidable list of books published under the auspices of the International Library of Sociology and Social Reconstruction.

AUTOMATION AGAIN

Automation in Theory and Practice, by E. M. Hugh Jones. Basil Blackwell; 12/6.

In this book the theory and practice of Automation is examined from various points of view. Originally contributed as lectures delivered at Oxford University, the scripts have been edited by the lecturers and are now published in book form. Contributors include the Earl of Halsbury, R. H. Macmillan, Frank Woollard, H. R. Nicholas, W. R. Spencer, Michael Argyle and E. M. Hugh Jones, under whose auspices the lectures were originally arranged.

AMERICANA

The Decline of American Liberalism, by Arthur A. Ekirch, Jr. Longmans; 42s.
Death on the Prairie: The Terrible Struggle for the Western Plains, by Paul I. Wellman. The Fireside Press (W. Foulsham and Co. Ltd., London); 18s.

The New Dimensions of Peace, by Chester Bowles. The Bodley Head; 25s.

Professor Ekirch, who teaches history at American University in Washington, has written a fascinating but gloomy study of the Liberal tradition in the United States. Things always aren't what they were and the decline of American Liberalism is here traced to an early period of the not very long history of the American Republic. Jefferson was for him an apex. Then Roosevelt and Woodrow Wilson by calling in State power to curb the excesses of Big Business prescribed a remedy worse than a disease. Professor Ekirch sympathises with Professor André Siegfried who in his *America Comes of Age* discounted the legacy of the 18th-century Liberal philosophers and, turning to economics, noted that the United States did not primarily depend upon imports and exports and that the American investment abroad 'was based less on the expectation of profits than on the hope of saving tottering Governments or of picking up bargains. Because Europe could offer the United States nothing in return, the old equality between borrower and lender was lost. Europe was humiliated while America could be as arbitrary as it pleased, and from this, he concluded, "may arise a new and subtle imperialism unlike anything we have known before".'

Mr Paul I. Wellman's book, like that of Professor Ekirch, demonstrates that most attractive American

characteristic, a willingness candidly to expose the less savoury aspects of American life and history. Mr Wellman was born in the Wild West; his grandfather was a missionary to the Cheyenne Indians. Mr Wellman is a journalist and brings vividly to life incidents and massacres and battles in the war between White Man and Red, between savagery and the Machine. Those who enjoy western films and those who are interested in American history will read *Death on the Prairie* with profit and enjoyment.

It was as American Ambassador to India that Mr Chester Bowles is best known in Britain. Some may be pleasantly surprised to find here a more favourable account of the British Record in the former Indian Empire and in our Colonial Territories than is sometimes presented across the North Atlantic. This is an agreeable book, though some of the views expressed are idealistic to the point of naivety. Mr Bowles does well to point out that America's allies can never be strong if they are expected to buy much from the United States and sell it little in return.

GREAT CENTURY

English People in the Eighteenth Century, by Dorothy Marshall. Longmans; 30s.

Miss Marshall is a much-travelled Victorian with an easy and attractive style. This charming study of English society in the eighteenth century brings economics into proper relationship to religious, constitutional and political factors and thus avoids the error, almost as great as that of economic determinism, which separates economic matters too rigidly from politics and social life.

NAZI SECRET SERVICE

The Schellenberg Memoirs, by Walter Schellenberg. Edited and translated by Louis Hagen. Introduction by Allan Bullock. André Deutsch; 25s.

Plots from various quarters to kill or kidnap Roosevelt and Stalin, Himmler's lieutenant Heydrich, Otto Strasser and the Duke of Windsor; the Venlo incident; Operation Cicero: these are among the exciting incidents described by the man who succeeded Admiral Canaris after his arrest in 1944. He started his career in SS. Foreign Intelligence and became Himmler's confidant.

NORTHERN RED STAR

The Northern Sea Route and the Economy of the Soviet North, by Constantine Krypton. Published for the Research Programme on the U.S.S.R., New York, Methuen; 21s.

Messrs. Methuen are to be congratulated on making available to the British reader the results of research undertaken by Dr Krypton, an Arctic expert, who taught at the University of Leningrad, held important positions in the Soviet Administration including the Directorship of the Economic Section of the Northern Research Institute of the U.S.S.R. and is now in the United States. Strategists and students in the West should take note of the remarkable scientific and technological advances which have enabled the Russians to lay sea and air routes across the Arctic and exploit many sources of raw materials, semi-finished products and scientific knowledge.

Dr Krypton puts the Northern Sea Route into proper perspective.

