

## Digest Spotlight focuses on

**Cecil Gordon Vokes, M.I.Mech.E., F.R.Ae.S., M.S.A.E.**

Our spotlight this month turns on Mr C. G. Vokes, founder and a director of Vokes Limited. Our main interest is, however, in his role as President of the Alton and District Chamber of Commerce. For it was as President of this body that Mr Vokes initiated a very interesting venture (based on a suggestion made by Mr J. R. Grey). Through his inspiration and very substantial financial support the Chamber invited entries of about 750 words to a competition on the best methods of solving the problem of inflation.

It is with much pleasure that ECONOMIC DIGEST is publishing the six winning entries together with a number of extracts from other entries in this number of our journal. We are glad thus to pay tribute to the public-spirited action of the Chamber for which C. G. Vokes was very largely responsible.

To those who know him, the contribution he has made in this direction comes as no surprise. C. G. Vokes combines the attributes of inventor and man of action, and these have been demonstrated time and again through his varied activities. Perhaps his principal contribution has been to the science of filtration and the manufacture of filters. The significant part he played in defeating the formidable enemies in desert warfare—sand and dust—should be more widely known. The desert was the proving-ground of his contentions, but it was soon realised by the authorities that filters of all kinds were desperately necessary in every theatre of war for all equipment and, of course, ever since then

## Automation and the Free Trade Area

BY L. LANDON GOODMAN

*Extracts from an address given to the Incorporated Plant Engineers and the Institute of Industrial Administration on May 23, 1957*

If, and when, we enter into some arrangement with the European Common Market, we are going to have tough competitors, and strong competition, in many fields. The increased use of electricity and automation in industry will be two of the major factors in helping us not only to maintain our present trade in Europe but to increase it. Let us make no mistake, there is plenty of scope here, for we have to remember that since the end of the war, there has been a large increase in trade in manufactured goods, between the countries of Western Europe, but our trade in these goods to this area has declined.

### Opportunity

Automation offers great prospects and scope for British industry in the proposed Free Trade Area. Automation generally requires large-scale production and large-scale production requires large-scale markets, such as that given by the 240 million people in Europe. Not only will the manufacturers of consumer goods made by automatic processes benefit, but also the makers of the specialised and advanced automated equipment, such as automatic and higher-output machinery.

There is again much scope for increasing productivity in British industry. Quite apart from higher productivity providing an obvious

solution to the problem of creeping inflation, higher productivity means competitive industries which again can expand their sales in the Free Trade Area. In achieving this goal, electricity in industry has a vital part to play and no effort should be spared continuously to increase the electrical horse-power at the worker's elbow.

### Research and Development

Industrial research and development were key activities in the automation era. The same effort must be made in production research, as there is in product research. It is interesting to observe that many of the industries which have the most to gain from entering the Free Trade Area have undertaken a great deal of research, and they continuously spend a reasonable proportion of their turn-over on this vital activity.

Certain industrialists in the cotton textile industry view with alarm the prospect of Britain entering a Free Trade Area. It would be interesting to learn how much their companies have spent in the past few years on research. Seemingly, some of the latest developments, such as the introduction of non-woven fabrics in the United States, have not come about without a great deal of research. A possible indication of the relatively small amount of research which is undertaken by the cotton

they have been equally vital in times of peace.

Aeroplanes were grounded, tanks stranded, lorries, bren carriers, searchlight equipment, radio instruments, and in fact all types of mechanical and electrical contrivances used by the armed forces were being put out of action by sand and dust. When Vokes was called in to see what he could do to remedy the situation, his knowledge and experience contributed greatly to solving the problems, and to the subsequent victorious campaigns. His services were also called on to deal with similar problems arising in both the British and American Navy. Today, his firm makes hundreds of different types of filters for every kind of industry and purpose.

Before devoting his attention to the problems of dirt and dust, C. G. Vokes pioneered a number of other important devices. These were particularly in connection with the motor industry. Such things as the automatic wind-screen wiper, anti-glare guards, dashboard petrol gauges and thermometers, were his contribution to better and safer motoring.

Like so many men who have made their mark in industry, C. G. Vokes started in a small way. He thus understands the feelings and aspirations of the work-people.

He believes that the greatness Britain sprang from men and women who were proud of difficulties overcome, of good-will and tenacity, endowed with brains and enterprise. In our present situation Britain will only be saved by such people working together to re-establish our position in the world.

industry, is revealed by the Government report on 'Scientific and Engineering Manpower in Great Britain'. This Report shows that only 0.1 per cent of the total number employed in the cotton textile industry are scientists and engineers, whereas in competitive and expanding industries such as the chemical industry 27 times that percentage are employed and in mineral refining 50 times that percentage.

#### Cotton and Coffee

Possibly the cotton textile industry has a lesson to learn from these figures.

In conclusion automation has applications in many fields and among

many interesting examples, for example the electronic sorting of coffee beans, which has enabled a totally new concept to develop in the marketing of coffee grown in the Belgian Congo.

The fully automatic precision sorting of coffee beans allows the 'upgrading' of coffee, previously not considered exportable, to a point of acceptability for the export market. At the same time, coffee of an acceptable but undistinguished grade is dramatically improved in quality and today demands a correspondingly high price when exported.

The result is that the development of commodities suitable for export substantially increases the amount of foreign exchange available.

## European Oil Supplies in 1956

TABLE I

O.E.E.C. AREA: ESTIMATED OIL SUPPLIES (Million Metric Tons)	1955		1956		Per cent Increase 1956 (Total) over 1955
	1954	1955	Jan.-Oct.	Jan.-Dec.	
Crude Oil Production.....	7.7	9.0	8.2	9.9	20.0
Net Crude Oil Imports (a)...	87.0	93.9	87.1	99.8	6.3
Total Crude Oil Supply..	94.7	102.9	95.3	109.7	6.6
Equivalent Yield of Products (b) .....	88.1	95.7	88.6	102.0	6.6
Net Products Imports into Area (a) .....	0.0	8.2	8.1	11.1	35.4
Total Net Products Supply	88.1	103.9	96.7	113.1	8.9

(a) Net imports are shown in detail in Table II; products imports also include estimates for Turkey, Greece and Iceland.

(b) Assuming 7 per cent refinery fuel and loss.

From Petroleum Press Service, May 1957

DESPITE the Suez crisis, the overall supply of petroleum products in the O.E.E.C. area, from imports and from indigenous production, reached last year a record of about 113 million metric tons. The comparable supply figures for preceding years were about 76 million tons in 1953, 88 million tons in 1954 and 104 million tons in 1955, indicating an increase of nearly 50 per cent during the three years 1954-56, and of nine per cent in 1956 compared with 1955.

Following the closing of the Suez Canal and the damage to I.P.C.'s pipeline pump stations in Syria, crude oil imports in November-December fell to a rate of 77 million tons a year, whereas in January-October they had been running at a rate of about 104 million tons a year. Europe's total oil supply fell about 16 per cent below the January-October 1956 level. In November-December, the level of oil arrivals was down by as much as 29 and 27 per cent respectively, in the U.K. and France—the two largest importing countries—and by 19 per cent in Italy and in the Netherlands. The reduction amounted to only 12-13 per cent in Western Germany and Belgium, while the remaining countries fared much better. In the Scandinavian countries, for instance, the rate of imports was far higher in November-December than in January-October, due to the special seasonal needs before the onset of the winter and the freezing of ports. Western Germany and the Netherlands were able to boost their crude oil production, while Austria, covering most of her oil demand from indigenous production, was only slightly affected by the Suez crisis.

#### Record Production

Western Europe's indigenous crude

oil production reached last year a record of nearly 10 million tons while about 100 million tons of crude oil were imported from overseas. Some 1.2 million tons of crude oil were exported by Austria to the U.S.S.R. as reparations. Products imports of all O.E.E.C. countries (including those from within the area and those not separately shown in Table II) totalled about 41 million tons, while products exports\* to all destinations were about 30 million tons. Precise figures for the intra-European trade included in these figures are not available but this trade was of the order of 18 million tons. On this basis, products imports from outside the area totalled last year 23 million tons and products exports to outside destinations were 12 million tons, net products imports into the area being about 11 million tons, of which more than half consisted of black oils. Oil shipments to, from, and between O.E.E.C. countries last year were of the order of 160 million tons of crude and products.

#### U.K. Largest Importer

The U.K. is Europe's largest importer of crude, followed by France, Italy and the Netherlands, and was also last year the largest importer of products, followed by Sweden, Denmark and Norway. As an oil exporter, she took second place after the Netherlands, being followed in this respect by Italy and then by France. The U.K. and France remained by far the largest net importers of the O.E.E.C. area, inland consumption in both countries increasing substantially. However, as a consequence of the steep decline in

\*In this article the term 'exports' does not include bunker deliveries to ocean-going ships, nor shipments (about 3,000,000 tons a year) from Italian 'ex-bond' refineries.

area, the net import figure for 1956 was much higher than in 1955. The increase was 1.4 million tons or 13 per cent in Italy, 2 million tons or 24 per cent in Western Germany, 1.7 million tons or 20 per cent in Sweden, 1.2 million tons or 18 per cent in the Netherlands, etc.

European imports have, of course, remained restricted during the first few months of 1957, but with the scale of imports now gradually returning to normal levels, and with large restocking needs added to the rising demand for current consumption, there is every reason to expect that Europe's oil imports will again reach new heights during the remainder of this year.

THE statement made by the Chancellor of the Exchequer in his Budget speech that he was setting up a committee 'to enquire into the working of the monetary and credit system and to make recommendations', has commended itself to members of all political parties, to economists and to the business community generally. The appointment of Lord Radcliffe as Chairman has also been well received.

With the appointment of the other members, it now remains for the Committee to carry out its important task, and the question arises: will it really get to grips with the problem, or will it follow the disappointing example of the Royal Commission set up in New Zealand two years ago?

TABLE II  
OIL MOVEMENT TO AND FROM MAIN O.E.C. COUNTRIES (a)  
(Thousand Metric Tons)

Country	1955		1956		Year 1956		Imports
	Crude Oil	Gasoline	Crude Oil	Gasoline	Crude Oil	Gasoline	
U.K.	28,200	1,660	24,720	1,020	16,903	76	28,200
France	11,889	925	7,111	126	11,641	168	11,889
W. Germany (d)	7,111	126	7,111	126	7,111	126	7,111
Sweden	11,641	168	11,641	168	11,641	168	11,641
Netherlands	4,712	347	4,712	347	4,712	347	4,712
Denmark	30	693	30	693	30	693	30
Belgium-Luxembourg	47	2,268	47	2,268	47	2,268	47
Norway	96	336	96	336	96	336	96
Switzerland	491	541	491	541	491	541	491
Ireland	40	368	40	368	40	368	40
Portugal	910	263	910	263	910	263	910
Austria	97	207	97	207	97	207	97
TOTAL IMPORTS	96,212	6,597	128,410	88,247	5,988	22,523	119,393
U.K.	4,185	6,058	4,185	6,058	4,185	6,058	4,185
France	1,280	3,479	1,280	3,479	1,280	3,479	1,280
Italy (c)	1,709	3,568	1,709	3,568	1,709	3,568	1,709
W. Germany	303	334	303	334	303	334	303
Netherlands	1,956	5,004	1,956	5,004	1,956	5,004	1,956
Belgium-Luxembourg	32	311	32	311	32	311	32
Portugal	92	104	92	104	92	104	92
Austria (e)	12	124	12	124	12	124	12
TOTAL EXPORTS	2,270	6,983	2,270	6,983	2,270	6,983	2,270
NET IMPORTS	93,942	3,545	98,721	87,100	6,289	5,278	92,575
Austria	12	124	12	124	12	124	12
Portugal	92	104	92	104	92	104	92
Belgium-Luxembourg	32	311	32	311	32	311	32
Netherlands	1,956	5,004	1,956	5,004	1,956	5,004	1,956
W. Germany	303	334	303	334	303	334	303
Netherlands	1,956	5,004	1,956	5,004	1,956	5,004	1,956
Belgium-Luxembourg	32	311	32	311	32	311	32
Portugal	92	104	92	104	92	104	92
Austria (e)	12	124	12	124	12	124	12
TOTAL EXPORTS	2,270	6,983	2,270	6,983	2,270	6,983	2,270
NET IMPORTS	93,942	3,545	98,721	87,100	6,289	5,278	92,575

(a) Covering movements to, within and from the area. Table does not include imports (all products) to Greece, Turkey and Iceland.  
(b) Crude oil, gasoline, black oils, kerosine and lubricating oils.  
(c) Excluding imports of crude oil, and exports of products from Italian 'ex bond' refineries (both about 3,000,000 tons p.a.).  
(d) Imports from foreign countries only, i.e. excluding those from Eastern Germany.  
(e) Including estimated non-commercial deliveries to the U.S.S.R.  
Source: National statistics.