Russia Plans Farm Expansion

Russia is planning huge increases in agricultural production by 1960, says the report from the Food and Agriculture Organisation after an extensive study of Russian official and semi-official publications and statements. Between 1955 and 1960, F.A.O. says, the Russians plan to increase meat production by 100 per cent, milk by 95 per cent, eggs by 154 per cent and wool by 82 per cent. The way the Soviet Union plans to get these increases is by increased mechanisation of farming and greater State investment in agriculture. There also is to be more flexible organisation of State planning with greater authority given to the federated republics and local administrations.

Russia plans to boost its yearly production of tractors from 163,500 in 1955 to 322,000 in 1960; of combines from 48,000 to 140,000; of windrowers from 2,500 to 50,000; and of other agricultural machinery

by 62 per cent. Over the five years, Moscow hopes to make available to farmers a total of 1,650,000 tractors, 560,000 combines, 180,000 windrowers, and 250,000 corn pickers.

The amount of electrical power for rural areas is planned for a 120 per cent increase. All State motor tractor stations and all State farms are to be completely electrified by 1960. F.A.O. says it is expected that the daily work done by tractors and harvestors will be increased by 53 per cent to 40 per cent over present rates. Output per farm worker for the State is expected to increase by 70 per cent on State farms and by 100 per cent on collective farms.

Moscow is sweetening the pot somewhat for farmers, offering more money for some commodities. A 200 per cent increase in the payment for potatoes delivered to the State procurement centres and of 70 per cent in payment for vegetables is anticipated by 1960.

SCHOOL BILLS

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FOR REFERENCE

Items in this Section will be kept for one year. Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply, citing the appropriate number or numbers (given in brackets after each item).

Motor Cars—

The Motor Industry: A Financial Times Survey, October 15, 1956.

Written at a critical time of success and setback for the British motor industry—a time of credit squeeze at home and formidable competition abroad. (889)

—and the Problems they Cause
Highway Traffic Control. The Eno Foundation for Highway Traffic Control, Saugatuck, Connecticut, 1956.

Written by Robert E. Schmidt and M. Earl Campbell. (890)

The Sudanese

The 1953 Pilot Population Census for the First Population Census in the Sudan. Sudan Government Ministry for Social Affairs, Department of Statistics, Khartoum, February 1955. Prepared in accordance with recommendations of the U.N. Statistical Commission. (891)

Right Wing Thinking

(1) *Technical Education. C.P.C. No. 163.*

A factual survey in the Conservative Political Centre's News and Views Series, written by Philip Haskell, of the City of Portsmouth College of Technology. (892)

(2) *Trade Unions in a Free Society. By 'A Hastings Group of National Liberals', October 1956, 1s. 6d. With a foreword by Sir Leighton Seager, Bt., C.B.E., D.L., J.P. (893)*

Two Chinas?

(1) *A Village Moves to Socialism. By Sun Tan-Wei. Supplement to China Reconstructs.*

Rural revolution through rose-red spectacles. (894)

(2) *How Red China Tortures Protestant and Catholic Missionaries. By Francis Cardinal Spellman. Friends of Free China Pamphlet. No. 1. 6d. (895)*

USinform

(1) *Survey of East-West Trade in 1955. Mutual Defense Assistance Control Act Eighth Report to Congress, Last Half of 1955. (896)*

(2) *Why the Deadlock in Disarmament? An account of the Five-Nation Negotiations on London, March-May 1956. Distributed by the U.S. Information Service. (897)*

International Finance

(1) *The First Ten Years of the International Monetary Fund, Washington, D.C. (898)*

(2) *International Bank for Reconstruction and Development 1955-56, Washington, D.C. (899)*

Eire's Economy

Report of the Central Bank of Ireland for the Year Ended 31st March, 1956. Dublin: Published by the Stationery Office, 5s.

Tells of an inflationary period. (900)

European Reports

(1) *Economic Conditions in Belgium, Luxembourg and the Netherlands. (901)*

(2) *Economic Conditions in Canada and the United States. (902)*

(3) *Economic Conditions in Austria and Switzerland. (903)*

Published by O.E.E.C. in Paris, these Reports cover, in general, the eighteen months ending at the middle of 1956, although later information has, where available, been included.

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Economic Policy For British Independence and Recovery

EXPANDING COMMONWEALTH—GREATER EUROPE

Suez has shown the danger in which Britain stands. Grave weaknesses have been exposed such as the necessity for large-scale imports of oil from potentially hostile areas. British people now understand the meaning of dependence for vital needs on the goodwill of other countries. They would resent the continuance of policies which put them in this position.

Irrespective of party, they look for a real and enduring Commonwealth partnership and for closer economic relations with Europe. Trade with the Commonwealth and with Europe can be expanded simultaneously. Britain's greatest need is for dynamic leadership in these directions.