### Value for Money

#### QUESTIONS FOR THE RADCLIFFE COMMITTEE

BY EDWARD HOLLOWAY

THE statement made by the Chancellor of the Exchequer in his Budget speech that he was setting up a committee 'to enquire into the working of the monetary and credit system and to make recommendations', has commended itself to members of all political parties, to economists and to the business community generally. The appointment of Lord Radcliffe as Chairman has also been well received.

With the appointment of the other members, it now remains for the Committee to carry out its important task, and the question arises: will it really get to grips with the problem, or will it follow the disappointing example of the Royal Commission set up in New Zealand two years ago?

#### The Problem of Unstable Currency

UPON the answer to this question depends the future prosperity of millions. For unless we are able to establish the £ sterling as a reasonably stable currency, continued deterioration in its value will ultimately destroy confidence. This would have a disastrous effect on the

tanker arrivals in November-December, the year's net imports into the U.K. and France showed no significant change as compared with the preceding year, while in all other importing countries of the O.E.E.C.

*From The Machinery Market, May 24, 1957*

lives of everyone in Great Britain, and indeed throughout the world. For sterling is still the most important international currency, entering into nearly 50 per cent of world trade. The fluctuations in the value of the £ sterling since 1914 show that the attempt made in the nineteen twenties and early thirties to return to the 1914 value by a deflationary policy resulted in disastrous unemployment, a depression on a truly gigantic scale, with at least 15 per cent of the nation's resources kept idle. So obviously deflation is not the answer. No political party which allowed a recurrence of these disasters would long remain in office.

Since the war, we have had the opposite case. Inflation and the steady deterioration in the value of money, with its attendant difficulties—rising prices, frustrations and the undermining of confidence which is the natural result of inflationary policies.

The major problem which confronts the Radcliffe Committee then, is to recommend ways and means of establishing and maintaining the £ sterling as a stable monetary unit.

### Goods, Services and Money

The first question that the Radcliffe Committee should consider is, what gives money its value? The answer to this question is, perhaps, best demonstrated by asking a further question. What would be the value of a £ note if everyone in the country stopped working to produce goods and services? Obviously, in a very short time, the £ note would not be worth the paper on which it is printed. So it is clear that what gives money its value is the goods and services which can be purchased with it.

The next question which arises is how, under our present methods, is the amount of money in circulation related to the volume of goods and services available? The answer is there is no direct relationship between the amount of money and the quantity of goods. This was made abundantly clear in an answer given in the House of Commons last year. When asked what regulating factor determined the volume of money available in circulation as purchasing power, the Minister replied that there was no single regulator, but that Bank Rate and Treasury financing played an important part.

Now the supply of money (that is, coins, bank notes in circulation and current account bank deposits) increased from a total of £1,690 millions in 1938 to £3,904 million in 1945, and by 1957 had reached the total of £6,579 million. If this vast increase in the volume of money had been backed by a similar increase in the production of goods and services, then we would not have had inflation. But it was not, and so inflation was an inevitable result.

In the *Economic Survey* it is shown that earnings increased in the past year by 8 per cent, over-all production increased by only one per cent,

while industrial production did not increase at all. If these things are allowed to happen, no wonder we have an inflationary spiral, money is losing its value, and we find ourselves increasingly in difficulties.

### A Commodity Standard Proposed

If goods and services give value to our money, then surely this fact needs to be recognised in our monetary system? We could do this by adopting a Commodity Standard. By this is meant a system under which money would be issued in direct relationship to the amount of goods and services available. Under such a system, if more goods and services were produced and made available, then more money would be created to enable the community as a whole to buy them.

The idea of a Commodity basis for our currency is not a new one. It has been put forward by some of our leading economists. Some have envisaged the creation of stockpiles of certain selected commodities, others do not consider this to be an essential feature. However the actual method may be worked out, the need for this development is abundantly clear. Not the least of the results of this would be to establish clearly in the minds of producers that, if they cut out restrictive practices and went to work with a will to produce more wealth, the proposed system would ensure that this would find a market by issuing the necessary purchasing power.

There are, of course, many other important questions which will have to be dealt with by the Radcliffe Committee. It is essential to find some better controls than those at present used—the bank rate and credit squeeze are both much criti-

cised. But, it is not possible in the space of one article to cover all these matters. Unless the fundamental question is faced and satisfactorily dealt with, we shall not be able to revolution.

## The Cost of Saving Land

BY J. N. JACKSON

*The writer, a Lecturer in the Department of Town Planning, University of Manchester, discusses the curious anomaly that flat-building is officially defended as a means of saving agricultural land, though the cost may be as much as £19,500 an acre saved, while reclamation of land at a cost of £400-£500 an acre is regarded as 'uneconomic'*

A FREQUENTLY avowed aim of land-use planning is to conserve agricultural land. This policy has many ramifications, and the planning profession, though in general accepting the broad national need, is less happy about the detailed practical implementation. Thus a small amount of agricultural land may be saved by paring down the size of houses or of public open space; alternatively the construction of high flats may be advocated rather than terrace houses or the ubiquitous semi-detached. In each instance the financial and economic costs of the possible alternatives should be calculated and borne in mind. To this theme, three recent planning publications make a pertinent contribution.

Reference may first be made to Mr Lichfield's excellent book, *Economics of Planned Development*, in which the author analyses a hypothetical scheme for the rehousing of 56,000 people by a county borough of 300,000 population. A comparison is made of the alternative costs of developing 250 acres of inner land at

densities of 200, 140, 80, and 60 habitable rooms an acre on the assumption that the balance of the 56,000 people are housed on agricultural land in the outskirts of the town. The overall conclusion is that the cost of saving 235 acres of agricultural land through the provision of housing schemes at the highest density demands an extra capital expenditure of £46 million, or £19,500 to save an acre. It is only fair to add that Mr Lichfield mentions that his conclusions are not necessarily typical for all towns and that they relate only to the cost of providing dwellings. Differences in the cost of schools, public open space, public utilities, and costs of travel must all be considered as part of the balance sheet in order to make a complete appraisal of the problem and to understand which is the most economic—or least uneconomic—density.

### Cost of High Flats

Nevertheless the figure remains suggestive and substantiates those arguments of Sir Frederic Osborn which are so well known to readers

*From Town and Country Planning, May 1957*

1 N. Lichfield, *Economics of Planned Development*. Estates Gazette, 1956. (Reviewed in *T. & C.F.*, March 1957.)

of *Town-and Country Planning*. High-density flats may be necessary on aesthetic grounds, or in order to rehouse a stated number of people within a given area, or to reduce the length of the journey to work, or through the sheer physical deficiency of suitable land. But if they are required for these purposes, then they should be justified by these architectural, economic, social, or geographical criteria and not by the glib plea that agricultural land is being saved. The cost of 'saving' agricultural land by such means is totally uneconomic at current building costs and with current building methods; the expenditure of natural resources would be of greater national benefit if allocated to the reclamation of derelict land for agricultural or building purposes, or if used for the reinstatement of marginal or waste agricultural land to a beneficial agricultural usage.

#### Reclamation of Derelict Land

The most recent annual report of the Minister of Housing and Local Government<sup>2</sup> reveals that by 31 December 1955 payments of almost £86,000 had been approved for the levelling of 956 acres of derelict ironstone workings in Northamptonshire to a condition suitable for the resumption of agricultural operations, i.e. an average cost of approximately £89 per acre. On a previous page the same report had observed with sanguine satisfaction that, out of the 126,000 acres of land in England and Wales at present lying derelict under spoil heaps or unfilled mineral excavations or other forms of industrial dereliction, some 36,000 acres could

<sup>2</sup> *Report of the Ministry of Housing and Local Government for 1955*. H.M.S.O., Cmd. 9876, 1956.

be brought back into use. It then adds the surprising and provocative statement that 'any reclamation programme must be a long-term one and could be carried out only as and when there was a definite demand or useful purpose to which the reclaimed land could be put.' Since the distribution of derelict land is concentrated mainly in or near to such closely built-up areas as the Black Country, South Wales, and South Lancashire, where suitable land for development commands a premium, the statement that reclamation must depend on demand or a useful purpose cannot have much relevance; it has presumably been added as a make-weight to enforce financial arguments of doubtful validity.

With regard to the financial costs of reclamation the Ministry's *Technical Memorandum on Derelict Land*<sup>3</sup> states that no firm generalisation about costs can be made, but that 'in a large number of reclamation schemes carried out in recent years, total costs inclusive of costs of acquisition, have not exceeded £400 per acre'. The *Annual Report for 1955* observes that thirteen proposals were submitted to the Minister of Housing and Local Government for grants and that these related to the purchase and reclamation of 216 acres at a capital cost of £105,000, i.e. approximately £485 per acre. Of these proposals four had been approved and the remainder were 'under examination by the Ministry or were being reconsidered by the local authority concerned in the light of the Government's economy appeal'. Again the bogey of cost is used to perpetuate the waste of a national asset and to hinder the improvement of land

<sup>3</sup> *Derelict Land and its Reclamation, Technical Memorandum No. 7*. Ministry of Housing and Local Government, 1956.

which, on the grounds of amenity alone, can be justified for reclamation.

#### Financial Anomalies

The broad national position would thus seem to be that the Exchequer are reluctant to contribute towards the reclamation of derelict land at a possible cost of £400-£500 per acre, even though it is officially admitted that 36,000 acres of potential land which at present lies abandoned could be returned to a productive use. On the other hand they are willing under the Housing Subsidies Act of 1956 to pay a higher rate of subsidy to flats of four or more

storeys, irrespective of whether or not they are located on expensive land which costs more than £4,000 an acre and, despite the fact that the capital cost of saving agricultural land by such means may be to the order of £19,500 an acre. One wonders how far such anomalous financial decisions are made on the considered appraisal of the greatest national good and how far they result from an unco-ordinated series of *ad hoc* decisions to resolve related problems. It is against this unsatisfactory background of national fiscal policy that the local planning authorities must undertake their development.

## Rural Economy

### ONE HORSE TOO MANY

*Specially written for ECONOMIC DIGEST by JORIAN JENKS*

Of recent months, the Government has had to give several undertakings which suggest that, while much of the world may still be underfed, the prevalent fear is that this island will be oversupplied with food. Agricultural and horticultural produce, for instance, has specifically been excluded from the Free Trade Area negotiations with other European countries. New Zealand has been given a ten-year guarantee of unrestricted entry for her produce. The Danes have been promised that the dumping of subsidised British eggs in Germany will cease. And our own farmers have been promised that the aggregate of the prices guaranteed provided under the Agriculture Act will not be cut by more than four per cent in any one year. When he reads of these measures, which recall the 'over-production' problems of the

1930's, the British taxpayer naturally asks why he should still have to fork out some £250 million a year to maintain home agricultural output.

That is a fair enough question, and there is really only one answer to it—lack of clear thinking on the subject of long-term food-supply policy. This deficiency, one must admit, is by no means confined to the Government; it is so widespread as to be almost a national characteristic.

#### Two Possible Policies

Generally speaking, there are two such policies open to this densely populated and heavily industrialised island—two horses to choose from.

The first, which is commonly regarded as traditional though it is in fact barely a hundred years old, is to go all out for external trade, building up big export industries and

relying on open ports and free markets to yield a corresponding inflow of food and raw materials from abroad.

The second policy, which was perforce adopted during the two world wars and the post-war (1945-53) period of world food scarcity, is to foster the full development of home agriculture by providing it with a market at assured prices for all it can produce, using imports merely as a supplement, though of course a very important one.

Both policies have merits and demerits, relative advantages depending very largely on prevailing world conditions. And both have their advocates.

#### Limits of Physical Demand

The point is that the two cannot be operated at full effect simultaneously. One or other must have clear priority.

The reason for this is, of course, that consumer demand for food, unlike that for clothing, furniture, television sets, and, indeed, most other consumer goods, has definite physical limits. There may be changes in the demand for different kinds of food as real incomes rise; the consumption of bread and potatoes tends to diminish, while that of meat and dairy produce rises. But once hunger is satisfied, total demand becomes relatively inelastic, responding but little to increases in supply or reductions in prices. Food supplies in excess of physical needs then become an economic embarrassment to producers and their governments, without being of any real benefit to consumers. We must be close to that point today.

Adjustments, therefore, have to be made in one way or another. Under the open port policy, it is home

agriculture which has to make them, since imports have to be sold, whatever price they make; total output contracts, expenditure is curtailed; capital equipment is not renewed; survival is sought through parsimony rather than enterprise. This was, in effect, the state of British agriculture between the wars.

Under a 'home acres' policy, it is imports which are adjusted, by quota, bulk purchase or some other form of Government regulation. This was, in effect, the situation between 1939 and 1952, though the regulation was dictated by shortages of shipping, oversea supplies and foreign exchange rather than the development needs of home agriculture.

#### Riding Both Horses

The present Government, however, seems to have decided that it could ride the two horses simultaneously. Its commitments, no doubt, have been all against a clear-cut decision as to priorities. On the one hand, it had undertaken to restore—and in fact has restored—open market trading without quantitative regulation of imports, and is committed to a reduction rather than an increase in tariffs. On the other hand, it had undertaken to uphold the price-guarantee principle of the 1947 Agriculture Act, and has recently reinforced that undertaking with the firm, if limited, engagement already mentioned.

This is, of course, partly a matter of self-interest. However valuable open ports may be as a matter of trade policy, the big increase in home agricultural production which has taken place since 1939—currently estimated at fifty-nine per cent—is equally valuable in strengthening the balance of payments position.

Until fairly recently, it looked as if

this policy of 'having it both ways' might work after all. The two horses, it is true, have seldom been in step; but they have kept close enough together for the Government to maintain its circus act, with its Board of Trade foot on the back of one steed and its Ministry of Agriculture foot on the back of the other.

#### Hard Bargaining

Imports of food have been increasing, as have home supplies; but with full employment and the increase in consumption since de-rationing, markets have been fairly well able to absorb the increase. Most prices have been falling, but by dint of some hard bargaining with the Farmers' Unions, it has been possible to keep the deficiency payments within bounds, despite the rise in many cost factors, such as farm wages, transport and so on.

But the horses are beginning to run away. The export of British eggs, though attributable to a seasonal flush, was symptomatic of the way in which pressures are rising. The Milk Marketing Board has to cope with an unprecedented proportion of 'surplus' milk. Considerable quantities of potatoes have been sold for stock feed; and it was estimated at the end of May that 500,000 tons of the 1956 wheat crop were still unsold. With imports, it is much the same story.

#### Gluts of some Basic Commodities

Addressing the Food Manufacturers' Federation recently, Mr Heathcoat Amory, Minister of Agriculture, Fisheries and Food, gave it as his opinion that

'It seems as if we are entering into a period in which food supplies will be ample in relation to world purchasing power. That means there will be gluts of some basic commodities

ties, and intense competition in the food trade.'

Under these circumstances, it is hardly surprising that Mr Amory should have been telling farmers that what is now wanted is not maximum production, but better quality at lower cost. For some time past, the official slogan has been 'greater comparative efficiency'.

#### Output Increase

In regard to production costs, agriculture has in fact been achieving a steady increase in efficiency in the industrial sense of the word—that is, through rising productivity. Average yields per acre and per animal have been climbing steadily, with the result that output per man has been rising faster than in industry. Agricultural economists endorse what farmers have discovered for themselves—that a rising output is essential if farm earnings are to be maintained in the face of rising costs and falling or barely maintained prices. The Government itself fosters this trend by means of its 'production grants', fertilisers, subsidies and so on. It also imposes a deduction of some £25 million a year from agreed cost estimates at each Annual Price Review on grounds of 'increasing efficiency'.

So far so good, though a policy of quality production does not necessarily result in better quality of produce.

But the whole policy of cost-reduction through rising productivity depends on there being a market for all that is produced. In industry, this expanding market is obtained, partly by underselling competitors, partly by increasing sales at the lower prices.

But how can it work out that way in agriculture? Will the Danes and the New Zealanders and the Dutch

and all our other suppliers send less food if British farmers produce more food more cheaply? Or will the British public buy more because prices are reduced? Past experience suggests that neither of these things is likely to happen.

#### Disincentives to Home Production

What will happen is anybody's guess. Undoubtedly disincentives will be applied to home production. Guaranteed prices will be cut, limits will be placed on the quantities of produce to which they apply, as has already happened in the case of milk. But whether these will result in a diminution in the volume of production is another matter. As the Agricultural Correspondent of *The Times* pointed out recently, many farmers are increasing their livestock simply in order to offset narrowing profit margins, and the same applies to crops. Once a farm has tooled-up for high productivity, still higher productivity may well look a less evil than re-organisation at a lower level.

As was pointed out in this journal recently (May 1957), a true saving in costs could be effected by gradually discarding some of the expensive

artificial aids in favour of more natural methods. But few farmers, as yet, have the necessary knowledge, or the courage; and the process would take time. Meanwhile, the fertilisers and the sprays and the concentrated feeding-stuffs have to be paid for, and it is only a high level of production that can do it.

Moreover, with most cost factors still rising, production will have to rise still more steeply if produce prices are to be held, much less reduced. How is it to be absorbed?

#### Reduction of Imports

Farmers, and many other besides, would like to see imports systematically reduced to make room for expanding home production. But, quite apart from G.A.T.T. and other commitments, there is little likelihood at present of the Government adopting such a course.

Sooner or later, no doubt, it will have to make up its mind which horse it prefers. But so long as there appears to be even a possibility of its straddling the two, the chief danger is that, in trying to do so, it will fall between them.

## World Population Increase

EVERY hour an average of almost 5,000 persons are added to the world population of some 2 billion 700 million, according to the United Nations *Demographic Yearbook* published recently. This large increase of about 120,000 per day, or 43 million per year, is due primarily to a very marked reduction in the death rate all over the world, while the birth rate has remained almost unchanged.

United Nations experts estimate the world birth rate in 1955 to be in

the neighbourhood of 34 births per 1,000 persons each year, while the death rate is now about 18. This leaves a net gain of 1.6 per cent per year—an increase calculated to double the world's population by the end of the century. These statistics are presented in the United Nations *Demographic Yearbook* for 1956, which has been prepared in the Statistical Office from official government statistics.

## How to Stop the Spiral of Inflation

### INTRODUCTION

ECONOMIC DIGEST takes pleasure in publishing the following winning entries and extracts from other entries in a competition sponsored by the Alton and District Chamber of Commerce. Competitors were asked to submit views on how to deal with inflation, and in publishing these contributions we reveal a cross-section of opinion which should interest not only our readers but a much wider public.

The competition was advertised in the Press and discussed on Television. The Prime Minister of the day and the Chancellor of the Exchequer gave it their blessing. All Chambers of Commerce in Great Britain were informed, as were all members of both Houses of Parliament.

There were 660 entries from people in a variety of trades and professions and all walks of life. Many were sent in from overseas. Some were humorous, some in rhyme; some com-

petitors used the opportunity to air grievances or put forward pet schemes; but most by far were genuine attempts to suggest a solution to the problem of inflation, and the steady deterioration in the value of money.

We publish these contributions by arrangement with the President and members of the Alton Chamber, in the hope that discussion and debate will be further encouraged. Special steps have been taken to distribute this number of ECONOMIC DIGEST throughout the country.

We should like to pay tribute to the public spirit of the President of the Alton and District Chamber of Commerce, Mr C. G. Vokes\*, who has been personally responsible for organising and running the whole competition and providing the very considerable sum of money needed for prizes and the other expenses of this competition.

### OUR ECONOMIC STATE, ITS CAUSES, AND SUGGESTED REMEDIES

By 'SULORAC' (1st prize)

THE limited length of this article precludes the possibility of its being either a treatise on economics or a readable essay.

Let us face one salient fact, that we are speeding into bankruptcy, with the prospect of increasing poverty and misery. It is as simple and as tragic as that.

Before examining the causes of our plight it would be well to cast a few glances into the past. When I

was a boy matches were a penny for a dozen boxes. My mother bought them at elevenpence halfpenny a gross, but my father was always mildly reproved if he used a match for his pipe instead of a newspaper spill when the fire was alight. Penny tins of shoe-polish were bought at elevenpence a dozen. Similar examples could be quoted by the hundred. It was these small savings which helped us to pay for two wars.

\*See Spotlight article on page 234

By contrast, I knew an old lady in Yorkshire, who, when she died, owned half the street in which she lived. She had made most of her money by selling at two for a half-penny cigarettes which were five for a penny. 'Providence and Improvidence, or the Art of Buying and Saving' would make a wonderful title for a school-book story to match an older classic, 'Eyes and No Eyes, or the Art of Seeing'.

Further retrospect leads me to recall a visit to London. My uncle took me into the Bank of England and told me to watch what happened. He cashed two notes for gold and the cashier tore the notes in halves. There followed a simple explanation of the gold reserve and the reasons for British credit abroad. And now after these backward glances let us consider the causes of our present plight. It will be clearer to enumerate them with a brief comment on each.

They are:

1. The ignorance of the economic facts of life, which is displayed by workers and by their leaders both in and out of Parliament.
2. A child-like belief in the ability of 'The Government' to print pound notes *ad lib*. How few people have read the words on a pound note—'I Promise to Pay . . . ? How many know that in 1914 a golden sovereign was worth more than a twenty-franc piece and as much as five silver dollars? Do they know the foreign exchange value of a purely domestic 'promise to pay'?
3. Ignorance of history—especially that of the last fifty years.
4. What Wilfred Fienburgh, M.P., has called 'too many wildcat strikes led by irresponsible unofficial leaders'.
5. A growing unwillingness to give

a fair day's work for a fair day's wage.

6. The habit of living on next week's pay-packet.

7. The mad plunge into the super-hyper-Welfare State when we could scarcely afford a Welfare State.

8. The 'Greek Trust', which we have inspired abroad in economic affairs at least. Our workers do not appreciate the fact that, lacking gold, our only asset abroad is our will to work.

9. Top-heaviness in the Fighting Service, the Civil Service, and in all nationalised industries.

10. Lack of co-operation in matters of supply. Several cases have occurred of one Ministry's selling at give-away prices goods being purchased at full price by another.

To blame any one of these reasons would, of course, be an indefensible '*non sequitur*', but Logic recognises the principle of 'plurality of causes'. There is no doubt, that these causes inter-related and inter-acting have brought us to our present parlous state.

Now we must consider feasible remedies. Diagnosis is usually easier than cure, but if the former is accurate and timely we may hope for the latter.

An analysis of the causes mentioned proves that the factor of ignorance is common to most of them. This suggests the need for two remedies, one long-term, one short. I will deal with them in that order though the short-term remedy is the more urgent.

Economics has too long been considered a subject for study at University or Sixth Form level. This must be changed. We must find a simpler name for the subject, and begin to teach it to children of eight

and continue it up to school-leaving age.

To solve the immediate problem of educating our masters I make the following suggestion: An easily read and digested booklet (like the Highway Code) must go into every house in the country. It must explain in simple language the following facts:

- (1) This country can live only (a) by what it grows on the ground, (b) by what it mines under the ground, (c) by what it manufactures, (d) by what it carries.

(2) That these, our only productive activities, must pay not only for all imports, but also for all non-productive necessities, and all social services.

(3) That the bottom coil in the spiral of costs was the first increase of wages given to the miners in 1939.

(4) That successive rises in wages have priced us out of export markets.

(5) That exports are our only currency abroad since we cannot pay for imports in pound notes.

This booklet must be clearly labelled

a non-party publication. It must be signed not only by Government Ministers, but also by their opposite numbers in the Shadow Cabinet. Only thus would it be tolerated and studied by those for whom it is intended.

Among other remedies are drastic and rapid cuts at the top of the Fighting Services, at all levels in the Civil Service, and in the top-heavy administration of nationalised industries. Such cuts coupled with the avoidance of waste would take a strong argument out of the mouth of the worker and out of the columns of the press from which he learns his politics.

Since it appears that the working man must be either coerced or bribed into work the next Budget must be framed to do both. The last did neither.

To sum up briefly, we must explain, now, to the working man and his wife the facts of our situation, the causes thereof and the remedies. Later, their children must be taught. When, but not before, examples have been set at the highest level, we can either persuade or compel the others to do their share.

Let us hope that information and persuasion may suffice.

## NINE POINTS TO END INFLATION

By F. R. MATTHEWS (*2nd prize*)

In order to end the inflationary spiral it is essential that every citizen shall have it forcibly brought home to him that inflation is the common enemy of each one of us, regardless of Party political affiliation, and that he should therefore look upon it as his plain duty to co-operate with the freely elected Government of the day in the fight against inflation.

To seek to embarrass the Government, as some sections of the community are seemingly doing, in staging strikes on various pretexts, or pressing relentlessly for more and more pay (incidentally, these demands always go far beyond any actual rise in the cost-of-living index) without offering in return a corresponding increase in productivity



per worker to justify their claims, is tantamount to cutting off their noses to spite the Government's face, because they will eventually be among the chief sufferers if inflation is not mastered.