We therefore urge prompt action on the following points:

Power

All energy resources under our direct control must be vigorously developed and waste eliminated. Consumption policy must be based on a realistic estimate of reliable supplies. Alternative pipelines, more and larger tankers and the corresponding port facilities must be given top priority.

Food

An all-out effort to increase home and Commonwealth production of food and feeding-stuffs is essential, if only because dollar supplies may not always be available.

Trade Policy

Owing to the need to rebuild our reserves, orders should be redirected as much as possible from U.S. dollar to sterling area. Exports should be encouraged to expand in all markets from which prompt payment can be expected.

Inflation, leading to a rising cost of living, and deflation, leading to unemployment, must both be avoided by matching the supply of money to the amount of goods available and savings made. Taxation must be reduced, as in Germany, to encourage enterprise and so increase the production of real wealth.

Industrial Production

Producers of marketable goods must be encouraged, not 'squeezed'. Proper incentives must be given to increase both production and productivity and to avoid waste. Skill and enterprise must be adequately rewarded.

Commonwealth Development

Undeveloped resources must be completely surveyed, and available capital concentrated on plans to develop overseas Commonwealth and United Kingdom sources of necessary minerals, raw materials and food. An urgent approach should be made to Canada to import more from Britain.

European Co-operation

The fullest economic co-operation, compatible with National Sovereignty and Commonwealth responsibility, must be achieved in Europe, in particular with France and the French Union. Reciprocal European trade should be fostered. The Nations of Europe should help each other to develop their domestic and overseas resources for their mutual benefit and that of their overseas territories and associates.

A New Spirit?

'At this crisis of history, our government should call together, as a matter of high urgency, a conference of the British Commonwealth and Empire. With these, our kith and kin and our own people, we should prepare a plan of action to put before our friends in Europe. We should then demand (and all Europe will be only too ready to accede to such a demand and to follow such a lead) a special session of the Council of Europe. The broad principles of a joint British Empire-Western Europe policy could be settled within a few weeks. The first steps could be agreed. A start could be made by the beginning of 1950. Such a start would put a new spirit and breathe a new life into all. But we must act swiftly; now is the moment of destiny.'

THE RT HON. HAROLD MACMILLAN, SEPTEMBER 1949. (From our 'Spotlight' article, October 1955)

Digest Spotlight focuses on

Lord Balfour of Inchrye

There can be few more dynamic personalities in business or in politics than Lord Balfour of Inchrye. Not yet sixty, he goes about his affairs with the energy of a man twenty years younger and has already packed into his life vast experience in a dozen different fields.

His connection with the Services started early. Educated at the Royal Naval College, Osborne, he joined the King's Royal Rifle Corps (60th Rifles) in 1914 at the age of seventeen and the following year became attached to the Royal Flying Corps and later the Royal Air Force. Before he was twenty-one he was in command of a Squadron and for conspicuous gallantry received the Military Cross and Bar and in addition the Croix de Guerre.

In 1923 he left the Air Force and plunged into business and journalism. Not content with this, he entered politics. Having lost a contest in 1924, he was elected for the Isle of Thanet five years later and sat for this constituency in the House of Commons for sixteen years.

During this phase of his career he became Parliamentary Under-Secretary of State for Air, and found the time to make many trial flights as a pilot in all types of machines, including new R.A.F. fighters. He also travelled to Egypt, the Sudan, Kenya, Palestine and South Africa to inspect R.A.F. Stations. Negotiations for the Empire Air Training Scheme took him to Canada in 1939,

and later he became Chairman of the Air Ministry Empire Air Training Scheme Committee which gave him more opportunity of seeing that great country.

In 1944 he was appointed Resident Minister in West Africa and held this office until the 1945 General Election. He had been a Privy Councillor since 1941 and was raised to the Peerage in 1945.

Interest in the Empire and Empire trade has always been a feature of his activities and from 1945 to 1948 he was President of the Federation of Chambers of Commerce of the British Empire. When, in 1950, Lord Lyle was compelled by ill-health to resign the Chairmanship of the Empire Industries Association, Lord Balfour was asked to take his place, which he did on the understanding that he would be allowed to relinquish it after a year or possibly two.

His success in this position however was such that, in answer to repeated appeals, he retained it until the end of 1955 when he decided that his business interests would no longer allow him to give so much of his time to the Association's work. In the meantime, however, the Association's beloved President, Leo Amery, had died and the Association considered that there could be no other candidate for the Presidency than Lord Balfour. He therefore undertook this position and still remains a dynamic force within the Association.