In forcing up costs of production which not only determine the price of goods sold over the counter, but also affect Britain's ability to compete successfully in overseas markets, these claimants for ever-rising pay are treading a suicidal path.

A further general increase in the nation's bill for wages and salaries would, in Britain's present delicate economic position, soon lead to another devaluation of the £ sterling—in due course to Carey Street—and finally the totalitarian State, with its denial of personal freedom such as Britons now enjoy.

Suggested measures for defeating inflation are as follows:

1. A firm 'No' to all demands for pay, unless supported by evidence of higher productivity per worker.
2. Make strikes illegal, unless preceded by a secret ballot (conducted independently by an outside body) requiring a two-thirds minimum majority in favour of strike action, before being put into effect by the unions concerned.
3. Withhold national assistance to strikers. Men who go on strike should look to their unions for full financial support of their families and not to taxpayers to foot the bill. If that were done, wives would quickly drive strikers back to work. The enormous number of strikes which take place in Britain is helping to bleed her to death.

sum in the costs incurred at present for extra clerical assistance. Labour thus released would help to reduce the number of 'white collar' vacancies elsewhere.

7. Abolition of food-producer subsidies (support prices, production grants, etc.) which are costing taxpayers between £200 million and £250 million per annum. In addition, the salaries of an army of Civil Servants to work the scheme has to be taken into account. Subsidised farming does not promote efficiency in production, as the urge for competitive selling is missing.

8. Abolition of tariff restrictions on imported food. The aim should always be to keep down prices in order to reduce living costs. If British farmers cannot compete with foreign growers or producers, there is some-

thing radically wrong. Perhaps Miss Rural-Vote can give the reason.

9. Re-rating of farmland and full rating of industrial premises, in order that the burden of rates may be fairly distributed. The savage revaluation assessments of retail business establishments must be cancelled, since their higher costs must in some way or another be passed on to the public if traders are to survive for meeting the convenience of the general public.

And finally, in view of the ever-rising financial commitments of the Welfare State, also the Education Act of 1944, some pruning in their extravagance must be undertaken, even if the nine points for dealing with inflation were accepted. A temporary halt to this evil is not good enough. It needs to be eliminated ruthlessly.

## HOW TO STOP THE INFLATION SPIRAL

BY S. W. ALEXANDER (3rd prize)

THE first step to end inflation should be to create the conditions under which an abundant volume of goods will be available. That will help to bring down the prices. A reduction in prices will help to halt the demand for mass wage increases. The prices of foods are the most important of all. Simultaneously the Government should stop increasing debt and paper money.

These steps in turn will help to bring about the conditions where assurance regarding the future value of money will be in sight and people will once again find it profitable to save. Thereby badly-needed new

capital will be created. By such processes the spiral can be broken.

As to the specific steps that should be taken—amongst other factors making for runaway inflation in Germany in 1923 was the coal imports. Because the German mines were not producing enough coal, that country began to import coal on a large scale. The result was that foreign exchange resources were reduced. As with us today, Germany had all her coal fuel resources under her own soil but she did not use them.

Our first task today is to insist that interest rates on money be raised to

6. Abolition of Purchase Tax, and a smart reduction in the excise duty on tobacco, wines, spirits and beer, also petrol and entertainment tax. Loss of revenue to be met in part by a saving in salaries, etc., of many hundreds of Civil Servants now occupied solely with Purchase Tax. The abolition of this obnoxious tax, which is nothing more than an artful revenue producer, would considerably reduce the cost of living, one of the main objects for winning the battle against inflation. Wholesalers, whose job it is to collect the tax, before passing it on to the Inland Revenue people, would then save a tidy

a level which will automatically restrict home consumption of manufactures so that labour can be released to go to the mines.

That process is beginning. Our coal imports so far this year have been reduced by two million tons as compared with last year and our own home coal production has increased by two million tons.

The next step should be to abolish all rent restrictions. By that process economic rents will be achieved, and many property owners who cannot get an adequate rent on their properties will be willing to offer accommodation for letting.

The volume of such incompletely used accommodation is vast. In some places rents which for many years have been too low will rise, but within a reasonably short time equilibrium will arise out of the freedom of the market and reasonable prices will prevail.

This proposal is essential so that labour can become more mobile.

The Government should review all its expenditure. It should not hesitate to say that such is the nature of the emergency that the Welfare services as well as all others have to be examined in relation to the securing of full value for the money.

The principle should be accepted that people seriously ill cannot be given proper treatment if the resources that should be available for them are wasted on the frivolous demands of vast numbers of irresponsible people.

The people should be encouraged not to look to the State to meet their needs but to accept for themselves a greater measure of responsibility.

There should be widespread propaganda applauding those who are self-reliant and willing to take full responsibility for the well-being of

their own families. It should also come to be recognised as a sound principle that 'the people should spend their own money on the things that they need rather than that they should pay officials to spend their money on the things that officials think they ought to have'.

Once that principle is widely approved, then the way is opened up for large economies in services and the bureaucracy and for a restoration of the family as the true unit of the nation. In that connection it must be realised that if every family pays its way and becomes solvent, and if every community becomes solvent, then the nation is solvent and inflation ceases.

Now, while we have to stop coal imports—not by physical restriction, but by creating the conditions under which it can be produced economically in our own country—we also have to decide to allow our people as individuals to use their own money in buying food, manufactures and materials of all kinds from the cheapest market.

If we cannot buy those raw materials and means of livelihood at the lowest prices, then we shall not be able to compete in manufacture with other peoples like the Germans, who are now being freely allowed to buy in the cheapest market.

This free importation of goods with the abolition of import taxes on them will break the monopolies and price-rings both of capital and labour.

The growth of the excessive power of trade unions arises directly from the lack of the pre-1914 free competition from the products of foreign labour. The same applies to the excessive power of the National Farmers' Union and similar associations. Freeing of imports will abate these excessive powers. In this respect

our opinion is that all men have the right to combine for their own advantage—subject always to the freedom of the market—including free imports.

In that connection too we should repeal the 1947 Agricultural Act and abolish subsidies and guaranteed prices.

Similarly the farmer should be allowed to buy his feeding stuffs, fertilisers and equipment from the cheapest market. All idea of supervision of farms should be abandoned and farmers should be allowed, as should all other people, to do what they wish with their own property.

We believe that control of the currency should be taken from the Treasury and put back under the control of a reformed and decentralised Bank of England.

In these past thirty years we have had an experiment in political paper money that has failed disastrously.

The cessation of inflation will require that the over-riding control over the peoples lives—exchange control—should be abolished.

Exchange control could be abolished immediately provided it were shown to the world that the internal measures to ensure stability were being taken.

Without that abolition individuals cannot use their own money in their own way.

Abandonment of exchange control would also enable the nation to improve its invisible exports such as merchandising, shipping, insurance, banking overseas investments and financing of trade. Because these transactions depend primarily on the integrity of the currency and of the people concerned and require no manufactured raw materials they are the most profitable forms of trading. They, like tourist income, which also depends on the freedom of the market and quality of service, are more important than motor car and other exports and help to make the country a world market-place where it is profitable for people of all nations to do business.

These developments are all consistent with a strong agricultural economy.

We believe, too, that in the achieving of stability for the currency the golden sovereign should once more be allowed to circulate freely and the Government could buy in and cancel a large amount of paper money by selling sovereigns at a free market price until a stable price is achieved.

## INFLATION AND ITS CURE WITHIN THE PRESENT POLITICAL SYSTEM

By 'MOORGATE' (4th prize)

*What is inflation?*

Accepted definitions for the word 'inflation' are numerous, contradictory, complicated, and many definitions are also most misleading. It is fair, therefore, to ask the question—what is inflation? It is also right to answer in simple language and in the plainest terms—inflation is a contin-

uous rise in the value of all goods and services expressed in terms of money.

*What is the cause?*

Again to answer in simple terms, the cause of inflation is the creation of purchasing power (money, bank credit, etc.) in excess of the actual

production of wealth (goods and services).

*Who is responsible?*

Only the Government is responsible for the financial policy, and the financial climate be it inflationary or deflationary is the result of the financial policy. Human nature being what it is, all individuals and groups of individuals will act for their own good in accordance with the conditions in which they find themselves. Although Government policy is the cause of inflation its effects can be aggravated by the action of individuals and groups of individuals. For instance, the pressing of wage claims by the trades unions to keep pace with the rising cost of living, or traders and manufacturers increasing selling prices to keep pace with rising costs.

*The fallacies*

The worst fallacy, and the one that has persisted throughout the ages in past civilisations as well as the present civilisation, is that money is wealth. Let anyone try living on an uninhabited island with nothing but money in their pocket if they do not agree with this statement!

A more modern fallacy is the idea that to increase the level of taxation will help to cure inflation. What nonsense! All forms of taxation are factors in the price of almost everything, and a rise in prices simply generates claims for higher wages.

*The cure*

If there were no political considerations and only economic facts to consider, the cure would be simple though harsh and severe in practice. All that would be necessary would be to make credit both very dear and very scarce, and to continue this policy long enough to create large-scale unemployment, and drive all

but the strongest and most efficient firms out of business. Then everyone would be willing to work for less money, and thus the production of goods and services would cost less.

However, in present conditions this policy would end in political suicide long before the long-term benefits of such a policy could be enjoyed. In fact this policy was tried in 1926. It ended with the general strike of that year and led up to near collapse in the early 1930's, and Britain being forced to leave the Gold Standard.

Whether such a policy is politically possible or not, it would not be effective in existing circumstances because the nationalised industries and the Welfare State largely prevent it from working. Although the blame for inflation cannot be laid at the door of either the nationalised industries or the Welfare State, because inflation has existed in the economic systems of this and other countries long before either of the ideas were thought of, undoubtedly they add fuel to the flames.

What is wanted is not to create unemployment, but to make it worth while for everyone to do an honest day's work and to produce the maximum of goods and services. This can never be achieved under the present penal load of taxation. Restrictive practices of the trades unions must go. The rules were brought in at a time of widespread unemployment and only harm can result from them now. A great deal more use of bonus on output and other schemes to encourage output should be used coupled with a nationwide publicity campaign to explain economic facts in simple language. For instance, clearly to define the difference between money wages and real wages, etc., etc. Everything is

possible with sound and enlightened leadership.

There is no hope of a cure for inflation until taxation can be reduced to at least half the present level and to do this Government spending must be most drastically reduced. All forms of subsidies should go at once. Let the people realise the cost of everything, and if they have to pay for their amenities, they will soon learn to work for them. At the same time, all forms of profit sharing

should be encouraged and also every means to increase output and efficiency employed.

There are far too many Government and Local Authorities departments in the country. Bureaucracy tends to be our master today and not, as it should be, our willing servant. Let the people enjoy the fruits of their Labours.

Let the workers share in the profits of industry.

Make it worth their while!

## INFLATION

By G. A. HACKSLEY (*5th prize*)

BEFORE one attempts to prescribe, one must diagnose.

The Englishman today is suffering from a mental disturbance.

Physically, the fellow is 'A.I.'; sound in wind and limb, fit as a fiddle, and 'body-able',—he sleeps well, eats well, and enjoys his many sports and entertainments to an extent that often amazes the foreigner.

But—he suffers from delusions, hallucinations, and he quite honestly believes that the rest of the world owes him a living and ignores the fact that there is an almost world-wide feeling of envy and resentment against him, ranging from France's 'Perfidious Albion' to Colonel Nasser's recent expression of 'loathing'.

To a great extent, this mental condition is inherited from his recent ancestors, the Englishman of the Industrial Revolution, the man who worked—and ventured—and explored—and colonised; the man who invented—and built—and improved; the man who made his country the acknowledged 'workshop of the world'.

In his day, Germany was a hotch-potch of twopenny-ha'penny king-

doms, Russia was a feudal state, Africa was the 'Dark Continent', the American farmers were embroiled in Civil War, the Australians were busy chasing the bushranger and the rabbit, Japan was a medieval sealed-off island, and the newly-minted English half-crowns bore the legend 'Ind. Imp.' to show the world that India had become the brightest jewel in the British Crown.

It was indeed, the day of 'Rule, Britannia'—the 'Empire on which the sun never sets'—and Kipling's 'lesser breeds beyond the pale' willingly conceded that the brand 'made in England' was a hallmark of quality.

The England in those days was the workshop of the world—the *only* workshop—and her many manufactures brought back to her shores an abundance of raw materials in exchange.

And the rest of the world owed the Englishman a living, for all the new railways, the dredged harbours, the dams and schemes for irrigation, the mission schools and hospitals, the new-built mills and factories and the general 'know-how' to run them.

Now, the newer nations have

matured, colonies and dependencies are sovereign states, their raw material is being side-tracked to their own mills, their peoples are leaving the ranges and the pastures at the call of the factory whistle—and our manufactures are no longer needed; and the beef and the mutton, the hides and the wool, the tea and the coffee, the tin, the rubber, the cotton, the copra—only the surplus is offered for sale, and the Englishman buys it in the markets of the world—providing he is the highest bidder.

And since then, the Englishman has suffered two ruinous wars; when his factory was turned to war production his exports dwindled and vanished, his imports increased—and sunk in transit, and he has had to pay for all of it by pawning his interests in the railroads and docks, the mines and plantations that his ancestors had established.

For fifty years he has been living on 'the old man's money'—and for the past ten years or so he's actually been living on *tick*—and the rest of the world knows it.

The remedy? 'Nuclear fission'? That horse won't jump. 'Automation'? Nothing doing; it is only an extension

of mechanisation with the help of a wireless valve.

The *only* remedy is the one which every bankrupt has to endure when his creditors are weary of waiting: cut down his expenses and his style of living, take off his coat, forgo his trip abroad and dig the garden instead (it's been neglected long enough), sell the car, the 'tele', the self-winding watch (the lazy little hound)—and the 'frig' to his neighbours, the poor benighted foreigners, for whatever price he can get—and let him revert to a more basic standard of living, in keeping with his present real position.

It is the unpalatable truth that the Englishman is now bankrupt in the eyes of the neighbours—and if he wants to keep his shirt-tail from showing through the seat of his pants in the future he will have to offer his wares, and his services, to his neighbour at such a price that the neighbour prefers to buy rather than do the job himself.

And the *only* reason why this same unpalatable truth has not been rammed into him by his own elected leader, his M.P., is because that ribboned joker would hate to lose his deposit at the next election.

## THE BEST WAY TO END THE INFLATIONARY SPIRAL

By CAPTAIN ALFRED INSTONE (*6th prize*)

I CONGRATULATE the Alton Chamber of Commerce for giving us an opportunity of putting forward suggestions to end the inflationary spiral.

Notwithstanding other urgent international and national problems, the prospect of inflation remains our greatest problem and cannot be solved without energetic action. I should like to submit what are, in my opinion, the fundamental needs to be dealt with.

Firstly, the policy must come from the Government because whatever ways and means are suggested it is a national question to be dealt with nationally. Secondly, any action, in addition to what has already been put into operation by the Government, such as the restriction of credit (or the Credit Squeeze as it is called),

must not be on such a drastic scale as to interfere unduly with capital, labour or social conditions—and, of course, such action above all must not interfere with increasing exports, although some influence on imports (especially those of an unnecessary type) cannot be ruled out.

To get a true picture, one must first look abroad. Inflationary conditions—some more, some less—are fairly general throughout the world, but the remedies applied in other countries, although generally known, cannot always be used here, as conditions in no two countries are exactly alike.

One of our main problems, of course, is to sell as much as we can overseas. To do this, we must endeavour to secure some stabilisation of prices, and above all, some guarantee to the overseas buyer that he can rely on specified dates of delivery. These objects call for the closest possible co-operation from Industrialists, Trade Unionists and consumers. One must not exclude, to achieve this, restraint on profit margins as well as on wages.

Surely, one aspect of this need is to concentrate on better mutual trade agreements with overseas countries and reciprocal stabilisation of tariff duties, or better still, complete freedom from them.

Another direct question affecting inflation is the printing of money. This seems to me a primary issue if we are to increase the value of the £. This is one of the vital matters I would leave to my proposed 'Save Sterling Budget' referred to later.

To summarise, my remedy would be a *Three-Year Plan*. It would involve:

1. An even tighter restriction on credit than is at present being

exercised with the right of appeal to Credit Tribunals to give permission for special reasons (as is done at present by the Committee which authorises public issues of capital).

2. An immediate concession in taxation to those companies operating largely overseas which affect the export business.
3. An immediate remission of taxation on all overtime payments earned by workers in specified industries and the mines.
4. A further increase in the Bank Rate if necessary based on the position of sterling.

5. A pegged price agreement to last three years to cover the price of coal, electricity, rates and such other cost-of-living elements as may be agreed to by composite committees.

6. Whilst I am against any restrictions on trade, I feel the question of importing foreign coal here represents a special drain on our resources. We must find ways and means to export more British coal and reduce the import of foreign coal, even to the extent of making such imports subject to licence in order gradually to reduce its volume.

7. The Government to inaugurate a 'Save Sterling Budget' to deal with the Services, Civil Service and Administration.

I do not think any one method can change the present tendencies, but I am fairly confident that if the Government would lead a movement among workers, employers and housewives, and agree on the basis of a Three-Year Plan, we should see a more confident outlook appear which

in itself would help to remedy some of our present weaknesses.

Such confidence would attract an increased amount of investment

capital here from overseas, which in itself would be a valuable contribution towards remedying the present position.

*Extracts from other entries—*

### (1) SOME DEFINITIONS

Inflation is due, we are told, to three main causes: first, too much money chasing too few goods; second, a failure in the ability (or the resources) to produce saleable goods; third, a major catastrophe, such as war, which may affect both victors and vanquished.

Creeping inflation is a deep-seated malaise of the body economic and cannot be cured by orthodox monetary measures.

Inflation is said to be 'too much money chasing too few goods'. The twin evils are pin-pointed. Too much money! Too few goods!

Inflation is often considered to be

a happy state of affairs—it intoxicates—but it is really akin to the feeling that one gets when free-wheeling on a bicycle down-hill when the brakes cannot be relied on.

Inflation, shorn of jargon and catch-phrase, is simply an 'unbalancing' of total purchasing power (income) and total prices (expenditure'. When there is 'too much' money in relation to goods, prices tend to rise. Expenditure tending to increase makes it necessary for income to increase if standards are to be maintained. Hence the demands for higher incomes, which must be added to 'costs', which must be reflected in price—and the vicious spiral is 'on'.

### (2) WAGES AND PRICES

#### Pegging Wages to Production

Wages should be pegged to production; i.e. they should be earned. No wage increase should be granted unless it results in increased production.

#### Wages and Profits

The two vital factors—wages and profits—must come under careful scrutiny and be effectively handled. With the freezing of prices there will be no apparent case for increased wages as a result of increased living costs. A panel of experts in industry should be set up

by the Ministry of Labour to hear and adjudicate in respect of all wage claims by Trade Unions. Employers would be legally bound to honour decisions and the Unions to accept them. There is already in existence with such powers a Wages Board and Council under the Wages Councils Acts 1945-1948, and its terms of reference could be extended to cover all facets of industry. District voluntary boards could be appointed by the Ministry to hear and adjudicate on all disputes between employers and employees other than wage claims. By such means wages would

be kept in relation to the earning capacity of the various industries. The competition for labour by industries would be avoided and labour could be encouraged into vital industries by the adjustment of wage levels.

#### National Wages Policy

All wage schemes that advance automatically with the cost of living should cease. As a long-term policy all work should be evaluated and a

national wages policy established, so that 'leap-frogging' wages claims would stop. Meanwhile strengthen industrial arbitration arrangements. Then make strikes subject to a two-thirds majority in a secret ballot supervised by the local authority with a ballot each week the strike continues. Outlaw the 'closed shop' and picketing of any sort. It should be a serious offence to stop a willing worker. Withhold all state benefits from strikers including tax refunds while the strike continues.

### (3) TRADES UNIONS

#### Leadership

Leadership must again be exercised by the Trades Union Congress. They must teach their members the economic facts of life. The half-truths—and worse—spread during the last fifty years by dishonest politicians must be exposed. Big business, on its part, must purge itself of much that is dishonest, even if not dishonest in the legal meaning of the word.

In an atmosphere of honest effort made by both sides of industry, productivity would speedily mount. Real wages would increase and there might be a genuine chance of doubling the standard of living within twenty-five years. It demands a great deal from our leaders at every level, but that historic offer of 'only blood, toil, and sweat' was readily accepted by a people purged of illusions. A continued tinkering with the symptoms of inflation can lead only to disaster.

#### Individual Action

The system today whereby individual trade unions take individual

action to obtain an increased, and often unwarranted, share of the cake is wrong. The Trades Union Congress should be the true parliament of the trade union movement, and, as such, should be the over-riding authority on the workers' side for wage policy. If the workers' share of the cake is to be redistributed, then it should be done by this parliament, not by individual pressure groups standing in temporary good bargaining positions. The annual increase in production should be estimated, and total wage increases should be within the total production increase. Our Trades Union Parliament should decide the amount of increase in wages to each industry, that increase being an economic possibility for that industry under the existing price structure. Individual unions should negotiate with the employers the distribution of that increase within the industry. A general wage freeze would result, broken only where and to the extent permitted by the Trades Union Parliament, and that exception itself maximised by the estimated increase in production.

### Restricting Exports

Is the Government aware that manufacturers deliberately control or restrict their exports?—as for instance:

'I have been ordered to cut down on our export drive; we have been doing very well lately and exports are taking more than their share of our production. You see, home market trade shows us eight per cent whereas we get only one per cent out of export.'

Sales

I understand that in Australia for every one British sales representative making a call, there are four Ameri-

cans to eight Germans to thirteen Japanese.

My work is to call and discuss exports with managing directors, sales directors and the like. This I do, all day and every day.

I do not know how many times it is said to me, when I call upon a company which has exportable products:

'Oh! we don't want to be *bothered* with export.'

'We can sell all our output quite easily on the home market.'

'If we get an export order here, we get into a flap and don't know what to do with it.'

### (4) EXPORTS

of England pressure on commercial banks. Rather than raise the Bank rate and thus other market interest rates, we should follow more stringently the lines of the November 1955 directives to member banks. Investment in the long run leads generally to increased productivity and hence may be the answer to our inflationary problem, but with the present rise in consumers' demand it merely adds to the inflationary spiral. The ideal aim is to reduce the propensity to consume, rather than investment, but for positive practical effects we must now have a stronger overall attack on both. Thus, credit and overdrafts should be more rigidly restricted than at present, but since productivity might then be decreased, I suggest that member banks should have more opportunity for dis-

criminating between essential and non-essential investment. \*

### Needed, a New Model

Henry Ford once said: 'Money is just part of our transportation system to move goods from man to man; it breaks down so often that it is time our financial engineers developed a new model.' Inflation is due to a defect in our money which always seems to cause trouble just when everything is going beautifully. At the present time our productive capacity is expanding and our inventiveness is acknowledged throughout the world, and yet the Prime Minister has had to warn us that because of inflation we are in danger of being ruined. We must take Henry Ford's advice, and develop a new model.

### (5) MONEY AND BANKING POLICY

#### Lords of the Royal Mint

What is needed is a body of men small enough to take quick decisions, but large enough to include members with a wide experience of industry, agriculture and commerce. They must be men of character and high integrity, appointed, as our judges are, 'during good behaviour', and not liable to be removed by the Government of the day. I suggest that they should be entitled 'the Lords of the Royal Mint'. Only an independent body of this kind can hope to cure inflation.

#### National Investment Trust

The Stock Exchange would operate a self-supporting, non-profit making Investment Trust, with £1 units on sale at post offices and banks (or should there be National Savings Offices with staff on annual bonus

### (6) MISCELLANEOUS PROPOSALS

#### Poundage Tax

The value of cheques passing through the clearing banks each year is about £146,000m. If a poundage tax of one penny in the pound on each cheque cashed should be imposed, it would produce a revenue of £700m. Thus, fourpence in the pound would produce £2,800m. which would allow a surplus over what would then be the annual cost of Government.

All the banks would require to do would be to buy revenue stamps to be affixed to the bottom of each pass sheet corresponding in value to the total debits shown in the pass sheet.

The immediate results of the scheme would be to increase the amount of surplus money in existence, but instead of this being mopped up by taxation, each person at present paying National Health

and Insurance contributions would be relieved of these contributions but would instead contribute a fixed sum per head to a compulsory savings scheme.

This money would then be invested through a Trust in the development of roads, railways and the Colonies, from which a revenue would result; one part of which would be used to pay the medical expenses of the contributors. Of the remainder, the contributors would have shares in the Trust responsible for these investments, and would receive a dividend from those shares as and when they reached 65, and they would be entitled to sell those shares for cash, thus giving all workers an opportunity to have available to them some capital upon their retirement should they so desire, and so giving effect to the

#### Directives to Banks

The most important steps for ending the inflationary spiral should be taken in the monetary field. Further restrictions should be placed on indiscriminate investment, by Bank

avowed intention of the Government to create a capital-owning democracy.

#### Personal Savings

It is vital that personal savings be encouraged and made worth while. The lowering of returns on industrial equities would have the effect of stimulating prices of Government securities and so tend to bring them back to parity. This would create confidence in this sphere and a new buoyancy. I would make the first £25 per annum income of any investment tax free, excepting where the total investment income exceeded £50.

#### False Relationships

Inflation and deflation are commonly regarded as economic storms outside the control of economists. Certain measures (e.g. a credit squeeze) may be taken to guard against the worst effects of the storm, and these measures may in some cases be worse than the danger they are designed to minimise. If a business man goes bankrupt because his supply of bank credit is suddenly cut off, it is small comfort to him to be told he has helped to win the fight against inflation.

Inflation is not an Act of God. It is an inevitable consequence of the false relationship between the financial system on the one hand, and the commercial system on the other. By the commercial system I mean the ordinary day-to-day business which produces, manufactures, advertises, sells, uses and consumes the material things of life.

#### Waste

Waste materials are often lost to the nation through negligence and

inefficiency. This especially is true of heavy industry where metal scrap is not properly disposed of, and in the building trade, where materials are damaged by being often unprotected in inclement weather, and through mechanical excavators and bulldozers being indiscriminately used.

#### Mobility of Labour and Saving

At the time of the acute housing shortage labour was of necessity immobile. It is not suggested that the housing shortage is yet past, but at least its worst evils have been mitigated and the rapid development of the new towns and Local Authority and private building should ensure that the housing shortage is soon a thing of the past. In the circumstances labour should no longer be immobile and workers should move to locations where there are vacancies, thus ensuring that those goods, mainly capital goods and durable consumables, are produced which can be exported, thus reducing dollar dependence and assisting the Balance of Payments position. Whilst labour is employed in such tasks it will not be making goods for home consumption: thus, if there are fewer goods available for the workers to buy, there will be a greater inducement for them to save—and saving is one of the most certain of the counter-inflationary measures.

#### Reduce State Aid

Reality must be introduced into Government spending. With production at its current level, and after taking into consideration the legitimate and necessary claims for investment, the country cannot afford the Welfare State in its present form. Too much is wasted. The basic conception of State aid is to extend benefits to the

unemployed, the sick and the aged, so that they are properly cared for. At present some are still in genuine need while innumerable people draw from the State services they can well afford to pay for themselves.

#### My Weapon

My particular villain of the inflationary scene is the accountant. Traditional methods of accounting at the present time are helping to foster inflation. In periods of rising prices traditional methods of accounting lead to the understatement of costs. This arises because materials and equipment, etc., are charged to current use not at their present inflated replacement cost but at their historical original cost.

#### The Extent of the 'Puffing Up' of the Currency

The Fiduciary Issue today totals £2,000 million, of which £150 million has been issued so far this year—this amount being already 50 per cent more than the total increase for the whole of 1955. The trend of our inflation since 1939 can be seen from the following table, which shows the rising total of the Fiduciary Issue alongside the falling value of the pound sterling:

	Total Fiduciary Issue	The Pur- chasing Power of a 1936 Pound
1939	£ 580m.	18s. 4d.
1945	£1,400m.	12s. 3d.
1952	£1,575m.	18s. 0d.
1955	£1,850m.	7s. 5d.

#### Voluntary Discipline

Inflation can be checked. The process is bound to be painful. The acceptance of all-round compulsion by standstill of wages and prices,

coupled with continued credit restriction, would achieve it. A society which insists that compulsion is intolerable must show by voluntary acceptance of the same principles that it can discipline itself to the same end. The alternative is continued inflation. *There is no other remedy.* The need is for everyone to put the brakes on, for the simple reason that inflated prices can kill exports, and we live by exports. It entails as much patriotism from capital and labour as in time of war.

#### Leadership

The politicians must come forward and tell the nation the whole truth. The leaders of each party know full well that too much is being taken out and too little put into the national resources. They must say so. They must call on both sides of industry to work more honestly, and must ensure that restrictive practices everywhere are faithfully dealt with. In a word, a prerequisite of recovery is leadership.

#### Fixed Investment

The first goal must be a higher level of fixed investment of the right kind. Industrial investment should receive first priority, the investment allowance should be restored and the housing programme should be restricted.

#### 'Buy from the Commonwealth'

The Government's activity in overseas trade should be directed to the purchase of raw materials and food from the Commonwealth, in preference to other exporting countries, by tariff adjustment; barrier arrangements should be concluded with countries where trade balances are generally unsatisfactory.

## BANKS CREATE MONEY

BY CAPTAIN FREDERICK BENNETT, R.N. (RETD)

THE British National Debt has now reached the fantastic sum of twenty-seven thousand million pounds, which represents a debt of about five hundred pounds owed by each and every one of us, millionaire, pauper and newly-born babe alike!

I have no up-to-date figure immediately available to indicate the parallel situation in the U.S.A., but in 1941 their National Debt is believed to have been forty-eight thousand million dollars and this is believed to have risen by 1948 to a figure of more than five times that amount, namely, to a staggering and really quite meaningless figure of two hundred and fifty-two thousand million dollars.

As in the case of the British infant, the American child of today is born a hopeless bankrupt! Surely, instead of deserving this sorry fate, children born today, the heirs of all civilisation, invention, philosophy, and progress since the world began, ought in common justice to be permitted to arrive on this planet finding some small credit balance on their books. 'More inflation', I hear someone say! But wait; I must now leave these indignant infants, for that is another story.

Now, to whom do we owe these fantastic sums and how and where did such creditors obtain the moneys allegedly 'lent' by themselves to the respective Governments to compose these fantastic and staggering totals?

*Encyclopaedia Britannica*, Vol. 15, under 'Money' says: 'Banks lend money by creating credit and create the means of payment out of nothing.' Countless authoritative corroborations of this statement are available; a short and telling one is that by Mr R. G. Hawtrey: 'When a bank lends it creates money out of nothing'; and one by Lord Keynes: 'There can be no doubt that all deposits are created by the bank'.

(During the last world war the total bank deposits in the U.K. increased by about one thousand million pounds. *Verb. sap.*)

Mr Lewis W. Douglas, formerly Director of The Budget in the U.S.A., in an article in the magazine 'Atlantic Monthly' wrote as follows in the autumn of 1935:

'The Nation's (U.S.A.'s) banks today hold about 53 per cent of the entire Federal Debt. Banks when they buy Government Bonds, rarely (he should have said "never") pay for them with cash that someone has deposited in the bank. Instead they create a book-keeping credit against which the Government is entitled to draw.'

Between the lines of the whole of the foregoing there can be clearly read the answer to the question, 'What is the primary cause of the present world inflation?', and once this answer is heard, understood and considered, the problem of how to stop the inflation becomes at once concrete, tangible and tractable.

## A LETTER FROM A MINER

Dear Sir,

I am writing in reply to your offer in last week's 'Personal Column'.

I am a retired miner and come from a long line of bred and born miners, all reliable men underground.

My own father was a first-class underground manager.

Now we come to the question, why is the country in such a state of inflation with high wages, high taxes, falling exports, high cost of living, etc.?

The real cause of all our trouble is the nationalised coal industry. In the black days of Socialism the miners were nationalised and in consequence Britain received a stab in the back from which she bleeds more every day; and this, mind you, has gone on for ten years.

Nationalised industries in Britain, together with the unions, have done their best to ruin the country. I am sorry to admit it, but they look like making a good job of it, unless something is done quickly. Two years ago I wrote to the papers telling them that unless the Government cut out this cancer in our midst, we should soon be squeezed out of our overseas trade, and foreign competition would soon swamp us. The dole would be well patronised in consequence. British workers have got to do a day's work for a day's pay.

I and all my family for generations have been non-unionists. A man who is capable at his job does not need any truck with unions. If unions only admitted good men and kept out men who only join on purpose to get wages they could not otherwise earn, there would be a different tale to tell.

As a Conservative I should very much like to know what our Govern-

ment mean to do about it. As things stand today, one half of the country is run by the Conservatives and the other half is run by the nationalised industries and the unions. Sir Anthony must cut the cackle and get down to business. Twenty years ago I said Mr Eden would become Prime Minister, but I did not think he would just follow the pack.

I thought he would make a second Sir Winston if that were possible; we shall see.

This Government can give a lead in the right direction by reducing the tax on beer and tobacco, abolish the purchase tax, which is another fraud on the people of this country, abolish the 1s. on old age pensioners' prescriptions and stop wasting the hundreds of thousands of pounds weekly which is paid out in cash to married couples at 8s. for each child; seventy-five per cent of this money goes up in smoke or drink. The children do not get the benefit. Let the needy receive help in the form of vouchers for food and clothes for the children. I myself know one family which has bought a new car with the money given for their children. Another lady I know is worth over £40,000, but she puts the children's allowance into the bank until the children are twenty-one; and so on.

Millions of pounds are being spent by the Coal Boards, Gas Boards and the Electricity Authorities in unnecessary swank alterations, and the public have to foot the bill.

These industries are being run on Communist lines. When I retired, coal cost 30s. a ton for the best lumps, cobbles 20s. a ton and 10s. a ton for rough slack, and all good stuff.

I used to be paid by the ton on



piecework and also for any timber set and a load of coal free for every thirty shifts with 2s. 6d. for delivery. The miners of today can't say that.

If a secret vote were put to the miners (which they would prefer), offering them a choice of nationalisation or the old system of private enterprise, they would plump for the latter.

So let's put these blood-suckers

*N.B.*—The entrant's name and address has been given.

### A LETTER FROM A HOUSEWIFE

Sir,  
As I am the wife and mother of three menfolk I must work inside the home to augment our steadily diminishing purchasing power. I've tried to make beating inflation a game. When I moved from the country to the town I swore I'd never bottle fruit, make jam or cakes again. Country activities had worn me out but, after a rest, this inflation business brought to the fore my competitive instincts. We bought a small house about two years ago. Since then our rates have almost doubled and the interest on our mortgage has increased. In addition, my two sons are growing, necessitating more expensive clothes, and their appetites have increased. My husband's salary hobbies along behind these increases! We do not belong to the class which strikes and must help ourselves and the country as best we can.

Instead of running a monthly account I now do my marketing personally, paying cash. I get supplies of vegetables and fruit at the weekend markets. Our tiny garden provides small amounts of fruit, salad stuff and herbs, as I like to see flowers in the house. However, I make enough mint sauce to last

I search avidly for shirt, shoe and trouser offers, as by economising on these I can afford bigger items like mackintoshes, clothes for me and a new suit occasionally for my husband who, incidentally, has discovered new skills in housepainting at 5.30 a.m. before going to the office.

I'm working hard this year filling the store-cupboard with jams, bottled fruit, pickled beetroot, etc., and intend to scour the countryside for blackberries, crab-apples and sloes in due course. In return for blackberry-trips and television 'occasions' my neighbours will supply me with surplus apples and clothing alterations, thus saving expensive purchases on my part. Fir-cones have helped us with kindling wood as well as providing healthy expeditions (although sometimes unwilling ones) for the family.

I've practised one-pot cookery, doing a stew with cabbage and potatoes on top, crowning these items with the plates to warm. Once I steamed a flan, madeira-type base, on top of my meal. Although not quite as nice as the oven-baked

variety, it was passable. All these without a steamer—just a saucepan, a colander which happened to fit, and a flan tin which fits, topped by the saucepan's own lid. We have a gas heater for baths. I take a daily one and have tried to cut down bills by occasional devising in this way. I shall probably end up by being a crank, but if reduced to a penurious old age I shall have a nodding acquaintance of *how to get along* making the most of what we have.

The time I'm taking out from my household chores this morning won't allow me to mention anything profound about the political situation. If we all make a start against inflation in the *home* and work outwards we can't fail. By getting more value from wages, salaries, etc., the cost of making the things we need can be reduced, and then we can sell abroad at prices other people can afford to pay. All we need to do is to use our brains and let *conscientiousness* be our guide!

I remain,

Yours faithfully,

Mary Fosbury  
(*Nom de plume.*)

The Editors of ECONOMIC DIGEST would like to make it clear that they had no part in sponsoring this competition, or in judging the entries. The entire credit must be attributed to the President and members of the Alton Chamber of Commerce.

Mr Vokes would like to pay tribute to Mr J. R. Grey, Chairman of the Alton and District Chamber of Commerce, for his invaluable help in compiling this supplement; also to Mr A. G. Stickland, Mr H. A. C. Worrall, Mr Benlow, Mr G. H. Vokes, Mrs Richards, Mrs Skipp, and Miss Collen, who greatly helped him in the considerable amount of work involved in the competition.

## Commonwealth Survey

### (1) CANADA'S TRADE WITH THE COMMONWEALTH

In 1956, Canada sold a billion dollars worth of goods to Commonwealth countries, or five per cent more than during the previous year. A gain of £44m. in exports to the United Kingdom provided the largest increase in absolute terms, although the largest relative increases occurred in exports to Pakistan, the Union of South Africa and the British West Indies. Trade with Australia and New Zealand showed a decline.

At the same time, Canada increased her purchase from the Commonwealth by sixteen per cent—an increase resulting from larger shipments of manufactured metal and textile products from the U.K., and bauxite and alumina from Jamaica and British Guiana.

Britain bought more wheat, iron ore, aluminium and other metals, newsprint, drugs and chemicals and canned salmon from her senior Commonwealth partner, but less lumber—in accordance with our reduced purchases from all sources. Exports to South Africa, according to *Foreign Trade*, were helped by the prosperity in that country, as well as by the absence of discriminatory controls against dollar imports. Much of the gain, however, resulted from a large sale of jet aircraft, an item which was not exported to the Union in 1955. At the same time there was a rise in sales of newsprint, but some falling-off in lumber shipments.

#### High Proportion of Manufactures

There is one aspect of Canada's trade with the Commonwealth which, *Foreign Trade* points out, makes it even more important to Canada than

*From The Statist, May 18, 1957*

the billion-dollar export total suggests. That is the relatively high proportion of manufactured goods among the country's exports to the Commonwealth, particularly to those members other than the United Kingdom. The U.K. purchased a wide range of goods from Canada, but with the emphasis on raw materials such as wheat, metals, iron ore and wood pulp. In contrast, other Commonwealth markets took a greater proportion of manufactured goods, including such major items as automobiles and trucks, aircraft and locomotives.

Import restrictions imposed by Commonwealth countries in the post-war years have weighed particularly heavily on manufactured goods from dollar countries, but in spite of this obstacle, Canadian manufacturers have maintained a sizeable interest in these markets. If the current trend towards trade liberalisation in the sterling area continued, the report suggests, manufactured goods should be the category of Canada's exports to reap the greatest benefit.

#### Diversification

One other important feature of Canada's trade with the Commonwealth is that it makes for diversification and balance in her world trading pattern. The Commonwealth link and the existence of preferences in several Commonwealth countries give Canada an opportunity to build up her trade not only with the United Kingdom and other senior members of the Commonwealth, but

with a number of new and fast-growing countries, such as the Federation of Rhodesia and Nyasaland, Ghana, Nigeria, the British West Indies and British East Africa.

Commonwealth countries carry on about thirty per cent of the world's trade and Canada can be expected to continue to participate in this far-flung commerce.

### (2) NEW ZEALAND ON THE WAY TO BECOMING AN INDUSTRIAL COUNTRY

For the last three generations New Zealanders have brought up on the axiom that their country's economy is based on primary products. The result is that the name 'New Zealand' conjures up shiploads of lamb, wool, butter and cheese and a population of farmers. Today this is only a part of the New Zealand picture.

Today New Zealand is on the way to becoming an industrial country; 200,000 people—a quarter of the total labour force—are employed in the manufacturing industries. In comparison, farming today employs 150,000 men and women in New Zealand.

Even before the days of organised settlement New Zealand's timber and flax were known to the outside world, and her harbours were bases for sealers and whalers. Shipyards were established in land-locked harbours, cooperages were set up to supply barrels for the whale oil, and a rope-making industry developed with the copious supply of native flax.

#### Great Diversity

Calculated on today's money values, the £550,690,555 worth of goods produced in 1954-55 is more than double the 1910-11 figure of £214,000,000. The actual worth of goods manufactured in that year was £29,317,000.

*From Forefront, May 1957*

Today New Zealand factories large and small are turning out a great diversity of articles. New Zealand manufacturing has become a complex interlocking pattern of raw materials processed and part processed locally, raw materials and part-manufactured goods imported and finished or assembled in New Zealand factories. Much of the manufacture is based on a sound economic basis, although some of the industries are supported by import control or protective tariffs. Many industries belong naturally to New Zealand; others had their beginnings in shortages, in wars, in economic policies.

Abundant and cheap hydro-electricity is a main factor which has encouraged the growth of industry in New Zealand. For the year ended March 31, 1955, commercial and industrial use accounted for one-third of the electricity produced—1,317,452 thousands of kilowatt hours out of a total generation of 3,540,680.

#### Striking Growth

A striking development has been the growth of secondary industries. Factory production has doubled in volume since 1938-39. These industries received a great fillip during the war, as indicated by a recorded increase of 36 per cent in the volume of production between 1938-39 and

1945-46. Many of these were war-time industries which adapted their production to post-war conditions and markets.

Although without the mineral resources of many industrial countries New Zealand has forged ahead in engineering. The country has well-established foundries and engineering works—building locomotives, small ships and coach bodies, assembling motor vehicles and machines. Gold dredging demanded machinery suited to local conditions, and New Zealand engineers evolved bigger and better machines that an export trade was built up. New Zealand engineers have also made a name for themselves overseas in the designing and building of farm machinery.

Light engineering has made remarkable strides, especially in the manufacture of electrical goods—lamp bulbs, radios, batteries, wires and cables, vacuum cleaners, radiators and domestic refrigerators.

Other industries have shown similar growth in recent years. These include the manufacture of textile and leather goods; fruit and vegetable packing and canning; tobacco processing; tyres, tubes and other rubber goods; paints, furniture and building materials (bricks, tiles, cement, plywood, hardboard). Recent enterprise has turned once-worthless mud-flats at Lake Grassmere in the South Island into the site of the country's first solar salt works. Miscellaneous items like plastics, chemicals, soap and cosmetics, pottery and glassware, matches, cardboard, cartons, and wrapping paper are among New Zealand manufactures.

New Zealand's plastics industry has grown rapidly in recent years. Today there are forty-two factories

making plastic articles, and the total value of production in 1954-55 was worth more than £2½ million.

#### New Timber Exploitation

The most spectacular new venture is the fast-developing combined pulp, newsprint and sawmilling works at Kawerau in the North Island. Raw materials for the project are coming from the vast Kaiangaroa State Forest of exotic pines. Planted a generation ago on 284,000 acres of former wasteland, this is the world's biggest man-made forest. Estimated cost of the mills alone is £14 million. The newsprint plant is the fourth largest in the world. The whole enterprise, involving also the construction of houses, roads, new port facilities, and a railway from forest to mill and thence to Tuaranga Harbour, will total about £30 million. Initial output is planned to reach 75,000 tons of newsprint, 36,000 tons or more of wood-pulp, and 72,000,000 board feet of sawn timber as the existing plant comes into full operation.

The Kawerau project is of exceptional size, for few New Zealand factories are large by overseas standards. At March 31, 1954, a total of 21,111 registered factory units employed between them 203,471 workers—an average of not quite 10 per unit. Two-thirds of this number employed five or fewer workers, and only twenty-seven had a staff of over 500.

But for the lack of minerals and metal ores New Zealand could be virtually self-sufficient. The industrial manufacturing pattern is almost complete. But New Zealand must buy something back for her primary exports, and the demand for many articles, such as machinery, is too restricted to make this production in New Zealand economical.

### (3) SOUTH AFRICAN MINERALS

THE following table shows sales of main minerals (other than gold, diamonds and uranium) in 1955 and 1956.

	1955 £	1956 £
Coal .....	17,300,000	20,800,000
Copper .....	13,514,055	13,312,975
Asbestos .....	7,001,028	7,674,389
Manganese Ore .....	3,455,546	4,272,691
Chrome Ore .....	2,259,477	3,008,981
Iron Ore .....	1,410,353	1,516,715
Tin .....	926,678	1,076,767

### (4) DRIVE FOR GREATER TWO-WAY TRADE

THE complementary nature of trade between Britain and the Union is the theme of a campaign which is to be conducted over the next few months and which coincides with the fiftieth anniversary of the establishment in the Union of the British Manufacturers Representatives' Association. The campaign, which is being highlighted by 'Trade Weeks' in Cape Town, Durban and Johannesburg, has the support of both Governments. Early on, Dr Albertus van Rhijn, South African Minister of Economic Affairs, sent a message of encouragement to the organisers.

He welcomed the campaign saying that the United Kingdom and the Union had built up a mutually advantageous trade on sheer merit.

'I hope this campaign will draw attention to the advantages of buying from a good customer and also to the vital importance of high standards and competitive prices', he said. The banquet which inaugurated the Trade Week in Cape Town was attended by the Governor-General (Dr Jansen), the Minister of State to the British Board of Trade (Mr Derek Walker-Smith), the South African Minister of Economic Affairs and Sir Graham

Hayman, a former president of the Federation of British Industries.

#### Durban Trade Week

The Second Trade Week will be staged in Durban from June 11 and the third in Johannesburg from September 16. These Trade Weeks are not fairs—their purpose will be to stimulate, in a variety of ways, the interest of the South African public in British goods. For instance, British merchandise will be prominently displayed in shops; cinemas will show films depicting the size and diversity of British industry, and the programmes include banquets, pageants and even concerts of British music.

Barclays Bank Trade Review for April reports that industrial exporters in Britain are showing a special interest in the Trade Weeks, 'stimulated no doubt by the recent declining trend in the proportion of South Africa's import requirements which are being supplied from United Kingdom sources'.

But, the Review goes on, despite the moderate falling-off in the export of British goods to the South African market, the United Kingdom remains

*From South African Progress, April-May 1957*

her largest supplier while also providing South Africa with her most important single market abroad. Attention is drawn in the Bank's report to the growing importance of the Union as a supplier of fruit and vegetables, the value of these products sold to the United Kingdom having increased from £21.7 million in 1954 to over £26 million in 1956. Total exports to Britain, having dropped from £84.3 million in 1954 to £80.5 million in 1955, rose substantially last year to £91.2 million.

#### U.K. Loses Ground

But in the opposite direction, imports from the United Kingdom dropped by £12.5 million from 1955 to £154.3 million in 1956. This figure represented about 4.9 per cent of the

United Kingdom's total exports, compared with 5.8 per cent and 5.7 per cent for 1954 and 1955 respectively. Declines in 1956 were in non-electric and electrical machinery, apparatus and appliances, road vehicles and aircraft.

Writing about the Trade Weeks in the Board of Trade Journal, the British High Commissioner in the Union (Sir Percivale Liesching) warns that the sudden drop of the Union from Britain's second to fifth-best customer in 1956 was largely due to fiercer competition. He says the 'Buy British' sentiment is no match for the vigorous sales methods of other suppliers and maintains that the passport to success in trade present-day South Africa is 'No Complacency'.

### (5) FACTS AND FIGURES ABOUT THE FEDERATION OF RHODESIA AND NYASALAND

AREA	IMPORTS (COUNTRY OF ORIGIN) 1956	
	AREA	IMPORTS (COUNTRY OF ORIGIN) 1956
Federal State ...	486,973 sq. miles	£65.2 million
S. Rhodesia ...	150,333 sq. miles	£53.3 million
N. Rhodesia ...	287,640 sq. miles	£9.4 million
Nyasaland ...	49,000 sq. miles	£3.4 million
NATIONAL INCOME		
1950 ...	£147.4 million	£2.4 million
1953 ...	£235.7 million	£2.4 million
1954 ...	£265.1 million	£2.0 million
1955 ...	£309.1 million	£2.0 million
POPULATION		
1950	6,210,100 (161,600 Europeans)	
1953	6,707,600 (213,500 Europeans)	
1956	7,260,000 (251,000 Europeans)	

#### IMPORTS

1953 ...	£117.8 million
1954 ...	£125.3 million
1955 ...	£138.6 million
1956 ...	£159.3 million

#### IMMIGRATION

1951 ...	21,619
1953 ...	16,338
1955 ...	19,579
1956 ...	26,201

MINERAL OUTPUT	EXPORTS	
	(COUNTRY OF DESTINATION)	1956
1950 ...	£62.9 million	£105.8 million
1952 ...	£96.6 million	£16.6 million
1954 ...	£116.3 million	£13.1 million
1955 ...	£140.8 million	£9.1 million
1956 ...	£152.6 million	£5.7 million
		£5.4 million

EXPORTS	RAILWAYS	
	Passengers Carried	Net Ton-Miles
1953 ...	2,395,253	2,218,061,000
1954 ...	2,527,559	2,805,440,000
1955 ...	2,992,890	3,286,374,000
1956 ...	3,137,960	3,471,347,000
	3,239,581	3,788,783,000

## Reader's Commentary

FROM COMDR J. K. MCA. TOD, Bathwick Hill, Bath.

In the debate on Empire Settlement Mr Bottomley is reported as saying that when atomic power and automation are available 'then clearly we shall be over-populated'.

Over-populated for what? One suspects that Mr Bottomley is one of the far too many who consider that the only object in living for the great majority is to work eight hours a day at a factory bench.

How can we persuade these new Luddites that the only rational object of ever-increasing productive efficiency is well-provisioned leisure?

The real danger of over-population in Britain is that other nations, having tasted the joys of such leisure, will be less inclined to spend their time growing goods for Britain in exchange for goods which can just as well be made in their own atom-powered, automatised factories. But I am prepared to bet that is not what Mr Bottomley meant.

## Digest Reviews

### CONSERVATISM JUSTIFIED

*Not Guilty (The Conservative Reply)*, by T. E. Uley, with a Foreword by The Rt Hon. Viscount Hailsham, Q.C. MacGibbon & Kee; 10s. 6d. *The Public Schools*, by Humphry Berkeley. *Conservative Political Centre*; 9d.

Mr Uley's brisk and readable essay has been widely presented as an apology for Sir Anthony Eden's Suez adventure. In fact the intervention in Egypt occupies only the latter part of a book devoted to defending the whole of Conservative Government policy which has been under heavy fire from Right as well as Left. Mr Uley is a brilliant political philosopher and rejects the idea of so many Conservatives that 'we are all Liberals now'. For him post-war Toryism stands or falls by the rejection of the proposal that a Conservative Administration should lead the country back to the Liberal regime of Economic Man. He seeks the mean, in the best Tory tradition, between unrestricted capitalism and Socialist regimentation and in so doing incurs the charge of 'Butskellism'. A more searching criticism would be that if a measure of private enterprise is to be preserved it will be necessary to revise or reject many of the international economic arrangements in which Great Britain is now involved.

A study of Commonwealth and foreign trade policy might have afforded Mr Uley a convenient bridge between his penetrating domestic survey, from which Conservatives and others can learn much, and his examination of the sad Suez affair. This is admirably dispassionate, considering the be-

haviour of Mr Gaitskell and others on both sides of politics, but takes the view, which will be found increasingly difficult to defend, that Sir Anthony was right to go in and right to come out when he did. That it is an opinion ably defended by Lord Hailsham in the House of Lords makes it no more convincing.

The C.P.C.'s brochure on public schools is brief and sensible and will do much to promote constructive discussion.

### ARAB AND JEW

*The State of Israel*, by L. F. Rushbrook Williams. *Faber and Faber*; 21s.

*The Golden Bubble*, by Roderic Owen. *Collins*; 18s.

The conflict and animosity between Arab and Israeli is not only tragic but unnatural. These two Peoples of the Book belong to the same Semitic family and it is an oddity of present-day parlance which describes the hatred of Arabs for Jews as anti-Semitism. Mr Rushbrook Williams has written and lectured enthusiastically about the Islamic Republic of Pakistan and it is noteworthy that he should now have written in such glowing terms about the State of Israel. This is a thorough and readable survey which grapples with the main problems which have accompanied the foundation and progress of the Zionist State.

Mr Roderic Owen's very personal account of a sojourn and of journeys in what many of us wrongly call the Persian Gulf is both topical and fascinating. We have not heard the last of Buraimi, and Suez has made the position of Sterling oil and British influence within the jurisdiction of the Persian Gulf Residency more precarious than before. Mr Owen spent much of his stay with the Arabs and

writes with equal sympathy and understanding of them and of his countrymen, whether official or unofficial.

### COMMONWEALTH ALMANACS

*The Empire and Commonwealth Year Book 1957-58*. Edited by Ronald S. Russell, M.A., M.P., with a Foreword by the Rt Hon. Peter Thorneycroft, M.P. *Newman Neame*; 50s. *The Malta Year Book, 1957*. Edited by B. Leo Barrington and B. Hilary. *St Michael's College Publications, St Julian's, Malta*; 6s.

With every year that passes Mr Ronald Russell, M.P., improves on the excellent standard he has set himself. Within five hundred pages are provided figures and facts about the economy of every part of the Colonial Empire and Commonwealth of Nations. Nor are religious and social character left out. There are separate sections devoted to the many organisations, both official and unofficial, which deal with Commonwealth affairs or stimulate public interest in them. It is no reviewer's phrase to say that this work of reference is indispensable to serious students of affairs and to all concerned with industry and commerce throughout the eighty Realms and Territories which acknowledge the Queen as Head.

For those who want more detailed information about Malta, Messrs Barrington and Hilary have again provided a serviceable and interesting book.

### THE MARCHES OF EUROPE

*Europe and Its Borderlands*, by Alan G. Ogilvie. *Nelson*; 42s.

Part of the attraction of Professor Ogilvie's scholarship lies in its wealth of interesting detail. At a time when

Europeans, in the face of much frustration, are seeking to establish their unity and independence of outside Powers it is useful indeed to have this lively and profound study of the geography of the Continent and the frontiers of Western civilisation. Professor Ogilvie not only describes physical environment and economic structure but brings out its influence on the life and achievements of peoples who have been, and remain, the most creative part of human kind.

In 'the Borderlands' are included the Caucasian region and Asia Minor, and one recalls that Turkey is a member of the Council of Europe—and also Europe's North African fringe.

### BLOODY GENIUS

*The Life and Times of Herod the Great*, by Stewart Perowne. *Hodder and Stoughton*; 21s.

Hands up those who think that the slaughterer of the Holy Innocents was the Herod before whom Christ was tried and who procured the death of St John Baptist!

Mr Stewart Perowne, who knows Palestine and Jordan well, removes a number of misconceptions and has written a fascinating book about a fascinating and sinister monarch. Of obscure Arab origins, he was a great man as the world knows greatness. John Buchan gave him the diadem of genius. Herod not only did atrocities, he did his people good, served them with arms and diplomacy. He was a great builder, and his was the Temple of Our Lord's day. This is a book hard to resist, written with distinction and easy charm and beautifully illustrated. There are excellent maps of Palestine and Jerusalem.

# THE UNCERTAIN ALLY

by

John Biggs-Davison, M.P.

*With a foreword by Henry Drummond-Wolff*

15/-

This study briefly reviews certain vital aspects of world history from 1917 to 1957.

**Christopher Johnson Publishers Ltd.**

there is little wonder that at the time of the trial the country was divided into two factions, one passionately supporting the claimant, the other equally vehemently denouncing him. Mr Woodruff has made all this alive and intensely interesting.

## SHORTER NOTICES

*A Piece of My Mind*, by *Edmund Wilson*. *W. H. Allen*; 15s.

Some of Mr Edmund Wilson's views on religion are passing strange and a trifle supercilious, but what he has to say about the expansion of the United States, about Europe and Russia, the Jews, education, sex and science is stimulating and a pleasure to read.

## BOOKS RECEIVED

*Foreign Trade and Industrial Development of China*, by *Yu-Kwei Cheng*. *University Press of Washington, D.C.*; \$7.

*Living Alone*, by *Beryl Conway Cross*. *Odhams*; 8s. 6d.

*I Married a Hunter*, by *Marjorie Michael*. *Odhams*; 16s.

A woman's eye view of family life on safari in Africa.

*Syrian Harvest*, by *Edwyn Hole*. *Robert Hale*; 18s.

An informative study of 'Syria', taking that territory in its widest sense.

*Handbook of Commerce and Industry—Nigeria*. *Published by the Federal Department of Commerce and Industries*. *Lagos*; 10s.

*Science and the Nation*, by *Sir Edward Appleton*. *Edinburgh University Press*; 10s. 6d.  
The B.B.C. Reith Lectures for 1956.

## PANORAMA

*A Study of History*, by *Arnold Toynbee*. *Abridgment of Volumes VII-X*, by *Dr Somervell*. *Issued under the auspices of the Royal Institute of International Affairs*. *Oxford*; 25s. (*in U.K. only*).

Not all students of history accept Professor Toynbee's method and conclusions. To some he seems to have made a mould and forced history to fit. Others have benefited by the length and style of his writing. Yet such is his scholarship and extraordinary range of profound knowledge that the world should be grateful to Mr Somervell for his admirable condensation, of which this is the second volume. Here is one of those cases in which to abbreviate is to improve.

## A VICTORIAN MYSTERY

*The Tichborne Claimant*, by *Douglas Woodruff*. *Hollis and Carter*; 30s.

This is a really fascinating account of the most extraordinary case of impersonation in history. It was the most talked about event of the mid-Victorian era, and readers of this account of the events which finally led to a criminal trial for perjury will share with Victorian forbears the intense and absorbing interest in the case of the one-time butcher from Australia who laid claim to the Tichborne estates.

A great deal of research has gone into the production of this book, and it brings to light much hitherto unknown material from family and legal papers. There are so many unexplained mysteries, so much that does not fit in with the verdict of the jury that the Tichborne claimant was the son of a Wapping butcher, who having gone to live in Australia, returned to England to impersonate someone he had never met or seen,

*First English translation*

# POLITICAL ECONOMY

**A Soviet Textbook**

Considerable criticism and discussion ensued when this textbook was first published in the U.S.S.R. in 1954. A revised and enlarged edition was issued in 1955. Now translated into English, it contains new and important material on the operation in detail of Soviet economy, and includes chapters on the economic systems of the eastern European countries and the Chinese People's Republic. 21s.

—LAWRENCE & WISHART—

**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).*

**Italian Survey**

*Investment in Italy, published by Banca d'America e d'Italia Milan. A study of the new Italian legislation on foreign investments. (938)*

**Economic Conditions in Kenya**

*Statistical Abstract 1955. Colony and Protectorate of Kenya. Nairobi.*

Economic and statistical information on the growth and development of Kenya. (939)

**European Negotiations**

*Negotiations for Benelux: An Annotated Chronicle, 1943-1956, by James E. Meade. International*

*Finance Section. Dept. of Economics and Sociology. Princeton University.*

No. 6 in the Princeton Studies in International Finance. (940)

**Mining Review**

*The Mining Journal. Annual Review 1957, published by the Mining Journal Ltd.*

A really comprehensive survey of mining development. (941)

**Rebuilding Rural India**

*The Second Five-Year Plan of the Indian Union 1956-61. Central Statistical Organisation, New Delhi.*

A pictorial presentation covering many aspects of development. (942)

**G.A.T.T.**

*International Trade News Bulletin: issued on behalf of the Contracting Parties to the G.A.T.T. Geneva.*

A monthly record of the news reports on items related to the operation of the General Agreement. January-March 1957. (943)

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## Digest Spotlight focuses on The Hon. George Alexander Drew

P.C., Q.C., LL.D.

THE newly-appointed High Commissioner for Canada who took up his post in London on 1st August is a staunch believer in the policy of increasing trade between Canada and Britain. Before he left Canada Mr Drew declared that he would put this question of increasing Anglo-Canadian trade and Canadian trade generally with other countries as his first objective on arrival in the United Kingdom. In this task he will have the support of many M.P.s in the U.K. for already a number of them have tabled a Motion calling on H.M. Government to give all possible support to this plan.

Mr Drew, who was leader of the Progressive Conservative Party of Canada from 1948 until he resigned for reasons of health in 1956, began his political career 20 years earlier in 1936. He was made leader of the Conservative Party in Ontario in 1939, and was elected to the Ontario legislature a year later. He was re-elected in 1943, and sworn in as Prime Minister of Ontario and Minister of Education in August of that year. After losing a vote of confidence in 1945, another general election took place, and Mr Drew's government was returned to power with a substantial majority, which was increased in the general election of 1948.

It was on 2nd October 1948 that Mr Drew was chosen as the National leader of the Progressive Conservatives on the first ballot of the convention held at Ottawa. He polled 827 votes against John Diefenbaker with 311 votes and Donald Fleming with 104 votes.

George Drew was born in Guelph, Ontario, in 1894. His father was the late John Drew, K.C., and he followed the footsteps of both his father and grandfather in taking up the legal profession, and he practised law in his home town of Guelph for five years. He was made a K.C. in 1933.

The first world war saw him serving overseas in the 16th Battery C.E.F. from 1915 to 1917, when he returned to Canada because of wounds. He commanded the 16th Battery, Canadian Artillery from 1920 until 1929, when he took command of the 11th Field Brigade with headquarters at Guelph. He also served as A.D.C. to Lord Bessborough when Governor General of Canada.

Mr Drew has a number of books to his credit including *Canada's Fighting Airmen*, *The Truth about the War*, *Salesmen of Death*, *Canada's Part in the Great War*, and he also contributed numerous magazine articles, particularly on military and political problems. He is married and has one son and one daughter.

The present Canadian Prime Minister, who succeeded to the leadership of the Progressive Conservatives in 1957, put forward the proposal at the recent Commonwealth Conference that he planned a diversion of 15 per cent of Canada's present imports from the United States to imports from the United Kingdom. This is certainly an important gesture, and we are fortunate in having as Canada's representative in this country, one who is so clearly on record as supporting this policy.

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